# ESKAN TOWER 4

## SICO CAPITAL
## SICO SAUDI REIT

Makkah City
July 2022

Valuation Report

**REF:** **22-0139-1**
**Date:** **24/07/2022**
**M/S:** **SICO Capital – SICO Saudi REIT**

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

Dear Sir,

With reference to your request and approval dated on June 22, 2022, for valuation service of the hospitality project (Eskan Tower 4) located in Makkah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

**Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)**

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# EXECUTIVE SUMMARY



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## 1.1 EXECUTIVE SUMMARY

| | |
|---|---|
| **Introduction** | We received instructions from the client on 22/06/2022 to implement valuation service for a hospitality tower in Makkah city. |
| **Client** | For whom this report is being prepared is SICO Capital – SICO Saudi REIT, a Saudi company registered under the Saudi law. |
| **Reference No.** | 22-0139-1 |
| **Purpose of Valuation** | Auditing Purposes |
| **Subject Property** | Hospitality Tower |
| **Property Location** | The property is located in Al Aziziah district, Makkah City. |
| **Title Deed Information** | Title Deed No: 320123008398, Title Deed Date: 08/04/1439, Issued from Makkah Notary |
| **Ownership Type** | Freehold |
| **Owner** | Al Mashaar REIT Real Estate Co. |
| **Land Use** | Commercial |
| **Land Area (Sqm)** | Based on the title deed, the land has an area size of 1,287.97 Sqm |
| **BUA (Sqm)** | The building is composed of 23 floors with a total BUA of 18,053 Sqm |
| **No. of Rooms** | The total number of rooms is 450 Rooms |
| **Pilgrim's Capacity** | 1868 Pilgrims |
| **Vacancy Rate** | The property is fully leased to 1 tenant with a triple net of 12,825,000 SAR |
| **Valuation Approach** | Comparable Approach, Cost Approach & Income Approach |
| **Final Property Value** | 171,000,000 SAR |
| **Valuation Date** | 30/06/2022 |
| **Inspection Date** | 25/06/2022 |

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# TERMS OF REFERENCE & VALUATION



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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by SICO Capital – SICO Saudi REIT to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

**Market Value**
Market Value is defined as: -
**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion**.

The definition of Market Value is applied in accordance with the following conceptual framework:
"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

**AN ASSET SHOULD EXCHANGE**

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

**ON THE VALUATION DATE**

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

**BETWEEN WILLING BUYER**

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market;"

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**AND WILLING SELLER**

"**and a willing seller**" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

**IN AN ARM'S LENGTH TRANSACTION**

"***in an arm's-length transaction***" is one between parties who do not have a particular or special relationship, parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

**AFTER PROPER MARKETING**

"**after proper marketing**" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

**KNOWLEDGEABLY AND PRUDENTLY**

'**where the parties had each acted knowledgeably**, **prudently'** presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

**AND WITHOUT COMPULSION**

'**and without compulsion'** establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible, and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

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### 1.4 CLIENT APPROVAL DATE

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 22, 2022.**

### 1.5 INSPECTION DATE

The inspection date reflects the exact date of the property's inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 25, 2022.**

### 1.6 VALUATION DATE

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date where the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2022.**

### 1.7 REPORT DATE

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size, and location of the subject property.

**July 24, 2022.**

### 1.8 OPINION OF VALUE

All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

### 1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for **Auditing Purposes**. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **Income Approach, Cost Approach and Comparable Approach.**

### 1.10 INSPECTION ROLE

A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.

### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.

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# PROPERTY DETAILS



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## 2.1 PROPERTY & LOCATION DESCRIPTION

**Property Description**

The subject property is a hospitality tower composed of 23 floors and located in Al Aziziah district, Makkah City. Based on the provided copy of the title deed and the construction permit, the project has a total land area of 1,287.97 Sqm and a total BUA of 18,053 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open from two sides with a direct view on Al Masjid Al Haram Road from the west side. The tower is mostly surrounded by several residential and mix-use building. All infrastructural facilities such as water, electricity, telecommunication, and sewage are available in the surroundings and connected the subject property.

**Location Description**

The property subject of valuation is a commercial project in Al Aziziah district, Makkah City.
The property is bordered from the north by a private property
The property is bordered from the south by a private property
The Property is bordered from the east by an internal street 10 meters width
The property is bordered from the west by AL Masjid Al Haram Road.30 meters width

**Ease of Access**

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

**Area Surrounding the Property**

The subject property is mostly surrounded by residential and mix-use buildings

| Land | |
|---|---|
| **Land Use** | Commercial |
| **No. of Streets** | 2 |
| **Land Shape** | Graded |
| **Direct View on the Main Road** | AL Masjid Al Haram Road |
| **Direct View on an Internal Street** | Nabtat saif Street |
| **Land Condition** | Constructed |

| Building | |
|---|---|
| **Building Type** | Hospitality Tower |
| **Building Structural Conditions** | Fully Constructed |
| **External Elevation Conditions** | Good |
| **Building Finishing Conditions** | Good |
| **Overall Building Conditions** | Good |

## 2.2 INFRASTRUCTURE FACILITIES

| | Available in the surrounding | Connected to the property |
|---|---|---|
| **Water** | ✓ | ✓ |
| **Electricity** | ✓ | ✓ |
| **Tele-Communication** | ✓ | ✓ |
| **Sewage** | ✓ | ✓ |

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

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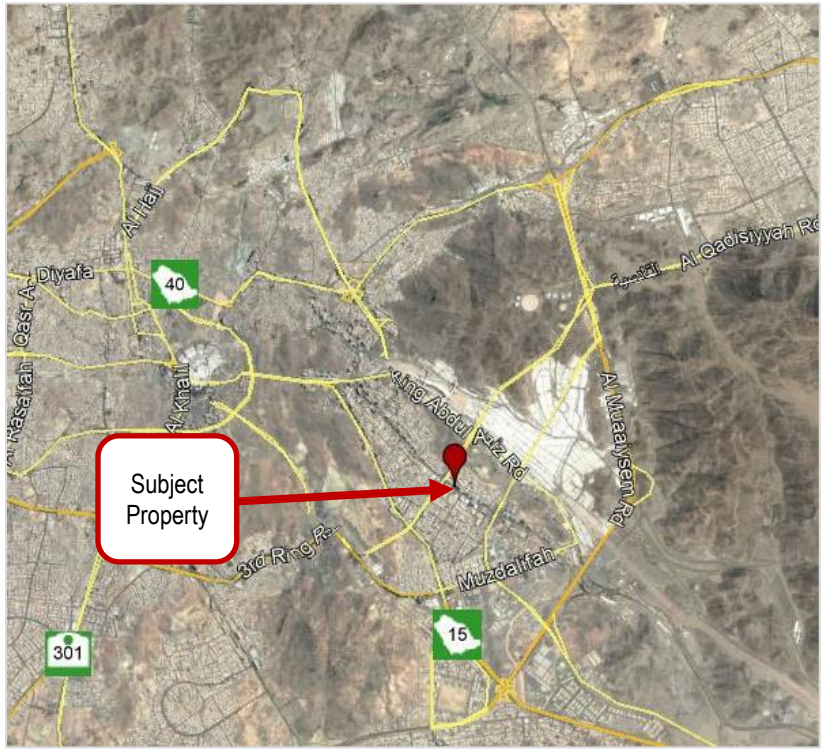
## 2.3 LOCATION

The subject property is located in Al Aziziah district, Makkah city:

**Property Location on a City Scale**




**Property Location on a District Scale**

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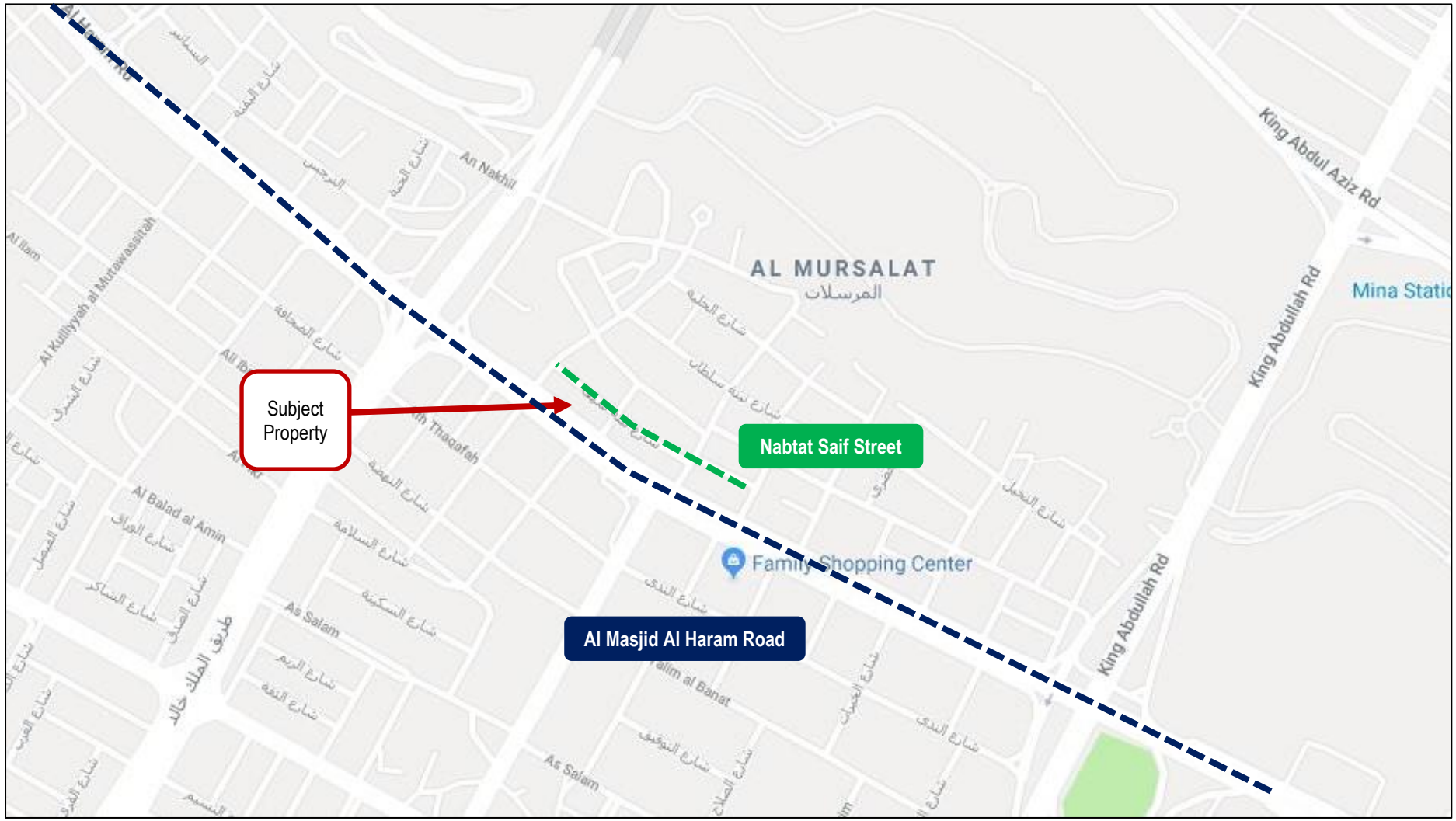
## 2.4 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:

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## 2.5 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

| | | | |
|---|---|---|---|
| **City** | Makkah | **Land Area** | 1,287.97 |
| **District** | Al Aziziyah | **Plot No.** | 1/277 |
| **T.D Type** | Electronic | **Block No.** | N/A |
| **T.D Number** | 320123008398 | **Layout No.** | 1/21/7 ج |
| **T.D Date** | 08/04/1439 | **Owner** | Al Mashaar REIT Real Estate |
| **T.D Value** | N/A | **Ownership Type** | Freehold |
| **Date of Last Transaction** | N/A | **Limitation of Document** | N/A |
| **Issued From** | Makkah Notary | | |
| **North Side** | private property | **East Side** | 10 Meters width Street |
| **South Side** | private property | **West Side** | 30 Meters width Street |
| **Notes** | The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document. | | |

## 2.6 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will valuate them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

| Source of BUA | | Actual Age of the Property | | Status of the property | |
|---|---|---|---|---|---|
| **Construction Permit** | ✓ | **Construction Permit** | ✓ | **New** | ---------- |
| **As Built Drawings** | ---------- | **As Built Drawings** | ---------- | **Fully Constructed** | ✓ |
| **Other Documents** | ---------- | **Other Documents** | ---------- | **Under Construction** | ---------- |
| **Verbal Information** | ---------- | **Verbal Information** | ---------- | | |
| **Estimation** | ---------- | **Estimation** | ---------- | | |

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The subject property is a fully constructed Hospitality Tower composed of 23 floors. The Client has provided us with a copy of the Construction Permit issued by Makkah Municipality with the below details:

| Subject Property | |
|---|---|
| **Construction Permit Type** | New Permit |
| **Property Type** | Residential commercial |
| **Construction Permit No.** | 68605 |
| **Construction Permit Date** | 14/10/1432 H. D |

| Description | No. of Units | Area (sqm) | Use |
|---|---|---|---|
| Basement | 1 | 1,287.97 | Parking Spots |
| Ground Floor | 5 | 789.9 | Reception + Commercial |
| Mezzanine | 1 | 587.86 | Reception |
| Restaurant Floor | 1 | 824.91 | Restaurant |
| Mosque Floor | 1 | 824.91 | Mosque |
| 17 Typical Floors | 82 | 12,304.6 | Residential |
| Annex Floor | 1 | 261.2 | Residential |
| Staircase & Elevators | 1 | 75.43 | Staircase & Elevators |
| Sewage | 1 | 6 | Sewage |
| Tanks | 1 | 1,089.97 | Tanks |
| **Total BAU (sqm)** | | **18,053** | |

## 2.7 PILGRIMS PERMIT

The client has provided us with copy of the pilgrims permit which was assumed to be correct and authentic. We must note that it is not in our scope to run legal diagnoses to any legal document. The details are shown below:

| Pilgrims Permit | |
|---|---|
| Permit No. | 13637 |
| Permit Issuance Date | 11/06/1436 H. D |
| Total Number of Rooms | 450 |
| Number of Pilgrims | 1868 |
| Number of Elevators | 6 |
| Number of Internal Emergency Staircases | 2 |
| Number of Electrical Generators | 1 |

| Means of Safety Available in the property | |
|---|---|
| Automatic Sprinkler System | Fire Alarm System |
| Fire Extinguishing System | Fire Pump |

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## 2.8 TOURISM ACCOMODATION LICENCE

The client has provided us with copy of the tourism accommodation license issued by the Saudi Commission for Tourism and Antiquities. The Details are shown below:

| Tourism Accommodation License | |
|---|---|
| License No. | 4101406 |
| Issuance Date | 04/03/1435 H. D |
| Trade Name | Eskan 4 |
| Owner's Name | Eskan Company |
| Operator's Name | Eskan Company |
| District | Al Aziziah |
| City | Makkah |

## 2.9 INSURANCE

We have not been provided with any insurance policy for the underlying asset.

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## 2.10 PHOTO RECORD

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# MARKET INDICATORS



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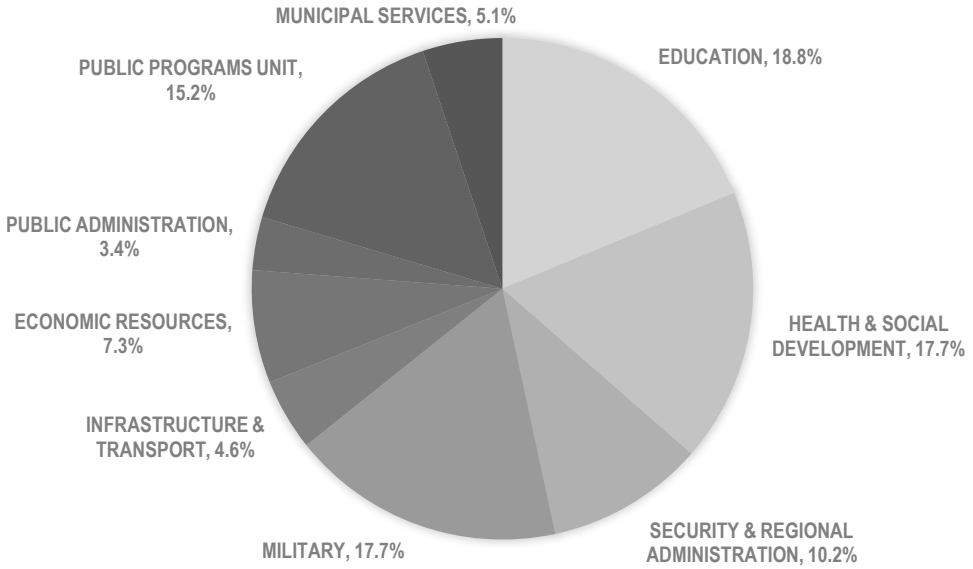
## 3.1 SAUDI ARABIA ECONOMIC INDICATORS

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

## 3.2 BUDGET ALLOCATION FOR 2021

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

Source: Ministry of Economy

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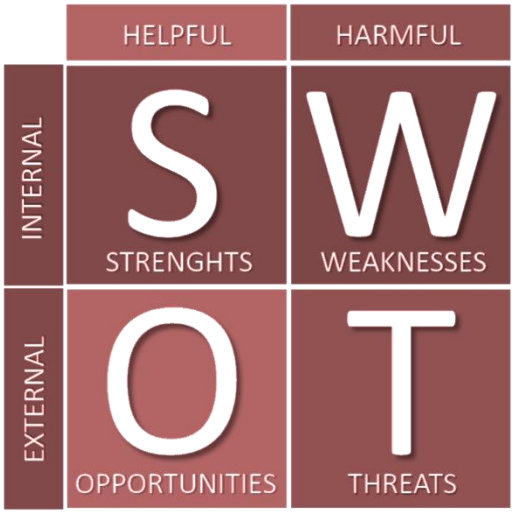
## 3.3 SWOT ANALYSIS

| Strength | Weakness |
|---|---|
| - Good quality of finishing<br>- Ease of access<br>- Direct View on Al Masjid Al Haram St.<br>- Newly Constructed Project | - Located with a distance from the holy mosque (6.2 Km) |
| **Opportunities** | **Threats** |
| - High demand of hospitality project due to the nature of the city | - Existing and upcoming hospitality projects<br>- High Competition in the area |

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.




## 3.4 SECTOR BRIEF

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

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

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Overall Sector Performance

From 2021 to 2022 | Future Expectations

Overall Sector Stability

From 2021 to 2022 | Future Expectations

Values of Lands Related to The Sector

From 2021 to 2022 | Future Expectations

Sector rental Income

From 2021 to 2022 | Future Expectations

Sector Demand

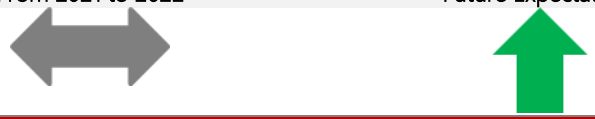
From 2021 to 2022 | Future Expectations

Investors' Appetite

From 2021 to 2022 | Future Expectations

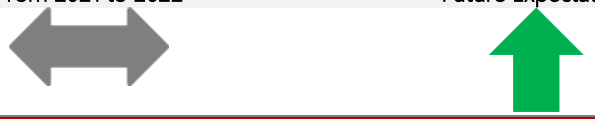
Sector's occupancy ratios

From 2021 to 2022 | Future Expectations



Sectors Positive Changes

From 2021 to 2022 | Future Expectations



**White Cubes** Team's Analysis

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## 3.5 RISK ANALYSIS

| Risk Factor | Very Low Risk (1) 1-6 | Minimal Risk (2) 8-12 | Medium Risk (3) 13-18 | Elevated Risk (4) 19-24 | Very High Risk (5) 25-30 |
|---|---|---|---|---|---|
| Overall Economy | | | ✓ | | |
| Sector Current Performance | | | ✓ | | |
| Sector Future Performance | | ✓ | | | |
| Occupancy Rates | | | ✓ | | |
| Supply Rate | | | ✓ | | |
| Demand Rate | | | ✓ | | |
| Total Risk | 0 | 2 | 15 | 0 | 0 |

Risk Category 17 Risk Points - Medium Risk

**Sector Analysis**
Risk Category
**17 Risk Points**
Medium Risk

| Risk Factor | Very Low Risk (1) 1-5 | Minimal Risk (2) 6-10 | Medium Risk (3) 11-15 | Elevated Risk (4) 16-20 | Very High Risk (5) 21-25 |
|---|---|---|---|---|---|
| Access | | ✓ | | | |
| Location | | ✓ | | | |
| Land Shape | | ✓ | | | |
| Surrounding Area facilities | | ✓ | | | |
| Total Risk | 0 | 8 | 0 | 0 | 0 |

Risk Category 8 Risk Points – Minimal Risk

**Land Analysis**
Risk Category
**8 Risk Points**
Minimal Risk

| Risk Factor | Very Low Risk (1) 1-3 | Minimal Risk (2) 4-6 | Medium Risk (3) 7-9 | Elevated Risk (4) 10-12 | Very High Risk (5) 13-15 |
|---|---|---|---|---|---|
| Facilities & Amenities | | | ✓ | | |
| Management Skills | | | ✓ | | |
| Overall Condition | | ✓ | | | |
| Total Risk | 0 | 2 | 6 | 0 | 0 |

Risk Category 8 Risk Points - Medium Risk

**Property Analysis**
Risk Category
**8 Risk Points**
Medium Risk

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# PROPERTY VALUATION



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## 4.1 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

| | | |
|---|---|---|
| Title Deed Copy ✓ | Construction Permit ✓ | Krooki --- |
| Master Plan --- | Layouts --- | 3D Design & Perspectives --- |
| Pictures --- | Presentation of the subject property --- | Location Map ✓ |
| Location Link ✓ | Contact Details ✓ | Costing & Budget --- |
| Tenant List --- | Leasing Contract --- | Operational Cost - OPEX --- |

## 4.2 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

## 4.3 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.

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## 4.4 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valuated
- Sales agents specialized with the same type of assets subject to valuation

## 4.5 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service's scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

## 4.6 VALUATION APPROACH

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

| | DRC | Comparable | Income Cap | DCF | RLV |
|---|---|---|---|---|---|
| **Land** | ---------- | ✓ | ---------- | ---------- | ---------- |
| **Building** | ✓ | ---------- | ---------- | ---------- | ---------- |
| **Overall Property** | ---------- | ---------- | ✓ | ---------- | ---------- |

### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

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## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.
-

## CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising, and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included since it is not an operating expense. Hence, it does not include mortgage and interest since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

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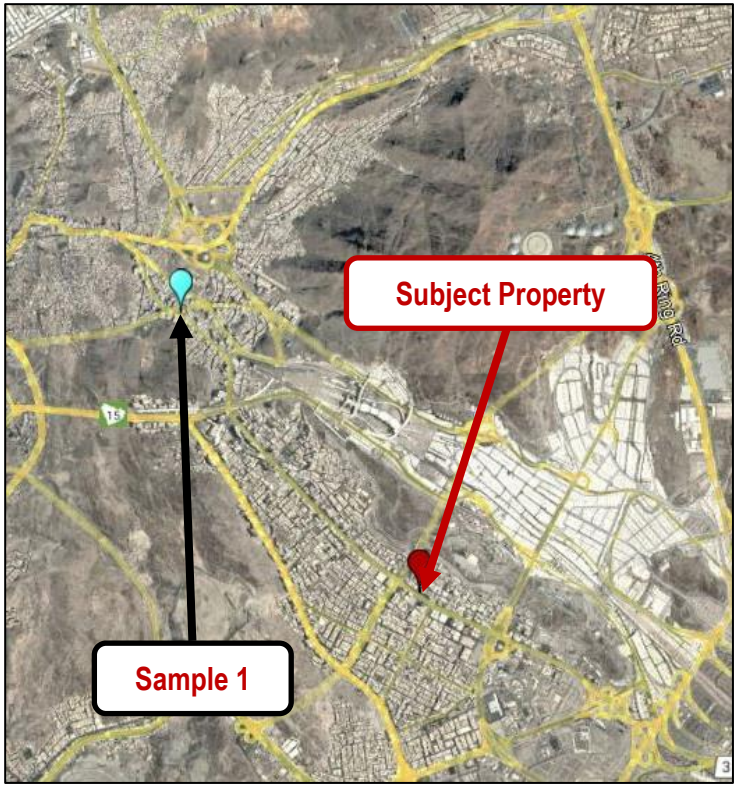
## 4.7 COMPARABLE APPROACH

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

| Characteristics of Samples | | |
|---|---|---|
| **Feature** | **Subject Property** | **Sample 1** |
| **Quoting** | --------- | Offering |
| **District** | Al Aziziyah | Al Aziziyah |
| **Sale Price** | ---------- | SAR 35,900,000 |
| **Data Source** | Title Deed | Market Survey |
| **Area Size** | 1,287.97 | 703.00 |
| **SAR / Sqm** | -------- | SAR 51,067 |
| **Sides Open** | 2 | 3 |

| Adjustment Analysis | | | |
|---|---|---|---|
| | | **SAMPLE 1** | |
| **Area size** | 1,287.97 | 703.00 | 0.00% |
| **Location Desirability** | Average | High | -5.00% |
| **Accessibility** | Average | Average | 0.00% |
| **Main Street Width (m)** | 60 | 60 | 0.00% |
| **Sides Open** | 2 | 3 | -5.00% |
| **Land Shape** | Regular | Regular | 0.00% |
| **Close to main street** | Yes | Yes | 0.00% |
| **Negotiable** | --------- | No | 0.00% |
| **Other Factor** | ---------- | ---------- | 0.00% |
| **Total Adjustments Ratio** | | | -10.00% |
| **Total Adjustment Amount** | | | -SAR 5,106.7 |
| **Net After Adjustment** | | | SAR 45,960.2 |
| **SAR / Sqm** | | **SAR 45,960** | |
| **Rounded Value** | | **SAR 46,000** | |




| SENSITIVITY ANALYSIS | | | | | |
|---|---|---|---|---|---|
| | **-10%** | **-5%** | **0%** | **5%** | **10%** |
| **Land Area** | 1,288 | 1,288 | 1,288 | 1,288 | 1,288 |
| **SAR / Sqm** | SAR 41,400.0 | SAR 43,700.0 | SAR 46,000.0 | SAR 48,300.0 | SAR 50,600.0 |
| **Property Value** | SAR 53,321,958 | SAR 56,284,289 | SAR 59,246,620 | SAR 62,208,951 | SAR 65,171,282 |
| | | | **PROPERTY VALUE** | | |

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Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 40,000 - 50,000 SAR / Sqm with an average of 45,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

## 4.8 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regard. The following table shows the expected replacement costs for such property.

| | Min Cost (SAR / Sqm) | Max Cost (SAR / Sqm) | Average Cost |
|---|---|---|---|
| **Skeleton - Concrete Cost** | SAR 900 | SAR 1,100 | SAR 1,000 |
| **MEP** | SAR 450 | SAR 550 | SAR 500 |
| **Finishing Materials** | SAR 900 | SAR 1,100 | SAR 1,000 |
| **Fit outs &Appliance** | SAR 250 | SAR 350 | SAR 300 |
| **Furniture** | SAR 750 | SAR 850 | SAR 800 |
| **Site Improvements** | SAR 180 | SAR 220 | SAR 200 |
| **Owner Profit** | 28% | 32% | 30% |

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

| **LAND** | | | |
|---|---|---|---|
| Title Deed | Land Area | SAR / Sqm | Total Value |
| 320123008398 | 1,287.97 | SAR 46,000 | SAR 59,246,620 |
| **Building** | | | |
| | Unit | No of Floors | Total BUA |
| **Underground** | Sqm | 1 | 1,287.97 |
| **Ground Floor** | Sqm | 1 | 789.90 |
| **Restaurant Floor** | Sqm | 1 | 824.91 |
| **Mosque Floor** | Sqm | 1 | 824.91 |
| **Mezzanine** | Sqm | 1 | 587.86 |
| **Upper Floors** | Sqm | 17 | 12,304.60 |
| **Tanks** | Sqm | 1 | 1,089.97 |
| **Annex** | Sqm | 1 | 261.20 |
| **Staircases & Elevators** | Sqm | 1 | 75.43 |
| **Sewage** | Sqm | 1 | 6.00 |
| **Total (SQM)** | **18,052.75** | | |

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| HARD COSTS ESTIMATES | | | | | |
|---|---|---|---|---|---|
| **G + M + Upper Floors + Annex** | | | | | |
| | **Area** | **SAR / Sqm** | **Total** | **Completion Rate** | **Total Cost** |
| Skeleton & Block | 16,764.78 | SAR 1,000 | SAR 16,764,780 | 100% | SAR 16,764,780 |
| Electro Mechanic | 16,764.78 | SAR 500 | SAR 8,382,390 | 100% | SAR 8,382,390 |
| Finishing | 16,764.78 | SAR 1,000 | SAR 16,764,780 | 100% | SAR 16,764,780 |
| Fit outs & Appliances | 16,764.78 | SAR 300 | SAR 5,029,434 | 100% | SAR 5,029,434 |
| Furniture | 16,764.78 | SAR 800 | SAR 13,411,824 | 100% | SAR 13,411,824 |
| **Total** | | | **SAR 60,353,208** | **100.00%** | **SAR 60,353,208** |
| **Underground** | | | | | |
| | **Area** | **SAR / Sqm** | **Total** | **Completion Rate** | **Total Cost** |
| Skeleton & Block | 1,287.97 | SAR 1,500 | SAR 1,931,955 | 100% | SAR 1,931,955 |
| Electro Mechanic | 1,287.97 | SAR 500 | SAR 643,985 | 100% | SAR 643,985 |
| Finishing | 1,287.97 | SAR 400 | SAR 515,188 | 100% | SAR 515,188 |
| **Total** | | | **SAR 3,091,128** | **100.00%** | **SAR 3,091,128** |
| **General Site Development** | | | | | |
| | **Area** | **SAR / Sqm** | **Total** | **Completion Rate** | **Total Cost** |
| Land Development | 1,287.97 | SAR 80 | SAR 103,038 | 100% | SAR 103,038 |
| External Landscape | 498.07 | SAR 200 | SAR 99,614 | 100% | SAR 99,614 |
| Site Improvements | 498.07 | SAR 200 | SAR 99,614 | 100% | SAR 99,614 |
| **Total** | | | **SAR 302,266** | **100.00%** | **SAR 302,266** |

| | Actual Completion % | | |
|---|---|---|---|
| G+M + Upper Floor | 100.00% | Total BUA | **18,052.75** |
| Under Ground | 100.00% | Total Hard Cost | **SAR 63,746,602** |
| General Site Dev. | 100.00% | Average SAR / Sqm | **SAR 3,531** |
| | | Overall Completion | **100.00%** |

| SOFT COSTS ESTIMATES | | | |
|---|---|---|---|
| | **Total Hard Cost** | **Ratio** | **Soft Cost** |
| Initial Project Pre Cost | SAR 63,746,602 | 1.00% | SAR 637,466.02 |
| Design | SAR 63,746,602 | 2.00% | SAR 1,274,932.03 |
| Eng Consultant | SAR 63,746,602 | 2.50% | SAR 1,593,665.04 |
| Management | SAR 63,746,602 | 2.50% | SAR 1,593,665.04 |
| Contingency | SAR 63,746,602 | 5.00% | SAR 3,187,330.08 |
| Others | SAR 63,746,602 | 0.00% | SAR 0.00 |
| **TOTAL** | | | **SAR 8,287,058.21** |

After knowing the total construction costs (Incl. Soft Costs) at a rate of 3,990 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

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| DEVELOPMENT VALUE | | | |
|---|---|---|---|
| **Hard Cost** | SAR 63,746,602 | **Economic Age** | 40 |
| **Soft Cost** | SAR 8,287,058 | **Annual Dep Rate** | 2.50% |
| **Total Dev Cost** | **SAR 72,033,660** | | |
| | | **Actual Age** | 8 |
| **Net Dep Rate** | 20.00% | **Total Dep Rate** | 20.00% |
| **Dev Cost After Depreciation** | **SAR 57,626,928** | **Add Appr Rate** | 0.00% |
| | | **Net Dep Rate** | **20.00%** |
| **Total Completion Rate** | 100.00% | | |
| **Developer Profit Rate @ 30%** | 30.0% | | |
| **Dev. Profit Amount** | SAR 17,288,078 | | |
| **Development Value** | **SAR 74,915,006** | | |

The total value of the building is 74,915,006 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

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

## 4.9 INCOME APPROACH BASED ON MARKET RATES

### Market Rental Analysis

### PILGRIMS – HAJJ SEASON

We have noted that the average market rate for the Hajj season in the surrounding areas of the subject property falls in the range of SAR 1,800 to SAR 2,200 which we have applied the rate of SAR 2,000 for conservative basis. In addition, and according to the market current performance, we have assumed 95% occupancy rate in Hajj season.

### AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (20 DAYS)

The Average Daily Rates for the hospitality sector depend on the category of the property itself (no of Stars). The average ADR falls in the range of SAR 220 to SAR 280 as rooms daily rates for the first 20 days of Ramadan Season. In addition, and according to the market current performance, we have assumed 70% occupancy rate for the same mentioned season.

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**AVERAGE DAILY RATE (ADR) – RAMADAN SEASON (10 DAYS)**

The average ADR of the last 10 days of Ramadan season falls in the range of SAR 350 to SAR 450 in the surrounding areas of the subject property, in addition to occupancy rate of 80%.

**AVERAGE DAILY RATE (ADR) – OTHER SEASONS**

The overall estimated occupancy rate of the hospitality sector in Makkah for the remaining days of the year, and in the year of 2020, is almost 40%. Same rate will be applied on the subject property with an ADR of SAR 200 / Night.

**Analysis of Operating and Maintenance Expenses**

The operating expenses of similar properties reached between 10% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

| | |
|---|---|
| Management expenses | 5% to 7% |
| Operating and maintenance expenses | 5% to 6% |
| General service bills expenses | 3% to 4% |
| Other incidental expenses | 2% to 3% |

**Property Operation and Maintenance Expenses**

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

**Market Capitalization Rate Analysis**

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

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## The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

| | | | |
|---|---|---|---|
| **Minimum capitalization rate** | | | 7% |
| **Maximum capitalization rate** | | | 8% |
| **Average** | | | 7.50% |
| **The effect of the property specifications on the property** | | | |
| **Item** | **Status** | **Influence** | **Notes** |
| Ease of access to the property | --------- | 0.00% | several major methods |
| General condition of the property | --------- | 0.25% | The actual age of the property is 7 years |
| The general location of the property | --------- | -0.25% | The area is served good |
| Quality and finishes | --------- | 0.00% | Good quality finishes |
| Project Management Team | --------- | -0.25% | Excellent management and operational team level |
| Services and public facilities | --------- | 0.00% | level and availability of services is average |
| **Total** | | **-0.25%** | |
| *Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property* | | | |
| **Total adjustments on capitalization rate** | | -0.25% | |
| **Capitalization rate, according to market averages** | | 7.50% | |
| **Estimated capitalization rate of the property valuation** | | **7.25%** | |

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.25%, which will be applied subsequently to the net operating income of the property.

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

**REVENUES**

| | Quantity | | Revenues | | | |
|---|---|---|---|---|---|---|
| **Season Type** | **Unit** | **Quantity** | **Rate** | **Revenue Type** | **No of Days** | **Total Revenues** |
| Hajj Season | Pilgrims | 1,868 | SAR 2,000 | Seasonal | 10 | SAR 3,736,000 |
| Ramadan (20 Days) | Keys | 450 | SAR 250 | Daily | 20 | SAR 2,250,000 |
| Ramadan (10 Days) | Keys | 450 | SAR 400 | Daily | 10 | SAR 1,800,000 |
| Other Seasons | Keys | 450 | SAR 200 | Daily | 325 | SAR 29,250,000 |
| | | | | | **Total Revenues** | **SAR 37,036,000** |

**EXPENSES**

| **Season Type** | **Management** | **Utilities** | **Maintenance** | **Others** | **Vacancy** | **Total Deduction** |
|---|---|---|---|---|---|---|
| Hajj Season | 5.00% | 5.00% | 5.00% | 0.00% | 5.00% | 20.00% |
| Ramadan (20 Days) | 5.00% | 5.00% | 5.00% | 0.00% | 30.00% | 45.00% |
| Ramadan (10 Days) | 5.00% | 5.00% | 5.00% | 0.00% | 20.00% | 35.00% |
| Other Seasons | 5.00% | 5.00% | 5.00% | 0.00% | 60.00% | 75.00% |
| Showrooms | 2.50% | 0.00% | 0.00% | 0.00% | 0.00% | 2.50% |

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| NET OPERATING INCOME | | | | |
|---|---|---|---|---|
| **Season Type** | **Total Revenues** | **Total Deduction** | | **NOI** |
| Hajj Season | SAR 3,736,000 | 20.00% | | SAR 0 |
| Ramadan (20 Days) | SAR 2,250,000 | 45.00% | | SAR 0 |
| Ramadan (10 Days) | SAR 1,800,000 | 35.00% | | SAR 0 |
| Other Seasons | SAR 29,250,000 | 75.00% | | SAR 7,312,500 |
| Showrooms | SAR 0 | 2.50% | | SAR 0 |
| | | | **Total** | **SAR 7,312,500** |
| **Revenues** | | | | SAR 37,036,000 |
| **Deductions** | | | | -SAR 29,723,500 |
| **Net Operating Income** | | | | **SAR 7,312,500.00** |

| **Net Operating Income** | **Cap Rate** | **Property Value** | **Rounded Value** |
|---|---|---|---|
| **SAR 7,312,500.00** | **7.25%** | **100,862,068.97 SAR** | **100,900,000.00 SAR** |

## 4.10 INCOME APPROACH BASED ON LEASING CONTRACT

### Market Rental Analysis

As per the received copy of the leasing contract, the subject property is fully leased to one tenant with an annual triple net lease of SAR 12,825,000. As for the OPEX rate, which is being paid by the Tenant, no expenses were calculated.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

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| | |
|---|---|
| **Minimum capitalization rate** | 7% |
| **Maximum capitalization rate** | 8% |
| **Average** | 7.50% |

**The effect of the property specifications on the property**

| Item | Status | Influence | Notes |
|---|---|---|---|
| Ease of access to the property | --------- | 0.00% | several major methods |
| General condition of the property | --------- | 0.25% | The actual age of the property is 7 years |
| The general location of the property | --------- | 0.00% | The area is served good |
| Quality and finishes | --------- | 0.00% | Good quality finishes |
| Project Management Team | --------- | 0.00% | Good management and operational team level |
| Stronghold tenant | --------- | -0.25% | level and availability of services is average |
| **Total** | | **0.00%** | |

*Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property*

| | |
|---|---|
| **Total adjustments on capitalization rate** | 0.00% |
| **Capitalization rate, according to market averages** | 7.50% |
| **Estimated capitalization rate of the property valuation** | **7.50%** |

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:
- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.5%, which will be applied subsequently to the net operating income of the property.

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

**REVENUES**

| | Quantity | | Revenues | | |
|---|---|---|---|---|---|
| **Unit Type** | **Total GLA** | **No Of Units** | **SAR / Sqm** | **SAR / Unit** | **Total Revenues** |
| Hospitality Tower | | The subject property is Fully leased to 1 tenant | | | SAR 12,825,000 |
| ---------- | 0 | 0 | SAR 0 | SAR 0 | SAR 0 |
| ---------- | 0 | 0 | SAR 0 | SAR 0 | SAR 0 |
| | | | | **Total Revenues** | **SAR 12,825,000** |

**EXPENSES**

| Unit Type | Management | Utilities | Maintenance | Others | Total Expenses |
|---|---|---|---|---|---|
| Hospitality Tower | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ---------- | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| ---------- | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**NET OPERATING INCOME**

| Unit Type | Total Revenues | Total Expenses | NOI |
|---|---|---|---|
| Hospitality Tower | SAR 12,825,000 | 0.00% | SAR 12,825,000 |
| ---------- | SAR 0 | 0.00% | SAR 0 |
| ---------- | SAR 0 | 0.00% | SAR 0 |
| | | **Total** | **SAR 12,825,000** |

| | |
|---|---|
| **Total Property Revenues** | SAR 12,825,000 |
| **Total Property Expenses** | SAR 0 |
| **Net Operating Income** | **SAR 12,825,000.00** |

| Net Operating Income | Cap Rate | Property Value | Rounded Value |
|---|---|---|---|
| **SAR 12,825,000.00** | **7.50%** | **171,000,000.00 SAR** | **171,000,000.00 SAR** |

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## 4.11 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

| Methodology | Subject of Valuation | Value in Numbers | Value in Letters |
|---|---|---|---|
| **Income- Market** | Property | SAR 100,900,000 | One Hundred Million and Nine Hundred Thousand Saudi Riyals |
| **Income- Actual** | Property | SAR 171,000,000 | One Hundred Seventy-One Million Saudi Riyals |
| **DRC Approach** | Land + Building | SAR 134,200,000 | One Hundred Thirty-Four Million and Two Hundred Thousand Saudi Riyals |

## 4.12 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is

**Property Value: 171,000,000 SAR**
**One Hundred Seventy-One Million Saudi Riyals**

## 4.13 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## 4.14 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

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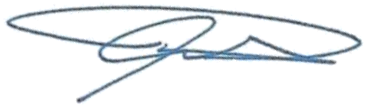
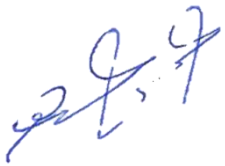
## 4.15 CONCLUSION

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

## 4.16 ACCREDITED VALUERS

| Essam M. Al Husaini<br>Owner | Nabeel M. Al Husaini<br>CEO | Farah E. Al Husaini<br>Valuation Manager | WHITECUBES Stamp |
|---|---|---|---|
|  |  | | |
| Fellow Member of (Taqeem)<br>License No. 1210000474 | Member of (Taqeem)<br>License No. 1210002782 | Member of (Taqeem)<br>License No. 1210001964 | |

TAQEEM LISCENCE NUMBER: 1210000474

# GENERAL NOTES



WHITE CUBES

## 5.1 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

## 5.2 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and White Cubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

| | No | If Yes | | Remarks |
|---|---|---|---|---|
| | | Client | Date | |
| *The subject property was previously valuated by White Cubes* | | SICO Capital – SICO Saudi REIT | Dec. 2021 | ---------- |
| *White Cubes was previously involved in selling activities related to the property* | ✓ | ---------- | --------- | ---------- |
| *White Cubes was previously involved in advisory services related to the property* | ✓ | ---------- | --------- | ---------- |

## 5.3 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.

## 5.4 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.
However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

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