



Property Valuation Report Al Jazeera REIT

Presented to:



Issued No. 2021-A0112

21/06/2021

To:
AL JAZIRA CAPITAL

Attached is an appraisal report of the property located in Al Wadi District, Jeddah.

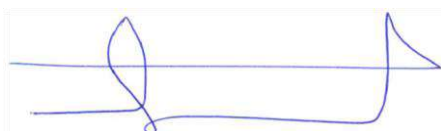
The report containing **23** pages and an addendum of exhibits presented as a demonstration of my knowledge of and ability to apply appraisal procedures to an actual property. The purpose of the report is to estimate the residual market value of fee simple title to the unencumbered rights to the subject property, as of total value **84,402,805 SAR**. The value is defined as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale.

In accordance with your request, we have prepared a report to determine the market value of the property within the city of Jeddah. We understand that this report is intended to assist you with real value of the subject property.

We trust that this report will meet your current requirements, however should you have any questions regarding the information contained herein, please do not hesitate to contact the undersigned.

General Manager

Turki Al-Zoghaibi



21/06/2021



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10	Property Location
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21	Final Value Estimate

Scope of work items

Illustration

Covered Research Area

A field survey of the real estate area under evaluation and similar real estate, and we worked as much as possible to collect and analyze data to come up with results that serve this report and the desired purpose for it.

Nature and sources of information

In preparing this report, we relied on the information provided to us by the client, and we assumed that it was correct, and we relied on it to reach the outputs of this report. We also relied on a package of information and data for the Emam Real Estate Evaluation Company and a partner, and from previous evaluation work and continuous field survey and from the Department of Studies and Research in the company, which we see As far as we know it is correct.

Report type

An integrated report that contains an integrated clarification of all evaluation work, including steps, data, information, accounts, etc.

Limitations of the use of report

The report was prepared for the purpose of the client and may not be used except for the purpose for which it was prepared and it should not be distributed, published or part of it except after obtaining the written consent of the twenty-first century company and its real estate appraisal partner.

Valuation Standards

International Valuation Standards IVS version (2020) issued by the Saudi Authority for Accredited Valuers.

Conflict of interest

We acknowledge that we (Imam Real Estate Appraisal and a partner) do not have any special interest in real estate, and there is no conflict of interest with the participating parties and real estate, whether at the present or potential in the future.

Limitations of responsibility and independence

Acknowledgment that there is no conflict of interest with the parties to the evaluation process and the asset being evaluated and a statement of independence The evaluation process was carried out with complete independence and without bias or special feelings.

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The final estimate of the value in this report is based on usage considerations at the specific time the valuation was done. Any change in the current use of the property or the valuation date may affect the final conclusion of the value mentioned in this report.

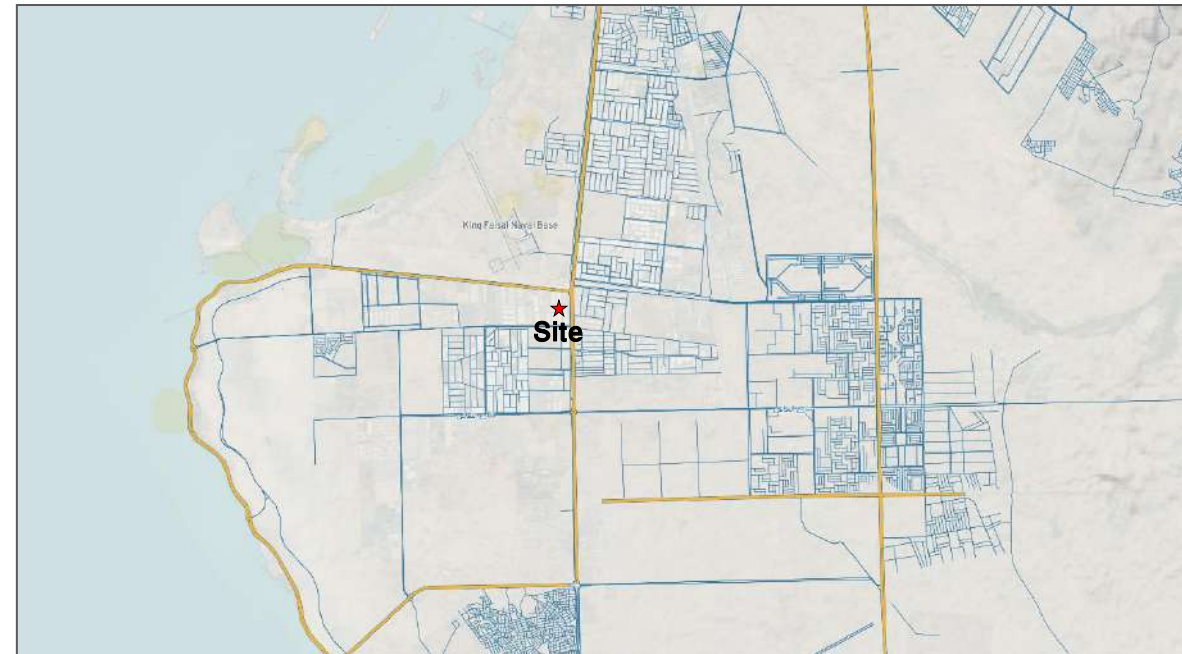
- No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, and legal matters on which all or part of this report is based, and it was considered reliable. It was assumed that the instrument is valid. It was also assumed that the property is free from any legal obligations, mortgage rights, or any other obstacles. If any information is found to be incorrect in the future that was mentioned in the report unintentionally and outside of control, the value contained in this report may change. This evaluation should not be construed as an opinion on these legal issues.
- Legal uses available for real estate based on municipal regulations: According to the valuation survey, compared to real estate located in the same streets of real estate, there are no specific negative conditions or regulations specific for use.
- During the completion of this evaluation, field information was obtained from primary sources such as (real estate offices, real estate owners, and individuals in the vicinity of the property subject to evaluation. This information is assumed to be correct and reliable and does not bear any responsibility for any errors in this data.
- According to the definition of the international standards for evaluation, "Assumptions are reasonable matters that can be accepted as truth in the context of evaluation work without verification or scrutiny in a specific way. They are also matters that are accepted once stated actual existing on the valuation date.
- The property improvement descriptions and analyzes in this report are based on a visual inspection of the property. The property has not been examined constructively or examined for any hidden defects, and it must be understood that this is an evaluation report and not a structural examination. The appraiser has no responsibility for any hidden defects that may be present in any structure or any part of the building.
- The appraiser did not notice the presence of any dangerous substances in the property or the surrounding, which may have a negative effect on the property. The appraiser is not aware of the existence of such materials and is not eligible to disclose these materials. The estimation of the value is based on the assumption that there are no such substances in the property and we are not responsible for any such dangers, and we do not have any experience or engineering knowledge required to discover them.
- The appraiser confirms that he has verified the real estate data and has studied the market to reach the value of the property under study.

- This evaluation report has been prepared for the exclusive and sole use of the client mentioned in this report. Third parties are not entitled to rely on this report without the express written consent of AMAM Company for Real Estate Appraisal.
- When the values of properties, not understudy or improvements are presented separately, they are only used as an aid to better estimate the value of the property under study. This does not mean that it is an evaluation of the properties used for comparison in itself.
- The income and expenses projections contained in this report are based on information provided by the property owner as well as data extracted from the local real estate market and are based on the present. The evaluator believes this information is accurate and is based on the best data available at the time of writing this report. However, these data and expectations are based on assumptions about the conditions and events surrounding the property, they are subject to changes that may arise in the future with changes surrounding the property. Accordingly, the evaluator cannot assure that the expected results will be correct in the future.
- There will be no obligation to testify or appear in court for the evaluator or the evaluation company because of this evaluation. Disclosure of the contents of this evaluation is subject to the regulations and requirements of the Saudi Authority for Accredited Valuers.
- The appraiser did not perform any analysis and study of the soil or the geological and seismic characteristics of the property and therefore he does not bear any responsibility for the geological or seismic matters of the property land. This evaluation should not be relied upon as to whether, if any, a seismic problem exists.
- The estimated values in this report are for the property under study only and according to the report's narration. This report should not be used for any other purposes.
- Changing the purpose of the evaluation or the use of the property for which the report was prepared may affect the values mentioned in this report and may be incorrect.
- It is not permissible to include all or part of this report or refer to it in any document, circular, or statement published or re-issued electronically or the like without referring to the AMAM Company for Real Estate Appraisal and obtaining prior approval on that.
- The report was issued impartially, without conflict of interest or personal gain.
- This evaluation report is considered valid only if it is approved by the company's seal in addition to the signature of the approved appraisers.

- The appraiser has the ability to evaluate this type of real estate asset, and he has the necessary competence to carry out the evaluation, and accordingly, accepted the evaluation task.
- The property was evaluated based on International Valuation Standards (IVS) Issued by the International Valuation Standards Council (IVSC) And according to the professional procedures and rules issued by the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem). Which is based on analysis, comparison, and direct inspection of each unit, and searching as much as possible for the positive and negative effects and characteristics of the property for valuation.
- The basis of the market value, which is according to the International Valuation Standards 2020 (IVS). The market value is the estimated amount on the basis of which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in the framework of a transaction on a neutral basis after appropriate promotion, whereby each party acts on the basis of knowledge in accordance with the principle of prudence and caution without coercion.
- It has been assumed that there are no legal, statutory, or commercial impediments to real estate that prevent any behavior that transfers ownership or benefit alike.

1. Purpose of Valuation: Property Financing (AL JAZIRA CAPITAL)
2. Scope of Research : Neighboring Areas in the same district.
3. Resource of the Data: The primary data is generated by the site visit, the survey of the neighborhood & its neighboring districts. The secondary data is taken from our company database existing from our past valuations to the present day valuations. These data are precisely analyzed to generate valuation reports in accordance to the International Valuation Standards (IVS).
4. Restriction of use: This report is generated exclusively for the use of client during property financing. (AL JAZIRA CAPITAL).
5. The valuation is summarized by the use of comparison method, income capitalization & cashflow method.

- **Location:** The property is located in the south of Jeddah is one of the distinguished neighborhoods. Al-Wadi district, in which the demand is concentrated on warehouses. The location is distinguished in terms of easy access to an attractive area for logistics services, as it is distinguished by its proximity to the Jeddah Islamic Port and the industrial area. The location is characterized by easy access and proximity to King Faisal Road and Corniche Road. The property is being used as a warehouse and is fully leased out.



North Warehouse	21.328398° 39.188732°
South Warehouse	21.323906° 39.188806°

North Property Title Deed

Owner's Name	Alinma Investment
SAK No.	420205026531
SAK Date	1438/05/12
Subdividing Land Plan No.	503 / ج / ص
Land No.	39 to 59
Land Area Space	33,591.63 m ²

City	Jeddah
Property Location	Al Wadi District
Property Type	Land & Building
Property Description	Warehouse Use

Borders & Lengths		
North	107.42 m	Street 42 m
South	107.07 m	Street 37 m
East	296.78 m	Street 32 m
West	309.43 m	Street 25 m
Area	33,591.63 m ²	

South Property Title Deed

Owner's Name	Alinma Investment
SAK No.	920205026530
SAK Date	1438/05/12
Subdividing Land Plan No.	503 / ج / ص
Land No.	129 to 142
Land Area Space	31,796.08 m ²

City	Jeddah
Property Location	Al Wadi District
Property Type	Land & Building
Property Description	Warehouse Use

Borders & Lengths		
North	107.07 m	Street 32 m
South	107.02 m	Street 60 m
East	288.25 m	Street 32 m
West	285.02 m	Street 25 m
Area	14,596.03 m ²	







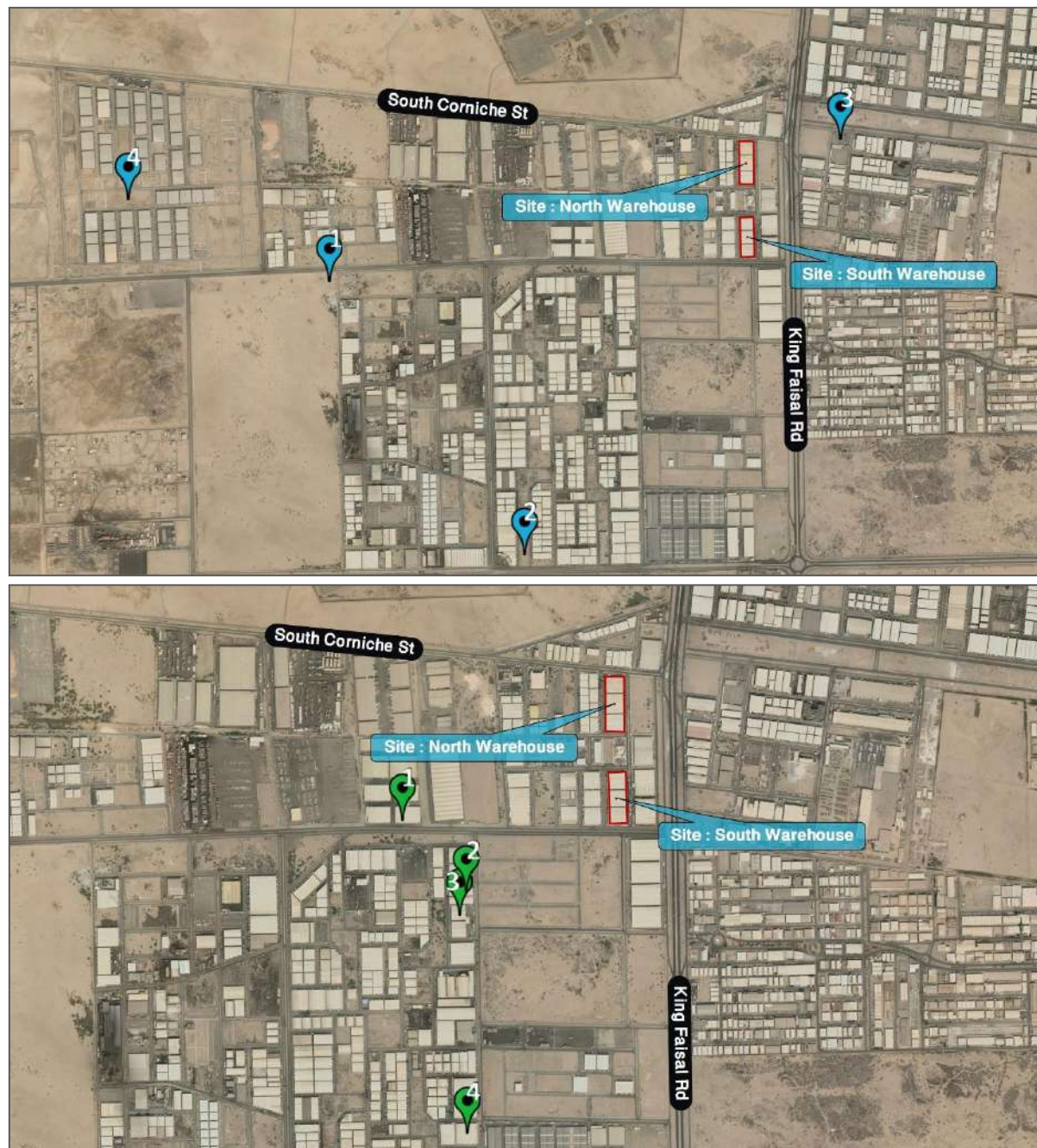


The most important changes in the real estate market in the south of Jeddah, in particular, the industrial use and warehouses. The area witnessing an urbanization movement as a result of the demand for warehouses, which is visible by the construction of modern warehouses nearby.

Factors affecting demand:

- Sale prices of land for commercial use.
- The completion of urbanization in the surrounding area.
- Building regulations in the same area.
- Risks related to the property:
- A general decline in real estate prices in southern Jeddah.
- Infrastructure is incomplete.
- The emergence of price competition in the surrounding areas.
- The comparisons included in this report are based on the information provided by real estate owners in the region and the offers available in the market at present. These examples are analyzed and compared to:
- Four comparative examples of land prices have been used to build a price base to conclude the market value of land to be applied in the cost method.
- Comparative examples to determine rent prices. It has been used to build a price base to ascertain the real estate's fair value to be applied in the income method.

The appraiser believes that this information is accurate and is based on the best data available at the time of writing this report. However, these statements and projections are based on assumptions about the conditions and events surrounding the property and are subject to changes that may arise in the future with changes in the surrounding property.



First: Calculating the value of the land and the total construction costs using the cost method.

Element	Property Rating - Site	Example 1	Variation Rate	Example 2	Variation Rate	Example 3	Variation Rate	Example 4	Variation Rate
Land For Sale Date	-	Jun-21	-	May-21	-	Jun-21	-	Jun-21	-
Price SAR/m²	***	1,300	-	1,390	-	890	-	855	-
Land Area m²	33,591.63	15,000	-11%	9,953	-14%	9,855	-14%	30,152	-2%
Land Use	Warehouse	Warehouse	0%	Warehouse	0%	Warehouse	0%	Warehouse	0%
Neighborhood	Al Wadi	Al Wadi	0%	Al Wadi	0%	Ad Dahiah	5%	Al Wadi	0%
No of Streets	4	2	2%	3	1%	3	1%	4	0%
Street Width m	42	45	-1%	50	-2%	50	-2%	32	2%
Façade m	820	260	3%	450	2%	280	3%	690	1%
Ease Access	High	Moderate	0%	Moderate	0%	Moderate	0%	Low	5%
Characteristics of Land	Good	Moderate	0%	Moderate	0%	Moderate	0%	Moderate	0%
Market Status	-	Low	-5%	Low	-5%	Low	-5%	Low	-5%
Deviation	-	-154	-12%	-248	-18%	-107	-12%	5	1%
Net value after adjusting comparable		1,146		1,142		783		860	
The value SAR/m² after taking the average		983							
The value SAR/m² after rounding		980							

Land Value by Comparison Method		
Total Land Area	33,591.63	m ²
Land Price/m ²	980	SAR/m ²
Total Land Price	32,919,797	SAR
Build Value		
Approximate Build Area	27,000	m ²
Approximate Build Price	500	SAR/m ²
Total Build Price	13,500,000	SAR
Property Age	7	Years
Depreciation Rate	3.33%	Yearly
Total Build Value After Depreciation	10,353,150	SAR
Value of the Property	43,272,947	SAR

First: Calculating the value of the land and the total construction costs using the cost method.

Element	Property Rating - Site	Example 1	Variation Rate	Example 2	Variation Rate	Example 3	Variation Rate	Example 4	Variation Rate
Land For Sale Date	-	Jun-21	-	Jun-21	-	Jun-21	-	Jun-21	-
Price SAR/m²	***	120	-	121	-	125	-	103.5	-
Land Area m²	33,591.63	9,000	-14%	3,300	-17%	8,000	-15%	14,637	-11%
Land Use	Warehouse	Warehouse	0%	Warehouse	0%	Warehouse	0%	Warehouse	0%
Neighborhood	Al Wadi	Al Wadi	0%	Al Wadi	0%	Al Wadi	0%	Al Wadi	0%
No of Streets	4	4	0%	1	3%	2	2%	3	1%
Street Width m	42	50	-1%	30	1%	30	1%	32	1%
Façade m	820	450	1%	42	2%	200	1%	340	1%
Ease Access	High	Moderate	0%	Moderate	0%	Moderate	0%	Low	5%
Characteristics of Land	Good	Moderate	0%	Moderate	0%	Moderate	0%	Moderate	0%
Market Status	-	Low	-1%	Low	-1%	Low	-1%	Low	-1%
Deviation	-	-18	-15%	-15	-13%	-14	-11%	-4	-4%
Net value after adjusting comparable		102		106		111		99	
The value SAR/m² after taking the average		105							
The value SAR/m² after rounding		105							

Property Value by Income Method		
Income as per Contract	2,835,000	SAR/Yearly
Operation and Maintenance Expenses	3%	Yearly
Net Income	2,749,950	SAR/Yearly
Capitalization Rate	7.00%	Yearly
Value of the Property	39,285,000	SAR

First: Calculating the value of the land and the total construction costs using the cost method.

Element	Property Rating - Site	Example 1	Variation Rate	Example 2	Variation Rate	Example 3	Variation Rate	Example 4	Variation Rate
Land For Sale Date	-	Jun-21	-	May-21	-	Jun-21	-	Jun-21	-
Price SAR/m²	***	1,300	-	1,390	-	890	-	855	-
Land Area m²	31,796.80	15,000	-15%	9,953	-19%	9,855	-19%	30,152	-1%
Land Use	Warehouse	Warehouse	0%	Warehouse	0%	Warehouse	0%	Warehouse	0%
Neighborhood	Al Wadi	Al Wadi	0%	Al Wadi	0%	Ad Dahiah	5%	Al Wadi	0%
No of Streets	4	2	2%	3	1%	3	1%	4	0%
Street Width m	60	45	3%	50	2%	50	2%	32	6%
Façade m	820	260	3%	450	2%	280	3%	690	1%
Ease Access	High	Moderate	0%	Moderate	0%	Moderate	0%	Low	5%
Characteristics of Land	Good	Moderate	0%	Moderate	0%	Moderate	0%	Moderate	0%
Market Status	-	Low	-5%	Low	-5%	Low	-5%	Low	-5%
Deviation	-	-154	-12%	-267	-19%	-120	-13%	41	5%
Net value after adjusting comparable		1,146		1,123		770		896	
The value SAR/m² after taking the average		984							
The value SAR/m² after rounding		980							

Land Value by Comparison Method		
Total Land Area	31,796.08	m ²
Land Price/m ²	980	SAR/m ²
Total Land Price	31,160,158.40	SAR
Build Value		
Approximate Build Area	26,000	m ²
Approximate Build Price	500	SAR/m ²
Total Build Price	13,000,000	SAR
Property Age	7	Years
Depreciation Rate	3.33%	Yearly
Total Build Value After Depreciation	9,969,700	SAR
Value of the Property	41,129,858	SAR

First: Calculating the value of the land and the total construction costs using the cost method.

Element	Property Rating - Site	Example 1	Variation Rate	Example 2	Variation Rate	Example 3	Variation Rate	Example 4	Variation Rate
Land For Sale Date	-	Jun-21	-	Jun-21	-	Jun-21	-	Jun-21	-
Price SAR/m²	***	120	-	121	-	125	-	103.5	-
Land Area m²	33,591.63	9,000	-14%	3,300	-17%	8,000	-14%	14,637	-11%
Land Use	Warehouse	Warehouse	0%	Warehouse	0%	Warehouse	0%	Warehouse	0%
Neighborhood	Al Wadi	Al Wadi	0%	Al Wadi	0%	Al Wadi	0%	Al Wadi	0%
No of Streets	4	4	0%	1	3%	2	2%	3	1%
Street Width m	42	50	-1%	30	1%	30	1%	32	1%
Façade m	820	450	1%	42	2%	200	1%	340	1%
Ease Access	High	Moderate	0%	Moderate	0%	Moderate	0%	Low	5%
Characteristics of Land	Good	Moderate	0%	Moderate	0%	Moderate	0%	Moderate	0%
Market Status	-	Low	-1%	Low	-1%	Low	-1%	Low	-1%
Deviation	-	-18	-15%	-15	-12%	-14	-11%	-4	-4%
Net value after adjusting comparable		102		106		111		100	
The value SAR/m² after taking the average		105							
The value SAR/m² after rounding		105							

Property Value by Income Method		
Income as per Contract	2,730,000	SAR/Yearly
Operation and Maintenance Expenses	3%	Yearly
Net Income	2,648,100	SAR/Yearly
Capitalization Rate	7.00%	Yearly
Value of the Property	37,830,000	SAR

Second: The value of the property using the cash flow method

Cash Inflows	Net Area M ² For Rent	Gross Rent Per Square Meter	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Redempti on Value
			0	1	2	3	4	5	6	7	8	9	10	11	12	12
Rent Inflation Rate			0%	0%					3%					3%		
Warehouse North	27000	105	0	2,835,000	2,835,000	2,835,000	2,835,000	2,835,000	2,920,050	2,920,050	2,920,050	2,920,050	2,976,750	3,066,053	3,066,053	
Warehouse South	26000	105	0	2,730,000	2,730,000	2,730,000	2,730,000	2,730,000	2,811,900	2,811,900	2,811,900	2,811,900	2,811,900	2,896,257	2,896,257	
Total Rental Income			0	5,565,000	5,565,000	5,565,000	5,565,000	5,565,000	5,731,950	5,731,950	5,731,950	5,731,950	5,788,650	5,962,310	5,962,310	
Occupancy Rate			0	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
Discount Rate			0	278,250	278,250	278,250	278,250	278,250	286,598	286,598	286,598	286,598	289,433	298,115	298,115	
Total Actual Income			0	5,286,750	5,286,750	5,286,750	5,286,750	5,286,750	5,445,353	5,445,353	5,445,353	5,445,353	5,499,218	5,664,194	5,664,194	
Minus The Average Expense			0	264,338	264,338	264,338	264,338	264,338	272,268	272,268	272,268	272,268	274,961	283,210	283,210	
Real Estate Net Operating Income (NOI)			0	5,022,413	5,022,413	5,022,413	5,022,413	5,022,413	5,173,085	5,173,085	5,173,085	5,173,085	5,224,257	5,380,984	5,380,984	61,790,627
Net Cash Flow			0	5,022,413	5,022,413	5,022,413	5,022,413	5,022,413	5,173,085	5,173,085	5,173,085	5,173,085	5,224,257	5,380,984	5,380,984	61,790,627
Discount Factor			100%	92%	84%	77%	71%	65%	60%	55%	50%	46%	42%	39%	36%	36%
Present Value Of Cash Flow			0	4,607,718	4,227,264	3,878,224	3,558,004	3,264,224	3,084,541	2,829,855	2,596,197	2,381,832	2,206,782	2,085,308	1,913,127	21,968,714
Net Present Value Of Real Estate			0	83,759,341												


Based on the analysis contained in the following report, the market value of the subject property is concluded as follows:


The total value of the north Warehouse	39,285,000	SAR
The total value of the South Warehouse	37,830,000	SAR
Value using the income method	77,115,000	SAR
Second: The value of the property using the cash flow method	83,759,341	SAR


The total value of the north Warehouse	43,272,947	SAR
The total value of the South Warehouse	41,129,858	SAR
Value using the cost method	84,402,805	SAR

Applicable value type	Value	Currency
Total value (cost method) for all warehouses	84,402,805	SAR


The total value of property is "Eighty-Four Million Four Hundred Two Thousand Eight Hundred Five " SAR.

Real Estate Appraiser	
Jabir Al Zahrani	Name
	Signature
Saudi Authority for Accredited Valuers - Real Estate	
Temporary Member	Membership Type
1210000246	Membership No.

Real Estate Appraiser	
Faisal Al Harbi	Name
	Signature
Saudi Authority for Accredited Valuers - Real Estate	
Temporary Member	Membership Type
1210000547	Membership No.


Real Estate Appraiser	
Ahmed Raji	Name
	Signature
Saudi Authority for Accredited Valuers - Real Estate	
Associate Member	Membership Type
1210001682	Membership No.

Architect	
Eng. Eman Mohammed	Name
	Signature
Saudi Council of Engineers	
Civil Engineer	Membership Type
442911	Membership No.

General Manager	
Turki Ibrahim Al Zoghaibi	Name
	Signature
Saudi Authority for Accredited Valuers - Real Estate	
Fellow Member	Membership Type
1210000030	Membership No.

Seal

شركة أمام للتقييم العقاري وشركه س. ت 1010611939
تاريخ التقييم 21/06/2021

Engineer And Real Estate Appraiser	
Dr. Moiad Sameer Almadani	Name
	Signature
Professional Memberships And Accreditations	
Architect - 341315	Saudi Council of Engineers
Associate Member - 1210002073	Saudi Authority for Accredited Valuers - Real Estate



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