




## Valuation report prepared for Musharaka REIT

City: - Riyadh

Address: - Alolaya District, Tahliah Road


Type of property: Commercial Center

Reference No: S.C.V 2022-08-15-001

	Report No.	S.C.V 2022-08-15-001
	Date	8/8/2022
	Client	Musharaka REIT


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## Executive Summary

Reference Number	S.C.V 2022-08-15-001
Valuer statuses	External Valuer
Name of the company	Sima & Partner for Real Estate Valuation Company
Client	Musharaka REIT
Report user	Musharaka REIT
Purpose of Valuation	Transaction
Basis of Value	Market Value
Valuation assumption	Current use
Property Location	Alolaya District, Tahliah Road
Type of Land Use	Commercial
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	6/28/2022
Date of Valuation	6/30/2022
Date of Report	8/8/2022

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### The Total Market Value

Total land Areas (SQM)	3,212
Total Value of lands (Riyal)	232,791,251
Written Total Value of the Property (Riyal)	Only two hundred and thirty-two million seven hundred and ninety-one thousand two hundred and fifty-one Saudi riyals.


### Valuation Company Information

Company Name	Sima & Partner for property Valuation
License number	323/18/779
Date of expiry	24/02/1444 Hijri - 2022-09-21

### Participated valuers


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



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## 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, rents rate, 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, hereinafter referred to as the client and the intended user is the Musharaka REIT 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.

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## Term of engagement (Scop of Work)

This valuation assessment was prepared based on the requestion received by Musharaka REIT 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
<u>Purposes of valuation</u>	Transaction
<u>value basis</u>	Market value
<u>Report user</u>	Musharaka REIT
<u>Land use</u>	Commercial
<u>Property type</u>	Commercial center
<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 6/28/2022
<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>	6/30/2022
<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 transaction 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

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## 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

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## Location Description

Governorate	Riyadh Region
City	Riyadh
District	Alolaya
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"/>

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## 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>

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## Valuation Analysis

### Purpose of valuation

**The Valuation report was prepared at the request of the client: (Musharaka REIT) and it is prepared for the purpose of Transaction**


### Basis of Value

The valuation report was prepared based on the request of the client (Musharaka REIT), 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	6/28/2022
Market evidence	Market evidence and transactions
Source of information	Surrounding Area and court data base

## Valuation methodology and Approaches

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

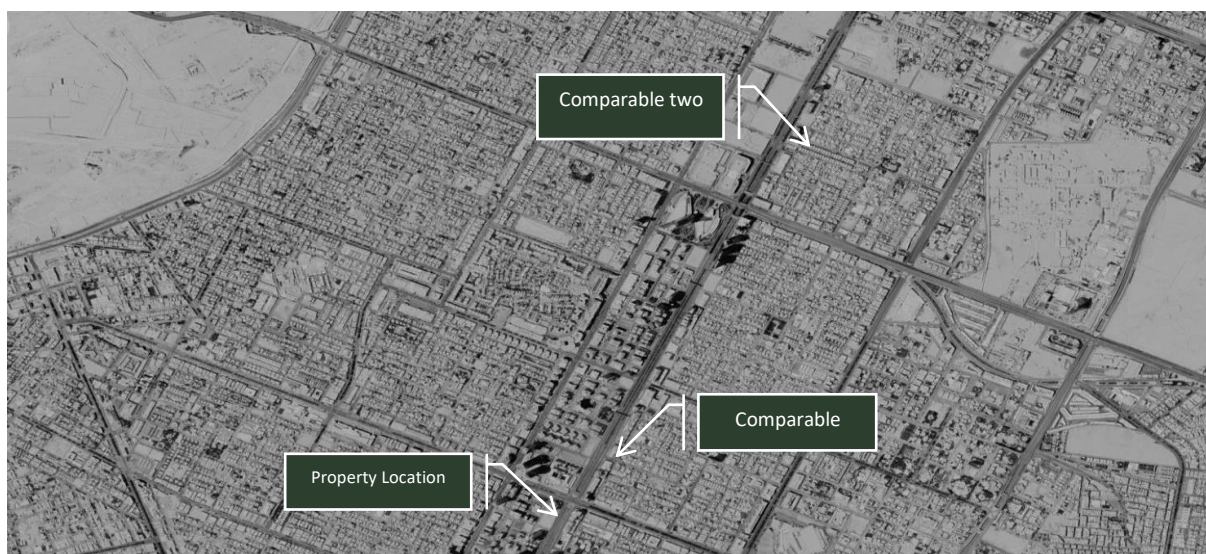
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## Valuation

### Market Approach (Comparable Method)

Terms	Comp one		Comp two	
	Type	Asking Price	Type	Asking Price
	Date	08/03/2022	Date	08/07/2022
Rate per SQM		16,000		14,500
Market Activity		0%		0%
Adjusted Rate		0		0
Adjusted Rate per SQM		16,000		14,500
Land Area SQM	3,212	1,524	2,295	-3%
Frontage Length	4	2	3	5%
Street Width	80 m	80 m	80 m	0%
Total Adjusted Rate		5%		2%
Total Adjusted Rate per SQM		800		290
Total Adjusted Price per SQM		16,800		14,790
Suggested Wight		40%		60%
Suggested Value		6,720		8874
Price per SQM		15,594		
Adjusted Price per SQM		15,500		
Land Value (SAR)		49,786,000		


### Comparison Map



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## Cost Approach (Depreciated Replacement Cost Method)

Land Value			
Land Area		Price per SQM	Land Value
3,212		15,500	49,786,000
Direct Cost			
Term	Built up Area - sqm	Rate - (SAR/SQM)	Total Cost (SAR)
Basement one	3,199	2,500	7,998,300
Basement two	3,199	2,500	7,998,300
Ground Floor	2,311	3,000	6,933,000
Mezzanine	2,311	3,000	6,933,000
Floor one	3,199	3,000	9,597,000
Floor two	1,606	3,000	4,818,000
Floor three	1,606	3,000	4,818,000
Floor four	1,606	3,000	4,818,000
Floor five	1,606	3,000	4,818,000
Floor six	1,606	3,000	4,818,000
Floor seven	1,606	3,000	4,818,000
Floor eight	1,606	3,000	4,818,000
Utility Room	129.40	1,500	194,100
Total	25,591	2,867	73,379,700
Indirect Cost			
Consultancy Cost		3.5%	2,568,290
Utility Cost		5.0%	3,668,985
Management Cost		5.0%	3,668,985
Financial Loan Cost		5.0%	1,834,493
Profit Cost		25.0%	18,344,925
Total Indirect Cost			30,085,677
Total Cost	103,465,377	Average Cost per SQM	4,043
Current Building Age	+ 20	Effective Building Age	3
Life Span			60
Depreciation Rate			5%
Building Cost After Depreciation			98,292,108
Average Cost per SQM After Depreciation			3,841
Depreciation Type			Physical
Note	<p>As per client's statement and according to the site inspection, the property had been completely renovated recently. Therefore, the actual building age rated as 3 years.</p>		
Total Property Cost			148,078,108

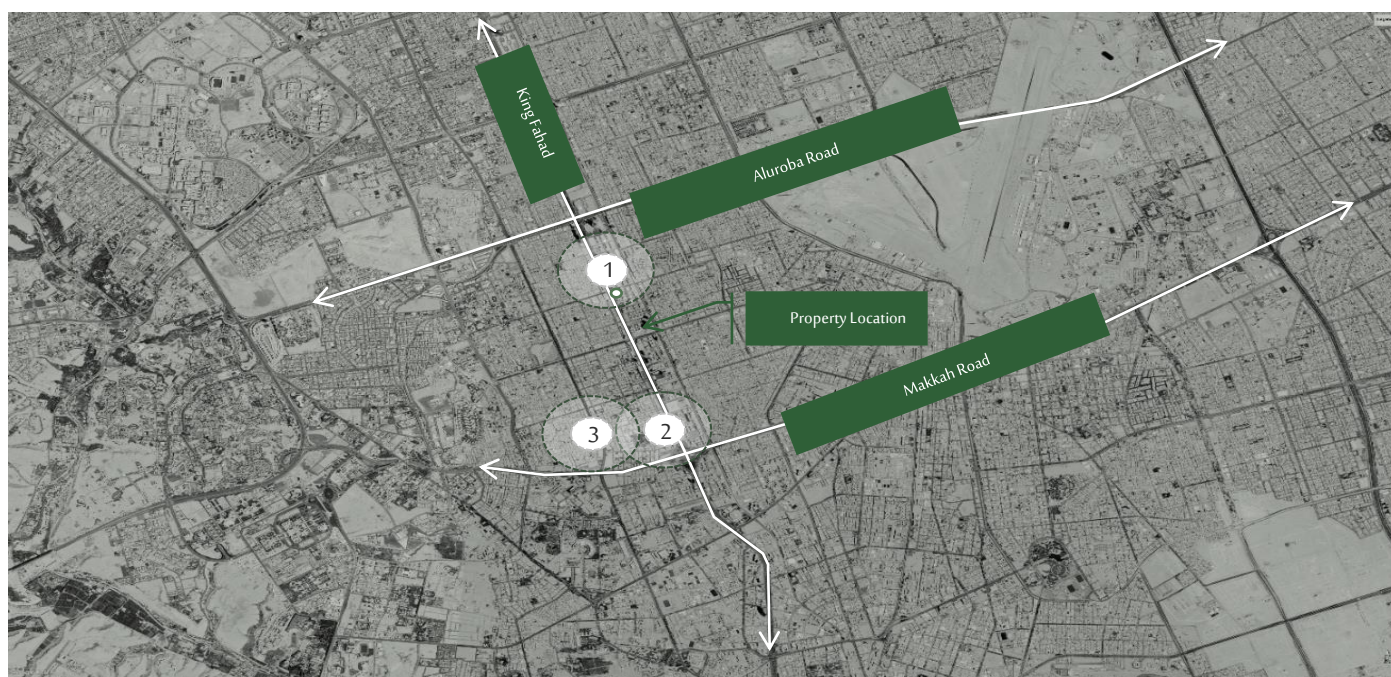
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## Income Approach (Investment Method)

### Market research for Capitalization rate and discounted rate

Fund Name REIT	Date of Valuation	Name of Property	Discounted rate	Cap Rate	Latitude	Longitude
Riyadh REIT	31/12/2021	Alfursan Tower	8.50%	8.50%	24°42'20.7"N	46°40'32.9"E
Bakheet & Osool REIT	31/12/2021	Almohamadiyah Tower	-	7.50%	24°40'54.9"N	46°41'12.3"E
Bakheet & Osool REIT	31/12/2021	Altakhsosi Retial	7.50%	7.50%	24°40'51.7"N	46°40'40.5"E


### Map of market research



After inspecting the property, the team was able to conduct field survey to obtain cash discount rates and capitalization rates for similar 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:

The capitalization rate was calculated based on the research output at 8%.

Market research						Opinion of Valuer
#	REIT Fund Name	Date of Valuation	Name of Property	Discounted rate	Cap Rate	Cap Rate
1	Riyadh REIT	31/12/2021	Alfursan Tower	8.50%	8.50%	%8
2	Bakheet REIT & Osool	31/12/2021	Almohamadiyah Tower	-	7.50%	

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Units on income	Gross income	Income Contribution of gross
Retail Unit	4,400,000	20%
Offices unit	14,852,657	67%
Advertising Screen	3,000,000	13%
<b>Total income</b>	<b>22,252,657</b>	<b>100%</b>

#### Income Review

Term	#	%
Gross income for Commercial use (retail & offices)	19,252,657	87%
Advertisement screen	3,000,000	13%
<b>Total income</b>	<b>22,252,657</b>	<b>100%</b>


#### Income Statement

Name of the Client	Lease Rate (SAR/Year)	Utilities rate	Total lease rate
شركة جي إن تي إكسبريس السعودية	798,000 SAR	11,690 SAR	809,690 SAR
شركة دلبو إم إي السعودية المختلطة	269,654 SAR	21,650 SAR	291,304 SAR
إتحاد المصارف	537,875 SAR		537,875 SAR
شركة الرؤية السريعة للاتصالات	331,500 SAR	33,150 SAR	364,650 SAR
شركة أنظمة جبي التجارية	214,200 SAR	0 SAR	214,200 SAR
شركة شمس للاتصالات وتقنية المعلومات	400,800 SAR	40,080 SAR	440,880 SAR
فرع شركة نوفاتل سولو شينز	259,600 SAR	0 SAR	259,600 SAR
	169,400 SAR	16,940 SAR	186,340 SAR
شركة كاري أند براون العربية السعودية	413,750 SAR	33,150 SAR	446,900 SAR
شركة رموز العقارية	255,000 SAR	25,500 SAR	280,500 SAR
فرع شركة إلكترونيكا سي أيه	153,000 SAR	15,300 SAR	168,300 SAR
مؤسسة ريان عبدالعزيز العقارية	367,400 SAR	0 SAR	367,400 SAR
شركة باتك للإستشارات القانونية	283,200 SAR	28,320 SAR	311,520 SAR
شركة ريكفري أدفايزر السعودية الإدارية	169,400 SAR	16,940 SAR	186,340 SAR
شركة أسس الحماية الرقمية لتقنية المعلومات	331,000 SAR	0 SAR	331,000 SAR
شركة الخيال للدعاية والإعلان	255,000 SAR	25,500 SAR	280,500 SAR

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شركة معالم الخبراء لإدارة المشاريع	153,000 SAR	15,300 SAR	168,300 SAR
شركة أنظمة مزن للإتصالات وتقنية المعلومات	400,800 SAR	20,040 SAR	420,840 SAR
شركة محطات للخدمات التسويقية	283,200 SAR	28,320 SAR	311,520 SAR
شركة الساحل الفضي	169,400 SAR	16,940 SAR	186,340 SAR
شركة واجهة للسفر والسياحة	165,500 SAR	8,275 SAR	173,775 SAR
شركة مجموعة عبدالرحمن عبدالله الحبيب	165,500 SAR	8,275 SAR	173,775 SAR
شركة وساطة المملكة لوساطة إعادة التأمين	255,000 SAR	25,500 SAR	280,500 SAR
شركة عبدالرحمن الفصيصي للتجارة	153,000 SAR	15,300 SAR	168,300 SAR
شركة بيت الإبداع للتجارة والتقنية	334,000 SAR	40,080 SAR	374,080 SAR
شركة دار الهندسة للتصميم والاستشارات الفنية	2,200,122 SAR	0 SAR	2,200,122 SAR
شركة أركال للمقاولات	255,000 SAR	0 SAR	255,000 SAR
شركة مشورة للمحاماة والاستشارات القانونية	153,000 SAR	15,300 SAR	168,300 SAR
شركة الأطمخ للتجارة	412,800 SAR	0 SAR	412,800 SAR
شركة أفق لوساطة التأمين	259,600 SAR	0 SAR	259,600 SAR
مؤسسة على شار للمقاولات	169,400 SAR	0 SAR	169,400 SAR
مكتب دار الرياض للإستشارات الهندسية	3,500,006 SAR	0 SAR	3,500,006 SAR
شركة دوكس للصناعة	153,000 SAR	0 SAR	153,000 SAR
ايجار المعارض والميزانين	4,000,000 SAR	400,000 SAR	4,400,000 SAR
ايجار الشاشات	3,000,000 SAR	0 SAR	3,000,000 SAR



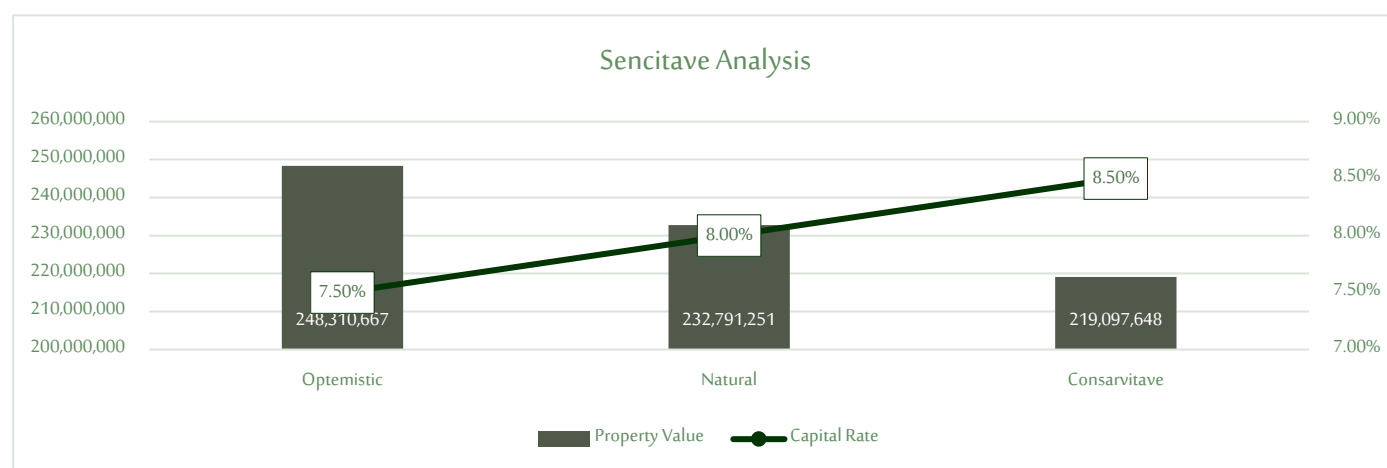
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## Valuation

Source of Income	Income	
Retail Units	4,400,000 (SAR/year)	
Advertising Screen	3,000,000 (SAR/year)	
Gross Income from Retail & Advertising Screen	7,400,000 (SAR/year)	
Gross Income from offices	14,852,657 (SAR/year)	
Parking Area 1	2,175 SQM	700,000 (SAR/year)
Parking Area 2	1,981.62 SQM	400,000 (SAR/year)
Gross Income as per Parking Area	1,100,000 (SAR/year)	
Total Gross Income	13,752,657 (SAR/year)	
Occupancy Rate	95.00%	13,065,024 SAR
Operational Expenses	6.59%	861,550 SAR
Gross Operational Income	19,603,474 SAR	
Management Cost	5.00%	980,174 SAR
Net Operational Income	18,623,300 SAR	
Capitalization rate	8.00%	232,791,251 SAR

### Sensitive Analysis

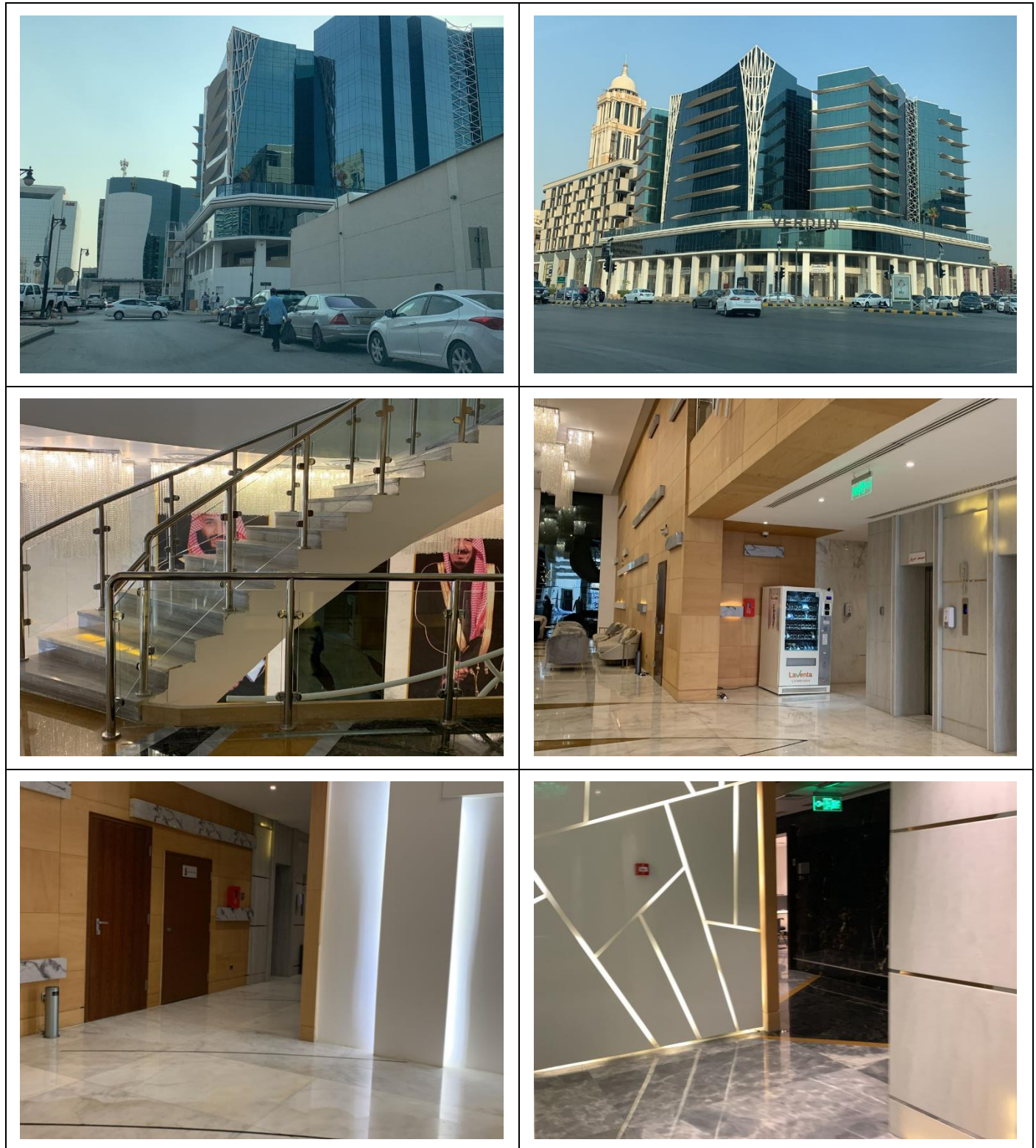
Scenario	Net Operational Income	Capital Rate	Property Value
Optimistic	18,623,300	7.50%	248,310,667
Natural	18,623,300	8.00%	232,791,251
Conservative	18,623,300	8.50%	219,097,648



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## Appendix A

### Picture of the property








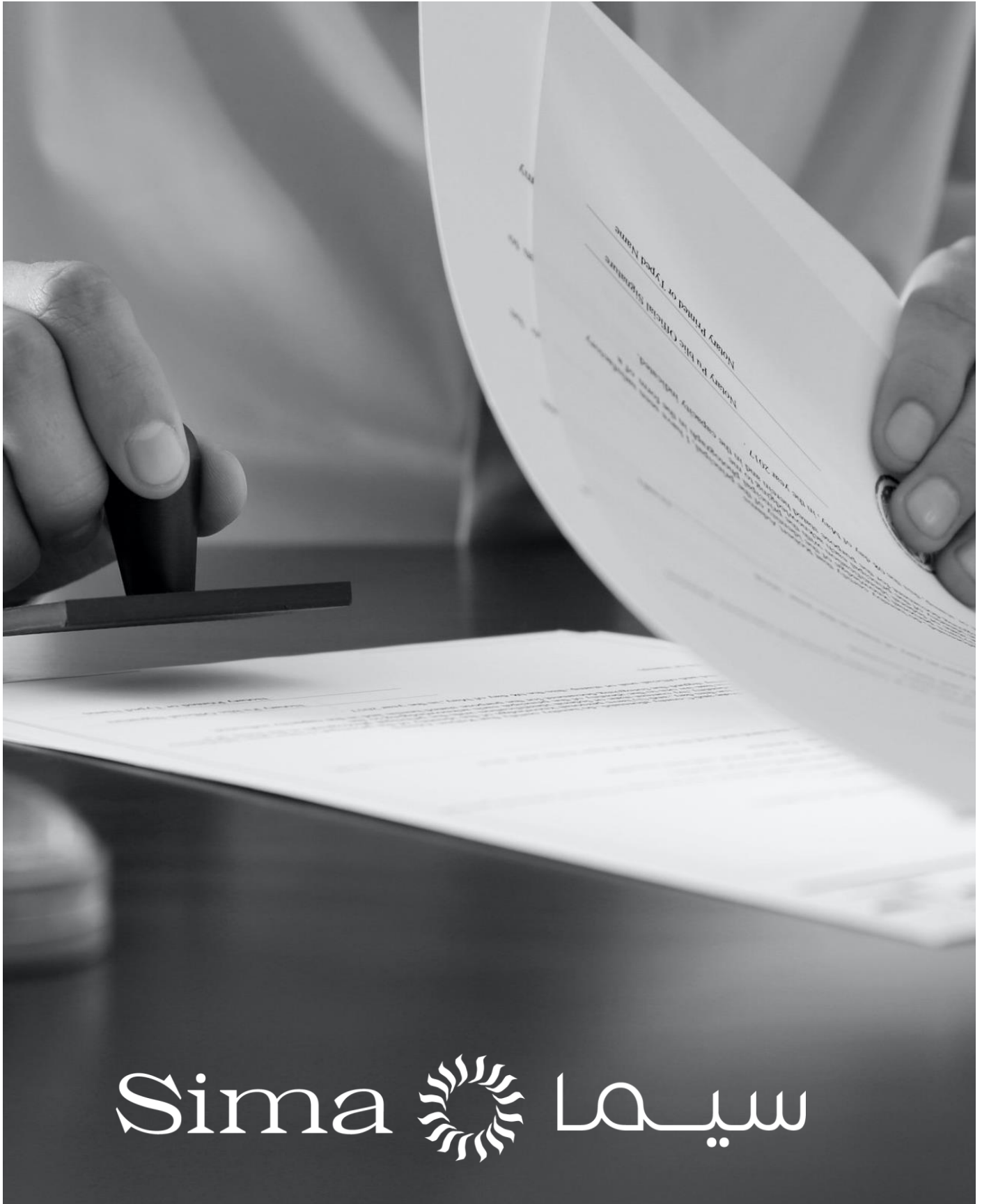
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## Appendix D

### 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 "		

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	Client	Musharaka REIT



سِيمَا Sima