



WHITE CUBES

REAL ESTATE VALUATION REPORT

# SICO CAPITAL SICO SAUDI REIT

## OFFICE BUILDING

Riyadh City  
December 2022



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 22-0000  
**Code:** 000000  
**Date:** 12/12/2022  
**M/S:** Hessaa Almuzaini

**Subject: Valuation Report for an Office Building Located in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on 8<sup>th</sup> of December 2022. We will provide you with a detailed report on the property under evaluation, including a market analysis, an economic analysis, and a description of the valuation methods. In addition, we WHITE CUBES guarantee the confidentiality of the client's information and are committed to complete impartiality in the evaluation process and acknowledge that there are no common interests between WHITECUBES and the client.

**WHITE CUBES Consulting Services Co.**

**Mr. Essam M. Al-Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

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# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	22-0000
<b>Dep. Code</b>	000000
<b>Client</b>	SICO Capital – SICO Saudi REIT
<b>Report user</b>	SICO Capital – SICO Saudi REIT
<b>Other users</b>	Investors or those wishing to invest in the Real Estate Investment Trust.
<b>Purpose of Valuation</b>	Auditing Purposes
<b>Subject Property</b>	Office building
<b>Property Location</b>	Al Rabie district, Riyadh City.
<b>Title Deed No.</b>	393140003190 & 393140003189
<b>Title Deed Date</b>	02/09/1442
<b>Ownership Type</b>	Mortgaged
<b>Owner</b>	Mashaar REIT Real Estate Company
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	The land has an area size of 6,155.8 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 23,220 Sqm.
<b>GLA (Sqm)</b>	10,700 Sqm composed of offices
<b>Basis of Value</b>	Market Value
<b>Value Hypothesis</b>	Current use
<b>Valuation Approach</b>	Market approach- comparable methods, Cost approach-DRC method and Income approach- Cap. method
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 137,000,000
<b>Report Date</b>	12/12/2022
<b>Valuation Date</b>	12/12/2022
<b>Inspection Date</b>	12/12/2022
<b>Expiry Date</b>	120 days from date of the inspection, unless there're any economic changes that affect the subject property.



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**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to SICO Capital – SICO Saudi REIT in order to estimate the market value of the property that is being evaluated.

### 1.2 Purpose of valuation

We conducted an evaluation of the subject property at the request of the client to determine the current market value of the property for auditing purposes.

### 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"** 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"** 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 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 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”** is one between parties who do not have a particular or special relationship, 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”** means that the asset would be exposed to the market in the most appropriate manner to affect 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;

**‘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’** 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 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 considered 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 Valuation Methods**

Depending on the purpose of the valuation, and upon the request of the client, we will apply the Market Approach, the Cost Approach-Depreciated Replacement Cost Method and Income Approach-Capitalization Method.

## **1.5 Currency**

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

## **1.6 Scope of Research**

As part of the appraisal process, our team conducted a field survey of the surrounding area of the property in question and similar properties to ensure their authenticity.

## **1.7 Property Inspection**

Inspection refers to visiting and inspecting an asset, testing its performance, and gathering information about it from quantities, specifications, land area, building areas, rental areas, services, public utilities, project components, etc., so that an opinion can be expressed regarding its value. Therefore, we confirm that subject property was inspected on 12/12/2022 with its specifications, as well, we note that this wasn't a technical inspection, but rather a preview and recording of everything that was seen.

## **1.8 Information Sources**

An on-site field survey was conducted by our team to ensure the accuracy of some market information required for the evaluation, including nearby asset prices, occupancy rates, and specific information about the asset under evaluation, to determine its actual market value. The following sources were used during the field research process:

- Title deed and construction permit.
- Field survey.
- The site preview.
- Our historical database of similar assets.
- Agents specializing in the same type of asset.

## **1.9 Assumptions and Special Assumptions**

As defined by the International Valuation Standards, assumptions are logical matters that can be accepted as facts during evaluation work without being specifically checked or scrutinized. They are accepted as soon as they are mentioned. Based on the facts at the time of the valuation.

- The property under evaluation has been evaluated based on absolute ownership.
- Assumed that all information received from the client is accurate and up to date as of the date of the evaluation, whether oral or written.
- This is an evaluation report rather than a structural survey. As a result, we did not conduct any utility checks, service checks, soil tests, etc.
- The valuation methodologies are based on market data compiled using our relevant market knowledge and experience.
- This report's output (final value) is derived from assumptions used, documents received from the client, and market data. Nevertheless, the output estimates provide an indication of the property's value.

## **1.10 Use, Distribution, and Publication Restrictions**

To estimate the market value of the assets being evaluated, WHITE CUBES Co. has prepared this report. There are restrictions on the transfer, referencing, and presentation of this report and its contents to any other party except as stipulated in the contract letter, and the client must obtain our prior written consent in order to use this report for any other purpose other than that stated in this report.

## **1.11 Legal Notes**

As far as we are aware, no legal notices have been served on the property, whether they are in progress or pending in the court system.



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**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is an office building located in Al Rabi 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 Thoumamah Road from the north side.

### 2.2 Surrounding Area

the subject property is surrounded mostly by several residential and commercial buildings.

### 2.3 Ease of Access

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

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client provides us with copy of the title deeds related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	3,076.42 Sqm
<b>District</b>	Al Rabie	<b>Plot No.</b>	3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	2
<b>T.D Number</b>	393140003189	<b>Layout No.</b>	3090
<b>T.D Date</b>	02/09/1442	<b>Owner</b>	Mashaar REIT Real Estate Company
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	02/09/1442	<b>Limitation of Document</b>	Mortgaged
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	60 meters street	<b>East Side</b>	Plot# 4
<b>South Side</b>	20 meters street	<b>West Side</b>	Plot# 2
<b>City</b>	Riyadh	<b>Land Area</b>	3,079.38 Sqm
<b>District</b>	Al Rabie	<b>Plot No.</b>	2
<b>T.D Type</b>	Electronic	<b>Block No.</b>	2
<b>T.D Number</b>	393140003190	<b>Layout No.</b>	3090
<b>T.D Date</b>	02/09/1442	<b>Owner</b>	Mashaar REIT Real Estate Company
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	02/09/1442	<b>Limitation of Document</b>	Mortgaged
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	60 meters street	<b>East Side</b>	Plot# 3
<b>South Side</b>	20 meters street	<b>West Side</b>	20 meters street

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



## 2.6 Construction and Buildings

The client 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.

## 2.7 Photographs of the Subject Property





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**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

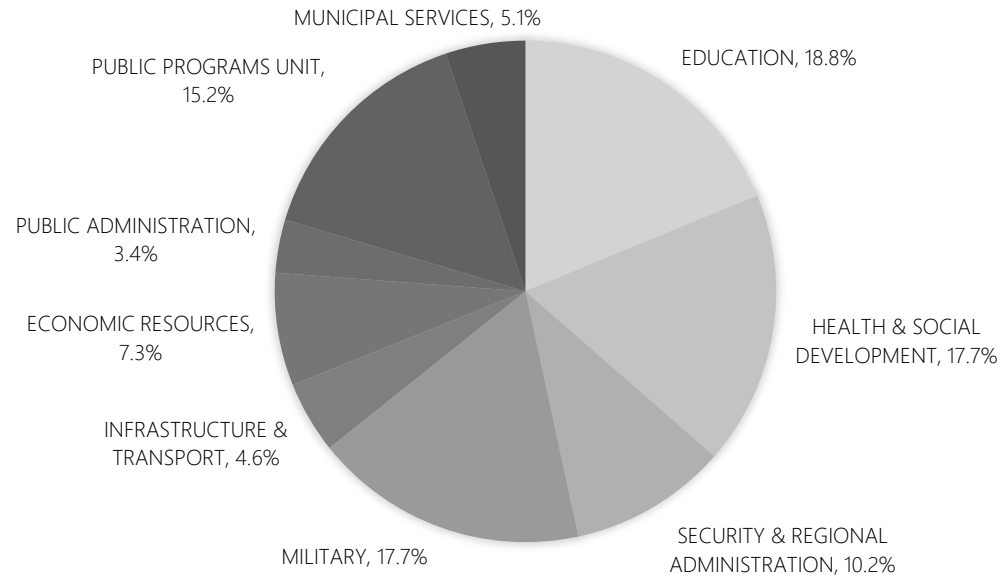
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 Budget Allocation for 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	46 SAR bn
General Items	151 SAR bn




Source: Ministry of Economy

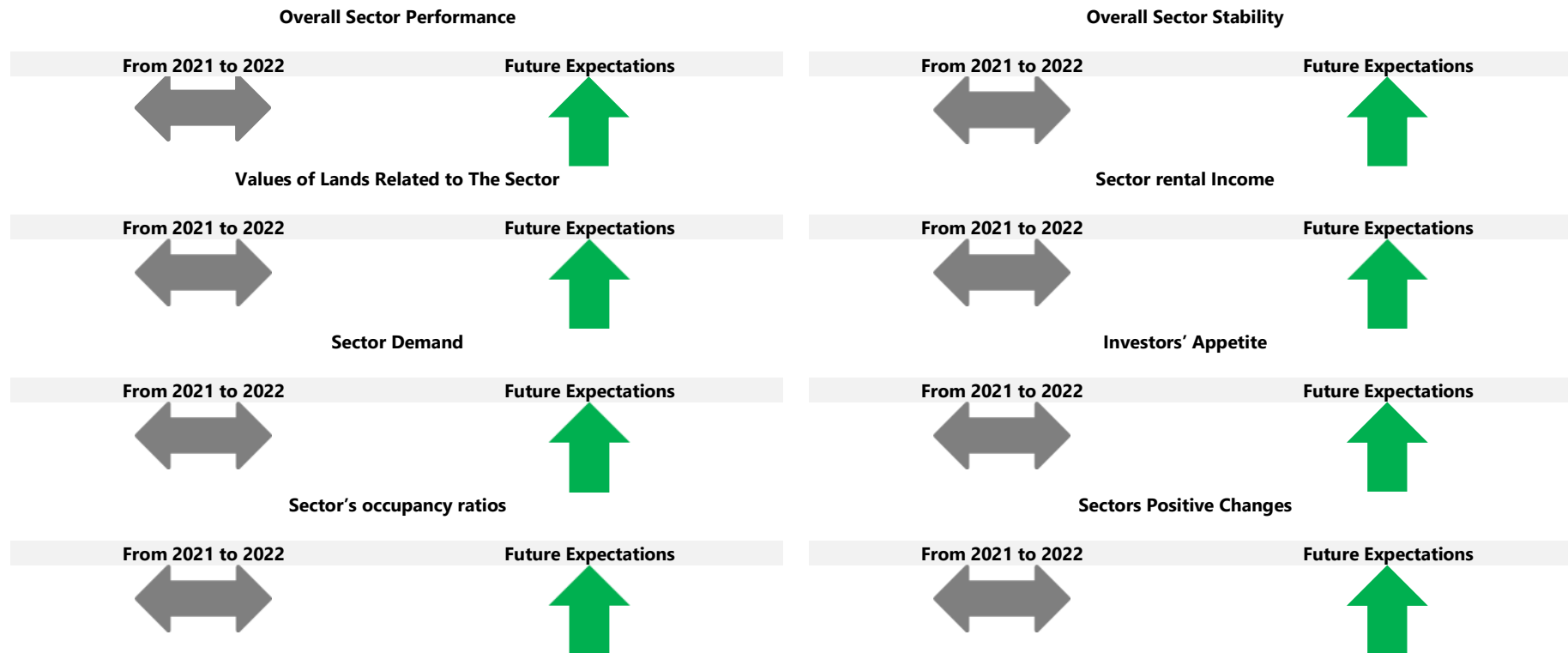




### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector 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	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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	----	✓	----	----	----
Total Risk	0	8	0	0	0

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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	----	✓	----	----	----
Total Risk	0	2	6	0	0

**Risk Category 8 Risk Points - Medium Risk**



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PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

### 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.

## **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.

## **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.

## 4.1 Market Approach-Comparable Method

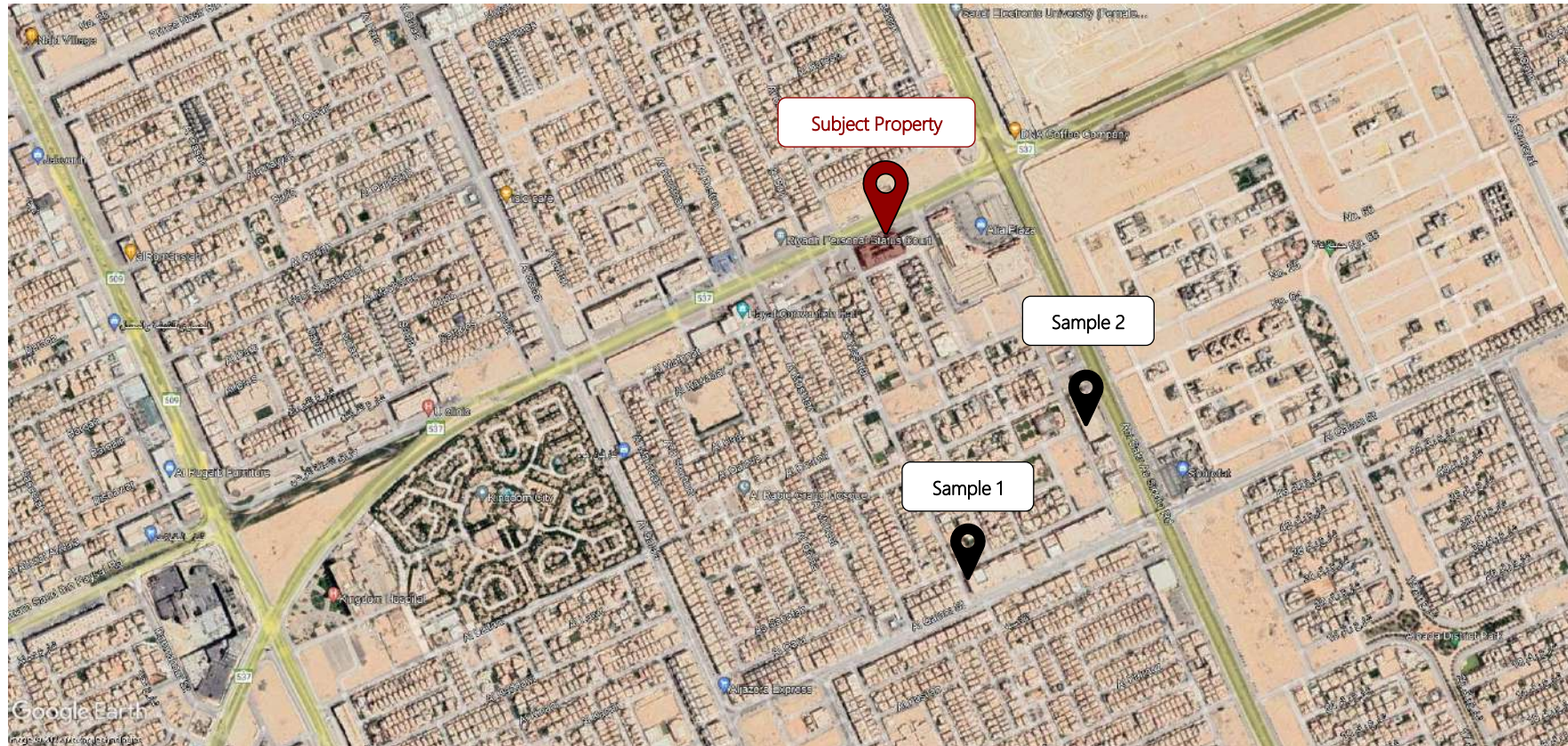
This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation 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 Rabie	Al Rabie	Al Rabie	
Sale Price	-----	SAR 37,500,000	SAR 115,000,000	
Data Source	Title Deed	Market Survey	Market Survey	
Area Size	6,155.80	5,000.00	18,000.00	
SAR / Sqm	-----	SAR 7,500	SAR 6,389	
Sides Open	3	3	4	
Adjustment Analysis				
		<b>SAMPLE 1</b>	<b>SAMPLE 2</b>	
Area size	6,155.80	5,000.00	18,000.00	-5.00%
Location Desirability	Average	Average	Average	0.00%
Accessibility	Average	Average	Average	0.00%
Main Street Width (m)	60	60	60	0.00%
Sides Open	3	3	4	-5.00%
Land Shape	Regular	Regular	Regular	0.00%
Close to main street	Yes	Yes	Yes	0.00%
Negotiable	-----	No	No	2.50%
Other Factor	-----	-----	-----	0.00%
<b>Total Adjustments Ratio</b>		<b>7.50%</b>	<b>-7.50%</b>	
<b>Total Adjustment Amount</b>		<b>SAR 562.5</b>	<b>-SAR 479.2</b>	
<b>Net After Adjustment</b>		<b>SAR 8,062.5</b>	<b>SAR 5,909.7</b>	
<b>SAR / Sqm</b>				
<b>Rounded Value</b>		<b>SAR 6,986</b>		<b>SAR 7,000</b>

SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	6,156	6,156	6,156	6,156	6,156
SAR / Sqm	SAR 6,300.0	SAR 6,650.0	SAR 7,000.0	SAR 7,350.0	SAR 7,700.0
Property Value	SAR 38,781,540	SAR 40,936,070	SAR 43,090,600	SAR 45,245,130	SAR 47,399,660
			<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 price for similar properties falls in the range of 6,500 - 7,500 SAR / Sqm with an average of 7,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



## 4.2 Cost Approach-Depreciated Replacement Cost (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 regard. 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 1,200	SAR 1,400	SAR 1,300
<b>MEP</b>	SAR 700	SAR 900	SAR 800
<b>Finishing Materials</b>	SAR 900	SAR 1,100	SAR 1,000
<b>Site Improvements</b>	SAR 80	SAR 120	SAR 100
<b>Developer Profit</b>	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 7,000	SAR 43,090,600

Building		
	Unit	Total BUA
<b>Upper Floors</b>	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>	5.00%
		<b>Dev Cost After Depreciation</b>	<b>SAR 76,967,954</b>
<b>Economic Age</b>	40	<b>Total Completion Rate</b>	100.00%
<b>Annual Dep Rate</b>	2.50%	<b>Developer Profit Rate</b>	20.0%
<b>Actual Age</b>	2		
<b>Total Dep Rate</b>	5.00%	<b>Dev. Profit Amount</b>	SAR 15,393,591
<b>Add Appr Rate</b>	0.00%	<b>Development Value</b>	<b>SAR 92,361,545</b>
<b>Net Dep Rate</b>	<b>5.00%</b>		

In order to determine the full value of the property, the construction costs will be added to the market value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
<b>SAR 92,361,545</b>	<b>SAR 43,090,600</b>	<b>SAR 135,452,145</b>	<b>SAR 135,450,000</b>

#### 4.1 Income Approach- Capitalization Method based on actual Leasing Contracts

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

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 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

<b>Minimum capitalization rate</b>	7.00%
<b>Maximum capitalization rate</b>	8.00%
<b>Average</b>	7.50%
<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 2 years
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>	-0.50%
<b>Capitalization rate, according to market averages</b>	7.5%
<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	10.50%	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>

## 4.2 Income Approach- Capitalization Method Based on Market Rates

### Market Rental Analysis

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

Comparable No.	Office Units Rental Rate/ Unit
Comparable 1	850 SAR/ Sqm
Comparable 2	800 SAR/ Sqm
Comparable 3	850 SAR/ Sqm
<b>Average</b>	<b>850 SAR/ Sqm</b>





### **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.

<b>Minimum capitalization rate</b>		8.00%
<b>Maximum capitalization rate</b>		9.00%
<b>Average</b>		8.50%
<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 2 years
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>	-0.50%	
<b>Capitalization rate, according to market averages</b>		8.5%
<b>Estimated capitalization rate of the property valuation</b>		8.00%

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

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Offices	10,700	0	SAR 1,200	SAR 0	SAR 12,840,000
				<b>Total Revenues</b>	<b>SAR 12,840,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Offices	3.00%	3.00%	3.00%	10.00%	19.00%
NET OPERATING INCOME					
Unit Type	Total Revenues		Total Expenses		NOI
Offices	SAR 12,840,000		19.00%		SAR 10,400,400
			<b>Total</b>		<b>SAR 10,400,400</b>
<b>Total Property Revenues</b>					SAR 12,840,000
<b>Total Property Expenses</b>					-SAR 2,439,600
<b>Net Operating Income</b>					<b>SAR 10,400,400.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>	
SAR 10,400,400.00	8.00%	130,005,000.00 SAR		<b>130,000,000.00 SAR</b>	

### 4.3 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Method</b>	Land + Building	SAR 135,000,000	One Hundred Thirty-Five Million Saudi Riyals
<b>Income- Contracts</b>	Property	SAR 137,000,000	One Hundred Thirty-Seven Million Saudi Riyals
<b>Income- Market</b>	Property	SAR 130,000,000	One Hundred Thirty Million Saudi Riyals

### 4.4 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:           137,000,000 SAR**  
**One Hundred Thirty-Seven Million Saudi Riyals.**

#### 4.5 Conclusion

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

#### 4.6 Accredited Valuers

**Essam M. Al Husaini**  
President



Fellow Member of (Taqeem)  
License No. 1210000474

**Nabeel M. Al Husaini**  
CEO



Member of (Taqeem)  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



Member of (Taqeem)  
License No. 1210001964

**Nasser A. Al Arifi**  
Valuer



Member of (Taqeem)  
License No. 1210002399

**WHITECUBES Stamp**







WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

Documents Received

5 Title deed

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]

تاريخ الصك: ١٤٤٢/٩/٢ هـ  
رقم الصك: ٣٩٣١٤٠٠٠٣١٨٩

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 3 من البلك رقم 2 من المخطط رقم 3090 الواقع في حي الربيع بمدينة الرياض . وحدودها وأطرافها : شمالا: شارع التخصصي عرض 60م بطول 51 واحد و خمسون متر جنوبا: شارع عرض 20م بطول 51 واحد و خمسون متر شرقا: قطعة رقم 4 بطول 60.44 ستون متر و أربعة و أربعون سنتمتر غربا: قطعة رقم 2 بطول 60.44 ستون متر و أربعة و أربعون سنتمتر ومساحتها 3076.42 ثلاثة آلاف وستة و سبعون متر مربعا و اثنين و أربعون سنتمتر مربعاً المملوكة لـ شركة مشاعر ريت العقارية بموجب سجل تجاري رقم 1010929452 بموجب الصك الصادر من كتابة العدل الأولى بالرياض برقم 299071000135 في 1442 / 07 / 27 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / بنك الرياض بموجب سجل تجاري رقم 1010001054 ضمناً للوفاء بـ 33811000 فقط ثلاثة و ثلاثون مليوناً و ثمانمائة و أحد عشر ألف ريال سعودي لا غير. سبب الرهن : بموجب عقد التمويل المجاز من الهيئة الشرعية برقم 98 و ذلك كضمان للوفاء بجزء من الالتزامات والمستحقات المالية على أن يتم السداد دفعة واحدة بتاريخ 2024-06-09م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات. واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً. وعليه جرى التصديق تحريراً في 02 / 09 / 1442 لا عتماده، بوصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسريتها عبر الخدمات الإلكترونية لوزارة العدل  
نموذج رقم (١٢-١٤-٢٠٠١)

صفحة رقم 1 من 1

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]

تاريخ الصك: ١٤٤٢/٩/٢ هـ  
رقم الصك: ٣٩٣١٤٠٠٠٣١٩٠

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 2 من البلك رقم 2 من المخطط رقم 3090 الواقع في حي الربيع بمدينة الرياض . وحدودها وأطرافها : شمالا: شارع التخصصي عرض 60م بطول 51 واحد و خمسون متر جنوبا: شارع عرض 20م بطول 51 واحد و خمسون متر شرقا: قطعة رقم 3 بطول 60.4 ستون متر و أربعون سنتمتر غربا: شارع عرض 20م بطول 60.36 ستون متر و ستة و ثلاثون سنتمتر ومساحتها 3079.38 ثلاثة آلاف وتسعة و سبعون متر مربعا و ثمانية و ثلاثون سنتمتر مربعاً المملوكة لـ شركة مشاعر ريت العقارية بموجب سجل تجاري رقم 1010929452 بموجب الصك الصادر من كتابة العدل الأولى بالرياض برقم 310108054425 في 1442 / 08 / 16 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / بنك الرياض بموجب سجل تجاري رقم 1010001054 ضمناً للوفاء بـ 33811000 فقط ثلاثة و ثلاثون مليوناً و ثمانمائة و أحد عشر ألف ريال سعودي لا غير. سبب الرهن : بموجب عقد التمويل المجاز من الهيئة الشرعية برقم 98 و ذلك كضمان للوفاء بجزء من الالتزامات والمستحقات المالية على أن يتم السداد دفعة واحدة بتاريخ 2024-06-09م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات. واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً. وعليه جرى التصديق تحريراً في 02 / 09 / 1442 لا عتماده، بوصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسريتها عبر الخدمات الإلكترونية لوزارة العدل  
نموذج رقم (١٢-١٤-٢٠٠١)

صفحة رقم 1 من 1

## 5.1 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES

REAL ESTATE VALUATION REPORT

# SICO Capital SICO SAUDI REIT

## ESKAN TOWER 4

Makkah City  
December 2022



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:**  
**Code:**  
**Date:** 12/12/2022  
**Ms.:** Hessaa Almuzaini

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

Dear Sir,

With reference to your request and approval dated on 8<sup>th</sup> of December 2022. We will provide you with a detailed report on the property under evaluation, including a market analysis, an economic analysis, and a description of the valuation methods. In addition, we WHITE CUBES guarantee the confidentiality of the client's information and are committed to complete impartiality in the evaluation process and acknowledge that there are no common interests between WHITECUBES and the client.

**WHITE CUBES Consulting Services Co.**

**Mr. Essam M. Al-Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447



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WHITE **CUBES**

**EXECUTIVE SUMMARY**

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	
<b>Dep. Code</b>	
<b>Client</b>	SICO Capital – SICO Saudi REIT
<b>Report user</b>	SICO Capital – SICO Saudi REIT
<b>Other users</b>	Investors or those wishing to invest in the Real Estate Investment Trust.
<b>Purpose of Valuation</b>	Auditing Purposes
<b>Subject Property</b>	Hospitality Tower
<b>Property Location</b>	Al Aziziah district, Makkah City.
<b>Title Deed No.</b>	320123008398
<b>Title Deed Date</b>	08/04/1439
<b>Ownership Type</b>	Freehold
<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	The land has an area size of 1,287.97 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 18,053 Sqm.
<b>No. of Rooms</b>	The total number of rooms is 450 Rooms
<b>Pilgrim's Capacity</b>	1868 Pilgrims
<b>Basis of Value</b>	Market Value
<b>Value Hypothesis</b>	Current use
<b>Valuation Approach</b>	Market approach- comparable method and Cost Approach- DRC method
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 134,200,000
<b>Report Date</b>	12/12/2022
<b>Valuation Date</b>	12/12/2022
<b>Inspection Date</b>	12/12/2022
<b>Expiry Date</b>	120 days from date of the inspection, unless there're any economic changes that affect the subject property.





WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to SICO Capital – SICO Saudi REIT in order to estimate the market value of the property that is being evaluated.

### 1.2 Purpose of valuation

We conducted an evaluation of the subject property at the request of the client to determine the current market value of the property for Auditing Purposes.

### 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"** 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"** 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 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 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”** is one between parties who do not have a particular or special relationship, 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”** means that the asset would be exposed to the market in the most appropriate manner to affect 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;

**‘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’** 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 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 considered 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 Valuation Methods**

Depending on the purpose of the valuation, and upon the request of the client, we will apply Market Approach- Comparable Method and Cost Approach- Depreciated Replacement Cost DRC.

## **1.5 Currency**

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

## **1.6 Scope of Research**

As part of the appraisal process, our team conducted a field survey of the surrounding area of the property in question and similar properties to ensure their authenticity.

## **1.7 Property Inspection**

Inspection refers to visiting and inspecting an asset, testing its performance, and gathering information about it from quantities, specifications, land area, building areas, rental areas, services, public utilities, project components, etc., so that an opinion can be expressed regarding its value. Therefore, we confirm that subject property was inspected on 12/12/2022 with its specifications, as well, we note that this wasn't a technical inspection, but rather a preview and recording of everything that was seen.

## **1.8 Information Sources**

An on-site field survey was conducted by our team to ensure the accuracy of some market information required for the evaluation, including nearby asset prices, occupancy rates, and specific information about the asset under evaluation, to determine its actual market value. The following sources were used during the field research process:

- Title deed and construction permit.
- Field survey.
- The site preview.
- Our historical database of similar assets.
- Agents specializing in the same type of asset.

## **1.9 Assumptions and Special Assumptions**

As defined by the International Valuation Standards, assumptions are logical matters that can be accepted as facts during evaluation work without being specifically checked or scrutinized. They are accepted as soon as they are mentioned. Based on the facts at the time of the valuation.

- The property under evaluation has been evaluated based on absolute ownership.
- Assumed that all information received from the client is accurate and up-to-date as of the date of the evaluation, whether oral or written.
- This is an evaluation report rather than a structural survey. As a result, we did not conduct any utility checks, service checks, soil tests, etc.
- The valuation methodologies are based on market data compiled using our relevant market knowledge and experience.
- This report's output (final value) is derived from assumptions used, documents received from the client, and market data. Nevertheless, the output estimates provide an indication of the property's value.

## **1.10 Use, Distribution, and Publication Restrictions**

To estimate the market value of the assets being evaluated, WHITE CUBES Co. has prepared this report. There are restrictions on the transfer, referencing, and presentation of this report and its contents to any other party except as stipulated in the contract letter, and the client must obtain our prior written consent in order to use this report for any other purpose other than that stated in this report.

## **1.11 Legal Notes**

As far as we are aware, no legal notices have been served on the property, whether they are in progress or pending in the court system.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS



## Property and Location Description

### 2.1 Property Description

The subject property is a hospitality tower composed of 23 floors and located in Al Aziah 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 Al Masjid Al Haram Road from the west side.

### 2.2 Surrounding Area

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

### 2.3 Ease of Access

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

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client provides us with copy of the title deeds related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	1,287.97 Sqm
<b>District</b>	Al Aziziyah	<b>Plot No.</b>	1/277
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	320123008398	<b>Layout No.</b>	ح/7/21/1
<b>T.D Date</b>	08/04/1439	<b>Owner</b>	Al Mashaar REIT Real Estate company
<b>T.D Value</b>	190,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	08/04/1439	<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	private property	<b>East Side</b>	10 meters street
<b>South Side</b>	private property	<b>West Side</b>	30 meters street

**Note:** 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.

## 2.6 Construction and Buildings

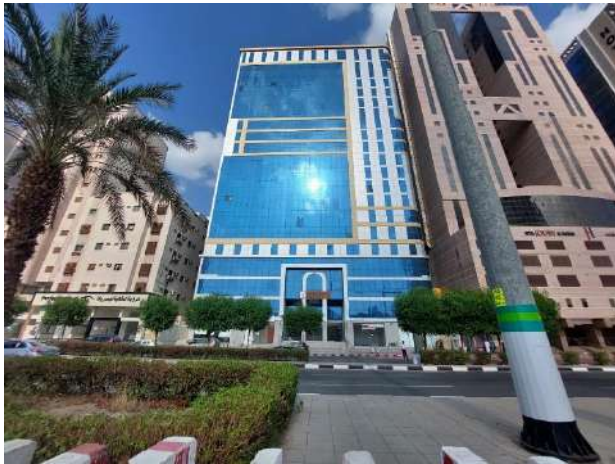
The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

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

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



2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

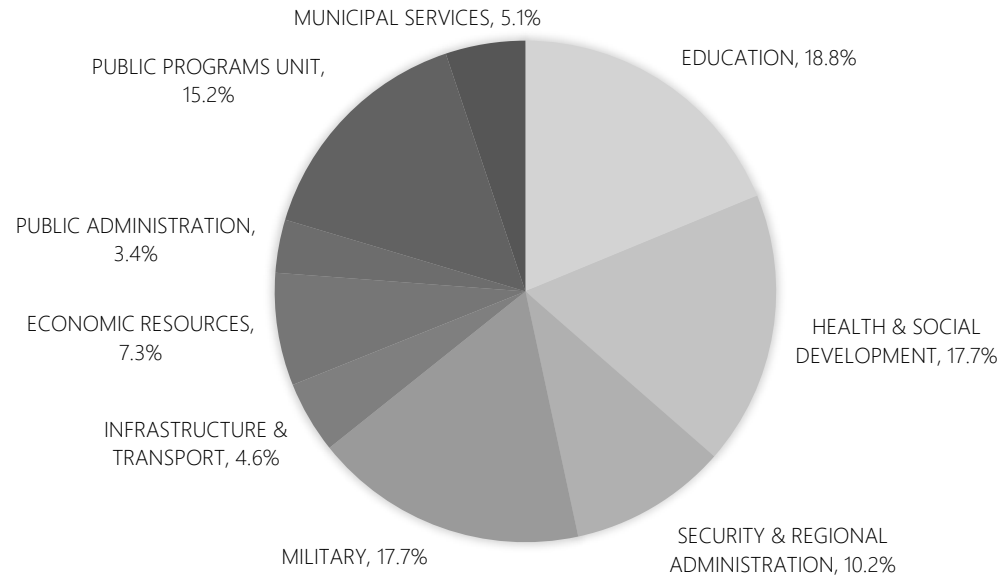
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 Budget Allocation for 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	46 SAR bn
General Items	151 SAR bn




Source: Ministry of Economy

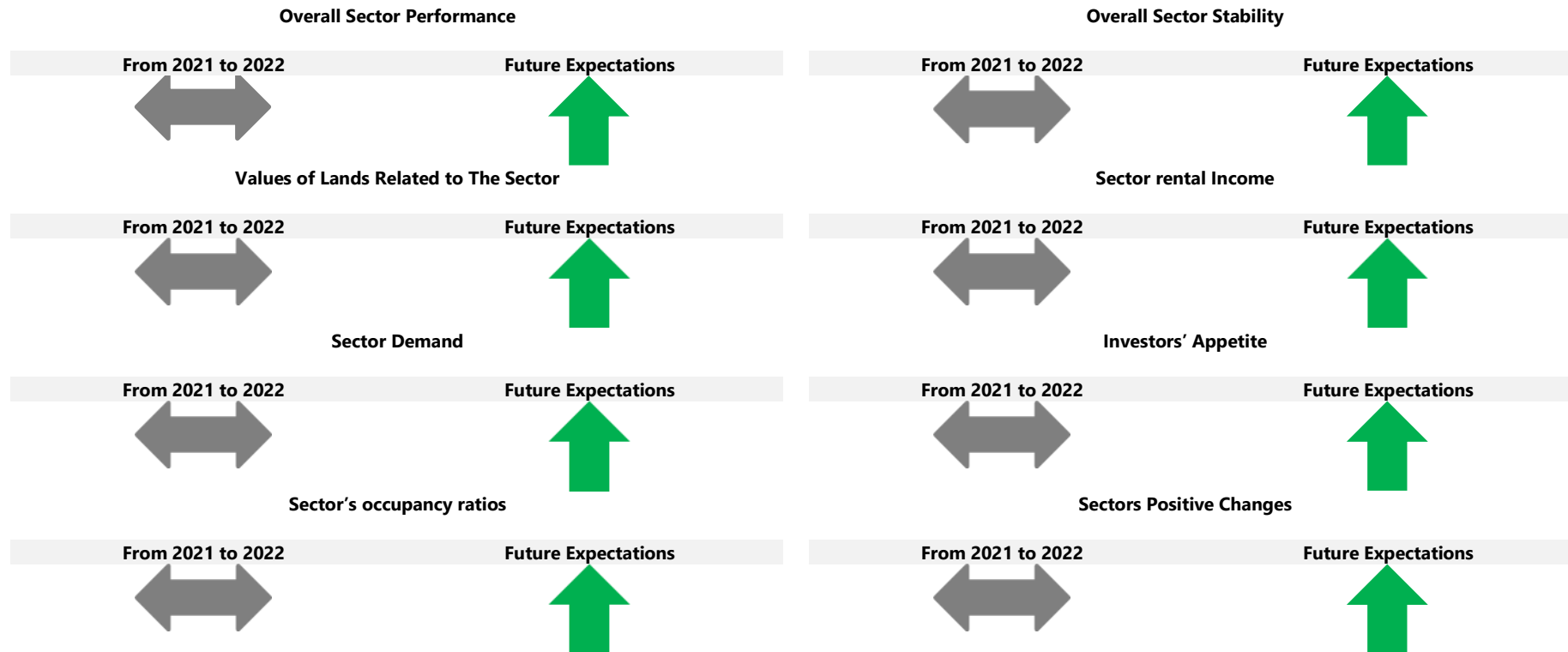




### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector 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	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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	----	✓	----	----	----
Total Risk	0	8	0	0	0

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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	----	✓	----	----	----
Total Risk	0	2	6	0	0

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	----	----

#### 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.

#### 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.

## 4.1 Comparable Approach

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Al Aziziyah	Al Aziziyah	
Sale Price	-----	SAR 35,900,000	
Data Source	Title Deed	Market Survey	
Area Size	1,287.97	703.00	
SAR / Sqm	-----	SAR 51,067	
Sides Open	2	3	
Adjustment Analysis			
			SAMPLE 1
Area size	1,287.97	703.00	0.00%
Location Desirability	Average	High	-5.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	30	30	0.00%
Sides Open	2	3	-5.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-10.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 5,106.7</b>
<b>Net After Adjustment</b>			<b>SAR 45,960.2</b>
SAR / Sqm		<b>SAR 45,960</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>				







## 4.2 Cost Approach-Depreciated Replacement Cost Method (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 regard. 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>Developer 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

<b>LAND</b>			
	Land Area	SAR / Sqm	Total Value
	1,287.97	SAR 46,000	SAR 59,246,620
<b>Building</b>			
	Unit	No of Floors	Total BUA
<b>Underground</b>	Sqm	1	1,287.97
<b>Ground Floor</b>	Sqm	1	789.90
<b>Restaurant Floor</b>	Sqm	1	824.91
<b>Mosque Floor</b>	Sqm	1	824.91
<b>Mezzanine</b>	Sqm	1	587.86
<b>Upper Floors</b>	Sqm	17	12,304.60
<b>Tanks</b>	Sqm	1	1,089.97
<b>Annex</b>	Sqm	1	261.20
<b>Staircases &amp; Elevators</b>	Sqm	1	75.43
<b>Sewage</b>	Sqm	1	6.00
<b>Total (SQM)</b>	<b>18,052.75</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			
Hard Cost	SAR 63,746,602	Economic Age	40
Soft Cost	SAR 8,287,058	Annual Dep Rate	2.50%
<b>Total Dev Cost</b>	<b>SAR 72,033,660</b>		
Net Dep Rate	20.00%	Actual Age	8
Dev Cost After Depreciation	<b>SAR 57,626,928</b>	Total Dep Rate	20.00%
		Add Appr Rate	0.00%
		Net Dep Rate	<b>20.00%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @ 30%	30.0%		
Dev. Profit Amount	SAR 17,288,078		
<b>Development Value</b>	<b>SAR 74,915,006</b>		

In order to determine the full value of the property, the construction costs will be added to the market value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 74,915,006	SAR 59,246,620	SAR 134,161,626	SAR 134,200,000

### 4.3 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 Cost Approach-Depreciated Replacement Cost Method (DRC) is:

**Property Value: 134,200,000 SAR**  
**One Hundred Thirty-Four Million Two Hundred Thousand Saudi Riyals.**

#### 4.4 Conclusion

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

#### 4.5 Accredited Valuers

**Essam M. Al Husaini**  
President



Fellow Member of (Taqeem)  
License No. 1210000474

**Nabeel M. Al Husaini**  
CEO



Member of (Taqeem)  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



Member of (Taqeem)  
License No. 1210001964

**Nasser A. Al Arifi**  
Valuer



Member of (Taqeem)  
License No. 1210002399

**WHITECUBES Stamp**





WHITE **CUBES**  
DOCUMENTS

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DOCUMENT





## 5.1 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية







WHITE CUBES

REAL ESTATE VALUATION REPORT

# SICO Capital SICO SAUDI REIT

## ESKAN TOWER 5

Makkah City  
December 2022



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 22-0000  
**Code:** 000000  
**Date:** 12/12/2022  
**Ms.:** Hessaa Almuzaini

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

Dear Sir,

With reference to your request and approval dated on 8<sup>th</sup> of December 2022. We will provide you with a detailed report on the property under evaluation, including a market analysis, an economic analysis, and a description of the valuation methods. In addition, we WHITE CUBES guarantee the confidentiality of the client's information and are committed to complete impartiality in the evaluation process and acknowledge that there are no common interests between WHITECUBES and the client.

**WHITE CUBES Consulting Services Co.**

**Mr. Essam M. Al-Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	22-0000
<b>Dep. Code</b>	000000
<b>Client</b>	SICO Capital – SICO Saudi REIT
<b>Report user</b>	SICO Capital – SICO Saudi REIT
<b>Other users</b>	Investors or those wishing to invest in the Real Estate Investment Trust.
<b>Purpose of Valuation</b>	Auditing Purposes
<b>Subject Property</b>	Hospitality Tower
<b>Property Location</b>	Prince Abdullah Al Faisal district, Makkah City.
<b>Title Deed No.</b>	920121009575
<b>Title Deed Date</b>	09/04/1439
<b>Ownership Type</b>	Freehold
<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	The land has an area size of 1,382.73 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 19,905 Sqm.
<b>No. of Rooms</b>	The total number of rooms is 428 Rooms
<b>Pilgrim's Capacity</b>	1976 Pilgrims
<b>Basis of Value</b>	Market Value
<b>Value Hypothesis</b>	Current use
<b>Valuation Approach</b>	Market approach- comparable method, Cost Approach-Depreciated Replacement Cost DRC
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 105,600,000
<b>Report Date</b>	12/12/2022
<b>Valuation Date</b>	12/12/2022
<b>Inspection Date</b>	12/12/2022
<b>Expiry Date</b>	120 days from date of the inspection, unless there're any economic changes that affect the subject property.



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to SICO Capital – SICO Saudi REIT in order to estimate the market value of the property that is being evaluated.

### 1.2 Purpose of valuation

We conducted an evaluation of the subject property at the request of the client to determine the current market value of the property for Auditing Purposes.

### 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"** 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"** 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 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 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”** is one between parties who do not have a particular or special relationship, 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”** means that the asset would be exposed to the market in the most appropriate manner to affect 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;

**‘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’** 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 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 considered 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 Valuation Methods**

Depending on the purpose of the valuation, and upon the request of the client, we will apply Market Approach- Comparable Method and Cost Approach- Depreciated Replacement Cost DRC.

## **1.5 Currency**

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

## **1.6 Scope of Research**

As part of the appraisal process, our team conducted a field survey of the surrounding area of the property in question and similar properties to ensure their authenticity.

## **1.7 Property Inspection**

Inspection refers to visiting and inspecting an asset, testing its performance, and gathering information about it from quantities, specifications, land area, building areas, rental areas, services, public utilities, project components, etc., so that an opinion can be expressed regarding its value. Therefore, we confirm that subject property was inspected on 12/12/2022 with its specifications, as well, we note that this wasn't a technical inspection, but rather a preview and recording of everything that was seen.

## **1.8 Information Sources**

An on-site field survey was conducted by our team to ensure the accuracy of some market information required for the evaluation, including nearby asset prices, occupancy rates, and specific information about the asset under evaluation, to determine its actual market value. The following sources were used during the field research process:

- Title deed and construction permit.
- Field survey.
- The site preview.
- Our historical database of similar assets.
- Agents specializing in the same type of asset.

## **1.9 Assumptions and Special Assumptions**

As defined by the International Valuation Standards, assumptions are logical matters that can be accepted as facts during evaluation work without being specifically checked or scrutinized. They are accepted as soon as they are mentioned. Based on the facts at the time of the valuation.

- The property under evaluation has been evaluated based on absolute ownership.
- Assumed that all information received from the client is accurate and up to date as of the date of the evaluation, whether oral or written.
- This is an evaluation report rather than a structural survey. As a result, we did not conduct any utility checks, service checks, soil tests, etc.
- The valuation methodologies are based on market data compiled using our relevant market knowledge and experience.
- This report's output (final value) is derived from assumptions used, documents received from the client, and market data. Nevertheless, the output estimates provide an indication of the property's value.

## **1.10 Use, Distribution, and Publication Restrictions**

To estimate the market value of the assets being evaluated, WHITE CUBES Co. has prepared this report. There are restrictions on the transfer, referencing, and presentation of this report and its contents to any other party except as stipulated in the contract letter, and the client must obtain our prior written consent in order to use this report for any other purpose other than that stated in this report.

## **1.11 Legal Notes**

As far as we are aware, no legal notices have been served on the property, whether they are in progress or pending in the court system.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a hospitality tower composed of 20 floors and located in Prince Abdullah Faisal district, Makkah City. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,382.73 Sqm and a total BUA of 19,905 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from 1 side with a direct view on Al Rida Street from the west side.

### 2.2 Surrounding Area

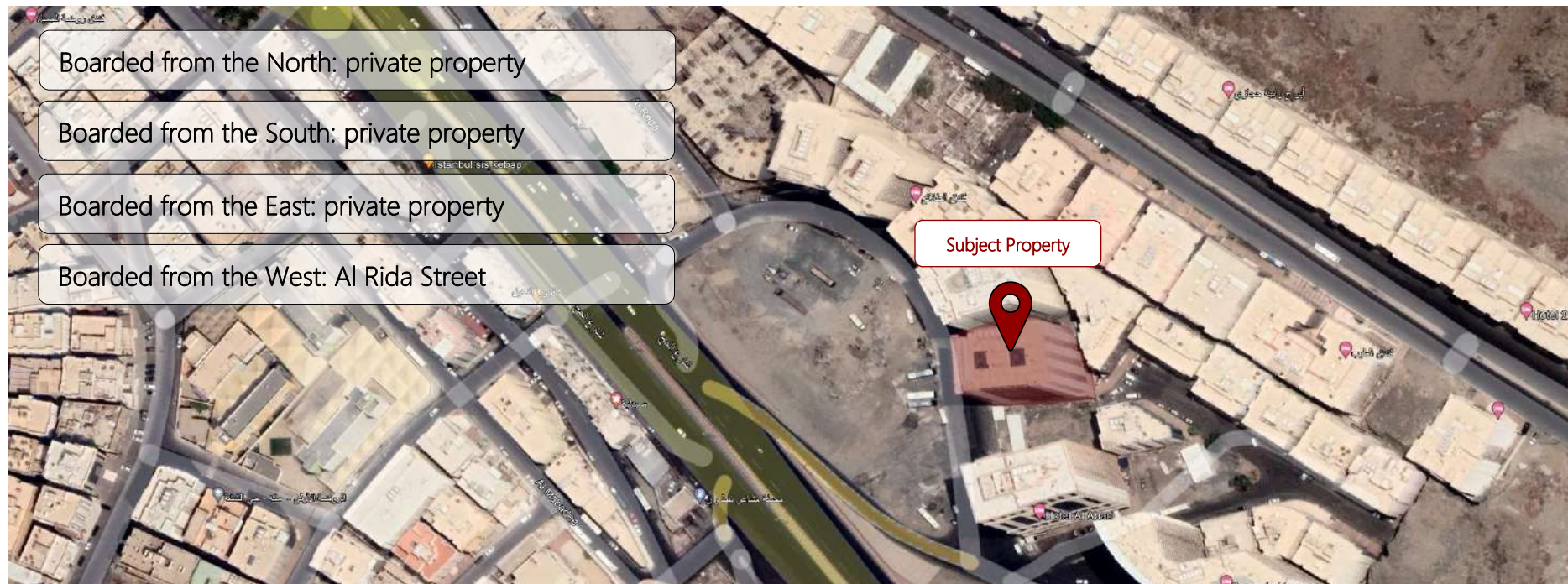
the subject property is surrounded mostly by several residential and mix-use buildings.

### 2.3 Ease of Access

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

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client provides us with copy of the title deeds related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	1,382.73 Sqm
<b>District</b>	Prince Abdullah Al Faisal	<b>Plot No.</b>	166
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920121009575	<b>Layout No.</b>	ب/23/15/1
<b>T.D Date</b>	09/04/1439	<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>T.D Value</b>	182,400,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	09/04/1439	<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	private property	<b>East Side</b>	private property
<b>South Side</b>	private property	<b>West Side</b>	12 meters street

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



## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

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

Description	No. of Units	Area (sqm)	Use
Basement	1	1,382.73	Parking Spots
Ground Floor	1	1,018.74	Reception
Mezzanine	1	758.78	Reception
Mosque Floor	1	1,016.88	Mosque
Restaurant Floor	1	1,016.88	Restaurant
14 Typical Floors	14	12,780.6	Residential
Annex Floor	1	755.03	Residential
Staircase & Elevators	1	44.19	Staircase & Elevators
Tanks	1	1,125.17	Tanks
Sewage	1	6	Sewage
<b>Total BAU (sqm)</b>		<b>19,905</b>	

2.7 Photographs of the Subject Property





WHITE **CUBES**

MARKET INDICATORS

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MARKET  
INDICATORS

## Market Indicators

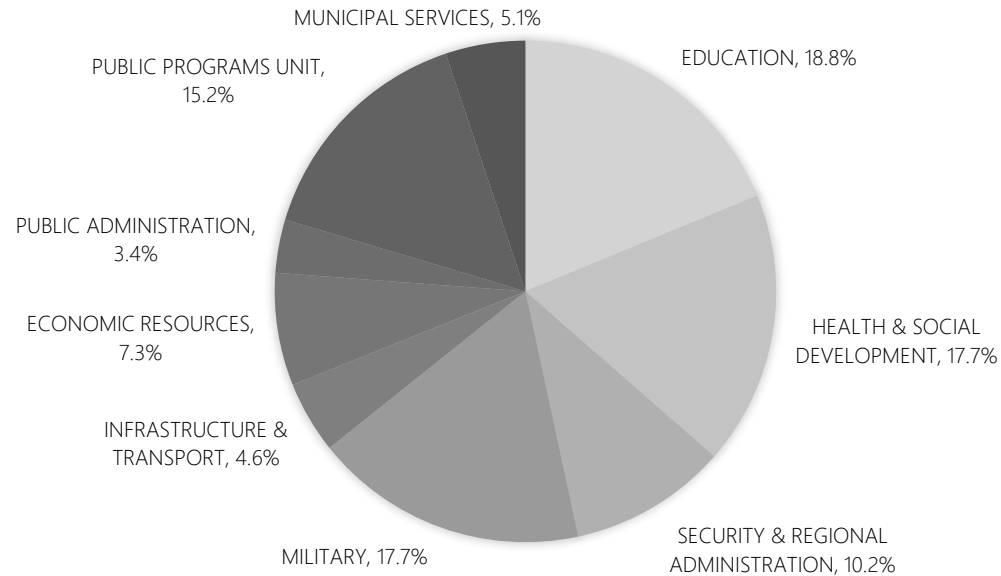
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 Budget Allocation for 2021




Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	46 SAR bn
General Items	151 SAR bn

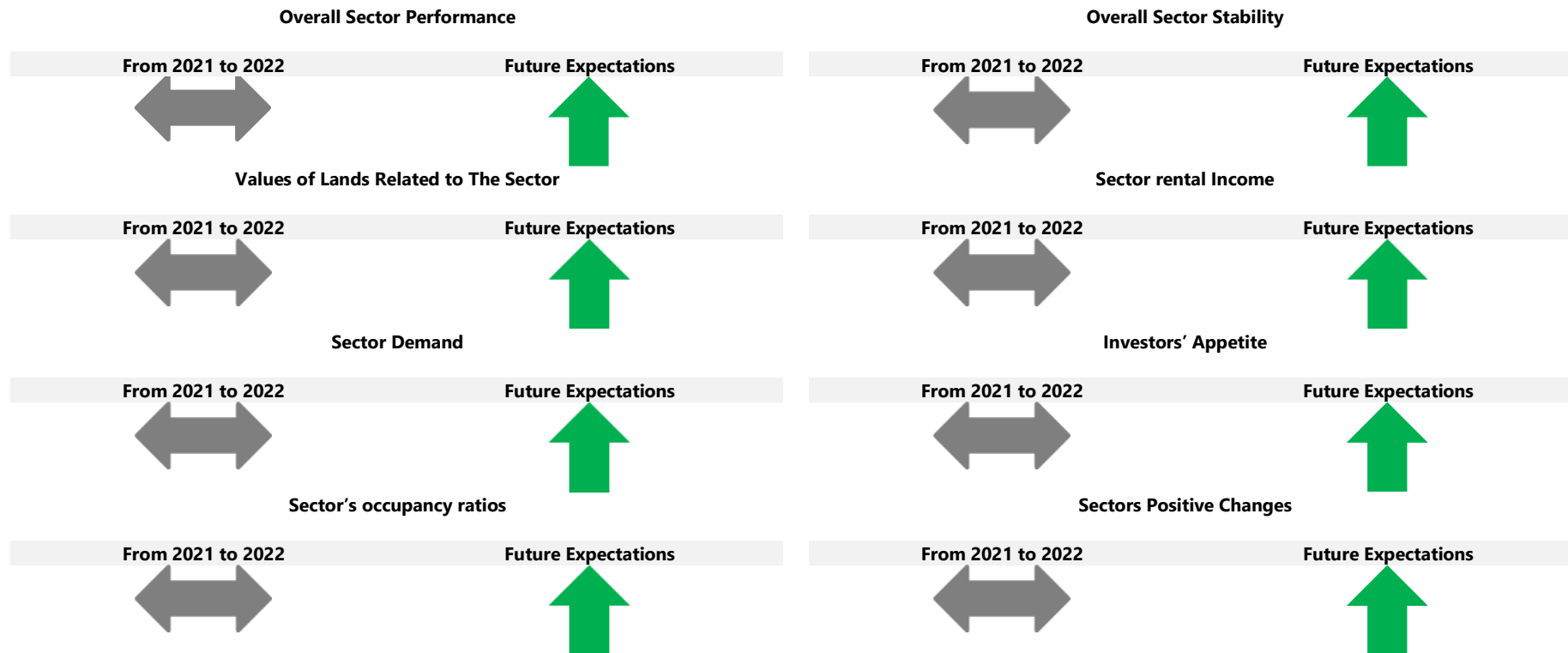
Source: Ministry of Economy



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector 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	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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	----	✓	----	----	----
Total Risk	0	8	0	0	0

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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	----	✓	----	----	----
Total Risk	0	2	6	0	0

**Risk Category 8 Risk Points - Medium Risk**





WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	----	----

#### 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.

#### 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.

## 4.1 Comparable Approach

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

Characteristics of Samples			
Feature	Subject Property		Sample 1
Quoting	-----		Offering
District	Prince Abdullah Faisal		Prince Abdullah Faisal
Sale Price	-----		SAR 24,500,000
Data Source	Title Deed		Market Survey
Area Size	1,382.73		1,275.00
SAR / Sqm	-----		SAR 19,216
Sides Open	1		3
Adjustment Analysis			
			SAMPLE 1
Area size	1,382.73	1,275.00	0.00%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Excellent	-5.00%
Main Street Width (m)	15	30	-10.00%
Sides Open	1	3	-10.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
<b>Total Adjustments Ratio</b>			-25.00%
<b>Total Adjustment Amount</b>			-SAR 4,803.9
<b>Net After Adjustment</b>			SAR 14,411.8
<b>SAR / Sqm</b>	<b>SAR 14,412</b>		
<b>Rounded Value</b>	<b>SAR 14,400</b>		

SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	1,383	1,383	1,383	1,383	1,383	
SAR / Sqm	SAR 12,960.0	SAR 13,680.0	SAR 14,400.0	SAR 15,120.0	SAR 15,840.0	
Property Value	SAR 17,920,181	SAR 18,915,746	SAR 19,911,312	SAR 20,906,878	SAR 21,902,443	
			<b>PROPERTY VALUE</b>			



## 4.2 Cost Approach-Depreciated Replacement Cost (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 regard. 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>	280	320	300
<b>Developer 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		
Land Area	SAR / Sqm	Total Value
1,383.00	SAR 14,400	SAR 19,915,200

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



<b>HARD COSTS ESTIMATES</b>					
<b>G + M + Upper Floors + Annex</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
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>
<b>Underground</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
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>
<b>General Site Development</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
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>
	<b>Actual Completion %</b>			<b>Total BUA</b>	<b>19,905.00</b>
G+M + Upper Floor	100.00%			<b>Total Hard Cost</b>	<b>SAR 70,291,337</b>
Under Ground	100.00%			<b>Average SAR / Sqm</b>	<b>SAR 3,531</b>
General Site Dev.	100.00%			<b>Overall Completion</b>	<b>100.00%</b>

<b>SOFT COSTS ESTIMATES</b>			
	<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
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 70,292,142	Economic Age	50
Soft Cost	SAR 8,153,888	Annual Dep Rate	2.00%
<b>Total Dev Cost</b>	<b>SAR 78,446,030</b>		
Net Dep Rate	16.00%	Actual Age	8
Dev Cost After Depreciation	<b>SAR 65,894,666</b>	Total Dep Rate	16.00%
		Add Appr Rate	0.00%
		Net Dep Rate	<b>16.00%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @ 20%	30.0%		
Dev. Profit Amount	SAR 19,768,400		
<b>Development Value</b>	<b>SAR 85,663,065</b>		

In order to determine the full value of the property, the construction costs will be added to the market value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 85,663,065	SAR 19,915,200	SAR 105,578,265	SAR 105,600,000

### 4.3 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 Cost Approach- Depreciated Replacement Cost DRC is:

**Property Value: 105,600,000 SAR**  
**One hundred five million six hundred thousand Saudi Riyals.**

#### 4.4 Conclusion

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

#### 4.5 Accredited Valuers

**Essam M. Al Husaini**  
President



Fellow Member of (Taqeem)  
License No. 1210000474

**Nabeel M. Al Husaini**  
CEO



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Member of (Taqeem)  
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**Nasser A. Al Arifi**  
Valuer



Member of (Taqeem)  
License No. 1210002399

**WHITECUBES Stamp**





WHITE **CUBES**  
DOCUMENTS

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DOCUMENT



## 5.1 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES

REAL ESTATE VALUATION REPORT

# SICO Capital SICO SAUDI REIT

## ESKAN TOWER 6

Makkah City  
December 2022



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:**  
**Code:**  
**Date:** 12/12/2022  
**Ms.:** Hessaa Almuzaini

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

Dear Sir,

With reference to your request and approval dated on 8<sup>th</sup> of December 2022. We will provide you with a detailed report on the property under evaluation, including a market analysis, an economic analysis, and a description of the valuation methods. In addition, we WHITE CUBES guarantee the confidentiality of the client's information and are committed to complete impartiality in the evaluation process and acknowledge that there are no common interests between WHITECUBES and the client.

**WHITE CUBES Consulting Services Co.**

**Mr. Essam M. Al-Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	
<b>Dep. Code</b>	
<b>Client</b>	SICO Capital – SICO Saudi REIT
<b>Report user</b>	SICO Capital – SICO Saudi REIT
<b>Other users</b>	Investors or those wishing to invest in the Real Estate Investment Trust.
<b>Purpose of Valuation</b>	Auditing Purposes
<b>Subject Property</b>	Hospitality Tower
<b>Property Location</b>	Al Aziziah district, Makkah City.
<b>Title Deed No.</b>	220121009603 - 220121009602
<b>Title Deed Date</b>	10/04/1439
<b>Ownership Type</b>	Freehold
<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	The land has an area size of 1,458 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 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>Basis of Value</b>	Market Value
<b>Value Hypothesis</b>	Current use
<b>Valuation Approach</b>	Market approach- comparable method and Cost Approach- DRC
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 132,600,000
<b>Report Date</b>	12/12/2022
<b>Valuation Date</b>	12/12/2022
<b>Inspection Date</b>	12/12/2022
<b>Expiry Date</b>	120 days from date of the inspection, unless there're any economic changes that affect the subject property.



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to SICO Capital – SICO Saudi REIT in order to estimate the market value of the property that is being evaluated.

### 1.2 Purpose of valuation

We conducted an evaluation of the subject property at the request of the client to determine the current market value of the property for Auditing Purposes.

### 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"** 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"** 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 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 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"** is one between parties who do not have a particular or special relationship, 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"** means that the asset would be exposed to the market in the most appropriate manner to affect 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;

**'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'** 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 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 considered 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 Valuation Methods**

Depending on the purpose of the valuation, and upon the request of the client, we will apply Market Approach- Comparable Method and Cost Approach-Depreciated Replacement Cost DRC.

## **1.5 Currency**

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

## **1.6 Scope of Research**

As part of the appraisal process, our team conducted a field survey of the surrounding area of the property in question and similar properties to ensure their authenticity.

## **1.7 Property Inspection**

Inspection refers to visiting and inspecting an asset, testing its performance, and gathering information about it from quantities, specifications, land area, building areas, rental areas, services, public utilities, project components, etc., so that an opinion can be expressed regarding its value. Therefore, we confirm that subject property was inspected on 12/12/2022 with its specifications, as well, we note that this wasn't a technical inspection, but rather a preview and recording of everything that was seen.

## **1.8 Information Sources**

An on-site field survey was conducted by our team to ensure the accuracy of some market information required for the evaluation, including nearby asset prices, occupancy rates, and specific information about the asset under evaluation, to determine its actual market value. The following sources were used during the field research process:

- Title deed and construction permit.
- Field survey.
- The site preview.
- Our historical database of similar assets.
- Agents specializing in the same type of asset.

## **1.9 Assumptions and Special Assumptions**

As defined by the International Valuation Standards, assumptions are logical matters that can be accepted as facts during evaluation work without being specifically checked or scrutinized. They are accepted as soon as they are mentioned. Based on the facts at the time of the valuation.

- The property under evaluation has been evaluated based on absolute ownership.
- Assumed that all information received from the client is accurate and up to date as of the date of the evaluation, whether oral or written.
- This is an evaluation report rather than a structural survey. As a result, we did not conduct any utility checks, service checks, soil tests, etc.
- The valuation methodologies are based on market data compiled using our relevant market knowledge and experience.
- This report's output (final value) is derived from assumptions used, documents received from the client, and market data. Nevertheless, the output estimates provide an indication of the property's value.

## **1.10 Use, Distribution, and Publication Restrictions**

To estimate the market value of the assets being evaluated, WHITE CUBES Co. has prepared this report. There are restrictions on the transfer, referencing, and presentation of this report and its contents to any other party except as stipulated in the contract letter, and the client must obtain our prior written consent in order to use this report for any other purpose other than that stated in this report.

## **1.11 Legal Notes**

As far as we are aware, no legal notices have been served on the property, whether they are in progress or pending in the court system.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a hospitality tower composed of 18 floors and located in Al Aziah 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 two sides with a direct view on Al Masjid Al Haram Road from the southern side.

### 2.2 Surrounding Area

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

### 2.3 Ease of Access

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

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client provides us with copy of the title deeds related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Makkah	<b>Land Area</b>	738 Sqm
<b>District</b>	Al Aziziyah	<b>Plot No.</b>	11/3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	220121009603	<b>Layout No.</b>	ح/2/21/1
<b>T.D Date</b>	10/04/1439	<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>T.D Value</b>	100,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	10/04/1439	<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	Plot# 3/12	<b>East Side</b>	12 meters street
<b>South Side</b>	60 meters street	<b>West Side</b>	Plot# 3/10
<b>City</b>	Makkah	<b>Land Area</b>	720 Sqm
<b>District</b>	Al Aziziyah	<b>Plot No.</b>	12/3
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	220121009602	<b>Layout No.</b>	ح/2/21/1
<b>T.D Date</b>	10/04/1439	<b>Owner</b>	Al Mashaar REIT Real Estate Company
<b>T.D Value</b>	100,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	10/04/1439	<b>Limitation of Document</b>	None
<b>Issued From</b>	Makkah First Notary		
<b>North Side</b>	Pathway	<b>East Side</b>	12 meters street
<b>South Side</b>	Plot# 3/11	<b>West Side</b>	Plot# 3/10 and pathway

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



## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	Add floor / Area
<b>Property Type</b>	Residential commercial
<b>Construction Permit No.</b>	70879
<b>Construction Permit Date</b>	24/08/1433

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

## 2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

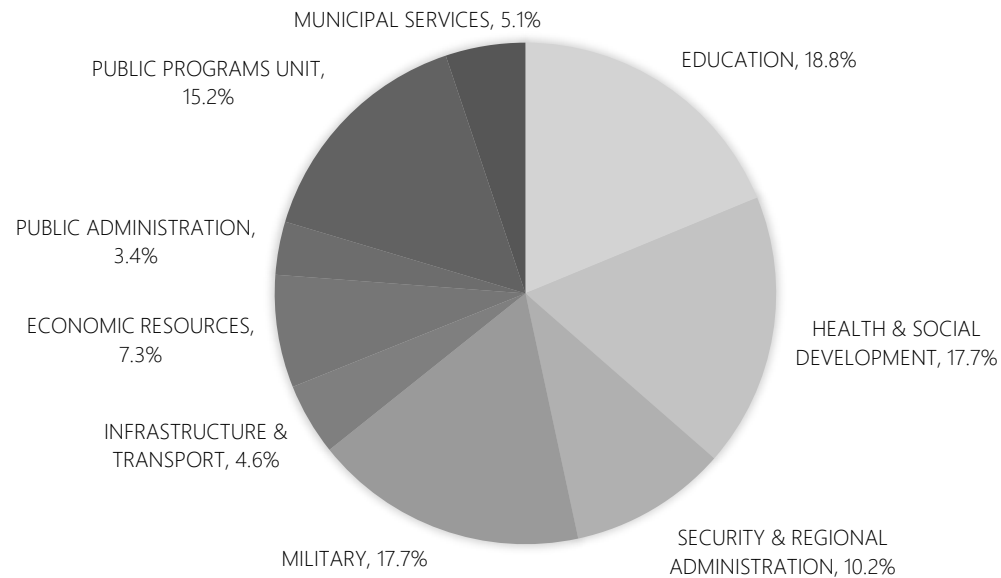
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 Budget Allocation for 2021




Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	46 SAR bn
General Items	151 SAR bn

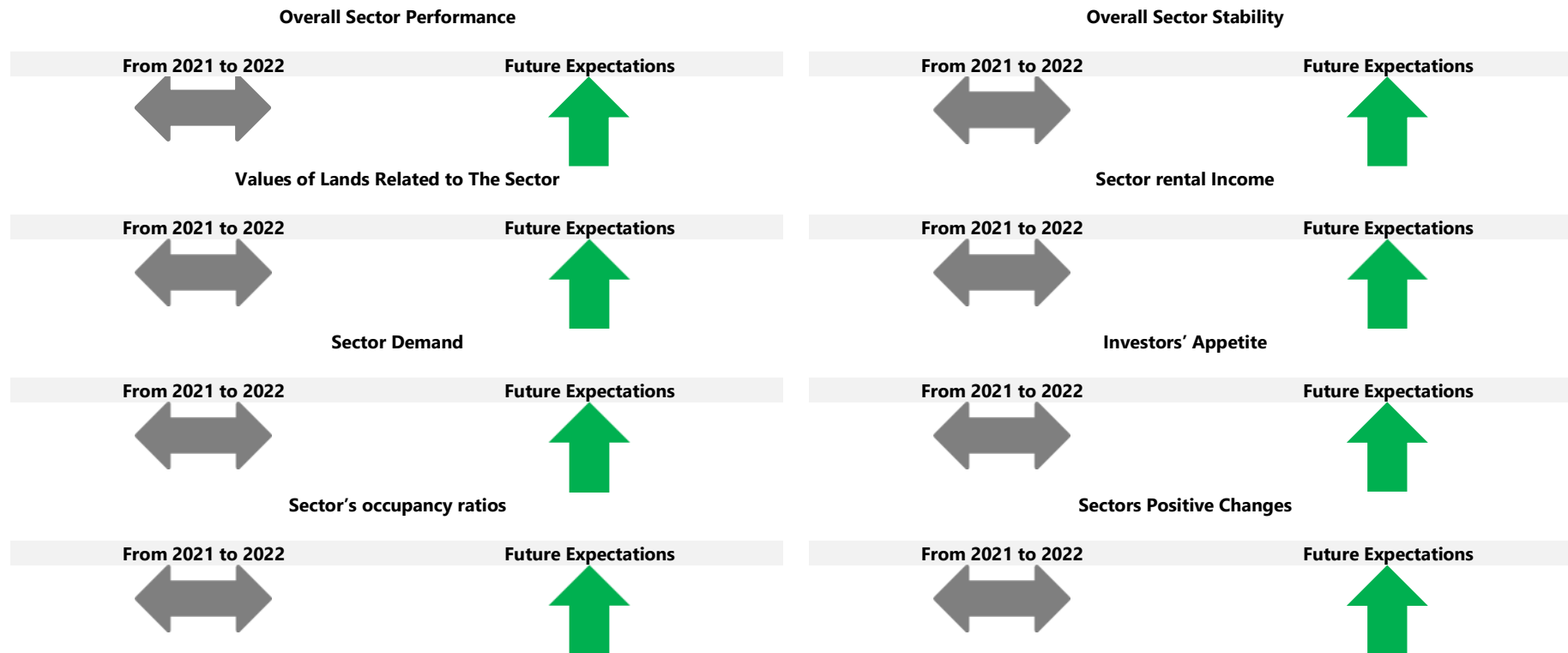
Source: Ministry of Economy



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector 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	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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	----	✓	----	----	----
Total Risk	0	8	0	0	0

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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	----	✓	----	----	----
Total Risk	0	2	6	0	0

**Risk Category 8 Risk Points - Medium Risk**





WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	----	----

#### 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.

#### 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.

## 4.1 Comparable Approach

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Al Aziziyah	Al Aziziyah	
Sale Price	-----	SAR 35,900,000	
Data Source	Title Deed	Market Survey	
Area Size	1,458.00	703.00	
SAR / Sqm	-----	SAR 51,067	
Sides Open	2	3	
Adjustment Analysis			
			SAMPLE 1
Area size	1,458.00	703.00	0.00%
Location Desirability	High	High	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	60	60	0.00%
Sides Open	2	3	-5.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
<b>Total Adjustments Ratio</b>			-5.00%
<b>Total Adjustment Amount</b>			-SAR 2,553.3
<b>Net After Adjustment</b>			SAR 48,513.5
<b>SAR / Sqm</b>		<b>SAR 48,514</b>	
<b>Rounded Value</b>		<b>SAR 48,500</b>	

SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	1,458	1,458	1,458	1,458	1,458
SAR / Sqm	SAR 43,650.0	SAR 46,075.0	SAR 48,500.0	SAR 50,925.0	SAR 53,350.0
Property Value	SAR 63,641,700	SAR 67,177,350	SAR 70,713,000	SAR 74,248,650	SAR 77,784,300
			<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 price for similar properties falls in the range of 45,000 - 50,000 SAR / Sqm with an average of 48,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.





## 4.2 Cost Approach-Depreciated Replacement Cost Method (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 regard. 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>	450	700	SAR 600
<b>Finishing Materials</b>	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>	380	420	400
<b>Developer Profit</b>	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

<b>LAND</b>		
Land Area	SAR / Sqm	Total Value
1,458.00	SAR 48,500	SAR 70,713,000
<b>Building</b>		
	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>	

<b>HARD COSTS ESTIMATES</b>					
<b>G + M + Upper Floors + Annex</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
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>
<b>Underground</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
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>
<b>General Site Development</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
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
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>
	<b>Actual Completion %</b>			<b>Total BUA</b>	<b>15,200.71</b>
G+M + Upper Floor	100.00%			<b>Total Hard Cost</b>	<b>SAR 55,120,530</b>
Under Ground	100.00%			<b>Average SAR / Sqm</b>	<b>SAR 3,626</b>
General Site Dev.	100.00%			<b>Overall Completion</b>	<b>100.00%</b>

<b>SOFT COSTS ESTIMATES</b>				
		<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
Initial Project Pre Cost		SAR 55,120,530	1.00%	SAR 551,205.30
Design		SAR 55,120,530	1.50%	SAR 826,807.95
Eng. Consultant		SAR 55,120,530	1.00%	SAR 551,205.30
Management		SAR 55,120,530	5.00%	SAR 2,756,026.50
Contingency		SAR 55,120,530	5.00%	SAR 2,756,026.50
Others		SAR 55,120,530	0.00%	SAR 0.00
<b>TOTAL</b>				<b>SAR 7,441,271.55</b>

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	17.50%	Actual Age	7
Dev Cost After Depreciation	<b>SAR 51,613,486</b>	Total Dep Rate	17.50%
		Add Appr Rate	0.00%
		<b>Net Dep Rate</b>	<b>17.50%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @ 20%	20.0%		
Dev. Profit Amount	SAR 10,322,697		
<b>Development Value</b>	<b>SAR 61,936,184</b>		

In order to determine the full value of the property, the construction costs will be added to the market value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 61,936,184	SAR 70,713,000	SAR 132,649,184	<b>SAR 132,600,000</b>

### 4.3 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 Cost Approach-Depreciated Replacement Cost Method (DRC) is:

**Property Value: 132,600,000 SAR**  
**One Hundred Thirty-Two Million Six Hundred Thousand Saudi Riyals.**

#### 4.4 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.

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## 5.1 Real Estate Valuation License



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### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

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رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



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