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**VALUATION OF ASSETS OF
THE
PUBLIC TRADING CORPORATION
FOR BUILDING MATERIALS IN
ADEN**

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THE FINAL REPORT

Under UNIDO-Vienna
Contract No. 98/009P
Project No. DP/YEM/95/003

VALUATION OF ASSETS OF THE PUBLIC TRADING CORPORATION FOR BUILDING MATERIALS IN ADEN

**Prepared by: Al-Roaini & Shreim
Certified Public Accountants and Consultants**

Head Office: Tel.:414487, Fax: 414489
P.O.Box 16876-Hadda
E.mail Accountants @ y.net.ye
Aden Branch: Telefax (2)232041, Khormaksar, Aden.

REPUBLIC OF YEMEN
APRIL, 1998.

ABSTRACT:

The purpose of this report is to determine the reserve prices for land, buildings, motor vehicles, office equipment, furniture and fittings and stock of the Public Corporation for Building Materials (the Corporation) in Aden.

The total amount of the reserve prices of the assets of the Corporation in Aden is estimated to be \$4,701,463, of this amount \$3,397,600 is the reserve price of land, \$1,077,769 is the reserve price of buildings, \$108,844 is the reserve price of motor vehicles, \$7,335 is the reserve price of office equipment, \$36,033 is the reserve price of furniture and fittings, \$11,200 is the reserve price of the computer and \$62,682 the reserve price of stock.

The Corporation is non-operational and does not perform any trading activities.

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1.0 INTRODUCTION:

One important component of the privatisation process of the state owned enterprises is valuation. As part of the Government of the Republic of Yemen project entitled "Support Programme to Privatisation", our firm entered into a contract with the United Nations Industrial Development Organization in Vienna to value assets of the Public Trading Corporation for Building Materials (the Corporation) in Aden.

The immediate objective of this engagement is the valuation of land, buildings, motor vehicles, furniture and fittings and stock in Aden as at 31/12/1997 in order to determine the reserve prices (floor prices) at which these assets could be divested by the Government to investors from the private sector. In other words, to place minimum values at which these assets would be divested in a reasonable market exposure.

As the main objective is to determine the upset price for privatisation, it is assumed that the Government of the Republic of Yemen may use this report in attracting qualified bidders, obtaining suitable value range to negotiate franchise and sole agreements and avoiding controversial political arguments. Therefore, a great deal of attention is given to the justification and reasonability of values placed on each item of assets of the Corporation in Aden. Comparison between the values obtained from several methods of valuation were used to justify the reasonability of the values placed on these assets.

This report consists of nine sections. The first section is the introduction. Sections from two to seven are devoted to the valuation of properties, motor vehicles, office equipment, furniture and fittings, computer and stock respectively. In each of these sections (2-7) a description of the item, its location, legal title and methodology of valuation were considered.

Special emphases were placed on obtaining the supporting documents of ownership (the legal title) and the way by which reserve prices for each item was determined (methodology of valuation).

Section eight is the executive summary. It includes a summary of the whole report and recommendations.

Section nine contains appendices with a layout of properties, valuation reports by quantity surveyor and some photos.

Finally, it should be noted that the exchange rate of the Yemeni Rial applied throughout this report is \$1.00 = Y.R. 130. This exchange rate represents the rough average exchange rate for 1997.

2.0 Valuation of the Properties:

Summary of the value of land and buildings.

The following is a summary of reserve prices for land and buildings. Each item (land or building) will be discussed separately with suitable descriptions of the items, its legal status and a detailed explanation on valuation methodology. It should be noted that the exchange rate of Yemeni Rial against the US\$1 = 130.00 Y.R.. This exchange rate is used throughout this report.

Ser.	Description	Reserve prices in \$		
		Land	Building	Total
1	Al-Thawra Building and Stores (admin. Prop.).	2,118,600	896,468	3,015,068
2	Al-Durain Property.	432,000	76,587	508,587
3	Maalla Warehouse 1, Group 27.	487,000	71,528	558,528
4	Maalla Warehouse 4, Group 20.	360,000	33,186	393,186
	TOTAL	3,397,600	1,077,769	4,475,369

Table 1

2.1 Al-Thawra Area Building Complex and Stores (the administration property):

2.1.1 Location:

It is located in Al-Roudha Area of Maalla District in Aden. Specifically on the roundabout of the main street that is leading to the Gold Mohur Beach. Next to this property there is the Flour-Mill of Aden. This property is located on a high land and just two minutes driving from the most famous high street in Aden which is Maalla street.

The boundaries of this property as indicated on the map issued by the Land Authority and the real estate registration under no. 12925 are as follows:

North: the main street that leads to Al-Gallowa and Gold Mohur Beach.

South: small buildings adjacent to the property wall.

East: natural ground street leading to Al-Shaikh Issaq.

West: buildings and the wall of the Mill Public Corporation and houses.

The location of this property as drawn by the Planning Department in the Ministry of Housing and Construction is as shown in Appendix A.

2.1.2 Description of the property:

The area of the land on which the property is built is 107 m x 90 m = 9630 m². There are 13 buildings some of them were built as early as 1949 where others were built in 1993.

Full description of each building is considered under section 2.1.4.2 that is dealing with methodology of valuation.

2.1.3 The legal title:

2.1.3.1 The Land:

The area of the land as referred to in a letter from the Chairman of the Board of Directors of the Public Corporation for Building Materials (The Corporation) in Aden to the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden branch dated January 20th, 1992 is 300 foot x 350 foot. Our measurement showed that it is 107m x 90m.

In this letter the Corporation referred to several documents in order to finalise the documentation and the registration of the property's ownership (the deed) and pointed out that the land is owned by A. Biss and Company (during the British Colony in Aden) via leases nos. 3463 and 4051 for 1955. Then it was nationalised in accordance with Nationalisation law no. 27 for 1969 and then transferred to the assets of the National Home Trade Company. In 1983, the land was transferred from the National Home Trade Company to the Corporation.

Unfortunately, the Corporation failed to produce any of these documents, namely:

- 1- Lease no. 3463 and lease no. 4051 for 1955.
- 2- Nationalisation documents in 1969 of the land.
- 3- Documents of transferring the land from the National Home Trade Company to the Corporation in 1983.

However, we understood that a committee from the Republic of Yemen negotiated with Mr. Biss in London in 1992 and agreed with him on compensation regarding some of the properties in Aden including this land.

The Corporation built four new buildings on this land. The administration building, which is a four-story building, is one of these buildings and was finished at the end of 1993.

It is generally accepted that most State owned land in the southern and eastern Governorates have no deeds. Also we were told by the officials in the Ministry of Housing and Construction that the land on which State owned enterprises constructed buildings are unlikely that others might claim their ownership.

2.1.3.2 The Buildings:

a-The New Buildings:

The Corporation built these buildings between 1989 and 1993. The construction of the three major buildings 1,2 and 3 as can be seen under section 2.1.4.2 and the layout in Appendix A, were contracted out to the Public Corporation for Construction and Industrial Installation on August 9th,1989, whereas the supervision contract was awarded to the Ministry of Construction and Housing on October 10th, 1989.

The new buildings were built after obtaining all necessary documents including the approval of town planning section in the Ministry of Construction in their letter dated 11/4/1988 and the Land Administration in the Ministry of Housing in their letter dated 25/5/1988.

In our opinion, there is no indicator to suggest that the new buildings are the ownership of a party other than the Corporation.

b-The Old Buildings:

As indicated earlier, these buildings will be described in the section that is dealing with methodology of valuation. The Corporation ownership of these buildings associated with the ownership of the land. Therefore, we believe the Corporation's right of the legal title of the old buildings is tied with the right of the legal title of the land, especially that we have not come across any source of information that dealt with any of them separately. The old buildings are as can be seen in Appendix A carry nos. 4 to 12.

2.1.4 Methodology of Valuation:

2.1.4.1 The Land:

The land is 107m long and 90m wide. The total area of the land is about 9630m².

The land is valued as if it were vacant and available for development to its highest and possible use.

First of all, it should be noted that there are no vacant areas near this part of Maalla. Recently, the Government sold a scrap oil tanks with the area they occupy to an investor from the private sector of one of the Gulf States. This area is located about 300m from the land subjected to this valuation. The investor removed the scrap oil tanks and it is understood that a square meter of land cost him an odd high price. Such high price may be referred to that the investor will develop it for big investment, especially that he owns several big investments in Aden. This may increase the price of the square meter of the Corporation's land.

Because of the advantages of the location and rarity of finding one plot of land of this size in this part of Maalla a square meter of land probably is best to determine its price in auction.

However, by taking into account the opinions of real estate agents, prices of properties of much less area of land in this part of Maalla and the justifications and assumptions given below, the reserve price for a square meter of land is estimated to be \$ 220.

Total reserve price = 9630 x \$ 220 = \$ 2,118,600.

The justifications for valuing a square meter at \$ 220 are as follows:

- 1- The location of the land on two streets one of them can be considered as a high way road. Besides this location, it is not more than two minutes driving from the most famous high street in Aden, Maalla Street.
- 2- Though the old buildings are still standing but most of them are stores in a poor condition and can be removed and take advantage of their areas of land plus the unbuilt plots of land. This gives a rare opportunity for potential investors from the private sector both Yemenise and non-Yemenise to use this land for several types of business such as building a residence complex up to 15 stories, commercial centre, five star hotel, private hospitaletc.
- 3- The availability of all kinds of services, electricity, water, telephoneetc.
- 4- The area of land that was developed by a private investor from the Gulf after removing the scrap oil tanks is supposed to have positive contributions on prices in this area, especially its size is at least four times as big as this land and just about 300m down the road and investors are expecting a big project on this land soon.
- 5- It is about three kilometers from the busy Maalla Wharf. This may increase the demand on such land.

2.1.4.2 The Buildings:

The method of valuing buildings that is applied throughout this valuation report is the replacement cost. In some cases when we find it appropriate, the effect of obsolescence is considered.

In accordance with replacement cost method of valuing buildings we took the current market rates estimated by the quantity surveyor as cited in Appendix A, then we have these values revised by a professional property valuer. After that, deduct physical depreciation and any other impairment when appropriate.

a- The New Buildings:

They were built between 1989 and 1993. The photo on the next page shows some of the new buildings. The following are brief descriptions and costs at current rates of these buildings. The numbers between two brackets next to each building below denote to their

reference in the quantity's surveyor report and layout are as appeared in Appendix A.

- The Administration building (No.1):

It is four-story building constructed of reinforced concrete skeleton with 20cm thick concrete blocks in-fills. The internal partitions are 10 cm thick concrete blocks. The floors are laid with mosaic tiles. The ceilings are equipped with false ceiling of perforated celotex boarding hanging from the reinforced concrete slab. All the doors and windows are of high grade aluminum.

Ground floor, including foundation = (18.40 x 23.50) - (10 x 3.50 x 2) = 362.40 m ² x \$ 400 =	\$ 144,960
First floor = 18.40 x 23.50 = 432.40 m ² x \$ 270 =	\$ 116,748
Second floor = 20.25 x 26.50 = 536.63 m ² x \$ 275 =	\$147,573
Third floor = 20.25 x 26.50 = 536.63 m ² x \$ 280 =	\$150,256
Fourth floor (Divan) = (15.15 x 5.90) + (6.40 x 6.40) = 130.35 m ² x \$ 250 =	\$32,588
2.4 m wide concrete walking around the building + Flower beds =	<u>\$ 3,000</u>
	<u>\$595,125</u>

- Offices and Theatre Building (No.2):

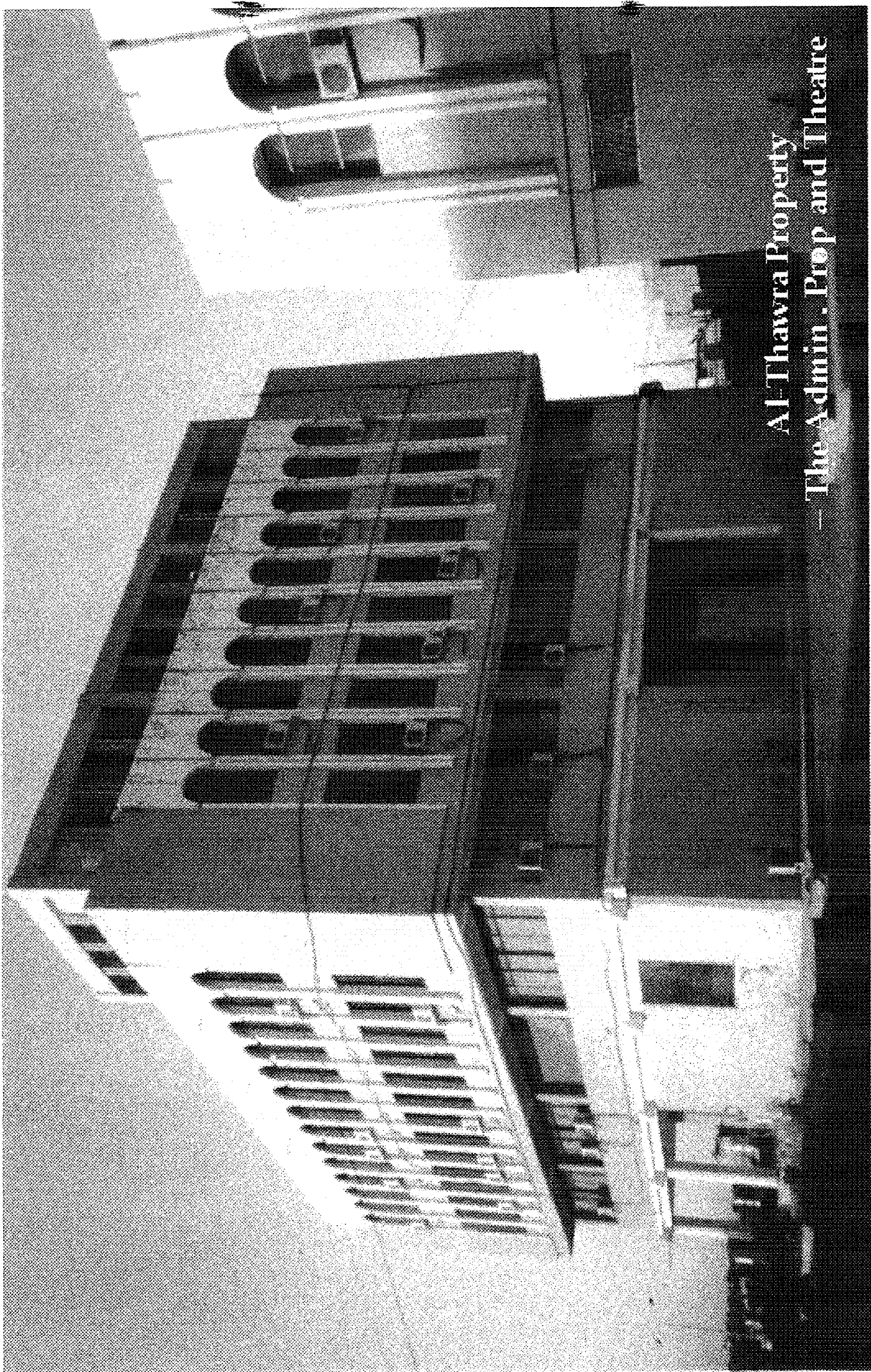
Two story building. Ground floor offices and first floor is a theatre. Construction is similar to No.1 above except the foundation is thinner.

Ground floor including foundation = (12.50 x 11.45) + (17.45x 7 x 2) = 387.43 m ² x \$325 =	\$125,915
First floor = 387.43 m ² x \$270 =	\$104,606
Walking and Flower beds =	\$ 2,000
	<u>\$232,521</u>

- Storage Building (No.3):

Constructed of reinforced concrete columns, beams and concrete block walls without internal partitions. The floor is of concrete and the ceiling is of timber rafters, boarding and concrete. The floor level is about 1.30m above the natural ground level. There are 20 high level windows and two sliding doors.

Current Rate Cost = 44 x 19 = 836 m ² x \$ 200 =	\$167,200
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**Al-Thawra Property
— The Admin. Prop and Theatre**

- Guard Room (No.13):

Toilets are in the ground floor and in the first floor is the guard room. Constructed of concrete block walls, concrete floor, timber boarded roof with 2 timber doors and 2 timber windows.

Current Rate Cost $= (5 \times 5) = 25 \text{ m}^2 \times \$ 225 (2\text{-story}) = \$ 5,625$

- New Boundary Wall (No.14):

153m long including 6m steel gate. Constructed of stone wall 1.50m high with reinforced concrete columns 40 x 40 cm and 1m high at 2m centres infilled with steel grills.

Current Rate Cost $= 147 \text{ m}^2 \times \$ 120 + \text{Steel gate}$
 6m wide = \$ 18,540

- Site Works:

As can be seen from the layout in appendix A

Asphalt Area $= (107 - 32.2) \times 46 = 3440 \text{ m}^2 -$
 $(432 \text{ m}^2 + 387 \text{ m}^2) =$
 $3440 \text{ m}^2 - 819 \text{ m}^2 = 2621 \text{ m}^2 \times \$ 13 = \$ 34,073$

External network services, sewage, water supply,
 electricity ...etc. = \$ 30,000

Total cost of the new buildings at current rate prices **\$1,083,084**

Less:

Physical depreciation

$1,083,084 \times 2.5 \% \times 4 = (\$108,308)$

*functional obsolescence

$1,083,084 \times 10 \% = (\$108,308)$ (\$216,616)

Reserve Price

\$866,468

**This is due to the design of buildings as they are designed to be used as offices.*

b-The Old Buildings:

They were built in 1949. The photo in Appendix A shows the old buildings and stores. The following are brief descriptions and costs at current rates of these buildings. The numbers between two brackets next to each building below denote to their reference in the quantity's surveyor report and layout as appeared in Appendix A.

- Workshop Shed (No.4):
 Constructed of reinforced concrete columns and beams. Steel trusses and roof covered with corrugated asbestos sheets. The back wall is of stone.
 Current Rate Cost = $18.80 \times 10.70 = 201.16\text{m}^2 \times \$90 = \$ 18,104$

- Store Building (No.5):
 Construction is similar to the workshop shed No.4 above. The front wall is built with concrete blocks with one door and two windows. The back wall is of stone.
 Current Rate Cost = $15.30 \times 10.70 = 163.71\text{m}^2 \times \$110 = \$ 18,008$

- Workshop Shed (No.6):
 Construction is similar to the workshop shed No.4.
 Current Rate Cost = $19.20 \times 10.70 = 205.44\text{m}^2 \times \$90 = \$ 18,490$

- Store Building (No.7):
 Construction is similar to store building No.5.
 Current Rate Cost = $9.80 \times 10.70 = 104.86\text{m}^2 \times \$110 = \$ 11,535$

- Store Building (No.8):
 Construction is similar to store building No.5.
 Current Rate Cost = $17.70 \times 13.10 = 231.87\text{m}^2 \times \$110 = \$ 25,506$

- Store Building (No.9):
 Constructed of stone walls with two double leaf doors and two high level windows.
 Current Rate Cost = $30 \times 7 = 210 \text{ m}^2 \times \$160 = \$ 33,600$

- Office Building (No.10):
 Constructed of stone walls, concrete floor. Concrete roof with timber and boarding. There are six doors, two of them are double leaf doors and four are single leaf doors. There are three windows and the back wall is the boundary wall made of stone.
 Current Rate Cost = $30 \times 7 = 210 \text{ m}^2 \times \$180 = \$ 37,800$

- Godown (No.11):
 Construction is similar to store building No.4.
 Current Rate Cost = $20.50 \times 13.50 = 276.75\text{m}^2 \times \$160 = \$ 44,280$

- Office Building (No.12):
Two story building constructed of reinforced concrete columns, beams and slabs and concrete block wall with timber posts and verandah at the ground floor. The doors and windows are of timber and floor tiles.
Current Rate Cost = $12.30 \times 16.20 = 199.26\text{m}^2 \times \$250 = \$ 49,815$
(two floors)

- Boundary Wall (No.14):
Constructed of stone with an average 2.4m high, and 239m long and one steel gate 6m wide.
Current Rate Cost = $(239 \times \$ 80) + \text{Steel gate} =$ \$ 19,120

Total Cost of the old buildings at current rate prices **\$276,258**

Less:

Physical depreciation:

As the buildings are still standing but most of them are damaged and not in use, we presume 90% depreciation $(276,258 \times 90\%) =$ =(\$248,632)

Other charges:

Due to the fact that most of the buildings are damaged to the extent that the idea of renovating them appears to be unjustifiable. Even the Corporation in its letter dated January 20th, 1992 mentioned earlier in section 2.1.3.1 made it clear that they intend to remove the old buildings and we presume the Corporation will carry on its intention in removing them as well as potential investor. We anticipate the removal costs at (\$ 12,626)
receiving from selling the remains, especially stones \$ 15,000
Reserve Price for old buildings \$ 30,000

The total reserve price for the buildings is as follows:

New buildings **\$866,468**
Old buildings \$ 30,000
\$896,468

2.2 Al-Durain Industrial Area Property (Warehouse, Sheds and Offices)

2.2.1 Location:

It is located in the industrial area of Skeikh Othman District in Aden. This area is known as Al-Durain. The property is surrounded by three streets, one of them is a main street and the other two are small streets of

natural ground. Construction for purposes other than industrial purposes are not allowed by the Land Authority.

As indicated on land use map produced by the Ministry of Construction, Housing and Urban Planning that this is a restricted industrial area. Most of the areas around this property are warehouses, small industrial projects, workshops and car scraps.

Abdul-Aziz Unit District is the nearest residential area to this property and it is about 700 m away.

2.2.2 Description:

This property consists of a compound 90m long and 60m wide. There are three separate office buildings, five vehicle sheds, car wash store, generator room and car wash and service pit. Full description and construction of each building will be considered under section 2.2.4.2 methodology of valuation. The photo on the next page shows the sheds and the photo in Appendix B shows the offices. Further description and layout are as shown in Appendix B.

2.2.3 Legal Title:

2.2.3.1 The Land:

The area of the land is $90\text{m} \times 60\text{m} = 5400\text{m}^2$. The Corporation in a letter dated September 20th, 1993, jointly signed by the Chairman of the Corporation and the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden Branch, requested the Land Committee to register this land which was allocated to the Corporation in 1989 and that the Corporation pay annual fixed rate regularly and the last payment was in 1992.

In another letter dated 3/3/1992, the Corporation pointed out that they hold two land permissions described as "land 1/5/14 and land 8/1/1" and that this land consists of 13 plots of land carry the following numbers: 114, 115, 116, 117, 118, 119, 120, 136, 137, 138, 139, 140 and 141 in Al-Durain Industrial Area.

However, the Corporation did not produce any documents to support its ownership apart from showing them in their accounting records, and the fact that the Corporation built the boundary, the offices, the stores and the sheds on this land and are still occupied by them.

Although the Corporation has not yet finalised the registration of this land, we believe the Corporation is likely to have the right of the legal title on this land because we were informed that this area has not been occupied before and that



Al-Durain Property — Sheds

the Corporation built all the boundary walls, the offices and vehicle sheds and is still using them.

2.2.3.2 The Buildings:

The Corporation constructed the walls, offices, vehicle sheds and stores.

During our visit to this site we found some old vehicles waiting to be repaired in the workshop and service pit. The Corporation built these buildings in the period between 1989 and 1992 and they are part of the land and buildings in the Corporation accounting records.

Further indicator for the Corporation's ownership of both land and buildings is shown in section 2.5.

2.2.4 Methodology of Valuation:

2.2.4.1 The Land:

The land is 90m long and 60m wide. The total area of the land is 5400m².

The land is valued as if it were vacant and available for development to its highest and best use.

The reserve price for a square meter of this land is estimated to be around \$80.

Hence, the total reserve price = 5400 x \$80 = \$432,000.

The justifications for this value are as cited below:

- 1- Sale prices of plots of land in this area which we obtained from several sources including real estate agents.
- 2- The location of the land on three streets and one of them is a main street.
- 3- The availability of essential services such as water, electricity and telephone.
- 4- This land is a reasonably large plot of land and we assume that this may attract investors for building a factory on this land.

However, one can not rule out the possibility that the Government may in the future allow multi-story buildings in that area. In such case, the square meter of land would be far higher than the reserve price suggested above.

2.2.4.2 The Buildings:

The method applied for valuing the buildings is the replacement cost. In accordance with replacement cost method of valuing

buildings we took the current market rates estimated by the quantity surveyor as cited in Appendix B, then have these values revised by professional property valuer. After that, deduct physical depreciation and any other impairment when appropriate.

The buildings were built between 1989 and 1992. The following are brief descriptions and costs at current rates of these buildings. The numbers between two brackets next to each building below denote to their reference in the quantity's surveyor report and layout as appeared in Appendix B.

Offices (No.1):

The building is constructed of concrete block wall and the back wall is the wall of the compound which is built of reinforced concrete. The roof is of timber rafters, boarding and concrete. The floor tiles with mosaic. There are two timber windows. There is a verandah 2m wide (will be valued separately) with the offices.

Current Rate Cost = $20 \times 4 = 80\text{m}^2 \times 120 =$ \$ 9,600

Offices (No.2):

Construction is similar to no.1, having seven timber doors and eight timber windows with five internal partitions. There is a verandah (will be valued separately).

Current Rate Cost = $34 \times 4 = 136\text{m}^2 \times 120 =$ \$ 16,320

Office Building (No.7):

Construction is similar to no.1, having four timber doors and eleven timber windows.

Current Rate Cost = $24.30 \times 4 = 97.20\text{m}^2 \times 120 =$ \$ 11,664

Car Wash & Service Pit (No.3):

Walls of the car wash are 8.30m long and 7m wide. It is constructed of concrete blocks faced with glazed tiles. The back wall is the boundary wall. The service pit is 20m long constructed of reinforced concrete.

Current Rate Cost (lump sum) = \$ 3,000

Car Wash Store (No.5):

Constructed of concrete block walls. The roof is of timber rafter, boarding and concrete. There is one timber door and one timber window. The rare is the boundary wall.

Current Rate Cost = $3.80 \times 3.30 = 12.54\text{m}^2 \times 110 =$ \$ 1,379

Generator Room (No.6):

Construction is similar to no.1.

Current Rate Cost = $5.75 \times 4.20 = 24.15\text{m}^2 \times 110 =$ \$ 2,657

Boundary Wall (No.8):

It is 288m long and 3m wide where no buildings are in contact. The walls are constructed of reinforced concrete columns at 3m centres infilled with concrete blocks plastered and painted both sides.

There are two steel gates each is 6m long and 2m high.

Current Rate Cost:

a) boundary wall: $288\text{m}^2 \times 100 =$ \$ 28,800

b) steel gates: $2(6 \times 2) = 24\text{m}^2 \times 95 =$ \$ 2,280

Total of buildings except vehicle sheds and verandah \$ 75,700

Depreciation ($75,700 \times 3\% \times 6$ years) = \$(13,626)

Other charges due to some damage $75,700 \times 5\% =$ (3,785)

Reserve Price **\$ 58,289**

Vehicle Sheds (No.4):

There are five vehicle sheds as can be seen in the previous photo and the layout in Appendix B. They are constructed of timber rafters, purlins and corrugated asbestos. The floor is natural ground and the side/rear walls being the boundary wall. Their height is 4m as can be seen in the layout in Appendix B. Vehicle sheds carry numbers 5, 6, 7, 8 and 10.

Current Rate Cost for shed 5 = $14 \times 10.15 = 142.10\text{m}^2 \times \$30 =$ \$ 4,263

Current Rate Cost for shed 6 = $60 \times 9.60 = 576\text{m}^2 \times \$30 =$ \$ 17,280

Current Rate Cost for shed 7 = $29.60 \times 16.70 = 494.32\text{m}^2 \times \$30 =$ \$14,830

Current Rate Cost for shed 8 = $23 \times 16.70 = 384.10\text{m}^2 \times \$30 =$ \$ 11,523

Current Rate Cost for shed 10 = $14 \times 10.15 = 142.10\text{m}^2 \times \$30 =$ \$ 4,263

Verandah (Part of No. 1 and 2):

Constructed of timber posts, rafters and purlins and covered with asbestos sheeting. Verandahs of offices building no.1 are 20m long and 2m wide and offices building no.2 are 34m long and 2m wide.

Current Rate Cost = $(20 \times 2) + (34 \times 2) = 108\text{m}^2 \times \$25 =$ \$ 2,700

Total of sheds and verandah \$ 54,859

Less:

Depreciation ($54,859 \times 8\% \times 6$ years) = \$(26,332)

*Other damages \$(10,229)

Reserve Price **\$ 18,298**

**caused by the neglect of basic maintenance to these properties.*

Then the total reserve price for the buildings
= \$58,289 + \$18,298 = \$76,587

2.3 Maalla Reclamation-Warehouse 1 Group 27:

2.3.1 Location:

It is located in the Industrial Area of Maalla District on reclaimed land (used to be part of the sea) next to the Public Corporation for Meat near Maalla Wharf. The surroundings are mainly warehouses and small factories. The boundaries of the property are as follows:

North: Main street then Maalla Wharf .

South: Warehouse belongs to the National Home Trade Company.

East: The main street that leads to Maalla High Street (Mudrim Street).

West: The Public Corporation for Meat.

2.3.2 Description:

A boundary wall with steel framed storage building and guard room inside. Full description of each of these buildings is in section 2.3.4.2. Further description, layout and photo are in Appendix C.

2.3.3 The legal Title:

2.3.3.1 The Land:

In a letter dated 3/3/1992 from the Chairman of the Corporation to the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden Branch, it is pointed out that the Corporation has a land permission no. 1/AY/694 with this land. However, a letter dated September 20th, 1992 jointly signed by the Permanent Secretary of the Ministry of Housing and Urban Planning and the Chairman of the Corporation that was sent to the Land Committee in Aden Governorate, they made it clear that this land was transferred from the Home Trade Company to the Corporation in 1983. Also in this letter the Corporation pointed out that the land's annual fixed rent is regularly paid from 1983 until the end of 1992.

The Corporation built the steel framed storage building, the guard room and the boundary wall. It obtained the approval from the Ministry of Housing and Construction to build them on this land.

This property (land + buildings) and the property in section 2.4 is currently rented to Saleh and Al-Owjan Trading Company Ltd. The Corporation received in advance \$19,077 for two years

from 24/9/1997 to 23/9/1999. However, the contract is valid until 24/9/2002 and is renewable. There is no cancellation condition as far as Saleh and Al-Owjan Trading Company Ltd. pays the rent on time. The reality that the Corporation built the buildings and rented them and has a contract document authenticated by both the Ministry of Legal Affairs and the Ministry of Justice, in our opinion provides a strong prima facie evidence that the Corporation has the legal title right over this property and the property in section 2.4.

2.3.3.2 The Buildings:

The Corporation signed a contract with the Public Corporation for Construction and Industrial Installation to construct two steel framed storage buildings. The first framed storage is 60m x 30m and is the subject of this section. The second is 25m x 30m and is dealt with in section 2.4. The contract of building these two steel framed storages is dated January 18th, 1987.

In the letter mentioned above the Corporation indicated that it built the steel framed storage buildings and the boundary wall and that the Corporation obtained a permission to build these buildings from the land administration, in the Ministry of Housing and Construction.

The historical cost of these buildings appeared in the accounting records of the Corporation.

As indicated in section 2.3.3.1 above the property is rented to Saleh and Al-Owjan Trading Company Ltd. and authenticated by two Ministries. This can be considered as a good indicator for ownership.

2.3.4 Methodology of Valuation:

2.3.4.1 The Land:

The land is valued as if it were vacant and available for development to its highest and best use.

As can be shown from the layout in Appendix C, the total area of the land is 2435m². It is calculated as follows:

$$25\text{m} \times 60\text{m} = 1500 \text{ m}^2.$$

$$60\text{m} \times 10.50\text{m} = 630 \text{ m}^2.$$

$$35.50\text{m} \times 8.60\text{m} = 305 \text{ m}^2.$$

$$\text{Total Area} \quad 2435 \text{ m}^2.$$

However, the total area of the land as indicated in the letter dated September 20th,1993 and mentioned previously as well as cited in a letter dated March 3rd,1992 from the Chairman of the Corporation to the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden Branch is 2787 m². The officials refer the difference of 342 m² to the unsolved boundary (5m x 68.60m) between the Corporation and the Home Trade Company (State ownership enterprise). We considered the area of the land 2435m².

Then the reserve price for a square meter of land in this specific location is around \$200. Then the reserve price of the land = 2435 m² x \$200 = \$487000.

The reasons and assumptions for this price are as follows:

- 1- The location of the land is about 200m from Maalla Wharf which currently is a very busy port which resulted in a high demand on the warehouses in this area. For this reason, this property and the property discussed in section 2.4 were rented for an attractive rent of \$19,077 per year for both warehouses for five years.
- 2- The land is located on the main street of Maalla Wharf and another small street.
- 3- The availability of services as electricity, water, telephoneetc.

2.3.4.2 The Buildings:

The method applied for valuing the buildings is the replacement cost. In accordance with replacement cost method of valuing buildings, we took the current market rates estimated by the quantity surveyor as cited in Appendix C, then have these values revised by professional property valuer. After that deduct physical depreciation and any other impairment when appropriate.

over 25 years:	
Boundary Wall + Courtyard + Guard room	
\$8,182 + \$18,700 + \$3,510 =	\$30,392
Less:	
Depreciation = 30,392 x 3% x 9 years =	(\$ 8,206)
	<u>\$22,186</u>
Total Reserve Price for the property =	
\$87,496 + \$22,186 =	\$109,682
Less: 50% of the rent contract	
(from 1998-2002, \$19,077 yearly for the	
two warehouses) = $\frac{19,077}{2} \times 4 =$	(\$ 38,154)
	<u><u>\$ 71,528</u></u>

2.4 Maalla Reclamation-Warehouse 4 Group 20:

2.4.1 Location:

It is located in the Industrial Area of Maalla District on reclaimed land (used to be a part of the sea) next to the Cigarette Factory near Maalla Wharf. The surroundings are mainly warehouses and small factories. The boundaries of the property are as follows:

North: Cigarette Factory.

South: Natural Ground.

East: Warehouse of the Textile and Electric Appliances Trading Company.

West: Main street that connects Maalla High Street to Maalla Wharf.

2.4.2 Description:

A boundary wall with steel framed storage building and one guard room inside and another guard room outside the boundary wall. Appendix D contains layout and photo. Description of each building dealt with in section 2.4.4.2.

2.4.3 The Legal Title:

2.4.3.1 The Land:

In a letter dated 3/3/1992 from the Chairman of the Corporation to the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden Branch, it is pointed out that the Corporation has a land permission no.2/2/3. However, in a letter dated September 20th, 1993 mentioned in section 2.3.3.1 above made it clear that this land was transferred from the Home Trade Company to the Corporation in 1983 and in the

same letter the Corporation pointed out that the land's annual fixed rent is regularly paid from 1983 until the end of 1992.

Further evidence for the legal title over this property (land + buildings) is the rent contract with Saleh and Al-Owjan Trading Company Ltd. for the period from 24/9/1997 to 2002 with two years advance payment as mentioned in section 2.3.3.1.

2.4.3.2 The Buildings:

In the letter mentioned above the Corporation indicated that it built the steel framed storage buildings and the boundary wall and that the Corporation obtained a permission to build these buildings from the land administration in the Ministry of Housing and Construction.

The historical cost of these buildings appeared in the accounting records of the Corporation.

As indicated in section 2.3.3.1 above the property is rented to Saleh and Al-Owjan Trading Company Ltd. and authenticated by two Ministries. This can be considered as a good indicator for ownership of the buildings.

2.4.4 Methodology of Valuation:

2.4.4.1 The Land:

The land is valued as if it were vacant and available for development to its highest and best use.

As can be seen from the layout in Appendix D, the shape is not of equal dimensions. The measured area of the land is calculated as follows:

steel framed storage building 25 x 30 =	750 m ²
guard rooms = (4.30 x 4.40) + (3.80 x 3.10) =	30.70m ²
courtyard = (47.60 x 4.70)+(47.2 x 3.70)+(30 x 12)+ (30 x 9) =	1028.36m ²
Total area of the land =	<u>1809.06m²</u>

However, the total area of the land as indicated in the letter dated September 20th, 1993 and the land permission no.2/2/3 is 1800m². We took the land as indicated in the official documents i.e. 1800m².

The reserve price for a square meter of land in this specific location is around \$200.

Then the reserve price for the land = $1800 \times \$200 = \$360,000$.
 The reasons and assumptions for this relatively high price are identical to those previously mentioned under section 2.3.4.1.

2.4.4.2 The Buildings:

The method applied for valuing the building is the replacement cost. In accordance with replacement cost method of valuing buildings, we took the current market rates estimated by the quantity surveyor as cited in Appendix D, then have these values revised by professional property valuer. After that deduct physical depreciation and any other impairment when appropriate.

1- Steel Framed Storage Building:

It is 30m long, 25m wide and 4.50m high to eaves and 7m to pitched roof. The building is of imported steel frame of griders, beams and purlins. The walls are covered with galvanised metal sheets with 1m high block work. The roof is covered with galvanised metal sheet insulators. There are two gates each 6m wide and a small door 1m wide. It is illuminated with 25 Fluorescent light fittings 40 watt each. The floor is constructed of 20cm thick reinforced concrete.

• Supply and delivery	\$33,000
• Erection cost $750\text{m}^2 \times 10$	\$ 7,500
• Civil works, column bases and floor	\$26,500
• Block work 98 m^2	\$ 865
• Electrical lighting	\$ 1,250
	\$69,115

As steel framed storage buildings are usually depreciated over 25 years then the current cost of framed storage is calculated as follows:

Current cost	\$69,115
Less:	
Depreciation $69,115 \times 4\% \times 9$	(\$24,881)
	\$44,234

2- Boundary Wall:

It is 112m long and 2.20m high built of concrete columns infilled with concrete hollow blocks

plastered and painted both sides. It has two steel gates each is 6m wide and 2m high.

Current rate cost:

Boundary wall = $112 \times 2.20 = 246.4 \text{ m}^2 \times \$45 =$ \$11,088
 Steel gates = $2(6 \times 2) \times \$75 =$ \$ 1,800

\$12,888

3- Courtyard:

Laid with concrete 10cm thick. The area of the courtyard is 1028 m².

Current rate cost = $1028 \text{ m}^2 \times \$20 =$ \$20,560

4- Guard Rooms:

Two guard rooms each 2m high. They are built of concrete block walls, concrete floor, timber rafters boarding and concrete roof.

Current rate cost = $(4.30 \times 4.40) + (3.80 \times 3.10) =$
 $30.70 \times \$120 =$ \$ 3,684

Total of Boundary wall \$12,888 + Courtyard

\$20,560 + Guard rooms \$3,684 = **\$37,132**

less:

depreciation = $37,132 \times 3\% \times 9$ (\$10,026)

\$27,106

Total reserve price = $44,234 + 27,106 =$

\$71,340

less:

50% of the rent contract (from 1998-2002,
 \$19,077 yearly for the two warehouses)

$= \frac{19,077}{2} \times 4 =$ (\$38,154)

\$33,186

2.5 Further Indications that the Corporation Owns the Properties:

1- A letter dated September 20th, 1993 jointly signed by the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden

branch and the Chairman of the Board of Directors the General Manager of the Corporation that was sent to the Land Committee in Aden Governorate.

In this letter both the Permanent Secretary of the Ministry of Housing and Urban Planning and the Chairman of the Corporation referred to the documents mentioned in (1) based on these documents they requested the Land Committee to approve producing deeds for land and buildings owned by the Corporation.

The properties that were specified in the letter jointly signed by the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden branch and the Chairman of the Corporation and sent to the Land Committee are as follows:

- 1- Al-Thawra Area Building Complex and Stores (The Administration Property).
- 2- Al-Drain Industrial Area Property.
- 3- Maalla Reclamation, Warehouse 1, Group 27.
- 4- Maalla Reclamation, Warehouse 4, Group 20.
- 5- Caltex Land and Boudaries 1.
- 6- Caltex Land and Boundaries 2.
- 7- Steamer Point Property.

Caltex properties nos. 5 and 6 became part of the Free Zone Authority area, for further details please see section 2.6, and property no. 7 was returned to Al-Nasar Duty Free Company as can be seen later. Properties 1 to 4 are the subject of this valuation report.

We believe the request for deeds by such a senior Government Officer in the Ministry of Housing and Urban Planning can be considered as a good indicator for the Corporation rights on these properties.

- 2- The Corporation rented several buildings in the administration property, Maalla Warehouse 1, Group 27 and Maalla Warehouse 4, Group 20. Some of the rent contracts is valid until 24/9/2002.
- 3- Since January 1992, the Corporation has been following up the registration of its properties.

Some of the attempts of registering these properties are as cited below:

- a- Letter dated 20/1/1992 from the Chairman of the Corporation to the Permanent Secretary of the Ministry of Housing and Urban Planning.
- b- Letter dated 3/3/1992 from the Chairman of the Corporation to the Permanent Secretary of the Ministry of Housing and Urban Planning-Aden Branch requiring the legal title documents of the seven properties mentioned above.

- c- Letter dated 14/7/1993 from the Chairman of the Corporation to the Ministry of Trade and Supply -as the Corporation is one of the Corporations that come under the supervision of the Ministry of Trade and Supply and the senior management of the Corporation are to be appointed by the Ministry-. In this letter the Corporation specified its buildings and stores by the above seven properties. However, the Corporation indicated in this letter that the ownership of the Steamer Point Property is shared with Al-Nasar Company.
 - d- Letter dated 14/8/1993 from the Chairman of the Corporation to the Permanent Secretary of Land and Property Registration-Aden. In this letter, the Corporation requested the registration of its seven properties.
 - e- Letter dated 26/1/1995 from the Chairman of the Corporation to the Permanent Secretary of the Ministry of Trade and Supply-Aden Branch. This letter was a response to the Ministry of Trade and Supply request of specifying the properties that the Corporation was using. Again in this letter the Corporation specified the seven properties indicated earlier.
 - f- Letter dated 17/7/1996 identical to the letter dated 14/8/1993 re-emphasised the need for registering the seven properties.
- 4- The Corporation built several buildings on the land of the four properties. As it is generally accepted that most State owned land in the southern and eastern Governorates have no deeds, and that the land on which State owned enterprises constructed buildings are unlikely that others might claim ownership on them. Then this can be considered as further indication of ownership of these properties.

2.6 Caltex Land and Boundaries Situation:

The Corporation has two plots of land and boundaries in the Caltex area. The area of the first one 158080m², the area of the second is 29200m². These two plots of land appear to be located well inside the Free Zone Authority in Aden. The fence of these plots of land were destroyed by the Local Authority of Al-Shaab and the Corporation asked for a compensation for the fence. Then in a letter dated 5/7/1997 from the Chairman of the Corporation to the Governor of Aden, the Corporation admitted that these two plots are in the Free Zone Authority area and requested the Governor to allow the Corporation to invest the plots within the Free Zone Authority. Copies of this letter were sent to the Minister of the Ministry of

Trade and Supply, the General Manager of the Government Land Authority, the Chairman of the Free Zone Authority, the General Manager of the Ministry of Trade and Supply Office-Aden Branch and the General Secretary of the Board of Directors of the Corporation.

3.0 Motor Vehicle:

The following is table 2 with essential information of each motor vehicle including description, type, logbook, year made and reserve price.

Ser	Description	Type	Log Book No.	Year Made	Reserve Price \$
1	Nissan Datsun, Frame no. 91969, Engine no. 963639, Plate no. 7980/3 Condition: good.	Saloon	799911	1984	2,307
2	Toyota Coaster, Frame no. 762372, Engine no. 13671, Plate no. 446/3, Condition: not working.	Bus Coaster	A636568	1986	3,077
3	Toyota, Frame no. 4164, Engine no. 2895231, Plate no. 7981/3, Condition: good.	Bus Coaster	799907	1983	3,846
4	Suzuki, Frame no. 758656, Engine no. 312903, Plate no. 7978/3, Condition: not working.	Micro Bus	799910	-	1,923
5	Tadano 15 ton (8.20m long, 1.60m high), Frame no. 10566, Engine no. 58574, Plate no. 881/3, Condition: good.	Yellow Crane	A986455	1983	46,154
6	Toyota 2 ton, Frame no. 300750, Engine no. 13449J, Plate no. 882/3, Condition: not working.	Fork Lift	A986456	1984	1,923
7	Toyota 6 ton, Frame no. 61383-3F560, Engine no. 25, Plate no. 2701, Condition: not working (in Al-Durain warehouse workshop).	Fork Lift	-	1977	1,538

8	Toyota 6 ton, Frame no. 10093, Engine no. 1001938b, Plate no. 884/3, Condition: good.	Fork Lift	A986198	1977	3,077
9	Toyota, Frame no. 135186, Engine no. 1751913, Plate no. 880/3, Condition: good.	Pick-up	A986454	1978	1,154
10	Suzuki, Frame no. 40392, Engine no. 2036647, Plate no. 3878/3, Condition: good.	Pick-up	799909	1981	1,923
11	Toyota, Frame no. 520471-110, Engine no. 2120793, Plate no. 352/3, Condition: good.	Pick-up	A636832	1981	1,923
12	Suzuki, Frame no. 130333, Engine no. 313688, Plate no. 3880/3, Condition: not working.	Pick-up	799908	1984	769
13	Nissan Diesel, Frame no. 110903-110A, Engine no. 228236, Plate no. 878/3, Condition: not working.	Dump Truck	A986452	1981	6,154
14	Toyota, Frame no. 40290-DALL5, Engine no. 139121, Plate no. 879/3, Condition: good.	Flat Bed Truck	A986453	1977	5,769
15	Toyota, Frame no. 100279-115, Engine no. 211856, Plate no. 3879/3, Condition: good.	Flat Bed Truck	799906	1981	6,538
16	Nissan Diesel, Frame no. 00064, Engine no. 121612, Plate no. 349/3, Condition: good.	Flat Bed Truck	A636640	1984	20,769
	TOTAL				108,846

3.1 Legal Status:

The motor vehicles stated in the table above are in the name of the Corporation. The registration books (logbook) issued by the Central Traffic Authority, Interior Ministry are the supporting documents for ownership and were recorded in the accounting records of the Corporation. The branch and the head office both failed to produce any other supporting documents such as purchasing invoices and customs documents.

3.2 Methodology of Valuation:

Most of the motor vehicles have been in business for more than 10 years. In normal circumstances the replacement cost, less physical depreciation and obsolescence should be a useful indicator for determining their values. In Yemen this is not the case as such vehicles are needed by many parties.

The reserve prices placed on each of the vehicles in the above table are the result of reduced appraised values by 20%. Appraised values were determined by a combination of technician consultation and second hand motor vehicles dealers.

4.0 Office Equipment:

All office equipment are located in the administration property (admin. prop.) except one type writer machine which is located in Al-Durain property.

The office equipment exist in more than 25 offices of the administration property. Table 3 contains description, number of items, location and the reserve prices of the office equipment.

Whenever possible offices in which items located are indicated in the table and when items spread in many offices we use admin. prop. for location.

Ser.	Description	No. of items	Reserve Price \$	Location
1	Photocopying Machine, Canon NP1215. Good Condition.	1	1300	General Manager Office.
2	Photocopying Machine, Canon NP120. Fair Condition.	1	400	Financial Manager Office.
3	Photocopying Machine, Canon NP120. Out of order.	1	100	Administration Manager Office.
4	Fax Canon T301. Good Condition.	1	85	General Manager Office.
5	Cellular Telephone, type SCM2272A, serial no. 6622SGB927, made in U.K. Good Condition.	1	500	General Manager Office.
6	Type Writer Machines, 4 of them are Olivetti, ET Compact 70, made in Singapore and 17 of them are Olympia Inter. (most of them are in good condition).	21	1050	Twenty of them are in the offices of the admin. Prop. And one in Al-Durain prop.
7	Calculators, 13 of them are Panasonic 2840P, Electrical Printing calculators, 3 are Casio DR-110S, the rest are	22	1200	Offices of the admin. prop.

	small Canon and Citizen trade marks, all are in good condition.			
8	Safes, one is 72T84 model, the rest are Gold Rich, all are made in India. Good Condition.	6	1800	Cashiers offices.
9	Cash Counting Machine, no information stated on it. Out of order.	1	400	Main Cashier office.
10	Telephone Sets, 39 of them are disk-top. Good Condition.	41	500	Offices of the admin. prop.
	Total		7,335	

Table 3

4.1 Legal Title:

These are the office equipment available in Aden and all of them are in the admin. prop. except one type writer. However, it should be noted that some of these items are not in conformity with fixed assets counting sheets as on 31/12/1997.

The Corporation failed to provide us with adequate supporting documents such as purchase invoices except for the photo copying machine Canon NP1215. Nevertheless, all office equipment appeared in the Corporation accounting records and are subjected to physical depreciation. We consider this a reasonable secondary evidence for the Corporation's ownership of these equipment.

4.2 Methodology of Valuation:

In normal circumstances the replacement cost, less physical depreciation and obsolescence should be a useful indicator. But since these equipment are on demand, the reserve prices placed on each of the office equipment are the result of reduced appraised values by 20%. Appraised values were determined by a combination of technician consultation and second hand shop prices.

5.0 Valuation of Furniture and Fittings:

All furniture and fittings are located in the administration property (admin. prop.) except seven small wooden tables which are located in Al-Durain property.

The furniture and fittings exist in more than 25 offices of the administration property. In the following table there is a description, no. of items, location and the reserve prices.

Whenever possible offices in which items located are indicated in the table and when items spread in many offices we use admin. prop. for location.

Ser.	Description	No. of items	Reserve Price \$	Location
	<u>Wooden Furniture:</u>			
1	Executive tables. Very good condition.	2	300	Offices of the General Manager and his Deputy.
2	Executive Cupboard. Very good condition.	2	800	Offices of the General Manager and his Deputy.
3	L-shaped tables. Good condition.	12	900	Offices of the admin. prop.
4	Moris small tables. Fair condition.	5	40	Offices of the admin. prop.
5	Cupboards. Fair condition.	13	300	Offices of the admin. prop.
6	Oval meeting table (4.50m x 1 10m). very good condition.	1	600	Meeting Hall.
7	Oval table (3m x 1.10m). Good condition.	1	400	Theatre Hall.
8	Small tables. Fair condition.	122	1100	115 in the Offices of the admin. prop. 7 in Al-Druain property.
9	Book shelves, 10 slabs and 3 shelves. Fair condition.	1	300	In the purchasing and market. hall.
				Offices of the

10	Chairs. Fair condition.	23	100	admin. prop.
11	Small Divan tables. Very good condition.	20	70	In the Divan Hall.
	<u>Metal Furniture:</u>			
12	Small tables. Fair condition.	6	40	Offices of the admin. prop.
13	Chairs-Liza trade mark. Almost new.	210	1500	148 in the theatre hall. Rest in admin. prop.
14	Cupboards. Fair to poor condition.	20	120	Offices of the admin. prop.
	<u>Leather Furniture:</u>			
15	Executive revolving chairs. Made of plastic and leather. Very good condition.	2	300	Offices of the General Manager and his Deputy.
16	Revolving chairs. Very good condition.	22	1000	Meeting Hall.
17	Three piece sofa sets. Very good condition.	2	300	Offices of the General Manager and his Deputy.
18	Mafrash with 36 sitting places and 36 small pillows. Very good condition.	1	800	Divan Hall.
19	Curtains. Good condition.	15	120	Divan Hall.
20	Water pots. Good condition.	4	20	Divan Hall.
21	Air Conditions. Split units, low noise, Japan parts, assembled in Thailand, Daikin, FV45CVE. Good condition.	70	*26,923	63 in the admin. prop. And 7 in the theatre.
	Total		36,033	

Table 4

**The appraised values placed on each item of the 70 air conditions assuming that they will be removed from the buildings, but if the buyer are willing to buy them with the building their reserve price should be increased by 20%.*

5.1 Legal Title:

These are the furniture and fittings available in Aden and all of them are in the admin. prop. except seven small wooden tables. However, it should be noted that some of these items are not in conformity with fixed assets counting sheets as on 31/12/1997.

The Corporation failed to provide us with adequate supporting documents such as purchase invoices except for the seventy air conditions which are adequately supported by purchasing contract. Nevertheless, all furniture and fittings appeared in the Corporation accounting records and are subjected to physical depreciation. We consider this a reasonable secondary evidence for the Corporation's ownership of these assets.

5.2 Methodology of Valuation:

In normal circumstances the replacement cost , less physical depreciation and obsolescence should be a useful indicator. But since the furniture and fittings are on demand in the second hand furniture shops, the reserve prices placed on each of them are the result of reduced appraised values by 20%. Appraised values were determined by a combination of technician consultation and second hand furniture shops.

6.0 WANG Computer:

6.1 Description:

The following are the pieces of a computer that we found in the Corporation premises. We understood that some pieces of the computer were stolen. This computer was bought in 9/10/1991 for big amount of \$91,000 and is located in the admin. prop.

- 1- WANG Magnetic Data Storage, two cylinders 4HS245.
- 2- WANG Tape Protection System 65.38-11/2238V.1
- 3- UPS- Uninterrebttable Power System-Liebert.
- 4- Printer, model no. 5578.
- 5- Printer, Mannesmann Tally, MT-131 WANG Printer S/88431.
- 6- WANG Terminal 4230B.
- 7- WANG Terminal 4430.
- 8- WANG Terminal S/N 07339Q.

6.2 Legal Title:

The Corporation bought this computer by a contract from the Yemeni Computer Company Ltd. (YCC)-Aden Branch on 9/10/1991.

6.3 Methodology of Valuation:

Due to the rapid and continuous changes in the computer industry, we found it really difficult to value this computer. However, we took the opinion of computer hardware specialists and companies that deals with this type of computer including YCC the Agent of Wang Computers in the Republic of Yemen. The total reserve price of the computer is estimated at \$11,200. The breakdown of the reserve price is as follows:

Ser.	Description	Price in \$
1	WANG Magnetic Data Storage, two cylinders 4HS245.	5000
2	WANG Tape Protection System 65.38-11/2238V.1	800
3	UPS- Uninterrebttable Power System-Liebert.	2000
4	Printer, model no. 5578.	800
5	Printer, Mannesmann Tally, MT-131 WANG Printer S/88431.	800
6	WANG Terminal 4230B.	600
7	WANG Terminal 4430.	600
8	WANG Terminal S/N 07339Q.	600
	Total	11,200

7.0 Valuation of Stock:

7.1 Description:

The only kind of stock they have is plumbing materials. They consist of elbows, Ts, pushings, plugs, nablesetc. they are in their original boxes in the store at the admin. prop.

7.2 Legal Title:

The Corporation bought these materials in 1994 and they are recorded in the accounting records of the Corporation and is the only item of its stock as on 31/12/1997.

7.3 Methodology of Valuation:

In normal circumstances, these materials should be valued at prices less than their cost prices because the Corporation has them in the stock for 4 years i.e. we should make a provision. Our investigation for the prices of these materials in the market suggested that the Corporation can sell them outside Aden Governorate for their historical cost with no difficulties. Therefore, we took the historical cost as a reserve price. The following table shows the breakdown of the reserve prices which is their purchase prices.

**THE CORPORATION FOR BUILDING MATERIALS
IN ADEN STOCK OF IRON AS 31/12/1997**

Ser. No.	Card No.	Description	Quantity	Unit Cost \$	Total Cost \$
1	3011	Socket 0.75 x 0.5	14856	0.124	1842.14
2	3013	Socket 1.25	4677	0.029	135.63
3	3019	Elbow 1.50	25572	0.342	8745.62
4	3017	Socket 2 x 2.25	160	0.074	11.84
5	3020	Elbow 2	22139	0.538	11910.78
6	3021	T 1.50	11590	0.429	4972.11
7	3022	T 2	19305	0.652	12586.86
8	3023	Pushing 2 x 2.50	3375	0.502	1694.25
9	3027	Elbow 1	18215	0.202	3679.43
10	3031	T 1	644	0.255	164.22
11	3032	T 3	3882	2.239	8691.80
12	3033	Pushing 2 x 3	2899	0.724	2098.88
13	3034	Pushing 3 x 4	46	1.599	73.55
14	3040	Naple 1.50	5	0.270	1.35
15	3041	Naple 2	1725	0.377	650.33
16	3058	Pushing 1 x 0.75	108	0.117	12.64
17	3059	Pushing 1 x 2.50	1893	0.551	1043.04
18	3060	Pushing 2 x 0.50	35	0.306	10.71
19	3042	Naple 3	33	1.174	38.74
20	3047	Blug 2	148	0.255	37.74
21	3048	Blug 2.50	3808	0.533	2029.66
22	3049	Blug 3	2459	0.746	1834.41
23	2024	Union 3	94	3.359	315.75
24	3014	Pushing 1 x 2	300	0.334	100.20
					62681.69

8.0 Executive Summary:

The main objective of this report is to place reserve prices on each item of the assets of the Corporation in Aden.

The exchange rate of the Yemeni Rial against the US\$ that was applied throughout this report is \$1.00 = Y.R. 130.

We put every effort to gather sufficient information especially in the most valuable assets which are land and buildings.

Buildings were valued by taking the cost of the same building at 31/12/1997 prices then deducting the depreciation as a result of normal use and aging of the building. In cases where there were other defects that may impair utility, this was considered.

The Corporation owns land in a commercially attractive locations. Land is valued as if it was vacant and available for development to its highest and best use. We did our best to find prices of plots of land in the area then find out the price of the square metre. Of course, the opinions of professional property valuers were taken into account when valuing land and buildings.

When valuing motor vehicles, office equipment, furniture and fittings and computer we found it more appropriate to use an appraised value instead of the replacement cost, because the vast majority of such assets have been in business for more than ten years. This means that applying the replacement cost method of valuation will reduce their values to nil, whereas in actual practice there is demand on them. The appraised value is determined by using a combination of technician consultation and second hand dealers when possible. Then the appraised value is reduced by 20% to specify reserve prices. However, reserve prices for some items of office equipment and furniture and fittings, were estimated by using our own judgement which is based on visits to second hand furniture markets and the opinions of others, especially that most of them are in service for a long time and have little value.

Plumbing materials are the only current asset available in the Corporation and their historical cost was taken as a reserve price. Currently, the Corporation is incapable to carry out its trading activities, especially that privilege of the Government backing, in terms of covering their letters of credit for importing building materials via the Central Bank of Yemen was stopped by the Government.

Considering the circumstances at the date of valuation, liquidation in our opinion appears be the obvious solution.

Appendix A

**Al-Thawra Area Building Complex and
Stores (the administration Property)**

VALUATION OF PROPERTY

OWNED BY

THE PUBLIC CORPORATION FOR BUILDING MATERIALS

IN

HAALLA, ADEJI, YEKIEN

DESCRIPTION OF PROPERTY

1. ADMINISTRATION BUILDING (HEAD OFFICE) - Size Ground Floor 18.40 x 23.50, First Floor 18.40 x 23.50, Second Floor 20.25 x 26.50, Third floor 20.25 x 26.50 and Divan on Terrace size (15.15 x 5.90) + (6.40 x 6.40).

The building is constructed of Reinforced Concrete skeleton with concrete block infills. The internal partitions are 10cm thick concrete blocks. The floors are laid with Mosaic tiles. The ceiling is equipped with False ceiling of perforated Celotex boarding hanging from the Reinforced concrete slab. All the doors and windows are of high grade aluminium. Electrical lighting, plumbing and sewerage is installed inside the building and external network. The building is surrounded with 2.4m concrete walkway and Flower beds. (See enclosed drawings)
2. OFFICES AND THEATRE BUILDING - A two storey building size 12.50 x 11.45 + 17.45 x 7.0m. Ground Floor consists of offices and utility rooms and first floor is a Theatre. Construction similar to Building No.1.
3. STORAGE BUILDING - size 14.20 x 19.0m x 8.0m high constructed of Reinforced concrete columns, beams and concrete block walls with no internal partitions. The floor is of concrete and the roof of Timber rafters/boarding and concrete. The floor level is about 1.3m above natural ground level. There are 20 Nos High level windows and two sliding doors. Concrete ramp 1.3m high is constructed in front of the entrance gates.
4. WORKSHOP SHED - Size 18.80 x 10.70 x 3m high. Constructed of Reinforced concrete columns and beams supporting 4 Nos. Steel Trusses and roof covered with Corrugated Asbestos Sheets. The back wall is of stone.
5. Store building - size 15.30 x 10.70 constructed similar to above No.4 but front built with concrete blocks with 1 No. door and 2 Nos windows. Back wall is of stone.
6. Workshop shed - size 19.20 x 10.70 constructed similar to No.4 above.
7. Store Building - size 9.80 x 10.70 constructed similar to No.5 above.
8. Store Building - size 17.70 x 13.10 constructed as No.5 above.
9. Store Building - size 30.0 x 7.0m x 6m high constructed of stone walls with 2 No. double leaf doors and high level windows.
10. Office building - size 30.0 x 7.0 x 6m high constructed of stone walls, concrete floor, timber/boarding/concrete roof with 2 Nos double leaf doors, 4 Nos single leaf doors and 3 No. windows. back wall being the boundary wall.
11. Godown - size 20.50 x 13.50 x 7.50m high constructed similar to No.4 above.
12. Office building - a two storey building size 12.30 x 16.20 x 7m high constructed of reinforced concrete columns, beams and slabs and concrete block wall with timber posts and verandah at ground floor. The doors and windows are of timber and the floor tiled.

13. Guard Room - Size 5.0 x 5.0 x 6m high. Ground floor consists of Toilets and upper floor guard room built of concrete block walls, concrete floor, timber boarded roof with 2 Nos timber doors and 2 Nos timber windows.
14. Boundary Walls - New Wall 154m long with one steel gate. constructed of stone wall average 1.50m high with Reinforced concrete columns 40 x 40cm 1.0m high at 2m centres infilled with steel grilles.
- Old Wall built of stone walls average 3.0m high and 239m long with one steel gate 6m wide.

A. VALUATION OF PROPERTY AT CURRENT MARKET RATES (NEW BUILDINGS)

U.S.\$

1. Administration Building :-

Ground Floor (18.40 x 23.50) - (10.0 x 3.50 x 2)	
including foundation = 362.40 @ 400.00 US\$ per M2	= 144,960
First Floor 18.40 x 23.50 = 432.40 @ 270.00	" " = 116,748
Second Floor 20.25 x 26.50 = 539.66 @ 275.00	" " = 148,406
Third Floor 20.25 x 26.50 = 539.66 @ 280.00	" " = 151,105
Divan on Roof: 15.15 x 5.90 + 6.40 x 6.40m	
= 130.35 @ 250.00	" " = 32,588
Walkway around building and Flower beds.	= 3,000
	<u>596,807</u>

2. Theatre Building :

Ground floor (12.50 x 11.45) + (2 x 7.00 x 17.45)	
including foundation = 387.45 M2 @ 325.00 per M2	= 125,921
First Floor = 387.45 M2 @ 270.00	" " = 104,612
Walkway and Flower beds	= 2,000
	<u>232,533</u>

3. Storage Building : 44.0 x 19.0m x 8m high
= 836 M2 @ 200.00 per M2 = 167,200

4. Guard Room : 5.0 x 5.0m x 6m high = 25 M2 @ 225.00 = 5,500

5. Site works : Asphalted area 4922 M2 @ 10.00 = 49,220

External services, sewerage,
water supply, electricity etc. = 30,000

6. Boundary wall 147 MR @ 120.0 + Steel gate 6m wide = 18,540

TOTAL = 1,099,800

B. VALUATION OF PROPERTY AT CURRENT MARKET RATES (OLD BUILDINGS)

	<u>US.\$</u>
1. <u>WORKSHOP SHED(No.4)</u> : 18.80 x 10.70m = 201.16 M2 @ 90.00	= 18,104
2. <u>STORE (No.5)</u> : 15.30 x 10.70m = 163.71 M2 @ 110.00	= 18,008
3. <u>WORKSHOP (No.6)</u> : 19.20 x 10.70 = 205.44 M2 @ 90.00	= 18,490
4. <u>STORE (No.7)</u> : 9.80 x 10.70 = 104.86 M2 @ 110.00	= 11,535
5. <u>STORE (No.8)</u> : 17.70 x 13.10 = 231.87 M2 @ 110.00	= 25,506
6. <u>STORE (No.9)</u> : 30.00 x 7.00 = 210.00 M2 @ 160.00	= 33,600
7. <u>OFFICES (No.10)</u> : 30.00 x 7.00 = 210.00 M2 @ 180.00	= 37,800
8. <u>GODOWN (No.11)</u> : 20.50 x 13.50 = 276.75 M2 @ 160.00	= 44,280
9. <u>OFFICE (No.12)</u> : 12.30 x 16.20 = 199.26 M2 @ 250.00 Ground & First Floor	= 49,815
10. <u>BOUNDARY WALL</u> : 239 M.R. average 2.40m high @ 80.00	= 19,120.
TOTAL	<u>276,258</u> -----

DEPRECIATION

A. NEW BUILDINGS Built 1990-1994) 4 yrs @ 3% = 12% of 1,099,800 US\$
= US\$ 131,976.00 U.S.\$

B. OLD BUILDINGS Built 1949 - 49 yrs old
In view of the buildings still standing and
can be used, the depreciation is considered
as 85% of the current est'd cost of 276,258,00 = U.S.\$ 234,819.00 U.S.\$

The Nett estimated value of the buildings is :-

A. New Buildings 1,099,800.00 Less 131,976.00 = 967,824.00 U.S.\$
B. Old Buildings 276,258.00 Less 234,819.00 = 41,439.00 U.S.\$

TOTAL 1,009,263.00 U.S.\$
=====

THE LAND

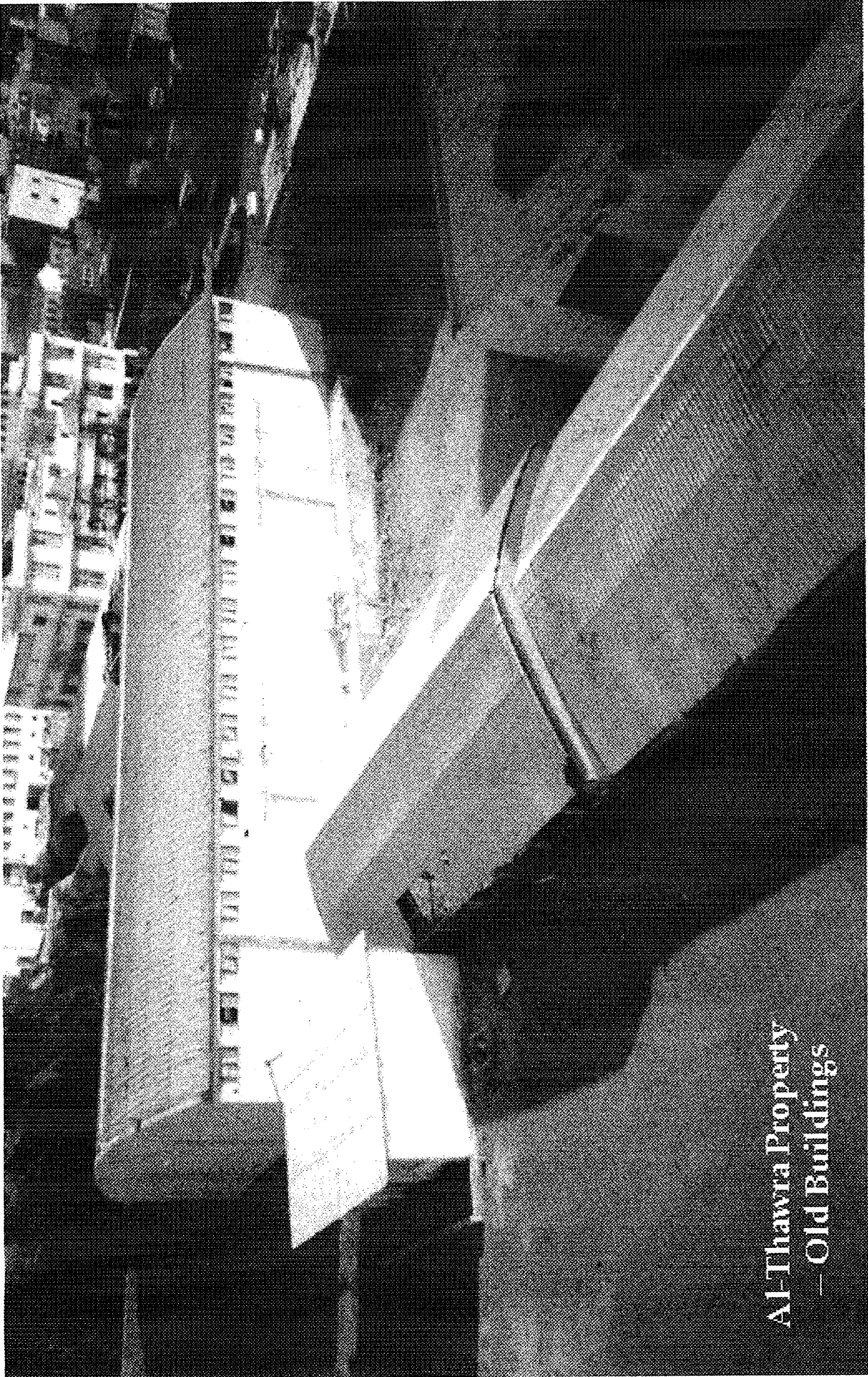
Total area of the land on which the property is built is 90 x 107 Metres
= 9,630 M.Square

The location of this land is in AL-RODHA Area, Maalla on the Ring Road from Main Pass to Al-Rodha town and onwards to Gold Mohur Beach via the tunnel with Junction road to the College of Technology and Central Telephone Exchange Building. Next to it is the Flour-Mill and other factories.

The present market price of land in this locality is approx in the region of U.S.\$ per M2. The total cost of the land is estimated to be (9,630 M2 x) = U.S.Dollars

Prepared By: Taher Mohamed
Quantity Survey

12 May 1998.



Al-Thawra Property
— Old Buildings

Appendix B

**Al-Durain Industrial Area Property
(Warehouse, Sheds and Offices)**

VALUATION OF PROPERTY
OWNED BY
THE PUBLIC CORPORATION FOR BUILDING MATERIALS
III

THE AL-DURAIH INDUSTRIAL AREA, ADEN, YEAMAN

DESCRIPTION OF PROPERTY

WAREHOUSE, VEHICLE SHEDS, OFFICES IN THE INDUSTRIAL AREA, AL-DURAIH IN THE SHEIKH OTHMAN DISTRICT, ADEN.

These comprise of the following built in a Compound 90m x 60m as shown on the enclosed plan.

1. OFFICES - 20m x 4m x 3m high with a verandah 2m wide. The building is constructed of concrete block walls, the back wall being the wall of the Compound wall. The roof is of timber rafters boarding and concrete, the floor tiled with mosaic tiles. 2 Nos timber doors and 2 No timber windows are fixed. Electric lights and ceiling fans are installed. The verandah consists of timber posts, rafters and purlins and covered with Asbestos sheeting.
2. OFFICES - Size 34m x 4m x 3m high with verandah. Construction similar to offices No.1 above but having 7 No. timber doors, 8 Nos timber windows with 5 Nos internal partitions.
3. CAR WASH AND SERVICE PIT - Car wash walls are 8.30m long and 7m wide built of concrete blocks faced with glazed tiles to the full height of 3m. The back wall being the boundary wall. The Service pit is 20m long constructed of reinforced concrete.
4. VEHICLE SHEDS = No.5 size(14.0 x 10.15m) No.6(60.0 x 9.60m) No.7 size (29.60 x 16.70) No.8(23.0 x 16.70) No.10(14.0 x 10.15m) The sheds are constructed of timber posts, roof rafters and purlins and Corrugated Asbestos roof. The floor is natural ground. The height of the sheds is 4.0m. The side/rear walls being the Boundary wall.
5. CAR WASH STORE - Size 3.80 x 3.30 x 2.8m high constructed of concrete block walls, timber rafter, boarding and concrete roof, concrete floor with 1 No. timber door and 1 No. timber window. The rear wall being the Boundary wall.
6. Generator Room - size 5.75 x 4.20 x 3.0m high constructed as No.5 above.
7. Store/^{OFFICE} building - size 24.30 x 4.0 x 3.0m high constructed as No.1 above having 4 timber doors and 11 timber windows.
8. COMPOUND WALL - Size 288m long x 3m high where no buildings are in contact. The remaining 2.20m high. The walls are built of reinforced concrete columns at 3.0m centres infilled with concrete blocks plastered and painted both sides. There are 2 No. steel gates each 6m x 2m high.

VALUATION OF THE PROPERTY AT CURRENT MARKET RATE

OFFICES Nos.1,2 and 7 - Total built area = 80 + 136 + 97 m²
Total 313 M² @ U.S.\$ 120.00 per M² = 37,560.00 U.S.\$.
+ Verandah 108 M² @ U.S.\$ 25 per M² = 2,700.00 "
Total = 40,260.00 U.S.\$

VEHICLE SHEDS - Total area = 142.10 + 576.0 + 494.32 + 384.10
+ 142.10 = 1838.62 M² @ 30.00 U.S.\$ = 52,158.60 U.S.\$

CAR WASH & SERVICE PIT - Total cost 3,000.00 U.S.\$

CAR WASH STORE - 12.54 M² @ 110.00 U.S.\$ = 1379.40 U.S.\$

GENERATOR ROOM - 24.15 M² @ 110.00 U.S.\$ = 2656.00 U.S.\$

BOUNDARY WALL - 288 MR @ 100.00 U.S.\$ = 28,800.00 U.S.\$
2 No. steel gates
24 M² @ 95.00 U.S.\$ = 2,280.00 "
Total 31,080.00 U.S.\$

TOTAL ESTIMATED COST = 40,260 + 52,159 + 3000 + 1379 + 2656
+ 28,800 + 31,080 U.S.\$ = 159,334.00 U.S.\$

DEPRECIATION

The buildings and Sheds are in good condition and were built in 1989 - 1992.

Depreciation per annum is considered @ 4% per annum x 6 years = 24 %
of US\$ 159,334.00 = 38240.00 U.S.\$.

Therefore the Nett estimated value of the above property =
159,334.00 - 38,240.00 = 121,094.00 U.S.DOLLARS

THE LAND

The land on which the above property was built is 90m x 60m = 1500 M².

The location of this land is in the Industrial Area of Al-Durain, in Sheikh Ohhman District where several warehouses and small industrial projects are located.

The present market price of land in this location is approximately in the region of U.S.\$ per M².

The cost of the land is estimated at (1500 M² x) = U.S.\$

12 May 1998

Prepared by : Taher Monamet Ali
Quantity Surveyor



Al-Durain Property – Buildings

Appendix C

**Maalla Reclamation
Warehouse 1 Group 27**

VALUATION OF PROPERTY

OWNED BY

THE PUBLIC CORPORATION FOR BUILDING MATERIALS

IN

MAALLA RECLAMATION AREA, ADEN, YEMEN

DESCRIPTION OF PROPERTY

- A - IMPORTED STEEL FRAMED STORAGE BUILDING. Size 25m x 60m
4.50m high to eaves and 7m to pitched roof. The building
is constructed of steel girders, beams and purlins. The
walls covered with galvanised metal sheets with 1.00m high
blockwork. The roof is of galvanised metal sheets with
insulation and illuminated with 40 Nos Fluorescent light
fittings 40 watt. The building has one sliding gate 6.00m
wide. The floor is laid with reinforced concrete 20cm thick.
- B - Boundary wall. 77.20m long x 2.20m high constructed of
concrete columns infilled with 20cm thick concrete blocks
plastered and painted both sides. It has one steel gate 6.00 wide.
- C - Courtyard. laid with concrete area (60m x 10.5) + (35.50 x 3.60)
- D - Guard Room. Size 6.50 x 4.20 x 3.0m high built of concrete block
walls, concrete floor, timber rafters/boarding and concrete roof
with 3 No. timber doors and 3 Nos timber windows.

VALUATION OF PROPERTY AT CURRENT CONSTRUCTION RATES

A - <u>Imported steel framed storage building</u>		<u>U.S.\$</u>
- Supply and delivery of building	=	65,000.00 approx
- Erection cost 1500 M2 @ 10.00	=	15,000.00
- Foundations, column bases.	=	8,400.00
- Reinforced concrete floor 20cm thick	=	45,000.00
- Electrical lighting.	=	2,000.00
- Blockwork 164 M2	=	<u>1,312.00</u>
		136,712.00
B - Boundary wall 77.20m x 2.20 = 169.84M2		
	@ 45.00	= 7,642.80
Steel gate 6.00 x 2.00m		= 900.00
C - Courtyard, concrete floor 936M2 @ 20.00	=	18,720.00
D = Guard Room 27.3 M2 @ 120.00	=	<u>3,276.00</u>
	Total	= <u>167,250.00</u>

DEPRECIATION

The building with ancillary works are in good condition. Constructed 1991-92. 6 years old @ 3% p.a = 18% of 167,250.00 U.S.\$ = US\$ 30,105.00

THE NETT ESTIMATED VALUE OF THE BUILDINGS IS:-

167,250.00 Less 30,105 = 137,145.00 U.S. Dollars

THE LAND :

The total area of the land is 2,767.00 M2

The location of this land is in the Industrial Area of Maalla on Reclaimed land near to the Maalla Port. The surroundings are mainly warehouses and the Cigarette and Match Factory etc., It is at the backside of the Main Street of Maalla.

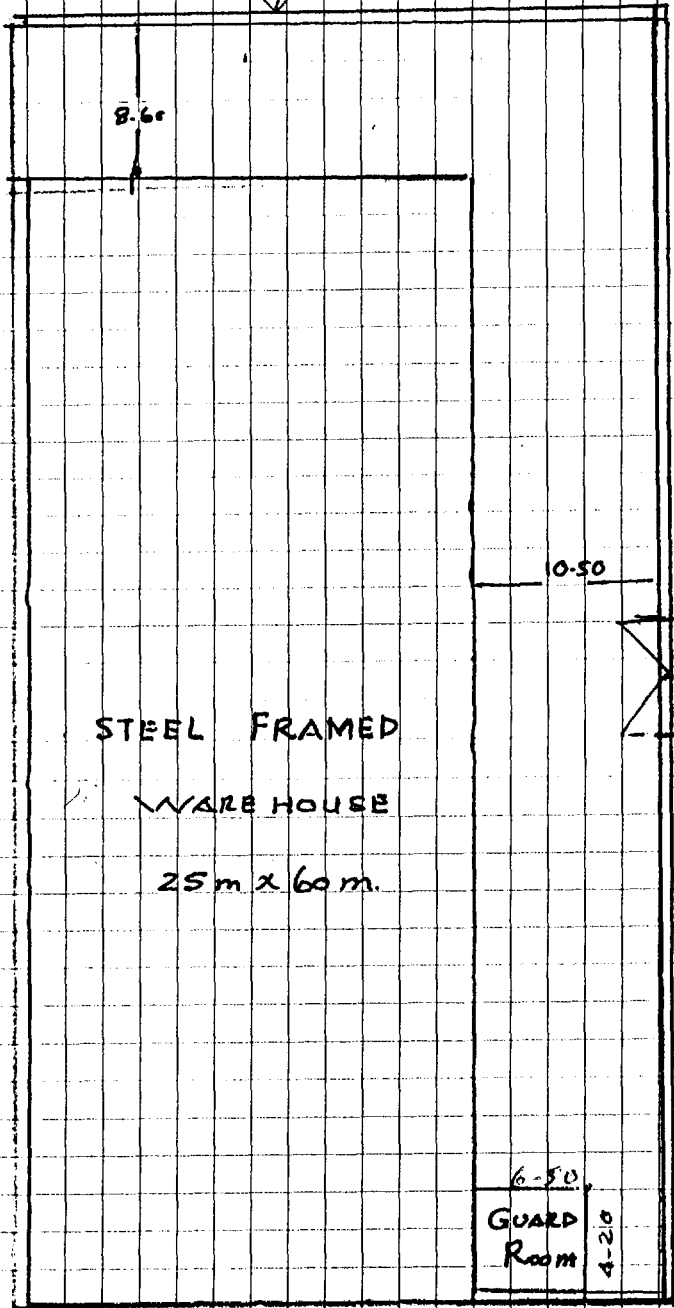
The present market price of the land in this area is approximately in the region of U.S.\$ per M2.

The cost of the land is estimated at (2,767.00 M2 x) = U.S.\$

15 May 1998

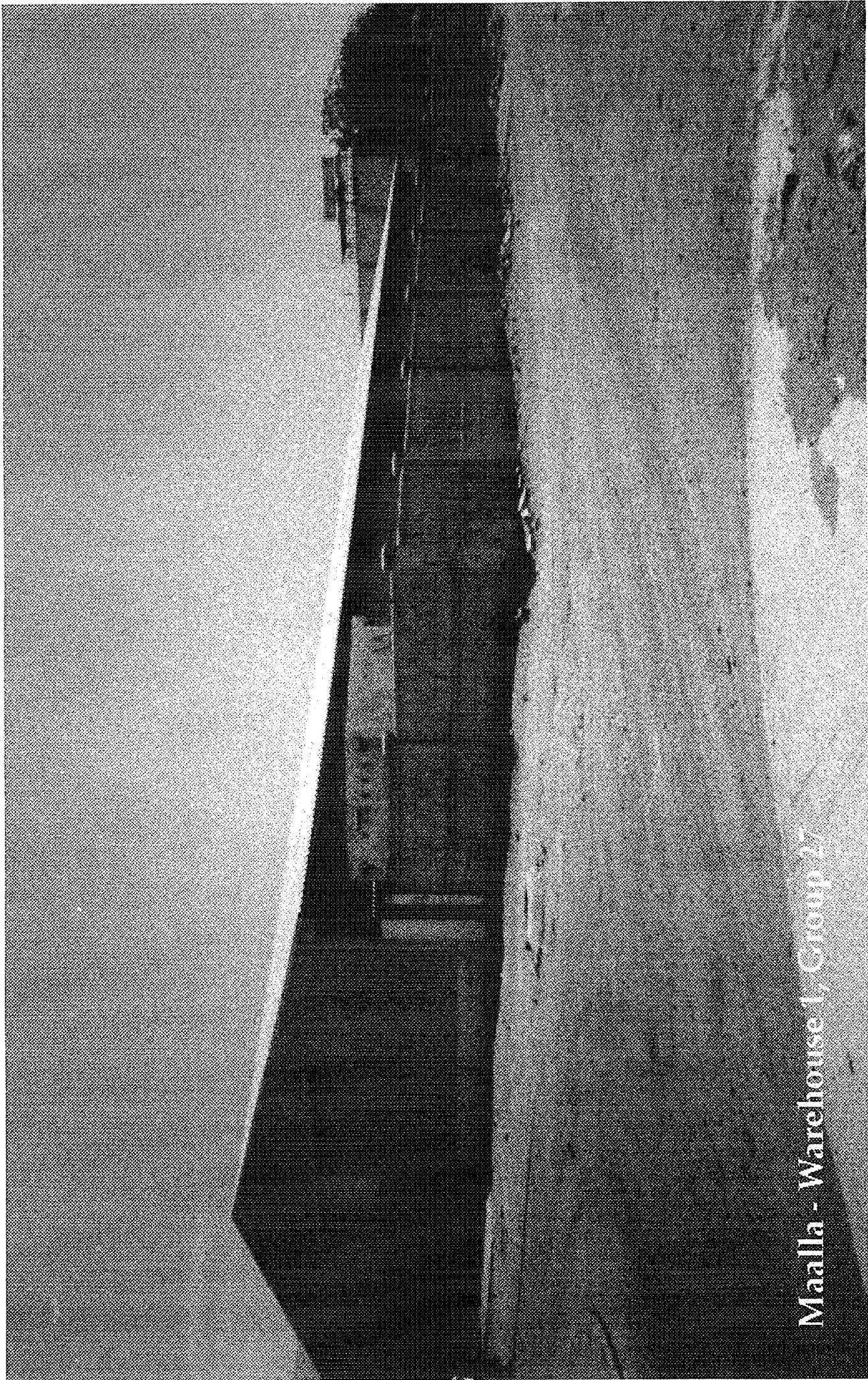
Prepared by: Taher Mohamed Ali
Quantity Surveyor

Boundary wall covered by others.



Maalla Reclaimed Area
ADEN

PUBLIC CORPORATION FOR BUILDING MATERIALS



Maalla - Warehouse 1, Group 27

Appendix D

Maalla Reclamation
Warehouse 4 Group 20

VALUATION OF PROPERTY
 OWNED BY
 THE PUBLIC CORPORATION FOR BUILDING MATERIALS
 IN
 MAALLA RECLAMATION AREA, ADEN, YEMEN

DESCRIPTION OF PROPERTY

- A - IMPORTED STEEL FRAMED STORAGE BUILDING Size 25m x 30m x 4.50m high to eaves and 7.0m to pitched roof. Building consists of steel frame of girders, beams, purlins. The walls covered with galvanised metal sheets with 1.0m high blockwork. The roof is covered with galvanised metal sheets insulated. the building is provided with two gates each 6.0m wide and a small door 1m wide. It is illuminated with 25 Nos Fluorescent light fittings 40 watt each. The floor is constructed of 20cm thick reinforced concrete.
- B - Boundary wall 112m long x 2.20m high built of concrete columns infilled with concrete hollow blocks plastered and painted both sides. It has 2 No. 6m wide steel gates x 2m high.
- C - Courtyard laid with concrete 10cm thick. The area of the courtyard is $(47.20 \times 3.70) + (30.0 \times 12.0) + (47.60 \times 4.70m) + (30.0 \times 9.0) = 1028 M^2$
- D - Guard Rooms 2 Nos 4.30 x 4.40 and 4.80 x 3.10, 2.80m high built of concrete block walls, concrete floor, timber rafters boarding/concrete roof.

VALUATION OF PROPERTY

A -	<u>Imported steel framed storage building</u>	
	Supply and delivery	33,000.00 U.S.\$
	Erection cost	7,500.00
	Civil works, column bases & floor	26,500.00
	Blockwork 98 M ²	865.00
	Electrical lighting.	1,250.00
		<u>69,115.00</u>
B -	Boundary wall 112m x 2.20 = 246 M ² @ 45.00 US\$ per M ²	= 11,088.00
	2Nos. Steel Gates	= 1,800.00
C -	Courtyard 1028 M ² @ 20.00	= 20,560.00
D -	Guard Rooms 29 M ² @ 120.00	= 3,480.00
		<u>TOTAL : 106,043.00 U.S.\$</u>

DEPRECIATION

The building with Ancillary works are in good condition. Constructed in 1991-92. 6 years old @ 3% per annum = 18% of U.S.\$ 106,043.00 = 19,088.00 U.S. Dollars.

THE NETT ESTIMATED VALUE OF THE BUILDING IS :-

106,043.00 Less 19,088.00 = 86,955.00 U.S.Dollars

THE LAND


The total area of the land is approx. 1,800 M2

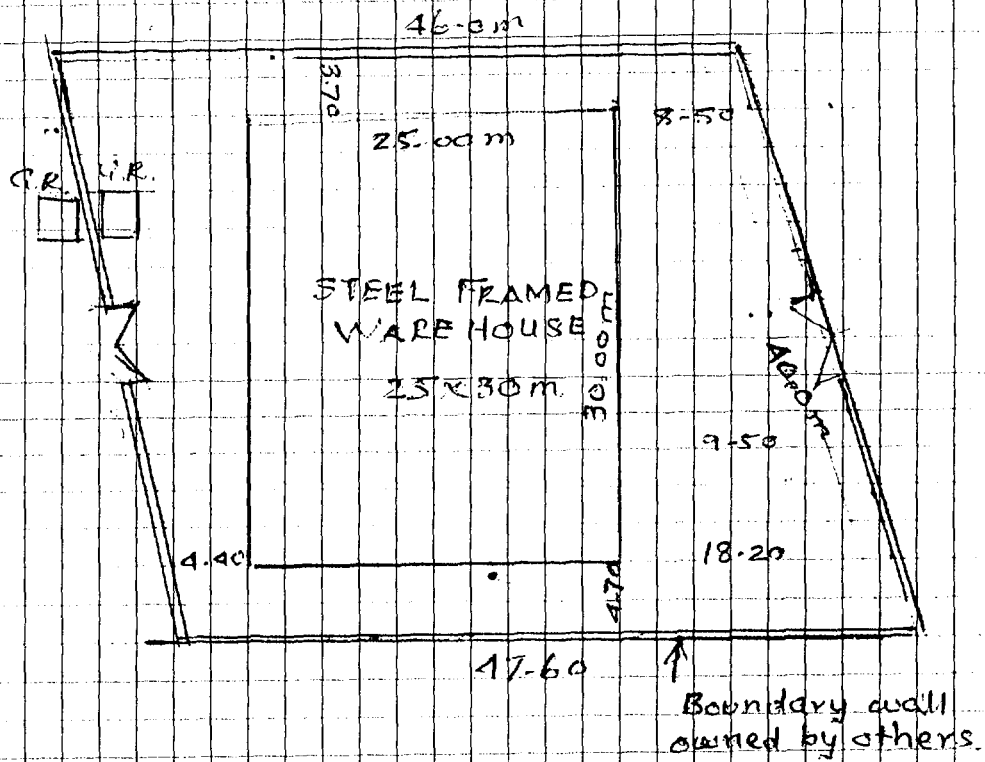
The location of this land is in the Industrial Area of Maalla on Reclaimed land near to the Maalla Port. The surroundings are mainly warehouses and the Cigarette and Match Factory etc., It is at the backside of the Main Street of Maalla.

The present market price of the land in this area is approximately in the region of U.S.\$ per M2.

The cost of the land is estimated at (1800 M2 x) = U.S.\$

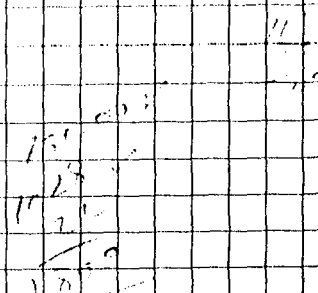
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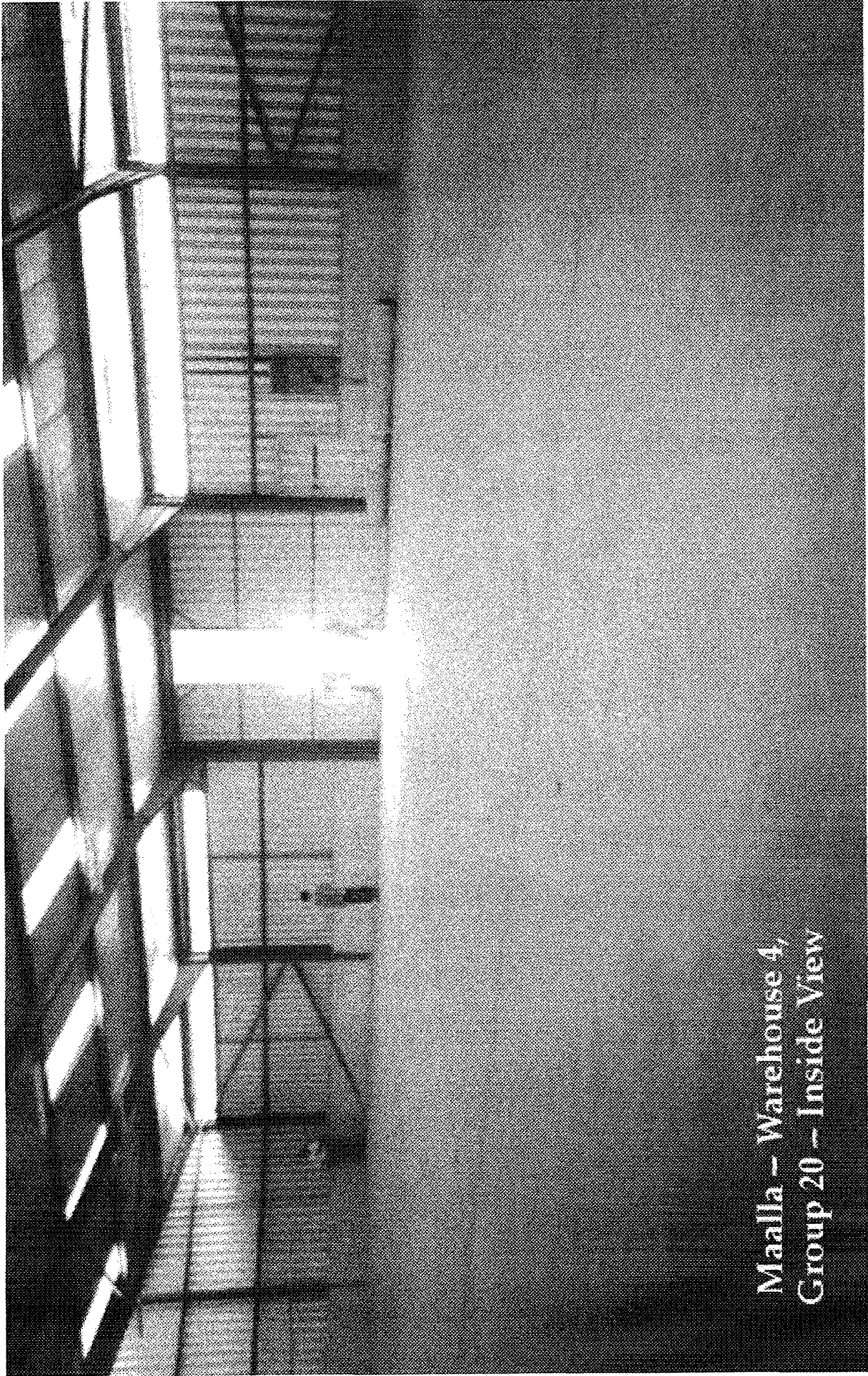
Prepared by:  ~~Taher Mohamed Ali~~
Quantity Surveyor



Maatta Reclamation Area

PUBLIC CORPORATION FOR BUILDING MATERIALS





Maalla – Warehouse 4,
Group 20 – Inside View