



Valuation report prepared for:

Musharaka REIT Fund


City: - Riyadh

Address: - Al Olaya District, Tahliah Road

Type of property: Mix Use


Reference No: S.C.V 2022-12-11-003

3/27/2023

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund


Content

Executive Summary	2
The Total Market Value	3
Valuation Company Information	3
Participated valuers.....	3
General comments.....	4
Term of engagement (Scop of Work)	5
Property details	6
Legal information for the property being valued.....	6
Attached Documents.....	6
Ownership Detail.....	6
Building permission details	6
Location Description	7
Land Diminutions	7
Building Regulations	7
Available Services	7
Macro Location	8
Micro Location	8
Valuation Analysis	9
Valuation methodology and Approaches	9
Valuation	10
Market Approach (Comparable Method)	10
Comparison Map	10
Cost Approach (Depreciated Replacement Cost Method).....	11
Income Approach (Investment Method).....	12
Market research for Capitalization rate and discounted rate	12
Comparison Map	12
Income Statement.....	13
Valuation	14
Sensitivity Analysis	14
Appendix A.....	15
Picture of the property	15
Appendix B.....	16
Copy of land title deed	16
Appendix C.....	17
Permission of Building	17
Appendix D	18
Planning regulations	18

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Executive Summary

Reference Number	S.C.V 2022-12-11-003
Valuer statuses	External Valuer
Name of the company	Sima & Partner for Real Estate Valuation Company
Client	Musharaka REIT fund
Report user	Musharaka REIT fund
Purpose of Valuation	REIT reporting to the Saudi Capital Market
Basis of Value	Market Value
Valuation assumption	Current use
Property Location	Al Olaya District, Tahliah Road
Type of Land Use	Mix use
The currency	Saudi Arabian Riyal
Valuation Standards	This Property has been evaluated according to International Valuation Standards (IVS) issued in 2022 in accordance with the Saudi Authority for Accredited Valuers, Kingdom of Saudi Arabia (Taqeem)
Valuation approach	Income Approach
Assumptions	The Property subject to valuation is assumed to be valid and clear of any personal restrictions, and there are no loans, mortgage, concessions, or disputes on the Property
Date of Inspection	12/18/2022
Date of Valuation	12/31/2022
Date of Report	3/27/2023

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund



The Total Market Value

Total land Areas (SQM)	3,212
Total Value of lands (Riyal)	250,376,525
Written Total Value of the Property (Riyal)	Only two hundred and fifty million, three hundred and seventy-six thousand, five hundred and twenty-five Saudi riyals.


Valuation Company Information

Company Name	Sima & Partner for property Valuation
License number	11000103

Participated valuers.


Approved by	Wadee Abdullah Almoalimi	Signature 
	Chief Executive Officer	
	Membership No. 1210000084	
Prepare and valued by	Hisham Mohammed Alharbi	Signature 
	Manager of property valuation department	
	Membership No. 1210001360	



	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

General comments


- All or any part of this report may not be included or referred to in any document or statement published without reference to the Sima and partner for property valuation, nor may it be published in any way without the Company's prior written approval of the form and text.
- The information provided by other parties, especially about planning regulation, owning real estate, rent rates, and others, on which all or part of this report was based, was considered reliable, but its validity was not confirmed in all cases. No guarantee is given as to the correctness of this information. If this information appears to be incorrect, the value contained in this report may change.
- The estimated values in this report are for the property describe in the executive summery and any distribution of values over the parts of the property applies only according to the report presentation and for its purposes, and these values should not be used for any other purposes, as they may be incorrect if used as well.
- The property was inspected externally, and the property was not structurally examined. Therefore, it must be understood that this is a valuation report and not a structural examination report.
- This valuation report is valid only if it stamped signed by the accredited valuers
- The valuation department of Sima and a partner for property valuation company has relied on the data provided by the intended user regarding the property(s) subject to valuation in this report, assuming that they are correct, and no legal document has been verified for the evaluated property or for legal issues that include ownership or mortgage. It was assumed that the land title deed was valid. It was also assumed that the property is free from any legal obligations, mortgage rights, or any obstacles, unless otherwise announced.
- The valuation of the property is carried out in accordance with the international valuation standards issued in the year of 2022 (International Valuation Standards) by the Saudi Authority for Accredited valuers (Kingdom of Saudi Arabia). This valuation report has been issued in accordance with the specific conditions and restrictions that were relied upon in its preparation and presentation.
- The responsibility of the company in connection with the report and valuation is limited to the client who requested the evaluation and the intended user.
- The valuation report has been prepared based on the instructions received from Musharaka REIT fund , hereinafter referred to as the client and the intended user is the Musharaka REIT fund and to estimate the market value of the described property and its purpose. Therefore, this report is for this purpose only and may not be used for any other purposes.

	Report No.	S.C.V 2022-08-15-001
	Date	3/27/2023
	Client	Musharaka REIT Fund

Term of engagement (Scop of Work)

This valuation assessment was prepared based on the requestion received by Musharaka REIT fund to estimate the market value of the property subject to valuation for the purposes of Financial Statement and Bank loan

<u>The Valuer</u>	Sima and Partner for property valuation
<u>The Client</u>	Musharaka REIT fund
<u>Purposes of valuation</u>	REIT reporting to the Saudi Capital Market
<u>value basis</u>	Market value
<u>Report user</u>	Musharaka REIT fund
<u>Land use</u>	Mix use
<u>Property type</u>	Commercial building (Retail + offices)
<u>Valuation Standards</u>	This property was evaluated according to the International Valuation Standards (IVS) issued in 2022 by the Saudi Authority for Accredited Valuers, Kingdom of Saudi Arabia
<u>Property inspection date</u>	The property subject to valuation was inspected in 12/18/2022
<u>Market research and survey</u>	The valuation department of Sima and a partner for property valuation relied on a set of market evidence and analysis of by desktop research as well as market survey.
<u>Date of Valuation</u>	12/31/2022
<u>Currency of Valuation</u>	Saudi Arabian Riyal
<u>Scop of Valuation</u>	Based on international valuation standards, the scope of the valuation included research and analysis to prepare this report according to its intended purpose, knowing that all the data necessary for preparing this report were obtained by the client/intended user and the area surrounding the property subject the valuation
<u>Assumptions and special assumptions</u>	A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that by agreement, do not need to be verified by the valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required to prove that something is true. While the special assumptions are assumptions that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a REIT reporting to the Saudi Capital Market on the valuation date
<u>Restrictions on use and publication</u>	This report submitted by Sima and partner for property Valuation and may not be used for purposes other than what has been prepared for it. Therefore, this report is prepared for this purpose only and may not be used for any other purposes

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Property details

Legal information for the property being valued.

Attached Documents


Type of documents	Attached	Not Attached
Land title deed	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Krooky	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Building permission	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Income statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Ownership Detail

Title deed number	730205024123
Owner as per title deed	شركة حفظ المشاركة العقارية
Type of ownership	Free hold
Date of registration	1443/09/24 هـ
Layout number	1184
Plot number	14
Notes	N/A
Source	Title deed

Building permission details

Land Area SQM	3,212
Date of issue	1441/07/10 هـ
Build up area (BUA)	25,591
Land use	Commercial
Notes	N/A
Source	Building permission

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Location Description

Governorate	Riyadh Region
City	Riyadh
District	Al Olaya
Road	Tahliah Road

Land Diminutions


Direction	Length	Surrounding
North	34.81	Street with width of 15m
South	70	Street with width of 40m
East	55	Street with width of 25m
West	40.08	Plot No.338+ Plot No.339
Land Area (SQM)	3,212	

Building Regulations

Category	Definition
Land use	Commercial
Built Coverage	50%
Floors Number	8
Floor Area Ratio (FAR)	6.5

Available Services

Electricity	water	Telephone	Sewage
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Macro Location



Micro Location




The location coordinates

N "24.00'8 24°

E"30.50'17°47

Location Link on Google map

<https://goo.gl/maps/a3YTd4iBYHiggbm6>

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Valuation Analysis

Purpose of valuation

The Valuation report was prepared at the request of the client: (Musharaka REIT fund) and it is prepared for the purpose of REIT reporting to the Saudi Capital Market


Basis of Value

The valuation report was prepared based on the request of the client (Musharaka REIT fund), stating that the basis of the value is the market value, which is the estimation of the market value of the property that is subject to valuation in this report and in accordance with international valuation standards (International Valuation Standards 2022 - IVS)

Measurement	Based on the data provided by the client and google earth
Inspection	On site
Restriction	No restriction attached to the valuation assessment
Date of research	12/19/2022
Market evidence	Market evidence and REIT reporting to the Saudi Capital Market s
Source of information	Surrounding Area and MOJ data base

Valuation methodology and Approaches

- Market Approach (Comparable Method)
- Cost Approach (Depreciated Replacement Cost Method)
- Income Approach (Investment Method)

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund


Valuation

Market Approach (Comparable Method)

Terms	Property subject valuation	Sample one		Sample two	
		Type	Asking price	Type	Asking price
		Date	22/08/2022	Date	31/12/2022
Rate per SQM			15,000		16,000
Market activity			0%		0%
Adjusted Market activity value			0		0
adjusted Rate per SQM			15,000		16,000
Land Area	3,212	2,360	-3%	1,524	-5%
Fronts	4	4	0%	2	10%
Commercial frontage length	40	50	-5%	24	10%
Adjustment percentage			-8%		15%
Adjustment rate per SQM			-1200		2,400
adjusted Rate per SQM			13,800		18,400
Suggested weight			60%		40%
Suggested Value			8,280		7360
Value per SQM				15,640	
Rounded				15,600	
Land Value				50,107,200	

Comparison Map




	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Cost Approach (Depreciated Replacement Cost Method)

تقدير قيمة الأرض

Land Area SQM		Rate per SQM (SAR/SQM)		Land Value
3,212		15,600		50,107,200
Direct Cost				
Terms	BUA sqm	Rate per SQM		Cost SAR
Basement two	3,199.32	2,500		7,998,300
Basement one	3,199.32	2,500		7,998,300
Ground floor	2,311.00	3,000		6,933,000
Mezzanine	2,311.00	3,000		6,933,000
Floor one	3,199.00	3,000		9,597,000
Floor No. 2 to 8	11242	3,000		33,726,000
Electricity Room	129.40	1,500		194,100
Total	25,591	2,867		73,379,700
Indirect Cost				
Consulting		3.5%		2,568,290
Utility		5.0%		3,668,985
Management		5.0%		3,668,985
Financial Cost		5.0%		1,834,493
Developer Profit		25.0%		18,344,925
Total Indirect Cost				30,085,677
Direct and indirect cost	103,465,377	Average Rate per SQM		4,043
Actual building age	More 20 yrs.	Effective age		4
Lifecycle		60		
Depreciation rate		7%		
depreciated value		96,567,685		
depreciation rate (SAR/SQM)		3,773		
Depreciation type		Physical		
Note	as per client's claim as well as findings from site visit, the property has been completely renovated recently, we assume the actual age of the property in the range of 4 years			
Total DRC cost		146,674,885		

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Income Approach (Investment Method)

Market research for Capitalization rate and discounted rate

After inspecting the property, the team was able to conduct field survey to obtain cash discount rates and capitalization rates for comparable properties that had previously been evaluated for Real Estate Investment Trust - REIT within the area of the property subject of the valuation, and the summarized it as following:

#	REIT Fund Name	Date of publication	Cap Rate		
1	الرياض ريت	31/12/2022	8.00%	46°40'32.9"E	24°42'20.7"N
2	أصول وبخيت	31/12/2022	7.50%	46°41'12.3"E	24°40'54.9"N
3	أصول وبخيت	31/12/2022	7.50%	46°40'40.5"E	24°40'51.7"N


Comparison Map



Market research

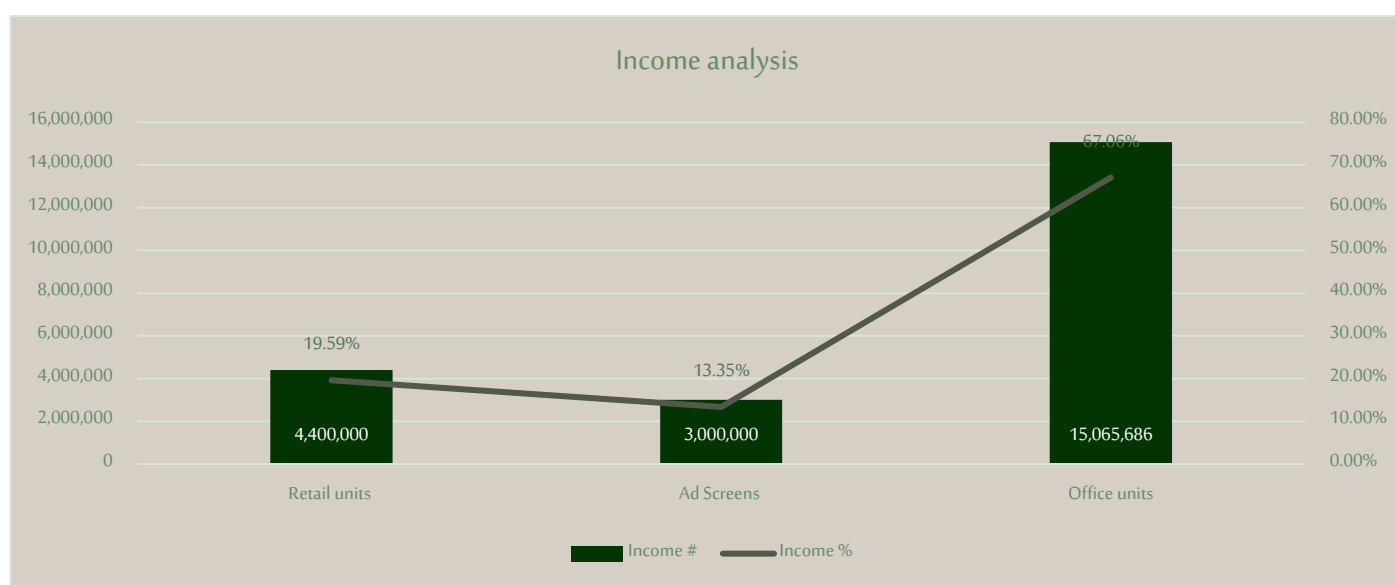
Valuer Opinion


#	REIT Fund Name	Date of publication	Name property	rate Cap	Adjusted Cap rate
1	الرياض ريت	31/12/2022	أبراج الفرسان	8%	8%

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Income Statement

Term	Income #	Income %
Retail units	4,400,000	19.59%
Ad Screens	3,000,000	13.35%
Office units	15,065,686	67.06%
Total Income	22,465,686	100.00%



	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

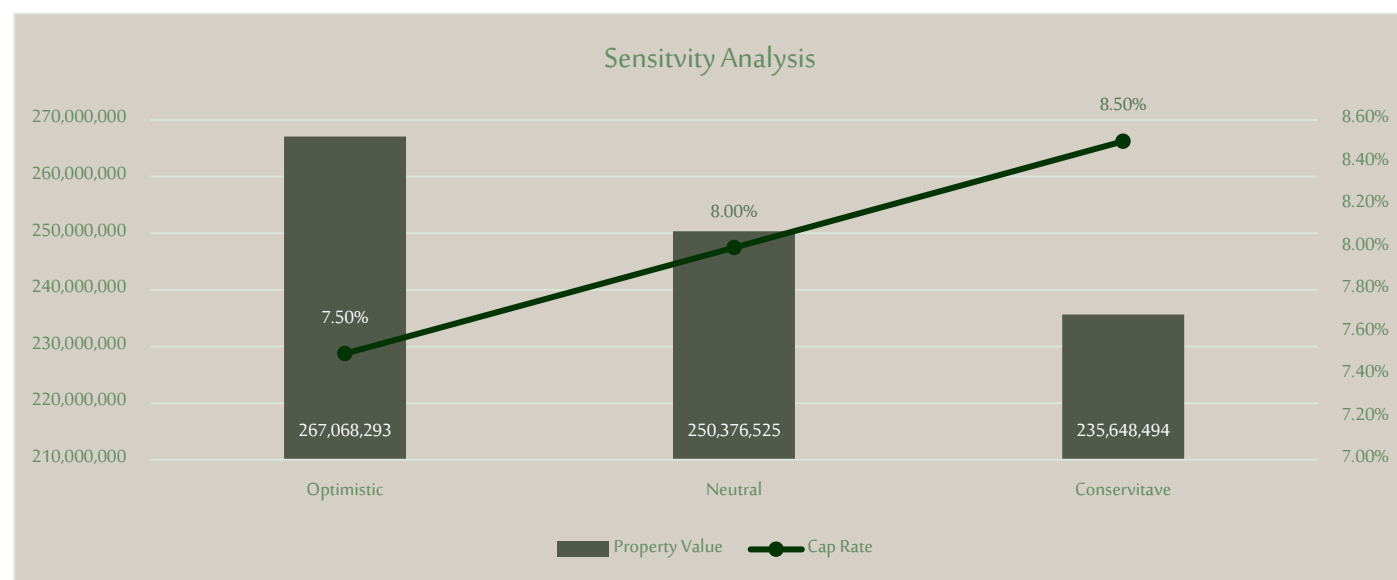
Valuation


Income		Income (SAR/year)
Retail units		4,400,000
Ad Screens		3,000,000
Office units		15,065,686
Total Income		22,465,686
Occupancy	100.00%	22,465,686
OPEX	10.84%	2,435,564
Net Operating Income		20,030,122
Cap Rate	8%	250,376,525

Note: the occupancy assumed to be 100% due waiting list – as per client claim.

Sensitivity Analysis

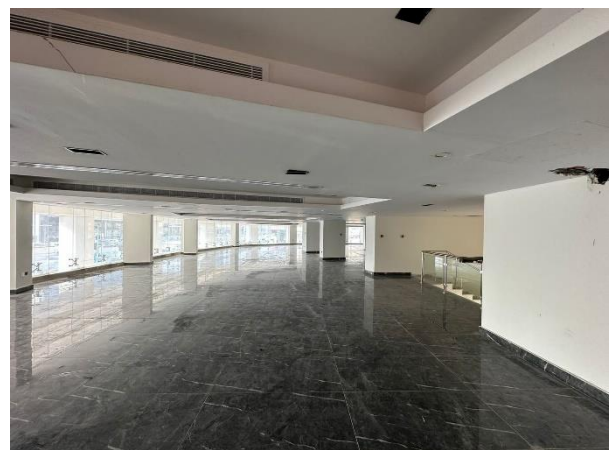
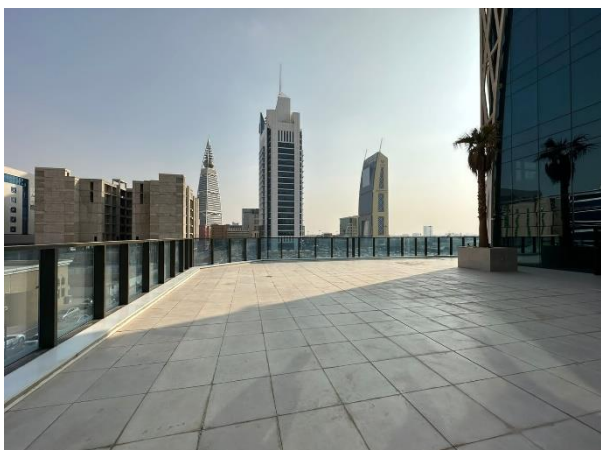
Sensitivity Analysis			
Scenario	NOI	Cap Rate	Property Value
Optimistic	20,030,122	7.50%	267,068,293
Neutral	20,030,122	8.00%	250,376,525
Conservative	20,030,122	8.50%	235,648,494




	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Appendix A

Picture of the property




أى، يكتمل أو شطب بلغ. هذه الـ خصبة.

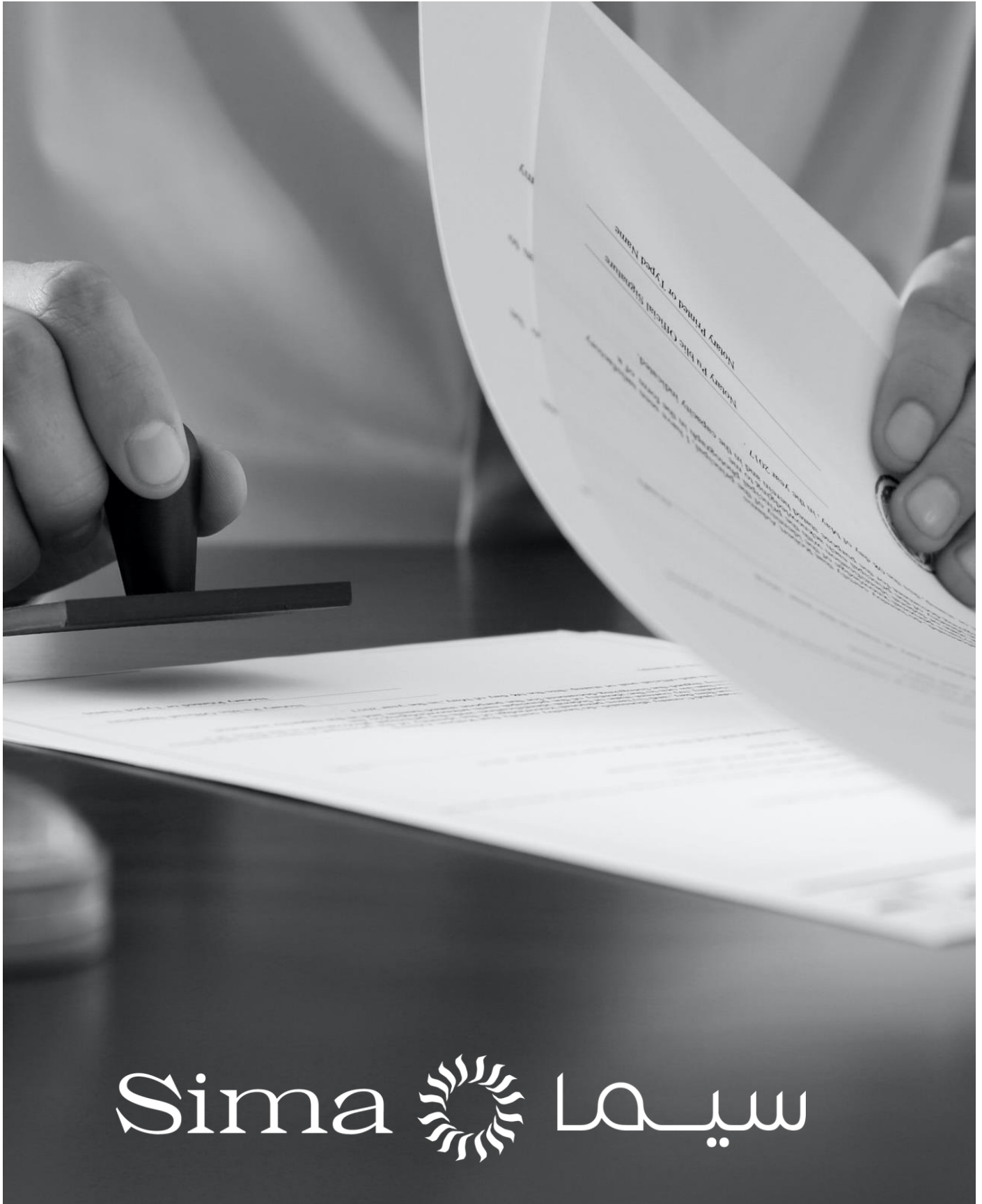
	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund

Appendix D

Planning regulations

نظام البناء			
اسم البلدية	العليا	اسم الحي	العليا
رقم المخطط	1184	رقم القطعة	Null
البدل 1 - (سكني / تجاري / مكتبي) " منطقة التقسيم م 139 "			
الإستعمال المسموح به	سكني / تجاري / مكتبي		
الحد الأقصى لارتفاع المبنى	ارضي + ميزانين + اول + 7 ادوار متكررة + 50% ملاحق علوية		
الحد الأقصى لمعامل البناء	6.5		
الحد الأقصى لعمق التطوير (حسب موقع الارض)	يجب مراجعة امانة منطقة الرياض لتحديد عمق الاستخدام التجاري المسموح به		
الحد الاقصى لنسبة تغطية الارض	ارضي + ميزانين + اول 100% المتكرر 50%		
الحد الأدنى للارتدادات	جهة الشوارع الرئيسية	جهة المجاورين (الجانبين والخلفي)	جهة الشوارع الفرعية
	للاراضي و الميزانين تعمل اروقة مشاة بعمق 4 متر جهة الشوارع يكون سقفاها ارضية الدور الاول - الدور الاول بدون ارتداد - للادوار المتكررة ارتداد 4 متر	للارضي و الميزانين و الاول بدون ارتداد - للادوار المتكررة 3 متر على الأقل	-
البدل 2 - (سكني / تجاري / مكتبي) " ضوابط منطقة العصب المركزي على قطع الأراضي المظلة على طريق الملك فهد من شارع المعذر جنوباً إلى طريق العروبة شمالاً "			
الإستعمال المسموح به	سكني / تجاري / مكتبي		
الحد الأقصى لارتفاع المبنى	مطلقة (بدون تحديد)		
الحد الأقصى لمعامل البناء	6.5		
الحد الأقصى لعمق التطوير (حسب موقع الارض)	تطبق ضوابط للعصب المركزي ضمن العمق التجاري 100متر		
الحد الاقصى لنسبة تغطية الارض	35%		
الحد الأدنى للارتدادات	جهة الشوارع الرئيسية	جهة المجاورين (الجانبين والخلفي)	جهة الشوارع الفرعية
	4 امتار في حالة عدم تأمين مواقف للسيارات - 8 امتار في حالة تأمين مواقف للسيارات	3 امتار	خمس عرض الشارع بحد أدنى 3 امتار وبشرط عدم عمل مواقف سيارات. 8 امتار في حالة عمل مواقف سيارات على الشوارع المحيطة بزاوية 40 درجة، 60 درجة و90 درجة. 5 امتار في حالة عمل مواقف سيارات طولية على الشوارع المحيطة
الاشتراطات العامة			
ضوابط الدمج	♦ يسمح بدمج القطع التجارية مع القطع السكنية المظاهرة لها مع الالتزام بالارتداد 20 متر جهة الشارع التجاري الرئيسي.		
التطوير الموجه للنقل العام	♦ قطع أراضي واقعة ضمن نطاق مناطق التطوير الموجه للنقل العام تخضع لحوافز تطويرية خاصة		
مواقف السيارات	♦ اشتراطات مواقف السيارات		
مواقف السيارات في منطقة العصب المركزي	♦ ضوابط مواقف السيارات في منطقة العصب المركزي - شارع العليا جهة الشرقية وشارع الملك فهد جهة غربية		

	Report No.	S.C.V 2022-12-11-003
	Date	3/27/2023
	Client	Musharaka REIT Fund



سِيما Sima