



WHITE CUBES

REAL ESTATE VALUATION REPORT

# SICO Capital

## SICO SAUDI REIT

### ESKAN TOWER 4

Makkah Al Mukaramah 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 Eskan Tower 4 in Makkah Al Mukaramah 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

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# EXECUTIVE SUMMARY

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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>	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>	N/A
<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>Pilgrim's Capacity</b>	1,868 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 Method.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 141,780,000.00
<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**

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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**

**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**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

Based on the information provided, the subject property is a hospitality tower composed of 23 floors and located in Al Aziziah district, Makkah Al Mukaramah City. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,287.97 Sqm and a total BUA of 18,053 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from two sides with a direct view on Al Masjid Al Haram Road from the west side.

### 2.2 Surrounding Area

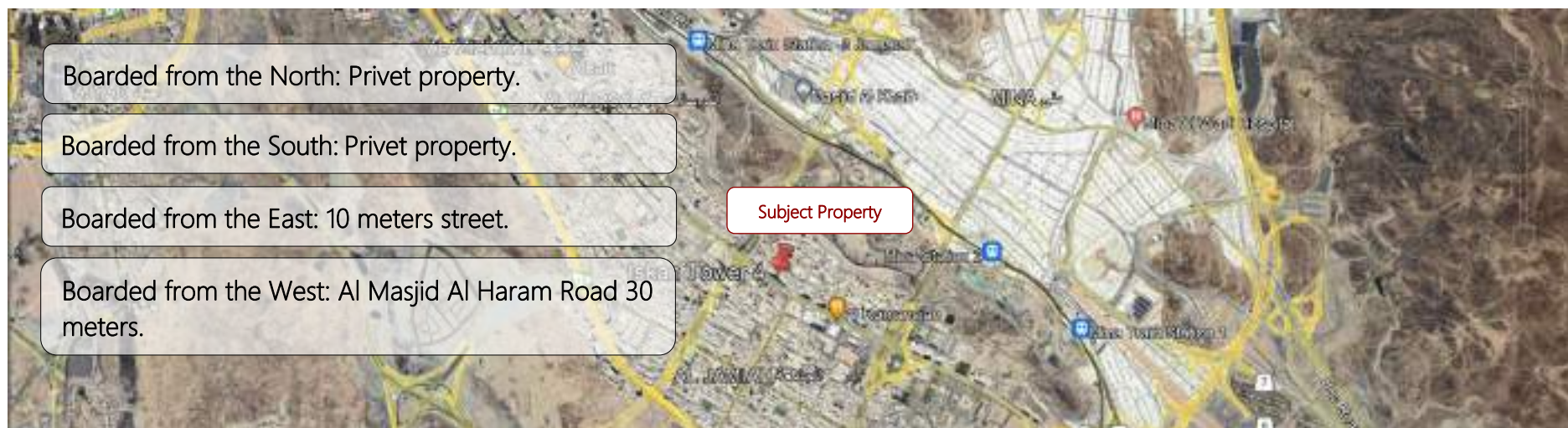
The subject property is surrounded mostly by several residential and mix-use buildings.

### 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 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 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>	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>	ح/7/21/1
<b>T.D Date</b>	08/04/1439	<b>Owner</b>	Al Mashaar REIT Real Estate company
<b>T.D Value</b>		<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>		<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	private property	<b>East Side</b>	11 meters street
<b>South Side</b>	private property	<b>West Side</b>	30.40 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>	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 Tanks	1	6	Sewage
<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





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**MARKET INDICATORS**

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MARKET  
INDICATORS



## Market Indicators

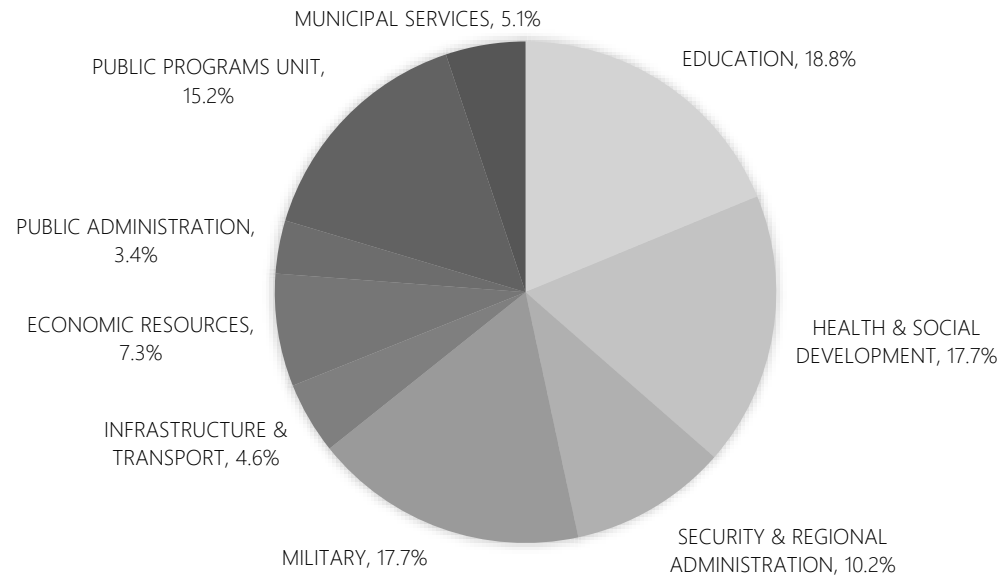
### 3.1 Saudi Arabia Economic Indicators

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 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

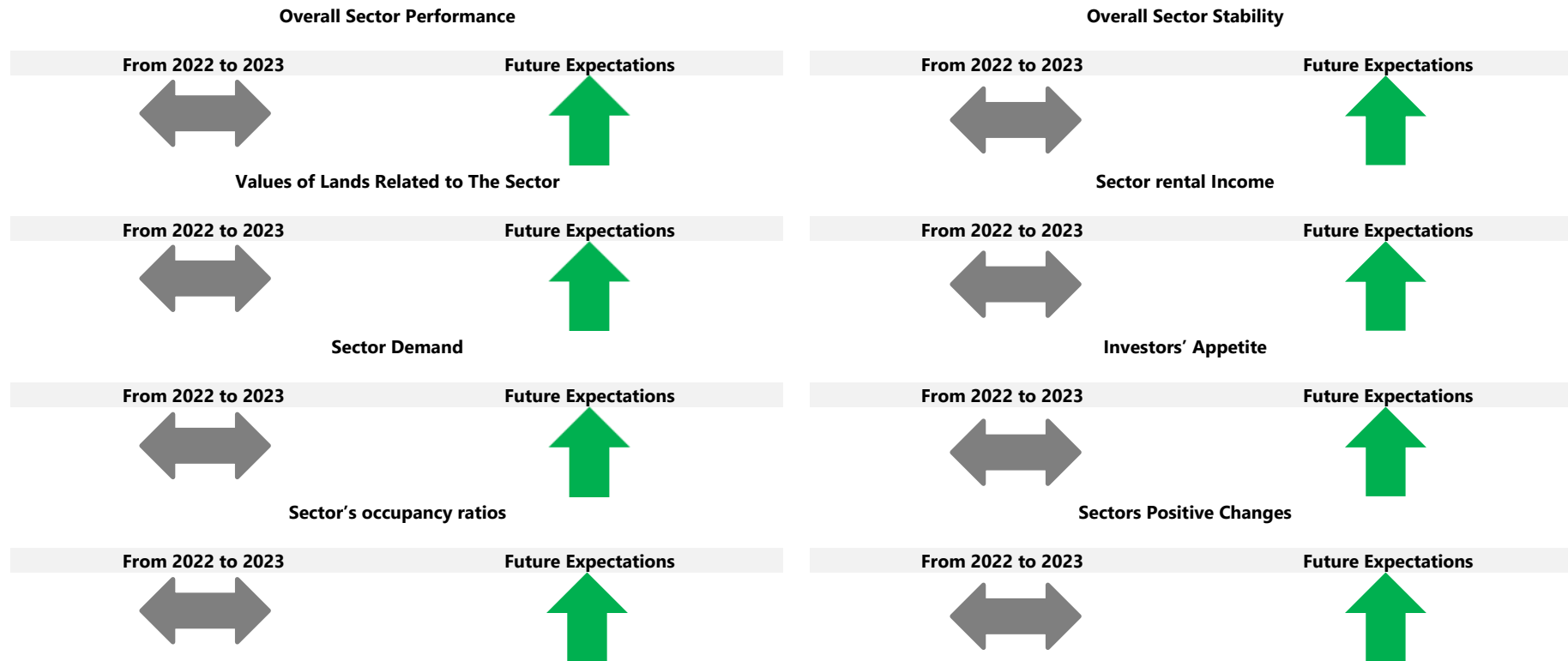
Source: Ministry of Finance



### 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



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PROPERTY VALUATION

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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.

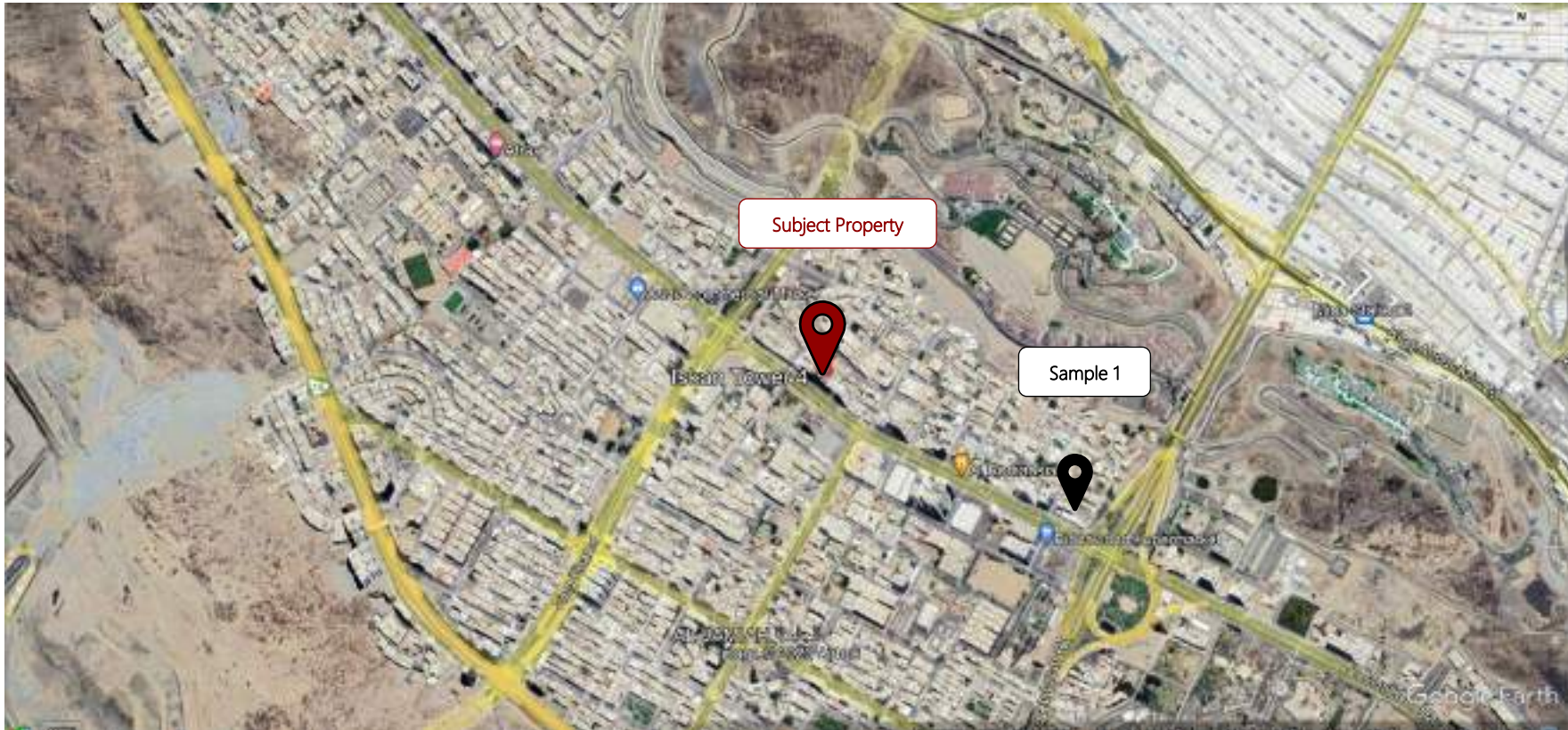
## 4.1 Comparable Approach

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	
Quoting	-----	Offering	
City	Makkah Al Mukaramah	Makkah Al Mukaramah	
Sale Price	-----	SAR 38,665,000	
Data Source	Client	Market Survey	
Area Size	1,287.97	703.00	
SAR / Sqm	-----	SAR 55,000	
Market Conditions Adjustment Analysis			
	Subject Property	Sample 1	
SAR/ Sqm before Adj.	-----	SAR 55,000.0	
Mortgage	-----	Cash	0.00%
Market Conditions	-----	-----	0.00%
Total Adjustments Ratio			0.00%
Total Adjustment Amount			SAR 0.00
Net After Adjustment			SAR 55,000.00
Location Adjustment Analysis			
	Subject Property	Sample 1	
Area Size	1,287.97	703.00	0.00%
Location Desirability	High	High	-5.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	60	60	0.00%
Sides Open	2	3	0.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Total Adjustments Ratio			-10.00%
Total Adjustment Amount			-SAR 5,500.0
Net After Adjustment			SAR 49,500.0
Weighted Mean			<b>100%</b>
			SAR 49,500.00
SAR / Sqm	<b>SAR 49,500</b>		
Rounded Value	<b>SAR 50,000</b>		

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 64,398,500	Land Area	1,288	1,288	1,288	1,288	1,288
	SAR / Sqm	SAR 45,000.0	SAR 47,500.0	SAR 50,000.0	SAR 52,500.0	SAR 55,000.0
	Property Value	SAR 57,958,650	SAR 61,178,575	SAR 64,398,500	SAR 67,618,425	SAR 70,838,350

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 50,500 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.



## 4.2 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 550	SAR 500
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 180	SAR 220	SAR 200
Owner Profit	28%	32%	30%
Land			
Land Area	SAR / Sqm		Total Value
1,287.97	SAR 50,000		SAR 64,398,500
Building			
	Unit	No of Floors	Total BUA
Underground	Sqm	1	1,287.97
Ground Floor	Sqm	1	789.90
Restaurant Floor	Sqm	1	824.91
Mosque Floor	Sqm	1	824.91
Mezzanine	Sqm	1	587.86
Upper Floors	Sqm	17	12,304.60
Tanks	Sqm	1	1,089.97
Annex	Sqm	1	261.20
Staircase - Elevators	Sqm	1	75.43
Sewage	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
Initial Project Pre Cost			SAR 63,701,930	1.00%	SAR 637,019
Design			SAR 63,701,930	2.00%	SAR 1,274,039
Eng Consultant			SAR 63,701,930	2.50%	SAR 1,592,548
Management			SAR 63,701,930	2.50%	SAR 1,592,548
Contingency			SAR 63,701,930	5.00%	SAR 3,185,097
Others			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			
Total Dev Cost	SAR 71,983,181	Annual Dep Rate	2.5%
Total Completion Rate	100.00%	Actual Age	9
Developer Profit Rate	30.0%	Total Dep Rate	22.50%
Dev. Profit Amount	SAR 21,594,954	Add Appr Rate	0.00%
Development Value	SAR 77,381,919	Net Dep Rate	22.50%
Economic Age	40	Cost After Depreciation	SAR 55,786,965

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



### 4.3 Capitalization Method- Market Rate

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>
Revenues						
Deductions						
Net Operating Income						
<b>SAR 13,644,720.00</b>						<b>SAR 28,973,400</b>
<b>SAR 13,644,720.00</b>						<b>-SAR 15,328,680</b>
Net Operating Income		Cap Rate	Property Value		Rounded Value	
<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>	

#### 4.4 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 DRC is:

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

#### 4.5 Conclusion

We trust that this report and valuation fulfills the requirements 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.

#### 4.6 Accredited Valuers

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President



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DOCUMENT



## 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 (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 Mokaramah City  
30 June 2023



VISION رؤية  
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 Eskan Tower 5 in Makkah Al Mokaramah 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



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WHITE **CUBES**

**EXECUTIVE SUMMARY**

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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>	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>	N/A
<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>	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**

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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**

**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**

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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. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,382.73 Sqm and a total BUA of 19,905 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from 1 side with a direct view on Al Rida Street from the west side.

### 2.2 Surrounding Area

The subject property is surrounded mostly by several residential and mix-use buildings.

### 2.3 Ease of Access

Based on the current location of the subject property, the access level is High since it is 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 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>	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>Owner</b>	Al Mashaar REIT Real Estate Company
<b>T.D Value</b>	182,400,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	18/2/1441	<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

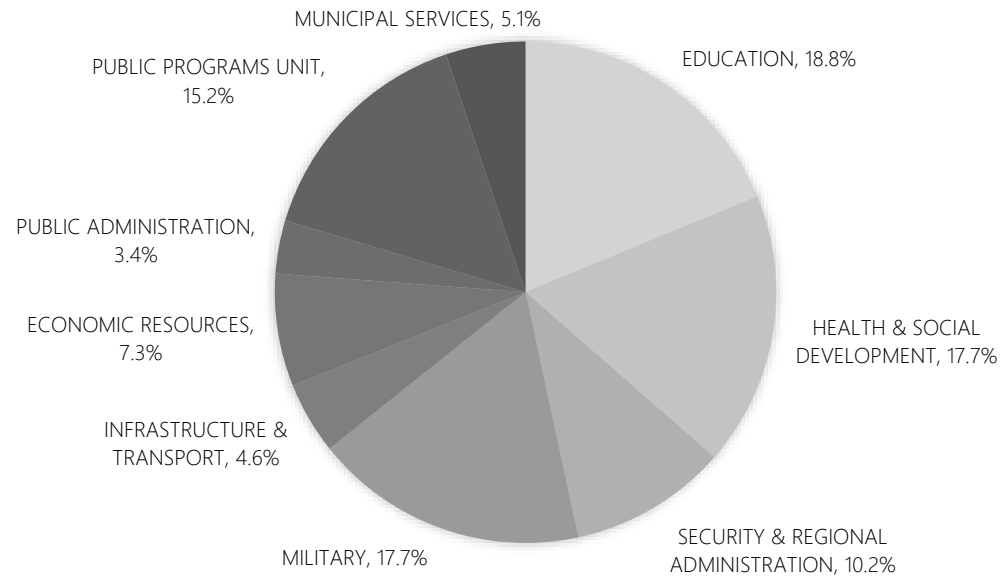
### 3.1 Saudi Arabia Economic Indicators

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 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

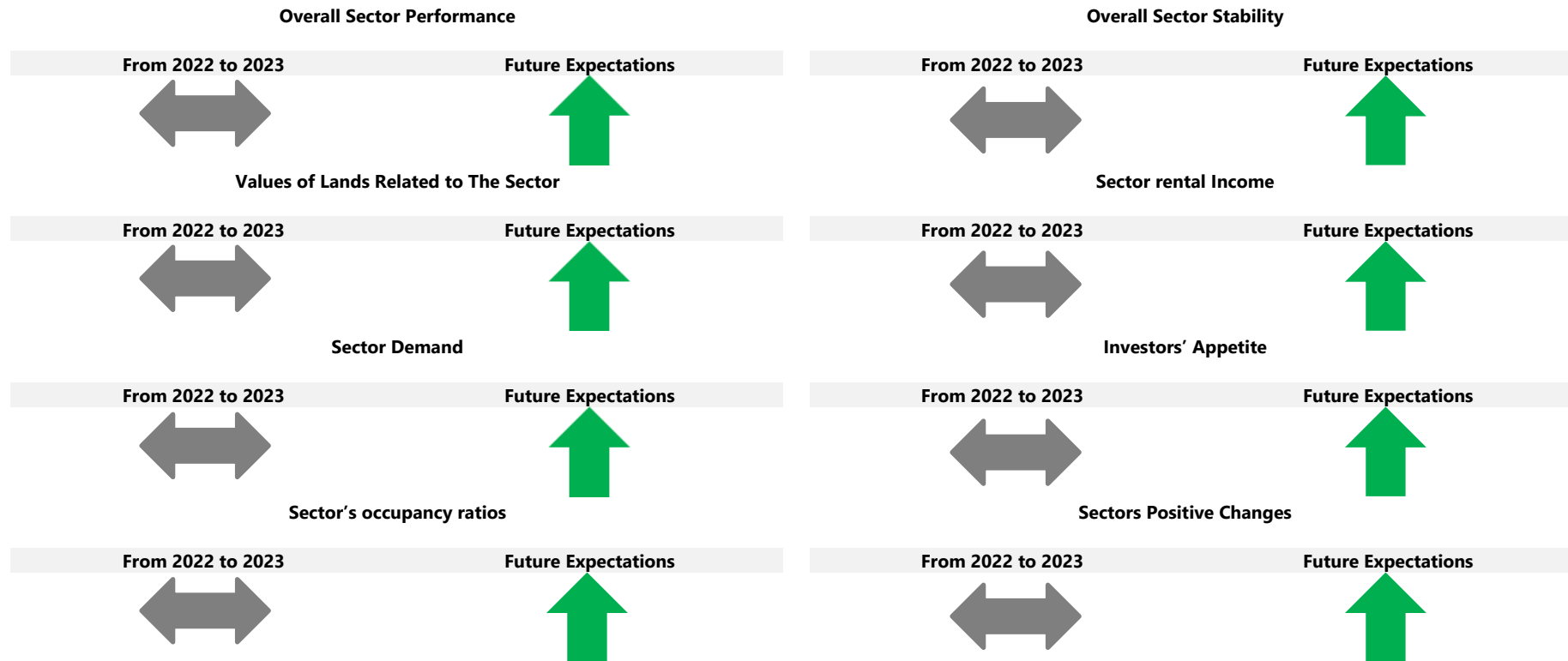
Source: Ministry of Finance



### 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

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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	Makkah Al Mukaramah	Makkah Al Mukaramah		Makkah Al Mukaramah		Makkah Al Mukaramah	
Sale Price	-----	SAR 15,750,000		SAR 24,650,000		SAR 20,850,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	1,382.73	1,050.00		1,700.00		1,500.00	
SAR / Sqm	-----	SAR 15,000		SAR 14,500		SAR 13,900	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 15,000.0		SAR 14,500.0		SAR 13,900.0	
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 15,000.00		SAR 14,500.00		SAR 13,900.00	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	1,382.73	1,050.00	5.00%	1,700.00	-2.00%	1,500.00	0.00%
Location Desirability	High	High	0.00%	High	0.00%	High	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	12	12	0.00%	12	0.00%	12	0.00%
Sides Open	1	1	0.00%	1	0.00%	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		5.00%		-2.00%		0.00%	
Total Adjustment Amount		SAR 750.0		-SAR 290.0		SAR 0.0	
Net After Adjustment		SAR 15,750.0		SAR 14,210.0		SAR 13,900.0	
Weighted Mean		30%		45%		25%	
		SAR 4,725.00		SAR 6,394.50		SAR 3,475.00	
SAR / Sqm	<b>SAR 14,595</b>						
Rounded Value	<b>SAR 14,600</b>						

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.



## 4.2 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 550	SAR 500
Finishing Materials	SAR 900	SAR 1,100	SAR 1,000
Fitouts &Appliance	SAR 600	SAR 350	SAR 300
Furniture	SAR 900	SAR 850	SAR 800
Site Improvements	SAR 100	SAR 320	SAR 300
Developer Profit	28%	32%	30%
Land			
Land Area	SAR / Sqm		Total Value
1,382.73	SAR 14,600		SAR 20,187,858
Building			
	Unit	No of Floors	Total BUA
Basement	Sqm	1	1,382.73
Ground Floor	Sqm	1	1,018.74
Mezzanine	Sqm	1	758.78
Restaurant Floor	Sqm	1	1,016.88
Mosque Floor	Sqm	1	1,016.88
14 Typical Floors	Sqm	14	12,780.60
Annex Floor	Sqm	1	755.03
Staircase - Elevators	Sqm	1	44.19
Sewage	Sqm	1	6.00
Tanks	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
Initial Project Pre Cost			SAR 70,551,816	0.10%	SAR 70,552
Design			SAR 70,551,816	0.50%	SAR 352,759
Eng Consultant			SAR 70,551,816	1.00%	SAR 705,518
Management			SAR 70,551,816	5.00%	SAR 3,527,591
Contingency			SAR 70,551,816	5.00%	SAR 3,527,591
Others			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					
Total Dev Cost	SAR 78,735,827		Annual Dep Rate		2.5%
Total Completion Rate	100.00%		Actual Age		9
Developer Profit Rate	30.0%		Total Dep Rate		22.50%
Dev. Profit Amount	SAR 23,620,748		Add Appr Rate		2.00%
Development Value	SAR 86,215,730		Net Dep Rate		20.50%
Economic Age	40		Cost After Depreciation		SAR 62,594,982

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 86,215,730	SAR 20,187,858	SAR 106,403,588	SAR 106,400,000

### 4.3 Capitalization Method- Market Rate

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>	
					SAR 22,827,000	
					-SAR 9,112,875	
<b>Net Operating Income</b>					<b>SAR 13,714,125.00</b>	
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 13,714,125.00	7.50%	182,855,000.00 SAR			183,000,000.00 SAR	

#### 4.4 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 DRC is:

**Property Value: SAR 106,400,000**  
**One Hundred Six Million Four Hundred Thousand Saudi Riyals.**

#### 4.5 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.

#### 4.6 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**







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DOCUMENTS

DOCUMENT

Documents Received

5.1 Title deed and Construction Permit



## 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/ق3/42) 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 6

Makkah Al Mokaramah 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 Eskan Tower 6 in Makkah Al Mukaramah 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

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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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>	Hospitality Tower.
<b>Property Location</b>	Al Aziziyah district, Makkah Al Mukaramah 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>Pilgrim's 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
<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**

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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**

**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**

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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. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,458 Sqm and a total BUA of 15,200.71 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from two sides with a direct view on Al Masjid Al Haram Road from the southern side.

### 2.2 Surrounding Area

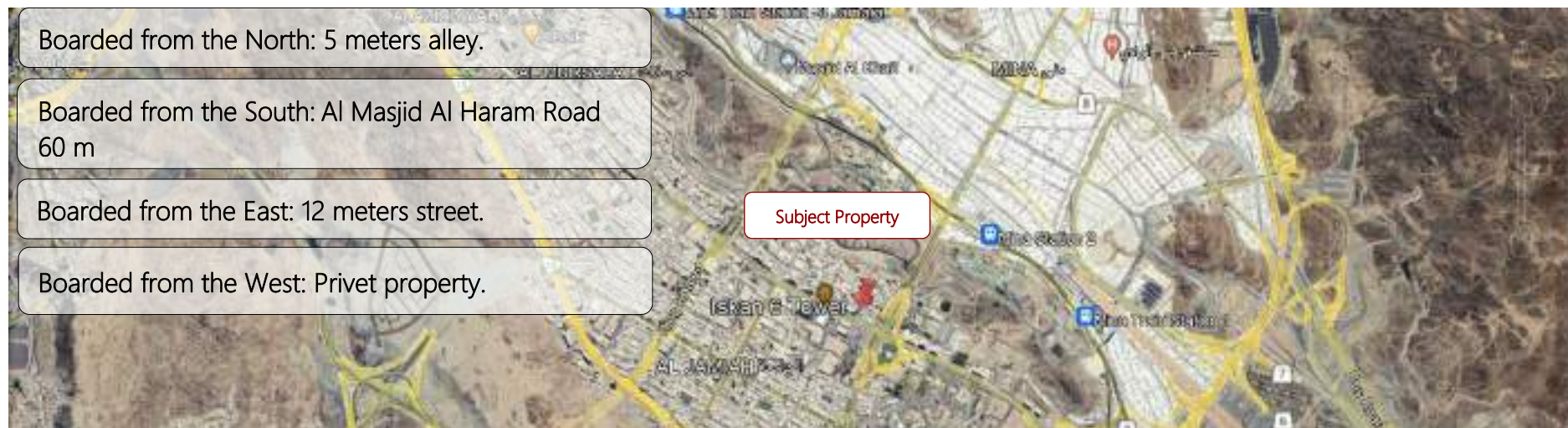
The subject property is surrounded mostly by several residential and mix-use buildings.

### 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 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 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>	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>	ح/2/21/1
<b>T.D Date</b>	1441/02/18	<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>T.D Value</b>		<b>Ownership Type</b>	Mortgage
<b>Date of Last Transaction</b>		<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>	ح/2/21/1
<b>T.D Date</b>	1441/02/18	<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>T.D Value</b>		<b>Ownership Type</b>	Mortgage
<b>Date of Last Transaction</b>		<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 / j
<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

2.8 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

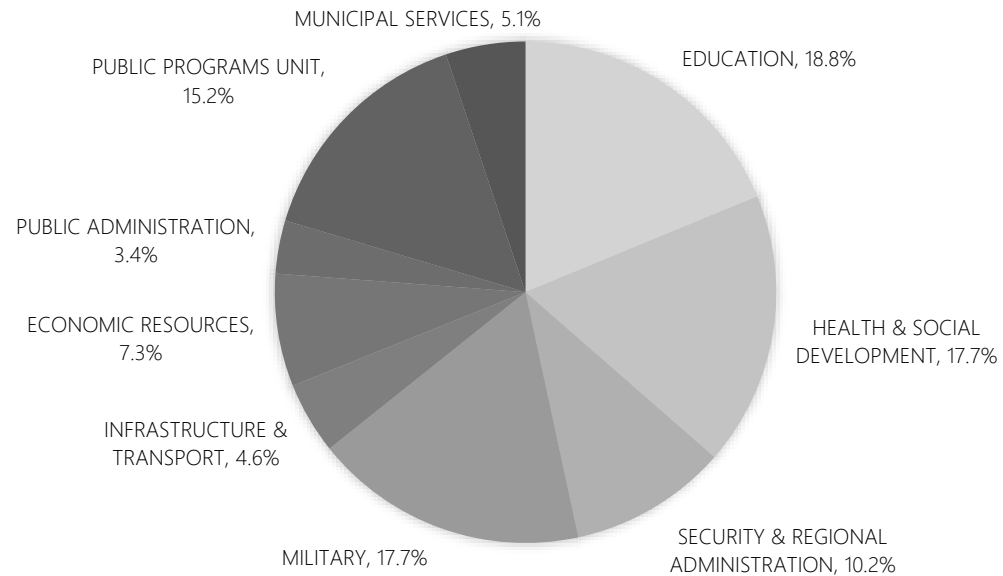
### 3.1 Saudi Arabia Economic Indicators

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 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

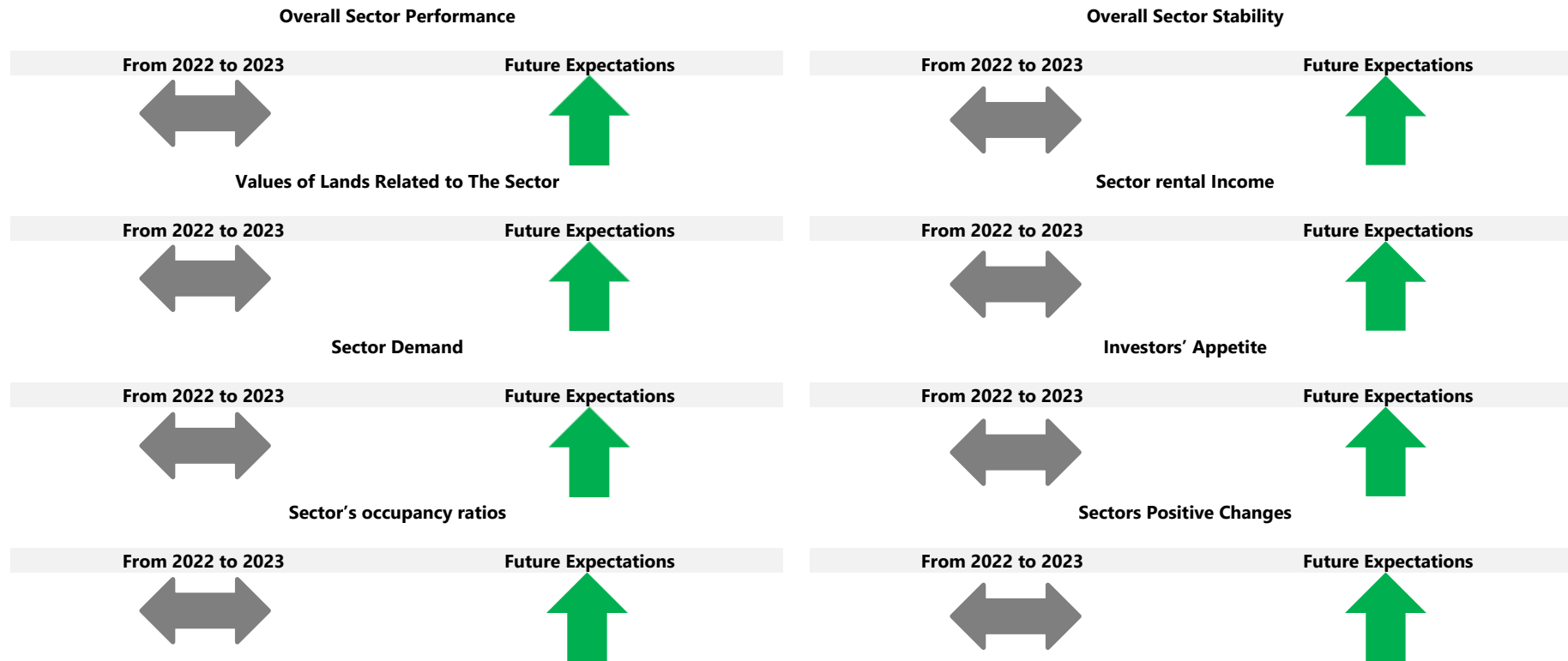
Source: Ministry of Finance



### 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

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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	
Quoting	-----	Offering	
City	Makkah Al Mukaramah	Makkah Al Mukaramah	
Sale Price	-----	SAR 35,670,000	
Data Source	Client	Market Survey	
Area Size	1,458.00	580.00	
SAR / Sqm	-----	SAR 61,500	
Market Conditions Adjustment Analysis			
	Subject Property	Sample 1	
SAR/ Sqm before Adj.	-----	SAR 61,500.0	
Mortgage	-----	Cash	0.00%
Market Conditions	-----	-----	0.00%
Total Adjustments Ratio			0.00%
Total Adjustment Amount			SAR 0.00
Net After Adjustment			SAR 61,500.00
Location Adjustment Analysis			
	Subject Property	Sample 1	
Area Size	1,458.00	580.00	-13.00%
Location Desirability	High	High	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	20	20	0.00%
Sides Open	2	3	-2.50%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	No	0.00%
Total Adjustments Ratio			-15.50%
Total Adjustment Amount			-SAR 9,532.5
Net After Adjustment			SAR 51,967.5
Weighted Mean			<b>100%</b>
SAR / Sqm	<b>SAR 51,968</b>		SAR 51,967.50
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 40,000 and 60,000 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.



## 4.2 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
Initial Project Pre Cost			SAR 55,056,990	1.00%	SAR 550,570
Design			SAR 55,056,990	1.00%	SAR 550,570
Eng Consultant			SAR 55,056,990	1.00%	SAR 550,570
Management			SAR 55,056,990	5.00%	SAR 2,752,850
Contingency			SAR 55,056,990	5.00%	SAR 2,752,850
Others			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			
Total Dev Cost	SAR 62,214,399	Annual Dep Rate	2.5%
Total Completion Rate	100.00%	Actual Age	8
Developer Profit Rate	20.0%	Total Dep Rate	20.00%
Dev. Profit Amount	SAR 12,442,880	Add Appr Rate	2.00%
Development Value	SAR 63,458,687	Net Dep Rate	18.00%
Economic Age	40	Cost After Depreciation	SAR 51,015,807

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

### 4.3 Capitalization Method- Market Rate

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>	

#### 4.4 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 DRC is:

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

#### 4.5 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.

#### 4.6 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

## Documents Received

### 5.1 Title deed and Construction Permit





## 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

### Office Building

Riyadh City  
30 June 2023



VISION رؤية  
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

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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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**

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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**

**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**

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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. 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**

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MARKET  
INDICATORS

## Market Indicators

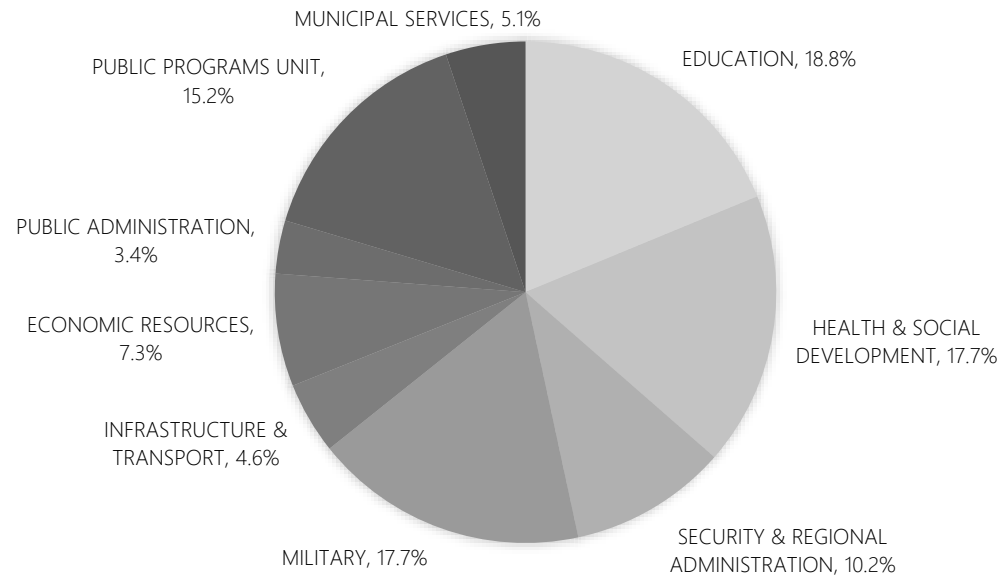
### 3.1 Saudi Arabia Economic Indicators

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 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

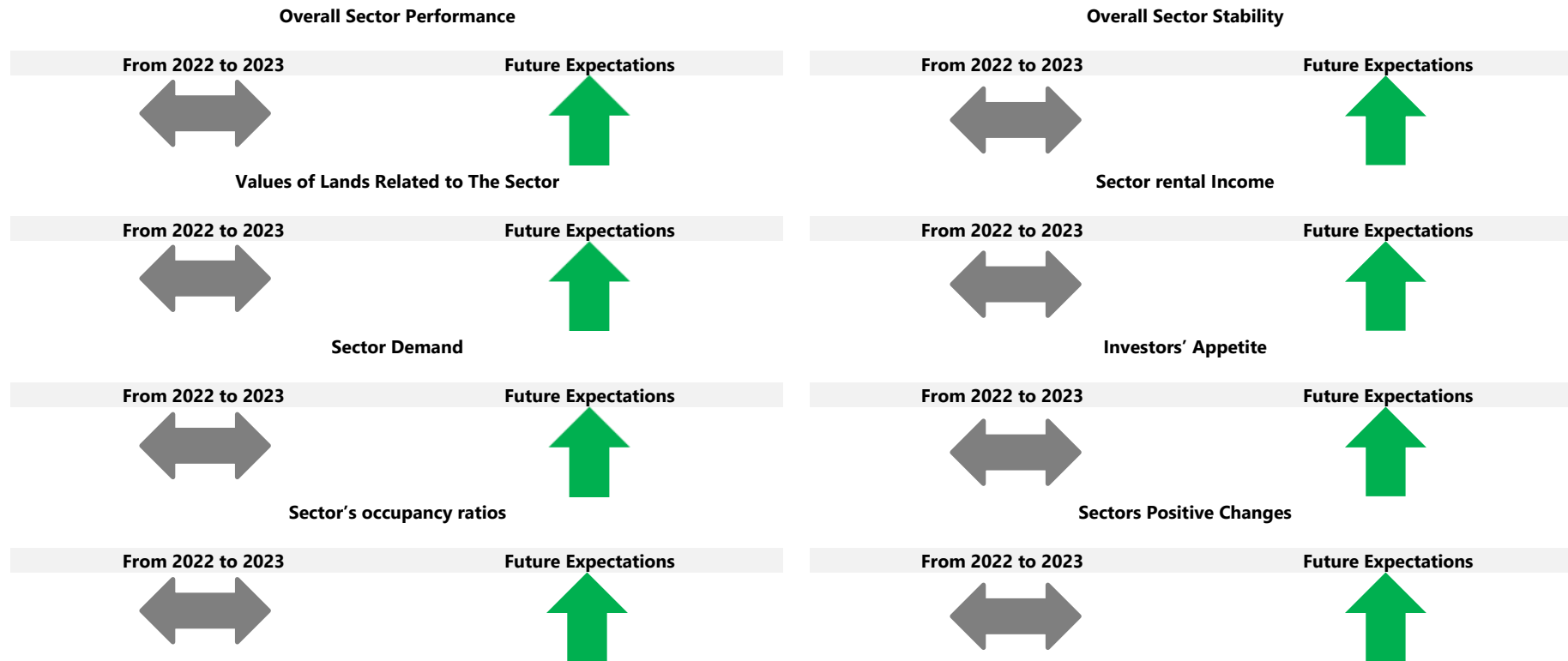
Source: Ministry of Finance



### 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

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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			
	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

### **4.3 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>		8,638,125	7,998,264	121,557,402
<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



## Documents Received

### 5.1 Title deed and Construction Permit



## 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





# Valuation Report Iskan Hotel 4

Client : **SICO Saudi REIT Fund**

## Statement

**Dear : SICO Saudi REIT Fund      Greetings**

**Subject : Valuation report for a hotel in Aziziyah 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, Aziziyah** 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, a hotel and its current status on the date of the estimate 06/30/2023 AD located in the city of **Makkah Al-Mukarramah, with an amount of only (120,165,000) one hundred and twenty million, one hundred and sixty-five 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: 120,165,000 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
Makkah Al-Mukarramah - Al-Aziziyah District	Hotel	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	(520121013430) 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 (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	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	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	Makkah Al-Mukarramah	Neighborhood	Aziziyah
Street	Al-Masjid Al-Haram Road	Property type	Hotel
No. land plan	7/21/1 g	Plot number	1\277
Area	1278,97 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.

## 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.	N.A.	

## Property description

- The building area was determined based on the **(Permit)**.
- The age of the property has been determined to be **(11) 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 **(Hotel)**. Detailed as below:

Building components			
S/N	Floor	Area (m2)	use
1	Basement	1287.97	Parking
2	Ground floor	789.9	Reception + commercial
3	Mezzanine	587.86	Reception
4	Restaurants floor	824.91	Restaurants
5	Mosque floor	824.91	Mosque
6	Seventeen repetitive floors	12304.6	Residential
7	Last floor	261.2	Residential
8	Staircase + elevators	75.43	Staircase + elevators
9	Sewers	6	Sewers
10	Tanks	1089.97	Tanks
Total	23 floors	18053	

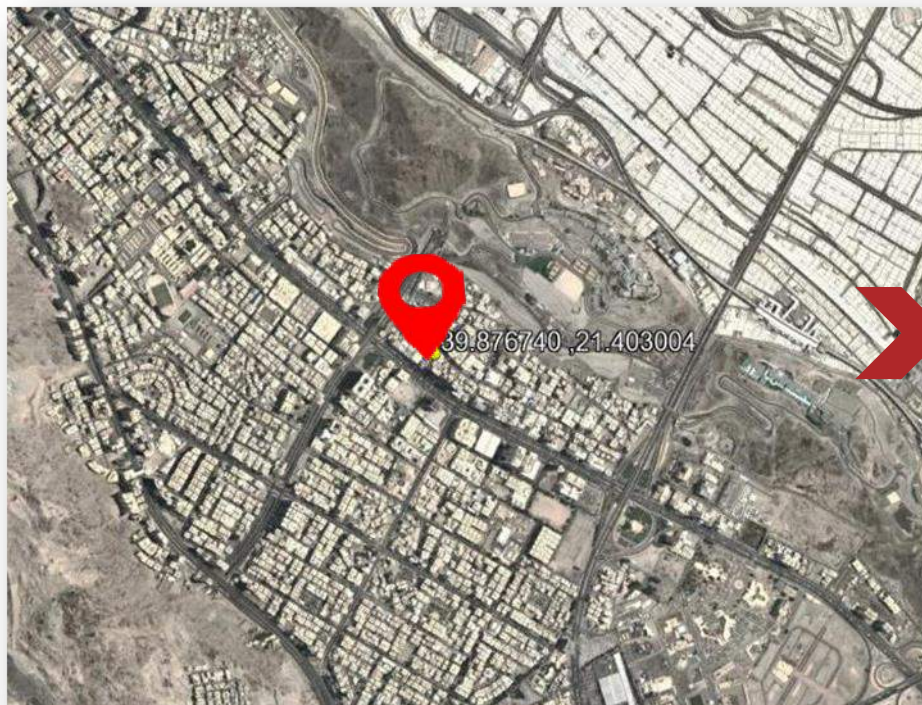
## Property location

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



## Photographic survey of the building and its components



## Ownership documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	02/18/1441	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



# Valuation

التقييم ■



## Valuation Approaches



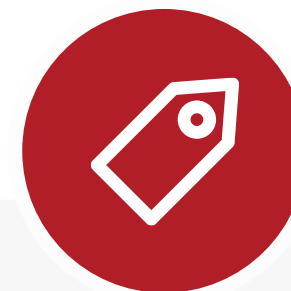
### Market Approach ❖

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

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-Azizia neighborhood, Al-Azizia road.**

Comparative real estate		
Comparison factors	Comparison 1	Comparison 2
Area (m2)	1,500	1,200
Ease of access	High	High
Property location	High	Average
Land shape	Flat	Flat
Land topography	Regular	Regular
Use	Commercial	Commercial
Surrounding streets	2	2
Price per meter (SR)	40000	30000
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	Comparison 1		Comparison 2		
		Value	Adjustment	Value	Adjustment	
Price per square meter	***		40,000			30,000
Condition	***	Available offer		Available offer		
Date of valuation/offer	30/06/2023	30/06/2023		30/06/2023		
Market Condition	***	-5.00%	-	2,000	-5.00%	-
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> )	1,288	1,500	0%	1,200	0%	
Ease of access	High	High	0%	High	0%	
Property location	High	High	0%	Average	10%	
Land shape	Flat	Flat	0%	Flat	0%	
Land topography	Regular	Regular	0%	Regular	0%	
Land use	Commercial	Commercial	0%	Commercial	0%	
Surrounding streets	2	2	0%	2	0%	
Total		0.00%		10.00%		
Adjustment value per square meter		-		2,850		
Final meter value after Adjustments		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
<b>Total built up area</b>	<b>16,765</b>	<b>3,500</b>	<b>58,676,730</b>
Other	-	-	-
Other	-	-	-
<b>Total (SR)</b>		<b>61,896,655</b>	

### Second: Other costs (indirect)

Professional fees	5%	3,094,833
Utilities Network	3%	1,856,900
Administration costs	3%	1,856,900
Financing costs (0 years / 0%)	0%	-
Developer's profitability	0%	-
<b>Total (SR)</b>		<b>6,808,632</b>
<b>Total cost of buildings (SAR)</b>		<b>68,705,287</b>

### Third: Depreciation cost

Life span of the property (year)	Year	40
The current age of the property (year)	Year	11
Remaining life of the property (year)	Year	29
Depreciation rate	%	28
Depreciation value	SR	18,893,954

**Final value of the building (SR)** **49,811,333**

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

Final value of the land (SR)	45,945,110
Final value of buildings (SR)	49,811,333
<b>Market value of the property according to the Cost Approach (SR)</b>	<b>95,756,443</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>	<b>95,800,000</b>

## Market Approach - Comparison method - Hotel income analysis

Market Survey - Hotel Income Analysis

Comparison	Hotel name	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	Park in Mecca Aziziyah	Aziziyah	3 stars	272	2000	450	250	50%	30%
Comparison 2	Mecca 21	Aziziyah	3 stars	178	2200	400	190	55%	35%
Comparison 3	Al Kiram	Aziziyah	3 stars	188	2500	600	300	65%	40%



## 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

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
<b>Hajj season total income</b>	<b>2,970,000</b>	<b>SR</b>
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
<b>The total rental value for the first 20 days of Ramadan</b>	<b>2,250,000</b>	<b>SR</b>
Number of working days for the last ten days of Ramadan	10	Day
Average rental price for the day	500	SR
<b>Total rent value for the last ten days of Ramadan</b>	<b>2,250,000</b>	<b>SR</b>
<b>Total income for the Ramadan season</b>	<b>4,500,000</b>	<b>SR</b>

Calculation of operating the rest of the days of the year		
Average rental price for the day	150	SR
<b>Total income for the rest of the year</b>	<b>5,805,000</b>	<b>SR</b>
<b>Total room operating revenue income per annum</b>	<b>13,275,000</b>	<b>SR</b>

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%
<b>Actual total rental income of commercial shops</b>	<b>212,800</b>	<b>SR</b>

Actual total annual income		
<b>Actual total annual income</b>	<b>13,487,800</b>	<b>SR</b>

## Estimating the value of the property - Income Approach

### Discounted Cash Flow assumptions

Total rental income	13,487,800	Discount rate	9%
Operating and capital expenditure rate	37%	Capitalization rate	7%
Cash flow period (years)	10	Growth rate - annually from the second year	2%

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%	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	13,757,556	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 rate of operating and capital expenses	37%	4,990,486	5,090,296	5,192,102	5,295,944	5,401,863	5,509,900	5,620,098	5,732,500	5,847,150	5,964,093	
Building net operating income (NOI)	8,497,314	8,667,260	8,840,605	9,017,418	9,197,766	9,381,721	9,569,356	9,760,743	9,955,958	10,155,077		
Reversion value of the building											145,072,526	
Net cash flow	8,497,314	8,667,260	8,840,605	9,017,418	9,197,766	9,381,721	9,569,356	9,760,743	9,955,958	10,155,077	145,072,526	
Discount factor	0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5470	0.5019	0.4604	0.4224	0.4224	
Present value of cash flow	7,795,701	7,295,060	6,826,570	6,388,166	5,977,917	5,594,014	5,234,765	4,898,588	4,583,999	4,289,614	61,280,203	
Net present value of the property											120,164,596	

Final value of the property (SR) 120,164,596

Final value of the property after rounding (SR) 120,165,000

## Final value of the property

Based on the purpose of valuation and the nature of the property and its characteristics as a hotel 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 twenty million, one hundred and sixty-five thousand Saudi riyals	120,165,000

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



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  
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# Valuation Report Iskan Hotel 5

Client : **SICO Saudi REIT Fund**

## Statement

**Dear : SICO Saudi REIT Fund      Greetings**

**Subject : Valuation report for a hotel in the district of Prince Abdullah Al-Faisal scheme 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 scheme** 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, a hotel and its current status on the date of the estimate 06/30/2023 AD located in the city of **Makkah Al-Mukarramah, with an amount of only (131,832,000) One hundred and thirty-one million eight hundred and 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: 131,832,000 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
Makkah Al-Mukarramah - Prince Abdullah Al-Faisal scheme	Hotel	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 value	(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 (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	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	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	Makkah Al-Mukarramah	Neighborhood	Prince Abdullah Al-Faisal scheme
Street	Al-Masjid Al-Haram Road	Property type	Hotel
No. land plan	/23/15/1 b	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 scheme 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.

## 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 **(10) 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 **(Hotel)**. Detailed as below:

Building components			
S/N	Floor	Area (m2)	use
1	Basement	1382.73	Parking
2	Ground floor	1018.74	Reception + commercial
3	Mezzanine	758.78	Reception
4	One floor restaurants	1016.88	Restaurants
5	One floor Mosque	1016.88	Mosque
6	Repetitive floors	12780.6	Residential
7	Last floors	755.03	Residential
8	Staircase + elevators	44.19	Staircase + elevators
9	Tanks	1125.17	Tanks
10	Sewers	6	Sewers
Total	<b>14 floors</b>	<b>19905</b>	

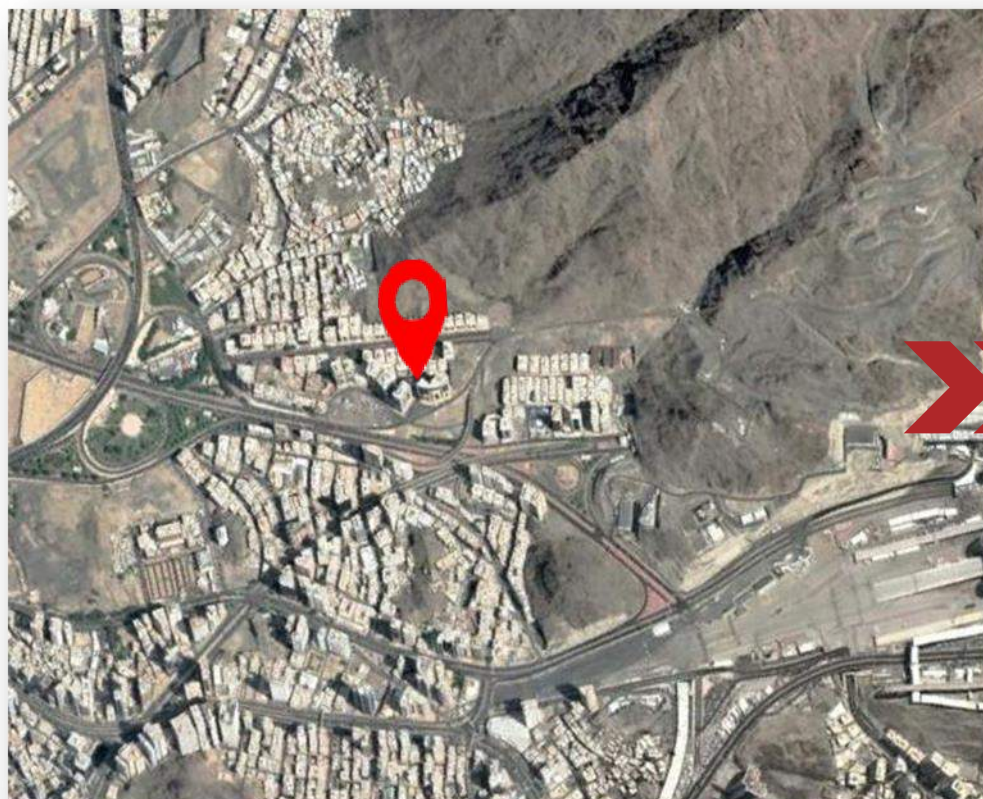
## Property location

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

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

Street: **Al-Hajj**

Location coordinates	N :	21.4344380	E :	39.859888
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## Photographic survey of the building and its components



## Photographic survey of the building and its components



## 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 scheme

### 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	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





# Valuation

التقييم ■

## Valuation Approaches



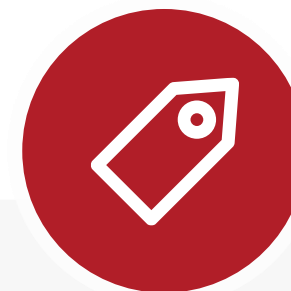
### Market Approach ❖

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

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-Hajj road**.

Comparative real estate		
Comparison factors	Comparison 1	Comparison 2
Area (m2)	1,120	561
Ease of access	High	High
Property location	High	High
Land shape	Flat	Flat
Land topography	Regular	Regular
Use	Residential commercial	Residential commercial
Surrounding streets	3	3
Price per meter (SR)	26785	21000
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	Comparison 1		Comparison 2	
		Value	Adjustment	Value	Adjustment
Price per square meter	***		26,785		21,000
Condition	***	Available offer		Available offer	
Date of valuation/offer	30/06/2023	30/06/2023		30/06/2023	
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	Flat	Flat	0%	Flat	0%
Land topography	Regular	Regular	0%	Regular	0%
Land use	Residential commercial	Residential commercial	0%	Residential commercial	0%
Surrounding streets	1	3	-10%	3	-10%
Total			-10.00%		-15.00%
Adjustment value per square meter			2,545-		2,993-
Final meter value after Adjustments			22,901		16,958
Relative weight		65%		35%	
Net average value per square meter (SR / m <sup>2</sup> )			20,821		
The market value of the land (SR / m <sup>2</sup> )			28,789,459		

## 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	2,500	3,456,825
<b>Total built up area</b>	<b>18,517</b>	<b>3,500</b>	<b>64,810,445</b>
<b>Total (SR)</b>	<b>-</b>		<b>68,267,270</b>

### Second: Other costs (indirect)

Professional fees	5%	3,413,364
Utilities Network	3%	2,048,018
Administration costs	3%	2,048,018
Financing costs (0 years / 0%)	0%	-
Developer's profitability	0%	-
	<b>Total (SR)</b>	<b>7,509,400</b>

**Total cost of buildings (SAR)**

**75,776,670**

### 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	18,944,167

**Final value of the building (SR)**

**56,832,502**

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

**Final value of the land (SR)** 28,789,459

**Final value of buildings (SR)** 56,832,502

**Market value of the property according to the Cost Approach (SR)** 85,621,962

**Market value of the property according to the Cost Approach after rounding (SR)** 85,620,000

## Market Approach - Comparison method - Hotel income analysis

### Market Survey - Hotel Income Analysis

Comparison	Hotel name	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	Park in Mecca Aziziyah	Aziziyah	3 stars	272	2000	450	250	50%	30%
Comparison 2	Mecca 21	Aziziyah	3 stars	178	2200	400	190	55%	35%
Comparison 3	Al Kiram	Aziziyah	3 stars	188	2500	600	300	65%	40%



## 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

Annual occupancy rate for each season		
Clause	Value	Unit
Number of days in the year	365	Day
Annual occupancy rate	45%	Percentage
Number of operating days per year	164.25	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	104.25	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
<b>Hajj season total income</b>	<b>4,940,000</b>	<b>SR</b>

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
<b>The total rental value for the first 20 days of Ramadan</b>	<b>2,140,000</b>	<b>SR</b>
Number of working days for the last ten days of Ramadan	10	Day
Average rental price for the day	500	SR
<b>Total rent value for the last ten days of Ramadan</b>	<b>2,140,000</b>	<b>SR</b>
<b>Total income for the Ramadan season</b>	<b>4,280,000</b>	<b>SR</b>
Calculation of operating the rest of the days of the year		
Average rental price for the day	125	SR
<b>Total income for the rest of the year</b>	<b>5,577,375</b>	<b>SR</b>
<b>Total room operating revenue income per annum</b>	<b>14,797,375</b>	<b>SR</b>
Actual total annual income		
<b>Actual total annual income</b>	<b>14,797,375</b>	<b>SR</b>

## Estimating the value of the property - Income Approach

### Discounted Cash Flow assumptions

Total rental income	14,797,375	Discount rate	9%
Operating and capital expenditure rate	37%	Capitalization rate	7%
Cash flow period (years)	10	Growth rate - annually from the second year	2%

Cash flow - Inflows	Investment years										Reversion value	
	2024 1	2025 2	2026 3	2027 4	2028 5	2029 6	2030 7	2031 8	2032 9	2033 10		
Expected growth value	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 rate of operating and capital expenses	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	
Reversion value of the building												159,158,096
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		0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5470	0.5019	0.4604	0.4224	0.4224
Present value of cash flow		8,552,611	8,003,361	7,489,384	7,008,414	6,558,332	6,137,155	5,743,026	5,374,208	5,029,075	4,706,107	67,230,100
Net present value of the property												131,831,773

Final value of the property (SR) 131,831,773

Final value of the property after rounding (SR) 131,832,000



## Final value of the property

Based on the purpose of valuation and the nature of the property and its characteristics as a hotel 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 06-30-2023 as follows:

Fair price estimate in writing	Fair price estimate in numbers
One hundred and thirty-one million eight hundred and thirty-two thousand Saudi riyals	131,832,000

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



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



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# Valuation Report Iskan Hotel 6

Client : **SICO Saudi REIT Fund**

## Statement

**Dear : SICO Saudi REIT Fund      Greetings**

**Subject : Valuation report for a hotel in Aziziyah 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, Aziziyah** 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, a hotel and its current status on the date of the estimate 06/30/2023 AD located in the city of **Makkah Al-Mukarramah, with an amount of only (100,243,000) One hundred million, two hundred and forty-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: 100,243,000 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
Makkah Al-Mukarramah - Al-Aziziyah District	Hotel	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	(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 (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	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	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	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.

## 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 **(9) 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 **(Hotel)**. Detailed as below:

Building components			
S/N	Floor	Area (m2)	use
1	Basement	1248.49	Parking
2	Ground floor	689.4	Commercial Reception
3	Mezzanine	396.4	Commercial Reception
4	Mosque floor	832.07	Mosque
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
Total	18 floors	15200.71	

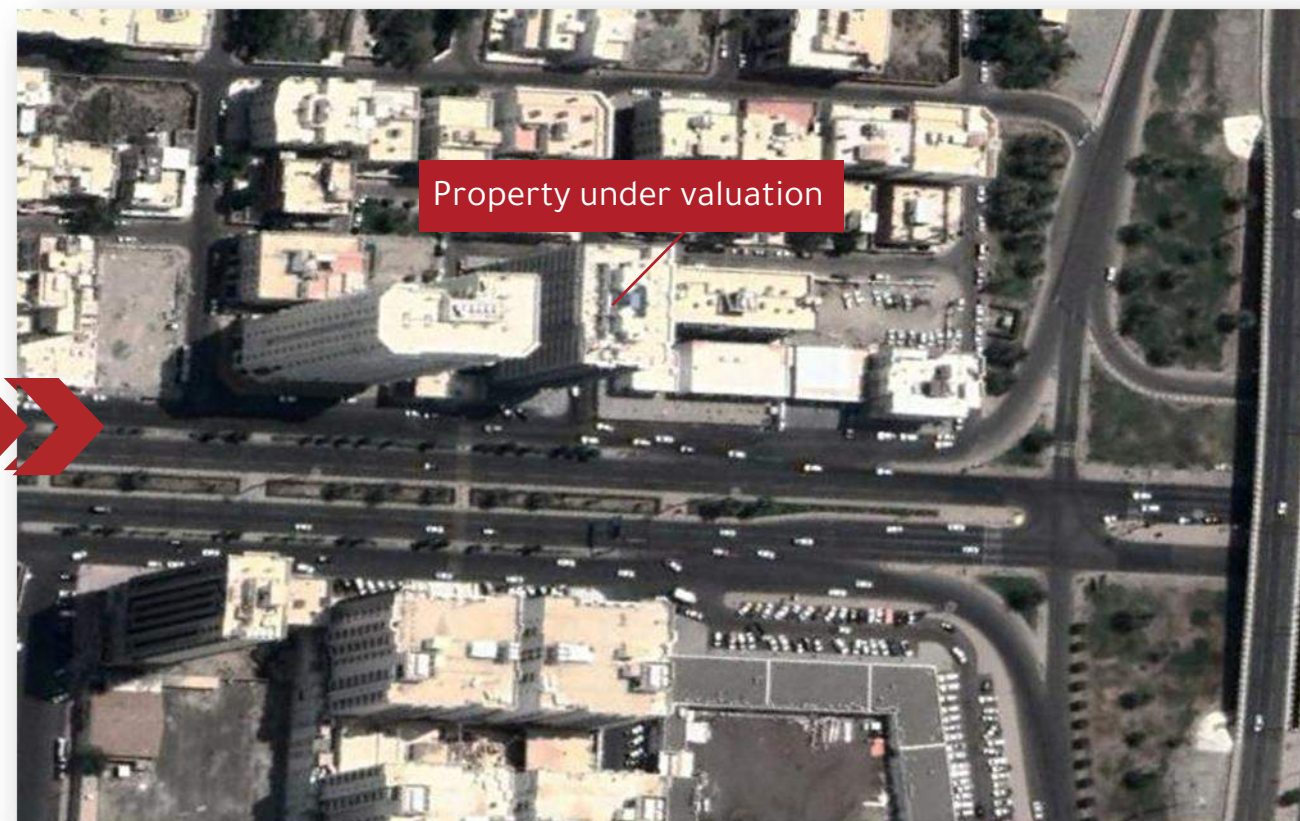
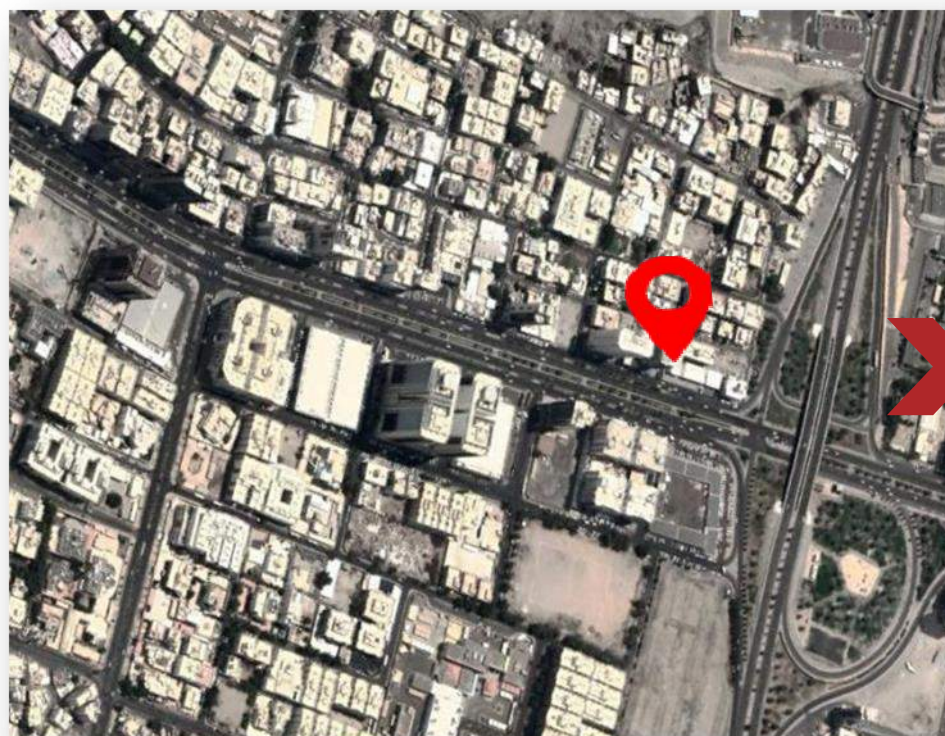
## Property location

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



## Photographic survey of the building and its components





## Ownership documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	18/02/1441	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	7/21/1 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



# Valuation

التقييم ■

## Valuation Approaches



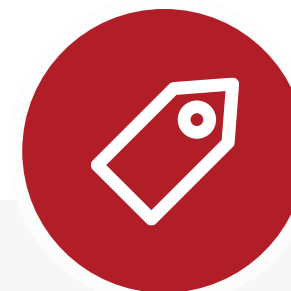
### Market Approach ❖

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

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

## التسلسل الهرمي للقيمة العادية

التسلسل الهرمي للقيمة العادية هو الذي يصنف مدخلات أساليب التقييم المستخدمة لقياس القيمة العادية إلى ثلاث مستويات وهي كالتالي:

جدول التسلسل الهرمي					
المستوى	التوضيح	بيان المدخلات	التصنيف	مصدرها	الحكم والتوثيق
الأول	هي الأسعار المعلنة (غير المعدلة) في أسواق نشطة للأصول أو الإلتزامات المطابقة الممكن الوصول إليها في تاريخ القياس وتعطى الأولوية	---	---	---	---
الثاني	هي المدخلات بخلاف الأسعار المعلنة الواقعة ضمن المستوى الأول والتي يمكن رصدها للأصل أو الإلتزام سواء بشكل مباشر أو غير مباشر	العروض السكنية والسكنية تجارية في منطقة العقار	تصنف ضمن المستوى الثاني	مكاتب عقارية معتمدة في منطقة العقار	موثوقة حسب تحليل السوق المشابهة والتأكد منها بعد بحث وتحليل السوق - والمقابلات المباشرة - وأرشفة الشركة الداخلي للمعاملات والصفقات
الثالث	هي المدخلات التي لا يمكن رصدها وتعطى الأولوية الأدنى	---	---	---	---



## 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-Aziziah neighborhood, Al-Aziziah road.**

Comparative real estate		
Comparison factors	Comparison 1	Comparison 2
Area (m2)	1,500	1,200
Ease of access	High	High
Property location	High	High
Land shape	Flat	Flat
Land topography	Regular	Regular
Use	Commercial	Commercial
Surrounding streets	2	2
Price per meter (SR)	40000	30000
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	Property under valuation	Comparative real estates			
		Comparison 1		Comparison 2	
Adjustments factors		Value	Adjustment	Value	Adjustment
Price per square meter	***	40,000		30,000	
Condition	***	Available offer		Available offer	
Date of valuation/offer	30/06/2023	30/06/2023		30/06/2023	
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	Flat	Flat	0%	Flat	0%
Land topography	Regular	Regular	0%	Regular	0%
Land use	Commercial	Commercial	0%	Commercial	0%
Surrounding streets	3	2	5%	2	5%
<b>Total</b>			<b>-5.00%</b>		<b>-5.00%</b>
Adjustment value per square meter			1,900-		1,425-
Final meter value after Adjustments			36,100		27,075
<b>Relative weight</b>			<b>40%</b>		<b>60%</b>
<b>Net average value per square meter (SR / m<sup>2</sup>)</b>			<b>30,685</b>		
<b>The market value of the land (SR / m<sup>2</sup>)</b>			<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
<b>Total built up area</b>	<b>13,952</b>	<b>3,500</b>	<b>48,832,770</b>
Parking	-	-	-
Swimming pool	-	-	-
Others	-	-	-
<b>Total (SR)</b>	<b>-</b>	<b>-</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
Financing costs (0 years / 0%)	0%	-
Developer's profitability	0%	-
<b>Total (SR)</b>	<b>-</b>	<b>5,714,939</b>
<b>Total cost of buildings (SAR)</b>	<b>-</b>	<b>57,668,934</b>

### 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	14,417,234
<b>Final value of the building (SR)</b>	<b>-</b>	<b>43,251,701</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)	43,251,701
<b>Market value of the property according to the Cost Approach (SR)</b>	<b>87,990,431</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>	<b>88,000,000</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.

Market Approach - Comparison method - Hotel income analysis

Market Survey - Hotel Income Analysis

Comparison	Hotel name	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	Park in Mecca Aziziyah	Aziziyah	3 stars	272	2000	450	250	50%	30%
Comparison 2	Mecca 21	Aziziyah	3 stars	178	2200	400	190	55%	35%
Comparison 3	Al Kiram	Aziziyah	3 stars	188	2500	600	300	65%	40%



## 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

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
<b>Hajj season total income</b>	<b>2,829,200</b>	<b>SR</b>
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
<b>The total rental value for the first 20 days of Ramadan</b>	<b>1,530,000</b>	<b>SR</b>
Number of working days for the last ten days of Ramadan	10	Day
Average rental price for the day	600	SR
<b>Total rent value for the last ten days of Ramadan</b>	<b>1,530,000</b>	<b>SR</b>
<b>Total income for the Ramadan season</b>	<b>3,060,000</b>	<b>SR</b>

Calculation of operating the rest of the days of the year		
Average rental price for the day	250	SR
<b>Total income for the rest of the year</b>	<b>5,482,500</b>	<b>SR</b>
<b>Total room operating revenue income per annum</b>	<b>11,371,700</b>	<b>SR</b>

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%
<b>Actual total rental income of commercial shops</b>	<b>266,000</b>	<b>SR</b>

Actual total annual income		
<b>Actual total annual income</b>	<b>11,637,700</b>	<b>SR</b>

## Estimating the value of the property - Income Approach

### Discounted Cash Flow assumptions

Total rental income	11,637,700	Discount rate	9%
Operating and capital expenditure rate	35%	Capitalization rate	7%
Cash flow period (years)	10	Growth rate - annually from the second year	2%

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%	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 rate of operating and capital expenses	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
Reversion value of the building											119,140,954
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
Discount factor		0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5470	0.5019	0.4604	0.4224
Present value of cash flow		6,939,913	6,366,893	5,841,186	5,358,886	5,162,230	4,735,991	4,344,945	3,986,188	3,657,054	3,522,850

Net present value of the property

100,242,561

Final value of the property (SR) 100,242,561

Final value of the property after rounding (SR) 100,243,000

## Final value of the property

Based on the purpose of valuation and the nature of the property and its characteristics as a hotel 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 million, two hundred and forty-three thousand Saudi riyals	100,243,000

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



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

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# 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

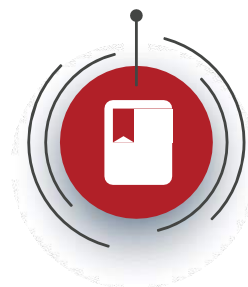
Meeting with the client and determining the scope of work, including the purpose of the valuation, the basis of value, the parties involved, the date of the valuation, and any special or important assumptions, including clarity of the assignment and the expected outputs from it.

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.	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>
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## 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

Documents received from the client

Building permit

Deed



شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03 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

## Team



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