

## Hotel Valuation Report

Prince Abdullah Al-Faisal district – Makkah Al-Mukarramah

05 August 2024



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Submitted to: SICO Saudi RIET Fund

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Part 1

Executive Summary

## 1 | Executive Summary

Salient fact and assumptions and IVS 2022 and regulatory compliance				
Identity of the client	Addressee (to whom the report is addressed)	SICO Saudi REIT Fund	Other users	-
	Contact person	-	Contact information	-
Assets being valued	Assets name	Hotel (Eskan 5)	Interest to be valued	Assumed freehold interest
	Location	<a href="https://maps.app.goo.gl/9uxVT1s9DPm4fZJ6">https://maps.app.goo.gl/9uxVT1s9DPm4fZJ6</a>		
Valuation standards	International Valuation Standards 2022	Unless otherwise noted, the Valuation assignment is undertaken in accordance with the TAQEEM Regulations (Saudi Authority for Accredited Valuers) and in conformity with the International Valuation Standards (2022 Edition).		
Valuation	Purpose of valuation	Periodic valuation of publicly-listed real estate investment traded fund	valuation date	30/06/2024
	Inspection date	21/05/2024	Approved valuation approach and method	Income Approach - Cashflow method
	Basis of value	Market Value	Market value : a Standard of Value considered to represent 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 had each acted knowledgeably , prudently , and without compulsion	Premise of value
		International Valuation Standards 2022 defines Current Use/Existing Use premise of value as "Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use."		

## 1 | Executive Summary

Salient fact and assumptions and IVS 2022 and regulatory compliance				
Report	Reference Number	24056075003	Report type	Detailed report
	Report date	05/08/2024	Report version	Final
	Use, publication and distribution restrictions	The valuations and reports are confidential to the intended entity and to those referred to it for a specific purpose, without any liability of any kind to any third party. This report may not be published in whole or in part in any document, statement, periodical publication or any means of communication with any third party without prior written consent in the form and context in which it appears, with the exception of in accordance with the purpose of the valuation, this report is allowed to be traded on the CMA (Tadawul) website and the fund manager's website or in such ways as the fund manager deems appropriate.		
	Status of Valuers	We shall be acting with "Subjectivity" as an External Valuer for the purposes of this instruction. "Subjectivity" is defined in the International Valuation Standards (IVS) as: "The process of valuation requires the valuer to make impartial judgements as to the reliability of inputs and assumptions. For a valuation to be credible, it is important that those judgements are made in a way that promotes transparency and minimizes the influence of any subjective factors on the process. Judgement used in a valuation must be applied objectively to avoid biased analyses, opinions and conclusions".		

## 1 | Executive Summary

Salient fact and assumptions and IVS 2022 and regulatory compliance			
Investigations and Compliance	Limits on investigations	-	
	Limits on analysis	-	
	Limits on inspection	-	
Nature and sources of information upon which the valuer relies	<ul style="list-style-type: none"> <li>The documents provided by the owner were relied upon, and their accuracy and validity for use as of the valuation date were assumed</li> <li>These documents -may be referred to in the appendices- are: <ul style="list-style-type: none"> <li>Title deed</li> <li>Building permit</li> <li>Property income data</li> <li>Hajj license</li> </ul> </li> <li>Market research and analysis have been undertaken by the valuer.</li> <li>Disclosures of the SICO Saudi REIT Fund on the Saudi Stock Exchange website.</li> </ul>		
Assumptions and special assumptions	Assumptions	IVS's instructions	<ul style="list-style-type: none"> <li>International Valuation Standards define it as "the presumed facts that are consistent with, or could be consistent with, those at the valuation date."</li> <li>Assumptions related to facts that are consistent with, or could be consistent with, those existing at the date of valuation may be the result of a limitation on the extent of the investigations or enquiries undertaken by the valuer.</li> <li>All assumptions and special assumptions must be reasonable under the circumstances, be supported by evidence, and be relevant having regard to the purpose for which the valuation is required.</li> </ul>
		Applications in this report	None (except as indicated in the terms and conditions).
Assumptions and special assumptions	Special assumptions	IVS's instructions	<ul style="list-style-type: none"> <li>International Valuation Standards define it as "assumed facts that differ from those existing at the date of valuation."</li> <li>Where assumed facts differ from those existing at the date of valuation, it is referred to as a "special assumption". Special assumptions are often used to illustrate the effect of possible changes on the value of an asset.</li> <li>They are designated as "special" so as to highlight to a valuation user that the valuation conclusion is contingent upon a change in the current circumstances or that it reflects a view that would not be taken by participants generally on the valuation date</li> <li>All assumptions and special assumptions must be reasonable under the circumstances, be supported by evidence, and be relevant having regard to the purpose for which the valuation is required.</li> </ul>
		Applications in this report	It has been assumed that the property is free from any obstacles, regulatory or property restrictions that limit the possibility of disposing of the property or using it, and the opinion of value is based on this assumption.

## 1 | Executive Summary

Salient fact and assumptions and IVS 2022 and regulatory compliance						
Opinion of Value	79,455,000					
	Written	Only seventy-nine million four hundred fifty-five thousand SAR				
	Currency	Saudi Riyal				
Valuation team	Role	Name	Signature	TAQEEM membership		
Site inspection and field research	Property inspection, its condition, offers, and field survey work	Azzam Snan		1210002780	Associate	Real Estate Sector
Valuation, reporting, desk research, and analysis	Desk research, calculations, auditing work, and income analysis	Mohey Mamdouh Abdulaziz		1220003379	Associate	
Value review and initial approval	Reviewing valuation results and income data	Belal Ramadan Elsayad		1220003054	Associate	
Signed for and on behalf of Esnad Real Estate Valuation Company		Eng. Almuhammad Alhussami		1210000934	Fellow	
Esnad Real Estate Valuation –Saudi Professional Closed Joint Stock Company -						
Membership Number				11000054		
Valuation Sector				Real Estate		
Professional Company Registration Number				323/18/784		
Professional Company Registration Date				02/ 03/ 1439H		
Company Stamp						



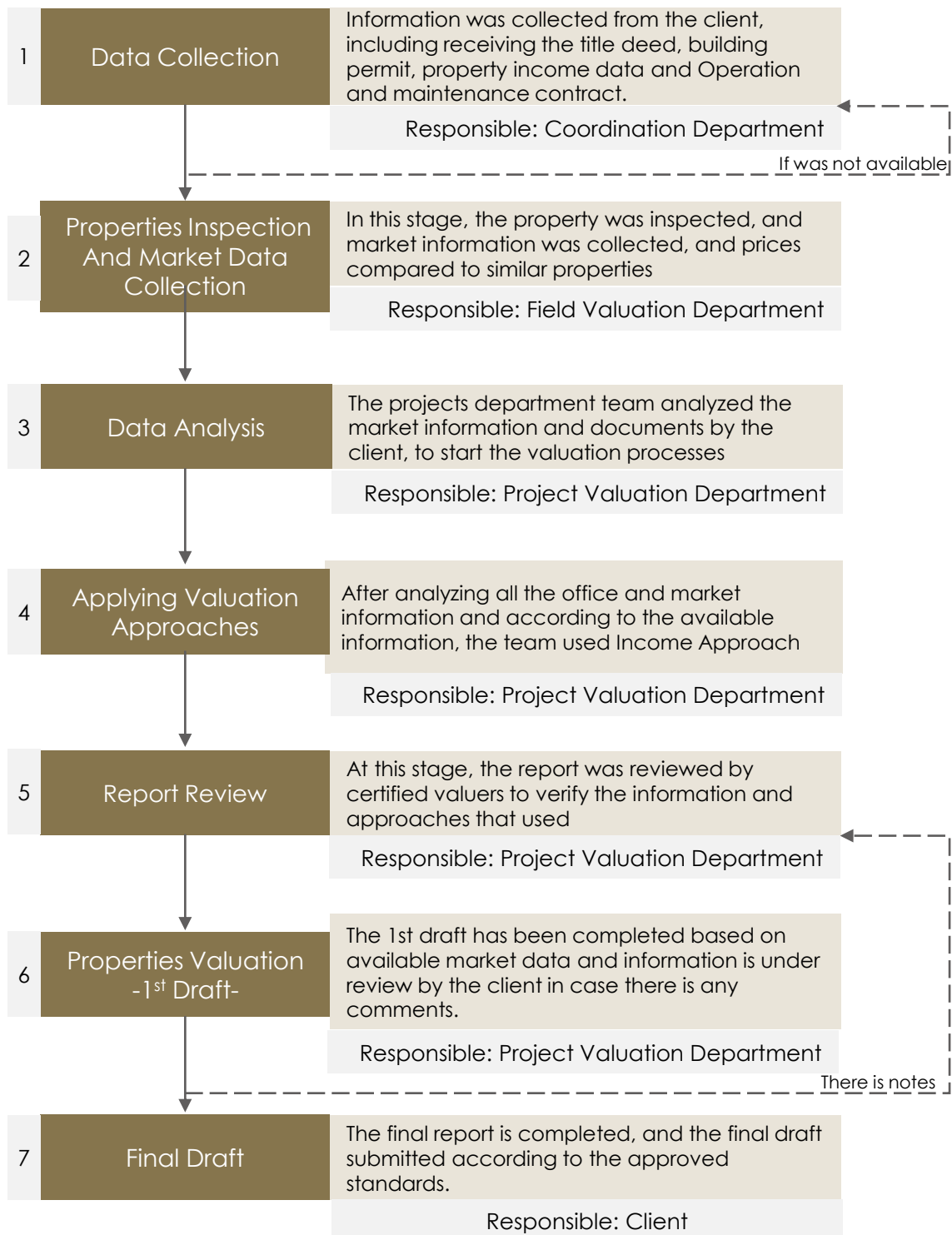
Part 2

Reporting Methodology



## 2 | Reporting Methodology

3. Based on the International Valuation Standards (“IVS”) (Standard 102), the figure below shows the steps of the valuation process and the mechanism of work for Esnad:





## Part 3

# Asset to be valued

- 3.1 Property Location Analysis
- 3.2 Property description and ownership
- 3.3 Property boundaries
- 3.4 Property photos
- 3.5 Analysis summary

### 3.1 | Property Location Analysis

#### Description of the property at the city level

About Makkah Al-Mukarramah

The city of Makkah Al-Mukarramah is located in the west of Saudi Arabia. It is 400 kilometers southwest of Medina, 75 kilometers east of Taif, and 72 kilometers from Jeddah and the Red Sea coast. Mecca is a sacred city for Muslims, home to the Masjid al-Haram and the Kaaba, which is considered the qibla (direction of prayer) for Muslims. The city lies in the western part of Saudi Arabia and covers an area of approximately 850 square kilometers.



#### Property location

#### Surrounding attractions

Attraction	Distance	Attraction	Distance
umm al-Qura University	20,1 km	Al-Masjid Alharam	5 km
Arafat	18.2 km	Mina	4.6 km

### 3.1 | Property Location Analysis

#### Description of the property at the neighborhood level

<p>Description of the surrounding area</p>	<p>The property area is distinguished by its geographical location within the city of Makkah Al-Mukarramah, being close to the extension of Hajj Road and King Faisal Road. The property area is bordered to the north by parts of Al-Adl district followed by King Faisal Road, to the south by King Fahd Road and Hajj Road followed by Mina, to the east by Thabir Mountain, and to the west by the extension of King Fahd Road followed by Al-Rawda district.</p>
<p>About the District</p>	<p>Prince Abdullah Al Faisal neighborhood is located in the eastern part of Makkah Al-Mukarramah, its location bordered by major roads, most notably the extension of King Fahd Road and Hajj Road.</p>
<p>Accessibility</p>	<p>The area is easily accessible through several routes, the most important of which is the Hajj Road, which directly overlooks the property under valuation.</p>



Property location

### 3.2 Property description and ownership

Ownership			
Client's name	SICO Saudi REIT	Owner's name	Al Mashaer Real Estate Company
Title deed number	520121013431	Title deed date	18/02/1441 H
building permit Number	68942	building permit Date	16/02/1425 H

Property Information (Based on title deed)			
Province	Makkah Al-Mukarramah	City	Makkah Al-Mukarramah
District	Prince Abdullah Al-Faisal	Street	Ibn Shaheed Alandlusi
No. of Plot	166	No. of Plan	1/15/23/ب
Property Type	Hotel Building	Notes	The property is mortgaged to Bank Riyad Bank
21.434401° N 39.860060° E			
<a href="https://maps.app.goo.gl/9uxVT1s9DPm4fZJ6">https://maps.app.goo.gl/9uxVT1s9DPm4fZJ6</a>			

Property specifications			
Property area as the title deed	1,382.73 m <sup>2</sup>	Topography	Flat
Property area	-	Land shape	Irregular
Notes	-		



Satellite photo shows subject property location

### 3.3 Property boundaries & lengths

Property Dimensions (Based on the title deed)					
Views	length /m	Street	Road Category	Road width/m	Views
North	46	Neighbor	-	-	-
South	46	Neighbor	-	-	-
East	35	Neighbor	-	-	-
West	26	Ibn Shaheed Alandlusi	Internal	12	1

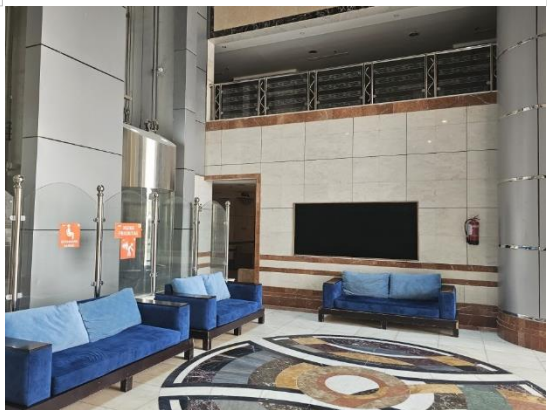
Property specifications		
Structure	Basement	1,382.73 m <sup>2</sup>
	BUA	17,346.91 m <sup>2</sup> (Based on building permit)
	Height (floors)	Basement + Ground floor + Mezzanine + 2 service floors+ 14 Repeating floors + Upper annex
	Age	11 years
	Num. of buildings	1
	Air conditioning	Central
	Finishing	Good
	Facilities	Fire suppression system
	Elevators	Available
Zoning	Use	Commercial Hotel
	Maximum footprint	75%
	Maximum FAR	10.25
	Maximum Floors	15
Notes		-The subject property is a hotel building of 428 rooms.

Services and Facilities				
Boys School	Mosque	Sewerage	Water	Electricity
✓	✓	✓	✓	✓
Phone	Civil defense	police station	Health center	Girl's school
✓	✓	✓	✓	✓
Municipal works	Post Mail	Commercial	Park	Storm water drainage
✓	✓	✓	✓	✓

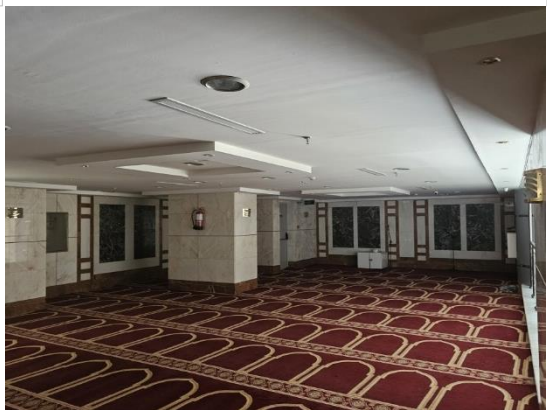
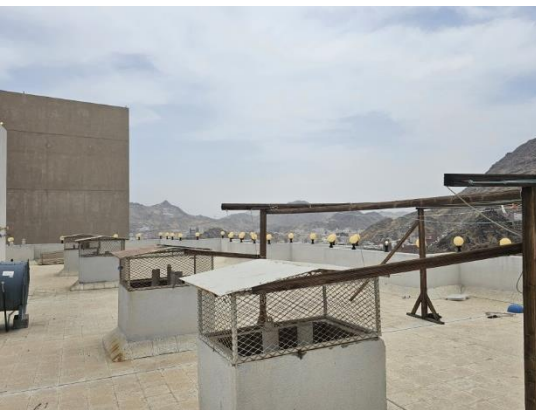
### 3.5 Nature and source of information

- The data was compiled based on documents received from the client on 2024/05/19.
- The property's location was determined based on the ownership deed, and the property was inspected on 2024/05/21.
- The influencing factors were analyzed based on the current market situation.
- Disclosures by the manager of the SICO Saudi REIT fund on the Tadawul Saudi website.

### 3.4 | Property photos



### 3.5 | Property photos





### 3.4 | Property photos



### 3.5 | Analysis summary

Analysis summary	
Advantages	<ul style="list-style-type: none"> <li>The property under valuation is located on Hajj Road.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>No disadvantages are observed.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>There are several development projects in the city of Makkah, including the Rou'a Al Haram project, the Masar Makkah project, and the completion works of the Jabal Omar project</li> </ul>
Overall Risks	<ul style="list-style-type: none"> <li>Overall risks related to the real estate market.</li> <li>Financial, economic and natural disaster risks.</li> <li>Risks related to foreign exchange.</li> <li>Political and security risks.</li> <li>Risks related to VAT application.</li> <li>Risks related to real estate transaction tax application.</li> <li>Risks related to White Land fees.</li> <li>Risks related to the impact of the demand for residential and commercial real estate properties in the Kingdom of Saudi Arabia.</li> <li>Risks related to electricity, water and other services prices.</li> <li>Risks related to competition.</li> <li>Risks related to real estate development.</li> <li>Risks related to the nature of the realization or liquidation of real estate assets.</li> <li>Risks related to the devaluation of real estate assets.</li> <li>Risks related to regulatory requirements and regulatory oversight.</li> <li>Risks related to changes in the applicable laws and regulations.</li> </ul>
Property Risks	<ul style="list-style-type: none"> <li>There are many alternatives available in the market, which affects the income generated by the property under valuation.</li> <li>The lease term for the property under valuation is short-term, which may lead to the risk of vacancy</li> </ul>



## Part 4

# Valuation

- 4.1 Valuation Approaches
- 4.2 Valuation Analysis
- 4.3 Opinion of Value
- 4.4 Validity of review and clarification

## 4.1 | Valuation Approaches

Principal valuation approaches and Residual Method	
Market Approach	<p><i>"The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.</i></p> <p><i>The market approach should be applied and afforded significant weight under the following circumstances:</i></p> <p><i>(a) the subject asset has recently been sold in a transaction appropriate for consideration under the basis of value,</i></p> <p><i>(b) the subject asset or substantially similar assets are actively publicly traded, and/or</i></p> <p><i>(c) there are frequent and/or recent observable transactions in substantially similar assets."</i></p>
Income Approach	<p><i>"The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.</i></p> <p><i>The income approach should be applied and afforded significant weight under the following circumstances:</i></p> <p><i>(a) the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or</i></p> <p><i>(b) reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables."</i></p>
Cost Approach	<p>Replacement Cost Method is categorized under Cost Approach in the International Valuation Standards 2022 and is defined as <i>"replacement cost is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset"</i>.</p>
Residual Method	<p><i>"The residual method is so called because it indicates the residual amount</i></p> <p><i>after deducting all known or anticipated costs required to complete the</i></p> <p><i>development from the anticipated value of the project when completed after</i></p> <p><i>consideration of the risks associated with completion of the project.</i></p> <p><i>This is known as the residual value."</i></p>

## 4.1 | Valuation Approaches

The main factors that determining the best approach for valuation	
Factors	<ul style="list-style-type: none"> <li>• The purpose of the valuation</li> <li>• Property type</li> <li>• Basis of value</li> <li>• Source of information</li> </ul>
Approaches and methods used in the report	
Market Approach	<input type="checkbox"/> Comparison Method
Income Approach	<input type="checkbox"/> Direct Capitalization method <input checked="" type="checkbox"/> <b>Cashflow method</b> <input type="checkbox"/> Profits method
Cost Approach	<input checked="" type="checkbox"/> <b>Depreciated Replacement Cost (DRC)</b>
Residual Method	<input type="checkbox"/> Residual Method

## 4.2 Valuation Analysis

### 4.2.1 Cost Approach- Depreciated Replacement Cost.

The replacement cost method falls under the cost approach according to the International Valuation Standards 2022 and is defined as follows: 'It is the cost to determine the price a participant would pay to obtain a similar benefit to the asset being valuated, rather than the exact physical characteristics of the asset.'

#### 4.2.1.1 Land cost (market approach)

The International Valuation Standards 2022 classify the comparable transactions method under the market approach and define it as follows: "The comparable transactions method, also known as the guideline transactions method, uses information about transactions of identical or similar assets to the asset being valuated to arrive at an indication of value.

Comparables List – Apartments					
Property ID	Transaction Type	Transaction Year	Value	Area m2	m2./SAR
Property 1	Previous valuation	2022	SAR 42,108,000	2,216.23	19,000
Property 2	Previous valuation	2022	SAR 82,356,000	3,868.31	21,290
Property 3	Previous valuation	2022	SAR113,377,000	5,967.19	19,000



## 4.2 Valuation Analysis

### 4.2.1 Cost Approach- Depreciated Replacement Cost.

We have conducted comparison to arrive at Apartment Rents follows:

Criteria	Subject property	Comparable 1		Comparable 2		Comparable 3	
		Description	Adjustment &	Description	Adjustment &	Description	Adjustment &
Transaction date	-	7/9/2022		21/9/2022		31/12/2022	
Value per Square meter	-	19,000 SAR/m2		21,290 SAR/m2		19,000 SAR/m2	
Type of transaction	-	Previous valuation	0.0 %	Previous valuation	0.0 %	Previous valuation	0.0 %
Market conditions	-	Low	4.00 %	Low	4.00 %	Low	4.0 %
Land use	Commercial	Commercial	0.0 %	Commercial	0.0 %	Commercial	0.0 %
Adjustment value		760		851.6		760	
Adjusted value		19,760 SAR/m2		22,142 SAR/m2		19,760 SAR/m2	
Accessibility	Easy	Easy	0.0 %	Very easy	-5.0 %	Very easy	-5.0 %
Location	Very good	Very good	0.0 %	Very good	0.0 %	Very good	0.0 %
No. of façade	1	2	-1.5 %	2	-1.5 %	1	0.0 %
View	Haj road	Haj road	0.0 %	Haj road	0.0 %	Haj road	0.0 %
Area (m2)	1,382.73	2,216.23	2.0 %	3,868.31	5.0 %	5,967	10.0 %
Settlement value/Adjustment & Value of SQM after adjustment	-	99 SAR/m2	0.5 %	-332 SAR/m2	-1.5 %	988 SAR/m2	5.0 %
	-	19,859 SAR/m2		21,809 SAR/m2		20,748 SAR/m2	
Weighting	-	45 %		30 %		25 %	
Average weighted value	-	20,670 SAR					

Weighted average of the comparables is calculated to arrive at land value. Largest weight is awarded to comparable (1) as it carries more similarities to the subject property.

<b>Total land area (m2)</b>	<b>1,382.73</b>
<b>Value of sqm (SAR/m2)</b>	<b>20,670</b>
<b>Land value</b>	<b>28,581,029.1</b>

## 4.2 Valuation Analysis

### 4.2.1 Cost Approach- Depreciated Replacement Cost.

The total built-up area was arrived at based on the building permit provided to us by the client and these inputs were assumed to be correct.

Property Components	Unit	Value
Land Area	m <sup>2</sup>	1,382.73
Basement Area	m <sup>2</sup>	1,382.73
BUA	m <sup>2</sup>	17,346.91

Item	Value/ unit	Unit	Total value (SAR)
Basement cost	2,500	SAR/m <sup>2</sup>	3,456,825.00
Building cost	2,800	%	48,571,348.00
Total cost	-	-	52,028,173.00
Technical's fees	5.00%	%	2,601,408.65
Developer's Fees	15.00%	%	8,194,437.25
<b>Total Cost</b>			<b>62,824,018.90</b>
Structure age (years)		11 years	
Property useful life (years)		40 years	
Remaining age		29 year	
Effective age		11 years	
Actual depreciation		27.5 %	
<b>Structure depreciated value (SAR)</b>			<b>45,547,413.70</b>

Cost Approach Valuation Result	
Land Value	28,581,029.10
Structure Value	45,547,413.70
<b>Cost approach value (SAR)</b>	<b>74,128,442.80</b>



## 4.2 | Valuation Analysis

### 4.2.1 Income Approach- Discounted Cash Flow Method

According to international valuation standards "2022," in the discounted cash flow method, expected cash flows are discounted to the valuation date, resulting in a present value of the asset. Discounted cash flows can sometimes include a terminal value for long-term or perpetual assets, representing the value of the asset at the end of the explicit forecast period.

Given the expected change in the income of the property being valuated and its failure to reach full maturity at current revenue levels, the discounted cash flow method was chosen to assess the property using the income approach and to determine the explicit forecast period in line with these inputs.

#### 4.2.2.1 Contracts information

- We have been provided by the client with the leases for the property under valuation as well as the commercial premises.
- Tenant Name: Moro International Company for Apartments and Hotels
- Contract Duration: 2 years
- Contract Start Date: 2024
- Remaining Years on Contract: 2 years
- Annual Rental Value (SAR): 4,761,000 SAR

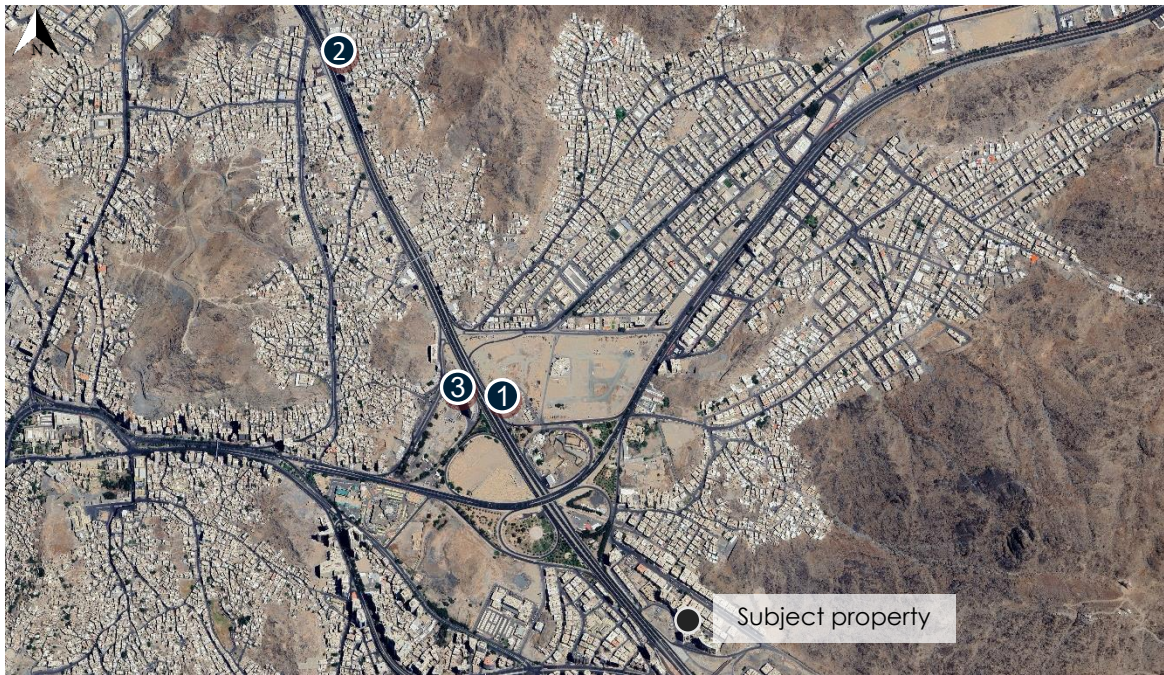
## 4.2 | Valuation Analysis

### 4.2.2 Income Approach- Discounted Cash Flow Method

#### 4.2.2.2.1 Market rate (per pilgrim)

Research was conducted to determine the expected income of the property based on comparisons in its area. The best comparisons, providing value and return indicators, were selected. Relative and quantitative adjustments were made to reflect differences in characteristics between the valuated property and comparable properties, and their impact on value.

Comparables List			
Property ID	Hotel name	Transaction Year	Value / Pilgrim
Property 1	Mizab Aladl	2024	SAR 2,200
Property 2	Alrahaf Tower	2024	SAR 2,000
Property 3	Wrqan Alnoor	2024	SAR 2,500



Satellite photo showing subject property and comparables

Research and investigation were conducted to determine the price of Hajj, and it was found that the average price is 2,600 SAR

## 4.2 | Valuation Analysis

### 4.2.2 Income Approach- Discounted Cash Flow Method

#### 4.2.2.2.2 Lease rate market.

The subject property under valuation consists of leasable units as follows:

- 428 Hotel room
- The average value of 1 pilgrim estimated to be 2,600 SAR.

Rooms type	no. of rooms
Room	428
total	428

Haj season	Capacity (pilgrim)	Days	Value/pilgrim	Total income
Haj Season	1952	40	SAR 2,600	SAR 5,075,200

<b>Revenues</b>	<b>5,075,200.00</b>
-----------------	---------------------

Reveune summary	
	% "vacancy cost is excluded"
Haj Season	SAR 5,075,200
maintenance, opex & marketing cost- 10.0%	(SAR 507,520)
<b>NOI</b>	<b>SAR 4,567,680</b>

## 4.2 Valuation Analysis

### 4.2.2 Income Approach- Discounted Cash Flow Method

#### 4.2.2.3 Total income for units by market :

The actual income data of the subject property was compared with the market Income and the following was found:

Element	Actual income data	Market data	The difference	
			SAR	%
Total hotel income (SAR)	-	5,075,200 SAR		
Operation and maintenance	-	10%		
Hotel net income	4,761,000 SAR	4,567,680 SAR	193,320 SAR	4.23%
Result	The income data provided by the client accurately reflects the market reality. It was used as input in the valuation process, applying discount and capitalization rates based on market data. The valuation inputs were based on the contractual rent of the property under valuation from the start of the cash flow period until the end of the lease term. Afterward, the market rent was applied for the remaining period of the explicit forecast.			

#### 4.2.2.4 Project assumptions

Project assumptions	
Project period	10 years
Rate of return	6%
Discount rate	8.5%

#### 4.2.2.5 Cap rate analysis

Cap rate analysis							
Name of the property/fund	Property	City	Sector	property value	Net income	Rate of Return	Year
Jadwa Alharamin REIT	Ibrahim Alkhalil	Makkah	Hospitality	SAR 140,988,000	SAR 8,997,747	6.4%	2023
Jadwa Alharamin REIT	Tharawat Alandalus	Makkah	Hospitality	SAR 311,825,000	SAR 17,814,621	5.7%	2023
Jadwa Alharamin REIT	Tharawat Altakwa	Makkah	Hospitality	SAR 194,809,000	SAR 14,570,496	7.4%	2023

- The rate of return was determined at 6% based on the general average returns of similar funds and properties after excluding outliers.

## 4.2 Valuation Analysis

### 4.2.1 Income Approach- Discounted Cash Flow Method

- After the lease term ends, total income revenues were calculated based on market rent.
- A maintenance and operation rate of -25% for the hotel and 5% for commercial shops was assumed throughout the cash flow period.
- An income growth rate of 5% every two years was assumed for the property throughout the cash flow period.

#### Cash flow analysis

- An analysis of the expected cash flows was conducted, taking into account the inflation factor, occupancy levels, and the absorption rate of units in the market
- All costs related to construction, maintenance, and operation (if any) were deducted to arrive at the net cash flows.
- The net cash flows were discounted at a rate of -8.5% to reflect the risks associated with the construction phases. Appendix 5.4 provides details of the cash flows.

Discount rate by observed or inferred rates/yields		
Rates	Value	Source
Risk-free rate	4.75%	<a href="#">Saudi Exchange</a>
Inflation rate	2.26%	<a href="#">General Authority for Statistics</a>
Market Risk	1.22%	<a href="#">knoema Patform Data</a>
Property Risk	0.27%	Valuer's estimate of the market
Discount rate	8.50%	

#### 4.2.1.7 Valuation Result

<b>Property value</b>	<b>79,455,058.88 SAR</b>
-----------------------	--------------------------

## 4.3 Results & Weighing

- Since different values for the property have been reached using various methods, and to determine the final value of the property, the weighing of the methods used in the valuation will be calculated to arrive at the final assessment as follows:

Weighting of the valuation's methods			
Valuation method	Value	Weighing	Weighing value
Depreciated Replacement cost	74,128,442.80 SAR	0%	0 SAR
Discounted cash flow	79,455,058.88 SAR	100%	<b>79,455,058.88 SAR</b>
Total		100%	<b>79,455,058.88 SAR</b>

- The income approach (discounted cash flow method) was prioritized over the cost approach because the property generates income, and this income is the basis for assessing the potential exchange between a willing buyer and a willing seller on a neutral basis, which reflects the market value of the property.

## 4.4 Opinion of Value

Opinion of value	
Value	79,455,058.88
Written	Only seventy-nine million four hundred fifty-five thousand SAR
Currency	Saudi Riyal

## 4.5 Validity of review and clarification

- Review is valid (30 days) from the date the first draft was issued.
- The estimated value of the property was reached through the following international methodologies and methods adopted by Saudi Authority for Accredited Valuers.



## Part 5

# Appendices

- 5.1 Documents
- 5.2 Cash flow analysis
- 5.3 Assumptions and Limiting Conditions
- 5.4 Valuation Standards

## 5.1 Documents





## 5.1 Documents

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

المملكة العربية السعودية  
وزارة العدل والإصلاح  
كتابة العدل بالأمانة المحرمة  
[٢٧٧]

الرقم : ٩٢٠١٢١٠٠٩٥٧٥  
التاريخ : ١٤٣٩ / ٤ / ٩ هـ

**صك**

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

فإن قطعة الأرض رقم ١٦٦ من المخطط رقم ١ / ١٥ / ٢٣ ب الواقع في حي مخطط الأمير عبدالله الفيصل بمدينة مكة المكرمة وحدودها وأطوالها كالتالي:

شمالاً: قطعة رقم ١٦٥	بطول: (٤٦) ستة و أربعون متر
جنوباً: قطعة رقم ١٦٧	بطول: (٤٦) ستة و أربعون متر
شرقاً: قطعة رقم ١٦٨/٦	بطول: (٣٥) خمسة و ثلاثون متر
غرباً: شارع عرض ١٢ م	بطول: (٢٦) قوس ستة و عشرون متر

ومساحتها: (١,٣٨٢,٧٣) ألف و ثلاثمائة و إثنتين و ثمانون متر مربعاً و ثلاثة و سبعون سنتيمتراً مربعاً فقط والمستند في إفراغها على الصك الصادر من هذه الإدارة برقم ٣٢٠١٢٢٠٠٢٧٤٢ في ١٠ / ٥ / ١٤٣٥ هـ

قد انتقلت ملكيتها ل: شركة مشاعر ريت العقارية بموجب سجل تجاري رقم ١٠١٠٩٢٩٤٥٢ في ٣ / ٤ / ١٤٣٩ هـ وتنتهي في ٣ / ٤ / ١٤٤٤ هـ بضمن وقدره ١٨٢٤٠٠٠٠٠ مائة و إثنتين و ثمانون مليوناً و أربعمائة و ألف ريال وعليه جرى التصديق تحريراً في ٩ / ٤ / ١٤٣٩ هـ لاعتماده ، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

وزارة العدل  
كتابة العدل  
عادل بن محمد بن احمد الزهراني

وزارة العدل  
كتابة العدل  
بمكة المكرمة  
كتابة العدل بترقيم رقم ٢١

هذا المستند وحدة متكاملة ، وحينما أو تكف صفحة منه يؤدي إلى عدم صلاحية المستند

نسخة ١ من ١  
نموذج رقم (١٢-٠٣-١٠)

( هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه )

مصلحة مطابع الحكومة - ٧٧٢٨٣٦

## 5.1 Documents

رقم الطلب الإلكتروني : 3402500791  
رقم الرخصة : 68942  
تاريخ الرخصة : 1434/12/23  
صلاحيتها : سنة

رخصة تجديد  
رخصة بناء

المملكة العربية السعودية  
وزارة الشؤون البلدية والقروية  
أمانة العاصمة المقدسة

الإسم : شركة اسكان للتنمية والاستثمار	رقم السجل التجاري : 4031068573	مصدرها : تاريخها :
رقم القطعة : 00166	رقم المسك : 6/190/254	تاريخه : 1413/04/15
رقم السجل العقاري : 1/7836	رقم المخطط التنظيمي : 671	تاريخه : 1423/03/01
الموقع : الأمير عبد الله الفيصل / 671 / الحي :		
البلدية :		
الأبعاد م/اط	الحدود	إرتداد (م)
شمال 46.00	التضمة رقم 165 فشاء	
شرق 35.00	التضمة رقم 6/166 فشاء	
جنوب 45.99	التضمة رقم 167 حوش به شعير	
غرب 25.95	شارع عرض 12 م	
مكونات البناء	عدد الأدوار	الوحدة
البيروم	1	1
موقف سيارات	1382.73	1
دور أرضي	1018.74	1
ميزانين	756.78	1
دور مصلى	1016.88	1
دور مطعم	1016.88	1
أدوار متكررة	12780.6	14
دور أخير	756.03	1
بيوت درج + مساعد	44.19	1
خزانات	1126.17	1
بيارة صرف	8	1
الإجمالي	19905.00	
المساحة	المساحة	الإستخدام
موقف سيارات	1382.73	1
إستقبال	1018.74	1
إستقبال	756.78	1
مصلى	1016.88	1
مطعم	1016.88	1
سكني	12780.6	14
سكني	756.03	1
بيوت درج + مساعد	44.19	1
خزانات	1126.17	1
بيارة صرف	8	1
الإجمالي	19905.00	
اسم الشارح :	الموقع : الأمير عبد الله الفيصل / 671 /	مقاييس الرسم : 01
محيطاً بأصول : م/اط	مساحة الأرض : 1395	نوع البناء :
كمية مخلفات المبني المطلوب تسليمها للعربي بالطن : 557	تاريخ الرخصة : 1425/02/16	128
ملاحظات		
<p>تعليمات : للتأكد من صحة البيانات الموجودة في هذه الرخصة والإشتراطات الخاصة بها الرجاء الدخول والإستعلام من خلال نظام رخص البناء المتوفر على موقع <a href="http://www.Holymakkah.gov.sa">www.Holymakkah.gov.sa</a> وذلك برقم رخصة البناء علماً بأن كافة البيانات في الرخصة تم تشفيرها لضمان صحتها وعدم التلاعب بمحتواها</p> <p>مدير إدارة الرخص أ. رئيس البلدية محمد عبد الله عبد الكريم</p>		

تاريخ الصفاة : 08:10:38 - 1434/12/23

## 5.1 Documents

**تصريح إسكان الحجاج بالعاصمة المقدسة**

لصريح لموسم حج ١٤٤٤

رقم التصريح ١٣٧٠٢ / ١

تاريخه ٢٠٢٣-٠١-١٢

المملكة العربية السعودية  
وزارة الداخلية  
أمانة منطقة مكة المكرمة  
الإدارة العامة لتجوع والعمرة  
لجنة إسكان الحجاج

بصرح للمالك:	شرفة : مشاعر ريت الطارية شرفة شخص واحد الوكيل : محمد يوسف عبدالله التلي
رقم السجل المدني:	١٠٦٠٩٩٤٤٥٢
مصدرها:	تاريخها:
عنوانه:	شارع:
التمين الكائن في:	رقم الصند:
بناية القرايع القديمة	٦/١٩٠/٢٥٦
رقم اشتراك الكهرباء من:	رقم رخصة البناء:
٢٣٠٨١٨٠٠٤٣٠٩٥١	٦٨٩٤٢
رقم واصل:	اسم المسئول:
٧٧٣٣٢٤٢٤٤٣٢٥١٦	محمد يوسف عبدالله آل مسعود الجليلي

عدد أدوار المبنى أرض + ١٨	مكونات المبنى :	أبروم + أرض + ١ ميزانين + ١ مصلي + ١ مطعم + ١٤ متكرر + ١ مرند
عدد الأدوار المصرح بها : ١٥	الأدوار الغير مصرح بها :	١ عدد الأوكيست ٤٢٨
إجمالي عدد الغرف : ٤٢٨	عدد المطابخ :	٠ عدد المطابخ المركزية :
عدد الحجاج رقمياً : ١٩٥٢	كتابية :	٠ ألفا وتسعة وأربعون وخمسون حاج فقط لا غير

**وسائل السلامة المتوفرة بالمبنى:**

يوجد نظام رش آلي	يوجد شبكة نذار	يوجد شبكة مياه	سلم طوارئ ٣ داخلين
يوجد مولد كهربائي	عدد المصاعد ٦	المؤسسة القائمة بالصيانة رواد المشار للمصاعد ٥٦٠٠٢٧٧٢٥	يوجد مضخة الحريق

العوضة القائمة بوسائل السلامة هي رواد المشار للسلامة ٥٦٠٠٢٧٧٢٥

**المصور الجوي لواقع المبنى**







قام بالتكليف على المبنى الاستشاري  
دار مكة للاستشارات الهندسية

رئيس قسم التصاريح  
التوقيع: ١٤٤٤/١١

الختم الرسمي  
لجنة إسكان الحجاج بالعاصمة المقدسة

رئيس لجنة إسكان الحجاج بالعاصمة المقدسة  
محمد عبدالله عجيل باجابر

تتوية: في حال الرغبة بتشغيل المبنى خارج موسم الحج يلزم الحصول على ترخيص من الهيئة العامة للسياحة والتراث الوطني.

**باسم فريق المظفرين**

## 5.1 Documents



العقد الموحد  
التجاري  
Commercial Contract



يعتبر هذا العقد عقداً موثقاً وسليماً لتفديداً بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ٢٣/٤/١٤٣٥ هـ.

Contract Data		١ بيانات العقد	
Contract Type	جديد	Contract No.	20517755688 / 1-0
Contract Sealing Location	مكة المكرمة	Contract Sealing Date	2024-04-02
Tenancy End Date	2025-12-31	Tenancy Start Date	2024-01-01
Contract is conditional	لا		

Lessor Data		٢ بيانات المؤجر	
Company name/Founder	شركة مشاعر ريت العقارية شركة شخص واحد	Organization Type	التجارية
Unified Number	7002005325	CR No.	1010929452
CR Date	2017-12-21	Issued by	-

Lessor Representative Data		٣ بيانات مُمَثِّلِ المؤجر	
Name	مشاري مبروك سالم الكربي	Nationality	العربية السعودية
ID No.	1077756870	ID Type	هوية وطنية
Email	meshari.alkurbi@gmail.com	Mobile No.	+966566547787
National Address	الرياض، الرياض	رقم سند التمثيل	210764
	تاريخ الانتهاء	تاريخ الاصدار	نوع المستند
	Expiry Date	Issue Date	Type
	2024-09-23	-	عقد تأسيس شركة

Tenant Data		٤ بيانات المستأجر	
Company name/Founder	شركة مورو العالمية للشقق والفنادق	Organization Type	التجارية
Unified Number	7008546876	CR No.	4031201477
CR Date	2016-05-24	Issued by	-

## 5.1 Documents

Tenant Representative Data		0 بيانات مُمثل المسأجر	
Name	محمد احمد منصر الحاشدي	الاسم:	
Nationality	اليمن	الجنسية:	
ID No.	2250303845	ID Type	هوية مقيم
Email	AL-HASHIDI.CO@HOTMAIL.COM	Mobile No.	+966555548064
National Address	مكة المكرمة, مكة المكرمة	العنوان الوطني:	
Expiry Date	2024-09-29	Issue Date	-
Type	أخرى	رقم سند التمثيل Number	7008546876

Brokerage Entity and Broker Data		1 بيانات المنشأة العقارية والوسيط	
Brokerage Entity Name	شركة الوصول للمستديمة للخدمات العقارية	اسم منشأة الوساطة العقارية:	
Brokerage Entity Address		عنوان منشأة الوساطة العقارية:	
CR No.	4030312596	رقم السجل التجاري:	
CR No.		رقم الهاتف:	
Broker Name	سعد علي سعد الشهري	الممثل النظامي للمنشأة:	
Nationality	المملكة العربية السعودية	الجنسية:	
ID No.	1020009450	ID Type	الهوية الوطنية
Email	contracts@sproperty.sa	Mobile No.	+966599997488

Title Deeds Data		7 بيانات صكوك التملك	
Title Deed No.	920121009575	رقم المستند:	
Issue Date	2018-01-06	تاريخ الإصدار:	
Place of Issue	مكة المكرمة	مكان الإصدار:	
Issuer	كتابة العدل الدولي	جهة الإصدار:	

Property Data		8 بيانات العقار	
National Address	ابن شهيد الفنلندي, 7743, 2541, 24244	العنوان الوطني:	
Property Type	مخ	نوع بناء العقار:	
Number of Units	672	عدد الطوابق:	
Number of Floors	14	عدد المصاعد:	
Number of Parking Lots	-	عدد المواقف:	
Number of Elevators	-	عدد المصاعد:	

Rental Units Data		9 بيانات الوحدات الإيجارية	
Unit Type	مخ	نوع الوحدة:	
Unit No.	0	رقم الطابق:	
Unit length	17643.66	مساحة الوحدة:	
Unit direction	-	إتجاه واجهة الوحدة:	

## 5.1 Documents

Unit Finishing Fee (Not included in total contract amount):	ريال لكل متر مربع من مساحة الوحدة الإيجارية	*	مبلغ تجهيز الوحدة الإيجارية (لا يدخل ضمن القيمة الإجمالية لعقد الإيجار):
Retainer Fee (Included in total contract amount):		*	مبلغ العربون المُتفق عليه (يدخل ضمن القيمة الإجمالية لعقد الإيجار):
Gas Annual Amount:	*	الأجرة السنوية للغاز:	Electricity Annual Amount: * الأجرة السنوية للكهرباء:
			Water Annual Amount: * الأجرة السنوية للمياه:
General Services Included:	*	والتي تشمل على:	General Services Amount: 0.0 الأجرة السنوية للخدمات العامة: (يدخل ضمن القيمة الإيجارية لعقد الإيجار)
Number of Rent Payments:	2	عدد دفعات الإيجار:	Rent payment cycle سنوي دورة سداد الإيجار
VAT on rental value:	0.00	مبلغ ضريبة القيمة المضافة على القيمة الإيجارية:	First rental payment: (Includes deposit) 4761000.00 دفعة الإيجار الأولى: (تشمل العربون)
		رقم الهوية أو السجل التجاري ID/CR Number	نوع الهوية ID Type
			الرقم الضريبي Vat number
			الرقم المتسلسل No.
		Annual Rent:	4761000.00 القيمة السنوية للإيجار:
Total Contract value		9522000.00	اجمالي قيمة العقد:
يشمل: القيمة الإيجارية، ومبلغ العربون، ومبلغ ضريبة القيمة المضافة - إن وجدت - وقيمة الخدمات العامة، والأجرة السنوية (لـ الغاز والكهرباء، والمياه والصرف الصحي إذا تحددت كمبالغ ثابتة) .			
Approved payment methods	الدفع عن طريق الوسيط العقاري/المؤجر أو الدفع إلكترونياً من خلال قنوات الدفع المتاحة		طرق الدفع المعتمدة

Rent Payments Schedule		جدول سداد الدفعات	
تاريخ الاستحقاق (أه)	تاريخ الإصدار (أه)	تاريخ الاستحقاق (أه)	تاريخ الإصدار (أه)
Due Date(AH)	Issued Date(AH)	Due Date(AD)	Issued Date(AD)
1445-06-29	1445-06-19	2024-01-11	2024-01-01
1446-07-11	1446-07-01	2025-01-11	2025-01-01

قيمة إيجارية مفقودة سنوياً: لا

Parties Obligations	التزامات الطرفين
---------------------	------------------

يتم تحديد الطرف الذي يتحمل الالتزامات التالية بالاختيار بين (المستأجر / المؤجر) تحول التزامات الأطراف بعد تحديثها إلى المادة الخامسة تحت (التزامات المؤجر / التزامات المستأجر / أحكام عامة)

Contract Terms	مواد العقد
----------------	------------

المادة الأولى: البيانات السابقة على التزامات الأطراف

تعد البيانات السابقة على التزامات الأطراف والمحددة في البنود من (14-1) جزءاً لا يتجزأ من هذا العقد ومفسرة ومكملة له.

المادة الثانية: محل العقد

## 5.3 | Assumptions and Limiting Conditions

This appraisal is subject to the following assumptions and limiting conditions :

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the addressee, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates, or the identity of the firm or the appraiser may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of the appraiser, ESNAD. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans and sketches provided are intended to assist the addressee in visualizing the property; no other use of these plans is intended. The work file prepared is an electronic work file and incorporates by reference all pertinent electronic data and analysis files retained by the appraiser.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser or made known to the appraiser. No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property. The appraiser is not qualified to detect hazardous or toxic materials. Such determination would require investigation by a qualified environmental engineer or other expert, and is beyond the scope of this assignment.

The value estimate presented is based upon the assumption that the subject is free and clear of contamination or toxic materials of any kind either upon, or impacting, the subject property. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover such conditions.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature. The subject is assumed to be following all zoning and legal encumbrances.

The valuation report is based on the data available at the time the assignment is completed. Reasonable amendments or modifications to the valuation based on new information made available after the review was completed will be made, as soon as reasonably possible, for an additional fee.

All maps, plans, property specifications and data relied upon by the appraiser and presented herein are assumed to be correct. No survey of the subject properties was made by this appraiser. Inspection of visual components of the subject was made, which should not be utilized as, or in lieu of, an engineering inspection, or an environmental inspection. The valuation report assignment was not based on a requested minimum valuation, a specific review, or the approval of a loan.

Any compensation is not contingent upon any action resulting from the analysis, opinions, or conclusions presented, or the use of the valuation report.

To the best of our knowledge and belief, the statements of fact contained in this appraiser report are true and correct. Furthermore, no known important or materially relevant facts have been withheld.

The valuation report analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are Esnad's unbiased professional analysis, opinions, and conclusions.

The valuation report is predicated on the extraordinary assumption that the subject can be exposed for sale commensurate with the definition of market value contained herein. If found to be false, the opined value may or may not be impacted.

For the purpose of this valuation, ownership is assumed freehold. We were not provided with municipality restriction permit due to unavailability of the documents with the client the time the valuation is conducted. Should any document be found contrary to this assumption, opinion of value is impacted accordingly, and will require further analysis.

## 5.4 | Valuation Standards

### 5.4.1 Valuation Standards

- All work is carried out in accordance with the Saudi Authority for Accredited Valuers (Taqeem) and the International Valuation Standards ("IVS") published by the International Valuation Standards Council ("IVSC"), by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by these entities. The valuations are undertaken by appropriately qualified Taqeem valuers.

### 5.4.2 Valuation Basis

- Our reports state the basis of the valuation and, unless otherwise noted, the basis of valuation is as defined in the "the Red Book". The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

### 5.4.3 Assumptions and Special Assumptions

- Where we make an 'assumption' or 'special assumption' in arriving at our valuations, we define these terms in accordance with the "IVS" as follows:
- These types of assumptions generally fall into one of two categories:
- (a) assumed facts that are consistent with, or could be consistent with, those existing at the date of valuation ("Assumption"), and
- (b) assumed facts that differ from those existing at the date of valuation ("Special Assumption").
- All assumptions and special assumptions must be reasonable under the circumstances, be supported by evidence, and be relevant having regard to the purpose for which the valuation is required.
- We will not take steps to verify any assumptions.

### 5.4.4 Disposal Costs Taxation and Other Liabilities

- No allowances are made for any expenses of realization, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we consider purchaser's costs in investment valuations in accordance with market conventions.
- No allowance is made for the possible impact of potential legislation which is under consideration. Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

### 5.4.5 Sources of Information

- Where we have been provided with information by the addressee, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

### 5.4.6 Title and Tenancy Information

- We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation, we recommend that reliance should not be placed on our interpretation without verification by your lawyers.
- We have assumed that all information provided by the addressee, or its agents, is correct, up to date and can be relied upon.



## 5.4 | Valuation Standards

### 5.4.7 City Planning, Zoning and Regulations

Information on city planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available in electronic or other sources. It is obtained purely to assist us in forming an opinion of market and should not be relied upon for other purposes. If reliance is required, we recommend that verification be obtained from lawyers that:

- I. the position is correctly stated in our report;
- II. the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;
- III. that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace and any applicable by-laws.

### 5.4.8 Surveys

Our reports state the basis of the Unless expressly instructed, we do not carry out any survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. Unless stated otherwise in our reports.

### 5.4.9 Site Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

### 5.4.10 Environmental Contamination

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with the client.

### 5.4.11 Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

**Composite Panels.** Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available or may only be available on onerous terms.

**Terrorism.** Our valuations have been made on the basis that the properties are insured against risks of loss or damage.

**Flood and Rising Water Table.** Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available or may only be available on onerous terms.

### 5.4.12 Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favor of contractors, subcontractors or any members of the professional or design team.

### 5.4.13 Confidentiality and Third-Party Liability

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

### 5.4.14 Plans and Maps

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under license. All rights are reserved

## 5.2 | Cash flow analysis

Cash flow analysis	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Hotel</b>											
Hotel lease contract value	9,522,000.00	4,761,000	4,761,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Haj season income	45,676,800.00	0.00	0.00	5,328,960.00	5,328,960.00	5,582,720.00	5,582,720.00	5,836,480.00	5,836,480.00	6,090,240.00	6,090,240.00
Total revenues	55,198,800.00	4,761,000.00	4,761,000.00	5,328,960.00	5,328,960.00	5,582,720.00	5,582,720.00	5,836,480.00	5,836,480.00	6,090,240.00	6,090,240.00
Opex, maintenance & marketing - 10.0%	(4,567,680.00)	0.00	0.00	(532,896.00)	(532,896.00)	(558,272.00)	(558,272.00)	(583,648.00)	(583,648.00)	(609,024.00)	(609,024.00)
NOI	50,631,120.00	4,761,000.00	4,761,000.00	4,796,064.00	4,796,064.00	5,024,448.00	5,024,448.00	5,252,832.00	5,252,832.00	5,481,216.00	5,481,216.00
Terminal value	-	0	0	0	0	0	0	0	0	0	91,353,600
Net cash flow	141,984,720	4,761,000.00	4,761,000.00	4,796,064.00	4,796,064.00	5,024,448.00	5,024,448.00	5,252,832.00	5,252,832.00	5,481,216.00	96,834,816.00
Discount rate	-	1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48
net current cash flow	79,455,059	4,761,000	4,388,018	4,074,042	3,754,877	3,625,512	3,341,486	3,219,698	2,967,463	2,853,902	46,469,060
<b>KPI's</b>											
	<b>Total</b>										
Current value	79,455,058.88										
Property value	79,455,000.00										

Thank you

Chief Executive Officer  
Eng. Almuhammad Alhussami  
alhussami@esnadrealestate.com  
Tel: +966122064111  
Internal Tel: 200  
Fax: +966122064111  
Internal Fax: 114  
Mobile: +966 504 315485

نحنُ لك سندٌ  
We support you

# Real Estate Valuation Report

**Presented to: SICO Saudi REIT Fund**

Iskan Hotel (5)



Dear : **SICO Saudi REIT Fund** Greetings

**Subject: Evaluation Report of Iskan 5 Hotel - Prince Abdullah Al Faisal Plan District, (Makkah Al Mukarramah)**

We, Qaim and his partner real estate valuation company, extend our sincere thanks and appreciation to you for choosing us and giving you your precious trust to evaluate the property located in the city of **Makkah Al-Mukarramah, Prince Abdullah Al-Faisal plan** district, according to the assignment issued by you on **19/05/2024 AD** based on the license granted to us by the Saudi Authority for Accredited Valuers, following In that is the latest version of the international valuation standards 2022 AD, which are recognized as well as the rules and ethics of the profession in order to reach the final impartial valuation based on the actual inspection by the work team and the study of the market area surrounding the property. The fair value estimate was reached using various valuation methods, including what each report carries, and accordingly we are pleased to We present to you the real estate valuation statement listed below.

Based on the completed study, we are attaching to you the results of estimating the fair price of the real estate, a hotel and its current status on the date of the estimate **30/06/2024 AD** located in the city of Makkah Al-Mukarramah, **with an amount of only (84,150,000) Eighty-four million one hundred and fifty thousand Saudi riyals**

**With sincere gratitude...**

This report was approved by the Executive Director, Ismail Mohammed Al-Dubaikhi

Under License No. / 1210000052 dated 10-10-1443 AH




Valuation report filing code

At the Saudi Authority for Accredited Valuers

## Executive Summary

### ■ Fair price estimate: **84,150,000** Saudi riyals

Valuer		
<ul style="list-style-type: none"> <li>Ismail Muhammad Al-Dubaikhi Membership No. 1210000052</li> <li>Muath Aloraini Membership No. 1210002322</li> </ul>	<ul style="list-style-type: none"> <li>Salem Muhammad Al Fai` Membership No. 1210000013</li> <li>Hossam Hassan Ashi Membership No. 1210002501</li> </ul>	
Owner of real estate	Intended User	Client (report requester)
Mashaer Real Estate Company	SICO Saudi REIT Fund Investors	SICO Saudi REIT Fund
Property location	Property under valuation	Purpose of the valuation
Makkah Al-Mukarramah - Prince Abdullah Al-Faisal plan district	Hotel	Periodic valuation of SICO Saudi REIT Fund
Inspection date	Valuation approach	Valuation standard
27/05/2024	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	Value Basis	Ownership Type
30/06/2024	Fair value	Absolute ownership
Report issued date	Assumed value	Deed number and date
29/07/2024	Present use	(520121013431) on 1441/02/18

# قيـم للتقـيـم

## QIAM VALUATION

### Content

The specific assumptions and limitations of the report	01
Scope of work	02
An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia	03
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Valuation	05
Value Estimation	06
Appendix	07



- **The specific assumptions and limitations of the report**



## Specific Assumptions and Limitations

- Based on the type and characteristics of the property and the purpose of evaluation, the property was evaluated using the cost method (Replacement method) and the Income Approach (Discounted Cash Flow method).
- The property has been inspected outwardly and the property has not been structurally inspected, or this appraisal report is considered valid only if it bears the company's seal and the signature of the accredited residents.
- The property was evaluated in accordance with international standards 2022 AD, and the estimated value in this report is for the property under study, and in case of changing the purpose of the valuation, these values may be incorrect.
- Based on the purpose of the evaluation, which is (Periodic valuation of SICO Saudi REIT Fund), the valuation was based on the value (fair value).
- No legal document was verified for the property that was evaluated or for legal issues involving ownership or mortgage, and it was assumed that the information was according to the client's statement.
- Borders and lengths according to the client's statement, and the company is not responsible for the Borders and lengths, and therefore the total area of the land is taken according to the deed, and the company is not responsible for that.
- Qiam Valuation Company acknowledges that there is no conflict of interest with the fund managers, property owners and managers, property tenants, and all direct and indirect parties in everything related to the fund.
- The values estimated in this report are for the property under valuation, and any distribution of the value to parts of the property will not be correct, and this value should not be used for any other purposes, as it could be incorrect if used as well.
- This report may not be used in whole or in part, or have references to it made without mentioning Qiam and its partner real estate valuation company. It may also not be published in any way without the company's prior written consent, in the form and content in which it appears.
- Our company does not bear any responsibility for any information received from the customer, which is supposed to be safe and reliable, and our company does not acknowledge the accuracy or completeness of the available data and does not express its opinion and did not offer any kind of guarantee for the accuracy or completeness of the data except as indicated clearly in this report.
- Information provided by other parties, especially with regard to planning, land ownership, renting, etc., on which all or part of this report was based, was considered reliable, but not all of it was confirmed in all cases, and no guarantee was given regarding the validity of this information, if it appears that this information is incorrect. the value contained in this report may change.
- The responsibility of the company with regard to the report and valuation is limited to the client, who is the entity that owns the valuation. Some of the required data was not received from the client, and in the event that any hidden information is available that could affect the value of the property.



## ■ Scope of work

## Scope of work Standard No. 101

Other users	Client	Identity of the real estate valuer
SICO Saudi REIT Fund - Investors	SICO Saudi REIT Fund	Described in the executive summary
Value Basis	Purpose of the valuation	Property under valuation
Fair value	Periodic valuation of SICO Saudi REIT Fund	Hotel
Report description	Measurement date	Property considerations for the customer
A report explaining the methodology and steps of the valuation and the results of the valuation, and includes illustrative pictures of the boundaries of the asset under valuation	30/06/2024	Investment or use, and in some cases the real estate is part used by the customer and part invested and has special considerations)

### Scope of the Valuer search - Standard No. 102

Gathering sufficient information through a field visit, visible inspection, and conducting analyzes. A study was conducted from sites close to the real estate site and from approved real estate offices in the real estate area, and all information was investigated and studied accurately.

### Value Basis

**Fair value** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (This definition is adapted from IFRS 13), paragraph 9. It is also defined in IVS 104 Basis of Value, paragraph 90, among other bases of value for valuation for purposes of inclusion in financial reports. It is consistent with **the market value** and its definition, which is the estimated amount on the basis of which the property should be exchanged on the date of evaluation between a willing buyer and a willing seller within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and wisdom without coercion or coercion.

### Valuation currency

Saudi riyal

### Valuation Standard followed

All work was carried out in accordance with the Accredited Valuers System and the implementing regulations related to real estate valuation issued by the Saudi Authority for Accredited Valuers (Taqeem), and the latest version of the International Valuation Standards (IVS) for the year 2022 published by the International Valuation Standards Board (IVSC) and the professional rules recognized in the work of valuation of real estate assets, which is based on analysis, comparison and direct inspection of each property, and research as much as possible about the influences and characteristics of the property under valuation.

### Nature and source of information

The information contained in the report was issued by official bodies, real estate offices in the targeted area, or offices specialized in research and studies, and with reference to the database of Qaim and its partner real estate valuation company.

### Important assumptions and special assumptions

Our company does not assume any responsibility for any information received from the client, which is supposed to be safe and reliable. Also, our company does not endorse the accuracy or completeness of the available data and does not express its opinion, nor did it offer any kind of guarantee for the accuracy of the data or completeness except as indicated clearly in this report.

### Report usage restrictions

Valuation processes and reports are confidential to the directing party and to whomever they are referred to for a specific purpose, with no responsibility of any kind for any third party. This report may not be published in full or any part thereof or referred to in any document or statement or published periodically or in any medium, communicate with any third party without our prior written consent in the form and context in which they appear. It is a matter of caution and that the company and the valuer reserve the right to make any amendments and make any review of the valuation or support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the evaluation calculations and amend and revise its results in light of information that existed at the valuation date but became clear to it later.

## Work Stages

■ Meeting with the client and determining the scope of work, including the purpose of the valuation, the basis of value, the parties involved, the date of the valuation, and any special or important assumptions, including clarity of the assignment and the expected outputs from it.

Step 01



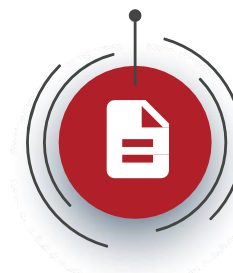
■ Collecting and analyzing office and field market data in order to gain knowledge of past and current market trends and market indicators that will be relied upon when applying valuation methods.

Step 03



■ Work on preparing the report in accordance with Standard 101 for Description of the Report and Standard 103 for Report Preparation.

Step 05



■ Previewing the property, identifying its characteristics and specifications, matching documents with reality, analyzing the location of the property and the uses surrounding the property, while defining the scope of the geographical search and the appropriate activities and projects.

Step 02



■ Based on the scope of work and market analysis, appropriate valuation methods are determined and all assumptions and inputs are made to carry out financial calculations to reach the market value according to the chosen methods..

Step 04





**■ Compliance with Standards  
,Research and Inquiry**

## Standard 102: Compliance with Standards and Research and Inquiry

This valuation work was carried out in accordance with the principle of Standard 102 of compliance with the standards, research and survey work, in the following items:

- The basis of the value (fair value) is commensurate with the purpose of valuation (Periodic valuation of SICO Saudi REIT Fund).
- Gathering evidence through field visits at the time of inspecting the property with the inquiries raised at the time of the evaluation of some accredited offices in the area of the property.
- Evidence from field visits was collected and analysis and computational procedures performed to ensure that evaluation work was adequately supported.
- The data cited was judged to ensure the adequacy of all such information obtained to ensure that it is sufficient for the purpose of the valuation.
- Limitations of the research and survey that were carried out indicate the limitations in the scope of work with the analysis of all valuation inputs mentioned in the report.
- Reliability of the information provided by the real estate offices in the real estate area has been confirmed, and they are accredited and licensed offices in the real estate area.

## Judging the reliability of the information provided and taken into the report

Provider	Data and information	Verdict	Judgment reasons
Client	Title deed	Trusted	Title deed sent by the client has been verified
	Building permit	Trusted	The building permit has been validated in Baladi platform
	Rental data	Trusted	Electronic contracts were received (Ejar platform). The current contracts do not reflect the property's income (market) and were valued according to market values after review
Market	Rental price per square meter	Trusted	Rental Rates for retails space, Pilgrims Accommodation, Land Plots Sale Prices, etc.
	Practical experience of real estate offices	Trusted	Certified by official records in the real estate area
	Source independence	Trusted	A source independent and external to the asset being valued

## Compliance with Standards and Research and Inquiry

01

The research and investigations undertaken in the context of the valuation mission are appropriate to the valuation purpose and value basis

02

Carry out calculations and perform analyzes by gathering sufficient evidence by the following means, such as: field visit, inspection, inquiries and ensuring that evaluation work is appropriately reinforced and professional judgment facility to ensure that the information obtained is sufficient and that it fulfills the purpose of the evaluation

03

In the event that there are restrictions on the research and investigation carried out by the evaluator that do not enable him to adequately value the inputs and assumptions, which are clarified in the special assumptions

04

Taking into account the reliability of the information so that the evaluation results do not appear, and the inputs provided to the valuer (and) from the client or his representative) were considered.

05

Consider the credibility and reliability of the information provided  
The following matters were taken into consideration:  
The purpose of the valuation  
The relevance of the information to the outcome of the valuation  
The source practical experience in relation to the subject matter of the valuation  
Is the source independent of the asset being evaluated or the beneficiary of it.

06

Record the valuation purpose, basis of value, and scope And the limits of research and survey, and the sources of information that reliable in the scope of work, which must Communicating it to all parties to the evaluation task



## Regulatory framework on the International Valuation Standards (IVS 2022)

General Standards - Criterion 101  
Scope of Work Paragraph 20:  
Emphasizing that the valuation will be prepared in accordance with international valuation standards and that the valuer will assess the appropriateness of all important inputs: Deviations from international evaluation standards and their nature must be mentioned

60.3 Some professional appraisal institutions or regulations allow procedures that deviate from the International Appraisal Standards and in such circumstances, except as described in paragraphs 60.1 and 60.2, the resulting valuation will not be in compliance with the Standards.

General framework: the generally accepted valuation principles and the concepts that should be followed when applying these standards with regard to objectivity, discretionary judgment, efficiency, and the possibility of deviating from the standards, Paragraph (60.1-60.2). requirements mentioned in the reports

### Note:

Real estate valuations performed in order to prepare financial reports are regarded as situations of systematic deviation from international valuation norms in order to satisfy certain criteria for the purpose of the relevant valuation.

## Real estate and investment properties in the preparation of financial reports

### Clarifying the difference between real estate and investment properties in the financial statements

#### Investment properties in the financial statements

IAS 40 defines investment property as any property (land or a building - or part of a building - or both) held (by the owner or by the lessee as a right-of-use asset) to earn rental income or To grow the capital or for both, and not:

- For use in producing, supplying goods, providing services, or for administrative or
- To sell it in the ordinary course of business

#### Real estates included in the term of real estate, machinery and equipment in the financial statements

The International Accounting Standard No. 16 “property, plant and equipment” IFRS16 defines as the tangible items that:

- It is kept for use in the production or supply of goods or services, or it is kept for rent to others (except for investment real estate) or for use in administrative purposes.
- It is expected to be used during more than one period



■ An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia

## 2030 Vision

His Royal Highness Prince **Mohammed bin Salman bin Abdulaziz Al Saud**, Crown Prince, Deputy Prime Minister and Chairman of the Council for Economic Affairs and Development.



Our ambition is to build a more prosperous country in which every citizen will find what he desires. For the future of our homeland, which we build together, we will accept nothing but to make it at the forefront of the world, with education and rehabilitation, with opportunities available to all, and advanced services, in employment, health care, housing entertainment and others.

## Economic growth in Saudi Arabia

During its modern era, the Saudi economy has witnessed growth in a large number of sectors, taking advantage of the Kingdom's natural resources, and its geographical and cultural position among the three continents of the world. This growth resulted in building a solid economic base, as it became among the twenty largest global economies and an active member of the Group of Twenty, and one of the main players in the global economy and global oil markets, supported by a strong financial system and an effective banking sector, and giant government companies based on highly qualified Saudi cadres.

In the past years, the Kingdom has also witnessed structural reforms on the economic and financial side, which enhance the increase in economic growth rates while maintaining financial stability and sustainability.

In order to develop and diversify the economy and reduce dependence on oil, the Kingdom of Saudi Arabia launched the Saudi Vision 2030 based on many economic and financial reforms, which aimed at transforming the structure of the Saudi economy into a diversified and sustainable economy based on enhancing productivity, raising the contribution of the private sector, and enabling the third sector.

Since the launch of the vision, the Kingdom has succeeded in implementing many supportive initiatives and structural reforms to enable economic transformation.

This transformation consists of several major efforts centered on a sectoral dimension that includes the promotion of local content, national industry, and the launch of various sectors. Promising economy and its development, enabling dimension that aims to maximize the role of the private sector, small and medium enterprises, and enhance the sustainability of Public Finance. It is expected that the pace of this structural transformation towards sustainable economic growth will continue in the coming years, especially in light of the number of Giant investment initiatives, under the umbrella of the Public Investment Fund, and leading companies. It is also expected that the pace of settlement will accelerate Knowledge and innovative technologies.



## Business Sectors Overview

### Tourism Sector

- Within the framework of the Kingdom's Vision 2030, which aims to lay effective foundations and pillars for the future of the Kingdom of initiatives aimed at reducing the main dependence on oil, through many sectors to support the national economy, including the tourism sector, given what this sector represents from a value, social, civilized and economic dimension. The tourism sector and the hotel sector are closely linked to the Saudi Vision 2030, and it revolves around helping those involved in the hospitality sector, food and entertainment industries to plan for the future.

### Office Sector

- The offices contribute to achieving the goals of the Saudi national transformation towards prosperity and sustainability by focusing on the goals of Vision 2030, which leads to raising the participation of the private sector in achieving the Kingdom's Vision 2030, working as a representative of the private sector within the national system of vision realization offices in government agencies. Including Riyadh's endeavor to transform into a regional center for international commercial entities, which made it issue a decision to refuse to contract with any company that does not have a regional headquarters in Saudi Arabia by 2024, especially those that have contracts with government agencies, whether they are bodies, institutions, investment funds or devices. Increases the demand for the office sector.

### Retail Sector

- The vision of the Kingdom's national transformation for the post-oil stage 2030 paid great attention to the development of the commercial and industrial sector in the Kingdom, as the vision is based on focusing on the development and development of the local industry that will achieve great economic returns for the Saudi economy, and among the goals of the vision by 2030 is to raise the percentage of exports The Kingdom's rank in the Logistics Performance Index increased from 16% to 25 globally and first regionally, and the private sector's contribution to the GDP increased from 40% to 65%.

### Housing Sector

- Vision 2030 has provided sustainable housing solutions that enable Saudi families to own suitable homes according to their needs and financial capabilities. To achieve this, the housing system, in terms of structuring, procedures, and policies for dealing with banks and the private sector, has developed a high percentage of Saudi families' ownership of homes, as the proportion of Saudi families' ownership of homes did not exceed 47% in 2016, and rose to 70% by the end of the first phase of the housing program in 2021.

## Hospitality sector indicators - Makkah Al-Mukarramah - 2023 AD

<b>1.8ML +</b> Total number of Hajj pilgrims	<b>13.5ML +</b> Total number of Umrah pilgrims	<b>15.3ML +</b> Total number of visitors
<b>%72</b> Average occupancy rate	<b>1151</b> Total number of hotels	<b>%5.5</b> Average rate of return
<b>%24</b> Available room rate (pilgrims' accommodation)	<b>%76</b> Available rooms rate (Hotels)	<b>185,000</b> Total number of rooms available



## Site studies



## Real estate data and Services available in the real estate area

Real Estate Data			
City	Makkah Al-Mukarramah	Neighborhood	Prince Abdullah Al-Faisal plan
Street	Al-Hajj	Property type	Hotel
No. land plan	B/23/15/1	Plot number	166
Area	1382.73 square meters	Land use according to regulations	Commercial
Services and facilities available in the real estate area			
Electricity network	Water network	Sewerage network	Telephone network
✓	✓	✓	✓
Mosque	Public markets	Water drainage network	Garden
✓	✓	✓	✓
Shopping center	Medical services	Governmental services and centers	Hotels
✓	✓	✗	✗
Banks	Restaurants	Petrol station	Civil defense
✓	✓	✓	✓

## Factors affecting the property

Impact element	Impact determinants	Description
Area overview	Importance of the area	The property is located in the city of Makkah Al-Mukarramah , in <b>Prince Abdullah Al-Faisal plan</b> district
Natural factors (environmental)	Lands topography	Flat
	Pollution	There are no sources of pollution in the area
Planning factors (urban)	Location from the city	The location is in the <b>city center</b> of Makkah Al-Mukarramah
	Infrastructure	Completed
	Municipal equipment	Completed
	Land properties	Regular shape
Building Regulations	Land use	<b>Commercial</b>
	Building ratio - number of floors	According to the mass factor, maximum 22 floors
Economic factors	Supply and demand	High
	Land prices	High
Legal factors	Deficit and trespassing on the property	N.A.

## Property description

- The building surface area was determined based on the Building permit.
- The age of the property was determined to be (11) years based on the (Building permit).
- Number of rooms: 428 rooms.
- Number of floors: 15 floors
- Condition of the property on the valuation date (30/06/2024)

When examining the property, it became clear to us that it is a (Hotel). Detailed as below:

Building Components			
#	Floor	Area (m2)	Use
1	Basement	1,382.73	Parking lots
2	Ground floor	1,018.74	Reception + commercial
3	Mezzanine	758.78	Reception
4	Restaurants floor	1,016.88	Restaurants
5	Mosque floor	1,016.88	Prayer room
6	Repetitive floors	1,2780.6	Residential
7	Last floor	755.03	Residential
8	Staircase + elevators	44.19	Services
9	Tanks	1,125.17	Tanks
10	Sewage drainage	6	Sewers
<b>Total</b>		<b>19,905</b>	

## Property Description

### INTERIOR FINISHES

Doors	Ceiling	Wall Cladding	Floors
Electric Securit Glass	Gypsum plasterboard suspended ceilings	Paint	Marble - Porcelain
Windows	Health kits	Stairs	Insulation type
Aluminum and double glazing	High quality	Marble	Thermal - Hydro

### EXTERIOR FINISHES

Facades	Facilities	Doors	Floors
Glass - Marble - Anti-environmental paint	N.A.	Electric Securit Glass	Marble - Granite

### Electromechanical and air conditioning systems

Air Conditioning	Elevators	Electrical wiring and outlets	lighting	Water Feeding System
Central	3 Elevators	High quality	High quality energy saving	Automatic electric pump system

### Security and safety systems - other facilities

Facilities	Parking	Fire Alarm and Extinguishing Systems	Security Systems
N.A.	Basement + Outdoor	Fire Detection Systems - Fire Hose for All Hotel Parts	Indoor and outdoor surveillance cameras - inspection devices - control and monitoring room

## Property location

Property is located in: **Makkah Al-Mukarramah**

Neighborhood: **Prince Abdullah Al-Faisal plan**

Street: **Al-Hajj**

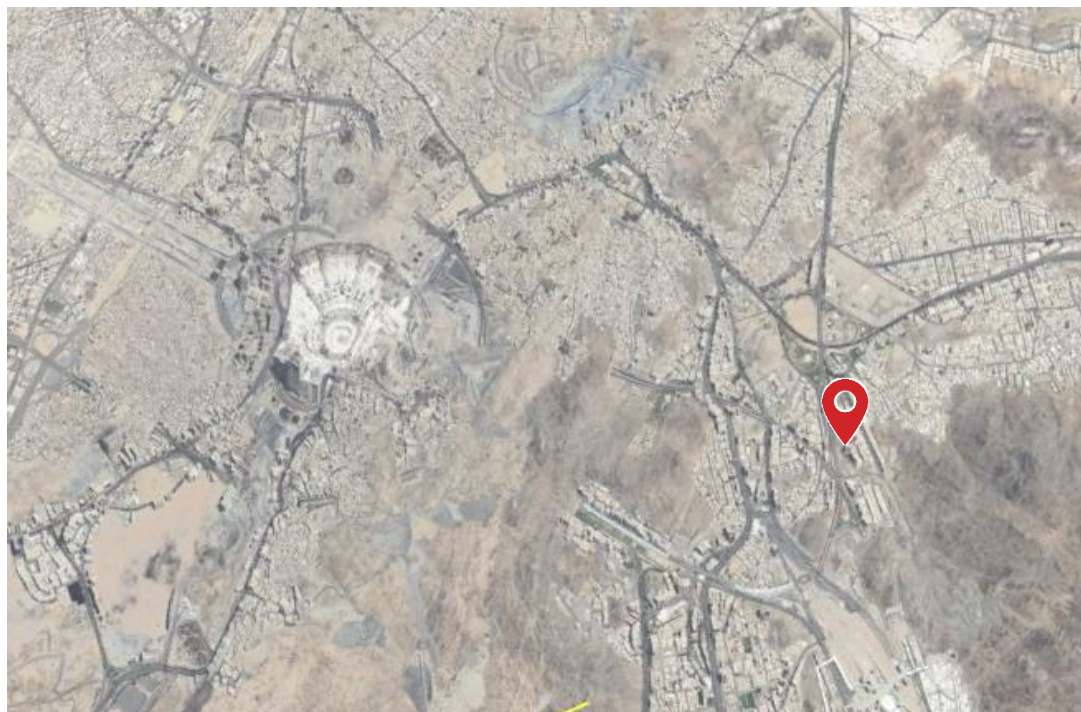
Location coordinates

N :

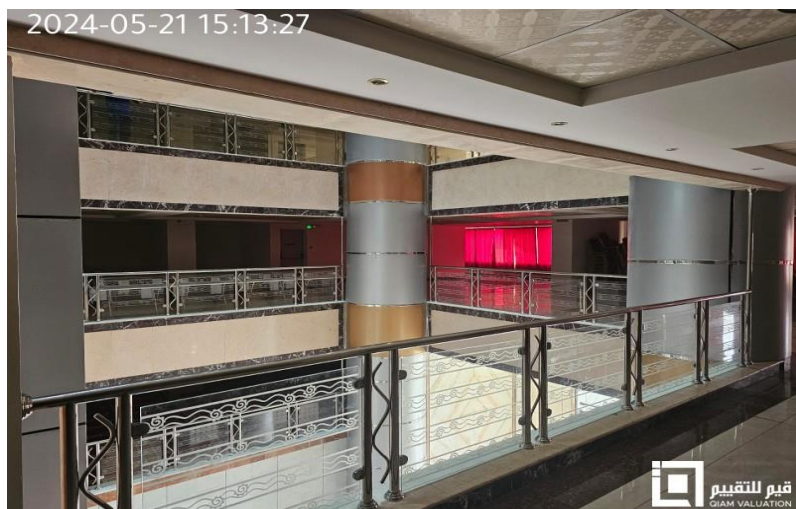
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E :

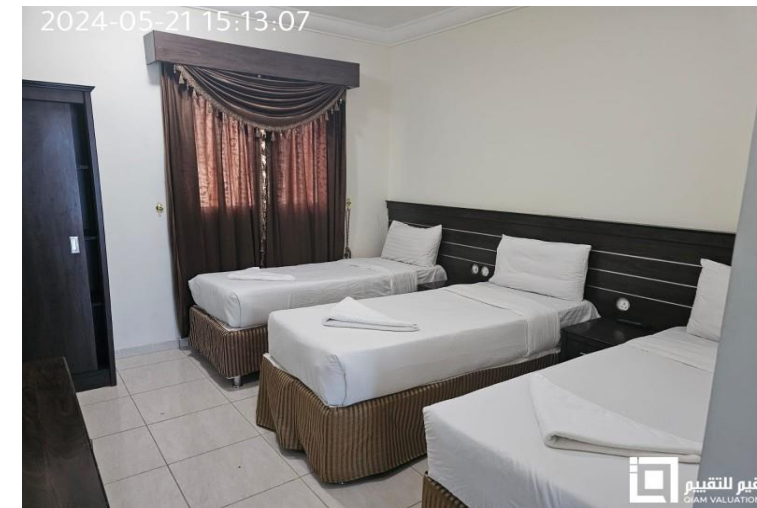
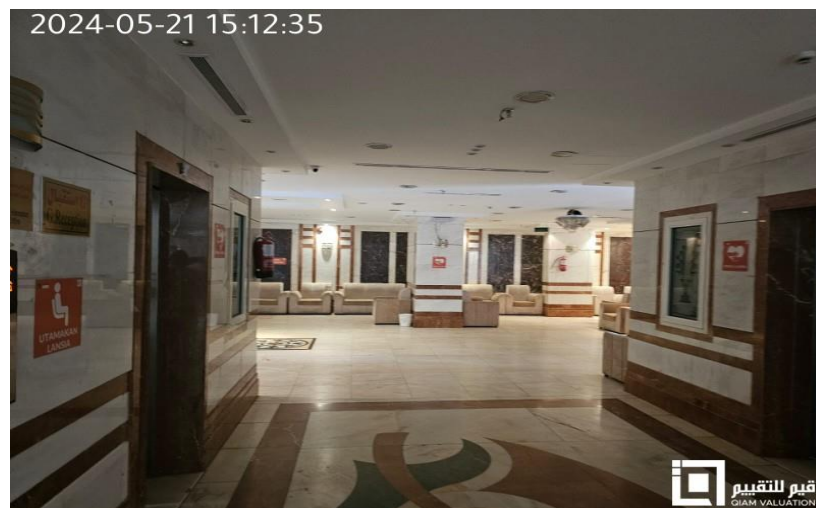
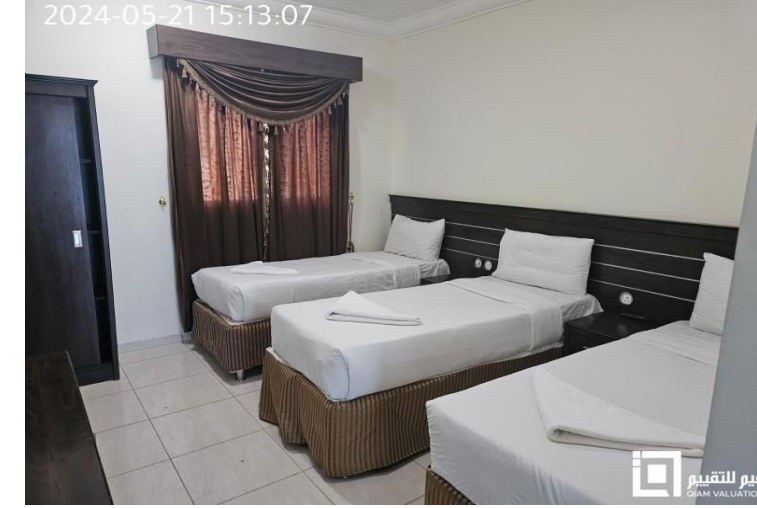
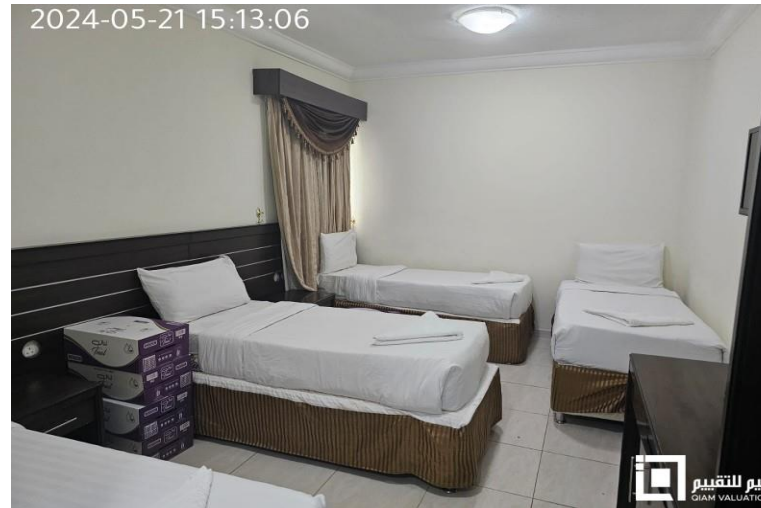
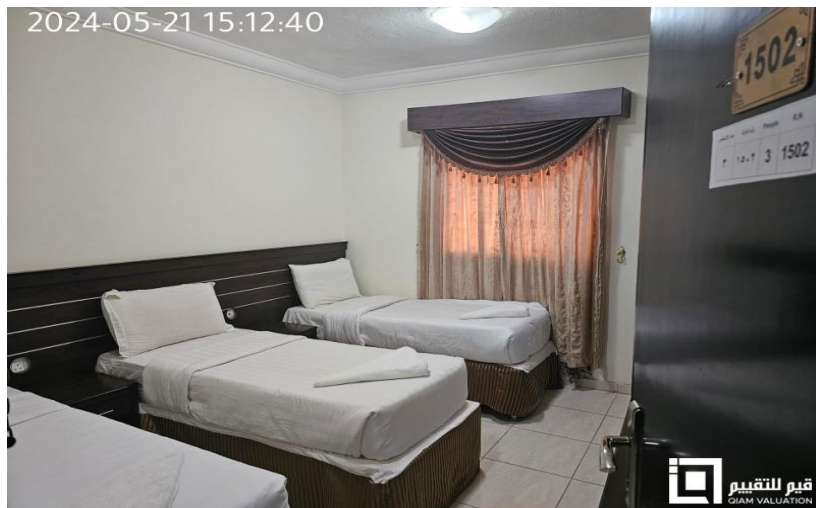
39.859888



## Photographic survey of the building and its components (1/2)



Photographic survey of the building and its components (2/2)



## Ownership documents

### Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	02/18/1441	520121013431	Al Mashaer Real Estate Company

### Neighborhood name - Plot number - Plan number - Land area:

Neighborhood name	Plot number	Plan number	Land area
Prince Abdullah Al-Faisal plan	166	1/15/23 b	1382,73 m2

### Borders and lengths:

Borders and lengths:							
Northern border	Border length	Southern border	Border length	Eastern border	Border length	Western border	Border length
Plot No. 165	46 m	Plot No. 167	46 m	Plot No. 168/6	35 m	Street width 12	26 m

## Assumptions related to real estate ownership

The property is mortgaged to Riyad Bank and for the purposes of this report we have assumed that there is a valid ownership free of any obstacles. If this is not the case, the opinion of the property value may be affected.





Evaluation

## Valuation

## Valuation Approaches



### ❖ Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (similar) assets for which price information is available.



### ❖ Income Approach

The income approach provides an indication of value by converting future cash flows into one current value. According to this method, the value of the asset is determined by reference to the value of the revenue and cash flows generated by the asset or the costs it provides.



### ❖ Cost Approach

The cost approach provides an indication of value using the economic principle that states that the buyer will not pay an asset more than the cost of obtaining an asset of similar benefit, whether through purchase or construction unless there are time, disturbance, risk, or other related factors. The method provides an indication of value by calculating the current cost of transferring or reproducing the asset, and then discounting the physical wear and tear of all other obsolescence's.

## Market Approach-Standard No. 105

It is an approach of estimating the value of a real estate or real estate property based on the market comparison between the property being evaluated and similar properties in the same area that were recently sold. The value indicator of the property being valued is derived by applying appropriate comparison units and making adjustments and adjustments to the selling prices of similar properties based on the comparative elements.

### **The market approach should be applied and afforded significant weight under the following circumstances:**

- ❖ The subject asset has recently been sold in a transaction appropriate for consideration under the basis of value
- ❖ The subject asset or substantially similar assets are actively publicly traded.
- ❖ There are frequent and/or recent observable transactions in substantially similar assets.

### **The key steps in the comparable transactions method are:**

- ❖ Define the units of comparison used by relevant market participants.
- ❖ Determine the relevant comparative transactions and calculate the main evaluation criteria for these transactions.
- ❖ Conduct consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the subject asset.
- ❖ Make the necessary adjustments, if any, to the evaluation scales to reflect the differences between the subject of evaluation and the comparative assets.
- ❖ Applying the revised valuation criteria to the subject asset.
- ❖ Value indicators are reconciled if more than one evaluation scale is used.

## Cost Approach - Standard No. 105

It is a valuation method that calculates the capital or market value of a property by adding the value of the real estate's land with the value of the buildings erected on the site.

### **Cost Approach should be applied and afforded significant weight under the following circumstances:**

- ❖ Participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- ❖ The asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or
- ❖ The basis of value being used is fundamentally based on replacement cost, such as replacement value

### **Used methods of Cost Approach :**

- a. **Replacement cost method:** A method of arriving at value by calculating the cost of a similar asset

### **Method of estimating the value of buildings using the straight line method**

- The straight-line method: the straight-line method is calculated by the formula (current age of the building / Lifespan) \* 100.

## Income Approach-Standard No. 105

Income Approach provides an indication of value by converting future cash flows into a single present value. Under this approach, the value of an asset is determined by reference to the value of the revenue and cash flows that the asset generates or the costs it provides.

### **Income Approach should be applied and given priority or significant weight in the following cases:**

- A. When the ability of the asset to generate income is the primary factor that affects the value from the point of view of market participants.
- B. Reasonable expectations are available for the amount and timing of future revenue for the assessed asset but few, if any, relevant market comparisons.

### **Income Approach Methods:**

Although there are many ways to apply the income method, the methods used under the income method depend largely on discounting the amounts of future cash flows to a present value, which are various applications in using the discounted cash flow (DCF) method and the concepts below apply in part or all of the methods of the income method.

#### **Discounted Cash Flow method (DCF)**

It is a financial method for estimating the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows. The discounted cash flow method is applied to evaluate a property or real estate that generates income based on the expectation of future income for the property under valuation. The value index of the property is derived through Calculating the present value of net operating income or the expected net rental value of the property.

#### **Direct Capitalization Method:**

The direct capitalization method is applied in the event that the net rental value of the property under valuation is fixed and equal in perpetuity.

#### **Residual value method:**

The residual value method is a method of evaluating properties that can be valued by identifying the most appropriate development of the site and property and then predicting the value of such development after it is completed.

## Used valuation approaches and methods - Fair value hierarchy

### Used valuation methods

Valuation Approaches	Market Approach	Cost Approach	Income Approach
Used approach	<b>Used as an assist</b>	<b>Used as an assist</b>	<b>Mainly used</b>
Used valuation methods	Field survey (comparisons - offered land prices)	Replacement cost	Discounted Cash Flow method
Reasons for use / not use	To know similar properties on the market	Land on which a building is built	The fact that the property is income-generating

### Hierarchy:

The fair value hierarchy categorizes the inputs to the valuation techniques used to measure fair value at the measurement date into three levels, as follows:

Level	Clarification	Input statement	Classification	Source	Judgment and documentation
<b>First</b>	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	----	----	----	----
<b>Second</b>	They are the inputs other than the published prices within the first level that can be monitored for the asset or liability, either directly or indirectly	Commercial and commercial residential offers in the real estate area	It is classified under the second level	Accredited real estate offices in the real estate area	reliable based on similar market analysis, verification following market research and analysis, in-person interviews, and the company's own database of deals and transactions
<b>Third</b>	They are the inputs that cannot be monitored and are given the lowest priority	----	----	----	----



## Value Estimation

## Estimating the value of the land - Market Approach - Comparisons method

Saudi market does not have transparency and it is difficult to collect accurate information. Therefore, we were able to collect data for a selected sample of comparisons that reflect the reality of the market in general, and we will work to present their data and performance indicators as an embodiment of the market.

Selected comparisons are: From the properties offered in **Hajj Road district**.

Comparative Properties - Commercial Residential Lands		
Comparison factors	Comparative 1	Comparative 2
Area (m2)	1,120	561
Ease of access	High	High
Property location	High	High
Land shape	Regular	Regular
Land topography	Flat	Flat
Use	Commercial - Residential	Commercial - Residential
Surrounding streets	3	3
Price per meter (SR)	26785	21000
Comparative condition	Available offer	Available offer

### Comparisons Map:





## Estimating the value of the land - Market Approach - Comparisons method

### Valuating the land according to Market Approach - Method of comparison with similar sales

Clause		Comparative real estates			
Adjustments factors	Property under valuation	Comparative 1		Comparative 2	
		Value	Adjustment	Value	Adjustment
Price per square meter	***		26,785		21,000
Condition	***		Available offer		Available offer
Date of valuation/offer	30/06/2024		20/05/2024		23/05/2024
Market Condition	***	-5.00%	- 1,339	-5.00%	- 1,050
Financing terms	***	0.00%	-	0.00%	-
Market conditions value	***		(1,339.25)		(1,050.00)
Value after initial settlements	***		25,446		19,950
Land area (m <sup>2</sup> )	1,383	1,120	0%	561	-5%
Ease of access	High	High	0%	High	0%
Property location	High	High	0%	High	0%
Land shape	Flat	Flat	0%	Flat	0%
Land topography	Regular	Regular	0%	Regular	0%
Land use	Commercial - Residential	Commercial - Residential	0%	Commercial - Residential	0%
Surrounding streets	1	3	-10%	3	-10%
<b>Total</b>		<b>-10.00%</b>		<b>-15.00%</b>	
Adjustment value per square meter			2,545-		2,993-
Final meter value after Adjustments			22,901		16,958
Relative weight		80%		20%	
Net average value per square meter (SR / m <sup>2</sup> )				21,712	
<b>Final market value of the land (SR )</b>				<b>30,022,225</b>	

## Estimating the value of the property - Cost Approach - Replacement method

### First: Construction Costs (Direct Costs)

Clause	Built up area m2	SR / m2	Value (SR)
Basement	1,383	2,200	3,042,006
<b>Total built up area</b>	<b>18,517</b>	<b>3,500</b>	<b>64,810,445</b>
<b>Total (SR)</b>	-		<b>67,852,451</b>

### Second: Other costs (indirect)

Professional fees	3%	2,035,574
Utilities Network	3%	2,035,574
Administration costs	3%	2,035,574
Financing costs	6%	4,071,147
Developer's profitability	10%	6,785,245
<b>Total (SR)</b>		<b>16,963,113</b>
<b>Total cost of buildings (SAR)</b>		<b>84,815,564</b>

### Third: Depreciation cost

Property useful life (years)	Year	40
The current age of the property (year)	Year	10
Remaining life of the property (year)	Year	30
Depreciation rate	%	25
Depreciation value	SR	21,203,891

### Final value of the building (SR)

63,611,673

### Fourth: Value of the property according to the Cost Approach

Final value of the land (SR)	30,022,225
Final value of buildings (SR)	63,611,673
<b>Market value of the property according to the Cost Approach (SR)</b>	<b>93,633,898</b>
<b>Market value of the property according to the Cost Approach after rounding (SR)</b>	<b>93,650,000</b>

## Similar Comparisons Method assumptions

**Based on the approach used in calculating the market value, which is Market Approach (Method of Similar Comparisons), some steps must be taken to obtain accurate Adjustments, as follows:**

- Determine the factors that affect the value of the property under valuation.
  - Comparing the features and characteristics of each comparative property with the property being evaluated and determining the difference in each element of the comparison between the comparative property and the property under valuation.
  - Make adjustments against each mismatched item.
  - Reaching the net adjustment for each comparable property and applying it to the unit price to reach price range of the unit after adjustments for the property under valuation.
  - On the basis of the price range, the valuer determines the most reasonable price for the unit in the real estate under valuation, and the unit price is chosen after adjustments from the best comparable real estate usually as it is better.
- **Relative control of the area:** It is customary to promote a smaller area of the land that achieves a higher value compared to the land that is larger in area, and sometimes vice versa. Here, it was assumed that 5% would be allocated for each multiplier, and the percentage may vary according to the estimate and experience of the real estate valuer, depending on the state of the real estate market and the valuer's experience.
  - **Market condition:** Adjustments against the market condition conditions are often referred to as (time) Adjustment or in the case of negotiation over the offered value. Market conditions may change with the change of time, and the percentage is variable according to the market condition.
  - **Ease of access:** The movement of access to the real estate subject to evaluation is easy, as well as the ease of access to the comparable properties (high, medium, low), Accordingly, a rate of 5% was assumed for each level.
  - **Location of the property:** The location is where the property is located, whether it is on a road front or second row, or has two roads or two entrances, and it has a direct and high impact on the value of the property, and half of it is (high, medium, low), accordingly, a rate of 5% was assumed for each level.
  - **Land shape:** One of the physical characteristics that affect the property is the shape of the land, whether it is regular or irregular, Accordingly, a rate of 5% was assumed.
  - **Zoning:** The real estate planning has been taken into consideration as it is (commercial) planning compared to the comparable real estate, as well as all of them are commercial. It is possible for the property to include more than one use, such as (residential, residential, commercial, or residential, commercial, office), and accordingly, a rate of 5% was assumed according to the classification of use.
  - **Surrounding streets:** The location affects the value of real estate directly if it is on one or two streets, as well as the views it provides and the provision of various advantages. Accordingly, a rate of 5% was assumed for each difference for one street.

## Market Approach - Comparison method - Hotel income analysis

### Market Survey - Hotel Income Analysis

Comparison	Rating	Number of rooms	Average rental price (Hajj season)	Annual occupancy	Operational expenses
Comparison 1	3 stars	300	2500	%20	%15
Comparison 2	3 stars	250	2400	%15	%15
Comparison 3	3 stars	220	2500	%12	%15

### Comparisons Map:



## Market Survey Data Analysis Results - Income Calculation

Market Survey - Hotel Income Analysis						
Comparison	Hotel name	Rating	Number of rooms	Average rental price (Hajj season)	Annual occupancy	Operational expenses
Comparison 1	Rabiet Al-Hejaz	3 stars	300	2500	%20	%15
Comparison 2	Kayan 3	3 stars	250	2400	%15	%15
Comparison 3	Al wataniya	3 stars	220	2500	%12	%15

Hotel income calculation based on market data			
Clause	Value	Unit	
Number of days in the year	365	Day	
Annual occupancy rate	%13	Percentage	
Number of operating days per year	45.625	Day	
The number of days of the Hajj season	45	Day	
The number of days of the Ramadan season	0	Day	
Number of days for the remainder of the year	0	Day	
Number of rooms	428	Room	
Calculation of operating the Hajj season			
Number of pilgrims	1952	Pilgrim	
Rental price for the pilgrim	2800	Pilgrim/SR	
<b>Hajj season total income</b>	<b>5,465,600</b>	<b>SR</b>	

## Analysis of valuation assumptions data - Discounted Cash Flow Methods

### Discounted Cash Flow assumptions

Total hotel rental income year 1 and 2	4,761,000	Discount rate	%9
Total hotel rental income by market	5,465,600	Capitalization rate	%5
Operating Expense Rate	%15	Growth rate - every year from the Fourth year	%3
Hotel Operations	Hajj season only	Cash Flow Period (Years)	10

### Discount rate:

#### Cumulative Model method

Government bond rate of return	4.94	Saudi Tadawul Fund
Inflation rate (average of the current year)	1.8	Saudi Central Bank
Market risk premium (recession and recovery)	1	Depending on the market situation and conditions
Special risk premium (the resulting costs of the property)	1	Depending on the property situation and conditions
Discount rate after collecting the above data and rounding	9	%

### Rental income:

The property income was analyzed by reviewing the property contracts and reflecting them in the value calculation for the years 2024 and 2025. After the contract ended, the rental income was assumed based on the results of the market data analysis, assuming a growth rate from the third year of 3% for each period, taking into account a 25% discount (three-month period) from the total rental value for the third year borrowed for improvements and re-lease. A growth rate of 2% was also assumed from the sixth year to the tenth year in line with the growth expectations in the property area. Based on the information sent by the client, it became clear to us that the hotel is operated for the Hajj season only, and accordingly this was assumed in the value estimate.

### Rate of return:

Capitalization Rate Analysis - Market Extraction Method By looking at market activity and similar reports from Qim Investments, as well as economic reports issued by some research centers and the Qim Evaluation Information Center, we have found that the return in the region ranges between 5% and 7%. Based on the assumption that the hotel will operate for the Hajj season only, the return rate was assumed to be 5%. There are also many factors that affect the return rate, such as the location of the building, its age and condition, the status of the tenants, and the degree of risk associated with repayment. The capitalization rate is affected by the rates of demand and supply for the same type of real estate.

### Operating and capital expenditure rate:

Operating expenses are the expenses related to renting and maintaining the property, and capital expenses are the expenses incurred by the owner in order to keep it in good condition to achieve an appropriate annual income. The percentage of operating expenses is 15% - 25% for similar projects in the surrounding area, depending on the size and services provided, as most of them are usually with one contract (the property is rented with one contract). The rate of operating and capital expenses was assumed at 0% for the first and second years to be borne by the tenant. After the end of the contract, a rate of 15% was assumed for the remaining years, taking into account the operation of the hotel for the Hajj season only.

## Property Valuation - Income Approach

Cash flow - Inflows	Investment years										Reversion value	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
	1	2	3	4	5	6	7	8	9	10		
Expected growth value	0.00%	0.00%	3.00%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Total actual rental income	4,761,000	4,761,000	5,972,409	6,151,581	6,336,128	6,462,851	6,592,108	6,723,950	6,858,429	6,995,598		
Minus the operating expenses rate	15%	0	895,861	922,737	950,419	969,428	988,816	1,008,593	1,028,764	1,049,340		
Building Net Operating Income (NOI)	4,761,000	4,761,000	5,076,547	5,228,844	5,385,709	5,493,423	5,603,292	5,715,358	5,829,665	5,946,258		
Reversion value of the building												
Net Cash Flow	4,761,000	4,761,000	5,076,547	5,228,844	5,385,709	5,493,423	5,603,292	5,715,358	5,829,665	5,946,258	118,925,161	
Discount Factor	0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5470	0.5019	0.4604	0.4224	0.4224	
Present Value of Cash Flows	4,367,890	4,007,238	3,920,026	3,704,245	3,500,341	3,275,549	3,065,192	2,868,345	2,684,140	2,511,764	50,235,273	
Net present value of the property											84,140,004	

Final value of the property (SR) 84,140,004

Final value of the property after rounding (SR) 84,150,000

## Final value of the property

Based on the purpose of the valuation, the nature of the property, and its characteristics as a hotel, valuing the property using Income Approach (Discounted Cash Flow Method) is considered the best way to estimate the price on the measurement date of 30/06/2024, which was arrived at with Income Approach as a basis for the fair value of the property being valued (after rounding). As follows:

Price on the date of measurement in numbers (SR)	Price on the measurement date written (SR)
84,150,000	Eighty-four million, one hundred and fifty thousand riyals

**This report was approved by the Executive Director**

Ismail Muhammad al-Dubaikhi



A black and white photograph of a stack of papers and a pen, with a blurred background. The papers are stacked in a way that shows the edges of many sheets. A pen is lying across the top of the stack. The background is out of focus, showing what appears to be a window or a wall with some texture.

## ■ Appendix



## Team



Hossam Hassan Ashi  
Real estate - Associate  
Membership No1210002501



Muath Aloraini  
Real estate - Associate  
Membership No1210002322



Salem Mohammed Al Fai'  
Real estate-Basic Follow  
Membership No 1210000013



Ismail Al-Dubaikhi  
Real estate-Basic Follow  
Membership No 121000005

# قيـم للتقـيـم

## QIAM VALUATION



### General Administration

Riyadh 11666, Othman Bin Affan Road, Building No. 8484, Office No. 6

✉ [info@qiam.com.sa](mailto:info@qiam.com.sa)

🌐 [www.qiam.com.sa](http://www.qiam.com.sa)

☎ +966 92 002 5832