

# Report and Valuation

Danaat Al Madina, Isa Town, Kingdom of Bahrain



## Executive Summary

<b>Address</b>	<b>Danaat Al Madina, Isa Town, Kingdom of Bahrain</b>			
<b>Use</b>	Retail and office areas part of Danaat Al Madina complex.			
<b>Location</b>	The property is situated in Isa Town close to Isa Town Mall with frontages to Al Quds Avenue and return frontage to Muscat Avenue. This is a mix commercial and residential area about 5 km from Central Manama.			
<b>Description</b>	The Danaat Al Madina project was completed in 2015 and comprises a number of mid-rise buildings constructed to a high standard. This portfolio comprises the ground floor retail and office buildings, commercial units where the developer has now completed and sold off 324 apartments on the upper floors.			
<b>Full Site Details</b>	<b>Title No</b>	<b>Use</b>	<b>Sq Ft</b>	<b>Sq M</b>
	08019676	Mixed use development	190,095	17,669
	08019675	Mixed use development	110,117	10,230
	08021383	Office development	12,004	1,115.20
			312,216	29,014.20
<b>Tenure</b>	Assumed as virtual freehold without any undue encumbrances apart from the occupational leases.			
<b>Tenancies and Income</b>	Most standard leases have terms of 2 and 3 years with the payment of a 15% service charge, however there are exceptions. Please see the rental schedule.			
<b>Occupancy</b>	The combined lettable area for retail and office area amounts to 10,460 sqm out of which 67.4% is currently leased to third party tenants. The remaining 3,414 sqm is available for letting.			
<b>Current Gross Rental Income</b>	BD 514, 878.500 per annum – to include service charge payments as projected on the 31st of December 2017.			
<b>Expenditure – 2017</b>	BD 63,794.370 is the current apportioned share of the service charge allocated to the commercial portfolio. We understand the relative proportions are still being negotiated between the commercial and residential portfolio managers. The current level could rise once the negotiations are completed.			
<b>Current Net Rental Income</b>	BD 451,084.130 per annum – after apportioned operating costs			
<b>Estimated Gross Rental Value</b>	BD 843,642 per annum – to include service charge recovery			
<b>Current Service Charge Recovery</b>	Standard rate of 15% on most units			

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills International Associate Office. Chartered Surveyors. Regulated by RICS. DMB International W.L.L. Registered in Bahrain CR No. 70236. Registered office: Suite 21, Seef Star Building, Al Seef District, Kingdom of Bahrain.

# Report and Valuation

Danaat Al Madina, Isa Town, Kingdom of Bahrain



	Fair Value	
Valuation Date	31 <sup>st</sup> December 2017	
Valuation Methodology	The asset is considered as an investment property leased to third party tenants	
Fair Value	<b>BD 8,350,000</b> <b>EIGHT MILLION THREE HUNDRED AND FIFTY THOUSAND BAHRAINI DINARS</b>	
Purpose of Valuation	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards 2017 Edition (the “Red Book”). We understand that our valuation is to determine the portfolio value reported in the financial statements which are to be published by The Securities and Investment Company (SICO) which has been mandated by ESKAN Bank B.S.C.(c) to establish manage a Shari’ah compliant real estate investment trust (“REIT”) under the Bahrain Financial Trust Law No. (23) of 2006 (the “Trust Law”) and the Central Bank of Bahrain’s (“CBB” ) Rulebook volume 7 - Collective Investment Undertaking (“CIU”).	
Strengths	<ul style="list-style-type: none"> <li>▪ High grade property</li> <li>▪ Attractive mix use complex</li> </ul>	<ul style="list-style-type: none"> <li>▪ Residential units now sold</li> <li>▪ Professional management in place</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Slow letting progress</li> <li>• Significant proportion of space to lease</li> </ul>	<ul style="list-style-type: none"> <li>▪ Very high operating costs</li> <li>▪ Service charge shortfall</li> </ul>
Current Gross / Net Yield	<ul style="list-style-type: none"> <li>▪ 6.16%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5.40%</li> </ul>
Potential Gross / Net Yield	<ul style="list-style-type: none"> <li>▪ 10.11%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 9.34%</li> </ul>

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills International Associate Office. Chartered Surveyors. Regulated by RICS. DMB International W.L.L. Registered in Bahrain CR No. 70236. Registered office: Suite 21, Seef Star Building, Al Seef District, Kingdom of Bahrain.