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الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report No: 126742

Al-Ghadeer Building

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**Office building**) in the city of (**Riyadh**), district of (**Al-Gadeer**), having an area of (**4,360**) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the office building) is equal to (**79,654,000**) Saudi riyals, as documented in this report


General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



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Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	917807004147
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	1443/6/27
Purpose of evaluation	REIT Fund	Plan no.	2726
Type of property	office building	Plot no.	1/1022 , 1014/1 , 1021/1013
Address of the property	Kingdom of Saudi Arabia - Riyadh - Al-Ghadeer	Basis of value	Market value
Raw land area of the property	٢٠ 4,360	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/01
Applicable Valuation methods	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Date of evaluation	2022/12/31
		Report date of issuance	2023/01/23
Market value of the property (SAR)		79,654,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards| Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Riyadh
District	Al- Ghadeer
Area	(4,360)m ²

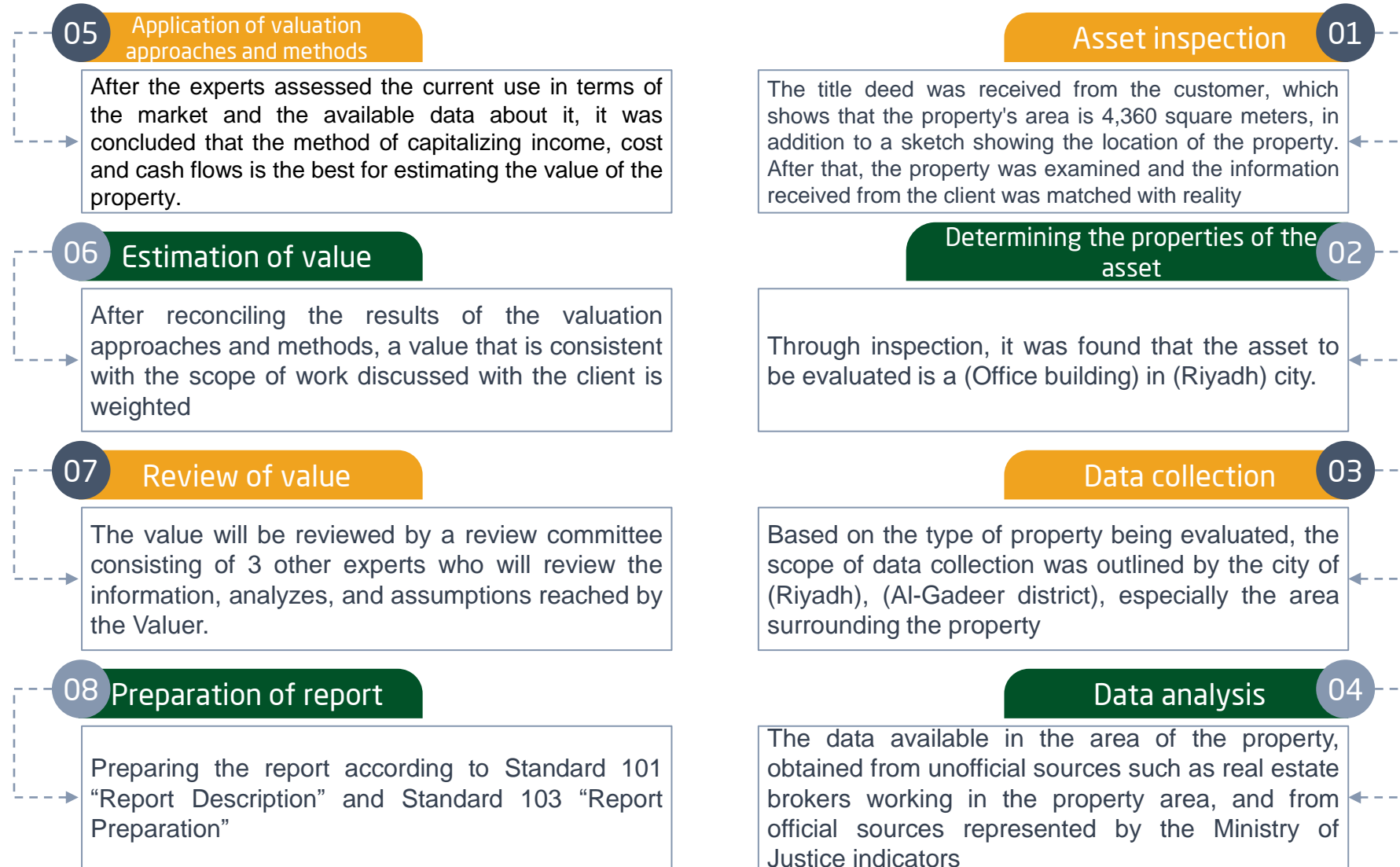
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

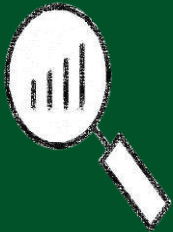
(2-2) Scope of work | Work Stages





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Second Axis



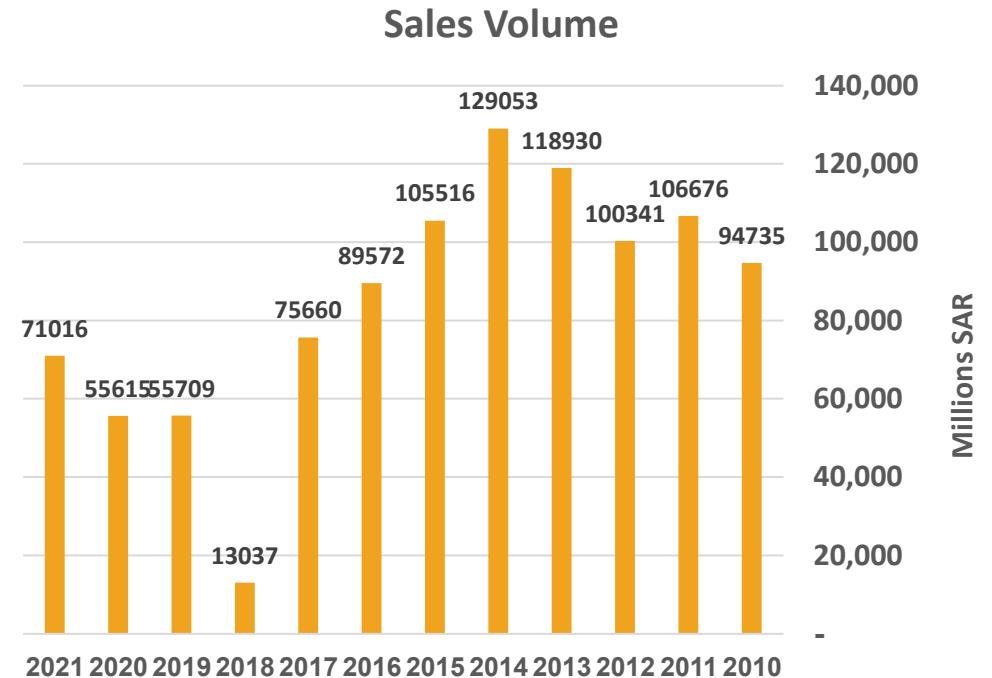
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	92,140	695,499,770	94,735,292,085
2011	94,006	531,229,187	106,675,530,921
2012	60,996	268,915,968	100,340,679,466
2013	71,873	233,736,612	118,929,717,391
2014	66,016	255,995,001	129,053,353,518
2015	59,833	152,577,755	105,516,472,396
2016	45,683	117,576,533	89,572,470,299
2017	50,913	69,933,755	75,659,645,392
2018	9,091	16,917,992	13,036,913,549
2019	60,126	55,997,285	55,709,331,355
2020	50,252	60,695,172	55,614,504,191
2021	46,554	66,246,896	71,015,946,446

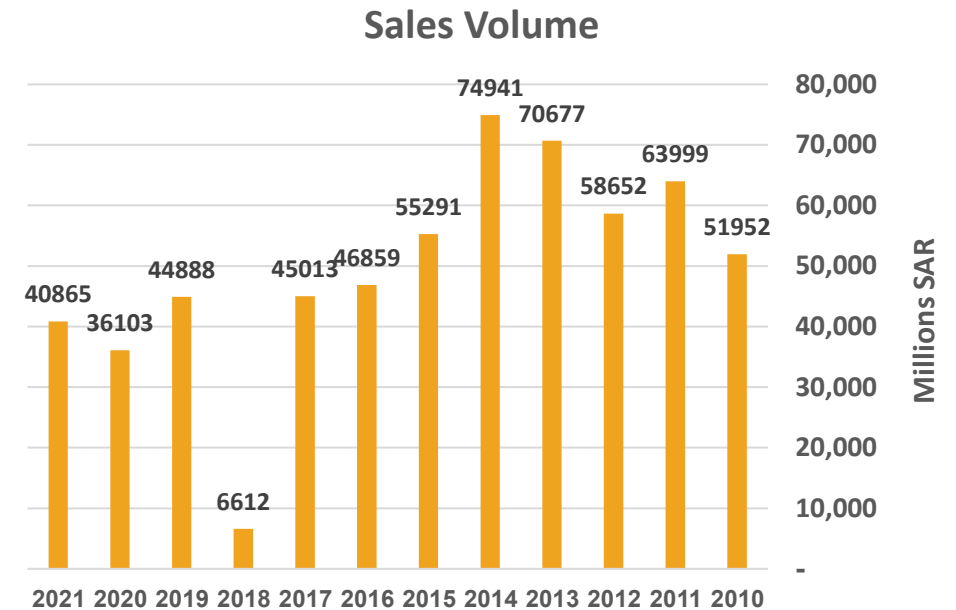


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	81,340	182,498,924	51,952,225,278
2011	83,273	261,920,619	63,999,414,404
2012	53,619	171,631,242	58,651,602,362
2013	63,117	142,705,850	70,677,236,779
2014	58,229	191,139,766	74,940,841,184
2015	52,392	104,323,882	55,290,767,416
2016	39,968	53,220,572	46,859,446,204
2017	45,604	41,881,969	45,012,831,376
2018	8,407	5,221,366	6,611,837,153
2019	57,210	44,328,174	44,888,483,793
2020	46,256	37,381,543	36,103,152,924
2021	41,126	32,453,794	40,864,961,400

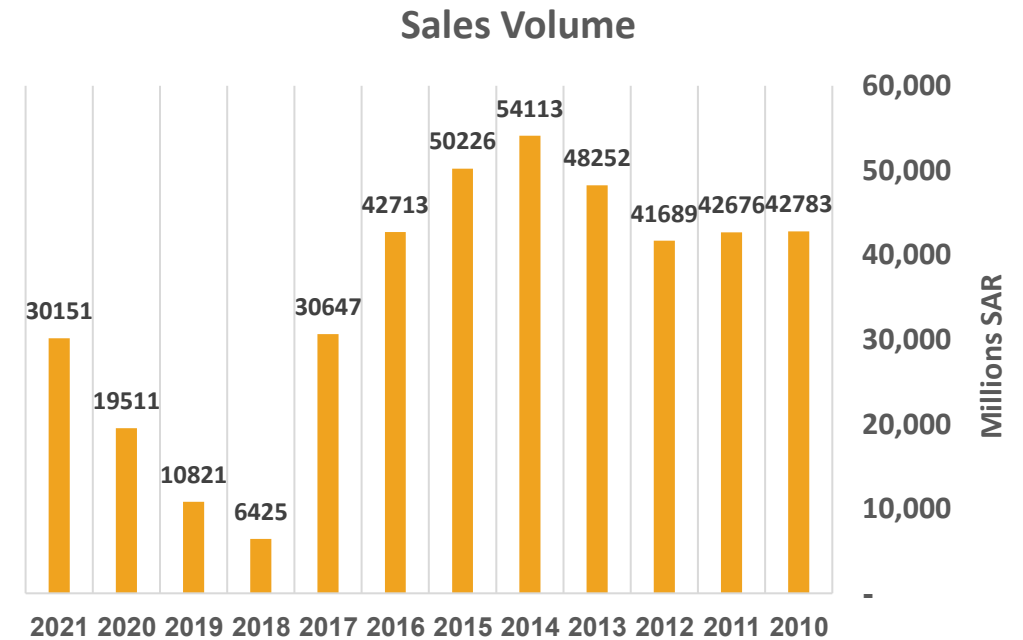


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	10,800	513,000,846	42,783,066,807
2011	10,733	269,308,568	42,676,116,517
2012	7,377	97,284,726	41,689,077,104
2013	8,756	91,030,762	48,252,480,612
2014	7,787	64,855,235	54,112,512,334
2015	7,441	48,253,873	50,225,704,980
2016	5,715	64,355,962	42,713,024,095
2017	5,309	28,051,786	30,646,814,016
2018	684	11,696,626	6,425,076,396
2019	2,916	11,669,110	10,820,847,562
2020	3,996	23,313,628	19,511,351,267
2021	5,428	33,793,101	30,150,985,046





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Third Axis



Property area analysis



The location of the property in the city of Riyadh

Riyadh is the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd plateau, at an altitude of 600 meters above sea level. It is the HQ of the Emirate of Riyadh, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to statistics in 2021. The Saudi capital is considered one of the fastest expanding cities in the world. During half a century of its inception, the area of the small city expanded to 1,800 square kilometers, reaching 3,115 km². In this time, Riyadh is the political and economic front of Saudi Arabia, as it contains the headquarters of the country's sovereign institutions. Urban planning divides the city of Riyadh administratively into 16 municipalities, comprising more than 167 residential neighborhoods, managed by the Riyadh Municipality and the Royal Commission for Riyadh City. It possesses tourist and cultural potentials from historical sites, museums and urban landmarks.



Al- Sahafa

Al - Nafi

AL - Ghadeer

Property location

Al- Aqiq

KAFD

The location of the property at the level of Al-Ghadeer neighborhood

Al-Ghadeer neighborhood, located in the north of Riyadh, is considered one of the quiet residential neighborhoods where all services are available, and it is one of the neighborhoods affiliated with the North Municipality. The neighborhood is characterized by its proximity to some important places such as: KAFD, the Supreme Court in Riyadh, SPA, and the Kingdom Hospital



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Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> ○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. ○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. ○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. ○ Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

Method	Income Method (Discounted Cash Flow Method)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ In the discounted cash flow method, the cash flows are discounted to the valuation date, which results in the current value of the asset.○ In some cases, the discounted cash flows for a long-term or forever asset can include a terminal value that represents the value of the asset at the end of the explicit forecast period. In other cases, the value of the asset can be calculated only by using a terminal or terminal value without an explicit forecast period, and this is sometimes referred to as the income capitalization method.			
Methodology			
<ul style="list-style-type: none">○ Choosing the most appropriate types of cash flows for the nature of the task and the asset being evaluated (pre-tax, after-tax cash flows, real or nominal total, etc.)○ Determine the most appropriate explicit cash flow forecasting period, if any○ Prepare cash flow forecasts for the period.○ Determining whether the final value is appropriate for the asset under evaluation at the end of the explicit forecast period (if any), then determining the final value appropriate to the nature of the asset○ Determine the appropriate discount rate○ Apply the discount rate to expected future cash flows, including the terminal value if any			

Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



Fourth Axis



Information and description of the property

Property Description

General description

The property is office building with an area of 4,360 SQM

Location description

Country	Kingdom of Saudi Arabia
Province	Middle (Riyadh Province)
City	Riyadh
District	Al-Gadeer
Street	-

Data of ownership

Deed no.	917807004147
Date of Deed	1443/6/27
Plot no.	2726
Plan no.	1/1022 , 1014/1 , 1021/1013
Block type	125

Nature of the property

☒ Flat

☐ Low

☐ High

☐ Backfilled

☐ Sabkha

☐ Sandy

☐ Rocky

Building system

Commercial

Property Description

Site borders and lengths				
North	Street 36m	Length	84.28	m
South	Street 20m	Length	76.00	m
East	Street 36m	Length	40.00	m
West	1015/1 ق	Length	60.00	m

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Property data	
Property Name	Al – Ghadeer Budling
Location	Al – Ghadeer Riyadh
Property type	Office building
Property age	6 years
Land area (square meters)	4,360
Build area (square meters)	13,261
Number of floors	Basement + 3.5 floors
Property components	It consists of administrative offices with a rental area of about 8796 square meters
Current lease contracts	It is a single lease contract that expires in mid 2035
Contracts period	Expires after about 13 years
Occupancy rate for leased units	100%
Total current income (SAR)	6,103,125
Net operational income (SAR)	6,103,125

Croquet and border picture of the site

King Fahd road

Al Thamana Road

Prince Mohammed Bin Salman Road

King Abdulaziz Road

Site

North Ring Road

Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





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Fifth Axis



Valuation result

Land comparisons

Area:4,688
Price per meter: 6000

Comparison 1

Area:1400
Price per meter:7000

Comparison 2

Area:750
Price per meter:7667

Comparison 3

Site

طريق الملك عبدالعزيز

طريق الدائري الشمالي

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Evaluation results | Residual value

Conclusion

✓ The first Approach: (Residual Value)

1- Basic data about the project		
Area according to the deed	4,360	m2
The method used for estimating building surfaces	valuer assessment	
The percentage of construction on the land	60.0%	%
The floor area	2,616.0	m2

2- Development costs		
Construction cost for repeated floors per m2	2,500	SAR
Construction costs for repeated floors	16,350,000	SAR
Additional expense ratio	2.5%	%
Additional expense costs	408,750	SAR
Total Cost of the Project	16,758,750	SAR

Evaluation results | Residual value

Conclusion

- ✓ The first Approach: (Residual Value)

3- Estimating the project's revenue		
2-3 offices		
Number of floors allocated for offices	2.5	floor
Total building area	6,540	M2
Occupant percentage of offices	80.0%	%
Net office area	5,232	%
Average rent per square meter	900	M2
Total revenues for offices	4,708,800	SAR
Occupancy rate for offices	80.0%	%
Effective income for offices	3,767,040	SAR
Operation and maintenance of offices	5.0%	SAR
Office operating and maintenance costs	188,352	SAR
Office net income	3,578,688	SAR
Net income for offices/showrooms	3,578,688	SAR

4- Estimation of the land value		
capitalization rate	8.0%	%
Total project value	44,733,600	SAR
Total development costs	16,758,750	SAR
Land value	27,974,850	SAR
Square meter value	6,416	SAR
Meter value (approximately)	6,400	SAR

Evaluation results | Cost approach

Conclusion

✓ The second Approach: (cost approach)

- The area of the building surfaces was calculated according to the data contained in the building permit.
- The cost of building a square meter of construction was estimated according to the current prices of building materials.
- The depreciation rate was estimated according to the economic life of the property.
- The value of a square meter of land was reached by means of similar sales, comparative sales, and appraisal experts at "Tathmeen"

Cost Approach (Substitution Approach)			
Basements Building Surfaces	4,356		M2
The building cost of a square meter for basements	2,000		SAR
Total basement costs	8,711,000		SAR
Building repetitive floors	8,816		M2
Building cost per meter/recurring floors	2,200		SAR
Building construction costs/recurring floors	19,394,320		SAR
Total construction costs	28,105,320		SAR

Other costs	Value	% of construction costs	
Professional fees	1,405,266	5.0%	%
Facilities network	1,405,266	5.0%	%
Administration costs	2,810,532	10.0%	%
Financing costs (3 years/50%)	2,529,479	6.0%	%
Contractor's profit	4,215,798	15.0%	%
Total building costs before depreciation	40,471,661		SAR
Life span of the building	40.0		Year
Remaining economic life	34.0		Year
Effective life	6.0		Year
Gross depreciation rate	15.0%		%
Depreciation costs	6,070,749		SAR
Net construction costs after depreciation	34,400,912		SAR

Land area	4,360	M2
Land meter value	6,400	SAR
Total land value	27,904,000	SAR
Total property value	62,304,912	SAR
Property value (approximately)	62,305,000	SAR

Evaluation results | Income Capitalization

Conclusion

- ✓ Income Approach (Income Capitalization)

Income Approach (Income Capitalization)	
Total Effective Income (according to customer data)	6,103,125
Net income	6,103,125
Capitalization factor	8.0%
Property value	76,289,063
Total property value	76,289,000

Evaluation results | Discounted cash flows

Conclusion

✓ Income Approach (Discounted cash flows)

Assumptions of discounted cash flow method	
Total income in case of full operation	6,103,125
Operational expenses	0%
Vacancy rate after stabilization	0%
Cash flow period	13 Years
Revenue growth rate	as contract

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	3.0%
Special risk premium	1.0%
Discount rate	9.5%

To calculate the last value (recoverable)	
Capitalization factor	8.0%
Growth rate	2.0%

	Discounted cash flows												
	31-Dec-22	31-Dec-23	30-Dec-24	30-Dec-25	30-Dec-26	30-Dec-27	29-Dec-28	29-Dec-29	29-Dec-30	29-Dec-31	28-Dec-32	28-Dec-33	28-Dec-34
Expected Revenue Growth Per Year (%)	0.0%	0.0%	0.0%	2.5%	2.4%	0.0%	0.0%	0.0%	2.5%	2.4%	0.0%	0.0%	0.0%
Total income in case of full operation	6,103,125	6,103,125	6,103,125	6,255,703	6,408,281	6,408,281	6,408,281	6,408,281	6,568,488	6,728,695	6,728,695	6,728,695	6,728,695
Vacancy percentage %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vacancy value	0	0	0	0	0	0	0	0	0	0	0	0	0
Total effective income	6,103,125	6,103,125	6,103,125	6,255,703	6,408,281	6,408,281	6,408,281	6,408,281	6,568,488	6,728,695	6,728,695	6,728,695	6,728,695
Operation and maintenance expense ratio	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
The value of operating and maintenance expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Net operational income	6,103,125	6,103,125	6,103,125	6,255,703	6,408,281	6,408,281	6,408,281	6,408,281	6,568,488	6,728,695	6,728,695	6,728,695	6,728,695
The last value (recoverable value)													85,790,865
Annual net cash flows	6,103,125	6,103,125	6,103,125	6,255,703	6,408,281	6,408,281	6,408,281	6,408,281	6,568,488	6,728,695	6,728,695	6,728,695	92,519,561
Total net present value	79,654,069												
Total value approximately	79,654,000												

Evaluation results

Conclusion

- Since the property under evaluation is one of the income-producing properties, and the evaluation is form REIT, the discounted cash flow method is the most appropriate and best method for its evaluation.
- Based on following the standards and evaluation methods adopted and in accordance with the requirements of the client, valuation experts believe that the market value of the property, according to the following information, for the property No. (917807004147) in the city of (Riyadh) in the (Al-Ghadeer) neighborhood, its area is 4,360 m2 as follows:

Total property value (DCF)
Total property area (m2)
4,360
Total property value (SAR)
79,654,000
Property value (written form)
Seventy-nine million six hundred fifty-four thousand Saudi Riyal

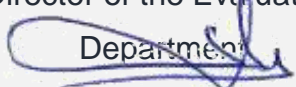
Notes

Recommendations


- By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions

Director of the Evaluation
Department

Abdullah Al Manfouz
Membership Number (1210000273)

نثمين
VALUATION
الشركة السعودية لتقييم وتممين الأصول للاستشارات المهنية
Saudi Asset Valuation Company For Professional Consulting
رقم السجل التجاري ، C.R.No. 1010206162
رقم الضريبي ، Vat No. 300046706100003

General Director

Ahmed bin Ali Al-Talei
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Appendices

Title Deed

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٤٤٣/٧/٢٧ هـ
رقم الصك: ٩١٧٨٠٧٠٠٤١٤٧

صك

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

فإن قطعة الأرض 1013 / 1021 و قطعة الأرض 1014 / 1 و قطعة الأرض 1022 / 1 من البلاك رقم 125 من المخطط رقم 2726 الواقع في حي الغدير بمدينة الرياض، وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض 36 متر بطول: (56) ستة وخمسون متر + 28.28م
جنوباً: شارع عرض 20 متر بطول: (76) ستة وسبعون متر
شرقاً: شارع عرض 36 متر بطول: (40) أربعون متر
غرباً: قطعة رقم 1015 / 1 والقطعة رقم 1023 / 1 بطول: (60) ستون متراً ومساحتها: (4360) أربعة آلاف وثلاثمائة وستون متراً مربعاً فقط حسب محضر رقم 2037 في 1423 / 10 / 28 هـ.

والمستند في إفراغها على الصك الصادر من كتابة العدل الأولى بالرياض برقم 910104043706 في 1440 / 4 / 25 هـ.

قد انتقلت ملكيتها لـ شركة صندوق بنیان للعقارات بموجب سجل تجاري رقم 1010901003 في 1439 / 2 / 26 هـ وتنتهي في 1538 / 2 / 26 هـ، بضمن وقدره 75000000 خمسة وسبعون مليون ريال وعليه جرى التصديق تحريراً في 1443 / 6 / 27 هـ لاعتماده، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل، ويجب التحقق من بياناتها وسريانها عبر الخدمات الإلكترونية لوزارة العدل
(هذا النموذج يستخدم للاستخدام الشخصي الذي ويحتفظ به)
نسخة نموذج النموذج: ٢٧٧٢٥١
نموذج رقم (١١-٢٢-٢٣)

صفحة رقم 1 من 1

QR Code

Building permit

[illegible]

Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 126744

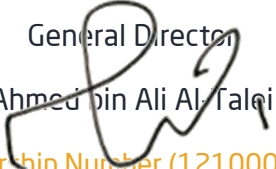
Al-Rafiah Residential Complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**residential complex**) in the city of (**Riyadh**), district of (**Al-Rafiah**), having an area of (**61,390.81**) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (**178,317,000**) Saudi riyals, as documented in this report

General Director

Ahmed bin Ali Al-Talqi
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	310110038095
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	08/03/1439H
Purpose of evaluation	REIT Fund	Plan no.	3660
Type of property	Residential complex	Plot no.	-
Address of the property	Kingdom of Saudi Arabia - Riyadh - Al-Rafiah	Basis of value	Market value
Raw land area of the property	61,390.81 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/01
Applicable Valuation methods	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Date of evaluation	2022/12/31
		Report date of issuance	2023/01/23
Market value of the property (SAR)		178,317,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards| Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Riyadh
District	Al-Rafiah
Area	61,390.81 m ²

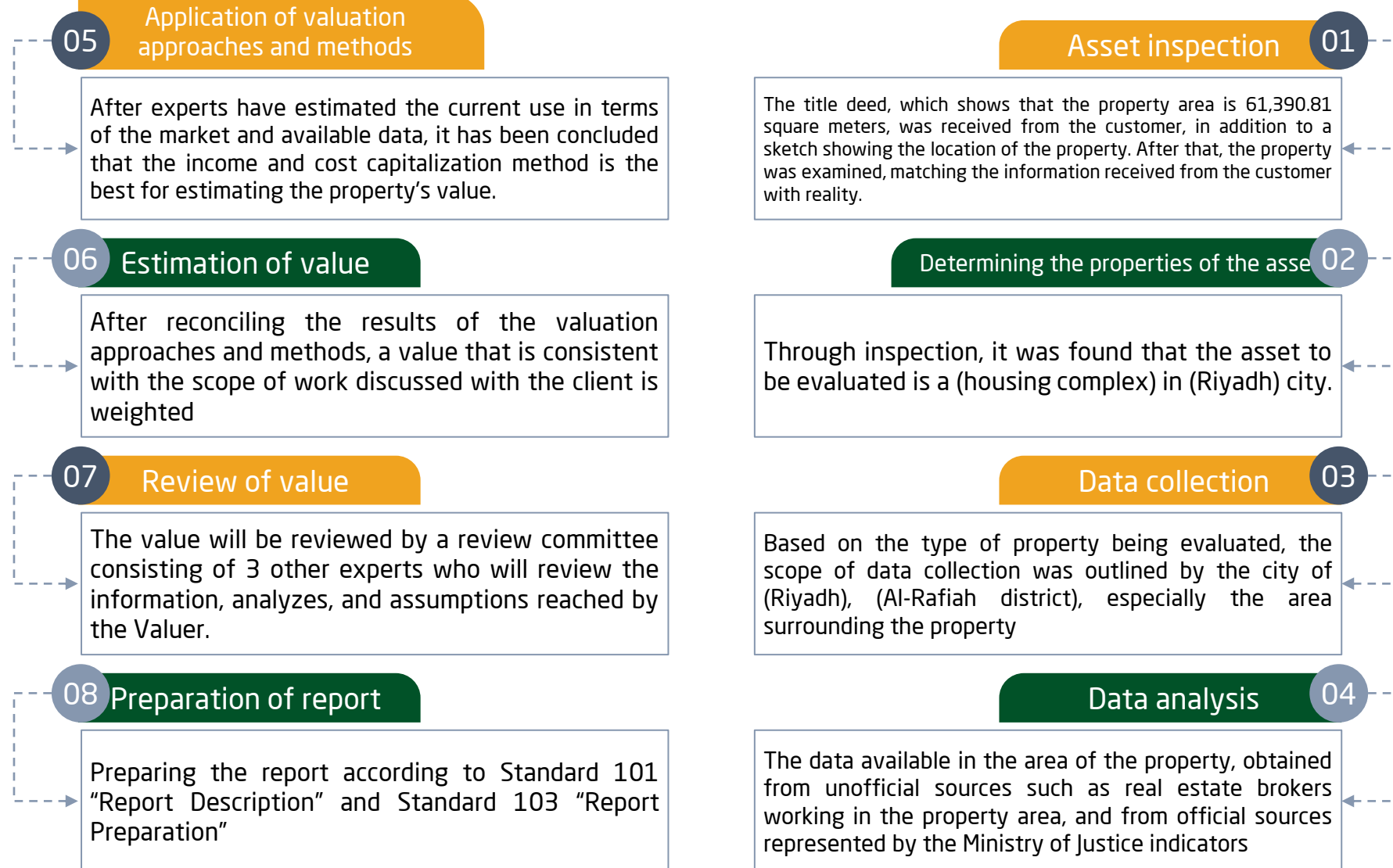
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	-

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

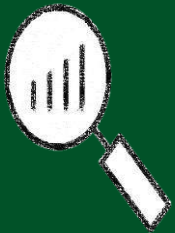
Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



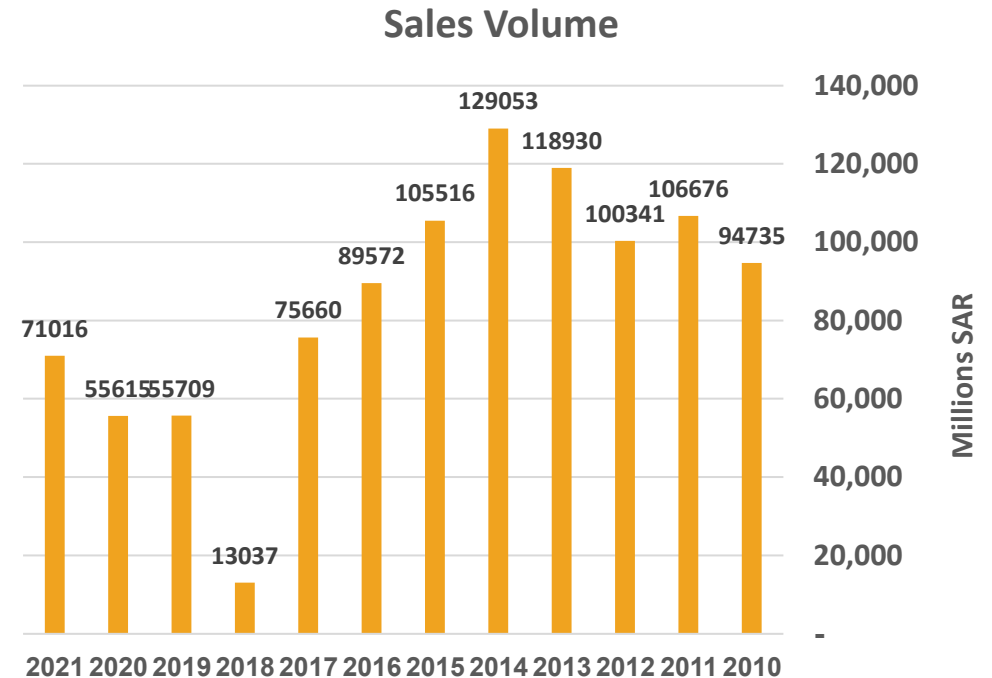
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	92,140	695,499,770	94,735,292,085
2011	94,006	531,229,187	106,675,530,921
2012	60,996	268,915,968	100,340,679,466
2013	71,873	233,736,612	118,929,717,391
2014	66,016	255,995,001	129,053,353,518
2015	59,833	152,577,755	105,516,472,396
2016	45,683	117,576,533	89,572,470,299
2017	50,913	69,933,755	75,659,645,392
2018	9,091	16,917,992	13,036,913,549
2019	60,126	55,997,285	55,709,331,355
2020	50,252	60,695,172	55,614,504,191
2021	46,554	66,246,896	71,015,946,446

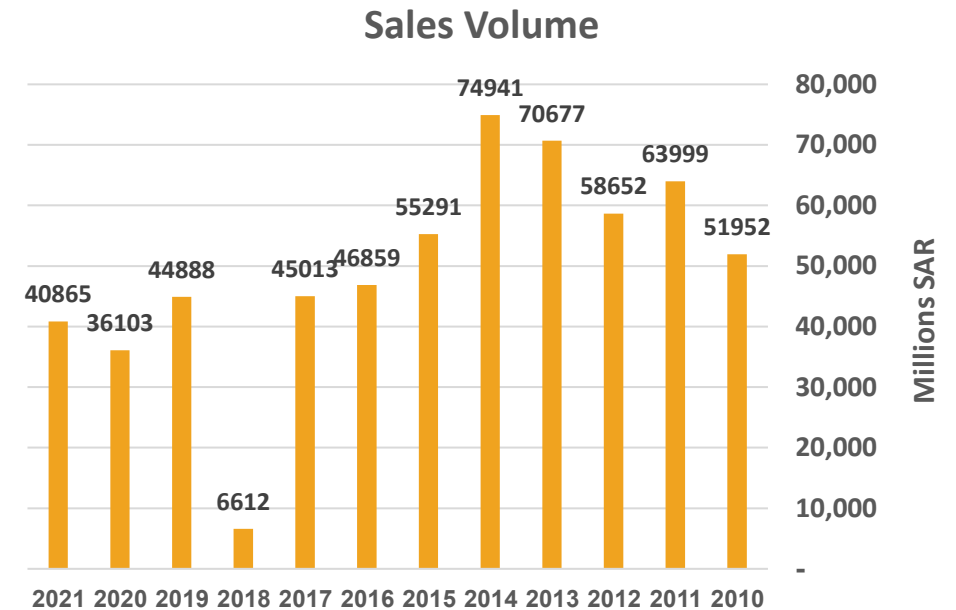


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	81,340	182,498,924	51,952,225,278
2011	83,273	261,920,619	63,999,414,404
2012	53,619	171,631,242	58,651,602,362
2013	63,117	142,705,850	70,677,236,779
2014	58,229	191,139,766	74,940,841,184
2015	52,392	104,323,882	55,290,767,416
2016	39,968	53,220,572	46,859,446,204
2017	45,604	41,881,969	45,012,831,376
2018	8,407	5,221,366	6,611,837,153
2019	57,210	44,328,174	44,888,483,793
2020	46,256	37,381,543	36,103,152,924
2021	41,126	32,453,794	40,864,961,400

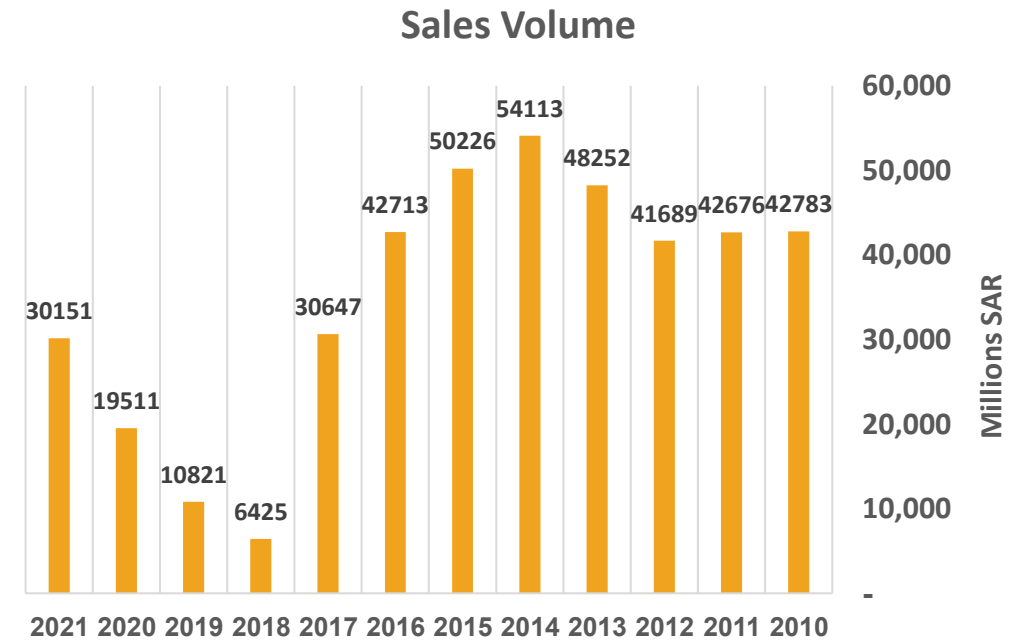


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	10,800	513,000,846	42,783,066,807
2011	10,733	269,308,568	42,676,116,517
2012	7,377	97,284,726	41,689,077,104
2013	8,756	91,030,762	48,252,480,612
2014	7,787	64,855,235	54,112,512,334
2015	7,441	48,253,873	50,225,704,980
2016	5,715	64,355,962	42,713,024,095
2017	5,309	28,051,786	30,646,814,016
2018	684	11,696,626	6,425,076,396
2019	2,916	11,669,110	10,820,847,562
2020	3,996	23,313,628	19,511,351,267
2021	5,428	33,793,101	30,150,985,046





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Property area analysis



The location of the property in the city of Riyadh

Riyadh is the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd plateau, at an altitude of 600 meters above sea level. It is the HQ of the Emirate of Riyadh, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to statistics in 2021. The Saudi capital is considered one of the fastest expanding cities in the world. During half a century of its inception, the area of the small city expanded to 1,800 square kilometers, reaching 3,115 km². in this time . Riyadh is the political and economic front of Saudi Arabia, as it contains the headquarters of the country's sovereign institutions. Urban planning divides the city of Riyadh administratively into 16 municipalities, comprising more than 167 residential neighborhoods, managed by the Riyadh Municipality and the Royal Commission for Riyadh City. It possesses tourist and cultural potentials from historical sites, museums and urban landmarks.



السفارات

المعذر

الرفيعة

Property location

As
Suwaidi

The location of the property at Al- Rafia neighborhood

Al-Rafia neighborhood is considered one of the very elegant and quiet neighborhoods located in the west of Riyadh, and it is one of the neighborhoods of the Shmaisi municipality. The neighborhood is distinguished by its wide streets, as well as its strategic location, which makes it close to famous and important services.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the
property

Property Description

General description	The property is a residential complex of 61,390.81 square meters
---------------------	--

Location description	
Country	Kingdom of Saudi Arabia
Province	Central (Riyadh Province)
City	Riyadh
District	Al-Rafiah
Street	Ibn Al-Shirazi

Data of ownership	
Deed no.	310110038095
Date of Deed	08/03/1439H
Plot no.	-
Plan no.	3660
Block type	-

Nature of land	<input checked="" type="checkbox"/> Flat	<input type="checkbox"/> Low	<input type="checkbox"/> High	<input type="checkbox"/> Backfilled	<input type="checkbox"/> Sabkha	<input type="checkbox"/> Sandy	<input type="checkbox"/> Rocky
Building system	Residential						

Property Description

Site borders and lengths				
North	Owned by Prince\ Bandar bin Ahmed Al-Sudairy	Length	372.96	m.
South	Road with different widths	Length	406.41	m.
East	Shirazi Street (Valley)	Length	233.11	m.
West	The land of Sudairi and the land of Prince Mishaal Bin Abdul Aziz and the silt basin affiliated to Ministry of Agriculture	Length	96.87	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Important data about the property	
Property Name	Al-Rafia Residential Complex
Location	Al-Rafia Neighborhood, Riyadh City
Property Type	Residential Complex
Property Age	6 years
Land Area (square meters)	61.390.81 sqm
Construction area	20.572
Number of Floors	2
Property Components	Includes 102 residential units, consisting of villas of various sizes and rooms
Current lease contracts	The 102 units are leased by King Fahd Medical City
Contracts period	Three years that started in May 2024
Occupancy rate for leased units	100 %
Total current income (SAR)	18,750,000
Operation and maintenance costs (SAR)	3,593,027
Net operational income (SAR)	15,156,973

Property income analysis

Total revenues:

The housing complex is leased to King Fahd Medical City with a 3-year contract that started in May, 2021 and ends in May, 2024 . The contract value is 19,332,627 riyals annually. The average rent per unit is about 190 thousand riyals.

Occupancy rates:

The occupancy rate of the property is 100% as it is leased on one contract for a period of 3 years.

Operation and maintenance expenses:

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation and maintenance by the end of the year amounted to 3,704, 675 (SAR). That represents approximately 19% of the total income, which is a similar percentage to similar properties.

Sketch and border image for the location



Site

Prince Sultan Bin Abdulaziz Road

King Fahd road

Imam Abu Hanifa Street

Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

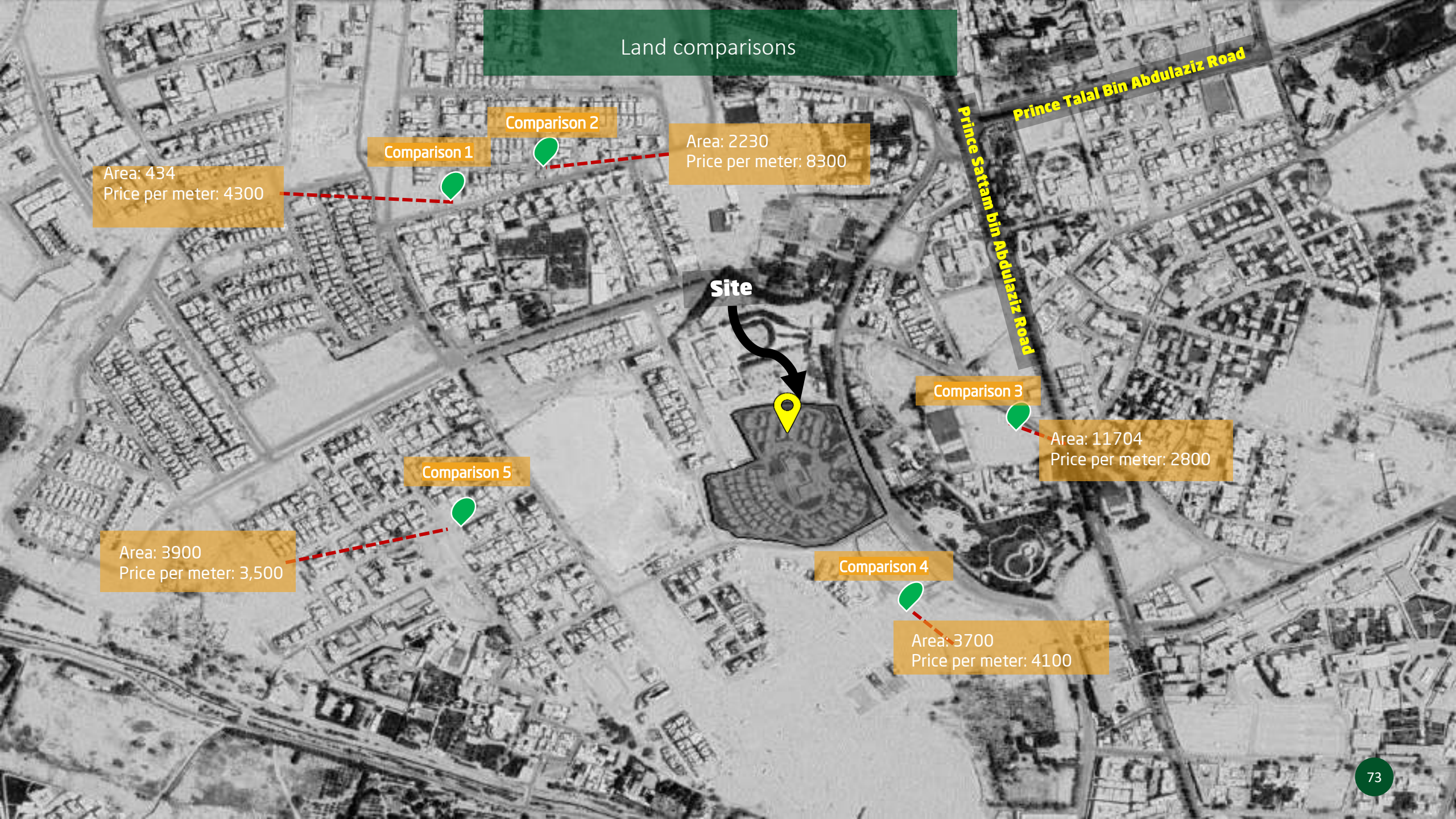
5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Land comparisons



Evaluation results

Conclusion

- ✓ The first method: (residual value method)

First: Land data and area division			
data	scenario1	scenario2	scenario3
Raw land area (m2)	61,391	61,391	61,391
Land area after development (m2)	36,834	36,834	36,834
Residential part area (m2)	36,834	36,834	36,834
Secondly, the estimate of sales			
data	scenario1	scenario2	scenario3
The average value per residential meter m/SR	2,900	3,200	3,500
Revenue from land (residential) SAR	106,820,009	117,870,355	128,920,701
Total Income from the Land (SAR)	106,820,009	117,870,355	128,920,701
Years of development (year)	1.0	1.0	1.0
annual profit	15.0%	20.0%	25.0%
Profit margin (%)	15.0%	20.0%	25.0%
The value of the profit from the land (SAR)	13,933,045	19,645,059	25,784,140
The value of the land after deducting the profit margin (SAR)	92,886,965	98,225,296	103,136,561

✓ The first method: (residual value method)

Third, development costs			
data	scenario1	scenario2	scenario3
Meter development cost (SR/m2)	100	90	80
Development cost value (SR)	6,139,081	5,525,173	4,911,265
Value after deducting development cost (SR)	86,747,884	92,700,123	98,225,296
Marketing commission percentage (%)	2.5%	2.5%	2.5%
Marketing commission value (SR)	2,670,500	2,946,759	3,223,018
Value after deducting marketing commission (SR)	84,077,383	89,753,364	95,002,278
The value of engineering consultancy from development cost (%)	1.0%	0.7%	0.5%
Value of engineering consultancy (SR)	1,068,200	825,092	644,604
The value after deducting the value of engineering consultancy (SR)	83,009,183	88,928,272	94,357,675
Value after deducting funding provisions	83,009,183	88,928,272	94,357,675
Fourth: The value of the property			
data	scenario1	scenario2	scenario3
Risk Percentage(%)	6.0%	5.0%	4.0%
The value of the land is raw after deducting profit, development and other costs (SR(6,409,201	5,893,518	5,156,828
Real estate tax(%)	76,599,983	83,034,754	89,200,847
Tax Amount (SAR(5.0%	5.0%	5.0%
The value of the land is raw after tax deduction (SR(3,829,999	4,151,738	4,460,042
Price per meter of raw (SR/m2(72,769,984	78,883,016	84,740,805
Scenario relative weight(%)	1,185	1,285	1,380
Total property value (SR(40.0%	40.0%	20.0%
total land value	72,769,984	78,883,016	84,740,805
Average value per square meter		77,609,361	
The value of the land meter after the reduction		1,264	
The value of a meter of land is approx..		1,250	

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

- Area of building surfaces was calculated according to the data contained in the building permit.
- Construction cost per square meter of construction has been estimated on the basis of the current prices of building materials.
- Depreciation percentage was estimated according to the economic age of the property
- Value of a meter of land was obtained through similar sales, comparative sales, and evaluation experts in "Tathmeen"

Cost Approach (Substitution Approach)			
Building repetitive floors	26,722		sq./m
Building cost per meter/recurring floors	1,900		SAR
Building construction costs/recurring floors	50,770,850		SAR
Total construction costs	50,770,850		SAR

Other costs	Value	%of building costs	
Professional fees	2,538,543	5.0%	%
Facilities network	2,538,543	5.0%	%
Administration costs	5,077,085	10.0%	%
Financing costs (3 years/50%)	4,569,377	6.0%	%
Contractor's profit	7,615,628	15.0%	%
Total building costs before depreciation	73,110,024		SAR
Life span of the building	40.0		Year
Remaining economic life	34.0		Year
Effective life	6.0		Year
Gross depreciation rate	15.00%		%
Depreciation costs	10,966,504		SAR
Net construction costs after depreciation	62,143,520		SAR

Land area	61,391	Sq./m
Land meter value	1,250	SAR
Total land value	76,738,513	SAR
Total property value	138,882,033	SAR
Property value (approximately)	138,882,000	SAR

Evaluation results

Conclusion

✓ Second Approach: (Income Capitalization Method)

- Data sent by the client was relied upon to estimate the total income, after reviewing the lease contract entered into between the company and King Fahd Medical City.
- An appropriate capitalization rate was implemented for the property after comparing it with similar properties

Income capitalization method (according to customer data)	
Total current effective income	18,750,000
Operation and maintenance expense ratio	19%
The value of the current maintenance and operating expenses	3,593,027
Net income	15,156,973
Capitalization rate	8.5%
Total property value	178,317,000

Evaluation results

Conclusion

- ✓ Since the property, being evaluated, is an income-generating real estate, and the purpose of evaluation is to offer a real estate investment traded fund, the income capitalization method is the most appropriate and the best way to evaluate it.
- ✓ Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (310110038095) in (Riyadh), (Al-Rafiah) district, with area 61,390.81 square meters, is as follows:

Income capitalization method (according to customer data)
Total value of property
178,317,000
Total value of property (written form)
Only one hundred and seventy-eight million, three hundred and seventeen thousand Saudi riyals only

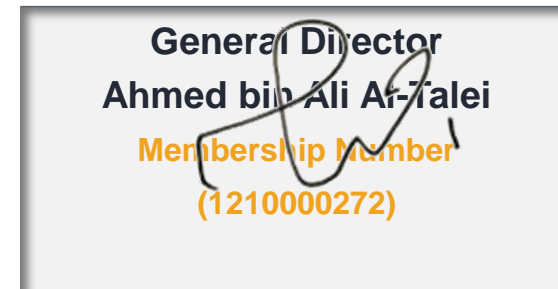
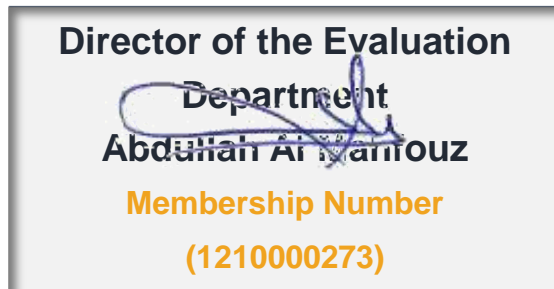
Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The valuer was not able to photograph the property for security reasons, and previous photographs of the property under evaluation were used.





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

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الجمهورية العربية السورية
وزارة الشؤون المحلية
أمانة منطقة ()
(الرقم:)

البلدية (المنطقة) (المدينة)
رقم: ١٢٣٤٥٦٧٨٩
١٢٣٤٥٦٧٨٩

رقم الترخيص: ()
الجهة المختصة: ()
التاريخ: ()
الرقم: ()

موضوع: ()

الرقم	الاسم	الجنس	اللقب	الرقم	الاسم	الجنس	اللقب
١	أحمد	م	أحمد	٢	فاطمة	م	فاطمة
٣	محمد	م	محمد	٤	نور	م	نور
٥	علي	م	علي	٦	سحر	م	سحر
٧	خالد	م	خالد	٨	يوسف	م	يوسف
٩	زينة	م	زينة	١٠	عبدالله	م	عبدالله
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١٧	علي	م	علي	١٨	سحر	م	سحر
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٩٧	أحمد	م	أحمد	٩٨	فاطمة	م	فاطمة
٩٩	محمد	م	محمد	١٠٠	نور	م	نور

Building permit scanned photos

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Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 126743

Al-Maather Residential Complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a **(residential complex)** in the city of **(Riyadh)**, district of **(Al-Maather)**, having an area of **(1,923.60)** m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to **(6,100,000)** Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	210110034329
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	1437/5/28
Purpose of evaluation	REIT Fund	Plan no.	1343
Type of property	Residential complex	Plot no.	199
Address of the property	Kingdom of Saudi Arabia - Riyadh - Al-Ma'ather	Basis of value	Market value
Raw land area of the property	1,923.60 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/01
Applicable Valuation methods	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Date of evaluation	2022/12/31
		Report date of issuance	2023/01/23
Market value of the property (SAR)		6,100,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards| Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Riyadh
District	Al-Maather
Area	1,923.60 m ²

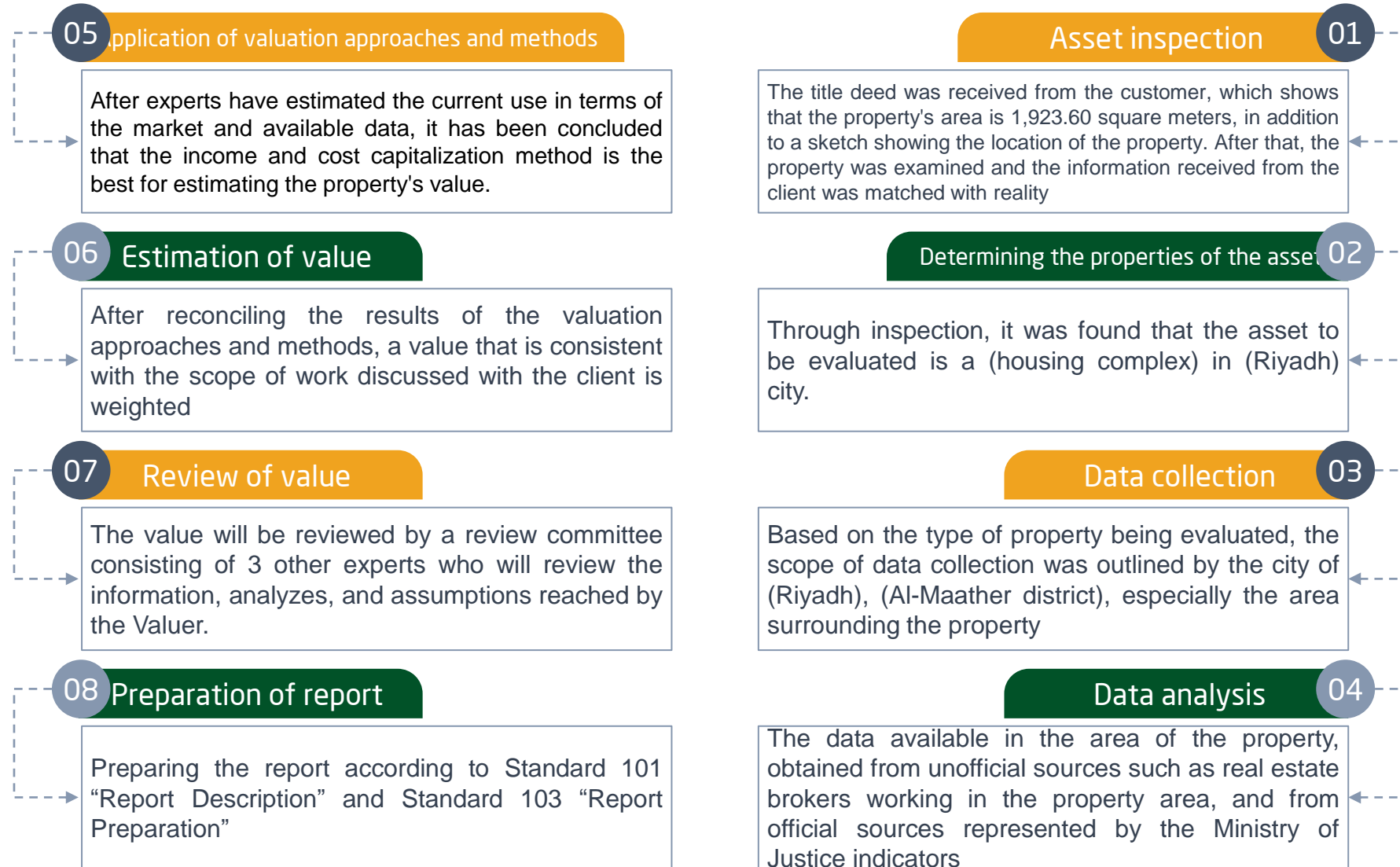
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

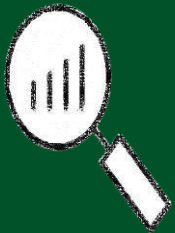
(2-2) Scope of work | Work Stages





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Saudi Asset Valuation Company

Second Axis



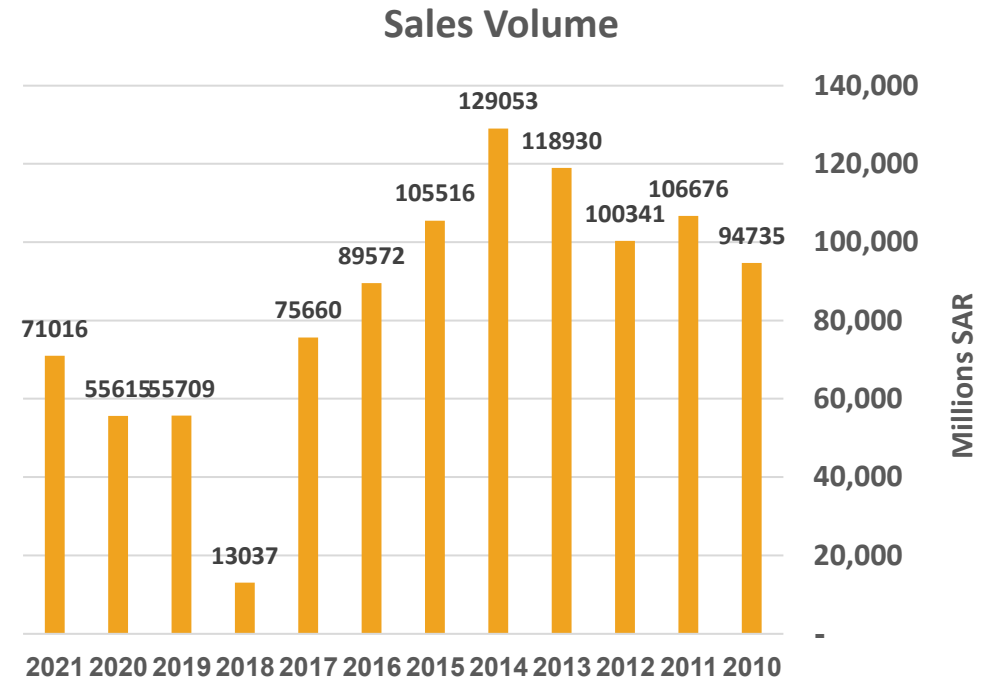
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	92,140	695,499,770	94,735,292,085
2011	94,006	531,229,187	106,675,530,921
2012	60,996	268,915,968	100,340,679,466
2013	71,873	233,736,612	118,929,717,391
2014	66,016	255,995,001	129,053,353,518
2015	59,833	152,577,755	105,516,472,396
2016	45,683	117,576,533	89,572,470,299
2017	50,913	69,933,755	75,659,645,392
2018	9,091	16,917,992	13,036,913,549
2019	60,126	55,997,285	55,709,331,355
2020	50,252	60,695,172	55,614,504,191
2021	46,554	66,246,896	71,015,946,446

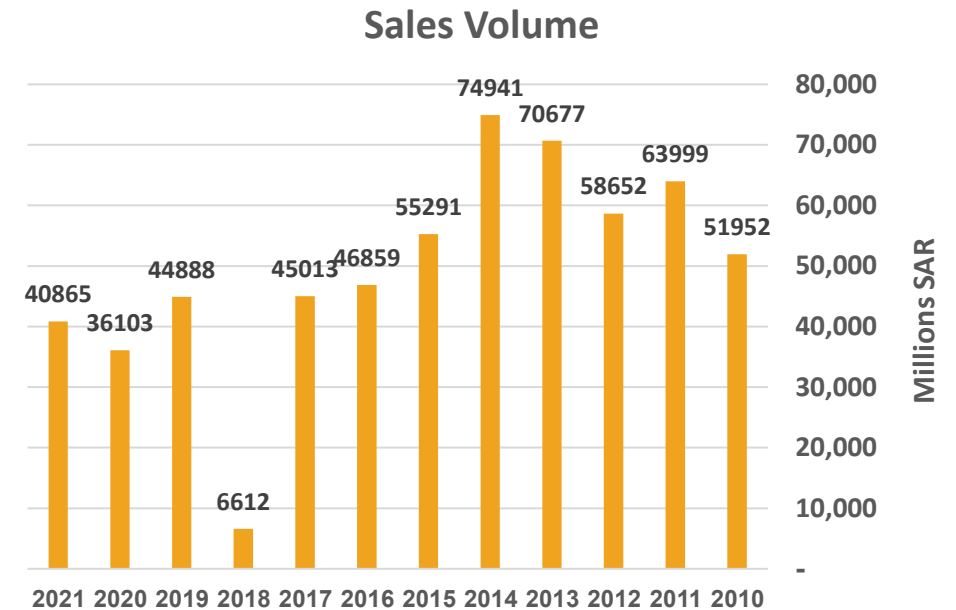


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	81,340	182,498,924	51,952,225,278
2011	83,273	261,920,619	63,999,414,404
2012	53,619	171,631,242	58,651,602,362
2013	63,117	142,705,850	70,677,236,779
2014	58,229	191,139,766	74,940,841,184
2015	52,392	104,323,882	55,290,767,416
2016	39,968	53,220,572	46,859,446,204
2017	45,604	41,881,969	45,012,831,376
2018	8,407	5,221,366	6,611,837,153
2019	57,210	44,328,174	44,888,483,793
2020	46,256	37,381,543	36,103,152,924
2021	41,126	32,453,794	40,864,961,400

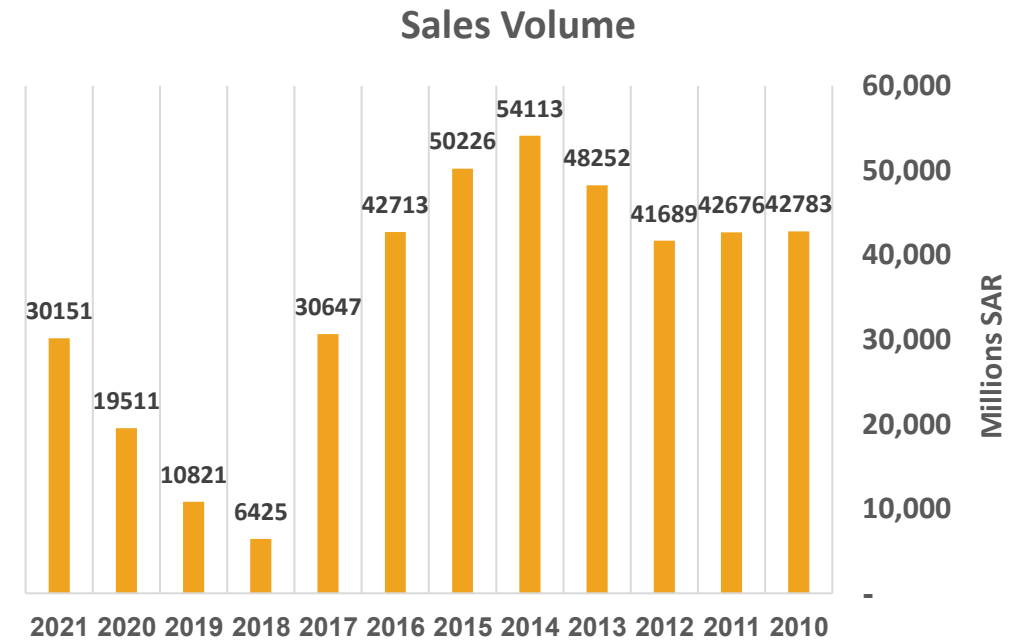


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	10,800	513,000,846	42,783,066,807
2011	10,733	269,308,568	42,676,116,517
2012	7,377	97,284,726	41,689,077,104
2013	8,756	91,030,762	48,252,480,612
2014	7,787	64,855,235	54,112,512,334
2015	7,441	48,253,873	50,225,704,980
2016	5,715	64,355,962	42,713,024,095
2017	5,309	28,051,786	30,646,814,016
2018	684	11,696,626	6,425,076,396
2019	2,916	11,669,110	10,820,847,562
2020	3,996	23,313,628	19,511,351,267
2021	5,428	33,793,101	30,150,985,046





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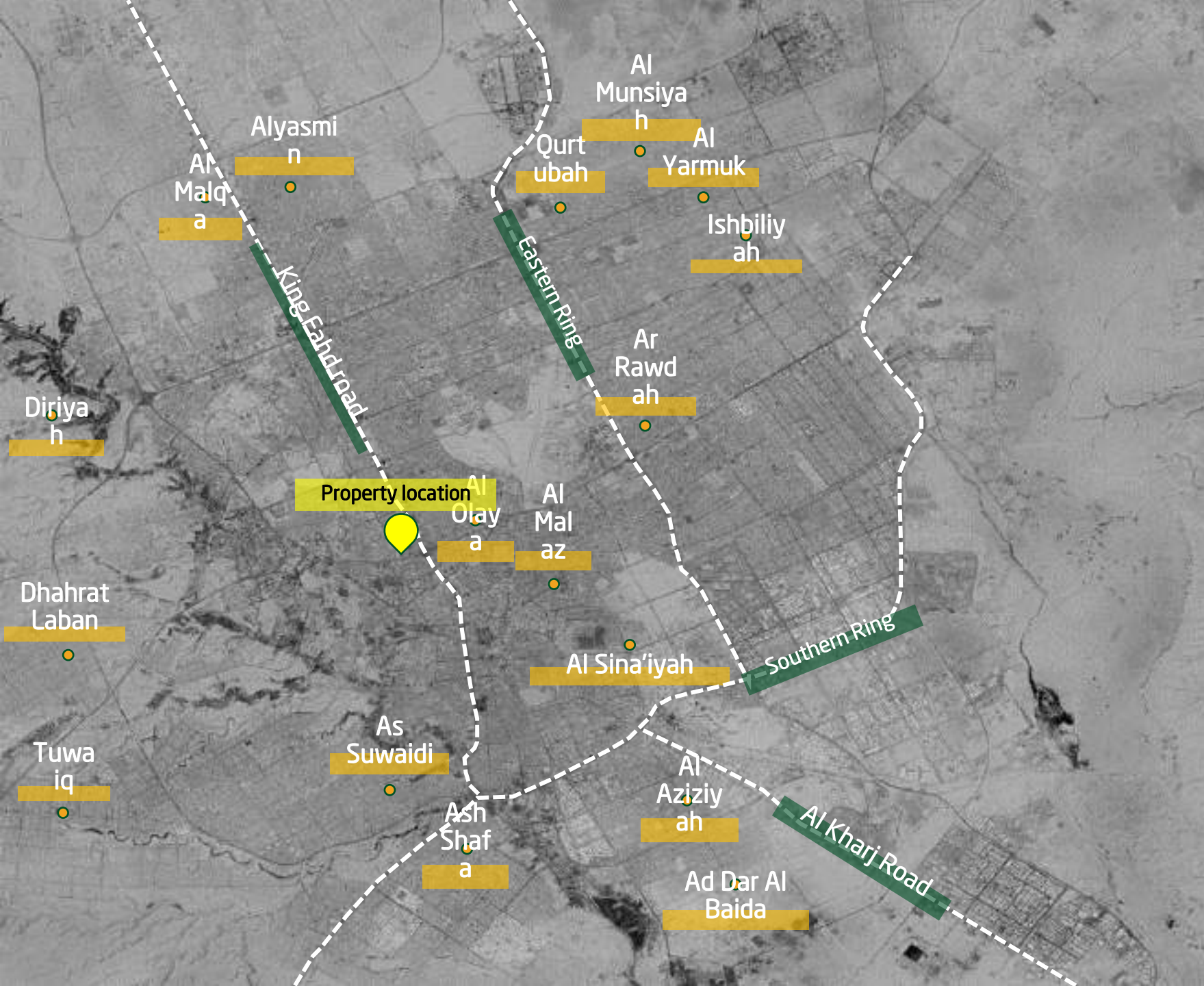
Third Axis



Property area analysis

The location of the property in the city of Riyadh

Riyadh is the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd plateau, at an altitude of 600 meters above sea level. It is the HQ of the Emirate of Riyadh, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to statistics in 2021. The Saudi capital is considered one of the fastest expanding cities in the world. During half a century of its inception, the area of the small city expanded to 1,800 square kilometers, reaching 3,115 km². in this time . Riyadh is the political and economic front of Saudi Arabia, as it contains the headquarters of the country's sovereign institutions. Urban planning divides the city of Riyadh administratively into 16 municipalities, comprising more than 167 residential neighborhoods, managed by the Riyadh Municipality and the Royal Commission for Riyadh City. It possesses tourist and cultural potentials from historical sites, museums and urban landmarks.





Al Olaya

The location of the property at Al-Ma'athar neighborhood

Al-Ma'athar neighborhood is one of the distinguished, upscale and lively neighborhoods located in the center of Riyadh. This is due to its proximity to important places such as: King Khalid Mosque, King Abdulaziz City for Science and Technology, King Saud University, Kingdom Tower and Al Faisaliah Tower.

المعذر

السليمانية

Property location



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



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Second Axis



Information and description of the property

Property Description

General description

The property is a residential complex of 1,923.60 square meters

Location description

Country	Kingdom of Saudi Arabia
Province	Middle (Riyadh Province)
City	Riyadh
District	Al-Maather
Street	Abi Al-Muzaffar Mubarak

Data of ownership

Deed no.	210110034329
Date of Deed	1437/5/28
Plot no.	199
Plan no.	1343
Block type	-

Nature of the property

☒ Flat

☐ Low

☐ High

☐ Backfilled

☐ Sabkha

☐ Sandy

☐ Rocky

Building system

Residential

Property Description

Site borders and lengths				
North	Plot # 1	Length	40.0	m.
South	Street of 20 meters wide	Length	42.22	m.
East	Street of 10 meters wide	Length	54.85	m.
West	Part of plot # 4	Length	41.33	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Important data about the property	
Property Name	Al-Maather Residential Complex
Location	Al-Maather neighbourhood, Riyadh city
Property type	Residential complex
Property age	20 year
Land area (sqm)	1,923.60
Construction area	1,906
Number of floors	2
Property components	7 residential units (villas) each consists of three rooms
Current lease contracts	All units are rented with separate contracts
Contracts period	One year renewable contracts
Occupancy rate for leased units	100 %
Total current income (SAR)	610,000
Operating and maintenance costs (SAR)	122,000
Net operational income (SAR)	488,000

Property income analysis

❖ **Total revenues:**

The residential complex is leased to seven individual tenants. The annual rents for the leased units are 610,000 riyals. These rents are expected to increase in the coming period, as they are less than the rental rates prevailing in the market.

❖ **Occupancy rates:**

The occupancy rate of the property is 100% as there are only one vacant villa.

❖ **Operation and maintenance expenses:**

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation by the end of present year amounted to 122,000 riyals. It represents about 20% of the total revenue that is a similar percentage to similar properties. .

Sketch and border image for the location

Site

King Fahd road

Khreis Road



Site Analysis | Pictures showing the nature of the site





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Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Settlement of comparisons

Comparison 4

Area: 2900
Price per meter: 5000

Area: 6,624
Price per meter: 3,170

Site

Comparison 3

Area: 5136
Price per meter: 4500

Comparison 1

Area: 3124
Price per meter: 3500

Comparison 2

King Fahd road

Khreis Road

Settlement of comparisons

Settlements	The property being evaluated	Comparison 1	0% + -	Comparison 2	0% + -	Comparison 3	0% + -	Comparison 4	0% + -
Price per sq. meter		4,500		3,500		3,170		5,000	
Area (m2)	1,924	5,136	15.0%	3,124	10.0%	6,624	15.0%	2,900	10.0%
Type of usage	residential	residential	0.0%	residential	0.0%	residential	0.0%	residential	0.0%
The front	2	3	-5.0%	1	2.0%	3	-5.0%	3	-5.0%
Easily accessible	good	good	0.0%	good	0.0%	good	0.0%	good	0.0%
Close to main road	Two roads	Two roads	0.0%	Two roads	0.0%	Two roads	0.0%	Two roads	0.0%
Close to utilities	close	close	0.0%	close	0.0%	close	0.0%	close	0.0%
Available services	All services are available	All services are available	0.0%	All services are available	0.0%	All services are available	0.0%	All services are available	0.0%
Market status (assessed or sold)	2022	2022	0.0%	2022	0.0%	2022	5.0%	2022	0.0%
Distinguished location			-15.0%		-15.0%		-15.0%		-15.0%
margin of negotiation			-20.0%		0.0%		0.0%		-10.0%
Net assessment			-25.0%		-3.0%		0.0%		-20.0%
Net market price after settlement (SAR)		3,375		3,395		3,170		4,000	
Weighted		15.0%		35.0%		40.0%		10.0%	
Average price per meter (SR / m2)	3,363								
Price per meter after rounding	3,350								

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

- Area of building surfaces was calculated according to the data contained in the building permit.
- Construction cost per square meter of construction has been estimated on the basis of the current prices of building materials.
- Depreciation percentage was estimated according to the economic age of the property
- Value of a meter of land was obtained through similar sales, comparative sales, and evaluation experts in "Tathmeen"

Cost approach (Substitution approach)			
Building recurring floors	1,906		sq./m
Building cost per meter/recurring floors	1,100		SAR
The construction costs of buildings / recurring floors	2,096,600		SAR
Total building costs	2,096,600		SAR

Other costs	value	of building % costs	
Professional fees	104,830	5.0%	%
Facilities network	104,830	5.0%	%
Administration costs	104,830	5.0%	%
Financing costs (3 years/50%)	188,694	6.0%	%
Contractor's profit	314,490	15.0%	%
Total building costs before depreciation	2,914,274		SAR
Life span of the building	40.0		Year
Remaining economic life	20.0		Year
Effective life	20.0		Year
Gross depreciation rate	50.00%		%
Depreciation costs	1,457,137		SAR
Net construction costs after depreciation	1,457,137		SAR

Land area	1,924	Sq.m
Land value per meter	3,350	SAR
Total land value	6,444,060	SAR
Total property value	7,901,197	SAR
Total property value (approximately)	7,901,000	SAR

Evaluation Results | Income method (income capitalization)

Conclusion

- ✓ Second Approach: Income approach (income capitalization)

Income capitalization method (according to customer data)	
Effective income	610,000
Operation and maintenance expense ratio	20%
Operating and maintenance expenses	122,000
Net income	488,000
Capitalization factor	8.0%
Total property value	6,100,000
Total property value approximately	6,100,000

Evaluation results

Conclusion

Since the property, being evaluated, is an income-generating real estate, and the purpose of evaluation is to offer a real estate investment traded fund, the income capitalization is the most appropriate and the best way to evaluate it.

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (210110034329) in (Riyadh), (Al-Maather) district, with area 1,923.60 square meters, is as follows:

- ✓ Income capitalization method has been adopted.

Income capitalization method (according to customer data)
Total property value
6,100,000
The total value of the property in writing
Only six million and one hundred thousand Saudi riyals

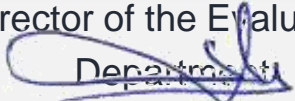
Notes

Recommendations

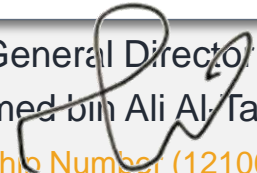
- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ We were not able to inspect the interior of the property and the inspection was done from the outside.

Director of the Evaluation
Department

Abdullah Al Mahfouz
Membership Number (1210000273)


الشركة السعودية لتقييم وتممين الأصول للاستشارات المهنية
Saudi Asset Valuation Company For Professional Consulting
رقم السجل التجاري : 1010206162 C.R.No.
رقم الضريبي : 300046706100003 Vat No.

General Director

Ahmed bin Ali Al Talei
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

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Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 126745

Al-Narjis Commercial Complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**commercial complex**) in the city of (**Riyadh**), district of (**Al-Narjis**), having an area of (**5.100**) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the commercial complex) is equal to (**16,081,000**) Saudi riyals, as documented in this report.

General Director

Ahmed Bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	310114039546 +310114039547
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	1439/03/05
Purpose of evaluation	REIT Fund	Plan no.	2737
Type of property	Mall	Plot no.	, 128, 127 , 126 120, 121, 122
Address of the property	Kingdom of Saudi Arabia - Riyadh - Al-Narjis	Basis of value	Market value
Land area of the property	5,100 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/01
Applicable Valuation methods	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Date of evaluation	2022/12/31
		Report date of issuance	2023/01/23
Market value of the property (SAR)		16,081,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards | Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Riyadh
District	Al-Narjis
Area	5,100 m ²

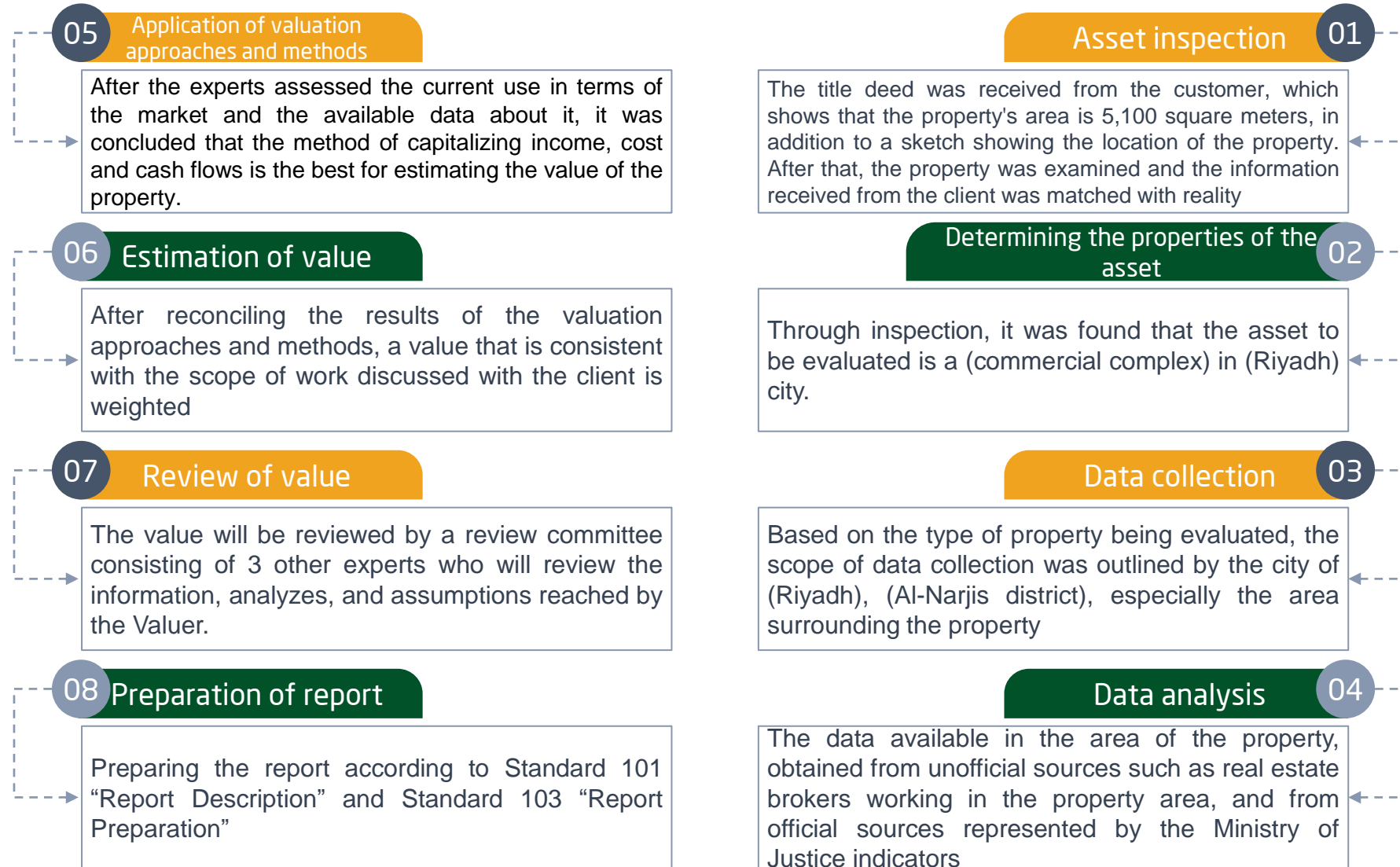
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards | Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

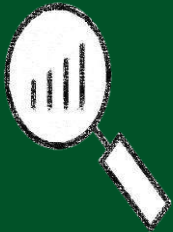
(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



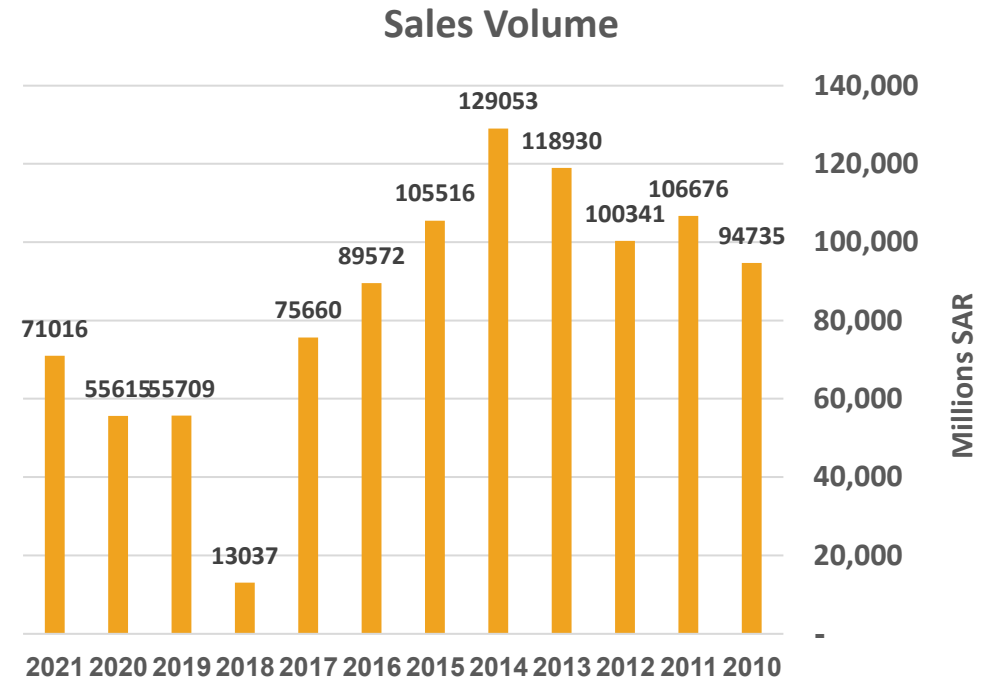
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	92,140	695,499,770	94,735,292,085
2011	94,006	531,229,187	106,675,530,921
2012	60,996	268,915,968	100,340,679,466
2013	71,873	233,736,612	118,929,717,391
2014	66,016	255,995,001	129,053,353,518
2015	59,833	152,577,755	105,516,472,396
2016	45,683	117,576,533	89,572,470,299
2017	50,913	69,933,755	75,659,645,392
2018	9,091	16,917,992	13,036,913,549
2019	60,126	55,997,285	55,709,331,355
2020	50,252	60,695,172	55,614,504,191
2021	46,554	66,246,896	71,015,946,446

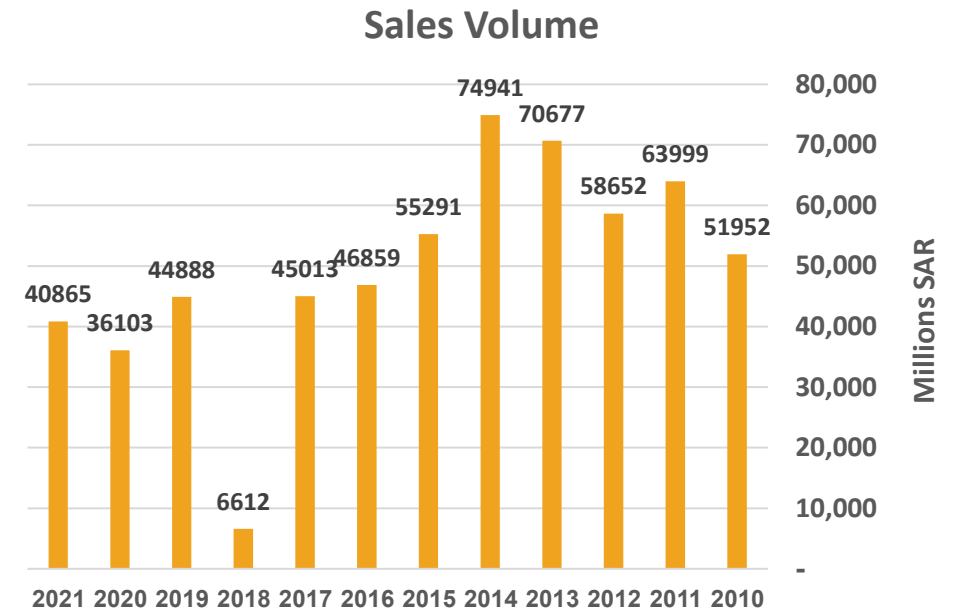


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	81,340	182,498,924	51,952,225,278
2011	83,273	261,920,619	63,999,414,404
2012	53,619	171,631,242	58,651,602,362
2013	63,117	142,705,850	70,677,236,779
2014	58,229	191,139,766	74,940,841,184
2015	52,392	104,323,882	55,290,767,416
2016	39,968	53,220,572	46,859,446,204
2017	45,604	41,881,969	45,012,831,376
2018	8,407	5,221,366	6,611,837,153
2019	57,210	44,328,174	44,888,483,793
2020	46,256	37,381,543	36,103,152,924
2021	41,126	32,453,794	40,864,961,400

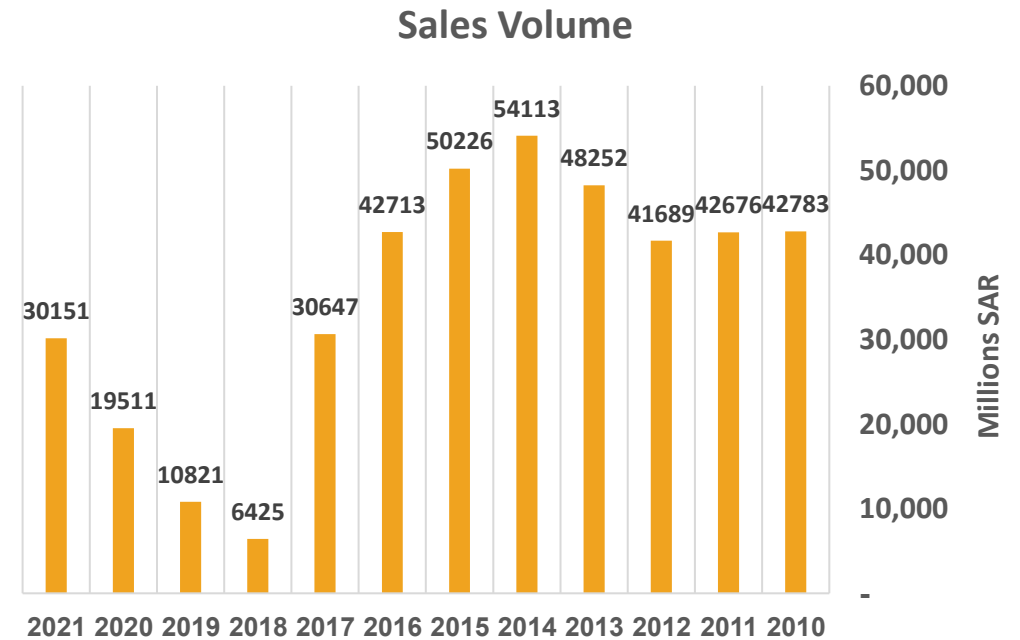


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	10,800	513,000,846	42,783,066,807
2011	10,733	269,308,568	42,676,116,517
2012	7,377	97,284,726	41,689,077,104
2013	8,756	91,030,762	48,252,480,612
2014	7,787	64,855,235	54,112,512,334
2015	7,441	48,253,873	50,225,704,980
2016	5,715	64,355,962	42,713,024,095
2017	5,309	28,051,786	30,646,814,016
2018	684	11,696,626	6,425,076,396
2019	2,916	11,669,110	10,820,847,562
2020	3,996	23,313,628	19,511,351,267
2021	5,428	33,793,101	30,150,985,046



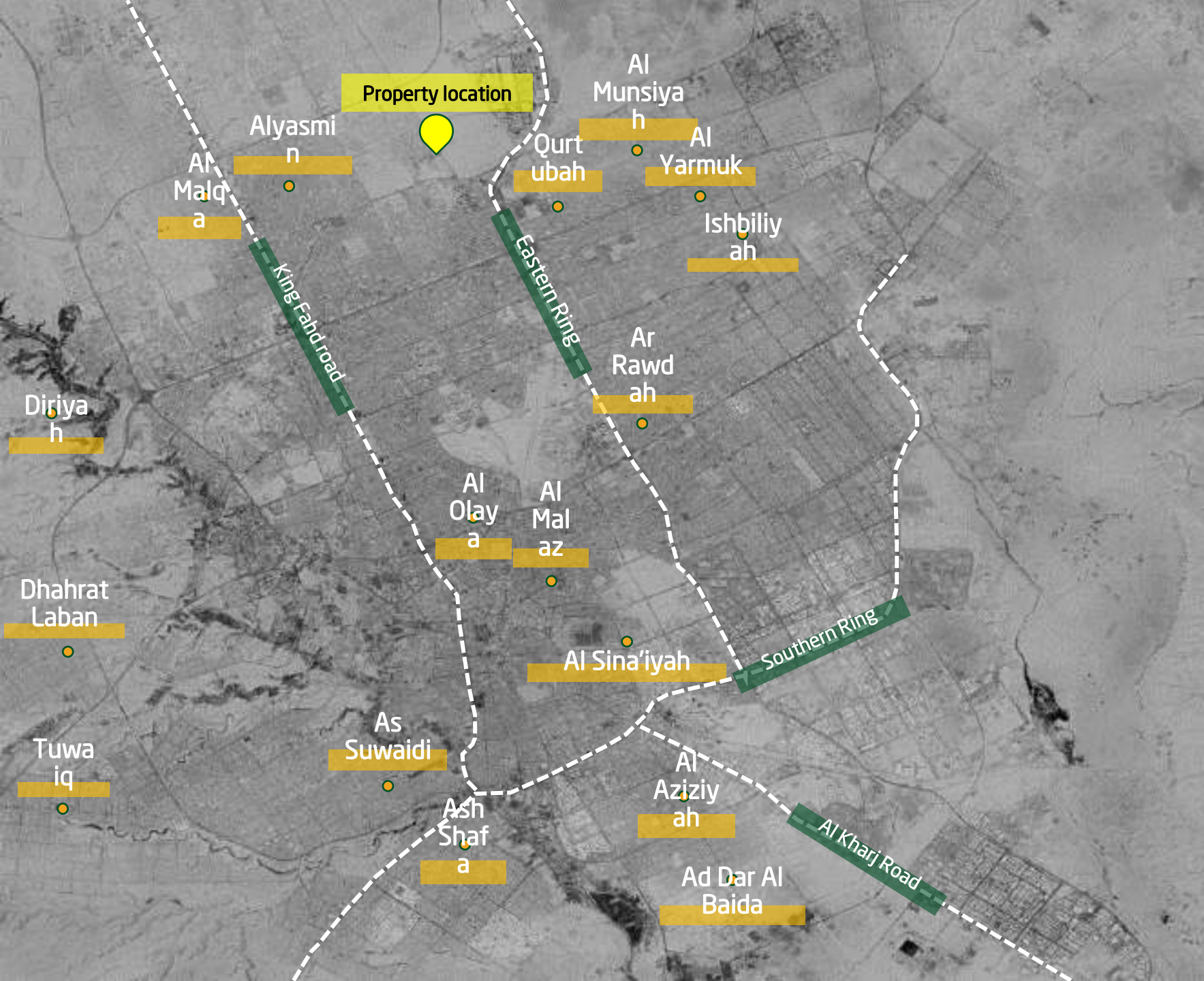


الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Property area analysis



The location of the property in the city of Riyadh

Riyadh is the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd plateau, at an altitude of 600 meters above sea level. It is the HQ of the Emirate of Riyadh, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to statistics in 2021. The Saudi capital is considered one of the fastest expanding cities in the world. During half a century of its inception, the area of the small city expanded to 1,800 square kilometers, reaching 3,115 km². In this time, Riyadh is the political and economic front of Saudi Arabia, as it contains the headquarters of the country's sovereign institutions. Urban planning divides the city of Riyadh administratively into 16 municipalities, comprising more than 167 residential neighborhoods, managed by the Riyadh Municipality and the Royal Commission for Riyadh City. It possesses tourist and cultural potentials from historical sites, museums and urban landmarks.



The location of the property at the level of the Narjis district

Al-Narjis neighborhood is located specifically in the north of the Riyadh region. The area of the neighborhood is estimated at about 48.49 square kilometers. It is bordered on the east by Prince Faisal bin Bandar bin Abdulaziz Road and Princess Noura University, and on the south by Al-Thumama Road, Al-Nada neighborhood and Imam Muhammad bin Saud Islamic University, and on the west by Abi Road. Bakr Al-Siddiq, Al-Yasmeen District, Al-Arid District, bordered to the north by Banban and the King Salman Wilderness Park.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the
property

Property Description

General description

The property is a commercial complex of 5,100 square meters

Location description

Country	Kingdom of Saudi Arabia
Province	Middle (Riyadh Province)
City	Riyadh
District	Al-Narjis
Street	Othman Bin-Affan

Data of ownership

Deed no.	310114039546 +310114039547
Date of Deed	1439/03/05
Plot no.	, 128, 127 , 126 120, 121, 122
Plan no.	2737
Block type	-

Nature of the property

☒ Flat

☐ Low

☐ High

☐ Backfilled

☐ Sabkha

☐ Sandy

☐ Rocky

Building system

Commercial

Property Description

Site borders and lengths				
North	As per attached deeds	Length	As per attached deeds	m.
South	As per attached deeds	Length	As per attached deeds	m.
East	As per attached deeds	Length	As per attached deeds	m.
West	As per attached deeds	Length	As per attached deeds	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Property data	
Property Name	Al Rashid Strip Mall
Location	Al Narjis neighborhood , Riyadh City
Property type	Commercial complex
Property age	2
Land are (square meters)	5,100 sqm
Construction area	4,406
Number of floors	1
Property components	It consists of 7 showrooms, 6 were rented with separate contracts
Total current income (SAR)	1,211,968
Operation and maintenance costs (SAR)	125,875
Net operational income (SAR)	1,086,093

Property income analysis

Total revenues:

The commercial complex is leased to five main tenants. The annual revenue of the complex is 1,211,968 riyals, as they rent an area of 4,239 square meters, so the average value of the rental meter is about 285 riyals. These rents are less than the rates prevailing in the vicinity of the property, so it is expected that they will increase in the coming years.

Occupancy rates:

The occupancy rate of the property is 100% as it is fully rented out.

Operation and maintenance expenses:

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation by the end of present year amounted to 125,875 riyals. It represents about 10% of the total real estate income, and this percentage is good compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Land comparisons

Area: 1271
Price per meter: 7084

Comparison 2

Comparison 4

Area: 1,050
Price per meter: 7000

Comparison 1

Area: 750
Price per meter: 6,500

Al Thamama Road

Uthman Bin Afan Road

Site

Comparison 3

Area: 2,100
Price per meter: 6,500

Settlement of comparisons

Settlements	The property being evaluated	Comparison 1	0% + -	Comparison 2	0% + -	Comparison 3	0% + -	Comparison 4	0% + -
Price per sq. meter		6,500		7,084		6,500		7,000	
Area (m2)	5,100	750	-30.0%	1,271	-25.0%	2,100	-20.0%	1,050	-25.0%
Type of usage	commercial	commercial	0.0%	commercial	0.0%	commercial	0.0%	commercial	0.0%
The front	3	1	10.0%	2	5.0%	2	5.0%	1	10.0%
Easily accessible	Good	Good	0.0%	Good	0.0%	Good	0.0%	Good	0.0%
Close to main road	Two roads	Two roads	0.0%	Two roads	0.0%	Two roads	0.0%	Two roads	0.0%
Close to utilities	close	close	0.0%	close	0.0%	close	0.0%	close	0.0%
Available services	All services are available	All services are available	0.0%	All services are available	0.0%	All services are available	0.0%	All services are available	0.0%
Market status (assessed or sold)	2022	2022	0.0%	2022	0.0%	2022	0.0%	2022	0.0%
Distinguished location	Full block		0.0%		-10.0%		0.0%		-10.0%
margin of negotiation			0.0%		0.0%		-10.0%		0.0%
Net assessment			-20.0%		-30.0%		-25.0%		-25.0%
Net market price after settlement (SAR)		5,200		4,959		4,875		5,250	
Weighted		25.0%		35.0%		20.0%		20.0%	
Average price per meter (SR / m2)	5,061								
Price per meter after rounding	5,050								

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

- Area of building surfaces was calculated according to the data contained in the building permit.
- Construction cost per square meter of construction has been estimated on the basis of the current prices of building materials.
- Depreciation percentage was estimated according to the economic age of the property
- Value of a meter of land was obtained through similar sales, comparative sales, and evaluation experts in "Tathmeen"

Cost method (substitution method)			
Recurring floors building surfaces	4,406		Sq./m
Building cost per meter/recurring floors	700		SAR
Construction costs for buildings /recurring floors	3,084,200		SAR
Total construction costs	3,084,200		SAR

Other costs	Value	Of building costs %	
Professional fees	154,210	5.0%	%
Utilities network	154,210	5.0%	%
Administration costs	154,210	5.0%	%
Financing costs (3 years/50%)	277,578	6.0%	%
Contractor's profit	616,840	20.0%	%
Total building costs before depreciation	4,441,248		SAR
Life span of the building	40.0		year
Remaining economic life	35.5		year
Effective life span	4.5		year
Gross depreciation rate	11.25%		%
Depreciation costs	499,640		SAR
Net construction costs after depreciation	3,941,608		SAR

Land area	5,100	Sq./m
Land meter value	5,050	SAR
Total land value	25,755,000	SAR
Total property value	29,696,608	SAR
Property value (approximately)	29,697,000	SAR

Evaluation Results | Income approach (income capitalization)

Conclusion

- ✓ Second Approach: Income approach (income capitalization)

Income capitalization method (depending on customer data)	
Item	The value
current effective income	1,211,968
Operation and maintenance expense ratio	10%
The value of operating and maintenance expenses	125,875
Net income	1,086,093
Capitalization rate	8.0%
Property value	13,576,156
Total property value (approximately)	13,576,000

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

- The discount rate consists of four influencing factors, namely:
 - The rate of return on government bonds: We assumed that the average return on government bonds for a period of 5 and 10 years is 3% approximately.
 - Inflation rate: Which is expected to reach 2.5% according to the expectations of many international and local agencies for the Kingdom of Saudi Arabia during the coming period.
 - Market risk premium: Evaluated by experts of "Tathmeen" according to their vision of the commercial real estate market during the coming period.
 - Special risk premium: Also evaluated by "Tathmeen" experts, according to their vision of the property itself and its competitiveness in the market during the coming period.

Assumptions of calculating recoverable amount:

- A capitalization factor was used that commensurate with the property's future stability and the extent of risks it may be exposed to, depending on the prevailing market situation for similar properties:
- The same expected inflation rate was used to calculate the expected future growth rate.

Revenue assumptions:

- The total current revenues amounted to 1,211,968riyals, as a result of leasing all available space in the property amounting to 4,239 SQM.
- It is assumed that revenues will increase by 5% annually from the year 2023, as the current lease value is significantly lower than the fair rental value.

Occupancy rates assumptions:

- The current occupancy rate is 100%. It is expected that this rate will continue during the coming period due to the distinguished location of the property and its lower rental rates than similar properties.

Operation and maintenance expenses:

- The tenants bear all the operating expenses of their rental space. The property only bears the operating expenses of its management and the expenses of managing the place as a whole. Therefore, we see that the percentage of this indicator is good, as it reached about 10% during the first half of this year, which is expected to continue during the cash flow period.

Evaluation Results | Income approach (Discounted Cash Flow)

Conclusion

✓ Third Approach: Income Approach (DCF)

Assumptions of the discounted cash flow method	
Total income in full operating condition	1,211,968
operating expenses	10.0%
Vacancy rate after stabilization	0%
cash flow period	5 years
revenue growth rate	%5 annually

Discount rate calculator	
government bond rate of revenue	3.0%
Inflation rate	2.5%
market risk premium	3.0%
special risk premium	2.5%
Discount rate	11.0%

To calculate the last (recoverable) value	
capitalization factor	8.0%
growth rate	2.5%

	discounted cash flow				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Expected Revenue Growth Per Year (%)	0%	5%	5.0%	5%	5%
Total income in full operating condition	1,211,968	1,272,566	1,336,194	1,403,004	1,473,154
Total effective income	1,211,968	1,272,566	1,336,194	1,403,004	1,473,154
Operation and maintenance expense ratio	10%	10%	10%	10%	10%
The value of operating and maintenance expenses	121,197	127,257	133,619	140,300	147,315
net operating income	1,090,771	1,145,309	1,202,575	1,262,704	1,325,839
last value (retrievable value)					16,987,311
Annual net cash flow	1,090,771	1,145,309	1,202,575	1,262,704	18,313,150
Total net present value	16,081,343				
Total value approximately	16,081,000				

Evaluation results

Conclusion

Since the property, being evaluated, is an income-generating real estate, and the purpose of evaluation is to offer a real estate investment traded fund, the Discounted Cash Flow method is the most appropriate and the best way to evaluate it.

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (310114039546 +310114039547) in (Riyadh), (Al-Narjis) district, with area 5,100 SQM, is as follows:

- ✓ Discounted cash flow method has been adopted.

Discounted cash flow method
Property area
5,100.00
Total property value
16,081,000
(written form) Total property value
Only sixteen million eighty-one thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions

Director of the Evaluation

Department

Abdulrahman Al-Manfouz

Membership Number

(1210000273)

نثمين
VALUATION

الشركة السعودية لتقييم وتممين الاصول للاستشارات المهنية
Saudi Asset Valuation Company For Professional Consulting
رقم السجل التجاري : 1010206162 C.R.No.
رقم الضريبي : 300046706100003 Vat No.

General Director
Ahmed bin Ali Al-Talei

Membership Number

(1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fourth Axis



Appendices

Property Deeds



Building permit

[illegible]

Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



Report number: 126746

Al Sahafa Tower – Riyadh

Introduction

Gentlemen/ Saudi Fransi Capital Corporation esteemed

Peace, mercy and blessings of God be upon you

We were honored by your acceptance of our offer to provide our professional services in the field of valuation for a real estate (**Office building**) in (**Riyadh**) in (Al-Sahafa) district, with an area of (**3,330**) m². International Valuation Standards (2022) approved by the Saudi Authority for Accredited Valuers, on the basis of which data was collected and analyzed to arrive at the market value and based on following the standards and evaluation methods adopted and according to the requirements of the client, valuation experts believe that the market value (of the commercial complex) is (**112,500,000**) Saudi riyals as well. It is documented in this report.

General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

item	Statement	Item	Statement
Customer name	Saudi Fransi Capital Company	Deed no.	318501000339
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	هـ 1442/9/15
Purpose of evaluation	REIT Fund	Plan no.	2413
Type of property	Residential complex	Plot no.	1917 g 1916 g 1915
Address of the property	Kingdom of Saudi Arabia - Riyadh - Al Sahafa	Basis of value	Market Value
Raw land area of the property	3,330 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/11/30
Applicable Valuation methods	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Date of evaluation	2022/12/31
		Report date of issuance	2023/01/23
Market Value for the Property (SAR)		112,500,000	

Scope of work | About the valuation corporation

- These standards specify the requirements and conditions for carrying out valuation work, except for what is modified by the Assets Standard or Valuation Applications, and the purpose of these standards is to apply them to the valuation work of all assets and for any other evaluation purposes to which the Valuation Standards apply.
- This report has been prepared by the Saudi Company for Assets Evaluation and Valuation and its work team, which enjoys the highest levels of efficiency and necessary impartiality, benefiting from the resources available to us, represented in the efficiency of our advisory team, which includes a selection of qualified consultants with high academic certificates and expertise in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation expertise and through the collection of data, information and statistics issued by official and unofficial authorities, which gives the evaluators the capacity to carry out their tasks to the fullest, and the company is working to update its information base in a way continuous.
- Our experience in evaluation and consulting work is more than 10 years, and we have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company was honored to provide its services to governmental and semi-governmental agencies, to most of the banks located in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards | Scope of work (Standard No. 101)

The nature of the valued assets	
City	Al Riyadh
District	Al Sahafa
Area	(3,330 m2)

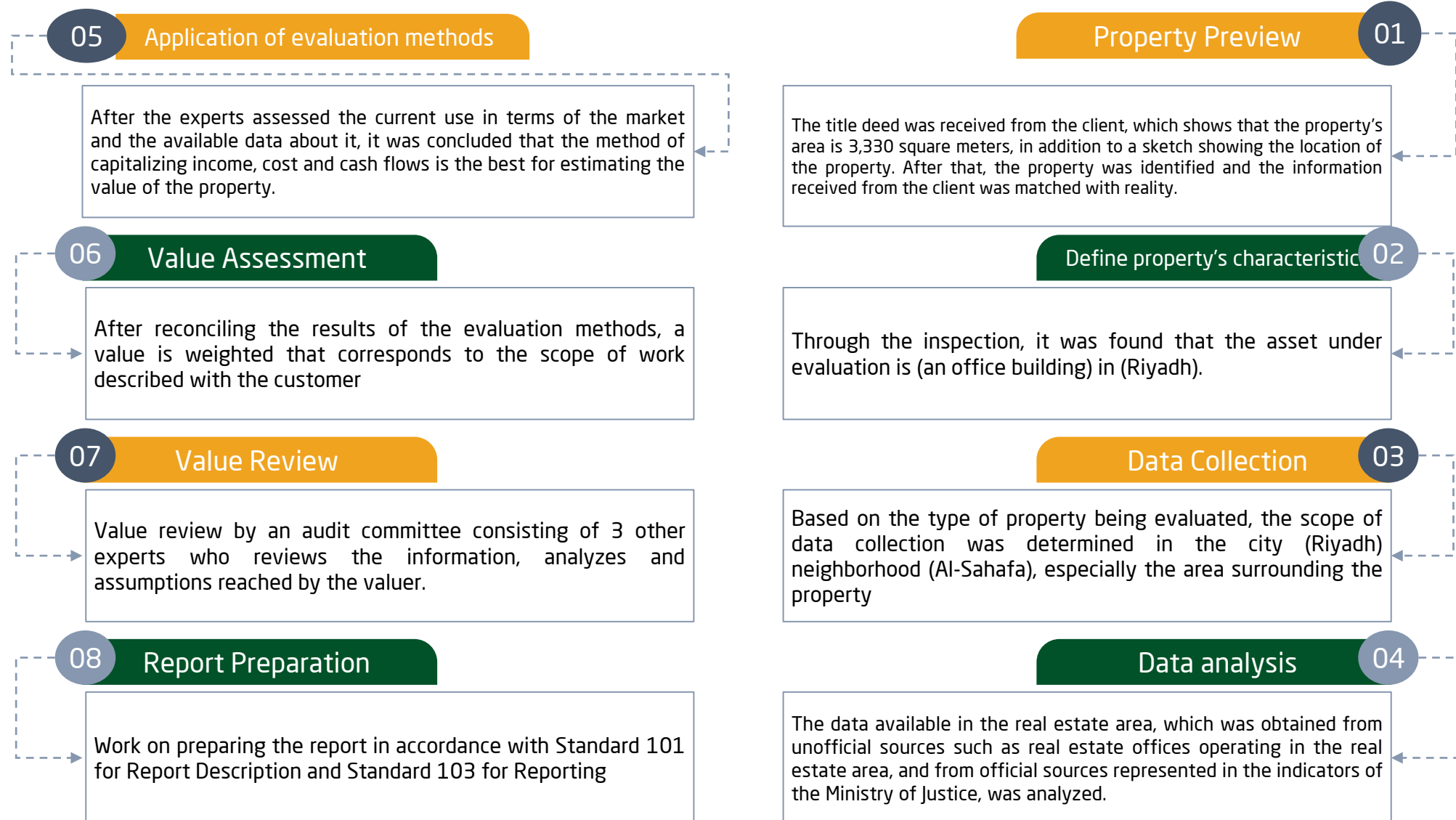
Customer information and use	
Customer name	Saudi Fransi Capital Corporation
Report owner	Saudi Fransi Capital Corporation
Use	Internal use

Scope of Work	Details
Report description	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Evaluation purpose	REIT Fund
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the area of the target real estate and we used in the study the most real estate closest to the target real estate in terms of specifications and spaces for each of them and we have worked hard to ensure the correctness of the information obtained as much as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, Tathmeen's database, which is constantly updated
Currency used in the report	Saudi Riyal

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

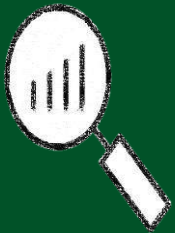
(2-2) Scope of work | stages of work





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



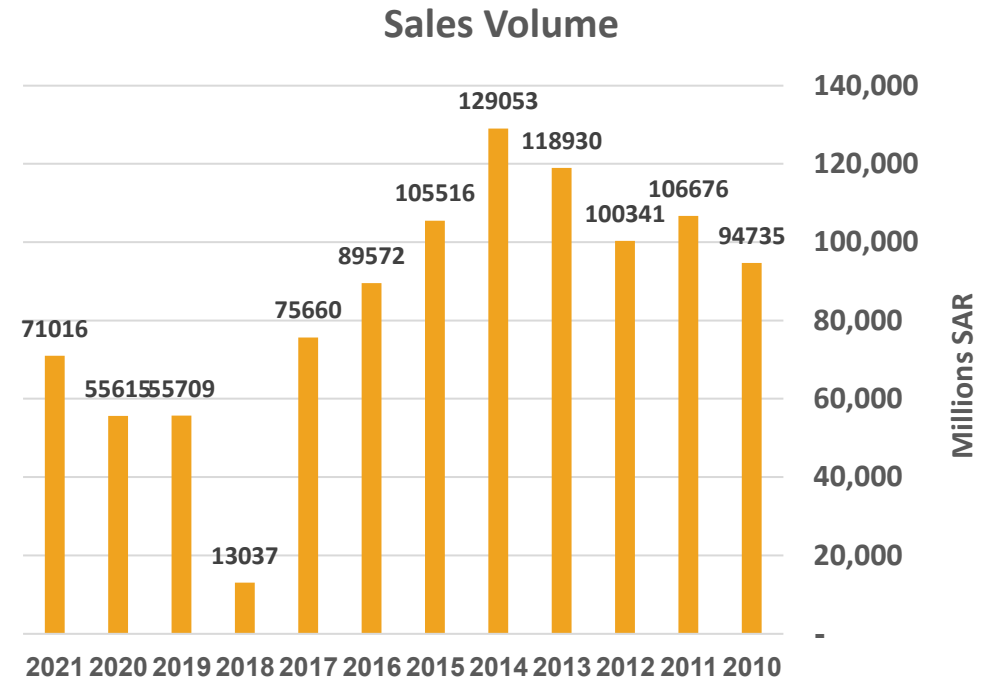
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	92,140	695,499,770	94,735,292,085
2011	94,006	531,229,187	106,675,530,921
2012	60,996	268,915,968	100,340,679,466
2013	71,873	233,736,612	118,929,717,391
2014	66,016	255,995,001	129,053,353,518
2015	59,833	152,577,755	105,516,472,396
2016	45,683	117,576,533	89,572,470,299
2017	50,913	69,933,755	75,659,645,392
2018	9,091	16,917,992	13,036,913,549
2019	60,126	55,997,285	55,709,331,355
2020	50,252	60,695,172	55,614,504,191
2021	46,554	66,246,896	71,015,946,446

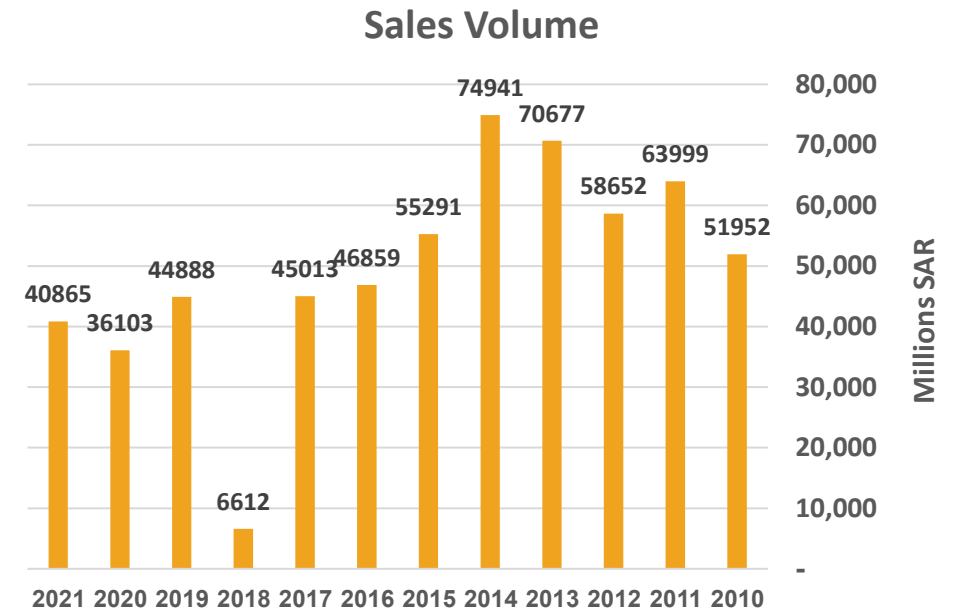


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	81,340	182,498,924	51,952,225,278
2011	83,273	261,920,619	63,999,414,404
2012	53,619	171,631,242	58,651,602,362
2013	63,117	142,705,850	70,677,236,779
2014	58,229	191,139,766	74,940,841,184
2015	52,392	104,323,882	55,290,767,416
2016	39,968	53,220,572	46,859,446,204
2017	45,604	41,881,969	45,012,831,376
2018	8,407	5,221,366	6,611,837,153
2019	57,210	44,328,174	44,888,483,793
2020	46,256	37,381,543	36,103,152,924
2021	41,126	32,453,794	40,864,961,400

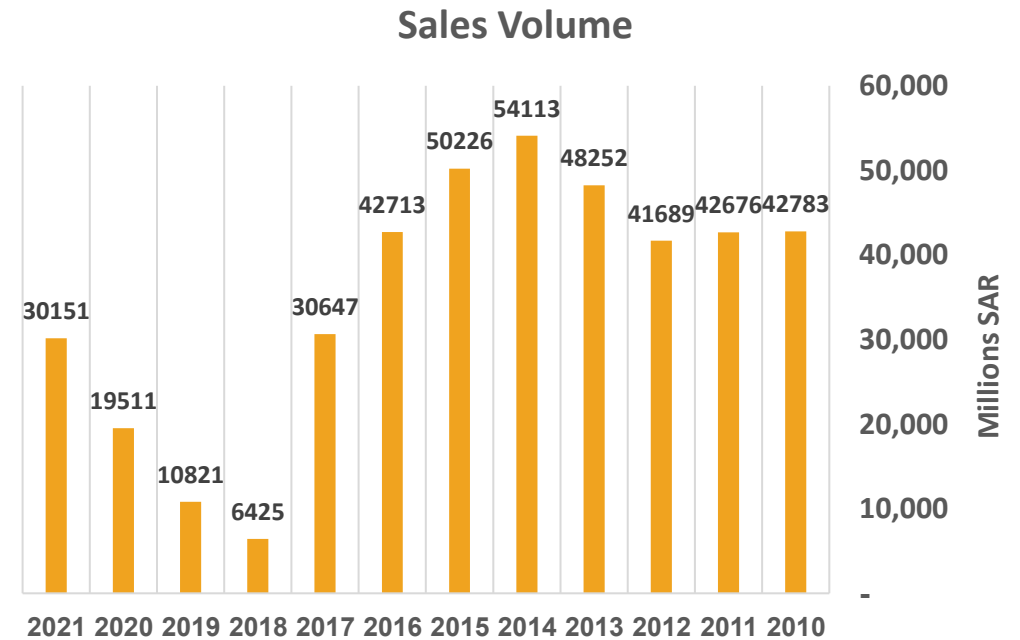


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Riyadh

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Riyadh

Year	Number Of Transactions	Sold Area	Sales Volume
2010	10,800	513,000,846	42,783,066,807
2011	10,733	269,308,568	42,676,116,517
2012	7,377	97,284,726	41,689,077,104
2013	8,756	91,030,762	48,252,480,612
2014	7,787	64,855,235	54,112,512,334
2015	7,441	48,253,873	50,225,704,980
2016	5,715	64,355,962	42,713,024,095
2017	5,309	28,051,786	30,646,814,016
2018	684	11,696,626	6,425,076,396
2019	2,916	11,669,110	10,820,847,562
2020	3,996	23,313,628	19,511,351,267
2021	5,428	33,793,101	30,150,985,046





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Property area analysis

The location of the property in the city of Riyadh

Riyadh is the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd plateau, at an altitude of 600 meters above sea level. It is the HQ of the Emirate of Riyadh, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to statistics in 2021. The Saudi capital is considered one of the fastest expanding cities in the world. During half a century of its inception, the area of the small city expanded to 1,800 square kilometers, reaching 3,115 km². in this time . Riyadh is the political and economic front of Saudi Arabia, as it contains the headquarters of the country's sovereign institutions. Urban planning divides the city of Riyadh administratively into 16 municipalities, comprising more than 167 residential neighborhoods, managed by the Riyadh Municipality and the Royal Commission for Riyadh City. It possesses tourist and cultural potentials from historical sites, museums and urban landmarks.





The location of the property at the level of Al- Sahafa neighborhood

Al-Sahafa neighborhood is located specifically in the north of the city of Riyadh. The area of the neighborhood is estimated at about 7.82 square kilometers. The neighborhood is bounded on the east by King Abdulaziz Road and Al-Yasmin neighborhood, and it is bordered on the south by Al-Thumama Road and Al-Rabi` neighborhood, and on the west by King Fahd Road, Al-Malqa neighborhood and Al-Aqiq neighborhood, and on the one hand it is bordered by North, Anas bin Malik Road, Al-Yasmeen District.



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Saudi Asset Valuation Company

Appendices



Evaluation methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



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The Second Axis



Information and description of the Property

Property description

General description

The property is an office building with an area of 3,330 m2

Location Description

Country	Kingdom of Saudi Arabia
Area	Central
City	Al Riyadh
District	Al Sahafa
Street	Olaya street

Ownership Data

Deed no.	318501000339
Date of deed	١٤٤٢/٩/١٥
Plot no.	2413
Plan no.	1917 g 1916 g 1915
Block no.	-

Nature of land

☒ Flat

☐ Low

☐ High

☐ Backfilled

☐ Sabkha

☐ Sandy

☐ Rocky

Building system

Commercial - Residential - Office

Property Description

Site borders and lengths				
North	A 15 meters wide street	Length	63.00	m
South	A 30 meters wide street	Length	33.00	m
East	Plot no 1914 and 1913	Length	60.00	m
West	Olaya street with 40 meters wide	Length	51.21	m

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Important information about the property	
Property Name	Al Sahafa Tower
Location	Al Sahafa District - Al Riyadh City
Property type	Administrative and Office Building
Property age	4 years
Land area (sqm)	3,330.00
Construction area	16,644
Number of floors	2 Basement + 8.5 repeated floors
Property components	It consists of administrative offices with a rental area of about 9,260 square meters
Current lease contracts	The property is leased to a governmental entity for a period of 3 years, started on 5/8/2021
Contracts period	It expires in about 3 years
Occupancy rate for leased units	%100.0
Total current income	9,000,000
Net operational income (SAR)	9,000,000

Croquet image and website border

Imam Saud bin Faisal Road

The site



Olaya Road

King Fahad Road

Al Thumama Road

Site analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

The Third Axis



Evaluation result and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Map of Comparisons

Site

Comparison 3

Area: 2440
Price per meter: 15,000

Comparison 1

Area: 1750
Price per meter: 13429

Area: 2000
Price per meter: 12000

Comparison 4

Area: 2000
Price per meter: 13500

Comparison 2

Settlement of Comparisons

Settlements	The property being evaluated	Comparison 1	0% + -	Comparison 2	0% + -	Comparison 3	0% + -	Comparison 4	0% + -
Price per sq. meter		13,429		13,500		15,000		12,000	
Area (m2)	3,330.0	1,750	-20.0%	2,000	-15.0%	2,440	-15.0%	2,000	-15.0%
Type of usage	commercial	commercial	0.0%	commercial	0.0%	commercial	0.0%	commercial	0.0%
The front	4	3	2.0%	2	5.0%	2	5.0%	3	2.0%
Easily accessible	Good	Good	0.0%	Good	0.0%	Good	0.0%	Good	0.0%
Close to main road	Olaya Street	Olaya Street	0.0%	Olaya Street	0.0%	Olaya Street	0.0%	Olaya Street	0.0%
Close to utilities	close	close	0.0%	close	0.0%	close	0.0%	close	0.0%
Available services			0.0%		0.0%		0.0%		0.0%
Market status (assessed or sold)	2022	2021	0.0%	2022	0.0%	2022	0.0%	2022	0.0%
Distinguished location			0.0%		0.0%		-10.0%		0.0%
Net assessment			-18.0%		-10.0%		-20.0%		-13.0%
Net market price after settlement (SAR)		11,012		12,150		12,000		10,440	
Weighted		30.0%		30.0%		10.0%		30.0%	
Average price per meter (SR / m2)	11,281								
Price per meter after rounding	11,300								

Evaluation Results

Conclusion

✓ The first Approach: (cost approach)

- The area of the building surfaces was calculated according to the data contained in the building permit.
- The cost of building a square meter of construction was estimated according to the current prices of building materials.
- The depreciation rate was estimated according to the economic life of the property.
- The value of a square meter of land was reached by means of similar sales, comparative sales, and appraisal experts at "Tathmeen"

Cost Approach (Substitution Approach)			
Basements Building Surfaces	6,660		M2
The building cost of a square meter for basements	1,800		SAR
Total basement costs	11,988,000		SAR
Building repetitive floors	9,984		M2
Building cost per meter/recurring floors	2,000		SAR
Building construction costs/recurring floors	19,967,920		SAR
Total construction costs	31,955,920		SAR

Other costs	Value	%of construction costs	
Professional fees	1,597,796	5.0%	%
Facilities network	1,597,796	5.0%	%
Administration costs	3,195,592	10.0%	%
Financing costs (3 years/50%)	2,876,033	6.0%	%
Contractor's profit	4,793,388	15.0%	%
Total building costs before depreciation	46,016,525		SAR
Life span of the building	40.0		year
Remaining economic life	36.5		year
Effective life	3.5		year
Gross depreciation rate	8.8%		%
Depreciation costs	4,026,446		SAR
Net construction costs after depreciation	41,990,079		SAR

Land area	3,330	M2
Land meter value	11,300	SAR
Total land value	37,629,000	SAR
Total property value	79,619,079	SAR
Property value (approximately)	79,619,000	SAR

Evaluation results | Income Approach(Income Capitalization)

Conclusion

- ✓ Method 2: Income Approach (Income Capitalization)

Income Approach (Direct Capitalization Approach)	
Total Effective Income (according to customer data)	9,000,000
Net income	9,000,000
Capitalization rate	%8.0
Total property value	112,500,000
Approximate total property value (SAR)	112,500,000

Evaluation Results

Conclusion

Since the property under evaluation is one of the income-producing properties, and the offer from the evaluation is the offering of a traded real estate investment fund, the income capitalization method is the most appropriate and best method for its evaluation. Based on following the standards and evaluation methods adopted and according to the client's requirements, valuation experts believe that the market value of the property and according to the following information for the property, the deed number (318501000339) in (Riyadh) in the (Al-Sahafa) District, its area is 3,330 m2 as follows:

- ✓ The income capitalization method has been adopted.

Total value of property
Land Area (M2)
3,330
Total value of property (SAR) (income Approach)
112,500,000
Total value of property (written)
Only one hundred and twelve million five hundred thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to a market survey and similar sales, the experts of the Saudi Assets Valuation Company see that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ The margin of fluctuation in the value is within + or - 10% according to the current market conditions

Director of the Evaluation Department
Abdullah Al Marifouz
Membership Number (1210000273)

نُتْمِين
VALUATION

الشركة السعودية لتقييم وتأمين الأصول للاستشارات المهنية
Saudi Asset Valuation Company For Professional Consulting
C.R.No. 1010206162 ، رقم السجل التجاري ،
Vat No. 300046706100003 ، رقم الضريبي

General Director
Ahmed bin Ali Al-Tajer
Membership Number (1210000272)



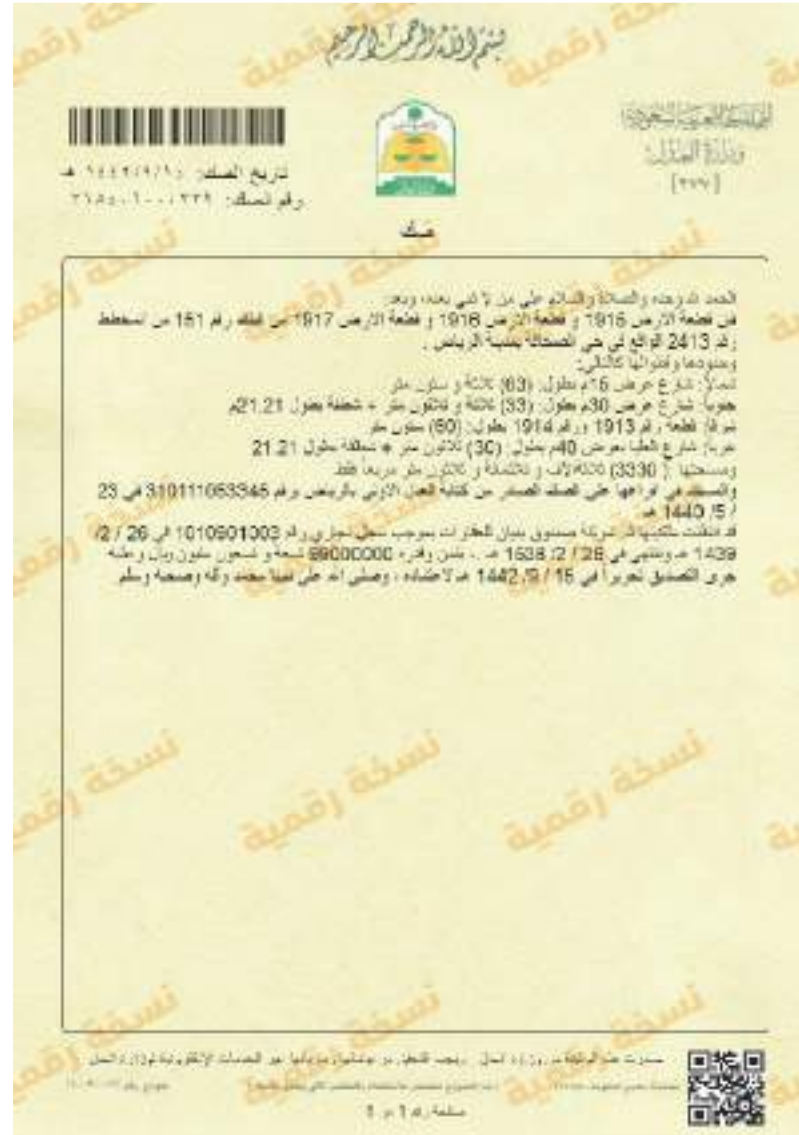
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Saudi Asset Valuation Company

The fifth axis



Appendices

Photography of the Deed



201

100

Clarification

Tathmeen corporation and its representatives, including evaluators and assistants, carried out the evaluation process without any bias, and they work objectively and are independent of the client and its subsidiaries or parties. The company and its representatives do not have any current or prospective interest in the customer or any of its subsidiaries or affiliated parties, and it is not among those insiders of the customer's matters or those who have internal relationships or links with the customer and its subsidiaries or affiliates. The evaluator's fee for the evaluation process is not conditional on the results it reaches or any other events, and if the company obtains significant assistance from another party in relation to any important aspect of the evaluation, the nature of this assistance, the extent of reliance on it and then documented will be mentioned in Report, if any.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 126750

Dubai City Walk Residential Complex

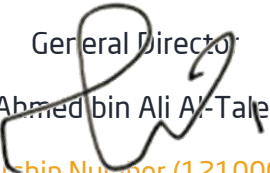
Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**residential complex**) in the city of (**Dubai**), district of (**Al-Wasl**). Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value,

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (**254,261,000**) Saudi riyals, as documented in this report.


General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	-
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	-
Purpose of evaluation	REIT Fund	Plan no.	-
Type of property	Residential complex	Plot no.	-
Address of the property	United Arab Emirates - Dubai - Al Wasl	Basis of value	Market value
		Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/05
Applicable Valuation methods	Market approach (Comparable transactions methods)	Date of evaluation	2022/12/31
	Income approach (income capitalization)	Report date of issuance	2023/01/23
Cost approach			
Income Appraoch (DCF method)			
Market value of the property (SAR)		254,261,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards| Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Dubai
District	Al-Wasl

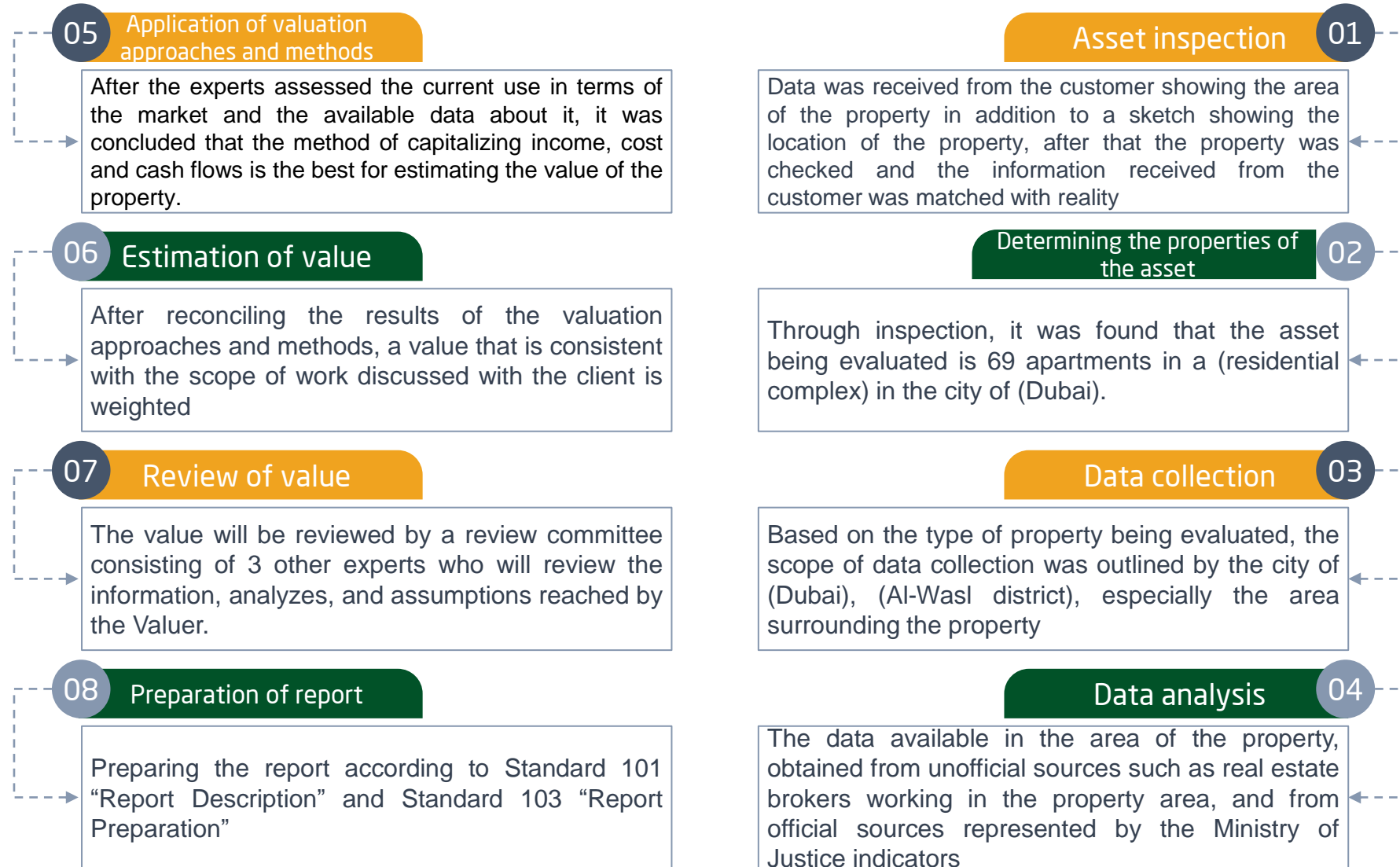
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-2) Scope of work | Work Stages





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Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> ○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. ○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. ○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. ○ Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

General description	The property consists of 69 housing units of various sizes and number of rooms
----------------------------	--

Location description	
Country	United Arab Emirates
Province	Western
City	Dubai
District	Al-Wasl
Street	22 D st.

Data of ownership	
Deed no.	-
Date of Deed	-
Plot no.	-
Plan no.	-
Block type	-

Nature of the property	<input checked="" type="checkbox"/> Flat	<input type="checkbox"/> Low	<input type="checkbox"/> High	<input type="checkbox"/> Backfilled	<input type="checkbox"/> Sabkha	<input type="checkbox"/> Sandy	<input type="checkbox"/> Rocky
Building system	Residential						

Property Description

Site borders and lengths				
North	-	Length	-	m.
South	-	Length	-	m.
East	-	Length	-	m.
West	-	Length	-	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

The location of the property at the level of the city of Dubai

It is one of the emirates of the United Arab Emirates, and is considered the second largest emirate in the federation after the Emirate of Abu Dhabi, with an area of 4,114 km², which is equivalent to approximately 5% of the area of the Emirates. The population of the emirate is 2,262,000 as the most populous emirate in the UAE Federation. The Emirate of Dubai is characterized by the fact that its economic income does not depend mainly on oil revenues, unlike the rest of the Arab Gulf countries, where Dubai's economy depends on trade, real estate and financial services, as well as tourism. Oil and gas make up 6% of the total economy. The great economic and urban renaissance in Dubai has brought global fame to the emirate to occupy a prominent position globally.



The location of the property at the level of the city of Dubai

Dubai is a city and emirate in the United Arab Emirates known for its luxury shopping destinations and modern architecture. The Burj Khalifa, at a height of 830 m, dominates the skyline filled with skyscrapers. At the bottom of the tower is the Dubai Fountain with lights that chime with music.

موقع العقار



شارع الشيخ زايد

برج خليفة

Property Description

Important information about the property	
Property Name	City Walk residential building B2
Location	Al-Wasl, Dubai, the United Arab Emirates
Property type	Residential complex
Property age	5 years
Land are (square meters)	12,085 sqm
Construction area	149,194.3 sq feet, or 13,864 sqm
Number of floors	8
Property components	It consists of 68 apartments of various sizes and rooms, where Unit No. 201 was sold in mid-December of this year.
Current lease contracts	68 apartments are leased by individuals
Occupancy rate for leased units	100.0%
Total current income (SAR)	11,145,795
Operation and maintenance costs (SAR)	2,786,449
Net operational income (SAR)	8,359,346

Property income analysis

Total revenues:

The rental value of the current contracts, according to the data sent by the customer, is about 11,145,795 riyals, with a decrease of about 2% from the previous year, That is the outcome of leasing 69 apartments out of a total of 69 apartments, so the average rental of one unit is about 161,550 riyals. .Apartment No. 201 was sold in mid-December 2022, bringing the total number of apartments owned to 68 apartments by the end of the year.

Occupancy rates:

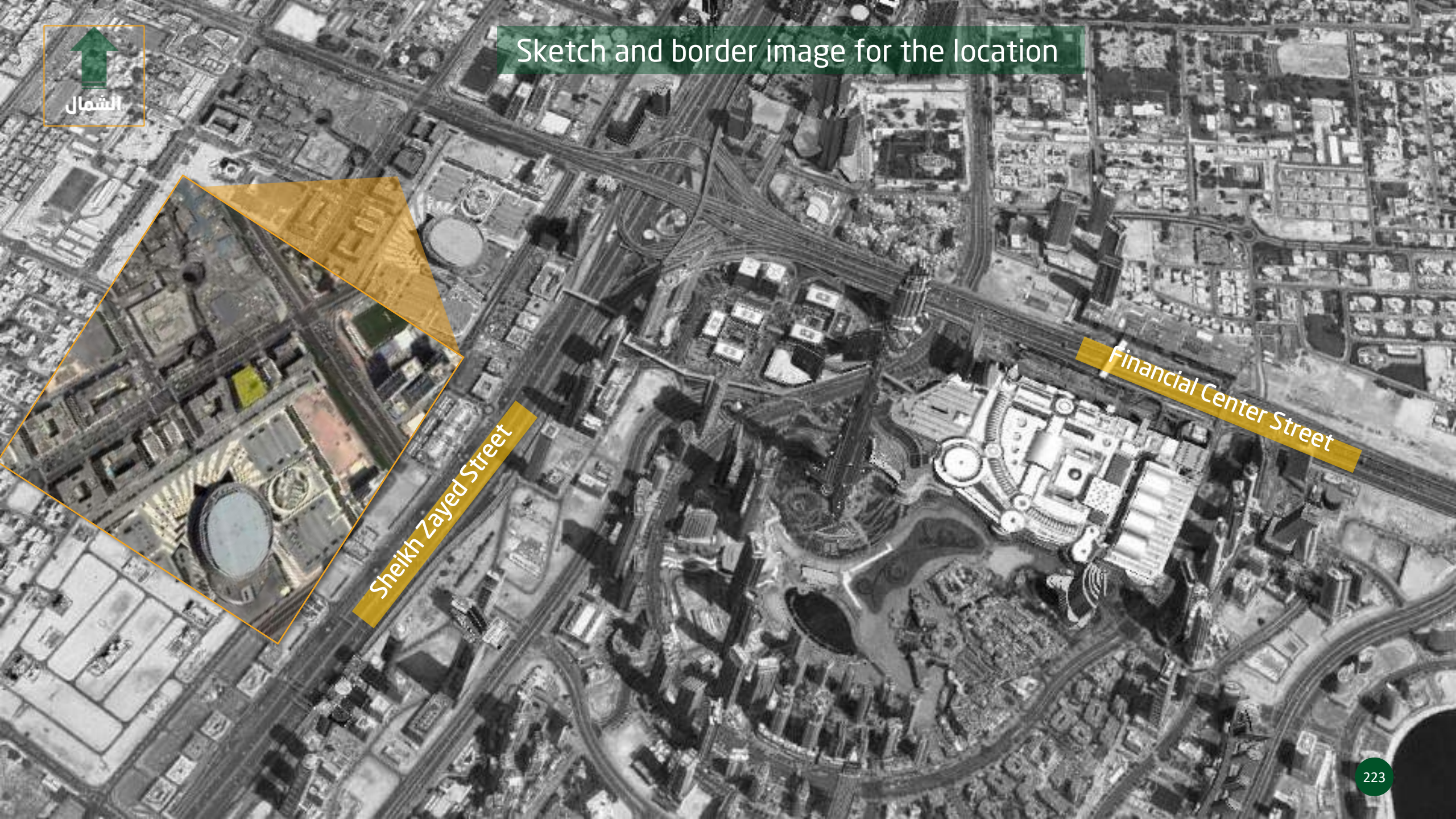
The current occupancy rate is about 100%, as the number of rented apartments is 69 out of a total of 69 apartments.

Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the leased property, as the owner pays the value of the contract concluded between him and one of the companies working in the field of maintenance and operation. It is expected that the value of operating and maintenance expenses by the end of this year will amount to about 3,676,352.90 riyals, which represents about 33% of the total revenues, which is a reasonable percentage compared to similar properties.



Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Sales comparisons

مقارنات مبيعات شقق سيتي ووك							
اسم العقار	المساحة بالقدم	المساحة بالمتر	عدد غرف النوم	الحمامات	سعر البيع المعروض	متوسط بيع القدم	متوسط بيع المتر
فميريديان	667	62	1	1	1,890,000	2,834	30,493
مرتيل	956	89	1	2	1,700,000	1,778	19,136
ستترال بارك	920	85	1	1	1,500,000	1,630	17,546
بناية 10	1,022	95	1	2	2,025,000	1,981	21,323
رؤف سيتي ووك	670	62	1	1	1,649,000	2,461	26,486
بناية 16	1,162	108	1	2	2,000,000	1,721	18,522
سيلادون	737	68	1	2	1,550,000	2,103	22,633
بناية 10	1,023	95	1	2	2,300,000	2,248	24,195
سيلادون	737	68	1	2	1,700,000	2,307	24,823
بناية 14	1,288	120	1	2	2,250,000	1,747	18,799
بناية 22	1,741	162	2	4	2,696,000	1,549	16,664
ستترال بارك	1,400	130	2	2	2,164,000	1,546	16,634
بناية 1	1,722	160	2	3	3,100,000	1,800	19,373
بناية 16	1,774	165	2	4	3,470,000	1,956	21,050
بناية 22	2,269	211	2	3	3,738,900	1,648	17,733
مرتيل	1,100	102	2	3	2,160,000	1,964	21,131
ستترال بارك	1,045	97	2	3	1,820,000	1,742	18,742
ستترال بارك	1,200	112	2	3	2,164,000	1,803	19,406
بناية 10	1,830	170	2	4	4,200,000	2,295	24,698
بناية 16	1,800	167	2	3	3,600,000	2,000	21,523
بناية 1	2,971	276	3	4	8,900,000	2,996	32,237
بناية 5	2,639	245	3	5	7,000,000	2,653	28,545
بناية 10	2,241	208	3	4	4,500,000	2,008	21,609
بناية 7	2,452	228	3	5	4,500,000	1,835	19,750
21A	2,454	228	3	5	3,700,000	1,508	16,225
بناية 1	3,759	349	3	4	5,616,000	1,494	16,078
بناية 10	2,250	209	3	2	4,499,000	2,000	21,518
6A	2,352	219	3	4	5,500,000	2,338	25,165
بناية 22	3,665	341	3	5	6,500,000	1,774	19,086
6A	2,193	204	3	5	4,989,000	2,275	24,482
13B	2,871	267	4	4	9,400,000	3,274	35,234
بناية 9	2,935	273	4	4	7,537,000	2,568	27,635
بناية 5	3,830	356	4	5	10,490,000	2,739	29,474
بناية 12	5,609	521	4	5	13,180,450	2,350	25,288
بناية 9	2,935	273	4	5	5,385,725	1,835	19,747
بناية 9	4,433	412	4	6	8,134,555	1,835	19,747
بناية 1	3,971	369	4	6	8,400,000	2,115	22,764
بناية 9	5,907	549	4	6	13,999,990	2,370	25,505
بناية 22	4,473	416	4	5	11,000,000	2,459	26,464
بناية 9	5,907	549	4	5	14,900,000	2,522	27,145

Evaluation results

Conclusion

✓ First Approach: (Comparable Sales Method)

- Area of building surfaces was calculated according to the data provided by the client.
- Square foot value was obtained according to the comparisons made in the field survey from the market

Comparable Sales Method	
Item	The value
Apartment Size (Room) (square feet)	16,034
Foot value for 1 room apartments	2,081
Apartments Size (2 rooms) (square feet)	57,142
Foot value for 2 room apartments	1,830
Apartments Size (3 rooms) (square feet)	64,614
Foot value for 3 room apartments	2,088
Apartments Size (4 rooms) (square feet)	9,122
Foot value for 4 room apartments	2,407
Total property value	294,816,635
Total property value approximately	294,817,000

Evaluation results

Conclusion

✓ Second Approach: (Discounted cash flow method)

Assumptions of the discounted cash flow method	
Total income in the event of full operation	11,145,795
Operational fees	25%
Vacancy rate after stabilization	0.0%
Cash flow period	Years 5
revenue growth rate	2%

To calculate discount rate	
government bond rate of revenue	2.0%
Inflation rate	1.0%
market risk premium	1.0%
special risk premium	1.0%
Discount rate	5.0%

To calculate the last (recoverable) value	
Capitalization factor	3.5%
Growth rate	1.0%

	Discounted cash flow				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Expected Revenue Growth Per Year (%)	0%	2%	2.0%	2%	2%
Total income in full operating condition	11,145,795	11,368,711	11,596,085	11,828,007	12,064,567
Vacancy percentage %	0.0%	0.0%	0.0%	0.0%	0.0%
Vacancies value	0	0	0	0	0
Total effective income	11,145,795	11,368,711	11,596,085	11,828,007	12,064,567
Operation and maintenance expense ratio	25%	25%	25%	25%	25%
The value of operating and maintenance expenses	2,786,449	2,842,178	2,899,021	2,957,002	3,016,142
Net operational income	8,359,346	8,526,533	8,697,064	8,871,005	9,048,425
last value (recoverable value)					261,111,699
Annual net cash flow	8,359,346	8,526,533	8,697,064	8,871,005	270,160,124
Total net present value	254,261,071				
Total value approximately	254,261,000				

Discounted Cash Flow Analysis

Cash flow analysis

Revenue assumptions:

It is expected that the current year total revenues will reach 11,145,795 riyals, which results from leasing 69 apartments out of 69 apartments.

Revenue is assumed to increase at 2% yearly during the period of flows.

Occupancy rates:

The current occupancy rate is 100%, but this rate has been kept during the cash flow period.

Operation and maintenance expenses:

It is expected that the percentage of operating and maintenance expenses by the end of this year, and based on the data sent by the customer during the first half of this year, will reach about 34%, and it has been assumed that this percentage will decrease in line with the prevailing rates in the market to reach 25% during the period of cash flows.

Evaluation results

Conclusion (Income Capitalization Method)

Based on following the standards and evaluation methods adopted and according to the client's requirements, appraisal experts believe that the market value of the property and according to the following information for the property, the deed number (-) in (Dubai) in the (Al Wasl) neighborhood, is as follows:

The discounted cash flow method has been adopted.

Discounted cash flow method
Total property value
254,261,000
Total property value (written form)
Only two hundred and fifty-four million, two hundred and sixty-one thousand Saudi riyals only

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ We did not receive the title deeds from the customer

Director of the Evaluation
Department
Abdullah Al Mahfouz
Membership Number (1210000273)

نثمين
VALUATION
الشركة السعودية لتقييم وتممين الأصول للاستشارات المهنية
Saudi Asset Valuation Company For Professional Consulting
رقم السجل التجاري ، C.R.No. 1010206162
رقم الضريبي ، Vat No. 300046706100003

General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)

Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



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Saudi Asset Valuation Company



End of Report



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Saudi Asset Valuation Company

Report no.: 126749

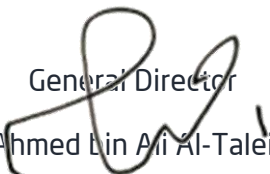
Abha Mall

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (Mall) in the city of (Abha), having an area of (78,602) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall) is equal to (785,422,000) Saudi riyals, as documented in this report.


General Director
Ahmed Lin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	571403000853
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	23/12/1438
Purpose of evaluation	REIT Fund	Plan no.	-
Type of property	Mall	Plot no.	-
Address of the property	Kingdom of Saudi Arabia - Abha	Basis of value	Market value
Raw land area of the property	78,602 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/05
Applicable Valuation methods	Market approach (Comparable transactions methods)	Date of evaluation	2022/12/31
	Income approach (income capitalization)	Report date of issuance	2023/01/23
	Income approach (DCF method)		
	Cost approach		
Market value of the property (SAR)		785,422,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards | Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Abha
Area	78,602 m ²

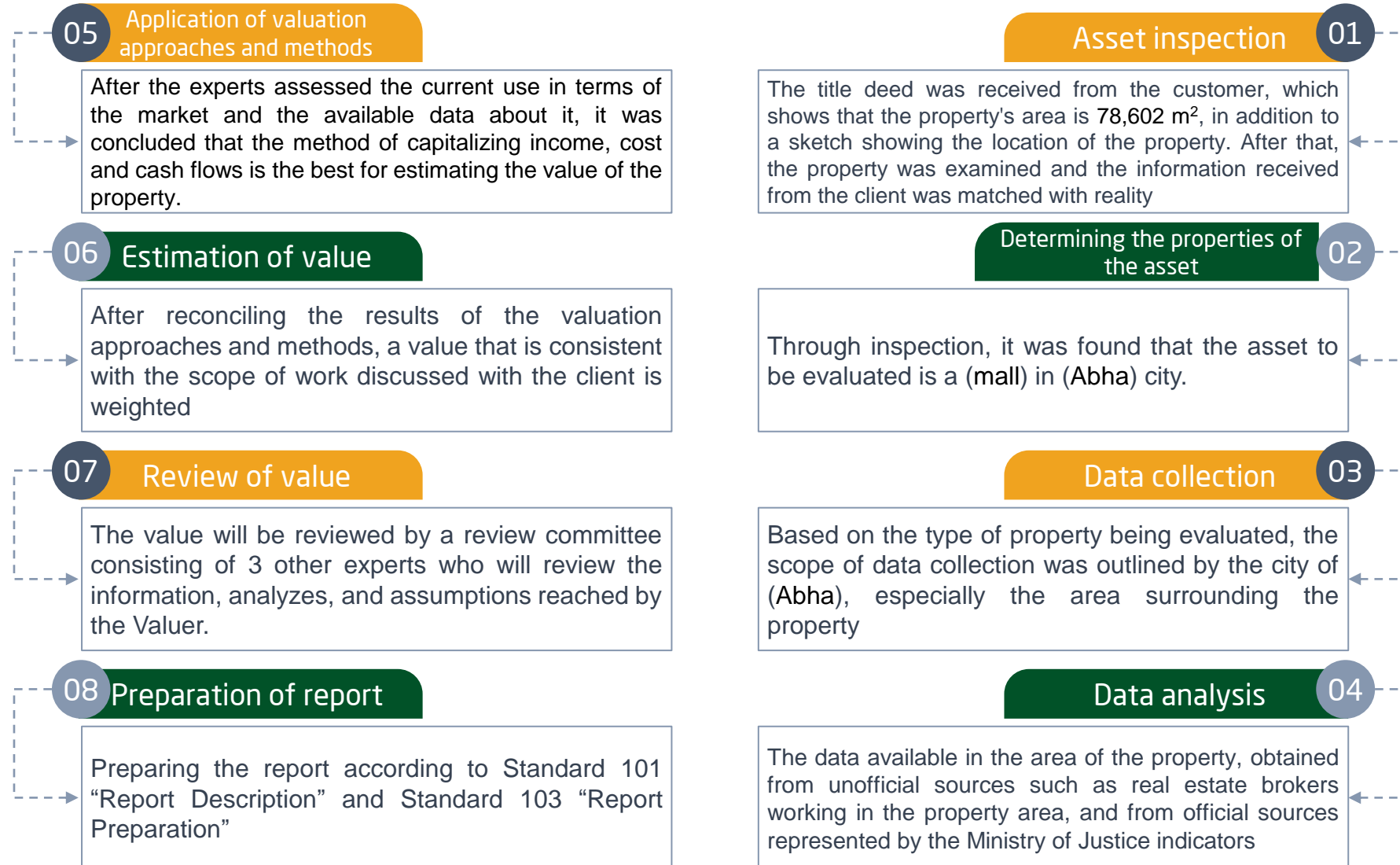
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. An updated building permit was received from the client and accordingly the land area and BUA data were modified, and there is no impact on the Value of the property.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-2) Scope of work | Work Stages





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Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> ○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. ○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. ○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. ○ Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

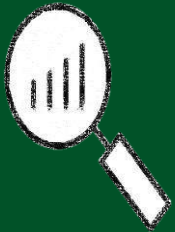
Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



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Second Axis



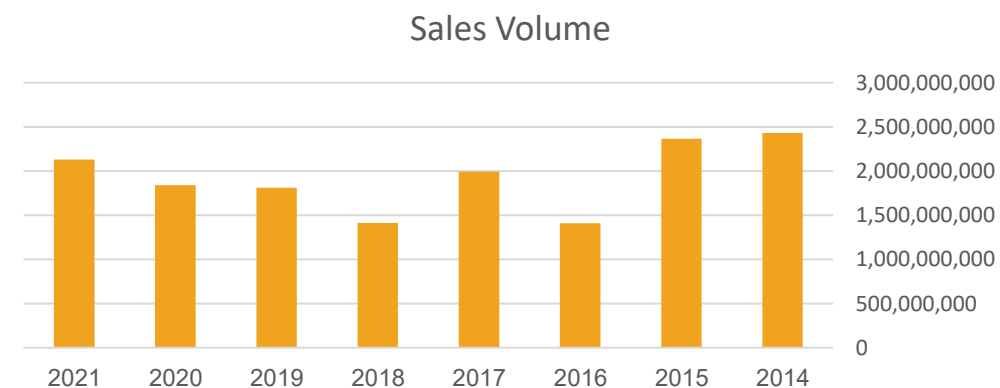
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Abha

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Abha

Year	Number Of Transactions	Sold Area	Sales Volume
2014	3,042	3,070,807	2,433,774,922
2015	2,801	3,016,088	2,366,903,084
2016	2,562	1,751,073	1,412,236,283
2017	3,233	2,541,765	1,993,366,196
2018	2,868	1,774,797	1,414,696,553
2019	3,712	2,592,929	1,813,506,519
2020	3,763	2,954,895	1,840,599,470
2021	3,562	4,241,881	2,132,015,421

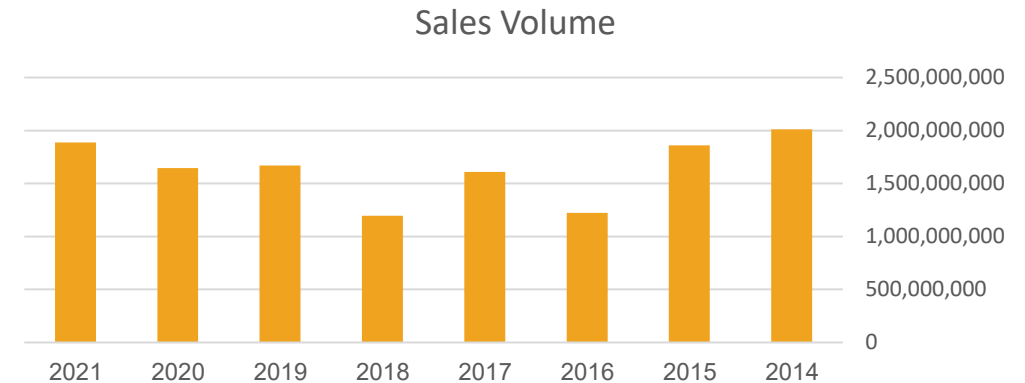


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Abha

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Abha

Year	Number Of Transactions	Sold Area	Sales Volume
2014	2,783	2,519,696	2,011,276,623
2015	2,579	1,966,919	1,858,515,236
2016	2,339	1,583,031	1,223,152,749
2017	2,882	2,206,745	1,608,632,224
2018	2,579	1,489,518	1,196,733,452
2019	3,458	2,419,565	1,669,194,205
2020	3,498	2,710,922	1,644,399,045
2021	3,268	3,953,189	1,885,585,630

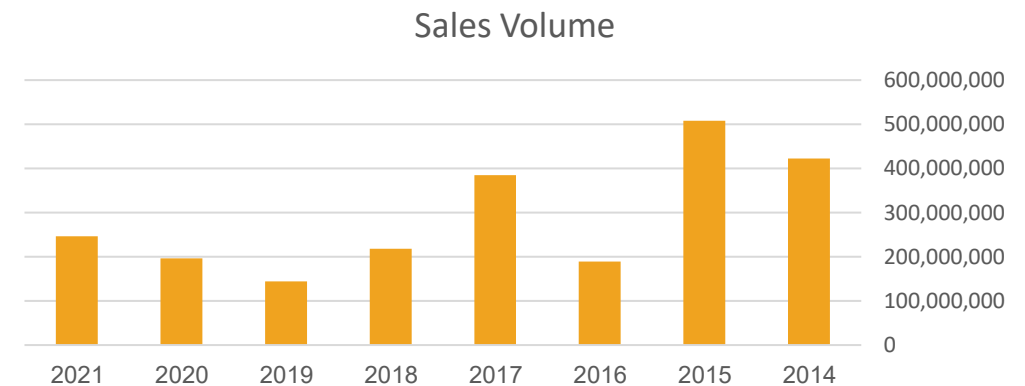


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Abha

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Abha

Year	Number Of Transactions	Sold Area	Sales Volume
2014	259	551,111	422,498,299
2015	222	1,049,170	508,387,848
2016	223	168,042	189,083,534
2017	351	335,020	384,733,972
2018	289	285,280	217,963,101
2019	254	173,364	144,312,314
2020	265	243,973	196,200,425
2021	294	288,692	246,429,791





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Third Axis



Property area analysis

The location of the property at the level of the city of Abha

The city of Abha is the administrative headquarters and the capital of the Asir region in the southwest of the Kingdom of Saudi Arabia and its most important city, where the headquarters of the emirate and the main branches of ministries are located. It is located on the Hijaz Mountains and is adjacent to it from the east and north-east of the Khams Mushait governorate, from the northwest by Al-Namas governorate, and from the west and south-west of the Mahayil Asir and Rijal Almaa governorates. The city of Abha is considered one of the most important summer resorts and tourist cities in the Kingdom of Saudi Arabia, because of its mild climate and its great height above sea level. Abha covers an area of about 5100 hectares and is at least 2200 meters above sea level.



القريقر

موقع العقار

المروج

البديع

الموظفين

The location of the property at the level of Al-Safa neighborhood

Al-Safa neighborhood is located in Abha, south of King Fahd Road. It is surrounded on the west by Al-Morouj neighborhood and Durrat Al-Mansk neighborhood, and on the east by the staff neighborhood. Al-Qurayqir neighborhood is located in its northern side, linking it with King Abdullah Road and Abu Huraira Road.

The neighborhood is characterized by the abundance of main roads that link it with the rest of the neighborhoods in the area. As well as its privileged location, close to many important neighborhoods and areas in Abha.



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Third Axis



Information and description of the property

Property Description

General description	The property is a mall of 78,602 SQM
----------------------------	---

Location description	
Country	Kingdom of Saudi Arabia
Province	Southern
City	Abha
District	As-Safa
Street	King Fahd

Data of ownership	
Deed no.	571403000853
Date of Deed	23/12/1438
Plot no.	-
Plan no.	-
Block type	-

Nature of the property	<input checked="" type="checkbox"/> Flat	<input type="checkbox"/> Low	<input type="checkbox"/> High	<input type="checkbox"/> Backfilled	<input type="checkbox"/> Sabkha	<input type="checkbox"/> Sandy	<input type="checkbox"/> Rocky
Building system	Commercial						

Property Description

Site borders and lengths				
North	Municipality plan which starts from east to west	Length	126.00	m.
South	20m wide street in the approved scheme no. 841	Length	162.00	m.
East	Private property	Length	348.00	m.
West	Approved plan No. 28 m starting from the north towards the south	Length	368.00	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Important data about the	
Property Name	Al- Rashid Mall Abha
Location	King Fahad Road, Al Safa neighbourhood, Abha
Property type	Commercial complex
Property age	4 Years
Land are (square meters)	78,602 sqm
Construction area	139,355 sqm
Number of floors	2
Property components	The Mall includes shops with different areas, restaurants and other services
Current lease contracts	About 275 lease contracts
Contracts period	Ranging from 1 to 18 years
Occupancy rate for leased units	95.6%
Total current income (SAR)	86,826,002
Operation and maintenance costs (SAR)	18,679,250
Net operational income (SAR)	68,146,752

Property income analysis

❖ **Total revenues:**

The rental value of the current contracts, according to the data sent by the customer, amounted to 86,826,002 riyals, being the outcome of leasing an area of 55,362 square meters leased to about 275 tenants. The average value of the rental meter was 1,568riyals.

❖ **Occupancy rates:**

The current occupancy rate is about 96%. The vacant area is 2,519square meters.

❖ **Operation and maintenance expenses:**

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 18,679,250 riyals, which represents approximately 22% of the total property revenues, which is a good percentage compared to similar properties.



Sketch and border image for the location



Site Analysis | Pictures showing the nature of the Mall



Site Analysis | Pictures showing the nature of the Mall





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Fourth Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Land comparisons

Area: 18677
Price per meter: 2141

Comparison 2

site

Comparison 3

Comparison 1

Area: 90,000
Price per meter: 1,350

Area: 28,000
Price per meter: 1357

Comparison 4

Area: 70,000
Price per meter: 2000

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

- Area of building surfaces was calculated according to the data contained in the building permit.
- Construction cost per square meter of construction has been estimated on the basis of the current prices of building materials.
- Depreciation percentage was estimated according to the economic age of the property
- Value of a meter of land was obtained through similar sales, comparative sales, and evaluation experts in "Tathmeen"

Cost method (substitution method)			
Recurring floors / building surfaces	139,355		m2
Building cost per meter/recurring floors	2,400		SAR
Construction costs for buildings / recurring floors	334,453,080		SAR
Total costs of construction	334,453,080		SAR

Other costs	value	of building costs %	
Professional fees	16,722,654	5.0%	%
Utilities network	16,722,654	5.0%	%
Administration costs	33,445,308	10.0%	%
Financing costs (3 years/50%)	30,100,777	6.0%	%
Contractor's profit	66,890,616	20.0%	%
Total building costs before depreciation	498,335,089		SAR
Life span for the building	40.0		year
Remaining economic life	35.5		year
Effective life	4.5		year
Gross depreciation rate	11.25%		%
Depreciation costs	56,062,698		SAR
Net construction costs after depreciation	442,272,392		SAR

Land area	78,602	m2
Land value per meter	1,150	SAR
Total land value	90,392,438	SAR
Total property value	532,664,830	SAR
Property value (approximately)	532,665,000	SAR

Evaluation results

Conclusion

✓ Second Approach: (Income capitalization)

Income capitalization method (as per current situation)	
Item	Value
Current Effective Income (SR)	86,826,002
Operation and maintenance expense percentage	22%
The value of operating and maintenance expenses (SR)	18,679,250
net income (SR)	68,146,752
capitalization rate %	8.5%
Property value (SR)	801,726,489
Total property value (approximately)	801,726,000

Evaluation results

Conclusion

✓ Third Approach: (Discounted cash flows)

Assumptions of the discounted cash flow method	
Total income in case of full operation	90,777,319
Operational expenses	25%
Vacancy rate after stabilization	8.0%
Cash flow period	5
Revenue growth rate	0%

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	4.0%
Special risk premium	1.5%
Discount rate	11.0%

	Discounted cash flows				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Expected Revenue Growth Per Year (%)	0%	0%	0.0%	0%	0%
Total income in case of full operation	90,777,319	90,777,319	90,777,319	90,777,319	90,777,319
Vacancy percentage %	8%	8%	8%	8%	8%
Vacancies value	7,262,186	7,262,186	7,262,186	7,262,186	7,262,186
Total effective income	83,515,134	83,515,134	83,515,134	83,515,134	83,515,134
Operation and maintenance expense ratio	25%	25%	25%	25%	25%
The value of operating and maintenance expenses	20,878,783	20,878,783	20,878,783	20,878,783	20,878,783
Net operational income	62,636,350	62,636,350	62,636,350	62,636,350	62,636,350
The last value (the recoverable value)					802,528,240
Annual net cash flows	62,636,350	62,636,350	62,636,350	62,636,350	865,164,590
Total net present value	785,421,885				
Total value approximately	785,422,000				

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

The discount rate consists of four influencing factors, namely:

The rate of return on government bonds: We assumed that the average return on government bonds for a period of 5 and 10 years is 3% approximately.

Inflation rate: Which is expected to reach 2.5% according to the expectations of many international and local agencies for the Kingdom of Saudi Arabia during the coming period.

Market risk premium: Evaluated by experts of "Tathmeen" according to their vision of the commercial real estate market during the coming period.

Special risk premium: Also evaluated by "Tathmeen" experts, according to their vision of the property itself and its competitiveness in the market during the coming period.

Assumptions of calculating recoverable amount:

A capitalization factor was used that commensurate with the property's future stability and the extent of risks it may be exposed to, depending on the prevailing market situation for similar properties:

The same expected inflation rate was used to calculate the expected future growth rate.

Revenue assumptions:

It is expected that the mall's revenues by the end of this year, based on the data sent by the customer for the first ten months of this year, amounted to 86,826,002 riyals from renting an area of 55,362 square meters, thus the average rental value of the square meter is 1,568 riyals.

The vacant space in the mall amounted to 2,519 square meters, and if this space was rented at the same rental rate, the total revenue of the mall in the case of full operation would be 90,777,319 riyals.

Occupancy rates assumptions:

The current occupancy rate is 96%, and it has been assumed that the vacancy rate will stabilize at 8% in the cash flow period.

Operation and maintenance expenses:

It is expected that the percentage of operating and maintenance expenses by the end of this year, based on the data that was achieved during the first ten months of this year, will reach about 22%, and this percentage has been raised in line with the prevailing rates in the market to reach 25% during the period of cash flows.

Evaluation results

Conclusion

Since the property, being evaluated, is an income-generating real estate, and the purpose of evaluation is to offer a real estate investment traded fund, the DCF method is the most appropriate and the best way to evaluate it.

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (571403000853) in (Abha), with area of 78,602 SQM, is as follows:

- ✓ Discounted cash flow method has been adopted.

Discounted cash flow method
Total property value
785,422,000
Total property value (written form)
Only seven hundred and eighty-five million four hundred and twenty-two thousand Saudi riyals only

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ An updated building permit was received from the client and accordingly the land area and BUA data were modified, and there is no impact on the Value of the property.


Director of the Valuation
Department
Abdullah Al Mahfouz
Membership Number (1210000273)


الشركة السعودية لتقييم وتممين الأصول للاستشارات المهنية
Saudi Asset Valuation Company For Professional Consulting
رقم السجل التجاري ، C.R.No. 1010206162
رقم الضريبي ، Vat No. 300046706100003


General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)



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Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

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Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



Report no.: 126747

Al-Madinah Al-Munawwarah Mall and hotel apartments

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a **(Mall and hotel apartments)** in the city of **(Al-Madinah Al-Munawwarah)**, (Shazah) district, having an area of **(63,531.92)** m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value,

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall) is equal to **(604,241,000)** Saudi riyals, as documented in this report.

General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	340110019009
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	1439/08/08
Purpose of evaluation	REIT Fund	Plan no.	M/M/1429/975
Type of property	Mall and hotel apartments	Plot no.	491
Address of the property	Kingdom of Saudi Arabia - Medina - Shazah	Basis of value	Market value
Raw land area of the property	63,531.92 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/03
Applicable Valuation methods	Market approach (Comparable transactions methods)	Date of evaluation	2022/12/31
	Income approach (income capitalization)	Report date of issuance	2023/01/23
	Income approach (DCF method)		
	Cost approach		
Market value of the property (SAR)		604,241,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards| Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Al Madinah Al Munawarah
District	Shazah
Area	63531,92 m ²

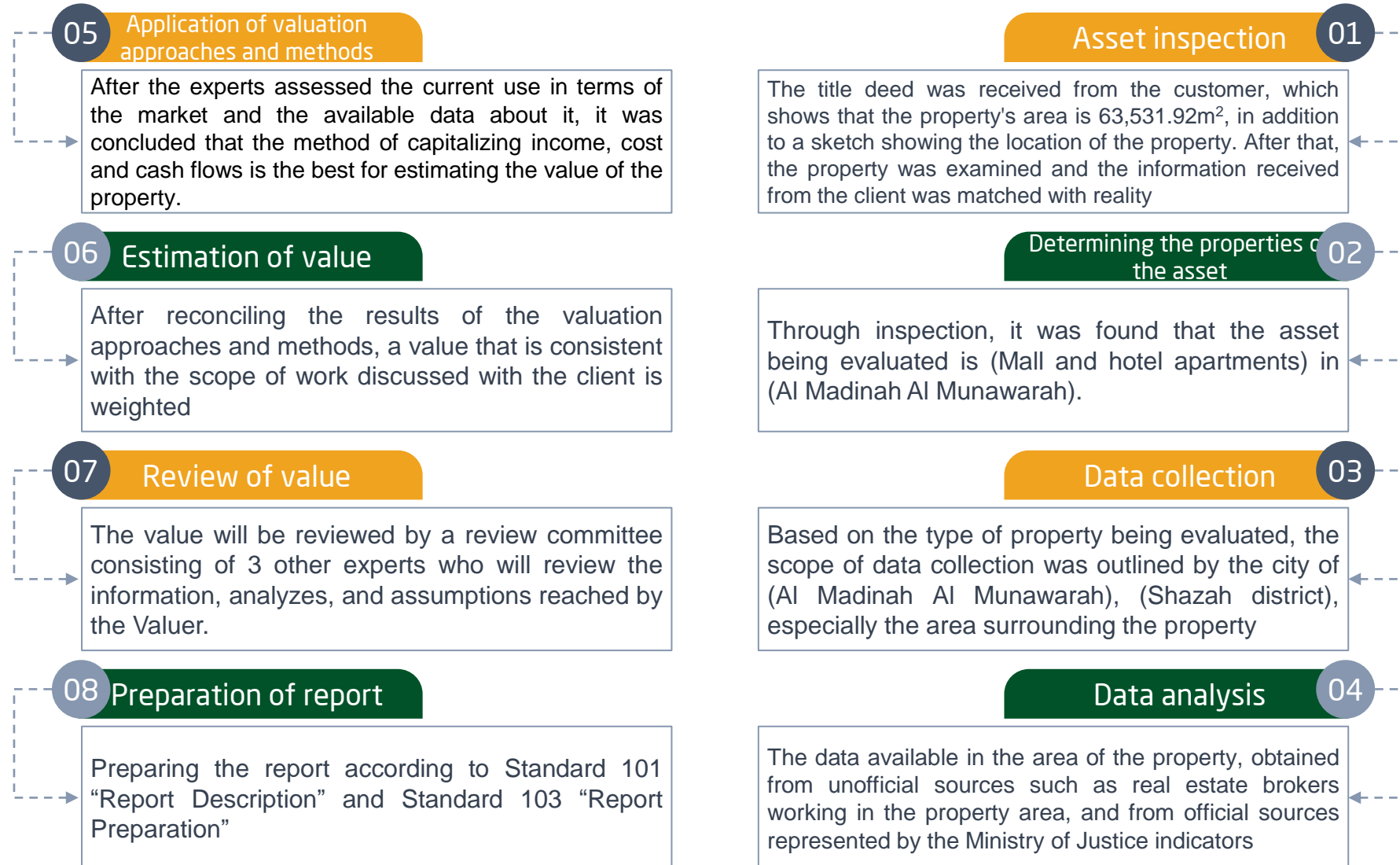
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Scope of Work	Details
Description of the report	A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)
Purpose of evaluation	REIT Fund.
Assumptions	<ul style="list-style-type: none"> ○ It has been assumed that the property is fully owned with no liabilities. ○ Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties.
Scope of research and investigation	We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.
Nature and sources of information	Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated
Report currency	Saudi Riyal

General Standards | Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

Scope of work | Work Stages





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Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> ○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. ○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. ○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. ○ Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

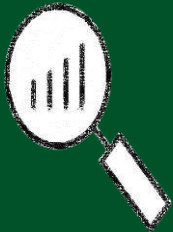
Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



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Saudi Asset Valuation Company

Second Axis



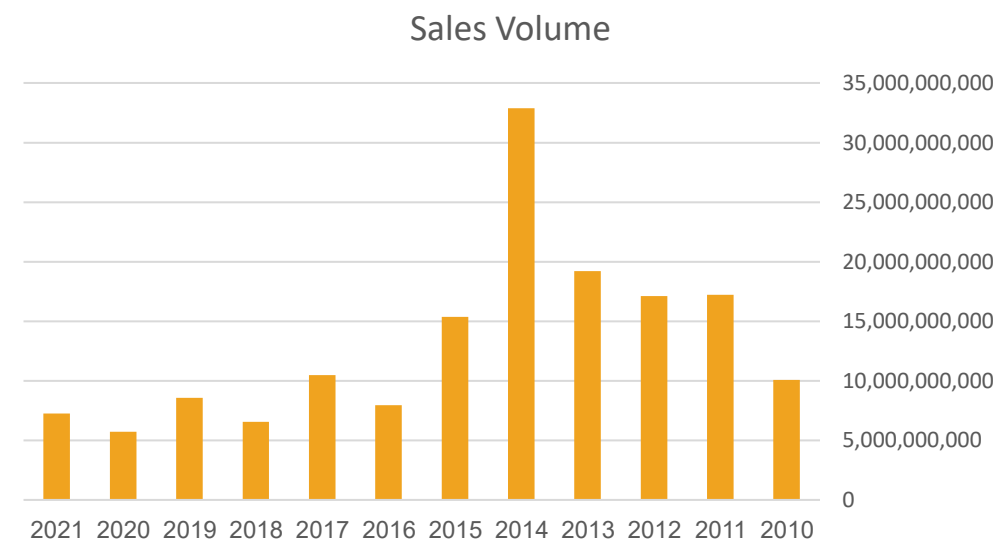
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Medina

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ The movement of sales for the entire lands of the city of Medina

Year	Number Of Transactions	Sold Area	Sales Volume
2010	19,441	25,958,161	10,074,328,183
2011	20,910	31,505,874	17,217,163,981
2012	17,807	28,759,070	17,117,215,486
2013	19,672	31,588,319	19,209,245,474
2014	18,884	27,118,800	32,884,745,626
2015	10,292	14,021,932	15,370,414,810
2016	6,697	5,977,060	7,966,016,595
2017	8,612	9,249,625	10,479,580,262
2018	7,231	5,471,644	6,571,528,485
2019	11,095	7,713,927	8,568,814,198
2020	8,868	5,817,195	5,734,026,591
2021	8,241	10,432,145	7,263,619,998

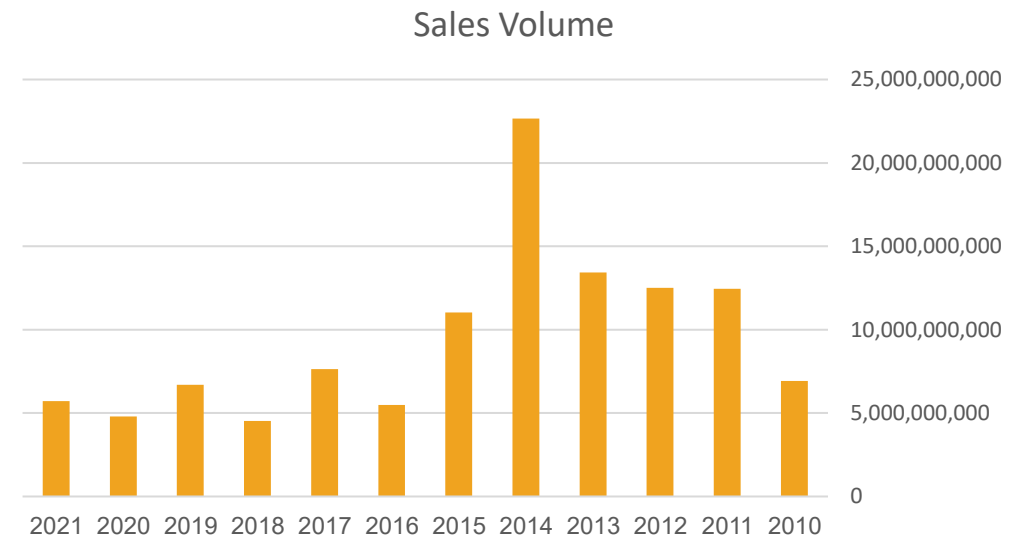


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Medina

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ The movement of sales of residential lands in the city of Medina

Year	Number Of Transactions	Sold Area	Sales Volume
2010	16,248	17,657,806	6,925,849,450
2011	17,606	24,875,291	12,452,047,358
2012	14,623	20,511,828	12,510,383,616
2013	16,406	25,480,914	13,424,356,312
2014	15,398	22,875,236	22,649,347,086
2015	8,816	12,371,380	11,021,769,996
2016	5,760	4,862,003	5,489,943,197
2017	7,324	7,453,248	7,629,671,707
2018	6,409	4,483,665	4,535,150,157
2019	10,114	6,273,152	6,696,533,844
2020	7,835	4,994,733	4,798,822,410
2021	7,068	8,612,731	5,712,332,477

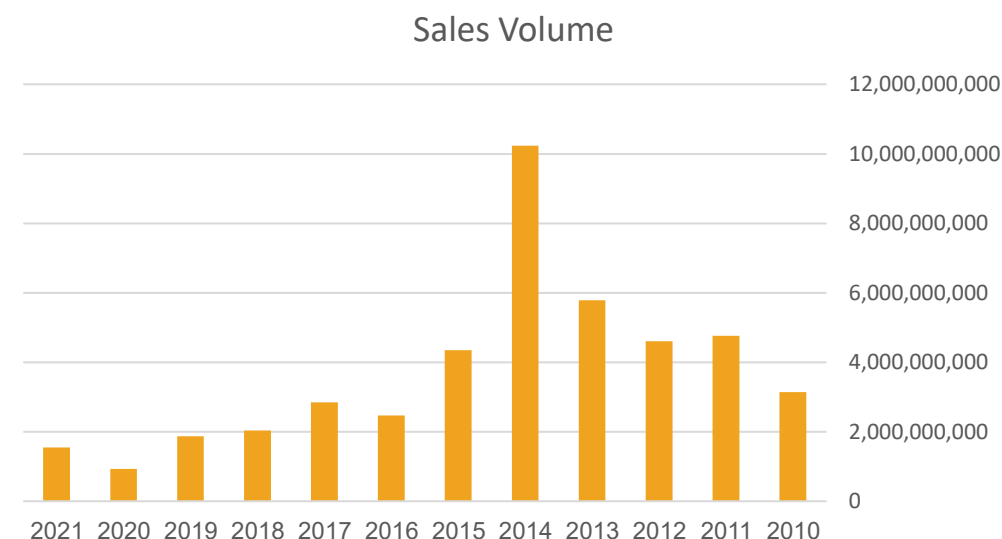


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Medina

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ The movement of sales of commercial lands in the city of Medina

Year	Number Of Transactions	Sold Area	Sales Volume
2010	3,193	8,300,354	3,148,478,733
2011	3,304	6,630,583	4,765,116,623
2012	3,184	8,247,242	4,606,831,870
2013	3,266	6,107,405	5,784,889,162
2014	3,486	4,243,564	10,235,398,540
2015	1,476	1,650,552	4,348,644,814
2016	937	1,115,057	2,476,073,398
2017	1,288	1,796,378	2,849,908,555
2018	822	987,978	2,036,378,328
2019	981	1,440,774	1,872,280,354
2020	1,033	822,462	935,204,181
2021	1,173	1,819,414	1,551,287,521





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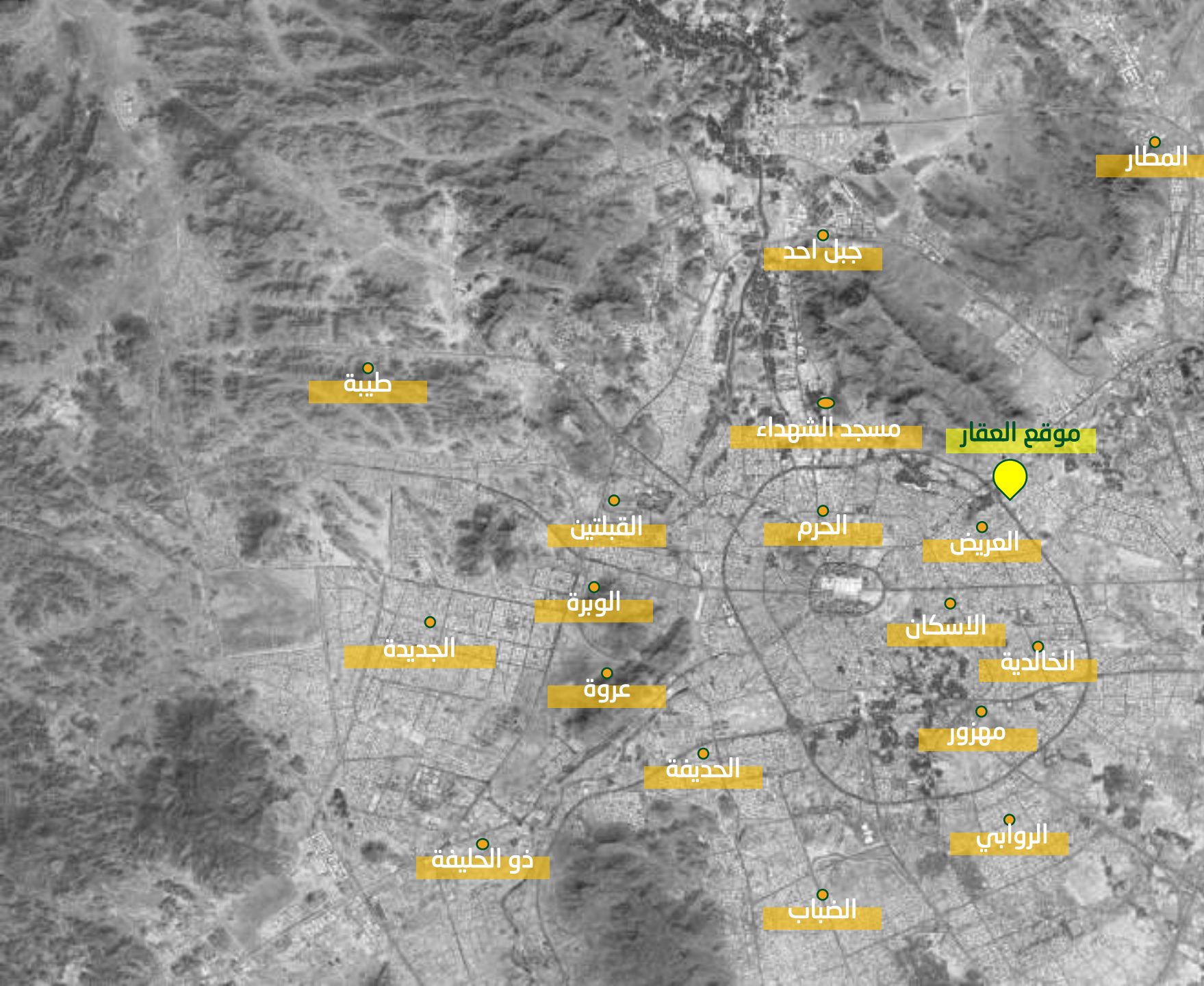
Third Axis



Property area analysis

The location of the property at the level of Medina

Al-Madinah Al-Munawwarah is one of the administrative regions in the Kingdom of Saudi Arabia and its principality is located in Medina. Prince Faisal bin Salman bin Abdulaziz Al Saud and Prince Saud bin Khalid Al-Faisal are his deputy, and it is ranked third in terms of area and fifth in terms of population. Among the most famous of its places are the Noble Sanctuary and the famous mosques in Medina, such as the Mosque of Al-Qiblatain and the Quba Mosque, and the Baqi' Al-Gharqad or Al-Baqi' cemetery. This cemetery includes many companions such as Othman bin Affan and the wife of the Prophet, peace be upon him, the mother of the believers Aisha bint Abi Bakr Al-Siddiq and many of his companions. And his family, may God be pleased with them all.





The location of the property at the level of the neighborhood of Shazah

Shazah neighborhood enjoys a very special strategic location near King Abdullah Road, as it is bordered on the north by the Prophet's Mosque, while on the west it is located directly on Amer Bin Salama Street, and is close to many important neighborhoods



Forth Axis



Information and description of the property

Property Description

General description

The property is a mall and hotel apartments with an area of 63,531.92 SQM

Location description

Country	Kingdom of Saudi Arabia
Province	Western
City	Al Madinah Al Munawarah
District	Shazah
Street	Habib bin Khamasha

Data of ownership

Deed no.	340110019009
Date of Deed	1439/08/08
Plot no.	491
Plan no.	M/M/1429/975
Block type	-

Nature of the property

☒ Flat

☐ Low

☐ High

☐ Backfilled

☐ Sabkha

☐ Sandy

☐ Rocky

Building system

Commercial

Property Description

Site borders and lengths				
North	Sufyan bin Muammar, Al-Rajhi Street, 24 m wide	Length	As per the Deed	m.
South	Sheban Bin Muharth Street, 14m wide	Length	As per the Deed	m.
East	Habib bin Khamasha Street, width of 14 m	Length	As per the Deed	m.
West	King Abdullah Road (Second Ring Road), 84 m wide	Length	327	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Important data about the property (Al Rashid Residences)	
Property Name	Al- Rashid Residence
Location	King Abdullah Road, Shazah neighbourhood, Madinah
Property type	Five-star hotel apartments
Property age	3 year
Land are (square meters)	A part of a plot of land with an area of 63,531.92 sqm
Construction area	25,317
Number of floors	3
Property components	66 rooms of various sizes

Important information about the property (Al-Rashid Mega Mall)	
Property Name	Al- Rashid Mega Mall, Madinah
Location	King Abdullah Road, Shazah neighbourhood, Madinah
Property type	Commercial complex
Property age	11 years
Land are (square meters)	A part of a plot of land with an area of 63,531.92 sqm
Construction area	115,795
Number of floors	4
Property components	The mall consists of shops of various sizes, restaurants and other services
Current lease contracts	About 183 lease contracts
Contracts period	From 1 to 10 years
Occupancy rate for leased units	86.1%
Total current income (SAR)	47,573,905
Operation and maintenance costs (SAR)	14,872,697
Net operational income (SAR)	32,701,208

The mall

○ Total Revenues

The total value of the lease contracts, according to the data sent by the client, amounted to about 47,731,682 riyals, and this is the outcome of leasing an area of 41,886 square meters leased to about 183 tenants, and the average value of the rental meter amounted to 1,139 riyals.

○ Occupancy rates:

The current occupancy rate is about 86.4%, as the vacant area is 6,613 square meters.

○ Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the rented property, as the owner undertakes to collect these expenses, and according to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 17,004,911 riyals, which represents about 36% of the total property revenues, which is a good percentage compared to similar properties.

Furnished apartments

The total revenues of furnished apartments, according to the data received from the client, amounted to 7,413,158 riyals during the first ten months of this year, and assuming the same rate in rental value and occupancy remains constant, it is expected that the total revenue will reach about 8,895,789 million riyals.

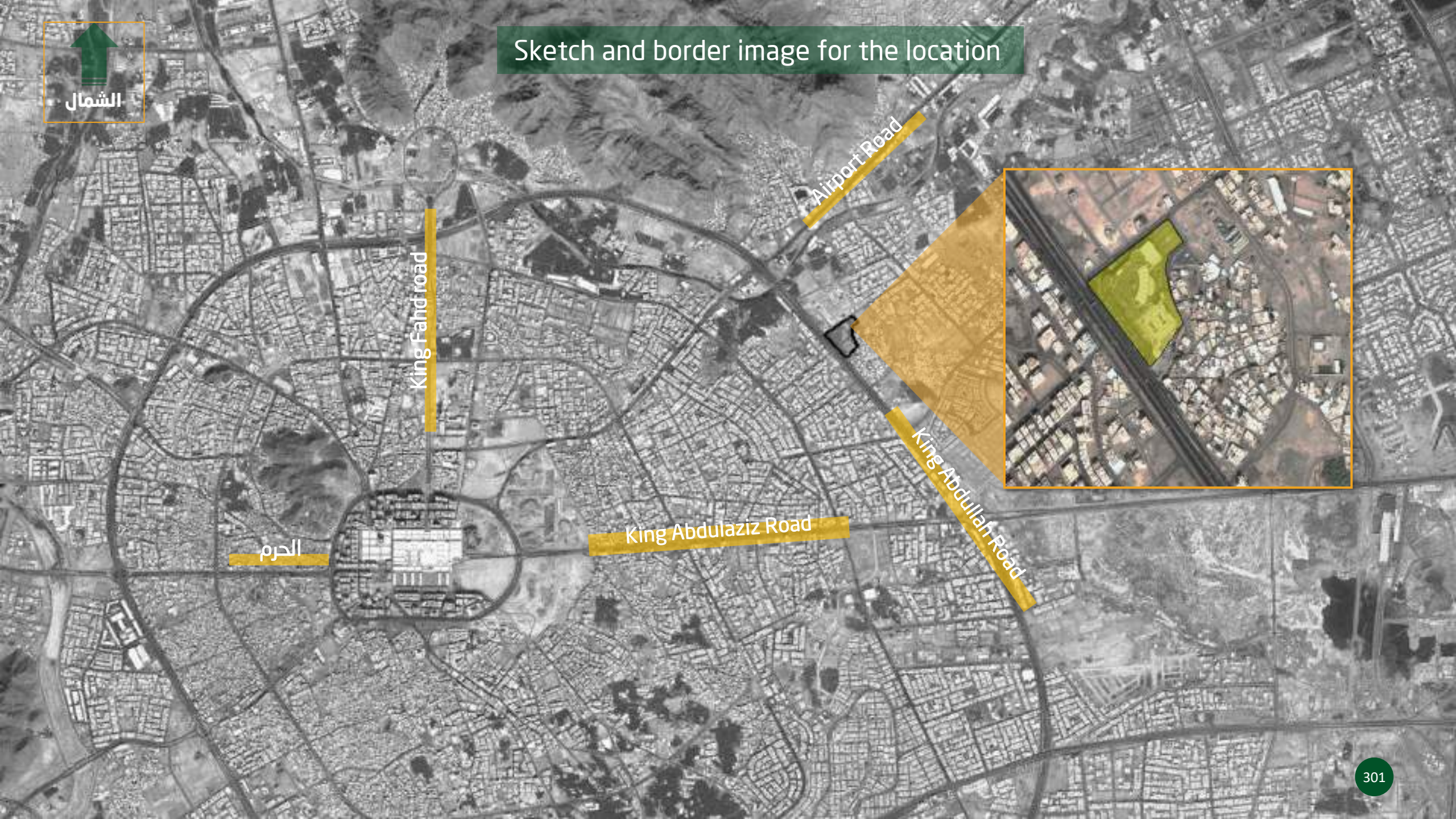
The occupancy rate for the first ten months of this year, according to customer data, reached about 52%, and the average nightly rental during the same period was about 690 riyals / night.

The value of the current operating and maintenance expenses amounted to 5,164,237 riyals during the first ten months of this year, and assuming the same rate in the current operating and maintenance expenses, it is expected that the total expenses will amount to about 6,197,083 riyals.

Sketch and border image for the location



الشمال



الحرم

Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Fifth Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Land comparisons

Comparison 1

Area: 45,000
Price per meter: 6000

Comparison 2

Area: 43,000
Price per meter: 4000

site

Comparison 3

Area: 2036
Price per meter: 15,000

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

- Area of building surfaces was calculated according to the data contained in the building permit.
- Construction cost per square meter of construction has been estimated on the basis of the current prices of building materials.
- Depreciation percentage was estimated according to the economic age of the property
- Value of a meter of land was obtained through similar sales, comparative sales, and evaluation experts in "Tathmeen"

Cost Approach (Substitution method)			
Mall construction surfaces	115,795		m2
Mall construction cost per meter	2,400		SAR
Total mall costs	277,909,176		SAR
Hotel building surfaces	25,317		m2
Cost of building meter / hotel	3,700		SAR
Building/hotel construction costs	93,671,087		SAR
Total construction costs	371,580,263		SAR

Other costs	Value	Out of construction costs %	
Professional fees	18,579,013	5.0%	%
Utilities network	18,579,013	5.0%	%
Administration costs	37,158,026	10.0%	%
Financing costs (3 years/50%)	33,442,224	6.0%	%
Contractor's profit	74,316,053	20.0%	%
Total building costs before depreciation	553,654,592		SAR
Life span of the building	40.0		year
The remaining economic life	29.0		year
Effective life	11.0		year
Total depreciation costs	27.50%		%
depreciation costs	152,255,013		SAR
Net construction costs after depreciation	401,399,579		SAR

Land area	63,532	m2
Value of land meter	2,300	SAR
Total land value	146,123,416	SAR
Total property value	547,522,995	SAR
Property value (approximately)	547,523,000	SAR

Evaluation results

Conclusion

✓ Second Approach: (Income capitalization)

Income capitalization method (according to customer data)		
Item	The Mall	Hotel Apartments
Effective income	47,731,682	8,895,789
Operation and maintenance expense ratio	36%	69.7%
The value of operating and maintenance expenses	17,004,911	6,197,084
Net income	30,726,771	2,698,705
Capitalization factor	7.0%	5.0%
Property value	438,953,877	53,974,105
Total property value (mall and hotel apartments)	438,954,000	53,974,000

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

- The discount rate consists of four influencing factors, namely:
 - The rate of return on government bonds: We assumed that the average return on government bonds for a period of 5 and 10 years is 3% approximately.
 - Inflation rate: Which is expected to reach 2.5% according to the expectations of many international and local agencies for the Kingdom of Saudi Arabia during the coming period.
 - Market risk premium: Evaluated by experts of "Tathmeen" according to their vision of the commercial real estate market during the coming period.
 - Special risk premium: Also evaluated by "Tathmeen" experts, according to their vision of the property itself and its competitiveness in the market during the coming period.

Assumptions of calculating recoverable amount:

- A capitalization factor was used that commensurate with the property's future stability and the extent of risks it may be exposed to, depending on the prevailing market situation for similar properties:
- The same expected inflation rate was used to calculate the expected future growth rate.

Assumptions of the Discounted Cash Flow Method

The mall

It is expected that the mall's revenues by the end of this year will amount to about 47,731,682 riyals from leasing an area of 41,886 square meters, thus the average value of the rental meter will be about 1,150 riyals, and the vacant space in the mall reached 6,614 square meters, and if this space is rented at the same rental rate, the total revenue becomes The mall is in full operation condition 55,337,541 riyals.

○ The current occupancy rate is about 86%, and it is expected to rise by a small percentage during the coming period to record 93%, especially after adding the space for renting restaurants. We have assumed that the vacancy rate will stabilize at 7% in the period of cash flows.

According to the data sent by the client, it is expected that the value of operating and maintenance expenses will amount to 17,004,911 riyals, which represents 36% of the total revenue, and it was assumed that this percentage would decrease during the period of flows to 30%, which is the prevailing percentage in this type of real estate.

Furnished apartments

The total income of the property was reached in the case of full operation by assuming the rental of all rooms, guided by the prices provided by the client and verified by hotel reservation sites, and the average room rent per night was about 690 riyals / night, during the first ten months of this year, Thus, it is expected that the total income in the event of full employment will reach 16,622,100 riyals.

○ A relatively high vacancy rate was assumed during the current year as a whole, due to the impact of the hotel and all Madinah hotels by the Corona crisis, and we assumed that this rate would reach 35%, and then decrease during the coming period to reach the natural rates recorded in the hotel during the past years, which amount to less than 35%.

It is expected that the percentage of operating and maintenance expenses will drop to record 50%, which is a very suitable rate for such properties.

Evaluation results

Conclusion

✓ Third Approach: Discounted cash flow method (for the Mall)

Assumptions of discounted cash flow method	
Total income in case of full operation	55,337,541
Operational expenses	30%
Vacancy rate after stabilization	7%
Cash flow period	5 years
Revenue growth rate	3 % every 3 years

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	3.0%
Special risk premium	2.0%
Discount rate	10.5%

To calculate the last value (recoverable)	
Capitalization factor	7.0%
Growth rate	2.5%

	Discounted cash flows				
	31-Dec-22	31-Dec-23	30-Dec-24	30-Dec-25	30-Dec-26
Expected Revenue Growth Per Year (%)	0%	0%	3.0%	0%	0%
Total income in case of full operation	55,337,541	55,337,541	56,997,667	56,997,667	56,997,667
Vacancy percentage %	14%	7%	7%	7%	7%
Vacancy value	7,747,256	3,873,628	3,989,837	3,989,837	3,989,837
Total effective income	47,590,285	51,463,913	53,007,830	53,007,830	53,007,830
Operation and maintenance expense ratio	30%	30%	30%	30%	30%
The value of operating and maintenance expenses	14,277,086	15,439,174	15,902,349	15,902,349	15,902,349
Net operational income	33,313,200	36,024,739	37,105,481	37,105,481	37,105,481
The last value (recoverable value)					543,330,261
Annual net cash flows	33,313,200	36,024,739	37,105,481	37,105,481	580,435,742
Total net present value	513,123,239				
Total value approximately	513,123,000				

Evaluation results

Conclusion

✓ Third Approach: Discounted cash flow method (for the Hotel)

Assumptions of the discounted cash flow method	
Total income in case of full operation	16,622,100
Operational expenses	50%
Vacancy rate after stabilization	35%
Cash flow period	5 years
Revenue growth rate	0%

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	4.0%
Special risk premium	2.0%
Discount rate	11.5%

To calculate the last value (recoverable)	
Capitalization factor	5.0%
Growth rate	2.5%

	Discounted cash flows				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Total income in case of full operation	16,622,100	16,622,100	16,622,100	16,622,100	16,622,100
Vacancy percentage %	50%	35%	35%	35%	35%
Vacancy value	8,311,050	5,817,735	5,817,735	5,817,735	5,817,735
Total effective income	8,311,050	10,804,365	10,804,365	10,804,365	10,804,365
Operation and maintenance expense ratio	65%	50%	50%	50%	50%
The value of operating and maintenance expenses	5,402,183	5,402,183	5,402,183	5,402,183	5,402,183
Net operational income	2,908,868	5,402,183	5,402,183	5,402,183	5,402,183
The last value (the recoverable value)					110,744,741
Annual net cash flows	2,908,868	5,402,183	5,402,183	5,402,183	116,146,924
total net present value	91,117,845				
Total value approximately	91,118,000				

Evaluation results

Conclusion

Since the property, being evaluated, is an income-generating real estate, and the purpose of evaluation is to offer a real estate investment traded fund, the DCF method is the most appropriate and the best way to evaluate it.

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (340110019009) in (Al Madinah Al Munawarah), (Shazah district), with area of 63,531.92 SQM, is as follows:

- ✓ Discounted cash flow method has been adopted.

Total property value (cash flows)
Total mall value (cash flows)
513,123,000
Total value of Al-Rashid Residence (cash flows)
91,118,000
Total property value (SR)
604,241,000
Property value (written form)
Only six hundred and four million, two hundred and forty-one thousand Saudi riyals

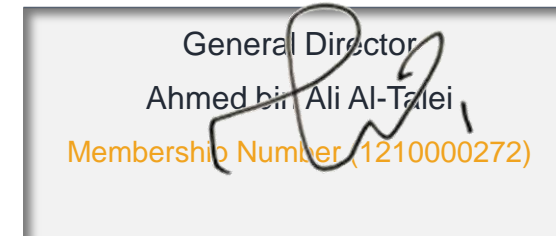
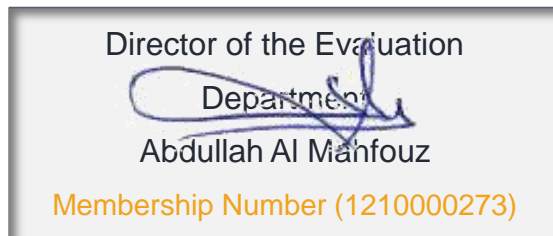
Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions





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Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



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Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 126748

Jazan Mall and hotel apartments

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a **(Mall, and hotel apartments)** in the city of **(Jazan)**, **(Ash Shati)** district, having an area of **(39.975)** m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2022) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall, and hotel apartments) is equal to **(413,013,000)** Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Zalei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Item	Description	Item	Description
Customer name	Saudi Fransi Capital Company	Deed no.	672003004051
Beneficiaries of evaluation	Saudi Fransi Capital Company	Date of Deed	1439/3/4
Purpose of evaluation	REIT Fund	Plan no.	-
Type of property	Mall, hotel and hotel apartments	Plot no.	-
Address of the property	Kingdom of Saudi Arabia - Jazan - Ash Shati	Basis of value	Market value
Raw land area of the property	39.975 m²	Applicable Valuation Standards	International Valuation Standards 2022
Nature of ownership	Complete ownership	Date of Inspection	2022/12/03
Applicable Valuation methods	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Date of evaluation	2022/12/31
		Report date of issuance	2023/01/23
Market value of the property (SAR)		413,013,000	

Scope of work | About the Valuation Company

- These standards define the requirements for conducting evaluation, except for what is amended by the standard of assets or valuation applications. The purpose of these standards is to be applied on the evaluation procedures of all assets and any other evaluation purposes to which the valuation standards apply.
- This report has been prepared by Saudi Asset Valuation Company and its work team who enjoys the highest levels of the required efficiency and neutrality, and benefits from the resources available to us represented in the efficiency of our advisory team, which includes a group of qualified consultants with higher academic degrees and experiences in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation experiences and through the collection of data, information and statistics issued by the official and unofficial authorities, giving the valuers wide knowledge and awareness to carry out their tasks to the fullest. Furthermore, the company is working on updating its database continuously.
- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company (Valuation) was honored to provide its services to government and semi-government agencies, to most of the banks in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

General Standards | Scope of work (Standard No. 101)

Nature of evaluated assets	
City	Jazan
District	Ash Shati
Area	(39,975) m ²

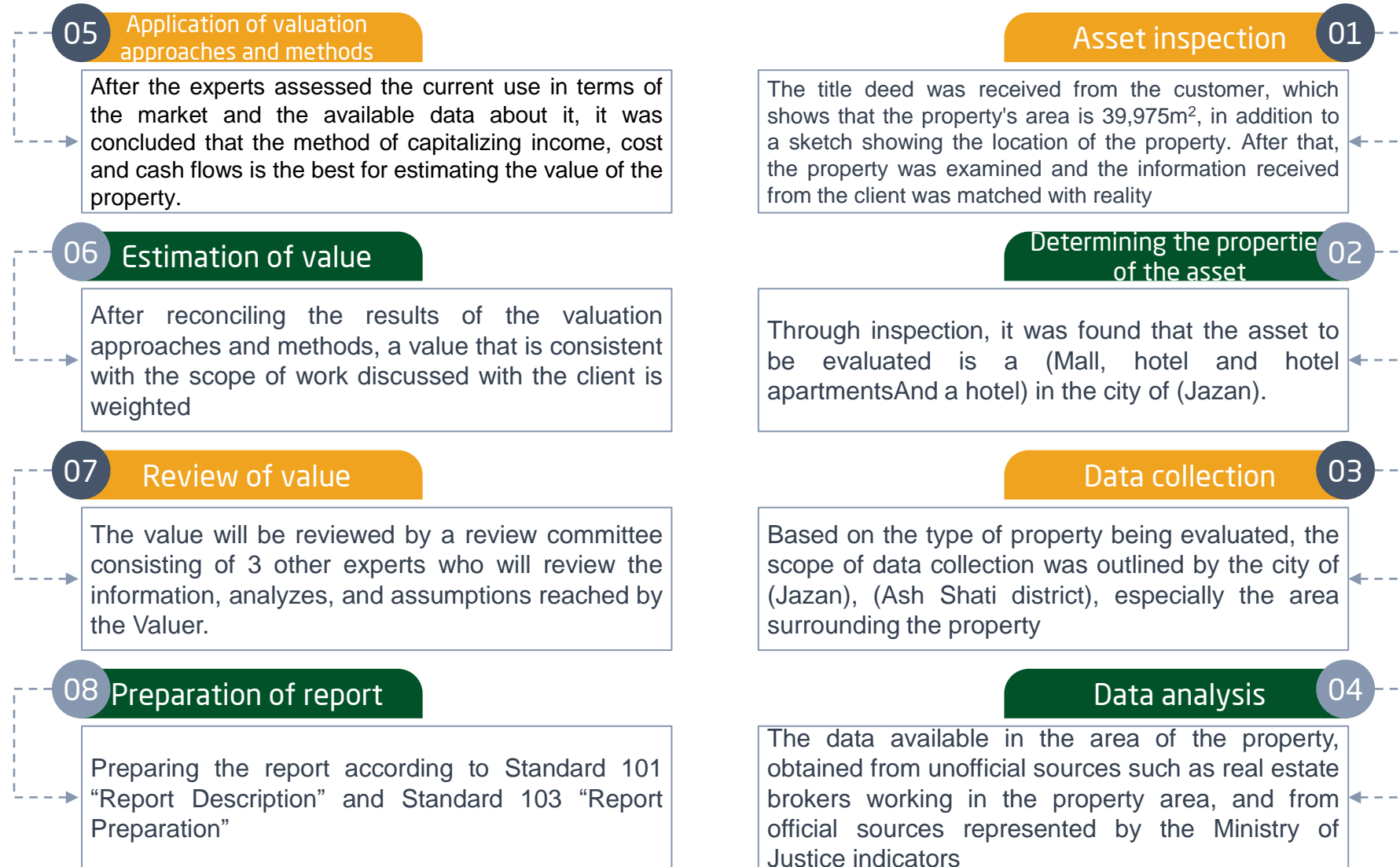
Customer information and usage	
Customer name	Saudi Fransi Capital Company
Author of the report	Saudi Fransi Capital Company
Usage	Internal Use

Details	Scope of Work
A report explaining the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Valuation Standards 2022)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

General Standards| Scope of work (Standard No. 101)

Work Scope	Details
Value basis (Value type)	<p>Market value: It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party has acted knowledgeably and prudently without compulsion.</p> <p>Source: International Valuation Standards 2022 page 36, paragraph 3.1</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2022
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-4) Scope of work | Work Stages





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Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Method	Market approach (Comparable transactions methods)	Used for	Lands
Definition of approach			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the asset being valued in order to arrive at an indication of value. Source: (International Valuation Standards 2022, electronic version, page 48, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Method	Cost approach (Replacement method)	Used for	Buildings
Definition of approach			
<ul style="list-style-type: none"> ○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. ○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2022, P.59, D 70.2) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. ○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. ○ Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

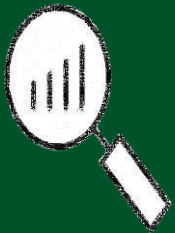
Valuation approaches and methods

Method	Income approach (income capitalization)	Used for	Income-Producing property
Definition of approach			
<ul style="list-style-type: none">○ It provides an indication of value by converting future cash flows into a single present capital value.○ This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset○ Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.			
Methodology			
<ul style="list-style-type: none">○ The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.○ In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.○ If the asset is generating stable income, capitalization is likely to be used instead of cash flow.○ Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.			



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Second Axis



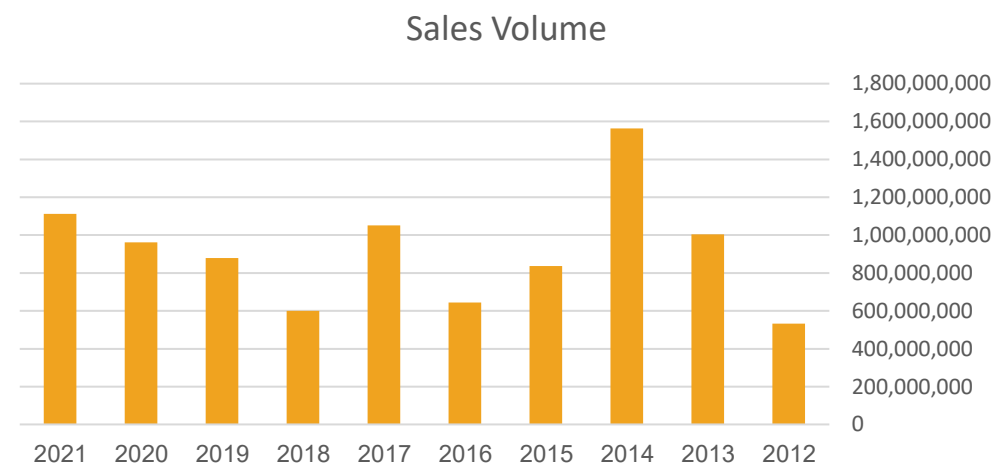
Market analysis

Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Jazan

01 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for all lands of the city of Jazan

Year	Number Of Transactions	Sold Area	Sales Volume
2012	1,102	1,165,332	532,445,156
2013	1,709	1,830,220	1,004,344,375
2014	2,656	2,655,283	1,563,258,269
2015	1,873	1,501,978	836,687,657
2016	1,361	1,653,515	643,726,591
2017	1,904	2,285,347	1,051,415,160
2018	1,402	1,366,072	600,140,354
2019	3,238	2,688,325	879,825,547
2020	2,789	2,136,276	961,335,056
2021	2,632	2,486,291	1,112,117,356

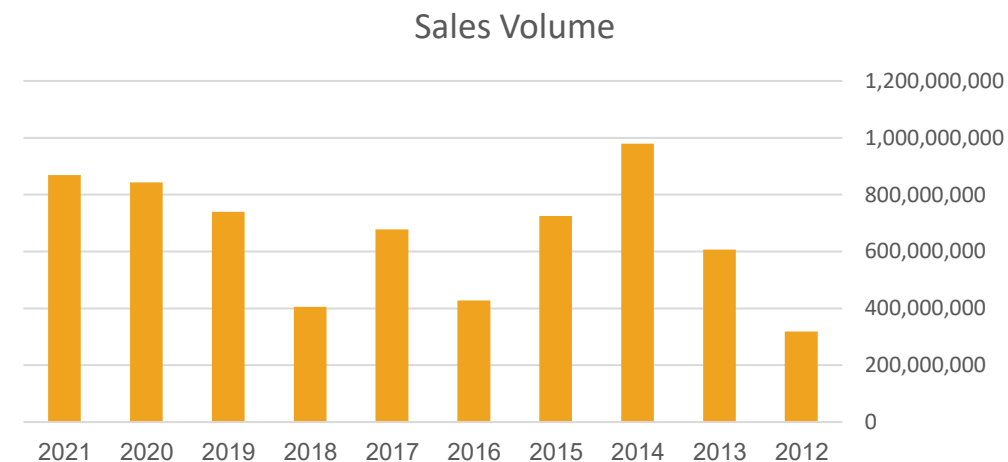


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Jazan

02 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for residential lands of the city of Jazan

Year	Number Of Transactions	Sold Area	Sales Volume
2012	926	794,487	318,612,252
2013	1,488	1,102,744	606,882,960
2014	2,394	1,747,936	979,029,687
2015	1,795	1,353,603	725,257,002
2016	1,210	1,145,034	427,405,940
2017	1,642	1,637,381	677,519,348
2018	1,246	933,294	405,130,711
2019	2,946	2,243,954	739,458,720
2020	2,582	1,763,166	842,748,202
2021	2,330	1,980,307	868,941,076

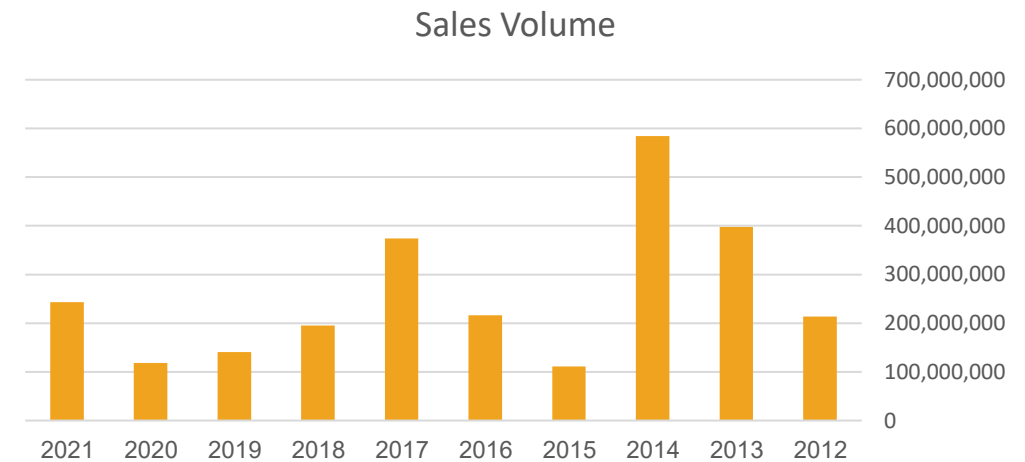


Market analysis and economic indicators | Analysis of the data of the Ministry of Justice at the level of Jazan

03 Analysis of the real estate market indicators from the data of the Ministry of Justice:

❖ Sales for commercial lands of the city of Jazan

Year	Number Of Transactions	Sold Area	Sales Volume
2012	176	370,845	213,832,904
2013	221	727,476	397,461,415
2014	262	907,348	584,228,582
2015	78	148,376	111,430,655
2016	151	508,482	216,320,651
2017	262	647,966	373,895,812
2018	156	432,778	195,009,643
2019	292	444,371	140,366,827
2020	207	373,110	118,586,854
2021	302	505,983	243,176,280





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Third Axis



Information and description of the property

The location of the property in the city of Jizan

The Jazan region is located in the southwestern part of the Kingdom of Saudi Arabia, between longitudes (42°-43°) in the east and two latitudes (16°-17°) in the north. The south and southeast of the Republic of Yemen, and the average depth of the region from east to west is about 100 km. This region is considered a link between land and sea trade in the southern region, as it contains the port of Jazan, the third port of the Kingdom in terms of capacity. It is the main gateway for the imports of the southwestern part of the Kingdom. It is a rest stop for pilgrims coming from Yemen due to its location on the road linking Yemen and Mecca.



الموقع



موقع العقار

Ar
Rawdah

المطار

الميناء

القلعة

The location of the property at the Ash Shati neighborhood

It is located on the coast of the Red Sea, and it is bordered on the north by Sabya district, on the south by the Shamiya district, which is separated from it by King Fahd Road, and on the east by King Fahd Road.



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Saudi Asset Valuation Company

Third Axis



Information and description of the property

Property Description

General description	The property is a mall, hotel, and hotel apartments with an area of 39,975 SQM.
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Location description	
Country	Kingdom of Saudi Arabia
Province	Southern
City	Jazan
District	Ash Shati
Street	Corniche

Data of ownership	
Deed no.	672003004051
Date of Deed	1439/3/4
Plot no.	N/A
Plan no.	-
Block type	-

Nature of the property	<input checked="" type="checkbox"/> Flat	<input type="checkbox"/> Low	<input type="checkbox"/> High	<input type="checkbox"/> Backfilled	<input type="checkbox"/> Sabkha	<input type="checkbox"/> Sandy	<input type="checkbox"/> Rocky
Building system	Commercial						

Property Description

Site borders and lengths				
North	Car parking, then the Corniche Street with a width of 45 m	Length	195.00	m.
South	Street of 10 meters wide	Length	195.00	m.
East	Street of 15 meters wide	Length	205.00	m.
West	Street of 15 meters wide	Length	205.00	m.

Services available on site					
	Electricity	✓		Security Services	✓
	Water	✓		Medical centers	✓
	Lighting	✓		Schools	✓
	Telephone	✓		Shopping centers	✓
	Paved roads	✓		Afforestation	✓

Property Description

Important data about the property (Jazan Mall)	
Property Name	Al- Rashid Mall Jazan
Location	Al Shatie neighbourhood, Jazan city
Property type	Commercial complex
Property age	10 Year
Land area (sqm)	Part of a plot of land on an area of 39,975 sqm
Construction area	Part of a building with a built-up area of 67,997 square meters
Number of floors	3
Property components	A commercial complex that includes 240 shops
Current lease contracts	About 157 lease contracts
Contracts period	The majority of contracts are for one year
Occupancy rate for leased units	89.1%
Total current income (SAR)	34,571,535
Operation and maintenance costs (SAR)	15,183,197
Net operational income (SAR)	19,388,338

Important data about the hotel apartments and Marriott Jazan	
Property Name	Marriott Residence inn and Courtyard Marriott
Location	Al Shatie neighbourhood neighbourhood, Jazan city
Property type	4-star Hotel and Hotel apartment
Property age	5 Year
Land area (sqm)	Part of a plot of land on an area of 39,975 sqm
Construction area	Part of a building with a built-up area of 67,997 square meters
Number of floors	6 floors in both the hotel and the hotel apartments
Property components	79 hotel apartments, 129 rooms
Total current income (SAR)	23,251,870
Operation and maintenance costs (SAR)	16,316,881
Net operational income (SAR)	6,934,989

The mall

○ Total Revenues

The total value of the lease contracts, according to the data sent by the client, amounted to about 34,571,535 riyals, and this is the outcome of leasing an area of 27,174 square meters leased to about 157 tenants, and the average value of the rental meter was 1,272 riyals.

○ Occupancy rates:

The current occupancy rate is about 89.1%, as the vacant area is 3,325 square meters.

○ Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the rented property, as the owner undertakes to collect these expenses, and according to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 15,183,197 riyals, which represents about 56% of the total income of the property, which is considered a percentage Somewhat high compared to similar properties, and it is expected to decrease during the coming period.

Furnished apartments

The total revenues of hotel apartments and hotels, according to the data received from the client, amounted to 19,376,558 riyals during the first ten months of this year, and assuming the same value remains constant for the remainder of the year, it is expected that the total revenues will reach 23,251,869 riyals, and the per night rental rate is about 740 riyals / A night in the Residence Inn and about 470 riyals / night in the Courtyard, which is a suitable average and compatible with the rates prevailing in similar properties.

The current occupancy rate, according to customer data, reached about 18%, as an average in the courtyard, while the percentage in Residence Inn was about 61%.

The value of the current operating and maintenance expenses reached (10,275,675) riyals during the first ten months of this year, and assuming the same value remains constant for the remainder of the year, it is expected that the total operating expenses will reach 12,330,809 riyals, which represents about 47% of the total hotel revenues, which is a high percentage Very compared to similar properties, and this percentage is expected to decrease during the coming period.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Forth Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

The process of evaluating real estate "REIT" involves some risks that may affect the determination of the fair value of the property. The most important of these risks are:

1. Macroeconomic risks:

The macroeconomic conditions of the state may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in the local and global stock markets. A change to these indicators or one of them may negatively affect the property's value.

2. Risk of lack of guarantee to achieve the target revenues:

Since achieving revenues is the main factor in determining the value of REIT properties, any decrease in these revenues as a result of changing different market conditions may affect the value of the property.

3. Regulatory and legislative risks:

The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of some municipal legislation to limit some activities in specific places, or reduce the number of floors permitted in other places, which affects the final value of the property.

4. Risk of not having long-term contracts:

The absence or lack of long-term contracts greatly affects the value of the property, as the existence of such contracts gives a kind of stability to the income of the property and thus to its value, while the absence of them can lead to fluctuation in the value of the property.

5. Competition risks:

Abundant supply of any commodity leads to competition in the prices offered to consumers. Likewise, in the real estate market, the increase in the supply of real estate units and the entry of new competitors to the market can lead to lower service prices and thus lower revenues and then the lower property value.

6. Future data:

The evaluation of some real estate, especially recent ones that do not have an operational history, depends on the Valuer's expectations and his future reading of the market in general and the property market in particular. Future operating conditions may differ from the assumptions used in the evaluation process, which inevitably leads to a change in the value of the property.

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

- Area of building surfaces was calculated according to the data contained in the building permit.
- Construction cost per square meter of construction has been estimated on the basis of the current prices of building materials.
- Depreciation percentage was estimated according to the economic age of the property
- Value of a meter of land was obtained through similar sales, comparative sales, and evaluation experts in "Tathmeen"

Cost method (substitution method)			
Mall construction surfaces	36,313		m2
The cost of building a meter / mall	2,400		SAR
Total mall costs	87,151,200		SAR
Hotel apartments construction surfaces	67,997		m2
The cost of building a meter / hotel apartments	2,400		SAR
Construction costs of buildings/ hotel apartments	163,192,800		SAR
Total construction costs	250,344,000		SAR

Other costs	Value	Out of construction costs %	
Professional fees	12,517,200	5.0%	%
Facilities network	12,517,200	5.0%	%
Administration costs	25,034,400	10.0%	%
Financing costs (3 years/50%)	22,530,960	6.0%	%
Contractor's profit	50,068,800	20.0%	%
Total building costs before depreciation	373,012,560		SAR
Life span of the building	40.0		year
Remaining economic life	29.5		year
Effective life	10.5		year
Gross depreciation rate	26.25%		%
depreciation costs	97,915,797		SAR
Net building costs after depreciation	275,096,763		SAR

Land area	39,975	m2
Land value per meter	1,750	SAR
Total land value	69,956,250	SAR
Total property value	345,053,013	SAR
Property value approximately	345,053,000	SAR

Evaluation results

Conclusion

✓ Second Approach: (Income Capitalization Method)

Income capitalization method (depending on customer data)			
Item	The Mall	Courtyard Marriott	Residence Inn Marriott
Effective income	34,571,535	10,204,256	13,047,614
Operation and maintenance expense ratio	43.9%	107%	41%
The value of operating and maintenance expenses	15,183,197	10,904,226	5,412,655
Net income	19,388,338	-699,970	7,634,959
Capitalization rate	8.5%	9.0%	9.0%
Property value	228,098,094	N/A*	84,832,873
Total property value	305,153,523		
Total property value approximately	305,154,000		

*Courtyard Hotel is not evaluated by the method of income capitalization because the income is negative

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

- The discount rate consists of four influencing factors, namely:
 - The rate of return on government bonds: We assumed that the average return on government bonds for a period of 5 and 10 years is 3% approximately.
 - Inflation rate: Which is expected to reach 2.5% according to the expectations of many international and local agencies for the Kingdom of Saudi Arabia during the coming period.
 - Market risk premium: Evaluated by experts of "Tathmeen" according to their vision of the commercial real estate market during the coming period.
 - Special risk premium: Also evaluated by "Tathmeen" experts, according to their vision of the property itself and its competitiveness in the market during the coming period.

Assumptions of calculating recoverable amount:

- A capitalization factor was used that commensurate with the property's future stability and the extent of risks it may be exposed to, depending on the prevailing market situation for similar properties:
- The same expected inflation rate was used to calculate the expected future growth rate.

Assumptions of the Discounted Cash Flow Method

The mall

It is expected that the mall's revenues by the end of this year, and based on the data sent by the customer during the first ten months of this year, amount to about 34,571,535 riyals from renting an area of 27,174 m², thus the average rental value of the square meter is 1,272 riyals, and the vacant space in the mall is 3,326 m². And if this space is leased at the same rental rate, the total revenue of the mall in the case of full operation becomes 38,802,953 riyals.

The current occupancy rate is 89.1%, and this rate is expected to rise, especially after the cinema starts operating, so we have assumed that vacancies will stabilize at 10% in the period of cash flows.

It is expected that the percentage of operating and maintenance expenses will decrease to about 35%, which is the percentage prevailing in this type of real estate.

Furnished Apartments

- The total income of the property was reached in the case of full operation by assuming the rental of all rooms, guided by the prices provided by the client and verified by hotel reservation sites, and the average room rent per night was about 740 riyals / night in the residence and 470 riyals / night in the court Yard.

- It is expected that the average occupancy rate by the end of this year will be about 65% in the Residence, and about 50% in the Courtyard by Marriott, and it was assumed that these rates will remain stable until the end of the cash flow period.

The percentage of operating and maintenance expenses amounted to 107% according to the data sent by the client at the courtyard and about 41% in the Residence Inn, and it was assumed that the percentage decreased to 55% in the courtyard, and 45% in the Residence Inn during the period of cash flows, which are appropriate rates compared to real estate similar.

Evaluation results

Conclusion

✓ Third Approach: Cash flow approach (for the mall)

Assumptions of the discounted cash flow method	
Total income in case of full operation	38,802,953
Operational expenses	35%
Vacancy rate after stabilization	12%
Cash flow period	5 years
Revenue growth rate	4% every 3 years

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	4.0%
Special risk premium	1.5%
Discount rate	11.0%

To calculate the last value (recoverable)	
Capitalization factor	8.5%
Growth rate	2.5%

	Discounted cash flows				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Expected Revenue Growth Per Year (%)	0%	0%	4.0%	0%	0%
Total income in case of full operation	38,802,953	38,802,953	40,355,071	40,355,071	40,355,071
Vacancy percentage %	10%	12%	12%	12%	12%
Vacancies value	3,880,295	4,656,354	4,842,609	4,842,609	4,842,609
Total effective income	34,922,658	34,146,599	35,512,463	35,512,463	35,512,463
Operation and maintenance expense ratio	35%	35%	35%	35%	35%
The value of operating and maintenance expenses	12,222,930	11,951,309	12,429,362	12,429,362	12,429,362
Net operational income	22,699,727	22,195,289	23,083,101	23,083,101	23,083,101
The last value (the recoverable value)					278,355,037
Annual net cash flows	22,699,727	22,195,289	23,083,101	23,083,101	301,438,138
Total net present value	276,808,101				
Total value approximately	276,808,000				

Evaluation results

Conclusion

✓ Third Approach: Cash Flow Approach (For Rashid Residence)

Assumptions of the discounted cash flow method	
Total income in case of full operation	21,337,900
Operational expenses	45%
Vacancy rate after stabilization	35%
Cash flow period	5 years
Revenue growth rate	0%

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	5.0%
Special risk premium	3.0%
Discount rate	13.5%

To calculate the last value (recoverable)	
Capitalization factor	9.0%
Growth rate	2.5%

	Discounted cash flows				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Total income in case of full operation	21,337,900	21,337,900	21,337,900	21,337,900	21,337,900
Vacancy percentage %	35%	35%	35%	35%	35%
Vacancies value	7,468,265	7,468,265	7,468,265	7,468,265	7,468,265
Total effective income	13,869,635	13,869,635	13,869,635	13,869,635	13,869,635
Operation and maintenance expense ratio	45%	45%	45%	45%	45%
The value of operating and maintenance expenses	6,241,336	6,241,336	6,241,336	6,241,336	6,241,336
Net operational income	7,628,299	7,628,299	7,628,299	7,628,299	7,628,299
The last value (the recoverable value)					86,877,853
Annual net cash flows	7,628,299	7,628,299	7,628,299	7,628,299	94,506,152
Total net present value	82,412,198				
Total value approximately	82,412,000				

Evaluation results

Conclusion

✓ Third Approach: Cash Flow Approach (For Rashid Courtyard)

Assumptions of the discounted cash flow method	
Total income in case of full operation	22,129,950
Operational expenses	55%
Vacancy rate after stabilization	50%
Cash flow period	5 years
Revenue growth rate	0%

To calculate discount rate	
government bond rate of revenue	3.0%
Inflation rate	2.5%
Market risk premium	5.0%
Special risk premium	3.0%
Discount rate	13.5%

To calculate the last value (recoverable)	
Capitalization factor	9.0%
Growth rate	2.5%

	Discounted cash flows				
	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Total income in case of full operation	22,129,950	22,129,950	22,129,950	22,129,950	22,129,950
Vacancy percentage %	50%	50%	50%	50%	50%
Vacancies value	11,064,975	11,064,975	11,064,975	11,064,975	11,064,975
Total effective income	11,064,975	11,064,975	11,064,975	11,064,975	11,064,975
Operation and maintenance expense ratio	55%	55%	55%	55%	55%
The value of operating and maintenance expenses	6,085,736	6,085,736	6,085,736	6,085,736	6,085,736
Net operational income	4,979,239	4,979,239	4,979,239	4,979,239	4,979,239
The last value (the recoverable value)					56,707,997
Annual net cash flows	4,979,239	4,979,239	4,979,239	4,979,239	61,687,236
Total net present value	53,793,119				
Total value approximately	53,793,000				

Evaluation results

Conclusion

Since the property, being evaluated, is an income-generating real estate, and the purpose of evaluation is to offer a real estate investment traded fund, the Cash Flow method approach is the most appropriate and the best way to evaluate it.

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (672003004051) in (Jazan), (Ash Shati) district, with area of 39,975 SQM, is as follows:

- ✓ Cash flow approach was approved (for the mall)
- ✓ Cash flow approach was approved (for Al Rashed Residence)
- ✓ Cash flow approach was approved (for Al Rashed Courtyard)

Total property value
Total mall value (cash flows)
276,808,000
Total value for Al-Rashid Residence (cash flows)
82,412,000
Total value of Al-Rashid Courtyard(cash flows)
53,793,000
Total property value (SR)
413,013,000
Property value(written form)
Only four hundred and thirteen million and thirteen thousand Saudi riyals

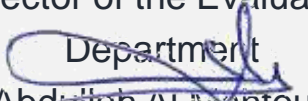
Notes

Recommendations

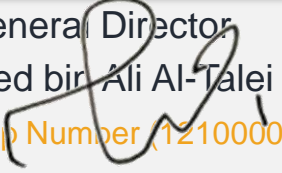
- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions

Director of the Evaluation
Department

Abdullah Al-Mantouz
Membership Number (1210000273)


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General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



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Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

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Clarification

Tathmeen Company and its representatives, including valuers and assistants, carried out the evaluation process without any bias. They also work objectively and are independent from the client and its subsidiaries or affiliates. The company and its representatives do not have any current or potential interest with the client or any of its subsidiaries or affiliated parties. Moreover, the company is not among those who know the insides of the client or those who have internal relations or engagements with the customer and its subsidiaries or affiliated parties. The Valuer's fees for the evaluation process are not conditional on the findings reached or any other events, and if the company obtains significant assistance from another party regarding any important aspect of the evaluation, the nature of this assistance and the extent of reliance thereon will be mentioned and then documented, if any, in the report.



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End of Report