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الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114227

Al-Rafiah of the residential complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (residential complex) in the city of (Riyadh), district of (Al-Rafiah), having an area of (61,390.81) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation.

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (183,858,000) Saudi riyals, as documented in this report

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310110038095	Deed no.	Saudi Fransi Capital Company	Customer name
08/03/1439H	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Residential complex	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al-Rafiah	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	61,390.81 m²	Raw land area of the property
ρ2021/06/10	Date of Inspection	Complete ownership	Nature of ownership
ρ2021/06/30	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Applicable Valuation methods
ρ2021/07/11	Report date of issuance		
183,858,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

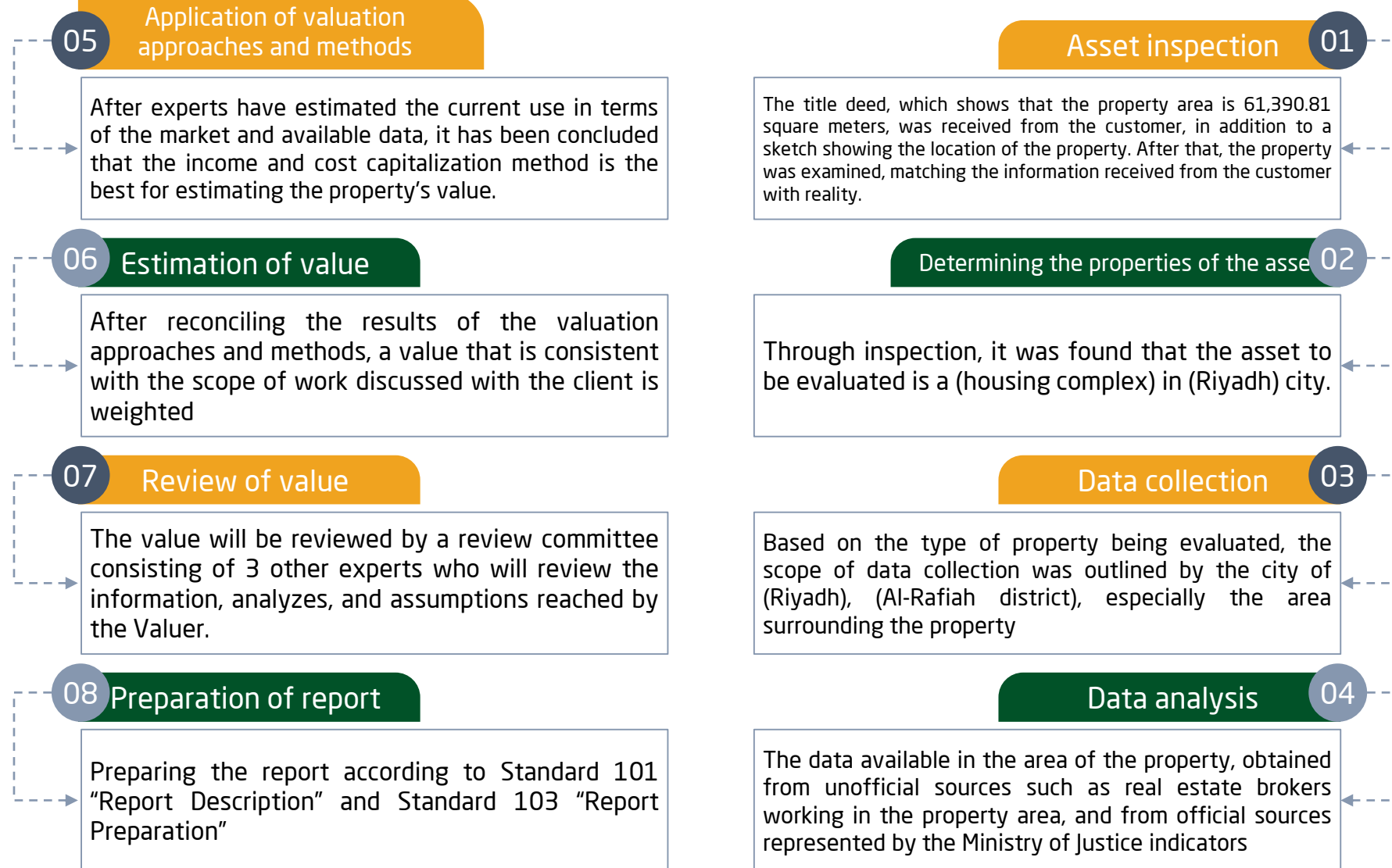
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

Details	Scope of Work
A report explaining the valuation methodology and steps, and evaluation results accompanied with photographs and border image of the assets to be evaluated, in accordance with Standard 1.2 of compliance with standards, research and investigation, and Standard 1.3 of reporting. (International Valuation Standards 2020, P26 to P31)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
Definition of approach			
<ul style="list-style-type: none"> The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Buildings	Used for	Cost approach (Replacement method)	Method
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2020, P.71) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

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



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Saudi Asset Valuation Company

Second Axis



Information and description of the
property

Property Description

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

General
description

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

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

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

Property Description

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

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

Property Description

Important data about the property	
Property Name	Al-Rafia Residential Complex
Location	Al-Rafia Neighbourhood, Riyadh City
Property Type	Residential Complex
Property Age	4.5 year
Land Area (square meters)	61.390.81 sqm
Construction area	20.572
Number of Floors	2
Property Components	Includes 102 residential units, consisting of villas of various sizes and rooms
Current lease contracts	The 102 units are leased by King Fahd Medical City
Contracts period	Three years that started in May 2021
Occupancy rate for leased units	100 %
Total current income (Riyal)	19, 332, 627
Operation and maintenance costs (Riyal)	3, 704, 675
Net operational income (Riyal)	15, 627, 952

Property income analysis

Total revenues:

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

Occupancy rates:

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

Operation and maintenance expenses:

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

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Residential land, area: 580 m, value per square meter: 3000 riyals
2	Residential land area: 500 m meter value: 2700 riyals
3	Residential land, area: 507 m, value per square meter: 3000 riyals
4	Residential land, area: 500 m, value per square meter: 3300 riyals
5	Residential land, area: 360 m, meter value: 2800 riyals

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

Cost Approach (Substitution Approach)			
sq./m		0	Basements Building Surfaces
Riyal		0	The building cost of a square meter for basements
Riyal		0	Total basement costs
sq./m		26,722	Building repetitive floors
Riyal		1,900	Building cost per meter/recurring floors
Riyal		50,770,850	Building construction costs/recurring floors
Riyal		50,770,850	Total construction costs

	of building costs %	Value	Other costs
%	5.0%	2,538,543	Professional fees
%	5.0%	2,538,543	Facilities network
%	10.0%	5,077,085	Administration costs
%	6.0%	4,569,377	Financing costs (3 years/50%)
%	15.0%	7,615,628	Contractor's profit
Riyal		73,110,024	Total building costs before depreciation
Year		40.0	Life span of the building
Year		34.5	Remaining economic life
Year		5.5	Effective life
%		13.75%	Gross depreciation rate
Riyal		10,052,628	Depreciation costs
Riyal		63,057,396	Net construction costs after depreciation

Sq.m	61,391	Land area
Riyal	900	Land meter value
Riyal	55,251,729	Total land value
Riyal	118,309,125	Total property value
Riyal	118,309,000	Property value (approximately)

Evaluation results

Conclusion

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

✓ Second Approach: (Income Capitalization Method)

Income capitalization method (according to customer data)	
The value	The item
19,332,627	Total current effective income
19%	Operation and maintenance expense ratio
3,704,675	The value of the current maintenance and operating expenses
15,627,952	Net income
8.5%	Capitalization rate
183,858,000	Total property value

Evaluation results

Conclusion

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

Income capitalization method (according to customer data)
Property area
61,390.81
Total value of property
183,858,000
Total value of property (written form)
Only a hundred and eighty three million and eight hundred and fifty eight thousand SR

- ✓ Income capitalization method has been adopted.

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the raw land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

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Building permit scanned photos

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Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114230

Al-Maather the residential complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (residential complex) in the city of (Riyadh), district of (Al-Maather), having an area of (1,923.60) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation.

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (5,100,000) Saudi riyals, as documented in this report.



General Director

Ahmed bin Ali Al-Talei



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310123032117	Deed no.	Saudi Fransi Capital Company	Customer name
1439/03/05	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Residential complex	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al-Ma’ather	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	1,923.60 m²	Raw land area of the property
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ρ2021/07/11	Report date of issuance		
5,100,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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- Our experience in evaluation and consultation is more than 10 years. We have submitted more than 24,000 evaluation reports during our work period.
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General Standards| Scope of work (Standard No. 101)

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

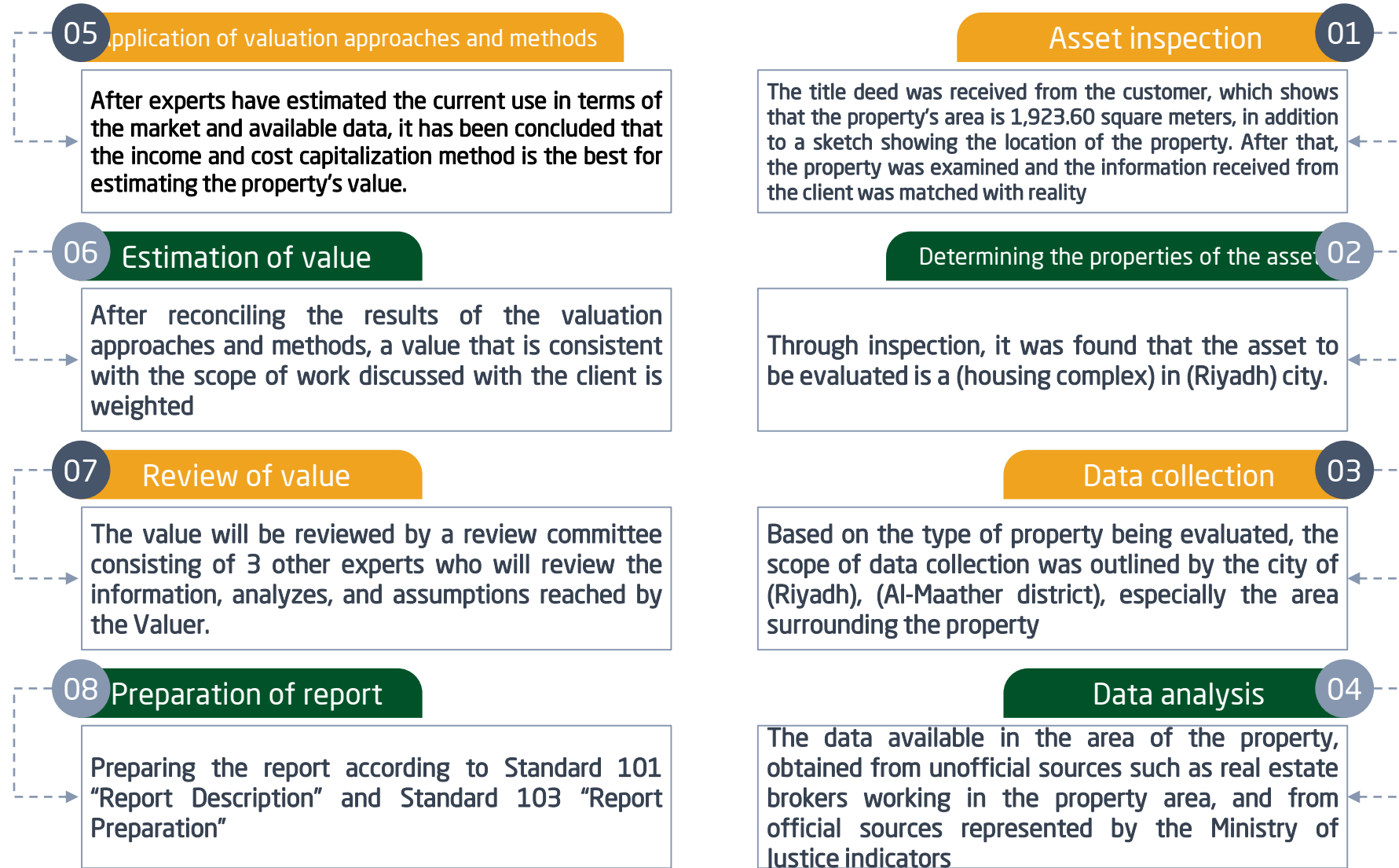
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

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Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
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Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
Definition of approach			
<ul style="list-style-type: none"> The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Buildings	Used for	Cost approach (Replacement method)	Method
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2020, P.71) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

All properties generating income	Used for	Income approach (income capitalization)	Method
----------------------------------	----------	---	--------

Definition of approach

- It provides an indication of value by converting future cash flows into a single present capital value.
- This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset
- Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.

Methodology

- The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.
- In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.
- If the asset is generating stable income, capitalization is likely to be used instead of cash flow.
- Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.

Application

- 1) -----
- 2) -----



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

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

General
description

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

Data of ownership	
310123032117	Deed no.
1439/03/05	Date of Deed
Second piece of plot 199	Plot no.
1343	Plan no.
-	Block type

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

Property Description

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

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

Property Description

Important data about the property	
Property Name	Al-Maazer Residential Complex
Location	Al-Maazer neighbourhood, Riyadh city
Property type	Residential complex
Property age	19 year
Land area (sqm)	1,923.60
Construction area	1,906
Number of floors	2
Property components	7 residential units (villas) each consists of three rooms
Current lease contracts	6 units are leased out of 7 units
Contracts period	One year renewable contracts
Occupancy rate for leased units	86 %
Total current income (riyal)	510,000
Operating and maintenance costs (riyal)	102,000
Net operational income (riyal)	408,000

Property income analysis

❖ **Total revenues:**

The residential complex is leased to six individual tenants. The annual rents for the leased units are 510,000 riyals. These rents are expected to increase in the coming period, as they are less than the rental rates prevailing in the market.

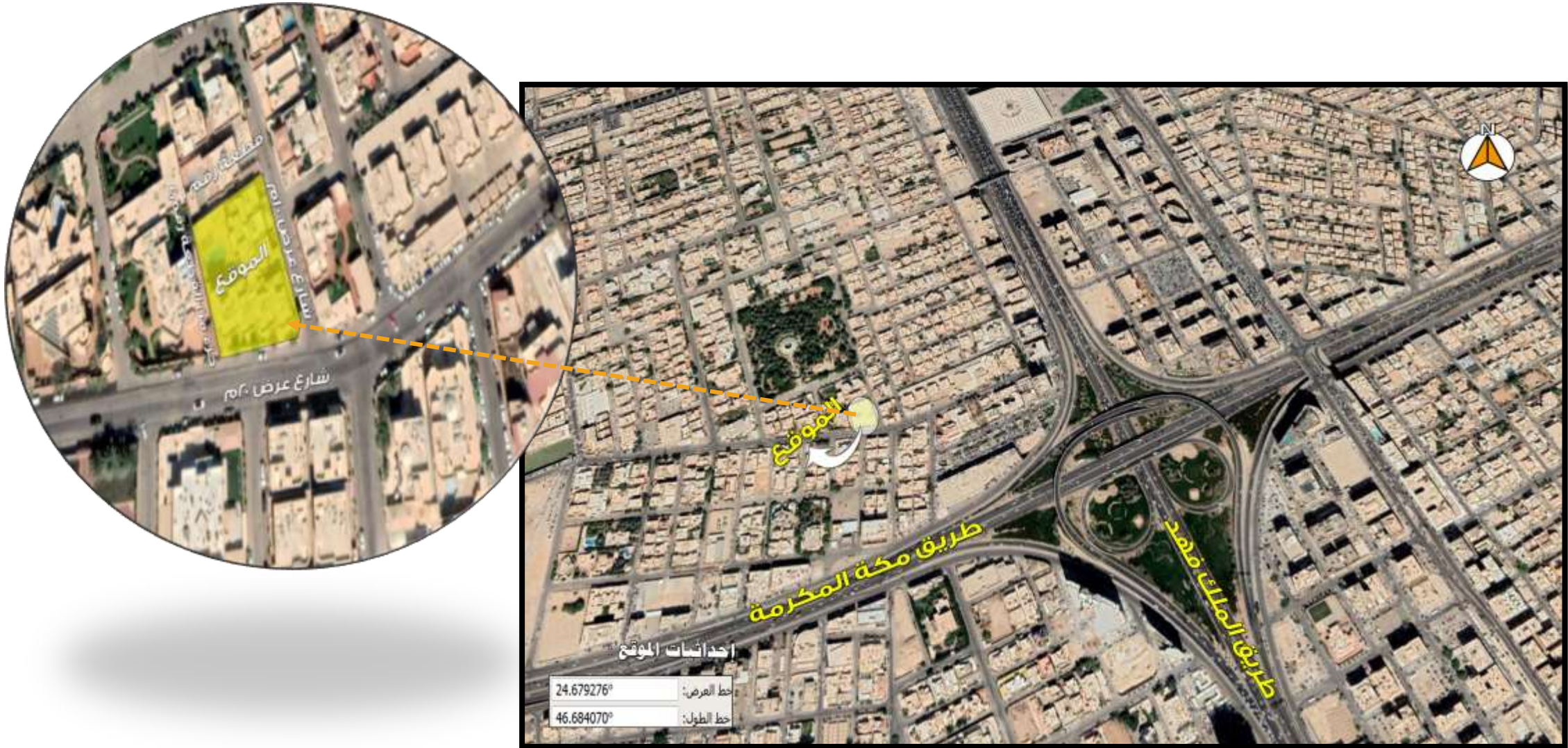
❖ **Occupancy rates:**

The occupancy rate of the property is 86% as there are only one vacant villa.

❖ **Operation and maintenance expenses:**

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation by the end of present year amounted to 102,000 riyals. It represents about 20% of the total revenue that is a similar percentage to similar properties. .

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Settlement of comparisons



0% + -	Comparison 3	0% + -	Comparison 2	0% + -	Comparison 1	Property needs to be assessed	Settlements
	3,000		3,000		2,800		Price per sq. meter
-20.0%	580	-5.0%	1,590	10.0%	2,984	1,924	Area (m2)
0.0%	residential	0.0%	residential	0.0%	residential	residential	Type of usage
0.0%	2	-5.0%	3	-5.0%	3	2	The front
0.0%	good	0.0%	good	0.0%	good	good	Easily accessible
0.0%	Two roads	0.0%	Two roads	0.0%	Two roads	Two roads	Close to main road
0.0%	close	0.0%	close	0.0%	close	close	Close to utilities
0.0%	All services are available	0.0%	All services are available	0.0%	All services are available	All services are available	Available services
0.0%	2020	0.0%	2020	0.0%	2020	2020	Market status (assessed or sold)
0.0%		0.0%		-10.0%			Distinguished location
-20.0%		-10.0%		-5.0%			Net assessment
	2,400		2,700		2,660		Net market price after settlement (SAR)
					2,587		Average price per meter (SR / m2)
					2,600		Price per meter after rounding

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

Cost approach (Substitution approach)			
م٢		0	Building basment surfaces
ريال		0	Building costs for basements per sq.m
ريال		0	Total costs for building basements
م٢		1,906	Building recurring floors
ريال		1,100	Building cost per meter/recurring floors
ريال		2,096,600	The construction costs of buildings / recurring floors
ريال		2,096,600	Total building costs

	of building costs %	value	Other costs
%	5.0%	104,830	Professional fees
%	5.0%	104,830	Facilities network
%	5.0%	104,830	Administration costs
%	6.0%	188,694	Financing costs (3 years/50%)
%	15.0%	314,490	Contractor's profit
ريال		2,914,274	Total building costs before depreciation
سنة		40.0	Life span of the building
سنة		20.5	Remaining economic life
سنة		19.5	Effective life
%		48.75%	Gross depreciation rate
ريال		1,420,709	Depreciation costs
ريال		1,493,565	Net construction costs after depreciation

م٢	1,924	Land area
ريال	2,600	Land value per meter
ريال	5,001,360	Total land value
ريال	6,494,925	Total property value
ريال	6,495,000	Total property value (approximately)

Evaluation Results | Income method (income capitalization)

Conclusion

✓ Second Approach: Income approach (income capitalization)

Income capitalization method (according to customer data)	
510,000	Effective income
20%	Operation and maintenance expense ratio
102,000	Operating and maintenance expenses
408,000	Net income
8.0%	Capitalization factor
5,100,000	Total property value
5,100,000	Total property value approximately

Evaluation results

Conclusion

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

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (310123032117) in (Riyadh), (Al-Maather) district, with area 1,923.60 square meters, is as follows:

- ✓ Income capitalization method has been adopted.

Income capitalization method (according to customer data)	
510,000	Effective income
20%	Operation and maintenance expense ratio
102,000	Operating and maintenance expenses
408,000	Net income
8.0%	Capitalization factor
5,100,000	Total property value
5,100,000	Total property value approximately

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the raw land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

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Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114234

Al-Narjis commercial complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (commercial complex) in the city of (Riyadh), district of (Al-Narjis), having an area of (5.100) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation.

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the commercial complex) is equal to (15,856,000) Saudi riyals, as documented in this report.


General Director

Ahmed bin Ali Al-Talei



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310114039546 +310114039547	Deed no.	Saudi Fransi Capital Company	Customer name
1439/03/05	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
2737	Plan no.	REIT Fund	Purpose of evaluation
, 128,127, 126 120,121,122	Plot no.	Mall	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al-Narjis	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	5,100 m²	Land area of the property
ρ2021/06/10	Date of Inspection	Complete ownership	Nature of ownership
ρ2021/06/30	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
ρ2021/07/11	Report date of issuance		
15,856,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

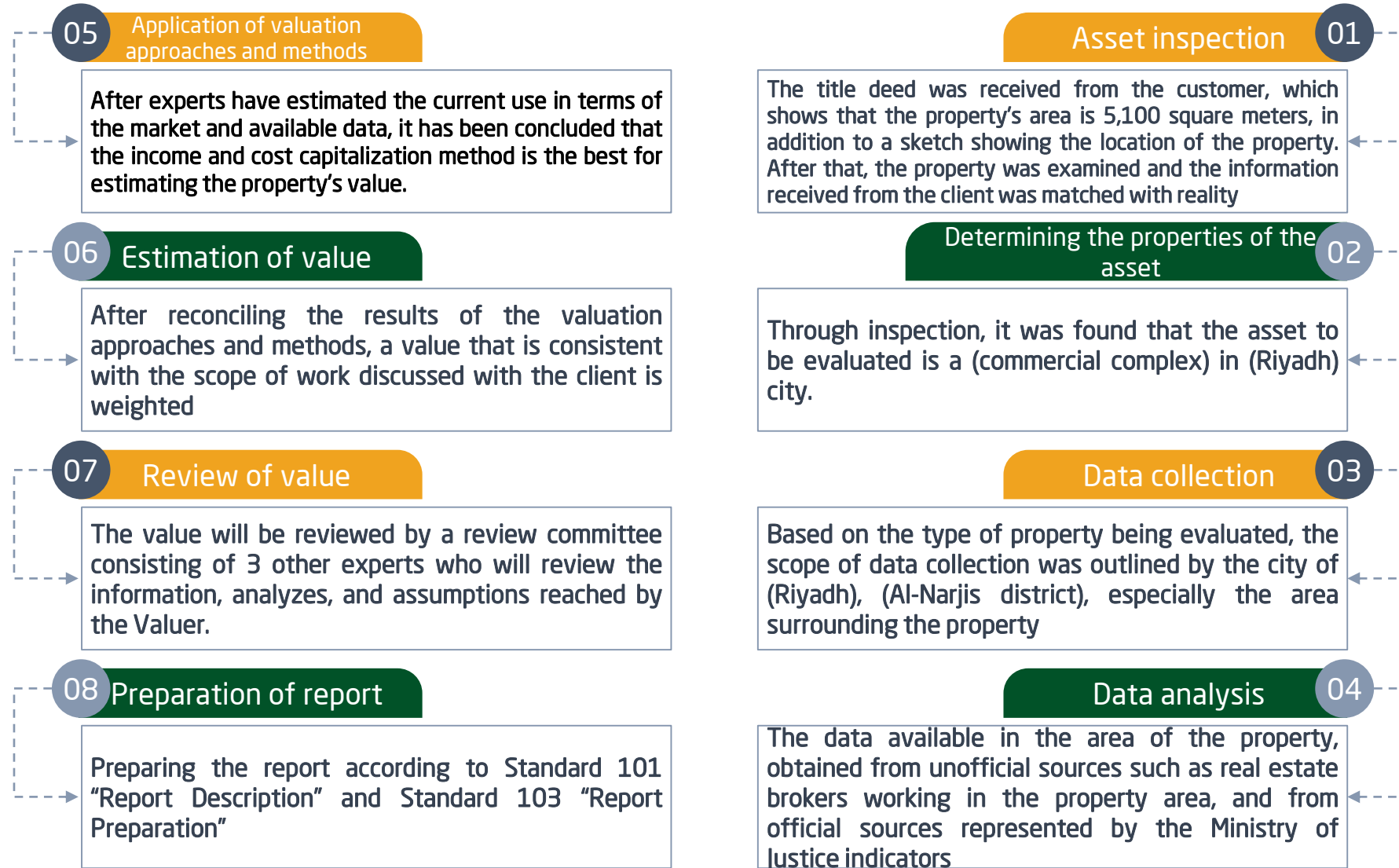
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

Details	Scope of Work
A report explaining the valuation methodology and steps, and evaluation results accompanied with photographs and border image of the assets to be evaluated, in accordance with Standard 1.2 of compliance with standards, research and investigation, and Standard 1.3 of reporting. (International Valuation Standards 2020, P26 to P31)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
Definition of approach			
<ul style="list-style-type: none"> The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Buildings	Used for	Cost approach (Replacement method)	Method
Definition of approach			
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Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

All properties generating income	Used for	Income approach (income capitalization)	Method
----------------------------------	----------	---	--------

Definition of approach

- It provides an indication of value by converting future cash flows into a single present capital value.
- This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset
- Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.

Methodology

- The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.
- In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.
- If the asset is generating stable income, capitalization is likely to be used instead of cash flow.
- Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.

Application

- 1) -----
- 2) -----



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the
property

Property Description

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

General description

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

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

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

Property Description

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

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

Property Description

Important data about the	
Property Name	Al- Rashid Mall strip mall
Location	Al Narges neighbourhood , Riyadh City
Property type	Commercial complex
Property age	1
Land are (square meters)	5,100 sqm
Construction area	4,406
Number of floors	1
Property components	Seven trade fairs
Total current income (riyal)	1,195,000
Operation and maintenance costs (riyal)	124,113
Net operational income (riyal)	1,070,887

Property income analysis

Total revenues:

The commercial complex is leased to five main tenants. The annual revenue of the complex is 1,195,000 riyals, as they rent an area of 4,239 square meters, so the average value of the rental meter is about 274 riyals. These rents are less than the rates prevailing in the vicinity of the property, so it is expected that they will increase in the coming years.

Occupancy rates:

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

Operation and maintenance expenses:

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation by the end of present year amounted to 124, 113 riyals. It represents about 10% of the total real estate income, and this percentage is good compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Commercial land area of 900 square meters, the price per square meter is 6000 riyals
2	Residential commercial land area of 1800 square meters, the price per square meter is 5000 riyals
3	Commercial land area of 900 square meters, the price per square meter is 6500 riyals
4	Residential land area of 1375 square meters, the price per square meter is 6400 riyals

Rents comparisons



No	Rents comparisons
1	Showroom for rent, area 248 square meters, price per square meter 700 riyals
2	Showroom for rent, an area of 50 square meters, the price per square meter is 850 riyals
3	Showroom for rent, area of 48 meters, price per square meter 730 riyals
4	Showroom for rent, 54 meters, price per square meter 925 riyals

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

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

Cost method (substitution method)			
Sq/m		0	Basement building surfaces
riyal		0	The cost of building per square meter for basements
riyal		0	Total basement costs
Sq/m		4,406	Recurring floors building surfaces
riyal		700	Building cost per meter/recurring floors
riyal		3,084,200	Construction costs for buildings /recurring floors
riyal		3,084,200	Total construction costs

	Of building costs %	value	Other costs
%	5.0%	154,210	Professional fees
%	5.0%	154,210	Utilities network
%	5.0%	154,210	Administration costs
%	6.0%	277,578	Financing costs (3 years/50%)
%	20.0%	616,840	Contractor's profit
riyal		4,441,248	Total building costs before depreciation
year		40.0	Life span of the building
year		37.0	Remaining economic life
year		3.0	Effective life span
%		7.50%	Gross depreciation rate
riyal		333,094	Depreciation costs
riyal		4,108,154	Net construction costs after depreciation

Sq/m	5,100	Land area
riyal	4,200	Land meter value
riyal	21,420,000	Total land value
riyal	25,528,154	Total property value
riyal	25,528,000	Property value (approximately)

Evaluation Results | Income approach (income capitalization)

Conclusion

✓ Second Approach: Income approach (income capitalization)

Income capitalization method (depending on customer data)	
The value	Item
1,195,000	current effective income
10%	Operation and maintenance expense ratio
124,113	The value of operating and maintenance expenses
1,070,887	Net income
8.5%	Capitalization rate
12,598,671	Property value
12,599,000	Total property value (approximately)

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

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

Assumptions of calculating recoverable amount:

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

Revenue assumptions:

The total current revenues amounted to 1,195,000 riyals, as a result of leasing all available space in the property amounting to 4,239 SQM. It is assumed that revenues will increase by 5% annually from the year 2022, as the current lease value is significantly lower than the fair rental value.

Occupancy rates assumptions:

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

Operation and maintenance expenses:

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

Evaluation Results | Income approach (Discounted Cash Flow)

Conclusion

✓ Second Approach: Income Approach (DCF)

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

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

Assumptions of the discounted cash flow method	
1,195,000	Total income in full operating condition
10.0%	operating expenses
0%	Vacancy rate after stabilization
5 years	cash flow period
%5 annually	revenue growth rate

discounted cash flow					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
5%	5%	5.0%	5%	0%	Expected Revenue Growth Per Year (%)
1,452,530	1,383,362	1,317,488	1,254,750	1,195,000	Total income in full operating condition
0%	0%	0%	0%	0%	vacancy rate %
0	0	0	0	0	Vacancy value
1,452,530	1,383,362	1,317,488	1,254,750	1,195,000	Total effective income
10%	10%	10%	10%	10%	Operation and maintenance expense ratio
145,253	138,336	131,749	125,475	119,500	The value of operating and maintenance expenses
1,307,277	1,245,026	1,185,739	1,129,275	1,075,500	net operating income
16,749,486					last value (retrievable value)
18,056,763	1,245,026	1,185,739	1,129,275	1,075,500	Annual net cash flow
				15,856,478	Total net present value
				15,856,000	Total value approximately

Evaluation results

Conclusion

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

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

- ✓ Discounted cash flow method has been adopted.

Discounted cash flow method	
Property area	
5,100.00	
Total property value	
15,856,000	
(written form) Total property value	
Only fifteen million and eight hundred and fifty six thousand Saudi Riyals	

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fourth Axis



Appendices

Property Deeds


الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]
كاتب العدل الأول بالرياض

الرقم: ٢١٠١٤٠٢٩٤٧٠
 التاريخ: ٥ / ٣ / ١٤٣٩ هـ

صكك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
 فإن قطعة الأرض ١٢٦ و قطعة الأرض ١٢٧ و قطعة الأرض ١٢٨ من المخطط رقم ٢٧٣٧ الواقع في حي النرجس بمدينة الرياض.

وحدودها وأطوالها كماالتالي:
 شمالاً: شارع عرض ٨ م بطول (١٣٠) تكتلون متر
 جنوباً: قطعة رقم ١٢٥ بطول (١٣٠) تكتلون متر
 شرقاً: قطعة رقم ١٢٠ و ١٢١ و ١٢٢ بطول (٨٨) خمسة و ثمانون متر
 غرباً: شارع عرض ٨ م بطول (٨٨) خمسة و ثمانون متر

ومساحتها: (١٢٥٠) أكتان و خمسمائة و خمسون متر مربعاً فقط
 والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٣١٠١٤٠٣٩٢٩٨ في ١٠ / ٥ / ١٤٣٨ هـ
 قد انتقلت ملكيتها لـ شريفة مسندوق بنان للعقارات بموجب سجل تجاري رقم ١٠١٠٩٠١٠١٣ في ٢٦ / ٢ / ١٤٣٩ هـ
 وتنتهي في ٢٦ / ٢ / ١٤٣٨ هـ ، بثمن وقدره ١٠٠٤٥٥٠٠ عشرة مليون خمسة و أربعون ألفاً و خمسمائة ريال جزء من الشيك وعليه جرى التصديق تحريراً في ٥ / ٣ / ١٤٣٩ هـ لاعتماد : وصلى الله على نبينا محمد وآله وصحبه وسلم.


محمد بن عثمان بن عبد الرحمن البصيري


كاتب العدل الأول بالرياض

هذا المستند وحده منوطاً له ، وصحاح أي تكلف معلومة منه يؤدي إلى عدم صلاحية المستند
 (هذا المستند ج معتمدين له المستندات بالمعنى الذي ورد في النسخة)
 مستند مطبوع رقم ٢٧٣٧


الجمهورية العربية السعودية
وزارة العدل
[٢٧٧]
كاتب العدل الأول بالرياض

الرقم: ٢١٠١٤٠٢٩٤٧٠
 التاريخ: ٥ / ٣ / ١٤٣٩ هـ

صكك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
 فإن قطعة الأرض ١٢٠ و قطعة الأرض ١٢١ و قطعة الأرض ١٢٢ من المخطط رقم ٢٧٣٧ الواقع في حي النرجس بمدينة الرياض.

وحدودها وأطوالها كماالتالي:
 شمالاً: شارع عرض ٨ م بطول (١٣٠) تكتلون متر
 جنوباً: قطعة رقم ١١٩ بطول (١٣٠) تكتلون متر
 شرقاً: امتداد طريق النهضة ٨٠ م بطول (٨٨) خمسة و ثمانون متر
 غرباً: قطعة رقم ١٢٦ و ١٢٧ و ١٢٨ بطول (٨٨) خمسة و ثمانون متر

ومساحتها: (١٢٥٠) أكتان و خمسمائة و خمسون متر مربعاً فقط
 والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٣١٠١٤٠٣٩٢٩٨ في ١٠ / ٥ / ١٤٣٨ هـ
 قد انتقلت ملكيتها لـ شريفة مسندوق بنان للعقارات بموجب سجل تجاري رقم ١٠١٠٩٠١٠١٣ في ٢٦ / ٢ / ١٤٣٩ هـ
 وتنتهي في ٢٦ / ٢ / ١٤٣٨ هـ ، بثمن وقدره ١٠٠٤٥٥٠٠ عشرة مليون خمسة و أربعون ألفاً و خمسمائة ريال جزء من الشيك وعليه جرى التصديق تحريراً في ٥ / ٣ / ١٤٣٩ هـ لاعتماد : وصلى الله على نبينا محمد وآله وصحبه وسلم.


محمد بن عثمان بن عبد الرحمن البصيري


كاتب العدل الأول بالرياض

هذا المستند وحده منوطاً له ، وصحاح أي تكلف معلومة منه يؤدي إلى عدم صلاحية المستند
 (هذا المستند ج معتمدين له المستندات بالمعنى الذي ورد في النسخة)
 مستند مطبوع رقم ٢٧٣٧

Building permit

[illegible]

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114238

Dubai city walk residential complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (residential complex) in the city of (Dubai), district of (Al-Wasl). Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation. Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (230,969,000) Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310110038095	Deed no.	Saudi Fransi Capital Company	Customer name
08/03/1439H	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Residential complex	Type of property
Market value	Basis of value	United Arab Emirates - Dubai - Al Wasl	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards		
ρ2021/06/10	Date of Inspection	Complete ownership	Nature of ownership
ρ2021/06/30	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach Income Approach (DCF method)	Applicable Valuation methods
ρ2021/07/11	Report date of issuance		
230,969,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

Nature of evaluated assets	
Dubai	City
Al-Wasl	District

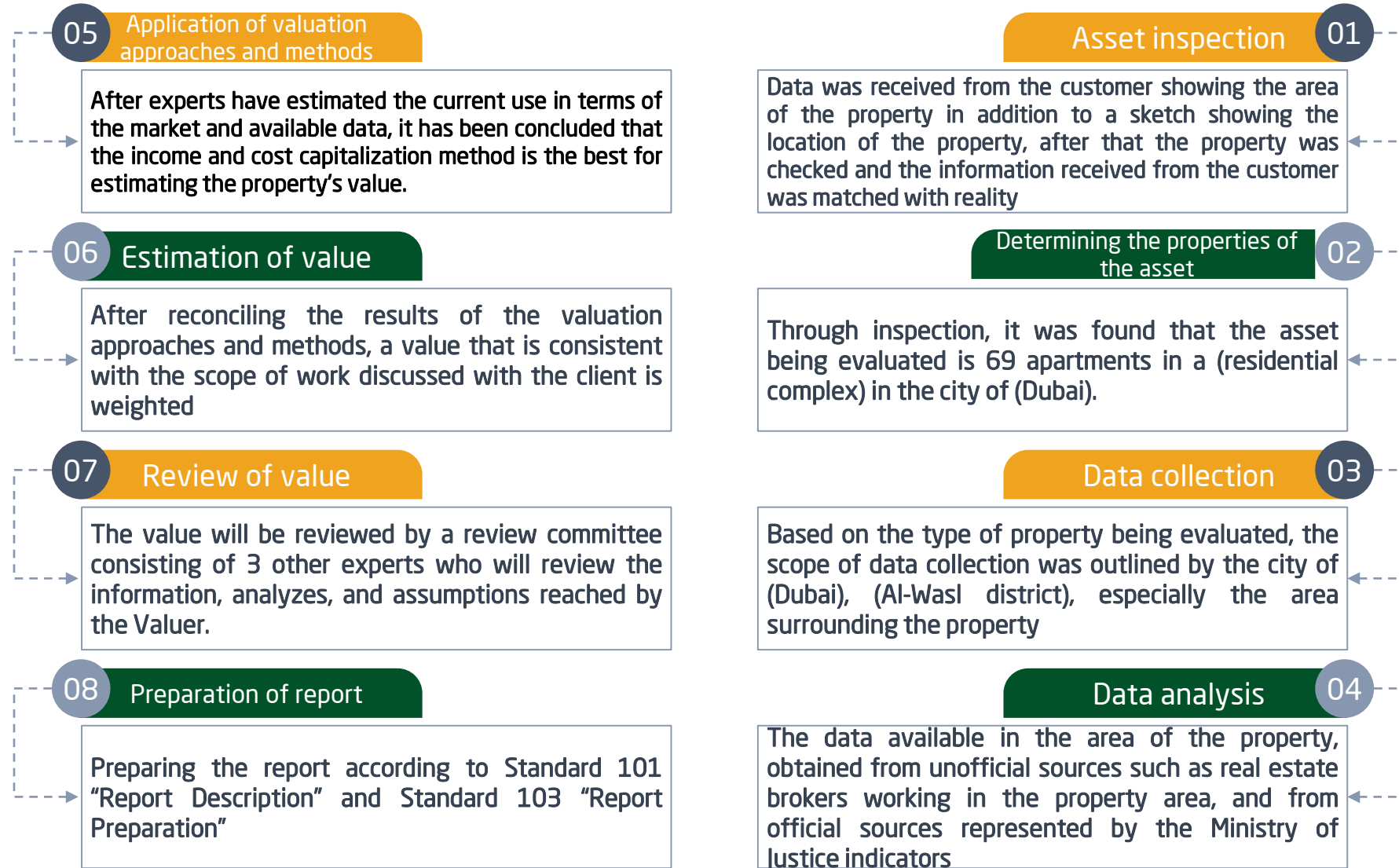
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

Details	Scope of Work
A report explaining the valuation methodology and steps, and evaluation results accompanied with photographs and border image of the assets to be evaluated, in accordance with Standard 1.2 of compliance with standards, research and investigation, and Standard 1.3 of reporting. (International Valuation Standards 2020, P26 to P31)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
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Definition of approach

- The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1)
- When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method.
- According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued.

Methodology

- Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results.

Application

- Defining units of comparison used by relevant market participants.
- Determining the related comparative transactions and calculating the main evaluation measures for those transactions.
- Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated.
- Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets.
- Applying the modified evaluation measures to the subject asset (the asset being evaluated).
- Reconciliation is made between value indicators if more than one measure is used

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

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

General
description

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

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

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

Property Description

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

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

Property Description

Important data about the property	
Property Name	City Walk residential building B2
Location	Al-Wasl, Dubai, the United Arab Emirates
Property type	Residential complex
Property age	One year
Land are (square meters)	--
Construction area	149,194.3 sq feet, or 13,864 sqm
Number of floors	8
Property components	69 residential apartments with different areas and room numbers
Current lease contracts	69 apartments are leased by individuals
Occupancy rate for leased units	98.6%
Total current income (riyal)	10.129.950
Operation and maintenance costs (riyal)	3,038, 985
Net operational income (riyal)	7,090,965

Property income analysis

Total revenues:

The rental value of the current contracts, according to the data sent by the customer, is about 10,129,950 riyals, with a decrease of about 12% from the previous year, due to the clear impact of the Corona pandemic. That is the outcome of leasing 68 apartments out of a total of 69 apartments, so the average rental of one unit is about 148, 970 riyals.

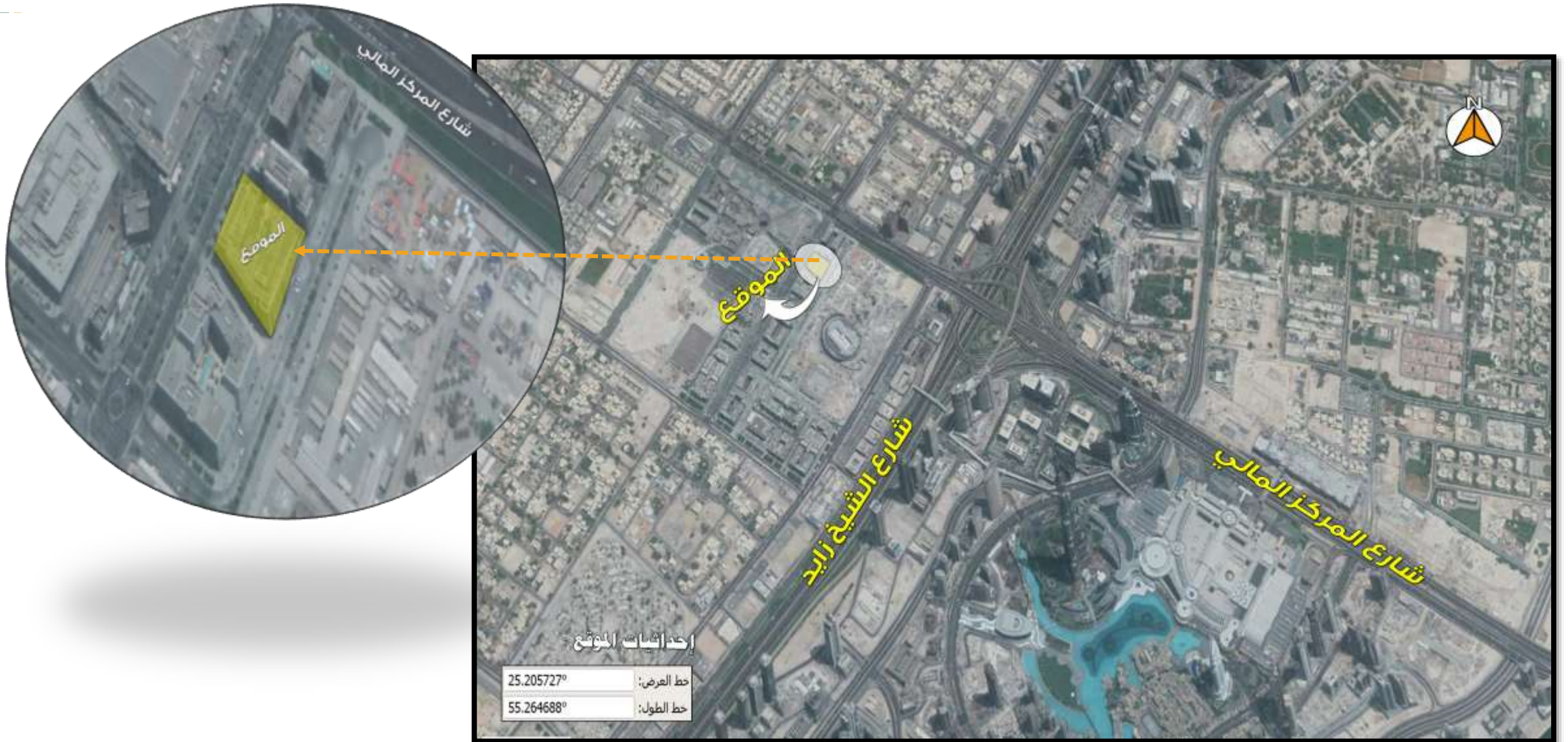
Occupancy rates:

The current occupancy rate is about 98.6%, as the number of rented apartments is 68 out of a total of 69 apartments.

Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the leased property, as the owner pays the value of the contract concluded between him and one of the companies working in the field of maintenance and operation. It is expected that the value of operating and maintenance expenses by the end of this year will amount to about 3,038,985 riyals, which represents about 30% of the total revenues, which is a reasonable percentage compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Discounted Cash Flow Analysis

Cash flow analysis

Revenue assumptions:

It is expected that the current year total revenues will reach 10,129,950 riyals, which results from leasing 68 apartments out of 69 apartments.

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

Occupancy rates:

The current occupancy rate is 98.6%, but this rate has been kept at 98.5% only during the cash flow period.

Operation and maintenance expenses:

It is expected that the percentage of operating and maintenance expenses by the end of this year, and based on the data sent by the customer during the first half of this year, will reach about 30%, and it has been assumed that this percentage will decrease in line with the prevailing rates in the market to reach 25% during the period of cash flows.

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Sales comparisons

Sales comparisons for City Walk Apartments							
average sale per meter	average sale per foot	Displayed selling price	bathrooms	Number of bedrooms	Area per meter	Area per foot	Property name
19,891	1,848	2,182,878	2	1	110	1,181	18 b
17,756	1,650	2,451,900	2	1	138	1,486	Building 12
16,815	1,562	1,849,990	2	1	110	1,184	Building 22
18,957	1,762	2,290,000	2	1	121	1,300	2 A
17,581	1,634	1,900,000	2	1	108	1,163	Building 16
15,962	1,483	1,725,000	2	1	108	1,163	Building 22
20,905	1,943	1,995,000	2	1	95	1,027	Building 10
21,326	1,982	1,950,000	2	1	91	984	6 A
17,655	1,641	2,100,000	2	1	119	1,280	Building 12
17,596	1,635	1,899,999	2	1	108	1,162	Building 16
15,636	1,453	1,700,000	2	1	109	1,170	Building 7
17,681	1,643	1,850,000	2	1	105	1,126	Building 5
18,294	1,700	1,859,800	2	1	102	1,094	Building 9
19,315	1,795	2,100,000	2	1	109	1,170	Building 22
19,432	1,806	2,100,000	2	1	108	1,163	Building 16
16,316	1,516	2,200,000	2	1	135	1,451	Building 7
22,825	2,121	2,087,076	2	1	91	984	2 A
17,554	1,631	1,923,155	2	1	110	1,179	Building 14
16,267	1,512	1,949,990	2	1	120	1,290	Building 14
14,392	1,337	1,549,990	2	1	108	1,159	Building 14
14,910	1,385	2,250,000	3	2	151	1,624	Central park
17,711	1,646	2,421,000	3	2	137	1,471	Central park
18,801	1,747	2,556,000	3	2	136	1,463	Central park
20,304	1,887	3,499,990	3	2	172	1,855	6 A
19,802	1,840	3,200,000	3	2	162	1,739	Building 5
17,756	1,650	2,630,100	4	2	148	1,594	Building 12
15,976	1,485	2,405,000	3	2	151	1,620	Central Park
21,074	1,958	3,290,000	3	2	156	1,680	Building 10
15,833	1,471	2,385,000	3	2	151	1,621	Central Park
17,331	1,610	2,485,000	3	2	143	1,543	Central Park
17,002	1,580	2,700,000	2	2	159	1,709	Building 22
16,636	1,546	3,200,000	4	3	192	2,070	Central Park
18,253	1,696	4,800,000	5	3	263	2,830	Building 22
21,902	2,035	4,500,000	4	3	205	2,211	Building 10
16,187	1,504	3,630,990	3	3	224	2,414	Central Park
17,279	1,606	4,299,999	4	3	249	2,678	Building 5
18,011	1,674	4,800,000	5	3	267	2,868	Building 7
16,305	1,515	3,449,990	5	3	212	2,277	Building 14
18,011	1,674	4,800,000	5	3	267	2,868	Building 7
23,226	2,158	4,500,000	4	3	194	2,085	Building 16
17,541	1,630	3,700,000	4	3	211	2,270	Building 16
22,196	2,063	6,200,000	5	3	279	3,006	Building 16
19,050	1,770	4,700,000	4	3	247	2,655	Building 7
18,294	1,700	7,536,100	6	4	412	4,433	Building 9
22,295	2,072	5,948,000	6	4	267	2,871	13 B
26,464	2,459	11,000,000	5	4	416	4,473	Building 22
22,295	2,072	5,948,000	6	4	267	2,871	Building 16
22,295	2,072	5,948,000	5	4	267	2,871	Central Park
18,336	1,704	5,880,000	5	4	321	3,451	Central Park
17,879	1,661	5,799,990	6	4	324	3,491	Central Park
22,295	2,072	5,948,000	6	4	267	2,871	13 B
22,295	2,072	5,948,000	4	4	267	2,871	13 B
20,447	1,900	7,544,900	6	4	369	3,971	Building 1
22,295	2,072	5,948,000	6	4	267	2,871	13 B
23,970	2,227	12,499,990	6	4	521	5,612	2 B
25,505	2,370	13,999,989	4	4	549	5,907	Building 9
22,295	2,072	5,948,000	6	4	267	2,871	13 B
18,288	1,699	4,989,500	5	4	273	2,936	Building 9

Evaluation results

Conclusion

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

✓ First Approach: (Comparable Sales Method)

Comparable Sales Method	
The value	Item
16,034	Apartment Size (Room) (square feet)
1,683	Foot value for 1 room apartments
57,142	Apartments Size (2 rooms) (square feet)
1,660	Foot value for 2 room apartments
66,896	Apartments Size (3 rooms) (square feet)
1,739	Foot value for 3 room apartments
9,122	Apartments Size (4 rooms) (square feet)
2,015	Foot value for 4 room apartments
256,562,044	Total property value
256,562,000	Total property value approximately

Evaluation results

Conclusion

✓ Third Approach: (Discounted cash flow method)

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

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

Assumptions of the discounted cash flow method	
10,278,900	Total income in the event of full operation
25%	Operational fees
3%	Vacancy rate after stabilization
5 years	Cash flow period
%2 every 3 years	revenue growth rate

Discounted cash flow					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
2%	2%	2.0%	2%	0%	Expected Revenue Growth Per Year (%)
11,126,212	10,908,051	10,694,168	10,484,478	10,278,900	Total income in full operating condition
1.5%	1.5%	1.5%	1.5%	1.5%	Vacancy percentage %
166,893	163,621	160,413	157,267	154,184	Vacancies value
10,959,319	10,744,430	10,533,755	10,327,211	10,124,717	Total effective income
25%	25%	25%	25%	25%	Operation and maintenance expense ratio
2,739,830	2,686,108	2,633,439	2,581,803	2,531,179	The value of operating and maintenance expenses
8,219,489	8,058,323	7,900,316	7,745,408	7,593,537	Net operational income
237,190,972					last value (recoverable value)
245,410,461	8,058,323	7,900,316	7,745,408	7,593,537	Annual net cash flow
				230,968,895	Total net present value
				230,969,000	Total value approximately

Evaluation results

Conclusion (Income Capitalization Method)

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

The discounted cash flow method has been adopted.

Discounted cash flow method
Total property value
230,969,000
Total property value (written form)
Only two hundred and thirty million nine hundred and sixty-nine thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the raw land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.
- ❖ We did not receive the title deeds from the customer

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)

Clarification

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



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Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114240

Abha Mall

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (Mall) in the city of (Abha), having an area of (89,524) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation.

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall) is equal to (646,467,000) Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
571403000853	Deed no.	Saudi Fransi Capital Company	Customer name
23/12/1438	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Mall	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Abha	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	89,524 m²	Raw land area of the property
ρ2021/06/10	Date of Inspection	Complete ownership	Nature of ownership
ρ2021/06/30	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
ρ2021/07/11	Report date of issuance		
646,467,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

Nature of evaluated assets	
Abha	City
89,524 m²	Area

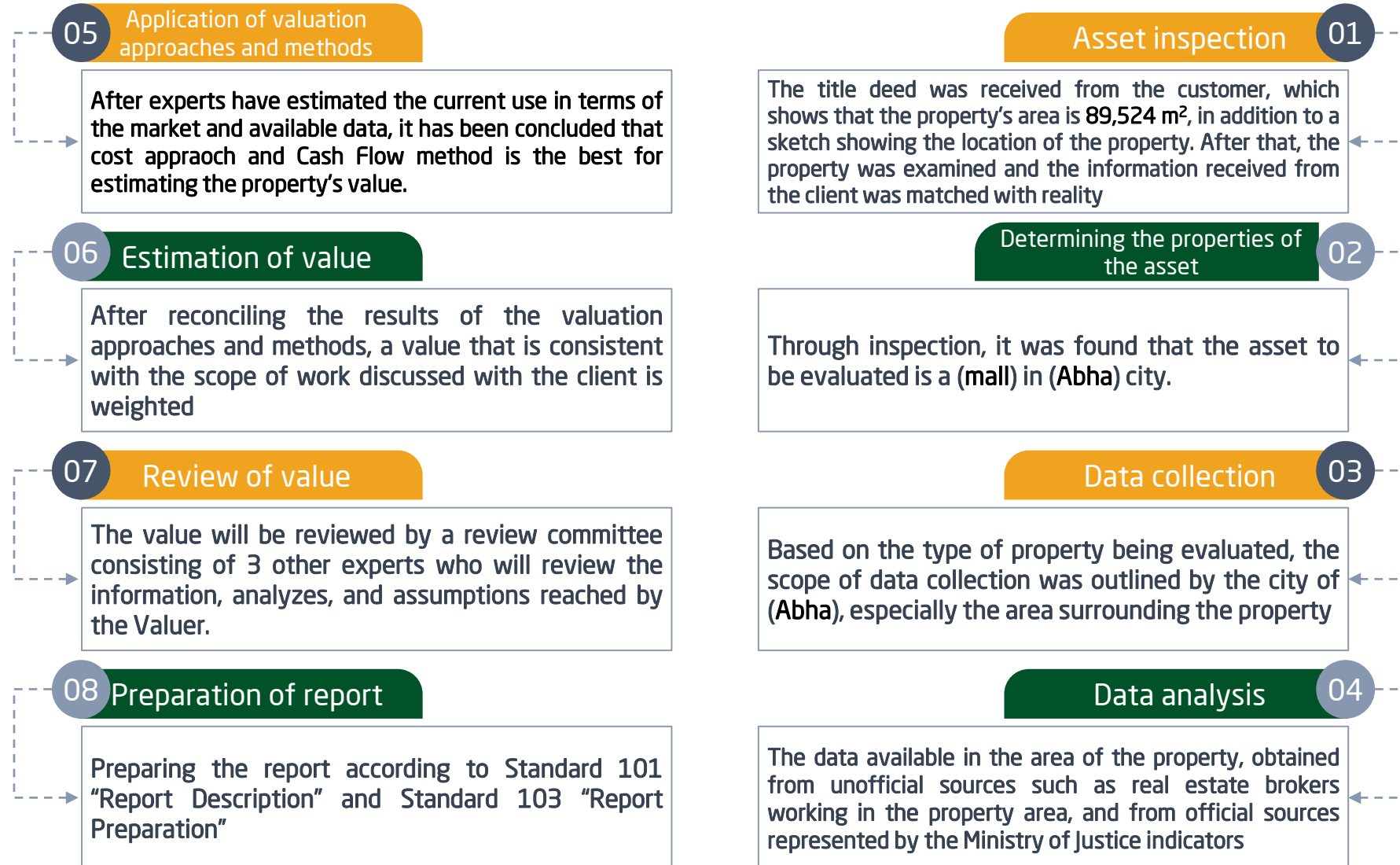
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

Details	Scope of Work
A report explaining the valuation methodology and steps, and evaluation results accompanied with photographs and border image of the assets to be evaluated, in accordance with Standard 1.2 of compliance with standards, research and investigation, and Standard 1.3 of reporting. (International Valuation Standards 2020, P26 to P31)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

2-2) Scope of work | Work Stages





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Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
Definition of approach			
<ul style="list-style-type: none"> The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Buildings	Used for	Cost approach (Replacement method)	Method
Definition of approach			
<ul style="list-style-type: none"> The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2020, P.71) 			
Methodology			
<ul style="list-style-type: none"> Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

All properties generating income	Used for	Income approach (income capitalization)	Method
----------------------------------	----------	---	--------

Definition of approach

- It provides an indication of value by converting future cash flows into a single present capital value.
- This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset
- Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period.

Methodology

- The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income.
- In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one.
- If the asset is generating stable income, capitalization is likely to be used instead of cash flow.
- Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency.

Application

- 1) -----
- 2) -----



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Second Axis



Information and description of the property

Property Description

The property is a mall of 89,524 SQM

General
description

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

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

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

Property Description

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

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

Property Description

Important data about the	
Property Name	Al- Rashid Mall Abha
Location	King Fahad Road, Al Safa neighbourhood, Abha
Property type	Commercial complex
Property age	1.5 Years
Land are (square meters)	89,524 sqm
Construction area	147,967
Number of floors	2
Property components	The Mall includes shops with different areas, restaurants and other services
Current lease contracts	About 265 lease contracts
Contracts period	Ranging from 1 to 16 years
Occupancy rate for leased units	94, 3 %
Total current income (riyal)	67,082,346
Operation and maintenance costs (riyal)	14,087,293
Net operational income (riyal)	52,995,053

Property income analysis

❖ **Total revenues:**

The rental value of the current contracts, according to the data sent by the customer, amounted to 67,082,346 riyals, being the outcome of leasing an area of 53,977 square meters leased to about 256 tenants. The average value of the rental meter was 1,243 riyals.

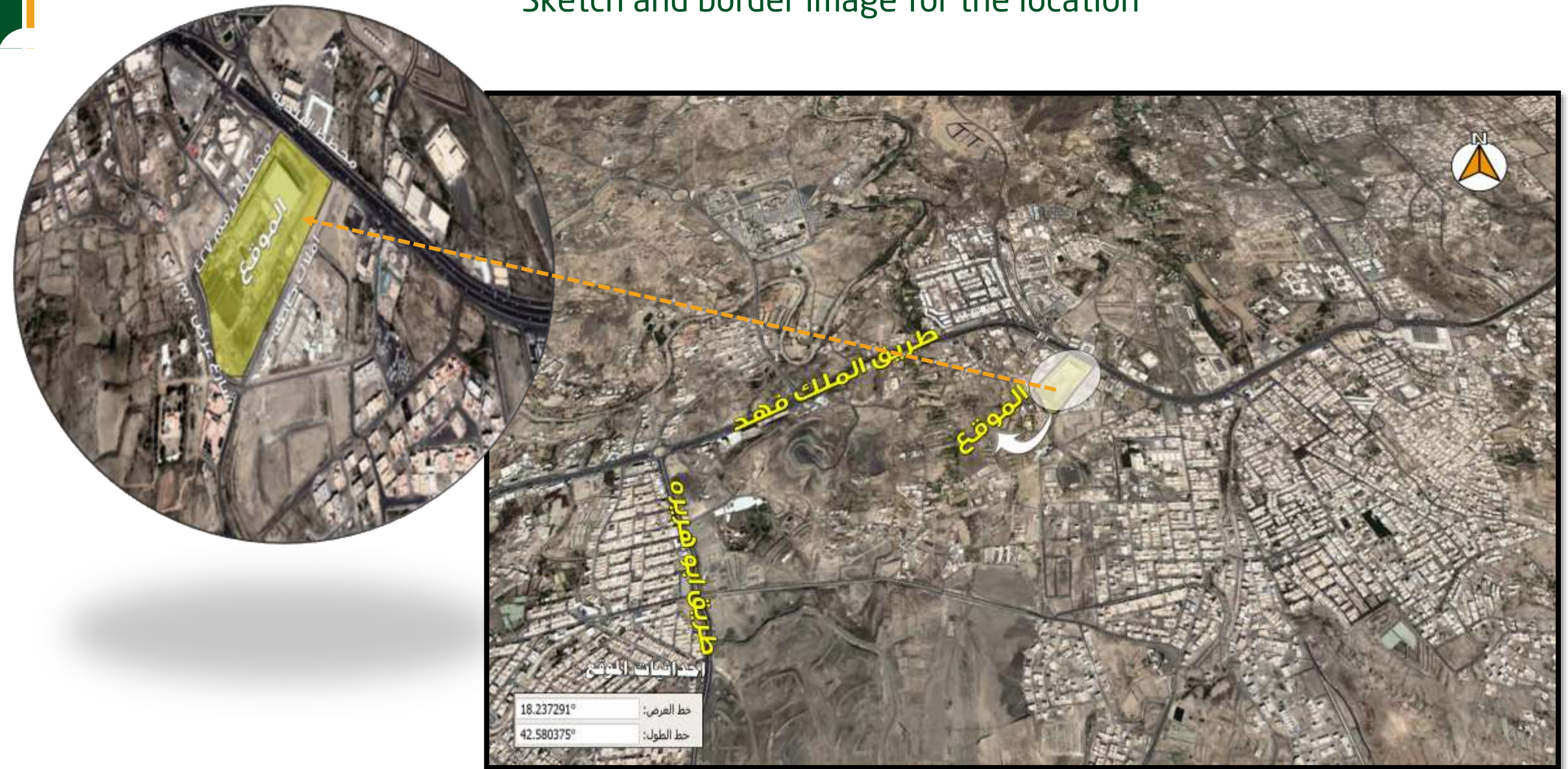
❖ **Occupancy rates:**

The current occupancy rate is about 94.3%. The vacant area is 3,272 square meters, about 2,369 square meters of which have been vacant for more than 6 months, while the remaining space is now negotiated for re-leasing.

❖ **Operation and maintenance expenses:**

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 14,087,293 riyals, which represents approximately 21% of the total property revenues, which is a good percentage compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the Mall





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Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Commercial land: area 10,000 m2, price per square meter 2,500 riyals
2	Residential land: area 630 m2, price per square meter 1,000 riyals
3	Residential land: area 686 m2, price per square meter 1200 riyals
4	Residential land: area 845 m2, price per square meter 1200 riyals

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

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

Cost method (substitution method)			
m2		0	Basement building surfaces
riyal		0	The cost of building a square meter for basements
riyal		0	Total costs for basements
m2		147,967	Recurring floors / building surfaces
riyal		2,400	Building cost per meter/recurring floors
riyal		355,120,800	Construction costs for buildings / recurring floors
riyal		355,120,800	Total costs of construction

	of building costs %	value	Other costs
%	5.0%	17,756,040	Professional fees
%	5.0%	17,756,040	Utilities network
%	10.0%	35,512,080	Administration costs
%	6.0%	31,960,872	Financing costs (3 years/50%)
%	20.0%	71,024,160	Contractor's profit
riyal		529,129,992	Total building costs before depreciation
year		40.0	Life span for the building
year		37.0	Remaining economic life
year		3.0	Effective life
%		7.50%	Gross depreciation rate
riyal		39,684,749	Depreciation costs
riyal		489,445,243	Net construction costs after depreciation

m2	89,524	Land area
riyal	1,050	Land value per meter
riyal	94,000,200	Total land value
riyal	583,445,443	Total property value
riyal	583,445,000	Property value (approximately)

Evaluation results

Conclusion

✓ Second Approach: (Income capitalization)

Income capitalization method (as per current situation)	
Value	Item
67,082,346	Current Effective Income (SR)
21%	Operation and maintenance expense percentage
14,087,293	The value of operating and maintenance expenses (SR)
52,995,053	net income (SR)
8.5%	capitalization rate %
623,471,212	Property value (SR)
623,471,000	Total property value (approximately)

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

The discount rate consists of four influencing factors, namely:

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

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

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

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

Assumptions of calculating recoverable amount:

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

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

Revenue assumptions:

It is expected that the mall's revenues by the end of this year, based on the data sent by the customer during the first half, amount to 67,082,346 riyals from renting an area of 53,977 square meters, thus the average rental value of the square meter is 1,243 riyals.

The vacant space in the mall amounted to 3,272 m², and if this space was rented at the same rental rate, the total revenue of the mall in the case of full operation would be 71,149,099 riyals.

Occupancy rates assumptions:

The current occupancy rate is 94.3 %. The vacancy rate has been assumed to be stable at 5% in the cash flow period.

Operation and maintenance expenses:

It is expected that the percentage of operating and maintenance expenses by the end of this year, based on the data achieved during the first half of this year, will reach about 21.3%, and this percentage has been raised in line with the prevailing rates in the market to reach 25% during the period of cash flows.

Conclusion

Evaluation results

✓ Third Approach: (Discounted cash flows)

To calculate the last value (recoverable)	
8.0%	Capitalization factor
2.5%	Growth rate

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

Assumptions of the discounted cash flow method	
71,149,099	Total income in case of full operation
25%	Operational expenses
5%	Vacancy rate after stabilization
5 years	Cash flow period
An increase 2% every 3 years	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	2.0%	0%	0%	Expected Revenue Growth Per Year (%)
72,572,081	72,572,081	72,572,081	71,149,099	71,149,099	Total income in case of full operation
5%	5%	5%	5%	5%	Vacancy percentage %
3,628,604	3,628,604	3,628,604	3,557,455	3,557,455	Vacancies value
68,943,477	68,943,477	68,943,477	67,591,644	67,591,644	Total effective income
25%	25%	25%	25%	25%	Operation and maintenance expense ratio
17,235,869	17,235,869	17,235,869	16,897,911	16,897,911	The value of operating and maintenance expenses
51,707,608	51,707,608	51,707,608	50,693,733	50,693,733	Net operational income
662,503,726					The last value (the recoverable value)
714,211,333	51,707,608	51,707,608	50,693,733	50,693,733	Annual net cash flows
				646,466,796	Total net present value
				646,467,000	Total value approximately

Evaluation results

Conclusion

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

Based on the applicable standards and evaluation methods and according to the client's requirements, Tathmeen experts see that the market value of the property, as per the following information of the property, having deed no. (571403000853) in (Abha), with area of 89,524SQM, is as follows:

- ✓ Discounted cash flow method has been adopted.

Discounted cash flow method
Property area
89,524.00
Total property value
646,467,000
Total property value (written form)
Only six hundred and forty-six million four hundred and sixty-seven thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the raw land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



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Saudi Asset Valuation Company

Fifth Axis



Appendices

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Building permit scanned photos



Clarification

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



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Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114242

Al-Madinah Al-Munawwarah Mall and hotel apartments

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (Mall and hotel apartments) in the city of (Al-Madinah Al-Munawwarah), (Shazah) district, having an area of (63,531.92) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation.

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall) is equal to (584,359,000) Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Talei



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Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
340110019009	Deed no.	Saudi Fransi Capital Company	Customer name
1439/08/08	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
M/M/1429/975	Plan no.	REIT Fund	Purpose of evaluation
491	Plot no.	Mall and hotel apartments	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Medina - Shazah	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	63,531.92 m²	Raw land area of the property
ρ2021/06/10	Date of Inspection	Complete ownership	Nature of ownership
ρ2021/06/30	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
ρ2021/07/11	Report date of issuance		
584,359,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

Nature of evaluated assets	
Al Madinah Al Munawarah	City
Shazah	District
63531,92 m²	Area

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

Details	Scope of Work
A report explaining the valuation methodology and steps, and evaluation results accompanied with photographs and border image of the assets to be evaluated, in accordance with Standard 1.2 of compliance with standards, research and investigation, and Standard 1.3 of reporting. (International Valuation Standards 2020, P26 to P31)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

Scope of work | Work Stages

05 Application of valuation approaches and methods

After experts have estimated the current use in terms of the market and the available data, it was concluded that the cost and income capitalization method is the best way to estimate the property's value.

06 Estimation of value

After reconciling the results of the valuation approaches and methods, a value that is consistent with the scope of work discussed with the client is weighted

07 Review of value

The value will be reviewed by a review committee consisting of 3 other experts who will review the information, analyzes, and assumptions reached by the Valuer.

08 Preparation of report

Preparing the report according to Standard 101 "Report Description" and Standard 103 "Report Preparation"

Asset inspection 01

The title deed was received from the customer, which shows that the property's area is 63,531.92m², in addition to a sketch showing the location of the property. After that, the property was examined and the information received from the client was matched with reality

Determining the properties of the asset 02

Through inspection, it was found that the asset being evaluated is (Mall and hotel apartments) in (Al Madinah Al Munawarah).

Data collection 03

Based on the type of property being evaluated, the scope of data collection was outlined by the city of (Al Madinah Al Munawarah), (Shazah district), especially the area surrounding the property

Data analysis 04

The data available in the area of the property, obtained from unofficial sources such as real estate brokers working in the property area, and from official sources represented by the Ministry of Justice indicators



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Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
Definition of approach			
<ul style="list-style-type: none"> The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Buildings	Used for	Cost approach (Replacement method)	Method
Definition of approach			
<ul style="list-style-type: none">○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved.○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2020, P.71)			
Methodology			
<ul style="list-style-type: none">○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost.			
Application			
<ul style="list-style-type: none">○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility.○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset.○ Deducting total depreciation from the total costs to arrive at a value for the subject asset.			

Valuation approaches and methods

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



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Second Axis



Information and description of the property

Property Description

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

General
description

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

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

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

Property Description

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

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

Property Description

Important data about the property Marriott hotel apartments	
Property Name	Al- Rashid Residence
Location	King Abdullah Road, Shazah neighbourhood, Madinah
Property type	Five-star hotel apartments
Property age	two year
Land are (square meters)	A part of a plot of land with an area of 63,531.92 sqm
Construction area	25,317
Number of floors	3
Property components	32 studios, 21 one room suites and 13 two-room suites

Important information about the property (Al-Rashid Mega Mall)	
Property Name	Al- Rashid Mega Mall, Madinah
Location	King Abdullah Road, Shazah neighbourhood, Madinah
Property type	Commercial complex
Property age	10 years
Land are (square meters)	A part of a plot of land with an area of 63,531.92 sqm
Construction area	115,795
Number of floors	4
Property components	The mall consists of shops of various sizes, restaurants and other services
Current lease contracts	About 221 lease contracts
Contracts period	From 1 to 10 years
Occupancy rate for leased units	%91.6
Total current income (riyal)	44,611,172
Operation and maintenance costs (riyal)	11,152,793
Net operational income (riyal)	33,458,379

Furnished apartments

The total revenues of furnished apartments, according to the data received from the client, amounted to 895,141 riyals during the first quarter of this year, and assuming the same rate in rental value and occupancy remains constant, it is expected that the total revenues will amount to about 3,580,565 million riyals, and it is worth noting the significant decrease in the value of revenues due to the pandemic Corona, and the performance of Umrah rituals is limited to a small number of people from inside the Kingdom, but this value is expected to rise during the remainder of the year.

The occupancy rate for the first three months of this year, according to customer data, was only about 22%, for the reasons previously mentioned, and the average nightly rental during the same period was about 570 riyals / night.

The value of the current operating and maintenance expenses amounted to 3,870,477 riyals during the first quarter of 2020, which is more than the total revenues of the hotel by about 8%, and this percentage has increased compared to the previous year due to the lack of occupancy due to the repercussions of the Corona crisis.

The mall

○ Total Revenues

The total value of the lease contracts, according to the data sent by the client, amounted to about 44,611,172 riyals, and this is the outcome of leasing an area of 43,455 square meters leased to about 200 tenants, and the average value of the rental meter amounted to 1,050 riyals..

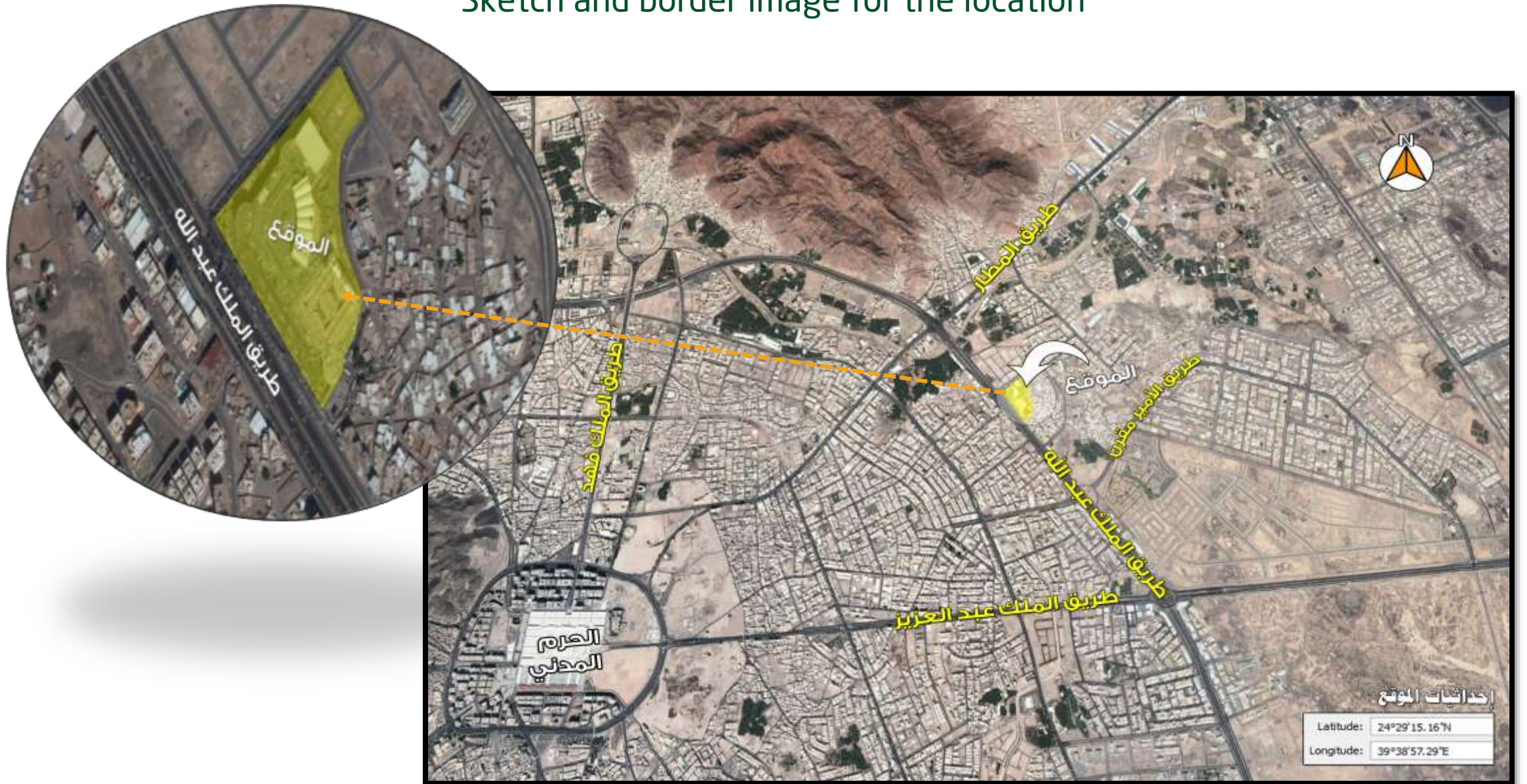
○ Occupancy rates:

The current occupancy rate is about 90%, as the vacant area is 5,045 square meters.

○ Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the rented property, as the owner undertakes to collect these expenses, and according to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 11,152,793 riyals, which represents about 25% of the total property revenues, which is a good percentage compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Residential land: area 300 m2, price per square meter 2200 riyals
2	Residential land: area 300 m2, price per square meter 2500 riyals
3	Residential land: area 11,000 m2, price per square meter 2000 riyals
4	Commercial land: area 600 m2, price per square meter 2600 riyals
5	Commercial land: area 2,100 m2, price per square meter 8000 riyals
6	Commercial land: area 298 m2, price per square meter 12000 riyals
7	Commercial land: area 2387 m2, price per square meter 7500 riyals

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

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

	Out of construction costs %	value	Other costs
%	5.0%	18,579,013	Professional fees
%	5.0%	18,579,013	Utilities network
%	10.0%	37,158,026	Administration costs
%	6.0%	33,442,224	Financing costs (3 years/50%)
%	20.0%	74,316,053	Contractor's profit
riyal		553,654,592	Total building costs before depreciation
year		40.0	Life span of the building
year		30.5	The remaining economic life
year		9.5	Effective life
%		23.75%	Total depreciation costs
riyal		131,492,966	depreciation costs
riyal		422,161,626	Net construction costs after depreciation

m2		63,532	Land area
riyal		2,300	Value of land meter
riyal		146,123,416	Total land value
riyal		568,285,042	Total property value
riyal		568,285,000	Property value (approximately)

Evaluation results

Conclusion

✓ Second Approach: (Income capitalization)

Income capitalization method (according to customer data)		
Hotel Apartments	The Mall	Item
3,580,566	44,611,172	Effective income
108.1%	25%	Operation and maintenance expense ratio
3,870,477	11,152,793	The value of operating and maintenance expenses
-289,912	33,458,379	Net income
5.0%	7.0%	Capitalization factor
-5,798,232	477,976,839	Property value
	477,977,000	Total property value (mall only)

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

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

Assumptions of calculating recoverable amount:

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

Furnished apartments

The total income of the property in the case of full operation was reached by assuming the rental of all rooms, guided by the prices provided by the client and verified by hotel reservation sites, and the average room rent per night was about 570 riyals / night during the first quarter of this year, thus It is expected that the total income in the event of full operation will reach 13,731,300 riyals.

- A relatively high vacancy rate was assumed during the current year as a whole, due to the impact of the hotel and all Madinah hotels by the Corona crisis, and we assumed that this rate would reach 35%, and then decrease during the coming period to reach the natural rates recorded in the hotel during the past years, which amount to less than 25%.

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

The mall

It is expected that the mall's revenues by the end of this year will amount to about 44,611,172 riyals from leasing an area of 43,455 m², thus the average value of the rental meter will be about 1,050 riyals, and the vacant space in the mall reached 5,045 m², and if this space is rented at the same rental rate, the total revenue The mall is in full operation condition 49,908,642 riyals.

- The current occupancy rate is about 90%, and it is expected to rise by a small percentage during the coming period to record 91%, especially after adding the space for renting restaurants. We have assumed that the vacancy rate will stabilize at 7% in the period of cash flows.

According to the data sent by the client, it is expected that the value of operating and maintenance expenses will amount to 11,152,793 riyals, which represents 25% of the total revenue, and this percentage will be assumed to be stable during the period of flows, which is the prevailing percentage in this type of real estate.

Evaluation results

Conclusion

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

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

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

Assumptions of discounted cash flow method	
49,908,642	Total income in case of full operation
25%	Operational expenses
7%	Vacancy rate after stabilization
5 years	Cash flow period
3 % every 3 years	Revenue growth rate

Dicounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	3.0%	0%	0%	Expected Revenue Growth Per Year (%)
51,405,901	51,405,901	51,405,901	49,908,642	49,908,642	Total income in case of full operation
7%	7%	7%	7%	9%	Vacancy percentage %
3,598,413	3,598,413	3,598,413	3,493,605	4,491,778	Vacancy value
47,807,488	47,807,488	47,807,488	46,415,037	45,416,864	Total effective income
25%	25%	25%	25%	25%	Operation and maintenance expense ratio
11,951,872	11,951,872	11,951,872	11,603,759	11,354,216	The value of operating and maintenance expenses
35,855,616	35,855,616	35,855,616	34,811,278	34,062,648	Net operational income
525,028,666					The last value (recoverable value)
560,884,282	35,855,616	35,855,616	34,811,278	34,062,648	Annual net cash flows
				497,600,550	Total net present value
				497,601,000	Total value approximately

Evaluation results

Conclusion

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

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

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

Assumptions of the discounted cash flow method	
13,731,300	Total income in case of full operation
50%	Operational expenses
25%	Vacancy rate after stabilization
5 years	Cash flow period
5 % every 3 years	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	0%	0%	0%	Expected Revenue Growth Per Year (%)
13,731,300	13,731,300	13,731,300	13,731,300	13,731,300	Total income in case of full operation
25%	25%	25%	25%	35%	Vacancy percentage %
3,432,825	3,432,825	3,432,825	3,432,825	4,805,955	Vacancy value
10,298,475	10,298,475	10,298,475	10,298,475	8,925,345	Total effective income
50%	50%	50%	50%	70%	Operation and maintenance expense ratio
5,149,238	5,149,238	5,149,238	5,149,238	6,247,742	The value of operating and maintenance expenses
5,149,238	5,149,238	5,149,238	5,149,238	2,677,604	Net operational income
105,559,369					The last value (the recoverable value)
110,708,606	5,149,238	5,149,238	5,149,238	2,677,604	Annual net cash flows
				86,757,630	total net present value
				86,758,000	Total value approximately

Evaluation results

Conclusion

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

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

- ✓ Discounted cash flow method has been adopted.

Total property value (cash flows)	
Total property area (m2)	63,532
Total mall value (cash flows)	497,601,000
Total value of Al-Rashid Residence (cash flows)	86,758,000
Total property value (SR)	584,359,000
Total property value approximately	584,359,000
Property value (written form)	Only five hundred and eighty-four million three hundred and fifty-nine thousand Saudi riyals and nothing else

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the raw land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



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Saudi Asset Valuation Company

Fifth Axis



Appendices

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Clarification

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



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Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 114248

Jazan Mall and hotel apartments

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (Mall, and hotel apartments) in the city of (Jazan), (Ash Shati) district, having an area of (39.975) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, noting that the data available and used in the evaluation are taken before the Corona pandemic. We do not have data or information that reflects the market direction in the future and shows the horizon of change and volume of fluctuation. Therefore, pre-pandemic data was the basis of our valuation.

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall, and hotel apartments) is equal to (391,799,000) Saudi riyals, as documented in this report.



General Director

Ahmed bin Ali Al-Talei



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
672003004051	Deed no.	Saudi Fransi Capital Company	Customer name
1439/3/4	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Mall, hotel and hotel apartments	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Jazan - Ash Shati	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	39.975 m²	Raw land area of the property
ρ2021/06/10	Date of Inspection	Complete ownership	Nature of ownership
ρ2021/06/30	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
ρ2021/07/11	Report date of issuance		
391,799,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

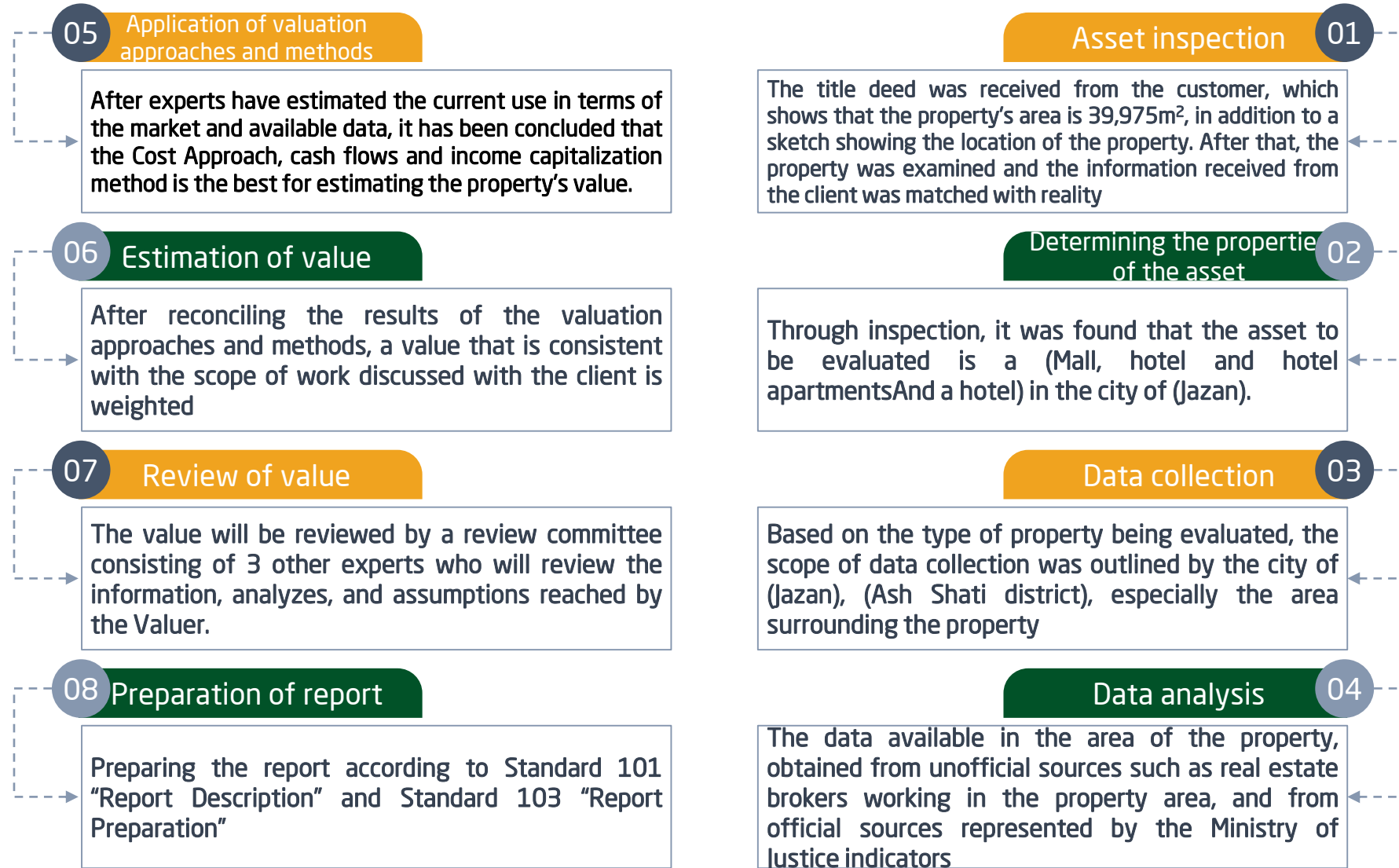
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

Details	Scope of Work
A report explaining the valuation methodology and steps, and evaluation results accompanied with photographs and border image of the assets to be evaluated, in accordance with Standard 1.2 of compliance with standards, research and investigation, and Standard 1.3 of reporting. (International Valuation Standards 2020, P26 to P31)	Description of the report
REIT Fund.	Purpose of evaluation
<ul style="list-style-type: none"> It has been assumed that the property is fully owned with no liabilities. Photocopies have been received from the client for the deed and a sketch of the site. Tathmeen did not verify their correctness assuming that the property is not mortgaged and there are no rights on it for other parties. 	Assumptions
We have studied the real estate market in the targeted Property area and were guided in the study by the closest properties to the targeted Property in terms of specifications and areas for each of them. We have worked hard to ensure that the information obtained is as correct as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, and the database of Tathmeen, which is constantly updated	Nature and sources of information
Saudi Riyal	Report currency

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

Work Scope	Details
Value basis (Value type)	<p>Market value:</p> <p>The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-4) Scope of work | Work Stages





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Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

Lands	Used for	Market approach (Comparable transactions methods)	Method
Definition of approach			
<ul style="list-style-type: none"> The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value. Source: (International Valuation Standards 2020, electronic version, page 54, clause 30.1) When the comparable transactions considered involve the subject asset, this method is sometimes referred to as the prior transactions method. According to this method, the first step is to study the transaction prices of identical or similar assets that have been concluded recently in the market. If the transactions concluded are few, it will be also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information related to the prices of these transactions shall be amended to reflect the differences in the terms and conditions of the actual transaction, the basis of the value, and the assumptions adopted in the evaluation process that is carried out. Differences can also exist in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the property area. Data available in the database of Saudi Asset Valuation Company were used, sorted and classified and the necessary adjustments were made on them to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Defining units of comparison used by relevant market participants. Determining the related comparative transactions and calculating the main evaluation measures for those transactions. Conducting a consistent comparative analysis of the qualitative and quantitative similarities and differences between the comparable assets and the asset being evaluated. Making the necessary adjustments, if any, to the evaluation measures to reflect the differences between the asset being evaluated and the comparable assets. Applying the modified evaluation measures to the subject asset (the asset being evaluated). Reconciliation is made between value indicators if more than one measure is used 			

Valuation approaches and methods

Buildings	Used for	Cost approach (Replacement method)	Method
Definition of approach			
<ul style="list-style-type: none"> ○ The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. ○ The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the subject asset and not the exact material properties of the asset. (International Valuation Standards 2020, P.71) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculating all of the costs that would be incurred by a typical participant seeking to create or obtain an asset providing equivalent utility. ○ Determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset. ○ Deducting total depreciation from the total costs to arrive at a value for the subject asset. 			

Valuation approaches and methods

All properties generating income	Used for	Income approach (income capitalization)	Method
Definition of approach			
<ul style="list-style-type: none"> It provides an indication of value by converting future cash flows into a single present capital value. This method deals with the income achieved by the asset during its useful life (the useful life of the asset). The value is estimated through the capitalization process. Capitalization means the transfer of income to a capital amount using an appropriate discount rate. Income flows are generated by contracts or non-contractual arrangements such as the expected profit out of using or maintaining the asset Methods that fall within the income approach (income capitalization), applying a risk factor or total capitalization, include one regular income period. 			
Methodology			
<ul style="list-style-type: none"> The method's concentration shall be on the expected net cash income from the asset, taking into account any capital costs required to ensure the realization or continuity of the expected income. In studying the market, the Valuer focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future powers of supply and demand, not the historical one. If the asset is generating stable income, capitalization is likely to be used instead of cash flow. Estimation of capitalization and discount rate represents an ongoing challenge for the Valuer due to the lack of market transparency. 			
Application			
1) ----- 2) -----			



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Second Axis



Information and description of the property

Property Description

The property is a mall, hotel, and hotel apartments with an area of 39,975 SQM.

General description

Location description	
Kingdom of Saudi Arabia	Country
Southern	Province
Jazan	City
Ash Shati	District
Corniche	Street

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

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

Property Description

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

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

Property Description

Important data about the property (Jazan Mall)	
Property Name	Al- Rashid Mall Jazan
Location	Cornich neighbourhood, Jazan city
Property type	Commercial complex
Property age	9 year
Land area (sqm)	Part of a plot of land on an area of 39,975 sqm
Construction area	36,313
Number of floors	3
Property components	A commercial complex that includes 240 shops
Current lease contracts	About 177 lease contracts
Contracts period	The majority of contracts are for one year
Occupancy rate for leased units	%89.5
Total current income (riyal)	29,238,520
Operation and maintenance costs (riyal)	11,256,830
Net operational income (riyal)	17,981,690

Important data about the hotel apartments and Marriott Jazan	
Property Name	Al- Rashid Mall Jazan
Location	Cornich neighbourhood, Jazan city
Property type	4-star Hotel and Hotel apartment
Property age	4 year
Land area (sqm)	Part of a plot of land on an area of 39,975 sqm
Construction area	67,997
Number of floors	6 floors in both the hotel and the hotel apartments
Property components	79 hotel apartments, 129 rooms
Total current income (riyal)	29,049,893
Operation and maintenance costs (riyal)	19,819,476
Net operational income (riyal)	9,230,418

Furnished apartments

The total revenues of furnished apartments, according to the data received from the client, amounted to 7,262,473 riyals during the first quarter of this year, and assuming the same value remains constant for the remainder of the year, it is expected that the total revenues will reach 29,049,893.48 riyals, and the per night rental rate has reached about 660 riyals / night in Residence Inn and about 606 riyals / night in the courtyard, which is a suitable average and compatible with the rates prevailing in similar properties...

The current occupancy rate, according to customer data, reached about 35% as an average in the courtyard, while the percentage increased in Residence Inn to record nearly 70%, which is a good rate compared to the average occupancy rates in Jazan

The value of the current operating and maintenance expenses amounted to 4,954,869 riyals during the first quarter of this year, and assuming the same value remains constant for the remainder of the year, it is expected that the total operating expenses will reach 19,819,476 riyals, which represents about 68% of the total hotel revenues, which is a very high percentage compared to real estate. This percentage is expected to decrease in the coming period.

The mall

○ Total Revenues

The total value of the lease contracts according to the data sent by the client amounted to about 29,238,520 riyals, and this is the outcome of renting an area of 26,669 square meters leased to about 171 tenants, and the average value of the rental meter amounted to 1,096 riyals.

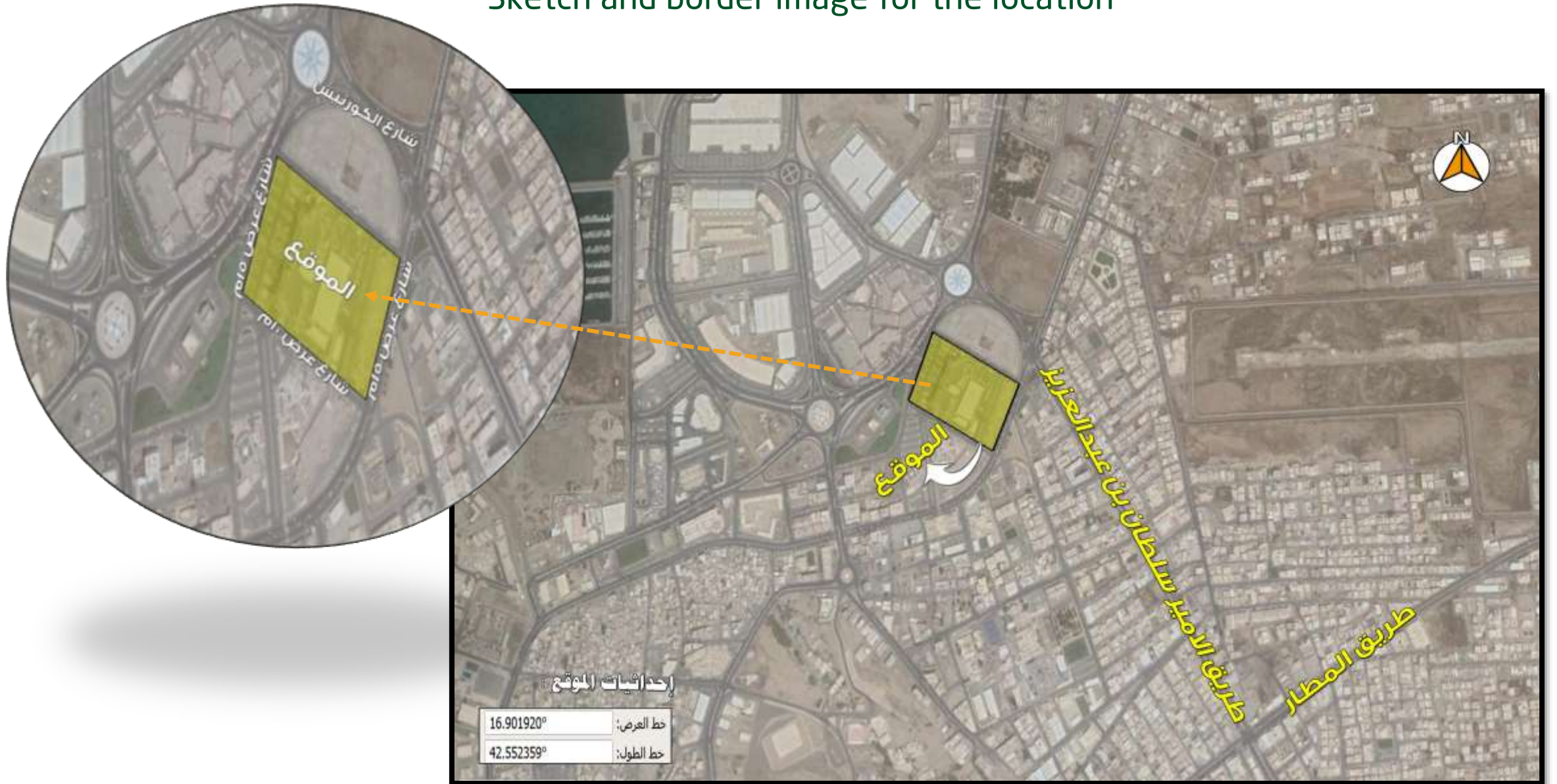
○ Occupancy rates:

The current occupancy rate is about 87.4%, as the vacant area is 3,831 square meters.

○ Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the rented property, as the owner undertakes to collect these expenses, and according to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 11,256,830 riyals, which represents about 38.5% of the total income of the property, which is considered a percentage Somewhat high compared to similar properties, and it is expected to decrease during the coming period.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





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Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

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

Other costs			
%	من تكاليف البناء	القيمة	
%	5.0%	12,517,200	Professional fees
%	5.0%	12,517,200	Facilities network
%	10.0%	25,034,400	Administration costs
%	6.0%	22,530,960	Financing costs (3 years/50%)
%	20.0%	50,068,800	Contractor's profit
riyal		373,012,560	Total building costs before depreciation
year		40.0	Life span of the building
year		31.0	Remaining economic life
year		9.0	Effective life
%		22.50%	Gross depreciation rate
riyal		83,927,826	depreciation costs
riyal		289,084,734	Net building costs after depreciation

m2		39,975	Land area
riyal		1,600	Land value per meter
riyal		63,960,000	Total land value
riyal		353,044,734	Total property value
riyal		353,045,000	Property value approximately

Evaluation results

Conclusion

✓ First Approach: (Income Capitalization Method)

Income capitalization method (depending on customer data)			
Residence Inn Marriott	Courtyard Marriott	The Mall	Item
13,281,306	15,768,587	29,238,520	Effective income
56%	79%	38.5%	Operation and maintenance expense ratio
7,439,561	12,379,915	11,256,830	The value of operating and maintenance expenses
5,841,745	3,388,672	17,981,690	Net income
9.0%	9.0%	8.5%	Capitalization rate
64,908,283	37,651,914	211,549,289	Property value
314,109,486			Total property value
314,109,000			Total property value approximately

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

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

Assumptions of calculating recoverable amount:

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

Furnished Apartments	The mall
<ul style="list-style-type: none">○ The total income of the property in the case of full operation was reached by assuming the rental of all rooms, guided by the prices provided by the client and verified by hotel reservation sites, and the average room rent per night was about 660 riyals / night in the residence and 606 riyals / night in the court Yard.	It is expected that the mall's revenues by the end of this year, based on the data sent by the customer during the first half of this year, amount to about 29,238,520 riyals from leasing an area of 26,669 square meters, and thus the average rental value of the square meter is 1,096 riyals, and the vacant space in the mall reached 3,831 square meters. If this space is leased at the same rental rate, the total revenue of the mall in the case of full operation becomes 33,438,506 riyals
<ul style="list-style-type: none">○ It is expected that the average occupancy rate by the end of this year will be about 65% in the Residence, and about 50% in the Courtyard Marriott, and it was assumed that these rates will remain stable until the end of the cash flow period.	The current occupancy rate is 87.5%, and this rate is expected to rise, especially after the cinema starts operating, so we have assumed that vacancies will stabilize at 8% in the period of cash flows.
The percentage of operating and maintenance expenses amounted to 79% according to the data sent by the client in the courtyard and about 56% in the Residence Inn, and it was assumed that the percentage decreased to 55% in the courtyard, and 45% in the Residence Inn during the period of cash flows, which are appropriate rates compared to real estate similar.	It is expected that the percentage of operating and maintenance expenses will decrease to about 35%, which is the percentage that prevails in this type of real estate.

Evaluation results

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

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

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

Assumptions of the discounted cash flow method	
33,438,506	Total income in case of full operation
35%	Operational expenses
8%	Vacancy rate after stabilization
5 years	Cash flow period
4% every 3 years	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	4.0%	0%	0%	Expected Revenue Growth Per Year (%)
34,776,046	34,776,046	34,776,046	33,438,506	33,438,506	Total income in case of full operation
8%	8%	8%	8%	8%	Vacancy percentage %
2,782,084	2,782,084	2,782,084	2,675,080	2,675,080	Vacancies value
31,993,962	31,993,962	31,993,962	30,763,425	30,763,425	Total effective income
35%	35%	35%	35%	35%	Operation and maintenance expense ratio
11,197,887	11,197,887	11,197,887	10,767,199	10,767,199	The value of operating and maintenance expenses
20,796,075	20,796,075	20,796,075	19,996,226	19,996,226	Net operational income
250,776,203					The last value (the recoverable value)
271,572,279	20,796,075	20,796,075	19,996,226	19,996,226	Annual net cash flows
				248,932,900	Total net present value
				248,933,000	Total value approximately

Evaluation results

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

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

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

Assumptions of the discounted cash flow method	
19,031,100	Total income in case of full operation
45%	Operational expenses
35%	Vacancy rate after stabilization
5 years	Cash flow period
	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	0.0%	0%	0%	Expected Revenue Growth Per Year (%)
19,031,100	19,031,100	19,031,100	19,031,100	19,031,100	Total income in case of full operation
35%	35%	35%	35%	35%	Vacancy percentage %
6,660,885	6,660,885	6,660,885	6,660,885	6,660,885	Vacancies value
12,370,215	12,370,215	12,370,215	12,370,215	12,370,215	Total effective income
45%	45%	45%	45%	45%	Operation and maintenance expense ratio
5,566,597	5,566,597	5,566,597	5,566,597	5,566,597	The value of operating and maintenance expenses
6,803,618	6,803,618	6,803,618	6,803,618	6,803,618	Net operational income
77,485,652					The last value (the recoverable value)
84,289,271	6,803,618	6,803,618	6,803,618	6,803,618	Annual net cash flows
				73,504,603	Total net present value
				73,505,000	Total value approximately

Evaluation results

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

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

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

Assumptions of the discounted cash flow method	
28,533,510	Total income in case of full operation
55%	Operational expenses
50%	Vacancy rate after stabilization
5 years	Cash flow period
	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	0.0%	0%	0%	Expected Revenue Growth Per Year (%)
28,533,510	28,533,510	28,533,510	28,533,510	28,533,510	Total income in case of full operation
50%	50%	50%	50%	50%	Vacancy percentage %
14,266,755	14,266,755	14,266,755	14,266,755	14,266,755	Vacancies value
14,266,755	14,266,755	14,266,755	14,266,755	14,266,755	Total effective income
55%	55%	55%	55%	55%	Operation and maintenance expense ratio
7,846,715	7,846,715	7,846,715	7,846,715	7,846,715	The value of operating and maintenance expenses
6,420,040	6,420,040	6,420,040	6,420,040	6,420,040	Net operational income
73,117,119					The last value (the recoverable value)
79,537,159	6,420,040	6,420,040	6,420,040	6,420,040	Annual net cash flows
				69,360,517	Total net present value
				69,361,000	Total value approximately

Evaluation results

Conclusion

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

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

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

Total property value
Total property area (m2)
39,975
Total mall value (cash flows)
248,933,000
Total value for Al-Rashid Residence (cash flows)
73,505,000
Total value of Al-Rashid Courtyard(cash flows)
69,361,000
Total property value (SR)
391,799,000
Property value(written form)
Only three hundred and ninety-one million seven hundred and ninety-nine thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.
- ✓ We recommend that the raw land is evaluated periodically every 3 months due to the negative impact of the current situation on the market due to the Corona crisis.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ The available data used in the valuation are data before the Corona crisis. We do not have data affected by it. We are unable to know the impact of the current events on the market and what is the horizon of change and size of fluctuation.

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



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Fifth Axis



Appendices

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Clarification

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



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End of Report