



أبعد
للتقييم العقاري

Final Valuation Report

Al-Orouba Plaza, Riyadh

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

RE: Al-Orouba Plaza, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

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- Report Summary

Executive Summary

Report Summary

- The property undervaluation consists of a commercial complex located in Al-Orouba Road with Prince Turki bin Abdulaziz Al-Awwal Road in Umm Al-Hamam Al-Gharbi District, Riyadh. The total land area is **19,212 Sqm**.
- The property undervaluation consists of a ground floor and a mezzanine floor, with a total number of **19** showrooms, and the build-up area is **11,292 Sqm**.
- The total leasable area of the complex is about **11,082 Sqm**, and it includes many brands such as Hyper Panda, Starbucks, and Al-Baik Restaurant.

Property Details

Site Details	Information
District	Umm Al-Hamam Al-Gharbi
Permitted Use	Commercial
Tenure	Restricted Ownership
Deed Number	410113062475
Deed Date	27/8/1436H
Total Area (sqm)	19,212
Owner	King Khalid Foundation

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	49,680,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
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- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from Musharaka Capital (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in Riyadh, KSA.

Interest

- Interested to be valued as of Al-Orouba Plaza, Riyadh

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for Financial Statements purposes.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows:
International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- Income Approach (Discounted Cash Flow)

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) Subject Location.
 - 2) Title Deed.
 - 3) Building Permit.
 - 4) Income Information.
 - 5) Land Rent Costs.

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular, or statement or disclosed in any way without Abaad's prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- **No assumption or special assumption has been applied.**



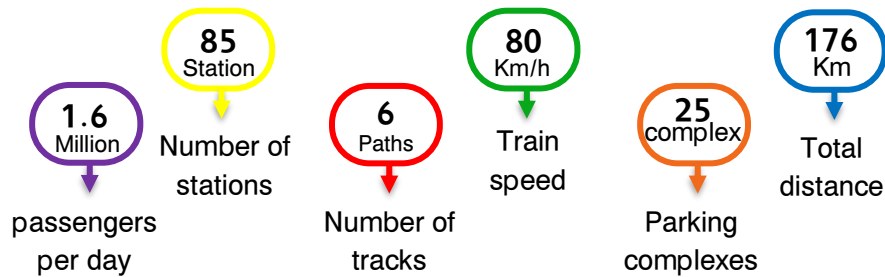
Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

Site Location Analysis

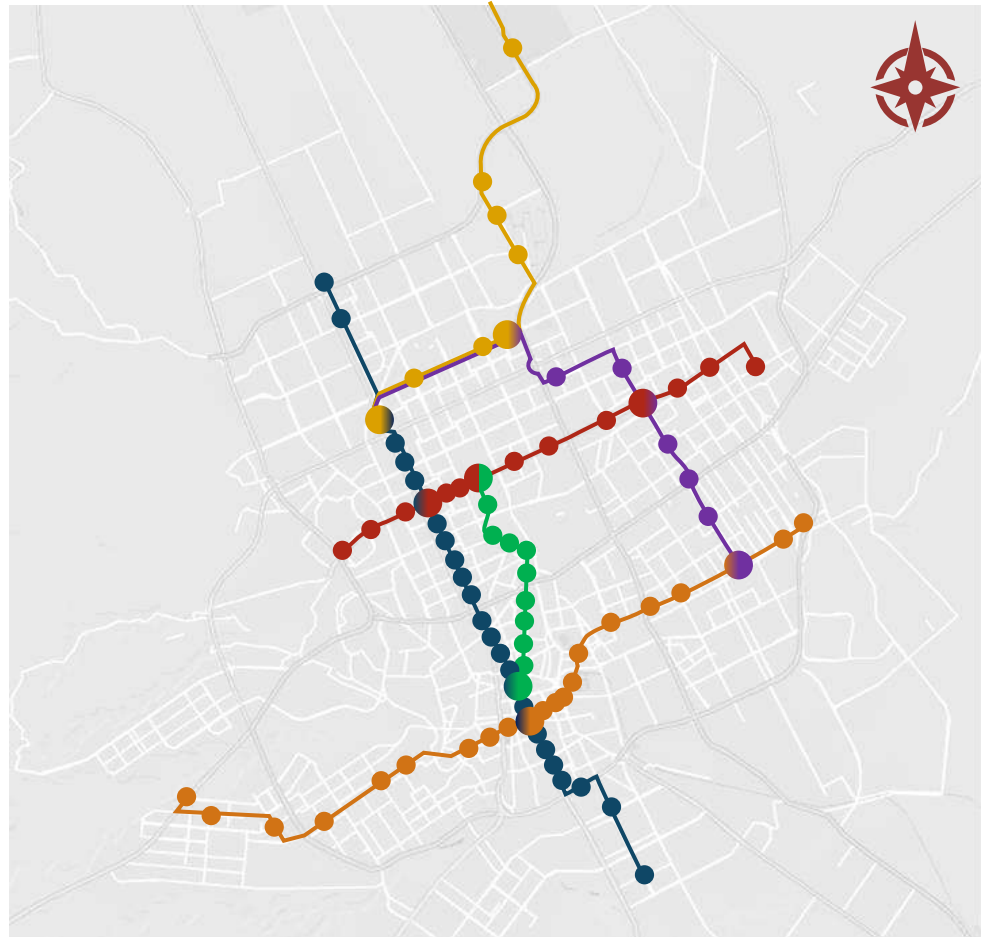
Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



Site Location Analysis

Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير
وادي الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis

Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 27 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

Site Location Analysis

Micro Location

- Al-Orouba Commercial Complex is located on a semi-regular piece of land with a flat surface, with an area of **19,212 sqm**. It includes many shops (**19 shops**), and the total built-up area is **11,292 sqm**, in addition to an area of **148 m** for walls.
- The property area is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and pedestrian paths.
- The property area is characterized by a commercial building system with a total number of floors up to **1.5 floors**, as indicated in the building regulations in the real estate area.
- Based on the data provided by the client, the coverage rate (according to the current construction condition) is **59%**.

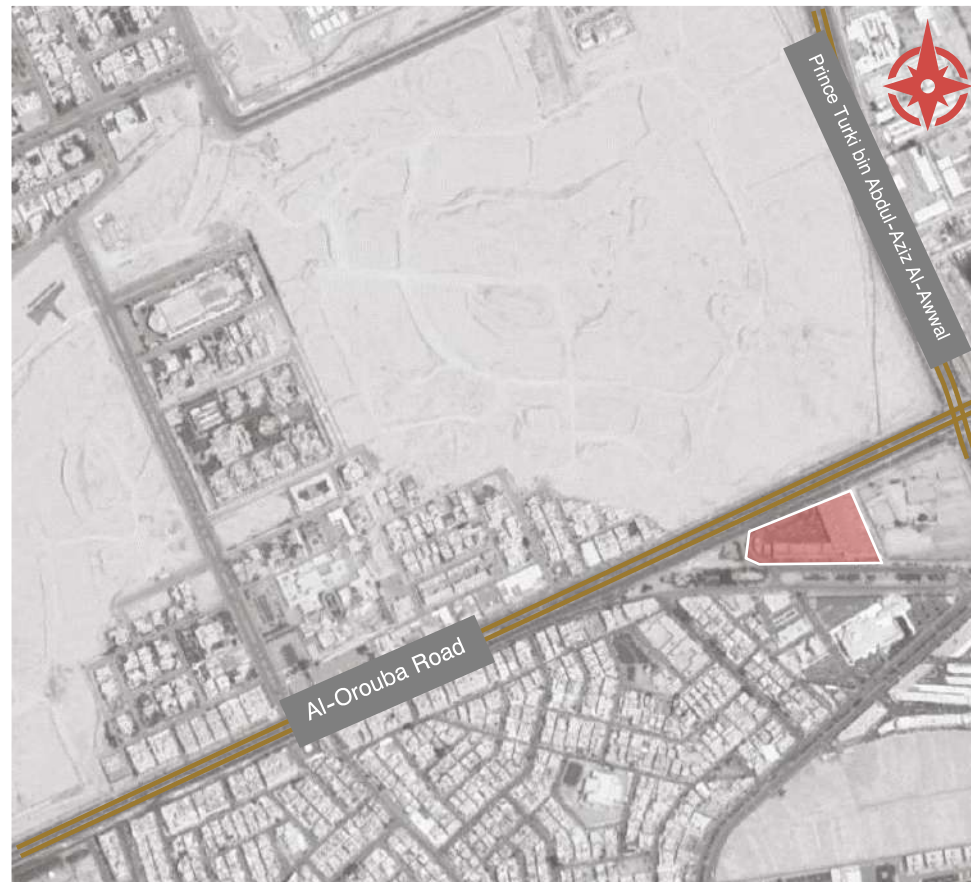
Property Details

Description	Details
Total Land Area (Sqm)	19,212.22
Total Build-up Area (Sqm)	11,292
Coverage (%)	59%
Number of Units	19
Property Age (Estimated)	6 Years



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Micro Location



Site Location Analysis

Subject Property Description

- The Subject Property consists of a ground floor and a mezzanine with a total number of **19** showrooms, and the build-up area is **11,292** Sqm.
- According to the information provided by the client and the inspection, the Orouba plaza includes many brands, such as Panda, Starbucks, Maestro Pizza, and other brands.
- Based on the results of the field research, Al Orouba Commercial Complex contains **16** rented shops out of **19** stores. The total vacant area in Al Orouba Complex is equivalent to **768** square meters. The property under valuation also features **2** traffic entrances and exits, both of which are located on Al Orouba Road.
- The property is built on a land of **19,212.2** Sqm, owned by the King Khalid Foundation, and a lease agreement to the Musharaka REIT Fund. We would like to note that Abaad Company has not received the lease contract.

Some Brands in the Commercial Complex



Property Details

Description	Details
Total Land Area (Sqm)	19,212.22
Total Build-up Area (Sqm)	11,292
Number of Units	19 Shop
Coverage Ratio (%)	٪59
Occupancy (%)	٪96.9

Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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Property Details (Leasehold Details)

ID	Description	
Owner	King Khalid Foundation	
The Property	Al-Orouba Plaza, Riyadh	
Plot No.	-	
Sub-Division	-	
District	Umm Al-Hamam Al-Gharbi District	
Coordinates	24°43'36.39"N	46°39'7.01"E
City	Riyadh	
Ownership Type	Restricted Ownership	
Title Deed Info	Deed No.	410113062475
	Deed Date	27/8/1436H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	188.44	Al-Orouba Street	60
South	206.65	Internal Orouba Street	60
East	141.36	Neighbor	-
West	70.5	Unnamed	15

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

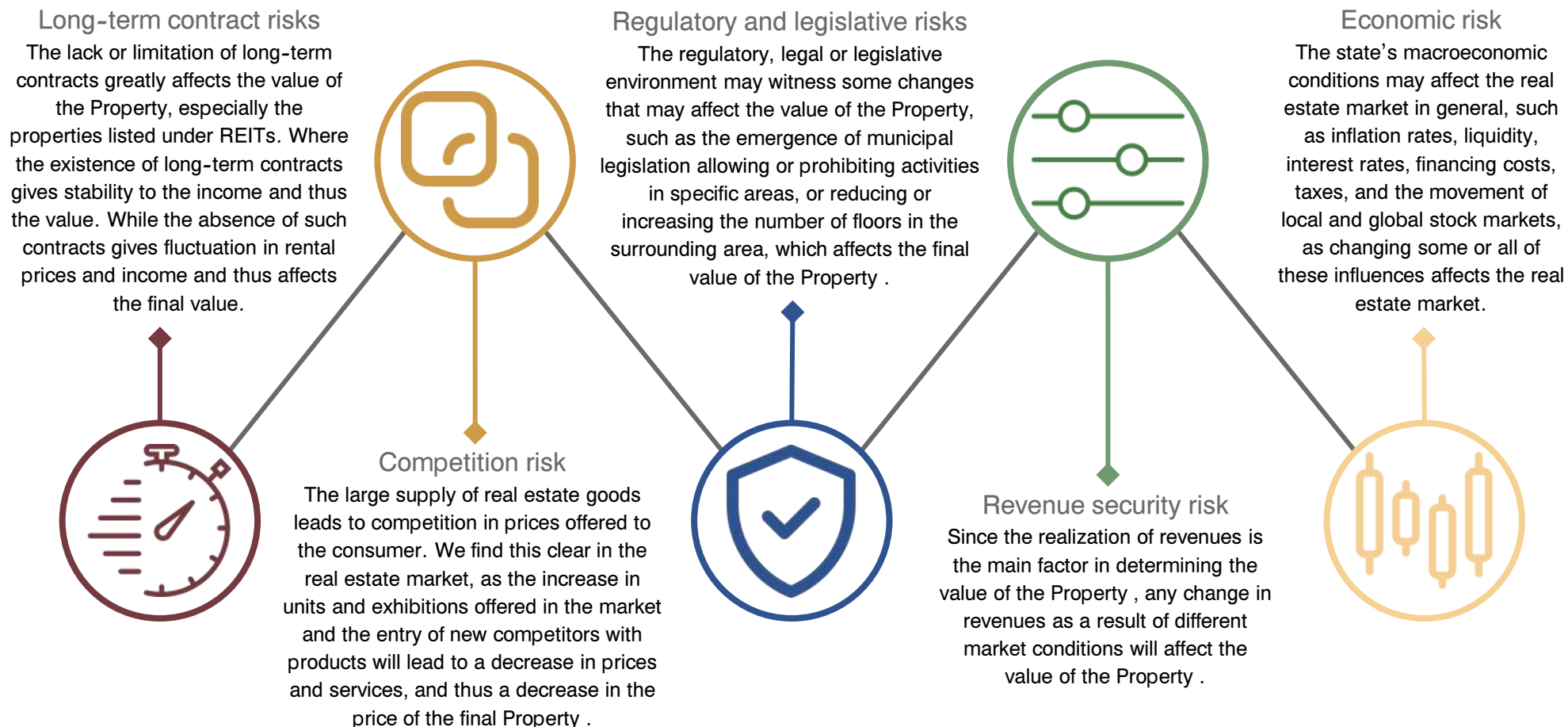
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al Orouba Center with the Riyadh market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 12.2 million SAR per year. Moreover, the operating expenses of the property is 4.5%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- Note, Abaad Company did not receive the lease contracts, while the total income provided by the client was relied upon, in addition to some information from the land contract cost to reach the market value shown in this report.
- The table on the left shows the rental prices in the Subject Site's surrounding area.

Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	2,200 – 1,600
Large Rent Rate (SAR/Sqm)	1,500 – 1,100
Supermarket Rent Rate (SAR/Sqm)	550 – 400

Valuation

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027	2033	2034	2035	2036
Total GLA (Sqm)	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04
Average Lease Rate with inflation (SAR/Sqm)	1,184.54	1,217.71	1,251.81	1,286.86	1,322.89	1,561.29	1,605.00	1,649.94	1,696.14
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	6,563,586	13,494,733	13,872,586	14,261,018	14,660,327	17,302,240	17,786,703	18,284,731	18,796,703
Vacancies (%)	3.1%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vacancies (SAR)	203,471	269,895	0	0	0	0	0	0	0
Gross Potential Income (GPI) (SAR)	6,360,115	13,224,839	13,872,586	14,261,018	14,660,327	17,302,240	17,786,703	18,284,731	18,796,703
Land Cost with Inflation (SAR)	3,168,448	6,514,329	6,696,730	6,884,239	7,076,997	8,352,331	8,586,197	8,826,610	9,073,755
Operation Expenses (SAR)	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Net Operation Income (SA)	284,282	591,119	620,072	637,434	655,282	773,369	795,024	817,284	840,168
Present Value (SAR)	2,907,385	6,119,391	6,555,784	6,739,346	6,928,047	8,176,540	8,405,483	8,640,836	8,882,780
Fair Value (SAR)	49,680,000								

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023:

- 49,680,000 (Forty-Nine Million Six Hundred Eighty Thousand Saudi Riyals).



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Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015
Real Estate Sector

Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016
Real Estate Sector

Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020
Real Estate Sector

Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

Subject Property Documents

[illegible]

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

فإن قطعة الأرض رقم بدون الوفاق في حي أم الحمام القرون بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: طريق عرض ٤٠ مطول: ١٥٨,٤٤٥ هائلة وثمانية وثمانون متر و أربعة و اربعون سنتيمتر

جنوباً: شارع عرض ٤٠ مطول: ١٠٦,٦٤٦ متئين و سبعة متر و خمسة و ستون سنتيمتر

شرقاً: جاز مطول: ٣٦٦,٣٦١ هائلة و واحد و اربعون متر و ستة و ثلاثون سنتيمتر

غرباً: شارع عرض ٤٠ مطول: ٧٠,٠٥٠ منقطسو سبعون متر و خمسون سنتيمتر

ومساحتها: (١٩,٣١٦,٢٣) شعبة عشو ألفا و مئتين و إثني عشر متر مربعاً و إثني و عشرون سنتيمتر مربعاً فقط

والمستند في إرفاقها على الصلة الصادر من المحكمة العامة بالرياض برقم ٢ / ١٤ و جلد ٩١ في ١٤ / ١٢ / ١٣٨٨ هـ

قد التفتت لمكتبها بالاعتراف مؤسسة تلك حالة الطوارئ بوجود سجل الجمعيات الخيرية رقم ١ / ١٤ في ١٦ / ١٢ / ١٤١٦ هـ

وعليه جرى التصديق تحريراً في ٢٧ / ١٢ / ١٤١٦ هـ وصلى الله على نبينا محمد وآله وصحبه وسلم.

عمر بن صالح بن محمد المضيحي

مكتب العدل بالرياض
مكتب العدل بالرياض
مكتب العدل بالرياض



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

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Zahid Offices Building, 5th Floor, suite 21
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Eng. Ammar Sindi

CEO

Mobile: +966 (50) 730 0500

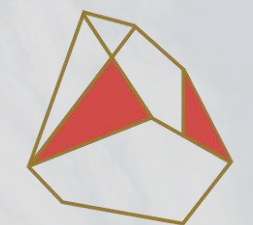
Email: asindi@sa-abaad.com

Eng. Ammar Qutub

Manager

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أبعد
للتقييم العقاري

Final Valuation Report

Al Baraka Warehouses, Riyadh

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Al Baraka Warehouses, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

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Executive Summary

Report Summary

Property Summary

- The Subject Property consists of a warehouse with a total built-up area of **27,605 sqm.**
- The property is located in the south of Riyadh on a regular plot of land with a flat Topography, with an area of **29,955 Sqm.**
- The warehouse undervaluation has two frontages and is located near Istanbul Street.
- The property area is characterized by the presence of basic services such as electricity, water, light, and asphalt streets.

Property Details

Site Details	Information
District	As Sulay
Permitted Use	Industrial
Tenure	Freehold
Deed Number	910123031387
Deed Date	25/11/1438H
Total Area (sqm)	29,955 sqm
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	92,930,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from Musharaka Capital Company "The Client" to estimate Al Baraka warehouse "basis of value" for the Periodic Valuation "purpose" as requested by Musharaka REIT "The Client".
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, that the information contained in this report is completely confidential, and that the report is issued to the client only.
- The responsibility of Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
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Valuation Terms



Introduction

- In accordance with formal instructions from Musharaka Capital (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in Riyadh, KSA.

Interest

Interested to be valued as of Al Baraka Warehouses, Riyadh.

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for Financial Statements Purposes.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- Income Approach (Discounted Cash Flow)

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - Title Deed.
 - Building Permit.
 - Property location.
 - Rental Contract.

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



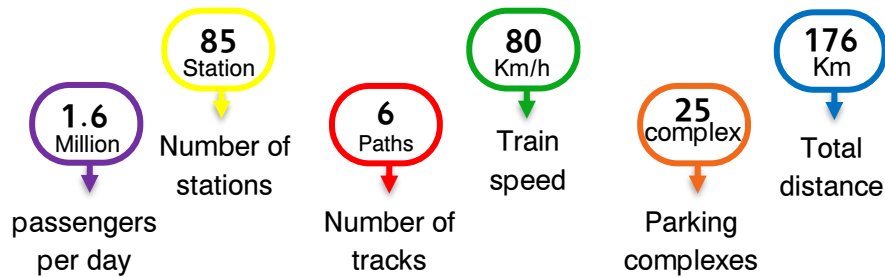
Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

Site Location Analysis

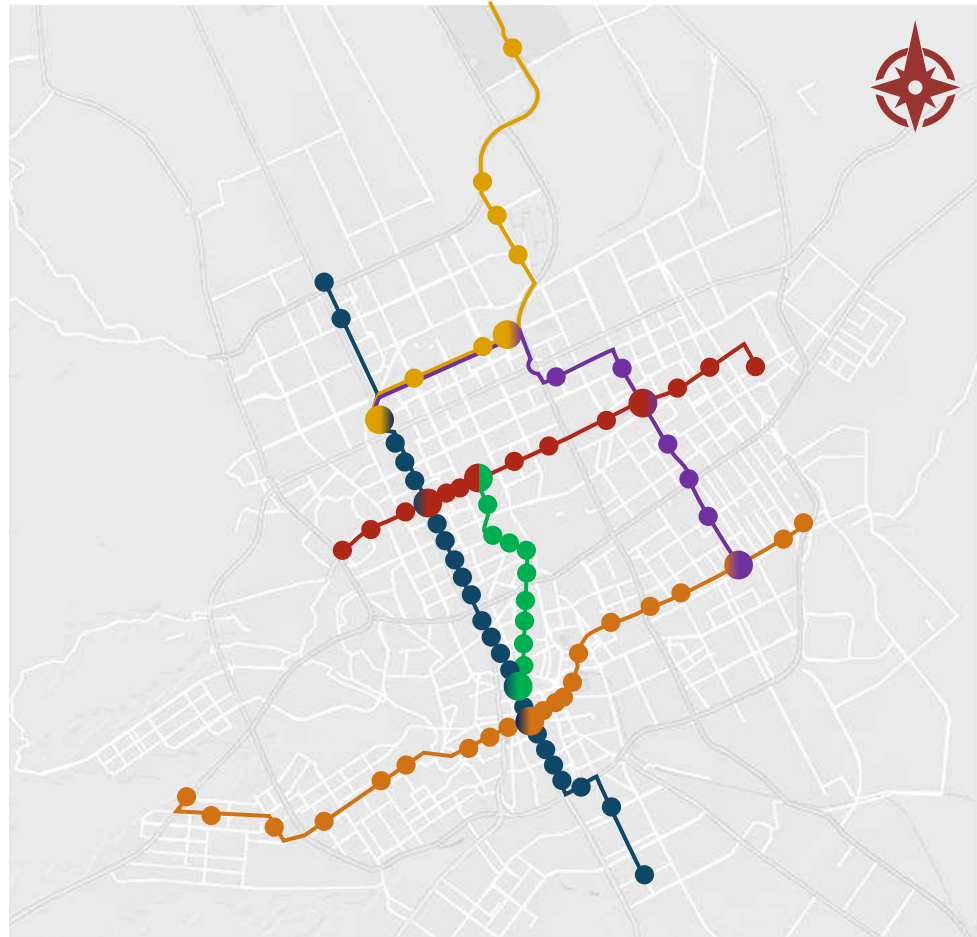
Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



Site Location Analysis

Infrastructure Projects - RCRC Projects & Programs



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير
وادي الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.



Site Location Analysis

Macro Location



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Riyadh City Borders

White Lands Borders

Subject Site

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 38.5 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

Site Location Analysis

Subject Property Description

Subject Property Description

- The Subject Property consists of a warehouse and the total built-up area of the warehouse is **27,605 Sqm**.
- Al-Baraka warehouse is located in the south of Riyadh on a regular plot of land with flat topography, with an area of **29,955 Sqm**.
- The warehouse undervaluation has two frontages and is located near Istanbul Street.
- The property area is characterized by the presence of basic services such as electricity, water, lights, and asphalt streets.
- The warehouse undervaluation can be reached via Istanbul Street, which extends to the Southern Ring Road.
- The area surrounding the property includes warehouses, industrial facilities, and shops, in addition to residential buildings.

Details of the subject property

Description	Details
Total Land Area (Sqm)	29,955
Total Build-up Area (Sqm)	27,605
Number of Warehouses	6.5

Property Location



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Site Location Analysis

Subject Property Photos



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للتقييم العقاري





Tenure

- Property Information
- Lease Agreements

Tenure

Property Information



أبجد
للتقييم العقاري

Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
Use	Industrial	
Plot No.	3/2/45 – 2/4/45 – 1/4/45 – 3/4/45 – 2/2/45 – 1/2/45	
Sub-Division	3/1391	
District	Al-Sulay	
Coordinates	46°51'28.70"E	24°37'5.73"N
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	910123031387
	Deed Date	25/11/1438H

Lease Rate Contract Summary

Payment Date	Net Income (SAR)
8/1/2022	6,000,000
8/1/2023	6,000,000
8/1/2024	6,600,000
8/1/2025	6,900,000
8/1/2026	6,900,000

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	99.87	Mohammad Abdullah Al-Bargi	30
South	99.85	Al-Kawthar	36
East	299.95	-	-
West	299.98	-	-

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Property Risk Analysis
- Income Approach
- Valuation Summary

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

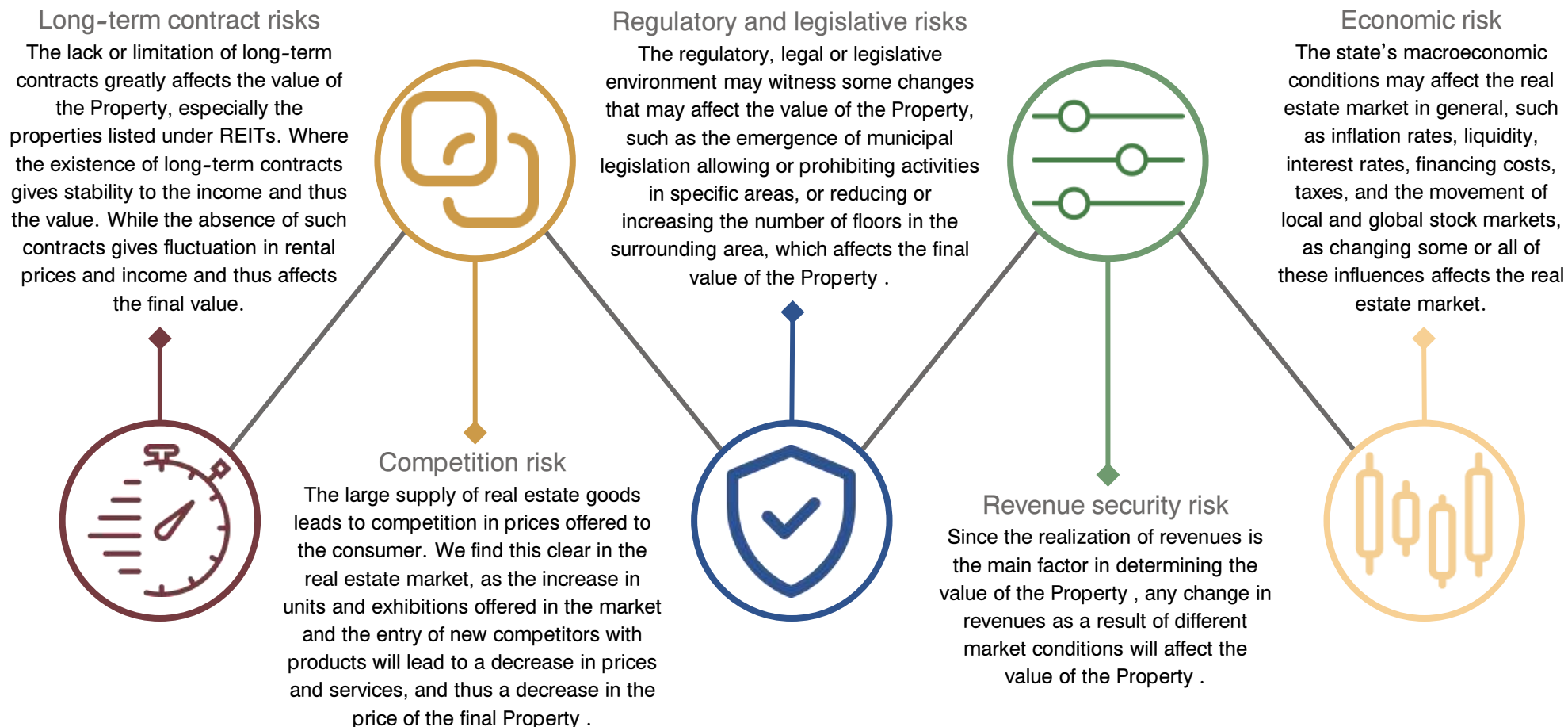
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
-
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	1	2	3	4	5
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Net Operation Income (SA)	6,000,000	6,600,000	6,900,000	6,900,000	7,320,650
Exit (SAR)					97,608,664
Present Value (SAR)	5,951,183	5,934,996	5,625,357	5,100,052	70,314,813
Fair Value (SAR)	92,930,000				

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon the detail within this report may be stated as follows:

Fair Value (Income Approach) Date **30 June 2023**:

- **92,930,000 SAR** (Ninety-Two Million Nine Hundred Thirty Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: **1210000219**

Fellow Member

Membership Date: **22/12/2015**

Real Estate Sector

Eng. Ammar Mohamed Qutub

Taqeem ID: **1210000392**

Fellow Member

Membership Date: **24/01/2016**

Real Estate Sector

Eng. Yousuf Abdullah Khan

Taqeem ID: **1220001989**

Provisional Member

Membership Date: **17/09/2020**

Real Estate Sector

Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation

Company No. **11000111**

CR No: **4030297686**

CL No: **323/18/781**



أبعاد
للتقييم العقاري



Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Subject Property Documents

[illegible][illegible]

Subject Property Documents



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للتقييم العقاري

[illegible][illegible]

[illegible]

Subject Property Documents



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للتقييم العقاري

[illegible]



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
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Al-Sahafa District
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Manager

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أبعاد
للتقييم العقاري

Final Valuation Report

Al Bazaie Showroom, Riyadh

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Al Bazaie Showroom, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

Property Summary

- The subject property is located in the eastern middle of Riyadh city in An Nasim District, along Khurais Road, on a regular plot of land with a flat topography. The total land area is **10,000 Sqm**.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Subject property is located on Khurais Road with Abdul Rahman bin Auf Street. Khurais Road is considered one of the most important arterial roads on the eastern side of Riyadh.
- Based on the data provided by the client, the total build-up area is **12,068.4 Sqm**. It consists of a basement with an area of **5,000 Sqm**, a ground floor with an area of **5,787.4 Sqm**, in addition to a mezzanine floor with an area of **1,281 Sqm**.

Property Details

Site Details	Information
District	An Nasim Al-Gharbi
Permitted Use	Commercial
Tenure	Freehold
Deed Number	810104049341
Deed Date	19/05/1441H
Total Area (sqm)	10,000 sqm
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	71,240,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from Musharaka Capital Company "The Client" to estimate Al-Bazai Automotive Showrooms' "basis of value" for the Periodic Valuation "purpose" as requested by Musharaka REIT "The Client".
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, that the information contained in this report is completely confidential, and that the report is issued to the client only.
- The responsibility of Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Riyadh, KSA**.

Interest

Interested to be valued as of **Al-Bazai Showrooms, Riyadh**.

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial Statements Purposes**.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - Title Deed.
 - Building Permit.
 - Property location.
 - Income Information.

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



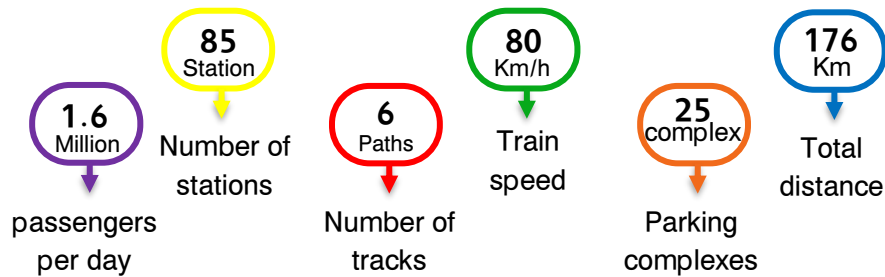
Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

Site Location Analysis

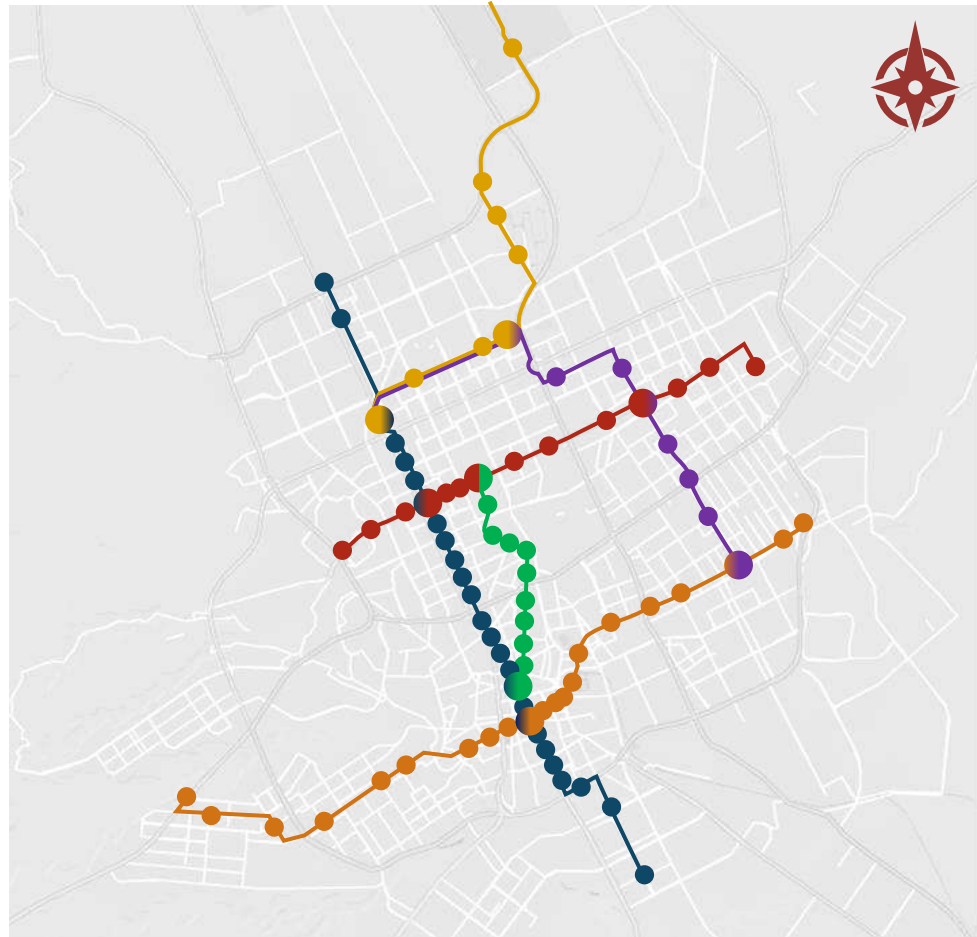
Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



Site Location Analysis

Infrastructure Projects - RCRC Projects & Programs



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير
وادي الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis

Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 24 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

Site Location Analysis

Micro Location

Subject Property Description

- The subject property is located in the eastern middle of Riyadh city in An Nasim District, along Khurais Road, on a regular plot of land with a flat topography. The total land area is **10,000 Sqm**.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Subject property is located on Khurais Road with Abdul Rahman bin Auf Street. Khurais Road is considered one of the most important arterial roads on the eastern side of Riyadh.
- Based on the data provided by the client, the total build-up area is **12,068.4 Sqm**. It consists of a basement with an area of **5,000 Sqm**, a ground floor with an area of **5,787.4 Sqm**, in addition to a mezzanine floor with an area of **1,281 Sqm**.

Property Details

Description	Details
Total Land Area (Sqm)	10,000
Total Build-up Area (Sqm)	12,068.40
Number of Warehouses	1

Property Location



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Site Location Analysis

Subject Property Description

Location analysis at the district level

- The subject property includes a car showroom on the ground floor in addition to offices on the mezzanine floor and a basement for parking.
- According to the information provided by the client, The subject property is fully leased to Al-Bazaei Motors Showroom, for a period of **10** years, extendable for a period of 5 years.
- The property is located on a plot of land of **10,000** Sqm, owned by Musharaka REIT, and has a full lease agreement in favor of Saleh Abdullah Al-Bazai & Sons Company, the agent of Toyota and Lexus cars in the central region and the exclusive agent of Skoda cars in the Kingdom of Saudi Arabia.
- We would like to note that Abaad did not receive any information about the lease contract and that the property was valued based on the data received from the client.

Some of the Brands



TOYOTA



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Property Details

Description	Details
Total GLA (sqm)	7,068.4
Build-up Area (sqm)	12,068.4
No. of Showrooms	1 Showroom
Occupancy Rate (%)	100

Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
Use	Commercial	
Plot No.	134 ,133 ,132 ,131 ,104 ,103 ,102 ,101	
Sub-Division	911	
District	An-Nasim Al-Gharbi	
Coordinates	46°48'02.6"E	24°44'16.1"N
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	810104049341
	Deed Date	19/05/1441H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	100	Khurais	80
South	100	Al-Sharafa	15
East	100	Neighbor	-
West	100	Abdulrahman bin Auf	60

- Sources: "Title Deed"



Valuation

- Property Risk Analysis
- Valuation Basis & Methodology
- Income Approach Method
- Valuation Summary

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

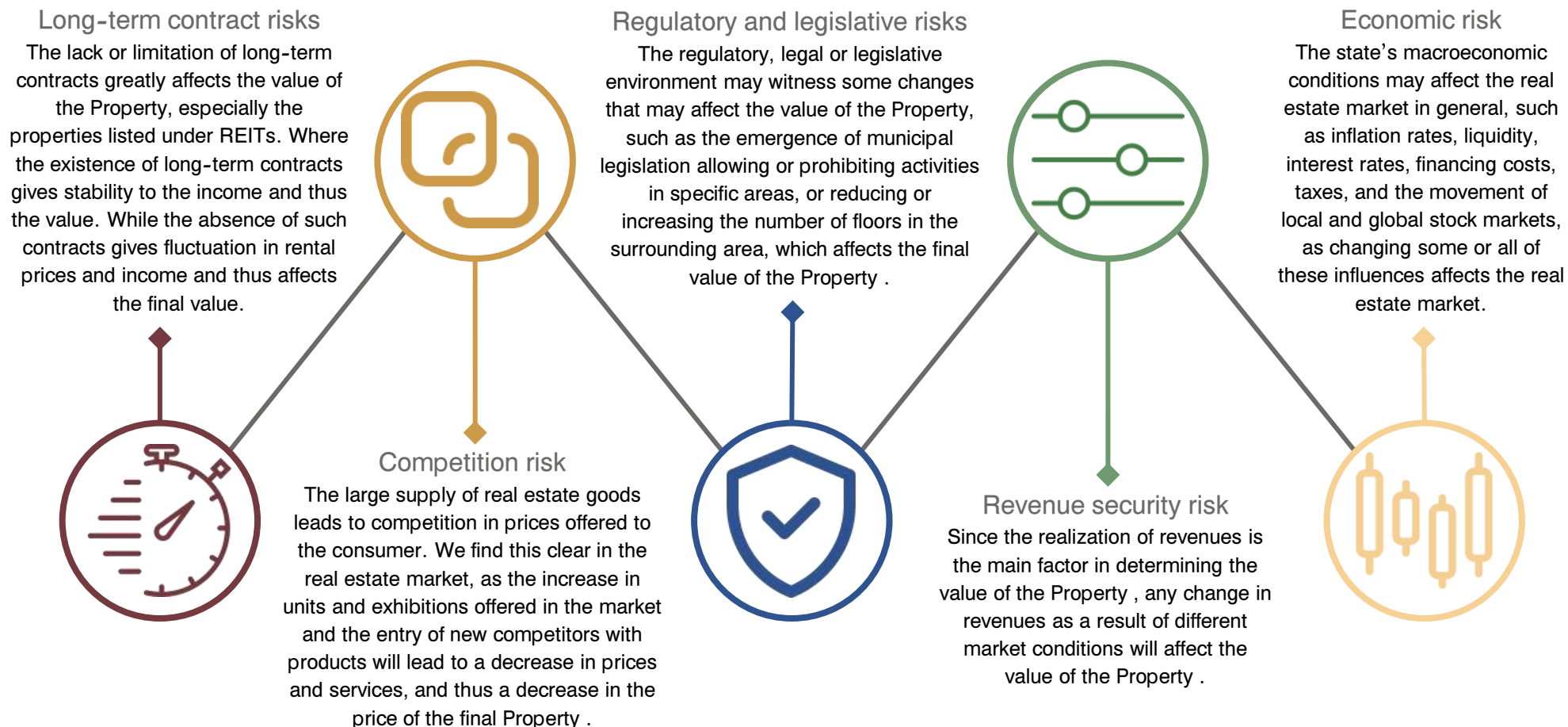
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of Al Bazaie Car Showroom compared to the Riyadh market. The table on the left side summarizes the results of the field research.
- According to the results of the field research, the rental prices for commercial showrooms in Riyadh city range from **400** to **900** SAR/Sqm, and vary according to the location and area, and the duration of the contract.
- in order to verify the actual Yield rate for the property. Based on the results of field research, the Yield rates range from **8%** to **9.5%** and vary according to the location, tenants, occupancy rate, and other properties of the property.
- According to the statement from the client, the property undervaluation enjoys a lease contract with Saleh Abdullah Al-Bazaie & Sons Company for **10** years, bound by order bonds, in addition to the possibility of extension for another **5** years.
- Moreover, the lease agreement stipulates a net rental value equivalent to **6** million SAR/Year. The rental value constitutes **8.5%** as a return on the purchase price (according to the client information).
- The table on the left shows the rental prices in the area of the property undervaluation.

Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	700-900
Large Rent Rate (SAR/Sqm)	400-600
Offices Rent Rate (SAR/Sqm)	600-900

Valuation

Income Approach



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
-
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **8.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **11.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027
Net Operation Income (SAR)	3,041,710	6,253,756	6,428,861	6,608,869	6,793,917
Exit Value (SAR)					79,928,441
Present Value (SAR)	2,883,170	5,325,963	4,919,219	4,543,537	53,567,680
Fair Value (SAR)	71,240,000				

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon the detail within this report may be stated as follows:

Fair Value (Income Approach) Date **30 June 2023**:

- **71,240,000** (Seventy-One Million Two Hundred Forty Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: **1210000219**

Fellow Member

Membership Date: **22/12/2015**

Real Estate Sector

Eng. Ammar Mohamed Qutub

Taqeem ID: **1210000392**

Fellow Member

Membership Date: **24/01/2016**

Real Estate Sector

Eng. Yousuf Abdullah Khan

Taqeem ID: **1220001989**

Provisional Member

Membership Date: **17/09/2020**

Real Estate Sector

Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation

Company No. **11000111**

CR No: **4030297686**

CL No: **323/18/781**



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Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

جمهورية العراق

المجلس الأعلى للقضاء
وزارة العدل
[٢٧٧]

كتابة العدل الأولى بالرباط

صك

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

فإن قطعة الأرض ١٠١ و قطعة الأرض ١٠٢ و قطعة الأرض ١٠٣ و قطعة الأرض ١٠٤ و قطعة الأرض ١٣١ و قطعة الأرض ١٣٢ و قطعة الأرض ١٣٣ و قطعة الأرض ١٣٤ من المخطط رقم ٩١١ الواقع في حي النسيم فئة ١ بمدينة الرياض وحدودها وأصولها كالتالي:

شمالاً: طريق غريس المزملت بطول: (١٠٠) متر	جنوباً: شارع عرش ١٥ بطول: (١٠٠) متر
شرقاً: قطعة رقم ١٠٥ ورقم ١٣٠ بطول: (١٠٠) متر	غرباً: شارع عرض ٦٠ بطول: (١٠٠) متر

ومساحتها: (١٠٠٠٠) عشرة آلاف متر مربعاً تقطع

والمتخذ في إفراجها على الصك الصادر من هذه الإدارة بقرقم ٢٥٦٨٤ / ٢٠٢٣ في ٩ / ٣ / ١٤٤٦ هـ قد انتقلت ملكيتها لـ شريطة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠٠٤٨١٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤٦ هـ ، بشأن وقدره ٧٠٠٠٠٠٠٠٠٠٠٠٠٠٠ سيمون مليون ريال وعليه جرى التصديق تحريراً في ١٩ / ٥ / ١٤٤٦ هـ لاتعماده : وصلى الله على نبينا محمد وآله وصحبه وسلم .



خليفة العدل

نواف بن ضويحي بن سلمان الضويحي



هذا الصك صادر عن وزارة العدل في المملكة العربية السعودية بتاريخ ١٩ / ٥ / ١٤٤٦ هـ الموافق ٢٠٢٤ م.

(هذا النموذج مقصور للاستخدام الداخلي ولا يصح نقله)

[illegible]



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
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Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

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Al-Sahafa District
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Manager

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أبعد
للتقييم العقاري

Final Valuation Report

Al Faisaliyya Plaza, Dammam

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Al Faisaliyya Plaza, Dammam

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

Report Summary

Property Summary

- Al Faisaliyya Plaza is located on a regular plot of land with flat topography, with an area of **10,779.50** Sqm.
- The property includes many different stores in terms of spaces and features (**29** stores). The total leasable area is **5,592.83** Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- Al Faisaliyya Plaza is located on the main street so that King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Dammam because it connects the eastern side with the western side.

Property Details

Site Details	Information
District	Al-Faisaliah
Permitted Use	Commercial
Tenure	Leasehold
Deed Number	Multiple
Deed Date	05/11/1427H
Total Area (sqm)	10,779.50 sqm
Owner	Bader Bin Nasser Al Ateeq

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	22,200,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in **Dammam, KSA**.

Interest

Interested to be valued as of **Al Faisaliyya Plaza's, Dammam**.

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial Statements Purposes**.

Basis of Value

Our valuation will be provided on the basis as mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows:
International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - Title Deed.
 - Building Permit.
 - Property location.
 - Income Information
 - Land Rent Costs

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Macro Location
- Property Description
- Subject Property Photos

Site Location Analysis

Macro Location

- Al Faisaliyya Plaza is located in the southeastern part of Dammam, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Dammam is **800** square kilometers, with a population of about **903,000** people. The city of Dammam is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The subject property is located in Al-Faisaliah district. The area surrounding the property includes developing space, in addition to many complexes, commercial centers, and residential buildings.

Accessibility

- Al Faisaliyya Plaza is located on the main street so that King Fahd Road passes from the northern side of the property. It is considered one of the main roads in Dammam because it connects the eastern side with the western side, in addition to that it extends to the Khobar Governorate and connects between Dammam and Khobar.
- The subject property can be reached directly through Omar Ibn Al-Khattab Street, in addition to the Dhahran-Jubail Expressway, which is a secondary road leading to King Fahd Road, the main road leading to Al Faisaliyya Plaza.

Property Location



Site Location Analysis

Subject Property Description

Location analysis at the district level

- Al Faisaliyya Plaza is located on a regular plot of land with flat topography. The land area is **10,779.50 Sqm.**
- The property includes many commercial units (**29 units**).
- The property consists of a mezzanine ground floor and a first floor, and the build-up area is **7,495 Sqm.**
- The property area is characterized by a commercial building system consisting of a ground floor, a mezzanine, and a first floor.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- Based on the information provided by the client, the coverage ratio (according to the current construction condition) is **39%.**

Property Information Summary

Description	Details
Total Land Area (m2)	10,779.50
Total Build-up Area (m2)	7,495
Total Leasable Area (m2)	5,592.8
Coverage (%)	39
Number of Commercial Units (Number)	29
Property Age (Estimated)	9 Years

Property Map



Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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Property Details (Leasehold Details) Plot No.1

ID	Description
Owner	Bader Bin Nasser Al Ateeq
Use	Commercial
Plot No.	1
Sub-Division	414
District	Al-Faisaliah
Coordinates	50° 3'25.31"E 26°24'13.08"N
City	Dammam
Ownership Type	Leasehold
Title Deed Info	Deed No. 330102003013
	Deed Date 05/11/1427H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40.00	Al-Tariyfah St	16
East	39.60	Abdullah bin Omar St	20
West	45.36	Neighbor	-

- Sources: "Title Deed"

Property Details (Leasehold Details) Plot No.2

ID	Description
Owner	Bader Bin Nasser Al Ateeq
Use	Commercial
Plot No.	2
Sub-Division	414
District	Al-Faisaliah
Coordinates	50° 3'25.31"E 26°24'13.08"N
City	Dammam
Ownership Type	Leasehold
Title Deed Info	Deed No. 430101003930
	Deed Date 06/11/1427H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40	Al-Tariyfah St	16
East	45.36	Neighbor	-
West	51.12	Neighbor	-

- Sources: "Title Deed"

Tenure

Property Information



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Property Details (Leasehold Details) Plot No.3

ID	Description		
Owner	Bader Bin Nasser Al Ateeq		
Use	Commercial		
Plot No.	3		
Sub-Division	414		
District	Al-Faisaliah		
Coordinates	50° 3'25.31"E	26°24'13.08"N	
City	Dammam		
Ownership Type	Leasehold		
Title Deed Info	Deed No.	330105002281	
	Deed Date	05/11/1427H	

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40.00	Al-Tariyfah St	16
East	51.12	Neighbor	-
West	56.88	Neighbor	-

- Sources: "Title Deed"

Property Details (Leasehold Details) Plot No.4

ID	Description		
Owner	Bader Bin Nasser Al Ateeq		
Use	Commercial		
Plot No.	4		
Sub-Division	414		
District	Al-Faisaliah		
Coordinates	50° 3'25.31"E	26°24'13.08"N	
City	Dammam		
Ownership Type	Leasehold		
Title Deed Info	Deed No.	530101003931	
	Deed Date	06/11/1427H	

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40	Al-Tariyfah St	16
East	56.88	Neighbor	-
West	62.64	Neighbor	-

- Sources: "Title Deed"

Tenure

Property Information



أبجد
للتقييم العقاري

Property Details (Leasehold Details) Plot No.5

ID	Description		
Owner	Bader Bin Nasser Al Ateeq		
Use	Commercial		
Plot No.	5		
Sub-Division	414		
District	Al-Faisaliah		
Coordinates	50° 3'25.31"E	26°24'13.08"N	
City	Dammam		
Ownership Type	Leasehold		
Title Deed Info	Deed No.	330101003932	
	Deed Date	06/11/1427H	

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40.00	Al-Tariyfah St	16
East	62.64	Neighbor	-
West	68.4	15 St	25

- Sources: "Title Deed"



Valuation

- Property Risk Analysis
- Valuation Basis & Methodology
- Income Approach Method
- Valuation Summary

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

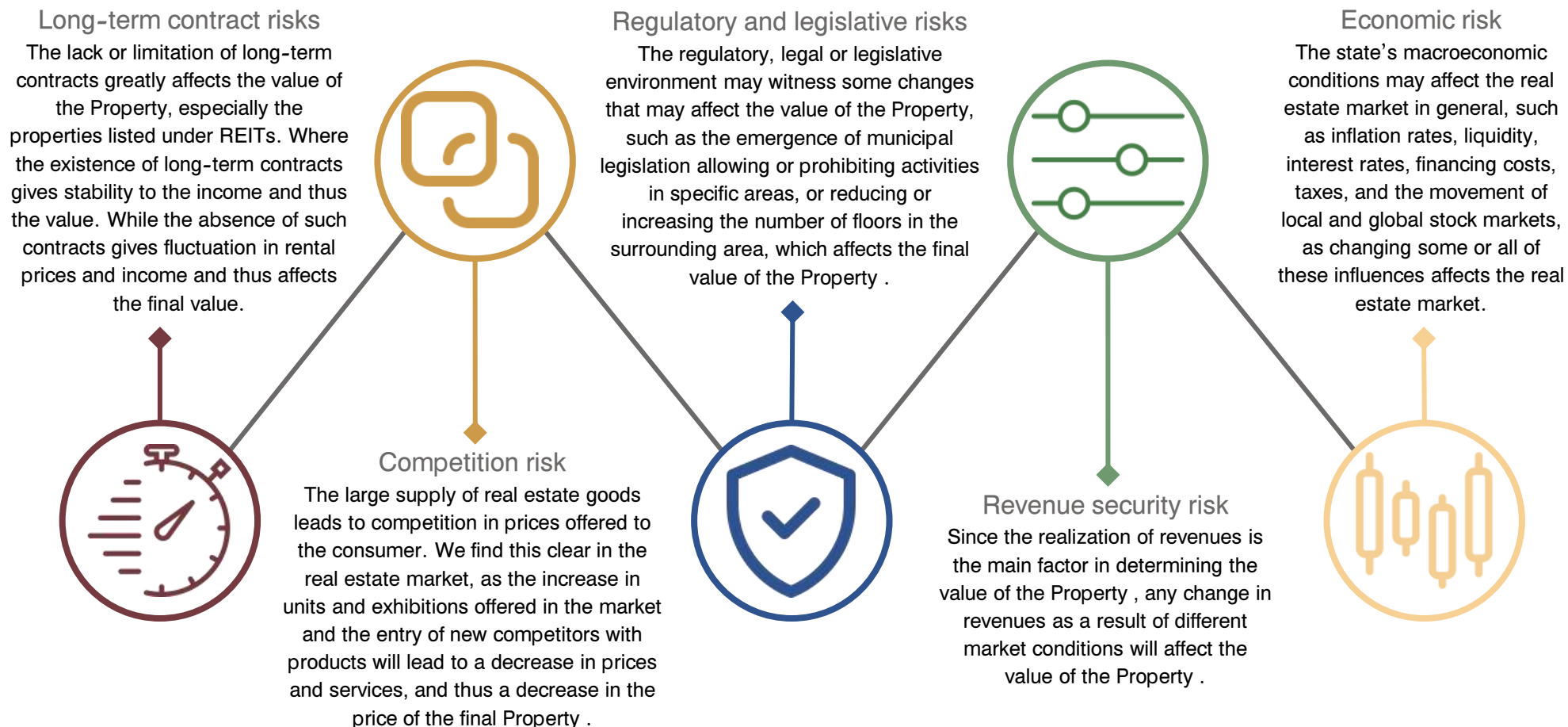
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al-Faisaliah Center with Dammam market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 6.3 million SAR per year. Moreover, the operating expenses of the property are 5.0%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- Note, Abaad Company did not receive the lease contracts, while the total income provided by the client was relied upon, in addition to some information from the land contract cost to reach the market value shown in this report.
- The table on the left shows the rental prices in the Subject Site's surrounding area.

Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	1,500-2,000
Large Rent Rate (SAR/Sqm)	900-1,300
Supermarket Rent Rate (SAR/Sqm)	500-600

Valuation

Income Approach

Discount Cash Flow

- The following cash flow is over **10.5** years, and it was used the following inputs:
- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.80%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total GLA (Sqm)	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83
Average Lease Rate with inflation (SAR/Sqm)	1,181.74	1,214.83	1,248.85	1,283.82	1,319.76	1,356.72	1,394.70	1,433.76	1,473.90	1,515.17	1,557.59
(%)Occupancy	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	3,304,647	6,794,353	6,984,595	7,180,164	7,381,208	7,587,882	7,800,343	8,018,753	8,243,278	8,474,089	8,711,364
Vacancies (%)	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Vacancies (SAR)	76,075	135,887	139,692	143,603	147,624	151,758	156,007	160,375	164,866	169,482	174,227
Gross Potential Income (GPI) (SAR)	3,228,572	6,658,466	6,844,903	7,036,561	7,233,584	7,436,125	7,644,336	7,858,378	8,078,412	8,304,608	8,537,137
Land Cost with Inflation (SAR)	1,470,160	3,022,649	3,107,283	3,194,287	3,283,727	3,375,671	3,470,190	3,567,355	3,667,241	3,769,924	3,875,482
Operation Expenses (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Operation Expenses (SAR)	160,205	330,399	339,651	349,161	358,937	368,988	379,319	389,940	400,858	412,083	423,621
Net Operation Income (SA)	1,598,207	3,305,418	3,397,970	3,493,113	3,590,920	3,691,466	3,794,827	3,901,082	4,010,312	4,122,601	4,238,034
Present Value (SAR)	1,518,320	2,834,110	2,629,482	2,439,627	2,263,481	2,100,053	1,948,424	1,807,744	1,677,221	1,556,122	1,443,766
Fair Value (SAR)	22,200,000										

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon the detail within this report may be stated as follows:

Fair Value (Income Approach) Date **30 June 2023**:

- **22,200,000 SAR** (Twenty-Two Million Two Hundred Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: **1210000219**

Fellow Member

Membership Date: **22/12/2015**

Real Estate Sector

Eng. Ammar Mohamed Qutub

Taqeem ID: **1210000392**

Fellow Member

Membership Date: **24/01/2016**

Real Estate Sector

Eng. Yousuf Abdullah Khan

Taqeem ID: **1220001989**

Provisional Member

Membership Date: **17/09/2020**

Real Estate Sector

Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation

Company No. **11000111**

CR No: **4030297686**

CL No: **323/18/781**



أبعاد
للتقييم العقاري



Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.



Subject Property Documents

[illegible][illegible]



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Zahid Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
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Manager

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Final Valuation Report

AlKharj Commercial Center, AlKharj

Client / Musharaka Capital

07 August 2023

V230089



Introduction



Dear / Musharaka Capital

AlKharj Commercial Center, AlKharj

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

Report Summary

- AlKharj Commercial Center is on a regular shaped parcel of land, with an area of **16,095.97 Sqm.**
- The Commercial Center includes many retail (**18** retails), in addition to the Danube supermarket. The total built-up area is **9,521.1 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- Al-Kharj Commercial center is located on four streets, so King Abdullah Road passes from the southern side of the property. It is considered one of the main roads in Al-Kharj because it connects the eastern side of the governorate with the western side.

Property Details

Site Details	Information
District	Ghornatah
Permitted Use	Commercial Center
Tenure	Freehold
Deed Number	511507006268 - 711508007003
Deed Date	24/3/1441H
Total Area (sqm)	16,095.97 Sqm
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	62,900,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

Interest

- Interested to be valued as of **AlKharj Commercial Center, AlKharj**

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial Statements purposes**.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Disclaimers



Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

Site Location Analysis

Macro Location

- AlKharj Commercial Center is located western part of Al-Kharj Governorate, one of the governorates of the capital of the Kingdom of Saudi Arabia.
- The total urban area of Riyadh is **19,790** square kilometers, with a population of about **400,000** people.
- Al-Kharj Governorate is located southwest of the city of Riyadh. Al-Kharj includes a group of real estate, considered one of the demand generators and one of the leading destinations for the residents of Al-Kharj, such as Al-Hadithi Mall, Go Mall, Panorama Mall, Oasis Mall, and Al-Kharj Park. The property undervaluation is located in Al-Khuzama neighborhood near Prince Sattam bin Abdulaziz University.
- The area surrounding the property includes developing spaces and many complexes, commercial centers, and residential buildings.

Accessibility

- Al-Kharj Commercial Complex is characterized as is located on **4** streets, so King Abdullah Road passes from the southern side of the property, and it is considered one of the main roads in Al-Kharj because it connects the eastern side of the governorate with the western side of it.
- In addition, Prince Sattam bin Abdulaziz Road passes from the western side of Al-Kharj Center. As for the other two frontages, they overlook internal streets and border the site from the north and east. The property can be reached directly through King Abdullah Road.

Macro Location of the Subject Property



Site Location Analysis

Micro Location

- AlKharj Commercial Center is on a regular shaped parcel of land, with an area of **16,095.97 Sqm.**
- The Commercial Center includes many retail (**18** retails), in addition to the Danube supermarket. The total built-up area is **9,521.1 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- The subject property building regulation is commercial building with a total number of floors up to **2.5** floors, as shown in the building regulations in the subject property area.
- Based on the data provided by the client, the coverage ratio (depending on the current construction condition) is **56%.**
- The property under valuation features **2** entrances and exits for traffic, one of which is located on King Abdullah Road, and the other is located on Prince Sattam bin Abdulaziz Road.

Property Details

Details	Description
Land Area (Sqm)	16,095.97
Build-up Area (Sqm)	9,521.1
Coverage Ratio (%)	56
Number of Units	18
Building Age	11 Years

Property Location



Site Location Analysis

Subject Property Description

- The property under valuation consists of a total number of showrooms equivalent to **18** showrooms, and a building area of **9,521.1** square meters.
- According to the information provided by the client, Al-Kharj Mall includes many brands, such as Danube, Red Tag, Kudu, Maestro Pizza and other brands and the total leased area reaches **8,839.13** square meters.
- Most of the retail areas within Al Kharj Mall range from **95 m2** to **140 m2**, and the complex also includes two shops with an area ranging from **2,060 m2** to **4,827 m2** for both Red Tag and Danube Supermarket, respectively.
- The property is located on a land area of **16,095.99** square meters, owned by Hefd Musharakah Real Estate Company.
- Moreover, the property under valuation includes McDonald's restaurant located along King Abdullah Road, with a rental area of **937.6 m2**.

Some Brands in the subject property



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Description	Details
Land Area (Sqm)	16,095.97
Build-up Area (Sqm)	9,521.1
GLA (Sqm)	9,403.40
Occupied GLA (Sqm)	8,839.13
Number of Units	18
Building Age	11 Years

Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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للتقييم العقاري

Property Details (Freehold Details)

ID	Description	
Owner	Hifth AIMusharaka Real Estate Company	
The Property	AlKharj Commercial Center	
Plot No.	120	
Sub-Division	1456	
District	Ghornatah	
Coordinates	24° 8'20.08"N	47°16'43.15"E
City	AlKharj	
Ownership Type	Freehold	
Title Deed Info	Deed No.	511507006268
	Deed Date	H 24/3/1441

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	82.15	Unnamed	20
South	80	Al Malik Abdullah Road	60
East	141.1	Unnamed	6
West	140.5	Unnamed	40

- Sources: "Title Deed"

Property Details (Freehold Details)

ID	Description	
Owner	Hifth AIMusharaka Real Estate Company	
The Property	AlKharj Commercial Center	
Plot No.	119	
Sub-Division	1456	
District	Ghornatah	
Coordinates	24° 8'20.08"N	47°16'43.15"E
City	AlKharj	
Ownership Type	Freehold	
Title Deed Info	Deed No.	711508007003
	Deed Date	H 24/3/1441

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	57.5	Unnamed	6
South	60.35	Al Malik Abdullah Road	60
East	82.9	Unnamed	15
West	80.25	Neighbor	-

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

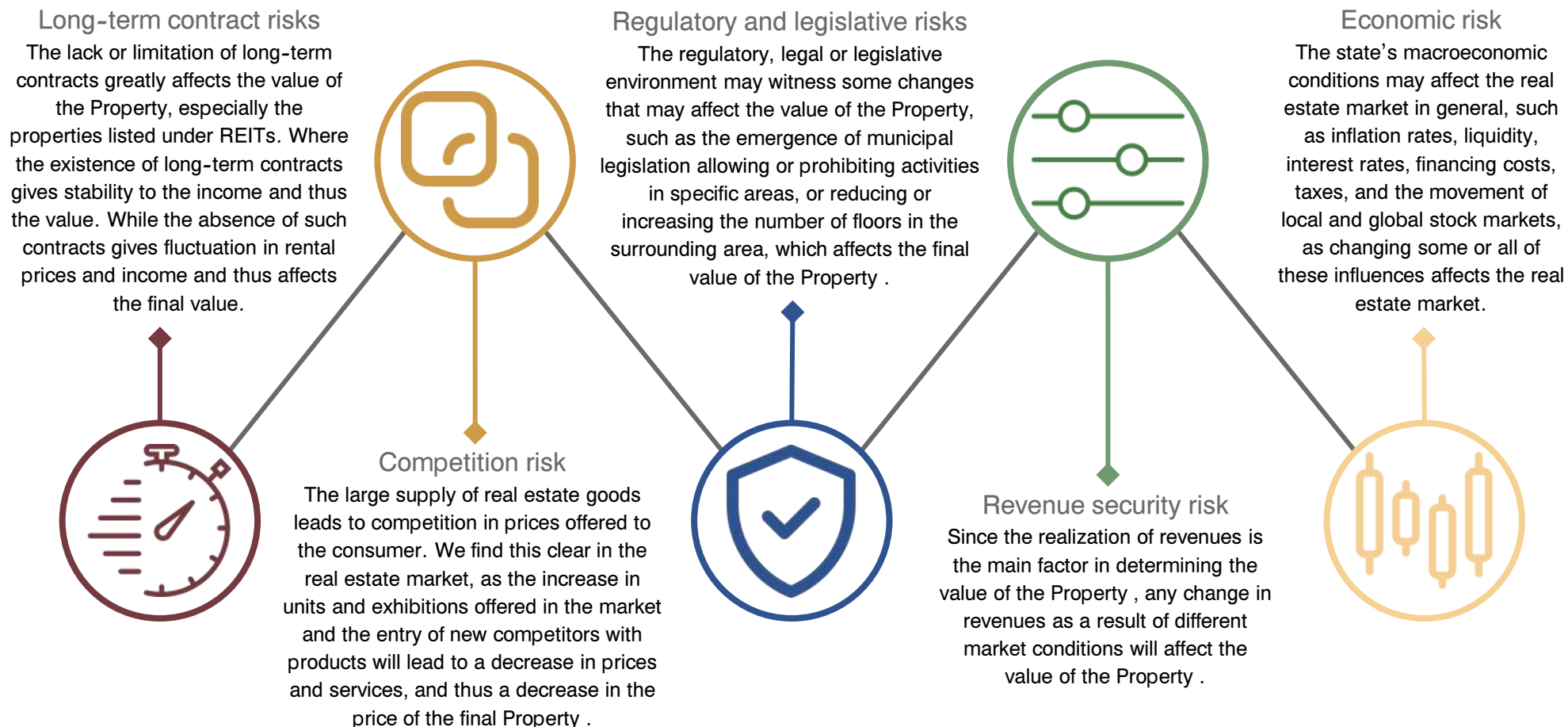
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation

Valuation Basis & Methodology

Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the AlKharj center compared to the AlKharj market. The table on the left summarizes the results of the field research for the residential compound.
- In addition, we have made some research on the Yield rate for the property undervaluation. Based on the results of the research, the Yield rates for residential compounds range from 8.0% to 9.50% and it is dependent according to the location, type, quality of units, and occupancy rate.
- According to the client information, the compound enjoys lease contracts with a Net Operating Income of 4.9 million SAR per year. Also, each contract has services fees of 5% to be added to the lease value. Thus, the total income would be 5.3 million SAR.
- Regarding operating costs, the operating expenses provided by the client were reviewed, and the expertise of the Dimensions team for property valuation in the market was consulted. Additionally, some operational contracts for commercial centers were reviewed, which showed that the operating expenses for Al-Kharj Mall are 5.9% and are considered lower than the market range, which ranges between 7% -15%.
- The table on the left shows the rental prices in the Subject Site area.

Rental Prices Summary

Description	Details
Small Retail Rents (SAR/Sqm)	1,100-1,300
Large Retail Rents (SAR/Sqm)	400-550
Restaurants Rents (SAR/Sqm)	1,200-1,700

Valuation

Valuation Basis & Methodology

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 11.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027
Total Leasable Area (sqm)	9,403.96	9,403.96	9,403.96	9,403.96	9,403.96
Average Leasable Rate with Inflation (SAR)	622.8	640.2	658.2	676.6	695.5
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Total Expected Income (SAR)	2,928,341	6,020,669	6,189,248	6,362,547	6,540,698
Vacancies (%)	3.5%	2.5%	2.5%	2.5%	2.5%
Vacancies (SAR)	102,737	150,517	154,731	159,064	163,517
Gross Effective Income (SAR)	2,825,604	5,870,152	6,034,517	6,203,483	6,377,181
Operation Expenses Rate (%)	5.9%	5.9%	5.9%	5.9%	5.9%
Operation Expenses (SAR)	166,714	346,345	356,043	366,012	376,261
Net Operation Income (SAR)	2,658,890	5,523,807	5,678,474	5,837,471	6,000,920
Exit (SAR)					70,599,059
Present Value (SAR)	2,520,304	4,704,308	4,345,039	4,013,208	47,315,170
Fair Value (SAR)	62,900,000				

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023:

- 62,900,000 SAR (Sixty-Two Million Nine Hundred Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015
Real Estate Sector



Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016
Real Estate Sector



Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020
Real Estate Sector



Company Stamp
Company Name: Abaad &
Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

Appendix



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للتقييم العقاري

Subject Property Documents

الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]
مكتب عدل محافظة الحرج

الرقم: ١١٥٠٧٠٠٢٣٨
التاريخ: ١٤٤١ / ٣ / ٢٤ هـ

صك

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

فإن قطعة الأرض التجارية رقم ١٢٠ من القسمة رقم ١٤٥٦ الواقع في حي غرناطة محافظة الحرج - وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠ م بطول: (٨٢,١٩) اثنين وثمانون متر وخمسة عشر سنتيمتر
جنوباً: شارع عرض ٦٠ م بطول: (٨٠) ثمانون متر
شرقاً: ممر مشاة عرض ٦ م قطعة الأرض رقم ١١٩ بطول: (١١١,١) مائة وواحد وأربعون متر وعشرة سنتيمتر
غرباً: شارع عرض ٤٠ م بطول: (١٢٠,٥) مائة وأربعون متر وخمسون سنتيمتر ومساحتها: (١١,٩٠,٢٤) أحد عشر ألفاً ومئتين وستين متر مربعاً وأربعة وعشرون سنتيمتر مربعاً فقط والسند في إقرارها على الصك الصادر من هذه الإدارة برقم ٤١١٥٠١٠٣٤٠٠ في ٤ / ٣ / ١٤٣٧ هـ قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨١٨٣٩ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ - بثمن وقدره ١٧٨١٦٤٥٥ سبعة عشر مليوناً وثمانمائة وستة عشر ألفاً وأربعمائة وخمسة وخمسون ريالاً مئتين شريك وعليه جرى التسديد بقى تحريراً في ٢٤ / ٣ / ١٤٤١ هـ لاعتقاده - وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبد الله بن عبد العزيز بن علي قاضي

هذا الصك صادر عن محكمة - وشيخ أو كاتب محكمة من ذوي الإجازة صلاحية الصك
مصلحة بطريق العفوية: ١٣٢٠ (هذا النموذج مخصص للاستخدام بالخاص الذي يصح تكليفه)
نموذج رقم ١٣٢٠ / ١٣٢٠

الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]
مكتب عدل محافظة الحرج

الرقم: ١١٥٠٨٠٠٧٠٣٠
التاريخ: ١٤٤١ / ٣ / ٢٤ هـ

صك

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

فإن قطعة الأرض التجارية رقم ١١٩ من القسمة رقم ١٤٥٦ الواقع في حي غرناطة محافظة الحرج - وحدودها وأطوالها كالتالي:

شمالاً: ممر مشاة عرض ٦ م بطول: (٥٧,٥) سبعة وخمسون متر وخمسون سنتيمتر
جنوباً: شارع عرض ٦٠ م بطول: (٦٠,٣٥) ستون متر وخمسة وثلاثون سنتيمتر
شرقاً: شارع عرض ١٩ م وقرعة كهرياء بطول: (٠) يبدأ من الشمال بطول ٨ م ثم ينكسر شرقاً ٢,٥ م ثم ينكسر جنوباً بطول ١٠,٤٠ م
غرباً: قطعة رقم ٩٢ بطول: (٨٠,٢٥) ثمانون متر وخمسة وعشرون سنتيمتر ومساحتها: (٤,٨٣٥,٧٣) أربع آلاف وثمانمائة وخمسة وثلاثون متر مربعاً وثلاثة وسبعون سنتيمتر مربعاً فقط والسند في إقرارها على الصك الصادر من هذه الإدارة برقم ٢١١٥٠١٠٣٤٠١ في ٤ / ٣ / ١٤٣٧ هـ قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨١٨٣٩ في ١٢ / ١٠ / ١٤٣٧ هـ وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ - بثمن وقدره ٧٤١٣٢٠٠ سبعة مليون وأربعمائة وثلاثة عشر ألفاً وثلاثمائة ريال وعليه جرى التسديد بقى تحريراً في ٢٤ / ٣ / ١٤٤١ هـ لاعتقاده - وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبد الله بن خالد بن عبد الله السيف

هذا الصك صادر عن محكمة - وشيخ أو كاتب محكمة من ذوي الإجازة صلاحية الصك
مصلحة بطريق العفوية: ١٣٢٠ (هذا النموذج مخصص للاستخدام بالخاص الذي يصح تكليفه)
نموذج رقم ١٣٢٠ / ١٣٢٠



Abaad & Partner For Real Estate Valuation Co.

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Final Valuation Report

V230089

Gardino Hotel, Riyadh

Client / Musharaka Capital

07 August 2023



Introduction



Dear / Musharaka Capital

Gardino Hotel, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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للتقييم العقاري

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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- The property undervaluation is the Gardino Hotel, which opened in early 2021, with a 4-star rating.
- The property land area is 3,495.35 Sqm and the building area is 13,838 Sqm in Olaya district, Riyadh.
- The hotel contains two floors of parking for approximately 86 cars parking, one ground floor, one-floor mezzanine, and two floors for residential hospitality units.
- The hotel contains 94 residential hospitality units divided into 86 rooms and 8 suites and contains 4 guest elevators and one service elevator.
- Riyadh is the largest city in Saudi Arabia and is considered one of the largest cities in the Gulf in terms of area, as the developed area is about 1,913 square km.

Valuation Summary

Site Details	Information
District	Olaya
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	918501000502
Deed Date	1443/02/15H
Total Area (sqm)	3,495.35
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	97,090,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Riyadh, KSA**.

Interest

- Interested to be valued as of **Gardino Hotel, Riyadh**

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial Statements purposes**.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular, or statement or disclosed in any way without Abaad's prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



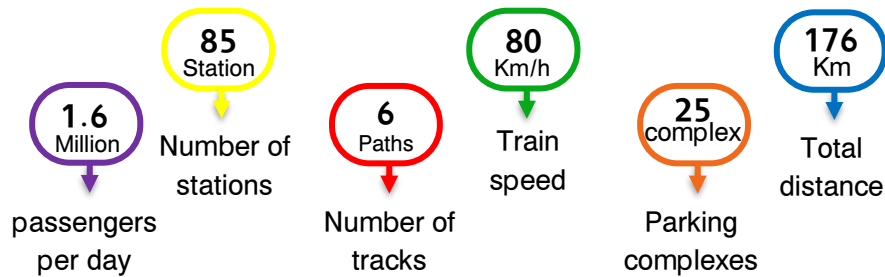
Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

Site Location Analysis

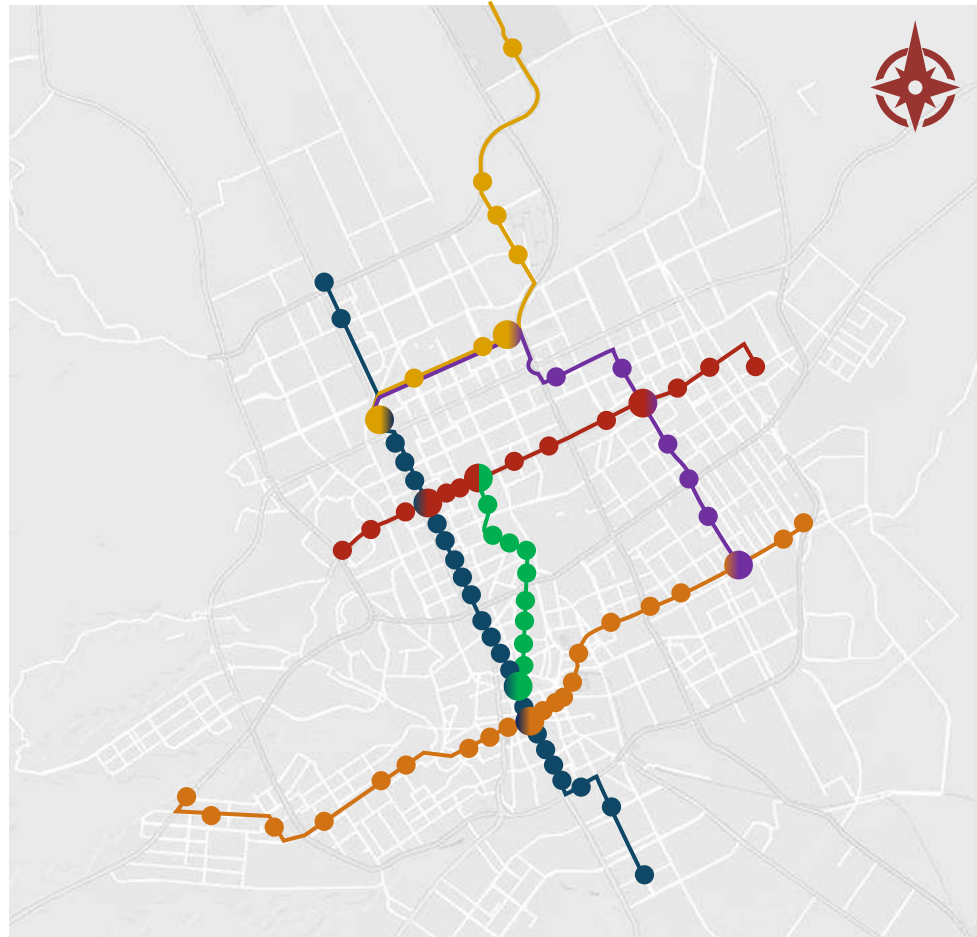
Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



Site Location Analysis

Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير
وادي الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis

Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 33 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

Site Location Analysis

Micro Location

- The property is located west of Riyadh city in Olaya district with a medium to high population density and a high income.
- The most important streets in the property area: 1- Al Takhassusi Street. 2-King Abdullah Road. 3- King Khalid Road. 4- Al Orouba Road. 5- Prince Turki bin Abdulaziz Al Awwal Road.
- The Subject Property is located near the following landmarks:

#	Landmarks	Distance
1	The Zone	About 600 M away
2	Dr. Soliman AL Habeeb Hospital	About 1.0 KM away
3	King Saud University - Girls	About 3.4 KM away
4	Olaya Mall	About 3.5 KM away
5	Obeikan Tower	About 3.4 KM away
6	Kingdom Tower	About 4.1 KM away

Services Provided in the Surrounding Area

Sewer Drainage	Electricity	water	Phone line	Storm drainage
✓	✓	✓	✓	✓
masjid	School (boys)	School (girls)	Green area	Retail
✓	✓	✓	✓	✓
Clinic	Police	Civil defense	Mail	Municipal equipment
✓	✓	✓	✓	✓

Micro Location



Site Location Analysis

Subject Property Description

- The property undervaluation is the Gardino Hotel, which opened in early 2021, with a 4-star rating.
- The property land area is 3,495.35 Sqm and the building area is 13,838 Sqm in Olaya district, Riyadh.
- The hotel contains two floors of parking for approximately 86 cars parking, one ground floor, one-floor mezzanine, and two floors for residential hospitality units.
- The hotel contains 94 residential hospitality units divided into 86 rooms and 8 suites and contains 4 guest elevators and one service elevator.
- The hotel has a gym, ballroom, and two swimming pools (large pool + small pool).
- The hotel has a 50-seater restaurant, a coffee shop, a kitchen, and a business center area.
- The construction of the hotel started in 2017 and was completed in 2019, and in 2020 the finishing work and the furnishings was completed.

Property Location

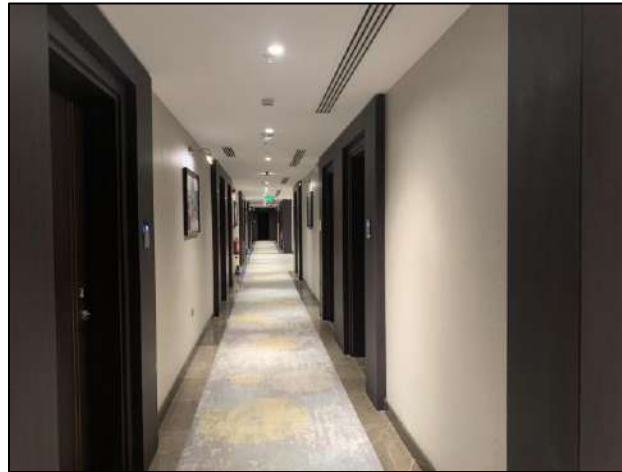


Site Location Analysis

Subject Property Photos



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للتقييم العقاري



Site Location Analysis

Subject Property Photos



أبعاد
للتقييم العقاري





Tenure

- Property Information

Tenure

Property Information



أبجد
للتقييم العقاري

Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Gardino Hotel, Riyadh	
Plot No.	132 – 131 – 130 – 129	
Sub-Division	I/1324	
District	Olaya District	
Coordinates	24°43'36.39"N	46°39'7.01"E
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	918501000502
	Deed Date	1443/02/15H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	55	Hatim bin Al-Layth	12
South	58	Neighbor	-
East	62.7	Al Takhassusi Street	46
West	62	Abi Al-Muzaffar bin Muhammad	15

- Sources: "Title Deed"

Lease Rate Contract Summary

Year	Annual Lease Rate
2021	7,000,000
2022	7,000,000
2023	7,500,000
2024	7,500,000
2025	7,500,000
2026	8,250,000
2027	8,250,000
2028	8,250,000
2029	8,250,000
2030	8,250,000



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

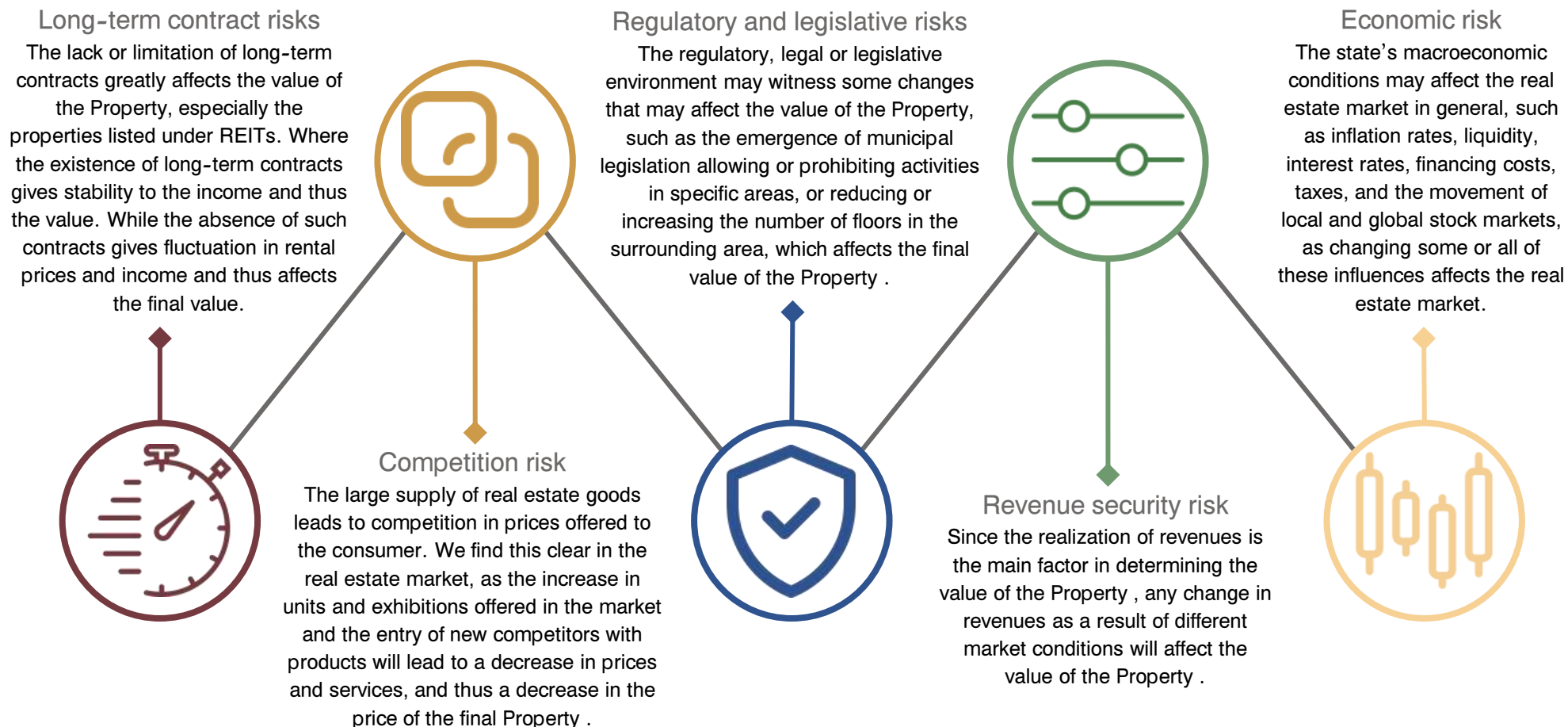
The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Property Income

The property income represents the revenue derived from the rent payments received during a year.

3 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation method used

- When choosing the most appropriate methodology for estimating the value of the property, we considered the information provided by the client, the current situation of the property as well as our analysis of the market. When determining the market value of the property undervaluation, the following method was used:

Income Approach (Discounted Cash Flow Method)

- The Discounted Cash Flow method indicates value by converting future cash flows into a present value. According to this method, the value of an asset is determined by reference to the value of revenue, cash flows, or cost savings from the asset. The discount rate is usually arrived at by analyzing appropriate market transactions and development. We are also aware of and communicating with real estate brokers and local investors to gauge the sensitivity of the numbers.

The main assumptions in the cash flow method:

Revenues

- According to the information provided by the client, there is a Telecom tower whose income is estimated at **70,000** riyals annually and the duration of the hotel lease contract is **10** years, two payments are paid every six Gregorian months, and the income was calculated according to the lease contract, which is summarized in the table below:

Period	Contract Signing	Upon Submission	2021.12	2022.06	2022.12	2023.06	2023.12	2024.06	2024.12	2025.06
Income (SAR)	5,000,000	2,000,000	3,500,000	3,500,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Period	2025.12	2026.06	2026.12	2027.06	2027.12	2028.06	2028.12	2029.06	2029.12	2030.06
Income (SAR)	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000

Valuation

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.00%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation

Discount Cash Flow Table

Period (6 Months)	2023.12	2024.06	2024.12	2025.06	2025.12	2028.06	2028.12	2029.06	2029.12	2030.06
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Income (GPI) (SAR)	3,750,000	3,750,000	3,750,000	3,750,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000
Telecom Tower Income (SAR)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Net Operation Income (SA)	3,785,000	3,785,000	3,785,000	3,785,000	4,160,000	4,160,000	4,160,000	4,160,000	4,160,000	4,160,000
Exit (SAR)										110,933,333
Present Value (SAR)	3,608,856	3,440,909	3,280,778	3,128,099	3,278,020	2,583,033	2,462,825	2,348,212	2,238,932	59,061,078
Fair Value (SAR)	97,090,000									

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Value Value (Income Approach) Date 30 June 2023 :

- 97,090,000 SAR (Ninety-Seven Million Ninety Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015
Real Estate Sector



Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016
Real Estate Sector



Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020
Real Estate Sector



Company Stamp
Company Name: Abaad &
Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

[illegible]

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية
وزارة العدل
[٢٧٧]

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الأرض 129 وقطعة الأرض 130 وقطعة الأرض 131 وقطعة الأرض 132 من المخطط رقم 1324 / 1 الواقع في حي العليا بمدينة الرياض .
وحدودها وأطوالها كالتالي:
شمالاً: شارع عرض 12م بطول (55) خمسة وخمسون متر
جنوباً: قطعة رقم 133 و 134 بطول (58) ثمانية وخمسون متر
شرقاً: شارع عرض 46م بطول: (62.7) اثنين وستون متر وسبعون سنتيمتر
غرباً: شارع عرض 15م بطول: (62) اثنين وستون متر
ومساحتها (3,495.35) ثلاثة آلاف وأربعمائة وخمسة وتسعون متر مربعاً وخمسة وثلاثون سنتيمتراً مربعاً فقط
والمستند في افراقها على الصك الصادر من الموثقين بالرياض 8 برقم 399069000324 في 13 / 2 / 1443 هـ
قد انتقلت ملكيتها لـ: شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم 1010484834 وتنتهي في 14 / 1 / 1445 هـ . . بشئ وقدره 85500000 خمسة وثمانون مليوناً وخمسمائة ألف ريال منها مبلغ 70700000 سبعة مليون و سبعون ألف ريال تنازلت الشركة عن إيجاره العقار للبايع وعليه جرى التصديق تحريراً في 15 / 2 / 1443 هـ لاعتماده ، و صلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل
ملاحظة: يرجى التوقيع: ٢٠٢٠ (١١-٢٠٢٠) / ١١
ملاحظة: يرجى التوقيع: ٢٠٢٠ (١١-٢٠٢٠) / ١١

صفحة رقم 1 من 1



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

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Eng. Ammar Sindi

CEO

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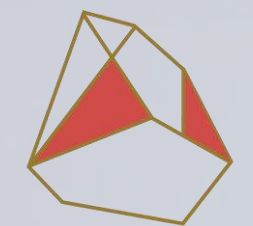
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أبعد
للتقييم العقاري

Final Valuation Report

Jzala Residential Compound, Khobar

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Jzala Residential Compound

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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أبجد
للتقييم العقاري

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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- Jzala Residential Compound is on a regular shape land, with an area of **29,486.73** Sqm.
- The Compound includes various residential villas in sizes and features (**101** units), in addition to facilities and amenities such as swimming pools, health clubs, and green areas. The total built-up area is **26,388.02** Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- Jzala Residential Compound is located on three streets so that King Saud Road passes from the western side of the property. It is considered one of the main roads in Khobar because it connects the northern the southern side.

Valuation Summary

Site Details	Information
District	Qurtuba
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	330205013308 - 330205013307
Deed Date	24/11/1438H
Total Area (sqm)	29,486.73
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	148,860,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

Interest

- Interested to be valued as of **Jzala Residential Compound, Khobar**

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial Statements purposes**.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

Disclaimers



Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

Site Location Analysis

Macro Location - Introduction

- Jzala residential compound is located in the eastern part of Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750** square kilometers, with a population of about **578,500** people.
- Khobar city hosts good infrastructure that allows commercial and industrial hubs with seaports and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Qurtubah district.
- The area surrounding the property includes developing spaces, in addition to many resorts and commercial centers, and places dedicated to fishing.

Accessibility

- Jiazla Residential Compound is located on the main street so that King Saud Road passes from the western side of the property. It is considered one of the main roads in Al-Khobar because it connects the northern side with the southern side. Moreover, Prince Sultan Road passes from the eastern side of Jzala residential compound.
- As for the other frontages, they overlook internal streets and border the site on the north side.
- The property undervaluation can be reached directly through Prince Sultan bin Fahd Road, in addition to King Saud Road, one of the secondary roads linked to Prince Sultan bin Fahd Road leading to the property under valuation.

Macro Location of the Subject Property



Site Location Analysis

Subject Property Description

Property Details

- Jzala Residential Compound is on a regular shaped parcel of land, with an area of **29,486.73 Sqm.**
- The residential compound includes various residential villas in sizes and features (**101 units**), in addition to facilities and amenities such as swimming pools, health clubs, and green areas.
- The total built-up area is **26,388.02 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- The subject property building regulation is commercial with a total number of floors up to **10 floors**, as shown in the building regulations in the subject property area.
- Based on the data provided by the client, the coverage ratio (depending on the current construction condition) is **56%.**

Property Details

Details	Description
Land Area (Sqm)	29,486.73
Built-up Area (Sqm)	26,388.02
Coverage Ratio (%)	56%
Number of Units	101
Building Age	23 Years

Property Location



Site Location Analysis

Subject Property Photos



أبجد
للتقييم العقاري





Tenure

- Property Information

Tenure

Property Information



أبعاد
للتقييم العقاري

Property Details (Freehold Details) Unit 22

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Jzala Residential compound, Khobar
Plot No.	22
Sub-Division	2/41
District	Qurtubah
Coordinates	26°20'9.20"N 50°10'47.72"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 330205013308
	Deed Date 24/11/1438H

Property Details (Freehold Details) Unit 23

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Jzala Residential compound, Khobar
Plot No.	23
Sub-Division	2/41
District	Qurtubah
Coordinates	26°20'9.20"N 50°10'47.72"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 330205013307
	Deed Date 24/11/1438H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	81.96	Unnamed	12
South	139.73	Neighbor	-
East	130.00	Neighbor	15
West	142.46	King Saud Street	60

Side	Dimension	Street Name	Width (m)
North	89.73	Neighbor	-
South	140.30	Unnamed	7
East	130.00	Neighbor	-
West	139.57	King Saud Street	60

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

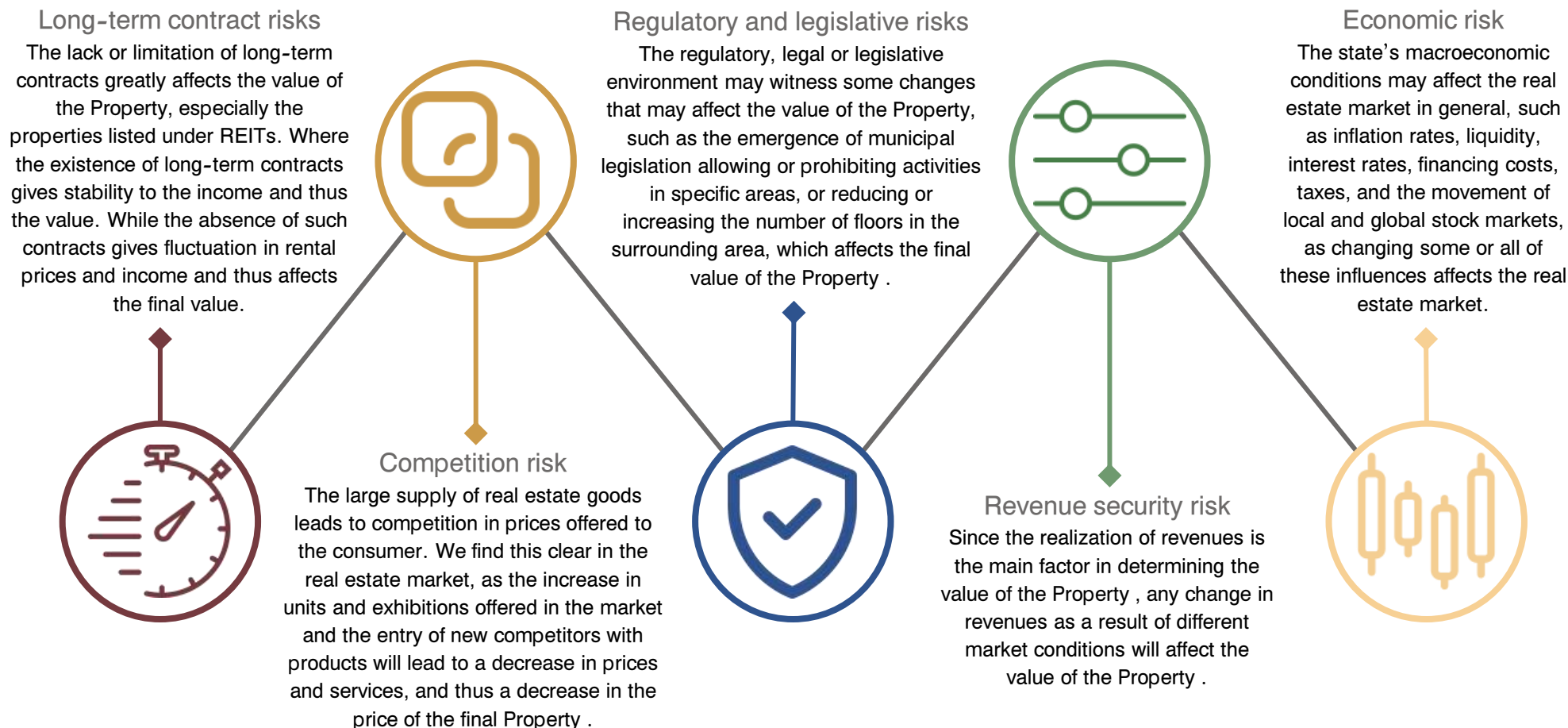
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation

Valuation Basis & Methodology



Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of Jzala compound compared to the Khobar market. The table on the right summarizes the results of the field research for the residential compounds.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- Based on the results of the research, the Yield rates for residential compounds range from **8.00%** to **10.00%** and it is dependent according to the location, type, quality of units, and occupancy rate.
- Moreover, the information provided by the client and the experience of Abaad in the real estate market, the Yield rate of the property was estimated as **8.00%**.
- The table on the Right shows the rental prices in the Subject Site area.

Rental Prices Summary

Compound Name	Unit Area (Sqm)	Price (SAR)	Adj. (%)	Price after Adj.
Black Pearl Compound	272	150,000	-2.50%	146,250
Karawan Village	210	160,000	-10.00%	144,000
Karawan Village	260	180,000	-10.00%	162,000
An Nahda Compound	220	150,000	0.00%	150,000
Average Rent Rate (SAR/Unit)				150,600
Units				101
Units Total Revenue				15,210,600

Valuation

Valuation Basis & Methodology



Discount Cash Flow

- After the end of the lease contract for the property under valuation, we were provided with the expected income for **2023**, and then an increase in rental prices was made to reach the market prices of the property, noting that according to the customer's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire building, and this is what was used in our valuation, the table below shows the rental prices for each year until the year of stability:

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Units	101	101	101	101	101	101	101	101	101	101
Unit Rental Price (SAR)	58,411	70,000	91,000	118,300	150,600	150,600	150,600	150,600	150,600	150,600
Percentage increase in Unit Rental Price (%)	0.0%	19.8%	30.0%	30.0%	27.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Property Income (SAR)	5,899,477	7,070,000	9,191,000	11,948,300	15,210,600	15,210,600	15,210,600	15,210,600	15,210,600	15,210,600

Valuation

Valuation Basis & Methodology



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **8.00%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.80%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	2,990,750	7,369,009	9,847,944	13,160,792	17,223,260	17,705,511	18,201,266	18,710,901	19,234,806	19,773,381
Vacancies (%)	19.0%	14.0%	9.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Vacancies (SAR)	568,242	1,031,661	886,315	658,040	861,163	885,276	910,063	935,545	961,740	988,669
Additional Income (SAR)	24,225	63,373	89,616	125,028	163,621	168,202	172,912	177,754	182,731	187,847
Gross Potential Income (GPI) (SAR)	2,446,732	6,400,721	9,051,245	12,627,780	16,525,718	16,988,438	17,464,114	17,953,110	18,455,797	18,972,559
Operation Expenses Rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Operation Expenses (SAR)	244,673	640,072	905,124	1,262,778	1,652,572	1,698,844	1,746,411	1,795,311	1,845,580	1,897,256
Net Operation Income (SA)	2,202,059	5,760,649	8,146,120	11,365,002	14,873,146	15,289,594	15,717,703	16,157,799	16,610,217	17,075,303
Exit (SAR)										213,441,290
Present Value (SAR)	2,091,988	4,939,259	6,303,786	7,937,438	9,375,057	8,698,158	8,070,132	7,487,451	6,946,841	87,011,062
Fair Value (SAR)	148,860,000									

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023 :

- 148,860,000 SAR (One Hundred Forty-Eight Million Eight Hundred Sixty Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015
Real Estate Sector



Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016
Real Estate Sector



Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020
Real Estate Sector



Company Stamp
Company Name: Abaad &
Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

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Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

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- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
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- See “Purpose”.

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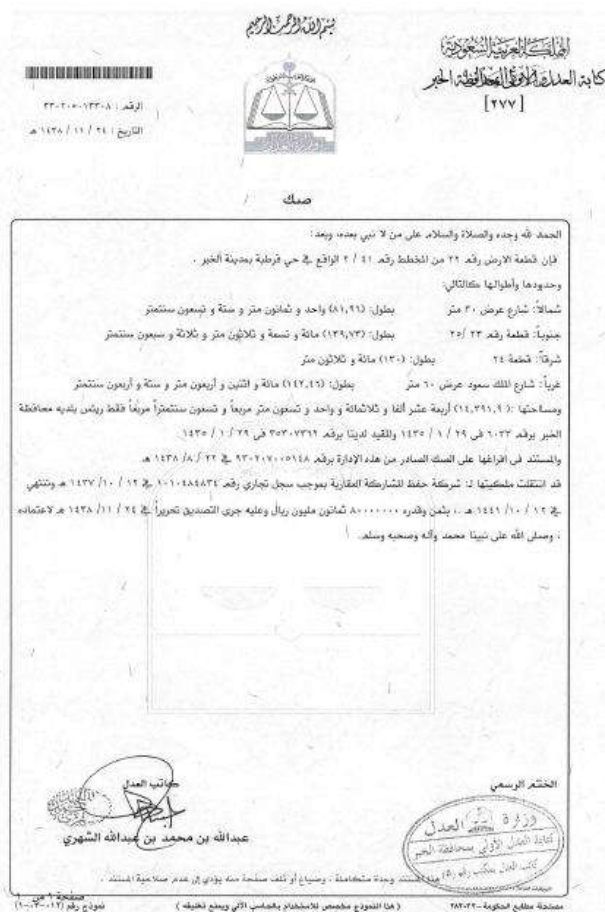
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Subject Property Documents



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Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Zahid Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
Riyadh, Kingdom of Saudi Arabia

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Manager

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Email: ammarq@sa-abaad.com



أبعد
للتقييم العقاري

Final Valuation Report

Jubail Commercial Center, Jubail

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Jubail Commercial Center, Jubail

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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- Valuation Glossary



Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- Jubail Commercial Center is located on a regular plot of land with flat topography, with an area of **39,750 Sqm.**
- The Commercial Center includes various retail sizes (**27** retails), The total built-up area is **15,636.7 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The commercial center is located on the main road, King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Jubail because it connects the eastern side with the western side.

Valuation Summary

Site Details	Information
District	Altawyh
Permitted Use	Commercial
Tenure	Leasehold
Deed Number	765
Deed Date	05/02/1414H
Total Area (sqm)	39,750
Owner	Khonaini International Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	69,810,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in **Jubail, KSA**.

Interest

- Interested to be valued as of **Jubail Commercial Center, Jubail**

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial Statements purposes**.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**
 - 5) **Land Rent Costs.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

Site Location Analysis

Macro Location - Introduction

- Jubail Commercial Center is located in the northern part of Jubail, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Jubail is **1,016** square kilometers, with a population of about **380,000** people.
- The city of Jubail is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Al Towayya neighborhood.
- The surrounding area of the property includes developing space, in addition to many complexes, commercial centers, and residential buildings.

Accessibility

- Jubail Residential Center is located on the main road, King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Jubail because it connects the eastern side with the western side.
- In addition, King Faisal Road passes from the eastern side of the Jubail center.
- The property undervaluation can be reached directly through King Faisal Road, in addition to Highway 1 and Al Madinah Al Munawwarah Road, which are secondary roads linked to King Faisal Road and King Fahd Road leading to the property undervaluation.

Macro Location of the Subject Property



Site Location Analysis

Subject Property Description

- Jubail Commercial Center is located on a regular plot of land with flat topography, with an area of 39,750 Sqm.
- The Commercial Center includes 27 retails. The total built-up area is 15,636.7 Sqm.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of 1 floor, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is 32.96%.
- The table below shows some property details.

Property Details

Details	Description
Land Area (Sqm)	39,750
Build-up Area (Sqm)	15,636.7
Coverage Ratio (%)	32.96
Number of Units	27
Building Age	9 Years

Property Location



Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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Property Details (Leasehold Details)

ID	Description	
Owner	Khonaini International Company	
The Property	Jubail Commercial Center, Jubail	
Plot No.	4	
Sub-Division	-	
District	Altawyh District	
Coordinates	27° 0'43.68"N	49°38'30.64"E
City	Jubail	
Ownership Type	Leasehold	
Title Deed Info	Deed No.	765
	Deed Date	05/02/1414H

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

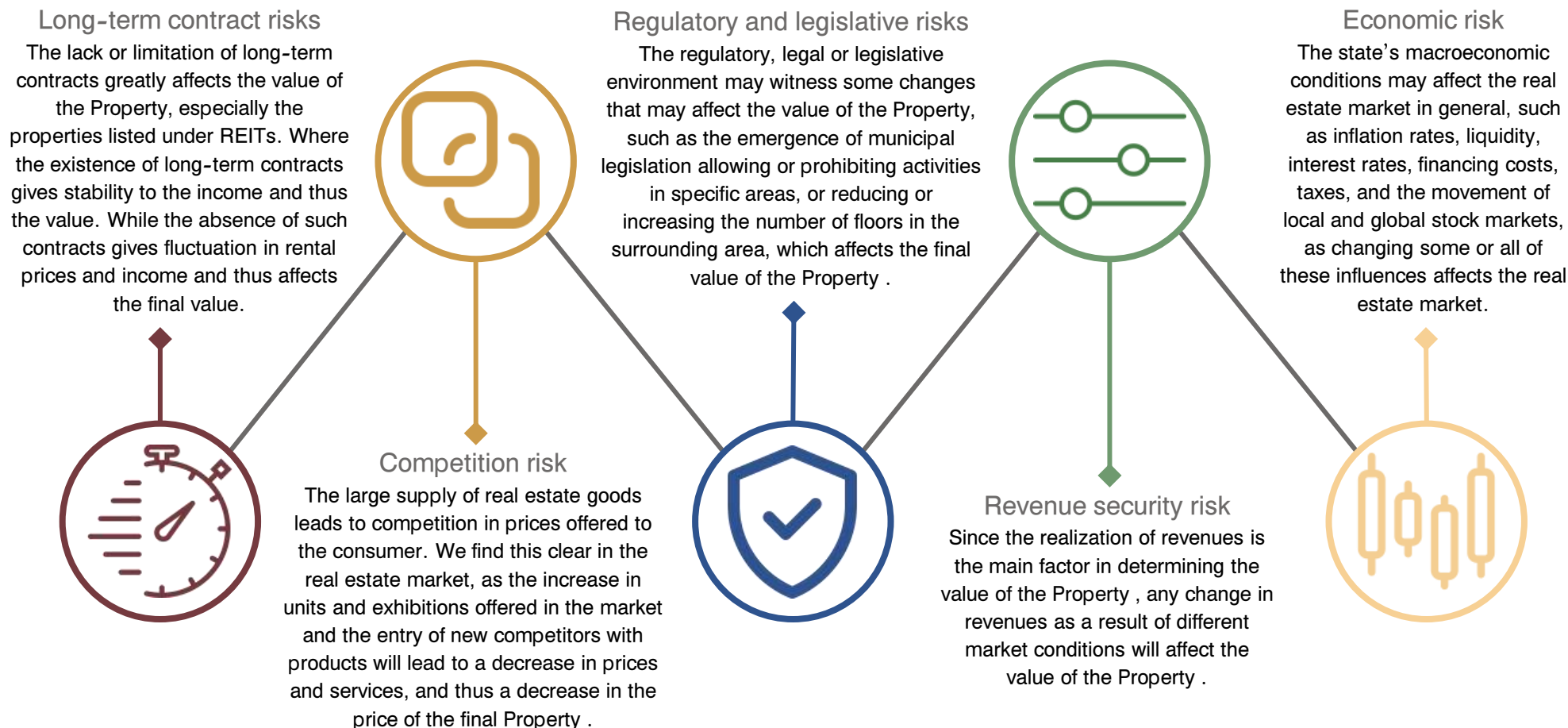
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Jubail Commercial Center with Jubail market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 11.7 million SAR per year. Moreover, the operating expenses of the property is 4.4%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- Note, Abaad Company did not receive the lease contracts, while the total income provided by the client was relied upon, in addition to some information from the land contract cost to reach the market value shown in this report.
- The table on the left shows the rental prices in the Subject Site's surrounding area.

Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	1,500-2,000
Large Rent Rate (SAR/Sqm)	900-1,300
Supermarket Rent Rate (SAR/Sqm)	500-600

Valuation

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 11.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023/12	2024/12	2025/12	2026/12	2027/12	2031/12	2032/12	2033/12	2034/12
Total GLA (Sqm)	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1
Average Lease Rate with inflation (SAR/Sqm)	766.4	787.9	810.0	832.6	856.0	955.9	982.7	1,010.2	1,038.5
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	5,954,546	12,242,547	12,585,338	12,937,728	13,299,984	14,853,321	15,269,214	15,696,752	16,136,261
Vacancies (%)	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Vacancies (SAR)	52,693	108,337	111,370	114,489	117,694	131,440	135,120	138,904	142,793
Gross Potential Income (GPI) (SAR)	5,901,853	12,134,210	12,473,968	12,823,239	13,182,290	14,721,881	15,134,094	15,557,849	15,993,468
Land Cost with Inflation (SAR)	760,428	1,563,439	1,607,215	1,652,217	1,698,479	1,896,849	1,949,961	2,004,560	2,060,687
Operation Expenses (%)	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Operation Expenses (SAR)	262,335	539,361	554,463	569,988	585,948	654,382	672,705	691,540	710,903
Net Operation Income (SA)	4,879,091	10,031,410	10,312,290	10,601,034	10,897,863	12,170,650	12,511,429	12,861,749	13,221,878
Present Value (SAR)	4,624,782	8,543,174	7,890,730	7,288,114	6,731,519	4,898,971	4,524,836	4,179,274	3,860,102
Fair Value (SAR)	69,810,000								

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023:

- 69,810,000 SAR (Sixty-Nine Million Eight Hundred Ten Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015

Real Estate Sector

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016

Real Estate Sector

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020

Real Estate Sector

Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

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- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

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- See “Purpose”.

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Subject Property Documents



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إدارة الشؤون القبلية

قسم ضبط الناحية

مخمس النباء



المملكة العربية السعودية

وزارة الشؤون البلدية والقروية

أمانة المنطقة الشرقية

بلدية محافظة الجبيل

رقم الترخيص : ١٠٨٠٩

التاريخ : ١٤٢٤ - ١٢ - ١٢

عدد سنوات : ٢

رخصة بناء

شركة المرحمة للتطوير العقاري

رأس مكيها ١٤٠٥٠ - ١٠ - ١٤

المالك/الشركة القبلية المحلية المحدودة

سجل مكي : ٢٠٥٥٠ - ١٠ - ١٤

مساحة : ٢٠٥٥٠

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مساحة الأرض : ٢٠٥٥٠

الموقع خارج المنطقة

من المنطقة المحددة : ٢٠٥٥٠

رقم : ٢٠٥٥٠

تقريباً : ١٤٠٥٠ - ١٠ - ١٤

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رقم الأرض : ٢٠٥٥٠

مساحة الأرض :

[illegible]



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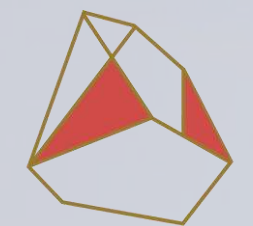
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أبعد
للتقييم العقاري

Final Valuation Report

Radisson Blue Hotel Apartments, Khobar

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Radisson Blue Hotel Apartments, Khobar

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- Radisson Blu Hotel Apartments is located on a regular shape plot with flat topography, with an area of **3,798.08 Sqm.**
- The hotel includes various apartments in sizes and features (**92** apartments), in addition to facilities and services such as swimming pools and a health club. The total built-up area is **8,964 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The Hotel is located close to many important hubs of Al Khobar.

Valuation Summary

Site Details	Information
District	Olaya
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	330207005613 - 930207005612 - 330207005611
Deed Date	29/11/1438H
Total Area (sqm)	3,798.08
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	87,020,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

Interest

- Interested to be valued as of **Radisson Blue Hotel Apartments, Khobar**

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Financial statement purposes**.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows: International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

Site Location Analysis

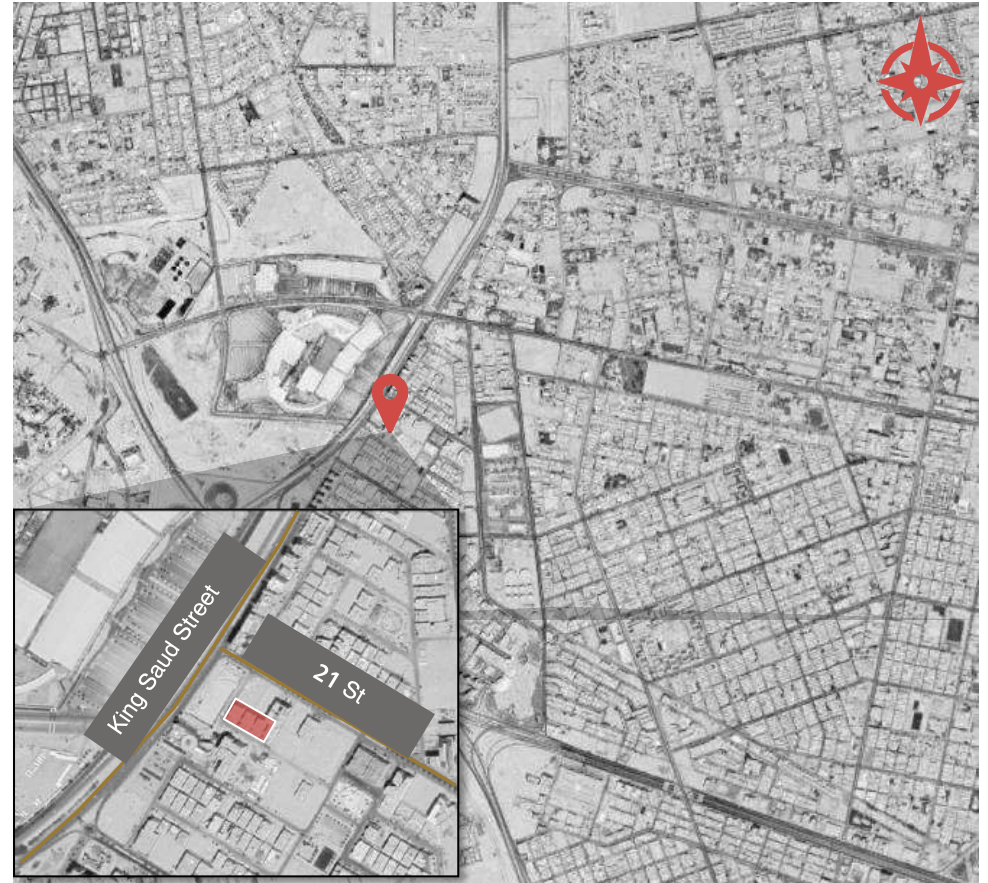
Macro Location - Introduction

- The Radisson Blue Hotel Apartments is located in the western part of Al-Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750** square kilometers, with a population of about **578,500** people.
- The city of Al-Khobar is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial and hospitality activity in the region.
- The property undervaluation is located in Olaya district, close to many important hubs of Al Khobar.
- The area surrounding the property includes many hotels, commercial centers, restaurants, and cafes.

Accessibility

- The property is located near Dhahran Mall.
- As for the frontages, they overlook internal streets and border the site from the south and east.
- The property undervaluation can be reached directly through an internal road linked to King Saud Street.

Macro Location of the Subject Property



Site Location Analysis

Subject Property Description

- The Radisson Blue Hotel Apartments is located on a regular plot of land with flat topography, with an area of 3,798.08 Sqm.
- The property includes 92 residential units, in addition to services and facilities such as swimming pools, health club, catering, cafe, and other services. The total built-up area is 8,964 Sqm.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of 3 floors, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is 60%.

Property Details

Details	Description
Land Area (Sqm)	3,798.08
Build-up Area (Sqm)	8,964
Coverage Ratio (%)	160
Number of Units	92
Building Age	7 Years

Property Location



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Site Location Analysis

Subject Property Photos



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Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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للتقييم العقاري

Property Details for plot no. 112

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Radisson Blue Hotel Apartments, Khobar	
Plot No.	112	
Sub-Division	2/345	
District	Olaya District	
Coordinates	26°18'11.11"N	50°10'26.80"E
City	Khobar	
Ownership Type	Freehold	
Title Deed Info	Deed No.	930207005612
	Deed Date	29/11/1438H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	35.08	Neighbor	-
South	35	Jamal Al Deen Afghani	16
East	40	Neighbor	-
West	40	Unnamed	16

- Sources: "Title Deed"

Property Details for plot no. 114

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Radisson Blue Hotel Apartments, Khobar	
Plot No.	114	
Sub-Division	2/345	
District	Olaya District	
Coordinates	26°18'11.11"N	50°10'26.80"E
City	Khobar	
Ownership Type	Freehold	
Title Deed Info	Deed No.	330207005611
	Deed Date	29/11/1438H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	192.43	Neighbor	-
South	192.43	Jamal Al Deen Afghani	16
East	200	Neighbor	-
West	200	Neighbor	-

- Sources: "Title Deed"

Tenure

Property Information



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Property Details for plot no. 116

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Radisson Blue Hotel Apartments, Khobar	
Plot No.	116	
Sub-Division	2/345	
District	Olaya District	
Coordinates	26°18'11.11"N	50°10'26.80"E
City	Khobar	
Ownership Type	Freehold	
Title Deed Info	Deed No.	330207005613
	Deed Date	29/11/1438H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	30	Neighbor	-
South	30	Jamal Al Deen Afghani	16
East	40	Neighbor	-
West	40	Unnamed	16

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

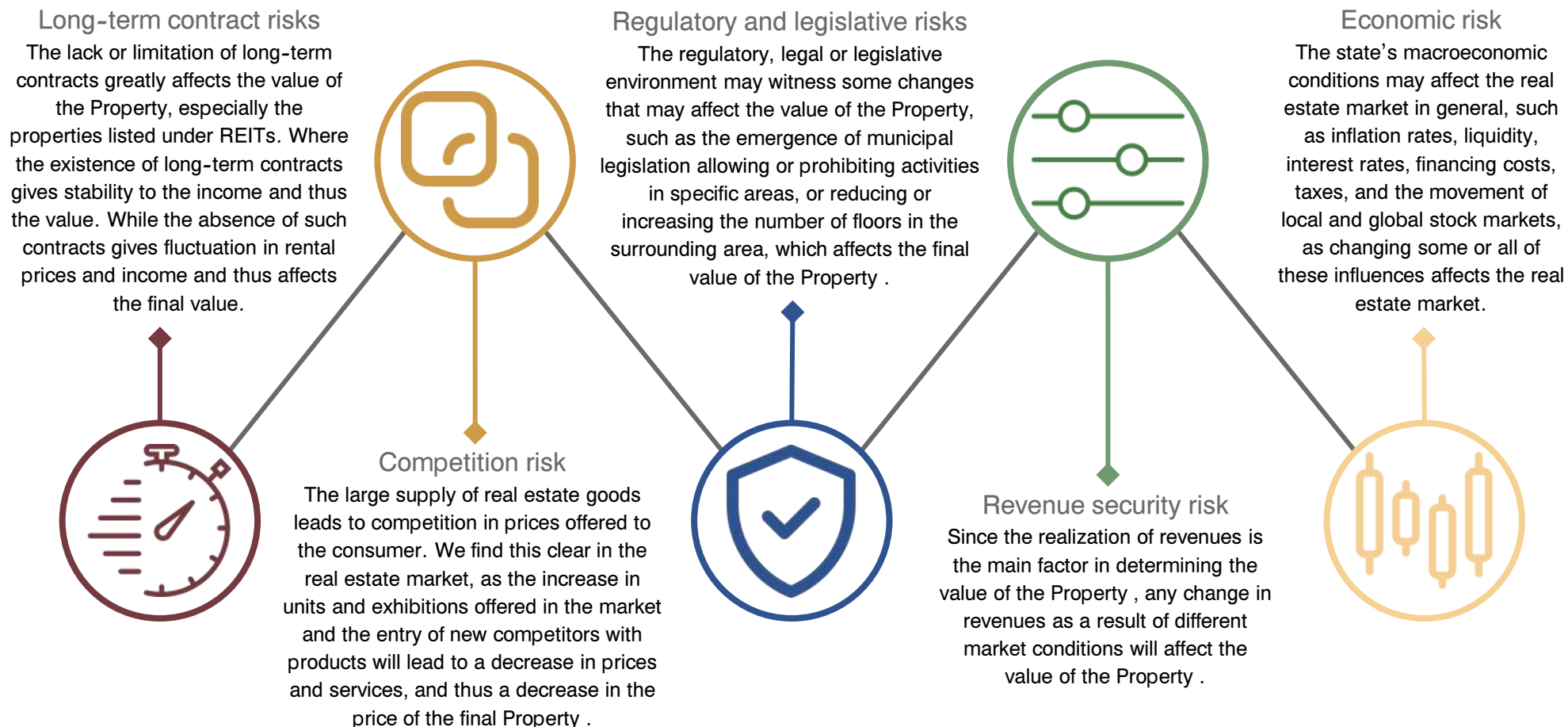
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation

Projected Trading Performance

Projected Trading Performance Summary (with inflation) (KPI)

- Based on market research and relying on the STR Global, we have concluded the ADR and calculations were made over 10 years, the table below shows a summary of the first 5 years as a **percentage (%)**.

Period	2023	2024	2025	2026	2027
No. of Rooms	92	92	92	92	92
Occupancy (%)	72%	72%	72%	72%	72%
ADR (%)	431	431	431	431	431
RevPAR (SAR)	312	312	312	312	312
(Departmental Revenue)					
Room Revenue	87.0%	87.0%	87.0%	87.0%	87.0%
Food & Beverage	10.0%	10.0%	10.0%	10.0%	10.0%
Other Revenue	3.0%	3.0%	3.0%	3.0%	3.0%
(Departmental Expenses)					
Room Expenses	18.0%	18.0%	18.0%	18.0%	18.0%
Food & Beverage Expenses	48.0%	48.0%	48.0%	48.0%	48.0%
Other Expenses	50.0%	50.0%	50.0%	50.0%	50.0%
(Undistributed Expenses)					
Administrative & General	6.0%	6.0%	6.0%	6.0%	6.0%
Sales & Marketing	2.0%	2.0%	2.0%	2.0%	2.0%
Operations and Maintenance	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%

Period	2023	2024	2025	2026	2027
(Management Fees)					
Base Management Fee	2.0%	2.0%	2.0%	2.0%	2.0%
Incentive Management Fee	4.3%	4.3%	4.3%	4.3%	4.3%
(Fixed Charges)					
Staff Accommodation	1.0%	1.0%	1.0%	1.0%	1.0%
Building Insurance	0.25%	0.25%	0.25%	0.25%	0.25%
(NOI)					
Net Operating Income	54.4%	54.4%	54.4%	54.4%	54.4%
Reserve for Renewals (FF&E)	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA					
EBITDA (SAR)	6,435	6,435	6,435	6,435	6,435
EBITDA (%)	53.4%	53.4%	53.4%	53.4%	53.4%

Valuation

Projected Trading Performance

Projected Trading Performance Summary (without inflation) (KPI)

- Our calculations were made over **10** years, the table below shows a summary of the first **5** years as a **(000 SAR)**.

Period	2023	2024	2025	2026	2027
No. of Rooms	92	92	92	92	92
Occupancy (%)	72%	72%	72%	72%	72%
ADR (%)	431	431	431	431	431
RevPAR (SAR)	312	312	312	312	312
(Departmental Revenue)					
Room Revenue	10,475	10,475	10,475	10,475	10,475
Food & Beverage	1,204	1,204	1,204	1,204	1,204
Other Revenue	361	361	361	361	361
(Departmental Expenses)					
Room Expenses	1,885	1,885	1,885	1,885	1,885
Food & Beverage Expenses	578	578	578	578	578
Other Expenses	181	181	181	181	181
(Undistributed Expenses)					
Administrative & General	722	722	722	722	722
Sales & Marketing	241	241	241	241	241
Operations and Maintenance	361	361	361	361	361
Utilities	602	602	602	602	602

Period	2023	2024	2025	2026	2027
(Management Fees)					
Base Management Fee	241	241	241	241	241
Incentive Management Fee	523	523	523	523	523
(Fixed Charges)					
Staff Accommodation	120	120	120	120	120
Building Insurance	30	30	30	30	30
(NOI)					
Net Operating Income	6,555	6,555	6,555	6,555	6,555
Reserve for Renewals (FF&E)	120	120	120	120	120
EBITDA					
EBITDA (SAR)	6,435	6,435	6,435	6,435	6,435
EBITDA (%)	53.4%	53.4%	53.4%	53.4%	53.4%

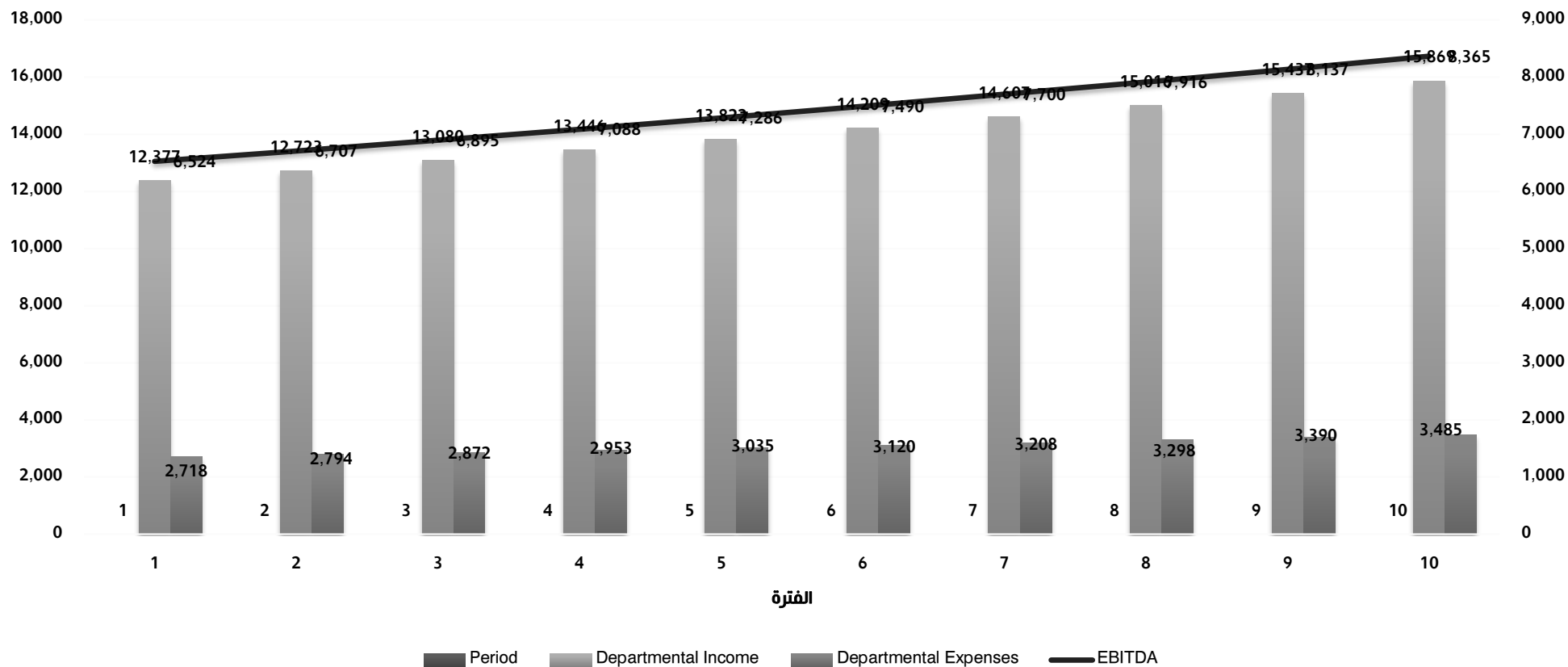
Valuation

Projected Trading Performance



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Key Performance Indicator (KPI) (With Inflation)



Valuation

Valuation Basis & Methodology



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	12.2023	12.2024	12.2025	12.2026	12.2027	12.2018	12.2019	12.2030	12.2031	12.2032
Net Operation Income (000 SAR)	3,262	6,707	6,895	7,088	7,286	7,490	7,700	7,916	8,137	8,365
Exit (000 SAR)										111,536
Present Value (000 SAR)	3,106	5,790	5,396	5,029	4,687	4,369	4,072	3,795	3,537	47,245
Fair Value (SAR)	87,020,000									

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023:

- 87,020,000 (Eighty-Seven Million Twenty Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015
Real Estate Sector



Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016
Real Estate Sector



Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020
Real Estate Sector



Company Stamp
Company Name: Abaad &
Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



Subject Property Documents



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[illegible]

الجمهورية العربية السورية
 وزارة العدل
 مكتبة العدل الأولى بمحافظة حلب
 [٢٧٧]

الرقم : ٢٢٤٠٧٠٠٠١٧٢
 التاريخ : ١١ / ١١ / ١٤٣٥ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد :
 فإن قطعة الأرض رقم ١١٦ من البقاع رقم ١٠٠ من المخطط رقم ٢٤٥ / ٢ الواقع في حي العليا بمدينة حلب
 وبعدها وأطرافها محتالي
 شمالاً : قطعة رقم ١١٦ بطول (٢٠) كلاتون متر
 جنوباً : شارع عرض ١٦ متر بطول (٢٢) كلاتون متر
 شرقاً : قطعة رقم ١١٨ بطول (١٠) أربعون متر
 غرباً : قطعة رقم ١١٤ بطول (١٠) أربعون متر
 ومساحتها (١٢٠٠) ألف و مئتين متر مربعاً فقط بموجب خطاب الأمين بقرعه ١٩٣٨ / ١٢ في ١٢ / ٤ / ١٩٣٤ والمقيد بقرعه
 ٣١٩٥٤٧٠ في ١٧ / ٤ / ١٩٣٤
 والسند في الإفراجه على الشك الصادر من هذه الإدارة بقرعه ١٠٦٨٠٢ / ٢٠٠٢٠٢٠٢ في ٢٩ / ٩ / ١٩٣٩ هـ
 قد انتقلت ملكيتها لـ : شركة حلف المشاركة العقارية بموجب سجل تجاري رقم ٤٤٨٣٩ / ١٠٠٠ في ١٢ / ١٠ / ١٩٣٢ هـ وتنتهي
 في ١٢ / ١٠ / ١٩٤١ هـ بتمن بقرعه ١٢٣٨٠٠٠ سنة و عشرون مائة و ثلاثمائة و خمسين ألف ريال ضمن شيك وعليه جرى
 التسديد تحريراً في ٢٩ / ١١ / ١٩٣٨ هـ واستلمه و سلمه على نيابة محمد وآله وصحبه وسلّم

شائب العدل

عبد العزيز بن ناصر بن عبد الرحمن آل نويهر

وزارة العدل
 مكتبة العدل الأولى بمحافظة حلب
 كتاب العدل رقم (٧)

هذا السند وحده صالحاً للمطالبة و ضماناً أو كفاً مسنداً حتى ياتي على عدم صلاحية السند

نسخة ١ من ١
 نموذج رقم (١١ - ٢٠٠٠)

(هذا النموذج مخصص للاستخدام الخاص بالنيابة أو بوضع توقيعه)

محكمة طابع الحكومة - ٢٢٣٣٦



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Zahid Offices Building, 5th Floor, suite 21
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Al-Sahafa District
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CEO

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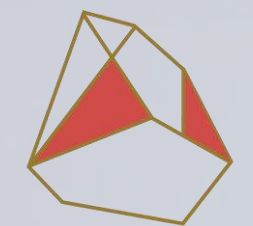
Email: asindi@sa-abaad.com

Eng. Ammar Qutub

Manager

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Email: ammarq@sa-abaad.com



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للتقييم العقاري

Final Valuation Report

Seashore Residential Compound, Khobar

Client / Musharaka Capital

07 August 2023

V230089

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Seashore Residential Compound, Khobar

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- Seashore residential compound is located on a regular plot of land with flat topography, with an area of **38,103 Sqm.**
- The residential complex includes various residential villas in sizes and features (**112 units**), in addition to facilities and services such as swimming pools, health clubs, and green areas.
- The total built-up area is **24,760 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The compound is located near the corniche.

Property Details

Site Details	Information
District	Tahlia
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	930205013309
Deed Date	24/11/1438H
Total Area (sqm)	38,103
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	136,350,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from Musharaka Capital (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in Khobar, KSA.

Interest

- Interested to be valued as of Seashore Compound, Khobar

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for Financial Statements purposes.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows:
International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- Income Approach (Discounted Cash Flow)

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

Site Location Analysis

Macro Location - Introduction

- Seashore residential compound is located in the southern part of Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750** square kilometers, with a population of about **578,500** people.
- The city of Al-Khobar is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Tahlia district, close to many hotel resorts.
- The area surrounding the property includes developing spaces, in addition to many resorts and commercial centers, and places dedicated to fishing.

Accessibility

- Seashore residential compound is located near the open sea, sea resorts, and places to set up activities.
- As for the other frontages, they overlook internal streets and border the site on the south and west sides.
- The property can be reached directly through an internal road linked to King Fahd Street.

Macro Location of the Subject Property



Site Location Analysis

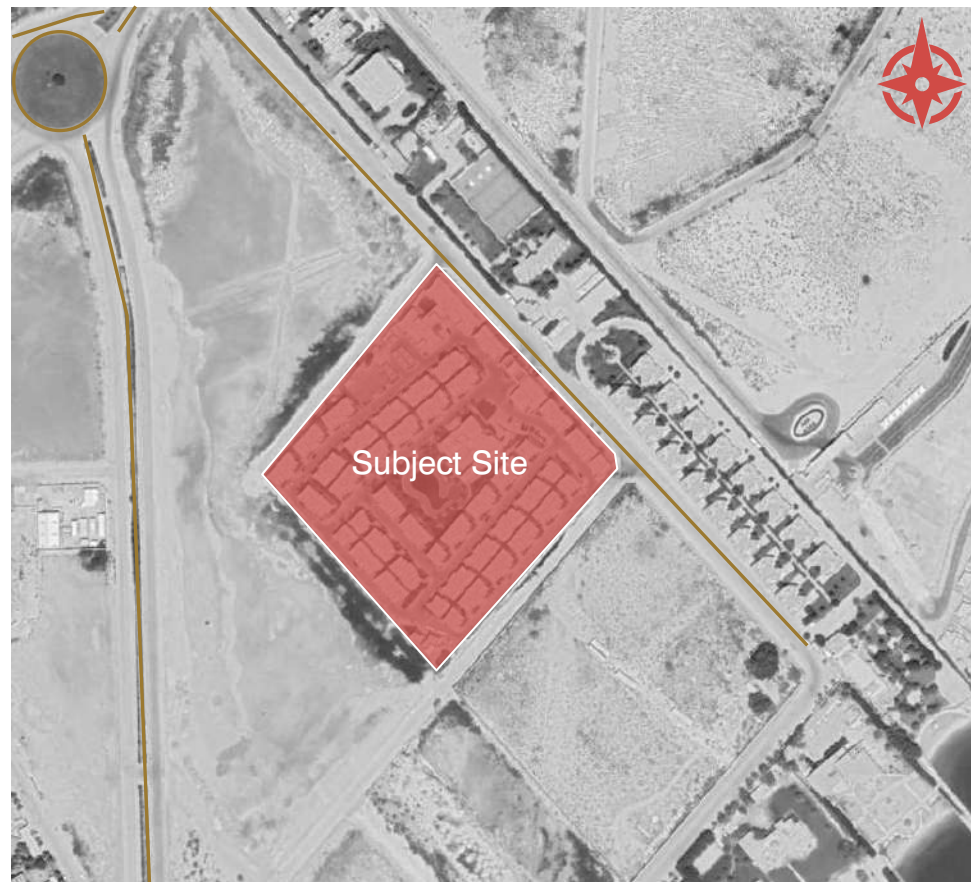
Subject Property Description

- Seashore residential compound is located on a regular plot of land with flat topography, with an area of **38,103 Sqm**.
- The compound includes **112** residential units, in addition to services and facilities such as swimming pools, health club, catering, cafe, and other services. The total built-up area is **24,760 Sqm**.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of **2** floors, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is **57%**.

Property Details

Details	Description
Land Area (Sqm)	38,103
Build-up Area (Sqm)	24,760
Coverage Ratio (%)	57
Number of Units	112
Building Age	6 Years

Property Location



Site Location Analysis

Subject Property Photos



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Site Location Analysis

Subject Property Photos



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Tenure

- Property Information

Tenure

Property Information



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Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Seashore Residential Compound, Khobar	
Plot No.	-	
Sub-Division	-	
District	Tahlia District	
Coordinates	26° 9'58.68"N	50°11'44.52"E
City	Khobar	
Ownership Type	Freehold	
Title Deed Info	Deed No.	930205013309
	Deed Date	24/11/1438H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	192.43	Unnamed	20
South	192.43	Neighbor	-
East	200	Unnamed	15
West	200	Unnamed	15

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

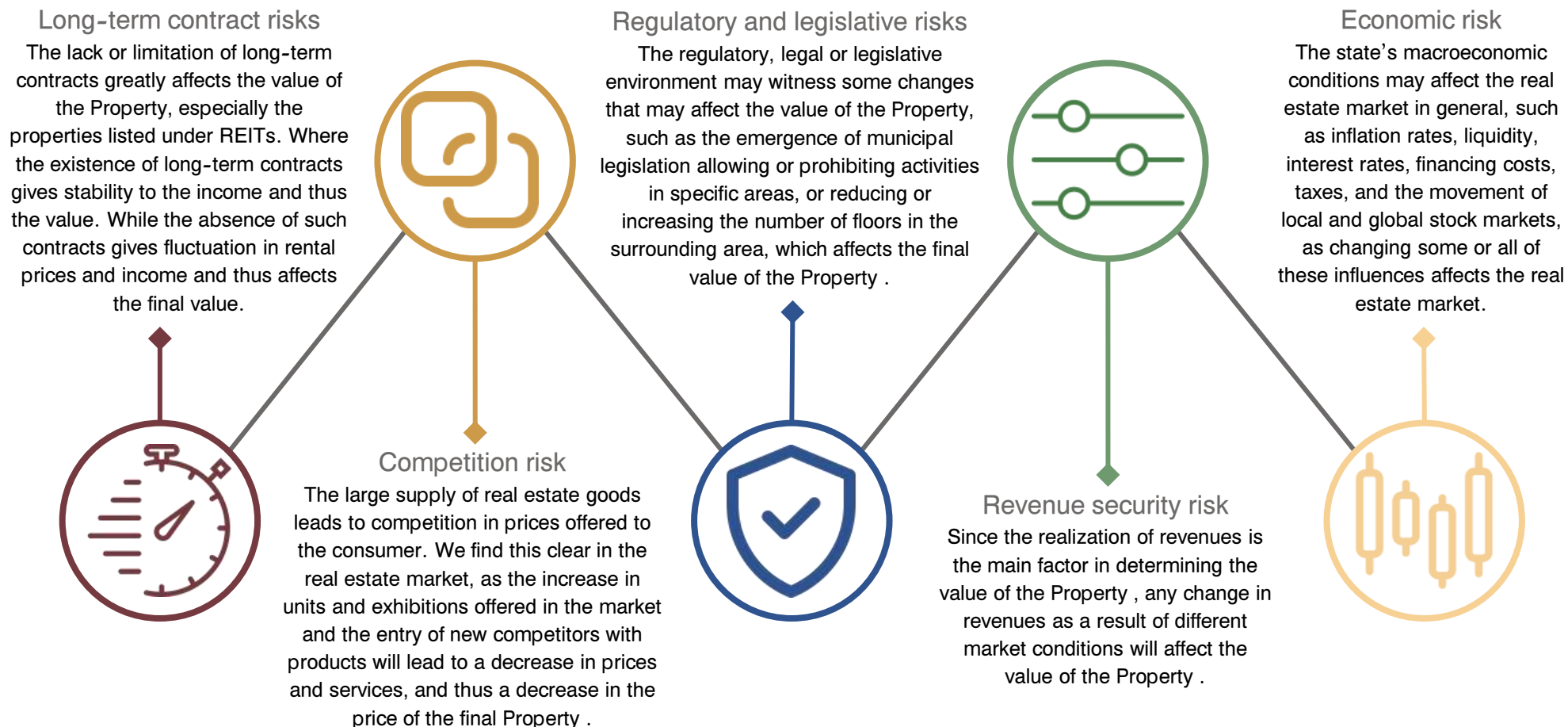
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation

Valuation Basis & Methodology

Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Seashore compound compared to the Khobar market. The table on the left summarizes the results of the field research for the residential compound.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- Based on the results of the research, the Yield rates for residential compounds range from **8.0%** to **10.0%** and it is dependent according to the location, type, quality of units, and occupancy rate.
- Moreover, the information provided by the client and the experience of Abaad in the real estate market, the Yield rate of the property was estimated as **8.0%**.
- The table on the left shows the rental prices in the Subject Site area.



Rental Prices Summary

Compound Name	Unit Area (Sqm)	Rent Price (SAR)	Unit Type
Black Pearl Compound	272	150,000	Villa
An Nahda Compound	220	150,000	Villa
Ar Rawabi Pearl Compound	180	72,500	Apartment
Black Pearl Compound	107	65,000	Apartment

Income Estimation

- According to the inspection of the property under valuation, there are some villas has a view of the pool that has a price premium. The table below shows the rental prices and the total income of the units.

Unit Type	Number of Units	Rent Price (SAR)	Total Income (SAR)
Apartment	36	68,750	2,475,000
Villas	76	150,000	11,400,000
Total	112		13,875,000

Valuation

Valuation Basis & Methodology



Income Estimation:

- After the end of the lease contract for the property under valuation, we were provided with the expected income for **2023**, and then an increase in rental prices was made to reach the market prices of the property, noting that according to the customer's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire building, which is what we based our valuation on. the table below shows the rental prices for each year until the year of stability:

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Units	112	112	112	112	112	112	112	112	112	112
Unit Rental Price (SAR)	72,755	83,669	100,402	123,884	123,884	123,884	123,884	123,884	123,884	123,884
Percentage increase in the Rental Price (%)	0.0%	15.0%	20.0%	23.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Property Income (SAR)	8,808,000	9,370,881	11,245,057	13,875,000	13,875,000	13,875,000	13,875,000	13,875,000	13,875,000	13,875,000

Valuation

Valuation Basis & Methodology



Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years, according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **8.00%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply, and demand, we have applied a discount rate of **10.80%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.
- Additional Income rate: **1.00%**

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	4,465,230	9,767,200	12,048,818	15,283,010	15,710,934	16,150,840	16,603,064	17,067,950	17,545,852	18,037,136
Vacancies (%)	15.4%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Vacancies (SAR)	688,921	1,465,080	1,204,882	1,528,301	1,571,093	1,615,084	1,660,306	1,706,795	1,754,585	1,803,714
Additional Income (SAR)	37,763	83,021	108,439	137,547	141,398	145,358	149,428	153,612	157,913	162,334
Gross Potential Income (GPI) (SAR)	3,814,072	8,385,141	10,952,375	13,892,256	14,281,239	14,681,114	15,092,185	15,514,766	15,949,180	16,395,757
Operation Expenses Rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Operation Expenses (SAR)	381,407	838,514	1,095,238	1,389,226	1,428,124	1,468,111	1,509,219	1,551,477	1,594,918	1,639,576
Net Operation Income (SA)	3,432,665	7,546,627	9,857,138	12,503,030	12,853,115	13,213,002	13,582,967	13,963,290	14,354,262	14,756,181
Exit (SAR)										184,452,263
Present Value (SAR)	3,261,081	6,470,580	7,627,837	8,732,249	8,101,762	7,516,797	6,974,068	6,470,525	6,003,339	75,193,451
Fair Value (SAR)	136,350,000									

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023:

- 136,350,000 SAR (One Hundred Thirty-Six Million Three Hundred Fifty Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015

Real Estate Sector

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016

Real Estate Sector

Eng. Yousuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020

Real Estate Sector

Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

Subject Property Documents



أبجد
للتقييم العقاري


المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
أمانة المنطقة الشرقية

رقم الخريطة : ٤٢١/٧٠٣٠٢
 تاريخها : ٢٧/٠٧/١٤٣٨
 صلاحيتها : سنة واحدة
 نوعها : تجديدية وشبهية

شركة : **إم جي للتجارة والاستثمار العقاري**
 المقر : **الرياض**
 الترخيص : **٢٢٨/٢**
 المدير : **عبدالله بن محمد بن عبد الله**
 المهندس : **عبدالله بن محمد بن عبد الله**

الاسم : **شركة إم جي للتجارة والاستثمار العقاري**
رقم الخريطة : **٤٢١/٧٠٣٠٢**
الصفحة : **٢٢٨/٢**
المخطط : **٢٢٨/٢**
التصديق : **عبدالله بن محمد بن عبد الله**
المهندس : **عبدالله بن محمد بن عبد الله**

المساحة الكلية : **٣٨.٦٧.٠٠ متر مربع**
المساحة المبنية : **٣٨.٦٧.٠٠ متر مربع**

رقم الطقة	رقم المسك	رمز الاستخدام	رقم مسيد المملك	نوع مسيد المملك	تاريخه
٠٠٠٠٠ *****	٠٠٠٠٠ (١) (١)	٠٠٠٠٠ (١) (١)	٠٠٠٠٠ (١) (١)	٠٠٠٠٠ (١) (١)	٠٠٠٠٠ (١) (١)
<p style="text-align: center; color: red; font-weight: bold;">تكون الواجبات باللون الأبيض فقط</p>					
المنطقة					
الجهة	مسك	حيز	شرق	شمال / غرب	جنوب / شرق
الجهة	مسك	حيز	شرق	شمال / غرب	جنوب / شرق
الشارع	شارع	شارع	شارع	شارع	شارع
١٠٠٠٠ *****	١٠٠٠٠ *****	١٠٠٠٠ *****	١٠٠٠٠ *****	١٠٠٠٠ *****	١٠٠٠٠ *****

ملاحظات البناء :
الوصف : **شركة إم جي للتجارة والاستثمار العقاري**
المنطقة : **المنطقة الشرقية**
الشارع : **شارع الملك فهد**
الرقم : **١٠٠٠٠**
الصفحة : **٢٢٨/٢**
المخطط : **٢٢٨/٢**
التصديق : **عبدالله بن محمد بن عبد الله**
المهندس : **عبدالله بن محمد بن عبد الله**

الاسم : **شركة إم جي للتجارة والاستثمار العقاري**
رقم الخريطة : **٤٢١/٧٠٣٠٢**
الصفحة : **٢٢٨/٢**
المخطط : **٢٢٨/٢**
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المهندس : **عبدالله بن محمد بن عبد الله**

المساحة الكلية : **٣٨.٦٧.٠٠ متر مربع**
المساحة المبنية : **٣٨.٦٧.٠٠ متر مربع**



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Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
Universal Access Number: **920004134**

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Final Valuation Report

Pearl Residencial Compound, Khobar

Client / Musharaka Capital

07 August 2023

V230089



Introduction



Dear / Musharaka Capital

Pearl Residencial Compound, Khobar

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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أبجد
للتقييم العقاري

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- Basis of Value
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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- The Pearl Residential Compound is located on a plot of regular shape with flat topography, with an area of **22,500 Sqm**. The residential compound includes many residential apartments of various sizes and features (**233 units**), in addition to facilities and services such as swimming pools. The total built-up area is **39,909 Sqm**.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Pearl Residential Compound is located on the main street so that Prince Sultan Bin Fahd Road passes from the southern side of the property, and it is considered one of the main roads in Al Khobar because it connects the eastern side with the western side.

Property Details

Site Details	Information
District	Qurtubah
Permitted Use	Residential
Tenure	Freehold
Deed Number	430205013306
Deed Date	24/11/1438H
Total Area (sqm)	22,500 (title deed)
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	347,790,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from Musharaka Capital (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in Khobar, KSA.

Interest

- Interested to be valued as of Pearl Residence Compound, Khobar

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for Financial Statements purposes.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows:
International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- Income Approach (Discounted Cash Flow)

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) **Subject Location.**
 - 2) **Title Deed.**
 - 3) **Building Permit.**
 - 4) **Income Information.**

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.



Site Location Analysis

- Macro Location
- Property Description
- Subject Property Photos

Site Location Analysis

Macro Location

Macro Site Analysis

- The Pearl Residential Compound is in the eastern part of Al-Khobar, one of the Eastern Province governorates in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is 750 Sqm, with a population of 578,500 people.
- Khobar city has a good infrastructure that allows commercial and industrial hubs with seaports and residential areas that increase commercial activity in the region.
- The property undervaluation is in Al Rakah district near Prince Sattam bin Abdulaziz University. The surrounding area includes compounds, retail centers, under-construction developments, and residential buildings.

Accessibility

- The Pearl Residential Compound is characterized by its location on Tariq Bin Ziyad Street, and it connects two main roads, King Fahd Road and King Saud Road. Moreover, King Fahd Road passes from the eastern side of the Pearl Mall.
- As for the other frontage, they overlook internal streets and border from the north and west sides.
- The property undervaluation can be reached directly through Tariq Bin Ziyad Street, in addition to King Fahd Road and King Saud Road, which are secondary roads linked to Tariq Bin Ziyad Street leading to the property undervaluation.

Property Location



Site Location Analysis

Subject Property Description

- The Pearl Residential Compound is on a regular shaped parcel of land, with an area of **22,500 Sqm**.
- The residential compound includes **16** buildings with a total of **233** residential units, in addition to facilities and amenities such as swimming pools, health club, jacuzzi, sauna, banquet hall, mini market, nursery, mosque, cafe, and school buses. The total built-up area is **39,909 Sqm**.
- The surrounding area of the subject asset hosts proper infrastructure, that includes electricity, water, lights, sewage, asphalt streets, and footpaths.
- The surrounding area is characterized by a commercial building regulation that allows up to **15** floors, as indicated in the building regulations in the property area.
- Based on the information provided by the client, the coverage ratio (according to the current construction condition) is **56%**.

Property Details

Description	Values
Land Area (Sqm)	22,500
Build-up area (Sqm)	39.909
Coverage (%)	56
Number of Units	233
Property Age	9 Years

Property Location



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Site Location Analysis

Subject Property Photos



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للتقييم العقاري



Site Location Analysis

Subject Property Photos



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للتقييم العقاري





Tenure

- Property Information

Tenure

Property Information



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للتقييم العقاري

Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
Use	Residential	
Plot No.	The Pearl Residential Compound	
Sub-Division	2/38	
District	Al Rakah	
Coordinates	26°20'48.20"N	50°11'22.85"E
City	Khobar	
Ownership Type	Freehold	
Title Deed Info	Deed No.	430205013306
	Deed Date	24/11/1438 H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	150	Steet 24	40
South	150	Tariq Bin Ziyad Street	40
East	150	Maakal Bin Snan Street	10
West	150	Nafeea Bin Atbah Street	8

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Residual Value
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

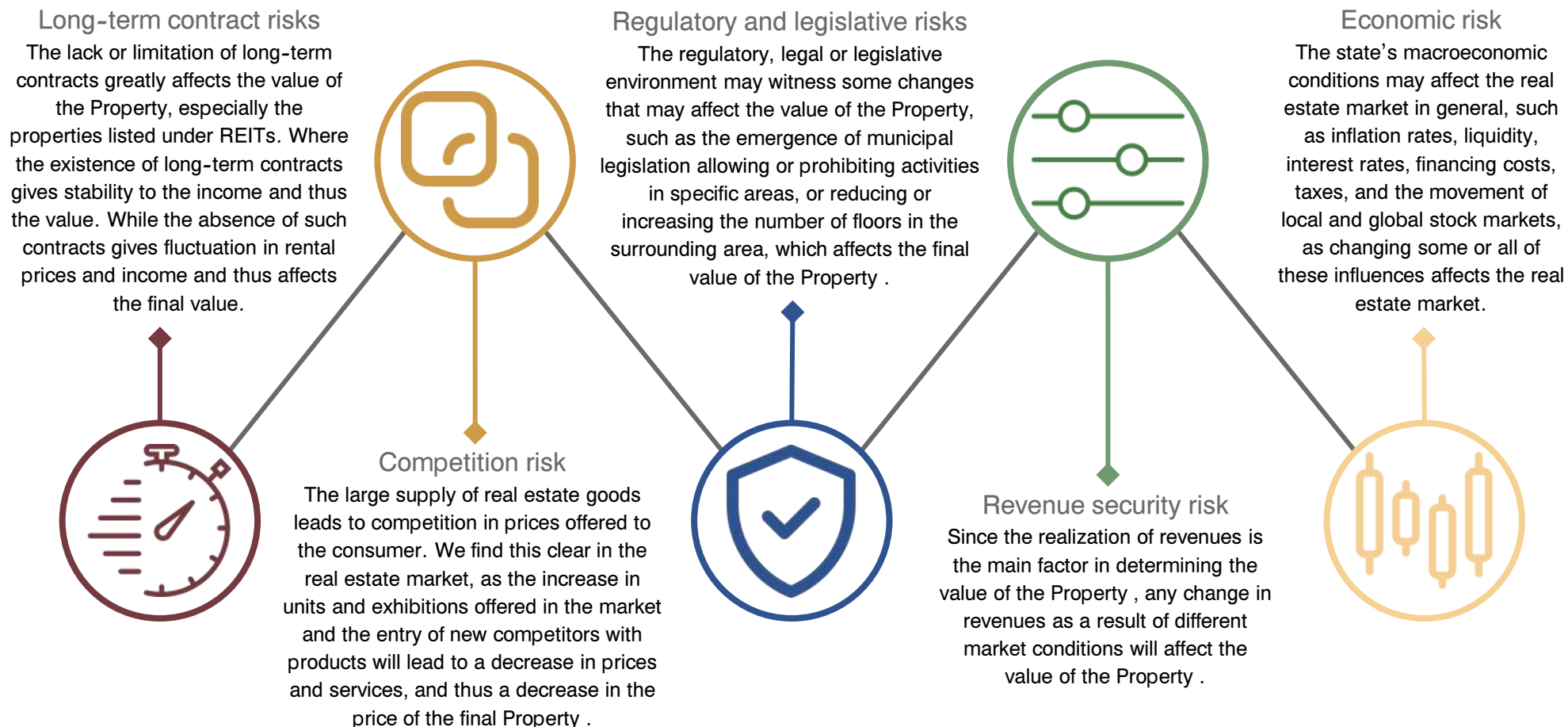
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the property compared to Khobar market. The table on the left summarizes the results of the field research for residential units in the city of Al-Khobar.
- In addition, the field research deals with the appropriate Yield rate for the property undervaluation until the market value of the property undervaluation is reached through the income approach.
- Based on the field research, the Yield rates for residential compounds range from 8% to 10% according to the location, type, and quality of units and occupancy rate. According to the statement from the client.
- Moreover, the information provided by the client, the return on the purchase price of the property is equivalent to 8.0%.
- The table on the left shows the rental prices of the property undervaluation.

Rental Prices Summary

- Abaad team made field research for the rental prices of the apartments near the property undervaluation, we have made some adjustments to reach the rental prices for the property undervaluation as shown in the table below:

Name	Rooms	Annual Rent	Location Adj.	Price After Adj.
Retal Residence	1 Room	110,000	-10.00%	99,000
Retal Residence	2 Rooms	150,000	-10.00%	135,000
Retal Residence	3 Rooms	180,000	-10.00%	162,000
Retal Residence (Paint House)	3 Rooms	210,000	-10.00%	189,000

Estimating Income

Units	Rooms	Annual Rent	Total
30	1 Room	99,000	2,970,000
102	2 Rooms	135,000	13,770,000
69	3 Rooms	162,000	11,178,000
32	(Paint House)3 Rooms	189,000	6,048,000
Total Revenue			33,966,000

Valuation

Valuation Basis & Methodology



Income Estimation:

- After the end of the lease contract for the property under valuation, we were provided with the expected income for 2023, and then an increase was made in the rental prices to reach the market prices of the property, knowing that according to the client's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire buildings, and this is what we based our valuation on, the table below shows the rental prices for each year until the year of stability:

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Number of Units	233	233	233	233	233	233	233	233	233	233	233
Unit Rental Price (SAR)	71,054	90,309	103,855	119,434	145,777	145,777	145,777	145,777	145,777	145,777	145,777
Percentage increase in the Rental Price (%)	0.0%	27.1%	15.0%	15.0%	22.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Property Income (SAR)	16,555,480	21,042,015	24,198,317	27,828,065	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000

Valuation

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.
- Additional Income rate: 1.00%

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Occupancy (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Revenue with Inflation (SAR)	8,392,828	21,931,937	25,927,936	30,652,006	38,460,367	39,537,257	40,644,300	41,782,341	42,952,246	44,154,909	45,391,247
Vacancies (%)	9.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Vacancies (SAR)	755,355	1,096,597	1,296,397	1,532,600	1,923,018	1,976,863	2,032,215	2,089,117	2,147,612	2,207,745	2,269,562
Other Income (SAR)	76,375	208,353	246,315	291,194	365,373	375,604	386,121	396,932	408,046	419,472	431,217
Gross Potential Income (GPI) (SAR)	7,713,848	21,043,694	24,877,855	29,410,600	36,902,722	37,935,998	38,998,206	40,090,156	41,212,680	42,366,635	43,552,901
Operation Expenses (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Operation Expenses (SAR)	925,662	2,525,243	2,985,343	3,529,272	4,428,327	4,552,320	4,679,785	4,810,819	4,945,522	5,083,996	5,226,348
Net Operation Income (SA)	6,788,187	18,518,451	21,892,512	25,881,328	32,474,395	33,383,678	34,318,421	35,279,337	36,267,159	37,282,639	38,326,553
Exit Value (SAR)											494,536,166
Present Value (SAR)	6,456,162	15,931,862	17,037,220	18,219,269	20,678,866	19,229,194	17,881,150	16,627,609	15,461,947	14,378,002	185,886,776
Fair Value (SAR)	347,790,000										

Valuation

Opinion of Value

Abaad is of the opinion that the Market Value of the Subject Property based upon assumptions and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date **30 June 2023**:

- **347,790,000 SAR** (Three Hundred Forty-Seven Million Seven Hundred Ninety Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: **1210000219**
Fellow Member
Membership Date: **22/12/2015**
Real Estate Sector



Eng. Ammar Mohamed Qutub
Taqeem ID: **1210000392**
Fellow Member
Membership Date: **24/01/2016**
Real Estate Sector



Eng. Yousuf Abdullah Khan
Taqeem ID: **1220001989**
Provisional Member
Membership Date: **17/09/2020**
Real Estate Sector



Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation
Company No. **11000111**
CR No: **4030297686**
CL No: **323/18/781**





Appendix

- Valuation Glossary
- Subject Property Documents

[illegible]

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Zahid Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
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أبعد
للتقييم العقاري

Final Valuation Report

V230089

Verdun Tower in Al-Olaya District, Riyadh

Client / Musharaka Capital

07 August 2023

مشاركة
Musharaka



Introduction



Dear / Musharaka Capital

Verdun Tower in Al-Olaya District, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers "Taqeem".

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V230089
Proposal Reference Number	P230151

Registration Certificate



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للتقييم العقاري

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Executive Summary

- Terms and Conditions
- Report Summary

Executive Summary

Report Summary

- The property undervaluation is a commercial/office tower (Verdin Tower) located in Olaya district of Riyadh.
- The land area is 3,212 Sqm (as per title deed), the build-up area is 25,591.36 Sqm (as per building permit) and the leasable area is 14,935 Sqm (as per client).
- The tower consists of two floors basement, one ground floor, a mezzanine, and 8 floors of offices.
- The retail consist of 3 open retails with an area of 3,300 Sqm. The administrative offices consist of 34 offices, with areas ranging from 153 Sqm to 1,463 Sqm.
- The property has a frontage on 4 streets, including King Fahd Road with a frontage of 40.08 M and Prince Mohammad bin Abdulaziz Road with 43.81 M.

Valuation Summary

Site Details	Information
District	Olaya
Permitted Use	Commercial/Office
Tenure	Freehold
Deed Number	730205024123
Deed Date	24/09/1443H
Total Area (sqm)	3,212
Owner	Hifth AlMusharaka Real Estate Company

Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
External Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Instruction Date	21 May 2023
Inspection Date	4 June 2023
Valuation Date	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Adopted Currency	Saudi Riyals
Market Value	261,540,000

Executive Summary

Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
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- Sources of Information

Valuation Terms



Introduction

- In accordance with formal instructions from Musharaka Capital (or the “Client”), dated **21 May 2023**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in Riyadh, KSA.

Interest

- Interested to be valued as of Verdun Tower in Al Olaya Dist., Riyadh

Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for Financial Statements purposes.

Basis of Value

Our valuation will be provided on the basis mentioned below:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in **2022** as follows:
International Accounting Standard No. (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

Valuation Approach

We have adopted the following valuation approach:

- Income Approach (Discounted Cash Flow)

Inspection Date

- We confirm that The Subject Property was inspected on **4 June 2023**.

Valuation Date

- We confirm that The Subject Property was valued on **30 June 2023**.

The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
 - 1) Title Deed.
 - 2) Building Permit.
 - 3) Income Information.
 - 4) Urban lift of the building.

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions

Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular, or statement or disclosed in any way without Abaad's prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
 - Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- 1) The property was valued using the Income Approach, and it was assumed that the expired contracts will be automatically renewed.



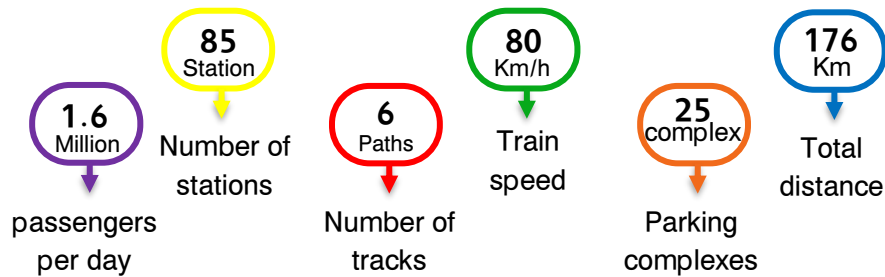
Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

Site Location Analysis

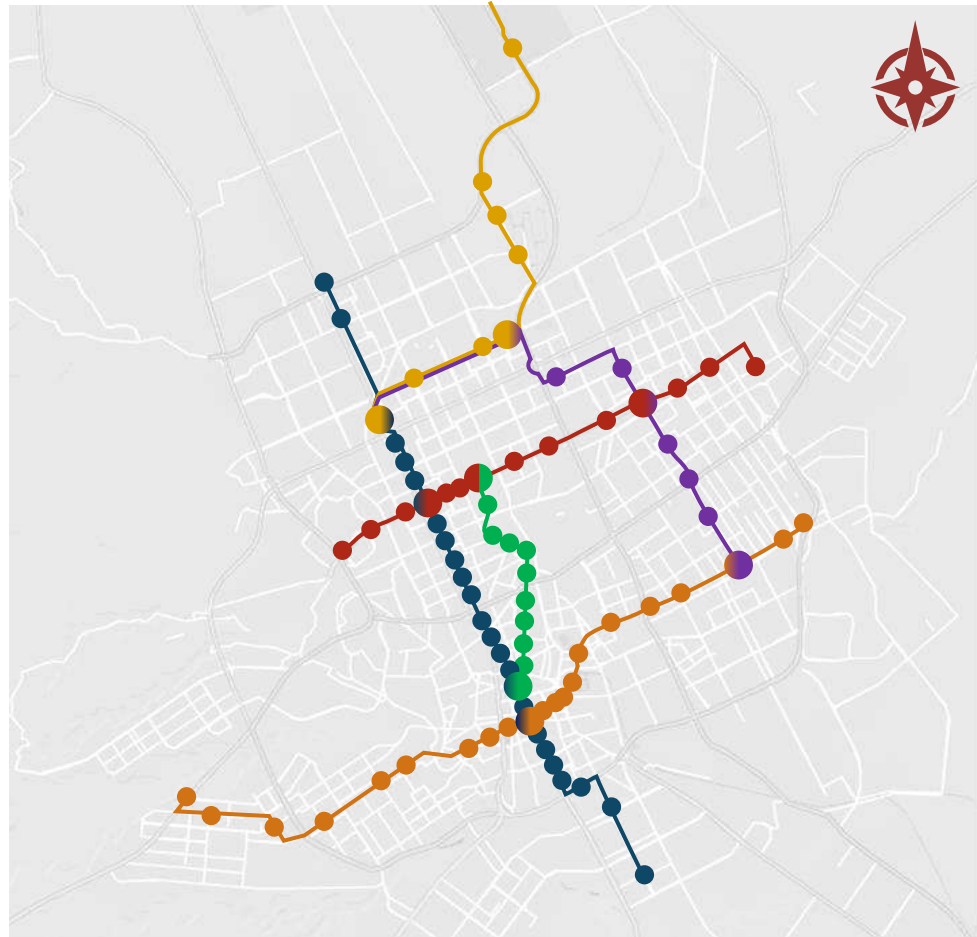
Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



Site Location Analysis

Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير
وادي الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis

Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 37 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

Site Location Analysis

Micro Location



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The Subject Site is located in Olaya district and borders the property area to the north by Prince Muhammad bin Abdul-Aziz Road, to the west by King Fahd Road, to the east by Olaya Street, and from the south by Makkah Road.

It can be reached via King Fahd Road and Prince Muhammad bin Abdul-Aziz Road. The property is located to the south of King Khalid International Airport.

It borders from the north by Al-Wurud and Al-Rahmaniya districts, from the south by the Al-Mutamarat and Al-Murabba districts, and from the east by Al-Sulaymaniyah district, and from the west by Al-Ma'ather Al-Shamali district.

The property is located on flat terrain and in a densely populated area. All services are available in the area of the subject property.

Site Location Analysis

Subject Property Description



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Kingdom Tower



The Ministry of
Islamic Affairs, Call
and Guidance



Al-Faisaliyah Tower



Verdun Tower



King Faisal
Foundation



Prince Mohammad Bin Abdulaziz

Verdun Tower is located in Olaya District. The land area is 3,212 Sqm (as per Title deed) and the build-up area is 25,591.36 Sqm (as per building permit) and the leasable area is 14,935 Sqm (as per client information).

The tower consists of two floors basement, a ground floor, a mezzanine, and 8 floors.

The retail consist of 3 open retails with an area of 3,300 Sqm. The administrative offices consist of 34 administrative offices, with areas ranging from 153 Sqm to 1,463 Sqm.

The property has a frontage on 4 streets, including King Fahd Road with a frontage of 40.08 M and Prince Muhammad bin Abdul-Aziz Road with a frontage of 43.81 M.

برج التعاونية



Olaya St

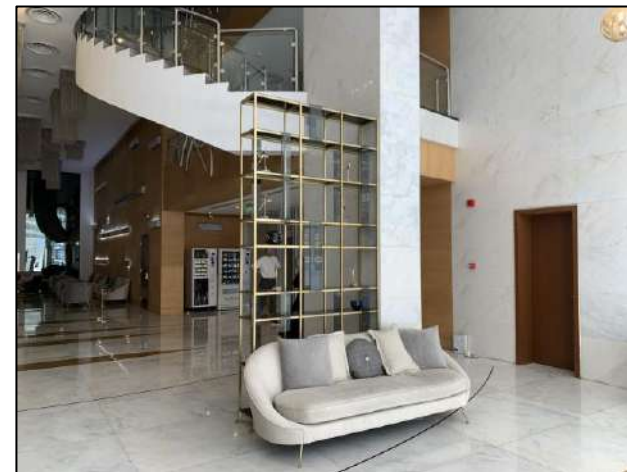
King Fahad Road

Site Location Analysis

Subject Property Photos



أبعاد
للتقييم العقاري



Site Location Analysis

Subject Property Photos



أبجداد
للتقييم العقاري





Tenure

- Property Information
- Lease Contracts

Tenure

Property Information



أبجد
للتقييم العقاري

Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Verdun Tower in Al-Olaya District, Riyadh	
Plot No.	14	
Sub-Division	1184	
District	Olaya District	
Coordinates	24°41'41.6"N	46°40'53.2"E
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	730205024123
	Deed Date	24/09/1443H

Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	43.81	Prince Muhammad bin Abdulaziz Road	60
South	70	Number 52	15
East	55	Wadi Al-Amariah	20
West	40.08	King Fahd Road	80

- Sources: "Title Deed"



Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

2 Inflation Rate

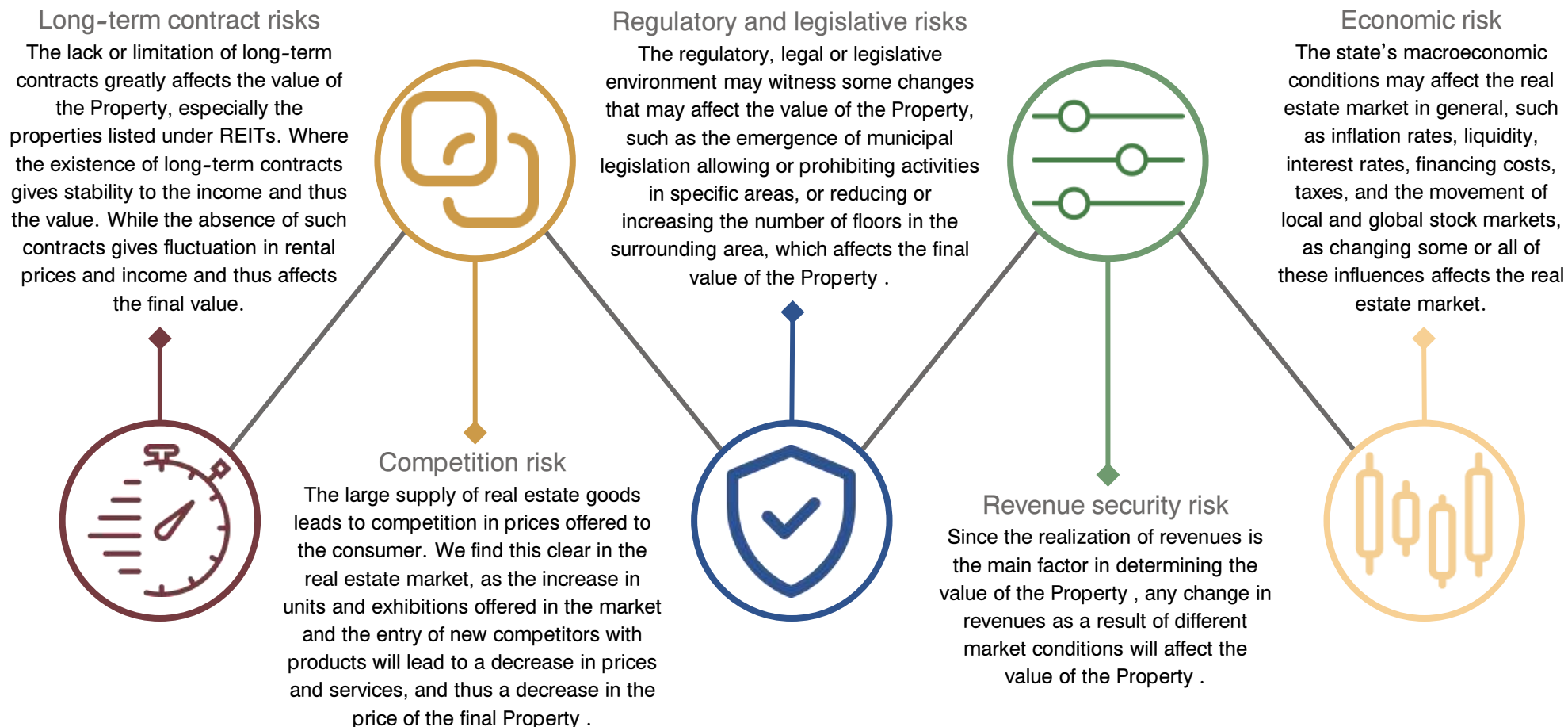
The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



Valuation

Comparable sites

Hamad Tower Project



Tower Information



3 roads within
King Fahad

Car Parking



4 floors provides
500 parkings

Offices



Average 500
Sqm approx.

Retails



Average 400
Sqm approx.

Completion



2016

Location



Olaya district

Floors



35 floors

Leasable Area

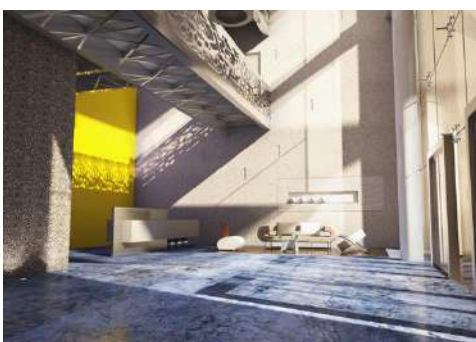


29,864 Sqm

Build-up Area



38,000 Sqm



أبعاد
للتقييم العقاري

Valuation

Comparable sites

About Hamad Tower

- **Main entrance:** The main entrance to the towers, in general, is the main influencing element, and therefore the main entrance to the tower was designed with the latest designs and the finest materials.
- **Office floors:** The offices of the tower have been designed according to the highest engineering standards to allow the best use of space and to provide a practical atmosphere that supports focus and visit the efficiency of employees and includes all work requirements of modern information technology.

Tower Components

The tower consists of thirty-five floors, divided as follows:

Details	Description
Ground floor	The main entrance for the tower and offices
Offices floor	Starts from the first floor to the 35 th floor (with an area of 1,200 Sqm per floor)
25 th floor	Health care club that includes an outdoor swimming pool overlooking the city of Riyadh
Basement floor	Consists of four floors of parking
Average area for buildings	38,000 Sqm
Parking lot	500 cars in addition to front and side parking
Elevators	9 high-speed elevators + elevators for services

Rental Price

Details	Rent Price (SAR/Sqm)	Service (%)
Offices	1,600	10%

Location



أبجد
للتقييم العقاري

Analysis of leasing prices and leasing contracts:

- Abaad team inspected the property, and we have analyzed the current occupancy levels and performance of the property, in addition to the income from the secured and unsecured units.
- The property contains a total of **64** commercial units, some of which will become vacant in **2024**, others in **2026**, and some in the year **2027**.
- According to the client information, the unsecured contracts may be renewed automatically after the expiry of the contract period.
- After analyzing the rental prices for the retail and offices of Hamad tower, it was concluded that the rental prices of the property undervaluation at an average of **1,220 SAR/Sqm** are in the range of the market because the characteristics of Hamad tower are better than the property undervaluation.

Subject Details undervaluation:

Detail	Description
Retail GLA (Sqm)	3046.73
Retail Occupancy rate (%)	100%
Retail Average Lease Rate (SAR/Sqm)	1,444
Retail Revenue (SAR)	4,400,000
Offices GLA (Sqm)	13,440
Offices Occupancy rate (%)	100%
Offices Average Lease Rate (SAR/Sqm)	1,170
Offices Revenue (SAR)	15,718,665
Blended Occupancy Rate (%)	100%
Total Revenue (SAR)	20,118,665
Other Revenues (Advertising Screens) (SAR)	3,000,000

Valuation

Income Approach

Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 7.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027
Total GLA (Sqm)	16,486.73	16,486.73	16,486.73	16,486.73	16,486.73
Average Lease Rate with Inflation (SAR/Sqm)	1,237.26	1,271.90	1,307.52	1,344.13	1,381.76
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Potential Income (SAR)	10,199,191	20,969,536	21,556,683	22,160,270	22,780,758
Vacancies (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Vacancies (SAR)	0	0	0	0	0
Land Rent Cost with Inflation (SAR)	600,000	1,200,000	1,300,000	1,300,000	1,300,000
Operation and Expenses (SAR)	1,325,895	2,726,040	2,802,369	2,880,835	2,961,499
Screens Revenue with Inflation (SAR)	3,041,710	3,126,878	3,214,431	3,304,435	3,396,959
Net Operation Income (SA)	11,315,006	20,170,374	20,668,745	21,283,870	21,916,218
Exit (SAR)					292,216,239
Present Value (SAR)	10,773,753	17,412,081	16,176,156	15,102,064	202,079,848
Market Value (SAR)	261,540,000				

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 30 June 2023:

- 261,540,000 SAR (Two Hundred Sixty-One Million Five Hundred Forty Thousand Saudi Riyals).

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015
Real Estate Sector



Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016
Real Estate Sector



Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020
Real Estate Sector



Company Stamp

Company Name: Abaad &
Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781





Appendix

- Valuation Glossary
- Subject Property Documents

Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.


Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



تاريخ الصك: ١٤٤٣/٩/٢٤ هـ
رقم الصك: ٧٣٠٥٠٢٤١٢٣

البنك الإسلامي للتنمية
وَأَنَّ الْعَدْلَ
[٢٧٧]

صك

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

فإن البنك رقم 14 من المخطط رقم 1184 الواقع في حي العليا ببلدية الرياض -
وجودها وأطولها كالتالي:

شمالاً: شارع عرض 60م بطول: (43.81) ثلاثة و أربعون متر و واحد و ثمانون
سنتيمتر + 21.70م

جنوباً: شارع عرض 15م بطول: (70) سبعون متر

شرقاً: شارع عرض 20م بطول: (55) خمسة و خمسون متر

غرباً: شارع عرض 80م بطول: (40.08) أربعون متر و ثمانية سنتيمتر

ومساحتها: (3212) ثلاثة آلاف و مئتين و اثني عشر متر مربعاً فقط

والمستند في إقرارها على الصك الصادر من الموثقين بالرياض 8 برقم 399016000570
في 20 / 9 / 1443 هـ.

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم
1010484834 وتبقي في 14 / 1 / 1445 هـ، بنس وقدره 23500000 متدين و
خمسمة و ثلاثون مليون ريال وعليه جرى التصديق تحديراً في 24 / 9 / 1443 هـ لاعتماده .


وصلى الله على نبينا محمد وآله وصحه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحقق من بياناتها ومبرراتها عبر الخدمات الإلكترونية لوزارة العمل

صفحة رقم 1 من 1

نموذج رقم (١٦-٩٠٠)

للمطابق مع النسخة الأصلية [٩٨-٩٩٦]
للتنسيق مع النسخة الأصلية التي تم إرسالها إلى [٩٩٦-٩٩٦]





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