

# Valuation Report

Plot No. 267 (591-8404)  
SELF-STORAGE FACILITY PROPERTY – THE BOX  
JEBEL ALI FIRST  
DUBAI, UNITED ARAB EMIRATES

SUBMISSION TO:  
MUSHARAKA CAPITAL (CJSC)

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## EXECUTIVE SUMMARY

Valuation Report date	2 <sup>nd</sup> March 2022
Property No.	Plot No. 267 (591-8404), Jebel Ali First, Dubai.
Client and intended users	Musharaka Capital (CJSC).
Property interest to be valued	Private Freehold Interest – <i>superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals)</i> in the Subject Property.
Valuation Approach/Method	Income (Capitalisation) valuation approach incorporating a Discounted Cash Flow Model.
Property Details / Location	The Subject Property is a purpose-built Self-Storage (B+G+3+R) facility. The Subject Property is situated within DMCC Jewellery & Gemplex Complex in Jebel Ali First Community. Ease of access to the site is facilitated from Shiekh Zayed Road (E11) via Garn Al Sabkha Street (D59) near to Interchange No. 5 along Sheikh Zayed Road (E11).
Property Owner	MRCO DMCC
Extent of investigation	Drive-by Valuation
Purpose of valuation	The Valuation is prepared for Public Listing Offering (REIT) for the Saudi Market purposes and submission to Capital Market Authority (CMA).
Basis of Valuation	Market Value
Valuation Date	31st December 2021
Valuation Assumptions / Special Assumptions	Valuation with the benefit of an existing tenancy in the Subject Property. No <b>Special Assumption</b> has been applied in this valuation.
Market Value	<b>AED 57,100,000</b> <i>In Words (UAE Dirhams Fifty-Seven Million One Hundred Thousand)</i>

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2<sup>nd</sup> March 2022

Mr. Nawaf Fahad Al Tuwaijri  
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Kingdom of Saudi Arabia

**DRIVE-BY VALUATION REPORT OF A SELF-STORAGE FACILITY PROPERTY – THE BOX**

*Plot No. 267 (591-8404), Jebel Ali First, Dubai, United Arab Emirates*

Dear Sir,

Pursuant to your instructions received under our Ref. No. PRE – 21/6223 for a Drive-by valuation of the Subject Property as per details below, we hereby submit our report of findings as under:

**1. INTRODUCTION**

In accordance with your instructions received we have undertaken the valuation of the Subject Property as on 31st December 2021 (the “date of valuation”) and described hereunder is our valuation report and findings.

**2. VALUATION INSTRUCTION / PROPERTY INTEREST TO BE VALUED**

We received instructions from **Musharaka Capital (CJSC)** to undertake a Drive-by valuation of the Private Freehold Interest – *superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals)* with benefit of an existing tenancy in the Subject Property.

In accordance with instructions received, and for the required valuation purpose, this report has been prepared subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

**3. CLIENT AND OTHER INTENDED USERS**

The subject valuation assignment is being produced strictly for **Musharaka Capital (CJSC)** (Client) only.

This valuation assignment has been undertaken in accordance with the terms and conditions of engagement agreed between ValuStrat Real Estate Valuation Services LLC and the Client, and which agreement also forms part of this valuation report.

**4. VALUATION PURPOSE**

The valuation is prepared for Public Listing Offering (REIT) for the Saudi Market purposes and submission to Capital Market Authority (CMA).

**5. RESTRICTIONS ON USE, DISTRIBUTION OR PUBLICATION**

This valuation is for the sole use of the named Client. This report is confidential to the Client, and to other intended users as stated above, and we accept no responsibility whatsoever to any third party/parties. No responsibility is accepted to any third party/parties 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 authorised.



## 6. VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2022 and the International Valuation Standards Council (IVSC) International Valuations Standards (Edition 2022). It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSC International Valuation Standards (IVS) as set out in the IVS General Standards and IVS Asset Standards.

## 7. BASIS OF VALUATION

### Market Value

The valuation of the Subject Property, and for the above stated valuation purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **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 had each acted knowledgeably, prudently and without compulsion.’*** (See Appendix 2 for detailed definition).

## 8. SURVEYOR

Our surveyor, Mr. Vismer Mulenga BSc (Hons) MRICS, conducted a Drive-by Valuation of the Subject Property.

## 9. VALUERS

The Valuers on behalf of ValuStrat Real Estate Valuation Services LLC, with responsibility of this report are Mr. Vismer Mulenga BSc (Hons) MRICS and Sean Swinburne BSc (Hons) MRICS. We confirm that the Valuers meet the requirements of RICS *Valuation – Global Standards (PS 2)*, having sufficient and current knowledge of the UAE market and the skills and understanding to undertake the valuation competently.

We confirm that we have previously valued the Subject Property for the same client in a report dated 28<sup>th</sup> July 2021. We further confirm that to the best of our knowledge we have no conflict of interest in us undertaking this assignment.

We further confirm that the proportion of total fees payable by the client during the preceding year relative to the total fee income of ValuStrat LLC during that year was minimal (less than 5%).

## 10. STATUS OF VALUER/ VALUATION DATE

External Valuer

Valuation Date: 31st December 2021

Inspection Date: 31st December 2021

## 11. EXTENT OF INVESTIGATION – DRIVE-BY INSPECTION / REPORTING LIMITATIONS

In accordance with instructions received we have carried out a Drive-by inspection of the Subject Property. The property has been externally viewed only as it can be seen from the distance from the road frontage, footpath, and vantage points to the property. We have relied on information on the property provided by the Client in regard to the externally or internally aspects of the property and we assume that there is no material change to the property from our previous full inspection. For reporting purpose, we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We assume information provided is correct and accurate, and we reserve the right to amend our report should this prove not to be the case

Drive-by valuation necessitates reporting under restricted information and Client should be aware of the possible impact that this may have upon the accuracy of the figure reported herein.

The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment

## 12. SOURCES OF INFORMATION / DOCUMENTS

We have been provided with copies of the following documents which have been of prime importance to us in forming our opinion:

Document	Verification
Title Deed dated 17/09/2020 issued by Land Department, Government of Dubai.	Reliable
Tenancy Contract Agreement dated 07/07/2020 between MRCO DMCC (Property Owner/Landlord) and The Box Self Storage Services DMCC (Tenant).	Reliable
Affection Plan dated 29/03/2017 issued by Dubai Municipality, Government of Dubai.	Reliable
Concept Design and Architectural Floor Plan Drawings and configuration profile summary details of the property prepared by various consultants.	Reliable

For reporting purpose, we assume that information provided to us by the Client is up to date, complete and accurate, and any deviation from this will mean that our reported valuation will be materially affected, and we reserve the right to amend and re-assess our report.

**Copies of the above documents are attached in the appendix below.**

## 13. PROPERTY OWNER

MRCO DMCC as per Title Deed dated 17/09/2020.

## 14. TITLE INTEREST

Private Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals).

## 15. OCCUPATION OF PROPERTY

The property as on the date of inspection is occupied by the Tenant – The Box Self Storage Services DMCC as per Tenancy Contract Agreement dated 07/07/2020 and which property is a self-storage facility in which individual storage units are sub-leased.

## 16. PROPERTY DESCRIPTION

### 16.1 Address/ Location:

Plot No: 267 (591-8404)  
Community/Country: Jebel Ali First (598), Dubai, United Arab Emirates

The subject property is situated within DMCC Jewellery & Gemplex Complex in Jebel Ali First Community. Ease of access to the site is facilitated from Shiekh Zayed Road (E11) via Garn Al Sabkha Street (D59) near to Interchange No. 5 along Sheikh Zayed Road (E11). Primary access to the property is from First Al Khail Street.

The aerial satellite maps below show the general location of the area, and the Subject Property.

**MAP 1:** Jebel Ali First community and location area of Plot No. 267 (591-8404)



**MAP 2 :** Location of the Property in Jebel Ali First community





**We have marked a red outline of the approximate plot boundary for illustration purposes only to assist the reader in understanding the extent of the property and this should not be relied upon for any other purposes.**

**Source of maps: Google Earth**

## 16.2 Dimensions of The Plot:

The land extent area for the Plot as indicated on the provided Title Deed dated 17/09/2020 and Affection Plan dated 29/03/2017, is as follows: -

Plot No	Area (m <sup>2</sup> )	Area (ft <sup>2</sup> )	Source
267 (591-8404)	5,378.26	57,891.11	Title Deed dated 26/11/2020

We observe that the Affection Plan dated 29/03/2017 states the land extent for the Subject Property as 57,891 sq. ft. We have taken the Land extent as per the Title Deed dated 17/09/2020 which is the latest document.

## 16.3 Brief Description of Property:

The subject property is a Self-Storage building (B+G+3+R) facility. The building has self-storage units of various sizes / configuration from the ground to three upper floors, open plan workstation office spaces to front sections of the building from first to third floor level, meeting rooms and other service / utility rooms from basement, ground, and roof top.

## 16.4 Building Construction & Civil Works:

The building structure is constructed with RCC (Reinforced Cement Concrete) framed skeletal structure with foundations / footings, columns, beams, and slabs. Concrete thermal block / precast reinforced concrete in-fill walls panels plastered / rendered and painted, with external cladding walled envelope with composite rendered walls, aluminum, and glazed window panels. RCC concrete flat and gabled ridged roof with appropriate asphalt waterproof roof covering. Parapets coverings to roof top. Powder coated aluminum framed and glazed external windows.

The internal finishes are of good quality standard/specification with offices and meeting rooms to be fitted with ceramic / porcelain floor tiles, and concealed ceilings with embedded florescent light fittings. The entrance lobby area is paved in ceramic / porcelain floors and wall finishes. Ceilings are with suspended gypsum / plasterboard false ceilings with embedded down-light lights, florescent light fittings. Powder coated aluminum framed and glazed entrance casement doorways. Access to the upper floors is via two elevator lifts with stairways in the building. All stairways having floor tiling and emulsion painted walls and steel balustrades and handrails.

All internal doors are of timber flush core wooden doors fitted to timber door frames. Windows with powder coated window frames / single glazed reflective glass sliding windows. Internal floor finishes include ceramic tiles and cement screed floor finishes. Steel shutter roll-up doors to self-storage units. Common toilets will be on each floor level. Air-conditioning is provided by a centralised system with regulated and temperature controlled throughout the property with split-type air-conditioning units mounted on the roof top. Firefighting equipment / arrangements also installed and fitted to the building.

## 16.5 Accommodation summary details:

The accommodation details in the building are as follows:

<b>Ground Floor</b>	Entrance reception area / lobby with waiting area, commercial spaces and receiving areas.
<b>First to Third Floor</b>	Office floor areas to parts and self-storage units and spaces. Communal toilets on all levels with other utility service rooms.

#### 16.6 Floor area / Built-up area measurements:

##### **Gross External Area (GEA) / Built-up Area (BUA) of the Property and Gross Internal Areas**

Details of the Gross External Area (GEA) or Built-up area (BUA) for the building including the Gross Internal Area (GIA) for the Property as provided by the Client is as follows:

##### **IPMS 1 - (External) Floor area measurement**

The Gross External Area (GEA) of the buildings as per IPMS 1 (External) definition and which measurements are taken from architectural floor plan drawings provided is as follows: -

Floor level	Gross External Area	
	Sq. Meter.	Sq. Foot.
Basement	384.23	4,135.82
Ground Floor	3,435.20	36,976.18
1 <sup>st</sup> Floor	3,326.27	35,803.67
2 <sup>nd</sup> Floor	3,324.91	35,789.03
3 <sup>rd</sup> Floor	3,339.34	35,944.36
Roof Floor	50.13	539.59
<b>Total Area</b>	<b>13,860.08</b>	<b>149,188.65</b>

Note\* Conversion rate: 1 sq. metre = 10.76391 sq. feet  
Measurements taken from architectural drawings provided.  
Scale of 1:100 as shown on the drawings provided.

**IPMS 1 - (External)** is defined as: *'The total of the areas of each floor level of a Building measured to the outer perimeter of External Walls, Sheltered Areas and Balconies.'*

**Source: IPMS: Industrial Buildings, 3.1.2 - Copyright 2018 International Property Measurement Standards Coalition. All rights reserved.**

IPMS 1 equates to 'Gross External Area' as defined in RICS Code of Measuring Practice (6th Edition 2007).

##### **IPMS 2 - (Internal) Floor area measurement for Storage units**

The Gross Internal Area (GIA) and configuration for storage units in the building as per IPMS 2 – (Internal) definition and which measurements have been provided by the developer as taken from architectural floor plan drawings is as follows: -

S.I	GROUND FLOOR					FIRST FLOOR				
	UNITS/ QTY	Unit size (each)		Total Unit sizes		UNITS/ QTY	Unit size (each)		Total Unit sizes	
		SQM	SQF	SQM	SQF		SQM	SQF	SQM	SQF
1	9	2	24	20	216	59	2	24	132	1,416
2	26	5	49	118	1,274	54	5	49	246	2,646

S.I	GROUND FLOOR					FIRST FLOOR				
	UNITS/ QTY	Unit size (each)		Total Unit sizes		UNITS/ QTY	Unit size (each)		Total Unit sizes	
		SQM	SQF	SQM	SQF		SQM	SQF	SQM	SQF
3	4	7	73	27	292	79	9	97	712	7,663
4	1	9	93	9	93	1	11	122	11	122
5	18	9	97	162	1,746	29	14	146	393	4,234
6	14	13	145	189	2,030	1	15	162	15	162
7	3	14	146	41	438	21	18	194	378	4,074
8	20	18	194	360	3,880	1	19	200	19	200
9	5	23	243	113	1,215	10	23	243	226	2,430
10	3	27	291	81	873	1	29	315	29	315
11	2	27	291	54	582					
12	1	32	345	32	345					
13	1	33	350	33	350					
14	8	36	388	288	3,104					
15	2	41	436	81	872					
16	1	44	472	44	472					
17	10	54	582	541	5,820					
<b>TOTAL</b>	<b>128</b>			<b>2,193</b>	<b>23,602</b>	<b>256</b>			<b>2,161</b>	<b>23,262</b>

S.I	SECOND FLOOR					THIRD FLOOR				
	UNITS/ QTY	Unit size (each)		Total Unit sizes		UNITS/ QTY	Unit size (each)		Total Unit sizes	
		SQM	SQF	SQM	SQF		SQM	SQF	SQM	SQF
1	59	2	24	132	1,416	116	1	13	140	1,508
2	54	5	49	246	2,646	42	2	24	94	1,008
3	79	9	97	712	7,663	2	2	25	5	50
4	1	11	122	11	122	94	5	49	428	4,606
5	29	14	146	393	4,234	1	5	52	5	52
6	1	15	162	15	162	83	7	73	563	6,059
7	21	18	194	378	4,074	2	7	75	14	150
8	1	19	200	19	200	36	9	97	324	3,492
9	10	23	243	226	2,430	22	14	146	298	3,212
10	1	29	315	29	315	1	16	173	16	173
11						5	18	194	90	970
<b>TOTAL</b>	<b>256</b>			<b>2,161</b>	<b>23,262</b>	<b>404</b>			<b>1,977</b>	<b>21,280</b>

Note\* Conversion rate: 1 sq. metre = 10.76391 sq. feet  
Measurements taken from architectural drawings provided.  
Scale of 1:100 as shown on the drawings provided.

IPMS 2 – (Internal) is defined as:

**'The total of the areas of each floor level of a Building measured to the Internal Dominant Face of all External Walls and Balconies.'**

Source: IPMS: Industrial Buildings, 3.2.2 - Copyright 2018 International Property Measurement Standards Coalition. All rights reserved.

IPMS 1 equates to 'Gross Internal Area' as defined in RICS Code of Measuring Practice (6th Edition 2007).

### Floor area for Office spaces from 1<sup>st</sup> to 3<sup>rd</sup> floor levels

The **Floor area** for the office spaces available on an exclusive occupation basis as per **IPMS 3 – Office** definition and which measurements have provided by the Client is as follows: -

Floor level	Type	Total Floor area	
		SQM	SQFT
Ground	Commercial / Office space in exclusive use	73	786
First	Office floor space in exclusive use	389	4,187
Second	Office floor space in exclusive use	389	4,187
Third	Office floor space in exclusive use	389	4,187
<b>Total Floor area in exclusive occupation (IPMS 3 – Office)</b>		<b>1,240</b>	<b>13,347</b>

#### Note

- Conversion rate adopted between metric to imperial is: 1 sq. meter = 10.76391 sq. feet.
- Floor areas for office units is as per IPMS 3 – Office definition in RICS Property measurement (Edition 2018) and IPMS: Office Buildings (Edition 2014).
- Measurements provided by Client.

**IPMS 3 – Office** defines the Floor area of an office as:

*'The Floor Area available on an exclusive basis to an occupier, but excluding **Standard Facilities** and shared circulation areas, and calculated on an occupier-by occupier or floor-by-floor basis for each **Building**.*

***Standard Facilities** are those parts of a **Building** providing shared or common facilities that typically do not change over time, including, for example, stairs, escalators, lifts/elevators and motor rooms, toilets, cleaners' cupboards, plant rooms, fire refuge areas and maintenance rooms.'*

***Source: IPMS: Office Buildings, 3.3.1** - Copyright 2018 International Property Measurement Standards Coalition. All rights reserved.*

## 17. CONDITION OF PROPERTY

This valuation is a Drive-by inspection from the road frontage, footpath, and vantage points to the property, we observed that the property appeared to be in good to above average state of condition with no visible defects apparent to external areas observed. We reserve the right to amend our report should any of our assumptions prove to be incorrect.

## 18. SERVICES

For purpose of valuation, we have assumed that the Subject Property is connected to mains water, drainage, and electricity - as supplied by the Dubai Electricity and Water Company (DEWA). We reserve the right to amend our report should any of our assumptions prove to be incorrect.

## 19. LEGAL NOTICE

We are not aware of, nor have we been informed of any legal notices served on the property, outstanding or pending in the courts of law. For the purpose of this valuation, we have assumed that no legal encumbrances / liens exist on the property that would have a detrimental factor on the reported Market Value.



## 20. ENVIRONMENT 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 use, either of the property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the Subject Property from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the property 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.

## 21. VALUATION GENERAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

1. The Subject Property is valued on the assumption of having title being held on Private Freehold Interest – *superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals)* with benefit of being a fully fitted and equipped operating entity and having regard to its trading potential in the Property;
2. That information provided to us by the Client is up to date, complete and correct in relation to issues such as land tenure, planning use/consent, and other relevant matters that are set out in the report;
3. That no contaminative or potentially contaminative use has ever been carried out on the site;
4. We assume no responsibility for matters legal in character, nor do we render any opinion as to the title relating to the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions, or other encumbrances which would adversely affect the valuation. Information regarding titles must be checked by your legal advisors;
5. This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;
6. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent;
7. That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, Byelaws, Health and Safety);
8. We have not inspected the property with a view to check the use of hazardous materials in the construction process such as asbestos, high aluminium cement, etc. We are not aware of any contamination;

9. We assume that there is no material change to the physical attributes of the Subject Property, or the nature of their location, between the date of valuation and the date of our previous inspection; and
10. The Market Value conclusion arrived at for the property reflects the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

## 22. VALUATION SPECIAL ASSUMPTIONS

No valuation *Special Assumption* has been applied in this valuation.

## 23. VALUATION APPROACH AND REASONING

Our opinion of the *Market Value* for the subject property has been arrived at using an *Income Capitalization* valuation approach. This valuation approach is a preferred method of valuation used for analysing such properties and is a market-based valuation approach that considers expectations of market participants. This is the method of valuation which would also be adopted in the market.

This valuation approach provides a value estimate by converting future cash flows to a single current capital value. In using the Income valuation approach, we have used a 'Term and Reversion' valuation model incorporating a *Discounted Cash Flow* model applied to determined / anticipated income streams which will be receivable in the property.

This approach considers the income that the asset will generate over its useful life and indicates the terminal value through a capitalisation process. We have applied the following valuation techniques in using the *Income* approach:

- Discounted cash flow where an appropriate discount rate is applied to a series of cash flow streams under an agreed lease contract and the determined terminal value which are discounted to a present value; and
- Income capitalisation of the terminal income at an appropriate capitalisation rate to determine the Terminal Value.

All key assumptions used in this analysis, reflect market conditions as on the date of valuation, and in this respect, we have regard to market evidence as well as our general market knowledge of such properties in the local market.

In our valuation, we have considered the following valuation factors, inputs, and assumptions.

### Valuation Inputs and assumptions

In our valuation, we have considered the following factors and valuation assumptions: -

- i. The Client has provided us with a copy of the Tenancy Contract Agreement dated 07/07/2020 between MRCO DMCC (Property Owner/Landlord) and The Box Self Storage Services DMCC (Tenant). The property is leased for a period of 25 years from 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2045 with an option to extend the lease on expiry by a further period of 5 years. The rental income receivable in the property under the tenancy contract is initially at **AED 4,000,000** p.a. for the first 5 years. For the first year the rent is payable annually in advance and for subsequent years is payable bi-annually in advance. Further the annual rent is subject to upward rent reviews at a fixed rate of 10% every 5th year.

- ii. In our valuation, we have discounted above income streams receivable in the property under the tenancy contract for the 25-year lease term period over the remaining tenancy period and including the 5-year extension period under the assumption the lease will be extended, and thereafter for reversionary period we have capitalised rentals incomes based on *Market Rent* to determine the *Terminal Value* of the asset.
- iii. In our valuation, we have applied a discount rate of 9.50% which we consider as an appropriate discount rate that would be applied in the market for such a property, reflective of the type and nature of asset, perceived security of income, and the inherent risk in owning such an asset. We have used a weighted average cost of capital (WACC) model in determining the discount rate which is based on a percentage split of 70% cost of capital and 30% cost of equity ratio with cost of capital taken at 5.00% and cost of equity at 20% as a return that would be considered appropriate to induce investors taking into consideration the type, characteristics, nature, and inherent risk elements of the property.
- iv. In establishing the *Market Rent*, we have had regard to anecdotal information on observed lettings for such properties.
- v. From our research, prevailing *Market Rents* for similar natured properties are ranging in the following rental price ranges: -

Property type	Market Rental range per month (AED)
Self-Storage units	AED 86 to 301 per sq. m (AED 8 to 28 per sq. ft.)
Offices	AED 323 to 646 per sq. m (AED 30 to 60 per sq. ft.)

We do observe that rents are influenced by various factors such as size, age / condition, type / finishing details of accommodation and buildings / facilities, and amenities offered in complexes, location, and community services and amenities, etc.

In our valuation we have adopted *Market Rents* to various units as follows:

Self-Storage units.

GROUND FLOOR			
Storage unit size		Rental rate per month	
SQM	SQF	SQM	SQF
2	24	269	25
5	49	183	15
7	73	140	13
9	93	129	12
9	97	129	12
13	145	129	12
14	146	129	12
18	194	129	12
23	243	118	11
27	291	118	11
32	345	118	11
33	350	118	11
36	388	118	11
41	436	118	11
44	472	118	11
54	582	118	11

<b>UPPER FLOORS (1st to 3rd)</b>			
<b>Storage unit size</b>		<b>Rental rate per</b>	
<b>SQM</b>	<b>SQF</b>	<b>SQM</b>	<b>SQF</b>
1	13	269	20
2	24	215	15
2	25	215	15
5	49	118	10
5	52	118	10
7	73	118	10
7	75	118	10
9	97	118	10
11	122	118	10
14	146	118	10
15	162	118	10
16	173	118	10
18	194	118	10
19	200	118	10
23	243	108	9
29	315	108	9

Commercial office spaces.

<b>Floor level</b>	<b>Market Rent per annum (AED)</b>
Ground floor	AED 592.02 per sq. m (AED 55 per sq. ft.)
Upper floors	AED 376.74 per sq. m (AED 35 per sq. ft.)

- vi. In our valuation, we have made a deduction allowance for rolling void / vacancy periods at the rate of 15% of *Market Rents* for the reversionary period.
- vii. Our further analysis of other outgoing unrecoverable expenses incurred in such buildings, are generally ranging from between 8% to 12% of rental income in buildings. In our valuation, we have made allowances for unrecoverable outgoing expenses at the rate of 10% of *Market Rent*.
- viii. In determining the *Terminal Value* of the asset, we have adopted an appropriate capitalization rate which we consider as typically would be applied for such a property. Property capitalisation rates for commercial storage / logistics properties based on market research observed are generally ranging from 9.50% to 12.00%. In our valuation, we have applied a capitalization rate of 9.50% to projected net Market Rental income to determine the Terminal Value which Cap. rate we consider is a fair reflection of the type and nature of property, and inherent risk in holding such property.



## 24. VALUATION

### Market Value of the Subject Property

It is our considered opinion that the Market Value of the Private Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title (UAE/GCC/Non-GCC Nationals) with benefit of an existing tenancy in the Subject Property; subject to the contents herein; and valued using the *Income (Capitalisation) valuation approach* taking into consideration prevailing market evidence, conditions, and sentiments as on the date of valuation (31st December 2021), is: -

**AED 57,100,000**

***In Words (UAE Dirhams Fifty-Seven Million One Hundred Thousand)***

**Drive-by valuation necessitates reporting under restricted information and Client should be aware of the possible impact that this may have upon the accuracy of the figure reported herein.**

## 25. VALUATION UNCERTAINTY

In line with the RICS Valuation - Global Standards 2022 Valuation Practice Guidance Application 10 (VPGA 10): we believe that a reasonable period in which to negotiate a sale at our opinion of Market Value is 12 - 18 months. It should be noted, however, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the Subject Property who would pay more than our opinion of Market Value.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we, ValuStrat Real Estate Valuation Services LLC, consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Subject Property under frequent review. The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Where a material uncertainty declaration is being used, its purpose is to ensure that any client relying upon that specific valuation report understands that it has been prepared under extraordinary circumstances.

The term is not meant to suggest that the valuation cannot be relied upon; rather, it is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. Indeed, with regard to the process itself, professional valuers will almost certainly have undertaken far more due diligence than normal, in order to arrive at their estimate of value.’ Ben Elder FRICS, RICS Global Director of valuation.

## 26. DISCLAIMER

In undertaking and executing this assignment, extreme care, precaution and due diligence has been exercised based on the information supplied by the Client, however, values may fluctuate or differ due to varying scenarios in the property market (demand and supply), maintenance, wear and tear, quality of tenants, micro and macro-economic factors, etc. It is beyond the scope of our services to ensure the consistency in value due to changing scenarios / property influencing factors.

## 27. CONCLUSION

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 and their advisors. No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. This report is issued without any prejudice and personal liability.

For and on behalf of, **ValuStrat Real Estate Valuation Services LLC**



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RICS Registered Valuer  
Manager – Commercial Valuations



## 28. APPENDIX 1- MARKET COMMENTARY

### DUBAI

Dubai is a member of the seven emirates federation forming the United Arab Emirates. The emirate is located on the south-east coast of the Arabian Gulf. It is the most populous city within the UAE reaching more than 3.48 million residents by end of 2021. The current growth rate is below the long-term historical trend, growing at approximately 5.3% on average during the last five years. It occupies the second-largest land territory (4,114 sq km) after the capital, Abu Dhabi. The city of Dubai shares borders with Sharjah in the northeast, Abu Dhabi to the south, and Sultanate of Oman in the southeast.

#### Industrial Sector

Dubai Autodrome launched Business Park phase 2, which includes seven warehousing units each measuring 450 sq m (4,843 sq ft). Dubai Industrial City announced to build a state-of-the-art food manufacturing and distribution facility spreading across an area of 88,257 sq m (949,990 sq ft) equivalent to AED 735 million investment, along with three factories covering an area of 22,000 sq m (236,806 sq ft) worth AED 100 million. A 92,903 sq m (1 million sq ft) facility in Jebel Ali was rented by a used-car sales firm for a contract value of more than AED 40 million. The net project value of projects completed this year is estimated at AED 1.2 billion from 14 developments.

Jebel Ali Freezone, Dubai Industrial Park, Al Qusais and Ras Al Khor witnessed asking price increase at the low-end, ranging from 8.3% up to 25%. Other locations remained stable. Cold storage facilities and modern high standard built industrial properties commanded higher rates. Asking rental rates at the low-end in some locations saw quarterly declines ranging between 6% to 16% and at the high-end in two locations saw increases of about 5% to 19%. Quoted asking rents generally ranged between AED 161 per sq m to AED 646 per sq m (AED 15 to 60 per sq ft) depending on factors related location, size, condition, lease terms, and building age.

#### Office Sector

VISA inaugurated its 9,290 sq m (100,000 sq ft) GLA regional headquarters in Dubai Internet City. Total completed projects this year stood at approximately 47,187 sq m (506,640 sq ft) GLA comprising of seven office developments. Central Park Towers in DIFC launched a newly fitted floor of workspace for leasing with approximate unit measurements ranging between 96 sq m (1,030 sq ft) to 465 sq m (5,000 sq ft).

Office sales transaction volumes during Q4 2021 were 8.6% higher when compared to the previous quarter and jumped 45.7% compared to last year. The median transacted price stood at AED 7,718 per sq m (AED 717 per sq ft), increased 10.3% annually but was 4.8% lower than the previous quarter. In terms of volume, Jumeirah Lake Towers (JLT) was the most popular choice for office sales with a share of approximately 48%, followed by Business Bay with 40% of overall transactions this quarter. As per the total value, 40% was in Business Bay while 33% came from JLT. The average size of offices sold in Business Bay was 112 sq m (1,205 sq ft) and 105 sq m (1,132 sq ft) in Jumeirah Lake Towers. 47,395 sq m (510,153 sq ft) of total Gross Leasable Area was sold during Q3, amounting to an estimated investment value of more than AED 442 million.

Median office asking rents saw sustained increases both yearly and quarterly after periods of decline, jumping 10.1% and 6.6%, respectively. Asking office rents this quarter fully recovered from declines seen during the pandemic. The citywide median asking rent for a typical office size stood at AED 918 per sq m (AED 85 per sq ft). Highest office rents were found in Dubai International Financial Centre (DIFC) at AED 1,832 per sq m (AED 170 per sq ft) for typically sized units between 93 – 186 sq m (1,000 – 2,000 sq ft). In Business Bay, median asking rents stood at AED 1,101 per sq m (AED 102 per sq ft) for typical office areas of less than 93 sq m (1,000 sq ft). Office occupancy in Dubai was estimated at 77.5%.

Dubai office capital values increased 17.3% YoY and 6.4% QoQ. The VPI registered 69.7 points in Q4 2021, surpassing pre-pandemic times, but still 30.3% lower than 2015. Office space in Jumeirah Lake Towers and Dubai International Financial Centre (DIFC) recorded their highest annual price gains of 19.1% and 18.9% respectively. Due to high demand, capital values of grade A shell and core commercial space soared 26.9% when compared to the same period the previous year.



## 29. APPENDIX 2- MARKET VALUE DEFINITION

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 value available only to a specific owner or purchaser;

**“an asset or liability should exchange”** Refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

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

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

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

**“in an arm’s-length transaction”** Is one between parties who do not have a particular or special relationship e.g. Parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties each acting independently;

**“after proper marketing”** Means that the asset would be exposed to the market in the most appropriate manner

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

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

**‘and without compulsion’** establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

**Market Value** is the basis of value that is most 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.

30. APPENDIX 3 – PHOTOGRAPHS OF PROPERTY

