



Valuation Report Analysis
Arrowad International School
KSA- Riyadh City- Jan 6, 2020

Prepared for
SAUDI FRANSI CAPITAL

السعودي الفرنسي كابيتال
Saudi Fransi Capital



شركة أولات للتقييم العقاري
Olaat Valuation Company



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Real Estate Valuation Report Analysis

Prepared for:
Saudi Fransi Capital

Riyadh City

Date of Valuation Dec 31, 2019

Date of Report Jan 6, 2020

Done by OPM (Olaat valuation Company)

P.O.Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

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Property's Type	Educational Property –International school
Location	Riyadh city – Al-Nuzha District- closed to Abi Bakr Siddiq Rd
Land Area	30,000 sq m
Title deed number	310115035125
Title's date	7/2/1435 H
Plots Number	232- Educational facility
Scheme Number	1954/أ
Land Topography	Flat
Boarded streets & Neighbors	N: Street Width 20 m length 200 m S: Parking area then Street width 36 m Length 200 m E: Street width 20 m Length 150 m W: Street width 30 m Length 150 m
Building (Gross floor area) based to Permit	47,281 sq m plus Fence 686 m2
Building's Permit number	8250/1427
Building Permit's date	22/03/1431
Market value based to DRC method	235,753,685 SR
Market value based to Cap rate method	240,634,013 SR
Market value based to Weighted average between DRC and Cap rate Methods	238,193,000 (Two hundred Thirty-Eight million, One hundred ninety-three SR)

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Saudi Fransi Capital
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Dec 31, 2019

Property Address: Arrowad International School (AIS) - Riyadh city - Valuation Report analysis

Tenure: Educational Freehold property

Dear Eng. Yousef,

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

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

1- Settling the terms of engagement

Identification of the client and any other intended users	Saudi Fransi Capital	
Instruction and purpose of valuation	In accordance with RFP dated on Dec 20, 2019, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Arrowad International school (AIS) property	
The subject of the valuation	REITs Purposes (Real estate Investment Trust)	
The extent of the value's investigations	Valuation for an Educational property – international school	
Inspection	To avoid misunderstandings. it is good practice to agree with, which defines the extent of the <i>member's</i> duty to obtain or verify information that may be material	
Personnel	The Property was inspected on 23 th of Dec 2019 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected	
	The Valuation analysis and financial models has been prepared by Mustafa Al-Mardina (CVA) memberships, Saudi Authority for Accredited Values memberships (Taqeem), we confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the (IACVA) (IVS).	
The nature and source of the information to be relied on	Market Survey - OPM data center	
Other users	Not Available	
Currency	Saudi Riyal	
Valuation report's Date	Dec 31, 2019	

2- Basing assumptions and limiting conditions

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

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

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

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

4- Standard and Premise of value

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

5- Scope of the Report

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

6- Source of information and data

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

7- Purpose for preparation valuation and Content text

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

8- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Residual value Method, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation **Dec 31, 2019 AD.**

9- Legal Description for Property Owner

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

10-Second partner's rights and ownership in property

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

11-Foundation of evaluation report and Contents

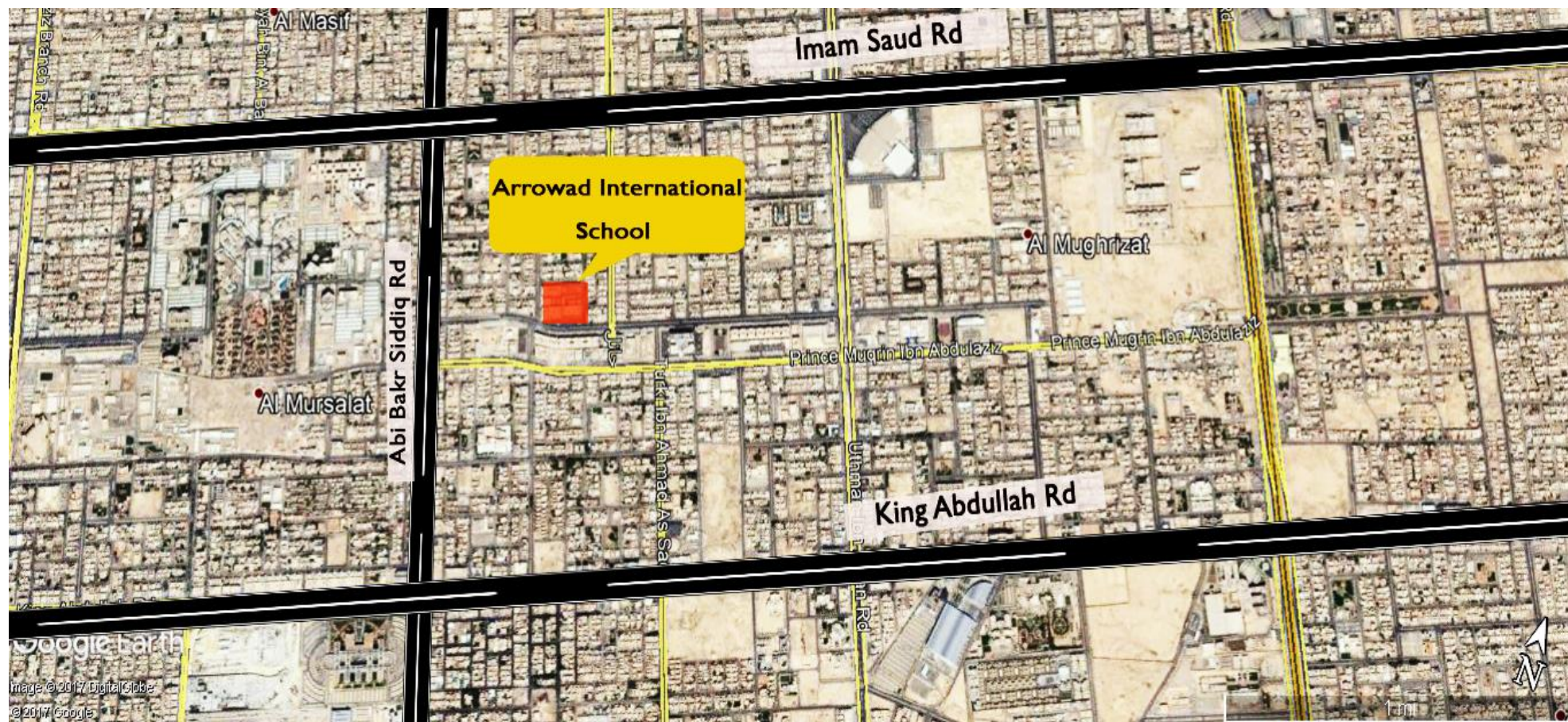
Assumptions

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

12-Property's Identification

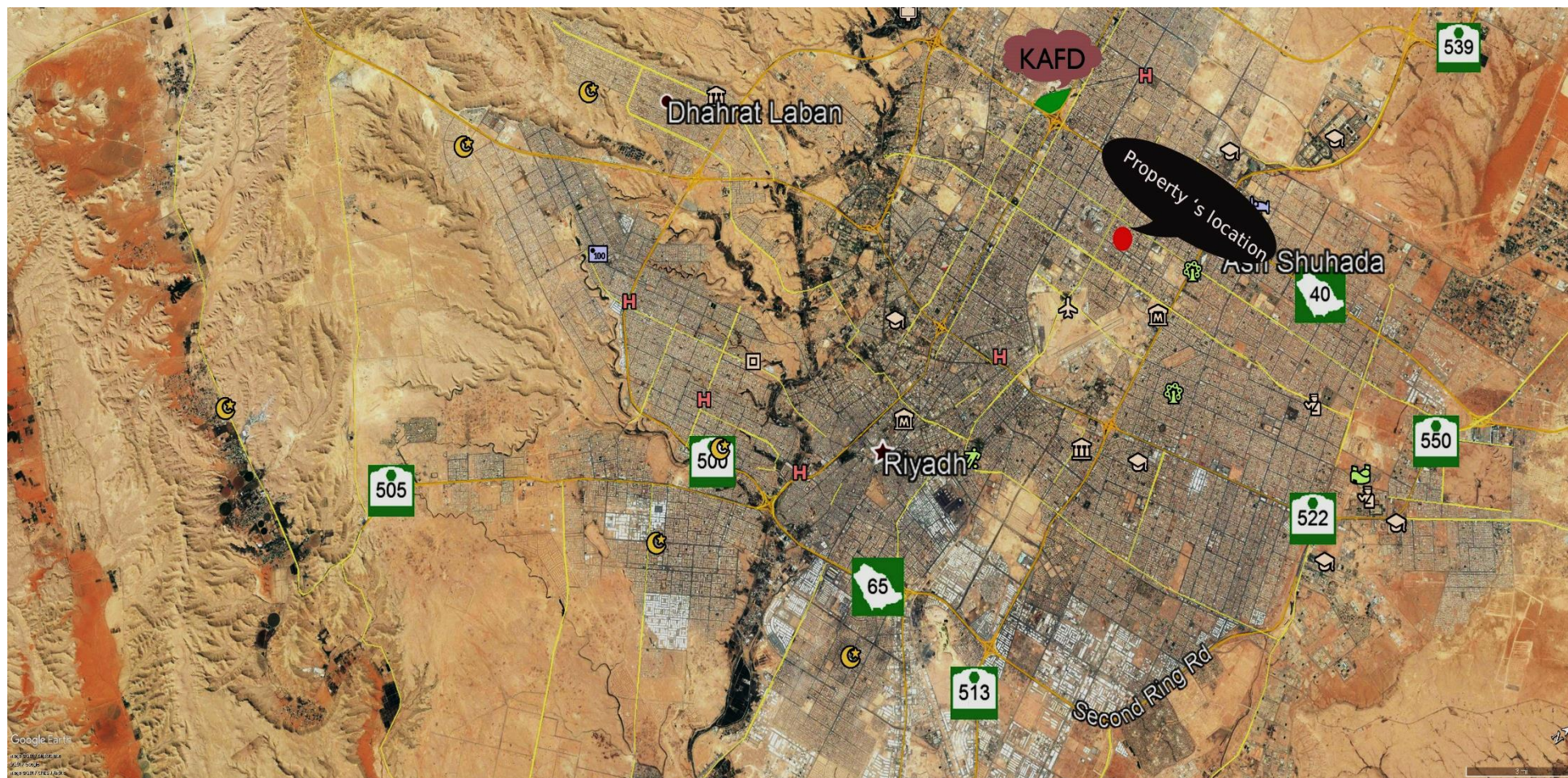
The subject property consists of Educational property Asset (Land + building) located in **Riyadh city** within Al-Nuzha district. Land area: **30,000 sq m** + Building GFA 47,281 sq m plus Fence 686 m2 based on data has been received from **Saudi Fransi Capital** **Geographic Coordinates:** **N:**

24°45'22.60" - E: 46°42'13.69"



The Image below shows the Boundaries of the site:

Aerial View



12.1- Property Characteristics

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

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

Main features of the project (Advantages):

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

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

(Disadvantages):

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

13-Land Valuation

13.1- Case 1 – Residual value approach (land)

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

RV methodology definition:

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

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

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

Dev - Cost Sheet - National School - Educational project			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
Development Work			
Land Area - developed / year - sqm	30,000		
Development Cost S.R / sq m	80		
Total Development Cost / Year	2,400,000		
National School Grade B+			
Total BUA - sq m	84,000.0		
Units BUA construction / Year	12,667	12,667	12,667
Units Construction F&E Cost S.R / sq m	3,200	3,200	3,200
Total Construction Cost / year	40,533,333	40,533,333	40,533,333
Total Construction Costs	40,533,333	40,533,333	40,533,333
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	1,013,333	1,013,333	1,013,333
Statutory fees 2%	810,667	810,667	810,667
Marketing Fees (Media & Advertising) 1.5%	608,000	608,000	608,000
Contingency costs 10%	4,053,333	4,053,333	4,053,333
Overhead cost 2.5%	1,013,333	1,013,333	1,013,333
Total Dev - Cost - SR	48,032,000	48,032,000	48,032,000

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

	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- National school - Rev- Leasing to Operator							
Leasable area - sq m		45,360	45,360	45,360	45,360	45,360	45,360
Annual rental price - sq m		450	450	450	1000	1000	1000
Occupancy Rate %		100%	100%	100%	100%	100%	100%
Revenues Cat 1		20,412,000	20,412,000	20,412,000	45,360,000	45,360,000	45,360,000
Gross Revenues		20,412,000	20,412,000	20,412,000	45,360,000	45,360,000	45,360,000

Income Statement

	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	20,412,000	20,412,000	20,412,000	45,360,000	45,360,000	45,360,000
General & Administrative Expenses (11%)	2,245,320	2,245,320	2,245,320	4,989,600	4,989,600	4,989,600
Gross Profit - EBITDA	18,166,680	18,166,680	18,166,680	40,370,400	40,370,400	40,370,400
Depreciation	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)
Earnings after depreciation	17,206,040	17,206,040	17,206,040	39,409,760	39,409,760	39,409,760
Interest Expense	(3,456,000)	(3,456,000)	(3,456,000)	0	0	0
Earning after interest expense	13,750,040	13,750,040	13,750,040	39,409,760	39,409,760	39,409,760
Zakat 2.5%	(343,751)	(343,751)	(343,751)	(985,244)	(985,244)	(985,244)
Net Income	13,406,289	13,406,289	13,406,289	38,424,516	38,424,516	38,424,516
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	13,406,289	13,406,289	13,406,289	38,424,516	38,424,516	38,424,516
Cumulative Retained earnings	13,406,289	26,812,578	40,218,867	803,213,736	841,638,252	880,062,768

Cash Flow Statement

Cash flow Table	Construction Year 1	Construction Year 2	Construction Year 3	Operation Year 1	Operation Year 2	Operation Year 32	Operation Year 33
IN - Flow							
Capital Injection							
Net Revenues				13,406,289	13,406,289	38,424,516	38,424,516
Depreciation				960,640	960,640	960,640	960,640
Total Inflow				14,366,929	14,366,929	39,385,156	39,385,156
OUT Flow							
Total Construction Cost	48,032,000	48,032,000	48,032,000				
Professional Fees	1,013,333	1,013,333	1,013,333				
Statutory fees 2%	810,667	810,667	810,667				
Marketing Fees (Media & Advertising) 1.5%	608,000	608,000	608,000				
Contingency costs 10%	4,053,333	4,053,333	4,053,333				
Overhead cost 1%	1,013,333	1,013,333	1,013,333				
Total Outflow	(55,530,667)	(55,530,667)	(55,530,667)				
Net Cash Flow	(55,530,667)	(55,530,667)	(55,530,667)	14,366,929	14,366,929	39,385,156	39,385,156
Cumulative Net Income	(55,530,667)	(111,061,333)	(166,592,000)	(152,225,071)	(137,858,142)	705,786,732	745,171,888

Residual Value - RV

RV	Construction / Year 1	Construction/ Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	32	33	
Revenues		0	0	13,406,289	13,406,289	38,424,516	38,424,516	
Total Inflow		0	0	14,366,929	14,366,929	39,385,156	39,385,156	832,993,576
Discount Rate:	9%	0.000	0.000	0.922	0.849	0.073	0.068	
OUT Flow								
Total Outflow		0	0	0	0	0	0	
Total Cash out								
Net Cash Flow (Before Discount Rate)	(144,096,000)	0	0	14,366,929	14,366,929	39,385,156	39,385,156	290,075,899
								Total Cash flow
Discounted Cash Flow DCF	(144,096,000)	0	0	13,241,409	12,204,064	2,894,549	2,667,787	93,058,358
								Residual value

Market Value - MV		
	Land - MV	93,058,358
	Land area - sq m	30,000.00
MV - per sq m - Residual value		3,101.95

Market Value MV	Land Area – sq m	Value / sq m. SAR	MV SAR
Market Value for land	30,000	3,101.95	93,058,358

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

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

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

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

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

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

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

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

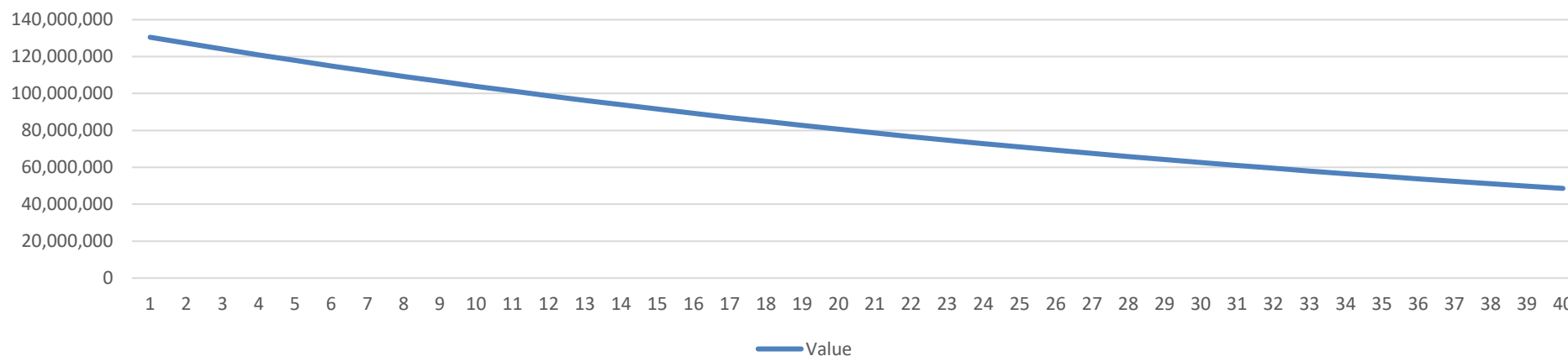
Depreciated Replacement cost (DRC)

Standard: Average useful life for Schools building in Al-Riyadh city after taken into consideration climate (Dry)	N (number of years) =	40 years
Deprecation ratio Per annum 2.5%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work 0% per annum	Apportionment after Calculating Depreciation and Appreciation 2.5%
Building (equipment) useful life	N (number of years) =	5 years
Apportionment – Acc Depreciation	2.5%*5 Years	12.5%

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

Type of Construction	GFA / sq m	Replacement cost / SAR – sq m Q4-2019	Completion %	Market value/ SR
Basement floor	8,085	3,000	100%	24,255,000
Ground floor	12,422	2,500	100%	31,055,000
First floor	14,530	2,500	100%	36,325,000
Second floor	13,244	2,500	100%	33,110,000
Fence	686	650	100%	445,900
External Area – sq m	17,578	300	100%	5,273,400
Replacement cost - SR				130,464,300
- Apportionment Acc Deprecation		130,464,300 * 12.5 %		(16,308,037)
Depreciated Replacement cost DRC				114,156,262

Value of building during operational Life Cycle



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

Market Value (Land)	93,058,358 SAR
Plus	
Building Value before adding Profit Margin - SAR	114,156,262 SAR
+ Developer Profit Margin (25%) – only for Building Value - SAR	28,539,065 SAR
Building Value - SAR	142,695,327 SAR
market value - Property	235,753,685 S.R (Two hundred thirty-five million, seven hundred fifty-three thousand, six hundred eighty five Saudi riyals

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

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

-5%	market value	+5%
224,000,000 SR	235,753,685 SR	248,000,000 SR

15-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value - Riyadh city Q4-2019- FFO (Funds from Operations) to define the cash flow from their operations.

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

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

Year	Net Yield
2019	14,520,000
2020	14,520,000
2021	15,972,000
2022	15,972,000
2023	15,972,000
2024	17,569,200
2025	17,569,200
2026	17,569,200
2027	19,326,120
2028	19,326,120
2029	19,326,120
2030	21,258,731
2031	21,258,731
2032	21,258,731
2033	23,384,605
2034	23,384,605
2035	23,384,605
2036	25,723,065
2037	25,723,065
2038	25,723,065
2039	28,295,372
2040	28,295,372
2041	28,295,372
Average Yield SR/ Annum	
20,453,891	

15.1- Rental Market Analysis (RMA) – Market Benchmarking

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

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

Based to OPM data center actual transaction recorded within Al-Raeed district, school been leased at beginning of May for 450 SR/ sq m with total GFA 16,000 sq m.

The Property's Av rent for 25 years is 20,453,891 SAR per annum, which equating to around SAR 498 per sq. m

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

16-Note: In case of Saudi Fransi Capital desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

Residual value + DRC deprecation replacement cost - MV	235,753,685
Capitalization rate - MV	240,634,013
Sum of Values	276,387,698
Weighted Average (50% for DRC, 50% Cap rate)	/2
market value MV	238,193,000 (Two hundred Thirty-Eight million, One hundred ninety-three SR)

(Sensitivity Analysis) for Asset Property

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

-5%	market value	+5%
226,000,000 SR	238,193,000	250,000,000 SR

17- Real Estate Market Summary- Al-Riyadh Q4-2019

Growth rate constant, Government's decision to collaborate more closely with the private news for the housing sector, Shopping center owners are hopeful that the proposed entertainment reforms will lead to the licensing of movie theatres in the Kingdom. 9 new brands hotels are expected to enter the market over the next two years with totally 3100 hotels room.

17.1-Offices market: Offices vacancies Decreased over the quarter due to new Demands from companies after public and private sectors start looking for new location; offices rents have softened and are likely to stay stable and constant.

Healthcare sector continues to attract demand level and growing number of commercial buildings in Riyadh are leasing space to clinics or other healthcare providers. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. While this will increase occupancies, it will also result in lower average rents. Market also contributed to the decrease in vacancies in remaining of 2018

17.2-Residential market: Also, performance declined in residential sector. Villas selling have been a particularly sharp downturn, due to falling and waning demand. Renting prices still stable in waiting for departure of large number of expatriates.

17.3-Hospitality market: Average daily rates falling 5%, the opening of a number of hotels over the past year has placed downward pressure on occupancies and ADRs, both of which fell from the corresponding period of Q2 2019. Riyadh & Dirriya seasons presence boost sector in increasing Occupancies and sales.

17.4-Retail market: While occupancies decreased marginally in the retail sector over 2019, they are expected to soften of the rest of year of 2019 as new supply projects enters the market. Most malls and commercial centers managed to hold on their rents, despite soften sales. Riyadh & Dirriya seasons presence boost Retail sector in increasing Occupancies and sales.

17.5- Industrial warehouses: While occupancies increased marginally in the industrial warehouses sector over 2019, they are expected to soften of the rest of year as new supply projects enters the market. Most projects are located within 3rd Industrial city's region (logistic warehouses project) and north of Riyadh (new development plans near Salboukh road) should affect the old warehouses negatively.

18-External and internal Pictures

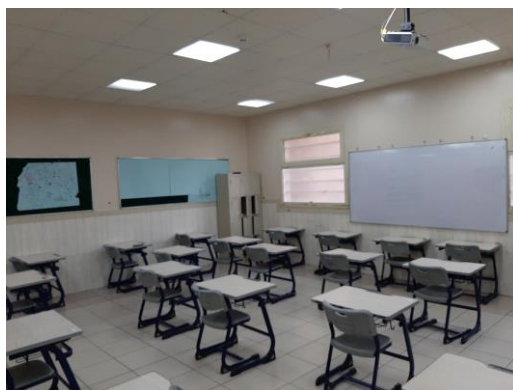
External view



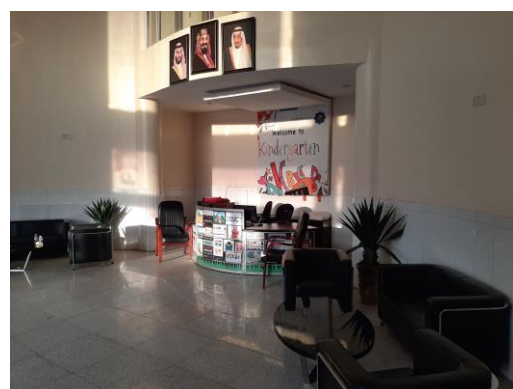
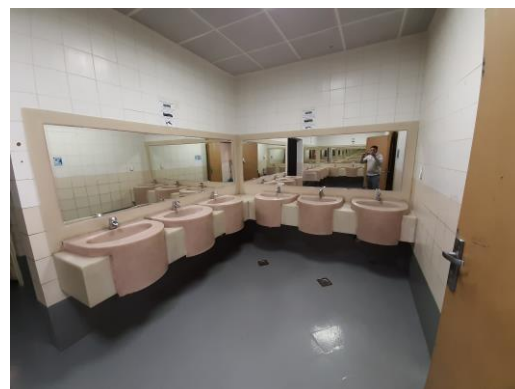
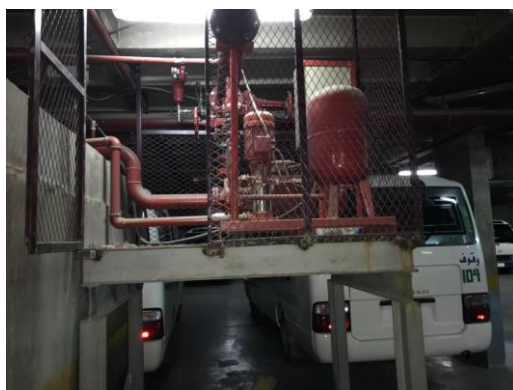
Internal view



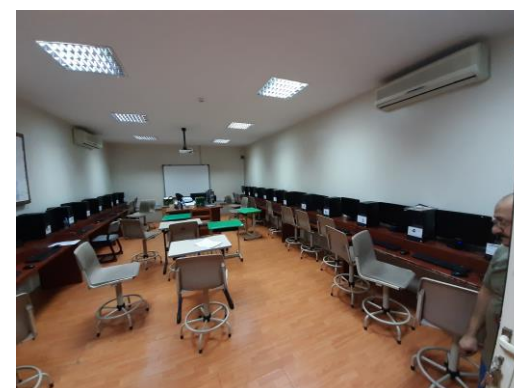
Internal view



Internal view



Internal view



19- Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwsih	Valuation Manger	1210000397	1442/4/13	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1442/4/13	Real estate
Ashraf Al-Shaeer	Final Revision – Release	1220000021	1442/4/13	Real estate




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19.1- OPM Valuation's team Taqueem's certificates





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