



أبعد  
للتقييم العقاري

Final Valuation Report

## Al-Orouba Plaza, Riyadh

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka



# Introduction




Dear / Musharaka Capital

## Al-Orouba Plaza, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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## Executive Summary

- Terms and Conditions
- Report Summary



# Executive Summary

## Report Summary

- The property undervaluation consists of a commercial complex located in Al-Orouba Road with Prince Turki bin Abdulaziz Al-Awwal Road in Umm Al-Hamam Al-Gharbi District, Riyadh. The total land area is **19,212 Sqm**.
- The property undervaluation consists of a ground floor and a mezzanine floor, with a total number of **19** showrooms, and the build-up area is **11,292 Sqm**.
- The total leasable area of the complex is about **11,082 Sqm**, and it includes many brands such as Hyper Panda, Starbucks, and Al-Baik Restaurant.

### Property Details

Site Details	Information
District	Umm Al-Hamam Al-Gharbi
Permitted Use	Commercial
Tenure	Leasehold
Deed Number	<b>410113062475</b>
Deed Date	<b>27/8/1436H</b>
Total Area (sqm)	<b>19,212</b>
Owner	King Khalid Foundation

### Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	<b>20 December 2022</b>
Inspection Date	<b>25 December 2022</b>
Valuation Date	<b>31 December 2022</b>
Basis of Value	Fair Value
Valuation Approach	Income Approach ( Discounted Cash Flow )
Adopted Currency	Saudi Riyals
Market Value	<b>47,960,000 SAR</b>

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
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- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in **Riyadh, KSA**.

## Interest

- Interested to be valued as of **Al-Orouba Plaza, Riyadh**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location.**
  - 2) **Title Deed.**
  - 3) **Building Permit.**
  - 4) **Income Information.**
  - 5) **Land Rent Costs.**



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular, or statement or disclosed in any way without Abaad's prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As of the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgment.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

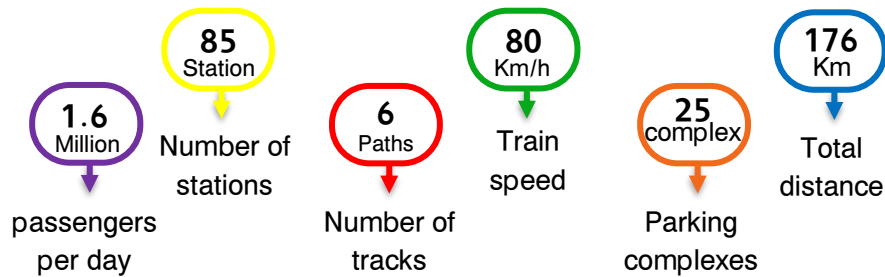
- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos



# Site Location Analysis

## Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



### Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



# Site Location Analysis

## Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for Riyadh City (RCRC) carries out several strategic, comprehensive, long-term and multi-phase development programs and projects that require massive efforts and resources.

### Historical Addir'iyah Development Program



Addir'iyah is the home of many historic sites and antiquities, as it hosts unique buildings, old quarters, oasis, palm gardens, farms and agricultural areas.

the program achieved integration between Addir'iyah and Riyadh by transforming Addir'iyah into a world-class cultural and tourist metropolitan suburb.

### Riyadh Art Project



Within the project, more than 1000 artworks and landmarks, created by local and international artists, will be installed across the city of Riyadh according to a 10-program plan that covers residential neighborhoods, gardens, parks, squares, metro/bus stations, bridges, city entrances and tourism destinations.

### Sports Boulevard



The Sports Boulevard extends for 135 kms, across the city of Riyadh, connecting Wadi Hanifah valley in the West with Wadi Al Sulai valley in the East through Prince Muhammad Bin Salman Bin Abdulaziz Road. The Sports Boulevard features green pedestrian pathways, special routes for professional and amateur cyclists (135 and 85 kms respectively), and horse riding routes (123 kms).

### Green Riyadh



The Green Riyadh Project includes planting 7.5 million trees across the capital in gardens, parks, mosques, schools, healthcare facilities, King Khaled International Airport and most of the city's roads, streets, car parking spaces, and valleys

### King Salman Park



Covering over 13 square kilometers, King Salman Park will be among the biggest city parks worldwide. It will combine a wide variety of environmental, cultural, recreational and sports activities that will significantly enhance the life quality of all Riyadh residents. The project will also host many facilities including a royal art complex, a national theater, an opera house, art academies, museums, and galleries. Furthermore, the park will feature extensive green areas, plazas, sports compounds, and an 18-hole royal golf course. To complement these amenities, great incentives would be offered to the private-sector investors to build recreational.



# Site Location Analysis

## Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

Makkah Road

King Fahad Road

Northern Ring Road

Eastern Ring Road

Southern Ring Road

Danman Rd

Khurais Rd

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 27 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

# Site Location Analysis

## Micro Location

- Al-Orouba Commercial Complex is located on a semi-regular piece of land with a flat surface, with an area of **19,212m<sup>2</sup>**. It includes many shops (**19 shops**), and the total built-up area is **11,292m<sup>2</sup>**, in addition to an area of **148m** for walls.
- The property area is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and pedestrian paths.
- The property area is characterized by a commercial building system with a total number of floors up to **1.5 floors**, as indicated in the building regulations in the real estate area.
- Based on the data provided by the client, the coverage rate (according to the current construction condition) is **59%**.

### Property Details

Description	Details
Total Land Area (Sqm)	19,212.22
Total Build-up Area (Sqm)	11,292
Coverage (%)	59%
Number of Units	19
Property Age (Estimated)	5.5 Years

## Micro Location



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# Site Location Analysis

## Subject Property Description

- The Subject Property consists of a ground floor and a mezzanine with a total number of **19** showrooms, and the build-up area is **11,292** Sqm.
- According to the information provided by the client and the inspection, the Orouba plaza includes many brands, such as Panda, Starbucks, Maestro Pizza, and other brands.
- Based on the results of the field research, Al Orouba Commercial Complex contains **14** rented shops out of **19** stores. The total vacant area in Al Orouba Complex is equivalent to **768** square meters. The property under valuation also features **2** traffic entrances and exits, both of which are located on Al Orouba Road.
- The property is built on a land of **19,212.2** Sqm, owned by the King Khalid Foundation, and a lease agreement to the Musharaka REIT Fund. We would like to note that Abaad Company has not received the lease contract.

### Some Brands in the Commercial Complex



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### Property Details

Description	Details
Total Land Area (Sqm)	19,212.22
Total Build-up Area (Sqm)	11,292
Number of Units	19 Shop
Coverage Ratio (%)	٪59
Occupancy (%)	٪96

# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information



### Property Details (Leasehold Details)

ID	Description
Owner	King Khalid Foundation
The Property	Al-Orouba Plaza, Riyadh
Plot No.	-
Sub-Division	-
District	Umm Al-Hamam Al-Gharbi District
Coordinates	24°43'36.39"N 46°39'7.01"E
City	Riyadh
Ownership Type	Leasehold
Title Deed Info	Deed No. 410113062475
	Deed Date 27/8/1436H

No legal document has been verified for the property under valuation, which includes planning, ownership, or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights, or impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	188.44	Al-Orouba Street	60
South	206.65	Internal Orouba Street	60
East	141.36	Neighbor	-
West	70.5	Unnamed	15

- Sources: "Title Deed"



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



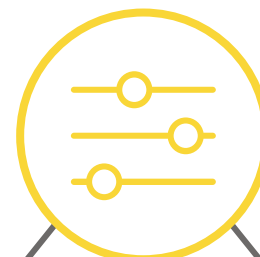
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



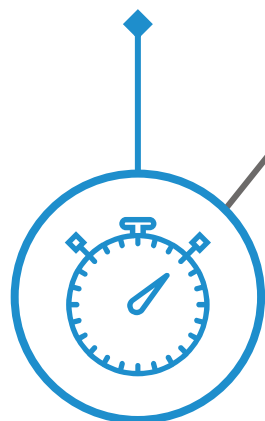
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al Orouba Center with the Riyadh market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of **12.2** million SAR per year. Moreover, the operating expenses of the property is **4%**, which is considered less than the market range, which is ranging from **7%** to **15%**, according to the experience of Abaad team in the retail sector.
- Note, Abaad Company did not receive the lease contracts, while the total income provided by the client was relied upon, in addition to some information from the land contract cost to reach the market value shown in this report.
- The table on the left shows the rental prices in the Subject Site's surrounding area.

### Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	2,200 – 1,600
Large Rent Rate (SAR/Sqm)	1,500 – 1,100
Supermarket Rent Rate (SAR/Sqm)	550 – 400

# Valuation

## Income Approach

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **8.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **11.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027	2033	2034	2035	2036
Total GLA (Sqm)	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04	11,082.04
Average Lease Rate with inflation (SAR/Sqm)	1,197.27	1,230.80	1,265.26	1,300.69	1,337.11	1,578.07	1,622.25	1,667.67	1,714.37
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	13,268,248	13,639,759	14,021,672	14,414,279	14,817,879	17,488,185	17,977,854	18,481,234	18,998,708
Vacancies (%)	3.1%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vacancies (SAR)	411,316	272,795	0	0	0	0	0	0	0
Gross Potential Income (GPI) (SAR)	12,856,933	13,366,964	14,021,672	14,414,279	14,817,879	17,488,185	17,977,854	18,481,234	18,998,708
Land Cost with Inflation (SAR)	6,425,000	6,604,900	6,789,837	6,979,953	7,175,391	8,468,457	8,705,574	8,949,330	9,199,911
Operation Expenses (SAR)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Net Operation Income (SA)	899,985	935,687	981,517	1,009,000	1,037,252	1,224,173	1,258,450	1,293,686	1,329,910
Present Value (SAR)	5,531,947	5,826,377	6,250,318	6,425,327	6,605,236	7,795,555	8,013,831	8,238,218	8,468,888
Fair Value (SAR)	47,490,000								

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 47,960,000 (Forty-Seven Million Nine Hundred Sixty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781







# Appendix

- Valuation Glossary
- Subject Property Documents

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

[illegible]

الحمد لله وحده والسلاوة والسلام على من لا نبي بعده وبعد:

فإن قطعة الأرض رقم بدون الواقع في حي أم الحمام القريب بمدينة الرياض .

وحدودها وأطولها كالتالي:

شمالاً: طريق عرض ٦٠م بطول: (١٨٨,٤٤) مائة وثمانية وثمانون متر وأربعة وأربعون سنتيمتر

جنوباً: شارع عرض ٦٠م بطول: (٢٠٦,٦٥) مئتين وستة متر وخمسة وستون سنتيمتر

شرقياً: جاز بطول: (١٤١,٣٦) مائة وأحد وأربعون متر وستة وثلاثون سنتيمتر

غرباً: شارع عرض ٦٠م بطول: (٧٠,٥) منكمسر سبعون متر وخمسون سنتيمتر

ومساحتها: (١٩,٢٦,٢٢) تسعة عشر ألفاً ومئتين وإثني عشر متر مربعاً وإثنين وعشرون سنتيمتر مربعاً فقط

والمستند في إرفاقها على الصك الصادر من المحكمة العامة بالرياض برقم ٢ / ٤٤ وجلد ١١ في ١٧ / ٢ / ١٣٨٨ هـ

قد انتقلت ملكيتها بالهبة لنا مؤسسة الملك خالد الخيرية بموجب سجل الجمعيات الخيرية رقم ٢٩٩ / ١ / ١٦ في ١٢ / ١٢ / ١٤٢١ هـ

وعليه جرى التصديق تحريراً في ٢٧ / ٨ / ١٤٢٦ هـ وصلى الله على نبينا محمد وآله وصحبه وسلم.

عمر بن صالح بن حمد المحض

وزير العدل  
وكيل النيابة العامة  
مكتبه الأول بالرياض  
كاتب العدل بكتب رقم (١٣)



Abaad & Partner For Real Estate Valuation Co.

**Jeddah Branch (Head Office):**

Mohamed Ibrahim Masoud Street,  
Al-Salama District  
Zahid Offices Building, 5th Floor, suite 21  
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Al-Sahafa District  
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أبعد  
للتقييم العقاري

Final Valuation Report

## Al Baraka Warehouses, Riyadh

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka





# Introduction




Dear / Musharaka Capital

## Al Baraka Warehouses, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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أبجد  
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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary



### Property Summary

- The Subject Property consists of a warehouse with a total built-up area of **27,605 sqm.**
- The property is located in the south of Riyadh on a regular plot of land with a flat Topography, with an area of **29,955 Sqm.**
- The warehouse undervaluation has two frontages and is located near Istanbul Street.
- The property area is characterized by the presence of basic services such as electricity, water, light, and asphalt streets.

### Property Details

Site Details	Information
District	As Sulay
Permitted Use	Industrial
Tenure	Freehold
Deed Number	<b>910123031387</b>
Deed Date	<b>25/11/1438H</b>
Total Area (sqm)	<b>29,955 sqm</b>
Owner	Hifth AlMusharaka Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	<b>20 December 2022</b>
Inspection Date	<b>25 December 2022</b>
Valuation Date	<b>31 December 2022</b>
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	<b>90,350,000 SAR</b>

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from Musharaka Capital Company "The Client" to estimate Al Baraka warehouse "basis of value" for the Periodic Valuation "purpose" as requested by Musharaka REIT "The Client".
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, that the information contained in this report is completely confidential, and that the report is issued to the client only.
- The responsibility of Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Riyadh, KSA**.

## Interest

Interested to be valued as of **Al Baraka Warehouses, Riyadh**.

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets Purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - Title Deed.
  - Building Permit.
  - Property location.
  - Rental Contract.



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak



# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



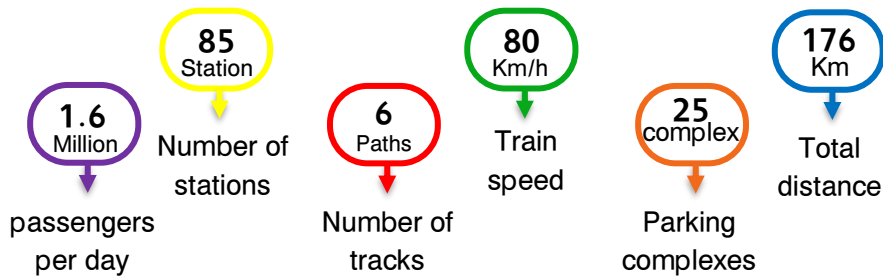
## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

# Site Location Analysis

## Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



### Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5



# Site Location Analysis

## Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for Riyadh City (RCRC) carries out several strategic, comprehensive, long-term and multi-phase development programs and projects that require massive efforts and resources.

### Historical Addir'iyah Development Program



Addir'iyah is the home of many historic sites and antiquities, as it hosts unique buildings, old quarters, oasis, palm gardens, farms and agricultural areas.

the program achieved integration between Addir'iyah and Riyadh by transforming Addir'iyah into a world-class cultural and tourist metropolitan suburb.

### Riyadh Art Project



Within the project, more than 1000 artworks and landmarks, created by local and international artists, will be installed across the city of Riyadh according to a 10-program plan that covers residential neighborhoods, gardens, parks, squares, metro/bus stations, bridges, city entrances and tourism destinations.

### Sports Boulevard



The Sports Boulevard extends for 135 kms, across the city of Riyadh, connecting Wadi Hanifah valley in the West with Wadi Al Sulai valley in the East through Prince Muhammad Bin Salman Bin Abdulaziz Road. The Sports Boulevard features green pedestrian pathways, special routes for professional and amateur cyclists (135 and 85 kms respectively), and horse riding routes (123 kms).

### Green Riyadh



The Green Riyadh Project includes planting 7.5 million trees across the capital in gardens, parks, mosques, schools, healthcare facilities, King Khaled International Airport and most of the city's roads, streets, car parking spaces, and valleys

### King Salman Park



Covering over 13 square kilometers, King Salman Park will be among the biggest city parks worldwide. It will combine a wide variety of environmental, cultural, recreational and sports activities that will significantly enhance the life quality of all Riyadh residents. The project will also host many facilities including a royal art complex, a national theater, an opera house, art academies, museums, and galleries. Furthermore, the park will feature extensive green areas, plazas, sports compounds, and an 18-hole royal golf course. To complement these amenities, great incentives would be offered to the private-sector investors to build recreational.



# Site Location Analysis

## Macro Location



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Riyadh City Borders

White Lands Borders

Subject Site

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 38.5 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

# Site Location Analysis

## Subject Property Description

### Subject Property Description

- The Subject Property consists of a warehouse and the total built-up area of the warehouse is **27,605 Sqm**.
- Al-Baraka warehouse is located in the south of Riyadh on a regular plot of land with flat topography, with an area of **29,955 Sqm**.
- The warehouse undervaluation has two frontages and is located near Istanbul Street.
- The property area is characterized by the presence of basic services such as electricity, water, lights, and asphalt streets.
- The warehouse undervaluation can be reached via Istanbul Street, which extends to the Southern Ring Road.
- The area surrounding the property includes warehouses, industrial facilities, and shops, in addition to residential buildings.

### Details of the subject property

Description	Details
Total Land Area (Sqm)	29,955
Total Build-up Area (Sqm)	27,605
Number of Warehouses	6

### Property Location



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# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information
- Lease Agreements



# Tenure

## Property Information



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### Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
Use	Industrial	
Plot No.	3/2/45 – 2/4/45 – 1/4/45 – 3/4/45 – 2/2/45 – 1/2/45	
Sub-Division	3/1391	
District	Al-Sulay	
Coordinates	46°51'28.70"E	24°37'5.73"N
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	910123031387
	Deed Date	25/11/1438H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	99.87	Mohammad Abdullah Al-Bargi	30
South	99.85	Al-Kawthar	36
East	299.95	-	-
West	299.98	-	-

- Sources: "Title Deed"

### Lease Rate Contract Summary

Payment Date	Net Income (SAR)
8/1/2022	6,000,000
8/1/2023	6,000,000
8/1/2024	6,600,000
8/1/2025	6,900,000
8/1/2026	6,900,000

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.



# Valuation

- Valuation Basis & Methodology
- Property Risk Analysis
- Income Approach
- Valuation Summary

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



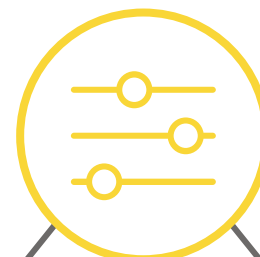
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



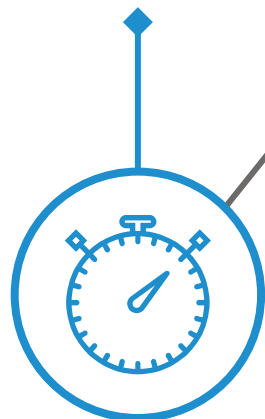
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

# Valuation

## Income Approach

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
- 
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	1	2	3	4	5
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Net Operation Income (SA)	6,000,000	6,600,000	6,900,000	6,900,000	7,524,575
Exit (SAR)					100,327,666
Present Value (SAR)	5,666,508	5,651,096	5,356,269	4,856,091	68,816,314
Fair Value (SAR)	90,350,000				

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon the detail within this report may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 90,350,000 (Ninety Million Three Hundred Fifty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents



### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:


- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

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**الجمهورية العربية السورية**  
**وزارة الشؤون البلدية والقروية**  
**إدارة رخص البناء**



رقم الرخصة: ١٢٣٤٥٦٧٨٩  
 تاريخ الرخصة: ١٤٣٥/٠١/٠١  
 تاريخ الانتهاء: ١٤٣٨/٠١/٠١  
 نوع الرخصة: عمل وتجهيز

**رخصة بناء منشور**

هذه بين ايديكم المواءمة  
 رقم الترخيص: ١٢٣٤٥٦٧٨٩

رقم الملف: ٣٤٥٦٧٨٩٠١٢٣٤٥  
 رقم القطعة: ١/٢٣٤٥  
 الشوارع: ١/٢٣٤٥  
 الحي: ١/٢٣٤٥

مساحة الأرض: ١٠٠ م<sup>٢</sup>  
 مساحة الأسوار: ١٠٠ م<sup>٢</sup>

الجهة	الحدود	الامتداد	الإحداثيات
شمال	قطعة رقم ١/٢٣٤٥	٢٣.٢٩	٢٣.٢٩
شرق	قطعة رقم ١/٢٣٤٥	١٤.٩٦	١٤.٩٦
جنوب	شارع عرض ٣.٦٠ متر	٢٣.٢٩	٢٣.٢٩
غرب	قطعة رقم ١/٢٣٤٥	١٤.٩٦	١٤.٩٦

مكونات البناء: ١  
 عدد الوحدات: ١  
 المساحة المستخدمة: ١٤٩٦.٠٠ م<sup>٢</sup>  
 نوع أرضي: مبنية

\* بموجب رخصة البناء الإدارية رقم ١٢٣٤٥٦٧٨٩ تاريخ ١٤٣٨/٠١/٠١ هـ

\* رخصة البناء يجب الالتزام به عند تنفيذ المبنى  
 \* رخصة البناء يجب الالتزام به عند تنفيذ المبنى  
 \* رخصة البناء يجب الالتزام به عند تنفيذ المبنى

\* تم التأكد من خلو المبنى من المخاطر ولا توجد أية مخاطر في حال عدم تنفيذ  
 \* تم التأكد من خلو المبنى من المخاطر ولا توجد أية مخاطر في حال عدم تنفيذ

المكتب المصمم: ١٢٣٤٥٦٧٨٩  
 رقم الترخيص: ١٢٣٤٥٦٧٨٩  
 مدير المشروع: ١٢٣٤٥٦٧٨٩  
 راليان بموجب الإصدار رقم: ١٢٣٤٥٦٧٨٩

ملاحظات: ١٢٣٤٥٦٧٨٩  
 ١٢٣٤٥٦٧٨٩

رئيس قسم الرخص: ١٢٣٤٥٦٧٨٩  
 مدير عام التخطيط العمراني: ١٢٣٤٥٦٧٨٩  
 م. شوقي محمد الشامي

يجب الالتزام بالبروتوكول الصحية خلف الرخصة



## 30

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## Subject Property Documents



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Abaad & Partner For Real Estate Valuation Co.

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Al-Sahafa District  
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Manager

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Final Valuation Report

V220243

## Al Bazaie Showroom, Riyadh

Client / Musharaka Capital

27 March 2023



# Introduction



Dear / Musharaka Capital

**Al Bazaie Showroom, Riyadh**

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

### Property Summary

- The subject property is located in the eastern middle of Riyadh city in An Nasim District, along Khurais Road, on a regular plot of land with a flat topography. The total land area is **10,000 Sqm**.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Subject property is located on Khurais Road with Abdul Rahman bin Auf Street. Khurais Road is considered one of the most important arterial roads on the eastern side of Riyadh.
- Based on the data provided by the client, the total build-up area is **12,068.4 Sqm**. It consists of a basement with an area of **5,000 Sqm**, a ground floor with an area of **5,787.4 Sqm**, in addition to a mezzanine floor with an area of **1,281 Sqm**.

### Property Details

Site Details	Information
District	An Nasim Al-Gharbi
Permitted Use	Commercial
Tenure	Freehold
Deed Number	810104049341
Deed Date	19/05/1441H
Total Area (sqm)	10,000 sqm
Owner	Hifth AlMusharaka Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	71,240,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from Musharaka Capital Company "The Client" to estimate Al-Bazai Automotive Showrooms' "basis of value" for the Periodic Valuation "purpose" as requested by Musharaka REIT "The Client".
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, that the information contained in this report is completely confidential, and that the report is issued to the client only.
- The responsibility of Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.





# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Riyadh, KSA**.

## Interest

Interested to be valued as of **Al-Bazai Showrooms, Riyadh**.

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets Purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - **Title Deed.**
  - **Building Permit.**
  - **Property location.**
  - **Income Information.**



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



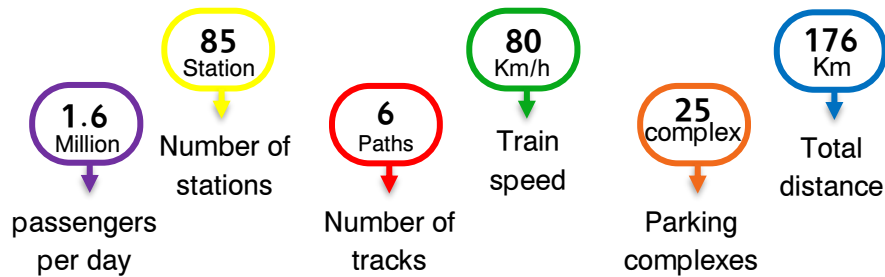
## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

# Site Location Analysis

## Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



### Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5





# Site Location Analysis

## Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for Riyadh City (RCRC) carries out several strategic, comprehensive, long-term and multi-phase development programs and projects that require massive efforts and resources.

### Historical Addir'iyah Development Program



Addir'iyah is the home of many historic sites and antiquities, as it hosts unique buildings, old quarters, oasis, palm gardens, farms and agricultural areas.

the program achieved integration between Addir'iyah and Riyadh by transforming Addir'iyah into a world-class cultural and tourist metropolitan suburb.

### Riyadh Art Project



Within the project, more than 1000 artworks and landmarks, created by local and international artists, will be installed across the city of Riyadh according to a 10-program plan that covers residential neighborhoods, gardens, parks, squares, metro/bus stations, bridges, city entrances and tourism destinations.

### Sports Boulevard



The Sports Boulevard extends for 135 kms, across the city of Riyadh, connecting Wadi Hanifah valley in the West with Wadi Al Sulai valley in the East through Prince Muhammad Bin Salman Bin Abdulaziz Road. The Sports Boulevard features green pedestrian pathways, special routes for professional and amateur cyclists (135 and 85 kms respectively), and horse riding routes (123 kms).

### Green Riyadh



The Green Riyadh Project includes planting 7.5 million trees across the capital in gardens, parks, mosques, schools, healthcare facilities, King Khaled International Airport and most of the city's roads, streets, car parking spaces, and valleys

### King Salman Park



Covering over 13 square kilometers, King Salman Park will be among the biggest city parks worldwide. It will combine a wide variety of environmental, cultural, recreational and sports activities that will significantly enhance the life quality of all Riyadh residents. The project will also host many facilities including a royal art complex, a national theater, an opera house, art academies, museums, and galleries. Furthermore, the park will feature extensive green areas, plazas, sports compounds, and an 18-hole royal golf course. To complement these amenities, great incentives would be offered to the private-sector investors to build recreational.



# Site Location Analysis

## Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 24 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

# Site Location Analysis

## Micro Location

### Subject Property Description

- The subject property is located in the eastern middle of Riyadh city in An Nasim District, along Khurais Road, on a regular plot of land with a flat topography. The total land area is **10,000 Sqm**.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Subject property is located on Khurais Road with Abdul Rahman bin Auf Street. Khurais Road is considered one of the most important arterial roads on the eastern side of Riyadh.
- Based on the data provided by the client, the total build-up area is **12,068.4 Sqm**. It consists of a basement with an area of **5,000 Sqm**, a ground floor with an area of **5,787.4 Sqm**, in addition to a mezzanine floor with an area of **1,281 Sqm**.

### Property Details

Description	Details
Total Land Area (Sqm)	10,000
Total Build-up Area (Sqm)	12,068.40
Number of Warehouses	1

### Property Location



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# Site Location Analysis

## Subject Property Description

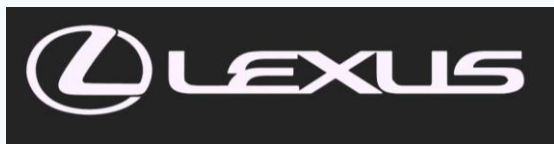
### Location analysis at the district level

- The subject property includes a car showroom on the ground floor in addition to offices on the mezzanine floor and a basement for parking.
- According to the information provided by the client, The subject property is fully leased to Al-Bazaei Motors Showroom, for a period of **10** years, extendable for a period of 5 years.
- The property is located on a plot of land of **10,000** Sqm, owned by Musharaka REIT, and has a full lease agreement in favor of Saleh Abdullah Al-Bazai & Sons Company, the agent of Toyota and Lexus cars in the central region and the exclusive agent of Skoda cars in the Kingdom of Saudi Arabia.
- We would like to note that Abaad did not receive any information about the lease contract and that the property was valued based on the data received from the client.

### Some of the Brands



**TOYOTA**



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### Property Details

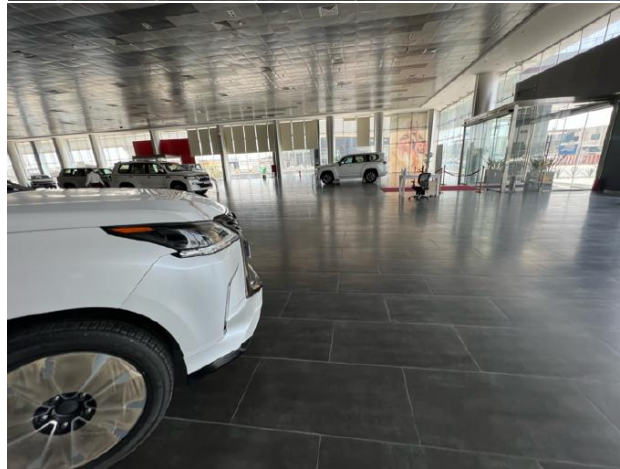
Description	Details
Total GLA (sqm)	7,068.4
Build-up Area (sqm)	12,068.4
No. of Showrooms	1 Showroom
Occupancy Rate (%)	100

# Site Location Analysis

## Subject Property Photos



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للتقييم العقاري





# Tenure

- Property Information



### Property Details (Freehold Details)

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
Use	Commercial
Plot No.	134 ,133 ,132 ,131 ,104 ,103 ,102 ,101
Sub-Division	911
District	An-Nasim Al-Gharbi
Coordinates	46°48'02.6"E 24°44'16.1"N
City	Riyadh
Ownership Type	Freehold
Title Deed Info	Deed No. 810104049341
	Deed Date 19/05/1441H

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	100	Khurais	80
South	100	Al-Sharafa	15
East	100	Neighbor	-
West	100	Abdulrahman bin Auf	60

- Sources: "Title Deed"



# Valuation

- Property Risk Analysis
- Valuation Basis & Methodology
- Income Approach Method
- Valuation Summary

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



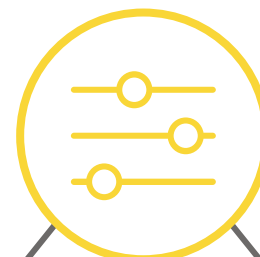
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



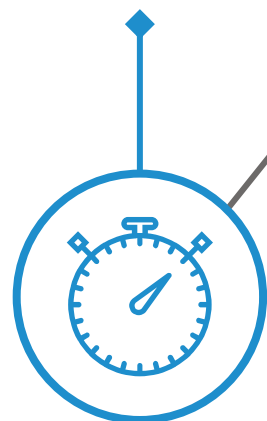
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of Al Bazaie Car Showroom compared to the Riyadh market. The table on the left side summarizes the results of the field research.
- According to the results of the field research, the rental prices for commercial showrooms in Riyadh city range from **400** to **900** SAR/Sqm, and vary according to the location and area, and the duration of the contract.
- in order to verify the actual Yield rate for the property. Based on the results of field research, the Yield rates range from **8%** to **9.5%** and vary according to the location, tenants, occupancy rate, and other properties of the property.
- According to the statement from the client, the property undervaluation enjoys a lease contract with Saleh Abdullah Al-Bazaie & Sons Company for **10** years, bound by order bonds, in addition to the possibility of extension for another **5** years.
- Moreover, the lease agreement stipulates a net rental value equivalent to **6** million SAR/Year. The rental value constitutes **8.5%** as a return on the purchase price (according to the client information).
- The table on the left shows the rental prices in the area of the property undervaluation.

### Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	900 – 700
Large Rent Rate (SAR/Sqm)	600 – 400
Offices Rent Rate (SAR/Sqm)	900 – 600

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **8.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **11.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027
Net Operation Income (SAR)	6,168,000	6,340,704	6,518,244	6,700,755	6,888,376
Exit Value (SAR)					81,039,714
Present Value (SAR)	5,541,779	5,118,552	4,727,648	4,366,596	51,481,574
Fair Value (SAR)	71,240,000				



# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon the detail within this report may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 71,240,000 (Seventy-One Million Two Hundred and Forty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016

Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020

Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

[illegible]





Abaad & Partner For Real Estate Valuation Co.

**Jeddah Branch (Head Office):**

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Al-Salama District  
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أبعاد  
للتقييم العقاري

Final Valuation Report

## Al Faisaliyya Plaza, Dammam

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka



# Introduction




Dear / Musharaka Capital

**Al Faisaliyya Plaza, Dammam**

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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للتقييم العقاري

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

### Property Summary

- Al Faisaliyya Plaza is located on a regular plot of land with flat topography, with an area of **10,779.50** Sqm.
- The property includes many different stores in terms of spaces and features (**29** stores). The total leasable area is **5,592.83** Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- Al Faisaliyya Plaza is located on the main street so that King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Dammam because it connects the eastern side with the western side.

### Property Details

Site Details	Information
District	Al-Faisaliah
Permitted Use	Commercial
Tenure	Leasehold
Deed Number	Multiple
Deed Date	05/11/1427H
Total Area (sqm)	10,779.50 sqm
Owner	Bader Bin Nasser Al Ateeq

### Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
Other Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	21,500,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.





# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
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# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in **Dammam, KSA**.

## Interest

Interested to be valued as of **Al Faisaliyya Plaza’s, Dammam**.

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets Purposes**.

## Basis of Value

Our valuation will be provided on the basis as mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - **Title Deed.**
  - **Building Permit.**
  - **Property location.**
  - **Income Information**
  - **Land Rent Costs**



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Macro Location
- Property Description
- Subject Property Photos

# Site Location Analysis

## Macro Location

- Al Faisaliyya Plaza is located in the southeastern part of Dammam, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Dammam is **800** square kilometers, with a population of about **903,000** people. The city of Dammam is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The subject property is located in Al-Faisaliah district. The area surrounding the property includes developing space, in addition to many complexes, commercial centers, and residential buildings.

## Accessibility

- Al Faisaliyya Plaza is located on the main street so that King Fahd Road passes from the northern side of the property. It is considered one of the main roads in Dammam because it connects the eastern side with the western side, in addition to that it extends to the Khobar Governorate and connects between Dammam and Khobar.
- The subject property can be reached directly through Omar Ibn Al-Khattab Street, in addition to the Dhahran-Jubail Expressway, which is a secondary road leading to King Fahd Road, the main road leading to Al Faisaliyya Plaza.

## Property Location





# Site Location Analysis

## Subject Property Description

### Location analysis at the district level

- Al Faisaliyya Plaza is located on a regular plot of land with flat topography. The land area is **10,779.50 Sqm.**
- The property includes many commercial units (**29 units**).
- The property consists of a mezzanine ground floor and a first floor, and the build-up area is **7,495 Sqm.**
- The property area is characterized by a commercial building system consisting of a ground floor, a mezzanine, and a first floor.
- The property area is characterized by the presence of basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- Based on the information provided by the client, the coverage ratio (according to the current construction condition) is **39%.**

### Property Information Summary

Description	Details
Total Land Area (m2)	10,779.50
Total Build-up Area (m2)	7,495
Total Leasable Area (m2)	5,592.8
Coverage (%)	39
Number of Commercial Units (Number)	29
Property Age (Estimated)	8.5 Years

### Property Map





# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information

# Tenure

## Property Information



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### Property Details (Leasehold Details) Plot No.1

ID	Description
Owner	Bader Bin Nasser Al Ateeq
Use	Commercial
Plot No.	1
Sub-Division	414
District	Al-Faisaliah
Coordinates	50° 3'25.31"E 26°24'13.08"N
City	Dammam
Ownership Type	Leasehold
Title Deed Info	Deed No. 330102003013
	Deed Date 05/11/1427H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40.00	Al-Tariyfah St	16
East	39.60	Abdullah bin Omar St	20
West	45.36	Neighbor	-

- Sources: "Title Deed"

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Property Details (Leasehold Details) Plot No.2

ID	Description
Owner	Bader Bin Nasser Al Ateeq
Use	Commercial
Plot No.	2
Sub-Division	414
District	Al-Faisaliah
Coordinates	50° 3'25.31"E 26°24'13.08"N
City	Dammam
Ownership Type	Leasehold
Title Deed Info	Deed No. 430101003930
	Deed Date 06/11/1427H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40	Al-Tariyfah St	16
East	45.36	Neighbor	-
West	51.12	Neighbor	-

- Sources: "Title Deed"

# Tenure

## Property Information



### Property Details (Leasehold Details) Plot No.3

ID	Description	
Owner	Bader Bin Nasser Al Ateeq	
Use	Commercial	
Plot No.	3	
Sub-Division	414	
District	Al-Faisaliah	
Coordinates	50° 3'25.31"E	26°24'13.08"N
City	Dammam	
Ownership Type	Leasehold	
Title Deed Info	Deed No.	330105002281
	Deed Date	05/11/1427H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40.00	Al-Tariyfah St	16
East	51.12	Neighbor	-
West	56.88	Neighbor	-

- Sources: "Title Deed"

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Property Details (Leasehold Details) Plot No.4

ID	Description	
Owner	Bader Bin Nasser Al Ateeq	
Use	Commercial	
Plot No.	4	
Sub-Division	414	
District	Al-Faisaliah	
Coordinates	50° 3'25.31"E	26°24'13.08"N
City	Dammam	
Ownership Type	Leasehold	
Title Deed Info	Deed No.	530101003931
	Deed Date	06/11/1427H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40	Al-Tariyfah St	16
East	56.88	Neighbor	-
West	62.64	Neighbor	-

- Sources: "Title Deed"

# Tenure

## Property Information

### Property Details (Leasehold Details) Plot No.5

ID	Description	
Owner	Bader Bin Nasser Al Ateeq	
Use	Commercial	
Plot No.	5	
Sub-Division	414	
District	Al-Faisaliah	
Coordinates	50° 3'25.31"E	26°24'13.08"N
City	Dammam	
Ownership Type	Leasehold	
Title Deed Info	Deed No.	330101003932
	Deed Date	06/11/1427H

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	40.41	King Fahad St	150
South	40.00	Al-Tariyfah St	16
East	62.64	Neighbor	-
West	68.4	15 St	25

- Sources: "Title Deed"



# Valuation

- Property Risk Analysis
- Valuation Basis & Methodology
- Income Approach Method
- Valuation Summary



### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



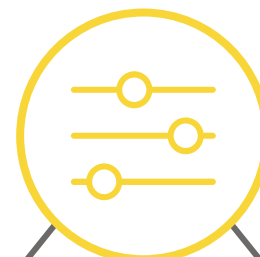
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



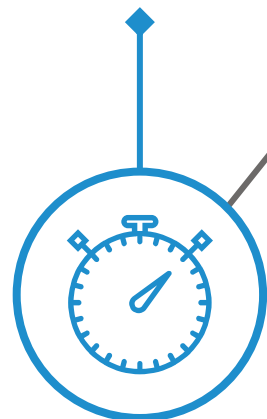
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Al-Faisaliah Center with Dammam market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 6.3 million SAR per year. Moreover, the operating expenses of the property are 5.8%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- Note, Abaad Company did not receive the lease contracts, while the total income provided by the client was relied upon, in addition to some information from the land contract cost to reach the market value shown in this report.
- The table on the left shows the rental prices in the Subject Site's surrounding area.

### Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	2,000 - 1,500
Large Rent Rate (SAR/Sqm)	1,300 - 900
Supermarket Rent Rate (SAR/Sqm)	600 - 500

# Valuation

## Income Approach

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total GLA (Sqm)	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83	5,592.83
Average Lease Rate with inflation (SAR/Sqm)	1,189.16	1,222.46	1,256.68	1,291.87	1,328.04	1,365.23	1,403.46	1,442.75	1,483.15	1,524.68	1,567.37
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	6,650,763	6,836,984	7,028,420	7,225,216	7,427,522	7,635,492	7,849,286	8,069,066	8,295,000	8,527,260	8,766,023
Vacancies (%)	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Vacancies (SAR)	152,968	157,251	161,654	166,180	170,833	175,616	180,534	185,589	190,785	196,127	201,619
Gross Potential Income (GPI) (SAR)	6,497,795	6,679,734	6,866,766	7,059,036	7,256,689	7,459,876	7,668,752	7,883,477	8,104,215	8,331,133	8,564,405
Land Cost with Inflation (SAR)	2,981,200	3,064,674	3,150,484	3,238,698	3,329,382	3,422,604	3,518,437	3,616,953	3,718,228	3,822,338	3,929,364
Operation Expenses (SAR)	454,846	467,581	480,674	494,132	507,968	522,191	536,813	551,843	567,295	583,179	599,508
Net Operation Income (SA)	3,061,750	3,147,479	3,235,608	3,326,205	3,419,339	3,515,080	3,613,503	3,714,681	3,818,692	3,925,615	4,035,532
Present Value (SAR)	2,763,312	2,563,795	2,378,683	2,206,937	2,047,592	1,899,751	1,762,585	1,635,322	1,517,249	1,407,700	1,306,061
Fair Value (SAR)	21,500,000										

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon the detail within this report may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 21,500,000 (Twenty-One Million Five Hundred Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents



### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

## Subject Property Documents



أبجد  
للتقييم العقاري

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الرقم : ٤٣٠١٠٠٩٣٠٠  
التاريخ : ١١ / ٦ / ١٤٢٧ هـ

كتاب العدل الأولى بالدمار

صك

بعد الله وسلامه والسلام على من لا نبي بعده وبعد :  
إن نقطة رقم ٢ من المخطط رقم ١١٤ معدل / ١ الخاصة بحسب القسمة بمدينة الدمام ،  
موجودها وأطرافها كالتالي:  
مألاً : مؤلف موقوفات ولاية شارع الملك فهد عريض ١٠٠ متر  
بنوياً : شارع عريض ١٦ متر  
رقاً : قطعة رقم ١  
رقاً : قطعة رقم ٣  
مساحتها : ١٢٩,١٠٠ م٢ ومسماة و شعبة و عشر و من مبراً و مليون مستمراً مبرماً فقط  
الساكنة في القرية على الملك الصادر من هذه الإدارة برقم ٢٨٩٧ / ١٠٠٠٠٠٠٠ في ١١ / ١١ / ١٤٢٧ هـ  
له أعلقت مملكتها له بغير من ناصر من قبله العزيز الحقيل سعودي الجنسية بموجب مقرر رقم ١٠٠٠٠٠٠٠ / ١٠٠٠٠٠٠٠٠  
مماثلة  
جرت التديق تحريراً في ١٠ / ١١ / ١٤٢٧ هـ لاستخدامه ، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

الختم الرسمي

وزارة العدل  
كتاب العدل الأولى بالدمار

رئيس مكتبة العدل الأولى بالدمار  
سيد عبد الرحمن الصنقر

# Appendix

## Subject Property Documents



أبجد  
للتقييم العقاري



صك  
الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد :  
لأن قلعة رقم ٢ من المنطقة رقم ١٤٤ مدني / ١ القفزة في حي القيسية بمدينة الدمام .  
وحدودها وأبعادها كما يلي:  
شمالاً : ممتلكات سيارات باب شارع عرض ١٥٠ متر  
جنوباً : شارع عرض ١١ متر  
شرقاً : قلعة رقم ١  
غرباً : قلعة رقم ١  
ومساحتها (١١٠٠) متر مربعاً ومائة وستون متر مربعاً قلعة  
والسكنة في أراضيها على السك الدمام من هذه الإقارة برقم ٢٣٠١٠٠٠٣٢٨٧ في ١٤٤٧ هـ .  
قد اكتسقت ملكيتها لـ بدر بن ناصر بن عبد العزيز الشويخ سعودي الجنسية بموجب سجل مدني رقم ١٠١٠١٢٢٤٢ - ١٠١٠١٢٢٤٢ سيرة مليون و ثلاثمائة و اربعون ألف ريال  
وعليه جرت التصديق لتعرياً في ١٤٤٧ / ١١ / ٥ هـ لا خلافه ، وعلى الله تعالى تيقنا محمد بك وصحبه وسامه .

مكتب العدل  
عبد المجيد بن عبد الرحمن اليعين



صك  
الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد :  
لأن قلعة رقم ٤ من المنطقة رقم ١٤٤ مدني / ١ القفزة في حي القيسية بمدينة الدمام .  
وحدودها وأبعادها كما يلي:  
شمالاً : ممتلكات سيارات باب عرض ١٥٠ متر  
جنوباً : شارع عرض ١١ متر  
شرقاً : قلعة رقم ٢  
غرباً : قلعة رقم ١  
ومساحتها (١١٠٠) متر مربعاً ومائة وستون متر مربعاً قلعة  
والسكنة في أراضيها على السك الدمام من هذه الإقارة برقم ٢٣٠١٠٠٠٣٢٨٧ في ١٤٤٧ هـ .  
قد اكتسقت ملكيتها لـ بدر بن ناصر بن عبد العزيز الشويخ سعودي الجنسية بموجب سجل مدني رقم ١٠١٠١٢٢٤٢ - ١٠١٠١٢٢٤٢ سيرة مليون و ثلاثمائة و اربعون ألف ريال  
وعليه جرت التصديق لتعرياً في ١٤٤٧ / ١١ / ٥ هـ لا خلافه ، وعلى الله تعالى تيقنا محمد بك وصحبه وسامه .

مكتب العدل  
سعد بن محمد الرحمن المسفر



## Subject Property Documents



أبجد  
للتقييم العقاري

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Abaad & Partner For Real Estate Valuation Co.

**Jeddah Branch (Head Office):**

Mohamed Ibrahim Masoud Street,  
Al-Salama District  
Zahid Offices Building, 5th Floor, suite 21  
Jeddah, Kingdom of Saudi Arabia

**Riyadh Branch:**

Imam Saud bin Faisal Road,  
Al-Sahafa District  
Al-Difaa Office, 2nd Floor, suite 106  
Riyadh, Kingdom of Saudi Arabia

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Final Valuation Report

V220243

## AlKharj Commercial Center, AlKharj

Client / Musharaka Capital

27 March 2023




# Introduction

Dear / Musharaka Capital

## AlKharj Commercial Center, AlKharj

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF #	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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أبعاد  
للتقييم العقاري

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- AlKharj Commercial Center is on a regular shaped parcel of land, with an area of **16,095.97 Sqm.**
- The Commercial Center includes many retail (**18** retails), in addition to the Danube supermarket. The total built-up area is **9,521.1 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- Al-Kharj Commercial center is located on four streets, so King Abdullah Road passes from the southern side of the property. It is considered one of the main roads in Al-Kharj because it connects the eastern side of the governorate with the western side.

### Property Details

Site Details	Information
District	Ghornatah
Permitted Use	Commercial Center
Tenure	Freehold
Deed Number	511507006268 - 711508007003
Deed Date	٢٠٢٤/٣/١٤٤١
Total Area (sqm)	16,095.97 Sqm
Owner	Hifth AlMusharaka Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	61,860,000 SAR



# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

## Interest

- Interested to be valued as of **AlKharj Commercial Center, AlKharj**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location.**
  - 2) **Title Deed.**
  - 3) **Building Permit.**
  - 4) **Income Information.**



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Macro Location
- Micro Location
- Property Description
- Subject Property Photos



# Site Location Analysis

## Macro Location

- AlKharj Commercial Center is located western part of Al-Kharj Governorate, one of the governorates of the capital of the Kingdom of Saudi Arabia.
- The total urban area of Riyadh is **19,790** square kilometers, with a population of about **400,000** people.
- Al-Kharj Governorate is located southwest of the city of Riyadh. Al-Kharj includes a group of real estate, considered one of the demand generators and one of the leading destinations for the residents of Al-Kharj, such as Al-Hadithi Mall, Go Mall, Panorama Mall, Oasis Mall, and Al-Kharj Park. The property undervaluation is located in Al-Khuzama neighborhood near Prince Sattam bin Abdulaziz University.
- The area surrounding the property includes developing spaces and many complexes, commercial centers, and residential buildings.

### Accessibility

- Al-Kharj Commercial Complex is characterized as is located on **4** streets, so King Abdullah Road passes from the southern side of the property, and it is considered one of the main roads in Al-Kharj because it connects the eastern side of the governorate with the western side of it.
- In addition, Prince Sattam bin Abdulaziz Road passes from the western side of Al-Kharj Center. As for the other two frontages, they overlook internal streets and border the site from the north and east. The property can be reached directly through King Abdullah Road.

## Macro Location of the Subject Property



# Site Location Analysis

## Micro Location

- AlKharj Commercial Center is on a regular shaped parcel of land, with an area of **16,095.97 Sqm.**
- The Commercial Center includes many retail (**18** retails), in addition to the Danube supermarket. The total built-up area is **9,521.1 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- The subject property building regulation is commercial building with a total number of floors up to **2.5** floors, as shown in the building regulations in the subject property area.
- Based on the data provided by the client, the coverage ratio (depending on the current construction condition) is **56٪.**
- The property under valuation features **2** entrances and exits for traffic, one of which is located on King Abdullah Road, and the other is located on Prince Sattam bin Abdulaziz Road.

## Property Details

Details	Description
Land Area (Sqm)	16,095.97
Build-up Area (Sqm)	9,521.1
Coverage Ratio (٪)	٪56
Number of Units	18
Building Age	10.5 Years

## Property Location





## Site Location Analysis

### Subject Property Description

- The property under valuation consists of a total number of showrooms equivalent to **18** showrooms, and a building area of **9,521.1** square meters.
- According to the information provided by the client, Al-Kharj Mall includes many brands, such as Danube, Red Tag, Kudu, Maestro Pizza and other brands and the total leased area reaches **8,839.13** square meters.
- Most of the retail areas within Al Kharj Mall range from **95 m2** to **140 m2**, and the complex also includes two shops with an area ranging from **2,060 m2** to **4,827 m2** for both Red Tag and Danube Supermarket, respectively.
- The property is located on a land area of **16,095.99** square meters, owned by Hefd Musharakah Real Estate Company.
- Moreover, the property under valuation includes McDonald's restaurant located along King Abdullah Road, with a rental area of **937.6 m2**.

Some Brands in the subject property



Description	Details
Land Area (Sqm)	16,095.97
Build-up Area (Sqm)	9,521.1
GLA (Sqm)	9,403.40
Occupied GLA (Sqm)	8,839.13
Number of Units	18
Building Age	10.5 Years

# Site Location Analysis

## Subject Property Photos



أبجد  
للتقييم العقاري





# Tenure

- Property Information

# Tenure

## Property Information



### Property Details (Freehold Details)

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	AlKharj Commercial Center
Plot No.	120
Sub-Division	1456
District	Ghornatah
Coordinates	24° 8'20.08"N 47°16'43.15"E
City	AlKharj
Ownership Type	Freehold
Title Deed Info	Deed No. 511507006268
	Deed Date H 24/3/1441

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	82.15	Unnamed	20
South	80	Al Malik Abdullah Road	60
East	141.1	Unnamed	6
West	140.5	Unnamed	40

- Sources: "Title Deed"

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Property Details (Freehold Details)

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	AlKharj Commercial Center
Plot No.	119
Sub-Division	1456
District	Ghornatah
Coordinates	24° 8'20.08"N 47°16'43.15"E
City	AlKharj
Ownership Type	Freehold
Title Deed Info	Deed No. 711508007003
	Deed Date H 24/3/1441

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	57.5	Unnamed	6
South	60.35	Al Malik Abdullah Road	60
East	82.9	Unnamed	15
West	80.25	Neighbor	-

- Sources: "Title Deed"



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value



### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



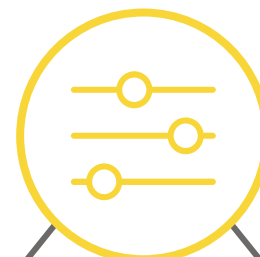
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



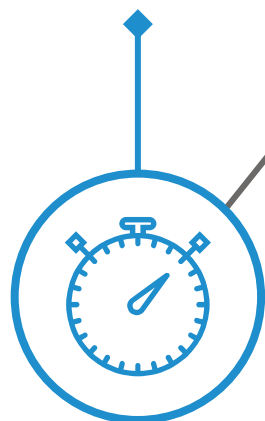
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

# Valuation

## Valuation Basis & Methodology

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the AlKharj center compared to the AlKharj market. The table on the left summarizes the results of the field research for the residential compound.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- Based on the results of the research, the Yield rates for residential compounds range from **8.0%** to **9.50%** and it is dependent according to the location, type, quality of units, and occupancy rate.
- According to the client information, the compound enjoys lease contracts with a Net Operating Income of **5.3 million SAR** per year.
- Moreover, the information provided by the client and the experience of Abaad in the real estate market, the Yield rate of the property was estimated as **7.0%**.
- The table on the left shows the rental prices in the Subject Site area.

### Rental Prices Summary

Description	Details
Small Retail Rents (SAR/Sqm)	1,300 – 1,100
Large Retail Rents (SAR/Sqm)	550 – 400
Restaurants Rents (SAR/Sqm)	1,700 – 1,200

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 11.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027
Total Leasable Area (%)	9,403.96	9,403.96	9,403.96	9,403.96	9,403.96
Average Leasable Rate with Inflation (SAR)	636.4	654.2	672.6	691.4	710.8
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Total Expected Income (SAR)	5,984,958	6,152,536	6,324,807	6,501,902	6,683,955
Vacancies (%)	4.5%	3.5%	2.5%	2.5%	2.5%
Vacancies (SAR)	269,323	215,339	158,120	162,548	167,099
Operation Expenses Rate (%)	5,715,634	5,937,198	6,166,687	6,339,354	6,516,856
Operation Expenses (SAR)	457,251	474,976	493,335	507,148	521,349
Net Operation Income (SA)	5,258,384	5,462,222	5,673,352	5,832,206	5,995,508
Exit (SAR)					70,535,386
Present Value (SAR)	4,724,514	4,409,395	4,114,852	3,800,600	44,808,558
Fair Value (SAR)	61,860,000				

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 61,860,000 (Sixty-One Million Eight Hundred Sixty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781



أبعاد  
للتقييم العقاري



# Appendix

- Valuation Glossary
- Subject Property Documents



### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**الجمهورية العربية السورية  
وزارة العدل**

[٢٧٧]

**كاتب عدل محافظة الحرجة**

الرقم : ٥١٦٥٠٧٠-٩٦٦٨ / هـ  
التاريخ : ٣ / ٤ / ١٤٤١ هـ

محافظة الحرجة

**صك**

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

فإن قطعة الأرض التجانية رقم ١٢٠ من المخطط رقم ١٤٦٦ الواقع في حي غرناطة بمحافظة الحرجة - وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠ م بطول: (٨٢,١٥) اثنين و ثمانون متر وخمس عشرة سنتيمتر

جنوباً: شارع عرض ٦٠ م بطول: (٨٠) ثمانون متر

شرقاً: معر مشاة عرض ٦٠ م قطعة الأرض رقم ١١٩ بطول: (١٤١,١) مائة واحد وأربعون متر وعشرة سنتيمتر

غربياً: شارع عرض ٤٠ م بطول: (٦٤,٥) مائة وأربعون متر وخمسون سنتيمتر ومساحتها : (١٩,٢٦٠,٢٤) أحد عشر ألفا وستين وسن متراً مربعاً وأربعة وعشرون سنتيماً مربعاً فقط والسند في إفراغها على الصك الصادر من هذه الإدارة برقم ٤١١٥٠١٠٣٤٠٠ رقم ٤ / ٣ / ١٤٣٧ هـ قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ٤١١٥٠١٠٣٤٠٠ رقم ٤ / ٣ / ١٤٣٧ هـ وتنتهي بـ ٤ / ١٠ / ١٤٤١ هـ ، بثمن وقدره ١٧٨٦٤٥٥ سبعة عشر مليوناً وثامناً وستة عشر ألفاً وأربعمائة وخمسة وخمسون ريال ضمن شيك وعليه جرى التصديق تحريراً بـ ٣ / ٤ / ١٤٤١ هـ لاعتماد . وصلى الله على نبينا محمد وآله وصحبه وسلم.

**وزارة العدل  
كتابة عدل محافظة الحرجة  
الكاتب العدلي المحكم رقم (٧)**

**كتاب العدل**

**علي بن عبد العزيز بن علي قيعضب**

هذا الصنادق وحدة متكاملة ، وشعبان أو ثالث صلحة منه يؤدى إلى عدم صلاحية السند المستد بعد تاريخ إصداره .  
( هذا الصندوق مخصوص لاستخدام بالأساس الاتى ويمنع تغليفه )

توقيع .....  
محكمة طحايا المحكمة : ٣٢٤٠١

تسليمه يوم ..../.../.....  
تعداد ورق : ١٣٧٠-١٣٧١

بسم الله الرحمن الرحيم

الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]  
كتابة عدل محافظة الحرج

الرقم : ٧١٥٠٨٠٧٠٠٣  
التاريخ : ٢٤ / ٣ / ١٤٤١ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد :  
فإن قطعة الأرض التجارية رقم ١١٩ من المخطط رقم ١٤٥٦ الواقع في حي غرناطة محافظة الحرج .  
وحدودها وأطوالها كالتالي:  
شمالاً: عمر مشاء عرض ٩م  
بطول: (٥٧,٥) سبعة وخمسون متر وخمسون سنتيمتر  
جنوباً: شارع عرض ٩م  
بطول: (٦٠,٣٥) ستون متر وخمسة وتلاثون سنتيمتر  
شرقاً: شارع عرض ٩م وغرفة كوبرياء  
بطول: (١) يياد من الشمال بطول ٩م ثم ينكسر شرقاً ٢,٥م ثم  
ينكسر جنوباً بطول ٧٩,٤٠م  
غرباً: قطعة رقم ١٢٠  
بطول: (٨٠,٢٥) ثمانون متر وخمسة وعشرون سنتيمتر  
ومساحتها : (٤,٨٣٥,٧٣) أريعاتآل و ثمانمائة وخمسة وتلاثون متر مربعاً وثلاثة وسبعون سنتيمتر مربعاً فقط  
والستند في إفراجها على الصك الصادر من هذه الإدارة برقم ٣١١٠١٠٣٤٠١ هـ في ٤ / ٣ / ١٤٣٧ هـ .  
قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤٨٤٨٣٤ هـ في ١٢ / ١٠ / ١٤٣٧ هـ  
وتنتهي في ١٢ / ١٠ / ١٤٤١ هـ ، بثمن وقدره ٤١٣٣٠٠ سبعة مليون وأربعمائة وثلاثة عشر ألفاً وتلاثمائة ريال وعليه  
جرى التصديق تحريراً في ٢٤ / ٣ / ١٤٤١ هـ لاتمامه ، وصلى الله على نبينا محمد وآله وصحبه وسلم .

١٤٤١  
مكتب عدل  
وليد بن خالد بن عبدالله السيف

وزارة العدل  
كتابة عدل محافظة الحرج  
كتب من مكتب ٨

هذا الصك وحده مستأنف ولا يصح أن يثبت عليه غير ما هو عليه من غير صلاحية التوقيع  
مصلحة بطابع الحكومة - ١٣٦١٢ ( هذا النموذج مخصص للاستخدام بالحااسب الآلي وينصح تأليفه )  
نموذج مطبوعة ١٠ من ١١



Abaad & Partner For Real Estate Valuation Co.

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Final Valuation Report

## Gardino Hotel, Riyadh

Client / Musharaka Capital

27 March 2023

V220243





# Introduction

Dear / Musharaka Capital

## Gardino Hotel, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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أبعاد  
للتقييم العقاري

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- The property undervaluation is the Gardino Hotel, which opened in early 2021, with a 4-star rating.
- The property land area is 3,495.35 Sqm and the building area is 13,838 Sqm in Olaya district, Riyadh.
- The hotel contains two floors of parking for approximately 86 cars parking, one ground floor, one-floor mezzanine, and two floors for residential hospitality units.
- The hotel contains 94 residential hospitality units divided into 86 rooms and 8 suites and contains 4 guest elevators and one service elevator.
- Riyadh is the largest city in Saudi Arabia and is considered one of the largest cities in the Gulf in terms of area, as the developed area is about 1,913 square km.

## Valuation Summary

Site Details	Information
District	Olaya
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	918501000502
Deed Date	1443/02/15H
Total Area (sqm)	3,495.35
Owner	Hifth AlMusharaka Real Estate Company

## Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	96,180,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information



# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Riyadh, KSA**.

## Interest

- Interested to be valued as of **Gardino Hotel, Riyadh**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location**.
  - 2) **Title Deed**.
  - 3) **Building Permit**.
  - 4) **Income Information**.



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular, or statement or disclosed in any way without Abaad's prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As of the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgment.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



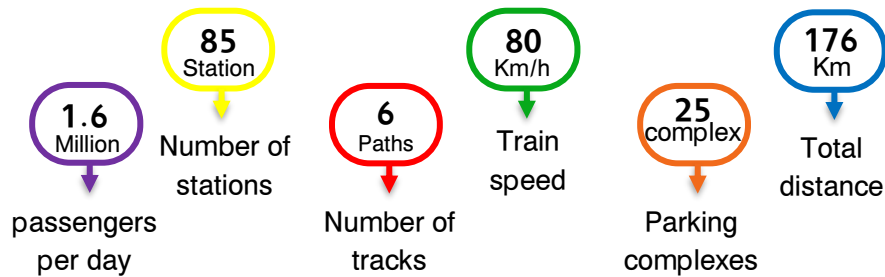
## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

# Site Location Analysis

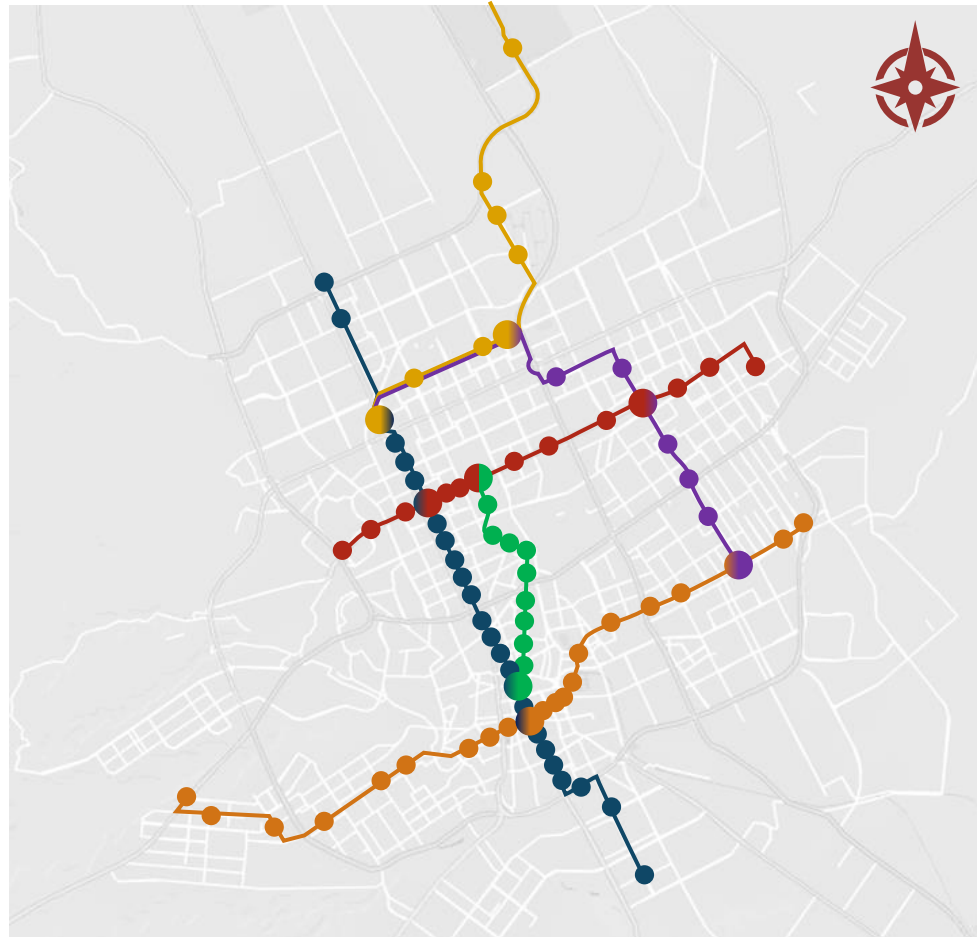
## Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



### Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5





# Site Location Analysis

## Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for Riyadh City (RCRC) carries out several strategic, comprehensive, long-term and multi-phase development programs and projects that require massive efforts and resources.

### Historical Addir'iyah Development Program



Addir'iyah is the home of many historic sites and antiquities, as it hosts unique buildings, old quarters, oasis, palm gardens, farms and agricultural areas.

the program achieved integration between Addir'iyah and Riyadh by transforming Addir'iyah into a world-class cultural and tourist metropolitan suburb.

### Riyadh Art Project



Within the project, more than 1000 artworks and landmarks, created by local and international artists, will be installed across the city of Riyadh according to a 10-program plan that covers residential neighborhoods, gardens, parks, squares, metro/bus stations, bridges, city entrances and tourism destinations.

### Sports Boulevard



The Sports Boulevard extends for 135 kms, across the city of Riyadh, connecting Wadi Hanifah valley in the West with Wadi Al Sulai valley in the East through Prince Muhammad Bin Salman Bin Abdulaziz Road. The Sports Boulevard features green pedestrian pathways, special routes for professional and amateur cyclists (135 and 85 kms respectively), and horse riding routes (123 kms).

### Green Riyadh



The Green Riyadh Project includes planting 7.5 million trees across the capital in gardens, parks, mosques, schools, healthcare facilities, King Khaled International Airport and most of the city's roads, streets, car parking spaces, and valleys

### King Salman Park



Covering over 13 square kilometers, King Salman Park will be among the biggest city parks worldwide. It will combine a wide variety of environmental, cultural, recreational and sports activities that will significantly enhance the life quality of all Riyadh residents. The project will also host many facilities including a royal art complex, a national theater, an opera house, art academies, museums, and galleries. Furthermore, the park will feature extensive green areas, plazas, sports compounds, and an 18-hole royal golf course. To complement these amenities, great incentives would be offered to the private-sector investors to build recreational.



# Site Location Analysis

## Macro Location



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للتقييم العقاري



Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 33 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.



# Site Location Analysis

## Micro Location

- The property is located west of Riyadh city in Olaya district with a medium to high population density and a high income.
- The most important streets in the property area: 1- Al Takhassusi Street. 2-King Abdullah Road. 3- King Khalid Road. 4- Al Orouba Road. 5- Prince Turki bin Abdulaziz Al Awwal Road.
- The Subject Property is located near the following landmarks:

#	Landmarks	Distance
1	The Zone	About 600 M away
2	Dr. Soliman AL Habeeb Hospital	About 1.0 KM away
3	King Saud University - Girls	About 3.4 KM away
4	Olaya Mall	About 3.5 KM away
5	Obeikan Tower	About 3.4 KM away
6	Kingdom Tower	About 4.1 KM away

## Services Provided in the Surrounding Area

Sewer Drainage	Electricity	water	Phone line	Storm drainage
✓	✓	✓	✓	✓
masjid	School (boys)	School (girls)	Green area	Retail
✓	✓	✓	✓	✓
Clinic	Police	Civil defense	Mail	Municipal equipment
✓	✓	✓	✓	✓

## Micro Location



# Site Location Analysis

## Subject Property Description

- The property undervaluation is the Gardino Hotel, which opened in early 2021, with a 4-star rating.
- The property land area is 3,495.35 Sqm and the building area is 13,838 Sqm in Olaya district, Riyadh.
- The hotel contains two floors of parking for approximately 86 cars parking, one ground floor, one-floor mezzanine, and two floors for residential hospitality units.
- The hotel contains 94 residential hospitality units divided into 86 rooms and 8 suites and contains 4 guest elevators and one service elevator.
- The hotel has a gym, ballroom, and two swimming pools (large pool + small pool).
- The hotel has a 50-seater restaurant, a coffee shop, a kitchen, and a business center area.
- The construction of the hotel started in 2017 and was completed in 2019, and in 2020 the finishing work and the furnishings was completed.

## Property Location



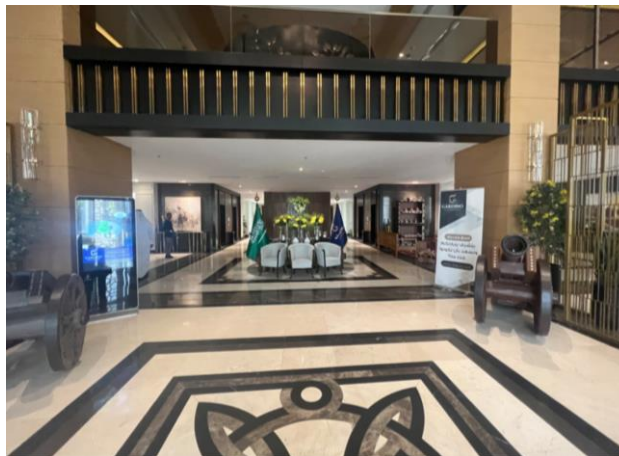


# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information

# Tenure

## Property Information



### Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Gardino Hotel, Riyadh	
Plot No.	132 – 131 – 130 – 129	
Sub-Division	I/1324	
District	Olaya District	
Coordinates	24°43'36.39"N	46°39'7.01"E
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	918501000502
	Deed Date	1443/02/15H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	55	Hatim bin Al-Layth	12
South	58	Neighbor	-
East	62.7	Al Takhassusi Street	46
West	62	Abi Al-Muzaffar bin Muhammad	15

- Sources: "Title Deed"

### Lease Rate Contract Summary

Year	Annual Lease Rate
2021	7,000,000
2022	7,000,000
2023	7,500,000
2024	7,500,000
2025	7,500,000
2026	8,250,000
2027	8,250,000
2028	8,250,000
2029	8,250,000
2030	8,250,000

No legal document has been verified for the property under valuation, which includes planning, ownership, or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights, or impediments.



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value



### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



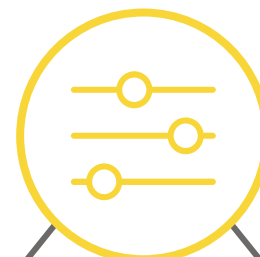
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



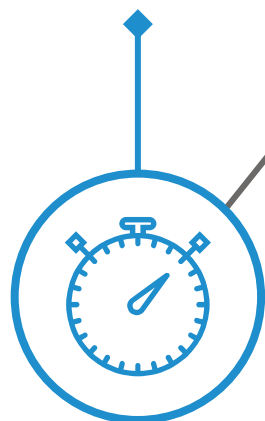
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

# Valuation

## Income Analysis

### Valuation method used

- When choosing the most appropriate methodology for estimating the value of the property, we considered the information provided by the client, the current situation of the property as well as our analysis of the market. When determining the market value of the property undervaluation, the following method was used:

### Income Approach (Discounted Cash Flow Method)

- The Discounted Cash Flow method indicates value by converting future cash flows into a present value. According to this method, the value of an asset is determined by reference to the value of revenue, cash flows, or cost savings from the asset. The discount rate is usually arrived at by analyzing appropriate market transactions and development. We are also aware of and communicating with real estate brokers and local investors to gauge the sensitivity of the numbers.

### The main assumptions in the cash flow method:

#### Revenues

- According to the information provided by the client, there is a Telecom tower whose income is estimated at **70,000** riyals annually and the duration of the hotel lease contract is **10** years, two payments are paid every six Gregorian months, and the income was calculated according to the lease contract, which is summarized in the table below:

Period	Contract Signing	Upon Submission	2021.12	2022.06	2022.12	2023.06	2023.12	2024.06	2024.12	2025.06
Income (SAR)	5,000,000	2,000,000	3,500,000	3,500,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000

Period	2025.12	2026.06	2026.12	2027.06	2027.12	2028.06	2028.12	2029.06	2029.12	2030.06
Income (SAR)	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000

# Valuation

## Income Approach

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 7.50% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.00% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

### Discount Cash Flow Table

Period (6 Months)	2023.06	2023.12	2024.06	2024.12	2025.06	2028.06	2028.12	2029.06	2029.12	2030.06
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Income (GPI) (SAR)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	4,125,000	4,125,000	4,125,000	4,125,000	4,125,000
Telecom Tower Income (SAR)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Net Operation Income (SA)	3,785,000	3,785,000	3,785,000	3,785,000	3,785,000	4,160,000	4,160,000	4,160,000	4,160,000	4,160,000
Exit (SAR)										110,933,333
Present Value (SAR)	3,608,856	3,440,909	3,280,778	3,128,099	2,982,526	2,462,825	2,348,212	2,238,932	2,134,738	56,312,529
Fair Value (SAR)	96,180,000									

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Value Value (Income Approach) Date 31 December 2022 :

- 96,180,000 (Ninety-Six Million One Hundred Eighty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents



### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

## Subject Property Documents

[illegible]

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:  
فإن قطعة الأرض 129 وقطعة الأرض 130 وقطعة الأرض 131 وقطعة الأرض 132 من المخطط رقم 1324 / أ الواقع في حي العليا بمدينة الرياض .  
وحدودها وأطوالها كالتالي:  
شمالاً: شارع عرض 12م بطول: (55) خمسة وخمسون متر  
جنوباً: قطعة رقم 133، 134 بطول: (58) ثمانية وخمسون متر  
شرقاً: شارع عرض 46م بطول: (62.7) اثنين وستون متر وسبعون سنتيمتر  
غرباً: شارع عرض 15م بطول: (62) اثنين وستون متر  
ومساحتها : (3,495.35) ثلاثة آلاف و أربعمائة وخمسة وتسعون متر مربعاً وخمسة وثلاثون سنتيمتراً مربعاً فقط  
والمستند في إقرارها على الصك الصادر من الموثقين بالرياض 8 برقم 399069000324 في 13 / 2 / 1443 هـ  
قد انتقلت ملكيتها لـ: شركة حفظ المشاركة القفارية بموجب سجل تجاري رقم 1010484834 وتنتهي في 14 / 1 / 1445 هـ .، بضمن وقدره 85500000 خمسة و ثمانون مليوناً وخمسمائة ألف ريال منها مبلغ 70700000 سبعة مليون و سبعون ألف ريال تنازلت الشركة عن إيجاره العقار للبايع وعليه جرى التصديق تحريراً في 15 / 2 / 1443 هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، وجب التحقق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل  
نموذج رقم (١٠٠٠٠٠١٢)

صفحة رقم 1 من 1



Abaad & Partner For Real Estate Valuation Co.

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أبعاد  
للتقييم العقاري

Final Valuation Report

## Jzala Residential Compound, Khobar

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka





# Introduction




Dear / Musharaka Capital

## Jzala Residential Compound

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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للتقييم العقاري

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- Jzala Residential Compound is on a regular shape land, with an area of **29,486.73** Sqm.
- The Compound includes various residential villas in sizes and features (**101** units), in addition to facilities and amenities such as swimming pools, health clubs, and green areas. The total built-up area is **26,388.02** Sqm.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- Jzala Residential Compound is located on three streets so that King Saud Road passes from the western side of the property. It is considered one of the main roads in Khobar because it connects the northern the southern side.

## Valuation Summary

Site Details	Information
District	Qurtuba
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	330205013308 - 330205013307
Deed Date	24/11/1438H
Total Area (sqm)	29,486.73
Owner	Hifth AlMusharaka Real Estate Company

## Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	150,790,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information



# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

## Interest

- Interested to be valued as of **Jiizala Residential Compound, Khobar**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location.**
  - 2) **Title Deed.**
  - 3) **Building Permit.**
  - 4) **Income Information.**



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

# Site Location Analysis

## Macro Location - Introduction

- Jzala residential compound is located in the eastern part of Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750** square kilometers, with a population of about **578,500** people.
- Khobar city hosts good infrastructure that allows commercial and industrial hubs with seaports and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Qurtubah district.
- The area surrounding the property includes developing spaces, in addition to many resorts and commercial centers, and places dedicated to fishing.

## Accessibility

- Jiazla Residential Compound is located on the main street so that King Saud Road passes from the western side of the property. It is considered one of the main roads in Al-Khobar because it connects the northern side with the southern side. Moreover, Prince Sultan Road passes from the eastern side of Jzala residential compound.
- As for the other frontages, they overlook internal streets and border the site on the north side.
- The property undervaluation can be reached directly through Prince Sultan bin Fahd Road, in addition to King Saud Road, one of the secondary roads linked to Prince Sultan bin Fahd Road leading to the property under valuation.

## Macro Location of the Subject Property



# Site Location Analysis

## Subject Property Description

### Property Details

- Jzala Residential Compound is on a regular shaped parcel of land, with an area of **29,486.73 Sqm.**
- The residential compound includes various residential villas in sizes and features (**101 units**), in addition to facilities and amenities such as swimming pools, health clubs, and green areas.
- The total built-up area is **26,388.02 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and a footpath.
- The subject property building regulation is commercial with a total number of floors up to **10 floors**, as shown in the building regulations in the subject property area.
- Based on the data provided by the client, the coverage ratio (depending on the current construction condition) is **56%.**

### Property Details

Details	Description
Land Area (Sqm)	29,486.73
Built-up Area (Sqm)	26,388.02
Coverage Ratio (%)	56%
Number of Units	101
Building Age	22 .5 Years

### Property Location



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# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information

# Tenure

## Property Information



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### Property Details (Freehold Details) Unit 22

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Jzala Residential compound, Khobar
Plot No.	22
Sub-Division	2/41
District	Qurtubah
Coordinates	26°20'9.20"N 50°10'47.72"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 330205013308
	Deed Date 24/11/1438H

### Property Details (Freehold Details) Unit 23

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Jzala Residential compound, Khobar
Plot No.	23
Sub-Division	2/41
District	Qurtubah
Coordinates	26°20'9.20"N 50°10'47.72"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 330205013307
	Deed Date 24/11/1438H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	81.96	Unnamed	12
South	139.73	Neighbor	-
East	130.00	Neighbor	15
West	142.46	King Saud Street	60

Side	Dimension	Street Name	Width (m)
North	89.73	Neighbor	-
South	140.30	Unnamed	7
East	130.00	Neighbor	-
West	139.57	King Saud Street	60

- Sources: "Title Deed"



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



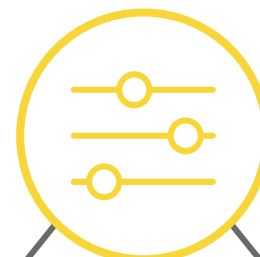
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



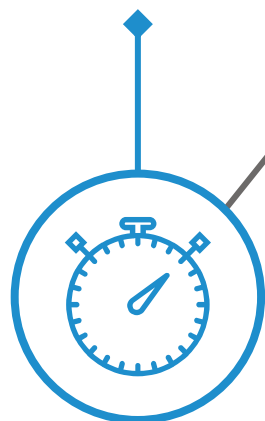
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.



# Valuation

## Valuation Basis & Methodology

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of Jzala compound compared to the Khobar market. The table on the right summarizes the results of the field research for the residential compounds.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- Based on the results of the research, the Yield rates for residential compounds range from **8.00%** to **10.00%** and it is dependent according to the location, type, quality of units, and occupancy rate.
- According to the client information, the compound enjoys lease contracts with a Net Operating Income of **14,400,000** million SAR/Year.
- Moreover, the information provided by the client and the experience of Abaad in the real estate market, the Yield rate of the property was estimated as **8.00%**.
- The table on the Right shows the rental prices in the Subject Site area.

### Rental Prices Summary

Compound Name	Unit Area (Sqm)	Price (SAR)	Adj. (%)	Price after Adj.
Black Pearl Compound	272	150,000	-5.00%	142,500
Karawan Village	210	160,000	-10.00%	144,000
Karawan Village	260	180,000	-10.00%	162,000
An Nahda Compound	220	150,000	0.00%	150,000
Average Rent Rate (SAR/Unit)				150,000
Units				101
Units Total Revenue				15,150,000

# Valuation

## Valuation Basis & Methodology



### Discount Cash Flow

- After the end of the lease contract for the property under valuation, we were provided with the expected income for **2023**, and then an increase in rental prices was made to reach the market prices of the property, noting that according to the customer's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire building, and this is what was used in our valuation, the table below shows the rental prices for each year until the year of stability:

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Units	101	101	101	101	101	101	101	101	101	101
Unit Rental Price (SAR)	70,000	91,000	118,300	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Percentage increase in Unit Rental Price (%)	0.0%	30.0%	30.0%	26.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Property Income (SAR)	7,070,000	9,191,000	11,948,300	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000	15,150,000

# Valuation

## Valuation Basis & Methodology

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	7,267,960	9,712,902	12,980,322	16,919,405	17,393,149	17,880,157	18,380,801	18,895,464	19,424,537	19,968,424
Vacancies (%)	20.0%	15.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Vacancies (SAR)	1,453,592	1,456,935	1,298,032	845,970	869,657	894,008	919,040	944,773	971,227	998,421
Additional Income (SAR)	58,144	82,560	116,823	160,734	165,235	169,861	174,618	179,507	184,533	189,700
Gross Potential Income (GPI) (SAR)	5,872,512	8,338,526	11,799,113	16,234,169	16,688,726	17,156,010	17,636,379	18,130,197	18,637,843	19,159,702
Operation Expenses Rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Operation Expenses (SAR)	587,251	833,853	1,179,911	1,623,417	1,668,873	1,715,601	1,763,638	1,813,020	1,863,784	1,915,970
Net Operation Income (SA)	5,285,261	7,504,674	10,619,201	14,610,752	15,019,853	15,440,409	15,872,741	16,317,178	16,774,058	17,243,732
Exit (SAR)										215,546,652
Present Value (SAR)	4,770,091	6,112,970	7,806,791	9,694,235	8,994,290	8,344,883	7,742,364	7,183,349	6,664,695	83,477,115
Fair Value (SAR)	150,790,000									

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 150,790,000 (One Hundred Fifty Million Seven Hundred Ninety Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016

Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020

Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.



### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

## Subject Property Documents



أبجد  
للتقييم العقاري

بقرعة  
 المحكمة الإدارية  
 كاتبة العادة  
 [٢٧٧]  
 الرقم: ٢٢-٢٠٠-١٢٣-٥  
 التاريخ: ١٤٢٨/١١/٢٤ هـ  
 صك  
 المحمد لله وجده والسلامة والسلامة على من لا نبي بعده وبعد:  
 فإن قطعة الأرض رقم ٢٢ من المخطط رقم ٢ / ٤١ الواقع في حي قرطبة بمدينة الخبر .  
 وحدودها وأطرافها كماالتالي  
 شمالاً: شارع عرض ٢٠ متر  
 جنوباً: قطعة رقم ٢٢ / ٢٤  
 شرقاً: قطعة ٢٤  
 بطول: ١٤١,٩١ واحد و ثمانون متر و ستة و تسعون سنتيمتر  
 بطول: ١٢٩,٧٣ مائة و تسعة و ثلاثون متر و ثلاثة و سبعون سنتيمتر  
 بطول: ١٣٠ مائة و ثلاثون متر  
 غرباً: شارع الملك سعود عرض ٦٠ متر  
 ومساحتها: ١٤١,٢٩٩,٩ أربعة عشر ألفاً و ثلاثمائة و واحد و ثمانون متر مربعاً و تسعون سنتيمتر مربعاً فقط وليس بأيديه محافظة  
 الخبر برقم ٦٠٣٣ في ١٢٩ / ١ / ١٣٥٠ وللقيود لدينا برقم ٣٣٠.٧٣٦ في ٢٩ / ١ / ١٣٥٠  
 والمستند في أفرافها على البنك الصاعد من هذه الإدارة برقم ٩٢٠.٧٠٠٠٥١٨ في ٢٢ / ١٢ / ١٤٢٨ هـ  
 فإن التفتد لمصلحة ل: شركة حنف للشاركة المقارية بموجب سجل تجاري رقم ١٠١٠٢٨٩٢٤ في ١٢ / ١٠ / ١٤٢٧ هـ وننتهي  
 في ١٢ / ١٠ / ١٤٤١ هـ . بثمان وقرقر ٨٠٠٠٠٠ ثمانون مليون ريال وعليه جرى التصديق تحريراً في ١٤٢٨/١١/٢٤ هـ لا عتاده  
 : وصلى الله على نبينا محمد وآله وصحبه وسلم.  
 الختم الرسمي  
 كاتب العدل  
 عبد الله بن محمد بن عبد الله الشهري  
 محكمة مدني - مكة - ٢٢٢٢٢٢  
 (١٠-٢٠-١١) تاريخ رقم

**بسم الله الرحمن الرحيم**

الجمهورية العربية السورية  
وزارة العدل والمظالم  
**كاتب العدل في محافظة حلب**  
[٢٧٧]

**صك**

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

فإن قطعة الأرض رقم ٢٢ من المخطط رقم ٤ / ٢ الواقع في قرية بعمدية الخبز -  
وجندودعا وأطواها عكاكالي:  
شمالاً: قطعة ٢٢ بطول: (٨٩,٧٣) تسعة و ثمانون متر و ثلاثة و سبعون سنتنتر  
جنوباً: شارع عرض ٣٠ متر بطول: (١٤٠,٢) مائة و أربعون متر و ثلاثون سنتنتر  
شرقاً: قطعة ٢٥ بطول: (١٢٠) مائة و ثلاثون متر  
غرباً: شارع الملك سعود عرض ٦٠ متر بطول: (١٣٩,٥٧) مائة و تسعة و ثلاثون متر و سبعة و خمسون سنتنتر  
وساحتها: (١٩٠٠٤,٨٣) خمسة عشر ألف و أربعة و تسعون متر مربعاً و ثلاثون و ثمانون سنتنتر مربعاً فقط مع وجود شملة  
بالركن الجنوبي الغربي بقدر ٦ \* ٦ متر وذلك بموجب خطاب بلدية الخبز رقم ٦٠٢٦ / ١٢٣٥ في ٢٩ / ١ / ١٤٣٥هـ والمقيد برقمه  
٣٣٠٧٤٨٤ في ٢٩ / ١ / ١٤٣٥هـ.

والستند في إقرارها على الصك الصادر من هذه الإدارة برقمه ٩٣٠٢٠٨٠٠٠٠ في ٢٤ / ٤ / ١٤٣٥ هـ

قد انتقلت ملكيتها لـ شرقية حلف للمشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٥٨٤٣١ في ١٢ / ١٠ / ١٤٣٧ هـ وتلتحق  
في ١٣ / ١٠ / ١٤٤١ هـ .. ويتم قدره ٨٠٠٠٠٠٠٠ ثمانون مليون ريال وعليه جرى التصديق تسييراً في ٢٤ / ١ / ١٤٣٨ هـ لاتخاذها

و صلى الله على نبينا محمد وآله وصحبه وسلّم.

الختم الرسمي

دورة القضاء  
كتاب العدل الأول في صفات القاضي  
كتاب العدل مكتب رقم ٥١

عبدالله بن محمد بن عبدالله الشهردي  
مكتب العدل

الستند وحدة متشعبة ، وضياء أو تلف نسخة منه يؤدي إلى عدم صلاحية المستند

( هذا النموذج خاص بالامتحان الخاص بالي ويمنع تداوله )

مسلمة طبع المكونة : ٢٨٢٠٢٢

توقيع : .....  
نموذج رقم : ١١٧-٣٠٠٠

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Abaad & Partner For Real Estate Valuation Co.

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أبعد  
للتقييم العقاري

Final Valuation Report

## Jubail Commercial Center, Jubail

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka



# Introduction



Dear / Musharaka Capital

## Jubail Commercial Center, Jubail

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

### Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer



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للتقييم العقاري

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- Jubail Commercial Center is located on a regular plot of land with flat topography, with an area of **39,750 Sqm.**
- The Commercial Center includes various retail sizes (**27** retails), The total built-up area is **15,636.7 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The commercial center is located on the main road, King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Jubail because it connects the eastern side with the western side.

## Valuation Summary

Site Details	Information
District	Altawyh
Permitted Use	Commercial
Tenure	Leasehold
Deed Number	765
Deed Date	05/02/1414H
Total Area (sqm)	39,750
Owner	Khonaini International Company

## Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	69,320,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Leasehold interest for the Subject Property located in **Jubail, KSA**.

## Interest

- Interested to be valued as of **Jubail Commercial Center, Jubail**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location.**
  - 2) **Title Deed.**
  - 3) **Building Permit.**
  - 4) **Income Information.**
  - 5) **Land Costs.**



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak



# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

# Site Location Analysis

## Macro Location - Introduction

- Jubail Commercial Center is located in the northern part of Jubail, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Jubail is **1,016** square kilometers, with a population of about **380,000** people.
- The city of Jubail is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Al Towayya neighborhood.
- The surrounding area of the property includes developing space, in addition to many complexes, commercial centers, and residential buildings.

## Accessibility

- Jubail Residential Center is located on the main road, King Fahd Road passes from the northern side of the property, and it is considered one of the main roads in Jubail because it connects the eastern side with the western side.
- In addition, King Faisal Road passes from the eastern side of the Jubail center.
- The property undervaluation can be reached directly through King Faisal Road, in addition to Highway 1 and Al Madinah Al Munawwarah Road, which are secondary roads linked to King Faisal Road and King Fahd Road leading to the property undervaluation.

## Macro Location of the Subject Property



# Site Location Analysis

## Subject Property Description

- Jubail Commercial Center is located on a regular plot of land with flat topography, with an area of 39,750 Sqm.
- The Commercial Center includes 27 retails. The total built-up area is 15,636.7 Sqm.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of 1 floor, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is 32.96%.
- The table below shows some property details.

### Property Details

Details	Description
Land Area (Sqm)	39,750
Build-up Area (Sqm)	15,636.7
Coverage Ratio (%)	32.96
Number of Units	27
Building Age	8.5 Years

### Property Location



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# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information

# Tenure

## Property Information



### Property Details (Leasehold Details)

ID	Description	
Owner	Khonaini International Company	
The Property	Jubail Commercial Center, Jubail	
Plot No.	4	
Sub-Division	-	
District	Altawyh District	
Coordinates	27° 0'43.68"N	49°38'30.64"E
City	Jubail	
Ownership Type	Leasehold	
Title Deed Info	Deed No.	765
	Deed Date	05/02/1414H

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

- Sources: "Title Deed"





# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



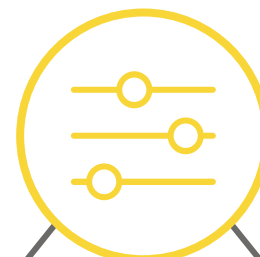
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



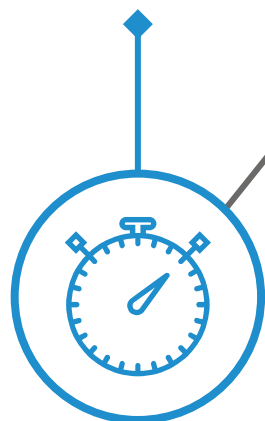
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Jubail Commercial Center with Jubail market.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- By looking at the list of retail rents for tenants and confirming it with the rental prices in the surrounding area for similar projects, Abaad team confirms that the rent is within the rental market range.
- According to the information provided by the client, the property enjoys lease contracts with a total income of 11.7 million SAR per year. Moreover, the operating expenses of the property is 4.3%, which is considered less than the market range, which is ranging from 7% to 15%, according to the experience of Abaad team in the retail sector.
- Note, Abaad Company did not receive the lease contracts, while the total income provided by the client was relied upon, in addition to some information from the land contract cost to reach the market value shown in this report.
- The table on the left shows the rental prices in the Subject Site's surrounding area.

### Rental Prices Summary

Details	Rent Rate
Small Rent Rate (SAR/Sqm)	2,000 - 1,500
Large Rent Rate (SAR/Sqm)	1,300 - 900
Supermarket Rent Rate (SAR/Sqm)	600 - 500

# Valuation

## Income Approach



### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 11.30% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023/12	2024/12	2025/12	2026/12	2027/12	2031/12	2032/12	2033/12	2034/12
Total GLA (Sqm)	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1	15,538.1
Average Lease Rate with inflation (SAR/Sqm)	777.2	799.0	821.3	844.3	868.0	969.3	996.5	1,024.4	1,053.1
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	12,076,134	12,414,266	12,761,866	13,119,198	13,486,535	15,061,661	15,483,387	15,916,922	16,362,596
Vacancies (%)	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Vacancies (SAR)	108,685	111,728	114,857	118,073	121,379	135,555	139,350	143,252	147,263
Gross Potential Income (GPI) (SAR)	11,967,449	12,302,538	12,647,009	13,001,125	13,365,157	14,926,106	15,344,037	15,773,670	16,215,332
Land Cost with Inflation (SAR)	1,542,000	1,585,176	1,629,561	1,675,189	1,722,094	1,923,221	1,977,072	2,032,430	2,089,338
Operation Expenses (SAR)	837,721	861,178	885,291	910,079	935,561	1,044,827	1,074,083	1,104,157	1,135,073
Net Operation Income (SA)	9,587,728	9,856,184	10,132,157	10,415,858	10,707,502	11,958,057	12,292,882	12,637,083	12,990,921
Present Value (SAR)	8,614,311	7,956,434	7,348,800	6,787,571	6,269,203	4,562,513	4,214,073	3,892,244	3,594,992
Fair Value (SAR)	69,320,000								

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 69,320,000 (Sixty-Nine Million Three Hundred Twenty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016

Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020

Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents



### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

## Subject Property Documents



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Abaad & Partner For Real Estate Valuation Co.

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Mohamed Ibrahim Masoud Street,  
Al-Salama District  
Zahid Offices Building, 5th Floor, suite 21  
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Manager

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Final Valuation Report

## Radisson Blue Hotel Apartments, Khobar

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka



# Introduction



Dear / Musharaka Capital

## Radisson Blue Hotel Apartments, Khobar

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

### Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer



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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- Radisson Blu Hotel Apartments is located on a regular shape plot with flat topography, with an area of **3,798.08 Sqm.**
- The hotel includes various apartments in sizes and features (**92** apartments), in addition to facilities and services such as swimming pools and a health club. The total built-up area is **8,964 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The Hotel is located close to many important hubs of Al Khobar.

## Valuation Summary

Site Details	Information
District	Olaya
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	330207005613 - 930207005612 - 330207005611
Deed Date	29/11/1438H
Total Area (sqm)	3,798.08
Owner	Hifth AlMusharaka Real Estate Company

## Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	86,070,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

## Interest

- Interested to be valued as of **Radisson Blue Hotel Apartments, Khobar**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location**.
  - 2) **Title Deed**.
  - 3) **Building Permit**.
  - 4) **Income Information**.



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak



# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos

# Site Location Analysis

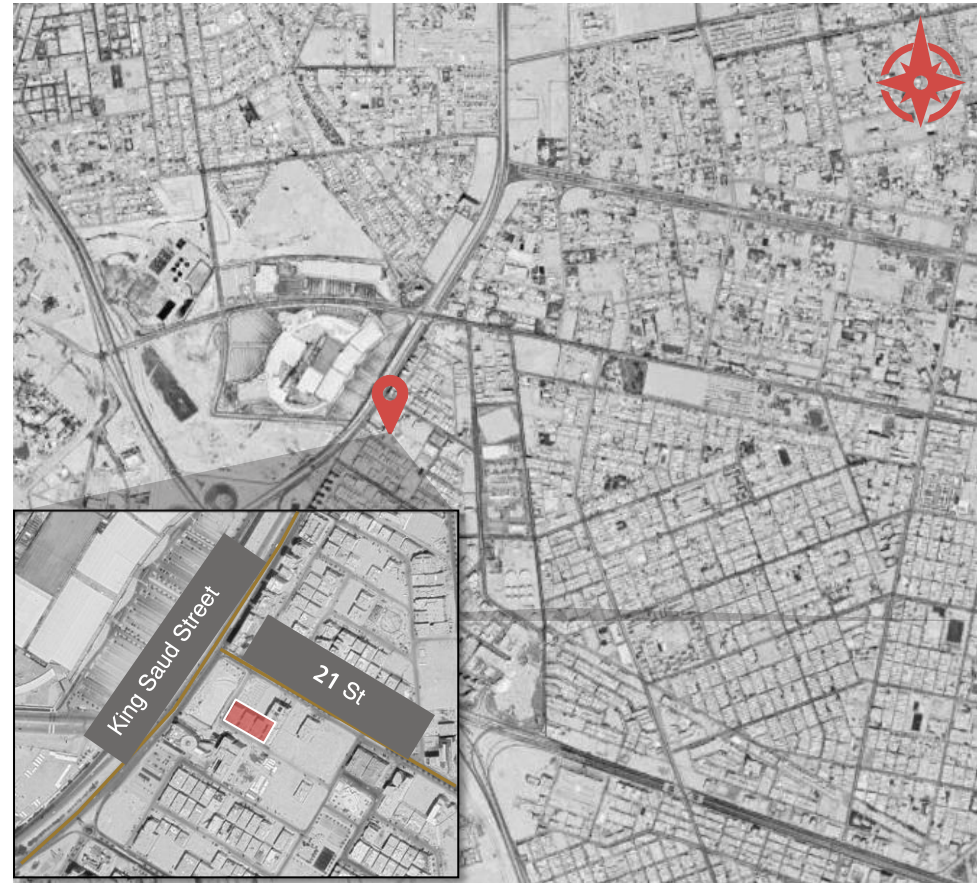
## Macro Location - Introduction

- The Radisson Blue Hotel Apartments is located in the western part of Al-Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750** square kilometers, with a population of about **578,500** people.
- The city of Al-Khobar is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial and hospitality activity in the region.
- The property undervaluation is located in Olaya district, close to many important hubs of Al Khobar.
- The area surrounding the property includes many hotels, commercial centers, restaurants, and cafes.

### Accessibility

- The property is located near Dhahran Mall.
- As for the frontages, they overlook internal streets and border the site from the south and east.
- The property undervaluation can be reached directly through an internal road linked to King Saud Street.

### Macro Location of the Subject Property



# Site Location Analysis

## Subject Property Description

- The Radisson Blue Hotel Apartments is located on a regular plot of land with flat topography, with an area of 3,798.08 Sqm.
- The property includes 92 residential units, in addition to services and facilities such as swimming pools, health club, catering, cafe, and other services. The total built-up area is 8,964 Sqm.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of 3 floors, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is 60%.

### Property Details

Details	Description
Land Area (Sqm)	3,798.08
Build-up Area (Sqm)	8,964
Coverage Ratio (%)	~60
Number of Units	92
Building Age	6.5 Years

### Property Location



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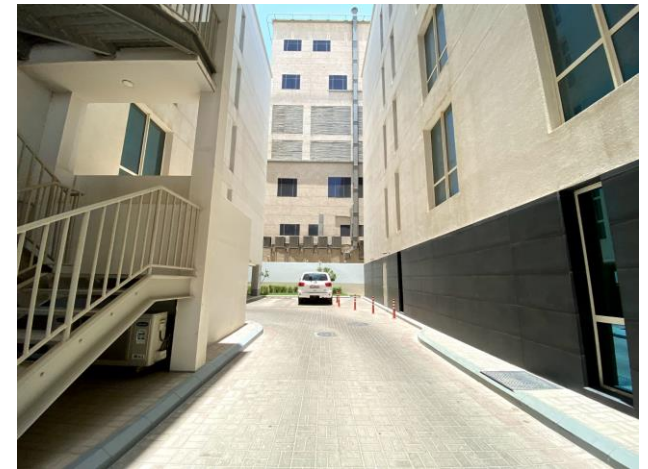


# Site Location Analysis

## Subject Property Photos



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# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information



# Tenure

## Property Information



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### Property Details for plot no. 112

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Radisson Blue Hotel Apartments, Khobar
Plot No.	112
Sub-Division	2/345
District	Olaya District
Coordinates	26°18'11.11"N 50°10'26.80"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 930207005612
	Deed Date 29/11/1438H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	35.08	Neighbor	-
South	35	Jamal Al Deen Afghani	16
East	40	Neighbor	-
West	40	Unnamed	16

- Sources: "Title Deed"

### Property Details for plot no. 114

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Radisson Blue Hotel Apartments, Khobar
Plot No.	114
Sub-Division	2/345
District	Olaya District
Coordinates	26°18'11.11"N 50°10'26.80"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 330207005611
	Deed Date 29/11/1438H

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	192.43	Neighbor	-
South	192.43	Jamal Al Deen Afghani	16
East	200	Neighbor	-
West	200	Neighbor	-

- Sources: "Title Deed"

# Tenure

## Property Information

### Property Details for plot no. 116

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Radisson Blue Hotel Apartments, Khobar
Plot No.	116
Sub-Division	2/345
District	Olaya District
Coordinates	26°18'11.11"N 50°10'26.80"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 330207005613
	Deed Date 29/11/1438H

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	30	Neighbor	-
South	30	Jamal Al Deen Afghani	16
East	40	Neighbor	-
West	40	Unnamed	16

- Sources: "Title Deed"



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value



### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



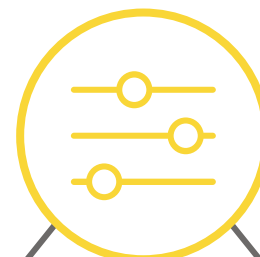
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



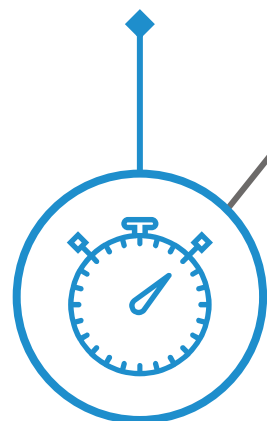
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

# Valuation

## Projected Trading Performance

### Projected Trading Performance Summary (with inflation) (KPI)

- Our calculations were made over **10** years, the table below shows a summary of the first **5** years as a **percentage (%)**.

Period	2022	2023	2024	2025	2026
No. of Rooms	91	91	91	91	91
Occupancy (%)	80.0%	80.0%	80.0%	80.0%	80.0%
ADR (%)	431	431	431	431	431
RevPAR (SAR)	312	312	312	312	312
(Departmental Revenue)					
Room Revenue	87.0%	87.0%	87.0%	87.0%	87.0%
Food & Beverage	10.0%	10.0%	10.0%	10.0%	10.0%
Other Revenue	3.0%	3.0%	3.0%	3.0%	3.0%
(Departmental Expenses)					
Room Expenses	18.0%	18.0%	18.0%	18.0%	18.0%
Food & Beverage Expenses	48.0%	48.0%	48.0%	48.0%	48.0%
Other Expenses	50.0%	50.0%	50.0%	50.0%	50.0%
(Undistributed Expenses)					
Administrative & General	6.0%	6.0%	6.0%	6.0%	6.0%
Sales & Marketing	2.0%	2.0%	2.0%	2.0%	2.0%
Operations and Maintenance	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%

Period	2022	2023	2024	2025	2026
(Management Fees)					
Base Management Fee	2.0%	2.0%	2.0%	2.0%	2.0%
Incentive Management Fee	4.3%	4.3%	4.3%	4.3%	4.3%
(Fixed Charges)					
Staff Accommodation	1.0%	1.0%	1.0%	1.0%	1.0%
Building Insurance	0.3%	0.3%	0.3%	0.3%	0.3%
(NOI)					
Net Operating Income	54.4%	54.4%	54.4%	54.4%	54.4%
Reserve for Renewals (FF&E)	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA					
EBITDA (SAR)	6,365	6,365	6,365	6,365	6,365
EBITDA (%)	53.4%	53.4%	53.4%	53.4%	53.4%

# Valuation

## Projected Trading Performance

### Projected Trading Performance Summary (without inflation) (KPI)

- Our calculations were made over **10** years, the table below shows a summary of the first **5** years as a **(000 SAR)**.

Period	2022	2023	2024	2025	2026
No. of Rooms	91	91	91	91	91
Occupancy (%)	80.0%	80.0%	80.0%	80.0%	80.0%
ADR (%)	431	431	431	431	431
RevPAR (SAR)	312	312	312	312	312
(Departmental Revenue)					
Room Revenue	10,361	10,361	10,361	10,361	10,361
Food & Beverage	1,191	1,191	1,191	1,191	1,191
Other Revenue	357	357	357	357	357
(Departmental Expenses)					
Room Expenses	1,865	1,865	1,865	1,865	1,865
Food & Beverage Expenses	572	572	572	572	572
Other Expenses	179	179	179	179	179
(Undistributed Expenses)					
Administrative & General	715	715	715	715	715
Sales & Marketing	238	238	238	238	238
Operations and Maintenance	357	357	357	357	357
Utilities	595	595	595	595	595

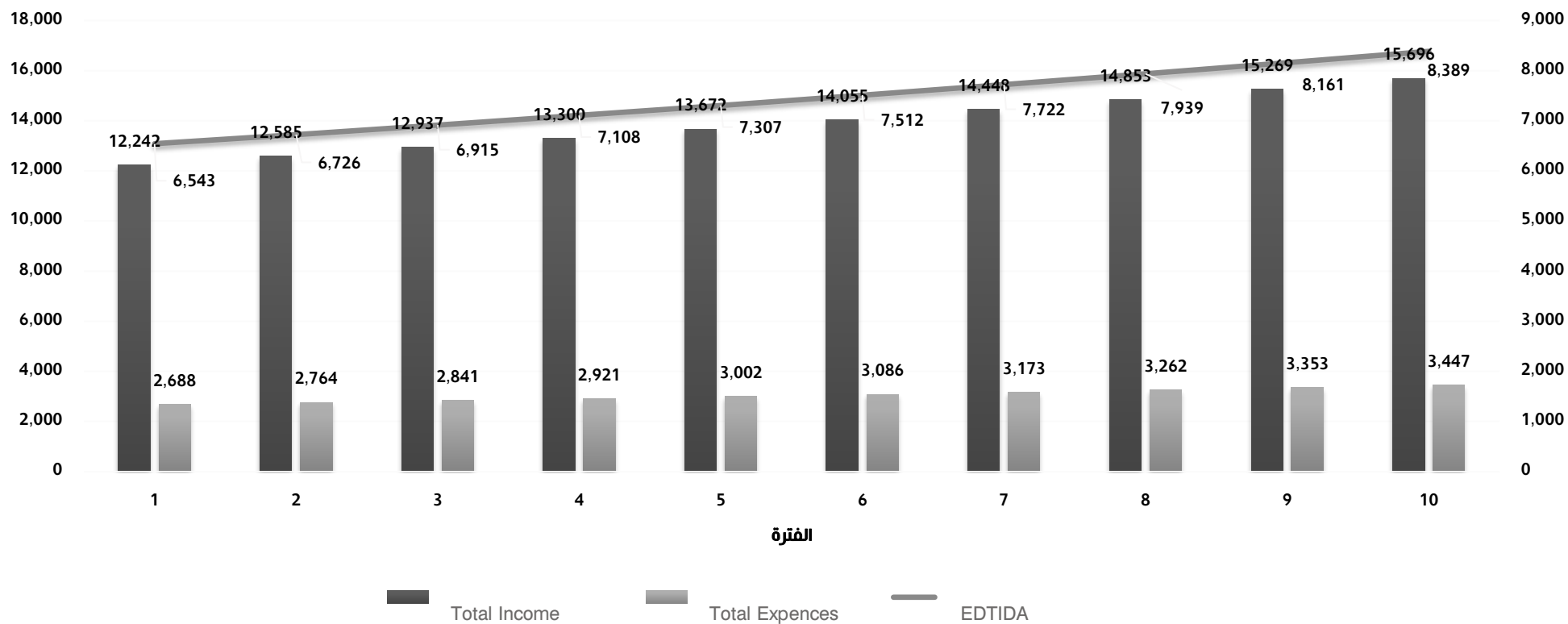
Period	2022	2023	2024	2025	2026
(Management Fees)					
Base Management Fee	238	238	238	238	238
Incentive Management Fee	517	517	517	517	517
(Fixed Charges)					
Staff Accommodation	119	119	119	119	119
Building Insurance	30	30	30	30	30
(NOI)					
Net Operating Income	6,484	6,484	6,484	6,484	6,484
Reserve for Renewals (FF&E)	119	119	119	119	119
EBITDA					
EBITDA (SAR)	6,365	6,365	6,365	6,365	6,365
EBITDA (%)	53.4%	53.4%	53.4%	53.4%	53.4%





## Projected Trading Performance

### Projected Trading Performance Summary (with inflation) (KPI)



# Valuation

## Valuation Basis & Methodology



### Discount Cash Flow

- **Inflation rate:** Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
- **Rate of return:** The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- **Discount rate:** Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2022/12	2023/12	2024/12	2025/12	2026/12	2027/12	2028/12	2029/12	2030/12	2031/12
Net Operation Income (000 SAR)	6,543	6,726	6,915	7,108	7,307	7,512	7,722	7,939	8,161	8,389
Exit (000 SAR)										111,857
Present Value (000 SAR)	6,543	6,726	6,915	7,108	7,307	7,512	7,722	7,939	8,161	120,247
Fair Value (SAR)	86,070,000									

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 86,070,000 (Eighty-Six Million Seventy Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



# Appendix

## Subject Property Documents



أبعداد  
للتقييم العقاري

بسم الله الرحمن الرحيم

الجمهورية العربية السعودية  
وزارة العدل  
كافة العدل الأولى بمحافظة الخبر  
[٢٧٧]

الرقم: ٢٣٠٢٠٧٠٠٩٦١٢  
التاريخ: ١١ / ٢٩ / ١٤٣٨ هـ

صك

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

فإن قطعة الأرض رقم ١١٢ من البك رقم ١٠ من المخطط رقم ٢٤٥ / ٢ الواقع في حي العليا بمدينة الخبر وحدها وأطوالها كالتالي:

شمالاً: قطعة رقم ١١٥	بطول: (٣٠) ثلاثون متر
جنوباً: شارع عرض ١٦ متر	بطول: (٣٠) ثلاثون متر
شرقاً: قطعة رقم ١١٦	بطول: (٤٠) أربعون متر
غرباً: قطعة رقم ١١٢	بطول: (٤٠) أربعون متر

ومساحتها: (١٢٠٠) ألف و مئتين متر مربعاً فقط بموجب خطاب الامين برقم ١٩٣٦٤ / ٤ / ١٣ في ١٣٤٤ / ٤ / ١٧ ولتقليد برقم ١٩٣٦٤ / ٤ / ١٧ في ١٣٤٤ / ٤ / ١٧.

والمستند في اقرارها على الصك الصادر من هذه الإدارة برقم ٧٣٠٢٠٧٠٠٩٦١٢ في ٢٢ / ٩ / ١٤٣٦ هـ.

قد انتقلت ملكيتها لـ شركة حلف المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤١٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ ونشئ في ١٢ / ١٠ / ١٤٤١ هـ بتمن وقدره ٢٦٣٥٠٠٠٠ ستة وعشرون مليوناً و ثلاثمائة وخمسون ألف ريال ضمن شيك وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ واصل الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن ناشر بن عبد الرحمن آل توييم

وزارة العدل  
كافة العدل الأولى بمحافظة الخبر  
كتب العدل بكب رقم (٧)

هذا المستند وحدة مستخدمة - وسيداع أو تكف نسخة منه بؤدي إلى عدم صلاحية المستند.

نموذج رقم (١٠٠-١٢) من ١ صفحة

بسم الله الرحمن الرحيم

الجمهورية العربية السعودية  
وزارة العدل  
كافة العدل الأولى بمحافظة الخبر  
[٢٧٧]

الرقم: ٢٣٠٢٠٧٠٠٩٦١٢  
التاريخ: ١١ / ٢٩ / ١٤٣٨ هـ

صك

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

فإن قطعة الأرض رقم ١١٢ من البك رقم ١٠ من المخطط رقم ٢٤٥ / ٢ الواقع في حي العليا بمدينة الخبر وحدها وأطوالها كالتالي:

شمالاً: قطعة رقم ١١٣	بطول: (٣٥٠,٨) خمسة وثلاثون متر و ثمانية سنتيمتر
جنوباً: شارع عرض ١٦ متر	بطول: (٣٨) خمسة وثلاثون متر
شرقاً: قطعة رقم ١١٤	بطول: (٤٠) أربعون متر
غرباً: شارع عرض ١٦ متر	بطول: (٤٠) أربعون متر

ومساحتها: (١٠,٣٩٨,٠٨) ألف و ثلاثمائة و ثمانية و تسعون متر مربعاً و ثمانية سنتيمتر مربعاً فقط بموجب خطاب الامين برقم ١٩٣٦٤ / ٤ / ١٣ في ١٣٤٤ / ٤ / ١٧ ولتقليد برقم ١٩٣٦٤ / ٤ / ١٧ في ١٣٤٤ / ٤ / ١٧.

والمستند في اقرارها على الصك الصادر من هذه الإدارة برقم ٧٣٠٢٠٧٠٠٩٦١٢ في ٢٢ / ٩ / ١٤٣٦ هـ.

قد انتقلت ملكيتها لـ شركة حلف المشاركة العقارية بموجب سجل تجاري رقم ١٠١٠٤١٨٣٤ في ١٢ / ١٠ / ١٤٣٧ هـ ونشئ في ١٢ / ١٠ / ١٤٤١ هـ بتمن وقدره ٢٦٣٥٠٠٠٠ ستة وعشرون مليوناً و ثلاثمائة ألف ريال ضمن شيك وعليه جرى التصديق تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ واصل الله على نبينا محمد وآله وصحبه وسلم.

عبد العزيز بن ناشر بن عبد الرحمن آل توييم

وزارة العدل  
كافة العدل الأولى بمحافظة الخبر  
كتب العدل بكب رقم (٧)

هذا المستند وحدة مستخدمة - وسيداع أو تكف نسخة منه بؤدي إلى عدم صلاحية المستند.

نموذج رقم (١٠٠-١٢) من ١ صفحة

# Appendix

## Subject Property Documents



أبعاد  
للتقييم العقاري

المملكة العربية السعودية  
وزارة الشؤون البلدية والقروية  
أمانة المنطقة الشرقية  
بلدية الخبر  
رخصة إنشاء

رقم الرخصة: ٤٣٤/١١٣٩٠  
تاريخها: ٤٣٤/١٢/١٧  
صلاحياتها: ثلاث سنوات  
نوعها: بناء جديد

الصفحة: ١ من ١  
تاريخها: ٠٠/٠٠/٠٠

المساحة الكلية: ٣٧٩٦,٤٣ مترمربع  
شديد البلك:

رقم القطعة	رقم البلك	رمز الاستخدام	رقم سند المالك	نوع سند المالك	تاريخه
٠٠١١٢	٠٠٠١٠	(جن أب)	٩٣٠٢٠٥٠١٤٧٠	صفك	٤٣٤/٠٤/٣٠
٠٠١١٤	٠٠٠١٠	(جن أب)	٩٣٠٢٠٥٠١٤٧٠	صفك	٤٣٤/٠٤/٣٠
٠٠١١٩	٠٠٠١٩	(جن أب)	٩٣٠٢٠٥٠١٤٧٠	صفك	٤٣٤/٠٤/٣٠

تكون الواجبات  
باللون الأبيض فقط  
واللون الأزرق فقط

الجهة	الجهة	الجهة	الجهة	الجهة	الجهة
شمال	شمال	شمال	شمال	شمال	شمال
جنوب	جنوب	جنوب	جنوب	جنوب	جنوب
شرق	شرق	شرق	شرق	شرق	شرق
غرب	غرب	غرب	غرب	غرب	غرب

مكونات البناء:

الوصف	عدد الوحدات	المساحة	الاستخدام
ارضى معش	اربعة وسبعون	١٩٨٢,١٠ م	م. سيارات
ارضى	شباب	٢٧,٥٠ م	م. سكني
ارضى	سنة عفر وحدة	٢٠٠٩,٦٠ م	م. سكني
دور اول	سنة عفر وحدة	٢٠٠٩,٦٠ م	م. سكني
دور ثاني	سنة عفر وحدة	٢٠٠٩,٦٠ م	م. سكني
دور ثالث	سنة عفر وحدة	٢٠٠٩,٦٠ م	م. سكني
وارش	٥٢٥,٦٠ م	٢٠٠٩,٦٠ م	م. سكني
سور	٢٥٦,٢٠ م	٢٠٠٩,٦٠ م	م. سكني

مساحة البناء: ١٩٨٢,١٠ م  
مساحة الارض: ٢٧,٥٠ م  
مساحة الدور الأول: ٢٠٠٩,٦٠ م  
مساحة الدور الثاني: ٢٠٠٩,٦٠ م  
مساحة الدور الثالث: ٢٠٠٩,٦٠ م  
مساحة الارش: ٥٢٥,٦٠ م  
مساحة السور: ٢٥٦,٢٠ م

تاريخها: ٤٣٤/١٢/١٧  
تاريخها: ٤٣٤/١٢/١٧  
تاريخها: ٤٣٤/١٢/١٧

المملكة العربية السعودية  
وزارة العدل  
كتابة العدل الأولى بمحافظه الخبر  
[٢٧٧]

الرقم: ٢٢٠٢٧٠٠٠٠٠٠٠٠  
التاريخ: ١٤٣٨ / ١١ / ٢٩ هـ

صك

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

فإن قطعة الأرض رقم ١١٦ من البلك رقم ١٠ من المخطط رقم ٢ / ٢٥ الواقع في حي العليا بمدينة الخبر ومحدودها وأطرافها كالتالي:

شمالاً: قطعة رقم ١١٧ بطول: ٣٠ (٣٠) متراً وعرض: ١٦ متراً

جنوباً: شارع عرض ١٦ متراً بطول: ١٢ (١٢) متراً

شرقاً: قطعة رقم ١١٨ بطول: ٤٠ (٤٠) متراً وعرض: ١٦ متراً

غرباً: قطعة رقم ١١٤ بطول: ٤٠ (٤٠) متراً وعرض: ١٦ متراً

ومساحتها: (٤٢٠٠) ألفاً ومائتين متر مربعاً فقط بموجب خطاب الأمن برقم ١٩٣١١ / ١٣٣٤ في ١٣ / ١٣ / ١٤٣٤ والمفيد برقم ٣٩٤٥٤٧٠ في ١٧ / ٤ / ١٤٣٤

والسند في إفراجها على السيد الصادر من هذه الإدارة برقم ٢٢٠٢٧٠٠٠٠٠٠٠٠ في ٢٩ / ١١ / ١٤٣٨ هـ

قد التفتت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم ١٥١٠٤٨٨٣٤ في ١٢ / ١٢ / ١٤٣٧ هـ وتتضمن في ١٢ / ١٢ / ١٤٣٨ هـ ١٠ بطن وقدره ٢٦٣٨٠٠٠٠ سنة وعشرون مليوناً وثلاثمائة وخمسون ألف ريال ضمن شيك وعليه جرى التبدلين تحريراً في ٢٩ / ١١ / ١٤٣٨ هـ لاستمارة ١ وسمى الله على نبينا محمد وآله وصحبه وسلم

مكتب العدل  
عبد العزيز بن ناصر بن عبد الرحمن آل نويير

مساحة البناء: ١٩٨٢,١٠ م  
مساحة الارض: ٢٧,٥٠ م  
مساحة الدور الأول: ٢٠٠٩,٦٠ م  
مساحة الدور الثاني: ٢٠٠٩,٦٠ م  
مساحة الدور الثالث: ٢٠٠٩,٦٠ م  
مساحة الارش: ٥٢٥,٦٠ م  
مساحة السور: ٢٥٦,٢٠ م

تاريخها: ٤٣٤/١٢/١٧  
تاريخها: ٤٣٤/١٢/١٧  
تاريخها: ٤٣٤/١٢/١٧



Abaad & Partner For Real Estate Valuation Co.

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Riyadh, Kingdom of Saudi Arabia

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Final Valuation Report

V220243

## Seashore Residential Compound, Khobar

Client / Musharaka Capital

27 March 2023



# Introduction




Dear / Musharaka Capital

## Seashore Residential Compound, Khobar

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

### Version Control

Details	Information
Status	Final
Abaad REF #	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

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## Executive Summary

- Terms and Conditions
- Report Summary



# Executive Summary

## Report Summary

- Seashore residential compound is located on a regular plot of land with flat topography, with an area of **38,103 Sqm.**
- The residential complex includes various residential villas in sizes and features (**112 units**), in addition to facilities and services such as swimming pools, health clubs, and green areas.
- The total built-up area is **24,760 Sqm.**
- The property area is characterized by the presence of all basic services such as electricity, water, lighting, sewage, asphalt streets, and a footpath.
- The compound is located near the corniche.

## Property Details

Site Details	Information
District	Tahlia
Permitted Use	Residential Commercial
Tenure	Freehold
Deed Number	930205013309
Deed Date	24/11/1438H
Total Area (sqm)	38,103
Owner	Hifth AlMusharaka Real Estate Company

## Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	139,620,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

## Interest

- Interested to be valued as of **Seashore Residential Compound, Khobar**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) **Subject Location**.
  - 2) **Title Deed**.
  - 3) **Building Permit**.
  - 4) **Income Information**.



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Proximity to Demand Generators
- Property Description
- Subject Property Photos



# Site Location Analysis

## Macro Location - Introduction

- Seashore residential compound is located in the southern part of Khobar, which is one of the governorates of the Eastern Province in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750** square kilometers, with a population of about **578,500** people.
- The city of Al-Khobar is also characterized by the presence of a good infrastructure that allows it to be a commercial and industrial center, and the presence of seaports, and residential areas that increase commercial activity in the region.
- The property under appraisal is located in Tahlia district, close to many hotel resorts.
- The area surrounding the property includes developing spaces, in addition to many resorts and commercial centers, and places dedicated to fishing.

### Accessibility

- Seashore residential compound is located near the open sea, sea resorts, and places to set up activities.
- As for the other frontages, they overlook internal streets and border the site on the south and west sides.
- The property can be reached directly through an internal road linked to King Fahd Street.

### Macro Location of the Subject Property



# Site Location Analysis

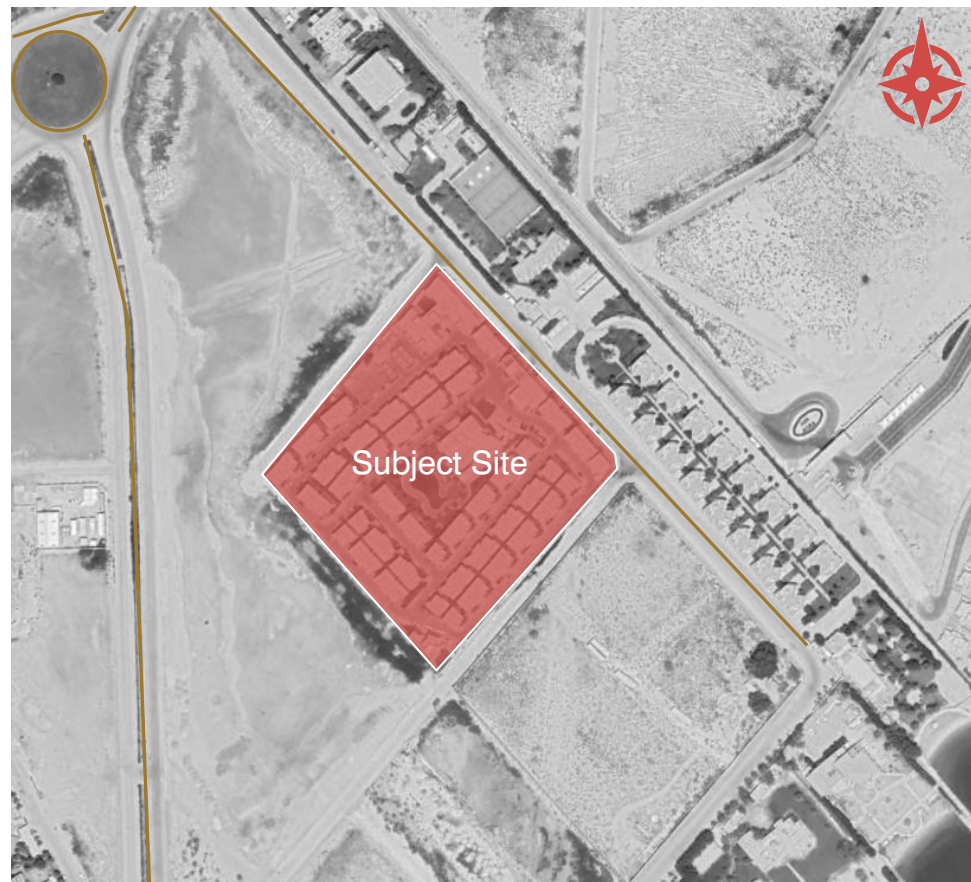
## Subject Property Description

- Seashore residential compound is located on a regular plot of land with flat topography, with an area of **38,103 Sqm**.
- The compound includes **112** residential units, in addition to services and facilities such as swimming pools, health club, catering, cafe, and other services. The total built-up area is **24,760 Sqm**.
- The property location is characterized by the presence of basic services such as electricity, water, lighting, sewage, asphalt streets, and footpaths.
- The property location is characterized by a commercial zone with a total number of **2** floors, as indicated in the building regulations in the area.
- Based on the information provided by the client, the coverage rate (according to the current construction condition) is **57%**.

### Property Details

Details	Description
Land Area (Sqm)	38,103
Build-up Area (Sqm)	24,760
Coverage Ratio (%)	57
Number of Units	112
Building Age	5.5 Years

## Property Location





# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information

# Tenure

## Property Information

### Property Details (Freehold Details)

ID	Description	
Owner	Hifth AlMusharaka Real Estate Company	
The Property	Seashore Residential Compound, Khobar	
Plot No.	-	
Sub-Division	-	
District	Tahlia District	
Coordinates	26° 9'58.68"N	50°11'44.52"E
City	Khobar	
Ownership Type	Freehold	
Title Deed Info	Deed No.	930205013309
	Deed Date	24/11/1438H

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	192.43	Unnamed	20
South	192.43	Neighbor	-
East	200	Unnamed	15
West	200	Unnamed	15

- Sources: "Title Deed"



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.





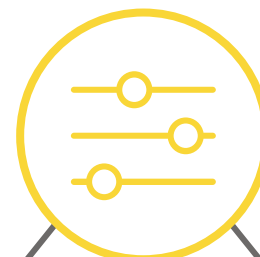
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



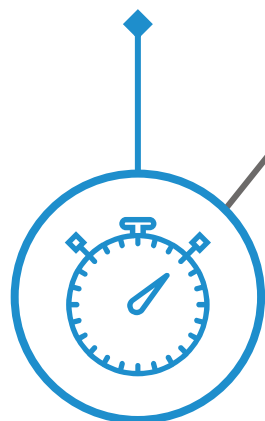
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

# Valuation

## Valuation Basis & Methodology

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the Seashore compound compared to the Khobar market. The table on the left summarizes the results of the field research for the residential compound.
- In addition, we have made some research on the Yield rate for the property undervaluation.
- Based on the results of the research, the Yield rates for residential compounds range from **8.0%** to **10.0%** and it is dependent according to the location, type, quality of units, and occupancy rate.
- According to the client information, the compound enjoys lease contracts with a Net Operating Income of **13.05** million SAR per year.
- Moreover, the information provided by the client and the experience of Abaad in the real estate market, the Yield rate of the property was estimated as **8.0%**.
- The table on the left shows the rental prices in the Subject Site area.

### Rental Prices Summary

Compound Name	Unit Area (Sqm)	Rent Price (SAR)	Unit Type
Black Pearl Compound	272	150,000	Villa
An Nahda Compound	220	150,000	Villa
Ar Rawabi Pearl Compound	180	72,500	Apartment
Black Pearl Compound	107	65,000	Apartment

### Income Estimation

- After completing the field research, we have adjusted **10%** to the average rental price for each type of unit. According to the inspection of the property under valuation, there are some villas has a view of the pool that has a price premium. The table below shows the rental prices and the total income of the units.

Unit Type	Number of Units	Rent Price (SAR)	Total Income (SAR)
Apartment	36	68,750	2,475,000
Villas with View	17	160,000	2,720,000
Villas without View	59	150,000	8,850,000
Total	112		14,045,000

# Valuation

## Valuation Basis & Methodology



### Income Estimation:

After the end of the lease contract for the property under valuation, we were provided with the expected income for **2023**, and then an increase in rental prices was made to reach the market prices of the property, noting that according to the customer's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire building, which is what we based our valuation on. the table below shows the rental prices for each year until the year of stability:

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Units	112	112	112	112	112	112	112	112	112	112
Unit Rental Price (SAR)	89,429	102,843	125,402	125,402	125,402	125,402	125,402	125,402	125,402	125,402
Percentage increase in the Rental Price (%)	0.0%	15.0%	21.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Property Income (SAR)	10,016,000	11,518,400	14,045,000	14,045,000	14,045,000	14,045,000	14,045,000	14,045,000	14,045,000	14,045,000

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.
- Additional Income rate: 1.00%

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	10,296,448	12,172,461	15,258,122	15,685,350	16,124,539	16,576,026	17,040,155	17,517,280	18,007,763	18,511,981
Vacancies (%)	20.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Vacancies (SAR)	2,059,290	1,825,869	1,525,812	1,568,535	1,612,454	1,657,603	1,704,016	1,751,728	1,800,776	1,851,198
Additional Income (SAR)	82,372	103,466	137,323	141,168	145,121	149,184	153,361	157,656	162,070	166,608
Gross Potential Income (GPI) (SAR)	8,319,530	10,450,058	13,869,633	14,257,983	14,657,206	15,067,608	15,489,501	15,923,207	16,369,057	16,827,391
Operation Expenses Rate (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Operation Expenses (SAR)	831,953	1,045,006	1,386,963	1,425,798	1,465,721	1,506,761	1,548,950	1,592,321	1,636,906	1,682,739
Net Operation Income (SA)	7,487,577	9,405,052	12,482,670	12,832,184	13,191,486	13,560,847	13,940,551	14,330,886	14,732,151	15,144,651
Exit (SAR)										189,308,143
Present Value (SAR)	6,757,741	7,660,933	9,176,735	8,514,155	7,899,415	7,329,060	6,799,886	6,308,919	5,853,402	73,315,440
Fair Value (SAR)	139,620,000									

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 139,620,000 (One Hundred Thirty-Nine Million Six Hundred Twenty Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.



### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

## Appendix

## Subject Property Documents



صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد؛  
فإن قطعة الأرض رقم بلون من المخطط رقم ٣٢٨ / بمدينة الخبر  
وبحدودها وأملاكها كالتالي:  
شمالاً: شارع عرض ٢٠ م.  
جنوباً: أرض مملوكة لمخيم مطحله  
شرقاً: شارع عرض ١٥ م.  
غرباً: شارع عرض ١٥ م.  
ومساحتها: (٣٨١.٣) عاثة وثلاثة ألفا وعائة وتسعون متر مربعاً فقط توجد شطفه بالريكن الشمال الشرقي والشمال الغربي  
بمقدار ٤٠٤ متراً كليهما وكذلك غرقه بكثيرة بالريكن الجنوبي الشرقي مساحة ٢.٥٠٠ م.  
والمتسند إلى الأفقية هي العكس الصادر من هذه الإدارة برقم ٩٢٧.٢.٥٠١٢٧-٢٣ في ٦/٦/١٤٢٨ هـ.  
قد انتقلت ملكيتها : كرسطة خندق المشاركة القابضة بموجب سجل تجاري رقم ١٠١٤٨٨٣٤ في ١٢/١٠/١٤٢٧ وبنتهي  
في ١٢/١٢/١٤٢٧ هـ وبشمز رقم ١٤٥٠٠٠٠٠٠ وخسة وأربعين مليون ريال وعليه جرى التأسيس تحريراً في ٢٤/١١/١٤٢٨ هـ،  
لأعتمادها، وضمني أنه على عتيد محمد وأولاده وصحبه وسائر

کاتب العدل

عبدالله بن محمد بن عبدالله الشهري

الختم الرسمي

وزارة العدل  
مكتبة العدل الأولى بمحافظة البحر  
كتب العدل بكتاب رقم ٥٥

(٥) هذا المستند وحدة متكاملة ، وسواء أذ تلف صفحة منه يؤدى الى عدم صلاحية المستند .

مصلحة مطابع الحكومة - ٢٨٢,٢٢ ( هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمكن تخفيفه )  
نموذج رقم (١٢-١٣-١٤)

[illegible]

## Subject Property Documents



أبجد  
للتقييم العقاري

**المملكة العربية السعودية**  
**وزارة الشؤون البلدية والقروية**  
**أمانة المنطقة الشرقية - بلدية الخبر**

**رخصة إنشاء**

**رقم الرخصة:** ٤٢٧/٠٣٠٢  
**تاريخها:** ١٤٣٨/٠٧/٢٢  
**صلاحياتها:** سنة واحدة  
**نوعها:** تجديدية

**الغرض:** سكني  
**تاريخها:** ٠٠/٠٠/٠٠

**المساحة الكلية:** ٣٨.٦٧,٠٠ متر مربع

**رقم المنطقة:** ٠٠٠٠٠  
**البلدية:** الخبر  
**الحي:** ٢٢٨/٢  
**الطريق:** ٠٠٠٠٠

**رقم مخطط المنطقة:** ٠٠٠٠٠  
**رقم مخطط البناء:** ٠٠٠٠٠  
**رقم مخطط الاستخدام:** ٠٠٠٠٠

**رقم مخطط المنطقة:** ٠٠٠٠٠  
**رقم مخطط البناء:** ٠٠٠٠٠  
**رقم مخطط الاستخدام:** ٠٠٠٠٠

رقم المنطقة	رقم المخطط	رمز الاستخدام	نوع مخطط المنطقة	تاريخها
٠٠٠٠٠	٠٠٠٠٠	٠٠٠٠٠	سكني	١٤٣٧/٠٣/٢٢

تكون الواجبات فقط  
باللون الأبيض فقط

الجهة	الجهة	الجهة	الجهة	الجهة
شمال / شرق	شمال / غرب	جنوب / شرق	جنوب / غرب	الطريق
٤,٠٠٠	٤,٠٠٠	٤,٠٠٠	٤,٠٠٠	٤,٠٠٠

الجهة	الجهة	الجهة	الجهة	الجهة
شمال / شرق	شمال / غرب	جنوب / شرق	جنوب / غرب	الطريق
٤,٠٠٠	٤,٠٠٠	٤,٠٠٠	٤,٠٠٠	٤,٠٠٠

**ملاحظات البناء:**

الوصف	عدد الوحدات	المساحة	الارتفاع
القن	٢	٨٩٢,٦٠	٢م
القبو	٢	٩٢٦,٩٠	٢م
القبو	٢	٢١٦,٥٠	٢م
القبو	٢	٥٥٦,٦٠	٢م

**ملاحظات البناء:**

١- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٢- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٣- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٤- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٥- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٦- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٧- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٨- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

٩- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.

١٠- يجب أن تكون المساحة الكلية للبناء ٣٨.٦٧,٠٠ متر مربع.



Abaad & Partner For Real Estate Valuation Co.

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أبعاد  
للتقييم العقاري

Final Valuation Report

## Pearl Residencial Compound, Khobar

Client / Musharaka Capital

27 March 2023

V220243

مشاركة  
Musharaka



# Introduction




Dear / Musharaka Capital

## Pearl Residencial Compound, Khobar

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

### Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer



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أبعاد  
للتقييم العقاري

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- The Pearl Residential Compound is located on a plot of regular shape with flat topography, with an area of **22,500 Sqm**. The residential compound includes many residential apartments of various sizes and features (**233 units**), in addition to facilities and services such as swimming pools. The total built-up area is **39,909 Sqm**.
- The property area is characterized by the presence of all basic services such as electricity, water, lights, sewage, asphalt streets, and footpaths.
- The Pearl Residential Compound is located on the main street so that Prince Sultan Bin Fahd Road passes from the southern side of the property, and it is considered one of the main roads in Al Khobar because it connects the eastern side with the western side.

### Property Details

Site Details	Information
District	Qurtubah
Permitted Use	Residential
Tenure	Freehold
Deed Number	430205013306
Deed Date	24/11/1438H
Total Area (sqm)	22,500 (title deed)
Owner	Hifth AlMusharaka Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	346,710,000 (SAR)

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information

# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad take pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Khobar, KSA**.

## Interest

- Interested to be valued as of **Pearl Residence Compound, Khobar**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets Purposes**

## Basis of Value

Our valuation will be provided on the basis as mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow).**

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out a visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:

- 1) Title Deed.
- 2) Building Permit.
- 3) Income Data.
- 4) Subject Location.



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak



# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

1) No assumption or special assumption has been applied.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## Site Location Analysis

- Macro Location
- Property Description
- Subject Property Photos

# Site Location Analysis

## Macro Location

### Macro Site Analysis

- The Pearl Residential Compound is in the eastern part of Al-Khobar, one of the Eastern Province governorates in the Kingdom of Saudi Arabia.
- The total urban area of Al-Khobar is **750 Sqm**, with a population of **578,500** people.
- Khobar city has a good infrastructure that allows commercial and industrial hubs with seaports and residential areas that increase commercial activity in the region.
- The property undervaluation is in Al Rakah district near Prince Sattam bin Abdulaziz University. The surrounding area includes compounds, retail centers, under-construction developments, and residential buildings.

### Accessibility

- The Pearl Residential Compound is characterized by its location on Tariq Bin Ziyad Street, and it connects two main roads, King Fahd Road and King Saud Road. Moreover, King Fahd Road passes from the eastern side of the Pearl Mall.
- As for the other frontage, they overlook internal streets and border from the north and west sides.
- The property undervaluation can be reached directly through Tariq Bin Ziyad Street, in addition to King Fahd Road and King Saud Road, which are secondary roads linked to Tariq Bin Ziyad Street leading to the property undervaluation.

### Property Location



# Site Location Analysis

## Subject Property Description

- The Pearl Residential Compound is on a regular shaped parcel of land, with an area of **22,500 Sqm**.
- The residential compound includes **16** buildings with a total of **233** residential units, in addition to facilities and amenities such as swimming pools, health club, jacuzzi, sauna, banquet hall, mini market, nursery, mosque, cafe, and school buses. The total built-up area is **39,909 Sqm**.
- The surrounding area of the subject asset hosts proper infrastructure, that includes electricity, water, lights, sewage, asphalt streets, and footpaths.
- The surrounding area is characterized by a commercial building regulation that allows up to **15** floors, as indicated in the building regulations in the property area.
- Based on the information provided by the client, the coverage ratio (according to the current construction condition) is **56%**.

### Property Details

Description	Values
Land Area (Sqm)	22,500
Build-up area (Sqm)	39.909
Coverage (%)	56
Number of Units	233
Property Age	8.5 Years

### Property Location



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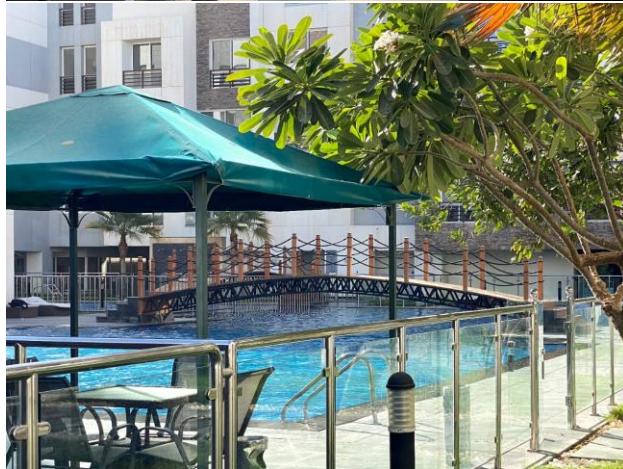


# Site Location Analysis

## Subject Property Photos



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# Site Location Analysis

## Subject Property Photos



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# Tenure

- Property Information



# Tenure

## Property Information

### Property Details (Freehold Details)

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
Use	Residential
Plot No.	The Pearl Residential Compound
Sub-Division	2/38
District	Al Rakah
Coordinates	26°20'48.20"N 50°11'22.85"E
City	Khobar
Ownership Type	Freehold
Title Deed Info	Deed No. 430205013306
	Deed Date 24/11/1438 H

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	150	Steet 24	40
South	150	Tariq Bin Ziyad Street	40
East	150	Maakal Bin Snan Street	10
West	150	Nafeea Bin Atbah Street	8

- Sources: "Title Deed"



# Valuation

- Valuation Basis & Methodology
- Residual Value
- Opinion of Value

### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



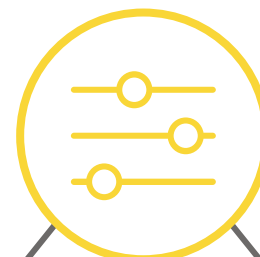
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



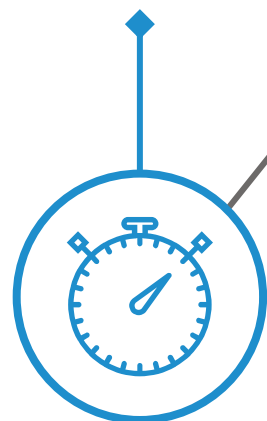
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

### Property Details

- Abaad team analyzed the income data provided by the client and conducted field research to verify the rental value of the property compared to Khobar market. The table on the left summarizes the results of the field research for residential units in the city of Al-Khobar.
- In addition, the field research deals with the appropriate Yield rate for the property undervaluation until the market value of the property undervaluation is reached through the income approach.
- Based on the field research, the Yield rates for residential compounds range from 8% to 10% according to the location, type, and quality of units and occupancy rate. According to the statement from the client.
- Pearl Compound enjoys lease contracts with several tenants, with total income of 32.0 million SAR/year as a net rental value.
- Moreover, the information provided by the client, the return on the purchase price of the property is equivalent to 8.0%.
- The table on the left shows the rental prices of the property undervaluation.

### Rental Prices Summary

- Abaad team made field research for the rental prices of the apartments near the property undervaluation, we have made some adjustments to reach the rental prices for the property undervaluation as shown in the table below:

Name	Rooms	Annual Rent	Location Adj.	Price After Adj.
Retal Residence	1 Room	110,000	-10.00%	99,000
Retal Residence	2 Rooms	150,000	-10.00%	135,000
Retal Residence	3 Rooms	180,000	-10.00%	162,000
Retal Residence (Paint House)	3 Rooms	210,000	-10.00%	189,000

### Estimating Income

Units	Rooms	Annual Rent	Total
30	1 Room	99,000	2,970,000
102	2 Rooms	135,000	13,770,000
69	3 Rooms	162,000	11,178,000
32	(Paint House)3 Rooms	189,000	6,048,000
Total Revenue			33,966,000

# Valuation

## Valuation Basis & Methodology

### Income Estimation:

- After the end of the lease contract for the property under valuation, we were provided with the expected income for 2023, and then an increase was made in the rental prices to reach the market prices of the property, knowing that according to the client's benefit, all services, facilities and school transportation were added to the property under valuation, as well as the restoration of the entire buildings, and this is what we based our valuation on, the table below shows the rental prices for each year until the year of stability:

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Number of Units	233	233	233	233	233	233	233	233	233	233
Unit Rental Price (SAR)	92,680	115,850	145,777	145,777	145,777	145,777	145,777	145,777	145,777	145,777
Percentage increase in the Rental Price (%)	0.0%	25.0%	25.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Property Income (SAR)	21,594,500	26,993,125	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000	33,966,000

# Valuation

## Income Approach

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past 13 years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of 8.00% was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of 10.80% according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.
- Additional Income rate: 1.00%

Period	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue with Inflation (SAR)	22,199,146	28,525,903	36,899,778	37,932,971	38,995,095	40,086,957	41,209,392	42,363,255	43,549,426	44,768,810
Vacancies (%)	18.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Vacancies (SAR)	3,995,846	1,426,295	1,844,989	1,896,649	1,949,755	2,004,348	2,060,470	2,118,163	2,177,471	2,238,441
Other Income (SAR)	182,033	270,996	350,548	360,363	370,453	380,826	391,489	402,451	413,720	425,304
Gross Potential Income (GPI) (SAR)	18,385,333	27,370,604	35,405,337	36,396,686	37,415,793	38,463,436	39,540,412	40,647,543	41,785,674	42,955,673
Operation Expenses (%)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Operation Expenses (SAR)	2,206,240	3,284,472	4,248,640	4,367,602	4,489,895	4,615,612	4,744,849	4,877,705	5,014,281	5,154,681
Net Operation Income (SA)	16,179,093	24,086,131	31,156,696	32,029,084	32,925,898	33,847,823	34,795,562	35,769,838	36,771,394	37,800,993
Exit Value (SAR)										472,512,407
Present Value (SAR)	14,602,069	19,619,481	22,905,096	21,251,299	19,716,909	18,293,305	16,972,489	15,747,039	14,610,068	182,995,061
Fair Value (SAR)	346,710,000									



# Valuation

## Opinion of Value

Abaad is of the opinion that the Market Value of the Subject Property, as of 30 July 2022, based upon assumptions and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 346,710,000 (Three Hundred Forty-Six Million Seven Hundred Ten Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015

Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016

Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020

Company Stamp

CR No: 4030297686

CL No: 323/18/781





# Appendix

- Valuation Glossary
- Subject Property Documents

## Subject Property Documents



أبجد  
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[illegible][illegible]

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.



Abaad & Partner For Real Estate Valuation Co.

**Jeddah Branch (Head Office):**

Mohamed Ibrahim Masoud Street,  
Al-Salama District  
Zahid Offices Building, 5th Floor, suite 21  
Jeddah, Kingdom of Saudi Arabia

**Riyadh Branch:**

Imam Saud bin Faisal Road,  
Al-Sahafa District  
Al-Difaa Office, 2nd Floor, suite 106  
Riyadh, Kingdom of Saudi Arabia

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CEO

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Manager

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أبعد  
للتقييم العقاري

Final Valuation Report

V220243

## Verdun Tower in Al-Olaya District, Riyadh

Client / Musharaka Capital

27 March 2023

مشاركة  
Musharaka



# Introduction



Dear / Musharaka Capital

## Verdun Tower in Al-Olaya District, Riyadh

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

Eng. Ammar Abdulaziz Sindi  
Chief Executive Officer

## Version Control

Details	Information
Status	Final
Abaad REF#	V220243
Registration Certificate	

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## Executive Summary

- Terms and Conditions
- Report Summary

# Executive Summary

## Report Summary

- The property undervaluation is a commercial/office tower (Verdin Tower) located in Olaya district of Riyadh.
- The land area is 3,212 Sqm (as per title deed), the build-up area is 25,591.36 Sqm (as per building permit) and the leasable area is 14,935 Sqm (as per client).
- The tower consists of two floors basement, one ground floor, a mezzanine, and 8 floors of offices.
- The retail consist of 3 open retails with an area of 3,300 Sqm. The administrative offices consist of 34 offices, with areas ranging from 153 Sqm to 1,463 Sqm.
- The property has a frontage on 4 streets, including King Fahd Road with a frontage of 40.08 M and Prince Mohammad bin Abdulaziz Road with 43.81 M.

## Valuation Summary

Site Details	Information
District	Olaya
Permitted Use	Commercial/Office
Tenure	Freehold
Deed Number	730205024123
Deed Date	24/09/1443H
Total Area (sqm)	3,212
Owner	Hifth AlMusharaka Real Estate Company

## Valuation Summary

Details	Information
Purpose of Valuation	Periodic Valuation of Musharaka REIT Fund Assets
External Users	Fund Manager and Investors
Report Type	Detailed Report
Instruction Date	20 December 2022
Inspection Date	25 December 2022
Valuation Date	31 December 2022
Basis of Value	Fair Value
Valuation Approach	Income Approach (Discounted Cash Flow)
Adopted Currency	Saudi Riyals
Market Value	259,610,000 SAR

# Executive Summary

## Terms and Conditions



- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.



# Valuation Terms

- Introduction
- Interest
- Purpose of Valuation
- Basis of Value
- Valuation Approach
- Inspection Date
- The Nature And Extent of The Inspection
- Valuation Date
- Sources of Information



# Valuation Terms



## Introduction

- In accordance with formal instructions from **Musharaka Capital** (or the “Client”), dated **20 December 2022**, Abaad takes pleasure in enclosing our Report and Value of the Freehold interest for the Subject Property located in **Riyadh, KSA**.

## Interest

- Interested to be valued as of **Verdun Tower in Al-Olaya District, Riyadh**

## Purpose of Valuation

- Abaad has been requested to provide our opinion of value for the Subject Property for **Periodic Valuation of Musharaka REIT Fund Assets purposes**.

## Basis of Value

Our valuation will be provided on the basis mentioned below:

- **Fair Value**

## Valuation Approach

We have adopted the following valuation approach:

- **Income Approach (Discounted Cash Flow)**.

## Inspection Date

- We confirm that The Subject Property was inspected on **25 December 2022**.

## The Nature And Extent of The Inspection

- In accordance with the received instructions, we have carried out a visual inspection of The Subject Property. Our inspection is made under the assumption that the ground conditions are suitable for the current or any future buildings and structures development/re-development.

## Valuation Date

- We confirm that The Subject Property was valued on **31 December 2022**.

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
  - 1) Title Deed.
  - 2) Building Permit.
  - 3) Income Information.
  - 4) Urban lift of the building.



## Disclaimers

- Liability and Publication
- Confidentiality
- Assumptions and Special Assumptions
- Valuation Under COVID-19 Outbreak

# Disclaimers



## Liability and Publication

- This report is issued for your own use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular, or statement or disclosed in any way without Abaad's prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

## Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.
- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.
- 1) The property was valued using the Income Approach, and it was assumed that the expired contracts will be automatically renewed.

## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As of the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgment.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



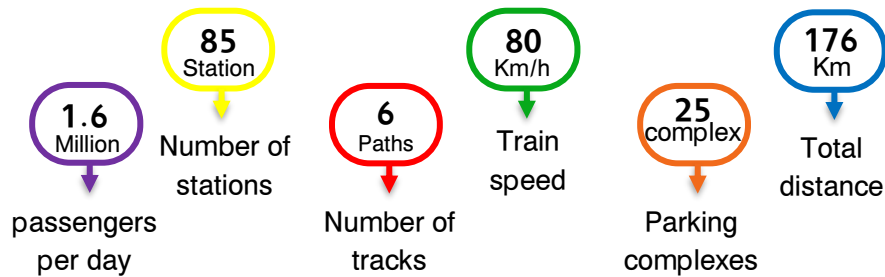
## Site Location Analysis

- Infrastructure Projects
- Macro Location
- Micro Location
- Property Description
- Subject Property Photos

# Site Location Analysis

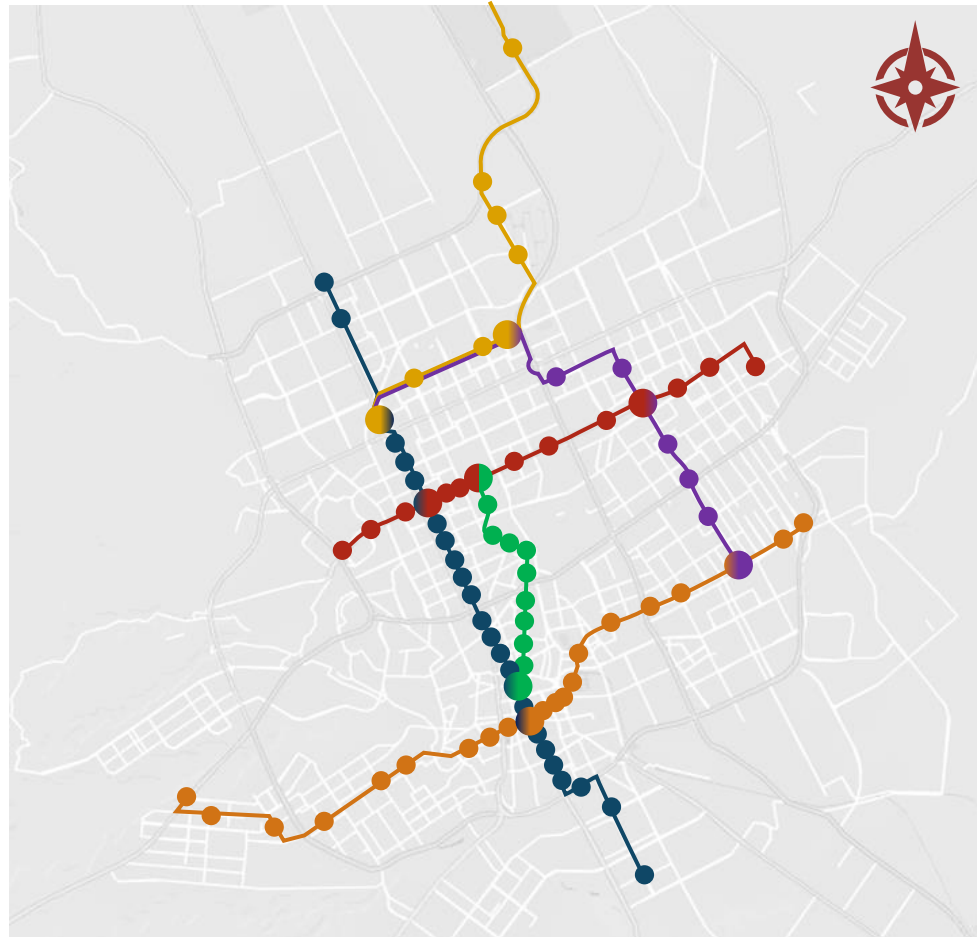
## Infrastructure Projects - Al Riyadh Metro Project

- Riyadh Metro is a rapid transit system, currently bring under-construction and is as one of the largest infrastructure projects in the City.
- The metro is designed as a world-class transportation system, includes 756 metro cars, 85 stations, 6 metro lines, and a 176-km network.
- The construction of the metro system has led to a number of road closures that have affected traffic in different parts of the city.



### Length of Riyadh Metro Lines

Line	Length (km)
Line 1 (Blue)	38.0
Line 2 (Red)	25.3
Line 3 (Orange)	40.7
Line 4 (Yellow)	29.6
Line 5 (Green)	12.9
Line 6 (Purple)	29.5





# Site Location Analysis

## Infrastructure Projects - RCRC Projects & Programs



The Royal Commission for Riyadh City (RCRC) carries out several strategic, comprehensive, long-term and multi-phase development programs and projects that require massive efforts and resources.

### Historical Addir'iyah Development Program



Addir'iyah is the home of many historic sites and antiquities, as it hosts unique buildings, old quarters, oasis, palm gardens, farms and agricultural areas.

the program achieved integration between Addir'iyah and Riyadh by transforming Addir'iyah into a world-class cultural and tourist metropolitan suburb.

### Riyadh Art Project



Within the project, more than 1000 artworks and landmarks, created by local and international artists, will be installed across the city of Riyadh according to a 10-program plan that covers residential neighborhoods, gardens, parks, squares, metro/bus stations, bridges, city entrances and tourism destinations.

### Sports Boulevard



The Sports Boulevard extends for 135 kms, across the city of Riyadh, connecting Wadi Hanifah valley in the West with Wadi Al Sulai valley in the East through Prince Muhammad Bin Salman Bin Abdulaziz Road. The Sports Boulevard features green pedestrian pathways, special routes for professional and amateur cyclists (135 and 85 kms respectively), and horse riding routes (123 kms).

### Green Riyadh



The Green Riyadh Project includes planting 7.5 million trees across the capital in gardens, parks, mosques, schools, healthcare facilities, King Khaled International Airport and most of the city's roads, streets, car parking spaces, and valleys

### King Salman Park



Covering over 13 square kilometers, King Salman Park will be among the biggest city parks worldwide. It will combine a wide variety of environmental, cultural, recreational and sports activities that will significantly enhance the life quality of all Riyadh residents. The project will also host many facilities including a royal art complex, a national theater, an opera house, art academies, museums, and galleries. Furthermore, the park will feature extensive green areas, plazas, sports compounds, and an 18-hole royal golf course. To complement these amenities, great incentives would be offered to the private-sector investors to build recreational.



# Site Location Analysis

## Macro Location



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Riyadh City Borders

King Khalid international airport

Subject Site

White Lands Borders

Makkah Road

King Khalid Road

King Fahad Road

Northern Ring Road

Eastern Ring Road

Southern Ring Road

Danman Rd

Khurais Rd

The Subject Site is located in Riyadh, the capital of Saudi Arabia. Riyadh is the largest city in Saudi Arabia, with a population of 6.9 million in 2018.

Riyadh is considered one of the largest cities in the Gulf countries in terms of area, with a developed city area of about 1,913 square kilometers.

The city of Riyadh is witnessing a remarkable development in infrastructure projects and public transportation projects, where work is underway on the Riyadh metro project and the public transportation project.

The subject property is located in the East of Riyadh, and it is 37 km away from King Khalid International Airport.

The Subject Site is located within the White Lands zone.

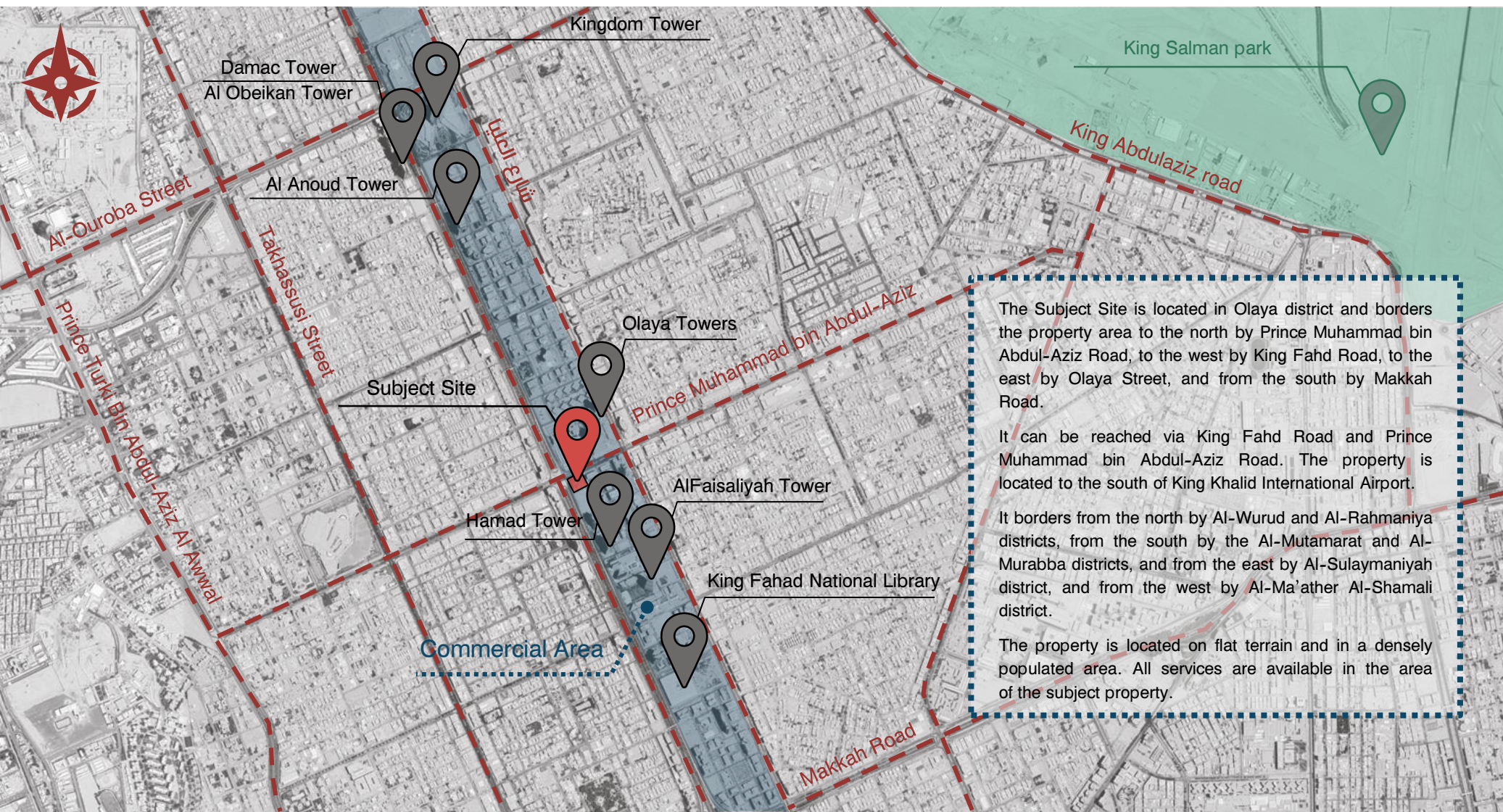


# Site Location Analysis

## Micro Location



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The Subject Site is located in Olaya district and borders the property area to the north by Prince Muhammad bin Abdul-Aziz Road, to the west by King Fahd Road, to the east by Olaya Street, and from the south by Makkah Road.

It can be reached via King Fahd Road and Prince Muhammad bin Abdul-Aziz Road. The property is located to the south of King Khalid International Airport.

It borders from the north by Al-Wurud and Al-Rahmaniya districts, from the south by the Al-Mutamarat and Al-Murabba districts, and from the east by Al-Sulaymaniyah district, and from the west by Al-Ma'ather Al-Shamali district.

The property is located on flat terrain and in a densely populated area. All services are available in the area of the subject property.



# Site Location Analysis

## Subject Property Description



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Kingdom Tower



The Ministry of  
Islamic Affairs, Call  
and Guidance



Al-Faisaliyah Tower



Verdun Tower



King Faisal  
Foundation



Prince Mohammad Bin Abdulaziz

Verdun Tower is located in Olaya District. The land area is 3,212 Sqm (as per Title deed) and the build-up area is 25,591.36 Sqm (as per building permit) and the leasable area is 14,935 Sqm (as per client information).

The tower consists of two floors basement, a ground floor, a mezzanine, and 8 floors.

The retail consist of 3 open retails with an area of 3,300 Sqm. The administrative offices consist of 34 administrative offices, with areas ranging from 153 Sqm to 1,463 Sqm.

The property has a frontage on 4 streets, including King Fahd Road with a frontage of 40.08 M and Prince Muhammad bin Abdul-Aziz Road with a frontage of 43.81 M.

برج التعاونية



Olaya St

King Fahad Road

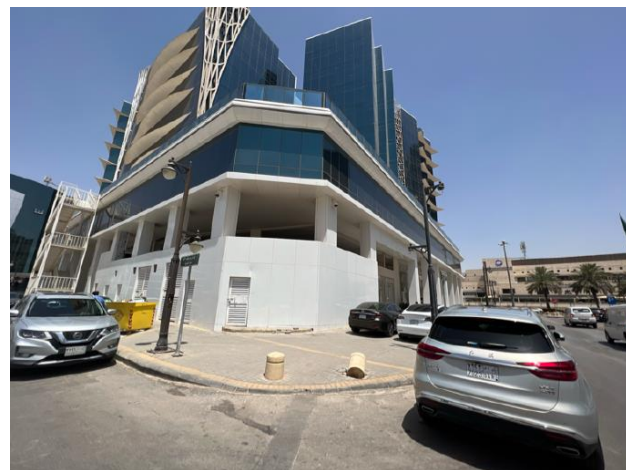


# Site Location Analysis

## Subject Property Photos



أبجد  
للتقييم العقاري





# Tenure

- Property Information
- Lease Contracts

# Tenure

## Property Information

### Property Details (Freehold Details)

ID	Description
Owner	Hifth AlMusharaka Real Estate Company
The Property	Verdun Tower in Al-Olaya District, Riyadh
Plot No.	14
Sub-Division	1184
District	Olaya District
Coordinates	24°41'41.6"N 46°40'53.2"E
City	Riyadh
Ownership Type	Freehold
Title Deed Info	Deed No. 730205024123
	Deed Date 24/09/1443H

No legal document has been verified for the property under valuation, which includes planning, ownership, or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights, or impediments.

### Dimensions and street widths

Side	Dimension	Street Name	Width (m)
North	43.81	Prince Muhammad bin Abdulaziz Road	60
South	70	Number 52	15
East	55	Wadi Al-Amariah	20
West	40.08	King Fahd Road	80

- Sources: "Title Deed"

# Tenure

## Lease Contracts

### Retail Lease Contracts Summary

Retail	No. of Retails	Retail Area (Sqm)	Start Year	End Year
1	3	3,300	2022/06/01	2027/05/31

### Offices Lease Contracts Summary

Office Area (Sqm)	Start Year	End Year
570	2021/01/12	2022/05/31
154	2021/01/10	2022/09/30
331	2022/03/01	2022/12/01
255	2022/10/01	2023/09/01
153	2021/01/12	2022/11/30
334	2021/01/09	2022/08/31
236	2021/01/06	2022/05/31
154	2021/01/01	2022/12/31
331	2021/01/06	2022/05/31
255	2020/01/11	2023/10/31
153	2020/01/21	2023/11/23
334	2021/01/03	2023/02/28
236	2021/01/07	2026/06/30
154	2021/01/11	2022/10/31
331	2021/01/03	2022/02/28

Source: Client Information.

Office Area (Sqm)	Start Year	End Year
255	2021/01/12	2022/11/30
153	2021/01/04	2022/03/31
334	2022/01/02	2022/07/31
236	2021/01/11	2022/10/31
154	2020/01/04	2023/01/04
166	2021/01/07	2022/06/30
166	2021/01/07	2022/06/30
255	2022/01/01	2023/12/31
153	2021/01/06	2023/05/31
334	2022/01/02	2023/01/31
2,187	2021/01/03	2022/02/28
255	2021/01/02	2022/01/31
153	2022/01/01	2022/12/31
344	2021/01/06	2022/05/31
236	2021/01/06	2022/05/31
154	2021/01/06	2022/05/31
3,786	2021/01/09	2022/05/31
153	2021/01/06	2022/05/31



# Valuation

- Valuation Basis & Methodology
- Income Approach
- Opinion of Value



### Income Valuation Approach

- In determining our opinion of Market Value for the Subject Properties and based on the fact that they are all multi-tenanted income-producing assets, we have utilized the Investment Approach of Valuation via the Discounted Cash Flow technique.
- Discounting Cash Flow (DCF) analysis is a financial modeling technique based on explicit assumptions regarding the prospective cash flow of a property. This analysis involves the projection of a series of periodic cash flows that a property is anticipated to generate. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with a property.
- With regard to the growth rate, it was calculated according to the data and sources of the Saudi Central Bank, by taking an average of the past 13 years and applying it to future years, and the growth rate was estimated at 2.8% after the increase in the growth rate in 2021.
- The cash flow is discounted back to the date of valuation at an appropriate rate to reflect the time value of money, and in so doing thus determining the Market values. It is important to note that the cashflows reflect assumptions that market participants would use when pricing the asset (i.e., determining its value).
- The projected rents, as well as costs, are forecasts formed on the basis of information currently available to us and are not representations of what the values of the Properties will be at a future date.
- Regarding the malls with leasehold tenure, we have forecasted the mall's projections until the expiry of the land lease.
- The Market Value of the eight operating malls has been assessed using the Income Approach.

#### 1 Income Approach

The Investment Approach is a commonly used approach to value income-generated assets. The approach captures the revenues generated from the operation of the asset, using the Discounted Cashflow.

#### 2 Inflation Rate

The Discounted Cashflow is calculated on annual basis, with a growth rate of 2.5%/annum.

#### 3 Property Income

The property income represents the revenue derived from the rent payments received during a year.

#### 4 Property Costs

The property costs attribute to the costs generated from the operation of the asset, for instance maintenance, and marketing costs. The costs are typically calculated on an annual basis.



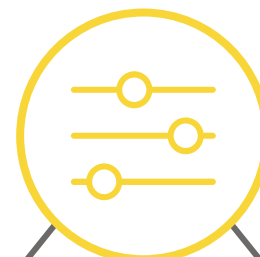
### Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.



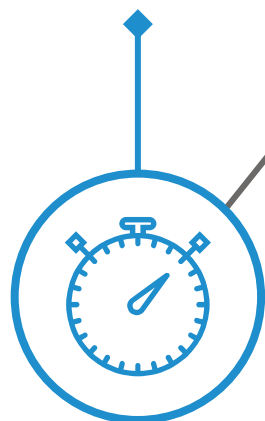
### Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.



### Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



### Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.



### Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.










# Valuation

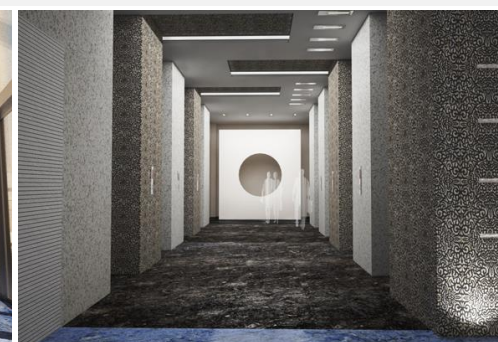
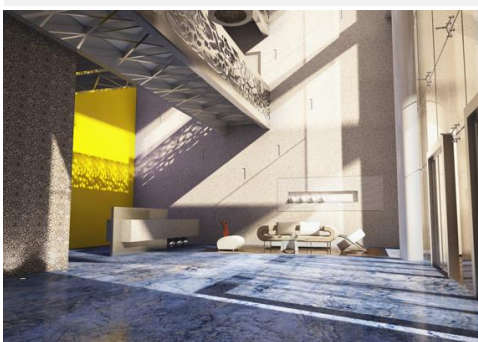
## Comparable sites

### Hamad Tower Project



### Tower Information

				
3 roads within King Fahad	4 floors provides 500 parkings	Average 500 Sqm approx.	Average 400 Sqm approx.	
				
2016	Olaya district	35 floors	29,864 Sqm	38,000 Sqm





# Valuation

## Comparable sites

### About Hamad Tower

- **Main entrance:** The main entrance to the towers, in general, is the main influencing element, and therefore the main entrance to the tower was designed with the latest designs and the finest materials.
- **Office floors:** The offices of the tower have been designed according to the highest engineering standards to allow the best use of space and to provide a practical atmosphere that supports focus and visit the efficiency of employees and includes all work requirements of modern information technology.

### Tower Components

The tower consists of thirty-five floors, divided as follows:

Details	Description
Ground floor	The main entrance for the tower and offices
Offices floor	Starts from the first floor to the 35 <sup>th</sup> floor (with an area of 1,200 Sqm per floor)
25 <sup>th</sup> floor	Health care club that includes an outdoor swimming pool overlooking the city of Riyadh
Basement floor	Consists of four floors of parking
Average area for buildings	38,000 Sqm
Parking lot	500 cars in addition to front and side parking
Elevators	9 high-speed elevators + elevators for services

### Rental Price

Details	Rent Price (SAR/Sqm)	Service (%)
Offices	1,600	10%

### Location



أبجد  
للتقييم العقاري

# Valuation

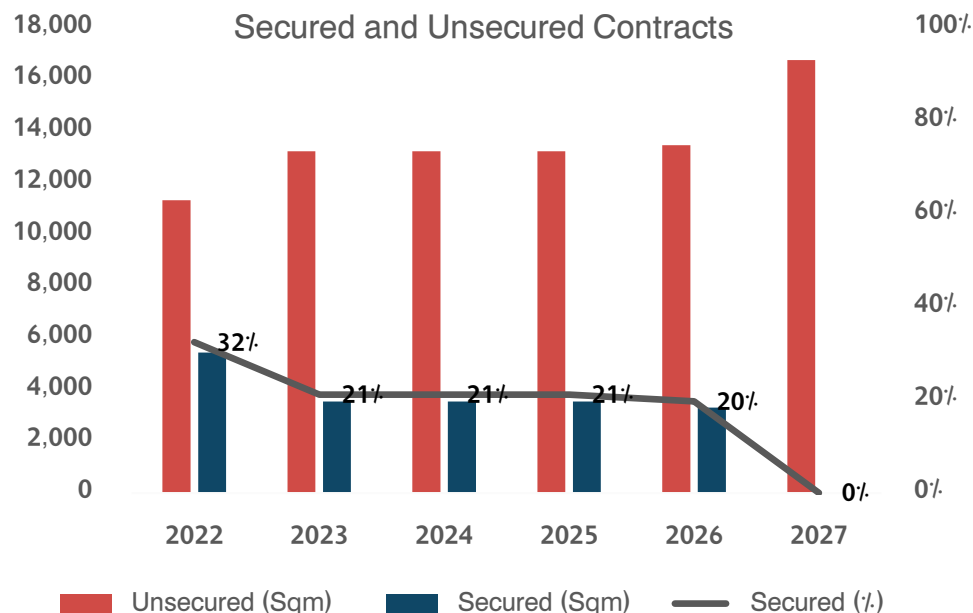
## Income Analysis

### Analysis of leasing prices and leasing contracts:

- Abaad team inspected the property, and we have analyzed the current occupancy levels and performance of the property, in addition to the income from the secured and unsecured units. The property contains a total of 35 lease contracts, including 8 secured contracts for 2022, and has two contracts with a lease period of 5 years, and the contracts are expected to expire by 2026, and one contract by 2027. According to the client information, the unsecured contracts may be renewed automatically after the expiry of the contract period.
- After analyzing the rental prices for the retail and offices of Hamad tower, it was concluded that the rental prices of the property undervaluation at an average of 1,196 SAR/Sqm are in the range of the market because the characteristics of Hamad tower are better than the property undervaluation.

### Subject Details undervaluation:

Detail	Description
Retail GLA (Sqm)	3046.73
Retail Occupancy rate (%)	%100
Retail Average Lease Rate (SAR/Sqm)	1,444
Retail Revenue (SAR)	4,400,000
Offices GLA (Sqm)	13,440
Offices Occupancy rate (%)	%98.1
Offices Average Lease Rate (SAR/Sqm)	1,196
Offices Revenue (SAR)	14,672,986
Blended Occupancy Rate (%)	%98.5
Total Revenue (SAR)	19,395,561
Other Revenues (Advertising Screens) (SAR)	3,000,000



Year	GLA for Secured Contracts (Sqm)	GLA for Unsecured Contracts (Sqm)
2022	5,429	11,325
2023	3,536	13,218
2024	3,536	13,218
2025	3,536	13,218
2026	3,300	13,454
2027	0	16,754

# Valuation

## Income Approach

### Discount Cash Flow

- Inflation rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average inflation rate of the GDP of the Kingdom of Saudi Arabia for the past **13** years according to the sources of the Saudi Central Bank.
- Rate of return: The rate of return is calculated according to the experience of Abaad Company in the real estate market in the Kingdom and according to the location and quality of the property and also after conducting field and office research for rates of return by dividing the net operating income by the price of the property for properties similar to the property under evaluation, where a rate of **7.50%** was reached.
- Discount rate: Based on our understanding of similar properties in the real estate area, and taking into account the characteristics of the location, area, use, supply and demand, we have applied a discount rate of **10.30%** according to international evaluation standards in a way to build the rate of return by adding the inflation rate, rate of return, property and market risks, and any potential risks of the property under evaluation.

Period	2023	2024	2025	2026	2027
Total GLA (Sqm)	16,486.73	16,486.73	16,486.73	16,486.73	16,486.73
Average Lease Rate with Inflation (SAR/Sqm)	1,209.37	1,243.24	1,278.05	1,313.83	1,350.62
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Potential Income (SAR)	19,938,637	20,496,919	21,070,832	21,660,816	22,267,318
Vacancies (%)	1.5%	0.0%	0.0%	0.0%	0.0%
Vacancies (SAR)	308,391	0	0	0	0
Land Rent Cost with Inflation (SAR)	1,075,000	1,200,000	1,200,000	1,300,000	1,300,000
Operation and Expenses (SAR)	1,963,025	2,049,692	2,107,083	2,166,082	2,226,732
Screens Revenue with Inflation (SAR)	3,084,000	3,170,352	3,259,122	3,350,377	3,444,188
Net Operation Income (SA)	19,676,222	20,417,579	21,022,871	21,545,111	22,184,774
Exit (SAR)					295,796,992
Present Value (SAR)	17,838,823	16,782,367	15,666,266	14,556,156	194,771,162
Market Value (SAR)	259,610,000				

# Valuation

## Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions (Page 10) and detail within this report, may be stated as follows:

Fair Value (Income Approach) Date 31 December 2022 :

- 259,610,000 (Two Hundred Fifty-Nine Million Six Hundred Ten Thousand Saudi Riyals).

## Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: 1210000219

Fellow Member

Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub

Taqeem ID: 1210000392

Fellow Member

Membership Date: 24/01/2016



Eng. Yusuf Abdullah Khan

Taqeem ID: 1220001989

Provisional Member

Membership Date: 17/09/2020



Company Stamp

CR No: 4030297686

CL No: 323/18/781







# Appendix

- Valuation Glossary
- Subject Property Documents

### Saudi Authority:

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

### Asset or Assets:

- To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be Subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.

### Client:

- The word “client” refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

### Intended Use:

- The use(s) of a valuer’s reported valuation or valuation review results, as identified by the valuer based on communication with the client.

### Intended User:

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

### Jurisdiction:

- The word “jurisdiction” refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

### May:

- The word “may” describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer’s attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

### Must:

- The word “must” indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

### Participant:

- The word “participant” refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of “market participants” (eg, Market Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

### Purpose:

- The word “purpose” refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

### Should:

- The word “should” indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.
- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.
- If a standard provides that the valuer “should” consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

### Significant and/or Material:

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:
- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the Subject asset.
- As used in these standards, “material/materiality” refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

### Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

### Valuation:

- A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

### Valuation Purpose or Purpose of Valuation:

- See “Purpose”.

### Valuation Reviewer:

- A “valuation reviewer” is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

### Value (n):

- The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

### Valuer:

- A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

### Weight:


- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100% weight).

### Weighting:


- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

[illegible]

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



تاريخ الصك: ١٤٤٣/٧/٢٤ هـ  
رقم الصك: ٧٣.٠٥.٠٢٤١٢٣



الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]

صك

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

فإن البلك رقم 14 من المخطط رقم 1184 الواقع في حي العليا بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض 60م بطول: (43.81) ثلاثة وأربعون متر و واحد و ثمانون سنتيمتر+21.70م

جنوباً: شارع عرض 15م بطول: (70) سبعون متر

شرقاً: شارع عرض 20م بطول: (55) خمسة وخمسون متر

غربياً: شارع عرض 80م بطول: (40.08) أربعون متر و ثمانية سنتيمتر

ومساحتها: (3212) ثلاثة آلاف و مئتين و إثني عشر متر مربعاً فقط

والمتسند في إفراغها على الصك الصادر من الموقعين بالرياض 8 برقم 399016000570 في 20 / 9 / 1443 هـ.

قد انتقلت ملكيتها لـ شركة حفظ المشاركة العقارية بموجب سجل تجاري رقم 1010484834 وتنتهي في 14 / 1 / 1445 هـ ، بتمن وقدره 235000000 مئتين و خمسة و ثلاثون مليون ريال وعليه جرى التصديق تحريراً في 24 / 9 / 1443 هـ لاعتماده ،


وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل ، ويجب التحق من بياناتها وسرياتها عبر الخدمات الإلكترونية لوزارة العدل

(٨) نموذج مخصوص لاستخدامه بالقبض ، لأي وضع ختمه )  
نموذج رقم (١٦-٢٠٠٠)

صفحة رقم 1 من 1

صورة الختم المعتمدة: ٢٠٢٥-٠٩-٢٥





Abaad & Partner For Real Estate Valuation Co.

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