



WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital  
**AKUN LOGISTICS**

Awal Al Malqa Real Estate Company

Jeddah City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for Cold Store Project (AKUN Logistics) in Jeddah City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

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WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY



## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Cold Storage Project.
<b>Property Location</b>	King Faisal Naval Base district, Jeddah City.
<b>Title Deed No.</b>	625516001149, 425516001150
<b>Title Deed Date</b>	20/11/1442
<b>Ownership Type</b>	Freehold.
<b>Limitations</b>	None.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Industrial Use.
<b>Land Area (Sqm)</b>	21,118.53 Sqm.
<b>BUA (Sqm)</b>	16,000 Sqm.
<b>GLA (Sqm)</b>	16,000 Sqm.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach.
<b>Currency</b>	Saudi Arabian Riyal.
<b>Final Property Value</b>	SAR 218,480,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- capitalization method (CAP RATE)**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to have absolute ownership, implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a cold store project located in King Faisal Naval Base district, Jeddah city, Kingdom of Saudi Arabia. The property's title deed documents confirm a total land area of 21,118.53 square meters and a total built-up area (BUA) of 16,000 square meters.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides. Notably, the property offers a direct view of King Faisal Road from the east side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by warehouses and mix-use buildings.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on King Faisal Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by two title deeds. Here are the details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	21,118.53 Sqm
<b>District</b>	King Faisal Naval Base	<b>Plot No.</b>	8, 9, 10, 11, 12, 13, 14, 15
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	625516001149, 425516001150	<b>Layout No.</b>	س/ج/317
<b>T.D Date</b>	20/11/1442	<b>Ownership Type</b>	Freehold
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	None
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	Private property.	<b>East Side</b>	120 meters street.
<b>South Side</b>	32 meters street.	<b>West Side</b>	30 meters street.

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit.

Subject Property	
<b>Construction Permit Type</b>	----
<b>Property Type</b>	----
<b>Construction Permit No.</b>	----
<b>Construction Permit Date</b>	----

We have not been provided with a Construction Permit.



2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

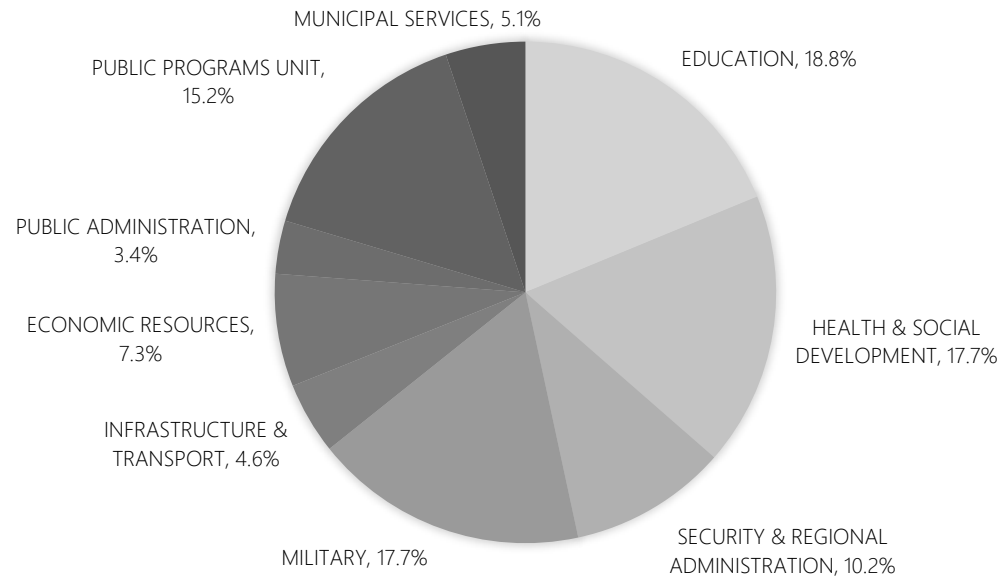
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

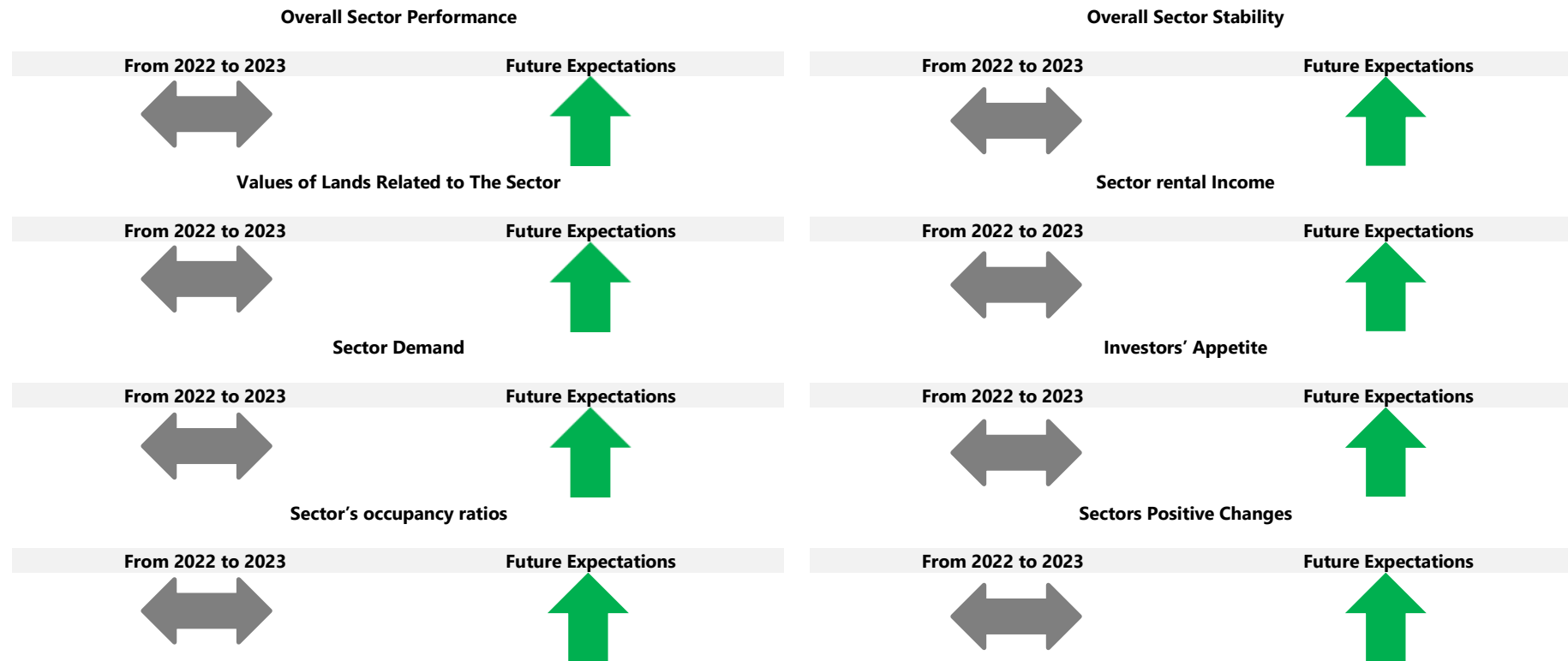
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



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PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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



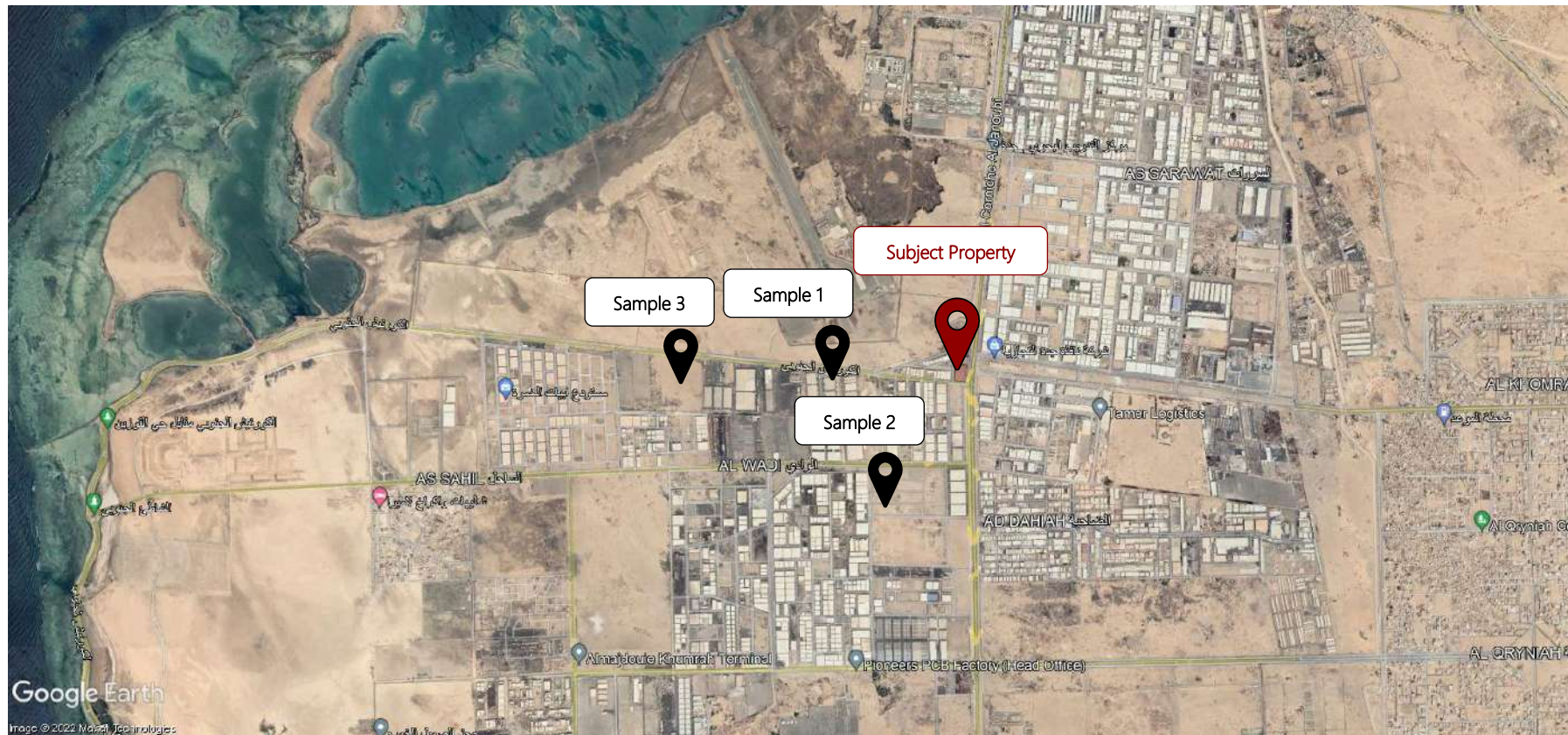
## 4.2 Comparable Method

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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	King Faisal Naval Base	King Faisal Naval Base		King Faisal Naval Base		King Faisal Naval Base	
Sale Price	-----	SAR 15,450,000		SAR 13,500,000		SAR 18,500,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	21,118.53	6,300.00		4,900.00		6,500.00	
SAR / Sqm	-----	SAR 2,452		SAR 2,755		SAR 2,846	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 2,452		SAR 2,755		SAR 2,846	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 2,452		SAR 2,755		SAR 2,846	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	21,118.53	6,300.00		4,900.00		6,500.00	
Location Desirability	Average	Average		Average		Average	
Accessibility	Average	Average		Average		Average	
Main Street Width (m)	100	100		100		60	
Sides Open	3	4		2		1	
Land Shape	Regular	Regular		Regular		Regular	
Close to main street	Yes	Yes		Yes		Yes	
Total Adjustments Ratio		0.00%		0.00%		5.00%	
Total Adjustment Amount		SAR 0.0		SAR 0.0		SAR 142.3	
Net After Adjustment		SAR 2,452.4		SAR 2,755.1		SAR 2,988.5	
Weighted Mean		70%		15%		15%	
		SAR 1,716.67		SAR 413.27		SAR 448.27	
SAR / Sqm	SAR 2,578						
Rounded Value	SAR 2,600						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 54,908,178	Land Area	21,119	21,119	21,119	21,119	21,119
	SAR / Sqm	SAR 2,340	SAR 2,470	SAR 2,600	SAR 2,730	SAR 2,860
	Property Value	SAR 49,417,360	SAR 52,162,769	SAR 54,908,178	SAR 57,653,587	SAR 60,398,996

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 2,200 and 3,000 SAR / Sqm with an average of 2,600 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

As per the site inspection done by our team for the purpose of valuation, we have found that the subject property is a customized cold storage warehouse. Yet, the client informed us that the total development cost of the project is 158,200,000 SAR which we believe it is an acceptable value based on the quality. To achieve the value of the property we need to apply the depreciation value and add the land value.

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 158,200,000</b>	<b>Annual Dep Rate</b>	5.0%
<b>Total Completion Rate</b>	100%	<b>Actual Age</b>	6
<b>Developer Profit Rate</b>	25%	<b>Total Dep Rate</b>	30.00%
<b>Dev. Profit Amount</b>	SAR 27,685,000	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 138,425,000</b>	<b>Net Dep Rate</b>	<b>30.00%</b>
<b>Economic Age</b>	20	<b>Cost After Depreciation</b>	<b>SAR 110,740,000</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 110,740,000	SAR 54,908,178	SAR 165,648,178	SAR 165,650,000

#### 4.4 Income Approach Based on Market Rates

##### Market Rental Analysis

The subject property is a cold storage and based on the market survey done by our team and based on the interviews done with local real estate agents, we have found that the rental rates for cold storage similar to the subject property in terms of quality, services, etc (mentioning 3 samples such as Wared Logistics, Storkom, Takhzeen Logistics) falls between 1,050 and 1,150 SAR/ Sqm. We will base our valuation on the average rate 1,100 SAR/ Sqm.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

##### The Capitalization Rate Used for the Valuation

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

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

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

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

	Sample 1	Sample 2	Sample 3
Sale Price	7,500,000.00	1,336,080.00	1,930,400.00
Revenue	543,750.00	93,525.60	144,780.00
Capitalization rate	7,25%	7.00%	7.50%
Average capitalization rate		<b>7,25%</b>	





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

Revenues					
Unit Type	Quantity		Revenues		Total Revenues
	Total GLA	No of Units	SAR / Sqm	SAR / Unit	
Cold Storage	16,000	0	SAR 1,100	SAR 0	SAR 17,600,000
				<b>Total Revenues</b>	<b>SAR 17,600,000</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Cold Storage	0.00%	0.00%	0.00%	10.00%	10.00%
				<b>Total Expenses</b>	<b>10.00%</b>
Net Operating Income					
Unit Type	Total Revenues		Total Expenses		NOI
Cold Storage	SAR 17,600,000		10.00%		SAR 15,840,000
				<b>Total</b>	<b>SAR 15,840,000</b>
<b>Total Property Revenues</b>					SAR 17,600,000
<b>Total Property Expenses</b>					-SAR 1,760,000
<b>Net Operating Income</b>					<b>SAR 15,840,000.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>		<b>Property Value</b>		<b>Rounded Value</b>
<b>SAR 15,840,000.00</b>	<b>7.25%</b>		<b>218,482,758.62</b>		<b>SAR 218,480,000.00</b>

## 4.5 Income Approach- Leasing Contract

### Actual Revenues

The client informed us that the subject property is fully leased to 1 tenant with a triple net of 16,000,000 SAR annually for 5 years.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### The Capitalization Rate Used for the Valuation

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

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

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

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

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

Revenues						
Unit Type	Quantity		Revenues		Total Revenues	
	Total GLA	No of Units	SAR / Sqm	SAR / Unit		
Cold Storage	The subject property is Fully leased to 1 tenant				SAR 16,000,000	
					<b>Total Revenues</b>	<b>SAR 16,000,000</b>
Expenses						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Cold Storage	0.00%	0.00%	0.00%	0.00%	0.00%	
					<b>Total Expenses</b>	<b>0.00%</b>
Net Operating Income						
Unit Type	Total Revenues		Total Expenses		NOI	
Cold Storage	SAR 16,000,000		0.00%		SAR 16,000,000	
					<b>Total</b>	<b>SAR 16,000,000</b>
<b>Total Property Revenues</b>					SAR 16,000,000	
<b>Total Property Expenses</b>					SAR 0	
<b>Net Operating Income</b>					<b>SAR 16,000,000.00</b>	
<b>Net Operating Income</b>		<b>Cap Rate</b>		<b>Property Value</b>		
SAR 16,000,000.00		7.25%		220,689,655.17 SAR		
					<b>Rounded Value</b>	<b>SAR 220,690,000.00</b>

#### 4.6 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Approach</b>	Land + Buildings	SAR 165,650,000	One Hundred Sixty-Five Million Six Hundred Fifty Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 220,690,000	Two Hundred Twenty Million and Six Hundred Ninety Thousand Saudi Riyals
<b>Income- Market</b>	Property	SAR 218,480,000	Two Hundred Eighteen Million and Four Hundred Eighty Thousand Saudi Riyals

#### 4.7 Subject Property Value

We are of an opinion that the total fair value of the subject property taking into consideration the purpose of valuation by using the Income Approach- Market Rates is:

**Property Value: 218,480,000 SAR**  
**Two Hundred Eighteen Million and Four Hundred Eighty Thousand Saudi Riyals.**

#### 4.8 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.9 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.





WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

## Documents Received

### 5.1 Title deeds

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل

تاريخ الصك: ١٤٤٢/١١/٢٠ هـ  
رقم الصك: ٤٢٥٥١٦٠٠١١٥٠

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:  
فإن 50 % تعادل 10,559.265 متر مربع مشاعا من قطعة الأرض 8 و قطعة الأرض 9 و قطعة الأرض 10 و قطعة الأرض 11 و قطعة الأرض 12 و قطعة الأرض 13 و قطعة الأرض 14 و قطعة الأرض 15 من المخطط رقم 317 / ح / س / المعدل الواقع في حي قاعدة الملك فيصل البحرية بمدينة جدة .  
وحدودها وأطوالها كالتالي:  
شمالاً: يحده غربا القطعة رقم 6 و شرقا القطعة رقم 7 بطول: (125) مائة وخمسة وعشرون متراً جنوباً: شارع عرض 32 ثم غرفة كهرباء بطول: ( ) يبدأ من الشرق للغرب بطول 67.63م ثم ينكسر للشمال بطول 4م ثم ينكسر للغرب بطول 3.45م ثم ينكسر للجنوب بطول 4م ثم ينكسر للغرب بطول 48.23م ثم ينكسر بشططة للشمال الغربي 7.08م بطول شرقاً: يحده طريق الملك فيصل عرض 120م بطول: ( ) يبدأ من الشمال للجنوب بطول 163.51م ثم ينكسر بشططة للجنوب الغربي بطول 7.07م غرباً: يحده جنوبا شارع عرض 30م وشمالا مواقف سيارات عرض 5م شارع عرض 30م بطول: ( ) يبدأ من الجنوب للشمال بطول 42.47م ثم ينكسر للشرق بطول 5م ثم ينكسر للشمال بطول 120م ومساحتها: (21,118.53) واحد وعشرون ألفا ومائة وثمانية عشر متراً مربعاً وثلاثة وخمسون سنتماً مربعاً فقط المقيد برقم 363982682 في 1436/12/1 هـ. والمستند في افراغها على الصك الصادر من كتابة العدل الاولى بجدة برقم 320208033007 في 15 / 3 / 1442 هـ  
قد انتقلت ملكيتها مشاعاً لـ : شركة أول الملقا العقارية بموجب سجل تجاري رقم 1010893802 وتنتهي في 19 / 10 / 1444 هـ. مشاعاً بينهما بالتساوي ، بضمن وقدره 37481250 سبعة وثلاثون مليوناً وأربعمائة و واحد وثمانون ألفاً و مئتين وخمسون ريالاً وعليه جرى التصديق تحريراً في 20 / 11 / 1442 هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل  
ملاحظة: يطبق النظام الإلكتروني رقم (١١-٣٠٠١٢) بموجب رقم (١١-٣٠٠١٢)  
صفحة رقم 1 من 1

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل

تاريخ الصك: ١٤٤٢/١١/٢٠ هـ  
رقم الصك: ٦٢٥٥١٦٠٠١١٤٩

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:  
فإن 50 % تعادل 10,559.265 متر مربع مشاعا من قطعة الأرض 8 و قطعة الأرض 9 و قطعة الأرض 10 و قطعة الأرض 11 و قطعة الأرض 12 و قطعة الأرض 13 و قطعة الأرض 14 و قطعة الأرض 15 من المخطط رقم 317 / ح / س / المعدل الواقع في حي قاعدة الملك فيصل البحرية بمدينة جدة .  
وحدودها وأطوالها كالتالي:  
شمالاً: يحده غربا القطعة رقم 6 و شرقا القطعة رقم 7 بطول: (125) مائة وخمسة وعشرون متراً جنوباً: شارع عرض 32 ثم غرفة كهرباء بطول: ( ) يبدأ من الشرق للغرب بطول 67.63م ثم ينكسر للشمال بطول 4م ثم ينكسر للغرب بطول 3.45م ثم ينكسر للجنوب بطول 4م ثم ينكسر للغرب بطول 48.23م ثم ينكسر بشططة للشمال الغربي 7.08م بطول شرقاً: يحده طريق الملك فيصل عرض 120م بطول: ( ) يبدأ من الشمال للجنوب بطول 163.51م ثم ينكسر بشططة للجنوب الغربي بطول 7.07م غرباً: يحده جنوبا شارع عرض 30م وشمالا مواقف سيارات عرض 5م شارع عرض 30م بطول: ( ) يبدأ من الجنوب للشمال بطول 42.47م ثم ينكسر للشرق بطول 5م ثم ينكسر للشمال بطول 120م ومساحتها: (21,118.53) واحد وعشرون ألفا ومائة وثمانية عشر متراً مربعاً وثلاثة وخمسون سم مربع فقط المقيد برقم 363982682 في 1436/12/1 هـ. والمستند في افراغها على الصك الصادر من كتابة العدل الاولى بجدة برقم 720225003733 في 27 / 1 / 1437 هـ  
قد انتقلت ملكيتها مشاعاً لـ : شركة أول الملقا العقارية بموجب سجل تجاري رقم 1010893802 وتنتهي في 19 / 10 / 1444 هـ. مشاعاً بينهما بالتساوي ، بضمن وقدره 37481250 سبعة وثلاثون مليوناً وأربعمائة و واحد وثمانون ألفاً و مئتين وخمسون ريالاً وعليه جرى التصديق تحريراً في 20 / 11 / 1442 هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل  
ملاحظة: يطبق النظام الإلكتروني رقم (١١-٣٠٠١٢) بموجب رقم (١١-٣٠٠١٢)  
صفحة رقم 1 من 1

## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة

وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES





WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# Vision College - Jeddah (Previously Al Farabi College)

Awal Al Malqa Real Estate Company

Jeddah City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for Vision College (Previously Al Farabi) in Jeddah City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY



## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Educational Facility.
<b>Property Location</b>	Al Rayaah district, Jeddah City.
<b>Title Deed No.</b>	993788002766
<b>Title Deed Date</b>	23/04/1443
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Educational
<b>Land Area (Sqm)</b>	The land has an area size of 3,020.18 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 15,375 Sqm.
<b>GLA (Sqm)</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach.
<b>Currency</b>	Saudi Arabian Riyal.
<b>Final Property Value</b>	SAR 100,000,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- capitalization method (CAP RATE)**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is Vision College (Previously Al Farabi) educational facility in Al Rayaan district, Jeddah city. Based on the provided copy of the title deed and the construction permit, the property has a total land area of 3,020.18 Sqm, total BUA of 15,375 Sqm. Composed of 13 floors. During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 1 side. Notably, the property offers a direct view of Al Rahmaniya Road from the west side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

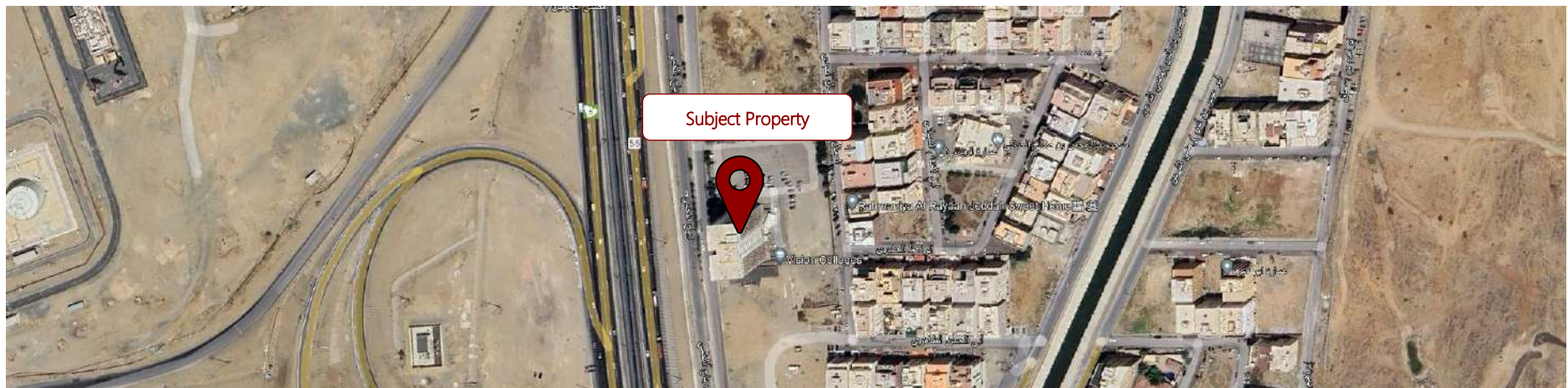
The subject property is primarily surrounded by several residential buildings vacant lands, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Al Rahmaniya Road.

### 2.4 Infrastructure

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





## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	3,020.18 Sqm
<b>District</b>	Al Rayaan	<b>Plot No.</b>	259
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	993788002766	<b>Layout No.</b>	416/ج/س
<b>T.D Date</b>	23/04/1443	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	Plot# 262	<b>East Side</b>	Plot# 257 & 258
<b>South Side</b>	Plot# 256	<b>West Side</b>	25 meters street

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Educational Facility
<b>Construction Permit No.</b>	3748
<b>Construction Permit Date</b>	01/05/1430

Description	Area (sqm)	Use
Basement	5946.95	Parking
Service Floor	-	-
Ground Floor	920	Residential- Commercial- Parking
Mezzanine	780	Residential- Commercial
First Floor	1,025	Residential
Second Floor	1,025	Residential
Third Floor	1,025	Residential
Repeated Floor	8,200	Residential
<b>Total BAU (sqm)</b>	<b>15,375</b>	

## 2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

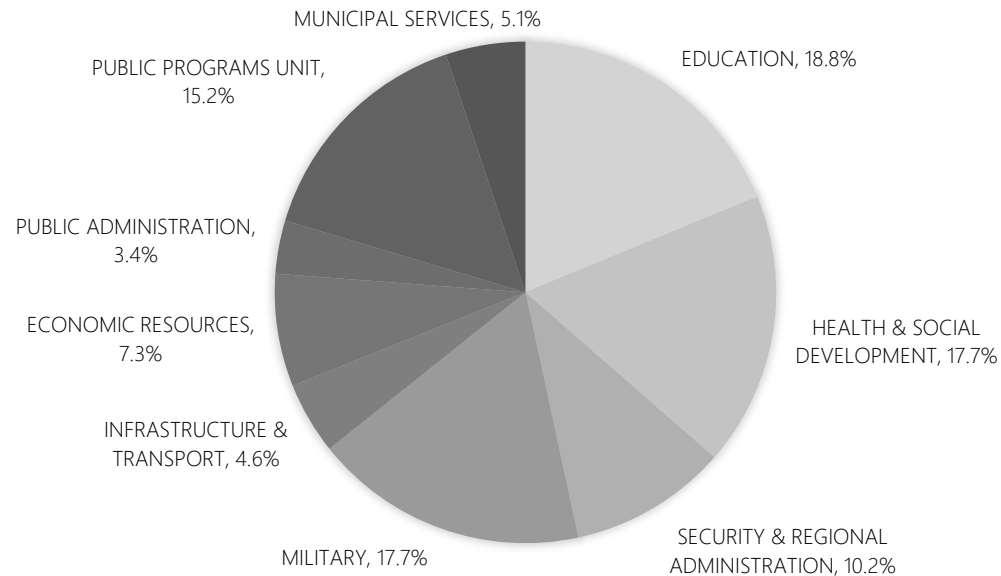
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

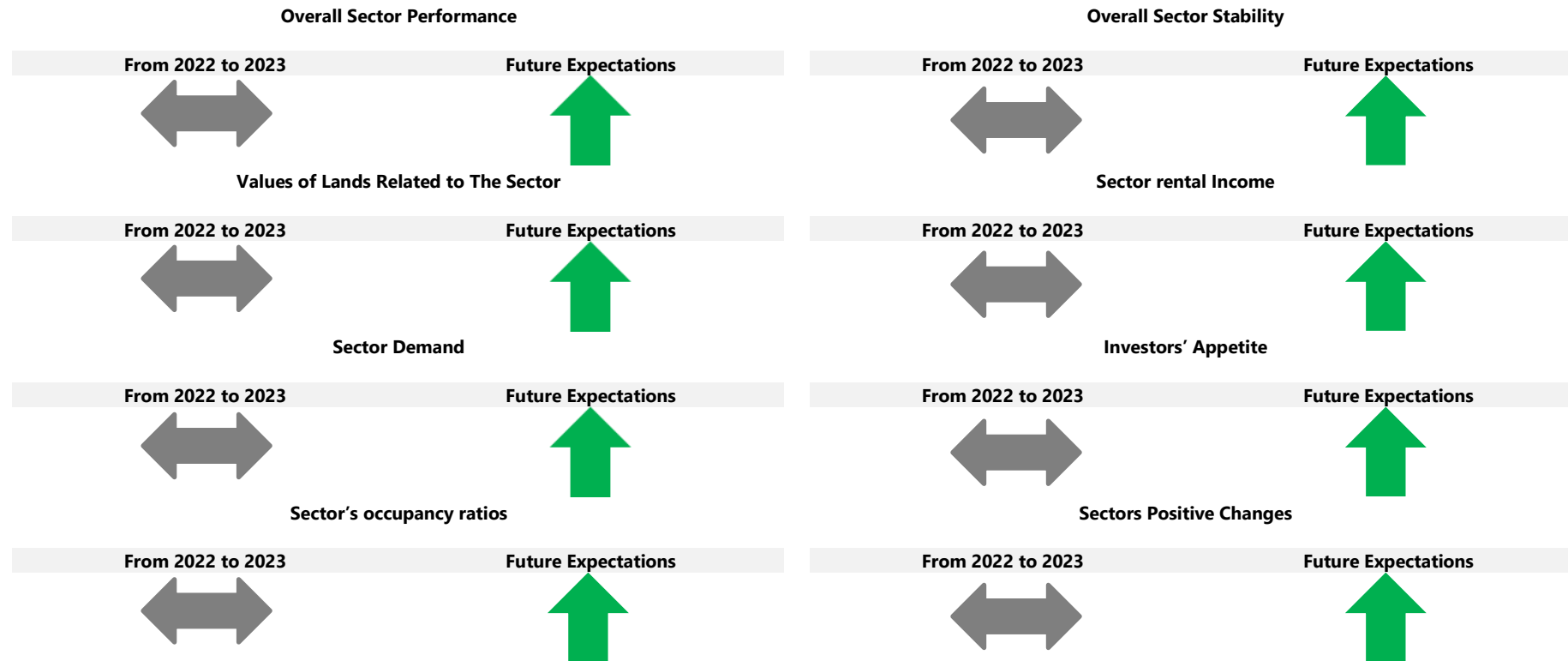
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	1-6	7-12	13-18	19-24	25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**





WHITE **CUBES**

PROPERTY VALUATION

---

PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## 4.2 Comparable Method

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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Jeddah	Jeddah		Jeddah		Jeddah	
Sale Price	-----	SAR 23,124,800		SAR 21,450,000		SAR 19,700,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	3,020.18	4,768.00		3,720.00		4,330.00	
SAR / Sqm	-----	SAR 4,850		SAR 5,766		SAR 4,550	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 4,850.0		SAR 5,766.1		SAR 4,549.7	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	-----		-----		-----	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 4,850.00		SAR 5,766.13		SAR 4,549.65	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	3,020.18	4,768.00		3,720.00		4,330.00	
Location Desirability	Average	Average		Average		Average	
Accessibility	Average	Average		Average		Average	
Main Street Width (m)	25	25		15		25	
Sides Open	1	2		2		2	
Land Shape	Regular	Regular		Regular		Regular	
Close to main street	Yes	Yes		Yes		Yes	
Total Adjustments Ratio		0.00%		2.50%		0.00%	
Total Adjustment Amount		SAR 0.0		SAR 144.2		SAR 0.0	
Net After Adjustment		SAR 4,850.0		SAR 5,910.3		SAR 4,549.7	
Weighted Mean		15%		15%		70%	
		SAR 727.50		SAR 886.54		SAR 3,184.76	
SAR / Sqm	<b>SAR 4,799</b>						
Rounded Value	<b>SAR 4,800</b>						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 14,500,000	Land Area	3,020	3,020	3,020	3,020	3,020
	SAR / Sqm	SAR 4,320.0	SAR 4,560.0	SAR 4,800.0	SAR 5,040.0	SAR 5,280.0
	Property Value	SAR 13,047,178	SAR 13,772,021	SAR 14,496,864	SAR 15,221,707	SAR 15,946,550

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 4,600 - 5,000 SAR / Sqm with an average of 4,800 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 1,100	SAR 1,300	SAR 1,200
MEP	SAR 600	SAR 700	SAR 650
Finishing Materials	SAR 800	SAR 900	SAR 850
Site Improvements	SAR 80	SAR 120	SAR 100
Developer Profit	18%	22%	20%

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

Land		
Land Area	SAR / Sqm	Total Value
3,020.18	SAR 4,800	SAR 14,496,864

Building		
	Unit	Total BUA
Upper Floor	Sqm	15,375.00
<b>Total (SQM)</b>	<b>15,375.00</b>	

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	15,375.00	SAR 1,200	SAR 18,450,000	100%	SAR 18,450,000
Electro Mechanic	15,375.00	SAR 650	SAR 9,993,750	100%	SAR 9,993,750
Finishing	15,375.00	SAR 850	SAR 13,068,750	100%	SAR 13,068,750
Site Improvement	3,020.18	SAR 100	SAR 302,018	100%	SAR 302,018
<b>Total</b>			<b>SAR 41,814,518</b>	<b>100%</b>	<b>SAR 41,814,518</b>



Overall Soft Cost					
			<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
<b>Initial Project Pre Cost</b>			SAR 41,814,518	0.10%	SAR 41,815
<b>Design</b>			SAR 41,814,518	1.00%	SAR 418,145
<b>Eng Consultant</b>			SAR 41,814,518	0.50%	SAR 209,073
<b>Management</b>			SAR 41,814,518	5.00%	SAR 2,090,726
<b>Contingency</b>			SAR 41,814,518	5.00%	SAR 2,090,726
<b>TOTAL</b>				11.60%	<b>SAR 4,850,484.09</b>
<b>Total Hard Cost</b>	<b>SAR 41,814,518</b>			<b>BUA</b>	<b>15,375.00</b>
<b>Total Soft Cost</b>	<b>SAR 4,850,484.09</b>			<b>SAR / Sqm</b>	<b>SAR 3,035</b>
<b>Total Construction Cost</b>	<b>SAR 46,665,002.09</b>			<b>Overall Completion</b>	<b>100.0%</b>

After knowing the total construction costs at a rate of 3,035 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 46,665,002</b>	<b>Annual Dep Rate</b>	3.3%
<b>Total Completion Rate</b>	100.00%	<b>Actual Age</b>	12
<b>Developer Profit Rate</b>	20.0%	<b>Total Dep Rate</b>	40.00%
<b>Dev. Profit Amount</b>	SAR 9,333,000	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 37,332,002</b>	<b>Net Dep Rate</b>	<b>40.00%</b>
<b>Economic Age</b>	30	<b>Cost After Depreciation</b>	<b>SAR 27,999,001</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 37,332,002</b>	<b>SAR 14,496,864</b>	<b>SAR 51,828,866</b>	<b>SAR 51,830,000</b>



#### 4.4 Income Approach- Leasing Contract

The client informed us that the annual lease of report is 7,500,000 SAR for 25 years where an increase of 5% will be added each 5 years.

##### Market Capitalization Rate Analysis

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

##### The Capitalization Rate Used for the Valuation

The capitalization rate was derived by extracting from the market, where we found that the minimum is 8% and the maximum is 7%. A capitalization rate of 7% was assumed and is considered a reasonable percentage after taking into account the components of the property, and it represents the return expected to be achieved by the property at the end of the period, which will be applied later. The net operating income of the property

Project	Sample 1	Sample 2	Sample 3
Sale Price	86,455,000	93,349,500	104,500,000
Revenue	6,484,125	7,467,960	7,315,000
Cap Rate	7.50%	8.00%	7.00%
Average Cap Rate		7.50%	

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

Revenues					
Unit Type	Quantity	Revenues		Total Revenues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Facility		The subject property is Fully leased to 1 tenant			SAR 7,500,000
				<b>Total Revenues</b>	<b>SAR 7,500,000</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Educational Facility	0.00%	0.00%	0.00%	0.00%	0.00%
				<b>Total Expenses</b>	<b>0.00%</b>
Net Operating Income					
Unit Type	Total Revenues	Total Expenses		NOI	
Educational Facility	SAR 7,500,000	0.00%		SAR 7,500,000	
			<b>Total</b>	<b>SAR 7,500,000</b>	
<b>Total Property Revenues</b>				SAR 7,500,000	
<b>Total Property Expenses</b>				SAR 0	
<b>Net Operating Income</b>				<b>SAR 7,500,000.00</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>	
<b>SAR 7,500,000.00</b>	<b>7.5%</b>	<b>100,000,000.00</b>		<b>SAR 100,000,000.00</b>	

#### 4.5 Subject Property Value

We are of an opinion that the total fair value of the subject property taking into consideration the purpose of valuation by using the Income Approach- Market Rates is:

**Property Value: 100,000,000 SAR**  
**One Hundred Million Saudi Riyals.**

#### 4.6 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.7 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENT



## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية







WHITE CUBES



WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital  
**Vision College Training Center**  
**(Previously Al Farabi Training Center)**

Awal Al Malqa Real Estate Company

Riyadh City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0907  
**Code:**  
**Date:** 31/12/2023

**Subject: Valuation Report for an Under Construction Educational Facility Vision Training Center (Al Farabi Previously) in Riyadh City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Educational Facility.
<b>Property Location</b>	Ishbiliya district, Riyadh City.
<b>Title Deed No.</b>	598507008764
<b>Title Deed Date</b>	15/10/1442
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Educational
<b>Land Area (Sqm)</b>	The land has an area size of 11,340 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 37,448.66 Sqm.
<b>GLA (Sqm)</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant, although the property is still under development.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach, and Income Approach.
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 81,960,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to: **Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements.**

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- residual land value (RLV) method.**

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.



## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

- 1. Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
- 2. Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
- 3. Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
- 4. Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
- 5. Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is Vision Training Center (Previously Al Farabi) it is an under construction educational facility with a land area of 11,340 square meters. As per the provided information by construction permit, the subject property has a total BUA of 37,448.66 square meters. During our site inspection conducted for the purpose of valuation, it was observed that the property is overlooking four streets, allowing ample natural light and ventilation. Notably, the property offers a direct view of to Al Bahar Al Arabi Road from the western side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Al Bahar Al Arabi Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	11,340 Sqm
<b>District</b>	Ishbilyah	<b>Plot No.</b>	From Plot No. 9 to No.16
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	598507008764	<b>Layout No.</b>	2932
<b>T.D Date</b>	15/10/1442	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Ministry of Justice		
<b>North Side</b>	15 meters street	<b>East Side</b>	15 meters street
<b>South Side</b>	15 meters street	<b>West Side</b>	40 meters street

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Educational Facility
<b>Construction Permit No.</b>	1434/20267
<b>Construction Permit Date</b>	1434/11/10

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	5946.95	Educational
Basement 3	0	11,322	Parking
Basement 2	0	11,322	Parking
Basement 1	0	11,322	Parking
First Floor	0	6060.61	Educational
Electricity Chamber	0	20.00	Electricity
Upper Annexes	0	2777.10	Educational
Fences	1	430.96	Fences
<b>Total BAU (sqm)</b>		<b>48,770.66</b>	



## 2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS



## Market Indicators

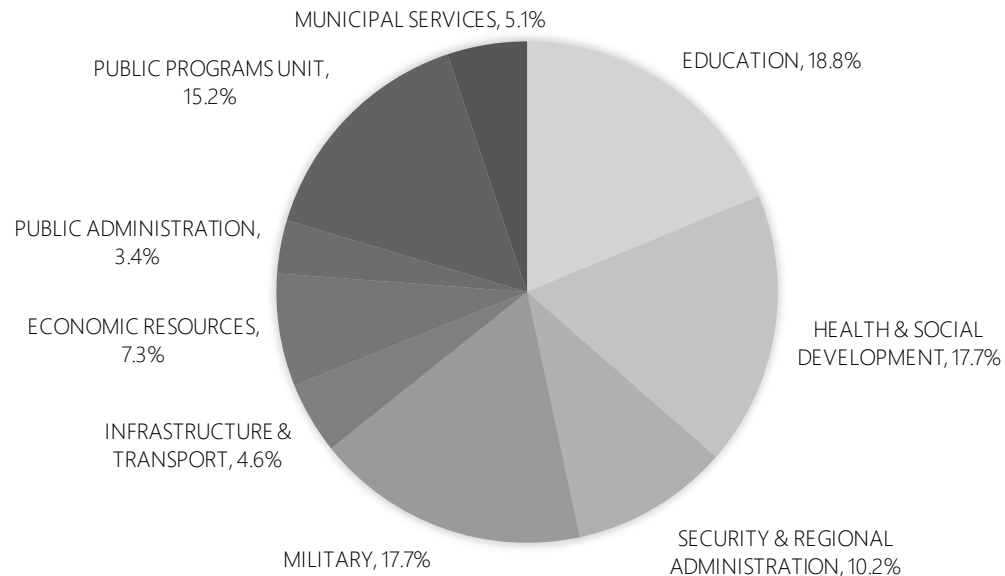
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
Total revenue	1,234	1,130	1,146	1,205
Total expenses	1,132	1,114	1,125	1,134
Budget surplus	102	16	21	71
Debt	985	951	959	962
GDP growth	8.5%	3.1%	5.7%	4.5%
Nominal gross domestic product	3,957	3,869	3,966	4,247
Inflation	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

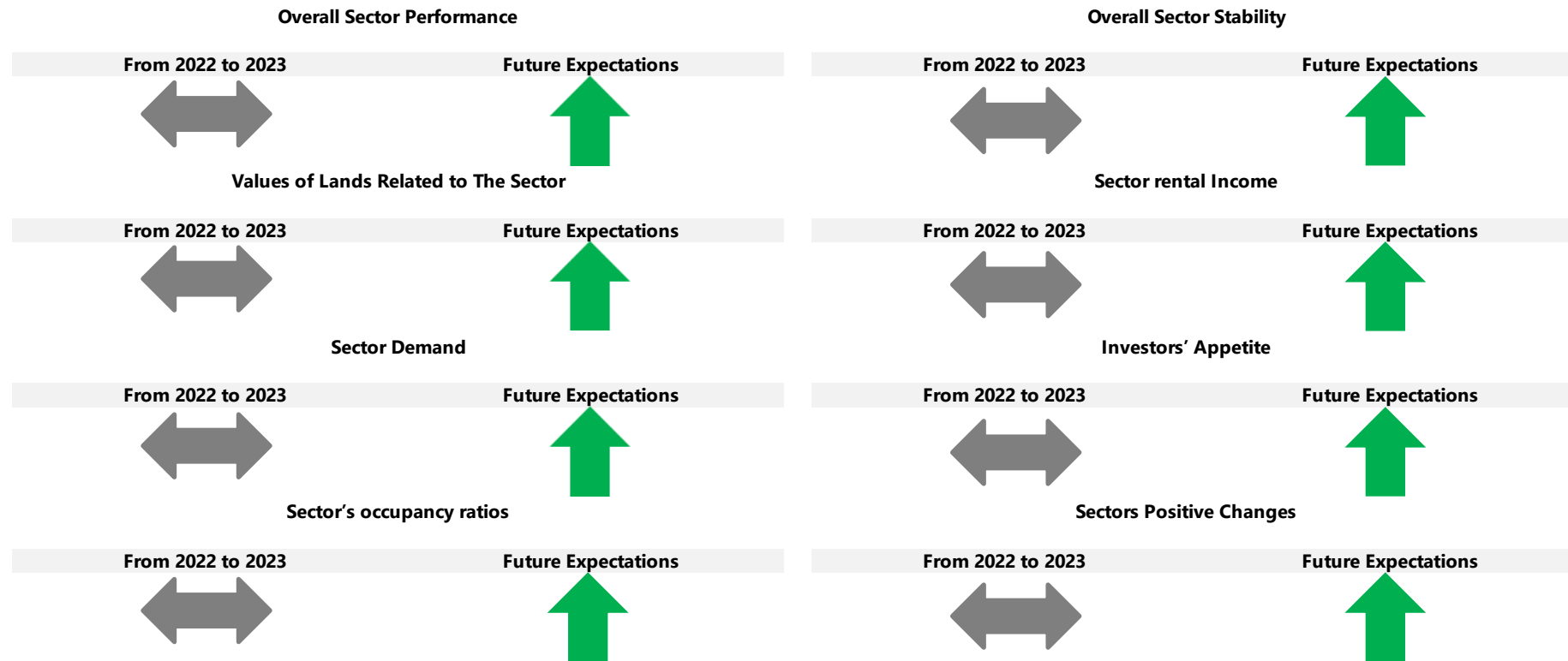
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	1-6	7-12	13-18	19-24	25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	----	✓

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## Residual Land Value (RLV) Method

The residual method is so called because it indicates the residual amount after deducting all known or anticipated costs required to complete the development from the anticipated value of the project when completed after consideration of the risks associated with completion of the project. This is known as the residual value.

The residual value can be highly sensitive to relatively small changes in the forecast cash flows and the practitioner should provide separate sensitivity analyses for each significant factor.

Caution is required in the use of this method because of the sensitivity of the result to changes in many of the inputs, which may not be precisely known on the valuation date, and therefore must be estimated with the use of assumptions.

The models used to apply the residual method vary considerably in complexity and sophistication, with the more complex models allowing for greater granularity of inputs, multiple development phases and sophisticated analytical tools. The most suitable model will depend on the size, duration and complexity of the proposed development.

In applying the residual method, a valuer should consider and evaluate the reasonableness and reliability of the following:

- The source of information on any proposed building or structure, eg, any plans and specification that are to be relied on in the valuation.
- Any source of information on the construction and other costs that will be incurred in completing the project and which will be used in the valuation.

The following basic elements require consideration in any application of the method to estimate the fair value of development property and if another basis is required, alternative inputs may be required.

- Completed property value,
- Construction costs
- Consultant's fees.
- Marketing cost.
- Timetable.
- Finance cost.
- Development profit.
- Discount rate.



<b>Land Particulars</b>				
	<b>Total Land Area</b>	<b>Development ratio</b>	<b>Total Developed Land</b>	<b>Total Common Area</b>
Subject Property	11,340.00	100.00%	11,340.00	0.00
<b>Development Ratio</b>	<b>100.00%</b>			

<b>Development Composition</b>		
	<b>Total Developed Area</b>	<b>Type 1</b>
Land Use	-----	Educational
Ratio	100%	100%
<b>Net Saleable Area - Sqm</b>	<b>11,340.00</b>	<b>11,340.00</b>
<b>Selling Price (Suggested)</b>		
<b>Land Use</b>		<b>Educational</b>
Area (Sqm)		11,340.00
No. Plots		1
Avg. Plot Area (Sqm)		11,340.00
SR/Sqm		4,500.00
Price per Plot		51,030,000.00
Total Suggested Selling Price		51,030,000.00
<b>Total Selling Price</b>		<b>51,030,000.00</b>
<b>Development Cost</b>		
<b>Site Improvement Cost</b>	<b>SR/ Sqm</b>	<b>Total</b>
Demolition	0	-
Cutting	0	-
Digging	0	-
Levelling	0	-
<b>Total Site Improvement Cost</b>		-
<b>Infrastructure Cost</b>	<b>SR/ Sqm</b>	<b>Total</b>
Electricity	6	68,040.00
Water	4	45,360.00
Sewage	8	90,720.00
Telecommunication	6	68,040.00
Asphalting	4	45,360.00
Paving	1	11,340.00
Street Light	0.5	5,670.00
Afforestation	0.2	2,268.00
<b>Total Infrastructure Cost</b>		<b>336,798.00</b>
<b>Total Hard Cost</b>		<b>336,798.00</b>

<b>Professional Labour Cost</b>	<b>Ratio</b>	<b>Total</b>
Civil Engineer	2.0%	6,735.96
Project Manager	2.0%	6,735.96
<b>Total Professional Labour Cost</b>		<b>13,471.92</b>
<b>Financing and Contingency Costs</b>	<b>Ratio</b>	<b>Total</b>
Financing	10.0%	16,839.90
Contingency	5%	8,419.95
<b>Total Financing and Contingency Cost</b>		<b>25,259.85</b>
<b>Total Soft Cost</b>		<b>38,731.77</b>
<b>Total Development Cost</b>		<b>375,529.77</b>
<b>Developer Profit</b>	<b>Ratio</b>	<b>Total</b>
Developer Profit @	7%	26,287.08
<b>Total Developer Profit</b>		<b>26,287.08</b>
<b>Estimation of the Net Development Cost and the Residual Land Value</b>		
<b>Development Summary</b>		<b>Costs</b>
<b>Total Selling Price</b>		<b>51,030,000.00</b>
Site Improvement Cost		-
Infrastructure Cost		336,798.00
Professional Labour Cost		13,471.92
Financing and Contingency Costs		25,259.85
Developer Profit		26,287.08
<b>Total Expenses</b>		<b>401,816.85</b>
<b>Net Revenue (end of the period)</b>		<b>50,628,183.15</b>
<b>PV of Net Development Cost</b>		
Completion Period	1.50	Years
Discount Rate	7.00%	
<b>PV of Net Development Cost</b>		<b>SAR 45,742,160.77</b>
<b>Residual Land Value (Rounded)</b>		<b>SAR 45,700,000.00</b>

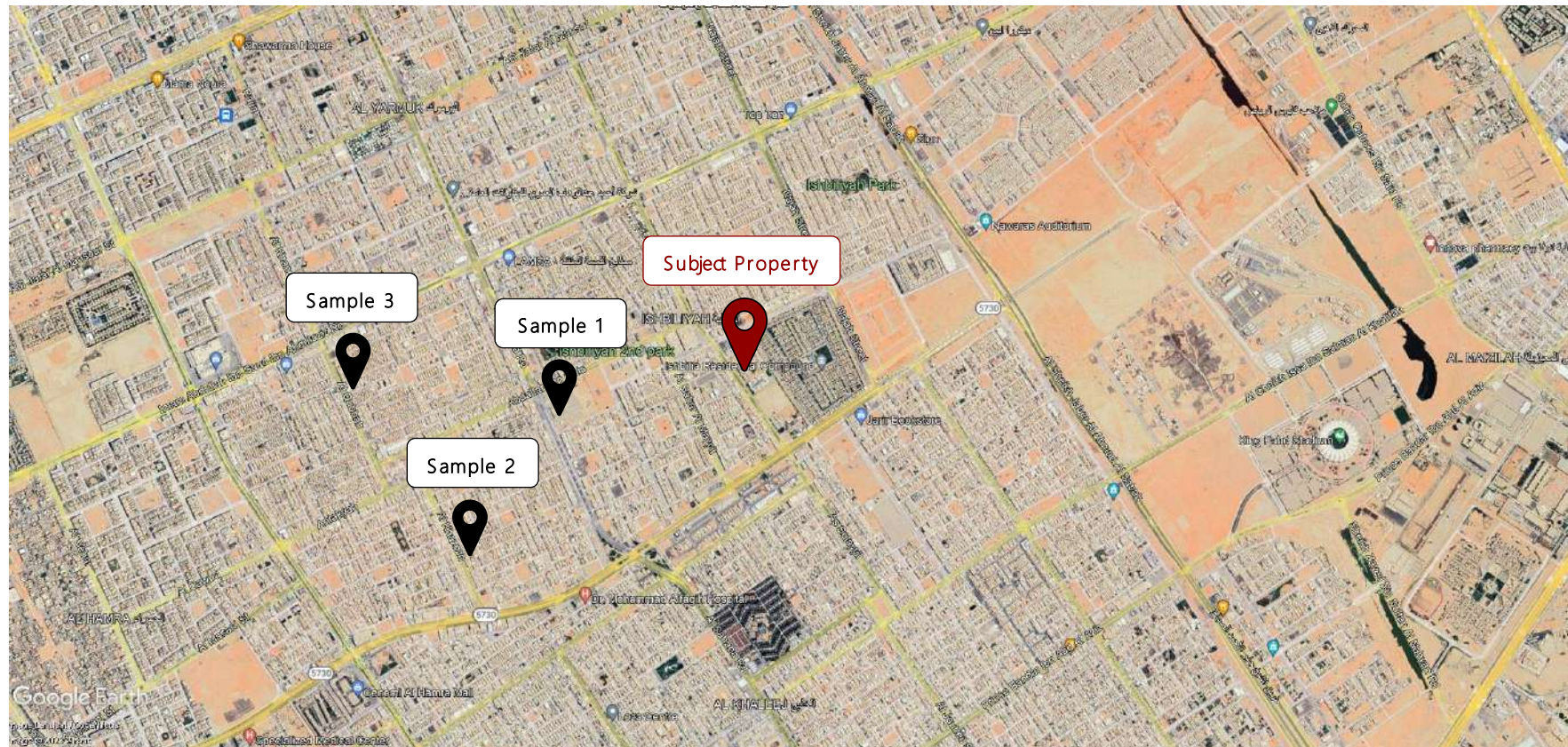
## 4.2 Comparable Method

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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 34,000,000		SAR 67,050,000		SAR 51,000,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	11,340.00	8,500.00		14,845.00		15,387.00	
SAR / Sqm	-----	SAR 4,000		SAR 4,517		SAR 3,314	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 4,000.0		SAR 4,516.7		SAR 3,314.5	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 4,000.00		SAR 4,516.67		SAR 3,314.49	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	11,340.00	8,500.00		14,845.00		15,387.00	
Location Desirability	Average	Average		Average		Average	
Accessibility	Average	Average		Average		Average	
Main Street Width (m)	40	40		40		40	
Sides Open	4	2		2		2	
Land Shape	Regular	Regular		Regular		Regular	
Close to main street	Yes	Yes		Yes		Yes	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.0		SAR 0.0		SAR 0.0	
Net After Adjustment		SAR 4,000.0		SAR 4,516.7		SAR 3,314.5	
Weighted Mean		10%		20%		70%	
		SAR 400.00		SAR 903.34		SAR 2,320.15	
Rounded Value	<b>SAR 3,620</b>						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 41,039,460	Land Area	11,340	11,340	11,340	11,340	11,340
	SAR / Sqm	3,257.10	3,438.05	3,619.00	3,799.95	3,980.90
	Property Value	36,935,514	38,987,487	41,039,460	43,091,433	45,143,406

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 3,200 - 4,000 SAR / Sqm with an average of 3,620 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.





### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 1,000	SAR 1,300	SAR 1,150
MEP	SAR 300	SAR 500	SAR 400
Finishing Materials	SAR 800	SAR 1,000	SAR 900

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

Land					
Land Area	SAR / Sqm				Total Value
11,340.00	SAR 3,620				SAR 41,039,460
Building					
	Unit				Total BUA
Upper Floors and basement	Sqm				37,448.66
<b>Total (SQM)</b>	<b>37,448.66</b>				
Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	37,448.66	SAR 1,150	SAR 43,065,959	80%	SAR 34,452,767
Electro Mechanic	37,448.66	SAR 400	SAR 14,979,464	0%	SAR 0
Finishing	37,448.66	SAR 900	SAR 33,703,794	0%	SAR 0
<b>Total</b>			<b>SAR 91,749,217</b>	<b>37.55%</b>	<b>SAR 34,452,767</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 34,452,767	1.00%	SAR 344,528
Design			SAR 34,452,767	1.00%	SAR 344,528
Eng Consultant			SAR 34,452,767	2.00%	SAR 689,055
Management			SAR 34,452,767	2.00%	SAR 689,055
Contingency			SAR 34,452,767	5.00%	SAR 1,722,638
<b>TOTAL</b>				<b>11.00%</b>	<b>SAR 3,789,804.39</b>
<b>Total Hard Cost</b>	<b>SAR 34,452,767</b>			<b>BUA</b>	<b>37,448.66</b>
<b>Total Soft Cost</b>	<b>SAR 3,789,804.39</b>			<b>SAR / Sqm</b>	<b>SAR 1,021</b>
<b>Total Construction Cost</b>	<b>SAR 38,242,571.59</b>			<b>Overall Completion</b>	<b>37.6%</b>

After knowing the total construction costs at a rate of 1,021 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
Total Dev Cost	SAR 38,242,572	Annual Dep Rate	2.5%
Total Completion Rate	37.55%	Actual Age	0
Developer Profit Rate	7.0%	Total Dep Rate	0.00%
Dev. Profit Amount	SAR 2,676,980	Add Appr Rate	0.00%
Development Value	SAR 40,919,552	Net Dep Rate	0.00%
Economic Age	40	Cost After Depreciation	SAR 38,242,572

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 40,919,552	SAR 41,039,460	SAR 81,959,012	SAR 81,960,000

#### 4.4 Leasing Contract

The client provided us with a rental contract with the following details:

The first party: Al Maqsad Real Estate Company

The second party: Vision Colleges for Education Company

Duration: 25 years

Start date: 2022.

End date: 2045.

According to the lease contract, there are bonds for contracts with a full term.

#### 4.5 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Comparable Approach	Land	SAR 41,040,000	Forty-One Million Forty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 81,960,000	Eighty-One Million Six Hundred Ninety Thousand Saudi Riyals
RLV Approach	Land	SAR 45,700,000	Forty-Five million Seven Hundred thousand Saudi Riyals.

#### 4.6 Subject Property Value

Based on our analysis utilizing the income approach residual land value (RLV) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 81,960,000**  
**Eighty-one Million Six Hundred Ninety Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.





WHITE **CUBES**  
DOCUMENTS

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DOCUMENT



## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES



WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# Vision College - Riyadh (Previously Al Farabi)

Awal Al Malqa Real Estate Company

Riyadh City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for Vision College (Previously Al Farabi) in Riyadh City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Educational Facility.
<b>Property Location</b>	Ishbilyah district, Riyadh City.
<b>Title Deed No.</b>	498507005691
<b>Title Deed Date</b>	04/06/1442
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Educational
<b>Land Area (Sqm)</b>	The land has an area size of 17,046 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 44,657.01 Sqm.
<b>GLA (Sqm)</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach (Cap Rate).
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 213,330,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- capitalization method (CAP RATE)**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS



## Property and Location Description

### 2.1 Property Description

The subject property is Vision College (Previously Al Farabi) educational facility in Ishbilyah district, Riyadh city. Based on the provided copy of the title deed and the construction permit, the property has a total land area of 17,046 Sqm, and a total BUA of 44,656.92 Sqm. During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 2 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Al Bahar Al Arabi Road from the western side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Al Bahar Al Arabi Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	17,046 Sqm
<b>District</b>	Ishbilyah	<b>Plot No.</b>	4
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	498507005691	<b>Layout No.</b>	---
<b>T.D Date</b>	04/06/1442	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Notarized by Abdul Rahman Suliman Aba Al Khail.		
<b>North Side</b>	15 meters street	<b>East Side</b>	Private property
<b>South Side</b>	Plot# 5	<b>West Side</b>	40 meters street

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	Renewed Permit
<b>Property Type</b>	Educational Facility
<b>Construction Permit No.</b>	1433/1470
<b>Construction Permit Date</b>	05/03/1439

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	9,440.25	Educational
Basement 2	0	10,414.69	Parking
Basement 1	0	10,357.19	Parking
First Floor	1	9,254.32	Educational
Electricity Chamber	0	20.00	Electricity
Annexes	1	4627.16	Educational
Fences	1	543.40	Fences
<b>Total BAU (sqm)</b>		<b>44,657.01</b>	



## 2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

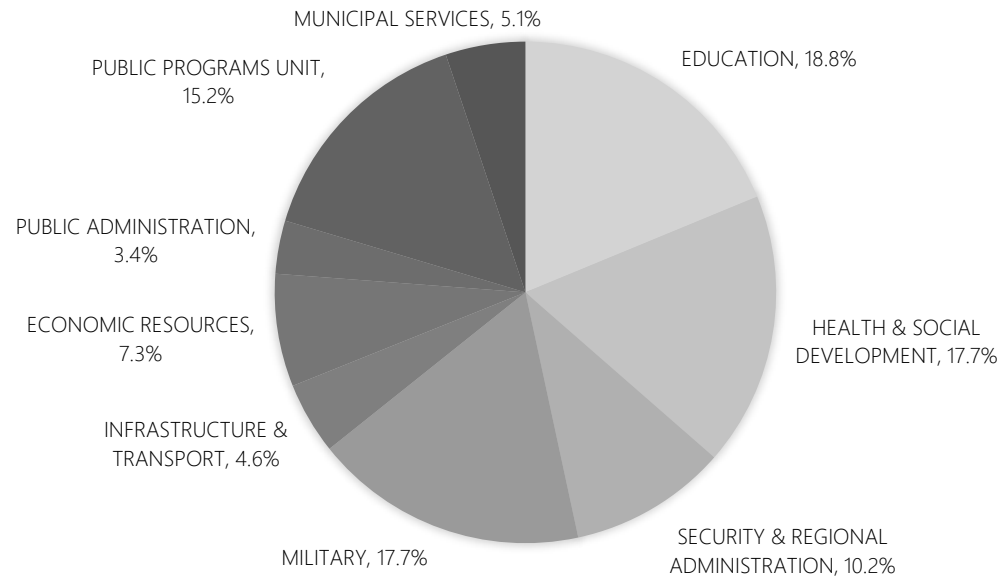
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

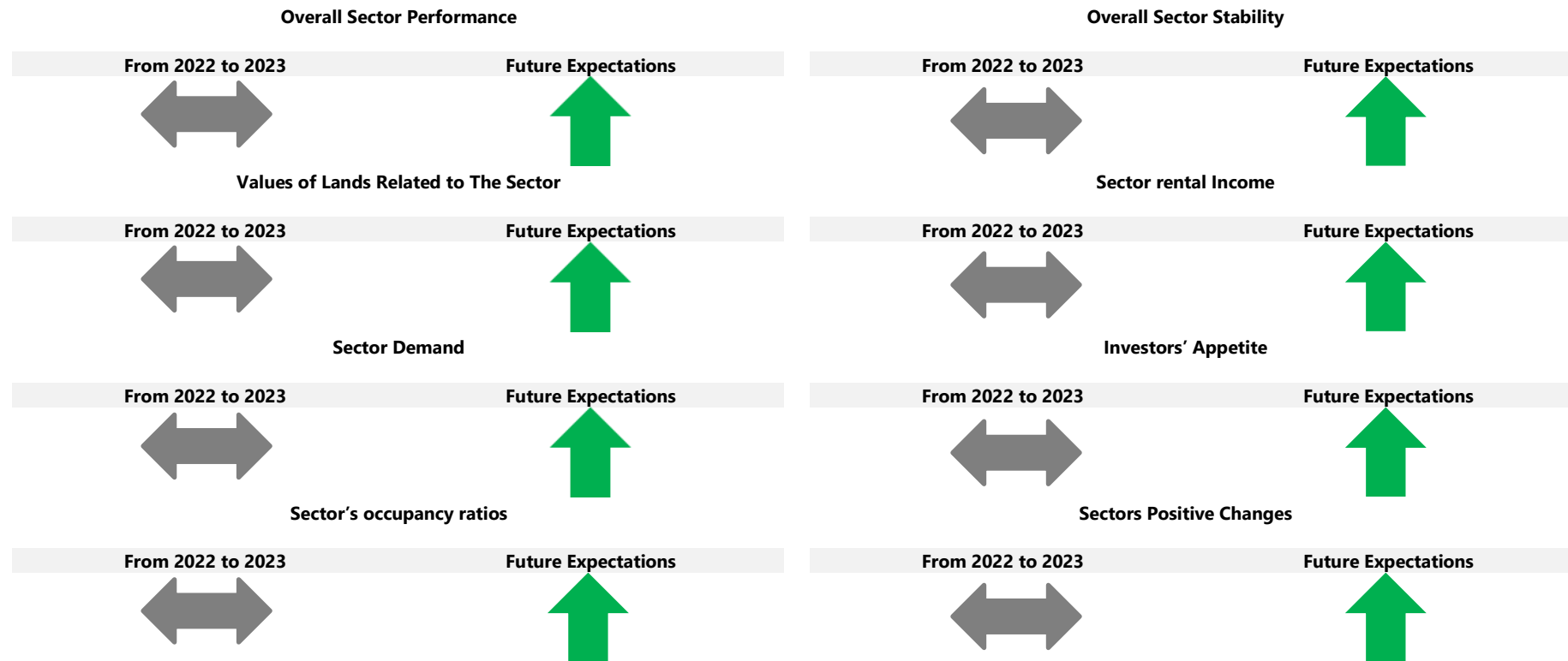
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis



### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## 4.2 Comparable Method

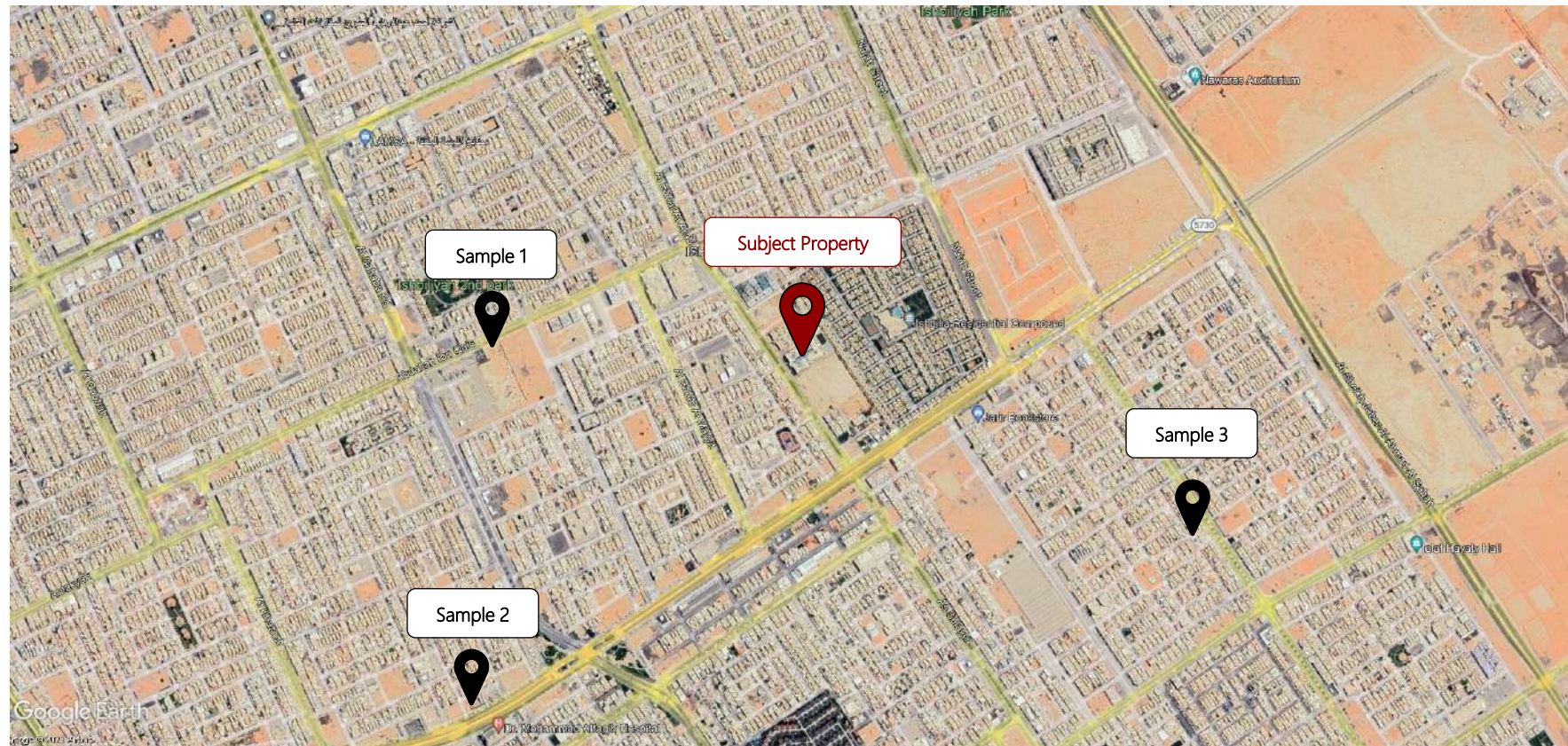
This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 7,520,000		SAR 9,506,000		SAR 8,754,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	17,046.00	1,890.00		2,840.00		2,460.00	
SAR / Sqm	-----	SAR 3,979		SAR 3,347		SAR 3,559	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 3,978.8		SAR 3,347.2		SAR 3,558.5	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 3,978.84		SAR 3,347.18		SAR 3,558.54	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	17,046.00	1,890.00	0.00%	2,840.00	0.00%	2,460.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	40	40	0.00%	40	0.00%	40	0.00%
Sides Open	2	2	0.00%	2	0.00%	2	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.0		SAR 0.0		SAR 0.0	
Net After Adjustment		SAR 3,978.8		SAR 3,347.2		SAR 3,558.5	
Weighted Mean		15%		15%		70%	
		SAR 596.83		SAR 502.08		SAR 2,490.98	
SAR / Sqm	<b>SAR 3,590</b>						
Rounded Value	<b>SAR 3,600</b>						



Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 61,370,000	Land Area	17,046	17,046	17,046	17,046	17,046
	SAR / Sqm	SAR 3,240.0	SAR 3,420.0	SAR 3,600.0	SAR 3,780.0	SAR 3,960.0
	Property Value	SAR 55,229,040	SAR 58,297,320	SAR 61,365,600	SAR 64,433,880	SAR 67,502,160

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 3,200 - 4,000 SAR / Sqm with an average of 3,600 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Concrete Cost</b>	SAR 800	SAR 1,000	SAR 900
<b>MEP</b>	SAR 400	SAR 600	SAR 500
<b>Finishing Materials</b>	SAR 1,100	SAR 1,300	SAR 1,200
<b>Site Improvements</b>	SAR 80	SAR 120	SAR 100
<b>Developer Profit</b>	18%	22%	20%

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

<b>Land</b>			
Land Area	SAR / Sqm		Total Value
17,046.00	SAR 3,600		SAR 61,365,600
<b>Building</b>			
	Unit		Total BUA
<b>Basement</b>	Sqm		20,771.79
<b>Upper Floor</b>	Sqm		23,885.13
<b>Total (SQM)</b>	<b>44,656.92</b>		

<b>Development Cost</b>					
<b>Hard Cost - (Upper Floors)</b>					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	23,885.13	SAR 900	SAR 21,496,617	100%	SAR 21,496,617
Electro Mechanic	23,885.13	SAR 500	SAR 11,942,565	100%	SAR 11,942,565
Finishing	23,885.13	SAR 1,200	SAR 28,662,156	100%	SAR 28,662,156
Site Improvement	17,046.00	SAR 100	SAR 1,704,600	100%	SAR 1,704,600
<b>Total</b>			<b>SAR 63,805,938</b>	<b>100%</b>	<b>SAR 63,805,938</b>
<b>Hard Cost - (Underground)</b>					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	20,771.79	SAR 1,200	SAR 24,926,148	100%	SAR 24,926,148
Electro Mechanic	20,771.79	SAR 500	SAR 10,385,895	100%	SAR 10,385,895
Finishing	20,771.79	SAR 200	SAR 4,154,358	100%	SAR 4,154,358
<b>Total</b>			<b>SAR 39,466,401</b>	<b>100%</b>	<b>SAR 39,466,401</b>



Overall Soft Cost					
			<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
<b>Initial Project Pre Cost</b>			SAR 103,272,339	1.00%	SAR 1,032,723
<b>Design</b>			SAR 103,272,339	1.00%	SAR 1,032,723
<b>Eng Consultant</b>			SAR 103,272,339	2.00%	SAR 2,065,447
<b>Management</b>			SAR 103,272,339	2.00%	SAR 2,065,447
<b>Contingency</b>			SAR 103,272,339	5.00%	SAR 5,163,617
<b>TOTAL</b>				11.00%	<b>SAR 11,359,957.29</b>
<b>Total Hard Cost</b>	<b>SAR 103,272,339</b>			<b>BUA</b>	<b>44,656.92</b>
<b>Total Soft Cost</b>	<b>SAR 11,359,957.29</b>			<b>SAR / Sqm</b>	<b>SAR 2,567</b>
<b>Total Construction Cost</b>	<b>SAR 114,632,296.29</b>			<b>Overall Completion</b>	<b>100%</b>

After knowing the total construction costs at a rate of 2,563 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE					
<b>Total Dev Cost</b>	<b>SAR 114,632,296</b>		<b>Annual Dep Rate</b>		2.2%
<b>Total Completion Rate</b>	100.00%		<b>Actual Age</b>		11
<b>Developer Profit Rate</b>	20.0%		<b>Total Dep Rate</b>		24.44%
<b>Dev. Profit Amount</b>	SAR 22,926,459		<b>Add Appr Rate</b>		0.50%
<b>Development Value</b>	<b>SAR 137,558,756</b>		<b>Net Dep Rate</b>		<b>23.94%</b>
<b>Economic Age</b>	45		<b>Cost After Depreciation</b>		<b>SAR 104,621,076</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 104,621,076</b>	<b>SAR 61,365,600</b>	<b>SAR 165,986,676</b>	<b>SAR 166,000,000</b>

## 4.4 Income Approach

### Market Capitalization Rate Analysis

Based on recent deals from the sale of similar real estate and real estate funds, we found that the operating rate of return, or the so-called capitalization rate, on the basis of which the commercial exchange for similar real estate ranges from 7% to 8%. Where this average is affected by rise and fall due to several factors, including the quality of the building's finishing, the general location, the ease of access to the property, the actual age of the property, the size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### The Capitalization Rate Used for the Valuation

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

Project	Sample 1	Sample 2	Sample 3
Sale Price	188,540,000	98,950,000	143,670,000
Revenue	14,140,500	7,916,000	10,056,900
Cap Rate	7.50%	8.00%	7.00%
Average Cap Rate	7.50%		

As per the client, and as per the signed leasing contract, promissory notes have been signed by the tenant for the contract duration which guarantees more stability of the project's revenue stream. Based on that, this will affect the used cap rate to be lower than the market average (cap rate used at 7.5%)

### Occupancy Rates in the Project

The subject property is fully rented to one tenant (Vision College). The details of the leasing contract is as follows:

Owner (1 <sup>st</sup> Party)	شركة المقصد العقارية
Tenant (2 <sup>nd</sup> Party)	شركة كليات الرؤية للتعليم
Contract Starting Date	06/06/2022
Contract Duration	25 Years
Rent Increase Role	5% every 5 years.

As for the annual rent of the subject property, the following tables shows the rent escalation on yearly bases:

Year	Annual Rent	Year	Annual Rent	Year	Annual Rent
2020	SAR 16,000,000	2029	SAR 16,800,000	2037	SAR 18,522,000
2021	SAR 16,000,000	2030	SAR 17,640,000	2038	SAR 18,522,000
2022	SAR 16,000,000	2031	SAR 17,640,000	2039	SAR 18,522,000
2023	SAR 16,000,000	2032	SAR 17,640,000	2040	SAR 19,448,100
2024	SAR 16,000,000	2033	SAR 17,640,000	2041	SAR 19,448,100
2025	SAR 16,800,000	2034	SAR 17,640,000	2042	SAR 19,448,100
2026	SAR 16,800,000	2035	SAR 18,522,000	2043	SAR 19,448,100
2027	SAR 16,800,000	2036	SAR 18,522,000	2044	SAR 19,448,100
2028	SAR 16,800,000				

Revenues					
Unit Type	Quantity		Revenues		Total Revenues
	Total GLA	No of Units	SAR / Sqm	SAR / Unit	
Educational Facility	The subject property is Fully leased to 1 tenant				SAR 16,000,000
				<b>Total Revenues</b>	<b>SAR 16,000,000</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Educational Facility	0.00%	0.00%	0.00%	0.00%	0.00%
				<b>Total Expenses</b>	<b>0.00%</b>
Net Operating Income					
Unit Type	Total Revenues	Total Expenses	NOI		
Educational Facility	SAR 16,000,000	0.00%	SAR 16,000,000		
		<b>Total</b>	<b>SAR 16,000,000</b>		
<b>Total Property Revenues</b>			SAR 16,000,000		
<b>Total Property Expenses</b>			SAR 0		
<b>Net Operating Income</b>			<b>SAR 16,000,000.00</b>		
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>	
<b>SAR 16,000,000.00</b>	<b>7.50%</b>	<b>213,333,333.33 SAR</b>		<b>SAR 213,330,000.00</b>	

#### 4.5 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Comparable</b>	Land	SAR 61,370,000	Sixty-One Million Three Hundred Seventy Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 166,000,000	One Hundred Sixty-Six Million Saudi Riyals
<b>Income- Contracts</b>	Property	SAR 213,330,000	Two Hundred Thirteen Million Three Hundred Thirty Thousand Saudi Riyals

#### 4.6 Subject Property Value

Based on our analysis utilizing the income approach capitalization method (CAP RATE) and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 213,330,000**  
**Two Hundred Thirteen Million Three Hundred Thirty Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENT



## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة









WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# Elegance Office Tower

Awal Al Malqa Real Estate Company

Riyadh City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for an Office Tower (Elegance Tower) in Riyadh City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	Al Muruj district, Riyadh City.
<b>Title Deed No.</b>	393318001500
<b>Title Deed Date</b>	02/03/1442
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	5,695 Sqm
<b>BUA (Sqm)</b>	58,163 Sqm.
<b>GLA (Sqm)</b>	24,322 Sqm.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach (DCF).
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 494,400,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK



## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- DCF method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

- 1. Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
- 2. Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
- 3. Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
- 4. Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
- 5. Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is an office Tower (Elegance Tower) located in Al Muruj district, Riyadh city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 5,695 square meters and a total built-up area (BUA) of 58,163 square meters, composed of 5 basements, a ground floor and 23 upper floors. Yet, the client informed us that the actual project BUA is 62,362 Sqm and that it consists of 27 floors. During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of King Fahad Road from the western side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on King Fahad Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	5,695 Sqm
<b>District</b>	Al Muruj	<b>Plot No.</b>	25/26/27/28
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	393318001500	<b>Layout No.</b>	2593
<b>T.D Date</b>	02/03/1442	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Notarized by Mishaal Saud Hady Ad Dusari.		
<b>North Side</b>	10 Meters walkway.	<b>East Side</b>	Parking & 20 Meters Street.
<b>South Side</b>	10 Meters Sidewalk.	<b>West Side</b>	Parking & 20 Meters Street.

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	Replacement of lost copy
<b>Property Type</b>	Office Tower
<b>Construction Permit No.</b>	1432/16564
<b>Construction Permit Date</b>	09/03/1438

Description	No. of Units	Area (sqm)	Use
<b>Ground Floor</b>	1	1,285	Reception
<b>5 Basements</b>	0	28,475	Parking
<b>First Floor</b>	1	1,665	Reception
<b>Floor 2 to 4</b>	16	3,855	Offices
<b>Floor 5 to 9</b>	40	6,765	Offices
<b>Floor 10 to 13</b>	16	3,308	Office
<b>Floor 14 to 18</b>	40	6,765	Offices
<b>Floor 19 to 21</b>	24	3,855	Offices
<b>Floor 22</b>	1	1,095	Restaurant
<b>Floor 23</b>	1	1,095	Restaurant
<b>Total BAU (sqm)</b>		<b>58,163</b>	

## 2.7 Property Actual Rental Rates

The project will be leased for 3 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after 3 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing a higher rental rate compared to the market.



## 2.8 Building Gross Leasable Area (GLA)

Floor	Use	No of Floors	GLA / Floor	BUA / Floor	GLA
Basement	Parking + Storage	5	161.80	5,695.00	809.01
Lower Ground	Entrance (Rest. & Gym)	1	108.10	1,301.27	108.10
Upper Floor	Reception + Café	1	207.47	1,301.27	207.47
Mezzanine	MZ	3	470.06	763.10	1,410.18
Service Floor	Mechanical	1	478.20	1,406.80	478.20
TF 6-10	Office	5	1,139.20	1,457.15	5,696.00
Service Floor	Gym	1	1,136.05	1,457.15	1,136.05
Service Floor	Pool	1	1,064.00	1,368.65	1,064.00
TF 13-15	Office	3	538.12	842.15	1,614.36
	Office	0	-	1,456.80	-
TF 16-21	Office	6	1,139.20	1,475.00	6,835.20
TF 22-23	Office	2	1,079.45	1,407.30	2,158.90
F 24	Office	1	1,051.72	1,407.30	1,051.72
F 25	Restaurant	1	1,336.10	1,549.00	1,336.10
RF 26	Restaurant	1	417.10	577.45	417.10
<b>Total</b>		<b>32</b>			<b>24,322.39</b>

GLA Summary	No of Floors	GLA / Floor	GLA
Storage Rooms	5	161.80	809.01
Gym	2	1,127.05	2,254.10
Restaurant & Café	3	671.57	2,014.72
Office	20	962.23	19,244.56
<b>Total</b>			<b>24,322.39</b>

The client informed us that the subject property includes several facilities such as a gymnasium, restaurant, café, pool, and a helipad.

## 2.9 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

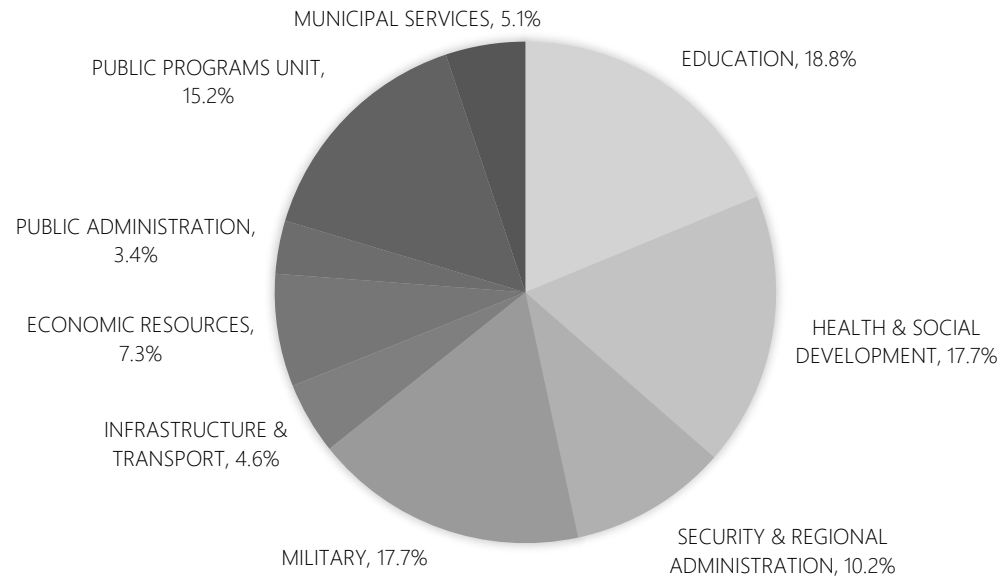
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

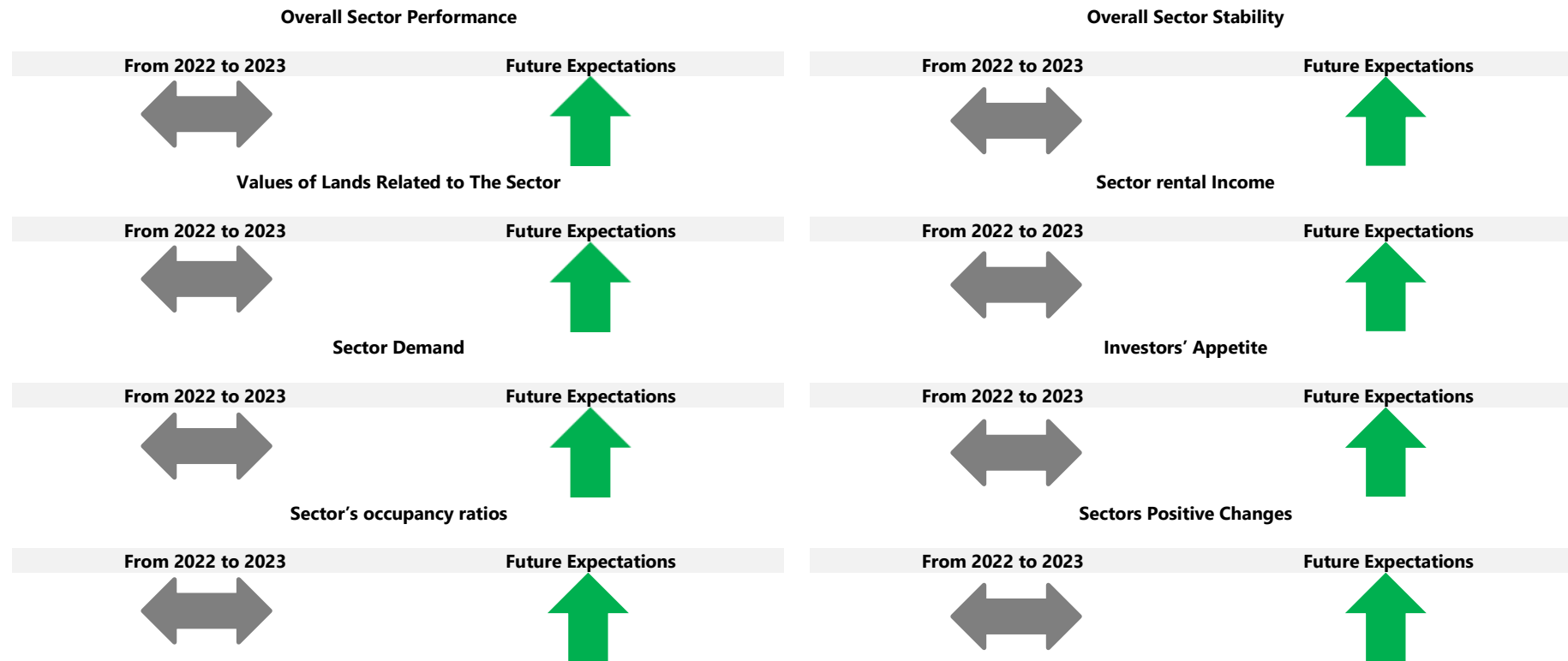
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION



## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	✓	----	----	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

## 4.2 Comparable Method

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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 46,000,000		SAR 41,250,000		SAR 45,970,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	5,695.00	2,700.00		2,500.00		2,750.00	
SAR / Sqm	-----	SAR 17,037		SAR 16,500		SAR 16,716	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 17,037		SAR 16,500		SAR 16,716	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 17,037		SAR 16,500		SAR 16,716	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	5,695.00	2,700.00	0.00%	2,500.00	0.00%	2,750.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	20	20	0.00%	20	0.00%	30	0.00%
Sides Open	3	3	0.00%	2	0.00%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.0		SAR 0.0		SAR 0.0	
Net After Adjustment		SAR 17,037.0		SAR 16,500.0		SAR 16,716.4	
Weighted Mean		65%		15%		20%	
SAR / Sqm		SAR 11,074.07		SAR 2,475.00		SAR 3,343.27	
Rounded Value		SAR 16,892		SAR 16,900			



Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 96,245,500	Land Area	5,695	5,695	5,695	5,695	5,695
	SAR / Sqm	SAR 15,210.0	SAR 16,055.0	SAR 16,900.0	SAR 17,745.0	SAR 18,590.0
	Property Value	SAR 86,620,950	SAR 91,433,225	SAR 96,245,500	SAR 101,057,775	SAR 105,870,050

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 16,500 - 17,200 SAR / Sqm with an average of 16,900 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 1,100	SAR 1,300	SAR 1,200
MEP	SAR 500	SAR 700	SAR 600
Finishing Materials	SAR 1,200	SAR 1,400	SAR 1,300
Fit outs &Appliance	SAR 80	SAR 120	SAR 100
Site Improvements	SAR 100	SAR 140	SAR 120
Developer Profit	20%	30%	25%

Land			
Land Area	SAR / Sqm		Total Value
5,695.00	SAR 16,900		SAR 96,245,500
Building			
	Unit	No of Floors	Total BUA
Basement	Sqm	5	28,475.00
Upper Floor	Sqm	1	29,688.00
<b>Total (SQM)</b>	<b>58,163.00</b>		

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

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	29,688.00	SAR 1,200	SAR 35,625,600	100%	SAR 35,625,600
Electro Mechanic	29,688.00	SAR 600	SAR 17,812,800	100%	SAR 17,812,800
Finishing	29,688.00	SAR 1,300	SAR 38,594,400	100%	SAR 38,594,400
Fit outs and Appliances	29,688.00	SAR 100	SAR 2,968,800	100%	SAR 2,968,800
<b>Total</b>			<b>SAR 95,685,000</b>	<b>100%</b>	<b>SAR 95,685,000</b>

Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	28,475.00	SAR 1,800	SAR 51,255,000	100%	SAR 51,255,000
Electro Mechanic	28,475.00	SAR 500	SAR 14,237,500	100%	SAR 14,237,500
Finishing	28,475.00	SAR 600	SAR 17,085,000	100%	SAR 17,085,000
<b>Total</b>			<b>SAR 82,577,500</b>	<b>100%</b>	<b>SAR 82,577,500</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 178,262,500	0.10%	SAR 178,263
Design			SAR 178,262,500	0.50%	SAR 891,313
Eng Consultant			SAR 178,262,500	1.00%	SAR 1,782,625
Management			SAR 178,262,500	5.00%	SAR 8,913,125
Contingency			SAR 178,262,500	5.00%	SAR 8,913,125
Others			SAR 178,262,500	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 20,678,450.00</b>
<b>Total Hard Cost</b>	<b>SAR 178,262,500</b>			<b>BUA</b>	<b>58,163.00</b>
<b>Total Soft Cost</b>	<b>SAR 20,678,450.00</b>			<b>SAR / Sqm</b>	<b>SAR 3,420</b>
<b>Total Construction Cost</b>	<b>SAR 198,940,950.00</b>			<b>Overall Completion</b>	<b>100 %</b>

After knowing the total construction costs at a rate of 3,420 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
Total Dev Cost	<b>SAR 198,940,950</b>	Annual Dep Rate	2.9%
Total Completion Rate	100%	Actual Age	3
Developer Profit Rate	25%	Total Dep Rate	8.57%
Dev. Profit Amount	SAR 49,735,238	Add Appr Rate	0.00%
Development Value	<b>SAR 248,676,188</b>	Net Dep Rate	<b>8.57%</b>
Economic Age	35	Cost After Depreciation	<b>SAR 227,361,086</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
<b>SAR 227,361,086</b>	<b>SAR 96,245,500</b>	<b>SAR 323,606,586</b>	<b>SAR 323,610,000</b>



#### 4.4 Discounted Cash Flow- Market Rates

##### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for office units range from 1,100 to 1,300 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	<b>Office Units</b>
<b>Comparable No.</b>	Rental Rate/ Unit
<b>Comparable 1</b>	1,100 SAR/ Sqm
<b>Comparable 2</b>	1,400 SAR/ Sqm
<b>Average</b>	<b>1,250 SAR/ Sqm</b>

##### Analysis of comparison of market rents with actual rents

The project will be leased for 5 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 7%
Operating and maintenance expenses	3% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	1% to 3%

##### Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 10% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.



### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### The Capitalization Rate Used for the Valuation

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

### Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%. We have used a lower discount rate of 8.5% due to several reasons: 1- The property is fully leased to a special tenant with special customization; 2- Good location on the intersection of 2 main roads the northern ring road and the King Fahd Road in addition to its proximity to King Abdullah Financial City. 3- We assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.02%
Indigenous Risk Premium	1.50%
<b>Cost of Equity</b>	<b>11.00%</b>

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash Flow		0	1	2	3	4	5	6	7	8	9
<b>Increase Revision</b>		<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>Expected Revenues</b>											
Leasing Contract	SAR	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
<b>Total</b>	SAR	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Offices	Sqm	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322
Rate	SAR	1,288	1,327	1,366	1,407	1,450	1,493	1,538	1,584	1,632	1,681
<b>Total</b>	SAR	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,258,517</b>	<b>36,316,273</b>	<b>37,405,761</b>	<b>38,527,934</b>	<b>39,683,772</b>	<b>40,874,285</b>
Others	SAR	0	0	0	0	0	0	0	0	0	0
Service Charge @ 10%	SAR	0	0	0	0	3,525,852	3,631,627	3,740,576	3,852,793	3,968,377	4,087,429
<b>Overall Revenues</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>38,784,369</b>	<b>39,947,900</b>	<b>41,146,337</b>	<b>42,380,727</b>	<b>43,652,149</b>	<b>44,961,714</b>
<b>Vacancy Rates</b>											
Leasing Contract	0.0%	0	0	0	0	0	0	0	0	0	0
Offices	5.0%	0	0	0	0	1,939,218	1,997,395	2,057,317	2,119,036	2,182,607	2,248,086
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,939,218</b>	<b>1,997,395</b>	<b>2,057,317</b>	<b>2,119,036</b>	<b>2,182,607</b>	<b>2,248,086</b>
<b>Expenses</b>											
OPEX	10.0%	0	0	0	0	3,878,437	3,994,790	4,114,634	4,238,073	4,365,215	4,496,171
<b>Overall Expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,878,437</b>	<b>3,994,790</b>	<b>4,114,634</b>	<b>4,238,073</b>	<b>4,365,215</b>	<b>4,496,171</b>
<b>NOI</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>32,966,714</b>	<b>33,955,715</b>	<b>34,974,387</b>	<b>36,023,618</b>	<b>37,104,327</b>	<b>38,217,457</b>
<b>Terminal Value @ --&gt;</b>	<b>7.0%</b>										<b>545,963,665</b>
Discount Rate	8.50%	1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48
		30,000,000	27,649,770	25,483,659	23,487,243	23,787,933	22,582,093	21,437,379	20,350,691	19,319,089	280,336,647
<b>Market Rate / Net Present Value</b>											<b>494,434,503</b>

#### 4.5 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DCF Approach</b>	Property	SAR 494,400,000	Four Hundred Ninety-Four Million Four Hundred Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 323,600,000	Three Hundred Twenty-Three Million Six Hundred Saudi Riyals

#### 4.6 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 494,400,000**  
**Four Hundred Ninety-Four Million Four Hundred Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

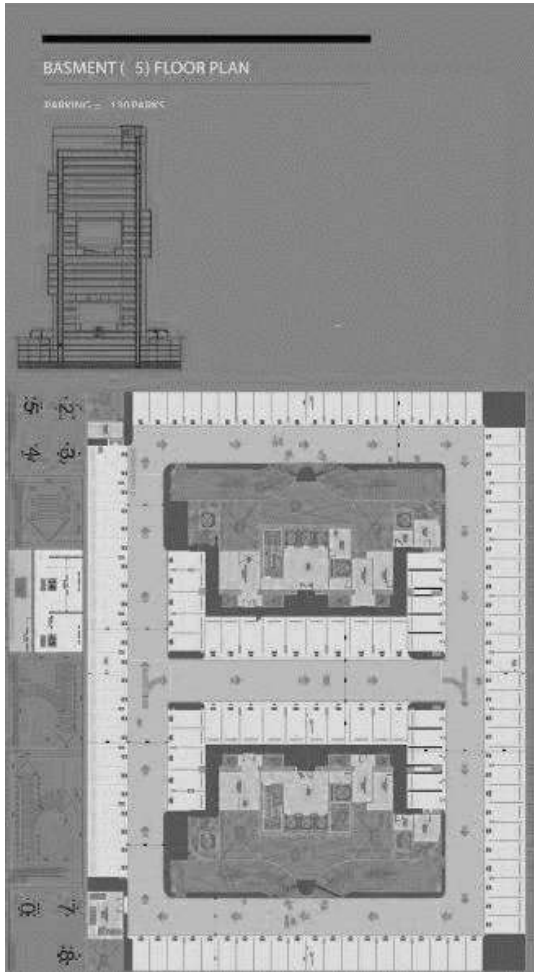
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DOCUMENT

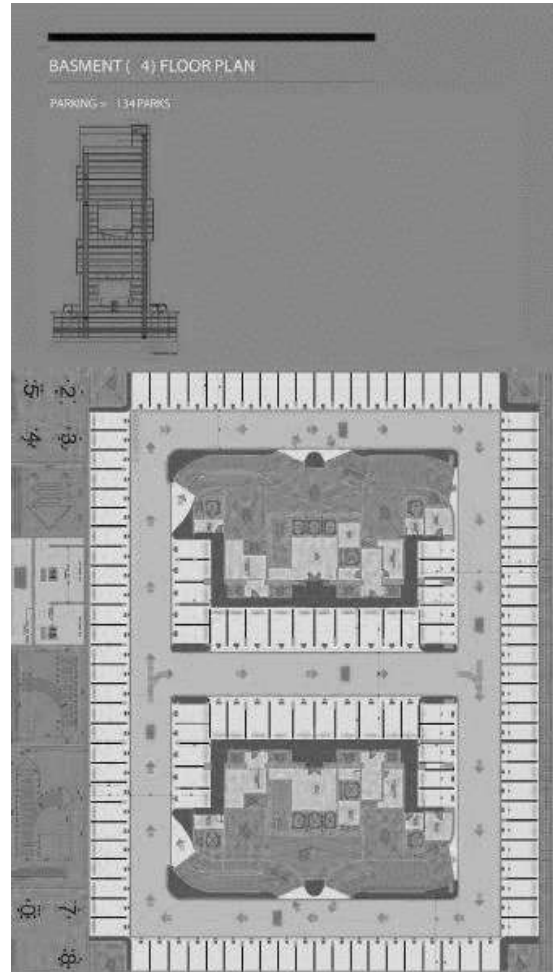


## 5.2 Layout

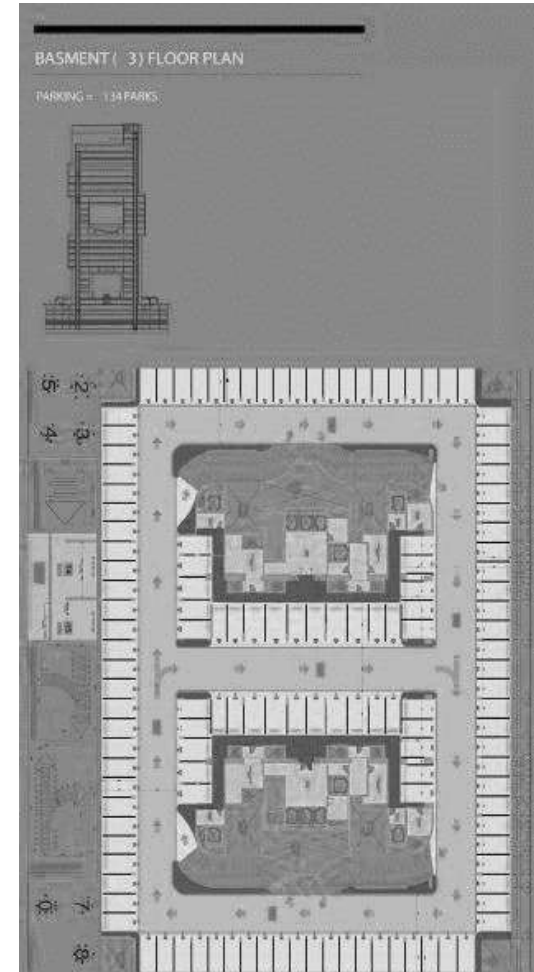
**Basement (5)**



**Basement (4)**

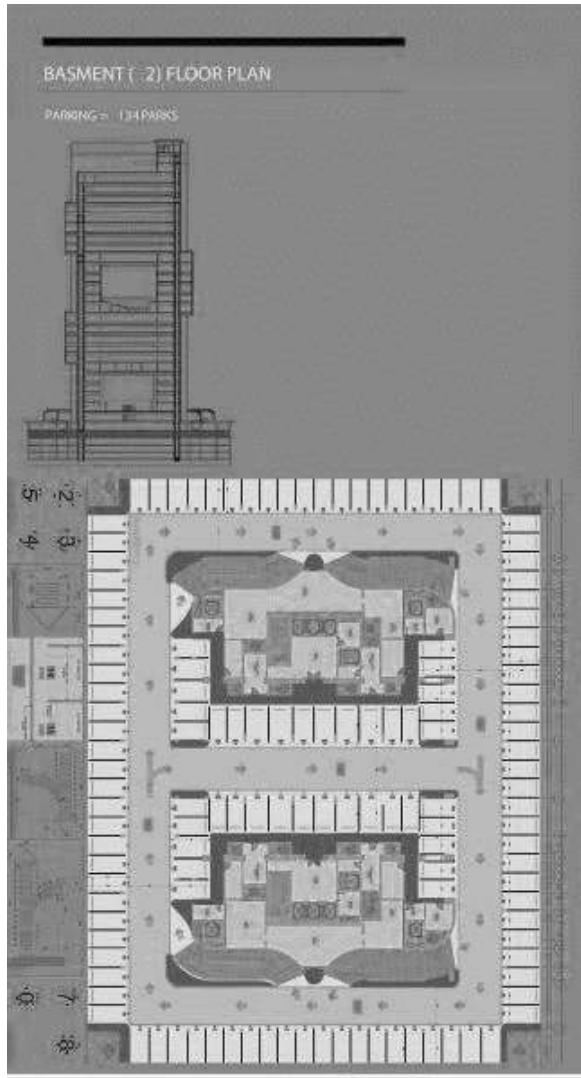


**Basement (3)**

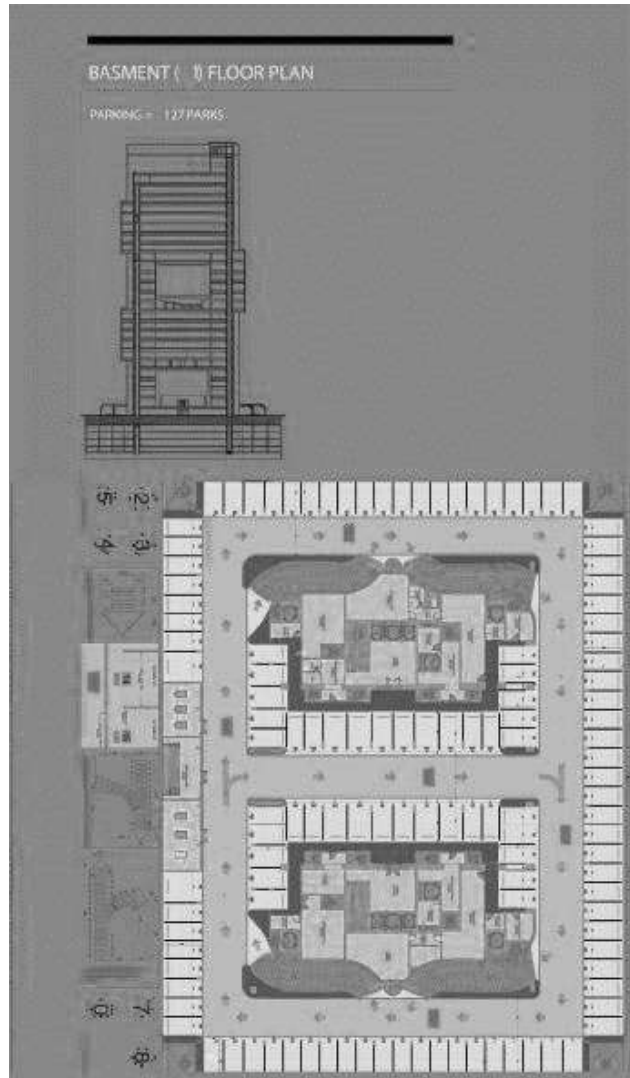




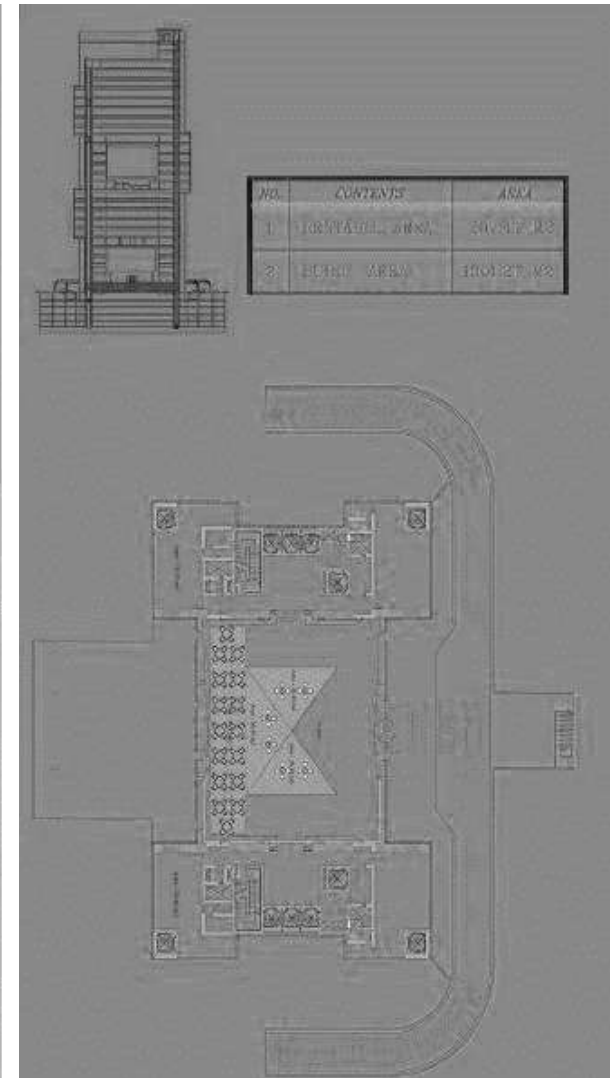
Basement (2)



Basement (1)

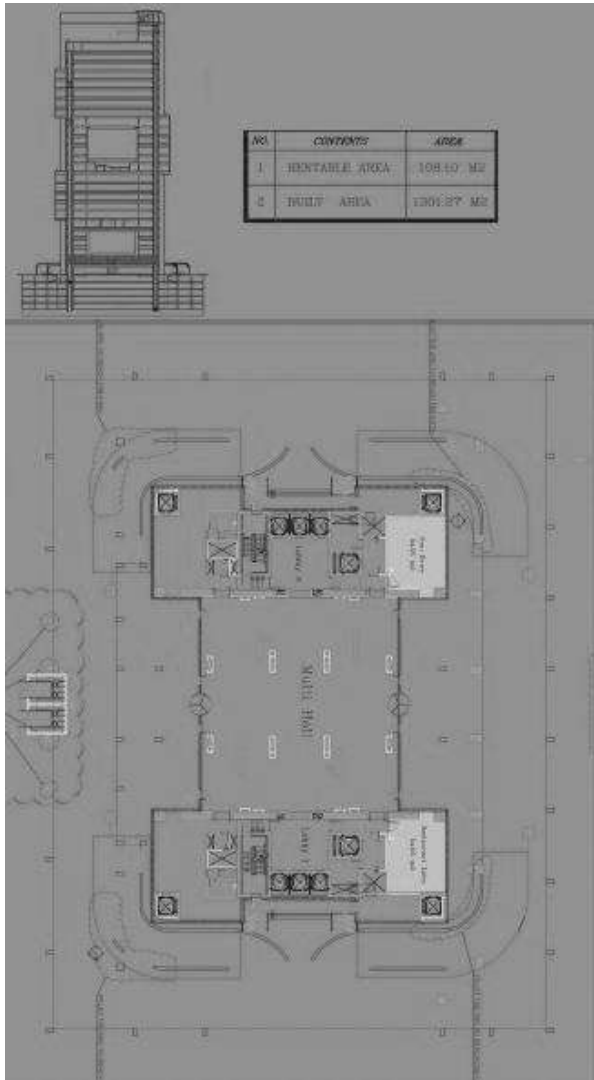


Lower Ground Plan

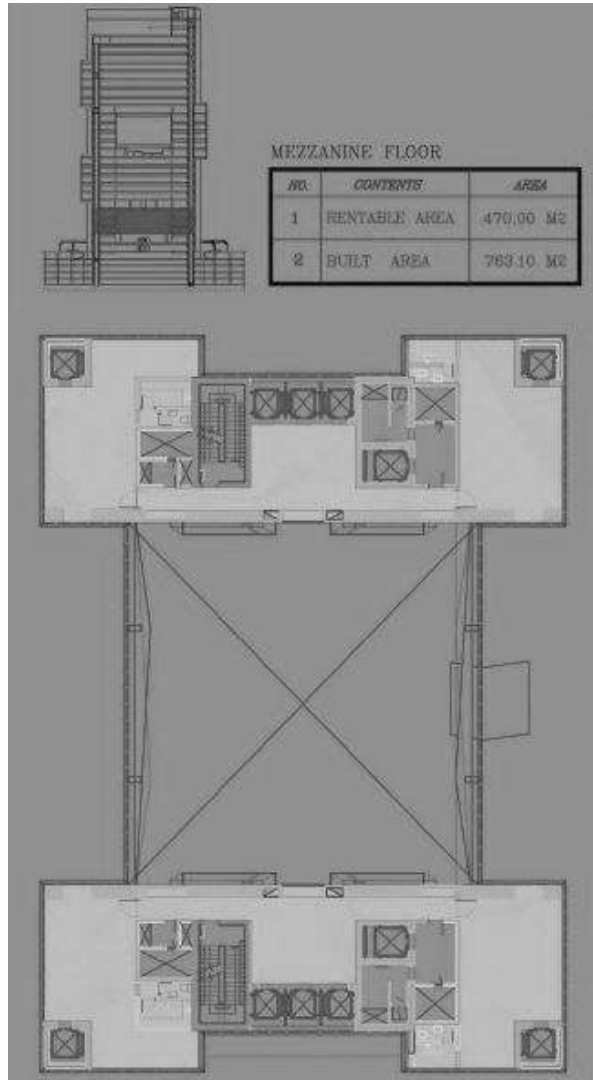




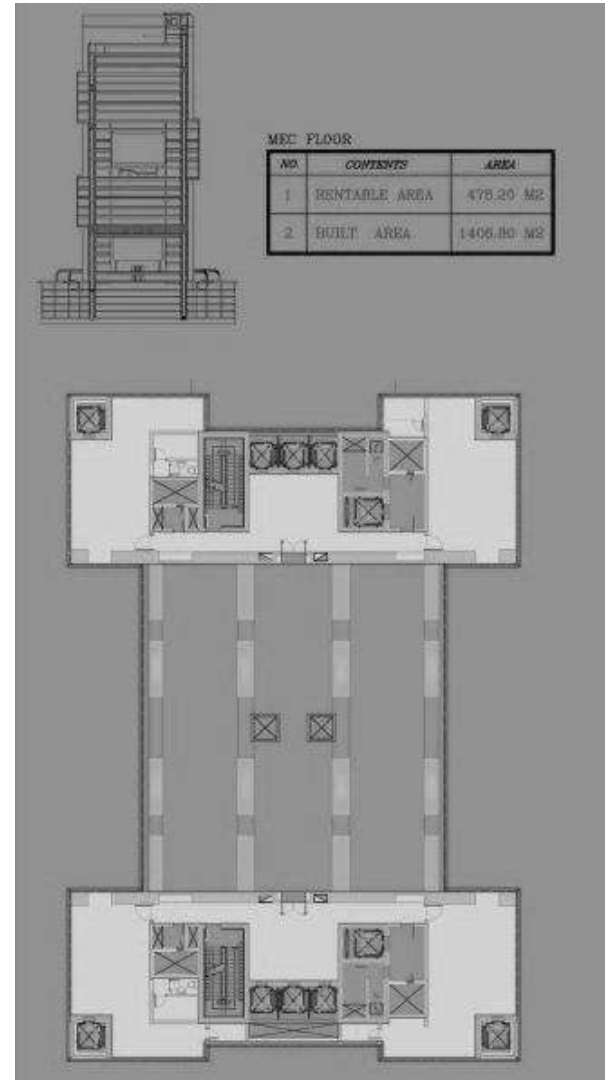
### Upper Ground Floor Plan



### Mezzanine Floor



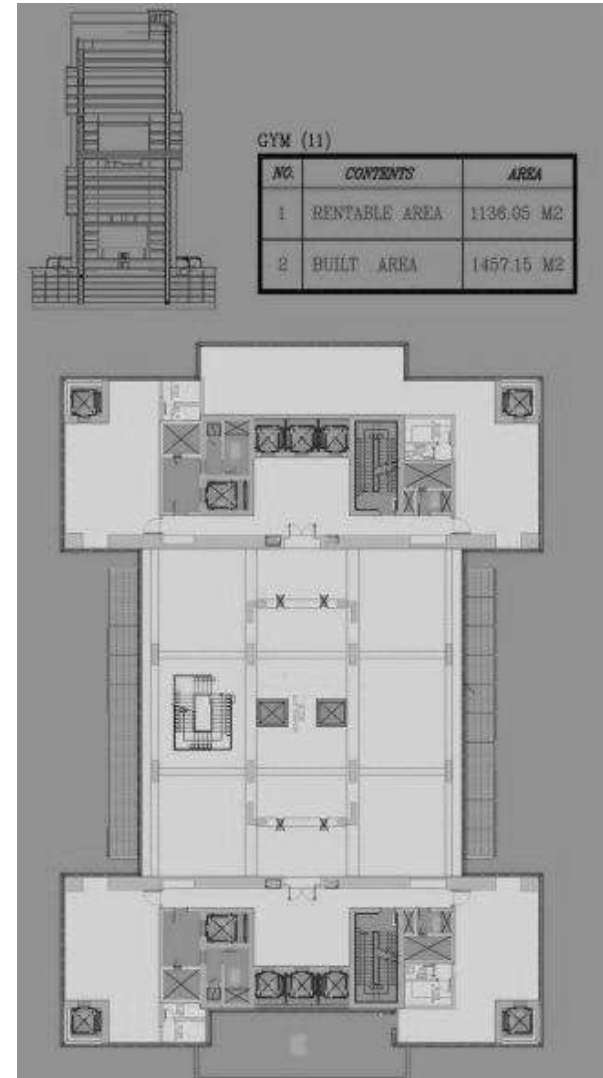
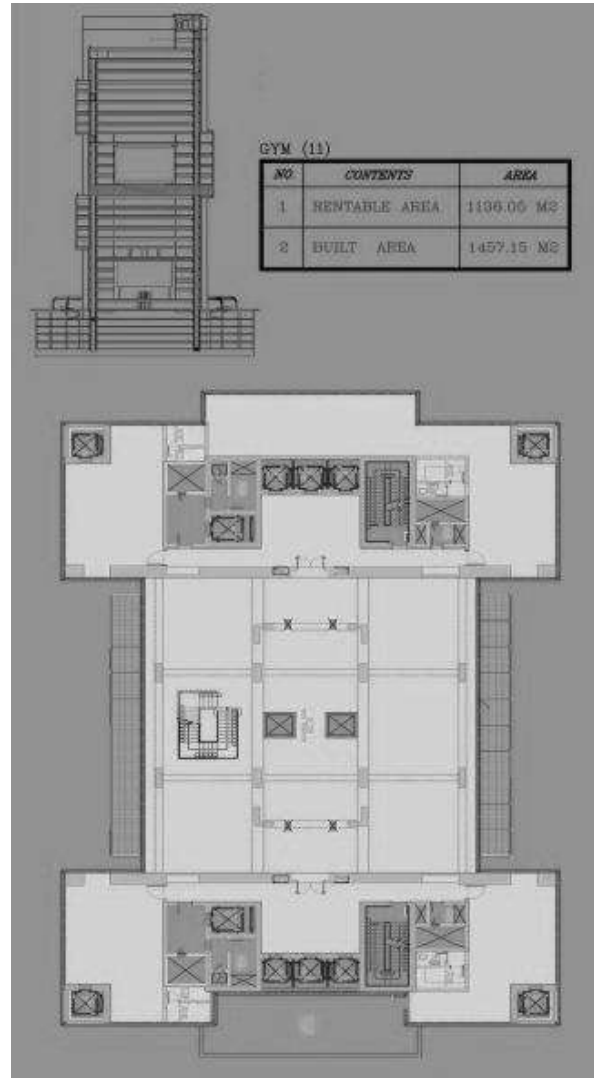
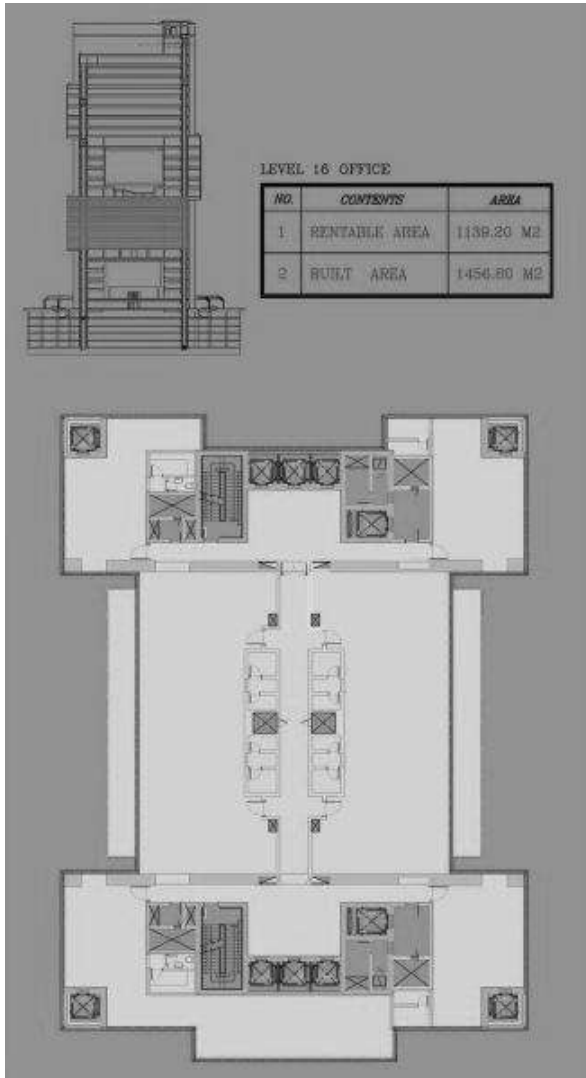
### MEC. Floor Plan



Floor Plan for Typical (6-10)

Gym

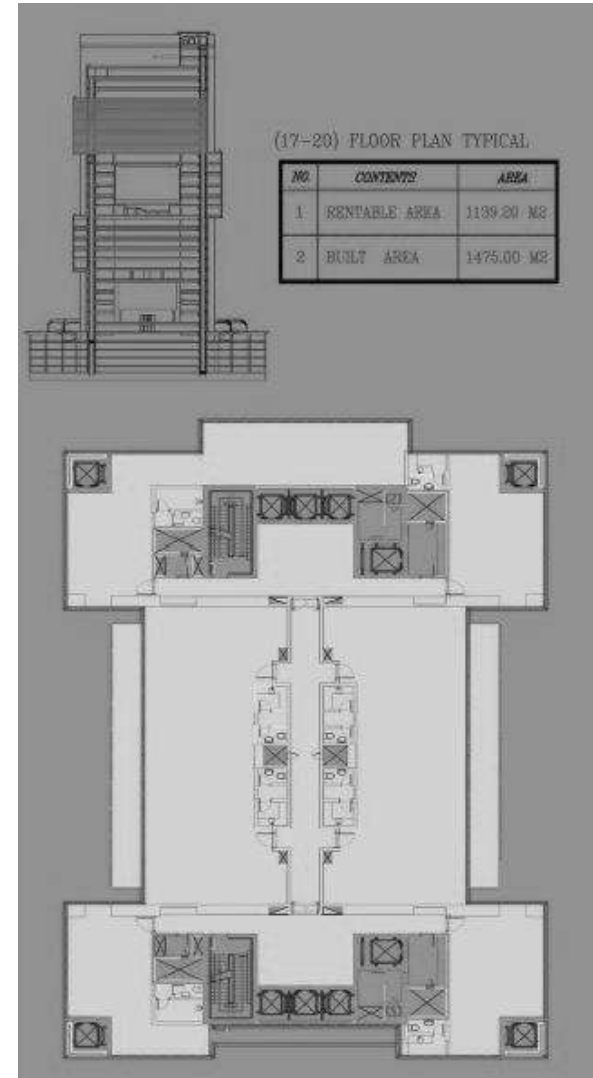
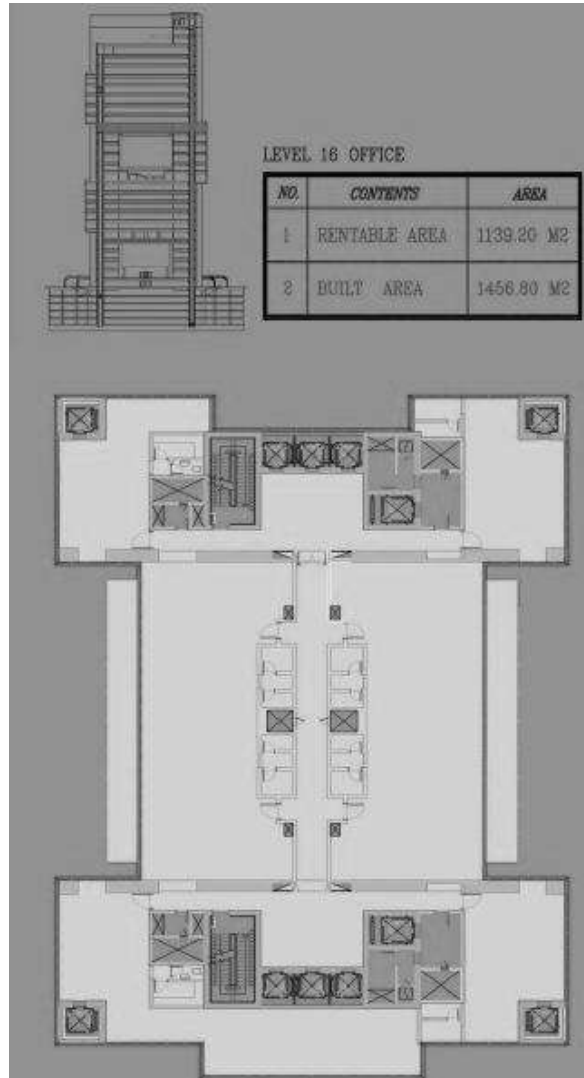
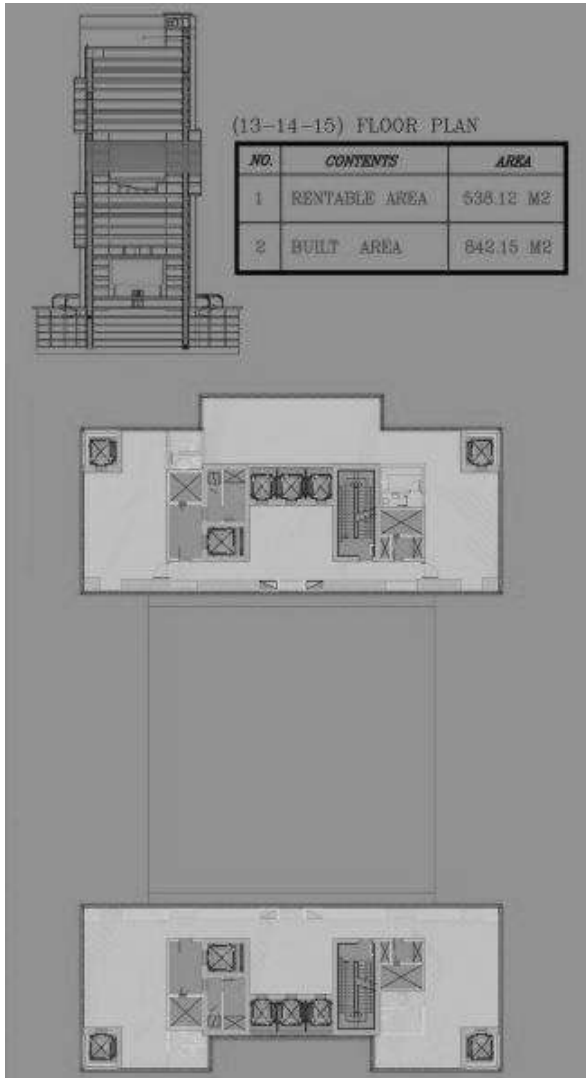
Gym



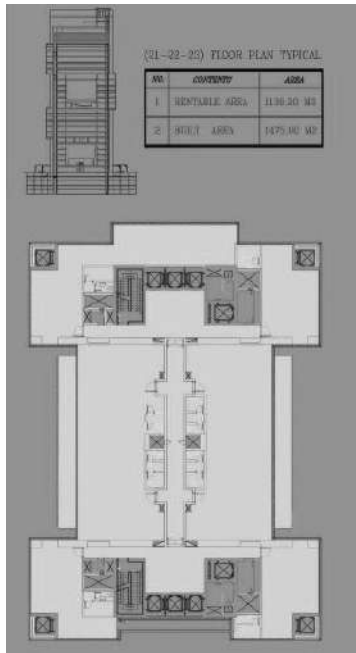
**(13-14-15) Floor Plan**

**Level 16 Office**

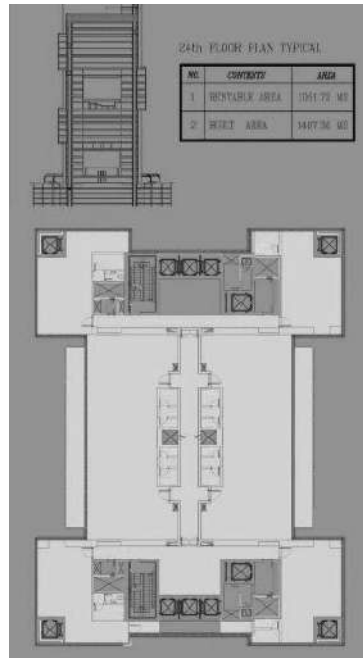
**(17-20) Floor Plan Typical**



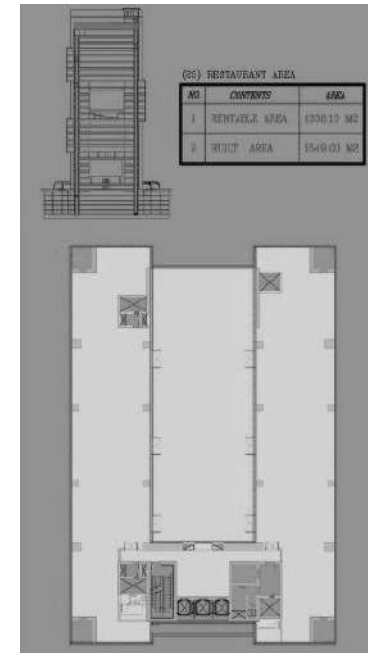
**(21-22-23) Floor Plan Typical**



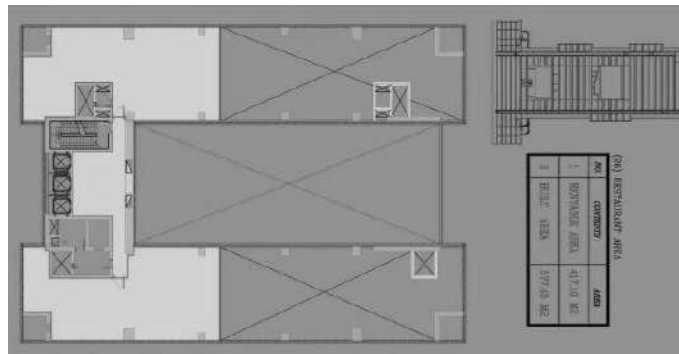
**(24) Floor Plan Typical**



**Restaurant Area (25)**



**Restaurant Area 2 (26)**



### 5.3 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



## ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة

وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES





WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# GALLERY MALL

Awal Al Malqa Real Estate Company

Tabuk City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for the Leasing Right of Gallery Mall in Tabuk City, Saudi Arabia.**

**Dear Al Inma Investment,**

In accordance with your approved request dated 30 of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Retail project.
<b>Property Location</b>	Tabuk City.
<b>Title Deed No.</b>	----
<b>Title Deed Date</b>	----
<b>Ownership Type</b>	----
<b>Limitations</b>	----
<b>Owner</b>	The client informed us that the property is a leasehold.
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	41,630 Sqm
<b>BUA (Sqm)</b>	43,624.95 Sqm.
<b>GLA (Sqm)</b>	35,868 Sqm
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Income Approach, Discounted Cash Flow method (DCF)
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 149,000,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Al Inma Investment** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply the **Income approach, DCF method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.



## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

- 1. Absolute Ownership:** The property under evaluation is assumed to be owned by Tabuk Municipality rented for Al-Qadeebi sons Company who transferred it to "Awal Al Malqa Real Estate Compony" with leasing right, implying that there are no legal or ownership disputes affecting its market value.
- 2. Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
- 3. Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
- 4. Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
- 5. Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

---

PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a lease hold Retail Project (Gallery Mall) located in Tabuk city, Kingdom of Saudi Arabia. The property's construction permit documents confirm a total built-up area (BUA) of (43,624.95) square meters.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on (4) sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of King Khaled Road from the north side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

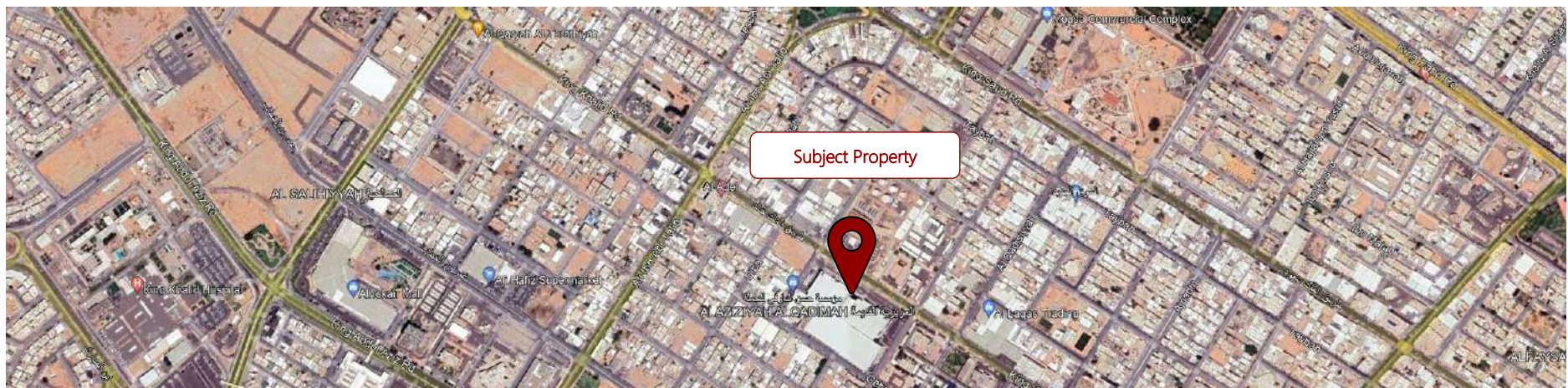
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on King Khaled Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

We were not provided with a copy of the title deed related to the subject property. Yet, the client informed us that the project is a leasehold.

## 2.6 Construction and Buildings

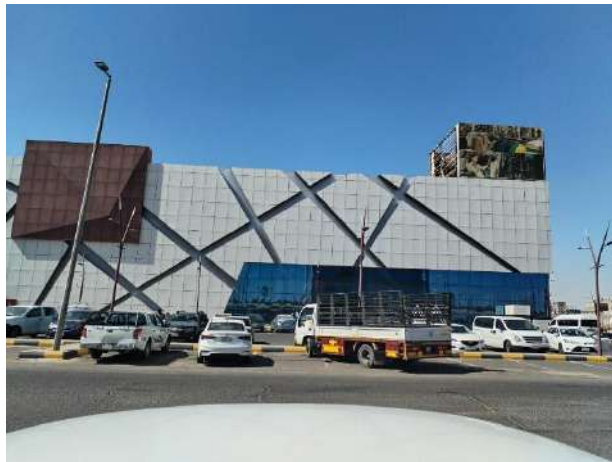
The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Retail
<b>Construction Permit No.</b>	58457
<b>Construction Permit Date</b>	01/07/1434

Description	No. of Units	Area (sqm)	Use
Basement	----	12,243	Parking
Ground Floor	----	16,136.7	Commercial
Typical Floors	----	15,245.25	Commercial
<b>Total BAU (sqm)</b>		<b>43,624.95</b>	



## 2.7 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

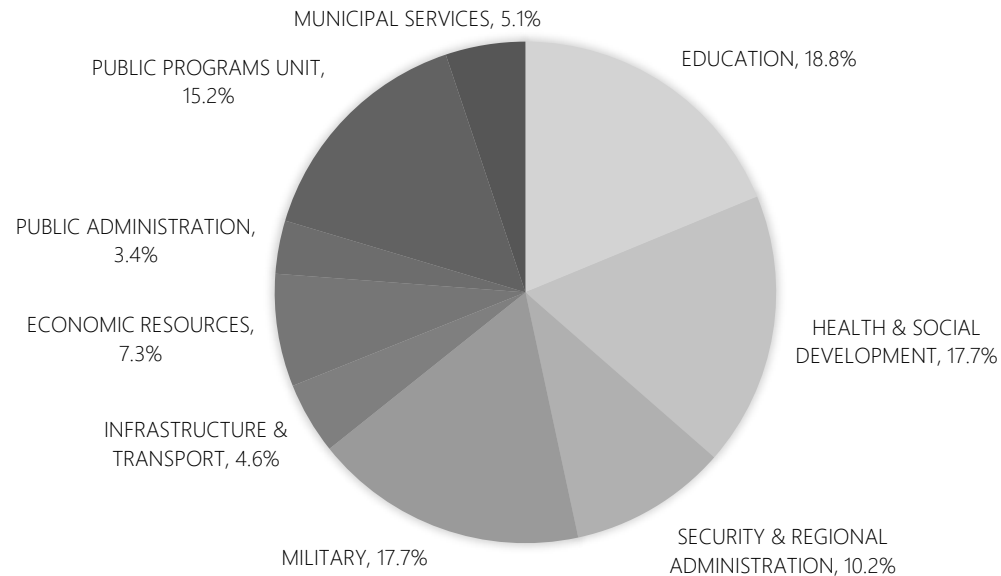
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022

Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn




Source: Ministry of Finance

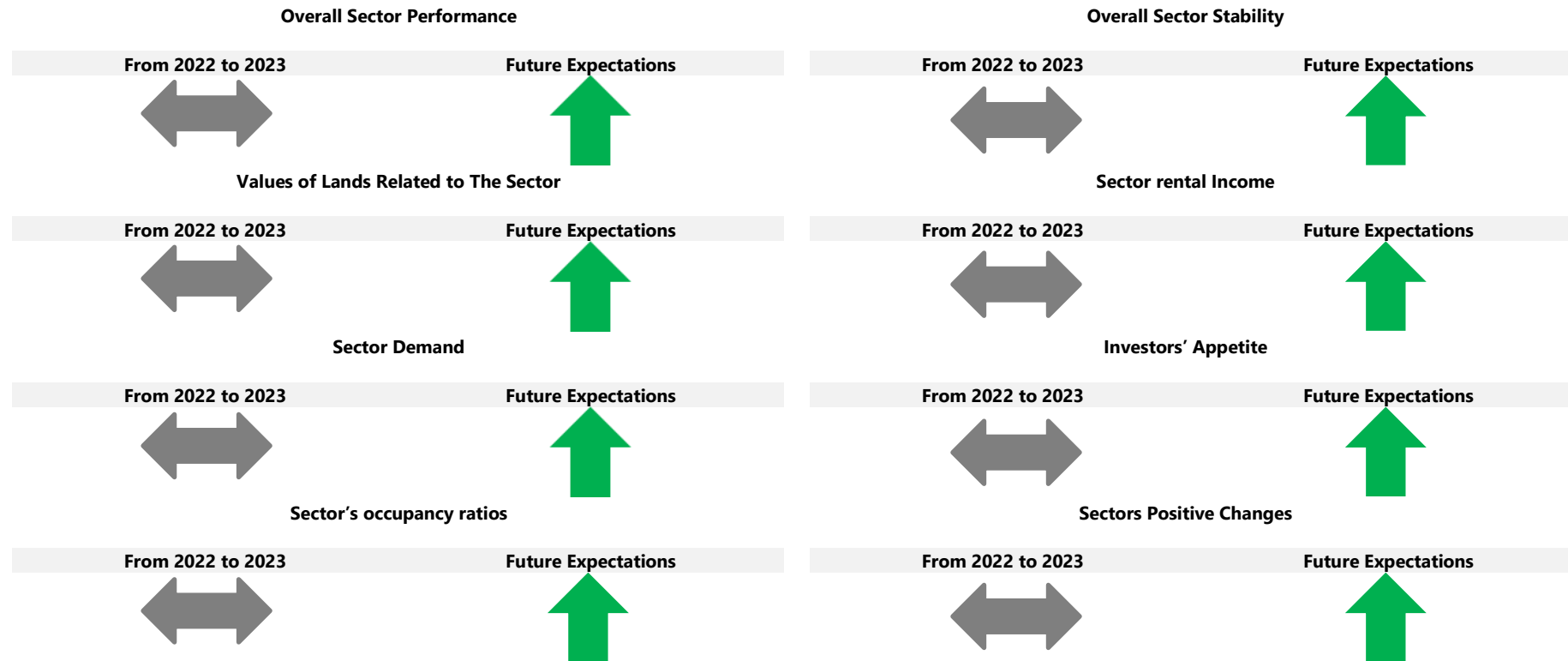




### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

---

PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	----	----	----	----	----	----
<b>Buildings</b>	----	----	----	----	----	----
<b>Property</b>	----	----	✓	----	----	----

### DISCOUNTED CASH FLOW (DCF)

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property.

## 4.2 Discounted Cash Flow Method (DCF)

### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	3% to 5%
Other incidental expenses	2% to 3%

### Property Operation and Maintenance Expenses

We will apply the rate of 6,823,479 as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Occupancy Rates in the Project

Based on the market survey done by our team, the occupancy rates for similar projects are 60% to 70% on which we will base our valuation analysis.

### The capitalization rate used in the valuation.

The capitalization rate was derived by the method of extraction from the market, where we found that the minimum is 8% and the maximum is 7%. A capitalization rate of 7% was assumed.

Reasonable after taking into account the components of the property, and it represents the return expected to be achieved by the property at the end of the period, which will be applied later to net operating income for the property

### Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model,

which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.00%
Indigenous Risk Premium	1.50%
<b>Cost of Equity</b>	<b>11.00%</b>

## Contract- Market DCF

The land of the subject property is owned by Tabuk Municipality and rented for Al-Qadeebi sons Company who transferred it to "Awal Al Malqa Real Estate Compony" with leasing right for 25 years starting 1434 with annual lease rate of SAR 1,579,000.

Cash Flow		2023	2024	2025	2026	2027	2028	2029	2030
		0	1	2	3	4	5	6	7
<b>Inflation</b>		<b>0.0%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Expected Revenues</b>									
Showrooms	Sqm	22,987	22,987	22,987	22,987	22,987	22,987	22,987	22,987
Rate (SAR)	SAR	1,902	1,902	1,930	1,930	1,930	1,950	1,950	1,950
<b>Total</b>	<b>SAR</b>	<b>43,715,261</b>	<b>43,715,261</b>	<b>44,370,990</b>	<b>44,370,990</b>	<b>44,370,990</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>
Restaurant	Sqm	300	300	300	300	300	300	300	300
Rate (SAR)	SAR	173.97	174	177	177	177	178	178	178
<b>Total</b>	<b>SAR</b>	<b>52,191</b>	<b>52,191</b>	<b>52,974</b>	<b>52,974</b>	<b>52,974</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>
Kiosk	0	63	63	63	63	63	63	63	63
Rate (SAR)	SAR	3,377.07	3,377	3,428	3,428	3,428	3,462	3,462	3,462
<b>Cash Flow</b>	<b>SAR</b>	<b>212,755</b>	<b>212,755</b>	<b>215,947</b>	<b>215,947</b>	<b>215,947</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>
Balloon	Sqm	0	0	0	0	0	0	0	0
Rate (SAR)	SAR	1,440.00	1,440	1,462	1,462	1,462	1,476	1,476	1,476
<b>Total</b>	<b>SAR</b>	<b>1,440</b>	<b>1,440</b>	<b>1,462</b>	<b>1,462</b>	<b>1,462</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>
<b>Overall Revenues</b>		<b>43,981,647</b>	<b>43,981,647</b>	<b>44,641,372</b>	<b>44,641,372</b>	<b>44,641,372</b>	<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>
<b>Vacancy and Credit Loss</b>									
Vacancy	%	45%	40%	40%	35%	35%	30%	30%	30%
Total		19,791,741	17,592,659	17,856,549	15,624,480	15,624,480	13,526,336	13,526,336	13,526,336
<b>Effective Rental Income</b>		<b>24,189,906</b>	<b>26,388,988</b>	<b>26,784,823</b>	<b>29,016,892</b>	<b>29,016,892</b>	<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>
<b>Expenses</b>									
CapEx	30.0%	7,256,972	7,916,696	8,035,447	8,705,067	8,705,067	9,468,435	9,468,435	9,468,435
OpEx	15.0%	3,628,486	3,958,348	4,017,723	4,352,534	4,352,534	4,734,217	4,734,217	4,734,217
Land Rent		1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Insurance		95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930
<b>Overall Expenses</b>		<b>12,560,388</b>	<b>13,549,975</b>	<b>13,728,100</b>	<b>14,732,531</b>	<b>14,732,531</b>	<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>
<b>NOI</b>		<b>11,629,518</b>	<b>12,839,014</b>	<b>13,056,723</b>	<b>14,284,360</b>	<b>14,284,360</b>	<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>
<b>Terminal Value</b>	<b>9.5%</b>								
Discount Rate	11.3%	1.00	0.90	0.81	0.72	0.65	0.58	0.53	0.47
<b>Present Value</b>		<b>11,629,518</b>	<b>11,533,429</b>	<b>10,536,292</b>	<b>10,354,788</b>	<b>9,301,822</b>	<b>9,174,601</b>	<b>8,241,646</b>	<b>7,403,563</b>
<b>Net Present Value</b>									

Cash Flow		2031	2032	2033	2034	2035	2036	2037	2038
		8	9	10	11	12	13	14	15
<b>Inflation</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Expected Revenues</b>									
Showrooms	Sqm	22,987	22,987	22,987	22,987	22,987	22,987	22,987	22,987
Rate (SAR)	SAR	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
<b>Total</b>	<b>SAR</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>	<b>44,814,699</b>
Restaurant	Sqm	300	300	300	300	300	300	300	300
Rate (SAR)	SAR	178	178	178	178	178	178	178	178
<b>Total</b>	<b>SAR</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>	<b>53,504</b>
Kiosk	0	63	63	63	63	63	63	63	63
Rate (SAR)	SAR	3,462	3,462	3,462	3,462	3,462	3,462	3,462	3,462
<b>Cash Flow</b>	<b>SAR</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>	<b>218,106</b>
Balloon	Sqm	0	0	0	0	0	0	0	0
Rate (SAR)	SAR	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476
<b>Total</b>	<b>SAR</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>	<b>1,476</b>
<b>Overall Revenues</b>		<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>	<b>45,087,785</b>
<b>Vacancy and Credit Loss</b>									
Vacancy	%	30%	30%	30%	30%	30%	30%	30%	30%
Total		13,526,336	13,526,336	13,526,336	13,526,336	13,526,336	13,526,336	13,526,336	13,526,336
<b>Effective Rental Income</b>		<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>	<b>31,561,450</b>
<b>Expenses</b>									
CapEx	30.0%	9,468,435	9,468,435	9,468,435	9,468,435	9,468,435	9,468,435	9,468,435	9,468,435
OpEx	15.0%	4,734,217	4,734,217	4,734,217	4,734,217	4,734,217	4,734,217	4,734,217	4,734,217
Land Rent		1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Insurance		95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930
<b>Overall Expenses</b>		<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>	<b>15,877,582</b>
<b>NOI</b>		<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>	<b>15,683,867</b>
<b>Terminal Value</b>	<b>9.5%</b>								<b>165,093,341</b>
Discount Rate	11.3%	0.42	0.38	0.34	0.31	0.28	0.25	0.22	0.20
<b>Present Value</b>		<b>6,650,703</b>	<b>5,974,401</b>	<b>5,366,871</b>	<b>4,821,121</b>	<b>4,330,866</b>	<b>3,890,466</b>	<b>3,494,849</b>	<b>36,186,428</b>
<b>Net Present Value</b>									<b>148,891,364</b>

### 4.3 Valuation Notes

- As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology (DCF).
- The market rates are used based the actual rates within the project which are used as market actual transactions.



#### 4.4 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 149,000,000**  
**One Hundred Forty-Nine Million Saudi Riyals.**

#### 4.5 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.6 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

Documents Received

5.1 Construction Permit

المملكة العربية السعودية  
وزارة الشؤون البلدية والقروية  
أمانة منطقة تبوك

رقم الرخصة ٥٨٤٥٧  
تاريخ صدورها ١٤٣٩/٧/١  
تاريخ انتهائها ١٤٣٧/٧/١

**رخصة بناء**

اسم صاحب الرخصة : أمانة منطقة تبوك ( المستاجر شركة أبناء القضيبي والمقاولات )  
رقم الصك : --- تاريخه : --- مصدره : تبوك  
رقم قطعة الأرض : بدون رقم المخطط : --- تاريخه : --- يحي : الصاحبة  
رقم الكروكي التخطيطي : ١٣٧٤ تاريخه : ١٤٣٤/٦/١٤ نوع البناء : فنجر

كروكي الموقع العام  
كروكي قطعة الأرض والمبنى الأصلي

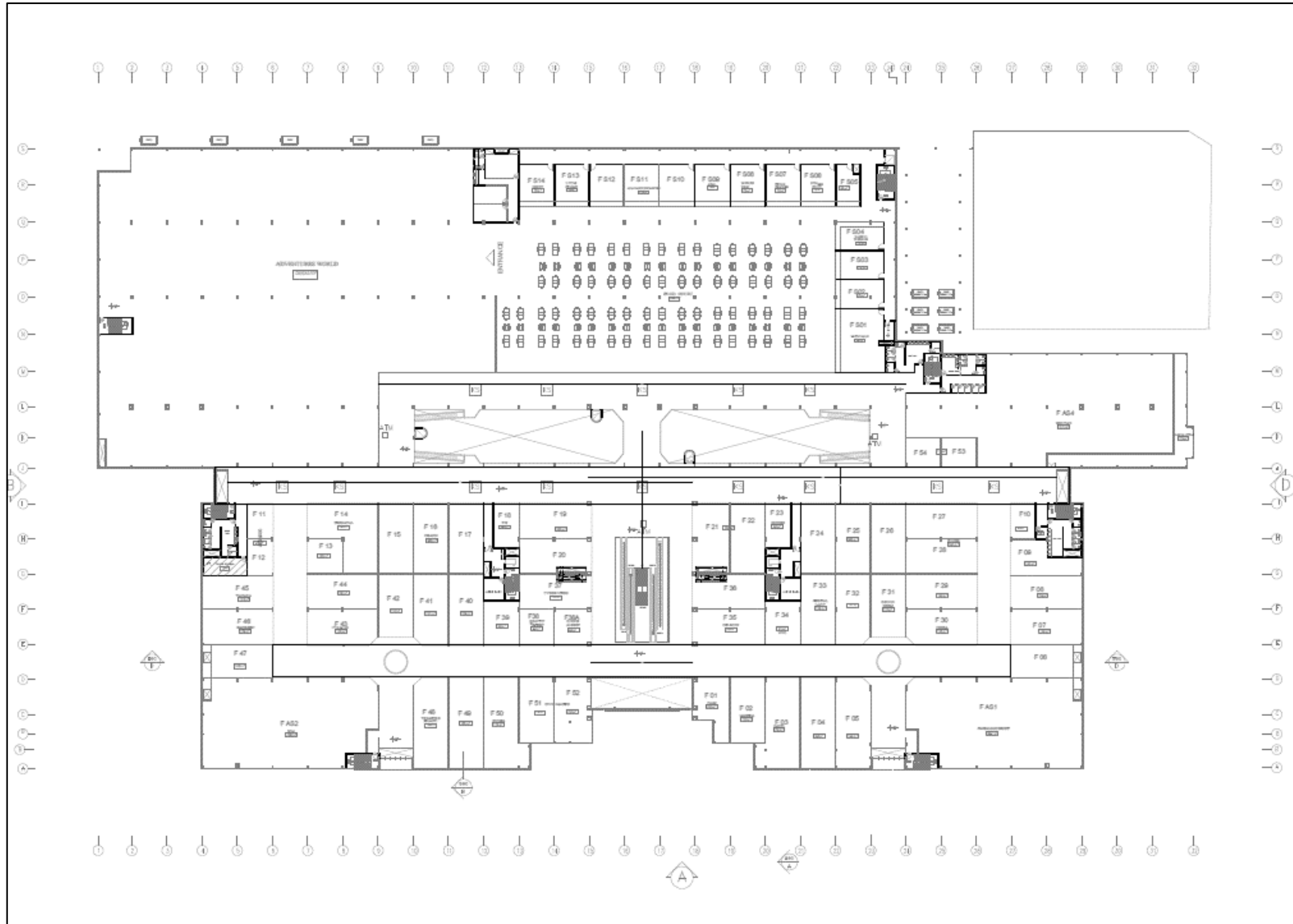
مرحلة النطاق العمراني : الخرجي  
المكتب الهندسي المشرف / المصمم : المقاييس والاشتراطات :

الجهة	حدودها (م)	الأبعاد (م)	الارتفاع (م)	البروز (م)
الشمال	شارع عرض ٢٥ متر	١٧١ م	٤,٦٤/١٤,٦٥	--
الشرق	شارع عرض ٢٥ متر	١٥٦ م	٢٧,٤/١٤,٦٥	--
الجنوب	شارع عرض ٢٥ متر	١٧١ م	٦٠/٢٧,٤	--
الغرب	شارع عرض ٢٥ متر	٢٥٦ م	٥٦٠/٥١,٥٥	--

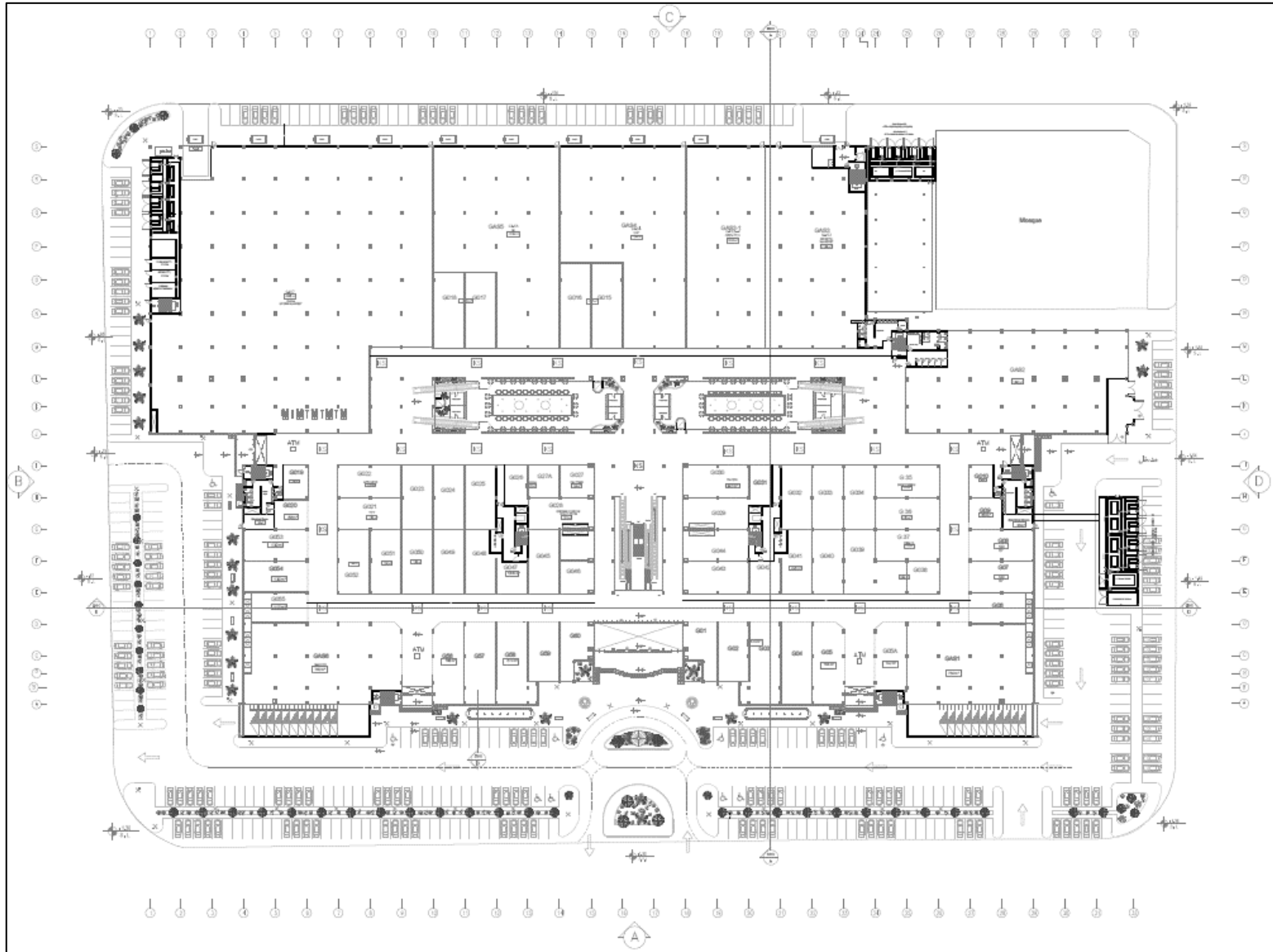
مساحة الأرض : ٤١١٣١,٤ واحد و أربعون ألفاً ومئة وثلاثون متراً  
مساحة البناء بالقوى : ١١٤٢٠,٣ ثمانية آلاف و مائة و ثمانية و أربعون متراً  
مساحة البناء بالدور الأرضي : ١١٣٧٤,٥ ستة عشرة ألفاً ومائة و ثمانية و أربعون متراً  
مساحة البناء بالدور المتكرر : ١١٣٧٤,٥ ستة عشرة ألفاً ومائة و ثمانية و أربعون متراً  
عدد الأدوار المتكررة : ٢ م  
مساحة الملحق الأرضي : ٢ م  
مساحة الملحق العلوي : ٢ م  
عدد الوحدات : ١٣٠ مئة وثلاثة و ثلاثون محلات  
إجمالي مساحة البناء : ٤٣٧٤٤,٥ ثلاثون ألفاً ومائة و ثمانية و أربعون متراً  
ارتفاع الدور : ٥,٦ خمسة متر  
أقصى ارتفاع للبناء : ١٥,٥ خمسة عشرون متراً و خصون سم  
إجمالي طول السور : ٢ م  
أقل ارتفاع للسور : ٢ م  
أقصى ارتفاع للسور : ٢ م  
نسبة مساحة الدور الأرضي لمساحة الأرض : ٢٨,٢٦ %  
منسوب الشارع :  
تشطيب الواجهة :  
البيرويات :  
استخدام المبنى :  
مهندس الخرجي :  
مهندس إدارة الرخص :  
اسم :  
التوقيع :  
اسم :  
التوقيع :  
اسم :  
التوقيع :  
اسم :  
التوقيع :

## 5.2 Layout

### First Floor



Ground Floor



### 5.3 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



## ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES





WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital  
**PALAZZO PLAZA**

Awal Al Malqa Real Estate Company

Riyadh City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for a Commercial Project (Palazzo Plaza) in Riyadh City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	As Sulimaniyah district, Riyadh City.
<b>Title Deed No.</b>	214002002200
<b>Title Deed Date</b>	14/09/1440
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	The land has an area size of 6,050 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 5,648.24 Sqm.
<b>GLA (Sqm)</b>	Based on the tenant list provided by the client, the total GLA is 5,941 Sqm due to terraces on the first floor which are not included in the BUA and leased to tenants.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach (DCF).
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 68,410,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- DCF method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.



## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a commercial project (Palazzo Plaza) located in Al Sulaymaniyah district, Riyadh city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 6,050 Sqm, and a total BUA of 5,648.24 Sqm. During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 4 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of King Muhammad V Road from the eastern side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

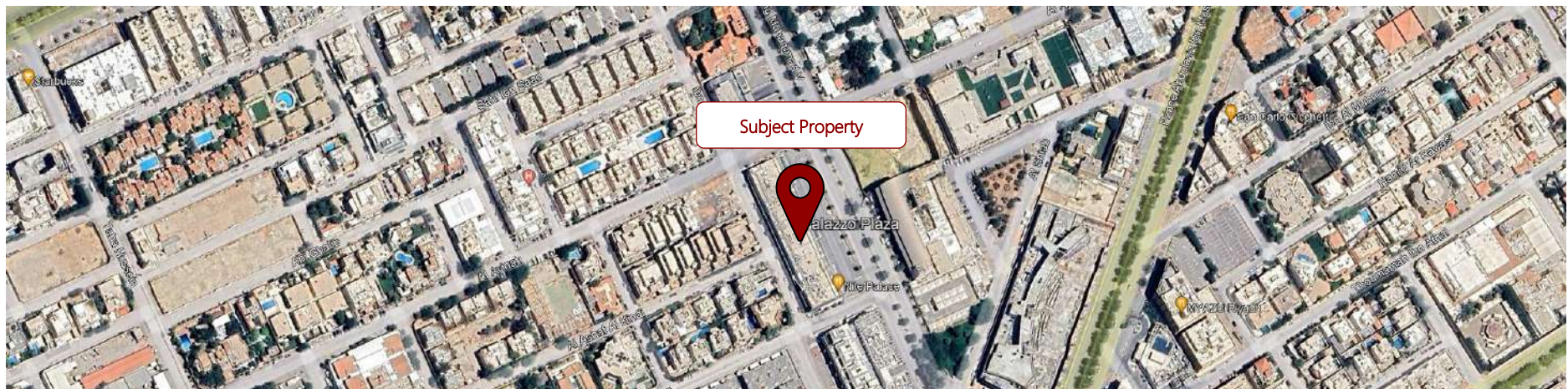
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on King Muhammad V Road .

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	6,050 Sqm
<b>District</b>	As Sulaymaniyah	<b>Plot No.</b>	333 to 342
<b>T.D Type</b>	Electronic	<b>Block No.</b>	35
<b>T.D Number</b>	214002002200	<b>Layout No.</b>	690
<b>T.D Date</b>	14/09/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Riyadh Center Primary Notarial		
<b>North Side</b>	20 meters street	<b>East Side</b>	30 meters street
<b>South Side</b>	15 meters street	<b>West Side</b>	Walkway 10 meter

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	Add Building Components
<b>Property Type</b>	Commercial Project
<b>Construction Permit No.</b>	2925/1437
<b>Construction Permit Date</b>	17/02/1437

Description	No. of Units	Area (sqm)	Use
Mezzanine	----	2,603.70	Commercial
Commercial Ground Floor	15	2,916.20	Commercial
Electricity Room	----	128,34	Services
Fences	1	171 m	Services
<b>Total BAU (sqm)</b>		<b>5,648.24</b>	

## 2.7 Maintenance & Operational Expenses

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 400,000 SAR per year, which includes all management and maintenance expenses in addition to 507,600 SAR insurance premium expenses.

## 2.8 Insurance

Based on the information provided to us by the client, the total costs of the subject property are 25,000 SAR insurance premium expenses.



## 2.9 Photographs of the Subject Property







WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

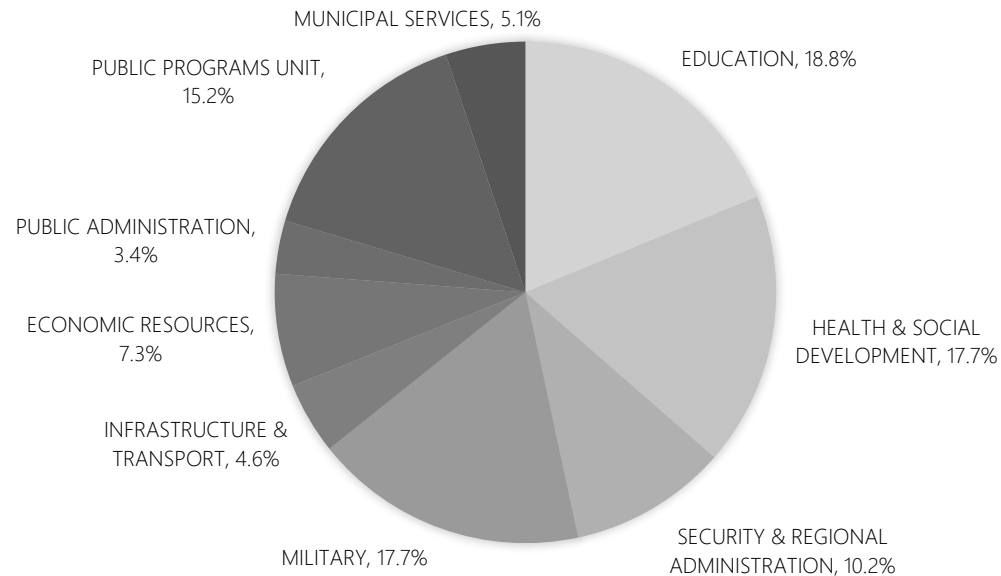
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

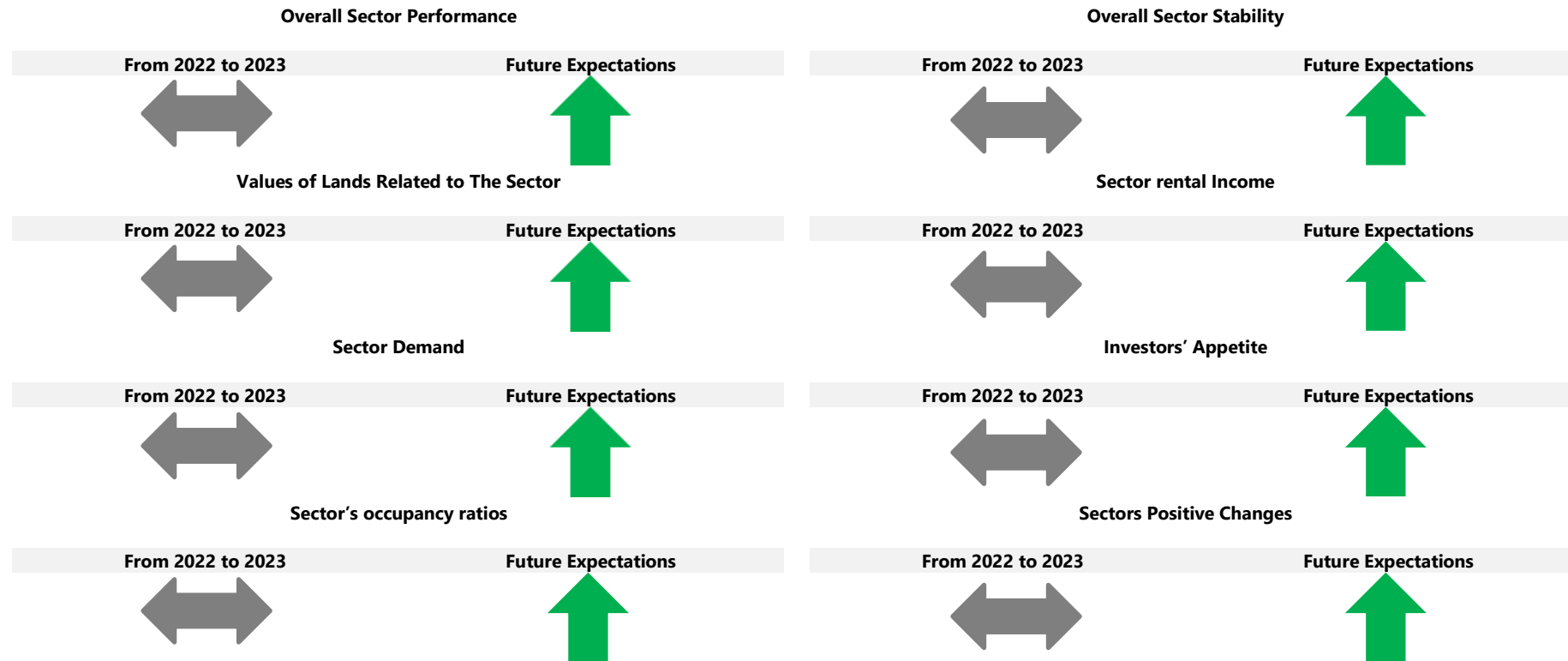
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	✓	----	----	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property



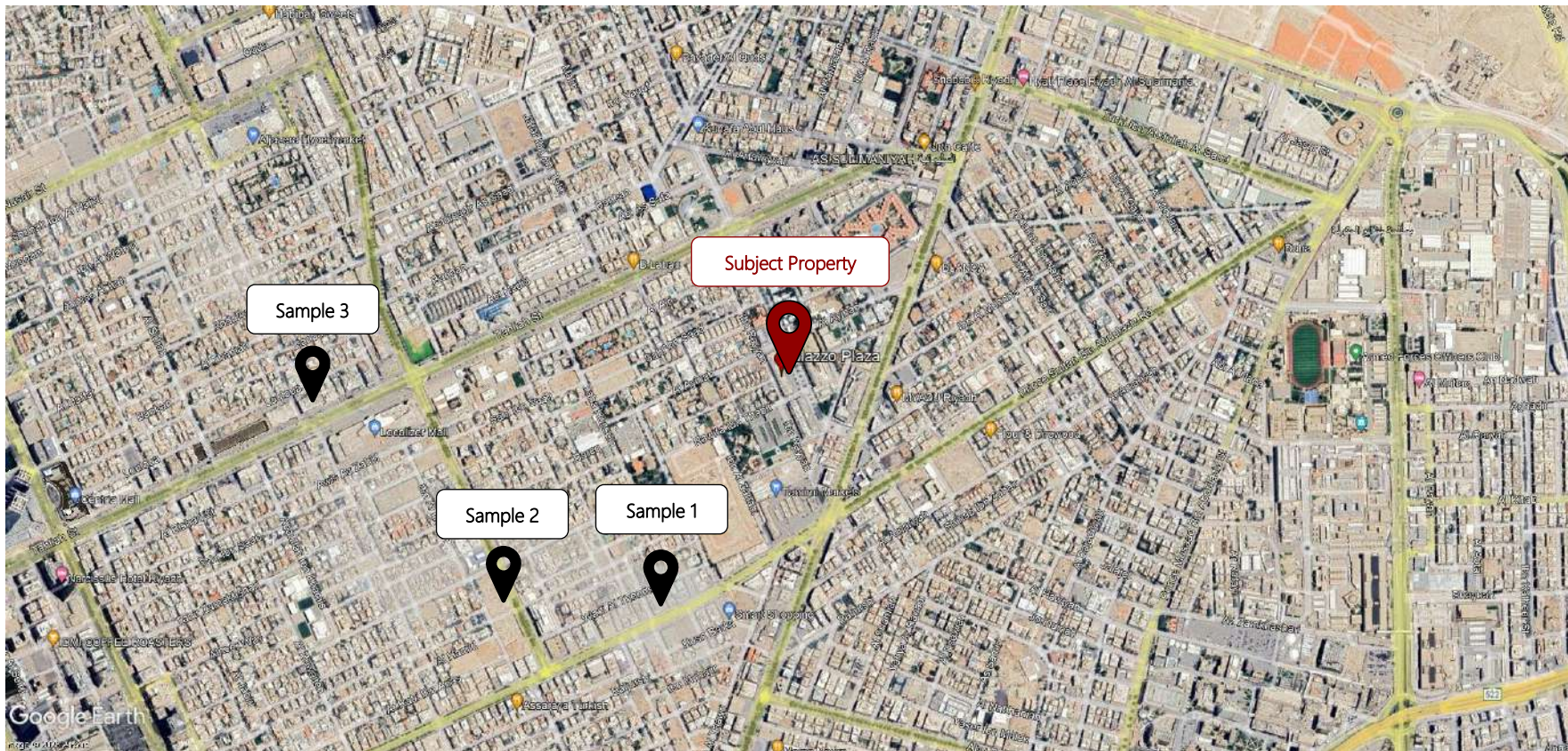
## 4.2 Comparable Method

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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 73,800,000		SAR 61,500,000		SAR 60,700,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	6,050.00	9,000.00		7,300.00		5,400.00	
SAR / Sqm	-----	SAR 8,200		SAR 8,425		SAR 11,241	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 8,200.0		SAR 8,424.7		SAR 11,240.7	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 8,200.00		SAR 8,424.66		SAR 11,240.74	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	6,050.00	9,000.00	-5.00%	7,300.00	-5.00%	5,400.00	0.00%
Location Desirability	Average	Average	-2.50%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	40	40	0.00%	30	0.00%	40	0.00%
Sides Open	3	4	-2.50%	2	2.50%	2	2.50%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio			-10.00%		-2.50%		2.50%
Total Adjustment Amount			-SAR 820.0		-SAR 210.6		SAR 281.0
Net After Adjustment			SAR 7,380.0		SAR 8,214.0		SAR 11,521.8
Weighted Mean			<b>70%</b>		<b>15%</b>		<b>15%</b>
			SAR 5,166.00		SAR 1,232.11		SAR 1,728.26
SAR / Sqm	<b>SAR 8,126</b>						
Rounded Value	<b>SAR 8,100</b>						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 49,005,000	Land Area	6,050	6,050	6,050	6,050	6,050
	SAR / Sqm	SAR 7,290.0	SAR 7,695.0	SAR 8,100.0	SAR 8,505.0	SAR 8,910.0
	Property Value	SAR 44,104,500	SAR 46,554,750	SAR 49,005,000	SAR 51,455,250	SAR 53,905,500

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 7,900 and 8,300 SAR/ Sqm, we will base our valuation on the average rate 8,100 SAR/ Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 550	SAR 650	SAR 600
<b>Finishing Materials</b>	SAR 350	SAR 450	SAR 400
<b>Site Improvements</b>	SAR 100	SAR 140	SAR 120
<b>Developer Profit</b>	18%	22%	20%

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

<b>Land</b>			
Land Area	SAR / Sqm		Total Value
6,050.00	SAR 8,100		SAR 49,005,000
<b>Building</b>			
	Unit		Total BUA
<b>Ground Floor</b>	Sqm		2,916.20
<b>Mezzanine</b>	Sqm		2,603.70
<b>Electricity Room</b>	Sqm		128.34
<b>Fences</b>	L m		171
<b>Total (SQM)</b>	<b>5,648.24</b>		

<b>Development Cost</b>					
<b>Hard Cost - (Upper Floors)</b>					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	5,648.24	SAR 1,000	SAR 5,648,240	100%	SAR 5,648,240
Electro Mechanic	5,648.24	SAR 600	SAR 3,388,944	100%	SAR 3,388,944
Finishing	5,648.24	SAR 400	SAR 2,259,296	100%	SAR 2,259,296
Site Improvement	6,050.00	SAR 120	SAR 726,000	100%	SAR 726,000
<b>Total</b>			<b>SAR 12,022,480</b>	<b>100%</b>	<b>SAR 12,022,480</b>



Overall Soft Cost					
			<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
<b>Initial Project Pre Cost</b>			SAR 12,022,480	0.10%	SAR 12,022
<b>Design</b>			SAR 12,022,480	1.00%	SAR 120,225
<b>Eng Consultant</b>			SAR 12,022,480	1.00%	SAR 120,225
<b>Management</b>			SAR 12,022,480	5.00%	SAR 601,124
<b>Contingency</b>			SAR 12,022,480	5.00%	SAR 601,124
<b>Others</b>			SAR 12,022,480	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 1,454,720.08</b>
<b>Total Hard Cost</b>	<b>SAR 12,022,480</b>			<b>BUA</b>	<b>5,648.24</b>
<b>Total Soft Cost</b>	<b>SAR 1,454,720.08</b>			<b>SAR / Sqm</b>	<b>SAR 2,386</b>
<b>Total Construction Cost</b>	<b>SAR 13,477,200.08</b>			<b>Overall Completion</b>	<b>100%</b>

After knowing the total construction costs at a rate of 2,386 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 13,477,200</b>	<b>Annual Dep Rate</b>	2.0%
<b>Total Completion Rate</b>	100%	<b>Actual Age</b>	4
<b>Developer Profit Rate</b>	20.0%	<b>Total Dep Rate</b>	8.00%
<b>Dev. Profit Amount</b>	SAR 2,695,440	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 15,094,464</b>	<b>Net Dep Rate</b>	<b>8.00%</b>
<b>Economic Age</b>	50	<b>Cost After Depreciation</b>	<b>SAR 12,399,024</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 15,094,464</b>	<b>SAR 49,005,000</b>	<b>SAR 64,099,464</b>	<b>SAR 64,100,000</b>

#### 4.4 Income Approach- Market Rates

##### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 1,000 to 1,200 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Commercial Showroom Units
<b>Comparable</b>	Rental Rate/ Sqm
<b>Comparable 1</b>	1,000 SAR/ Sqm
<b>Comparable 2</b>	1,200 SAR/ Sqm
<b>Average</b>	<b>1,100 SAR/ Sqm</b>



### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 8% to 12% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	3% to 4%
Other incidental expenses	10% to 15%

### Property Operation and Maintenance Expenses

The maintenance and operation costs of the project are assumed accordingly to market averages for similar projects. Therefore, we will apply the rate of 9% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate.

### The Capitalization Rate Used for the Valuation

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

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

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

Project	Sample 1	Sample 2	Sample 3
Sale Price	86,455,000	93,349,500	104,500,000
Revenue	7,564,813	7,467,960	8,360,000
Cap Rate	8.50%	8.00%	9.00%
Average Cap Rate		<b>8.50%</b>	

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.50%, which will be applied subsequently to the net operating income of the property.

Cash Flow		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		0	1	2	3	4	5	6	7	8	9	10
<b>Inflation</b>		<b>0.0%</b>	<b>0.0%</b>	<b>2.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.2%</b>
<b>Expected Revenues</b>												
Commercial Units	Sqm	5,941	5,941	5,941	5,941	5,941	5,941	5,941	5,941	5,941	5,941	5,941
Rate (SAR)	SAR	1,100	1,100	1,128	1,128	1,128	1,144	1,144	1,144	1,150	1,150	1,152
<b>Total</b>	<b>SAR</b>	<b>6,535,100</b>	<b>6,535,100</b>	<b>6,698,478</b>	<b>6,698,478</b>	<b>6,698,478</b>	<b>6,798,955</b>	<b>6,798,955</b>	<b>6,798,955</b>	<b>6,832,949</b>	<b>6,832,949</b>	<b>6,845,249</b>
<b>Overall Revenues</b>		<b>6,535,100</b>	<b>6,535,100</b>	<b>6,698,478</b>	<b>6,698,478</b>	<b>6,698,478</b>	<b>6,798,955</b>	<b>6,798,955</b>	<b>6,798,955</b>	<b>6,832,949</b>	<b>6,832,949</b>	<b>6,845,249</b>
<b>Vacancy and Credit Loss</b>												
Commercial Units	20.0%	1,307,020	1,307,020	1,339,696	1,339,696	1,339,696	1,359,791	1,359,791	1,359,791	1,366,590	1,366,590	1,369,050
<b>Total</b>		<b>1,307,020</b>	<b>1,307,020</b>	<b>1,339,696</b>	<b>1,339,696</b>	<b>1,339,696</b>	<b>1,359,791</b>	<b>1,359,791</b>	<b>1,359,791</b>	<b>1,366,590</b>	<b>1,366,590</b>	<b>1,369,050</b>
<b>Effective Rental Income</b>		<b>5,228,080</b>	<b>5,228,080</b>	<b>5,358,782</b>	<b>5,358,782</b>	<b>5,358,782</b>	<b>5,439,164</b>	<b>5,439,164</b>	<b>5,439,164</b>	<b>5,466,360</b>	<b>5,466,360</b>	<b>5,476,199</b>
<b>Expenses</b>												
OPEX	5.0%	261,404	261,404	267,939	267,939	267,939	271,958	271,958	271,958	273,318	273,318	273,810
Maintenance	4.0%	209,123	209,123	214,351	214,351	214,351	217,567	217,567	217,567	218,654	218,654	219,048
<b>Overall Expenses</b>		<b>470,527</b>	<b>470,527</b>	<b>482,290</b>	<b>482,290</b>	<b>482,290</b>	<b>489,525</b>	<b>489,525</b>	<b>489,525</b>	<b>491,972</b>	<b>491,972</b>	<b>492,858</b>
<b>NOI</b>		<b>4,757,553</b>	<b>4,757,553</b>	<b>4,876,492</b>	<b>4,876,492</b>	<b>4,876,492</b>	<b>4,949,639</b>	<b>4,949,639</b>	<b>4,949,639</b>	<b>4,974,387</b>	<b>4,974,387</b>	<b>4,983,341</b>
<b>Terminal Value</b>	<b>7.0%</b>											<b>71,190,587</b>
Discount Rate	8.5%	1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48	0.44
<b>Present Value</b>		4,757,553	4,384,841	4,142,362	3,817,845	3,518,751	3,291,735	3,033,857	2,796,181	2,590,011	2,387,107	33,690,617
<b>Net Present Value</b>												<b>68,410,861</b>
												<b>68,410,000</b>

#### 4.5 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DCF Method</b>	Property	SAR 68,410,000	Sixty-Eight Million and Four Hundred Ten Thousand Saudi Riyals
<b>DRC Method</b>	Land + Building	SAR 64,100,000	Sixty-Four Million One Hundred Thousand Saudi Riyals



#### 4.6 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 68,410,000**  
**Sixty-Eight Million and Four Hundred Ten Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

Documents Received

5.1 Title deed and Construction Permit



رقم: ٢٤٠٠٢٠٢٢٠٠
التاريخ: ١٤/٩/١٤٤٠هـ

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الأرض ٣٣٣ و قطعة الأرض ٣٣٤ و قطعة الأرض ٣٣٥ و قطعة الأرض ٣٣٦ و قطعة الأرض ٣٣٧ و قطعة الأرض ٣٣٨ و قطعة الأرض ٣٣٩ و قطعة الأرض ٣٤٠ و قطعة الأرض ٣٤١ و قطعة الأرض ٣٤٢ من البلك رقم ٣٥ من المخطط رقم ٦٩٠ الواقع في حي السلمانية بمدينة الرياض . وحدودها وأطولها كالتالي:
شمالاً: شارع عرض ٢٠م. بطول: (٥٠) خمسون متر
جنوبياً: شارع عرض ١٥م. بطول: (٥٠) خمسون متر
شرقاً: شارع عرض ٣٠م. بطول: (١٢١) مائة و واحد و عشرون متر
غربياً: ممر مشاه عرض ١٠م. بطول: (١٢١) مائة و واحد و عشرون متر
ومساحتها: (٦٠٥٠) ستة آلاف و خمسون متر مربعاً فقط
المملوكة ل/ شركة أول اللقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الاول بالرياض برقم ٧١٠١١٦٠٤٥١٢٤ في ٢٧ / ٤ / ١٤٤٠ هـ قد تم رهنها وأما أقيم أو سيقام عليها من بناء لصالح / شركةالراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضمنا لوفائه بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ وبعلمه مبلغ وقدره ( ٣٨١٨١٨١٨.١٩ ) ريال ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريالاً و تسعة عشر هللة المجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٣٩ هـ ، على أن يتم سداد الأيونية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٣١ / ٠٣ / ٢٠١٩ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما ينقص يرجع فيه عليه بعد احتمال مايزمر شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، وصلی الله على نبينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل المساعد
صالح بن هنييف الله بن احمد العمري

وزارة العدل
كتابة العدل بوسط الرياض
كاتب العدل بكسر واء

مصلحة طباع الحكومة - ٣٢١٦١٦ ( هذا النموذج مخصص للاستخدام بحساب الأي ومنع تزييفه )
سود هلفيلا ١-٤١-٢١

Official form for land and construction details, including sections for 'معلومات الأرض' (Land Information), 'معلومات البناء' (Building Information), and 'ملاحظات' (Remarks). It includes a table of land parcels and various administrative stamps.

## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية







WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# Al Malqa Compound

Awal Al Malqa Real Estate Company

Riyadh City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for Residential Compound (Malqa Compound) in Riyadh City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171



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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Residential Compound.
<b>Property Location</b>	Al Malqa district, Riyadh City.
<b>Title Deed No.</b>	314002002198, 814009006124, 814009006125, 614004005871
<b>Title Deed Date</b>	14/09/1440, 15/09/1440
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Residential.
<b>Land Area (Sqm)</b>	15,924.68 Sqm
<b>BUA (Sqm)</b>	41,362 Sqm.
<b>GLA (Sqm)</b>	39,734Sqm.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach (DCF).
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 295,700,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- DCF method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.





WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a residential compound located in Al Malqa district, Riyadh city, Kingdom of Saudi Arabia. The property's title deeds, and construction permit documents confirm a total land area of 15,924.68 square meters and a total built-up area (BUA) of 41,362 square meters composed of 252 residential apartment units, (224) 3 bedrooms apartment and (10) 2 bedrooms apartment and (18) 1 bedroom apartment. During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 4 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Hajar Valley Road from the north side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

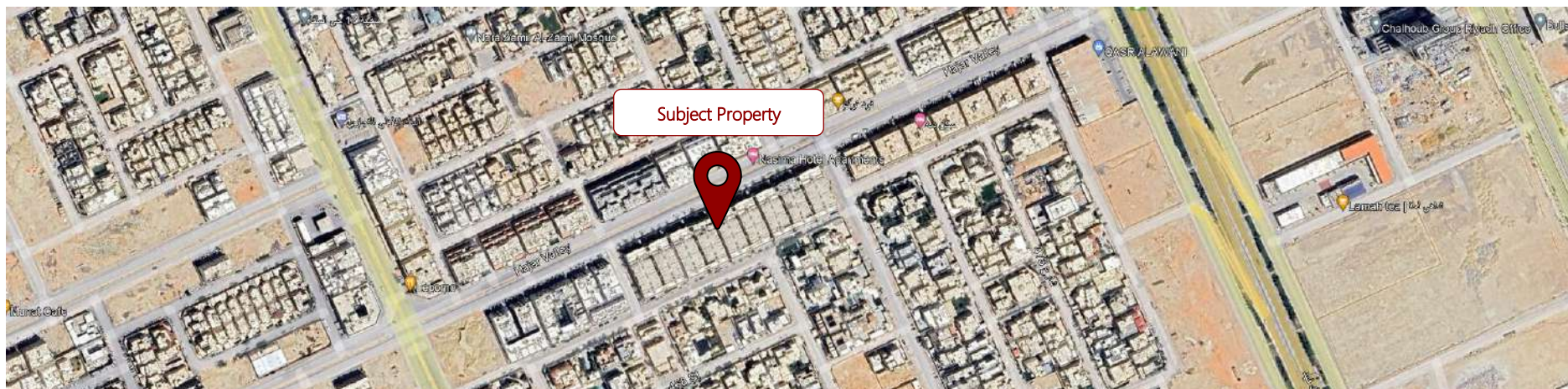
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as Medium due to its location on Hajar Valley Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by four title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	Riyadh	Riyadh	Riyadh
<b>District</b>	Al Malqa	Al Malqa	Al Malqa	Al Malqa
<b>Title deed Type</b>	Electronic	Electronic	Electronic	Electronic
<b>T.D No.</b>	814009006124	814009006125	614004005871	314002002198
<b>T.D Date</b>	14/09/1440	14/09/1440	15/09/1440	14/09/1440
<b>Issued by</b>	Riyadh Notary	Riyadh Notary	Riyadh Notary	Riyadh Notary
<b>Property Type</b>	Residential	Residential	Residential	Residential
<b>Land Area (Sqm)</b>	5,481,45	3,481,1	3,481,9	3,480,23
<b>Plot No.</b>	2333/2334	1/2336	1/2337	1/2335
<b>Block No.</b>	N/A	N/A	N/A	N/A
<b>Layout No.</b>	3114	3114	3114	3114
<b>Owners</b>	Awal Al Malqa Real Estate Company	Awal Al Malqa Real Estate Company	Awal Al Malqa Real Estate Company	Awal Al Malqa Real Estate Company
<b>Ownership</b>	Freehold	Freehold	Freehold	Freehold
<b>Limitations of Document</b>	Mortgaged	Mortgaged	Mortgaged	Mortgaged

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

	CP 1	CP 2	CP 3	CP 4
<b>Construction Permit Type</b>	Modification of building plan	Separation	Separation	Separation
<b>Property Type</b>	Residential	Residential	Residential	Residential
<b>Construction Permit No.</b>	1432/5259	1433/15270	1433/15269	1433/15265
<b>Construction Permit Date</b>	26/03/1432	21/08/1433	21/08/1433	21/08/1433
<b>Permit Expiry Date</b>	26/03/1435	21/08/1436	21/08/1436	21/08/1436
	CP 1	CP 2	CP 3	CP 4
<b>Description</b>	<b>Area (Sqm)</b>	<b>Area (Sqm)</b>	<b>Area (Sqm)</b>	<b>Area (Sqm)</b>
Basement	2,052.89	2,052.89	2,052.89	2,052.89
Residential Ground Floor	2,088.00	2,088.20	2,088.00	2,088.00
First Residential Floor	2,555.78	2,555.78	2,555.78	2,555.78
Second Residential Floor	2,380.22	2,380.22	2,380.22	2,380.22
Annex Floor	1,263.56	1,263.56	1,263.56	1,263.56
<b>Total BAU (sqm)</b>	<b>10,340,45</b>	<b>10,340.65</b>	<b>10,340,45</b>	<b>10,340,45</b>

As per the provided construction permit, the total BUA is 41,362 Sqm, which will be used in our valuation analysis.

## 2.7 Facilities, Amenities and Services

Facilities	
2 Gymnasiums (For Men and Women)	18 Elevators with VVVF System
Services & Amenities	
Pest Control	Security Services
Cleaning Services	General Maintenance
Plumbing Works	Electric Works
Mechanical Works	Home Appliances Maintenance

## 2.8 Maintenance & Operational Expenses

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 1,424,420 SAR per year, which includes all administration, maintenance, operation and general service bills, addition to 7% advertising fees and 2% agreement renewal.

## 2.9 Building Gross Leasable Area (GLA)

Floor No.	Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
3 Bed Apt	Residential	224	----	29,783	Rental spaces are obtained from the client
2 Bed Apt	Residential	10	----	930	
1 Bed Apt	Residential	18	----	2,110	

\*This rental space is for residential units only.

## 2.10 Insurance

Based on the information provided to us by the client, the total costs of the subject property are SAR 117,540 insurance premium expenses.



### 2.11 Photographs of the Subject Property





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**MARKET INDICATORS**

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MARKET  
INDICATORS



## Market Indicators

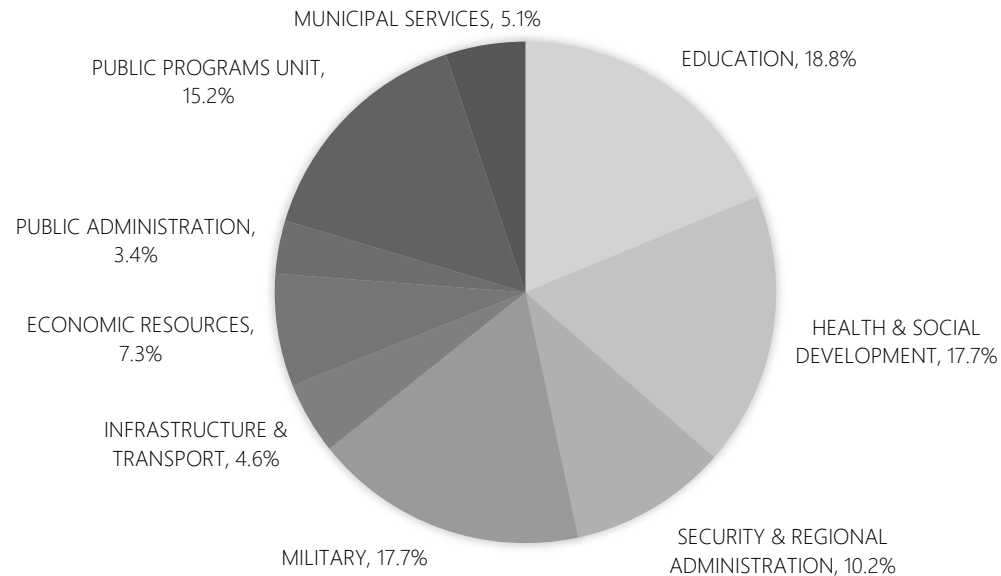
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

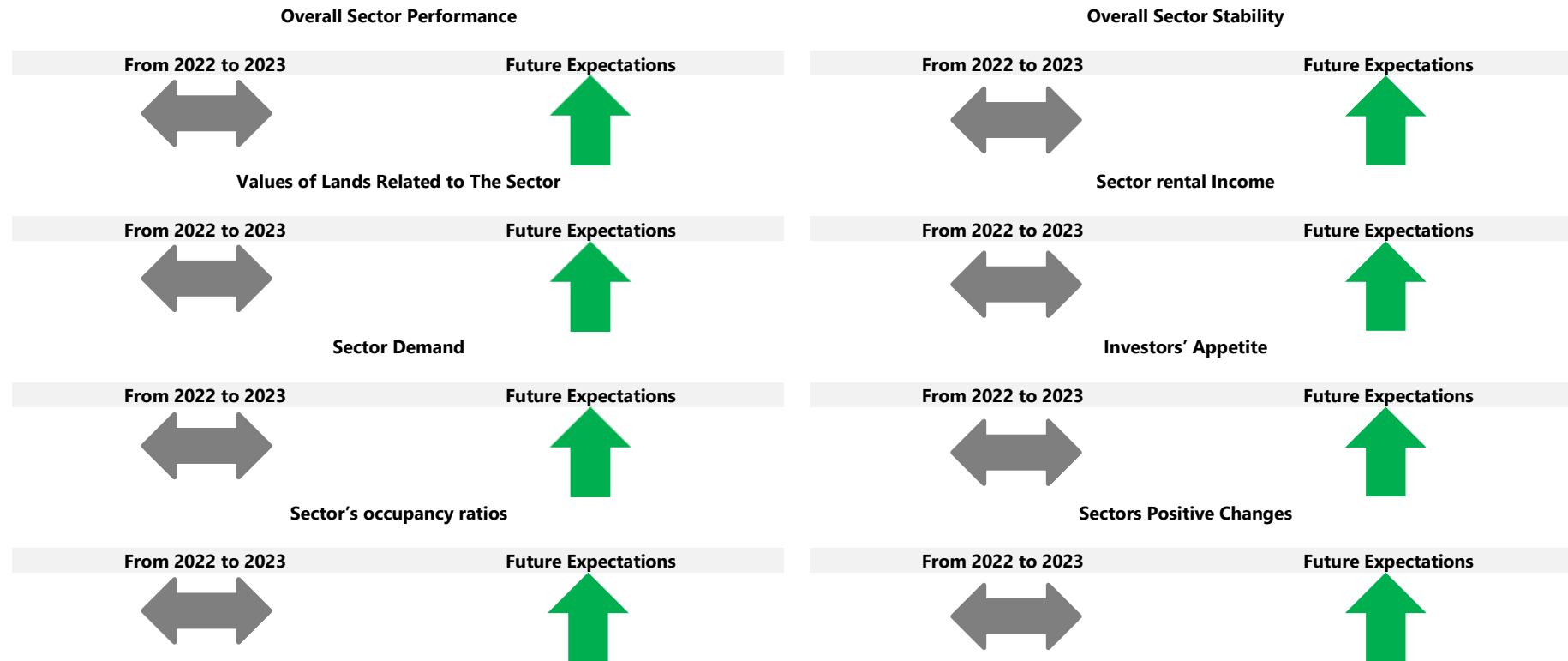
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	✓	----	----	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

## 4.2 Comparable Method

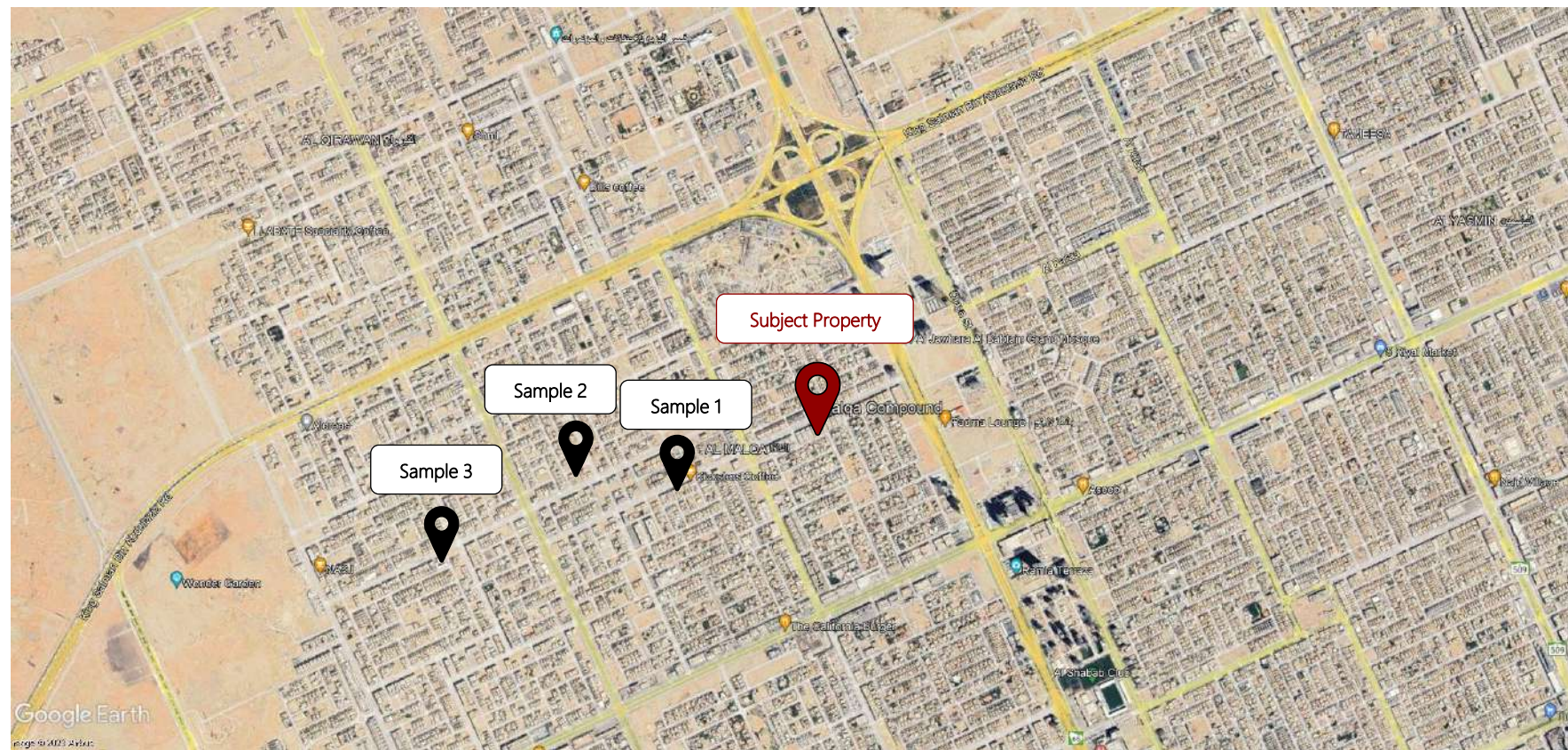
This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 17,500,000		SAR 24,198,000		SAR 9,452,800	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	15,924.68	3,286.00		4,033.00		1,688.00	
SAR / Sqm	-----	SAR 5,326		SAR 6,000		SAR 5,600	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 5,325.6		SAR 6,000.0		SAR 5,600.0	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	-----		-----		-----	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 5,325.62		SAR 6,000.00		SAR 5,600.00	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	15,924.68	3,286.00		4,033.00		1,688.00	
Location Desirability	Average	Average		Average		Average	
Accessibility	Average	Average		Average		Average	
Main Street Width (m)	36	36		36		36	
Sides Open	4	2		3		2	
Land Shape	Regular	Regular		Regular		Regular	
Close to main street	Yes	Yes		Yes		Yes	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.0		SAR 0.0		SAR 0.0	
Net After Adjustment		SAR 5,325.6		SAR 6,000.0		SAR 5,600.0	
Weighted Mean		15%		15%		70%	
		SAR 798.84		SAR 900.00		SAR 3,920.00	
SAR / Sqm	<b>SAR 5,619</b>						
Rounded Value	<b>SAR 5,600</b>						



Property Value	Sensitivity Analysis					
		-10%	-5%	0%	5%	10%
SAR 89,180,000	Land Area	15,925	15,925	15,925	15,925	15,925
	SAR / Sqm	SAR 5,040.0	SAR 5,320.0	SAR 5,600.0	SAR 5,880.0	SAR 6,160.0
	Property Value	SAR 80,260,387	SAR 84,719,298	SAR 89,178,208	SAR 93,637,118	SAR 98,096,029

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 5,000 - 6,200 SAR / Sqm with an average of 5,600 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 800	SAR 1,000	SAR 900
MEP	SAR 450	SAR 550	SAR 500
Finishing Materials	SAR 700	SAR 900	SAR 800
Fit outs &Appliance	SAR 900	SAR 1,100	SAR 1,000
Furniture	SAR 750	SAR 850	SAR 800
Site Improvements	SAR 180	SAR 220	SAR 200
Developer Profit	20%	30%	25%

Land			
Land Area	SAR / Sqm		Total Value
15,924.68	SAR 5,600		SAR 89,178,208
Building			
	Unit		Total BUA
Underground	Sqm		SAR 8,212
Ground Floor	Sqm		SAR 8,352
Upper Floors	Sqm		SAR 19,744
Annex	Sqm		SAR 5,054
Fences	Lm		SAR 478
<b>Total (SQM)</b>	<b>41,362.00</b>		

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

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	33,150.44	SAR 900	SAR 29,835,396	100%	SAR 29,835,396
Electro Mechanic	33,150.44	SAR 500	SAR 16,575,220	100%	SAR 16,575,220
Finishing	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Fit outs and Appliances	33,150.44	SAR 1,000	SAR 33,150,440	100%	SAR 33,150,440

Furniture	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Site Improvement	15,924.68	SAR 200	SAR 3,184,936	100%	SAR 3,184,936
<b>Total</b>			<b>SAR 135,786,696</b>	<b>100%</b>	<b>SAR 135,786,696</b>
<b>Hard Cost - (Underground)</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Skeleton & Block	8,211.56	SAR 1,350	SAR 11,085,606	100%	SAR 11,085,606
Electro Mechanic	8,211.56	SAR 700	SAR 5,748,092	100%	SAR 5,748,092
Finishing	8,211.56	SAR 200	SAR 1,642,312	100%	SAR 1,642,312
<b>Total</b>			<b>SAR 18,476,010</b>	<b>100%</b>	<b>SAR 18,476,010</b>
<b>Overall Soft Cost</b>					
			<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
<b>Initial Project Pre Cost</b>			SAR 154,262,706	0.10%	SAR 154,263
<b>Design</b>			SAR 154,262,706	1.00%	SAR 1,542,627
<b>Eng Consultant</b>			SAR 154,262,706	1.00%	SAR 1,542,627
<b>Management</b>			SAR 154,262,706	5.00%	SAR 7,713,135
<b>Contingency</b>			SAR 154,262,706	5.00%	SAR 7,713,135
<b>Others</b>			SAR 154,262,706	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 18,665,787.43</b>
<b>Total Hard Cost</b>	<b>SAR 154,262,706</b>			<b>BUA</b>	<b>41,362.00</b>
<b>Total Soft Cost</b>	<b>SAR 18,665,787.43</b>			<b>SAR / Sqm</b>	<b>SAR 4,181</b>
<b>Total Construction Cost</b>	<b>SAR 172,928,493.43</b>			<b>Overall Completion</b>	<b>100%</b>

After knowing the total construction costs at a rate of 4,181 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

<b>DEVELOPMENT VALUE</b>			
<b>Total Dev Cost</b>	<b>SAR 172,928,493</b>	<b>Annual Dep Rate</b>	2.00%
<b>Total Completion Rate</b>	100%	<b>Actual Age</b>	9
<b>Developer Profit Rate</b>	25.0%	<b>Total Dep Rate</b>	18.00%
<b>Dev. Profit Amount</b>	SAR 43,232,123	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 185,033,488</b>	<b>Net Dep Rate</b>	<b>18.00%</b>
<b>Economic Age</b>	50	<b>Cost After Depreciation</b>	<b>SAR 141,801,365</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 185,033,488</b>	<b>SAR 89,178,208</b>	<b>SAR 274,211,696</b>	<b>SAR 274,210,000</b>



#### 4.4 Discounted Cash Flow Method (DCF)

##### Market Rental Analysis

Based on the market survey done by our team, we have found several compounds classified as class A with an average rental rate shown in the below table and on which we will apply an adjustment to achieve the average rental rates for the subject apartments:

Sample Name	Rental Rates		Adjustments			Rental Rates After Adjust.	
	2 Bedrooms	3 Bedrooms	Compound Classification	Location	Facilities & Amenities	2 Bedrooms	3 Bedrooms
Al Hamra Compound	1,450	1,250	-5%	-5%	-5%	1,233	1,063
Arizona Compound	1,550	1,400	-5%	-5%	-5%	1,318	1,190
<b>Average</b>						<b>1,275</b>	<b>1,126</b>

We have classified the subject property compound as class B, yet and based on the above adjustments (compound classification, location and provided facilities and amenities), we have achieved an average rental rate of 1,275 SAR/ Sqm for 2 bedrooms apartment and 1,150 SAR/ Sqm for 3 bedrooms apartment. The estimated average rate used in 1,200 SAR/ Sqm.

##### OPEX

As for the operational expenses for such projects covering the maintenance, management, operation, etc., it is usually calculated as 15% from the total expected revenues of the subject property.

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 20% to 25% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

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

### Property Operation and Maintenance Expenses

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 1,424,420 SAR per year, which includes all administration, maintenance, operation and general service bills, addition to 7% advertising fees and 2% agreement renewal.

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

project	The Palm Compound	Al Hamra Oasis Compound	Antara Compound	Qurtubah Compound
Sale price	2,191,000,000.00	850,000,000.00	946,000,000.00	302,000,000.00
Revenue	142,415,000.00	68,000,000.00	75,680,000.00	22,650,000.00
Cap Rate	6.50%	8.00%	8.00%	7.50%
Average Cap Rate	7.50%			

The estimated capitalization rate of the property, which will be based on in the evaluation process, is 7.5%, which will be applied later on the net operating income of the property.

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

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
0	1	2	3	4	5	6	7	8	9	10
0.0%	0.0%	1.5%	0.0%	1.5%	0.0%	1.0%	0.0%	0.1%	0.0%	0.0%
39,734	39,734	39,734	39,734	39,734	39,734	39,734	39,734	39,734	39,734	39,734
1,000	1,000	1,015	1,015	1,030	1,030	1,041	1,041	1,042	1,042	1,042
<b>39,734,000</b>	<b>39,734,000</b>	<b>40,330,010</b>	<b>40,330,010</b>	<b>40,934,960</b>	<b>40,934,960</b>	<b>41,344,310</b>	<b>41,344,310</b>	<b>41,385,654</b>	<b>41,385,654</b>	<b>41,385,654</b>
<b>39,734,000</b>	<b>39,734,000</b>	<b>40,330,010</b>	<b>40,330,010</b>	<b>40,934,960</b>	<b>40,934,960</b>	<b>41,344,310</b>	<b>41,344,310</b>	<b>41,385,654</b>	<b>41,385,654</b>	<b>41,385,654</b>
13,906,900	13,906,900	14,115,504	14,115,504	14,327,236	14,327,236	14,470,508	14,470,508	14,484,979	14,484,979	14,484,979
<b>13,906,900</b>	<b>13,906,900</b>	<b>14,115,504</b>	<b>14,115,504</b>	<b>14,327,236</b>	<b>14,327,236</b>	<b>14,470,508</b>	<b>14,470,508</b>	<b>14,484,979</b>	<b>14,484,979</b>	<b>14,484,979</b>
<b>25,827,100</b>	<b>25,827,100</b>	<b>26,214,507</b>	<b>26,214,507</b>	<b>26,607,724</b>	<b>26,607,724</b>	<b>26,873,801</b>	<b>26,873,801</b>	<b>26,900,675</b>	<b>26,900,675</b>	<b>26,900,675</b>
3,874,065	3,874,065	3,932,176	3,932,176	3,991,159	3,991,159	4,031,070	4,031,070	4,035,101	4,035,101	4,035,101
2,582,710	2,582,710	2,621,451	2,621,451	2,660,772	2,660,772	2,687,380	2,687,380	2,690,068	2,690,068	2,690,068
<b>6,456,775</b>	<b>6,456,775</b>	<b>6,553,627</b>	<b>6,553,627</b>	<b>6,651,931</b>	<b>6,651,931</b>	<b>6,718,450</b>	<b>6,718,450</b>	<b>6,725,169</b>	<b>6,725,169</b>	<b>6,725,169</b>
<b>19,370,325</b>	<b>19,370,325</b>	<b>19,660,880</b>	<b>19,660,880</b>	<b>19,955,793</b>	<b>19,955,793</b>	<b>20,155,351</b>	<b>20,155,351</b>	<b>20,175,506</b>	<b>20,175,506</b>	<b>20,175,506</b>
										<b>288,221,519</b>
1.00	0.93	0.87	0.80	0.75	0.70	0.65	0.60	0.56	0.52	0.49
19,370,325	18,018,907	17,013,201	15,826,233	14,942,908	13,900,380	13,059,892	12,148,737	11,312,451	10,523,211	149,632,364
										<b>295,748,609</b>
										<b>295,700,000</b>

#### 4.5 Subject Property Value in Different Methods

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DCF Method</b>	Property	SAR 295,700,000	Two Hundred Ninety-Five Million Seven Hundred Thousand Saudi Riyals
<b>DRC Method</b>	Land + Building	SAR 274,210,000	Two Hundred Seventy-Four Million Two Hundred Ten Thousand Saudi Riyals

#### 4.6 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 295,700,000**  
**Two Hundred Ninety-Five Million Seven Hundred Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

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#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.





WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

Documents Received

5.1 Title deed and Construction Permit



صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢٣٢ / ٢٢٣٣ من المخطط رقم ٩١١٤ الواقع في حي النفا بمدينة الرياض - حدودها وأطرافها كالتالي:

شمالاً: شارع عرض ٣٦ م بطول (٨٣,٥) متر وثمانون متر وخمسون سنتيمتر  
 جنوباً: شارع عرض ٢٠ م بطول (٨٣,٥) متر وثمانون متر وخمسون سنتيمتر  
 شرقاً: شارع عرض ١٥ م بطول (٢٩,٧٢) خمسة و ستون متر و ثلاثة وسبعون سنتيمتر  
 غرباً: قطعة رقم ٢٢٣٥ / ٢٢٣٦ بطول (٢٩,٧٢) خمسة و ستون متر و خمسة و ستون سنتيمتر  
 ومساحتها: (٥,٤٨١,٤٥) خمسة آلاف وأربعمائة و واحد و ثمانون متراً مربعاً و خمسة و أربعون سنتيمتراً مربعاً فقط واقفاً عليها جميع سكني

المعلومة / شركة أول النفا العقارية بموجب سجل تجاري رقم ١٠١٠٨٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤١ هـ بالنسبة للصادر من كتابة العدل الأولى بالرياض برقم ٤٥١٦٨ - ٣١٠٢١٠١٢١ / ٢٢ في ٢٢ / ١٠ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة تراجسي السعودية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٤ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه بأدائها عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٢٨١٨١٨١٨,١٩ ) ريال ثمانية وثلاثون مليون ومائة وواحد وثمانون ألفاً وثمانمائة وثمانية عشرة ريالاً وثمانية عشرة هللة الخبز من الهيئة الشرعية برقم ١٨٠٧٢ في ٢٤ / ٧ / ١٤٣٩ هـ على أن يتم سداد الأقساط على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢٣ / ٧ / ٢٠١٩ هـ في حالة عدم السداد فلتعزز بنوع العقار والقيمة التي تكفي عنها الرقبات واستيفاء ما ذم الأمان من مبلغ وما نقص يوجب فيه عليه بعد اتمام ما يترتب شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ وصال الله على نبينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل  
 عبد الرحمن بن محمد بن رشيد الحزني



صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢٣٢ / ٢٢٣٣ من المخطط رقم ٩١١٤ الواقع في حي النفا بمدينة الرياض - حدودها وأطرافها كالتالي:

شمالاً: شارع عرض ٣٦ م بطول (٥٣) متر وخمسون متر  
 جنوباً: شارع عرض ٢٠ م بطول (٥٣) متر وخمسون متر  
 شرقاً: قطعة رقم ٢٢٣٢ / ٢٢٣٣ بطول (٢٩,٧٥) خمسة و ستون متر و خمسة و ستون سنتيمتر  
 غرباً: قطعة رقم ٢٢٣٦ / ٢٢٣٧ بطول (٢٩,٧٧) خمسة و ستون متر و سبعة و ستون سنتيمتر  
 ومساحتها: (٥,٤٨١,٤٥) خمسة آلاف وأربعمائة و ثمانون متراً مربعاً و ثلاث و عشرون سنتيمتراً مربعاً فقط واقفاً عليها جميع سكني

المعلومة / شركة أول النفا العقارية بموجب سجل تجاري رقم ١٠١٠٨٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤١ هـ بالنسبة للصادر من كتابة العدل الأولى بالرياض برقم ٤٥١٦٧ - ٣١٠٢١٠١٢١ / ٢٢ في ٢٢ / ١٠ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة تراجسي السعودية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٤ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه بأدائها عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٢٨١٨١٨١٨,١٩ ) ريال ثمانية وثلاثون مليون ومائة وواحد وثمانون ألفاً وثمانمائة وثمانية عشرة ريالاً وثمانية عشرة هللة الخبز من الهيئة الشرعية برقم ١٨٠٧٢ في ٢٤ / ٧ / ١٤٣٩ هـ على أن يتم سداد الأقساط على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢٣ / ٧ / ٢٠١٩ هـ في حالة عدم السداد فلتعزز بنوع العقار والقيمة التي تكفي عنها الرقبات واستيفاء ما ذم الأمان من مبلغ وما نقص يوجب فيه عليه بعد اتمام ما يترتب شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ وصال الله على نبينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل  
 صالح بن صيف الله بن أحمد العمري



صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢٣٢ / ٢٢٣٣ من المخطط رقم ٩١١٤ الواقع في حي النفا بمدينة الرياض - حدودها وأطرافها كالتالي:

شمالاً: شارع عرض ٣٦ م بطول (٥٣) متر وخمسون متر  
 جنوباً: شارع عرض ٢٠ م بطول (٥٣) متر وخمسون متر  
 شرقاً: قطعة رقم ٢٢٣٢ / ٢٢٣٣ بطول (٢٩,٧٥) خمسة و ستون متر و خمسة و ستون سنتيمتر  
 غرباً: شارع عرض ١٥ م بطول (٢٩,٧٧) خمسة و ستون متر و سبعة و ستون سنتيمتر  
 ومساحتها: (٥,٤٨١,٤٥) خمسة آلاف وأربعمائة و واحد و ثمانون متراً مربعاً و ثمانون سنتيمتراً مربعاً فقط واقفاً عليها جميع سكني

المعلومة / شركة أول النفا العقارية بموجب سجل تجاري رقم ١٠١٠٨٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤١ هـ بالنسبة للصادر من كتابة العدل الأولى بالرياض برقم ٤٥١٦٧ - ٣١٠٢١٠١٢١ / ٢٢ في ٢٢ / ١٠ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة تراجسي السعودية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٤ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه بأدائها عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٢٨١٨١٨١٨,١٩ ) ريال ثمانية وثلاثون مليون ومائة وواحد وثمانون ألفاً وثمانمائة وثمانية عشرة ريالاً وثمانية عشرة هللة الخبز من الهيئة الشرعية برقم ١٨٠٧٢ في ٢٤ / ٧ / ١٤٣٩ هـ على أن يتم سداد الأقساط على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢٣ / ٧ / ٢٠١٩ هـ في حالة عدم السداد فلتعزز بنوع العقار والقيمة التي تكفي عنها الرقبات واستيفاء ما ذم الأمان من مبلغ وما نقص يوجب فيه عليه بعد اتمام ما يترتب شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ وصال الله على نبينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل  
 عبد العزيز بن محمد بن عبد العزيز الحزني



صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ٢٢٣٢ / ٢٢٣٣ من المخطط رقم ٩١١٤ الواقع في حي النفا بمدينة الرياض - حدودها وأطرافها كالتالي:

شمالاً: شارع عرض ٣٦ م بطول (٥٣) متر وخمسون متر  
 جنوباً: شارع عرض ٢٠ م بطول (٥٣) متر وخمسون متر  
 شرقاً: قطعة رقم ٢٢٣٥ / ٢٢٣٦ بطول (٢٩,٧٧) خمسة و ستون متر و خمسة و ستون سنتيمتر  
 غرباً: قطعة رقم ٢٢٣٦ / ٢٢٣٧ بطول (٢٩,٧٩) خمسة و ستون متر و ثمانية و ستون سنتيمتر  
 ومساحتها: (٥,٤٨١,٤٦) خمسة آلاف وأربعمائة و واحد و ثمانون متراً مربعاً و ثمانون سنتيمتراً مربعاً فقط واقفاً عليها جميع سكني

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رئيس كتابة العدل  
 عبد الرحمن بن محمد بن رشيد الحزني



5.2 Layout

**2 Bedroom – 3 Baths**  
**AREA: 112 – 128 sqm**



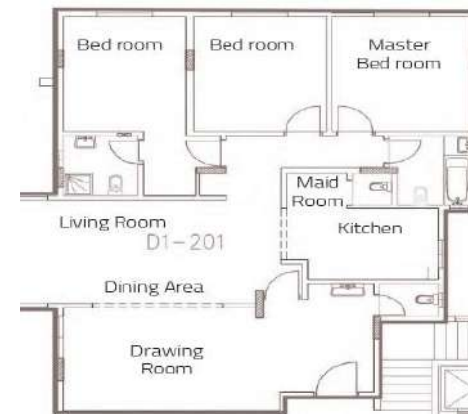
**3 Bedroom & 3 Baths**  
**Area: 112 – 172 sqm**



**3 Bedroom – 4 Bath & Maid Room**  
**Area: 136 – 174 sqm**



**PENTHOUSE: 3 Bedroom – 4 Bath & Maid Room**  
**Area: 180 – 200 sqm**



### 5.3 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



## ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة

وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES





WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# B&Q (HomeWorks)

Awal Al Malqa Real Estate Company

Riyadh City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for B&Q (Retail Center) in Riyadh City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	King Fahad district, Riyadh City.
<b>Title Deed No.</b>	214002002199, 314009006126, 314004005870
<b>Title Deed Date</b>	14/09/1440, 15/09/1440
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	7,000 Sqm
<b>BUA (Sqm)</b>	9,181 Sqm.
<b>GLA (Sqm)</b>	5,275 Sqm.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach (DCF).
<b>Currency</b>	Saudi Arabian Riyal
<b>Final Property Value</b>	SAR 68,158,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- DCF method**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.



## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a retail project (B&Q) located in King Fahad district, Riyadh city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 7,000 square meters and a total built-up area (BUA) of 9,181 square meters, composed of showrooms.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of King Abdullah Road from the southern side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

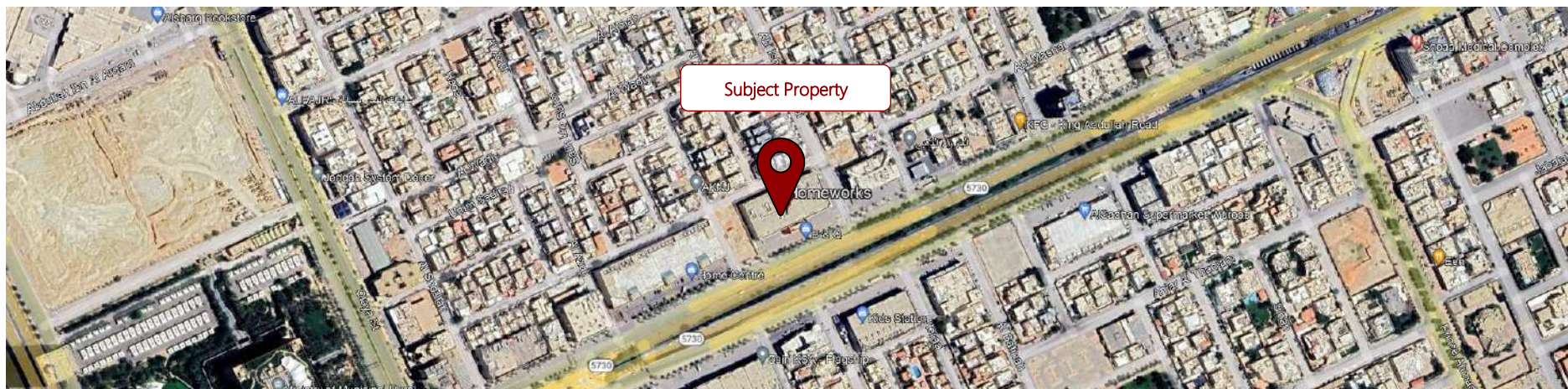
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on King Abdullah Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by three title deeds. Here are the details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	2,625 Sqm
<b>District</b>	King Fahad	<b>Plot No.</b>	37 to 40
<b>T.D Type</b>	Electronic	<b>Block No.</b>	4
<b>T.D Number</b>	314004005870	<b>Layout No.</b>	1324
<b>T.D Date</b>	15/09/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Riyadh Center Primary Notarial		
<b>City</b>	Riyadh	<b>Land Area</b>	1,750 Sqm
<b>District</b>	King Fahad	<b>Plot No.</b>	43, 44
<b>T.D Type</b>	Electronic	<b>Block No.</b>	4
<b>T.D Number</b>	314009006126	<b>Layout No.</b>	1324
<b>T.D Date</b>	15/09/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Riyadh Center Primary Notarial		
<b>City</b>	Riyadh	<b>Land Area</b>	2,625 Sqm
<b>District</b>	King Fahad	<b>Plot No.</b>	39 to 42
<b>T.D Type</b>	Electronic	<b>Block No.</b>	4
<b>T.D Number</b>	214002002199	<b>Layout No.</b>	1324
<b>T.D Date</b>	15/09/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Riyadh Center Primary Notarial		
<b>North Side</b>	12 meters street	<b>East Side</b>	20 meters street
<b>South Side</b>	80 meters street	<b>West Side</b>	Private property plot 35and 36

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Commercial Project
<b>Construction Permit No.</b>	9/1/7/27
<b>Construction Permit Date</b>	20/02/1419

Description	No. of Units	Area (sqm)	Use
<b>Basement</b>	----	3,906	Parking
<b>Ground Floor</b>	----	3,906	Showrooms
<b>First Floor</b>	----	1,369	Offices
<b>Total BAU (sqm)</b>		<b>9,181</b>	

## 2.7 Leasing Contract

The client informed us that the mater lease rent is for 15 years starting on 01/08/1438 ending 30/07/1453. Yet, the net income from rent is:

### First 5 years as follows:

- 3 years: SAR 6.00 mm per year
- 2 years: SAR 4.50 mm after discount

**Second 5 years:** SAR 4.75 mm after discount

**Third 5 years:** SAR 5.00 mm after discount

## 2.8 Building Gross Leasable Area (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Showrooms	----	9,181	5,275	Rental spaces are provided by the client

The client informed us with the below:

Al Futtaim Group Company has been added as an additional party to the lease agreement concluded between Awal Al Malqa Real Estate Company and Al Futtaim International Company. And changing the brand name from HOMEWORKS to B&Q. with extension of the discount previously granted to Al Futtaim International Company until the end of the contract.



## 2.9 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS



## Market Indicators

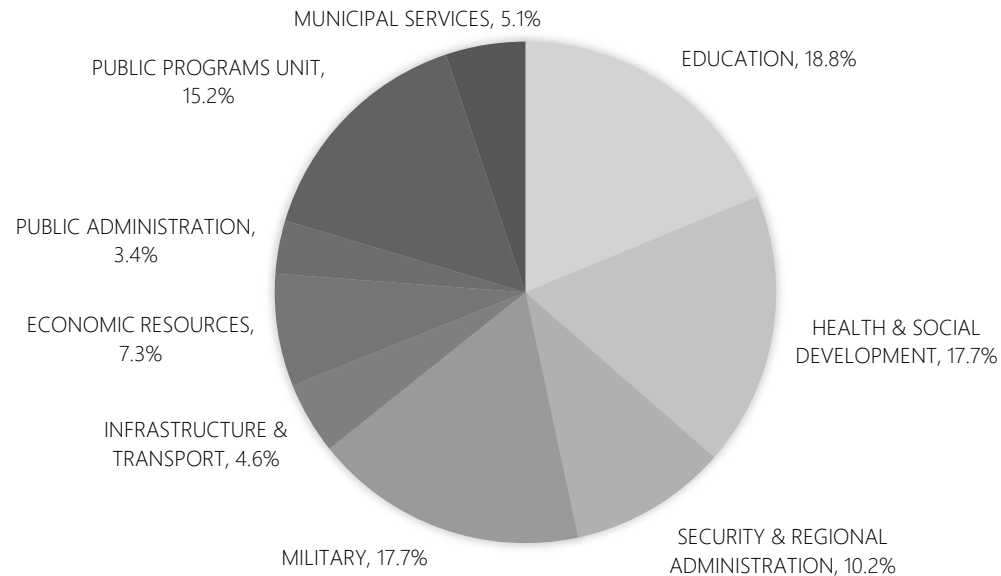
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

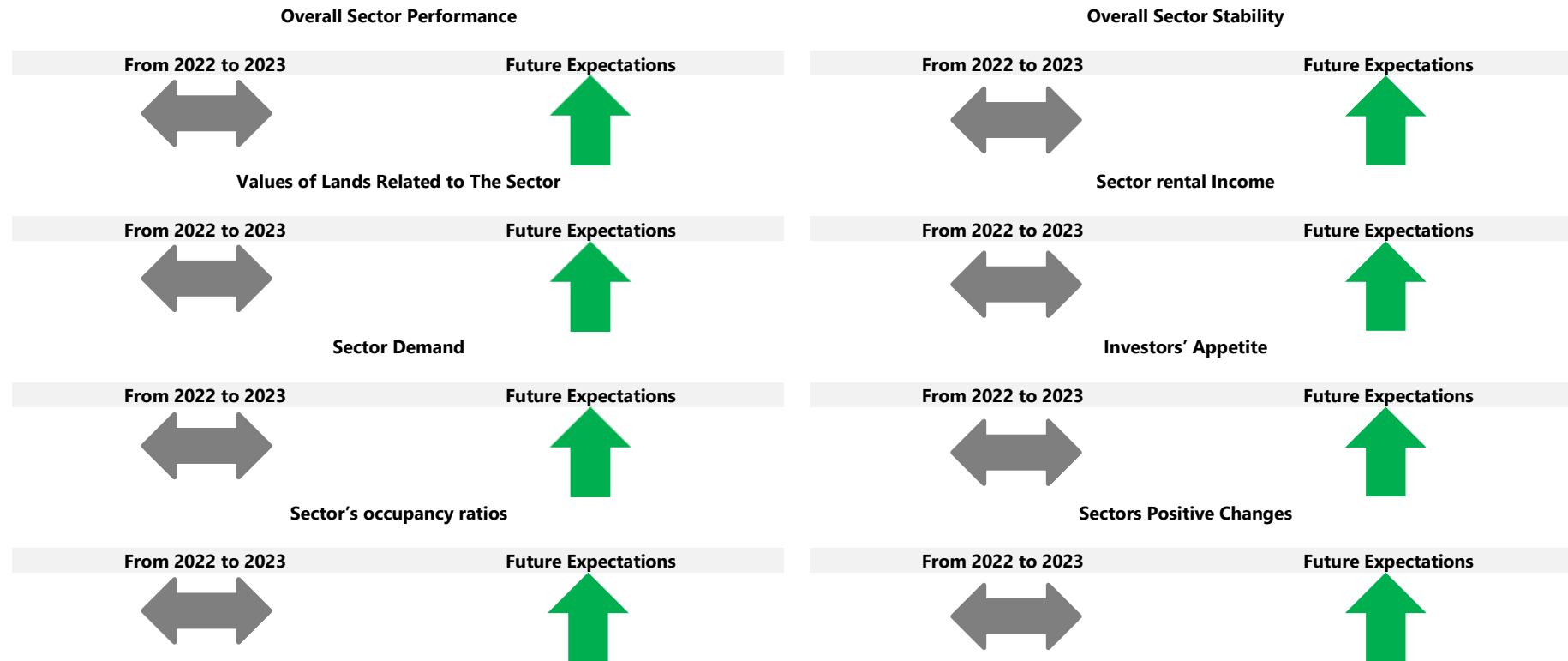
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	✓	----	----	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property.

## 4.2 Comparable Method

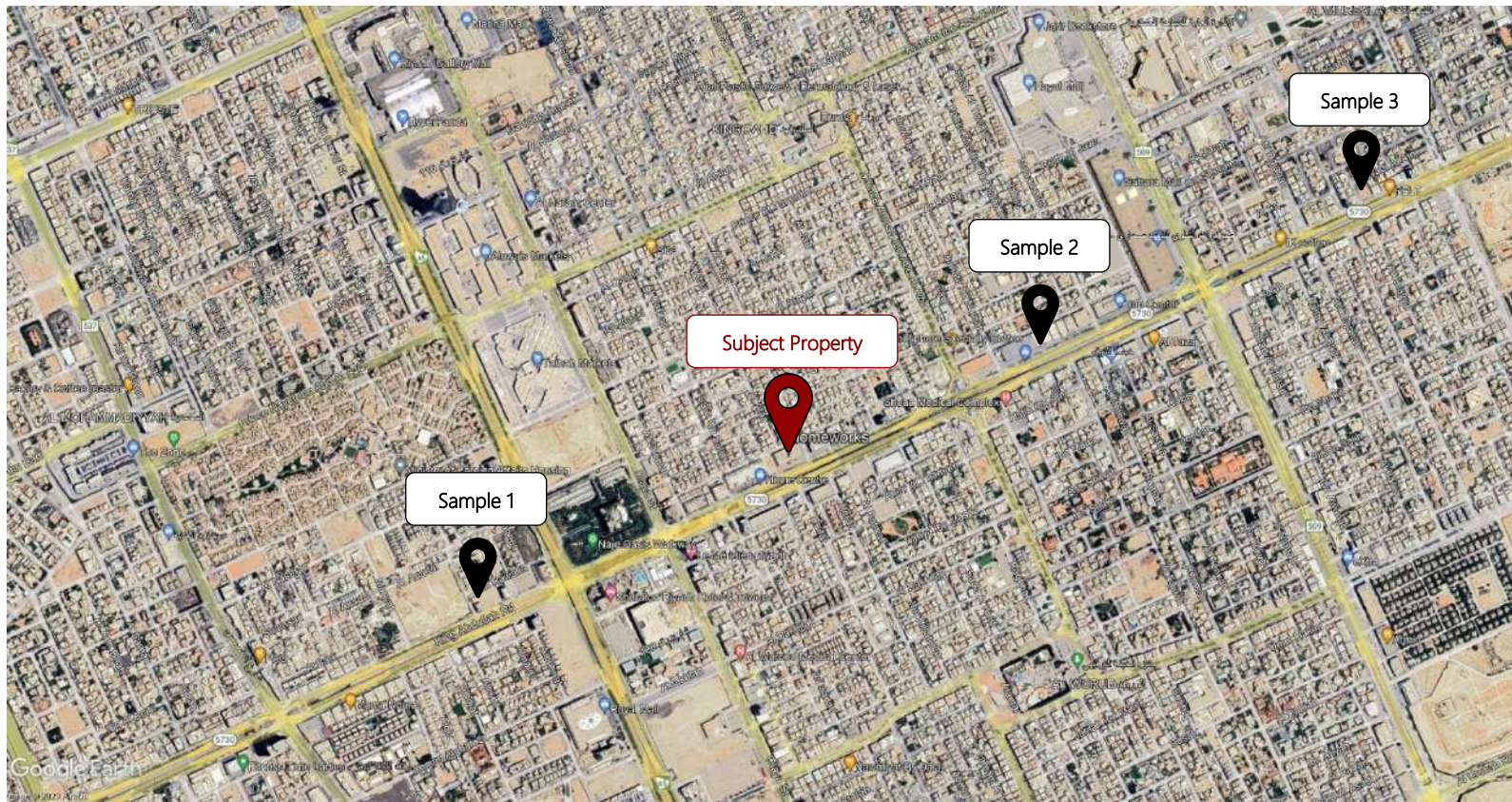
This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 32,000,000		SAR 27,000,000		SAR 24,370,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	7,000.00	3,850.00		3,000.00		2,900.00	
SAR / Sqm	-----	SAR 8,312		SAR 9,000		SAR 8,403	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 8,311.7		SAR 9,000.0		SAR 8,403.4	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	-----		-----		-----	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 8,311.69		SAR 9,000.00		SAR 8,403.45	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	7,000.00	3,850.00	-2.50%	3,000.00	-2.50%	2,900.00	-2.50%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	80	80	0.00%	80	0.00%	80	0.00%
Sides Open	3	3	0.00%	3	0.00%	2	2.50%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio		-2.50%		-2.50%		0.00%	
Total Adjustment Amount		-SAR 207.8		-SAR 225.0		SAR 0.0	
Net After Adjustment		SAR 8,103.9		SAR 8,775.0		SAR 8,403.4	
Weighted Mean		70%		20%		10%	
		SAR 5,672.73		SAR 1,755.00		SAR 840.34	
SAR / Sqm	<b>SAR 8,268</b>						
Rounded Value	<b>SAR 8,300</b>						



Property Value	Sensitivity Analysis					
		-10%	-5%	0%	5%	10%
SAR 58,100,000	Land Area	7,000	7,000	7,000	7,000	7,000
	SAR / Sqm	SAR 7,470.0	SAR 7,885.0	SAR 8,300.0	SAR 8,715.0	SAR 9,130.0
	Property Value	SAR 52,290,000	SAR 55,195,000	SAR 58,100,000	SAR 61,005,000	SAR 63,910,000

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 8,000 - 8,500 SAR / Sqm with an average of 8,300 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	SAR 550	SAR 650	SAR 600
Finishing Materials	SAR 450	SAR 550	SAR 500
Site Improvements	SAR 100	SAR 140	SAR 120
Developer Profit	18%	22%	20%

Land		
Land Area	SAR / Sqm	Total Value
7,000.00	SAR 8,300	SAR 58,100,000

Building		
	Unit	Total BUA
Basement	Sqm	3,906.00
Ground Floor	Sqm	3,906.00
Upper Floors	Sqm	1,369.00
Fences	Lm	70
<b>Total (SQM)</b>	<b>9,181.00</b>	

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

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	5,275.00	SAR 1,000	SAR 5,275,000	100%	SAR 5,275,000
Electro Mechanic	5,275.00	SAR 600	SAR 3,165,000	100%	SAR 3,165,000
Finishing	5,275.00	SAR 500	SAR 2,637,500	100%	SAR 2,637,500
Site Improvements	7,000.00	SAR 120	SAR 840,000	100%	SAR 840,000
<b>Total</b>			<b>SAR 11,917,500</b>	<b>100%</b>	<b>SAR 11,917,500</b>

Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	3,906.00	SAR 1,500	SAR 5,859,000	100%	SAR 5,859,000
Electro Mechanic	3,906.00	SAR 500	SAR 1,953,000	100%	SAR 1,953,000
Finishing	3,906.00	SAR 300	SAR 1,171,800	100%	SAR 1,171,800
<b>Total</b>			<b>SAR 8,983,800</b>	<b>100%</b>	<b>SAR 8,983,800</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 20,901,300	0.10%	SAR 20,901
Design			SAR 20,901,300	1.00%	SAR 209,013
Eng Consultant			SAR 20,901,300	1.00%	SAR 209,013
Management			SAR 20,901,300	5.00%	SAR 1,045,065
Contingency			SAR 20,901,300	5.00%	SAR 1,045,065
Others			SAR 20,901,300	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 2,529,057.30</b>
<b>Total Hard Cost</b>	<b>SAR 20,901,300</b>			<b>BUA</b>	<b>9,181.00</b>
<b>Total Soft Cost</b>	<b>SAR 2,529,057.30</b>			<b>SAR / Sqm</b>	<b>SAR 2,552</b>
<b>Total Construction Cost</b>	<b>SAR 23,430,357.30</b>			<b>Overall Completion</b>	<b>100 %</b>

After knowing the total construction costs at a rate of 2,552 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
Total Dev Cost	<b>SAR 23,430,357</b>	Annual Dep Rate	2.0%
Total Completion Rate	100%	Actual Age	22
Developer Profit Rate	20%	Total Dep Rate	44.00%
Dev. Profit Amount	SAR 4,686,071	Add Appr Rate	0.00%
Development Value	<b>SAR 17,807,072</b>	Net Dep Rate	<b>44.00%</b>
Economic Age	50	Cost After Depreciation	<b>SAR 13,121,000</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
<b>SAR 17,807,072</b>	<b>SAR 58,100,000</b>	<b>SAR 75,907,072</b>	<b>SAR 75,910,000</b>

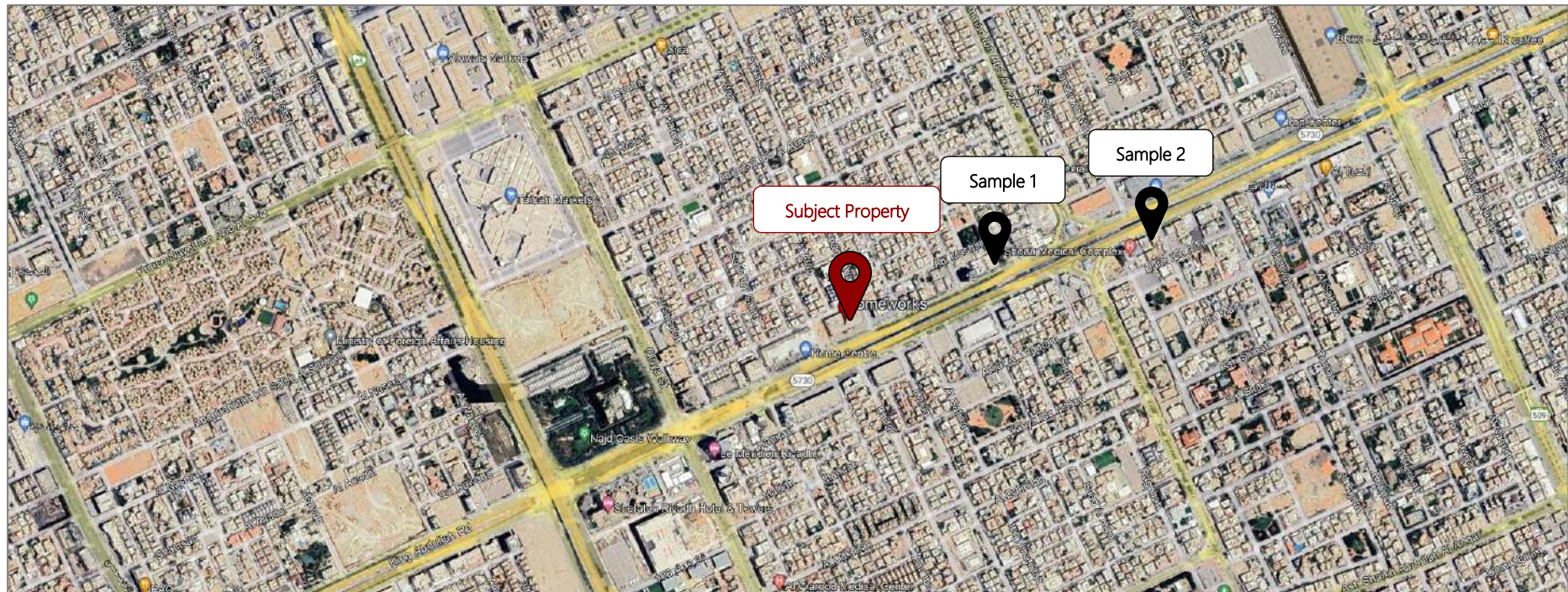


#### 4.4 Discounted Cash Flow- Market Rates

##### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 1,100 to 1,300 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties.

Comparable No.	Commercial Showroom Units
	Rental Rate/ Unit
Comparable 1	1,500 SAR/ Sqm
Comparable 2	1,100 SAR/ Sqm
<b>Average</b>	<b>1,300 SAR/ Sqm</b>



### **Analysis of Operating and Maintenance Expenses**

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

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

### **Property Operation and Maintenance Expenses**

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

### **Market Capitalization Rate Analysis**

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

### **The Capitalization Rate Used for the Valuation**

The capitalization rate was derived by extracting from the market, where we found that the minimum is 8% and the maximum is 7%. A capitalization rate of 7.5% was assumed, and it is considered a reasonable percentage after taking into account the components of the property, and it represents the return expected to be achieved by the property at the end of the period, which will be applied later. on the net operating income of the property

## Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the cumulative model, which includes a calculation of a number of risks related to the real estate, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates was based on current developments in the real estate market.

Discount rate calculation (cumulative model).		
Government Bond Rate of Return	3.1%	Central Bank
Inflation Rate	2.5%	Source General Authority for Statistics
Regular Risk Premium	0.5%	Including increased interest rates, dependency risks on income earnings and competition risks, estimated according to the experience of our team
Irregular Risk Premium	2.0%	The risks of the property itself include a decrease in rental values, an increase in the occupancy rate, and the extent of competitiveness in the market for the coming period, estimated according to the experience of our team
<b>Discount Rate</b>	<b>8.02%</b>	

Cash Flow		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		0	1	2	3	4	5	6	7	8	9
<b>Increase Revision</b>	2.50%	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Expected Revenues</b>											
Showrooms	Sqm	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Rate	SAR	1,300	1,333	1,333	1,333	1,366	1,366	1,366	1,366	1,367	1,367
Total	SAR	6,857,500	7,028,938	7,028,938	7,028,938	7,204,661	7,204,661	7,204,661	7,204,661	7,209,936	7,209,936
<b>Overall Revenues</b>		<b>6,857,500</b>	<b>7,028,938</b>	<b>7,028,938</b>	<b>7,028,938</b>	<b>7,204,661</b>	<b>7,204,661</b>	<b>7,204,661</b>	<b>7,204,661</b>	<b>7,209,936</b>	<b>7,209,936</b>
<b>Vacancy Rates</b>											
Showrooms		10%	10%	10%	10%	7%	7%	7%	7%	7%	7%
Total		685,750	702,894	702,894	702,894	504,326	504,326	504,326	504,326	504,696	504,696
<b>Total</b>		<b>6,171,750</b>	<b>6,326,044</b>	<b>6,326,044</b>	<b>6,326,044</b>	<b>6,700,335</b>	<b>6,700,335</b>	<b>6,700,335</b>	<b>6,700,335</b>	<b>6,705,240</b>	<b>6,705,240</b>
<b>Expenses</b>											
OPEX	15.00%	1,028,625	1,054,341	1,054,341	1,054,341	1,080,699	1,080,699	1,080,699	1,080,699	1,081,490	1,081,490
Others	5%	34,288	35,145	35,145	35,145	25,216	25,216	25,216	25,216	25,235	25,235
<b>Overall Expenses</b>		<b>1,062,913</b>	<b>1,089,485</b>	<b>1,089,485</b>	<b>1,089,485</b>	<b>1,105,915</b>	<b>1,105,915</b>	<b>1,105,915</b>	<b>1,105,915</b>	<b>1,106,725</b>	<b>1,106,725</b>
<b>NOI</b>		<b>5,108,838</b>	<b>5,236,558</b>	<b>5,236,558</b>	<b>5,236,558</b>	<b>5,594,419</b>	<b>5,594,419</b>	<b>5,594,419</b>	<b>5,594,419</b>	<b>5,598,515</b>	<b>5,598,515</b>
<b>Terminal Value</b>	<b>7.50%</b>										<b>74,652,870</b>
Discount Rate	8.02%										
<b>Market Rate / Net Present Value</b>											<b>68,158,305</b>



#### 4.5 Discounted Cash Flow- Leasing Contract

As per the leasing contract received from the client, the subject property is fully leased to one tenant under the name of HOMEWORKS Retail Center.

First Party	شركة الفطيم العالمية التجارية
Second Party	شركة الفطيم الرائدة التجارية
Contract Date	01/08/1438
Contract Duration	15 years
Contract Effective Date	30/07/1453
Contract Value	75,750,000 SAR
OPEX	Paid by The Tenant

Al Futtaim Group Company has been added as an additional party to the lease agreement concluded between Awal Al Malqa Real Estate Company and Al Futtaim International Company. And changing the brand name from HOMEWORKS to B&Q. with extension of the discount previously granted to Al Futtaim International Company until the end of the contract.

Cash Flow		2023	2024	2025	2026	2027	2028	2029	2030	2031
		0	1	2	3	4	5	6	7	8
<b>Increase Revision</b>		0%	0%	4%	0%	0%	0%	0%	4%	0%
<b>Expected Revenues</b>										
<b>Overall Revenues</b>		4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Expenses</b>										
OPEX	0.0%	0	0	0	0	0	0	0	0	0
Insurance	SAR	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>Overall Expenses</b>		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>NOI</b>		4,725,000	4,725,000	4,725,000	4,725,000	4,725,000	4,975,000	4,975,000	4,975,000	4,975,000
<b>Terminal Value</b>	7.5%									66,333,333
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54
<b>Present Value</b>		4,725,000	4,375,000	4,050,926	3,750,857	3,473,016	3,385,901	3,135,094	2,902,865	38,525,674
<b>Market Rate / Net Present Value</b>										68,324,333

#### 4.6 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Approach</b>	Land + Building	SAR 75,910,000	Seventy-Five Million Nine Hundred Ten Thousand Saudi Riyals
<b>DCF- Market Rates</b>	Property	SAR 68,158,000	Sixty-Eight Million One Hundred Fifty-Eight Thousand Saudi Riyals
<b>DCF- Contract</b>	Property	SAR 68,300,000	Sixty-Eight Million Three Hundred Thousand Saudi Riyals



#### 4.7 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 68,158,000**  
**Sixty-Eight Million One Hundred Fifty-Eight Thousand Saudi Riyals.**

#### 4.8 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.9 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

Documents Received

5.1 Title deed and Construction Permit



صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن نصف القطعة قطعة الأرض ٣٩ ونصف القطعة قطعة الأرض ٤٠ وقطعة الأرض ٤١ وقطعة الأرض ٤٢ من البلك رقم ٤ من المخطط رقم ١٣٢٤ الواقع في حي الملك فهد بمدينة الرياض . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٣٧.٥) سبعة و ثلاثون متر و خمسون سنتيمتر  
جنوباً: شارع عرض ٨٠م بطول: (٣٧.٥) سبعة و ثلاثون متر و خمسون سنتيمتر  
شرقاً: قطعة رقم ٤٤ و ٤٣ بطول: (٧٠) سبعون متر  
غرباً: جزء من القطعتين رقم ٤٠ و ٣٩ بطول: (٧٠) سبعون متر  
ومساحتها: (٢٦٢٥) ألفان و ستمائة و خمسة و عشرون متر مربعاً فقط

المملوكة لـ/ شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٤١٠١٠٦٠٦٠٠٩٧ في ٢٧ / ٤ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضمانا لوفائه بـ/ بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٣٨١٨١٨١٨.١٩ ) ريال ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هللة المجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٧ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٣١ / ٠٣ / ٢٠١٩ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل المساعد  
صالح بن ضيف الله بن احمد العمري

كتابة العدل  
عبد الرحمن بن محمد بن رشيد الحربي

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض ٤٣ وقطعة الأرض ٤٤ من المخطط رقم ١٣٢٤ الواقع في حي الملك فهد بمدينة الرياض . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٢٥) خمسة و عشرون متر  
جنوباً: شارع عرض ٨٠م بطول: (٢٥) خمسة و عشرون متر  
شرقاً: شارع عرض ٢٠م بطول: (٧٠) سبعون متر  
غرباً: قطعة رقم ٤١ وقطعه رقم ٤٢ بطول: (٧٠) سبعون متر  
ومساحتها: (١٧٥٠) ألف و سبعمائة و خمسون متر مربعاً فقط

المملوكة لـ/ شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٤١٠١٠٦٠٦٠٠٩٧ في ٢٧ / ٤ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضمانا لوفائه بـ/ بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٣٨١٨١٨١٨.١٩ ) ريال ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هللة المجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٧ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٣١ / ٠٣ / ٢٠١٩ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

كتابة العدل  
عبد الرحمن بن محمد بن رشيد الحربي

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل  
وزارة العدل  
[٢٧٧]

كتابة العدل بوسط الرياض

الرقم: ٢١٤٠٠٠٠٨٧٠ / ١٥  
التاريخ: ١٥ / ٩ / ١٤٤٠ هـ

صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد:

فان قطعة الأرض ٣٧ وقطعة الأرض ٣٨ وجزء من قطعة الأرض ٤٠ من البلك رقم ٤ من المخطط رقم ١٣٢٤ الواقع في حي الملك فهد بمدينة الرياض . وحدودها وأطوالها كالتالي:  
شعلاً: شارع عرض ١٢ بطول: (٣٧,٥) سبعة و ثلاثون متر و خمسون سنتيمتر جنوبياً: شارع عرض ٨٠ بطول: (٣٧,٥) سبعة و ثلاثون متر و خمسون سنتيمتر شرقاً: قطعة رقم ٤١ ورقم ٤٢ بطول: (٧٠) سبعون متر غرباً: قطعة رقم ٣٥ ورقم ٣٦ بطول: (٧٠) سبعون متر ومساحتها: (٢٦٢٥) أفنان و ستمائة و خمسة و عشرون متر مربعاً فقط

المملوكة ل/ شركة أول المققا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الاول بالرياض برقم ٣١٠١١١٠٥٢٦٤٢ في ٢٧ / ٤ / ١٤٤٠ هـ قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه ل/ بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بعين وقدره (٣٨١٨١٨١,١٩) ريال ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريالاً و تسعة عشر هللة الجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٣٩ هـ ، على أن يتم سداد المبنوية على أقساط كل (٦) أشهر من تاريخ صرف التمويل بقيمة كل قسط (١٠٠٠٠٠) ريال مليون ريال ، تُدفع اعتباراً من تاريخ ٣١ / ٣ / ٢٠١٩ هـ وفي حالة عدم السداد فللمقرض بيع العقار بالقيمة التي تنتهي عندها الرقبات واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٥ / ٩ / ١٤٤٠ هـ و صلى الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن محمد بن عبد العزيز آل طيالب  
كتابة العدل

وزارة العدل  
كتابة العدل بوسط الرياض  
كاتب العدل رقم (١٤٩)

هذه المائدة وحدة متكاملة ، وتحتاج أو تثق نسخة منه يؤدي إلى عدم صلاحية المائدة  
مصلحة طباع الحكومة - ٣٩١١١٥٠ ( هذا النموذج مخصص لاستخدام الحاسب الآلي ويمنع تغييره )  
مصلحة العدل - ١٠١٠٠٠٠٩٦

يلزم مرابطة اوراق رخصه البناء قبل  
مرن الشهارات ابو الزخيمة الهيئية

الرقم: ٩ / ١١ / ٤٧  
التاريخ: ١٤ / ٩ / ١٤٤٠ هـ

وزارة الشؤون البلدية والقروية  
أمانة مدينة الرياض  
وكالة التصميم والمشايع  
الإدارة العامة للتخطيط العمرالي  
إدارة رخص البناء

رخصة بناء صالحة  
لمدة ثلاث سنوات تبدأ من تاريخها

مع الخط التنطسي المعداد رقم  
مع الاسوار على أرضه الكائنة في حي الملك فهد  
تاريخ: ١٤ / ٩ / ١٤٤٠ هـ بموجب الصك رقم ١٤٤٠-٢  
نقلت الملكية إلى حوزة  
بموجب الصك رقم  
تاريخ: ١٤ / ٩ / ١٤٤٠ هـ  
نقلت الملكية إلى حوزة  
بموجب الصك رقم  
تاريخ: ١٤ / ٩ / ١٤٤٠ هـ  
حدود الأرض وأطوالها:

شمال: شارع عرض ١٢ م ر ٤٠٥٤٠٩٧  
شرق: شارع عرض ١٢ م ر ٦٤٦  
جنوب: شارع عرض ٨٠ م ر ٤٠٥٤٠٩٧  
غرب: قطعة رقم ٣٦ ر ٣٧٠٠٠  
مساحة الأرض: ٦٠٢٩٩١  
حيط الاسوار: ٧٠ م طول

البنوع	رقم	الرقم تجاري	الرقم سكني	نوع	نوع
المساحة بالتر المربع	٤٩٦		٤٩٦	شركرته	ملائمت
الاستعمال	مركز		مركز	شركرته	ملائمت

حلول الإبدادات بالتر	شمال	شرق	جنوب	غرب
	٢٤٦	٢٦٦	٢٤٦	٢٤٦

ملاحظات  
من أجل إصدار رخصة البناء  
على هذا المخطط  
بموجب الصك رقم ١٤٤٠-٢  
في ١٤ / ٩ / ١٤٤٠ هـ

بموجب الصك رقم ١٤٤٠-٢  
في ١٤ / ٩ / ١٤٤٠ هـ  
بالحيز العام للتخطيط العمرالي  
مدير عام التخطيط العمرالي  
مدير ادارة رخص البناء

١٤ / ٩ / ١٤٤٠ هـ  
مدير عام التخطيط العمرالي  
مدير ادارة رخص البناء

## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة





WHITE CUBES





WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

**Elite Centre**

Awal Al Malqa Real Estate Company

Jeddah City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT





**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for a Commercial Centre (Elite Centre) in Jeddah City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	Al Andalus district, Jeddah City.
<b>Title Deed No.</b>	420221011608
<b>Title Deed Date</b>	17/08/1440
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	4,319.75 Sqm.
<b>BUA (Sqm)</b>	15,712 Sqm.
<b>GLA (Sqm)</b>	13,766 Sqm.
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach (DCF).
<b>Currency</b>	Saudi Arabian Riyal.
<b>Final Property Value</b>	SAR 150,000,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- capitalization method (CAP RATE)**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **10/10/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.



## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a commercial project located in Al Andalus district, Jeddah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 4,319.25 square meters and a total built-up area (BUA) of 15,712 square meters, composed of 7 offices floors and retail unit on the ground floor.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Prince Mohammad bin Abdulaziz Road from the north side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

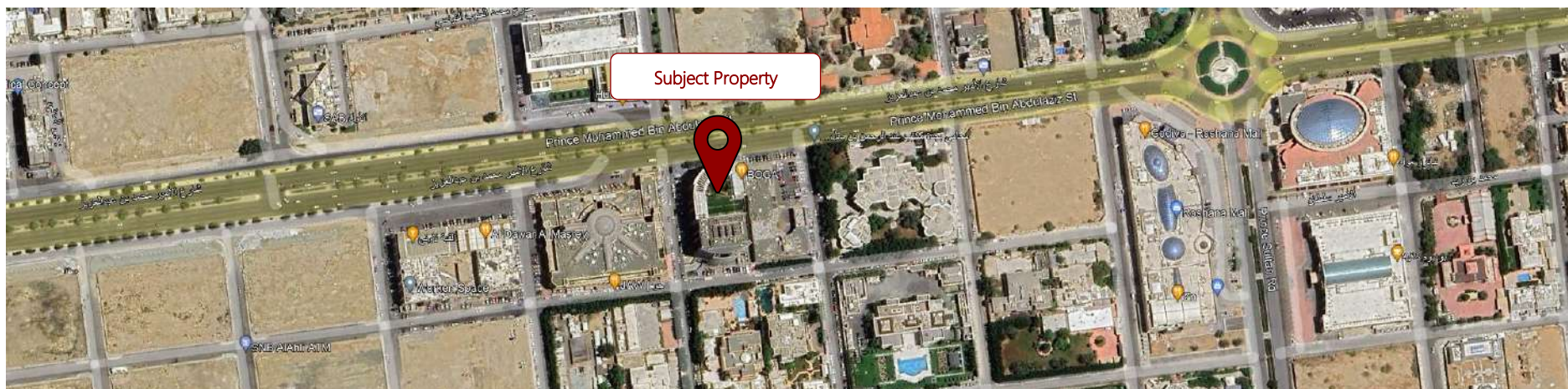
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Prince Mohammad bin Abdulaziz Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	4,319.75 Sqm
<b>District</b>	Al Andalus	<b>Plot No.</b>	2
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	420221011608	<b>Layout No.</b>	860/ت/س
<b>T.D Date</b>	17/08/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Jeddah First Notary		
<b>North Side</b>	40 meters street	<b>East Side</b>	Private property.
<b>South Side</b>	15 meters street.	<b>West Side</b>	15 meters street.

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Mix use
<b>Construction Permit No.</b>	35218
<b>Construction Permit Date</b>	18/10/1430

Description	No. of Units	Area (sqm)	Use
<b>Ground Floor</b>	----	2,468	Showrooms
<b>First Floor</b>	----	2,386	Offices
<b>Second Floor</b>	----	2,468	Offices
<b>Third Floor</b>	----	2,468	Offices
<b>Typical Floors</b>	----	4,911	Offices
<b>Annex</b>	----	1,011	Offices
<b>Total BAU (sqm)</b>		<b>15,712</b>	

## 2.7 Building Gross Leasable Area (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
<b>Show Rooms</b>	----		2,169	Rental spaces are provided by the client
<b>Offices</b>	----	15,712	9,882	
<b>Mezzanine</b>	----		1,715	
<b>Total GLA (sqm)</b>			<b>13,766</b>	

## 2.8 Property Actual Rental Rates

As per the client, informed us that the property is occupied 80% of the offices and 100% of the showrooms (Al Jazira Bank). the property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years. The client also informed us that a discount is introduced to the current leasing contract where the net lease becomes 11,520,000 SAR. The valuation will be based on the before assumption.



2.9 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS



## Market Indicators

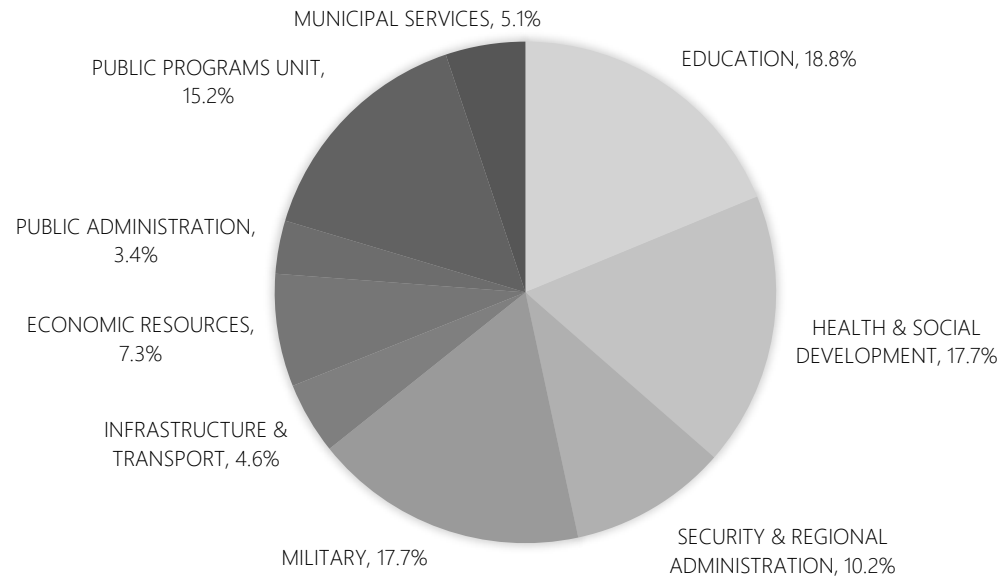
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

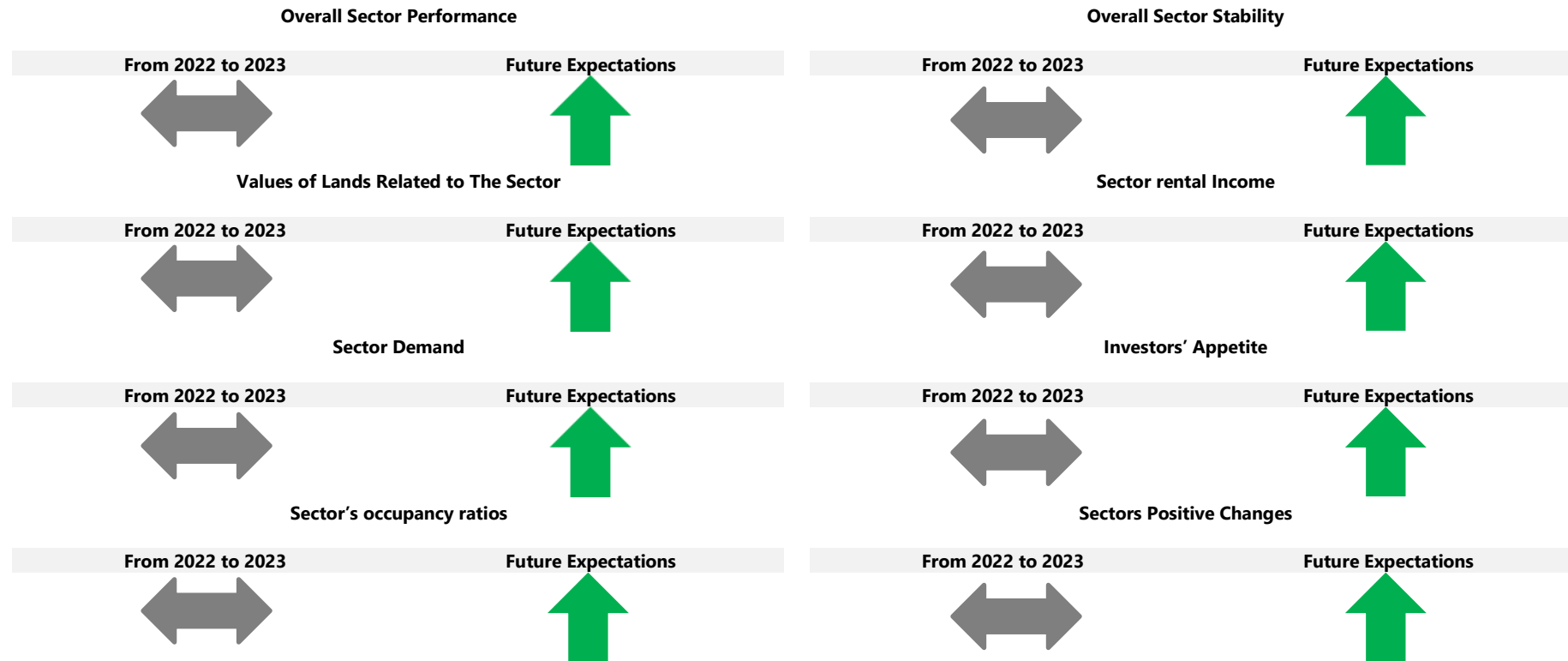
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## 4.2 Comparable Method

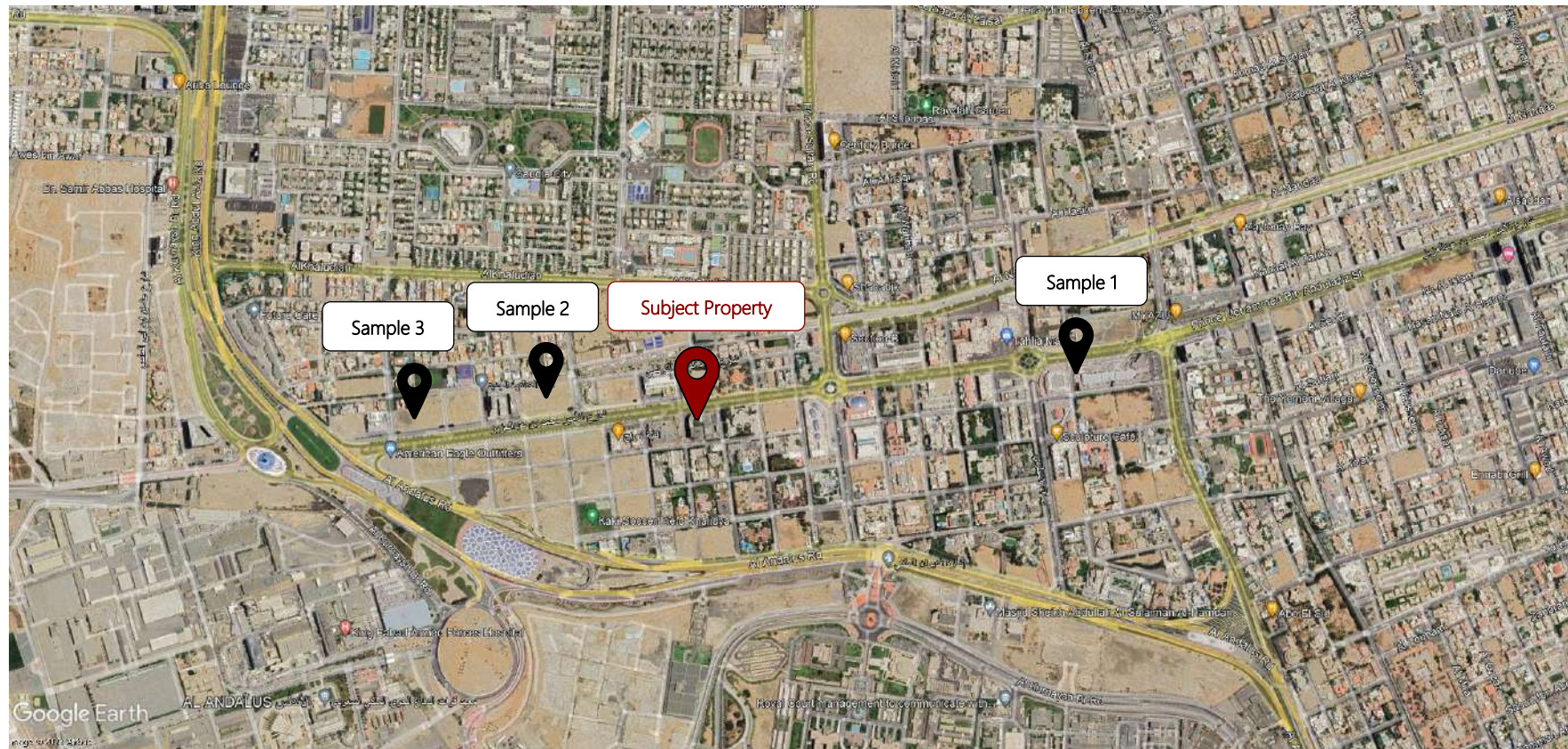
This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Jeddah	Jeddah		Jeddah		Jeddah	
Sale Price	-----	SAR 124,000,000		SAR 58,500,000		SAR 78,400,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	4,319.75	8,700.00		4,500.00		7,000.00	
SAR / Sqm	-----	SAR 14,253		SAR 13,000		SAR 11,200	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 14,252.9		SAR 13,000.0		SAR 11,200.0	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 14,252.87		SAR 13,000.00		SAR 11,200.00	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	4,319.75	8,700.00	5.00%	4,500.00	0.00%	7,000.00	5.00%
Location Desirability	High	High	0.00%	High	0.00%	High	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	40	40	0.00%	40	0.00%	40	0.00%
Sides Open	3	4	-2.50%	1	-5.00%	2	2.50%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio		2.50%		-5.00%		7.50%	
Total Adjustment Amount		SAR 356.3		-SAR 650.0		SAR 840.0	
Net After Adjustment		SAR 14,609.2		SAR 12,350.0		SAR 12,040.0	
Weighted Mean		30%		40%		30%	
		SAR 4,382.76		SAR 4,940.00		SAR 3,612.00	
SAR / Sqm	<b>SAR 12,935</b>						
Rounded Value	<b>SAR 12,900</b>						



Property Value	Sensitivity Analysis				
	-10%	-5%	0%	5%	10%
SAR 55,725,000	4,320	4,320	4,320	4,320	4,320
<b>Land Area</b>	4,320	4,320	4,320	4,320	4,320
<b>SAR / Sqm</b>	SAR 11,610.0	SAR 12,255.0	SAR 12,900.0	SAR 13,545.0	SAR 14,190.0
<b>Property Value</b>	SAR 50,152,298	SAR 52,938,536	SAR 55,724,775	SAR 58,511,014	SAR 61,297,253

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 12,000 & 14,000 SAR / Sqm with an average of 12,900 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	SAR 350	SAR 450	SAR 400
Finishing Materials	SAR 1,200	SAR 1,400	SAR 1,300
Fitouts &Appliance	SAR 80	SAR 120	SAR 100
Owner Profit	18%	22%	20%

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

Land			
Land Area	SAR / Sqm		Total Value
4,319.75	SAR 12,900		SAR 55,724,775
Building			
	Unit		Total BUA
Ground Floor	Sqm		2,468.00
Upper Floors	Sqm		12,233.00
Annex	Sqm		1,011.00
Fences	Lm		69
<b>Total (SQM)</b>	<b>15,712.00</b>		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	15,712.00	SAR 1,000	SAR 15,712,000	100%	SAR 15,712,000
Electro Mechanic	15,712.00	SAR 400	SAR 6,284,800	100%	SAR 6,284,800
Finishing	15,712.00	SAR 1,300	SAR 20,425,600	100%	SAR 20,425,600
Site Improvements	4,319.75	SAR 100	SAR 431,975	100%	SAR 431,975
<b>Total</b>			<b>SAR 42,854,375</b>	<b>100.00%</b>	<b>SAR 42,854,375</b>

Overall Soft Cost					
			<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
<b>Initial Project Pre Cost</b>			SAR 42,854,375	0.10%	SAR 42,854
<b>Design</b>			SAR 42,854,375	0.50%	SAR 214,272
<b>Eng Consultant</b>			SAR 42,854,375	1.00%	SAR 428,544
<b>Management</b>			SAR 42,854,375	5.00%	SAR 2,142,719
<b>Contingency</b>			SAR 42,854,375	5.00%	SAR 2,142,719
<b>Others</b>			SAR 42,854,375	0.00%	SAR 0
<b>TOTAL</b>				11.60%	<b>SAR 4,971,107.50</b>
<b>Total Hard Cost</b>	<b>SAR 42,854,375</b>			<b>BUA</b>	<b>15,712.00</b>
<b>Total Soft Cost</b>	<b>SAR 4,971,107.50</b>			<b>SAR / Sqm</b>	<b>SAR 3,044</b>
<b>Total Construction Cost</b>	<b>SAR 47,825,482.50</b>			<b>Overall Completion</b>	<b>100.0%</b>

After knowing the total construction costs at a rate of 3,044 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 47,825,483</b>	<b>Annual Dep Rate</b>	2.5%
<b>Total Completion Rate</b>	100.00%	<b>Actual Age</b>	10
<b>Developer Profit Rate</b>	20.0%	<b>Total Dep Rate</b>	25.00%
<b>Dev. Profit Amount</b>	SAR 9,565,097	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 45,434,208</b>	<b>Net Dep Rate</b>	<b>25.00%</b>
<b>Economic Age</b>	40	<b>Cost After Depreciation</b>	<b>SAR 35,869,112</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 45,434,208</b>	<b>SAR 55,724,775</b>	<b>SAR 101,158,983</b>	<b>SAR 101,160,000</b>



#### 4.4 Income Approach- Market Rates

##### Market Rental Analysis

By studying the rental prices of similar properties in the area surrounding the property under evaluation, we found that the average rental prices of commercial units' range between 2,000 and 3,000 SAR/Sqm. We also noticed that the exhibitions have an internal mezzanine. To consider all of the above, we will base our evaluation on 2,600 SAR/Sqm for exhibitions. As for office unit rents, they are as follows:

	Office Units
Comparable No.	Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm
Average	750 SAR/ Sqm

As for the offices, we will base our valuation on 900 SAR/ Sqm due to better quality, services, etc.

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

##### Property Operation and Maintenance Expenses

We will apply the rate of 11% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8.5% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

The capitalization rate was derived by extracting from the market, where we found that the minimum is 10% and the maximum is 9%. A capitalization rate of 9.5% was assumed.

Reasonable after taking into account the components of the property, and it represents the return expected to be achieved by the property at the end of the period, which will be applied later to net operating income.

for real estate

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

Revenues					
Unit Type	Quantity		Revenues		Total Revenues
	Total GLA	No of Units	SAR / Sqm	SAR / Unit	
Show Rooms	2,169	0	SAR 2,600	SAR 0	SAR 5,639,400
Offices	9,882	0	SAR 900	SAR 0	SAR 8,893,800
Mezzanine	1,715	0	SAR 1,450	SAR 0	SAR 2,486,750
<b>Total Revenues</b>					<b>SAR 17,019,950</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Show Rooms	3.00%	3.00%	5.00%	5.00%	16.00%
Offices	3.00%	3.00%	5.00%	10.00%	21.00%
Mezzanine	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Expenses</b>					<b>37.00%</b>
Net Operating Income					
Unit Type	Total Revenues	Total Expenses		NOI	
Show Rooms	SAR 5,639,400	16.00%		SAR 4,737,096	
Offices	SAR 8,893,800	21.00%		SAR 7,026,102	
Mezzanine	SAR 2,486,750	0.00%		SAR 2,486,750	
<b>Total</b>					<b>SAR 14,249,948</b>
<b>Total Property Revenues</b>					SAR 17,019,950
<b>Total Property Expenses</b>					-SAR 2,770,002
<b>Net Operating Income</b>					<b>SAR 14,249,948.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 14,249,948.00	9.50%	149,999,452.63		SAR 150,000,000.00	

#### 4.5 Income Approach Based on the Leasing Contract

The client informed us that the current occupancy rate is 80% for offices and 100% for commercial showrooms, and that the property is leased at a net rent of 16,000,000 SAR annually and increases every 5 years with insurance costs of 50,000 SAR. The customer also informed us that a temporary discount has been added to the current lease contract, so that the rent becomes equal to 11,520,000 riyals. The evaluation will be based on previous assumptions.

Revenues					
Unit Type	Quantity		Revenues		Total Revenues
	Total GLA	No of Units	SAR / Sqm	SAR / Unit	
Commercial Building	The subject property is Fully leased to 1 tenant				SAR 11,520,000
				<b>Total Revenues</b>	<b>SAR 11,520,000</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Insurance	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	50,000.00	50,000.00
				<b>Total Expenses</b>	<b>50,000.00</b>
Net Operating Income					
Unit Type	Total Revenues		Total Expenses		NOI
Commercial Building	SAR 11,520,000		50,000.00		SAR 11,470,000
				<b>Total</b>	<b>SAR 11,470,000</b>
<b>Total Property Revenues</b>					SAR 11,520,000
<b>Total Property Expenses</b>					-SAR 50,000
<b>Net Operating Income</b>					<b>SAR 11,470,000.00</b>
Net Operating Income		Cap Rate	Property Value		Rounded Value
SAR 11,470,000.00		9.50%	120,736,842.11 SAR		SAR 120,740,000.00

#### 4.6 Subject Property Value in different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 150,000,000	One Hundred Fifty Million Saudi Riyals
<b>Income- Contract</b>	Property	SAR 120,740,000	One Hundred Twenty Million and Seven Hundred Forty Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 101,160,000	One Hundred One Million One Hundred Sixty Thousand Saudi Riyals

#### 4.7 Subject Property Value

Based on our analysis utilizing the income approach- market rates and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

**Property Value: SAR 150,000,000**  
**One Hundred Fifty Million Saudi Riyals.**

#### 4.8 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.9 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.





WHITE **CUBES**  
DOCUMENTS

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DOCUMENT

## Documents Received

### 5.1 Title deed and Construction Permit

بسم الله الرحمن الرحيم

وزارة العدل  
كتابة العدل الأولى بجدة

رقم: ٤٢٠٢٢١٠١١٦٠٨  
التاريخ: ١٧ / ٨ / ١٤٤٠ هـ

صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده؛ وبعد:

فإن قطعة الأرض رقم ٢ من المخطط رقم ٨٦٠ / من / ت الواقع في حي الاندلس بمدينة جدة وحودها وأوطالها كالتالي:

شمالاً: شارع الأمير محمد بن عبد العزيز عرض ٤٠ م بطول: (٤٧) سبعة و أربعون متر يبدأ من الشرق للغرب ثم شطفه جنوب غرب ٤٠,٢٤ م
جنوباً: شارع عرض ١٥ م بطول: (٤٧) سبعة و أربعون متر يبدأ من الشرق للغرب ثم شطفه شمال غرب ٤٠,٢٤ م شرقاً - قطعة رقم ١ بطول: (٨٦,٨) ستة و ثمانون متر و ثمانون سنمتر غرباً - شارع عرض ١٥ م بطول: (٨٠,٣٥) ثمانون متر و خمسة و ثلاثون سنمتر ومساحتها: (٤٠٣١٩,٧٥) أربعة آلاف و ثلاثمائة و تسعة عشر متر مربعاً و خمسة و سبعون سنمتر مربعاً فقط

المطووقة لـ / شركة أول لنفا العقارية بموجب سجل تجاري رقم ١٠١٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من هذه الإدارة برقم ٢٢٠٢٢٤٠٢٢١٤-١٥ في ١٥ / ١٠ / ١٤٢٠ هـ قد ترهتها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضمناً لوفاته بـ مبلغ ٢٣٨١٨١٨٠,١٩ ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هللة على ان يتم سداد الدويونية على أقساط كل ٦ أشهر من تاريخ صرف التمويل بقيمة ٩٠١٠٠٠٠ تسعة مائون و عشرة آلاف تدفع في نهاية المدة اعتباراً من تاريخ ٢١/٢/٢٠١٩ و في حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرقبات واستيفاء ما في ذمة الزاهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٧ / ٨ / ١٤٤٠ هـ وصلى الله على نبينا محمد وآله وصحبه وسلم.

الختم الرسمي  
أحمد بن غرم الله بن عطية الزهراني

ملاحظة: هذا النموذج وحدة مستعملة ، وتحتوي على نكف وشقة ملك بواقي إن عدم صلاحية المستند  
نموذج رقم (٠١٢-٢٠٢٠)

ملاحظة: مطبع المحكومة - ٢٣٢٠٢٢  
( هذا النموذج مخصص للاستخدام بالحواسب الألي وينبغي تعديله )

الإدارة المحكية لرخصة البناء  
محافظة جدة

رقم الرخصة: 35218 تاريخها: 18- ثوال- 1430 البلدية: الجديرية الفورية

رقم الرخصة بناء: قراره تجاري  
صالحة إلى: 09- ربيع الثاني- 1438

اسم المالكين: صالح محمد عويش بن لادن

نوع قومه: سبط مني رقمها: 1003136023 تاريخها: حسته مصطلها: حسته  
حالة ملكية رقم: 433 تاريخ: 01- ربيع الثاني- 1424 مصطلها: كتاب عدل

رقم العمدة: شارع رقم مسمى  
رقم القطعة: 2 المخطط: (860)-تاريخ رقم الكروكي: 000059438 شرفيات: 14662.43 شماليات: 2798.73

عدد رخص البناء عدد: 6 دور بموضب الحدود و الأبعاد و الإرتدادات و السرورات

الخصائص	سكني	تجاري		مساحة الدور
		مكاتب	مواقف السيارات	
المدرج			6744	
طبق المواقف				
الطبق الأرضي	908	1559	55	2467
الطبق الميراثين				
الطبق الأول	908	1477		2385
الطبق الثاني				2468
الطبق الثالث				2468
الطبق المكرر				4910
أرضي فيلا السطح				
علوي فيلا السطح				
الملحق العلوي				1011
وحدات أخرى				

عدد الوحدات السكنية: 50 طول الأسوار: 69

اسم المكتب الهندسي: دار الإقليم إستشارات خدمة للتخطيط الحضري والبيئة  
رقم رخصة المكتب المشرف: دار الإقليم إستشارات خدمة للتخطيط الحضري والبيئة

الرسوم: رقم الإرسال: تاريخ الإرسال: 09- ربيع الثاني- 1435  
رقم الإرسال: 3512023598  
13728.80

\* تم إحصاء الطغود المطلوبة حسب النظام  
المدقق الإداري: خدمة السداد  
المدقق القانوني والعربي

العمبر: محمد العظمي  
ملاحظة هامة: وجوب الإلتزام بالتعليمات خلف الرخصة الحصر

قسط رقم تقديمية بموجب رخصة البناء رقم 35218 في 16/10/1430 هـ بموجب موافقة شرايع الرقابية برام 30006544 في 21/ ١6 /١430 هـ رقمها: ٤١٦  
تتم التوبة بموجب رخصة البناء رقم 35218

## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment  
إدارة المهن الاستشارية





WHITE CUBES





WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# BIN 2 PLAZA

Awal Al Malqa Real Estate Company

Jeddah City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907

**Code:**

**Date:** 31/12/2023

**Subject: Valuation Report for a Commercial Center (Bin 2 Plaza) in Jeddah City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 30<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	Al Amwaj district, Jeddah City.
<b>Title Deed No.</b>	420210027007
<b>Title Deed Date</b>	17/08/1440
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Commercial/offices.
<b>Land Area (Sqm)</b>	20,641.74 Sqm
<b>BUA (Sqm)</b>	21,305.3 Sqm.
<b>GLA (Sqm)</b>	14,967 Sqm
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach.
<b>Currency</b>	Saudi Arabian Riyal.
<b>Final Property Value</b>	SAR 91,310,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023



WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to:

**Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- discounted cash flow (DCF)**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/10/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

1. **Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
5. **Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS



## Property and Location Description

### 2.1 Property Description

The subject property is a commercial project located in Al Amwaj district, Jeddah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 20,641.74 square meters and a total built-up area (BUA) of 21,305.3 square meters, composed of 7 offices floors and retail unit on the ground floor.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 4 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Abdullah bin Al Khattab from the east side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

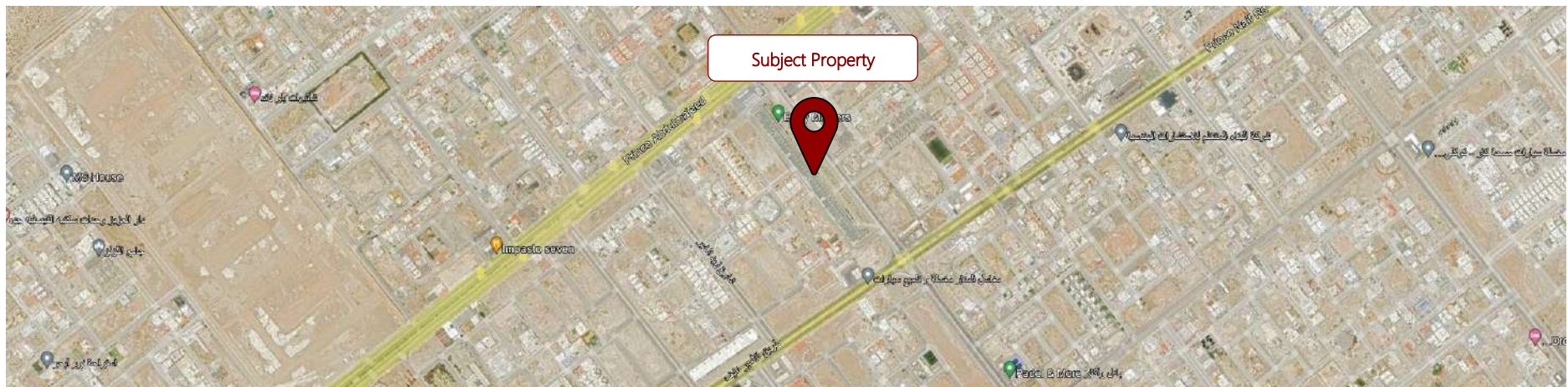
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high since it opens on 4 streets and near 2 main streets, Prince Abdul Majeed Road and Prince Nayef Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	20,641.74Sqm
<b>District</b>	Al Amwaj	<b>Plot No.</b>	35 to 63
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	420210027007	<b>Layout No.</b>	س/ج/420
<b>T.D Date</b>	17/08/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Jeddah First Notary		
<b>North Side</b>	15 meters street	<b>East Side</b>	32 meters street.
<b>South Side</b>	15 meters street.	<b>West Side</b>	15 meters street.

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Commercial
<b>Construction Permit No.</b>	505232
<b>Construction Permit Date</b>	29/02/1431

Description	No. of Units	Area (sqm)	Use
<b>Ground Floor</b>	----	7928.6	Showrooms
<b>Mezzanine</b>	----	4727.9	Showrooms
<b>First Floor</b>	----	8,648.8	Offices
<b>Total BAU (sqm)</b>		<b>21,305.30</b>	

## 2.7 Building Gross Leasable Area (GLA)

The client provided us with a list of the unit details and GLA as shown in the below table:

Unit No.	Type	Area (Sqm)	Unit No.	Type	Area (Sqm)
1	A-Office	374	3	B-Offices	378
2	A-Office	310	4	B-Offices	201
3	A-Office	310	5	B-Offices	378
4	A-Office	201	6	B-Offices	378
5	A-Office	274	7	B-Offices	374
6	A-Office	378	1-7	B-Showroom	2,428
7	A-Office	374	1-7	C-Offices	2,948
1-4	A-Showroom	1,323	1-2	C-Showroom	822
5	A-Showroom	378	3	C-Showroom	334
6	A-Showroom	376	4	C-Showroom	167
7	A-Showroom	378	5	C-Showroom	378
1	B-Offices	374	6	C-Showroom	378
2	B-Offices	378	7	C-Showroom	374
			<b>Total</b>		<b>14,967</b>

2.8 Photographs of the Subject Property







WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

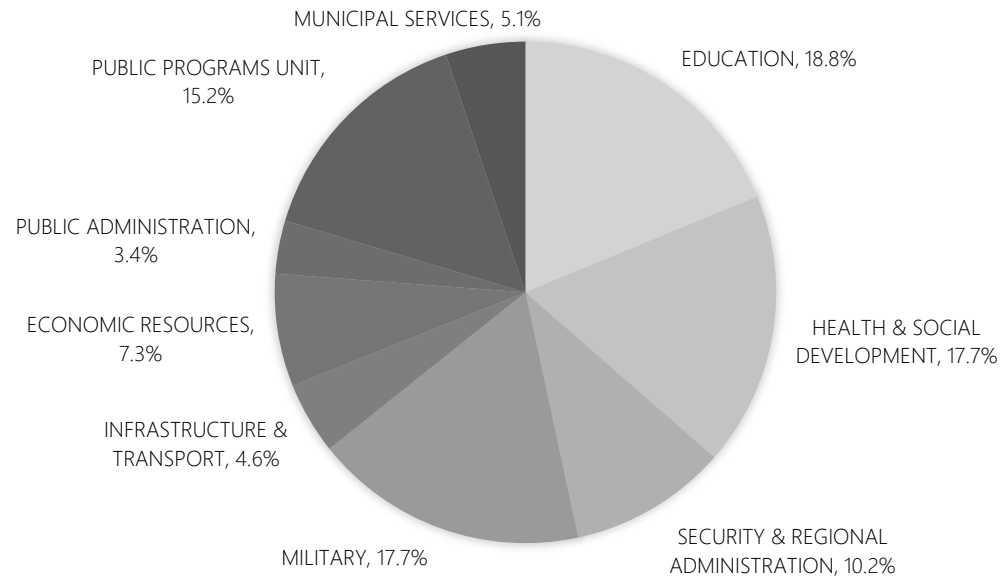
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

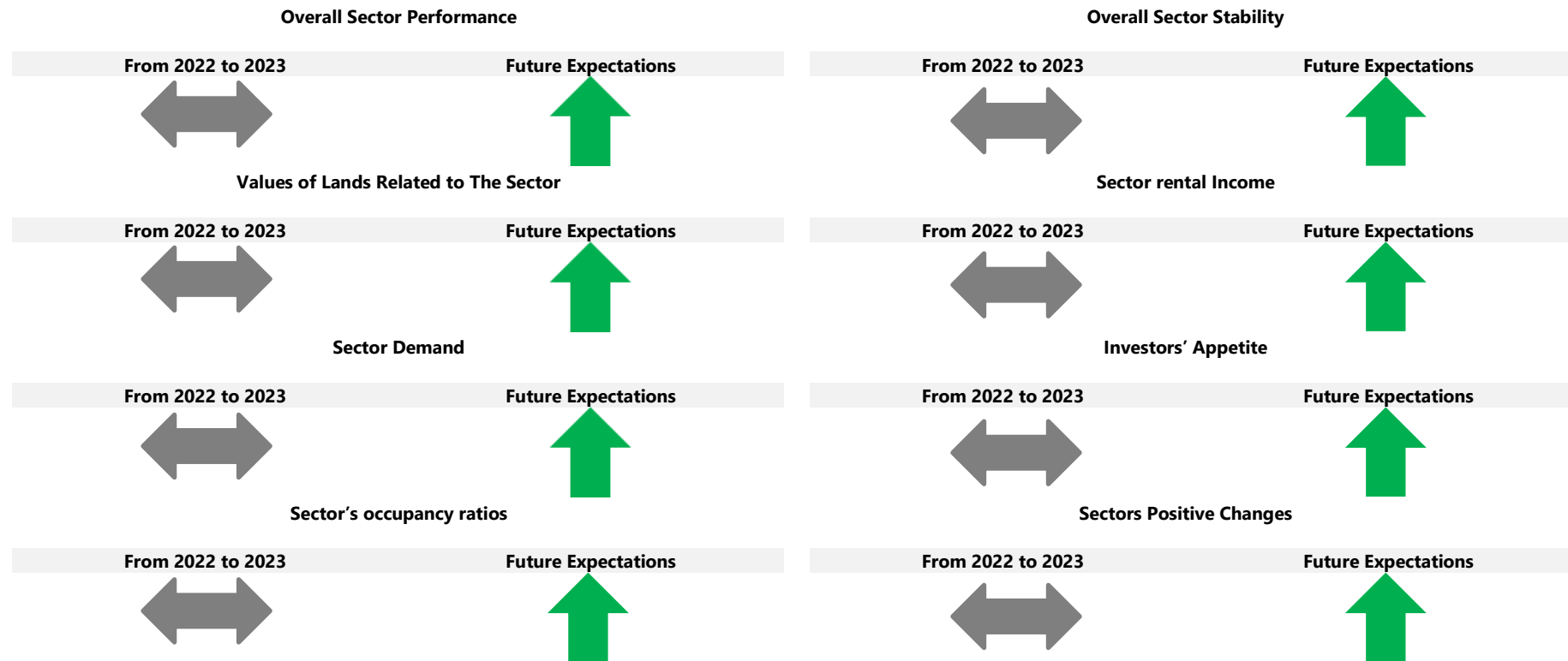
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis



### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION

## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	✓	----	----	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property.

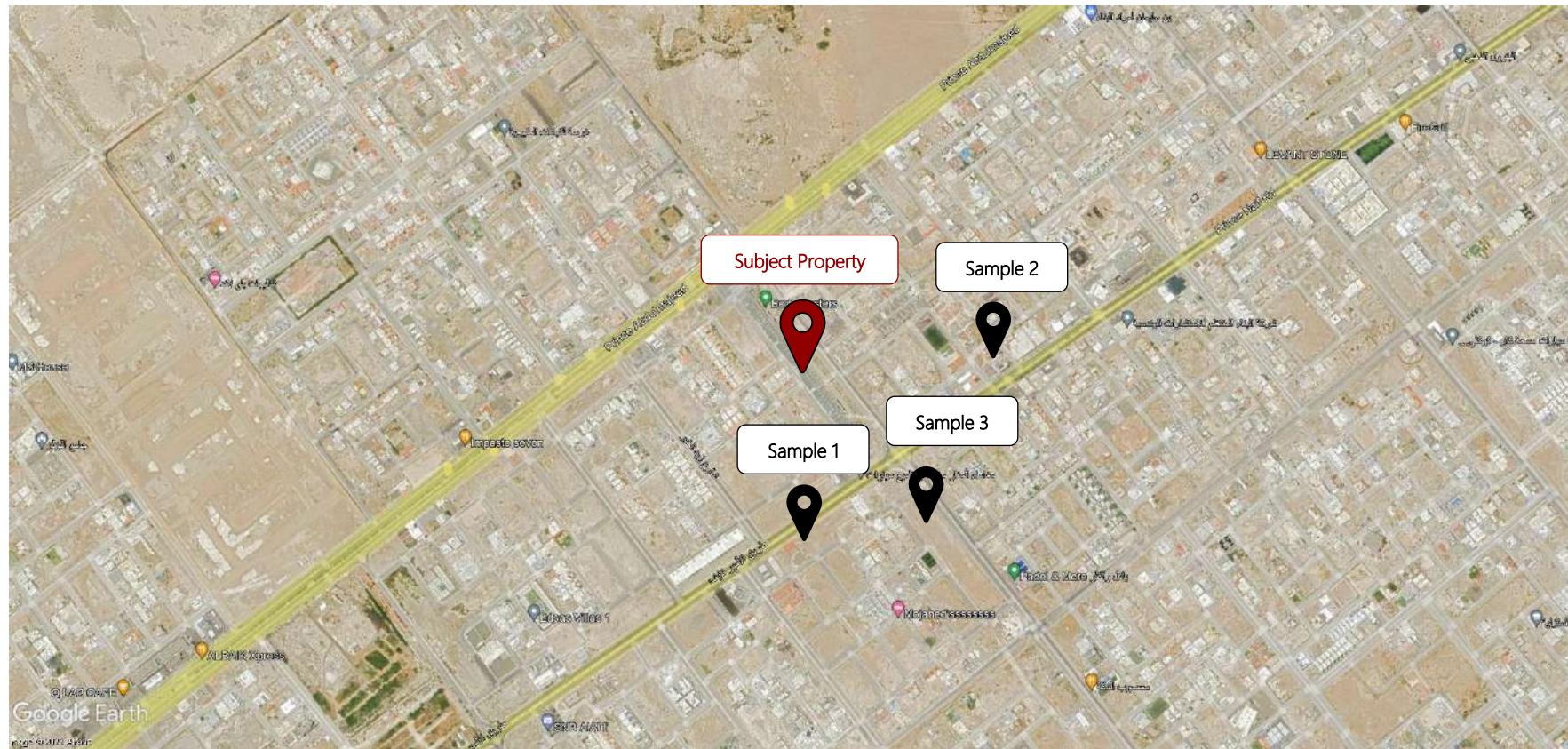
## 4.2 Comparable Method

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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Jeddah	Jeddah		Jeddah		Jeddah	
Sale Price	-----	SAR 2,700,000		SAR 2,628,000		SAR 2,000,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	20,641.74	900.00		876.00		890.00	
SAR / Sqm	-----	SAR 3,000		SAR 3,000		SAR 2,247	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 3,000.0		SAR 3,000.0		SAR 2,247.2	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	-----		-----		-----	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 3,000.00		SAR 3,000.00		SAR 2,247.19	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	20,641.74	900.00	5.00%	876.00	5.00%	890.00	5.00%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	32	30	0.00%	30	0.00%	30	0.00%
Sides Open	4	1	-5.00%	3	0.00%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	No	0.00%	No	0.00%	No	0.00%
Total Adjustments Ratio		0.00%		5.00%		5.00%	
Total Adjustment Amount		SAR 0.0		SAR 150.0		SAR 112.4	
Net After Adjustment		SAR 3,000.0		SAR 3,150.0		SAR 2,359.6	
Weighted Mean		20%		20%		60%	
		SAR 600.00		SAR 630.00		SAR 1,415.73	
SAR / Sqm	<b>SAR 2,646</b>						
Rounded Value	<b>SAR 2,650</b>						

Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 54,700,611	Land Area	20,642	20,642	20,642	20,642	20,642
	SAR / Sqm	SAR 2,385.0	SAR 2,517.5	SAR 2,650.0	SAR 2,782.5	SAR 2,915.0
	Property Value	SAR 49,230,550	SAR 51,965,580	SAR 54,700,611	SAR 57,435,642	SAR 60,170,672

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 2,200 & 3,000 SAR / Sqm with an average of 2,650 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.





### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 700	SAR 900	SAR 800
MEP	SAR 250	SAR 350	SAR 300
Finishing Materials	SAR 600	SAR 800	SAR 700
Site Improvements	SAR 130	SAR 170	SAR 150
Developer Profit	18%	22%	20%

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

Land			
Land Area	SAR / Sqm		Total Value
20,641.74	SAR 2,650		SAR 54,700,611

Building			
	Unit		Total BUA
Ground Floor	Sqm		7,928.60
Mezzanine	Sqm		4,727.90
Upper Floor	Sqm		8,648.80
<b>Total (SQM)</b>	<b>21,305.30</b>		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	21,305.30	SAR 800	SAR 17,044,240	100%	SAR 17,044,240
Electro Mechanic	21,305.30	SAR 300	SAR 6,391,590	100%	SAR 6,391,590
Finishing	21,305.30	SAR 700	SAR 14,913,710	100%	SAR 14,913,710
Site Improvement	20,641.74	SAR 150	SAR 3,096,261	100%	SAR 3,096,261
<b>Total</b>			<b>SAR 41,445,801</b>	<b>100.00%</b>	<b>SAR 41,445,801</b>



Overall Soft Cost					
			<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
<b>Initial Project Pre Cost</b>			SAR 41,445,801	0.10%	SAR 41,446
<b>Design</b>			SAR 41,445,801	0.50%	SAR 207,229
<b>Eng Consultant</b>			SAR 41,445,801	1.00%	SAR 414,458
<b>Management</b>			SAR 41,445,801	5.00%	SAR 2,072,290
<b>Contingency</b>			SAR 41,445,801	5.00%	SAR 2,072,290
<b>Others</b>			SAR 41,445,801	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 4,807,712.92</b>
<b>Total Hard Cost</b>	<b>SAR 41,445,801</b>			<b>BUA</b>	<b>21,305.30</b>
<b>Total Soft Cost</b>	<b>SAR 4,807,712.92</b>			<b>SAR / Sqm</b>	<b>SAR 2,171</b>
<b>Total Construction Cost</b>	<b>SAR 46,253,513.92</b>			<b>Overall Completion</b>	<b>100%</b>

After knowing the total construction costs at a rate of 2,171 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 46,253,514</b>	<b>Annual Dep Rate</b>	3.3%
<b>Total Completion Rate</b>	100.00%	<b>Actual Age</b>	10
<b>Developer Profit Rate</b>	20.0%	<b>Total Dep Rate</b>	33.33%
<b>Dev. Profit Amount</b>	SAR 9,250,703	<b>Add Appr Rate</b>	0.00%
<b>Development Value</b>	<b>SAR 55,504,217</b>	<b>Net Dep Rate</b>	<b>33.33%</b>
<b>Economic Age</b>	30	<b>Cost After Depreciation</b>	<b>SAR 37,002,811</b>

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

<b>Total Dev. Value</b>	<b>Land Value</b>	<b>Total Property Value</b>	<b>Rounded Value</b>
<b>SAR 37,002,811</b>	<b>SAR 54,700,611</b>	<b>SAR 91,703,422</b>	<b>SAR 91,700,000</b>

#### 4.4 Discounted Cash Flow Method (DCF)

##### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units with similar qualities, size, etc range from 800 to 900 SAR / Sqm. As for office units, the rental rates range from 350 to 400 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Commercial Units	Office Units
Comparable	Rental Rate/ Sqm	Rental Rate/ Sqm
Office 1	-	400 SAR/ Sqm
Obhur mall	900 SAR/ Sqm	-
Commercial unit 1	850 SAR/ Sqm	-
Average	<b>875 SAR/ Sqm</b>	<b>400 SAR/ Sqm</b>

As per the market survey done by our team, the market rental rates for Obhur mall range between 850 and 950 SAR/ Sqm for commercial units. Yet the property subject of valuation has better location, quality, etc which we will apply an adjustment 12% to achieve 875 SAR/ Sqm for commercial units and 400 SAR/ Sqm for offices.

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	8% to 12%

##### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 23% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

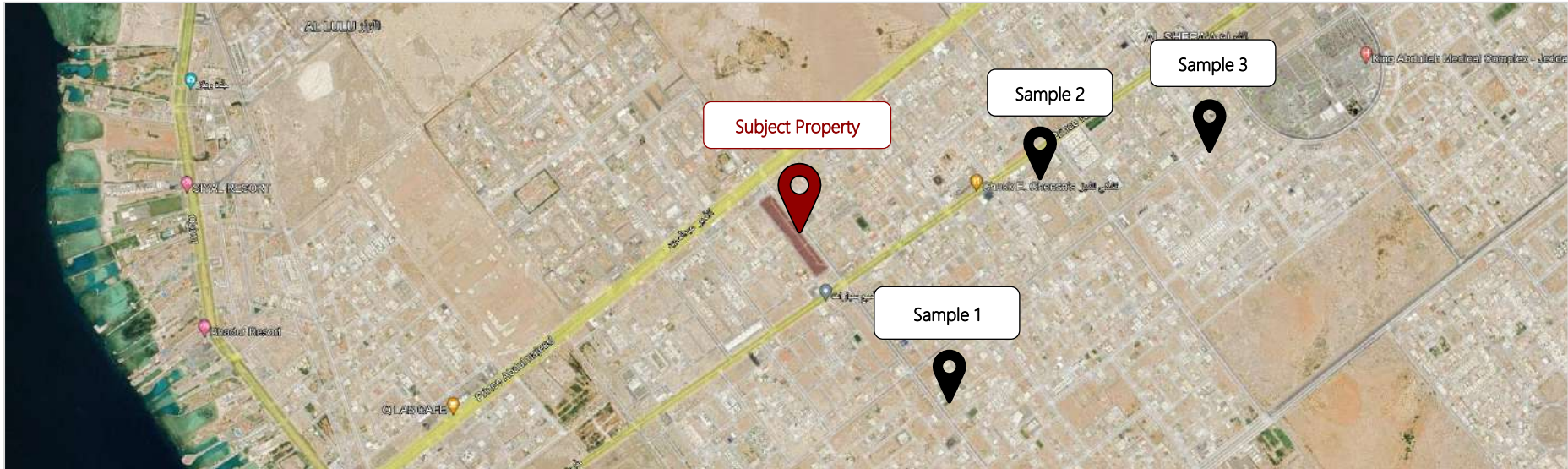
### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 9% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

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

	Sample 1	Sample 2	Sample 3
Sale Price	110,170,500	1,336,080	173,141,000
Revenue	10,466,198	8,868,203	16,448,395
Capitalization rate	9,50%	9.50%	9.50%
Average capitalization rate		<b>9,50%</b>	



The used rental rate of the subject property. Based on the above, the value of the property using the DCF method is as follows:

Cash Flow		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		0	1	2	3	4	5	6	7	8	9	10
<b>Inflation</b>		<b>0.0%</b>	<b>0.0%</b>	<b>2.5%</b>	<b>0.0%</b>	<b>2.2%</b>	<b>0.0%</b>	<b>2.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Expected Revenues</b>												
Showrooms	Sqm	7,336	7,336	7,336	7,336	7,336	7,336	7,336	7,336	7,336	7,336	7,336
Rate (SAR)	SAR	1,050	1,050	1,076	1,076	1,100	1,100	1,122	1,122	1,122	1,122	1,122
<b>Total</b>	<b>SAR</b>	<b>7,702,800</b>	<b>7,702,800</b>	<b>7,895,370</b>	<b>7,895,370</b>	<b>8,069,068</b>	<b>8,069,068</b>	<b>8,231,256</b>	<b>8,231,256</b>	<b>8,231,256</b>	<b>8,231,256</b>	<b>8,231,256</b>
Offices	Sqm	7,631	7,631	7,631	7,631	7,631	7,631	7,631	7,631	7,631	7,631	7,631
Rate (SAR)	SAR	500	500	513	513	524	524	534	534	534	534	534
<b>Total</b>	<b>SAR</b>	<b>3,815,500</b>	<b>3,815,500</b>	<b>3,910,888</b>	<b>3,910,888</b>	<b>3,996,927</b>	<b>3,996,927</b>	<b>4,077,265</b>	<b>4,077,265</b>	<b>4,077,265</b>	<b>4,077,265</b>	<b>4,077,265</b>
<b>Overall Revenues</b>		<b>11,518,300</b>	<b>11,518,300</b>	<b>11,806,258</b>	<b>11,806,258</b>	<b>12,065,995</b>	<b>12,065,995</b>	<b>12,308,522</b>	<b>12,308,522</b>	<b>12,308,522</b>	<b>12,308,522</b>	<b>12,308,522</b>
<b>Vacancy and Credit Loss</b>												
Showrooms	10.0%	770,280	770,280	789,537	789,537	806,907	806,907	823,126	823,126	823,126	823,126	823,126
Offices	10.0%	381,550	381,550	391,089	391,089	399,693	399,693	407,727	407,727	407,727	407,727	407,727
<b>Total</b>		<b>1,151,830</b>	<b>1,151,830</b>	<b>1,180,626</b>	<b>1,180,626</b>	<b>1,206,600</b>	<b>1,206,600</b>	<b>1,230,852</b>	<b>1,230,852</b>	<b>1,230,852</b>	<b>1,230,852</b>	<b>1,230,852</b>
<b>Effective Rental Income</b>		<b>10,366,470</b>	<b>10,366,470</b>	<b>10,625,632</b>	<b>10,625,632</b>	<b>10,859,396</b>	<b>10,859,396</b>	<b>11,077,670</b>	<b>11,077,670</b>	<b>11,077,670</b>	<b>11,077,670</b>	<b>11,077,670</b>
<b>Expenses</b>												
OPEX	15.0%	1,554,971	1,554,971	1,593,845	1,593,845	1,628,909	1,628,909	1,661,650	1,661,650	1,661,650	1,661,650	1,661,650
Maintenance	10.0%	1,036,647	1,036,647	1,062,563	1,062,563	1,085,940	1,085,940	1,107,767	1,107,767	1,107,767	1,107,767	1,107,767
<b>Overall Expenses</b>		<b>2,591,618</b>	<b>2,591,618</b>	<b>2,656,408</b>	<b>2,656,408</b>	<b>2,714,849</b>	<b>2,714,849</b>	<b>2,769,417</b>	<b>2,769,417</b>	<b>2,769,417</b>	<b>2,769,417</b>	<b>2,769,417</b>
<b>NOI</b>		<b>7,774,853</b>	<b>7,774,853</b>	<b>7,969,224</b>	<b>7,969,224</b>	<b>8,144,547</b>	<b>8,144,547</b>	<b>8,308,252</b>	<b>8,308,252</b>	<b>8,308,252</b>	<b>8,308,252</b>	<b>8,308,252</b>
<b>Terminal Value</b>	<b>9.5%</b>											<b>87,455,286</b>
Discount Rate	10.0%	1.00	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39
<b>Present Value</b>		7,774,853	7,068,048	6,586,135	5,987,396	5,562,835	5,057,123	4,689,792	4,263,447	3,875,861	3,523,510	36,920,989
<b>Net Present Value</b>												<b>91,309,988</b>
												<b>91,310,000</b>

#### 4.5 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DCF Method</b>	Property	SAR 91,310,000	Ninety-One Million Three Hundred Ten Thousand Saudi Riyals
<b>DRC Method</b>	Land + Building	SAR 91,700,000	Ninety-One Million and Seven Hundred Thousand Saudi Riyals

#### 4.6 Subject Property Value

Given the impact of the COVID-19 pandemic on lease agreements and the expectation of prices returning to their normal state in the future, we believe it is fair to adopt an DCF-based market valuation method. We are of an opinion that the total fair value of the subject property taking into consideration the purpose of valuation by using the Income Approach- DCF is:

**Property Value: 91,310,000 SAR**  
**Ninety-One Million Three Hundred Ten Thousand Saudi Riyals.**

#### 4.7 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
 License No. 1210002782

**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

**WHITECUBES Stamp**



#### 4.8 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



WHITE **CUBES**  
DOCUMENTS

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DOCUMENT



Documents Received

5.1 Title deed and Construction Permit

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]  
كتابة العدل الأولى بجدة

رقم: ٢٠٢١٠٠٢٧٠٠٧٧  
التاريخ: ١٤٤٠ / ١٢ / ١٧ هـ

صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد -

فإن قطعة الأرض ٢٥ و قطعة الأرض ٣٦ و قطعة الأرض ٣٧ و قطعة الأرض ٣٨ و قطعة الأرض ٣٩ و قطعة الأرض ٤٠ و قطعة الأرض ٤١ و قطعة الأرض ٤٢ و قطعة الأرض ٤٣ و قطعة الأرض ٤٤ و قطعة الأرض ٤٥ و قطعة الأرض ٤٦ و قطعة الأرض ٤٧ و قطعة الأرض ٤٨ و قطعة الأرض ٤٩ و قطعة الأرض ٥٠ و قطعة الأرض ٥١ و قطعة الأرض ٥٢ و قطعة الأرض ٥٣ و قطعة الأرض ٥٤ و قطعة الأرض ٥٥ و قطعة الأرض ٥٦ و قطعة الأرض ٥٧ و قطعة الأرض ٥٨ و قطعة الأرض ٥٩ و قطعة الأرض ٦٠ و قطعة الأرض ٦١ و قطعة الأرض ٦٢ و قطعة الأرض ٦٣ من المخطط رقم ٤٢٠ / ج / ١ من الرابع في حي الامواج بمدينة جدة و حدودها و أملاكها كالتالي:

شمالاً: شارع عرض ١٥ م بطول (٤٤٠,١٢) تسعة و أربعون متراً و اثنين سنتيمتر ثم ينكسر جنوب غرب بطول ٣٠,٨٧ م جنوباً: شارع عرض ١٥ م بطول (٤٩,١١) تسعة و أربعون متراً و احد عشر سنتيمتر ثم ينكسر شمال شرق بطول ٤٩,١١ م شرقاً: شارع عرض ٣٢ م بطول (٢٧١,٥٣) ثلاثمائة و واحد و سبعون متراً و ثلاثة و خمسون سنتيمتر ثم ينكسر شمال غرب بطول ٤٠,٢٣ م غرباً: شارع عرض ١٥ م بطول (٣٦٨,١١) ثلاثمائة و ثمانية و ستون متراً و عشرة سنتيمتر ثم ينكسر جنوب شرق بطول ٤٤,٢٧ م ومساحتها: (٢٠,٤٤١,٧٤) عشرون ألفاً و ستمائة و واحد و أربعون متراً مربعاً و أربعة و سبعون سنتيمتراً مربعاً فقط الواقعة بالبحر الشمالية و بموجب الخطبات أن المالك لا يزال اللجنة والمقيد في هذه الإدارة برقم ٨٧٣٣-٢٢١٣ / ٢٢ / ١٣ / ١٣ هـ

المملوكة ل / شركة أول للثقافة العقارية بموجب سجل تجاري رقم ١٠٩١٨١٣٨٠٢ وتنتهي في ١٦ / ١٠ / ١٤٤٤ هـ بالمسك الصادر من هذه الإدارة برقم ٢٠٢١٠٠٢٦٣٨١ في ١٩ / ٦ / ١٤٤٠ هـ وقد تم رهنها وما أقيم أو سقمت عليه من بناء لصالح / شركة الراحي المسبوقية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ بمقتضى ١٨١٨١٨١٨٠٩ ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريالاً و تسعة عشر هللة على أن يتم مبداء المديونية

التحتم الرسمي  
كتابة العدل الأولى بمحافظة جدة  
كتب العدل محمد بن عبد الله بن عثمان بن فاضل الزهراني  
عبدالله بن عثمان بن فاضل الزهراني

هذا المستند وحدة متعاملة ؛ ومبادع أو تلفظ صيغة منه يؤدي الرضا به صلاحية المستند  
نموذج رقم (١١-٢٠٢١-١١)

الإدارة المركزية لرخص البناء  
رخصة بناء مفصلة  
١٥٩٠٠٥  
الرقم التسلسلي ( ١١٤٨ )  
رخصة جديدة  
أمانة محافظة جدة

رقم رخصة البناء	٥٠٥٢٣٢	تاريخها	١٤٣١/٠٢/٢٩
رخصة بناء:	مركز تجاري	صاحبة إلى	١٤٣١/٠٢/٢٩
اسم المالك:	صالح محمد عوض بن لادن		
نوع هوية:	حافلة نورس	رقمها	١٠٠٣٣٦٠٢٢
صك ملكة رقم:	٢١٣٨	تاريخها	١٣٩٣/٠٦/٢٦
رقم العيوني:	٢١٣٨	تاريخ	١٤٢٩/٠٢/٢٥
رقم القطعة:	من ٦٣ ال ٦٣	حي	حي ٨٠٣ أثر الشمالية - ١
رقم رخص البناء	٥٠٥٢٣٢	رقم المخطط	٤٢٠/ج/١

تد رخص المالك ببناء عدد ١٧ نور بموجب الحدود والأبعاد والارتفاعات والبروزات

المستويات	مبنى	تجزيري	مواقف سيارات	وحدات أصغرى	مساحة الدور
التردم	---	---	---	---	---
طبق خدمة	---	---	١٢٥٠٠	---	٢٩٢٨,٦
الطابق الأرضي	---	---	---	---	١٧٧٧,٩
طبق الميزانين	---	---	---	---	٨٦٤٨,٨
الطابق الأول	---	---	---	---	---
الطابق الثاني	---	---	---	---	---
الطابق الثالث	---	---	---	---	---
الطابق المتكرر	---	---	---	---	---

إستشارة:

\* بموجب صفة اذاعة قطعة رخصة النقل والحدود رقم ١١٥٠١٩٠١١٥ في ١٤٣١/١٢/١٤  
\* بطلب شركة الأبرياء رقم ٩٤١٧٣٥٨٨ في ١٤٣٢/١٢/١٤  
\* وبعد مراجعة الرضخ المبنى وأعضاء المرافقة خلال (توريد) منه نتائج  
أثناء المراجعة رقم ٩٣٩٠ نتائج ١٤٣١/١٢/١٤

إجمالي طول الأسوار (م - ط)  
رقم رخصة المكتب الهندسي: محمد بن محفوظ  
رقم الدور: ٢٨٠٦١,٦  
رقم الإرسال: ٣١٠١١٩٣٣٣  
تاريخ الإرسال: ١٤٣١/٠٢/٢٩

\* تم إحضار العقود المطلوبة حسب النظام  
عدد الوحدات السكنية: ٤٧

رقم الدور: ٢٨٠٦١,٦  
رقم الإرسال: ٣١٠١١٩٣٣٣  
تاريخ الإرسال: ١٤٣١/٠٢/٢٩

مدير الإدارة المركزية لرخص البناء: محمد بن محفوظ  
مدير الإدارة المركزية لرخص البناء: محمد بن محفوظ

أمانة محافظة جدة  
الإدارة العامة  
خدمات الأمانة

جدة أمانة  
مطلوب الأمانة

002-01-F09; V 3.0



## 5.2 Real Estate Valuation License



وزارة التجارة والاستثمار  
Ministry of Commerce and Investment



### ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

ختم الوزارة





WHITE CUBES



WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

# Ahlan Court Centre

Awal Al Malqa Real Estate Company

Jeddah City  
December 2023



رؤية  
VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

REAL ESTATE  
VALUATION REPORT



**REF:** 23-0907  
**Code:**  
**Date:** 31/12/2023

**Subject: Valuation Report for a Retail Project (Ahlan Court Center) in Jeddah City, Saudi Arabia.**

**Dear Awal Al Malqa Real Estate Company,**

In accordance with your approved request dated 9<sup>th</sup> of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

**WHITE CUBES Consulting Services Co.**

**Essam Mohammad Al Husaini – President**

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

Issued: 01/08/1437 Exp: 24/08/1447

WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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WHITE **CUBES**

# EXECUTIVE SUMMARY

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EXECUTIVE  
SUMMARY

## Executive Summary

<b>Reference No.</b>	23-0907
<b>Dep. Code</b>	
<b>Report Type</b>	Detailed Report.
<b>Client</b>	Awal Al Malqa Real Estate Company.
<b>Report user</b>	The Client, The Auditors.
<b>Other users</b>	Investors or individuals interested in making investments.
<b>Purpose of Valuation</b>	Inclusion in financial statements.
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	Al Andalus district, Jeddah City.
<b>Title Deed No.</b>	920210027006
<b>Title Deed Date</b>	17/08/1440
<b>Ownership Type</b>	Title deed-restricted
<b>Limitations</b>	Mortgaged to Al Rajhi Banking Investment Company.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	4,342.25 Sqm
<b>BUA (Sqm)</b>	2,758.30 Sqm
<b>GLA (Sqm)</b>	1,774 Sqm Showrooms and 984 Sqm Offices
<b>Basis of Value</b>	Fair Value.
<b>Value Hypothesis</b>	Current use.
<b>Valuation Approach</b>	Market Approach, Cost Approach and Income Approach.
<b>Currency</b>	Saudi Arabian Riyal.
<b>Final Property Value</b>	SAR 63,450,000
<b>Report Date</b>	31/12/2023
<b>Valuation Date</b>	30/11/2023
<b>Inspection Date</b>	20/11/2023





WHITE **CUBES**

**SCOPE OF WORK**

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SCOPE OF  
WORK

## Scope of Work

### 1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to: **Awal Al Malqa Real Estate Company** in order to estimate the **fair value** of the property that is being evaluated.

### 1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements**.

### 1.3 Basis of Valuation

**Fair Value:** IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

### 1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- capitalization method (CAP RATE)**.

### 1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

### 1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

## 1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

## 1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

- 1. Property Records:** Property ownership documents such as title deeds and construction permit.
- 2. Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
- 3. Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
- 4. Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
- 5. Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
- 6. Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

## 1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumptions have been made for this evaluation report:

- 1. Absolute Ownership:** The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
- 2. Accuracy of Client Information:** It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
- 3. Valuation Report Scope:** This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
- 4. Market-Based Valuation Methodologies:** The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's value.
- 5. Output and Estimates:** The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

## 1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

## 1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.



WHITE **CUBES**

**PROPERTY DETAILS**

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PROPERTY  
DETAILS

## Property and Location Description

### 2.1 Property Description

The subject property is a food court building located in Al Andalus district, Jeddah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 4,342.25 square meters and a total built-up area (BUA) of 2,758.30 square meters, composed of 7 offices floors and retail unit on the ground floor.

During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Prince Mohammad bin Abdulaziz Road from the north side, enhancing its desirability and potential accessibility.

### 2.2 Surrounding Area

The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

### 2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Prince Mohammad bin Abdulaziz Road.

### 2.4 Infrastructure

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



## 2.5 Title Deed and Ownership

The client has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	4,342.25 Sqm
<b>District</b>	Al Andalus	<b>Plot No.</b>	1
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	920210027006	<b>Layout No.</b>	860/ت/س
<b>T.D Date</b>	17/08/1440	<b>Ownership Type</b>	Mortgage
<b>Owner</b>	Awal Al Malqa Real Estate Company	<b>Limitation of Document</b>	Mortgage to Al Rajhi Banking Investment Company.
<b>Issued From</b>	Jeddah First Notary		
<b>North Side</b>	40 meters street	<b>East Side</b>	15 meters street.
<b>South Side</b>	15 meters street.	<b>West Side</b>	Private property.

**Note:** The client has provided us with a copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.



## 2.6 Construction and Buildings

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
<b>Construction Permit Type</b>	New Permit
<b>Property Type</b>	Food Court
<b>Construction Permit No.</b>	427000307
<b>Construction Permit Date</b>	27/03/1427

Description	No. of Units	Area (sqm)	Use
<b>Ground Floor</b>	----	1,774.30	Restaurant
<b>First Floor</b>	----	984	Restaurant
<b>Total BAU (sqm)</b>		<b>2,758.30</b>	

## 2.7 Building Gross Leasable Area (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
<b>Show Rooms</b>	----	2,758.3	1,774	Rental spaces are provided by the client
<b>Offices</b>	----		984	
<b>Total GLA (sqm)</b>			<b>2,758</b>	

## 2.8 Property Actual Rental Rates

Based on the statement submitted to us by the client, the occupancy rate of the project is currently 100% of the total GLA is 2,758 Sqm.

## 2.9 Photographs of the Subject Property





WHITE **CUBES**

**MARKET INDICATORS**

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MARKET  
INDICATORS

## Market Indicators

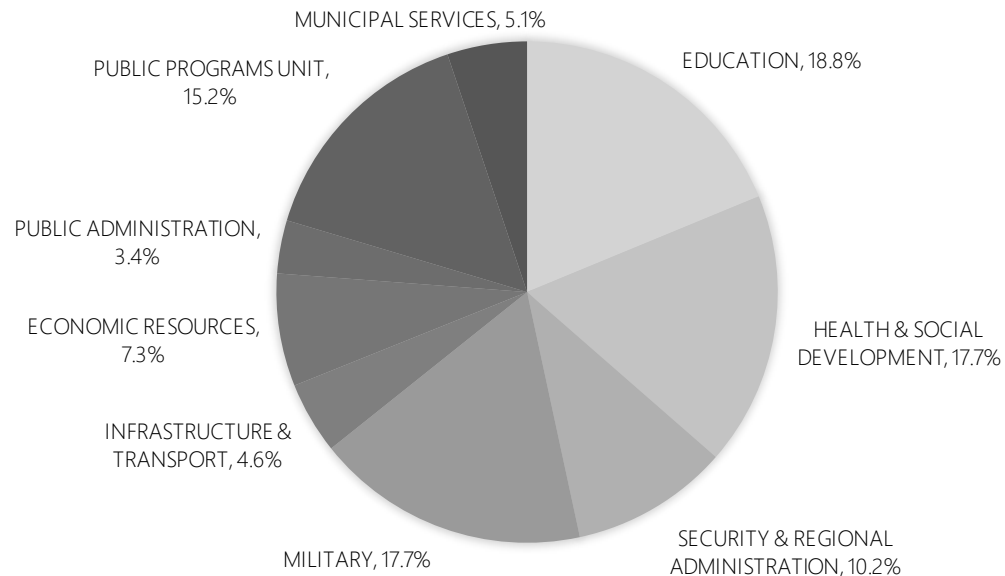
### 3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	2024	2025
<b>Total revenue</b>	1,234	1,130	1,146	1,205
<b>Total expenses</b>	1,132	1,114	1,125	1,134
<b>Budget surplus</b>	102	16	21	71
<b>Debt</b>	985	951	959	962
<b>GDP growth</b>	8.5%	3.1%	5.7%	4.5%
<b>Nominal gross domestic product</b>	3,957	3,869	3,966	4,247
<b>Inflation</b>	2.6%	2.1%	2.1%	2.0%

### 3.2 Budget Allocation for 2022




Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

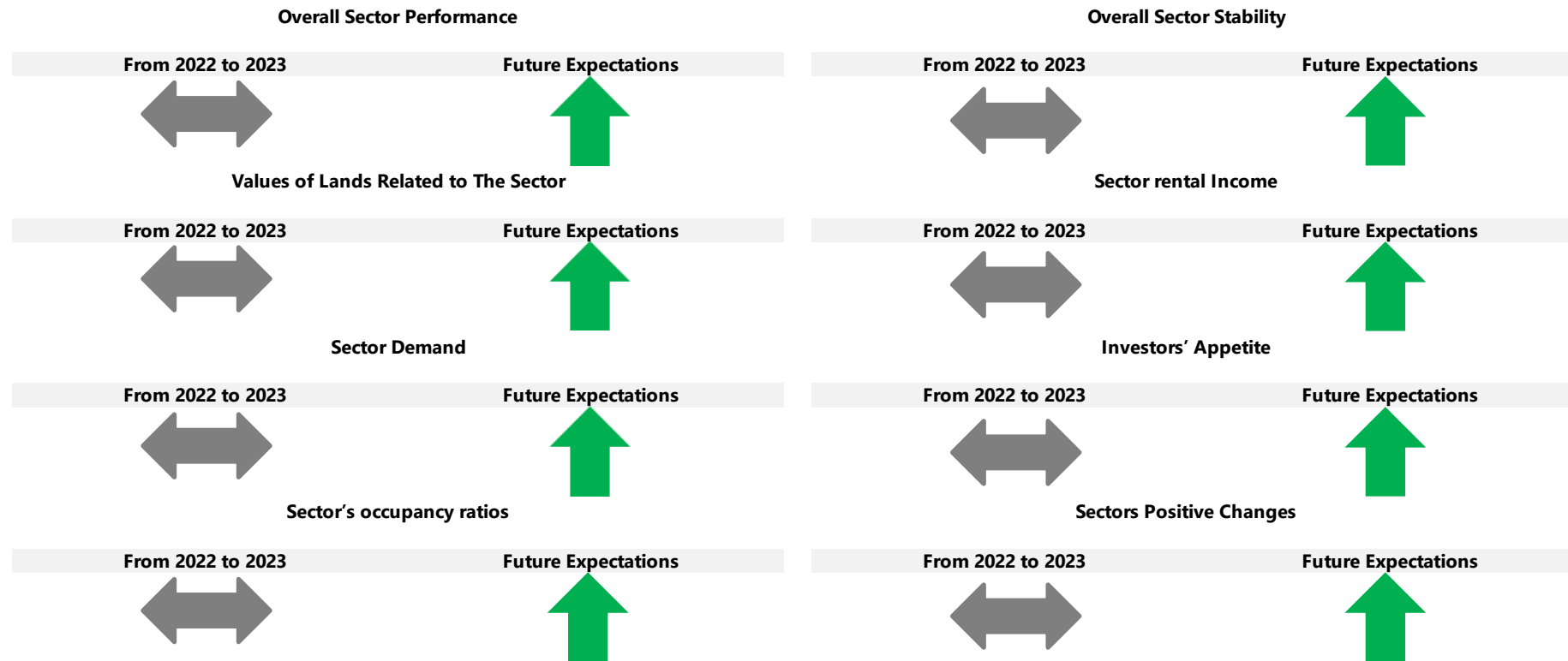
Source: Ministry of Finance



### 3.3 Sector Brief

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

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



White Cubes Team's Analysis

### 3.4 Risk Analysis

#### - Sector Analysis

Risk Factor	Very Low Risk (1)	Minimal Risk (2)	Medium Risk (3)	Elevated Risk (4)	Very High Risk (5)
	1-6	7-12	13-18	19-24	25-30
Overall, Economy	----	----	✓	----	----
Sector Current Performance	----	----	✓	----	----
Sector Future Performance	----	✓	----	----	----
Occupancy Rates	----	----	✓	----	----
Supply Rate	----	----	✓	----	----
Demand Rate	----	----	✓	----	----
Total Risk	0	2	15	0	0

**Risk Category 17 Risk Points - Medium Risk**

#### -Land Analysis

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

**Risk Category 8 Risk Points – Minimal Risk**

#### -Property Analysis

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

**Risk Category 8 Risk Points - Medium Risk**



WHITE **CUBES**

PROPERTY VALUATION

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PROPERTY  
VALUATION



## Property Valuation

### 4.1 Valuation Methods

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

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
<b>Land</b>	✓	----	----	----	----	----
<b>Buildings</b>	----	✓	----	----	----	----
<b>Property</b>	----	----	----	----	✓	----

#### COMPARABLE METHOD

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

#### DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for fair value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost

approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## 4.2 Comparable Method

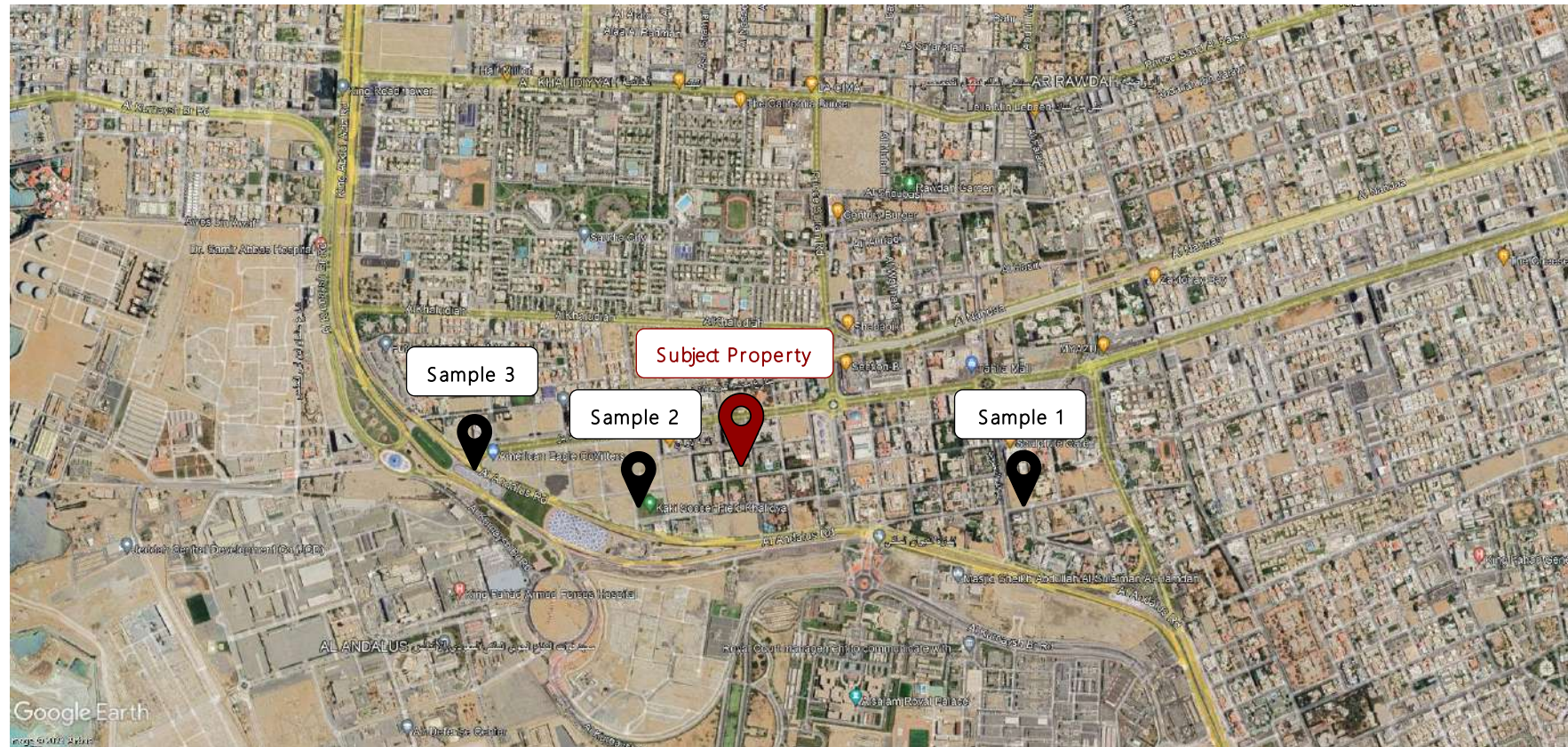
This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content, and others. Below is a summary of the valuation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

Characteristics of Samples							
Feature	Subject Property	Sample 1		Sample 2		Sample 3	
Quoting	-----	Offering		Offering		Offering	
City	Jeddah	Jeddah		Jeddah		Jeddah	
Sale Price	-----	SAR 90,300,000		SAR 14,400,000		SAR 32,000,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	4342.25	6,020.00		1,800.00		4,000.00	
SAR / Sqm	-----	SAR 15,000		SAR 8,000		SAR 8,000	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 15,000.0		SAR 8,000.0		SAR 8,000.0	
Mortgage	-----	Cash		Cash		Cash	
Market Conditions	-----	0.00%		0.00%		0.00%	
Total Adjustments Ratio		0.00%		0.00%		0.00%	
Total Adjustment Amount		SAR 0.00		SAR 0.00		SAR 0.00	
Net After Adjustment		SAR 15,000.00		SAR 8,000.00		SAR 8,000.00	
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	4,342.25	6,020.00	2.50%	1,800.00	-2.50%	4,000.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	40	13	5.00%	25	0.00%	40	0.00%
Sides Open	4	2	2.50%	2	2.50%	4	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Semi Regular	5.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio		10.00%		0.00%		5.00%	
Total Adjustment Amount		SAR 1,500.0		SAR 0.0		SAR 400.0	
Net After Adjustment		SAR 16,500.0		SAR 8,000.0		SAR 8,400.0	
Weighted Mean			60%		20%		20%
			SAR 9,900.00		SAR 1,600.00		SAR 1,680.00
SAR / Sqm	<b>SAR 13,180</b>						
Rounded Value	<b>SAR 13,200</b>						



Property Value	Sensitivity Analysis					
	-10%	-5%	0%	5%	10%	
SAR 57,317,700	Land Area	4,342	4,342	4,342	4,342	4,342
	SAR / Sqm	SAR 11,880	SAR 12,540	SAR 13,200	SAR 13,860	SAR 14,520
	Property Value	51,585,930.00	SAR 54,451,815	SAR 57,317,700	SAR 60,183,585	SAR 63,049,470

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 12,000 & 14,000 SAR / Sqm with an average of 13,200 SAR / Sqm. When comparing it with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 4.3 Depreciated Replacement Cost (DRC) Approach

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Concrete Cost	SAR 700	SAR 900	SAR 800
MEP	SAR 150	SAR 250	SAR 200
Finishing Materials	SAR 300	SAR 500	SAR 400
Fit outs &Appliance	SAR 100	SAR 300	SAR 200
Developer Profit	18%	22%	20%

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

Land			
Land Area	SAR / Sqm		Total Value
4,342.25	SAR 13,200		SAR 57,317,700
Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	1,774.30
First floor	Sqm	1	984.00
<b>Total (SQM)</b>	<b>2,758.30</b>		

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	2,758.30	SAR 800	SAR 2,206,640	100%	SAR 2,206,640
Electro Mechanic	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
Finishing	2,758.30	SAR 400	SAR 1,103,320	100%	SAR 1,103,320
Fit outs and Appliances	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
<b>Total</b>			<b>SAR 4,413,280</b>	<b>100%</b>	<b>SAR 4,413,280</b>

Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 4,413,280	0.10%	SAR 4,413
Design			SAR 4,413,280	0.50%	SAR 22,066
Eng Consultant			SAR 4,413,280	1.00%	SAR 44,133
Management			SAR 4,413,280	5.00%	SAR 220,664
Contingency			SAR 4,413,280	5.00%	SAR 220,664
Others			SAR 4,413,280	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 511,940.48</b>
<b>Total Hard Cost</b>	<b>SAR 4,413,280</b>			<b>BUA</b>	<b>2,758.30</b>
<b>Total Soft Cost</b>	<b>SAR 511,940.48</b>			<b>SAR / Sqm</b>	<b>SAR 1,786</b>
<b>Total Construction Cost</b>	<b>SAR 4,925,220.48</b>			<b>Overall Completion</b>	<b>100%</b>

After knowing the total construction costs at a rate of 1,786 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated fair value of the building.

DEVELOPMENT VALUE			
Total Dev Cost	SAR 4,925,220	Annual Dep Rate	3.33%
Total Completion Rate	100.00%	Actual Age	14
Developer Profit Rate	20.0%	Total Dep Rate	46.67%
Dev. Profit Amount	SAR 985,044	Add Appr Rate	0.00%
Development Value	SAR 5,910,265	Net Dep Rate	46.67%
Economic Age	30	Cost After Depreciation	SAR 2,626,784

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 2,626,784	SAR 57,317,700	SAR 59,944,484	SAR 59,940,000

#### 4.4 Income Approach Based on Market Rates

##### Market Rental Analysis

Based on the market survey done by our team and to some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,500 to 3,500 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 3,100 SAR/ Sqm as rental rate for showrooms. As for the offices rental rates, falls between

	Office units	Commercial units
Comparable no.	Rental Rate/ Unit	Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm	2,700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm	2,500 SAR/ Sqm
<b>Average</b>	<b>750 SAR/ Sqm</b>	<b>2,600 SAR/ Sqm</b>

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 5% to 10% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	2% to 3%
Operating and maintenance expenses	2% to 4%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

##### Property Operation and Maintenance Expenses

We will apply the rate of 6% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate,



### The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.5%, which will be applied subsequently to the net operating income of the property.

Project	Sample 1	Sample 2	Sample 3	Sample 4
Sale Price	39,596,000.00	65,240,000.00	26,455,000.00	31,328,000.00
Revenue	3,167,680.00	5,871,600.00	2,248,675.00	2,662,880.00
Cap Rate	8.00%	9.00%	8.50%	8.50%
Average Cap Rate	<b>8.50%</b>			



## Occupancy Rates in the Project

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

Revenues					
Unit Type	Quantity		Revenues		Total Revenues
	Total GLA	No of Units	SAR / Sqm	SAR / Unit	
Show Rooms	1,774	0	SAR 3,000	SAR 0	SAR 5,322,000
Offices	984	0	SAR 750	SAR 0	SAR 738,000
<b>Total Revenues</b>					<b>SAR 6,060,000</b>
Expenses					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Show Rooms	2.00%	2.00%	2.00%	5.00%	11.00%
Offices	2.00%	2.00%	2.00%	5.00%	11.00%
<b>Total Expenses</b>					<b>22.00%</b>
Net Operating Income					
Unit Type	Total Revenues		Total Expenses		NOI
Show Rooms	SAR 5,322,000		11.00%		SAR 4,736,580
Offices	SAR 738,000		11.00%		SAR 656,820
<b>Total</b>					<b>SAR 5,393,400</b>
<b>Total Property Revenues</b>					SAR 6,060,000
<b>Total Property Expenses</b>					-SAR 666,600
<b>Net Operating Income</b>					<b>SAR 5,393,400.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>		<b>Property Value</b>		<b>Rounded Value</b>
SAR 5,393,400.00	8.50%		63,451,764.71 SAR		SAR 63,450,000.00

#### 4.5 Income Approach Based on Leasing Contract

The client informed us that a discount has been introduced to the subject property leasing contract where the new annual rent is 7,350,000 SAR. In addition, he informed us that the subject property expenses are only the insurance premium of 20,000 SAR. The valuation will be based on the above-mentioned assumptions.

**As per the client, the project is fully leased to one tenant, which is the percentage that will be based on in the valuation process.**

Revenues						
Unit Type	Quantity		Revenues		Total Revenues	
	Total GLA	No of Units	SAR / Sqm	SAR / Unit		
Retail Project		The subject property is Fully leased to 1 tenant			SAR 7,350,000	
					<b>Total Revenues</b>	<b>SAR 7,350,000</b>
Expenses						
Unit Type	Management	Utilities	Maintenance	Insurance	Total Expenses	
Retail Project	0.00%	0.00%	0.00%	20,000	20,000	
					<b>Total Expenses</b>	<b>20,000</b>
Net Operating Income						
Unit Type	Total Revenues		Total Expenses		NOI	
Retail Project	SAR 7,350,000		20,000		SAR 7,330,000	
					<b>Total</b>	<b>SAR 7,330,000</b>
<b>Total Property Revenues</b>					SAR 7,350,000	
<b>Total Property Expenses</b>					-SAR 20,000	
<b>Net Operating Income</b>					<b>SAR 7,330,000.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 7,330,000.00	8.50%	86,235,294.12		SAR 86,240,000.00		

#### 4.6 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 63,450,000	Sixty-Three Million Four Hundred Fifty Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 86,240,000	eighty-six million two hundred forty thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 59,940,000	Fifty-Nine Million and Nine Hundred Forty Thousand Saudi Riyals

#### 4.7 Subject Property Value

We are of an opinion that the total fair value of the subject property taking into consideration the purpose of valuation by using the Income Approach- Market Rates is:

**Property Value: 63,450,000 SAR**  
**Sixty-Three Million Four Hundred Fifty Thousand Saudi Riyals.**

#### 4.8 Accredited Valuers

**Essam M. Al Husaini**  
 President



Fellow Member of (RE Valuation)  
 License No. 1210000474

**Nabeel M. Al Husaini**  
 CEO



Member of (RE Valuation)  
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**Farah E. Al Husaini**  
 Valuation Manager



Member of (RE Valuation)  
 License No. 1210001964

**Abdulrahman A. Al Rajih**  
 Valuer



Fellow Member of (RE Valuation)  
 License No. 1210002523

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#### 4.9 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.



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## 5.2 Real Estate Valuation License



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### ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/ق/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



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