

# ESKAN TOWER 4 MUSCAT CAPITAL

MAKKAH CITY

JULY 2021



# Valuation Report





**REF:** 2011354-1  
**Date:** 14/07/2021  
**M/S** MUSCAT CAPITAL

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

Dear Sir,

With reference to your request and approval dated on July 14, 2021 for valuation service of the hospitality project (Eskan Tower 4) located in Makkah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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(Please Click on the Title for Direct Access)

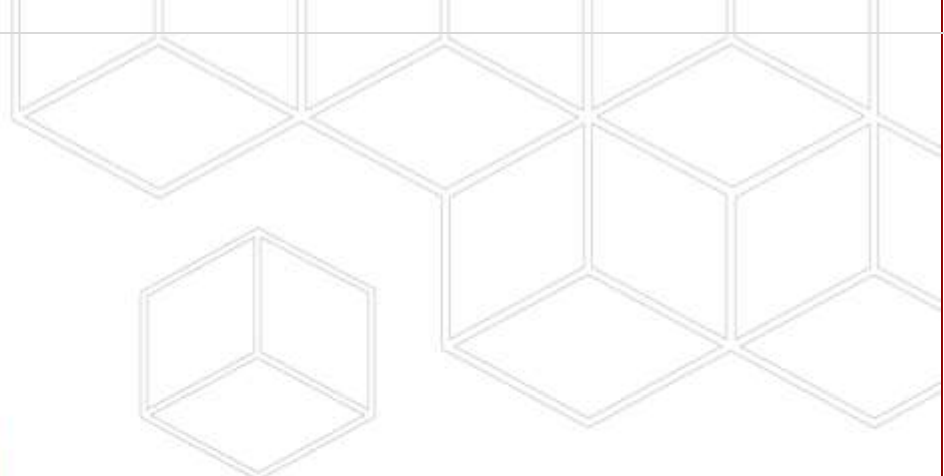
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# EXECUTIVE SUMMARY

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## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 14/07/2021 to implement valuation service for a hospitality tower in Makkah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Muscat Capital, a Saudi company registered under the Saudi law. 2011354-1
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Purposes Hospitality Tower
<b>Property Location Title Deed Information Ownership Type Owner</b>	The property is located in Al Aziziah district, Makkah City. Title Deed No: 320123008398, Title Deed Date: 08/04/1439, Issued from Makkah Notary Freehold Machaer REIT for Real Estate
<b>Land Use Land Area (Sqm) BUA (Sqm) No. of Rooms Pilgrim's Capacity Vacancy Rate</b>	Commercial Based on the title deed, the land has an area size of 1,287.97 Sqm The building is composed of 23 floors with a total BUA of 18,053 Sqm The total number of rooms is 450 Rooms 1868 Pilgrims The property is fully leased to 1 tenant with a triple net of 12,825,000 SAR
<b>Valuation Approach Final Property Value</b>	Comparable Approach, Cost Approach & Income Approach 171,000,000 SAR
<b>Valuation Date Inspection Date</b>	14/07/2021 23/06/2021

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Muscat Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";





AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 14 ,2021.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 23 ,2021.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 14 ,2021.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 14 ,2021.**

**1.8 OPINION OF VALUE**

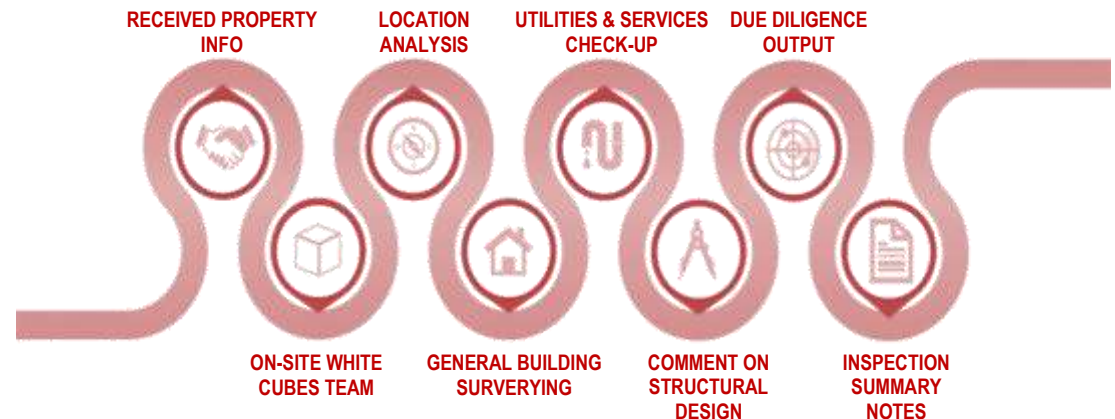
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

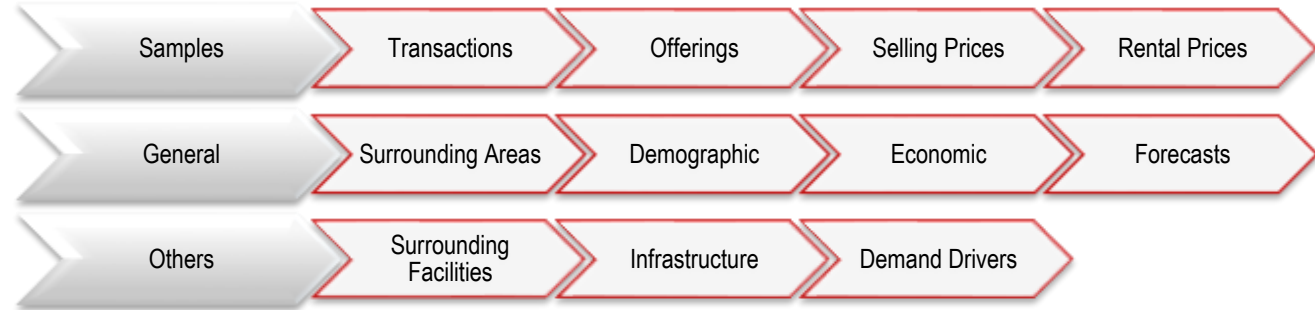
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





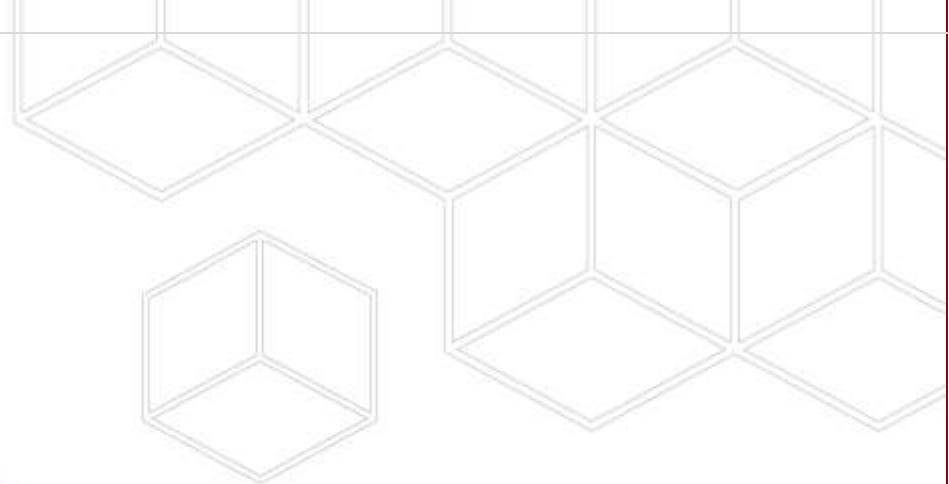
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a hospitality tower composed of 23 floors and located in Al Aziziah district, Makkah City. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,287.97 Sqm and a total BUA of 18,053 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from two sides with a direct view on Masjid Al Haram Road from the west side. The tower is mostly surrounded by several residential and mix-use building where all infrastructural facilities such as water electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

### Location Description

The property subject of valuation is a hospitality tower located in Al Aziziah district, Makkah City.  
 The property is bordered from the north by a private property  
 The property is bordered from the south by a private property  
 The Property is bordered from the east by an internal street  
 The property is bordered to the west by Masjid Al Haram Road

### Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Masjid Al Haram Road.

### Area Surrounding the Property

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

Land		Building	
Land Use	Commercial	Building Type	Hospitality Tower
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Masjid Al Haram Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



## 1.14 LOCATION

The subject property is located in Al Aziziah district, Makkah city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



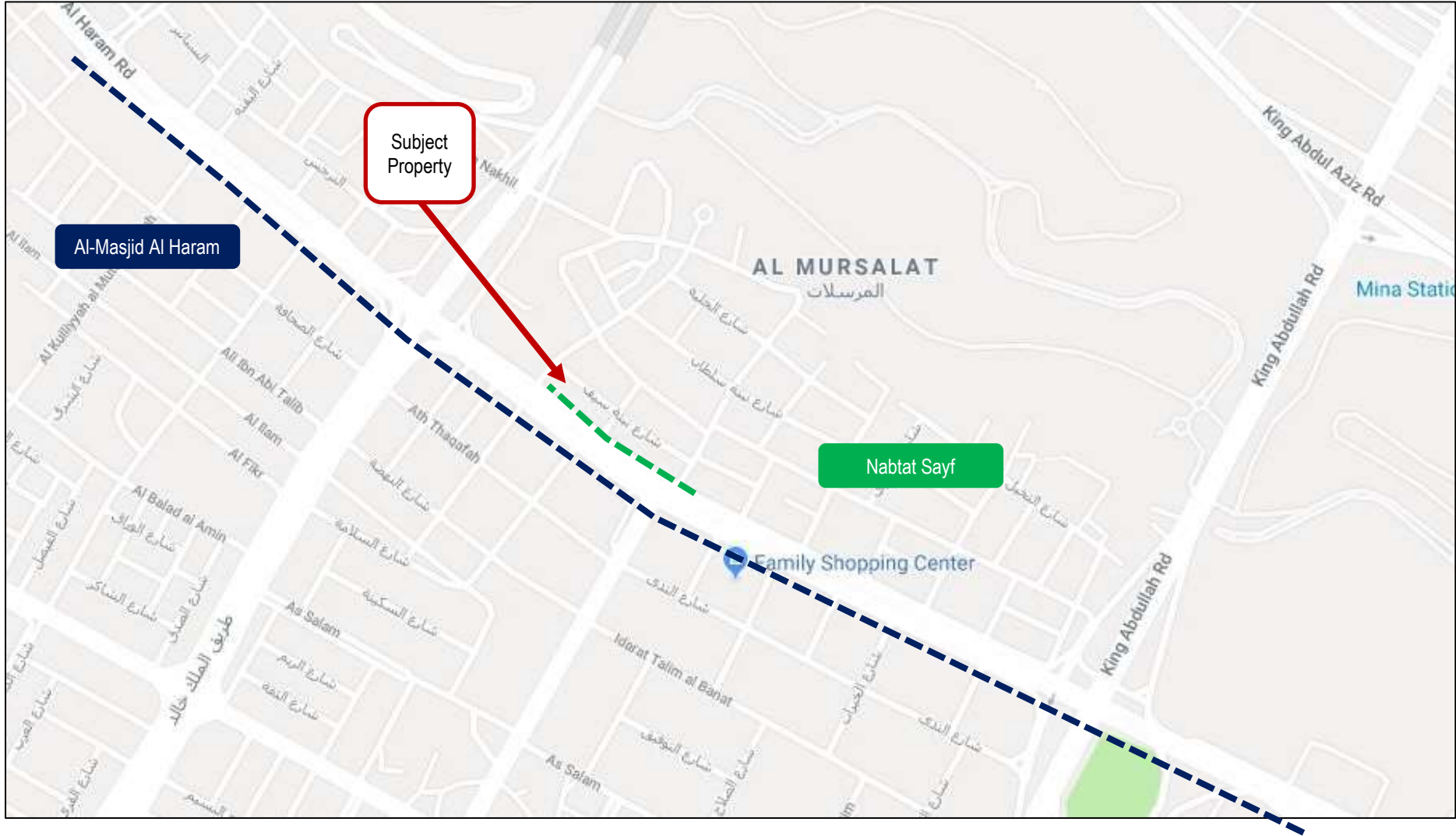
### Surrounding Landmarks

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1- Family Shopping Center (0.4 Kilometre)</li> <li>2- Alqaraat Mall (0.2 kilometre)</li> <li>3- Centrepont (0.4 kilometre)</li> <li>4- Souk thil majaz (0.47 Kilometre)</li> <li>5- Aziziah Market (0.6 Kilometre)</li> </ul> | <ul style="list-style-type: none"> <li>6- Salam Commercial Market (0.7 Kilometre)</li> <li>7- City Government Office (0.25 Kilometre)</li> <li>8- Family Development Association in Makkah (0.4 Kilometre)</li> <li>9- Bawarith Plaza (0.6 Kilometre)</li> <li>10- Retaj (0.5 Kilometre)</li> </ul> |
|--|---|



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





### 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	1,287.97
<b>District</b>	Azaziah	<b>Plot No.</b>	1/277
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	320123008398	<b>Layout No.</b>	1 /21 /7ح
<b>T.D Date</b>	08/04/1439 H. D	<b>Owner</b>	Machaer REIT For Real Estate
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A Makkah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Private Property	<b>East Side</b>	Internal Street
<b>South Side</b>	Private Property	<b>West Side</b>	Masjid Al Haram Road

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

### 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will valuate them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		





The subject property is a fully constructed Hospitality Tower composed of 23 floors. The Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

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

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

### 1.18 PILGRIMS PERMIT

The client has provided us with copy of the pilgrims permit which was assumed to be correct and authentic. We must note that it is not in our scope to run legal diagnoses to any legal document. The details are shown below:

Pilgrims Permit	
Permit No.	13637
Permit Issuance Date	11/06/1436 H. D
Total Number of Rooms	450
Number of Pilgrims	1868
Number of Elevators	6
Number of Internal Emergency Staircases	2
Number of Electrical Generators	1

Means of Safety Available in the property	
Automatic Sprinkler System	Fire Alarm System
Fire Extinguishing System	Fire Pump



## 1.19 PHOTO RECORD





## 1.20 TOURISM ACCOMODATION LICENCE

The client has provided us with copy of the tourism accommodation license issued by the Saudi Commission for Tourism and Antiquities. The Details are shown below:

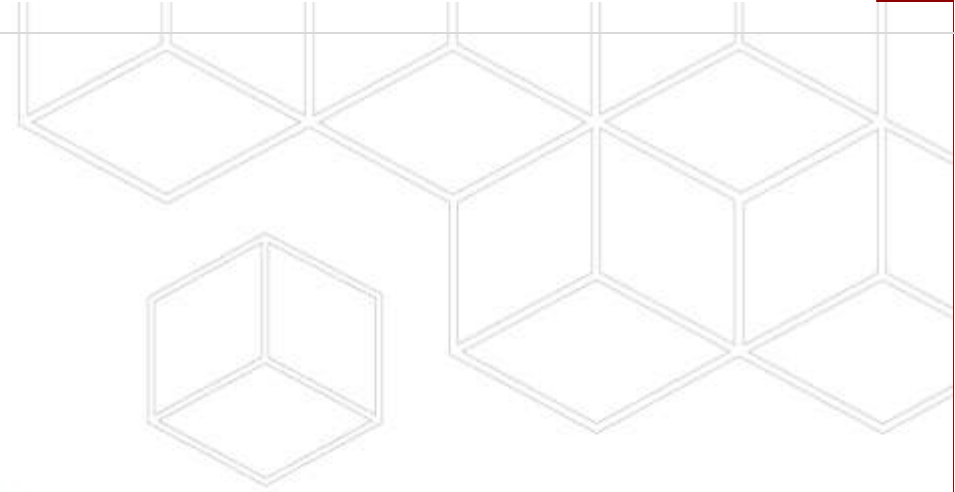
Tourism Accommodation License	
License No.	4101406
Issuance Date	04/03/1435 H. D
Trade Name	Eskan 4
Owner's Name	Eskan Company
Operator's Name	Eskan Company
District	Azaziah
City	Makkah

## 1.21 INSURANCE

We have not been provided with any insurance policy for the underlying asset.

# MARKET INDICATORS

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## 1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

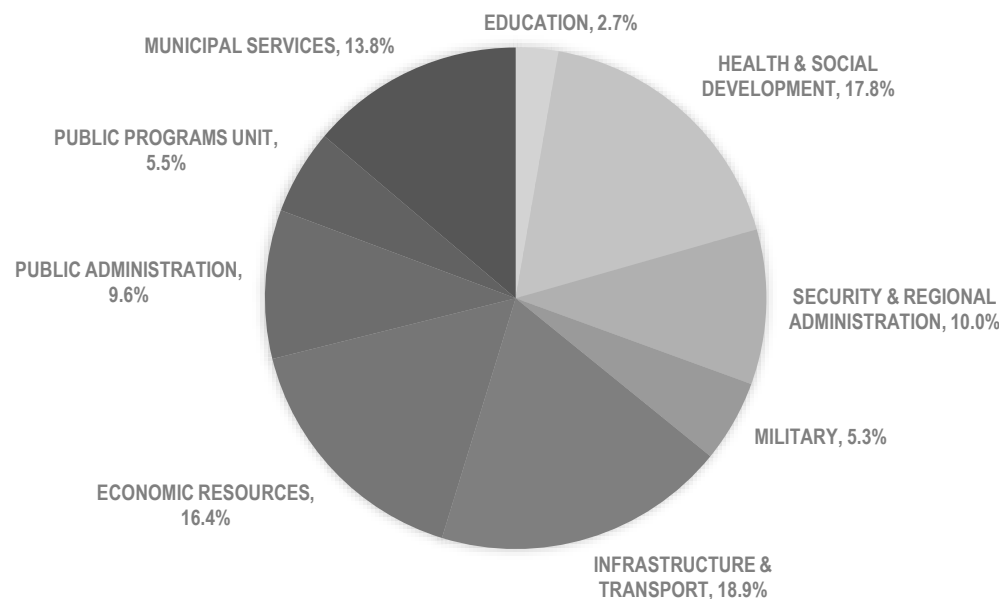
## 1.23 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





### 1.24 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Good quality of finishing</li> <li>- Ease of access</li> <li>- Direct View on Al Masjid Al Haram St.</li> <li>- Newly Constructed Project</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- Located with a distance from the holy mosque (6.2 Km)</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- High demand of hospitality project due to the nature of the city</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing and upcoming hospitality projects</li> <li>- High Competition in the area</li> </ul>

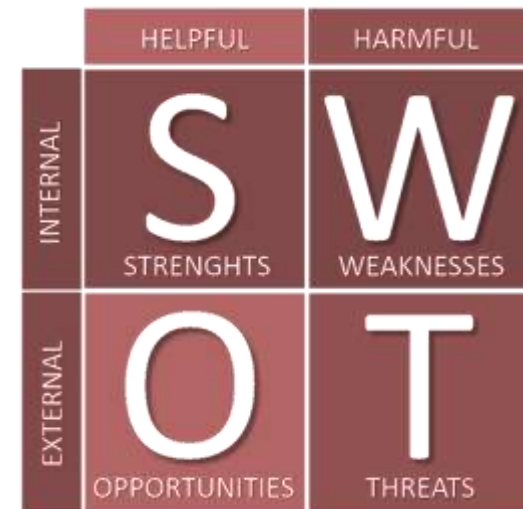
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.25 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

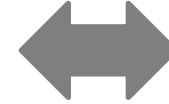


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

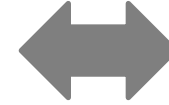


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.26 RISK ANALYSIS**

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>16 Risk Points - Medium Risk</b>				

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>9 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 9 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	✓	-----	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points - Minimal Risk</b>				

**Property Analysis**

Risk Category- 6 Risk Points - Minimal Risk



# PROPERTY VALUATION

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## 1.27 DOCUMENTS RECEIVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Layouts ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Pilgrims Permit ✓
Location Link ✓	Contact Details ✓	Costing & Budget ✓
Tenant List ✓	Income & Revenues ✓	Tourist Accommodation Operation License ✓

## 1.28 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

## 1.29 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.30 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

**1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

**1.32 VALUATION APPROACH**

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

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

**COMPARABLE METHOD**

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



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

## CAPITALIZATION METHOD (CAP RATE)

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

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.



### 1.33 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

### 1.34 COMPARABLE APPROACH

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

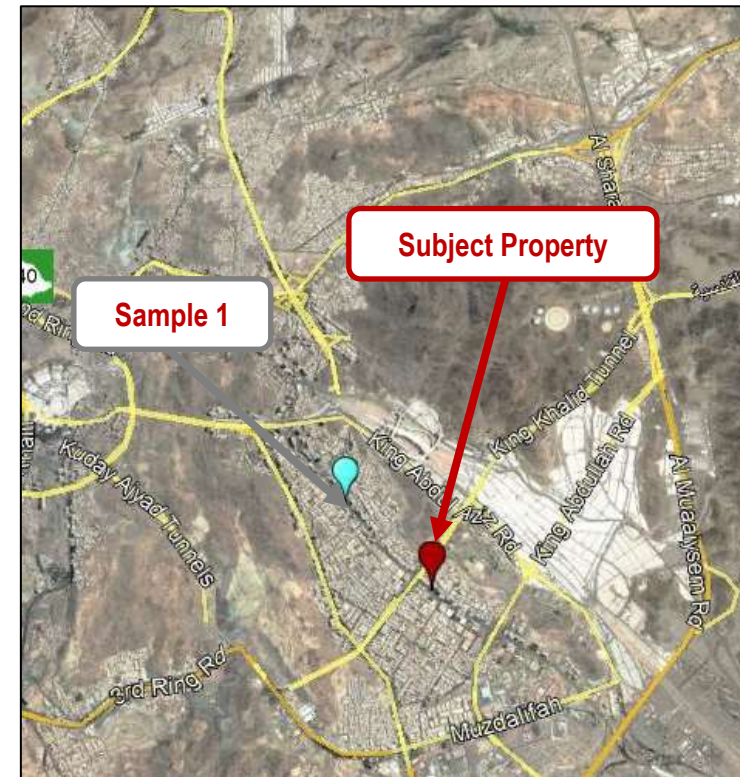
Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Al Aziziah	Al Aziziah	
Sale Price	-----	SAR 65,000,000	
Data Source	Title Deed	Market Survey	
Area Size	1,287.97	1,200.00	
SAR / Sqm	-----	SAR 54,167	
Sides Open	2	2	

Adjustment Analysis				
		SAMPLE 1		
Area size	1,287.97	1,200.00		0.00%
Location Desirability	Average	Average		-5.00%
Accessibility	Average	Average		0.00%
Main Street Width (m)	60	60		0.00%
Sides Open	2	2		0.00%
Land Shape	Regular	Regular		0.00%
Close to main street	Yes	Yes		0.00%
Negotiable	-----	Yes		-10.00%
Other Factor	-----	-----		0.00%
<b>Total Adjustments Ratio</b>				<b>-15.00%</b>
<b>Total Adjustment Amount</b>				<b>-SAR 8,125.0</b>
<b>Net After Adjustment</b>				<b>SAR 46,041.7</b>

SAR / Sqm	<b>SAR 46,042</b>
Rounded Value	<b>SAR 46,000</b>





SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	1,288	1,288	1,288	1,288	1,288
SAR / Sqm	SAR 41,400.0	SAR 43,700.0	SAR 46,000.0	SAR 48,300.0	SAR 50,600.0
Property Value	SAR 53,321,958	SAR 56,284,289	SAR 59,246,620	SAR 62,208,951	SAR 65,171,282
<b>PROPERTY VALUE</b>					

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 40,000 - 50,000 SAR / Sqm with an average of 45,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.35 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 450	SAR 550	SAR 500
<b>Finishing Materials</b>	SAR 900	SAR 1,100	SAR 1,000
<b>Fit outs &amp;Appliance</b>	SAR 250	SAR 350	SAR 300
<b>Furniture</b>	SAR 750	SAR 850	SAR 800
<b>Site Improvements</b>	SAR 180	SAR 220	SAR 200
<b>Owner Profit</b>	28%	32%	30%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
320123008398	1,287.97	SAR 46,000	SAR 59,246,620



Building			
	Unit	No of Floors	Total BUA
Underground	Sqm	1	1,287.97
Ground Floor	Sqm	1	789.90
Restaurant Floor	Sqm	1	824.91
Mosque Floor	Sqm	1	824.91
Mezzanine	Sqm	1	587.86
Upper Floors	Sqm	17	12,304.60
Tanks	Sqm	1	1,089.97
Annex	Sqm	1	261.20
Staircases & Elevators	Sqm	1	75.43
Sewage	Sqm	1	6.00
<b>Total (SQM)</b>			<b>18,052.75</b>

HARD COSTS ESTIMATES					
G + M + Upper Floors + Annex					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	16,764.78	SAR 1,000	SAR 16,764,780	100%	SAR 16,764,780
Electro Mechanic	16,764.78	SAR 500	SAR 8,382,390	100%	SAR 8,382,390
Finishing	16,764.78	SAR 1,000	SAR 16,764,780	100%	SAR 16,764,780
Fit outs & Appliances	16,764.78	SAR 300	SAR 5,029,434	100%	SAR 5,029,434
Furniture	16,764.78	SAR 800	SAR 13,411,824	100%	SAR 13,411,824
<b>Total</b>			<b>SAR 60,353,208</b>	<b>100.00%</b>	<b>SAR 60,353,208</b>
Underground					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,287.97	SAR 1,500	SAR 1,931,955	100%	SAR 1,931,955
Electro Mechanic	1,287.97	SAR 500	SAR 643,985	100%	SAR 643,985
Finishing	1,287.97	SAR 400	SAR 515,188	100%	SAR 515,188
<b>Total</b>			<b>SAR 3,091,128</b>	<b>100.00%</b>	<b>SAR 3,091,128</b>
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	1,287.97	SAR 80	SAR 103,038	100%	SAR 103,038
External Landscape	498.07	SAR 200	SAR 99,614	100%	SAR 99,614
Site Improvements	498.07	SAR 200	SAR 99,614	100%	SAR 99,614
<b>Total</b>			<b>SAR 302,266</b>	<b>100.00%</b>	<b>SAR 302,266</b>
	<b>Actual Completion %</b>				
G+M + Upper Floor	100.00%			Total BUA	<b>18,052.75</b>
Under Ground	100.00%			Total Hard Cost	<b>SAR 63,746,602</b>
General Site Dev.	100.00%			Average SAR / Sqm	<b>SAR 3,531</b>
				Overall Completion	<b>100.00%</b>



### SOFT COSTS ESTIMATES

	<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
Initial Project Pre Cost	SAR 63,746,602	1.00%	SAR 637,466.02
Design	SAR 63,746,602	2.00%	SAR 1,274,932.03
Eng Consultant	SAR 63,746,602	2.50%	SAR 1,593,665.04
Management	SAR 63,746,602	2.50%	SAR 1,593,665.04
Contingency	SAR 63,746,602	5.00%	SAR 3,187,330.08
Others	SAR 63,746,602	0.00%	SAR 0.00
<b>TOTAL</b>			<b>SAR 8,287,058.21</b>

After knowing the total construction costs (Incl. Soft Costs) at a rate of 3,990 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

### DEVELOPMENT VALUE

<b>Hard Cost</b>	SAR 63,746,602	<b>Economic Age</b>	40
<b>Soft Cost</b>	SAR 8,287,058	<b>Annual Dep Rate</b>	2.50%
<b>Total Dev Cost</b>	<b>SAR 72,033,660</b>		
<b>Net Dep Rate</b>	17.50%	<b>Actual Age</b>	7
<b>Dev Cost After Depreciation</b>	<b>SAR 59,427,769</b>	<b>Total Dep Rate</b>	17.50%
		<b>Add Appr Rate</b>	0.00%
		<b>Net Dep Rate</b>	<b>17.50%</b>
<b>Total Completion Rate</b>	100.00%		
<b>Developer Profit Rate @ 30%</b>	30.0%		
<b>Dev. Profit Amount</b>	SAR 17,828,331		
<b>Development Value</b>	<b>SAR 77,256,100</b>		

The total value of the building is 77,256,100 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 77,256,100	SAR 59,246,620	SAR 136,502,720	SAR 136,500,000





## 1.36 INCOME APPROACH- MARKET RATES

### Market Rental Analysis

#### PILGRIMS – HAJJ SEASON

We have noted that the average market rate for the Hajj season in the surrounding areas of the subject property falls in the range of SAR 1,700 to SAR 1,900 which we have applied the rate of SAR 1,800 for conservative basis. In addition, and according to the market current performance, we have assumed 95% occupancy rate in Hajj season.

#### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (20 DAYS)

The Average Daily Rates for the hospitality sector depend on the category of the property itself (no of Stars). The average ADR falls in the range of SAR 220 to SAR 280 as rooms daily rates for the first 20 days of Ramadan Season. In addition, and according to the market current performance, we have assumed 70% occupancy rate for the same mentioned season.

#### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (10 DAYS)

The average ADR of the last 10 days of Ramadan season falls in the range of SAR 350 to SAR 450 in the surrounding areas of the subject property, in addition to occupancy rate of 80%.

#### AVERAGE DAILY RATE (ADR) – OTHER SEASONS

The overall estimated occupancy rate of the hospitality sector in Makkah for the remaining days of the year, and in the year of 2020, is almost 40%. Same rate will be applied on the subject property with an ADR of SAR 190 / Night.

#### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%



## Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

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

## The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate				7%
Maximum capitalization rate				8%
<b>Average</b>				<b>7.50%</b>
<b>The effect of the property specifications on the property</b>				
<b>Item</b>	<b>Status</b>	<b>Influence</b>	<b>Notes</b>	
Ease of access to the property	-----	0.00%	several major methods	
General condition of the property	-----	0.25%	The actual age of the property is 7 years	
The general location of the property	-----	-0.25%	The area is served good	
Quality and finishes	-----	0.00%	Good quality finishes	
Project Management Team	-----	-0.25%	Excellent management and operational team level	
Services and public facilities	-----	0.00%	level and availability of services is average	
<b>Total</b>		<b>-0.25%</b>		
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>				
<b>Total adjustments on capitalization rate</b>		-0.25%		
<b>Capitalization rate, according to market averages</b>		7.50%		
<b>Estimated capitalization rate of the property valuation</b>		<b>7.25%</b>		

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.25%, which will be applied subsequently to the net operating income of the property.



Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
	Quantity		Revenues			
Season Type	Unit	Quantity	Rate	Revenue Type	No of Days	Total Revenues
Hajj Season	Pilgrims	1,868	SAR 1,800	Seasonal	10	SAR 3,362,400
Ramadan (20 Days)	Keys	450	SAR 250	Daily	20	SAR 2,250,000
Ramadan (10 Days)	Keys	450	SAR 400	Daily	10	SAR 1,800,000
Other Seasons	Keys	450	SAR 190	Daily	325	SAR 27,787,500
<b>Total Revenues</b>						<b>SAR 35,199,900</b>
EXPENSES						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hajj Season	5.00%	5.00%	5.00%	0.00%	5.00%	20.00%
Ramadan (20 Days)	5.00%	5.00%	5.00%	0.00%	30.00%	45.00%
Ramadan (10 Days)	5.00%	5.00%	5.00%	0.00%	20.00%	35.00%
Other Seasons	5.00%	5.00%	5.00%	0.00%	60.00%	75.00%
Showrooms	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%
NET OPERATING INCOME						
Season Type	Total Revenues	Total Deduction			NOI	
Hajj Season	SAR 3,362,400	20.00%			SAR 0	
Ramadan (20 Days)	SAR 2,250,000	45.00%			SAR 0	
Ramadan (10 Days)	SAR 1,800,000	35.00%			SAR 0	
Other Seasons	SAR 27,787,500	75.00%			SAR 6,946,875	
Showrooms	SAR 0	2.50%			SAR 0	
<b>Total</b>					<b>SAR 6,946,875</b>	
<b>Revenues</b>					SAR 35,199,900	
<b>Deductions</b>					-SAR 28,253,025	
<b>Net Operating Income</b>					<b>SAR 6,946,875.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 6,946,875.00	7.25%	95,818,965.52 SAR		<b>95,800,000.00 SAR</b>		



## 1.37 INCOME APPROACH- LEASING CONTRACT

### Market Rental Analysis

As per the received copy of the leasing contract, the subject property is fully leased to one tenant with an annual triple net lease of SAR 12,825,000. As for the OPEX rate, which is being paid by the Tenant, no expenses were calculated.

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate				7%	With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following: - Easy access to the property - The general condition of the property - The general location of the property - Quality of finishes - Quality and presence of management team - Services and public utilities
Maximum capitalization rate				8%	
Average				7.50%	
<b>The effect of the property specifications on the property</b>					
<b>Item</b>	<b>Status</b>	<b>Influence</b>	<b>Notes</b>		
Ease of access to the property	-----	0.00%	several major methods		
General condition of the property	-----	0.25%	The actual age of the property is 7 years		
The general location of the property	-----	0.00%	The area is served good		
Quality and finishes	-----	0.00%	Good quality finishes		
Project Management Team	-----	0.00%	Good management and operational team level		
Stronghold tenant	-----	-0.25%	level and availability of services is average		
<b>Total</b>		<b>0.00%</b>			
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>					
<b>Total adjustments on capitalization rate</b>		0.00%			The estimated capitalization rate for the property, which will be based on the valuation process, is 7.5%, which will be applied subsequently to the net operating income of the property.
<b>Capitalization rate, according to market averages</b>		7.50%			
<b>Estimated capitalization rate of the property valuation</b>		<b>7.50%</b>			



Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES					
Unit Type	Quantity	Revenues			
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Hospitality Tower		The subject property is Fully leased to 1 tenant			SAR 12,825,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 12,825,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Hospitality Tower	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Hospitality Tower	SAR 12,825,000	0.00%	SAR 12,825,000		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
<b>Total</b>					<b>SAR 12,825,000</b>
<b>Total Property Revenues</b>					SAR 12,825,000
<b>Total Property Expenses</b>					SAR 0
<b>Net Operating Income</b>					<b>SAR 12,825,000.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 12,825,000.00	7.50%	171,000,000.00 SAR		<b>171,000,000.00 SAR</b>	

### 1.38 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 95,800,000	Ninety-Five Million and Eight Hundred Thousand Saudi Riyals
<b>Income- Actual</b>	Property	SAR 171,000,000	One Hundred Seventy-One Million Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 136,500,000	One Hundred Thirty-Six Million and Five Hundred Thousand Saudi Riyals



### 1.39 VALUATION NOTES

The achieved value from the income approach is based the leasing contract. In case there were modifications in the contract value and terms between the owner and the tenant, this may cause a direct impact on the final value of the subject property based on the Income approach.

### 1.40 SUBJECT PROPERTY VALUE

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

**Property Value: 171,000,000 SAR**  
**One Hundred Seventy-One Million Saudi Riyals**

### 1.41 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

### 1.42 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.43 CONCLUSION

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



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**Essam Hussaini**  
**Site Inspection Check**

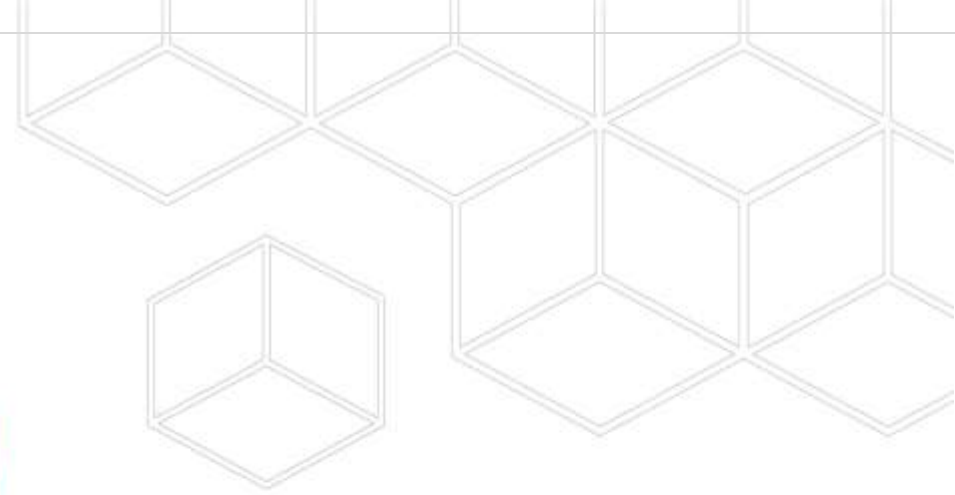
A handwritten signature in blue ink, appearing to read 'Essam Hussaini', written over a light blue grid background.

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

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### 1.44 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.45 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes*  
*White Cubes was previously involved in selling activities related to the property*  
*White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Muscat Capital	June 2021	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.46 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service 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.



### 1.47 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

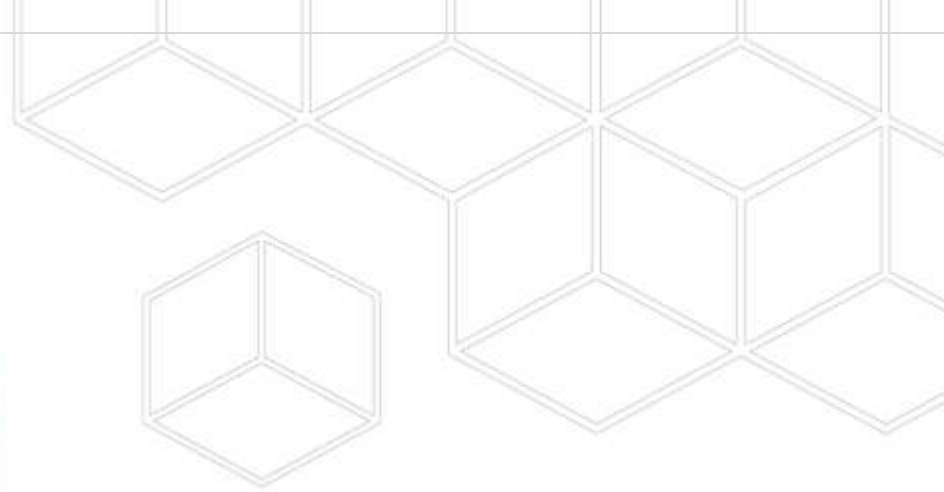
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties 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.

# DOCUMENTS COPIES

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### Tourism Accommodation Operation License

المملكة العربية السعودية  
Kingdom of Saudi Arabia

رقم الترخيص: ٤١٠١٤٠٦  
تاريخ الإصدار: ١٤٣٥/٣/٠٤ هـ

الهيئة العامة للسياحة والآثار  
Saudi Commission for Tourism & Antiquities

ترخيص تشغيل مرافق الإيواء السياحي  
TOURISM ACCOMODATION OPERATION LICENSE

فندق  
HOTEL

Trade Name: Eskan 4  
Owner's Name: Eskan Company  
Operator's Name: Eskan Company

الاسم التجاري: اسكان ٤  
اسم المالك: شركة اسكان  
اسم المشغل: شركة اسكان  
العنوان:  
رقم المبنى: \_\_\_\_\_ الشارع: العام الحيز: العزيزية المدينة: مكة المكرمة

تمنح بهذا الهيئة العامة للسياحة والآثار ترخيصا للمنشأة الموضحة أعلاه بمزاولة نشاط تشغيل مرافق الإيواء السياحي بمدينة: مكة المكرمة

المدير التنفيذي  
لفرع الهيئة العامة للسياحة والآثار بمكة المكرمة

الختم

٢٠٢٥/٠٣/٠٤

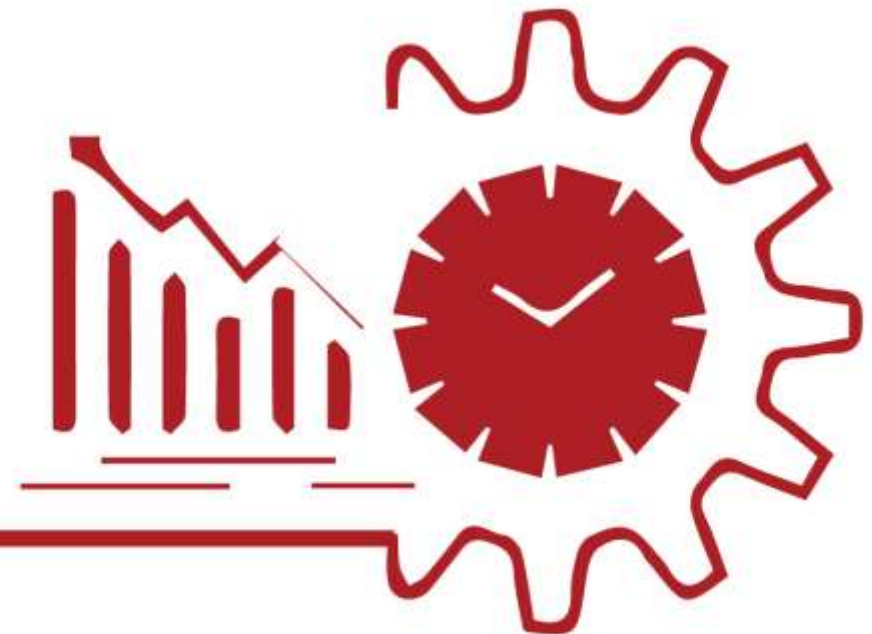
# ESKAN TOWER 6 MUSCAT CAPITAL

MAKKAH CITY

JULY 2021



# Valuation Report





**REF:** 2011354-3  
**Date:** 14/07/2021  
**M/S** MUSCAT CAPITAL

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

Dear Sir,

With reference to your request and approval dated on July 14, 2021 for valuation service of the hospitality project (Eskan Tower 6) located in Makkah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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(Please Click on the Title for Direct Access)

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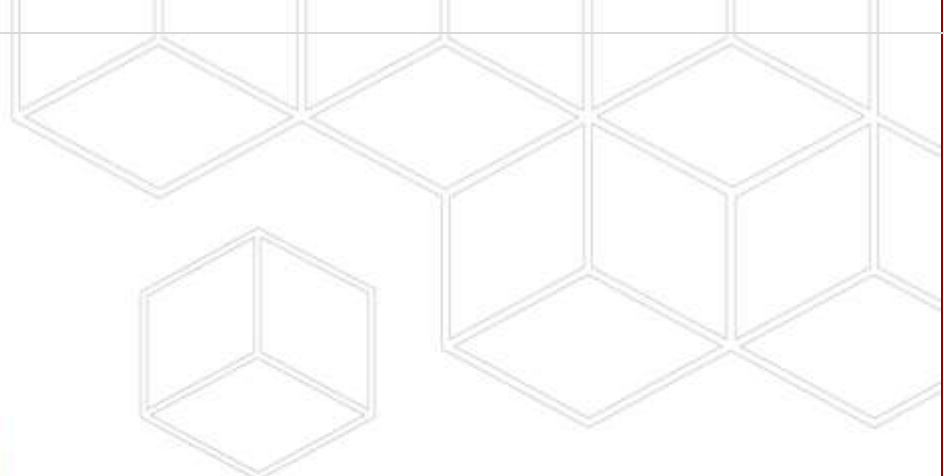


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# EXECUTIVE SUMMARY

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## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 14/07/2021 to implement valuation service for a hospitality tower in Makkah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Muscat Capital, a Saudi company registered under the Saudi law. 2011354-3
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Purposes Hospitality Tower
<b>Property Location</b>	The property is located in Al Aziziah district, Makkah City.
<b>Title Deed Information</b>	Title Deed No: 220121009603 & 220121009602, Title Deed Date: 10/04/1439 & 10/04/1439, Issued from Makkah Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	Machaer REIT for Real Estate
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 1,458 Sqm
<b>BUA (Sqm)</b>	The building is composed of 18 floors with a total BUA of 15,200.71 Sqm
<b>No. of Rooms</b>	The total number of rooms is 255 Rooms
<b>Pilgrim's Capacity</b>	1286 Pilgrims
<b>Vacancy Rate</b>	The property is fully leased to 1 tenant with a triple net of 13,500,000 SAR
<b>Valuation Approach</b>	Comparable Approach, Cost Approach & Income Approach
<b>Final Property Value</b>	180,000,000 SAR
<b>Valuation Date</b>	14/07/2021
<b>Inspection Date</b>	23/06/2021

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Muscat Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

*"The estimated amount"* refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

**"an asset should exchange"** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

**"on the valuation date"** requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

**"between a willing buyer"** refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 14, 2021.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 23, 2021.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 14, 2021.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 14, 2021.**

**1.8 OPINION OF VALUE**

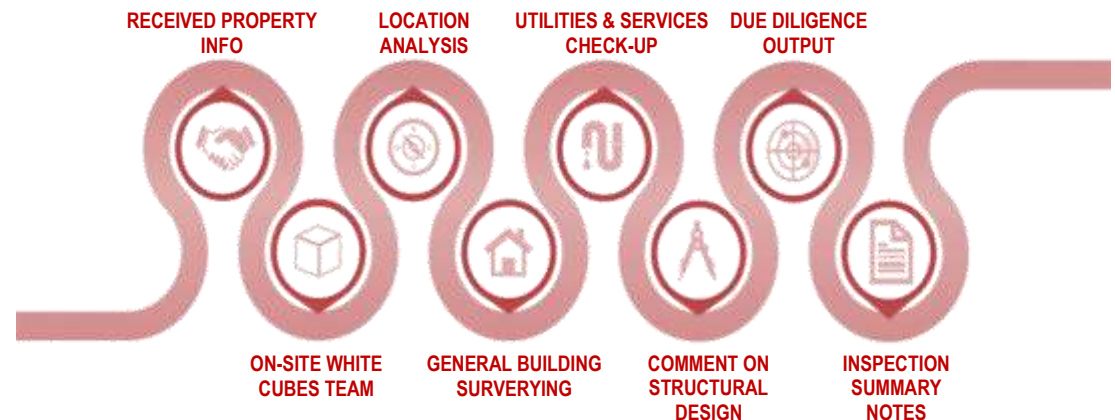
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

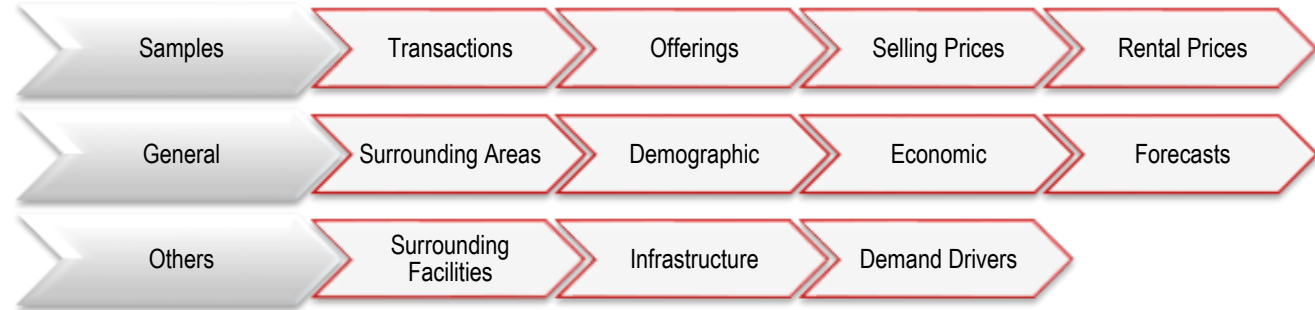
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





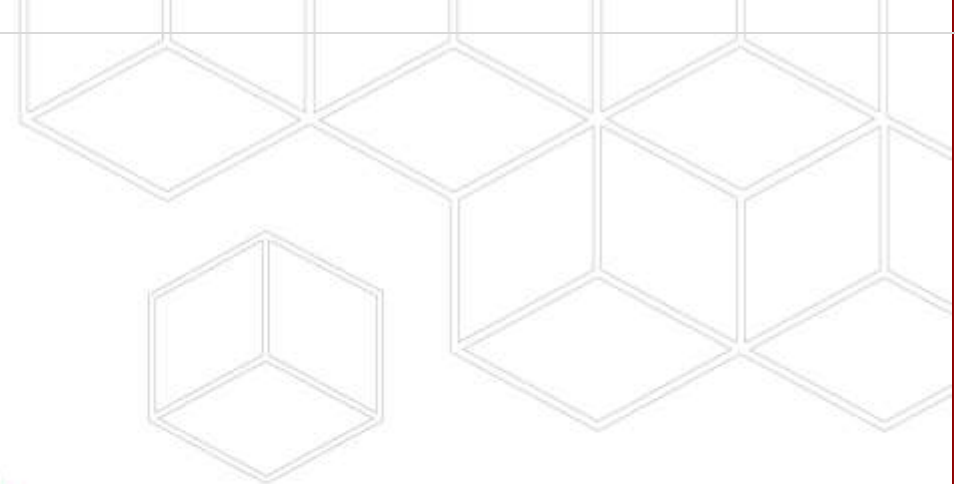
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a hospitality tower composed of 18 floors and located in Al Aziziah district, Makkah City. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,458 Sqm and a total BUA of 15,200.71 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from 2 sides with a direct view on Masjid Al Haram Road from the southern side. The tower is mostly surrounded by several residential and mix-use building where all infrastructural facilities such as water electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

### Location Description

The property subject of valuation is a hospitality tower located in Al Aziziah district, Makkah City.  
 The property is bordered from the north by a private property  
 The property is bordered from the south by Masjid Al Haram Road  
 The Property is bordered from the east by Al Tamour Street  
 The property is bordered to the west by a private property

### Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Masjid Al Haram Road.

### Area Surrounding the Property

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

Land		Building	
Land Use	Commercial	Building Type	Hospitality Tower
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Masjid Al Haram Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Tamour Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

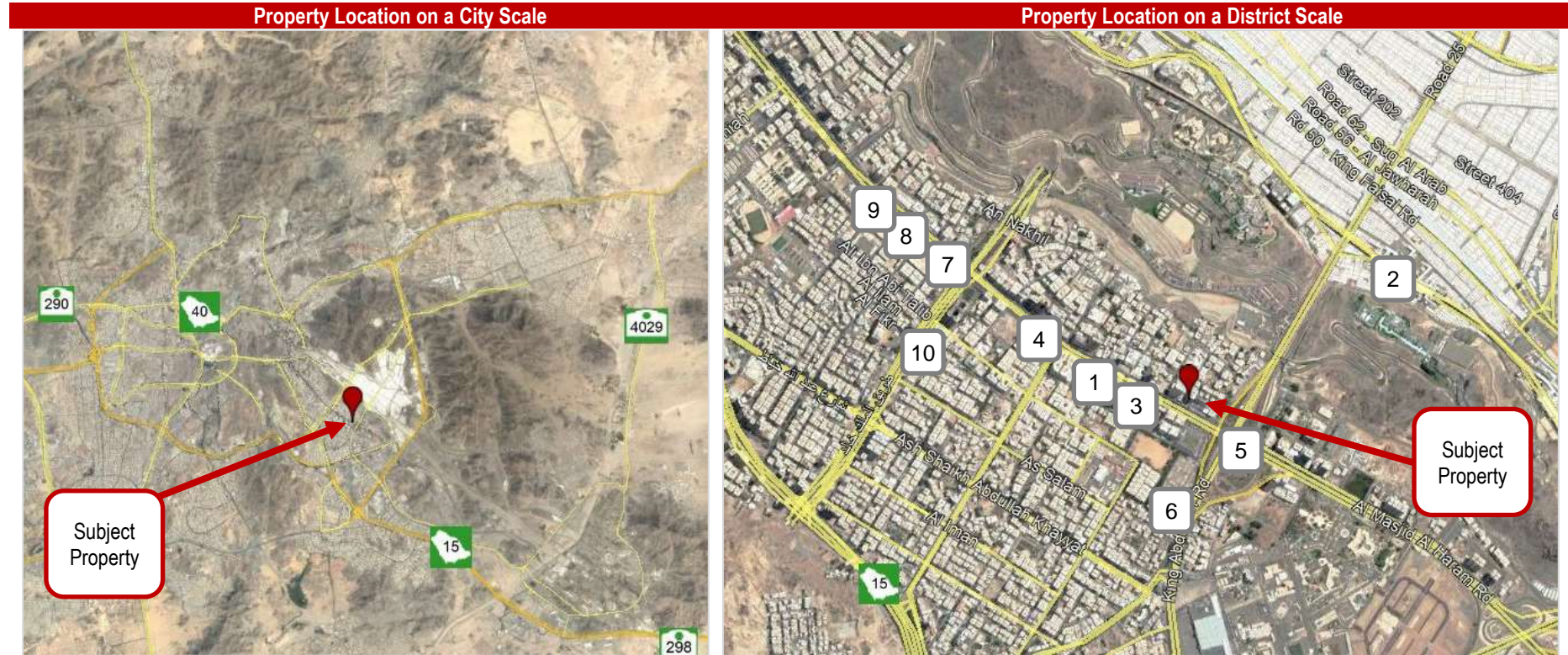
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



## 1.14 LOCATION

The subject property is located in Al Aziziah district, Makkah city and surrounded by several landmarks as follows:



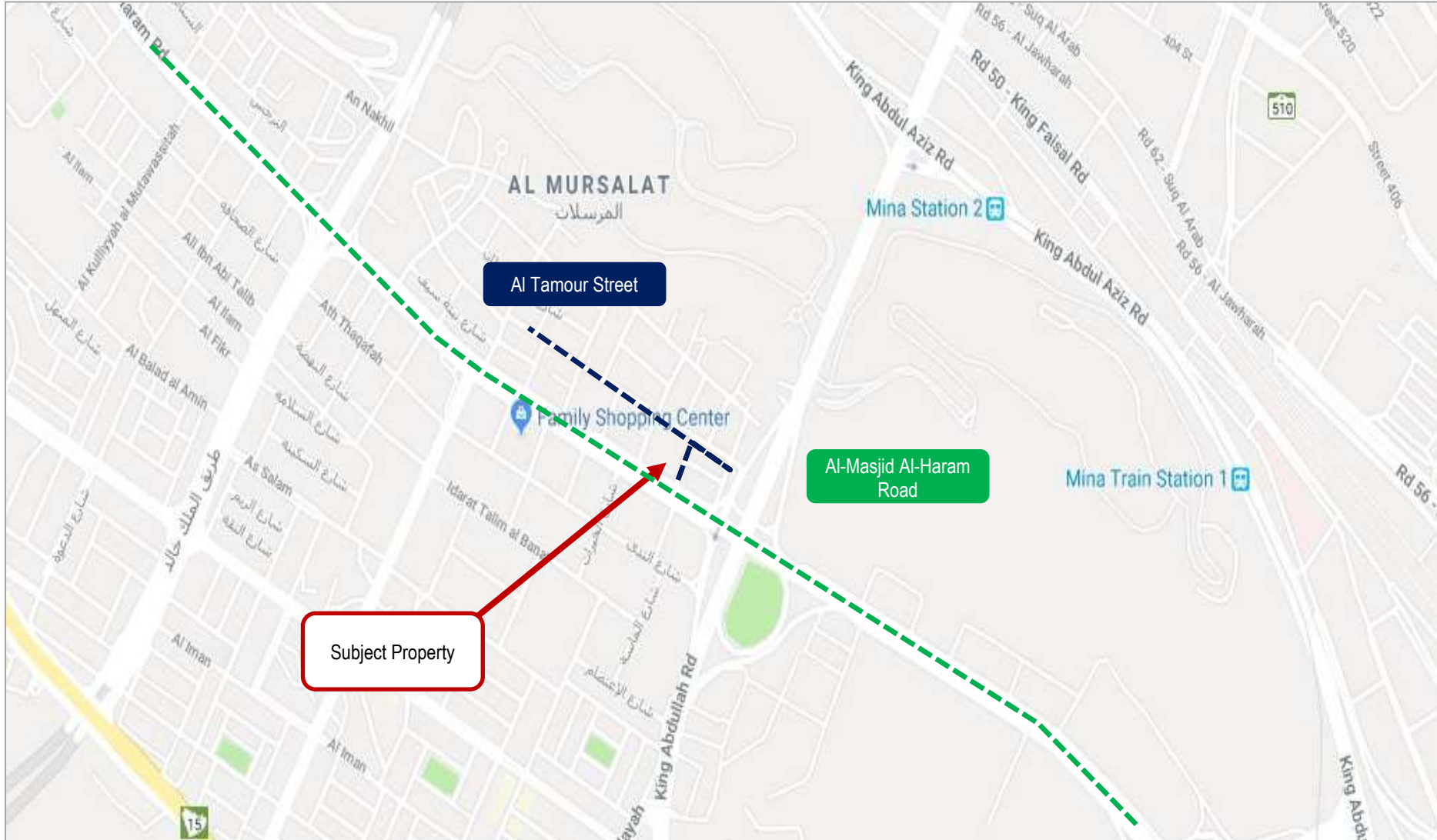
### Surrounding Landmarks

- |   |   |
|---|---|
| 1- Family Shopping Center (0.5 Kilometre) | 6- Azaziah Industry (0.4 Kilometre)         |
| 2- Mina Station (1 kilometre)             | 7- Centrepont (1.1 Kilometres)              |
| 3- Barawith Plaza (0.2kilometre)          | 8- Azaziah Market (1.3 Kilometres)          |
| 4- Alqaraat Mall (0.7 Kilometre)          | 9- Salam Commercial Market (1.5 Kilometres) |
| 5- Amid Almouhilat (0.3 Kilometre)        | 10- Retaj (1.1 Kilometres)                  |



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





### 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by two title deeds The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	738
<b>District</b>	Azaziah	<b>Plot No.</b>	11/3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	220121009603	<b>Layout No.</b>	1 /21 /2/ج
<b>T.D Date</b>	10/04/1439 H. D	<b>Owner</b>	Machaer REIT For Real Estate
<b>T.D Value</b>	100,000,000	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A Makkah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Plot# 3/12	<b>East Side</b>	Street 12 meters width
<b>South Side</b>	Road 60 meters width	<b>West Side</b>	Plot# 3/10
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	720
<b>District</b>	Azaziah	<b>Plot No.</b>	12/3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	220121009602	<b>Layout No.</b>	1 /21 /2/ج
<b>T.D Date</b>	10/04/1439 H. D	<b>Owner</b>	Machaer REIT For Real Estate
<b>T.D Value</b>	100,000,000	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A Makkah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Pathway	<b>East Side</b>	Plot# 3/10
<b>South Side</b>	Plot# 3/11	<b>West Side</b>	Street 12 meters width
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		



### 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The subject property is a fully constructed Hospitality Tower composed of 18 floors. The Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

Subject Property	
Construction Permit Type	Renewal
Property Type	Residential commercial
Construction Permit No.	70879
Construction Permit Date	24/08/1433 H. D

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



## 1.18 PILGRIMS PERMIT

The client has provided us with copy of the pilgrim's license that has the following details:

<b>License Number</b>	14055/ز
<b>License Date</b>	11/04/1435
<b>District</b>	Azaziah
<b>Issued By</b>	Holly City of Makkah Municipality
<b>Title Deed No</b>	16/491/3
<b>Construction Permit No</b>	70879
<b>Electricity Meter No.</b>	From 1885704 to 1885704
<b>Wasel No.</b>	2928242477406
<b>Validity</b>	3 years
<b>Total No of Floors</b>	16 + Ground Floor
<b>Used no Of Floors</b>	12
<b>Building Components</b>	B + G + Me + R + Mo + S + 11 Typical Floors + Annex
<b>No of Central Kitchens</b>	0
<b>No of Kitchens</b>	0
<b>No of Rooms</b>	255
<b>Allowed No of Pilgrims</b>	1286
<b>Fire alarm system</b>	Available
<b>Fire Fighting Systems</b>	Available
<b>Electricity Generator</b>	Available
<b>No of Elevators</b>	8

The client has provided us with copy of the pilgrims' certificate which was assumed to correct and authentic. We must note that it is not in our scope to run legal diagnoses to any legal document. As in the valuation process, we will use the number of pilgrims and number of keys mentioned in this certificate.

## 1.19 INSURANCE

We have not been provided with any insurance policy for the underlying asset.

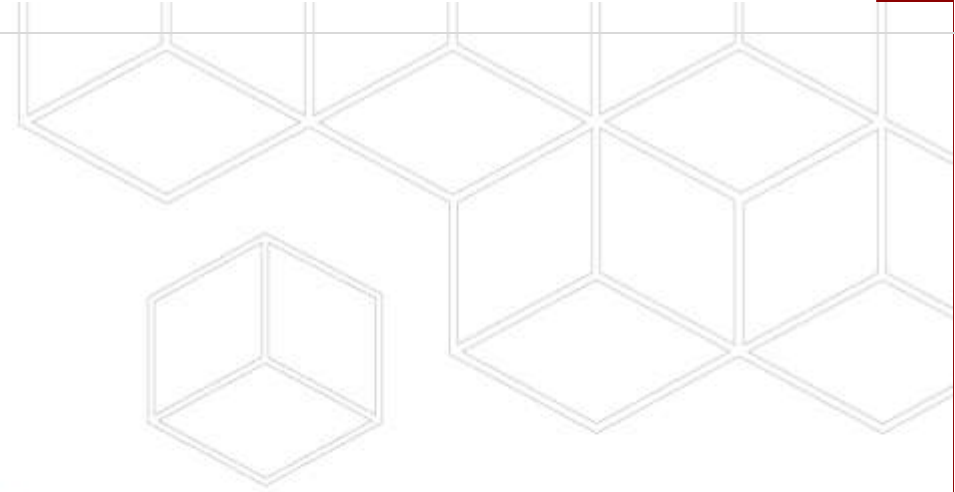


## 1.20 PHOTO RECORD



# MARKET INDICATORS

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## 1.21 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

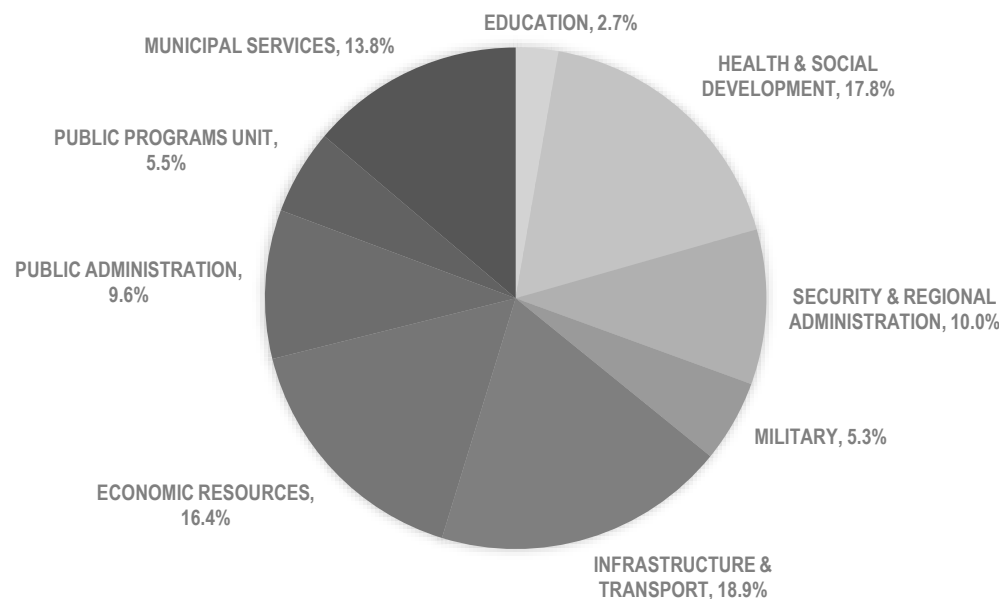
## 1.22 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





### 1.23 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Newly Constructed Project</li> <li>- Direct view on Al Masjid Al Haram Road</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- It is open on 2 sides only</li> <li>- Located with a distance from the holy mosque (6.5 Km)</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- High demand of hospitality project due to the nature of the city</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming hospitality projects</li> <li>- High Competition in the area</li> </ul>

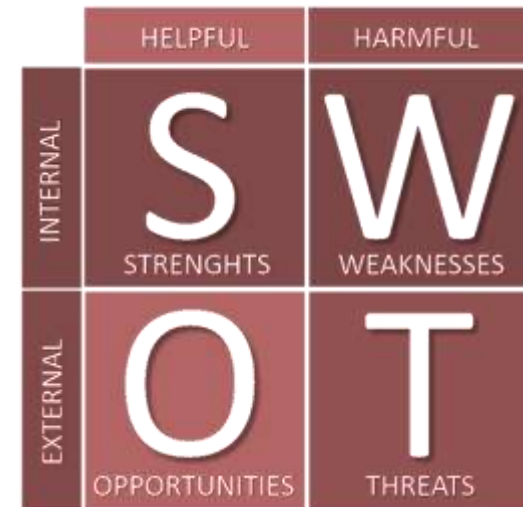
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.24 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

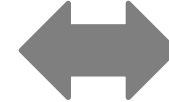


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

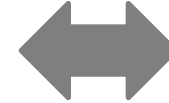


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



### 1.25 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>16 Risk Points - Medium Risk</b>				

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>9 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 9 Risk Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	✓	-----	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points - Minimal Risk</b>				

**Property Analysis**

Risk Category- 6 Risk Points - Minimal Risk

# PROPERTY VALUATION

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### 1.26 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Pilgrims Permit
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Income & Revenues	Operational Cost - OPEX

### 1.27 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.28 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.29 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valuated
- Sales agents specialized with the same type of assets subject to valuation

**1.30 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

**1.31 VALUATION APPROACH**

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

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

**COMPARABLE METHOD**

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



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

## CAPITALIZATION METHOD (CAP RATE)

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

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.





### 1.32 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

### 1.33 COMPARABLE APPROACH

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

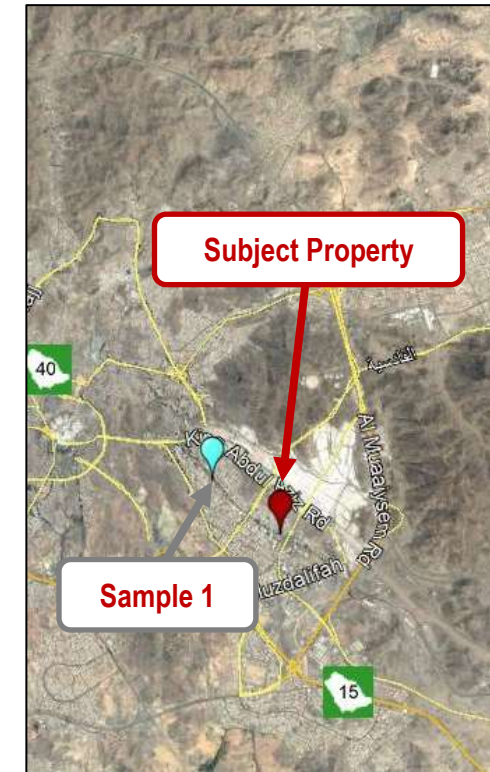
Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Aziziah	Al Aziziah
Sale Price	-----	SAR 66,500,000
Data Source	Title Deed	Market Survey
Area Size	1,458.00	1,200.00
SAR / Sqm	-----	SAR 55,417
Sides Open	2	2

Adjustment Analysis			
	Subject Property	Sample 1	Adjustment
Area size	1,458.00	1,200.00	0.00%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	60	60	0.00%
Sides Open	2	2	0.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	Yes	-10.00%
Other Factor	-----	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-10.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 5,541.7</b>
<b>Net After Adjustment</b>			<b>SAR 49,875.0</b>

SAR / Sqm	<b>SAR 49,875</b>
Rounded Value	<b>SAR 49,850</b>





SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	1,458	1,458	1,458	1,458	1,458
SAR / Sqm	SAR 44,865.0	SAR 47,357.5	SAR 49,850.0	SAR 52,342.5	SAR 54,835.0
Property Value	SAR 65,413,170	SAR 69,047,235	SAR 72,681,300	SAR 76,315,365	SAR 79,949,430
	<b>PROPERTY VALUE</b>				

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 45,000 - 55,000 SAR / Sqm with an average of 50,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.34 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	500	700	SAR 600
Finishing Materials	900	SAR 1,100	SAR 1,000
Fit outs & Appliance	SAR 250	SAR 350	SAR 300
Furniture	SAR 750	SAR 850	SAR 800
Site Improvements	380	420	400
Owner Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
220121009602 & 220121009603	1,458.00	SAR 49,850	SAR 72,681,300



Building		
	Unit	Total BUA
Basement	Sqm	1,248.49
Ground Floor	Sqm	689.4
Mezzanine	Sqm	396.27
Restaurant Floor	Sqm	647.96
Mosque Floor	Sqm	832.07
Service Floor	Sqm	825.5
12 Typical Floors	Sqm	9,307.56
Annex	Sqm	213.66
Stairs & Elevators	Sqm	177.22
Tanks	Sqm	862.58
<b>Total (SQM)</b>	<b>15,200.71</b>	

HARD COSTS ESTIMATES					
G + M + Upper Floors + Annex					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	13,952.22	SAR 1,000	SAR 13,952,220	100%	SAR 13,952,220
Electro Mechanic	13,952.22	SAR 600	SAR 8,371,332	100%	SAR 8,371,332
Finishing	13,952.22	SAR 1,000	SAR 13,952,220	100%	SAR 13,952,220
Fit outs & Appliances	13,952.22	SAR 300	SAR 4,185,666	100%	SAR 4,185,666
Furniture	13,952.22	SAR 800	SAR 11,161,776	100%	SAR 11,161,776
<b>Total</b>			<b>SAR 51,623,214</b>	<b>100.00%</b>	<b>SAR 51,623,214</b>
Underground					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,248.49	SAR 1,500	SAR 1,872,735	100%	SAR 1,872,735
Electro Mechanic	1,248.49	SAR 500	SAR 624,245	100%	SAR 624,245
Finishing	1,248.49	SAR 400	SAR 499,396	100%	SAR 499,396
<b>Total</b>			<b>SAR 2,996,376</b>	<b>100.00%</b>	<b>SAR 2,996,376</b>
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	1,458.00	SAR 80	SAR 116,640	100%	SAR 116,640
External Landscape	768.60	SAR 200	SAR 153,720	100%	SAR 153,720
Fences	0.00	SAR 250	SAR 0	100%	SAR 0
Site Improvements	768.60	SAR 300	SAR 230,580	100%	SAR 230,580
<b>Total</b>			<b>SAR 500,940</b>	<b>100.00%</b>	<b>SAR 500,940</b>
	Actual Completion %			Total BUA	15,200.71
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 55,120,530
Under Ground	100.00%			Average SAR / Sqm	SAR 3,626
General Site Dev.	100.00%			Overall Completion	100.00%



After knowing the total construction costs (Incl. Soft Costs) at a rate of 4,116 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
Hard Cost	SAR 55,120,530	Economic Age	40
Soft Cost	SAR 7,441,272	Annual Dep Rate	2.50%
<b>Total Dev Cost</b>	<b>SAR 62,561,802</b>		
Net Dep Rate	15.00%	Actual Age	6
Dev Cost After Depreciation	<b>SAR 53,177,531</b>	Total Dep Rate	15.00%
		Add Appr Rate	0.00%
		Net Dep Rate	<b>15.00%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @ 20%	20.0%		
Dev. Profit Amount	SAR 10,635,506		
<b>Development Value</b>	<b>SAR 63,813,038</b>		

The total value of the building is 63,808,563 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 63,813,038	SAR 72,681,300	SAR 136,494,338	SAR 136,500,000



## 1.35 INCOME APPROACH- MARKET RATES

### Market Rental Analysis

#### PILGRIMS – HAJJ SEASON

We have noted that the average market rate for the Hajj season in the surrounding areas of the subject property falls in the range of SAR 1,900 to SAR 2,100, which we have applied the rate of SAR 2,000 for conservative basis. In addition, and according to the market current performance, we have assumed 95% occupancy rate in Hajj season.

#### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (20 DAYS)

The Average Daily Rates for the hospitality sector depend on the category of the property itself (no of Stars). Since the subject property is a 4 stars project, the average ADR falls in the range of SAR 300 to SAR 350 as rooms daily rates for the first 20 days of Ramadan Season. In addition, and according to the market current performance, we have assumed 75% occupancy rate for the same mentioned season.

#### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (10 DAYS)

The average ADR of the last 10 days of Ramadan season falls in the range of SAR 500 to SAR 550 in the surrounding areas of the subject property, in addition to occupancy rate of 85%.

#### AVERAGE DAILY RATE (ADR) – OTHER SEASONS

The overall estimated occupancy rate of the hospitality sector in Makkah for the remaining days of the year, and in the year of 2020, is almost 50%. Same rate will be applied on the subject property with an ADR of SAR 230 / Night.

### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%



## Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

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

## The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate				7%
Maximum capitalization rate				8%
<b>Average</b>				<b>7.50%</b>
<b>The effect of the property specifications on the property</b>				
<b>Item</b>	<b>Status</b>	<b>Influence</b>	<b>Notes</b>	
Ease of access to the property	-----	0.00%	several major methods	
General condition of the property	-----	0.25%	The actual age of the property is 6 years	
The general location of the property	-----	-0.25%	The area is served good	
Quality and finishes	-----	0.00%	Good quality finishes	
Project Management Team	-----	-0.25%	Excellent management and operational team level	
Services and public facilities	-----	0.00%	level and availability of services is average	
<b>Total</b>		<b>-0.25%</b>		
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>				
<b>Total adjustments on capitalization rate</b>		-0.25%		
<b>Capitalization rate, according to market averages</b>		7.50%		
<b>Estimated capitalization rate of the property valuation</b>		<b>7.25%</b>		

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.25%, which will be applied subsequently to the net operating income of the property.



Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
	Quantity		Revenues			
Season Type	Unit	Quantity	Rate	Revenue Type	No of Days	Total Revenues
Hajj Season	Pilgrims	1,286	SAR 2,000	Seasonal	10	SAR 2,572,000
Ramadan (20 Days)	Keys	255	SAR 335	Daily	20	SAR 1,708,500
Ramadan (10 Days)	Keys	255	SAR 520	Daily	10	SAR 1,326,000
Other Seasons	Keys	255	SAR 230	Daily	325	SAR 19,061,250
<b>Total Revenues</b>						<b>SAR 24,667,750</b>
EXPENSES						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hajj Season	5.00%	2.00%	3.00%	0.00%	5.00%	15.00%
Ramadan (20 Days)	5.00%	2.00%	3.00%	0.00%	25.00%	35.00%
Ramadan (10 Days)	5.00%	2.00%	3.00%	0.00%	15.00%	25.00%
Other Seasons	5.00%	2.00%	3.00%	0.00%	50.00%	60.00%
Showrooms	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%
NET OPERATING INCOME						
Season Type	Total Revenues		Total Deduction		NOI	
Hajj Season	SAR 2,572,000		15.00%		SAR 2,186,200	
Ramadan (20 Days)	SAR 1,708,500		35.00%		SAR 1,110,525	
Ramadan (10 Days)	SAR 1,326,000		25.00%		SAR 994,500	
Other Seasons	SAR 19,061,250		60.00%		SAR 7,624,500	
Showrooms	SAR 0		2.50%		SAR 0	
<b>Total</b>						<b>SAR 11,915,725</b>
<b>Revenues</b>						SAR 24,667,750
<b>Deductions</b>						-SAR 12,752,025
<b>Net Operating Income</b>						<b>SAR 11,915,725.00</b>
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 11,915,725.00	7.25%	164,354,827.59 SAR			<b>164,400,000.00 SAR</b>	



## 1.36 INCOME APPROACH- LEASING CONTRACT

### Market Rental Analysis

As per the received copy of the leasing contract, the subject property is fully leased to one tenant with an annual triple net lease of SAR 13,500,000. As for the OPEX rate, which is being paid by the Tenant, no expenses were calculated.

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate				7%
Maximum capitalization rate				8%
<b>Average</b>				<b>7.50%</b>
<b>The effect of the property specifications on the property</b>				
<b>Item</b>	<b>Status</b>	<b>Influence</b>	<b>Notes</b>	
Ease of access to the property	-----	0.00%	Several major methods	
General condition of the property	-----	0.00%	The actual age of the property is 6 years	
The general location of the property	-----	0.00%	The area is served good	
Quality and finishes	-----	0.00%	Good quality finishes	
Project Management Team	-----	0.00%	Good management and operational team level	
Stronghold tenant	-----	0.00%	Level and availability of services is average	
<b>Total</b>		<b>0.00%</b>		
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>				
<b>Total adjustments on capitalization rate</b>		0.00%		
<b>Capitalization rate, according to market averages</b>		7.50%		
<b>Estimated capitalization rate of the property valuation</b>		<b>7.50%</b>		

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.5%, which will be applied subsequently to the net operating income of the property.





Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Quantity	Revenues				
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Hospitality Project		The subject property is Fully leased to 1 tenant				SAR 13,500,000
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
<b>Total Revenues</b>					<b>SAR 13,500,000</b>	
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Hospitality Project	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses			NOI	
Hospitality Project	SAR 13,500,000	0.00%			SAR 13,500,000	
-----	SAR 0	0.00%			SAR 0	
-----	SAR 0	0.00%			SAR 0	
<b>Total</b>					<b>SAR 13,500,000</b>	
<b>Total Property Revenues</b>					SAR 13,500,000	
<b>Total Property Expenses</b>					SAR 0	
<b>Net Operating Income</b>					<b>SAR 13,500,000.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 13,500,000.00	7.50%	180,000,000.00 SAR		<b>180,000,000.00 SAR</b>		

### 1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 164,400,000	One Hundred Sixty-Four Million and Four Hundred Thousand Saudi Riyals
<b>Income- Actual</b>	Property	SAR 180,000,000	One Hundred Eighty Million Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 136,500,000	One Hundred Thirty-Six Million and Five Hundred Thousand Saudi Riyals



### 1.38 VALUATION NOTES

The achieved value from the income approach is based the leasing contract. In case there were modifications in the contract value and terms between the owner and the tenant, this may cause a direct impact on the final value of the subject property based on the Income approach.

### 1.39 SUBJECT PROPERTY VALUE

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

**Property Value: 180,000,000 SAR**  
**One Hundred Eighty Million Saudi Riyals**

### 1.40 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

### 1.41 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.42 CONCLUSION

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



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**Essam Hussaini**  
**Site Inspection Check**

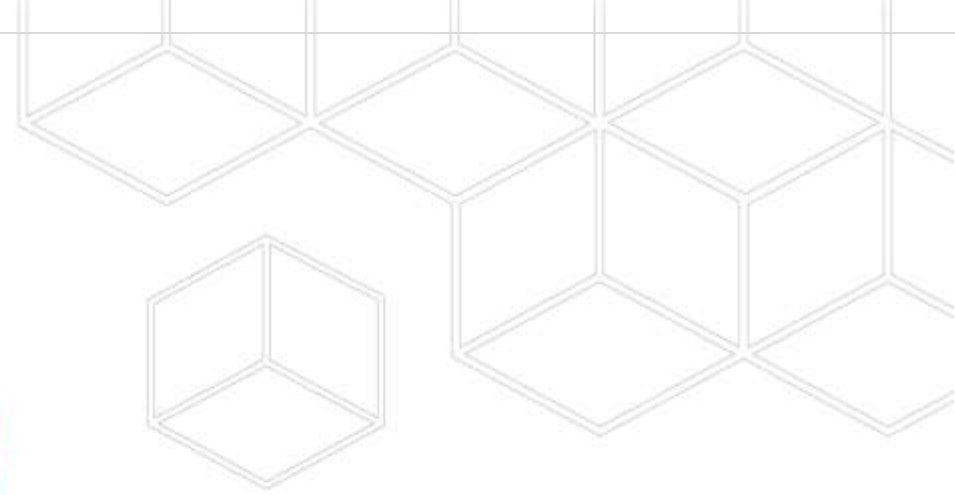
A handwritten signature in blue ink, appearing to read 'Essam Hussaini', written over a light blue grid background.

**Member of (Taqeem)**  
**License No. 121000474**



# GENERAL NOTES

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**1.43 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.44 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Muscat Capital	June 2021	-----
✓	-----	-----	-----
✓	-----	-----	-----

**1.45 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service 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.



**1.46 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

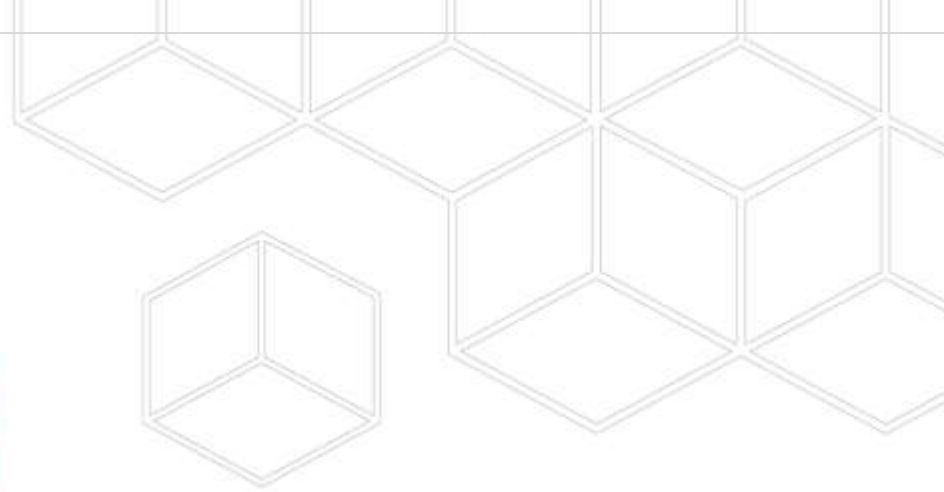
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties 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.

# DOCUMENTS COPIES

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Title Deeds

**وزارة الملك عبدالعزيز للخدمات العقاريّة**  
**كاتب العدل الأفاضل علي بن محمد الزهراني**  
**[٢٧٧]**

الرقم: ٢٢٠١٦٦٠٠٩٣٠٢  
 التاريخ: ١٤٣٩ / ٤ / ١٠ هـ

**صك**

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد،  
 فإن قطعة الأرض رقم ٣ / ١٢ من المخطط رقم ٢١ / ١٠ / ١٢ الواقع في حي العزيزية بمدينة منطقة الطفرة، وحدودها وأطرافها كالتالي:

شمالاً: حيز عرضه ٥٥ م بطول: (٣٠) ثلاثون متر  
 جنوباً: قطعة رقم ١٢ بطول: (٣٠) ثلاثون متر  
 شرقاً: شارع عرض ٥٢ م بطول: (٢٤) أربعة وعشرون متر  
 غرباً: قطعة رقم ٣ - ١٠ ومسور عرضه ٥٥ م بطول: (٢٤) أربعة وعشرون متر  
 ومساحتها: ٢٣٠٠ سبعة مائة وعشرون متر مربعاً فقط.

والمستند في الإفاتها على الصفا الصادر من هذه الإدارة برقم ١٤٣٧-١٢١٠٠-٣٩ في ١١ / ١١ / ١٤٣٤ هـ.

قد انتقلت ملكيتها لـ: شركة مشاعر ريت العقارية بموجب سجل تجاري رقم ١٠٦٠٩٢٩٤٠٢ في ٤ / ٣ / ١٤٣٩ هـ وشكل في ٣ / ٤ / ١٤٤١ هـ - بلسم برقم ٦٠٠٠٠٠٠٠٠٠٠٠٠٠ مائة مليون ريال وعليه جرى التصديق تعميماً في ١٠ / ٤ / ١٤٣٩ هـ لاعتماد - ومساكن الله على تبيتا محمد وآله وصحبه وسلمه.

عادل بن محمد بن أحمد الزهراني

ملاحظة: صك من ١  
 (هنا نموذج مخصص للاستخدام الخاص الذي يمنع تعديله)  
 صحيفة طفرة - ٣٣٣٣٣

**وزارة الملك عبدالعزيز للخدمات العقاريّة**  
**كاتب العدل الأفاضل علي بن محمد الزهراني**  
**[٢٧٧]**

الرقم: ٢٢٠١٦٦٠٠٩٣٠٢  
 التاريخ: ١٤٣٩ / ٤ / ١٠ هـ

**صك**

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد،  
 فإن قطعة الأرض رقم ٣ / ١١ من المخطط رقم ٢١ / ١٠ / ١٢ الواقع في حي العزيزية بمدينة منطقة الطفرة، وحدودها وأطرافها كالتالي:

شمالاً: قطعة رقم ١٢ بطول: (٣٠) ثلاثون متر  
 جنوباً: شارع العرض عرض ٥٠ م بطول: (٢٤) خمسة وعشرون متر  
 شرقاً: شارع عرض ٥٢ م بطول: (٢٠) عشرون متر ثم شارع للجنوب العرض ٥٧ م  
 غرباً: قطعة رقم ١٢ - ١٠ بطول: (٢٤) خمسة وعشرون متر  
 ومساحتها: ٢٣٨٠ سبعة مائة وثمانية وثلاثون متر مربعاً فقط.

والمستند في الإفاتها على الصفا الصادر من هذه الإدارة برقم ١٤٣٧-١٢١٠٠-٣٧ في ١١ / ١١ / ١٤٣٤ هـ.

قد انتقلت ملكيتها لـ: شركة مشاعر ريت العقارية بموجب سجل تجاري رقم ١٠٦٠٩٢٩٤٠٢ في ٤ / ٣ / ١٤٣٩ هـ وشكل في ٣ / ٤ / ١٤٤١ هـ - بلسم برقم ١٠٠٠٠٠٠٠٠٠٠٠٠٠٠ مائة مليون ريال وعليه جرى التصديق تعميماً في ١٠ / ٤ / ١٤٣٩ هـ لاعتماد - ومساكن الله على تبيتا محمد وآله وصحبه وسلمه.

عادل بن محمد بن أحمد الزهراني

ملاحظة: صك من ١  
 (هنا نموذج مخصص للاستخدام الخاص الذي يمنع تعديله)  
 صحيفة طفرة - ٣٣٣٣٣



Construction Permit

المملكة العربية السعودية  
وزارة الشؤون البلدية والقروية  
إدارة العاصمة المقدسة  
إدارة المدينة المنورة

رقم الطلب الإلكتروني: 3519501582  
رقم الرخصة: 70879  
التاريخ: 24/02/14

رقم الطلب الإلكتروني: 3010152249  
رقم الرخصة: 349178  
التاريخ: 08/06/1427

رقم التسجيل العقاري: 2511  
رقم المخطط التنظيمي: 656  
التاريخ: 01/03/1423  
التاريخ: 08/06/1427

الارتفاع	العمق	المساحة	الحدود	الارتفاع	العمق
0	0	1223	30.99	0	0
1.8	0	12.00	18.98+3.86	1.8	0
1.8	0	0.00	38.83	1.8	0
0	0	0.00	30.58	0	0

مكونات البناء:

الوحدة	المساحة	الاستخدام	عدد الأجزاء
البناء	1223.00	مبنى سكني	1
البناء	688.4	مبنى سكني	1
البناء	598.27	مبنى سكني	1
البناء	102.00	مبنى سكني	1
البناء	147.96	مبنى سكني	1
البناء	825.3	مبنى سكني	1
البناء	3097.36	مبنى سكني	12
البناء	213.66	مبنى سكني	1
البناء	177.22	مبنى سكني	1
البناء	182.93	مبنى سكني	1

رقم الطلب الإلكتروني: 3010152249  
رقم الرخصة: 349178  
التاريخ: 08/06/1427

رقم التسجيل العقاري: 2511  
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التاريخ: 01/03/1423  
التاريخ: 08/06/1427

Pilgrims Accommodation Certificate

المملكة العربية السعودية  
وزارة الداخلية  
إدارة أمن ومراقبة  
إدارة أمن ومراقبة

رقم التصريح: 1428  
التاريخ: 1428/06/08

رقم التصريح: 1428  
التاريخ: 1428/06/08

رقم السجل المدني: 1131010000  
مصدرها: تاريخها  
شارع: تاريخها  
رقم رخصة البناء: 70879  
رقم الرخصة: 70879  
اسم المسؤل: 3519501582

عدد أبواب السكن: 11  
عدد الأبواب الغير مصرح بها: 11  
الجمالي عدد الممرات: 11  
عدد الحجرات السكنية: 11

مكونات السكن: 11  
الأبواب الغير مصرح بها: 11  
عدد الممرات: 11  
عدد الحجرات السكنية: 11

مسائل السلامة بالمشي: 11  
يوجد ثقب في السقف: 11  
يوجد ثقب في الأرض: 11  
يوجد ثقب في الحوائط: 11

الصورة الجوية لموقع السكن: 11  
رقم الطلب الإلكتروني: 3010152249  
رقم الرخصة: 349178  
التاريخ: 08/06/1427

رقم الطلب الإلكتروني: 3010152249  
رقم الرخصة: 349178  
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التاريخ: 01/03/1423  
التاريخ: 08/06/1427

رقم الطلب الإلكتروني: 3010152249  
رقم الرخصة: 349178  
التاريخ: 08/06/1427

رقم التسجيل العقاري: 2511  
رقم المخطط التنظيمي: 656  
التاريخ: 01/03/1423  
التاريخ: 08/06/1427

TAQEEM LICENCE NUMBER: 1210000474



# ESKAN TOWER 5 MUSCAT CAPITAL

MAKKAH CITY

JULY 2021



# Valuation Report





**REF:** 2211354-2  
**Date:** 14/07/2021  
**M/S** MUSCAT CAPITAL

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

Dear Sir,

With reference to your request and approval dated on July 14, 2021 for valuation service of the hospitality project (Eskan Tower 5) located in Makkah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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(Please Click on the Title for Direct Access)

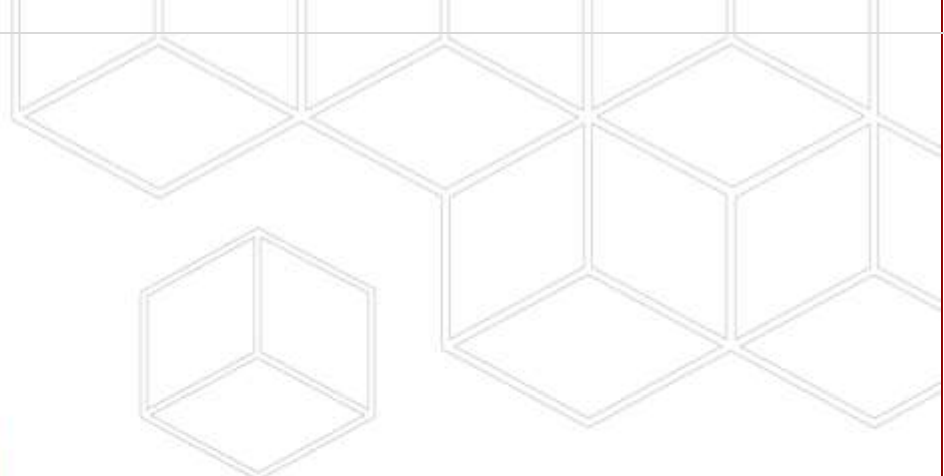
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# EXECUTIVE SUMMARY

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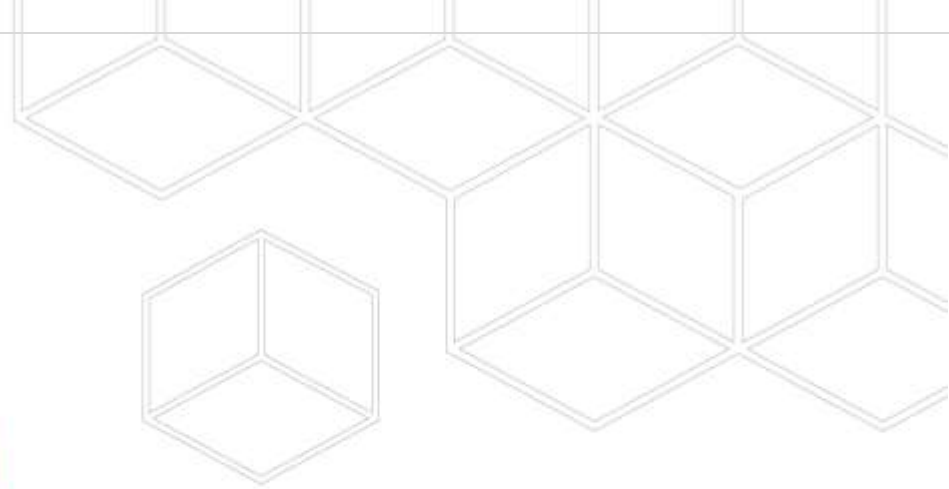


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 14/07/2021 to implement valuation service for a hospitality tower in Makkah city.
<b>Client</b>	For whom this report is being prepared is Muscat Capital, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	2211354-2
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purposes
<b>Subject Property</b>	Hospitality Tower
<b>Property Location</b>	The property is located in Prince Abdullah Faisal district, Makkah City.
<b>Title Deed Information</b>	Title Deed No: 920121009575, Title Deed Date: 09/04/1439, Issued from Makkah Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	Machaer REIT for Real Estate
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 1,382.73 Sqm
<b>BUA (Sqm)</b>	The building is composed of 20 floors with a total BUA of 19,905 Sqm
<b>No. of Rooms</b>	The total number of rooms is 428 Rooms
<b>Pilgrim's Capacity</b>	1976 Pilgrims
<b>Vacancy Rate</b>	The property is fully leased to 1 tenant with a triple net of 12,312,000 SAR
<b>Valuation Approach</b>	Comparable Approach, Cost Approach & Income Approach
<b>Final Property Value</b>	164,200,000 SAR
<b>Valuation Date</b>	14/07/2021
<b>Inspection Date</b>	23/06/2021

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Muscat Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";





AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 14, 2021.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 23, 2021.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 14, 2021.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 14, 2021.**

**1.8 OPINION OF VALUE**

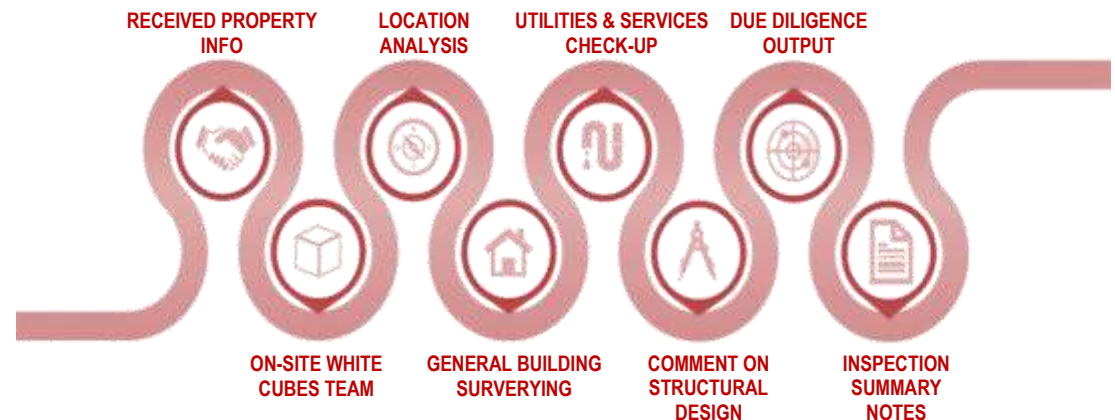
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

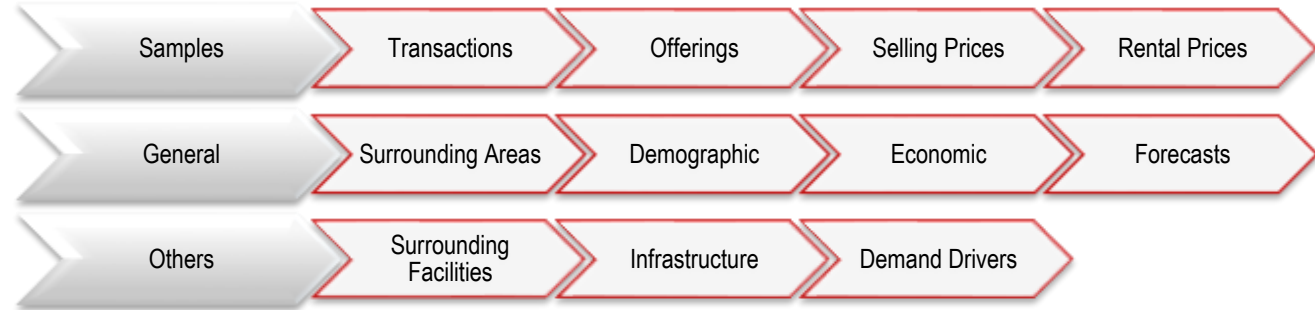
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





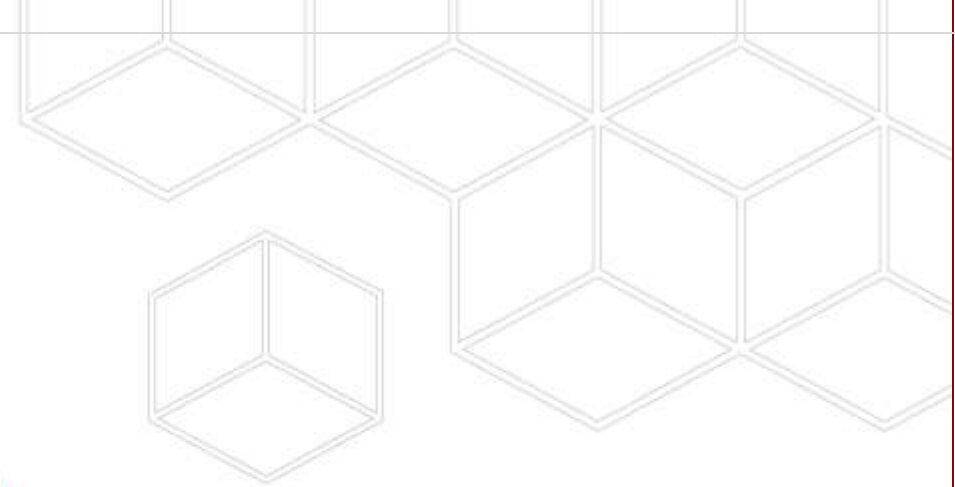
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a hospitality tower composed of 20 floors and located in Prince Abdullah Faisal district, Makkah City. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,382.73 Sqm and a total BUA of 19,905 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from 1 side with a direct view on Al Rida Street from the west side. The tower is mostly surrounded by several residential and mix-use building where all infrastructural facilities such as water electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

### Location Description

The property subject of valuation is a hospitality tower located in Prince Abdullah Faisal district, Makkah City.  
 The property is bordered from the north by a private property  
 The property is bordered from the south by a private property  
 The Property is bordered from the east by a private property  
 The property is bordered to the west by Al Rida Street

### Ease of Access

Based on the current location of the subject property, the access level is medium since it is located near Al Hajj Road.

### Area Surrounding the Property

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

Land		Building	
Land Use	Commercial	Building Type	Hospitality Tower
No. of Streets	1	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No Direct View on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Rida Street	Overall Building Conditions	Good
Land Condition	Constructed		

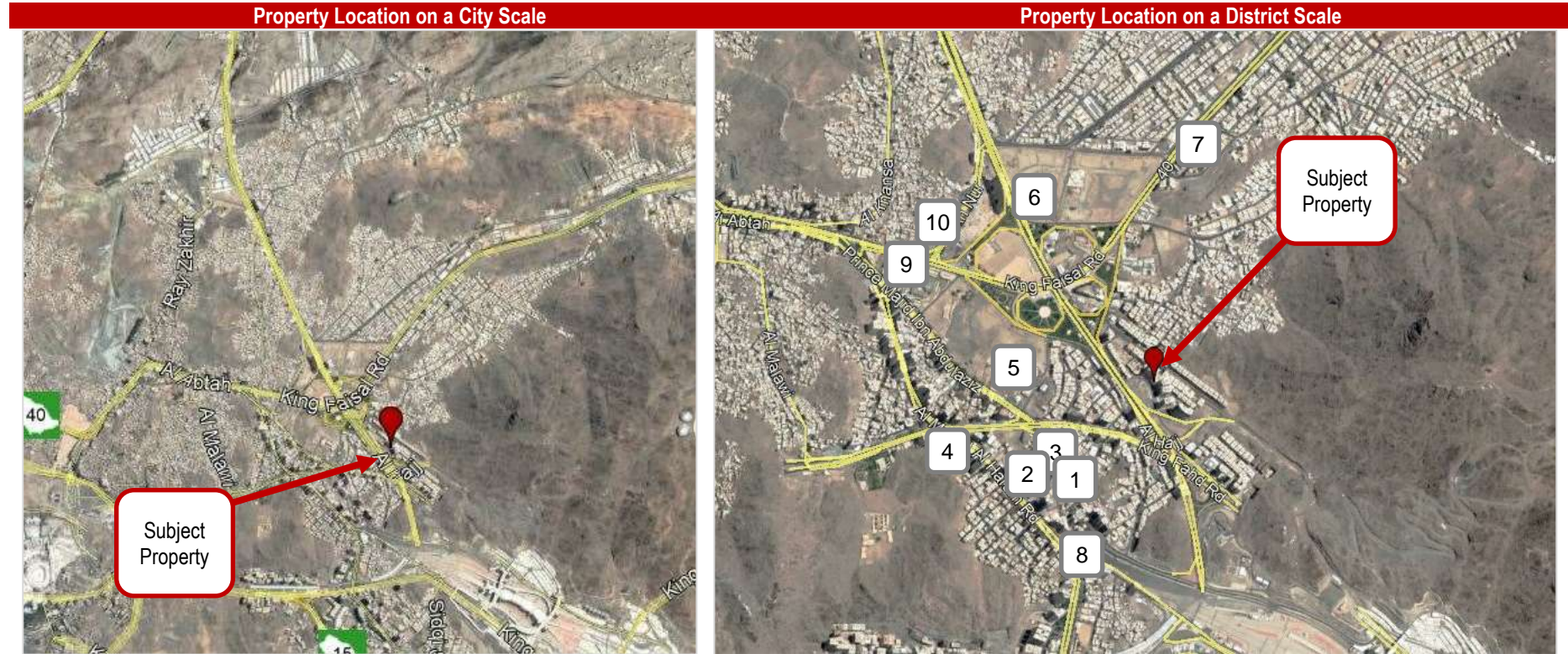
## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



### 1.14 LOCATION

The subject property is located in Prince Abdullah Faisal district, Makkah city and surrounded by several landmarks as follows:



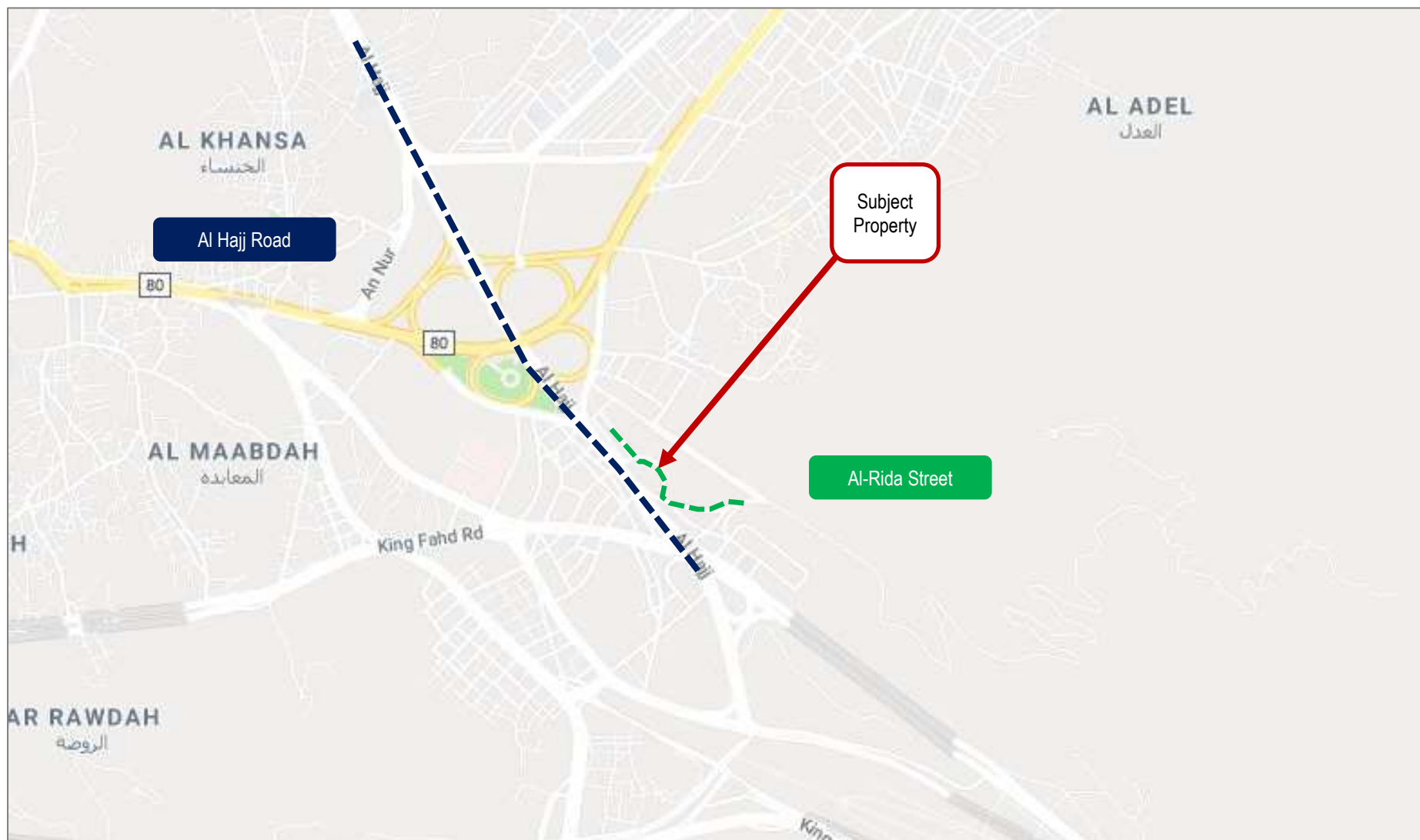
#### Surrounding Landmarks

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1- Faculty Alchp (0.5 Kilometre)</li> <li>2- Makarim Albait (0.7 Kilometre)</li> <li>3- Al Saad Flower Hotel 3 (0.5 Kilometre)</li> <li>4- Retaj Al Rayyan (0.9 Kilometre)</li> <li>5- King Faisal Hospital (0.6 Kilometre)</li> </ul> | <ul style="list-style-type: none"> <li>6- Zajil (0.7 Kilometre)</li> <li>7- Jarir Bookstore (1 Kilometre)</li> <li>8- Bin Dawood Shisha (1 Kilometre)</li> <li>9- Makkah Province Emirate (1.1 Kilometres)</li> <li>10- Noor (1.2 Kilometres)</li> </ul> |
|---|--|



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





### 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	1,382.73
<b>District</b>	Prince Abdullah Faisal	<b>Plot No.</b>	166
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920121009575	<b>Layout No.</b>	1/15/23/ب
<b>T.D Date</b>	09/04/1439 H. D	<b>Owner</b>	Machaer REIT For Real Estate
<b>T.D Value</b>	182,400,000	<b>Ownership Type</b>	FreeHold
<b>Date of Last Transaction Issued From</b>	N/A Makkah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Private Property	<b>East Side</b>	Private Property
<b>South Side</b>	Private Property	<b>West Side</b>	Al Rida Street

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

### 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will valuate them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		





The subject property is a fully constructed Hospitality Tower composed of 20 floors. The Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

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

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

### 1.18 PILGRIMS PERMIT

The client has provided us with copy of the pilgrims permit which was assumed to be correct and authentic. We must note that it is not in our scope to run legal diagnoses to any legal document. The details are shown below:

Pilgrims Permit	
Permit No.	13702
Permit Issuance Date	02/07/1434 H. D
Total Number of Rooms	428
Number of Pilgrims	1976
Number of Elevators	6
Number of Internal Emergency Staircases	3
Number of Electrical Generators	1
Means of Safety Available in the property	
Automatic Sprinkler System	Fire Alarm System
Fire Extinguishing System	Fire Pump



## 1.19 PHOTO RECORD





## 1.20 STATUS & CONDITION

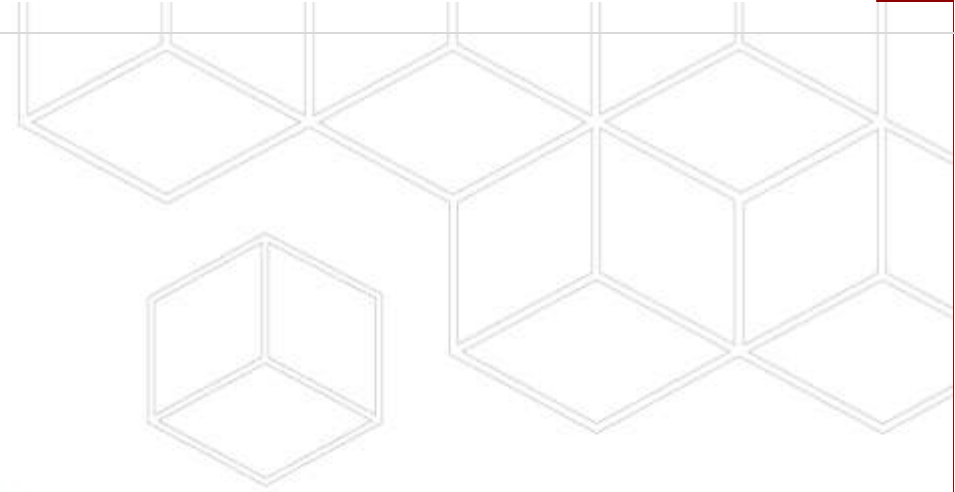
The subject property is a fully constructed hospitality tower. It is composed of 20 floors in total, 14 of which are typical residential floors with a total capacity of 428 rooms units. It has six elevators and three internal emergency staircases. The property is equipped with variety of safety means such as an automatic sprinkler system, fire alarm system, fire extinguishing system and a fire pump.

## 1.21 INSURANCE

We have not been provided with any insurance policy for the underlying asset.

# MARKET INDICATORS

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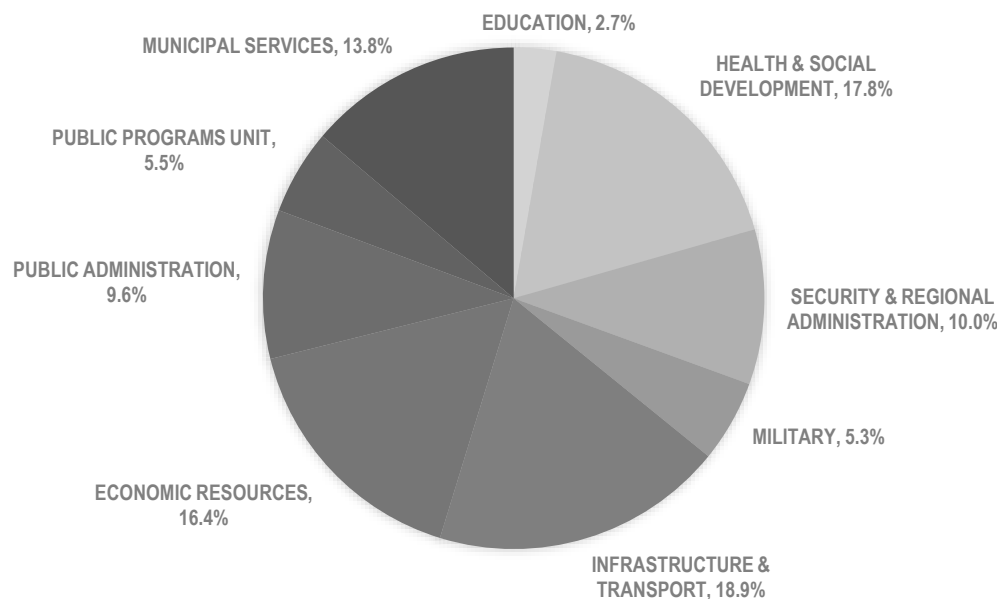
## 1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.23 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





### 1.24 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Good quality of finishing</li> <li>- Newly Constructed Project</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- No direct view on the main road</li> <li>- It is open on 1 side only</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- High demand of hospitality project due to the nature of the city</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing and upcoming hospitality projects</li> <li>- High Competition in the area</li> </ul>

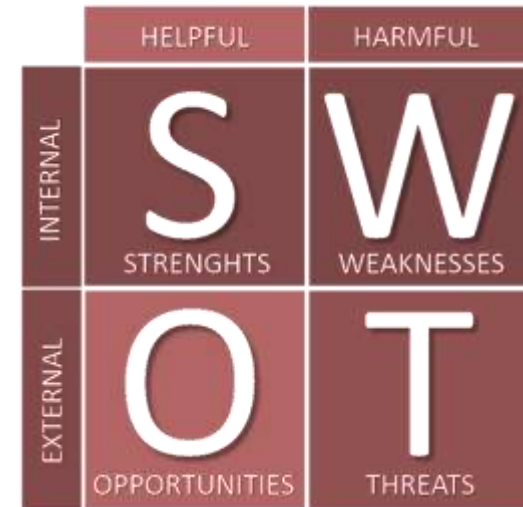
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.25 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

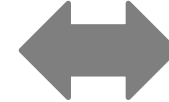


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

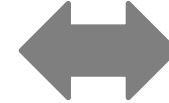


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



### 1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>16 Risk Points - Medium Risk</b>				

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	-----	✓	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>11 Risk Points – Medium Risk</b>				

**Land Analysis**

Risk Category- 11 Risk Points – Medium Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	✓	-----	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points - Minimal Risk</b>				

**Property Analysis**

Risk Category- 6 Risk Points - Minimal Risk



# PROPERTY VALUATION

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### 1.27 DOCUMENTS RECEIVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Pilgrims Permit ✓
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Income & Revenues	Operational Cost - OPEX

### 1.28 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.29 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.30 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valuated
- Sales agents specialized with the same type of assets subject to valuation

**1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

**1.32 VALUATION APPROACH**

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

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

**COMPARABLE METHOD**

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



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

## CAPITALIZATION METHOD (CAP RATE)

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

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.



### 1.33 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

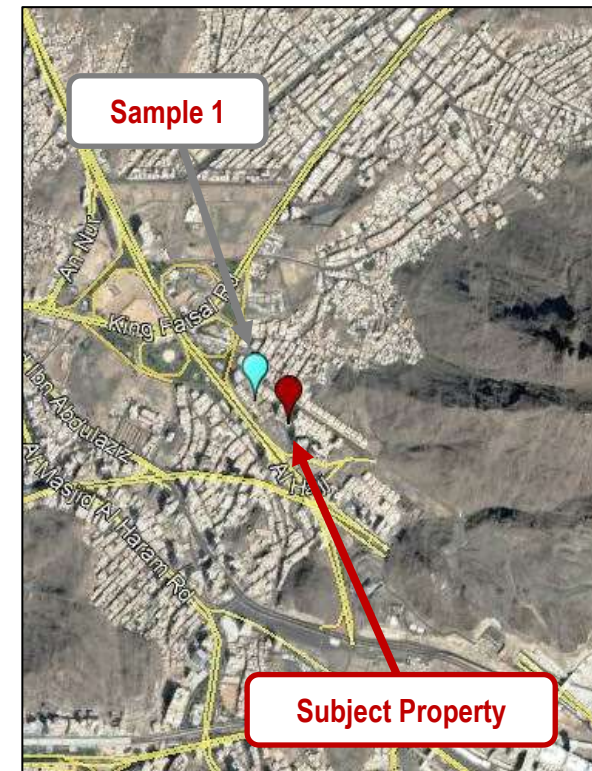
### 1.34 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Prince Abdullah	Prince Abdullah	
Sale Price	-----	SAR 17,800,000	
Data Source	Title Deed	Market Survey	
Area Size	1,382.73	1,252.00	
SAR / Sqm	-----	SAR 14,217	
Sides Open	1	1	

Adjustment Analysis			
		SAMPLE 1	
Area size	1,382.73	1,252.00	0.00%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	15	15	0.00%
Sides Open	1	1	0.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
Total Adjustments Ratio			0.00%
Total Adjustment Amount			SAR 0.0
Net After Adjustment			SAR 14,217.3
SAR / Sqm		SAR 14,217	
Rounded Value		SAR 14,200	





SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	1,383	1,383	1,383	1,383	1,383
SAR / Sqm	SAR 12,780.0	SAR 13,490.0	SAR 14,200.0	SAR 14,910.0	SAR 15,620.0
Property Value	SAR 17,671,289	SAR 18,653,028	SAR 19,634,766	SAR 20,616,504	SAR 21,598,243
			<b>PROPERTY VALUE</b>		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 14,000 - 14,500 SAR / Sqm with an average of 14,250 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.35 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	SAR 450	SAR 550	SAR 500
Finishing Materials	SAR 900	SAR 1,100	SAR 1,000
Fit outs & Appliance	SAR 250	SAR 350	SAR 300
Furniture	SAR 750	SAR 850	SAR 800
Site Improvements	280	320	300
Owner Profit	28%	32%	30%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
920121009575	1,383.00	SAR 14,200	SAR 19,638,600



Building			
	Unit	No of Floors	Total BUA
Basement	Sqm	1	1,382.73
Ground Floor	Sqm	1	1,018.74
Mezzanine	Sqm	1	758.78
Restaurant Floor	Sqm	1	1,016.88
Mosque Floor	Sqm	1	1,016.88
14 Typical Floors	Sqm	14	12,780.60
Annex Floor	Sqm	1	755.03
Stair Case & Elevators	Sqm	1	44.19
Sewage Tanks	Sqm	1	6
			1,125.17
<b>Total (SQM)</b>	<b>19,905.00</b>		

HARD COSTS ESTIMATES					
G + M + Upper Floors + Annex					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	18,522.27	SAR 1,000	SAR 18,522,270	100%	SAR 18,522,270
Electro Mechanic	18,522.27	SAR 500	SAR 9,261,135	100%	SAR 9,261,135
Finishing	18,522.27	SAR 1,000	SAR 18,522,270	100%	SAR 18,522,270
Fit outs & Appliances	18,522.27	SAR 300	SAR 5,556,681	100%	SAR 5,556,681
Furniture	18,522.27	SAR 800	SAR 14,817,816	100%	SAR 14,817,816
<b>Total</b>			<b>SAR 66,680,172</b>	<b>100.00%</b>	<b>SAR 66,680,172</b>
Underground					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,382.73	SAR 1,500	SAR 2,074,095	100%	SAR 2,074,095
Electro Mechanic	1,382.73	SAR 500	SAR 691,365	100%	SAR 691,365
Finishing	1,382.73	SAR 400	SAR 553,092	100%	SAR 553,092
<b>Total</b>			<b>SAR 3,318,552</b>	<b>100.00%</b>	<b>SAR 3,318,552</b>
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	1,382.73	SAR 80	SAR 110,618	100%	SAR 110,618
External Landscape	363.99	SAR 200	SAR 72,798	100%	SAR 72,798
Fences	0.00	SAR 250	SAR 0	100%	SAR 0
Site Improvements	363.99	SAR 300	SAR 109,197	100%	SAR 109,197
<b>Total</b>			<b>SAR 292,613</b>	<b>100.00%</b>	<b>SAR 292,613</b>
Summary					
	Actual Completion %			Total BUA	19,905.00
G+M + Upper Floor	100.00%			Total Hard Cost	<b>SAR 70,291,337</b>
Under Ground	100.00%			Average SAR / Sqm	<b>SAR 3,531</b>
General Site Dev.	100.00%			Overall Completion	<b>100.00%</b>



### SOFT COSTS ESTIMATES

	Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost	SAR 70,291,337	0.10%	SAR 70,291.34
Design	SAR 70,291,337	0.50%	SAR 351,456.69
Eng Consultant	SAR 70,291,337	1.00%	SAR 702,913.37
Management	SAR 70,291,337	5.00%	SAR 3,514,566.87
Contingency	SAR 70,291,337	5.00%	SAR 3,514,566.87
Others	SAR 70,291,337	0.00%	SAR 0.00
<b>TOTAL</b>			<b>SAR 8,153,795.14</b>

After knowing the total construction costs (Incl. Soft Costs) at a rate of 3,941 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

### DEVELOPMENT VALUE

Hard Cost	SAR 70,291,337	Economic Age	50
Soft Cost	SAR 8,153,795	Annual Dep Rate	2.00%
<b>Total Dev Cost</b>	<b>SAR 78,445,133</b>		
		Actual Age	7
Net Dep Rate	14.00%	Total Dep Rate	14.00%
Dev Cost After Depreciation	<b>SAR 67,462,814</b>	Add Appr Rate	0.00%
		Net Dep Rate	<b>14.00%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @ 20%	30.0%		
Dev. Profit Amount	SAR 20,238,844		
<b>Development Value</b>	<b>SAR 87,701,658</b>		

The total value of the building is 87,702,662 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 87,702,662	SAR 19,638,600	SAR 107,341,262	SAR 107,300,000





## 1.36 INCOME APPROACH- MARKET RATES

### Market Rental Analysis

#### PILGRIMS – HAJJ SEASON

We have noted that the average market rate for the Hajj season in the surrounding areas of the subject property falls in the range of SAR 1,650 to SAR 1,750, which we have applied the rate of SAR 1,700 for conservative basis. In addition, and according to the market current performance, we have assumed 95% occupancy rate in Hajj season.

#### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (20 DAYS)

The Average Daily Rates for the hospitality sector depend on the category of the property itself (no of Stars). The average ADR falls in the range of SAR 130 to SAR 190 as rooms daily rates for the first 20 days of Ramadan Season. In addition, and according to the market current performance, we have assumed 80% occupancy rate for the same mentioned season.

#### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (10 DAYS)

The average ADR of the last 10 days of Ramadan season falls in the range of SAR 200 to SAR 400 in the surrounding areas of the subject property, in addition to occupancy rate of 90%.

#### AVERAGE DAILY RATE (ADR) – OTHER SEASONS

The overall estimated occupancy rate of the hospitality sector in Makkah for the remaining days of the year, and in the year of 2020, is almost 45%. Yet we have assumed 45% occupancy rate due to the property's location with an ADR of SAR 130 / Night.

### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%



## Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

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

## The Capitalization Rate Used for the Valuation

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

<b>Minimum capitalization rate</b>				7%
<b>Maximum capitalization rate</b>				8%
<b>Average</b>				7.50%
<b>The effect of the property specifications on the property</b>				
<b>Item</b>	<b>Status</b>	<b>Influence</b>	<b>Notes</b>	
Ease of access to the property	-----	0.00%	several major methods	
General condition of the property	-----	0.25%	The actual age of the property is 7 years	
The general location of the property	-----	-0.25%	The area is served good	
Quality and finishes	-----	0.00%	Good quality finishes	
Project Management Team	-----	-0.25%	Excellent management and operational team level	
Services and public facilities	-----	0.00%	level and availability of services is average	
<b>Total</b>		<b>-0.25%</b>		
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>				
<b>Total adjustments on capitalization rate</b>		-0.25%		
<b>Capitalization rate, according to market averages</b>		7.50%		
<b>Estimated capitalization rate of the property valuation</b>		<b>7.25%</b>		

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.25%, which will be applied subsequently to the net operating income of the property.



Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Season Type	Unit	Quantity	Rate	Revenue Type	No of Days	Total Revenues
Hajj Season	Pilgrims	1,976	SAR 1,800	Seasonal	10	SAR 3,556,800
Ramadan (20 Days)	Keys	428	SAR 180	Daily	20	SAR 1,540,800
Ramadan (10 Days)	Keys	428	SAR 350	Daily	10	SAR 1,498,000
Other Seasons	Keys	428	SAR 140	Daily	325	SAR 19,474,000
<b>Total Revenues</b>						<b>SAR 26,069,600</b>
EXPENSES						
Season Type	Management	Utilities	Maintenance	Others	Vacancy	Total Deduction
Hajj Season	5.00%	2.00%	3.00%	0.00%	5.00%	15.00%
Ramadan (20 Days)	5.00%	2.00%	3.00%	0.00%	20.00%	30.00%
Ramadan (10 Days)	5.00%	2.00%	3.00%	0.00%	10.00%	20.00%
Other Seasons	5.00%	2.00%	3.00%	0.00%	55.00%	65.00%
Showrooms	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%
NET OPERATING INCOME						
Season Type	Total Revenues	Total Deduction			NOI	
Hajj Season	SAR 3,556,800	15.00%			SAR 3,023,280	
Ramadan (20 Days)	SAR 1,540,800	30.00%			SAR 1,078,560	
Ramadan (10 Days)	SAR 1,498,000	20.00%			SAR 1,198,400	
Other Seasons	SAR 19,474,000	65.00%			SAR 6,815,900	
Showrooms	SAR 0	2.50%			SAR 0	
<b>Total</b>					<b>SAR 12,116,140</b>	
<b>Revenues</b>					SAR 26,069,600	
<b>Deductions</b>					-SAR 13,953,460	
<b>Net Operating Income</b>					<b>SAR 12,116,140.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 12,116,140.00	7.25%	167,119,172.41 SAR		<b>167,100,000.00 SAR</b>		



## 1.37 INCOME APPROACH- LEASING CONTRACT

### Market Rental Analysis

As per the received copy of the leasing contract, the subject property is fully leased to one tenant with an annual triple net lease of SAR 12,312,000. As for the OPEX rate, which is being paid by the Tenant, no expenses were calculated.

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate		7%
Maximum capitalization rate		8%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
Ease of access to the property	0.00%	several major methods
General condition of the property	0.25%	The actual age of the property is 7 years
The general location of the property	0.00%	The area is served good
Quality and finishes	0.00%	Good quality finishes
Project Management Team	0.00%	Good management and operational team level
Tenant Status	-0.25%	Stronghold tenant
<b>Total</b>	<b>0.00%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>		0.00%
<b>Capitalization rate, according to market averages</b>		7.50%
<b>Estimated capitalization rate of the property valuation</b>		<b>7.50%</b>

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.5%, which will be applied subsequently to the net operating income of the property.



Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES					
Unit Type	Quantity	Revenues			
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Hospitality Project		The subject property is Fully leased to 1 tenant			SAR 12,312,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 12,312,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Hospitality Project	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Hospitality Project	SAR 12,312,000	0.00%	SAR 12,312,000		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
<b>Total</b>					<b>SAR 12,312,000</b>
<b>Total Property Revenues</b>					SAR 12,312,000
<b>Total Property Expenses</b>					SAR 0
<b>Net Operating Income</b>					<b>SAR 12,312,000.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 12,312,000.00	7.50%	164,160,000.00 SAR		<b>164,200,000.00 SAR</b>	

### 1.38 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 167,100,000	One Hundred Sixty-Seven Million and One Hundred Thousand Saudi Riyals
<b>Income- Actual</b>	Property	SAR 164,200,000	One Hundred Sixty-Four Million and Two Hundred Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 107,300,000	One Hundred Seven Million and Three Hundred Thousand Saudi Riyals



### 1.39 VALUATION NOTES

The achieved value from the income approach is based the leasing contract. In case there were modifications in the contract value and terms between the owner and the tenant, this may cause a direct impact on the final value of the subject property based on the Income approach.

### 1.40 SUBJECT PROPERTY VALUE

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

**Property Value: 164,200,000 SAR**  
**One Hundred Sixty-Four Million and Two Hundred Thousand Saudi Riyals**

### 1.41 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

### 1.42 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.43 CONCLUSION

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



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**Essam Hussaini**  
**Site Inspection Check**

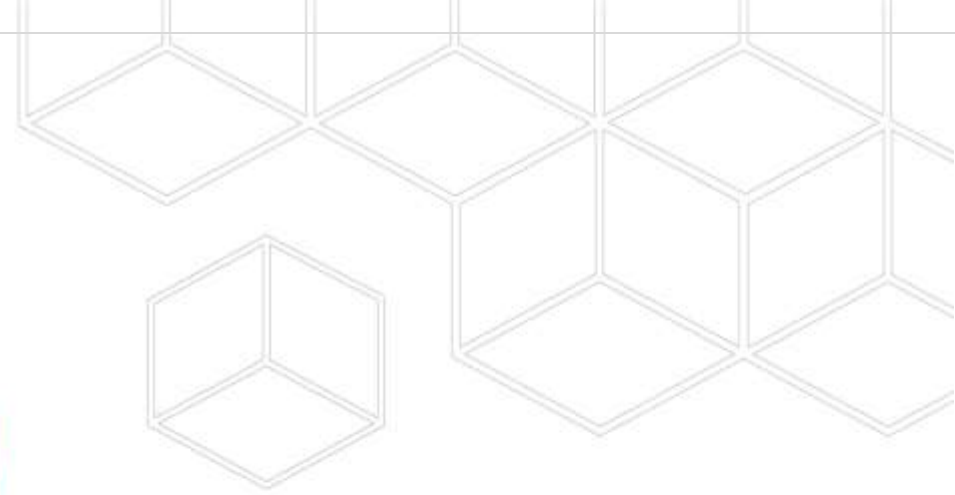
A handwritten signature in blue ink, appearing to read 'Essam Hussaini', located below the name and title.

**Member of (Taqeem)**  
**License No. 121000474**



# GENERAL NOTES

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**1.44 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.45 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Muscat Capital	June 2021	-----
✓	-----	-----	-----
✓	-----	-----	-----

**1.46 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service 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.



**1.47 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

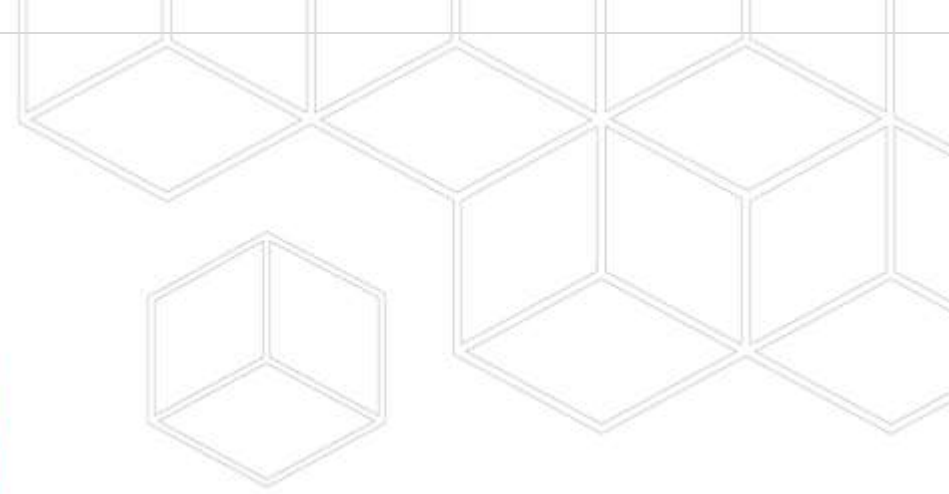
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties 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.

# DOCUMENTS COPIES

---





Title Deed


  
 دولة قطر  
 وزارة العدل  
 كاتب العدل الأختار المحترم  
 [٢٧٧]

رقم: ٢٢٠١٢٢٠٠١٤٥٨  
 التاريخ: ١٤/١٠/٢٠٢٢ هـ

**صك**

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد:-  
 فإن قطعة الأرض رقم ١٦٦ من المخطط رقم ١٠٨ / ٢٢ الواقع في حي منطقة الأمير عبدالله الفيصل بمدينة مسقط المنصرفة  
 وحدودها وأطرافها علىالتالي:  
 شمالاً: قطعة رقم ١٦٥ بطول: ٤٩٦ متراً و أربعين سنتاً  
 جنوباً: قطعة رقم ١٦٧ بطول: ٤٦٦ متراً و أربعين سنتاً  
 شرقاً: قطعة رقم ١٦٨ بطول: ٣٠٦ متراً و خمسة و ثلاثين سنتاً  
 غرباً: شارع عرض ١٢ متر بطول: ٢٦٦ متراً و ثمانين سنتاً و عشرين سنتاً  
 ومساحتها: (١٠,٣٨٢,٢٣) ألف و ثلاثمائة و اثنين و ثمانون متراً مربعاً و ثلاثة و سبعون سنتاً مربعاً تقريباً  
 والمثبت في إفراغها على الصك الصادر من هذه الإدارة برقم ٢٧٢٢ - ١٢١ - ٢٢٠ / ٤ / ١٤٢٥ هـ.  
 قد انتقلت ملكيتها من: شركة مشاهير ريت العقارية بموجب سجل تجاري رقم ١٠٠٠٩٢٤٤٢٠ / ٣ / ٢٠٢٢ هـ وتلتحق في ٢ / ١٠ / ١٤٤٤ هـ - ١٠ / ١٠ / ١٤٤٤ هـ بمبلغ قدره ١٨٢١٠٠٠٠٠٠ مائة و اثنين و ثمانون مليوناً و اربعمائة و ألف ريال وعليه جرى التصديق لهجره في ٢ / ١٠ / ١٤٢٦ هـ لاستناداً ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

عادل بن محمد بن أحمد الزهراني


  
 كاتب العدل  
 عادل بن محمد بن أحمد الزهراني

صفحة ١ من ١  
 نسخة طبق الصك  
 رقم: ٢٢٠١٢٢٠٠١٤٥٨  
 تاريخ: ١٤/١٠/٢٠٢٢ هـ

Construction Permit


  
 دولة قطر  
 وزارة الشؤون البلدية والقروية  
 أسامة العاصمة البلدية  
 رخصة جديدة  
 رخصة بناء

رقم الطلب الإلكتروني: 3402500791  
 رقم الرخصة: 88942  
 البرق الرخصة: 1434/12/23  
 صلاحيتها: سنة

الإسم: شركة إسكان للتجارة والاستثمار  
 رقم الترخيص: 00160  
 رقم المنطقة: 1413/04/15  
 رقم السجل العقاري: 1/7838  
 رقم المخطط التنظيمي: 671  
 التاريخ: 1405/04/25  
 الموقع: الأبرج عبد الله الفيصل / 671 / الحي:

الحدود	إرتداد (م)	العمق
شمال	45.00	العمق رقم 160 شارع
شرق	35.00	العمق رقم 160 شارع
جنوب	45.00	العمق رقم 160 شارع
غرب	25.00	شارع عرض 12 م

مكونات البناء	عدد الأجزاء	الوحدة	المساحة	الإستخدام
البنود	1	1	1382.78	مخزن سيارات
دور أرضي	1	1	1048.34	إستخدام
مداخل	1	1	766.78	إستخدام
دور مجلس	1	1	1078.96	مجلس
دور مطبخ	1	1	1078.96	مطبخ
دور مكتبة	14	14	52765.0	سكني
دور أخير	1	1	766.03	سكني
بيتة برج ٢ مصاعد	1	1	44.19	بيتة برج ٢ مصاعد
مطابخ	1	1	1126.57	مطابخ
مداخل	8	1	8	مطبخ
إجمالي			10603.06	

المالك: إسكان للاستثمار العقارية  
 رقم الترخيص: 00160  
 رقم المنطقة: 1413/04/15  
 رقم السجل العقاري: 1/7838  
 رقم المخطط التنظيمي: 671  
 التاريخ: 1405/04/25  
 الموقع: الأبرج عبد الله الفيصل / 671 / الحي:

تعليمات: للتأكد من صحة الوثائق الموجودة في هذه الرخصة والإشراطات الخاصة بها الرجاء الدخول والإستعلام من خلال نظام رخص البناء المتوفر على موقع [www.HolyMarket.com](http://www.HolyMarket.com) وذلك برقم رخصة البناء علماً بأن كافة البيانات في الرخصة تم تدقيقها لضمان صحتها وتتم التلاعب بمحتواها.

مدير إدارة الرخص: رئيس البلدية  
 محمد عبد الله عبد الكريم

08:10:38 - 1434/12/23 : تاريخ الصك

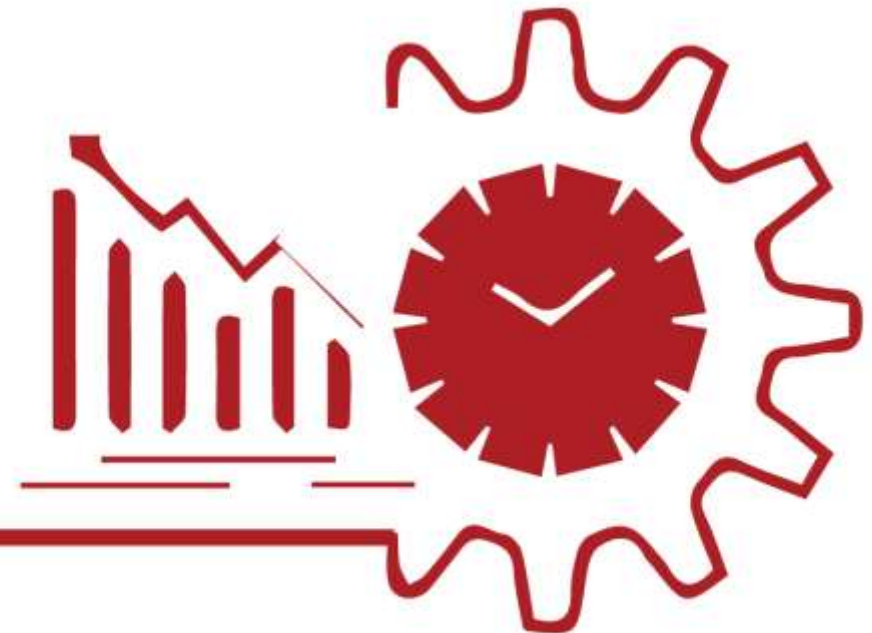
# MUSCAT CAPITAL OFFICE BUILDING

RIYADH CITY

JULY 2021



# Valuation Report





**REF:** 2011354-4  
**Date:** 14/07/2021  
**M/S** Muscat Capital

**Subject: Valuation Report for an office building in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on July 14, 2021 for valuation service of the office building located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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(Please Click on the Title for Direct Access)

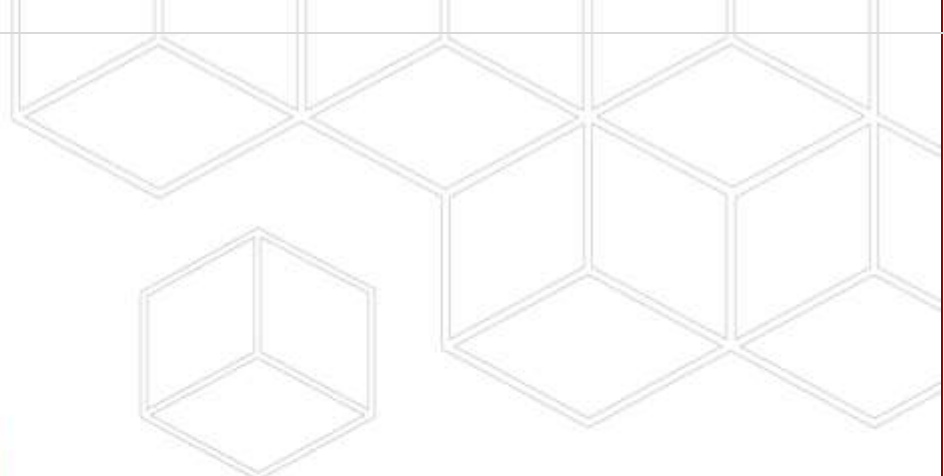
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# EXECUTIVE SUMMARY

---







## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 14/07/2021 to implement valuation service for an office building in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Muscat Capital, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	2011354
<b>Purpose of Valuation</b>	Auditing Purposes
<b>Subject Property</b>	Office building
<b>Property Location</b>	The property is located in Al Rabih district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 393140003190 & 393140003189, Title Deed Date: 02/09/1442, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة مشاعر ريت العقارية (mortgaged)
<b>Land Use</b>	Commercial use
<b>Land Area (Sqm)</b>	Based on the title deeds, the land has an area size of 6,155.8 Sqm
<b>BUA (Sqm)</b>	The building has total BUA of 23,220 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 10,700 Sqm composed of offices.
<b>Valuation Approach</b>	Comparable Approach, Cost Approach & DCF Approach
<b>Final Property Value</b>	137,000,000 SAR
<b>Valuation Date</b>	14/07/2021
<b>Inspection Date</b>	27/06/2021

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Muscat Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 14, 2021.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 27, 2021.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 14, 2021.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 14, 2021.**

**1.8 OPINION OF VALUE**

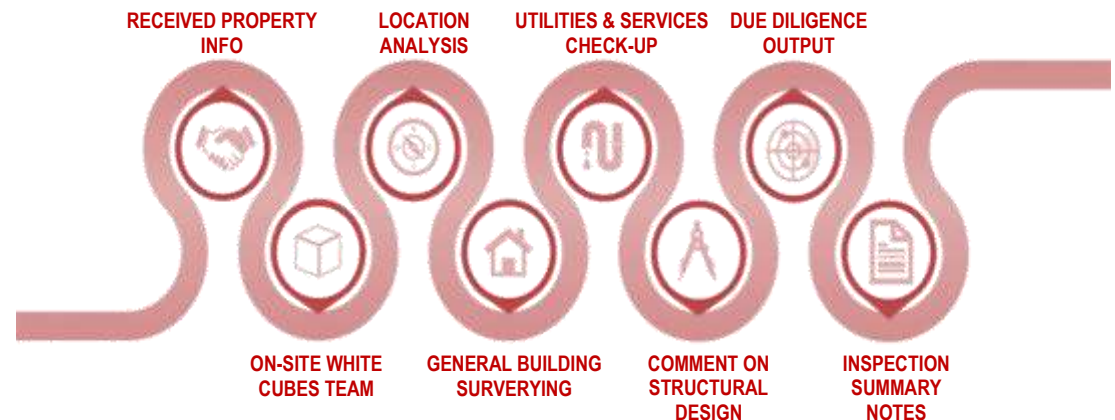
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Auditing Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The DCF Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

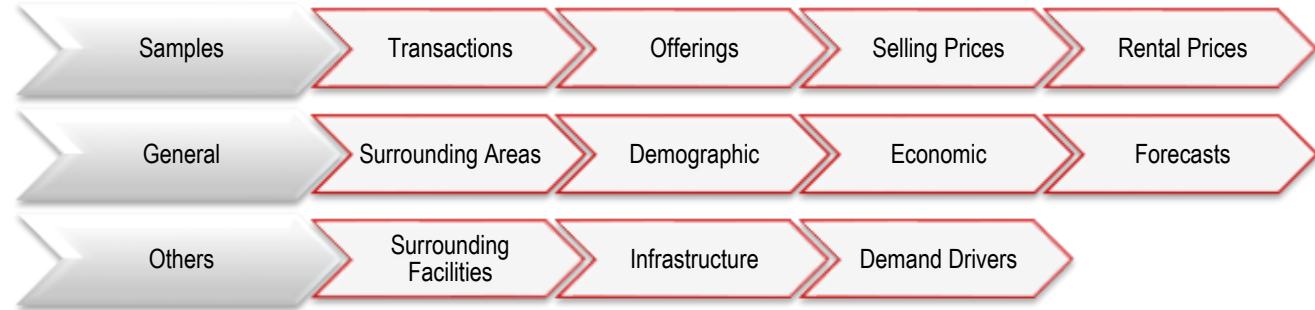
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





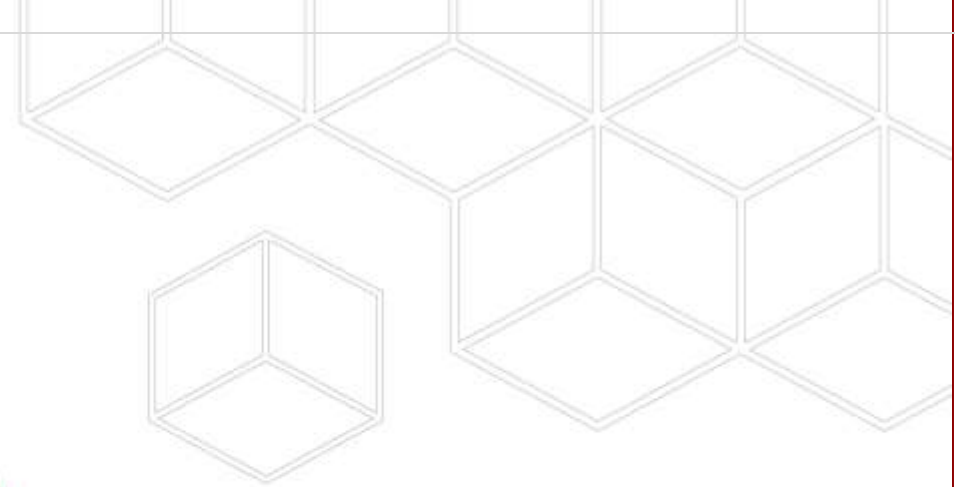
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

---





## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is an office building located in Al Rabih district, Riyadh city. Based on the provided copies of the title deeds and information provided by the client, the project has total land area of 6,155.8 Sqm and total BUA of 23,220 Sqm. As per the site inspection done by our team for the purpose of valuation, we have found that the building is open from 3 sides with a direct view on Al Thumamah road. The property is surrounded by several residential and commercial buildings where all infrastructural facilities such as water, electricity sewage and telecommunication are available in the surroundings and connected to the subject property.

### Location Description

The property subject of valuation is a commercial plot of land in Al- Rabih district, Riyadh city.  
 The property is bordered from the north by a 60 meters street  
 The property is bordered from the south by a 20 meters street  
 The Property is bordered from the east by a private property  
 The property is bordered to the west by a 20 meters street

### Ease of Access

Based on the current location of the subject property, the access level is high, since it is located on Al Thumamah road.

### Area Surrounding the Property

The subject property is mostly surrounded by residential & commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Office building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Thumamah road	Building Finishing Conditions	Good
Direct View on an Internal Street	Internal streets	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	





## 1.14 LOCATION

The subject property is located in Al Rabi district, Riyadh city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



### Surrounding Landmarks

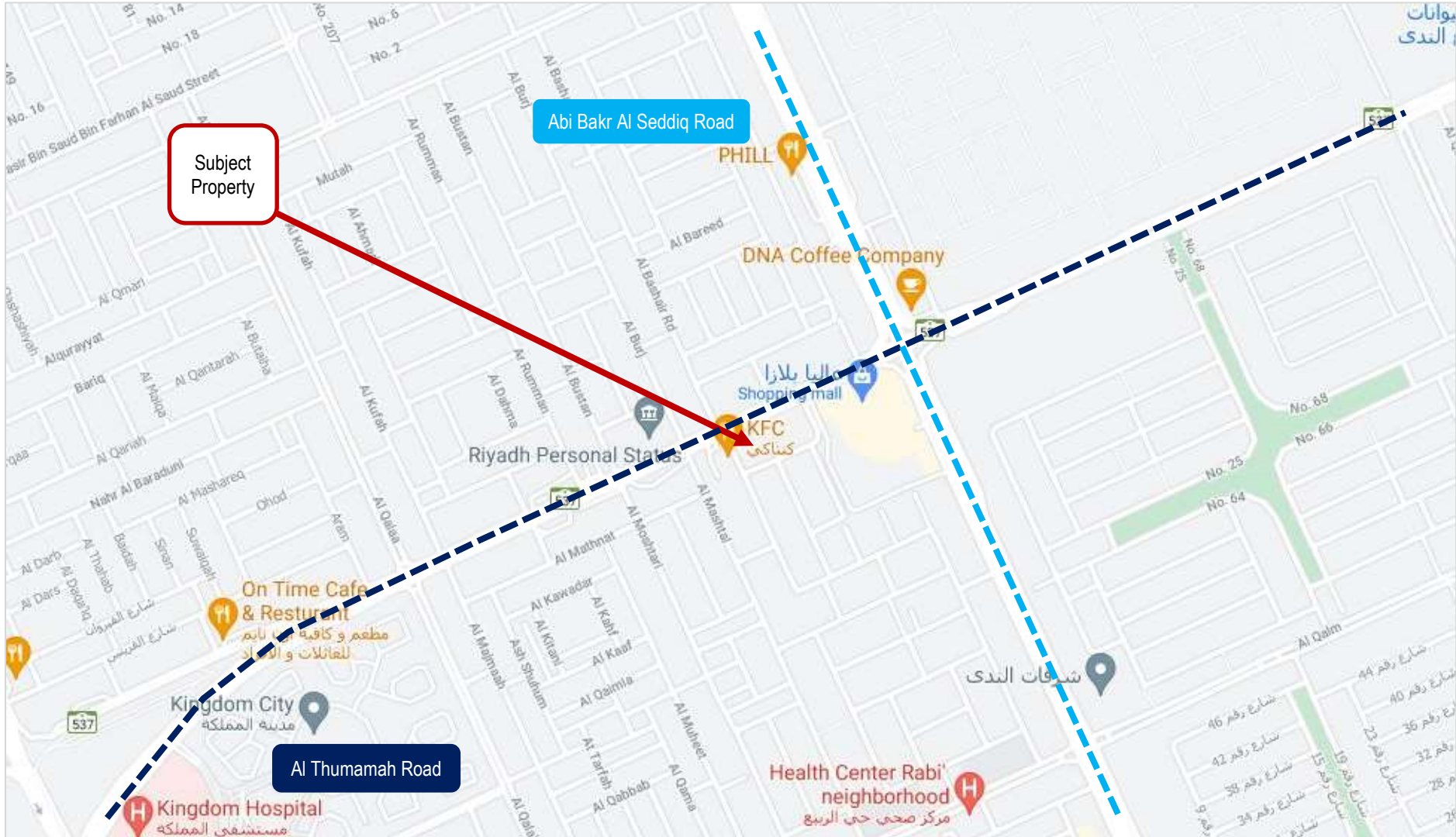
- 1- Alia Plaza (0.1 Kilometers)
- 2- Riyadh Bank (0.2 Kilometers)
- 3- Hayat Convention Hall (0.5 Kilometers)
- 4- Saudi Electronic University (0.6 Kilometers)

- 5- Umarah Bint Hamza Middle School (0.6 Kilometers)
- 6- Kingdom City (1.1 Kilometers)
- 7- Al Rabi Grand Mosque (20.74 Kilometers)
- 8- Kingdom Hospital (1.5 Kilometers)



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by 2 title deeds. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	3,079.38 Sqm
<b>District</b>	Al Rabih	<b>Plot No.</b>	2
<b>T.D Type</b>	Electronic	<b>Block No.</b>	2
<b>T.D Number</b>	393140003190	<b>Layout No.</b>	3090
<b>T.D Date</b>	02/09/1442	<b>Owner</b>	شركة مشاعر ريت العقارية
<b>T.D Value</b>	-	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	02/09/1442 Riyadh notary	<b>Limitation of Document</b>	Motgaged
<b>North Side</b>	60 meters street	<b>East Side</b>	Plot# 3
<b>South Side</b>	20 meters street	<b>West Side</b>	20 meters street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		
<b>City</b>	Riyadh	<b>Land Area</b>	3,076.42 Sqm
<b>District</b>	Al Rabih	<b>Plot No.</b>	3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	2
<b>T.D Number</b>	393140003189	<b>Layout No.</b>	3090
<b>T.D Date</b>	02/09/1442	<b>Owner</b>	شركة مشاعر ريت العقارية
<b>T.D Value</b>	-	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	02/09/1442 Riyadh notary	<b>Limitation of Document</b>	Motgaged
<b>North Side</b>	60 meters street	<b>East Side</b>	Plot# 4
<b>South Side</b>	Plot# 2	<b>West Side</b>	20 meters street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		



### 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	-----	Construction Permit	-----	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	✓	Under Construction	-----
Verbal Information	✓	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The client did not provide us with a copy of the construction permit related to the subject property, yet he informed us that the total BUA of the building is 23,220 Sqm.

### 1.18 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



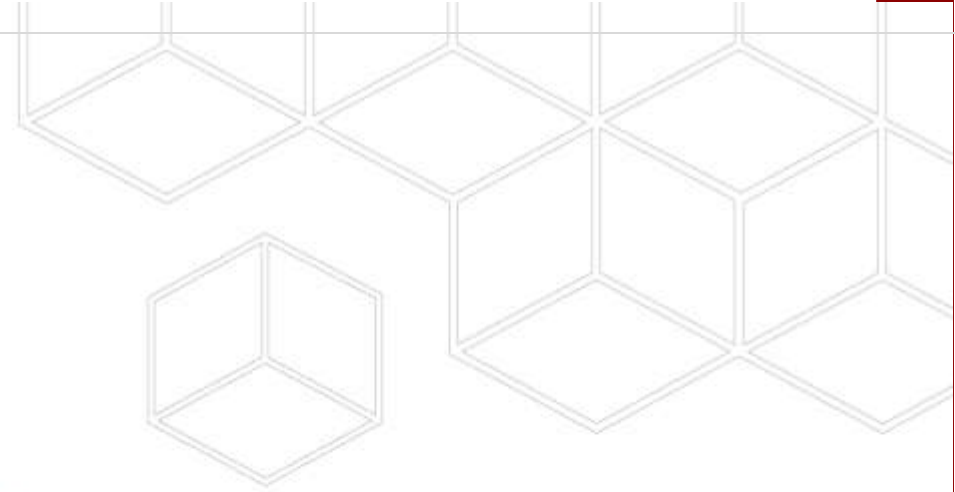
### 1.19 PHOTO RECORD





# MARKET INDICATORS

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## 1.20 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

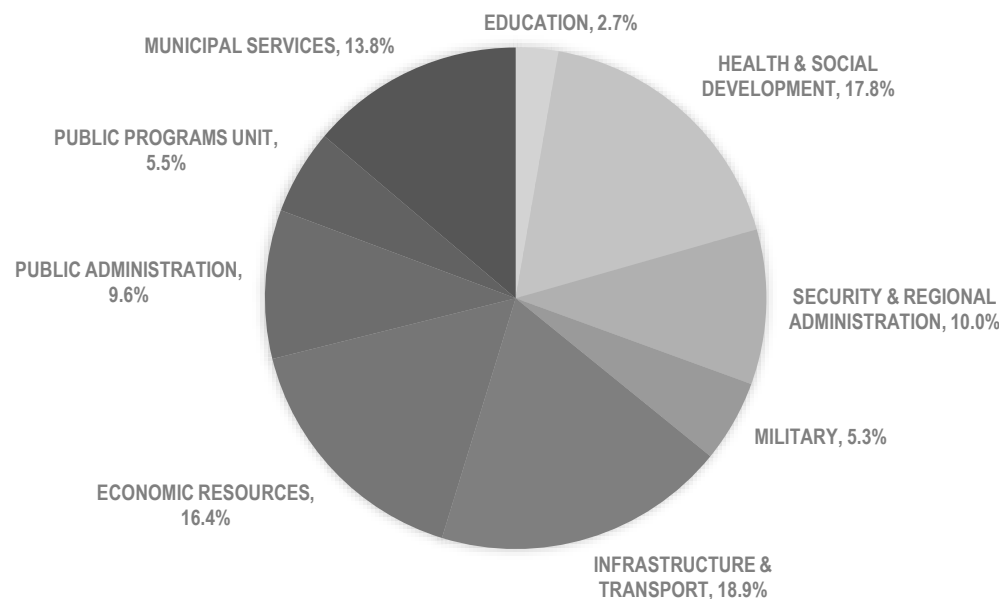
## 1.21 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy







### 1.22 SWOT ANALYSIS

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The property is open from 3 sides with a direct view on Al Thumamah Road</li> <li>- High ease of access</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- High traffic Area</li> <li>- The property far from city center</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- High demand on the property type due to its location and ease of access</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing and potential similar projects in the area</li> </ul>

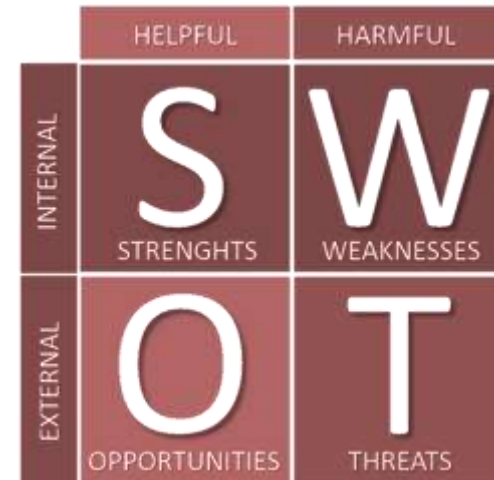
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.23 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

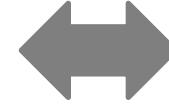


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

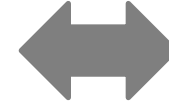


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.24 RISK ANALYSIS**

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>17 Risk Points - Medium Risk</b>				

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>9 Risk Points - Minimal Risk</b>				

**Land Analysis**

Risk Category- 9 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	✓	-----	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points - Medium Risk</b>				

**Property Analysis**

Risk Category- 6 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.25 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Income & Revenues	Operational Cost - OPEX

### 1.26 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.27 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



### 1.28 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

### 1.29 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.30 VALUATION APPROACH

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

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

#### COMPARABLE METHOD

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



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

## DISCOUNTED CASH FLOW (DCF)

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property



### 1.31 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

### 1.32 COMPARABLE APPROACH

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

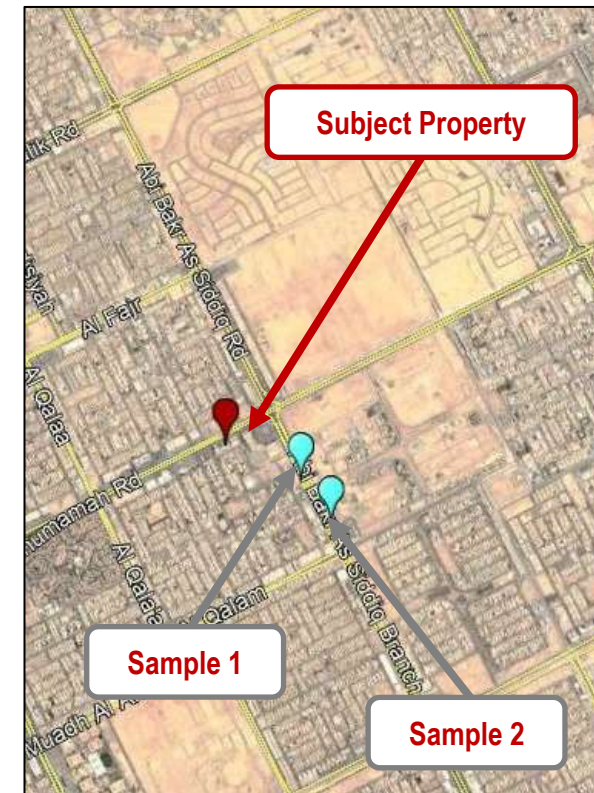
Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Al Rabih	Al Rabih	Al Rabih
Sale Price	-----	SAR 94,000,000	SAR 54,500,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	6,155.80	17,202.00	9,190.00
SAR / Sqm	-----	SAR 5,464	SAR 5,930
Sides Open	3	2	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	6,155.80	17,202.00	5.00%	9,190.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	60	60	0.00%	60	0.00%
Sides Open	3	2	5.00%	1	10.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	No	-5.00%	Yes	-5.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>5.00%</b>		<b>5.00%</b>
<b>Total Adjustment Amount</b>			SAR 273.2		SAR 296.5
<b>Net After Adjustment</b>			SAR 5,737.7		SAR 6,226.9

SAR / Sqm	<b>SAR 5,982</b>
Rounded Value	<b>SAR 6,000</b>







SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	6,156	6,156	6,156	6,156	6,156
SAR / Sqm	SAR 5,400.0	SAR 5,700.0	SAR 6,000.0	SAR 6,300.0	SAR 6,600.0
Property Value	SAR 33,241,320	SAR 35,088,060	SAR 36,934,800	SAR 38,781,540	SAR 40,628,280
<b>PROPERTY VALUE</b>					

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 5,500 - 6,500 SAR / Sqm with an average of 6,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.33 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 1,200	SAR 1,400	SAR 1,300
MEP	SAR 700	SAR 900	SAR 800
Finishing Materials	SAR 900	SAR 1,100	SAR 1,000
Site Improvements	SAR 80	SAR 120	SAR 100
Owner Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND		
Land Area	SAR / Sqm	Total Value
6,155.80	SAR 6,000	SAR 36,934,800
Building		
Upper Floors	Unit	Total BUA
	Sqm	23,220.00
<b>Total (SQM)</b>	<b>23,220.00</b>	



Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	23,220.00	SAR 1,300	SAR 30,186,000	100%	SAR 30,186,000
Electro Mechanic	23,220.00	SAR 800	SAR 18,576,000	100%	SAR 18,576,000
Finishing	23,220.00	SAR 1,000	SAR 23,220,000	100%	SAR 23,220,000
Fit outs & Appliances	23,220.00	SAR 0	SAR 0	100%	SAR 0
Furniture	23,220.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	6,155.80	SAR 100	SAR 615,580	100%	SAR 615,580
<b>Total</b>			<b>SAR 72,597,580</b>	<b>100.00%</b>	<b>SAR 72,597,580</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 72,597,580	0.10%	SAR 72,598
Design			SAR 72,597,580	0.50%	SAR 362,988
Eng Consultant			SAR 72,597,580	1.00%	SAR 725,976
Management			SAR 72,597,580	5.00%	SAR 3,629,879
Contingency			SAR 72,597,580	5.00%	SAR 3,629,879
Others			SAR 72,597,580	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 8,421,319.28</b>
<b>Total Hard Cost</b>	<b>SAR 72,597,580</b>		<b>BUA</b>	<b>23,220.00</b>	
<b>Total Soft Cost</b>	<b>SAR 8,421,319.28</b>		<b>SAR / Sqm</b>	<b>SAR 3,489</b>	
<b>Total Construction Cost</b>	<b>SAR 81,018,899.28</b>		<b>Overall Completion</b>	<b>100.0%</b>	

After knowing the total construction costs at a rate of 3,824 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 81,018,899</b>	<b>Net Dep Rate</b>	<b>0.00%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 81,018,899</b>
<b>Economic Age</b>	<b>40</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>2.50%</b>	<b>Developer Profit Rate</b>	<b>20.0%</b>
<b>Actual Age</b>	<b>0</b>	<b>Dev. Profit Amount</b>	<b>SAR 16,203,780</b>
<b>Total Dep Rate</b>	<b>0.00%</b>	<b>Development Value</b>	<b>SAR 97,222,679</b>
<b>Add Appr Rate</b>	<b>0.00%</b>		
<b>Net Dep Rate</b>	<b>0.00%</b>		

The total value of the building is 97,222,679 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 97,222,679	SAR 36,934,800	SAR 134,157,479	SAR 134,160,000
			SAR 97,222,679



### 1.34 DCF APPROACH- LEASING CONTRACTS

The client provided us with the leasing contracts related to the subject property.

#### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 5% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

#### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 9% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

#### Market Capitalization Rate Analysis

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

#### The Capitalization Rate Used for the Valuation

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



Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
Ease of access to the property	-0.25%	several major methods
General condition of the property	-0.25%	The actual age of the property is 1 year
The general location of the property	0.00%	The area is served good
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
<b>Total</b>	<b>-0.50%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>	
<b>Capitalization rate, according to market averages</b>	<b>7.5%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7%, which will be applied subsequently to the net operating income of the property.

Based on the above, the value of the property using the DCF method is as follows:

Cash Flow		0	1	2	3	4
<b>Expected Revenues</b>						
Al Basma	SAR	3,162,500	3,162,500	3,162,500	3,162,500	3,162,500
Amlak	SAR	2,500,000	2,500,000	2,750,000	2,750,000	2,750,000
Takaful	SAR	4,500,000	4,500,000	5,000,000	5,000,000	5,000,000
<b>Overall Revenues</b>		<b>10,162,500</b>	<b>10,162,500</b>	<b>10,912,500</b>	<b>10,912,500</b>	<b>10,912,500</b>
<b>Expenses</b>						
OPEX	9.0%	914,625	914,625	982,125	982,125	982,125
<b>Overall Expenses</b>		<b>914,625</b>	<b>914,625</b>	<b>982,125</b>	<b>982,125</b>	<b>982,125</b>
<b>NOI</b>		<b>9,247,875</b>	<b>9,247,875</b>	<b>9,930,375</b>	<b>9,930,375</b>	<b>9,930,375</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.0%</b>					<b>141,862,500</b>
Discount Rate	10.00%	1.00	0.91	0.83	0.75	0.68
<b>Present Value</b>		<b>9,247,875</b>	<b>8,407,159</b>	<b>8,206,921</b>	<b>7,460,838</b>	<b>103,676,576</b>
<b>Market Rate / Net Present Value</b>						<b>136,999,369</b>
<b>Discount Rate</b>						
<b>Discount Rate</b>		<b>8.50%</b>	<b>9.50%</b>	<b>10.50%</b>	<b>11.5%</b>	<b>12.5%</b>
<b>Market Value</b>		<b>145,779,765</b>	<b>141,292,333</b>	<b>136,999,369</b>	<b>132,890,682</b>	<b>128,956,701</b>



### 1.35 INCOME APPROACH- MARKET RATES

#### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for office units range from 800 to 900 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates for similar properties:

Comparable No.	Office Units Rental Rate/ Unit
Comparable 1	830 SAR/ Sqm
Comparable 2	800 SAR/ Sqm
Comparable 3	1,000 SAR/ Sqm
Comparable 4	750 SAR/ Sqm
Average	850 SAR/ Sqm





### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 5% to 10% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 9% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

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

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 6.25%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	8.00%
Maximum capitalization rate	9.00%
<b>Average</b>	<b>8.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Influence</b> <b>Notes</b>
Ease of access to the property	-0.25%      several major methods
General condition of the property	-0.25%      The actual age of the property is 1 year
The general location of the property	0.00%      The area is served good
Quality and finishes	0.00%      Average quality finishes
Project Management Team	0.00%      Average management and operational team level
Services and public facilities	0.00%      Level and availability of services is average
<b>Total</b>	<b>-0.50%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>
<b>Capitalization rate, according to market averages</b>	<b>9%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>8.00%</b>

Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Quantity		Revenues			
	Total GLA	No of Units	SAR / Sqm	SAR / Unit		Total Revenues
Offices	10,700	0	SAR 850	SAR 0		SAR 9,095,000
-----	0	0	SAR 0	SAR 0		SAR 0
-----	0	0	SAR 0	SAR 0		SAR 0
					<b>Total Revenues</b>	<b>SAR 9,095,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Offices	3.00%	3.00%	3.00%	10.00%	19.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues		Total Expenses		NOI	
Offices	SAR 9,095,000		19.00%		SAR 7,366,950	
-----	SAR 0		0.00%		SAR 0	
-----	SAR 0		0.00%		SAR 0	
			<b>Total</b>		<b>SAR 7,366,950</b>	
<b>Total Property Revenues</b>					SAR 9,095,000	
<b>Total Property Expenses</b>					-SAR 1,728,050	
<b>Net Operating Income</b>					<b>SAR 7,366,950.00</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>		
SAR 7,366,950.00	8.00%	92,086,875.00 SAR		92,100,000.00 SAR		



### 1.36 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Approach</b>	Land + Building	SAR 137,160,000	One Hundred Thirty-Seven Million and One Hundred Sixty Thousand Saudi Riyals
<b>DCF- Contracts</b>	Property	SAR 137,000,000	One Hundred Thirty-Seven Million Saudi Riyals
<b>Income- Market</b>	Property	SAR 92,100,000	Ninety- Two Million and One Hundred Thousand Saudi Riyals

### 1.37 SUBJECT PROPERTY VALUE

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

**Property Value: 137,000,000 SAR**  
**One Hundred Thirty-Seven Million Saudi Riyals**

### 1.38 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

### 1.39 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.





## 1.40 CONCLUSION

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

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**Essam Hussaini**  
**Site Inspection Check**

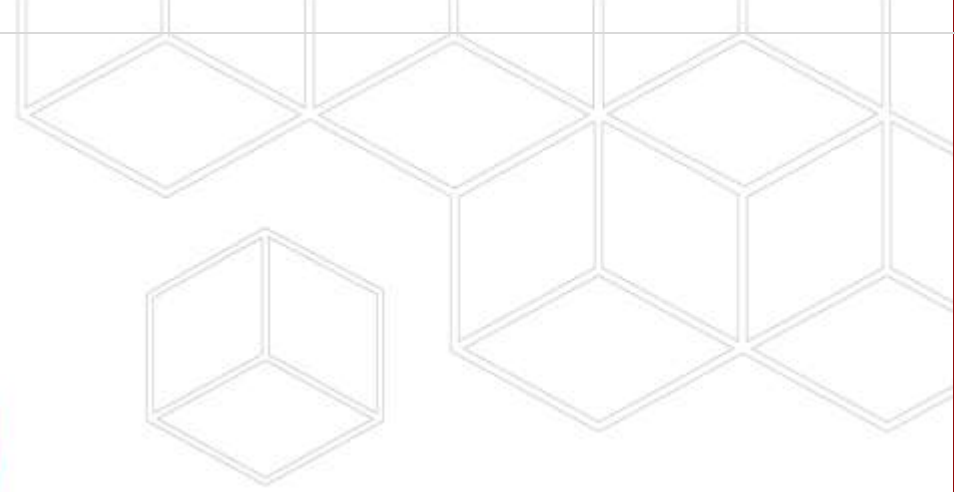
A handwritten signature in blue ink, appearing to read 'Essam Hussaini'.

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

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**1.41 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.42 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Muscat Capital	June 2021	-----
✓	-----	-----	-----
✓	-----	-----	-----

**1.43 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service 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.



**1.44 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative 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 properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties 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.