



WHITE CUBES

REAL ESTATE VALUATION REPORT

# SICO Capital

## SICO SAUDI REIT

### Office Building

Riyadh City  
30 June 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0401  
**Code:**  
**Date:** 30/06/2023  
**M/S:** Tareq Aql

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

Dear Sir,

With reference to your request and approval dated on 29<sup>th</sup> of May 2023. We will provide you with a detailed report on the property under evaluation, including a market analysis, an economic analysis, and a description of the valuation methods. In addition, we WHITE CUBES guarantee the confidentiality of the client's information and are committed to complete impartiality in the evaluation process and acknowledge that there are no common interests between WHITECUBES and the client.

**WHITE CUBES Consulting Services Co.**

**Mr. Essam M. 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

## Table of Contents

EXECUTIVE SUMMARY	5
SCOPE OF WORK	7
1.1 INTRODUCTION	7
1.2 PURPOSE OF VALUATION	7
1.3 BASIS OF VALUATION	7
1.4 VALUATION METHODS	7
1.5 CURRENCY	7
1.6 SCOPE OF RESEARCH	7
1.7 PROPERTY INSPECTION	8
1.8 INFORMATION SOURCES	8
1.9 ASSUMPTIONS AND SPECIAL ASSUMPTIONS	8
1.10 USE, DISTRIBUTION, AND PUBLICATION RESTRICTIONS	9
1.11 LEGAL NOTES	9
PROPERTY AND LOCATION DESCRIPTION	11
2.1 PROPERTY DESCRIPTION	11
2.2 SURROUNDING AREA	11
2.3 EASE OF ACCESS	11
2.4 INFRASTRUCTURE	11
2.5 TITLE DEED AND OWNERSHIP	12
2.6 CONSTRUCTION AND BUILDINGS	13
2.7 PHOTOGRAPHS OF THE SUBJECT PROPERTY	14
MARKET INDICATORS	16
3.1 SAUDI ARABIA ECONOMIC INDICATORS	16
3.2 BUDGET ALLOCATION FOR 2023	16
3.3 SECTOR BRIEF	17
PROPERTY VALUATION	19
4 VALUATION METHODS	19
4.1 COMPARABLE APPROACH	20
4.2 DEPRECIATED REPLACEMENT COST (DRC) APPROACH	22
4.3 DISCOUNTED CASH FLOW (DCF) METHOD BASED ON ACTUAL LEASING CONTRACTS	24
4.4 INCOME APPROACH- CAPITALIZATION METHOD BASED ON MARKET RATES	26
4.5 SUBJECT PROPERTY VALUE	29
4.6 CONCLUSION	29
4.7 ACCREDITED VALUERS	29
DOCUMENTS RECEIVED	31
5.1 TITLE DEED AND CONSTRUCTION PERMIT	31
5.2 REAL ESTATE VALUATION LICENSE	32



WHITE **CUBES**

# EXECUTIVE SUMMARY

---

EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0401
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	SICO Capital.
<b>Report user</b>	SICO Capital – External 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>	06/08/2023
<b>Valuation Date</b>	30/06/2023
<b>Inspection Date</b>	01/06/2023
<b>Expiry Date</b>	90 days from date of the inspection, unless there're any economic changes that affect the subject property.



WHITE **CUBES**

**SCOPE OF WORK**

---

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

**According to Paragraph 1.2, the appropriate basis for value adopted in the evaluation process is the fair value of the property.**

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, cost approach.

### 1.5 Currency

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

### 1.6 Scope of Research

Research is an important part of the valuation process. We will conduct extensive research and analysis of various factors that can impact the value of a property or asset, such as market conditions, comparable sales, property characteristics, income potential, and legal and regulatory factors.

## 1.7 Property Inspection

Inspection refers to visiting and inspecting an asset, testing its performance, and gathering information about it from quantities, specifications, land area, building areas, rental areas, services, public utilities, project components, etc., so that an opinion can be expressed regarding its value. Therefore, we confirm that subject property was inspected on 01/06/2023 with its specifications, as well, we note that this wasn't a technical inspection, but rather a preview and recording of everything that was seen.

## 1.8 Information Sources

An on-site field survey was conducted by our team to ensure the accuracy of some market information required for the valuation, including nearby asset prices, occupancy rates, and specific information about the asset under valuation, to determine its actual fair value. The following sources were used during the field research process:

- Property records: In the absence of property ownership documents, the client has provided us with some information about the assets.
- Market trends: Real estate market trends and economic indicators can be used to assess the overall demand and supply for properties in the area.
- Income analysis: Income-producing properties such as rental properties can be valued based on their income potential.
- Personal inspection: A physical inspection of the property can provide valuable information on its condition and any unique features that may affect its value.

## 1.9 Assumptions and Special Assumptions

As defined by the International Valuation Standards, assumptions are logical matters that can be accepted as facts during valuation work without being specifically checked or scrutinized. They are accepted as soon as they are mentioned. Based on the facts at the time of the valuation.

- It has been assumed that the information provided by the client is accurate.
- Assumed that all information received from the client is accurate and up to date as of the date of the valuation, whether oral or written.
- This is a valuation report rather than a structural survey. As a result, we did not conduct any utility checks, service checks, soil tests, etc.
- The valuation methodologies are based on market data compiled using our relevant market knowledge and experience.
- This report's output (final value) is derived from assumptions used, documents received from the client, and market data. Nevertheless, the output estimates provide an indication of the property's value.



### **1.10 Use, Distribution, and Publication Restrictions**

To estimate the fair value of the assets being evaluated, WHITE CUBES Co. has prepared this report. There are restrictions on the transfer, referencing, and presentation of this report and its contents to any other party except as stipulated in the contract letter, and the client must obtain our prior written consent in order to use this report for any other purpose other than that stated in this report.

### **1.11 Legal Notes**

As far as we are aware, no legal notices have been served on the property, whether they are in progress or pending in the court system.



WHITE **CUBES**

**PROPERTY DETAILS**

---

PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is an office building located in Al Rabie district, Riyadh city. Based on the provided copies of the title deeds and information provided by the client, the project has total land area of 6,155.8 Sqm and total BUA of 23,220 Sqm. As per the site inspection done by our team for the purpose of valuation, we have found that the building is open from 3 sides with a direct view on Al Thumamah Road from the north side.

### 2.2 Surrounding Area

The subject property is surrounded mostly by several residential and commercial buildings.

### 2.3 Ease of Access

Based on the current location of the subject property, the access level is high since it is located 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 provides us with a copy of the title deeds related to the subject property which is owned by one title deed. 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>Owner</b>	Mashaar REIT Real Estate Company
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	02/09/1442	<b>Limitation of Document</b>	Mortgaged
<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>Owner</b>	Mashaar REIT Real Estate Company
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	02/09/1442	<b>Limitation of Document</b>	Mortgaged
<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**

---

MARKET  
INDICATORS

## Market Indicators

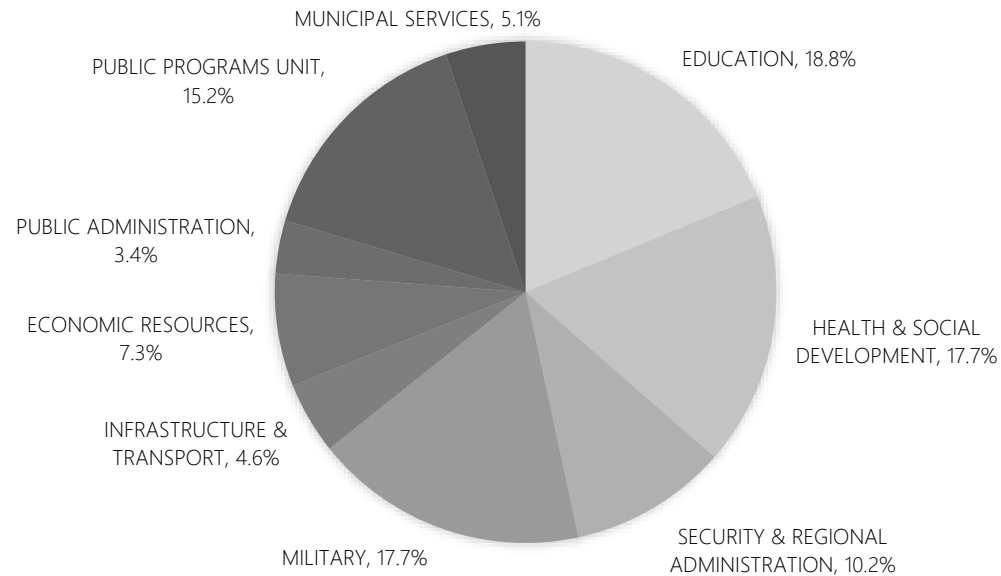
### 3.1 Saudi Arabia Economic Indicators

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 2023

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

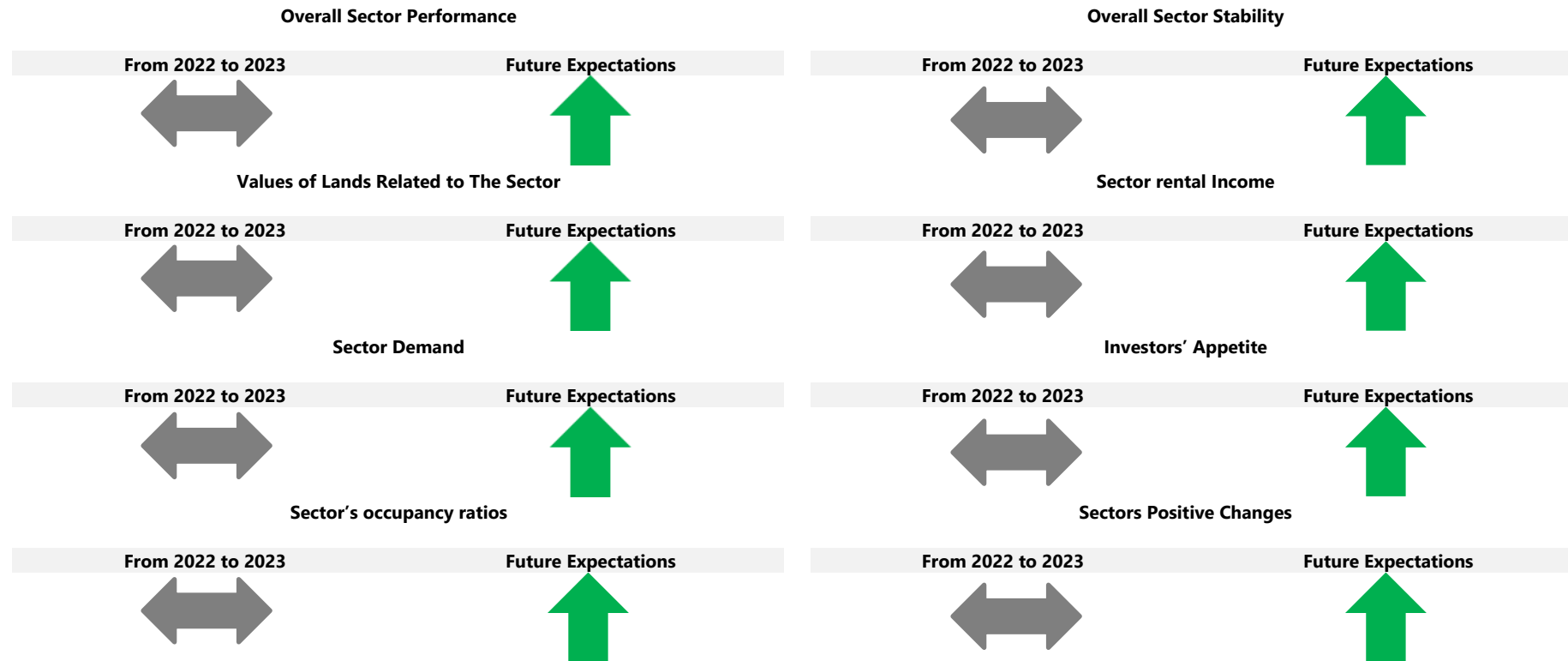




### 3.3 Sector Brief

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 on 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

---

PROPERTY  
VALUATION

## Property Valuation

### 4 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.

## 4.1 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	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	-----	-----		-----		-----	
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		6,389.00		6,667.50	
Location Desirability	High	High		High		High	
Accessibility	Excellent	Excellent		Excellent		Excellent	
Main Street Width (m)	60	60		60		60	
Sides Open	3	3		4		3	
Land Shape	Regular	Regular		Regular		Regular	
Close to main street	Yes	Yes		Yes		Yes	
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 / Sqm	<b>SAR 8,425</b>	SAR 375.00		SAR 399.75		SAR 7,650.00	
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.



## 4.2 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			
Upper Floor	Unit	No of Floors	Total BUA
	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>

<b>DEVELOPMENT VALUE</b>			
<b>Total Dev Cost</b>	<b>SAR 81,018,899</b>	<b>Annual Dep Rate</b>	2.5%
<b>Total Completion Rate</b>	100.00%	<b>Actual Age</b>	3
<b>Developer Profit Rate</b>	20.0%	<b>Total Dep Rate</b>	7.50%
<b>Dev. Profit Amount</b>	SAR 16,203,780	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 91,146,262</b>	<b>Net Dep Rate</b>	<b>7.50%</b>
<b>Economic Age</b>	40	<b>Cost After Depreciation</b>	<b>SAR 74,942,482</b>

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 91,146,262</b>	<b>SAR 51,708,720</b>	<b>SAR 142,854,982</b>	<b>SAR 142,850,000</b>

### 4.3 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>

#### 4.4 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>

#### 4.5 Subject Property Value

We are of an opinion that the total fair value of the subject property taking into consideration the purpose of valuation by using the DCF method based on the leasing contract is:

**Property Value: 138,000,000 SAR**  
**One Hundred Thirty-eight Million Saudi Riyals.**

#### 4.6 Conclusion

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent.

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member (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

**Nasser A. Al Arifi**  
 Valuer



Member of (RE Valuation)  
 License No. 1210002399

**WHITECUBES Stamp**





WHITE **CUBES**  
DOCUMENTS

---

DOCUMENT



## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

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

# Valuation Report Administrative building

Client : **SICO Saudi REIT Fund**



## Statement

**Dear : SICO Saudi REIT Fund      Greetings**

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

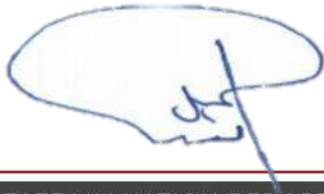
We, Qaim and his partner real estate valuation company, extend our sincere thanks and appreciation to you for choosing us and giving you your precious trust to evaluate the property located in the city of **Riyadh, Al-Rabea** district, according to the assignment issued by you on 28/05/2023 AD based 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 06/30/2023 AD located in the city of **Riyadh, with an amount of only (147,320,000) One hundred and forty-seven million three hundred and twenty 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: 147,320,000 Saudi riyals

Valuer		
<ul style="list-style-type: none"> <li>Ismail Muhammad Al-Dubaikhi Membership No. 1210000052</li> <li>Shaeq bin Saleh Al Shaeq, Membership No. 1210001415</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	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
29/05/2023	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	Value Basis	Ownership Type
30/06/2023	Fair value	Absolute ownership
Report issued date	Assumed value	Deed number and date
20/07/2023	Present use	(393140003190 , 393140003189 ) on 02/09/1442

# 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 (Profit 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.

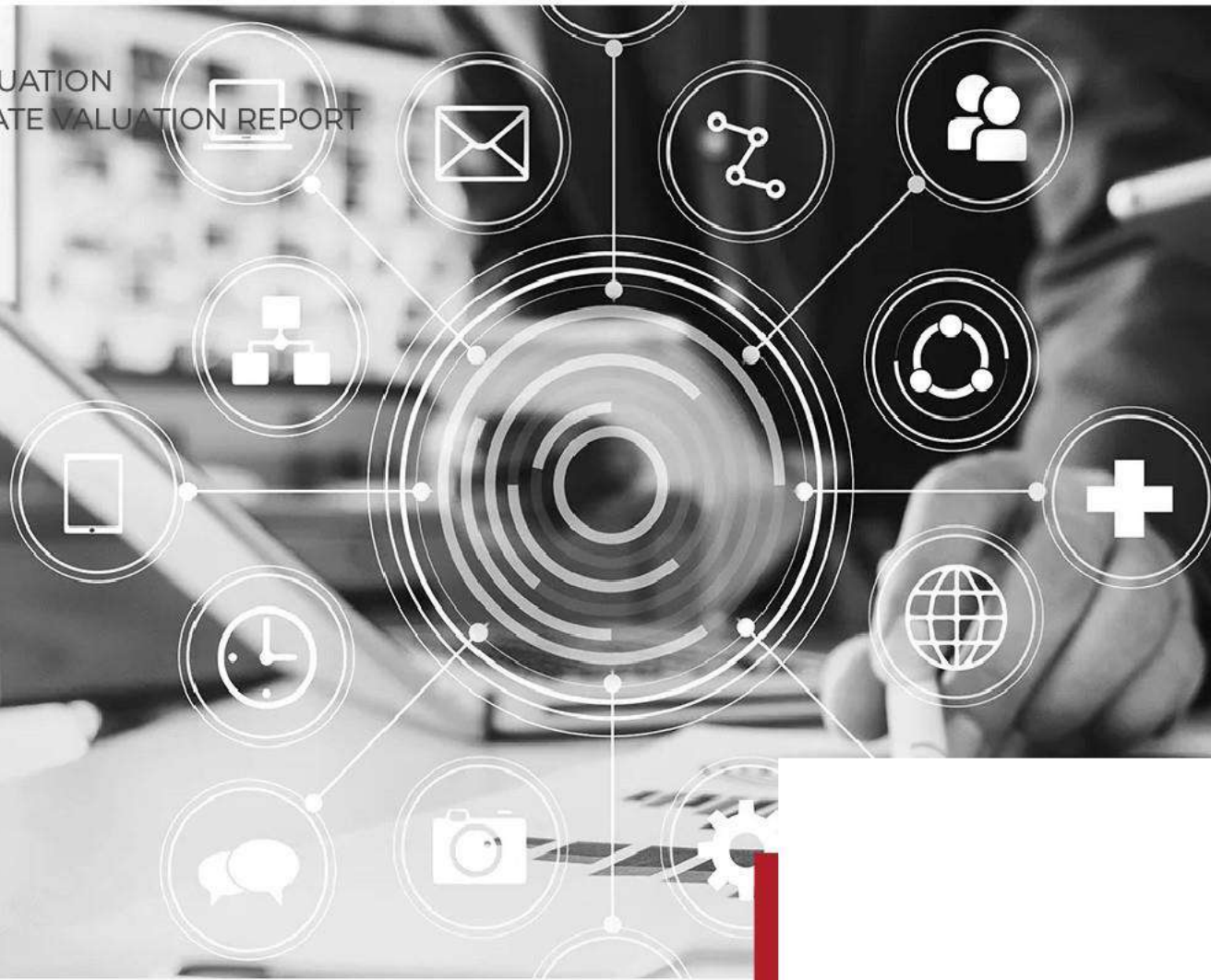
Information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but not all of it was confirmed in all cases, and no guarantee was given regarding the validity of this information, if it 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 evaluation. 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 Saudi REIT Fund	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	2023\06\30	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 caution 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. .

## 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

Compliance with Standards ,Research and  
Inquiry

## 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 evaluation.
- Limitations of the research and survey that were carried out indicate the limitations in the scope of work with the analysis of all evaluation 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	Contracts	There are no contracts attached by the client	The deed sent by the client has been verified
	Rental data	There is no data attached by the customer about the rent	
	Deed + Excel statement	---	
Market	Residential and commercial meter prices	Trusted	Based on the market survey - direct interviews - accredited offices in the real estate area - internal company data
	Purpose of the valuation	Listing in the financial statements	---
	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 evaluation 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 of 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.

## Description of interior and exterior finishes and construction

INTERIOR FINISHES				
<b>Doors</b>	<b>Roofs</b>	<b>Wall Cladding</b>	<b>Floors</b>	
Wood	Gypsum decorations	Paint	Marble - Ceramic	
<b>Windows</b>	<b>Health kits</b>	<b>Stairs</b>	<b>Insulation type</b>	
Aluminum and ordinary glass	high quality	Marble	N.A.	
EXTERIOR FINISHES				
<b>Building fronts</b>	<b>Facilities</b>	<b>Doors</b>	<b>Floors</b>	
Stone - paint	N.A.	Iron	Tiles	
Electromechanical and air conditioning systems				
<b>Air Conditioning</b>	<b>Elevators</b>	<b>Electrical wiring and outlets</b>	<b>Lighting</b>	<b>Water Feeding System</b>
Window + split		Good	Good	N.A.
Security and safety systems - other facilities				
<b>Facilities</b>	<b>Fire Alarm and Extinguishing Systems</b>		<b>Security Systems</b>	
N.A.	N.A.		N.A.	



## Property description

- The building area was determined based on the **(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 **(30/6/2023)**

When examining the property, it became clear to us that it is a **(Administrative building )**. Detailed as below:

Building components			
S/N	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
<b>Total</b>	<b>4 floors + 2 basement parking</b>	<b>23,036.88</b>	

Property location

Property is located in: **Riyadh**

Neighborhood: **Al-Rabee**

Street: **Al Thumama Road**

Location coordinates	N :	<b>24.8087480</b>	E :	<b>46.6669810</b>
----------------------	-----	-------------------	-----	-------------------



Property under valuation

## 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



# 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 valuation 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

Valuation Approaches	Income Approach	Market Approach	Cost Approach
Used approach	Income Approach was used mainly	Market Approach has been used as an assist	Cost approach was used as an assist
Used valuation methods	Discounted Cash Flow method	Field survey (comparisons carried out in the real estate area and offered land prices)	Depreciated replacement cost method for buildings
Reasons for use	The fact that the property is income-generating	Basic method to find out similar real estate in the market and estimate the price per square meter of land	The nature of the property and the fact that the land is built on it and to estimate the construction cost of the property

## Fair value hierarchy

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

Hierarchy table					
Level	clarification	input statement	classification	Source	Judgment and documentation
First	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	---	---	---	---
Second	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
Third	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 estate		
Comparison factors	Comparison 1	Comparison 2
Area (m2)	7,930	2,287
Ease of access	High	High
Property location	High	High
Land shape	Flat	Flat
Land topography	Regular	Regular
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						
Adjustments factors	Clause	Comparative real estates				
		Property under valuation		Comparison 1		Comparison 2
		Value	Adjustment	Value	Adjustment	
Price per square meter	***		6,900		8,750	
Condition	***	Available offer		Available offer		
Date of valuation/offer	30/06/2023	30/06/2023		30/06/2023		
Market Condition	***	-5.00%	- 345	-5.00%	- 438	
Financing terms	***	0.00%	-	0.00%	-	
Market conditions value	***		(345.00)		(437.50)	
Value after initial settlements	***		6,555		8,313	
Land area (m <sup>2</sup> )	6155.80	7,930	5%	2,287	-5%	
Ease of access	High	High	0%	High	0%	
Property location	High	High	0%	High	0%	
Land shape	Flat	Flat	0%	Flat	0%	
Land topography	Regular	Regular	0%	Regular	0%	
Land use	Commercial	Commercial	0%	Commercial	0%	
Surrounding streets	3	4	-5%	2	10%	
	Total		0.00%		5.00%	
Adjustment value per square meter			-		416	
Final meter value after Adjustments			6,555		8,728	
Net average value per square meter (SR / m <sup>2</sup> )			7,642			
The market value of the land (SR / m <sup>2</sup> )			47,039,930			

## 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	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
Others	-	-	-
Fence	60	-	-
<b>Total (SR)</b>	<b>23,195</b>		<b>63,076,240</b>

### Second: Other costs (indirect)

Professional fees	2%	1,261,525
Utilities Network	2%	1,261,525
Administration costs	2%	1,261,525
Financing costs (0 years / 0%)	0%	-
Developer's profitability	10%	6,307,624
<b>Total (SR)</b>		<b>10,092,198</b>
<b>Total cost of buildings (SR)</b>		<b>73,168,438</b>

### Third: Depreciation cost

Life span of the property (year)	Year	40
The current age of the property (year)	Year	3
Remaining life of the property (year)	Year	37
Depreciation rate	%	8
Depreciation value	SR	5,487,633
<b>Final value of the building (SR)</b>		<b>67,680,806</b>

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

Final value of the land (SR)	47,039,930
Final value of buildings (SR)	67,680,806
<b>Market value of the property according to the Cost Approach (SR)</b>	<b>114,720,736</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>	<b>114,720,000</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.

Income data

Real estate annual income statement				
Unit No	Unit type	Area (m2)	Rental value per meter (SR/meter)	Rental value (SR)
1	Administrative Offices	2910	859	2,750,000
2	Administrative Offices	2500	1100	2,750,000
3	Administrative Offices	5300	934	4,950,000
<b>Total annual income of the property (SR)</b>				<b>10,450,000</b>

## Estimating the value of the property - Income Approach

### Discounted Cash Flow assumptions

Total rental income	10,450,000	Discount rate	9%
Operating and capital expenditure rate	0%	Capitalization rate	7%
Occupancy rate and credit risk	0%	Growth rate - annually from the second year	2%

Cash flow - Inflows	Expected growth value	Investment years						Reversion value
		2024 1	2025 2	2026 3	2027 4	2028 5	2029 6	
		0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Total rental income	10,912,500	10,450,000	10,659,000	10,872,180	11,089,624	11,311,416	11,537,644	
Minus occupancy rate and credit risk	0%	0%	0%	0%	0%	0%	0%	
Annual vacancy value		0	0	0	0	0	0	
Actual total rental income		10,450,000	10,659,000	10,872,180	11,089,624	11,311,416	11,537,644	
Minus rate of operating and capital expenses	0%	0	0	0	0	0	0	
Building net operating income (NOI)		10,450,000	10,659,000	10,872,180	11,089,624	11,311,416	11,537,644	
Reversion value of the building								164,823,491
Net cash flow		10,450,000	10,659,000	10,872,180	11,089,624	11,311,416	11,537,644	164,823,491
Discount factor		0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5963
Present value of cash flow		9,587,156	8,971,467	8,395,318	7,856,169	7,351,644	6,879,520	98,278,863
Net present value of the property								147,320,137

Final value of the property (SR) 147,320,137

Final value of the property after rounding (SR) 147,320,000

## Final value of the property

Based on the purpose of valuation and the nature of the property and its characteristics as an administrative building property, valuing of the property by using Income Approach is considered better than Cost Approach, and therefore the value reached by Income Approach will be weighted as the basis for the fair value of the property under valuation on 30-06-2023

As follows:

Fair price estimate in writing	Fair price estimate in numbers
One hundred and forty-seven million three hundred and twenty thousand Saudi riyals	147,320,000

This report was approved by the Executive Director

Ismail Muhammad al-Dubaikhi





**ملاحق** ■

# **Appendix**



## Team



Hossam Hassan Ashi  
Real estate - Associate  
Membership No1210002501



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



Shaeq bin Saleh Al Shaeq  
Real estate-Basic Follow  
Membership No1210001415



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



## General Administration

Riyadh 11666, Othman Bin Affan Road, Building No. 8484, Office No. 6

✉ [info@qiam.com.sa](mailto:info@qiam.com.sa)

🌐 [www.qiam.com.s](http://www.qiam.com.s)

☎ +966 92 002 5832