Real Estate Valuation Report

Presented to: SICO Saudi REIT Fund

Iskan Hotel (4)

Statement

Dear : SICO Saudi REIT Fund **Greetings**

Subject: Iskan 4 Hotel valuation report - Al Aziziyah District Hotel in the city of (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**, **Aziziyah** district, according to the assignment issued by you on **20/05/2025 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, 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 **30/06/2025** AD located in the city of Makkah Al-Mukarramah, **with an amount of only (109,470,000) One hundred and nine million, four hundred and seventy 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

قيم للتقييم
QIAM VALUATION
C.R: 1010927632

Valuation report filing code

At the Saudi Authority for Accredited Valuers

Executive Summary

Fair price estimate: 109,470,000 Saudi riyals

Valuer	
• Ismail Muhammad Al-Dubaikhi Membership No. 1210000052 • Rayan Mubarak Al-Dosari Membership No. 1210003808	• Salem Muhammad Al Fai` Membership No. 1210000013 • Ahmed Saleh Al-Attas Membership No. 1220003236

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 - Al-Aziziyah District	Hotel	Periodic valuation of SICO Saudi REIT Fund
Inspection date	**Valuation approach**	**Valuation standerd**
15/06/2024	Cost Approach + Income Approach	International Valuation Standards Accounting Valuation Standards (IFRS)
Valuation date	**Value Basis**	**Ownership Type**
30/06/2025	Fair value	Absolute ownership
Report issued date	**Assumed value**	**Deed number and date**
30/06/2025	Present use	(520121013430) on 18/02/1441

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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

Site studies 04

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).
- 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).
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 property was evaluated in accordance with international standards 2025 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.
- Borders and lengths according to the client's statement(ownership documents), 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.
- 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.
- 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	30/06/2025	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.

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 2025 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

Step 01

- 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 02

- 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 03

- 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 04

- 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 05

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

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 valuated 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 valuer 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.

رؤيـــة VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

> 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.

رؤية VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

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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 growth 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 non – oil exports from 16% to 50% The Kingdom's rank in the Logistics Performance Index increased from 49 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 - 2024 AD

+1.67ML Total number of Hajj pilgrims	**+18.95ML** Total number of Umrah pilgrims	**+20.62ML** Total number of visitors
%75 Average occupancy rate	**1250** Total number of hotels	**%5.5** Average rate of return
%24 Available room rate (pilgrims' accommodation)	**%76** Available rooms rate (Hotels)	**268,000** 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	Aziziyah
Street	Al Aziziah Main Rd	Property type	Hotel
No. land plan	7/21/1 g	Plot number	1\277
Area	1287,97 square meters	Land use according to regulations	Residential - 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
✓	✓	✓	✓

DRAFT

شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

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 **Aziziyah** 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 city **center** of **Makkah Al-Mukarramah**
	Infrastructure	Completed
	Municipal equipment	Completed
	Land properties	Regular shape
Building Regulations	Land use	**Commercial Residential**
	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.

شركة قيم للتقييم - ترخيص رقم 1210000052 تاريخ الانتهاء 1447/05/03هـ سجل تجاري رقم 1010927632 تاريخ الانتهاء 1449/03/15 هـ الرقم الموحد 920025832 - مكتب رقم 7 مبنى رقم 8484 طريق عثمان بن عفان - الرياض 11666

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: 450 rooms.
- Number of floors: 23 floors
- Condition of the property on the valuation date (30/06/2025)

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	1,287.97	Parking lots
2	Ground floor	789.9	Reception + commercial
3	Mezzanine	587.86	Reception
4	Restaurants floor	824.91	Restaurants
5	Mosque floor	824.91	Prayer room
6	Seventeen repetitive floors	12,304.6	Residential
7	Last floor	261.2	Residential
8	Staircase + elevators	75.43	Staircase + elevators
9	Sewage drainage	6	Sewers
10	Tanks	1,089.97	Tanks
Total		**18,053**	

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

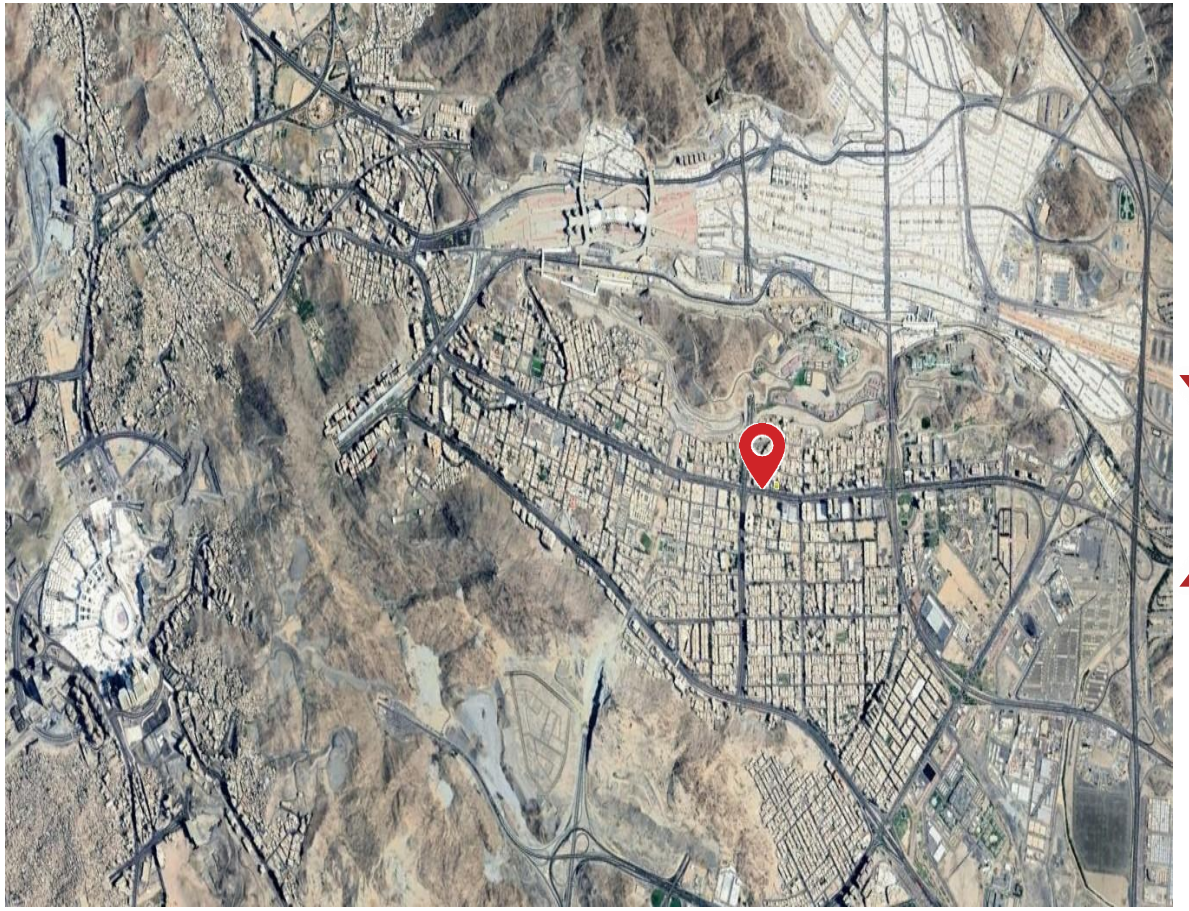
Electromechanical and air conditioning systems				
Air Conditioning	Elevators	Electrical wiring and outlets	lighting	Water Feeding System
Central	3 Elevators	High quality	High quality energy saving	Automatic electric pump system

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

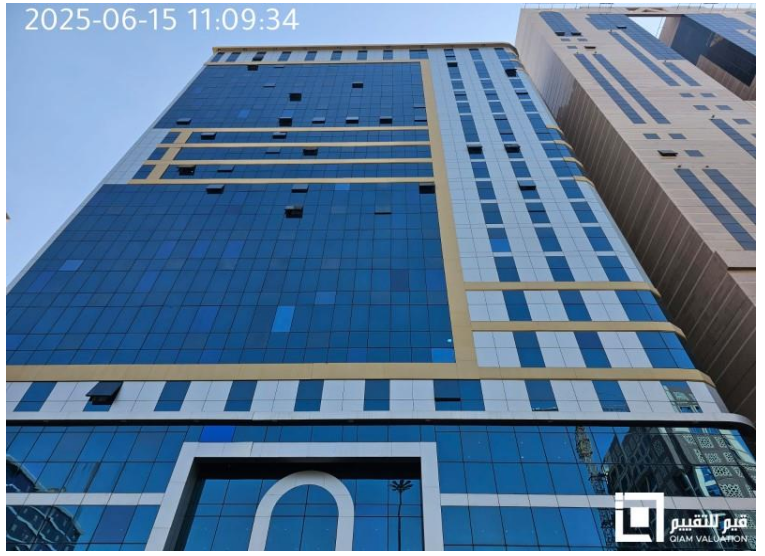
Property location

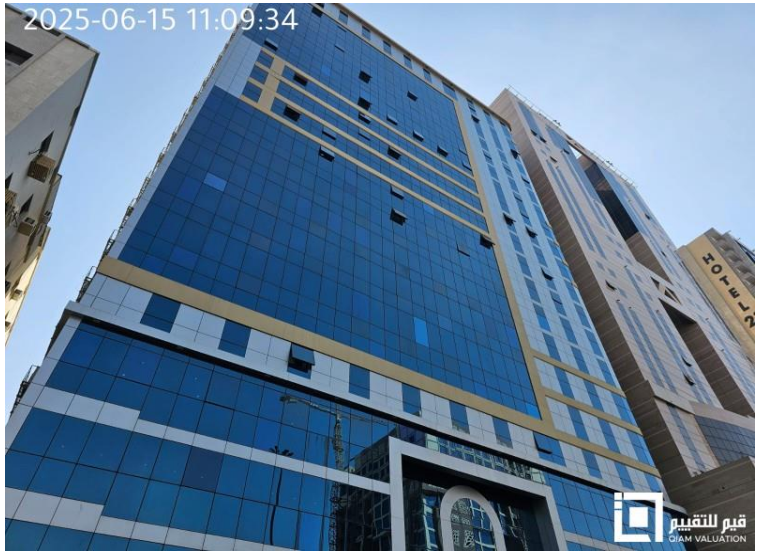
Property is located in: **Makkah Al-Mukarramah** Neighborhood: **Aziziyah** Street: **Al-Masjid Al-Haram Road**

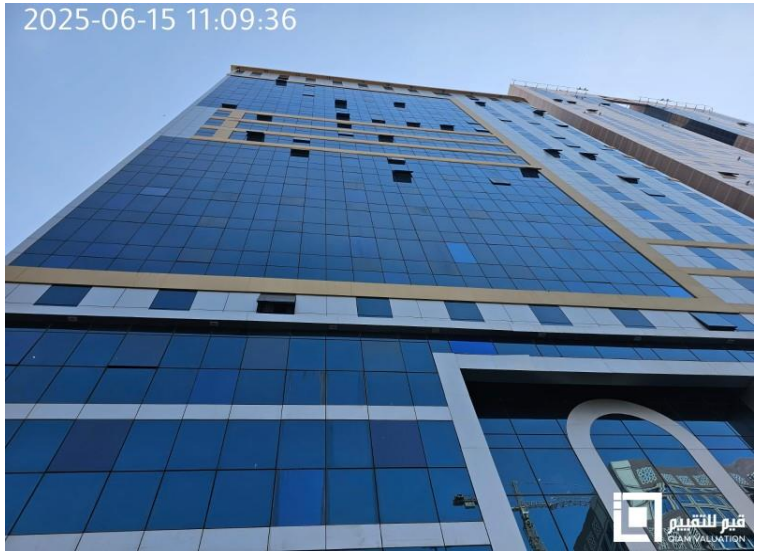
Location coordinates	N :	21.403004	E :	39.876740

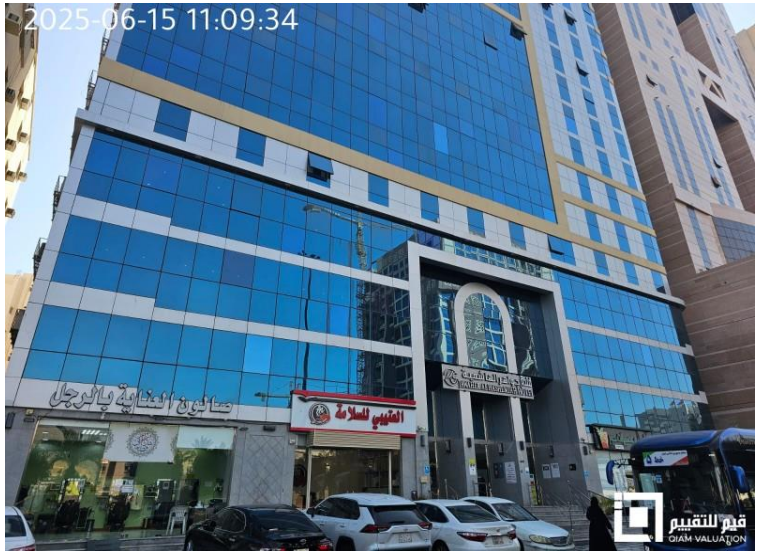


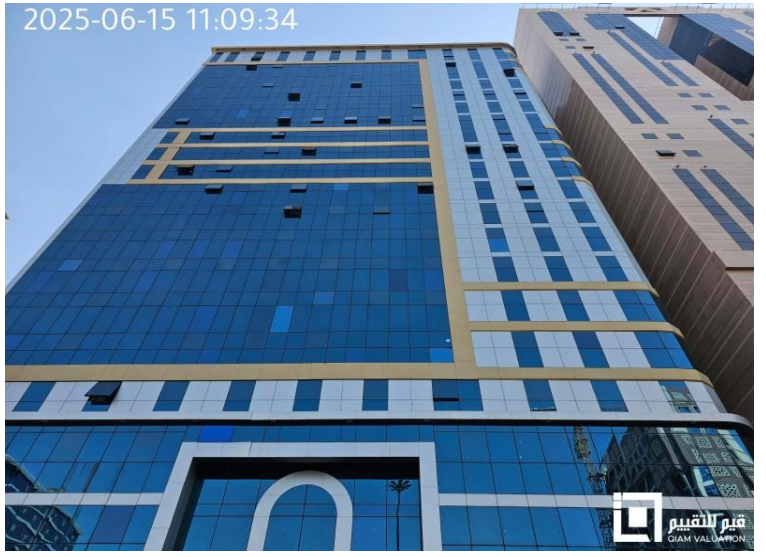
Photographic survey of the building and its components (1/2)











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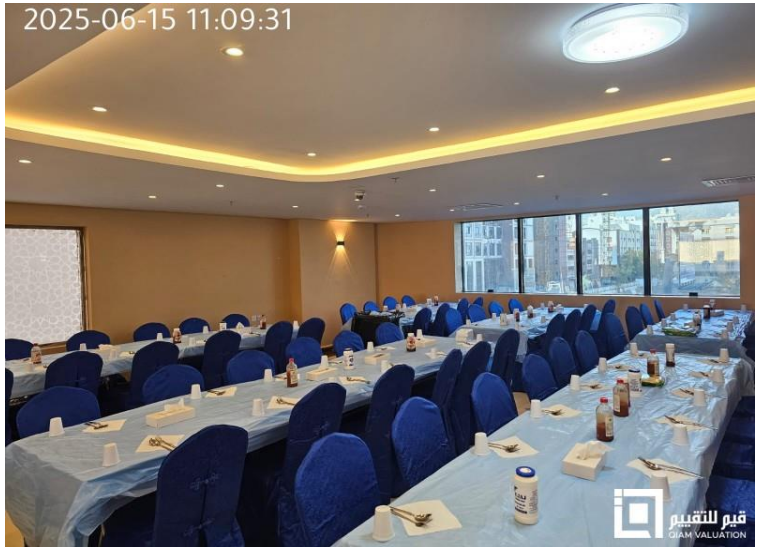
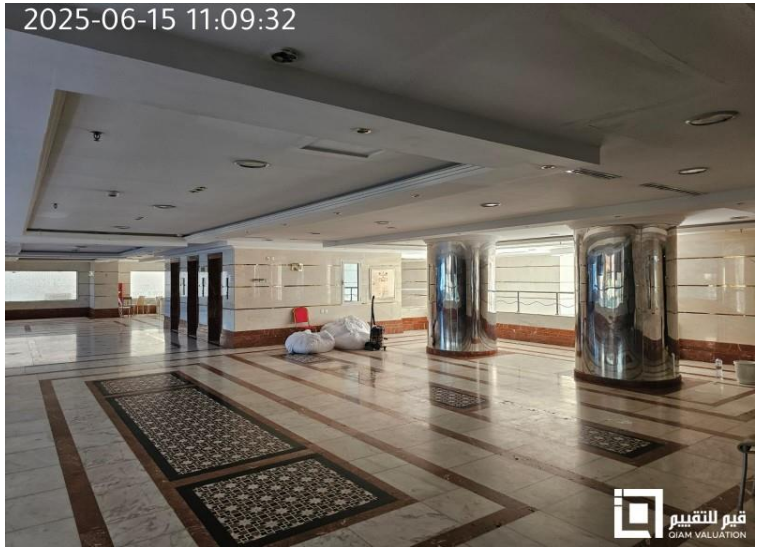
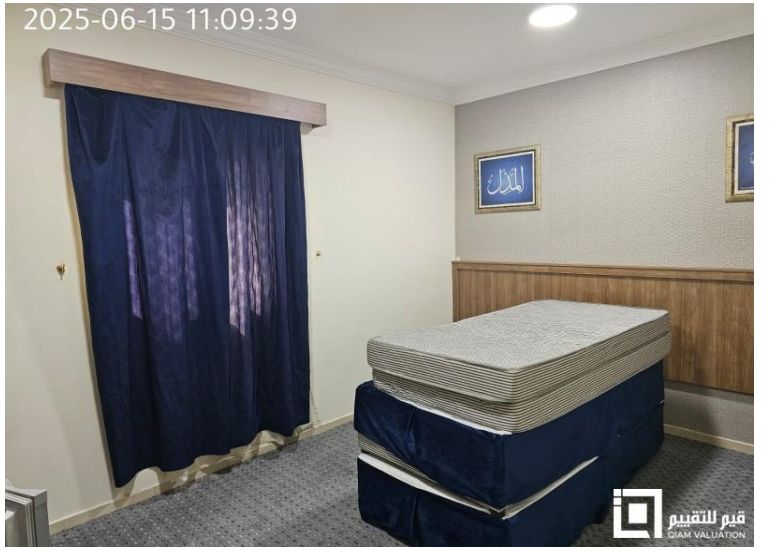
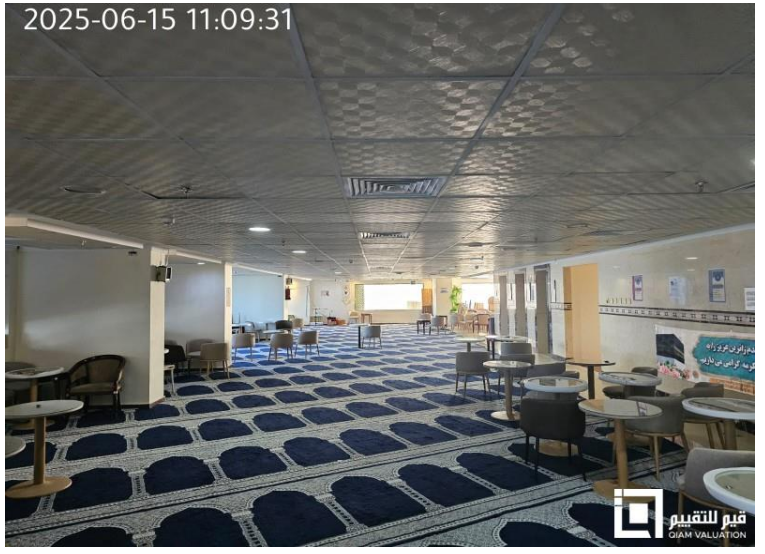
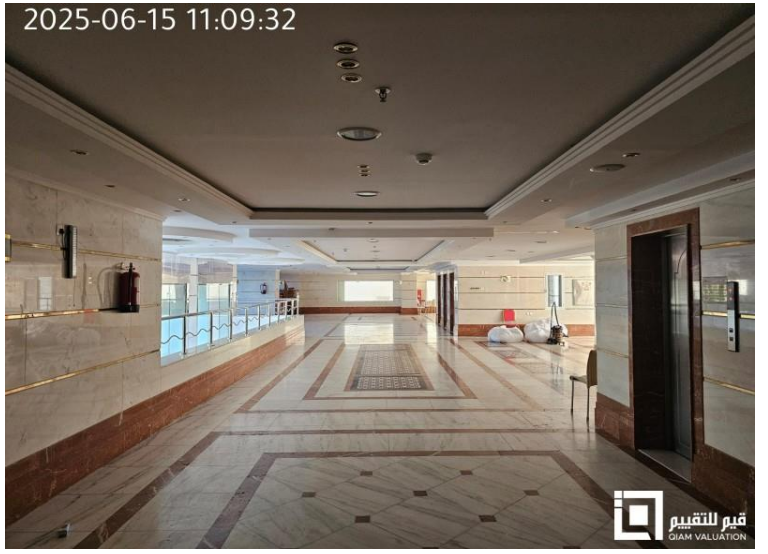










Ownership Documents

Title deed information

Ownership Type	Deed date	Deed number	Owner name
Ownership 100%	18/02/1441	520121013430	Al Mashaer Real Estate Company

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

Neighborhood name	Plot number	Plan number	Land area
Aziziyah	1/277	7/21/1 g	1278.97 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. 43/D	30 m	Plot No. 25/B	30 m	Street width 21 m	43 m	Street width 60 m	43 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.

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	**Used as an assist**	**Used as an assist**	**Mainly used**
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
First	Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be reached at the measurement date and are given priority.	----	----	----	----
Second	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
Third	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

Valuating the land according to Market Approach - Method of comparison with similar sales - For commercial residential lands

Clause		Comparative real estates					
Adjustments factors	Property under valuation	Comparative 1 Value		Comparative 1 Adjustment	Comparative 2 Value		Comparative 2 Adjustment
Price per square meter	***	41,667			40,000		
Condition	***	Executed			Available offer		
Date of valuation/offer	2025/06/30	2025			2025		
Market Condition	***	%0.00		-	%5.00-		- 2,000
Financing terms	***	%0.00		-	%0.00		-
Market conditions value	***	-			(2,000.00)		
Value after initial settlements	***	41,667			38,000		
Land area (m²)	1287.97	480		%5-	1,354		%0
Ease of access	High	High		%0	High		%0
Property location	Average	High		%5-	High		%5-
Land shape	High	High		%0	High		%0
Land topography	Flat	Flat		%0	Flat		%0
Land use	Commercial - Residential	Commercial		%0	Commercial - Residential		%0
Surrounding streets	2	2		%0	2		%0
Total		%10.00-			%5.00-		
Adjustment value per square meter		-4,167			-1,900		
Final meter value after Adjustments		37,500			36,100		
Relative weight		%60			%40		
Net average value per square meter (SR / m²)			36,940				
Market value of the land (SR / m²)			47,577,844				

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

First: Construction Costs (Direct Costs)			
Clause	Built up area m2	SAR / m2	Value (SAR)
Basement	1,288	2,500	3,219,925
Total built up area	16,765	3,500	58,676,730
Total (SAR)	-		61,896,655
Second: Other costs (indirect)			
Professional fees		%3	1,856,900
Utilities Network		%3	1,856,900
Administration costs		%3	1,856,900
Financing costs		%6	3,713,799
Developer's profitability		%10	6,189,666
Total (SAR)			15,474,164
Total cost of buildings (SAR)			77,370,819
Third: Depreciation cost			
Property useful life (years)	Year		40
The current age of the property (year)	Year		12
Remaining life of the property (year)	Year		28
Depreciation rate	%		30
Depreciation value	SAR		23,211,246
Final value of the building (SR)			54,159,573

Fourth: Value of the property according to the Cost Approach	
Final value of the land (SAR)	47,577,844
Final value of buildings (SAR)	54,159,573
Market value of the property according to the Cost Approach (SAR)	101,737,417
Market value of the property according to the Cost Approach after rounding (SAR)	101,737,000

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	Location	Rating	Number of rooms	Average rental price (Hajj season)	Average price per night (Ramadan season)	Average price per night (rest of the year)	Annual occupancy	Operational expenses
1	Aziziyah	3 stars	240	2200	450	200	%25	%20
2	Aziziyah	3 stars	200	2300	400	200	%25	%20
3	Aziziyah	3 stars	190	2400	400	150	%25	%15

Comparisons Map:

Market Approach - Comparison method - Shop income analysis

Market Survey - Comparative Properties Commercial

Comparison	Street Name	Area	Rental price per square meter	Total rental value	Coordinates
Comparison 1	Sheikh Abdullah Road	105	667	70,000	39.8683209383907 ,21.400049352648715
Comparison 2	Al Masjid Al Haram Rd	30	3,500	105,000	39.86444126568437 ,21.412314458285778
Comparison 3	Ali ibn Abi Talib	35	1,714	60,000	39.87243848727109 ,21.40371236151363

Comparisons Map:

Market Survey Data Analysis Results - Income Calculation

Market Survey Data - Hotel Revenue Analysis					
Comparison	Location	Rating	Number of rooms	Annual occupancy	Operational expenses
1	Aziziyah	3 stars	240	%25	%20
2	Aziziyah	3 stars	190	%25	%20
3	Aziziyah	3 stars	200	%25	%15

Annual occupancy rate for each season			
Clause	Value		Unit
Number of days in the year		365	Day
Annual occupancy rate		%25	Percentage
Number of operating days per year		91.25	Day
The number of days of the Hajj season		40	Day
The number of days of the Ramadan season		30	Day
Number of days for the remainder of the year		21.25	Day
Number of rooms		450	Room
Calculation of operating the Hajj season			
Number of pilgrims	1,504		Pilgrim
Rental price for the pilgrim	2,200		Pilgrim/SR
Hajj season total income	3,308,800		SAR
Calculation of operating Ramadan season			
The number of operating days for the first twenty of Ramadan		20	Day
Average rental price for the day		200	SAR
The total rental value for the first 20 days of Ramadan	1,800,000		SAR
Number of working days for the last ten days of Ramadan		10	Day
Average rental price for the day		500	SAR
Total rent value for the last ten days of Ramadan	2,250,000		SAR
Total income for the Ramadan season	4,050,000		SAR
Calculation of operating the rest of the days of the year			
Average rental price for the day		150	SAR
Total income for the rest of the year	1,434,375		SAR
Total room operating revenue income annually	8,793,175		SAR

Analysis of valuation assumptions data - Discounted Cash Flow Methods

Discounted Cash Flow assumptions			
Total rental income year 1 and 2 by contract	3,174,000	Discount rate	%9
Hotel Operating Expenses Average Year 1 + 2	%0	Capitalization rate	%6
Hotel operating expenses rate from year 3	%25	Vacancy rate and credit risk for shops	%5
Cash Flow Period (Years)	10	Growth rate - every year from the Fourth year	%3

Discount rate:

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 period ended, the rental income was assumed based on the results of the market data analysis, assuming a growth rate from the third year to the fifth year of 3% for each period, taking into account a 25% discount (three-month period) from the full 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 based on growth expectations in the property area.

Rate of return:

Capitalization Rate Analysis - Market Extraction Method By looking at market activity and similar Qiam Investments reports, as well as by looking at economic reports issued by some research centers and the Qiam Valuation Information Center, it became clear to us that the return in the region ranges between 5% and 7%. Accordingly, the return rate was assumed to be 6%. There are many factors that affect the return rate, including 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 for 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 20% - 30% for similar projects in the surrounding area, depending on the size and services provided, as most of them are in single contracts, often without classification (the property is rented in 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, and after the end of the contract, a rate of 25% was assumed for the remaining years.

Occupancy rate:

Regarding the activity of commercial stores and considering the market activity and similar reports of Qiam Investments Company, as well as considering the economic reports issued by some study centers and the Qiam Valuation Company Information Center, it became clear to us that the vacancy rate in the area ranges from 5% to 10%. Accordingly, the rate of return was assumed at 0% due to the entire rental of the stores, and a vacancy rate of 5% was assumed starting from the expiry of the contract period.

Property Valuation - Income Approach

Cash flow - Inflows		Investment years										Reversion value
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
		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	
Actual gross rental income of the hotel	8,793,175	3,174,000	3,174,000	7,206,405	9,896,796	10,193,700	10,397,574	10,605,525	10,817,636	11,033,989	11,254,668	
Minus the operating expenses rate	%20	0	0	1,441,281	1,979,359	2,038,740	2,079,515	2,121,105	2,163,527	2,206,798	2,250,934	
Hotel net operating income (NOI)		3,174,000	3,174,000	5,765,124	7,917,437	8,154,960	8,318,059	8,484,420	8,654,109	8,827,191	9,003,735	
Actual gross rental income of the shops	230,000	230,000	230,000	230,000	236,900	244,007	248,887	253,865	261,481	266,710	272,045	
minus the occupancy expenses rate and credit risk	%5	0	0	11,500	11,845	12,200	12,444	12,693	13,074	13,336	13,602	
Net operating income of the shops		230,000	230,000	218,500	225,055	231,807	236,443	241,172	248,407	253,375	258,442	
Net operating income of the entire property (NOI)		3,404,000	3,404,000	5,983,624	8,142,492	8,386,766	8,554,502	8,725,592	8,902,515	9,080,566	9,262,177	
Reversion value of the building												
Net Cash Flow		3,404,000	3,404,000	5,983,624	8,142,492	8,386,766	8,554,502	8,725,592	8,902,515	9,080,566	9,262,177	154,369,617
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		3,122,936	2,865,079	4,620,455	5,768,346	5,450,823	5,100,770	4,773,198	4,467,872	4,180,945	3,912,444	65,207,395
Net present value of the property												109,470,262

Final value of the property (SAR)	109,470,262
Final value of the property after rounding (SAR)	109,470,000

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 30/06/2025, 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)
109,470,000	One hundred and nine million, four hundred and seventy thousand Saudi riyals

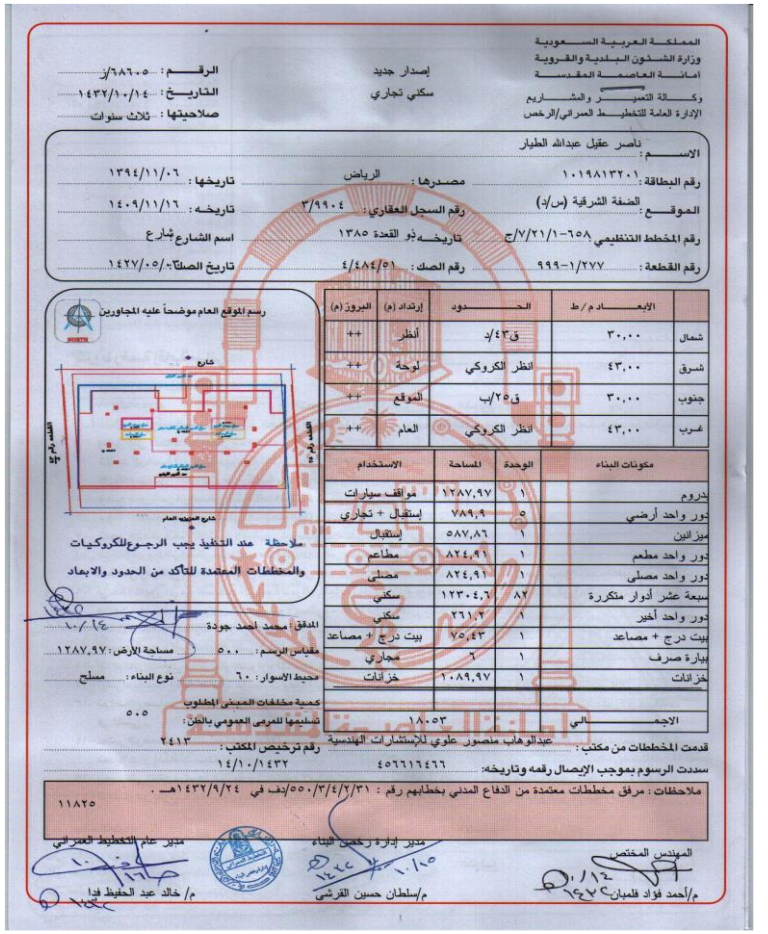
This report was approved by the Executive Director

Ismail Muhammad al-Dubaikhi

Appendix

Documents received from the client

تصريح إسكان الحجاج بالعاصمة المقدسة



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