



Real Estate Valuation Report
Seashore Residential Complex
KSA – Al Khobar City
Prepared for Musharaka REIT
Date of Report

August 01 -08- 2022





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Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

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Property's Type	Residential Complex Property
Location	Tahliyah District– Al Khobar
Land Area	38,103 sq. m
Title deed number	930205013309
Title's date	24-11-1438 H
Scheme Number	338/2
Percentage of land coverage according to the current construction	60%
No. of suites & rooms	112 housing units (76 villas - 36 apartments)
Plot Number	-
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	24,233.13 + 556.64 sqm
Building's Permit number	10302/421/4
Building Permit's date	22-07-1438 H
Building Life	4.5 Years
Market value based to RV & DRC method	SR 138,620,459
Market value based to Cap rate method	SR 153,529,411
Market value based to 40% & 60% Weighted average between RV, DRC and Cap rate Methods	147,566,184 (One hundred Forty-seven million, five hundred sixty-six thousand, one hundred eighty-four Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Seashore Residential Complex – Al-Khobar city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Seashore Residential Complex – Al Khobar city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for Residential facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Residential Complex property 147,566,184 SAR** has nominated on the basis of on weighted average method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al Musharaka Real estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial - Residential property –Residential – Al Khobar
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of residential facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Al- Khobar on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as Residential usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the Residual value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Residual Value Method

- RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income).

First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, in as much as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on residual value for land valuation.

- Cost and depreciation method in building evaluation.
- Income method
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Al-Khobar city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the weighted average method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.

15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

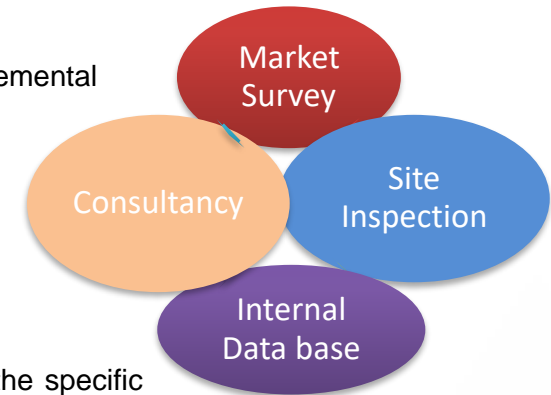
1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted average method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

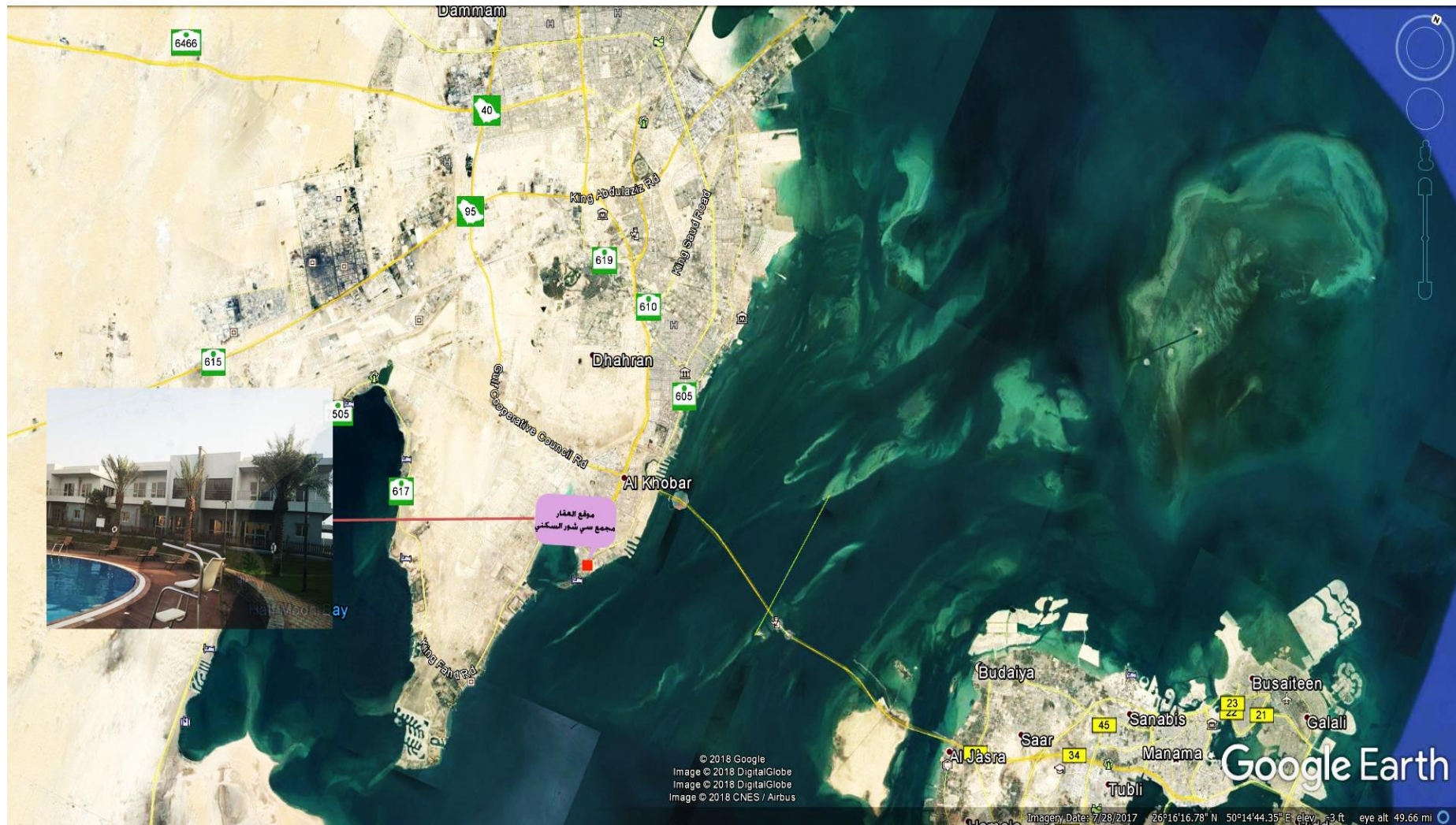
The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	26°10'00.5"N 50°11'46.6"E	https://goo.gl/maps/YZsPWFgStZ4iUufz9
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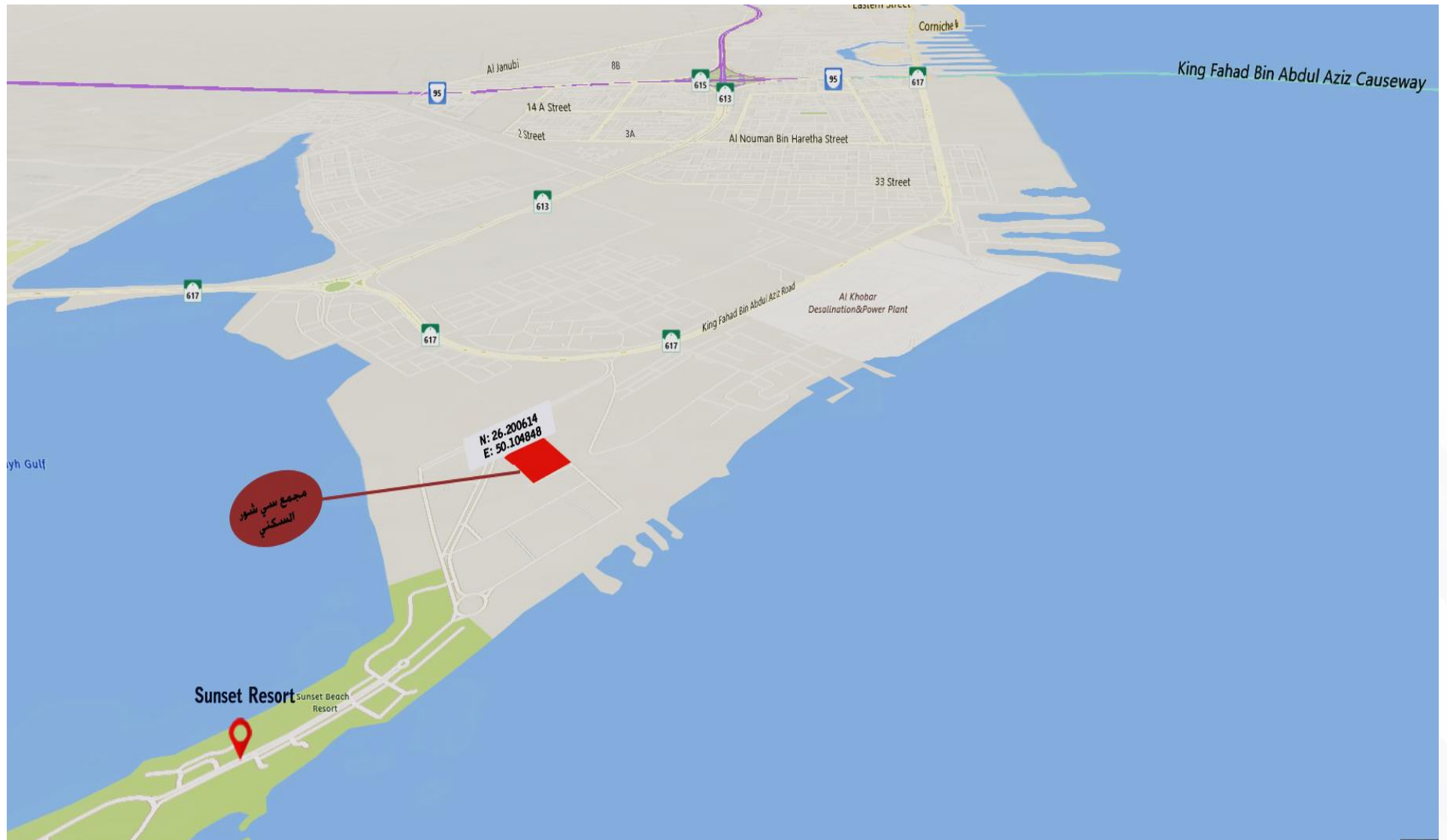
17.1- Aerial View



Google Map View



Middle City View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located nearby Corniche Al Khobar, with newly plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as king Fahad bridge & nearly corniche al Khobar. *Visibility – All Major Commercial & Residential Property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be more development in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Seashore Residential Complex.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Qurtaba District	The property is located Tahliyah-side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The property is a residential complex and contains 112 housing units - it is located in the city of Al-Khobar in the Tahliyah district near the Khobar Corniche and King Fahd Bridge - the total area of the land according to the deed is: 38,103 m² and the total building area is 24,242.13 m² + a plot of 556.64 m².

Sector	Side / Part		Comment			
	On City Level	Al Khobar City	The property is located developed side of the city a region filled with new development and project and is the location near of the corniche area growth.			
	Proximity from Attraction	Main Axis			Main Road	Near comiche Al Khobar
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

18- Land Valuation Methodology

18.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

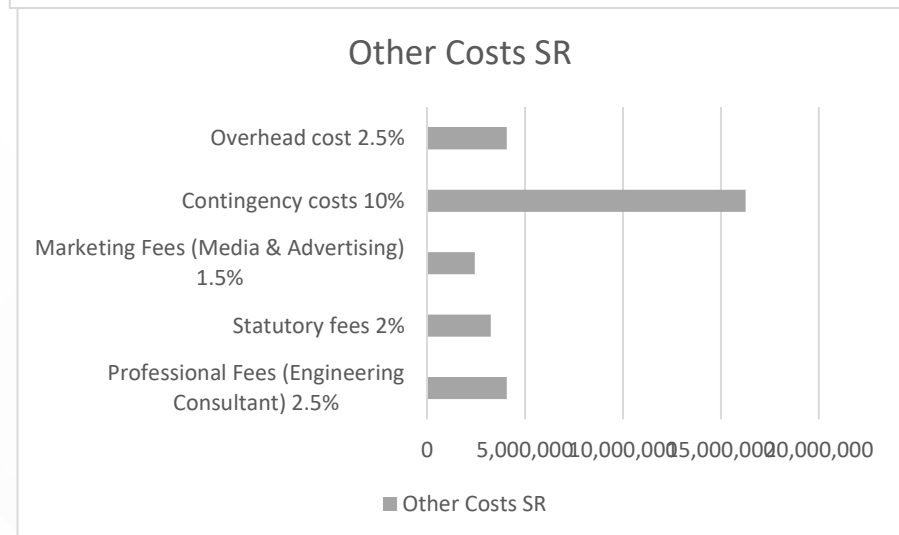
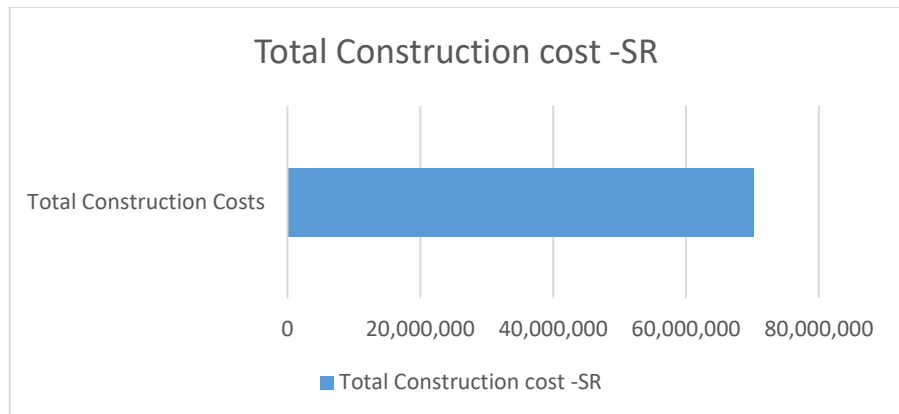
The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, in as much as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.



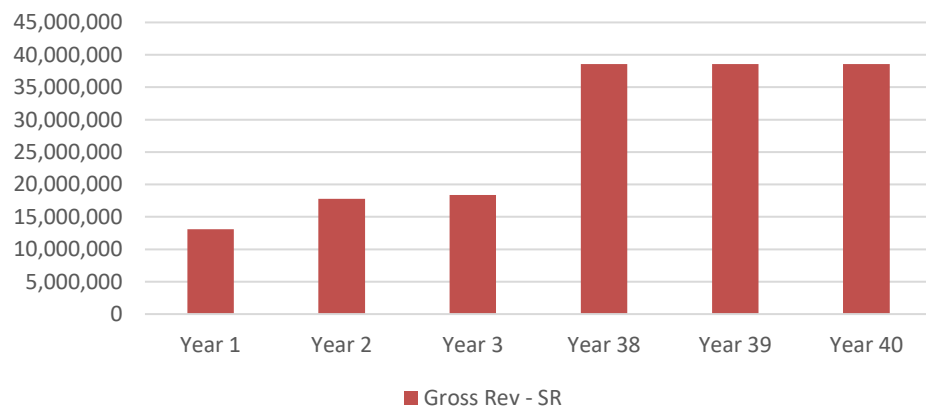
Dev - Cost Sheet - Residential Compound Project - Grade B			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
Development Work			
Land Area - developed / year - sqm	38,103.00		
Development Cost SAR / SQM	80		
Total Development Cost / Year	3,048,240		
Res Compound Grade B			
Total BUA - sq. m	47,629		
Res Units BUA construction / Year	15,876	15,876	15,876
Res units Construction & FF&E Cost SAR / sqm	3,000	3,000	3,000
Total Dev cost - SAR	47,628,750	47,628,750	47,628,750
Recreation, Landscaping, playgrounds, Facilities	15,241		
Construction and Finishing cost - SAR/ sq. m	1,300		
Total Construction Cost / year	19,813,560		
Total Construction Costs	67,442,310	47,628,750	47,628,750
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	1,686,058	1,190,719	1,190,719
Statutory fees 2%	1,348,846	952,575	952,575
Marketing Fees (Media & Advertising) 1.5%	1,011,635	714,431	714,431
Contingency costs 10%	6,744,231	4,762,875	4,762,875
Overhead cost 2.5%	1,686,058	1,190,719	1,190,719
Total Dev - Cost - SR	79,919,137	56,440,069	56,440,069



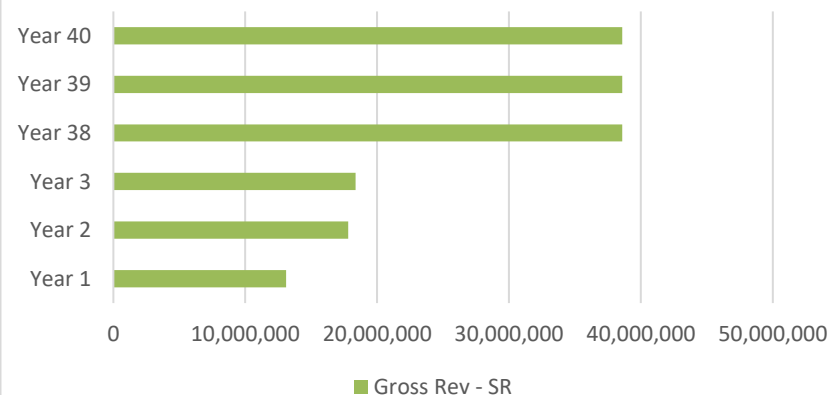
Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

Currency SAR	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- Res units Rev							
Leasable area - sq. m		40,484	40,484	40,484	40,484	40,484	40,484
Annual rental price - sq. m		450	450	450	950	950	950
Occupancy Rate %		70%	95%	98%	98%	98%	98%
Revenues Cat 1		12,752,598	17,307,097	17,853,637	37,691,011	37,691,011	37,691,011
Category 2- Shops and Restaurants							
Leasable area - sq. m		1,000	1,000	1,000	1,000	1,000	1,000
Annual rental price - sq. m		500	500	500	900	900	900
Occupancy Rate %		70%	100%	100%	100%	100%	100%
Revenues Cat 2		350,000	500,000	500,000	900,000	900,000	900,000
Gross Revenues		13,102,598	17,807,097	18,353,637	38,591,011	38,591,011	38,591,011

Gross Rev - SR



Gross Rev - SR



Income Statement

	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	13,102,598	17,807,097	18,353,637	38,591,011	38,591,011	38,591,011
Operating (PM&FM) plus Administrative Expenses (18%)	2,358,468	3,205,277	3,303,655	6,946,382	6,946,382	6,946,382
Gross Profit - EBITDA	10,744,130	14,601,820	15,049,982	31,644,629	31,644,629	31,644,629
Depreciation	-1,598,383	-1,598,383	-1,598,383	-1,598,383	-1,598,383	-1,598,383
Earnings after depreciation	9,145,747	13,003,437	13,451,600	30,046,247	30,046,247	30,046,247
Interest Expense	-4,608,000	-4,608,000	-4,608,000	0	0	0
Earning after interest expense	4,537,747	8,395,437	8,843,600	30,046,247	30,046,247	30,046,247
Taxes	-340,331	-629,658	-663,270	-2,253,468	-2,253,468	-2,253,468
Net Income	4,197,416	7,765,779	8,180,330	27,792,778	27,792,778	27,792,778
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	4,197,416	7,765,779	8,180,330	27,792,778	27,792,778	27,792,778
Cumulative Retained earnings	4,197,416	11,963,195	20,143,525	905,758,001	933,550,779	961,343,557

Cash Flow Statement

Cash flow Table	Construction Year 1	Construction Year 2	Construction Year 3	Operation Year 1	Operation Year 2	Operation Year 32	Operation Year 33
IN - Flow							
Capital Injection							
Net Revenues				4,197,416	7,765,779	27,792,778	27,792,778
Depreciation				1,598,383	1,598,383	1,598,383	1,598,383
Total Inflow				5,795,799	9,364,162	29,391,161	29,391,161
OUT Flow							
Total Construction Cost	67,442,310	47,628,750	47,628,750				
Professional Fees	1,686,058	1,190,719	1,190,719				
Statutory fees 2%	1,348,846	952,575	952,575				
Marketing Fees (Media & Advertising) 1.5%	1,011,635	714,431	714,431				
Contingency costs 10%	6,744,231	4,762,875	4,762,875				
Overhead cost 1%	1,686,058	1,190,719	1,190,719				
Total Outflow	-79,919,137	-56,440,069	-56,440,069				
Net Cash Flow	-79,919,137	-56,440,069	-56,440,069	5,795,799	9,364,162	29,391,161	29,391,161
Cumulative Net Income	-79,919,137	-136,359,206	-192,799,275	-187,003,476	-177,639,314	791,899,752	821,290,913

Residual Value - RV

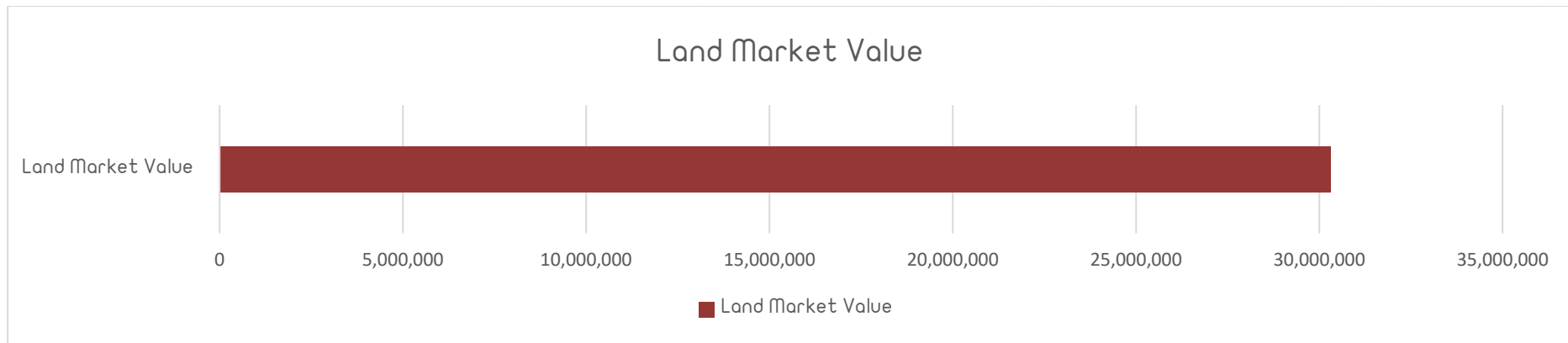
RV Approach	Construction / Year 1	Construction Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	32	33	
Net Cash Flow		0	0	5,795,799	9,364,162	29,391,161	29,391,161	955,307,866
Discount Rate:	8.9%	0.000	0.000	0.918	0.843	0.065	0.060	
OUT Flow								
Total Outflow		0	0	0	0	0	0	
Total Cash out								
Net Cash Flow (Before Discount Rate)	(192,799,275)	0	0	5,795,799	9,364,162	29,391,161	29,391,161	436,296,962
								Total Cash flow
Discounted Cash Flow DCF	(192,799,275)	0	0	5,322,130	7,896,109	1,920,103	1,763,180	30,318,862
								Residual value
Market Value - MV								
	Land - MV	30,318,862						
	Land area - sq. m	38,103.00						
MV - per sq m - Residual value		795.71						

Land market Value as per RV Method = Land Area * market value / sq. m

= 38,103 sq. m * 795.71 S. R

= 30,381,862 S.R (Thirty Million, Three Hundred Eighty-one

Thousand, Eight Hundred Sixty-Two Saudi Riyal)



18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the total Gross Floor area GFA has been calculated area 38,103 sqm from Musharaka REIT.

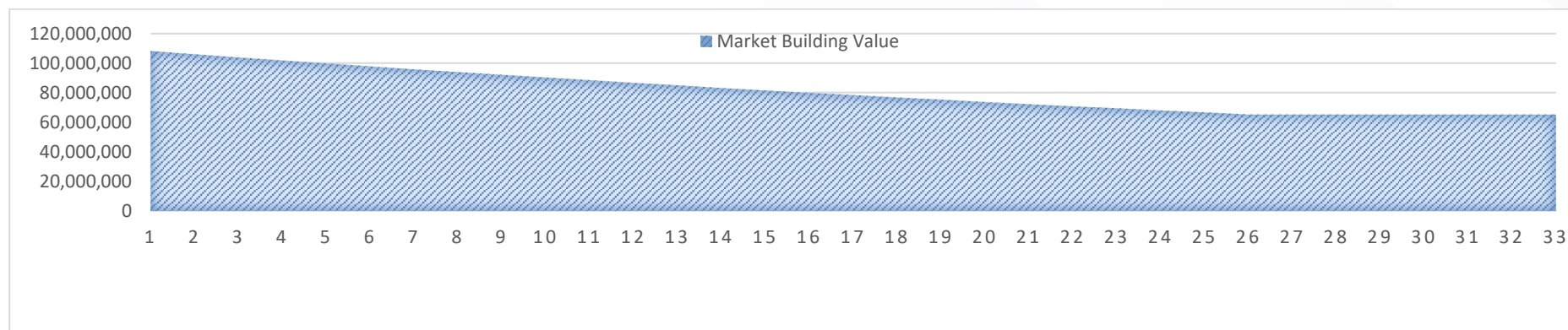
Depreciated Replacement cost (DRC)

Standard: Average useful life for building in Al Khobar city after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	4.5 years
Apportionment – Acc Depreciation	2%*4.5 Years	8%

Note: Annual Deprecation Charged on December for every Year

(Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Basement floor (gym - health club)	1,109.10	4,000	100%	4,436,400
Ground floor car parking	8,278.16	2,800	100%	23,178,848
Ground floor (residential, services and gym)	3,430.52	3,500	100%	12,006,820
First Floor	11,424.35	3,600	100%	41,127,660
fences and yards	556.64	750	100%	417,480
Replacement cost - SR				81,167,208
Add: The area of the outdoor area m ² - (swimming pool - green areas - restaurant - cafe - games area)	11,250	1,500	100%	16,875,000
Market value before deducting accumulated depreciation SAR				98,042,208
Less: Accumulated depreciation (8%) The life of the property is 4.5 years at a depreciation rate of 2% annually after examining the maintenance work				(7,843,377)
The market value of the building before the developer's profit				90,198,831
Add: Developer profit (20%)				18,039,766
Depreciated Replacement cost DRC for building				108,238,597



**19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-
Currency SR**

Market Value (Land)	30,381,862 SAR
Building Value - SAR	108,238,597 SAR
Market value -Total Land & Building Property	138,620,459 S.R (One hundred thirty-eight million, six Hundred twenty-thousand, Four hundred fifty-nine Saudi riyals)

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Al Khobar city -June 2022- FFO:

Lease Contract ending Year	August 2022
Annual rental value - net income	13,050,000 SAR
Capitalization Rate	8.5%

Notes: The lease expires at the end of August 2022, after which the property will be operated by the owner.

21 - Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period, and revenue for residential we have compared the income with market benchmark and rentals achieved in catchment area with other comparable with similar leasable areas of other property.

The real estate income was verified according to the market and it was found that the net operating income NOI of the real estate is higher than the comparative market rate by 10% after checking the available offers in the real estate area, as the average rent of the furnished villa and the furnished apartment are within projects characterized by modern and modern designs, construction, finishing and annual furnishing of the villa For an area of 220 m² - 140,000 Saudi riyals annually, and for a large apartment an area of 130 - 150 m² for 100,000 Saudi riyals annually, it is within a closed and serviced residential complex similar to the property under evaluation

Gross Avg Operating Income GOI – Currency SAR- Average for a Contractual period based as per client.	13,050,000	
Vacancy and collection loss	0	
Additional income	0	
Effective Avg gross income	13,050,000	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Net Avg operating income NOI	13,050,000	
Cap rate 8.5%		
Market Value @ 8.5% Capitalization rate	153,529,411 SAR	

22-: In case of Musharaka REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
Land & Building - Residual value + DRC depreciation replacement cost - MV	138,620,459	40%	55,448,184
Capitalization rate - MV rate	153,529,411	60%	92,118,000
Weighted Average (40% for DRC, 60% Cap rate)			
Sum of Values			147,566,184
Market Value MV	147,566,184 (One Hundred forty- Seven million, Five hundred sixty-six thousand, One hundred Eighty-four Saudi Riyal)		

General Notes:

- The market value of the property - is **147,566,184** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average rate method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.

- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
140,187,874	147,566,184	154,944,493

23-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	King Fahad Road
			all the time	Gulf Cooperation Council Road

Exit & Entry Movement

General Notes	Exit	Entry	road Name
	Easy	Easy	King Fahad Road
	Easy	Easy	Gulf Cooperation Council Road

24- Real Estate Market Summary- Al Khobar City

- South Al Khobar (Al Azizia and Tahlia neighborhoods) is one of the most prominent neighborhoods in South Al Khobar, where the area includes many closed and serviced residential and tourism projects due to its proximity to the waterfront.
The average price of residential land in the real estate area ranges from 600 - 1,000 riyals, depending on the area, location, proximity and distance from King Fahd Road.
- The hotel real estate sector is witnessing an improvement in the whole of Al-Khobar, where the sector witnessed a gradual increase in the prices of accommodation, as it recorded at the end of 2019 an increase of 5% and achieved 660 riyals as a general average over the same period in 2018 as a result of the increase in the general occupancy rate of the sector from 56% to 58% for hotels More than 3-stars and a huge drop in incomes for 2-star hotels
- The office real estate sector is one of the sectors that witnessed a decrease in office rents by 30%.
- The retail real estate sector is one of the sectors that suffers a stagnation in the level of leasing exhibitions and traditional shops as a result of weak and limited demand during 2018 - until mid-2019, when vacancies increased from shops within the Plaza and Street shops projects as a result of the large supply of them, and the impact of the emergence of life style restaurants complex projects that attract International and local restaurants and cafes

25- External and internal Pictures

External view

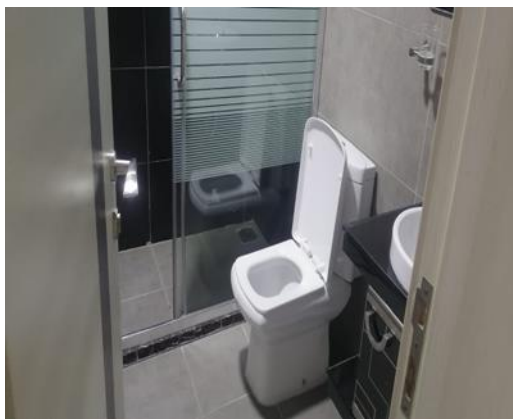
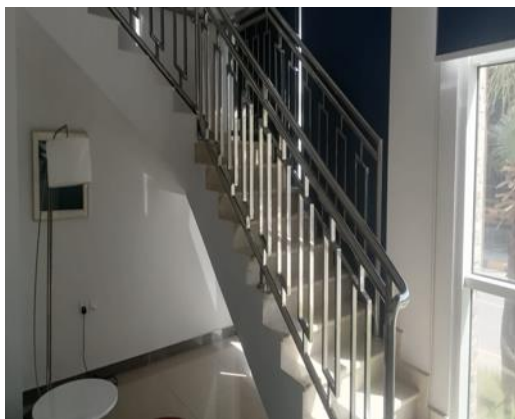


External View



Internal view

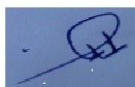




26-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





26.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير 618932	منشأة التقييم العميل
شركة اولات للتقييم العقاري	الغرض من التقييم
مشاركة المالية	عدد الأصول
أغراض محاسبية	نوع التقرير
1	تاريخ إصدار التقرير
تقرير مفصل	
Mon 08 Aug. 2022	

للتحقق من صحة شهادة التسجيل:



يحمل التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة السعودية للتقييمات المعاملين أي مسؤولية مالية عنهم وسجل التقرير لأغراض رقابية ولا يعني اعتماد الهيئة له.

Data received by Client

- (The deed + building permit + the modified study of the REIT Musharakah Fund, which shows the time period + the rental value of the lease contracts) in addition to all the information of the fund has been received.
- With regard to the lease contract signed between the two parties to the relationship, it was previously requested by the Olat Real Estate Appraisal Company, and we were not provided with any lease contract by the appraisal requester for his own considerations, and where he recommended the possibility of adopting the data included in the modified fund study on 20/09/2018 It is similar to the contract data in terms of the time period and the rental value of the property - annually - and its validity was assumed by the approval of the fund's offering by the Capital Market Authority on 17/17/2017 AD)

27- Property Official Documents as per Client

Title Deed

بسم الله الرحمن الرحيم

المجلس الأعلى للمحكمة الشرعية
كتابة العدل الأولى بمحافظة الخبر
[٢٧٧]

الرقم : ٩٣٠٢٠٥٠١٣٣٠٩
التاريخ : ١٤٣٨ / ١١ / ٢٤ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم بدون من المخطط رقم ٣٣٨ / ٢ بمدينة الخبر، وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠ م بطول: (١٩٢,٤٣) مائة و اثنين و تسعون متر و ثلاثة و أربعون سنتيمتر
جنوباً: أرض مملوكة غير مخططة بطول: (١٩٢,٤٣) مائة و اثنين و تسعون متر و ثلاثة و أربعون سنتيمتر
شرقاً: شارع عرض ١٥ م بطول: (٢٠٠) مئتين متر
غرباً: شارع عرض ١٥ م بطول: (٢٠٠) مئتين متر

ومساحتها: (٣٨١٠٣) ثمانية و ثلاثون ألفا و مائة و ثلاثة متر مربعاً فقط توجد شطفه بالركن الشمالي الشرقي والشمالي الغربي بمقدار ٤ * ٤ م لكتليهما وكذلك وجود غرفة كهرباء بالركن الجنوبي الشرقي بمساحة ٢ * ٥,٥٠ م

والمستند في إفراغها على الصك الصادر من هذه الإدارة برقم ٤٣٠٢٠٥٠١٢٧٠٣ في ١٤٣٨ / ٩ / ٦ هـ

قد انتقلت ملكيتها ل: شركة حفظ المشاركة المقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٨٣٤ في ١٤٣٧ / ١٠ / ١٢ هـ وتنتهي في ١٤٤١ / ١٠ / ١٢ هـ، بثمن وقدره ١٤٥٠٠٠٠٠٠ مائة و خمسة و أربعون مليون ريال وعليه جرى التصديق تحريراً في ١٤٣٨ / ١١ / ٢٤ هـ، لا عتاده، وصلى الله على نبينا محمد وآله وصحبه وسلم.

الختم الرسمي

وزارة العدل
كتابة العدل الأولى بمحافظة الخبر
كتب العدل بنسب رقم (٥) هذا المستند

عبدالله بن محمد بن عبدالله الشهري
كتاب العدل

مصلحة مطابع الحكومة - ٢٨٢٠٢٢
(هذا النموذج مخصص للاستخدام بالحاسب الآلي وينتج تلقائياً)
نموذج رقم (١٢-٢-١) من ١

Building Permit

[illegible][illegible]

الرقم: ١٠١٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية VISION
2030
 المملكة العربية السعودية
 KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

رأس المال: ٥٠٠٠٠٠ ريال سعودي

جنسيتها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: للاطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

المديرون	عبدالمك إبراهيم عبدالكريم الدرويش
١	٢
٣	٤
٥	٦
٧	٨
٩	١٠
١١	١٢
١٣	١٤
١٥	١٦



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المقر الرئيسي: الرياض

وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك إبراهيم عبد الكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

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We derive the Accurate Value in a changing market



شركة أولات للتقييم العقاري
Olaat Valuation Company

Real Estate Valuation Report

Raddison Blu

Al Khobar City- KSA

Musharaka REIT

Date of Report

2022-08-01



2022

نستنبط القيمة الأدق في سوق متغير

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Olaa Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Hotel – Commercial Property
Location	Oalya – Al Khobar
Land Area	3,798.08 sq. m
Title deed number	330207005611-930207005612-33207005613
Title's date	29-11-1438 H
Scheme Number	345/2
Percentage of land coverage according to the current construction	60%
No. of suites & rooms	92 hotel rooms and suites
Plot Number	112-114-116
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	8,964+ 781.8 Sqm Surrounding wall
Building's Permit number	11390/434
Building Permit's date	17/12/1434
Building Life	4.5 Years
Market value based to RV & DRC method	SR 34,421,936
Market value based to Cap rate method	SR 49,671,875
Market value based to 45% & 55% Weighted average between DRC and Cap rate Methods	84,093,811 (Eighty-Four Million, Ninety-three thousand, & eight hundred Eleven Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



Musharaka REIT
For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Raddison Blu Al Khobar– Al-Khobar city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Raddison Blu Al Khobar – Al Khobar city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for hospitality facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Hotel property 84,093,811 SAR** has nominated on the basis of on weighted average method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial property –Hotel – Al Khobar
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	<p>We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.</p> <p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>“Value Basis “The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>
Valuation Date	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Hotel Property project reflected on June 30th,2022.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Al- Khobar on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).

Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as Hospitality usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the Residual value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>

Currency	Saudi Riyal
Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. In the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.

- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).
- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Residual Value Method

- RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of

capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on residual value for land valuation.
- Cost and depreciation method in building evaluation.
- Income method
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Al-Khobar city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the weighted average method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.

15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted average method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

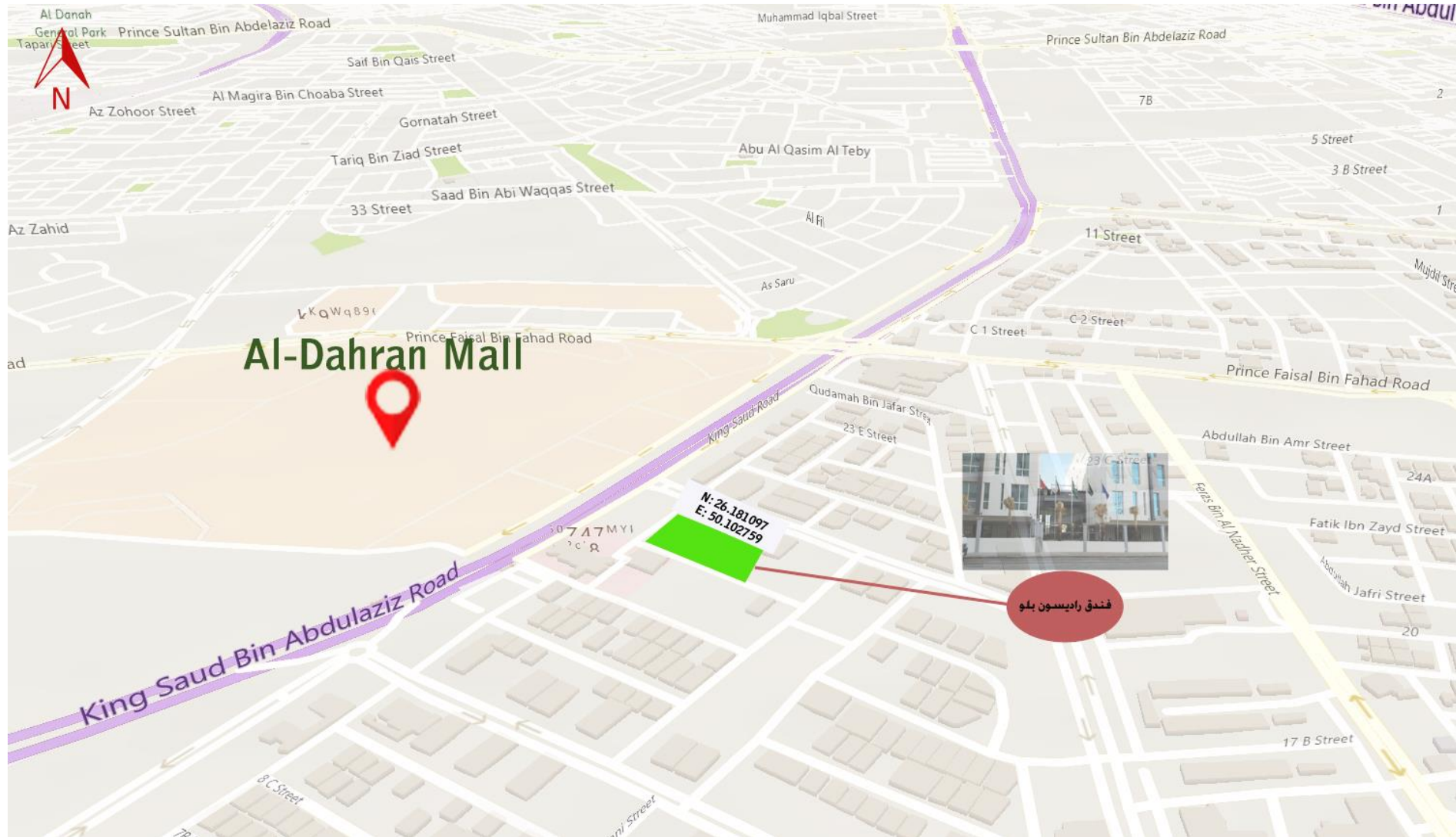
These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	26°18'12.2"N 50°10'27.6"E	https://goo.gl/maps/ysqsewXFu7FSQx7A6
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Google Map View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located nearby King Saud bin Abdul-Aziz Road, and with newly Mall of Dahran plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as king saud bin Abdul Aziz Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Raddison Blu.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Olaya District	The property is located olaya-side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The property is a 4-star hotel and contains 92 hotel rooms and suites under the management of Radisson Blu - located in the city of Al-Khobar in the Olaya district near King Saud Road and Dhahran Mall and opposite the Care Hospital - the total area of the land according to the deed is: 3,798.08 square meters and the total building areas 8,964 m² + walls with an area of 256.20

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Al Khobar City	The property is located developed side of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis		Main Road	King Saud Road	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

18- Land Valuation Methodology

18.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

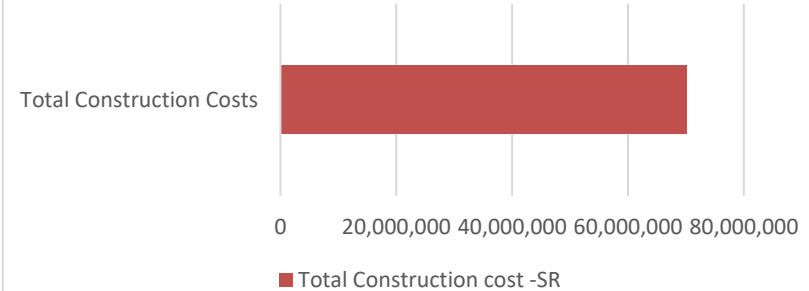
Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.



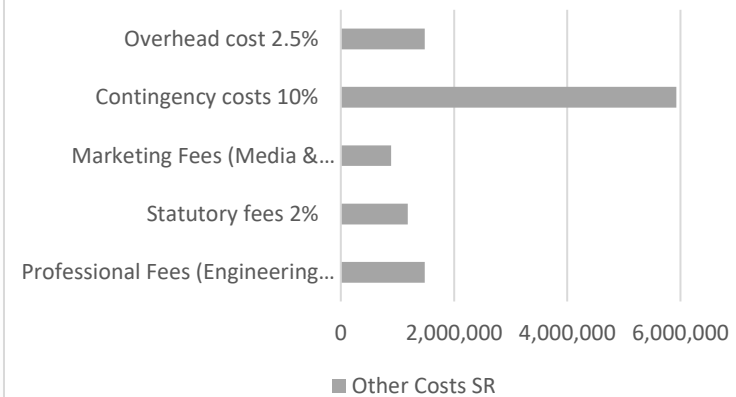
Dev - Cost Sheet - Hotel 4 star

Cost Type- Dev Type	Con Year 1	Con Year 2,3
Development Work		
Land Area - developed / year - sq. m	3,798.08	
Development Cost S.R / sq. m	80	
Total Development Cost / Year	303,846	
Hotel - 5 Star		
Total BUA - sq. m	9,115	
Units BUA construction / Year	4,558	4,558
FF&E Cost S.R / sq. m	6,500	6,500
Total Construction Cost / year	29,625,024	29,625,024
Total Construction Costs	29,625,024	29,625,024
Other Costs		
Professional Fees (Engineering Consultant) 2.5%	740,626	740,626
Statutory fees 2%	592,500	592,500
Marketing Fees (Media & Advertising) 1.5%	444,375	444,375
Contingency costs 10%	2,962,502	2,962,502
Overhead cost 2.5%	740,626	740,626
Total Dev - Cost – SR – Year	35,105,653	35,105,653
Total Dev - Cost – SR	70,211,307 SR	

Total Construction cost -SR

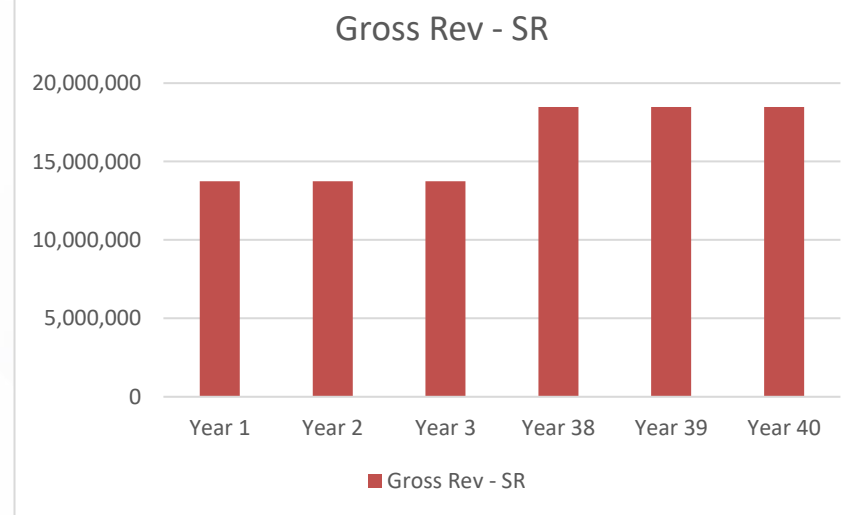
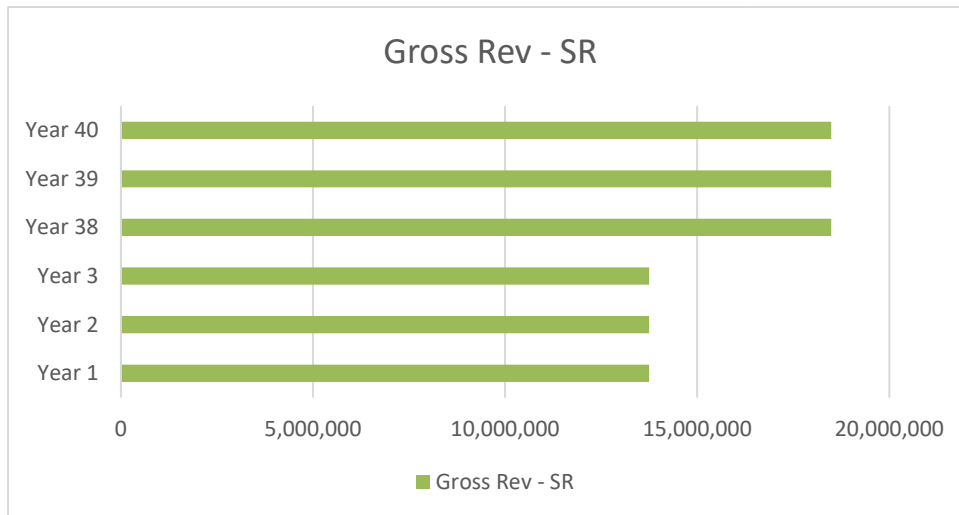


Other Costs SR



Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 38	Year 39	Year 40
Category 1- 4 stars - Hotel Rooms units Rev including F&B and MOD income							
Leasable area - sq m		4,558	4,558	4,558	4,558	4,558	4,558
Number of Keys		130	130	130	130	130	130
Average Daily Rate ADR - SAR / Key		500	500	500	650	650	650
Number of operations		364	364	364	364	364	364
Occupancy Rate %		58%	58%	58%	60%	60%	60%
Revenues Cat 1		13,746,011	13,746,011	13,746,011	18,486,015	18,486,015	18,486,015
Gross Revenues		13,746,011	13,746,011	13,746,011	18,486,015	18,486,015	18,486,015



Income Statement

	Year 1	Year 2	Year 3	Year 38	Year 39	Year 40
Gross Revenues	13,746,011	13,746,011	13,746,011	18,486,015	18,486,015	18,486,015
Cost of goods and services, Hotel met operation and Administrative Expenses (45%)	6,185,705	6,185,705	6,185,705	8,318,707	8,318,707	8,318,707
Gross Profit - EBITDA	7,560,306	7,560,306	7,560,306	10,167,308	10,167,308	10,167,308
Depreciation	-702,113	-702,113	-702,113	-702,113	-702,113	-702,113
Earnings after depreciation	6,858,193	6,858,193	6,858,193	9,465,195	9,465,195	9,465,195
Interest Expense	-1,680,000	-1,680,000	-1,680,000	0	0	0
Earning after interest expense	5,178,193	5,178,193	5,178,193	9,465,195	9,465,195	9,465,195
Taxes	-388,364	-388,364	-388,364	-709,890	-709,890	-709,890
Net Income	4,789,829	4,789,829	4,789,829	8,755,306	8,755,306	8,755,306
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	4,789,829	4,789,829	4,789,829	8,755,306	8,755,306	8,755,306
Cumulative Retained earnings	4,789,829	9,579,657	14,369,486	338,864,903	347,620,208	356,375,514

											Loan - Principle 40% - TDC	
PMT	3,804,303	3,804,303	3,804,303	3,804,303	3,804,303	3,804,303	3,804,303	3,804,303	3,804,303	3,804,303	38,043,028	
IPMT	1,680,000	1,552,542	1,417,436	1,274,224	1,122,419	961,506	790,939	610,137	418,487	215,338	10,043,028	Interest exp
	5,484,303	5,356,845	5,221,739	5,078,527	4,926,722	4,765,809	4,595,241	4,414,440	4,222,790	4,019,641	48,086,057	Total amount Paid - loan + r

Cash Flow Statement

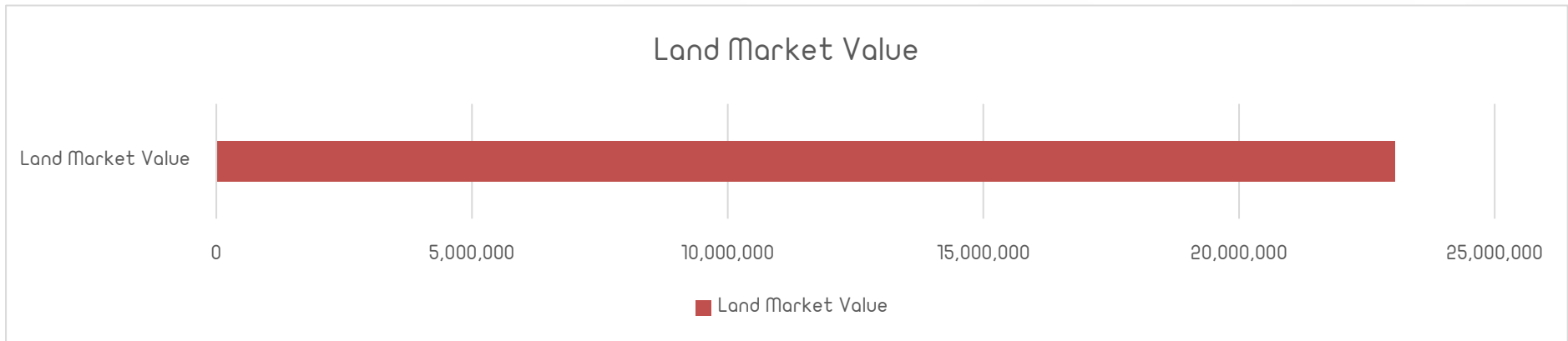
Cash flow Table	Construction Year 1	Construction Year 2,3	Operation Year 1	Operation Year 2	Operation Year 38	Operation Year 39	Operation Year 40
IN - Flow							
Capital Injection							
Net Revenues			4,789,829	4,789,829	8,755,306	8,755,306	8,755,306
Depreciation			702,113	702,113	702,113	702,113	702,113
Total Inflow			5,491,942	5,491,942	9,457,419	9,457,419	9,457,419
OUT Flow							
Total Construction Cost	29,625,024	29,625,024					
Professional Fees	740,626	740,626					
Statutory fees 2%	592,500	592,500					
Marketing Fees (Media & Advertising) 1.5%	444,375	444,375					
Contingency costs 10%	2,962,502	2,962,502					
Overhead cost 1%	740,626	740,626					
Total Outflow	-35,105,653	-35,105,653					
Net Cash Flow	-35,105,653	-35,105,653	5,491,942	5,491,942	9,457,419	9,457,419	9,457,419
Cumulative Net Income	-35,105,653	-70,211,307	-64,719,365	-59,227,424	295,333,892	304,791,311	314,248,730

Residual Value	construction / Year 1	Construction/ Year 2,3	Operation / Year 1	Operation / Year 2	Operation / Year 38	Operation / Year 39	Operation / Year 40	Total
IN - Flow	Period	0	1	2	38	39	40	
Net Cash Flow		0	5,491,942	5,491,942	9,457,419	9,457,419	9,457,419	384,460,037
Discount Rate:	8.65%	0.00	0.920	0.847	0.043	0.039	0.036	
OUT Flow								
Total Outflow		0	0	0	0	0	0	
	Total Cash out							
Net Cash Flow (Before Discount Rate)	(70,211,307)	0	5,491,942	5,491,942	9,457,419	9,457,419	9,457,419	60,694,475
								Total Cash flow
Discounted Cash Flow DCF	(70,211,307)	0	5,054,709	4,652,287	404,243	372,060	342,439	23,051,362
								Residual value
Market Value - MV								
	Land - MV	23,051,362						
	Land area - sq. m	3,798.08						
MV - per sq. m - Residual value		6,069.21						

Land market Value as per RV Method = Land Area * market value / sq. m

= 3,798.08 sq. m * 6,069.21 S.R

= 23,051,345 S.R (Twenty-three Million, Fifty-one Thousand, Three Hundred Forty-Five Saudi Riyal)



18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the total Gross Floor area GFA has been calculated area 8,964 sqm from Musharaka REIT.

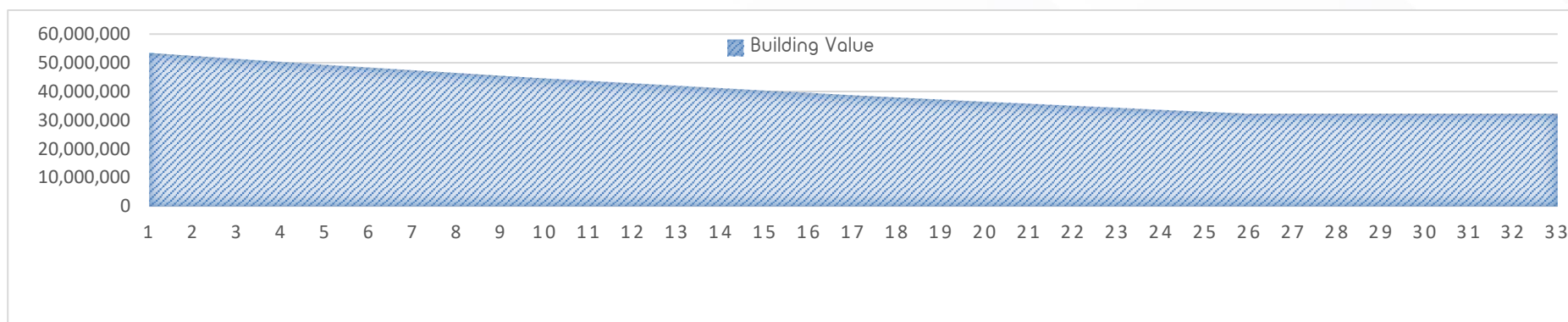
Depreciated Replacement cost (DRC)

Standard: Average useful life for building in Al Khobar city after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	4.5 years
Apportionment – Acc Depreciation	2%*4.5 Years	8%

Note: Annual Deprecation Charged on December for every Year

(Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Car Parking Area	1,982.1	3,000	100%	5,946,300
Electric Room	27.5	3,500	100%	96,250
Ground Floor	2,009.6	5,800	100%	11,655,680
First Floor	2,009.6	5,800	100%	11,655,680
Second Floor	2,009.6	5,800	100%	11,655,680
Third Floor	925.6	5,800	100%	5,368,480
Surrounding Wall Area	781.8	750	100%	586,350
Replacement cost - SR				46,964,420
Add: Landscaping Drop Off -Entrance -Guards room Development Cost	1,519	950	100%	1,443,050
Market value before deducting accumulated depreciation SAR				48,407,470
Less: Accumulated depreciation (8%) The life of the property is 4.5 years at a depreciation rate of 2% annually after examining the maintenance work and the way it works				3,872,598
The market value of the building before the developer's profit increase				44,534,872
Add: Developer profit (20%)				8,906,974
Depreciated Replacement cost DRC for building				53,441,846



**19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-
Currency SR**

Market Value (Land)	23,051,345 SAR
Plus	
Building Value - SAR	53,441,846 SAR
Sum of Value – Property	76,493,191 SAR
Market value -Total Land & Building Property	76,493,191 S.R (Seventy-Six million, Four Hundred Ninety-Three thousand, One Hundred Ninety-One Saudi riyals

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Al Khobar city -June 2022- FFO:

Lease Contract Terms	Five Years
Annual rental value - net income	7,225,000 SAR
Tenant	Arabian Tanami Company (Closed Joint Stock Company)

Notes: The lease expires at the end of August 2022, after which the property will be operated by the owner.

21 - Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period, and ADR for hotel we have compared the income with market benchmark and rentals achieved in catchment area with other comparable with similar leasable areas of other property.

Due to market renting analysis the average revenue in the area in between 550–650 SAR per sq m for gross leasable area and comparing it to the annual renting values for properties in the same area and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The property income was verified according to the market, and it was found that the net income of the property according to the market was 7,225,000 in the case of daily operation. The daily accommodation prices were estimated at 600 riyals as an average for the hotel apartment.

Gross Avg Operating Income GOI – Currency SAR- Average for a 5 Years Contractual period based as per client.	7,225,000	
Vacancy and collection loss	0	
Additional income	0	
Effective Avg gross income	7,225,000	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Net Avg operating income NOI	7,225,000	
Cap rate 8%		
Market Value @ 8% Capitalization rate	90,312,500SAR	

22-: In case of Musharaka REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
Land & Building - Residual value + DRC depreciation replacement cost - MV	76,493,191	45%	34,421,936
Capitalization rate - MV rate	90,312,500	55%	49,671,875
Weighted Average (45% for DRC, 55% Cap rate)			
Sum of Values			84,093,811
Market Value MV	84,093,811 (Eighty-Four million, Ninety-Three thousand, Eight hundred eleven Saudi Riyal)		

General Notes:

- The market value of the property - **is 84,093,811** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average rate method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.

- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
79,889,120	84,093,811	88,298,501

23-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

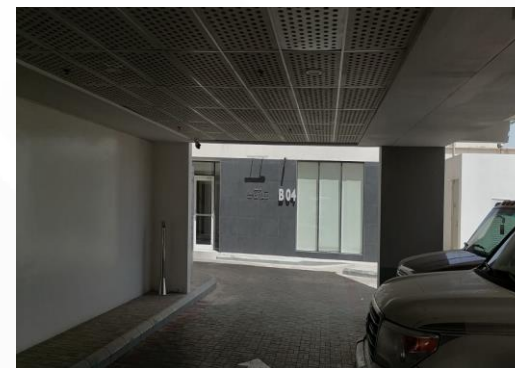
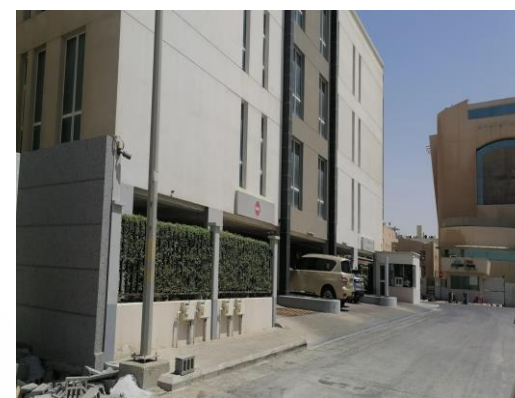
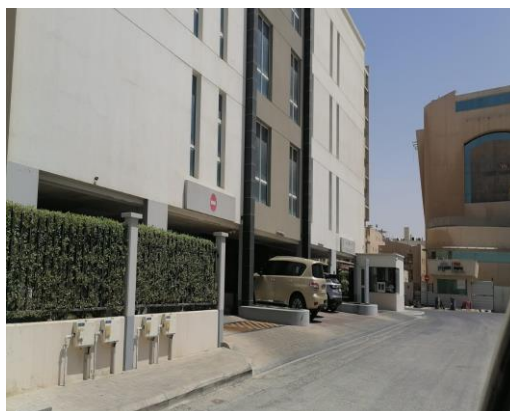
General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	King Saud Road (Al Qishla)
		all the time		Prince Faisal bin Fahd Road
				Zaid Ibn Al-Khattab
				Al Haramain Road
Exit & Entry Movement				
General Notes	Exit	Entry		road Name
No	Easy	Easy		King Saud Road (Al Qishla)
No	Easy	Easy		Prince Faisal bin Fahd Road
No	Easy	Easy		Zaid Ibn Al-Khattab
No	Easy	Easy		Al Haramain Road

24- Real Estate Market Summary- Al Khobar City

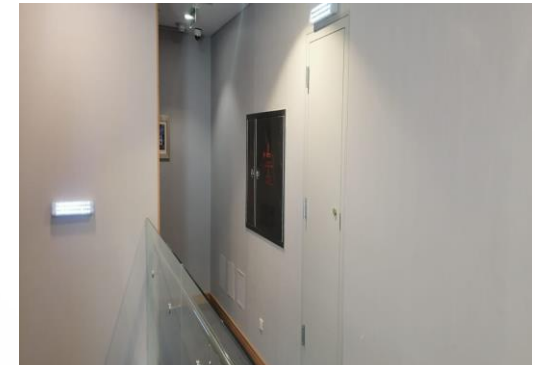
- The average price of commercial land in the real estate area ranges between 5,000 - 9,500 riyals, depending on the location of King Saud Al-Qashla Road, which is one of the most vital roads in Al-Khobar, as it is characterized by absolute heights and a special building system.
- The hotel real estate sector is witnessing an improvement in all of Al-Khobar, where the sector has witnessed a gradual increase in the prices of accommodation, as it recorded at the end of 2019 an increase of 5% and achieved 660 riyals as a general average over the same period in 2018 as a result of the increase in the general occupancy rate of the sector from 56% to 58% for hotels More than 3 stars and a huge drop in incomes for two-star hotels.
- The office real estate sector is one of the sectors that witnessed a decrease in office rents by 30%.
- The retail real estate sector is one of the sectors that suffers a stagnation in the level of leasing exhibitions and traditional shops as a result of weak and limited demand during - until the end of 2019, when vacancies increased from shops within the Plaza and Street shops projects as a result of the large supply of them, and the impact of the emergence of life style restaurants projects that attract restaurants International and local cafes.

25- External and internal Pictures

External view



External View



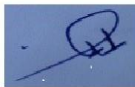
Internal view



26-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





26.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير منشأة التقييم العميل الغرض من التقييم عدد الأصول نوع التقرير تاريخ إصدار التقرير	618923 شركة اولانت للتقييم العقاري مشاركة المالية أغراض محاسبية 1 تقرير مفصل Mon 08 Aug. 2022
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للتحقق من صحة شهادة التسجيل:



يمثل التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة السعودية للمقيمين المعتمدين أي مسؤولية مدنية عنه. وسجل التقرير لأغراض رقابية
 ولا يمثل اعتماد الهيئة له

27- Property Official Documents as per Client

Title Deed

بسم الله الرحمن الرحيم

الجمهورية العربية السورية
محافظة حلب
كتابة العدل الأولى بمحافظة حلب
[٢٧٧]

الرقم: ٩٣٠٢٠٧٠٠٥٦١٢
التاريخ: ١١ / ٢٩ / ١٤٣٨ هـ

صك

الحمد لله وحده والسلامة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ١١٢ من البلك رقم ١٠ من المخطط رقم ٣٤٥ / ٢ الواقع في حي العليا بمدينة حلب، وحدودها وأطوالها كالتالي:

شمالاً: قطعة رقم ١١٣ بطول: (٣٥٠٨) خمسة و ثلاثون متر و ثمانية سنتيمتر
جنوباً: شارع عرض ١٦ متر بطول: (٣٥) خمسة و ثلاثون متر
شرقاً: قطعة رقم ١١٤ بطول: (٤٠) أربعون متر
غرباً: شارع عرض ١٦ متر بطول: (٤٠) أربعون متر

ومساحتها: (١٠٣٩٨,٠٨) ألف و ثلاثمائة و ثمانية و تسعون متر مربعاً و ثمانية سنتيمتر مربعاً فقط بموجب خطاب الامين برقم ١٩٣٦٤ / ١٣ / ٤ في ١٤٣٤ هـ والمقيد برقم ٣٤٩٤٥٤٧٠ / ٤ / ١٧ في ١٤٣٤ هـ

والمستند في افرائها على الصك الصادر من هذه الإدارة برقم ٩٣٠٢٠٧٠٠٥٦١٢ في ١٢ / ٩ / ١٤٣٦ هـ

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٤٨٤٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ، بثمن قدره ٣٢٣٠٠٠٠٠ لثنتين و ثلاثون مليوناً و ثلاثمائة ألف ريال ضمن شيك وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ لاعتماده، وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن ناصر بن عبد الرحمن آل تويم

كتابة العدل الأولى بمحافظة حلب
[٢٧٧]

هذا المستند وحدة متكاملة، وشيخ أو ثلث صفحة منه يؤدي إلى عدم صلاحية المستند

صفحة ١ من ١
نموذج رقم (١١٢-٠٣-١)

مصلحة مطابع الحكومة - ٢٧٢٨٦

بسم الله الرحمن الرحيم

الجمهورية العربية السورية
محافظة حلب
كتابة العدل الأولى بمحافظة حلب
[٢٧٧]

الرقم: ٩٣٠٢٠٧٠٠٥٦١١
التاريخ: ٢٩ / ١١ / ١٤٣٨ هـ

صك

الحمد لله وحده والسلامة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ١١٤ من البلك رقم ١٠ من المخطط رقم ٣٤٥ / ٢ الواقع في حي العليا بمدينة حلب، وحدودها وأطوالها كالتالي:

شمالاً: قطعة رقم ١١٥ بطول: (٣٠) ثلاثون متر
جنوباً: شارع عرض ١٦ متر بطول: (٣٠) ثلاثون متر
شرقاً: قطعة رقم ١١٦ بطول: (٤٠) أربعون متر
غرباً: قطعة رقم ١١٢ بطول: (٤٠) أربعون متر

ومساحتها: (١٢٠٠) ألف و مئتين متر مربعاً فقط بموجب خطاب الامين برقم ١٩٣٦٤ / ١٣ / ٤ في ١٤٣٤ هـ والمقيد برقم ٣٤٩٤٥٤٧٠ / ٤ / ١٧ في ١٤٣٤ هـ

والمستند في افرائها على الصك الصادر من هذه الإدارة برقم ٧٣٠٢٠٧٠٠٦٨٠١ في ٢٢ / ٩ / ١٤٣٦ هـ

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٤٨٤٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ، بثمن قدره ٢٦٣٥٠٠٠٠ ستة و عشرون مليوناً و ثلاثمائة و خمسون ألف ريال ضمن شيك وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ لاعتماده، وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن ناصر بن عبد الرحمن آل تويم

وزارة العدل
كتابة العدل الأولى بمحافظة حلب
[٢٧٧]

هذا المستند وحدة متكاملة، وشيخ أو ثلث صفحة منه يؤدي إلى عدم صلاحية المستند

صفحة ١ من ١
نموذج رقم (١١٢-٠٣-١)

مصلحة مطابع الحكومة - ٢٧٢٨٦

Building Title

رقم الرخصة :	٤٣٤/١١٣٩٠		المملكة العربية السعودية
تاريخها :	٤٣٤/١٢/١٧		وزارة الشؤون البلدية والقروية
صلاحيتها :	ثلاث سنوات		أمانة المنطقة الشرقية - بلدية الخبر
نوعها :	بناء جديد		رخصة إنشاء

رقم القطعة	رقم البلك	رمز الاستخدام	رقم مستند التملك	نوع مستند التملك	تاريخه
٠٠١٢	٠٠٠١٠	(س ١ب)	٦٣٠٣٠٠٠٠١٤٧٠	صك	٤٣٤/٠٤/٣٠
٠٠١٦	٠٠٠١٠	(س ١ب)	٧٣٠٣٠٠٠٠١٤٧٠	صك	٤٣٤/٠٤/٣٠
*****	٠٠٠١٠	(س ١ب)	٧٣٠٣٠٠٠٠١٤٦٨٠	صك	٤٣٤/٠٤/٣٠
<p>تكون الواجبات</p> <p>باللون الابيض فقط</p> <p>يتم تسجيلها في دفتر الحسابات (١٠٠٠ × ١٠٠٠)</p> <p>يتم تسجيلها في دفتر الحسابات (١٠٠٠ × ١٠٠٠)</p> <p>يتم تسجيلها في دفتر الحسابات (١٠٠٠ × ١٠٠٠)</p> <p>يتم تسجيلها في دفتر الحسابات (١٠٠٠ × ١٠٠٠)</p>					
الجهة	شمال	جنوب	شرق	غرب	الخط
الحدود	٢٠٠	٢٠٠	٢٠٠	٢٠٠	٢٠٠
ارتفاع	٢٠٠	٢٠٠	٢٠٠	٢٠٠	٢٠٠
الجهة	شمال	جنوب	شرق	غرب	الخط
الحدود	٢٠٠	٢٠٠	٢٠٠	٢٠٠	٢٠٠
ارتفاع	٢٠٠	٢٠٠	٢٠٠	٢٠٠	٢٠٠

[illegible]

بسم الله الرحمن الرحيم

المجلس الأعلى للشؤون الإسلامية
مكتب العدل والأوقاف والشؤون الخيرية
[٢٧٧]



صلك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ١٦٦ من البلك رقم ١٠٧ من المخطط رقم ٣٤٥ / ٢ الواقع في حي العليا بمدينة الخير وحدودها وأملؤها كالتالي:

شمالاً: قطعة رقم ١١٧	بطول: (٣٠) ثلاثون متر
جنوباً: شارع عرض ١٦ متر	بطول: (٣٠) ثلاثون متر
شرقاً: قطعة رقم ١١٨	بطول: (٤٠) أربعون متر
غرباً: قطعة رقم ١١٤	بطول: (٤٠) أربعون متر

ومساحتها: (١٢٠٠) ألف و مئتين متر مربعاً فقط بموجب خطاب الأمين برقم ١٩٣٤ / ١٣ / ٤ والمقيد برقم ٣٤٩٤٥٧٠ في ١٧ / ٤ / ١٤٣٤

والمستند في إفراغها على الصك الصادر من هذه الإدارة برقم ٣٣٠٢٠٠٠٦٨٠٢ في ٢٢ / ٩ / ١٤٣٦ هـ.

قد انتقلت ملكيتها لـ : شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ ، بضمن قدره ٢٦٣٥٠٠٠٠ ستة وعشرون مليوناً وثلاثمائة وخمسون ألف ريال ضمن شيك وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.



كاتب العدل

عبد العزيز بن ناصر بن عبد الرحمن آل تويير

الوزير الرسمي:
وزارة العدل
مكتب العدل الأولى محافظة الخير
كاتب العدل بمكتب رقم (٧)

هذا المستند وحدة متكاملة ، وفنياً أو لكلف نسخة منه يؤدي إلى عدم صلاحية المستند .

تاريخ الإصدار: ٢٠٢٢ / ١٢ / ١٠

صفحة ١ من ١
نموذج رقم (١٠-٣-١٢)

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تكليفه)

محكمة مطابع الحكومة - ٣٣٣٢٨١

الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ



وزارة التجارة
Ministry of Commerce

VISION رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

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المقر الرئيسي: الرياض



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Ministry of Commerce and Investment

ترخيص مزاوله مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Pearl Residential Complex

KSA – Al Khobar City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

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C.R:1010462536

Valuation License: 1210000397

Property's Type	Residential Complex Property
Location	Qurta District– Al Khobar
Land Area	22,500 sq. m
Title deed number	430205013306
Title's date	24-11-1438 H
Scheme Number	2/38
Percentage of land coverage according to the current construction	60%
No. of suites & rooms	233 villas
Plot Number	22-23
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	39,909 m2 + 600 m walls + 2189 m yards
Building's Permit number	10635/433
Building Permit's date	25-06-1433
Building Life	4.5 Years
Market value based to RV & DRC method	SR 286,662,148
Market value based to Cap rate method	SR 400,562,500
Market value based to 38% & 62% Weighted average between Rv, DRC and Cap rate Methods	357,280,365 (Three hundred Fifty-Seven million, Two hundred Eighty thousand, Three hundred sixty-Five Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Pearl Residential Complex – Al-Khobar city - Valuation Report analysis

Tenure: Residential Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Pearl Residential Complex – Al Khobar city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for Residential facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Residential Complex property 357,280,365 SAR** has nominated on the basis of on weighted average method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial property –Residential – Al Khobar
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of residential facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Al- Khobar on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as Residential usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the Residual value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Residual Value Method

- RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income).

First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on residual value for land valuation.

- Cost and depreciation method in building evaluation.
- Income method
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Al-Khobar city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a Residential property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the weighted average method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.



14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.

15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

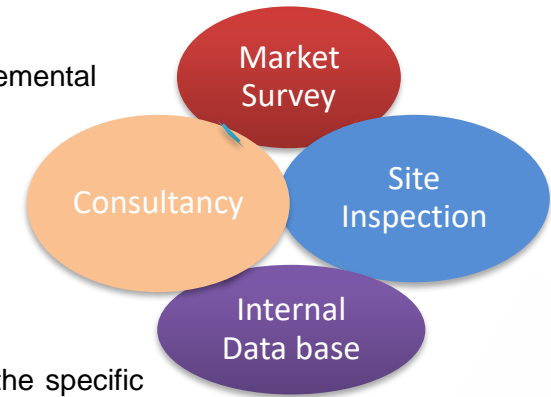
1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted average method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

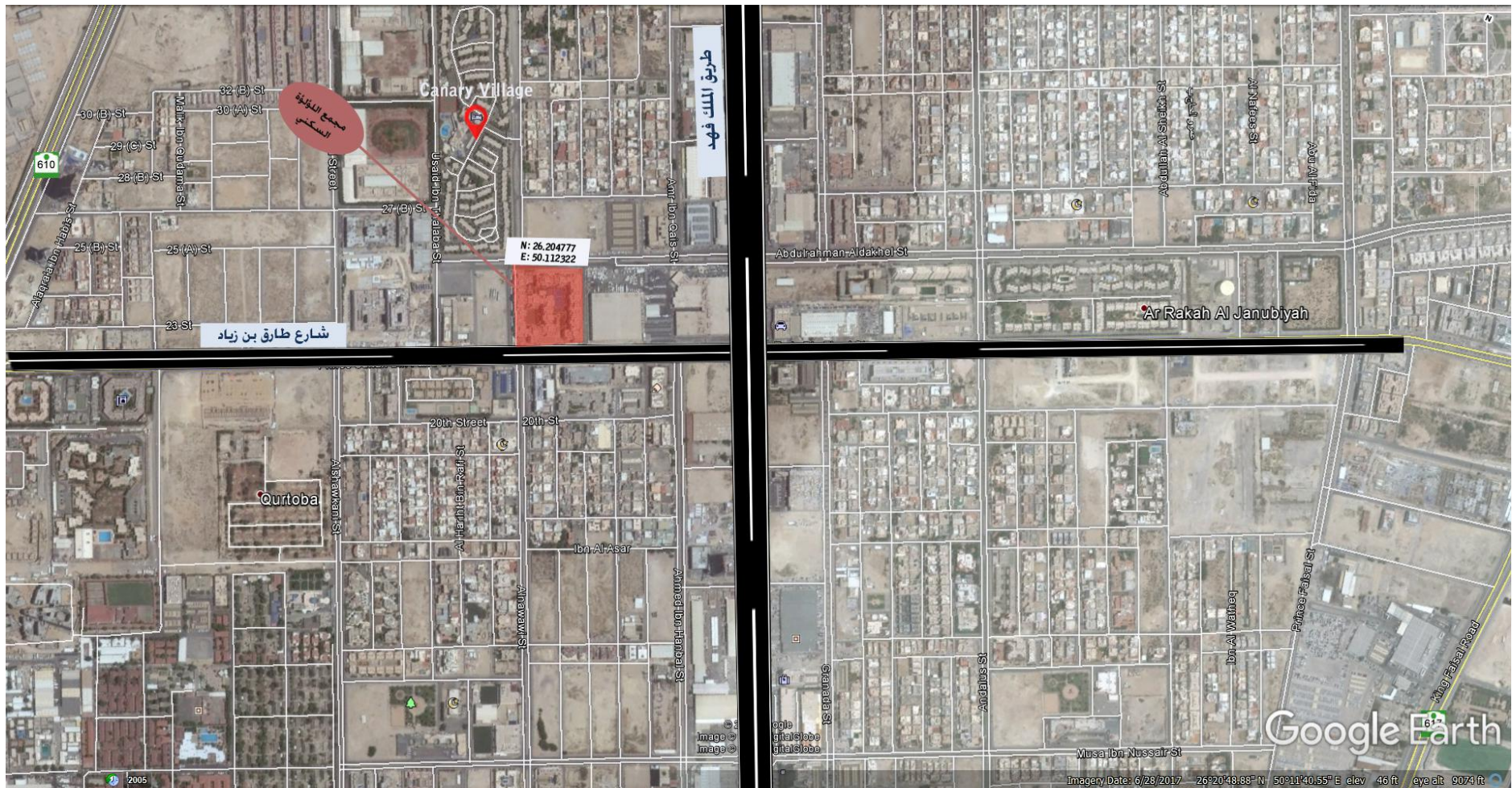
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

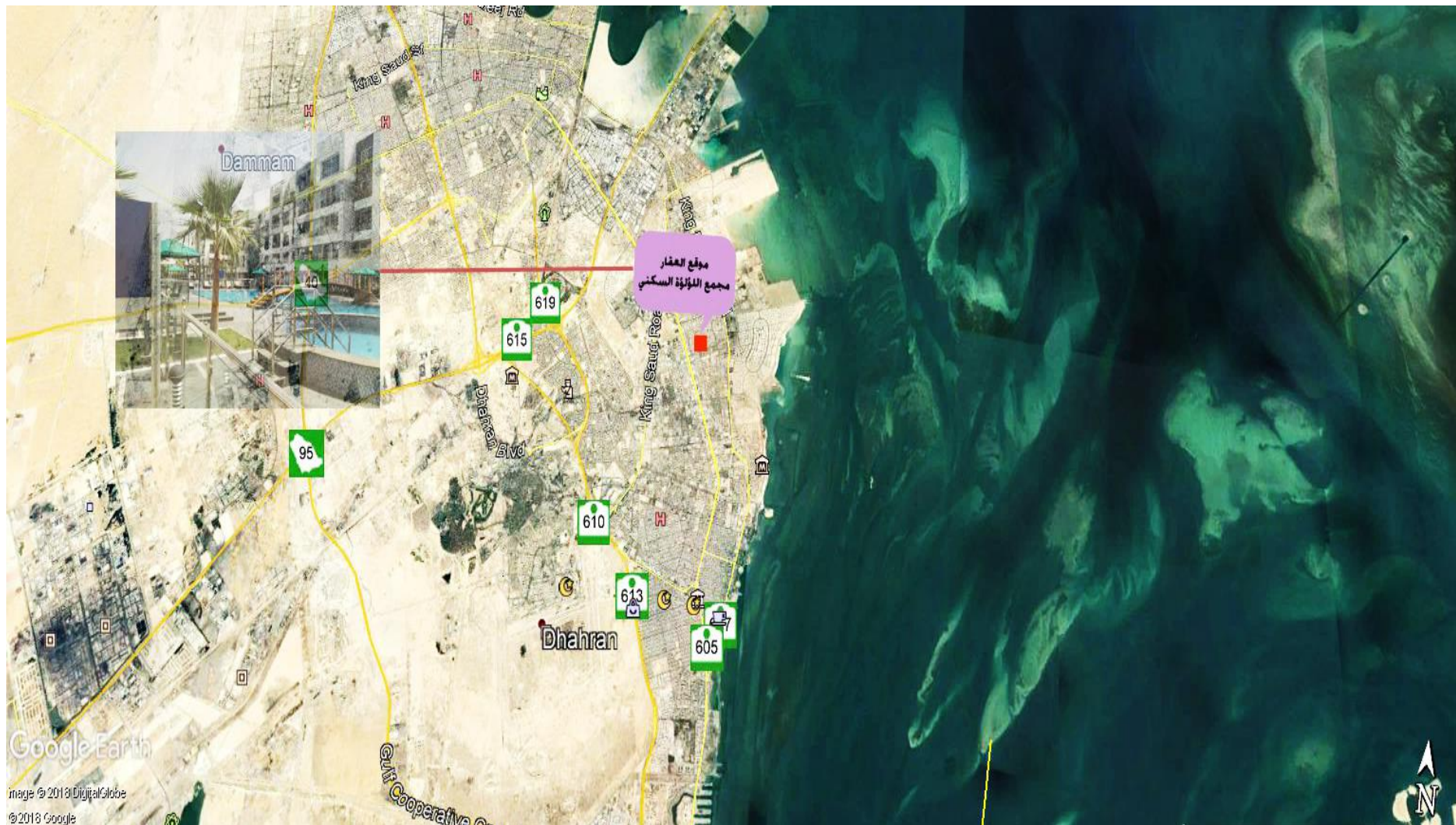
The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	26°20'47.8"N 50°11'23.2"E	https://goo.gl/maps/iQ48GGpBipjChPK89
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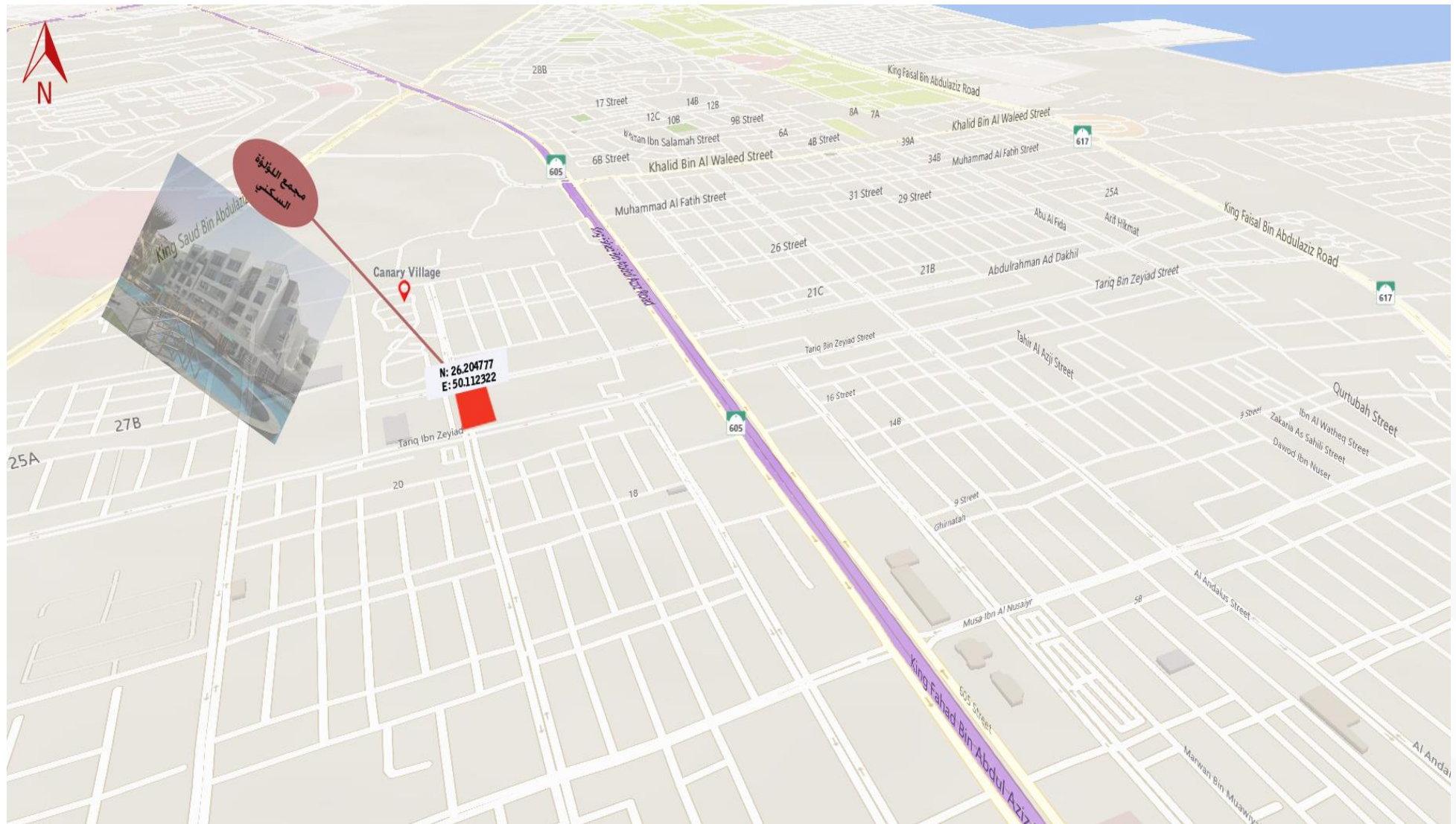
17.1- Aerial View



Google Map View



Middle City View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located nearby Tariq bin Ziyad Road, with newly plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as Tariq bin Ziyad Road & nearly king Fahad road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Pearl Residential Complex.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Qurtaba District	The property is located Qurtaba-side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The property is a residential complex and contains 233 housing units - the general location is in the city of Al-Khobar in the Qurtaba neighborhood on Prince Sultan bin Fahd bin Abdul-Aziz Street - the total area of the land according to the deed is: 22,500 m² and the total building area is 39,909 m² + walls of an area of 600 m² + plots with an area of 2189 m².

Sector	Side / Part		Comment				
	On City Level	Al Khobar City	The property is located developed s ide of the city a region filled with new development and project and is the location of the urban growth.				
	Proximity from Attraction	Main Axis			Main Road	Tariq bin Ziyad Road	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.	
		Sewer System	Electricity				
	Public Amenities	Planting	Sidewalks		The property is fully developed		
		Lighting	Asphalt Roads				
	Facilities	-			Public Area		All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area					
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.				
		Street					
Land Shape							

18- Land Valuation Methodology

18.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.



Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

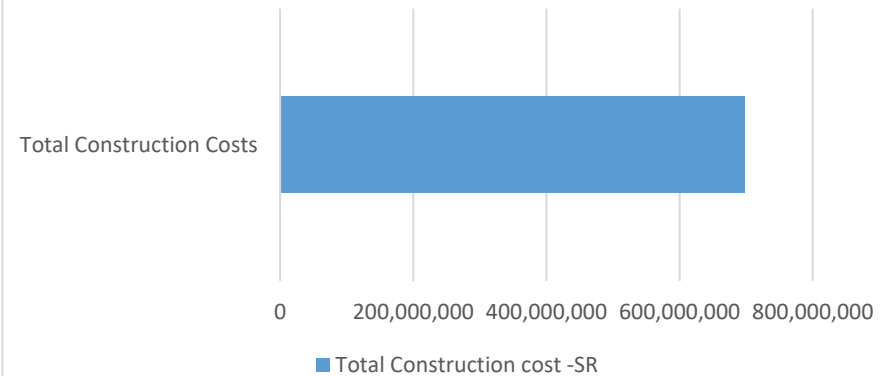
Dev - Cost Sheet - Residential Compound Project - Grade B			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
Development Work			
Land Area - developed / year - sqm	22,500.00		
Development Cost SAR / SQM	140		
Total Development Cost / Year	3,150,000		
Res Compound Grade B			
Total BUA - sq m	168,750		
Res Units BUA construction / Year	56,250	56,250	56,250
Res units Construction & FF&E Cost SAR / sqm	4,000	4,000	4,000
Total Dev cost - SAR	225,000,000	225,000,000	225,000,000
Recreation, Landscaping, playgrounds, Facilities	9,000		
Construction and Finishing cost - SAR/ sq m	2,500		
Total Construction Cost / year	22,500,000		

Total Construction Costs	247,500,000	225,000,000	225,000,000
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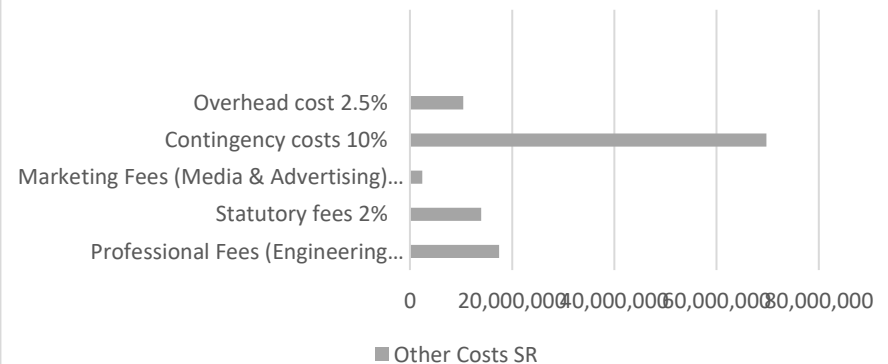
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	6,187,500	5,625,000	5,625,000
Statutory fees 2%	4,950,000	4,500,000	4,500,000
Marketing Fees (Media & Advertising) 1.5%	3,712,500	3,375,000	3,375,000
Contingency costs 10%	24,750,000	22,500,000	22,500,000
Overhead cost 1.5%	3,712,500	3,375,000	3,375,000

Total Dev - Cost - SR	290,812,500	264,375,000	264,375,000
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Total Construction cost -SR

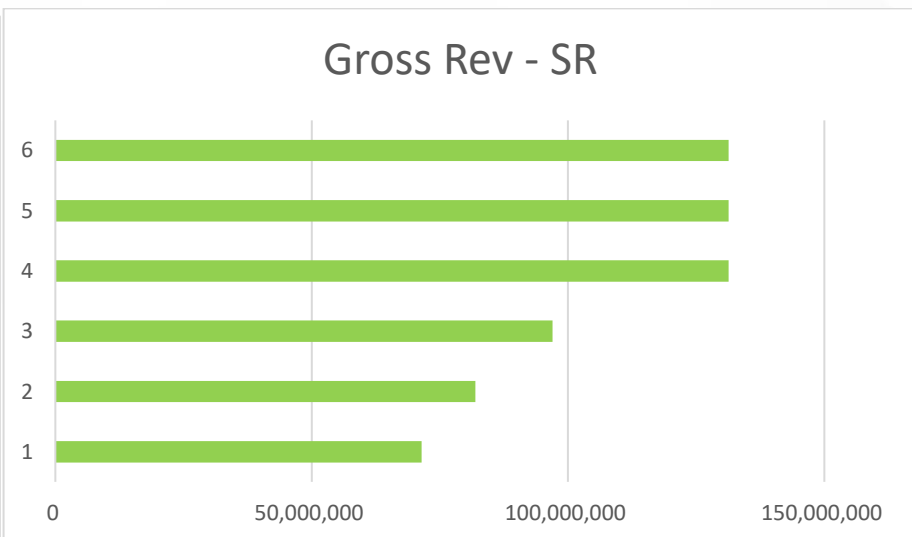
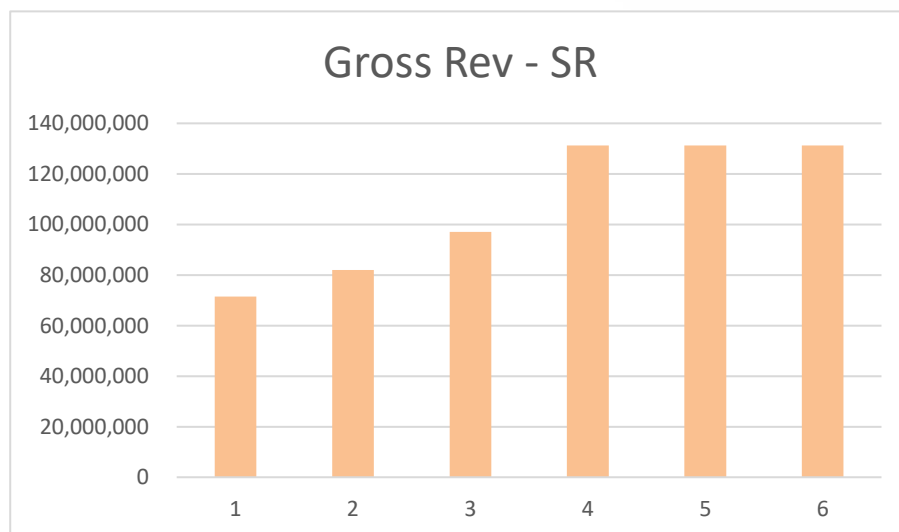


Other Costs SR



Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

Currency SAR	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- Res units Rev							
Leasable area - sq m		118,125	118,125	118,125	118,125	118,125	118,125
Annual rental price - sq m		850	850	850	1150	1150	1150
Occupancy Rate %		70%	80%	95%	95%	95%	95%
Revenues Cat 1		70,284,375	80,325,000	95,385,938	129,051,563	129,051,563	129,051,563
Category 2- Shops and Restaurants							
Leasable area - sq m		2,500	2,500	2,500	2,500	2,500	2,500
Annual rental price - sq m		650	650	650	900	900	900
Occupancy Rate %		70%	100%	100%	100%	100%	100%
Revenues Cat 2		1,137,500	1,625,000	1,625,000	2,250,000	2,250,000	2,250,000
Gross Revenues		71,421,875	81,950,000	97,010,938	131,301,563	131,301,563	131,301,563



Income Statement						
	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	71,421,875	81,950,000	97,010,938	131,301,563	131,301,563	131,301,563
Operating (PM&FM) plus Administrative Expenses (18%)	12,855,938	14,751,000	17,461,969	23,634,281	23,634,281	23,634,281
Gross Profit - EBITDA	58,565,938	67,199,000	79,548,969	107,667,281	107,667,281	107,667,281
Depreciation	(5,816,250)	(5,816,250)	(5,816,250)	(5,816,250)	(5,816,250)	(5,816,250)
Earnings after depreciation	52,749,688	61,382,750	73,732,719	101,851,031	101,851,031	101,851,031
Interest Expense	(19,669,500)	(19,669,500)	(19,669,500)	0	0	0
Earning after interest expense	33,080,188	41,713,250	54,063,219	101,851,031	101,851,031	101,851,031
Taxes	(2,481,014)	(3,128,494)	(4,054,741)	(7,638,827)	(7,638,827)	(7,638,827)
Net Income	30,599,173	38,584,756	50,008,477	94,212,204	94,212,204	94,212,204
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	30,599,173	38,584,756	50,008,477	94,212,204	94,212,204	94,212,204
Cumulative Retained earnings	30,599,173	69,183,930	119,192,407	3,113,427,125	3,207,639,329	3,301,851,533

Residual Value - RV

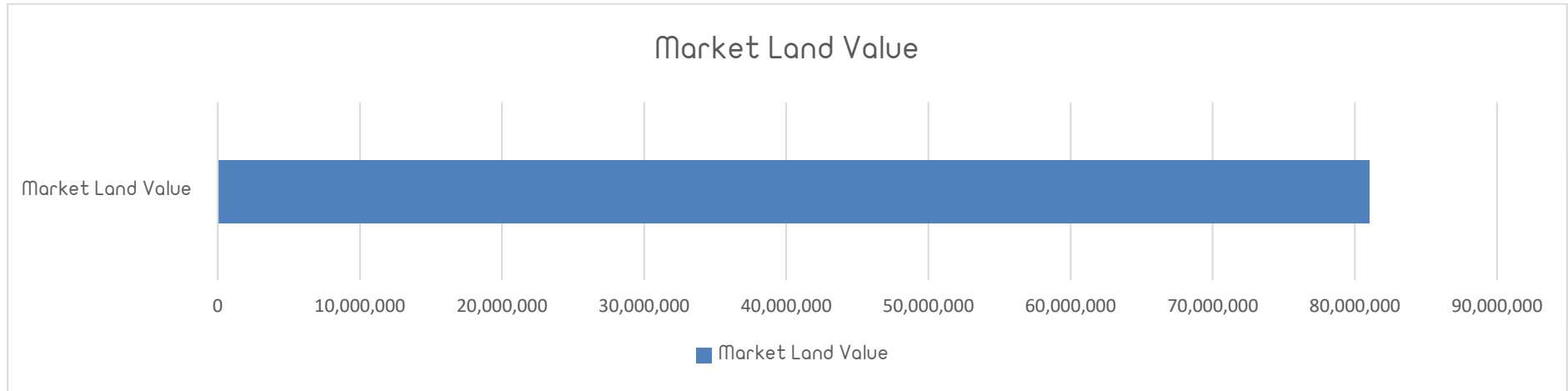
RV Approach	Construction / Year 1	Construction / Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	32	33	
Net Cash Flow		0	0	36,415,423	44,401,006	100,028,454	100,028,454	3,293,730,875
Discount Rate:	9%	0.000	0.000	0.917	0.842	0.063	0.058	
OUT Flow								
Total Outflow		0	0	0	0	0	0	
Total Cash out								
Net Cash Flow (Before Discount Rate)	(819,562,500)	0	0	36,415,423	44,401,006	100,028,454	100,028,454	1,232,804,197
								Total Cash flow
Discounted Cash Flow DCF	(819,562,500)	0	0	33,408,645	37,371,439	6,345,643	5,821,691	81,051,855
								Residual value
NPV	869,894,416							
IRR	8.95%							
Market Value - MV								
	Land - MV	81,051,855						
	Land area - sq m	22,500.00						
MV - per sq m - Residual value		3,602.30						

Land market Value as per RV Method = Land Area * market value / sq. m

= 22,500 sqm * 3,602.30 S.R

= 81,051,750 S.R (Eighty-One Million, Fifty-One Thousand, Seven

Hundred Fifty Saudi Riyal)



18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the total Gross Floor area GFA has been calculated area 22,500 sqm from Musharaka REIT.

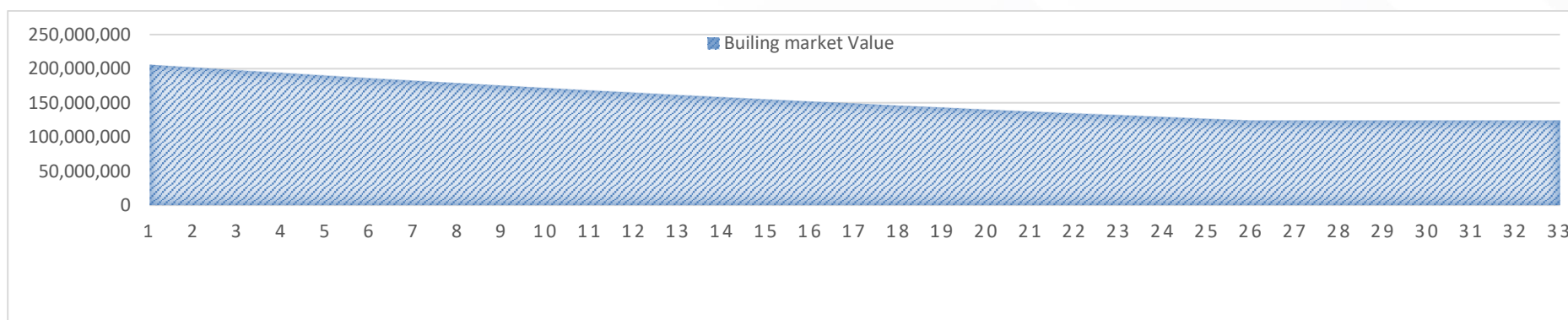
Depreciated Replacement cost (DRC)

Standard: Average useful life for building in Al Khobar city after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	4.5 years
Apportionment – Acc Depreciation	2%*4.5 Years	8%

Note: Annual Deprecation Charged on December for every Year

(Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Car Parking Floor Area	3,322	2,800	100%	9,301,600
Ground Floor	10,517	4,200	100%	44,171,400
First Floor	10,450	4,200	100%	43,890,000
Second Floor	10,450	4,200	100%	43,890,000
Third Floor	5,170	4,200	100%	21,714,000
Third Floor attaché Area	926	4,200	100%	3,889,200
fences and yards	2,789	900	100%	2,510,100
Replacement cost - SR				169,366,300
Add: External Development cost	11,250	1,500	100%	16,875,000
Market value before deducting accumulated depreciation SAR				186,241,300
Less: Accumulated depreciation (8%) The life of the property is 4.5 years at a depreciation rate of 2% annually after examining the maintenance work				(14,899,304)
The market value of the building before the developer's profit				171,341,996
Add: Developer profit (20%)				34,268,399
Depreciated Replacement cost DRC for building				205,610,395



**19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-
Currency SR**

Market Value (Land)	81,051,750 SAR
Building Value - SAR	205,610,395 SAR
Market value -Total Land & Building Property	286,662,145 S.R (Two hundred eighty-six million, six hundred sixty-two thousand, one hundred Forty-five Saudi riyals

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Al Khobar city -June 2022- FFO:

Lease Contract Terms	Five Years
Annual rental value - net income	32,045,000 SAR
Tenant	Gulf Real Estate Investment Company

Notes: The lease expires at the end of August 2022, after which the property will be operated by the owner.

21 - Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period, and revenue for residential we have compared the income with market benchmark and rentals achieved in catchment area with other comparable with similar leasable areas of other property.

The real estate income was verified according to the market, and it was found that the net operating income NOI of the real estate is higher than the comparable market rate by 15% after checking the available offers in the real estate area, as the average rent for the furnished apartment within projects characterized by modern and modern designs construction, finishing and annual furnishing for an area of 130 -160 m2 and it is within a closed and serviced residential complex similar to the real estate, from 110,000-140,000 Saudi riyals annually.

Gross Avg Operating Income GOI – Currency SAR- Average for a 5 Years Contractual period based as per client.	32,045,000	
Vacancy and collection loss	0	
Additional income	0	
Effective Avg gross income	32,045,000	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Net Avg operating income NOI	32,045,000	
Cap rate 8%		
Market Value @ 8% Capitalization rate	400,562,500 SAR	

22-: In case of Musharaka REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
Land & Building - Residual value + DRC depreciation replacement cost - MV	286,662,148	38%	108,931,615
Capitalization rate - MV rate	400,562,500	62%	248,348,750
Weighted Average (38% for DRC, 62% Cap rate)	The property is good in terms of income, so the income ratio was weighted at an average of 62%		
Sum of Values			357,280,365
Market Value MV	357,280,365 (Three Hundred Fifty- Seven million, two hundred Eighty thousand, Three hundred sixty-Five Saudi Riyal)		

General Notes:

- The market value of the property - **is 357,280,365** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average rate method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.

- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.
- The project is not of the highest use, as the current construction system for the land has been raised to 15 floors with a 50% coverage according to the Sharkia Municipality system.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
339,416,347	357,280,365	375,144,383

23-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	King Fahad Road
			all the time	Prince Sultan bin Fahad Road
			all the time	King Saud Road

Exit & Entry Movement

General Notes	Exit	Entry	road Name
	Easy	Easy	King Fahad Road
	Easy	Easy	Prince Sultan bin Fahad Road
	Easy	Easy	King Saud Road

24- Real Estate Market Summary- Al Khobar City

The hotel real estate sector is witnessing an improvement in all of Al-Khobar, where the sector has witnessed a gradual increase in the prices of accommodation, as it recorded at the end of 2019 an increase of 5% and achieved 660 riyals as a general average over the same period in 2018 as a result of the increase in the general occupancy rate of the sector from 56% to 58% for hotels higher 3-star rating and a significant decline in the incomes of two-star hotels.

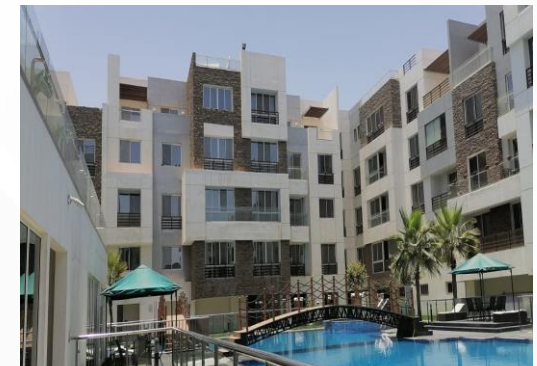
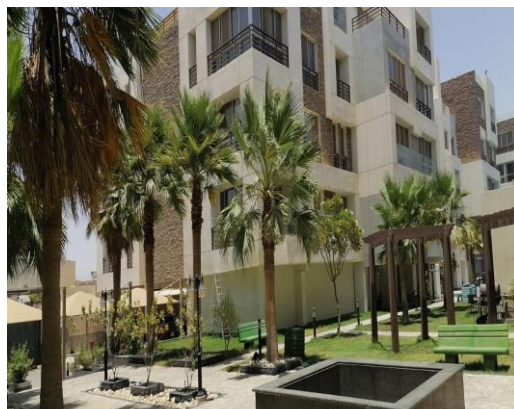
The office real estate sector is one of the sectors that witnessed a decrease in office rents by 30%.

The retail real estate sector is one of the sectors that suffers a stagnation in the level of leasing exhibitions and traditional shops as a result of weak and limited demand during 2018 - until mid-2019, when vacancies increased from shops within the Plaza and Street shops projects as a result of the large supply of them, and the impact of the emergence of life style restaurants complex projects that attract International and local restaurants and cafes The office real estate sector is one of the sectors that witnessed a decrease in office rents by 30%.

The retail real estate sector is one of the sectors that suffers a stagnation in the level of leasing exhibitions and traditional shops as a result of weak and limited demand during 2018 - until mid-2019, when vacancies increased from shops within the Plaza and Street shops projects as a result of the large supply of them, and the impact of the emergence of life style restaurants complex projects that attract International and local restaurants and cafes.

25- External and internal Pictures

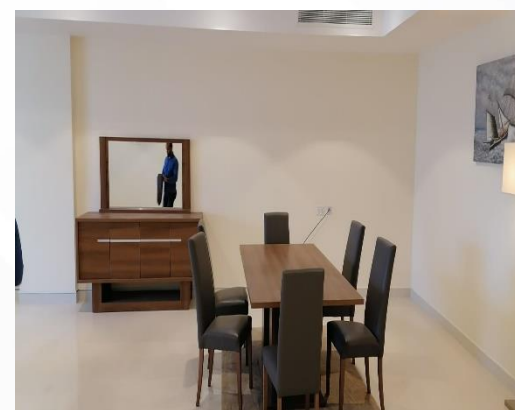
External view

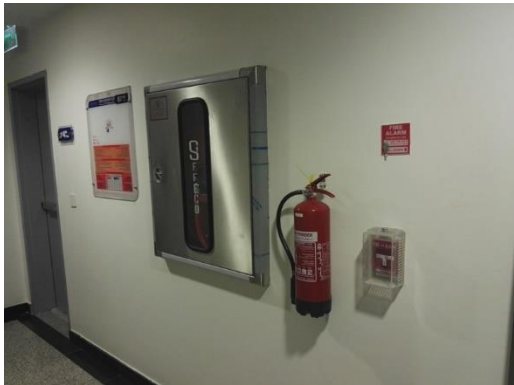


External View



Internal view

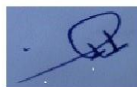




26-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





26.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير منشأة التقييم العميل الغرض من التقييم عدد الأصول نوع التقرير تاريخ إصدار التقرير	618930 شركة اولات للتقييم العقاري مشاركة المالية أغراض محاسبية 1 تقرير مفصل Mon 08 Aug. 2022
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للتحقق من صحة شهادة التسجيل:



يعمل التقرير رأي منشأة التقييم فقط. ولا تحمل الهيئة المسؤولية للتقييمين الممثلين أي مسؤولية متراكبة عليه. وسجل التقرير لأغراض رقابية
 ولا يعني اعتماد الهيئة له



Information received by Client:

- (The deed + building permit + the modified study of the REIT Musharakah Fund, which shows the time period + the rental value of the lease contracts) in addition to all the information of the fund has been received.
- With regard to the lease contract signed between the two parties to the relationship, it was previously requested by the Oulat Real Estate Appraisal Company, and we were not provided with any lease contract by the appraisal requester for his own considerations, and where he recommended the possibility of adopting the data included in the modified fund study on 09/20/2018. It is similar to the contract data in terms of the time period and the rental value of the property - annually - and its validity was assumed according to the approval of the fund's offering by the Capital Market Authority on 07/17/2017 AD.

الرقم: ١٠١٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية ٢٠٣٠
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠

اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

رأس المال: ٥٠٠٠٠٠ ريال سعودي

جنسيتها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: تطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

المديرون	عبدالملك ابراهيم عبدالكريم الدرويش
١	٢
٣	٤
٥	٦
٧	٨
٩	١٠
١١	١٢
١٣	١٤
١٥	١٦



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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك إبراهيم عبد الكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Panda Jubail

KSA - Jubail City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Olaat Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Commercial Property
Location	West farms area - Jubail
Land Area	39,750 sq. m
Title deed number	3/14
Title's date	05/02/1414H
Percentage of land coverage according to the current construction	32%
Building Floor	7 Floor
Plot Number	4
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	15,636.71
Building's Permit number	10802
Building Permit's date	12/05/1434
Building Life	8.5 Years
Market value based to DCF	SR 59,112,105
Market value based to DCF Methods	59,112,105 (Fifty-Nine Million, One-hundred Twelve thousand, & one hundred & five Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Panda Jubail – Jubail city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – **Panda Jubail – Jubail city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Property, trade area (catchment area capture, Pull area), catchment Area's classification, Discount Cash flow for Leased property – Net income based to market value for Commercial facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **Commercial property 59,112,105 SAR** has been assessed by **Discounted Cash Flow method (DCF)**, considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed & Market value according to the following: The scientific theory used to derive the market value: Evaluation on discounting future net cash flows for the purposes of estimating the benefit value of the property according to the net private income and the remaining time period for the validity of the lease contracts, as they expire on 12/31/2034.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Property Owner	Hift Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Panda Jubail property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial property –Panda Jubail
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Jubail on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as commercial usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the DCF, Discounted Cash flow (DCF) approach, that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaa and its partner for real estate valuation was baptized before the client, and the team at Olaa OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are types Leased property of valuation Approaches as per the following:

9.1- Discounting cash flows Valuation Method:

DCF Methodology used - evaluation methods that can be applied in an evaluation:

The discounted cash flow method is a financial method for estimating the value of a property that falls under the income method and the value index is derived by calculating the present value of future cash flows. According to the International Valuation Standards (Standard 105, paragraph 40.1), "the income method provides an indication of value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by reference to the value of revenue, cash flows, or cost savings from the asset." Although there are many ways to apply the income method, the methods used in applying the income method depend largely on the amounts of discounting future cash flows to a present value. They are various applications in the use of the discounted cash flows method (Standard 105, paragraph 50.1).

9.2- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.

- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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

9.3- Profit Method:

The profit method is one of the convenient methods for evaluating hotels. The earnings method is usually used in the valuation of real estate where the significant portion of the value is from the profits of the real estate business and not from the value of the land and buildings. The profit method is applied in valuing private properties such as hotels, petrol stations, restaurants, and cinemas.

- Valuation Process Adoption

- Through the following review of the evaluation process, the property will be evaluated through
- Income Method “Discounted Cash Flow Method”

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Al Jubail city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Discounted Cash Flow method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Discounted Cash flow approach DCF.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.

- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through DCF approach for leased assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
 - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
 - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
 - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
 - Professional fees
 - Public authorities' stipulations





This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

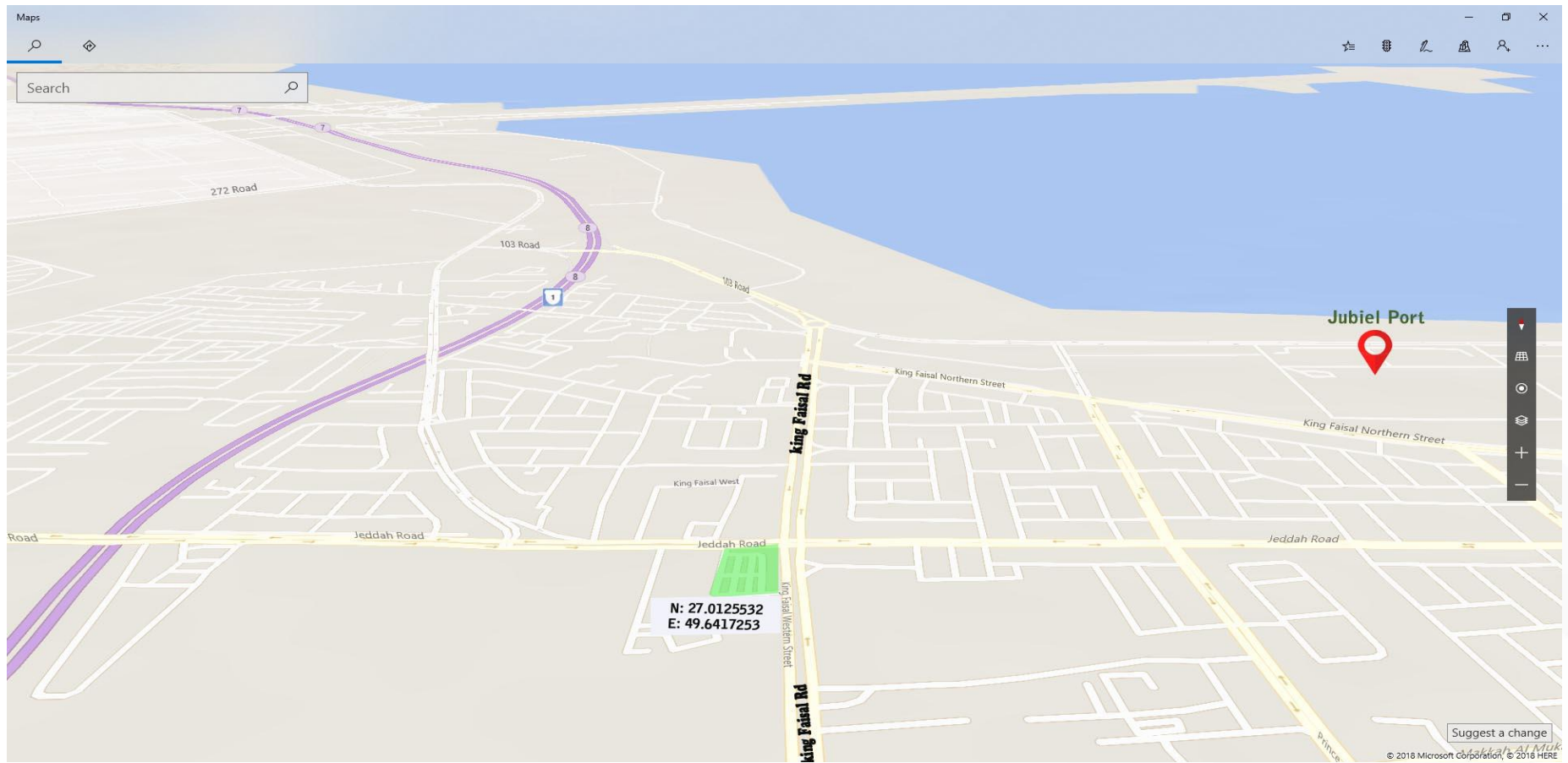
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	27°00'45.1"N 49°38'29.5"E	https://goo.gl/maps/ixyzWsU2YawwxjQj9
--------------------------	---------------------------	---

17.1- Aerial View



Google Map View



Middle View of Property



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located nearby Jeddah Road, and with newly urban plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as Jeddah Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, Other projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Panda Jubail.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Jeddah Road Western District	The property is located western side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The subject of this report comprises of developed land extending to approximately land area 39,750 sq.m and located in western District Jubail, KSA. The property including Commercial real estate - retail is a plaza that includes a Panda supermarket and a mix of tenants with commercial stores

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Jubail City	The property is located west side of the city a region filled with new development and project and is the location of the urban growth soon.			
	Proximity from Attraction	Main Axis		Main Road	Jeddah Road	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

17.4- Valuation theory based on discounting future net free cash flows

Cash flow as per valuation date	30/06/2022
Leasehold value - SAR	59,112,105
Running Period	13 Years

	1	2	3	11	12	13
Operation Year	2022 (June To Dec)	2023	2024	2032	2033	2034
Operating Income						
Operating Income	4,850,516	9,701,031	9,701,031	9,701,031	9,701,031	9,701,031
Gross Rent	4,850,516	9,701,031	9,701,031	9,701,031	9,701,031	9,701,031
Risk						
Rental Risk	0	0	0	0	0	0
Rental Risk %	0%	0%	0%	0%	0%	0%
Redates / extra charges	0	0	0	0	0	0
Net Rent	4,850,516	9,701,031	9,701,031	9,701,031	9,701,031	9,701,031
Operating Cost Expenditure OPEX	0	0	0	0	0	0
Growth						
Maintenance	0	0	0	0	0	0
Leasehold fee	0	0	0	0	0	0
Tenant improvements	0	0	0	0	0	0
Total Operating Costs	0	0	0	0	0	0
Net Operating income	4,850,516	9,701,031	9,701,031	9,701,031	9,701,031	9,701,031

Capital Expenditure	0	0	0	0	0	0
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Net Operating income Before DCF	4,850,516	9,701,031	9,701,031	9,701,031	9,701,031	9,701,031
---------------------------------	-----------	-----------	-----------	-----------	-----------	-----------

Discount rate	11.63%					
	0.90	0.80	0.72	0.30	0.27	0.24
DCF	4,345,172	7,784,954	6,973,890	2,892,196	2,590,877	2,320,950

Leasehold Value SAR	59,112,105
---------------------	------------

Note: The Operating income of 2022 belong to June to December Month.

18- Leasehold property Value:

Leasehold Value Property Value
59,112,105 SR
Fifty-Nine Million, One Hundred Twelve Thousand, One hundred & five Saudi Riyal Only

General Notes:

- The market value of the property - is 59,112,105 Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The market value was reached based on the application of the theory of discounting the net cash flows of the property for a period upto 2034 year, according to the validity of the lease term.
- The property was inspected from the outside as it is a commercial plaza and the contents of the property could not be entered due to the privacy of the tenants.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- The discount coefficient for utility properties is less than the market coefficient.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
56,156,500 SR	59,112,105 SR	62,067,710SR

19- Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	King Faisal Road
			all the time	Jeddah Road
Exit & Entry Movement				
General Notes	Exit	Entry		road Name
No	Easy	Easy		King Faisal Road
No	Easy	Easy		Jeddah Road

20- Real Estate Market Summary- Jubail City

- The retail sector is one of the most active sectors at the level of building quality projects on King Faisal Road, where there are many commercial projects
- The medical sector is one of the active sectors, where there are many clinics.
- The hotel sector is one of the active sectors, as the Coral Beach Hotel is located near the property.
- With the development of institutional grade projects, Office sector is expected to see a significant increase in the quality of Grade A & B office space, including the provision of enhanced connectivity and amenities.
- Roll-out of the Sakani program to respond to the housing affordability challenge and help increase the ownership rate among Saudis to 60% - 70% by vision 2030.

21- External and internal Pictures

External view



External View



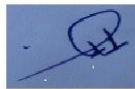
Internal view



22-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





22.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير	618884
منشأة التقييم	شركة اولات للتقييم العقاري
العميل	مشاركة المالية
الغرض من التقييم	أغراض محاسبية
عدد الأصول	1
نوع التقرير	تقرير مفصل
تاريخ إصدار التقرير	Mon 08 Aug. 2022

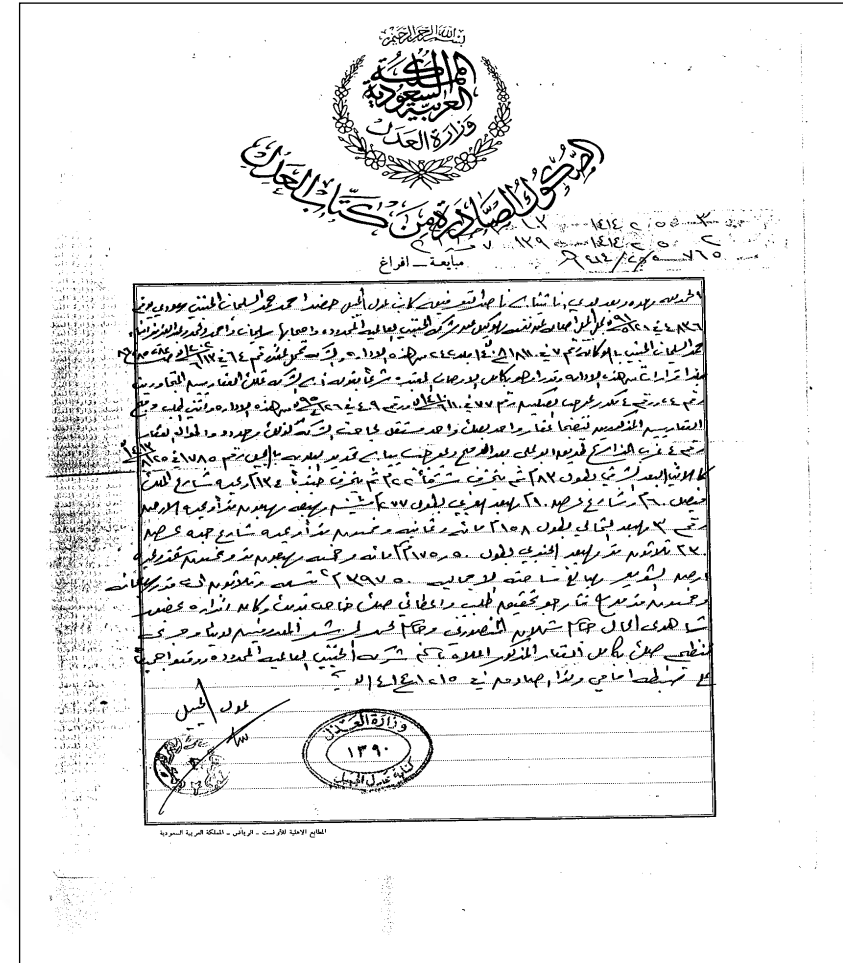
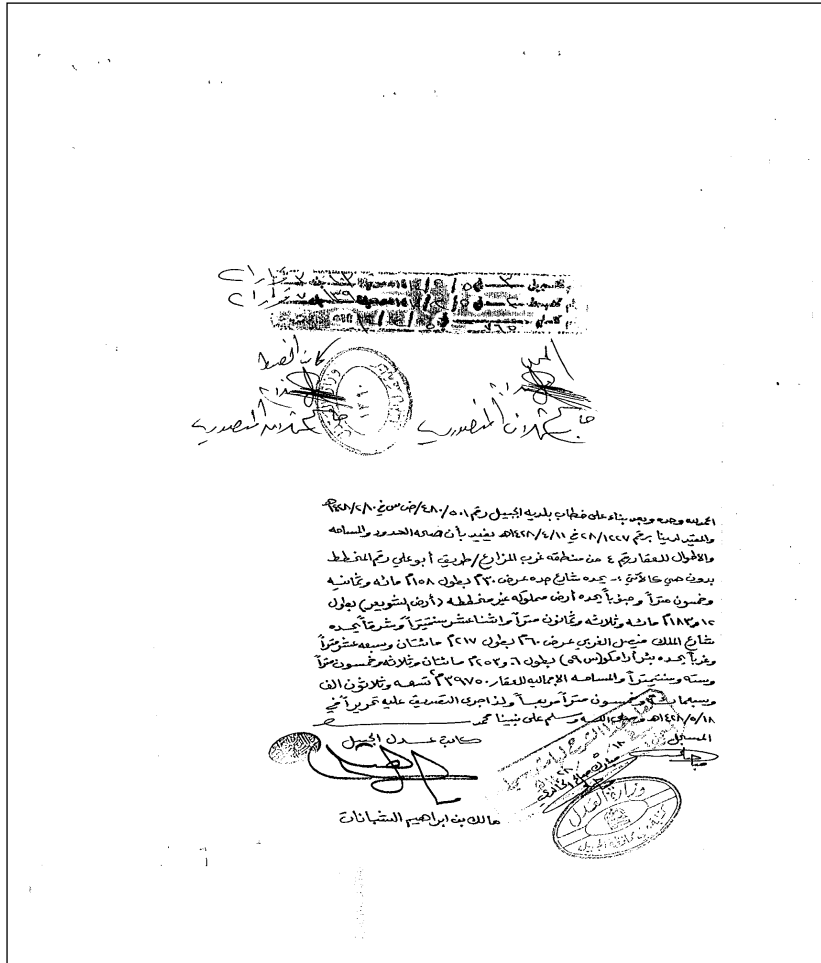
للتحقق من صحة شهادة التسجيل:



يحمل التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة السعودية للمقيمين المعتمدين أي مسؤولية مدنية عليه وسجل التقرير لأغراض رقابية ولا يعني اعتماد الهيئة له.

23- Property Official Documents as per Client

Title Deed




Building Permit

إدارة الشئون الفنية

قسم ضبط التنمية

رخص البناء



المملكة العربية السعودية

وزارة الشؤون البلدية والقروية

أمانة المنطقة الشرقية

بلدية محافظة الجبيل

رقم الترخيص : ١٠٨٠٢

التاريخ : ١٤٣٤-٠٥-١٢

صلاحيتها : ٣ سنوات

رخصة بناء

شركة الموحدة للتطوير العقاري

تاريخها : ١٤٠٥-٠٧-٠٢

المالك/شركة الخنيني العالمية المحدودة

سجل مدني: ٢٠٥٥٠٠٢٠٤

مصدرها : الدمام

ملاحظة هامة: يجب عمل سائر خشبي لمنع تسرب مواد البناء إلى الشارع والكتابة عليه بخط واضح رقم الرخصة وتاريخها إسم المالك والمقاول والمكتب الهندسي المشرف

رقم الأرض: ٣٩٧٥٠

مساحة الأرض: ٣٩٧٥٠

الموقع خارج المخطط/

بلك رقم: -

عقد/صك: ١٤/٣

بتاريخ: ١٤١٤-٠٢-٠٥

قد رخص للمالك القيام ببناء

دور أرضي + أول فقط. عدد (١٩) محل تجاري + عدد (١) مبنى إداري + عدد (١) مبنى تجاري بناء على عقد إشراف صادر من مكتب القطري للاستشارات الهندسية بتاريخ ١٤٣٤-٠٥-١١

الأبعاد : ١٥٨.٠٠ م (الشمال) ١٨٣.١٢ م (الجنوب) ٢١٧.٠٠ م (الشرق) ٢٥٣.٠٩ م (الغرب)

الحدود : شارع جدة ٣٠.٠٠ م أرض مملوكة شارع قنصل فيصل الغربي رقم ٥٩

الارتدادات : -

البروز : -

الشططة : -

مجموع مسطحات الوارث : -

أطوال السور : -

مكونات المبنى

الوصف	المساحة	عدد
دور أول تجاري	٢٥٣٣.٢٢	١
دور أرضي تجاري	١٣١٠.٣٠	٢١
مجموع المسطحات	١٠٥٦٣.٩٧	-

شارع الملك فيصل

شارع جدة عرض ٣٠ م

بئر

أرمنكو ٥٩

أرض مملوكة

شور بمخططة

المراقب الفني: خالد عبدالرحمن السقاقي

الشمال

أعدت الرسومات بمعرفة مكتب (القطري للاستشارات الهندسية)

سند الرسوم المقررة وقدرها (١٢٥١٩) ريال فقط

بموجب الإصدار رقم (٤٦/١٦٥٢٣٤٦) في ١٤٣٤-٠٥-١٢

يراعي عدم وضع فتحات التكيف في الواجهة الرئيسية للمبنى

تمت مراجعة الرسومات والمواصفة عليها على أن يلتزم المالك بتنفيذ كامل أنظمة البلدية وأن يرجع إليها عند ضرورة التعديل مهما كان وعليه أعطى الترخيص

أجريت دراسة التربة بمعرفة (مدير إدارة الشئون الفنية)

رئيس بلدية محافظة الجبيل

مهندس/عيسى بن محمد الزاير

م/سلامة بن هارب الرشيد

رئيس قسم رخص البناء

إ/ناصر عبدالله الطويل

الختم الرسمي

المرفات :

١- ٣٦٢ ٠٤٠٤١ - ٣٦٢ ٣٥٧٣ - ٣٦٢ ٢٢٨٨ - ٣١٩٥١ - الملكية العربية السعودية

التاريخ :

الرقم :

الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠

اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

حسبها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: لتأطاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

رأس المال: ٥٠٠٠٠٠ ريال سعودي

١ عبد الملك ابراهيم عبدالكريم الدرويش

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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبدالمملك إبراهيم عبدالكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



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@opm_valuation



We derive the Accurate Value in a changing market



Real Estate Valuation Report

Panda Oruba Square

KSA - Riyadh City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022



2022

نستنبط القيمة الأدق في سوق متغير
We derive the Accurate Value in a changing market
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Olaa Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Commercial Property
Location	Umm Al-Hamam Auroba Street Western District - Riyadh
Land Area	19,212.22 sq. m
Title deed number	410112062475
Title's date	27-08-1436 H
Building Floor system	2.5
Scheme Number	3267
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	11,292+ Surrounding wall 148 m2
Building's Permit number	13164/1436
Building Permit's date	20/08/1436
Building Life	7 Years
Market value based to DCF	SR 45,996,070
Market value based to DCF Methods	45,996,070 (Forty-Five Million, Nine-hundred Ninety-Six thousand, & Seventy Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Al Auroba Square – Riyadh city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – **Al-Auroba Square - Riyadh city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, Discount Cash flow for Leased property – Net income based to market value for **Commercial facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as external values, qualified for the purpose of valuation.

The **market value** of the **Commercial property 45,996,070 SAR** has been assessed by **Discounted Cash Flow method (DCF)**, considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed & market value according to the following the scientific theory used to derive the market value evaluation of the discount of future net cash flows for the purposes of estimating the value of the property's benefit according to the net private income and the remaining term of the lease contracts approximately 13 years.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Owner Properties	Hift Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Panda Auroba property.
The subject of the valuation	Valuation for a Commercial property –Panda Aurba
Other users	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
Interest to be valued	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
The Basis of Value	<p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>“Value Basis “The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>
Valuation Date	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Auroba Square Property project reflected on June 30th,2022.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as commercial usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the DCF, Discounted Cash flow (DCF) approach, that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

6- Instructions

Olaa and its partner for real estate valuation was baptized before the client, and the team at Olaa OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are main types of valuation Approaches as per the following:

9.1- Discounting cash flows Valuation Method:

DCF Methodology used - evaluation methods that can be applied in an evaluation:

The discounted cash flow method is a financial method for estimating the value of a property that falls under the income method and the value index is derived by calculating the present value of future cash flows. According to the International Valuation Standards (Standard 105, paragraph 40.1), "the income method provides an indication of value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by reference to the value of revenue, cash flows, or cost savings from the asset." Although there are many ways to apply the income method, the methods used in applying the income method depend largely on the amounts of discounting future cash flows to a present value. They are various applications in the use of the discounted cash flows method (Standard 105, paragraph 50.1).

9.2- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.



- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

9.3- Profit Method:

The profit method is one of the convenient methods for evaluating hotels. The earnings method is usually used in the valuation of real estate where the significant portion of the value is from the profits of the real estate business and not from the value of the land and buildings. The profit method is applied in valuing private properties such as hotels, petrol stations, restaurants, and cinemas.

- Valuation Process Adoption

- Through the following review of the evaluation process, the property will be evaluated through
- Income Method “Discounted Cash Flow Method”

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Discounted Cash Flow method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Discounted Cash flow approach DCF.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.

- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through DCF approach for leased assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
 - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
 - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
 - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
 - Professional fees
 - Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

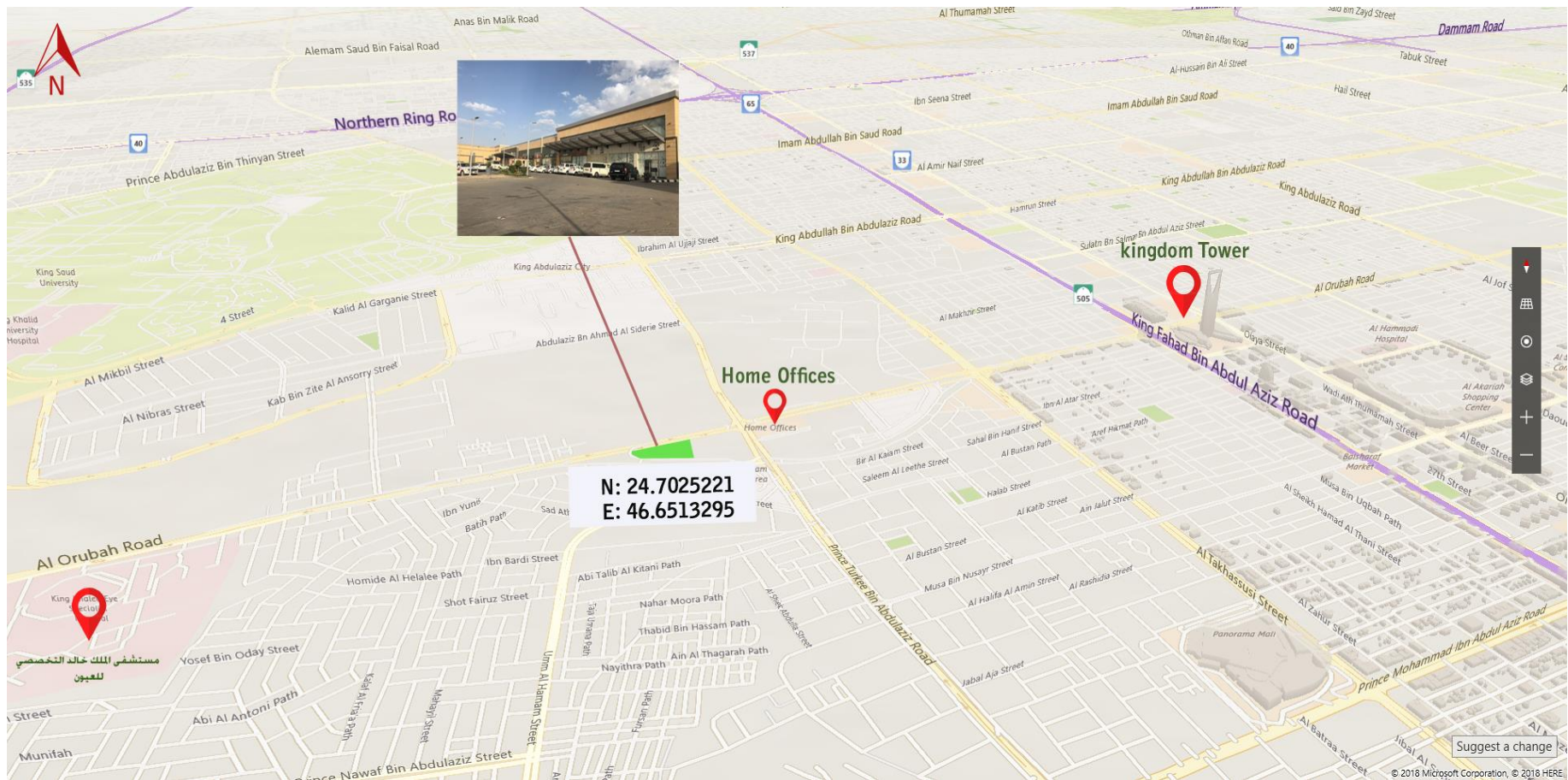
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

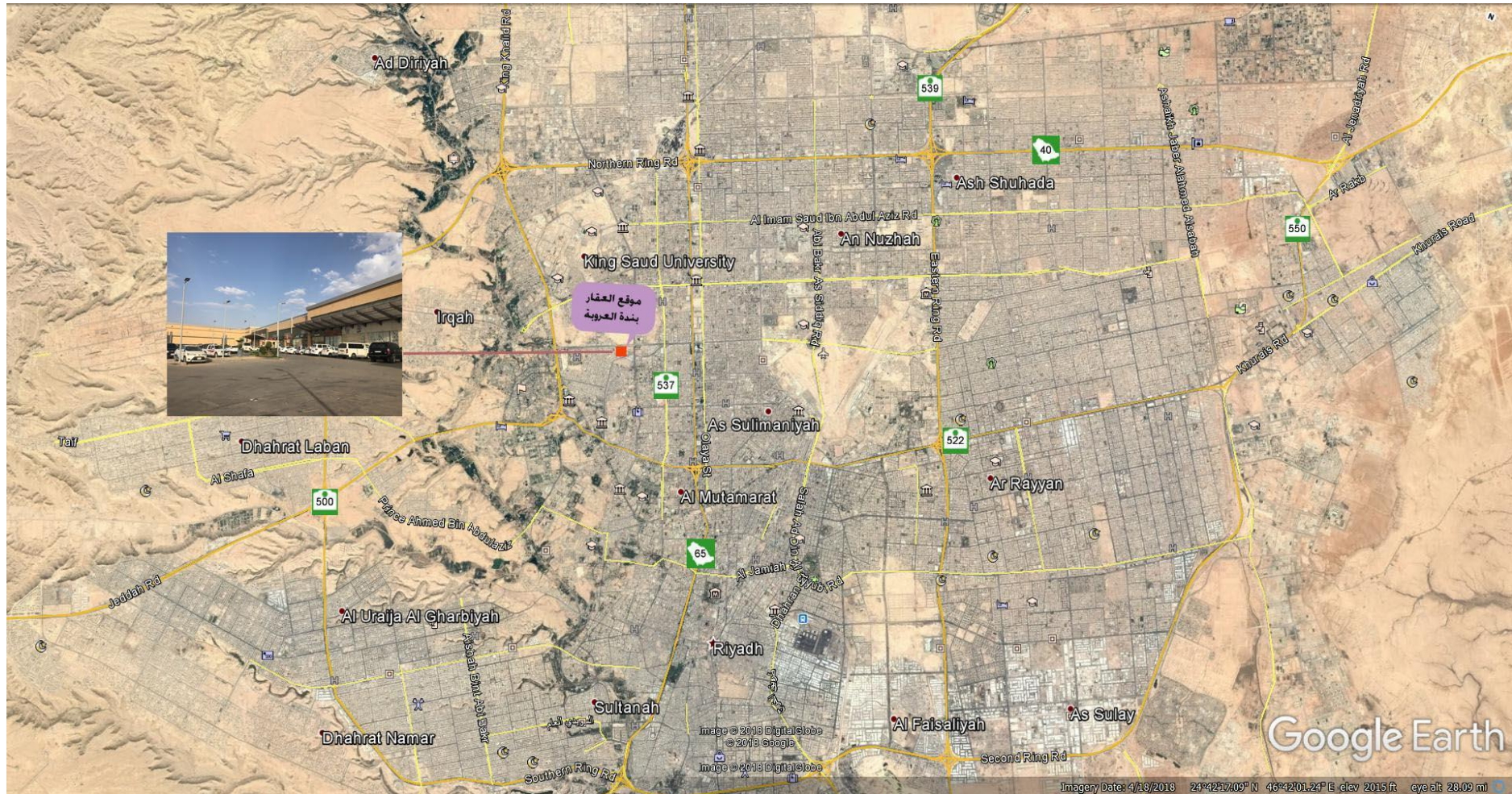
The adjacent map presents the subject site's location within the wider city of Riyadh while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°42'10.2"N 46°39'07.8"E	https://goo.gl/maps/AARWfpVBpdY55pyq9
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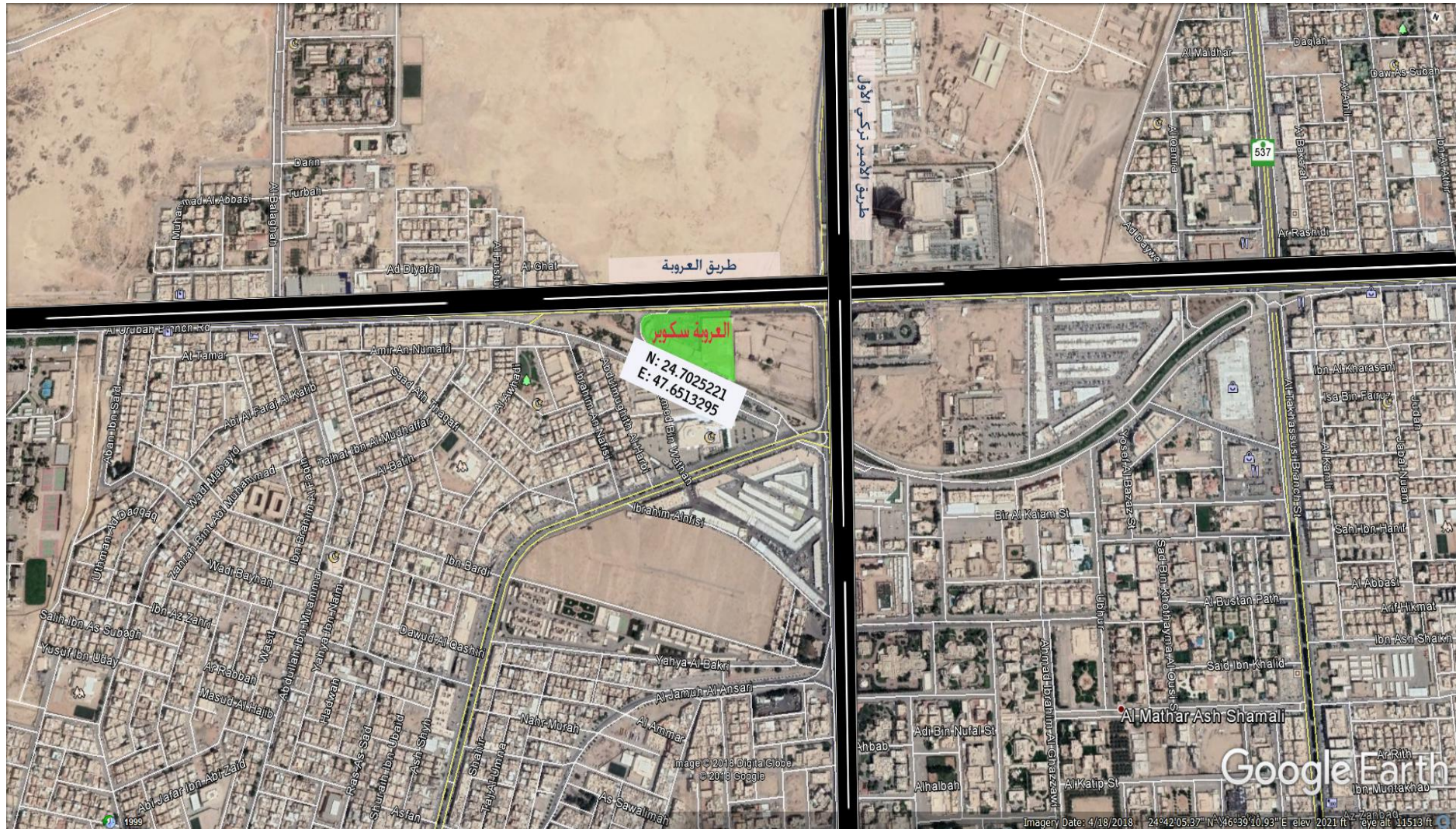
17.1- Aerial View



Google Map View



Middle View of Property



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located Within center of Riyadh, and with newly urban plan growth direction
	Accessibility and Visibility	*Accessibility through many major roads such as Al Urubah Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Panda Aruba.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Umm Al-Hamam Western District	The property is located western -side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The subject of this report comprises of developed land extending to approximately land area 19,212.22 sq. m and located in western District Riyadh, KSA. The property including Commercial real estate - retail is a plaza that includes a Panda supermarket and a mix of tenants with 19 commercial stores

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	western Riyadh	The property is located west side of the city a region filled with new development and project and is the location of the urban growth soon.			
	Proximity from Attraction	Main Axis		Main Road	Al Urubah Road	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

17.4- Valuation theory based on discounting future net free cash flows

Cash flow as per valuation date	30/06/2022
Leasehold value - SAR	45,996,070
Running Period	14 Years

	1	2	3	11	12	13	14
Operation Year	2022 (June to Dec)	2023	2024	2032	2033	2034	2035
Operating Income							
Operating Income	2,866,142	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284
Gross Income	2,866,142	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284
Risk							
Rental Risk	0	0	0	0	0	0	0
Rental Risk %	0%	0%	0%	0%	0%	0%	0%
Redates / extra charges	0	0	0	0	0	0	0
Net Income	2,866,142	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284
Operating Cost Expenditure OPEX	0	0	0	0	0	0	0
Growth							
Maintenance	0	0	0	0	0	0	0
Leasehold fee	0	0	0	0	0	0	0
Tenant improvements	0	0	0	0	0	0	0

Total Operating Costs	0	0	0	0	0	0	0
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Net Operating income	2,866,142	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284
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Capital Expenditure	0	0	0	0	0	0	1
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Net Operating income Before DCF	2,866,142	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284	5,732,284
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Running Yield	6.23%	12.46%	12.46%	12.46%	12.46%	12.46%	107.00%
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Exit cap rate							
Discount rate	7.50%						
	0.93	0.87	0.80	0.45	0.42	0.39	0.36
DCF	2,666,179	4,960,332	4,614,263	2,587,227	2,406,723	2,238,812	2,082,616

Leasehold Value SAR	45,996,070
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Note: The Operating income of 2022 belong to June to December Month.

18- Leasehold property Value:

Leasehold Value Property Value
45,996,070 SR
Forty-Five Million, Nine Hundred Thousand & Seventy Saudi Riyal Only

General Notes:

- The market value of the property - is 45,996,070 Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The market value was reached based on the application of the theory of discounting the net cash flows of the property for a period of 14 years, according to the validity of the lease term
- The property was inspected from the outside as it is a commercial plaza and the contents of the property could not be entered due to the privacy of the tenants.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- The discount coefficient for utility properties is less than the market coefficient.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
43,696,267SR	45,996,070 SR	48,295,873SR

19- Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	Al-Urubah Road
			all the time	Prince Turki bin Abdul-Aziz Road
Exit & Entry Movement				
General Notes	Exit	Entry		road Name
No		Easy		Al-Urubah Road
No	Easy			Prince Turki bin Abdul-Aziz Road

20- Real Estate Market Summary- Riyadh City

The general performance of the commercial real estate sectors is stable in terms of occupancy rates and rental prices, other than residential real estate, which is witnessing growth, which was reinforced by the decisions of the Ministry of Housing to raise the ownership rates for citizens, which pushed prices to rise throughout Riyadh in varying proportions between neighborhoods. East, South, West, and Center.



20.1-Office's market:

At the level of office real estate, category (A) achieved the highest growth rate during 2021 due to the construction and technical specifications of the buildings and the provision of services that help in achieving healthy rents, as rents were estimated at 1350 riyals / m² as an average.

At the same time, rents in category B and C decreased at prices of 800-950 riyals per square meter annually, in contrast, vacant spaces in the north of Riyadh decreased due to the great demand for offices.

The tenants are seeking to achieve the largest possible discount as a result of the continuation of the consequences of Covid 19 and its continued impact on some sectors such as tourism and aviation.

It is also expected that some governmental and semi-governmental agencies and some large companies will continue to move from the center of Riyadh to the new areas in the northern side of the city, such as the Social Development Bank, Samba Bank, SABB Bank and other parties affecting the office real estate sector.

Office sector	The period of the beginning of recovery for real estate and special projects, as the demand exceeds the supply of moderate/high rental prices, as the current supply is characterized by rental prices higher than the market by up to 40%. Also, 80% of the future supply consists of quality projects that provide a safe and healthy working environment, where there are new development ideas and a combination of business, entertainment, and housing, and most of the category (A) projects. And recently, the appearance of furnished office properties (co-working spaces) and most of the tenants are international and regional foreign companies for the purpose of short stays (3 months - 1 year).
investment orientation	Future projects must simulate the demand by providing a suitable office product for the business environment. The future offer is concentrated within King Khalid Roads - Northern Ring Road - King Salman Road - the

	northern part of King Fahd Road - Salboukh Road, and most of the projects are multi-use projects (commercial - office - specialized)
Diriyah area	It is expected that the real estate surrounding Diriyah will grow due to the development factor of Diriyah, its streets and neighborhoods, the Diriyah Gate project and the process of expropriating some properties in favor of the Diriyah Gate project.
Market competition	The high competition among office projects, as the preference for offices that take into account securing the largest number of car parks and operational and logistical services from sufficient car parks and within the terms of the secretariat
Current offer	All categories are available within the market offers and preference is given to offers within specific projects and in specific regions
future show	King Abdullah Financial District - mixed-use projects - future projects on Salbukh Road
Occupancy rate	82%-85%

Classification of offices by category	Rental prices during 2022 for large spaces	Rental prices during 2022 for small spaces
A+	1,200-1,400	1,350-1,600
A	950-1,100	1,200-1,400
B	700-850	900-950
C	500-600	680-750

20.2- Commercial real estate sector

In terms of commercial real estate, category (A) quality projects related to restaurants and cafes complexes achieved the highest growth rate during 2021 due to the increasing demand, as it was reinforced by large numbers of visitors, the construction and technical specifications of the buildings and the provision of services that help in achieving healthy rents, as rents were estimated 2,400 riyals / m² as an average between quality projects.

At the same time, rents in category B and C decreased at prices of 800-1,300 riyals per square meter annually

The tenants are seeking to achieve the largest possible discount as a result of the continuing consequences of Covid 19 and its continued impact on some sectors such as tourism and aviation. Part of the owners responded to them and others refused to provide any additional discount in the future for the year 2022.

On the level of excellence, developers seek to create new opportunities in the world of entertainment and shopping to compete with the projects of the Entertainment Authority during the Riyadh season, where attendance condenses on events and festivals.

Office sector	A recovery period for real estate and quality projects, as the demand exceeds the supply of moderate quality projects/high rental prices, as the current supply is characterized by rental prices that are higher than the market by up to 20%, where the factor of services, access to the site, number of parking spaces, desire and location are included in the tenant's decision. In addition, 80% of the future offer is commercial office quality projects that take into account the provision and allocation of a sound and healthy business environment, entertainment and shopping areas, where there are new development ideas that mix between business and entertainment, and most of the projects are of category (A).
investment orientation	Future projects must mimic the demand by providing an open commercial product that takes into account the factor of harmony and integration with the surroundings. The future supply is concentrated within King Khalid Roads - Northern Ring Road - King Salman Road - and the northern part of King Fahd Road - Salboukh Road. Most of the projects are multi-use projects (commercial - office - specialized)
Diriyah area	It is expected that the real estate surrounding Diriyah will grow due to the development factor of Diriyah, its

	streets and neighborhoods, the Diriyah Gate project and the process of expropriating some properties in favor of the Diriyah Gate project.
Market competition	High competition between projects, as preference is given to units that take into account securing the largest number of car parks, operational and logistical services from an integrated marketing mix.
Current offer	All categories are available within the market offers and preference is given to offers within quality projects and in areas north of Riyadh
future show	Mixed-use projects - future projects on Salbukh road - future projects on the northern ring road
Occupancy rate	75%-83%

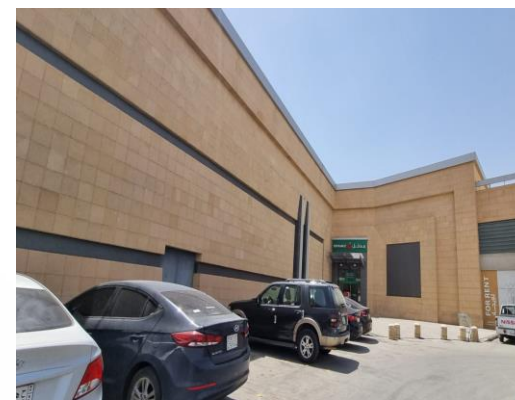
Classification of offices by category	Rental prices during 2022 for large spaces	Rental prices during 2022 for small spaces
A+	750-1,200	3,000-4,000
A	650-1,000	2,200-2,800
B	600-800	1,100-1,400
C	400-550	700-900

- The industrial real estate sector - logistics is one of the most vital sectors in the real estate area due to the region's specialization in developing and building warehouses for storing goods due to its proximity to pivotal roads such as the eastern and southern ring roads and the second ring road.
- Average industrial land prices - warehouses ranging between 1100-1400 riyals, depending on the proximity and distance from Istanbul Street and the Second Ring Road.

- Average rents for warehouses classification C: 100 - 130 riyals / m², average rents for warehouses classification B: 170 - 200 riyals / m², especially those that contain a loading and unloading area and have a ceiling height of 12 m.
- Commercial real estate sector (commercial buildings + shops) to serve workers in Al-Sulay district.
- The emergence of qualitative logistical projects, such as the Logistics Park project near the second industrial area.
- The emergence of new areas - industrial plans in the Al-Nazim district, east of Riyadh, and in the north of the city of Riyadh, near Salbukh Road.

21- External and internal Pictures

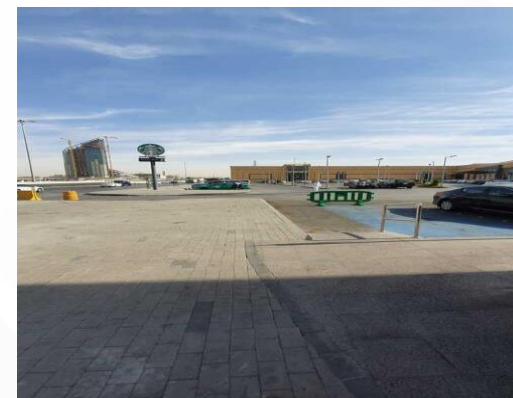
External view



External View



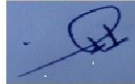
Internal view



22-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





22.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير	618897
منشأة التقييم	شركة اولات للتقييم العقاري
العميل	مشاركة المالية
الفرض من التقييم	أغراض محاسبية
عدد الأصول	1
نوع التقرير	تقرير مفصل
تاريخ إصدار التقرير	Mon 08 Aug. 2022

للتحقق من صحة شهادة التسجيل:



يمكن التقرير بأن منشأة التقييم فقط. ولا تتحمل الهيئة المسؤولية للمقيمين المعاملين أي مسؤولية متزايدة عليهم وسجل التقرير لأغراض رقابية ولا يعني اعتماد الهيئة له.

23- Property Official Documents as per Client

Title Deed



الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠

اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

جنسيتها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: لتأطاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

رأس المال: ٥٠٠٠٠٠ ريال سعودي

١. عبدالملك ابراهيم عبدالكريم الدرويش

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يمكنك التحقق من صحة هذه الشهادة بالدخول على <http://v.mci.gov.sa> To Verify the information of this certificate visit



المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبدالمك أبراھيم عبدالکريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Gardeno Hotel

Olaya District, Al Takhassousi Road

KSA – Riyadh City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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OPM does not accept any liability in negligence or otherwise for a loss of damage suffered by any party resulting from the dependence of this publication.

Olaa Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 26th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Hotel Property
Location	Olaya District, Al Takhassousi Road - Riyadh
Land Area	3,495.35 sqm
Title deed number	918501000502
Title's date	15/02/1443 H
Scheme Number	1324/1
Plot Number	129+130+131+132
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	9521,1 sqm
Building's Permit number	16607/1433
Building Permit's date	1441/11/18 H
Building Life	1.5 Years
Market value based to RV & DRC method	80,649,256
Market value based to Cap rate method	91,470,588
Market value based to 40% & 60% Weighted average between Rv, DRC and Cap rate Methods	87,142,055 (Eighty-Seven million, One hundred forty-Two Thousand, Fifty-Five Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



Musharaka REIT
For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Gardeno Hotel – Riyadh – Al Riyadh city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Gardeno hotel Riyadh city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for commercial facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Gardeno Hotel property 87,142,055 SAR** has nominated on the weighted average basis of on Residual value, DRC & Capitalization method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial property – Gardeno Hotel – Riyadh
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 26 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of warehouse facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many Hotels, offices, in Olaya district on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as commercial usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the Residual value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential.
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Building Permit	y
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Residual Value Method

- RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income).

First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from

deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value. Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on residual value for land valuation.
- Cost and depreciation method in building evaluation.
- Income method – Capitalization Rate
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Capitalization method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted avg method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

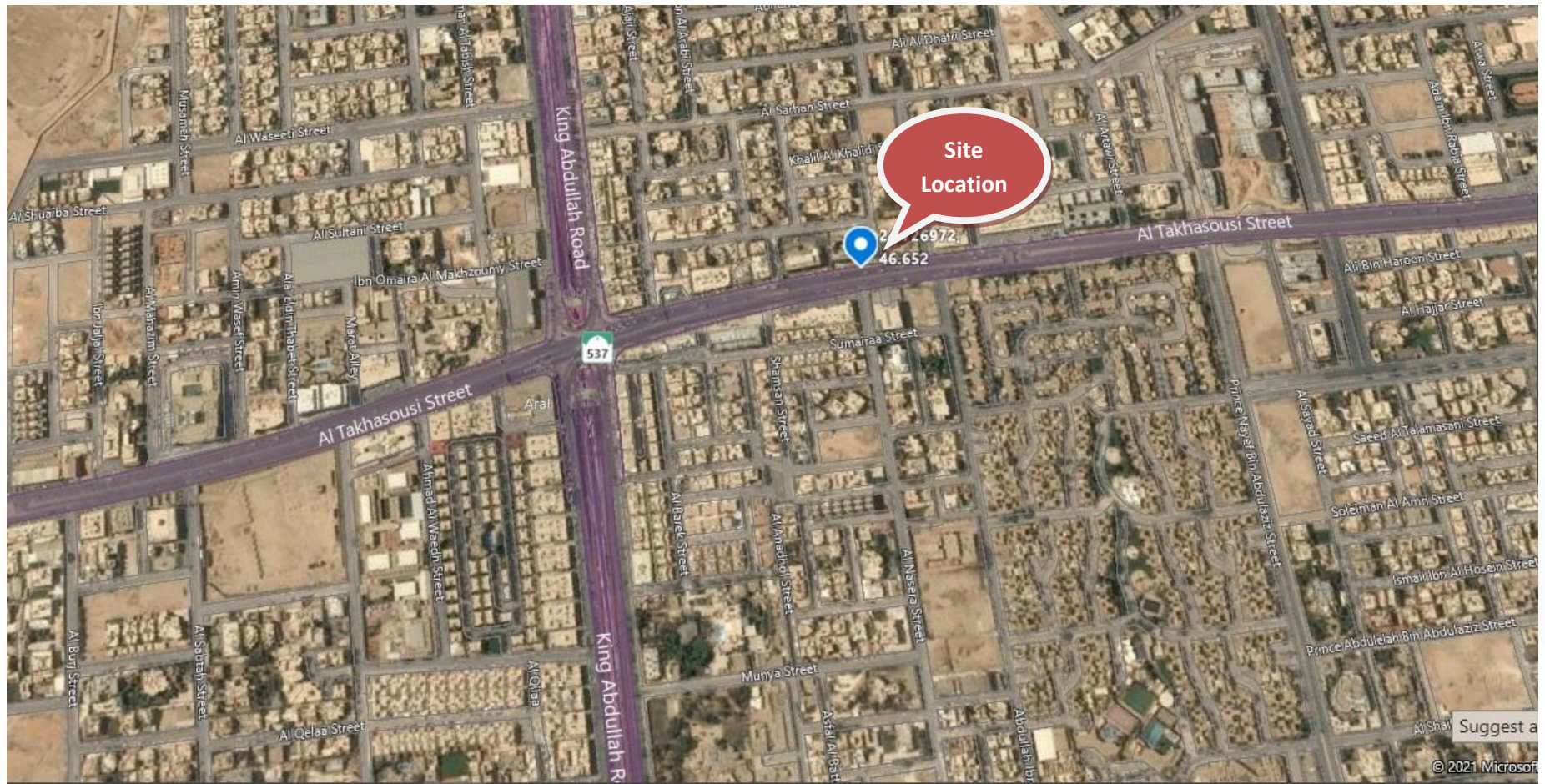
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°43'36.7"N 46°39'07.2"E	https://goo.gl/maps/GmMYmyC8rCSnMFHT9
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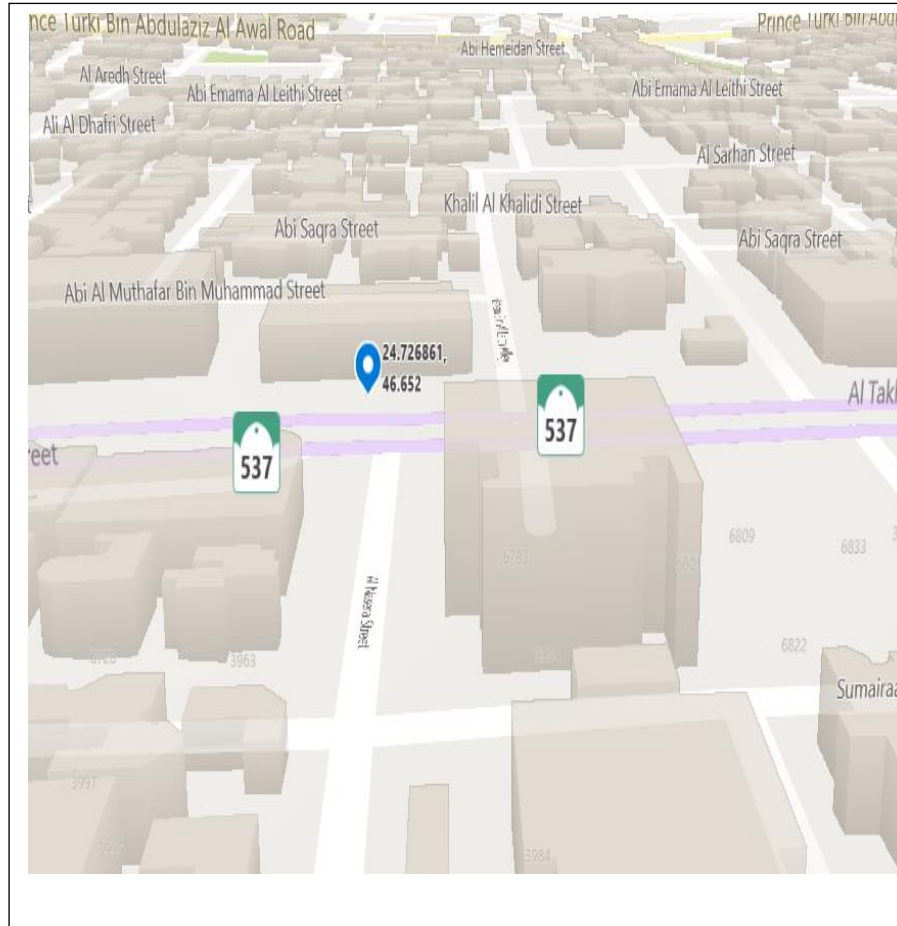
17.1- Aerial View



Google Map View

24°43'36.7"N 46°39'07.2"E

<https://goo.gl/maps/GmMYmyC8rCSnMFHT9>



17.2- Demand distance and proximity to the property

Property Name	Distance K.M
Suleiman Al Habib Hospital	0.8
KASUT	1.38
Imam Saud University	1.46
Majdoul Tower	1.54
Digital city	2.18
KAFD	4.04
DGDA	9.00
The Zone	1.00



17.3- Property specifications & Features

floors	granite
Wall and ceiling frames	Interior walls and ceilings gypsum
ventilation	Natural ventilation through windows, air conditioning
ceiling heights	ceiling height is 8 m & others are 4 m.
interfaces	The four facades - murals and glass windows
design "architecturally"	Modern design serves "business environment"
Type of alarm systems, fire fighting	civil defense requirement
Air conditioning system	Chiller Units Hot and Cold American Terrain Each Chiller
Backup generators	Generator Available
Stairs and elevators - Kone	5 elevators, weighing 650 grams, 8 people capacity
Natural and artificial lighting	natural and artificial lighting
Car Parking	80 parking lots as follows B1 20 – B2 60
Surrounding area and excavation work	Riyadh metro and bus works, which are in their final stages
Real estate visibility	Hotel property overlooks Al-Takhassousi Street,
fences	no fences around the building
maintenance	Soft maintenance – almost new
Number of rooms and suites	94
Classification by building permit	five stars
CCTV Surveillance Systems – Cloud	control room for monitoring security cameras

17.4- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located in Takhassousi road Olaya district, with a plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as olaya district. *Visibility – All Major commercial property Surrounding the site.
	Potential Growth	This side have an excellent growth rate comparing to other side of city, other projects will be more development in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Gardeno hotel Riyadh.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	Yes		
	Inside	Olaya District	The property is located Olaya district of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	Yes	Central A/C Units System	Water Treatment station	Parking area

17.5 -Area Brief

The property is a hotel that includes hotel rooms and suites, multiple halls for occasions and celebrations, in addition to restaurants, lobby and other services such as swimming pools and gyms. It is located on Takhassousi Street within the Olaya district in Riyadh.

Sector	Side / Part		Comment				
	On City Level	Riyadh City	The property is located developed side of the city a region filled with new development and project and is the location with Granada area growth.				
	Proximity from Attraction	Main Axis		Main Road	Granada district		
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.	
		Sewer System	Electricity				
	Public Amenities	Planting	Sidewalks		The property is fully developed		
		Lighting	Asphalt Roads				
	Facilities	-			Public Area		All the utilities are in close proximity to the sites or at least within 5 Km radius.
		-					
	Land Characteristics	Frontages	Land has front age access to many commercial projects around the property.				
		Street					
Land Shape							

18- Land Valuation Methodology

18.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income).

First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

Net virtual rental area m² NLA	7,428
Parking number	140
Indicator of parking spaces inside the property by area	One parking lot per 52 m ² , which is the percentage of available space within similar projects that offer one parking spot for every 50-55 m ²
Average annual rent of the property per square meter / unfinished offices, areas of 500 square meters and more	800 riyals / m ²
Average rent for the market per square meter / unfinished offices Allocating a parking space for every 55 rental m², which is a higher percentage than the rates in the property	800 riyals / m ²

Development Cost Sheet	
<i>Cost Type- Dev Type</i>	Con Year 1-2
Development Work	
Land Area - developed – sq m	3,495
Development Cost S.R / sq m	120
Number of Stories	2.5
Total Development Cost	419,447
Total Number of BUA - sq m	12,234
Building - Retail Rental	
BUA construction	12,234
Construction & F&E Cost S.R / sqm -MEP	2,800
Inflation Rate - Year	5%
Total Construction Cost	34,254,822
Other Costs	
Professional fees (Engineering Consultant) 2.5%	856,371
Statutory fees 2%	685,096
Marketing fees (Media & Advertising) 1.5%	513,822
Contingency costs 10%	3,425,482
Overhead cost 2.5%	856,371
Total Dev - Cost – SR	40,591,964

Gross Revenues -											
	Dev- period 2 Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Rev -</i>											
Leasable area / sqm		7,428	7,428	7,428	7,428	7,428	7,428	7,428	7,428	7,428	7,428
Annual Renting Value - SR - sqm		800	800	800	800	800	880	880	880	880	880
Growth rate - Yield		0%	0%	0%	0%	0%	10%	0%	0%	0%	0%
Occupancy Rate %		50%	80%	95%	95%	95%	95%	95%	95%	95%	95%
<i>Revenues</i>		2,971,082	4,753,730	5,645,055	5,645,055	5,645,055	6,209,560	6,209,560	6,209,560	6,209,560	6,209,560
Gross Revenues		2,971,082	4,753,730	5,645,055	5,645,055	5,645,055	6,209,560	6,209,560	6,209,560	6,209,560	6,209,560

Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Revenues	2,971,082	4,753,730	5,645,055	5,645,055	5,645,055	6,209,560	6,209,560	6,209,560	6,209,560	6,209,560
General & Administrative Expenses (10%)	297,108	475,373	564,505	564,505	564,505	620,956	620,956	620,956	620,956	620,956
Gross Profit - EBITDA	2,673,973	4,278,357	5,080,549	5,080,549	5,080,549	5,588,604	5,588,604	5,588,604	5,588,604	5,588,604
Depreciation	811,839	811,839	811,839	811,839	811,839	811,839	811,839	811,839	811,839	811,839
Earnings after depreciation	1,862,134	3,466,518	4,268,710	4,268,710	4,268,710	4,776,765	4,776,765	4,776,765	4,776,765	4,776,765
Interest Expense	974,207	974,207	974,207	974,207	974,207	974,207	974,207	974,207	974,207	974,207
Earning after interest expense	887,927	2,492,311	3,294,503	3,294,503	3,294,503	3,802,558	3,802,558	3,802,558	3,802,558	3,802,558
ZakkaT (2.5%)	-22,198	62,308	82,363	82,363	82,363	95,064	95,064	95,064	95,064	95,064
Net Operating Income	910,125	2,430,003	3,212,140	3,212,140	3,212,140	3,707,494	3,707,494	3,707,494	3,707,494	3,707,494
Additions to Retained Earnings	910,125	2,430,003	3,212,140	3,212,140	3,212,140	3,707,494	3,707,494	3,707,494	3,707,494	3,707,494
Cumulative Retained earnings	910,125	3,340,128	6,552,269	9,764,409	12,976,549	16,684,043	20,391,537	24,099,031	27,806,525	31,514,019

Cash flow Statement

Cash flow Table	Construction Year 1-2	Operation Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
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IN - flow											
Capital Injection											
Net Revenues		910,125	2,430,003	3,212,140	3,212,140	3,212,140	3,707,494	3,707,494	3,707,494	3,707,494	3,707,494
Depreciation		811,839	811,839	811,839	811,839	811,839	811,839	811,839	811,839	811,839	811,839
Total Inflow		1,721,964	3,241,842	4,023,980	4,023,980	4,023,980	4,519,333	4,519,333	4,519,333	4,519,333	4,519,333

OUT flow											
Total Construction Cost	40,591,964										
Professional fees	856,371										
Statutory fees 2%	685,096										
Marketing fees (Media & Advertising) 1.5%	513,822										
Contingency costs 10%	3,425,482										
Overhead cost 1%	856,371										

Total Outflow	-46,929,106										
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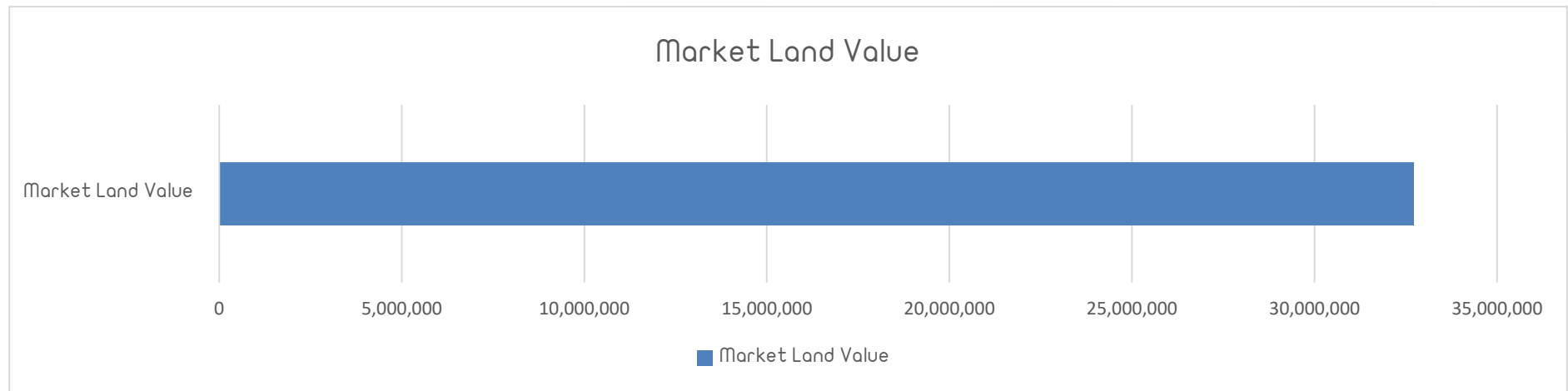
Net Cash Flow	-46,929,106	1,721,964	3,241,842	4,023,980	4,023,980	4,023,980	4,519,333	4,519,333	4,519,333	4,519,333	4,519,333
Cumulative Net Income	-46,929,106	-45,207,142	-41,965,299	-37,941,320	-33,917,340	-29,893,360	-25,374,027	-20,854,694	-16,335,361	-11,816,027	-7,296,694

Residual Value - RV							
RV	Construction / Year 1,2	Operation / Year 1	Operation / Year 2	Operation / Year 3	Operation / Year 9	Operation / Year 10	Total
IN - flow	Period	1	2	3	9	10	
Total Inflow		1,721,964	3,241,842	4,023,980	4,519,333	4,519,333	
Discount Rate:	10.0%	0.909	0.826	0.751	0.424	0.386	
OUT flow							
Total Outflow		0	0	0	0	0	
	Total Cash out						
Net Cash flow (Before Discount Rate)	(46,929,106)	1,721,964	3,241,842	4,023,980	4,519,333	4,519,333	
Exit Value						56,491,665	
							RV
Discounted Cash flow DCF	(46,929,106)	1,565,422	2,679,209	3,023,275	1,916,638	1,742,399	32,714,990
Residual Value							
Land Market Value	Land Value SAR	32,714,990					
	Square Meters	3,495.39					
Residual Value (Market Value) - Estimated sq m value (\$R)		9,359					

Land market Value as per Residual Value Method = Land Area * market value / sq. m

= 3,495.39 sq. m * 9,359 S.R

= 32,712,980 S.R (Thirty-Two Million, Seven Hundred Twelve thousand, Nine hundred & Eighty Saudi Riyal)



18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the BUA area has been calculated area 10,692 sqm from Musharaka REIT.

Depreciated Replacement cost (DRC)

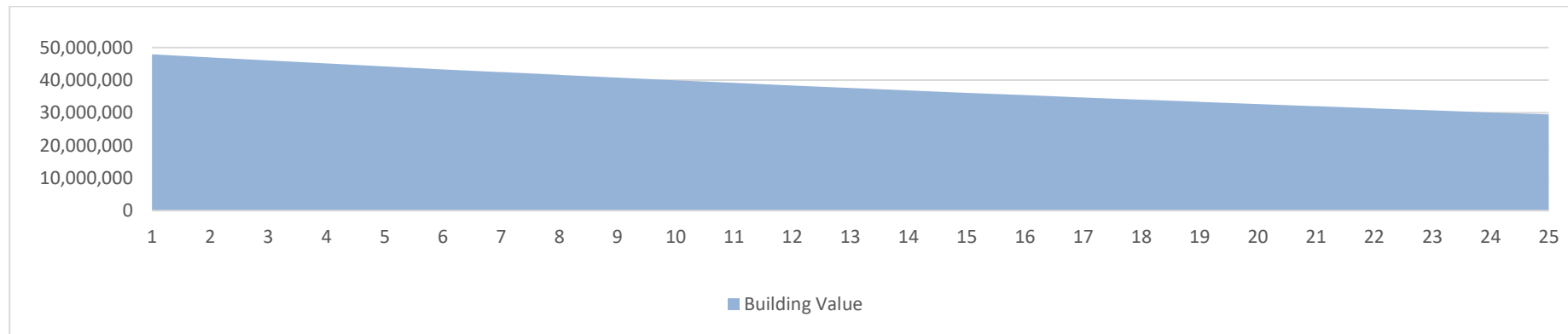
Standard: Average useful life for Commercial building after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	1.5 years
Apportionment – Acc Depreciation	2%*1.5 Years	2%

Note: Annual Deprecation Charged on December for every Year

Building Cost (Construction, Finishing & MEP equipment) for building – All MEP installed

Floor Detail	Area Sqm	Building & installing equipment & furnishing Cost SR / m ²	Total Amount – S. R
Mezzanine Floor	531.30	3,000	1,593,900
Ground Floor	2096.00	3,500	7,336,000
Basement – II	3305.10	2,500	8,262,750
Basement - I	3305.10	2,500	8,262,750
First Floor	2258.50	3,500	7,904,750
Second Floor	1200.60	3,500	4,202,100
Swimming pool - Large	100.00	1,500	150,000
Electric room	20.00	1,000	20,000
Swimming pool - Small	60.00	1,000	60,000
Attached Area	1121.40	2,500	2,803,500
Surrounding wall area	237.70	700	166,390
Market value before deducting accumulated depreciation			40,762,140
Less: Accumulated Depreciation (40,762,140*2/100)			(815,243)
Market value of the building before the developer's profit increase			39,946,897
Add; Developer profit 20%			7,989,379
Market value of the building SR			47,936,276

Note: Annual Depreciation charged on December every year



19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work- Currency SR

Market Value (Land)	32,712,980 SAR
Building Value - SAR	47,936,276 SAR
Market value -Total Land & Building Property	80,649,256 S.R (Eighty million, six Hundred forty-nine thousand, Two hundred Fifty-Six Saudi riyals)

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Riyadh city -June 2022- FFO:

- **Contractual Period 10 Years**
- The rental value for the first two years (1-2): 7,000,000 riyals
- Rental value (3-5): 7,500,000 riyals
- Rental value (6-10): 8,250,000 riyals
- Average contract value for the entire lease term: 7,775,000 riyals

جدول القيمة الإيجارية وتواريخها

العام	القيمة الإيجارية	تاريخ الاستحقاق
العام الأول: ٢٠٢٠ - ٢٠٢١	ثلاثة ملايين ريال مليونان ريال مليون ريال مليون ريال	٢٠٢٠/٠٥/١١ ٢٠٢٠/٠٥/١٢ ٢٠٢٠/١٢/٢٩ ٢٠٢١/٠٢/٠١
العام الثاني: ٢٠٢٢ - ٢٠٢٣	سبعة ملايين ٧,٠٠٠,٠٠٠	٢٠٢٢/١١/٠١ في ٢٠٢٢/٠٥/٠١ في
العام الثالث: ٢٠٢٤ - ٢٠٢٥	سبعة ملايين ونصف ٧,٥٠٠,٠٠٠	٢٠٢٣/١١/٠١ في ٢٠٢٣/٠٥/٠١ في
العام الرابع: ٢٠٢٥ - ٢٠٢٦	سبعة ملايين ونصف ٧,٥٠٠,٠٠٠	٢٠٢٤/١١/٠١ في ٢٠٢٤/٠٥/٠١ في
العام الخامس: ٢٠٢٦ - ٢٠٢٧	سبعة ملايين ونصف ٧,٥٠٠,٠٠٠	٢٠٢٥/١١/٠١ في ٢٠٢٥/٠٥/٠١ في
العام السادس: ٢٠٢٧ - ٢٠٢٨	ثمانية ملايين وثمانون وخمسون ٨,٢٥٠,٠٠٠	٢٠٢٦/١١/٠١ في ٢٠٢٦/٠٥/٠١ في
العام السابع: ٢٠٢٨ - ٢٠٢٩	ثمانية ملايين وثمانون وخمسون ٨,٢٥٠,٠٠٠	٢٠٢٧/١١/٠١ في ٢٠٢٧/٠٥/٠١ في
العام الثامن: ٢٠٢٩ - ٢٠٣٠	ثمانية ملايين وثمانون وخمسون ٨,٢٥٠,٠٠٠	٢٠٢٨/١١/٠١ في ٢٠٢٨/٠٥/٠١ في
العام التاسع: ٢٠٣٠ - ٢٠٣١	ثمانية ملايين وثمانون وخمسون ٨,٢٥٠,٠٠٠	٢٠٢٩/١١/٠١ في ٢٠٢٩/٠٥/٠١ في
العام العاشر: ٢٠٣١ - ٢٠٣٢	ثمانية ملايين وثمانون وخمسون ٨,٢٥٠,٠٠٠	٢٠٣٠/١١/٠١ في ٢٠٣١/٠٥/٠١ في

١. اتفق الطرفان على أن القيمة الإيجارية تدفع مسافحة كاملة للطرف الأول دون أي احتطاع وأن أي تكلفة مالية (ضرائب بما في ذلك ضريبة القيمة المضافة، وأي رسوم أو مصاريف)

توقيع الطرف الأول

توقيع الطرف الثاني

Average Net Operating Income – triple Net for 10 Years Contractual period based to client's statement.	7,775,000 SR	
– Vacancy and collection loss	0	
Additional income	0	
Effective Average gross income	7,775,000 SR	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Average Net operating income NOI	7,775,000 SR	
Cap rate 8.5%		
Market Value @ 8.5% Capitalization rate	91,470,588 SR	

Occupancy rates range from 60% to 80% with an average daily price of 500 riyals per day after sampling the averages of 4-star hotel rooms and 750 riyals rated 5 stars in real estate.

21-: In case of Musharaka REIT desire to reach market value for Property based to weighted average method

Property Value Calculation	Residual value + DRC depreciation replacement cost	Capitalization rate - MV rate
Land & Building - Residual value + DRC depreciation replacement cost - MV	80,649,256	91,470,588
Weighted Average percentage	40%	60%
Weighted rate applied	32,259,702	54,882,353
Sum of Values	87,142,055	
Market Value MV (Rounding Fig)	87,142,055 (Eighty- Seven million, one hundred forty two thousand, fifty five Saudi Riyal)	

General Notes:

- The market value of the property - is **87,142,055** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.

- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
82,784,952	87,142,055	91,499,158

22-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
		during daytime	evening" after 8	Takhassousi road
	Morning shift from 7-9 in the morning from 3-7 in the evening	all the time		King Fahad road

Exit & Entry movement

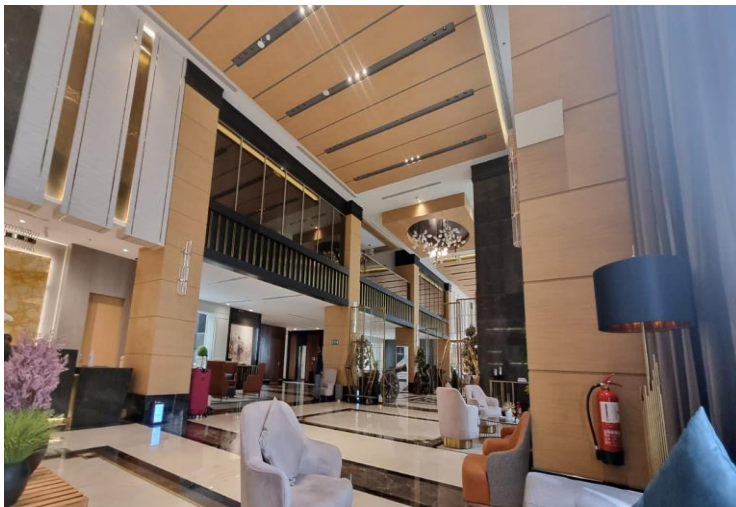
General Notes	Exit	Entry	road Name
	Easy	Easy	Takhassousi road
	Easy	Easy	King Fahad road

23-Property Swot Analysis

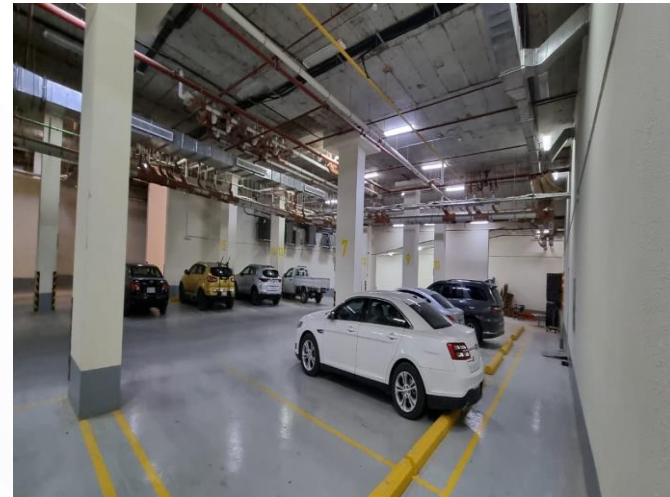
Weak points	strength point
<ul style="list-style-type: none"> - Classification of the hotel according to the building permit is 5 stars and according to reality 4 stars 	<ul style="list-style-type: none"> - General location within Takhassusi Street. -Proximity to north-west of Riyadh. -Structural and technical property specifications. -The number of parking spaces is 140. -Interior finishing with excellent quality of granite, lighting, walls, ceilings, etc. -The presence of mechanical and electrical systems necessary for the operation of the building- -The property is suitable for hotel activity in terms of location.
Threats	Opportunities
<ul style="list-style-type: none"> -The threat of the continuation of the Covid-19 pandemic and its continuing impact on the hotel sector, which may prompt the property tenant to request an extension of the grace period and compensation for losses that he may incurred. 	<ul style="list-style-type: none"> -The presence of a metro station near the property, 250 meters away

24- External and internal Pictures







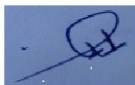




25-Olaa valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





25.1- OPM Valuation's team Taqueem's certificates



QR Code



26- Property Official Documents as per Client

بسم الله الرحمن الرحيم

وزارة العدل
مملكة البحرين

رقم الرخصة: ١٤٤٣/٢/١٥
تاريخ الرخصة: ١٤٤٣/١٠/٠٢
تاريخ الانتهاء: ١٤٤٣/١٠/٠٢
نوع الرخصة: صلح

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض 129 و قطعة الأرض 130 و قطعة الأرض 131 و قطعة الأرض 132 من المخطط رقم 1324 / 1 الواقع في حي العليا بمدينة الرياض .

وحدودها وأطولها كالتالي:

شمالاً: شارع عرض 12م بطول: (55) خمسة وخمسون متر

جنوباً: قطعة رقم 133 و 134 بطول: (58) ثمانية وخمسون متر

شرقاً: شارع عرض 46م بطول: (62.7) اثنين وستون متر و سبعون سنتيمتر

غرباً: شارع عرض 15م بطول: (62) اثنين وستون متر

مساحتها: (3,495.35) ثلاثة آلاف وأربعمائة وخمسة وتسعون متراً مربعاً وخمسة وثلاثون سنتيمتراً مربعاً فقط

والمستند في إفراغها على الصك الصادر من الموثقين بالرياض 8 برقم 39906900324 في 13 / 2 / 1443 هـ

قد انتقلت ملكيتها لـ: شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم 1010484834 وتنتهي في 14 / 1 / 1445 هـ ، بشئ وقدره 85500000 خمسة وثمانون مليوناً وخمسمائة ألف ريال منها مبلغ 7070000 سبعة مليون و سبعون ألف ريال تنازلت الشركة عن إيجاره العقار للبايع وعليه جرى التصديق تحريراً في 15 / 2 / 1443 هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل

نموذج رقم (١١-٣-١٠٠)

صفحة رقم 1 من 1

الهيئة العامة للغرسة
الرقم المخصص: ١٤٤٣/١٠/٠٢
الرقم المخصص: ٤٠٠٠٢٨٤٥٠

رقم الرخصة: ١٤٤٣/١٠/٠٢
تاريخ الرخصة: ١٤٤٣/١٠/٠٢
نوع الرخصة: صلح

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض 129 و قطعة الأرض 130 و قطعة الأرض 131 و قطعة الأرض 132 من المخطط رقم 1324 / 1 الواقع في حي العليا بمدينة الرياض .

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صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل

نموذج رقم (١١-٣-١٠٠)

صفحة رقم 1 من 1

الرقم: ١٠١٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض الكيان القانوني: ذات مسئولية محدودة مهنية

حسبها: سعودي رأس المال: ٥٠٠٠٠٠ ريال سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ النشاط: تطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

١ عبدالمك إبراهيم عبدالكريم النرويش	٢ ٣
٣ ٤	٤ ٥
٥ ٦	٥ ٦
٦ ٧	٦ ٧
٧ ٨	٧ ٨
٨ ٩	٨ ٩
٩ ١٠	٩ ١٠
١٠ ١١	١٠ ١١
١١ ١٢	١١ ١٢
١٢ ١٣	١٢ ١٣
١٣ ١٤	١٣ ١٤
١٤ ١٥	١٤ ١٥
١٥ ١٦	١٥ ١٦



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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاوله مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبدالمك ابراهيم عبدالكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



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www.olaat.com

    @opm_valuation



We derive the Accurate Value in a changing market



Real Estate Valuation Report

Danube Dammam

KSA - Dammam City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Olaa Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Commercial Property
Location	Al Faisaliah District - Dammam
Land Area	10,769.2sq. m
Title deed number	2301020003013-430101003930- 330105002281-530101003931- 330101003932
Title's date	5/6-11-1427
Percentage of land coverage according to the current construction	50%
Scheme Number	414 rate /1
Building Floor	7 Floor
Plot Number	1-2-3-4-5
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	7,495+484 archery
Building's Permit number	002255/1433
Building Permit's date	25/12/1433 H
Building Life	7.5 Years
Market value based to DCF	SR 18,209,052
Market value based to DCF Methods	18,209,052 (Eighteen-Million, Two-hundred Nine thousand, & fifty-two hundred Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



Musharaka REIT Fund
For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Al-Danube Dammam – Dammam city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – **Danube Dammam – Dammam city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Property, trade area (catchment area capture, Pull area), catchment Area's classification, Discount Cash flow for Leased property – Net income based to market value for Commercial facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **Commercial property 18,209,052 SAR** has been assessed by **Discounted Cash Flow method (DCF)**, considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed & Market value according to the following: The scientific theory used to derive the market value: Evaluation on discounting future net cash flows for the purposes of estimating the benefit value of the property according to the net private income and the remaining time period for the validity of the lease contracts, as they expire on Year 2034.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Owner properties	Hifth- AI Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Danube property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial property –AI Danube Dammam
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Dammam on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the

	client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as commercial usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the DCF, Discounted Cash flow (DCF) approach, that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>

Currency	Saudi Riyal
Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are types Leased property of valuation Approaches as per the following:

9.1- Discounting cash flows Valuation Method:

DCF Methodology used - evaluation methods that can be applied in an evaluation:

The discounted cash flow method is a financial method for estimating the value of a property that falls under the income method and the value index is derived by calculating the present value of future cash flows. According to the International Valuation Standards (Standard 105, paragraph 40.1), "the income method provides an indication of value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by reference to the value of revenue, cash flows, or cost savings from the asset." Although there are many ways to apply the income method, the methods used in applying the income method depend largely on the amounts of discounting future cash flows to a present value. They are various applications in the use of the discounted cash flows method (Standard 105, paragraph 50.1).

9.2- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.

- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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

9.3- Profit Method:

The profit method is one of the convenient methods for evaluating hotels. The earnings method is usually used in the valuation of real estate where the significant portion of the value is from the profits of the real estate business and not from the value of the land and buildings. The profit method is applied in valuing private properties such as hotels, petrol stations, restaurants, and cinemas.

- Valuation Process Adoption

- Through the following review of the evaluation process, the property will be evaluated through
- Income Method “Discounted Cash Flow Method”

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, in addition, we consulted many of real estate experts in **Dammam city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Discounted Cash Flow method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Discounted Cash flow approach DCF.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.

- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through DCF approach for leased assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
 - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
 - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
 - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
 - Professional fees
 - Public authorities' stipulations





This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

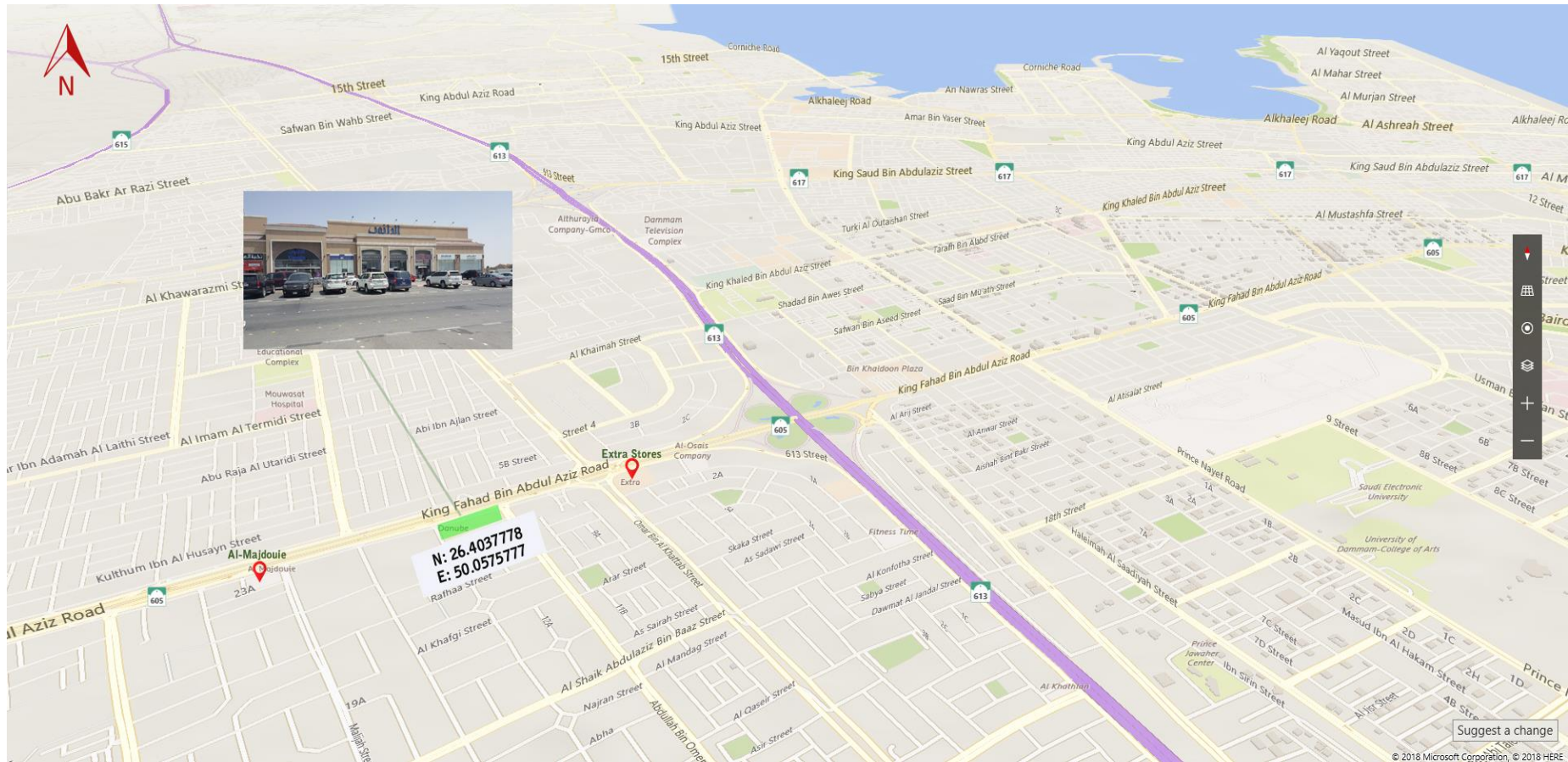
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

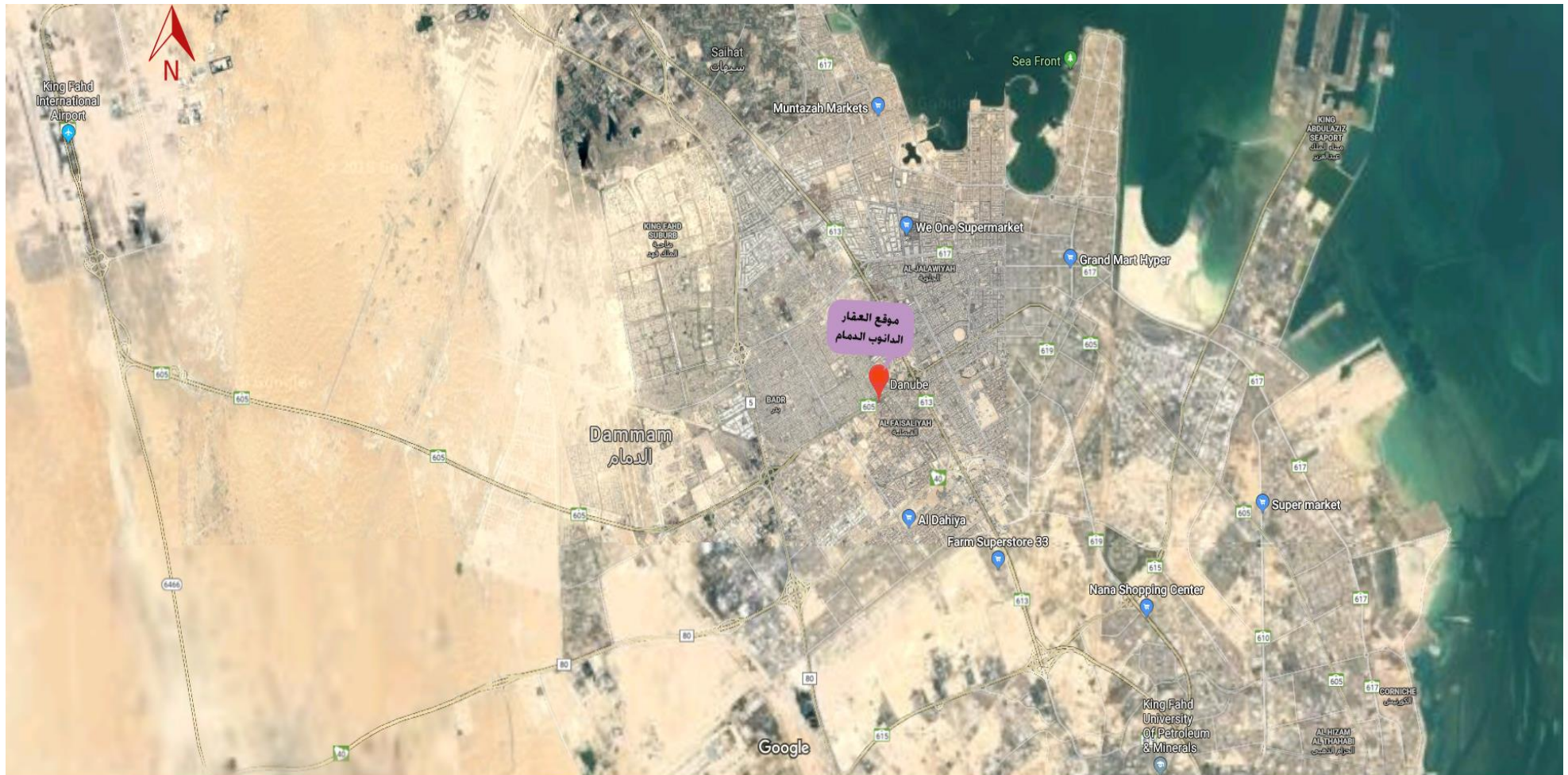
The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	26°24'13.6"N 50°03'24.9"E	https://goo.gl/maps/qEZYrRaLVmFv1hcf9
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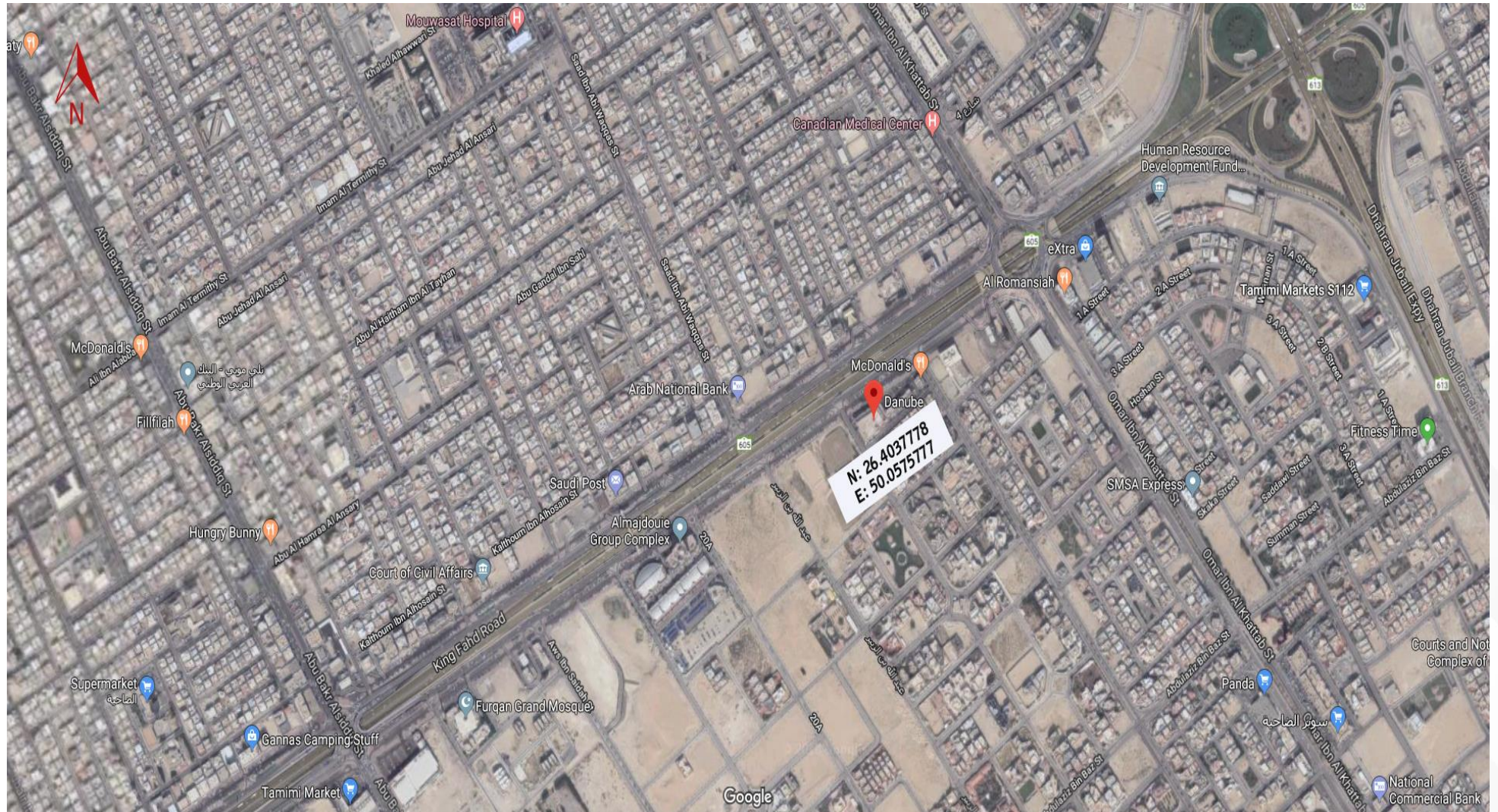
17.1- Aerial View



Google Map View



Middle View of Property



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located on King Fahad bin Abdul-Aziz Road, and with newly urban plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as ring Road. *Visibility – All Major Commercial Property Surrounding the site of al-faisaliyh district.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Danube Dammam.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	King Fahad Road District	The property is located center-side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The subject of this report comprises of developed land extending to approximately land area 10,769.2 sq.m and located in Faisaliayah District Dammam, KSA. The property including Commercial real estate - retail is a plaza that includes a Danube supermarket and a mix of tenants with commercial stores

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Dammam City	The property is located inside of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis			Main Road	King Fahad Road
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

17.4- Valuation theory based on discounting future net free cash flows

Cash flow as per valuation date	30/06/2022
Leasehold value - SAR	18,209,052
Running Period	12 Years

	1	2	3	11	12
Operation Year	2022 (June to Dec)	2023	2024	2032	2033
Operating Income					
Operating Income	1,514,397	3,028,794	3,028,794	3,028,794	3,028,794
Gross Rent	1,514,397	3,028,794	3,028,794	3,028,794	3,028,794
Risk					
Rental Risk	0	0	0	0	0
Rental Risk %	0%	0%	0%	0%	0%
Redates / extra charges	0	0	0	0	0
Net Rent	1,514,397	3,028,794	3,028,794	3,028,794	3,028,794
Operating Cost Expenditure OPEX	0	0	0	0	0
Growth					
Maintenance	0	0	0	0	0
Leasehold fee	0	0	0	0	0
Tenant improvements	0	0	0	0	0
Total Operating Costs	0	0	0	0	0
Net Operating income	1,514,397	3,028,794	3,028,794	3,028,794	3,028,794

Capital Expenditure	0	0	0	0	0
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Net Operating income Before DCF	1,514,397	3,028,794	3,028,794	3,028,794	3,028,794
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Exit cap rate	8.5%				
Discount rate	11.10%				
	0.90	0.81	0.73	0.31	0.28
DCF	1,363,113	2,453,884	2,208,748	951,664	856,595

Leasehold Value SAR	18,209,052
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Note: The Operating income of 2022 belong to June to December Month.

18- Leasehold property Value:

Leasehold Value Property Value
18,209,052 SAR
Eighteen Million, Two Hundred Nine Thousand, & Fifty-Two Saudi Riyal Only

General Notes:

- The market value of the property - is 18,209,052 Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The market value was reached based on the application of the theory of discounting the net cash flows of the property for a period up to 2034 year, according to the validity of the lease term.
- The property was inspected from the outside as it is a commercial plaza and the contents of the property could not be entered due to the privacy of the tenants.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- The discount coefficient for utility properties is less than the market coefficient.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
17,298,600 SR	18,209,052 SR	19,119,505 SR

19- Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	King Fahad Road
			all the time	Omar Ibn Al-Khattab Road (r.a)
Exit & Entry Movement				
General Notes	Exit	Entry	road Name	
No	Easy	Easy	King Fahad Road	
No	Easy	Easy	Omar Ibn Al-Khattab Road (r.a)	

20- Real Estate Market Summary- Dammam City

- The retail sector is one of the most active sectors at the level of building quality projects on King Fahad Road, where there are many commercial projects
- The medical sector is one of the active sectors, where there are many clinics.
- The hotel sector is one of the active sectors, as the many Hotels is located near the property.
- With the development of institutional grade projects, Office sector is expected to see a significant increase in the quality of Grade A & B office space, including the provision of enhanced connectivity and amenities.
- Roll-out of the Sakani program to respond to the housing affordability challenge and help increase the ownership rate among Saudis to 60% - 70% by vision 2030 in kingdom.

21- External and internal Pictures

External view



External View



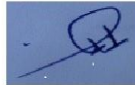
External view



22-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





22.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

<p>رقم التقرير 618864</p> <p>منشأة التقييم شركة اولات للتقييم العقاري</p> <p>العميل مشاركة المالية</p> <p>الغرض من التقييم أغراض محاسبية</p> <p>عدد الأصول 1</p> <p>نوع التقرير تقرير مفصل</p> <p>تاريخ إصدار التقرير Mon 08 Aug. 2022</p>	<p>رقم التقرير 618864</p> <p>منشأة التقييم شركة اولات للتقييم العقاري</p> <p>العميل مشاركة المالية</p> <p>الغرض من التقييم أغراض محاسبية</p> <p>عدد الأصول 1</p> <p>نوع التقرير تقرير مفصل</p> <p>تاريخ إصدار التقرير Mon 08 Aug. 2022</p>
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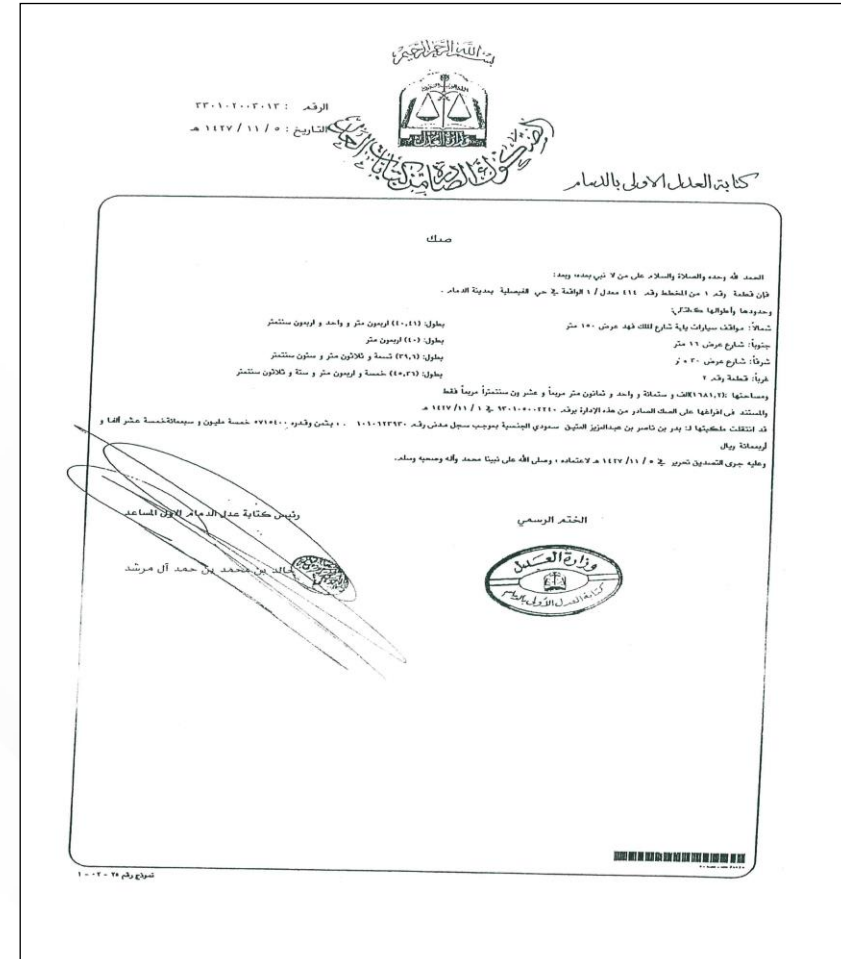
للتحقق من صحة الشهادة التسجيل:



يمكن التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة المسؤولية للتقييمين المعاملتين في مسؤولية مراقبة عليه وسجل التقرير لأغراض رقابية
 ولا يمكن اعتماد الهيئة له.

23- Property Official Documents as per Client

Title Deeds



الرقم : ٢٣٠١٠٠٢٩٣١
التاريخ : ١١ / ١١ / ١٤٢٧ هـ

كتابة العدل الأولى بالدمام

صك

الحمد لله وحده والسلاة والسلام على من لا نبي بعده وبعد :

فإن قطعة رقم ٤ من المخطط رقم ١١١ عدل / ١ الواقعة في حي القيسية بمدينة الدمام -
ومدونها وأطرافها مخالفاً:
شمالاً: مرفأ سيارت بارة عرض ١٠٠ متر
جنوباً: شارع عرض ١٦ متر
شرقاً: قطعة رقم ٣
غرباً: قطعة رقم ٥
ومساحتها : ٢٣٠١٠٠ متر مربع وتحتلها وتسكنها مريم وأحمد وريمون مستثمر
في قطعة ٤ من المخطط رقم ١١١ عدل / ١ الواقعة في حي القيسية بمدينة الدمام -
ومدونها وأطرافها مخالفاً:
شمالاً: مرفأ سيارت بارة عرض ١٠٠ متر
جنوباً: شارع عرض ١٦ متر
شرقاً: قطعة رقم ٣
غرباً: قطعة رقم ٥
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التشهر الرسمي

وزارة العدل
كتابة العدل الأولى بالدمام

سعد بن محمد الرحمن الصقير

الرقم : ٢٣٠١٠٠٢٩٣١
التاريخ : ١١ / ١١ / ١٤٢٧ هـ

كتابة العدل الأولى بالدمام

صك

الحمد لله وحده والسلاة والسلام على من لا نبي بعده وبعد :

فإن قطعة رقم ٢ من المخطط رقم ١١١ عدل / ١ الواقعة في حي القيسية بمدينة الدمام -
ومدونها وأطرافها مخالفاً:
شمالاً: مرفأ سيارت بارة شارع عرض ١٠٠ متر
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التشهر الرسمي

وزارة العدل
كتابة العدل الأولى بالدمام

عبد المجيد بن عبد الرحمن اليحيى

شماره رقم ٢٣ - ٢٤ - ١

الرقم: ٩٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: **شركة اولات للتقييم العقاري**

مركزها الرئيسي: **الرياض**

الكيان القانوني: **ذات مسئولية محدودة مهنية**

جنسيتها: **سعودي**

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: **للاطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري**

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المقر الرئيسي: الرياض

وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاوله مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك ابراهيم عبدالكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/3/42) وتاريخ 1442/3/1 هـ

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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Al Bazzi car showroom

KSA – Riyadh City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Olaat Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Commercial showroom Property
Location	Western Naseem District - Khurais Road - Riyadh
Land Area	10,000 sq. m
Title deed number	51010100908
Title's date	08-10-1430 H
Scheme Number	1270/ ⁱ
Building system according to Riyadh Municipality	Plot No. 101-102-134: Alternative 1 Residential Commercial Office: 60% coverage of the land and ground + first + 50% of the upper annexes and alternative 2 Residential commercial and office 50% coverage of the land ground + 3 floors repeated for plots
construction type	Concrete and iron - Shinko ceilings and gypsum decorations
Plot Number	101-102-133-134
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	12,192.41 sqm
Building's Permit number	2361/1435
Building Permit's date	17-11-1439 H
Building Life	2.5 Years
Market value based to weighted Avg method	79,618,000
Market value of showroom Property	79,618,000 (Seventy-nine million, Six hundred eighteen Thousand Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



Musharaka REIT
For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Bazi Car Showroom – Riyadh city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Al Bazi car showroom – Riyadh city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for commercial facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Al bazi car showroom property 79,618,000 SAR** has nominated on the weighted average basis of on Comparable, DRC & Capitalization method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial - showroom property – Riyadh
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of warehouse facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many warehouse units, offices, in Nasim district on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as warehouse usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the comparable value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential.
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Building Permit	y
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Comparable Method

This is method most are familiar with as it is the accepted method for valuing assets. Typically, this method involves selecting assets with similar characteristics in the same market area that have recently sold. Once those Property 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 the value of 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 immediate neighborhood and adjoining areas. Neighboring Property, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on Comparable value for land valuation.
- Cost and depreciation method in building evaluation.
- Income method – Capitalization Rate
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Capitalization method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

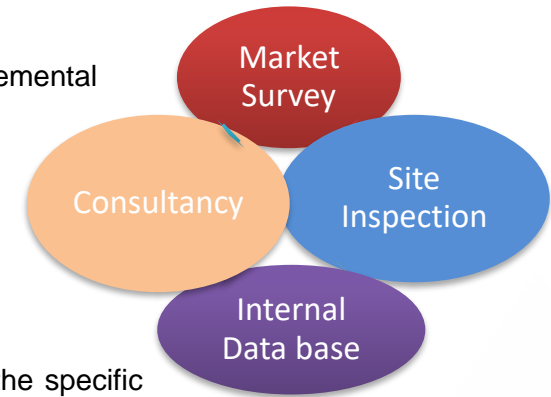
1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted avg method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

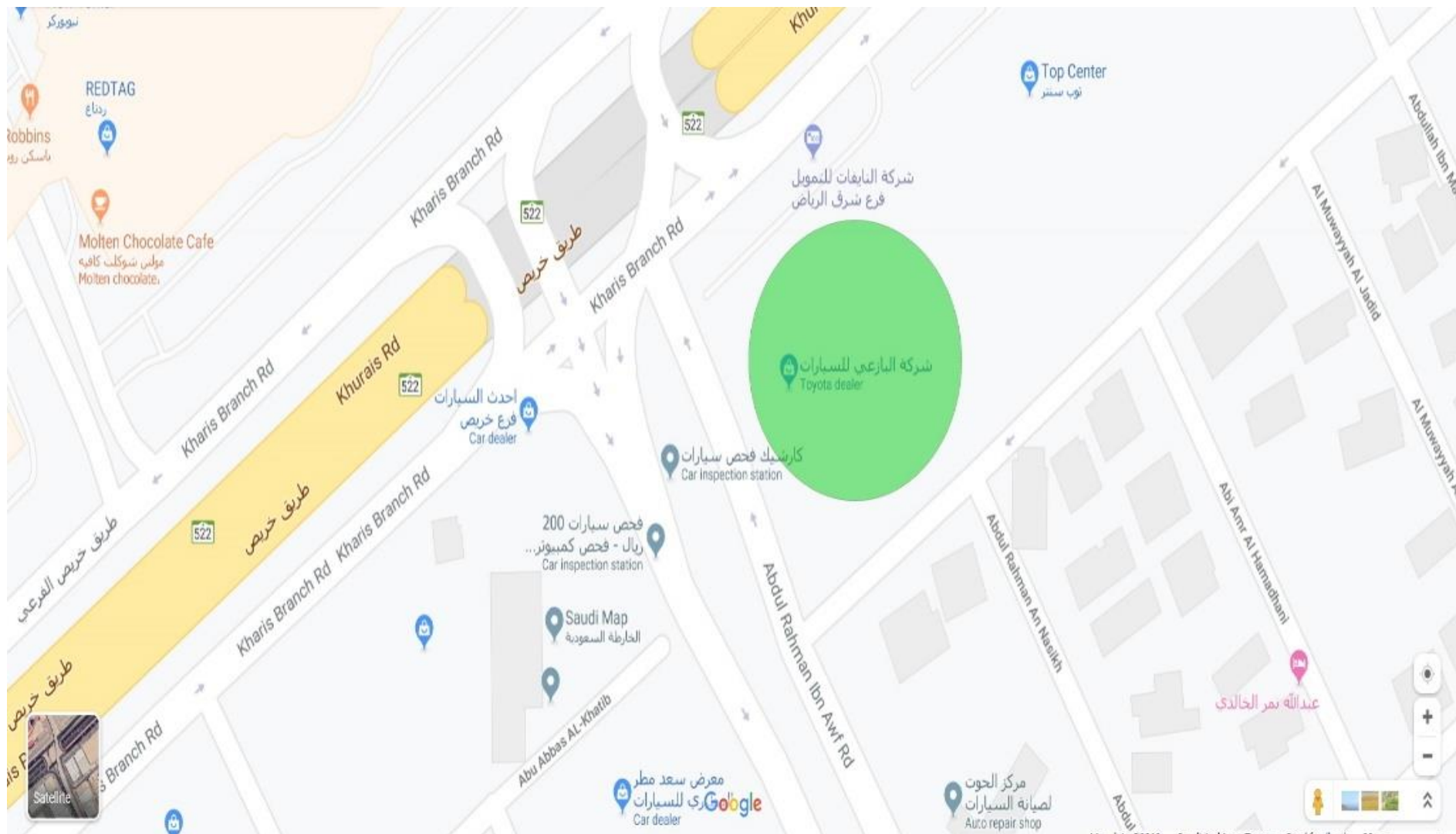
The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°44'17.6"N 46°48'01.5"E	https://goo.gl/maps/gRPXetGb7uDAYrBT7
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17.1- Aerial View



Google Map View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located in Al Khurais Riyadh, with a plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as Nasim district. *Visibility – All Major showrooms property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be more development in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Al Bazi showrooms.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Nasim District	The property is located Nasim district of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Parking area

17.3 -Area Brief

The property is a showroom and maintenance of cars for Saleh Al-Bazai Automotive Company (a Toyota authorized agent) - it is located at the intersection of Khurais Road with Abdul Rahman bin Auf Road in the Al-Naseem Al-Gharbi neighborhood - Riyadh - Kingdom of Saudi Arabia - the total area of the land according to the deed is: 10,000 m² and the total area Building 12,192.41

Sector	Side / Part		Comment				
	On City Level	Riyadh City	The property is located developed side of the city a region filled with new development and project and is the location with Nasim area growth.				
	Proximity from Attraction	Main Axis			Main Road	Al Naseem district	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.	
		Sewer System	Electricity				
	Public Amenities	Planting	Sidewalks		The property is fully developed		
		Lighting	Asphalt Roads				
	Facilities	-			Public Area		All the utilities are in close proximity to the sites or at least within 5 Km radius.
		-					
	Land Characteristics	Frontages	Land has front age access to many commercial showrooms around the property.				
		Street					
Land Shape							

18- Land Valuation Methodology

18.1 - Land Valuation Comparable Approach – Comparison method

Comparable Market Approach evaluation – Land Evaluation market value (MV)

In this method, we will try to estimate the market values for Land Area - land located within Naseem District according to the market comparable approach. Through the market survey done by OPM team, similar land plots sizes founded in the catchment area and semi similar to targeted land.

However, within the same area, there is a shortage for similar land parcels offering either for sale or sale at date of valuation, and we just took many parcels similar in area and location and due to our survey and some of actual valuation for some projects in the region.

first, we will start defining the area of market survey done in this matter as per the following:



Relative Ratio Analysis:

A. Location (RAA):

Land plot size categories sq. m	Location RAA				
	North-east	North-West	South-east	South-west	Close to the site
Ratio	-10%	-5%	+5%	+10%	0

B. Area Space (RAA):

Land plot size categories Sqm	500-3,000	3,001-10,000	10,001-25,000	More than 25,001
RAA	-15%	-10%	0%	-15%

C. Other RRA:

Classification & Use of the Land	(-,+) 10%
Public services (Metro - electricity - water - sewage - telephone)	(-,+) 10%
Certified Building Systems	(-,+) 10%
Near of the property from main street/s	(-,+) 10%
Within a major Commercial / Residential area PAA	(-,+) 10%
Market movement adjustments (active - medium - stagnation)	(-,+) 5%

Comparable market Valuation Samples

Sample	Area Size sq m	Sample location	Market value S.R / sq m	Street Side	Land Usage
Sample 1	1,650	West	6,500	3 Side	Market offered
Sample 2	10,000	east	6,250	3 Side	Market offered

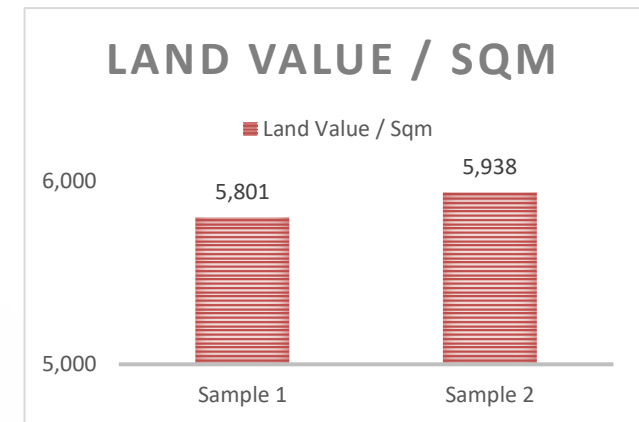


Samples modifications to Land property

Sample 1	S.R/ Sqm	Sample 2	S.R/ Sqm
Location RRA:		Location RRA:	
Sample Price	6,500	Sample Price	6,250
Add: (0%)	0	Add: (0%)	0
	+6,500		+6,250
Area Space RRA:		Area Space RRA:	
1,650 sq. m		10,000 sq. m	
Less: -15% Change	-975	ADD: 0% Change	0
	+5,525		+6,250
Other RRA:		Other RRA:	
Classification & Use of the Land (0%)	0	Classification & Use of the Land (0%)	0
Public services (Metro - electricity - water - sewage – tele.) (0%)	0	Public services (Metro - electricity - water - sewage – tele.) (0%)	0
Certified Building Systems (+10%)	+552	Certified Building Systems (0%)	0
Near of the property from main street/s (0%)	0	Near of the property from main street/s (0%)	0
Within a major Commercial/Residential area PAA (0%)	0	Within a major Commercial/Residential area PAA (0%)	0
Market movement adjustments (active - medium - stagnation) (-5%)	0	Market movement adjustments (active - medium - stagnation) (-5%)	-312
	-276		
Modified Market Value		Modified Market Value	
	5,801		5,938
	SAR/Sqm		SAR/Sqm

The / Current market Value per sq. m for the land will be calculated as a weighted average of the market sample modified values as follows:

Sample 1		5,801
Sample 2		5,938
Number of samples	/	2
Average Market Value	=	5,870 S.R / sq. m



Land market Value as per Comparable Method = Land Area * market value / sq. m

= 10,000 sq. m * 5,870 S. R

= 58,700,000 S.R (Fifty-Eight Million, Seven Hundred Thousand, Saudi Riyal)

18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the total Gross Floor area GFA has been calculated area 10,000 sqm from Musharaka REIT.

Depreciated Replacement cost (DRC)

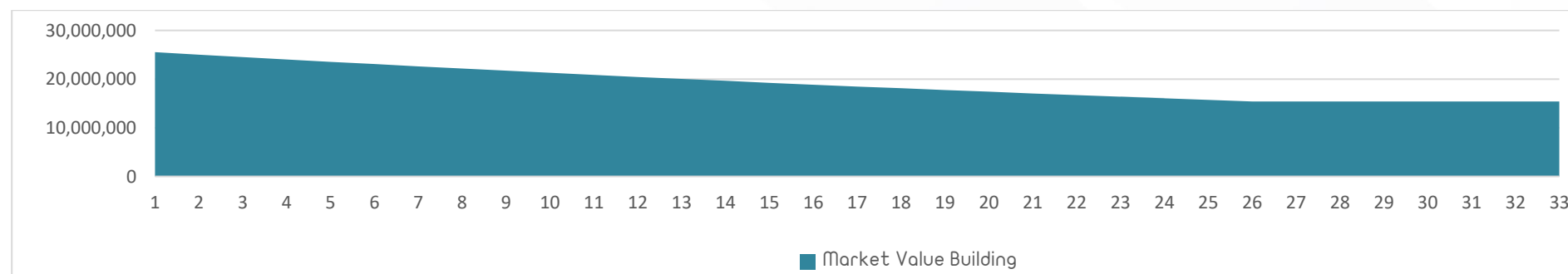
Standard: Average useful life for showrooms building after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	2.5 years
Apportionment – Acc Depreciation	2%*2.5 Years	4%

Note: Annual Deprecation Charged on December for every Year

Building Cost (Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GfA / sq. m	Replacement cost / SAR – sq. June-2022	Usage	Market value/ SR
Basement	5,000	2,000	Services - Parking	10,000,000
Mezzanine floor	1,281	2,200	offices	2,818,200
Ground floor	5,787.41	1,500	Commercial - Maintenance Services	8,681,115
Surrounding Wall	124	550	services	68,200
Replacement cost - SR				21,567,515
Add: cost of developing the external area m2 - (car parks - external corridors - passenger drop-off area)	4,000	150		600,000
Market value before deducting accumulated depreciation				22,167,515
Less: Apportionment Acc Depreciation –	$(22,167,515 * 4 / 100)$			(886,700)
Add: Developer profit 20%				4,256,163
Depreciated Replacement cost DRC for building				25,536,978

Note: Annual Depreciation charged on december every year.



**19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-
Currency SR**

Market Value (Land)	58,700,000 SAR
Building Value - SAR	25,536,978 SAR
Market value -Total Land & Building Property	84,236,978 S.R (Eighty-Four million, Two Hundred Thirty-six thousand, Nine hundred Seventy-eight Saudi riyals)

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Riyadh city -June 2022- FFO:

Average Net Operating Income – triple Net for 10 Years Contractual period based to client's statement.	6,000,000 SR	
– Vacancy and collection loss	0	
Additional income	0	
Effective Average gross income	6,000,000 SR	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Average Net operating income NOI	6,000,000 SR	
Cap rate 8%		
Market Value @ 8% Capitalization rate	75,000,000 SAR	

21-: In case of Musharaka REIT desire to reach market value for Property based to weighted average method

Property Value Calculation	Residual value + DRC depreciation replacement cost	Capitalization rate - MV rate
Land & Building - Residual value + DRC depreciation replacement cost - MV	84,236,978	75,000,000
Weighted Average (50%- 50%)	50% because the property was built for the owner's own purposes and to carry out an activity specialized in car sales and maintenance. In the event of a desire to lease to a second party, modifications are expected	II) 50% of the rental area of the property is a large area compared to what is offered in the market
Weighted rate applied	42,118,489	37,500,000
Sum of Values	79,618,489	
Market Value MV (Rounding Fig)	79,618,000 (Three Hundred Fifty- Seven million, two hundred Eighty thousand, Three hundred sixty-Five Saudi Riyal)	

General Notes:

- The market value of the property - **is 79,618,000** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.

- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
75,637,100	79,618,000	83,598,900

22-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			For all time	Khurais road
			For all time	Abdur Rehman bin ayof road
Exit & Entry Movement				
General Notes	Exit	Entry		road Name
	Easy	Easy		Khurais road
	Easy	Easy		Abdur Rehman bin ayof road

24- External and internal Pictures

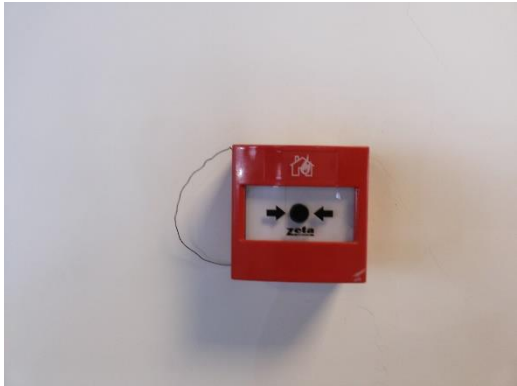
External view



External View



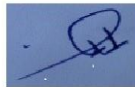
Internal view



25-Olaa valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





25.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير	618909
منشأة التقييم	شركة اولت للتقييم العقاري
العميل	مشاركة المالية
الفرض من التقييم	أغراض محاسبية
عدد الأصول	1
نوع التقرير	تقرير مفصل
تاريخ إصدار التقرير	Mon 08 Aug. 2022

للتحقق من صحة شهادة التسجيل:



يحمل التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة السعودية للمقيمين المعتمدين أي مسؤولية عارضة عليه. وسجل التقرير لأغراض رقابية ولا يعني اعتماد الهيئة له.

26- Property Official Documents as per Client

Title Deed

الرقم: ٨٩-١-٤٠١٩٣٥١
التاريخ: ١٩٤٥ / ٥ / ١٤٢٥ هـ

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كاتب العدل الأول بالرياض

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد:

فإن قطعة الأرض ١٠١ و قطعة الأرض ١٠٢ و قطعة الأرض ١٠٣ و قطعة الأرض ١٠٤ و قطعة الأرض ١٣١ و قطعة الأرض ١٣٢ و قطعة الأرض ١٣٣ و قطعة الأرض ١٣٤ من المخطط رقم ٩١١ الواقع في حي النسيم قنّة بمدينة الرياض وحدودها وأطوالها كماالتالي:

شمالاً: طريق خريص المزمّت بطول: (١٠٠) متر
جنوباً: شارع عرض ١٥ متر بطول: (١٠٠) متر
شرقاً: قطعة رقم ١٠٥ ورقم ١٣٠ بطول: (١٠٠) متر
غرباً: شارع عرض ١٥ متر بطول: (١٠٠) متر

ومساحتها: (١٠٠٠٠) عشرة آلاف متر مربعاً فقط

والمتسند في إفراغها على الصك الصادر من هذه الإدارة برقم ٢١٠٠٢٣٠٢٥٦٨٤ في ٩ / ٢ / ١٤٣٦ هـ

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٣٤ في ١٢ / ١٢ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ بثمن وقدره ٢٠٠٠٠٠٠٠٠ سبعون مليون ريال وعليه جرى التصديق تحريراً في ١٩ / ٥ / ١٤٤١ هـ لاعتماد - و صلى الله على نبيينا محمد وآله وصحبه وسلم.

توقيع كاتب العدل
توقيع من ضويحي بن سلطان الضويحي

هذا الصك واحد متطابق - وصيانه أو تكلفه صيغة منه يرد إلى عدم صلاحيته أياً كانت
مصلحة صاحب المصلحة: (هذه الصكوك مع مخصص للاستخدام بالخاصة التي يريدهم تكميلاً)
مصلحة صاحب المصلحة: (١٤٣٦)

Building permit

رقم الرخصة: ١٤٣٥/٢٣٦١
تاريخ الرخصة: ١٤٣٥/١١/١٧
تاريخ الإنتهاء: ١٤٤٠/١١/١٧
نوع الرخصة: تعديل مخططات البناء

إدارة منطقة الرياض
نوع المعاملة: إصدار
المشاريع: ١٤٣٩/١٢/٢٥ هـ
الخصائص: بدون
الرقم الموحد: ٣٨٠٠١٩٣٧٩
www.riyadh.gov.sa

رخصة بناء صالة عرض سيارات
شركة صالح عبدالله طيزعي وأولاده

رقم الإحداثيات: ١٠١٠١٧٢٢٥٩
رقم الصك: ٤١٠٠١٠٠٩٠٨٤
رقم المخطط التنظيمي: ١٣٤٠١٣٣١٠٢٠١٠١
رقم المخطط: ١/١٢٧٠
نوع المخطط: ١٠٥
نوع البناء: ١٠٥
نوع النشاط: النشاط العمراني - مرحلة ١

مساحة الأرض: ٢٩٨٦.٥ م^٢
محيط الأسوار: م / ط

الجهة	الحدود	الأبعاد	الإحداثيات
شمال	طريق خريص م٨٤	٩٤	٢٠
شرق	ق ١٣٠ و ١٠٥	١٠٠	٣
جنوب	ش ١٥ م	٩٤	٥
غرب	ش ١٥ م	٩٤	٦

مكونات البناء	عدد الوحدات	المساحة	الإستخدام
قبو	٠	٥٠٠٠٠٠٠	مواقف
ميزانين	٠	١٢٨١٠٠٠	معرض سيارات
دور أرضي	١	٥٧٨٧.٤١	معرض سيارات
أسوار	١	١٢٤.٠٠٠	خدمات

ملاحظات:

- ١- يلزم توفير غرفة كهرباء بأبعاد ٩م × ٩م إذا تجاوزت مساحات البناء عن 1000 م^٢
- ٢- يجب مراجعة الدفاع المدني ومكتب مآل الرياض بأمانة منطقة الرياض قبل البدء بالتنفيذ
- ٣- تم أخذ نموذج خطي من المالك بأنه لن يوصل له الخدمة الكهربائية في حال عدم تنفيذ العمل العماري طبقاً لتقود البناء السعودي

المكتب المصمم: عبدالرحمن العرفج للاستشارات الهندسية
رقم الترخيص: ٢٥٤٠/١
رقم المشروع: ٩٨
ريال بموجب الإيصـال رقم: ٣٧٤٠
سداد الرسوم مبلغ وقدره: ٣٧٤٠

مناسيب الشوارع المحيطة:
وتاريخ: ١٤٣٥-١٠-١٢ هـ

الختم الرسمي

رئيس قسم الرخص
م/ سعد عبد الله التويجري
رئيس قسم الرخص
م/ محمد عبد الله التويجري
رئيس قسم الرخص
م/ محمد عبد الله التويجري

يجب الالتزام بكشروط الموضحة خلف الرخصة.

الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض الكيان القانوني: ذات مسئولية محدودة مهنية

حسبها: سعودي رأس المال: ٥٠٠٠٠٠ ريال سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ النشاط: تطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

المديرون	١	٢	٣
	عبدالمك إبراهيم عبدالكريم النرويش		
		٤	٥
		٦	٧
		٨	٩
		١٠	١١
		١٢	١٣
		١٤	١٥
		١٦	



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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك إبراهيم عبد الكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Danube Al Kharaj

KSA – Riyadh City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Olaa Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Commercial Property
Location	King Abdullah Road Granada District- Al-Kharj
Land Area	16,095.97 sq. m
Title deed number	411501003400-311501003401
Title's date	24-3-1441 H
Scheme Number	1456
Percentage of land coverage according to the current construction	56%
Plot Number	119-120
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	9521,1 sqm
Building's Permit number	7994
Building Permit's date	27/12/1433 H
Building Life	7.5 Years
Market value based to RV & DRC method	57,782,550
Market value based to Cap rate method	57,630,950
Market value based to 55% & 45% Weighted average between Rv, DRC and Cap rate Methods	57,714,327 (Fifty-Seven million, Seven hundred fourteen Thousand, Three hundred twenty-seven Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



Musharaka REIT
For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Danube – Al Kharaj – Al Kharaj city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Danube Al Kharaj city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for commercial facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Danube Al Kharaj property 57,714,327 SAR** has nominated on the weighted average basis of on Comparable, DRC & Capitalization method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial – Danube property – Al Kharaj
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.
	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Al Kharaj Property project reflected on June 30th,2022.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of warehouse facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many warehouse units, offices, in Granada district on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as commercial usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the comparable value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential.
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Building Permit	y
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Comparable Method

This is method most are familiar with as it is the accepted method for valuing assets. Typically, this method involves selecting assets with similar characteristics in the same market area that have recently sold. Once those Property 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 the value of 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 immediate neighborhood and adjoining areas. Neighboring Property, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on Comparable value for land valuation.
- Cost and depreciation method in building evaluation.
- Income method – Capitalization Rate
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Al Kharaj city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Capitalization method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted avg method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

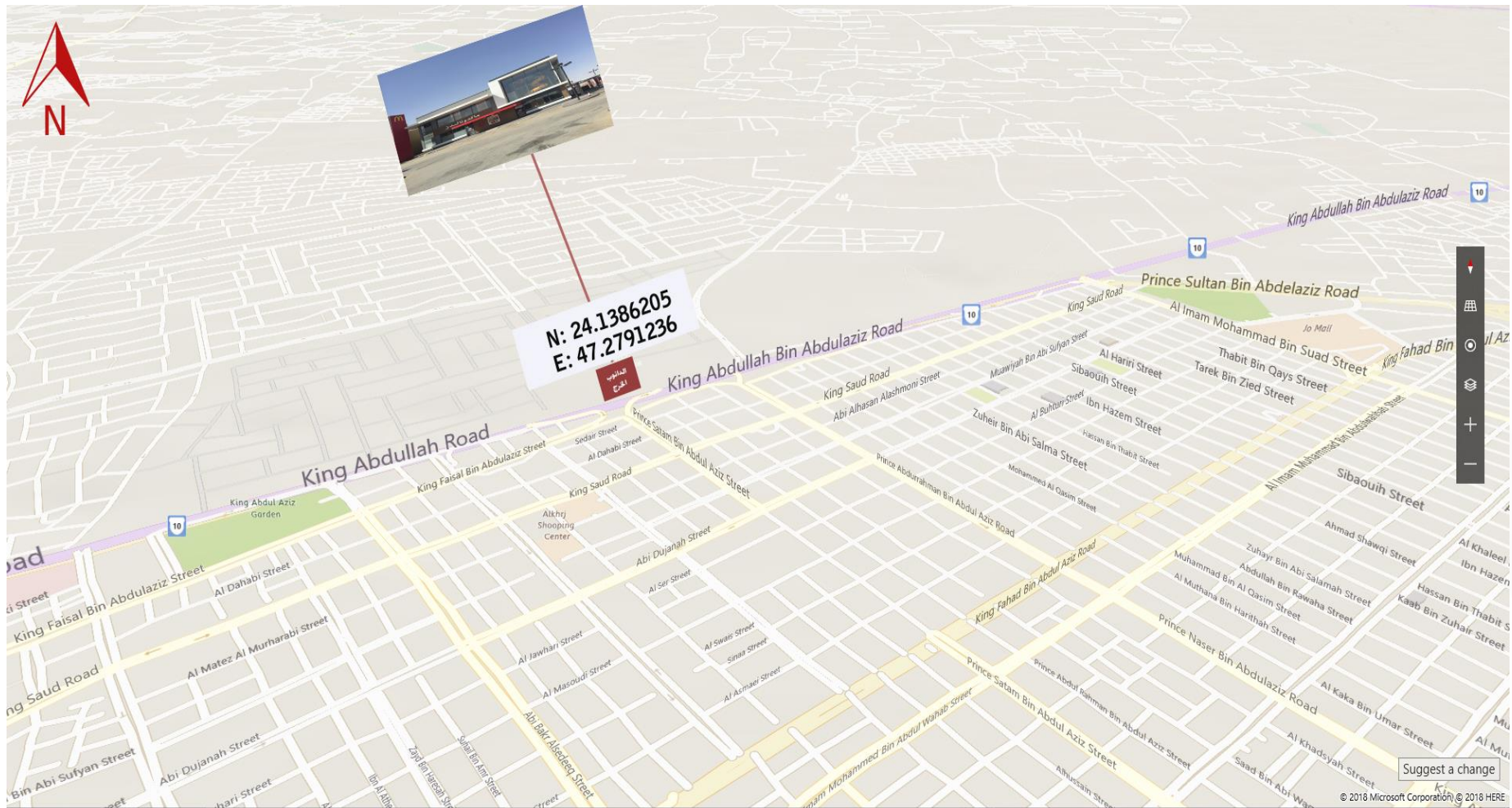
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

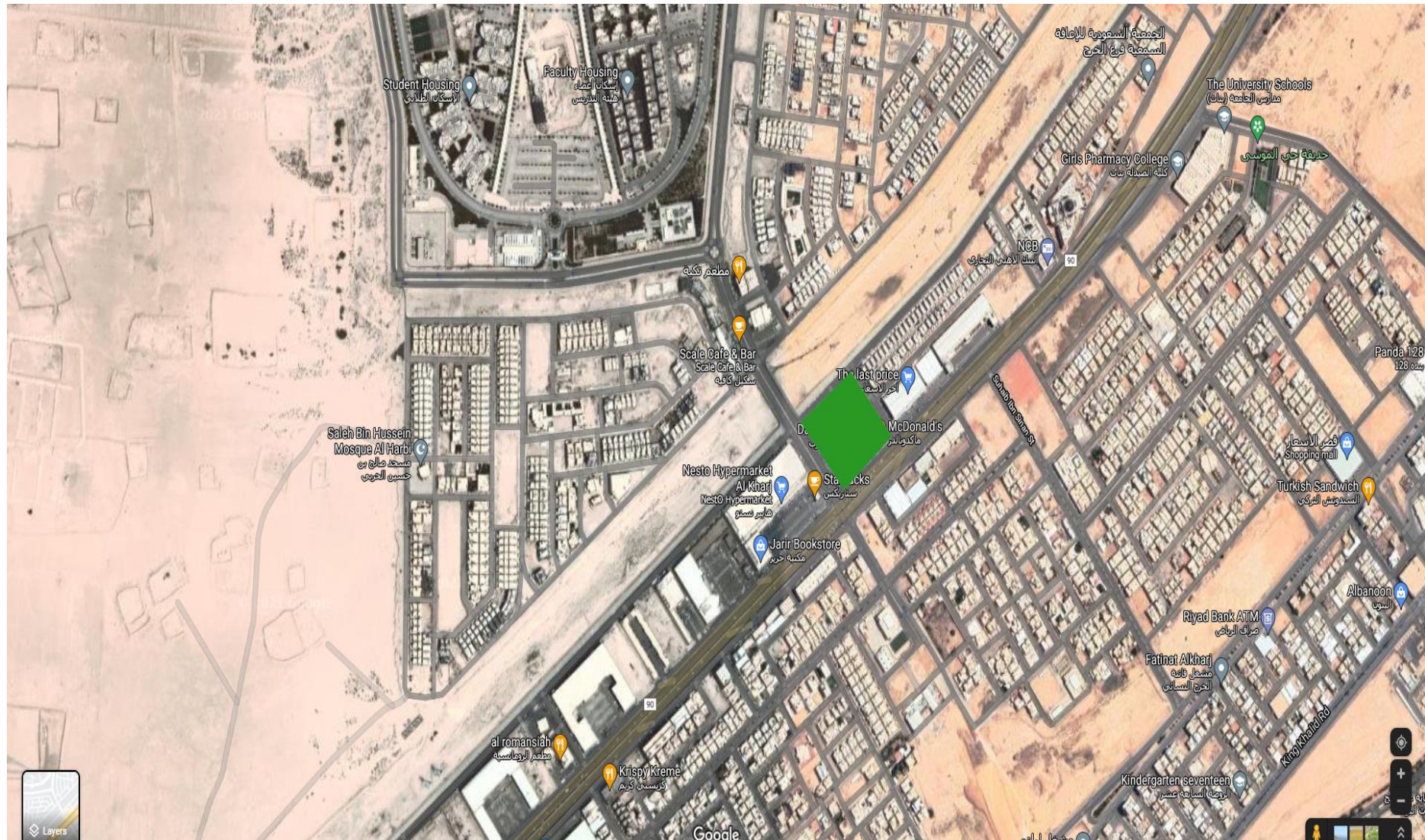
The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°08'21.7"N 47°16'41.9"E	https://goo.gl/maps/TsvyPwsvNZbFCL1u6
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17.1- Aerial View



Google Map View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located in king Abdullah road Al kharaj, with a plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as Granada district. *Visibility – All Major showrooms property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be more development in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Danube Al Kharaj.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Granada District	The property is located Granada district of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Parking area

17.3 -Area Brief

The Commercial real estate - retail is a plaza that includes a Danube supermarket and a mix of tenants with 18 shops.

Sector	Side / Part		Comment				
	On City Level	Al Kharaj City	The property is located developed side of the city a region filled with new development and project and is the location with Granada area growth.				
	Proximity from Attraction	Main Axis			Main Road	Granada district	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.	
		Sewer System	Electricity				
	Public Amenities	Planting	Sidewalks		The property is fully developed		
		Lighting	Asphalt Roads				
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.	
		-					
	Land Characteristics	Frontages	Land has front age access to many commercial showrooms around the property.				
		Street					
Land Shape							

18- Land Valuation Methodology

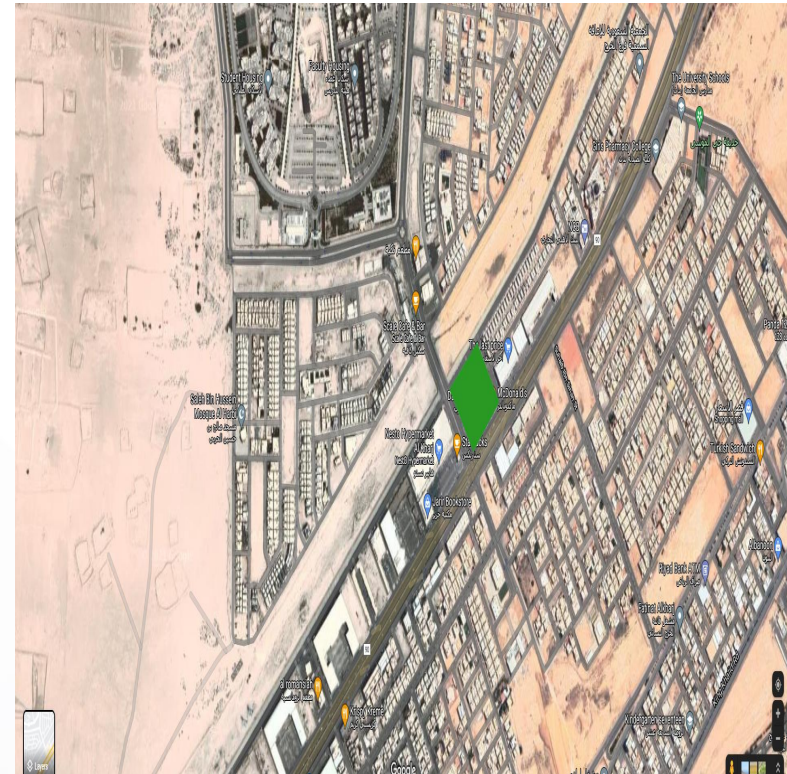
18.1 - Land Valuation Comparable Approach – Comparison method

Comparable Market Approach evaluation – Land Evaluation market value (MV)

In this method, we will try to estimate the market values for Land Area - land located within Granada District according to the market comparable approach. Through the market survey done by OPM team, similar land plots sizes founded in the catchment area and semi similar to targeted land.

However, within the same area, there is a shortage for similar land parcels offering either for sale or sale at date of valuation, and we just took many parcels similar in area and location and due to our survey and some of actual valuation for some projects in the region.

first, we will start defining the area of market survey done in this matter as per the following:



Relative Ratio Analysis:

A. Location (RAA):

Land plot size categories sq. m	Location RAA			
	flat	flat	slope / within a valley	slope / mountain top
Ratio	0%	+5%	-10%	-5%

B. Area Space (RAA):

Land plot size categories Sqm	500-5,000	5,001-10,000	10,001-15,000	More than 15,001
RAA	+10%	+5%	0%	-14%

C. Other RAA:

Classification & Use of the Land	(-,+) 5%
Public services (Metro - electricity - water - sewage - telephone)	(-,+) 5%
Certified Building Systems	(-,+) 5%
Exit – Entry movement	(-,+) 5%
Geometric shape	(-,+) 5%
Within a developer scheme	(-,+) 5%
Market movement adjustments (active - medium - stagnation)	(-,+) 5%
Real estate transactions time-period adjustments (0%)	(-,+) 5%

Comparable market Valuation Samples

Sample	Area Size sq m	Sample location	Market value S.R / sq m	Street Side	Land Usage
Sample 1	8,000	South-east	2,350	60 meter	Commercial
Sample 2	6,774	south	2,400	60 meters	Commercial



Samples modifications to Land property

Sample 1	S.R/ Sqm	Sample 2	S.R/ Sqm
Location RRA:		Location RRA:	
Sample Price	2,350	Sample Price	2,400
Add: (0%)	0	Add: (0%)	0
	+2,350		+2,400
Area Space RRA:		Area Space RRA:	
8,000 sq. m		6,774 sq. m	
Less: -5% Change	-118	ADD: -5% Change	-120
	+2,232		+2,280
Other RRA:		Other RRA:	
Classification & Use of the Land (0%)	0	Classification & Use of the Land (0%)	0
Public services (Metro - electricity - water - sewage – tele.) (0%)	0	Public services (Metro - electricity - water - sewage – tele.) (0%)	0
Certified Building Systems (0%)	0	Certified Building Systems (0%)	0
Exit & entry movement (0%)	0	Exit & entry movement (0%)	0
Geometric shape (0%)	0	Geometric shape (0%)	0
Within a developer scheme (0%)	0	Within a developer scheme (0%)	0
Market movement adjustments (active - medium - stagnation) (+5%)	+112	Market movement adjustments (active - medium - stagnation) (+5%)	+114
Real estate transactions time-period adjustments (0%)	0	Real estate transactions time-period adjustments (0%)	0
Modified Market Value		Modified Market Value	
	2,344 SAR/Sqm		2,394 SAR/Sqm

The / Current market Value per sq. m for the land will be calculated as a weighted average of the market sample modified values as follows:

Sample 1		2,344
Sample 2		2,394
Number of samples	/	2
Average Market Value	=	2,369 S.R / sq. m



Land market Value as per Comparable Method = Land Area * market value / sq. m

= 16,095.99 sq. m * 2,369 S.R

= 38,131,000 S.R (Thirty-Eight Million, one Hundred thirty-one thousand, Saudi

Riyal)

18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the BUA area has been calculated area 9,521 sqm from Musharaka REIT.

Depreciated Replacement cost (DRC)

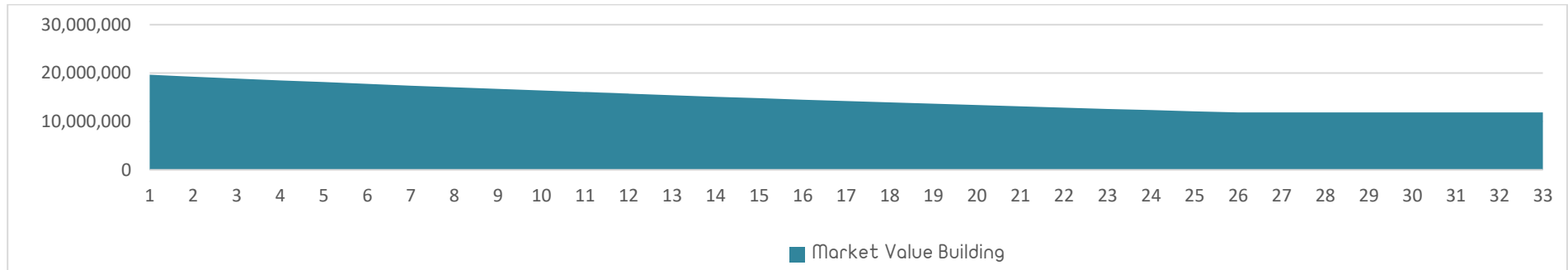
Standard: Average useful life for Commercial building after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	7.5 years
Apportionment – Acc Depreciation	2%*7.5 Years	14%

Note: Annual Deprecation Charged on December for every Year

Building Cost (Construction, Finishing & MEP equipment) for building – All MEP installed

Building Cost (finishing and installation of electrical and mechanical equipment MEP)	
Building area – As per titles	9,521.10
construction cost - Sqm	2,000 S. R
Building Cost	19,042,200 S. R
chronological Building age	50
Building Age	7.5
Depreciation rate 2% p. a	%14
Accumulated Depreciation	(2,665,908) S. R
Property Value after Depreciation	16,376,292
Add: Developer Profit margin	20%
Developer profit margin	3,275,258 S. R
Building Value after Developer Margin	19,651,550 S. R

Note: Annual Deprecation charged on December every year



19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work- Currency SR

Market Value (Land)	38,131,000 SAR
Building Value - SAR	19,651,550 SAR
Market value -Total Land & Building Property	57,782,550 S.R (Fifty-Seven million, Seven Hundred Eighty-two thousand, Five hundred Fifty Saudi riyals)

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Al Kharaj city -June 2022- FFO:

Average Net Operating Income – triple Net for Contractual period based to client's statement.	4,610,476 SR	
– Vacancy and collection loss	0	
Additional income	0	
Effective Average gross income	4,610,476 SR	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Average Net operating income NOI	4,610,476 SR	
Cap rate 8%		
Market Value @ 8% Capitalization rate	57,630,950 SR	

- The real estate income was verified according to the market, and it was found that the real estate income is 10% higher than the market income in the real estate area.

21-: In case of Musharaka REIT desire to reach market value for Property based to weighted average method

Property Value Calculation	Residual value + DRC depreciation replacement cost	Capitalization rate - MV rate
Land & Building - Residual value + DRC depreciation replacement cost - MV	57,782,550	57,630,950
Weighted Average percentage	55%	45%
Weighted rate applied	31,780,400	25,933,927
Sum of Values	57,714,327	
Market Value MV (Rounding Fig)	57,714,327 (Fifty- Seven million, Seven hundred fourteen thousand, Three hundred twenty-seven Saudi Riyal)	

General Notes:

- The market value of the property - is **57,714,327** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.

- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
54,828,610	57,714,327	60,600,043

22-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
	Movement For all time			King Abdullah road
	Movement For all time			Main 40-meter street

23-Real Estate Market Summary – Al Kharaj

➤ The commercial sector

The decline in retail sales and rents negatively impacted the commercial lands sector and consequently the decrease in the volume of demand for it, which led to a significant drop in prices in

- Some roads in the city of Al-Kharj, and more descents are expected, but at lower rates than before, especially for real estate and land located on inactive roads.

➤ Retail sector

Retail sector

It is noticeable that the rental prices in the retail sector decreased, and consequently, a decrease in the occupancy rate throughout the city of Al-Kharj.

- We expect more pressures on rents in favor of investors, especially within old properties (10 years and above) and those that depend on sales of clothing and accessories only
- It is expected that rents will increase, especially after many foreigners leave and migrate to their countries due to decisions related to work, workers and their families through
- Fees charged.
- The high occupancy rates in quality projects such as gatherings, restaurants and cafes, and its decrease in real estate that does not serve the purposes of entertainment.
- We expect that electronic commerce will continue to negatively affect the quantity and movement of sales of retail outlets from shops and exhibitions within commercial markets and malls, especially after the emergence of Many emerging electronic markets, especially specialized ones.
- It is expected that the cinema activity will occupy the first place in the volume of demand for rental spaces within the new projects. It is also expected that the owners will continue to modify the designs of their old properties.
- Whether by adding new spaces or by restructuring the marketing mix in their real estate by substituting cinemas at the expense of other activities.

24- External and internal Pictures

External view



External View



Internal view

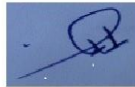




25-Olaa valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





25.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير منشأة التقييم العميل الغرض من التقييم عدد الأصول نوع التقرير تاريخ إصدار التقرير	618922 شركة اولات للتقييم العقاري مشاركة المالية أغراض محاسبية 1 تقرير مفصل Mon 08 Aug, 2022
--	--

للتحقق من صحة شهادة التسجيل:



يمكن التقرير رأي منشأة التقييم فقط. ولا تحمل الهيئة المسؤولية للمقيمين المحللين أي مسؤولية قانونية عليه. وسجل التقرير لأغراض رقابية
 ولا يعني اعتماد الهيئة له

26- Property Official Documents as per Client

صك 2

[illegible]

الصك ١

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الرقم: ٧١٦٥٠٠٠٧٤٠٣
التاريخ: ٢٩ / ٣ / ١٤٤١ هـ



إدارة الأراضي التجارية
وزارة العدل
[٢٧٧]
كتابة عدل محافظة الخرج

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده:

فإن قطعة الأرض التجارية رقم ١١٩ من المخطط رقم ١٥٨٦ الواقع في حي غربنايفه محافظة الخرج، وحدودها وأطرافها كالتالي:

شمالاً: بحر مشاء عرض ٩ م بطول (٥٧,٥) سبعة و خمسون متر و خمسون سنتيمتر
جنوباً: شارع عرض ٩ م بطول (٩٠,٣٥) ستون متر و خمسة وثلاثون سنتيمتر
شرقاً: شارع عرض ٩ م وغرفة كهرباء بطول (١) بداء من الشمال بطول ٩ م ثم ينحصر شرقا ٩,٥ م ثم ينحصر جنوبا بطول ٧٩,٤٠ م
غرباً: قطعة رقم ١٢٠ بطول (٨٠,٢٥) ثمانون متر و خمسة وعشرون سنتيمتر ومساحتها: (٤٤,٨٥,٧٣) أريافلافاً و ثمانيةاثة و خمسة و ثلاثون متر مربعاً و وسبعون سنتيمتراً مربعاً فقط والتسليم في إقرارها على الصك الصادر من هذه الإدارة برقم ٣١١٥٠١٠٠٣٤٠٩ في ٤ / ٣ / ١٤٣٧ هـ.

قد انتقلت ملكيتها لـ شركة حفظ المشايكة العقارية بموجب سجل تجاري رقم ١٠٩٠٤٨١٣١ في ١٢ / ١٠ / ١٤٣٧ هـ وتبلغ في ١٢ / ١٠ / ١٤٤١ هـ . بثمان وقدره ٧٤١٣٣٠٠ سبعة مليون و أربعمائة و ثلاثة عشر ألفاً و ثلاثمائة ريال وعلية جرى التصديق تسييراً في ٢٤ / ٣ /

٢٤٤٠
مكتب العدل
وليده بن خالد بن عبدالله السيف



هذا الصك وجوه مسطابقة - ومساواة بين النسخة التي يكون لها قيمة فعلية عند التوقيع
نسخة مطبوع المسطرة - ٢٢٣٢) هذا النموذج يصعب استخدامه بالخاص الذي يمنع تقليد)
نموذج مصنفته: ٤٠٨ من ١١١

Building Permit

المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
بلدية محافظة الخرج

رخصة بناء

رقم الاستثمار: ٢٢٩٣٥٥١
رقم الرخصة: ٧٩٩٤
تاريخ صدورها: ١٤٣٣/١٢/٢٧
تاريخ انتهائها: ١٤٣٦/١٢/٢٦

اسم صاحب الرخصة: صالح بن عبدالله العسكر و سلمان بن عبدالله آل عثمان
رقم الصك: ٤/٣٥٩/١٢٢٤
رقم قطعة الأرض: ١٢٠-١١٩
رقم القروى التنظيمي: ١٤٥٦
تاريخه: ١٤٥٦
سجل مئتي: عدل الخرج
مصدره: تاريخه: غرناطة

كروكي

رقم الصك: ٤/٣٥٩/١٢٢٤ والصك رقم ٤/٣٥٤/١٢٢٥

*** صيغة الرخصة بموجب العقد المبرم بين
المالكة ومكتب القري للاستشارات الهندسية
وهي التزام بالعقد ***

مرحلة النطاق العمراني: داخل النطاق
المكتسب الريتمسي: الرخص الفنية
المعقبات والاشتراطات:

الارتفاع	الاجزاء	الوجه	الشمال
٤	٢٠٠.١٩	شارع عرض ٢٠٠ وممر مشاة ١٩	الشمال
٣	٨٢.٨٨	شارع عرض ١٥ وغرفة كهرباء	الشرق
٦	١٤٠.٢٦	طريق الملك عبدالله عرض ٦٠	الجنوب
٦	١٤٠.٣١	شارع عرض ٤٠	الغرب

الرسوم المستحقة على الرخصة: ٨٩٨٦.٨٨
تم سدادها بموجب الإصدار رقم: ٦٥٣٢٩٢١٠٤
تاريخ سداد رسوم الرخصة: ١٤٣٣/١٢/٢٧

مدير المساحة والسجل العقاري:
الإسم: تاسير بن محمد الجديع
التوقيع: 
رئيس قسم الرخص:
الإسم: عبدالرحمن أحمد الفرجان
التوقيع: 
مدير إدارة التخطيط العمراني:
الإسم: جابر بن محمد المصطفى
التوقيع: 
وكيل رئيس البلدية للشؤون الفنية:
الإسم: محمد بن سعيد آل فهد
التوقيع: 
رئيس بلدية محافظة الخرج:
الإسم: محمد بن عبد الله العسكر
التوقيع: 

مساحة البناء: ٩٥٢١.١
نسبة مساحة البناء للدور الأرضي: ٥٦%
النوع: تجاري
تشطيب الواجهة اللون الأبيض أو مستقرته
مستوي الشارع
ملاحظات:
تتخذ أغطية المياه ونصرت للصحن حسب تعليمات وزارة المياه
خزان الصرف الصحي داخل السور

للتواصل الهاتف المجاني للبلدية ((٩٤٠)) الموقع الإلكتروني ((www.kharj.gov.sa))

الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

جنسيتها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: تطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

المديرون	عبدالمك إبراهيم عبدالكريم النرويش
١	٢
٣	٤
٥	٦
٧	٨
٩	١٠
١١	١٢
١٣	١٤
١٥	١٦



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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك إبراهيم عبد الكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Al Baraka Warehouse Complex

KSA – Riyadh City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Olaat Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th,2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

Email: opm@olaat.com

www.olaat.com

C.R:1010462536

Valuation License: 1210000397

Property's Type	Commercial warehouse Property
Location	Sulay District– Riyadh
Land Area	29,955.42 sq. m
Title deed number	910123031387
Title's date	25-11-1438 H
Scheme Number	1391/3
Percentage of land coverage according to the current construction	95%
No. of building permit	6
Plot Number	45/2/1- 3/2/45 2/4/45 1/4/45 3/4/45 2/2/45
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	27,605 + 300 sqm surrounding wall
Building's Permit number	10302/421/4
Building Permit's date	08/02/1435 H
Building Life	4.5 Years
Market value based to Cap rate method	SR 86,400,000
Market value based to 100% Cap rate methd	86,400,000 (Eighty-six million, four hundred thousand Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



Musharaka REIT
For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Al Baraka Warehouse – Riyadh city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Al Baraka warehouse – Riyadh city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for commercial facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Al Baraka Warehouse property 86,400,000 SAR** has nominated on the basis of on Capitalization method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Properties Owner	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial - Warehouse property – Riyadh
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of warehouse facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many warehouse units, offices, and corporate headquarters in sulay district on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the

	client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as warehouse usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the Residual value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential.
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>

Currency	Saudi Riyal
Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Residual Value Method

- RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income).

First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, in as much as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on residual value for land valuation.
- Cost and depreciation method in building evaluation.
- Income method – Capitalization Rate
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Capitalization method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.



15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

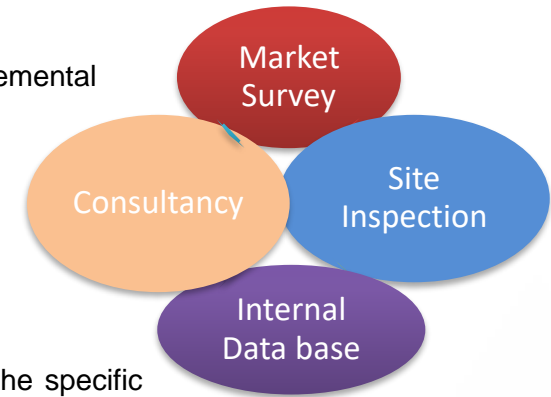
1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on capitalization method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

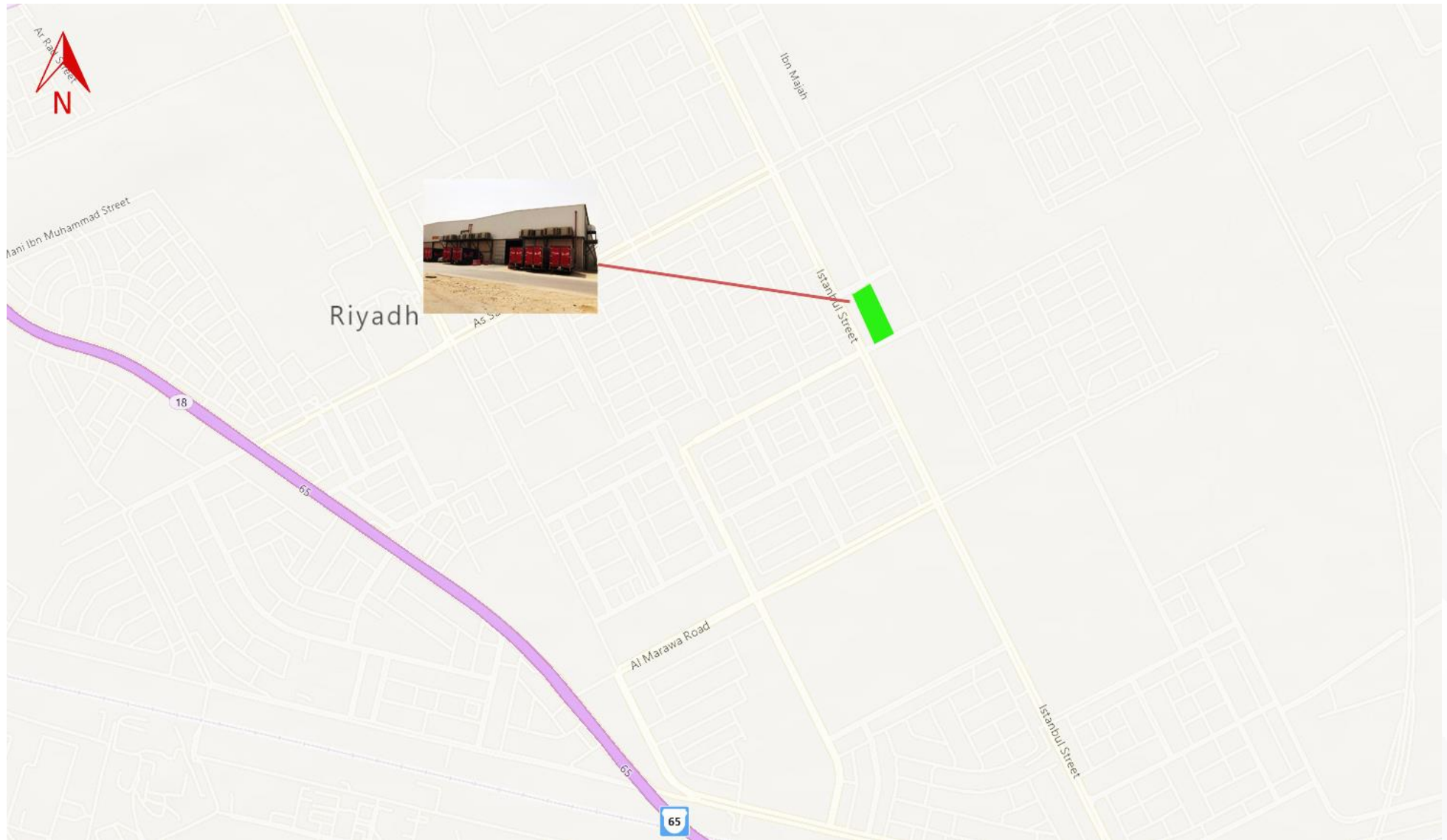
The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°37'05.8"N 46°51'27.4"E	https://goo.gl/maps/51ycpshyKNTEw4cy7
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17.1- Aerial View



Google Map View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located in sulay district Riyadh, with newly plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as sulay district. *Visibility – All Major warehouse property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be more development in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Al Baraka warehouse.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Sulay District	The property is located Sulay district of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The property is a warehouse (vacant - not rented) to store goods (Al Baraka Warehouses) - located in the city of Riyadh in the Al-Sulay neighborhood on Istanbul Street - the general area of the land is: 29,955.42 square meters and the total building area is 27,605 square meters + walls with an area of 300 square meters.

Sector	Side / Part		Comment			
	On City Level	Riyadh City	The property is located developed side of the city a region filled with new development and project and is the location with sulay area growth.			
	Proximity from Attraction	Main Axis			Main Road	Near Sulay district
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial warehouses around the property.			
		Street				
Land Shape						

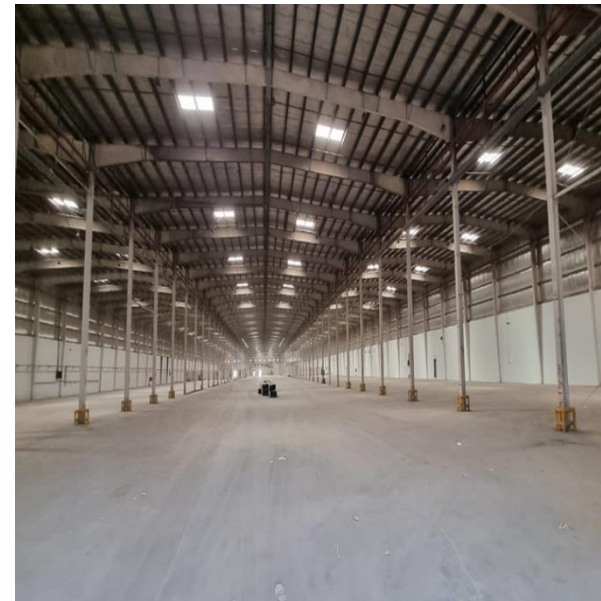
18- Land Valuation Methodology

18.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

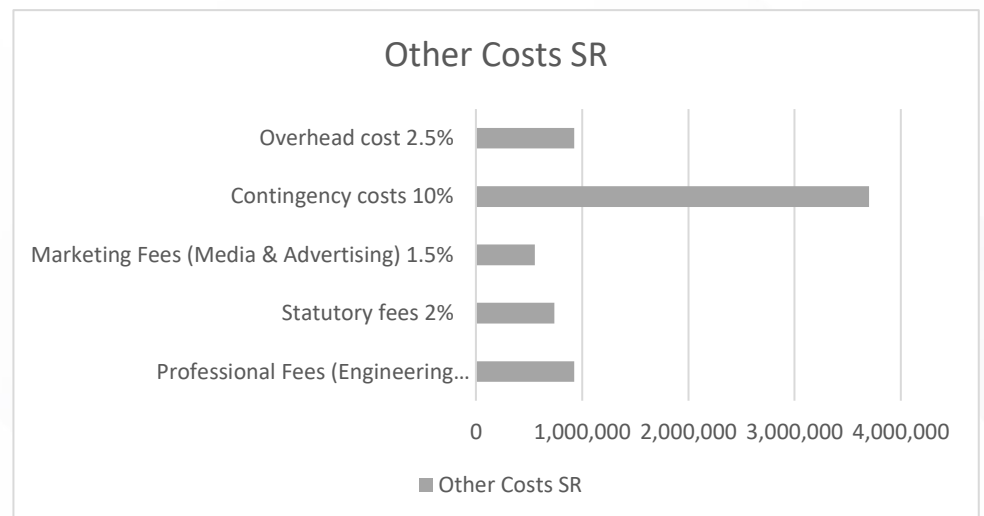
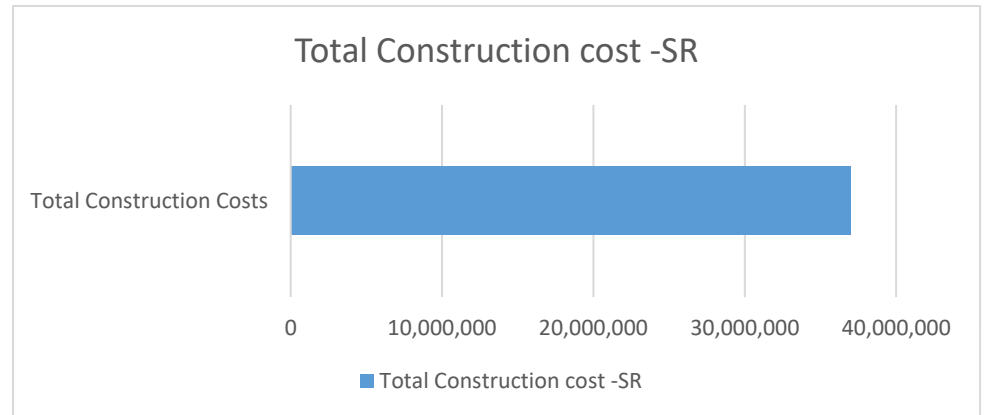
RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land. Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, in as much as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.



Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

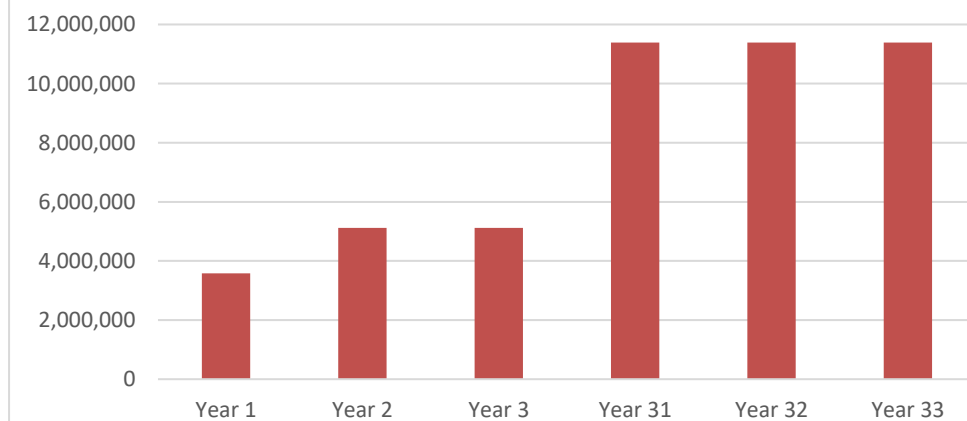
Dev - Cost Sheet - logistic Warehouses	
logistic warehouses development type	Con Year 1,2
Development Work	
Land Area - developed / year - sqm	29,955.42
Development Cost S.R / sq. m	80
Total Development Cost / Year	2,396,434
logistic warehouses Grade B	
Total BUA - sq. m	28,457.6
Warehouses Units BUA construction / Year	28,458
Warehouses units Construction Cost S.R / sqm	1,300
Total Construction Cost / year	36,994,944
Total Construction Costs	36,994,944
Other Costs	
Professional Fees (Engineering Consultant) 2.5%	924,874
Statutory fees 2%	739,899
Marketing Fees (Media & Advertising) 1.5%	554,924
Contingency costs 10%	3,699,494
Overhead cost 2.5%	924,874
Total Dev - Cost - SR	43,839,008



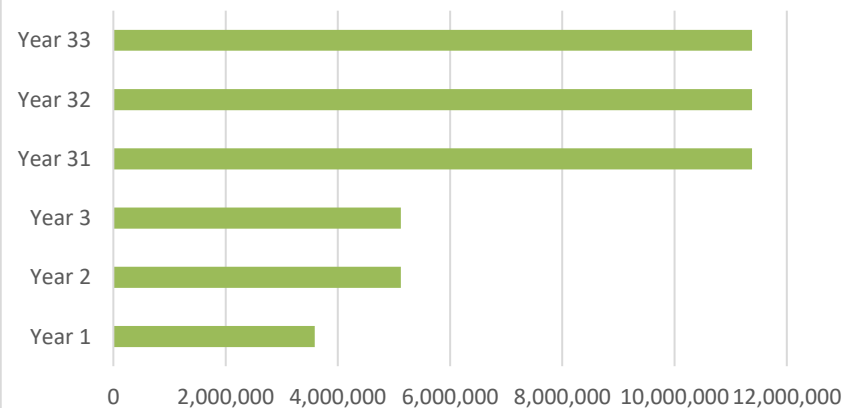
Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

	Dev- period 2 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- Industrial warehouses (Height 14 m) Rev							
Leasable area - sq. m		28,458	28,458	28,458	28,458	28,458	28,458
Annual rental price - sq. m		200	200	200	400	400	400
Occupancy Rate %		70%	100%	100%	100%	100%	100%
Revenues Cat 1		3,984,071	5,691,530	5,691,530	11,383,060	11,383,060	11,383,060
Gross Revenues - SR		3,984,071	5,691,530	5,691,530	11,383,060	11,383,060	11,383,060

Gross Rev - SR



Gross Rev - SR



Income Statement						
	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	3,984,071	5,691,530	5,691,530	11,383,060	11,383,060	11,383,060
General & Administrative Expenses (5%)	199,204	284,576	284,576	569,153	569,153	569,153
Gross Profit - EBITDA	3,784,867	5,406,953	5,406,953	10,813,907	10,813,907	10,813,907
Depreciation	-876,780	-876,780	-876,780	-876,780	-876,780	-876,780
Earnings after depreciation	2,908,087	4,530,173	4,530,173	9,937,126	9,937,126	9,937,126
Interest Expense	-1,032,000	-1,032,000	-1,032,000	0	0	0
Earning after interest expense	1,876,087	3,498,173	3,498,173	9,937,126	9,937,126	9,937,126
Taxes	-140,707	-262,363	-262,363	-745,284	-745,284	-745,284
Net Income	1,735,381	3,235,810	3,235,810	9,191,842	9,191,842	9,191,842
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	1,735,381	3,235,810	3,235,810	9,191,842	9,191,842	9,191,842
Cumulative Retained earnings	1,735,381	4,971,191	8,207,001	276,051,287	285,243,129	294,434,971
PMT - IPMT	2,336,929	2,336,929	2,336,929			
	1,032,000	953,704	870,711			
	3,368,929	3,290,633	3,207,640			

Cash Flow Statement

Cash flow Table	Construction Year 1	Operation Year 1	Operation Year 2	Operation Year 32	Operation Year 33
IN - Flow					
Capital Injection					
Net Income		1,735,381	3,235,810	9,191,842	9,191,842
Depreciation		876,780	876,780	876,780	876,780
Total Inflow		2,612,161	4,112,590	10,068,622	10,068,622
OUT Flow					
Total Construction Cost	36,994,944				
Professional Fees	924,874				
Statutory fees 2%	739,899				
Marketing Fees (Media & Advertising) 1.5%	554,924				
Contingency costs 10%	3,699,494				
Overhead cost 1%	924,874				
Total Outflow	-43,839,008				
Net Cash Flow	-43,839,008	2,612,161	4,112,590	10,068,622	10,068,622
Cumulative Net Income	-43,839,008	-41,226,848	-37,114,257	269,461,086	279,529,708

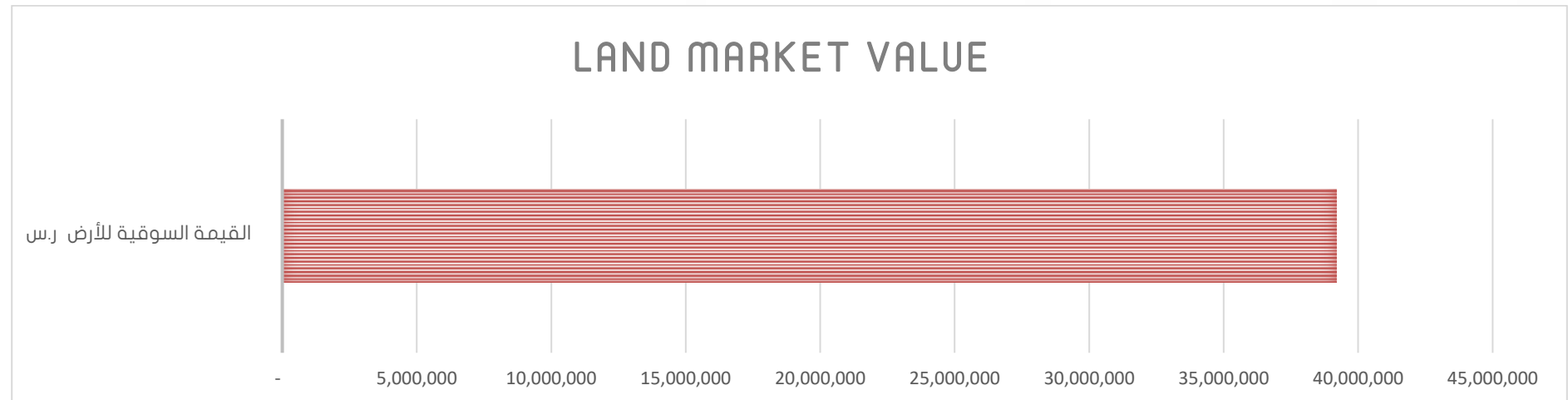
Residual Value - RV								
RV- Approach	Construction / Year 1	Construction/ Year 2	Operation / Year 1	Operation / Year 2	Operation / Year 3	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period		1	2	3	32	33	
Net Cash flow - Year			2,612,161	4,112,590	4,112,590	10,068,622	10,068,622	303,231,472
Discount Rate:	9%		0.922	0.849	0.783	0.073	0.068	
	Total Cash out							
Net Cash Flow (Before Discount Rate)	-43,839,008		2,612,161	4,112,590	4,112,590	10,068,622	10,068,622	128,413,092
								Total Cash flow
Discounted Cash Flow DCF	-43,839,008		2,407,521	3,493,462	3,219,780	739,977	682,007	39,209,132
								RV
NPV	116,917,650							
IRR	14.59%							
Fair Market Value - FMV								
	Land - FMV	39,209,132						
	Land area - sq. m	29,955.42						
FMV - per sq. m		1,308.92						

Land market Value as per RV Method = Land Area * market value / sq. m

= 29,955.42 sq. m * 1,308.92 S. R

= 39,209,132 S.R (Thirty-Nine Million, Two Hundred nine

Thousand, One Hundred Thirty-Two Saudi Riyal)



18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the total Gross Floor area GFA has been calculated area 29,955 sqm from Musharaka REIT.

Depreciated Replacement cost (DRC)

Standard: Average useful life for warehouse building after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	4.5 years
Apportionment – Acc Depreciation	2%*4.5 Years	8%

Note: Annual Deprecation Charged on December for every Year

Building Cost (Construction, Finishing & MEP equipment) for building – All MEP installed

Detail	Amount S. R
Building surfaces - m ² (27,605 m ² + walls 300 m ²)	27,905
Development and construction cost – m ²	1,200
Costs of building and finishing the building, installation of electrical and mechanical equipment, security monitoring and alarm devices SAR / m²	33,486,000
Market value of Building	33,486,000
Accumulated depreciation percentage (12%) property is 4 years old with a depreciation rate of 3% annually	12%
Less: Accumulated depreciation value	(4,018,320)
Building value after deducting depreciation	29,467,680
Add: Developer earnings (15%)	4,420,152
Value of the building after the developer's profit Addition	33,887,832
Add: Building Maintenance Cost (27,905 * 180)	5,022,900
Market value of the building	38,910,732

Note: Annual Deprecation charged on december every year.

**19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-
Currency SR**

Market Value (Land)	39,209,132 SAR
Building Value - SAR	38,910,732 SAR
Market value -Total Land & Building Property	78,119,864 S.R (Seventy-eight million, one Hundred nineteen-thousand, Eight hundred Sixty-four Saudi riyals)

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Riyadh city -June 2022- FFO:

Contract term: 5 years

- The rental value for the first two years (1-2): 6,000,000 riyals
- Rental value for the third year (3): 6,600,000 riyals
- Rental value for the fourth and fifth year (5-4): 6,900,000 riyals
- Average contract value for the entire lease term: 6,480,000 riyals

Approved payment methods		الدفع عن طريق الوسيط العقاري/المؤجر أو الدفع إلكترونياً من خلال قنوات الدفع المتاحة		طرق الدفع المعتمدة				
Rent Payments Schedule				١٣ جدول سداد الدفعات				
تاريخ الاستحقاق (م) Due Date(AH)	تاريخ الإصدار (م) Issued Date(AH)	تاريخ الاستحقاق (م) Due Date(AD)	تاريخ الإصدار (م) Issued Date(AD)	إجمالي القيمة Total value	قيمة المبالغ التيئة Services	قيمة القيمة المضافة VAT	قيمة التيئة Rent value	الترتيب المسلسل No
1444-01-13	1444-01-03	2022-08-11	2022-08-01	6000000.00	0.00	0.00	6000000.00	1
1445-01-24	1445-01-14	2023-08-11	2023-08-01	6000000.00	0.00	0.00	6000000.00	2
1446-02-07	1446-01-26	2024-08-11	2024-08-01	6600000.00	0.00	0.00	6600000.00	3
1447-02-17	1447-02-07	2025-08-11	2025-08-01	6900000.00	0.00	0.00	6900000.00	4
1448-02-28	1448-02-18	2026-08-11	2026-08-01	6900000.00	0.00	0.00	6900000.00	5

Musharaka REIT				
Payment schedule				
contractual years	Payment Terms	Release Date	Years	Rental Value
first Year	Start Date	03-01-1444	1444	6,000,000
	due date	13-01-1444		
Second year	Start Date	14-01-1445	1445	6,000,000
	due date	24-01-1445		
Third Year	Start Date	26-01-1446	1446	6,600,000
	due date	07-02-1446		
Fourth Year	Start Date	07-02-1447	1447	6,900,000
	due date	17-02-1447		
Fifth Year	Start Date	18-02-1448	1448	6,900,000
	due date	28-02-1448		
Total rental income for five years SAR				32,400,000
Total no of Years				5
Average rental income for five years SAR				6,480,000
Cap rate				7.5%
Market value @ 7.5% capitalization rate				86,400,000

21-: In case of Musharaka REIT desire to reach market value for Property based to Capitalization rate method

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
Capitalization rate - MV rate	86,400,000	100%	86,400,000
		new rental contract	
Sum of Values			86,400,000
Market Value MV	86,400,000 (Eighty-six million, Four hundred thousand Saudi Riyal)		

General Notes:

- The market value of the property - **is 86,400,000** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of cap rate method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
82,080,000	86,400,000	90,720,000

22-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes		degree of crowding			Road Access
		strong congestion	light congestion	Free Movement	
		From 9 am to 1 pm	From 9 am to 1 pm	From 9 pm to 9 am	Eastern Ring Road
		From 1 pm to 8 pm	From 9 am to 1 pm	From 9 pm to 9 am	Southern Ring Road
		Easy movement			Second Ring Road
		Easy movement			Istanbul Street
Exit & Entry Movement					
General Notes		Exit		Entry	road Name
		Easy		Easy	Eastern Ring Road
		Easy		Easy	Southern Ring Road
		Easy		Easy	Second Ring Road
		Easy		Easy	Istanbul Street

23- Real Estate Market Summary- Riyadh City

The general performance of the commercial real estate sectors is stable in terms of occupancy rates and rental prices, other than residential real estate, which is witnessing growth, which was reinforced by the decisions of the Ministry of Housing to raise the ownership rates for citizens, which pushed prices to rise throughout Riyadh in varying proportions between neighborhoods. East, South, West, and Center.

23.1-Office's market:

At the level of office real estate, category (A) achieved the highest growth rate during 2021 due to the construction and technical specifications of the buildings and the provision of services that help in achieving healthy rents, as rents were estimated at 1350 riyals / m² as an average.

At the same time, rents in category B and C decreased at prices of 800-950 riyals per square meter annually, in contrast, vacant spaces in the north of Riyadh decreased due to the great demand for offices.

The tenants are seeking to achieve the largest possible discount as a result of the continuation of the consequences of Covid 19 and its continued impact on some sectors such as tourism and aviation.

It is also expected that some governmental and semi-governmental agencies and some large companies will continue to move from the center of Riyadh to the new areas in the northern side of the city, such as the Social Development Bank, Samba Bank, SABB Bank and other parties affecting the office real estate sector.

Office sector	The period of the beginning of recovery for real estate and special projects, as the demand exceeds the supply of moderate/high rental prices, as the current supply is characterized by rental prices higher than the market by up to 40%. Also, 80% of the future supply consists of quality projects that provide a safe and healthy working environment, where there are new development ideas and a combination of business, entertainment, and housing, and most of the category (A) projects. And recently, the appearance of furnished office properties (co-working spaces) and most of the tenants are international and regional foreign companies for the purpose of short stays (3 months - 1 year).
investment orientation	Future projects must simulate the demand by providing a suitable office product for the business environment. The future offer is concentrated within King Khalid Roads - Northern Ring Road - King Salman Road - the

	northern part of King Fahd Road - Salboukh Road, and most of the projects are multi-use projects (commercial - office - specialized)
Diriyah area	It is expected that the real estate surrounding Diriyah will grow due to the development factor of Diriyah, its streets and neighborhoods, the Diriyah Gate project and the process of expropriating some properties in favor of the Diriyah Gate project.
Market competition	The high competition among office projects, as the preference for offices that take into account securing the largest number of car parks and operational and logistical services from sufficient car parks and within the terms of the secretariat
Current offer	All categories are available within the market offers and preference is given to offers within specific projects and in specific regions
future show	King Abdullah Financial District - mixed-use projects - future projects on Salbukh Road
Occupancy rate	82%-85%

Classification of offices by category	Rental prices during 2022 for large spaces	Rental prices during 2022 for small spaces
A+	1,200-1,400	1,350-1,600
A	950-1,100	1,200-1,400
B	700-850	900-950
C	500-600	680-750

23.2- Commercial real estate sector

In terms of commercial real estate, category (A) quality projects related to restaurants and cafes complexes achieved the highest growth rate during 2021 due to the increasing demand, as it was reinforced by large numbers of visitors, the construction and technical specifications of the buildings and the provision of services that help in achieving healthy rents, as rents were estimated 2,400 riyals / m² as an average between quality projects.

At the same time, rents in category B and C decreased at prices of 800-1,300 riyals per square meter annually

The tenants are seeking to achieve the largest possible discount as a result of the continuing consequences of Covid 19 and its continued impact on some sectors such as tourism and aviation. Part of the owners responded to them and others refused to provide any additional discount in the future for the year 2022.

On the level of excellence, developers seek to create new opportunities in the world of entertainment and shopping to compete with the projects of the Entertainment Authority during the Riyadh season, where attendance condenses on events and festivals.

Office sector	A recovery period for real estate and quality projects, as the demand exceeds the supply of moderate quality projects/high rental prices, as the current supply is characterized by rental prices that are higher than the market by up to 20%, where the factor of services, access to the site, number of parking spaces, desire and location are included in the tenant's decision. In addition, 80% of the future offer is commercial office quality projects that take into account the provision and allocation of a sound and healthy business environment, entertainment and shopping areas, where there are new development ideas that mix between business and entertainment, and most of the projects are of category (A).
investment orientation	Future projects must mimic the demand by providing an open commercial product that takes into account the factor of harmony and integration with the surroundings. The future supply is concentrated within King Khalid Roads - Northern Ring Road - King Salman Road - and the northern part of King Fahd Road - Salboukh Road. Most of the projects are multi-use projects (commercial - office - specialized)
Diriyah area	It is expected that the real estate surrounding Diriyah will grow due to the development factor of Diriyah, its

	streets and neighborhoods, the Diriyah Gate project and the process of expropriating some properties in favor of the Diriyah Gate project.
Market competition	High competition between projects, as preference is given to units that take into account securing the largest number of car parks, operational and logistical services from an integrated marketing mix.
Current offer	All categories are available within the market offers and preference is given to offers within quality projects and in areas north of Riyadh
future show	Mixed-use projects - future projects on Salbukh road - future projects on the northern ring road
Occupancy rate	75%-83%

Classification of offices by category	Rental prices during 2022 for large spaces	Rental prices during 2022 for small spaces
A+	750-1,200	3,000-4,000
A	650-1,000	2,200-2,800
B	600-800	1,100-1,400
C	400-550	700-900

- The industrial real estate sector - logistics is one of the most vital sectors in the real estate area due to the region's specialization in developing and building warehouses for storing goods due to its proximity to pivotal roads such as the eastern and southern ring roads and the second ring road.
- Average industrial land prices - warehouses ranging between 1100-1400 riyals, depending on the proximity and distance from Istanbul Street and the Second Ring Road.

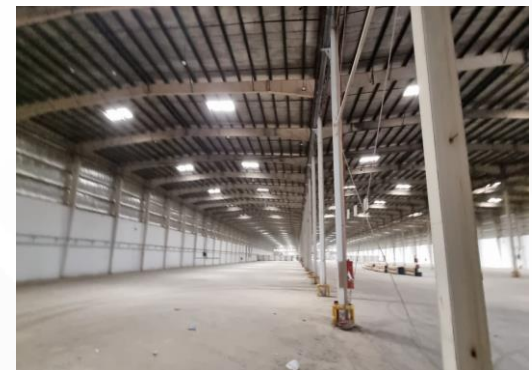
- Average rents for warehouses classification C: 100 - 130 riyals / m², average rents for warehouses classification B: 170 - 200 riyals / m², especially those that contain a loading and unloading area and have a ceiling height of 12 m.
- Commercial real estate sector (commercial buildings + shops) to serve workers in Al-Sulay district.
- The emergence of qualitative logistical projects, such as the Logistics Park project near the second industrial area.
- The emergence of new areas - industrial plans in the Al-Nazim district, east of Riyadh, and in the north of the city of Riyadh, near Salbukh Road.

24- External and internal Pictures

External view



External View



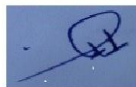
Internal view



25-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





25.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير	618935
منشأة التقييم	شركة اولات للتقييم العقاري
العميل	مشاركة المالية
الغرض من التقييم	أغراض محاسبية
عدد الأصول	1
نوع التقرير	تقرير مفصل
تاريخ إصدار التقرير	Mon 08 Aug, 2022

للتحقق من صحة شهادة التسجيل:



يمكن التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة المسؤولية للمقيمين المهتمين أي مسؤولية قانونية عليه. وسجل التقرير لأغراض إخبارية
 ولا يعني اعتماد الهيئة له.

Six Building Permits

[illegible][illegible]

[illegible][illegible]

[illegible][illegible]

الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

حسبها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: تطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

المديرون	عبدالمك إبراهيم عبدالكريم النرويش
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١٥	١٥
١٦	١٦



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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك إبراهيم عبد الكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

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We derive the Accurate Value in a changing market



Real Estate Valuation Report

Ajzala Residential Complex

KSA – Al Khobar City

Prepared for Musharaka REIT

Date of Report

August 01 -08- 2022





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Olaa Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Musharaka REIT

Riyadh City

Date of Inspection June 25th, 2022

Date of Valuation June 30th, 2022

Date of Report August 01th, 2022

Done by OPM (Olaa valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

Abdul malik al Darwish

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C.R:1010462536

Valuation License: 1210000397

Property's Type	Residential Complex Property
Location	Qurta District– Al Khobar
Land Area	29,486.73 sq. m
Title deed number	330205013307 - 330205013308
Title's date	24-11-1438 H
Scheme Number	2/41
Percentage of land coverage according to the current construction	60%
No. of suites & rooms	101 villas
Plot Number	22-23
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	26,159.28
Building's Permit number	10490/421/1
Building Permit's date	27-11-1421
Building Life	17.5 Years
Market value based to RV & DRC method	SR 162,707,040
Market value based to Cap rate method	SR 169,411,765
Market value based to 55% & 45% Weighted average between DRC and Cap rate Methods	165,724,166 (One hundred sixty-five million, Seven hundred twenty-four thousand, one hundred sixty-six Saudi Riyal only)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:
Musharaka Capital
T: +966 8001251111
info@musharaka.co
P.O. Box 712, Al Khobar 31952

Property Address: Ajzala Residential Complex – Al-Khobar city - Valuation Report analysis

Tenure: Commercial Freehold property

Dear Sir,

We are Pleased to submit our Valuation report for – Ajzala Residential Complex – Al Khobar city- for REIT Purposes enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate the market value In-SITU value at time of valuation, for property, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for Residential facility based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The market value of the **Residential Complex property 165,724,166 SAR** has nominated on the basis of on weighted average method - considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	(Musharaka REIT)
Owner Properties	Hifth Al-Musharaka Real Estate Company
Instruction and purpose of valuation	In accordance with RFP dated on June month, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for hotel property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for a Commercial property –Residential – Al Khobar
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Musharaka REIT.
The Basis of Value	We are instructed that the subject property should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
Valuation Date	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.

Report Date	The valuation report usually dated exactly as the valuation date August 01st, 2022.
Inspection	The Property was inspected on 25 th of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of property, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
Market Research & Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of residential facilities with measuring the ratio of supply and demand.
The premise of the highest & optimal use	The property is working (running position) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Al- Khobar on roads. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, (L&B).
Due Diligence	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of

	the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as Residential usage.
Conflict of Interest	There is no benefit or conflict of interest, as (Olaa Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
Valuation Methodology	The Valuation has been undertaken using the Residual value, (DRC) approach, and Capitalization rate method that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to effective useful life, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
The nature and source of the information to be relied on	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
Environmental Matters	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists. However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.
Currency	Saudi Riyal

Valuation report's Date	August 01st, 2022
General assumption	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated.
Special assumption	It was assumed that the property is within an open competitive market and operation was assumed according to commercial rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable property offering either for sale or rent due to scarcity of lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.



6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	x
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an

addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

9.2- Residual Value Method

- RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income).

First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

9.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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.

Valuation Process Adoption

Through the following review of the evaluation process, the property will be evaluated through

- Valuation method based on residual value for land valuation.

- Cost and depreciation method in building evaluation.
- Income method
- The value was determined by weighting among the above-mentioned methods

10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for property, In addition, we consulted many of real estate experts in **Al-Khobar city** to reach the actual transaction of some property value we depend on Saudi construction cost in time of valuation.

12- Purpose for preparation valuation and Content text

OPM was appointed **Musharka REIT** to evaluate market value for a commercial property due to market value located within District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the weighted average method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.



14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from Musharaka **REIT**, and have been a presumption of validity.

15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates commercial property, with checking and preview the real instruments if it's legal and owned by the landlord.

16- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on weighted average method.
3. OPM has no conflict of interest in the time of evaluation.

17- Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the property. An inspection of the property will be required in order to gather the information needed to complete the assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.
- Estimate All Property 's Value through valuation approach for assets with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured together with allowances in respect of other matters, including:
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.

- Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
- Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
- Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
- Professional fees
- Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	26°20'06.1"N 50°10'48.5"E	https://goo.gl/maps/91xQXL5eZDhPGeeF7
---------------------------------	---------------------------	---

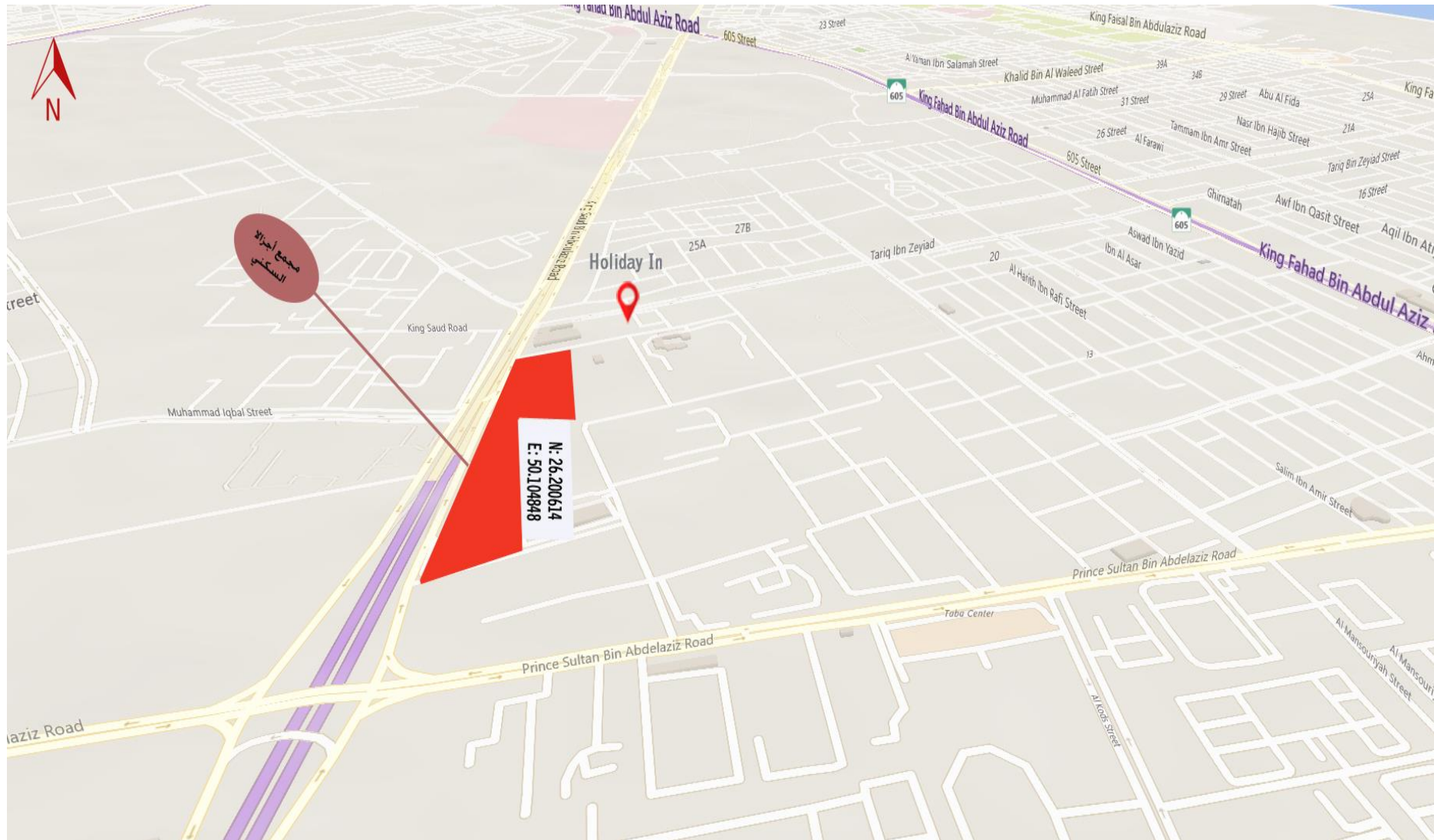
17.1- Aerial View



Google Map View



Middle City View



17.2- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located nearby King Saud Road, with newly plan growth direction.
	Accessibility and Visibility	*Accessibility through many major roads such as king Saud Road & nearly prince sultan bin Abdul-Aziz. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a good growth rate comparing to other side of city, other projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape	leveled	The property is leveled fully developed built names as Ajzala Residential Complex.		
	Internal and scaping for property	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development	-		
	Inside	Qurtoba District	The property is located Qurtoba -side of the city a region filled with new development and project and is the location of urban growth and Development soon.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences wall

17.3 -Area Brief

The property is a residential complex and contains 101 villas - it is located in the city of Al-Khobar in the Cordoba district on King Saud Road (Al-Qashla).

The land according to the deed is: 29,486.73 m² and the total building area is 26,159.3 m².

Sector	Side / Part		Comment			
	On City Level	Al Khobar City	The property is located developed side of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis			Main Road	King Saud Road
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	-			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
		Land Shape				

18- Land Valuation Methodology

18.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

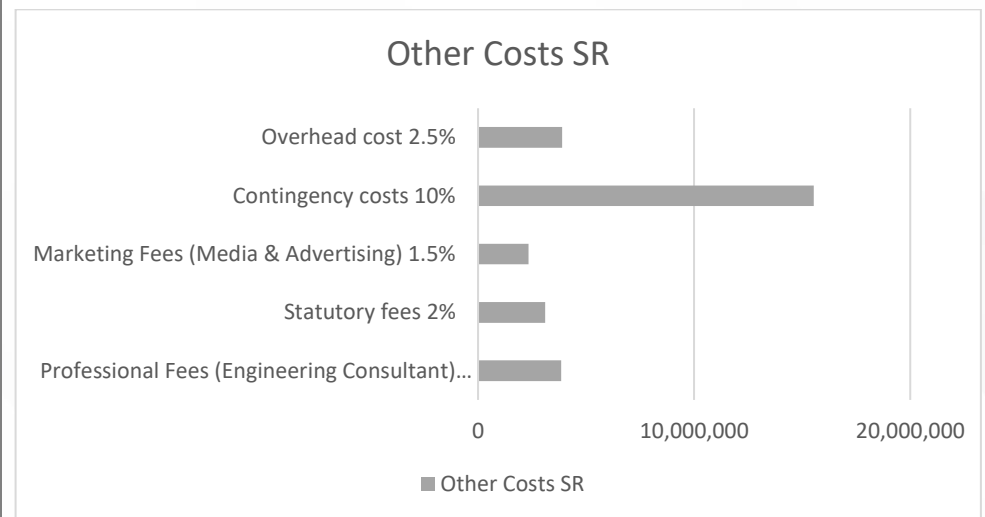
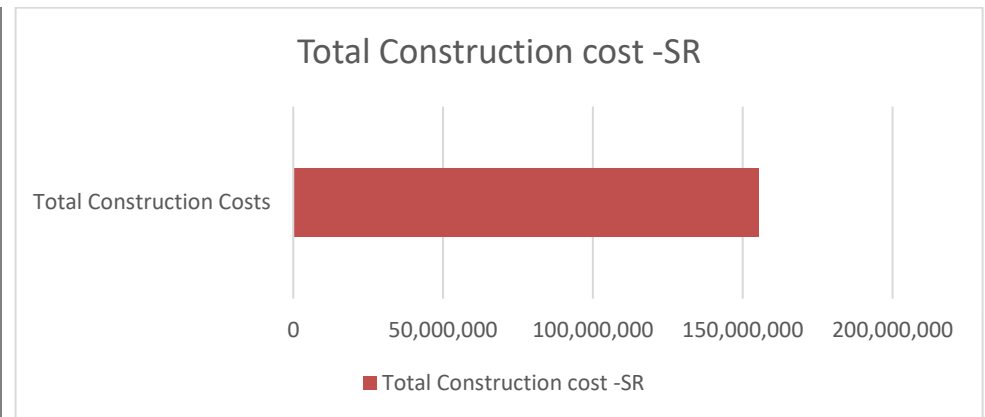
The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.



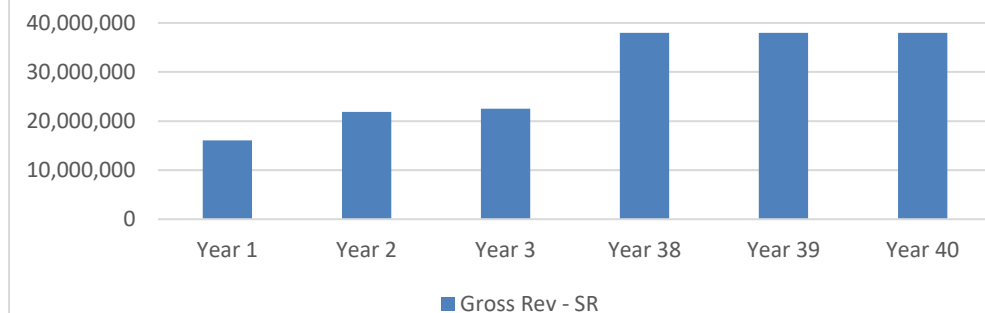
Dev - Cost Sheet - Residential Compound Project - Grade B			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
Development Work			
Land Area - developed / year - sqm	29,486.73		
Development Cost SAR / SQM	140		
Total Development Cost / Year	4,128,142		
Res Compound Grade B			
Total BUA - sq. m	36,858		
Res Units BUA construction / Year	12,286	12,286	12,286
Res units Construction & FF&E Cost SAR / sqm	3,800	3,800	3,800
Total Dev cost - SAR	46,687,323	46,687,323	46,687,323
Recreation, Landscaping, playgrounds, Facilities	11,795		
Construction and Finishing cost - SAR/ sq. m	1,300		
Total Construction Cost / year	15,333,100		
Total Construction Costs	62,020,422	46,687,323	46,687,323
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	1,550,511	1,167,183	1,167,183
Statutory fees 2%	1,240,408	933,746	933,746
Marketing Fees (Media & Advertising) 1.5%	930,306	700,310	700,310
Contingency costs 10%	6,202,042	4,668,732	4,668,732
Overhead cost 2.5%	1,550,511	1,167,183	1,167,183
Total Dev - Cost - SR	73,494,200	55,324,477	55,324,477



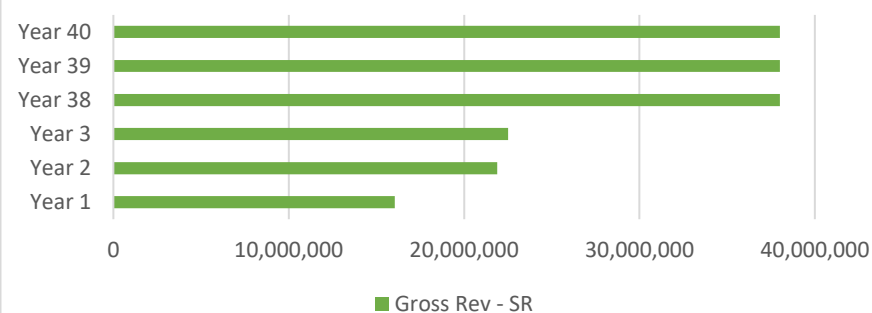
Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

Currency SAR	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- Res units Rev							
Leasable area - sq. m		31,330	31,330	31,330	31,330	31,330	31,330
Annual rental price - sq. m		650	650	650	1150	1150	1150
Occupancy Rate %		70%	95%	98%	98%	98%	98%
Revenues Cat 1		14,254,991	19,346,059	19,956,987	35,308,516	35,308,516	35,308,516
Category 2- Shops and Restaurants							
Leasable area - sq. m		3,000	3,000	3,000	3,000	3,000	3,000
Annual rental price - sq. m		850	850	850	900	900	900
Occupancy Rate %		70%	100%	100%	100%	100%	100%
Revenues Cat 2		1,785,000	2,550,000	2,550,000	2,700,000	2,700,000	2,700,000
Gross Revenues		16,039,991	21,896,059	22,506,987	38,008,516	38,008,516	38,008,516

Gross Rev - SR



Gross Rev - SR





Income Statement

	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	16,039,991	21,896,059	22,506,987	38,008,516	38,008,516	38,008,516
Operating (PM&FM) plus Administrative Expenses (18%)	2,887,198	3,941,291	4,051,258	6,841,533	6,841,533	6,841,533
Gross Profit - EBITDA	13,152,793	17,954,769	18,455,730	31,166,983	31,166,983	31,166,983
Depreciation	-1,469,884	-1,469,884	-1,469,884	-1,469,884	-1,469,884	-1,469,884
Earnings after depreciation	11,682,909	16,484,885	16,985,846	29,697,099	29,697,099	29,697,099
Interest Expense	-4,416,000	-4,416,000	-4,416,000	0	0	0
Earning after interest expense	7,266,909	12,068,885	12,569,846	29,697,099	29,697,099	29,697,099
Taxes	-545,018	-905,166	-942,738	-2,227,282	-2,227,282	-2,227,282
Net Income	6,721,890	11,163,718	11,627,107	27,469,817	27,469,817	27,469,817
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	6,721,890	11,163,718	11,627,107	27,469,817	27,469,817	27,469,817
Cumulative Retained earnings	6,721,890	17,885,609	29,512,716	900,856,285	928,326,101	955,795,918

											Loan - Principle 40% - TDC		
PMT	9,999,882	9,999,882	9,999,882	9,999,882	9,999,882	9,999,882	9,999,882	9,999,882	9,999,882	9,999,882	99,998,817		
IPMT	4,416,000	4,080,967	3,725,832	3,349,389	2,950,360	2,527,388	2,079,039	1,603,788	1,100,023	566,031	26,398,817	Interest exp	
	14,415,88 2	14,080,84 9	13,725,71 4	13,349,27 1	12,950,24 1	12,527,27 0	12,078,92 1	11,603,67 0	11,099,904	10,565,91 3	126,397,63 5	Total amount Paid - loan + r	

Cash Flow Statement

Cash flow Table	Construction Year 1	Construction Year 2	Construction Year 3	Operation Year 1	Operation Year 2	Operation Year 32	Operation Year 33
IN - Flow							
Capital Injection							
Net Revenues				6,721,890	11,163,718	27,469,817	27,469,817
Depreciation				1,469,884	1,469,884	1,469,884	1,469,884
Total Inflow				8,191,774	12,633,602	28,939,701	28,939,701
OUT Flow							
Total Construction Cost	62,020,422	46,687,323	46,687,323				
Professional Fees	1,550,511	1,167,183	1,167,183				
Statutory fees 2%	1,240,408	933,746	933,746				
Marketing Fees (Media & Advertising) 1.5%	930,306	700,310	700,310				
Contingency costs 10%	6,202,042	4,668,732	4,668,732				
Overhead cost 1%	1,550,511	1,167,183	1,167,183				
Total Outflow	-73,494,200	-55,324,477	-55,324,477				
Net Cash Flow	-73,494,200	-55,324,477	-55,324,477	8,191,774	12,633,602	28,939,701	28,939,701
Cumulative Net Income	-73,494,200	-128,818,677	-184,143,155	-175,951,380	-163,317,778	791,219,235	820,158,936

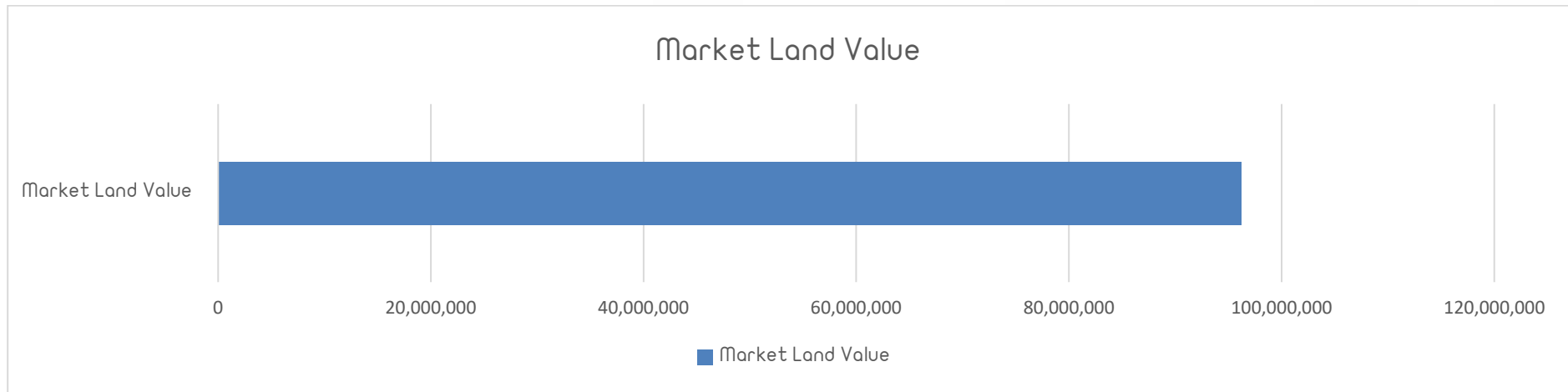
Residual Value - RV										
RV Approach	Construction / Year 1	Construction Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 3	Operation / Year 31	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	3	31	32	33	
Net Cash Flow		0	0	8,191,774	12,633,602	13,096,991	28,939,701	28,939,701	28,939,701	946,422,689
Discount Rate:	8%	0.000	0.000	0.923	0.853	0.787	0.084	0.078	0.072	
OUT Flow										
Total Outflow		0	0	0	0	0	0	0	0	
	Total Cash out									
Net Cash Flow (Before Discount Rate)	(184,143,155)	0	0	8,191,774	12,633,602	13,096,991	28,939,701	28,939,701	28,939,701	352,728,547
										Total Cash flow
Discounted Cash Flow DCF	(184,143,155)	0	0	7,563,965	10,771,354	10,310,653	2,443,497	2,256,230	2,083,315	96,239,989
										Residual value
Market Value										
	Land - MV	96,239,989								
	Land area - sq. m	29,486.73								
MV - per sq. m - Residual value		3,263.84								

Land market Value as per RV Method = Land Area * market value / sq. m

= 29,486.73 sq. m * 3,263.84 S.R

= 96,239,989 S.R (Ninety-Six Million, Two Hundred Thirty-Nine

Thousand, Nine Hundred Eighty-Nine Saudi Riyal)



18.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of building permit; the total Gross Floor area GFA has been calculated area 29,486 sqm from Musharaka REIT.

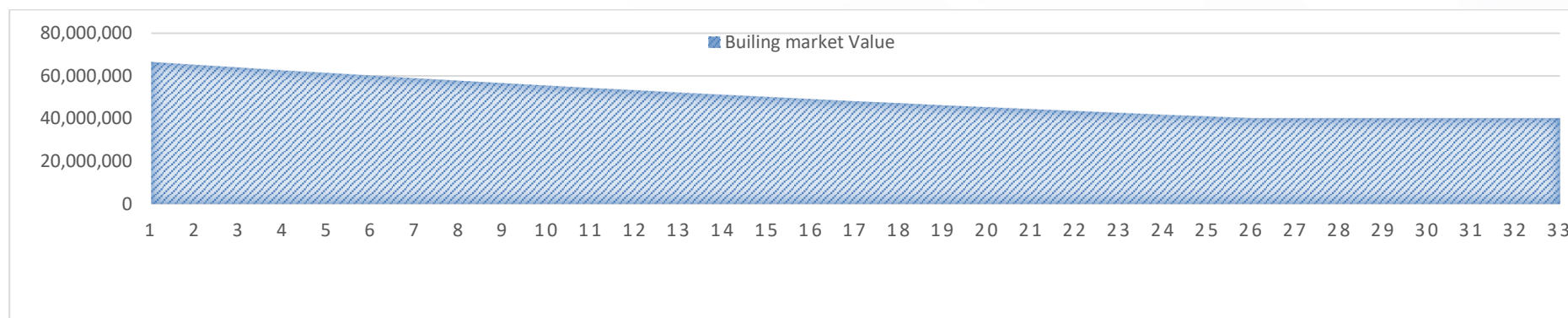
Depreciated Replacement cost (DRC)

Standard: Average useful life for building in Al Khobar city after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2.0%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculation Depreciation and Appreciation 2 %
Building (equipment) useful life	N (number of years) =	17.5 years
Apportionment – Acc Depreciation	2%*17.5 Years	34%

Note: Annual Deprecation Charged on December for every Year

(Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Car Parking Area	1,909.80	2,500	100%	4,774,500
Ground Floor	12,123.35	2,800	100%	33,945,380
First Floor	12,126.13	2,800	100%	33,953,164
Replacement cost - SR				72,673,044
Add: The area of the outdoor area m ² - (swimming pool - green areas - restaurant - cafe - games area)	1,5000	750	100%	11,250,000
Market value before deducting accumulated depreciation SAR				83,923,044
Less: Accumulated depreciation (34%) The life of the property is 17.5 years at a depreciation rate of 2% annually after examining the maintenance work and the way it works				28,533,835
The market value of the building before the developer's profit increase				55,389,209
Add: Developer profit (20%)				11,077,842
Depreciated Replacement cost DRC for building				66,467,051



**19- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-
Currency SR**

Market Value (Land)	96,239,989 SAR
Building Value - SAR	66,467,051 SAR
Market value -Total Land & Building Property	162,707,040 S.R (One hundred Sixty-Two million, Seven Hundred Seven-thousand, Forty Saudi riyals

20-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value – Al Khobar city -June 2022- FFO:

Lease Contract Terms	Five Years
Annual rental value - net income	14,400,000 SAR
Tenant	Three bee's hotel company

Notes: The lease expires at the end of August 2022, after which the property will be operated by the owner.

21 - Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period, and revenue for residential we have compared the income with market benchmark and rentals achieved in catchment area with other comparable with similar leasable areas of other property.

The real estate income was verified according to the market and it was found that the net operating income NOI of the real estate is higher than the comparable market rate by 5-10% after checking the offers available in the real estate area, as the average annual villa rent for an area of 200-230 square meters and it is within a closed residential complex and serviced similar to the real estate amounting to 140,000-150,000 Saudi riyals annually.

Gross Avg Operating Income GOI – Currency SAR- Average for a 5 Years Contractual period based as per client.	14,400,000	
Vacancy and collection loss	0	
Additional income	0	
Effective Avg gross income	14,400,000	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Net Avg operating income NOI	14,400,000	
Cap rate 8.5%		
Market Value @ 8.5% Capitalization rate	169,411,765 SAR	

22-: In case of Musharaka REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
Land & Building - Residual value + DRC depreciation replacement cost - MV	162,707,040	55%	89,488,872
Capitalization rate - MV rate	169,411,765	45%	76,235,294
Weighted Average (55% for DRC, 45% Cap rate)			
Sum of Values			165,724,166
Market Value MV	165,724,166 (One Hundred sixty-five million, seven hundred twenty-four thousand, One hundred sixty-six Saudi Riyal)		

General Notes:

- The market value of the property - is **165,724,166** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of weighted average rate method.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Valuation Company that could affect the value of the property.
- Olaat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.

- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client.

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
157,437,958	165,724,166	174,010,374

23-Traffic in the vicinity of the property and exit and entry to and from the property

Traffic in the real estate area depends primarily on the period and road during official working days from Sunday to Thursday

General Notes	degree of crowding			Road Access
	strong congestion	light congestion	Free Movement	
			all the time	King Saud Road
			all the time	Prince Sultan Road
			all the time	King Fahad Road
Exit & Entry Movement				
General Notes	Exit	Entry		road Name
	Easy	Easy		King Saud Road
	Easy	Easy		Prince Sultan Road
	Easy	Easy		King Fahad Road

24- Real Estate Market Summary- Al Khobar City

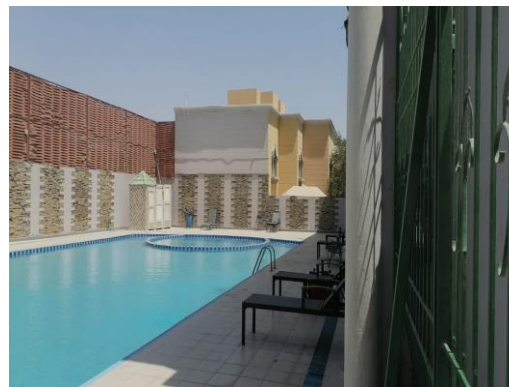
- Al-Rakah and Cordoba neighborhoods are among the most prominent residential neighborhoods in Al-Khobar, as the area includes more than 40% of the closed residential complexes in Al-Khobar (Euro Village - Canary Complex - Pearl Complex - Saad Complex - and others).
- The average price of commercial land on King Saud Street (Al Qishla) ranges between 3,100 - 3,400 riyals in the real estate area. As for the area, which is characterized by a multi-storey building system, prices range between 6,000 - 9,000 riyals, depending on the distance and proximity to King Fahd Road.
- The hotel real estate sector is witnessing an improvement in the whole of Al-Khobar, where the sector witnessed a gradual increase in the prices of accommodation, as it recorded at the end of 2019 an increase of 5% and achieved 660 riyals as a general average over the same period in 2018 as a result of the increase in the general occupancy rate of the sector from 56% to 58% for hotels More than 3 stars and a huge drop in incomes for two-star hotels.
- The office real estate sector is one of the sectors that witnessed a decrease in office rents by 30%.
- The retail real estate sector is one of the sectors that suffers a stagnation in the level of leasing exhibitions and traditional shops as a result of weak and limited demand during 2018- until mid-2019, when vacancies increased from shops within the Plaza and Street shops projects as a result of the large supply of them, and the impact of the emergence of life style restaurants projects that It attracts international and local restaurants and cafes

25- External and internal Pictures

External view



External View



Internal view

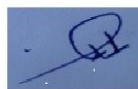




26-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwish	Valuation Manger	1210000397	1445/07/18	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





26.1- OPM Valuation's team Taqueem's certificates



QR Code



(هذا التقرير مسجل في بوابة قيمة)

618927

شركة اولات للتقييم العقاري

مشاركة المالية

أغراض محاسبية

1

تقرير مفصل

Mon 08 Aug, 2022

رقم التقرير

منشأة التقييم

العميل

الفرض من التقييم

عدد الأصول

نوع التقرير

تاريخ إصدار التقرير

للتحقق من صحة شهادة التسجيل:



يحق للوزير رأي منشأة التقييم فقط. ولا تتحمل الهيئة السعودية للمقيمين المعاملين أي مسؤولية قانونية عليه وسجل التقرير لأغراض رقابية ولا يعني اعتماد الهيئة له.

27- Property Official Documents as per Client

Title Deed

بسم الله الرحمن الرحيم

الجمهورية العربية السورية
محافظة الخبر
كتابة العدل الأولى بمحافظة الخبر
[٢٧٧]

الرقم: ٣٣٠٢٠٠١٣٣٠٧
التاريخ: ١٤٣٨ / ١١ / ٢٤ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢ من المخطط رقم ٤١ / ٢ الواقع في قرطبة بمدينة الخبر .

وحدودها وأطوالها كالتالي:

شمالاً: قطعة ٢٢ بطول: (٨٩,٧٣) تسعة و ثمانون متر و ثلاثة و سيعون سنتمتر

جنوباً: شارع عرض ٣٠ متر بطول: (١٤٠,٣) مائة و أربعون متر و ثلاثون سنتمتر

شرقاً: قطعة ٢٥ بطول: (١٣٠) مائة و ثلاثون متر

غرباً: شارع الملك سعود عرض ٦٠ متر بطول: (١٣٩,٥٧) مائة و تسعة و ثلاثون متر و سبعة و خمسون سنتمتر

ومساحتها: (١٥,٠٩٤,٨٣) خمسة عشر ألف و أربعة و تسعون متر مربعاً و ثلاثة و ثمانون سنتمتر مربعاً فقط مع وجود شطفاة بالركن الجنوبي الغربي بقدار ٦ * ٦ متر وذلك بموجب خطاب بلدية الخبر رقم ٦٠٣٦ / ١٤٣٥ في ٢٩ / ١ / ١٤٣٥ هـ والمقيد برقم ٣٥٣٠٧٤٨٤ في ٢٩ / ١ / ١٤٣٥ هـ.

والمستند في إفراغها على الصك الصادر من هذه الإدارة برقم ٩٣٠٢٠٨٠٠٧٠٠٥ في ٢٤ / ٤ / ١٤٣٨ هـ.

قد انتقلت ملكيتها ل: شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ بثمن وقدره ٨٠٠٠٠٠٠٠ ثمانون مليون ريال وعليه جرى التصديق تحريراً في ٢٤ / ١١ / ١٤٣٨ هـ لاعتماده ، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

الختم الرسمي

وزارة العدل
كتابة العدل الأولى بمحافظة الخبر
كاتب العدل بمكتب رقم (٥)

عبدالله بن محمد بن عبدالله الشهري

هذا المستند وحدة متكاملة ، وضياح أو تلف صفحة منه يؤدي إلى عدم صلاحية المستند .

مصلحة مطابع الحكومة - ٢٨٢٠٢٢ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (١٦-١٠٣)

بسم الله الرحمن الرحيم

الجمهورية العربية السورية
محافظة الخبر
كتابة العدل الأولى بمحافظة الخبر
[٢٧٧]

الرقم: ٣٣٠٢٠٠١٣٣٠٨
التاريخ: ١٤٣٨ / ١١ / ٢٤ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢ من المخطط رقم ٤١ / ٢ الواقع في قرطبة بمدينة الخبر .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٣٠ متر بطول: (٨١,٩٦) واحد و ثمانون متر و ستة و تسعون سنتمتر

جنوباً: قطعة رقم ٢٣ / ٢٥ بطول: (١٣٩,٧٣) مائة و تسعة و ثلاثون متر و ثلاثة و سيعون سنتمتر

شرقاً: قطعة ٢٤ بطول: (١٣٠) مائة و ثلاثون متر

غرباً: شارع الملك سعود عرض ٦٠ متر بطول: (١٤٢,٤٦) مائة و اثنين و أربعون متر و ستة و أربعون سنتمتر

ومساحتها: (١٤,٣٩١,٩) أربعة عشر ألفاً و ثلاثمائة و واحد و تسعون متر مربعاً و تسعون سنتمتر مربعاً فقط ريش بلدية محافظة الخبر برقم ٦٠٣٣ في ٢٩ / ١ / ١٤٣٥ والمقيد لدينا برقم ٣٥٣٠٧٣٦٢ في ٢٩ / ١ / ١٤٣٥ هـ.

والمستند في إفراغها على الصك الصادر من هذه الإدارة برقم ٩٣٠٢٠٧٠٠٥١٤٨ في ٢٢ / ٨ / ١٤٣٨ هـ.

قد انتقلت ملكيتها ل: شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ ، بثمن وقدره ٨٠٠٠٠٠٠٠ ثمانون مليون ريال وعليه جرى التصديق تحريراً في ٢٤ / ١١ / ١٤٣٨ هـ لاعتماده ، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

الختم الرسمي

وزارة العدل
كتابة العدل الأولى بمحافظة الخبر
كاتب العدل بمكتب رقم (٥)

عبدالله بن محمد بن عبدالله الشهري

هذا المستند وحدة متكاملة ، وضياح أو تلف صفحة منه يؤدي إلى عدم صلاحية المستند .

مصلحة مطابع الحكومة - ٢٨٢٠٢٢ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (١٦-١٠٣)

Building Permit

[illegible]

الرقم: ١٠١٠٤٦٢٥٣٦
التاريخ: ١٤٣٧/٠٩/٢٤ هـ


وزارة التجارة
 Ministry of Commerce

رؤية VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شهادة تسجيل شركة مهنية

الرقم الموحد للمنشأة: ٧٠٠٣٥٩٣١٧٠ اسم الشركة: شركة اولات للتقييم العقاري

مركزها الرئيسي: الرياض

الكيان القانوني: ذات مسئولية محدودة مهنية

جنسيتها: سعودي

تاريخ نهاية السجل: ١٤٤٤/٠٣/٢٣ هـ

النشاط: تطلاع على بيانات الأنشطة الرجاء مسح الرمز التجاري

المديرون	عبدالمك إبراهيم عبدالكريم النرويش
١	٢
٣	٤
٥	٦
٧	٨
٩	١٠
١١	١٢
١٣	١٤
١٥	١٦



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المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000397 تاريخ إصداره 1437/5/17 هـ تاريخ انتهائه 1447/5/20 هـ

يرخص **عبد الملك إبراهيم عبد الكريم الدرويش** (سعودي الجنسية) سجل مدني رقم 1029921986 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 (75/ق3/42) وتاريخ 1442/3/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



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