



## Real Estate Valuation Report

Al Ghad School

King Abdullah District- Khuzam Street

KSA - Riyadh City

Prepared for Taleem REIT

Date of Report

July 24, 2022



2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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# Real Estate Valuation Report Analysis

**Prepared for:**  
**Taleem REIT**

## **Riyadh City**

**Date of Valuation June 30th, 2022**

**Date of Report July 24th, 2022**

**Done by OPM (Olaat valuation Company)**

**P.O. Box 62244 Riyadh 11585**

**Kingdom of Saudi Arabia**

**The person in charge:**

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**C.R:1010462536**

**Valuation License: 1210000397**

Property's Type	Educational Property –School
Location	Riyadh city – King Abdullah District- Khuzam Street
Land Area	11,282.59 sq. m
Title deed number	710113086467
Title's date	8/11/1441 H
Plots Number	(1,2,3,4,5) - Educational facility
Scheme Number	3267
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Building (Gross floor area)	11,282.58 m <sup>2</sup>
Build up Area (BUA)	17,918 m <sup>2</sup>
Building's Permit number	1439/16886
Building Permit's date	09/11/1439
<b>Market value based to RV &amp; DRC method</b>	<b>SR 101,145,968</b>
<b>Market value based to Cap rate method</b>	<b>SR 94,558,012</b>
<b>Market value based to 45% &amp; 55% Weighted average between DRC and Cap rate Methods</b>	<b>97,522,591 (Ninety-Seven Million, Five-hundred Twenty-two thousand, Five Hundred Ninety-one Saudi Riyal only)</b>



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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

Taleem REIT  
For the attention of:  
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**Assets Management Division**  
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sabbas@fransicapital.com.sa  
P.O. Box 56006, Riyadh 11554

**Property Address: Al Ghad School – Riyadh city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Mr. Sheikh M. Abbas,**

We are Pleased to submit our Valuation report for – **Al-Ghad School - Riyadh city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 97,522,591 SAR** has been assessed by **Residual Value, DRC method (Deprecation replacement cost), And capitalization income method** considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

## 1- Settling the terms of engagement

<b>Identification of the client and any other intended users</b>	<b>(Taleem REIT)</b>
<b>Instruction and purpose of valuation</b>	In accordance with RFP dated on June 08, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Al Ghad School property.
<b>The subject of the valuation</b>	REITs Purposes (Real estate Investment Trust)
<b>Other users</b>	Valuation for an Educational property –Al Ghad School
<b>Interest to be valued</b>	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
<b>The Basis of Value</b>	<p>We are instructed that the subject Land &amp; Building (L&amp;B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.</p> <p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (<b>Taqeem</b>) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>“Value Basis “The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>

<b>Valuation Date</b>	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Al-Ghad School project reflected on June 30th,2022.
<b>Report Date</b>	The valuation report usually dated exactly as the valuation date July 24th, 2022.
<b>Inspection</b>	The Property was inspected on 15 <sup>th</sup> of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership <b>1220000119</b> (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
<b>Market Research &amp; Survey</b>	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
<b>The premise of the highest &amp; optimal use</b>	The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
<b>Independence Valuers</b>	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).



<b>Due Diligence</b>	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.
<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olat & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
<b>Valuation Methodology</b>	The Valuation has been undertaken using the Residual Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.
<b>Confidentiality</b>	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
<b>The nature and source of the information to be relied on</b>	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification

<b>Environmental Matters</b>	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>
<b>General assumption</b>	<p>General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated / school.</p>
<b>Special assumption</b>	<p>It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.</p>
<b>SALIENT POINT (GENERAL COMMENTS)</b>	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

## 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

## 5- source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

## 6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

## 7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

## 8- Documents Received

The Client has provided us by clear copy of the following documents

<b>Title Deed Copy</b>	y
<b>Construction Permit</b>	y
<b>Gross Floor area / floor</b>	y
<b>Total leasable area</b>	y
<b>MEP's Details</b>	x
<b>Mapping Plan</b>	x
<b>Civil Defense Letter</b>	x
<b>Photographs</b>	y

## 9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

### 9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

### When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

*The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.*

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.



*If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.*

*Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.*

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

**Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location,** the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

### **Calculating the cost of Land & Building improvements of a specialized property-**

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may

form part of a specialized property, the term 'site improvement' refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

### **Sources of cost information**

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
  - **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
  - **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
  - **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.

- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

### Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

**Three principal types of depreciation allowance, or obsolescence, may be identified as:**

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

**Remaining economic life**

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

**Lifespan:** When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.

## Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).
- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.



### Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

### 9.2- Comparable Method

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

### 9.3- Capitalization Method (Cap Rate)

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

The appraiser calculator the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.

- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expense include real estate taxes, insurance utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

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

## 10- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

## 11- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 12- Purpose for preparation valuation and Content text

OPM was appointed **Taleem REIT** to evaluate market value for an educational property due to market value located within Abdullah District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

### 13- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Residual Value, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

### 14- Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Taleem REIT**, and have been a presumption of validity.

### 15- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord.

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### 16- Foundation of evaluation report and Contents

#### Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Comparison approach, depreciated replacement cost DRC, Capitalization rate.
3. OPM has no conflict of interest in the time of evaluation.

## 17 -Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the cost. An inspection of the property will be required in order to gather the information needed to complete the cost assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A schedule of the accommodational use.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.

- Estimate All Property 's Value through Depreciated Replacement Cost DRC Approach with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured (DRC), together with allowances in respect of other matters, including:
  - Demolition and debris removal and professional and statutory fees
  - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, Depreciated Replacement Cost, and Current market cost based.
  - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
  - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
  - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
  - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
  - It is advisable for the cost assessment to include certain additions to take account of further costs that will be incurred in the reconstruction of the building and replacement for machineries, equipment, and system.
  - Debris removal, demolition and shoring up party walls
  - Professional fees
  - Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the Offices real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city of Madinah while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°44'00.7 "N	46°44'18.4"E
--------------------------	---------------	--------------



### Aerial View



## 17.1- Site Context & Characteristics

### Location

- It should be noted that, the subject site lies King Abdullah District Riyadh City.
- The adjacent map highlights the subject site's location in relation to nearby key roads and surrounding districts while the insert map provides a micro view of the subject site.
- The subject site is located to the of city within approximately, 3.75 Km from Suliman Al Habib Hospital and 3.71 Km from Rawdah Park & 25 K.m international Airport respectively.
- On a micro level, the subject site is ideally positioned along Khuzam Street Al-urubah road major transport links and arterial roads such as the Retail hub and major Roads.
- It is of the note that the site is situated within the growth corridor of the city in proximity to key landmarks / infrastructure.
- The subject site will benefit from enhanced connectivity to and from the wider city given its direct positioning on the all-major district as depicted in the adjacent map.



- As per information received from the client, the subject site encompasses a total land area of approximately 11,282.58 sqm.
- Based on OPM's Inspection, the site was found to be Developed and occupied structure for educational properties.

Summary		
Land area/ sq. m	Land area Coverage	Permissible height
11,282.58 sqm	60%	G + 40

Land's Topography		
Surface	Shape	Features
Levelled	Polygon	Educational



## 17.2- Proximity to Demand Generators

The Maps Below presents the subject's site location in relation to a sample of key surrounding uses / developments.



The tables below present a sample of existing developments situated within the site's immediate and wider surroundings.

Sr. No	Surrounding Use	Distance - KM
1	KACST	10 K.M
2	International Air-port	26 K.M
3	Riyadh Mall	5.0 K.M
4	King Abdullah Financial District	11 K.M
5	Suliman Al Habib Hospital	4.0 K.M

The subject site's Located on Main Road include Commercial & residential subdivisions and districts supported by a number of existing small retail shops, and locally branded serviced apartments.

### 17.3- Site Accessibility and Visibility

Sector	Side / Part	Comment
<b>General Overview</b>	Prime Location	Located Within center of Riyadh, and with newly urban plan growth direction
	Accessibility and Visibility	*Accessibility through many major roads such as Al Urubah Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape/ Triangles	Triangle– leveled	The property is leveled fully developed built names as Al Ghad School.		
	Internal and scaping for colleges	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development			
	Inside	Abdullah District	The property is located central side of the city a region filled with new development and project and is the location of urban growth and Development.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences

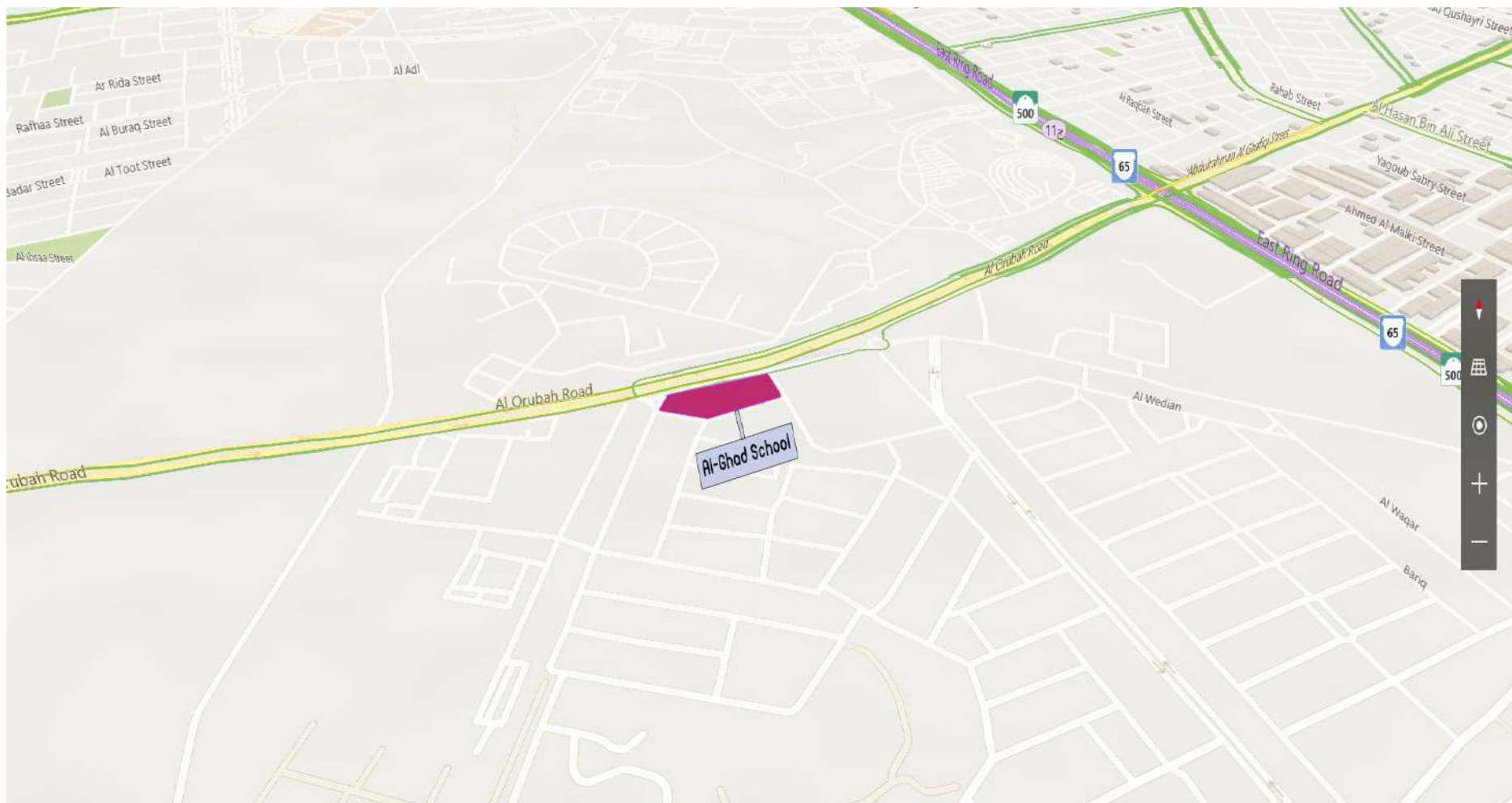


## 17.4 -Area Brief

The subject of this report comprises of developed land extending to approximately GFA 11,282.58 sq. m and located in Abdullah District Riyadh, KSA. Al-Ghad school including Masterplan generally including Offices, Educational Classes for kindergarten to primary, intermediate & secondary stages. All utilities and infrastructure founded Near By

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Centre Riyadh	The property is located Centre of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis			Main Road	Al Urubah Road
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	Sport Activity			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
		Land Shape				

## Middle View of Property





## 18- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

### Building Information

Sr.no	Title Name	Floor Area Sqm	Building Use
1	Basement	5580.40	Services
2	Ground Floor	4604.00	Educational
3	First Floor	4838.00	Educational
4	Electric Room	71.38	Electricity
5	Addition Room Floor	2374.60	Educational
6	Surrounding Area	450	Services

## 19- Property Information

### Site Location Detail

Sr.no	Building	No. of Units
1	No. of Classroom & Educational Activity room	94
2	Libraries	06
3	No. of Labs	08
4	Theaters (Auditorium)	02
5	Medical Clinics	02
6	Play Ground	04

### Classes Details

Sr.no	Description	No. of Units	Student Capacity
1	Gross No. of Classes	94	Max Up to 2300
2	Enrolled Student		1751

## 20-Land Valuation Methodology

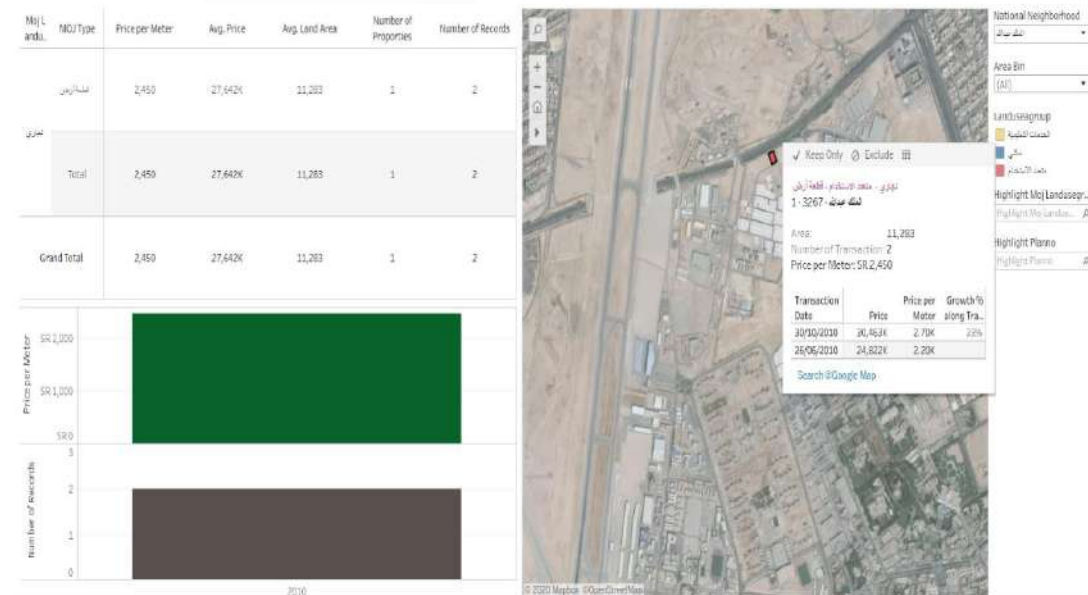
### Comparable Market Approach evaluation – Land Evaluation

In this method, we tried to estimate the Educational Facility Land on King Abdullah District Urubah Road in Riyadh city according to the market comparable approach but there is No Transaction Occurred **Since 2010**.

**No Comparable Samples sold since 2010 (Transactions since 2010) within the Catchment area - Uruba road. (See Attached Pic Report as evidence).**

So, after seeing the transaction History. Through the market survey done by OPM team, no similar land plots sizes for Targeted Lands founded in the surrounding area and similar to targeted land by Area size and in the same district for Comparison.

So, We Can Evaluate through Residual Value method for Property.



(Source: OPM Data)

## 21- Case 1 – Residual value approach (land)

### Residual value approach evaluation – Land Evaluation market value (MV)

#### RV methodology definition:

**The Land - Residual Approach** is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

Dev - Cost Sheet – Al Ghad School - Educational project			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
<b>Development Work</b>			
Land Area - developed / year - sqm	11,283		
Development Cost S.R / sq. m	80		
Total Development Cost / Year	902,606		
<b>National School Grade B+</b>			
<b>Total BUA - sq m</b>	<b>34,976.0</b>		
Units BUA construction / Year	11,659	11,659	11,659
Units Construction F&E Cost S.R / sqm	3,000	3,000	3,000
Total Construction Cost / year	34,975,998	34,975,998	34,975,998
<b>Total Construction Costs</b>	<b>34,975,998</b>	<b>34,975,998</b>	<b>34,975,998</b>
<b>Other Costs</b>			
<b>Professional Fees (Engineering Consultant) 2.5%</b>	874,400	874,400	874,400
<b>Statutory fees 2%</b>	699,520	699,520	699,520
<b>Marketing Fees (Media &amp; Advertising) 1.5%</b>	524,640	524,640	524,640
<b>Contingency costs 10%</b>	3,497,600	3,497,600	3,497,600
<b>Overhead cost 2.5%</b>	874,400	874,400	874,400
<b>Total Dev - Cost - SR</b>	<b>41,446,558</b>	<b>41,446,558</b>	<b>41,446,558</b>

## Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

Dev- period  
3 Years

Year 1

Year 2

Year 3

Year 31

Year 32

Year 33

### Category 1- National school - Rev- Leasing to Operator

Leasable area - sq m		34,976	34,976	34,976	34,976	34,976	34,976
Annual rental price - sq m		475	475	475	1050	1050	1050
Occupancy Rate %		100%	100%	100%	100%	100%	100%
<b>Revenues Cat 1</b>		<b>16,613,599</b>	<b>16,613,599</b>	<b>16,613,599</b>	<b>36,724,798</b>	<b>36,724,798</b>	<b>36,724,798</b>
<b>Gross Revenues</b>		<b>16,613,599</b>	<b>16,613,599</b>	<b>16,613,599</b>	<b>36,724,798</b>	<b>36,724,798</b>	<b>36,724,798</b>

Income Statement							
	Year 1	Year 2	Year 3	Year 4	Year 31	Year 32	Year 33
Gross Revenues	16,613,599	16,613,599	16,613,599	17,487,999	36,724,798	36,724,798	36,724,798
General & Administrative Expenses (0%) Triple Net	0	0	0	0	0	0	0
Gross Profit - EBITDA	16,613,599	16,613,599	16,613,599	17,487,999	36,724,798	36,724,798	36,724,798
Depreciation	(828,931)	(828,931)	(828,931)	(828,931)	(828,931)	(828,931)	(828,931)
Earnings after depreciation	15,784,668	15,784,668	15,784,668	16,659,068	35,895,867	35,895,867	35,895,867
Interest Expense	0	0	0	0	0	0	0
Earning after interest expense	15,784,668	15,784,668	15,784,668	16,659,068	35,895,867	35,895,867	35,895,867
Taxes & Zakat	(2,762,317)	(2,762,317)	(2,762,317)	(2,915,337)	(6,281,777)	(6,281,777)	(6,281,777)
<b>Net Income</b>	<b>13,022,351</b>	<b>13,022,351</b>	<b>13,022,351</b>	<b>13,743,731</b>	<b>29,614,090</b>	<b>29,614,090</b>	<b>29,614,090</b>
Dividends Rate	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Additions to Retained Earnings	13,022,351	13,022,351	13,022,351	13,743,731	29,614,090	29,614,090	29,614,090
<b>Cumulative Retained earnings</b>	<b>13,022,351</b>	<b>26,044,702</b>	<b>39,067,053</b>	<b>52,810,784</b>	<b>619,385,489</b>	<b>648,999,579</b>	<b>678,613,669</b>

### Cash Flow Statement

Cash flow Table	Construction Year 1	Construction Year 2	Construction Year 3	Operation Year 1	Operation Year 2	Operation Year 3	Operation Year 31	Operation Year 32	Operation Year 33
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<b>IN - Flow</b>									
Capital Injection									
Net Revenues				13,022,351	13,022,351	13,022,351	29,614,090	29,614,090	29,614,090
Depreciation				828,931	828,931	828,931	828,931	828,931	828,931
<b>Total Inflow</b>				13,851,282	13,851,282	13,851,282	30,443,021	30,443,021	30,443,021

<b>OUT Flow</b>									
Total Construction Cost	41,446,558	41,446,558	41,446,558						
Professional Fees	874,400	874,400	874,400						
Statutory fees 2%	699,520	699,520	699,520						
Marketing Fees (Media & Advertising) 1.5%	524,640	524,640	524,640						
Contingency costs 10%	3,497,600	3,497,600	3,497,600						
Overhead cost 1%	874,400	874,400	874,400						

<b>Total Outflow</b>	<b>(47,917,117)</b>	<b>(47,917,117)</b>	<b>(47,917,117)</b>						
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Net Cash Flow	(47,917,117)	(47,917,117)	(47,917,117)	13,851,282	13,851,282	13,851,282	30,443,021	30,443,021	30,443,021
<b>Cumulative Net Income</b>	<b>(47,917,117)</b>	<b>(95,834,235)</b>	<b>(143,751,352)</b>	<b>(129,900,070)</b>	<b>(116,048,787)</b>	<b>(102,197,505)</b>	<b>501,331,003</b>	<b>531,774,024</b>	<b>562,217,046</b>



Residual Value - RV										
RV	Construction / Year 1	Construction/ Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 3	Operation / Year 31	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	3	31	32	33	645,082,355
Revenues		0	0	13,022,351	13,022,351	13,022,351	29,614,090	29,614,090	29,614,090	
Total Inflow		0	0	13,851,282	13,851,282	13,851,282	30,443,021	30,443,021	30,443,021	
Discount Rate:	10%	0.000	0.000	0.909	0.826	0.751	0.052	0.047	0.043	
OUT Flow										Total Cash flow
Total Outflow		0	0	0	0	0	0	0	0	
Total Cash out										
Net Cash Flow (Before Discount Rate)	(124,339,673)	0	0	13,851,282	13,851,282	13,851,282	30,443,021	30,443,021	30,443,021	213,902,693
										Total Cash flow
Discounted Cash Flow DCF	(124,339,673)	0	0	12,588,298	11,440,475	10,397,313	1,571,362	1,428,082	1,297,867	41,467,726
										Residual value
NPV	177,598,746									
IRR	11.19%									
Market Value - MV										
	Land - MV	41,467,726								
	Land area - sq m	11,283.00								
MV - per sq m - Residual value		3,675.24								
Market Value MV			Land Area – sq m		Value / sq m. SAR			MV SAR		
Market Value for land			11,283		3,675.24			41,467,726		

## 22- Case 2- Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of educational building permit; the total Gross Floor area GFA has been calculated area 11,282.58 sq. from Taleem REIT.

### Depreciated Replacement cost (DRC)

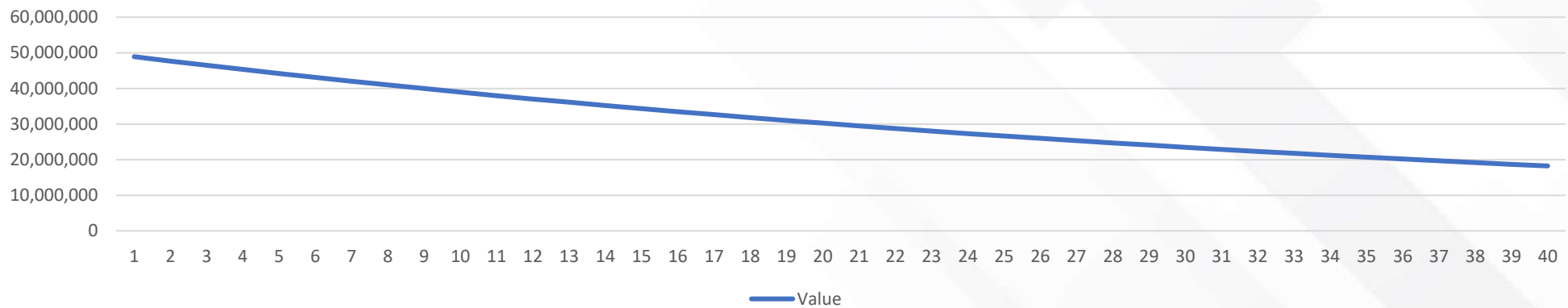
<b>Standard:</b> Average useful life for school building in Riyadh city after taken into consideration climate.	<b>N (number of years) =</b>	<b>50 years</b>
Deprecation ratio Per annum 2%	Appreciation 0.5 (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculating Depreciation and Appreciation <b>1.5%</b>
<b>Building (equipment) useful life</b>	<b>N (number of years) =</b>	<b>3.5 years</b>
<b>Apportionment – Acc Depreciation</b>	<b>1.5%*3.5 Years</b>	<b>5.25%</b>

**Note:** Depreciation charged on December for each year.

**(Construction, Finishing & MEP equipment) for building – All MEP installed**

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. m june-2022	Completion %	Market value/ SR
Basement	5580.40	3,150	100%	17,578,260
Ground Floor	4604.00	3,045	100%	14,019,180
First Floor	4838.00	3,045	100%	14,731,710
Electric Room	71.38	1,050	100%	74,949
Addition Room Floor	2374.60	2,100	100%	4,986,660
Surrounding Area	450	525	100%	236,250
<b>Replacement cost - SR</b>				<b>51,627,009</b>
- Apportionment Acc Depreciation – December 2021		(51,627,009*5.25/100)		(2,710,417)
<b>Depreciated Replacement cost DRC for building</b>				<b>48,916,592</b>

**Value of building during operational Life Cycle**



### 23-Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work- Currency SR

<b>Market Value (Land)</b>	<b>41,467,726 SAR</b>
Plus	
<b>Building Value before adding Profit Margin - SAR</b>	<b>48,916,592 SAR</b>
+ Developer Profit Margin (22%) – only for Building Value - SAR	10,761,650 SAR
<b>Building Value - SAR</b>	<b>59,678,242 SAR</b>
Sum of Value – Property	<b>101,145,968 SAR</b>
<b>Market value -Total Land &amp; Building Property (Rounding Figure)</b>	<b>101,145,968 S.R (One-hundred one million, one hundred forty-five thousand, sixty - eight Saudi riyals)</b>

#### (Sensitivity Analysis) for Weighted average value based

The Sensitivity ratio for the Property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

<b>-5%</b>	<b>market value</b>	<b>+5%</b>
<b>96,089,000 SR</b>	<b>101,145,968 SR</b>	<b>106,203,000 SR</b>

**24-Valuation Based to Income approach- Capitalization rate** ratio of Net Operating Income (NOI) to property asset value - **Riyadh city**  
**June-2022- FFO** to define the cash flow from their operations Official leasing Percentage Yield Escalation As per received from Client:

Taleem REIT AlGhad Yield Rental Payment Schedule 30 <sup>st</sup> June 2022					
Year	Rent Start Date	Rent End Date	Rent Payment Date	Anniversary date	Rent Amount (in SAR)
1	1-Jul-20	30-Jun-21	30-Jun-20	1st Anniversary	5,950,000
2	1-Jul-21	30-Jun-22	30-Jun-21	2nd Anniversary	5,950,000
3	1-Jul-22	30-Jun-23	30-Jun-22	3rd Anniversary	5,950,000
4	1-Jul-23	30-Jun-24	30-Jun-23	4th Anniversary	5,950,000
5	1-Jul-24	30-Jun-25	30-Jun-24	5th Anniversary	6,545,000
6	1-Jul-25	30-Jun-26	30-Jun-25	6th Anniversary	6,545,000
7	1-Jul-26	30-Jun-27	30-Jun-26	7th Anniversary	6,545,000
8	1-Jul-27	30-Jun-28	30-Jun-27	8th Anniversary	6,545,000
9	1-Jul-28	30-Jun-29	30-Jun-28	9th Anniversary	6,545,000
10	1-Jul-29	30-Jun-30	30-Jun-29	10th Anniversary	7,199,500
11	1-Jul-30	30-Jun-31	30-Jun-30	11th Anniversary	7,199,500
12	1-Jul-31	30-Jun-32	30-Jun-31	12th Anniversary	7,199,500
13	1-Jul-32	30-Jun-33	30-Jun-32	13th Anniversary	7,199,500
14	1-Jul-33	30-Jun-34	30-Jun-33	14th Anniversary	7,199,500
15	1-Jul-34	30-Jun-35	30-Jun-34	15th Anniversary	7,919,450
16	1-Jul-35	30-Jun-36	30-Jun-35	16th Anniversary	7,919,450
17	1-Jul-36	30-Jun-37	30-Jun-36	17th Anniversary	7,919,450
18	1-Jul-37	30-Jun-38	30-Jun-37	18th Anniversary	7,919,450
19	1-Jul-38	30-Jun-39	30-Jun-38	19th Anniversary	7,919,450
20	1-Jul-39	30-Jun-40	30-Jun-39	20th Anniversary	8,711,395
21	1-Jul-40	30-Jun-41	30-Jun-40	21st Anniversary	8,711,395
22	1-Jul-41	30-Jun-42	30-Jun-41	22nd Anniversary	8,711,395
23	1-Jul-42	30-Jun-43	30-Jun-42	23rd Anniversary	8,711,395
24	1-Jul-43	30-Jun-44	30-Jun-43	24th Anniversary	8,711,395
25	1-Jul-44	30-Jun-45	30-Jun-44	25th Anniversary	8,711,395

## 25- Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period percentage for Al-Ghad school and after Inspection for Riyadh Market and catchment area without found any comparable based due to Scarcity of similar property beside the type of college areas of other property and market renting pricing in Riyadh market was based to experience and Saudi Arabia major cities benchmark for educational property After taking into consideration for location of property, quality of building and market indicators.

Due to market renting analysis the average rents in the area at time of valuation in between 375 –475 SAR per sq. m for net Leasable area including basement floor and comparing it to the annual renting values for properties in the Riyadh City and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The **Property's Av rent for 25 years is 7,375,525 SAR per annum**, which equating to around SAR 411.62\* per sq. m

\* **Notes:** Average Rental Value/Total Build up Area

$$7,375,525/17,918.38 = 411.62$$

<b>Average Net Operating Income – triple Net</b> for a 25 Years Contractual period based to client's statement.	<b>7,375,525</b>	
<b>– Vacancy and collection loss</b>	<b>0</b>	
<b>Additional income</b>	<b>0</b>	
<b>Effective Average gross income</b>	7,375,525	
<b>Operating Expenses</b> (all expenses on Operator's responsibility) – Triple net wise		
<b>Fixed</b>	0	
<b>Variable</b>	0	
<b>Reserves</b>	0	
<b>Total Operating expenses</b>	<b>0</b>	
<b>Average Net operating income NOI</b>	<b>7,375,525</b>	
<b>Cap rate 7.8%</b>		
<b>Market Value @ 7.8% Capitalization rate</b>	<b>94,558,012 SAR</b>	



**26- Note: Opinion of Value in case of Taleem REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method**

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the lease Escalation data received from Client for 25 Obligatory Contractual period is Market Value:

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
L&B Value (Residual value + DRC depreciation replacement cost – MV)	101,145,968	45%	45,515,685 SR
Income Approach Capitalization rate – Market Value	94,558,012	55%	52,006,906 SR
Weighted Average (45% for DRC, 55% Cap rate)			
Aggregate Market value property			97,522,591 SR
Market value MV	97,522,591 (Ninety-Seven million, Five hundred twenty-two Thousand, Five hundred ninety-one Saudi Riyal)		

**General Notes:**

- The market value of the property - is 97,522,591 Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- Market value was calculated on the basis of the average between market value based on income, residual value of land / Cost Method - Cost and Depreciation method for buildings.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olat Real Estate Valuation Company that could affect the value of the property.
- Olat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.

- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the contract.

### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
92,646,461 SR	97,522,591	102,398,720 SR

## 27- Real Estate Market Summary- Riyadh City-

**27.1-Office's market:** In order to improving business condition & flourishing business activities in 2022 office performance improved in the kingdom. Average rent of Riyadh for Grade A & B in Slighting increase & Office's vacancies rate of office little bit drops because of in year 2020 (SAGIA) Saudi Arabia General Investment Authority Issue more than 400 plus new License to Investor to operate business companies in private sectors & also increasing demand from government entities. According to stats the unemployment rate is reduce for Saudi citizen so it shows the improvement in business sector for overall Saudi Arabia. Increase in business improvement condition play a vital role to increase the office demand & to accelerate economic recovery and attempt to create more opportunity in market. In short term, office sector is maintaining the sustainability at moment. & Government aims to establish the Riyadh as Business & economic hub that definitely likely to boost the office demand in kingdom of Saudi Arabia.



Healthcare sector continues rapidly growing and developing advance health care sector in kingdom. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. The Government health care services increase Public, Private Participation (PPP) health care delivery model, to boost and major advancement of healthcare sector in this region. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

**27.2-Residential market:** The majority of the supply for Residential Units delivered by ministry of housing through various initiative programs in order to achieve 70% homeownership target by vision 2030. In term of performance sale price slightly increase due to strong government backend support to expand the mortgage scheme and government sakni program for Saudi Resident & mortgage loan raised for construction sector. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market. Government ambitious target to increase population of Riyadh city the household will continuous to increase in upcoming years so expected to be an increase demand in residential sector.

**27.3-Hospitality market:** In the beginning of year 2022, Riyadh hotel occupancy up to 70% & Average daily price is also increase as compare to last year 2021. ministry of tourism announced the regulation to boost the tourism sector so Government pushes up hospitality activities to apply tourism development strategy. so in order to implementation Government budget statement showed more than 15K hotel keys to be deliver through tourism development fund. that is an opportunity for investor and new market entrant to consider the hospitality sector that has great significant potential in Kingdom. In Ramazan month 23 million permits issued by ministry of Hajj & umrah to citizen resident, visitors & now one million pilgrims travelling to country performing Hajj with eliminating social distancing requirement & now operating two holy mosques with full capacity. The continuous level of Commitment and investment will help to support tourism industry and enhance the economic activity in the kingdom

**27.4-Retail market:** Saudi Arabia's e-commerce industry, whilst developing, is rapidly growing and to support and regulate growth in the Saudi Arabia. Despite the economic condition caused by pandemic the landlord adopted the digital transformation strategies to redefine consumer experience and introduce more innovative omni-channel retail experiences to attract demand. In addition to strengthening their wider omnichannel platform, retailers have adopted store pickup services more broadly, including fully-automated stores, to allow for a quick collection of purchased goods. although well-capitalized retail operators and new market entrants are selectively looking for expansion opportunities. While retail sector enjoys slightly upward trend in performance. Furthermore, Saudi Arabia ministry of investment recently highlighted governments aim to attract investment in various project especially retail & entertainment sectors.

**27.5- Industrial warehouses:** While occupancies increased marginally in the industrial warehouses sector over last year end, the warehouse industry is exhibiting healthy growth. Despite the reopening of many physical stores, e-commerce continues to be a strong driver of demand for logistics space globally, leading to near-record absorption levels in several major markets. The rise of automation and value-added services to attain competitive differentiation is changing the way to operate, leading a dynamic future. The rapid growth of e-commerce across the globe, the ongoing realignment of supply chains and increasing requirement for last mile warehouses is likely to continue to support strong demand over the longer term.

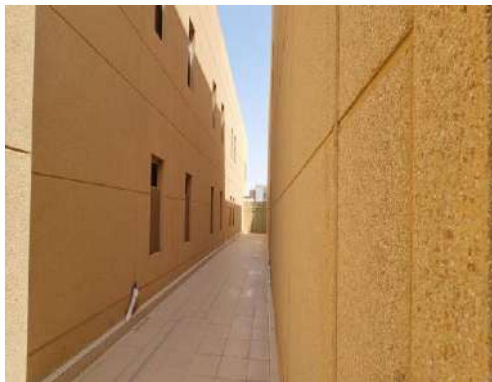
## 28- External and internal Pictures

### External view

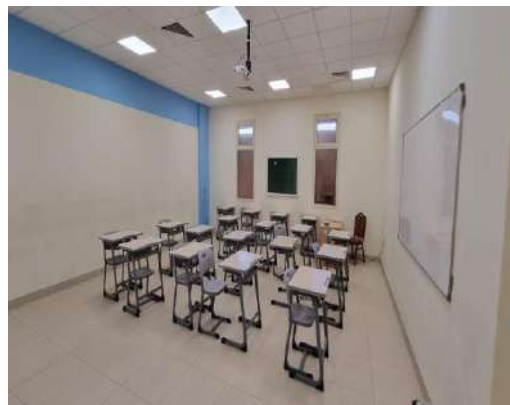




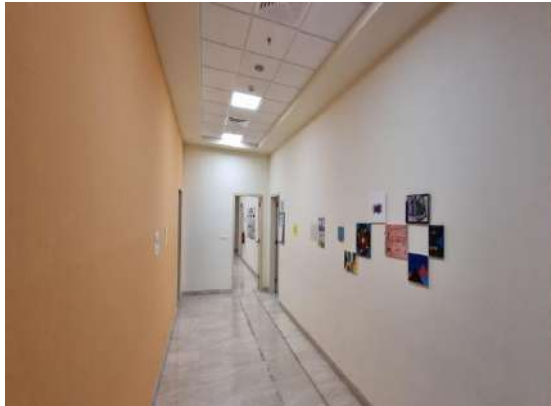
## External View



## Internal view

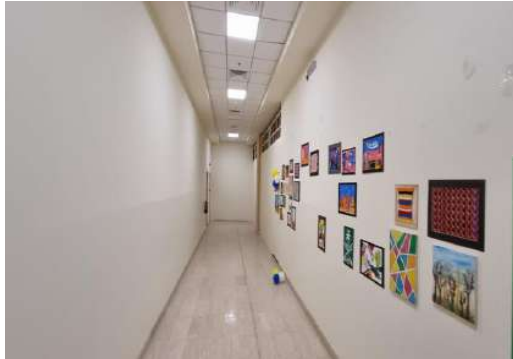


## Internal view

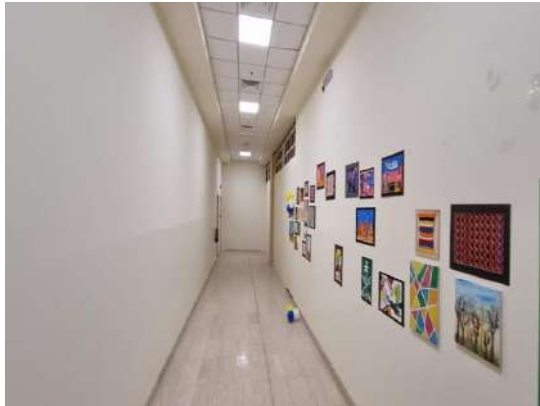




## Internal view



## Internal view



## Internal view



## 29-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Deputy Valuation Manger	1210001148	1444/12/27	Real estate
<b>Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





## 29.1- OPM Valuation's team Taqueem's certificates



## QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير 605466	منشأة التقييم شركة أولات وشريكه للتقييم العقاري
العميل الغرض من التقييم	صندوق تعليم ريت الشراء
عدد الأصول نوع التقرير	1 تقرير مفصل
تاريخ إصدار التقرير	Sun 24 Jul, 2022

للتحقق من صحة شهادة التسجيل:



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We derive the Accurate Value in a changing market



Real Estate Valuation Report  
Al - Rowad International Schools  
Nuzha District- Abi Sufyan Ibn Harb  
Street - Riyadh City  
Prepared for Taleem REIT  
Date of Report  
July 24,2022



2022

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**Olaat Valuation Company C.R:1010462536 Valuation License: 121000397**

# Real Estate Valuation Report Analysis

## Prepared for: Taleem REIT

### Riyadh City

Date of Valuation 30<sup>th</sup> June, 2022

Date of Report July 24<sup>th</sup>, 2022

Done by OPM (Olat valuation Company)

P.O.Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

- OPM Valuation Company

Email: [opm@olaat.com](mailto:opm@olaat.com)

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C.R:1010462536

Valuation License: 1210000397

Property's Type	Educational Property –International school
Location	Riyadh city – Al-Nuzha District- closed to Abi Bakr Siddiq Rd
Land Area	30,000 sq m
Title deed number	310105053427
Title's date	14/4/1439 H
Plots Number	232- Educational facility
Scheme Number	1954/1
Land Topography	Flat
Boarded streets & Neighbors	<b>N:</b> Street Width 20 m length 200 m
	<b>S:</b> Parking area then Street width 36 m Length 200 m
	<b>E:</b> Street width 20 m Length 150 m
	<b>W:</b> Street width 30 m Length 150 m
Building (Gross floor area) based to Permit	47,281 sq m plus Fence 686 m <sup>2</sup>
Building's Permit number	8250/1427
Building Permit's date	22/03/1431
Market value based to RV & DRC method	252,304,409 SR
Market value based to Cap rate method	240,634,013 SR
Market value based to 50% Weighted average between DRC and Cap rate Methods	246,469,000 (Two hundred Forty-six million, Four hundred sixty-nine Thousand SR)

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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

For the attention of:

Saudi Fransi Capital  
Assistant Management Division  
T: +966 11 2826788  
[sAbbas@fransicapital.com.sa](mailto:sAbbas@fransicapital.com.sa),  
P.O. Box 23454, Riyadh 11426

**Property Address: Al Rowad International School (AIS) - Riyadh city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Sir,**

We are Pleased to submit our Valuation report for – **Al Rowad International School (AIS) - Riyadh city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation in Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 246,469,000** has been assessed by **Residual value, and DRC method (Deprecation replacement cost), And capitalization income method considering the** location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.



## 1- Settling the terms of engagement

Identification of the client and any other intended users	(Taleem REIT)
Instruction and purpose of valuation	In accordance with RFP dated on June 07, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Al Rowad International School property.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for an Educational property –Al Rowad International School
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
The Basis of Value	<p>We are instructed that the subject Land &amp; Building (L&amp;B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.</p> <p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (<b>Taqeem</b>) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>“Value Basis “The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>

<b>Valuation Date</b>	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Al-Rowad International School project reflected on June 30th,2022.
<b>Report Date</b>	The valuation report usually dated exactly as the valuation date July 24th, 2022.
<b>Inspection</b>	The Property was inspected on 15 <sup>th</sup> of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership <b>1220000119</b> (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
<b>Market Research &amp; Survey</b>	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
<b>The premise of the highest &amp; optimal use</b>	The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.



<b>Independence Valuers</b>	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).
<b>Due Diligence</b>	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.
<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olaa & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
<b>Valuation Methodology</b>	The Valuation has been undertaken using the Residual Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.

<b>Confidentiality</b>	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
<b>The nature and source of the information to be relied on</b>	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
<b>Environmental Matters</b>	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>
<b>General assumption</b>	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated / school.

<b>Special assumption</b>	<p>It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.</p>
<b>SALIENT POINT (GENERAL COMMENTS)</b>	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. In the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International Valuation Standards Council (IVSC): The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

#### 5- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

#### 6- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 7- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

## 8- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

## 9- Purpose for preparation valuation and Content text

OPM was appointed **Taleem REIT** to evaluate market value for an educational property due to market value located within Al-Nuzha district based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

## 10-Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Residual value Method, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation **July 24th, 2022 AD.**

## 11-Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Taleem REIT**, and have been a presumption of validity.

## 12-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord (Fawaz Suleiman Al-Rajhi).

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## 13-Foundation of evaluation report and Contents

### Assumptions

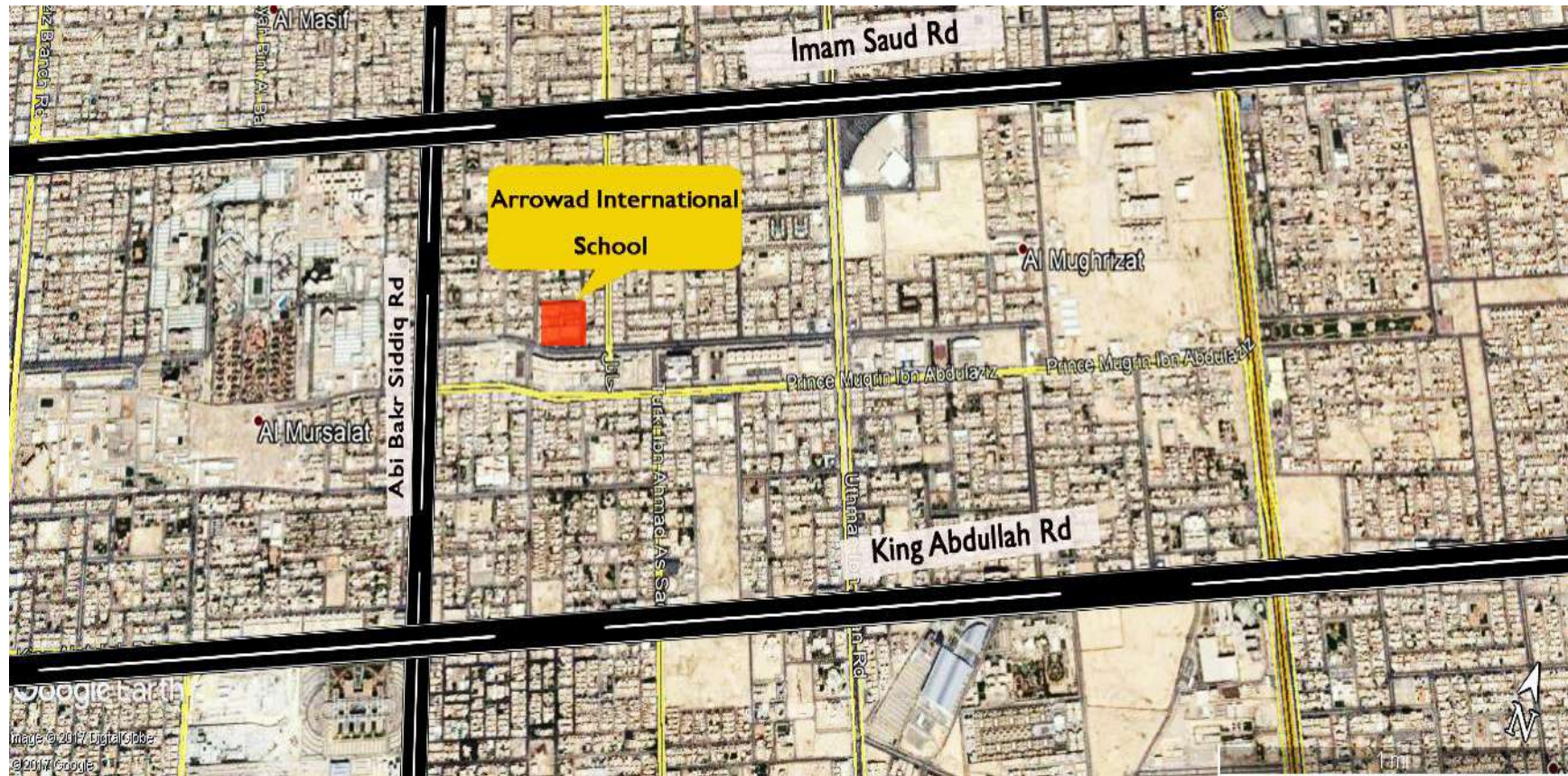
1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation)
2. Estimated current market value depending on Residual value approach. And depreciated replacement cost DRC, Capitalization rate.
3. The valuation is valid for Six months period from the date of preparation.
4. OPM has no conflict of interest in the time of evaluation.



## 14-Property's Identification

The subject property consists of educational property Asset (Land + building) located in **Riyadh city** within Al-Nuzha district. Land area: **30,000 sq m + Building GFA 47,281 sq m plus Fence 686 m2** based on data has been received from **Taleem REIT**

Geographic Coordinates: **N: 24°45'22.60" - E: 46°42'13.69"**





The Image below shows the Boundaries of the site:

**Aerial View**



## 14.1- Property Characteristics

**The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:**

- Visibility: This refers to the general visibility of the frontage of the asset from 4 sides
- Ease of Access: No any impediments to the building access via the existing roads
- General surroundings: This describes the area in terms of the surroundings and its uses (commercial and residential)
- Competitive environment: This describes the location in terms of whether the competition and rival situation is high or low
- Proximity to demand generators: These would refer to proximity to business environment that would support the main function of the property and its proposed extension project.
- No Any educational lands in site region offering either for rent or sale
- Lacking for any new rival educational projects in case of new supply from schools

### **Main features of the project (Advantages):**

- Educational school (international) – 7000 Student – Existing students
- One underground floor - Basement: assembly point for school's buses: 100 nos – 2 Fire exits
- HVAC system (Central system) more than 250 unit, plus 2 Packaged units 25 Ton – (Fuji Electric Manufacturing)
- All building full covered with CCTV with more than 100 surveillance unit
- Automatic Fire system covering only a basement floor (Theater) and the buildup floors (extinguisher fire – fire Hose) plus smoking detectors
- Efficient mechanical design installed

- Technical room, electrical room
  - Electrical design connecting to Sceco Room
  - All MEP equipment installed
  - 10 Elevators, Water Pump Room
  - All maintenance (weekly, monthly and quarterly reporting)
  - 8 mini-Football, Basketball playgrounds, swimming pool
  - Public bathrooms and service room in every floor
  - Mosque
  - Library, Laboratory
  - Grounds Porcelain
  - Theatre full capacity 250 person
  - Management section grounds fine granite.

**(Disadvantages):**

- Basement need more lighting
- In general building need soft maintenance – Periodically



## 15-Land Valuation

### 15.1- Case 1 – Residual value approach (land)

#### Residual value approach evaluation – Land Evaluation market value (MV)

##### RV methodology definition:

**The Land - Residual Approach** is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

### Dev - Cost Sheet - National School - Educational project

<b>Cost Type- Dev Type</b>	<b>Con Year 1</b>	<b>Con Year 2</b>	<b>Con Year 3</b>
<b>Development Work</b>			
Land Area - developed / year - sqm	30,000		
Development Cost S.R / sq m	80		
Total Development Cost / Year	2,400,000		
<b>National School Grade B+</b>			
<b>Total BUA - sq m</b>	<b>38,000</b>		
Units BUA construction / Year	12,667	12,667	12,667
Units Construction F&E Cost S.R / sqm	3,200	3,200	3,200
Total Construction Cost / year	40,533,333	40,533,333	40,533,333

<b>Total Construction Costs</b>	<b>40,533,333</b>	<b>40,533,333</b>	<b>40,533,333</b>
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<b>Other Costs</b>			
<b>Professional Fees (Engineering Consultant) 2.5%</b>	1,013,333	1,013,333	1,013,333
<b>Statutory fees 2%</b>	810,667	810,667	810,667
<b>Marketing Fees (Media &amp; Advertising) 1.5%</b>	608,000	608,000	608,000
<b>Contingency costs 10%</b>	4,053,333	4,053,333	4,053,333
<b>Overhead cost 2.5%</b>	1,013,333	1,013,333	1,013,333

<b>Total Dev - Cost - SR</b>	<b>48,032,000</b>	<b>48,032,000</b>	<b>48,032,000</b>
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## Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

Dev- period  
3 Years

Year 1

Year 2

Year 3

Year 31

Year 32

Year 33

Category 1- National school - Rev- Leasing to Operator							
Leasable area - sq m		38,000	38,000	38,000	38,000	38,000	38,000
Annual rental price - sq m		550	550	550	1100	1100	1100
Occupancy Rate %		100%	100%	100%	100%	100%	100%
Revenues Cat 1		20,900,000	20,900,000	20,900,000	41,800,000	41,800,000	41,800,000
Gross Revenues		20,900,000	20,900,000	20,900,000	41,800,000	41,800,000	41,800,000

Income Statement							
	Year 1	Year 2	Year 3	Year 4	Year 31	Year 32	Year 33
Gross Revenues	20,900,000	20,900,000	20,900,000	22,800,000	41,800,000	41,800,000	41,800,000
General & Administrative Expenses (0%) Triiple Net	0	0	0	0	0	0	0
Gross Profit - EBITDA	20,900,000	20,900,000	20,900,000	22,800,000	41,800,000	41,800,000	41,800,000
Depreciation	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)
Earnings after depreciation	19,939,360	19,939,360	19,939,360	21,839,360	40,839,360	40,839,360	40,839,360
Interest Expense	0	0	0	0	0	0	0
Earning after interest expense	19,939,360	19,939,360	19,939,360	21,839,360	40,839,360	40,839,360	40,839,360
Taxes Zakat & Vat	(3,489,388)	(3,489,388)	(3,489,388)	(3,821,888)	(7,146,888)	(7,146,888)	(7,146,888)
<b>Net Income</b>	<b>16,449,972</b>	<b>16,449,972</b>	<b>16,449,972</b>	<b>18,017,472</b>	<b>33,692,472</b>	<b>33,692,472</b>	<b>33,692,472</b>
Dividends Rate	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Additions to Retained Earnings	16,449,972	16,449,972	16,449,972	18,017,472	33,692,472	33,692,472	33,692,472
<b>Cumulative Retained earnings</b>	<b>16,449,972</b>	<b>32,899,944</b>	<b>49,349,916</b>	<b>67,367,388</b>	<b>781,910,382</b>	<b>815,602,854</b>	<b>849,295,326</b>

## Cash Flow Statement

Cash flow Table	Construction Year 1	Construction Year 2	Construction Year 3	Operation Year 1	Operation Year 2	Operation Year 3	Operation Year 31	Operation Year 32	Operation Year 33
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<b>IN - Flow</b>									
Capital Injection									
Net Revenues				16,449,972	16,449,972	16,449,972	33,692,472	33,692,472	33,692,472
Depreciation				960,640	960,640	960,640	960,640	960,640	960,640
<b>Total Inflow</b>				17,410,612	17,410,612	17,410,612	34,653,112	34,653,112	34,653,112

<b>OUT Flow</b>									
Total Construction Cost	48,032,000	48,032,000	48,032,000						
Professional Fees	1,013,333	1,013,333	1,013,333						
Statutory fees 2%	810,667	810,667	810,667						
Marketing Fees (Media & Advertising) 1.5%	608,000	608,000	608,000						
Contingency costs 10%	4,053,333	4,053,333	4,053,333						
Overhead cost 1%	1,013,333	1,013,333	1,013,333						

<b>Total Outflow</b>	<b>(55,530,667)</b>	<b>(55,530,667)</b>	<b>(55,530,667)</b>						
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Net Cash Flow	(55,530,667)	(55,530,667)	(55,530,667)	17,410,612	17,410,612	17,410,612	34,653,112	34,653,112	34,653,112
<b>Cumulative Net Income</b>	<b>(55,530,667)</b>	<b>(111,061,333)</b>	<b>(166,592,000)</b>	<b>(149,181,388 )</b>	<b>(131,770,776 )</b>	<b>(114,360,164 )</b>	<b>645,098,222</b>	<b>679,751,334</b>	<b>714,404,446</b>

Residual Value - RV								
RV	Construction / Year 1	Construction / Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 32	Operation / Year 33	Total
<b>IN - Flow</b>	<b>Period</b>	0	0	1	2	32	33	
<b>Revenues</b>		0	0	16,449,972	16,449,972	33,692,472	33,692,472	
<b>Total Inflow</b>		<b>0</b>	<b>0</b>	<b>17,410,612</b>	<b>17,410,612</b>	<b>34,653,112</b>	<b>34,653,112</b>	<b>811,690,222</b>
<b>Discount Rate:</b>	<b>9%</b>	0.000	0.000	0.920	0.847	0.070	0.065	
<b>OUT Flow</b>								
<b>Total Outflow</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Cash out</b>								
<b>Net Cash Flow (Before Discount Rate)</b>	<b>(144,096,000)</b>	0	0	17,410,612	17,410,612	34,653,112	34,653,112	270,974,604
								Total Cash flow
<b>Discounted Cash Flow DCF</b>	<b>(144,096,000)</b>	<b>0</b>	<b>0</b>	<b>16,023,019</b>	<b>14,746,014</b>	<b>2,429,472</b>	<b>2,235,847</b>	<b>105,043,113</b>
								<b>Residual value</b>

<b>NPV</b>	<b>229,966,520</b>
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<b>IRR</b>	<b>12.20%</b>

<b>Market Value - MV</b>		
	Land - MV	105,043,113
	Land area - sq m	30,000.00
<b>MV - p er sq m - Residual value</b>		<b>3,501.44</b>

Market Value MV	Land Area – sq m	Value / sq m. SAR	MV SAR
Market Value for land	30,000	3,501.44	105,043,200

## 15.2- Case 2- Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of Official building permit; the total Gross Floors area GFA has been calculated as 47,281 sq m from Taleem REIT

Components	Gross Floor Area GFA – sq m	Type of operation
Basement floor	8,085	Parking
Ground floor	12,422	amenities, laboratories, lobbies, services
First floor	14,530	Classes and laboratories
Second floor	13,244	Classes and management
Fence	686	Services
Total GFA – sq m	48,281 plus Fence 686	
External Area – sq m	17,578 sq m	Playgrounds, recreation, swimming pool

### Depreciated Replacement cost (DRC)

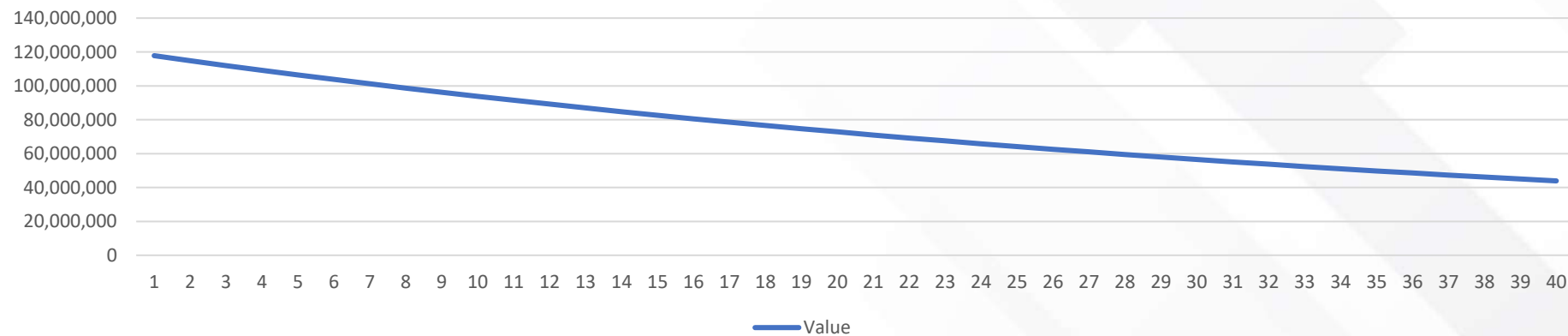
<b>Standard:</b> Average useful life for Schools building in Al-Riyadh city after taken into consideration climate (Dry)	<b>N (number of years) =</b>	<b>50 years</b>
Deprecation ratio Per annum 1.25%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work 0% per annum	Apportionment after Calculating Depreciation and Appreciation 1.25%
<b>Building (equipment) useful life</b>	<b>N (number of years) =</b>	<b>11 years</b>
<b>Apportionment – Acc Depreciation</b>	<b>1.25%*11 Years</b>	<b>14%</b>



**(Construction, Finishing & MEP equipment) for building – All MEP installed**

Type of Construction	GFA / sq m	Replacement cost / SAR – sq m June-2022	Completion %	Market value/ SR
Basement floor	8,085	3,150	100%	25,467,750
Ground floor	12,422	2,625	100%	32,607,750
First floor	14,530	2,625	100%	38,141,250
Second floor	13,244	2,625	100%	34,765,500
Fence	686	682	100%	467,852
External Area – sq m	17,578	315	100%	5,537,070
<b>Replacement cost - SR</b>				<b>136,987,172</b>
- Apportionment Acc Deprecation	136,987,172 *14 %			(19,178,205)
*Deprecation Charged on Annual Basis for month of December every year.				
<b>Depreciated Replacement cost DRC</b>				<b>117,808,967</b>

Value of building during operational Life Cycle



## 16-Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work- Currency SR

Market Value (Land)	105,043,200 SAR
Plus	
<b>Building Value before adding Profit Margin - SAR</b>	117,808,967 SAR
+ Developer Profit Margin (25%) – only for Building Value - SAR	29,452,242 SAR
<b>Building Value - SAR</b>	147,261,209 SAR
<b>Total Market Value (Land &amp; Building)</b>	<b>252,304,409 SAR</b>
<b>Total Market value (Land &amp; Building Property) Rounding Figure</b>	252,304,409 S.R (Two hundred fifty-two million, three Hundred four thousand, four hundred nine Saudi riyals)



### (Sensitivity Analysis) for Weighted average value based on (RV and DRC)

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

<b>-5%</b>	Market Value	<b>+5%</b>
239,689,189 SR	252,304,409 SR	264,919,630 SR

## 17-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value - Riyadh city June 2022- FFO (Funds from Operations) to define the cash flow from their operations.

- We received official leasing contract for this property and all Funds from Operation FFO data based to annual renting Values mentioned within Contract terms.

<p><b>Alrowad International Schools</b>  </p> <p><small>Alrowad International Schools is owned by Tadweer Holding which is One of the biggest investors in the field of education, it has been established by investors and education operators with a long history and track record of educational success in the Middle East and global markets they work in partnership with leading global education brands and top tier local institutions.</small></p> <p><small>The Contract duration is 30 years, with an amortized investment of 21 years. The Gross Annual Rent will be as shown in the below table:</small></p>	
Year	Gross amount
2017	13,200,000
2018	14,520,000
2019	14,520,000
2020	14,520,000
2021	15,972,000
2022	15,972,000
2023	15,972,000
2024	17,569,200
2025	17,569,200
2026	17,569,200
2027	19,326,120
2028	19,326,120
2029	19,326,120
2030	21,258,731
2031	21,258,731
2032	21,258,731
2033	23,384,605
2034	23,384,605
2035	23,384,605
2036	25,723,065
2037	25,723,065
2038	25,723,065
2039	28,295,372
2040	28,295,372
2041	28,295,372

Year	Net Yield
2017	13,200,000
2018	14,520,000
2019	14,520,000
2020	14,520,000
2021	15,972,000
2022	15,972,000
2023	15,972,000
2024	17,569,200
2025	17,569,200
2026	17,569,200
2027	19,326,120
2028	19,326,120
2029	19,326,120
2030	21,258,731
2031	21,258,731
2032	21,258,731
2033	23,384,605
2034	23,384,605
2035	23,384,605
2036	25,723,065
2037	25,723,065
2038	25,723,065
2039	28,295,372
2040	28,295,372
2041	28,295,372

Average Yield SR/ Annum

20,453,891

### 17.1- Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period, and running rents for Al-Rowad school we have compared the net income with market benchmark and rentals achieved in catchment area with other comparable with same leasable areas of other property.

Due to market renting analysis the average rents in the area in between 400 – 500 SAR per sq m for Gross Leasable area excluding basement floor and comparing it to the annual renting values for properties in the same area and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

Based to OPM data center actual transaction recorded within Al-Nuzhah district, school been leased at beginning of May for 440 SR/ sq m with total GFA 16,000 sq m.

The Property's Av rent for 25 years is 20,453,891 SAR per annum, which equating to around SAR 420 per sq. m

<b>Gross Avg Operating Income GOI – Currency SAR- Average for a 25 Years</b> Contractual period based to official agreement.	<b>20,453,891</b>	
<b>Vacancy and collection loss</b>	<b>0</b>	
<b>Additional income</b>	<b>0</b>	
<b>Effective Avg gross income</b>	20,453,891	
<b>Operating Expenses</b> (all expenses on Operator's responsibility) – Triple net wise		
<b>Fixed</b>	0	
<b>Variable</b>	0	
<b>Reserves</b>	0	
<b>Total Operating expenses</b>	<b>0</b>	
<b>Net Avg operating income NOI</b>	<b>20,453,891</b>	
<b>Cap rate 8.5%</b>		
<b>Market Value @ 8.5% Capitalization rate</b>	<b>240,634,013 SAR</b>	

**18-Note: In case of Taleem REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method**

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
Land & Building - Residual value + DRC depreciation replacement cost - MV	252,304,409	50%	126,152,205
Capitalization rate - MV rate	240,634,013	50%	120,317,000
Weighted Average (50% for DRC, 50% Cap rate)			/2
Sum of Values			246,469,000
<b>Market Value MV</b>	<b>246,469,000 (Two hundred Forty-Six million, Four hundred sixty-nine thousand Saudi Riyal)</b>		

**General Notes:**

- The market value of the property - is 246,469,000 Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- Market value was calculated on the basis of the average between market value based on income, residual value of land / Cost Method - Cost and Depreciation method for buildings.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olat Real Estate Appraisal Company that could affect the value of the property.
- Olat Real Estate valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.



- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the contract.

### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the Property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
234,146,000 SR	246,469,000	258,792,000 SR

## 19- Real Estate Market Summary- Al-Riyadh

**19.1-Office's market:** In order to improving business condition & flourishing business activities in 2022 office performance improved in the kingdom. Average rent of Riyadh for Grade A & B in Slighting increase & Office's vacancies rate of office little bit drops because of in year 2020 (SAGIA) Saudi Arabia General Investment Authority Issue more than 400 plus new License to Investor to operate business companies in private sectors & also increasing demand from government entities. According to stats the unemployment rate is reduce for Saudi citizen so it shows the improvement in business sector for overall Saudi Arabia. Increase in business improvement condition play a vital role to increase the office demand & to accelerate economic recovery and attempt to create more opportunity in market. In short term, office sector is maintaining the sustainability at moment. & Government aims to establish the Riyadh as Business & economic hub that definitely likely to boost the office demand in kingdom of Saudi Arabia.



Healthcare sector continues rapidly growing and developing advance health care sector in kingdom. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. The Government health care services increase Public, Private Participation (PPP) health care delivery model, to boost and major advancement of healthcare sector in this region. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

**19.2-Residential market:** The majority of the supply for Residential Units delivered by ministry of housing through various initiative programs in order to achieve 70% homeownership target by vision 2030. In term of performance sale price slightly increase due to strong government backend support to expand the mortgage scheme and government sakni program for Saudi Resident & mortgage loan raised for construction sector. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market. Government ambitious target to increase population of Riyadh city the household will continuous to increase in upcoming years so expected to be an increase demand in residential sector.

**19.3-Hospitality market:** In the beginning of year 2022, Riyadh hotel occupancy up to 70% & Average daily price is also increase as compare to last year 2021. ministry of tourism announced the regulation to boost the tourism sector so Government pushes up hospitality activities to apply tourism development strategy. so in order to implementation Government budget statement showed more than 15K hotel keys to be deliver through tourism development fund. that is an opportunity for investor and new market entrant to consider the hospitality sector that has great significant potential in Kingdom. In Ramazan month 23 million permits issued by ministry of Hajj & umrah to citizen resident, visitors & now one million pilgrims travelling to country performing Hajj with eliminating social distancing requirement & now operating two holy mosques with full capacity. The continuous level of Commitment and investment will help to support tourism industry and enhance the economic activity in the kingdom

**19.4-Retail market:** Saudi Arabia's e-commerce industry, whilst developing, is rapidly growing and to support and regulate growth in the Saudi Arabia. Despite the economic condition caused by pandemic the landlord adopted the digital transformation strategies to redefine consumer experience and introduce more innovative omni-channel retail experiences to attract demand. In addition to strengthening their wider omnichannel platform, retailers have adopted store pickup services more broadly, including fully-automated stores, to allow for a quick collection of purchased goods. although well-capitalized retail operators and new market entrants are selectively looking for expansion opportunities. While retail sector enjoys slightly upward trend in performance. Furthermore, Saudi Arabia ministry of investment recently highlighted governments aim to attract investment in various project especially retail & entertainment sectors.

**19.5- Industrial warehouses:** While occupancies increased marginally in the industrial warehouses sector over last year end, the warehouse industry is exhibiting healthy growth. Despite the reopening of many physical stores, e-commerce continues to be a strong driver of demand for logistics space globally, leading to near-record absorption levels in several major markets. The rise of automation and value-added services to attain competitive differentiation is changing the way to operate, leading a dynamic future. The rapid growth of e-commerce across the globe, the ongoing realignment of supply chains and increasing requirement for last mile warehouses is likely to continue to support strong demand over the longer term.

## 20-External and internal Pictures

### External view

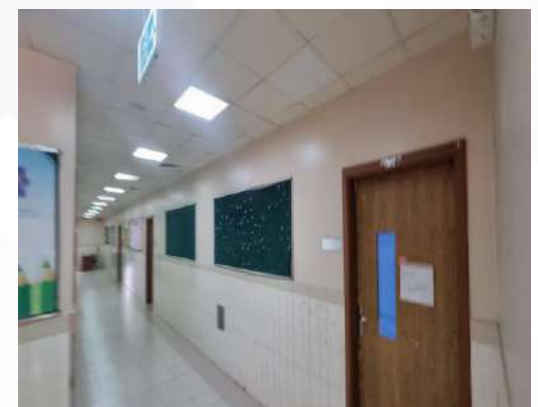
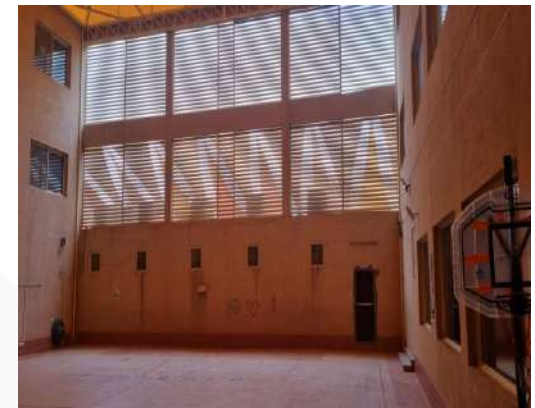




## Internal view

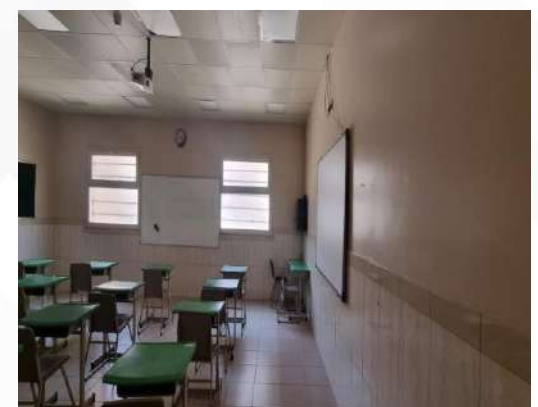
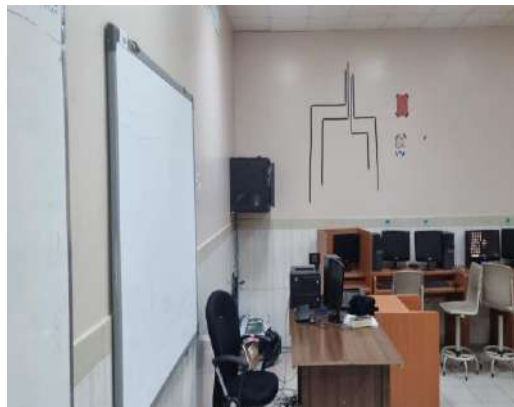


## Internal view

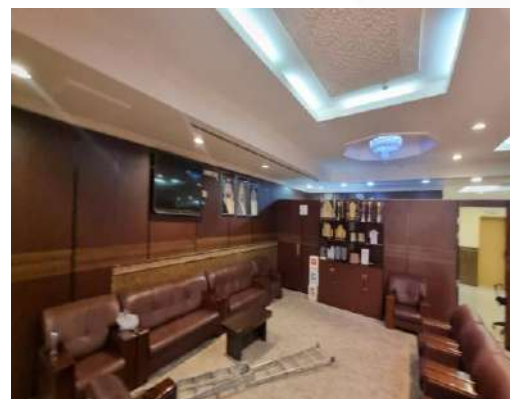




## Internal view

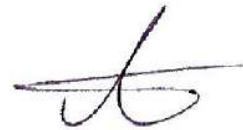


## Internal view



## 21- Olat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Analyzing Valuation Manger	1210001148	1444/12/27	Real estate
<b>Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate



## 21.1- OPM Valuation's team Taqueem's certificates





## QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير 605509	منشأة التقييم شركة أولات وشريكه للتقييم العقاري
العميل صندوق تعليم ريت	النسبة 1
عدد الأصول 1	نوع التقرير تقرير مفصل
تاريخ إصدار التقرير Sun 24 Jul, 2022	

للتحقق من صحة الشهادة التسجيل،



يمكن التقرير رأي منشأة التقييم فقط. ولا تحمل الهيئة المسؤولية للمقررين المعتمدين أي مسؤولية متزايدة عليه وسجل التقرير لأغراض إخبارية ولا يعني اعتماد الهيئة له.

**جمهورية العراق**

المجلس الأعلى للقضاء  
**وزارة العدل**  
[٢٧٧]

**كتابة العدل الأولى بالرباط**

**صفك**

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

فإن قطعة الأرض رقم ٣٣٦ من التخذ رقم ١٩٥٤ / أ الواقع في حي الجزيرة بمدينة الرباط

وحدودها وأطرافها كالتالي:

شمالاً شارع عرض ٣٠ م بطول (٢٠٠) مترين عرض

جنوباً مواقف سيارات يليها شارع عرض ٣٠ م بطول (٢٠٠) مترين عرض

شرقاً شارع عرض ٣٠ م بطول (١٥٠) مترين عرض

غربياً شارع عرض ٣٠ م بطول (١٥٠) مترين عرض

ومساحتها (٣٠٠٠) ملاون ألف متر مربع فقط والذاتية عبارة عن موقف تعليمي مخصص لدراسة ثانوية بنين ولايستعمل إلا فيما يخص له.

واستندت في الزاوية التي سمت المصادر من حدود الإثباتية رقم ٣١٠١١٥٣٨٩٢٠ / ٢ ، ١٩٣٥ هـ

قد انتقلت ملكيتها لشركة راج الثلاثة الحدودية شركة شخص واحد بموجب سجل تجاري رقم ١٠١٠٨٩١٧٠ هـ / ٢ / ١٣٩٩ م . بتمن وكلاء ٢٢٠٠٠٠٠٠ واحد و عشرون مليون ريال سددة دفعات بموجب خطاب رقم بدون تمارين

١٣٩٩ / ٤ / ٧ والتاريخ رقم ٣٩١٥٧٧٨٥٨ / ٣٩١٥٧٨٥٨ / ٧٤ وعليه جرى التصديق تحريراً في ١٤ / ٤ / ١٣٩٩ هـ

الاستناد : ومسن إلى علي شينا محمد، والد ومسماة وسلم.

مكتاب العدل  
حازم بن محمد بن عبد الله الحيد

الختم الرسمي

( هذا النموذج مخصص للاستخدام الداخلي ويجب تعبئته )

توقيع كاتب العدل [٢٧٧] - ١٣٩٩

مسند مطبوع الحكومة - ٢٧٢٠٢٧



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We derive the Accurate Value in a changing market

## Real Estate Valuation Report

Al Tarbiyah Al Islamiyah Schools

Ar Rahmaniayah District- Takhasousi

Street - Riyadh City

Prepared for Taleem REIT

Date of Report

July 24, 2022



2022

نستنبط القيمة الأدق في سوق متغير

We derive the Accurate Value in a changing market

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**Olaat Valuation Company C.R:1010462536 Valuation License: 121000397**

# Real Estate Valuation Report Analysis

**Prepared for:**  
**Taleem REIT**

## Riyadh City

**Date of Valuation 30<sup>th</sup> June, 2022**

**Date of Report July 24<sup>th</sup>, 2022**

**Done by OPM (Olat valuation Company)**

**P.O.Box 62244 Riyadh 11585**

**Kingdom of Saudi Arabia**

**The person in charge:**

**- OPM Valuation Company**

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**C.R:1010462536**

**Valuation License: 1210000397**

Property's Type	Educational Property – Educational school
Location	Riyadh city – Rahmaniyyah District- closed to Takhassusi Rd
Land Area	45,666.94 sq m
Title deed number	310111045181
Title's date	02/09/1438 H
Plots Number	- Educational facility
Land Topography	Flat
Boarded streets & Neighbors	<b>N:</b> Street Width 20 m length 188.79 m
	<b>S:</b> Street width 15 m Length 188.46 m
	<b>E:</b> Takkassusi Street width 46 m Length 242.04 m
	<b>W:</b> Street width 20 m Length 242.16 m
Building (Gross floor area) based to Permit	30,122 sq m
Building's Permit number	The license was not provided to us
Building Life	Approx. 29 Years
Market value based to <b>DRC</b> method	<b>318,866,493 SR</b>
Market value based to <b>Cap rate</b> method	<b>300,175,445 SR</b>
Market value based to Weighted average between 65% DRC and 35% Cap rate Methods	<b>312,324,625 (Three hundred twelve million, three hundred twenty-four Thousand, six hundred twenty-five Saudi Riyal only)</b>

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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:  
Saudi Fransi Capital  
Assistant Management Division  
T: +966 11 2826762  
[sabbas@FransiCapital.com.sa](mailto:sabbas@FransiCapital.com.sa),  
P.O. Box 23454, Riyadh 11426

**Property Address: Al Tarbiyah Islamiyah School (TIS) - Riyadh city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Sir,**

We are Pleased to submit our Valuation report for – **Al Tarbiyah Islamiyah School (TIS) - Riyadh city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 312,324,625** has been assessed by **Residual value, and DRC method (Deprecation replacement cost), And capitalization income method considering the** location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

## 1- Settling the terms of engagement

Identification of the client and any other intended users	(Taleem REIT)
Instruction and purpose of valuation	In accordance with RFP dated on June 07, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Tarbiyah Islamiyah school (TIS) property School.
The subject of the valuation	REITs Purposes (Real estate Investment Trust)
Other users	Valuation for an Educational property – Tarbiyah Islamiyah school
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
The Basis of Value	<p>We are instructed that the subject Land &amp; Building (L&amp;B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.</p> <p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (<b>Taqeem</b>) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>“Value Basis “The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>

<b>Valuation Date</b>	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Al-Rowad International School project reflected on June 30th,2022.
<b>Report Date</b>	The valuation report usually dated exactly as the valuation date July 24th, 2022.
<b>Inspection</b>	The Property was inspected on 12 <sup>th</sup> of June 2022 by Mr Awad, Saudi Authority for Accredited Values membership <b>1220001274</b> (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
<b>Market Research &amp; Survey</b>	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
<b>The premise of the highest &amp; optimal use</b>	The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.

<b>Independence Valuers</b>	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).
<b>Due Diligence</b>	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.
<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olaa & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
<b>Valuation Methodology</b>	The Valuation has been undertaken using the Residual Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.

<b>Confidentiality</b>	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
<b>The nature and source of the information to be relied on</b>	All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification
<b>Environmental Matters</b>	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>
<b>General assumption</b>	<p>General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated / school.</p>

<b>Special assumption</b>	<p>It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.</p>
<b>SALIENT POINT (GENERAL COMMENTS)</b>	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.



Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International Valuation Standards Council (IVSC): The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

#### 5- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

#### 6- Inception of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 7- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

## 8- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

## 9- Purpose for preparation valuation and Content text

OPM was appointed **Taleem REIT** to evaluate market value for an educational property due to market value located within Rahmaniyyah district based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

## 10-Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Residual value Method, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation **July 24th, 2022 AD.**

## 11-Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Taleem REIT**, and have been a presumption of validity.

## 12-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord (Fawaz Suleiman Al-Rajhi).

---

## 13-Foundation of evaluation report and Contents

### Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation)
2. Estimated current market value depending on Residual value approach. And depreciated replacement cost DRC, Capitalization rate.
3. The valuation is valid for Six months period from the date of preparation.
4. OPM has no conflict of interest in the time of evaluation.



## 14-Property's Identification

The subject property consists of educational property Asset (Land + building) located in **Riyadh city** within Rahmaniayah district. Land area: **45,666.94 sq m + Building GFA 30,122 sq m** based on data has been received from Taleem REIT:

Location Coordinator	
24.709752, 46.661569	<a href="https://g.page/TISchools?share">https://g.page/TISchools?share</a>





**The Image below shows the Boundaries of the site:**

**Aerial View**



### 14.1- Property Characteristics

**The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:**

- Visibility: This refers to the general visibility of the frontage of the asset from 4 sides
- Ease of Access: Easy Access to impediments to the building access main Takassusi Road.
- General surroundings: This describes the area in terms of the surroundings and its uses (Major commercial and Retails Destination)
- Competitive environment: This describes the location in terms of whether the competition and rival situation are high.
- Al-Takhasusi Street and Al-Thumamah Road are among the most prominent streets and roads targeted at the present time to invest in multi-use projects such as independent office buildings, restaurants and malls complex projects
- Proximity to demand generators: These would refer to proximity to very Important business environment that would fully support the main function of the property and its proposed extension project.
- The office buildings sector is one of the supporting sectors that spread along Al-Takhassusi Street and Al-Orouba Road.
- The retail sector is one of the most active sectors at the level of building quality projects on Al-Takhasusi Street in terms of high demand, and rents are higher than the market, especially restaurants and cafes, and the details project and The Zone project, most of which are allocated to international restaurants and cafes e.g., Leila Bin Lebanon & Le Chatea Etc.

#### **(Main features of the project (Advantages):**

- Educational school (international) – Kindergarten, Elementary, Middle & High School Section
- No underground floor -: assembly point for school's: – Fire exits
- HVAC System, Water Sprinkles Fire Hose & Other Building Safety Equipment's Installed.
- All building full covered with CCTV with more than 100 surveillance unit
- Automatic Fire system covering and the buildup floors (extinguisher fire – fire Hose) plus smoking detectors.
- Efficient mechanical design installed



- Technical room, electrical room
  - Electrical design Separately.
  - All MEP equipment installed
  - Elevators, Water Pump Room
  - All maintenance (weekly, monthly and quarterly reporting)
  - mini-Football, Basketball playgrounds
  - Public bathrooms and service room in every floor
  - Mosque
  - Library, Laboratory
  - Grounds Porcelain
  - Theatre full capacity 200 person
  - Management section grounds fine granite

**(Disadvantages):**

- In general building need soft maintenance – Periodically

## 15-Land Valuation

### 15.1- Case 1 – Residual value approach (land)

#### Residual value approach evaluation – Land Evaluation market value (MV)

##### RV methodology definition:

**The Land - Residual Approach** is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, in as much as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

<b>Cost Type - Dev Type</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Development Work</b>			
Land Area - developed / year - sqm	15,222	15,222	15,222
Development Cost S.R / SQM	120	124	127
Total Development Cost / Year	1,826,678	1,881,478	1,937,922
<b>Offices Units</b>			
Offices Units BUA construction / Year	31,576	6,576	6,576
Offices units Construction Cost S.R / BUA	3,000	3,090	3,183
Total Construction Cost / year	94,728,118	20,319,962	20,929,560
<b>Retail units</b>			
TH. Units BUA construction / Year	16,850	6,850	6,850
TH. units Construction Cost S.R / BUA	2,100	2,163	2,228
Total Construction Cost / year	35,385,086	14,816,639	15,261,138
<b>Service area - Recreational, Amenities, pathways, landscaping</b>			
Area - sqm - construction / Year	6,089	6,089	6,089
Construction cost - S.R / sqm	750	750	750
Total Construction Cost / year	4,566,694	4,566,694	4,566,694
<b>Total Construction Costs</b>	136,506,576	41,584,772	42,695,315
<b>Other Costs</b>			
Professional Fees (Engineering Consultant) 2.5%	3,412,664	1,039,619	1,067,383
Statutory fees 2%	2,730,132	415,848	426,953
Marketing Fees (Media & Advertising) 1.5%	2,047,599	623,772	640,430
Contingency costs 1.5%	2,047,599	623,772	640,430
Overhead cost 2.5%	3,412,664	1,039,619	1,067,383
<b>Total Dev - Cost - SR</b>	<b>150,157,233</b>	<b>45,327,402</b>	<b>46,537,893</b>

## Annual Income & Revenues Sheet - Free Future Cash Flow (FFCF)

	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
<b>Category 1: Offices, Retail</b>							
<b>1.1 Offices Units Class B+</b>							
Developed Land / sqm		13,700	13,700	13,700	13,700	13,700	13,700
FAR ratio		1.8	1.8	1.8	1.8	1.8	1.8
Net leasable area NLA / sqm		19,728	19,728	19,728	19,728	19,728	19,728
Annual rental Price / sqm (BUA)		850	876	902	2063	2125	2189
<b>Revenues Cat 1.1</b>		<b>16,768,900</b>	<b>17,271,967</b>	<b>17,790,126</b>	<b>40,704,750</b>	<b>41,925,893</b>	<b>43,183,669</b>
<b>1.2 Education Units - National School</b>							
Developed Land / sqm		13,700	13,700	13,700	13,700	13,700	13,700
FAR ratio		1.5	1.5	1.5	1.5	1.5	1.5
Net leasable area NLA / sqm		18,495	18,495	18,495	18,495	18,495	18,495
Annual rental Price / sqm (BUA)		1435	1435	1435	2447	2447	2447
<b>Revenues Cat 1.2</b>		<b>26,540,484</b>	<b>26,540,484</b>	<b>26,540,484</b>	<b>45,254,725</b>	<b>45,254,725</b>	<b>45,254,725</b>
<b>Gross Income</b>		<b>43,309,384</b>	<b>43,812,451</b>	<b>44,330,610</b>	<b>85,959,475</b>	<b>87,180,617</b>	<b>88,438,394</b>

Income Statement						
	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Rev	43,309,384	43,812,451	44,330,610	85,959,475	87,180,617	88,438,394
General & Administrative Expenses (- 12.5%)	5,413,673	5,476,556	5,541,326	10,744,934	10,897,577	11,054,799
Gross Profit - EBITDA	37,895,711	38,335,895	38,789,284	75,214,540	76,283,040	77,383,595
Depreciation	7,260,676	7,260,676	7,260,676	7,260,676	7,260,676	7,260,676
Earnings after depreciation	30,635,035	31,075,219	31,528,608	67,953,865	69,022,364	70,122,919
Interest Expense	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
earning after interest expense	29,135,035	29,575,219	30,028,608	66,453,865	67,522,364	68,622,919
other expenses	0	0	0	0	0	0
<b>Net Income</b>	<b>29,135,035</b>	<b>29,575,219</b>	<b>30,028,608</b>	<b>66,453,865</b>	<b>67,522,364</b>	<b>68,622,919</b>
Additions to Retained Earnings	29,135,035	29,575,219	30,028,608	66,453,865	67,522,364	68,622,919
<b>Cumulative Retained earnings</b>	<b>29,135,035</b>	<b>58,710,254</b>	<b>88,738,862</b>	<b>1,588,824,993</b>	<b>1,656,347,358</b>	<b>1,724,970,277</b>

Cash Flow Statement								
Cash flow Table	year 0	year 1	year 2	year 3	year 30	year 31	year 32	year 33
<b>IN - Flow</b>								
Capital Injection								
Net Revenues		29,135,035	29,575,219	30,028,608	65,416,486	66,453,865	67,522,364	68,622,919
Deprecation		7,260,676	7,260,676	7,260,676	7,260,676	7,260,676	7,260,676	7,260,676
<b>Total Inflow</b>	0	36,395,711	36,835,895	37,289,284	72,677,162	73,714,540	74,783,040	75,883,595
<b>OUT Flow</b>								
Total Construction Cost	136,506,576	41,584,772	42,695,315					
Professional Fees	3,412,664	1,039,619	1,067,383					
Statutory fees 2%	2,730,132	415,848	426,953					
Marketing Fees (Media & Advertising) 1.5%	2,047,599	623,772	640,430					
Contingency costs 1%	2,047,599	623,772	640,430					
Overhead cost 1%	3,412,664	1,039,619	1,067,383					
<b>Total Outflow</b>	<b>150,157,233</b>	<b>45,327,402</b>	<b>46,537,893</b>					
Net Cash Flow	(150,157,233)	(8,931,691)	(9,701,998)	37,289,284	72,677,162	73,714,540	74,783,040	75,883,595
<b>Cumulative Net Income</b>	(150,157,233)	(159,088,924)	(168,790,922)	(131,501,638)	1,498,168,876	1,571,883,416	1,646,666,457	1,722,550,051



## Residual Value

RV	Year 0	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33	Total
<b>IN - Flow</b>								
<b>Total Inflow</b>		36,395,711	36,835,895	37,289,284	73,714,540	74,783,040	75,883,595	1,964,572,579
<b>Discount Rate: 9%</b>		0.923	0.921	0.921	0.082	0.082	0.082	
<b>OUT Flow</b>								
<b>Total Outflow</b>								
<b>Total Cash out</b>								
<b>Net Cash Flow (Before Discount Rate)</b>	-242,022,528	36,395,711	36,835,895	37,289,284	73,714,540	74,783,040	75,883,595	
								<b>Total Cash flow</b>
<b>Discounted Cash Flow DCF</b>	-242,022,528	33,575,379	33,918,872	34,336,357	6,048,468	6,136,142	6,226,445	293,278,185
								<b>Residual Value</b>

<b>Value Per / SQM</b>			
	Land Value (PV)	293,278,185	
	Square Meters	45,667	
<b>Estimated SQM value (S.R)</b>		6,422.11	

Market Value MV	Land Area – sq m	Value / sq m. SAR	MV SAR
<b>Market Value for land</b>	<b>45,667</b>	<b>6,422.11</b>	<b>293,278,185</b>

## 15.2- Case 2- Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

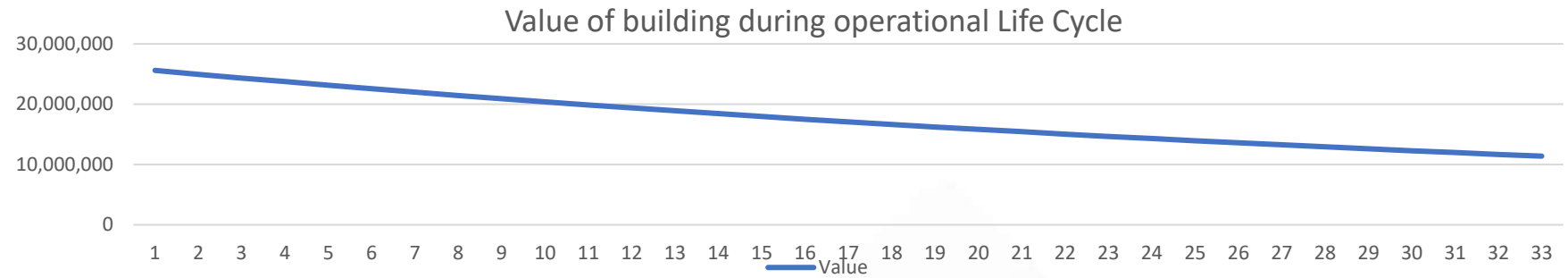
Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to unavailability of Official building permit; the total Gross Floors area GFA has been calculated as 45,667 sq m from Taleem REIT.

Market value of the building, including the price of finishing and installing electrical and mechanical equipment (MEP)	
<b>Building surfaces - m<sup>2</sup> - The construction surfaces were estimated due to the unavailability of the permit</b>	<b>30,122. Sqm</b>
<b>Development Cost:</b> Cost of development, construction and finishing according to the distribution of roles and according to specialization and use SR / m <sup>2</sup> and Total renovation cost estimated at 4 million Saudi riyals, where an amount of 140 riyals will be added to the previous development cost of Become of 2,150 SAR.	<b>2,290 SAR</b>
<b>Costs of building, finishing &amp; installing electrical and mechanical equipment, security monitoring and alarm devices, SR / m<sup>2</sup></b>	<b>68,979,380 SAR</b>
<b>Plus</b>	
Cost of developing and equipping outdoor entertainment areas and green spaces (18,266 square meters) at a cost of 472 riyals per meter	<b>8,621,552 SAR</b>
<b>Market value before deducting the accumulated depreciation SAR</b>	<b>77,600,932 SAR</b>
<b>Accumulated depreciation:</b> Deduction of 72.5% life of the property 29 years at a depreciation rate of 2.5% annually after inspecting the maintenance work and its method of work	<b>56,260,675 SAR</b>
<b>Market value of the building before developer's profit</b>	<b>21,340,257 SAR</b>
<b>Add:</b>	
<b>Developer profits (20%)</b>	<b>4,268,051 SAR</b>
<b>Market value of the building</b>	<b>25,608,308 SAR</b>

Note: Annual Depreciation charged on December for each year.



**16-Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-Currency SR**

Market Value (Land)	293,278,185 SAR
Plus	
Building Value - SAR	25,608,308 SAR
<b>Total Property (Land &amp; Building Value) - SAR</b>	<b>318,886,493 SAR</b>
<b>Total market value - Property</b>	<b>318,886,493 S.R (Three hundred Eighteen Million, Eight Hundred Eighty-six thousand, Four Hundred Ninety - three Saudi riyals)</b>

**17-Valuation Based to Income approach- Capitalization rate** ratio of Net Operating Income (NOI) to property asset value - **Riyadh city -june 2022- FFO (Funds from Operations)** to define the cash flow from their operations.

- We received official leasing contract for this property and all Funds from Operation FFO data based to annual renting Values mentioned within Contract terms.

السعودية الفرنسية كابيتال  
Saudi Fransi Capital

م	القيمة الإيجارية الإجمالية السنوية	الفترة الإيجارية السنوية من إلى	الدفعة الإيجارية الربع سنوية	تاريخ استحقاق الدفعة 1	تاريخ استحقاق الدفعة 2	تاريخ استحقاق الدفعة 3	تاريخ استحقاق الدفعة 4
1	10.500.000.00	2017/6/1	2017/12/31	4.500.000			
2	21.000.000.00	2018/1/1	2018/12/31	5.250.000			
3	21.000.000.00	2019/1/1	2019/12/31	5.250.000			
4	21.000.000.00	2020/1/1	2020/12/31	5.250.000			
5	22.050.000.00	2021/1/1	2021/12/31	5.512.500			
6	22.050.000.00	2022/1/1	2022/12/31	5.512.500			
7	22.050.000.00	2023/1/1	2023/12/31	5.512.500			
8	23.152.500.00	2024/1/1	2024/12/31	5.788.125			
9	23.152.500.00	2025/1/1	2025/12/31	5.788.125			
10	23.152.500.00	2026/1/1	2026/12/31	5.788.125			
11	24.310.125.00	2027/1/1	2027/12/31	6.077.532			
12	24.310.125.00	2028/1/1	2028/12/31	6.077.532			
13	24.310.125.00	2029/1/1	2029/12/31	6.077.532			
14	25.525.632.00	2030/1/1	2030/12/31	6.381.409			
15	25.525.632.00	2031/1/1	2031/12/31	6.381.409			
16	25.525.632.00	2032/1/1	2032/12/31	6.381.409			
17	26.801.914.00	2033/1/1	2033/12/31	6.700.488			
18	26.801.914.00	2034/1/1	2034/12/31	6.700.488			
19	26.801.914.00	2035/1/1	2035/12/31	6.700.488			
20	28.142.010.00	2036/1/1	2036/12/31	7.035.504			
21	28.142.010.00	2037/1/1	2037/12/31	7.035.504			
22	28.142.010.00	2038/1/1	2038/12/31	7.035.504			
23	29.549.111.00	2039/1/1	2039/12/31	7.387.280			
24	29.549.111.00	2040/1/1	2040/12/31	7.387.280			
25	29.549.111.00	2041/1/1	2041/12/31	7.387.280			
26	29.549.111.00	2042/1/1	2042/12/31	7.387.280			
27	29.549.111.00*	2043/1/1	2043/08/31	7.387.280			

\*الدفعة الإيجارية لعام 2043 تدفع على أساس تناسبي لثمانية أشهر.

(10-3)

**Note:** The net income of the property was calculated based on taking the average between the years from 1/6/2017 to 1/1/2043 AD

Taleem REIT					
TIS School Rental Payment Schedule					
Contractual Years	Payment Term	Calendar Months	Years	Quarterly Rent SAR	Annual Rent SAR
1st Year	31-Dec	Last Six Months	2017	-	10,500,000
2nd Year	1-Jan	1st Quarter	2018	5,250,000	21,000,000
	1-Apr	2nd Quarter		5,250,000	
	1-Jul	3rd Quarter		5,250,000	
	1-Oct	4th Quarter		5,250,000	
3rd Year	1-Jan	1st Quarter	2019	5,250,000	21,000,000
	1-Apr	2nd Quarter		5,250,000	
	1-Jul	3rd Quarter		5,250,000	
	1-Oct	4th Quarter		5,250,000	
4th Year	1-Jan	1st Quarter	2020	5,250,000	21,000,000
	1-Apr	2nd Quarter		5,250,000	
	1-Jul	3rd Quarter		5,250,000	
	1-Oct	4th Quarter		5,250,000	
After 3-year Escalation is 5% as per Contract					
5th Year	1-Jan	1st Quarter	2021	5,512,500	22,050,000
	1-Apr	2nd Quarter		5,512,500	
	1-Jul	3rd Quarter		5,512,500	
	1-Oct	4th Quarter		5,512,500	
6th Year	1-Jan	1st Quarter	2022	5,512,500	22,050,000
	1-Apr	2nd Quarter		5,512,500	
	1-Jul	3rd Quarter		5,512,500	
	1-Oct	4th Quarter		5,512,500	
7thYear	1-Jan	1st Quarter	2023	5,512,500	22,050,000
	1-Apr	2nd Quarter		5,512,500	



	1-Jul	3rd Quarter		5,512,500	
	1-Oct	4th Quarter		5,512,500	
After 3-year Escalation is 5% as per Contract					
8th Year	1-Jan	1st Quarter	2024	5,788,125	23,152,500
	1-Apr	2nd Quarter		5,788,125	
	1-Jul	3rd Quarter		5,788,125	
	1-Oct	4th Quarter		5,788,125	
9th Year	1-Jan	1st Quarter	2025	5,788,125	23,152,500
	1-Apr	2nd Quarter		5,788,125	
	1-Jul	3rd Quarter		5,788,125	
	1-Oct	4th Quarter		5,788,125	
10th Year	1-Jan	1st Quarter	2026	5,788,125	23,152,500
	1-Apr	2nd Quarter		5,788,125	
	1-Jul	3rd Quarter		5,788,125	
	1-Oct	4th Quarter		5,788,125	
After 3-year Escalation is 5% as per Contract					
11th Year	1-Jan	1st Quarter	2027	6,077,532	24,310,128
	1-Apr	2nd Quarter		6,077,532	
	1-Jul	3rd Quarter		6,077,532	
	1-Oct	4th Quarter		6,077,532	
12th Year	1-Jan	1st Quarter	2028	6,077,532	24,310,128
	1-Apr	2nd Quarter		6,077,532	
	1-Jul	3rd Quarter		6,077,532	
	1-Oct	4th Quarter		6,077,532	
13th Year	1-Jan	1st Quarter	2029	6,077,532	24,310,128
	1-Apr	2nd Quarter		6,077,532	
	1-Jul	3rd Quarter		6,077,532	

	1-Oct	4th Quarter		6,077,532	
After 3-year Escalation is 5% as per Contract					
14th Year	1-Jan	1st Quarter	2030	6,381,409	25,525,636
	1-Apr	2nd Quarter		6,381,409	
	1-Jul	3rd Quarter		6,381,409	
	1-Oct	4th Quarter		6,381,409	
15th Year	1-Jan	1st Quarter	2031	6,381,409	25,525,636
	1-Apr	2nd Quarter		6,381,409	
	1-Jul	3rd Quarter		6,381,409	
	1-Oct	4th Quarter		6,381,409	
16th Year	1-Jan	1st Quarter	2032	6,381,409	25,525,636
	1-Apr	2nd Quarter		6,381,409	
	1-Jul	3rd Quarter		6,381,409	
	1-Oct	4th Quarter		6,381,409	
After 3-year Escalation is 5% as per Contract					
17th Year	1-Jan	1st Quarter	2033	6,700,488	26,801,952
	1-Apr	2nd Quarter		6,700,488	
	1-Jul	3rd Quarter		6,700,488	
	1-Oct	4th Quarter		6,700,488	
18th Year	1-Jan	1st Quarter	2034	6,700,488	26,801,952
	1-Apr	2nd Quarter		6,700,488	
	1-Jul	3rd Quarter		6,700,488	
	1-Oct	4th Quarter		6,700,488	
19th Year	1-Jan	1st Quarter	2035	6,700,488	26,801,952
	1-Apr	2nd Quarter		6,700,488	
	1-Jul	3rd Quarter		6,700,488	
	1-Oct	4th Quarter		6,700,488	

After 3-year Escalation is 5% as per Contract					
20th Year	1-Jan	1st Quarter	2036	7,035,504	28,142,016
	1-Apr	2nd Quarter		7,035,504	
	1-Jul	3rd Quarter		7,035,504	
	1-Oct	4th Quarter		7,035,504	
21th Year	1-Jan	1st Quarter	2037	7,035,504	28,142,016
	1-Apr	2nd Quarter		7,035,504	
	1-Jul	3rd Quarter		7,035,504	
	1-Oct	4th Quarter		7,035,504	
22th Year	1-Jan	1st Quarter	2038	7,035,504	28,142,016
	1-Apr	2nd Quarter		7,035,504	
	1-Jul	3rd Quarter		7,035,504	
	1-Oct	4th Quarter		7,035,504	
After 3-year Escalation is 5% as per Contract & keep same as up to end of contract term					
23th Year	1-Jan	1st Quarter	2039	7,387,280	29,549,120
	1-Apr	2nd Quarter		7,387,280	
	1-Jul	3rd Quarter		7,387,280	
	1-Oct	4th Quarter		7,387,280	
24th Year	1-Jan	1st Quarter	2040	7,387,280	29,549,120
	1-Apr	2nd Quarter		7,387,280	
	1-Jul	3rd Quarter		7,387,280	
	1-Oct	4th Quarter		7,387,280	
25th Year	1-Jan	1st Quarter	2041	7,387,280	29,549,120
	1-Apr	2nd Quarter		7,387,280	
	1-Jul	3rd Quarter		7,387,280	
	1-Oct	4th Quarter		7,387,280	
26th Year	1-Jan	1st Quarter	2042	7,387,280	29,549,120

	1-Apr	2nd Quarter		7,387,280	
	1-Jul	3rd Quarter		7,387,280	
	1-Oct	4th Quarter		7,387,280	
<b>27th Year</b>	Jan to Aug	Eight Months (Jan to August)	<b>2043</b>	-	<b>29,549,120</b>
<b>Total Rental Income for Twenty-six Years &amp; Two Months SAR</b>					<b>671,192,296 SR</b>
<b>Total Number of Years</b>					<b>26 Yrs. and 2 Month</b>
<b>Average Rental Income for Twenty-Six Years SAR</b>					<b>25,815,088 SR</b>
<b>Cap Rate</b>					<b>8.6%</b>
<b>Market Value @ 8.6% Capitalization Rate method</b>					<b>300,175,445 SR</b>

### **17.1- Rental Market Analysis (RMA) – Market Benchmarking**

After previewed and analyzed property's tenancy renting period, and running rents for Tarbiyah Al Islamiya school we have compared the net income with market benchmark and rentals achieved in catchment area with other comparable with same leasable areas of other property.

Due to market renting analysis the average rents in the area in between 750-900 SAR per sq m for Gross Leasable area excluding basement floor and comparing it to the annual renting values for properties in the same area and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The results of the analysis were positive in terms of Verification of the net income of the property, as the rental value per square meter / property ranges from 700-800 riyals / m<sup>2</sup>, so the rental value is 22,050,000 Saudi riyals / year 2022.

The Property's Av rent for 26 years is 25,815,088 SAR per annum, which equating to around SAR 835 per sq. m

<b>Gross Operating Income GOI – Currency SAR- Average</b> for a 26 Years Contractual period based to official agreement.	<b>25,815,088</b>	
<b>– Vacancy and collection loss</b>	<b>0</b>	
<b>Additional income</b>	<b>0</b>	
<b>Effective Avg gross income</b>	25,815,088	
<b>Operating Expenses</b> (all expenses on Operator's responsibility) – Triple net wise		
<b>Fixed</b>	0	
<b>Variable</b>	0	
<b>Reserves</b>	0	
<b>Total Operating expenses</b>	<b>0</b>	
<b>Net Avg operating income NOI</b>	<b>25,815,088</b>	
<b>Cap rate 8.6%</b>		
<b>Market Value @ 8.6% Capitalization rate</b>	<b>300,175,445 SAR</b>	



**18-Note: In case of Taleem REIT desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method**

Property Value Calculation	Amount (SAR)	Weighted Average	Property Market Value
<b>Residual value + DRC depreciation replacement cost - MV</b>	<b>318,866,493</b>	<b>65%</b>	<b>207,263,220</b>
<b>Capitalization rate - MV</b>	<b>300,175,445</b>	<b>35%</b>	<b>105,061,405</b>
<b>Weighted Average (65% for DRC, 35% Cap rate)</b>			
<b>Sum of Values</b>			<b>312,324,625</b>
<b>Property market value MV Rounding Figure</b>	<b>312,324,625 (Three hundred Twelve million, Three hundred Twenty-Four thousand, Six hundred twenty-five - Saudi Riyal)</b>		

- The market value of the property - is 312,324,625 Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- Market value was calculated on the basis of the average between market value based on income, residual value of land / Cost Method - Cost and Depreciation method for buildings.
- The value of the property was not weighted on the basis of the income method because the buildings built on the property exceeded 65% of their economic life and need to be renovated, especially electrical works and the installation of a fire extinguishing system (automatic sprinkler system and water pump). Rather, the weighted rate was calculated as a market value.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olaat Real Estate Appraisal Company that could affect the value of the property.
- Olaat Real Estate Appraisal Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.

- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the client contract.

#### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the Property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
296,707,000 SR	312,324,000	327,940,000 SR

## 19- Real Estate Market Summary- Al-Riyadh

### 19.1-Office's market:

In order to improving business condition & flourishing business activities in 2022 office performance improved in the kingdom. Average rent of Riyadh for Grade A & B in Slighting increase & Office's vacancies rate of office little bit drops because of in year 2020 (SAGIA) Saudi Arabia General Investment Authority Issue more than 400 plus new License to Investor to operate business companies in private sectors & also increasing demand from government entities. According to stats the unemployment rate is reduce for Saudi citizen so it shows the improvement in business sector for overall Saudi Arabia. Increase in business improvement condition play a vital role to increase the office demand & to accelerate economic recovery and attempt to create more opportunity in market. In short term, office sector is maintaining the sustainability at moment. & Government aims to establish the Riyadh as Business & economic hub that definitely likely to boost the office demand in kingdom of Saudi Arabia.



Healthcare sector continues rapidly growing and developing advance health care sector in kingdom. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. The Government health care services increase Public, Private Participation (PPP) health care delivery model, to boost and major advancement of healthcare sector in this region. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

**19.2-Residential market:** The majority of the supply for Residential Units delivered by ministry of housing through various initiative programs in order to achieve 70% homeownership target by vision 2030. In term of performance sale price slightly increase due to strong government backend support to expand the mortgage scheme and government sakni program for Saudi Resident & mortgage loan raised for construction sector. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market. Government ambitious target to increase population of Riyadh city the household will continuous to increase in upcoming years so expected to be an increase demand in residential sector.

**19.3-Hospitality market:** In the beginning of year 2022, Riyadh hotel occupancy up to 70% & Average daily price is also increase as compare to last year 2021.ministry of tourism announced the regulation to boost the tourism sector so Government pushes up hospitality activities to apply tourism development strategy.so in order to implementation Government budget statement showed more than 15K hotel keys to be deliver through tourism development fund. that is an opportunity for investor and new market entrant to consider the hospitality sector that has great significant potential in Kingdom. In Ramazan month 23 million permits issued by ministry of Hajj & umrah to citizen resident, visitors & now one million pilgrims travelling to country performing Hajj with eliminating social distancing requirement & now operating two holy mosques with full capacity. The continuous level of Commitment and investment will help to support tourism industry and enhance the economic activity in the kingdom

**19.4-Retail market:** Saudi Arabia's e-commerce industry, whilst developing, is rapidly growing and to support and regulate growth in the Saudi Arabia.Despicte the economic condition caused by pandemic the landlord adopted the digital transformation strategies to redefine consumer experience and introduce more innovative omni-channel retail experiences to attract demand. In addition to strengthening their wider omnichannel platform, retailers have adopted store pickup services more broadly, including fully-automated stores, to allow for a quick collection of purchased goods. although well-capitalized retail operators and new market entrants are selectively looking for expansion opportunities. While retail sector enjoys slightly upward trend in performance. Furthermore, Saudi Arabia ministry of investment recently highlighted governments aim to attract investment in various project especially retail & entertainment sectors.

**19.5- Industrial warehouses:** While occupancies increased marginally in the industrial warehouses sector over last year end, the warehouse industry is exhibiting healthy growth. Despite the reopening of many physical stores, e-commerce continues to be a strong driver of demand for logistics space globally, leading to near-record absorption levels in several major markets. The rise of automation and value-added services to attain competitive differentiation is changing the way to operate, leading a dynamic future. The rapid growth of e-commerce across the globe, the ongoing realignment of supply chains and increasing requirement for last mile warehouses is likely to continue to support strong demand over the longer term.

## 20-External and internal Pictures

### External view



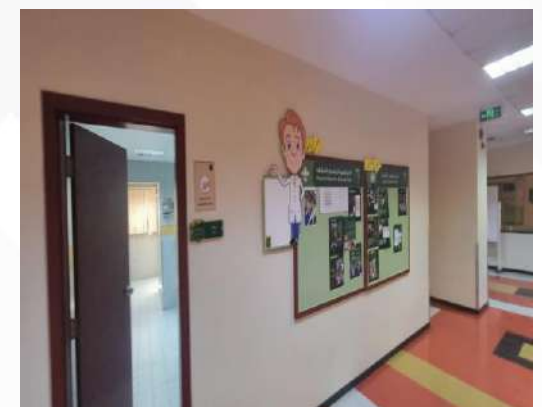
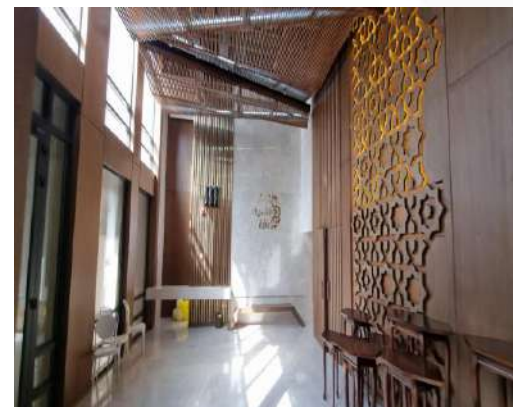


## Internal view

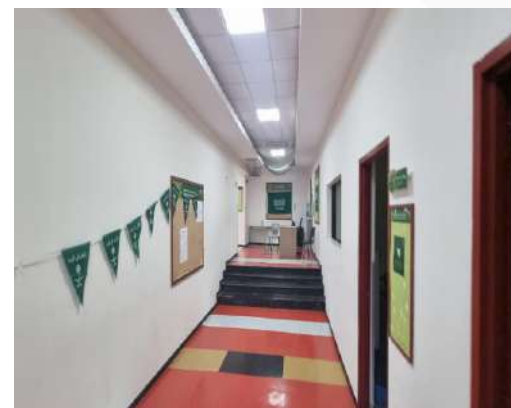




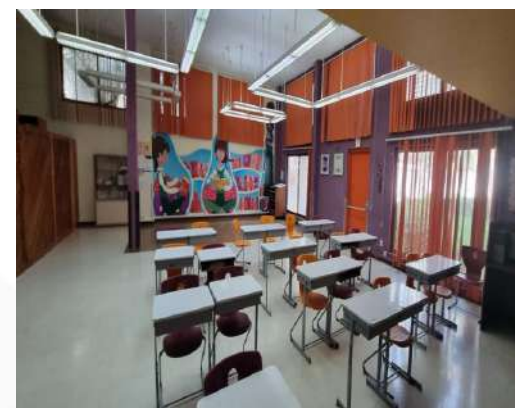
## Internal view



## Internal view



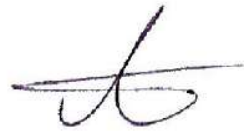
## Internal view





## 21- Olat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Deputy Valuation Manger	1210001148	1444/12/27	Real estate
<b>Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/1/16	Real estate



## 21.1- OPM Valuation's team Taqueem's certificates



## QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير منشأة التقييم العميل الغرض من التقييم عدد الأصول نوع التقرير تاريخ إصدار التقرير	605523 شركة أولات وشريكه للتقييم العقاري صندوق تعليم ريت الشراء 1 تقرير مفصل Sun 24 Jul, 2022
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للتحقق من صحة الشهادة التسجيل:



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We derive the Accurate Value in a changing market

## Real Estate Valuation Report

Rowad Al Khaleej School

Al Malqa District

KSA - Riyadh City

Prepared for Taleem REIT

Date of Report

July 24, 2022



2022

نستنبط القيمة الأدق في سوق متغير

We derive the Accurate Value in a changing market

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**Olaat Valuation Company C.R:1010462536 Valuation License: 121000397**

# Real Estate Valuation Report Analysis

**Prepared for:**  
**Taleem REIT**

## Riyadh City

**Date of Valuation June 30th, 2022**

**Date of Report July 24, 2022**

**Done by OPM (Olaa valuation Company)**

**P.O. Box 62244 Riyadh 11585**

**Kingdom of Saudi Arabia**

**The person in charge:**

**Abdul malik al Darwish**

**Email: [opm@olaat.com](mailto:opm@olaat.com)**

**[www.olaat.com](http://www.olaat.com)**

**C.R:1010462536**

**Valuation License: 1210000397**

Property's Type	Educational Property –School
Location	Riyadh city – Malqa District-Muhammad Ibn Abdul-Aziz Ad Daghaythir Street
Land Area	2,985.50 sq. m
Title deed number	793225001213
Title's date	12/07/1443 H
Plots Number	(30) - Educational facility
Block Number	8
Scheme Number	3360
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	5515.57 m <sup>2</sup>
Building's Permit number	1437/19563
Building Permit's date	24/12/1437
<b>Market value based on Income - Capitalization Rate Methods</b>	<b>35,400,316 (Thirty-Five Million, Four Hundred Thousand, Three Hundred sixteen Saudi Riyal)</b>

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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

For the attention of:

Saudi Fransi Capital  
Assets Management Division  
T: +966 11 2826762  
sabbas@fransicapital.com.sa  
P.O. Box 56006, Riyadh 11554

**Property Address: Rowad Al Khaleej School – Riyadh city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Mr. Sheikh M. Abbas,**

We are Pleased to submit our Valuation report for – **Rowad Al Khaleej School - Riyadh city- for REIT Purposes** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 35,400,316 SAR** has nominated on the basis of **Capitalization rate method - Income**, considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

## 1- Settling the terms of engagement

<b>Identification of the client and any other intended users</b>	(Taleem REIT)
<b>Instruction and purpose of valuation</b>	In accordance with RFP dated on June 08, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Rowad Al Khaleej School property.
<b>The subject of the valuation</b>	REIT Purposes
<b>The extent of the value's investigations</b>	Valuation for an Educational property - School Property
<b>Other users</b>	To avoid misunderstandings. it is good practice to agree with, which defines the extent of the <i>member's</i> duty to obtain or verify information that may be material.
<b>Interest to be valued</b>	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
<b>The Basis of Value</b>	We are instructed that the subject Land & Building (L&B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
<b>Valuation Date</b>	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:  "Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.
<b>Report Date</b>	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of School project reflected on June 30th,2022.
	The valuation report usually dated exactly as the valuation date July 24, 2022.

<b>Inspection</b>	The Property was inspected on 21 <sup>th</sup> of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
<b>Market research &amp; Survey</b>	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
<b>The premise of the highest &amp; optimal use</b>	The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
<b>Independence Valuers</b>	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).
<b>Due Diligence</b>	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.
<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olat & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.

<b>Valuation Methodology</b>	The Valuation has been undertaken using the Comparable Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.
<b>Confidentiality</b>	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
<b>The nature and source of the information to be relied on</b>	<b>Market Survey - OPM data center</b>
<b>Environmental Matters</b>	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>



<b>General assumption</b>	<p>General assumptions related to real estate are necessary according to the definition of international valuation standards</p> <p>“Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future.” - The property is operated / school</p>
<b>Special assumption</b>	<p>It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.</p>
<b>SALIENT POINT (GENERAL COMMENTS)</b>	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. In the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

#### 5- Source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

#### 6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

#### 7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

## 8- Documents Received

The Client has provided us by clear copy of the following documents

<b>Title Deed Copy</b>	y
<b>Construction Permit</b>	y
<b>Gross Floor area / floor</b>	y
<b>Total leasable area</b>	y
<b>MEP's Details</b>	x
<b>Mapping Plan</b>	x
<b>Civil Defense Letter</b>	x
<b>Photographs</b>	y

## 9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

### 9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization".

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The

comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

### **When depreciated replacement cost is used?**

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

*The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.*

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

*If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.*

*Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.*

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

**Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location,** the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was



obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

### **Calculating the cost of Land & Building improvements of a specialized property-**

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

### **Sources of cost information**

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
  - **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
  - **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
  - **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
  - **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
  - **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
  - **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

## Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

**Three principal types of depreciation allowance, or obsolescence, may be identified as:**

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

## Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

**Lifespan:** *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

## Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in

the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).

- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

### **Other considerations**

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

### **9.2- Comparable Method**

This is method most are familiar with as it is the accepted method for valuing assets. Typically, this method involves selecting assets with similar characteristics in the same market area that have recently sold. Once those Property are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase the value of advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers,

dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in immediate neighborhood and adjoining areas. Neighboring Property, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

### 9.3- Capitalization Method (Cap Rate)

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

The appraiser calculator the income according to the following steps:

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

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



## 10-Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

## 11-Source of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 12-Purpose for preparation valuation and Content text

OPM was appointed **Saudi Fransi** to evaluate market value for an educational property due to market value located within Malqa District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

## 13-Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the market comparison approach, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

## 14-Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Saudi Fransi Capital**, and have been a presumption of validity.

## 15-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord.

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## 16-Foundation of evaluation report and Contents

### Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Comparison approach, depreciated replacement cost DRC, Capitalization rate.
3. OPM has no conflict of interest in the time of evaluation.

## 17 -Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the cost. An inspection of the property will be required in order to gather the information needed to complete the cost assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e. review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A schedule of the accommodational use.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.

- Estimate All Property 's Value through Depreciated Replacement Cost DRC Approach with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured (DRC), together with allowances in respect of other matters, including:
  - Demolition and debris removal and professional and statutory fees
  - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, Depreciated Replacement Cost, and Current market cost based.
  - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
  - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
  - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
  - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
  - It is advisable for the cost assessment to include certain additions to take account of further costs that will be incurred in the reconstruction of the building and replacement for machineries, equipment, and system.
  - Debris removal, demolition and shoring up party walls
  - Professional fees
  - Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

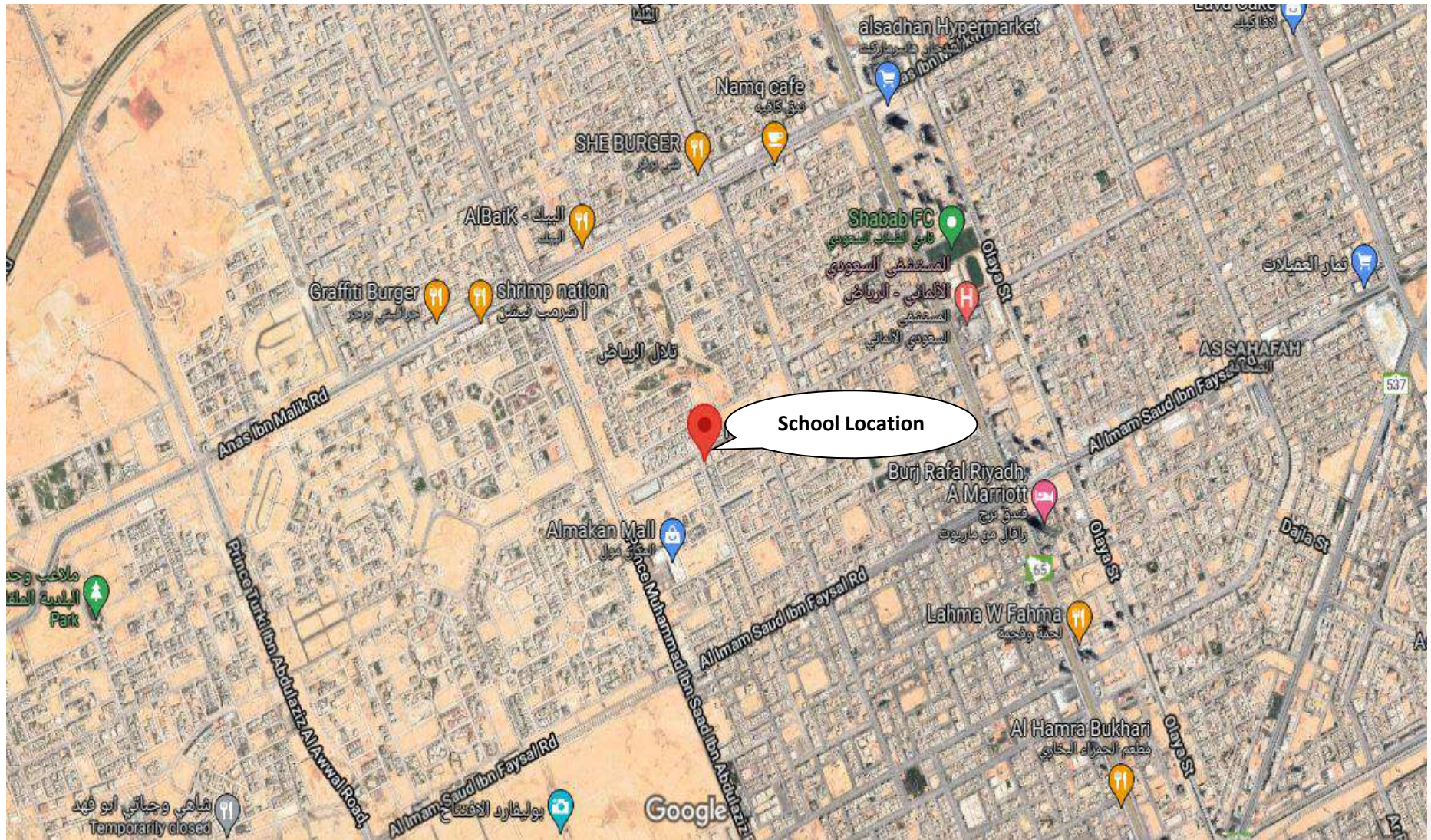
These conclusions, in conjunction with the findings from the Offices real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city of Madinah while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

<b>Property Map Coordinates</b>	24°47'44.5"N	46°36'49.7"E
<b>Property Map Location</b>	<a href="https://g.page/hei-schools-al-malga?share">https://g.page/hei-schools-al-malga?share</a>	



## Aerial View





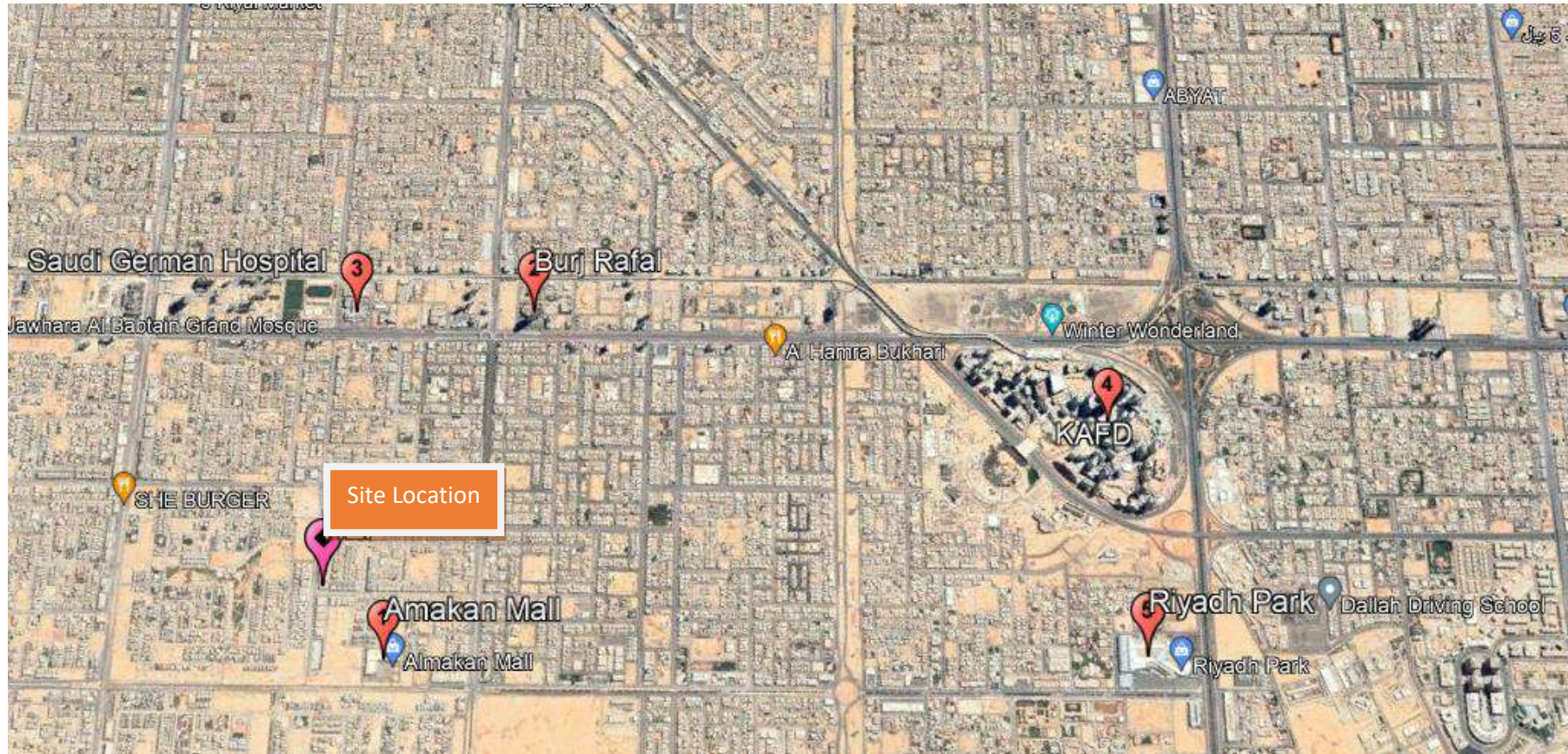
## 17.1- Site Context & Characteristics

### Location

- It should be noted that, the subject site lies Mohammad Ibn Abdul Aziz ad Daghaythir & Al Bateha Valley Road Riyadh City.
- The adjacent map highlights the subject site's location in relation to nearby key roads and surrounding districts while the insert map provides a micro view of the subject site.
- The subject site is located to the of city within approximately, 1.25 Km from Al-makan mall and 2.00 Km from Saudi German hospital & 5 K.m king Abdullah financial district respectively.
- On a micro level, the subject site is ideally positioned along with Prince Muhammad Ibn Saad ibn Abdul-Aziz Road, King Fahad Road major transport links and arterial roads such as the Retail hub and major Roads.
- It is of the note that the site is situated within the growth corridor of the city in proximity to key landmarks / infrastructure.
- The subject site will benefit from enhanced connectivity to and from the wider city given its direct positioning on the all-major district as depicted in the adjacent map.

## 17.2- Proximity to Demand Generators

The Maps Below presents the subject's site location in relation to a sample of key surrounding uses / developments.



The tables below present a sample of existing developments situated within the site's immediate and wider surroundings.

Sr. No	Surrounding Use	Distance - KM
1	Amakan Mall	1.5 K.M
2	Buraj Rafal	2.5 K.M
3	Saudi German Hospital	2.0 K.M
4	King Abdullah Financial District	4.0 K.M
5	Riyadh Park	5.0 K.M

The subject site's Located on Main Road include Commercial & residential subdivisions and districts supported by a number of existing small retail shops, and locally branded serviced apartments.

### 17.3- Site Accessibility and Visibility

Sector	Side / Part	Comment
<b>General Overview</b>	Prime Location	Located Within center of Riyadh, and with High Potential urban plan growth direction
	Accessibility and Visibility	*Accessibility through many major roads such as Prince Muhammad Ibn Saad bin Abdul-Aziz Road and King Fahad Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape/ Triangles	Squared– leveled	The property is leveled fully developed built names as Rowad Al- Khaleej School		
	Internal and scaping for colleges	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development			
	Inside	Malqa District	The property is located central side of the city a region filled with new development and project and is the location of urban growth and Development.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences

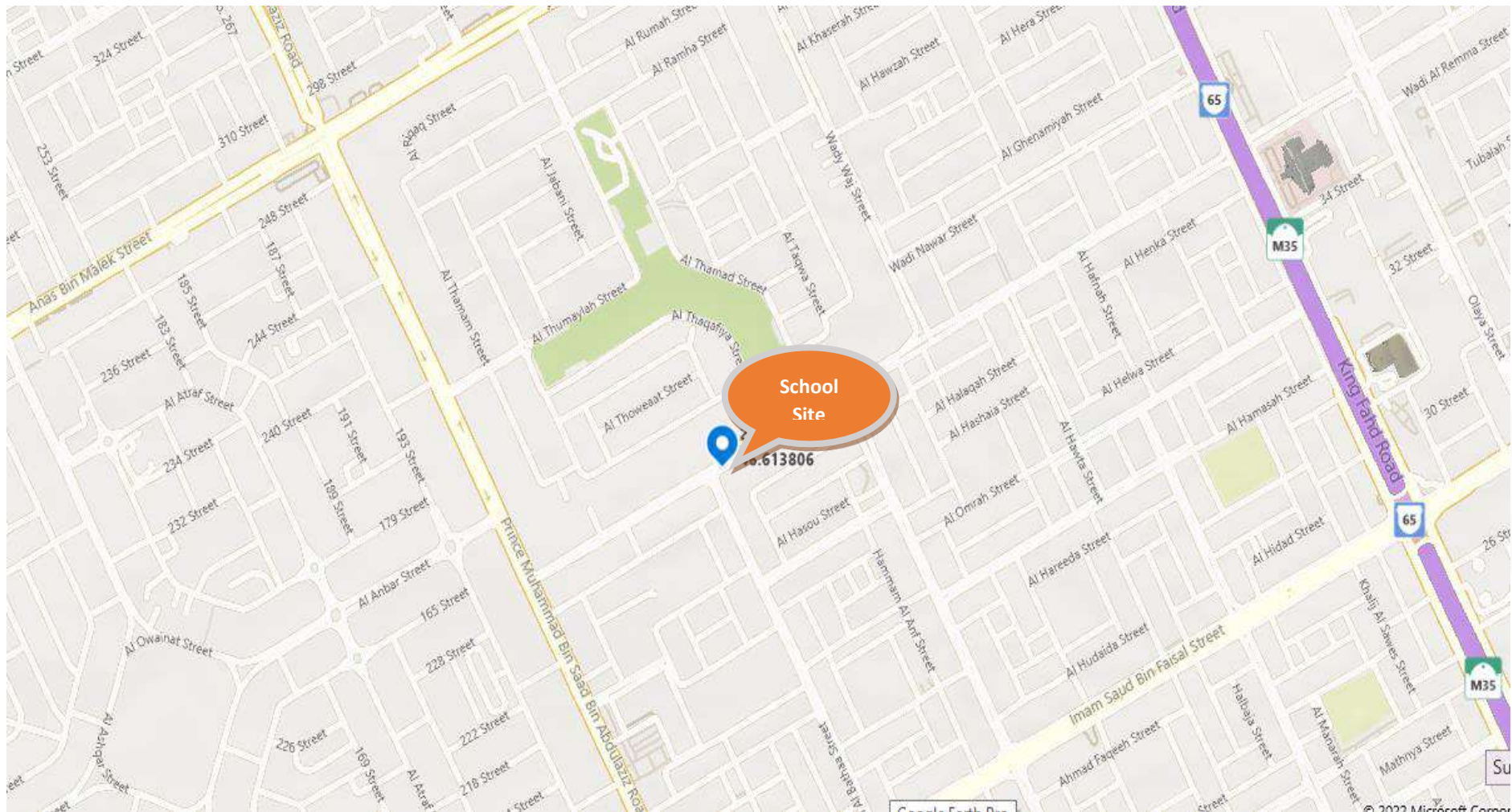


## 17.4 -Area Brief

The subject of this report comprises of developed land extending to approximately GFA 2,985.50 sq. m and located in Malqa District Riyadh, KSA. Rowad Al Khaleej school including Masterplan generally including Offices, Educational Classes for kindergarten, & Primary stages. All utilities and infrastructure founded Near By.

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Centre Riyadh	The property is located Centre of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis			Main Road Muhammad Ibn Abdul-Aziz ad Daghaythir Road	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	SportActivity			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

## Middle View of Property





## 18- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

### Building Information

Sr.no	Title Name	floor Area Sqm	Building Use
1	Basement	1792.07	Staff Offices
2	Ground floor	1374.26	Educational
3	first floor	1566.00	Educational
4	Electric Room	11.70	Electricity
5	Addition Room floor	783.24	Educational
6	Surrounding wall	193.08	Services

## 19- Land Valuation Methodology

### 19.1 - Land Valuation Comparable Approach – Direct Comparison

#### Comparable Market Approach evaluation – Land Evaluation market value (MV)

In this method, we will try to estimate the market values for Land Area - land located within Malqa District according to the market comparable approach. Through the market survey done by OPM team, similar land plots sizes founded in the catchment area and semi similar to targeted land.

However, within the same area, there is a shortage for similar land parcels offering either for sale or sale at date of valuation, and we just took many parcels similar in area and location and due to our survey and some of actual valuation for some projects in the region.

First, we will start defining the area of market survey done in this matter as per the following:



## Relative Ratio Analysis:

### A. Location (RAA):

Land plot size categories sq. m	Location RAA	
	North	South
Ratio	-10%	+10%

### B. Area Space (RAA):

Land plot size categories Sqm	400-1,500	1,501-3,500	3,501-5,000	More than 5,001
RAA	+10%	0%	-10%	-15%

### C. Other RAA:

Number of streets	(-,+) 5%
Public services (Metro - electricity - water - sewage - telephone)	(-,+) 5%
Classification & Use of the Land	(-,+) 50%
Accessibility of the property	(-,+) 5%
Near of the property from main street/s	(-,+) 5%
Within a major Commercial / Residential area PAA	(-,+) 5%
Market movement adjustments (active - medium - stagnation)	(-,+) 5%
Settlements for real estate transactions (1 year)	(-,+) 5%

## Comparable market Valuation Samples

Sample	Area Size sq m	Sample location	Market value S.R / sq m	Street Side	Land Usage
Sample 1	2,985	East	7,200	3 Side	(Commercial OR Residential)
Sample 2	2,443	west	6,700	3 Side	(Commercial OR Residential)



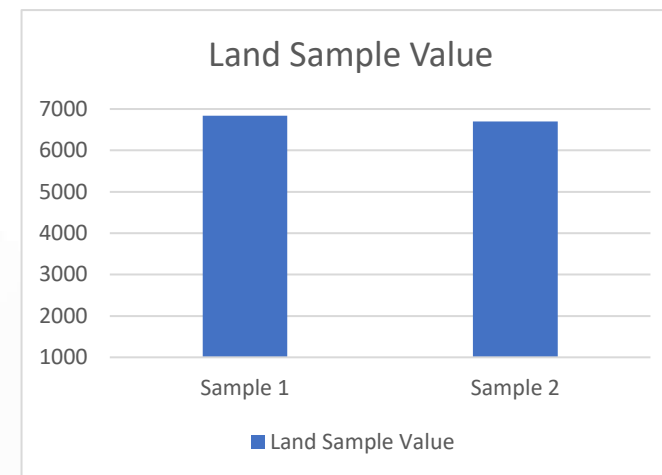


## Samples modifications to Land property

Sample 1	S.R/ Sqm	Sample 2	S.R/ Sqm
<b>Location RRA:</b>		<b>Location RRA:</b>	
Sample Price	7,200	Sample Price	6,700
Add: (0%)	0	Add: (0%)	0
	<b>+7,200</b>		<b>+6,700</b>
<b>Area Space RRA:</b>		<b>Area Space RRA:</b>	
2,985 sq. m		2,443 sq. m	
ADD: 0% Change	0	ADD: 0% Change	0
	<b>+7,200</b>		<b>+6,700</b>
<b>Other RRA:</b>		<b>Other RRA:</b>	
Number of streets (0%)	0	Number of streets (+0%)	0
Public services (Metro - electricity - water - sewage – tele.) (0%)	0	Public services (Metro - electricity - water - sewage – tele.) (0%)	0
Classification & Use of the Land (0%)	0	Classification & Use of the Land (0%)	0
Accessibility of the Land (0%)	0	Accessibility of the Land (-5%)	-335
Near of the property from main street/s (0%)	0	Near of the property from main street/s (0%)	0
Within a major Commercial/Residential area PAA (0%)	0	Within a major Commercial/Residential area PAA (0%)	0
Market movement adjustments (active - medium - stagnation) (-5%)	-360	Market movement adjustments (active -medium - stagnation)	+335
Settlements for real estate transactions (1 year) (0%)	0	(+5%)	0
<b>Modified Market Value</b>		<b>Modified Market Value</b>	
	<b>6,840 SAR/Sqm</b>		<b>6,700 SAR/Sqm</b>

The / Current market Value per sq. m for the land will be calculated as a weighted average of the market sample modified values as follows:

Sample 1		6,840
Sample 2		6,700
Number of samples	/	2
Average Market Value	=	6,770 S.R / sq. m



**Land market Value** = Land Area \* market value / sq. m  
= 2,985.50 sq. m \* 6,770 S.R  
**= 20,211,835 S.R (Twenty-Million, Two Hundred Eleven Thousand, Eight Hundred Thirty-Five Saudi Riyal)**



## 19.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor

camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of educational building permit; the total Gross Floor area GFA has been calculated area 2,985.50 sq. from Saudi Fransi Capital.

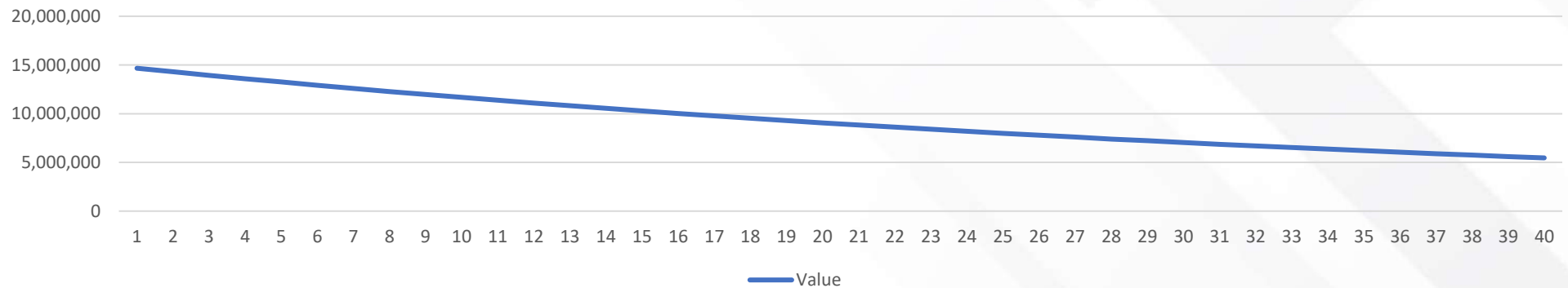
#### Depreciated Replacement cost (DRC)

<b>Standard:</b> Average useful life for school building in Riyadh city after taken into consideration climate.	<b>N (number of years) =</b>	<b>50 years</b>
Deprecation ratio Per annum 2.0%	Appreciation 0.5 (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculating Depreciation and Appreciation <b>1.5%</b>
<b>Building (equipment) useful life</b>	<b>N (number of years) =</b>	<b>2.5 years</b>
<b>Apportionment – Acc Depreciation</b>	<b>1.5%*2.5 Years</b>	<b>3.75%</b>

**(Construction, Finishing & MEP equipment) for building – All MEP installed**

Type of Construction	GfA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Basement	1792.07	3,000	100%	5,376,210
Ground floor	1374.26	3,000	100%	4,122,780
First floor	1,566	2,400	100%	3,758,400
Addition floor	783.24	2,400	100%	1,879,776
Surrounding Area	193.08	500	100%	96,540
<b>Replacement cost - SR</b>				<b>15,233,706</b>
- Apportionment Acc Deprecation –	(15,233,706*3.75/100)			(571,264)
<b>Note:</b> Deprecation will be Charged on Dec Every Year				
<b>Depreciated Replacement cost DRC for building</b>				<b>14,662,442</b>

Value of building during operational Life Cycle



## 20- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work- Currency SR

Market Value (Land)	20,211,835 SAR
Plus	
Building Value before adding Profit Margin - SAR	14,662,442 SAR
+ Developer Profit Margin (20%) – only for Building Value - SAR	2,932,488 SAR
Building Value - SAR	17,594,930 SAR
Sum of Value – Property	37,806,765 SAR
Market value -Total Land & Building Property (Rounding figure)	37,806,765 S.R (Thirty-Seven million, Eight Hundred Six thousand, Seven Hundred Sixty-five Saudi rigals

**21-Valuation Based to Income approach- Capitalization rate** ratio of Net Operating Income (NOI) to property asset value -  
**Riyadh city -June 2022- FFO** to define the cash flow from their operations **Official leasing Percentage Yield**  
**Escalation As per received from Client:**

Rental Payment date	Rent (SR)
1. Lease Commencement Date	1,297,700
2. Lease Commencement Date + six (6) months	1,297,700
3. Lease Commencement Date + one (1) Gregorian calendar year	1,297,700
4. Lease Commencement Date + eighteen (18) months	1,297,700
5. Lease Commencement Date + two (2) Gregorian calendar years	1,297,700
6. Lease Commencement Date + thirty (30) months	1,297,700
7. Lease Commencement Date + three (3) Gregorian calendar years	1,297,700
8. Lease Commencement Date + forty two (42) months	1,297,700
9. Lease Commencement Date + four (4) Gregorian calendar years	1,297,700
10. Lease Commencement Date + fifty four (54) months	1,297,700
11. Lease Commencement Date + five (5) Gregorian calendar years	1,362,585
12. Lease Commencement Date + sixty six (66) months	1,362,585
13. Lease Commencement Date + six (6) Gregorian calendar years	1,362,585
14. Lease Commencement Date + seventy eight (78) months	1,362,585
15. Lease Commencement Date + seven (7) Gregorian calendar years	1,362,585
16. Lease Commencement Date + ninety (90) months	1,362,585
17. Lease Commencement Date + eight (8) Gregorian calendar years	1,362,585
18. Lease Commencement Date + one hundred and two (102) months	1,362,585
19. Lease Commencement Date + nine (9) Gregorian calendar years	1,362,585
20. Lease Commencement Date + one hundred and fourteen (114) months	1,362,585
21. Lease Commencement Date + ten (10) Gregorian calendar years	1,430,714
22. Lease Commencement Date + one hundred and twenty six (126) months	1,430,714
23. Lease Commencement Date + eleven (11) Gregorian calendar years	1,430,714

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24. Lease Commencement Date + one hundred and thirty eight (138) months	1,430,714
25. Lease Commencement Date + twelve (12) Gregorian calendar years	1,430,714
26. Lease Commencement Date + one hundred and fifty (150) months	1,430,714
27. Lease Commencement Date + thirteen (13) Gregorian calendar years	1,430,714
28. Lease Commencement Date + one hundred and sixty two (162) months	1,430,714
29. Lease Commencement Date + fourteen (14) Gregorian calendar years	1,430,714
30. Lease Commencement Date + one hundred and seventy four (174) months	1,430,714
31. Lease Commencement Date + fifteen (15) Gregorian calendar years	1,502,250
32. Lease Commencement Date + one hundred and eighty six (186) months	1,502,250
33. Lease Commencement Date + sixteen (16) Gregorian calendar years	1,502,250
34. Lease Commencement Date + one hundred and ninety eight (198) months	1,502,250
35. Lease Commencement Date + seventeen (17) Gregorian calendar years	1,502,250
36. Lease Commencement Date + two hundred and ten (210) months	1,502,250
37. Lease Commencement Date + eighteen (18) Gregorian calendar years	1,502,250
38. Lease Commencement Date + two hundred and twenty two (222) months	1,502,250
39. Lease Commencement Date + nineteen (19) Gregorian calendar years	1,502,250
40. Lease Commencement Date + two hundred and thirty four (234) months	1,502,250

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## Rowad Al Khaleej Building School Rental Payment Schedule Detail

Saudi Fransi Capital					
Khaleej Building Rental Payment Schedule					
Anniversary Years	Calendar Date	Calendar Months	Years	Semi- Annual Rent SAR	Annual Rent SAR
1st Year	18-Dec	First Six Months	2020	1,297,700	2,595,400
	18-Jun	Last Six Months	2020	1,297,700	
2nd Year	18-Dec	First Six Months	2021	1,297,700	2,595,400
	18-Jun	Last Six Months	2021	1,297,700	
3rd Year	18-Dec	First Six Months	2022	1,297,700	2,595,400
	18-Jun	Last Six Months	2022	1,297,700	
4th Year	18-Dec	First Six Months	2023	1,297,700	2,595,400
	18-Jun	Last Six Months	2023	1,297,700	
5th Year	18-Dec	First Six Months	2024	1,297,700	2,595,400
	18-Jun	Last Six Months	2024	1,297,700	
After 5-year Escalation is 5% as per Contract					
6th Year	18-Dec	First Six Months	2025	1,362,585	2,725,170
	18-Jun	Last Six Months	2025	1,362,585	
7th Year	18-Dec	First Six Months	2026	1,362,585	2,725,170
	18-Jun	Last Six Months	2026	1,362,585	
8th Year	18-Dec	First Six Months	2027	1,362,585	2,725,170
	18-Jun	Last Six Months	2027	1,362,585	
9th Year	18-Dec	First Six Months	2028	1,362,585	2,725,170
	18-Jun	Last Six Months	2028	1,362,585	
10th Year	18-Dec	First Six Months	2029	1,362,585	2,725,170
	18-Jun	Last Six Months	2029	1,362,585	
After 5-year Fixed Escalation is 5% as per Contract					



11th Year	31-Dec	First Six Months	2030	1,430,714	2,861,429
	30-Jun	Last Six Months	2030	1,430,714	
12th Year	31-Dec	First Six Months	2031	1,430,714	2,861,429
	30-Jun	Last Six Months	2031	1,430,714	
13th Year	31-Dec	First Six Months	2032	1,430,714	2,861,429
	30-Jun	Last Six Months	2032	1,430,714	
14th Year	31-Dec	First Six Months	2033	1,430,714	2,861,429
	30-Jun	Last Six Months	2033	1,430,714	
15th Year	31-Dec	First Six Months	2034	1,430,714	2,861,429
	30-Jun	Last Six Months	2034	1,430,714	
After 5-year Fixed Escalation is 5% as per Contract					
16th Year	31-Dec	First Six Months	2035	1,502,250	3,004,500
	30-Jun	Last Six Months	2035	1,502,250	
17th Year	31-Dec	First Six Months	2036	1,502,250	3,004,500
	30-Jun	Last Six Months	2036	1,502,250	
18th Year	31-Dec	First Six Months	2037	1,502,250	3,004,500
	30-Jun	Last Six Months	2037	1,502,250	
19th Year	31-Dec	First Six Months	2038	1,502,250	3,004,500
	30-Jun	Last Six Months	2038	1,502,250	
20th Year	31-Dec	First Six Months	2039	1,502,250	3,004,500
	30-Jun	Last Six Months	2039	1,502,250	
Total Rental Income for Twenty Years SAR					55,932,493 SR
Total Number of Years					20
Average Rental Income for Twenty Years SAR					2,796,625 SR

Notes: 1-The Lease Agreement made on Wednesday 21/4/1441 corresponding to 18/12/2019 (Signature Date).

2-After 5-year Fixed Escalation is 5% as per Contract.

## 22-Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period percentage for Rowad Al Khaleej school and after Inspection for Riyadh Market and catchment area without found any comparable based due to Scarcity of similar property beside the type of school areas of other property and market renting pricing in Riyadh market was based to experience and Saudi Arabia major cities benchmark for educational property After taking into consideration for location of property, quality of building and market indicators.

Due to market renting analysis the average rents in the area at time of valuation in between 675 – 775 SAR per sq. m for net Leasable area including basement floor and comparing it to the annual renting values for properties in the Riyadh City and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The **Property's rent for ongoing years is 2,796,625 SAR per annum**, which equating to around SAR 751\* per sq. m

\* **Notes:** Average Rental Value/Total Build up Area

$$2,796,625/3,723.5 = 751$$

Average Net Operating Income – triple Net for a Years Contractual period based to client's statement.	2,796,625 SR	
– Vacancy and collection loss	0	
Additional income	0	
Effective Average gross income	2,796,625 SR	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Average Net operating income NOI	2,796,625 SR	
Cap rate 7.9%		
Market Value @ 7.9% Capitalization rate	35,400,316 SAR	

### 23- Note: Opinion of Value in based to Capitalization rate method income.

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the lease Escalation data received from Client for 20 Obligatory Contractual period is Market Value:

Property Value Calculation	Amount (SAR)		Property Market Value
Income Approach Capitalization rate – Market Value	35,400,316		35,400,316 SR
Aggregate Market value property			35,400,316 SAR
Market value MV	35,400,316 (Thirty-Five Million, Four Hundred Thousand, Three Hundred Sixteen Saudi Riyal)		

#### General Notes:

- The market value of the property - is **35,400,316** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of Capitalization rate method -Income
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olat Real Estate Valuation Company that could affect the value of the property.
- Olat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.

- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the contract.

#### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

<b>-5%</b>	<b>Market Value</b>	<b>+5%</b>
<b>33,630,300 SR</b>	<b>35,400,316</b>	<b>37,170,332 SR</b>

## 24- Real Estate Market Summary- Riyadh City

### 24.1-Office's market:

In order to improving business condition & flourishing business activities in 2022 office performance improved in the kingdom. Average rent of Riyadh for Grade A & B in Slighting increase & Office's vacancies rate of office little bit drops because of in year 2020 (SAGIA) Saudi Arabia General Investment Authority Issue more than 400 plus new License to Investor to operate business companies in private sectors & also increasing demand from government entities. According to stats the unemployment rate is reduce for Saudi citizen so it shows the improvement in business sector for overall Saudi Arabia. Increase in business improvement condition play a vital role to increase the office demand & to accelerate economic recovery and attempt to create more opportunity in market. In short term, office sector is maintaining the sustainability at moment. & Government aims to establish the Riyadh as Business & economic hub that definitely likely to boost the office demand in kingdom of Saudi Arabia.



Healthcare sector continues rapidly growing and developing advance health care sector in kingdom. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. The Government health care services increase Public, Private Participation (PPP) health care delivery model, to boost and major advancement of healthcare sector in this region. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

**24.2-Residential market:** The majority of the supply for Residential Units delivered by ministry of housing through various initiative programs in order to achieve 70% homeownership target by vision 2030. In term of performance sale price slightly increase due to strong government backend support to expand the mortgage scheme and government sakni program for Saudi Resident & mortgage loan raised for construction sector. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market. Government ambitious target to increase population of Riyadh city the household will continuous to increase in upcoming years so expected to be an increase demand in residential sector.

**24.3-Hospitality market:** In the beginning of year 2022, Riyadh hotel occupancy up to 70% & Average daily price is also increase as compare to last year 2021. ministry of tourism announced the regulation to boost the tourism sector so Government pushes up hospitality activities to apply



tourism development strategy. so in order to implementation Government budget statement showed more than 15K hotel keys to be deliver through tourism development fund. that is an opportunity for investor and new market entrant to consider the hospitality sector that has great significant potential in Kingdom. In Ramazan month 23 million permits issued by ministry of Hajj & umrah to citizen resident, visitors & now one million pilgrims travelling to country performing Hajj with eliminating social distancing requirement & now operating two holy mosques with full capacity. The continuous level of Commitment and investment will help to support tourism industry and enhance the economic activity in the kingdom

**24.4-Retail market:** Saudi Arabia's e-commerce industry, whilst developing, is rapidly growing and to support and regulate growth in the Saudi Arabia. Despite the economic condition caused by pandemic the landlord adopted the digital transformation strategies to redefine consumer experience and introduce more innovative omni-channel retail experiences to attract demand. In addition to strengthening their wider omnichannel platform, retailers have adopted store pickup services more broadly, including fully-automated stores, to allow for a quick collection of purchased goods. although well-capitalized retail operators and new market entrants are selectively looking for expansion opportunities. While retail sector enjoys slightly upward trend in performance. Furthermore, Saudi Arabia ministry of investment recently highlighted governments aim to attract investment in various project especially retail & entertainment sectors.

**24.5- Industrial warehouses:** While occupancies increased marginally in the industrial warehouses sector over last year end, the warehouse industry is exhibiting healthy growth. Despite the reopening of many physical stores, e-commerce continues to be a strong driver of demand for logistics space globally, leading to near-record absorption levels in several major markets. The rise of automation and value-added services to attain competitive differentiation is changing the way to operate, leading a dynamic future. The rapid growth of e-commerce across the globe, the ongoing realignment of supply chains and increasing requirement for last mile warehouses is likely to continue to support strong demand over the longer term.

## 25- External and internal Pictures

### External view

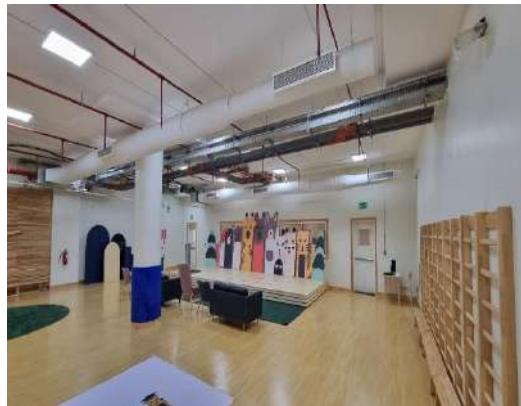


## External View

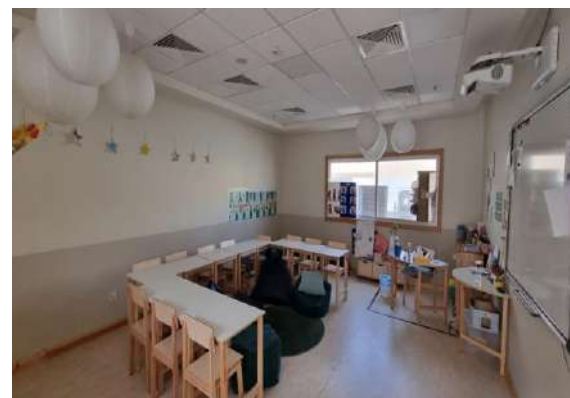
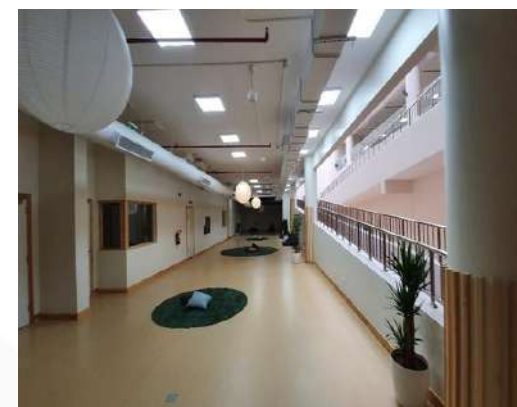
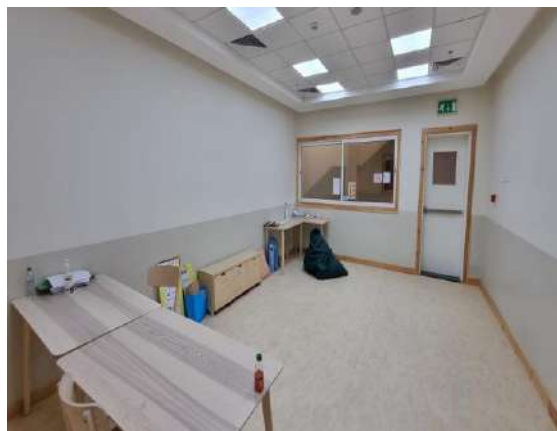




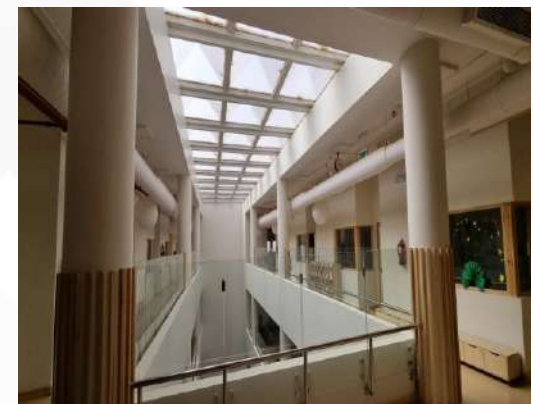
## Internal view



## Internal view

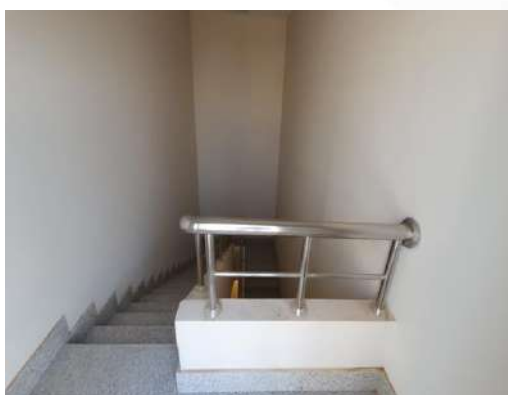
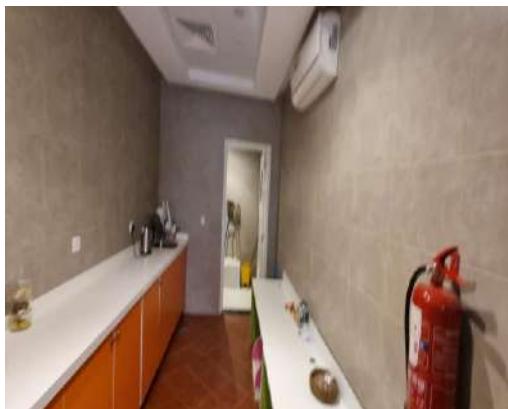


## Internal view





## Internal view



## 26-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Deputy Valuation Manger	1210001148	1444/12/27	Real estate
<b>Mohammad Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate



## 26.1- OPM Valuation's team Taqeeem's certificates



## QR Code



(هذا التقرير مسجل في بوابة القيمة)

رقم التقرير منشأة التقييم العميل الغرض من التقييم عدد الأصول نوع التقرير تاريخ إصدار التقرير	605537 شركة أولات وشريكه للتقييم العقاري صندوق تعليم ريت الشراء 1 تقرير مفصل Sun 24 Jul, 2022
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We derive the Accurate Value in a changing market



## Real Estate Valuation Report

Rowad Al Khaleej School

Yasmeen District

KSA - Riyadh City

Prepared for Taleem REIT

Date of Report

July 24, 2022



2022

نستنبط القيمة الأدق في سوق متغير

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**Olaat Valuation Company C.R:1010462536 Valuation License: 121000397**

# Real Estate Valuation Report Analysis

**Prepared for:**  
**Taleem REIT**

## Riyadh City

**Date of Valuation June 30th, 2022**

**Date of Report July 24, 2022**

**Done by OPM (Olaa valuation Company)**

**P.O. Box 62244 Riyadh 11585**

**Kingdom of Saudi Arabia**

**The person in charge:**

Abdul malik al Darwish

**Email: [opm@olaat.com](mailto:opm@olaat.com)**

**[www.olaat.com](http://www.olaat.com)**

**C.R:1010462536**

**Valuation License: 1210000397**

Property's Type	Educational Property –School
Location	Riyadh city – Yasmeen District- Yadma Street
Land Area	3,713.65 sq. m
Title deed number	393225001214
Title's date	12/07/1443 H
Plots Number	(747 & 748) - Educational facility
Scheme Number	3246
Block Number	2
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	4,792.33 m <sup>2</sup>
Building's Permit number	1437/19558
Building Permit's date	24/12/1437
<b>Market value based on Income - Capitalization Rate Methods</b>	<b>36,665,675 (Thirty-Six Million, Six Hundred sixty-five thousand, six hundred seventy-five Saudi Riyal)</b>

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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.



For the attention of:

Saudi Fransi Capital  
**Assets Management Division**  
T: +966 11 2826762  
sabbas@fransicapital.com.sa  
P.O. Box 56006, Riyadh 11554

**Property Address: Rowad Al Khaleej School – Yasmeen - Riyadh city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Mr. Sheikh M. Abbas,**

We are Pleased to submit our Valuation report for – **Rowad Al Khaleej - Yasmeen School - Riyadh city- for REIT Purposes** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 36,665,675 SAR** has nominated on the basis of **Capitalization rate method - Income**, considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

## 1- Settling the terms of engagement

Identification of the client and any other intended users	(Taleem REIT)
Instruction and purpose of valuation	In accordance with RFP dated on June 08, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Rowad Al Khaleej School property.
The subject of the valuation	REIT Purposes
The extent of the value's investigations	Valuation for an Educational property - School Property
Other users	To avoid misunderstandings. it is good practice to agree with, which defines the extent of the <i>member's</i> duty to obtain or verify information that may be material.
Interest to be valued	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
The Basis of Value	<p>We are instructed that the subject Land &amp; Building (L&amp;B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.</p> <p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>"Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>
Valuation Date	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of School project reflected on June 30th,2022.

<b>Report Date</b>	The valuation report usually dated exactly as the valuation date July 24, 2022.
<b>Inspection</b>	The Property was inspected on 21 <sup>th</sup> of June 2022 by Fadi Naeem Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
<b>Market research &amp; Survey</b>	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
<b>The premise of the highest &amp; optimal use</b>	The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
<b>Independence Valuers</b>	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).
<b>Due Diligence</b>	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.
<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olaa & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.

<b>Valuation Methodology</b>	The Valuation has been undertaken using the Comparable Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.
<b>Confidentiality</b>	<p>This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential</p>
<b>The nature and source of the information to be relied on</b>	<b>Market Survey - OPM data center</b>
<b>Environmental Matters</b>	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>

<b>General assumption</b>	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The property is operated / school
<b>Special assumption</b>	It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
<b>SALIENT POINT (GENERAL COMMENTS)</b>	We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. In the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council (IVSC)**: The estimated amount for which an asset should

exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**,
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

#### 5- Source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

#### 6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

#### 7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.



## 8- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	✓
Construction Permit	✓
Gross Floor area / floor	✓
Total leasable area	✓
MEP's Details	x
Mapping Plan	✓
Civil Defense Letter	x
Photographs	✓

## 9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

### 9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

### **When depreciated replacement cost is used?**

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

*The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.*

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

*If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.*

*Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.*

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

**Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location,** the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider

appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

### **Calculating the cost of Land & Building improvements of a specialized property-**

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

## Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
  - **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
  - **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
  - **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
  - **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
  - **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
  - **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.



## Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

### Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

## Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

**Lifespan:** When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.

## Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.

- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).
- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

### Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

### 9.2- Comparable Method

This is method most are familiar with as it is the accepted method for valuing assets. Typically, this method involves selecting assets with similar characteristics in the same market area that have recently sold. Once those Property are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase the value of

advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in immediate neighborhood and adjoining areas. Neighboring Property, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

### 9.3- Capitalization Method (Cap Rate)

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

The appraiser calculator the income according to the following steps:

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

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

## 10-Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

## 11-Source of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 12-Purpose for preparation valuation and Content text

OPM was appointed **Saudi Fransi** to evaluate market value for an educational property due to market value located within Yasmen District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

## 13-Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the market comparison approach, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

## 14-Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Saudi Fransi Capital**, and have been a presumption of validity.

## 15-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord.

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## 16-Foundation of evaluation report and Contents

### Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Comparison approach, depreciated replacement cost DRC, Capitalization rate.
3. OPM has no conflict of interest in the time of evaluation.

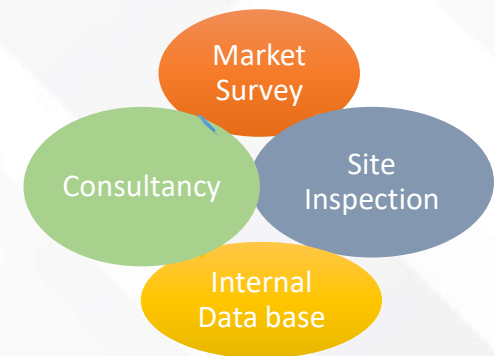


## 17 -Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the cost. An inspection of the property will be required in order to gather the information needed to complete the cost assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e. review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A schedule of the accommodational use.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.

- Estimate All Property 's Value through Depreciated Replacement Cost DRC Approach with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured (DRC), together with allowances in respect of other matters, including:
  - Demolition and debris removal and professional and statutory fees
  - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, Depreciated Replacement Cost, and Current market cost based.
  - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
  - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
  - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
  - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
  - It is advisable for the cost assessment to include certain additions to take account of further costs that will be incurred in the reconstruction of the building and replacement for machineries, equipment, and system.
  - Debris removal, demolition and shoring up party walls
  - Professional fees
  - Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

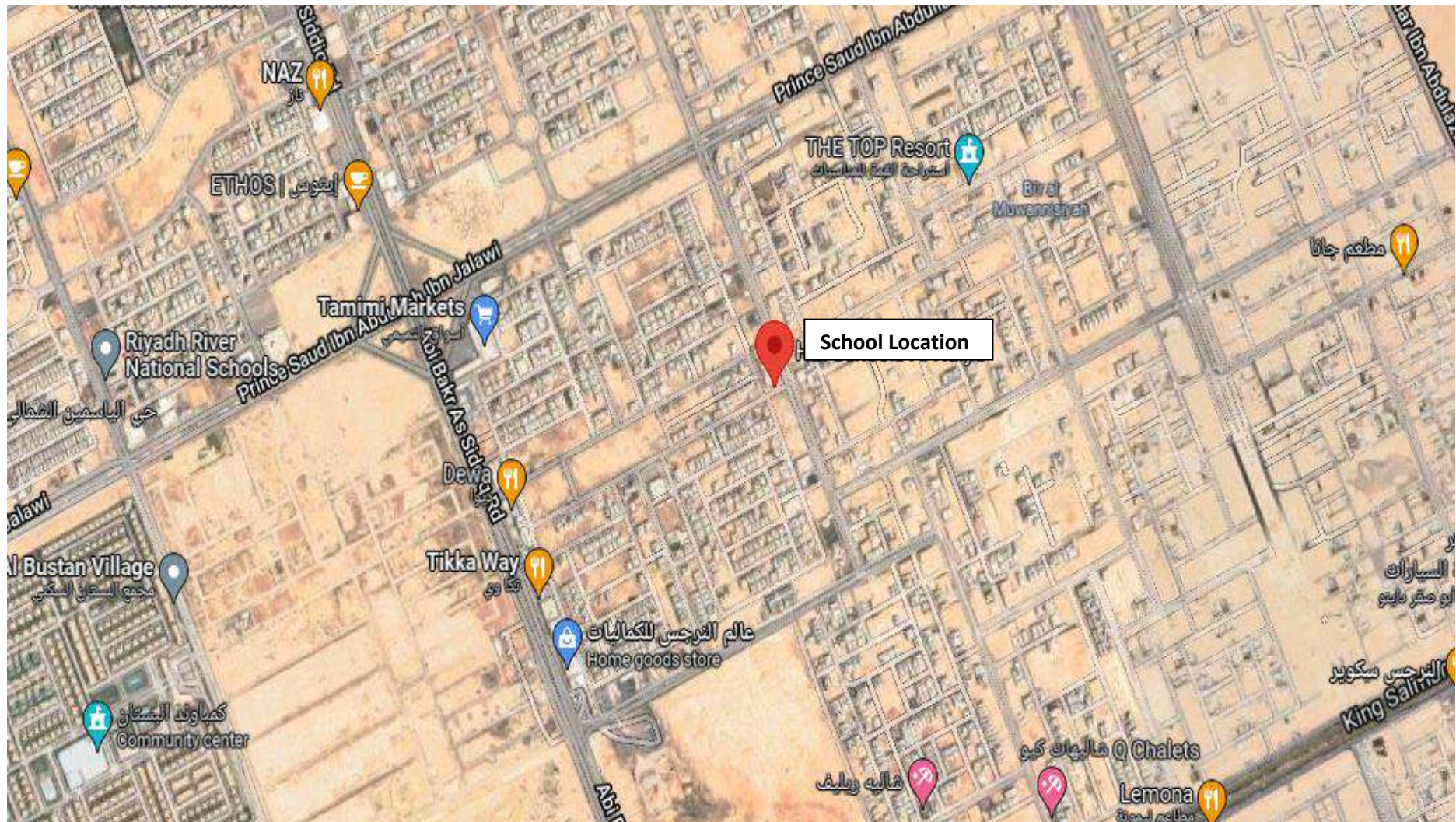
These conclusions, in conjunction with the findings from the Offices real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city of Madinah while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

<b>Property Map Coordinates</b>	24°51'29.0"N	46°39'18.0"E
<b>Property Map Location</b>	<a href="https://goo.gl/maps/wTE1sy8YjPXmoh4Z7">https://goo.gl/maps/wTE1sy8YjPXmoh4Z7</a>	



## Aerial View



### Location

- It should be noted that, the subject site lies Yadma Street Road Riyadh City.
- The adjacent map highlights the subject site's location in relation to nearby key roads and surrounding districts while the insert map provides a micro view of the subject site.
- The subject site is located to the of city within approximately, 1.8 Km from Tamimi market and 12.00 Km from PNU & 21 K.m king Khalid Airport respectively.
- On a micro level, the subject site is ideally positioned along with Prince saud Ibn Abdullah ibn Jalawi Road, & Abi Bakar as Siddiq Road major transport links and arterial roads such as the Retail hub and major Roads.
- It is of the note that the site is situated within the growth corridor of the city in proximity to key landmarks / infrastructure.
- The subject site will benefit from enhanced connectivity to and from the wider city given its direct positioning on the all-major district as depicted in the adjacent map.



## 17.2- Proximity to Demand Generators

The Maps Below presents the subject's site location in relation to a sample of key surrounding uses / developments.





The tables below present a sample of existing developments situated within the site's immediate and wider surroundings.

Sr. No	Surrounding Use	Distance - KM
1	Tamimi Mall	1.8 K.M
2	Bustan Village	3.5 K.M
3	Imam Saud Islamic University	14.0 K.M
4	Prince Nourah Bint Abdur Rehman	12.0 K.M
5	Riyadh Front	17.0 K.M
6	King Khalid Airport	21.0 K.M

The subject site's Located on Main Road include Commercial & residential subdivisions and districts supported by a number of existing small retail shops, and locally branded serviced apartments.

### 17.3- Site Accessibility and Visibility

Sector	Side / Part	Comment
<b>General Overview</b>	Prime Location	Located Within center of Riyadh, and with High Potential urban plan growth direction
	Accessibility and Visibility	*Accessibility through many major roads such as Prince Saud Ibn Abdullah ibn Jalawi Road and Abi Bakar as Siddiq Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

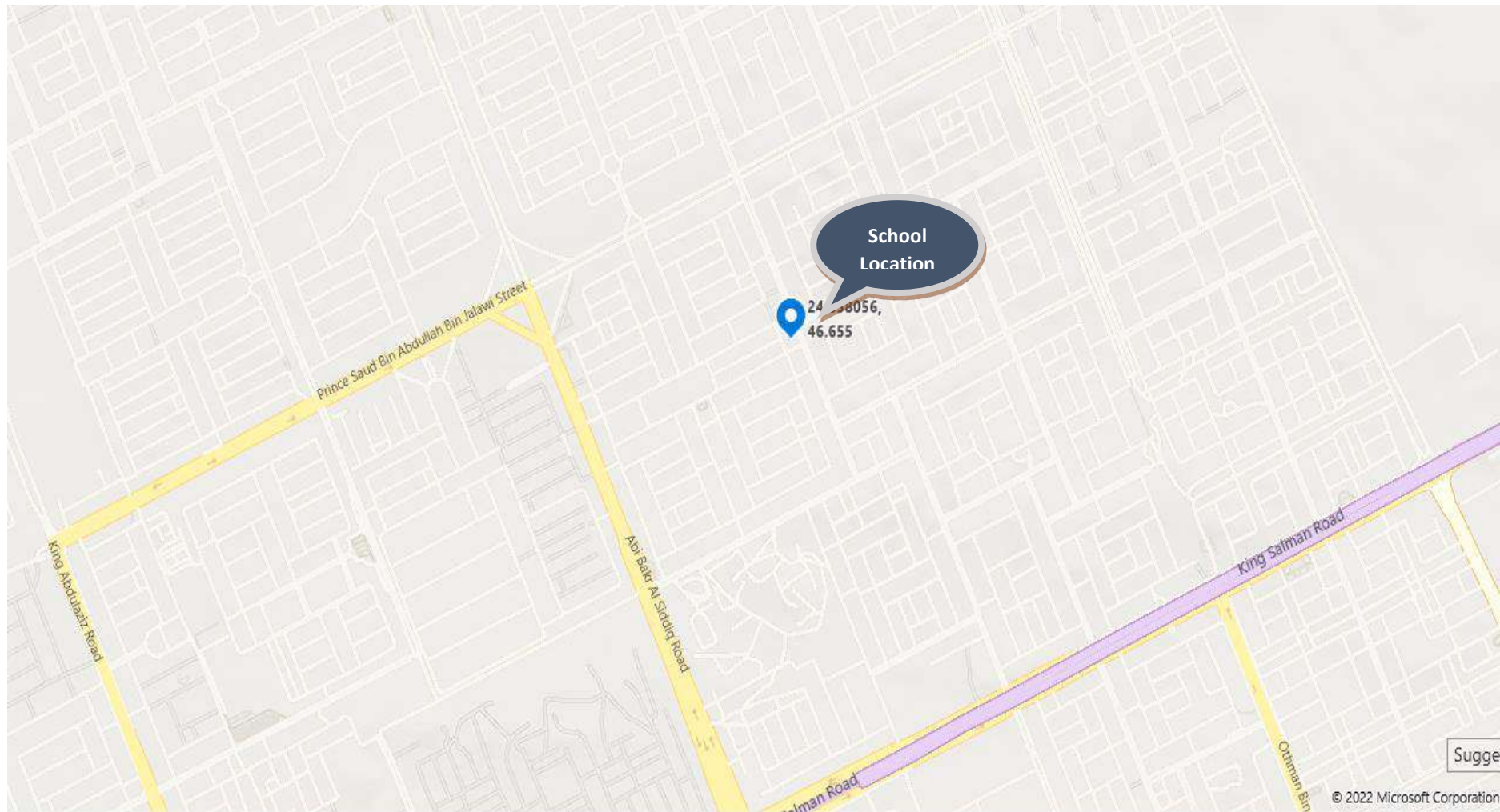
Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape/ Triangles	Rectangular– leveled	The property is leveled fully developed built names as Rowad Al Khaleej School.		
	Internal and scaping for colleges	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development			
	Inside	Yasmeen District	The property is located central side of the city a region filled with new development and project and is the location of urban growth and Development.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences

## 17.4 -Area Brief

The subject of this report comprises of developed land extending to approximately GFA 3,713.65 sq. m and located in Yasmeen District Riyadh, KSA. Rowad Al Khaleej school including Masterplan generally including Offices, Educational Classes for kindergarten, & Primary stages. All utilities and infrastructure founded Near By.

Sector	Side / Part		Comment				
Public Utilities and Infrastructure	On City Level	North Riyadh	The property is located Centre of the city a region filled with new development and project and is the location of the urban growth.				
	Proximity from Attraction	Main Axis		Main Road	Prince Saud Ibn Abdullah ibn Jalawi Road		
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.	
		Sewer System	Electricity				
	Public Amenities	Planting	Sidewalks		The property is fully developed		
		Lighting	Asphalt Roads				
	Facilities	SportActivity			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.	
		Prayer Area					
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.				
		Street					
Land Shape							

## Middle View of Property



## 18- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

**Building Information**

Sr.no	Title Name	floor Area Sqm	Building Use
1	Ground floor	1759.84	Educational
2	first floor	2021.66	Educational
3	Electric Room	40.93	Electricity
4	Addition Room floor	1010.83	Educational
5	Surrounding wall	120	Services

## 19- Land Valuation Methodology

### 19.1- Land Valuation Comparable Approach – Direct Comparison

#### Comparable Market Approach evaluation – Land Evaluation market value (MV)

In this method, we will try to estimate the market values for Land Area - land located within Yasmeen District according to the market comparable approach. Through the market survey done by OPM team, similar land plots sizes founded in the catchment area and semi similar to targeted land.

However, within the same area, there is a shortage for similar land parcels offering either for sale or sale at date of valuation, and we just took many parcels similar in area and location and due to our survey and some of actual valuation for some projects in the region.

First, we will start defining the area of market survey done in this matter as per the following:





## Relative Ratio Analysis:

### A. Location (RAA):

Land plot size categories sq. m	Location RAA	
	North	South
Ratio	-10%	+10%

### B. Area Space (RAA):

Land plot size categories Sqm	500-1,000	1,001-3,000	3,001-5,000	More than 5,001
RAA	+10%	+5%	0%	-15%

### C. Other RAA:

Number of streets	(-,+) 5%
Public services (Metro - electricity - water - sewage - telephone)	(-,+) 5%
Classification & Use of the Land	(-,+) 50%
Accessibility of the property	(-,+) 5%
Near of the property from main street/s	(-,+) 5%
Within a major Commercial / Residential area PAA	(-,+) 5%
Market movement adjustments (active - medium - stagnation)	(-,+) 5%
Settlements for real estate transactions (1 year)	(-,+) 5%

## Comparable market Valuation Samples

Sample	Area Size sq m	Sample location	Market value S.R / sq m	Street Side	Land Usage
Sample 1	1,800	East	4,600	2 Side	Mixed Use (Commercial OR Residential)
Sample 2	3,600	west	4,500	3 Side	Mixed Use (Commercial OR Residential)

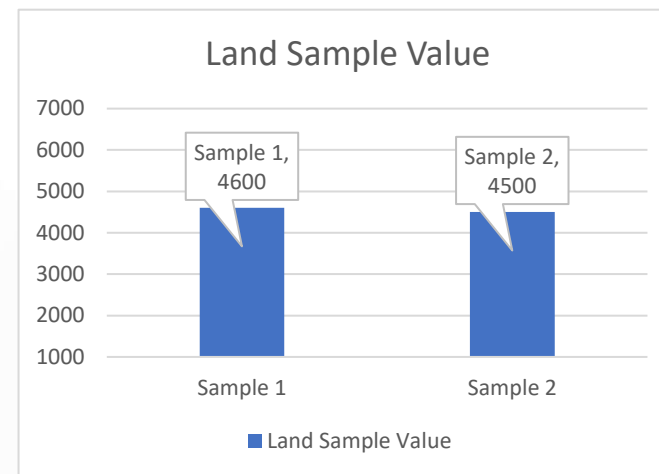


## Samples modifications to Land property

Sample 1	S.R/ Sqm	Sample 2	S.R/ Sqm
<b>Location RRA:</b>		<b>Location RRA:</b>	
Sample Price	4,600	Sample Price	4,500
Add: (0%)	0	Add: (0%)	0
	<b>+4,600</b>		<b>+4,500</b>
<b>Area Space RRA:</b>		<b>Area Space RRA:</b>	
1,800 sq. m		3,600 sq. m	
ADD: 0% Change	0	ADD: 0% Change	0
	<b>+4,600</b>		<b>+ 4,500</b>
<b>Other RRA:</b>		<b>Other RRA:</b>	
Number of streets (+5%)	0	Number of streets (0%)	0
Public services (Metro - electricity - water - sewage – tele.) (0%)	0	Public services (Metro - electricity - water - sewage – tele.) (0%)	0
Classification & Use of the Land (0%)	0	Classification & Use of the Land (+5%)	+225
Accessibility of the Land (0%)	-230	Accessibility of the Land (-5%)	-225
Near of the property from main street/s (0%)	0	Near of the property from main street/s (0%)	0
Within a major Commercial/Residential area PAA (0%)	0	Within a major Commercial/Residential area PAA (+5%)	+225
Market movement adjustments (active - medium - stagnation) (+5%)	+230	Market movement adjustments (active -medium - stagnation) (+5%)	-225
Settlements for real estate transactions (1 year) (0%)	0	Settlements for real estate transactions (1 year) (0%)	0
<b>Modified Market Value</b>	<b>4,600 SAR/Sqm</b>	<b>Modified Market Value</b>	<b>4,500 SAR/Sqm</b>

The / Current market Value per sq. m for the land will be calculated as a weighted average of the market sample modified values as follows:

Sample 1		4,600
Sample 2		4,500
Number of samples	/	2
Average Market Value	=	4,550 S.R / sq m



**Land market Value = Land Area \* market value / sq m**

**= 3,713.65 sq. m \* 4,550 S.R**

**= 16,897,108 S.R (Sixteen-million, Eight Hundred Ninety-Seven**

**thousand, One hundred Eight Saudi Riyal).**

## 19.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor

camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of educational building permit; the total Gross Floor area GFA has been calculated area 2,985.50 sq. from Saudi Fransi Capital.

### Depreciated Replacement cost (DRC)

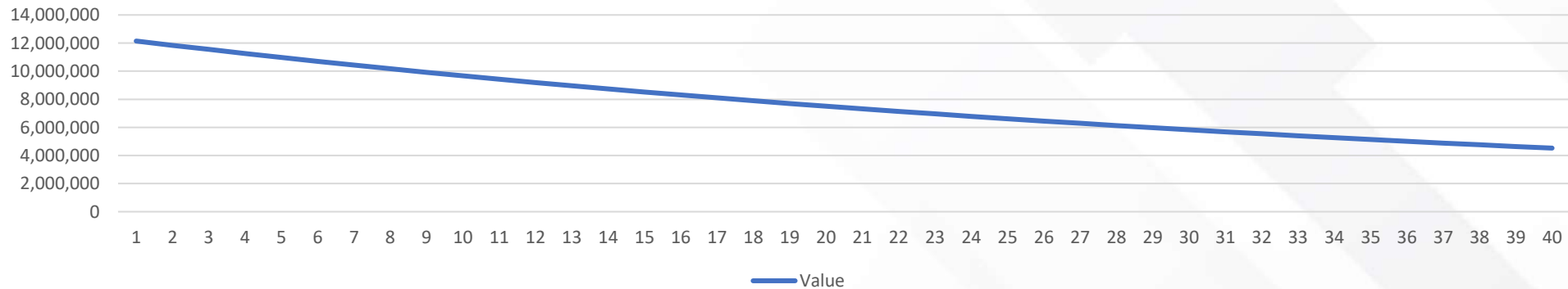
<b>Standard:</b> Average useful life for school building in Riyadh city after taken into consideration climate.	<b>N (number of years) =</b>	<b>50 years</b>
Deprecation ratio Per annum 2.0%	Appreciation 0.5 (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculating Depreciation and Appreciation <b>1.5%</b>
<b>Building (equipment) useful life</b>	<b>N (number of years) =</b>	<b>2.5 years</b>
<b>Apportionment – Acc Depreciation</b>	<b>1.5%*2.5 Years</b>	<b>3.75%</b>



**(Construction, Finishing & MEP equipment) for building – All MEP installed**

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Ground Floor	1759.84	3,000	100%	5,279,520
First Floor	2021.66	2,400	100%	4,851,984
Addition Floor	1010.83	2,400	100%	2,425,992
Surrounding Area	120	500	100%	60,000
Replacement cost - SR				12,617,496
- Apportionment Acc Deprecation –	(12,617,496*3.75/100)			(473,156)
Note: Depreciation will be Charge on December every year				
Depreciated Replacement cost DRC for building				12,144,340

Value of building during operational Life Cycle



## 20- Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work- Currency SR

Market Value (Land)	16,897,108 SAR
Plus	
Building Value before adding Profit Margin - SAR	12,144,340 SAR
+ Developer Profit Margin (20%) – only for Building Value - SAR	2,428,868 SAR
Building Value - SAR	14,573,208 SAR
Sum of Value – Property	31,470,316 SAR
	31,470,316 S.R
Market value -Total Land & Building Property (Rounding figure)	(Thirty-one million, four hundred & seventy Thousand, Three Hundred Sixteen Saudi Riyals

**21-Valuation Based to Income approach- Capitalization rate** ratio of Net Operating Income (NOI) to property asset value - **Riyadh city -2022- FFO** to define the cash flow from their operations Official leasing Percentage Yield Escalation As per received from Client:

1,429,154	17- تاريخ بدء التأجير + (8) لثاني سنوات ميلادية
1,429,154	18- تاريخ بدء التأجير + (102) سنة وشهرين
1,429,154	19- تاريخ بدء التأجير + (9) سبع سنوات ميلادية
1,429,154	20- تاريخ بدء التأجير + (114) سنة وأربعة عشر شهرا
1,500,612	21- تاريخ بدء التأجير + (10) عشر سنوات ميلادية
1,500,612	22- تاريخ بدء التأجير + (126) سنة وستة وعشرون شهرا
1,500,612	23- تاريخ بدء التأجير + (11) إحدى عشرة سنة ميلادية
1,500,612	24- تاريخ بدء التأجير + (138) سنة وأماة وثلاثون شهرا
1,500,612	25- تاريخ بدء التأجير + (12) اثني عشرة سنة ميلادية
1,500,612	26- تاريخ بدء التأجير + (150) سنة وخمسون شهرا
1,500,612	27- تاريخ بدء التأجير + (13) ثلاث عشرة سنة ميلادية
1,500,612	28- تاريخ بدء التأجير + (162) سنة وثلاث وستون شهرا
1,500,612	29- تاريخ بدء التأجير + (14) أربع عشرة سنة ميلادية
1,500,612	30- تاريخ بدء التأجير + (174) سنة وأربعة وسبعون شهرا
1,575,643	31- تاريخ بدء التأجير + (15) خمس عشرة سنة ميلادية
1,575,643	32- تاريخ بدء التأجير + (186) سنة وستة وألفون شهرا
1,575,643	33- تاريخ بدء التأجير + (16) ست عشرة سنة ميلادية
1,575,643	34- تاريخ بدء التأجير + (198) سنة وأماة وتسعون شهرا
1,575,643	35- تاريخ بدء التأجير + (17) سبع عشرة سنة ميلادية
1,575,643	36- تاريخ بدء التأجير + (210) مائتين وعشرة شهرا
1,575,643	37- تاريخ بدء التأجير + (18) ثمانية عشرة سنة ميلادية
1,575,643	38- تاريخ بدء التأجير + (222) مائتين واثنان وعشرون شهرا
1,575,643	39- تاريخ بدء التأجير + (19) تسع عشرة سنة ميلادية
1,575,643	40- تاريخ بدء التأجير + (234) مائتين وأربعة وثلاثون شهرا
58,616,882	الإجمالي

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<p><b>الراجحي للاستثمار</b> <b>RAJHI-INVEST</b></p> <p><b>SCHEDULE 2 - RENT PAYMENTS</b> <b>المعلق 2 - دفعات بدل الإيجار</b></p> <p>بلغ بدل الإيجار &lt; ثلث مليون وسبعة مئة واثنان وعشرون ألف ومئة وثمانية وتسعون ريال ٧٠ ألف &gt; ريال سعودي (SR 2,722,198) سنوياً، غير شامل قيمة الضريبة المضافة مع زيادة ثلثة بالمئة 2.5 كل خمس سنوات ميلادية، يتم دفع بدل الإيجار كل نصف سنة على النحو التالي:</p> <p>The Rent is &lt;Two million seven hundred twenty two thousand one hundred ninety eight SR (SR 2,722,198) per annum, with a fixed increase of five percent (5%) every five (5) Gregorian calendar years. The Rent will be paid semi-annually as follows:</p>	
تاريخ دفع بدل الإيجار	بدل الإيجار بالريال السعودي
1- تاريخ بدء التأجير 2020/07/22	1,361,099
2- تاريخ بدء التأجير + (6) سنة شهرياً	1,361,099
3- تاريخ بدء التأجير + (1) سنة وأربعة ميلادية	1,361,099
4- تاريخ بدء التأجير + (18) ثمانية عشر شهراً	1,361,099
5- تاريخ بدء التأجير + (2) سنتين ميلادية	1,361,099
6- تاريخ بدء التأجير + (30) ثلاثون شهراً	1,361,099
7- تاريخ بدء التأجير + (3) ثلاث سنوات ميلادية	1,361,099
8- تاريخ بدء التأجير + (42) اثنان وأربعون شهراً	1,361,099
9- تاريخ بدء التأجير + (4) أربع سنوات ميلادية	1,361,099
10- تاريخ بدء التأجير + (54) أربعة وخمسون شهراً	1,361,099
11- تاريخ بدء التأجير + (5) خمس سنوات ميلادية	1,429,154
12- تاريخ بدء التأجير + (66) ستة وستون شهراً	1,429,154
13- تاريخ بدء التأجير + (6) ست سنوات ميلادية	1,429,154
14- تاريخ بدء التأجير + (78) ثمانية وسبعون شهراً	1,429,154
15- تاريخ بدء التأجير + (7) سبع سنوات ميلادية	1,429,154
16- تاريخ بدء التأجير + (90) تسعون شهراً	1,429,154

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## AI Yasmeen School Rental Payment Schedule Detail

Saudi Fransi Capital					
Al Yasmeen Rental Payment Schedule					
Anniversary Years	Calendar Date	Calendar Months	Years	Semi- Annual Rent SAR	Annual Rent SAR
1st Year	22-Jul	Last Six Months	2020	1,361,099	2,722,198
	22-Jan	First Six Months	2021	1,361,099	
2nd Year	22-Jul	Last Six Months	2021	1,361,099	2,722,198
	22-Jan	First Six Months	2022	1,361,099	
3rd Year	22-Jul	Last Six Months	2022	1,361,099	2,722,198
	22-Jan	First Six Months	2023	1,361,099	
4th Year	22-Jul	Last Six Months	2023	1,361,099	2,722,198
	22-Jan	First Six Months	2024	1,361,099	
5th Year	22-Jul	Last Six Months	2024	1,361,099	2,722,198
	22-Jan	First Six Months	2025	1,361,099	
After 5-year Escalation is 5% as per Contract					
6th Year	22-Jul	Last Six Months	2025	1,429,154	2,858,308
	22-Jan	First Six Months	2026	1,429,154	
7th Year	22-Jul	Last Six Months	2026	1,429,154	2,858,308
	22-Jan	First Six Months	2027	1,429,154	
8th Year	22-Jul	Last Six Months	2027	1,429,154	2,858,308
	22-Jan	First Six Months	2028	1,429,154	
9th Year	22-Jul	Last Six Months	2028	1,429,154	2,858,308
	22-Jan	First Six Months	2029	1,429,154	
10th Year	22-Jul	Last Six Months	2029	1,429,154	2,858,308
	22-Jan	First Six Months	2030	1,429,154	
After 5-year Fixed Escalation is 5% as per Contract					
11th Year	22-Jul	Last Six Months	2030	1,500,612	3,001,224

	22-Jan	First Six Months	2031	1,500,612	
12th Year	22-Jul	Last Six Months	2031	1,500,612	3,001,224
	22-Jan	First Six Months	2032	1,500,612	
13th Year	22-Jul	Last Six Months	2032	1,500,612	3,001,224
	22-Jan	First Six Months	2033	1,500,612	
14th Year	22-Jul	Last Six Months	2033	1,500,612	3,001,224
	22-Jan	First Six Months	2034	1,500,612	
15th Year	22-Jul	Last Six Months	2034	1,500,612	3,001,224
	22-Jan	First Six Months	2035	1,500,612	
After 5-year Fixed Escalation is 5% as per Contract					
16th Year	28-Aug	Last Six Months	2035	1,575,643	3,151,286
	28-Feb	First Six Months	2036	1,575,643	
17th Year	28-Aug	Last Six Months	2036	1,575,643	3,151,286
	28-Feb	First Six Months	2037	1,575,643	
18th Year	28-Aug	Last Six Months	2037	1,575,643	3,151,286
	28-Feb	First Six Months	2038	1,575,643	
19th Year	28-Aug	Last Six Months	2038	1,575,643	3,151,286
	28-Feb	First Six Months	2039	1,575,643	
20th Year	28-Aug	Last Six Months	2039	1,575,643	3,151,286
	28-Feb	First Six Months	2040	1,575,643	
Total Rental Income for Twenty Years SAR					58,665,080 SR
Total Number of Years					20
Average Rental Income for Twenty Years SAR					2,933,254 SR

**Notes:** 1-The Lease Agreement made on Wednesday 22/07/2020 (Signature Date) as per contract paper.  
 2-After 5-year Fixed Escalation is 5% as per Contract paper.

## 22-Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period percentage for Rowad Al Khaleej school and after Inspection for Riyadh Market and catchment area without found any comparable based due to Scarcity of similar property beside the type of college areas of other property and market renting pricing in Riyadh market was based to experience and Saudi Arabia major cities benchmark for educational property After taking into consideration for location of property, quality of building and market indicators.

Due to market renting analysis the average rents in the area at time of valuation in between 475 – 675 SAR per sq. m for net Leasable area including basement floor and comparing it to the annual renting values for properties in the Riyadh City and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The **Property's rent for Average twenty years is 2,933,254 SAR per annum**, which equating to around SAR 612\* per sq. m

\* **Notes:** Average Rental Value/Total Build up Area

$$2,933,254/4,792.33 = 612$$



<b>Average Net Operating Income – triple Net</b> for a 20 Years Contractual period based to client's statement.	<b>2,933,254 SR</b>	
<b>– Vacancy and collection loss</b>	<b>0</b>	
<b>Additional income</b>	<b>0</b>	
<b>Effective Average gross income</b>	<b>2,933,254 SR</b>	
<b>Operating Expenses</b> (all expanses on Operator's responsibility) – Triple net wise		
<b>Fixed</b>	0	
<b>Variable</b>	0	
<b>Reserves</b>	0	
<b>Total Operating expenses</b>	<b>0</b>	
<b>Average Net operating income NOI</b>	<b>2,933,254 SR</b>	
<b>Cap rate 8.0%</b>		
<b>Market Value @ 8.0% Capitalization rate</b>	<b>36,665,675 SAR</b>	

### 23- Note: Opinion of Value in based to Capitalization rate method income.

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the lease Escalation data received from Client for 20 Obligatory Contractual period is Market Value:

Property Value Calculation	Amount (SAR)		Property Market Value
<b>Income Approach Capitalization rate – Market Value</b>	<b>36,665,675</b>		<b>36,665,675 SR</b>
<b>Aggregate Market value property</b>			<b>36,665,675 SAR</b>
<b>Market value MV</b>	<b>36,665,675 (Thirty-Six Million, six-hundred sixty-five thousand, Six hundred seventy-five Saudi Riyal)</b>		

#### General Notes:

- The market value of the property – is **36,665,675** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of Capitalization rate method -Income
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olat Real Estate Valuation Company that could affect the value of the property.
- Olat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.

- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the contract.

#### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

<b>-5%</b>	<b>Market Value</b>	<b>+5%</b>
<b>34,832,391 SR</b>	<b>36,665,675</b>	<b>38,498,958 SR</b>

## 24 - Real Estate Market Summary- Riyadh City

### 24.1-Office's market:

In order to improving business condition & flourishing business activities in 2022 office performance improved in the kingdom. Average rent of Riyadh for Grade A & B in Slighting increase & Office's vacancies rate of office little bit drops because of in year 2020 (SAGIA) Saudi Arabia General Investment Authority Issue more than 400 plus new License to Investor to operate business companies in private sectors & also increasing demand from government entities. According to stats the unemployment rate is reduce for Saudi citizen so it shows the improvement in business sector for overall Saudi Arabia. Increase in business improvement condition play a vital role to increase the office demand & to accelerate economic recovery and attempt to create more opportunity in market. In short term, office sector is maintaining the sustainability at moment. & Government aims to establish the Riyadh as Business & economic hub that definitely likely to boost the office demand in kingdom of Saudi Arabia.



Healthcare sector continues rapidly growing and developing advance health care sector in kingdom. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. The Government health care services increase Public, Private Participation (PPP) health care delivery model, to boost and major advancement of healthcare sector in this region. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

### 24.2-Residential market:

The majority of the supply for Residential Units delivered by ministry of housing through various initiative programs in order to achieve 70% homeownership target by vision 2030. In term of performance sale price slightly increase due to strong government backend support to expand the mortgage scheme and government sakni program for Saudi Resident & mortgage loan raised for construction sector. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market.

Government ambitious target to increase population of Riyadh city the household will continuous to increase in upcoming years so expected to be an increase demand in residential sector.

**24.3-Hospitality market:** In the beginning of year 2022, Riyadh hotel occupancy up to 70% & Average daily price is also increase as compare to last year 2021.ministry of tourism announced the regulation to boost the tourism sector so Government pushes up hospitality activities to apply tourism development strategy.so in order to implementation Government budget statement showed more than 15K hotel keys to be deliver through tourism development fund. that is an opportunity for investor and new market entrant to consider the hospitality sector that has great significant potential in Kingdom. In Ramazan month 23 million permits issued by ministry of Hajj & umrah to citizen resident, visitors & now one million pilgrims travelling to country performing Hajj with eliminating social distancing requirement & now operating two holy mosques with full capacity. The continuous level of Commitment and investment will help to support tourism industry and enhance the economic activity in the kingdom

**24.4-Retail market:**

Saudi Arabia's e-commerce industry, whilst developing, is rapidly growing and to support and regulate growth in the Saudi Arabia.Despicte the economic condition caused by pandemic the landlord adopted the digital transformation strategies to redefine consumer experience and introduce more innovative omni-channel retail experiences to attract demand. In addition to strengthening their wider omnichannel platform, retailers have adopted store pickup services more broadly, including fully-automated stores, to allow for a quick collection of purchased goods. although well-capitalized retail operators and new market entrants are selectively looking for expansion opportunities. While retail sector enjoys slightly upward trend in performance. Furthermore, Saudi Arabia ministry of investment recently highlighted governments aim to attract investment in various project especially retail & entertainment sectors.

**24.5- Industrial warehouses:**

While occupancies increased marginally in the industrial warehouses sector over last year end, the warehouse industry is exhibiting healthy growth. Despite the reopening of many physical stores, e-commerce continues to be a strong driver of demand for logistics space globally, leading to near-record absorption levels in several major markets. The rise of automation and value-added services to attain competitive differentiation is changing the way to operate, leading a dynamic future. The rapid growth of e-commerce across the globe, the ongoing realignment of supply chains and increasing requirement for last mile warehouses is likely to continue to support strong demand over the longer term.

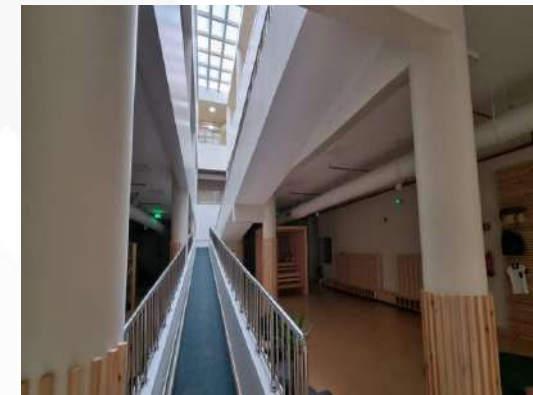
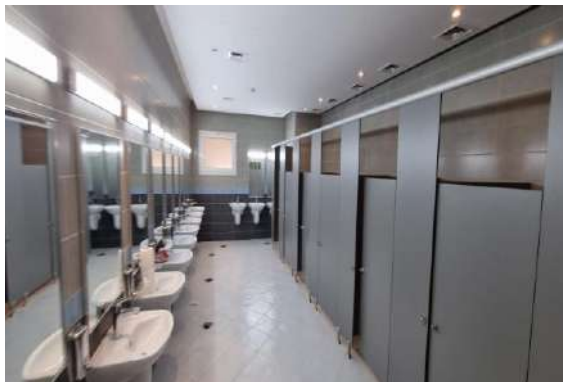
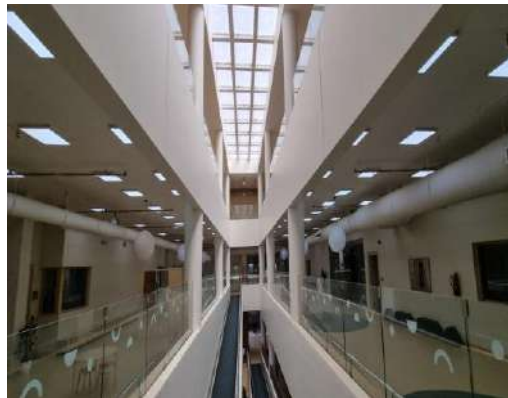
## 25 - External and internal Pictures

### External view

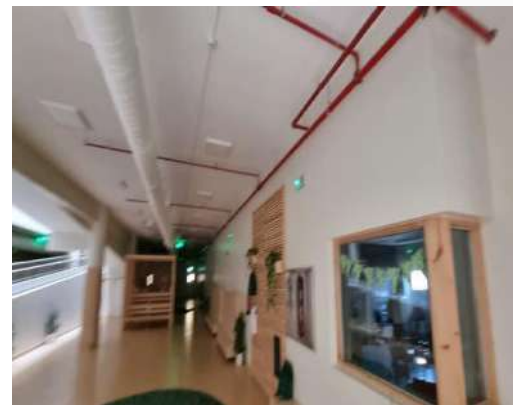
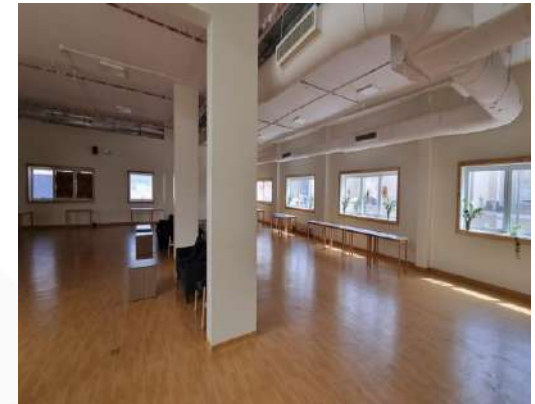




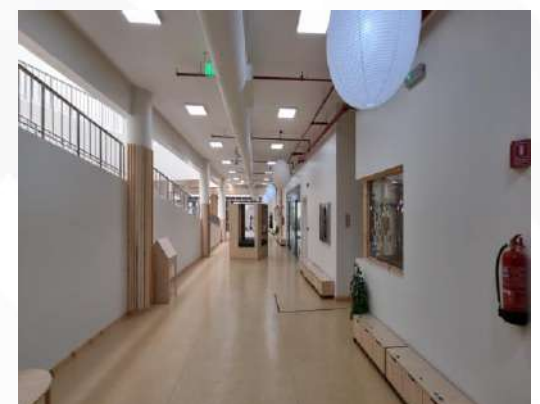
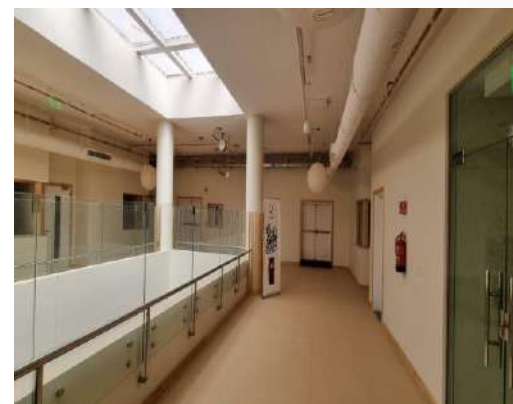
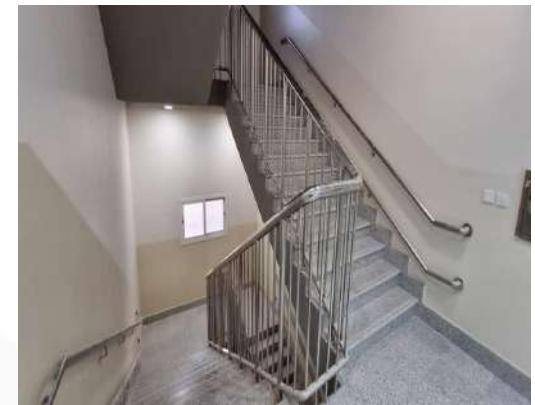
## External View



## Internal view

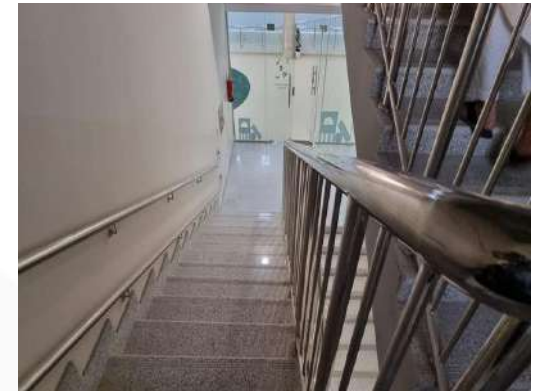


## Internal view

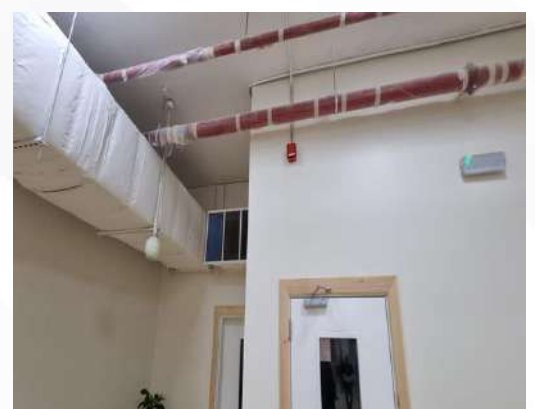
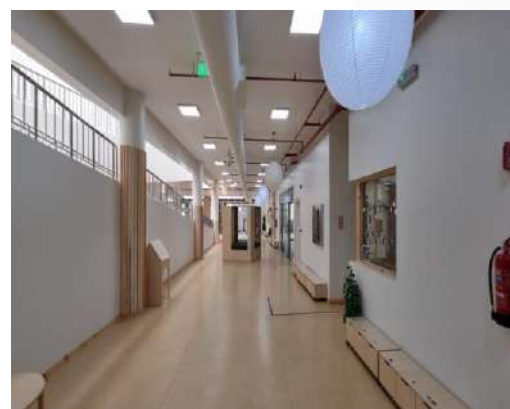
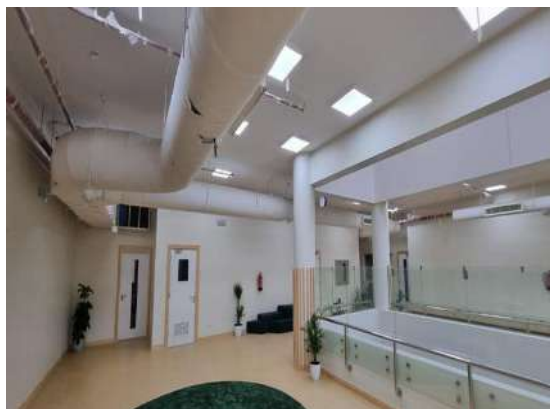




## Internal view

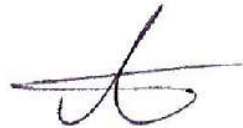


## Internal view



## 26 Olat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Deputy Valuation Manger	1210001148	1444/12/27	Real estate
<b>Mohammad Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





## 26.1- OPM Valuation's team Taqueem's certificates



## QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير	605550
منشأة التقييم	شركة أولات وشريكه للتقييم العقاري
العميل	صندوق تعليم ريث
الغرض من التقييم	الشراء
عدد الأصول	1
نوع التقرير	تقرير مفصل
تاريخ إصدار التقرير	Sun 24 Jul, 2022

لتتحقق من صحة شهادة التسجيل:



يتمثل التقرير رأي منشأة التقييم فقط. ولا تتحمل الهيئة المسؤولية للتقييمين المتضمنين أي مسؤولية متعلقة عليه وسجل التقرير لغراض رقابية ولا يعني اعتماد الهيئة له.



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We derive the Accurate Value in a changing market



## Real Estate Valuation Report

Rowad AL Khaleej School

Hattien District

KSA - Riyadh City

Prepared for Taleem REIT

Report Date: 24 July, 2022



2022

نستنبط القيمة الأدق في سوق متغير

We derive the Accurate Value in a changing market

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**Olaat Valuation Company C.R:1010462536 Valuation License: 121000397**



# Real Estate Valuation Report Analysis

**Prepared for:**  
**Taleem REIT**

## Riyadh City

**Date of Valuation June 30th, 2022**

**Date of Report July 24th, 2022**

**Done by OPM (Olaa valuation Company)**

**P.O. Box 62244 Riyadh 11585**

**Kingdom of Saudi Arabia**

**The person in charge:**

Abdul malik al Darwish

**Email: [opm@olaat.com](mailto:opm@olaat.com)**

**[www.olaat.com](http://www.olaat.com)**

**C.R:1010462536**

**Valuation License: 1210000397**

Property's Type	Educational Property –School
Location	Riyadh city – Hattien District-Prince Yazid Ibn Abdullah ibn Street
Land Area	4,725.57 sq. m
Title deed number	793225001212
Title's date	12/07/1443 H
Plots Number	(402- 403) - Educational facility
Scheme Number	3057
Block Number	48
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	8178.89 m <sup>2</sup>
Building's Permit number	1437/19560
Building Permit's date	08/03/1442
<b>Market value based on Income - Capitalization Rate Methods</b>	<b>54,943,338 (Fifty-Four Million, Nine Hundred Forty- Three Thousand, Three Hundred Thirty-Eight Saudi Riyal)</b>

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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

For the attention of:  
Saudi Fransi Capital  
**Assets Management Division**  
T: +966 11 2826762  
sabbas@fransicapital.com.sa  
P.O. Box 56006, Riyadh 11554

**Property Address: Rowad Al Khaleej School – Riyadh city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Mr. Sheikh M. Abbas,**

We are Pleased to submit our Valuation report for – **Rowad Al Khaleej School - Riyadh city- for REIT Purposes** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 54,943,338 SAR** has nominated on the basis of **Capitalization rate method - Income**, considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

## 1- Settling the terms of engagement

Identification of the client and any other intended users	(Taleem REIT)
Instruction and	In accordance with RFP dated on June 08, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Rowad Al Khaleej School property.
purpose of valuation	REIT Purposes
The subject of the valuation	Valuation for an Educational property - School Property
The extent of the value's investigations	To avoid misunderstandings. it is good practice to agree with, which defines the extent of the <i>member's</i> duty to obtain or verify information that may be material.
Other users	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
Interest to be valued	We are instructed that the subject Land & Building (L&B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.



<b>The Basis of Value</b>	<p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>“Value Basis “The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>
<b>Valuation Date</b>	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of School project reflected on June 30th,2022.
<b>Report Date</b>	The valuation report usually dated exactly as the valuation date July 24, 2022.
<b>Inspection</b>	The Property was inspected on 21 <sup>th</sup> of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.

<b>Market research &amp; Survey</b>	<p>OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.</p>
<b>The premise of the highest &amp; optimal use</b>	<p>The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Riyadh on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.</p>
<b>Independence Valuers</b>	<p>An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land &amp; Building (L&amp;B).</p>
<b>Due Diligence</b>	<p>We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.</p>

<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olat & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
<b>Valuation Methodology</b>	The Valuation has been undertaken using the Comparable Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as
<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.
<b>Confidentiality</b>	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
<b>The nature and source of the information to be relied on</b>	<b>Market Survey - OPM data center</b>
<b>Environmental Matters</b>	In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses,

	<p>either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>
<b>General assumption</b>	<p>General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was assumed that there are no restrictions that would hinder the operation of the property in the future." - The</p> <p>property is operated / school</p>
<b>Special assumption</b>	<p>It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the</p> <p>building code and laboratories was carried out through land uses within the real estate area.</p>

<b>SALIENT POINT (GENERAL COMMENTS)</b>	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect.</p> <p>We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients. In the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>
---	--

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International Valuation Standards Council (IVSC): The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**,
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

#### 5- Source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

#### 6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

#### 7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.



## 8- Documents Received

The Client has provided us by clear copy of the following documents

<b>Title Deed Copy</b>	y
<b>Construction Permit</b>	y
<b>Gross Floor area / floor</b>	y
<b>Total leasable area</b>	y
<b>MEP's Details</b>	x
<b>Mapping Plan</b>	y
<b>Civil Defense Letter</b>	x
<b>Photographs</b>	y

## 9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

### 9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The

comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

### **When depreciated replacement cost is used?**

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

*The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.*

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

*If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.*

*Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.*

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

**Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location,** the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

### **Calculating the cost of Land & Building improvements of a specialized property-**

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

## Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
  - **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
  - **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
  - **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
  - **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
  - **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
  - **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the



cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

### Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

#### Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

## Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

**Lifespan:** When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.

## Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.

- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).
- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

### Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

## 9.2- Comparable Method

This is method most are familiar with as it is the accepted method for valuing assets. Typically, this method involves selecting assets with similar characteristics in the same market area that have recently sold. Once those Property are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase the value of

advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in immediate neighborhood and adjoining areas. Neighboring Property, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

### 9.3- Capitalization Method (Cap Rate)

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

The appraiser calculator the income according to the following steps:

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

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

## 10-Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

## 11-Source of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, in addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 12-Purpose for preparation valuation and Content text

OPM was appointed **Saudi Fransi** to evaluate market value for an educational property due to market value located within Hattien District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

## 13-Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the market comparison approach, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

## 14-Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Saudi Fransi Capital**, and have been a presumption of validity.

## 15-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord.

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## 16-Foundation of evaluation report and Contents

### Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Comparison approach, depreciated replacement cost DRC, Capitalization rate.
3. OPM has no conflict of interest in the time of evaluation.



## 17 -Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the cost. An inspection of the property will be required in order to gather the information needed to complete the cost assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e. review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A schedule of the accommodational use.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.

- Estimate All Property 's Value through Depreciated Replacement Cost DRC Approach with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured (DRC), together with allowances in respect of other matters, including:
  - Demolition and debris removal and professional and statutory fees
  - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, Depreciated Replacement Cost, and Current market cost based.
  - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
  - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
  - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
  - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
  - It is advisable for the cost assessment to include certain additions to take account of further costs that will be incurred in the reconstruction of the building and replacement for machineries, equipment, and system.
  - Debris removal, demolition and shoring up party walls
  - Professional fees
  - Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

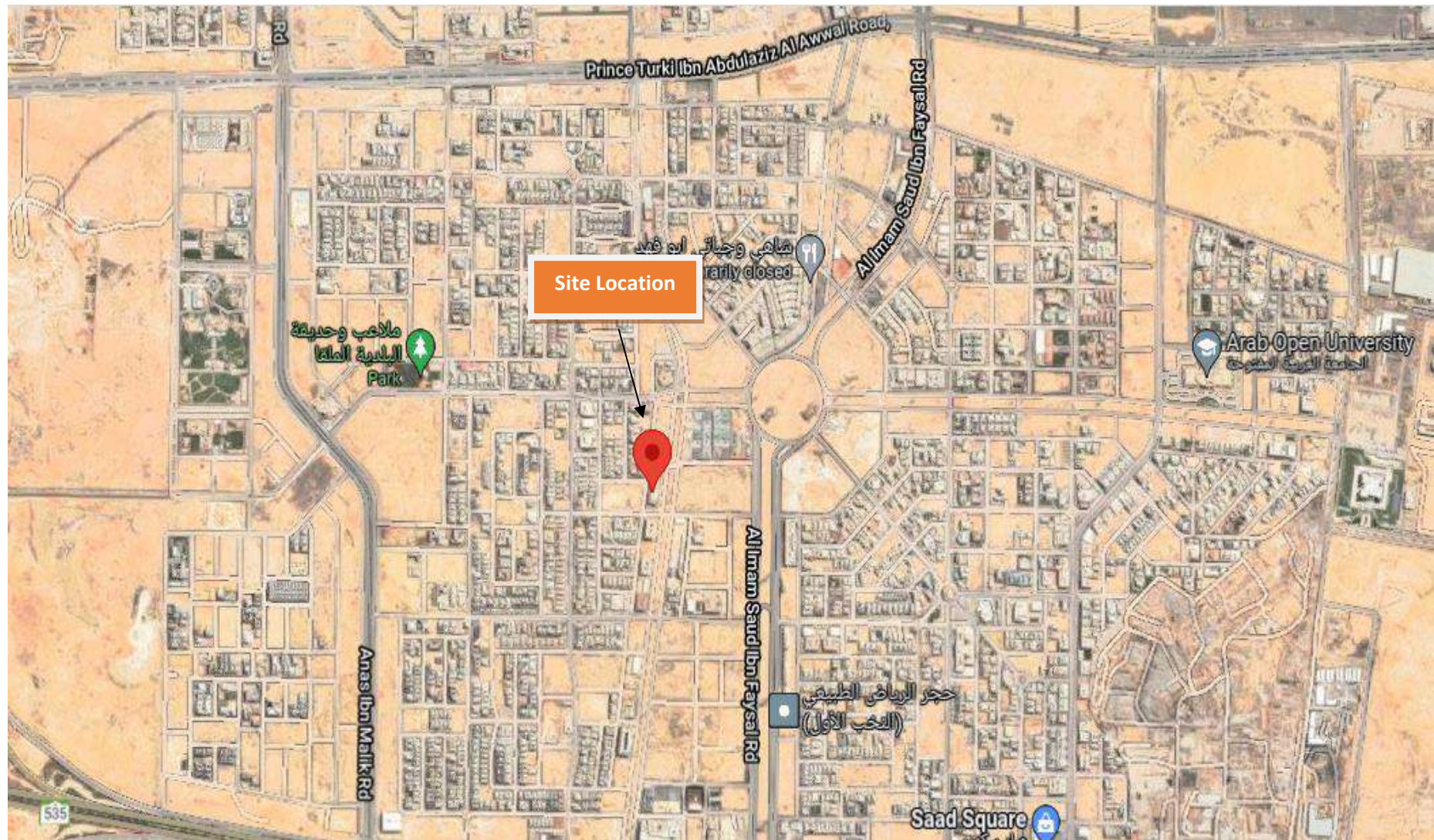
These conclusions, in conjunction with the findings from the Offices real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city of Madinah while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

<b>Property Map Coordinates</b>	24°46'53.7"N	46°34'51.0"E
<b>Property Map Location</b>	<a href="https://goo.gl/maps/9W3sXCErwQzRKnAw7">https://goo.gl/maps/9W3sXCErwQzRKnAw7</a>	



## Aerial View



## 17.1- Site Context & Characteristics

### Location

- It should be noted that, the subject site lies Prince Yazid Ibn Abdullah ibn Abdurrahman Road Riyadh City.
- The adjacent map highlights the subject site's location in relation to nearby key roads and surrounding districts while the insert map provides a micro view of the subject site.

The subject site is located to the of city within approximately, 1.25 Km from Taleed Compound and 2.00 Km from national control center building & 6 Km king Abdullah financial district respectively.

- On a micro level, the subject site is ideally positioned along with Al Imam Saud Ibn Faysal Road, and Anas Ibn Malik Road major transport links and arterial roads such as the Retail hub and major Roads.
- It is of the note that the site is situated within the growth corridor of the city in proximity to key landmarks / infrastructure.
- The subject site will benefit from enhanced connectivity to and from the wider city given its direct positioning on the all-major district as depicted in the adjacent map.



## 17.2- Proximity to Demand Generators

The Maps Below presents the subject's site location in relation to a sample of key surrounding uses / developments.





The tables below present a sample of existing developments situated within the site's immediate and wider surroundings.

Sr. No	Surrounding Use	Distance - KM
1	Taleed Compound	1.5
2	National Control Center Building	2.25
3	Al RABA Compound	2.25
4	Diriyah Gate Project	6.5
5	Boulevard Riyadh	4.5
6	King Abdullah Financial District (KAFD)	6.00

The subject site's Located on Main Road include Commercial & residential subdivisions and districts supported by a number of existing small retail shops, and locally branded serviced apartments.

### 17.3- Site Accessibility and Visibility

Sector	Side / Part	Comment
<b>General Overview</b>	Prime Location	Located Within center of Riyadh, and with High Potential urban plan growth direction
	Accessibility and Visibility	*Accessibility through many major roads such as Prince Yazid Ibn Abdullah Ibn Abdul Rahman Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

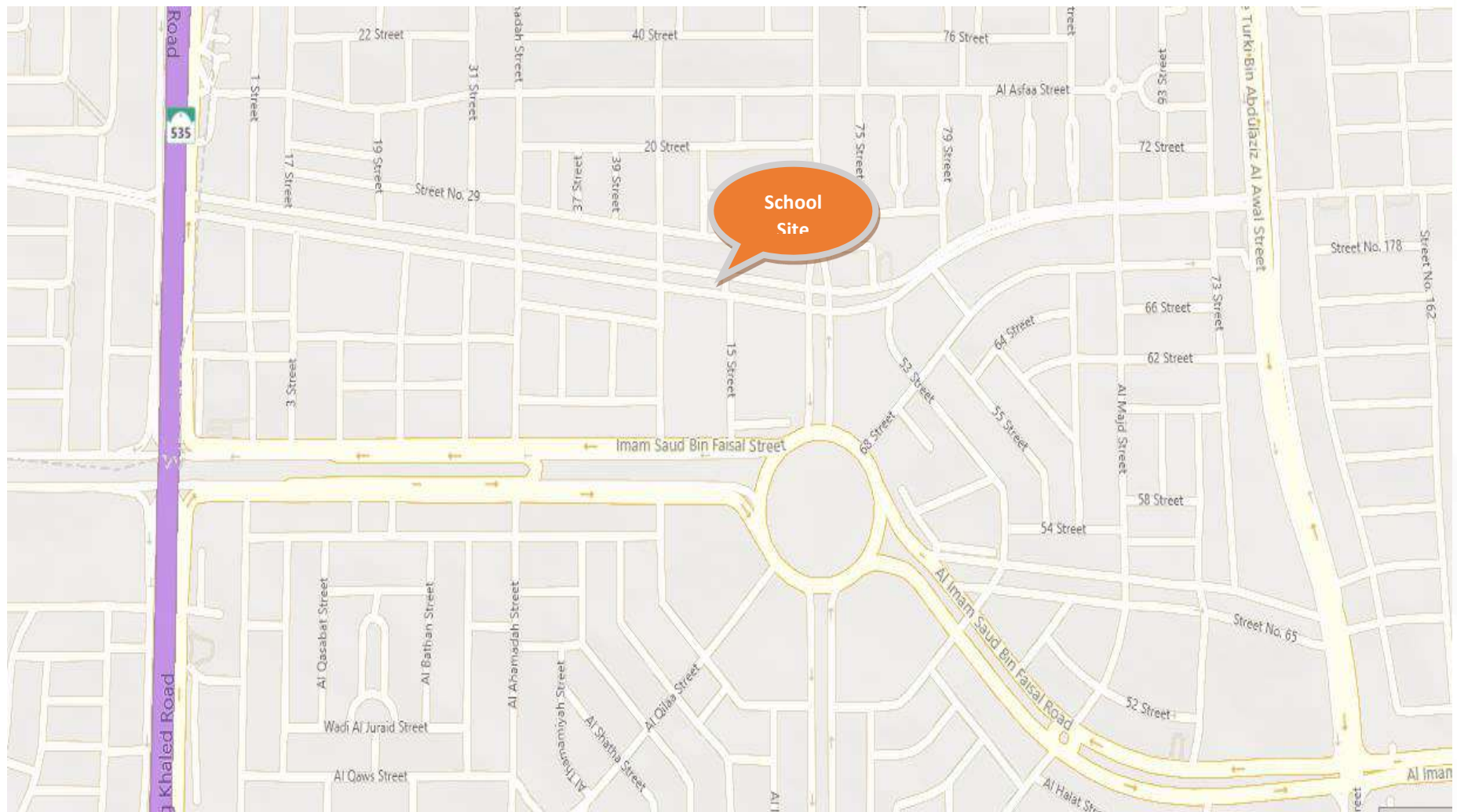
Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape/ Triangles	Rectangular– leveled	The property is leveled fully developed built names as rowad al Khaleej School.		
	Internal and scaping for colleges	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development			
	Inside	Hattin District	The property is located central side of the city a region filled with new development and project and is the location of urban growth and Development.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences

## 17.4 -Area Brief

The subject of this report comprises of developed land extending to approximately GFA 4,725.57 sq. m and located in hattien District Riyadh, KSA. The school property including Masterplan generally including Offices, Educational Classes for kindergarten, & Primary stages. All utilities and infrastructure founded Nearby.

Sector	Side / Part		Comment				
Public Utilities and Infrastructure	On City Level	Centre Riyadh	The property is located Centre of the city a region filled with new development and project and is the location of the urban growth.				
	Proximity from Attraction	Main Axis		Main Road	Prince Yazid Ibn Abdullah Ibn Abdul Rahman Road.		
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.	
		Sewer System	Electricity				
	Public Amenities	Planting	Sidewalks		The property is fully developed		
		Lighting	Asphalt Roads				
	Facilities	SportActivity			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.	
		Prayer Area					
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.				
		Street					
Land Shape							

## Middle View of Property



## 18- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

### Building Information

Sr.no	Title Name	Floor Area Sqm	Building Use
1	Basement	2,482.00	Staff Offices
2	Ground floor	2,021.96	Educational
3	First floor	2,527.34	Educational
5	Addition Room floor	1,147.63	Educational
6	Surrounding wall	287.27	Services

## 19- Land Valuation Methodology

### 19.1 - Land Valuation Comparable Approach – Direct Comparison

#### Comparable Market Approach evaluation – Land Evaluation market value (MV)

In this method, we will try to estimate the market values for Land Area - land located within Hattien District according to the market comparable approach. Through the market survey done by OPM team, similar land plots sizes founded in the catchment area and semi similar to targeted land.

However, within the same area, there is a shortage for similar land parcels offering either for sale or sale at date of valuation, and we just took many parcels similar in area and location and due to our survey and some of actual valuation for some projects in the region.

first, we will start defining the area of market survey done in this matter as per the following:





## Relative Ratio Analysis:

### A. Location (RAA):

Land plot size categories sq. m	Location RAA	
	North	South
Ratio	-10%	+10%

### B. Area Space (RAA):

Land plot size categories Sqm	400-1,000	1,001-3,000	3,001-5,000	More than 5,001
RAA	+10%	+5%	0%	-15%

### C. Other RAA:

Number of streets	(-,+) 5%
Public services (Metro - electricity - water - sewage - telephone)	(-,+) 5%
Classification & Use of the Land	(-,+) 50%
Accessibility of the property	(-,+) 5%
Near of the property from main street/s	(-,+) 5%
Within a major Commercial / Residential area PAA	(-,+) 5%
Market movement adjustments (active - medium - stagnation)	(-,+) 5%
Settlements for real estate transactions (1 year)	(-,+) 5%

## Comparable Market Valuation Samples

Sample	Area Size sq. m	Sample location	Market value S.R / sq. m	Street Side	Land Features	Land Usage
Sample 1	2,118	north west	6,500	2 Side	Leveled	(Commercial OR Residential)
Sample 2	3,375	north	6,300	3 Side	Leveled	(Commercial OR Residential)

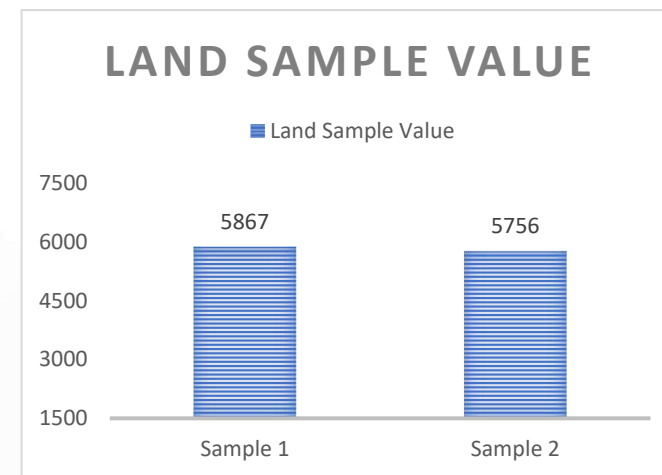


## Samples modifications to Land property

Sample 1	S.R/ Sqm	Sample 2	S.R/ Sqm
<b>Location RRA:</b>		<b>Location RRA:</b>	
Sample Price	6,500	Sample Price	6,300
Add: (0%)	0	Add: (0%)	0
	<b>+6,500</b>		<b>+6,300</b>
<b>Area Space RRA:</b>		<b>Area Space RRA:</b>	
<b>2,118 sq. m</b>		<b>3,375 sq. m</b>	
SUB: -5% Change (Due to Area)	-325	Sub: -5% Change	-315
	<b>+6,175</b>		<b>+ 5,985</b>
<b>Other RRA:</b>		<b>Other RRA:</b>	
Number of streets (+0%)	0	Number of streets (0%)	0
Public services (Metro - electricity - water - sewage – tele.) (0%)	0	Public services (Metro - electricity - water - sewage – tele.) (0%)	0
Classification & Use of the Land (-5%)	-308	Classification & Use of the Land (0%)	0
Accessibility of the Land (0%)	0	Accessibility of the Land (-4%)	-229
Near of the property from main street/s (0%)	0	Near of the property from main street/s (+4%)	+229
Within a major Commercial/Residential area PAA (+5%)	+308	Within a major Commercial/Residential area PAA (0%)	0
Market movement adjustments (active - medium - stagnation) (-5%)	-308	Market movement adjustments (active -medium - stagnation) (-4%)	-229
Settlements for real estate transactions (1 year) (0%)	0	Settlements for real estate transactions (1 year) (0%)	0
<b>Modified Market Value</b>	<b>5,867 SAR/Sqm</b>	<b>Modified Market Value</b>	<b>5,756 SAR/Sqm</b>

The / Current market Value per sq. m for the land will be calculated as a weighted average of the market sample modified values as follows:

Sample 1		5,867
Sample 2		5,756
Number of samples	/	2
Average Market Value	=	5,811 S.R / sq. m



**Land market Value** = Land Area \* market value / sq. m  
 = 4,725.57 sq. m \* 5,811 S.R  
 = 27,460,287 S.R (Twenty-Seven million, Four Hundred Sixty  
 Thousand, Two Hundred Eighty-Seven Saudi Riyal)



## 19.2 - Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of educational building permit; the total Gross Floor area GFA has been calculated area 8,178.93 sq. from Saudi Fransi Capital.

### Depreciated Replacement cost (DRC)

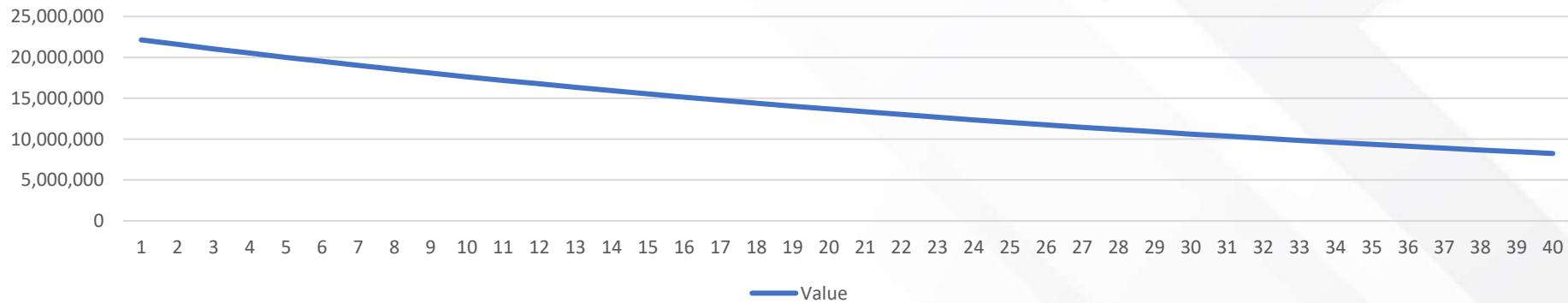
<b>Standard:</b> Average useful life for school building in Riyadh city after taken into consideration climate.	<b>N (number of years) =</b>	<b>50 years</b>
Deprecation ratio Per annum 2.0%	Appreciation 0.5 (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculating Depreciation and Appreciation <b>1.5%</b>
<b>Building (equipment) useful life</b>	<b>N (number of years)</b>	1 years
<b>Apportionment – Acc Depreciation</b>	<b>1.5%*1 Years</b>	<b>1.5%</b>



**(Construction, Finishing & MEP equipment) for building – All MEP installed**

Type of Construction	GfA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Basement	2,482	3,000	100%	7,446,000
Ground floor	2,021.92	3,000	100%	6,065,760
First floor	2,527.34	2,400	100%	6,065,616
Addition Room floor	1,147.63	2,400	100%	2,754,312
Surrounding wall	287.27	500	100%	143,635
Replacement cost - SR				22,475,323
- Apportionment Acc Deprecation –	(22,475,323*1.5/100)			(337,130)
Note: Depreciation will be Charge on December every year				
Depreciated Replacement cost DRC for building				22,138,193

Value of building during operational Life Cycle



## 20- Market value (property) Land + Building in the case of finishing up to date from Finishing, fixtures & equipment Work-Currency SR

Market Value (Land)	27,460,287 SAR
Plus	
Building Value before adding Profit Margin - SAR	22,138,193 SAR
+ Developer Profit Margin ( 20%) – only for Building Value - SAR	4,427,638 SAR
Building Value - SAR	26,565,831 SAR
Sum of Value – Property	54,026,118 SAR
Market value -Total Land & Building Property (Rounding figure)	54,026,118S. R (Fifty-four Million, Twenty-Six Thousand, One Hundred Eighteen Saudi riyals

**21 - Valuation Based to Income approach- Capitalization rate** ratio of Net Operating Income (NOI) to property asset value - **Riyadh city -2022- FFO** to define the cash flow from their operations **Official leasing Percentage Yield Escalation As per** received from Client:

  
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**RAJHI-INVEST**

2,164,335	223-مبلغ بدء التأمين = (11) امداد مطروقة سنة محاسبية
2,164,335	224-مبلغ بدء التأمين = (138) مائة وتسعة وثلاثون شهرا
2,164,335	225-مبلغ بدء التأمين = (12) اثني عشرة سنة محاسبية
2,164,335	226-مبلغ بدء التأمين = (150) مائة وخمسون شهرا
2,164,335	227-مبلغ بدء التأمين = (13) ثلاث عشرة سنة محاسبية
2,164,335	228-مبلغ بدء التأمين = (162) مائة وستان وستون شهرا
2,164,335	229-مبلغ بدء التأمين = (14) أربع عشرة سنة محاسبية
2,164,335	230-مبلغ بدء التأمين = (174) مائة وأربعة وثمانون شهرا
2,272,552	231-مبلغ بدء التأمين = (15) خمس عشرة سنة محاسبية
2,272,552	232-مبلغ بدء التأمين = (186) مائة وستة وأصمان شهرا
2,272,552	233-مبلغ بدء التأمين = (16) ست عشرة سنة محاسبية
2,272,552	234-مبلغ بدء التأمين = (198) مائة وتسعة وثمانون شهرا
2,272,552	235-مبلغ بدء التأمين = (17) سبع عشرة سنة محاسبية
2,272,552	236-مبلغ بدء التأمين = (210) مائتان وعشرة شهرا
2,272,552	237-مبلغ بدء التأمين = (18) ثماني عشرة سنة محاسبية
2,272,552	238-مبلغ بدء التأمين = (222) مائتان واثنان وستون شهرا
2,272,552	239-مبلغ بدء التأمين = (19) تسع عشرة سنة محاسبية
2,272,552	240-مبلغ بدء التأمين = (234) مائتان وأربعة وثلاثون شهرا
<b>84,612,735</b>	<b>الإجمالي</b>

Kingdom of Saudi Arabia - Riyadh & Jeddah Investment Co.  
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شركة استثمار الراجحي المحدودة - الرياض  
 المملكة العربية السعودية • صندوق استثماري ٢٢٣  
 الرياض - ١١١٦٨ • هاتف: +٩٦٦ ١١ ٢٣٤٨٣٠  
 فاكس: +٩٦٦ ١١ ٨٠٤٩٤٩ • رقم السجل التجاري: ١٨١١٢٢٠٢٧-٨



**الراجحي للاستثمار**  
**RAJHI-INVEST**

### SCHEDULE 2 - RENT PAYMENTS الملاحق 2 - دفعات بدل الإيجار

يبلغ بدل الإيجار > ثلاثة مليون وتسعمائة وستة وعشرون ألف ومائتان واثنان وثلاثون ريال لا غير (<3,926,232>) سنوياً، غير شامل قيمة الضريبة المضافة مع زيادة ثابتة بنسبة 5٪ كل خمس سنوات مالية. يتم دفع بدل الإيجار كل نصف سنة على النحو التالي:

The Rent is (*Three Million Nine Hundreded and twenty six thousand and tow hundred thirty two*) (SR [3,926,232]) per annum, with a fixed increase of five percent (5%) every five (5) Gregorian calendar years. The Rent will be paid semi-annually as follows:

تاريخ دفع بدل الإيجار	بدل الإيجار بتركيبات سعودي
التاريخ بدء الإيجار 15 أغسطس 2020	1,963,116
- التاريخ بدء فاشور + (6) ستة أشهر	1,963,116
- التاريخ بدء فاشور + (1) سنة واحدة مالية	1,963,116
- التاريخ بدء فاشور + (18) ثمانية عشر شهراً	1,963,116
- التاريخ بدء فاشور + (2) سنتين مراكية	1,963,116
- التاريخ بدء فاشور + (36) ثلاثون شهراً	1,963,116
- التاريخ بدء فاشور + (3) ثلاث سنوات مالية	1,963,116
- التاريخ بدء فاشور + (42) اربع و عشرين شهراً	1,963,116
- التاريخ بدء فاشور + (4) أربع سنوات مالية	1,963,116
- التاريخ بدء فاشور + (54) أربعة وخمسون شهراً	1,963,116
1- التاريخ بدء فاشور + (5) خمس سنوات مالية	2,061,271
2- التاريخ بدء فاشور + (66) ستة وستون شهراً	2,061,271
3- التاريخ بدء فاشور + (8) ست سنوات مالية	2,061,271
4- التاريخ بدء فاشور + (9) تسعة وسبعون شهراً	2,061,271
5- التاريخ بدء فاشور + (7) سبع سنوات مالية	2,061,271
6- التاريخ بدء فاشور + (96) تسعون شهراً	2,061,271
7- التاريخ بدء فاشور + (8) ثمان سنوات مالية	2,061,271
8- التاريخ بدء فاشور + (102) مئة واثنين شهرا	2,061,271
9- التاريخ بدء فاشور + (9) أربع سنوات مالية	2,061,271
10- التاريخ بدء فاشور + (114) مئة وأربعة عشر شهراً	2,061,271
11- التاريخ بدء فاشور + (18) ثمن سنوات مالية	2,164,333
12- التاريخ بدء فاشور + (126) مئتين وستة و عشرون شهراً	2,164,333

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C.R.# 1025349 - Membership #2758

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محكمة الرياض التجارية رقم الدخول: ١٠٢٥٣٤٩٦  
في المملكة العربية السعودية  
رقبته التجارية: ١٠٢٥٣٤٩٦  
نوعها: شركة تجارية ذات مسؤولية محدودة

السجل التجاري:  
٤٨١١١٠٧٨٤٤٢١  
ص.ك. ١٩٧٤٥٧١٤٦

وزارة التجارة والبيئة  
عنوان الشركة: شارع الملك عبدالعزيز - حي النزهة - جدة ٢١٥٤١

## Rowad Al Khaleej School Rental Contract Payment Schedule Detail

Saudi Fransi Capital					
Hattien School Rental Payment Schedule					
Anniversary Years	Calendar Date	Calendar Months	Years	Semi- Annual Rent SAR	Annual Rent SAR
1st Year	15-Aug	Last Six Months	2020	1,963,116	3,926,232
	15-Feb	First Six Months	2021	1,963,116	
2nd Year	15-Aug	Last Six Months	2021	1,963,116	3,926,232
	15-Feb	First Six Months	2022	1,963,116	
3rd Year	15-Aug	Last Six Months	2022	1,963,116	3,926,232
	15-Feb	First six Months	2023	1,963,116	
4th Year	15-Aug	Last Six Months	2023	1,963,116	3,926,232
	15-Feb	First Six Months	2024	1,963,116	
5th Year	15-Aug	Last Six Months	2024	1,963,116	3,926,232
	15-Feb	First Six Months	2025	1,963,116	
After 5-year Escalation is 5% as per Contract					
6th Year	15-Aug	Last Six Months	2025	2,061,271	4,122,542
	15-Feb	First Six Months	2026	2,061,271	
7th Year	15-Aug	Last Six Months	2026	2,061,271	4,122,542
	15-Feb	First Six Months	2027	2,061,271	
8th Year	15-Aug	Last Six Months	2027	2,061,271	4,122,542
	15-Feb	First Six Months	2028	2,061,271	
9th Year	15-Aug	Last Six Months	2028	2,061,271	4,122,542
	15-Feb	First Six Months	2029	2,061,271	
10th Year	15-Aug	Last Six Months	2029	2,061,271	4,122,542
	15-Feb	First Six Months	2030	2,061,271	
After 5-year Fixed Escalation is 5% as per Contract					
11th Year	15-Aug	Last Six Months	2030	2,164,335	4,328,670
	15-Feb	First Six Months	2031	2,164,335	

12th Year	15-Aug	Last Six Months	2031	2,164,335	4,328,670
	15-Feb	First Six Months	2032	2,164,335	
13th Year	15-Aug	Last Six Months	2032	2,164,335	4,328,670
	15-Feb	First six Months	2033	2,164,335	
14th Year	15-Aug	Last Six Months	2033	2,164,335	4,328,670
	15-Feb	First Six Months	2034	2,164,335	
15th Year	15-Aug	Last Six Months	2034	2,164,335	4,328,670
	15-Feb	First Six Months	2035	2,164,335	
After 5-year Fixed Escalation is 5% as per Contract					
16th Year	28-Aug	Last Six Months	2035	2,272,552	4,545,104
	28-Feb	First Six Months	2036	2,272,552	
17th Year	28-Aug	Last Six Months	2036	2,272,552	4,545,104
	28-Feb	First Six Months	2037	2,272,552	
18th Year	28-Aug	Last Six Months	2037	2,272,552	4,545,104
	28-Feb	First Six Months	2038	2,272,552	
19th Year	28-Aug	Last Six Months	2038	2,272,552	4,545,104
	28-Feb	First Six Months	2039	2,272,552	
20th Year	28-Aug	Last Six Months	2039	2,272,552	4,545,104
	28-Feb	First Six Months	2040	2,272,552	
Total Rental Income for Twenty Years SAR					84,612,740 SR
Total Number of Years					20
Average Rental Income for Twenty Years SAR					4,230,637 SR

Notes: 1-The Lease Agreement made on 15/08/2020(Signature Date) as per contract paper

2- After 5-year Fixed Escalation is 5% as per Contract paper.

## 22- Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period percentage for school property and after Inspection for Riyadh Market and catchment area without found any comparable based due to Scarcity of similar property beside the type of school areas of other property and market renting pricing in Riyadh market was based to experience and Saudi Arabia major cities benchmark for educational property After taking into consideration for location of property, quality of building and market indicators.

Due to market renting analysis the average rents in the area at time of valuation in between 600 – 800 SAR per sq. m for net Leasable area and comparing it to the annual renting values for properties in the Riyadh City and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The **Property's rent for ongoing years is 4,230,637 SAR per annum**, which equating to around SAR 743\* per sq. m

\* **Notes:** Average Rental Value/Total Build up Area

$$4,230,637 / 5,696.93 = 743 \text{ SR}$$



Average Net Operating Income – triple Net for a 20 Years Contractual period based to client's statement.	4,230,637 SR
– Vacancy and collection loss	0
Additional income	0
Effective Average gross income for Twenty Years Contractual period	4,230,637 SR
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise	
Fixed	0
Variable	0
Reserves	0
Total Operating expenses	0
Average Net operating income NOI for Twenty Years	4,230,637 SR
Cap rate 7.7%	
Market Value @ 7.7% Capitalization rate	54,943,338 SAR

### 23 - Note: Opinion of Value in based to Capitalization rate method income.

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the lease Escalation data received from Client for 20 Obligatory Contractual period is Market Value:

Property Value Calculation	Amount (SAR)		Property Market Value
<b>Income Approach Capitalization rate – Market Value</b>	<b>54,943,338</b>		<b>54,943,338 SAR</b>
<b>Aggregate Market value property</b>			<b>54,943,338 SAR</b>
<b>Market value MV</b>	<b>54,943,338 (Fifty-Four Million, Nine Hundred Forty-Three Thousand, Three Hundred Thirty-Eight Saudi Riyal)</b>		

#### General Notes:

- The market value of the property - is **54,943,338** Saudi Riyals.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- The Market value of the property has been nominated on the basis of Capitalization rate method -Income
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olat Real Estate Valuation Company that could affect the value of the property.
- Olat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.
- The property is fitted out.

- Net income has been provided to us to assess the capitalization of income as per the contract.

### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
52,196,171 SR	54,943,338	57,690,505 SR

## 24- Real Estate Market Summary- Riyadh City

### 24.1-Office's market:

In order to improving business condition & flourishing business activities in 2022 office performance improved in the kingdom. Average rent of Riyadh for Grade A & B in Slighting increase & Office's vacancies rate of office little bit drops because of in year 2020 (SAGIA) Saudi Arabia General Investment Authority Issue more than 400 plus new License to Investor to operate business companies in private sectors & also increasing demand from government entities. According to stats the unemployment rate is reduce for Saudi citizen so it shows the improvement in business sector for overall Saudi Arabia. Increase in business improvement condition play a vital role to increase the office demand & to accelerate economic recovery and attempt to create more opportunity in market. In short term, office sector is maintaining the sustainability at moment. & Government aims to establish the Riyadh as Business & economic hub that definitely likely to boost the office demand in kingdom of Saudi Arabia.



Healthcare sector continues rapidly growing and developing advance health care sector in kingdom. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. The Government health care services increase Public, Private Participation (PPP) health care delivery model, to boost and major advancement of healthcare sector in this region. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

### 24.2-Residential market:

The majority of the supply for Residential Units delivered by ministry of housing through various initiative programs in order to achieve 70% homeownership target by vision 2030. In term of performance sale price slightly increase due to strong government backend support to expand the mortgage scheme and government sakni program for Saudi Resident & mortgage loan raised for construction sector. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market.

Government ambitious target to increase population of Riyadh city the household will continuous to increase in upcoming years so expected to be an increase demand in residential sector.

### **24.3-Hospitality market:**

In the beginning of year 2022, Riyadh hotel occupancy up to 70% & Average daily price is also increase as compare to last year 2021. ministry of tourism announced the regulation to boost the tourism sector so Government pushes up hospitality activities to apply tourism development strategy. so in order to implementation Government budget statement showed more than 15K hotel keys to be deliver through tourism development fund. that is an opportunity for investor and new market entrant to consider the hospitality sector that has great significant potential in Kingdom. In Ramazan month 23 million permits issued by ministry of Hajj & umrah to citizen resident, visitors & now one million pilgrims travelling to country performing Hajj with eliminating social distancing requirement & now operating two holy mosques with full capacity. The continuous level of Commitment and investment will help to support tourism industry and enhance the economic activity in the kingdom

### **24.4-Retail market:**

Saudi Arabia's e-commerce industry, whilst developing, is rapidly growing and to support and regulate growth in the Saudi Arabia. Despite the economic condition caused by pandemic the landlord adopted the digital transformation strategies to redefine consumer experience and introduce more innovative omni-channel retail experiences to attract demand. In addition to strengthening their wider omnichannel platform, retailers have adopted store pickup services more broadly, including fully-automated stores, to allow for a quick collection of purchased goods. although well-capitalized retail operators and new market entrants are selectively looking for expansion opportunities. While retail sector enjoys slightly upward trend in performance. Furthermore, Saudi Arabia ministry of investment recently highlighted governments aim to attract investment in various project especially retail & entertainment sectors.

### **24.5- Industrial warehouses:**

While occupancies increased marginally in the industrial warehouses sector over last year end, the warehouse industry is exhibiting healthy growth. Despite the reopening of many physical stores, e-commerce continues to be a strong driver of demand for logistics space globally, leading to near-record absorption levels in several major markets. The rise of automation and value-added services to attain competitive differentiation is changing the way to operate, leading a dynamic future. The rapid growth of e-commerce across the globe, the ongoing realignment of supply chains and increasing requirement for last mile warehouses is likely to continue to support strong demand over the longer term.

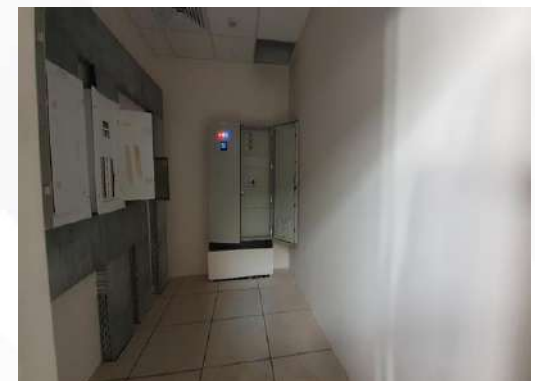
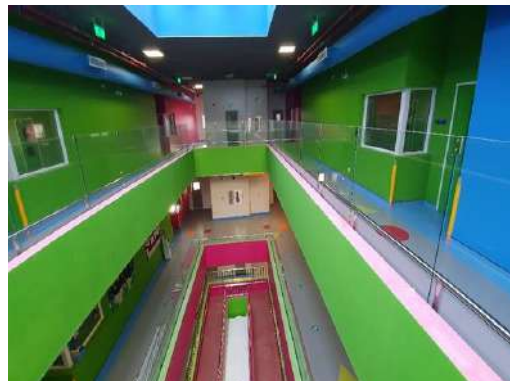
## 25 - External and internal Pictures

### External view

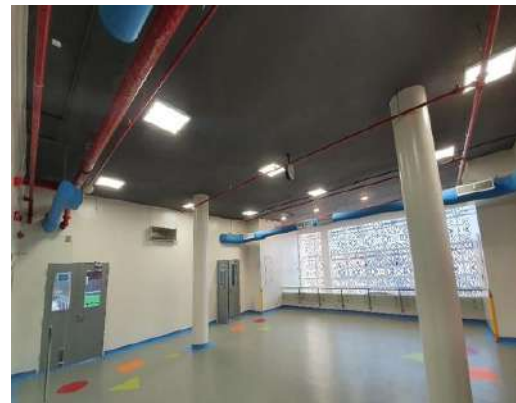




## External View



## Internal view

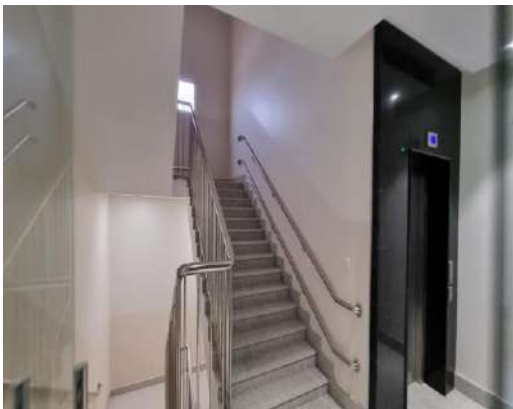


## Internal view





## Internal view

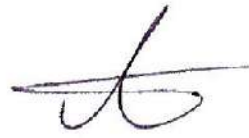


## Internal view



## 26 Olat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Deputy Valuation Manger	1210001148	1444/12/27	Real estate
<b>Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





## 26.1- OPM Valuation's team Taqueem's certificates



## QR Code



(هذا التقرير مسجل في بوابة قيمة)

رقم التقرير	605544
منشأة التقييم	شركة أولات وشريكه للتقييم العقاري
العميل	صندوق تعليم ريت
الفرض من التقييم	الشراء
عدد الأصول	1
نوع التقرير	تقرير مفصل
تاريخ إصدار التقرير	Sun 24 Jul, 2022

للتحقق من صحة شهادة التسجيل:



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We derive the Accurate Value in a changing market



## Real Estate Valuation Report

AL Eshraq School

Al Hamra District

KSA - Dammam City

Prepared for Taleem REIT

Date of Report

July 24, 2022



2022

نستنبط القيمة الأدق في سوق متغير

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# Real Estate Valuation Report Analysis

**Prepared for:**  
**Taleem REIT**

## Riyadh City

**Date of Valuation June 30th, 2022**

**Date of Report July 24th, 2022**

**Done by OPM (Olaa valuation Company)**

**P.O. Box 62244 Riyadh 11585**

**Kingdom of Saudi Arabia**

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**Valuation License: 1210000397**

Property's Type	Educational Property –School
Location	Riyadh city – Al Hamra District Anas Ibn Malik Road & Dammam Corniche Road
Land Area	8,000 sq. m
Title deed number	393225001215
Title's date	12/07/1443 H
Plots Number	(4-K) - Educational facility
Block Number	1/221
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Build up Area (BUA)	8,019 m <sup>2</sup>
Building's Permit number	422/10909
Building Permit's date	16/10/1422
<b>Market value based to Cap rate method</b>	<b>28,909,378 (Twenty-Eight Million, nine - hundred nine thousand, Three hundred seventy-eight Saudi Riyal only)</b>

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## **Covid-19 Pandemic**

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

### **Material Valuation Uncertainty under COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

For the attention of:  
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**Assets Management Division**  
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sabbas@fransicapital.com.sa  
P.O. Box 56006, Riyadh 11554

**Property Address: Al Eshraq School – Dammam city - Valuation Report analysis**

**Tenure: Educational Freehold property**

**Dear Mr. Sheikh M. Abbas,**

We are Pleased to submit our Valuation report for – **Al Eshraq School -Dammam city- for REIT Purposes** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **educational property 28,909,378 SAR** has been assessed by **capitalization income method** considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

## 1- Settling the terms of engagement

Identification of the client and any other intended users	(Taleem REIT)
Instruction and	In accordance with RFP dated on June 08, 2022, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Al Eshraq School property.
purpose of valuation	REIT Purposes
The subject of the valuation	Valuation for an Educational property - School Property
The extent of the value's investigations	To avoid misunderstandings. it is good practice to agree with, which defines the extent of the <i>member's</i> duty to obtain or verify information that may be material.
Other users	A general report prepared for publication in favor of the fund's unit owners by the fund manager, Taleem REIT.
Interest to be valued	We are instructed that the subject Land & Building (L&B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
The Basis of Value	<p>Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as:</p> <p>"Value Basis "The valuation basis is based on the finding the market value of the property on the basis that the property is free from all burdens, restrictive condition, and legal obligations. Therefore, the concept used in this report on the market value is the concept presented in standard 104(paragraph 30) of the international valuation standards. Market value, which is the estimated amount for which assets or liabilities should be exchanged at the valuation date between a willing buyer and willing seller in a neutral transaction after proper marketing, whereby the market value is acted upon by both parties without knowledge of the party.</p>
Valuation Date	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of School project reflected on June 30th,2022.
Report Date	The valuation report usually dated exactly as the valuation date July 24, 2022.



<b>Inspection</b>	The Property was inspected on 16 <sup>th</sup> of June 2022 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
<b>Inspection Role</b>	A consecutive visit to inspection of Land & Building, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property/Asset at the date of inspection. Our inspection procedure covers only the surface/boundaries/out layers of the property.
<b>Market research &amp; Survey</b>	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation. The assets prices, occupancy rates and market sales through field survey of the real estate area for similar properties in term of classification of educational facilities with measuring the ratio of supply and demand.
<b>The premise of the highest &amp; optimal use</b>	The property is working (school) and according to the location and area of the property - it includes many residential units, offices, and corporate headquarters in Dammam on the road. It makes the current use of the property appropriate and appropriate according to the market information and the resident's view without entering a detailed analysis of the optimal use where you need Detailed feasibility study, and this is not covered by the scope of work.
<b>Independence Valuers</b>	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).
<b>Due Diligence</b>	We were not provided with due diligence examination of the property before starting the evaluation process, as the client informed us to start the technical due diligence immediately upon the completion of determining the value of the property, as the purpose of the evaluation /REIT purposes (Real Estate Investment Trust) and the property is operated as school.
<b>Conflict of Interest</b>	There is no benefit or conflict of interest, as (Olat & partner for Real Estate Valuation Company) acknowledge that there is no common interest or benefit in the property and that the evaluators task is to evaluate the property for the benefit of client.
<b>Valuation Methodology</b>	The Valuation has been undertaken using the Comparable Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards (RB Global) Glossary as

<b>Limitation of Liability</b>	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
<b>Legal notices</b>	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
<b>The nature and source of the information to be relied on</b>	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.
<b>Confidentiality</b>	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services shall not disclose or use or cause to be disclosed or used, At any time during the term. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process Remain confidential
<b>The nature and source of the information to be relied on</b>	<b>Market Survey - OPM data center</b>
<b>Environmental Matters</b>	<p>In undertaking our work, we have been instructed to assume that no contamination or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.</p>
<b>Currency</b>	<b>Saudi Riyal</b>
<b>Valuation report's Date</b>	<b>July 24th, 2022</b>
<b>General assumption</b>	General assumptions related to real estate are necessary according to the definition of international valuation standards "Assumptions are logical matters that can be accepted as fact in the context of valuation work without verification or scrutiny in a specific way. Wastage of spaces and lack of optimal utilization of the property, as it was

	assumed that there are no restrictions that would hinder the operation of the property in the future.” - The property is operated / school
<b>Special assumption</b>	It was assumed that the property is within an open competitive market and operation was assumed according to school rates and prices. It was also assumed that all data received from the client from a deed and a building permit were correct. The validity of the documents was assumed, as the property was inferred through it and one of the building code and laboratories was carried out through land uses within the real estate area.
<b>SALIENT POINT (GENERAL COMMENTS)</b>	We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM, and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report

## 2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

## 3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, International **Valuation Standards Council** (IVSC): The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**,
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

#### 5- Source of information

All information was received from the client and assumed its validity in addition to market information, which was collected through a comprehensive, accurate, logical, and adequate field survey process to study the prices and rates prevailing in the real estate area, somewhat similar in terms of activity and classification.

#### 6- Instructions

Olaat and its partner for real estate valuation was baptized before the client, and the team at Olaat OPM made a field visit to the real estate site and to see the facts on the ground. In the report are the results of the field survey.

#### 7- Summary of the evaluation report

A detailed report on the specifications of the property on the evaluation based on comparison and income to reach the market value (market value) and comparison based on data, evidence and inputs related to evaluation methods in the real estate area to estimate the market value of the property.

## 8- Documents Received

The Client has provided us by clear copy of the following documents

<b>Title Deed Copy</b>	y
<b>Construction Permit</b>	y
<b>Gross Floor area / floor</b>	y
<b>Total leasable area</b>	y
<b>MEP's Details</b>	x
<b>Mapping Plan</b>	x
<b>Civil Defense Letter</b>	x
<b>Photographs</b>	y

## 9- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

### 9.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

### **When depreciated replacement cost is used?**

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.



The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

*The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.*

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

*If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.*

*Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.*

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

**Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location,** the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was

obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

### **Calculating the cost of Land & Building improvements of a specialized property-**

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the ‘building’ would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may form part of a specialized property, the term ‘site improvement’ refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

### **Sources of cost information**

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
  - **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
  - **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
  - **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.
  - **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
  - **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
  - **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

## Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

**Three principal types of depreciation allowance, or obsolescence, may be identified as:**

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

## Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

**Lifespan:** When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.

### Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).
- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.



Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

### **Other considerations**

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

### **9.2- Comparable Method**

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

### 9.3- Capitalization Method (Cap Rate)

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

The appraiser calculator the income according to the following steps:

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

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

## 10-Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

## 11-Source of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, in addition, we consulted many of real estate experts in **Dammam city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

## 12-Purpose for preparation valuation and Content text

OPM was appointed **Saudi Fransi Capital** to evaluate market value for an educational property due to market value located within Hamra District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

## 13-Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the market comparison approach, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

## 14-Legal Description for Property Owner

Document's validity: the property targeted has viewed through available data and documents received from **Saudi Fransi Capital**, and have been a presumption of validity.

## 15-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **educational property**, with checking and preview the real instruments if it's legal and owned by the landlord.

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## 16-Foundation of evaluation report and Contents

### Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value for land & building depending on Comparison approach, depreciated replacement cost DRC, Capitalization rate.
3. OPM has no conflict of interest in the time of evaluation.

## 17 -Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the cost. An inspection of the property will be required in order to gather the information needed to complete the cost assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e., review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A schedule of the accommodational use.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.

- Estimate All Property 's Value through Depreciated Replacement Cost DRC Approach with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured (DRC), together with allowances in respect of other matters, including:
  - Demolition and debris removal and professional and statutory fees
  - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, Depreciated Replacement Cost, and Current market cost based.
  - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
  - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
  - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
  - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
  - It is advisable for the cost assessment to include certain additions to take account of further costs that will be incurred in the reconstruction of the building and replacement for machineries, equipment, and system.
  - Debris removal, demolition and shoring up party walls
  - Professional fees
  - Public authorities' stipulations





This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site's location, conditions and characteristics and sheds light on the following points:

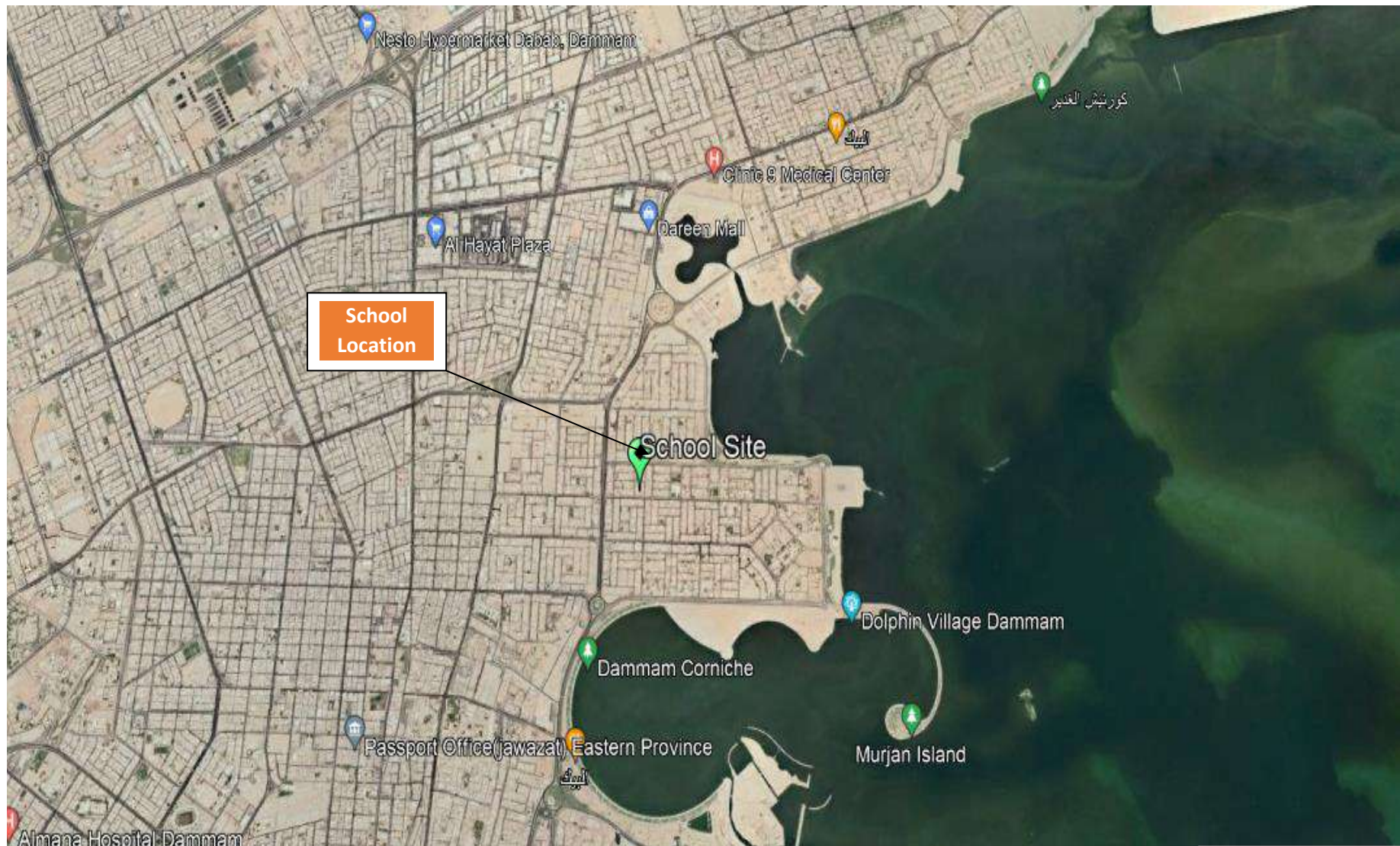
- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the Offices real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site's location within the wider city of Madinah while the table below, provides the site's coordinates for the purpose of identifying the exact location via Google Earth.

<b>Property Map Coordinates</b>	26°27'43.9"N	50°05'17.6"E
<b>Property Map Location</b>	<a href="https://g.page/RAIS-ALhamra?share">https://g.page/RAIS-ALhamra?share</a>	

## Aerial View



## 17.1- Site Context & Characteristics

### Location

- It should be noted that, the subject site lies Anas Ibn malik Street Dammam City & Corniche Road.
- The adjacent map highlights the subject site's location in relation to nearby key roads and surrounding districts while the insert map provides a micro view of the subject site.

The subject site is located to the of city within approximately, 1.25 Km from Dammam Corniche and 2.00 Km from Dareen mall & 3 K.m ramada hotel district respectively.

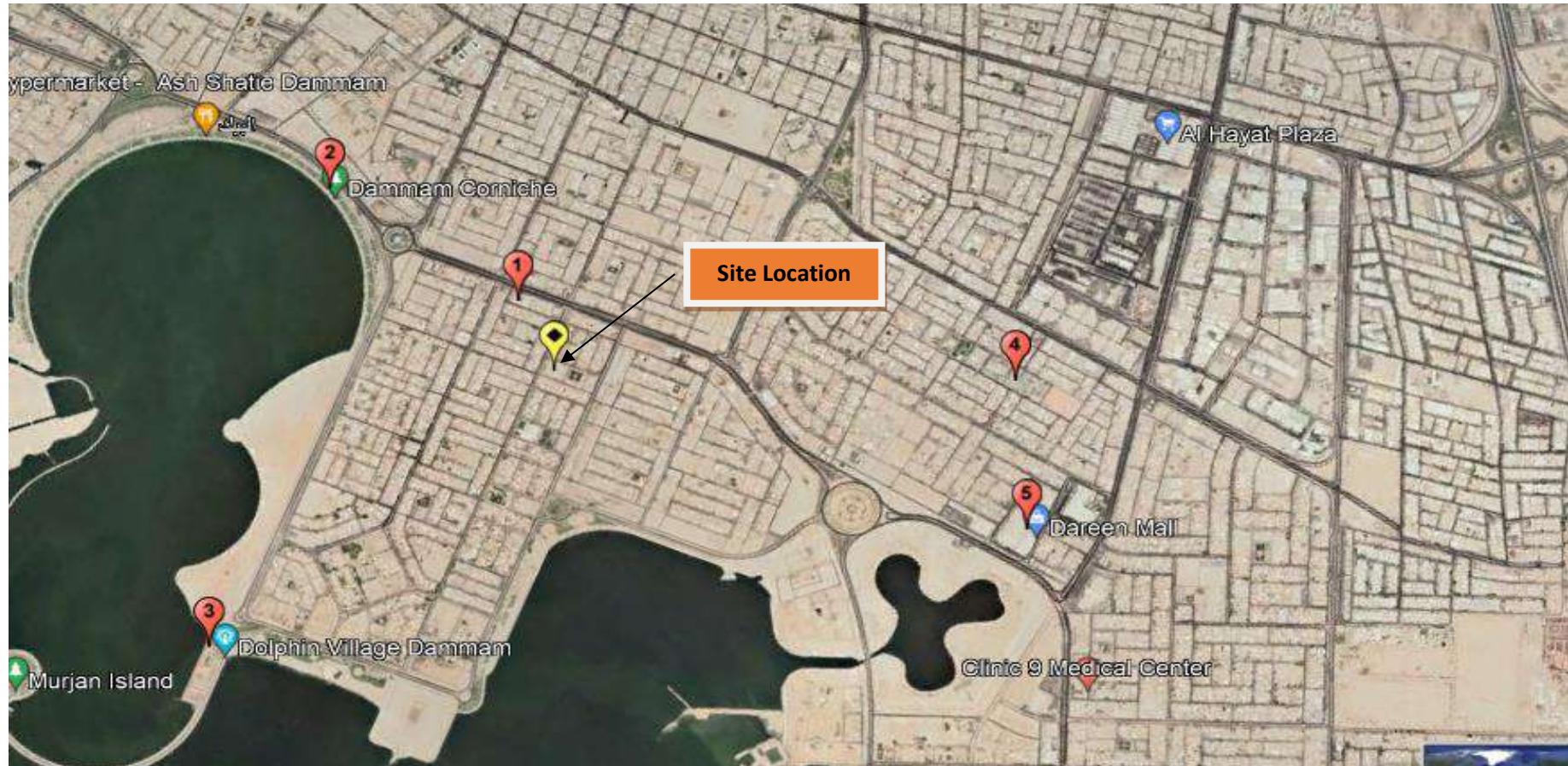
On a micro level, the subject site is ideally positioned along with Anas bin Malik Road, and Corniche Road major transport links and arterial roads such as the Retail hub and major Roads.

- It is of the note that the site is situated within the growth corridor of the city in proximity to key landmarks / infrastructure.
- The subject site will benefit from enhanced connectivity to and from the wider city given its direct positioning on the all-major district as depicted in the adjacent map.



## 17.2- Proximity to Demand Generators

The Maps Below presents the subject's site location in relation to a sample of key surrounding uses / developments.



The tables below present a sample of existing developments situated within the site's immediate and wider surroundings.

Sr. No	Surrounding Use	Distance - KM
1	Dammam Corniche	1.25 Km
2	Dareen Mall	2.0 Km
3	Dolphin Village Compound	2.15 Km
4	New Almana Hospital	2.50 Km
5	Ramada by Wyndham Hotel	3.00 Km

The subject site's Located on Main Road include Commercial & residential subdivisions and districts supported by a number of existing small retail shops, and locally branded serviced apartments.

### 17.3- Site Accessibility and Visibility

Sector	Side / Part	Comment
<b>General Overview</b>	Prime Location	Located Within Dammam city, and with Potential urban plan & Corniche growth direction.
	Accessibility and Visibility	*Accessibility through many major roads Anas Bin Malik Road & Corniche Road such as Road. *Visibility – All Major residential & commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape/ Triangles	Rectangular– leveled	The property is leveled fully developed built names as Al Esharaq School.		
	Internal and scaping for colleges	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development			
	Inside	Hamra District	The property is located central side of the city a region filled with new development and project and is the location of urban growth and Development.		
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences

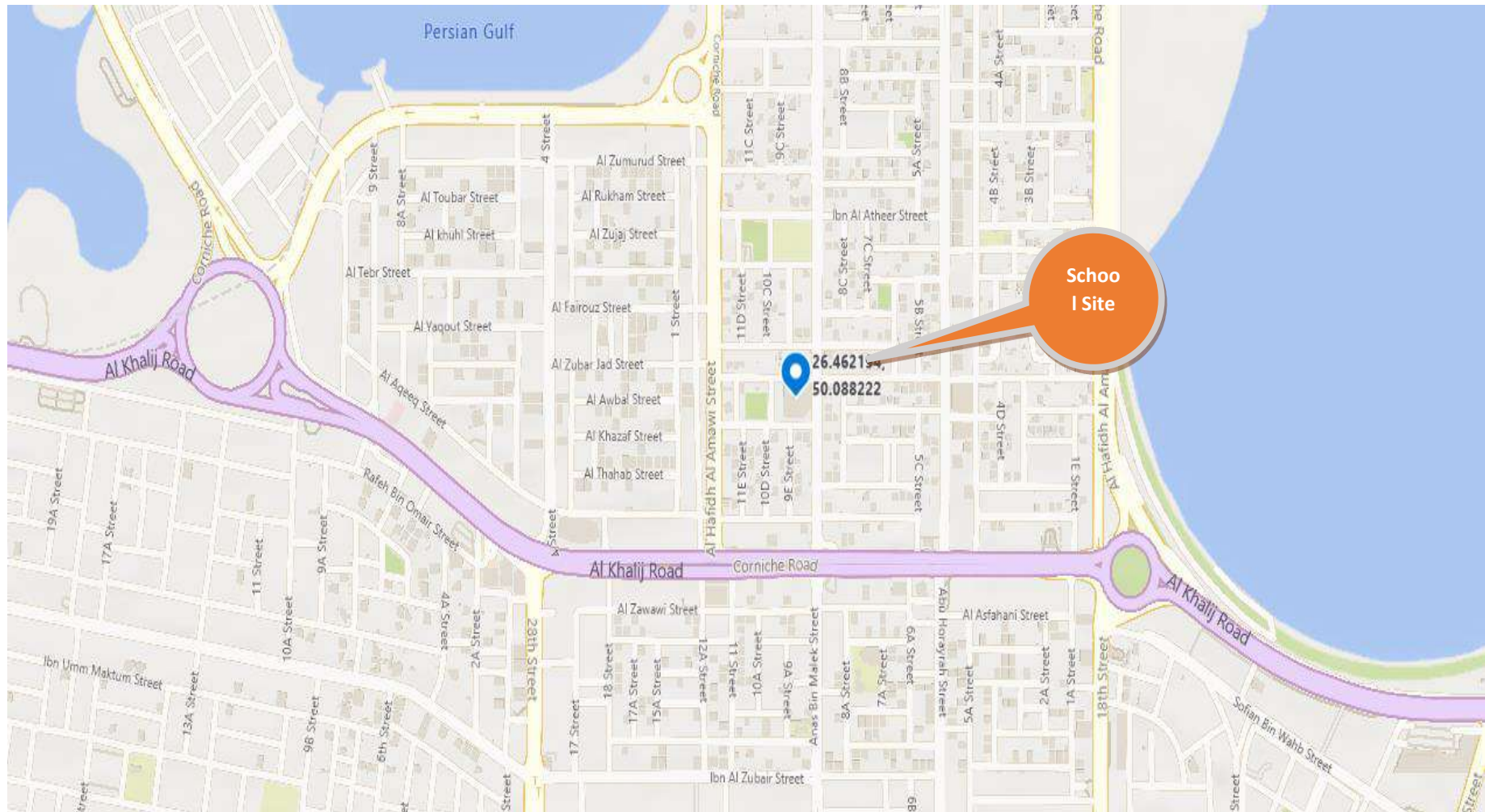


## 17.4 -Area Brief

The subject of this report comprises of developed land extending to approximately GFA 8,000 sq. m and located in Hamra District Dammam, KSA. The school property including Masterplan generally including Educational Classes for student & services area. All utilities and infrastructure founded Near By.

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Near Dammam corniche	The property is located Centre of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis			Main Road	Anas Bin Malik Road.
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks		The property is fully developed	
		Lighting	Asphalt Roads			
	Facilities	SportActivity			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
	Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.			
		Street				
Land Shape						

## Middle View of Property



## 18- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

### Building Information

Sr.no	Title Name	Floor Area Sqm	Building Use
1	Ground Floor	3,617	Educational
2	First Floor	3,692	Educational
3	Addition Room Floor	710	Educational
4	Surrounding wall	360	Services

## 19-Land Valuation Methodology

### 19.1 Land Valuation Comparable Approach – Direct Comparison

#### Comparable Market Approach evaluation – Land Evaluation market value (MV)

In this method, we will try to estimate the market values for Land Area - land located within Al-Hamra District according to the market comparable approach. Through the market survey done by OPM team, similar land plots sizes founded in the catchment area and semi similar to targeted land.

However, within the same area, there is a shortage for similar land parcels offering either for sale or sale at date of valuation, and we just took many parcels similar in area and location and due to our survey and some of actual valuation for some projects in the region.

first, we will start defining the area of market survey done in this matter as per the following:



## Relative Ratio Analysis:

### A. Location (RAA):

Land plot size categories sq m	Location RAA	
	North	South
Ratio	-10%	+10%

**Note:** The Property located in same Zone and that is why there is a differentiate in prices.

### B. Area Space (RAA):

Land plot size categories sq m	1,000-2,000	2,001-3,000	3,001-4,000	More than 4,001
RAA	(+, -)20%	(+, -)10%	(+, -) 5%	(+, -)5%

Example: the sample price for 4001 – 15,000 sq m should be greater than by +10% to be compared for the valuated property.

### C. Other RAA:

Permissible density (Site value may be higher or lower value)	(-,+) 5%
Common Services	(-,+) 5%
Occupation type and classification of the property	(-,+) 5%
Classification & use of land (Murfaq Taleemi)	(-,+) 50%
Approved Master Plan available	(-,+) 5%
Interest to be acquired (freehold)	(-,+) 5%
Accessibility of land	(-,+) 5%
Development Regulation (type of development will affect land value)	(-,+) 5%
Market movement adjustment	(-,+) 5%



## Comparable market Valuation Samples

Sample	Area Size sq m	Sample location	Market value S.R / sq m	Street Side	Land Usage
Sample 1	2,372	south	2,300	2 Side	Residential
Sample 2	8,400	south	2,140	4 Side	Residential



**Note: some of Mix Use plot's samples collecting Range**  
 Hamra Land pricing index = 2,100-2,700 SR / sqm

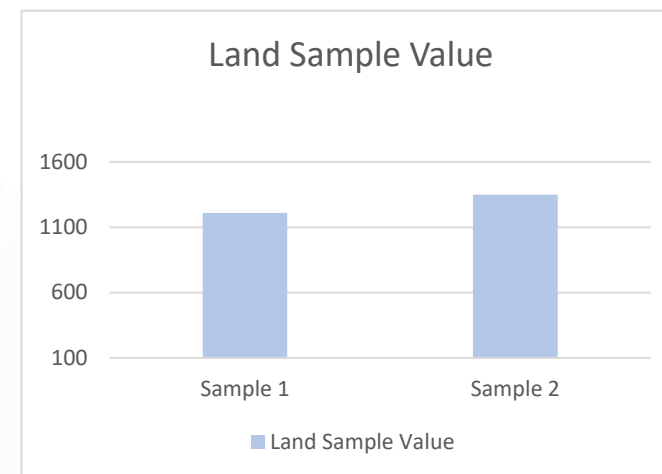


### Samples modifications to Land property

Sample 1	S.R/ sqm	Sample 2	S.R/ sqm
<b>Location RRA:</b>		<b>Location RRA:</b>	
Sample Price (Zone 2)	+2,300	Sample Price (Zone 1)	2,140
Add: (0%)	0	Add: (+5%)	+107
	<hr/>		<hr/>
	+2,300		+2,247
<b>Area Space RRA:</b>		<b>Area Space RRA:</b>	
<b>2,372 sq m</b>	2,300	<b>8,400 sq m</b>	+2,247
Add: 5% Change (Due to Area)	+115	Less: 0% Change	0
	<hr/>		<hr/>
	+2,415		+ 2,247
<b>Other RRA:</b>		<b>Other RRA:</b>	
Permissible density (-5%)	-120.5	Permissible density (+5%)	+113
Common services (0%)	0	Common services (+5%)	+113
Occupation property (0%)	0	Occupation property (+0%)	0
Classification & use of Land (-50%)	-1207	Classification & use of land (-50%)	-1124
Approved Master Plan available (+0%)	0	Accessibility of land (0%)	0
Near major corniche location area (+5%)	+120.5	Market movement adjustment (-5%)	-113
Interest to be acquired (+0%)	0	Development proposals (+5%)	+113
<b>Modified Market Value</b>	<hr/>	<b>Modified Market Value</b>	<hr/>
	1,209 SAR/sqm		1,350
			SAR/sqm

The / Current market Value per sq. m for the land will be calculated as a weighted average of the market sample modified values as follows:

Sample 1		1,209
Sample 2		1,350
Number of samples	/	2
Average Market Value	=	1,280 S.R / sq m



**Land market Value = Land Area \* market value / sq m**

**= 8,000 sq m \* 1,280 S.R**

**= 10,240,000 S.R (Ten million, Two hundred Forty**

**thousand Saudi Riyal)**

## 19.2- Case 2- Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of educational building permit; the total Gross Floor area GFA has been calculated area 8,000 sq. from Taleem REIT.

### Depreciated Replacement cost (DRC)

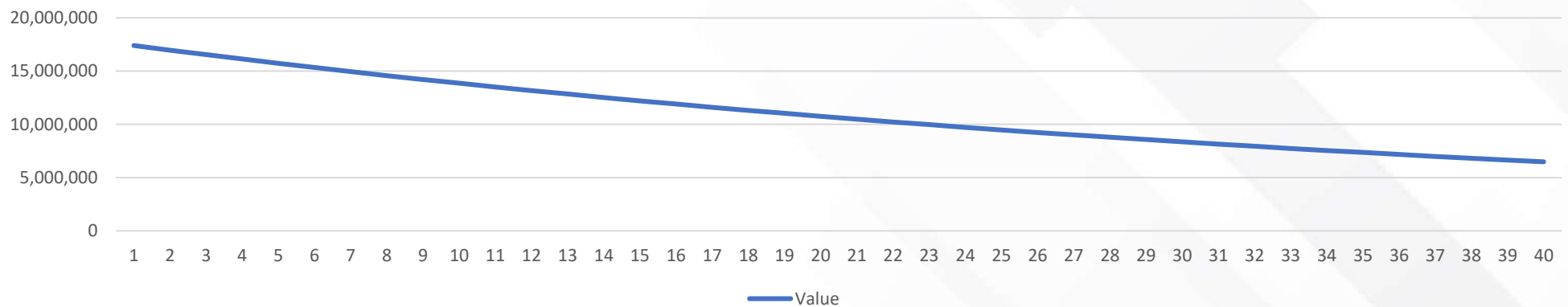
<b>Standard:</b> Average useful life for school building in Dammam city after taken into consideration climate.	<b>N (number of years) =</b>	<b>40 years</b>
Deprecation ratio Per annum 2.0%	Appreciation 0.5 (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculating Depreciation and Appreciation <b>1.5%</b>
<b>Building (equipment) useful life</b>	<b>N (number of years)</b>	<b>20 years</b>
<b>Apportionment – Acc Depreciation</b>	<b>1.5%*20 Years</b>	<b>30%</b>

**Note:** Annual Depreciation will be Charged December for every Year

**(Construction, Finishing & MEP equipment) for building – All MEP installed**

Type of Construction	GfA / sq. m	Replacement cost / SAR – sq. June-2022	Completion %	Market value/ SR
Ground Floor	3,617	3,500	100%	12,659,500
First floor	3,692	2,500	100%	9,230,000
Addition Room floor	710	2,500	100%	1,775,000
Surrounding wall	360	500	100%	180,000
<b>Replacement cost - SR</b>				<b>23,844,500</b>
- Apportionment Acc Deprecation –	(23,844,500*30/100)			(7,153,350)
<b>Depreciated Replacement cost DRC for building</b>				<b>16,691,150</b>

Value of building during operational Life Cycle



**20-Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-Currency SR**

<b>Market Value (Land)</b>	<b>10,240,000 SAR</b>
Plus	
<b>Building Value before adding Profit Margin - SAR</b>	16,691,150 SAR
+ Developer Profit Margin (20%) – only for Building Value - SAR	3,338,230 SAR
<b>Building Value - SAR</b>	<b>20,029,380 SAR</b>
<b>Sum of Value – Property</b>	<b>30,269,380 SAR</b>
<b>Market value -Total Land &amp; Building Property (Rounding Figure)</b>	<b>30,269,380 S.R (Thirty-million, Two hundred Sixty-Nine thousand, Three hundred Eighty Saudi riya</b>



**21-Valuation Based to Income approach- Capitalization rate** ratio of Net Operating Income (NOI) to property asset value -  
**Dammam city -2022- FFO** to define the cash flow from their operations **Official leasing Percentage Yield Escalation**  
**As per received from Client:**

الراجحي للاستثمار RAJHI-INVEST	
25-28-Aug-2028	1,212,750 (SR)
26-28-Feb-2029	1,212,750 (SR)
27-28-Aug-2029	1,212,750 (SR)
28-28-Feb-2030	1,212,750 (SR)
29-28-Aug-2030	1,212,750 (SR)
30-28-Feb-2031	1,212,750 (SR)
31-28-Aug-2031	1,273,388 (SR)
32-28-Feb-2032	1,273,388 (SR)
33-28-Aug-2032	1,273,388 (SR)
34-28-Feb-2033	1,273,388 (SR)
35-28-Aug-2033	1,273,388 (SR)
36-28-Feb-2034	1,273,388 (SR)
37-28-Aug-2034	1,273,388 (SR)
38-28-Feb-2035	1,273,388 (SR)
39-28-Aug-2035	1,273,388 (SR)
40-28-Feb-2036	1,273,388 (SR)
<b>Total</b>	<b>47,411,375 (SR)</b>

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Mohammad Abdulaziz Alrajhi & Sons Investment Co.  
شركة محمد عبدالعزيز الراجحي وأولاده للاستثمار

الراجحي للاستثمار RAJHI-INVEST	
28-30-28-Aug-2031	1,212,750 ريال
28-31-28-Aug-2031	1,273,388 ريال
28-32-28-Aug-2032	1,273,388 ريال
28-33-28-Aug-2032	1,273,388 ريال
28-34-28-Aug-2033	1,273,388 ريال
28-35-28-Aug-2033	1,273,388 ريال
28-36-28-Aug-2034	1,273,388 ريال
28-37-28-Aug-2034	1,273,388 ريال
28-38-28-Aug-2035	1,273,388 ريال
28-39-28-Aug-2035	1,273,388 ريال
28-40-28-Aug-2036	1,273,388 ريال
<b>الإجمالي</b>	<b>47,411,375 ريال</b>

Rental Payment date	Rent (SR)
1- 28-Aug-2016	1,100,000 (SR)
2- 28-Feb-2017	1,100,000 (SR)
3- 28-Aug-2017	1,100,000 (SR)
4- 28-Feb-2018	1,100,000 (SR)
5- 28-Aug-2018	1,100,000 (SR)
6- 28-Feb-2019	1,100,000 (SR)
7- 28-Aug-2019	1,100,000 (SR)
8- 28-Feb-2020	1,100,000 (SR)
9- 28-Aug-2020	1,100,000 (SR)
10- 28-Feb-2021	1,155,000 (SR)
11- 28-Aug-2021	1,155,000 (SR)
12- 28-Feb-2022	1,155,000 (SR)
13- 28-Aug-2022	1,155,000 (SR)
14- 28-Feb-2023	1,155,000 (SR)
15- 28-Aug-2023	1,155,000 (SR)
16- 28-Feb-2024	1,155,000 (SR)
17- 28-Aug-2024	1,155,000 (SR)
18- 28-Feb-2025	1,155,000 (SR)
19- 28-Aug-2025	1,155,000 (SR)
20- 28-Feb-2026	1,155,000 (SR)
21- 28-Aug-2026	1,212,750 (SR)
22- 28-Feb-2027	1,212,750 (SR)
23- 28-Aug-2027	1,212,750 (SR)
24- 28-Feb-2028	1,212,750 (SR)

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الراجحي للاستثمار RAJHI-INVEST	
<b>SCHEDULE 2 - RENT PAYMENTS</b> <b>المعلق 2 - دفعات بدل الإيجار</b>	
يبلغ بدل الإيجار 2,200,000 ريال سعودي (إثنان مليون ومائتي ألف ) سنوياً، مع زيادة ثابتة بنسبة 7.5 كل خمس سنوات ميلادية. يتم دفع بدل الإيجار كل نصف سنة على النحو التالي:	
تاريخ دفع بدل الإيجار	
28- أغسطس 2016 م	1,100,000 ريال
28- فبراير 2017 م	1,100,000 ريال
28- أغسطس 2017 م	1,100,000 ريال
28- فبراير 2018 م	1,100,000 ريال
28- أغسطس 2018 م	1,100,000 ريال
28- فبراير 2019 م	1,100,000 ريال
28- أغسطس 2019 م	1,100,000 ريال
28- فبراير 2020 م	1,100,000 ريال
28- أغسطس 2020 م	1,100,000 ريال
28- فبراير 2021 م	1,100,000 ريال
28- أغسطس 2021 م	1,155,000 ريال
28- فبراير 2022 م	1,155,000 ريال
28- أغسطس 2022 م	1,155,000 ريال
28- فبراير 2023 م	1,155,000 ريال
28- أغسطس 2023 م	1,155,000 ريال
28- فبراير 2024 م	1,155,000 ريال
28- أغسطس 2024 م	1,155,000 ريال
28- فبراير 2025 م	1,155,000 ريال
28- أغسطس 2025 م	1,155,000 ريال
28- فبراير 2026 م	1,155,000 ريال
28- أغسطس 2026 م	1,212,750 ريال
28- فبراير 2027 م	1,212,750 ريال
28- أغسطس 2027 م	1,212,750 ريال
28- فبراير 2028 م	1,212,750 ريال
28- أغسطس 2028 م	1,212,750 ريال
28- فبراير 2029 م	1,212,750 ريال
28- أغسطس 2029 م	1,212,750 ريال
28- فبراير 2030 م	1,212,750 ريال
28- أغسطس 2030 م	1,212,750 ريال

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شركة محمد عبدالعزيز الراجحي وأولاده للاستثمار

## AI Eshraq Rental Contract Payment Schedule Detail

Taleem REIT					
AI Eshraq School Rental Payment Schedule					
Anniversary Years	Calendar Date	Calendar Months	Years	Semi- Annual Rent SAR	Annual Rent SAR
1st Year	28-Aug	Last Six Months	2016	1,100,000	2,200,000
	28-Feb	First Six Months	2017	1,100,000	
2nd Year	28-Aug	Last Six Months	2017	1,100,000	2,200,000
	28-Feb	First Six Months	2018	1,100,000	
3rd Year	28-Aug	Last Six Months	2018	1,100,000	2,200,000
	28-Feb	First Six Months	2019	1,100,000	
4th Year	28-Aug	Last Six Months	2019	1,100,000	2,200,000
	28-Feb	First Six Months	2020	1,100,000	
5th Year	28-Aug	Last Six Months	2020	1,100,000	2,200,000
	28-Feb	First Six Months	2021	1,100,000	
After 5-year Escalation is 5% as per Contract					
6th Year	28-Aug	Last Six Months	2021	1,155,000	2,310,000
	28-Feb	First Six Months	2022	1,155,000	
7th Year	28-Aug	Last Six Months	2022	1,155,000	2,310,000
	28-Feb	First Six Months	2023	1,155,000	
8th Year	28-Aug	Last Six Months	2023	1,155,000	2,310,000
	28-Feb	First Six Months	2024	1,155,000	
9th Year	28-Aug	Last Six Months	2024	1,155,000	2,310,000
	28-Feb	First Six Months	2025	1,155,000	
10th Year	28-Aug	Last Six Months	2025	1,155,000	2,310,000
	28-Feb	First Six Months	2026	1,155,000	
After 5-year Fixed Escalation is 5% as per Contract					
11th Year	28-Aug	Last Six Months	2026	1,212,750	2,425,500
	28-Feb	First Six Months	2027	1,212,750	
12th Year	28-Aug	Last Six Months	2027	1,212,750	2,425,500

	28-Feb	First Six Months	2028	1,212,750	
13th Year	28-Aug	Last Six Months	2028	1,212,750	2,425,500
	28-Feb	First Six Months	2029	1,212,750	
14th Year	28-Aug	Last Six Months	2029	1,212,750	2,425,500
	28-Feb	First Six Months	2030	1,212,750	
15th Year	28-Aug	Last Six Months	2030	1,212,750	2,425,500
	28-Feb	First Six Months	2031	1,212,750	
After 5-year Fixed Escalation is 5% as per Contract					
16th Year	28-Aug	Last Six Months	2031	1,273,388	2,546,776
	28-Feb	First Six Months	2032	1,273,388	
17th Year	28-Aug	Last Six Months	2032	1,273,388	2,546,776
	28-Feb	First Six Months	2033	1,273,388	
18th Year	28-Aug	Last Six Months	2033	1,273,388	2,546,776
	28-Feb	First Six Months	2034	1,273,388	
19th Year	28-Aug	Last Six Months	2034	1,273,388	2,546,776
	28-Feb	First Six Months	2035	1,273,388	
20th Year	28-Aug	Last Six Months	2035	1,273,388	2,546,776
	28-Feb	First Six Months	2036	1,273,388	
Total Rental Income for Twenty Years SAR					47,411,380 SR
Total Number of Years					20
Average Rental Income for for Twenty Years SAR					2,370,569 SR

**Notes:**

- 1-The Lease Agreement made on Monday 19/11/1437 corresponding to 22/08/2016(Signature Date) as per contract paper.
- 2- After 5-year Fixed Escalation is 5% as per Contract paper.

## 22- Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period percentage for school property and after Inspection for Dammam Market and catchment area without found any comparable based due to Scarcity of similar property beside the type of educational areas of other property and market renting pricing in Dammam market was based to experience and Saudi Arabia major cities benchmark for educational property After taking into consideration for location of property, quality of building and market indicators.

Due to market renting analysis the average rents in the area at time of valuation in between 275 –325 SAR per sq. m for net Leasable area including basement floor and comparing it to the annual renting values for properties in the Dammam City and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The **Property's rent for ongoing years is 2,370,569 SAR per annum**, which equating to around SAR 296\* per sq. m

\* **Notes:** Average Rental Value/Total Build up Area

$$2,370,569/8,019 = 296$$

<b>Average Net Operating Income – triple Net</b> for a 20 Years Contractual period based to client's statement.	<b>2,370,569 SR</b>	
<b>– Vacancy and collection loss</b>	<b>0</b>	
<b>Additional income</b>	<b>0</b>	
<b>Effective Average gross income for Twenty Years</b>	<b>2,370,569 SR</b>	
<b>Operating Expenses</b> (all expenses on Operator's responsibility) – Triple net wise		
<b>Fixed</b>	0	
<b>Variable</b>	0	
<b>Reserves</b>	0	
<b>Total Operating expenses</b>	<b>0</b>	
<b>Average Twenty Years Net operating income NOI</b>	<b>2,370,569 SR</b>	
<b>Cap rate 8.2%</b>		
<b>Market Value @ 8.2% Capitalization rate</b>	<b>28,909,378 SAR</b>	

### 23- Note: Opinion of Value in case of Taleem REIT desire to reach market value for Property based to Capitalization rate method

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the lease Escalation data received from Client for 20 Obligatory Contractual period is Market Value:

Property Value Calculation	Amount (SAR)	Property Market Value
Income Approach Capitalization rate – Market Value	28,909,378	28,909,378 SR
Aggregate Market value property		28,909,378 SAR
Market value MV	28,909,378 (Twenty-Eight million, Nine hundred nine thousand, Three hundred seventy-eight thousand Saudi Riyal)	

#### General Notes:

- The market value of the property - is **28,909,378 Saudi Riyals**.
- The market value is subject to fluctuation according to the sensitivity level (+, - 5%).
- Market value was calculated on the basis of the average between market value based on income.
- The property was fully inspected on the ground, the entry and exit movement, the general view of the site and the traffic were studied.
- No information has been hidden by Olat Real Estate Valuation Company that could affect the value of the property.
- Olat Real Estate Valuation Company undertakes not to disclose any information to others and to maintain the confidentiality of the evaluation.
- The property was evaluated with high professionalism, credibility and objectivity without expressing an opinion. Rather, the general condition of the property was included according to nature.
- Building Costs - Replacement Cost were calculated on the basis based on Benchmark comparison market costs.
- Building area according to the building permit.



- The property is fitted out.
- Net income has been provided to us to assess the capitalization of income as per the contract.

### (Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	Market Value	+5%
27,463,909 SR	28,909,378	30,354,847 SR

## 24-Real Estate Market Summary- Dammam City

*Real estate market the secondary market after oil; it has been suffered from COVID-19 Pandemic & also impact to the significantly increase-in oil revenues that leads to subsequent growing in the Kingdom's economic growth in Q-1 2022 year. Government has ambitious plans to diversify the economy away from dependence on oil market so they take initiative to introduce the entertainment project & culture activities will help to boost the economy to implement and support the vision 2030 goals. All sectors of the real estate market appear to have peak over the past year and are now greatly affect in the early recovery stage of their market due to corona pandemic.*



**The Office sector** has experienced overall performance soften demand and continued supply completed over coming year. This has increased vacancies rate for major city in the Kingdom however, we expect to delay in the handover of some project given market condition. Grade A feature high quality finishing with ample amenities with compare of grade B spaces. Looking over next quarter we expect office rent remain potential growth. In COVID-19 Pandemic government announced the monetary package to ensure business connectivity and mitigate risk for Business Growth and support to the Private sector.

- **The Residential sector** has also experienced a steady growth of supply and a small decline in performance. Due to COVID-19 Pandemic Average sale prices have increasing marginally while rentals have stable by slightly more and over the past year and further small defines are expected over the next quarter. Ministry of housing and partnership with private sector will deliver large number of Units into the market that is under construction and future supply to be deliver inform of small and affordable units to increase homeownership percentage rate through MOH (sakni & Shrakat program) which helps to increase ownership rate in 2022 under Vision 2030.

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- The **Retail sector** has experienced significant new supply in coming years with vacancies rate in the retail sector have been relatively increase last year, with a marginal stable in rents for super regional & regional centers. With limited new supply scheduled to complete until 2022, retail rentals are expected to constant over the next few months. The majority of upcoming stock consider new outlook lifestyle concept mall, including full range of services like retail, F&B & entertainment. The new development improves shopping experience. In COVID-19 Pandemic, there was restriction of consumer mobility & socialize limitation that huge impact on retail and entertainment sector. But Due to mobility restriction increase due to covid situation recovery consumer behavior shifted to online trade that boost to E-Commerce sector that will help to support vision 2030.

- The performance of the **Hospitality sector** has been Increase demand from last year, due to Public Investment fund introduced a tourism and hospitality project that will help to boost the economic activity in overall kingdom specially Dammam. In Jan 2020, Government initiative to allow Developed Countries Like U.K, US & Schengen Visa holder to get visa on arrival facility that help to support tourism industry and enhance the economic activity in the kingdom corporate sector has seen a significant stable in occupancy levels. In Dammam City Upcoming hotels completion are expected to deliver at end of 2022. While Hospitality Industry has flourishing performance & recovery stage performance of Hospitality Sector in Dammam is very healthy.

## 25-External and internal Pictures

### External view

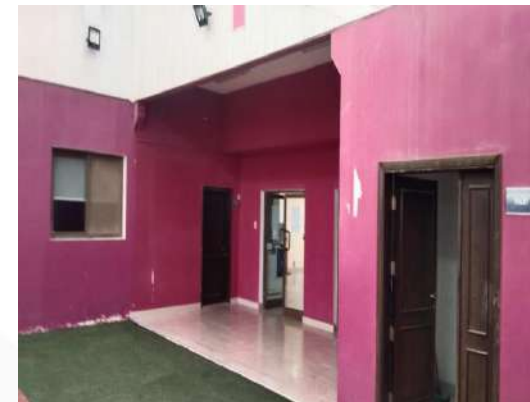


## External View



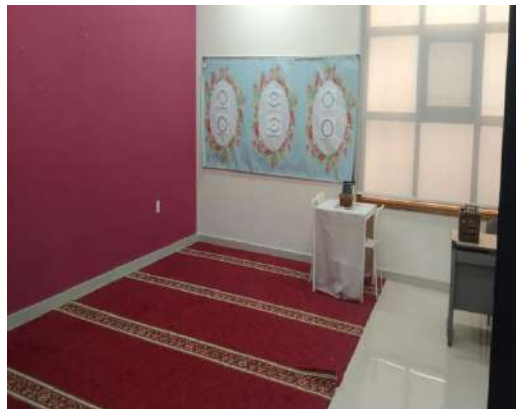


## Internal view

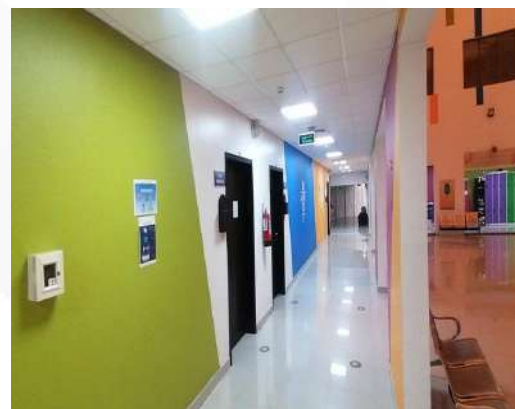
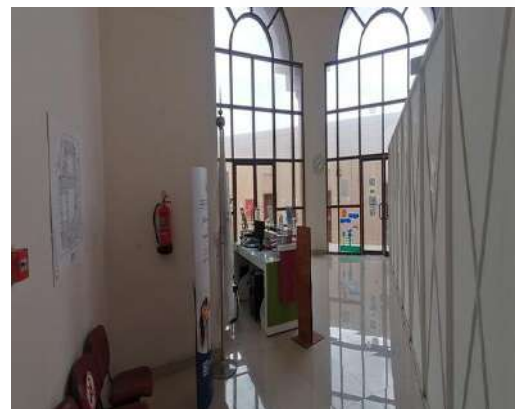




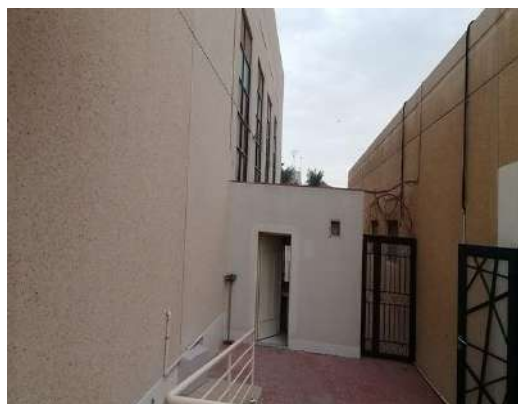
Internal view



Internal view

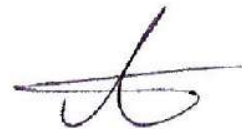


## Internal view



## 26-olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
<b>Abdulmalik Al-Darwish</b>	Valuation Manger	1210000397	1445/07/18	Real estate
<b>Almoatsem Al Darwish</b>	Deputy Valuation Manger	1210001148	1444/12/27	Real estate
<b>Fadi Naeem</b>	Site visit, inspection Catchment area	1220000119	1444/01/16	Real estate





## 26.1- OPM Valuation's team Taqueem's certificates



## QR Code



(هذا التقرير مسجل في بوابة قيمة)

<p>رقم التقرير: 605532</p> <p>مُنشأة التقييم: شركة أولات وشريكه للتقييم العقاري</p> <p>العميل: صندوق تهليم ريت</p> <p>الغرض من التقييم: الشراء</p> <p>عدد الأصول: 1</p> <p>نوع التقرير: تقرير مفصل</p> <p>تاريخ إصدار التقرير: Sun 24 Jul, 2022</p>	<p>رقم التقرير: 605532</p> <p>مُنشأة التقييم: شركة أولات وشريكه للتقييم العقاري</p> <p>العميل: صندوق تهليم ريت</p> <p>الغرض من التقييم: الشراء</p> <p>عدد الأصول: 1</p> <p>نوع التقرير: تقرير مفصل</p> <p>تاريخ إصدار التقرير: Sun 24 Jul, 2022</p>
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للتحقق من صحة الشهادة التسجيل:



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