

Topic: Valuation of a commercial center (Al-Makan Mall), Al-Malqa district, in Riyadh city

Client : Alinma Investment

Project No: 1001620/02
Report type: Detailed

Report Date : 30/06/2023

FAIR IS OUR VALUE

الْعَدْلُ قِيَمُنَا

Dear **Alinma Investment**

Topic: **Valuation of a commercial center (Al-Makan Mall), Al-Malqa district, in Riyadh city**

At the request Value Experts received from Alinma Investment, to proceed with the **property valuation of a commercial center (Al-Makan Mall), Al-Malqa district, in Riyadh**, we have examined the property, inspected and studied the necessary documents and maps. After conducting a study with the surrounding area of the property, we attach the following report that provides the necessary data and shows the reasons for reaching the market value of the property.

The purpose of this report is to estimate the market value of the property as it is on 20-06-2023; the purpose of its issuance is to know the market value of the property for (REIT Fund) and the report is for Alinma Investment use. The estimated property is a commercial center detailed as follows:

Title Deed Number	Land Area	Built Up Area	Property Type
٤١٠١٢٣٠٣٤٧٠٠	37,293 m ²	43,178 m ²	Commercial center

Based on the study completed, we estimate the market value of the property's current status at the date of estimation and an amount of only:

312,710,000 SR

(Three hundred and twelve million, seven hundred and ten thousand Saudi Riyals)

Taking into account the location and as documented in this report on 30-06-2023

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Valuation of a commercial center (Al-Makan Mall), Al-Malqa district, in Riyadh city

Executive Summary

Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	Periodic evaluation of Alinma (General) Retail Fund (REIT)
Property Location	Saudi Arabia – Riyadh City
Subject Property Type	Commercial center
Land Area	37,293 m ²
Built Up Area	43,178m ²
Title Deed Number	410123034700
Title Deed Date	20-09-1439 AH
Ownership Type	Absolute Ownership
Premise of Value	Existing Use
Basis of Value	Market Value
Valuation Criteria	International Valuation Standards
Valuation Approach	Cost Approach - Income Approach
Valuation Method	Depreciated Replacement Cost Method (DRC) – Discounted Cash Flow Method (DCF)
Inspection Date	15/06/2023
Valuation Date	20/06/2023
Report Date	30/06/2023

400 standard

Introduction :

The principles contained in General Standards (101-105) apply to valuations of real estate interests. This standard stipulates additional requirements that apply to valuations of real estate interests.

Real estate interest:

It is the right to own, control, exploit, or occupy land and buildings.

Land interest includes informal tenure rights to communal or tribal land, exclusive informal settlements, rural or transitional economies, which can take the form of tenure, occupation, or use rights.

It includes three main types:

The supreme interest in any particular area of land, and the owner of such interest has an absolute right to possess and permanently control the land and any buildings, subject only to any minimum interests and any statutory or other legally applicable restrictions.

The minimum interest usually gives the landlord exclusive ownership and control over a specific area of land or buildings for a specified period, for example: according to the terms of the lease.

The right to use land or buildings, but without enjoying the right of ownership or exclusive control, such as the right to pass ownership of land or exploit it only for a specific activity.

The interest identified in the assessment:

The supreme interest in any particular land area, and the owner of this interest has an absolute right to possess the land and any buildings and control it permanently.

Scope of work - Standard No. (101) , (104)

Items		Clarification
١	Client name	Alinma Investment
٢	Intended user	Alinma Investment
٣	The subject matter of the valuation	Commercial center
٤	Valuation currency	The Saudi riyal (SR - SR) is the official currency used in this report.
٥	Purpose of Valuation	Periodic evaluation of the (General) Alinma Retail Fund (REIT)
٦	Premise of Value	Existing Use
٧	Basis of Value	Market value: It is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller. And within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and prudence without coercion or coercion.
٨	Valuation Approach & Method used	Cost Approach – Depreciated Replacement Cost Method / Income Approach – Discounted Cash Flow
٩	Inspection Date	15/06/2023
١٠	Valuation Date	20/06/2023
١١	Report Date	30/06/2022
١٢	Valuation range	It included research and analysis to prepare the report according to the intended purpose and in accordance with international valuation standards, where the property was inspected from the inside and outside on the day of the property inspection date. All the necessary requirements for preparing the report were obtained.
١٣	Nature and sources of information	In preparing this report, we relied on the information and documents provided by the client (the title deed - the building permit - the statement of investment analysis - a statement of the rental spaces). Rental platform (real estate index for leasing operations), real estate exchange traded REITs (Capital Market Authority - Tadawul) Electronic platforms for real estate offers and indicators (Comparison platforms - Real Estate SAS - Real Estate Authority) Real estate offices in the target area, the database of Value Expert, which is continuously updated.

Standard - No. (101), (102)

Scope of work items		Clarification
II	Scope of research and survey	Field survey of the property area under valuation and similar properties. And we worked on collecting and analyzing data to come up with results that serve this report and the purpose required for it, in addition to a field study of the geographical nature and services available in the property area and its surrounding areas, which are explained in detail in the technical study.
II	Report type	The report (detailed) contains complete explanations of all valuation works, including steps, data, information, accounts, etc.
III	Valuation standards	IVS International Valuation Standards Version (2022) issued by the Saudi Authority for Accredited Valuers.
IE	Legal description of the property owner	The validity of the information and data (title deed, building permit and client information) provided to us by the client has been assumed to be correct. The type of ownership of the property is free of obligations according to the hypothesis submitted by the client without verifying its truth.

Standard - No. (101)

Scope of work items		Clarification
15	Restrictions on use, distribution or publication	<p>This report is provided for the purpose for which it was prepared only and may not be used, circulated, quoted from or referred to in any way for any other purpose, and accordingly neither the company nor the valuer bears any responsibility for any loss incurred by any party as a result of using the valuation report in such a manner contradicts the provisions of this clause. The valuer reserves all rights to issue the valuation report. This report may not be reproduced in any manner without the express consent of the Company.</p> <p>This report may not be submitted to any other party other than those referred to in it without the express consent of the company. It is a matter of caution that the Company and the valuer reserve the right to make any amendments and make any revisions to the valuation or to support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the valuation accounts, amend and revise its results in the light of information that existed at the date of the valuation, but became clear to it later.</p>
16	Confidentiality and preservation of information	Any documents received from the client are considered confidential between Value Experts and the client. The subject service shall not be disclosed at any time. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financials or other affairs acquired by the subject service during the process, shall remain confidential.
17	Disclaimer	<p>This document prepared by (Value Expert Real Estate Appraisal Company) is owned by it and may not be used for purposes other than what it was prepared for.</p> <p>We have no current or future interests in the target drug.</p> <p>The agreed fees for making this report are not linked to the estimated value of the property.</p> <p>We were not asked for any prior opinions before the evaluation, and we have performed our work in accordance with the international evaluation standards issued by the Saudi Authority for Accredited Valuers.</p> <p>Our results may change if we are provided with any data affecting the value or if we are able to obtain it from reliable sources.</p>

Standard - No. (101)

Scope of work items		Clarification
18	General assumptions	<ul style="list-style-type: none"> -The documents sent by the client were relied upon, and they were assumed to be correct. -The appraisal was carried out on the assumption that the property is free of any modifications or interference. -Our report has been prepared on the assumption that there are no hazardous or polluting materials at the site that affect the value significantly. -The property has been assumed to comply with all regular planning and zoning requirements. -The location of the land and the total area of the land were inferred by the client. -No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, and some legal matters on which this --report or part of it is based. It was assumed that the real estate deed is valid, negotiable, and free from any restrictions, unusual conditions, or other burdens, -and has no pending claims. -The evaluation was based on economic conditions, current data in the real estate market, supply and demand, and therefore the value may change based on -the change of these data
	Special assumptions	<ul style="list-style-type: none"> -Due to lack of comparative evidence of commercial centers to the subject property, and as the property is generating income. The most appropriate approach to reach the market value is the Income Approach - Discounted Cash Flow Method. -After reviewing the excel sheet of rent schedule provided by the client, occupancy rate was low according to the rental returns, and this was indicated by operational or developmental conditions that hinder the increase in rental returns. The market value was calculated using the Income Approach - Discounted Cash Flow Method.

Work Methodology



1

Asset Inspection

Title deed was received from the client, which shows the area of the property. A detailed statement was received showing the location of the property and the area of the land, after which the property was identified and the information received from the client was matched with reality.



2

Define the Property Assets

Through the preview, it was found that the asset under valuation is a commercial center.



3

Data Analysis

The available data analysis in the property, which have been drawn from informal sources such as real estate offices operating in the subject area.



4

Application of Valuation Methods

After the experts assessed the current use in terms of the market and the data available about it, it was concluded that the valuation approach and method is (Income Approach – Discounted Cash Flow Method), taking into account the purpose of the valuation.

Standard No. 102



5

Data Collection

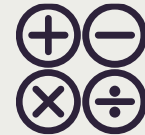
Based on the type of property valued, the scope of data collection was determined; especially in the area surrounding the property.



6

Estimated Value

After reconciling the results of the valuation methods, a value corresponding to the scope of the work described with the client is weighted.



7

Value Review

A review of the value by the audit committee, consisting of two experts will review the information and analyzes and assumptions reached by valuer.



8

Report Preparation

Work on report preparation in accordance with the Standard 101 for report description, and criteria 103 for report preparation.

Standard No. 102

Scope of work stages

Scope of work items		Clarification
1	Scope of work	Meeting the client and determining scope of work which includes purpose of valuation, basis of valuation, intended users, valuation date and any special or important assumptions that includes the clarity of the assignment and the expected outputs.
2	Inspection and analyzing the location	Inspecting the property and get acquainted with its facilities, matching the documents provided with the reality, analyzing the property location and the zoning classification nearby the property with determining the scope of the geographical search and the appropriate project activities.
3	Collecting and analyzing data	Collecting market data (rents, returns, occupancy rates, maintenance and operating expenses) for income-generating properties, and also searching for similar land prices and contractors' costs and analyzing that data to reach knowledge of past and current market trends and future indicators that will be relied upon when applying the valuation mechanism.
4	Applying valuation approaches and methods	Based on the scope of work and market analysis, appropriate valuation approaches and methods are determined and all assumptions and inputs are put in place to carry out financial calculations to reach the market value according to the chosen approaches and methods described in this report.
5	Estimating value	The valuation approaches and methods used to reach the market value of the property are reconciled according to our final estimation and according to the sources of information that we have that can be trusted and commensurate with the property under valuation.
6	Report preparation	We prepare the report according to the scope of work, so that it includes the data, results and outputs that were reached through the previous work stages.

Value Experts has a distinguished team with professional qualification and experience in valuation work and a team of 5 registered with the Saudi Commission for Accredited Valuers, the most prominent of the team:



Alaa Ibrahim Al - Thaqafi
Founder and CEO

14

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000027



Hisham Saleh Al - Aqeel
Partner - V. P. Director
Valuation

9

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000185



Mohamed Saleh Idrees
Property Valuation Consultant –
Companies

9

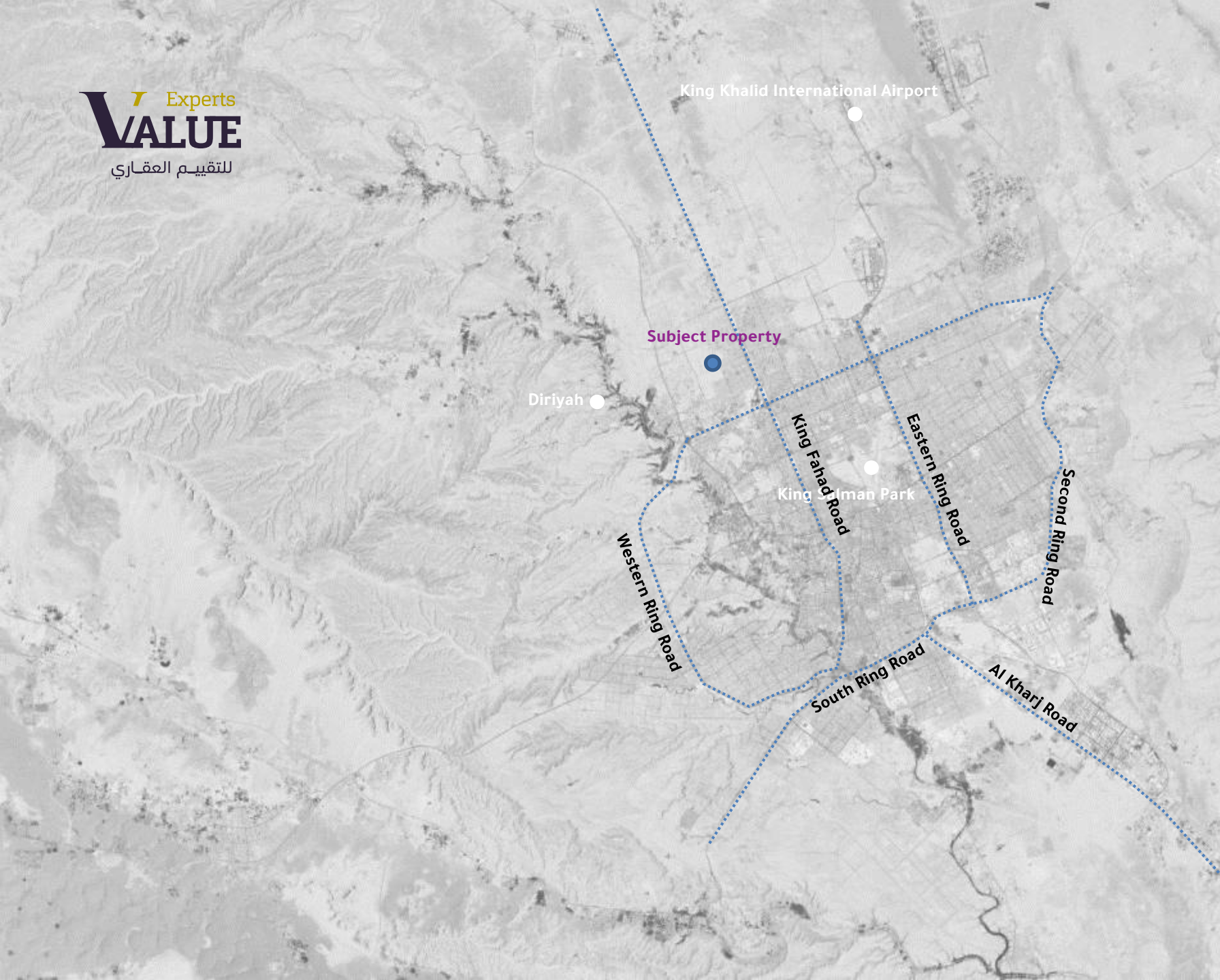
Years experience in valuation work Bachelor
of Business Administration and Mechanical
Engineering - Production

Membership No. 1220001030



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

The property is located in the city of Riyadh, which 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 in the Najd Plateau, at an altitude of 600 meters above sea level. It is the headquarters of the Emirate of Riyadh Region, according to the administrative division of the Saudi regions. About 10.5 million people live in the city of Riyadh, according to 2021 statistics. 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 reach 3.115 square kilometers. in this time.



Al-Qirawan

Al-Yasmeen

Al-Malqa

Subject Property



Al-Rehab

Hittiin

At the District level

The subject property is located in Al Malqa district, it bounds it from the north Al Qirawan district and from the south Hittiin district, while Al Yasmeen district bounds from the east side and Al Rehab district form the west.

King Salman Road

Subject Property

King Fahad Road

King Khalid Road

At the level of the neighborhood

The subject property is located in Al Malqa district. From the north side it bounded to a road with 15 meters wide ,and from the south with a road by a 15 meters wide. Moreover it adjacent to a road from the east side by 20 meters wide street, and finally from the west side it's adjacent by a road 60 meters wide.

<https://goo.gl/maps/Ar23RRnPrqrLUFWj9>

Location Link

Property Description

Land area: The land area is ٣٧,٢٩٣ square meters.

Property features:

Location: it is located in Al-Malqa district, which is a highly populated area. The property is also located on Prince Muhammad bin Saad Road, and the property can be accessed through it. The commercial center area is witnessing growth and demand, and its neighborhoods contain many closed residential compounds and vacant lands.

Services: Availability of main services in the area surrounding subject property.

Main attractions: The location is close to the main attractions (King Abdullah Financial Center - markets and commercial centers - main and vital roads).

Land nature: Regular shape.

Demand: Where the property is located in Al-Malqa district, which is considered one of the most prestigious neighborhoods in the north of Riyadh and is also considered one of the most demanded residential neighborhoods.

Borders:

Plot Information					
Side	Borders	Length	Width	St. name	Notes
North	Street	١٨٥,٧	١٥	-	-
South	Street	١٨٥,٧	١٥	-	-
East	Street	٢٠١,٥	٢٠	-	-
West	Street	٢٠١,٥	٢٠	Prince Muhammad bin Saad Road	-
Total Land Area		37,293 m ²			

Aerial map of subject property



General description of the buildings

The building is a commercial center (Al-Makan Mall) with a total built-up area of 43,178 square meters consisting of a basement, ground floor, and first floor containing shops, exhibitions, offices, entertainment areas, and restaurants.

The property is in north of the city of Riyadh and in a vital area near King Fahd Road, which is the main artery of the city and was officially opened in 2013, brining a wonderful and new destination for shopping and entertainment in the area.

Finishes details

Facades: facades of stone and glass.

Ventilation and air conditioning units: central air conditioning.

Facilities: emergency exits - fire extinguishers – mosques

Buildings details

The following table shows the details of the building areas of the property:

Sl.#	Description	Usage	Area (m2)
١	Basement	Parking	11,447.9
٢	ATM	ATM	8.0
٣	Ground floor	Commercial	16,015.9
٤	First Floor	Commercial	14,913.1
٥	Electricity Room	Electricity Room	20.0
٦	Fences	services	773.0
Total Built Up Area			43,178

Exterior picture of the property



Property Description

Unit	Description
Shopping mall type	Local
Mall rating	B
Opening date	٢٠١٧
Built up area (sqm)	٤٣,١٧٨
Leasable area (sqm)	٢١,٤٦١,٧
Number of floors	٢
Number of commercial stores	٧٤
Number of parking lots	-
% of parking lots	-

Commercial spaces and their division

Unit space	Total Sqm
50-0	76
200-51	3,011
500-201	4,757
1500-501	4,431
More than 1500	9,745
Atm	4
KISOK	324
Food court	376
Total Leasable area	22,724

Interior photo of the mall



General description of lease contracts

The commercial center (Al-Makan Mall) consists of 74 commercial stores, with multiple tenants. We were not provided with copies of lease contracts, and according to the client instructions, we relied on the information contained in the rental schedule that was provided to us for the purpose of this valuation. Based on the information that was provided to us by the client, we understand that on the date of the valuation, the total income of the property is **18,906,920 SAR**, including service fees.

Property Description

Ownership Details

Description	Information
Property Address	Al-Malqa District - Riyadh
Plan Number	3176
Property Type	Commercial center
Plot Number	5
Block Number	43
Land Area as per Title Deed	37,293 square meters
Title Deed Number	410123034700
Title Deed Date	20-09-1439 AH
Built Up Area as per Building Permit	43,178 square meters
Building Permit Number	771/1434
Building Permit Date	12-06-1437 AH
Ownership Type	Absolute Ownership

Services available in the property area

Services available in the area		Yes	No
Governmental Services	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
	Commercial Centers	✓	
Commercial Services	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
	Electric Network	✓	
General Services	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		

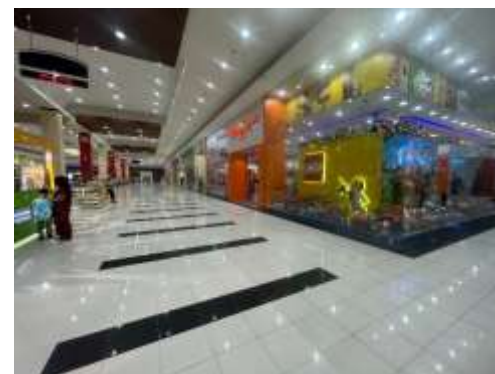
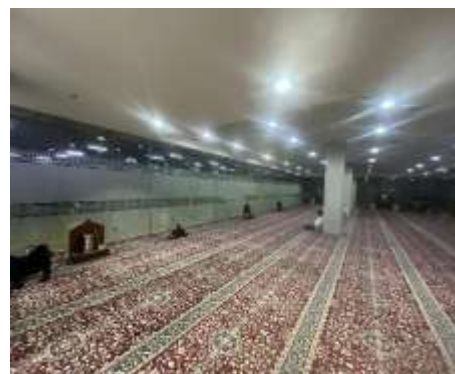


PROPERTY PICTURES





PROPERTY PICTURES





Methodology of Valuation Standards according to Standard No. 105

1- Market Approach (Comparative Method) Standard No. 105

Approach and Method	Used for	Method Definition
Market Approach – Comparative Method	Land, Exhibitions, and Hotel Rooms	<ul style="list-style-type: none"> This method provides indicators of value by comparing lands and warehouses that are valued with identical or similar data available for information on their prices. According to this method, the first step is to study the transaction prices of the corresponding or similar properties that have recently occurred in the market, and if the transactions have been few, it is also better to study the corresponding or similar properties prices listed or offered for sale and are objectively analyzed. Information about the prices of such transactions must be adjusted to reflect differences in the terms and conditions of the effective transaction, the basis of the value and assumptions adopted in the valuation process being performed, and differences in the legal, economic and material characteristics of the properties of the other transactions may be found compared to the subject property.

Use of Method

Methodology:

- This method is based mainly on the prices currently circulating in the market for selling or offers of another property (comparative evidence) similar to the subject property.
- Since it is impossible to find exactly the same comparable, appropriate adjustments are made to the prices of the comparable by deducting the value forming factors that represent an advantage of the comparative property and adding the items that represent an advantage to the subject property.
- By comparing the natural properties and services adjacent to the site (not including the development) with their counterparts at nearby sites, the price of the land is adjusted for the same fundamental differences between the evaluation site and the nearby sites.

Application:

- Determine the geographical scope of the comparative evidence.
- Determine the appropriate time period according to market variables, reflecting the market situation at the time of valuation.
- Collecting comparative evidence within the specified geographical range and time frame.
- Test the adequacy of comparisons for the evaluation process (if sufficient comparisons are not available, the valuation method is excluded).
- Applying adjustments to comparative evidence to reach at the property value.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

2- Cost Approach (Depreciated Replacement Cost Method) Standard No. 105

Approach and Method	Used for	Definition method
Cost Approach – Depreciated Replacement Cost	Buildings	<ul style="list-style-type: none"> The Cost Approach is sometimes referred to as the contractor method. The Cost Approach determines the value by estimating the cost of acquiring land and building a new property with equivalent benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay. The cost of the land is collected on the total cost of the construction. It is customary for the project incentives or the real estate developer's profits / losses to be added to the construction costs, if appropriate.

Use of Method

Methodology:

- If there is a major market for the land or real estate being valued, it is preferable to use evidence from the market or comparable sales.
- Study the approvals likely to be issued by the regulator in the region and use the evidence and evidence from the market to verify the possibility of using the land according to the regulatory approvals.
- Study a virtual site in the same area with the same characteristics.
- Study the private use of a virtual site in another region.

Application:

- Estimating the value of the land.
- Determine the current cost of constructing a building.
- The depreciation value must be deducted from the cost based on what was specified in Clause (2) for a cost adjustment. New added on the current state.
- Market value = (1) + (2) - (3) i.e. the value of the land plus the value of new construction minus depreciation.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

3-Income Approach (Discounted Cash Flow) Standard No. 105

Approach and Method	Used for	Definition method
Income Approach – Discounted Cash Flow	Income generating properties	<ul style="list-style-type: none"> It is a financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future discounted cash flows.

Use of Method

Methodology:

- This method depends on the net income of the property and the (capitalization rate).
- Total maintenance and operation costs are deducted from the total revenue of the subject property.
- Research for income generating properties that are similar to the subject property.
- The (capitalization rate) is determined according to the current market prices and according to the type of subject property.

Application:

- Estimating future cash flows resulting from the income of the subject property.
- Determine the discount rate or required rate of return.
- Determine the retention period of the asset an the final value.
- Calculating the current value of the expected income of the asset subject to evaluation to reach to the capital value of the property (after considering the time value of money).

Source: International Evaluation Standards ٢٠٢٢ - Third Edition (certified copy)

Valuation

Valuation Approaches and Methods



Valuation Approaches	Market	Income	Cost
Valuation Method Used	Comparative	Discounted Cash Flow	Depreciated Replacement Cost
Reasons for Use	To get the value of the land, exhibitions, and hotel rooms.	Property is income-generating	To find out the construction costs of the property

Estimate the value

using the Cost Approach – Depreciated Replacement Cost Method

The cost method provides an indication of value using the economic principle that a buyer will not pay more for an asset than it would cost to acquire an asset of similar utility whether by purchase or construction unless time, inconvenience, risk or other factors are involved.

Aerial Map of Comparative Evidence



Valuation

Calculations and indicators to value using Cost Approach

First: Estimating the value of the land

In order to estimate the **market value** of the land, the comparison method was applied to determine the market value. The following is a summary of comparable properties in the area surrounding the property under evaluation:

Comparison	Area m2	Meter price (SAR/m2)	Value (SR)	Comparison type	Date of comparison	Neighborhood	Usage
1	3,480	8,859	30,829,320	Sale Transaction No.14627824	05/09/2022	Al-Aqeeq	Commercial
2	1,050	8,000	8,400,000	Offer	06/20/2023	Al-Malqa	Residential Commercial
3	1,250	7,800	9,750,000	Offer	06/20/2023	Al-Malqa	Residential Commercial

Calculations and indicators to value using Cost Approach

Estimating the value of the land

The valuation matrix represents the natural and abnormal factors in determining the value: location, accessibility, land shape, and market situation.

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	8,859	8,000	7,800
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	8,859	8,000	7,800

Item	Comp. 1 details	Comp. 2 Adjustments	Comp. 2 details	Comp. 2 Adjustments	Comp.3 details	Comp.3 Adjustments
Area m2	3,480.0	-16.7%	1,050.0	-25.5%	1,250.0	-24.3%
Number of roads	2.0	5.0%	1.0	7.5%	2.0	5.0%
Location	Al-Aqeeq	5.0%	Al-Malqa	0.0%	Al-Malqa	0.0%
Usage	Commercial	-5.0%	Residential Commercial	0.0%	Residential Commercial	0.0%
Negotiations	Sale Transaction No. 14627824	-10.0%	Offer	-10.0%	Offer	-10.0%
Total Adjustments (%)		-21.7%		-28.0%		-29.3%
Value after Adjustments		6,941.0		5,760.0		5,514.6
Weighting		33.3%		33.3%		33.3%

Price per SQM **6,071.8**

Summary of the valuation:

Based on the previous information, the following table summarizes the market value of the land using the Market Approach - the Comparative Method:

block number	Area (sqm)	Market value (SAR/sqm)	Market value - rounded (SAR)
5	37,293.0	6,071.8	226,437,000.0

Calculations and indicators to value using Cost Approach – Depreciated Replacement Cost Method

Building Cost Estimation

Buildings information

Sl.#	Floor	Usage	Built up area (sqm/floor)	Number of floors	Total built up area (sqm)
1	Basement	Parking	11,447.9	1.0	11,447.9
2	ATM	ATM	8.0	1.0	8.0
3	Grand floor	Commercial	16,015.9	1.0	16,015.9
4	1 st Floor	Commercial	14,913.1	1.0	14,913.1
5	Electricity Room	Electricity Room	20.0	1.0	20.0
6	Fences	services	773.0	1.0	773.0
Total					43,178

Construction Costs - Direct

Based on the guideline issued by the Saudi Authority for Accredited valuers, which clarifies the indicators of construction costs for buildings according to their uses:

Sl.#	Unit	Total area (sqm)	Construction cost (SR/sqm)	Total costs (SR)
1	Basement	11,447.9	2,000.0	22,895,800.0
2	ATM	8.0	1,400.0	11,200.0
3	Grand floor	16,015.9	1,400.0	22,422,260.0
4	1 st Floor	14,913.1	1,400.0	20,878,340.0
5	Electricity Room	20.0	500.0	10,000.0
6	Fences	773.0	350	270,550.0
Total		43,178	1,539.9	66,488,150.0

Construction Costs - Indirect

Through the scanning, and the evidence for similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached.

Sl.#	Unit	Ratio (%)	Value (SR)
1	Construction costs (SR)		66,488,150.0
2	Professional fees	1.5%	997,322.3
3	Utility grid	1.5%	997,322.3
4	Management costs	1.5%	997,322.3
5	Contractor profit	10.0%	6,648,815.0
6	Developer profit	15.0%	9,973,222.5
Total			86,102,154.3

Market value using Cost Approach – Depreciated Replacement Cost Method

According to the information provided previously, the market value of the property has been deduced using the Cost Approach according to the attached table:

Sl.#	Unit	Value (SR)
1	Economic life of building (years)	40.0
2	Property age (years)	6.6
3	Physical depreciation percentage (%)	16.4%
4	Employment Physical depreciation Rate (%)	25%
5	External (economical) Physical depreciation rate (%)	5%
6	Actual Physical depreciation percentage (%)	46.4%
7	Construction cost before Physical depreciation limitations (SR) (rounded)	86,102,154.3
8	Construction cost after Physical depreciation limitations (SR) (rounded)	46,118,466.4
9	Completion rate (%)	100%
10	Completed construction value (SAR)	46,118,466.4
11	Land value (SAR) (rounded)	226,437,000.0
Total value by Cost Approach (land + buildings) (SAR)		272,555,466.4

Estimating the value

Income Approach - Discounted Cash Flow Method

A financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future cash flows.

Valuation

Real estate evaluation risks



Competition risks: The commercial space leasing sector for companies operating in the retail sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future.

As a result, there may be difficulties in keeping up with competitors, given the policies of significantly reducing rental rates, which may negatively affect competitiveness.

Market risk: Revenues from renting space and amenities for commercial centers may be subject to unexpected fluctuations as a result of seasonal changes in spending patterns or visitor behavior, and as a result of these fluctuations in revenues, this may limit the ability to predict future revenues.

Risks of Physical depreciation and lack of maintenance:

Renovation, expansion, improvement and redevelopment of commercial centers must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the commercial centers market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change. In the absence of renovation and improvement to keep pace with changes in the preferences of tenants and visitors, this will have a negative and significant impact.

Macroeconomic risks: The country's macroeconomic conditions may affect the value of any real estate, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the general movement in the local and global stock markets. Changing these indicators or one of them may negatively affect the value of the real estate.

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

Comparative Evidence



Tala Mall

Description	Info
Opening year	٢٠١٤
Building area / square meters	٤٦,٢٩٢
Leasable area / square meter	٢٢,٧١١
Category	Local
Number of parking	٦٨٠
occupancy rate %	٩٢
Unit area m2	Market rent (SAR/year)
50-0	2,900
200-51	2,400
500-201	2,000
1500-501	900
More than 1500	800



The Elite Mall

Description	Info
Opening year	٢٠١٧
Building area / square meters	٢١,٩٠٩
Leasable area / square meter	١١,١٩١
Category	Local
Number of parking	٣٠٠
occupancy rate %	١٠٠
Unit area m2	Market rent (SAR/year)
50-0	2,204
200-51	1,824
500-201	1,520
1500-501	760
More than 1500	608



Valuation - Income Approach – Discounted Cash Flow Method

Revenue estimate Field research

In order to reach the revenues of the Al-Makan Mall, the relative control and the study of the comparative evidence we carry out in order to find the relative differences and determine the revenues for each component of the subject property, the table below shows this

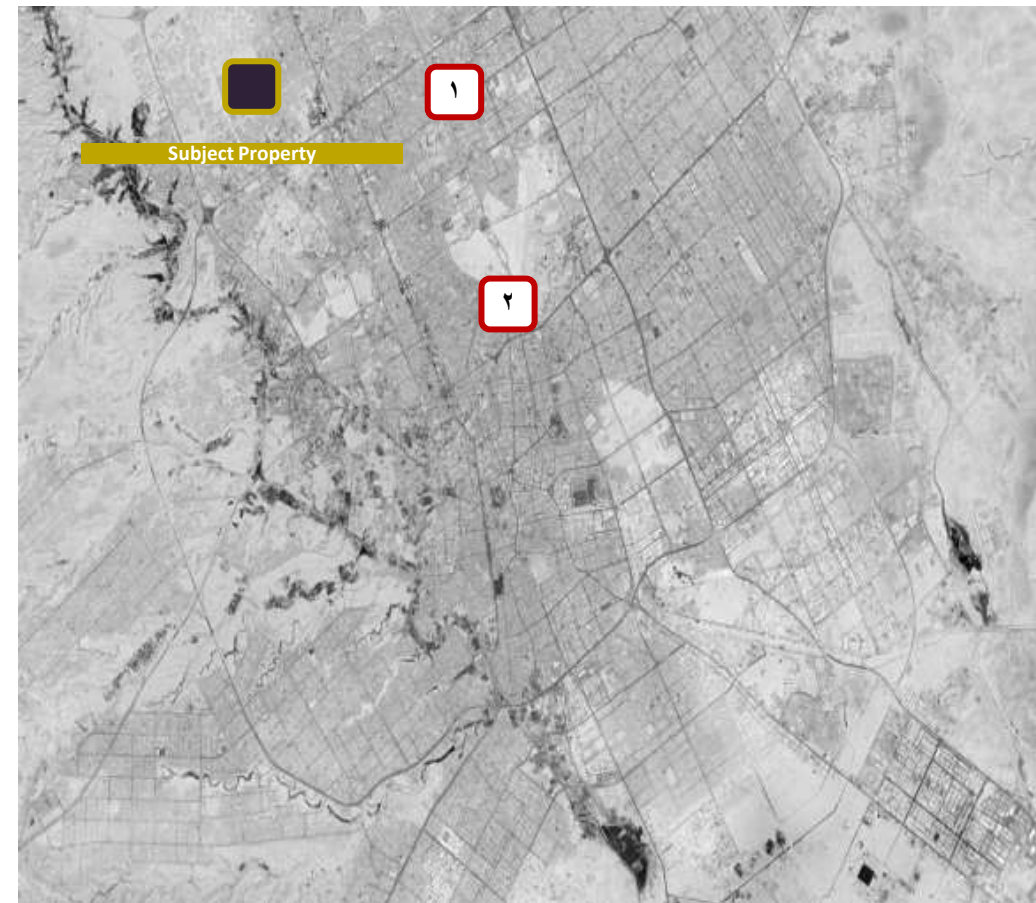
Rental rates prevailing in the market - Tala Mall

Unit area m2	Market rent (SAR/year)	Location Adjustment	Average price per square meter	Weighting ratio (%)	Square meter value after weighting (SAR)
50-0	2,900	-20%	2,320	40%	928
200-51	2,400	-20%	1,920	40%	768
500-201	2,000	-20%	1,600	40%	640
1500-501	900	-20%	720	40%	288
More than 1500	800	-20%	640	40%	256

Rental rates prevailing in the market - The Elite Mall

Unit area m2	Market rent (SAR/year)	Location Adjustment	Average price per square meter	Weighting ratio (%)	Square meter value after weighting (SAR)
50-0	2,204	-20%	1,763	60%	1058
200-51	1,824	-20%	1,459	60%	876
500-201	1,520	-20%	1,216	60%	730
1500-501	760	-20%	608	60%	365
More than 1500	608	-20%	486	60%	292

Aerial map of comparative evidence



Valuation

The main assumptions in the valuation process - the Income Approach – the Discounted Cash Flow Method

Leasable areas

According to the information provided by the client, the following table summarizes the leasable areas of the subject property.

Unit area	Total area	Ratio
50-0	76	0.33%
200-51	3,011	13.25%
500-201	4,757	20.94%
1500-501	4,431	19.50%
More than 1500	9,745	42.88%
Atm	4	0.02%
KISOK	324	1.42%
Food court	376	1.65%
	22,724.05	100%

Unit area	Total area	Market rent	Annual rent
50-0	76	1,986	150,930
200-51	3,011	1,644	4,948,885
500-201	4,757	1,370	6,515,735
1500-501	4,431	653	2,892,557
More than 1500	9,745	548	5,338,701
Atm	4	29,600	118,400
KISOK	324	15,040	4,865,440
Food court	376	2,238	841,374
	22,724	1,130	25,672,022

The inputs and assumptions of the Income Approach are the

Discounted Cash Flow Method

1.1 Income Analysis:

By examining the mall from the inside, it became clear to us that the property is leased at a rate of 98.37% of the rental space, according to the attached statement from the client.

1.2 Total Revenues:

The total rents that are collected according to the contract at the date of the evaluation, or the total revenues that are assumed according to the market. We were provided with a list of rents from the client, and we were not provided with any data on the operating and management expenses of the complex. The data on rents and income was collected by market.

1.3 Capital Expenditures:

Information regarding capital costs has not been provided to us by the client. We analyzed the level of provisions for capital expenditures in similar properties that we participated in the evaluation. We have assumed that the prudent owner will bear the capital expenditures to maintain the property well, improve the production capacity and preserve the tenants. Through inspection of the property, we found that it was renovated, and accordingly, no capital expenditures were assumed during the entire period.

1.4 Operational Expenses:

We were provided with operating expenses for the mall, and they were compared to the market, and due to the absence of relative differences compared to the market, they were applied throughout the investment period.

Valuation

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

1.7 Fixed Expenses:

No fixed expenses for the property, such as insurance and any other expenses, have been calculated.

1.8 Tenant Incentives:

Due to the difficult market conditions, some tenants resort to requesting subsidies to reduce the burden of rent. No incentives were calculated for the tenants, and it was assumed that the tenant would bear them.

1.9 Doubtful Debts (Credit Losses):

It is that any owner may incur some loss of income due to bad debts. According to the data provided by the client, no losses have been applied.

1.10 Growth rate:

Due to the lack of market data and previous indicators for similar real estate and the growth rate at the level of supply and demand, and since the inflation rate is available as information announced according to the data of the Central Bank, an average has been calculated for each year based on the inflation rate for a previous year to estimate future periods as shown in the table. Adopting the Gordon growth model, meaning that the drug grows steadily forever.

1.11 Rate of return on investment:

Through the market survey of real estate that was evaluated by us in the city of Dammam and viewing the reports of REIT funds and similar real estate in the retail sector, the capitalization rate for similar real estate ranges between 7% and 9%, and accordingly the rate of return was determined at 7.5%.

1.12 Discount rate:

With regard to the discount rate, and according to the methods used to calculate the discount rate stipulated in the international evaluation standards, and as it was studied in the evaluation methodologies of the Saudi Authority for Accredited Valuers, it was reached by the cumulative method as shown in the table below, which depends on (the rate of inflation, regular risks, the rate of returns of government years for the period, and in addition to real estate risks, market risks). - Sources for data (Central Bank - Debt Services - Capital Market Authority data for similar properties that have been acquired).

1.13 Final Value (Recovery Value):

It was reached by calculating the net operating income at the end of the lease period, based on the rate of return on investment - the growth rate, on the assumption that the real estate grows steadily throughout the investment period.

1.14 Explicit Prediction Period (Investment Duration):

The investment period indicator was mainly based on the method used in the evaluation, the discounted future cash flows, according to the equation investment period = actual life - life expectancy - market life.

1.15 Table of assumptions of the inputs of the Income Approach, the Discounted Cash Flow Method

Unit	Value	Clarification
Land area (sqm)	37,293.0	-
Growth rate (%) (Rs)	2.70%	regular risk premium
7-year government bond yield ratio (Rf)	4.37%	Risk free rate of return
Specific Property Risk	1.80%	The irregular risk premium represented in the quality of the real estate investment and the costs involved in maintenance and operation
Market risk	2.50%	Based on supply and demand in the area in which the property to be evaluated is located
Discount rate (%)	11.37%	It is the ratio that converts future cash flows into present value
Rate of Return (%)	7.50%	market survey
Operation and maintenance costs for exhibitions (%)	15.30%	Costs incurred for the maintenance and operation of the property throughout the period
Credit costs for exhibitions (%)	0.00%	The percentage of non-payment tenants facing the establishment throughout the investment period
Vacancies costs for exhibitions (%)	10-25%	The percentage of vacancies for real estate according to the prevailing in the current situation, based on the assumption that the building is at the beginning of the operation period and stabilizes in the recent period as a prevailing average according to the market

Mall revenue schedule

Unit	Leased Area (sqm)	Rental Price	Gross Income			
Unit rental income	22,724.1	1,129.7	25,672,021.5			
Period	1	2	3	4	5	6
Cash flows - by market						
Gross Expected Income - GPI (SR)	25,672,022	25,672,022	25,672,022	25,672,022	25,672,022	
Credit and vacancy costs (%)	25.0%	25.0%	20.0%	10.0%	10.0%	
Credit and vacancy costs (SAR)	6,418,005	6,418,005	5,134,404	2,567,202	2,567,202	
Expected Gross Income (SR)	19,773,875	20,293,733	22,201,164	25,600,140	26,223,970	
Capital Expenditure -CE (%)	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SR)	0	0	0	0	0	
Operating expense ratio (%)	15.1%	15.1%	15.1%	15.1%	15.1%	
Operating Expenses - OE (SR)	2,991,499	3,070,146	3,358,713	3,872,928	3,967,304	
Net Operating Income - NOI (SR)	16,782,376	17,223,587	18,842,452	21,727,212	22,256,665	
Final value						463,680,531
Present value coefficient	0.90	0.81	0.72	0.65	0.58	0.52
Present value of net income (SAR)	15,069,027	13,886,320	13,640,577	14,123,135	12,990,295	243,001,829
Property value (SAR)	312,711,183					
Property value (SAR) (rounded)	312,710,000					
Meter price (SR/m2)	8,385					

Valuation

Market Value

Unit	Value (SAR)
The value of the property according to the market	312,710,000
The market value of the property	312,710,000

Note: The Cost Approach, the Depreciated Replacement Cost Method in the valuation, is an auxiliary and indicative method only, so it was not included as a weighting opinion for the market value.

Justifications

- The market value of the property was weighted according to the market, since the operating activities available to the mall and renting them according to the market do not constitute significant differences between them and the contract.
- The lack of sufficient data and maintenance and operation contracts for the real estate according to the contract, in order to investigate accuracy and study the operational activity of the property and apply it to the cash flow tables.
- The general direction of the state, represented by Vision 2030, is to revive the tourism and entertainment sector.
- Regional orientation and the increase of international companies to make Riyadh a center for them at the regional level, which will be reflected successively on the recovery of the retail sector in the future.
- The property is located in Al-Malqa district, north of Riyadh, which is an attractive point due to its high credit solvency and the concentration of business areas in it.
- Public awareness and the general orientation of the residents of the area towards malls and similar recreational areas.

Findings and Recommendations:

- Depending on the results of the search in the region, the surrounding area is considered to have a high density, and the presence of housing plans, as well as the high creditworthiness of the individuals in the region.
- The property is located in the Al-Malqa neighborhood in a main and vital artery of Prince Muhammad bin Saad Road, which leads to the Northern Ring Road. It represents an attraction point with the presence of several vital activities that support the Riyadh season (Boulevard World, King Abdullah Financial Center, Winter Land) and mediates two main arteries, King Fahd Road and Turki Al-Awwal Road.
- The state's general direction is to improve the tourism and hotel sector and to develop new entertainment programs that will allow for high occupancy.

Findings and Recommendations

Possible threats:

- The imbalance in the level of supply and demand.
- Maintain periodic maintenance and development as possible to make the property more attractive and profitable for the investor.
- Developing and providing services that serve the competitive advantage of the entertainment sector, in line with Vision 2030.
- High future operating costs and the requirements of quality and sustainability standards.
- Availability of retail spaces that achieve efficiency and the highest quality standards in other locations.
- High rental prices compared to the services and activities available at the mall constitute a barrier preventing investors from taking risks in similar projects.
- Lack of exploited rental spaces and recreational and community activities inside the mall






Market Value of the property using Income Approach and Discounted Cash Flow Method

Based on the completed study, we estimate the market value of the property by an amount

312,710,000 SR

(Three hundred and twelve million, seven hundred and ten thousand Saudi Riyals)

Considering the site, and as documented in this report on 20-06-2023

Report Participants			Approved evaluation			Company Stamp	
Member name	Aloush Al-Dosari	Suleiman Al-Aqili	Member name	Mr. Mohammed Idrees	Mr. Hisham Al Aqeel		
Membership	affiliate	affiliate	Membership	Fellow	Fellow		
Membership Number	1210001658	1210003193	Membership Number	1220001030	1210000185		
Signature			Signature			١٠٤٦٩٨٨٤	Commercial register
						744/18/323	License Number
						١٤٣٨/٧/٨ هـ	License Date

General Standards

The International Valuation Framework

Valuator and Status:

- This report was prepared by Value Expert & partner for Real Estate Valuation and its highly qualified team of staff, benefiting from the resources available to us, namely the efficiency of our advisory team, which includes qualified consultants with high academic degrees and experience in the field of valuation and consulting, and what is available to our company from the database was built through its valuation expertise and through the collection of data, information and statistics issued by the official and non-official bodies, which gives valuers the capacity to realize their tasks to the fullest. The company is also working to update their information base continuously.
- **We have over 15 years of experience** in valuation work and have submitted more than 20,000 valuation reports during our real estate appraisal period.
- **Value Experts** and its representatives of valuers who have conducted the valuation process have been immensely impartial, objectively employed and independent from the client and its subsidiaries or affiliates. Neither the Company nor its representatives have any current or foreseeable interest with the client or any of its subsidiaries or affiliates, nor are such agents among the client or those who have internal relationships or affiliations with the client and its subsidiaries or affiliates. The valuator's fees against the valuation process are unconditional on his findings or any other events. If the Company receives significant assistance from another party in respect of any important aspect of the assessment, the nature of such assistance, the extent of reliance thereon and, if any, documented in the report.

Appendix

General Terms In The Report

Can

The word (could) describes the procedures that the evaluator has the responsibility to consider. Matters described in this way require the evaluator's attention and understanding. As the applicability of these matters in the evaluation process depends on the evaluator's exercise of his judgment and professional experience in the circumstances that are in line with the objectives of the standards.

Should

The word (must) denotes unconditional liability, the resident must fulfill responsibilities of this kind in all cases and circumstances to which the condition applies

Participant

The word (participant) refers to the relevant participants according to the value basis (or bases) used in the valuation engagement (see Standard 104 Basis of Value). The different bases of value require the evaluator to consider different points of view, such as: the views of market participants such as: market value, fair value of international standards for reporting, or a joint venturer.

The purpose

The word (purpose) refers to the reasons for conducting the assessment, and general purposes include (but are not limited to) the purposes of financial reporting, tax reporting, litigation support, transaction support, and lending support.

Commission

Refers to the Saudi Authority for Accredited Valuers (Taqeem), which is the authority concerned with setting the necessary controls and standards for evaluating real estate, economic establishments, equipment, movable property and the like, under the Accredited Residents System issued by Royal Decree No. (M/43) dated (9/7/1433 AH) It aims to develop the evaluation profession, raise the level of its employees, set general rules for acquiring and maintaining the membership of the Commission at its various levels, and provide the means for continuous development to raise its members to the best levels of practice and international standards for the profession. Under the supervision of the Ministry of Commerce and Investment

Asset or Assets

To facilitate the process of reading the criteria and to avoid repetition, the terms (asset) and (assets) generally refer to the items that are the focus of the evaluation task. Unless otherwise stated in the standard, these terms can be considered to mean and include each of the following words: (an asset, a group of assets, a liability, a group of obligations, or a group of assets and liabilities).

Client

The word (client) refers to the person, persons or entity for whom the evaluation is conducted. This includes external clients (when the evaluator is contracted with a and, as well as internal clients (the evaluations prepared for the employer).

Jurisdiction

The word (jurisdiction) refers to the legal and regulatory environment in which the evaluation process is carried out. It includes laws and regulations enacted by government agencies such as the province, state, and municipality, as well as laws established by some regulatory agencies for the purpose of evaluation, such as central banks and securities regulators.



An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia

An overview of the Saudi economy

	2013	2014	2015	2016	2017	2018	2019	2020
Nominal gross product								
(Billion Saudi Riyals)	2,800	2,836	2,454	2,419	2,582	2,949	2,974	2,625
(annual percentage change)	1.5	1.3	-13.5	-1.4	6.8	14.2	0.8	-11.7
Inflation (annual percentage change)	3.5	2.2	1.2	2.1	-0.8	2.5	-2.1	3.5
Actual GDP (annual rate of change)								
Oil sector (annual percentage change)	-1.63	2.09	5.27	3.60	-3.09	3.13	-3.65	-6.65
Non-oil private sector (annual percentage change)	7.00	5.38	3.41	0.07	1.50	1.91	3.78	-3.10
Non-oil government sector (annual percentage change)	5.09	3.67	2.72	0.58	0.71	2.86	2.20	-0.49
Real GDP (annual percentage change)	2.70	3.65	4.11	1.67	-0.74	2.43	0.33	-4.11
Oil Indicators (average)								
Brent crude (dollars / barrel)	108.56	98.97	52.32	43.64	54.13	71.34	64.30	41.96
Production (million barrels/day)	9.63	9.71	10.19	10.46	9.96	10.32	9.81	9.22
Indicators of the general budget (billion Saudi riyals)								
Country revenue	1152.61	1040.14	612.69	519.46	691.51	905.61	926.85	781.83
Country expenses	994.73	1140.60	1001.29	830.51	930.00	1079.47	1059.45	1075.73
surplus/financial deficit	157.88	-100.46	-388.60	-311.06	-238.49	-173.86	-132.60	-293.90
(as a percentage of nominal GDP)	5.64	-3.54	-15.84	-12.86	-9.24	-5.89	-4.46	-11.19
Total public debt	60.12	44.26	142.26	316.58	443.25	559.98	677.93	853.52
(as a percentage of nominal GDP)	2.15	1.56	5.80	13.09	17.17	18.99	22.80	32.51
Total state deposits with SAMA (state current account + general reserve)	1484.43	1378.95	1023.30	730.58	641.38	562.37	529.25	436.57
(as a percentage of nominal GDP)	53.02	48.62	41.71	30.21	24.84	19.07	17.80	16.63

	2013	2014	2015	2016	2017	2018	2019	2020
Monetary Indicators (average)								
Consumer price index	٣,٩	٢,٩	٢,٣	2.1	-0.8	2.5	-1.2	٣,٤
The basic lending rate to the Monetary Agency	0.3%	0.5%	0.8%	1.5%	2.5%	1.8%	1.8%	0.5%
Annual percentage	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%	2.0%
Foreign trade indicators (billion riyals)								
oil exports	1207.08	1067.09	573.41	510.73	638.40	868.44	751.83	456.04
Total exports of goods	1409.63	1284.21	763.26	688.53	831.98	1103.95	981.06	657.60
Goods imports	575.04	594.23	597.27	479.41	462.75	471.14	526.05	449.56
Goods trade balance	834.59	689.98	166.00	209.12	369.23	632.81	455.01	208.04
current account balance	507.91	276.59	-212.71	-89.41	39.24	269.89	143.36	-42.71
(as a percentage of nominal GDP)	18.14	9.75	-8.67	-3.70	1.52	9.15	4.82	-1.63
Net international investment position	2861.88	2968.41	2586.77	2239.77	2338.58	2466.10	2516.34	2335.15
(as a percentage of nominal GDP)	102.21	104.66	105.43	92.61	90.57	83.61	84.62	88.94
Social and demographic indicators								
Population (million people)	29.38	30.00	30.89	31.79	32.61	33.41	34.22	35.11
Saudi unemployment rate (Unemployment rate among Saudis 15 years and over, percentage)	11.70	11.70	11.50	11.60	12.80	12.70	12.00	12.63
Average per capita income (SAR)	95300.01	94552.92	79425.50	76083.44	79177.33	88270.99	86901.95	74768.90

- Source:
- Jadwa forecasts for the years 2019-2020-2021, the General Authority for Statistics, for GDP figures and population indicators.
- The Saudi Arabian Monetary Agency for monetary and foreign trade indicators.
- Ministry of Finance for budget indicators.

Kingdom Vision 2030

With the support and patronage of the Custodian of the Two Holy Mosques, may God preserve him, the Kingdom's Vision 2030 was launched, which is the vision of His Highness the Crown Prince for the future of this great country, which seeks to invest in our strengths that God has endowed us with, from a distinguished strategic location, a pioneering investment force, and an Arab and Islamic depth, as he assumed the leadership for that All attention, and harness all potential to achieve ambitions.

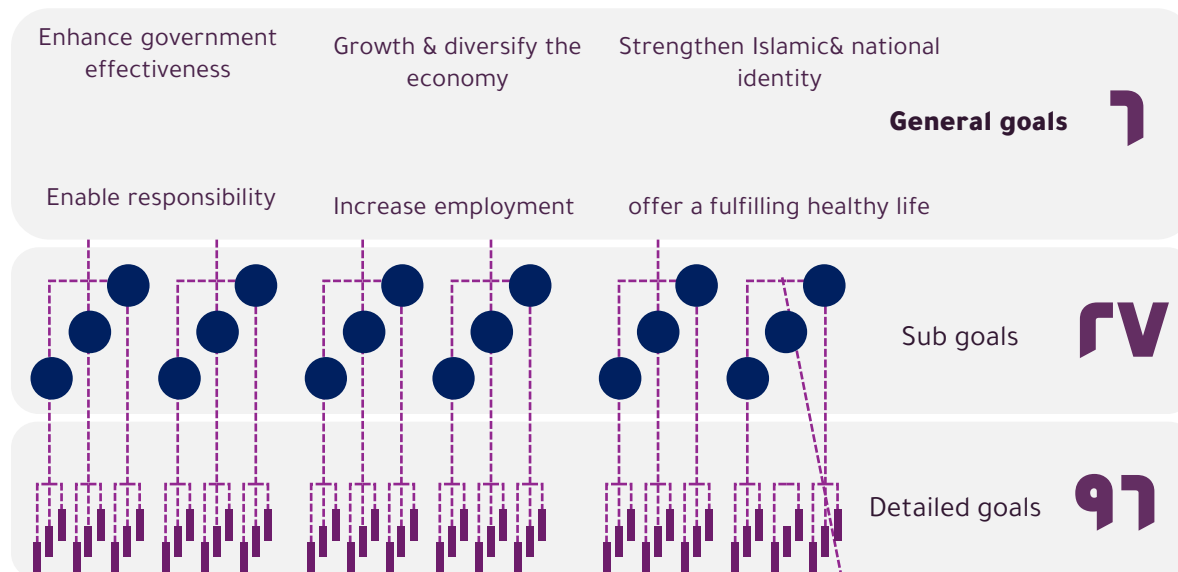
During the past five years, many achievements have been made, and a number of transformational enablers have crystallized, which contributed to achieving tangible results at the level of the government work system, the economy and society, and laid the foundations for success for the future. We have faced many challenges and gained many experiences, which have strengthened our confidence in achieving our goals. We worked to increase the government's effectiveness and responsiveness, by investing in government digital transformation, creating opportunities for growth and investment, creating a number of new economic sectors, opening our doors to the world, and raising the quality of life for citizens. All of these achievements were accomplished by the sons and daughters of this great nation.

Saudi Vision 2030 relies on pivotal strengths

The Kingdom of Saudi Arabia is the land of the Two Holy Mosques, the purest place on earth and the destination of more than a billion Muslims, making it the heart of the Arab and Islamic worlds.

The Kingdom is harnessing its investment power to create a more diversified and sustainable economy.

The Kingdom harnesses its strategic location to strengthen its position as a major engine of international trade and to connect the three continents: Africa, Asia and Europe.



Entrepreneurial projects

NEOM project



Item	Information
Project classification	Private area
Usage	Multi use
Developer	NEOM Company
Owner	Public investment fund
Total land area (sq km)	26.5 thousand
Budget	1,700 billion riyals
Location	Northwestern Saudi Arabia
Development	Build from scratch Modern solutions a future vision
Regulations and laws	Easy to start business
Economy	diverse

Entrepreneurial projects

Amala Project

Unit	Information
Project classification	Tourism
Usage	Multi use
Developer	Amala company
Owner	Public Investment Fund
Total land area (sq km)	٥,٦
Budget	7 billion riyals

Red Sea Project

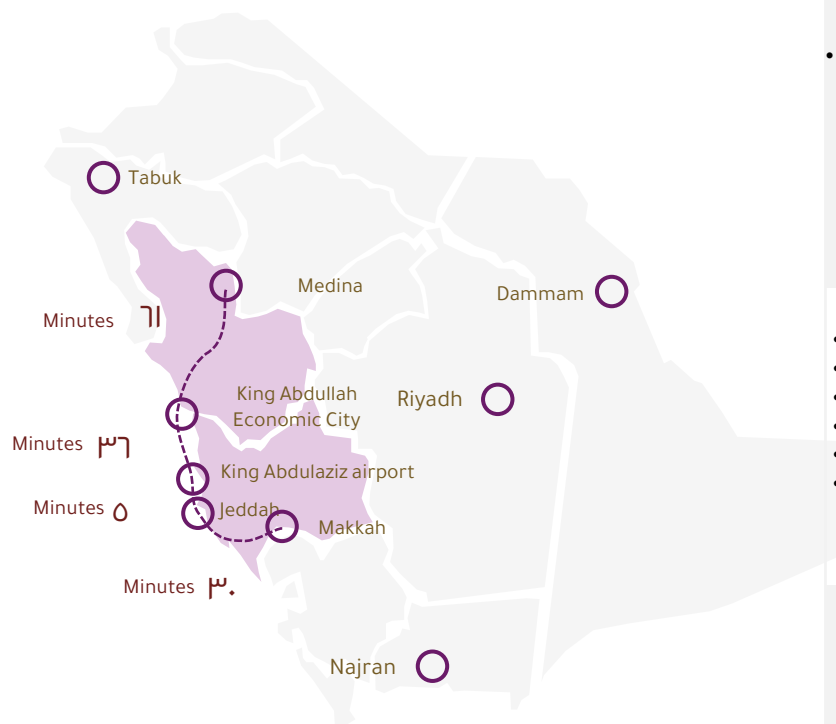
Unit	Information
Project classification	Entertainment tourism
Usage	Multi use
Developer	The Red Sea Development Company
Owner	Public Investment Fund
Total land area (sq km)	٢٨,٠٠٠
Budget	14 billion riyals



Entrepreneurial projects

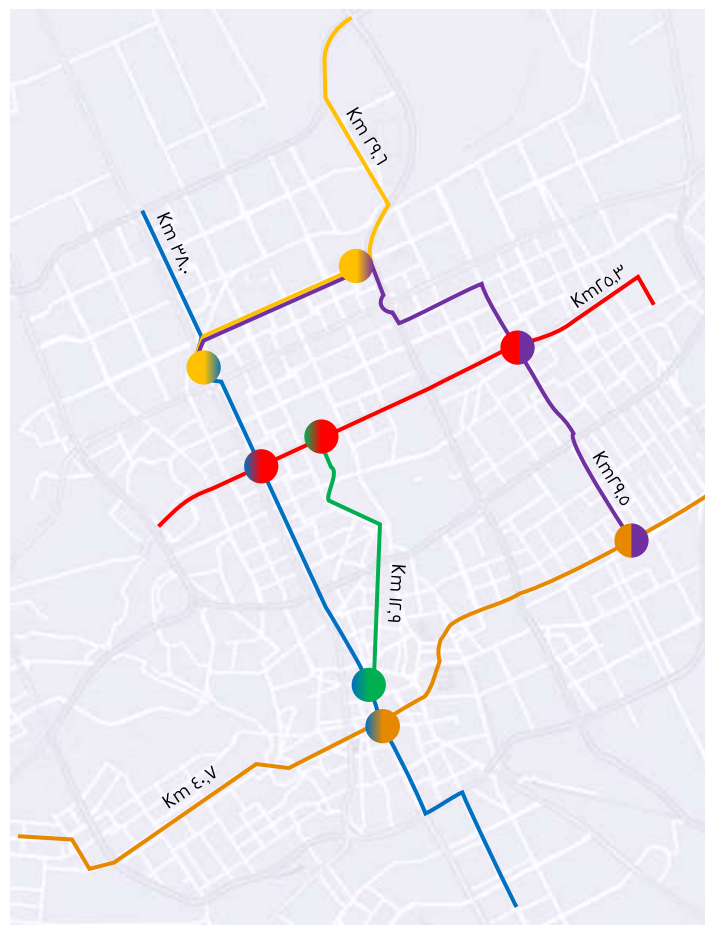
Public transport

Haramain train track



Information
<ul style="list-style-type: none"> Al-Haramain Express train extends for a distance of 450 km. Linking the religious path between the city of Makkah Al-Mukarramah and Al-Madinah Al-Munawwarah, passing through the city of Jeddah.
<ul style="list-style-type: none"> The train has five stations: Makkah station. Jeddah station (Sulaymaniyah). King Abdulaziz Airport station. King Abdullah City Station. Medina station
<ul style="list-style-type: none"> The railway is expected to carry about 60 million passengers annually, on board a fleet of 35 trains, each with 417 seats.

Riyadh Metro

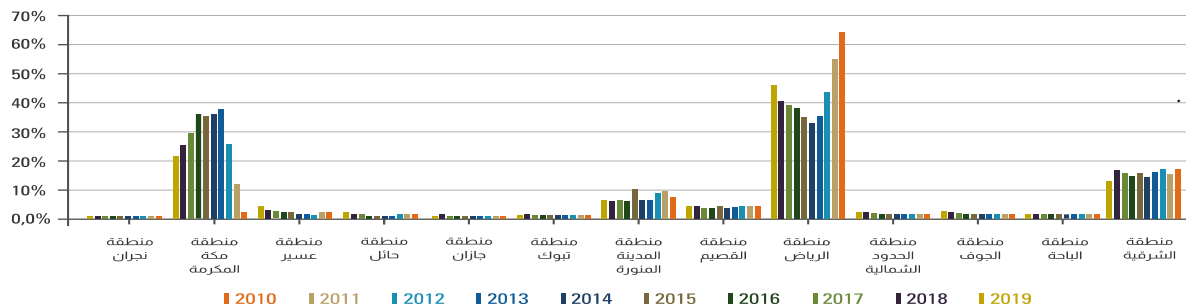


Information
<ul style="list-style-type: none"> The Riyadh Metro is a fast transit system, which is currently under construction and is one of the largest infrastructure projects in the city of Riyadh
<ul style="list-style-type: none"> The metro is designed as a world-class transportation system, and includes 756 metro cars, 85 stations, 6 metro lines, and a network of 176 km.
<ul style="list-style-type: none"> The construction of the metro system has led to a number of road closures affecting traffic in different parts of the city.

Real estate market

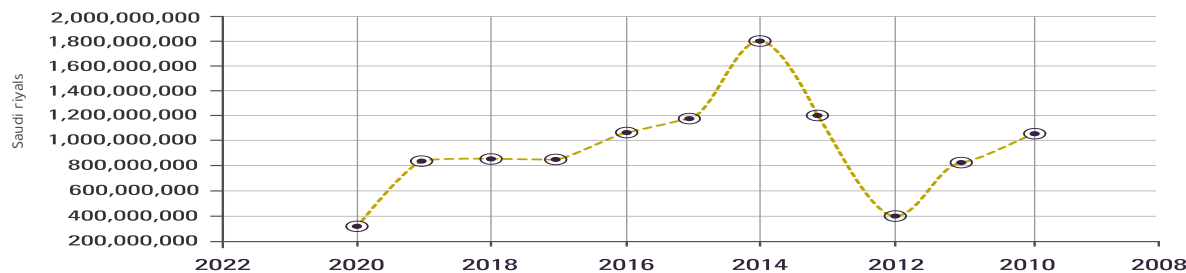
Second: The share of the Kingdom's regions in the total value of the market at the Kingdom's level

By analyzing the data, we find that the total value of deals at the level of regions is that Riyadh and Makkah are the two highest regions contributing to the total value of the market. Hence, the influence of the eastern region comes in the value of the real estate market, then the Medina region, then the Qassim region, and then the rest of the regions.



Third: The total area sold in the real estate market at the level of the Kingdom:

The highest sold area of executed deals in the Kingdom in 2014 amounted to more than 1.8 billion square meters for various types of real estate, and reached its lowest level in 2012 when the total area sold for executed deals reached 400 million square meters. There was an approximate stability in the traded areas during the years 2016 to 2019, with a decrease in the total value of executed deals.

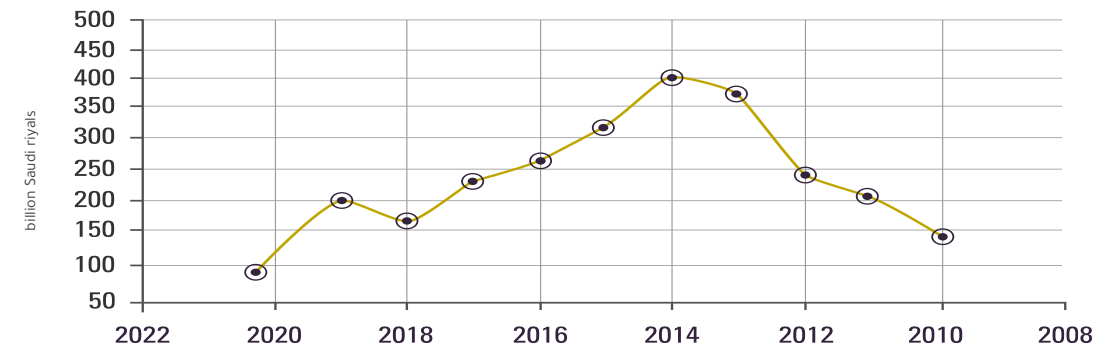


Mortgage loans

The continued implementation of the goals contained in the Vision Realization Program in the field of housing led to a rapid rise in the level of new mortgage loans until 2020. As a result, new residential mortgage loans provided by banks jumped during the four years from 47% to 60% in 2020, exceeding the target. by 8%. Abolishing the concept of waiting for housing support from 15 years to immediate entitlement. Through official platforms and in partnership with banks and financing agencies, it provided financing housing solutions to approximately 840,000 families, including 310 families who inhabited their homes. Activating the partnership with the private sector by developing more than 141,000 housing units and strengthening the partnership with banks and financing agencies by providing 424,000 subsidized real estate loans.

First: The total value of the real estate market in the Kingdom of Saudi Arabia

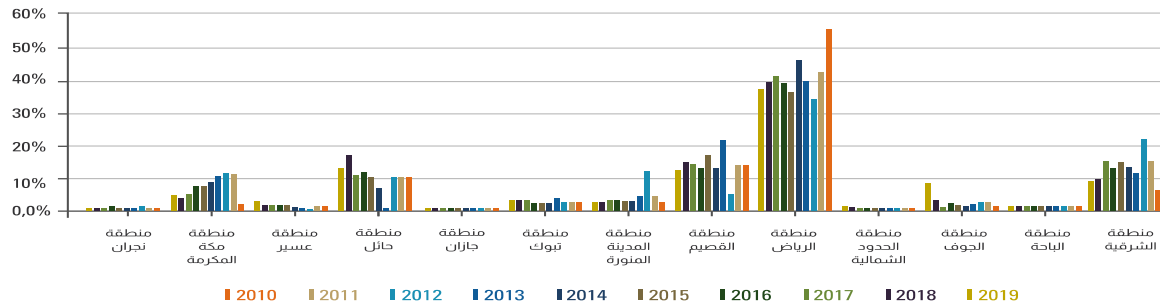
The highest value of the total deals executed in the Kingdom in 2014 amounted to more than 430 billion riyals for various types of real estate, and it reached its lowest level in 2018, when the total value of deals executed reached 139 billion riyals, and it is clear from the volume of deals executed in 2020 until the date of preparing the report that The market is in a phase of recovery and overtaking the previous year, at least.



Real estate market

Fourth: The share of the Kingdom's regions of the total area sold in the market at the Kingdom's level:

By analyzing the data, we find that the total area sold for deals at the level of the regions is that the Riyadh region is the highest, followed by the Qassim, Eastern and Hail regions, with varying contributions, and then the Makkah region.



Real estate market

An overview of the retail sector in Riyadh

Demand

Project name	Gross leasable area (sqm)
The park	10,792
Shorofat Park	11,000
The zone	25,000
Tal plaza	21,000
Terrace	8,000
Granada	34,000
Reef	11,428
Riyadh walk	136,000
Chandelier	13,400
Najd mall	36,286
Al jamiah st	51,557
AL Khaleej mall	51,453
Alarab mall	133,876
Ruwaq qurtubah	72,000
City center ishbiliyah	100,000
Aura center	14,050
Diriyah city center	22,929
Avenue	400,000
Saudi mall	300,000

- It witnessed the opening of the huge (Riyadh Park) Mall on an area of 92,000 square meters during the past year.
- The food and beverage sector acquired the lion's share in most of the new commercial projects, and the development work focused on luxury restaurants, as most of these projects are concentrated in the north of the capital, Riyadh, and it has become a center for luxury and high-end restaurants.
- The Levels and Veranda are some of the notable openings this year, while Chandelier Restaurant Complex, Terrace and Aura are some of the highly anticipated high-end F&B projects on the Northern Ring Road.
- The (The Zone) project on Al-Takhasosi Street and (Sharafat Park) on Abi Bakr Al-Siddiq Road will add an area of 25,000 and 11,000 square meters respectively to the total retail inventory of 3 million square meters. The Riyadh Promenade complex near Imam University is likely to add 40,000 square meters to the market with a decent share of retail and entertainment.
- The Granada Center and The Park expansion project, which is being implemented by the Unified Real Estate Development Company, is expected to open in the first quarter of 2019 by adding 34,000 and 10,792 square meters, respectively.

Retail sector:

- The Value Added Tax (VAT), which was implemented at the beginning of last year in the Kingdom of Saudi Arabia and the Cooperation Council for the Arab States of the Gulf, posed some challenges that may affect competitiveness. However, since the establishment of the General Entertainment Authority (GAE), Saudi Arabia aims to increase household spending on entertainment from the current 2.9% to 6% by 2030.
- As the retail market in Riyadh faces a historic announcement initiative and the opening of the cinema's gates in April 2018.
- Moreover, the Qiddiya project in southwest Riyadh, which extends over an area of more than 334 square kilometers, will attract 12 million shopping mall visitors by the completion date of the first phase scheduled for 2022.
- The Dutch Spar hypermarket chain (2,900 square meters) entered the Riyadh Gate project, occupying an area of 16,000 square meters on King Fahd Road. Recently, Raden Center with an area of 15,613 sqm, MEFIC Center (Hospitality) with an area of 20,000 sqm and Turkey Square with an area of 3,000 sqm have been added to the retail inventory.

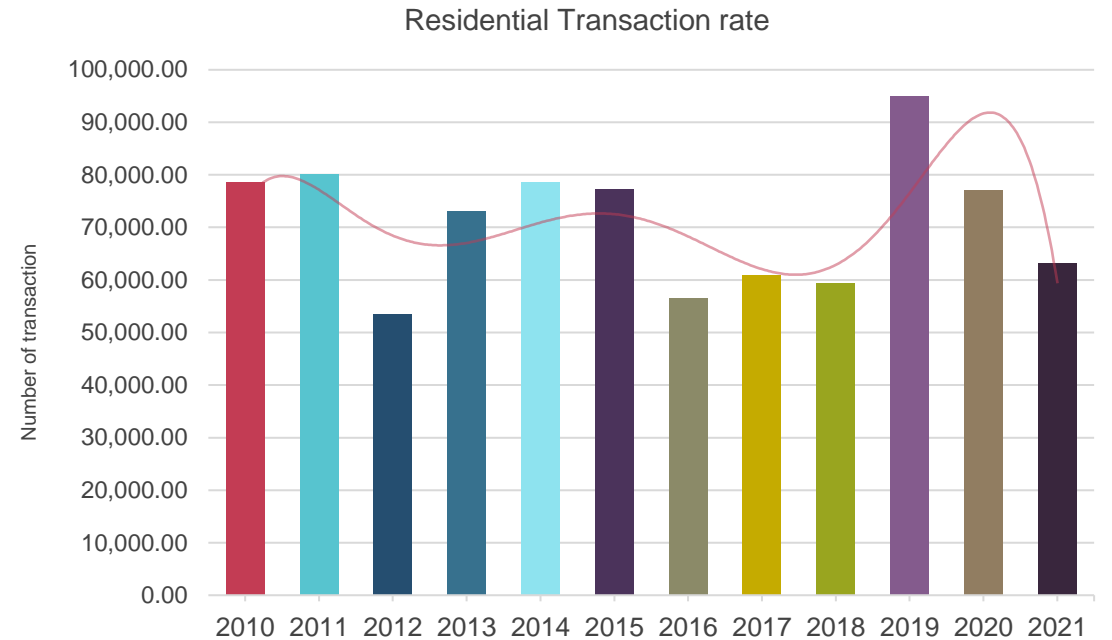
Project name	Gross leasable area (sqm)
Riyadh Park	92,000
Riyadh gate	16,000
Sedrah	18,000
Mefic center	20,000
Takhssusi Plaza	8,500
Turki square	3,000
The levels	5,400
Laban Plaza	7,759
City life plaza	7,761

RIYADH Province

منطقة الرياض

| Riyadh Province- the residential sector

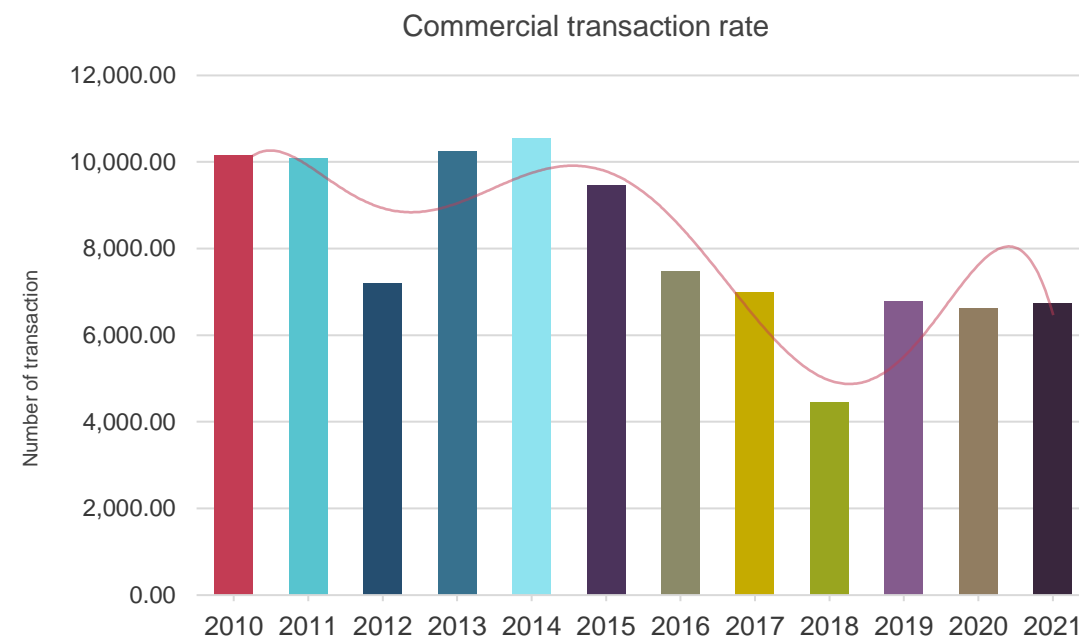
The rate of residential transactions over the years				
Years	Residential / number of executed transactions	Rate of change	Residential/price of the executed deals	Rate of change
2010	78,581.00	--	50,374,060,211.00	--
2011	80,152.00	2%	60,837,111,405.00	21%
2012	53,502.00	-33%	57,994,836,423.00	-5%
2013	73,043.00	37%	75,753,532,565.00	31%
2014	78,594.00	8%	77,693,191,487.00	3%
2015	77,244.00	-2%	61,905,146,249.00	-20%
2016	56,505.00	-27%	51,358,258,527.00	-17%
2017	60,841.00	8%	48,587,611,615.00	-5%
2018	59,446.00	-2%	34,499,302,906.00	-29%
2019	95,001.00	60%	55,419,007,001.00	61%
2020	77,096.00	-19%	45,446,552,858.00	-18%
2021	63,140.00	-18%	45,307,983,491.00	0%



* Source: Ministry of Justice

| Riyadh Province - the Commercial sector

The rate of Commercial transactions over the years				
Year	Commercial / number of transactions executed	Change of rate	Commercial/price of executed deals	Change of rate
2010	10,151.00	--	41,009,094,439.00	--
2011	10,079.00	-1%	39,911,754,262.00	-3%
2012	7,196.00	-29%	40,401,967,575.00	1%
2013	10,249.00	42%	47,080,141,702.00	17%
2014	10,548.00	3%	59,005,327,688.00	25%
2015	9,463.00	-10%	47,112,342,751.00	-20%
2016	7,475.00	-21%	40,531,348,455.00	-14%
2017	6,982.00	-7%	30,567,494,114.00	-25%
2018	4,452.00	-36%	18,103,977,071.00	-41%
2019	6,783.00	52%	18,490,848,558.00	2%
2020	6,613.00	-3%	21,298,506,701.00	15%
2021	6,746.00	2%	24,905,334,951.00	17%



* Source: Ministry of Justice

Topic: Valuation of a commercial center (Al-Makan Mall), Al-Rayyan district, Dawadmi Governorate

Client : Alinma Investment

Report Date : 30/06/2023

Project No: 1001620/02
Report type: Detailed

FAIR IS OUR VALUE

الْعَدْلُ قِيَمُنَا

Dear **Alinma Investment**

Topic: **Valuation of a commercial center (Al-Makan Mall), Al-Rayyan district, Dawadmi Governorate**

At the request Value Experts received from Alinma Investment, to proceed with the **property valuation of a commercial center (Al-Makan Mall), Al-Rayyan district, Dawadmi Governorate**, we have examined the property, inspected and studied the necessary documents and maps. After conducting a study with the surrounding area of the property, we attach the following report that provides the necessary data and shows the reasons for reaching the market value of the property.

The purpose of this report is to estimate the market value of the property as it is on 20-06-2023; the purpose of its issuance is to know the market value of the property for (REIT Fund) and the report is for Alinma Investment use. The estimated property is a commercial center detailed as follows:

Title Deed Number	Land Area	Built Up Area	Property Type
-	72,678.43 m ²	37,961 m ²	Commercial center

Based on the study completed, we estimate the market value of the property's current status at the date of estimation and an amount of only:

١٣٧,٠٨٠,٠٠٠ SR

(One hundred thirty-seven million, and eighty thousand Saudi Riyals)

Taking into account the location and as documented in this report on 30-06-2023

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Valuation of a commercial center (Al-Makan Mall), Al-Rayyan district, Dawadmi Governorate

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	Periodic evaluation of the Alinma (General) Retail Fund (REIT)
Property Location	Kingdom of Saudi Arabia - Dawadmi Governorate
Subject Property Type	Commercial center
Property Area	72,678.43 m ²
Built Up Area	37,961 m ²
license number	1431/5260000001
Title Deed Date	16/03/1431 AH
Ownership Type	A usufruct right to a leased land.
Premise of Value	Existing Use
Basis of Value	Market Value
Valuation Criteria	International Valuation Standards
Valuation Approach	Income Approach
Valuation Method	Discounted Cash Flow Method
Inspection Date	15/06/2023
Valuation Date	20/06/2023
Report Date	30/06/2023

400 standard

Introduction :

The principles contained in General Standards (101-105) apply to valuations of real estate interests. This standard stipulates additional requirements that apply to valuations of real estate interests.

Real estate interest:

It is the right to own, control, exploit, or occupy land and buildings.

Land interest includes informal tenure rights to communal or tribal land, exclusive informal settlements, rural or transitional economies, which can take the form of tenure, occupation, or use rights.

It includes three main types:

The supreme interest in any particular area of land, and the owner of such interest has an absolute right to possess and permanently control the land and any buildings, subject only to any minimum interests and any statutory or other legally applicable restrictions.

The minimum interest usually gives the landlord exclusive ownership and control over a specific area of land or buildings for a specified period, for example: according to the terms of the lease.

The right to use land or buildings, but without enjoying the right of ownership or exclusive control, such as the right to pass ownership of land or exploit it only for a specific activity.

The interest identified in the assessment:

The supreme interest in any particular land area, and the owner of this interest has an absolute right to possess the land and any buildings and control it permanently.

Scope of work - Standard No. (101) , (104)

Items		Clarification
١	Client name	Alinma Investment
٢	Intended user	Alinma Investment
٣	The subject matter of the valuation	Commercial Center
٤	Valuation currency	The Saudi riyal (SR - SR) is the official currency used in this report.
٥	Purpose of Valuation	Periodic evaluation of the (General) Alinma Retail Fund (REIT)
٦	Premise of Value	Existing Use
٧	Basis of Value	Market value: It is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller. And within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and prudence without coercion or coercion.
٨	Valuation Approach & Method used	Income Approach - Discounted Cash flow
٩	Inspection Date	15/06/2023
١٠	Valuation Date	20/06/2023
١١	Report Date	30/06/2023
١٢	Valuation range	It included research and analysis to prepare the report according to the intended purpose and in accordance with international valuation standards, where the property was examined from the inside and outside on the day of the property inspection date. All the necessary requirements for preparing the report were obtained.
١٣	Nature and sources of information	In preparing this report, we relied on the information and documents provided by the client (the deed - the building permit - the statement of investment analysis - a statement of the rental spaces). Rental platform (real estate index for leasing operations), real estate exchange traded REITs (Capital Market Authority - Tadawul) Electronic platforms for real estate offers and indicators (Comparison platforms - Real Estate SAS - Real Estate Authority) Real estate offices in the target area, the database of Value Expert, which is continuously updated.

Standard - No. (101), (102)

Scope of work items		Clarification
II	Scope of research and survey	Field survey of the property under valuation and similar properties. And we worked on collecting and analyzing data to come up with results that serve this report and the purpose required for it, in addition to a field study of the geographical nature and services available in the property area and its surrounding areas, which are explained in detail in the technical study.
II'	Report type	The report (detailed) contains complete explanations of all evaluation works, including steps, data, information, accounts, etc.
II''	Valuation standards	IVS International Evaluation Standards Version (2022) issued by the Saudi Authority for Accredited Valuers.
IE	Legal description of the property owner	The validity of the information and data (customer information) provided to us by the customer has been assumed to be correct. The type of ownership of the property is a property free of obligations according to the hypothesis submitted by the client without verifying its truth.

Standard - No. (101)

Scope of work items		Clarification
15	Restrictions on use, distribution or publication	<p>This report is provided for the purpose for which it was prepared only and may not be used, circulated, quoted from or referred to in any way for any other purpose, and accordingly neither the company nor the evaluator bears any responsibility for any loss incurred by any party as a result of using the evaluation report in such a manner Contradicts the provisions of this clause. The evaluator reserves all rights to issue the valuation report. This report may not be reproduced in any manner without the express consent of the Company.</p> <p>This report may not be submitted to any other party other than those referred to in it without the express consent of the company. It is a matter of caution that the Company and the evaluator reserve the right to make any amendments and make any revisions to the valuation or to support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the evaluation accounts, amend and revise its results in the light of information that existed at the date of the evaluation, but became clear to it later.</p>
16	Confidentiality and preservation of information	Any documents received from the client are considered confidential between Value Experts and the client. The subject service shall not be disclosed at any time. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financials or other affairs acquired by the subject service during the process, shall remain confidential.
17	Disclaimer	<p>This document prepared by (Value Expert Real Estate Appraisal Company) is owned by it and may not be used for purposes other than what it was prepared for.</p> <p>We have no current or future interests in the target drug.</p> <p>The agreed fees for making this report are not linked to the estimated value of the property.</p> <p>We were not asked for any prior opinions before the evaluation, and we have performed our work in accordance with the international evaluation standards issued by the Saudi Authority for Accredited Valuers.</p> <p>Our results may change if we are provided with any data affecting the value or if we are able to obtain it from reliable sources.</p>

Standard - No. (101)

Scope of work items		Clarification
18	General assumptions	<ul style="list-style-type: none"> -The documents sent by the client were relied upon, and they were assumed to be correct. -The appraisal was carried out on the assumption that the property is free of any modifications or interference. -Our report has been prepared on the assumption that there are no hazardous or polluting materials at the site that affect the value significantly. -The property has been assumed to comply with all regular planning and zoning requirements. -The location of the land and the total area of the land were inferred by the client. -No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, and some legal matters on which this --report or part of it is based. It was assumed that the real estate deed is valid, negotiable, and free from any restrictions, unusual conditions, or other burdens, -and has no pending claims. -The evaluation was based on economic conditions, current data in the real estate market, supply and demand, and therefore the value may change based on -the change of these data
	Special assumptions	<ul style="list-style-type: none"> -Due to lack of comparative evidence of commercial centers to the subject property, and as the property is generating income. The most appropriate approach to reach the market value is the Income Approach - Discounted Cash Flow Method.

Work Methodology



Asset Inspection

Title deed was received from the client, which shows the area of the property. A detailed statement was received showing the location of the property and the area of the land, after which the property was identified and the information received from the client was matched with reality.



2

Define the Property Assets

Through the preview, it was found that the property under valuation is a commercial center.



3

Data Analysis

The available data analysis in the property, which have been drawn from informal sources such as real estate offices operating in the subject area.



4

Application of Valuation Methods

After the experts assessed the current use in terms of the market and the data available about it, it was concluded that the valuation approach and method is (Income Approach – Discounted Cash Flow Method), taking into account the purpose of the valuation.

Criteria No. 102



5

Data Collection

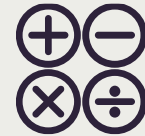
Based on the type of property valued, the scope of data collection was determined; especially in the area surrounding the property.



6

Estimated Value

After reconciling the results of the valuation methods, a value corresponding to the scope of the work described with the client is weighted.



7

Value Review

A review of the value by the audit committee, consisting of two experts will review the information and analyzes and assumptions reached by valuer.



8

Report Preparation

Work on report preparation in accordance with the Standard 101 for report description, and criteria 103 for report preparation.

Criteria No. 102

Scope of work stages

Scope of work items		Clarification
1	Scope of work	Meeting the client and determining scope of work which includes purpose of valuation, basis of valuation, intended users, valuation date and any special or important assumptions that includes the clarity of the assignment and the expected outputs.
2	Inspection and analyzing the location	Inspecting the property and get acquainted with its facilities, matching the documents provided with the reality, analyzing the property location and the zoning classification nearby the property with determining the scope of the geographical search and the appropriate project activities.
3	Collecting and analyzing data	Collecting market data (rents, returns, occupancy rates, maintenance and operating expenses) for income-generating properties, and also searching for similar land prices and contractors' costs and analyzing that data to reach knowledge of past and current market trends and future indicators that will be relied upon when applying the valuation mechanism.
4	Applying valuation approaches and methods	Based on the scope of work and market analysis, appropriate valuation approaches and methods are determined and all assumptions and inputs are put in place to carry out financial calculations to reach the market value according to the chosen approaches and methods described in this report.
5	Estimating value	The valuation approaches and methods used to reach the market value of the property are reconciled according to our final estimation and according to the sources of information that we have that can be trusted and commensurate with the property under valuation.
6	Report preparation	We prepare the report according to the scope of work, so that it includes the data, results and outputs that were reached through the previous work stages.

Value Experts has a distinguished team with professional qualification and experience in valuation work and a team of 5 registered with the Saudi Commission for Accredited Valuers, the most prominent of the team:



Alaa Ibrahim Al - Thaqafi
Founder and CEO

14

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000027



Hisham Saleh Al - Aqeel
Partner - V. P. Director
Valuation

9

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000185



Mohamed Saleh Idrees
Property Valuation Consultant –
Companies

9

Years experience in valuation work Bachelor
of Business Administration and Mechanical
Engineering - Production

Membership No. 1220001030



The location of the property at the level of Dawadmi Governorate

The property is located in the Dawadmi Governorate, which is a Saudi governorate that belongs to the emirate of the Riyadh region, where the Dawadmi governorate is located in the northwest of the Riyadh region and is bordered to the east by Shaqra and Marat governorates, and to the west by Afif governorate, and Al-Rass governorate administratively affiliated to Al-Qassim region, and to the north by Onaizah governorate, and Al-Mithnab governorate, Al Bukayriyah Governorate, and these three governorates belong administratively to Al-Qassim Region, and it is bordered to the north by part of the administrative scope of the city of Buraydah (the headquarters of the Emirate of Al-Qassim Region), and to the south by Al-Quwaiyah Governorate. The area of Al-Dawadmi governorate is approximately 27,500 square kilometers, and it ranks 5th among the governorates of the region and its administrative headquarters in terms of area.

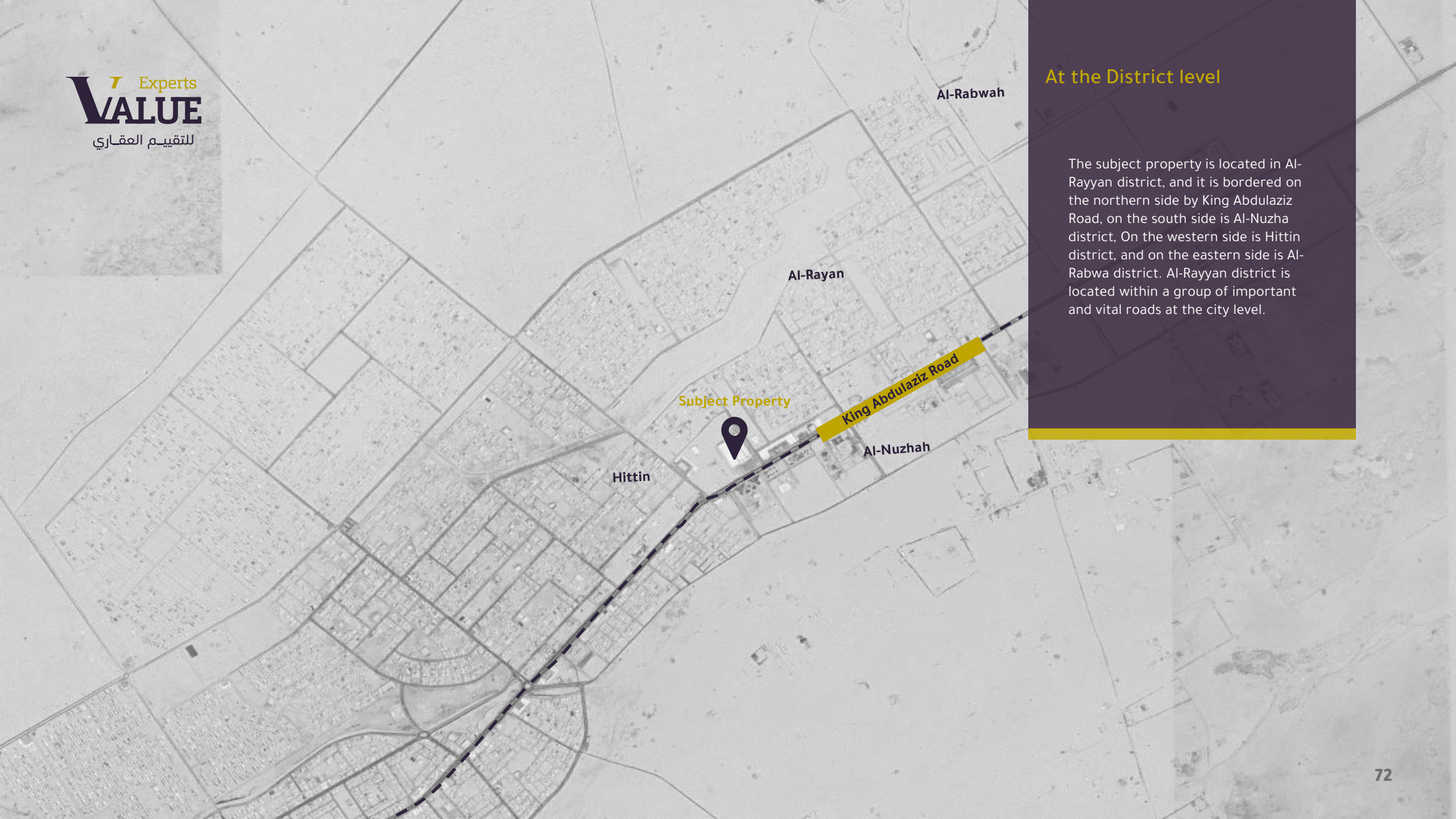
Subject Property



King Khalid Road

King Saud Road

King Abdulaziz Road



At the District level

The subject property is located in Al-Rayyan district, and it is bordered on the northern side by King Abdulaziz Road, on the south side is Al-Nuzha district, On the western side is Hittin district, and on the eastern side is Al-Rabwah district. Al-Rayyan district is located within a group of important and vital roads at the city level.

At the level of the neighborhood

The subject property is located in Al-Rayyan district. It is bordered to the north by a 20 meter wide road, to the south by King Abdulaziz Road 40 meter wide, to the east by a 28 meter wide road, and to the west by a 20-meter-wide road.

Subject Property

King Abdulaziz Road

<https://goo.gl/maps/hGPew43jUHcR6yQj8>

Location link

General description of the buildings

The property is a commercial center Al-Makan mall with total built up area of 37,961 square meters

The ground floor consists of 38 shops (rented), 11 kiosks (rented), 58 vacant shops, in addition to 2 prayer rooms and 10 toilets.

The first floor consists of 6 offices and 3 toilets.

The property is located in Al-Dawadmi Governorate, in Al-Rayyan district, which is an area with a medium population density.

Finishing details

Facades: Facades covered with cladding, and the external façades of the mall that form the largest advertising façade are equipped with mobile lighting systems.

Ventilation and air conditioning units: central air conditioning.

Facilities: emergency exits - fire extinguishers - mosques

Buildings details

The following table shows the details of the building areas of the property:

Sl.#	Unit	Usage	Area (m2)
1	Ground Floor	Commercial	35,000.0
2	First Floor	Commercial	2,961.0
Total			37,961

Exterior picture of the commercial center



Property Description

Unit	Discretion
Shopping mall type	Local
Mall rating	B
Opening date	٢٠١٥
Built up area (sqm)	٣٧,٩٦٠
Leasable area (sqm)	٢٧,٤٩٣
Number of floors	٢
Number of stores	١٢٣
Number of parking lots	
% of parking lots	

Commercial spaces and their division

Unit space	Total Sqm
50-0	123
200-51	5,914
500-201	2,998
SUB ANCHOR	2,408
ANCHOR	14,660
Atm	4
KISOK	465
Food court	922
	27,493

Interior picture of the commercial



Description of the operating contract for the mall

The commercial center (Al-Makan Mall) consists of 123 stores, with multiple tenants. We were not provided with copies or copies of lease contracts, and according to the customer's instructions, we have relied on the information contained in the rental schedule that was provided to us for the purpose of this valuation.

Based on the information provided to us by the client, we understand that on the date of the valuation, the total income of the property is 9,537,118 riyals, including service fees.

General description of land lease contracts

The land is leased to Wabel Fund Company, for a period of twenty-five years, starting from the date of 1/11/1433 AH and ending at the end of 1/11/1458 AH, payable on the first day of each contractual year.

Statement of entitlement to rent the land according to the contracts:

Period	due date	Value SR
1	١٤٣٣. ذو القعدة.	650,000
2	١٤٣٤. ذو القعدة.	650,000
3	١٤٣٥. ذو القعدة.	650,000
4	١٤٣٦. ذو القعدة.	650,000
5	١٤٣٧. ذو القعدة.	650,000
6	١٤٣٨. ذو القعدة.	650,000
7	١٤٣٩. ذو القعدة.	650,000
8	١٤٤٠. ذو القعدة.	650,000
9	١٤٤١. ذو القعدة.	650,000
10	١٤٤٢. ذو القعدة.	650,000
11	١٤٤٣. ذو القعدة.	650,000
12	١٤٤٤. ذو القعدة.	650,000
13	١٤٤٥. ذو القعدة.	650,000
14	١٤٤٦. ذو القعدة.	650,000
15	١٤٤٧. ذو القعدة.	650,000
16	١٤٤٨. ذو القعدة.	650,000
17	١٤٤٩. ذو القعدة.	650,000
18	١٤٥٠. ذو القعدة.	650,000
19	١٤٥١. ذو القعدة.	650,000
22	١٤٥٢. ذو القعدة.	650,000
23	١٤٥٣. ذو القعدة.	650,000
24	١٤٥٤. ذو القعدة.	650,000
25	١٤٥٥. ذو القعدة.	650,000
26	١٤٥٦. ذو القعدة.	650,000
27	١٤٥٧. ذو القعدة.	650,000

The contract cover



Property Description

Ownership Details

Description	Information
Property Address	Al-Rayyan district, Dawadmi Governorate
Plan Number	-
Property Type	Commercial center
Plot Number	-
Land Area as per Title Deed	72,678.43 square meters
License Number	5260000001/1431
License Date	16-03-1431 AH
Built Up Area as per Google Earth and Site Inspection	37,961 square meters
Ownership Type	A usufruct right to a leased land

Services available in the property area

Services available in the area		Yes	No
Governmental Services	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
	Commercial Centers	✓	
Commercial Services	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
	Electric Network	✓	
General Services	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



PROPERTY PICTURES





PROPERTY PICTURES





Methodology of Valuation Standards according to Standard No. 105

1- Market Approach (Comparative Method) Standard No. 105

Approach and Method	Used for	Method Definition
Market Approach - Comparative Method	Land, Exhibitions, and Hotel Rooms	<ul style="list-style-type: none"> This method provides indicators of value by comparing lands and warehouses that are valued with identical or similar data available for information on their prices. According to this method, the first step is to study the transaction prices of the corresponding or similar properties that have recently occurred in the market, and if the transactions have been few, it is also better to study the corresponding or similar properties prices listed or offered for sale and are objectively analyzed. Information about the prices of such transactions must be adjusted to reflect differences in the terms and conditions of the effective transaction, the basis of the value and assumptions adopted in the valuation process being performed, and differences in the legal, economic and material characteristics of the properties of the other transactions may be found compared to the subject property.

Use of Method

Methodology:

- This method is based mainly on the prices currently circulating in the market for selling or offers of another property (comparative evidence) similar to the subject property.
- Since it is impossible to find exactly the same comparable, appropriate adjustments are made to the prices of the comparable by deducting the value forming factors that represent an advantage of the comparative property and adding the items that represent an advantage to the subject property.
- By comparing the natural properties and services adjacent to the site (not including the development) with their counterparts at nearby sites, the price of the land is adjusted for the same fundamental differences between the evaluation site and the nearby sites.

Application:

- Determine the geographical scope of the comparative evidence.
- Determine the appropriate time period according to market variables, reflecting the market situation at the time of valuation.
- Collecting comparative evidence within the specified geographical range and time frame.
- Test the adequacy of comparisons for the evaluation process (if sufficient comparisons are not available, the valuation method is excluded).
- Applying adjustments to comparative evidence to reach at the property value.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

2-Income Approach (Discounted Cash Flow) Standard No. 105

Approach and Method	Used for	Definition method
Income Approach - Discounted Cash Flow	Fixed Income generating properties	<ul style="list-style-type: none"> It is a financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future discounted cash flows.

Use of Method

Methodology:

- This method depends on the net income of the property and the (capitalization rate).
- Total maintenance and operation costs are deducted from the total revenue of the subject property.
- Research for income generating properties that are similar to the subject property.
- The (capitalization rate) is determined according to the current market prices and according to the type of subject property.

Application:

- Estimating future cash flows resulting from the income of the subject property.
- Determine the discount rate or required rate of return.
- Determine the retention period of the asset and the final value.
- Calculating the current value of the expected income of the asset subject to evaluation to reach to the capital value of the property (after considering the time value of money).

Source: International Evaluation Standards 2021 - Third Edition (certified copy)

Valuation Approaches and Methods



Valuation Approaches	Market	Income	Cost
Valuation Method Used	Comparative	Discounted Cash Flow	
Reasons for Use	To get the value of the land, exhibitions, and hotel rooms.	Property is income-generating	

Estimate the value

Income Approach - Discounted Cash Flow Method

A financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future cash flows.

Valuation

Real estate evaluation risks



Competition risks: The commercial space leasing sector for companies operating in the retail sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future.

As a result, there may be difficulties in keeping up with competitors, given the policies of significantly reducing rental rates, which may negatively affect competitiveness.

Market risk: Revenues from renting space and amenities for commercial centers may be subject to unexpected fluctuations as a result of seasonal changes in spending patterns or visitor behavior, and as a result of these fluctuations in revenues, this may limit the ability to predict future revenues.

Risks of Physical depreciation and lack of maintenance

: Renovation, expansion, improvement and redevelopment of commercial centers must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the commercial centers market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change.

In the absence of renovation and improvement to keep pace with changes in the preferences of tenants and visitors, this will have a negative and significant impact.

Macroeconomic risks: The country's macroeconomic conditions may affect the value of any real estate, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the general movement in the local and global stock markets. Changing these indicators or one of them may negatively affect the value of the real estate.

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

Comparative Evidence

Tala Mall

Unit	Info
Opening year	٢٠١٤
Building area / square meters	٤٦,٢٩٢
Leasable area / square meter	٢٢,٧١١
Category	Local
Number of parking	٦٨٠
occupancy rate	%٩٢
Unit area m2	Market rent (SAR/year)
50-0	2,900
200-51	2,400
500-201	2,000
1500-501	900
More than 1500	800



The Elite Mall

Unit	Info
Opening year	٢٠١٧
Building area / square meters	٢١,٩٠٩
Leasable area / square meter	١١,١٩١
Category	Local
Number of parking	٣٠٠
occupancy rate	١٠٠
Unit area m2	Market rent (SAR/year)
50-0	2,204
200-51	1,824
500-201	1,520
1500-501	760
More than 1500	608



Valuation - Income Approach - Discounted Cash Flow Method

Revenue estimate

Field research

In order to reach the revenues of the Al-Makan Mall, the relative control and the study of the comparative evidence we carry out in order to find the relative differences and determine the revenues for each component of the subject property, the table below shows this

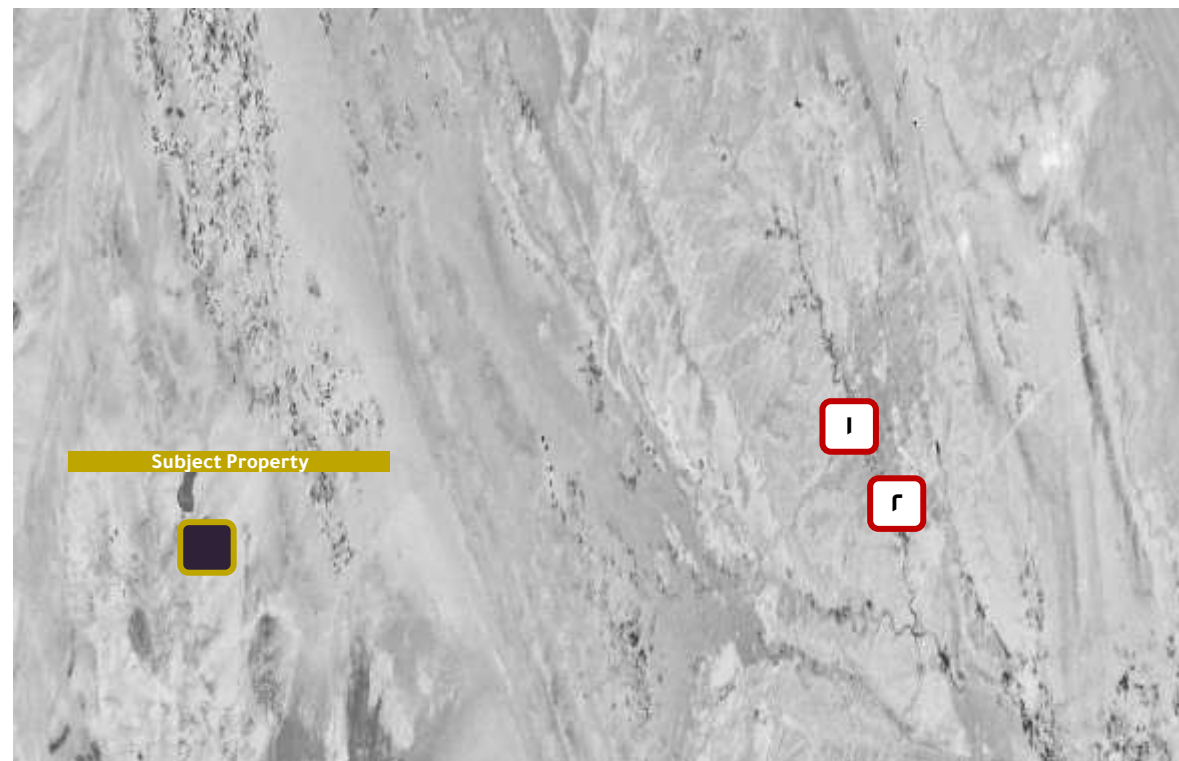
Rental rates prevailing in the market - Tala Mall

Unit area m2	Market rent (SAR/year)	Location Adjustment	Average price per square meter	Weighting ratio (%)	Square meter value after weighting (SAR)
50-0	2,900	-20%	2,320	40%	928
200-51	2,400	-20%	1,920	40%	768
500-201	2,000	-20%	1,600	40%	640
1500-501	900	-20%	720	40%	288
More than 1500	800	-20%	640	40%	256

Rental rates prevailing in the market - The Elite Mall

Unit area m2	Market rent (SAR/year)	Location Adjustment	Average price per square meter	Weighting ratio (%)	Square meter value after weighting (SAR)
50-0	2,204	-20%	1,763	60%	1058
200-51	1,824	-20%	1,459	60%	876
500-201	1,520	-20%	1,216	60%	730
1500-501	760	-20%	608	60%	365
More than 1500	608	-20%	486	60%	292

Aerial map of comparative evidence



Valuation

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

Leasable areas

According to the information provided by the client, the following table summarizes the leasable areas of the subject property.

Unit area	Total area	Ratio
50-0	123	0.45%
200-51	5,914	21.51%
500-201	2,998	10.90%
1500-501	2,408	8.76%
More than 1500	14,660	53.32%
Atm	4	0.01%
KISOK	465	1.69%
Food court	922	3.35%
	27,493	100%

Unit area	Total area	Market rent	Annual rent
50-0	123	1,546	189,503
200-51	5,914	1,279	7,565,777
500-201	2,998	1,066	3,195,975
1500-501	2,408	360	867,892
More than 1500	14,660	300	4,403,864
Atm	4	32,000	128,000
KISOK	465	16,000	7,432,000
Food court	922	2,354	2,170,609
	27,493	944	25,953,620

The inputs and assumptions of the Income Approach are the

Discounted Cash Flow Method

1.1 Income Analysis:

By examining the mall from the inside, it became clear to us that the property is leased at a rate of 84.31% of the rental space, according to the attached statement from the client.

1.2 Total Revenues:

The total rents that are collected according to the contract at the date of the evaluation, or the total revenues that are assumed according to the market. We were provided with a list of rents from the client, and we were not provided with any data on the operating and management expenses of the complex. The data on rents and income was collected by market.

1.3 Capital Expenditures:

Information regarding capital costs has not been provided to us by the client. We analyzed the level of provisions for capital expenditures in similar properties that we participated in the evaluation. We have assumed that the prudent owner will bear the capital expenditures to maintain the property well, improve the production capacity and preserve the tenants. Through inspection of the property, we found that it was renovated, and accordingly, no capital expenditures were assumed during the entire period.

1.4 Operational Expenses:

We were provided with operating expenses for the mall, and they were compared to the market, and due to the absence of relative differences compared to the market, they were applied throughout the investment period.

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

1.5 Fixed Expenses:

No fixed expenses for the property, such as insurance and any other expenses, have been calculated.

1.6 Tenant Incentives:

Due to the difficult market conditions, some tenants resort to requesting subsidies to reduce the burden of rent. No incentives were calculated for the tenants, and it was assumed that the tenant would bear them.

1.7 Doubtful Debts (Credit Losses):

It is that any owner may incur some loss of income due to bad debts. According to the data provided by the client, no losses have been applied.

1.8 Growth rate:

Due to the lack of market data and previous indicators for similar real estate and the growth rate at the level of supply and demand, and since the inflation rate is available as information announced according to the data of the Central Bank, an average has been calculated for each year based on the inflation rate for a previous year to estimate future periods as shown in the table. Adopting the Gordon growth model, meaning that the drug grows steadily forever.

1.9 Discount rate:

With regard to the discount rate, and according to the methods used to calculate the discount rate stipulated in the international valuation standards, and as it was studied in the valuation methodologies of the Saudi Authority for Accredited Valuers, it was reached by the cumulative method as shown in the table below, which depends on (the rate of inflation, regular risks, the rate of returns of government years for the period, and in addition to real estate risks, market risks). - Sources for data (Central Bank - Debt Services - Capital Market Authority data for similar properties that have been acquired).

I,I• Explicit Prediction Period (Investment Duration):

The investment period indicator was mainly based on the method used in the evaluation, the discounted future cash flows, according to the equation investment period = actual life - life expectancy - market life.

I,II Table of assumptions of the inputs of the income method, the cash flow method

Unit	Value	clarification
Land area (sqm)	37,293.0	-
Growth rate (%) (Rs)	2.70%	regular risk premium
7-year government bond yield ratio (Rf)	4.37%	Risk free rate of return
Specific Property Risk	1.90%	The irregular risk premium represented in the quality of the real estate investment and the costs involved in maintenance and operation
Market risk	3.00%	Based on supply and demand in the area in which the property to be evaluated is located
discount rate (%)	11.97%	It is the ratio that converts future cash flows into present value
Operation and maintenance costs (%)	25.00%	Costs incurred for the maintenance and operation of the property throughout the period
Occupancy rate (%)	100.00%	The percentage of non-payment tenants facing the establishment throughout the investment period
Credit and vacancies cost (%)	15.68%	The percentage of vacancies for real estate according to the prevailing in the current situation, based on the assumption that the building is at the beginning of the operation period and stabilizes in the recent period as a prevailing average according to the market

Mall revenue schedule

Unit	Leasable area (sqm)	rental price	Gross Income
Unit rental income	27,493	944	25,953,620

Income Approach - Discounted Cash Flow Method according to the market (absorption)

Period	1/11/1445	1/11/1446	1/11/1447	1/11/1448	1/11/1449	1/11/1450	1/11/1451
Cash flows - by market							
Gross Expected Income - GPI (SR)	23,460,899	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620
Credit and vacancy costs (%)	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%
Credit and vacancy costs (SAR)	3,678,669	4,069,528	4,069,528	4,069,528	4,069,528	4,069,528	4,069,528
Expected Gross Income (SR)	20,316,350	23,065,833	23,656,703	24,247,574	24,838,444	25,429,315	26,020,185
Capital Expenditure -CE (%)	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%
Capital Expenditure -CE (SR)	2,347,067	2,664,704	2,732,965	2,801,226	2,869,487	2,937,748	3,006,009
Land rent expense	585,915	650,000	650,000	650,000	650,000	650,000	650,000
Operating Expenses - OE (SR)	17,383,367	19,751,129	20,273,738	20,796,348	21,318,957	21,841,567	22,364,176
Present value coefficient	0.89	0.80	0.71	0.64	0.57	0.51	0.45
Present value of net income (SAR)	15,525,022	15,753,917	14,442,049	13,230,625	12,113,163	11,083,418	10,135,406
Period	1/11/1452	1/11/1453	1/11/1454	1/11/1455	1/11/1456	1/11/1457	
Cash flows - by market							
Gross Expected Income - GPI (SR)	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620	
Credit and vacancy costs (%)	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%	
Credit and vacancy costs (SAR)	4,069,528	4,069,528	4,069,528	4,069,528	4,069,528	4,069,528	
Expected Gross Income (SR)	26,611,056	27,201,926	27,792,797	28,383,667	28,974,538	29,565,408	
Capital Expenditure -CE (%)	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	
Capital Expenditure -CE (SR)	3,074,270	3,142,531	3,210,792	3,279,053	3,347,314	3,415,575	
Land rent expense	650,000	650,000	650,000	650,000	650,000	650,000	
Operating Expenses - OE (SR)	22,886,786	23,409,396	23,932,005	24,454,615	24,977,224	25,499,834	
Present value coefficient	0.40	0.36	0.32	0.29	0.26	0.23	
Period	9,263,421	8,462,040	7,726,135	7,050,864	6,431,674	5,864,291	
Property value (SAR)	137,082,027						
Property value (SAR) (rounded)	137,080,000						
Meter price (SR/m2)	3,676						

Valuation

Market value

Unit	Value (SR)
The value of the property usufruct according to the market	137,080,000
The market value of the property	137,080,000

Note: The cost method, the substitution method in the evaluation, is an auxiliary and indicative method only, so it was not included as a weighting opinion for the market value.

Justifications

- The market value of the property has been weighted according to the market, since the property is vacant by more than 50% according to the contracts and does not reflect the actual revenues of similar operating activities.
- The lack of sufficient data and maintenance and operation contracts for the real estate according to the contract, in order to investigate accuracy and study the operational activity of the real estate and apply it to the cash flow tables.
- The general direction of the state, represented by Vision 2030, is to revive the tourism and entertainment sector.
- Regional orientation and the increase of international companies to make the Kingdom of Saudi Arabia a center for it at the regional level, which will be reflected successively on the recovery of the retail sector in the future.
- Increasing population density and expected future for the region.
- Public awareness and the general orientation of the residents of the area towards malls and similar recreational areas.

Findings and Recommendations:

- Based on the results of the search in the area, the surrounding area is considered to have a medium density, and the presence of modern housing plans
- The presence of vital facilities in the region and on a main artery of Dawadmi, for example, but not limited to (Dawadmi General Hospital, Technical College in Dawadmi for Girls, Aba Al-Khail Medical Complex, Colleges Complex, Municipality of Dawadmi Governorate).
- The state's general direction is to improve the tourism and hotel sector and to develop new entertainment programs that will allow for high occupancy

Findings and recommendations

Possible threats:

- The imbalance in the level of supply and demand.
- Maintain periodic maintenance and development as possible to make the property more attractive and profitable for the investor.
- Developing and providing services that serve the competitive advantage of the entertainment sector, in line with Vision 2030.
- High future operating costs and the requirements of quality and sustainability standards.
- Availability of retail spaces that achieve efficiency and the highest quality standards in other locations.
- High rental prices compared to the services and activities available at the mall, which constitutes a barrier that prevents investors from taking risks in similar projects.



Based on the completed study, we estimate the market value of the property by an amount


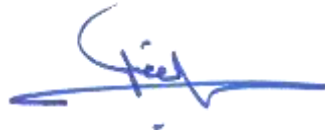
The market value of the property usufruct right to a leased land on which a mall is built using
The Income Approach – Discounted Cash Flow Method

137,080,000SR

(One hundred thirty-seven million, and eighty thousand Saudi Riyals)

Considering the site, and as documented in this report on 20-06-2023

Report Participants		
Member name	Mr.Aloush Al-Dosari	Mr.Suleiman Al-Aqili
Membership	affiliate	affiliate
Membership Number	1210001658	1210003193
Signature		

Approved evaluation		
Member name	Mr. Mohammed Idrees	Mr. Hisham Al Aqeel
Membership Class	Fellow	Fellow
Membership Number	1220001030	1210000185
Signature		

Company Stamp	
	
١٠١٤٦٩٨٨٤	Commercial register
744/18/323	License Number
١٤٣٨/٧/٨ هـ	License Date

General Standards

The International Valuation Framework

Valuator and Status:

- This report was prepared by Value Expert & partner for Real Estate Valuation and its highly qualified team of staff, benefiting from the resources available to us, namely the efficiency of our advisory team, which includes qualified consultants with high academic degrees and experience in the field of valuation and consulting, and what is available to our company from the database was built through its valuation expertise and through the collection of data, information and statistics issued by the official and non-official bodies, which gives valuers the capacity to realize their tasks to the fullest. The company is also working to update their information base continuously.
- **We have over 15 years of experience** in valuation work and have submitted more than 20,000 valuation reports during our real estate appraisal period.
- **Value Experts** and its representatives of valuers who have conducted the valuation process have been immensely impartial, objectively employed and independent from the client and its subsidiaries or affiliates. Neither the Company nor its representatives have any current or foreseeable interest with the client or any of its subsidiaries or affiliates, nor are such agents among the client or those who have internal relationships or affiliations with the client and its subsidiaries or affiliates. The valuator's fees against the valuation process are unconditional on his findings or any other events. If the Company receives significant assistance from another party in respect of any important aspect of the assessment, the nature of such assistance, the extent of reliance thereon and, if any, documented in the report.

Appendix

General Terms In The Report

Can

The word (could) describes the procedures that the evaluator has the responsibility to consider. Matters described in this way require the evaluator's attention and understanding. As the applicability of these matters in the evaluation process depends on the evaluator's exercise of his judgment and professional experience in the circumstances that are in line with the objectives of the standards.

Should

The word (must) denotes unconditional liability, the resident must fulfill responsibilities of this kind in all cases and circumstances to which the condition applies

Participant

The word (participant) refers to the relevant participants according to the value basis (or bases) used in the valuation engagement (see Standard 104 Basis of Value). The different bases of value require the evaluator to consider different points of view, such as: the views of market participants such as: market value, fair value of international standards for reporting, or a joint venturer.

The purpose

The word (purpose) refers to the reasons for conducting the assessment, and general purposes include (but are not limited to) the purposes of financial reporting, tax reporting, litigation support, transaction support, and lending support.

Commission

Refers to the Saudi Authority for Accredited Valuers (Taqeem), which is the authority concerned with setting the necessary controls and standards for evaluating real estate, economic establishments, equipment, movable property and the like, under the Accredited Residents System issued by Royal Decree No. (M/43) dated (9/7/1433 AH) It aims to develop the evaluation profession, raise the level of its employees, set general rules for acquiring and maintaining the membership of the Commission at its various levels, and provide the means for continuous development to raise its members to the best levels of practice and international standards for the profession. Under the supervision of the Ministry of Commerce and Investment

Asset or Assets

To facilitate the process of reading the criteria and to avoid repetition, the terms (asset) and (assets) generally refer to the items that are the focus of the evaluation task. Unless otherwise stated in the standard, these terms can be considered to mean and include each of the following words: (an asset, a group of assets, a liability, a group of obligations, or a group of assets and liabilities).

Client

The word (client) refers to the person, persons or entity for whom the evaluation is conducted. This includes external clients (when the evaluator is contracted with a third party), as well as internal clients (the evaluations prepared for the employer).

Jurisdiction

The word (jurisdiction) refers to the legal and regulatory environment in which the evaluation process is carried out. It includes laws and regulations enacted by government agencies such as the province, state, and municipality, as well as laws established by some regulatory agencies for the purpose of evaluation, such as central banks and securities regulators.



An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia

An overview of the Saudi economy

	2013	2014	2015	2016	2017	2018	2019	2020
Nominal gross product								
(Billion Saudi Riyals)	2,800	2,836	2,454	2,419	2,582	2,949	2,974	2,625
(annual percentage change)	1.5	1.3	-13.5	-1.4	6.8	14.2	0.8	-11.7
Inflation (annual percentage change)	3.5	2.2	1.2	2.1	-0.8	2.5	-2.1	3.5
Actual GDP (annual rate of change)								
Oil sector (annual percentage change)	-1.63	2.09	5.27	3.60	-3.09	3.13	-3.65	-6.65
Non-oil private sector (annual percentage change)	7.00	5.38	3.41	0.07	1.50	1.91	3.78	-3.10
Non-oil government sector (annual percentage change)	5.09	3.67	2.72	0.58	0.71	2.86	2.20	-0.49
Real GDP (annual percentage change)	2.70	3.65	4.11	1.67	-0.74	2.43	0.33	-4.11
Oil Indicators (average)								
Brent crude (dollars / barrel)	108.56	98.97	52.32	43.64	54.13	71.34	64.30	41.96
Production (million barrels/day)	9.63	9.71	10.19	10.46	9.96	10.32	9.81	9.22
Indicators of the general budget (billion Saudi riyals)								
Country revenue	1152.61	1040.14	612.69	519.46	691.51	905.61	926.85	781.83
Country expenses	994.73	1140.60	1001.29	830.51	930.00	1079.47	1059.45	1075.73
surplus/financial deficit	157.88	-100.46	-388.60	-311.06	-238.49	-173.86	-132.60	-293.90
(as a percentage of nominal GDP)	5.64	-3.54	-15.84	-12.86	-9.24	-5.89	-4.46	-11.19
Total public debt	60.12	44.26	142.26	316.58	443.25	559.98	677.93	853.52
(as a percentage of nominal GDP)	2.15	1.56	5.80	13.09	17.17	18.99	22.80	32.51
Total state deposits with SAMA (state current account + general reserve)	1484.43	1378.95	1023.30	730.58	641.38	562.37	529.25	436.57
(as a percentage of nominal GDP)	53.02	48.62	41.71	30.21	24.84	19.07	17.80	16.63

	2013	2014	2015	2016	2017	2018	2019	2020
Monetary Indicators (average)								
Consumer price index	٣,٩	٢,٩	٢,٣	2.1	-0.8	2.5	-1.2	٣,٤
The basic lending rate to the Monetary Agency	0.3%	0.5%	0.8%	1.5%	2.5%	1.8%	1.8%	0.5%
Annual percentage	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%	2.0%
Foreign trade indicators (billion riyals)								
oil exports	1207.08	1067.09	573.41	510.73	638.40	868.44	751.83	456.04
Total exports of goods	1409.63	1284.21	763.26	688.53	831.98	1103.95	981.06	657.60
Goods imports	575.04	594.23	597.27	479.41	462.75	471.14	526.05	449.56
Goods trade balance	834.59	689.98	166.00	209.12	369.23	632.81	455.01	208.04
current account balance	507.91	276.59	-212.71	-89.41	39.24	269.89	143.36	-42.71
(as a percentage of nominal GDP)	18.14	9.75	-8.67	-3.70	1.52	9.15	4.82	-1.63
Net international investment position	2861.88	2968.41	2586.77	2239.77	2338.58	2466.10	2516.34	2335.15
(as a percentage of nominal GDP)	102.21	104.66	105.43	92.61	90.57	83.61	84.62	88.94
Social and demographic indicators								
Population (million people)	29.38	30.00	30.89	31.79	32.61	33.41	34.22	35.11
Saudi unemployment rate (Unemployment rate among Saudis 15 years and over, percentage)	11.70	11.70	11.50	11.60	12.80	12.70	12.00	12.63
Average per capita income (SAR)	95300.01	94552.92	79425.50	76083.44	79177.33	88270.99	86901.95	74768.90

- Source:
- Jadwa forecasts for the years 2019-2020-2021, the General Authority for Statistics, for GDP figures and population indicators.
- The Saudi Arabian Monetary Agency for monetary and foreign trade indicators.
- Ministry of Finance for budget indicators.

Kingdom Vision 2030

With the support and patronage of the Custodian of the Two Holy Mosques, may God preserve him, the Kingdom's Vision 2030 was launched, which is the vision of His Highness the Crown Prince for the future of this great country, which seeks to invest in our strengths that God has endowed us with, from a distinguished strategic location, a pioneering investment force, and an Arab and Islamic depth, as he assumed the leadership for that All attention, and harness all potential to achieve ambitions.

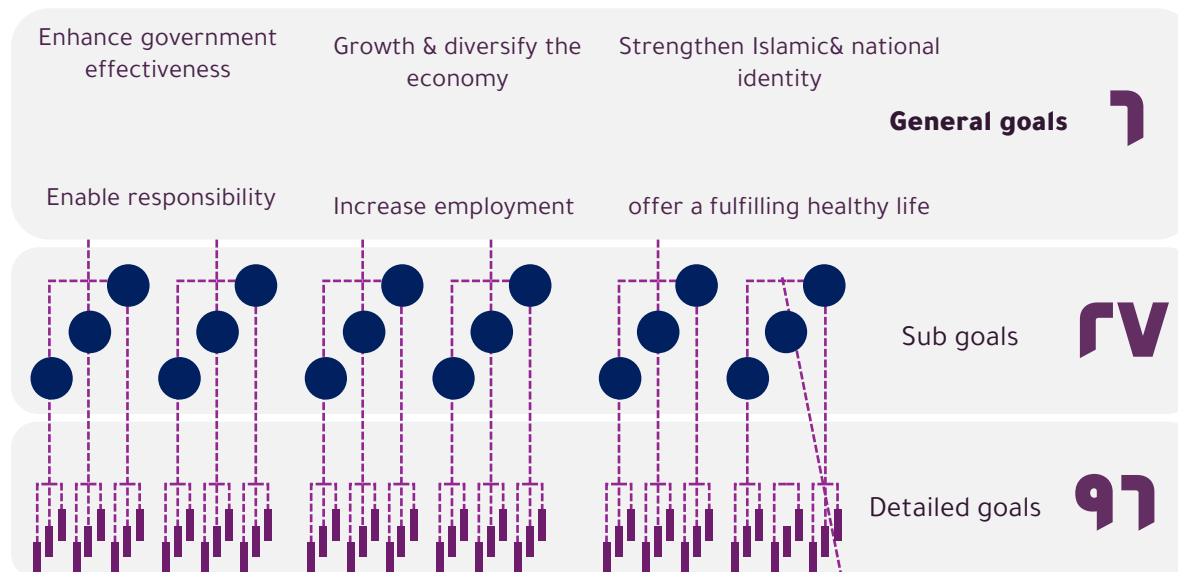
During the past five years, many achievements have been made, and a number of transformational enablers have crystallized, which contributed to achieving tangible results at the level of the government work system, the economy and society, and laid the foundations for success for the future. We have faced many challenges and gained many experiences, which have strengthened our confidence in achieving our goals. We worked to increase the government's effectiveness and responsiveness, by investing in government digital transformation, creating opportunities for growth and investment, creating a number of new economic sectors, opening our doors to the world, and raising the quality of life for citizens. All of these achievements were accomplished by the sons and daughters of this great nation.

Saudi Vision 2030 relies on pivotal strengths

The Kingdom of Saudi Arabia is the land of the Two Holy Mosques, the purest place on earth and the destination of more than a billion Muslims, making it the heart of the Arab and Islamic worlds.

The Kingdom is harnessing its investment power to create a more diversified and sustainable economy.

The Kingdom harnesses its strategic location to strengthen its position as a major engine of international trade and to connect the three continents: Africa, Asia and Europe.



Entrepreneurial projects

NEOM project



Item	Information
Project classification	Private area
Usage	Multi use
Developer	NEOM Company
Owner	Public investment fund
Total land area (sq km)	26.5 thousand
Budget	1,700 billion riyals
Location	Northwestern Saudi Arabia
Development	Build from scratch Modern solutions a future vision
Regulations and laws	Easy to start business
Economy	diverse

Entrepreneurial projects

Amala Project

Unit	Information
Project classification	Tourism
Usage	Multi use
Developer	Amala company
Owner	Public Investment Fund
Total land area (sq km)	٥,٦
Budget	7 billion riyals

Red Sea Project

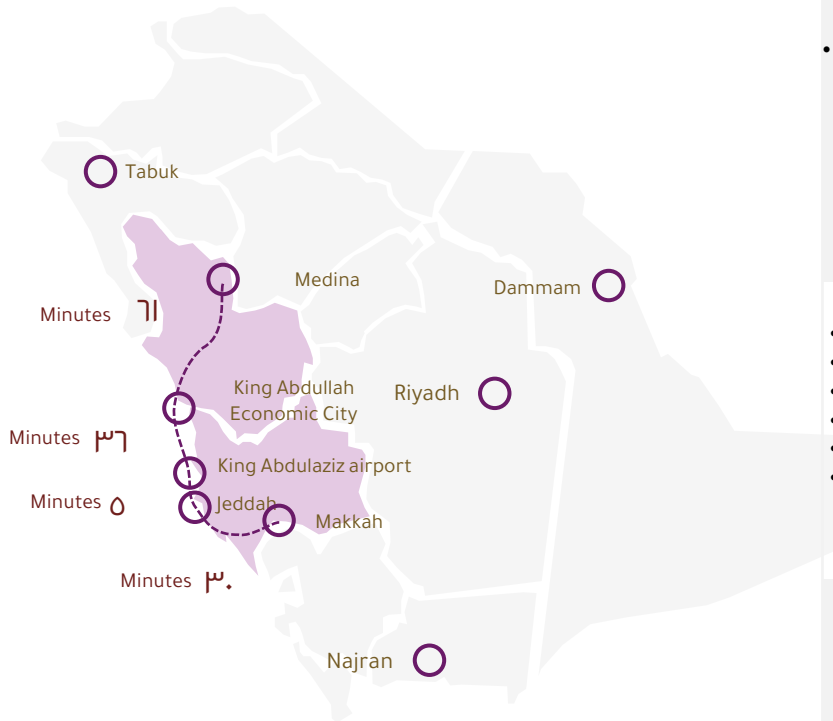
Unit	Information
Project classification	Entertainment tourism
Usage	Multi use
Developer	The Red Sea Development Company
Owner	Public Investment Fund
Total land area (sq km)	٢٨,٠٠٠
Budget	14 billion riyals



Entrepreneurial projects

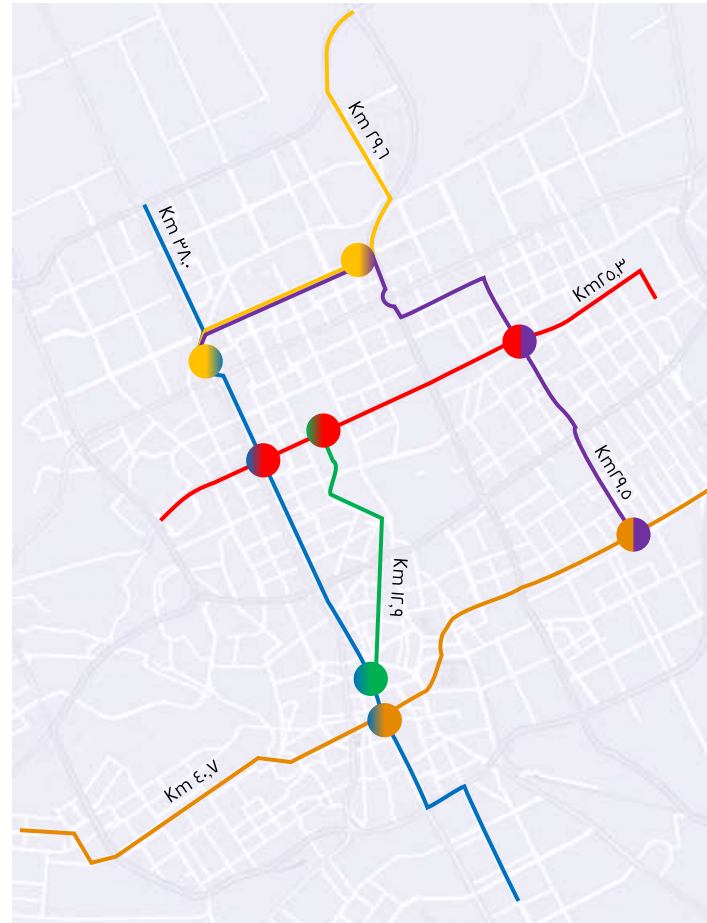
Public transport

Haramain train track



Information
<ul style="list-style-type: none"> Al-Haramain Express train extends for a distance of 450 km. Linking the religious path between the city of Makkah Al-Mukarramah and Al-Madinah Al-Munawwarah, passing through the city of Jeddah.
<ul style="list-style-type: none"> The train has five stations: Makkah station. Jeddah station (Sulaymaniyah). King Abdulaziz Airport station. King Abdullah City Station. Medina station
<ul style="list-style-type: none"> The railway is expected to carry about 60 million passengers annually, on board a fleet of 35 trains, each with 417 seats.

Riyadh Metro

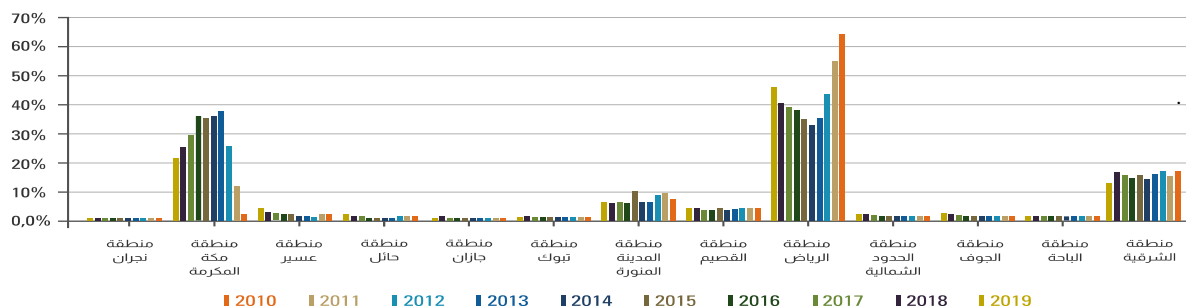


Information
<ul style="list-style-type: none"> The Riyadh Metro is a fast transit system, which is currently under construction and is one of the largest infrastructure projects in the city of Riyadh
<ul style="list-style-type: none"> The metro is designed as a world-class transportation system, and includes 756 metro cars, 85 stations, 6 metro lines, and a network of 176 km.
<ul style="list-style-type: none"> The construction of the metro system has led to a number of road closures affecting traffic in different parts of the city.

Real estate market

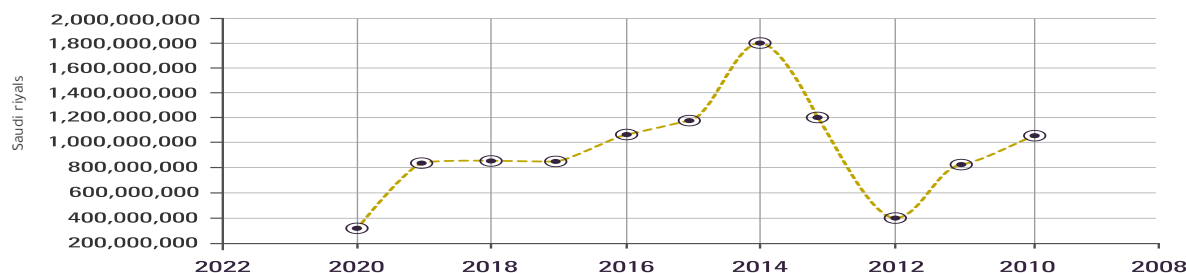
Second: The share of the Kingdom's regions in the total value of the market at the Kingdom's level

By analyzing the data, we find that the total value of deals at the level of regions is that Riyadh and Makkah are the two highest regions contributing to the total value of the market. Hence, the influence of the eastern region comes in the value of the real estate market, then the Medina region, then the Qassim region, and then the rest of the regions.



Third: The total area sold in the real estate market at the level of the Kingdom:

The highest sold area of executed deals in the Kingdom in 2014 amounted to more than 1.8 billion square meters for various types of real estate, and reached its lowest level in 2012 when the total area sold for executed deals reached 400 million square meters. There was an approximate stability in the traded areas during the years 2016 to 2019, with a decrease in the total value of executed deals.

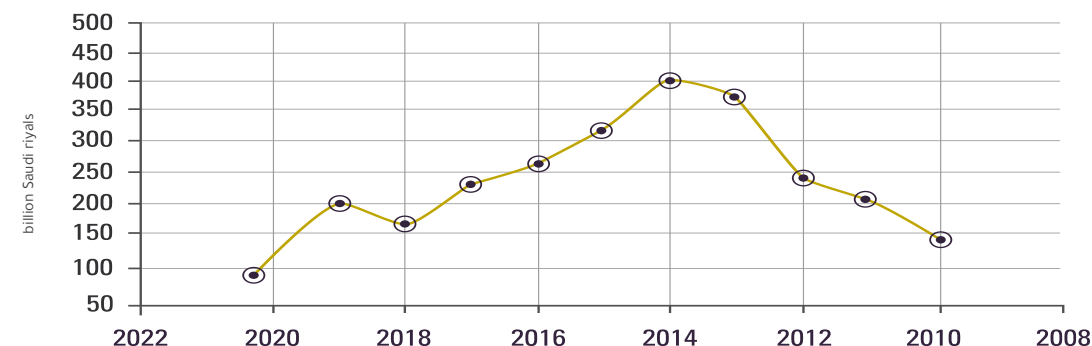


Mortgage loans

The continued implementation of the goals contained in the Vision Realization Program in the field of housing led to a rapid rise in the level of new mortgage loans until 2020. As a result, new residential mortgage loans provided by banks jumped during the four years from 47% to 60% in 2020, exceeding the target. by 8%. Abolishing the concept of waiting for housing support from 15 years to immediate entitlement. Through official platforms and in partnership with banks and financing agencies, it provided financing housing solutions to approximately 840,000 families, including 310 families who inhabited their homes. Activating the partnership with the private sector by developing more than 141,000 housing units and strengthening the partnership with banks and financing agencies by providing 424,000 subsidized real estate loans.

First: The total value of the real estate market in the Kingdom of Saudi Arabia

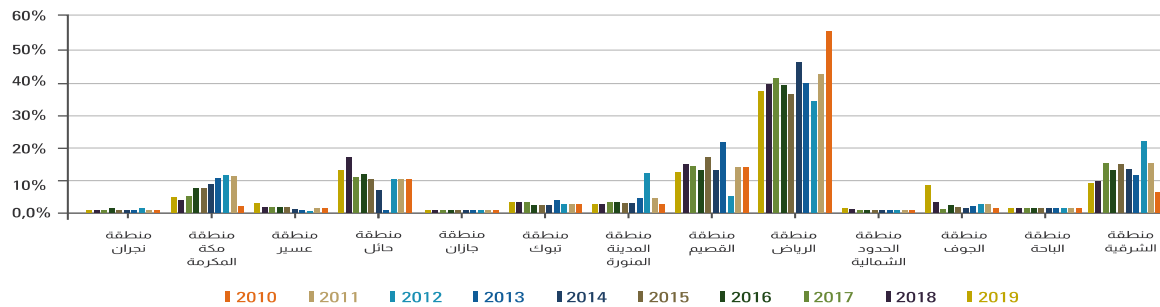
The highest value of the total deals executed in the Kingdom in 2014 amounted to more than 430 billion riyals for various types of real estate, and it reached its lowest level in 2018, when the total value of deals executed reached 139 billion riyals, and it is clear from the volume of deals executed in 2020 until the date of preparing the report that The market is in a phase of recovery and overtaking the previous year, at least.



Real estate market

Fourth: The share of the Kingdom's regions of the total area sold in the market at the Kingdom's level:

By analyzing the data, we find that the total area sold for deals at the level of the regions is that the Riyadh region is the highest, followed by the Qassim, Eastern and Hail regions, with varying contributions, and then the Makkah region.



An overview of the retail sector in Riyadh

Demand

Project name	Gross leasable area (sqm)
The park	10,792
Shorofat Park	11,000
The zone	25,000
Tal plaza	21,000
Terrace	8,000
Granada	34,000
Reef	11,428
Riyadh walk	136,000
Chandelier	13,400
Najd mall	36,286
Al jamiah st	51,557
AL Khaleej mall	51,453
Alarab mall	133,876
Ruwaq qurtubah	72,000
City center ishbiliyah	100,000
Aura center	14,050
Diriyah city center	22,929
Avenue	400,000
Saudi mall	300,000

- It witnessed the opening of the huge (Riyadh Park) Mall on an area of 92,000 square meters during the past year.
- The food and beverage sector acquired the lion's share in most of the new commercial projects, and the development work focused on luxury restaurants, as most of these projects are concentrated in the north of the capital, Riyadh, and it has become a center for luxury and high-end restaurants.
- The Levels and Veranda are some of the notable openings this year, while Chandelier Restaurant Complex, Terrace and Aura are some of the highly anticipated high-end F&B projects on the Northern Ring Road.
- The (The Zone) project on Al-Takhasosi Street and (Sharafat Park) on Abi Bakr Al-Siddiq Road will add an area of 25,000 and 11,000 square meters respectively to the total retail inventory of 3 million square meters. The Riyadh Promenade complex near Imam University is likely to add 40,000 square meters to the market with a decent share of retail and entertainment.
- The Granada Center and The Park expansion project, which is being implemented by the Unified Real Estate Development Company, is expected to open in the first quarter of 2019 by adding 34,000 and 10,792 square meters, respectively.

Retail sector:

- The Value Added Tax (VAT), which was implemented at the beginning of last year in the Kingdom of Saudi Arabia and the Cooperation Council for the Arab States of the Gulf, posed some challenges that may affect competitiveness. However, since the establishment of the General Entertainment Authority (GAE), Saudi Arabia aims to increase household spending on entertainment from the current 2.9% to 6% by 2030.
- As the retail market in Riyadh faces a historic announcement initiative and the opening of the cinema's gates in April 2018.
- Moreover, the Qiddiya project in southwest Riyadh, which extends over an area of more than 334 square kilometers, will attract 12 million shopping mall visitors by the completion date of the first phase scheduled for 2022.
- The Dutch Spar hypermarket chain (2,900 square meters) entered the Riyadh Gate project, occupying an area of 16,000 square meters on King Fahd Road. Recently, Raden Center with an area of 15,613 sqm, MEFIC Center (Hospitality) with an area of 20,000 sqm and Turkey Square with an area of 3,000 sqm have been added to the retail inventory.

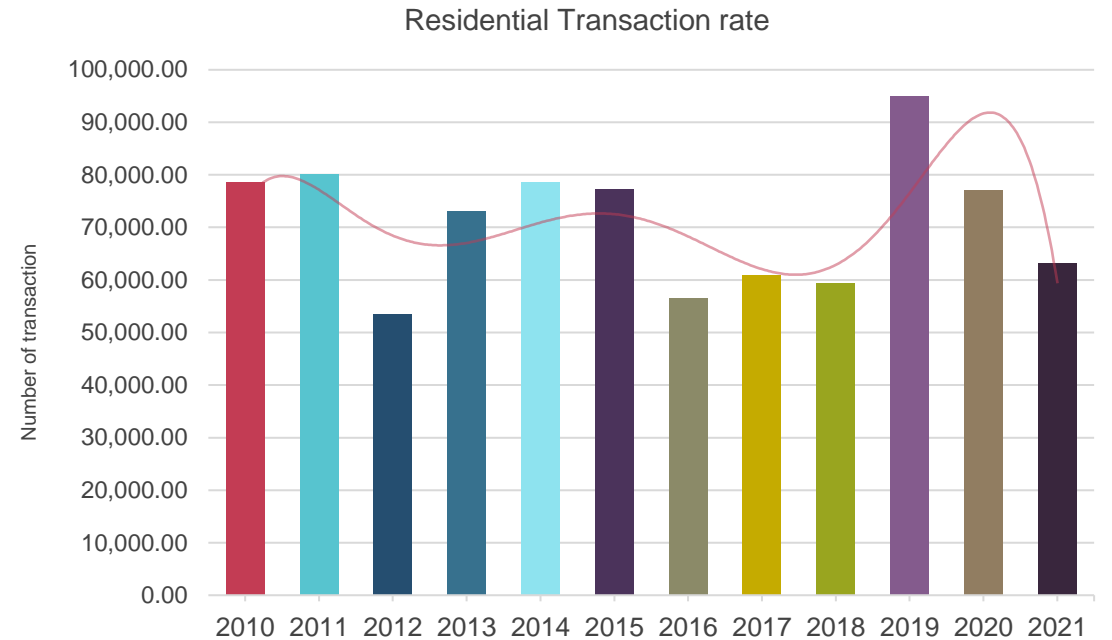
Project name	Gross leasable area (sqm)
Riyadh Park	92,000
Riyadh gate	16,000
Sedrah	18,000
Mefic center	20,000
Takhssusi Plaza	8,500
Turki square	3,000
The levels	5,400
Laban Plaza	7,759
City life plaza	7,761

RIYADH Province

منطقة الرياض

| Riyadh Province- the residential sector

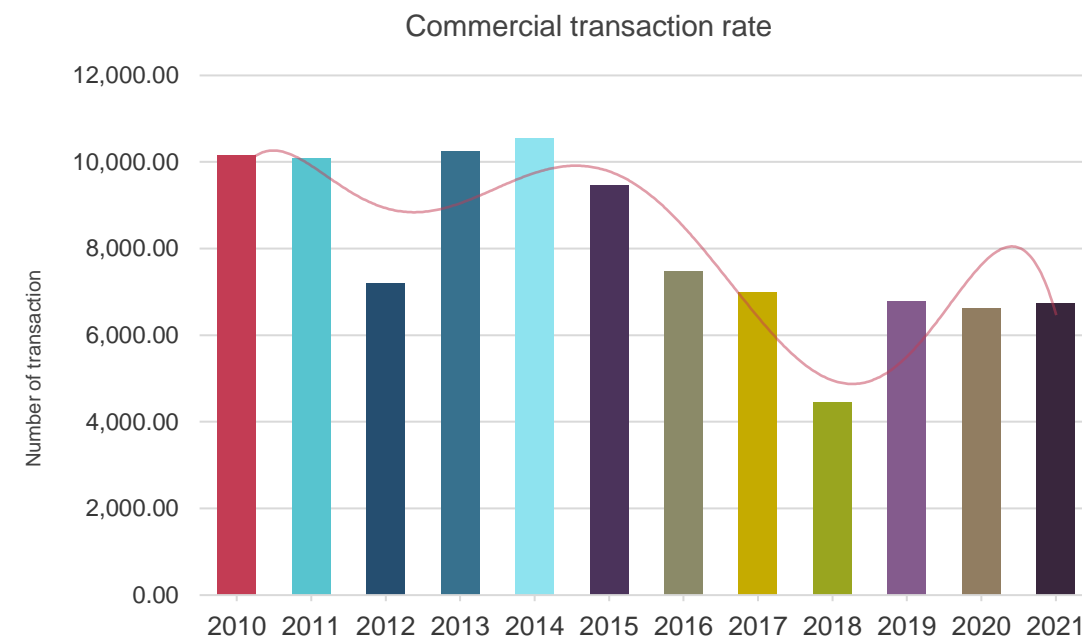
The rate of residential transactions over the years				
Years	Residential / number of executed transactions	Rate of change	Residential/price of the executed deals	Rate of change
2010	78,581.00	--	50,374,060,211.00	--
2011	80,152.00	2%	60,837,111,405.00	21%
2012	53,502.00	-33%	57,994,836,423.00	-5%
2013	73,043.00	37%	75,753,532,565.00	31%
2014	78,594.00	8%	77,693,191,487.00	3%
2015	77,244.00	-2%	61,905,146,249.00	-20%
2016	56,505.00	-27%	51,358,258,527.00	-17%
2017	60,841.00	8%	48,587,611,615.00	-5%
2018	59,446.00	-2%	34,499,302,906.00	-29%
2019	95,001.00	60%	55,419,007,001.00	61%
2020	77,096.00	-19%	45,446,552,858.00	-18%
2021	63,140.00	-18%	45,307,983,491.00	0%



* Source: Ministry of Justice

| Riyadh Province - the Commercial sector

The rate of Commercial transactions over the years				
Year	Commercial / number of transactions executed	Change of rate	Commercial/price of executed deals	Change of rate
2010	10,151.00	--	41,009,094,439.00	--
2011	10,079.00	-1%	39,911,754,262.00	-3%
2012	7,196.00	-29%	40,401,967,575.00	1%
2013	10,249.00	42%	47,080,141,702.00	17%
2014	10,548.00	3%	59,005,327,688.00	25%
2015	9,463.00	-10%	47,112,342,751.00	-20%
2016	7,475.00	-21%	40,531,348,455.00	-14%
2017	6,982.00	-7%	30,567,494,114.00	-25%
2018	4,452.00	-36%	18,103,977,071.00	-41%
2019	6,783.00	52%	18,490,848,558.00	2%
2020	6,613.00	-3%	21,298,506,701.00	15%
2021	6,746.00	2%	24,905,334,951.00	17%



* Source: Ministry of Justice

Topic: Valuation of a commercial center, Al-Rayan district, Hafar Al-Batin city

Client : Alinma Investment

Report Date : 30/06/2023

Project No: 1001620/04
Report type: Detailed

FAIR IS OUR VALUE

الْعَدْلُ قِيَمُنَا

Dear **Alinma Investment**

Topic: **Valuation of a commercial center, Al-Rayyan district, Hafar Al-Batin city**

At the request Value Experts received from Alinma Investment, to proceed with the **property valuation of a commercial center, Al-Rayyan district, Hafar Al-Batin city**, we have examined the property, inspected and studied the necessary documents and maps. After conducting a study with the surrounding area of the property, we attach the following report that provides the necessary data and shows the reasons for reaching the market value of the property.

The purpose of this report is to estimate the market value of the property as it is on 20-06-2023; the purpose of its issuance is to know the market value of the property for (REIT Fund) and the report is for Alinma Investment use. The estimated property is a commercial center detailed as follows:

Plot Number	Title Deed Number	Land Area	Built Up Area	Property Type
1	٥٣٢٥٠٢٠٠٢٣٢٥	٦٣.٥٠٠	١.٣.٩٦٧	Commercial center
2	٣٣٢٥٠٩٠٠٨٦٦٦	٦٣.٥٠٠		

Based on the study completed, we estimate the market value of the property's current status at the date of estimation and an amount of only:

٣٢٦,٦٧٠,٠٠٠ SR

(Three hundred twenty-six million, six hundred seventy thousand Saudi Riyals)

Taking into account the location and as documented in this report on 30-06-2023

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Valuation of a commercial center, Al-Rayyan district, Hafar Al-Batin city

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	Periodic evaluation of the Alinma (General) Retail Fund (REIT)
Property Location	Kingdom of Saudi Arabia - Hafar Al-Batin city
Property Type	Commercial center
Land Area	63,500 m ² / 63,500 m ²
Built Up Area	103,967 m ²
Title Deed Numbers	532502002325 / 332509008666
Title Deed Date	22/09/1439 AH –10/11/1439 AH
Ownership Type	Absolute Ownership
Premise of Value	Existing Use
Basis of Value	Market Value
Valuation Criteria	International Valuation Standards
Valuation Approach	Cost Approach - Income Approach
Valuation Method	Depreciated Replacement Cost Method (DRC) - Discounted Cash Flow Method (DCF)
Inspection Date	15/06/2023
Valuation Date	20/06/2023
Report Date	30/06/2023

400 standard

an introduction :

The principles contained in General Standards (101-105) apply to valuations of real estate interests. This standard stipulates additional requirements that apply to valuations of real estate interests.

Real estate interest:

It is the right to own, control, exploit, or occupy land and buildings.

Land interest includes informal tenure rights to communal or tribal land, exclusive informal settlements, rural or transitional economies, which can take the form of tenure, occupation, or use rights.

It includes three main types:

The supreme interest in any particular area of land, and the owner of such interest has an absolute right to possess and permanently control the land and any buildings, subject only to any minimum interests and any statutory or other legally applicable restrictions.

The minimum interest usually gives the landlord exclusive ownership and control over a specific area of land or buildings for a specified period, for example: according to the terms of the lease.

The right to use land or buildings, but without enjoying the right of ownership or exclusive control, such as the right to pass ownership of land or exploit it only for a specific activity.

The interest identified in the assessment:

The supreme interest in any particular land area, and the owner of this interest has an absolute right to possess the land and any buildings and control it permanently.

Scope of work - Standard No. (101) , (104)

Items		Clarification
١	Client name	Alinma Investment
٢	Report user	Alinma Investment
٣	The subject matter of the valuation	Commercial center
٤	Valuation currency	The Saudi riyal (SR - SR) is the official currency used in this report.
٥	Purpose of Valuation	Periodic evaluation of the (General) Alinma Retail Fund (REIT)
٦	Premise of Value	Existing Use
٧	Basis of Value	Market value: It is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller. And within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and prudence without coercion or coercion.
٨	Valuation Approach & Method used	Cost Approach - Depreciated Replacement Cost Method / Income Approach - Discounted Cash Flow
٩	Inspection Date	15/06/2023
١٠	Valuation Date	20/06/2023
١١	Report Date	30/06/2022
١٢	Evaluation range	It included research and analysis to prepare the report according to the intended purpose and in accordance with international valuation standards, where the property was examined from the inside and outside on the day of the property inspection date. All the necessary data for preparing the report were obtained.
١٣	Nature and sources of information	In preparing this report, we relied on the information and documents provided by the client (the deed - the building permit - the statement of investment analysis - a statement of the rental spaces). Rental platform (real estate index for leasing operations), real estate exchange traded REITs (Capital Market Authority - Tadawul) Electronic platforms for real estate offers and indicators (Compare platform - Real Estate SAS - Real Estate Authority) Real estate offices in the target area, the database of Value Expert, which is continuously updated.

Standard - No. (101), (102)

Scope of work items		Clarification
II	Scope of research and survey	Field survey of the property area under valuation and similar properties. And we worked on collecting and analyzing data to come up with results that serve this report and the purpose required for it, in addition to a field study of the geographical nature and services available in the property area and its surrounding areas, which are explained in detail in the technical study.
II	Report type	The report (detailed) contains complete explanations of all valuation works, including steps, data, information, accounts, etc.
III	standards	IVS International Evaluation Standards Version (2022) issued by the Saudi Authority for Accredited Valuers.
IE	Legal description of the property owner	The validity of the information and data (customer information) provided to us by the customer has been assumed to be correct. The type of ownership of the property is a property free of obligations according to the hypothesis submitted by the client without verifying its truth.

Standard - No. (101)

Scope of work items		Clarification
II	Restrictions on use, distribution or publication	<p>This report is provided for the purpose for which it was prepared only and may not be used, circulated, quoted from or referred to in any way for any other purpose, and accordingly neither the company nor the valuer bears any responsibility for any loss incurred by any party as a result of using the valuation report in such a manner contradicts the provisions of this clause. The valuer reserves all rights to issue the valuation report. This report may not be reproduced in any manner without the express consent of the Company.</p> <p>This report may not be submitted to any other party other than those referred to in it without the express consent of the company. It is a matter of caution that the Company and the valuer reserve the right to make any amendments and make any revisions to the valuation or to support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the valuation accounts, amend and revise its results in the light of information that existed at the date of the valuation, but became clear to it later.</p>
II'	Confidentiality and preservation of information	Any documents received from the client are considered confidential between Value Experts and the client. The subject service shall not be disclosed at any time. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financials or other affairs acquired by the subject service during the process, shall remain confidential.
III	Disclaimer	<p>This document prepared by (Value Expert Real Estate Appraisal Company) is owned by it and may not be used for purposes other than what it was prepared for. We have no current or future interests in the target drug.</p> <p>The agreed fees for making this report are not linked to the estimated value of the property.</p> <p>We were not asked for any prior opinions before the evaluation, and we have performed our work in accordance with the international evaluation standards issued by the Saudi Authority for Accredited Valuers.</p> <p>Our results may change if we are provided with any data affecting the value or if we are able to obtain it from reliable sources.</p>

Standard - No. (101)

Scope of work items		Clarification
18	General assumptions	<ul style="list-style-type: none"> -The documents sent by the client were relied upon, and they were assumed to be correct. -The appraisal was carried out on the assumption that the property is free of any modifications or interference. -Our report has been prepared on the assumption that there are no hazardous or polluting materials at the site that affect the value significantly. -The property has been assumed to comply with all regular planning and zoning requirements. -The location of the land and the total area of the land were inferred by the client. -No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, and some legal matters on which this --report or part of it is based. It was assumed that the real estate deed is valid, negotiable, and free from any restrictions, unusual conditions, or other burdens, -and has no pending claims. -The evaluation was based on economic conditions, current data in the real estate market, supply and demand, and therefore the value may change based on -the change of these data
	Special assumptions	<ul style="list-style-type: none"> -Due to lack of comparative evidence of commercial centers to the subject property, and as the property is generating income. The most appropriate approach to reach the market value is the Income Approach - Discounted Cash Flow Method. -After reviewing the excel sheet of rent schedule provided by the client, occupancy rate was low according to the rental returns, and this was indicated by operational or developmental conditions that hinder the increase in rental returns. The market value was calculated using the Income Approach - Discounted Cash Flow Method.

Work Methodology



Asset Inspection

Title deed was received from the client, which shows the area of the property. A detailed statement was received showing the location of the property and the area of the land, after which the property was identified and the information received from the client was matched with reality.



2

Define the Property Assets

Through the preview, it was found that the asset under valuation is a commercial center.



3

Data Analysis

The available data analysis in the property, which have been drawn from informal sources such as real estate offices operating in the subject area.



4

Application of Valuation Methods

After the experts assessed the current use in terms of the market and the data available about it, it was concluded that the valuation approach and method is (Income Approach – Discounted Cash Flow Method), taking into account the purpose of the valuation.

Standard No. 102



5

Data Collection

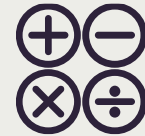
Based on the type of property valued, the scope of data collection was determined; especially in the area surrounding the property.



6

Estimated Value

After reconciling the results of the valuation methods, a value corresponding to the scope of the work described with the client is weighted.



7

Value Review

A review of the value by the audit committee, consisting of two experts will review the information and analyzes and assumptions reached by valuator.



8

Report Preparation

Work on report preparation in accordance with the Standard 101 for report description, and criteria 103 for report preparation.

Standard No. 102

Scope of work stages

Scope of work items		Clarification
1	Scope of work	Meeting the client and determining scope of work which includes purpose of valuation, basis of valuation, intended users, valuation date and any special or important assumptions that includes the clarity of the assignment and the expected outputs.
2	Inspection and analyzing the location	Inspecting the property and get acquainted with its facilities, matching the documents provided with the reality, analyzing the property location and the zoning classification nearby the property with determining the scope of the geographical search and the appropriate project activities.
3	Collecting and analyzing data	Collecting market data (rents, returns, occupancy rates, maintenance and operating expenses) for income-generating properties, and also searching for similar land prices and contractors' costs and analyzing that data to reach knowledge of past and current market trends and future indicators that will be relied upon when applying the valuation mechanism.
4	Applying valuation approaches and methods	Based on the scope of work and market analysis, appropriate valuation approaches and methods are determined and all assumptions and inputs are put in place to carry out financial calculations to reach the market value according to the chosen approaches and methods described in this report.
5	Estimating value	The valuation approaches and methods used to reach the market value of the property are reconciled according to our final estimation and according to the sources of information that we have that can be trusted and commensurate with the property under valuation.
6	Report preparation	We prepare the report according to the scope of work, so that it includes the data, results and outputs that were reached through the previous work stages.

Value Experts has a distinguished team with professional qualification and experience in valuation work and a team of 5 registered with the Saudi Commission for Accredited Valuers, the most prominent of the team:



Alaa Ibrahim Al - Thaqafi
Founder and CEO

14

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000027



Hisham Saleh Al - Aqeel
Partner - V. P. Director
Valuation

9

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000185



Mohamed Saleh Idrees
Property Valuation Consultant –
Companies

9

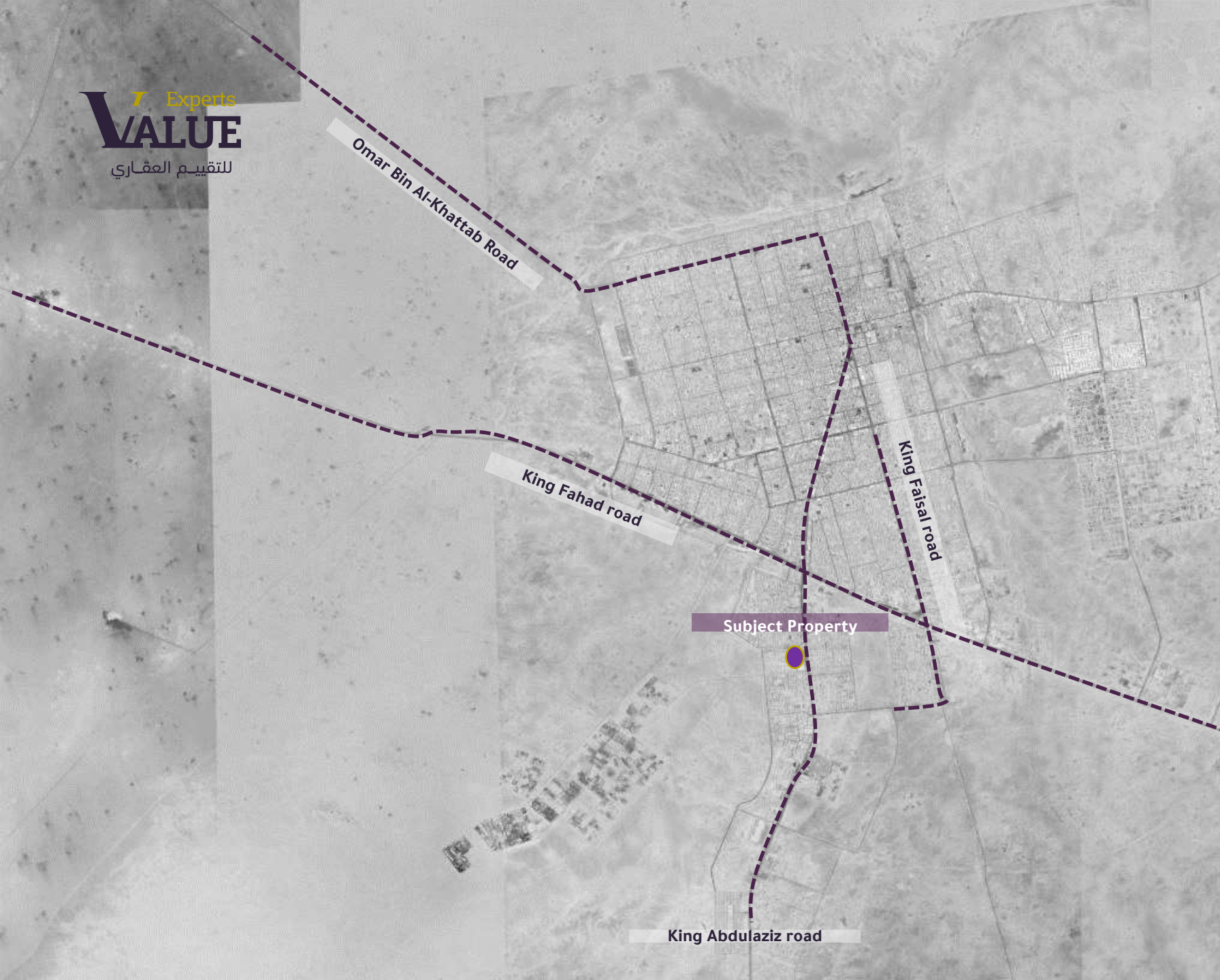
Years experience in valuation work Bachelor
of Business Administration and Mechanical
Engineering - Production

Membership No. 1220001030



The location of the property is at the level of the city of Hafr Al-Batin

The property is located in the center of Hafr Al-Batin Governorate, which is one of the governorates of the Eastern Province in northeastern Saudi Arabia. It covers an area of 144 square kilometers and is 500 km away from the capital, Riyadh. There was a great economic movement in Hafr Al-Batin in all fields. Where there are all international restaurants and there are many commercial complexes, shopping centers and hotels, as there are a number of factories, and work is now underway to establish a new industrial city under the supervision of the Industrial Cities Authority.



Al-Faisaliyah

Al-Mohamadiyah

Al-Nayifiah

Subject Property



Al-Iskan

At the District level

The property is located in Al-Rayyan district, and it is bordered on the northern side by Al-Faisaliyah district, on the south side by Al-Iskan district, on the western side by Al-Naifiyah district, and on the eastern side by Al-Qaisumah. Al-Rayyan district is located within a group of important and vital roads at the city level.



At the neighborhood level

The subject property is located in Al-Rayyan district. In a moderately populated area.

<https://goo.gl/maps/2sgv4uPUCKPRNaVz7>

Location link

Property Description

Land area: The land area is 127,000 square meters.

Property features:

Location: It is located in Al-Rayyan district, which is an area with a medium population density. The property is also located on King Abdulaziz Road, and the property can be accessed through it.

Services: Availability of main services in the area surrounding the subject property.

Main attractions: The proximity of the site to the main attractions (markets and commercial centers - main and vital roads).

Land nature: Regular shape.

Property use: Commercial.

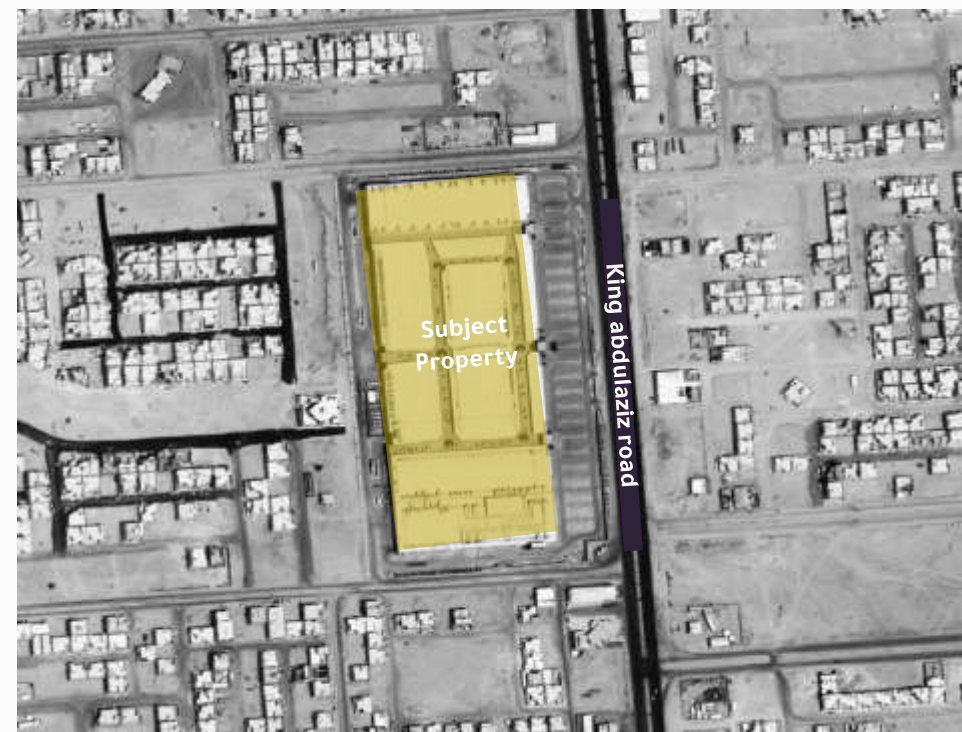
Demand: Where the property is located in Al-Rayyan district, which is considered one of the most prestigious neighborhoods in northern Hafar Al-Batin. The government investment in Hafar Al-Batin Industrial City, which will contribute to opportunities and an increase in demand for the retail sector.

Borders:

Side	Borders	Length	Width	St. name	Note
North	Street	٢٥	٣٠		
South	Neighbor	٢٥	-		
East	Street	٢٥	٦	King Abdulaziz Road	
West	Parking+ street	٢٥	٢٥		
Total Area				١٣٠,٥٠٠ m ²	

Side	Borders	Length	Width	St. name	Note
North	Street	٢٥	-		
South	Neighbor	٢٥	٣٠		
East	Street	٢٥	٦	King Abdulaziz Road	
West	Parking+ street	٢٥	٢٥		
Total Area				١٣٠,٥٠٠ m ²	

Aerial map of subject property



General description of the buildings

The building is a commercial center (Al-Makan Mall) with a total built-up area of 137,594 square meters consisting of a basement, ground floor, and first floor.

The commercial center consists of 153 retail stores, 79 are leased and 64 are vacant, and 41 kiosks 37 are leased and 4 are vacant.

The commercial also comprises restaurants and warehouses. The management offices consists of 5 offices, hall, kitchen and a bathroom.

Finishing details

Facades: Facades covered with cladding and glass.

Ventilation and air conditioning units: central air conditioning.

Facilities: emergency exits - fire extinguishers - mosques

Buildings details

The following table shows the details of the building areas of the property:

	Unit	Usage	Area (m2)
1	First floor	Commercial	86,000.0
2	Ground specs	Services	1,593.0
3	Fences	Services	1,540.0
Total			89,133

Exterior picture of the property



Property Description

Unit	Discription
Shopping mall type	Local
Center rating	B
Opening date	٢٠١٦
Building area (sqm)	١٣٧.٥٩٤
Leasable area (sqm)	٣٥.٦٦٩
Number of floors	٢
Number of commercial stores	٢٢٨
Number of parking lots	-
% of parking lots	-

Commercial spaces and their division

Unit space	Total Sqm	Percentage%
50-0	12,722	20%
200-51	4,217	7%
500-201	630	1%
1500-501	1,931	3%
Food court	669	1%
Sub Anchor	5,702	9%
Atm	35,561	57%
Anchor	718	1%
KISOK	62,150.3	100%

Interior photo of the mall



General description of lease contracts

The commercial center (Al-Makan Mall) consists of 228 stores, with multiple tenants. We were not provided with copies or copies of lease contracts, and according to the customer's instructions, we relied on the information contained in the rental schedule that was provided to us for the purpose of this evaluation.

Based on the information that was provided to us by the client, we understand that on the date of the evaluation, the total income of the property is 19,176,821 riyals, including service fees.

Property Description

Ownership Details

Description	Information
Property Address	Al-Rayyan District - Hafr Al-Batin
Plan Number	138/H
Property Type	Commercial center
Plot Number	1 - 2
Land Area as per Title Deed	63,500 sqm - 63,500 sqm
Title Deed Number	532502002325 / 332509008666
Title Deed Date	22/09/1439 AH --1 0/11/1439 AH
Built Up Area as per Building Permit	137,594 square meters
Building Permit Number	771/1434
Building Permit Date	12-06-1437 AH
Ownership Type	Absolute Ownership

Services available in the property area

Services available in the area		Yes	No
Governmental Services	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
	Commercial Centers	✓	
Commercial Services	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
	Electric Network	✓	
General Services	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



PROPERTY PICTURES





PROPERTY PICTURES





Methodology of Valuation Standards according to Standard No. 105

1- Market Approach (Comparative Method) Standard No. 105

Approach and Method	Used for	Method Definition
Market Approach – Comparative Method	Land, Exhibitions, and Hotel Rooms	<ul style="list-style-type: none"> This method provides indicators of value by comparing lands and warehouses that are valuated with identical or similar data available for information on their prices. According to this method, the first step is to study the transaction prices of the corresponding or similar properties that have recently occurred in the market, and if the transactions have been few, it is also better to study the corresponding or similar properties prices listed or offered for sale and are objectively analyzed. Information about the prices of such transactions must be adjusted to reflect differences in the terms and conditions of the effective transaction, the basis of the value and assumptions adopted in the valuation process being performed, and differences in the legal, economic and material characteristics of the properties of the other transactions may be found compared to the subject property.

Use of Method

Methodology:

- This method is based mainly on the prices currently circulating in the market for selling or offers of another property (comparative evidence) similar to the subject property.
- Since it is impossible to find exactly the same comparable, appropriate adjustments are made to the prices of the comparable by deducting the value forming factors that represent an advantage of the comparative property and adding the items that represent an advantage to the subject property.
- By comparing the natural properties and services adjacent to the site (not including the development) with their counterparts at nearby sites, the price of the land is adjusted for the same fundamental differences between the evaluation site and the nearby sites

Application:

- Determine the geographical scope of the comparative evidence.
- Determine the appropriate time period according to market variables, reflecting the market situation at the time of valuation.
- Collecting comparative evidence within the specified geographical range and time frame.
- Test the adequacy of comparisons for the evaluation process (if sufficient comparisons are not available, the valuation method is excluded).
- Applying adjustments to comparative evidence to reach at the property value.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

2- Cost Approach (Depreciated Replacement Cost Method) Standard No. 105

Approach and Method	Used for	Definition method
Cost Approach – Depreciated Replacement Cost	Buildings	<ul style="list-style-type: none"> The Cost Approach is sometimes referred to as the contractor method. The Cost Approach determines the value by estimating the cost of acquiring land and building a new property with equivalent benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay. The cost of the land is collected on the total cost of the construction. It is customary for the project incentives or the real estate developer's profits / losses to be added to the construction costs, if appropriate.

Use of Method

- If there is a major market for the land or real estate being valued, it is preferable to use evidence from the market or comparable sales.
- Study the approvals likely to be issued by the regulator in the region and use the evidence and evidence from the market to verify the possibility of using the land according to the regulatory approvals.
- Study a virtual site in the same area with the same characteristics.
- Study the private use of a virtual site in another region.

Application:

- Estimating the value of the land.
- Determine the current cost of constructing a building.
- The depreciation value must be deducted from the cost based on what was specified in Clause (2) for a cost adjustment. New added on the current state.
- Market value = (1) + (2) - (3) i.e. the value of the land plus the value of new construction minus depreciation.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

3-Income Approach (Discounted Cash Flow) Standard No. 105

Approach and Method	Used for	Definition method
Income Approach – Discounted Cash Flow	Fixed Income generating properties	<ul style="list-style-type: none"> It is a financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future discounted cash flows.

Use of Method

Methodology:

- This method depends on the net income of the property and the (capitalization rate).
- Total maintenance and operation costs are deducted from the total revenue of the subject property.
- Research for income generating properties that are similar to the subject property.
- The (capitalization rate) is determined according to the current market prices and according to the type of subject property.

Application:

- Estimating future cash flows resulting from the income of the subject property.
- Determine the discount rate or required rate of return.
- Determine the retention period of the asset an the final value.
- Calculating the current value of the expected income of the asset subject to evaluation to reach to the capital value of the property (after considering the time value of money).

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

Valuation

Valuation Approaches and Methods



Valuation Techniques	Market	Income	Cost
Valuation Method Used	Comparisons	Cash Flow	Replacement
Reasons for Use	To get the value of the land, exhibitions, and hotel rooms.	Property is income-generating	To find out the construction costs of the property

Estimate the value

using the Cost Approach – Depreciated Replacement Cost Method

The cost method provides an indication of value using the economic principle that a buyer will not pay more for an asset than it would cost to acquire an asset of similar utility whether by purchase or construction unless time, inconvenience, risk or other factors are involved.

Aerial Map of Comparative Evidence



Valuation

Calculations and indicators to value using Cost Approach

First: Estimating the value of the land

In order to estimate the **market value** of the land, the comparison method was applied to determine the market value. The following is a summary of comparable properties in the area surrounding the property under evaluation:

Comparison	Area m2	Meter price (SR/m2)	Value (SR)	comparison type	Date Comparison	Neighborhood	Usage
1	1,000	650	650,000	Offer	06/20/2023	Al-Yarmouk	Commercial
2	1,200	1,250	1,500,000	Offer	06/20/2023	Al-Rayyan	Commercial
3	600	900	540,000	Offer	06/20/2023	Al-Yarmouk	Commercial

Calculations and indicators to value using Cost Approach

Estimate the value of the land

The evaluation matrix represents the natural and abnormal factors to determine the value, which are the elements of location, accessibility, land shape, and market situation.

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	650	1,250	900
Market Status	0.0%	0.0%	0.0%
Price per SQM after Market Status	650	1,250	900

Item	Comp. 1 details	Comp. 2 Adjustments	Comp. 2 details	Comp. 2 Adjustments	Comp. 3 details	Comp. 3 Adjustments
Area m2	1,000.0	-29.9%	1,200.0	-28.3%	600.0	-33.3%
Number of roads	1.0	7.5%	2.0	5.0%	1.0	7.5%
Accessibility	Easy	0.0%	Easy	0.0%	Easy	0.0%
Location	Al-Yarmouk	5.0%	Al-Rayyan	0.0%	Al-Yarmouk	5.0%
Negotiations	Offer	-10.0%	Offer	-10.0%	Offer	-10.0%
Total (%) Adjustments		-27.4%		-33.3%		-30.8%
Value after Adjustments		471.9		834.4		623.3
Weighting		50.0%		0.0%		50.0%
Price per SQM		547.6				

Summary of the valuation

Based on the previous information , the following table summarizes the market value of the land using the market method - the method of similar sales:

block number	Area (sqm)	Market value (SAR/sqm)	Market value - rounded (SAR)
1	63,500.0	547.6	34,771,000.0
2	63,500.0	547.6	34,771,000.0
			69,542,000.0

Calculations and indicators to value using Cost Approach - Depreciated Replacement Cost

Method

Building cost estimation

Buildings information

SI.#	Floor	Usage	Built up area (sqm/floor)	Number of floors	Total built up area (sqm)
1	Ground floor	Commercial	38,129.0	1.0	38,129.0
2	Ground space	Commercial	62,720.0	1.0	62,720.0
3	Upper space	Commercial	1,578.0	1.0	1,578.0
4	Fences	Service	1,540.0	1.0	1,540.0
Total					103,967

Construction costs - direct

Based on the guide issued by the Saudi Authority for Accredited Residents, which clarifies the indicators of construction costs for buildings according to their uses:

SI.#	Unit	Total area (sqm)	Construction cost (SR/sqm)	Total costs (SR)
1	Ground floor	38,129.0	1,400	53,380,600.0
2	Ground space	62,720.0	1,400	87,808,000.0
3	Upper space	1,578.0	1,400	2,209,200.0
4	Fences	1,540.0	500.0	770,000.0
Total		103,967	1,386.7	144,167,800.0

Construction costs - indirect

Through the scanning , and the evidence for similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been

SI.#	Unit	Ratio (%)	Value (SR)
1	Construction costs (SR)		144,167,800.0
2	Professional fees	1.5%	2,162,517.0
3	Utility grid	1.5%	2,162,517.0
4	management costs	1.5%	2,162,517.0
5	Contractor profit	10.0%	14,416,780.0
6	Developer profit	15.0%	21,625,170.0
Total			186,697,301.0

Market value by cost method - Replacement method

According to the information provided previously, the market value of the property has been deduced using the cost method according to the attached table:

SI.#	Unit	Value (SR)
1	Economic life of the building (years)	40.0
2	Property age (years)	7.6
3	Physical depreciation percentage (%)	19.0%
4	Employment Physical depreciation Rate (%)	0%
5	External (economical) Physical depreciation rate (%)	0%
6	Actual Physical depreciation percentage (%)	19.0%
7	Construction cost before Physical depreciation limitations (SR) (rounded)	186,697,301.0
8	Construction cost after Physical depreciation limitations (SR) (rounded)	151,263,709.1
9	Completion rate (%)	100%
10	Completed construction value (SAR)	151,263,709.1
11	Land value (SAR) (rounded)	69,542,000.0
Total value by Cost Approach (land + buildings) (SAR)		220,805,709.1

Estimating the value

Income Approach - Discounted Cash Flow Method

A financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future cash flows.



Al-Ahsa Mall

Unit	Info
Opening year	٢٠١٠
Building area / square meters	٦٥.٨٠٠
Leasable area / square meter	٥١.٩٧٩
Category	regional
Number of parking	%٨٨
occupancy rate	٢٠١٠
Unit area m2	Market rent (SAR/year)
Ordinary stores	3,000
Fast food stores	2,000
entertainment	1,300
Sub anchor	750
Atm	450
Anchor	2,200
Poth's	600
Stores (basement)	400
Stores	350
KISOK	13,000

Comparative Evidence



AL-jubail Mall

Unit	Info
Opening year	٢٠١٥
Building area / square meters	٣٧.٣٦٦
Leasable area / square meter	٢٠.٩٠٨
Category	Local
Number of parking	%٩٠
occupancy rate	٢٠١٥
Unit area m2	Market rent (SAR/year)
Ordinary stores	3,300
Fast food stores	2,400
entertainment	2,100
Sub anchor	800
Atm	500
Anchor	2,500
Poth's	750
Stores (basement)	500
Stores	450
KISOK	14,000



Valuation - Income Approach - Discounted Cash Flow Method

Revenue estimate

Field research

In order to reach the revenues of the Al-Makan Mall, the relative control and the study of the comparative properties were carried out in order to find the relative differences and determine the revenues for each component of the property under evaluation, the table below shows this

1- Prevailing rental rates in the market - Al-Ahsa Mall

Unit area m2	Market rent (SAR/year)	Site adjustments and other factors (%)	Square meter value after settlements (SAR)	Weighting ratio (%)	Square meter value after weighting (SAR)
50-0	3,000	-27%	2190	100%	2190
200-51	2,000	-27%	1460	100%	1460
500-201	1,300	-27%	949	100%	949
1500-501	750	-27%	547.5	100%	547.5
More than 1500	450	-27%	328.5	100%	328.5
Food court	2,200	-27%	1606	100%	1606
Store	600	-27%	438	100%	438
Sub Anchor	400	-27%	292	100%	292
Anchor	350	-27%	255.5	100%	255.5
KISOK	13,000	-27%	9490	100%	9490

2- Prevailing rental rates in the market - Al-Jubail Mall

Unit area m2	Market rent (SAR/year)	Site adjustments and other factors (%)	Square meter value after settlements (SAR)	Weighting ratio (%)	Square meter value after weighting (SAR)
50-0	3,300	-30%	2310	0%	0
200-51	2,400	-30%	1680	0%	0
500-201	2,100	-30%	1470	0%	0
1500-501	800	-30%	560	0%	0
More than 1500	500	-30%	350	0%	0
Food court	2,500	-30%	1750	0%	0
store	750	-30%	525	0%	0
Sub Anchor	500	-30%	350	0%	0
Anchor	450	-30%	315	0%	0
KISOK	14,000	-30%	9800	0%	0

Aerial map of comparative evidence



The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

Rental spaces

According to the information provided by the client, the following table summarizes the leasable areas of the property under appraisal.

Unit area	Total area	Ratio
200-51	12,722	20%
500-201	4,217	7%
1500-501	630	1%
Food court	1,931	3%
store	669	1%
Sub Anchor	5,702	9%
Atm	1	0.0016%
Anchor	35,561	57%
KISOK	718	1%
Total	62,151.3	100%

Unit area	Total area	Market rent	Annual rent
200-51	12,722	1,460	18,574,339.0
500-201	4,217	949	4,001,534.4
1500-501	630	548	344,925.0
Food court	1,931	1,606	3,101,828.4
store	669	438	292,881.8
Sub Anchor	5,702	292	1,664,925.6
Anchor	35,561	256	9,085,942.8
KISOK	718	9,490	6,816,667.0
Total	62,150.3	706.1	43,883,044.1

The inputs and assumptions of the Income Approach are the

Discounted Cash Flow Method

1.1 Income Analysis:

By examining the mall from the inside, it became clear to us that the property is leased at a rate of 57.39% of the rental space, according to the attached statement from the client.

1.2 Total Revenues:

The total rents that are collected according to the contract at the date of the evaluation, or the total revenues that are assumed according to the market. We were provided with a list of rents from the client, and we were not provided with any data on the operating and management expenses of the complex. The data on rents and income was collected by market.

1.3 Capital Expenditures:

Information regarding capital costs has not been provided to us by the client. We analyzed the level of provisions for capital expenditures in similar properties that we participated in the evaluation. We have assumed that the prudent owner will bear the capital expenditures to maintain the property well, improve the production capacity and preserve the tenants. Through inspection of the property, we found that it was renovated, and accordingly, no capital expenditures were assumed during the entire period.

1.4 Operational Expenses:

We were provided with operating expenses for the mall, and they were compared to the market, and due to the absence of relative differences compared to the market, they were applied throughout the investment period.

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

1.7 Fixed Expenses:

No fixed expenses for the property, such as insurance and any other expenses, have been calculated.

1.8 Tenant Incentives:

Due to the difficult market conditions, some tenants resort to requesting subsidies to reduce the burden of rent. No incentives were calculated for the tenants, and it was assumed that the tenant would bear them.

1.9 Doubtful Debts (Credit Losses):

It is that any owner may incur some loss of income due to bad debts. According to the data provided by the client, no losses have been applied.

1.10 Growth rate:

Due to the lack of market data and previous indicators for similar real estate and the growth rate at the level of supply and demand, and since the inflation rate is available as information announced according to the data of the Central Bank, an average has been calculated for each year based on the inflation rate for a previous year to estimate future periods as shown in the table. Adopting the Gordon growth model, meaning that the drug grows steadily forever.

1.11 Rate of return on investment:

Through the market survey of real estate that was evaluated by us in the city of Dammam and viewing the reports of REIT funds and similar real estate in the retail sector, the capitalization rate for similar real estate ranges between 7% and 9%, and accordingly the rate of return was determined at 7.5%.

1.12 Discount rate:

With regard to the discount rate, and according to the methods used to calculate the discount rate stipulated in the international evaluation standards, and as it was studied in the evaluation methodologies of the Saudi Authority for Accredited Valuers, it was reached by the cumulative method as shown in the table below, which depends on (the rate of inflation, regular risks, the rate of returns of government years for the period, and in addition to real estate risks, market risks). - Sources for data (Central Bank - Debt Services - Capital Market Authority data for similar properties that have been acquired).

1.14 Explicit Prediction Period (Investment Duration):

The investment period indicator was mainly based on the method used in the evaluation, the discounted future cash flows, according to the equation investment period = actual life - life expectancy - market life.

1.15 Table of assumptions of the inputs of the Income Approach, the Discounted Cash Flow Method

Unit	Value	Clarification
Land area (sqm)	127,000.0	-
Growth rate (%) (Rs)	2.70%	regular risk premium
7-year government bond yield ratio (Rf)	4.37%	Risk free rate of return
Specific Property Risk	1.80%	The irregular risk premium represented in the quality of the real estate investment and the costs involved in maintenance and operation
Market risk	2.50%	Based on supply and demand in the area in which the property to be evaluated is located
Discount rate (%)	11.37%	It is the ratio that converts future cash flows into present value
Yield Ratio (%)	9.00%	market survey
Operation and maintenance costs for exhibitions (%)	25.00%	Costs incurred for the maintenance and operation of the property throughout the period
Credit costs for exhibitions (%)	0.00%	The percentage of non-payment tenants facing the establishment throughout the investment period
Vacancies costs for exhibitions (%)	3.087%	The percentage of vacancies for real estate according to the prevailing in the current situation, based on the assumption that the building is at the beginning of the operation period and stabilizes in the recent period as a prevailing average according to the market

Mall revenue schedule

Unit	Rental area (sqm)	rental price	Gross Income
Unit rental income	62,151.3	706.6	43,918,044

Period	1	2	3	4	5	6
Cash flows - by market						
Gross Expected Income - GPI (SR)	43,918,044	43,918,044	43,918,044	43,918,044	43,918,044	
Credit and vacancy costs (%)	58.2%	50.0%	40.0%	30.0%	30.0%	
Credit and vacancy costs (SAR)	25,577,869	21,959,022	17,567,218	13,175,413	13,175,413	
Expected Gross Income (SR)	18,487,000	23,144,809	28,485,243	34,062,835	34,892,886	
Capital Expenditure -CE (%)	11.3%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SR)	2,081,381	0	0	0	0	
Operating expense ratio (%)	15.5%	15.5%	15.5%	15.5%	15.5%	
Operating Expenses - OE (SR)	2,859,092	3,579,442	4,405,362	5,267,960	5,396,331	
Net Operating Income - NOI (SR)	13,546,527	19,565,367	24,079,881	28,794,875	29,496,555	
Final value						468,199,284
Present value coefficient	0.90	0.81	0.72	0.65	0.58	0.52
Present value of net income (SAR)	12,163,533	15,774,354	17,432,099	18,717,262	17,215,918	245,369,980
Property value (SAR)	326,673,146					
Property value (SAR) (rounded)	326,670,000					
Meter price (SR/m2)	2,572					

Valuation

Market Value

Unit	Value (SR)
The value of the property according to the market	٣٨.٧٧.٠٠٠
The market value of the property	٣٨.٧٧.٠٠٠

Note: The Cost Approach, the Depreciated Replacement Cost Method in the valuation, is an auxiliary and indicative method only, so it was not included as a weighting opinion for the market value.

Justifications

- The market value of the property was weighted according to the market, since the vacancy of the property according to the reality and the rental statement is high compared to the market.
- The general direction of the state, represented by Vision 2030, is to revive the tourism and entertainment sector.
- Regional orientation and the increase of international companies to make the Kingdom of Saudi Arabia a center for it at the regional level, which will be reflected successively on the recovery of the retail sector in the future.
- The property is located in Al-Rajhi neighborhood in Tabuk, on King Khalid Road in the center of Tabuk city geographically.
- Public awareness and the general orientation of the residents of the area towards malls and similar recreational areas.
- **Findings and Recommendations:**
 - Depending on the results of the search in the region, the surrounding area is considered to have a high density, and the presence of housing plans, as well as the high creditworthiness of the individuals in the region.
 - The property is located south of Hafar Al-Batin, in a main and vital artery of King Abdulaziz Road, which leads to the Northern Ring Road, and represents a point of attraction for several nearby activities (Technical College, Security Forces Housing, Hafar Al-Batin Central Hospital, Hafar Al-Batin University, King Fahd Road, King Abdullah Park, Al-Mallam Khalid City Military) and mediates two main arteries, King Fahd Road and Turki Al Awwal Road.
 - The state's general direction is to improve the tourism and hotel sector and to develop new entertainment programs that will allow for high occupancy

Findings and recommendations

Possible threats:

- The imbalance in the level of supply and demand.
- Maintain periodic maintenance and development as possible to make the property more attractive and profitable for the investor.
- Developing and providing services that serve the competitive advantage of the entertainment sector, in line with Vision 2030.
- High future operating costs and the requirements of quality and sustainability standards.
- Availability of retail spaces that achieve efficiency and the highest quality standards in other locations.
- High rental prices compared to the services and activities available at the mall, which constitutes a barrier that prevents investors from taking risks in similar projects.
- Lack of exploited rental spaces and recreational and community activities inside the mall.



Market Value of the property using Income Approach and Discounted Cash Flow Method


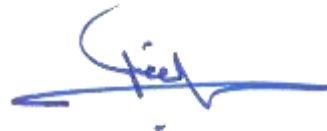
Based on the completed study, we estimate the market value of the property by an amount

326,670,000SR

(Three hundred twenty-six million, six hundred seventy thousand Saudi riyals)

Considering the site, and as documented in this report on 30-06-2023

Report Participants		
Member name	Fayez Al-Dhafiri	Mr.Suleiman Al-Aqili
Membership	affiliate	affiliate
Membership Number	1210003078	1210003193
Signature		

Approved evaluation		
Member name	Mr. Mohammed Idrees	Mr. Hisham Al Aqeel
Membership Class	Fellow	Fellow
Membership Number	١٢٢٠٠٠٣٠	1210000185
Signature		

Company Stamp	
	
١٠١٤٦٩٨٨٤	Commercial register
744/18/323	License Number
١٤٣٨/٧/٨ هـ	License Date

General Standards

The International Valuation Framework

Valuator and Status:

- This report was prepared by Value Expert & partner for Real Estate Valuation and its highly qualified team of staff, benefiting from the resources available to us, namely the efficiency of our advisory team, which includes qualified consultants with high academic degrees and experience in the field of valuation and consulting, and what is available to our company from the database was built through its valuation expertise and through the collection of data, information and statistics issued by the official and non-official bodies, which gives valuers the capacity to realize their tasks to the fullest. The company is also working to update their information base continuously.
- **We have over 15 years of experience** in valuation work and have submitted more than 20,000 valuation reports during our real estate appraisal period.
- **Value Experts** and its representatives of valuers who have conducted the valuation process have been immensely impartial, objectively employed and independent from the client and its subsidiaries or affiliates. Neither the Company nor its representatives have any current or foreseeable interest with the client or any of its subsidiaries or affiliates, nor are such agents among the client or those who have internal relationships or affiliations with the client and its subsidiaries or affiliates. The valuator's fees against the valuation process are unconditional on his findings or any other events. If the Company receives significant assistance from another party in respect of any important aspect of the assessment, the nature of such assistance, the extent of reliance thereon and, if any, documented in the report.

Appendix



An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia

Kingdom Vision 2030

With the support and patronage of the Custodian of the Two Holy Mosques, may God preserve him, the Kingdom's Vision 2030 was launched, which is the vision of His Highness the Crown Prince for the future of this great country, which seeks to invest in our strengths that God has endowed us with, from a distinguished strategic location, a pioneering investment force, and an Arab and Islamic depth, as he assumed the leadership for that All attention, and harness all potential to achieve ambitions.

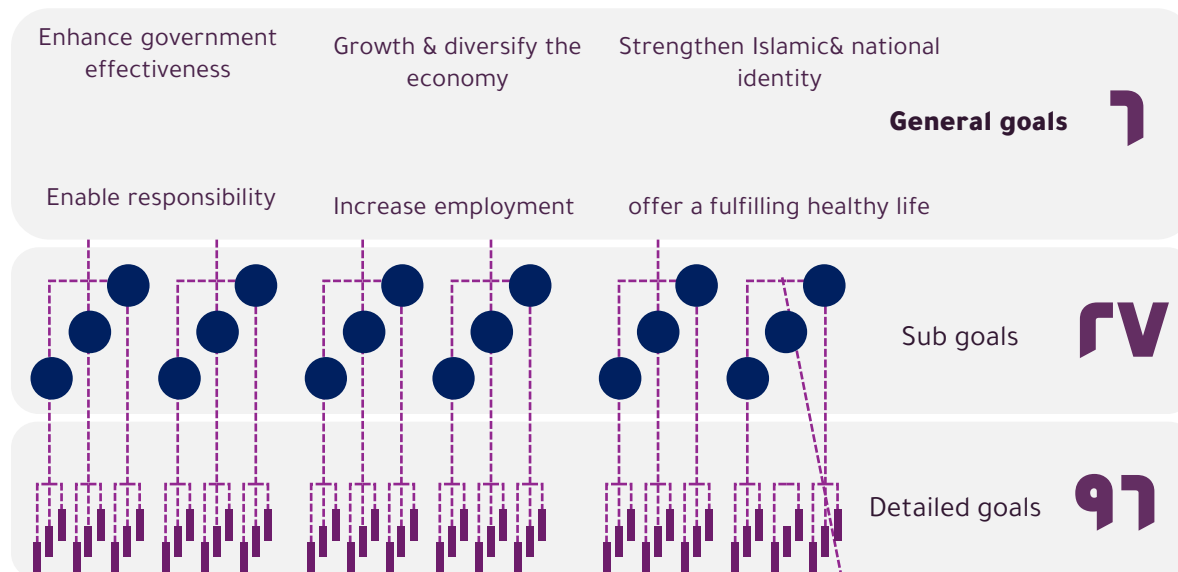
During the past five years, many achievements have been made, and a number of transformational enablers have crystallized, which contributed to achieving tangible results at the level of the government work system, the economy and society, and laid the foundations for success for the future. We have faced many challenges and gained many experiences, which have strengthened our confidence in achieving our goals. We worked to increase the government's effectiveness and responsiveness, by investing in government digital transformation, creating opportunities for growth and investment, creating a number of new economic sectors, opening our doors to the world, and raising the quality of life for citizens. All of these achievements were accomplished by the sons and daughters of this great nation.

Saudi Vision 2030 relies on pivotal strengths

The Kingdom of Saudi Arabia is the land of the Two Holy Mosques, the purest place on earth and the destination of more than a billion Muslims, making it the heart of the Arab and Islamic worlds.

The Kingdom is harnessing its investment power to create a more diversified and sustainable economy.

The Kingdom harnesses its strategic location to strengthen its position as a major engine of international trade and to connect the three continents: Africa, Asia and Europe.



Entrepreneurial projects

NEOM project



Item	Information
Project classification	Private area
Usage	Multi use
Developer	NEOM Company
Owner	Public investment fund
Total land area (sq km)	26.5 thousand
Budget	1,700 billion riyals
Location	Northwestern Saudi Arabia
Development	Build from scratch Modern solutions a future vision
Regulations and laws	Easy to start business
Economy	diverse

Entrepreneurial projects

Amala Project

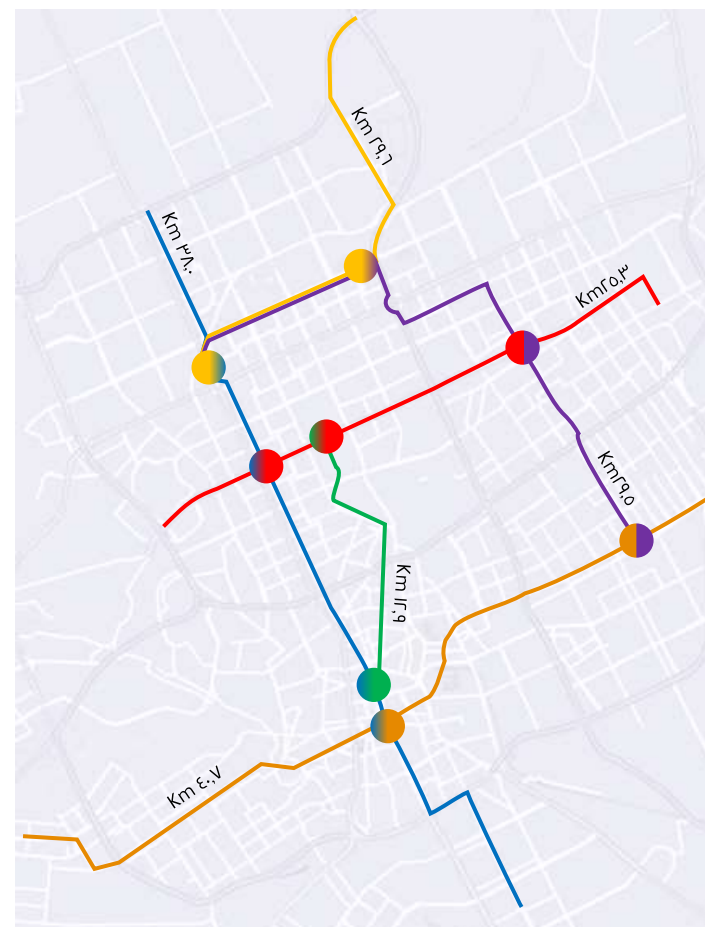
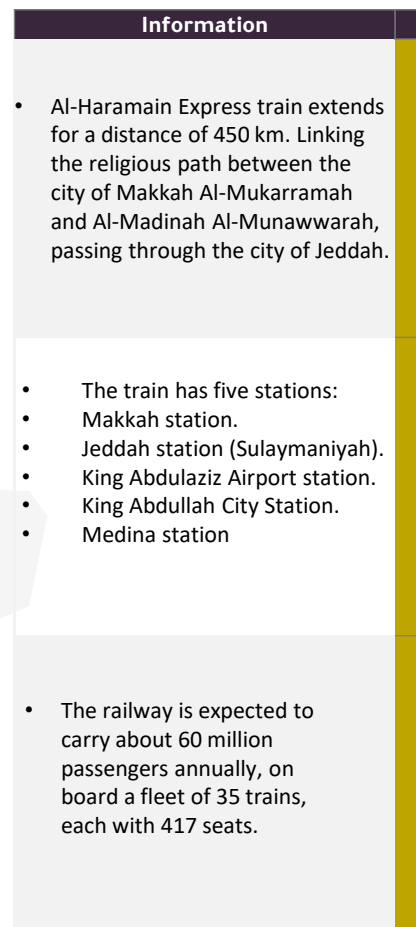
Unit	Information
Project classification	Tourism
Usage	Multi use
Developer	Amala company
Owner	Public Investment Fund
Total land area (sq km)	٥,٦
Budget	7 billion riyals

Red Sea Project

Unit	Information
Project classification	Entertainment tourism
Usage	Multi use
Developer	The Red Sea Development Company
Owner	Public Investment Fund
Total land area (sq km)	٢٨,٠٠٠
Budget	14 billion riyals



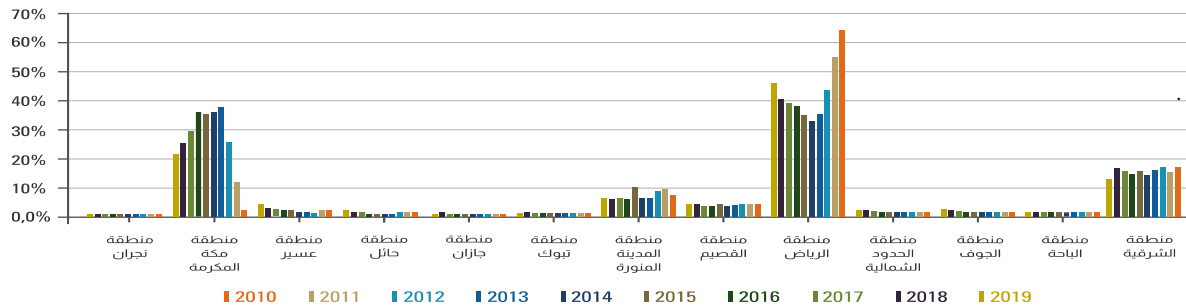
Riyadh Metro



Information
<ul style="list-style-type: none">• The Riyadh Metro is a fast transit system, which is currently under construction and is one of the largest infrastructure projects in the city of Riyadh
<ul style="list-style-type: none">• The metro is designed as a world-class transportation system, and includes 756 metro cars, 85 stations, 6 metro lines, and a network of 176 km.
<ul style="list-style-type: none">• The construction of the metro system has led to a number of road closures affecting traffic in different parts of the city.

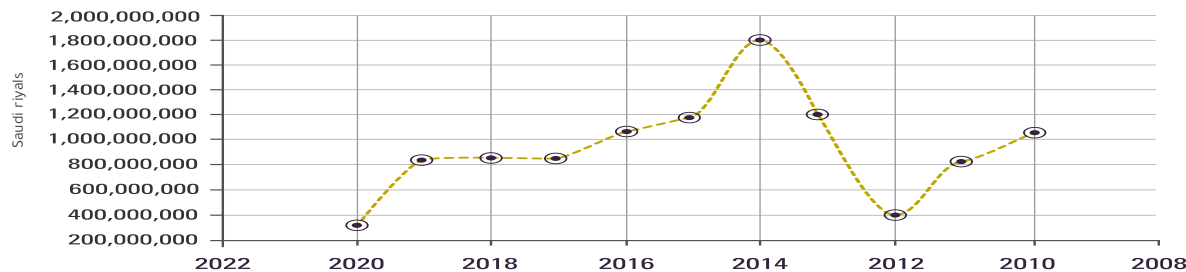
Second: The share of the Kingdom's regions in the total value of the market at the Kingdom's level

By analyzing the data, we find that the total value of deals at the level of regions is that Riyadh and Makkah are the two highest regions contributing to the total value of the market. Hence, the influence of the eastern region comes in the value of the real estate market, then the Medina region, then the Qassim region, and then the rest of the regions.



Third: The total area sold in the real estate market at the level of the Kingdom:

The highest sold area of executed deals in the Kingdom in 2014 amounted to more than 1.8 billion square meters for various types of real estate, and reached its lowest level in 2012 when the total area sold for executed deals reached 400 million square meters. There was an approximate stability in the traded areas during the years 2016 to 2019, with a decrease in the total value of executed deals.

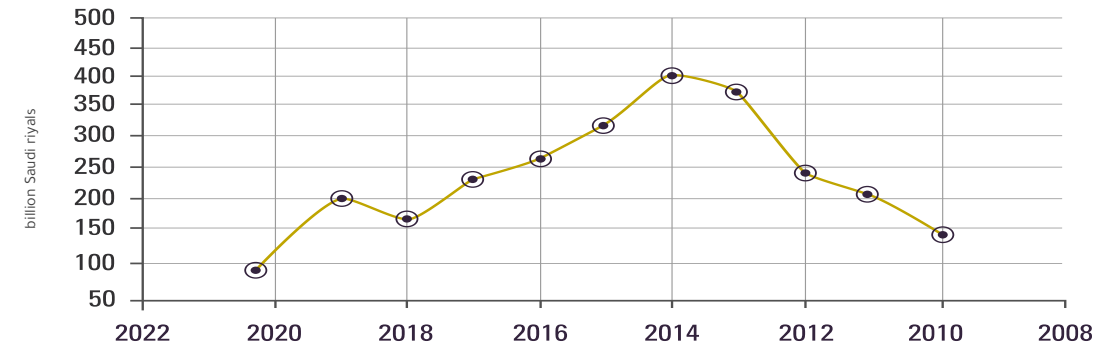


Mortgage loans

The continued implementation of the goals contained in the Vision Realization Program in the field of housing led to a rapid rise in the level of new mortgage loans until 2020. As a result, new residential mortgage loans provided by banks jumped during the four years from 47% to 60% in 2020, exceeding the target. by 8%. Abolishing the concept of waiting for housing support from 15 years to immediate entitlement. Through official platforms and in partnership with banks and financing agencies, it provided financing housing solutions to approximately 840,000 families, including 310 families who inhabited their homes. Activating the partnership with the private sector by developing more than 141,000 housing units and strengthening the partnership with banks and financing agencies by providing 424,000 subsidized real estate loans.

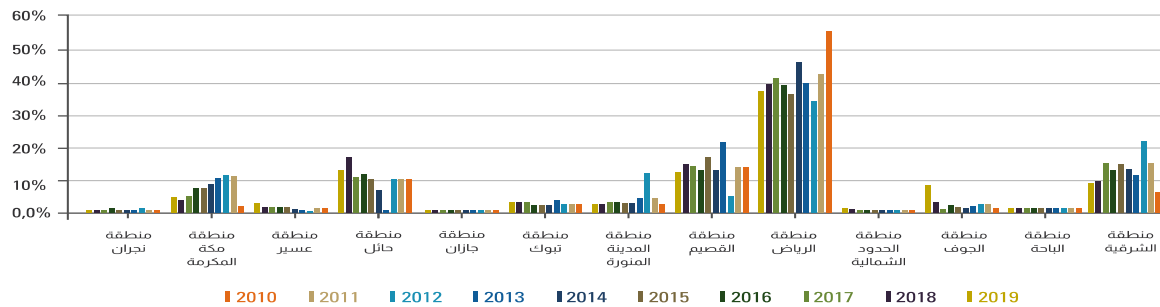
First: The total value of the real estate market in the Kingdom of Saudi Arabia

The highest value of the total deals executed in the Kingdom in 2014 amounted to more than 430 billion riyals for various types of real estate, and it reached its lowest level in 2018, when the total value of deals executed reached 139 billion riyals, and it is clear from the volume of deals executed in 2020 until the date of preparing the report that The market is in a phase of recovery and overtaking the previous year, at least.



Fourth: The share of the Kingdom's regions of the total area sold in the market at the Kingdom's level:

By analyzing the data, we find that the total area sold for deals at the level of the regions is that the Riyadh region is the highest, followed by the Qassim, Eastern and Hail regions, with varying contributions, and then the Makkah region.



An overview of the retail sector in Riyadh

Demand

Project name	Gross leasable area (sqm)
The park	10,792
Shorofat Park	11,000
The zone	25,000
Tal plaza	21,000
Terrace	8,000
Granada	34,000
Reef	11,428
Riyadh walk	136,000
Chandelier	13,400
Najd mall	36,286
Al jamiah st	51,557
AL Khaleej mall	51,453
Alarab mall	133,876
Ruwaq qurtubah	72,000
City center ishbiliyah	100,000
Aura center	14,050
Diriyah city center	22,929
Avenue	400,000
Saudi mall	300,000

- It witnessed the opening of the huge (Riyadh Park) Mall on an area of 92,000 square meters during the past year.
- The food and beverage sector acquired the lion's share in most of the new commercial projects, and the development work focused on luxury restaurants, as most of these projects are concentrated in the north of the capital, Riyadh, and it has become a center for luxury and high-end restaurants.
- The Levels and Veranda are some of the notable openings this year, while Chandelier Restaurant Complex, Terrace and Aura are some of the highly anticipated high-end F&B projects on the Northern Ring Road.
- The (The Zone) project on Al-Takhasosi Street and (Sharafat Park) on Abi Bakr Al-Siddiq Road will add an area of 25,000 and 11,000 square meters respectively to the total retail inventory of 3 million square meters. The Riyadh Promenade complex near Imam University is likely to add 40,000 square meters to the market with a decent share of retail and entertainment.
- The Granada Center and The Park expansion project, which is being implemented by the Unified Real Estate Development Company, is expected to open in the first quarter of 2019 by adding 34,000 and 10,792 square meters, respectively.

Retail sector:

- The Value Added Tax (VAT), which was implemented at the beginning of last year in the Kingdom of Saudi Arabia and the Cooperation Council for the Arab States of the Gulf, posed some challenges that may affect competitiveness. However, since the establishment of the General Entertainment Authority (GAE), Saudi Arabia aims to increase household spending on entertainment from the current 2.9% to 6% by 2030.
- As the retail market in Riyadh faces a historic announcement initiative and the opening of the cinemas gates in April 2018.
- Moreover, the Qiddiya project in southwest Riyadh, which extends over an area of more than 334 square kilometers, will attract 12 million shopping mall visitors by the completion date of the first phase scheduled for 2022.
- The Dutch Spar hypermarket chain (2,900 square meters) entered the Riyadh Gate project, occupying an area of 16,000 square meters on King Fahd Road. Recently, Raden Center with an area of 15,613 sqm, MEFIC Center (Hospitality) with an area of 20,000 sqm and Turkey Square with an area of 3,000 sqm have been added to the retail inventory.

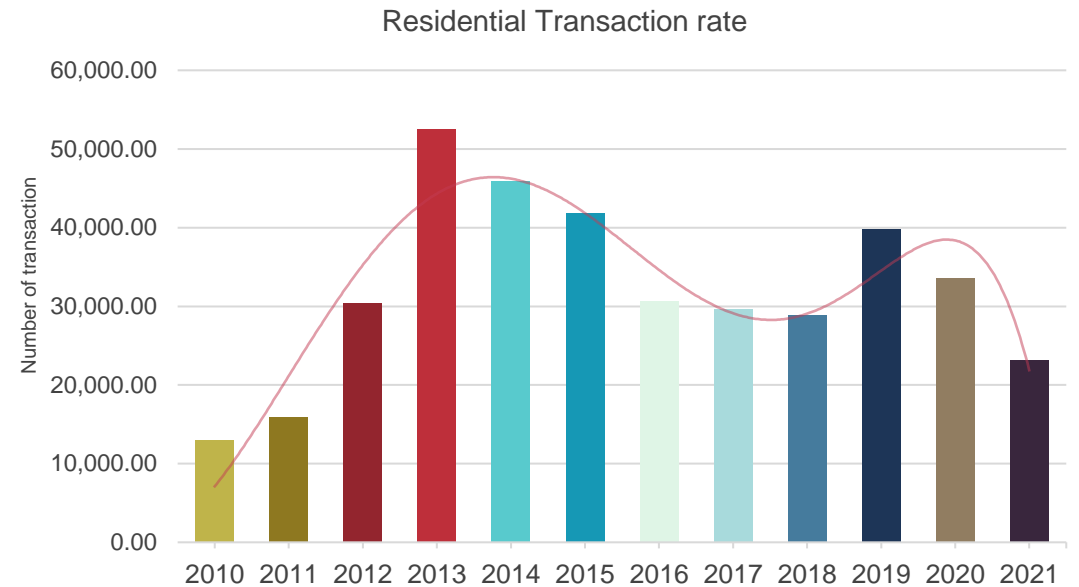
Project name	Gross leasable area (sqm)
Riyadh Park	92,000
Riyadh gate	16,000
Sedrah	18,000
Mefic center	20,000
Takhssusi Plaza	8,500
Turki square	3,000
The levels	5,400
Laban Plaza	7,759
City life plaza	7,761

EASTERN Province

المنطقة الشرقية

| Eastern Province - the residential sector

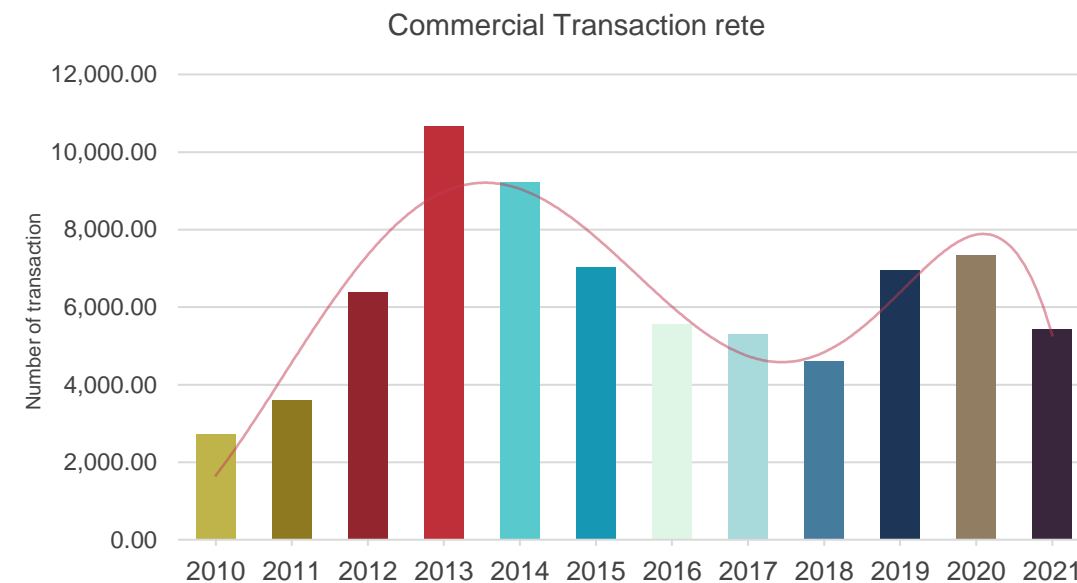
The rate of residential transactions over the years				
Years	Residential / number of executed transactions	Rate of change	Residential/price of the executed deals	Rate of change
2010	12,970	--	11,598,452,308.00	--
2011	15,877	22%	15,344,453,118.00	32%
2012	30,431	92%	23,707,196,229.00	55%
2013	52,559	73%	44,128,460,522.00	86%
2014	45,904	-13%	40,855,512,486.00	-7%
2015	41,868	-9%	33,634,527,114.00	-18%
2016	30,580	-27%	25,989,047,663.00	-23%
2017	29,586	-3%	22,755,743,791.00	-12%
2018	28,827	-3%	16,759,040,017.00	-26%
2019	39,804	38%	17,297,139,921.00	3%
2020	33,509	-16%	17,525,367,056.00	1%
2021	23,147	-31%	13,241,781,307.00	-24%



* Source: Ministry of Justice

| Eastern Province - - the Commercial sector

The rate of Commercial transactions over the years				
Year	Commercial / number of transactions executed	Change of rate	Commercial/price of executed deals	Change of rate
2010	2,715	--	12,592,866,641.00	--
2011	3,597	32%	14,783,236,206.00	17%
2012	6,396	78%	17,787,282,326.00	20%
2013	10,662	67%	23,373,013,654.00	31%
2014	9,227	-13%	21,773,939,385.00	-7%
2015	7,031	-24%	19,472,278,960.00	-11%
2016	5,557	-21%	12,606,611,033.00	-35%
2017	5,302	-5%	12,927,038,673.00	3%
2018	4,602	-13%	7,335,123,247.00	-43%
2019	6,949	51%	7,385,082,369.00	1%
2020	7,334	6%	7,654,633,368.00	4%
2021	5,421	-26%	6,052,009,352.00	-21%



* Source: Ministry of Justice

Topic: Evaluation of a shopping center (Al-Makan Mall), Al-Rajhi district, Tabuk city

Client : Alinma Investment

Report Date : 30/06/2023

Project No: 1001620/03
Report type: Detailed

FAIR IS OUR VALUE

الْعَدْلُ قِيَمُنَا

Dear **Alinma Investment**

Topic: **Valuation of a commercial center (Al-Makan Mall), Al-Rajhi district, Tabuk city**

At the request Value Experts received from Alinma Investment, to proceed with the **property valuation of a commercial center (Al-Makan Mall), Al-Rajhi district, Tabuk city**, we have examined the property, inspected and studied the necessary documents and maps. After conducting a study with the surrounding area of the property, we attach the following report that provides the necessary data and shows the reasons for reaching the market value of the property.

The purpose of this report is to estimate the market value of the property as it is on 20-06-2023; the purpose of its issuance is to know the market value of the property for (REIT Fund) and the report is for Alinma Investment use. The estimated property is a commercial center detailed as follows:

Title Deed Number	Land Area	Built Up Area	Property Type
٢٥٠١٩٠٠٨٥٤١	21,428.13 m ²	25,571 m ²	Shopping Mall

Based on the study completed, we estimate the market value of the property's current status at the date of estimation and an amount of only:

١٢٨,٢٤٠,٠٠٠ SR

(One hundred twenty-eight million, two hundred forty thousand Saudi riyals)

Taking into account the location and as documented in this report on 30-06-2023

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Valuation of a shopping center (Al-Makan Mall), Al-Rajhi district, Tabuk city

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	Periodic evaluation of the Alinma (General) Retail Fund (REIT)
Property Location	Kingdom of Saudi Arabia - Tabuk city
Property Type	Commercial center
Property Area	21,428.13 m ²
Building Area	25,571 m ²
Title Deed number	250109008541
Title Deed Date	30/04/1432 AH
Ownership Type	Absolute Ownership
Premise of Value	Existing Use
Basis of Value	Market Value
Valuation Criteria	International Valuation Standards
Valuation Approach	Cost Approach - Income Approach
Valuation Method	Depreciated Replacement Cost Method (DRC) - Discounted Cash Flow Method (DCF)
Inspection Date	15/06/2023
Valuation Date	20/06/2023
Report Date	30/06/2023

400 standard

Introduction :

The principles contained in General Standards (101-105) apply to valuations of real estate interests. This standard stipulates additional requirements that apply to valuations of real estate interests.

Real estate interest:

It is the right to own, control, exploit, or occupy land and buildings.

Land interest includes informal tenure rights to communal or tribal land, exclusive informal settlements, rural or transitional economies, which can take the form of tenure, occupation, or use rights.

It includes three main types:

The supreme interest in any particular area of land, and the owner of such interest has an absolute right to possess and permanently control the land and any buildings, subject only to any minimum interests and any statutory or other legally applicable restrictions.

The minimum interest usually gives the landlord exclusive ownership and control over a specific area of land or buildings for a specified period, for example: according to the terms of the lease.

The right to use land or buildings, but without enjoying the right of ownership or exclusive control, such as the right to pass ownership of land or exploit it only for a specific activity.

The interest identified in the assessment:

The supreme interest in any particular land area, and the owner of this interest has an absolute right to possess the land and any buildings and control it permanently.

Scope of work - Standard No. (101) , (104)

Items		Clarification
١	Client name	Alinma Investment
٢	Intended user	Alinma Investment
٣	The subject matter of the valuation	Commercial center
٤	Valuation currency	The Saudi riyal (SR - SR) is the official currency used in this report.
٥	Purpose of Valuation	Periodic evaluation of the (General) Alinma Retail Fund (REIT)
٦	Premise of Value	Existing Use
٧	Basis of Value	Market value: It is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller. And within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and prudence without coercion or coercion.
٨	Valuation Approach & Method used	Cost Approach - Depreciated Replacement Cost Method / Income Approach - Discounted Cash Flow
٩	Inspection Date	15/06/2023
١٠	Valuation Date	20/06/2023
١١	Report Date	30/06/2022
١٢	Valuation range	It included research and analysis to prepare the report according to the intended purpose and in accordance with international valuation standards, where the property was inspected from the inside and outside on the day of the property inspection date. All the necessary requirements for preparing the report were obtained.
١٣	Nature and sources of information	In preparing this report, we relied on the information and documents provided by the client (the deed - the building permit - the statement of investment analysis - a statement of the rental spaces). Rental platform (real estate index for leasing operations), real estate exchange traded REITs (Capital Market Authority - Tadawul) Electronic platforms for real estate offers and indicators (Compare platform - Real Estate SAS - Real Estate Authority) Real estate offices in the target area, the database of Value Expert, which is continuously updated.

Standard - No. (101), (102)

Scope of work items		Clarification
١١	Scope of research and survey	Field survey of the property area under valuation and similar properties. And we worked on collecting and analyzing data to come up with results that serve this report and the purpose required for it, in addition to a field study of the geographical nature and services available in the property area and its surrounding areas, which are explained in detail in the technical study.
١٢	Report type	The report (detailed) contains complete explanations of all valuation works, including steps, data, information, accounts, etc.
١٣	Valuation standards	IVS International Valuation Standards Version (2022) issued by the Saudi Authority for Accredited Valuers.
١٤	Legal description of the property owner	The validity of the information and data (title deed, building permit and client information) provided to us by the client has been assumed to be correct. The type of ownership of the property is free of obligations according to the hypothesis submitted by the client without verifying its truth.

Standard - No. (101)

Scope of work items		Clarification
15	Restrictions on use, distribution or publication	<p>This report is provided for the purpose for which it was prepared only and may not be used, circulated, quoted from or referred to in any way for any other purpose, and accordingly neither the company nor the valuer bears any responsibility for any loss incurred by any party as a result of using the valuation report in such a manner contradicts the provisions of this clause. The valuer reserves all rights to issue the valuation report. This report may not be reproduced in any manner without the express consent of the Company.</p> <p>This report may not be submitted to any other party other than those referred to in it without the express consent of the company. It is a matter of caution that the Company and the valuer reserve the right to make any amendments and make any revisions to the valuation or to support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the valuation accounts, amend and revise its results in the light of information that existed at the date of the valuation, but became clear to it later.</p>
16	Confidentiality and preservation of information	Any documents received from the client are considered confidential between Value Experts and the client. The subject service shall not be disclosed at any time. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financials or other affairs acquired by the subject service during the process, shall remain confidential.
17	Disclaimer	<p>This document prepared by (Value Expert Real Estate Appraisal Company) is owned by it and may not be used for purposes other than what it was prepared for.</p> <p>We have no current or future interests in the target drug.</p> <p>The agreed fees for making this report are not linked to the estimated value of the property.</p> <p>We were not asked for any prior opinions before the evaluation, and we have performed our work in accordance with the international evaluation standards issued by the Saudi Authority for Accredited Valuers.</p> <p>Our results may change if we are provided with any data affecting the value or if we are able to obtain it from reliable sources.</p>

Standard - No. (101)

Scope of work items		Clarification
18	General assumptions	<ul style="list-style-type: none"> -The documents sent by the client were relied upon, and they were assumed to be correct. -The appraisal was carried out on the assumption that the property is free of any modifications or interference. -Our report has been prepared on the assumption that there are no hazardous or polluting materials at the site that affect the value significantly. -The property has been assumed to comply with all regular planning and zoning requirements. -The location of the land and the total area of the land were inferred by the client. -No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, and some legal matters on which this --report or part of it is based. It was assumed that the real estate deed is valid, negotiable, and free from any restrictions, unusual conditions, or other burdens, -and has no pending claims. -The evaluation was based on economic conditions, current data in the real estate market, supply and demand, and therefore the value may change based on -the change of these data
	Special assumptions	<ul style="list-style-type: none"> -Due to lack of comparative evidence of commercial centers to the subject property, and as the property is generating income. The most appropriate approach to reach the market value is the Income Approach - Discounted Cash Flow Method. -After reviewing the excel sheet of rent schedule provided by the client, occupancy rate was low according to the rental returns, and this was indicated by operational or developmental conditions that hinder the increase in rental returns. The market value was calculated using the Income Approach - Discounted Cash Flow Method.

Work Methodology



Asset Inspection

Title deed was received from the client, which shows the area of the property. A detailed statement was received showing the location of the property and the area of the land, after which the property was identified and the information received from the client was matched with reality.



2

Define the Property Assets

Through the preview, it was found that the asset under valuation is a commercial center.



3

Data Analysis

The available data analysis in the property, which have been drawn from informal sources such as real estate offices operating in the subject area.



4

Application of Valuation Methods

After the experts assessed the current use in terms of the market and the data available about it, it was concluded that the valuation approach and method is (Income Approach – Discounted Cash Flow Method), taking into account the purpose of the valuation.

Standard No. 102



5

Data Collection

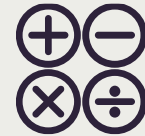
Based on the type of property valued, the scope of data collection was determined; especially in the area surrounding the property.



6

Estimated Value

After reconciling the results of the valuation methods, a value corresponding to the scope of the work described with the client is weighted.



7

Value Review

A review of the value by the audit committee, consisting of two experts will review the information and analyzes and assumptions reached by valuator.



8

Report Preparation

Work on report preparation in accordance with the Standard 101 for report description, and criteria 103 for report preparation.

Standard No. 102

Scope of work stages

Scope of work items		Clarification
1	Scope of work	Meeting the client and determining scope of work which includes purpose of valuation, basis of valuation, intended users, valuation date and any special or important assumptions that includes the clarity of the assignment and the expected outputs.
2	Inspection and analyzing the location	Inspecting the property and get acquainted with its facilities, matching the documents provided with the reality, analyzing the property location and the zoning classification nearby the property with determining the scope of the geographical search and the appropriate project activities.
3	Collecting and analyzing data	Collecting market data (rents, returns, occupancy rates, maintenance and operating expenses) for income-generating properties, and also searching for similar land prices and contractors' costs and analyzing that data to reach knowledge of past and current market trends and future indicators that will be relied upon when applying the valuation mechanism.
4	Applying valuation approaches and methods	Based on the scope of work and market analysis, appropriate valuation approaches and methods are determined and all assumptions and inputs are put in place to carry out financial calculations to reach the market value according to the chosen approaches and methods described in this report.
5	Estimating value	The valuation approaches and methods used to reach the market value of the property are reconciled according to our final estimation and according to the sources of information that we have that can be trusted and commensurate with the property under valuation.
6	Report preparation	We prepare the report according to the scope of work, so that it includes the data, results and outputs that were reached through the previous work stages.

Value Experts has a distinguished team with professional qualification and experience in valuation work and a team of 5 registered with the Saudi Commission for Accredited Valuers, the most prominent of the team:



Alaa Ibrahim Al - Thaqafi
Founder and CEO

14

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

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

The property is located in the city of Tabuk, the seat of the emirate of Tabuk region and the largest city in northern Saudi Arabia, and around it are some of the most important monuments in the Arabian Peninsula. The Tabuk region is the northern gateway to the Arabian Peninsula, and a vital route for trade, pilgrims and Umrah performers from outside the Arabian Peninsula. It is one of the important agricultural areas in the Kingdom.

The city of Tabuk is located seven hundred kilometers north of Medina, and five hundred kilometers from the Khyber Governorate.

The commercial sector in the city of Tabuk has grown tremendously in less than ten years, keeping pace with the development renaissance achieved by the region

King Khalid Road

King Faisal Road

AL-Nabq - Tabuk

King Fahad Road

Subject Property

At the district level

The property is located in Al-Rajhi district, bordered on the northern side by Morouj Al-Amir district, on the south side Omar Bin Al-Khattab district, on the western side Al-Rawdha district, and on the eastern side Noeth Al-Faisaliyah district. Al-Rajhi scheme neighborhood is located within a group of important and vital roads at the city level.



At the neighborhood level

The subject property is located in Al-Rajhi neighborhood. It is bounded to the north by a street width of 20 m, to the south by a street of width 20 m, to the east by a street of width 100 m, and to the west by a street of width 25 m.

Subject Property

King Fahad Road

King Khalid Road

<https://goo.gl/maps/CGm1tgXruQQJ7oGx7>

Location link

Property Description

Land area: The land area is 21,428.13 square meters.

Property features:

Location: It is located in Al-Rajhi district, which is an area with a medium population density. The property is also located on King Khalid Road, and the property can be accessed through it.

Services: Availability of main services in the area surrounding the property under evaluation.

Main attractions: The proximity of the site to the main attractions (markets and commercial centers - main and vital roads).

Land nature: Regular shape.

Demand: Where the property is located in Al-Rajhi neighborhood in the city of Tabuk, which is considered one of the cities that attract tourists due to its moderate atmosphere, the beauty of its nature, and the presence of many tourist and historical areas, which increases the demand for retail in it.

The announcement of the NEOM project, with financial support of about 500 billion dollars, will revitalize the region and increase the population density, and thus will increase the demand for the retail sector..

Borders:

Plot Information					
Side	Borders	Length	Width	St. name	Notes
North	Street	97.0	10	-	-
South	Street	10.5	10	-	-
East	Street	100	100	King Khalid Road	-
West	Street	197.08	10	-	-
Total Area		21,428.13 m ²			

Aerial map of the subject property



General description of the buildings

The building is a commercial center (Al-Makan Mall) with a total built-up area of 25,571 square meters consisting of a basement, ground floor, and first floor containing shops, exhibitions, offices, entertainment areas, and restaurants

Finishing details

Facades: Facades covered with cladding and glass.

Ventilation and air conditioning units: central air conditioning.

Facilities: emergency exits - fire extinguishers - mosques

Buildings details

The following table shows the details of the building areas of the property:

Sl.#	Unit	Usage	Area (m2)
1	Basement	Parking	1,980.9
2	Ground floor	Commercial	11,508.0
3	Typical Floors	Commercial	12,082.3
Total			25,571

Exterior picture of the property



Property Description

Unit	Discretion
Shopping mall type	Local
Center rating	B
Opening date	٢٠١٦
Building area (sqm)	٢٥.٥٧١
Leasable area (sqm)	١٨.١٥٧
Number of floors	٢
Number of commercial stores	١٢٠
Number of parking lots	
% of parking lots	

Commercial spaces and their division

Unit space	Total Sqm	Percentage%
50-0	78	0.37%
200-51	5,330	25.33%
500-201	2,235	10.62%
1500-501	328	1.56%
Food court	404	1.92%
Sub Anchor	2,537	12.06%
Atm	11	0.05%
Anchor	9,941	47.24%
KISOK	180	0.85%
	21,043.5	100.00%

Interior photo of the mall



General description of lease contracts

The commercial center (Al-Makan Mall) consists of 120 stores, with multiple tenants. We were not provided with copies or copies of lease contracts, and according to the customer's instructions, we relied on the information contained in the rental schedule that was provided to us for the purpose of this evaluation.

Based on the information that was provided to us by the client, we understand that on the date of the evaluation, the total income of the property is 878,044 riyals, including service fees.

Property Description

Ownership Details

Description	Information
Property Address	Al-Rajhi District - Tabuk
Plan Number	T/38/157
Property Type	Commercial center
Plot Number	From plot 107 to 123
Land Area as per Title Deed	21,428.13 square meters
Title Deed Number	250109008541
Title Deed Date	20-04-1442 AH
Built Up Area as per Building Permit	25,571 square meters
Building Permit Number	60273
Building Permit Date	04-04-1435 AH
Ownership Type	Company Ownership

Services available in the property area

Services available in the area		Yes	No
Governmental Services	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
	Commercial Centers	✓	
Commercial Services	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
	Electric Network	✓	
General Services	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



PROPERTY PICTURES





PROPERTY PICTURES



Methodology of Valuation Standards according to Standard No. 105

1- Market Approach (Comparative Method) Standard No. 105

Approach and Method	Used for	Method Definition
Market Approach – Comparative Method	Land, Exhibitions, and Hotel Rooms	<ul style="list-style-type: none"> This method provides indicators of value by comparing lands and warehouses that are valuated with identical or similar data available for information on their prices. According to this method, the first step is to study the transaction prices of the corresponding or similar properties that have recently occurred in the market, and if the transactions have been few, it is also better to study the corresponding or similar properties prices listed or offered for sale and are objectively analyzed. Information about the prices of such transactions must be adjusted to reflect differences in the terms and conditions of the effective transaction, the basis of the value and assumptions adopted in the valuation process being performed, and differences in the legal, economic and material characteristics of the properties of the other transactions may be found compared to the subject property.

Use of Method

Methodology:

- This method is based mainly on the prices currently circulating in the market for selling or offers of another property (comparative evidence) similar to the subject property.
- Since it is impossible to find exactly the same comparable, appropriate adjustments are made to the prices of the comparable by deducting the value forming factors that represent an advantage of the comparative property and adding the items that represent an advantage to the subject property.
- By comparing the natural properties and services adjacent to the site (not including the development) with their counterparts at nearby sites, the price of the land is adjusted for the same fundamental differences between the evaluation site and the nearby sites.

Application:

- Determine the geographical scope of the comparative evidence.
- Determine the appropriate time period according to market variables, reflecting the market situation at the time of valuation.
- Collecting comparative evidence within the specified geographical range and time frame.
- Test the adequacy of comparisons for the evaluation process (if sufficient comparisons are not available, the valuation method is excluded).
- Applying adjustments to comparative evidence to reach at the property value.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

2- Cost Approach (Depreciated Replacement Cost Method) Standard No. 105

Approach and Method	Used for	Definition method
Cost Approach – Depreciated Replacement Cost	Buildings	<ul style="list-style-type: none"> The Cost Approach is sometimes referred to as the contractor method. The Cost Approach determines the value by estimating the cost of acquiring land and building a new property with equivalent benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay. The cost of the land is collected on the total cost of the construction. It is customary for the project incentives or the real estate developer's profits / losses to be added to the construction costs, if appropriate.

Use of Method

Methodology:

- If there is a major market for the land or real estate being valued, it is preferable to use evidence from the market or comparable sales.
- Study the approvals likely to be issued by the regulator in the region and use the evidence and evidence from the market to verify the possibility of using the land according to the regulatory approvals.
- Study a virtual site in the same area with the same characteristics.
- Study the private use of a virtual site in another region.

Application:

- Estimating the value of the land.
- Determine the current cost of constructing a building.
- The depreciation value must be deducted from the cost based on what was specified in Clause (2) for a cost adjustment. New added on the current state.
- Market value = (1) + (2) - (3) i.e. the value of the land plus the value of new construction minus depreciation.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

3-Income Approach (Discounted Cash Flow) Standard No. 105

Approach and Method	Used for	Definition method
Income Approach – Discounted Cash Flow	Income generating properties	<ul style="list-style-type: none"> It is a financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future discounted cash flows.

Use of Method

Methodology:

- This method depends on the net income of the property and the (capitalization rate).
- Total maintenance and operation costs are deducted from the total revenue of the subject property.
- Research for income generating properties that are similar to the subject property.
- The (capitalization rate) is determined according to the current market prices and according to the type of subject property.

Application:

- Estimating future cash flows resulting from the income of the subject property.
- Determine the discount rate or required rate of return.
- Determine the retention period of the asset and the final value.
- Calculating the current value of the expected income of the asset subject to evaluation to reach to the capital value of the property (after considering the time value of money).

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

Valuation

Valuation Approaches and Methods



Valuation Techniques	Market	Income	Cost
Valuation Method Used	Comparisons	Cash Flow	Replacement
Reasons for Use	To get the value of the land, exhibitions, and hotel rooms.	Property is income-generating	To find out the construction costs of the property

Estimate the value

using the Cost Approach – Depreciated Replacement Cost Method

The Cost Approach provides an indication of value using the economic principle that a buyer will not pay more for an asset than it would cost to acquire an asset of similar utility whether by purchase or construction unless time, inconvenience, risk or other factors are involved.

Aerial Map of Comparative Evidence



Valuation

First: Estimating the value of the land

In order to estimate the **market value** of the land, the comparison method was applied to determine the market value. The following is a summary of comparable properties in the area surrounding the property under evaluation:

Comparison	Area m2	Meter price (SAR/m2)	Value (SR)	Comparison type	Date of comparison	Neighborhood	Usage
1	1,235	3,200	3,952,000	Offer	06/22/2023	Al-Mahrajan	Commercial
2	2,260	4,200	9,492,000	Offer	06/22/2023	Al-Qadisiyah	Commercial
3	800	4,000	3,200,000	Offer	06/22/2023	Al-Rajhi Plan	Commercial

Calculations and indicators to value using Cost Approach

Estimating the value of the land

The evaluation matrix represents the natural and abnormal factors to determine the value, which are the elements of location, accessibility, land shape, and market situation.

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	3,200	4,200	4,000
Market Status	0.0%	0.0%	0.0%
Price per SQM after Market Status	3,200	4,200	4,000

Item	Comp. 1 details	Comp. 2 Adjustments	Comp. 2 details	Comp. 2 Adjustments	Comp.3 details	Comp.3 Adjustments
Area m2	1,235.0	-20.4%	2,260.0	-15.9%	800.0	-23.4%
Number of roads	2.0	5.0%	2.0	5.0%	1.0	7.5%
Accessibility	Easy	0.0%	Easy	0.0%	Easy	0.0%
Location	King Fahad Road	0.0%	King Khalid Road	0.0%	King Khalid Road	0.0%
Road Width	100.0	0.0%	100.0	0.0%	100.0	0.0%
Usage	Commercial	0.0%	Commercial	0.0%	Commercial	0.0%
Negotiations	Offer	-10.0%	Offer	-10.0%	Offer	-10.0%
Total Adjustments (%)		-25.4%		-20.9%		-25.9%
Value after Adjustments		2,387.2		3,322.2		2,966.0
Weighting		100.0%		0.0%		-23.4%
Price per SQM		2,387.2				

Summary of the valuation

Based on the previous information , the following table summarizes the market value of the land using the market method - the method of similar sales:

Block number	Area (sqm)	Market value (SAR/sqm)	Market value - rounded (SAR)
-	21,428.1	2,387.2	51,153,000.0

Calculations and indicators to value using Cost Approach - Depreciated Replacement Cost Method

Building cost estimation

Buildings information

Sl.#	Floor	Usage	Built up area (sqm/floor)	Number of floors	Total built up area (sqm)
1	Basement	Parking	1,980.9	1.0	1,980.9
2	Grand floor	Commercial	11,508.0	1.0	11,508.0
3	1 st Floor	Commercial	12,082.0	1.0	12,082.0
					25,571

Construction costs - direct

Based on the guide issued by the Saudi Authority for Accredited Residents, which clarifies the indicators of construction costs for buildings according to their uses:

Sl.#	Unit	Total area (sqm)	Construction cost (SR/sqm)	Total costs (SR)
1	Basement	1,980.9	2,000.0	3,961,740.0
2	Grand floor	11,508.0	1,400.0	16,111,200.0
3	1 st Floor	12,082.0	1,400.0	16,914,800.0
Total		25,571	1,446.5	36,987,740.0

Construction Costs - Indirect

Through the scanning , and the evidence for similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached.

Sl.#	Unit	Ratio (%)	Value (SR)
1	Construction costs (SR)		36,987,740.0
2	Professional fees	1.5%	554,816.1
3	Utility grid	1.5%	554,816.1
4	Management costs	1.5%	554,816.1
5	Contractor profit	10.0%	3,698,774.0
6	Developer profit	15.0%	5,548,161.0
Total			47,899,123.3

Market value using Cost Approach - Depreciated Replacement Cost Method

According to the information provided previously, the market value of the property has been deduced using the cost method according to the attached table:

Sl.#	Unit	Value (SR)
1	Economic life of the building (years)	40.0
2	Property age (years)	7.3
3	Physical depreciation percentage (%)	18.3%
4	Employment Physical depreciation Rate (%)	0%
5	External (economical) Physical depreciation rate (%)	0%
6	Actual Physical depreciation percentage (%)	18.3%
7	Construction cost before Physical depreciation limitations (SR) (rounded)	47,899,123.3
8	Construction cost after Physical depreciation limitations (SR) (rounded)	39,110,964.7
9	Completion rate (%)	100%
10	Completed construction value (SAR)	39,110,964.7
11	Land value (SAR) (rounded)	51,153,000.0
Total value by Cost Approach (land + buildings) (SAR)		90,263,964.7

Estimate the value

Income Approach - Discounted Cash Flow Method

A financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future cash flows.

Similar samples



Galaxy Mall

Unit	Info
Opening year	٢٠٠٥
Building area / square meters	regional
Leasable area / square meter	
Category	
Number of parking	
occupancy rate	
Unit area m2	Market rent (SAR/year)
Ordinary stores	1,150.00
Fast food stores	1,100.00
entertainment	375.00
Sub anchor	500.00
Atm	35,000.00
Anchor	432.00
Poth's	3,428.00
Stores (basement)	1,150.00
Stores	1,150.00
KISOK	9,000.00



Park Mall

Unit	Info
Opening year	٢٠٠٨
Building area / square meters	regional
Leasable area / square meter	
Category	
Number of parking	
occupancy rate	
Unit area m2	Market rent (SAR/year)
Ordinary stores	1,760
Fast food stores	2,750
entertainment	0
Sub anchor	0
Atm	0
Anchor	0
Poth's	.
Stores (basement)	.
Stores	.
KISOK	9,000



Valuation - Income Approach - Discounted Cash Flow Method

Revenue estimate

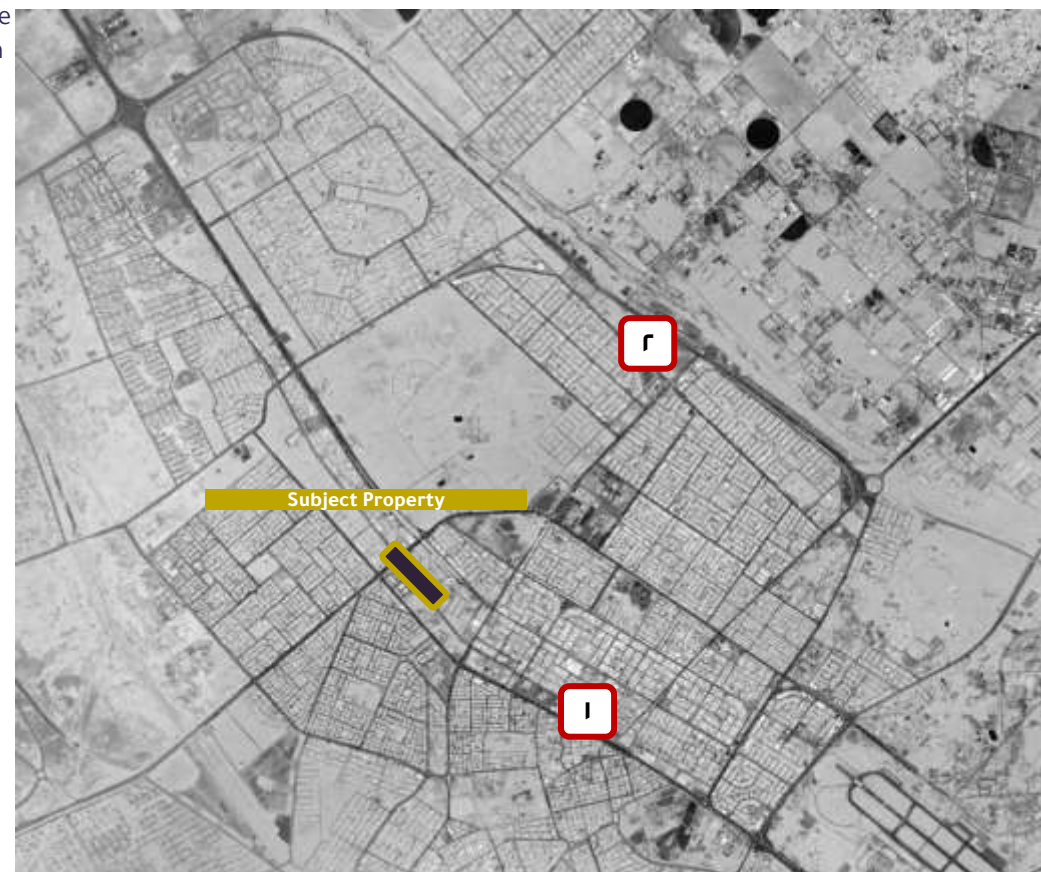
Field research

In order to reach the revenues of the Al-Makan Mall, the relative control and the study of the comparative properties were carried out in order to find the relative differences and determine the revenues for each component of the property under evaluation, the table below shows this

Rental rates prevailing in the market - Gallery Mall	
Unit area m2	Market rent (SAR/year)
Ordinary stores	1,150.00
Fast food stores	1,100.00
entertainment	375.00
Sub anchor	500.00
Atm	35,000.00
Anchor	432.00
Poth's	3,428.00
Stores (basement)	1,150.00
Stores	1,150.00
KISOK	9,000.00

Rental rates prevailing in the market - Tabuk Park	
Unit area m2	Market rent (SAR/year)
Ordinary stores	1,760
Fast food stores	2,750
KISOK	9,000

Aerial map of comparative evidence



The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

Rental spaces

According to the information provided by the client, the following table summarizes the leasable areas of the property under appraisal.

Unit area	Total area	Ratio
50-0	78	0.37%
200-51	5,330	25.33%
500-201	2,235	10.62%
1500-501	328	1.56%
Food court	404	1.92%
Sub Anchor	2,537	12.06%
Atm	11	0.05%
Anchor	9,941	47.24%
KISOK	180	0.85%
	21,043.5	100.00%

Unit area	Total area	Market rent	Annual rent
50-0	78	1,640	127,951.2
200-51	5,330	1,367	7,286,110.0
500-201	2,235	1,094	2,444,196.0
1500-501	328	875	286,960.6
Food court	404	2,200	888,800.0
Sub Anchor	2,537	500	1,268,500.0
Atm	11	35,000	385,000.0
Anchor	9,941	432	4,294,512.0
KISOK	180	9,000	1,615,500.0
	21,043.5	883.8	18,597,529.8

The inputs and assumptions of the Income Approach are the

Discounted Cash Flow Method

1.1 Income Analysis:

By examining the mall from the inside, it became clear to us that the property is leased at a rate of 3.02% of the rental space, according to the attached statement from the client.

1.2 Total Revenues:

The total rents that are collected according to the contract at the date of the evaluation, or the total revenues that are assumed according to the market. We were provided with a list of rents from the client, and we were not provided with any data on the operating and management expenses of the complex. The data on rents and income was collected by market.

1.3 Capital Expenditures:

Information regarding capital costs has not been provided to us by the client. We analyzed the level of provisions for capital expenditures in similar properties that we participated in the evaluation. We have assumed that the prudent owner will bear the capital expenditures to maintain the property well, improve the production capacity and preserve the tenants. Through inspection of the property, we found that it was renovated, and accordingly, no capital expenditures were assumed during the entire period.

1.4 Operational Expenses:

We were provided with operating expenses for the mall, and they were compared to the market, and due to the absence of relative differences compared to the market, they were applied throughout the investment period.

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

1.7 Fixed Expenses:

No fixed expenses for the property, such as insurance and any other expenses, have been calculated.

1.8 Tenant Incentives:

Due to the difficult market conditions, some tenants resort to requesting subsidies to reduce the burden of rent. No incentives were calculated for the tenants, and it was assumed that the tenant would bear them.

1.9 Doubtful Debts (Credit Losses):

It is that any owner may incur some loss of income due to bad debts. According to the data provided by the client, no losses have been applied.

1.10 Growth rate:

Due to the lack of market data and previous indicators for similar real estate and the growth rate at the level of supply and demand, and since the inflation rate is available as information announced according to the data of the Central Bank, an average has been calculated for each year based on the inflation rate for a previous year to estimate future periods as shown in the table. Adopting the Gordon growth model, meaning that the drug grows steadily forever.

1.11 Rate of return on investment:

Through the market survey of real estate that was evaluated by us in the city of Dammam and viewing the reports of REIT funds and similar real estate in the retail sector, the capitalization rate for similar real estate ranges between 7% and 9%, and accordingly the rate of return was determined at 7.5%.

1.12 Discount rate:

With regard to the discount rate, and according to the methods used to calculate the discount rate stipulated in the international evaluation standards, and as it was studied in the evaluation methodologies of the Saudi Authority for Accredited Valuers, it was reached by the cumulative method as shown in the table below, which depends on (the rate of inflation, regular risks, the rate of returns of government years for the period, and in addition to real estate risks, market risks). - Sources for data (Central Bank - Debt Services - Capital Market Authority data for similar properties that have been acquired).

1.14 Explicit Prediction Period (Investment Duration):

The investment period indicator was mainly based on the method used in the evaluation, the discounted future cash flows, according to the equation investment period = actual life - life expectancy - market life.

1.15 Table of assumptions of the inputs of the Income Approach, the Discounted Cash Flow Method

Unit	Value	Clarification
Land area (sqm)	21,428	-
Growth rate (%) (Rs)	2.70%	regular risk premium
10-year government bond yield ratio (Rf)	4.37%	Risk free rate of return
Specific Property Risk	2.90%	The irregular risk premium represented in the quality of the real estate investment and the costs involved in maintenance and operation
Market risk	3.00%	Based on supply and demand in the area in which the property to be evaluated is located
Discount rate (%)	12.97%	It is the ratio that converts future cash flows into present value
Rate of Return (%)	9.00%	market survey
Operation and maintenance costs for exhibitions (%)	25.00%	Costs incurred for the maintenance and operation of the property throughout the period
Credit costs for exhibitions (%)	0.00%	The percentage of non-payment tenants facing the establishment throughout the investment period
Vacancies costs for exhibitions (%)	20%-95.4%	The percentage of vacancies for real estate according to the prevailing in the current situation, based on the assumption that the building is at the beginning of the operation period and stabilizes in the recent period as a prevailing average according to the market

Mall revenue schedule

Unit	Rental area (sqm)	Rental price	Gross Income
Unit rental income	21,043.5	883.8	18,597,529.8

Income Approach - Discounted Cash Flow Method as per market (absorption period)

Period	1	2	3	4	5	6
Cash flows - by market						
Gross Expected Income - GPI (SR)	18,597,530	18,597,530	18,597,530	18,597,530	18,597,530	
Credit and vacancy costs (%)	95.4%	65.0%	50.0%	30.0%	20.0%	
Credit and vacancy costs (SAR)	17,742,043	12,088,394	9,298,765	5,579,259	3,719,506	
Expected Gross Income (SR)	878,585	6,860,629	10,051,965	14,424,244	16,886,557	
Capital Expenditure -CE (%)	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SR)	0	0	0	0	0	
Operating expense ratio (%)	15.6%	19.9%	19.9%	19.9%	19.9%	
Operating Expenses - OE (SR)	137,059	1,367,083	2,003,004	2,874,246	3,364,899	
Net Operating Income - NOI (SR)	741,525	5,493,546	8,048,961	11,549,998	13,521,658	
Final value						214,629,498
Present value coefficient	0.89	0.78	0.69	0.61	0.54	0.48
Present value of net income (SAR)	656,391	4,304,538	5,582,779	7,091,358	7,348,764	103,254,892
Property value (SAR)	128,238,722					
Property value (SAR) (rounded)	128,240,000					
Meter price (SR/m2)	5,985					

Valuation

Market Value

Unit	Value (SR)
The value of the property according to the market	1٢٨.٢٤,٠٠٠
The market value of the property	1٢٨.٢٤,٠٠٠

Note: The Cost Approach, the Discounted Cash Flow Method in the valuation, is an auxiliary and indicative method only, so it was not included as a weighting opinion for the market value.

Justifications

- The market value of the property was weighted according to the market, since the vacancy of the property according to the reality and the rental statement is high compared to the market.
- The general direction of the state, represented by Vision 2030, is to revive the tourism and entertainment sector.
- Regional orientation and the increase of international companies to make the Kingdom of Saudi Arabia a center for it at the regional level, which will be reflected successively on the recovery of the retail sector in the future.
- The property is located in Al-Rajhi neighborhood in Tabuk, on King Khalid Road in the center of Tabuk city geographically.
- Public awareness and the general orientation of the residents of the area towards malls and similar recreational areas.

Findings and Recommendations:

- Depending on the results of the search in the region, the surrounding area is considered to have a high density, and the presence of housing plans, as well as the high creditworthiness of the individuals in the region.
- The property is located in Al-Rajhi neighborhood in Tabuk, in a main and vital artery from north to south, King Khalid Road, which leads to King Fahd Road from the north, and represents a point of attraction with the presence of vital sites (The General Presidency for Scholarly Research and Ifta, General Administration of Education in Tabuk, Real Estate Development Fund, Tabuk Central Market).
- The state's general direction is to improve the tourism and hotel sector and to develop new entertainment programs that will allow for high occupancy

Findings and recommendations

Possible threats:

- The imbalance in the level of supply and demand.
- Maintain periodic maintenance and development as possible to make the property more attractive and profitable for the investor.
- Developing and providing services that serve the competitive advantage of the entertainment sector, in line with Vision 2030.
- High future operating costs and the requirements of quality and sustainability standards.
- Availability of retail spaces that achieve efficiency and the highest quality standards in other locations.
- High rental prices compared to the services and activities available at the mall, which constitutes a barrier that prevents investors from taking risks in similar projects.



Market Value of the property using Income Approach and Discounted Cash Flow Method


Based on the completed study, we estimate the market value of the property by an amount

128,240,000 SR

(One hundred twenty-eight million, two hundred forty thousand Saudi Riyals)

Considering the site, and as documented in this report on 20-06-2023

Report Participants		
Member name	Suleiman Al-Shammari	Mr.Suleiman Al-Aqili
Membership	affiliate	affiliate
Membership Number	1210001317	1210003193
Signature		

Approved evaluation		
Member name	Mr. Mohammed Idrees	Mr. Hisham Al Aqeel
Membership Class	Fellow	Fellow
Membership Number	١٢٢٠٠٠١٣٠	1210000185
Signature		

Company Stamp	
	
١٠١٤٦٩٨٨٤	Commercial register
744/18/323	License Number
١٤٣٨/٧/٨ هـ	License Date

General Standards

The International Valuation Framework

Valuator and Status:

- This report was prepared by Value Expert & partner for Real Estate Valuation and its highly qualified team of staff, benefiting from the resources available to us, namely the efficiency of our advisory team, which includes qualified consultants with high academic degrees and experience in the field of valuation and consulting, and what is available to our company from the database was built through its valuation expertise and through the collection of data, information and statistics issued by the official and non-official bodies, which gives valuers the capacity to realize their tasks to the fullest. The company is also working to update their information base continuously.
- **We have over 15 years of experience** in valuation work and have submitted more than 20,000 valuation reports during our real estate appraisal period.
- **Value Experts** and its representatives of valuers who have conducted the valuation process have been immensely impartial, objectively employed and independent from the client and its subsidiaries or affiliates. Neither the Company nor its representatives have any current or foreseeable interest with the client or any of its subsidiaries or affiliates, nor are such agents among the client or those who have internal relationships or affiliations with the client and its subsidiaries or affiliates. The valuator's fees against the valuation process are unconditional on his findings or any other events. If the Company receives significant assistance from another party in respect of any important aspect of the assessment, the nature of such assistance, the extent of reliance thereon and, if any, documented in the report.

Appendix

General Terms In The Report

Can

The word (could) describes the procedures that the evaluator has the responsibility to consider. Matters described in this way require the evaluator's attention and understanding. As the applicability of these matters in the evaluation process depends on the evaluator's exercise of his judgment and professional experience in the circumstances that are in line with the objectives of the standards.

Should

The word (must) denotes unconditional liability, the resident must fulfill responsibilities of this kind in all cases and circumstances to which the condition applies

Participant

The word (participant) refers to the relevant participants according to the value basis (or bases) used in the valuation engagement (see Standard 104 Basis of Value). The different bases of value require the evaluator to consider different points of view, such as: the views of market participants such as: market value, fair value of international standards for reporting, or a joint venturer.

The purpose

The word (purpose) refers to the reasons for conducting the assessment, and general purposes include (but are not limited to) the purposes of financial reporting, tax reporting, litigation support, transaction support, and lending support.

Commission

Refers to the Saudi Authority for Accredited Valuers (Taqeem), which is the authority concerned with setting the necessary controls and standards for evaluating real estate, economic establishments, equipment, movable property and the like, under the Accredited Residents System issued by Royal Decree No. (M/43) dated (9/7/1433 AH) It aims to develop the evaluation profession, raise the level of its employees, set general rules for acquiring and maintaining the membership of the Commission at its various levels, and provide the means for continuous development to raise its members to the best levels of practice and international standards for the profession. Under the supervision of the Ministry of Commerce and Investment

Asset or Assets

To facilitate the process of reading the criteria and to avoid repetition, the terms (asset) and (assets) generally refer to the items that are the focus of the evaluation task. Unless otherwise stated in the standard, these terms can be considered to mean and include each of the following words: (an asset, a group of assets, a liability, a group of obligations, or a group of assets and liabilities).

Client

The word (client) refers to the person, persons or entity for whom the evaluation is conducted. This includes external clients (when the evaluator is contracted with a third party), as well as internal clients (the evaluations prepared for the employer).

Jurisdiction

The word (jurisdiction) refers to the legal and regulatory environment in which the evaluation process is carried out. It includes laws and regulations enacted by government agencies such as the province, state, and municipality, as well as laws established by some regulatory agencies for the purpose of evaluation, such as central banks and securities regulators.

An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia

An overview of the Saudi economy

	2013	2014	2015	2016	2017	2018	2019	2020
Nominal gross product								
(Billion Saudi Riyals)	2,800	2,836	2,454	2,419	2,582	2,949	2,974	2,625
(annual percentage change)	1.5	1.3	-13.5	-1.4	6.8	14.2	0.8	-11.7
Inflation (annual percentage change)	3.5	2.2	1.2	2.1	-0.8	2.5	-2.1	3.5
Actual GDP (annual rate of change)								
Oil sector (annual percentage change)	-1.63	2.09	5.27	3.60	-3.09	3.13	-3.65	-6.65
Non-oil private sector (annual percentage change)	7.00	5.38	3.41	0.07	1.50	1.91	3.78	-3.10
Non-oil government sector (annual percentage change)	5.09	3.67	2.72	0.58	0.71	2.86	2.20	-0.49
Real GDP (annual percentage change)	2.70	3.65	4.11	1.67	-0.74	2.43	0.33	-4.11
Oil Indicators (average)								
Brent crude (dollars / barrel)	108.56	98.97	52.32	43.64	54.13	71.34	64.30	41.96
Production (million barrels/day)	9.63	9.71	10.19	10.46	9.96	10.32	9.81	9.22
Indicators of the general budget (billion Saudi riyals)								
Country revenue	1152.61	1040.14	612.69	519.46	691.51	905.61	926.85	781.83
Country expenses	994.73	1140.60	1001.29	830.51	930.00	1079.47	1059.45	1075.73
surplus/financial deficit	157.88	-100.46	-388.60	-311.06	-238.49	-173.86	-132.60	-293.90
(as a percentage of nominal GDP)	5.64	-3.54	-15.84	-12.86	-9.24	-5.89	-4.46	-11.19
Total public debt	60.12	44.26	142.26	316.58	443.25	559.98	677.93	853.52
(as a percentage of nominal GDP)	2.15	1.56	5.80	13.09	17.17	18.99	22.80	32.51
Total state deposits with SAMA (state current account + general reserve)	1484.43	1378.95	1023.30	730.58	641.38	562.37	529.25	436.57
(as a percentage of nominal GDP)	53.02	48.62	41.71	30.21	24.84	19.07	17.80	16.63

	2013	2014	2015	2016	2017	2018	2019	2020
Monetary Indicators (average)								
Consumer price index	٣,٩	٢,٩	٢,٣	2.1	-0.8	2.5	-1.2	٣,٤
The basic lending rate to the Monetary Agency	0.3%	0.5%	0.8%	1.5%	2.5%	1.8%	1.8%	0.5%
Annual percentage	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%	2.0%
Foreign trade indicators (billion riyals)								
oil exports	1207.08	1067.09	573.41	510.73	638.40	868.44	751.83	456.04
Total exports of goods	1409.63	1284.21	763.26	688.53	831.98	1103.95	981.06	657.60
Goods imports	575.04	594.23	597.27	479.41	462.75	471.14	526.05	449.56
Goods trade balance	834.59	689.98	166.00	209.12	369.23	632.81	455.01	208.04
current account balance	507.91	276.59	-212.71	-89.41	39.24	269.89	143.36	-42.71
(as a percentage of nominal GDP)	18.14	9.75	-8.67	-3.70	1.52	9.15	4.82	-1.63
Net international investment position	2861.88	2968.41	2586.77	2239.77	2338.58	2466.10	2516.34	2335.15
(as a percentage of nominal GDP)	102.21	104.66	105.43	92.61	90.57	83.61	84.62	88.94
Social and demographic indicators								
Population (million people)	29.38	30.00	30.89	31.79	32.61	33.41	34.22	35.11
Saudi unemployment rate (Unemployment rate among Saudis 15 years and over, percentage)	11.70	11.70	11.50	11.60	12.80	12.70	12.00	12.63
Average per capita income (SAR)	95300.01	94552.92	79425.50	76083.44	79177.33	88270.99	86901.95	74768.90

- Source:
- Jadwa forecasts for the years 2019-2020-2021, the General Authority for Statistics, for GDP figures and population indicators.
- The Saudi Arabian Monetary Agency for monetary and foreign trade indicators.
- Ministry of Finance for budget indicators.

Kingdom Vision 2030

With the support and patronage of the Custodian of the Two Holy Mosques, may God preserve him, the Kingdom's Vision 2030 was launched, which is the vision of His Highness the Crown Prince for the future of this great country, which seeks to invest in our strengths that God has endowed us with, from a distinguished strategic location, a pioneering investment force, and an Arab and Islamic depth, as he assumed the leadership for that All attention, and harness all potential to achieve ambitions.

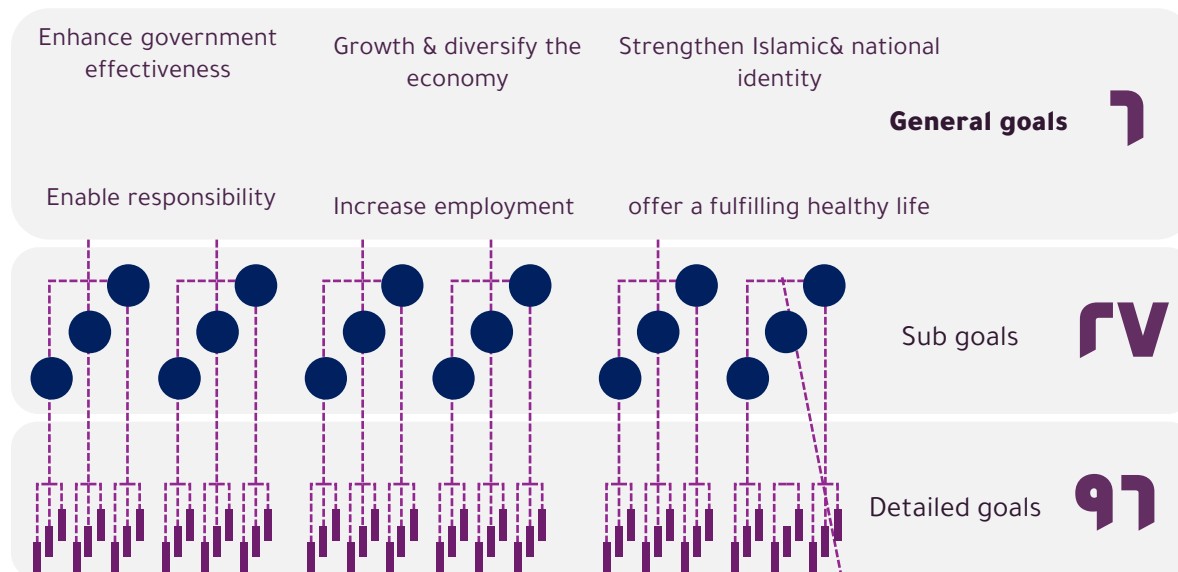
During the past five years, many achievements have been made, and a number of transformational enablers have crystallized, which contributed to achieving tangible results at the level of the government work system, the economy and society, and laid the foundations for success for the future. We have faced many challenges and gained many experiences, which have strengthened our confidence in achieving our goals. We worked to increase the government's effectiveness and responsiveness, by investing in government digital transformation, creating opportunities for growth and investment, creating a number of new economic sectors, opening our doors to the world, and raising the quality of life for citizens. All of these achievements were accomplished by the sons and daughters of this great nation.

Saudi Vision 2030 relies on pivotal strengths

The Kingdom of Saudi Arabia is the land of the Two Holy Mosques, the purest place on earth and the destination of more than a billion Muslims, making it the heart of the Arab and Islamic worlds.

The Kingdom is harnessing its investment power to create a more diversified and sustainable economy.

The Kingdom harnesses its strategic location to strengthen its position as a major engine of international trade and to connect the three continents: Africa, Asia and Europe.



Entrepreneurial projects

NEOM project



Item	Information
Project classification	Private area
Usage	Multi use
Developer	NEOM Company
Owner	Public investment fund
Total land area (sq km)	26.5 thousand
Budget	1,700 billion riyals
Location	Northwestern Saudi Arabia
Development	Build from scratch Modern solutions a future vision
Regulations and laws	Easy to start business
Economy	diverse

Entrepreneurial projects

Amala Project

Unit	Information
Project classification	Tourism
Usage	Multi use
Developer	Amala company
Owner	Public Investment Fund
Total land area (sq km)	٥,٦
Budget	7 billion riyals

Red Sea Project

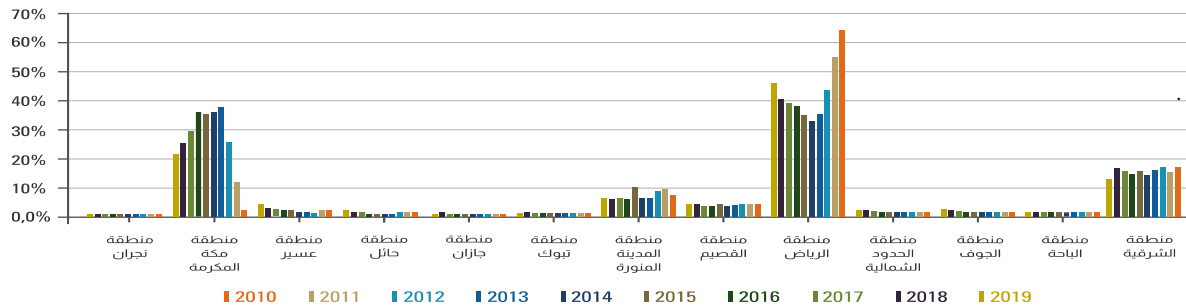
Unit	Information
Project classification	Entertainment tourism
Usage	Multi use
Developer	The Red Sea Development Company
Owner	Public Investment Fund
Total land area (sq km)	٢٨,٠٠٠
Budget	14 billion riyals



Real estate market

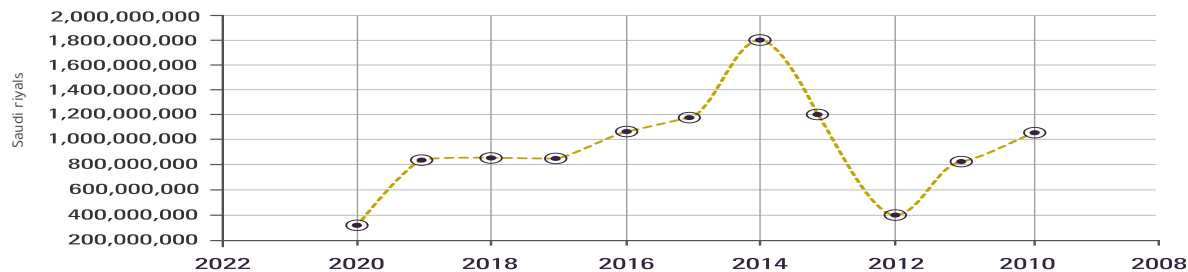
Second: The share of the Kingdom's regions in the total value of the market at the Kingdom's level

By analyzing the data, we find that the total value of deals at the level of regions is that Riyadh and Makkah are the two highest regions contributing to the total value of the market. Hence, the influence of the eastern region comes in the value of the real estate market, then the Medina region, then the Qassim region, and then the rest of the regions.



Third: The total area sold in the real estate market at the level of the Kingdom:

The highest sold area of executed deals in the Kingdom in 2014 amounted to more than 1.8 billion square meters for various types of real estate, and reached its lowest level in 2012 when the total area sold for executed deals reached 400 million square meters. There was an approximate stability in the traded areas during the years 2016 to 2019, with a decrease in the total value of executed deals.

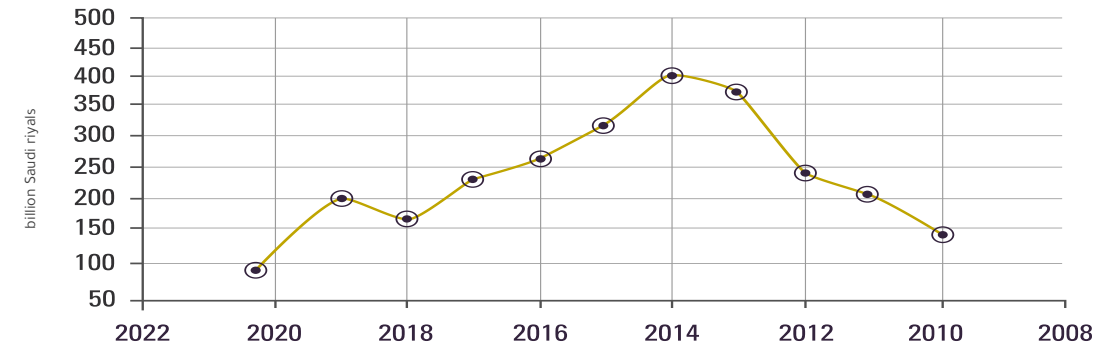


Mortgage loans

The continued implementation of the goals contained in the Vision Realization Program in the field of housing led to a rapid rise in the level of new mortgage loans until 2020. As a result, new residential mortgage loans provided by banks jumped during the four years from 47% to 60% in 2020, exceeding the target. by 8%. Abolishing the concept of waiting for housing support from 15 years to immediate entitlement. Through official platforms and in partnership with banks and financing agencies, it provided financing housing solutions to approximately 840,000 families, including 310 families who inhabited their homes. Activating the partnership with the private sector by developing more than 141,000 housing units and strengthening the partnership with banks and financing agencies by providing 424,000 subsidized real estate loans.

First: The total value of the real estate market in the Kingdom of Saudi Arabia

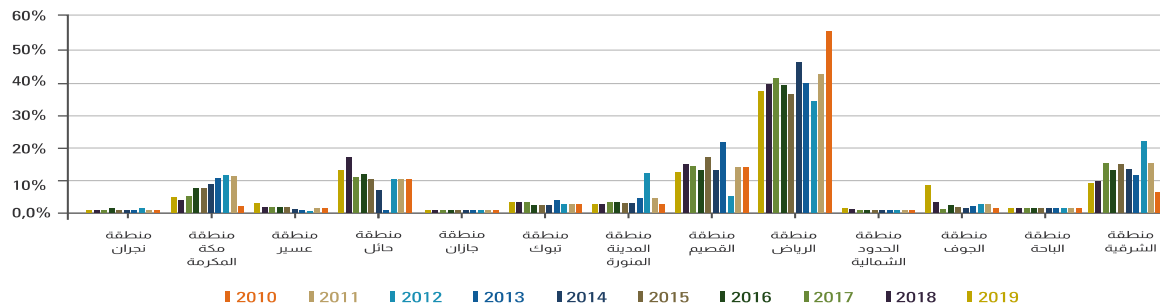
The highest value of the total deals executed in the Kingdom in 2014 amounted to more than 430 billion riyals for various types of real estate, and it reached its lowest level in 2018, when the total value of deals executed reached 139 billion riyals, and it is clear from the volume of deals executed in 2020 until the date of preparing the report that The market is in a phase of recovery and overtaking the previous year, at least.



Real estate market

Fourth: The share of the Kingdom's regions of the total area sold in the market at the Kingdom's level:

By analyzing the data, we find that the total area sold for deals at the level of the regions is that the Riyadh region is the highest, followed by the Qassim, Eastern and Hail regions, with varying contributions, and then the Makkah region.



An overview of the retail sector in Riyadh

Demand

Project name	Gross leasable area (sqm)
The park	10,792
Shorofat Park	11,000
The zone	25,000
Tal plaza	21,000
Terrace	8,000
Granada	34,000
Reef	11,428
Riyadh walk	136,000
Chandelier	13,400
Najd mall	36,286
Al jamiah st	51,557
AL Khaleej mall	51,453
Alarab mall	133,876
Ruwaq qurtubah	72,000
City center ishbiliyah	100,000
Aura center	14,050
Diriyah city center	22,929
Avenue	400,000
Saudi mall	300,000

- It witnessed the opening of the huge (Riyadh Park) Mall on an area of 92,000 square meters during the past year.
- The food and beverage sector acquired the lion's share in most of the new commercial projects, and the development work focused on luxury restaurants, as most of these projects are concentrated in the north of the capital, Riyadh, and it has become a center for luxury and high-end restaurants.
- The Levels and Veranda are some of the notable openings this year, while Chandelier Restaurant Complex, Terrace and Aura are some of the highly anticipated high-end F&B projects on the Northern Ring Road.
- The (The Zone) project on Al-Takhasosi Street and (Sharafat Park) on Abi Bakr Al-Siddiq Road will add an area of 25,000 and 11,000 square meters respectively to the total retail inventory of 3 million square meters. The Riyadh Promenade complex near Imam University is likely to add 40,000 square meters to the market with a decent share of retail and entertainment.
- The Granada Center and The Park expansion project, which is being implemented by the Unified Real Estate Development Company, is expected to open in the first quarter of 2019 by adding 34,000 and 10,792 square meters, respectively.

Retail sector:

- The Value Added Tax (VAT), which was implemented at the beginning of last year in the Kingdom of Saudi Arabia and the Cooperation Council for the Arab States of the Gulf, posed some challenges that may affect competitiveness. However, since the establishment of the General Entertainment Authority (GAE), Saudi Arabia aims to increase household spending on entertainment from the current 2.9% to 6% by 2030.
- As the retail market in Riyadh faces a historic announcement initiative and the opening of the cinemas gates in April 2018.
- Moreover, the Qiddiya project in southwest Riyadh, which extends over an area of more than 334 square kilometers, will attract 12 million shopping mall visitors by the completion date of the first phase scheduled for 2022.
- The Dutch Spar hypermarket chain (2,900 square meters) entered the Riyadh Gate project, occupying an area of 16,000 square meters on King Fahd Road. Recently, Raden Center with an area of 15,613 sqm, MEFIC Center (Hospitality) with an area of 20,000 sqm and Turkey Square with an area of 3,000 sqm have been added to the retail inventory.

Project name	Gross leasable area (sqm)
Riyadh Park	92,000
Riyadh gate	16,000
Sedrah	18,000
Mefic center	20,000
Takhssusi Plaza	8,500
Turki square	3,000
The levels	5,400
Laban Plaza	7,759
City life plaza	7,761

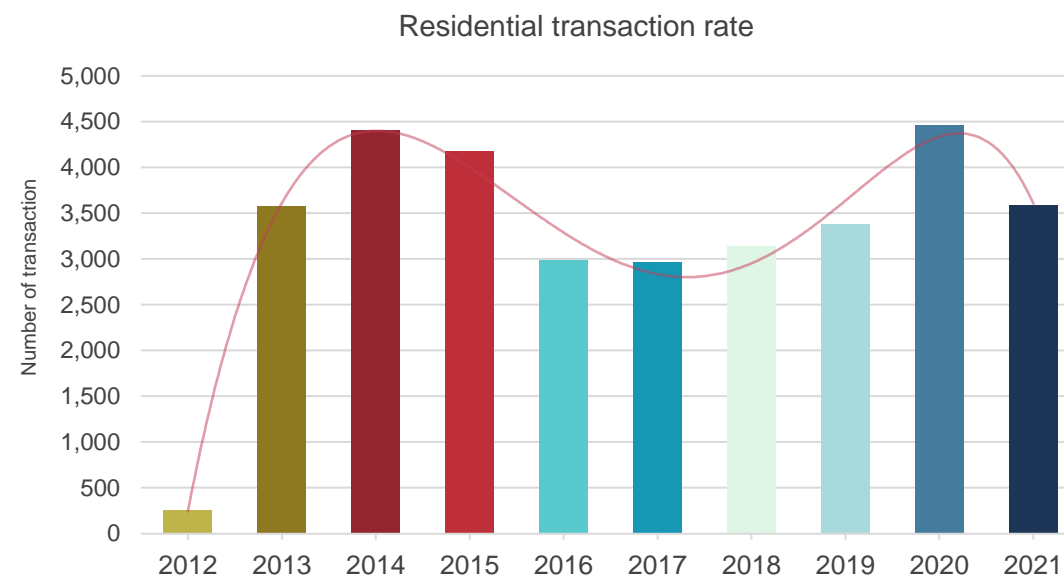


TABUK Province

منطقة تبوك

| Tabuk Province - the residential sector

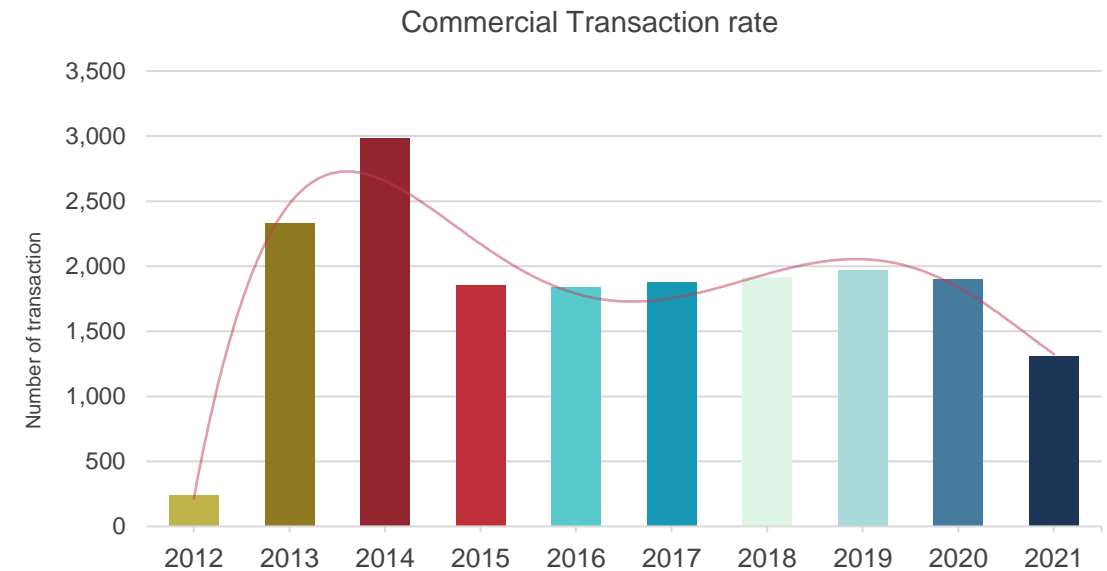
The rate of residential transactions over the years				
Years	Residential / number of executed transactions	Rate of change	Residential/price of the executed deals	Rate of change
2010	--	--	--	--
2011	--	--	--	--
2012	255	--	92,807,371.00	--
2013	3574	1302%	1,467,226,092.00	1481%
2014	4402	23%	1,632,944,670.00	11%
2015	4171	-5%	1,383,532,055.00	-15%
2016	2988	-28%	965,400,172.00	-30%
2017	2957	-1%	1,115,377,235.00	16%
2018	3135	6%	883,250,737.00	-21%
2019	3380	8%	973,156,305.00	10%
2020	4459	32%	1,237,558,279.00	27%
2021	3588	-20%	894,314,836.00	-28%



* Source: Ministry of Justice

| Tabuk Province - the Commercial sector

The rate of Commercial transactions over the years				
Year	Commercial / number of transactions executed	Change of rate	Commercial/price of executed deals	Change of rate
2010	--	--	--	--
2011	--	--	--	--
2012	243	--	103,386,167.00	--
2013	2330	859%	1,208,128,619.00	1069%
2014	2986	28%	1,407,639,860.00	17%
2015	1854	-38%	884,182,836.00	-37%
2016	1839	-1%	921,740,010.00	4%
2017	1877	2%	796,355,360.00	-14%
2018	1913	2%	893,018,706.00	12%
2019	1970	3%	874,934,306.00	-2%
2020	1900	-4%	1,032,930,391.00	18%
2021	1311	-31%	513,797,139.00	-50%



* Source: Ministry of Justice

Topic: Valuation of offices commercial center (Signature Mall), Al-Shuhada district, in Riyadh city

Client : Alinma Investment

Report Date : 30/06/2023

Project No: 1001620/05
Report type: Detailed

FAIR IS OUR VALUE

الْعَدْلُ قِيَمُنَا

Dear **Alinma Investment**

Topic: **Valuation of offices commercial center (Signature Mall), Al-Shuhada district, in Riyadh city**

At the request Value Experts received from Alinma Investment, to proceed with the **property valuation of offices commercial center (Signature Mall), Al-Shuhada district, in Riyadh city**, we have examined the property, inspected and studied the necessary documents and maps. After conducting a study with the surrounding area of the property, we attach the following report that provides the necessary data and shows the reasons for reaching the market value of the property.

The purpose of this report is to estimate the market value of the property as it is on 20-06-2023; the purpose of its issuance is to know the market value of the property for (REIT Fund) and the report is for Alinma Investment use. The estimated property is a commercial center detailed as follows:

Plot Numbers	Title Deed Number	Land Area	Built Up Area	Property Type
1578 - 1579 - 1580 - 1586 - 1587 - 1588	811201000320	4,875 m ²	10,955 m ²	Offices commercial center

Based on the study completed, we estimate the market value of the property's current status at the date of estimation and an amount of only:

72,020,000 SR

(Seventy-two million, twenty thousand Saudi Riyals)

Taking into account the location and as documented in this report on 30-06-2023

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Valuation of offices commercial center (Signature Mall), Al-Shuhada district, in Riyadh city

Executive Summary

Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	Periodic evaluation of Alinma (General) Retail Fund (REIT)
Property Location	Saudi Arabia - Riyadh City
Subject Property Type	Offices commercial center
Land Area	4,875 m ²
Built Up Area	10,955 m ²
Title Deed Number	811201000320
Title Deed Date	03-01-1444 AH
Ownership Type	Absolute Ownership
Premise of Value	Existing Use
Basis of Value	Market Value
Valuation Criteria	International Valuation Standards
Valuation Approach	Cost Approach - Income Approach
Valuation Method	Depreciated Replacement Cost Method (DRC) - Discounted Cash Flow Method (DCF)
Inspection Date	15/06/2023
Valuation Date	20/06/2023
Report Date	30/06/2023

400 standard

Introduction :

The principles contained in General Standards (101-105) apply to valuations of real estate interests. This standard stipulates additional requirements that apply to valuations of real estate interests.

Real estate interest:

It is the right to own, control, exploit, or occupy land and buildings.

Land interest includes informal tenure rights to communal or tribal land, exclusive informal settlements, rural or transitional economies, which can take the form of tenure, occupation, or use rights.

It includes three main types:

The supreme interest in any particular area of land, and the owner of such interest has an absolute right to possess and permanently control the land and any buildings, subject only to any minimum interests and any statutory or other legally applicable restrictions.

The minimum interest usually gives the landlord exclusive ownership and control over a specific area of land or buildings for a specified period, for example: according to the terms of the lease.

The right to use land or buildings, but without enjoying the right of ownership or exclusive control, such as the right to pass ownership of land or exploit it only for a specific activity.

The interest identified in the assessment:

The supreme interest in any particular land area, and the owner of this interest has an absolute right to possess the land and any buildings and control it permanently.

Scope of work - Standard No. (101) , (104)

Items		Clarification
١	Client name	Alinma Investment
٢	Intended user	Alinma Investment
٣	The subject matter of the valuation	Offices commercial center
٤	Valuation currency	The Saudi riyal (SR - SR) is the official currency used in this report.
٥	Purpose of Valuation	Periodic evaluation of the (General) Alinma Retail Fund (REIT)
٦	Premise of Value	Existing Use
٧	Basis of Value	Market value: It is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller. And within the framework of a transaction on a neutral basis after appropriate marketing, where each of the parties acts on the basis of knowledge and prudence without coercion or coercion.
٨	Valuation Approach & Method used	Cost Approach - Depreciated Replacement Cost Method / Income Approach - Discounted Cash Flow
٩	Inspection Date	15/06/2023
١٠	Valuation Date	20/06/2023
١١	Report Date	30/06/2022
١٢	Valuation range	It included research and analysis to prepare the report according to the intended purpose and in accordance with international valuation standards, where the property was inspected from the inside and outside on the day of the property inspection date. All the necessary requirements for preparing the report were obtained.
١٣	Nature and sources of information	In preparing this report, we relied on the information and documents provided by the client (the title deed - the building permit - the statement of investment analysis - a statement of the rental spaces). Rental platform (real estate index for leasing operations), real estate exchange traded REITs (Capital Market Authority - Tadawul) Electronic platforms for real estate offers and indicators (Comparison platforms - Real Estate SAS - Real Estate Authority) Real estate offices in the target area, the database of Value Expert, which is continuously updated.

Standard - No. (101), (102)

Scope of work items		Clarification
II	Scope of research and survey	Field survey of the property area under valuation and similar properties. And we worked on collecting and analyzing data to come up with results that serve this report and the purpose required for it, in addition to a field study of the geographical nature and services available in the property area and its surrounding areas, which are explained in detail in the technical study.
II	Report type	The report (detailed) contains complete explanations of all valuation works, including steps, data, information, accounts, etc.
III	Valuation standards	IVS International Valuation Standards Version (2022) issued by the Saudi Authority for Accredited Valuers.
IE	Legal description of the property owner	The validity of the information and data (title deed, building permit and client information) provided to us by the client has been assumed to be correct. The type of ownership of the property is free of obligations according to the hypothesis submitted by the client without verifying its truth.

Standard - No. (101)

Scope of work items		Clarification
15	Restrictions on use, distribution or publication	<p>This report is provided for the purpose for which it was prepared only and may not be used, circulated, quoted from or referred to in any way for any other purpose, and accordingly neither the company nor the valuer bears any responsibility for any loss incurred by any party as a result of using the valuation report in such a manner contradicts the provisions of this clause. The valuer reserves all rights to issue the valuation report. This report may not be reproduced in any manner without the express consent of the Company.</p> <p>This report may not be submitted to any other party other than those referred to in it without the express consent of the company. It is a matter of caution that the Company and the valuer reserve the right to make any amendments and make any revisions to the valuation or to support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the valuation accounts, amend and revise its results in the light of information that existed at the date of the valuation, but became clear to it later.</p>
16	Confidentiality and preservation of information	Any documents received from the client are considered confidential between Value Experts and the client. The subject service shall not be disclosed at any time. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financials or other affairs acquired by the subject service during the process, shall remain confidential.
17	Disclaimer	<p>This document prepared by (Value Expert Real Estate Appraisal Company) is owned by it and may not be used for purposes other than what it was prepared for.</p> <p>We have no current or future interests in the target drug.</p> <p>The agreed fees for making this report are not linked to the estimated value of the property.</p> <p>We were not asked for any prior opinions before the evaluation, and we have performed our work in accordance with the international evaluation standards issued by the Saudi Authority for Accredited Valuers.</p> <p>Our results may change if we are provided with any data affecting the value or if we are able to obtain it from reliable sources.</p>

Standard - No. (101)

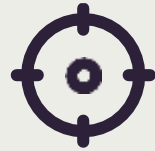
Scope of work items		Clarification
18	General assumptions	<ul style="list-style-type: none"> -The documents sent by the client were relied upon, and they were assumed to be correct. -The appraisal was carried out on the assumption that the property is free of any modifications or interference. -Our report has been prepared on the assumption that there are no hazardous or polluting materials at the site that affect the value significantly. -The property has been assumed to comply with all regular planning and zoning requirements. -The location of the land and the total area of the land were inferred by the client. -No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, and some legal matters on which this --report or part of it is based. It was assumed that the real estate deed is valid, negotiable, and free from any restrictions, unusual conditions, or other burdens, -and has no pending claims. -The valuation was based on economic conditions, current data in the real estate market, supply and demand, and therefore the value may change based on -the change of these data
	Special assumptions	<ul style="list-style-type: none"> -There are indicators of income according to the contracts as attached by the client, and there are no data on the operating and capital expenditures of the property, and due to the availability of data and data according to the market for a property and similar evidence, the property was valued using the Income Approach - Discounted Cash Flow Method according to the market.

Work Methodology



Asset Inspection

Title deed was received from the client, which shows the area of the property. A detailed statement was received showing the location of the property and the area of the land, after which the property was identified and the information received from the client was matched with reality.



2

Define the Property Assets

Through the preview, it was found that the asset under valuation is office commercial center.



3

Data Analysis

The available data analysis in the property, which have been drawn from informal sources such as real estate offices operating in the subject area.



4

Application of Valuation Methods

After the experts assessed the current use in terms of the market and the data available about it, it was concluded that the valuation approach and method is (Income Approach – Discounted Cash Flow Method), taking into account the purpose of the valuation.

Standard No. 102



5

Data Collection

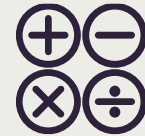
Based on the type of property valued, the scope of data collection was determined; especially in the area surrounding the property.



6

Estimated Value

After reconciling the results of the valuation methods, a value corresponding to the scope of the work described with the client is weighted.



7

Value Review

A review of the value by the audit committee, consisting of two experts will review the information and analyzes and assumptions reached by valuer.



8

Report Preparation

Work on report preparation in accordance with the Standard 101 for report description, and criteria 103 for report preparation.

Standard No. 102

Scope of work stages

Scope of work items		Clarification
1	Scope of work	Meeting the client and determining scope of work which includes purpose of valuation, basis of valuation, intended users, valuation date and any special or important assumptions that includes the clarity of the assignment and the expected outputs.
2	Inspection and analyzing the location	Inspecting the property and get acquainted with it facilities, matching the documents provided with the reality, analyzing the property location and the zoning classification nearby the property with determining the scope of the geographical search and the appropriate project activities.
3	Collecting and analyzing data	Collecting market data (rents, returns, occupancy rates, maintenance and operating expenses) for income-generating properties, and also searching for similar land prices and contractors' costs and analyzing that data to reach knowledge of past and current market trends and future indicators that will be relied upon when applying the valuation mechanism.
4	Applying valuation approaches and methods	Based on the scope of work and market analysis, appropriate valuation approaches and methods are determined and all assumptions and inputs are put in place to carry out financial calculations to reach the market value according to the chosen approaches and methods described in this report.
5	Estimating value	The valuation approaches and methods used to reach the market value of the property are reconciled according to our final estimation and according to the sources of information that we have that can be trusted and commensurate with the property under valuation.
6	Report preparation	We prepare the report according to the scope of work, so that it includes the data, results and outputs that were reached through the previous work stages.

Value Experts has a distinguished team with professional qualification and experience in valuation work and a team of 5 registered with the Saudi Commission for Accredited Valuers, the most prominent of the team:



Alaa Ibrahim Al - Thaqafi
Founder and CEO

14

Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000027



Hisham Saleh Al - Aqeel
Partner - V. P. Director
Valuation

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Years experience in valuation work
Supervising all valuation projects of company.
Bachelor of Urban Planning Engineering

Membership No. 1210000185



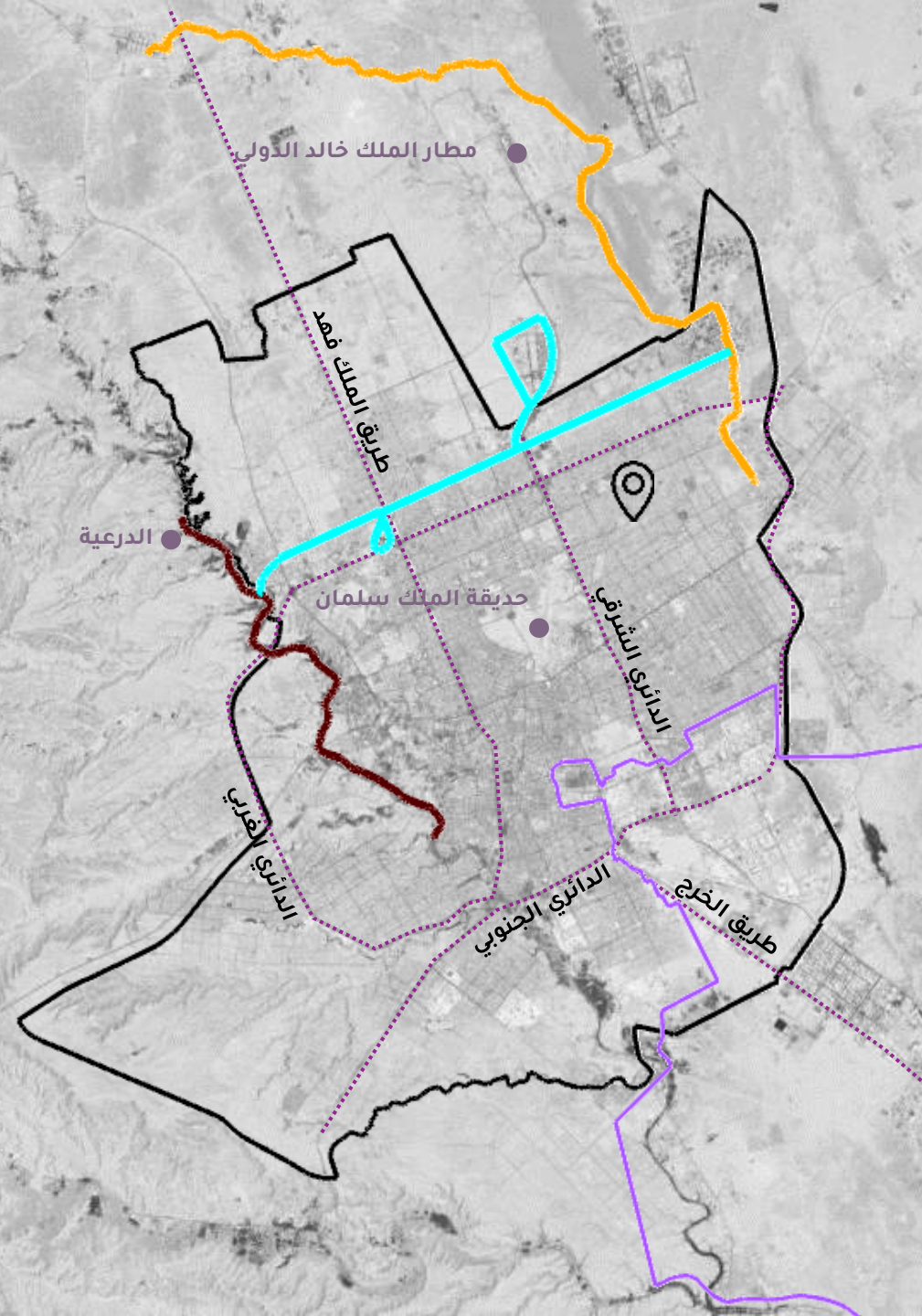
Mohamed Saleh Idrees
Property Valuation Consultant –
Companies

9

Years experience in valuation work Bachelor
of Business Administration and Mechanical
Engineering - Production

Membership No. 1220001030

-  Subject Property
-  Distinctive landmarks
-  Main road Networks
-  Wadi Sulay Path
-  Al Riyadh Path
-  Wadi Hunaifah Path
-  King Salman Industrial City
-  The boundaries of white land area



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

The property is located in the city of Riyadh, which 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 in the Najd Plateau, at an altitude of 600 meters above sea level. It is the headquarters of the Emirate of Riyadh Region, according to the administrative division of the Saudi regions. About 10.5 million people live in the city of Riyadh, according to 2021 statistics. 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 reach 3.115 square kilometers. in this time.

Imam Muhammad Bin Saud
University

SABIC

Grnadia Mall

Qurtaba

Khalid Bin Al-Waleed Road

Imam Saud Bin Abdulaziz Road

Subject Property

Northern Ring Road

Eastern Ring Road

Al-Izdihar

Al-Quds

Al-Hamra

At the District level

The subject property is located in Al-Shuhada district and it bounds from the north side by the Northern Ring Road and Qurtaba district, and from the south side Imam Saud Road and Al-Quds district, and from east side Khaled Bin Al-Waleed Raod and Al-Hamra district, and finally from the west side Eastern Ring Road and Al-Izdihar district.

At the level of the neighborhood

The subject property is located in Al-Shuhada district. It is bordered from Al-Qusayr Street, and south by Imam Saud Bin Abdulaziz Road, and east by Derna Street and west by a neighbor.

Qusayr Street

Derna Street

Subject Property

Imam Saud bin Abdulaziz Road

<https://goo.gl/maps/ceA24YUS4DwJQj2cA>

Location Link

Property Description

Land area: The land area is 4,875 square meters.

Property features:

Location: it is located in Al Shuhada district, which is an area with high population density. The property is also located in Imam Saud Bin Abdulaziz Road, and the property can be accessed through it. The district is a residential and commercial area.

Services: Availability of main services in the area surrounding subject property.

Main attractions: The location is close to the main attractions (Saqr Al-Jazira Aviation - commercial centers and main and vital roads).

Land nature: Regular shape.

Demand: Where the property is located in Al-Shuhada district, which is considered one of the most prestigious districts and it nearby the main roads and commercial centers.

Borders:

Plot Information					
Side	Borders	Length	Width	St. name	Notes
North	Street	75	10	Qusayr Street	-
South	Road	75	60	Imam Saud Bin Abdulaziz Road	-
East	Street	65	15	Derna Street	-
West	Neighbor	65	-	-	-
Total Land Area			4,875 m ²		

Aerial map of subject property



General description of the buildings

The building is an offices commercial center (Signature Mall) with a total built-up area of 10,955 square. The property consists of 3 floors and comprises 2 elevators, 49 offices, basement for carparks, prayer room, mezzanine with reception and a showroom. The ground floor is divided, first part contains exhibitions and the second part contains 6 offices. The first floor contains 28 office. Upper floor contains 15 offices and roof open area.

The property is located in Al-Shuhada district in the Riyadh city, in a vital area on Imam Saud Road and nearby the Eastern and Northern Ring Roads.

Finishes details

Facades: facades of stone and glass.

Floor Finishing: Marble and Porcelain.

Ventilation and air conditioning units: central air conditioning.

Facilities: emergency exits - fire extinguishers - mosques

Buildings details

The following table shows the details of the building areas of the property:

Sl.#	Description	Usage	Area (m2)
١	Basement	Parking	٢,٩٤١,٥٣
٢	Mezzanine	Exhibitions	١,٠٣٩,٠٨
٣	Ground Floor	Offices	٦٧٤,٣٠
٤	Ground Floor - Commercial	Exhibitions	٢,٠٦٣,٧٦
٥	First Floor	Offices	٢,٧١١,٧٠
٦	Upper Floor	Offices	١,٣٣٢,٢٥
٧	Fences	Services	١٩٢,٠٠
Total Built Up Area			١٠,٩٥٥

Exterior picture of the property



Property Description

General description of lease contracts

The offices commercial center (Signature Mall) consists of 8 main showrooms, with multiple tenants, and 40 commercial offices. We were not provided with copies of lease contracts, and according to the client instructions, we relied on the information contained in the rental schedule that was provided to us for the purpose of this valuation. Based on the information that was provided to us by the client, we understand that on the date of the valuation, the total income of the property is **4,729,359 SAR**, including service fees.

Rent schedule of the property units provided by the client

Unit	No. of units	Area m2	Occupancy rate (%)	Annual rent value (SR)
Showrooms	8	2,779	75%	1,818,273.28
Offices	40	3,866	100%	2,911,085.67
Total	48	6,644	95.8%	4,729,359

Exterior picture of the property



Property Description

Ownership Details

Description	Information
Property Address	Al-Shuhada District - Riyadh
Plan Number	1822
Property Type	Offices commercial center
Plot Numbers	1578 -1579-1580-1586-1587-1588
Block Number	304
Land Area as per Title Deed	4,875 square meters
Title Deed Number	811201000320
Title Deed Date	03-01-1444 AH
Built Up Area as per Building Permit	10,955 square meters
Building Permit Number	531/1435
Building Permit Date	14-01-1435 AH
Ownership Type	Absolute Ownership

Services available in the property area

Services available in the area		Yes	No
Governmental Services	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
	Commercial Centers	✓	
Commercial Services	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
	Electric Network	✓	
General Services	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



PROPERTY PICTURES





Methodology of Valuation Standards according to Standard No. 105

1- Market Approach (Comparative Method) Standard No. 105

Approach and Method	Used for	Method Definition
Market Approach – Comparative Method	Land, Exhibitions, and Hotel Rooms	<ul style="list-style-type: none"> This method provides indicators of value by comparing lands and warehouses that are valued with identical or similar data available for information on their prices. According to this method, the first step is to study the transaction prices of the corresponding or similar properties that have recently occurred in the market, and if the transactions have been few, it is also better to study the corresponding or similar properties prices listed or offered for sale and are objectively analyzed. Information about the prices of such transactions must be adjusted to reflect differences in the terms and conditions of the effective transaction, the basis of the value and assumptions adopted in the valuation process being performed, and differences in the legal, economic and material characteristics of the properties of the other transactions may be found compared to the subject property.

Use of Method

Methodology:

- This method is based mainly on the prices currently circulating in the market for selling or offers of another property (comparative evidence) similar to the subject property.
- Since it is impossible to find exactly the same comparable, appropriate adjustments are made to the prices of the comparable by deducting the value forming factors that represent an advantage of the comparative property and adding the items that represent an advantage to the subject property.
- By comparing the natural properties and services adjacent to the site (not including the development) with their counterparts at nearby sites, the price of the land is adjusted for the same fundamental differences between the evaluation site and the nearby sites.

Application:

- Determine the geographical scope of the comparative evidence.
- Determine the appropriate time period according to market variables, reflecting the market situation at the time of valuation.
- Collecting comparative evidence within the specified geographical range and time frame.
- Test the adequacy of comparisons for the evaluation process (if sufficient comparisons are not available, the valuation method is excluded).
- Applying adjustments to comparative evidence to reach at the property value.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

2- Cost Approach (Depreciated Replacement Cost Method) Standard No. 105

Approach and Method	Used for	Definition method
Cost Approach – Depreciated Replacement Cost	Buildings	<ul style="list-style-type: none"> The Cost Approach is sometimes referred to as the contractor method. The Cost Approach determines the value by estimating the cost of acquiring land and building a new property with equivalent benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay. The cost of the land is collected on the total cost of the construction. It is customary for the project incentives or the real estate developer's profits / losses to be added to the construction costs, if appropriate.

Use of Method

Methodology:

- If there is a major market for the land or real estate being valued, it is preferable to use evidence from the market or comparable sales.
- Study the approvals likely to be issued by the regulator in the region and use the evidence and evidence from the market to verify the possibility of using the land according to the regulatory approvals.
- Study a virtual site in the same area with the same characteristics.
- Study the private use of a virtual site in another region.

Application:

- Estimating the value of the land.
- Determine the current cost of constructing a building.
- The depreciation value must be deducted from the cost based on what was specified in Clause (2) for a cost adjustment. New added on the current state.
- Market value = (1) + (2) - (3) i.e. the value of the land plus the value of new construction minus depreciation.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

3-Income Approach (Discounted Cash Flow) Standard No. 105

Approach and Method	Used for	Definition method
Income Approach – Discounted Cash Flow	Fixed Income generating properties	<ul style="list-style-type: none"> It is a financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future discounted cash flows.

Use of Method

Methodology:

- This method depends on the net income of the property and the (capitalization rate).
- Total maintenance and operation costs are deducted from the total revenue of the subject property.
- Research for income generating properties that are similar to the subject property.
- The (capitalization rate) is determined according to the current market prices and according to the type of subject property.

Application:

- Estimating future cash flows resulting from the income of the subject property.
- Determine the discount rate or required rate of return.
- Determine the retention period of the asset and the final value.
- Calculating the current value of the expected income of the asset subject to evaluation to reach to the capital value of the property (after considering the time value of money).

Source: International Evaluation Standards ٢٠٢٢ - Third Edition (certified copy)

Valuation

Valuation Approaches and Methods



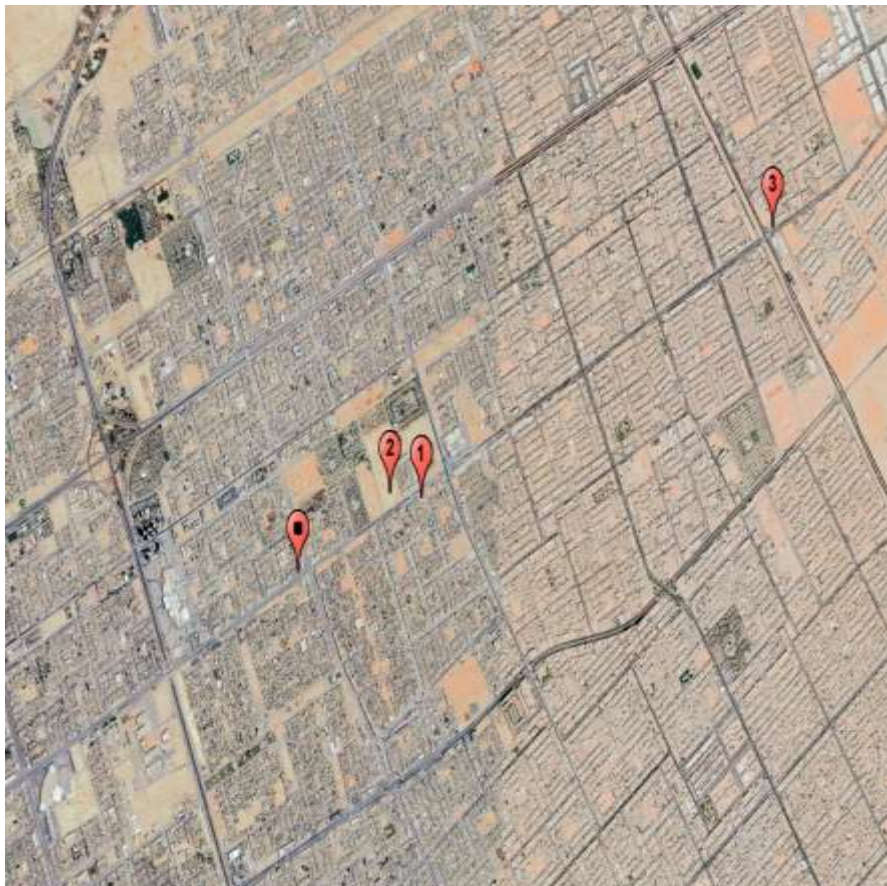
Valuation Approaches	Market	Income	Cost
Valuation Method Used	Comparative	Discounted Cash Flow	Depreciated Replacement Cost
Reasons for Use	To get the value of the land, exhibitions, and hotel rooms.	Property is income-generating	To find out the construction costs of the property

Estimate the value

using the Cost Approach – Depreciated Replacement Cost Method

The cost method provides an indication of value using the economic principle that a buyer will not pay more for an asset than it would cost to acquire an asset of similar utility whether by purchase or construction unless time, inconvenience, risk or other factors are involved.

Aerial Map of Comparative Evidence



Valuation

Calculations and indicators to value using Cost Approach

First: Estimating the value of the land

In order to estimate the **market value** of the land, the comparison method was applied to determine the market value. The following is a summary of comparable properties in the area surrounding the property under evaluation:

Comparison	Area m2	Meter price (SAR/m2)	Value (SR)	Comparison type	Date of comparison	Neighborhood	Usage
1	6,800	4,600	31,280,000	Sale Transaction No.16722454	04/13/2022	Al-Hamra	Commercial Residential
2	93,405	3,000	280,215,000	Offer	06/15/2023	Ghirnatah	Commercial Residential
3	10,000	4,000	42,000,000	Offer	06/20/2023	Al-Qadsiyah	Commercial Residential

Calculations and indicators to value using Cost Approach

Estimating the value of the land

The valuation matrix represents the natural and abnormal factors in determining the value: location, accessibility, land shape, and market situation.

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	4,600	3,000	4,000
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	4,600	3,000	4,000

Item	Comp. 1 details	Comp. 2 Adjustments	Comp. 2 details	Comp. 2 Adjustments	Comp. 3 details	Comp. 3 Adjustments
Area m2	6,800.0	2.0%	93,405.0	3.0%	10,500.0	5.4%
Number of roads	3.0	0.0%	3.0	0.0%	3.0	0.0%
Accessibility	Easy	0.0%	Easy	0.0%	Easy	0.0%
Location	Al-Hamra	0.0%	Ghirnatah	0.0%	Al-Qadisiyah	15.0%
Road width	60.0	0.0%	60.0	0.0%	60.0	0.0%
Usage	Commercial Residential	15.0%	Commercial Residential	15.0%	Commercial Residential	15.0%
Negotiations	Sale Transaction No. 16722454	-2.5%	Offer	-2.5%	Offer	-2.5%
Total Adjustments (%)		14.5%		15.5%		32.9%
Value after Adjustments		5,264.7		3,463.5		5,314.0
Weighting		60.0%		0.0%		40.0%
Price per SQM		5,284.4				

Summary of the valuation:

Based on the previous information, the following table summarizes the market value of the land using the Market Approach - the Comparative Method:

block number	Area (sqm)	Market value (SAR/sqm)	Market value - rounded (SAR)
1578-1579-1580-1586-1587-1588	4,875.0	5,284.4	25,762,000.0

Calculations and indicators to value using Cost Approach - Depreciated Replacement Cost Method

Building Cost Estimation

Buildings information

Sl.#	Floor	Usage	Built up area (sqm/floor)	Number of floors	Total built up area (sqm)
1	Basement	Parking	2,941.5	1.0	2,941.5
2	Mezzanine	Exhibitions	674.3	1.0	674.3
3	Ground Floor	Offices	2,063.8	1.0	2,063.8
4	Ground Floor - Commercial	Exhibitions	1,039.1	1.0	1,039.1
5	First Floor	Offices	2,711.7	1.0	2,711.7
6	Upper Floor	Offices	1,332.3	1.0	1,332.3
7	Fences	Services	192.0	1.0	192.0
Total					10,955

Construction Costs - Direct

Based on the guideline issued by the Saudi Authority for Accredited valuers, which clarifies the indicators of construction costs for buildings according to their uses:

Sl.#	Unit	Total area (sqm)	Construction cost (SR/sqm)	Total costs (SR)
1	Basement	2,941.5	2,200.0	6,471,366.0
2	Mezzanine	674.3	1,800.0	1,213,740.0
3	Ground Floor	2,063.8	1,800.0	3,714,768.0
4	Ground Floor - Commercial	1,039.1	1,700.0	1,766,436.0
5	First Floor	2,711.7	1,800.0	4,881,060.0
6	Upper Floor	1,332.3	1700	2,264,825.0
7	Fences	192.0	600	115,200.0
Total		10,955	1,864.7	20,427,395.0

Construction Costs - Indirect

Through the scanning, and the evidence for similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached

Sl.#	Unit	Ratio (%)	Value (SR)
1	Construction costs (SR)		20,427,395.0
2	Professional fees	1.5%	306,410.9
3	Utility grid	1.5%	306,410.9
4	Management costs	1.5%	306,410.9
5	Contractor profit	10.0%	2,042,739.5
6	Developer profit	15.0%	3,064,109.3
Total			26,453,476.5

Market value using Cost Approach - Depreciated Replacement Cost Method

According to the information provided previously, the market value of the property has been deduced using the Cost Approach according to the attached table:

Sl.#	Unit	Value (SR)
1	Economic life of building (years)	40.0
2	Property age (years)	9.7
3	Physical depreciation percentage (%)	24.4%
4	Employment Physical depreciation Rate (%)	0%
5	External (economical) Physical depreciation rate (%)	0%
6	Actual Physical depreciation percentage (%)	24.4%
7	Construction cost before Physical depreciation limitations (SR) (rounded)	26,453,476.5
8	Construction cost after Physical depreciation limitations (SR) (rounded)	20,010,952.8
9	Completion rate (%)	100%
10	Completed construction value (SAR)	20,010,952.8
11	Land value (SAR) (rounded)	25,762,000.0
Total value by Cost Approach (land + buildings) (SAR)		45,772,952.8

Estimating the value

Income Approach - Discounted Cash Flow Method

A financial method for estimating the value of a financial or real asset. The value indicator is derived by calculating the present value of future cash flows.

Valuation

Real estate evaluation risks



Competition risks: The commercial space leasing sector for companies operating in the retail sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future.

As a result, there may be difficulties in keeping up with competitors, given the policies of significantly reducing rental rates, which may negatively affect competitiveness.

Market risk: Revenues from renting space and amenities for commercial centers may be subject to unexpected fluctuations as a result of seasonal changes in spending patterns or visitor behavior, and as a result of these fluctuations in revenues, this may limit the ability to predict future revenues.

Risks of Physical depreciation and lack of maintenance:

Renovation, expansion, improvement and redevelopment of commercial centers must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the commercial centers market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change.

In the absence of renovation and improvement to keep pace with changes in the preferences of tenants and visitors, this will have a negative and significant impact.

Macroeconomic risks: The country's macroeconomic conditions may affect the value of any real estate, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the general movement in the local and global stock markets. Changing these indicators or one of them may negatively affect the value of the real estate.

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

Valuation - Income Approach - Discounted Cash Flow Method

Revenue estimate

Field research

In order to estimate the expected revenues of the property, we used the Comparative Method to determine the rental value for the uses in the proposed project.

The following table shows the comparisons and their specifications:

Comparison	Area (m2)	Meter price SR/m2	Value (SR)	Comparable type	Comparable date	Usage
1	36	1,389	50,000	Offer	6/20/2023	Commercial
2	100	1,000	100,000	Offer	6/20/2023	Commercial
3	80.0	1,250.0	100,000.0	Offer	6/20/2023	Commercial
4	420	700	294,000	Offer	6/19/2023	Offices
5	273	735	200,655	Offer	6/15/2023	Offices
6	637	800	509,600	Offer	6/19/2023	Offices

Aerial map of comparative evidence



Valuation - Income Approach - Discounted Cash Flow Method

Estimating revenues using Comparative Method

Estimating rental value for showrooms/exhibitions usage

In order to reach to the revenues for the showrooms, we conducted several studies and determine the revenue for each component of the subject property, as shown in the table below:

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	1,389	1,000	1,250.0
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	1,389	1,000	1,250.0

Item	Comp. 1 details	Comp. 1 Adjustments	Comp. 2 details	Comp. 2 Adjustments	Comp. 3 details	Comp. 3 Adjustments
Area m2	36.0	0.0%	100.0	0.0%	80.0	0.0%
Number of roads	2.0	7.5%	2.0	7.5%	2.0	7.5%
Accessibility	Easy	0.0%	Easy	0.0%	Easy	0.0%
Main entrance	Near	0.0%	Near	0.0%	Near	0.0%
Building Category	B	0.0%	B	5.0%	B	5.0%
Location	Izdihar district Imam Abdulla Bin Saud Road	0.0%	Hamra district Imam Abdulla Bin Saud Road	0.0%	Mursalat Abu Bakar Raod	-5.0%
Negotiations	Offer	-5.0%	Offer	-5.0%	Offer	-5.0%
Total Adjustments (%)		2.5%		7.5%		2.5%
Value after Adjustments		1,423.6		1,075.0		1,281.3
Weighting		40.0%		60.0%		0.0%

Price per SQM **1,214.4**

Estimating rental value for showrooms/exhibitions usage

In order to reach to the revenues for the offices, we conducted several studies and determine the revenue for each component of the subject property, as shown in the table below:

Item	Comp. 4	Comp. 5	Comp. 6
Price per square meter (SAR/sqm)	700	735	800
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	700	735	800

Item	Comp. 4 details	Comp. 4 Adjustments	Comp. 5 details	Comp. 5 Adjustments	Comp. 6 details	Comp. 6 Adjustments
Area m2	420	0.0%	273	0.0%	637	0.0%
Accessibility	Easy	0.0%	Easy	0.0%	Easy	0.0%
Main Entrance	Direct	0.0%	Direct	0.0%	Direct	0.0%
Location	Ghirnatah - Imam Abdulla Bin Saud Road	0.0%	Ghirnatah - Imam Abdulla Bin Saud Road	0.0%	Mursalat- Abu Bakar Road	-5.0%
Building Category	Offices Tier B	0.0%	Offices Tier B	0.0%	Offices Tier B	0.0%
Amenities	Available	0.0%	Available	0.0%	Available	0.0%
Total Adjustments (%)		0.0%		0.0%		-5.0%
Value after Adjustments		700.0		735.0		760.0
Weighting		33.3%		33.3%		33.3%

Price per SQM **731.7**

Valuation

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

Revenues

The following table shows the expected revenues from leasing the units according to the rental prices extracted from the market:

Unit type	Leasable area (m2)	Proposed rental price (SR/m2)	Gross Income
Showrooms / Exhibitions	2,840.7	1,214.4	3,450,000.0
Offices	3,889.8	731.7	2,846,000.0
Total	6,730.6	-	6,296,000.0

The inputs and assumptions of the Income Approach are the

Discounted Cash Flow Method

1.1 Income Analysis:

After inspecting the property, it been clear to us that the offices is 100% occupied, and the showrooms is 75% occupied.

1.2 Total Revenues:

The total rents that are collected according to the contract at the date of the evaluation, or the total revenues that are assumed according to the market. We were provided with a list of rents from the client, and we were not provided with any data on the operating and management expenses of the complex. The data on rents and income was collected by market.

1.3 Capital Expenditures:

Information regarding capital costs has not been provided to us by the client. We analyzed the level of provisions for capital expenditures in similar properties that we participated in the evaluation. We have assumed that the prudent owner will bear the capital expenditures to maintain the property well, improve the production capacity and preserve the tenants. Through inspection of the property, we found that it was renovated, and accordingly, no capital expenditures were assumed during the entire period.

1.4 Operational Expenses:

We were provided with operating expenses for the mall, and they were compared to the market, and due to the absence of relative differences compared to the market, they were applied throughout the investment period.

Valuation

The main assumptions in the valuation process - the Income Approach - the Discounted Cash Flow Method

1.7 Fixed Expenses:

No fixed expenses for the property, such as insurance and any other expenses, have been calculated.

1.8 Tenant Incentives:

Due to the difficult market conditions, some tenants resort to requesting subsidies to reduce the burden of rent. No incentives were calculated for the tenants, and it was assumed that the tenant would bear them.

1.9 Doubtful Debts (Credit Losses):

It is that any owner may incur some loss of income due to bad debts. According to the data provided by the client, no losses have been applied.

1.10 Growth rate:

Due to the lack of market data and previous indicators for similar real estate and the growth rate at the level of supply and demand, and since the inflation rate is available as information announced according to the data of the Central Bank, an average has been calculated for each year based on the inflation rate for a previous year to estimate future periods as shown in the table. Adopting the Gordon growth model, meaning that the drug grows steadily forever.

1.11 Rate of return on investment:

Through the market survey of real estate that was evaluated by us in the city of Dammam and viewing the reports of REIT funds and similar real estate in the retail sector, the capitalization rate for similar real estate ranges between 7% and 9%, and accordingly the rate of return was determined at 7.5%.

1.12 Discount rate:

With regard to the discount rate, and according to the methods used to calculate the discount rate stipulated in the international evaluation standards, and as it was studied in the evaluation methodologies of the Saudi Authority for Accredited Valuers, it was reached by the cumulative method as shown in the table below, which depends on (the rate of inflation, regular risks, the rate of returns of government years for the period, and in addition to real estate risks, market risks). - Sources for data (Central Bank - Debt Services - Capital Market Authority data for similar properties that have been acquired).

1.13 Final Value (Recovery Value):

It was reached by calculating the net operating income at the end of the lease period, based on the rate of return on investment - the growth rate, on the assumption that the real estate grows steadily throughout the investment period.

1.14 Explicit Prediction Period (Investment Duration):

The investment period indicator was mainly based on the method used in the evaluation, the discounted future cash flows, according to the equation investment period = actual life - life expectancy - market life.

1.15 Table of assumptions of the inputs of the Income Approach, the Discounted Cash Flow Method

Unit	Value	Clarification
Land area (sqm)	4,875.0	-
Growth rate (%) (Rs)	2.70%	Regular risk premium
5-year government bond yield ratio (Rf)	4.37%	Risk free rate of return
Specific Property Risk	1.50%	The unorganized risk premium in real-estate that includes maintenance and operation costs
Market risk	2.37%	Based on the supply and demand of the subject property area.
Discount rate (%)	10.94%	It is the rate that converts future cashflow into present value
Rate of Return (%)	8.00%	Market survey
Operation and maintenance costs for exhibitions (%)	15.00%	Cost incurred for the maintenance and operations throughout the period
Operation and maintenance costs for offices (%)	5.00%	Cost incurred for the maintenance and operations throughout the period
Credit costs for exhibitions (%)	0.00%	Rate of non paying tenants established throughout the investment period
Credit costs for offices (%)	0.00%	Rate of non paying tenants established throughout the investment period
Vacancies costs for exhibitions (%)	15.00%	Vacancies of similar properties in the market
Vacancies costs for offices (%)	20.00%	Vacancies of similar properties in the market

Valuation

Income Approach - Discounted Cash Flow Method

Period	1	2	3	4	5	6
Growth Rate	1.03	1.05	1.08	1.11	1.14	1.16
Cash flows - Showrooms market						
Annual Occupancy rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	
Gross Profit Income (SR)	1,819,069	3,449,908	3,449,908	3,449,908	3,449,908	
Credit and vacancy costs (%)	0.0%	15.0%	15.0%	15.0%	15.0%	
Credit and vacancy costs (SR)	0	517,486	517,486	517,486	517,486	
Expected Gross Income (SR)	1,868,183	3,090,772	3,169,948	3,249,123	3,328,298	
Occupancy rate (%)	0.0%	15.0%	15.0%	15.0%	15.0%	
Operating Expenses -OE (%)	0	463,616	475,492	487,368	499,245	
Net operating Income -NOI (SR)	1,868,183	2,627,156	2,694,456	2,761,755	2,829,054	
Cash flows - Offices market						
Annual Occupancy rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	
Gross Profit income (SR)	2,846,038	2,846,038	2,846,038	2,846,038	2,846,038	
Credit and vacancy costs (%)	0.0%	20.0%	20.0%	20.0%	20.0%	
Credit and vacancy costs (SR)	0	569,208	569,208	569,208	569,208	
Expected Gross Income (SR)	2,922,881	2,399,779	2,461,253	2,522,728	2,584,202	
Capital expenditure -CE (%)	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital expenditure -CE (SR)	0	0	0	0	0	
Occupancy rate (%)	0.0%	5.0%	5.0%	5.0%	5.0%	
Operating Expenses -OE (%)	0	119,989	123,063	126,136	129,210	
Net operating Income -NOI (SR)	2,922,881	2,279,790	2,338,191	2,396,592	2,454,992	
Net income - business activity (SR)	4,791,064	4,906,947	5,032,646	5,158,346	5,284,046	
Final Value						99,698,980
Present value multiplier	0.90	0.81	0.73	0.66	0.60	0.54
Net present value (SR)	4,318,609	3,986,897	3,685,801	3,405,319	3,144,313	53,476,348
Property value (SR)	72,017,288					
Property value rounded (SR)	72,020,000					
Meter price (SR-m2)	14,773					


Market Value of the property using Income Approach and Discounted Cash Flow Method

Based on the completed study, we estimate the market value of the property by an amount

72,020,000 SR

(Seventy-two million, twenty thousand Saudi Riyals)

Considering the site, and as documented in this report on 20-06-2023

Report Participants			Approved evaluation			Company Stamp	
Member name	Mr.Aloush Al-Dosari	Mr.Suleiman Al-Aqili	Member name	Mr. Mohammed Idrees	Mr. Hisham Al Aqeel		
Membership	affiliate	affiliate	Membership	Fellow	Fellow		
Membership Number	1210001317	1210003193	Membership Number	١٢٢٠٠٠١٣١٧	1210000185		
Signature			Signature			١٠٠٤٦٩٨٨٤	Commercial register
						744/18/323	License Number
						١٤٣٨/٧/٨ هـ	License Date

General Standards

The International Valuation Framework

Valuator and Status:

- This report was prepared by Value Expert & partner for Real Estate Valuation and its highly qualified team of staff, benefiting from the resources available to us, namely the efficiency of our advisory team, which includes qualified consultants with high academic degrees and experience in the field of valuation and consulting, and what is available to our company from the database was built through its valuation expertise and through the collection of data, information and statistics issued by the official and non-official bodies, which gives valuers the capacity to realize their tasks to the fullest. The company is also working to update their information base continuously.
- **We have over 15 years of experience** in valuation work and have submitted more than 20,000 valuation reports during our real estate appraisal period.
- **Value Experts** and its representatives of valuers who have conducted the valuation process have been immensely impartial, objectively employed and independent from the client and its subsidiaries or affiliates. Neither the Company nor its representatives have any current or foreseeable interest with the client or any of its subsidiaries or affiliates, nor are such agents among the client or those who have internal relationships or affiliations with the client and its subsidiaries or affiliates. The valuator's fees against the valuation process are unconditional on his findings or any other events. If the Company receives significant assistance from another party in respect of any important aspect of the assessment, the nature of such assistance, the extent of reliance thereon and, if any, documented in the report.

Appendix

Property title deed

0000-0001-9300-4000

Abstract

General Terms In The Report

Can

The word (could) describes the procedures that the evaluator has the responsibility to consider. Matters described in this way require the evaluator's attention and understanding. As the applicability of these matters in the evaluation process depends on the evaluator's exercise of his judgment and professional experience in the circumstances that are in line with the objectives of the standards.

Should

The word (must) denotes unconditional liability, the resident must fulfill responsibilities of this kind in all cases and circumstances to which the condition applies

Participant

The word (participant) refers to the relevant participants according to the value basis (or bases) used in the valuation engagement (see Standard 104 Basis of Value). The different bases of value require the evaluator to consider different points of view, such as: the views of market participants such as: market value, fair value of international standards for reporting, or a joint venturer.

The purpose

The word (purpose) refers to the reasons for conducting the assessment, and general purposes include (but are not limited to) the purposes of financial reporting, tax reporting, litigation support, transaction support, and lending support.

Commission

Refers to the Saudi Authority for Accredited Valuers (Taqeem), which is the authority concerned with setting the necessary controls and standards for evaluating real estate, economic establishments, equipment, movable property and the like, under the Accredited Residents System issued by Royal Decree No. (M/43) dated (9/7/1433 AH) It aims to develop the evaluation profession, raise the level of its employees, set general rules for acquiring and maintaining the membership of the Commission at its various levels, and provide the means for continuous development to raise its members to the best levels of practice and international standards for the profession. Under the supervision of the Ministry of Commerce and Investment

Asset or Assets

To facilitate the process of reading the criteria and to avoid repetition, the terms (asset) and (assets) generally refer to the items that are the focus of the evaluation task. Unless otherwise stated in the standard, these terms can be considered to mean and include each of the following words: (an asset, a group of assets, a liability, a group of obligations, or a group of assets and liabilities).

Client

The word (client) refers to the person, persons or entity for whom the evaluation is conducted. This includes external clients (when the evaluator is contracted with a and, as well as internal clients (the evaluations prepared for the employer).

Jurisdiction

The word (jurisdiction) refers to the legal and regulatory environment in which the evaluation process is carried out. It includes laws and regulations enacted by government agencies such as the province, state, and municipality, as well as laws established by some regulatory agencies for the purpose of evaluation, such as central banks and securities regulators.



An overview of the economy and the real estate sector in the Kingdom of Saudi Arabia

An overview of the Saudi economy

	2013	2014	2015	2016	2017	2018	2019	2020
Nominal gross product								
(Billion Saudi Riyals)	2,800	2,836	2,454	2,419	2,582	2,949	2,974	2,625
(annual percentage change)	1.5	1.3	-13.5	-1.4	6.8	14.2	0.8	-11.7
Inflation (annual percentage change)	3.5	2.2	1.2	2.1	-0.8	2.5	-2.1	3.5
Actual GDP (annual rate of change)								
Oil sector (annual percentage change)	-1.63	2.09	5.27	3.60	-3.09	3.13	-3.65	-6.65
Non-oil private sector (annual percentage change)	7.00	5.38	3.41	0.07	1.50	1.91	3.78	-3.10
Non-oil government sector (annual percentage change)	5.09	3.67	2.72	0.58	0.71	2.86	2.20	-0.49
Real GDP (annual percentage change)	2.70	3.65	4.11	1.67	-0.74	2.43	0.33	-4.11
Oil Indicators (average)								
Brent crude (dollars / barrel)	108.56	98.97	52.32	43.64	54.13	71.34	64.30	41.96
Production (million barrels/day)	9.63	9.71	10.19	10.46	9.96	10.32	9.81	9.22
Indicators of the general budget (billion Saudi riyals)								
Country revenue	1152.61	1040.14	612.69	519.46	691.51	905.61	926.85	781.83
Country expenses	994.73	1140.60	1001.29	830.51	930.00	1079.47	1059.45	1075.73
surplus/financial deficit	157.88	-100.46	-388.60	-311.06	-238.49	-173.86	-132.60	-293.90
(as a percentage of nominal GDP)	5.64	-3.54	-15.84	-12.86	-9.24	-5.89	-4.46	-11.19
Total public debt	60.12	44.26	142.26	316.58	443.25	559.98	677.93	853.52
(as a percentage of nominal GDP)	2.15	1.56	5.80	13.09	17.17	18.99	22.80	32.51
Total state deposits with SAMA (state current account + general reserve)	1484.43	1378.95	1023.30	730.58	641.38	562.37	529.25	436.57
(as a percentage of nominal GDP)	53.02	48.62	41.71	30.21	24.84	19.07	17.80	16.63

	2013	2014	2015	2016	2017	2018	2019	2020
Monetary Indicators (average)								
Consumer price index	٣,٩	٢,٩	٢,٣	2.1	-0.8	2.5	-1.2	٣,٤
The basic lending rate to the Monetary Agency	0.3%	0.5%	0.8%	1.5%	2.5%	1.8%	1.8%	0.5%
Annual percentage	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%	2.0%
Foreign trade indicators (billion riyals)								
oil exports	1207.08	1067.09	573.41	510.73	638.40	868.44	751.83	456.04
Total exports of goods	1409.63	1284.21	763.26	688.53	831.98	1103.95	981.06	657.60
Goods imports	575.04	594.23	597.27	479.41	462.75	471.14	526.05	449.56
Goods trade balance	834.59	689.98	166.00	209.12	369.23	632.81	455.01	208.04
current account balance	507.91	276.59	-212.71	-89.41	39.24	269.89	143.36	-42.71
(as a percentage of nominal GDP)	18.14	9.75	-8.67	-3.70	1.52	9.15	4.82	-1.63
Net international investment position	2861.88	2968.41	2586.77	2239.77	2338.58	2466.10	2516.34	2335.15
(as a percentage of nominal GDP)	102.21	104.66	105.43	92.61	90.57	83.61	84.62	88.94
Social and demographic indicators								
Population (million people)	29.38	30.00	30.89	31.79	32.61	33.41	34.22	35.11
Saudi unemployment rate (Unemployment rate among Saudis 15 years and over, percentage)	11.70	11.70	11.50	11.60	12.80	12.70	12.00	12.63
Average per capita income (SAR)	95300.01	94552.92	79425.50	76083.44	79177.33	88270.99	86901.95	74768.90

- Source:
- Jadwa forecasts for the years 2019-2020-2021, the General Authority for Statistics, for GDP figures and population indicators.
- The Saudi Arabian Monetary Agency for monetary and foreign trade indicators.
- Ministry of Finance for budget indicators.

Kingdom Vision 2030

With the support and patronage of the Custodian of the Two Holy Mosques, may God preserve him, the Kingdom's Vision 2030 was launched, which is the vision of His Highness the Crown Prince for the future of this great country, which seeks to invest in our strengths that God has endowed us with, from a distinguished strategic location, a pioneering investment force, and an Arab and Islamic depth, as he assumed the leadership for that All attention, and harness all potential to achieve ambitions.

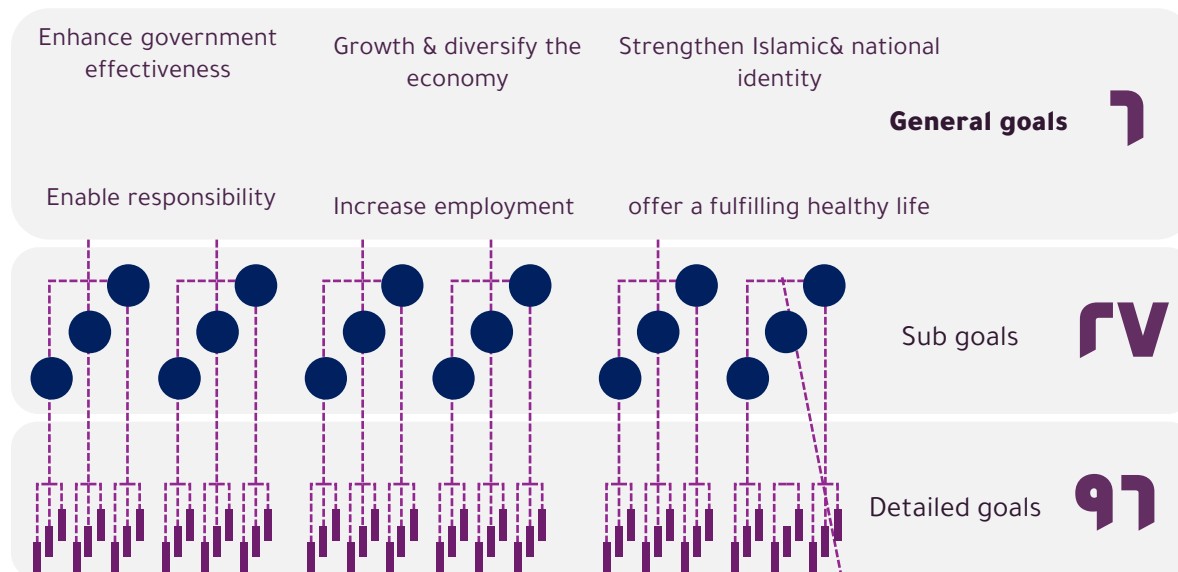
During the past five years, many achievements have been made, and a number of transformational enablers have crystallized, which contributed to achieving tangible results at the level of the government work system, the economy and society, and laid the foundations for success for the future. We have faced many challenges and gained many experiences, which have strengthened our confidence in achieving our goals. We worked to increase the government's effectiveness and responsiveness, by investing in government digital transformation, creating opportunities for growth and investment, creating a number of new economic sectors, opening our doors to the world, and raising the quality of life for citizens. All of these achievements were accomplished by the sons and daughters of this great nation.

Saudi Vision 2030 relies on pivotal strengths

The Kingdom of Saudi Arabia is the land of the Two Holy Mosques, the purest place on earth and the destination of more than a billion Muslims, making it the heart of the Arab and Islamic worlds.

The Kingdom is harnessing its investment power to create a more diversified and sustainable economy.

The Kingdom harnesses its strategic location to strengthen its position as a major engine of international trade and to connect the three continents: Africa, Asia and Europe.



Entrepreneurial projects

NEOM project



Item	Information
Project classification	Private area
Usage	Multi use
Developer	NEOM Company
Owner	Public investment fund
Total land area (sq km)	26.5 thousand
Budget	1,700 billion riyals
Location	Northwestern Saudi Arabia
Development	Build from scratch Modern solutions a future vision
Regulations and laws	Easy to start business
Economy	diverse

Entrepreneurial projects

Amala Project

Unit	Information
Project classification	Tourism
Usage	Multi use
Developer	Amala company
Owner	Public Investment Fund
Total land area (sq km)	٥,٦
Budget	7 billion riyals

Red Sea Project

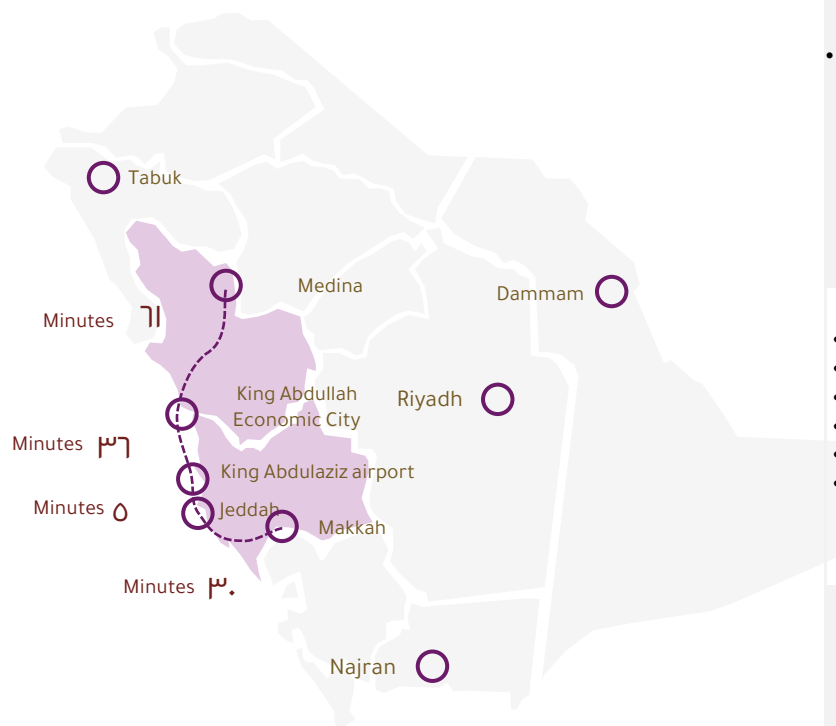
Unit	Information
Project classification	Entertainment tourism
Usage	Multi use
Developer	The Red Sea Development Company
Owner	Public Investment Fund
Total land area (sq km)	٢٨,٠٠٠
Budget	14 billion riyals



Entrepreneurial projects

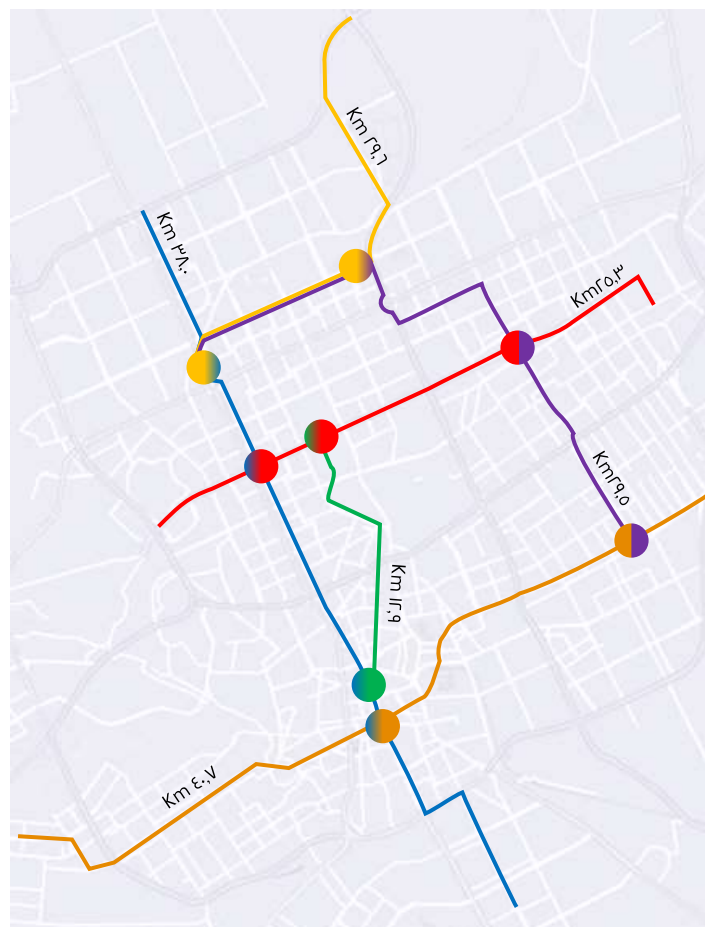
Public transport

Haramain train track



Information
<ul style="list-style-type: none"> Al-Haramain Express train extends for a distance of 450 km. Linking the religious path between the city of Makkah Al-Mukarramah and Al-Madinah Al-Munawwarah, passing through the city of Jeddah.
<ul style="list-style-type: none"> The train has five stations: Makkah station. Jeddah station (Sulaymaniyah). King Abdulaziz Airport station. King Abdullah City Station. Medina station
<ul style="list-style-type: none"> The railway is expected to carry about 60 million passengers annually, on board a fleet of 35 trains, each with 417 seats.

Riyadh Metro

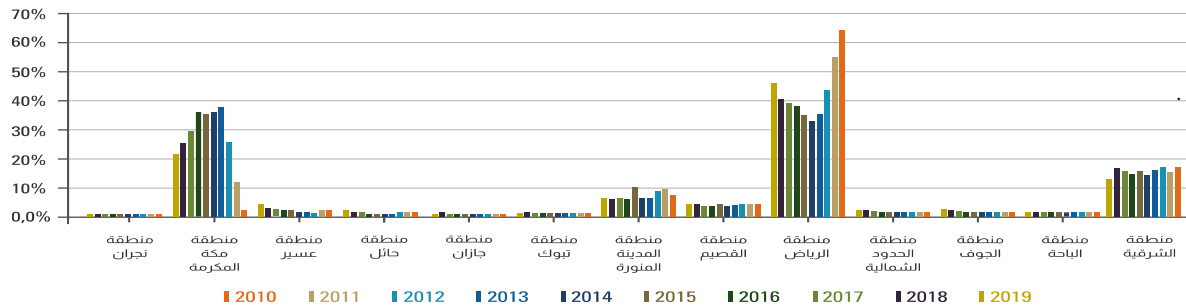


Information
<ul style="list-style-type: none"> The Riyadh Metro is a fast transit system, which is currently under construction and is one of the largest infrastructure projects in the city of Riyadh
<ul style="list-style-type: none"> The metro is designed as a world-class transportation system, and includes 756 metro cars, 85 stations, 6 metro lines, and a network of 176 km.
<ul style="list-style-type: none"> The construction of the metro system has led to a number of road closures affecting traffic in different parts of the city.

Real estate market

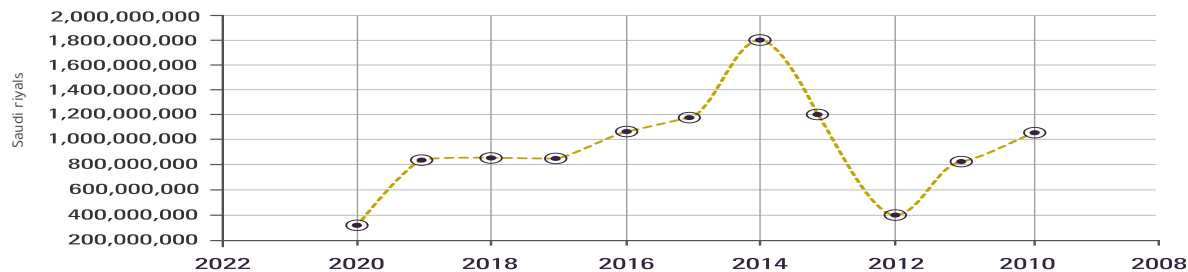
Second: The share of the Kingdom's regions in the total value of the market at the Kingdom's level

By analyzing the data, we find that the total value of deals at the level of regions is that Riyadh and Makkah are the two highest regions contributing to the total value of the market. Hence, the influence of the eastern region comes in the value of the real estate market, then the Medina region, then the Qassim region, and then the rest of the regions.



Third: The total area sold in the real estate market at the level of the Kingdom:

The highest sold area of executed deals in the Kingdom in 2014 amounted to more than 1.8 billion square meters for various types of real estate, and reached its lowest level in 2012 when the total area sold for executed deals reached 400 million square meters. There was an approximate stability in the traded areas during the years 2016 to 2019, with a decrease in the total value of executed deals.

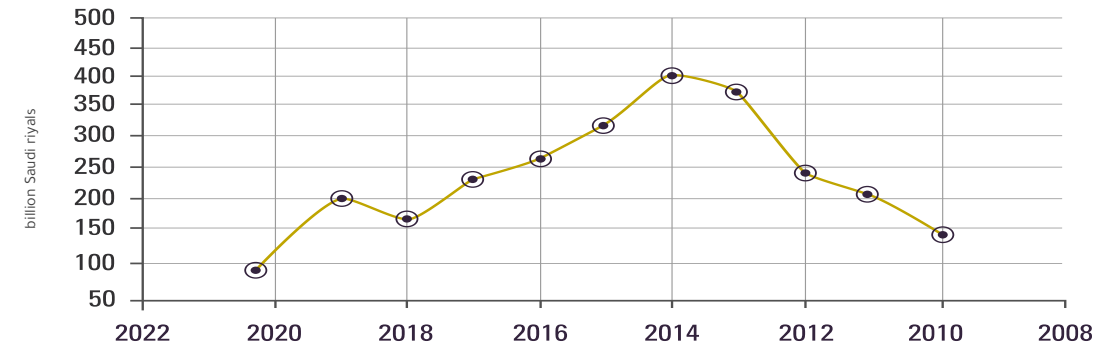


Mortgage loans

The continued implementation of the goals contained in the Vision Realization Program in the field of housing led to a rapid rise in the level of new mortgage loans until 2020. As a result, new residential mortgage loans provided by banks jumped during the four years from 47% to 60% in 2020, exceeding the target. by 8%. Abolishing the concept of waiting for housing support from 15 years to immediate entitlement. Through official platforms and in partnership with banks and financing agencies, it provided financing housing solutions to approximately 840,000 families, including 310 families who inhabited their homes. Activating the partnership with the private sector by developing more than 141,000 housing units and strengthening the partnership with banks and financing agencies by providing 424,000 subsidized real estate loans.

First: The total value of the real estate market in the Kingdom of Saudi Arabia

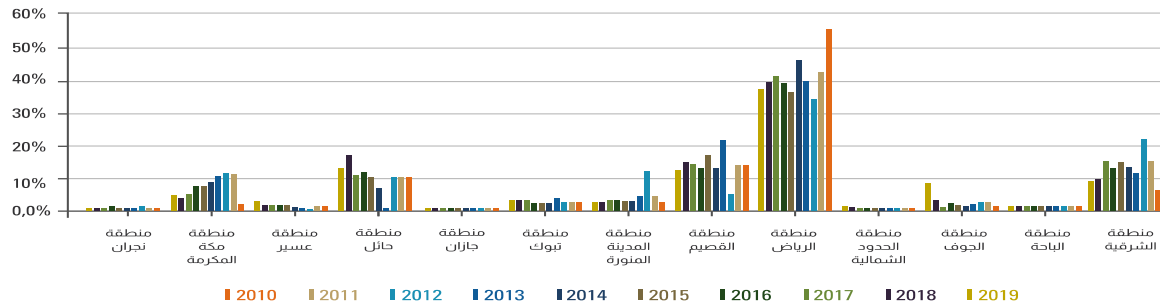
The highest value of the total deals executed in the Kingdom in 2014 amounted to more than 430 billion riyals for various types of real estate, and it reached its lowest level in 2018, when the total value of deals executed reached 139 billion riyals, and it is clear from the volume of deals executed in 2020 until the date of preparing the report that The market is in a phase of recovery and overtaking the previous year, at least.



Real estate market

Fourth: The share of the Kingdom's regions of the total area sold in the market at the Kingdom's level:

By analyzing the data, we find that the total area sold for deals at the level of the regions is that the Riyadh region is the highest, followed by the Qassim, Eastern and Hail regions, with varying contributions, and then the Makkah region.



Real estate market

An overview of the retail sector in Riyadh

Demand

Project name	Gross leasable area (sqm)
The park	10,792
Shorofat Park	11,000
The zone	25,000
Tal plaza	21,000
Terrace	8,000
Granada	34,000
Reef	11,428
Riyadh walk	136,000
Chandelier	13,400
Najd mall	36,286
Al jamiah st	51,557
AL Khaleej mall	51,453
Alarab mall	133,876
Ruwaq qurtubah	72,000
City center ishbiliyah	100,000
Aura center	14,050
Diriyah city center	22,929
Avenue	400,000
Saudi mall	300,000

- It witnessed the opening of the huge (Riyadh Park) Mall on an area of 92,000 square meters during the past year.
- The food and beverage sector acquired the lion's share in most of the new commercial projects, and the development work focused on luxury restaurants, as most of these projects are concentrated in the north of the capital, Riyadh, and it has become a center for luxury and high-end restaurants.
- The Levels and Veranda are some of the notable openings this year, while Chandelier Restaurant Complex, Terrace and Aura are some of the highly anticipated high-end F&B projects on the Northern Ring Road.
- The (The Zone) project on Al-Takhasosi Street and (Sharafat Park) on Abi Bakr Al-Siddiq Road will add an area of 25,000 and 11,000 square meters respectively to the total retail inventory of 3 million square meters. The Riyadh Promenade complex near Imam University is likely to add 40,000 square meters to the market with a decent share of retail and entertainment.
- The Granada Center and The Park expansion project, which is being implemented by the Unified Real Estate Development Company, is expected to open in the first quarter of 2019 by adding 34,000 and 10,792 square meters, respectively.

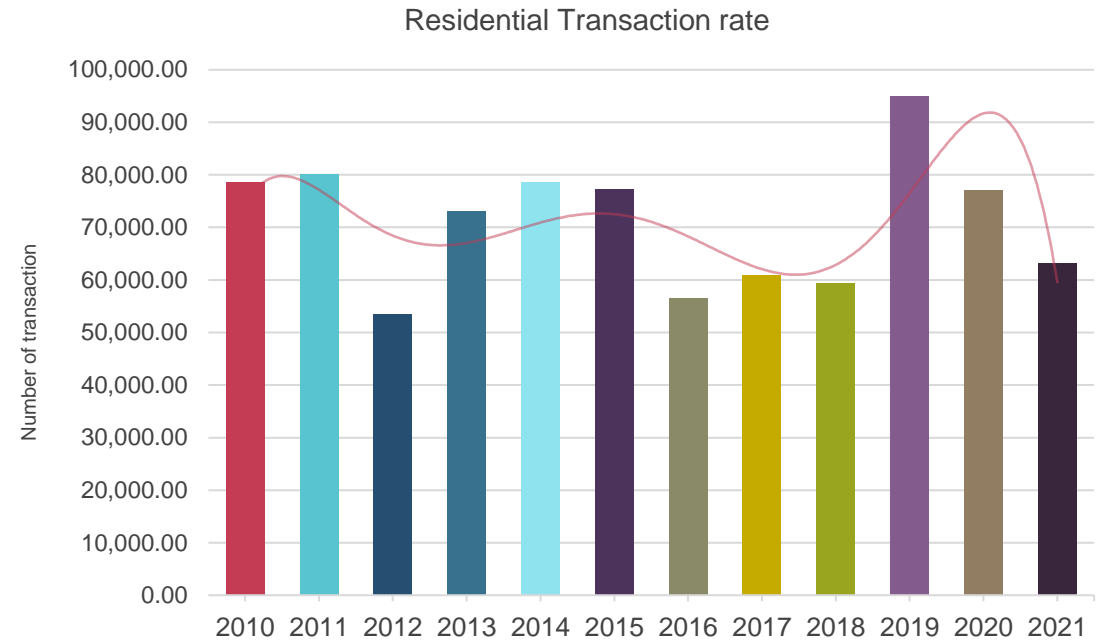
Retail sector:

- The Value Added Tax (VAT), which was implemented at the beginning of last year in the Kingdom of Saudi Arabia and the Cooperation Council for the Arab States of the Gulf, posed some challenges that may affect competitiveness. However, since the establishment of the General Entertainment Authority (GAE), Saudi Arabia aims to increase household spending on entertainment from the current 2.9% to 6% by 2030.
- As the retail market in Riyadh faces a historic announcement initiative and the opening of the cinema's gates in April 2018.
- Moreover, the Qiddiya project in southwest Riyadh, which extends over an area of more than 334 square kilometers, will attract 12 million shopping mall visitors by the completion date of the first phase scheduled for 2022.
- The Dutch Spar hypermarket chain (2,900 square meters) entered the Riyadh Gate project, occupying an area of 16,000 square meters on King Fahd Road. Recently, Raden Center with an area of 15,613 sqm, MEFIC Center (Hospitality) with an area of 20,000 sqm and Turkey Square with an area of 3,000 sqm have been added to the retail inventory.

Project name	Gross leasable area (sqm)
Riyadh Park	92,000
Riyadh gate	16,000
Sedrah	18,000
Mefic center	20,000
Takhssusi Plaza	8,500
Turki square	3,000
The levels	5,400
Laban Plaza	7,759
City life plaza	7,761

| Riyadh Province- the residential sector

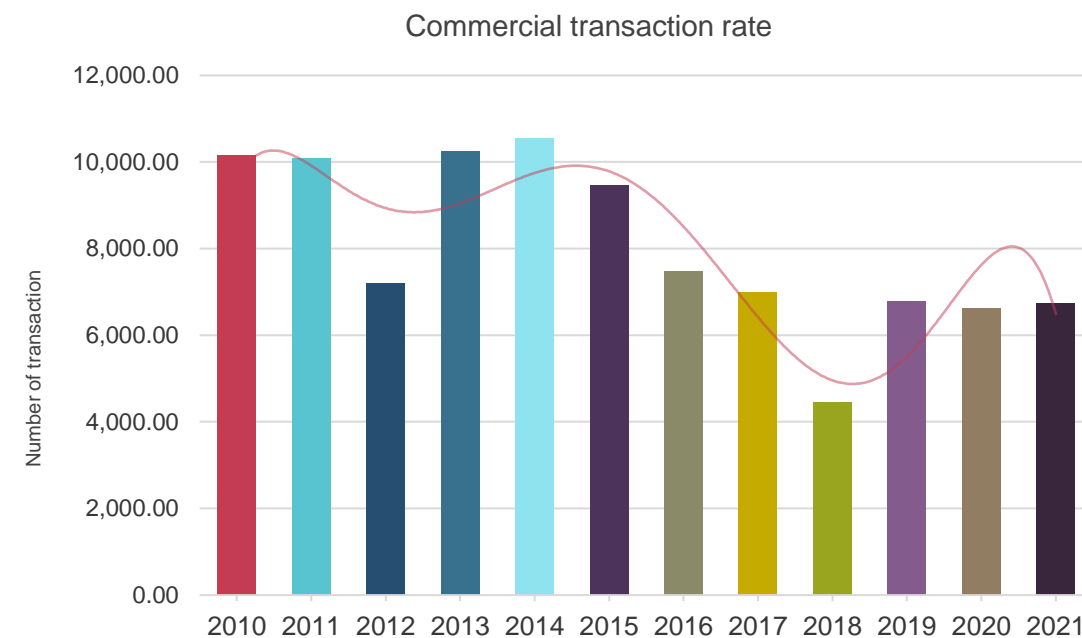
The rate of residential transactions over the years				
Years	Residential / number of executed transactions	Rate of change	Residential/price of the executed deals	Rate of change
2010	78,581.00	--	50,374,060,211.00	--
2011	80,152.00	2%	60,837,111,405.00	21%
2012	53,502.00	-33%	57,994,836,423.00	-5%
2013	73,043.00	37%	75,753,532,565.00	31%
2014	78,594.00	8%	77,693,191,487.00	3%
2015	77,244.00	-2%	61,905,146,249.00	-20%
2016	56,505.00	-27%	51,358,258,527.00	-17%
2017	60,841.00	8%	48,587,611,615.00	-5%
2018	59,446.00	-2%	34,499,302,906.00	-29%
2019	95,001.00	60%	55,419,007,001.00	61%
2020	77,096.00	-19%	45,446,552,858.00	-18%
2021	63,140.00	-18%	45,307,983,491.00	0%



* Source: Ministry of Justice

| Riyadh Province - the Commercial sector

The rate of Commercial transactions over the years				
Year	Commercial / number of transactions executed	Change of rate	Commercial/price of executed deals	Change of rate
2010	10,151.00	--	41,009,094,439.00	--
2011	10,079.00	-1%	39,911,754,262.00	-3%
2012	7,196.00	-29%	40,401,967,575.00	1%
2013	10,249.00	42%	47,080,141,702.00	17%
2014	10,548.00	3%	59,005,327,688.00	25%
2015	9,463.00	-10%	47,112,342,751.00	-20%
2016	7,475.00	-21%	40,531,348,455.00	-14%
2017	6,982.00	-7%	30,567,494,114.00	-25%
2018	4,452.00	-36%	18,103,977,071.00	-41%
2019	6,783.00	52%	18,490,848,558.00	2%
2020	6,613.00	-3%	21,298,506,701.00	15%
2021	6,746.00	2%	24,905,334,951.00	17%



* Source: Ministry of Justice

Value Experts & Partner Company for Real Estate Valuation

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رقم الترخيص: 744 / 18 / 323 - تاريخ الترخيص: 1438 / 07 / 08 هـ





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