

# Iskan Hotel 4 Valuation

Client : SICO Saudi REIT Fund



## Statement

Dear : **SICO Saudi REIT Fund**

Greetings

**Subject: Hotel valuation report Al Aziziyah District Hotel in the city of Mecca.**

We, Qaim and his partner real estate valuation company, extend our sincere thanks and appreciation to you for choosing us and giving you your precious trust to evaluate the property located in the city of **Makkah Al-Mukarramah, Aziziyah** district, according to the assignment issued by you on **06/12/2023 AD** based on the license granted to us by the Saudi Authority for Accredited Valuers, following In that is the latest version of the international valuation standards 2022 AD, which are recognized as well as the rules and ethics of the profession in order to reach the final impartial valuation based on the actual inspection by the work team and the study of the market area surrounding the property. The fair value estimate was reached using various valuation methods, including what each report carries, and accordingly we are pleased to We present to you the real estate valuation statement listed below.

Based on the completed study, we are attaching to you the results of estimating the fair price of the real estate, a hotel and its current status on the date of the estimate 31/12/2023 AD located in the city of Makkah Al-Mukarramah, **with an amount of only (119,793,000) one hundred nineteen million seven hundred ninety-three thousand Saudi riyals**

With sincere gratitude...

This report was approved by the Executive Director, **Ismail Mohammed Al-Dubaikhi**

Under License No. / 1210000052 dated 10-10-1443 AH




## Executive Summary

■ Fair price estimate: **119,793,000 Saudi riyals**

Valuer		
<ul style="list-style-type: none"> <li>Ismail Muhammad Al-Dubaikhi Membership No. 1210000052</li> <li>Muath Aloraini Membership No. 1210002322</li> </ul>	<ul style="list-style-type: none"> <li>Salem Muhammad Al Fai` Membership No. 1210000013</li> <li>Hossam Hassan Ashi Membership No. 1210002501</li> </ul>	
Owner of real estate	Intended User	Client (report requester)
Mashaer Real Estate Company	SICO Saudi REIT Fund Investors	SICO Saudi REIT Fund
Property location	Property under valuation	Purpose of the valuation
Makkah Al-Mukarramah - Al-Aziziyah District	Hotel	Periodic valuation of Al Mashaer REIT Fund
Inspection date	Valuation approach	Valuation standard
20/12/2023	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	Value Basis	Ownership Type
31/12/2023	Fair value	Absolute ownership
Report issued date	Assumed value	Deed number and date
13/02/2024	Present use	(520121013430) on 18/02/1441

# قيير للتقييم

## QIAM VALUATION

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## ■ الفرضيات و القيود المحددة للتقرير

The specific assumptions  
and limitations of the report

## Specific Assumptions and Limitations

Based on the type and characteristics of the property and the purpose of evaluation, the property was evaluated using the cost method (Replacement method) and the income method (Discounted Cash Flow method).

Based on the purpose of the evaluation, which is (Periodic valuation of Al Mashaer REIT Fund), the valuation was based on the value (fair value).

The purpose of issuing this report is to know the fair value of the property for the purpose of (periodic valuation) for the report user (Saudi SICO REIT Fund only)

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and did not offer any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.

The property has been inspected outwardly and the property has not been structurally inspected, or this appraisal report is considered valid only if it bears the company's seal and the signature of the accredited residents.

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement.

The values estimated in this report are for the property under valuation, and any distribution of the value to parts of the property will not be correct, and this value should not be used for any other purposes, as it could be incorrect if used as well.

Information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but not all of it was confirmed in all cases, and no guarantee was given regarding the validity of this information, if it appears that this information is incorrect. the value contained in this report may change.

The property was evaluated in accordance with international standards 2022 AD, and the estimated value in this report is for the property under study, and in case of changing the purpose of the valuation, these values may be incorrect.

Borders and lengths according to the client's statement, and the company is not responsible for the Borders and lengths, and therefore the total area of the land is taken according to the deed, and the company is not responsible for that.

This report may not be used in whole or in part, or have references to it made without mentioning Qiam and its partner real estate valuation company. It may also not be published in any way without the company's prior written consent, in the form and content in which it appears.

The responsibility of the company with regard to the report and valuation is limited to the client, who is the entity that owns the valuation. Some of the required data was not received from the client, and in the event that any hidden information is available that could affect the value of the property.



## ■ نطاق العمل

Scope of work

## Scope of work Standard No. 101

Other users	Client	Identity of the real estate valuer
SICO Fund - Investors	SICO Saudi REIT Fund	Described in the executive summary
Value Basis	Purpose of the valuation	Property under valuation
Fair value	Periodic valuation of Al Mashaer REIT Fund	Hotel
Report description	Measurement date	Property considerations for the customer
A report explaining the methodology and steps of the valuation and the results of the valuation, and includes illustrative pictures of the boundaries of the asset under valuation	31/12/2023	Investment or use, and in some cases the real estate is part used by the customer and part invested and has special considerations)

## Scope of the Valuer search - Standard No. 102

Gathering sufficient information through a field visit, visible inspection, and conducting analyzes. A study was conducted from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.

### Value Basis

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (This definition is adapted from IFRS 13), paragraph 9. It is also defined in IVS 104 Basis of Value, paragraph 90, among other bases of value for valuation for purposes of inclusion in financial reports.

### Valuation currency

Saudi riyal

### Valuation Standard followed

All work was carried out in accordance with the Accredited Valuers System and the implementing regulations related to real estate valuation issued by the Saudi Authority for Accredited Valuers (Taqeem), and the latest version of the International Valuation Standards (IVS) for the year 2022 published by the International Valuation Standards Board (IVSC) and the professional rules recognized in the work of valuation of real estate assets, which is based on analysis, comparison and direct inspection of each property, and research as much as possible about the influences and characteristics of the property under valuation.

### Nature and source of information

The information contained in the report was issued by official bodies, real estate offices in the targeted area, or offices specialized in research and studies, and with reference to the database of Qaim and its partner real estate valuation company.

### Important assumptions and special assumptions

Our company does not assume any responsibility for any information received from the client, which is supposed to be safe and reliable. Also, our company does not endorse the accuracy or completeness of the available data and does not express its opinion, nor did it offer any kind of guarantee for the accuracy of the data or completeness except as indicated clearly in this report.

### Report usage restrictions

Valuation processes and reports are confidential to the directing party and to whomever they are referred to for a specific purpose, with no responsibility of any kind for any third party. This report may not be published in full or any part thereof or referred to in any document or statement or published periodically or in any medium. Communicate with any third party without our prior written consent in the form and context in which they appear. It is a matter of caution and that the company and the valuer reserve the right to make any amendments and make any review of the valuation or support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the evaluation calculations and amend and revise its results in light of information that existed at the valuation date but became clear to it later.

## Work Stages

Meeting with the client and determining the scope of work, including the purpose of the valuation, the basis of value, the parties involved, the date of the valuation, and any special or important assumptions, including clarity of the assignment and the expected outputs from it.

Step 01



Collecting and analyzing office and field market data in order to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Step 03



Work on preparing the report in accordance with Standard 101 for Description of the Report and Standard 103 for Report Preparation.

Step 05



Step 02



Step 04



Previewing the property, identifying its characteristics and specifications, matching documents with reality, analyzing the location of the property and the uses surrounding the property, while defining the scope of the geographical search and the appropriate activities and projects.

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial calculations to reach the market value according to the chosen methods..

## ■ الإمتثال للمعايير و أعمال البحث و الإستقصاء

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## Standard 102: Compliance with Standards and Research and Inquiry

This valuation work was carried out in accordance with the principle of Standard 102 of compliance with the standards, research and survey work, in the following items:

- The basis of the value (fair value) is commensurate with the purpose of valuation (Periodic valuation of Al Mashaer REIT Fund).
- Gathering evidence through field visits at the time of inspecting the property with the inquiries raised at the time of the evaluation of some accredited offices in the area of the property.
- Evidence from field visits was collected and analysis and computational procedures performed to ensure that evaluation work was adequately supported.
- The data cited was judged to ensure the adequacy of all such information obtained to ensure that it is sufficient for the purpose of the valuation.
- Limitations of the research and survey that were carried out indicate the limitations in the scope of work with the analysis of all valuation inputs mentioned in the report.
- Reliability of the information provided by the real estate offices in the real estate area has been confirmed, and they are accredited and licensed offices in the real estate area.

## Judging the reliability of the information provided and taken into the report

Provider	Data and information	Verdict	Judgment reasons
Client	Deed	Trusted	The deed sent by the client has been verified
	Building permit	Trusted	The building permit has been validated in Baladi platform
	Rental data	Trusted	Electronic contracts were received (Ejar platform). The current contracts do not reflect the property's income (market) and were valued according to market values after review
Market	Commercial meter prices	Trusted	Based on the market survey - direct interviews - accredited offices in the real estate area - internal company data
	Practical experience of real estate offices	Trusted	Certified by official records in the real estate area
	Source independence	Trusted	A source independent and external to the asset being valued

## Compliance with Standards and Research and Inquiry

03

In the event that there are restrictions on the research and investigation carried out by the evaluator that do not enable him to adequately value the inputs and assumptions, which are clarified in the special assumptions

02

Carry out calculations and perform analyzes by gathering sufficient evidence by the following means, such as: field visit, inspection, inquiries and ensuring that evaluation work is appropriately reinforced and professional judgment facility to ensure that the information obtained is sufficient and that it fulfills the purpose of the evaluation

01

The research and investigations undertaken in the context of the valuation mission are appropriate to the valuation purpose and value basis

06

Record the valuation purpose, basis of value, and scope And the limits of research and survey, and the sources of information that reliable in the scope of work, which must Communicating it to all parties to the valuation task

05

Consider the credibility and reliability of the information provided  
The following matters were taken into consideration:  
The purpose of the valuation  
The relevance of the information to the outcome of the valuation  
The source practical experience in relation to the subject matter of the valuation  
Is the source independent of the asset being evaluated or the beneficiary of it?

04

Taking into account the reliability of the information so that the evaluation results do not appear, and the inputs provided to the valuer (and) from the client or his representative) were considered.

## Regulatory framework on the International Valuation Standards (IVS 2022)

General Standards - Criterion 101  
Scope of Work Paragraph 20:  
Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned

60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.

General framework: the generally accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards, Paragraph (60.1-60.2). requirements mentioned in the reports

### Note:

Real estate valuations performed in order to prepare financial reports are regarded as situations of systematic deviation from international valuation norms in order to satisfy certain criteria for the purpose of the relevant valuation.

## Real estate and investment properties in the preparation of financial reports

### Clarifying the difference between real estate and investment properties in the financial statements

#### Investment properties in the financial statements

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

- For use in producing, supplying goods, providing services, or for administrative or
- To sell it in the ordinary course of business

#### Real estates included in the term of real estate, machinery and equipment in the financial statements

The International Accounting Standard No. 16 "property, plant and equipment" IFRS16 defines as the tangible items that:

- It is kept for use in the production or supply of goods or services, or it is kept for rent to others (except for investment real estate) or for use in administrative purposes.
- It is expected to be used during more than one period



## ■ نظرة عامة على الإقتصاد والقطاع العقاري بالمملكة العربية السعودية

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## 2030 Vision

His Royal Highness Prince **Mohammed bin Salman bin Abdulaziz Al Saud**, Crown Prince, Deputy Prime Minister and Chairman of the Council for Economic Affairs and Development.



Our ambition is to build a more prosperous country in which every citizen will find what he desires. For the future of our homeland, which we build together, we will accept nothing but to make it at the forefront of the world, with education and rehabilitation, with opportunities available to all, and advanced services, in employment, health care, housing entertainment and others.

## Economic growth in Saudi Arabia

During its modern era, the Saudi economy has witnessed growth in a large number of sectors, taking advantage of the Kingdom's natural resources, and its geographical and cultural position among the three continents of the world. This growth resulted in building a solid economic base, as it became among the twenty largest global economies and an active member of the Group of Twenty, and one of the main players in the global economy and global oil markets, supported by a strong financial system and an effective banking sector, and giant government companies based on highly qualified Saudi cadres.

In the past years, the Kingdom has also witnessed structural reforms on the economic and financial side, which enhance the increase in economic growth rates while maintaining financial stability and sustainability.

In order to develop and diversify the economy and reduce dependence on oil, the Kingdom of Saudi Arabia launched the Saudi Vision 2030 based on many economic and financial reforms, which aimed at transforming the structure of the Saudi economy into a diversified and sustainable economy based on enhancing productivity, raising the contribution of the private sector, and enabling the third sector.

Since the launch of the vision, the Kingdom has succeeded in implementing many supportive initiatives and structural reforms to enable economic transformation.

This transformation consists of several major efforts centered on a sectoral dimension that includes the promotion of local content, national industry, and the launch of various sectors. Promising economy and its development, enabling dimension that aims to maximize the role of the private sector, small and medium enterprises, and enhance the sustainability of Public Finance. It is expected that the pace of this structural transformation towards sustainable economic growth will continue in the coming years, especially in light of the number of Giant investment initiatives, under the umbrella of the Public Investment Fund, and leading companies. It is also expected that the pace of settlement will accelerate Knowledge and innovative technologies.



## Business Sectors Overview

### Tourism Sector

- Within the framework of the Kingdom's Vision 2030, which aims to lay effective foundations and pillars for the future of the Kingdom of initiatives aimed at reducing the main dependence on oil, through many sectors to support the national economy, including the tourism sector, given what this sector represents from a value, social, civilized and economic dimension. The tourism sector and the hotel sector are closely linked to the Saudi Vision 2030, and it revolves around helping those involved in the hospitality sector, food and entertainment industries to plan for the future.

### Office Sector

- The offices contribute to achieving the goals of the Saudi national transformation towards prosperity and sustainability by focusing on the goals of Vision 2030, which leads to raising the participation of the private sector in achieving the Kingdom's Vision 2030, working as a representative of the private sector within the national system of vision realization offices in government agencies. Including Riyadh's endeavor to transform into a regional center for international commercial entities, which made it issue a decision to refuse to contract with any company that does not have a regional headquarters in Saudi Arabia by 2024, especially those that have contracts with government agencies, whether they are bodies, institutions, investment funds or devices. Increases the demand for the office sector.

### Retail Sector

- The vision of the Kingdom's national transformation for the post-oil stage 2030 paid great attention to the development of the commercial and industrial sector in the Kingdom, as the vision is based on focusing on the development and development of the local industry that will achieve great economic returns for the Saudi economy, and among the goals of the vision by 2030 is to raise the percentage of exports The Kingdom's rank in the Logistics Performance Index increased from 16% to 25 globally and first regionally, and the private sector's contribution to the GDP increased from 40% to 65%.

### Housing Sector

- Vision 2030 has provided sustainable housing solutions that enable Saudi families to own suitable homes according to their needs and financial capabilities. To achieve this, the housing system, in terms of structuring, procedures, and policies for dealing with banks and the private sector, has developed a high percentage of Saudi families' ownership of homes, as the proportion of Saudi families' ownership of homes did not exceed 47% in 2016, and rose to 70% by the end of the first phase of the housing program in 2021.



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



دراسات الموقع ■

Site Studies

## Real estate data and Services available in the real estate area

Real Estate Data			
City	Makkah Al-Mukarramah	Neighborhood	Aziziyah
Street	Al Aziziah Main Rd	Property type	Hotel
No. land plan	7/21/1 g	Plot number	1\277
Area	1287,97 square meters	Land use according to regulations	Residential - Commercial
Services and facilities available in the real estate area			
Electricity network	Water network	Sewerage network	Telephone network
✓	✓	✓	✓
Mosque	Public markets	Water drainage network	Garden
✓	✓	✓	✓
Shopping center	Medical services	Governmental services and centers	Hotels
✓	✓	✓	✓
Banks	Restaurants	Petrol station	Civil defense
✓	✓	✓	✓

## Factors affecting the property

Impact element	Impact determinants	Description
Area overview	Importance of the area	The property is located in the city of Makkah Al-Mukarramah , in Aziziyah district
Natural factors (environmental)	Lands topography	Flat
	Pollution	There are no sources of pollution in the area
Planning factors (urban)	Location from the city	The location is in the city center of Makkah Al-Mukarramah
	Infrastructure	Completed
	Municipal equipment	Completed
	Land properties	Regular shape
Building Regulations	Land use	Commercial
	Building ratio - number of floors	65%
Economic factors	Supply and demand	High
	Land prices	High
Legal factors	Deficit and trespassing on the property	N.A.

## Property description

- The building surface area was determined based on the Building permit.
- The age of the property was determined to be (11) years based on the (Building permit).
- Condition of the property on the valuation date (31/12/2023)
- When examining the property, it became clear to us that it is a (Hotel). Detailed as below:

Building Components			
#	Floor	Area (m2)	Use
1	Basement	1287.97	Parking lots
2	Ground floor	789.9	Reception + commercial
3	Mezzanine	587.86	Reception
4	Restaurants floor	824.91	Restaurants
5	Mosque floor	824.91	Prayer
6	Seventeen repetitive floors	12304.6	Residential
7	Last floor	261.2	Residential
8	Staircase + elevators	75.43	Staircase + elevators
9	Sewage drainage	6	Sewers
10	Tanks	1089.97	Tanks
<b>Total</b>	<b>23 Floors</b>	<b>18053</b>	

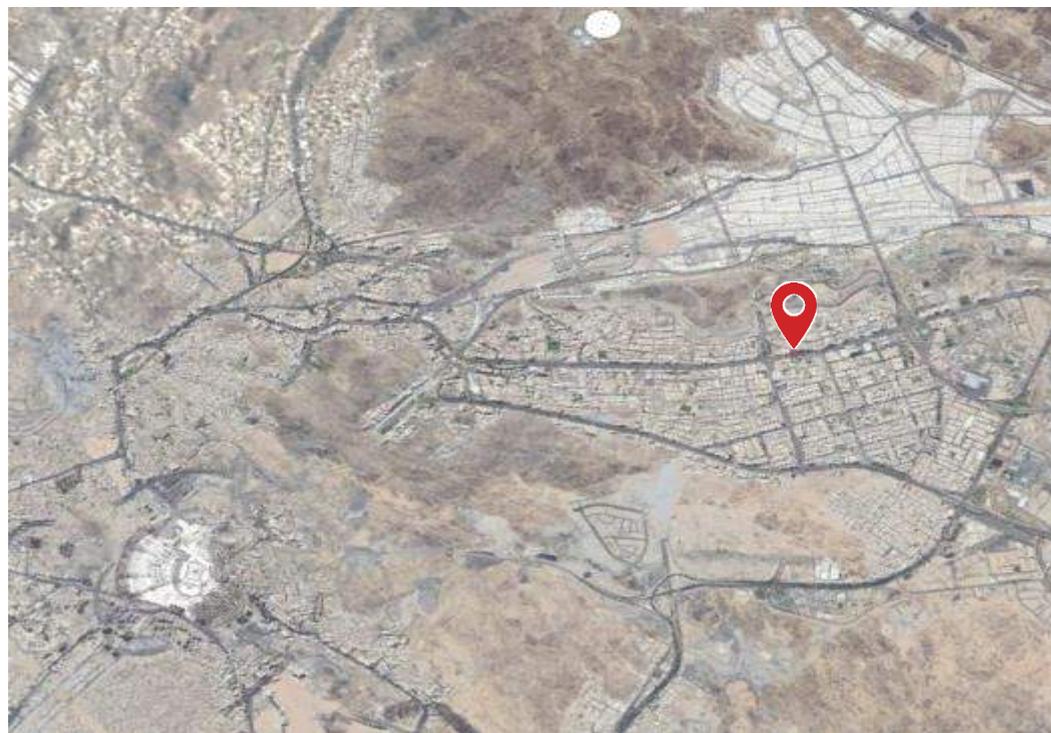
## Property location

Property is located in: **Makkah Al-Mukarramah**

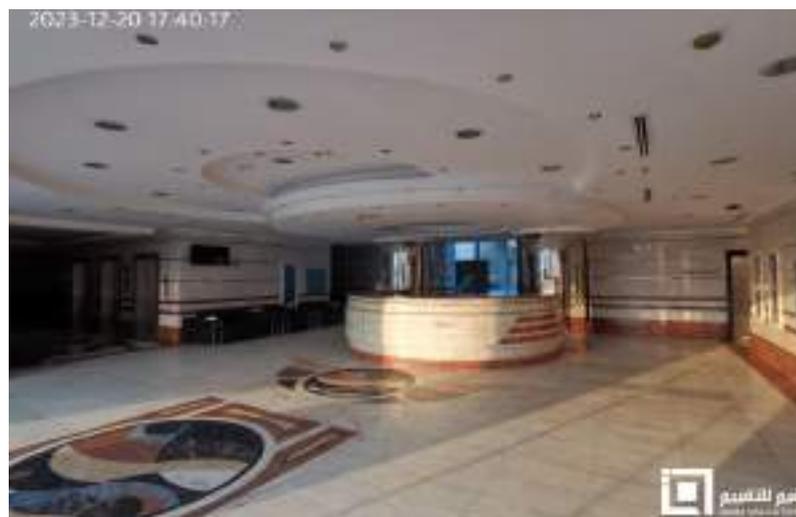
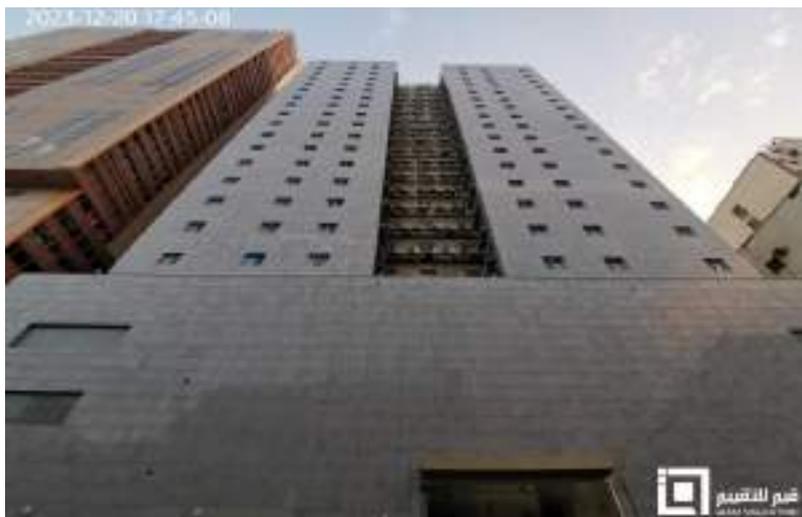
Neighborhood: **Aziziyah**

Street: **Al-Masjid Al-Haram Road**

Location coordinates	N :	21.403004	E :	39.876740
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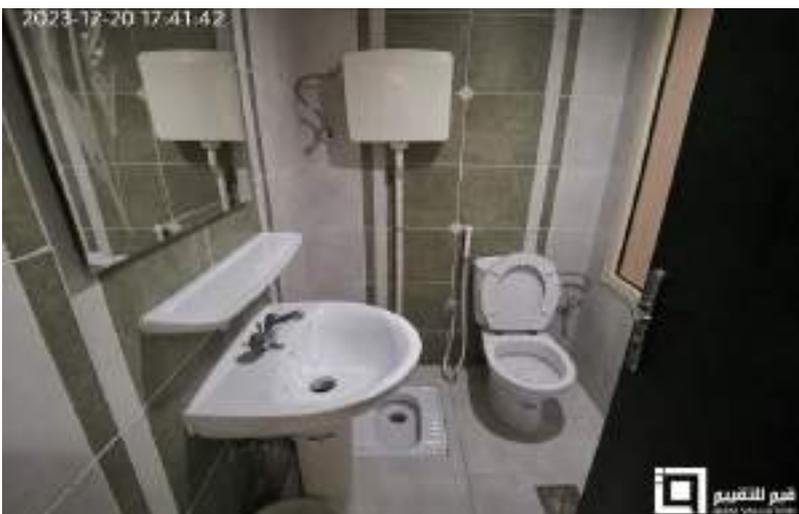


Photographic survey of the building and its components (1/2)



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

Photographic survey of the building and its components (2/2)



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

## Ownership Documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	18/02/1441	520121013430	Al Mashaer Real Estate Fund

### Neighborhood name - plot number - plan number - land area:

Land area	Plan number	Plot number	Neighborhood name
1278.97 m2	7/21/1 g	1/277	Aziziyah

### Borders and lengths:

Borders and lengths:							
Northern border	Border length	Southern border	Border length	Eastern border	Border length	Western border	Border length
Plot No. 43/D	30 m	Plot No. 25/B	30 m	Street width 21 m	43 m	Street width 60 m	43 m

## Assumptions related to real estate ownership

For the purposes of this report, we assumed the existence of good and valid ownership, free from any obstacles, mortgages, fees, or interests of any third parties, etc., and in the event that this is not achieved, the opinion of the value of the property may be affected



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



Valuation

التقييم ■

## Valuation Approaches



### Market Approach ❖

The market method provides an indication of value by comparing the asset with identical or comparable (similar) assets for which price information is available.



### Income Approach ❖

The income method provides an indication of value by converting future cash flows into one current value. According to this method, the value of the asset is determined by reference to the value of the revenue and cash flows generated by the asset or the costs it provides.



### Cost Approach ❖

The cost method provides an indication of value using the economic principle that states that the buyer will not pay an asset more than the cost of obtaining an asset of similar benefit, whether through purchase or construction unless there are time, disturbance, risk, or other related factors. The method provides an indication of value by calculating the current cost of transferring or reproducing the asset, and then discounting the physical wear and tear of all other obsolescence's.

## Market Approach-Standard No. 105

It is an approach of estimating the value of a real estate or real estate property based on the market comparison between the property being evaluated and similar properties in the same area that were recently sold. The value indicator of the property being valued is derived by applying appropriate comparison units and making adjustments and adjustments to the selling prices of similar properties based on the comparative elements.

### The market approach should be applied and afforded significant weight under the following circumstances:

- ❖ The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value
- ❖ The subject asset or substantially similar assets are actively publicly traded.
- ❖ There are frequent and/or recent observable transactions in substantially similar assets.

### The key steps in the comparable transactions method are:

- ❖ Define the units of comparison used by relevant market participants.
- ❖ Determine the relevant comparative transactions and calculate the main evaluation criteria for these transactions.
- ❖ Conduct consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the subject asset.
- ❖ Make the necessary adjustments, if any, to the evaluation scales to reflect the differences between the subject of evaluation and the comparative assets.
- ❖ Applying the revised valuation criteria to the subject asset.
- ❖ Value indicators are reconciled if more than one evaluation scale is used.

## Cost Approach - Standard No. 105

It is a valuation method that calculates the capital or market value of a property by adding the value of the real estate's land with the value of the buildings erected on the site.

### Cost Approach should be applied and afforded significant weight under the following circumstances:

- ❖ Participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- ❖ The asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or
- ❖ The basis of value being used is fundamentally based on replacement cost, such as replacement value

### Used methods of Cost Approach :

- a. **Replacement cost method:** A method of arriving at value by calculating the cost of a similar asset

### Method of estimating the value of buildings using the straight line method

- The straight-line method: the straight-line method is calculated by the formula (current age of the building / Lifespan) \* 100.

## Income Approach-Standard No. 105

Income Approach provides an indication of value by converting future cash flows into a single present value. Under this approach, the value of an asset is determined by reference to the value of the revenue and cash flows that the asset generates or the costs it provides.

### **Income Approach should be applied and given priority or significant weight in the following cases:**

- A. When the ability of the asset to generate income is the primary factor that affects the value from the point of view of market participants.
- B. Reasonable expectations are available for the amount and timing of future revenue for the assessed asset but few, if any, relevant market comparisons.

### **Income Approach Methods:**

Although there are many ways to apply the income method, the methods used under the income method depend largely on discounting the amounts of future cash flows to a present value, which are various applications in using the discounted cash flow (DCF) method and the concepts below apply in part or all of the methods of the income method.

#### **Discounted Cash Flow method (DCF)**

It is a financial method for estimating the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows. The discounted cash flow method is applied to evaluate a property or real estate that generates income based on the expectation of future income for the property under valuation. The value index of the property is derived through Calculating the present value of net operating income or the expected net rental value of the property.

#### **Direct Capitalization Method:**

The direct capitalization method is applied in the event that the net rental value of the property under valuation is fixed and equal in perpetuity.

#### **Residual value method:**

The residual value method is a method of evaluating properties that can be valued by identifying the most appropriate development of the site and property and then predicting the value of such development after it is completed.

## Used valuation approaches and methods - Fair value hierarchy

### Used valuation approaches and methods

Valuation Approaches	Market Approach	Cost Approach	Income Approach
Used approach	Used as an <b>assist approach</b>	Used as an <b>assist approach</b>	Used as a <b>main approach</b>
Used valuation methods	Field survey (comparisons - offered land prices)	Replacement cost	Discounted Cash Flow method
Reasons for use/non-use	To know similar properties on the market	Land on which a building is built	The fact that the property is income-generating

### Hierarchy:

The fair value hierarchy categorizes the inputs to the valuation approaches used to measure fair value at the measurement date into three levels, as follows:

Level	Clarification	Input statement	Classification	Source	Judgment and documentation
<b>First</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	----	----	----	----
<b>Second</b>	They are the inputs other than the published prices within the first level that can be monitored for the asset or liability, either directly or indirectly	Commercial and commercial residential offers in the real estate area	It is classified under the second level	Accredited real estate offices in the real estate area	reliable based on similar market analysis, verification following market research and analysis, in-person interviews, and the company's own database of deals and transactions
<b>Third</b>	They are the inputs that cannot be monitored and are given the lowest priority	----	----	----	----



## تقدير القيمة ■

Value Estimation

## Estimating the value of the land - Market Approach - Comparisons method

Saudi market does not have transparency and it is difficult to collect accurate information. Therefore, we were able to collect data for a selected sample of comparisons that reflect the reality of the market in general, and we will work to present their data and performance indicators as an embodiment of the market.

Selected comparisons are: From the properties offered in **Al-Azizia neighborhood, Al-Azizia road.**

Comparative Properties - Commercial Residential Lands		
Comparison factors	Comparative 1	Comparative 2
Area (m2)	1,500	1,200
Ease of access	High	High
Property location	High	Average
Land shape	Regular	Regular
Land topography	Flat	Flat
Use	Commercial	Commercial - Residential
Surrounding streets	2	2
Price per meter (SR)	40000	30000
Comparative condition	Available offer	Available offer

### Comparisons Map:



## Estimating the value of the land - Market Approach - Comparisons method

Valuating the land according to Market Approach - Method of comparison with similar sales - For commercial residential lands					
Clause		Comparative real estates			
Adjustments factors	Property under valuation	Comparative 1		Comparative 2	
		Value	Adjustment	Value	Adjustment
Price per square meter	***		40,000		30,000
Condition	***	Available offer		Available offer	
Date of valuation/offer	Sunday, December 31, 2023	2023		2023	
Market Condition	***	-5.00%	- 2,000	-5.00%	- 1,500
Financing terms	***	0.00%	-	0.00%	-
Market conditions value	***		(2,000.00)		(1,500.00)
Value after initial settlements	***		38,000		28,500
Land area (m <sup>2</sup> )	1287.97	1,500	0%	1,200	0%
Ease of access	High	High	0%	High	0%
Property location	High	High	0%	Average	10%
Land shape	Regular	Regular	0%	Regular	0%
Land topography	Flat	Flat	0%	Flat	0%
Land use	Commercial - Residential	Commercial	0%	Commercial - Residential	0%
Surrounding streets	2	2	0%	2	0%
<b>Total</b>			0.00%		10.00%
<b>Adjustment value per square meter</b>			-		2,850
<b>Final meter value after Adjustments</b>			38,000		31,350
Relative weight			65%		35%
Net average value per square meter (SR / m <sup>2</sup> )					35,673
The market value of the land (SR / m <sup>2</sup> )					45,945,110

## Estimating the value of the property - Cost Approach - Replacement method

### First: Construction Costs (Direct Costs)

Clause	Built up area m2	SR / m2	Value (SR)
Basement	1,288	2,500	3,219,925
Total built up area	16,765	3,500	58,676,730
<b>Total (SR)</b>	-		<b>61,896,655</b>

### Second: Other costs (indirect)

Professional fees		3%	1,856,900
Utilities Network		3%	1,856,900
Administration costs		3%	1,856,900
Financing costs		6%	3,713,799
Developer's profitability		10%	6,189,666
<b>Total (SR)</b>			<b>15,474,164</b>

### Total cost of buildings (SAR)

77,370,819

### Third: Depreciation cost

Life span of the property (year)	<b>Year</b>		40
The current age of the property (year)	<b>Year</b>		12
Remaining life of the property (year)	<b>Year</b>		28
Depreciation rate	<b>%</b>		30
Depreciation value	<b>SR</b>		23,211,246

### Final value of the building (SR)

54,159,573

### Fourth: Value of the property according to the Cost Approach

Final value of the land (SR)		45,945,110
Final value of buildings (SR)		54,159,573
<b>Market value of the property according to the Cost Approach (SR)</b>		<b>100,104,683</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>		<b>100,105,000</b>

## Similar Comparisons Method assumptions

**Based on the approach used in calculating the market value, which is Market Approach (Method of Similar Comparisons), some steps must be taken to obtain accurate Adjustments, as follows:**

- Determine the factors that affect the value of the property under valuation.
  - Comparing the features and characteristics of each comparative property with the property being evaluated and determining the difference in each element of the comparison between the comparative property and the property under valuation.
  - Make adjustments against each mismatched item.
  - Reaching the net adjustment for each comparable property and applying it to the unit price to reach price range of the unit after adjustments for the property under valuation.
  - On the basis of the price range, the valuer determines the most reasonable price for the unit in the real estate under valuation, and the unit price is chosen after adjustments from the best comparable real estate usually as it is better.
- **Relative control of the area:** It is customary to promote a smaller area of the land that achieves a higher value compared to the land that is larger in area, and sometimes vice versa. Here, it was assumed that 5% would be allocated for each multiplier, and the percentage may vary according to the estimate and experience of the real estate valuer, depending on the state of the real estate market and the valuer's experience.
  - **Market condition:** Adjustments against the market condition conditions are often referred to as (time) Adjustment or in the case of negotiation over the offered value. Market conditions may change with the change of time, and the percentage is variable according to the market condition.
  - **Ease of access:** The movement of access to the real estate subject to evaluation is easy, as well as the ease of access to the comparable properties (high, medium, low), Accordingly, a rate of 5% was assumed for each level.
  - **Location of the property:** The location is where the property is located, whether it is on a road front or second row, or has two roads or two entrances, and it has a direct and high impact on the value of the property, and half of it is (high, medium, low), accordingly, a rate of 5% was assumed for each level.
  - **Land shape:** One of the physical characteristics that affect the property is the shape of the land, whether it is regular or irregular, Accordingly, a rate of 5% was assumed.
  - **Usage:** The real estate planning has been taken into consideration as it is (commercial) planning compared to the comparable real estate, as well as all of them are commercial. It is possible for the property to include more than one use, such as (residential, residential, commercial, or residential, commercial, office), and accordingly, a rate of 5% was assumed according to the classification of use.
  - **Surrounding streets:** The location affects the value of real estate directly if it is on one or two streets, as well as the views it provides and the provision of various advantages. Accordingly, a rate of 5% was assumed for each difference for one street.

## Market Approach - Comparison method - Hotel income analysis

### Market Survey - Hotel Income Analysis

Comparison	Location	Rating	Number of rooms	Average rental price (Hajj season)	Average price per night (Ramadan season)	Average price per night (rest of the year)	Annual occupancy	Operational expenses
Comparison 1	Aziziyah	3 stars	272	2000	450	250	50%	30%
Comparison 2	Aziziyah	3 stars	178	2200	400	190	45%	35%
Comparison 3	Aziziyah	3 stars	188	2500	600	300	35%	30%

### Comparisons Map:



## Income data

Annual occupancy rate for each season		
Clause	Value	Unit
Number of days in the year	365	Day
Annual occupancy rate	40%	Percentage
Number of operating days per year	146	Day
The number of days of the Hajj season	30	Day
The number of days of the Ramadan season	30	Day
Number of days for the remainder of the year	86	Day
Number of rooms	450	Room
Calculation of operating the Hajj season		
Number of pilgrims	1350	Pilgrim
Rental price for the pilgrim	2200	Pilgrim/SR
Hajj season total income	2,970,000	SR
Calculation of operating Ramadan season		
The number of operating days for the first twenty of Ramadan	20	Day
Average rental price for the day	250	SR
The total rental value for the first 20 days of Ramadan	2,250,000	SR
Number of working days for the last ten days of Ramadan	10	Day
Average rental price for the day	500	SR
Total rent value for the last ten days of Ramadan	2,250,000	SR
Total income for the Ramadan season	4,500,000	SR

Calculation of operating the rest of the days of the year		
Average rental price for the day	150	SR
Total income for the rest of the year	5,805,000	SR
Total room operating revenue income per annum	13,275,000	SR
Shops income analysis		
Description	Value	Unit
Total annual rental income of shops	224,000	SR
Less occupancy rate and credit risk for shops	11,200	5%
Actual total rental income of commercial shops	212,800	SR
Actual total annual income		
Actual total annual income	13,487,800	SR

## Analysis of valuation assumptions data - Discounted Cash Flow Methods

### Rental income:

The property's income was analyzed by reviewing the contracts for the property and through contracts similar to the property being valued, and this was compared to the market. (Current contract income has been clarified)

The real estate contract in (2024-2025) was not relied upon, which is the contract period in addition to the other property income, according to what was reviewed. Market prices in the valuation years (2024-2033) were relied upon, and this was reflected in the report.

### Discounted Cash Flow assumptions

Net income of the hotel according to the contract	2,645,000	Discount rate	%9.5
Other income for the property (shops) according to the contract	172,500	Capitalization rate	%7
Occupancy rate and credit risk	%40	Income years (by market)	2033 - 2024
Cash flow period (years)	10	Operating and capital expenditure rate	%35

### Discount rate:

### Discount rate extraction (Cumulative Model method)

Government bond rate of return	4.6	Saudi Tadawul Fund
Inflation rate (average of the current year)	2.49	Saudi Central Bank
Market risk premium (recession and recovery)	1.25	Depending on the market situation and conditions
Special risk premium (the resulting costs of the property)	1.25	Depending on the property situation and conditions
Discount rate after rounding	9.5	%

### Market Survey - Hotel Income Analysis

Comparison	Location	Rating	Number of rooms	Annual occupancy	Operational expenses
1	Aziziyah	3 stars	272	50%	30%
2	Aziziyah	3 stars	178	45%	35%
3	Aziziyah	3 stars	188	35%	30%

### Operational rate of return:

Analysis of the capitalization rate - the method of extracting from the market In view of the market activity and the reports of the Qaim Company for similar investments, as well as in view of the economic reports issued by some study centers and the information center of the Qaim Company for valuation, we found that the return in the region ranges from 7% to 8% and accordingly, the rate of return was assumed at a rate of 7 % There are many factors that affect the rate of return, represented in the location of the building, its age and condition, the situation of the tenants, and the degree of risk associated with repayment. The capitalization rate is affected by the demand and supply rates for the same type of real estate.

### Operating and capital expenditure rate:

Operating expenses are the expenses for renting and maintaining the property, and capital expenses are the expenses borne by the owner in order to maintain it in good condition to achieve the appropriate annual income. The percentage of operating expenses represents 15% - 40% for similar projects in the surrounding area depending on the size and services provided, as most of them are under single contracts in Most likely. (The property is leased under one contract) and the operating and capital expenditure rate was assumed at 35% for the average limit in the market.

## Calculating the value of the property - using the Income Approach - Discounted Cash Flow method

Cash flow - Inflows		Investment years										Reversion value
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
		1	2	3	4	5	6	7	8	9	10	
Growth		0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Actual total rental income	13,487,800	13,487,800	13,757,556	14,032,707	14,313,361	14,599,628	14,891,621	15,189,453	15,493,243	15,803,107	16,119,170	
Minus occupancy rate and credit risk	35%	4,720,730	4,815,145	4,911,447	5,009,676	5,109,870	5,212,067	5,316,309	5,422,635	5,531,088	5,641,709	
Building net operating income (NOI)		8,767,070	8,942,411	9,121,260	9,303,685	9,489,759	9,679,554	9,873,145	10,070,608	10,272,020	10,477,460	
Net cash flow		8,767,070	8,942,411	9,121,260	9,303,685	9,489,759	9,679,554	9,873,145	10,070,608	10,272,020	10,477,460	<b>149,678,003</b>
Discount factor		0.9132	0.8340	0.7617	0.6956	0.6352	0.5801	0.5298	0.4838	0.4418	0.4035	0.4035
Present value of cash flow		8,006,457	7,458,069	6,947,243	6,471,404	6,028,157	5,615,270	5,230,662	4,872,398	4,538,672	4,227,804	60,397,198
<b>Net present value of the property</b>											<b>119,793,332</b>	

## Final value of the property

Based on the purpose of the valuation, the nature of the property, and its characteristics as a hotel, valuing the property using Income Approach (Discounted Cash Flow Method) is considered the best way to estimate the price on the measurement date of 31/12/2023, which was arrived at with Income Approach as a basis for the fair value of the property being valued (after rounding). As follows:

Price on the date of measurement in numbers (SR)	Price on the measurement date written (SR)
119,793,000	One hundred nineteen million seven hundred ninety-three thousand

**This report was approved by the Executive Director**

Ismail Muhammad al-Dubaikhi



**ملاحق** ■

**Appendix**



## Team



Hossam Hassan Ashi  
Real estate - Associate  
Membership No1210002501



Muath Aloraini  
Real estate - Associate  
Membership No1210002322



Salem Mohammed Al Fai'  
Real estate-Basic Follow  
Membership No 1210000013



Ismail Al-Dubaikhi  
Real estate-Basic Follow  
Membership No 121000005

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# Iskan Hotel 5 Valuation

Client : SICO Saudi REIT Fund



## Statement

Dear : **SICO Saudi REIT Fund** Greetings

**Subject: Hotel valuation report n the Prince Abdullah Al-Faisal plan district in the city of (Makkah Al-Mukarramah).**

We, Qaim and his partner real estate valuation company, extend our sincere thanks and appreciation to you for choosing us and giving you your precious trust to evaluate the property located in the city of **Makkah Al-Mukarramah, Prince Abdullah Al-Faisal plan** district, according to the assignment issued by you on **06/12/2023 AD** based on the license granted to us by the Saudi Authority for Accredited Valuers, following In that is the latest version of the international valuation standards 2022 AD, which are recognized as well as the rules and ethics of the profession in order to reach the final impartial valuation based on the actual inspection by the work team and the study of the market area surrounding the property. The fair value estimate was reached using various valuation methods, including what each report carries, and accordingly we are pleased to We present to you the real estate valuation statement listed below.

Based on the completed study, we are attaching to you the results of estimating the fair price of the real estate, a hotel and its current status on the date of the estimate **31/12/2023 AD** located in the city of Makkah Al-Mukarramah, **with an amount of only (127,381,000) one hundred twenty-seven million three hundred eighty-one thousand Saudi riyals**

With sincere gratitude...

This report was approved by the Executive Director, **Ismail Mohammed Al-Dubaikhi**

Under License No. / 1210000052 dated 10-10-1443 AH




## Executive Summary

■ Fair price estimate: **127,381,000** Saudi riyals

Valuer		
<ul style="list-style-type: none"> <li>Ismail Muhammad Al-Dubaikhi Membership No. 1210000052</li> <li>Muath Aloraini Membership No. 1210002322</li> </ul>	<ul style="list-style-type: none"> <li>Salem Muhammad Al Fai` Membership No. 1210000013</li> <li>Hossam Hassan Ashi Membership No. 1210002501</li> </ul>	
Owner of real estate	Intended User	Client (report requester)
Mashaer Real Estate Company	SICO Saudi REIT Fund Investors	SICO Saudi REIT Fund
Property location	Property under valuation	Purpose of the valuation
Makkah Al-Mukarramah - Prince Abdullah Al-Faisal plan district	Hotel	Periodic valuation of Al Mashaer REIT Fund
Inspection date	Valuation approach	Valuation standard
20/12/2023	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	Value Basis	Ownership Type
31/12/2023	Fair value	Absolute ownership
Report issued date	Assumed value	Deed number and date
13/02/2024	Present use	(520121013431) on 1441/02/18

# قيير للتقييم

## QIAM VALUATION

### Content

01	The specific assumptions and limitations of the report
02	Scope of work
03	An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia
04	Site studies
05	Valuation
06	Value Estimation
07	Appendix

## ■ الفرضيات و القيود المحددة للتقرير

The specific assumptions  
and limitations of the report

## Specific Assumptions and Limitations

Based on the type and characteristics of the property and the purpose of evaluation, the property was evaluated using the cost method (Replacement method) and the income method (Discounted Cash Flow method).

Based on the purpose of the evaluation, which is (Periodic valuation of Al Mashaer REIT Fund), the valuation was based on the value (fair value).

The purpose of issuing this report is to know the fair value of the property for the purpose of (periodic valuation) for the report user (Saudi SICO REIT Fund only)

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and did not offer any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.

The property has been inspected outwardly and the property has not been structurally inspected, or this appraisal report is considered valid only if it bears the company's seal and the signature of the accredited residents.

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement.

The values estimated in this report are for the property under valuation, and any distribution of the value to parts of the property will not be correct, and this value should not be used for any other purposes, as it could be incorrect if used as well.

Information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but not all of it was confirmed in all cases, and no guarantee was given regarding the validity of this information, if it appears that this information is incorrect. the value contained in this report may change.

The property was evaluated in accordance with international standards 2022 AD, and the estimated value in this report is for the property under study, and in case of changing the purpose of the valuation, these values may be incorrect.

Borders and lengths according to the client's statement, and the company is not responsible for the Borders and lengths, and therefore the total area of the land is taken according to the deed, and the company is not responsible for that.

This report may not be used in whole or in part, or have references to it made without mentioning Qiam and its partner real estate valuation company. It may also not be published in any way without the company's prior written consent, in the form and content in which it appears.

The responsibility of the company with regard to the report and valuation is limited to the client, who is the entity that owns the valuation. Some of the required data was not received from the client, and in the event that any hidden information is available that could affect the value of the property.



## ■ نطاق العمل

Scope of work

## Scope of work Standard No. 101

Other users	Client	Identity of the real estate valuer
SICO Fund - Investors	SICO Saudi REIT Fund	Described in the executive summary
Value Basis	Purpose of the valuation	Property under valuation
Fair value	Periodic valuation of Al Mashaer REIT Fund	Hotel
Report description	Measurement date	Property considerations for the customer
A report explaining the methodology and steps of the valuation and the results of the valuation, and includes illustrative pictures of the boundaries of the asset under valuation	31/12/2023	Investment or use, and in some cases the real estate is part used by the customer and part invested and has special considerations)

## Scope of the Valuer search - Standard No. 102

Gathering sufficient information through a field visit, visible inspection, and conducting analyzes. A study was conducted from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.

### Value Basis

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (This definition is adapted from IFRS 13), paragraph 9. It is also defined in IVS 104 Basis of Value, paragraph 90, among other bases of value for valuation for purposes of inclusion in financial reports.

### Valuation currency

Saudi riyal

### Valuation Standard followed

All work was carried out in accordance with the Accredited Valuers System and the implementing regulations related to real estate valuation issued by the Saudi Authority for Accredited Valuers (Taqeem), and the latest version of the International Valuation Standards (IVS) for the year 2022 published by the International Valuation Standards Board (IVSC) and the professional rules recognized in the work of valuation of real estate assets, which is based on analysis, comparison and direct inspection of each property, and research as much as possible about the influences and characteristics of the property under valuation.

### Nature and source of information

The information contained in the report was issued by official bodies, real estate offices in the targeted area, or offices specialized in research and studies, and with reference to the database of Qaim and its partner real estate valuation company.

### Important assumptions and special assumptions

Our company does not assume any responsibility for any information received from the client, which is supposed to be safe and reliable Also, our company does not endorse the accuracy or completeness of the available data and does not express its opinion, nor did it offer any kind of guarantee for the accuracy of the data or completeness except as indicated clearly in this report

### Report usage restrictions

Valuation processes and reports are confidential to the directing party and to whomever they are referred to for a specific purpose, with no responsibility of any kind for any third party. This report may not be published in full or any part thereof or referred to in any document or statement or published periodically or in any medium. communicate with any third party without our prior written consent in the form and context in which they appear. It is a matter of caution and that the company and the valuer reserve the right to make any amendments and make any review of the valuation or support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the evaluation calculations and amend and revise its results in light of information that existed at the valuation date but became clear to it later.

## Work Stages

Meeting with the client and determining the scope of work, including the purpose of the valuation, the basis of value, the parties involved, the date of the valuation, and any special or important assumptions, including clarity of the assignment and the expected outputs from it.

Step 01



Collecting and analyzing office and field market data in order to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Step 03



Work on preparing the report in accordance with Standard 101 for Description of the Report and Standard 103 for Report Preparation.

Step 05



Step 02



Step 04



Previewing the property, identifying its characteristics and specifications, matching documents with reality, analyzing the location of the property and the uses surrounding the property, while defining the scope of the geographical search and the appropriate activities and projects.

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial calculations to reach the market value according to the chosen methods..

## ■ الإمتثال للمعايير و أعمال البحث و الإستقصاء

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## Standard 102: Compliance with Standards and Research and Inquiry

This valuation work was carried out in accordance with the principle of Standard 102 of compliance with the standards, research and survey work, in the following items:

- The basis of the value (fair value) is commensurate with the purpose of valuation (Periodic valuation of Al Mashaer REIT Fund).
- Gathering evidence through field visits at the time of inspecting the property with the inquiries raised at the time of the evaluation of some accredited offices in the area of the property.
- Evidence from field visits was collected and analysis and computational procedures performed to ensure that evaluation work was adequately supported.
- The data cited was judged to ensure the adequacy of all such information obtained to ensure that it is sufficient for the purpose of the valuation.
- Limitations of the research and survey that were carried out indicate the limitations in the scope of work with the analysis of all valuation inputs mentioned in the report.
- Reliability of the information provided by the real estate offices in the real estate area has been confirmed, and they are accredited and licensed offices in the real estate area.

## Judging the reliability of the information provided and taken into the report

Provider	Data and information	Verdict	Judgment reasons
Client	Deed	Trusted	The deed sent by the client has been verified
	Building permit	Trusted	The building permit has been validated in Baladi platform
	Rental data	Trusted	Electronic contracts were received (Ejar platform). The current contracts do not reflect the property's income (market) and were valued according to market values after review
Market	Commercial meter prices	Trusted	Based on the market survey - direct interviews - accredited offices in the real estate area - internal company data
	Practical experience of real estate offices	Trusted	Certified by official records in the real estate area
	Source independence	Trusted	A source independent and external to the asset being valued

## Compliance with Standards and Research and Inquiry

03

In the event that there are restrictions on the research and investigation carried out by the evaluator that do not enable him to adequately value the inputs and assumptions, which are clarified in the special assumptions

02

Carry out calculations and perform analyzes by gathering sufficient evidence by the following means, such as: field visit, inspection, inquiries and ensuring that evaluation work is appropriately reinforced and professional judgment facility to ensure that the information obtained is sufficient and that it fulfills the purpose of the evaluation

01

The research and investigations undertaken in the context of the valuation mission are appropriate to the valuation purpose and value basis

06

Record the valuation purpose, basis of value, and scope And the limits of research and survey, and the sources of information that reliable in the scope of work, which must Communicating it to all parties to the valuation task

05

Consider the credibility and reliability of the information provided  
The following matters were taken into consideration:  
The purpose of the valuation  
The relevance of the information to the outcome of the valuation  
The source practical experience in relation to the subject matter of the valuation  
Is the source independent of the asset being evaluated or the beneficiary of it?

04

Taking into account the reliability of the information so that the evaluation results do not appear, and the inputs provided to the valuer (and) from the client or his representative) were considered.

## Regulatory framework on the International Valuation Standards (IVS 2022)

General Standards - Criterion 101  
Scope of Work Paragraph 20:  
Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned

60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.

General framework: the generally accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards, Paragraph (60.1-60.2). requirements mentioned in the reports

### Note:

Real estate valuations performed in order to prepare financial reports are regarded as situations of systematic deviation from international valuation norms in order to satisfy certain criteria for the purpose of the relevant valuation.

## Real estate and investment properties in the preparation of financial reports

### Clarifying the difference between real estate and investment properties in the financial statements

#### Investment properties in the financial statements

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

- For use in producing, supplying goods, providing services, or for administrative or
- To sell it in the ordinary course of business

#### Real estates included in the term of real estate, machinery and equipment in the financial statements

The International Accounting Standard No. 16 "property, plant and equipment" IFRS16 defines as the tangible items that:

- It is kept for use in the production or supply of goods or services, or it is kept for rent to others (except for investment real estate) or for use in administrative purposes.
- It is expected to be used during more than one period



## ■ نظرة عامة على الإقتصاد والقطاع العقاري بالمملكة العربية السعودية

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## 2030 Vision

His Royal Highness Prince **Mohammed bin Salman bin Abdulaziz Al Saud**, Crown Prince, Deputy Prime Minister and Chairman of the Council for Economic Affairs and Development.



Our ambition is to build a more prosperous country in which every citizen will find what he desires. For the future of our homeland, which we build together, we will accept nothing but to make it at the forefront of the world, with education and rehabilitation, with opportunities available to all, and advanced services, in employment, health care, housing entertainment and others.

## Economic growth in Saudi Arabia

During its modern era, the Saudi economy has witnessed growth in a large number of sectors, taking advantage of the Kingdom's natural resources, and its geographical and cultural position among the three continents of the world. This growth resulted in building a solid economic base, as it became among the twenty largest global economies and an active member of the Group of Twenty, and one of the main players in the global economy and global oil markets, supported by a strong financial system and an effective banking sector, and giant government companies based on highly qualified Saudi cadres.

In the past years, the Kingdom has also witnessed structural reforms on the economic and financial side, which enhance the increase in economic growth rates while maintaining financial stability and sustainability.

In order to develop and diversify the economy and reduce dependence on oil, the Kingdom of Saudi Arabia launched the Saudi Vision 2030 based on many economic and financial reforms, which aimed at transforming the structure of the Saudi economy into a diversified and sustainable economy based on enhancing productivity, raising the contribution of the private sector, and enabling the third sector.

Since the launch of the vision, the Kingdom has succeeded in implementing many supportive initiatives and structural reforms to enable economic transformation.

This transformation consists of several major efforts centered on a sectoral dimension that includes the promotion of local content, national industry, and the launch of various sectors. Promising economy and its development, enabling dimension that aims to maximize the role of the private sector, small and medium enterprises, and enhance the sustainability of Public Finance. It is expected that the pace of this structural transformation towards sustainable economic growth will continue in the coming years, especially in light of the number of Giant investment initiatives, under the umbrella of the Public Investment Fund, and leading companies. It is also expected that the pace of settlement will accelerate Knowledge and innovative technologies.



## Business Sectors Overview

### Tourism Sector

- Within the framework of the Kingdom's Vision 2030, which aims to lay effective foundations and pillars for the future of the Kingdom of initiatives aimed at reducing the main dependence on oil, through many sectors to support the national economy, including the tourism sector, given what this sector represents from a value, social, civilized and economic dimension. The tourism sector and the hotel sector are closely linked to the Saudi Vision 2030, and it revolves around helping those involved in the hospitality sector, food and entertainment industries to plan for the future.

### Office Sector

- The offices contribute to achieving the goals of the Saudi national transformation towards prosperity and sustainability by focusing on the goals of Vision 2030, which leads to raising the participation of the private sector in achieving the Kingdom's Vision 2030, working as a representative of the private sector within the national system of vision realization offices in government agencies. Including Riyadh's endeavor to transform into a regional center for international commercial entities, which made it issue a decision to refuse to contract with any company that does not have a regional headquarters in Saudi Arabia by 2024, especially those that have contracts with government agencies, whether they are bodies, institutions, investment funds or devices. Increases the demand for the office sector.

### Retail Sector

- The vision of the Kingdom's national transformation for the post-oil stage 2030 paid great attention to the development of the commercial and industrial sector in the Kingdom, as the vision is based on focusing on the development and development of the local industry that will achieve great economic returns for the Saudi economy, and among the goals of the vision by 2030 is to raise the percentage of exports The Kingdom's rank in the Logistics Performance Index increased from 16% to 25 globally and first regionally, and the private sector's contribution to the GDP increased from 40% to 65%.

### Housing Sector

- Vision 2030 has provided sustainable housing solutions that enable Saudi families to own suitable homes according to their needs and financial capabilities. To achieve this, the housing system, in terms of structuring, procedures, and policies for dealing with banks and the private sector, has developed a high percentage of Saudi families' ownership of homes, as the proportion of Saudi families' ownership of homes did not exceed 47% in 2016, and rose to 70% by the end of the first phase of the housing program in 2021.



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



دراسات الموقع ■

Site Studies

## Real estate data and Services available in the real estate area

Real Estate Data			
City	Makkah Al-Mukarramah	Neighborhood	Prince Abdullah Al-Faisal plan
Street	Al-Hajj	Property type	Hotel
No. land plan	B/23/15/1	Plot number	166
Area	1382.73 square meters	Land use according to regulations	Commercial
Services and facilities available in the real estate area			
Electricity network	Water network	Sewerage network	Telephone network
✓	✓	✓	✓
Mosque	Public markets	Water drainage network	Garden
✓	✓	✓	✓
Shopping center	Medical services	Governmental services and centers	Hotels
✓	✓	✗	✗
Banks	Restaurants	Petrol station	Civil defense
✓	✓	✓	✓

## Factors affecting the property

Impact element	Impact determinants	Description
Area overview	Importance of the area	The property is located in the city of Makkah Al-Mukarramah , in Prince Abdullah Al-Faisal plan district
Natural factors (environmental)	Lands topography	Flat
	Pollution	There are no sources of pollution in the area
Planning factors (urban)	Location from the city	The location is in the city center of Makkah Al-Mukarramah
	Infrastructure	Completed
	Municipal equipment	Completed
	Land properties	Regular shape
Building Regulations	Land use	Commercial
	Building ratio - number of floors	65%
Economic factors	Supply and demand	High
	Land prices	High
Legal factors	Deficit and trespassing on the property	N.A.

## Property description

- The building surface area was determined based on the Building permit.
- The age of the property was determined to be (11) years based on the (Building permit).
- Condition of the property on the valuation date (31/12/2023)
- When examining the property, it became clear to us that it is a (Hotel). Detailed as below:

Building Components			
#	Floor	Area (m2)	Use
1	Basement	1382.73	Parking lots
2	Ground floor	1018.74	Reception + commercial
3	Mezzanine	758.78	Reception
4	Restaurants floor	1016.88	Restaurants
5	Mosque floor	1016.88	Prayer
6	Repetitive floors	12780.6	Residential
7	Last floor	755.03	Residential
8	Staircase + elevators	44.19	Services
9	Tanks	1125.17	Tanks
10	Sewage drainage	6	Sewers
<b>Total</b>	<b>14 Floors</b>	<b>19905</b>	

## Property location

Property is located in: **Makkah Al-Mukarramah**

Neighborhood: **Prince Abdullah Al-Faisal plan**

Street: **Al-Hajj**

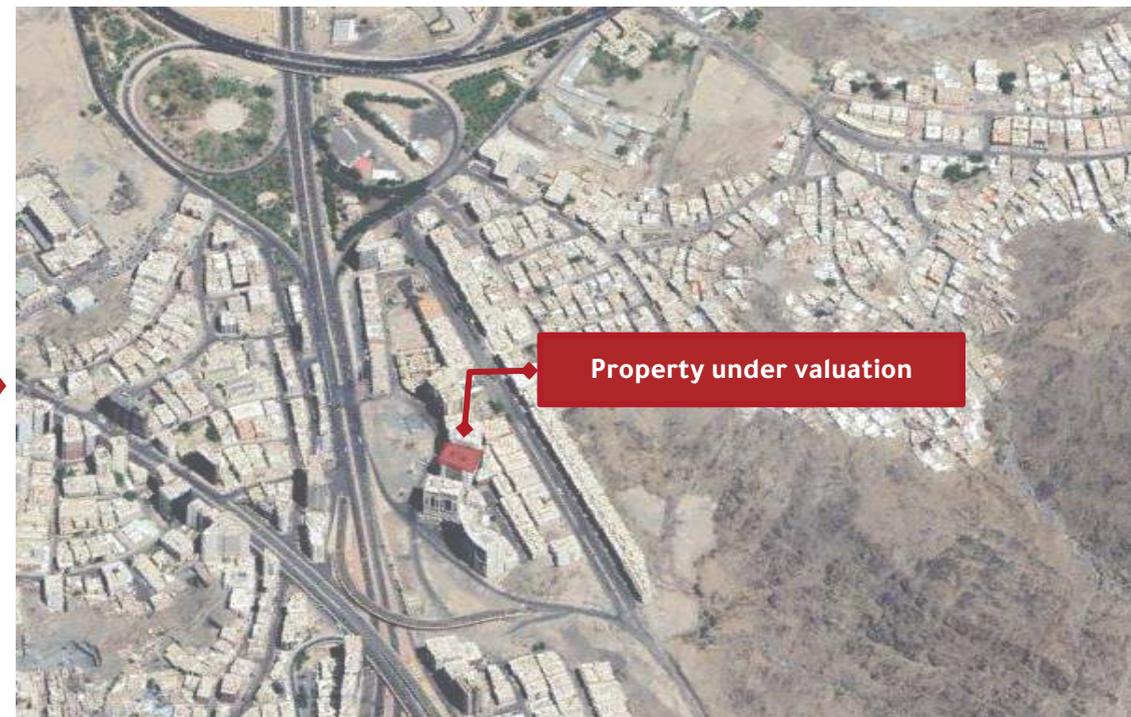
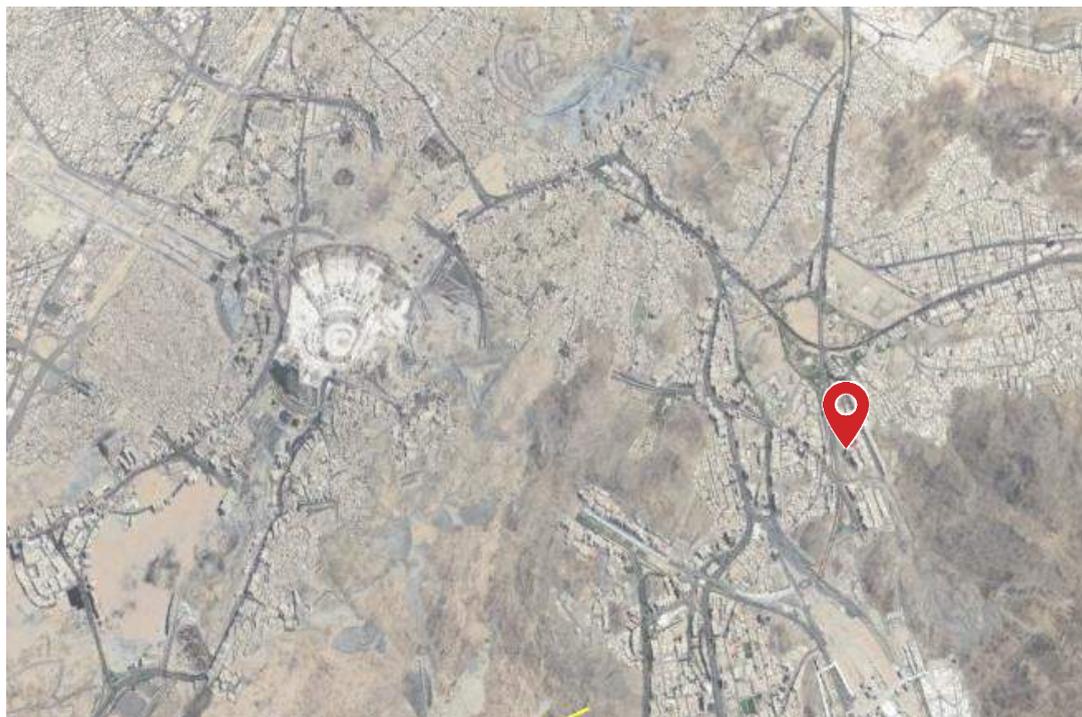
Location coordinates

N :

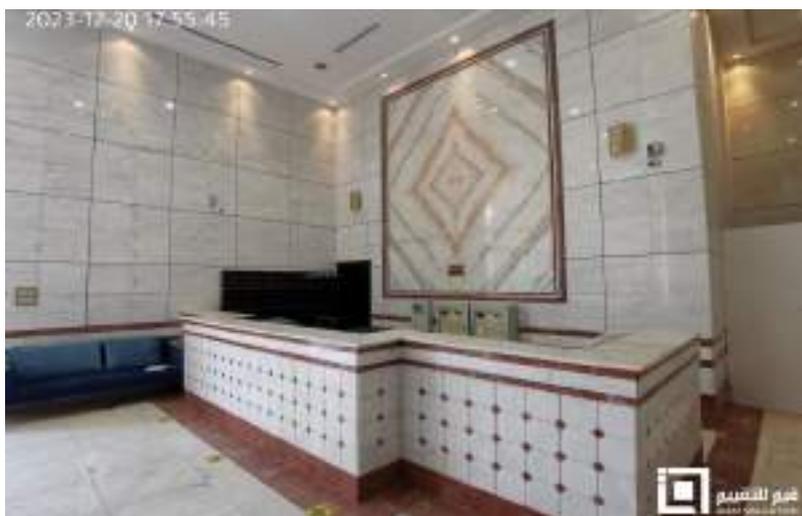
21.4344380

E :

39.859888



Photographic survey of the building and its components (1/2)



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

Photographic survey of the building and its components (2/2)



## Ownership documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	02/18/1441	520121013431	Al Mashaer Real Estate Fund

### Neighborhood name - plot number - plan number - land area:

Land area	Plan number	Plot number	Neighborhood name
1382,73 m2	1/15/23 b	166	Prince Abdullah Al-Faisal plan

### Borders and lengths:

Borders and lengths:							
Northern border	Border length	Southern border	Border length	Eastern border	Border length	Western border	Border length
Plot No. 165	46 m	Plot No. 167	46 m	Plot No. 168/6	35 m	Street width 12	26 m

## Assumptions related to real estate ownership

For the purposes of this report, we assumed the existence of good and valid ownership, free from any obstacles, mortgages, fees, or interests of any third parties, etc., and in the event that this is not achieved, the opinion of the value of the property may be affected



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



Valuation

التقييم ■

## Valuation Approaches



### Market Approach ❖

The market method provides an indication of value by comparing the asset with identical or comparable (similar) assets for which price information is available.



### Income Approach ❖

The income method provides an indication of value by converting future cash flows into one current value. According to this method, the value of the asset is determined by reference to the value of the revenue and cash flows generated by the asset or the costs it provides.



### Cost Approach ❖

The cost method provides an indication of value using the economic principle that states that the buyer will not pay an asset more than the cost of obtaining an asset of similar benefit, whether through purchase or construction unless there are time, disturbance, risk, or other related factors. The method provides an indication of value by calculating the current cost of transferring or reproducing the asset, and then discounting the physical wear and tear of all other obsolescence's.

## Market Approach-Standard No. 105

It is an approach of estimating the value of a real estate or real estate property based on the market comparison between the property being evaluated and similar properties in the same area that were recently sold. The value indicator of the property being valued is derived by applying appropriate comparison units and making adjustments and adjustments to the selling prices of similar properties based on the comparative elements.

### The market approach should be applied and afforded significant weight under the following circumstances:

- ❖ The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value
- ❖ The subject asset or substantially similar assets are actively publicly traded.
- ❖ There are frequent and/or recent observable transactions in substantially similar assets.

### The key steps in the comparable transactions method are:

- ❖ Define the units of comparison used by relevant market participants.
- ❖ Determine the relevant comparative transactions and calculate the main evaluation criteria for these transactions.
- ❖ Conduct consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the subject asset.
- ❖ Make the necessary adjustments, if any, to the evaluation scales to reflect the differences between the subject of evaluation and the comparative assets.
- ❖ Applying the revised valuation criteria to the subject asset.
- ❖ Value indicators are reconciled if more than one evaluation scale is used.

## Cost Approach - Standard No. 105

It is a valuation method that calculates the capital or market value of a property by adding the value of the real estate's land with the value of the buildings erected on the site.

### Cost Approach should be applied and afforded significant weight under the following circumstances:

- ❖ Participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- ❖ The asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or
- ❖ The basis of value being used is fundamentally based on replacement cost, such as replacement value

### Used methods of Cost Approach :

- a. **Replacement cost method:** A method of arriving at value by calculating the cost of a similar asset

### Method of estimating the value of buildings using the straight line method

- The straight-line method: the straight-line method is calculated by the formula (current age of the building / Lifespan) \* 100.

## Income Approach-Standard No. 105

Income Approach provides an indication of value by converting future cash flows into a single present value. Under this approach, the value of an asset is determined by reference to the value of the revenue and cash flows that the asset generates or the costs it provides.

### **Income Approach should be applied and given priority or significant weight in the following cases:**

- A. When the ability of the asset to generate income is the primary factor that affects the value from the point of view of market participants.
- B. Reasonable expectations are available for the amount and timing of future revenue for the assessed asset but few, if any, relevant market comparisons.

### **Income Approach Methods:**

Although there are many ways to apply the income method, the methods used under the income method depend largely on discounting the amounts of future cash flows to a present value, which are various applications in using the discounted cash flow (DCF) method and the concepts below apply in part or all of the methods of the income method.

#### **Discounted Cash Flow method (DCF)**

It is a financial method for estimating the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows. The discounted cash flow method is applied to evaluate a property or real estate that generates income based on the expectation of future income for the property under valuation. The value index of the property is derived through Calculating the present value of net operating income or the expected net rental value of the property.

#### **Direct Capitalization Method:**

The direct capitalization method is applied in the event that the net rental value of the property under valuation is fixed and equal in perpetuity.

#### **Residual value method:**

The residual value method is a method of evaluating properties that can be valued by identifying the most appropriate development of the site and property and then predicting the value of such development after it is completed.

## Used valuation approaches and methods - Fair value hierarchy

### Used valuation approaches and methods

Valuation Approaches	Market Approach	Cost Approach	Income Approach
Used approach	Used as an <b>assist approach</b>	Used as an <b>assist approach</b>	Used as a <b>main approach</b>
Used valuation methods	Field survey (comparisons - offered land prices)	Replacement cost	Discounted Cash Flow method
Reasons for use/non-use	To know similar properties on the market	Land on which a building is built	The fact that the property is income-generating

### Hierarchy:

The fair value hierarchy categorizes the inputs to the valuation approaches used to measure fair value at the measurement date into three levels, as follows:

Level	Clarification	Input statement	Classification	Source	Judgment and documentation
<b>First</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	----	----	----	----
<b>Second</b>	They are the inputs other than the published prices within the first level that can be monitored for the asset or liability, either directly or indirectly	Commercial and commercial residential offers in the real estate area	It is classified under the second level	Accredited real estate offices in the real estate area	reliable based on similar market analysis, verification following market research and analysis, in-person interviews, and the company's own database of deals and transactions
<b>Third</b>	They are the inputs that cannot be monitored and are given the lowest priority	----	----	----	----



## تقدير القيمة ■

Value Estimation

## Estimating the value of the land - Market Approach - Comparisons method

Saudi market does not have transparency and it is difficult to collect accurate information. Therefore, we were able to collect data for a selected sample of comparisons that reflect the reality of the market in general, and we will work to present their data and performance indicators as an embodiment of the market.

Selected comparisons are: From the properties offered in **Hajj Road district**.

Comparative Properties - Commercial Residential Lands		
Comparison factors	Comparative 1	Comparative 2
Area (m2)	1,120	561
Ease of access	High	High
Property location	High	High
Land shape	Regular	Regular
Land topography	Flat	Flat
Use	Commercial - Residential	Commercial - Residential
Surrounding streets	3	3
Price per meter (SR)	26785	21000
Comparative condition	Available offer	Available offer

### Comparisons Map:



## Estimating the value of the land - Market Approach - Comparisons method

### Valuating the land according to Market Approach - Method of comparison with similar sales

Clause		Comparative real estates			
Adjustments factors	Property under valuation	Comparative 1		Comparative 2	
		Value	Adjustment	Value	Adjustment
Price per square meter	***		26,785		21,000
Condition	***	Available offer		Available offer	
Date of valuation/offer	6/30/2023	6/30/2023		6/30/2023	
Market Condition	***	-5.00%	- 1,339	-5.00%	- 1,050
Financing terms	***	0.00%	-	0.00%	
Market conditions value	***	(1,339.25)		(1,050.00)	
Value after initial settlements	***	25,446		19,950	
Land area (m <sup>2</sup> )	1,383	1,120	0%	561	-5%
Ease of access	High	High	0%	High	0%
Property location	High	High	0%	High	0%
Land shape	Regular	Regular	0%	Regular	0%
Land topography	Flat	Flat	0%	Flat	0%
Land use	Commercial - Residential	Commercial - Residential	0%	Commercial - Residential	0%
Surrounding streets	1	3	-10%	3	-10%
<b>Total</b>		<b>-10.00%</b>		<b>-15.00%</b>	
<b>Adjustment value per square meter</b>		<b>2,545-</b>		<b>2,993-</b>	
<b>Final meter value after Adjustments</b>		<b>22,901</b>		<b>16,958</b>	
Relative weight		65%		35%	
Net average value per square meter (SR / m <sup>2</sup> )		<b>20,821</b>			
The market value of the land (SR / m <sup>2</sup> )		<b>28,789,459</b>			

## Estimating the value of the property - Cost Approach - Replacement method

### First: Construction Costs (Direct Costs)

Clause	Built up area m2	SR / m2	Value (SR)
Basement	1,383	2,200	3,042,006
Total built up area	18,517	3,500	64,810,455
<b>Total (SR)</b>	-		<b>67,852,451</b>

### Second: Other costs (indirect)

Professional fees		5%	2,035,574
Utilities Network		3%	2,035,574
Administration costs		3%	2,035,574
Financing costs		6%	4,071,147
Developer's profitability		10%	6,785,245
<b>Total (SR)</b>			<b>16,963,113</b>

### Total cost of buildings (SAR)

84,815,564

### Third: Depreciation cost

Life span of the property (year)	Year		40
The current age of the property (year)	Year		10
Remaining life of the property (year)	Year		30
Depreciation rate	%		25
Depreciation value	SR		21,203,891

### Final value of the building (SR)

63,611,673

### Fourth: Value of the property according to the Cost Approach

Final value of the land (SR)		28,789,459
Final value of buildings (SR)		63,611,673
<b>Market value of the property according to the Cost Approach (SR)</b>		<b>92,401,132</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>		<b>92,401,000</b>

## Similar Comparisons Method assumptions

**Based on the approach used in calculating the market value, which is Market Approach (Method of Similar Comparisons), some steps must be taken to obtain accurate Adjustments, as follows:**

- Determine the factors that affect the value of the property under valuation.
  - Comparing the features and characteristics of each comparative property with the property being evaluated and determining the difference in each element of the comparison between the comparative property and the property under valuation.
  - Make adjustments against each mismatched item.
  - Reaching the net adjustment for each comparable property and applying it to the unit price to reach price range of the unit after adjustments for the property under valuation.
  - On the basis of the price range, the valuer determines the most reasonable price for the unit in the real estate under valuation, and the unit price is chosen after adjustments from the best comparable real estate usually as it is better.
- **Relative control of the area:** It is customary to promote a smaller area of the land that achieves a higher value compared to the land that is larger in area, and sometimes vice versa. Here, it was assumed that 5% would be allocated for each multiplier, and the percentage may vary according to the estimate and experience of the real estate valuer, depending on the state of the real estate market and the valuer's experience.
  - **Market condition:** Adjustments against the market condition conditions are often referred to as (time) Adjustment or in the case of negotiation over the offered value. Market conditions may change with the change of time, and the percentage is variable according to the market condition.
  - **Ease of access:** The movement of access to the real estate subject to evaluation is easy, as well as the ease of access to the comparable properties (high, medium, low), Accordingly, a rate of 5% was assumed for each level.
  - **Location of the property:** The location is where the property is located, whether it is on a road front or second row, or has two roads or two entrances, and it has a direct and high impact on the value of the property, and half of it is (high, medium, low), accordingly, a rate of 5% was assumed for each level.
  - **Land shape:** One of the physical characteristics that affect the property is the shape of the land, whether it is regular or irregular, Accordingly, a rate of 5% was assumed.
  - **Usage:** The real estate planning has been taken into consideration as it is (commercial) planning compared to the comparable real estate, as well as all of them are commercial. It is possible for the property to include more than one use, such as (residential, residential, commercial, or residential, commercial, office), and accordingly, a rate of 5% was assumed according to the classification of use.
  - **Surrounding streets:** The location affects the value of real estate directly if it is on one or two streets, as well as the views it provides and the provision of various advantages. Accordingly, a rate of 5% was assumed for each difference for one street.

## Market Approach - Comparison method - Hotel income analysis

### Market Survey - Hotel Income Analysis

Comparison	Location	Rating	Number of rooms	Average rental price (Hajj season)	Average price per night (Ramadan season)	Average price per night (rest of the year)	Annual occupancy	Operational expenses
Comparison 1	Umm Al-Dana	3 stars	280	2500	450	250	55%	30%
Comparison 2	Murjan	3 stars	244	2000	300	120	65%	35%
Comparison 3	Grand Nour	3 stars	265	2000	400	150	65%	40%

### Comparisons Map:



## Income data

Annual occupancy rate for each season		
Clause	Value	Unit
Number of days in the year	365	Day
Annual occupancy rate	40%	Percentage
Number of operating days per year	146	Day
The number of days of the Hajj season	30	Day
The number of days of the Ramadan season	30	Day
Number of days for the remainder of the year	86	Day
Number of rooms	428	Room
Calculation of operating the Hajj season		
Number of pilgrims	1976	Pilgrim
Rental price for the pilgrim	2500	Pilgrim/SR
Hajj season total income	<b>4,940,000</b>	SR

Calculation of operating Ramadan season		
The number of operating days for the first twenty of Ramadan	20	Day
Average rental price for the day	250	SR
The total rental value for the first 20 days of Ramadan	2,140,000	SR
Number of working days for the last ten days of Ramadan	10	Day
Average rental price for the day	500	SR
Total rent value for the last ten days of Ramadan	2,140,000	SR
Total income for the Ramadan season	<b>4,280,000</b>	SR
Calculation of operating the rest of the days of the year		
Average rental price for the day	120	SR
Total income for the rest of the year	5,577,375	SR
Total room operating revenue income per annum	14,797,375	SR
Actual total annual income		
Actual total annual income	<b>14,797,375</b>	SR

## Analysis of valuation assumptions data - Discounted Cash Flow Methods

### Rental income:

The property's income was analyzed by reviewing the contracts for the property and through contracts similar to the property being valued, and this was compared to the market. (Current contract income has been clarified)

The real estate contract in (2024-2025) was not relied upon, which is the contract period in addition to the other property income, according to what was reviewed. Market prices in the valuation years (2024-2033) were relied upon, and this was reflected in the report.

### Discounted Cash Flow assumptions

Net income of the hotel according to the contract	4,761,000	Discount rate	%9.5
Occupancy rate and credit risk	%45	Capitalization rate	%7
Cash flow period (years)	10	Operating and capital expenditure rate	37%
Income years (by market)	2029 - 2024		

### Discount rate:

### Discount rate extraction (Cumulative Model method)

Government bond rate of return	4.6	Saudi Tadawul Fund
Inflation rate (average of the current year)	2.49	Saudi Central Bank
Market risk premium (recession and recovery)	1.25	Depending on the market situation and conditions
Special risk premium (the resulting costs of the property)	1.25	Depending on the property situation and conditions
Discount rate after rounding	9.5	%

### Market Survey - Hotel Income Analysis

Comparison	Location	Rating	Number of rooms	Annual occupancy	Operational expenses
1	Umm Al-Dana	3 stars	272	45%	30%
2	Murjan	3 stars	178	35%	35%
3	Grand Nour	3 stars	188	35%	40%

### Operational rate of return:

Analysis of the capitalization rate - the method of extracting from the market In view of the market activity and the reports of the Qaim Company for similar investments, as well as in view of the economic reports issued by some study centers and the information center of the Qaim Company for valuation, we found that the return in the region ranges from 7% to 8% and accordingly, the rate of return was assumed at a rate of 7 % There are many factors that affect the rate of return, represented in the location of the building, its age and condition, the situation of the tenants, and the degree of risk associated with repayment. The capitalization rate is affected by the demand and supply rates for the same type of real estate.

### Operating and capital expenditure rate:

Operating expenses are the expenses for renting and maintaining the property, and capital expenses are the expenses borne by the owner in order to maintain it in good condition to achieve the appropriate annual income. The percentage of operating expenses represents 15% - 40% for similar projects in the surrounding area depending on the size and services provided, as most of them are under single contracts in Most likely. (The property is leased under one contract) and the operating and capital expenditure rate was assumed at 35% for the average limit in the market.

## Calculating the value of the property - using the Income Approach - Discounted Cash Flow method

Cash flow - Inflows	Investment years										Reversion value	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
	1	2	3	4	5	6	7	8	9	10		
Growth	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Actual total rental income	14,797,375	14,797,375	15,093,323	15,395,189	15,703,093	16,017,155	16,337,498	16,664,248	16,997,533	17,337,483	17,684,233	
Minus occupancy rate and credit risk	37%	5,475,029	5,584,529	5,696,220	5,810,144	5,926,347	6,044,874	6,165,772	6,289,087	6,414,869	6,543,166	
Building net operating income (NOI)		9,322,346	9,508,793	9,698,969	9,892,948	10,090,807	10,292,624	10,498,476	10,708,446	10,922,614	11,141,067	
Net cash flow		9,322,346	9,508,793	9,698,969	9,892,948	10,090,807	10,292,624	10,498,476	10,708,446	10,922,614	11,141,067	159,158,096
Discount factor		0.9132	0.8340	0.7617	0.6956	0.6352	0.5801	0.5298	0.4838	0.4418	0.4035	0.4035
Present value of cash flow		8,513,558	7,930,438	7,387,257	6,881,281	6,409,960	5,970,922	5,561,954	5,180,999	4,826,136	4,495,578	64,222,550
Net present value of the property											127,380,632	

## Final value of the property

Based on the purpose of the valuation, the nature of the property, and its characteristics as a hotel, valuing the property using Income Approach (Discounted Cash Flow Method) is considered the best way to estimate the price on the measurement date of 31/12/2023, which was arrived at with Income Approach as a basis for the fair value of the property being valued (after rounding). As follows:

Price on the date of measurement in numbers (SR)	Price on the measurement date written (SR)
127,381,000	One hundred twenty-seven million three hundred eighty-one thousand

This report was approved by the Executive Director

Ismail Muhammad al-Dubaikhi

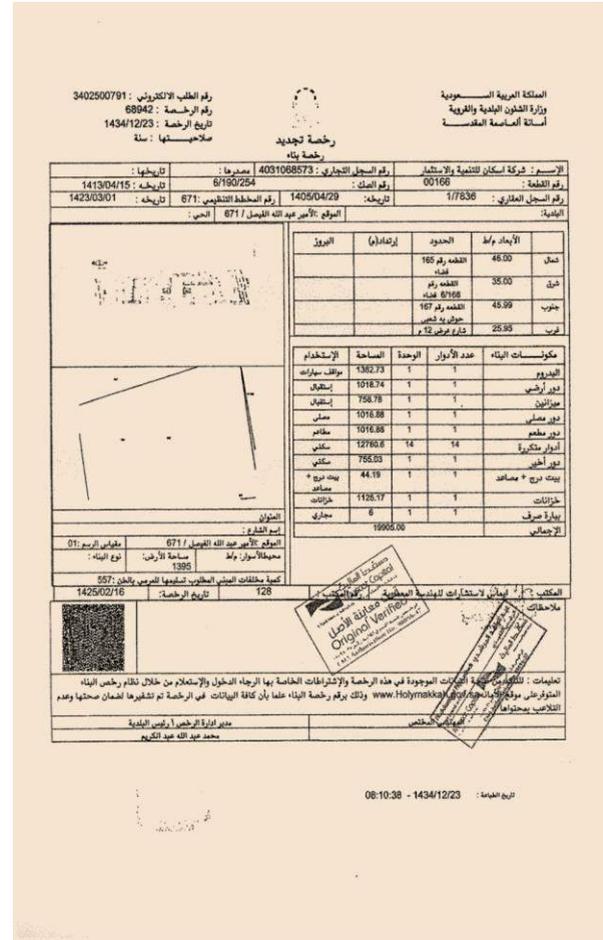




**ملاحق** ■

**Appendix**

Documents received from the client



## Team



Hossam Hassan Ashi  
Real estate - Associate  
Membership No1210002501



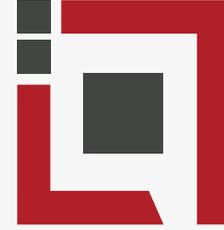
Muath Aloraini  
Real estate - Associate  
Membership No1210002322



Salem Mohammed Al Fai'  
Real estate-Basic Follow  
Membership No 1210000013



Ismail Al-Dubaikhi  
Real estate-Basic Follow  
Membership No 121000005



General Administration

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☎ +966 92 002 5832

# Iskan Hotel 6 Valuation

Client : SICO Saudi REIT Fund



## Statement

Dear : **SICO Saudi REIT Fund** Greetings

**Subject: Hotel valuation report in Al Aziziyah District Hotel in the city of Mecca.**

We, Qaim and his partner real estate valuation company, extend our sincere thanks and appreciation to you for choosing us and giving you your precious trust to evaluate the property located in the city of **Makkah Al-Mukarramah, Aziziyah** district, according to the assignment issued by you on **06/12/2023 AD** based on the license granted to us by the Saudi Authority for Accredited Valuers, following In that is the latest version of the international valuation standards 2022 AD, which are recognized as well as the rules and ethics of the profession in order to reach the final impartial valuation based on the actual inspection by the work team and the study of the market area surrounding the property. The fair value estimate was reached using various valuation methods, including what each report carries, and accordingly we are pleased to We present to you the real estate valuation statement listed below.

Based on the completed study, we are attaching to you the results of estimating the fair price of the real estate, a hotel and its current status on the date of the estimate **31/12/2023 AD** located in the city of Makkah Al-Mukarramah, **with an amount of only (96,894,000) ninety-six million eight hundred ninety-four thousand Saudi riyals**

With sincere gratitude...

This report was approved by the Executive Director, **Ismail Mohammed Al-Dubaikhi**

Under License No. / 1210000052 dated 10-10-1443 AH




## Executive Summary

■ Fair price estimate: **96,894,000 Saudi riyals**

Valuer		
<ul style="list-style-type: none"> <li>Ismail Muhammad Al-Dubaikhi Membership No. 1210000052</li> <li>Muath Aloraini Membership No. 1210002322</li> <li>Salem Muhammad Al Fai` Membership No. 1210000013</li> <li>Hossam Hassan Ashi Membership No. 1210002501</li> </ul>		
Owner of real estate	Intended User	Client (report requester)
Mashaer Real Estate Company	SICO Saudi REIT Fund Investors	SICO Saudi REIT Fund
Property location	Property under valuation	Purpose of the valuation
Makkah Al-Mukarramah - Al-Aziziyah District	Hotel	Periodic valuation of Al Mashaer REIT Fund
Inspection date	Valuation approach	Valuation standard
20/12/2023	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	Value Basis	Ownership Type
31/12/2023	Fair value	Absolute ownership
Report issued date	Assumed value	Deed number and date
13/02/2024	Present use	(220108016433 , 520120013033 ) on 18/02/1441

# قيير للتقييم

## QIAM VALUATION

### Content

01	The specific assumptions and limitations of the report
02	Scope of work
03	An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia
04	Site studies
05	Valuation
06	Value Estimation
07	Appendix

## ■ الفرضيات و القيود المحددة للتقرير

The specific assumptions  
and limitations of the report

## Specific Assumptions and Limitations

Based on the type and characteristics of the property and the purpose of evaluation, the property was evaluated using the cost method (Replacement method) and the income method (Discounted Cash Flow method).

Based on the purpose of the evaluation, which is (Periodic valuation of Al Mashaer REIT Fund), the valuation was based on the value (fair value).

The purpose of issuing this report is to know the fair value of the property for the purpose of (periodic valuation) for the report user (Saudi SICO REIT Fund only)

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and did not offer any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.

The property has been inspected outwardly and the property has not been structurally inspected, or this appraisal report is considered valid only if it bears the company's seal and the signature of the accredited residents.

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement.

The values estimated in this report are for the property under valuation, and any distribution of the value to parts of the property will not be correct, and this value should not be used for any other purposes, as it could be incorrect if used as well.

Information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but not all of it was confirmed in all cases, and no guarantee was given regarding the validity of this information, if it appears that this information is incorrect. the value contained in this report may change.

The property was evaluated in accordance with international standards 2022 AD, and the estimated value in this report is for the property under study, and in case of changing the purpose of the valuation, these values may be incorrect.

Borders and lengths according to the client's statement, and the company is not responsible for the Borders and lengths, and therefore the total area of the land is taken according to the deed, and the company is not responsible for that.

This report may not be used in whole or in part, or have references to it made without mentioning Qiam and its partner real estate valuation company. It may also not be published in any way without the company's prior written consent, in the form and content in which it appears.

The responsibility of the company with regard to the report and valuation is limited to the client, who is the entity that owns the valuation. Some of the required data was not received from the client, and in the event that any hidden information is available that could affect the value of the property.



## ■ نطاق العمل

Scope of work

## Scope of work Standard No. 101

Other users	Client	Identity of the real estate valuer
SICO Fund - Investors	SICO Saudi REIT Fund	Described in the executive summary
Value Basis	Purpose of the valuation	Property under valuation
Fair value	Periodic valuation of Al Mashaer REIT Fund	Hotel
Report description	Measurement date	Property considerations for the customer
A report explaining the methodology and steps of the valuation and the results of the valuation, and includes illustrative pictures of the boundaries of the asset under valuation	31/12/2023	Investment or use, and in some cases the real estate is part used by the customer and part invested and has special considerations)

### Scope of the Valuer search - Standard No. 102

Gathering sufficient information through a field visit, visible inspection, and conducting analyzes. A study was conducted from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.

### Value Basis

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (This definition is adapted from IFRS 13), paragraph 9. It is also defined in IVS 104 Basis of Value, paragraph 90, among other bases of value for valuation for purposes of inclusion in financial reports. It is consistent with **the market value** and its definition, which is the estimated amount on the basis of which the property should be exchanged on the date of evaluation between a willing buyer and a willing seller within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and wisdom without coercion or coercion.

### Valuation currency

Saudi riyal

### Valuation Standard followed

All work was carried out in accordance with the Accredited Valuers System and the implementing regulations related to real estate valuation issued by the Saudi Authority for Accredited Valuers (Taqeem), and the latest version of the International Valuation Standards (IVS) for the year 2022 published by the International Valuation Standards Board (IVSC) and the professional rules recognized in the work of valuation of real estate assets, which is based on analysis, comparison and direct inspection of each property, and research as much as possible about the influences and characteristics of the property under valuation.

### Nature and source of information

The information contained in the report was issued by official bodies, real estate offices in the targeted area, or offices specialized in research and studies, and with reference to the database of Qaim and its partner real estate valuation company.

### Important assumptions and special assumptions

Our company does not assume any responsibility for any information received from the client, which is supposed to be safe and reliable Also, our company does not endorse the accuracy or completeness of the available data and does not express its opinion, nor did it offer any kind of guarantee for the accuracy of the data or completeness except as indicated clearly in this report

### Report usage restrictions

Valuation processes and reports are confidential to the directing party and to whomever they are referred to for a specific purpose, with no responsibility of any kind for any third party. This report may not be published in full or any part thereof or referred to in any document or statement or published periodically or in any medium. communicate with any third party without our prior written consent in the form and context in which they appear. It is a matter of caution and that the company and the valuer reserve the right to make any amendments and make any review of the valuation or support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the evaluation calculations and amend and revise its results in light of information that existed at the valuation date but became clear to it later.

## Work Stages

Meeting with the client and determining the scope of work, including the purpose of the valuation, the basis of value, the parties involved, the date of the valuation, and any special or important assumptions, including clarity of the assignment and the expected outputs from it.

Step 01



Collecting and analyzing office and field market data in order to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Step 03



Work on preparing the report in accordance with Standard 101 for Description of the Report and Standard 103 for Report Preparation.

Step 05



Step 02



Step 04



Previewing the property, identifying its characteristics and specifications, matching documents with reality, analyzing the location of the property and the uses surrounding the property, while defining the scope of the geographical search and the appropriate activities and projects.

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial calculations to reach the market value according to the chosen methods..

## ■ الإمتثال للمعايير و أعمال البحث و الإستقصاء

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## Standard 102: Compliance with Standards and Research and Inquiry

This valuation work was carried out in accordance with the principle of Standard 102 of compliance with the standards, research and survey work, in the following items:

- The basis of the value (fair value) is commensurate with the purpose of valuation (Periodic valuation of Al Mashaer REIT Fund).
- Gathering evidence through field visits at the time of inspecting the property with the inquiries raised at the time of the evaluation of some accredited offices in the area of the property.
- Evidence from field visits was collected and analysis and computational procedures performed to ensure that evaluation work was adequately supported.
- The data cited was judged to ensure the adequacy of all such information obtained to ensure that it is sufficient for the purpose of the valuation.
- Limitations of the research and survey that were carried out indicate the limitations in the scope of work with the analysis of all valuation inputs mentioned in the report.
- Reliability of the information provided by the real estate offices in the real estate area has been confirmed, and they are accredited and licensed offices in the real estate area.

## Judging the reliability of the information provided and taken into the report

Provider	Data and information	Verdict	Judgment reasons
Client	Deed	Trusted	The deed sent by the client has been verified
	Building permit	Trusted	The building permit has been validated in Baladi platform
	Rental data	Trusted	Electronic contracts were received (Ejar platform). The current contracts do not reflect the property's income (market) and were valued according to market values after review
Market	Commercial meter prices	Trusted	Based on the market survey - direct interviews - accredited offices in the real estate area - internal company data
	Practical experience of real estate offices	Trusted	Certified by official records in the real estate area
	Source independence	Trusted	A source independent and external to the asset being valued

## Compliance with Standards and Research and Inquiry

03

In the event that there are restrictions on the research and investigation carried out by the evaluator that do not enable him to adequately value the inputs and assumptions, which are clarified in the special assumptions

02

Carry out calculations and perform analyzes by gathering sufficient evidence by the following means, such as: field visit, inspection, inquiries and ensuring that evaluation work is appropriately reinforced and professional judgment facility to ensure that the information obtained is sufficient and that it fulfills the purpose of the evaluation

01

The research and investigations undertaken in the context of the valuation mission are appropriate to the valuation purpose and value basis

06

Record the valuation purpose, basis of value, and scope And the limits of research and survey, and the sources of information that reliable in the scope of work, which must Communicating it to all parties to the valuation task

05

Consider the credibility and reliability of the information provided  
The following matters were taken into consideration:  
The purpose of the valuation  
The relevance of the information to the outcome of the valuation  
The source practical experience in relation to the subject matter of the valuation  
Is the source independent of the asset being evaluated or the beneficiary of it?

04

Taking into account the reliability of the information so that the evaluation results do not appear, and the inputs provided to the valuer (and) from the client or his representative) were considered.

## Regulatory framework on the International Valuation Standards (IVS 2022)

General Standards - Criterion 101  
Scope of Work Paragraph 20:  
Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned

60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.

General framework: the generally accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards, Paragraph (60.1-60.2). requirements mentioned in the reports

### Note:

Real estate valuations performed in order to prepare financial reports are regarded as situations of systematic deviation from international valuation norms in order to satisfy certain criteria for the purpose of the relevant valuation.

## Real estate and investment properties in the preparation of financial reports

### Clarifying the difference between real estate and investment properties in the financial statements

#### Investment properties in the financial statements

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

- For use in producing, supplying goods, providing services, or for administrative or
- To sell it in the ordinary course of business

#### Real estates included in the term of real estate, machinery and equipment in the financial statements

The International Accounting Standard No. 16 "property, plant and equipment" IFRS16 defines as the tangible items that:

- It is kept for use in the production or supply of goods or services, or it is kept for rent to others (except for investment real estate) or for use in administrative purposes.
- It is expected to be used during more than one period



## ■ نظرة عامة على الإقتصاد والقطاع العقاري بالمملكة العربية السعودية

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## 2030 Vision

His Royal Highness Prince **Mohammed bin Salman bin Abdulaziz Al Saud**, Crown Prince, Deputy Prime Minister and Chairman of the Council for Economic Affairs and Development.



Our ambition is to build a more prosperous country in which every citizen will find what he desires. For the future of our homeland, which we build together, we will accept nothing but to make it at the forefront of the world, with education and rehabilitation, with opportunities available to all, and advanced services, in employment, health care, housing entertainment and others.

## Economic growth in Saudi Arabia

During its modern era, the Saudi economy has witnessed growth in a large number of sectors, taking advantage of the Kingdom's natural resources, and its geographical and cultural position among the three continents of the world. This growth resulted in building a solid economic base, as it became among the twenty largest global economies and an active member of the Group of Twenty, and one of the main players in the global economy and global oil markets, supported by a strong financial system and an effective banking sector, and giant government companies based on highly qualified Saudi cadres.

In the past years, the Kingdom has also witnessed structural reforms on the economic and financial side, which enhance the increase in economic growth rates while maintaining financial stability and sustainability.

In order to develop and diversify the economy and reduce dependence on oil, the Kingdom of Saudi Arabia launched the Saudi Vision 2030 based on many economic and financial reforms, which aimed at transforming the structure of the Saudi economy into a diversified and sustainable economy based on enhancing productivity, raising the contribution of the private sector, and enabling the third sector.

Since the launch of the vision, the Kingdom has succeeded in implementing many supportive initiatives and structural reforms to enable economic transformation.

This transformation consists of several major efforts centered on a sectoral dimension that includes the promotion of local content, national industry, and the launch of various sectors. Promising economy and its development, enabling dimension that aims to maximize the role of the private sector, small and medium enterprises, and enhance the sustainability of Public Finance. It is expected that the pace of this structural transformation towards sustainable economic growth will continue in the coming years, especially in light of the number of Giant investment initiatives, under the umbrella of the Public Investment Fund, and leading companies. It is also expected that the pace of settlement will accelerate Knowledge and innovative technologies.



## Business Sectors Overview

### Tourism Sector

- Within the framework of the Kingdom's Vision 2030, which aims to lay effective foundations and pillars for the future of the Kingdom of initiatives aimed at reducing the main dependence on oil, through many sectors to support the national economy, including the tourism sector, given what this sector represents from a value, social, civilized and economic dimension. The tourism sector and the hotel sector are closely linked to the Saudi Vision 2030, and it revolves around helping those involved in the hospitality sector, food and entertainment industries to plan for the future.

### Office Sector

- The offices contribute to achieving the goals of the Saudi national transformation towards prosperity and sustainability by focusing on the goals of Vision 2030, which leads to raising the participation of the private sector in achieving the Kingdom's Vision 2030, working as a representative of the private sector within the national system of vision realization offices in government agencies. Including Riyadh's endeavor to transform into a regional center for international commercial entities, which made it issue a decision to refuse to contract with any company that does not have a regional headquarters in Saudi Arabia by 2024, especially those that have contracts with government agencies, whether they are bodies, institutions, investment funds or devices. Increases the demand for the office sector.

### Retail Sector

- The vision of the Kingdom's national transformation for the post-oil stage 2030 paid great attention to the development of the commercial and industrial sector in the Kingdom, as the vision is based on focusing on the development and development of the local industry that will achieve great economic returns for the Saudi economy, and among the goals of the vision by 2030 is to raise the percentage of exports The Kingdom's rank in the Logistics Performance Index increased from 16% to 25 globally and first regionally, and the private sector's contribution to the GDP increased from 40% to 65%.

### Housing Sector

- Vision 2030 has provided sustainable housing solutions that enable Saudi families to own suitable homes according to their needs and financial capabilities. To achieve this, the housing system, in terms of structuring, procedures, and policies for dealing with banks and the private sector, has developed a high percentage of Saudi families' ownership of homes, as the proportion of Saudi families' ownership of homes did not exceed 47% in 2016, and rose to 70% by the end of the first phase of the housing program in 2021.



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



## دراسات الموقع ■

Site Studies

## Real estate data and Services available in the real estate area

Real Estate Data			
City	Makkah Al-Mukarramah	Neighborhood	Aziziyah
Street	Al-Masjid Al-Haram Road	Property type	Hotel
No. land plan	7/21/1 g	Plot number	12/3 + 11/3
Area	1458 square meters	Land use according to regulations	Commercial
Services and facilities available in the real estate area			
Electricity network	Water network	Sewerage network	Telephone network
✓	✓	✓	✓
Mosque	Public markets	Water drainage network	Garden
✓	✓	✓	✓
Shopping center	Medical services	Governmental services and centers	Hotels
✓	✓	✗	✗
Banks	Restaurants	Petrol station	Civil defense
✓	✓	✓	✓

## Factors affecting the property

Impact element	Impact determinants	Description
Area overview	Importance of the area	The property is located in the city of Makkah Al-Mukarramah , in Aziziyah district
Natural factors (environmental)	Lands topography	Flat
	Pollution	There are no sources of pollution in the area
Planning factors (urban)	Location from the city	The location is in the city center of Makkah Al-Mukarramah
	Infrastructure	Completed
	Municipal equipment	Completed
	Land properties	Regular shape
Building Regulations	Land use	Commercial
	Building ratio - number of floors	65%
Economic factors	Supply and demand	High
	Land prices	High
Legal factors	Deficit and trespassing on the property	N.A.

## Property description

- The building surface area was determined based on the Building permit.
- The age of the property was determined to be (9) years based on the (Building permit).
- Condition of the property on the valuation date (31/12/2023)
- When examining the property, it became clear to us that it is a (Hotel). Detailed as below:

Building Components			
#	Floor	Area (m2)	Use
1	Basement	1248.49	Parking lots
2	Ground floor	689.4	Reception + commercial
3	Mezzanine	396.27	Reception + commercial
4	Mosque floor	832.07	Prayer
5	Restaurants floor	647.96	Restaurants
6	Services floor	825.5	Services
7	Repetitive floors	9307.56	Residential
8	Last floor	213.66	Residential
9	Staircase + elevators	177.22	Staircase + elevators
10	Tanks	862.58	Tanks
<b>Total</b>	<b>17 Floors</b>	<b>15200.71</b>	

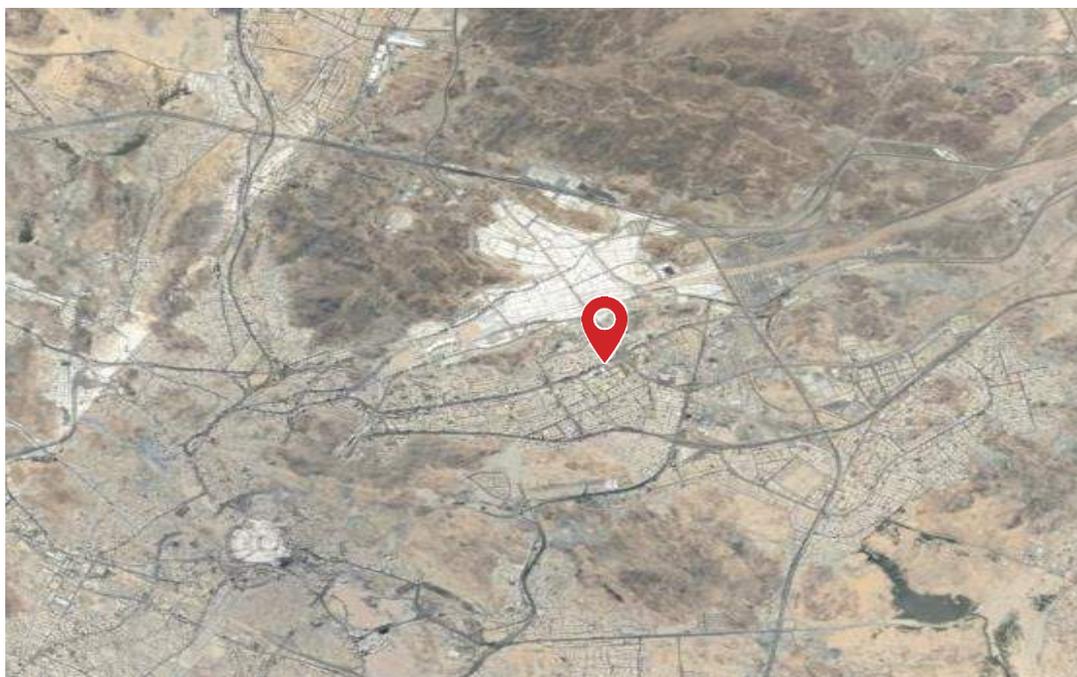
## Property location

Property is located in: **Makkah Al-Mukarramah**

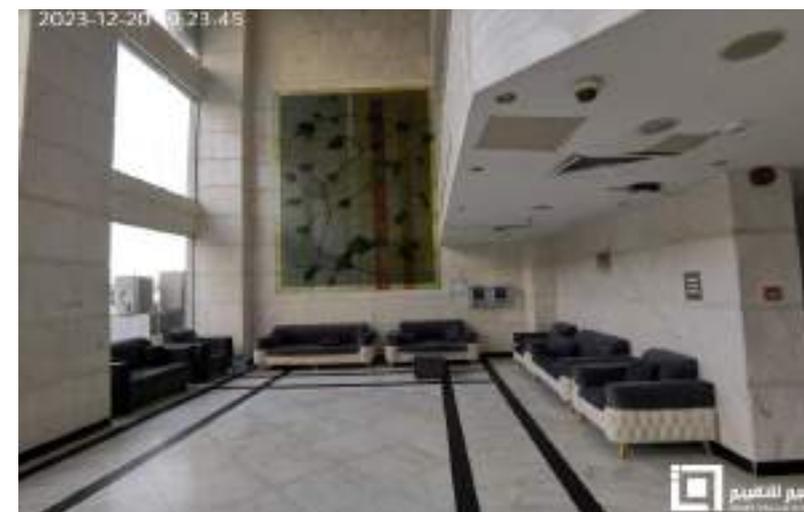
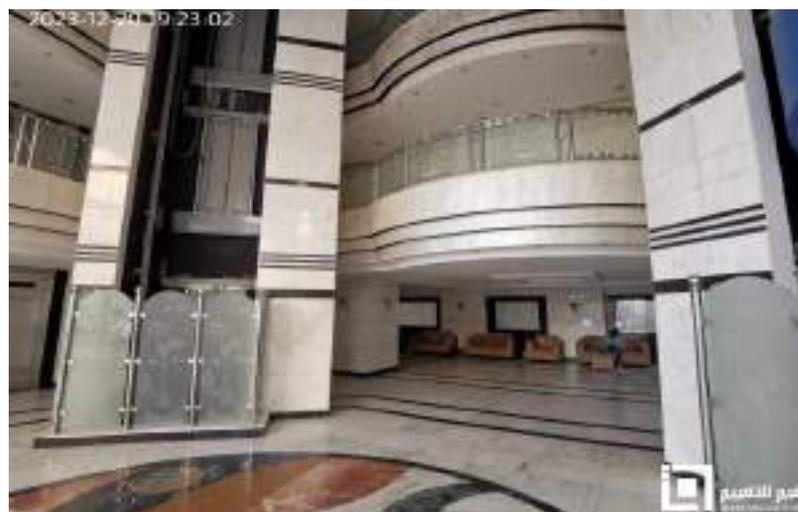
Neighborhood: **Aziziyah**

Street: **Al-Masjid Al-Haram Road**

Location coordinates	N :	21.399436	E :	39.883216
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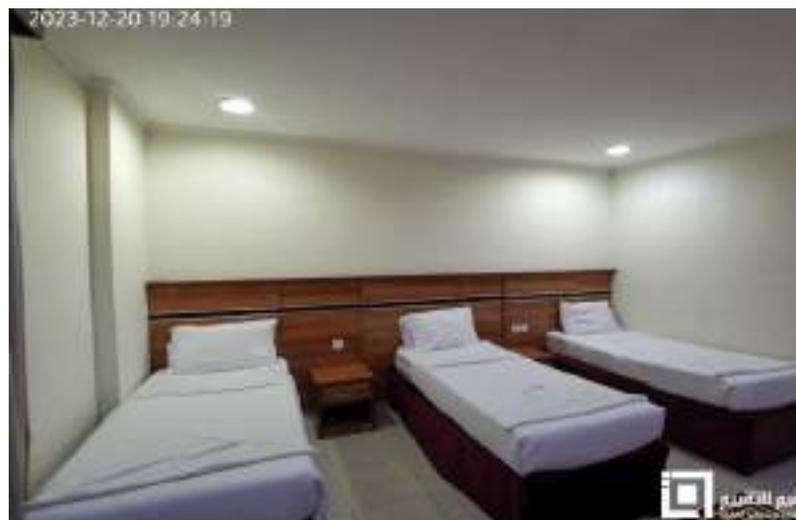
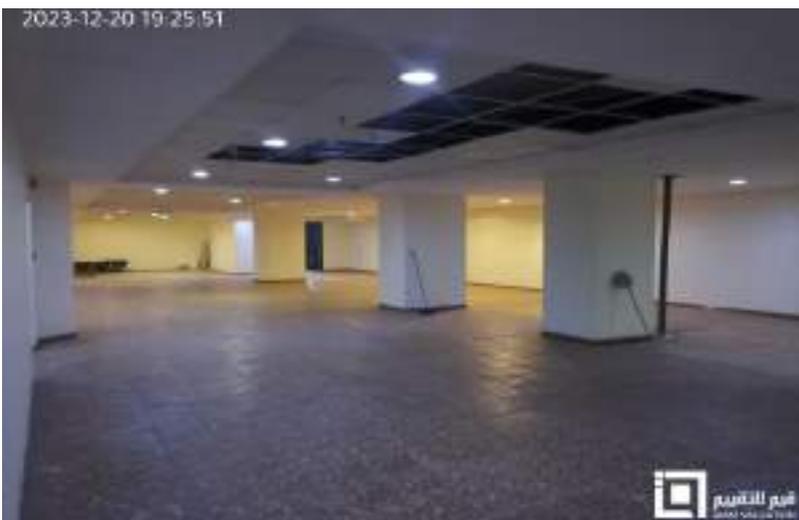


Photographic survey of the building and its components (1/2)



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

## Photographic survey of the building and its components (2/2)



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

## Ownership Documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	1441/02/18	220108016433, 520120013033	Al Mashaer Real Estate Fund

### Neighborhood name - plot number - plan number - land area:

Land area	Plan number	Plot number	Neighborhood name
1458 m2	2/21/1/g	12/3+11/3	Aziziyah

### Borders and lengths:

Borders and lengths:							
Northern border	Border length	Southern border	Border length	Eastern border	Border length	Western border	Border length
Street width 6 m	60 m	Street width 60 m	55 m	Street width 12 m	44 m	Plot No. 3/10	44 m

## Assumptions related to real estate ownership

For the purposes of this report, we assumed the existence of good and valid ownership, free from any obstacles, mortgages, fees, or interests of any third parties, etc., and in the event that this is not achieved, the opinion of the value of the property may be affected



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



Valuation

التقييم ■

## Valuation Approaches



### Market Approach ❖

The market method provides an indication of value by comparing the asset with identical or comparable (similar) assets for which price information is available.



### Income Approach ❖

The income method provides an indication of value by converting future cash flows into one current value. According to this method, the value of the asset is determined by reference to the value of the revenue and cash flows generated by the asset or the costs it provides.



### Cost Approach ❖

The cost method provides an indication of value using the economic principle that states that the buyer will not pay an asset more than the cost of obtaining an asset of similar benefit, whether through purchase or construction unless there are time, disturbance, risk, or other related factors. The method provides an indication of value by calculating the current cost of transferring or reproducing the asset, and then discounting the physical wear and tear of all other obsolescence's.

## Market Approach-Standard No. 105

It is an approach of estimating the value of a real estate or real estate property based on the market comparison between the property being evaluated and similar properties in the same area that were recently sold. The value indicator of the property being valued is derived by applying appropriate comparison units and making adjustments and adjustments to the selling prices of similar properties based on the comparative elements.

### The market approach should be applied and afforded significant weight under the following circumstances:

- ❖ The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value
- ❖ The subject asset or substantially similar assets are actively publicly traded.
- ❖ There are frequent and/or recent observable transactions in substantially similar assets.

### The key steps in the comparable transactions method are:

- ❖ Define the units of comparison used by relevant market participants.
- ❖ Determine the relevant comparative transactions and calculate the main evaluation criteria for these transactions.
- ❖ Conduct consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the subject asset.
- ❖ Make the necessary adjustments, if any, to the evaluation scales to reflect the differences between the subject of evaluation and the comparative assets.
- ❖ Applying the revised valuation criteria to the subject asset.
- ❖ Value indicators are reconciled if more than one evaluation scale is used.

## Cost Approach - Standard No. 105

It is a valuation method that calculates the capital or market value of a property by adding the value of the real estate's land with the value of the buildings erected on the site.

### Cost Approach should be applied and afforded significant weight under the following circumstances:

- ❖ Participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- ❖ The asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or
- ❖ The basis of value being used is fundamentally based on replacement cost, such as replacement value

### Used methods of Cost Approach :

- a. **Replacement cost method:** A method of arriving at value by calculating the cost of a similar asset

### Method of estimating the value of buildings using the straight line method

- The straight-line method: the straight-line method is calculated by the formula (current age of the building / Lifespan) \* 100.

## Income Approach-Standard No. 105

Income Approach provides an indication of value by converting future cash flows into a single present value. Under this approach, the value of an asset is determined by reference to the value of the revenue and cash flows that the asset generates or the costs it provides.

### **Income Approach should be applied and given priority or significant weight in the following cases:**

- A. When the ability of the asset to generate income is the primary factor that affects the value from the point of view of market participants.
- B. Reasonable expectations are available for the amount and timing of future revenue for the assessed asset but few, if any, relevant market comparisons.

### **Income Approach Methods:**

Although there are many ways to apply the income method, the methods used under the income method depend largely on discounting the amounts of future cash flows to a present value, which are various applications in using the discounted cash flow (DCF) method and the concepts below apply in part or all of the methods of the income method.

#### **Discounted Cash Flow method (DCF)**

It is a financial method for estimating the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows. The discounted cash flow method is applied to evaluate a property or real estate that generates income based on the expectation of future income for the property under valuation. The value index of the property is derived through Calculating the present value of net operating income or the expected net rental value of the property.

#### **Direct Capitalization Method:**

The direct capitalization method is applied in the event that the net rental value of the property under valuation is fixed and equal in perpetuity.

#### **Residual value method:**

The residual value method is a method of evaluating properties that can be valued by identifying the most appropriate development of the site and property and then predicting the value of such development after it is completed.

## Used valuation approaches and methods - Fair value hierarchy

### Used valuation approaches and methods

Valuation Approaches	Market Approach	Cost Approach	Income Approach
Used approach	Used as an <b>assist approach</b>	Used as an <b>assist approach</b>	Used as a <b>main approach</b>
Used valuation methods	Field survey (comparisons - offered land prices)	Replacement cost	Discounted Cash Flow method
Reasons for use/non-use	To know similar properties on the market	Land on which a building is built	The fact that the property is income-generating

### Hierarchy:

The fair value hierarchy categorizes the inputs to the valuation approaches used to measure fair value at the measurement date into three levels, as follows:

Level	Clarification	Input statement	Classification	Source	Judgment and documentation
<b>First</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	----	----	----	----
<b>Second</b>	They are the inputs other than the published prices within the first level that can be monitored for the asset or liability, either directly or indirectly	Commercial and commercial residential offers in the real estate area	It is classified under the second level	Accredited real estate offices in the real estate area	reliable based on similar market analysis, verification following market research and analysis, in-person interviews, and the company's own database of deals and transactions
<b>Third</b>	They are the inputs that cannot be monitored and are given the lowest priority	----	----	----	----



## تقدير القيمة ■

Value Estimation

## Estimating the value of the land - Market Approach - Comparisons method

Saudi market does not have transparency and it is difficult to collect accurate information. Therefore, we were able to collect data for a selected sample of comparisons that reflect the reality of the market in general, and we will work to present their data and performance indicators as an embodiment of the market.

Selected comparisons are: From the properties offered in **Al-Azizia neighborhood, Al-Azizia road**.

Comparative Properties - Commercial Residential Lands		
Comparison factors	Comparative 1	Comparative 2
Area (m2)	1,500	1,200
Ease of access	High	High
Property location	High	Average
Land shape	Regular	Regular
Land topography	Flat	Flat
Use	Commercial	Commercial - Residential
Surrounding streets	2	2
Price per meter (SR)	40000	30000
Comparative condition	Available offer	Available offer

### Comparisons Map:



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

## Estimating the value of the land - Market Approach - Comparisons method

Valuating the land according to Market Approach - Method of comparison with similar sales					
Adjustments factors	Property under valuation	Comparative 1		Comparative 2	
		Value	Adjustment	Value	Adjustment
Price per square meter	***		40,000		30,000
Condition	***	Available offer		Available offer	
Date of valuation/offer	Sunday, December 31, 2023	2023		2023	
Market Condition	***	-5.00%	- 2,000	-5.00%	- 1,500
Financing terms	***	0.00%	-	0.00%	-
Market conditions value	***		(2,000.00)		(1,500.00)
Value after initial settlements	***		38,000		28,500
Land area (m <sup>2</sup> )	1,458	1,500	0%	1,200	0%
Ease of access	High	High	0%	High	0%
Property location	Average	High	-10%	High	-10%
Land shape	Regular	Regular	0%	Regular	0%
Land topography	Flat	Flat	0%	Flat	0%
Land use	Commercial	Commercial	0%	Commercial	0%
Surrounding streets	3	2	5%	2	5%
<b>Total</b>			-5.00%		-5.00%
<b>Adjustment value per square meter</b>			1,900-		1,425-
<b>Final meter value after Adjustments</b>			36,100		27,075
Relative weight		40%		60%	
Net average value per square meter (SR / m <sup>2</sup> )				<b>30,685</b>	
The market value of the land (SR / m <sup>2</sup> )				<b>44,738,730</b>	

## Estimating the value of the property - Cost Approach - Replacement method

### First: Construction Costs (Direct Costs)

Clause	Built up area m2	SR / m2	Value (SR)
Basement	1,248	2,500	3,121,225
Total built up area	13,952	3,500	48,832,770
Parking	-	-	-
Swimming pool	-	-	-
Others	-	-	-
<b>Total (SR)</b>			<b>51,953,995</b>

### Second: Other costs (indirect)

Professional fees		5%	2,597,700
Utilities Network		3%	1,558,620
Administration costs		3%	1,558,620
Developer's profitability		10%	5,195,400
<b>Total (SR)</b>			<b>10,910,339</b>

Total cost of buildings (SAR)

**62,864,334**

### Third: Depreciation cost

Life span of the property (year)	Year	40
The current age of the property (year)	Year	10
Remaining life of the property (year)	Year	30
Depreciation rate	%	25
Depreciation value	SR	15,261,486
<b>Final value of the building (SR)</b>		<b>45,784,458</b>

### Fourth: Value of the property according to the Cost Approach

Final value of the land (SR)	44,738,730
Final value of buildings (SR)	45,784,458
<b>Market value of the property according to the Cost Approach (SR)</b>	<b>90,523,188</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>	<b>90,523,000</b>

## Similar Comparisons Method assumptions

**Based on the approach used in calculating the market value, which is Market Approach (Method of Similar Comparisons), some steps must be taken to obtain accurate Adjustments, as follows:**

- Determine the factors that affect the value of the property under valuation.
  - Comparing the features and characteristics of each comparative property with the property being evaluated and determining the difference in each element of the comparison between the comparative property and the property under valuation.
  - Make adjustments against each mismatched item.
  - Reaching the net adjustment for each comparable property and applying it to the unit price to reach price range of the unit after adjustments for the property under valuation.
  - On the basis of the price range, the valuer determines the most reasonable price for the unit in the real estate under valuation, and the unit price is chosen after adjustments from the best comparable real estate usually as it is better.
- **Relative control of the area:** It is customary to promote a smaller area of the land that achieves a higher value compared to the land that is larger in area, and sometimes vice versa. Here, it was assumed that 5% would be allocated for each multiplier, and the percentage may vary according to the estimate and experience of the real estate valuer, depending on the state of the real estate market and the valuer's experience.
  - **Market condition:** Adjustments against the market condition conditions are often referred to as (time) Adjustment or in the case of negotiation over the offered value. Market conditions may change with the change of time, and the percentage is variable according to the market condition.
  - **Ease of access:** The movement of access to the real estate subject to evaluation is easy, as well as the ease of access to the comparable properties (high, medium, low), Accordingly, a rate of 5% was assumed for each level.
  - **Location of the property:** The location is where the property is located, whether it is on a road front or second row, or has two roads or two entrances, and it has a direct and high impact on the value of the property, and half of it is (high, medium, low), accordingly, a rate of 5% was assumed for each level.
  - **Land shape:** One of the physical characteristics that affect the property is the shape of the land, whether it is regular or irregular, Accordingly, a rate of 5% was assumed.
  - **Usage:** The real estate planning has been taken into consideration as it is (commercial) planning compared to the comparable real estate, as well as all of them are commercial. It is possible for the property to include more than one use, such as (residential, residential, commercial, or residential, commercial, office), and accordingly, a rate of 5% was assumed according to the classification of use.
  - **Surrounding streets:** The location affects the value of real estate directly if it is on one or two streets, as well as the views it provides and the provision of various advantages. Accordingly, a rate of 5% was assumed for each difference for one street.

## Market Approach - Comparison method - Hotel income analysis

### Market Survey - Hotel Income Analysis

Comparison	Location	Rating	Number of rooms	Average rental price (Hajj season)	Average price per night (Ramadan season)	Average price per night (rest of the year)	Annual occupancy	Operational expenses
Comparison 1	Aziziyah	3 stars	272	2000	450	250	45%	30%
Comparison 2	Aziziyah	3 stars	178	2200	400	190	40%	35%
Comparison 3	Aziziyah	3 stars	188	2500	600	250	40%	40%

### Comparisons Map:



## Income data

Annual occupancy rate for each season		
Clause	Value	Unit
Number of days in the year	365	Day
Annual occupancy rate	40%	Percentage
Number of operating days per year	146	Day
The number of days of the Hajj season	30	Day
The number of days of the Ramadan season	30	Day
Number of days for the remainder of the year	86	Day
Number of rooms	255	Room
Calculation of operating the Hajj season		
Number of pilgrims	1286	Pilgrim
Rental price for the pilgrim	2200	Pilgrim/SR
Hajj season total income	2,829,200	SR
Calculation of operating Ramadan season		
The number of operating days for the first twenty of Ramadan	20	Day
Average rental price for the day	300	SR
The total rental value for the first 20 days of Ramadan	1,530,000	SR
Number of working days for the last ten days of Ramadan	10	Day
Average rental price for the day	600	SR
Total rent value for the last ten days of Ramadan	1,530,000	SR
Total income for the Ramadan season	3,060,000	SR

Calculation of operating the rest of the days of the year		
Average rental price for the day	250	SR
Total income for the rest of the year	5,482,500	SR
Total room operating revenue income per annum	11,371,700	SR
Shops income analysis		
Description	Value	Unit
Total annual rental income of shops	280,000	SR
Less occupancy rate and credit risk for shops	14,000	5%
Actual total rental income of commercial shops	266,000	SR
Actual total annual income		
Actual total annual income	11,637,700	SR

## Analysis of valuation assumptions data - Discounted Cash Flow Methods

### Rental income:

The property's income was analyzed by reviewing the contracts for the property and through contracts similar to the property being valued, and this was compared to the market. (Current contract income has been clarified)

The real estate contract in (2024-2025) was not relied upon, which is the contract period in addition to the other property income, according to what was reviewed. Market prices in the valuation years (2024-2033) were relied upon, and this was reflected in the report.

#### Discounted Cash Flow assumptions

Net income of the hotel according to the contract	3,461,000	Other income for the property (shops) according to the contract	287000
Occupancy rate and credit risk	%40	Capitalization rate	%7
Cash flow period (years)	10	Operating and capital expenditure rate	%35
Income years (by market)	2029 - 2026	Discount rate	%9.5

### Discount rate:

#### Discount rate extraction (Cumulative Model method)

Government bond rate of return	4.6	Saudi Tadawul Fund
Inflation rate (average of the current year)	2.49	Saudi Central Bank
Market risk premium (recession and recovery)	1.25	Depending on the market situation and conditions
Special risk premium (the resulting costs of the property)	1.25	Depending on the property situation and conditions
Discount rate after rounding	9.5	%

#### Market Survey - Hotel Income Analysis

Comparison	Location	Rating	Number of rooms	Annual occupancy	Operational expenses
1	Aziziyah	3 stars	250	45%	30%
2	Aziziyah	3 stars	190	40%	35%
3	Aziziyah	3 stars	250	40%	40%

### Operational rate of return:

Analysis of the capitalization rate - the method of extracting from the market In view of the market activity and the reports of the Qaim Company for similar investments, as well as in view of the economic reports issued by some study centers and the information center of the Qaim Company for valuation, we found that the return in the region ranges from 7% to 8% and accordingly, the rate of return was assumed at a rate of 7 % There are many factors that affect the rate of return, represented in the location of the building, its age and condition, the situation of the tenants, and the degree of risk associated with repayment. The capitalization rate is affected by the demand and supply rates for the same type of real estate.

### Operating and capital expenditure rate:

Operating expenses are the expenses for renting and maintaining the property, and capital expenses are the expenses borne by the owner in order to maintain it in good condition to achieve the appropriate annual income. The percentage of operating expenses represents 15% - 40% for similar projects in the surrounding area depending on the size and services provided, as most of them are under single contracts in Most likely. (The property is leased under one contract) and the operating and capital expenditure rate was assumed at 35% for the average limit in the market.

## Calculating the value of the property - using the Income Approach - Discounted Cash Flow method

Cash flow - Inflows		Investment years										Reversion value
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
		1	2	3	4	5	6	7	8	9	10	
Growth		0%	0%	0%	0%	5%	0%	0%	0%	0%	5%	
Actual total rental income	11,637,700	11,637,700	11,637,700	11,637,700	11,637,700	12,219,585	12,219,585	12,219,585	12,219,585	12,219,585	12,830,564	
Minus occupancy rate and credit risk	35%	4,073,195	4,073,195	4,073,195	4,073,195	4,276,855	4,276,855	4,276,855	4,276,855	4,276,855	4,490,697	
Building net operating income (NOI)		7,564,505	7,564,505	7,564,505	7,564,505	7,942,730	7,942,730	7,942,730	7,942,730	7,942,730	8,339,867	
Net cash flow		7,564,505	7,564,505	7,564,505	7,564,505	7,942,730	7,942,730	7,942,730	7,942,730	7,942,730	8,339,867	119,140,954
Discount factor		0.9132	0.8340	0.7617	0.6956	0.6352	0.5801	0.5298	0.4838	0.4418	0.4035	0.4035
Present value of cash flow		6,908,224	6,308,880	5,761,534	5,261,675	5,045,442	4,607,710	4,207,954	3,842,880	3,509,480	3,365,255	48,075,065
<b>Net present value of the property</b>											<b>96,894,099</b>	

## Final value of the property

Based on the purpose of the valuation, the nature of the property, and its characteristics as a hotel, valuing the property using Income Approach (Discounted Cash Flow Method) is considered the best way to estimate the price on the measurement date of 31/12/2023, which was arrived at with Income Approach as a basis for the fair value of the property being valued (after rounding). As follows:

Price on the date of measurement in numbers (SR)	Price on the measurement date written (SR)
96,894,000	Ninety-six million eight hundred ninety-four thousand

This report was approved by the Executive Director

Ismail Muhammad al-Dubaikhi





**ملاحق** ■

**Appendix**

Documents received from the client



## Team



Hossam Hassan Ashi  
Real estate - Associate  
Membership No1210002501



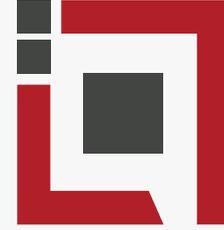
Muath Aloraini  
Real estate - Associate  
Membership No1210002322



Salem Mohammed Al Fai'  
Real estate-Basic Follow  
Membership No 1210000013



Ismail Al-Dubaikhi  
Real estate-Basic Follow  
Membership No 121000005



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☎ +966 92 002 5832

# Administrative Building Valuation (i-OFFICES)

Client : SICO Saudi REIT Fund



## Statement

Dear : **SICO Saudi REIT Fund** Greetings

**Subject: Subject : Valuation report for Administrative building in Al-Rabea district in (Riyadh)**

We, Qaim and his partner real estate valuation company, extend our sincere thanks and appreciation to you for choosing us and giving you your precious trust to evaluate the property located in the city of **Riyadh, Al-Rabea** district, according to the assignment issued by you on **06/12/2023 AD** based on the license granted to us by the Saudi Authority for Accredited Valuers, following In that is the latest version of the international valuation standards 2022 AD, which are recognized as well as the rules and ethics of the profession in order to reach the final impartial valuation based on the actual inspection by the work team and the study of the market area surrounding the property. The fair value estimate was reached using various valuation methods, including what each report carries, and accordingly we are pleased to We present to you the real estate valuation statement listed below.

Based on the completed study, we are attaching to you the results of estimating the fair price of the real estate, an Administrative building and its current status on the date of the estimate **31/12/2023 AD** located in the city of **Riyadh, with an amount of only (143,132,000) one hundred forty-three million one hundred thirty-two thousand Saudi riyals**

With sincere gratitude...

This report was approved by the Executive Director, **Ismail Mohammed Al-Dubaikhi**

Under License No. / 1210000052 dated 10-10-1443 AH




## Executive Summary

### ■ Fair price estimate: **143,132,000** Saudi riyals

Valuer		
<ul style="list-style-type: none"> <li>Ismail Muhammad Al-Dubaikhi Membership No. 1210000052</li> <li>Muath Aloraini Membership No. 1210002322</li> <li>Salem Muhammad Al Fai` Membership No. 1210000013</li> <li>Hossam Hassan Ashi Membership No. 1210002501</li> </ul>		
Owner of real estate	Intended User	Client (report requester)
Mashaer Real Estate Company	SICO Saudi REIT Fund Investors	SICO Saudi REIT Fund
Property location	Property under valuation	Purpose of the valuation
Riyadh - Al-Rabee District	Administrative building	Periodic valuation of Al Mashaer REIT Fund
Inspection date	Valuation approach	Valuation standard
23/12/2023	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	Value Basis	Ownership Type
31/12/2023	Fair value	Absolute ownership
Report issued date	Assumed value	Deed number and date
13/02/2024	Present use	(393140003190, 393140003189)- 1442/09/02

# قيير للتقييم

## QIAM VALUATION

### Content

01	The specific assumptions and limitations of the report
02	Scope of work
03	An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia
04	Site studies
05	Valuation
06	Value Estimation
07	Appendix

## ■ الفرضيات و القيود المحددة للتقرير

The specific assumptions  
and limitations of the report

## Specific Assumptions and Limitations

Based on the type and characteristics of the property and the purpose of evaluation, the property was evaluated using the cost method (Replacement method) and the income method (Discounted Cash Flow method).

Based on the purpose of the evaluation, which is (Periodic valuation of Al Mashaer REIT Fund), the valuation was based on the value (fair value).

The purpose of issuing this report is to know the fair value of the property for the purpose of (periodic valuation) for the report user (Saudi SICO REIT Fund only)

Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and did not offer any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.

The property has been inspected outwardly and the property has not been structurally inspected, or this appraisal report is considered valid only if it bears the company's seal and the signature of the accredited residents.

No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement.

The values estimated in this report are for the property under valuation, and any distribution of the value to parts of the property will not be correct, and this value should not be used for any other purposes, as it could be incorrect if used as well.

Information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but not all of it was confirmed in all cases, and no guarantee was given regarding the validity of this information, if it appears that this information is incorrect. the value contained in this report may change.

The property was evaluated in accordance with international standards 2022 AD, and the estimated value in this report is for the property under study, and in case of changing the purpose of the valuation, these values may be incorrect.

Borders and lengths according to the client's statement, and the company is not responsible for the Borders and lengths, and therefore the total area of the land is taken according to the deed, and the company is not responsible for that.

This report may not be used in whole or in part, or have references to it made without mentioning Qiam and its partner real estate valuation company. It may also not be published in any way without the company's prior written consent, in the form and content in which it appears.

The responsibility of the company with regard to the report and valuation is limited to the client, who is the entity that owns the valuation. Some of the required data was not received from the client, and in the event that any hidden information is available that could affect the value of the property.



## ■ نطاق العمل

Scope of work

## Scope of work Standard No. 101

Other users	Client	Identity of the real estate valuer
SICO Fund - Investors	SICO Saudi REIT Fund	Described in the executive summary
Value Basis	Purpose of the valuation	Property under valuation
Fair value	Periodic valuation of Al Mashaer REIT Fund	Administrative building
Report description	Measurement date	Property considerations for the customer
A report explaining the methodology and steps of the valuation and the results of the valuation, and includes illustrative pictures of the boundaries of the asset under valuation	31/12/2023	Investment or use, and in some cases the real estate is part used by the customer and part invested and has special considerations)

## Scope of the Valuer search - Standard No. 102

Gathering sufficient information through a field visit, visible inspection, and conducting analyzes. A study was conducted from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.

## Value Basis

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (This definition is adapted from IFRS 13), paragraph 9. It is also defined in IVS 104 Basis of Value, paragraph 90, among other bases of value for valuation for purposes of inclusion in financial reports.

### Valuation currency

Saudi riyal

### Valuation Standard followed

All work was carried out in accordance with the Accredited Valuers System and the implementing regulations related to real estate valuation issued by the Saudi Authority for Accredited Valuers (Taqeem), and the latest version of the International Valuation Standards (IVS) for the year 2022 published by the International Valuation Standards Board (IVSC) and the professional rules recognized in the work of valuation of real estate assets, which is based on analysis, comparison and direct inspection of each property, and research as much as possible about the influences and characteristics of the property under valuation.

### Nature and source of information

The information contained in the report was issued by official bodies, real estate offices in the targeted area, or offices specialized in research and studies, and with reference to the database of Qaim and its partner real estate valuation company.

### Important assumptions and special assumptions

Our company does not assume any responsibility for any information received from the client, which is supposed to be safe and reliable Also, our company does not endorse the accuracy or completeness of the available data and does not express its opinion, nor did it offer any kind of guarantee for the accuracy of the data or completeness except as indicated clearly in this report

### Report usage restrictions

Valuation processes and reports are confidential to the directing party and to whomever they are referred to for a specific purpose, with no responsibility of any kind for any third party. This report may not be published in full or any part thereof or referred to in any document or statement or published periodically or in any medium. communicate with any third party without our prior written consent in the form and context in which they appear. It is a matter of caution and that the company and the valuer reserve the right to make any amendments and make any review of the valuation or support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the evaluation calculations and amend and revise its results in light of information that existed at the valuation date but became clear to it later.

## Work Stages

Meeting with the client and determining the scope of work, including the purpose of the valuation, the basis of value, the parties involved, the date of the valuation, and any special or important assumptions, including clarity of the assignment and the expected outputs from it.

Step 01



Collecting and analyzing office and field market data in order to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Step 03



Work on preparing the report in accordance with Standard 101 for Description of the Report and Standard 103 for Report Preparation.

Step 05



Step 02



Step 04



Previewing the property, identifying its characteristics and specifications, matching documents with reality, analyzing the location of the property and the uses surrounding the property, while defining the scope of the geographical search and the appropriate activities and projects.

Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial calculations to reach the market value according to the chosen methods..

## ■ الإمتثال للمعايير و أعمال البحث و الإستقصاء

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## Standard 102: Compliance with Standards and Research and Inquiry

This valuation work was carried out in accordance with the principle of Standard 102 of compliance with the standards, research and survey work, in the following items:

- The basis of the value (fair value) is commensurate with the purpose of valuation (Periodic valuation of Al Mashaer REIT Fund).
- Gathering evidence through field visits at the time of inspecting the property with the inquiries raised at the time of the evaluation of some accredited offices in the area of the property.
- Evidence from field visits was collected and analysis and computational procedures performed to ensure that evaluation work was adequately supported.
- The data cited was judged to ensure the adequacy of all such information obtained to ensure that it is sufficient for the purpose of the valuation.
- Limitations of the research and survey that were carried out indicate the limitations in the scope of work with the analysis of all valuation inputs mentioned in the report.
- Reliability of the information provided by the real estate offices in the real estate area has been confirmed, and they are accredited and licensed offices in the real estate area.

## Judging the reliability of the information provided and taken into the report

Provider	Data and information	Verdict	Judgment reasons
Client	Deed	Trusted	The deed sent by the client has been verified
	Building permit	Trusted	The building permit has been validated in Baladi platform
	Rental data	Trusted	Paper contracts were reviewed
Market	Commercial meter prices	Trusted	Based on the market survey - direct interviews - accredited offices in the real estate area - internal company data
	Practical experience of real estate offices	Trusted	Certified by official records in the real estate area
	Source independence	Trusted	A source independent and external to the asset being valued

## Compliance with Standards and Research and Inquiry

03

In the event that there are restrictions on the research and investigation carried out by the evaluator that do not enable him to adequately value the inputs and assumptions, which are clarified in the special assumptions

02

Carry out calculations and perform analyzes by gathering sufficient evidence by the following means, such as: field visit, inspection, inquiries and ensuring that evaluation work is appropriately reinforced and professional judgment facility to ensure that the information obtained is sufficient and that it fulfills the purpose of the evaluation

01

The research and investigations undertaken in the context of the valuation mission are appropriate to the valuation purpose and value basis

06

Record the valuation purpose, basis of value, and scope And the limits of research and survey, and the sources of information that reliable in the scope of work, which must Communicating it to all parties to the valuation task

05

Consider the credibility and reliability of the information provided  
The following matters were taken into consideration:  
The purpose of the valuation  
The relevance of the information to the outcome of the valuation  
The source practical experience in relation to the subject matter of the valuation  
Is the source independent of the asset being evaluated or the beneficiary of it?

04

Taking into account the reliability of the information so that the evaluation results do not appear, and the inputs provided to the valuer (and) from the client or his representative) were considered.

## Regulatory framework on the International Valuation Standards (IVS 2022)

General Standards - Criterion 101  
Scope of Work Paragraph 20:  
Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned

60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.

General framework: the generally accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards, Paragraph (60.1-60.2). requirements mentioned in the reports

### Note:

Real estate valuations performed in order to prepare financial reports are regarded as situations of systematic deviation from international valuation norms in order to satisfy certain criteria for the purpose of the relevant valuation.

## Real estate and investment properties in the preparation of financial reports

### Clarifying the difference between real estate and investment properties in the financial statements

#### Investment properties in the financial statements

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

- For use in producing, supplying goods, providing services, or for administrative or
- To sell it in the ordinary course of business

#### Real estates included in the term of real estate, machinery and equipment in the financial statements

The International Accounting Standard No. 16 "property, plant and equipment" IFRS16 defines as the tangible items that:

- It is kept for use in the production or supply of goods or services, or it is kept for rent to others (except for investment real estate) or for use in administrative purposes.
- It is expected to be used during more than one period



## ■ نظرة عامة على الإقتصاد والقطاع العقاري بالمملكة العربية السعودية

An overview of the economy and  
the real estate sector in the  
Kingdom of Saudi Arabia

## 2030 Vision

His Royal Highness Prince **Mohammed bin Salman bin Abdulaziz Al Saud**, Crown Prince, Deputy Prime Minister and Chairman of the Council for Economic Affairs and Development.



Our ambition is to build a more prosperous country in which every citizen will find what he desires. For the future of our homeland, which we build together, we will accept nothing but to make it at the forefront of the world, with education and rehabilitation, with opportunities available to all, and advanced services, in employment, health care, housing entertainment and others.

## Economic growth in Saudi Arabia

During its modern era, the Saudi economy has witnessed growth in a large number of sectors, taking advantage of the Kingdom's natural resources, and its geographical and cultural position among the three continents of the world. This growth resulted in building a solid economic base, as it became among the twenty largest global economies and an active member of the Group of Twenty, and one of the main players in the global economy and global oil markets, supported by a strong financial system and an effective banking sector, and giant government companies based on highly qualified Saudi cadres.

In the past years, the Kingdom has also witnessed structural reforms on the economic and financial side, which enhance the increase in economic growth rates while maintaining financial stability and sustainability.

In order to develop and diversify the economy and reduce dependence on oil, the Kingdom of Saudi Arabia launched the Saudi Vision 2030 based on many economic and financial reforms, which aimed at transforming the structure of the Saudi economy into a diversified and sustainable economy based on enhancing productivity, raising the contribution of the private sector, and enabling the third sector.

Since the launch of the vision, the Kingdom has succeeded in implementing many supportive initiatives and structural reforms to enable economic transformation.

This transformation consists of several major efforts centered on a sectoral dimension that includes the promotion of local content, national industry, and the launch of various sectors. Promising economy and its development, enabling dimension that aims to maximize the role of the private sector, small and medium enterprises, and enhance the sustainability of Public Finance. It is expected that the pace of this structural transformation towards sustainable economic growth will continue in the coming years, especially in light of the number of Giant investment initiatives, under the umbrella of the Public Investment Fund, and leading companies. It is also expected that the pace of settlement will accelerate Knowledge and innovative technologies.



## Business Sectors Overview

### Tourism Sector

- Within the framework of the Kingdom's Vision 2030, which aims to lay effective foundations and pillars for the future of the Kingdom of initiatives aimed at reducing the main dependence on oil, through many sectors to support the national economy, including the tourism sector, given what this sector represents from a value, social, civilized and economic dimension. The tourism sector and the hotel sector are closely linked to the Saudi Vision 2030, and it revolves around helping those involved in the hospitality sector, food and entertainment industries to plan for the future.

### Office Sector

- The offices contribute to achieving the goals of the Saudi national transformation towards prosperity and sustainability by focusing on the goals of Vision 2030, which leads to raising the participation of the private sector in achieving the Kingdom's Vision 2030, working as a representative of the private sector within the national system of vision realization offices in government agencies. Including Riyadh's endeavor to transform into a regional center for international commercial entities, which made it issue a decision to refuse to contract with any company that does not have a regional headquarters in Saudi Arabia by 2024, especially those that have contracts with government agencies, whether they are bodies, institutions, investment funds or devices. Increases the demand for the office sector.

### Retail Sector

- The vision of the Kingdom's national transformation for the post-oil stage 2030 paid great attention to the development of the commercial and industrial sector in the Kingdom, as the vision is based on focusing on the development and development of the local industry that will achieve great economic returns for the Saudi economy, and among the goals of the vision by 2030 is to raise the percentage of exports The Kingdom's rank in the Logistics Performance Index increased from 16% to 25 globally and first regionally, and the private sector's contribution to the GDP increased from 40% to 65%.

### Housing Sector

- Vision 2030 has provided sustainable housing solutions that enable Saudi families to own suitable homes according to their needs and financial capabilities. To achieve this, the housing system, in terms of structuring, procedures, and policies for dealing with banks and the private sector, has developed a high percentage of Saudi families' ownership of homes, as the proportion of Saudi families' ownership of homes did not exceed 47% in 2016, and rose to 70% by the end of the first phase of the housing program in 2021.



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



## دراسات الموقع ■

Site Studies

## Real estate data and Services available in the real estate area

Real Estate Data			
City	Riyadh	Neighborhood	Al-Rabee
Street	Al Thumama Road	Property type	Administrative building
No. land plan	3090	Plot number	2+3
Area	6155 square meters	Land use according to regulations	Administrative
Services and facilities available in the real estate area			
Electricity network	Water network	Sewerage network	Telephone network
✓	✓	✓	✓
Mosque	Public markets	Water drainage network	Garden
✓	✓	✓	✓
Shopping center	Medical services	Governmental services and centers	Hotels
✓	✓	✗	✗
Banks	Restaurants	Petrol station	Civil defense
✓	✓	✓	✓

## Factors affecting the property

Impact element	Impact determinants	Description
Area overview	Importance of the area	The property is located in the city of Riyadh, in Al-Rabee district
Natural factors (environmental)	Lands topography	Flat
	Pollution	There are no sources of pollution in the area
Planning factors (urban)	Location from the city	The location is <b>north</b> of <b>Riyadh</b>
	Infrastructure	Completed
	Municipal equipment	Completed
	Land properties	Regular shape
Building Regulations	Land use	Commercial
	Building ratio - number of floors	65%
Economic factors	Supply and demand	High
	Land prices	High
Legal factors	Deficit and trespassing on the property	N.A.

## Property description

- The building area was determined based on the (**Building permit**).
- The age of the property has been determined to be (**5**) years based on the (**Building permit**).
- The state of the property on the date of valuation (**31/12/2023**)
- When examining the property, it became clear to us that it is a (**Administrative building** ). Detailed as below:

Building components			
#	Floor	Area (m2)	USE
1	First basement	6146.80	Parking
2	Second basement	6146.80	Parking
3	Ground floor	2458.82	Offices
4	First floor	2458.82	Offices
5	Second floor	2458.82	Offices
6	Third floor	2458.82	Offices
7	Upper extension	908	Offices

## Property location

Property is located in: **Riyadh**

Neighborhood: **Al-Rabee**

Street: **Al Thumama Road**

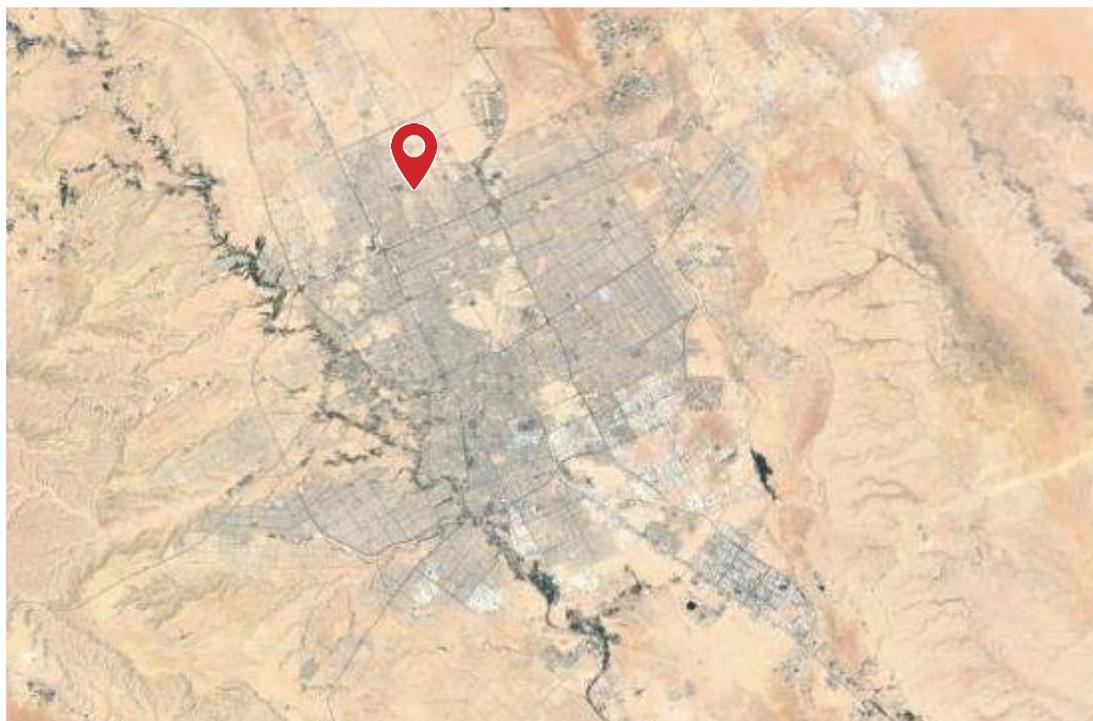
Location coordinates

N :

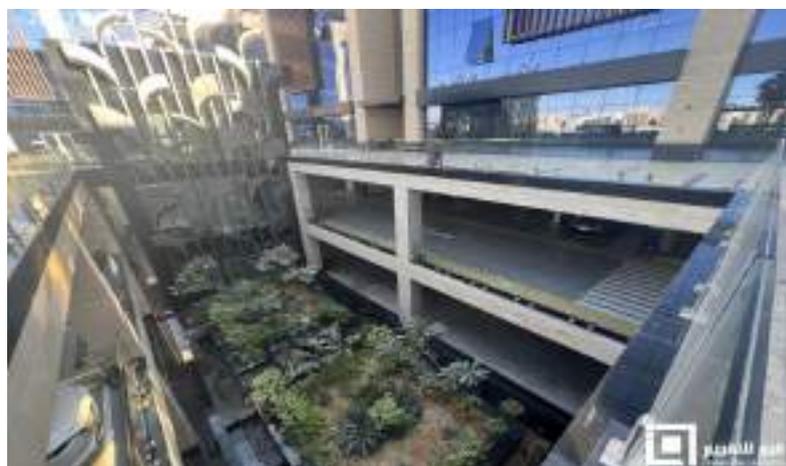
**24.8087480**

E :

**46.6669810**



## Photographic survey of the building and its components



## Ownership documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	1442\09\02	393140003190 , 393140003189	Al Mashaer Real Estate Fund

### Neighborhood name - plot number - plan number - land area:

Land area	Plan number	Plot number	Neighborhood name
6155 m2	3090	2+3	Al-Rabee

### Borders and lengths:

Borders and lengths:							
Northern border	Border length	Southern border	Border length	Eastern border	Border length	Western border	Border length
Al-Thumama Road, width 60	102 m	Street width 20 m	102 m	Plot No. 4	60.44	Street width 20 m	60 m

## Assumptions related to real estate ownership

For the purposes of this report, we assumed the existence of good and valid ownership, free from any obstacles, mortgages, fees, or interests of any third parties, etc., and in the event that this is not achieved, the opinion of the value of the property may be affected



QIAM VALUATION  
REAL ESTATE VALUATION REPORT



Valuation

التقييم ■

## Valuation Approaches



### Market Approach ❖

The market method provides an indication of value by comparing the asset with identical or comparable (similar) assets for which price information is available.



### Income Approach ❖

The income method provides an indication of value by converting future cash flows into one current value. According to this method, the value of the asset is determined by reference to the value of the revenue and cash flows generated by the asset or the costs it provides.



### Cost Approach ❖

The cost method provides an indication of value using the economic principle that states that the buyer will not pay an asset more than the cost of obtaining an asset of similar benefit, whether through purchase or construction unless there are time, disturbance, risk, or other related factors. The method provides an indication of value by calculating the current cost of transferring or reproducing the asset, and then discounting the physical wear and tear of all other obsolescence's.

## Market Approach-Standard No. 105

It is an approach of estimating the value of a real estate or real estate property based on the market comparison between the property being evaluated and similar properties in the same area that were recently sold. The value indicator of the property being valued is derived by applying appropriate comparison units and making adjustments and adjustments to the selling prices of similar properties based on the comparative elements.

### The market approach should be applied and afforded significant weight under the following circumstances:

- ❖ The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value
- ❖ The subject asset or substantially similar assets are actively publicly traded.
- ❖ There are frequent and/or recent observable transactions in substantially similar assets.

### The key steps in the comparable transactions method are:

- ❖ Define the units of comparison used by relevant market participants.
- ❖ Determine the relevant comparative transactions and calculate the main evaluation criteria for these transactions.
- ❖ Conduct consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the subject asset.
- ❖ Make the necessary adjustments, if any, to the evaluation scales to reflect the differences between the subject of evaluation and the comparative assets.
- ❖ Applying the revised valuation criteria to the subject asset.
- ❖ Value indicators are reconciled if more than one evaluation scale is used.

## Cost Approach - Standard No. 105

It is a valuation method that calculates the capital or market value of a property by adding the value of the real estate's land with the value of the buildings erected on the site.

### Cost Approach should be applied and afforded significant weight under the following circumstances:

- ❖ Participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- ❖ The asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or
- ❖ The basis of value being used is fundamentally based on replacement cost, such as replacement value

### Used methods of Cost Approach :

- a. **Replacement cost method:** A method of arriving at value by calculating the cost of a similar asset

### Method of estimating the value of buildings using the straight line method

- The straight-line method: the straight-line method is calculated by the formula (current age of the building / Lifespan) \* 100.

## Income Approach-Standard No. 105

Income Approach provides an indication of value by converting future cash flows into a single present value. Under this approach, the value of an asset is determined by reference to the value of the revenue and cash flows that the asset generates or the costs it provides.

### **Income Approach should be applied and given priority or significant weight in the following cases:**

- A. When the ability of the asset to generate income is the primary factor that affects the value from the point of view of market participants.
- B. Reasonable expectations are available for the amount and timing of future revenue for the assessed asset but few, if any, relevant market comparisons.

### **Income Approach Methods:**

Although there are many ways to apply the income method, the methods used under the income method depend largely on discounting the amounts of future cash flows to a present value, which are various applications in using the discounted cash flow (DCF) method and the concepts below apply in part or all of the methods of the income method.

#### **Discounted Cash Flow method (DCF)**

It is a financial method for estimating the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows. The discounted cash flow method is applied to evaluate a property or real estate that generates income based on the expectation of future income for the property under valuation. The value index of the property is derived through Calculating the present value of net operating income or the expected net rental value of the property.

#### **Direct Capitalization Method:**

The direct capitalization method is applied in the event that the net rental value of the property under valuation is fixed and equal in perpetuity.

#### **Residual value method:**

The residual value method is a method of evaluating properties that can be valued by identifying the most appropriate development of the site and property and then predicting the value of such development after it is completed.

## Used valuation approaches and methods - Fair value hierarchy

### Used valuation approaches and methods

Valuation Approaches	Market Approach	Cost Approach	Income Approach
Used approach	Used as an <b>assist approach</b>	Used as an <b>assist approach</b>	Used as a <b>main approach</b>
Used valuation methods	Field survey (comparisons - offered land prices)	Replacement cost	Discounted Cash Flow method
Reasons for use/non-use	To know similar properties on the market	Land on which a building is built	The fact that the property is income-generating

### Hierarchy:

The fair value hierarchy categorizes the inputs to the valuation approaches used to measure fair value at the measurement date into three levels, as follows:

Level	Clarification	Input statement	Classification	Source	Judgment and documentation
<b>First</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	----	----	----	----
<b>Second</b>	They are the inputs other than the published prices within the first level that can be monitored for the asset or liability, either directly or indirectly	Commercial and commercial residential offers in the real estate area	It is classified under the second level	Accredited real estate offices in the real estate area	reliable based on similar market analysis, verification following market research and analysis, in-person interviews, and the company's own database of deals and transactions
<b>Third</b>	They are the inputs that cannot be monitored and are given the lowest priority	----	----	----	----



تقدير القيمة ■

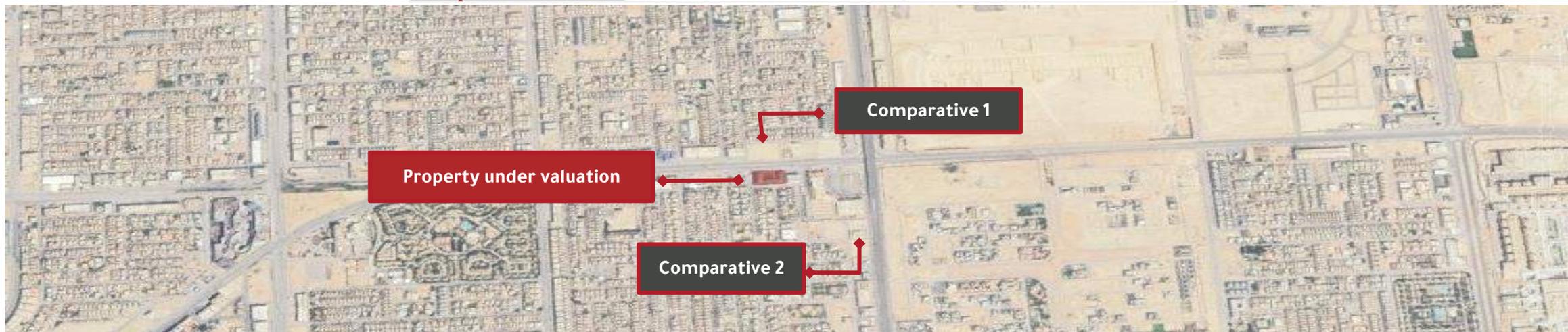
Value Estimation

## Estimating the value of the land - Market Approach - Comparisons method

Saudi market does not have transparency and it is difficult to collect accurate information. Therefore, we were able to collect data for a selected sample of comparisons that reflect the reality of the market in general, and we will work to present their data and performance indicators as an embodiment of the market.

Selected comparisons are: From the properties offered in **Al Thumama Road**.

Comparative real estates		
Comparison factors	Comparative 1	Comparative 2
Area (m2)	7,930	2,287
Ease of access	High	High
Property location	High	High
Land shape	Regular	Regular
Land topography	Flat	Flat
Use	Commercial	Commercial
Surrounding streets	4	2
Price per meter (SR)	6900	8750
Comparative condition	Available offer	Available offer



## Estimating the value of the land - Market Approach - Comparisons method

Valuating the land according to Market Approach - Method of comparison with similar sales					
Clause		Comparative real estates			
Adjustments factors	Property under valuation	Comparative 1		Comparative 2	
		Value	Adjustment	Value	Adjustment
<b>Price per square meter</b>	***	6,900		8,750	
<b>Condition</b>	***	Available offer		Available offer	
<b>Date of valuation/offer</b>	Sunday, December 31, 2023	2023		2023	
<b>Market Condition</b>	***	-5.00%	- 345	-5.00%	- 438
<b>Financing terms</b>	***	0.00%	-	0.00%	-
<b>Market conditions value</b>	***	(345.00)		(437.50)	
<b>Value after initial settlements</b>	***	6,555		8,313	
<b>Land area (m<sup>2</sup>)</b>	6155.80	7,930	5%	2,287	-5%
<b>Ease of access</b>	High	High	0%	High	0%
<b>Property location</b>	High	High	0%	High	0%
<b>Land shape</b>	Regular	Regular	0%	Regular	0%
<b>Land topography</b>	Flat	Flat	0%	Flat	0%
<b>Land use</b>	Commercial	Commercial	0%	Commercial	0%
<b>Surrounding streets</b>	3	4	-5%	2	5%
<b>Total</b>		0.00%		0.00%	
<b>Adjustment value per square meter</b>		-		-	
<b>Final meter value after Adjustments</b>		6,555		8,313	
<b>Net average value per square meter (SR / m<sup>2</sup>)</b>		<b>7,434</b>			
<b>The market value of the land (SR / m<sup>2</sup>)</b>		<b>45,760,678</b>			

## Estimating the value of the property - Cost Approach - Replacement method

<b>First: Construction Costs (Direct Costs)</b>			
Clause	Built up area m2	SR / m2	Value (SR)
Basement	12,293.60	2,500	30,734,000
Total built up area	9,933.28	3,000	29,799,840
Upper extension	908.00	2,800	2,542,400
Fence	60	1,000	60,440
<b>Total (SR)</b>	<b>23,195</b>		<b>63,136,680</b>
<b>Second: Other costs (indirect)</b>			
Professional fees		2%	1,262,734
Utilities Network		2%	1,262,734
Administration costs		2%	1,262,734
Developer's profitability		10%	6,313,668
<b>Total (SR)</b>			<b>10,101,869</b>
<b>Total cost of buildings (SR)</b>			<b>73,238,549</b>
<b>Third: Depreciation cost</b>			
Life span of the property (year)	Year		40
The current age of the property (year)	Year		4
Remaining life of the property (year)	Year		36
Depreciation rate	%		10
Depreciation value	SR		7,323,855
<b>Final value of the building (SR)</b>			<b>65,914,694</b>
<b>Fourth: Value of the property according to Cost Approach</b>			
Final value of the land (SR)			45,760,678
Final value of buildings (SR)			65,914,694
<b>Market value of the property according to the Cost Approach (SR)</b>			<b>111,675,372</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>			<b>111,676,000</b>

## Similar Comparisons Method assumptions

Based on the approach used in calculating the market value, which is Market Approach (Method of Similar Comparisons), some steps must be taken to obtain accurate Adjustments, as follows:

- Determine the factors that affect the value of the property under valuation.
- Comparing the features and characteristics of each comparative property with the property being evaluated and determining the difference in each element of the comparison between the comparative property and the property under valuation.
- Make adjustments against each mismatched item.
- Reaching the net adjustment for each comparable property and applying it to the unit price to reach price range of the unit after adjustments for the property under valuation.
- On the basis of the price range, the valuer determines the most reasonable price for the unit in the real estate under valuation, and the unit price is chosen after adjustments from the best comparable real estate usually as it is better.
- A reasonable price for the unit in the property under valuation.

## Similar Comparisons Method Assumptions

**Based on the approach used in calculating the market value, which is Market Approach (Method of similar comparisons), the following was assumed:**

**Relative control of the area:** It is customary to promote a smaller area of the land that achieves a higher value compared to the land that is larger in area, and sometimes vice versa.

Here, it was assumed that 5% would be allocated for each multiplier, and the percentage may vary according to the estimate and experience of the real estate valuer, depending on the state of the real estate market and the valuer's experience.

**Market condition:** Adjustments against the market condition conditions are often referred to as (time) Adjustment or in the case of negotiation over the offered value. Market conditions may change with the change of time, and the percentage is variable according to the market condition.

**Ease of access:** The movement of access to the real estate subject to evaluation is easy, as well as the ease of access to the comparable properties (high, medium, low), Accordingly, a rate of 5% was assumed for each level.

**Location of the property:** The location is where the property is located, whether it is on a road front or second row, or has two roads or two entrances, and it has a direct and high impact on the value of the property, and half of it is (high, medium, low), accordingly, a rate of 5% was assumed for each level.

**Land shape:** One of the physical characteristics that affect the property is the shape of the land, whether it is regular or irregular, Accordingly, a rate of 5% was assumed.

**Usage:** The real estate planning has been taken into consideration as it is (commercial) planning compared to the comparable real estate, as well as all of them are commercial. It is possible for the property to include more than one use, such as (residential, residential, commercial, or residential, commercial, office), and accordingly, a rate of 5% was assumed according to the classification of use.

**Surrounding streets:** The location affects the value of real estate directly if it is on one or two streets, as well as the views it provides and the provision of various advantages. Accordingly, a rate of 5% was assumed for each difference for one street.

## Analysis of valuation assumptions data - Discounted Cash Flow Methods

### Rental income:

The property's income was analyzed by reviewing the contracts for the property and through contracts similar to the property being evaluated, and this was compared to the market.

#### Annual income statement for the property (contracts)

Unit No	Unit type	Area (m2)	Rental value per meter (SR/meter)	Rental value (SR)	Start - end of the contract
1	Administrative Offices	2910	945	2,750,000	2027-2018
2	Administrative Offices	2500	1,265	3,162,500	2027-2022
3	Administrative Offices	5300	943	5,000,000	2027 - 2018
<b>Total annual income of the property (SR)</b>				<b>10,912,500</b>	-

### Operating and capital expenditure rate:

Operating expenses are the expenses for renting and maintaining the property, and capital expenses are the expenses incurred by the owner in order to maintain it in good condition to achieve an appropriate annual income. The percentage of operating expenses represents 10% - 5% for similar projects in the surrounding area depending on the size and services provided. The property is leased under contracts that include a clause That (the tenant bears the services of electricity and water), and other contracts that the tenant pays a lump sum in exchange for the operational services provided.

- There is a maintenance contract that has been reviewed, which reflects the calculated percentage.

### Assumptions:

#### Discounted Cash Flow assumptions

Net income of the hotel according to the contract	10,912,500	Discount rate	8%
Occupancy rate and credit risk	0%	Capitalization rate	7.5%
Cash flow period (years)	10	Income years (according to contracts)	2027 - 2024
Growth rate (contracts)	10%	Operating and capital expenditure rate	%10

#### Analyze the vacancy rate, rate of return, operating and capital expenditures of the market

#	Location	Property type	Vacant %	Return %	Operating and capital expenditures %
1	Olaya	Office building	10%	8%	10%
2	Al Sahafa	Office building	5%	8%	5%

### Operational rate of return:

Analysis of the capitalization rate - the method of extracting from the market In view of the market activity and the reports of the Qaim Company for similar investments, as well as in view of the economic reports issued by some study centers and the information center of the Qaim Company for valuation, we found that the return in the region ranges from 7% to 8% and accordingly, the rate of return was assumed at a rate of 8 % There are many factors that affect the rate of return, represented in the location of the building, its age and condition, the situation of the tenants, and the degree of risk associated with repayment. The capitalization rate is affected by the demand and supply rates for the same type of real estate.

### Discount rate:

#### Discount rate extraction (Cumulative Model method)

Government bond rate of return	4.6	Saudi Tadawul Fund
Inflation rate (average of the current year)	2.49	Saudi Central Bank
Market risk premium (recession and recovery)	0.5	Depending on the market situation and conditions
Special risk premium (the resulting costs of the property)	0.5	Depending on the property situation and conditions
Discount rate after rounding	8%	%

## Calculating the value of the property - using the Income Approach - Discounted Cash Flow method

Cash flow - Inflows	Investment years										Reversion value	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
	1	2	3	4	5	6	7	8	9	10		
Expected growth value	0.00%	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.00%	
Total rental income	10,912,500	10,912,500	10,912,500	10,912,500	10,912,500	12,003,750	12,003,750	12,003,750	12,003,750	12,003,750	13,204,125	
Minus occupancy rate and credit risk	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Annual vacancy value	0	0	0	0	0	0	0	0	0	0	0	
Actual total rental income	10,912,500	10,912,500	10,912,500	10,912,500	12,003,750	12,003,750	12,003,750	12,003,750	12,003,750	12,003,750	13,204,125	
Minus rate of operating and capital expenses	10%	1,091,250	1,091,250	1,091,250	1,091,250	1,200,375	1,200,375	1,200,375	1,200,375	1,200,375	1,320,413	
Building net operating income (NOI)		9,821,250	9,821,250	9,821,250	9,821,250	10,803,375	10,803,375	10,803,375	10,803,375	10,803,375	11,883,713	
Reversion value of the building												
Net cash flow		9,821,250	9,821,250	9,821,250	9,821,250	10,803,375	10,803,375	10,803,375	10,803,375	10,803,375	11,883,713	
Discount factor		0.9259	0.8573	0.7938	0.7350	0.6806	0.6302	0.5835	0.5403	0.5002	0.4632	<b>0.4632</b>
Present value of cash flow		9,093,750	8,420,139	7,796,425	7,218,912	7,352,595	6,807,959	6,303,666	5,836,727	5,404,377	5,504,458	<b>73,392,777</b>
<b>Net present value of the property</b>											<b>143,131,785</b>	

## Final value of the property

Based on the purpose of the valuation, the nature of the property, and its characteristics as a office building, valuing the property using Income Approach (Discounted Cash Flow Method) is considered the best way to estimate the price on the measurement date of 31/12/2023, which was arrived at with Income Approach as a basis for the fair value of the property being valued (after rounding). As follows:

Price on the date of measurement in numbers (SR)	Price on the measurement date written (SR)
143,132,000	One hundred forty-three million one hundred thirty-two thousand

This report was approved by the Executive Director

Ismail Muhammad al-Dubaikhi





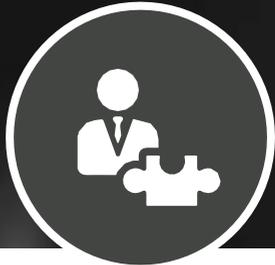
**ملاحق** ■

**Appendix**

Documents received from the client



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WHITE CUBES

REAL ESTATE VALUATION REPORT

SICO Capital  
SICO Saudi REIT

# Eskan Tower 4

Makkah Al Mukaramah City  
February 2024



VISION رؤية  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0896

**Code:**

**Date:** 07/02/2024

**Subject: Valuation Report for Eskan Tower 4 in Makkah Al Mukaramah City, Saudi Arabia.**

**Dear SICO Capital,**

In accordance with your approved request dated 15<sup>th</sup> of November 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0896
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	SICO Capital.
<b>Report user</b>	The Client, Auditor.
<b>Other users</b>	Investors or those wishing to invest.
<b>Purpose of Valuation</b>	Auditing Purposes.
<b>Subject Property</b>	Hospitality Tower.
<b>Property Location</b>	Al Aziziyah district, Makkah Al Mokaramah City.
<b>Title Deed No.</b>	920121013430
<b>Title Deed Date</b>	08/04/1439
<b>Ownership Type</b>	Freehold.
<b>Limitations</b>	None.
<b>Owner</b>	Al Mashaar REIT Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	1,287.97 Sqm.
<b>BUA (Sqm)</b>	18,053 Sqm.
<b>No. of Rooms</b>	450 Rooms.
<b>Pilgrims' capacity</b>	1,868 Pilgrims.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Best land use.
<b>Valuation Approach</b>	Market Approach- Comparable method, Cost Approach- DRC method, Cap Leasing Contract Method.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 141,780,000.00
<b>Report Date</b>	07/02/2024
<b>Valuation Date</b>	13/12/2023
<b>Inspection Date</b>	01/12/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to: **SICO Capital** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Auditing Purposes**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply the **Market Approach- Comparable method, Cost Approach- DRC method, Cap Leasing Contract Method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **01/12/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to have absolute ownership, implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a hospitality tower composed of 23 floors and located in Al Aziziah district, Makkah Al Mukaramah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 1,287.97 square meters and a total built-up area (BUA) of 18,053 square meters.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on two sides, allowing ample natural light and ventilation. Notably, the property offers a direct view on Al Masjid Al Haram Road from the west side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and mix-use buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Al Masjid Al Haram Road.

### 2.4 Infrastructure

All the infrastructural facilities are available in the surroundings and connected to the subject property.



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Makkah Al Mukaramah	<b>Land Area</b>	1,287.97 Sqm
<b>District</b>	Al Aziziyah	<b>Plot No.</b>	1/277
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920121013430	<b>Layout No.</b>	1/21/7/ع
<b>T.D Date</b>	08/04/1439	<b>Ownership Type</b>	Freehold
<b>Owner</b>	Al Mashaar REIT Real Estate company	<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	private property	<b>East Side</b>	Royal highness land
<b>South Side</b>	private property	<b>West Side</b>	Unnamed Street

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Residential commercial
<b>Construction Permit No.</b>	68605
<b>Construction Permit Date</b>	14/10/1432

Description	No. of Units	Area (sqm)	Use
Basement	1	1,287.97	Parking Spots
Ground Floor	5	789.9	Reception + Commercial
Mezzanine	1	587.86	Reception
Restaurant Floor	1	824.91	Restaurant
Mosque Floor	1	824.91	Mosque
17 Typical Floors	82	12,304.6	Residential
Annex Floor	1	261.2	Residential
Staircase & Elevators	1	75.43	Staircase & Elevators
Sewage	1	6	Sewage
Tanks	1	1,089.97	Tanks
<b>Total BAU (sqm)</b>		<b>18,053</b>	

## 2.7 Hajj license

The client provides us with copy of the Hajj license for the subject property which is include the following:

Hajj license	
<b>Permit No.</b>	13637
<b>Issued Date</b>	14/11/1443
<b>No. of rooms</b>	450
<b>No. of pilgrims</b>	1504
<b>Elevators</b>	6
<b>Fire escape</b>	2
<b>Generators</b>	1
<b>Automatic sprinkler system</b>	Fire alarm system
<b>Firefighting System</b>	Fire pump

## 2.8 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

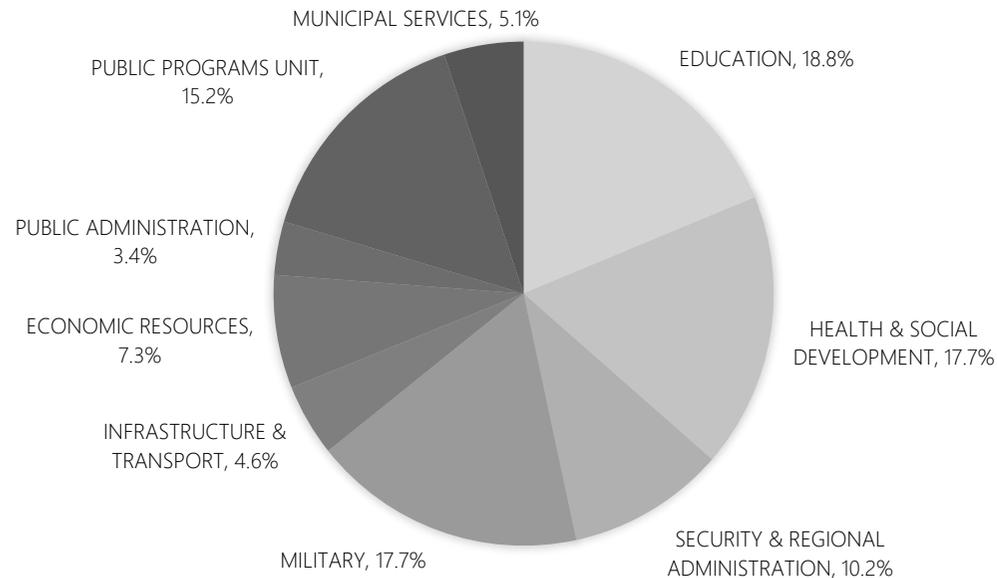
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022

Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

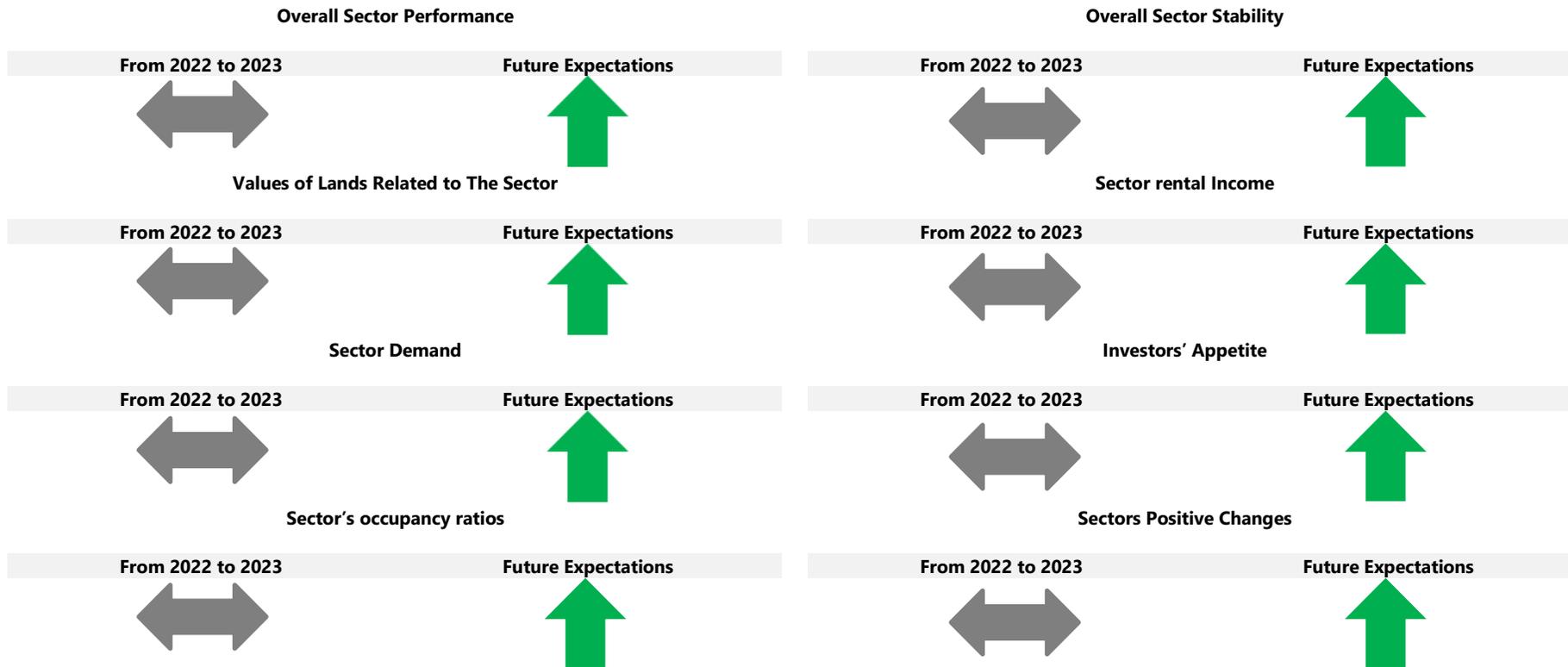
Source: Ministry of Finance



### 3.3 Sector Brief

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication of the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to last year
-  Indicator showing an increase in the current performance comparing to last year
-  Indicator showing a stable position in the current performance comparing to last year



White Cubes Team's Analysis



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the fair value of the subject property:

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

#### DEPRECIATED REPLACEMENT COST (DRC)

The cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

#### CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

## 4.2 Comparable Approach

Characteristics of Samples				
Feature	Subject Property	Sample 1	Sample 2	Sample 3
Quoting	-----	Transaction	Transaction	Offering
City	Makkah	Makkah	Makkah	Makkah
Sale Price	-----	SAR 12,568,728	SAR 3,264,000	SAR 26,000,000
Data Source	Client	Market Survey	Market Survey	Market Survey
Area Size	1,287.97	826.89	544.00	5,704.00
SAR / Sqm	-----	SAR 15,200	SAR 6,000	SAR 38,300

Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 15,200.0		SAR 6,000.0		SAR 38,300.0	
Mortgage	-----	Cash	0.00%	Cash	0.00%	-----	0.00%
Market Conditions	-----	-----	0.00%	-----	0.00%	-----	0.00%
Total Adjustments Ratio			0.00%		0.00%		0.00%
Total Adjustment Amount			SAR 0.00		SAR 0.00		SAR 0.00
Net After Adjustment			SAR 15,200.00		SAR 6,000.00		SAR 38,300.00

Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	1,287.97	826.89	-20.00%	544.00	-25.00%	5,704.00	30.00%
Location Desirability	Average	Average	20.00%	Average	20.00%	Average	0.00%
Accessibility	Average	Average	20.00%	Average	20.00%	Average	0.00%
Main Street Width (m)	20	20	15.00%	20	15.00%	20	0.00%
Sides Open	4	2	10.00%	2	10.00%	2	0.00%
Land Shape	Regular	Semi Regular	10.00%	Semi Regular	10.00%	Semi Regular	10.00%
Close to main street	Yes	No	10.00%	No	10.00%	No	0.00%
Total Adjustments Ratio			65.00%		60.00%		40.00%
Total Adjustment Amount			SAR 9,880.0		SAR 3,600.0		SAR 15,320.0
Net After Adjustment			SAR 25,080.0		SAR 9,600.0		SAR 53,620.0
Weighted Mean			<b>5%</b>		<b>5%</b>		<b>90%</b>
			SAR 1,254.00		SAR 480.00		SAR 48,258.00

SAR / Sqm	<b>SAR 49,992</b>
Rounded Value	<b>SAR 50,000</b>

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 45,000 and 50,000 SAR/ Sqm, we will base our valuation on the average rate 50,000 SAR/ Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 450	SAR 550	SAR 500
<b>Finishing Materials</b>	SAR 900	SAR 1,100	SAR 1,000
<b>Fitouts &amp;Appliance</b>	SAR 250	SAR 350	SAR 300
<b>Furniture</b>	SAR 750	SAR 850	SAR 800
<b>Site Improvements</b>	SAR 180	SAR 220	SAR 200
<b>Owner Profit</b>	28%	32%	30%
<b>Land</b>			
<b>Land Area</b>	<b>SAR / Sqm</b>		<b>Total Value</b>
1,287.97	SAR 50,000		SAR 64,398,500
<b>Building</b>			
	<b>Unit</b>	<b>No of Floors</b>	<b>Total BUA</b>
<b>Underground</b>	Sqm	1	1,287.97
<b>Ground Floor</b>	Sqm	1	789.90
<b>Restaurant Floor</b>	Sqm	1	824.91
<b>Mosque Floor</b>	Sqm	1	824.91
<b>Mezzanine</b>	Sqm	1	587.86
<b>Upper Floors</b>	Sqm	17	12,304.60
<b>Tanks</b>	Sqm	1	1,089.97
<b>Annex</b>	Sqm	1	261.20
<b>Staircase - Elevators</b>	Sqm	1	75.43
<b>Sewage</b>	Sqm	1	6.00
<b>Total (SQM)</b>	<b>18,052.75</b>		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	16,764.78	SAR 1,000	SAR 16,764,780	100%	SAR 16,764,780
Electro Mechanic	16,764.78	SAR 500	SAR 8,382,390	100%	SAR 8,382,390
Finishing	16,764.78	SAR 1,000	SAR 16,764,780	100%	SAR 16,764,780
Fit outs and Appliances	16,764.78	SAR 300	SAR 5,029,434	100%	SAR 5,029,434
Furniture	16,764.78	SAR 800	SAR 13,411,824	100%	SAR 13,411,824
Site Improvement	1,287.97	SAR 200	SAR 257,594	100%	SAR 257,594
<b>Total</b>			<b>SAR 60,610,802</b>	<b>100.00%</b>	<b>SAR 60,610,802</b>
Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,287.97	SAR 1,500	SAR 1,931,955	100%	SAR 1,931,955
Electro Mechanic	1,287.97	SAR 500	SAR 643,985	100%	SAR 643,985
Finishing	1,287.97	SAR 400	SAR 515,188	100%	SAR 515,188
<b>Total</b>			<b>SAR 3,091,128</b>	<b>100.00%</b>	<b>SAR 3,091,128</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
<b>Initial Project Pre Cost</b>			SAR 63,701,930	1.00%	SAR 637,019
<b>Design</b>			SAR 63,701,930	2.00%	SAR 1,274,039
<b>Eng Consultant</b>			SAR 63,701,930	2.50%	SAR 1,592,548
<b>Management</b>			SAR 63,701,930	2.50%	SAR 1,592,548
<b>Contingency</b>			SAR 63,701,930	5.00%	SAR 3,185,097
<b>Others</b>			SAR 63,701,930	0.00%	SAR 0
<b>TOTAL</b>				<b>13.00%</b>	<b>SAR 8,281,250.90</b>
<b>Total Hard Cost</b>	<b>SAR 63,701,930</b>			<b>BUA</b>	<b>18,052.75</b>
<b>Total Soft Cost</b>	<b>SAR 8,281,250.90</b>			<b>SAR / Sqm</b>	<b>SAR 3,987</b>
<b>Total Construction Cost</b>	<b>SAR 71,983,180.90</b>			<b>Overall Completion</b>	<b>100.0%</b>

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 71,983,181</b>	<b>Annual Dep Rate</b>	2.5%
<b>Total Completion Rate</b>	100.00%	<b>Actual Age</b>	9
<b>Developer Profit Rate</b>	30.0%	<b>Total Dep Rate</b>	22.50%
<b>Dev. Profit Amount</b>	SAR 21,594,954	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 77,381,919</b>	<b>Net Dep Rate</b>	<b>22.50%</b>
<b>Economic Age</b>	40	<b>Cost After Depreciation</b>	<b>SAR 55,786,965</b>

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 77,381,919	SAR 64,398,500	SAR 141,780,419	SAR 141,780,000

#### 4.4 Capitalization Method- Market Rate

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	8% to 12%

##### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 23% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 9% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

##### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

	Sample 1	Sample 2	Sample 3
Sale Price	SAR 190,596,000.00	SAR 65,240,000.00	SAR 726,455,000.00
NOI	SAR 14,294,700.00	SAR 4,893,000.00	SAR 54,484,125.00
Cap Rate	7.50%	7.50%	7.50%
<b>Average Cap Rate</b>	<b>7.50%</b>		
<b>Rounded</b>	<b>7.50%</b>		

Season Type	Unit	Quantity	Rate	Revenue Type	No of Days	Total Revenues
Hajj Season	Pilgrims	1,868	SAR 3,800	Seasonal	10	SAR 7,098,400
Ramadan (20 Days)	Keys	450	SAR 180	Daily	20	SAR 1,620,000
Ramadan (10 Days)	Keys	450	SAR 250	Daily	10	SAR 1,125,000
Other Seasons	Keys	450	SAR 120	Daily	325	SAR 17,550,000
Showrooms	Unit	790	SAR 2,000	Annually	365	SAR 1,580,000
<b>Total Revenues</b>						<b>SAR 28,973,400</b>

Deduction						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hajj Season	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Ramadan (20 Days)	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Ramadan (10 Days)	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Other Seasons	5.00%	5.00%	5.00%	0.00%	60.00%	75.00%
Showrooms	2.50%	0.00%	0.00%	0.00%	10.00%	12.50%

Net Operating Income			
Season Type	Total Revenues	Total Deduction	NOI
Hajj Season	SAR 7,098,400	20.00%	SAR 5,678,720
Ramadan (20 Days)	SAR 1,620,000	20.00%	SAR 1,296,000
Ramadan (10 Days)	SAR 1,125,000	20.00%	SAR 900,000
Other Seasons	SAR 17,550,000	75.00%	SAR 4,387,500
Showrooms	SAR 1,580,000	12.50%	SAR 1,382,500
<b>Total</b>			<b>SAR 13,644,720</b>

<b>Revenues</b>				SAR 28,973,400
<b>Deductions</b>				-SAR 15,328,680
<b>Net Operating Income</b>				<b>SAR 13,644,720.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>
<b>SAR 13,644,720.00</b>	<b>7.50%</b>	<b>181,929,600.00 SAR</b>		<b>182,000,000.00 SAR</b>

#### 4.5 Capitalization Method – Leasing Contract

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

##### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Revenues						
Season Type	Quantity		Revenues		No of Days	Total Revenues
Unit	Quantity	Rate	Revenue Type			
Hospitality Tower			Fully Leased to One Tenant			SAR 5,290,000
					<b>Total Revenues</b>	<b>SAR 5,290,000</b>
Deduction						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hospitality Tower	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Operating Income						
Season Type	Total Revenues		Total Deduction		NOI	
Hospitality Tower	SAR 5,290,000		0.00%		SAR 5,290,000	
					<b>Total</b>	<b>SAR 5,290,000</b>
<b>Revenues</b>						SAR 5,290,000
<b>Deductions</b>						SAR 0
<b>Net Operating Income</b>						<b>SAR 5,290,000.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>		<b>Property Value</b>		<b>Rounded Value</b>	
SAR 5,290,000.00	7.50%		SAR 70,533,333.33		SAR 71,000,000.00	

#### 4.6 Subject Property Value

Based on our analysis utilizing the Depreciated Replacement Cost (DRC) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 141,780,000.00**  
**One Hundred Forty-One Million Seven Hundred Eighty Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

DOCUMENT



## 5.2 Real Estate Valuation License





وزارة التجارة والاستثمار  
Ministry of Commerce and Investment

### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

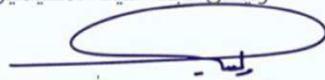
فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة

وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية







WHITE CUBES

REAL ESTATE VALUATION REPORT

SICO Capital  
SICO Saudi REIT

# Eskan Tower 5

Makkah Al Mukaramah City  
February 2024



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0896

**Code:**

**Date:** 07/02/2024

**Subject: Valuation Report for Eskan Tower 5 in Makkah Al Mukaramah City, Saudi Arabia.**

**Dear SICO Capital,**

In accordance with your approved request dated 15<sup>th</sup> of November 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0896
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	SICO Capital.
<b>Report user</b>	The Client, Auditor.
<b>Other users</b>	Investors or those wishing to invest.
<b>Purpose of Valuation</b>	Auditing Purposes.
<b>Subject Property</b>	Hospitality Tower.
<b>Property Location</b>	Prince Abdullah Al Faisal district, Makkah Al Mokaramah City.
<b>Title Deed No.</b>	520121013431
<b>Title Deed Date</b>	09/04/1439
<b>Ownership Type</b>	Freehold.
<b>Limitations</b>	None.
<b>Owner</b>	Al Mashaar REIT Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	1,382.73 Sqm.
<b>BUA (Sqm)</b>	19,905 Sqm.
<b>No. of Rooms</b>	428 Rooms.
<b>Pilgrim's Capacity</b>	1,976 Pilgrims.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach- Comparable method, Cost Approach- DRC method, Cap Leasing Contract.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 106,400,000
<b>Report Date</b>	07/02/2024
<b>Valuation Date</b>	13/12/2023
<b>Inspection Date</b>	01/12/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**SICO Capital** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Auditing Purposes**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply the **Market Approach- Comparable method, Cost Approach- DRC method, Cap Leasing Contract Method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on 19/11/2023 provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to have absolute ownership, implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a hospitality tower composed of 20 floors and located in Prince Abdullah Faisal district, Makkah Al Mokaramah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 1,382.73 square meters and a total built-up area (BUA) of 19,905 square meters.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 1 side, allowing ample natural light and ventilation. Notably, the property offers a direct view of Al Rida Street from the west side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and mix-use buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as High, due to its located near to Al Hajj Road.

### 2.4 Infrastructure

All the infrastructural facilities are available in the surroundings and connected to the subject property.



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Makkah Al Mokaramah	<b>Land Area</b>	1,382.73 Sqm
<b>District</b>	Prince Abdullah Al Faisal	<b>Plot No.</b>	166
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	520121013431	<b>Layout No.</b>	ب/23/15/1
<b>T.D Date</b>	09/04/1439	<b>Ownership Type</b>	Freehold
<b>Owner</b>	Al Mashaar REIT Real Estate Company	<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	private property	<b>East Side</b>	private property
<b>South Side</b>	private property	<b>West Side</b>	12 meters street

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	Renewal Permit
<b>Property Type</b>	Residential commercial
<b>Construction Permit No.</b>	68942
<b>Construction Permit Date</b>	23/12/1434

Description	No. of Units	Area (sqm)	Use
Basement	1	1,382.73	Parking Spots
Ground Floor	1	1,018.74	Reception
Mezzanine	1	758.78	Reception
Mosque Floor	1	1,016.88	Mosque
Restaurant Floor	1	1,016.88	Restaurant
14 Typical Floors	14	12,780.6	Residential
Annex Floor	1	755.03	Residential
Staircase & Elevators	1	44.19	Staircase & Elevators
Tanks	1	1,125.17	Tanks
Sewage	1	6	Sewage
<b>Total BAU (sqm)</b>		<b>19,905</b>	

## 2.7 Hajj license

The client provides us with copy of the Hajj license for the subject property which is include the following:

Hajj license	
<b>Permit No.</b>	13702/j
<b>Issued Date</b>	16/11/1443
<b>No. of rooms</b>	428
<b>No. of pilgrims</b>	1952
<b>Elevators</b>	6
<b>Fire escape</b>	3
<b>Generators</b>	1
<b>Automatic sprinkler system</b>	Fire alarm system
<b>Firefighting System</b>	Fire pump

## 2.8 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

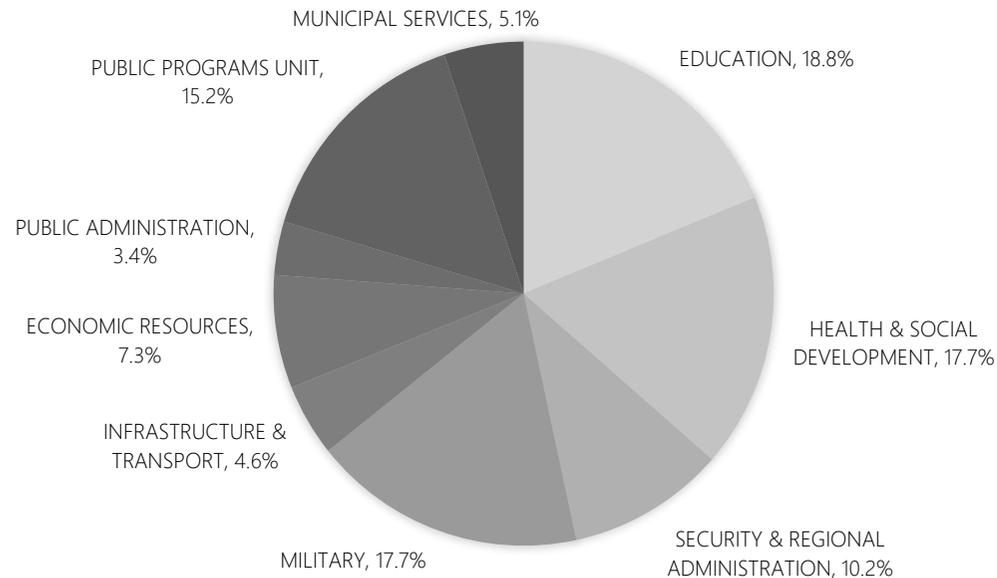
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022

Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

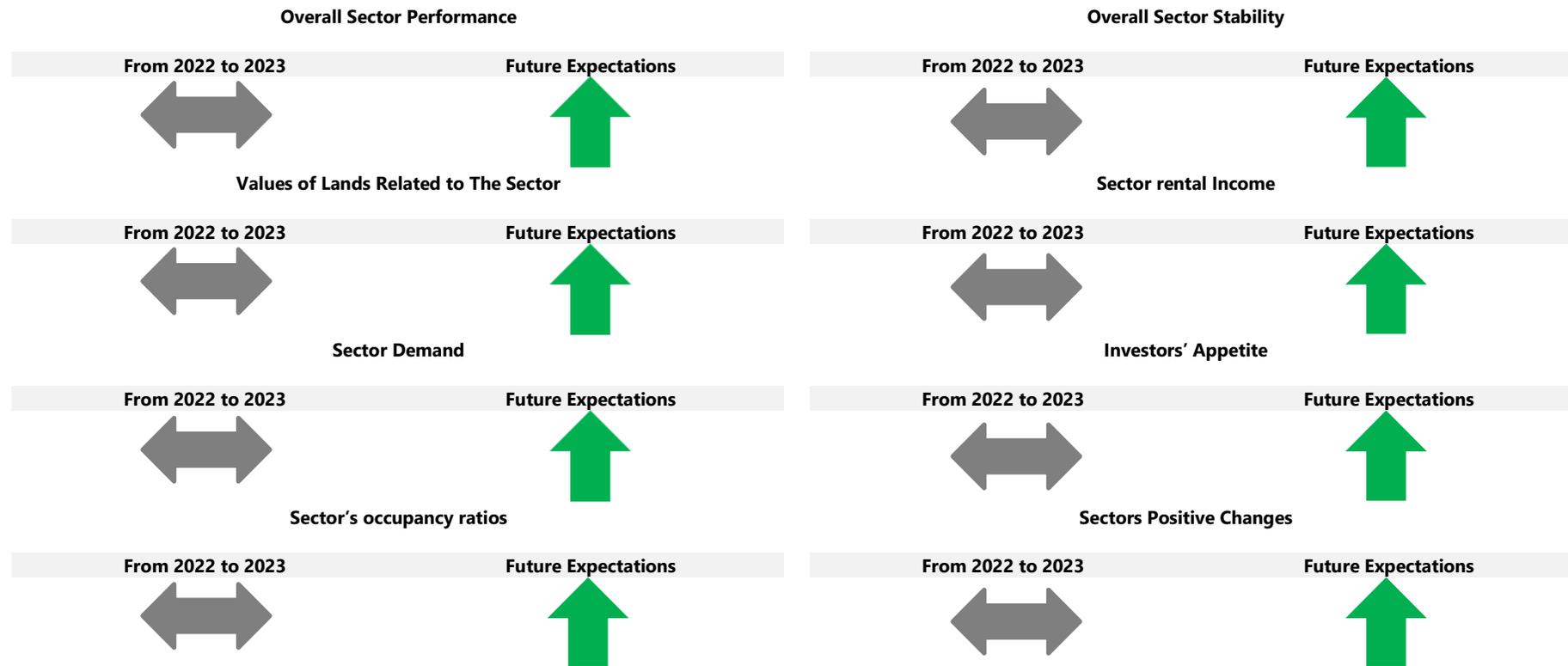
Source: Ministry of Finance



### 3.3 Sector Brief

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication of the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to last year
-  Indicator showing an increase in the current performance comparing to last year
-  Indicator showing a stable position in the current performance comparing to last year



White Cubes Team's Analysis



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the fair value of the subject property:

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

#### DEPRECIATED REPLACEMENT COST (DRC)

The cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

#### CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

## 4.2 Comparable Approach

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons.

Characteristics of Samples				
Feature	Subject Property	Sample 1	Sample 2	Sample 3
Quoting	-----	Offering	Offering	Offering
City	Makkah Al Mokaramah	Makkah Al Mokaramah	Makkah Al Mokaramah	Makkah Al Mokaramah
Sale Price	-----	SAR 9,994,200	SAR 10,408,000	SAR 21,500,000
Data Source	Client	Market Survey	Market Survey	Market Survey
Area Size	1,382.73	731.00	1,026.00	1,300.00
SAR / Sqm	-----	SAR 13,672	SAR 10,144	SAR 16,538

Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 13,672.0		SAR 10,144.2		SAR 16,538.5	
Mortgage	-----	Cash	0.00%	Cash	0.00%	Cash	0.00%
Market Conditions	-----	-----	0.00%	-----	0.00%	-----	0.00%
Total Adjustments Ratio			0.00%		0.00%		0.00%
Total Adjustment Amount			SAR 0.00		SAR 0.00		SAR 0.00
Net After Adjustment			SAR 13,671.96		SAR 10,144.25		SAR 16,538.46

Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	1,382.73	731.00	5.00%	1,026.00	2.00%	1,300.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	20	20	0.00%	20	0.00%	20	0.00%
Sides Open	1	2	2.00%	2	2.00%	1	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio			7.00%		4.00%		0.00%
Total Adjustment Amount			SAR 957.0		SAR 405.8		SAR 0.0
Net After Adjustment			SAR 14,629.0		SAR 10,550.0		SAR 16,538.5
Weighted Mean			40%		20%		40%
			SAR 5,851.60		SAR 2,110.00		SAR 6,615.38
SAR / Sqm	SAR 14,577						
Rounded Value	SAR 14,600						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 20,187,858	Land Area	1,383	1,383	1,383	1,383	1,383
	SAR / Sqm	SAR 13,140.0	SAR 13,870.0	SAR 14,600.0	SAR 15,330.0	SAR 16,060.0
	Property Value	SAR 18,169,072	SAR 19,178,465	SAR 20,187,858	SAR 21,197,251	SAR 22,206,644

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 14,000 and 15,000 SAR/ Sqm, we will base our valuation on the average rate 14,600 SAR/ Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 450	SAR 550	SAR 500
<b>Finishing Materials</b>	SAR 900	SAR 1,100	SAR 1,000
<b>Fitouts &amp;Appliance</b>	SAR 600	SAR 350	SAR 300
<b>Furniture</b>	SAR 900	SAR 850	SAR 800
<b>Site Improvements</b>	SAR 100	SAR 320	SAR 300
<b>Developer Profit</b>	28%	32%	30%
<b>Land</b>			
<b>Land Area</b>	<b>SAR / Sqm</b>		<b>Total Value</b>
1,382.73	SAR 14,600		SAR 20,187,858
<b>Building</b>			
	<b>Unit</b>	<b>No of Floors</b>	<b>Total BUA</b>
<b>Basement</b>	Sqm	1	1,382.73
<b>Ground Floor</b>	Sqm	1	1,018.74
<b>Mezzanine</b>	Sqm	1	758.78
<b>Restaurant Floor</b>	Sqm	1	1,016.88
<b>Mosque Floor</b>	Sqm	1	1,016.88
<b>14 Typical Floors</b>	Sqm	14	12,780.60
<b>Annex Floor</b>	Sqm	1	755.03
<b>Staircase - Elevators</b>	Sqm	1	44.19
<b>Sewage</b>	Sqm	1	6.00
<b>Tanks</b>	Sqm	1	1,125.17
<b>Total (SQM)</b>	<b>19,905.00</b>		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	18,522.27	SAR 1,000	SAR 18,522,270	100%	SAR 18,522,270
Electro Mechanic	18,522.27	SAR 500	SAR 9,261,135	100%	SAR 9,261,135
Finishing	18,522.27	SAR 1,000	SAR 18,522,270	100%	SAR 18,522,270
Fit outs and Appliances	18,522.27	SAR 300	SAR 5,556,681	100%	SAR 5,556,681
Furniture	18,522.27	SAR 800	SAR 14,817,816	100%	SAR 14,817,816
Site Improvement	1,382.73	SAR 300	SAR 414,819	100%	SAR 414,819
<b>Total</b>			<b>SAR 67,094,991</b>	<b>100.00%</b>	<b>SAR 67,094,991</b>
Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,382.73	SAR 1,500	SAR 2,074,095	100%	SAR 2,074,095
Electro Mechanic	1,382.73	SAR 500	SAR 691,365	100%	SAR 691,365
Finishing	1,382.73	SAR 500	SAR 691,365	100%	SAR 691,365
<b>Total</b>			<b>SAR 3,456,825</b>	<b>100.00%</b>	<b>SAR 3,456,825</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
<b>Initial Project Pre Cost</b>			SAR 70,551,816	0.10%	SAR 70,552
<b>Design</b>			SAR 70,551,816	0.50%	SAR 352,759
<b>Eng Consultant</b>			SAR 70,551,816	1.00%	SAR 705,518
<b>Management</b>			SAR 70,551,816	5.00%	SAR 3,527,591
<b>Contingency</b>			SAR 70,551,816	5.00%	SAR 3,527,591
<b>Others</b>			SAR 70,551,816	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 8,184,010.66</b>
<b>Total Hard Cost</b>	<b>SAR 70,551,816</b>			<b>BUA</b>	<b>19,905.00</b>
<b>Total Soft Cost</b>	<b>SAR 8,184,010.66</b>			<b>SAR / Sqm</b>	<b>SAR 3,956</b>
<b>Total Construction Cost</b>	<b>SAR 78,735,826.66</b>			<b>Overall Completion</b>	<b>100.0%</b>
DEVELOPMENT VALUE					
<b>Total Dev Cost</b>	<b>SAR 78,735,827</b>		<b>Annual Dep Rate</b>		2.5%
<b>Total Completion Rate</b>	100.00%		<b>Actual Age</b>		9
<b>Developer Profit Rate</b>	30.0%		<b>Total Dep Rate</b>		22.50%
<b>Dev. Profit Amount</b>	SAR 23,620,748		<b>Add Appr Rate</b>		2.00%
<b>Development Value</b>	<b>SAR 86,215,730</b>		<b>Net Dep Rate</b>		<b>20.50%</b>
<b>Economic Age</b>	40		<b>Cost After Depreciation</b>		<b>SAR 62,594,982</b>
<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>		
<b>SAR 86,215,730</b>	<b>SAR 20,187,858</b>	<b>SAR 106,403,588</b>	<b>SAR 106,400,000</b>		

#### 4.4 Capitalization Method- Market Rate

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	8% to 12%

##### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 23% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 9% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

##### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

	Sample 1	Sample 2	Sample 3
Sale Price	SAR 190,596,000.00	SAR 65,240,000.00	SAR 726,455,000.00
NOI	SAR 14,294,700.00	SAR 4,893,000.00	SAR 54,484,125.00
Cap Rate	7.50%	7.50%	7.50%
<b>Average Cap Rate</b>	<b>7.50%</b>		
<b>Rounded</b>	<b>7.50%</b>		

Revenues						
Season Type	Unit	Quantity	Rate	Revenue Type	No of Days	Total Revenues
Hajj Season	Pilgrims	1,898	SAR 3,500	Seasonal	10	SAR 6,643,000
Ramadan (20 Days)	Keys	428	SAR 150	Daily	20	SAR 1,284,000
Ramadan (10 Days)	Keys	450	SAR 220	Daily	10	SAR 990,000
Other Seasons	Keys	428	SAR 100	Daily	325	SAR 13,910,000
Showrooms	Unit	0	SAR 0	Annually	365	SAR 0
<b>Total Revenues</b>						<b>SAR 22,827,000</b>
Deduction						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hajj Season	2.50%	2.50%	2.50%	0.00%	5.00%	12.50%
Ramadan (20 Days)	2.50%	2.50%	2.50%	0.00%	5.00%	12.50%
Ramadan (10 Days)	2.50%	2.50%	2.50%	0.00%	5.00%	12.50%
Other Seasons	2.50%	2.50%	2.50%	0.00%	50.00%	57.50%
Showrooms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Expenses</b>						<b>SAR 9,112,875</b>
Net Operating Income						
Season Type	Total Revenues	Total Deduction			NOI	
Hajj Season	SAR 6,643,000	12.50%			SAR 5,812,625	
Ramadan (20 Days)	SAR 1,284,000	12.50%			SAR 1,123,500	
Ramadan (10 Days)	SAR 990,000	12.50%			SAR 866,250	
Other Seasons	SAR 13,910,000	57.50%			SAR 5,911,750	
Showrooms	SAR 0	0.00%			SAR 0	
<b>Total</b>					<b>SAR 13,714,125</b>	
<b>Revenues</b>					SAR 22,827,000	
<b>Deductions</b>					-SAR 9,112,875	
<b>Net Operating Income</b>					<b>SAR 13,714,125.00</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>			<b>Rounded Value</b>	
<b>SAR 13,714,125.00</b>	<b>7.50%</b>	<b>182,855,000.00 SAR</b>			<b>183,000,000.00 SAR</b>	

## 4.5 Capitalization Method- Leasing Contract

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Revenues						
Season Type	Quantity		Revenues			Total Revenues
	Unit	Quantity	Rate	Revenue Type	No of Days	
Hospitality Tower			Fully Leased to One Tenant			SAR 9,522,000
					<b>Total Revenues</b>	<b>SAR 9,522,000</b>
Deduction						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hospitality Tower	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Operating Income						
Season Type	Total Revenues		Total Deduction			NOI
Hospitality Tower	SAR 9,522,000		0.00%			SAR 9,522,000
					<b>Total</b>	<b>SAR 9,522,000</b>
<b>Revenues</b>						SAR 9,522,000
<b>Deductions</b>						SAR 0
<b>Net Operating Income</b>						<b>SAR 9,522,000.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>				<b>Rounded Value</b>
SAR 9,522,000.00	7.50%	SAR 126,960,000.00				SAR 127,000,000.00

#### 4.6 Subject Property Value

Based on our analysis utilizing the Depreciated Replacement Cost (DRC) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 106,400,000.00**  
**One Hundred Six Million Four Hundred Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

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#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



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DOCUMENTS

DOCUMENT



## 5.2 Real Estate Valuation License





وزارة التجارة والاستثمار  
Ministry of Commerce and Investment

### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

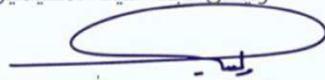
فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة

وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





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REAL ESTATE VALUATION REPORT

SICO Capital  
SICO Saudi REIT

# Eskan Tower 6

Makkah Al Mukaramah City  
February 2024



VISION رؤية  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0896

**Code:**

**Date:** 07/02/2024

**Subject: Valuation Report for Eskan Tower 6 in Makkah Al Mukaramah City, Saudi Arabia.**

**Dear SICO Capital,**

In accordance with your approved request dated 15<sup>th</sup> of November 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0896
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	SICO Capital.
<b>Report user</b>	The Client, Auditor.
<b>Other users</b>	Investors or those wishing to invest.
<b>Purpose of Valuation</b>	Auditing Purposes.
<b>Subject Property</b>	Hospitality Tower.
<b>Property Location</b>	Al Aziziyah district, Makkah Al Mokaramah City.
<b>Title Deed No.</b>	220108016433
<b>Title Deed Date</b>	1441/02/18
<b>Ownership Type</b>	Mortgage
<b>Limitations</b>	Mortgage to Al Riyadh Bank
<b>Owner</b>	Al Mashaar REIT Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	1,458 Sqm
<b>BUA (Sqm)</b>	15,200.71 Sqm.
<b>No. of Rooms</b>	255 Rooms.
<b>Pilgrims' capacity</b>	1,286 Pilgrims.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach- Comparable method, Cost Approach- DRC method.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 139,000,000.00
<b>Report Date</b>	02/07/2024
<b>Valuation Date</b>	13/12/2023
<b>Inspection Date</b>	01/12/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**SICO Capital** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Auditing Purposes**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply the **Market Approach- Comparable method, Cost Approach- DRC method, Cap Leasing Contract Method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **01/12/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to have absolute ownership, implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a hospitality tower composed of 18 floors and located in Al Aziziah district, Makkah Al Mukaramah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 1,458 square meters and a total built-up area (BUA) of 15,200.71 square meters.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on two sides, allowing ample natural light and ventilation. Notably, the property offers a direct view on Al Masjid Al Haram Road from the south side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

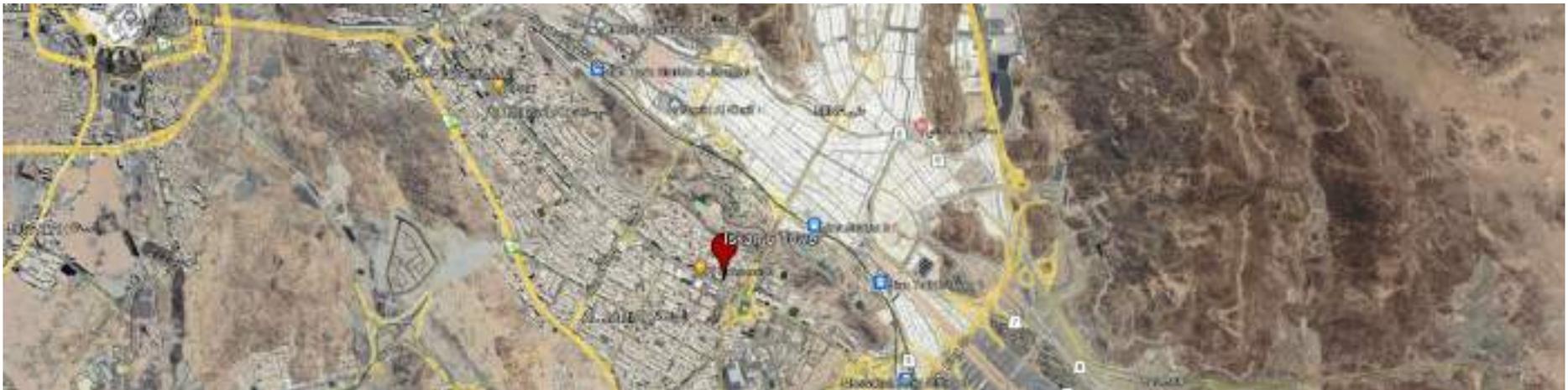
The subject property is primarily surrounded by several residential and mix-use buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Al Masjid Al Haram Road.

### 2.4 Infrastructure

All the infrastructural facilities are available in the surroundings and connected to the subject property.



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Makkah Al Mukaramah	<b>Land Area</b>	738 Sqm
<b>District</b>	Al Aziziyah	<b>Plot No.</b>	11/3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	220108016433	<b>Layout No.</b>	ج/2/21/1
<b>T.D Date</b>	1441/02/18	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Al Mashaar REIT Real Estate company	<b>Limitation of Document</b>	Mortgage to Al Riyadh Bank
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	Plot# 3/12	<b>East Side</b>	12 meters street
<b>South Side</b>	60 meters street	<b>West Side</b>	Plot# 3/10

<b>City</b>	Makkah Al Mukaramah	<b>Land Area</b>	720 Sqm
<b>District</b>	Al Aziziyah	<b>Plot No.</b>	12/3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	520120013033	<b>Layout No.</b>	ج/2/21/1
<b>T.D Date</b>	1441/02/18	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Al Mashaar REIT Real Estate company	<b>Limitation of Document</b>	Mortgage to Al Riyadh Bank
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	Pathway	<b>East Side</b>	12 meters street
<b>South Side</b>	Plot# 3/11	<b>West Side</b>	Plot# 3/10 and pathway

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	Add floor / Area
<b>Property Type</b>	Residential commercial
<b>Construction Permit No.</b>	70879
<b>Construction Permit Date</b>	24/08/1433

Description	No. of Units	Area (sqm)	Use
Basement	1	1,248.49	Parking Spots
Ground Floor	6	689.4	Reception + Commercial
Mezzanine	6	396.27	Reception+ Commercial
Mosque Floor	1	832.07	Mosque
Restaurant Floor	1	647.96	Restaurant
21 Typical Floors	1	825.5	Residential
Annex Floor	21	9,307.56	Residential
Staircase & Elevators	6	213.66	Staircase & Elevators
Sewage	1	177.22	Sewage
Tanks	1	862.58	Tanks
<b>Total BAU (sqm)</b>		<b>15,200.71</b>	

## 2.7 Hajj license

The client provides us with copy of the Hajj license for the subject property which is include the following:

Hajj license	
<b>Hajj License No.</b>	14055 / ج
<b>Issued Date</b>	16/11/1443
<b>District</b>	Al Aziziyah
<b>Issued From</b>	Holy Makkah Municipality
<b>Electricity Room</b>	1885704
<b>Receipt</b>	2928242477406
<b>Central Kitchens</b>	0
<b>Kitchens</b>	0
<b>No. of rooms</b>	255
<b>Capacity</b>	1,264 pilgrims
<b>Fire alarm system</b>	Available
<b>Firefighting system</b>	Available
<b>Generators</b>	Available
<b>Elevators</b>	8
<b>Automatic sprinkler system</b>	Fire alarm system
<b>Firefighting System</b>	Fire pump

## 2.8 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

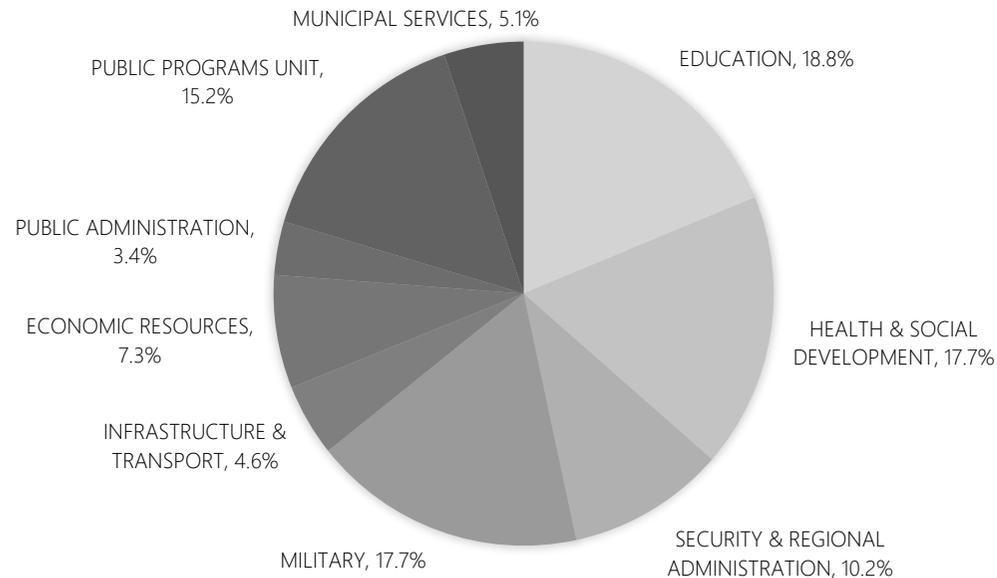
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022

Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

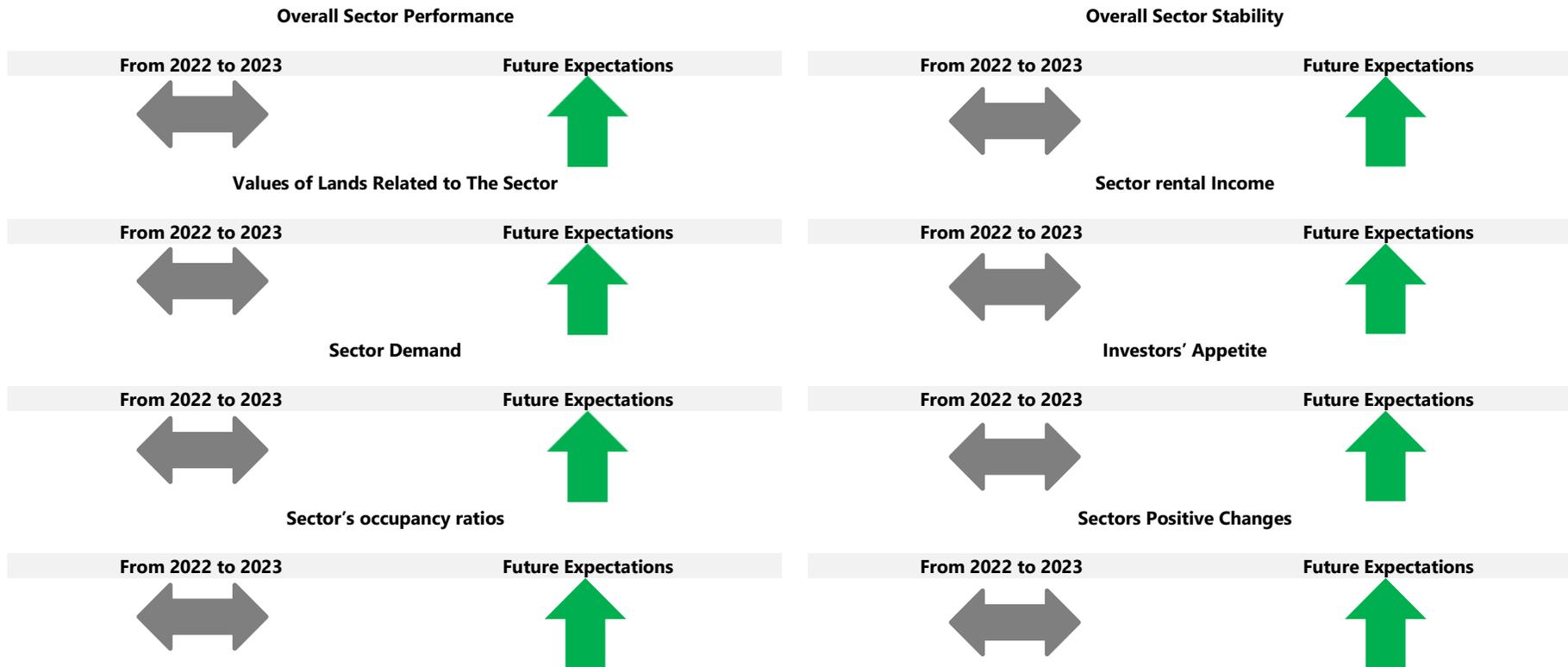
Source: Ministry of Finance



### 3.3 Sector Brief

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication of the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to last year
-  Indicator showing an increase in the current performance comparing to last year
-  Indicator showing a stable position in the current performance comparing to last year



White Cubes Team's Analysis



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the fair value of the subject property:

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

#### DEPRECIATED REPLACEMENT COST (DRC)

The cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

#### CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

## 4.2 Comparable Approach

Characteristics of Samples				
Feature	Subject Property	Sample 1	Sample 2	Sample 3
Quoting	-----	Transaction	Transaction	Offering
City	Makkah	Makkah	Makkah	Makkah
Sale Price	-----	SAR 12,568,728	SAR 50,832,600	SAR 26,000,000
Data Source	Client	Market Survey	Market Survey	Market Survey
Area Size	1,458.00	826.89	988.00	5,704.00
SAR / Sqm	-----	SAR 15,200	SAR 51,450	SAR 38,300

Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 15,200.0		SAR 51,450.0		SAR 38,300.0	
Mortgage	-----	Cash	0.00%	Cash	0.00%	-----	0.00%
Market Conditions	-----	-----	6.00%	-----	0.00%	-----	0.00%
Total Adjustments Ratio			6.00%		0.00%		0.00%
Total Adjustment Amount			SAR 912.00		SAR 0.00		SAR 0.00
Net After Adjustment			SAR 16,112.00		SAR 51,450.00		SAR 38,300.00

Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	1,458.00	826.89	-20.00%	988.00	-18.00%	5,704.00	30.00%
Location Desirability	High	High	20.00%	Low	0.00%	High	0.00%
Accessibility	Excellent	Excellent	20.00%	Poor	0.00%	Excellent	0.00%
Main Street Width (m)	30	10	15.00%	30	0.00%	30	0.00%
Sides Open	2	1	10.00%	1	10.00%	2	0.00%
Land Shape	Regular	Semi Regular	10.00%	Semi Regular	0.00%	Semi Regular	10.00%
Close to main street	Yes	No	10.00%	No	0.00%	No	0.00%
Total Adjustments Ratio			65.00%		-8.00%		40.00%
Total Adjustment Amount			SAR 10,472.8		-SAR 4,116.0		SAR 15,320.0
Net After Adjustment			SAR 26,584.8		SAR 47,334.0		SAR 53,620.0
Weighted Mean			<b>0%</b>		<b>25%</b>		<b>75%</b>
			SAR 0.00		SAR 11,833.50		SAR 40,215.00

SAR / Sqm	<b>SAR 52,049</b>
Rounded Value	<b>SAR 52,000</b>

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 75,816,000	Land Area	1,458	1,458	1,458	1,458	1,458
	SAR / Sqm	SAR 46,800.0	SAR 49,400.0	SAR 52,000.0	SAR 54,600.0	SAR 57,200.0
	Property Value	SAR 68,234,400	SAR 72,025,200	SAR 75,816,000	SAR 79,606,800	SAR 83,397,600

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 45,000 and 50,000 SAR/ Sqm, we will base our valuation on the average rate 52,000 SAR/ Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	SAR 450	SAR 750	SAR 600
Finishing Materials	SAR 900	SAR 1,100	SAR 1,000
Fitouts &Appliance	SAR 250	SAR 350	SAR 300
Furniture	SAR 750	SAR 850	SAR 800
Site Improvements	SAR 382	SAR 420	SAR 300
Developer Profit	18%	22%	20%
Land			
Land Area	SAR / Sqm		Total Value
1,458.00	SAR 52,000		SAR 75,816,000
Building			
	Unit	No of Floors	Total BUA
Basement	Sqm	1	1,248.49
Ground Floor	Sqm	1	689.40
Mezzanine	Sqm	1	396.27
Restaurant Floor	Sqm	1	647.96
Mosque Floor	Sqm	1	832.07
Services	Sqm	1	825.50
Typical Floors	Sqm	12	9,307.56
Annex	Sqm	1	213.66
Staircase - Elevators	Sqm	1	177.22
Tanks	Sqm	1	862.58
<b>Total (SQM)</b>	<b>15,200.71</b>		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	13,952.22	SAR 1,000	SAR 13,952,220	100%	SAR 13,952,220
Electro Mechanic	13,952.22	SAR 600	SAR 8,371,332	100%	SAR 8,371,332
Finishing	13,952.22	SAR 1,000	SAR 13,952,220	100%	SAR 13,952,220
Fit outs and Appliances	13,952.22	SAR 300	SAR 4,185,666	100%	SAR 4,185,666
Furniture	13,952.22	SAR 800	SAR 11,161,776	100%	SAR 11,161,776
Site Improvement	1,458.00	SAR 300	SAR 437,400	100%	SAR 437,400
<b>Total</b>			<b>SAR 52,060,614</b>	<b>100.00%</b>	<b>SAR 52,060,614</b>
Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,248.49	SAR 1,500	SAR 1,872,735	100%	SAR 1,872,735
Electro Mechanic	1,248.49	SAR 500	SAR 624,245	100%	SAR 624,245
Finishing	1,248.49	SAR 400	SAR 499,396	100%	SAR 499,396
<b>Total</b>			<b>SAR 2,996,376</b>	<b>100.00%</b>	<b>SAR 2,996,376</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
<b>Initial Project Pre Cost</b>			SAR 55,056,990	1.00%	SAR 550,570
<b>Design</b>			SAR 55,056,990	1.00%	SAR 550,570
<b>Eng Consultant</b>			SAR 55,056,990	1.00%	SAR 550,570
<b>Management</b>			SAR 55,056,990	5.00%	SAR 2,752,850
<b>Contingency</b>			SAR 55,056,990	5.00%	SAR 2,752,850
<b>Others</b>			SAR 55,056,990	0.00%	SAR 0
<b>TOTAL</b>				<b>13.00%</b>	<b>SAR 7,157,408.70</b>
<b>Total Hard Cost</b>	<b>SAR 55,056,990</b>			<b>BUA</b>	<b>15,200.71</b>
<b>Total Soft Cost</b>	<b>SAR 7,157,408.70</b>			<b>SAR / Sqm</b>	<b>SAR 4,093</b>
<b>Total Construction Cost</b>	<b>SAR 62,214,398.70</b>			<b>Overall Completion</b>	<b>100.0%</b>

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 62,214,399</b>	<b>Annual Dep Rate</b>	2.5%
<b>Total Completion Rate</b>	100.00%	<b>Actual Age</b>	8
<b>Developer Profit Rate</b>	20.0%	<b>Total Dep Rate</b>	20.00%
<b>Dev. Profit Amount</b>	SAR 12,442,880	<b>Add Appr Rate</b>	2.00%
<b>Development Value</b>	<b>SAR 63,458,687</b>	<b>Net Dep Rate</b>	<b>18.00%</b>
<b>Economic Age</b>	40	<b>Cost After Depreciation</b>	<b>SAR 51,015,807</b>

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 63,458,687	SAR 75,816,000	SAR 139,274,687	SAR 139,000,000

#### 4.4 Capitalization Method- Market Rate

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	8% to 12%

##### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 23% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 9% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

##### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

	Sample 1	Sample 2	Sample 3
Sale Price	SAR 190,596,000.00	SAR 65,240,000.00	SAR 726,455,000.00
NOI	SAR 14,294,700.00	SAR 4,893,000.00	SAR 54,484,125.00
Cap Rate	7.50%	7.50%	7.50%
<b>Average Cap Rate</b>	<b>7.50%</b>		
<b>Rounded</b>	<b>7.50%</b>		

Revenues						
Season Type	Unit	Quantity	Rate	Revenue Type	No of Days	Total Revenues
Hajj Season	Pilgrims	1,286	SAR 3,700	Seasonal	10	SAR 4,758,200
Ramadan (20 Days)	Keys	255	SAR 280	Daily	20	SAR 1,428,000
Ramadan (10 Days)	Keys	255	SAR 380	Daily	10	SAR 969,000
Other Seasons	Keys	255	SAR 220	Daily	325	SAR 18,232,500
Showrooms	Unit	869	SAR 1,800	Annually	365	SAR 1,564,200
<b>Total Revenues</b>						<b>SAR 26,951,900</b>
Deduction						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hajj Season	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Ramadan (20 Days)	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Ramadan (10 Days)	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Other Seasons	5.00%	5.00%	5.00%	0.00%	50.00%	65.00%
Showrooms	2.50%	0.00%	0.00%	0.00%	10.00%	12.50%
<b>Total Expenses</b>						<b>SAR 13,477,690</b>
Net Operating Income						
Season Type	Total Revenues	Total Deduction			NOI	
Hajj Season	SAR 4,758,200	20.00%			SAR 3,806,560	
Ramadan (20 Days)	SAR 1,428,000	20.00%			SAR 1,142,400	
Ramadan (10 Days)	SAR 969,000	20.00%			SAR 775,200	
Other Seasons	SAR 18,232,500	65.00%			SAR 6,381,375	
Showrooms	SAR 1,564,200	12.50%			SAR 1,368,675	
<b>Total</b>					<b>SAR 13,474,210</b>	
<b>Revenues</b>					SAR 26,951,900	
<b>Deductions</b>					-SAR 13,477,690	
<b>Net Operating Income</b>					<b>SAR 13,474,210.00</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>			<b>Rounded Value</b>	
<b>SAR 13,474,210.00</b>	<b>7.50%</b>	<b>179,656,133.33 SAR</b>			<b>180,000,000.00 SAR</b>	

## 4.5 Capitalization Method- Leasing Contract

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Revenues						
Season Type	Quantity		Revenues			Total Revenues
	Unit	Quantity	Rate	Revenue Type	No of Days	
Hospitality Tower			Fully Leased to One Tenant			SAR 6,348,000
					<b>Total Revenues</b>	<b>SAR 6,348,000</b>
Deduction						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hospitality Tower	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Operating Income						
Season Type	Total Revenues		Total Deduction			NOI
Hospitality Tower	SAR 6,348,000		0.00%			SAR 6,348,000
					<b>Total</b>	<b>SAR 6,348,000</b>
<b>Revenues</b>						SAR 6,348,000
<b>Deductions</b>						SAR 0
<b>Net Operating Income</b>						<b>SAR 6,348,000.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>			<b>Rounded Value</b>	
SAR 6,348,000.00	7.50%	SAR 84,640,000.00			SAR 85,000,000.00	

#### 4.6 Subject Property Value

Based on our analysis utilizing the Depreciated Replacement Cost (DRC) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 139,000,000.00**  
**One Hundred Thirty-Nine Million Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

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#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



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DOCUMENTS

DOCUMENT



## 5.2 Real Estate Valuation License





وزارة التجارة والاستثمار  
Ministry of Commerce and Investment

### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة

وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES



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REAL ESTATE VALUATION REPORT

SICO Capital  
SICO Saudi REIT

# Office Building

Riyadh City  
February 2024



VISION رؤية  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0896

**Code:**

**Date:** 07/02/2024

**Subject: Valuation Report for an Office Building located in Riyadh City, Saudi Arabia.**

Dear Sir,

In accordance with your approved request dated 15<sup>th</sup> of November 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0896
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	SICO Capital.
<b>Report user</b>	The Client, Auditor.
<b>Other users</b>	Investors or those wishing to invest.
<b>Purpose of Valuation</b>	Auditing Purposes.
<b>Subject Property</b>	Office Building.
<b>Property Location</b>	Al Rabie district, Riyadh City.
<b>Title Deed No.</b>	393140003190 - 393140003189
<b>Title Deed Date</b>	02/09/1442
<b>Ownership Type</b>	Mortgaged
<b>Limitations</b>	Mortgaged to Riyadh Bank.
<b>Owner</b>	Al Mashaar REIT Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	6,155.8 Sqm
<b>BUA (Sqm)</b>	23,220 Sqm.
<b>GLA (Sqm)</b>	10,700 Sqm.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach- Comparable method, Cost Approach- DRC method and Income Approach- Cap. Method.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 138,000,000
<b>Report Date</b>	07/02/2024
<b>Valuation Date</b>	13/12/2023
<b>Inspection Date</b>	01/12/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to: **SICO Capital** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Auditing Purposes**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply the **Market Approach- Comparable method, Cost Approach- DRC method and Income Approach- Cap. Method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **01/12/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to have absolute ownership, implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is an office building located in Al Rabie district, Riyadh city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 6,155.8 square meters and a total built-up area (BUA) of 23,220 square meters. During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Al Thumamah Road from the north side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Al Thumamah Road.

### 2.4 Infrastructure

All the infrastructural facilities are available in the surroundings and connected to the subject property.



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	3,076.42 Sqm
<b>District</b>	Al Rabie	<b>Plot No.</b>	3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	2
<b>T.D Number</b>	393140003189	<b>Layout No.</b>	3090
<b>T.D Date</b>	02/09/1442	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Mashaar REIT Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Riyadh Bank
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	60 meters street	<b>East Side</b>	Plot# 4
<b>South Side</b>	20 meters street	<b>West Side</b>	Plot# 2

<b>City</b>	Riyadh	<b>Land Area</b>	3,079.38 Sqm
<b>District</b>	Al Rabie	<b>Plot No.</b>	2
<b>T.D Type</b>	Electronic	<b>Block No.</b>	2
<b>T.D Number</b>	393140003190	<b>Layout No.</b>	3090
<b>T.D Date</b>	02/09/1442	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Mashaar REIT Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Riyadh Bank
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	60 meters street	<b>East Side</b>	Plot# 3
<b>South Side</b>	20 meters street	<b>West Side</b>	20 meters street

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The client has not provided us with a copy of the construction permit for the subject property; however, he did inform us that the total area of the building is 23,220 square meters.

## 2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

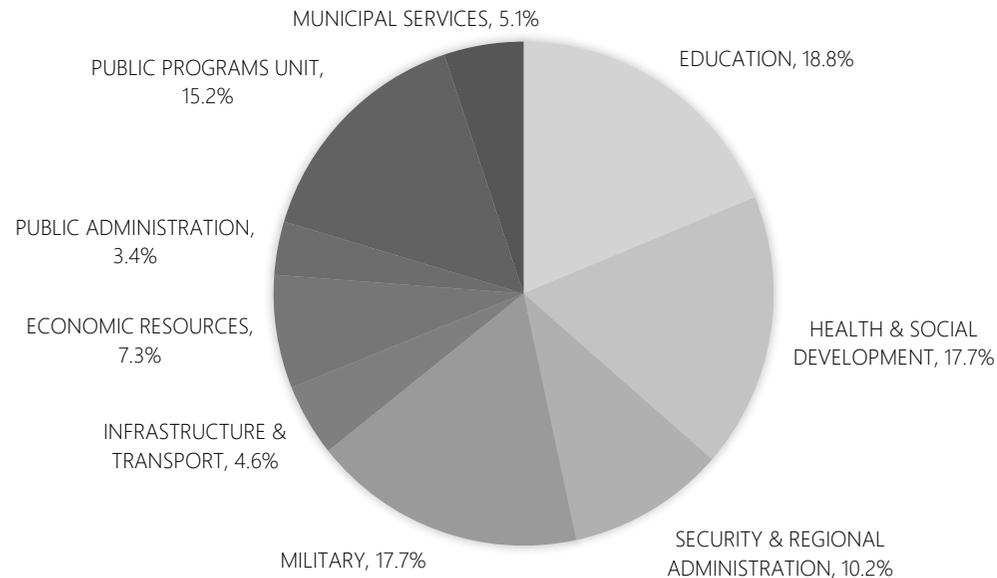
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022

Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

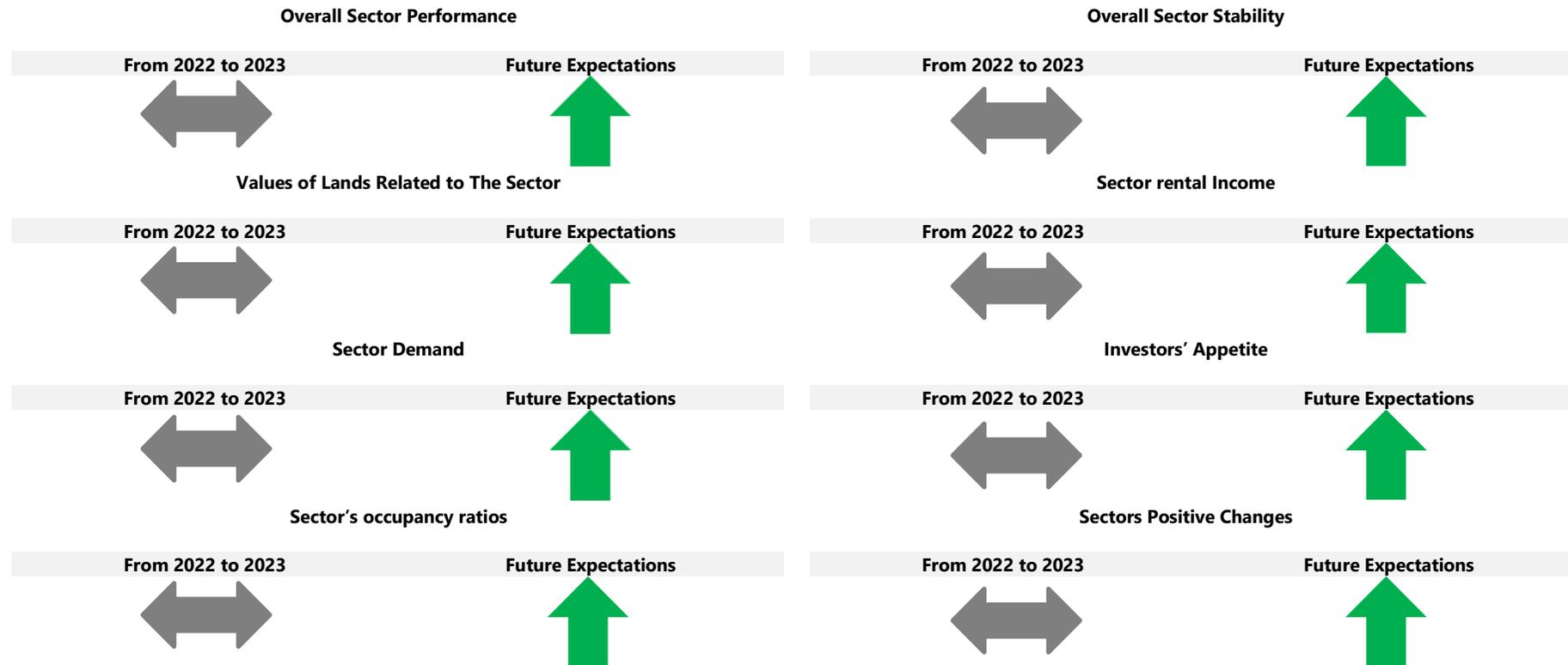
Source: Ministry of Finance



### 3.3 Sector Brief

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication of the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to last year
-  Indicator showing an increase in the current performance comparing to last year
-  Indicator showing a stable position in the current performance comparing to last year



White Cubes Team's Analysis



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the fair value of the subject property:

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	✓	----	✓	----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

#### DEPRECIATED REPLACEMENT COST (DRC)

The cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

#### CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

## 4.2 Comparable Approach

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 37,500,000		SAR 52,389,800		SAR 56,673,750	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	6,155.80	5,000.00		6,389.00		6,667.50	
SAR / Sqm	-----	SAR 7,500		SAR 8,200		SAR 8,500	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 7,500.0		SAR 8,200.0		SAR 8,500.0	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 7,500.00		SAR 8,200.00		SAR 8,500.00	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	6,155.80	5,000.00	0.00%	6,389.00	0.00%	6,667.50	0.00%
Location Desirability	High	High	0.00%	High	0.00%	High	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	60	60	0.00%	60	0.00%	60	0.00%
Sides Open	3	3	0.00%	4	-2.50%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio		0.00%		-2.50%		0.00%	
Total Adjustment Amount		SAR 0.0		-SAR 205.0		SAR 0.0	
Net After Adjustment		SAR 7,500.0		SAR 7,995.0		SAR 8,500.0	
Weighted Mean		5%		5%		90%	
		SAR 375.00		SAR 399.75		SAR 7,650.00	
SAR / Sqm	<b>SAR 8,425</b>						
Rounded Value	<b>SAR 8,400</b>						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 51,708,720	Land Area	6,156	6,156	6,156	6,156	6,156
	SAR / Sqm	SAR 7,560.0	SAR 7,980.0	SAR 8,400.0	SAR 8,820.0	SAR 9,240.0
	Property Value	SAR 46,537,848	SAR 49,123,284	SAR 51,708,720	SAR 54,294,156	SAR 56,879,592

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 8,000 and 8,400 SAR/ Sqm, we will base our valuation on the average rate 8,000 SAR/ Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost		
Concrete Cost	SAR 1,200	SAR 1,400	SAR 1,300		
MEP	SAR 700	SAR 900	SAR 800		
Finishing Materials	SAR 900	SAR 1,100	SAR 1,000		
Fitouts &Appliance	SAR 0	SAR 0	SAR 0		
Furniture	SAR 0	SAR 0	SAR 0		
Site Improvements	SAR 80	SAR 120	SAR 100		
Owner Profit	18%	22%	20%		
Land					
Land Area	SAR / Sqm		Total Value		
6,155.80	SAR 8,400		SAR 51,708,720		
Building					
	Unit	No of Floors	Total BUA		
Upper Floor	Sqm	1	23,220.00		
<b>Total (SQM)</b>	<b>23,220.00</b>				
Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	23,220.00	SAR 1,300	SAR 30,186,000	100%	SAR 30,186,000
Electro Mechanic	23,220.00	SAR 800	SAR 18,576,000	100%	SAR 18,576,000
Finishing	23,220.00	SAR 1,000	SAR 23,220,000	100%	SAR 23,220,000
Fit outs and Appliances	23,220.00	SAR 0	SAR 0	100%	SAR 0
Furniture	23,220.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	6,155.80	SAR 100	SAR 615,580	100%	SAR 615,580
<b>Total</b>			<b>SAR 72,597,580</b>	<b>100.00%</b>	<b>SAR 72,597,580</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 72,597,580	0.10%	SAR 72,598
Design			SAR 72,597,580	0.50%	SAR 362,988
Eng Consultant			SAR 72,597,580	1.00%	SAR 725,976
Management			SAR 72,597,580	5.00%	SAR 3,629,879
Contingency			SAR 72,597,580	5.00%	SAR 3,629,879
Others			SAR 72,597,580	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>#####</b>
<b>Total Hard Cost</b>	<b>SAR 72,597,580</b>			<b>BUA</b>	<b>23,220.00</b>
<b>Total Soft Cost</b>	<b>SAR 8,421,319.28</b>			<b>SAR / Sqm</b>	<b>SAR 3,489</b>
<b>Total Construction Cost</b>	<b>SAR 81,018,899.28</b>			<b>Overall Completion</b>	<b>100.0%</b>



DEVELOPMENT VALUE			
Total Dev Cost	SAR 81,018,899	Annual Dep Rate	2.5%
Total Completion Rate	100.00%	Actual Age	3
Developer Profit Rate	20.0%	Total Dep Rate	7.50%
Dev. Profit Amount	SAR 16,203,780	Add Appr Rate	0.00%
Development Value	SAR 91,146,262	Net Dep Rate	7.50%
Economic Age	40	Cost After Depreciation	SAR 74,942,482

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 91,146,262	SAR 51,708,720	SAR 142,854,982	SAR 142,850,000

#### **4.4 Discounted Cash Flow (DCF) Method based on actual Leasing Contracts**

The client provided us with the leasing contracts related to the subject property.

##### **Analysis of Operating and Maintenance Expenses**

The operating expenses of similar properties reached between 10% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

##### **Property Operation and Maintenance Expenses**

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

##### **Market Capitalization Rate Analysis**

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

##### **The Capitalization Rate Used for the Valuation**

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

	Sample 1	Sample 2	Sample 3	Sample 4
Sale Price	SAR 190,596,000.00	SAR 65,240,000.00	SAR 726,455,000.00	SAR 331,328,000.00
NOI	SAR 14,771,190.00	SAR 4,893,000.00	SAR 58,116,400.00	SAR 29,156,864.00
Cap Rate	7.75%	7.50%	8.00%	8.80%
<b>Average Cap Rate</b>	<b>8.01%</b>			
<b>Rounded</b>	<b>8.00%</b>			

Based on the above, the value of the property using the DCF method is as follows:

Cash Flow		2023	2024	2025
		0	1	2
<b>Increase Revision</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Expected Revenues</b>				
Al Basma	SAR	3,162,500	3,162,500	3,162,500
Amlak	SAR	2,500,000	2,500,000	2,750,000
Takaful	SAR	4,500,000	4,500,000	5,000,000
<b>Overall Revenues</b>		<b>10,162,500</b>	<b>10,162,500</b>	<b>10,912,500</b>
<b>Expenses</b>				
OPEX	15.0%	1,524,375	1,524,375	1,636,875
<b>Overall Expenses</b>		<b>1,524,375</b>	<b>1,524,375</b>	<b>1,636,875</b>
<b>NOI</b>		<b>8,638,125</b>	<b>8,638,125</b>	<b>9,275,625</b>
<b>Terminal Value</b>	<b>7.0%</b>			<b>132,508,929</b>
Discount Rate	8.0%	1.00	0.93	0.86
<b>Present Value</b>		<b>8,638,125</b>	<b>7,998,264</b>	<b>121,557,402</b>
<b>Net Present Value</b>				<b>138,193,791</b>

## 4.5 Income Approach- Capitalization Method Based on Market Rates

### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for office units range from 800 to 900 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates for similar properties:

Comparable No.	Office Units
Comparable 1	Rental Rate/ Unit 850 SAR/ Sqm
Comparable 2	800 SAR/ Sqm
Comparable 3	850 SAR/ Sqm
Average	<b>850 SAR/ Sqm</b>



### **Analysis of Operating and Maintenance Expenses**

The operating expenses of similar properties reached between 10% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

### **Property Operation and Maintenance Expenses**

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### **Market Capitalization Rate Analysis**

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### **The Capitalization Rate Used for the Valuation**

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 6.25%, which will be applied subsequently to the net operating income of the property.



	Sample 1	Sample 2	Sample 3	Sample 4
Sale Price	SAR 190,596,000.00	SAR 65,240,000.00	SAR 726,455,000.00	SAR 331,328,000.00
NOI	SAR 14,771,190.00	SAR 4,893,000.00	SAR 58,116,400.00	SAR 29,156,864.00
Cap Rate	7.75%	7.50%	8.00%	8.80%
<b>Average Cap Rate</b>	<b>8.01%</b>			
<b>Rounded</b>	<b>8.00%</b>			

Based on the above, the value of the property using the income capitalization method is as follows:

Revenues					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Offices	10,700	0	SAR 1,300	SAR 0	SAR 13,910,000
				<b>Total Revenues</b>	<b>SAR 13,910,000</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Offices	3.00%	3.00%	3.00%	5.00%	14.00%
				<b>Total Expenses</b>	<b>14.00%</b>
Net Operating Income					
Unit Type	Total Revenues		Total Expenses		NOI
Offices	SAR 13,910,000		14.00%		SAR 11,962,600
				<b>Total</b>	<b>SAR 11,962,600</b>
<b>Total Property Revenues</b>					SAR 13,910,000
<b>Total Property Expenses</b>					-SAR 1,947,400
<b>Net Operating Income</b>					<b>SAR 11,962,600.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>		<b>Property Value</b>		<b>Rounded Value</b>
<b>SAR 11,962,600.00</b>	<b>8.00%</b>		<b>SAR 149,532,500.00</b>		<b>SAR 150,000,000.00</b>

#### 4.6 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: 138,000,000 SAR**  
**One Hundred Thirty-eight Million Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

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#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



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DOCUMENTS

DOCUMENT

Documents Received

5.1 Title deeds

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة الممتلكات  
[٢٧٧]

تاريخ المسكوك: ١٤٤٩/٩/٢ هـ  
رقم المسكوك: ٣١٣١١٠٠٠٣١٨٠

صك

المسكوك واحد والمسكوكات والسمك على من لا يبيعه ويعدّه بعداً فإن قطعة الأرض رقم 2 من البك ورقم 2 من المخطط رقم 3090 الواقع في حي الربيع بمدينة الرياض - وحدها وطولها: شمالاً شارع التخصصي ثم من 60م بطول 51 واحد وخصون متر جنوباً شارع عرض 20م بطول 51 واحد وخصون متر شرقاً قطعة رقم 60,44 بطول 60,4 متر و أربعة واربعون سنتار غرباً قطعة رقم 2 بطول 60,44 متر و أربعة واربعون سنتار ومساحتها 3076,42 متر مربع وساحة و ساحة و سبعةون متر مربعاً و الأبن و الأبن و الأبن مستأجر مربعاً المسكوكة لشركة مشاهير ريك العقارية بموجب سجل تجاري رقم 1010929452 بموجب المسكوك الصادر من كتلة العمل الأولى بالرياض بوقت 31/08/2016 رقم 1442 / 08 / 16 ثم خلتها وما قبلها أو غيرها عليها من شأن المسكوك / بنك الرياض بموجب سجل تجاري رقم 1010001054 خدمة لوفاء بـ 33811000 فقط ثلاثة و ثلاثون مليوناً و ثمانمائة و أحد عشر ألف ريال سعودي لا غير حسب الزم : بموجب عقد التمويل المبرم من الهيئة الشرعية رقم 98 و ذلك كتمسك لوفاء بجزء من الأقساط والتمتعقات المالية على أن يتم السداد لقطعة واحدة بتاريخ 2024-06-09م وفي حالة عدم السداد للمقرض بيع العقار بالقيمة التي تنتهي حالها في حياض الاستيفاء على مدة الترافع من قبلة وما نقص بوجه قبلة بعد اكتمال ما ذكره شرعاً و عليه جزئ التسليف تجزئاً في 1442 / 08 / 02 لاقتضاه ووصلني انه على نيابة محمد والة وصحبه وسلم

صدرت هذه الوثيقة من وزارة العدل - ويصحب النطق من مدينتها ومدينتها عبر المنصات الإلكترونية لوزارة العدل  
تاريخ النطق: 2024-08-09  
سلسلة رقم 7 من 1

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
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[٢٧٧]

تاريخ المسكوك: ١٤٤٩/٩/٢ هـ  
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صدرت هذه الوثيقة من وزارة العدل - ويصحب النطق من مدينتها ومدينتها عبر المنصات الإلكترونية لوزارة العدل  
تاريخ النطق: 2024-08-09  
سلسلة رقم 7 من 1

## 5.2 Real Estate Valuation License





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Ministry of Commerce and Investment

### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

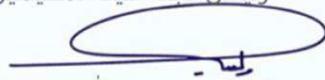
فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة

وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (43/م) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



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