



أبعاد  
للتقييم العقاري

Final Valuation Report

## Ahlan Center in Al Andalus District-Jeddah

Client / AlKhabeer Capital

18 July 2023

V230094

الخبير المالية  
Alkhabeer Capital



LOUNGE



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Ahlan Center in Al Andalus District- Jeddah .

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate



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## Executive Summary

- Summary of the Report
- General Terms and Conditions



# Executive Summary

## Report Summary

- The Subject Property is a commercial office center comprised of 9 commercial showrooms and an administration office. The area of the land is 4,342 square meters, featuring a total built-up area of 2,758 square meters.
- The Subject Property is located in Al-Andalus District on Prince Mohammed bin Abdulaziz Road, Jeddah.
- The Subject Property is located approximately 12 kilometers to the north of the City Center, and about 18 kilometers from King Abdulaziz International Airport at Al-Andalus District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of the Makkah Region and it's located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast, 79 kilometers from Makkah and 420 kilometers from Medina. It's considered the economic and touristic capital of the Kingdom of Saudi Arabia.

### Property Information

Site Details	Information
District	Al-Andalus
Use	Commercial Center
Tenure	Restricted Ownership
Number of Title Deed	920210027006
Date of Title Deed	17/8/1440H
Land Area (m2)	4,342
Gross Leasable Area (m2)	2,758
Owner	Awwal Al Malqa Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	29 May 2023
Date of Inspection	12 June 2023
Date of Valuation	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property fair value	<b>70,430,000</b>



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# 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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Ahlan Center in Al Andalus District-Jeddah for Financial statements purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on **30 June 2023**.

## Inspection Date:

- We confirm that the inspection was carried out on **12 June 2023**.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease Contract Document
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity



# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- **No important assumptions or any special assumptions were applied.**

## Report Validity

- This report is valid for **120** days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.



## Site Location Analysis

- Macro Location - Introduction
- Macro Location - Infrastructure Projects
- Property Description at City Level
- Property Description at District Level
- Property Photographs

# Site Location Analysis

## Macro Location - Infrastructure Projects



- King Abdulaziz International Airport is currently undergoing expansion plans, which are divided into three phases.
- Phase 1 of the expansion project is currently operational, although not at its full handling capacity. Phase 1 will increase the annual capacity of passengers from 13 Million Annual Passengers (MAP) to 30 MAP.
- However, due to delays in the expansion plans, the focus of the project is currently on phase 1 and uncertainty surrounds phases 2 and 3, but initially the project is expected to be completed by 2035, capturing 80 MAP.
- The new Expansion of KAIA spans a total Gross Floor Area of 670,000 sqm and featuring 120 retail outlets and 120 hospitality keys.



120 Room Keys



46 Gates



120 Retail Stores







21.6K parking Bays



Hajj and Umrah Terminal Complex

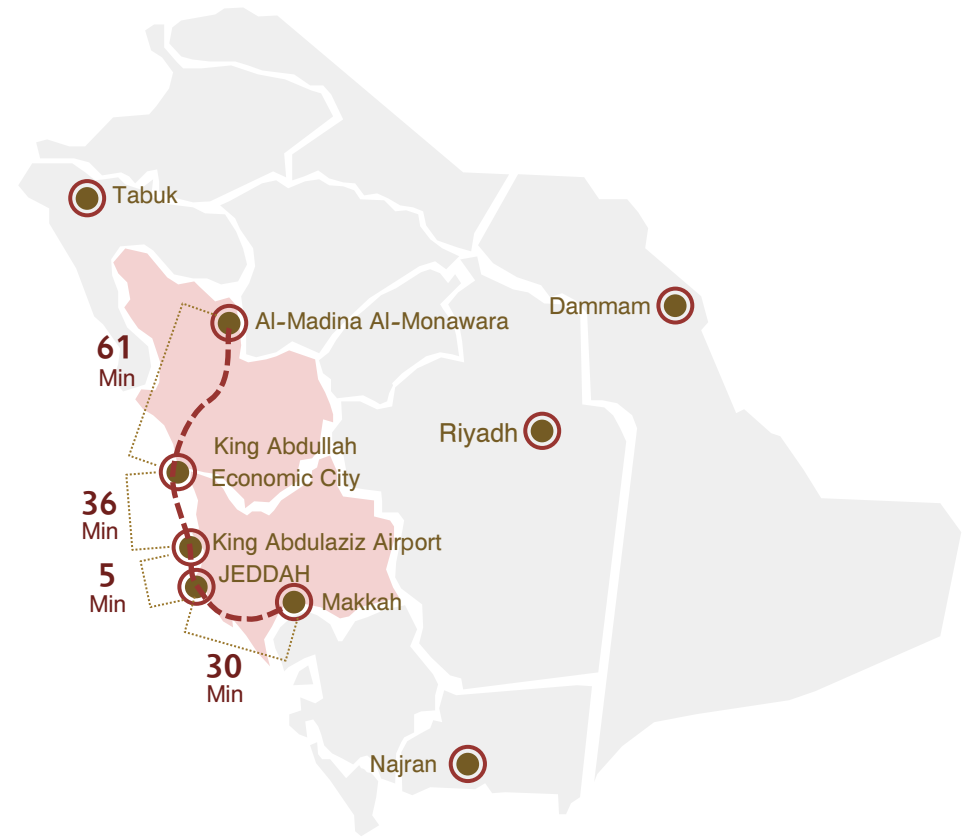
# Site Location Analysis

## Macro Location - Infrastructure Projects

	<b>Operational</b>
<b>Current Status</b>	
	<b>2018</b>
<b>Completion Date</b>	
	<b>4 Stations</b>
<b>No. Stations</b>	
	<b>60 Million Per Annum</b>
<b>Total Capacity</b>	

- The Haramain High-Speed Railway (HHSR) runs for approximately **450km**, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around **60 million** passengers per annum, onboard a fleet of **35** trains, each consisting of **417** seats.
- Currently, the train line goes by Four stations, located as follows:
  - Jeddah Naseem Station.
  - Jeddah King Abdulaziz Int' Airport Station.
  - King Abdullah Economic City Station.
  - Madinah Station.

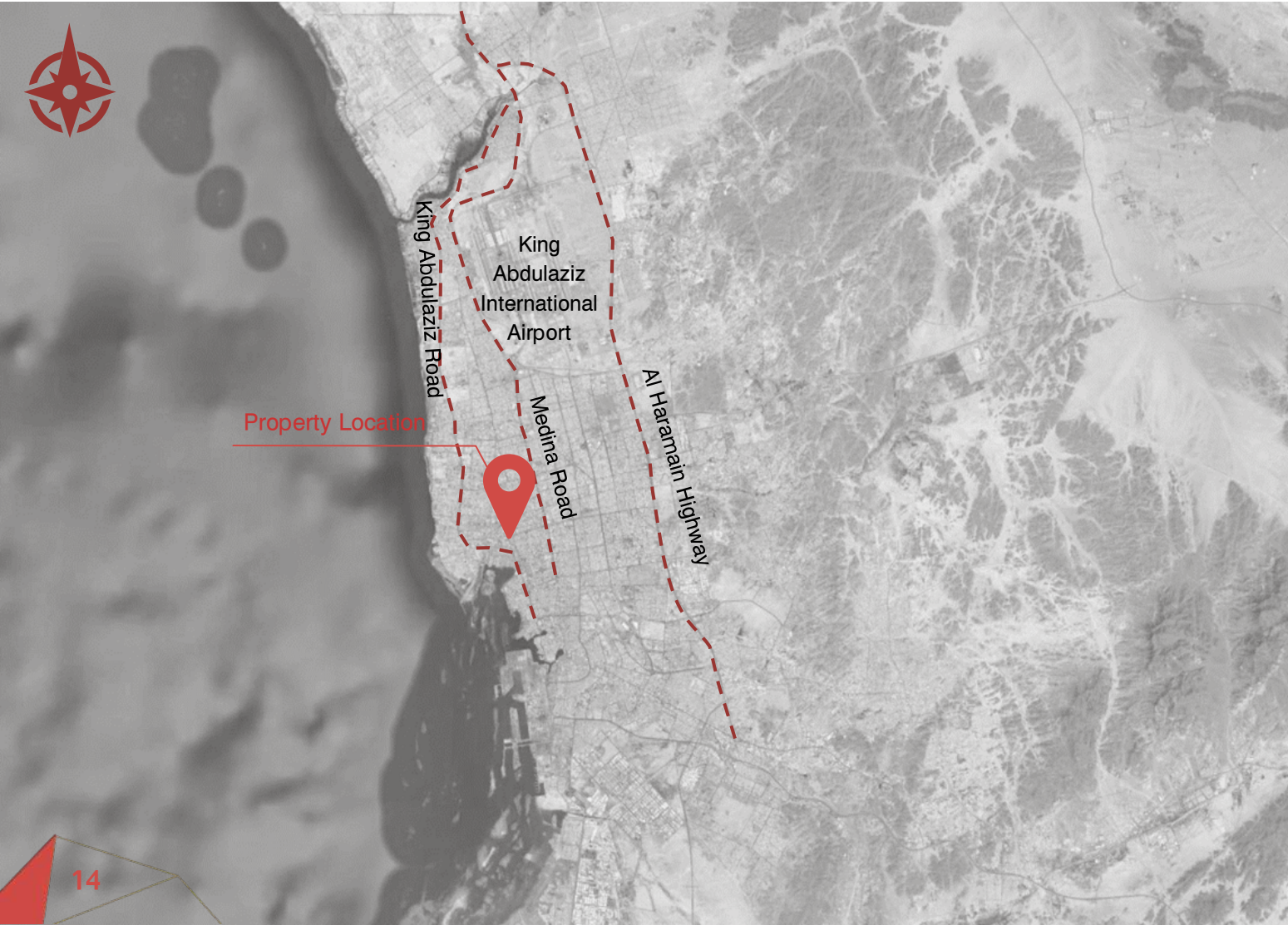
## Public Transportation





# Site Location Analysis

## The Property at City Level



The Subject Property is located in Jeddah, one of the Makkah governorates, in the west of the Kingdom of Saudi Arabia on the coast of the Red Sea. It is 79 km from Makkah and 420 km from Medina.

The city of Jeddah witnessed the inauguration of the Al-Haramain train station and project, which is an electric train line linking the Holy City of Makkah with Madinah, passing through several stations: Jeddah Station - King Abdulaziz Airport Station - King Abdullah Economic City Station – Al Madinah Station.

The Subject Property is 12 kilometers north of downtown and 18 kilometers from King Abdulaziz International Airport in the Andalus district of Jeddah.



# Site Location Analysis

## The Property at District Level



The Subject property is located in the center of Jeddah. It borders the property area Prince Muhammad bin Abdulaziz (Tahlia) Road from the north, on the west and south by Andalus Road, and on the east by Prince Sultan Road.

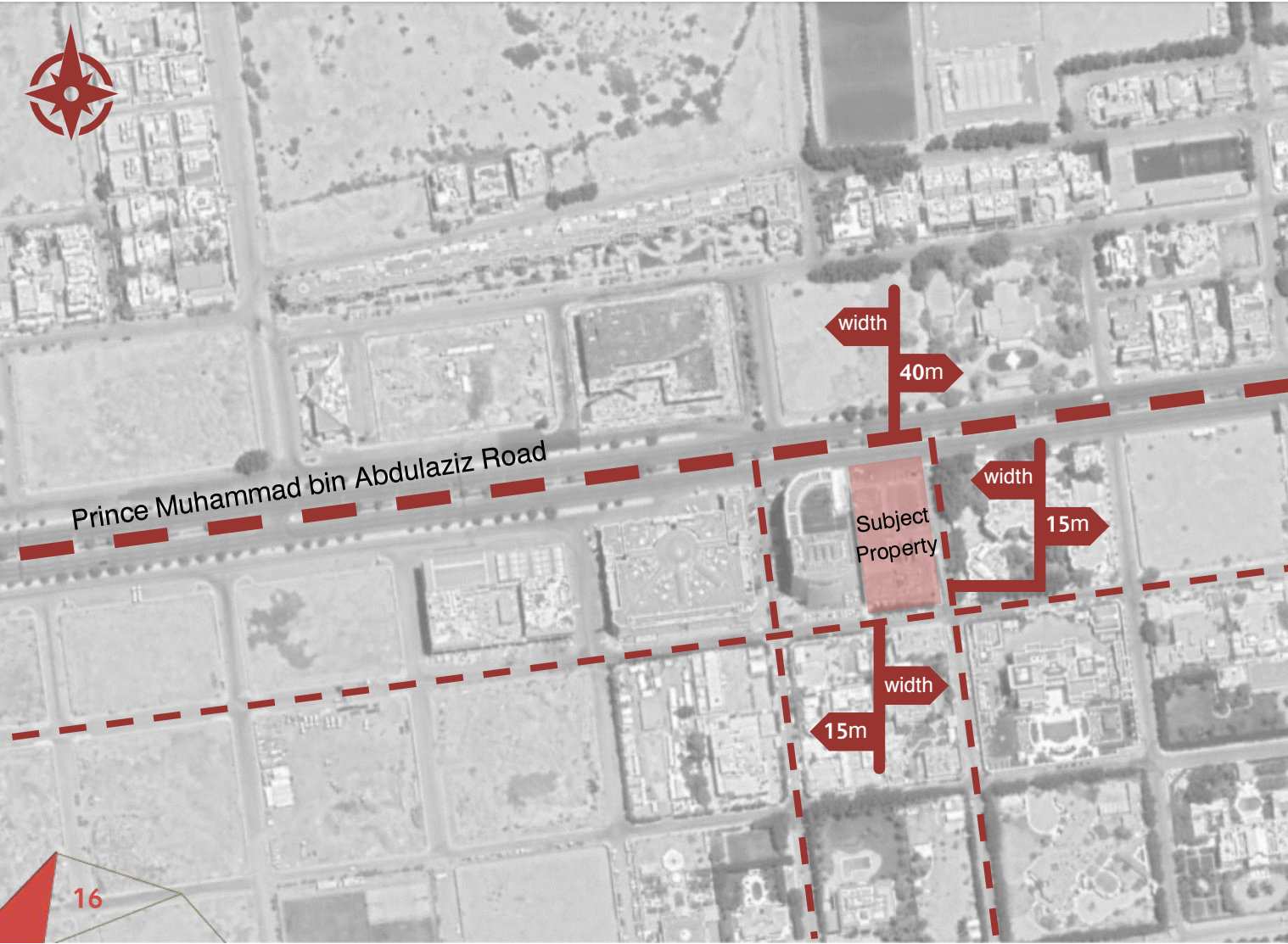
The property is located in a densely populated residential area. Al-Andalus neighborhood is bounded on the north by the districts of Al-Rawda, Al-Khalidiya, and Al-Shati on the south by Al-Hamra and the Red Sea on the east by Al-Azizia, Mishref, and Al-Faisaliah, and on the western side the Red Sea.

The area surrounding the property can be reached from several important roads, including Al-Andalus Road and Prince Muhammad bin Abdulaziz Road..



# Site Location Analysis

## Property Description



The Subject Property is a constructed land comprised of nine commercial showrooms and an administration office, with an area of 4,342 square meters.

The location has a regular shape and level terrain. The total built-up area is 2,758 square and due to the nature of the building (single floor / exhibitions), the rental area is equivalent to the building area in general.

The Property comprises two floors containing nine showrooms, an administration office, and 42 car parking spaces.

The finishings of the external facades are made from aluminum cladding and glass, while the internal finishings are made from basic finishings. Utility services are connected to each unit.

The Property has a regular shape, with a direct view of Prince Mohammed bin Abdulaziz Road.

The Property is 14 years. The Center was renovated in 2018.

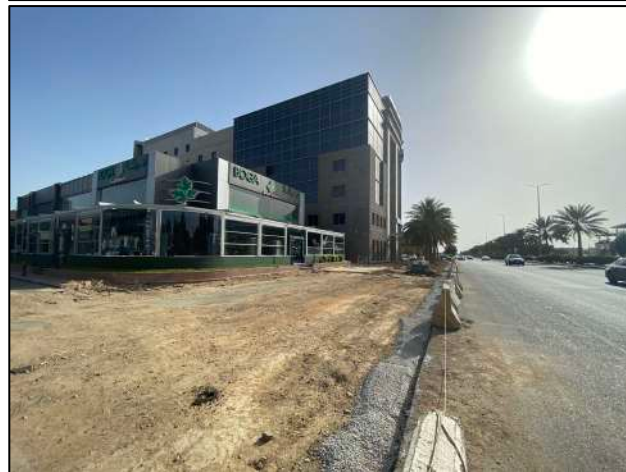
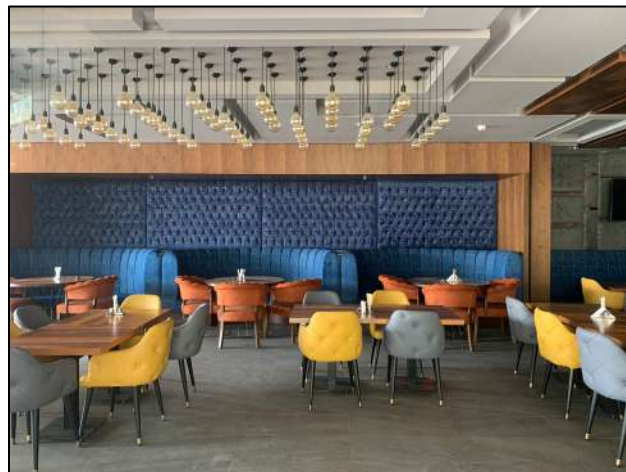


# Site Location Analysis

## Property Photographs



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## Property Details

- Title Information

# Tenure

## Property Information



### Property Details (Freehold Details)

ID	Description	
Owner	Awwal Al Malqa Real Estate Company	
Property Name	Ahlan Center	
Plot No.	1	
Masterplan No.	T / S / 860	
District	Al-Andalus District	
Street Name	Prince Mohammed bin Abdulaziz	
Coordinates	21°32'51.2"N	39°08'23.6"E
City	Jeddah	
Ownership Type	Restricted Ownership	
Title Deed Info	Deed No.	920210027006
	Deed Date	17/08/1440H

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	47	Prince Mohammed bin Abdulaziz	Main	40	1
South	47	Unnamed	Local	15	3
East	81.25	Unnamed	Local	15	2
West	86.8	-	Neighbor	-	4

• Sources: Title Deed

### Lease Contract Summary:

ID	Description	Details
1	First Party (Owner)	Awwal Al Malqa Real Estate Company
2	Second Party (Lessee)	Nadd Al Arabia Real Estate Marketing Company
3	Contract Term	15 Hijri Years
4	Contract Effective Date	24/02/2019
6	First Party's Obligations	Property insurance of SAR 20,000
7	Second Party's Obligations	The Lessee shall bear all of the Property maintenance and management costs

According to the information provided by the client, the lease contract was reduced for the first four years starting from 2021 and the reduction was applied to the cash flow schedule in the following pages of this report. The table below shows the details of the payments:

Year	Income
Years 1-2	7,000,000
Years 3-5	5,040,000
Year 6	5,390,000
Years 7-10	7,350,000
Years 11-15	7,717,500

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

• Sources: leasehold



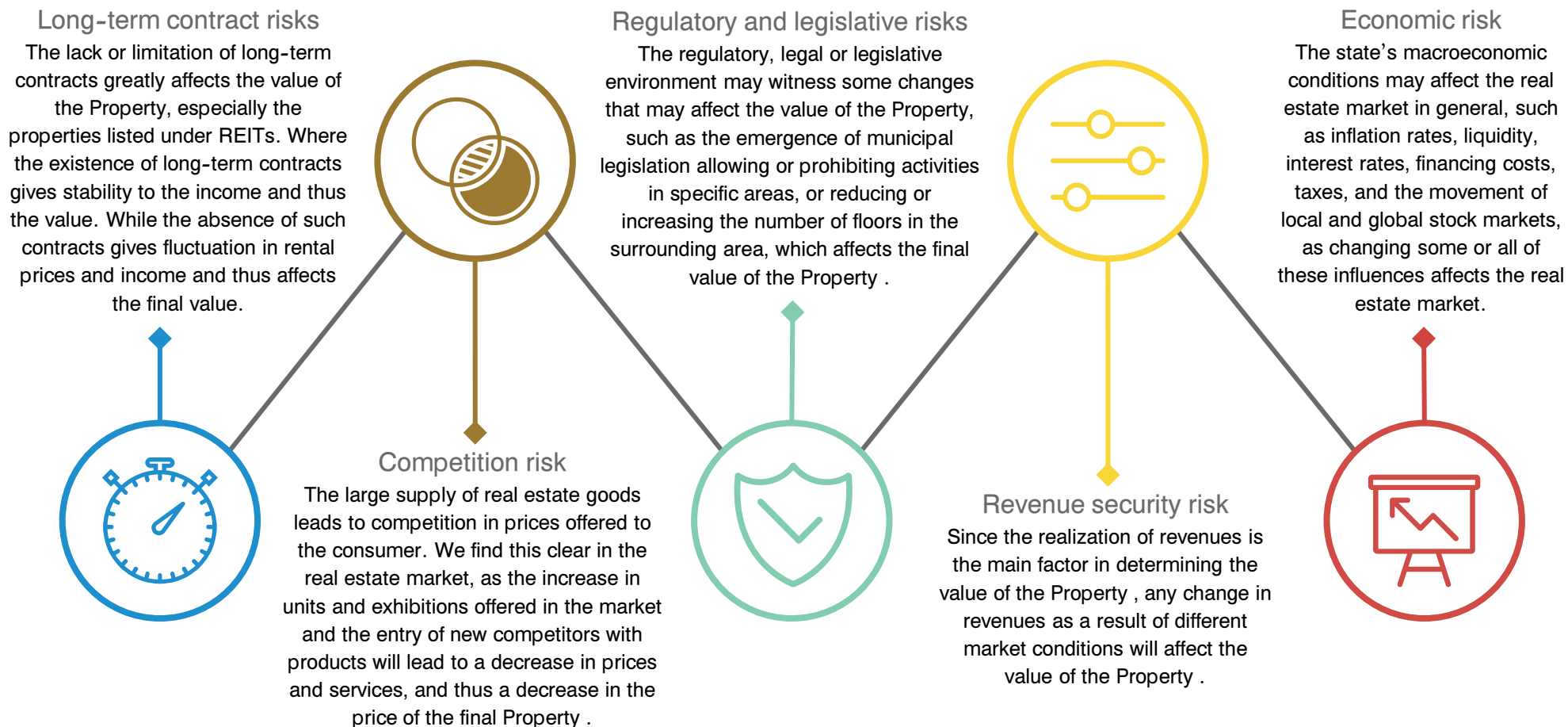


# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value



## Property Risk Analysis



### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach



### Valuation Methods Used

- When selecting the best approach to assess the value of the subject Property, we have taken into consideration the information provided by the Client, the current condition of the Property and our own analysis of the local market conditions. When determining the fair value of the subject Property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Revenues

**According to the information provided by the client,** The total annual income of the subject property is **7,000,000** Riyals, starting on **24/02/2019** for a period of **15** years. A four-year reduction has been made starting from the beginning of **2021**, and the income for the remaining years will be estimated based on the following income table:

Year	Income
Years 1-2	7,000,000
Years 3-5	5,040,000
Year 6	5,390,000
Years 7-10	7,350,000
Years 11-15	7,717,500

### Cap Rate

- A cap rate of **8.75%** is applied.

### Discount Rate

- Based on our understanding of similar properties in the area of the Property and taking into consideration the site features, area, uses, terrain, supply, and demand, we have applied a discount rate of **11.55%**.



# Valuation



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## Valuation Using the Income Method

- Given the previous factors, cash flows were calculated to reach a value of the subject Property. The cash flows covers 10.5 years (the remaining lease term). The cash flow schedule is made every six months as per the payments mentioned on page 22 :
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.
- 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 applied a discount rate of 11.55%.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 8.75% has been reached.

### Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	18	19	20	21
Occupancy Rate (%)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Income (SAR)	2,520,000	2,695,000	2,695,000	3,675,000	3,858,750	3,858,750	3,858,750	3,858,750	3,858,750
Property Insurance Costs (SAR)	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770	8,770
Net Income (SAR)	2,511,230	2,686,230	2,686,230	3,666,230	3,849,980	3,849,980	3,849,980	3,849,980	3,849,980
Exit (SAR)									87,999,543
Property Value (SAR)	<b>70,430,000</b>								

# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of 30 June 2023 is:

- 70,430,000 SAR (Seventy Million Four Hundred Thirty Thousand Saudi Riyal)



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### Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016  
Real Estate Sector

Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989  
Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector

Company Stamp

Company Name: Abaad &  
Partner for Real Estate Valuation

Company No. 11000111

CR No: 4030297686

CL No: 323/18/781





## Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.



شركة اهل المصالح العقارية  
رقم: ٤٢٠٢١٠٢٧٠٠٩  
التاريخ: ١٢/٨/١٤٤٠ هـ

الجمهورية العربية السورية  
وزارة العدل  
[٢٧٧]  
كتابة العدل الاولى بجدة

صك رهن وتملك عقار

التعمد لله وحده والصلوة والسلام على من لا نبي بعده، وبعد: وبني  
فان قطعة الارض رقم ١ من الشريط رقم ٨٩ / ٨٩ / ١٠ / ١٠ التي اذلتها بعتبة جدة  
وحدودها وأطرافها كالتالي:  
شمالاً: شارع الأمير محمد بن عبدالعزيز عرض ٤٠ متر بطول (٤٧) سبعة و أربعون متر  
جنوباً: شارع عرض ٥٠ متر بطول (٤٧) سبعة و أربعون متر يبدأ من الغرب للشرق ثم شطقة شمال شرق بطول ٤٢.٢٤ متر  
شرقاً: شارع عرض ٥٠ متر بطول (٨١,٣٥) واحد و ثمانون متر و خمسة و عشرون سنتيمتر يبدأ من الجنوب للشمال ثم  
شطقة شمال قرب بطول ٤٠.٢٤ متر  
غرباً: شطقة رقم ٢ بطول (٨١,٨٨) ستة و ثمانون متر و ثمانون سنتيمتر  
ومما احتيا (٤,٣١٢,٣٥٠) أربعة آلاف و ثلاثمائة و اثنان و أربعون متر مربعاً و خمسة و عشرون سنتيمتراً مربعاً فقط  
المعلومة / ل شريطة اول الملتا العقارية بترتيب سجل تجاري رقم ١٠١٠٦٩٣٨٠٣ وتنتهي في ١٥ / ١٠ / ١٤٤٤ هـ بالصك الصادر من  
حده الانارة برقم ٢٣٣٣٨٠ - ٢٤٠٠٠٠٠٠ في ١٤ / ١٠ / ١٤٤٠ هـ قد تم رهنها وما أريد أو سرقاد عليها من بناء الصالح / شركة الإحسي  
العرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٠٠٠٠٠٠٠ في ٢٥ / ١٠ / ١٣٧٦ هـ شغافاً ارفانه و / مبلغ ٣٨١٨١٨١٨,١٦ لمانية  
و ثلاثين حايوا و مائة و واحد و ثمانون الفا و ثمانمائة و ثمانية عشر ريال و تسعة عشر حائله عن ان يتم سداد القديونية علم  
الاساس كل ٩ اشهر من تاريخ صرف التمويل بقيمة كل قسط ٩٠٠٠٠٠ تسعة مليون و عشرون الفاً، تدفع في نهاية القده اعترافاً من  
تاريخ ٣١/١٢/٢٠١٩ و في حالة عدم السداد للمركن بيع القفار بالقيمة التي تثقف عندها الوكيلات واستيفاء ما في ذمة الراهن من مبلغ  
وما نفس يوسع فيه عليه بعد اكتمال مايزود شرعاً وعليه جرى التصديق تجويراً في ١٧ / ٨ / ١٤٤٠ هـ وصلني الله على نبينا محمد  
وآله وصحبه وسلم.

وزارة العدل

الختم الرسمي  
وزارة العدل  
كتابة العدل الاولى بقطيف  
١٢٠٠٠٠٠٠٠٠٠٠٠٠  
عبدالله بن عثمان بن فاضل الزهراني  
كتابة العدل  
١١٧  
١٤٤٠ هـ

هذه المستندة مسجلة وشرطاً أو ذلك سبعة منه يودى الى مدير محاكمة القسط  
مستندة رقم ١٤٤٠ هـ  
هذا المستند رقم ١١٧  
مستندة رقم ١١٧ - ٢٠٢٠





**أبعاد**  
للتقييم العقاري

Abaad & Partner For Real Estate Valuation Co.

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Al-Salama District  
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For more information, please contact us at:  
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**Eng. Ammar Sindi**

CEO

**Mobile:** +966 (50) 730 0500

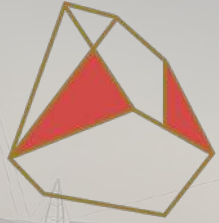
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أبعاد  
للتقييم العقاري

Final Valuation Report

V230094

## Al-Malqa Compound in Al-Malqa District-Riyadh

Client / AlKhabeer Capital

18 July 2023

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Al-Malqa in Al-Malqa District-Riyadh

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate





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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- The Subject Property is a residential compound comprised of **18** buildings containing **252** housing units. The area of the land is **15,925** square meters, featuring a total built-up area of **41,361** square meters.
- The Property is located in Al Malqa District, along Wadi Hajar Street, branching from King Fahd Road, Riyadh.
- The subject property is located approximately **17** kilometers from the City Center and **25** kilometers from King Khalid International Airport.
- The Subject Property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia and the largest of its cities, with a population of **6.9** million in **1440/2018**.

## Property Information

Site Details	Information			
District	Al Malqa			
Use	Residential			
Tenure	Limited Ownership			
Number of Title Deed	814009006124	814009006125	314002002198	614004005871
Date of Title Deed	14/9/1440H-15/9/1440H			
Land Area (m2)	15,925			
Total Built-Up Area (m2)	41,361 m2			
Gross Leasable Area (m2)	39,734 m2			
Owner	Awwal Al Malqa Real Estate Company			



## Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	29 May 2023
Date of Inspection	12 June 2023
Date of Valuation	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property fair value	<b>270,670,000</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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information



# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Al-Malagah in Al-Malagah District-Riyadh, for Financial Statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such.
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.



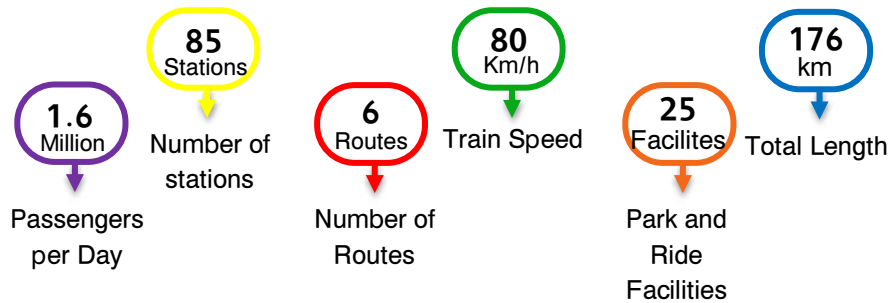
## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Public Transport – Riyadh Metro

- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including 756 metro cars, 85 stations, six metro lines and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



### Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:





# Site Location Analysis

## Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير  
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

### Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

### Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

### Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

### King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.



# Site Location Analysis



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## The Property at City Level



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 17 kilometers from the city center and 25 kilometers from King Khalid International Airport.



# Site Location Analysis

## The Property at District Level



The Subject property is located in Riyadh City Center. The property is bordered from the North by King Salman Road, from the South by Anas Ibn Malik Road with a direct view from the East on King Fahad Road.

The Subject property is located in Al-Malqa District, and it's bordered to the north by Qairawan district, from the south by Al-Aqiq and Hittin districts, to the east by Al-Yasmin and Al-Sahafa districts, and to the west by Al-Diriyah area.

The surrounding area of the Subject Property can be accessed from several important axes and roads at the city level, including King Fahad Road and King Salman Road. The Subject Property has a regular shape and a direct view of Wadi Hajar Street branching from King Fahd Road.



# Site Location Analysis

## Property Description



The Property is a closed residential complex consisting of 18 residential buildings with three floors and an annex, including 252 housing units. The land area is 15,925 square meters. The building area is 41,361 square meters.

The property consists of 252 residential units consisting of three bedrooms (224 units), two bedrooms (10 units) and one bedroom (18 units).

The complex has an underground car parking area of 10,000 square meters, two swimming pools, two playground areas, and a health club.

The Property is located in Al Malqa District, along Wadi Hajer Street, branching from King Fahd Road, Riyadh.

The Property's age is 6 years.

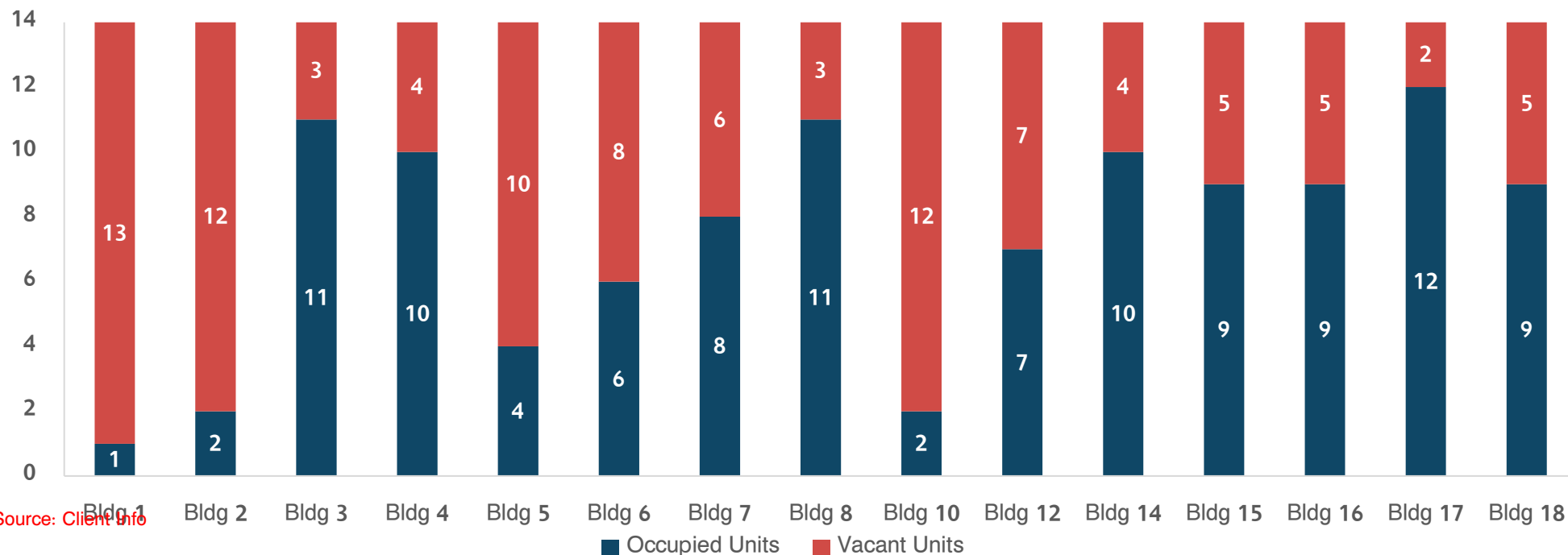
# Site Location Analysis



## Property Description

### Detailing buildings and units:

- 3 buildings were leased entirely to Rana Medical Services Company, and the occupancy rate of the tenant represents 17% of the entire property with a total of 42 units.
- As for the rest of the building that forms 83% of the total leasable area, 111 units were rented of the 210 units
- The chart below shows the unit details for individually rented buildings, where each building consists of 14 units.



Source: Client Info





# Site Location Analysis

## Subject Property Photos



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# Site Location Analysis

## Subject Property Photos



أبجداد  
للتقييم العقاري





## Property Details

- Title Information

### Property Details (Freehold Details)

ID	Description	
Owner	Awwal Almalga Real Estate Company	
Property Name	Al-Malqa Compound	
Plot No.	1/2337 + 1/2336 + 1/2335 + 2333/2334	
District	Al Malqa District	
Street Name	Wadi Hajar	
Coordinates	46°36'51.2"E	24°48'54.9"N
City	Riyadh	
Ownership Type	Restricted Ownership	
Title Deed Info	Deed No.	614004005871
	Deed Date	1440/9/15
Title Deed Info	Deed No.	314002002198
	Deed Date	1440/9/14
Title Deed Info	Deed No.	814009006125
	Deed Date	1440/9/14
Title Deed Info	Deed No.	814009006124
	Deed Date	1440/9/14

• Sources: Title Deed

### Dimensions and street widths for Plot N.1/2337

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.7 m	Adjacent	-	-	4
West	65.7 m	Unnamed	Local	15 m	3

### Dimensions and street widths Plot N.1/2336

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.7 m	Adjacent	-	-	3
West	65.7 m	Adjacent	-	-	4

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

• Sources: Title Deed

# Tenure

## Property Information



### Dimensions and street widths for Plot N.1/2335

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.7 m	Adjacent	-	-	3
West	65.7 m	Adjacent	-	-	4

### Dimensions and street widths for Plot N.2333/2334

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	53 m	Wadi Hajar	Commercial	36 m	1
South	53 m	Unnamed	Local	20 m	2
East	65.6 m	Unnamed	Local	-	3
West	65.7 m	Adjacent	-	-	4

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

Sources: Title Deed

### Lease Contract Summary:

	Lessee	Leased Buildings	End Date
1	Rana Company	3 Buildings	2025

### Operation and Maintenance Contract Summary:

	Description	Duration	Amount
1	Bennett Operation and Maintenance Company	4 years	2,200,000

- Sources (Lease Contract Copy).

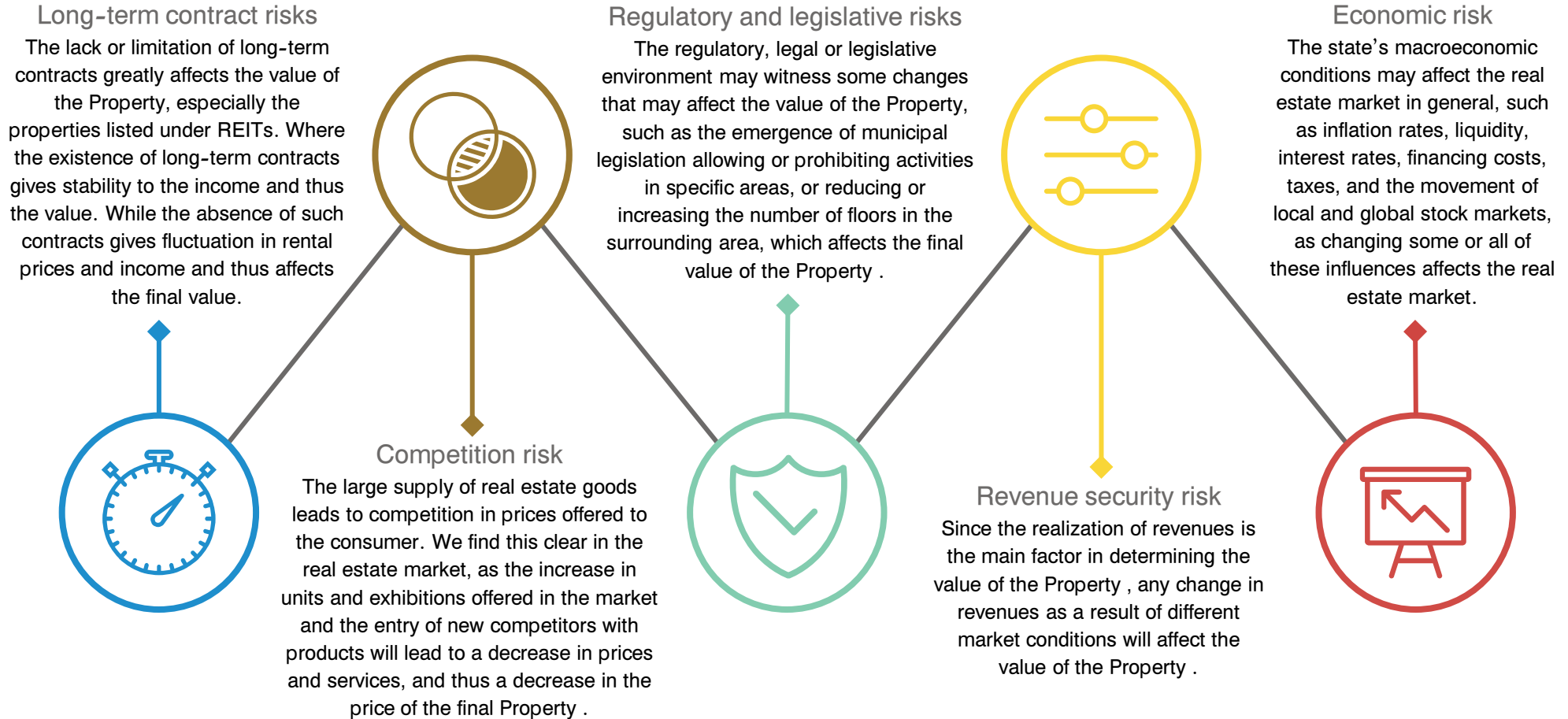




# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Method
- Income Method of Valuation
- Summary of Value

## Property Risk Analysis



### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach

### Valuation Methods Used

- When selecting the best approach to assess the value of the subject property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the subject property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- **According to the information provided by the client**, the total annual income of 3 buildings leased for Rana Medical Services Company is **1,900,000 SAR**. Also, the annual income of the **111** units rented for individuals is **8,168,093 SAR**. The before-mentioned income is used for the remaining period of the lease contract of Rana Medical Services Company which is **5 years**. For the remaining years, income will be estimated based on market leasing rates.

### Inflation Rate.

- In respect of the cash flow of the project, an inflation rate of **2.80%** is applied.

### Cap Rate .

- A cap rate of **7.75%** is applied.

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of **10.55%**.



# Valuation

## Case Study

Map Showing the Location of the Residential Compound



- information source(field research)

Al Malqa Village Residential Compound

	Type of Units	Area (m <sup>2</sup> )	Number of Units	Rental Rate (SAR)	Rental Rate (SAR)
Viola Compound	1 Room	75	44	40,000	533
	2 Rooms	126	74	50,000	397
	3 Rooms	150	30	60,000	429

### Services and Facilities

- The project is a complex of luxury apartments designed to ensure privacy and complete security. The complex consists of 10 adjacent buildings with 148 apartments and one elevator, and each floor is on two levels, and there are only two apartments on each level. The apartments are easily accessed from the parking. The limited entrances to the complex ensure complete security and control of movement. The units are not furnished.

Swimming Pool	Security	Maintenance	Gardens	Parking
✓	✓	✓	✓	✓
Promenade	Drivers Room	Courts	Playing Area	Health Club
✓	✓	✓	✓	✓



# Valuation

## Case Study

Map Showing the Location of the Residential Compound



- information source(field research)

Al Malqa Village Residential Compound

	Type of Units	Area (m <sup>2</sup> )	Rental Rate (SAR)	Rental Rate (SAR)
Al Malqa Village Residential Compound	2 Rooms	120	85,000	708
	2 Rooms	140	95,000	679
	3 Rooms	150	105,000	700
	3 Rooms	200	135,000	675

The project is comprised of a high-end apartment complex, designed to ensure total privacy and security. It contains 16 buildings with open spaces between the buildings. The limited entrances of the compound guarantee full security and control over movement. The units are fully furnished.

### Services and Facilities

Swimming Pool	Security	Maintenance	Gardens	Parking
✓	✓	✓	✓	✓
Promenade	Drivers Room	Courts	Playing Area	Health Club
✓	✓	✓	✓	✓

### Compound Photographs

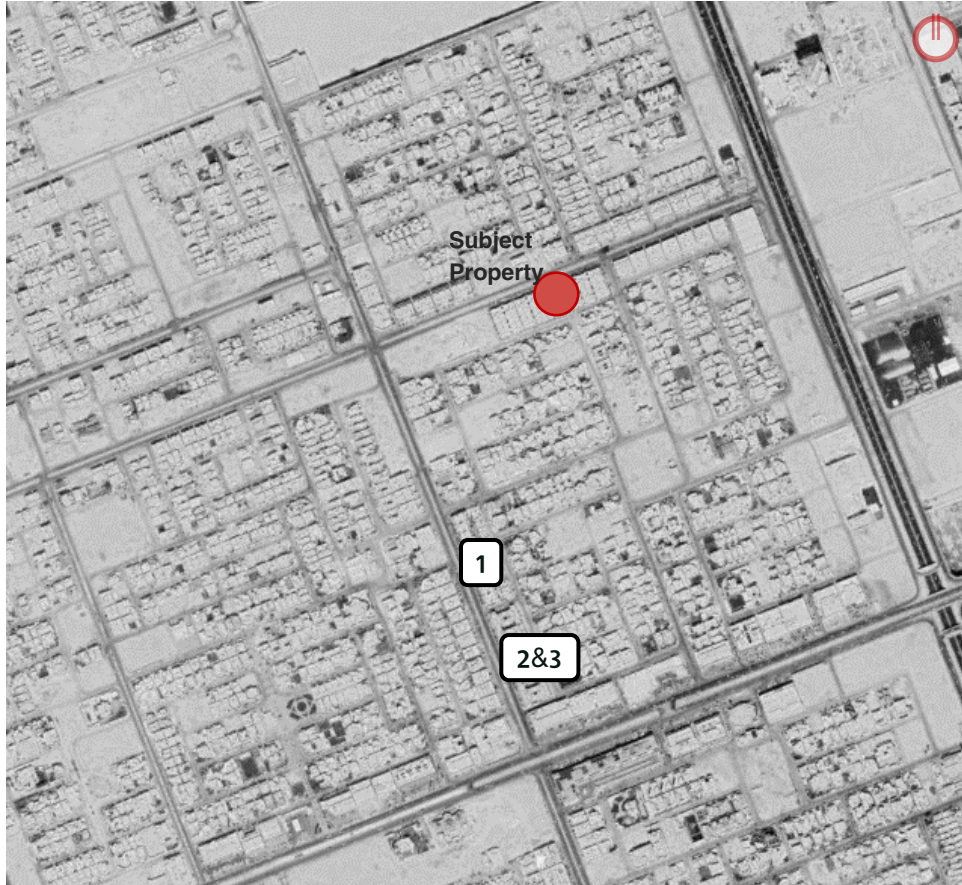




# Valuation

## Estimation of Revenues

Map Showing the Locations of the Residential Compounds



- information source(field research)

## Calculation of Average Rental Rate

Upon completion of the research and collection of information, we analyzed the following comparables and made calculations and adjustments to reach the average rental value (per square meter). The below schedule shows changes and adjustments made to the valuation matrix.

### Valuation Matrix

Description	Comparable 1	Comparable 2	Comparable 3
Land Area (m <sup>2</sup> )	150	150	190
Price per Meter (SAR/m <sup>2</sup> )	429	733	668
التسويات			
Open Spaces	0.00%	-5.00%	-5.00%
Design of Units	-5.00%	-5.00%	-5.00%
Ease of Access	0.00%	2.50%	2.50%
Area	0.00%	0.00%	5.00%
Facilities and Services	0.00%	-2.50%	-2.50%
Compound Category	0.00%	-22.50%	-22.50%
Furniture	20.00%	0.00%	0.00%
Negotiation	-7.50%	-5.00%	-5.00%
Total Percentage (%)	7.50%	-37.50%	-32.50%
Final Value After Adjustments	461	458	451
Weightage (%)	50.00%	25.00%	25.00%
Final Price per Meter (SAR/m <sup>2</sup> )		458	

# Valuation

## Income Approach

As a result of the prior information, cash flows were calculated to reach the value of the subject property. The cash flows covers a period of 4.5 years based on the lease contract of the leased units (Rana Company Contract). The remaining units were calculated based on market rates, and the cash flow schedule was made for every six months:

**Inflation Rate:** Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

**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 applied a discount rate of 10.55%.

**Rate of return on capital:** The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 7.75% has been reached.

### Summary of Cash Flow Calculations:

Period (semiannual)	1	2	3	4	5	6	7	8	9
Income from Rana Medical Company									
Occupancy rate (16%)	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Revenue (SAR)	949,998	949,998	949,998	949,998	949,998	0	0	0	0
Income from the remaining units									
Rental price (SR/m2)	464	471	477	484	491	498	504	511	519
Leasable Area (m2)	27,340	27,340	27,340	27,340	27,340	32,546	32,546	32,546	32,546
Occupancy rate (84% of the total number of units) (%)	52.9%	62.9%	72.9%	82.9%	90.0%	74.0%	84.0%	90.0%	90.0%
Income (SAR)	6,710,635	8,091,166	9,508,788	10,964,265	12,075,042	11,983,112	13,791,571	14,982,129	15,190,431
Costs									
Bennett maintenance contract costs	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Maintenance costs for remaining (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Maintenance costs for remaining (SAR)	671,063	809,117	950,879	1,096,427	1,207,504	1,198,311	1,379,157	1,498,213	1,519,043
Property Insurance Costs (SAR)	58,770	58,770	58,770	58,770	58,770	58,770	58,770	58,770	58,770
Total Costs (SAR)	1,829,833	1,967,887	2,109,649	2,255,197	2,366,274	2,357,081	2,537,927	2,656,983	2,677,813
Net income (SR)	5,830,799	7,073,277	8,349,137	9,659,067	10,658,766	9,626,031	11,253,644	12,325,146	12,512,618
Exit									320,487,272
fair value of the property (SR)	<b>270,670,000</b>								

# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of 30 June 2023 is:

- 270,670,000 SAR (Two Hundred Seventy Million Six Hundred Seventy Thousand Saudi Riyal).



أبعاد  
للتقييم العقاري

### Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016  
Real Estate Sector

Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989  
Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector

Company Stamp

Company Name: Abaad &  
Partner for Real Estate Valuation  
Company No. 11000111  
CR No: 4030297686  
CL No: 323/18/781







# Appendix

- Valuation Glossary
- Subject Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.

## Subject Property Documents



أبعاد  
للتقييم العقاري

بسم الله الرحمن الرحيم  
 وزارة العدل  
 وزارة العدل  
 [٢٧٧]  
 كتابة العدل بوسط الرياض

الرقم: ٨٤٤٠٠٩٠٠٦١٢٤  
 التاريخ: ١٤٤٠ / ٩ / ١٤ هـ

بسم الله الرحمن الرحيم  
 وزارة العدل  
 وزارة العدل  
 [٢٧٧]  
 كتابة العدل بوسط الرياض

الرقم: ٣١٤٠٠٢٠٠٢٦٦٨  
 التاريخ: ١٤٤٠ / ٩ / ١٤ هـ

### صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:  
 فإن قطعة الأرض رقم ٢٣٣٣ / ٢٣٣٤ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٣٦ م	بطول: (٨٣,٥) ثلاثة وثمانون متر وخمسون سنتيمتر
جنوباً: شارع عرض ٢٠ م	بطول: (٨٣,٥) ثلاثة وثمانون متر وخمسون سنتيمتر
شرقاً: شارع عرض ٢٥ م	بطول: (٦٥,٦٢) خمسة وستون متر وثلاثة وستون سنتيمتر
غرباً: قطعة رقم ١ / ٢٣٣٥	بطول: (٦٥,٦٥) خمسة وستون متر وخمسة وستون سنتيمتر

ومساحتها : (٥,٤٨١,٤٥) خمسة آلاف وأربعمائة وواحد وثمانون متر مربعاً وخمسة وأربعون سنتيمتر مربعاً فقط والمقام عليها مجمع سكني

المملوكة لـ شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٤٥١٦٨ برقم ٢٢ / ٩ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٠٩٦ وبلغ وقدره ( ٣٨١٨١٨١٨,١٩ ) ريال ثمانية وثلاثون مليون ومائة وواحد وثمانون ألف وثمانمائة وثمانية عشر ريال وتسعة عشر حلة المجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٣١ / ٣ / ٢٠١٩ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما به ذمة الزاين من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ. ووصل الله على نبيينا محمد وآله وصحبه وسلّم.

عبد الرحمن بن محمد بن رشيد الحريبي  
 كاتب العدل



هذه المستند وحدة متكاملة - وضياح أو ثلثا صفحة منه يؤدي إلى عدم صلاحية المستند  
 نسخة ١ من  
 نسخة مطابع الحكومة ٢٢٢١٦٨ ( هذا النموذج مخصص للاستخدام بالمساب التي ويمنع تقليده )  
 نموذج رقم (١٢٠-٢٠١٢)

### صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:  
 فإن قطعة الأرض رقم ٢٣٣٥ / ١ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٣٦ م	بطول: (٥٢) ثلاثة وخمسون متر
جنوباً: شارع عرض ٢٠ م	بطول: (٥٢) ثلاثة وخمسون متر
شرقاً: قطعة رقم ٢٣٣٤ / ٢٣٣٣	بطول: (٦٥,٦٥) خمسة وستون متر وخمسة وستون سنتيمتر
غرباً: قطعة رقم ١ / ٢٣٣٦	بطول: (٦٥,٦٧) خمسة وستون متر وسبعة وستون سنتيمتر

ومساحتها : (٣,٤٨٠,٢٣) ثلاثة آلاف وأربعمائة وثمانون متر مربعاً وثلاثة وعشرون سنتيمتر مربعاً فقط والمقام عليها مجمع سكني

المملوكة لـ شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٤٥١٦٧ برقم ٢٢ / ٩ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٠٩٦ وبلغ وقدره ( ٣٨١٨١٨١٨,١٩ ) ريال ثمانية وثلاثون مليون ومائة وواحد وثمانون ألفاً وثمانمائة وثمانية عشر ريال وتسعة عشر حلة المجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٣ / ٧ / ١٤٣٩ هـ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٣١ / ٣ / ٢٠١٩ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما به ذمة الزاين من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ. ووصل الله على نبيينا محمد وآله وصحبه وسلّم.

صالح بن ضيف الله بن أحمد العمري  
 رئيس كتابة العدل المساعد



هذه المستند وحدة متكاملة - وضياح أو ثلثا صفحة منه يؤدي إلى عدم صلاحية المستند  
 نسخة ١ من  
 نسخة مطابع الحكومة ٢٢٢١٦٨ ( هذا النموذج مخصص للاستخدام بالمساب التي ويمنع تقليده )  
 نموذج رقم (١٢٠-٢٠١٢)

# Appendix

## Subject Property Documents



أبعداد  
للتقييم العقاري

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
 المملكة العربية السعودية  
 وزارة العدل  
 [٢٧٧]  
 كتابة العدل بوسط الرياض

الرقم: ١٤٤٠-٠٠-٥٨٧١  
 التاريخ: ١٤٤٠ / ٩ / ١٥ هـ

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
 المملكة العربية السعودية  
 وزارة العدل  
 [٢٧٧]  
 كتابة العدل بوسط الرياض

الرقم: ١٤٤٠-٠٠-٦١٢٥  
 التاريخ: ١٤٤٠ / ٩ / ١٤ هـ

### صك رهن وتملك عقار

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

فإن قطعة الأرض رقم ٢٣٣٧ / ١ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٣٦ م	بطول: (٥٣) ثلاثة وخمسون متر
جنوباً: شارع عرض ٢٠ م	بطول: (٥٣) ثلاثة وخمسون متر
شرقاً: قطعة رقم ١ / ٢٣٣٦	بطول: (٦٥,٦٩) خمسة وستون متر وتسعة وستون سنتيمتر
غرباً: شارع عرض ١٥ م	بطول: (٦٥,٧) خمسة وستون متر وسبعون سنتيمتر

ومساحتها: (٣,٤٨١,٩٦) ثلاثة آلاف وأربعمائة وواحد وثمانون متر مربعاً وتسعون سنتيمتراً مربعاً فقط والمقام عليها مجمع سكني

المملوكة لـ / شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٤٤٤ / ١٠ / ١٩ هـ بالصك الصادر من كتابة العدل بغرب الرياض برقم ٣١٠٨١٢٠٠١٤٠٧ في ١٤٤٠ / ٦ / ٢١ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الأراجي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ١٤٤٠ / ١٠ / ١٠ هـ. ضماناً لوفائه بها بما عليه من مستحقات مالية لصالح مصرف الأراجي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٣٨١٨١٨١,١٩ ) ريال ثمانية وثلاثون مليوناً ومائة وواحد وثمانون ألفاً وثمانمائة واثنيون ريالاً على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢٠١٩ / ٣ / ٣١ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما به ذمة الراهن من مبلغ وما تقص برجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤٤٠ / ٩ / ١٥ هـ ووصل الله على نبيينا محمد وآله وصحبه وسلّم.

عبد العزيز بن محمد بن عبد العزيز آل طالب  
 كاتب العدل

### صك رهن وتملك عقار

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

فإن قطعة الأرض رقم ٢٣٣٦ / ١ من المخطط رقم ٣١١٤ الواقع في حي الملقا بمدينة الرياض . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٣٦ م	بطول: (٥٣) ثلاثة وخمسون متر
جنوباً: شارع عرض ٢٠ م	بطول: (٥٣) ثلاثة وخمسون متر
شرقاً: قطعة رقم ١ / ٢٣٣٥	بطول: (٦٥,٧٢) خمسة وستون متر وسبعة وستون سنتيمتر
غرباً: قطعة رقم ١ / ٢٣٣٧	بطول: (٦٥,٦٩) خمسة وستون متر وتسعة وستون سنتيمتر

ومساحتها: (٣,٤٨١,١١) ثلاثة آلاف وأربعمائة وواحد وثمانون متر مربعاً وعشرة سنتيمتراً مربعاً فقط والمقام عليها مجمع سكني

المملوكة لـ / شركة أول الملقا العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٤٤٤ / ١٠ / ١٩ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٣١٠١٢١٠٥١٩٦ في ١٤٤٠ / ٦ / ٢٢ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الأراجي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ١٤٤٠ / ١٠ / ١٠ هـ. ضماناً لوفائه بها بما عليه من مستحقات مالية لصالح مصرف الأراجي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٣٨١٨١٨١,١٩ ) ريال ثمانية وثلاثون مليوناً ومائة وواحد وثمانون ألفاً وثمانمائة واثنيون ريالاً على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢٠١٩ / ٣ / ٣١ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما به ذمة الراهن من مبلغ وما تقص برجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤٤٠ / ٩ / ١٤ هـ ووصل الله على نبيينا محمد وآله وصحبه وسلّم.

عبد الرحمن بن محمد بن رشيد الحربي  
 كاتب العدل

هذه الوثيقة وحدة متكاملة - وسيداع أو تلف، صيغة منه يؤدي إلى عدم صلاحية الوثيقة  
 معطية مطابع الحكومة - ٢٤١١٩٠ ( هذا النموذج مخصص للاستخدام بالعماس الآلي ويمنع تغليفه )  
 نموذج رقم (١١-٣-٢٠٢٠)

هذه الوثيقة وحدة متكاملة - وسيداع أو تلف، صيغة منه يؤدي إلى عدم صلاحية الوثيقة  
 معطية مطابع الحكومة - ٢٤١١٩٠ ( هذا النموذج مخصص للاستخدام بالعماس الآلي ويمنع تغليفه )  
 نموذج رقم (١١-٣-٢٠٢٠)





**أبعاد**  
للتقييم العقاري

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:**

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6935 Ar-Rabi District,  
1st Floor, Office 1,  
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أبعاد  
للتقييم العقاري

Final Valuation Report

## BIN II Plaza, Al-Amwaj District, Jeddah

Client / AlKhabeer Capital

18 July 2023

V230094

الخبير المالية  
Alkhabeer Capital



LOUNGE



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of BIN 2 Plaza, Al-Amwaj District, Jeddah

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate



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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- The Subject Property is comprised of three-story commercial office buildings. The area of the land is **20,642.74** square meters, featuring a total built-up area of **21,305** square meters.
- The Property is located in Al-Amwaj District between Prince Abdulmajeed Road and Prince Naif Road, Jeddah.
- The Subject Property is located approximately **33** kilometers north of King Abdulaziz International Airport and **11** kilometers from Jeddah Economic Tower in Al-Amwaj District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of Makkah, and located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast. It's **79** kilometers from Makkah and **420** kilometers from Medina. It is viewed as the economic and tourism capital of the Kingdom of Saudi Arabia.

### Property Information

Site Details	Information
District	Al-Amwaj
Use	Commercial Office Center
Tenure	Restricted Ownership
Number of Title Deed	<b>420210027007</b>
Date of Title Deed	<b>1440/08/17H</b>
Land Area (m2)	<b>20,642.74</b>
Total Built-Up Area (m2)	<b>21,305</b>
Gross Leasable Area (m2)	<b>14,798</b>
Owner	Awwal Al Malqa Real Estate Company



أبجداد  
للتقييم العقاري

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>12 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property's fair value	<b>83,670,000</b>

# Executive Summary

## Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the ("Client"), to assess the fair value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client's requirements and is in accordance with the Client's instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client's only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected Visually. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.



## Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information



# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of BIN II Plaza, Al-Amwaj District, Jeddah, for Financial Statement Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022

as follows:

- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 31 December 2022.

## Inspection Date:

- We confirm that the inspection was carried out on 15 November 2022.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclosure

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for **120** days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.



## Site Location Analysis

- Macro Location - Introduction
- Macro Location - Infrastructure Projects
- Macro Location - Infrastructure Projects
- Property Description
- Property Photographs

# Site Location Analysis

## Macro Location - Infrastructure Projects



- King Abdulaziz International Airport is currently undergoing expansion plans, which are divided into three phases.
- Phase 1 of the expansion project is currently operational, although not at its full handling capacity. Phase 1 will increase the annual capacity of passengers from 13 Million Annual Passengers (MAP) to 30 MAP.
- However, due to delays in the expansion plans, the focus of the project is currently on phase 1 and uncertainty surrounds phases 2 and 3, but initially the project is expected to be completed by 2035, capturing 80 MAP.
- The new Expansion of KAIA spans a total Gross Floor Area of 670,000 sqm and featuring 120 retail outlets and 120 hospitality keys.



120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays







Hajj and Umrah Terminal Complex



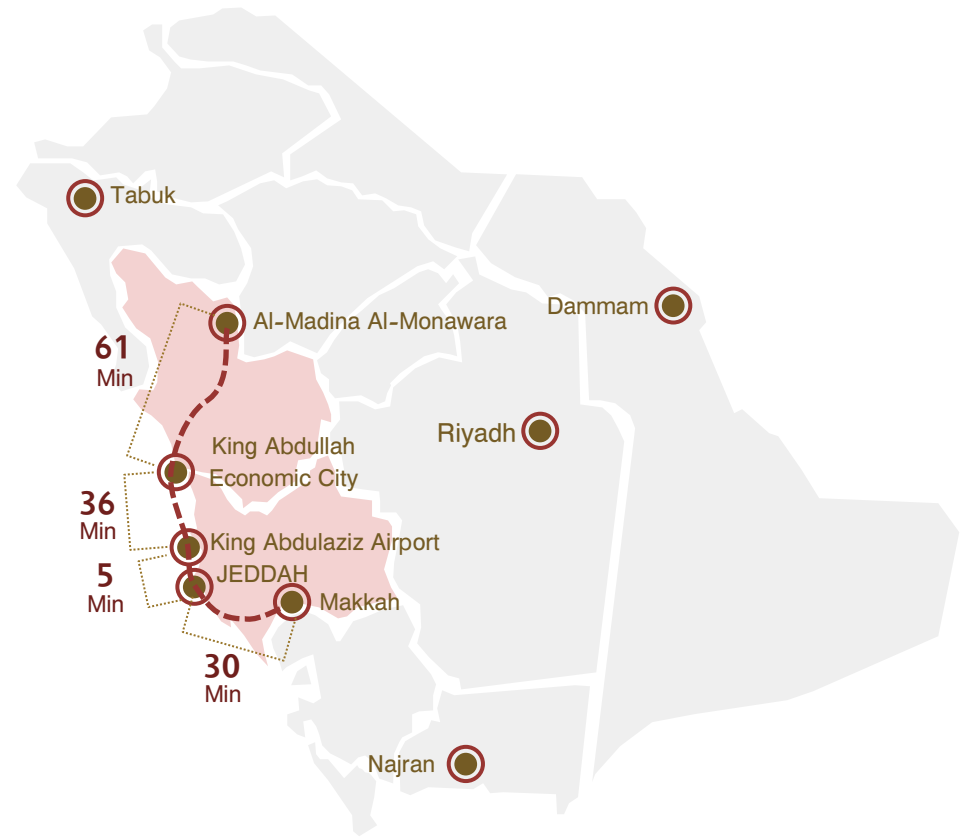
# Site Location Analysis

## Macro Location - Infrastructure Projects

	<b>Operational</b>
<b>Current Status</b>	
	<b>2018</b>
<b>Completion Date</b>	
	<b>4 Stations</b>
<b>No. Stations</b>	
	<b>60 Million Per Annum</b>
<b>Total Capacity</b>	

- The Haramain High-Speed Railway (HHSR) runs for approximately **450km**, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around **60 million** passengers per annum, onboard a fleet of **35** trains, each consisting of **417** seats.
- Currently, the train line goes by four stations, located as follows:
  - Jeddah Naseem Station.
  - Jeddah King Abdulaziz Int' Airport Station.
  - King Abdullah Economic City Station.
  - Madinah Station.

## Public Transportation

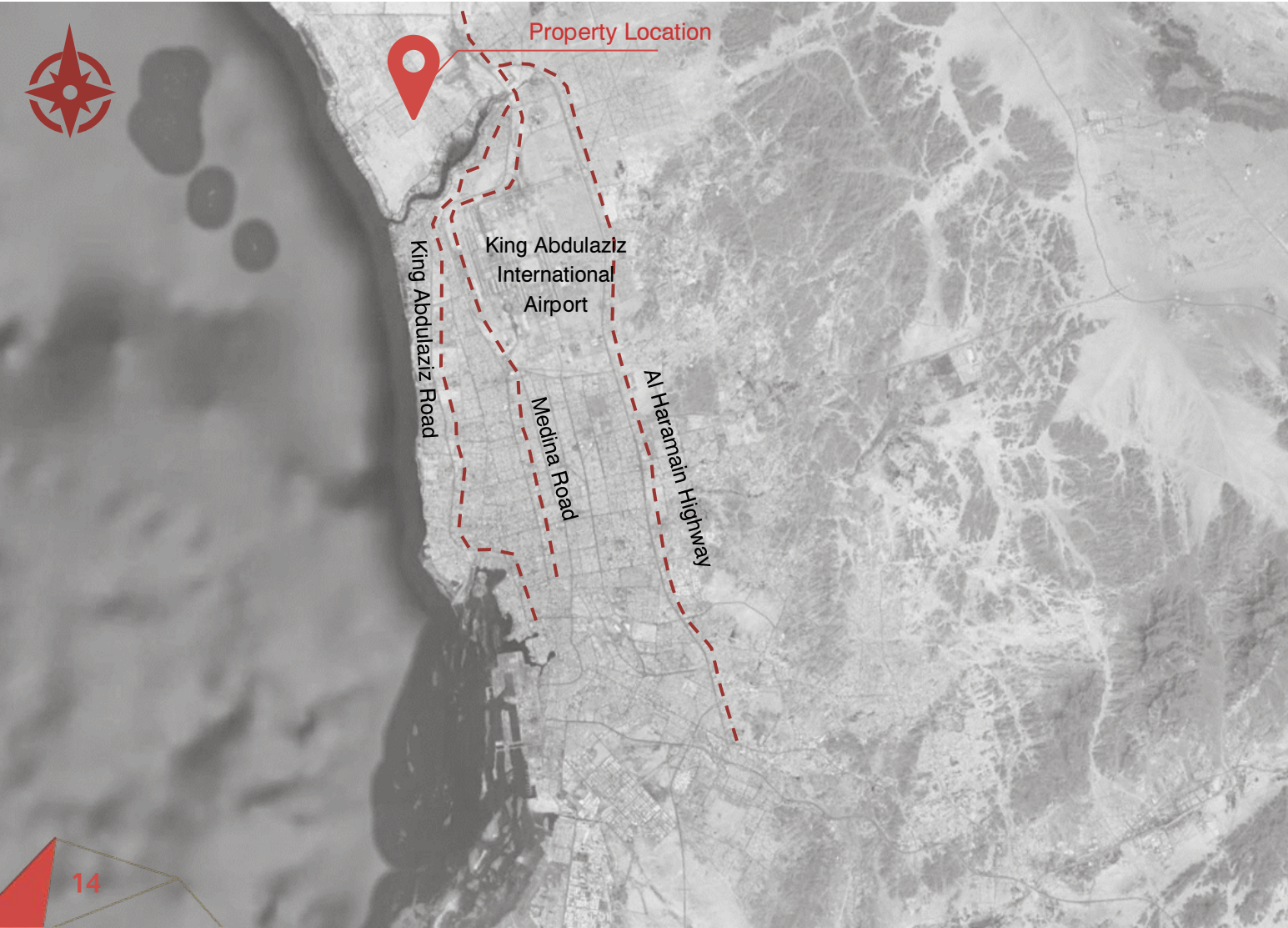


# Site Location Analysis



أبجد  
للتقييم العقاري

## The Property at City Level



The Subject Property is located in Jeddah, one of the Makkah governorates, in the west of the Kingdom of Saudi Arabia on the coast of the Red Sea. It is 79 km from Makkah and 420 km from Medina.

The city of Jeddah witnessed the inauguration of the Al-Haramain train station and project, which is an electric train line linking the Holy City of Makkah with Madinah, passing through several stations: Jeddah Station - King Abdulaziz Airport Station - King Abdullah Economic City Station – Al Madinah Station.

The Subject Property is approximately 33 km from the north of King Abdulaziz International Airport, and about 11 km from Jeddah Economic Tower in Al Amwaj District in Jeddah.



# Site Location Analysis

## The Property at District Level



The Subject property is located in the north of the city of Jeddah. The property is bordered on the north by Prince Abdul Majeed Road, on the west by Obhur Road, and on the south by Prince Nayef Road, and a direct view from the west on an unnamed road connecting Prince Abdul Majeed Road and Prince Nayef Road.

The subject property is located in a densely populated residential area.

Al-Amwaj district is bordered on the north by the Al-Yaout district, on the south by Obhur Al-Shamaliyah district, on the east by Al-Shiraa, and on the western side by the Red Sea.

The area surrounding the property can be reached from several important roads at the city level, including Prince Abdul Majeed Road and Prince Nayef Road.



# Site Location Analysis

## Property Description



The Subject Property consists of three commercial office buildings consisting of three floors, with a land area of 20,642.74 square meters.

The building area is 21,305 square meters, and the total leasable area is 14,967 square meters.

The Property consists of three buildings containing 21 offices and 42 showrooms, 186 front parking spaces, 32 side parking spaces and 150 rear parking spaces.

The finishes of the exterior facades are made from stone and glass, and the interior finishes for the galleries are basic (bone) finishes. basic services are delivered to each unit.

The Property has a regular shape, and it has a direct view of the Mosul road between Prince Nayef Road and Prince Abdul Majeed Road.

The Property's age is 8 years.



# Site Location Analysis



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## Property Photographs







## Property Details

- Title Information

# Tenure

## Property Information



### Property Details

ID	Description
Owner	Awwal Al Malqa Real Estate Company
Property Name	Bin 2 Plaza
Plot No.	From 35 to 63 ( 29 plots)
Sub-Division	S / G / 420
District	Al-Amwaj District
Street Name	-
Coordinates	21° 45.672'N 39° 4.712'E
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 420210027007
	Deed Date 1440/08/17H

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	49.02	Unnamed	Local	15	3
South	49.11	Unnamed	Local	15	4
East	70	Unnamed	Sub-street	32	1
West	70	Unnamed	Local	15	2

• Sources: Title Deed

### Lease Contract Summary:

ID	Details	Description
1	First Party (Owner)	Awwal Al Malqa Real Estate Company
2	Second Party (Lessee)	Nadd Al Arabia Real Estate Marketing Company
3	Contract Term	15 Hijri Years
4	Contract Effective Date	19/6/1440
6	First Party's Obligations	Property insurance of SAR 36,000
7	Second Party's Obligations	The Lessee shall bear all of the Property maintenance and management costs

According to the information provided by the client, the lease has been reduced for the first four years starting from 2021 and the reduction has been applied to the cash flow table in the following pages of this report, the table below shows the details of payments.

### Payments:

Year	Income
Years 1-2	9,000,000
Years 3-5	6,480,000
Year 6	6,930,000
Years 7-10	9,450,000
Years 11-15	9,922,500

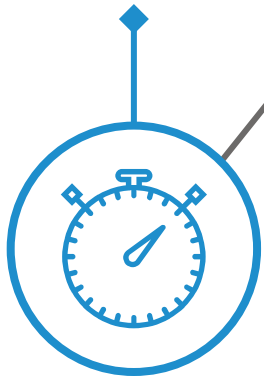
• Sources:(Lease Contract Copy).



# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value

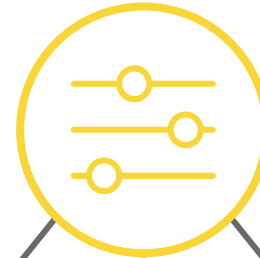
**Long-term contract risks**  
The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives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



### 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 .

**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 .



### 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 .

### 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.





### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach



### Valuation Methods Used

- When selecting the best approach to assess the value of the subject Property , we have taken into consideration the information provided by the Client, the current condition of the Property and our own analysis of the local market conditions. When determining the fair value of the subject Property , we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analysing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- **According to the information provided by the Client,** The total annual income of the Subject property is 9,000,000 Riyals, starting on 19/6/1440 for a period of 15 years. A four-year reduction has been made starting from the beginning of 2021, and the income for the remaining years will be estimated based on the following income table:

Year	Income
2019-2020	9,000,000
2021-2023	6,480,000
2024	6,930,000
2025-2028	9,450,000
2029-2033	9,922,500

### Cap Rate

- A cap rate of 9.50% is applied.

### Discount Rate

- Based on our understanding of similar properties in the area of the Property , and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 12.30%.

# Valuation

## Valuation Using the Income Method



Given the prior information, cash flows were calculated to reach a value of the subject Property . The cash flows covers a period of 10.5 years (the remaining lease term). The cash flow schedule is made for every six months based on the assumptions in page 22:

**Inflation Rate:** Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

**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 applied a discount rate of 12.30%.

**Rate of return on capital:** The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 9.50% has been reached.

### Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	18	19	20	21
Occupancy Rate (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Gross Income (SAR)	3,240,000	3,465,000	3,465,000	4,725,000	4,725,000	4,961,250	4,961,250	4,961,250	4,961,250
Property Insurance Costs (SAR)	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770	15,770
Net Income (SAR)	3,224,230	3,449,230	3,449,230	4,709,230	4,709,230	4,945,480	4,945,480	4,945,480	4,945,480
Exit (SAR)									104,115,368
Property Value (SAR)	<b>83,670,000</b>								



# 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 and detail within this report, may be fairly stated as follows:

The fair value of the Property using the income approach as of 30 June 2023 is:

- 83,670,000 SAR (Eighty-Three Million Six Hundred Seventy Saudi Riyal).



## Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016

Real Estate Sector  
Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989

Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector  
Company Stamp

Company Name: Abaad & Partner  
for Real Estate Valuation  
Company No. 11000111  
CR No: 4030297686  
CL No: 323/18/781





## Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





**أبعاد**  
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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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
1st Floor, Office 1,  
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:  
Universal Access Number: **920004134**

**Eng. Ammar Sindi**

CEO

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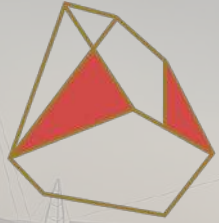
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Executive Director

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للتقييم العقاري

Final Valuation Report

V230094

## B&Q Commercial Centre, King Fahd District, Riyadh

Client / AlKhabeer Capital

18 July 2023

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of B & Q Commercial Centre, King Fahd District, Riyadh

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate



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أبجداد  
للتقييم العقاري

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- General Terms Used in the Preparation of the Valuation Report
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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- The subject property is a commercial center (showroom) with one floor and a basement. The area of the land is 7,000 square meters, with a built-up area of 9,181 square meters.
- The property is located in King Fahd District, on King Abdullah Road, Riyadh.
- The subject property is located in King Fahd District, Riyadh, approximately 7 kilometers from the City Center and about 30 kilometers from King Khalid International Airport.
- The subject property is in Riyadh, the capital of the Kingdom of Saudi Arabia. It is the largest Saudi city, with a population of 6.9 million in 1440/2018.

### Property Information

Site Details	Information
District	King Fahad
Use	Commercial
Tenure	Restricted Ownership
Number of Title Deed	314004005870 314009006126 214002002199
Date of Title Deed	14/9/1440H-15/9/1440H
Land Area (m2)	7,000
Total Built-Up Area (m2)	9,181
Gross Leasable Area (m2)	5,275
Owner	Awwal Almalqa Real Estate Company



### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	29 May 2023
Date of Inspection	12 June 2023
Date of Valuation	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
<b>Property Fair Value</b>	<b>62,030,000</b>



# Executive Summary

## Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the (“Client”), to assess the fair value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client’s requirements and is in accordance with the Client’s instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client’s only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected in visual. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.



## Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the fair value of B & Q Commercial Centre, King Fahd District, Riyadh, for Financial statements purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.





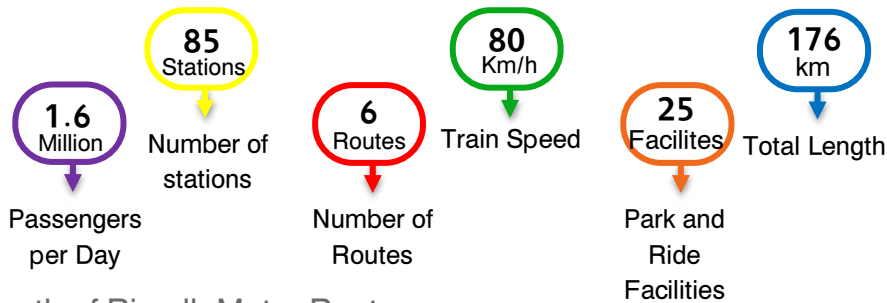
## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Public Transport – Riyadh Metro

- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including **756** metro cars, **85** stations, six metro lines and a network spanning **176** kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



### Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



# Site Location Analysis



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## Development Projects at City Level



The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير  
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

### Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential districts, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

### Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

### Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

### King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.



# Site Location Analysis

## The Property at City Level



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

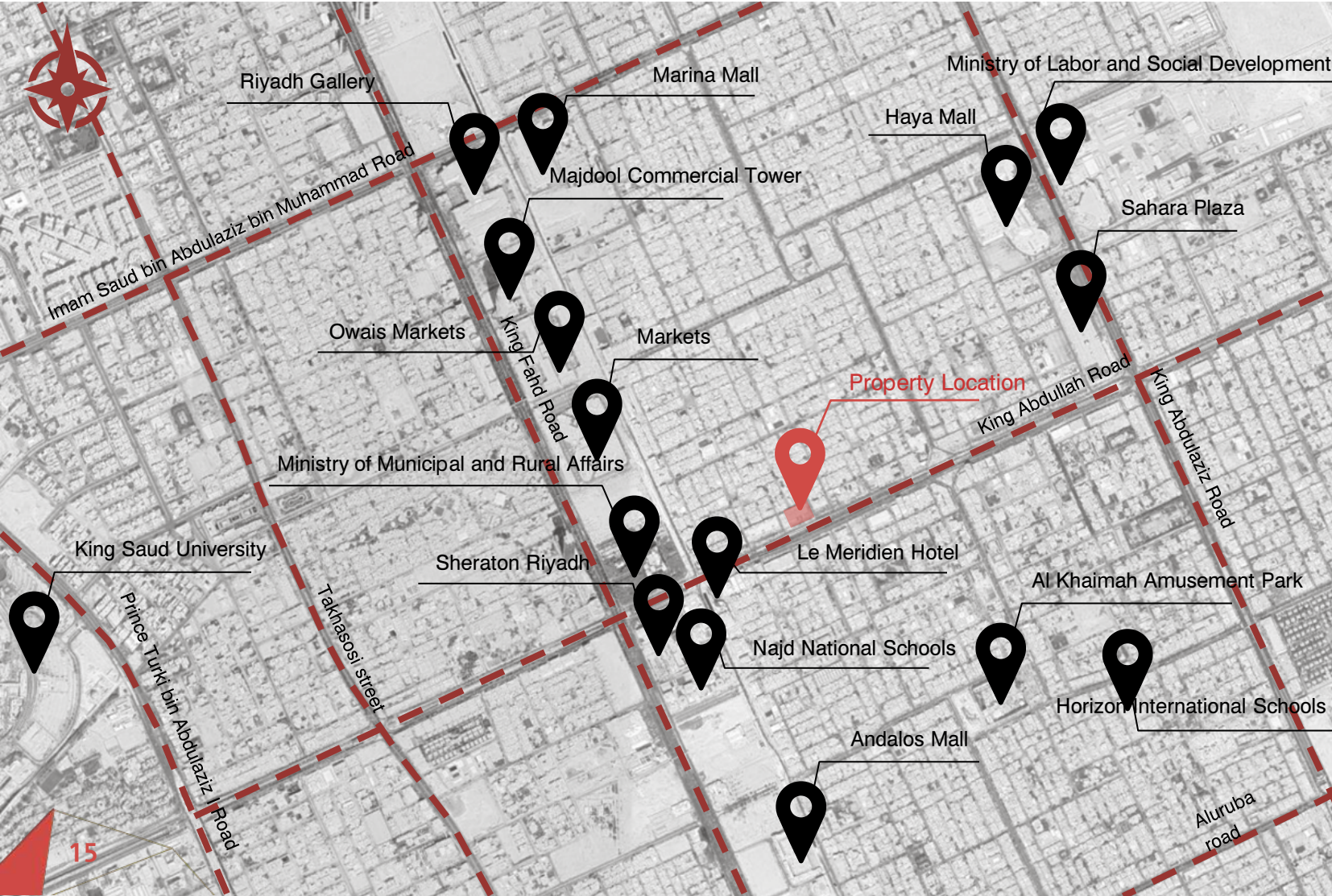
Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 7 km from the city center and about 30 km from King Khalid International Airport and is located in the King Fahd district in Riyadh.



# Site Location Analysis

## The Property at District Level



The property is located in the center of the city of Riyadh.

The property area is bordered by Imam Saud bin Abdulaziz Road on the north side, on the west by King Fahd Road, and a direct view from the south on King Abdullah Road and from the east by King Abdulaziz Road.

The King Fahd district is bordered on the north by Al-Morouj district, on the south by Al-Wurud district, from the east Al-Mursalat, and on the western side by the Muhammadiyah district.

The area surrounding the Subject property can be reached from several important axes and roads at the city level, including King Abdulaziz Road and King Fahad Road.



# Site Location Analysis

## Property Description



The Subject property is a commercial center (showroom) under the brand name (B & Q).

The land area is 7,000 square meters, the building area is 9,181 square meters, and the leasable area is 5,275 square meters.

The property consists of one floor and a basement, where parking is available in the basement and outside the building.

The exterior finishes are aluminium (cladding), and the interior finishes are normal finishes.

The subject property is located on King Abdullah Road and it's near the Riyadh Metro Station. The property has a regular shape.

The property's age is 22.4 years. The tenant has made renovations, and the property started operating in late 2018.



# Site Location Analysis

## Subject Property Photos



أبجد  
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## Property Details

- Title Information

# Tenure

## Property Information



أبجد  
للتقييم العقاري

### Property Details (Freehold Details)

ID	Description
Owner	Awwal Almalqa Real Estate Company
Plot No.	37 + 38 + 39 + 40 + 41 + 42 + 43 + 44
Property Name	B & Q Commercial Center
District	King Fahad District
Street Name	King Abdullah Road
Coordinates	46°40'17.2"E 24°43'53.6"N
City	Riyadh
Tenure	Restricted Ownership
Title Deed Info	Deed No. 314004005870
	Deed Date 15/9/1440
Title Deed Info	Deed No. 314009006126
	Deed Date 14/9/1440
Title Deed Info	Deed No. 214002002199
	Deed Date 14/9/1440

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

- Sources: Title Deed

### Dimensions and street widths for Plot N. 37 + 38 + 39 + Part of N.40

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	37.5 m	Sheikh Othman bin Al brahim	Local	12 m	2
South	37.5 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Neighbor	-	-	3
West	70 m	Neighbor	-	-	4

### Dimensions and street widths for Part of Plot N.39 + Part of N.40 + 41 + 42

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	37.5 m	Sheikh Othman bin Al brahim	Local	12 m	2
South	37.5 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Neighbor	-	-	3
West	70 m	Neighbor	-	-	4



# Tenure

## Property Information

### Dimensions and street widths for Plot N.43 + 44

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	25 m	Sheikh Othman bin Al brahim	Local	12 m	3
South	25 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Abi Ishaq Al-Harbi	Local	20 m	2
West	70 m	Neighbor	-	-	4

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



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### Lease Contract Summary for the remainder of the contract:

Date of Payment	Number of Payments	Payment (SAR)
3/4/2022 – 7/15/2026	10 Payments	2,375,000
1/9/2027 – 5/22/2031	10 Payments	2,500,000

### Operation and Maintenance Contract Summary:

	Item	Details
1	First Party (Owner)	Awwal Almalga Real Estate Company
2	Second Party (Tenant)	Al Futtaim Global Trading Company
3	Contract Term	15 Years
4	Contract Effective Date	27/4/2017
5	First Party's Obligations	Property Insurance of SAR 23,540
6	Second Party's Obligations	The Tenant shall bear all of the property maintenance and management costs

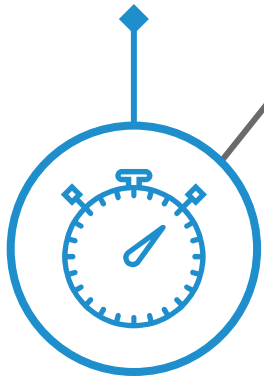
• Sources (Lease Contract Copy).



# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value

**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.



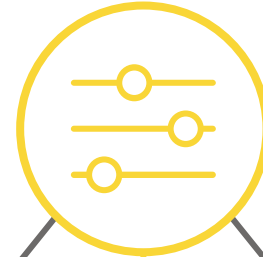
### Competition risk

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 .



**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.

### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII



### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach



### Valuation Methods Used

- When selecting the best approach to assess the value of the Subject Property, we have taken into consideration the information provided by the Client, the current condition of the Property and our own analysis of the local market conditions. When determining the fair value of the Subject Property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analysing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- **According to the information provided by the Client**, the lease term is 10 years starting 3/4/2022. Income for the remaining years will be calculated based on the lease agreement as shown in the following table:

Date of Payment	Number of Payments	Value of Payment (SAR)
4 March 2022 to 15 July 2026	10 Payments	2,375,000
9 January 2027 to 22 April 2031	10 Payment	2,500,000

### Cap Rate

- A cap rate of **7.00%** is applied.

### Discount Rate

- Based on our understanding of similar properties in the area of the Property and taking into consideration the site features, area, uses, terrain, supply, and demand, we have applied a discount rate of **9.80%**.

# Valuation

## Valuation Using the Income Method



As a result of the prior information, cash flows were calculated to reach the value of the subject property covering a period of 8.5 years, which is the remaining period of the lease agreement. The cash flows schedule is prepared for every 6 months:

**Inflation Rate:** Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

**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 applied a discount rate of 9.80%.

**Rate of return on capital:** The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 7.00% has been reached.

### Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	14	15	16	17
Occupancy Rate (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Gross Income (SAR)	2,375,000	2,375,000	2,375,000	2,375,000	2,375,000	2,500,000	2,500,000	2,500,000	2,500,000
Property Insurance Costs (SAR)	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770
Net Income (SAR)	2,363,230	2,363,230	2,363,230	2,363,230	2,363,230	2,488,230	2,488,230	2,488,230	2,488,230
Exit (SAR)									71,092,286
Property Value (SAR)	<b>62,030,000</b>								

# 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 and detail within this report, may be fairly stated as follows:

The Fair Value of Subject Property Using Income Approach as of 30 June 2023 is:

- 62,030,000 SAR (Only Sixty-Two Million Thirty thousand Saudi Riyal).



## Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016

Real Estate Sector  
Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989

Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector  
Company Stamp  
Company Name: Abaad & Partner  
for Real Estate Valuation  
Company No. 11000111  
CR No: 4030297686  
CL No: 323/18/781







## Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





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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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
1st Floor, Office 1,  
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:  
Universal Access Number: **920004134**

**Eng. Ammar Sindi**

CEO

**Mobile:** +966 (50) 730 0500

**Email:** [asindi@sa-abaad.com](mailto:asindi@sa-abaad.com)

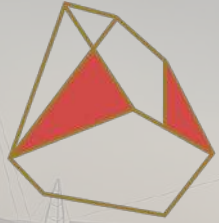
**Eng. Ammar Qutub**

Executive Director

**Mobile:** +966 (55) 556 2500

**Email:** [ammarq@sa-abaad.com](mailto:ammarq@sa-abaad.com)





أبعاد  
للتقييم العقاري

Final Valuation Report

V230094

## Elegance Office Tower, Al Murooj District, Riyadh

Client / AlKhabeer Capital

18 July 2023

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Elegance Office Tower, Al Murooj District, Riyadh

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate



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للتقييم العقاري

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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- The Subject Property is an office tower located in the Riyadh City Center in Al Murooj District, at the intersection of Olaya Road and King Fahd Road. The area of the land is **5,695** square meters, with a built-up area of **58,163** square meters and a total leasable area of **24,322** square meters.
- The Property comprises **27** floors, **130** meters above sea level, with a direct view of King Abdullah Financial Center. The Tower has two separate entrances. The Tower has several uses, including offices, a restaurant, and a health club. It includes five underground parking levels.
- The Property is located in Al Murooj District, North Central Riyadh, with a direct view of King Abdullah Financial District and easy accessibility.
- Riyadh is the capital of the Kingdom of Saudi Arabia. It is the largest Saudi city and one of the largest cities in the region, with a population of **6.9** million in **1440/2018**.

### Property Information

Site Details	Information
District	Al Murooj
Use	Office
Tenure	Restricted Ownership
Number of Title Deed	<b>393318001500</b>
Land Area (m2)	<b>5,695</b> m <sup>2</sup>
Total Built-Up Area (m2)	<b>58,163</b> m <sup>2</sup>
Owner	Awal AlMalga Real Estate Company



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### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Narrative report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>12 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property's fair value	<b>475,700,000</b>



# Executive Summary

## Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the (“Client”), to assess the fair value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client’s requirements and is in accordance with the Client’s instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client’s only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected Visually. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.



## Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Elegance Office Tower, Al Murooj District, Riyadh, for Financial Statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Approved Masterplan
- Property Sale Contract
- Property Lease Contract / Ministry of Transport Contract
- Handover report to the Ministry's Contractor / Projected Costs Report.

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclosure

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changed in the real estate market that affects the value of the property, such as government decisions.





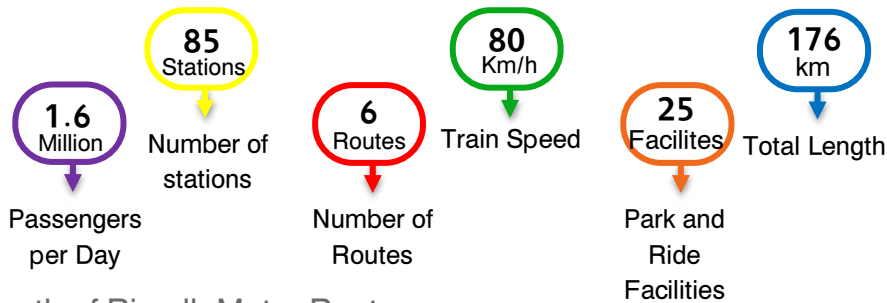
## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Public Transport – Riyadh Metro

- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including **756** metro cars, **85** stations, six metro lines and a network spanning **176** kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



### Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



# Site Location Analysis

## Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير  
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

### Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

### Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

### Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

### King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

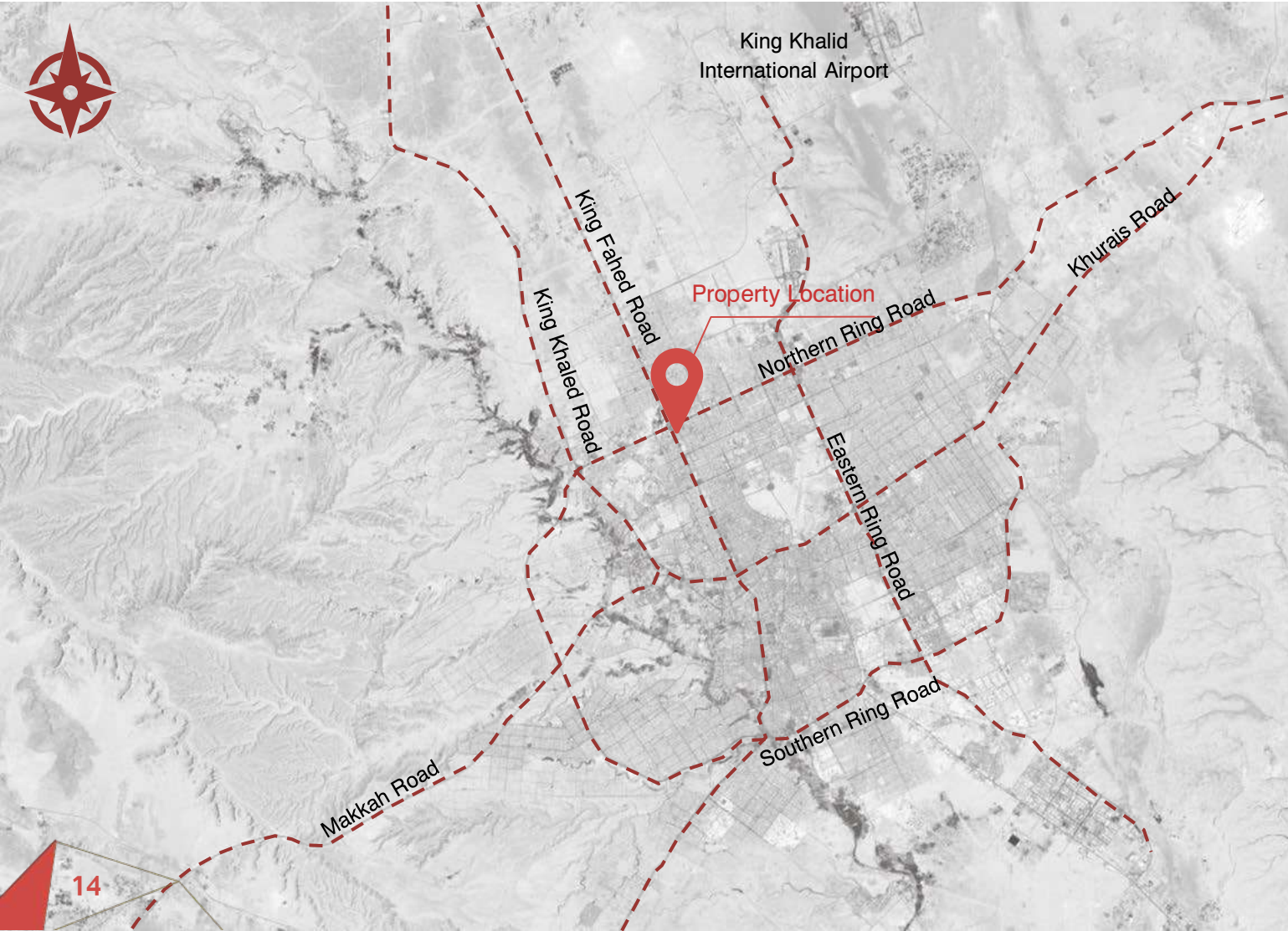


# Site Location Analysis



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## The Property at City Level



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 6.9 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately 8 km from King Abdullah Financial District and about 30.4 km from King Khalid International Airport in Al Murooj district in Riyadh.



# Site Location Analysis

## The Property at District Level



The property is located in Al-Morouj district, bordered to the north by the Northern Ring Road, then Al-Ghadeer District, to the south by Imam Saud Road, then King Fahd District, to the east by King Abdulaziz Road, then to Al-Masif District, and to the west by King Fahd Road, then Al-Nakhil District.

The area surrounding the property can be reached from several important roads, including the Northern Ring Road, King Abdullah Road, and King Fahd Road.

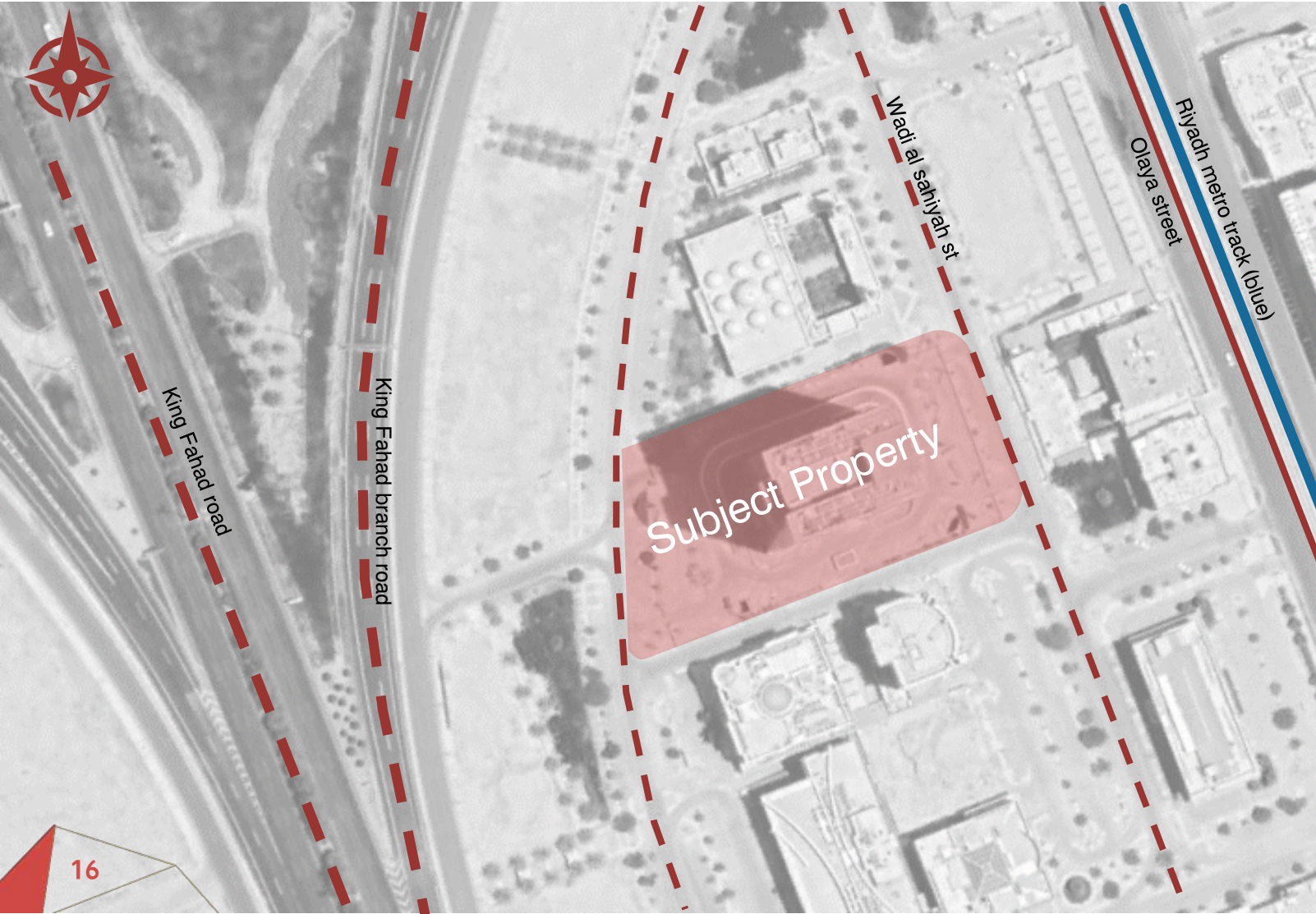
The property has a regular shape, and it has direct access to King Fahd Road.

The Riyadh Metro Road (blue) passes through Al-Morouj neighborhood, which connects the neighborhoods of north and south of Riyadh, passing through the King Abdullah Financial District.



# Site Location Analysis

## Property Description



The Subject Property is an office tower, consisting of 27 floors and 5 underground floors, the land area is 5,695 square meters, the total built-up area is 58,163 square meters, and the total leasable area is 24,322 square meters.

Finishings of the external facades are made of glass, and the internal finishings of the entrances and common spaces are of marble and porcelain, while the rest of the spaces are basic finishes (bone) and the units are finished according to the tenant's specifications.

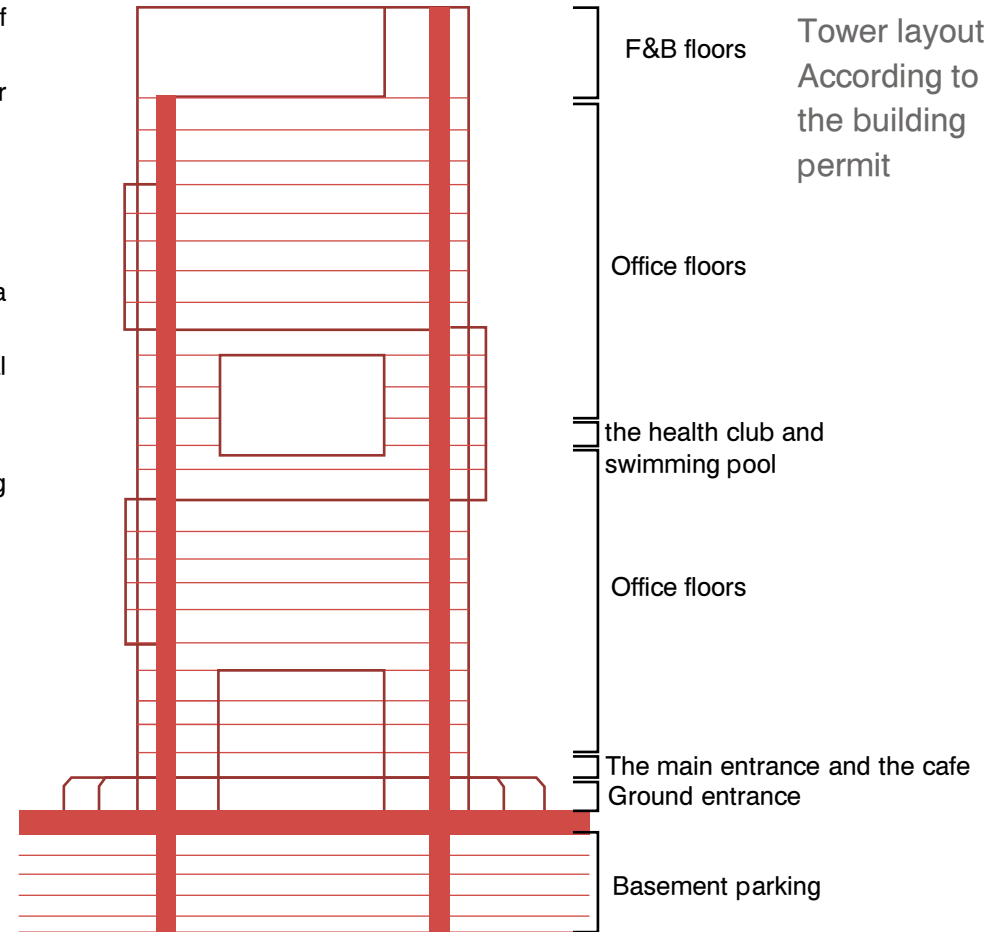
The lower positions accommodate 720 positions.

The age of the Property is 5.5 years (on construction work)

# Site Location Analysis

## Property Description

- The Property is an office tower with **27** floors above the ground and **5** floors of underground parkings with a total built up area of **58,163** square meters.
- The tower includes an area designated for the use of a café and an entire floor dedicated to a health club and a swimming pool at a height of **50** meters.
- The floor space varies between **827-1,665** square meters
- Underground parking can accommodate up to **720** cars.
- The front of the tower has four interactive screens.
- The main entrance contains a space designated for the reception in addition to a space designated for a café.
- The tower has **12** electric elevators divided into **6** main elevators, **4** external panoramic elevators, a service elevator and a civil defense elevator.
- The tower contains a helipad.
- The tower is equipped with central communication systems, a fire fighting system and an integrated monitoring system.
- The tower is equipped with a central air conditioning system.
- The tower contains **4** interactive screens.
- The building's construction was completed and it's currently operational.



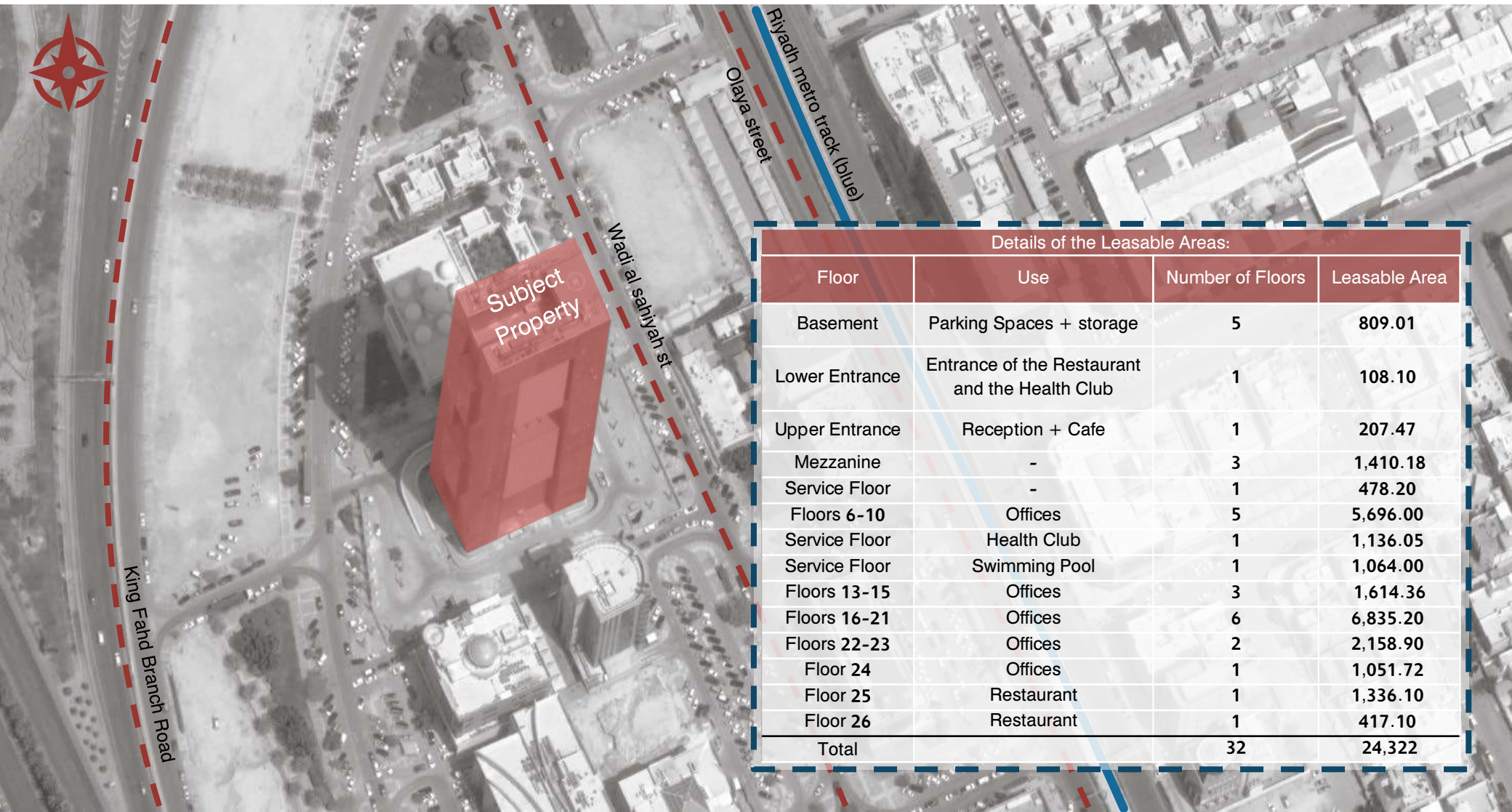


# Site Location Analysis



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## Property Description



Details of the Leasable Areas:

Floor	Use	Number of Floors	Leasable Area
Basement	Parking Spaces + storage	5	809.01
Lower Entrance	Entrance of the Restaurant and the Health Club	1	108.10
Upper Entrance	Reception + Cafe	1	207.47
Mezzanine	-	3	1,410.18
Service Floor	-	1	478.20
Floors 6-10	Offices	5	5,696.00
Service Floor	Health Club	1	1,136.05
Service Floor	Swimming Pool	1	1,064.00
Floors 13-15	Offices	3	1,614.36
Floors 16-21	Offices	6	6,835.20
Floors 22-23	Offices	2	2,158.90
Floor 24	Offices	1	1,051.72
Floor 25	Restaurant	1	1,336.10
Floor 26	Restaurant	1	417.10
Total		32	24,322

# Site Location Analysis



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## Property Description







## Property Details

- Title Information

# Tenure

## Property Information

### Property Details (Freehold Details)

ID	Description
Owner	Awal Al Malqa Real Estate Company
Property Name	Elegance Office Tower
Plot No.	25-26-27-28
Sub-Division	2593
District	Al Murooj
Street Name	-
Coordinates	46°39.053'E 24°45.468'N
City	Riyadh
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 393318001500
	Deed Date 02/03/1442

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. The subject property is collateral and pledged to Rajhi Bank.

### Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage (m)
North	85	-	Pedestrian Walkway	10	3
South	85	-	Sidewalk	-	4
East	67	-	Parking Spaces	20	1
West	67	-	Parking Spaces	20	2

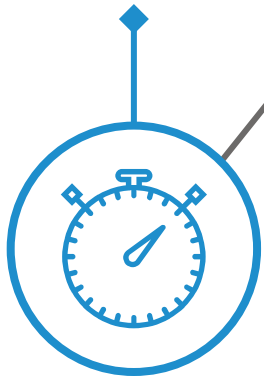
- Sources: Title Deed



# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value

**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.



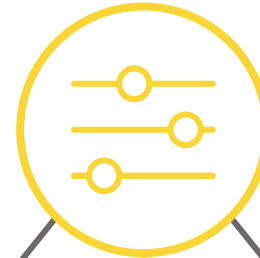
### Competition risk

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 .



**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.



### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach

### Valuation Methods Used

- When selecting the best approach to assess the value of the Subject Property, we have taken into consideration the information provided by the Client, the current condition of the Property and our own analysis of the local market conditions. When determining the fair value of the Subject Property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Cap Rate .

- A cap rate of 7.0% is applied.

#### Inflation Rate.

- In respect of the cash flow of the project, an inflation rate of 2.80% is applied.

#### Discount Rate

- Based on our understanding of similar properties in the area of the Property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 9.80%.

# Valuation

## Comparable Sites

### Raden Center

#### Retail



64 Showrooms

#### Offices



54 Offices

#### Street



Olya Street

#### Price for Offices



1,500 SAR/Sqm

#### District



Al Morooj

#### Total GLA



15,613 Sqm

#### Parking



351 Cars

#### Distance from Subject Site



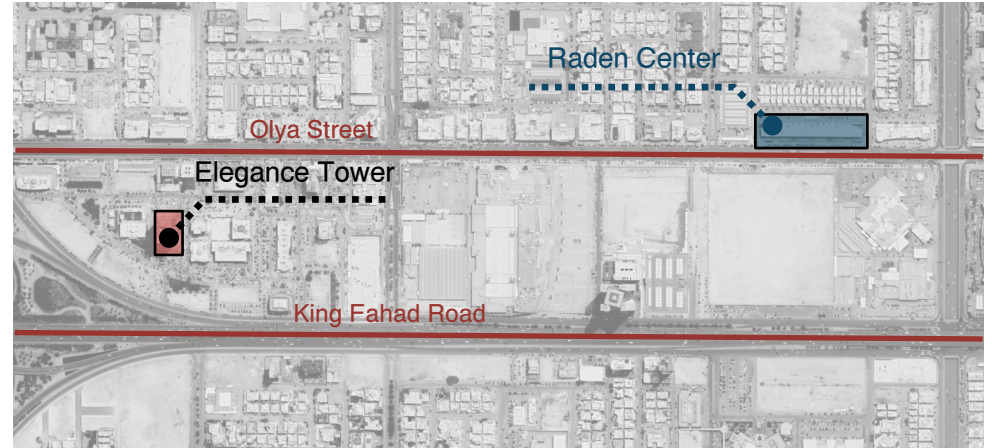
1,500 M



رادن سنتر  
RADEN CENTER

Information Source(Field Research)

### Location



### About Raden Center

- Ground & first floor terrace areas, panorama elevators, escalators, .351 parking spaces including 227 underground, new modern design, fire alarm system for the whole building, and flexible spaces.
- Raden Center is one of the latest Real Estate commercial projects.
- Commercial and office building with a unique design and concept.
- Beautiful view and amazing outdoor seating areas.
- Provides perfect and comfortable environment for relaxing and enjoyment.

The building has four floors including ground. The ground and first floors contains retail, second and third contain offices.



# Valuation

## Revenues Estimation

### Average Rent Price

- According to the client's information, the tower's total annual income is **30,000,000 SAR** for five years, starting from the date of the acquisition. On the previous page of this report, after studying Raden center, we analyzed the prices and made calculations and adjustments to reach the average rental value per Sqm. The following table shows the rental prices after the end date of the contracts as follows:

Type	Average Lease Rate (SAR/Sqm)
Offices	1,600
Health Club	850
Warehouses	250

### Leasable Areas.

Type	GLA (Sqm)
Offices	21,259
Health Club	2,254
Warehouses	809
Gross Leasable Area (sqm)	24,322

### Total Income 100% Occupancy.

Type	Income (SAR)
Offices	34,014,848
Health Club	1,915,985
Warehouses	202,253
Total Income	36,133,086

# Valuation

## Valuation Using the Income Method



As a result of the prior information, cash flows were calculated to reach the value of the subject property. The contract between Alkhabeer Capital and Al Saedan Company was taken into consideration for the remaining period of 2.5 Years. After that, the rental was assumed in accordance with market rates.

**Inflation Rate:** Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

**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 applied a discount rate of 9.80%.

**Rate of return on capital:** The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 7.00% has been reached.

### Summary of Cash Flow Calculations:

Period	1	2	3	4	5	6	7	8	9	10
Annual Occupancy Rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Projected Income (SAR)	30,000,000	30,000,000	30,000,000	39,463,352	40,475,078	41,486,804	42,498,531	43,510,257	44,521,984	45,533,710
Credit and Vacancy Costs (%)	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Credit and Vacancy Costs (SAR)	0	0	0	3,946,335	4,047,508	4,148,680	4,249,853	4,351,026	4,452,198	4,553,371
Total Income (SAR)	30,000,000	30,000,000	30,000,000	35,517,016	36,427,570	37,338,124	38,248,678	39,159,231	40,069,785	40,980,339
Additional Income Percentage (%)	0%	0%	0%	15%	15%	15%	15%	15%	15%	15%
Gross Additional Income (SAR)	0	0	0	5,327,552	5,464,136	5,600,719	5,737,302	5,873,885	6,010,468	6,147,051
Gross Effective Income (SAR)	30,000,000	30,000,000	30,000,000	40,844,569	41,891,706	42,938,842	43,985,979	45,033,116	46,080,253	47,127,390
Operating Expenses Percentage (%)	0.0%	0.0%	0.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
Operating Expenses (SAR)	0	0	0	5,309,794	5,445,922	5,582,050	5,718,177	5,854,305	5,990,433	6,126,561
Net Operating Income (SAR)	30,000,000	30,000,000	30,000,000	35,534,775	36,445,784	37,356,793	38,267,802	39,178,811	40,089,820	41,000,829
Exit										585,726,130
Property Value (SAR) (Rounded)	<b>475,700,000</b>									

# 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 and detail within this report, may be fairly stated as follows:

The fair value of the Property using the income approach as of 30 June 2023 is:

- 475,700,000 SAR (Four Hundred Seventy-Five Million Seven Hundred Thousand Saudi Riyal).



أبعاد  
للتقييم العقاري

## Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016

Real Estate Sector  
Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989

Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector

Company Stamp  
Company Name: Abaad & Partner  
for Real Estate Valuation  
Company No. 11000111  
CR No: 4030297686  
CL No: 323/18/781





## Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents



## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





**أبعاد**  
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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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
1st Floor, Office 1,  
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:  
Universal Access Number: **920004134**

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أبعاد  
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Final Valuation Report

## Elite Commercial Center, Al-Andalus District, Jeddah

Client / AlKhabeer Capital

18 July 2023

V230094

الخبير المالية  
Alkhabeer Capital



LOUNGE



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Elite Commercial Center, Al-Andalus District, Jeddah.

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate





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- General Terms Used in the Preparation of the Valuation Report
- Property Documents



## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- The Subject Property is a commercial office center comprised of five floors and a mezzanine. The area of the land is **4,320** square meters, with a built-up area of **15,712** square meters.
- The property is located in Al-Andalus District on Prince Mohammed bin Abdulaziz Road, Jeddah.
- The Subject Property is located approximately **12** kilometers north of the City Centre and about **18** kilometers from King Abdulaziz International Airport in Al-Andalus District, Jeddah.
- The Subject Property is located in Jeddah, a governorate of Makkah and is located in the western part of the Kingdom of Saudi Arabia on the Red Sea coast, **79** kilometers from Makkah and **420** kilometers from Medina. It is viewed as the economic and tourism capital of the Kingdom of Saudi Arabia.

### Property Information

Site Details	Information
District	Al-Andalus
Use	Commercial Office Center
Ownership	Restricted Ownership
Number of Title Deed	<b>420221011608</b>
Date of Title Deed	<b>17/08/1440</b>
Land Area (m2)	<b>4,320</b>
Total Built-Up Area (m2)	<b>15,712</b>
Gross Leasable Area (m2)	<b>13,220</b>
Owner	Awwal Al Malqa Real Estate Company



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للتقييم العقاري

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>12 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property's fair value	<b>160,960,000</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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information



# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Ahlan Center in Al Andalus District-Jeddah, for Financial Statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.



## Site Location Analysis

- Macro Location - Introduction
- Macro Location - Infrastructure Projects
- Property Description at City Level
- Property Description at District Level
- Property Photographs

# Site Location Analysis

## Macro Location - Infrastructure Projects



- King Abdulaziz International Airport is currently undergoing expansion plans, which are divided into three phases.
- Phase 1 of the expansion project is currently operational, although not at its full handling capacity. Phase 1 will increase the annual capacity of passengers from 13 Million Annual Passengers (MAP) to 30 MAP.
- However, due to delays in the expansion plans, the focus of the project is currently on phase 1 and uncertainty surrounds phases 2 and 3, but initially the project is expected to be completed by 2035, capturing 80 MAP.
- The new Expansion of KAIA spans a total Gross Floor Area of 670,000 sqm and featuring 120 retail outlets and 120 hospitality keys.



120 Room Keys



46 Gates



120 Retail Stores



21.6K parking Bays







Hajj and Umrah Terminal Complex



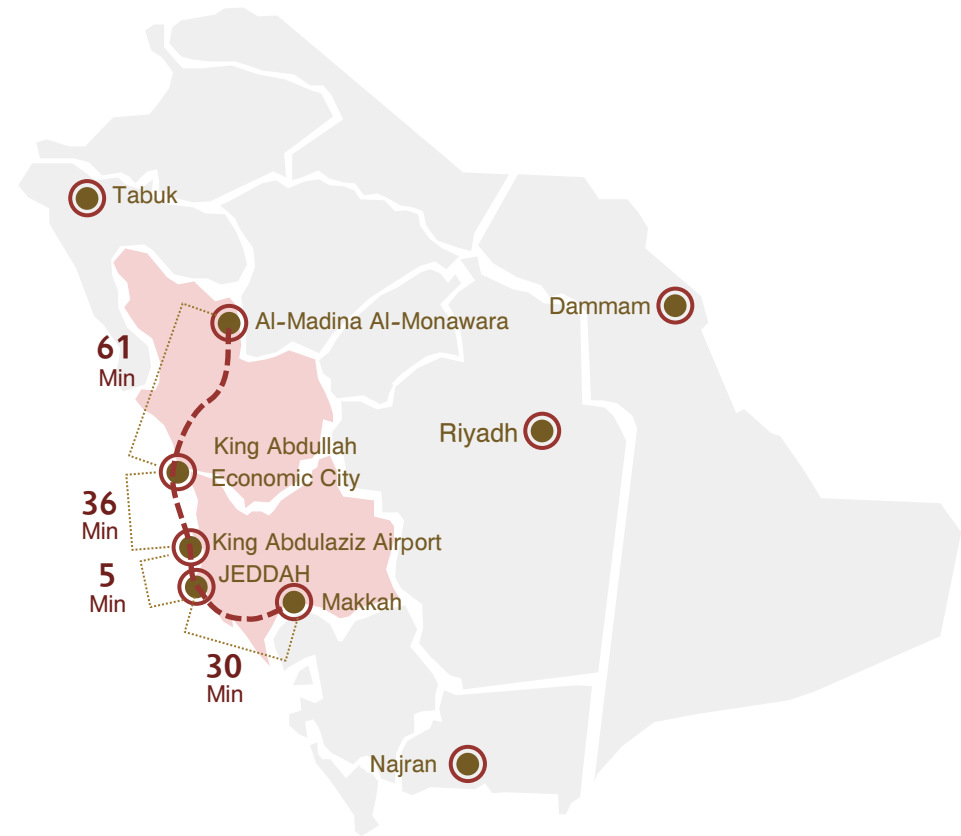
# Site Location Analysis

## Macro Location - Infrastructure Projects

	<b>Operational</b>
<b>Current Status</b>	
	<b>2018</b>
<b>Completion Date</b>	
	<b>4 Stations</b>
<b>No. Stations</b>	
	<b>60 Million Per Annum</b>
<b>Total Capacity</b>	

- The Haramain High-Speed Railway (HHSR) runs for approximately **450km**, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around **60 million** passengers per annum, onboard a fleet of **35** trains, each consisting of **417** seats.
- Currently, the train line goes by Four stations, located as follows:
  - Jeddah Naseem Station.
  - Jeddah King Abdulaziz Int' Airport Station.
  - King Abdullah Economic City Station.
  - Madinah Station.

## Public Transportation

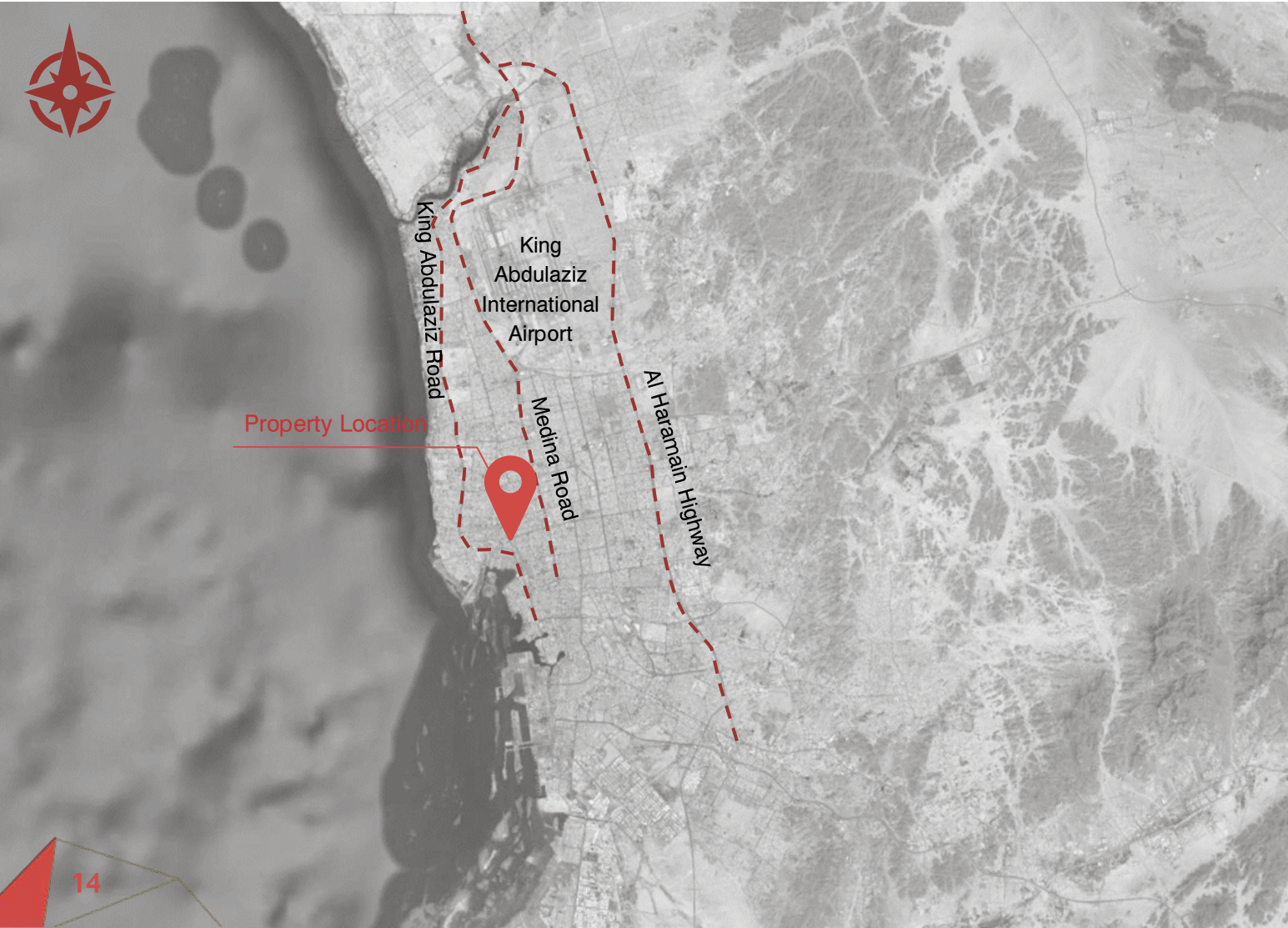


# Site Location Analysis



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## The Property at City Level



The Subject Property is located in the city of Jeddah, one of the governorates of the Makkah Al-Mukarramah region, it's located in the west of the Kingdom of Saudi Arabia on the coast of the Red Sea. It is **79 km** from Makkah, and **420 km** from Medina.

The city of Jeddah witnessed the inauguration of the Al-Haramain train station and project, which is an electric train line linking the Holy City of Makkah with Madinah, passing through several stations: Jeddah Station - King Abdulaziz Airport Station - King Abdullah Economic City Station – Al Madinah Station.

The Subject Property is approximately **12 km** north of downtown, and about **18 km** from King Abdulaziz International Airport in the Andalus district of Jeddah..



# Site Location Analysis

## The Property at District Level



The Subject Property is located in the center of Jeddah. It's bordered by Prince Muhammad bin Abdulaziz (Tahlia) Road on the north, and on the west and south by Andalus Road, and on the east by Prince Sultan Road.

The property is located in a densely populated residential area.

Al-Andalus district is surrounded on the north by the districts of Al-Rawda, Al-Khalidiya and Al-Shati, on the south by the Al-Hamra and Red Sea districts, on the east by the districts of Azizia, Mishref and Al-Faisaliah, and on the western side the Red Sea.

The area surrounding the property can be reached from several important roads, including Al-Andalus Road and Prince Muhammad bin Abdulaziz Road.



# Site Location Analysis

## Property Description



The Subject property is an office centre consisting of five floors and a mezzanine, the land area is 4,320 square meters.

The building area is 15,712 square meters, and the total leasable area is 13,220 square meters.

The property consists of 6 commercial showrooms, 7 rental spaces in the mezzanine, and 45 administrative offices. External parking and basement parking are available.

The finishings of the exterior facades made are out from stone and glass, and the interior finishings of the galleries are basic (bone) finishes. Basic services are delivered to each unit.

The property has a regular shape, and it has a direct view of Prince Mohammed bin Abdulaziz Road.

The property's age is 9.5 years.



# Site Location Analysis



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## Subject Property Photos







## Property Details

- Title Information

# Tenure

## Property Information



### Property Details (Freehold Details)

ID	Description
Owner	Awwal Al Malqa Real Estate Company
Property Name	Elite Commercial Center
Plot No.	2
Sub-Division	2 / س / ت / 860
District	Al-Andalus District
Street Name	Prince Mohammed bin Abdulaziz
Coordinates	21° 32.843'N 39° 8.361'E
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 420221011608
	Deed Date 17/08/1440

### Lease Contract Summary:

ID	Description	Details
1	First Party (Owner)	Awwal Al Malqa Real Estate Company
2	Second Party (Lessee)	Nadd Al Arabia Real Estate Marketing Company
3	Contract Term	15 Hijri Years
4	Contract Effective Date	19/6/1440
5	First Party's Obligations	Property insurance of SAR 50,000
6	Second Party's Obligations	The Lessee shall bear all of the property maintenance and management costs

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	47	Prince Mohammed bin Abdulaziz	Main	40	1
South	47	Unnamed	Local	15	3
East	86.8	-	Neighbor	-	4
West	80.35	Unnamed	Local	15	2

• Sources: Title Deed

According to the information provided by the customer, the lease has been reduced for the first four years starting from 2021 and the reduction has been applied to the cash flow table in the following pages of this report, the table below shows the details of payments :

Year	Income
Years 1-2	16,000,000
Years 3-5	11,520,000
Year 6	12,320,000
Years 7-10	16,800,000
Years 11-15	17,640,000

\*Sources: leasehold

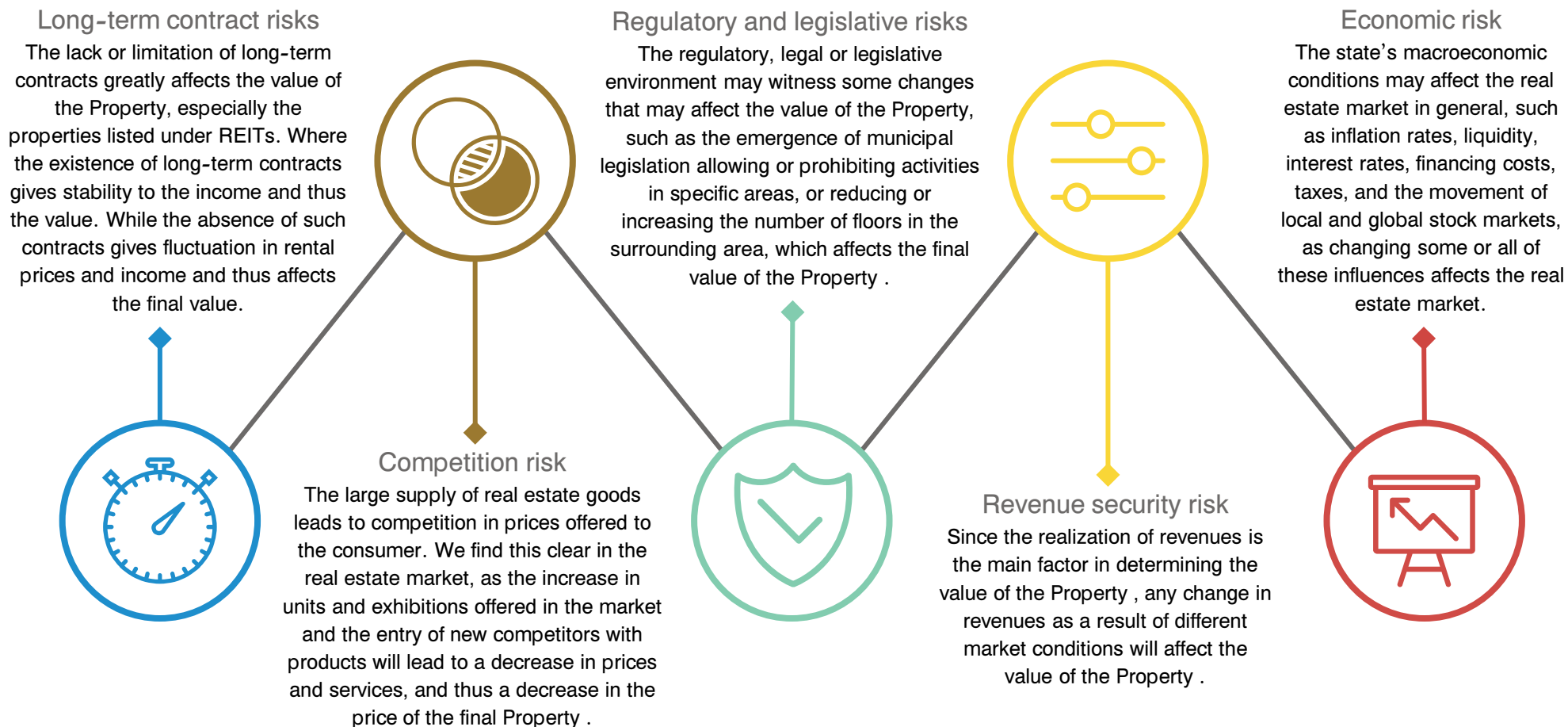


# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value



## Property Risk Analysis





### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach

### Valuation Methods Used

- When selecting the best approach to assess the value of the Subject Property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the Subject Property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analysing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Revenues

- **According to the information provided by the Client** The total annual income of the Subject property **16,000,000** riyals, starting on **24/02/2019** for a period of **15** years. A four-year reduction has been made starting from the beginning of **2021**, and the income for the remaining years will be estimated based on the following income table:

Year	Income
Years 1-2	16,000,000
Years 3-5	11,520,000
Year 6	12,320,000
Years 7-10	16,800,000
Years 11-15	17,640,000



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### Cap Rate

- A cap rate of **8.75%** is applied.

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of **11.55%**.

# Valuation

## Valuation Using the Income Method

Given the prior information, cash flows were calculated to reach a value of the subject property. The cash flows covers a period of 10.5 years (the remaining lease term). The cash flow schedule is made for every six months and is based on the assumptions in page 22:

**Inflation Rate:** Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

**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 applied a discount rate of 11.55%.

**Rate of return on capital:** The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 8.75% has been reached.

### Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	18	19	20	21
Occupancy Rate (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Gross Income (SAR)	5,760,000	6,160,000	6,160,000	8,400,000	8,400,000	8,820,000	8,820,000	8,820,000	8,820,000
Property Insurance Costs (SAR)	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770	21,770
Net Income (SAR)	5,738,230	6,138,230	6,138,230	8,378,230	8,378,230	8,798,230	8,798,230	8,798,230	8,798,230
Exit (SAR)									201,102,400
Property Value (SAR)	<b>160,960,000</b>								

# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of 30 June 2023 is:

- **160,960,000** (One Hundred Sixty Million Nine Hundred Sixty Thousand Saudi Riyal)



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## Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016

Real Estate Sector  
Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989

Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector

Company Stamp  
Company Name: Abaad & Partner  
for Real Estate Valuation  
Company No. 11000111  
CR No: 4030297686  
CL No: 323/18/781







## Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





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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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
1st Floor, Office 1,  
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:  
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Final Valuation Report

## Gallery Mall, Al-Salihiyah District, Tabuk

Client / Alkhabeer Capital

18 July 2023

V230094

الخبير المالية  
Alkhabeer Capital





# Introduction

Dear / Alkhabeer Capital

**The Subject:** Gallery Mall, Al-Salihiyah District, Tabuk

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate



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- General Terms Used in the Preparation of the Valuation Report



## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary



### Executive Summary

The Subject property is a closed commercial center consisting of two floors and a basement, the land area is **41,630** square meters and the total rental area is **35,868** square meters.

The property is located in Al-Salhiya district on King Khalid Road in Tabuk.

The subject property is approximately 4 km north of downtown, and about 7 km from Prince Sultan bin Abdulaziz International Airport in the Salhiya district of Tabuk.

The Subject property is located in Tabuk, which is the base for the Principality of Tabuk Province and the largest northern city of Saudi Arabia, and around it are some of the most important monuments in the Arabian Peninsula and It is considered one of the important agricultural areas in the Kingdom. It has a population of approximately **551,124** people.

### Property Information

Elements	Information
District	Al-Salhiyah
Use	Commercial Office Center
Ownership	Usufruct
Land Area (m <sup>2</sup> )	<b>41,630</b>
Total Built-Up Area (m <sup>2</sup> )	<b>43,625</b>
Gross Leasable Area (m <sup>2</sup> )	<b>35,868</b>
Current Property Owner (Usufruct)	Sulaiman Al-Qudaibi & Sons Company
Original Property Owner	State Property Represented by Madinah Municipality

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>12 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property's fair value	<b>165,490,000</b>

# Executive Summary

## Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the (“Client”), to assess the fair value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client’s requirements and is in accordance with the Client’s instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client’s only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected Visually. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.





## Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Gallery Mall Property at Al-Salihiyah District, Tabuk, for Financial statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease contract waiver document
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclosure

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changed in the real estate market that affects the value of the property, such as government decisions.



## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs



# Site Location Analysis

## The Property at City Level



The subject property is located in the City of Tabuk, the headquarters of the Principality of Tabuk Province and the largest northern city in the Kingdom of Saudi Arabia. The City is surrounded by some of the most important archeological sites in the Arabian Peninsula.

Tabuk Province is the northern gate of the Arabian Peninsula, and a vital road for trade, Hajj and Umrah pilgrims from outside the Arabian Peninsula. It is one of the important agricultural areas in the Kingdom.

As per the 2017 population survey, the City has a population of approximately 551,124.

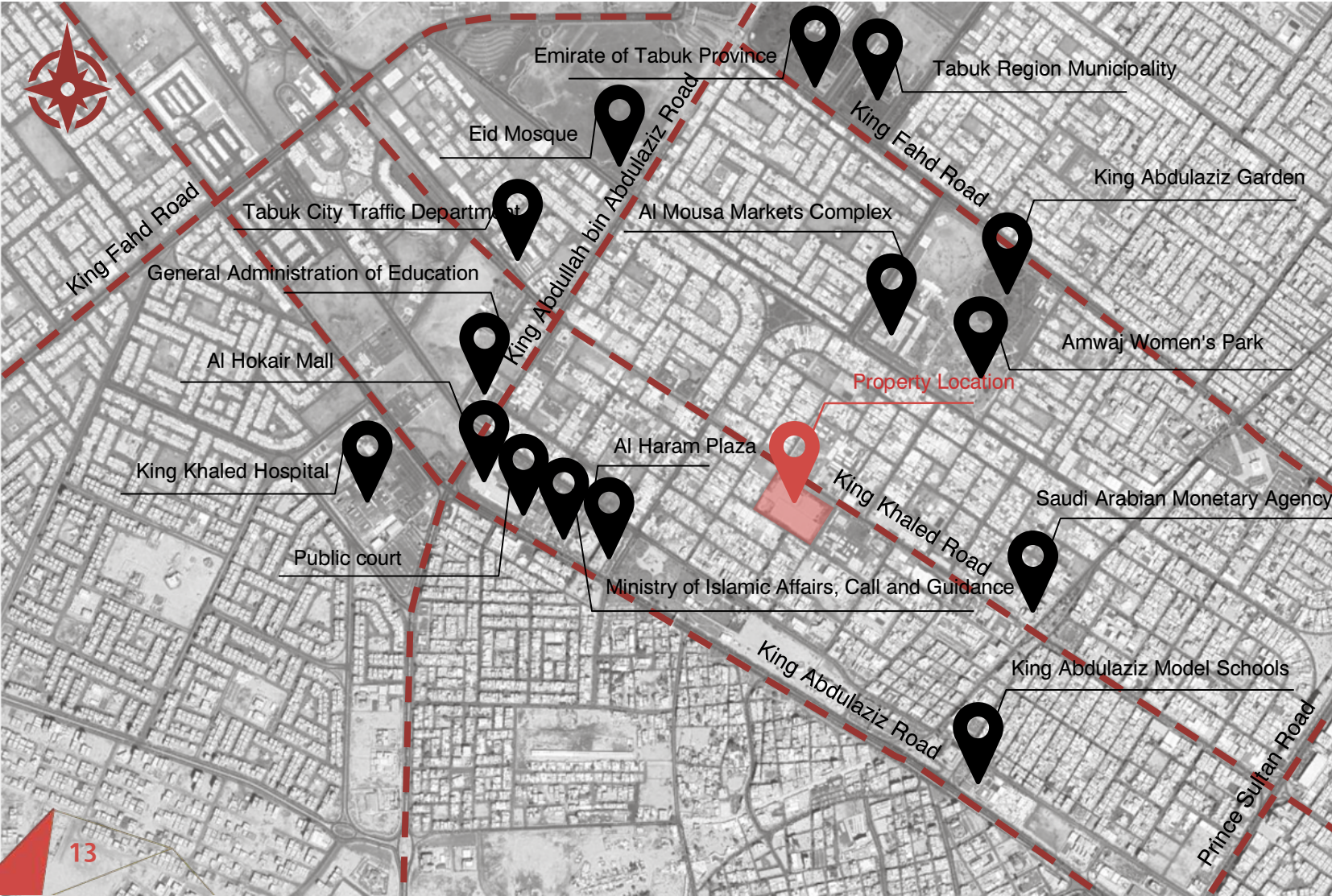
Tabuk existed before 500 B.C.E, as evidenced by the historical monuments found there. It was named (Tabou) or (Tabawa). Ruins indicate that Tabuk Province was the home for many nations before Islam, such as the original Arab tribes, for example the Thamud people and the Nabataens. Historians mention that Tabuk was a home for the Jadhham Tribe.

The property is located approximately four kilometers to the north of the City Center, and approximately seven kilometers from Prince Sultan bin Abdulaziz International Airport at Al-Salihyah District, Tabuk.



# Site Location Analysis

## Property at District Level



The property is located at Tabuk City Center. The area of the property is bordered to the north by King Khalid Road, to the south by King Abdulaziz Road, to the east by Prince Sultan Road and to the east by King Abdullah Road.

Al-Salihiyah District is bordered to the north by Northern Al-Faisaliyah District, to the south by Saada District, to the east by Ancient Aziziyah District and to the west by Al Rajhi Plan District.

The area surrounding the subject property can be accessed from several important junctions and roads on the City level, including King Abdulaziz Road and King Khalid Road.



# Site Location Analysis

## Property Description



The subject property is a closed commercial center comprised of two floors and a basement, with a land area of **41,630** square meters.

The built-up area is **43,625** square meters, with a gross leasable area of **35,868** square meters.

The property is comprised of **139** commercial stores, **15** restaurants, **39** kiosks and four cafes. It has an outdoor parking lots and over **900** car parking space in the underground. The property also includes three electric lifts and six escalators, in addition to service elevators and an entertainment hall.

The finishings of the external facades are made from aluminum cladding and glass, while the internal finishings for corridors are made from porcelain floors and aluminum marble columns. As for the stores, the finishings is a basic finishing. Utility services are connected to each store.



# Site Location Analysis



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## Property Photographs



# Site Location Analysis

## Property Photographs



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## Property Details

- Title Information

# Property Details



## Tenure Information

### Property Ownership:

Description	Details	
Owner's Name	Tabuk Municipality	
Property Name	Gallery Mall	
Lease Contract Number	143000123	
Lease Contract Date	15/03/1434	
Area (Property's Address)	Al-Salihiyah District	
Street Name	King Khalid	
Location Coordinates	28° 23.642'N	36° 33.638'E
City	Tabuk	
Ownership Information	Usufruct	
Title Deed Information	Waiver Date	19/06/1440
	Waive Owner	Awwal Al Malqa Real Estate Company

### Lease Contract Summary:

	Contract Term	Contract Expiry Date
1	Lessee	Awwal Al Malqa Real Estate Company
2	Contract Term	20 Years
3	Contract Effective Date	15/03/1434
4	Land Lease Annual Costs	SAR 1,579,000

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

### Lengths of Sides and Widths of Streets:

	Side Length	Street Name	Street Type	Street Width (meters)	Facade Order
North	253	King Khalid	Main	30	1
South	253	Unnamed	Sub-Street	20	2
East	180	Unnamed	Sub-Street	18	4
West	180	Unnamed	Sub-Street	18	3

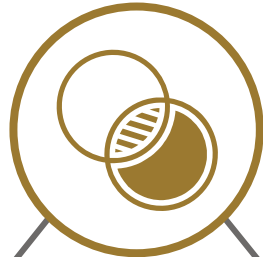
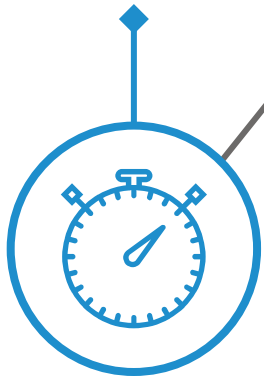
Information Sources (Lease Contract Copy).



# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value

**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.



### Competition risk

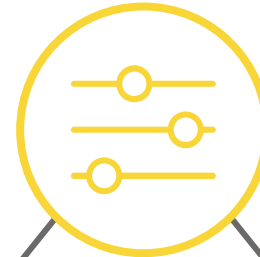
The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and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

**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.





### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JLI

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JLI

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach



### Valuation Methods Used

- When selecting the best approach to assess the value of the subject property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the subject property, we have used the following methods and approaches:

### Income Method (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- The annual gross income of the subject property is assessed at **33,293,826 SAR, based on the market rental rates**. The percentage of additional income was also assessed at 5% of the total income of the property.

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain, and supply and demand, we have applied a discount rate of **11.8%**.

### Inflation Rate

- In respect of the cash flow of the project, an inflation rate of **2.80%** is applied.

# Valuation

## Comparable Sites

### Almakan Mall

	Type of Units	Average Area (m2)	Average Rental Rate (SAR)	Average Rental Rate (SAR/m2)
Al Makan Mall	Kiosk	9	84,000	9,333
	Showroom	151	209,250	1,386
	Restaurant	100	250,000	2,500

- The project is a commercial, entertainment and touristic compound, which is considered one of the best markets in Tabuk and a significant tourism landmark in the Kingdom. It is located on King Khalid Road and was built on an area of 35,200 m2. It includes many brands and is comprised of a basement and two huge floors. It is one of the best touristic places in Tabuk, with a group of domestic and global brand stores. Al Makan Mall has a leasable area of approximately 22,000 m2.

Entertainment	Security	Restaurant	Showrooms	Parking
✓	✓	✓	✓	✓
Global Brands	Escalators	Elevators	Cinema	Hypermarket
✓	✓	✓	✓	✓



Information Source(Field Research)



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### Comparable Site Map:





# Valuation

## Comparable Sites

### Tabouk Park

	Type of Units	Average Area (m2)	Average Rental Rate (SAR)	Average Rental Rate (SAR/m2)
Tabuk Park	Kiosk	9	82,400	9,155
	Showroom	150	257,526	1,763
	Restaurant	227	627,882	2,766

- The project is a commercial entertainment compound, which is considered one of the largest markets in Tabuk and a significant tourism landmark in the region. It is located on King Faisal Road alongside Prince Fahad bin Sultan Park, and was built on an area of **180,000 m2**. It includes many brands, and is comprised of two huge floors, in addition to an outdoor garden area designed to enrich the users' shopping experience. It is one of the best touristic places in Tabuk, with a group of domestic and global brand stores. Tabuk Park has a leasable area of **80,000 m2**.

Entertainment	Security	Restaurant	Showrooms	Parking
✓	✓	✓	✓	✓
Global Brands	Escalators	Elevators	Cinema	Hypermarket
✓	✓	✓	✓	✓



Information Source(Field Research)

### Comparable Site Map:





# Valuation

## Revenues Estimation



The following table summarizes the initial rental rates of units based on their uses:

Use	Rental Price for Ground Floor (SAR/sqm)	Rental Price for First Floor (SAR/sqm)	GLA Ground Floor (sqm)	GLA First Floor (sqm)	Ground Floor Income (SAR)	First Floor Income (SAR)
Showrooms from 45 up to 85 Sqm	1,850	1,410	663	1,635	1,226,550	2,305,956
Showrooms grater than 85 Sqm	1,486	1,175	6,593	6,239	9,799,825	7,332,751
Showrooms grater than 500 Sqm	1,040	823	1,423	886	1,480,602	728,926
Kiosk	10,909	10,000	188	82	2,045,455	815,000
Secondary Large Showroom	553	375	6,155	1,212	3,400,638	454,500
Main Large Showroom	425	281	4,810	5,900	2,044,250	1,659,375

The average rental price was estimated for the units. The table below shows the total expected income with an occupancy rate of 100%.

Description	Details
Total expected income (SAR)	<b>33,293,826</b>
Annual Land Lease (SAR)	<b>1,579,000</b>

# Valuation

## Income Approach Valuation

### Valuation Using the Income Method

Given the prior information, cash flows were calculated to reach the value of the subject property. The cash flows covers **14.5** years, with an income of **SAR 33,293,826** based on the market for the remaining term of the land lease contract. The cash flow schedule is made every six months:

Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of **2.8%** per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past **12** years as per the Central Bank of Saudi Arabia.

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 applied a discount rate of **11.8%**.

### Summary of Cash Flow Calculations:

Period (semi annual)	1	2	3	4	5	26	27	28	29
Occupancy Rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income (SAR)	16,878,361	17,113,027	17,350,955	17,592,191	17,836,782	23,836,594	24,168,003	24,504,019	24,844,707
Vacancy Rate (%)	34.7%	32.2%	29.7%	27.2%	24.7%	15.0%	15.0%	15.0%	15.0%
Vacancy Costs (SAR)	5,865,095	5,518,814	5,161,770	4,793,731	4,414,460	3,575,489	3,625,200	3,675,603	3,726,706
Additional Income (SAR)	220,265	231,884	243,784	255,969	268,446	405,222	410,856	416,568	422,360
Net Income (SAR)	11,233,531	11,826,097	12,432,969	13,054,430	13,690,768	20,666,327	20,953,658	21,244,984	21,540,361
Management Fee Cost Ratio (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Management Fee Costs (SAR)	449,341	473,044	497,319	522,177	547,631	826,653	838,146	849,799	861,614
Rental Fee Cost Ratio (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rental Fee Costs (SAR)	112,335	118,261	124,330	130,544	136,908	206,663	209,537	212,450	215,404
One-time rental fee cost (%)	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
One-time rental fee costs (SAR)	0	35,554	36,412	37,288	38,180	17,003	17,240	17,480	17,723
Operation contract costs (SAR)	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962
Property Insurance Costs (SAR)	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020
Land rent costs (SAR)	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500
Total Costs (SAR)	3,756,159	3,821,341	3,852,543	3,884,491	3,917,201	4,244,802	4,259,405	4,274,211	4,289,223
Net Income	7,477,373	8,004,757	8,580,426	9,169,939	9,773,567	16,421,525	16,694,254	16,970,774	17,251,138
Property Value (Rounded)	<b>165,490,000</b>								

# Valuation

## Opinion of Value

Our Company approves the below valuation as a fair value, subject to the conditions stated in the valuation report and based on the assumptions in the report. This valuation is a result of the analysis of the property's information and the real estate market.

The fair value of the property using the income approach as of 30 June 2023 is:

- **165,490,000** (One Hundred Sixty-Five Million Four Hundred Ninety Thousand Saudi Riyal)



## Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: **1210000219**  
Fellow Member  
Membership Date: **22/12/2015**  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: **1210000392**  
Fellow Member  
Membership Date: **24/01/2016**

Real Estate Sector  
Eng. Yousuf Abdullah Khan  
Taqeem ID: **1220001989**

Provisional Member  
Membership Date: **17/09/2020**  
Real Estate Sector  
Company Stamp

Company Name: **Abaad & Partner**  
for Real Estate Valuation  
Company No. **11000111**  
CR No: **4030297686**  
CL No: **323/18/781**





## Appendix

- General Terms Used in the Preparation of the Valuation Report



## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.



**أبعاد**  
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Abaad & Partner For Real Estate Valuation Co.

**Jeddah Branch (Head Office):**

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Al-Salama District  
Zahid Offices Building, 5th Floor, suite 21  
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**Riyadh Branch:**

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6935 Ar-Rabi District,  
1st Floor, Office 1,  
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CEO

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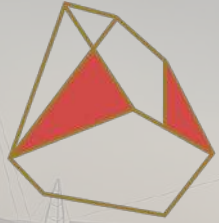
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Executive Director

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أبعاد  
للتقييم العقاري

Final Valuation Report

V230094

## Pallazzo Commercial Center, Al Sulaimaniya District, Riyadh

Client / Alkhabeer Capital

18 July 2023

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Pallazzo Commercial Center, Al Sulaimaniya District, Riyadh.

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230094
Proposal Reference Number	P230167

Registration Certificate



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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary



### Executive Summary

- The subject property is a commercial building comprised of 15 showrooms. The area of the land is 6,050 square meters, with a built-up area of 5,819 square meters.
- The property is located at Al Sulaimaniya District, on King Mohammed V Road, Riyadh.
- The subject property is approximately five kilometers from the City Center, and about 37 kilometers from King Khalid International Airport.
- The subject property is in the city of Riyadh, the capital of the Kingdom of Saudi Arabia. It is the largest Saudi city, with a population of 6.9 million in 1440/2018.

### Property Information

Elements	Information
District	Al Sulimaniyah
Use	Commercial
Ownership	Restricted Ownership
Number of Title Deed	214002002200
Date of Title Deed	14/9/1440
Land Area (m2)	6,050
Total Built-Up Area (m2)	5,819
Gross Leasable Area (m2)	5,941
Owner	Awwal Almalqa Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed Report
Date of Approval	29 May 2023
Date of Inspection	12 June 2023
Date of Valuation	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property's fair value	<b>70,370,000</b>

# Executive Summary

## Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the (“Client”), to assess the fair value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client’s requirements and is in accordance with the Client’s instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client’s only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected Visually. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.



## Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information



# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the fair value of the Pallazzo Commercial Center Property at Al Sulaimaniya District, Riyadh, for Financial Statement Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 13 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclosure

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers

## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.



## Report Validity

- This report is valid for 120 days from Valuation Date unless something changed in the real estate market that affects the value of the property, such as government decisions.



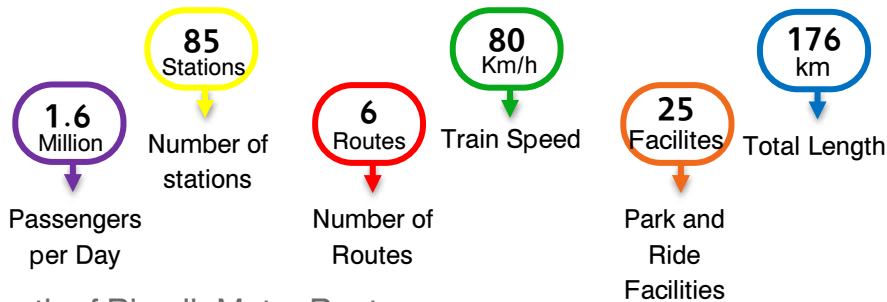
## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Public Transport – Riyadh Metro

- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including **756** metro cars, **85** stations, six metro lines and a network spanning **176** kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



### Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:





# Site Location Analysis

## Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير  
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

### Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

### Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

### Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

### King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

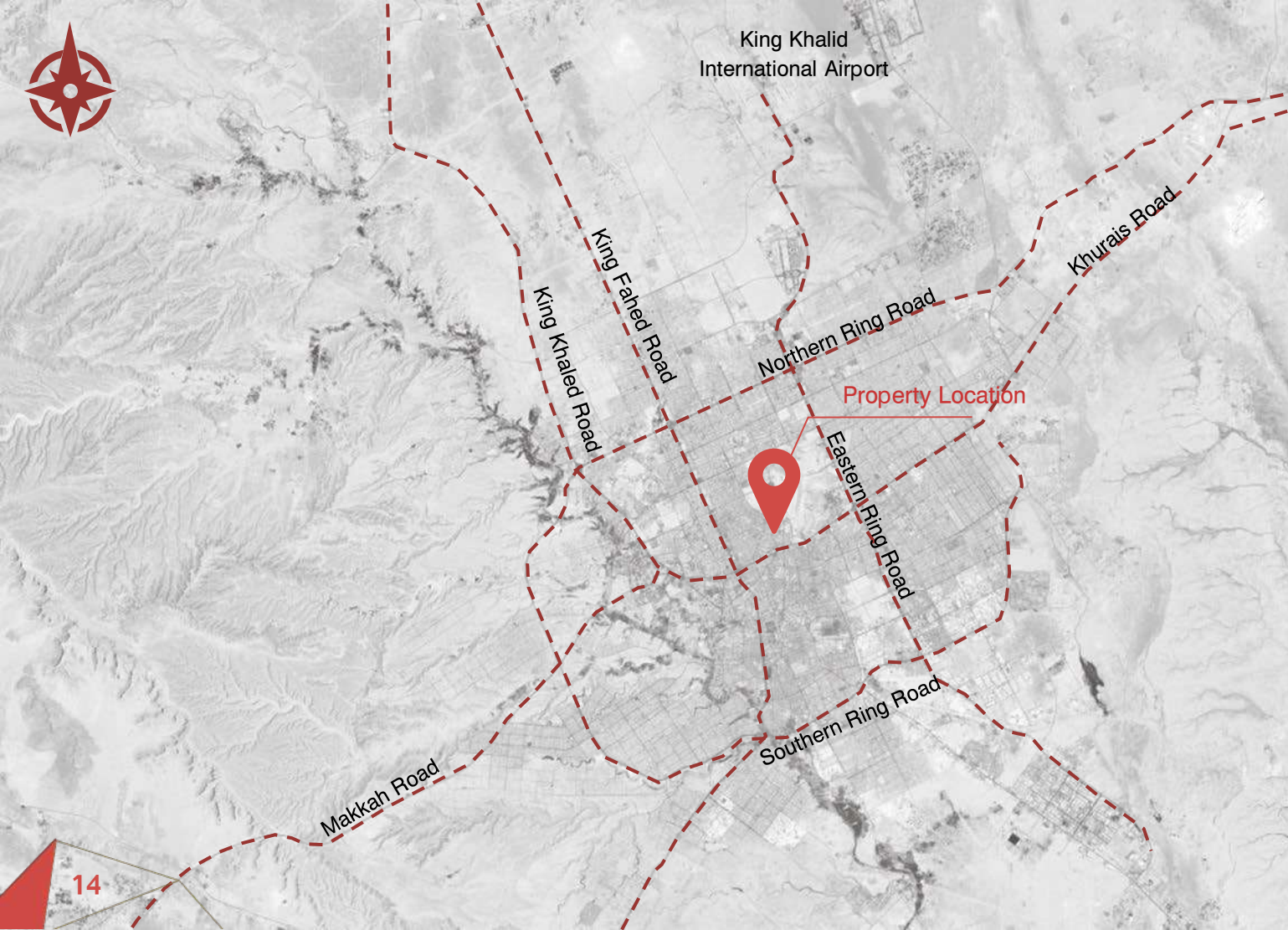


# Site Location Analysis



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## The Property at City Level



The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of 10.5 million in 2021.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The subject property is located at Al Sulaimaniya District, Riyadh, approximately five kilometers from the City Center, and about 37 kilometers from King Khalid International Airport.



# Site Location Analysis

## Property at District Level



The Subject property is located in Riyadh City Center. The property area is bordered from the North by Prince Mohammed bin Abdulaziz Road, from the South by Prince Sultan bin Abdulaziz Road with a direct view from the East on King Mohammed V Road, and from the East on King Fahd Road.

Al Malqa Districte is bordered from the North by Al Wurood District, from the South by the Ministries, Muraba and Dubbat Districts, from the East by King Salman Air Base and from the West by Olaya District.

The area surrounding the subject property is accessible from several important Axes and roads at the city level, including King Abdulaziz Road and King Mohammed bin Abdulaziz Road.



# Site Location Analysis

## Property Description



The Subject Property is a commercial center, consisting of 15 showrooms that has two floors with a land area of 6,050 square meters.

The total built-up area is 5,819 square meters, and the total leasable area is 5,941 square meters.

Exterior walls are covered with glasses and stones, and the interior design is a standard one.

The center has an outdoor parking with an area of 3,000 square meters.

The Subject Property is located on King Mohammed V Road and near the Riyadh metro track.

The Subject Property has a regular shape.

The property's age is 4.5 years as per the building completion certificate.

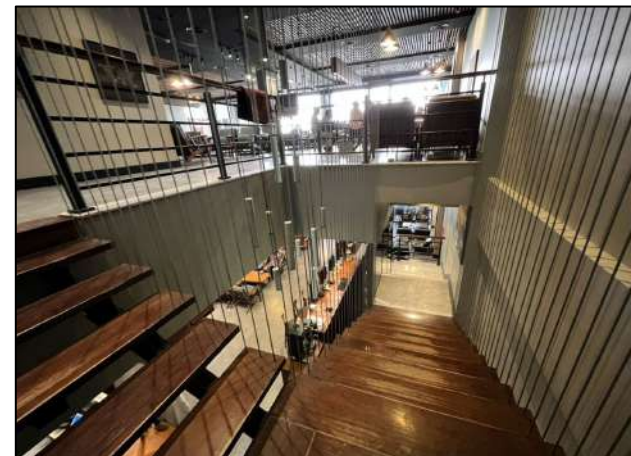


# Site Location Analysis

## Property Photographs



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## Property Details

- Title Information

# Property Details



## Tenure Information

### Property Ownership:

Description	Details	
Owner's Name	Awwal Almalqa Real Estate Company	
Property Name	Plazo Center	
Plot No.	333-342	
Masterplan No.	690	
Street Name	King Mohammad V	
Location Coordinates	24° 42.022'N	46° 42.126'E
City	Riyadh	
Ownership Information	Restricted Ownership	
Title Deed Information	Title Deed No.:	214002002200
	Title Deed Date:	14/9/1440

### Lengths of Sides and Widths of Streets:

	Side Length	Street Name	Street Type	Street Width (meters)	Facade Order
North	50 m	Al Ayinah	Local	20 m	2
South	50 m	Rawifa bin Thabet	Local	15 m	3
East	121 m	King Mohammad V Commercial		30 m	1
West	121 m	Ibn Rayyan	Pathway	10 m	4

Sources: Title Deed

### Lease Contract Summary:

Unit #	Contract Term	Contract Expiry Date
1		Vacant
2		Vacant
3		Vacant
5&4	One Year	21/06/2023
6	3 Years	03/07/2025
7	5 Years	19/10/2027
8	5 Years	31/07/2028
9	5 Years	19/10/2027
11&10	2 Years	31/01/2024
12	3 Years	23/01/2025
13	5 Years	19/10/2027
15&14	5 Years	30/09/2028

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

Information Sources (Lease Contract Copy).

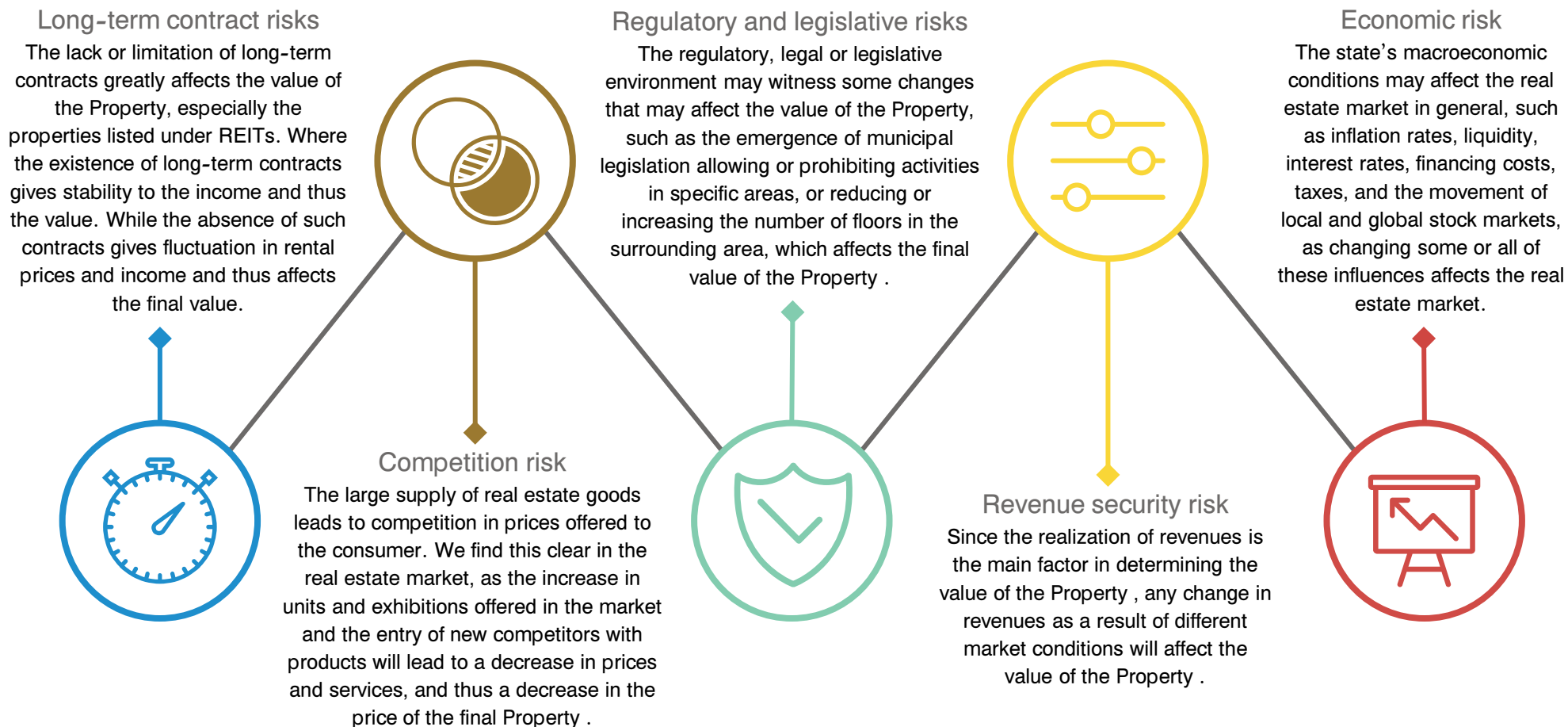


# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value



## Property Risk Analysis





### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach



### Valuation Methods Used

- When selecting the best approach to assess the value of the subject property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the subject property, we have used the following methods and approaches:

### Income Method (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Revenues

- **According to the information provided by the Client**, the property's total annual revenue is SAR 4,475,567 while the market anticipation is 6,321,618 SAR/Year. The terms of the lease agreements vary commensurate with the signed leases. Income for the remaining years will be estimated based on fair value.

### Inflation Rate

- In respect of the cash flow of the project, an inflation rate of 2.50% is applied.

### Cap Rate

- A cap rate of 8.25% is applied

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain, and supply and demand, we have applied a discount rate of 11.05%.

# Valuation

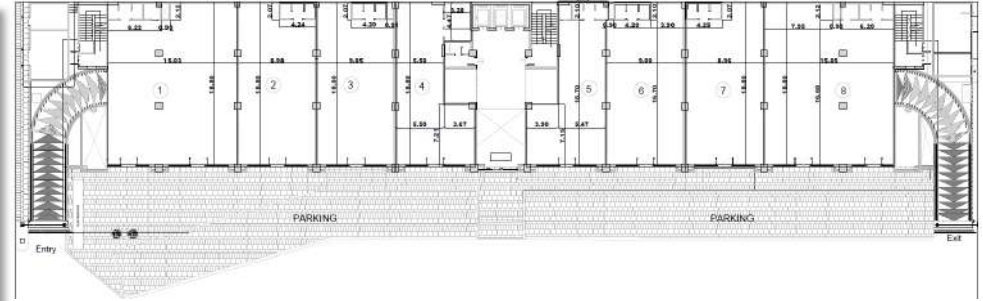
## Comparable Sites

Al Bani Compound 8144:



Information Source(Field Research)

Horizontal Projection for the Commercial Showrooms:



Location



Al Sulimaniyah District

Showrooms



8 Showrooms

Floors



Ground Floor Only

Average Rent



1,400 SAR/m<sup>2</sup>

Street



King Mohammad V

Parking Lots



Limited Parking Spaces

Completion Date



2019

Distance to Property



12 Meters



# Valuation

## Revenues Estimation

### Estimation of Revenues

Upon completion of research and collection of information, we have analyzed the comparable and made calculations and adjustments to reach the average rental value per spare meter. Following are the changes and adjustments made to the valuation matrix.

### Valuation Matrix

Description	Comparable 1	Comparable 2
Land Area (m2)	168	283
Price per Meter (SAR/m2)	1,300	1,300
Adjustments		
Location	0.00%	0.00%
Area	-7.50%	-5.00%
Facades	0.00%	0.00%
Streets	0.00%	0.00%
Ease of Access	0.00%	0.00%
Type of Showrooms	0.00%	0.00%
Negotiation	-5.00%	-5.00%
Total Adjustments (%)	0.00%	0.00%
Final Value After Adjustments (SAR/m2)	1,138	1,170
Weightage (%)	50.00%	50.00%
Rental Rate (Showrooms)(SAR/m2)	1,150	



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### Comparable Sites Map:



# Valuation

## Estimation of Revenues

### Calculation of Income

Lease agreements of the subject property were reviewed. Following completion of the review of the lease agreements, the income of the subject property will be calculated based on market rates to reach the average rental value per square meter of the subject property. The table below shows **the income of the property by lease agreement in black**, and **the income of the property based on market rates in blue**.

Showroom Number	Showroom Area (sqm)	2023.06.30	2024.12.31	2025.12.31	2026.12.31	2027.12.31	2028.12.31	2029.12.31
1	367	422,453	422,453	422,453	422,453	422,453	422,453	422,453
2	366	421,107	421,107	421,107	421,107	421,107	421,107	421,107
3	415	477,250	477,250	477,250	477,250	477,250	477,250	477,250
4	415	477,250	477,250	477,250	477,250	477,250	477,250	477,250
5	415	477,538	477,538	477,538	477,538	477,538	477,538	477,538
6	415	348,810	348,810	348,810	477,250	477,250	477,250	477,250
7	473	415,000	415,000	415,000	415,000	415,000	543,950	543,950
8	415	433,675	433,675	433,675	433,675	433,675	433,675	477,250
9	415	415,000	415,000	415,000	415,000	415,000	477,250	477,250
10	415	340,945	340,945	477,538	477,538	477,538	477,538	477,538
11	415	340,945	340,945	477,538	477,538	477,538	477,538	477,538
12	415	403,201	403,201	403,201	477,250	477,250	477,250	477,250
13	366	415,000	415,000	415,000	415,000	415,000	421,107	421,107
14	366	378,908	378,908	378,908	378,908	378,908	378,908	421,107
15	383	378,908	378,908	378,908	378,908	378,908	378,908	440,623
<b>Total Income</b>		<b>6,145,988</b>	<b>6,145,988</b>	<b>6,419,173</b>	<b>6,621,662</b>	<b>6,621,662</b>	<b>6,818,969</b>	<b>6,966,459</b>

# Valuation

## Income Approach Valuation

### Valuation using the Income Method

As a result of the prior information, cash flows were calculated to reach the value of the subject property covering a period of 6.5 years, with an income of SAR 4,745,436 per year for the remaining period of the lease agreement terms. Income for the remaining years was estimated based on market rates is about 6,321,618 SAR with 100% occupancy for the first year. The cash flows schedule is prepared for every six months:

Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.

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 applied a discount rate of 11.05%.

Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 8.25% has been reached.

### Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	9	10	11	12	13
Occupancy Rate (%)	81%	85%	90%	95%	95%	95%	95%	95%	95%	95%
Gross Income with the Growth Percentage (SAR)	2,524,993	2,685,182	2,882,663	3,222,248	3,267,048	3,561,473	3,718,587	3,770,287	3,905,389	3,959,687
Operation & Maintenance Costs (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Operation & Maintenance Costs (SAR)	252,499	268,518	288,266	322,225	326,705	356,147	371,859	377,029	390,539	395,969
Property Insurance Costs (SAR)	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770
Total Costs (SAR)	264,269	280,288	300,036	333,995	338,475	367,917	383,629	388,799	402,309	407,739
Net Income (SAR)	2,260,723	2,404,894	2,582,627	2,888,253	2,928,573	3,193,556	3,334,958	3,381,489	3,503,081	3,551,949
Exit										85,515,506
Rounded Property Value (SAR)	<b>70,370,000</b>									

# Valuation

## Opinion of Value

Our Company approves the below valuation as a fair value, subject to the conditions stated in the valuation report, and based on the assumptions contained in the report. This valuation is a result of the analysis of the property's information and the real estate market.

The fair value of the property using the income approach as of 30 June 2023 is:

- **70,370,000 SAR** (Seventy Million Three Hundred Seventy Thousand Saudi Riyal)



## Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: 1210000219  
Fellow Member  
Membership Date: 22/12/2015  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: 1210000392  
Fellow Member  
Membership Date: 24/01/2016

Real Estate Sector  
Eng. Yousuf Abdullah Khan  
Taqeem ID: 1220001989

Provisional Member  
Membership Date: 17/09/2020  
Real Estate Sector  
Company Stamp

Company Name: Abaad & Partner  
for Real Estate Valuation  
Company No. 11000111  
CR No: 4030297686  
CL No: 323/18/781







## Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.

# Appendix

## Title Deed



أبعاد  
للتقييم العقاري



### صك رهن وتملك عقار

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:  
فإن قطعة الأرض ٣٣٣ و قطعة الأرض ٣٣٤ و قطعة الأرض ٣٣٥ و قطعة الأرض ٣٣٦ و قطعة الأرض ٣٣٧ و قطعة الأرض ٣٣٨ و قطعة الأرض ٣٣٩ و قطعة الأرض ٣٤٠ و قطعة الأرض ٣٤١ و قطعة الأرض ٣٤٢ من البلوك رقم ٣٥ من المخطط رقم ٩٩٠ الواقع في حي السلمانية بمدينة الرياض . وحدودها وأطوالها كالتالي:  
شمالاً: شارع عرض ٢٠م بطول: (٥٠) خمسون متر  
جنوباً: شارع عرض ١٥م بطول: (٥٠) خمسون متر  
شرقاً: شارع عرض ٣٠م بطول: (١٢١) مائة و واحد و عشرون متر  
غربياً: ممر مشاة عرض ١٠م بطول: (١٢١) مائة و واحد و عشرون متر  
ومساحتها : (٦٠٥٠) ست آلاف و خمسون متر مربعاً فقط  
المملوكة لـ/ شركة أول المقار العقارية بموجب سجل تجاري رقم ١٠١٠٨٩٣٨٠٢ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ بالصك الصادر من كتابة العدل الأول بالرياض برقم ٧١٠١١٦٠٤٥١٢٤ في ٢٧ / ٤ / ١٤٤٠ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ في ٢٥ / ١٠ / ١٣٧٦ هـ ضماناً لوفائه بها بما عليه من مستحقات مالية لصالح مصرف الراجحي بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ بمبلغ وقدره ( ٣٨١٨١٨١٨.١٩ ) ريال ثمانية و ثلاثون مليوناً و مائة و واحد و ثمانون ألفاً و ثمانمائة و ثمانية عشر ريال و تسعة عشر هلة انجاز من الهيئة الشرعية برقم ١٨٠٧٢ في ٧ / ٧ / ١٤٣٩ هـ ، على أن يتم سداد الميوتية على أقساط كل ستة أشهر من تاريخ صرف التمويل بقيمة كل قسط ( ١٠٠٠٠٠٠ ) ريال مليون ريال ، تدفع اعتباراً من تاريخ ٢١ / ٣ / ٢٠١٩ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرضات واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكتمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٩ / ١٤٤٠ هـ ووصلى الله على نبيينا محمد وآله وصحبه وسلم.

رئيس كتابة العدل المساعد  
صالح بن حنيف الله بن احمد العمري





**أبعاد**  
للتقييم العقاري

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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
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Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:  
Universal Access Number: **920004134**

**Eng. Ammar Sindi**

CEO

**Mobile:** +966 (50) 730 0500

**Email:** [asindi@sa-abaad.com](mailto:asindi@sa-abaad.com)

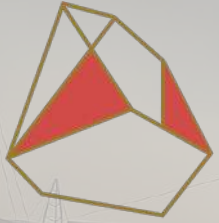
**Eng. Ammar Qutub**

Executive Director

**Mobile:** +966 (55) 556 2500

**Email:** [ammarq@sa-abaad.com](mailto:ammarq@sa-abaad.com)





أبعاد  
للتقييم العقاري

Final Valuation Report

Akun Logistics, Jeddah

Client / AlKhabeer Capital

18 July 2023

V230095

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Akun Logistics, Jeddah

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230095
Proposal Reference Number	P230176

Registration Certificate



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## Executive Summary

- Summary of the Report
- General Terms and Conditions



# Executive Summary

## Report Summary

- The property under evaluation is a cold and storage warehouse located on a land area of about **21,118.53** square meters, and the building area is about **16,000** square meters.
- The property under evaluation is located in the south of Jeddah, about **45** km from King Abdulaziz International Airport and **22** km from the city center.
- Also, the property overlooks King Faisal Road, which is a vital commercial street par excellence, which gives the property under evaluation a strategic location for its own activity.

### Property Information

Site Details	Information
District	King Faisal Marine Base
Use	Commercial Industrial
Tenure	Restricted Ownership
Number of Title Deed	<b>625516001149 - 425516001150</b>
Date of Title Deed	<b>20/1/1442H</b>
Land Area (sqm)	<b>21.118.53</b>
Total BUA(sqm)	<b>16,000</b>
Owner	Awwal Al Malqa Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>11 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property fair value	<b>200,000,000</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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Akun Logistics, Jeddah, for Financial statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity



# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such.
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.



## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Macro Location - Infrastructure Projects



King Abdulaziz International Airport is currently undergoing expansion plans, which are divided into three phases. Phase 1 of the expansion project is currently operational, although not at its full handling capacity. Phase 1 will increase the annual capacity of passengers from 13 Million Annual Passengers (MAP) to 30 MAP.

However, due to delays in the expansion plans, the focus of the project is currently on phase 1 and uncertainty surrounds phases 2 and 3, but initially the project is expected to be completed by 2035, capturing 80 MAP.

The new Expansion of KAIA spans a total Gross Floor Area of 670,000 sqm and featuring 120 retail outlets and 120 hospitality keys.



120 Rooms



46 Gates



120 Retail Square



21,600 Parking Lots



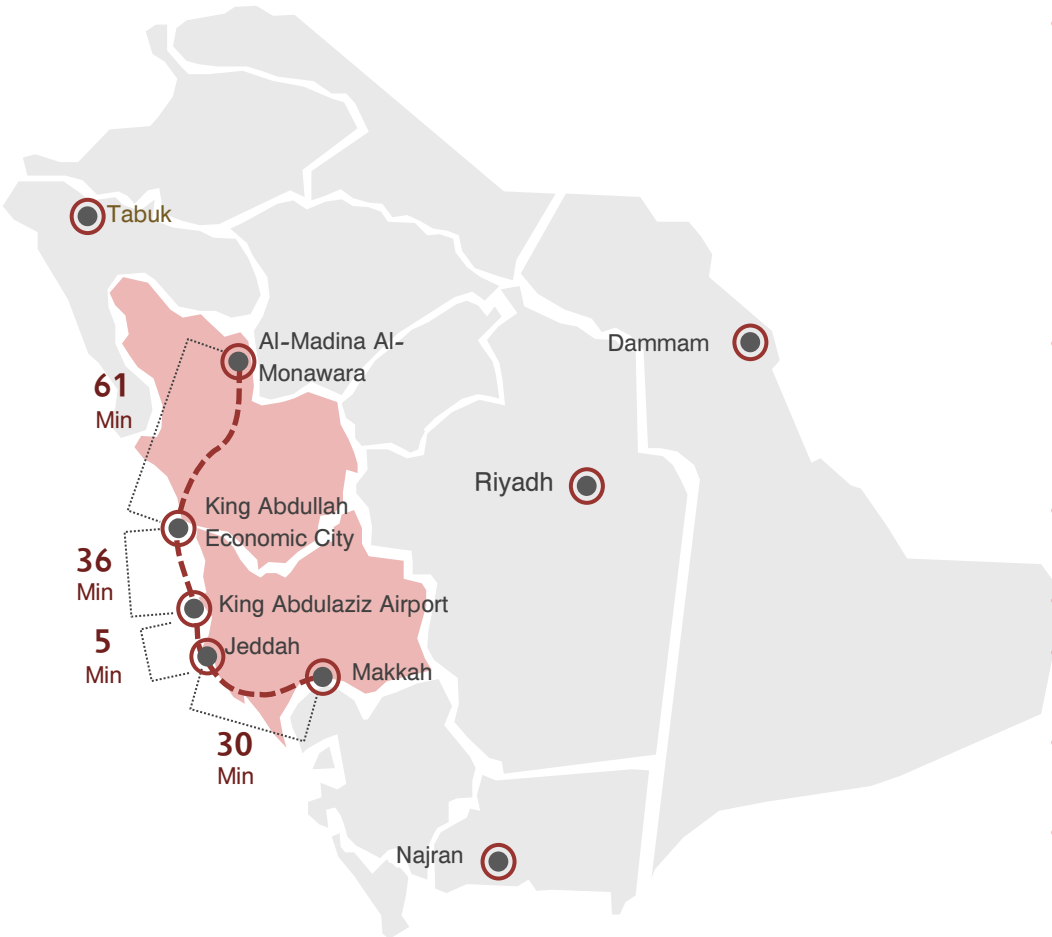
Hajj and Umrah Terminal Complexes

# Site Location Analysis

## Development Projects at City Level



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- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by Four stations, located as follows:
  - Jeddah Naseem Station.
  - Jeddah King Abdulaziz Int' Airport Station.
  - King Abdullah Economic City Station.
  - Madinah Station.

Operational



Current Status

Completed



Completion Date

5 stations



No. Station

60 Million/Year



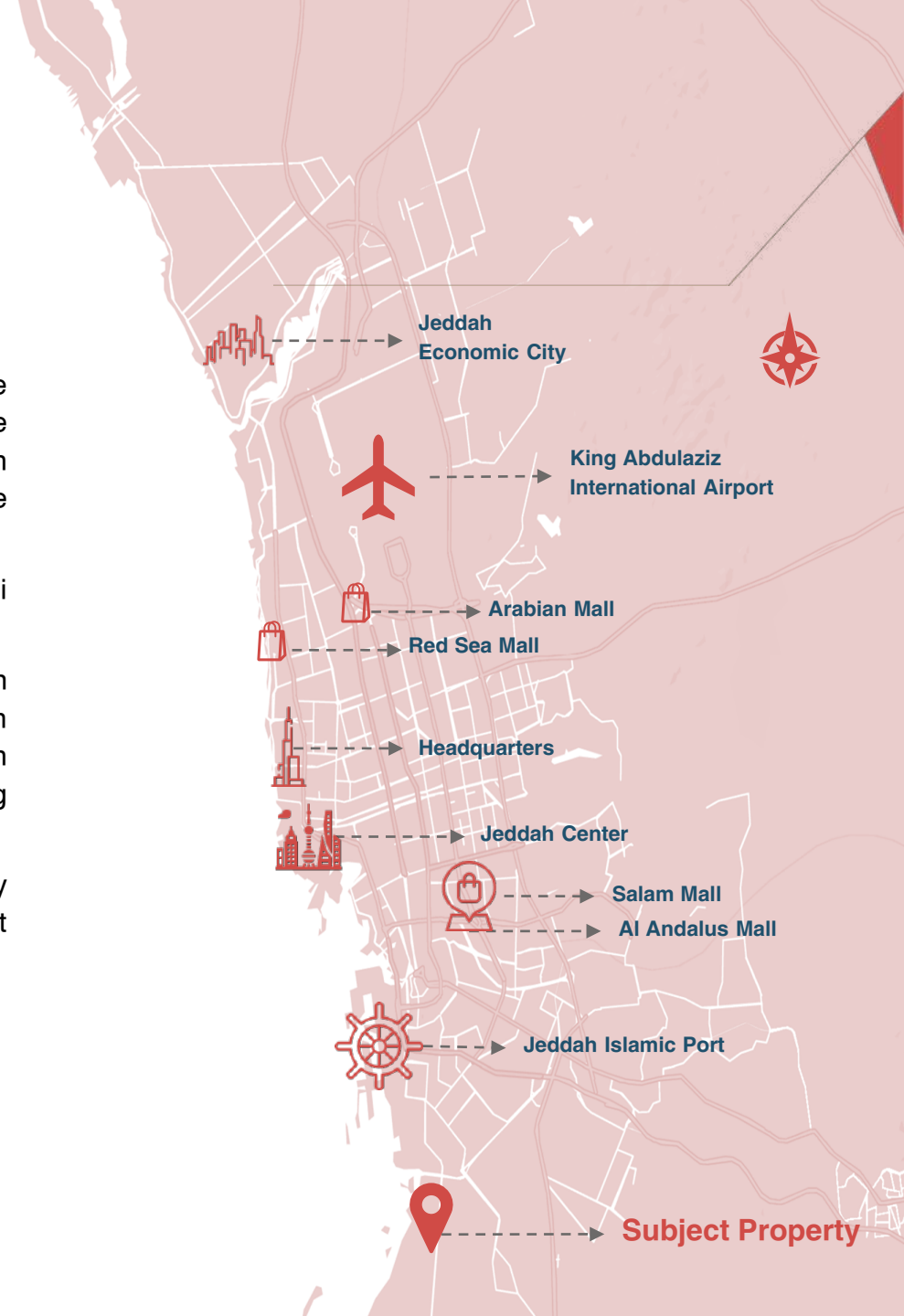
Total Capacity

# Site Location Analysis

## The Property at City Level

### Location

- The property under evaluation is located in Jeddah, one of the governorates of Makkah Al-Mukarramah region, located in the west of the Kingdom of Saudi Arabia on the Red Sea coast. It is **79 km** from Makkah Al-Mukarramah, and **420 km** from Al-Madinah Al-Munawwarah. It is the economic and tourist capital of the Kingdom of Saudi Arabia.
- Jeddah is the economic and tourism capital of the Kingdom of Saudi Arabia.
- The city of Jeddah witnessed the inauguration of the Al-Haramain train station and project, which is an electric train line linking the city of Makkah Al-Mukarramah with Al-Madinah Al-Munawwarah, passing through several stations: Jeddah station - King Abdulaziz Airport station - King Abdullah Economic City station.
- The property under evaluation is approximately **22 km** south of the city center, and approximately **45 km** from King Abdulaziz International Airport in the Andalus district of Jeddah.





# Site Location Analysis



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## The Property at District Level



The property under evaluation is a cold and storage warehouse located on a land area of about 21,118.53 square meters, and the building area is about 16,000 square meters.

The property under evaluation is located in the south of Jeddah, about 45 km from King Abdulaziz International Airport and 22 km from the city center.

Also, the property overlooks King Faisal Road, which is a vital commercial street par excellence, which gives the property under evaluation a strategic location for its own activity.



# Site Location Analysis

## Subject Property Photos



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## Property Details

- Title Information

# Tenure

## Property Information



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### Property Details

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Akun Logistics, Jeddah
Plot No.	8-15
District	King Faisal Marine Base
Street Name	King Faisal Rd.
Coordinates	<u>21°19'49.9"N</u> <u>39°11'25.6"E</u>
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. <b>625516001149</b>
	Deed Date <b>20/1/1442H</b>

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	125	-	Neighbor	-	1
South	166.39	-	Local	32	7
East	170.58	King Faisal Rd.	Commercial	120	2
West	167.47	-	Local	25	3

• Sources: Title Deed

### Property Details

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Akun Logistics, Jeddah
Plot No.	8-15
District	King Faisal Marine Base
Street Name	King Faisal Rd.
Coordinates	<u>21°19'49.9"N</u> <u>39°11'25.6"E</u>
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. <b>425516001150</b>
	Deed Date <b>20/1/1442H</b>

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	125	-	Neighbor	-	1
South	166.39	-	Local	32	7
East	170.58	King Faisal Rd.	Commercial	120	2
West	167.47	-	Local	25	3

• Sources: Title Deed



# Valuation

- Analysis of Property Risks
- Market Study-Supply and Demand
- Valuation Method
- Income Method of Valuation
- Summary of Value



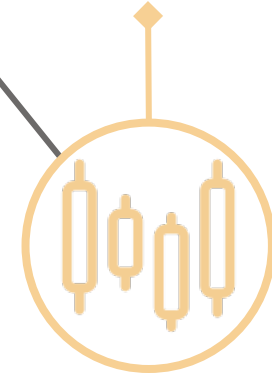
**Long-term contract risks**  
The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives 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 .

### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

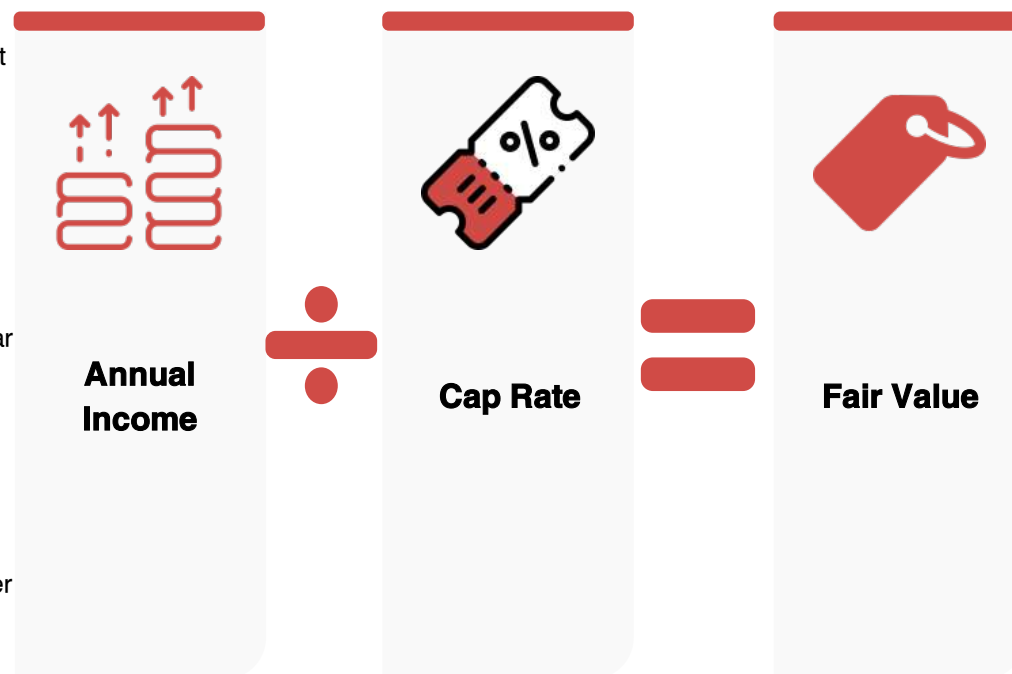
- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII



### Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).



# Valuation

## Income Approach

Key assumptions in the cash flow method:

### Income

According to the info provided by the client, Lease period is 5 years, starting on 9/15/2020, and the annual leasing is about 16,000,000 SAR.

### Yield Rate

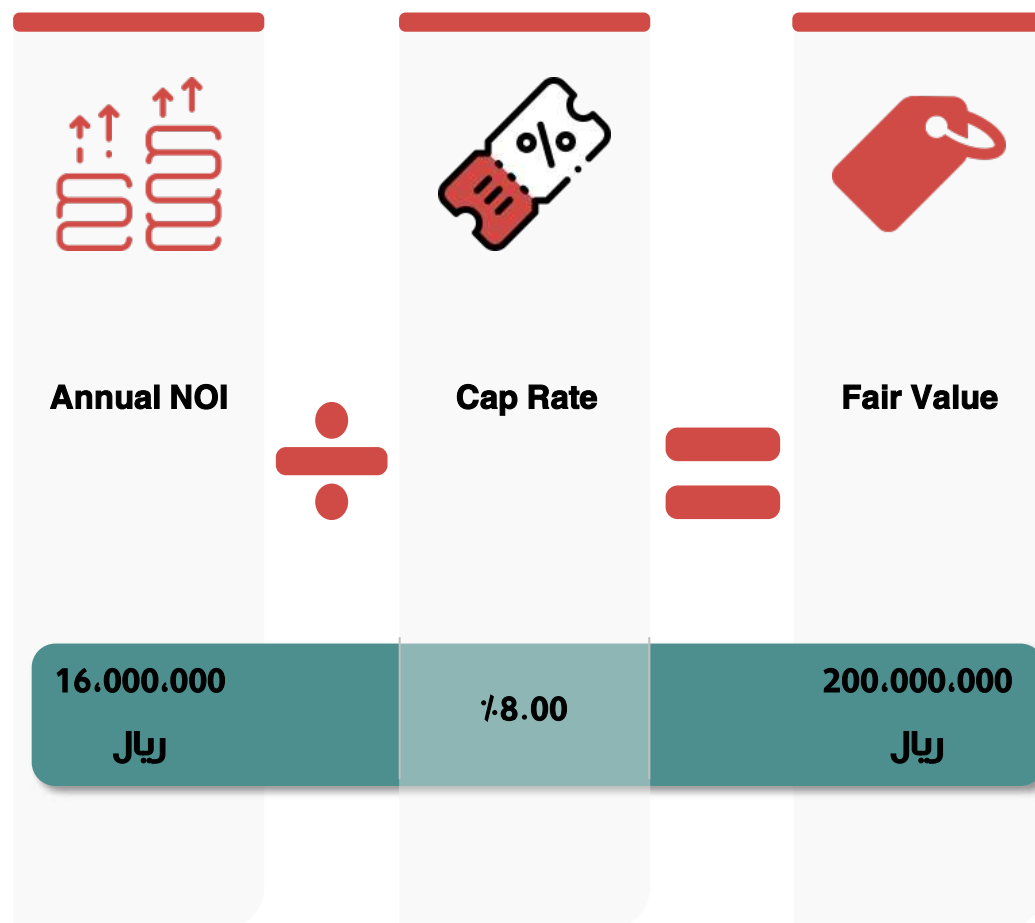
Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation and according to our understanding of the real estate market in the Kingdom, a rate of 7.00% has been reached.

### Operation Expenses

According to the leasing contract provided by the client, the tenant is responsible for all the operational costs.



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# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of **30 June 2023** is:

- **200,000,000 SAR** (Two Hundred Million Saudi Riyal).



أبعاد  
للتقييم العقاري

### Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: **1210000219**  
Fellow Member  
Membership Date: **22/12/2015**  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: **1210000392**  
Fellow Member  
Membership Date: **24/01/2016**  
Real Estate Sector

Eng. Yousuf Abdullah Khan  
Taqeem ID: **1220001989**  
Provisional Member  
Membership Date: **17/09/2020**  
Real Estate Sector

### Company Stamp

Company Name: Abaad &  
Partner for Real Estate Valuation  
Company No. **11000111**  
CR No: **4030297686**  
CL No: **323/18/781**





# Appendix

- Valuation Glossary
- Subject Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





**أبعاد**  
للتقييم العقاري

Abaad & Partner For Real Estate Valuation Co.

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CEO

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**Email:** [asindi@sa-abaad.com](mailto:asindi@sa-abaad.com)

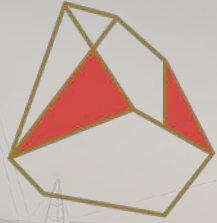
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Executive Director

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أبعاد  
للتقييم العقاري

Final Valuation Report

## Vision Colleges, Jeddah

Client / AlKhabeer Capital

18 July 2023

V230095

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Vision Colleges, Jeddah

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230095
Proposal Reference Number	P230176

Registration Certificate



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أبجد  
للتقييم العقاري

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## Executive Summary

- Summary of the Report
- General Terms and Conditions



# Executive Summary

## Report Summary

- The Subject Property is a dental school. The college extends over a land area of **3,20.18** sqm, with a building area of **15,375** sqm.
- The college consists of **13** floors, and an underground parking floor.
- The college has **14** classrooms, **10** labs and training rooms, **36** administrative offices, **70** faculty offices, and a library. In addition to two Mosques, **10** warehouses, and **2** archives rooms.
- The college is located on Al-Haramain Road and King Abdulaziz Airport in Al-Rayyan district, Jeddah.

### Subject Property Information

Site Details	Information
District	Al Rayan
Use	Educational
Tenure	Restricted Ownership
Number of Title Deed	<b>993788002766</b>
Date of Title Deed	<b>23/4/1443H</b>
Land Area (sqm)	<b>3,20.18</b>
Total BUA (sqm)	<b>15,375</b>
Owner	Awwal Al Malqa Real Estate Company

### Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>11 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property fair value	<b>92,690,000</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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Vision Colleges Training Center, Riyadh, for Financial statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such.
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.





## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Macro Location - Infrastructure Projects



King Abdulaziz International Airport is currently undergoing expansion plans, which are divided into three phases. Phase 1 of the expansion project is currently operational, although not at its full handling capacity. Phase 1 will increase the annual capacity of passengers from 13 Million Annual Passengers (MAP) to 30 MAP.

However, due to delays in the expansion plans, the focus of the project is currently on phase 1 and uncertainty surrounds phases 2 and 3, but initially the project is expected to be completed by 2035, capturing 80 MAP.

The new Expansion of KAIA spans a total Gross Floor Area of 670,000 sqm and featuring 120 retail outlets and 120 hospitality keys.



120 Rooms



46 Gates



120 Retail Square



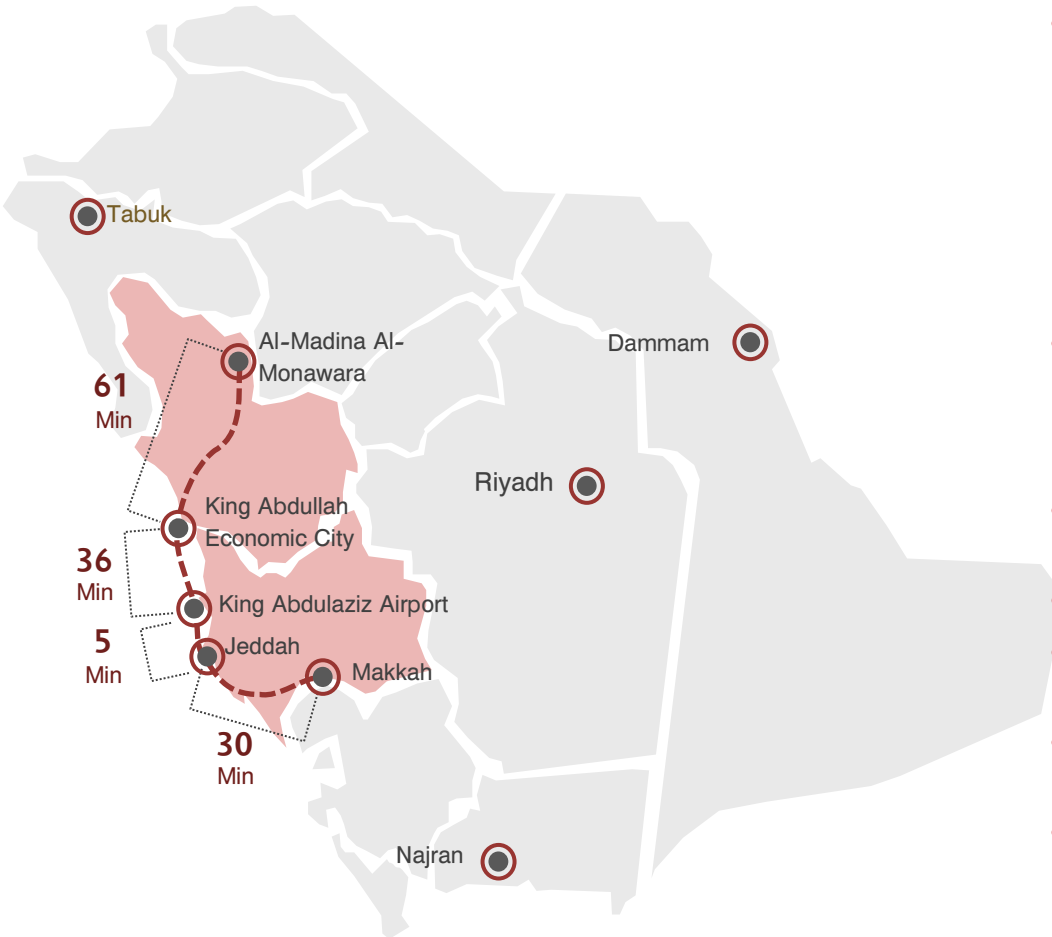
21,600 Parking Lots




Hajj and Umrah Terminal Complexes


# Site Location Analysis


## Development Projects at City Level




- The Haramain High-Speed Railway (HHSR) runs for approximately 450km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around 60 million passengers per annum, onboard a fleet of 35 trains, each consisting of 417 seats.
- Currently, the train line goes by Four stations, located as follows:
  - Jeddah Naseem Station.
  - Jeddah King Abdulaziz Int' Airport Station.
  - King Abdullah Economic City Station.
  - Madinah Station.

Operational   
Current Status

Completed   
Completion Date

5 stations   
No. Station

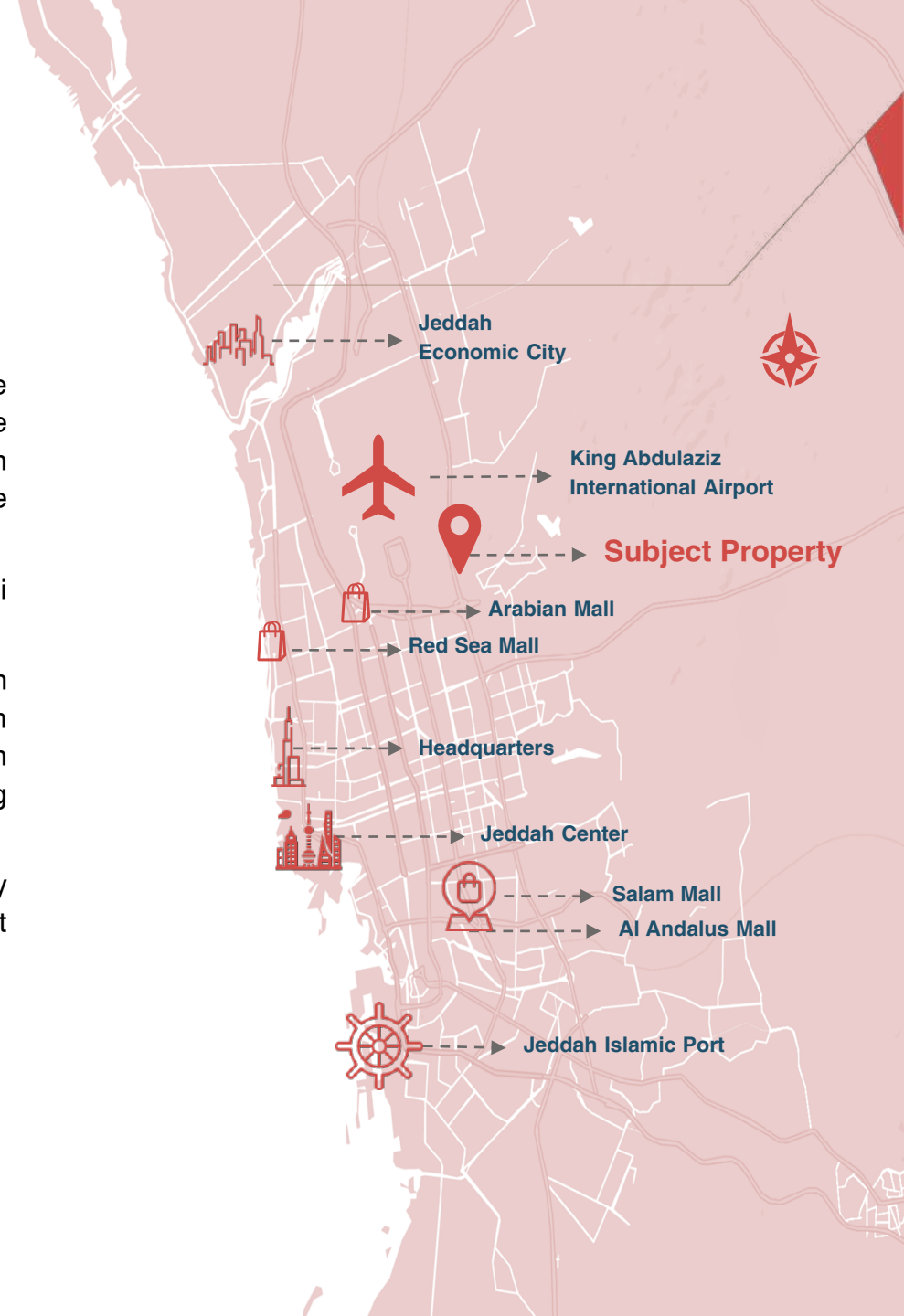
60 Million/Year   
Total Capacity

# Site Location Analysis

## The Property at City Level

### Location

- The property under evaluation is located in Jeddah, one of the governorates of Makkah Al-Mukarramah region, located in the west of the Kingdom of Saudi Arabia on the Red Sea coast. It is **79 km** from Makkah Al-Mukarramah, and **420 km** from Al-Madinah Al-Munawwarah. It is the economic and tourist capital of the Kingdom of Saudi Arabia.
- Jeddah is the economic and tourism capital of the Kingdom of Saudi Arabia.
- The city of Jeddah witnessed the inauguration of the Al-Haramain train station and project, which is an electric train line linking the city of Makkah Al-Mukarramah with Al-Madinah Al-Munawwarah, passing through several stations: Jeddah station - King Abdulaziz Airport station - King Abdullah Economic City station.
- The property under evaluation is approximately **28 km** south of the city center, and approximately **5 km** from King Abdulaziz International Airport in the Andalus district of Jeddah.





# Site Location Analysis



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## The Property at District Level



The Subject Property is a dental school. The college extends over a land area of 3,20.18 sqm, with a building area of 15,375 sqm.

The college consists of 13 floors, and an underground parking floor.

The college has 14 classrooms, 10 labs and training rooms, 36 administrative offices, 70 faculty offices, and a library. In addition to two Mosques, 10 warehouses, and 2 archives rooms.

The college is located on Al-Haramain Road and King Abdulaziz Airport in Al-Rayyan district, Jeddah.

Haramin Rd.

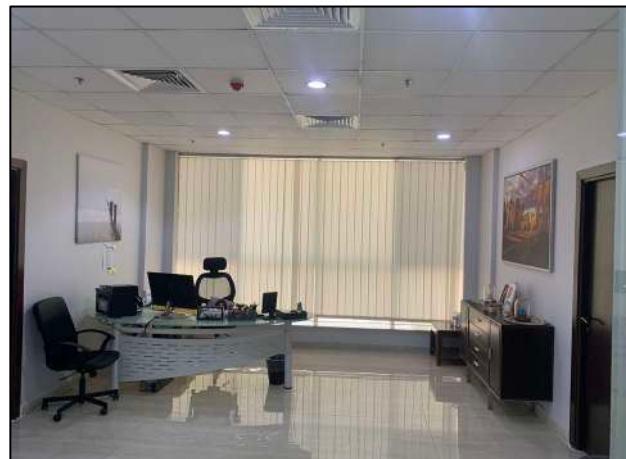


# Site Location Analysis

## Subject Property Photos



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# Site Location Analysis

## Subject Property Photos



أبجداد  
للتقييم العقاري





## Property Details

- Title Information

# Tenure

## Property Information



### Property Details

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Vision Colleges, Jeddah
Plot No.	259
District	Al Rayyan
Street Name	Haramin St.
Coordinates	<u>21°39'30.6"N</u> <u>39°12'16.5"E</u>
City	Jeddah
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 993788002766
	Deed Date 23/4/1443H

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	60	-	Neighbor	-	1
South	60	-	Neighbor	-	1
East	55.02	-	Neighbor	-	1
West	50.62	Haramin street	Commercial	25	1

- Sources: Title Deed

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.



# Valuation

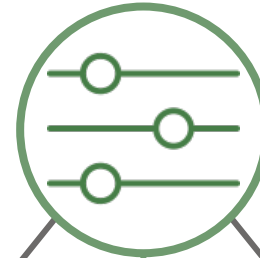
- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Method
- Income Method of Valuation
- Summary of Value



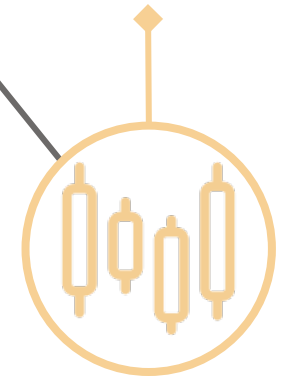
**Long-term contract risks**  
The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives 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 .



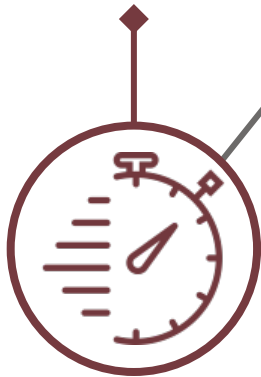
**Economic risk**  
The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



**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 .



### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JLI

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JLI

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach

### Valuation Methods Used

- When selecting the best approach to assess the value of the subject property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the subject property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- **According to the information provided by the client**, the lease contract period is 25 years, starting on 6/28/2021. Income for the remaining years will be calculated based on the lease agreement, as shown in the following table

Payments Date	No. of Payments	Payment (SAR)
6/28/2021 to 12/26/2025	10 Payments	3,750,000
6/27/2026 to 12/25/2030	10 Payments	3,937,500
6/26/2031 to 12/24/2035	10 Payments	4,134,375
6/24/2036 to 12/22/2040	10 Payments	4,341,094
6/23/2041 to 12/19/2045	10 Payments	4,558,148

### Cap Rate

- The applied cap rate is 7.00%.

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 9.50%.

# Valuation

## Income Approach



- As a result of the prior information, cash flows were calculated to reach the value of the subject property. The cash flow covers a period of 22.5 years based on the lease contract. The cash flow demonstrates every 6 months period.
- 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 applied a discount rate of 9.5%.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 7.00% has been reached.

### Summary of Cash Flow Calculations:

Period (6 months)	1	2	3	4	5	42	43	44	45
Occupancy (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
GPI (SAR)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	4,558,148	4,558,148	4,558,148	4,558,148
NOI (SAR)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	4,558,148	4,558,148	4,558,148	4,558,148
TV									130,232,813
Fair Value (SAR)	<b>92,690,000</b>								



# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of **30 June 2023** is:

- **92,690,000 SAR** (Ninety-Two Million Six Hundred Ninety Thousand Saudi Riyal).



أبعاد  
للتقييم العقاري

### Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: **1210000219**  
Fellow Member  
Membership Date: **22/12/2015**  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: **1210000392**  
Fellow Member  
Membership Date: **24/01/2016**  
Real Estate Sector

Eng. Yousuf Abdullah Khan  
Taqeem ID: **1220001989**  
Provisional Member  
Membership Date: **17/09/2020**  
Real Estate Sector

Company Stamp

Company Name: Abaad &  
Partner for Real Estate Valuation  
Company No. **11000111**  
CR No: **4030297686**  
CL No: **323/18/781**





# Appendix

- Valuation Glossary
- Subject Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





**أبعاد**  
للتقييم العقاري

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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
1st Floor, Office 1,  
Riyadh, Kingdom of Saudi Arabia

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**Eng. Ammar Sindi**

CEO

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**Email:** [asindi@sa-abaad.com](mailto:asindi@sa-abaad.com)

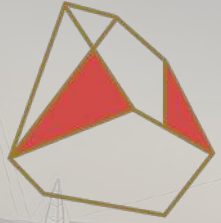
**Eng. Ammar Qutub**

Executive Director

**Mobile:** +966 (55) 556 2500

**Email:** [ammarq@sa-abaad.com](mailto:ammarq@sa-abaad.com)





أبعاد  
للتقييم العقاري

Final Valuation Report

## Vision Colleges in Ishbiliyah Dist., Riyadh

Client / AlKhabeer Capital

18 July 2023

V230095

الخبير المالية  
Alkhabeer Capital



# Introduction

Dear / Alkhabeer Capital

**The Subject:** Valuation of Vision Colleges in Ishbilyah Dist., Riyadh

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer



## Version Control

Details	Information
Status	Final
Reference Number	V230095
Proposal Reference Number	P230176

Registration Certificate



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للتقييم العقاري

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- General Terms Used in the Preparation of the Valuation Report
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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- The Subject Property is a medical college for three majors, dental, nursing, and the College of Medicine. The college extends over a land area of **17,046** square meters with a building area of **44,113.54** sqm.
- The college consists of five floors, including two underground parking floors with a capacity of up to **480** parking spaces and three service floors.
- The three floors consist of **52** educational rooms, **24** laboratories, laboratories and training rooms, **52** dental clinics, a library, and two gyms. In addition to offices, **3** restrooms, cafes, and **2** playgrounds.
- The college is located on Bahr Al Arab Street in Ishbilyah district, in Riyadh.
- The Subject Property is **11** y/o and no renovation took place.

## Subject Property Information

Site Details	Information
District	Ishbilyah
Use	Mixed
Tenure	Restricted Ownership
Number of Title Deed	<b>493225000302</b>
Date of Title Deed	<b>26/1/1442H</b>
Land Area (sqm)	<b>17,046</b>
Total BUA(sqm)	<b>44.113.54</b>
Owner	Awwal Al Malqa Real Estate Company



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للتقييم العقاري

## Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	<b>29 May 2023</b>
Date of Inspection	<b>11 June 2023</b>
Date of Valuation	<b>30 June 2023</b>
Basis of Value	Fair Value
Valuation Hypothesis	Current use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property fair value	<b>203,490,000</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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Vision Colleges in Ishbiliyah Dist., Riyadh, for Financial statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such.
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.





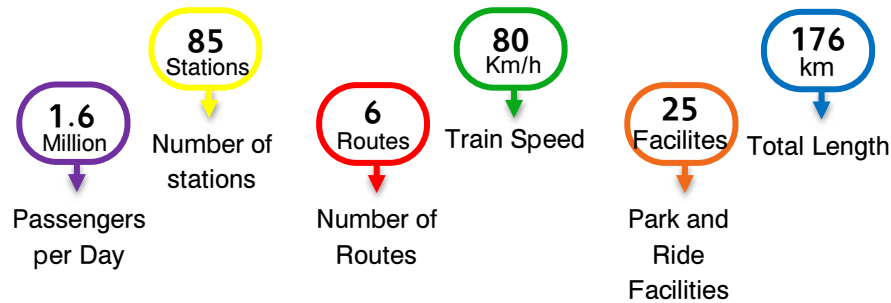
## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Public Transport – Riyadh Metro

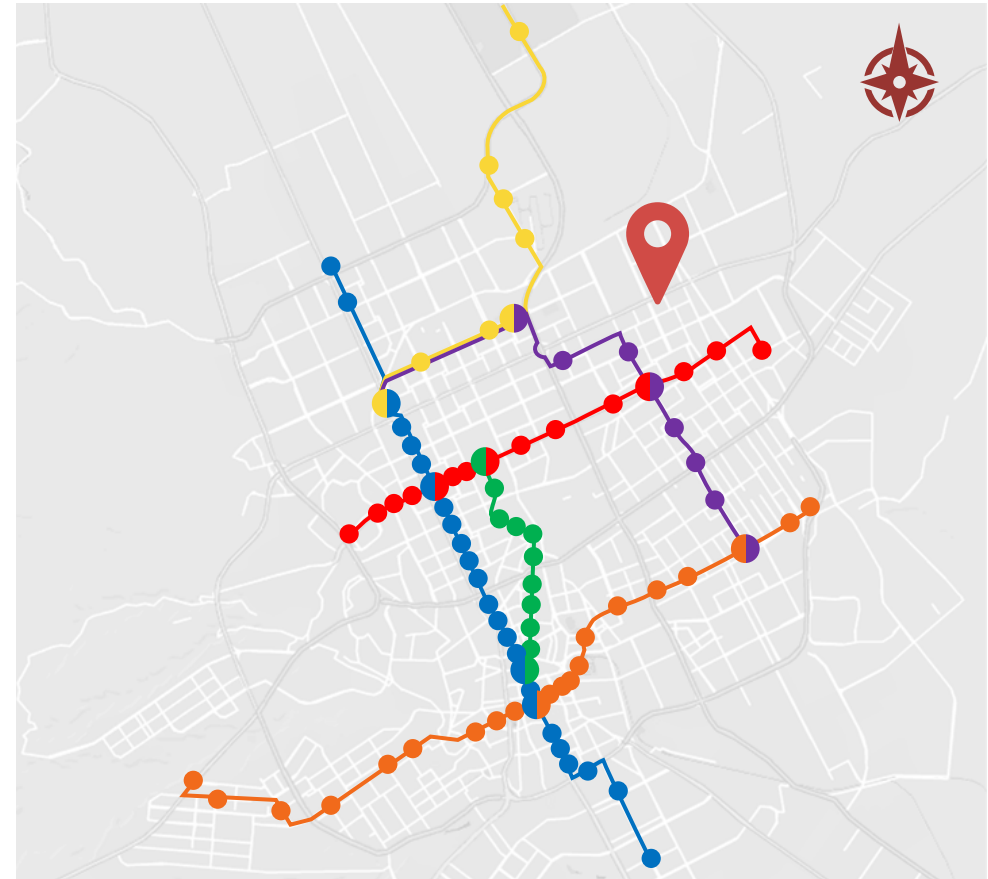
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including 756 metro cars, 85 stations, six metro lines and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



### Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



# Site Location Analysis

## Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير  
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

### Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

### Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

### Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

### King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

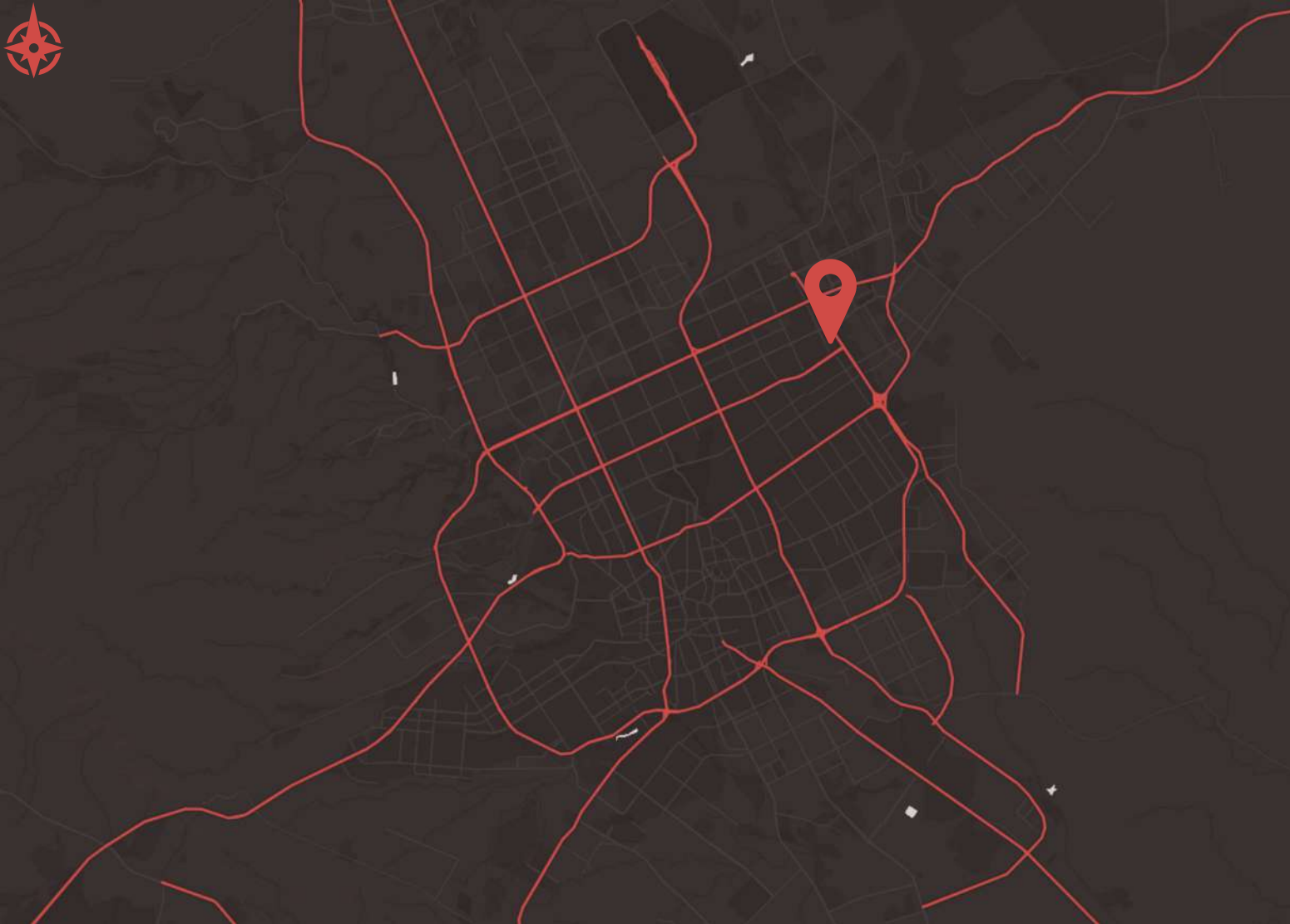


# Site Location Analysis

## The Property at City Level



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The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of **10.5 million** in **2021**.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around **1,913 square kilometers**.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately **34 kilometers** from the city center and **22 kilometers** from King Khalid International Airport.



# Site Location Analysis

## The Property at District Level



The Subject Property is a medical college for three majors, dental, nursing, and the College of Medicine. The college extends over a land area of **17,046** square meters with a building area of **44,113.54** sqm.

The college consists of five floors, including two underground parking floors with a capacity of up to **480** parking spaces and three service floors.

The three floors consist of 52 educational rooms, 24 laboratories, laboratories and training rooms, 52 dental clinics, a library, and two gyms. In addition to offices, 3 restrooms, cafes, and 2 playgrounds.

The college is located on Bahr Al Arab Street in Ishbilyah district, in Riyadh.

The Subject Property is 11.5 y/o and no renovation took place.

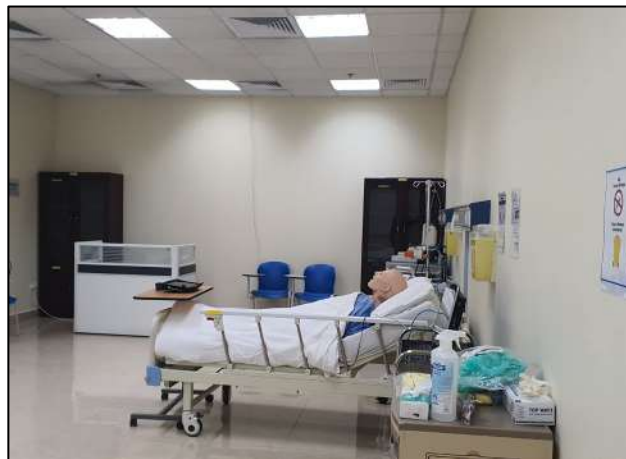


# Site Location Analysis

## Subject Property Photos



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# Site Location Analysis

## Subject Property Photos



أبجداد  
للتقييم العقاري





## Property Details

- Title Information

# Tenure

## Property Information

### Property Details

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Al-Malqa Compound
Plot No.	4
District	Ishbilyah
Street Name	Bahr Al Arab St.
Coordinates	<u>24°47'30.5"N</u> <u>46°48'08.3"E</u>
City	Riyadh
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. <b>493225000302</b>
	Deed Date <b>26/1/1442H</b>

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	180	-	Local	15	1
South	180	-	Neighbor	-	1
East	94.7	-	Neighbor	-	1
West	94.7	Bahr Al Arab St.	Commercial	40	1

- Sources: Title Deed

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.



# Valuation

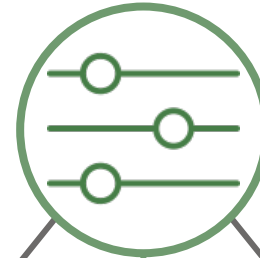
- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Method
- Income Method of Valuation
- Summary of Value



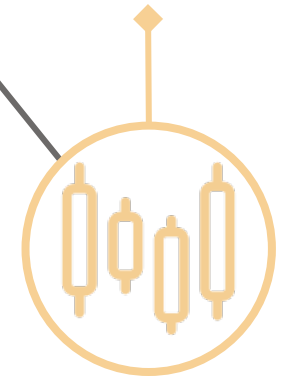
**Long-term contract risks**  
The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives 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 .



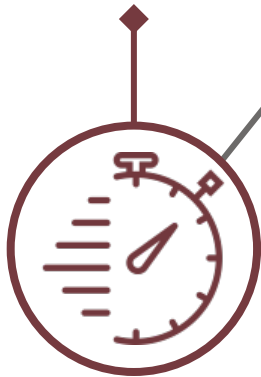
**Economic risk**  
The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



**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 .



### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach

### Valuation Methods Used

- When selecting the best approach to assess the value of the subject property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the subject property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- **According to the information provided by the client**, the lease contract period is 25 years, starting on 9/15/2020. Income for the remaining years will be calculated based on the lease agreement, as shown in the following table

Payments Date	No. of Payments	Payment (SAR)
9/15/2020 to 3/15/3/2025	10 Payments	8,000,000
9/14/2025 to 3/14/3/2030	10 Payments	8,400,000
9/13/2030 to 3/13/3/2035	10 Payments	8,820,000
9/12/2035 to 3/11/3/2040	10 Payments	9,261,000
9/10/2040 to 3/8/2045	10 Payments	9,724,050

### Cap Rate

- Cap Rate used is 7.00%.

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 9.5%.

# Valuation

## Income Approach



- As a result of the prior information, cash flows were calculated to reach the value of the subject property. The cash flow covers a period of 22.5 years based on the lease contract. The cash flow was demonstrated per 6 months periods.
- Inflation Rate: Discounted cash flows are calculated at an annual inflation rate of 2.8% per annum by taking the average rate of inflation in the domestic product of the Kingdom of Saudi Arabia for the past 12 years as per the Central Bank of Saudi Arabia.
- 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 applied a discount rate of 9.5%.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 7.00% has been reached.

### Summary of Cash Flow Calculations:

Period (6 months)	1	2	3	4	5	42	43	44	45
Occupancy (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
GPI (SAR)	8,000,000	8,000,000	8,000,000	8,000,000	8,400,000	9,724,050	9,724,050	9,724,050	10,210,253
NOI (SAR)	8,000,000	8,000,000	8,000,000	8,000,000	8,400,000	9,724,050	9,724,050	9,724,050	10,210,253
TV									284,775,750
Fair Value (SAR)	<b>203,490,000</b>								



# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of **30 June 2023** is:

- **203,490,000 SAR** (Two Hundred Three Million Four Hundred Ninety Thousand Saudi Riyal Only).



أبعاد  
للتقييم العقاري

### Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: **1210000219**  
Fellow Member  
Membership Date: **22/12/2015**  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: **1210000392**  
Fellow Member  
Membership Date: **24/01/2016**  
Real Estate Sector

Eng. Yousuf Abdullah Khan  
Taqeem ID: **1220001989**  
Provisional Member  
Membership Date: **17/09/2020**  
Real Estate Sector

Company Stamp

Company Name: Abaad &  
Partner for Real Estate Valuation  
Company No. **11000111**  
CR No: **4030297686**  
CL No: **323/18/781**





# Appendix

- Valuation Glossary
- Subject Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





**أبعاد**  
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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:**

King Abdulaziz Road,  
6935 Ar-Rabi District,  
1st Floor, Office 1,  
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:  
Universal Access Number: **920004134**

**Eng. Ammar Sindi**

CEO

**Mobile:** +966 (50) 730 0500

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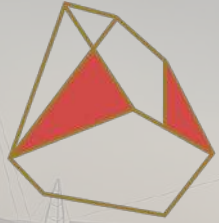
**Eng. Ammar Qutub**

Executive Director

**Mobile:** +966 (55) 556 2500

**Email:** [ammarq@sa-abaad.com](mailto:ammarq@sa-abaad.com)





أبعاد  
للتقييم العقاري

Final Valuation Report

## Vision Colleges Training Center, Riyadh

Client / AlKhabeer Capital

18 July 2023

V230095

الخبير المالية  
Alkhabeer Capital



# Introduction



Dear / Alkhabeer Capital

**The Subject:** Valuation of Vision Colleges Training Center, Riyadh

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi  
Chief Executive Officer

## Version Control

Details	Information
Status	Final
Reference Number	V230095
Proposal Reference Number	P230176

Registration Certificate



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للتقييم العقاري

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## Executive Summary

- Summary of the Report
- General Terms and Conditions

# Executive Summary

## Report Summary

- Vision Training Center is under construction and is in the concrete construction phase. While some concrete block masonry is still in progress, the structural concrete front portion of the building has been completed. The concreting of the column foundation and the rear portion is still in progress. According to the customer's knowledge, the project is still in the design stage and the construction has stopped. Work is scheduled to resume in 2023
- The center extends over a land area of 11,340 square meters with a built-up area of 37,448.67 square meters.
- The center is located on Bahr Al Arab Street in Ishbilyah district in the Riyadh region.

## Property Information

Site Details	Information
District	Ishbilyah
Use	Mixed
Tenure	Restricted Ownership
Number of Title Deed	598507008764
Date of Title Deed	15/10/1442H
Land Area (sqm)	11.340
Total BUA(sqm)	37,448.67
Owner	Awwal Al Malqa Real Estate Company

## Valuation Summary

Details	Information
Purpose of Valuation	Financial Statements
Other independent Users	Fund Manager and Investors – Report Reviewers
Report Type	Detailed report
Date of Approval	29 May 2023
Date of Inspection	11 June 2023
Date of Valuation	30 June 2023
Basis of Value	Fair Value
Valuation Hypothesis	Current use
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property fair value	<b>79,870,000</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

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

# Valuation Conditions



## Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the fair value by the required date.

## Subject of Valuation:

- The subject of the valuation is the assessment of the Fair Value of Vision Colleges Training Center, Riyadh, for Financial statements Purposes.

## Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

## Valuation Approach:

- The approach used in valuation is the income approach.

## Basis of Valuation:

- Our valuation will be submitted on the basis of the fair value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- Our valuation will be presented on the basis of fair value, which is defined in accordance with the International Valuation Standards (IVS) in 2022 as follows:
- International Accounting Standard No. (13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Valuation Date

- We confirm that the valuation was carried out on 30 June 2023.

## Inspection Date:

- We confirm that the inspection was carried out on 12 June 2023.

## Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

## The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details

We, therefore, assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



## Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Report Validity

# Disclaimers



## Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

## Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

## Important Assumptions and Special Assumptions

- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such.
- No important assumptions or any special assumptions were applied.

## Report Validity

- This report is valid for 120 days from Valuation Date unless something changes in the real estate market that affects the value of the property, such as government decisions.





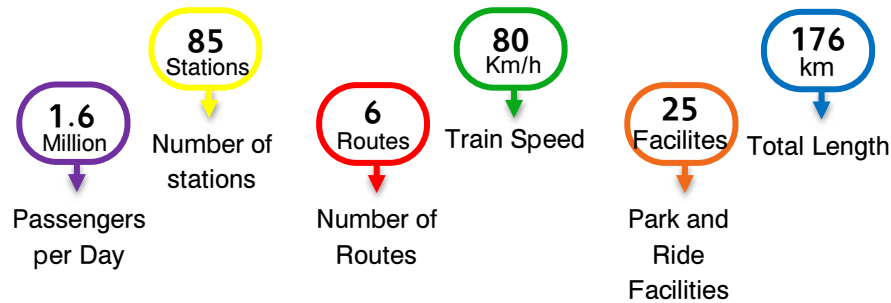
## Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

# Site Location Analysis

## Public Transport – Riyadh Metro

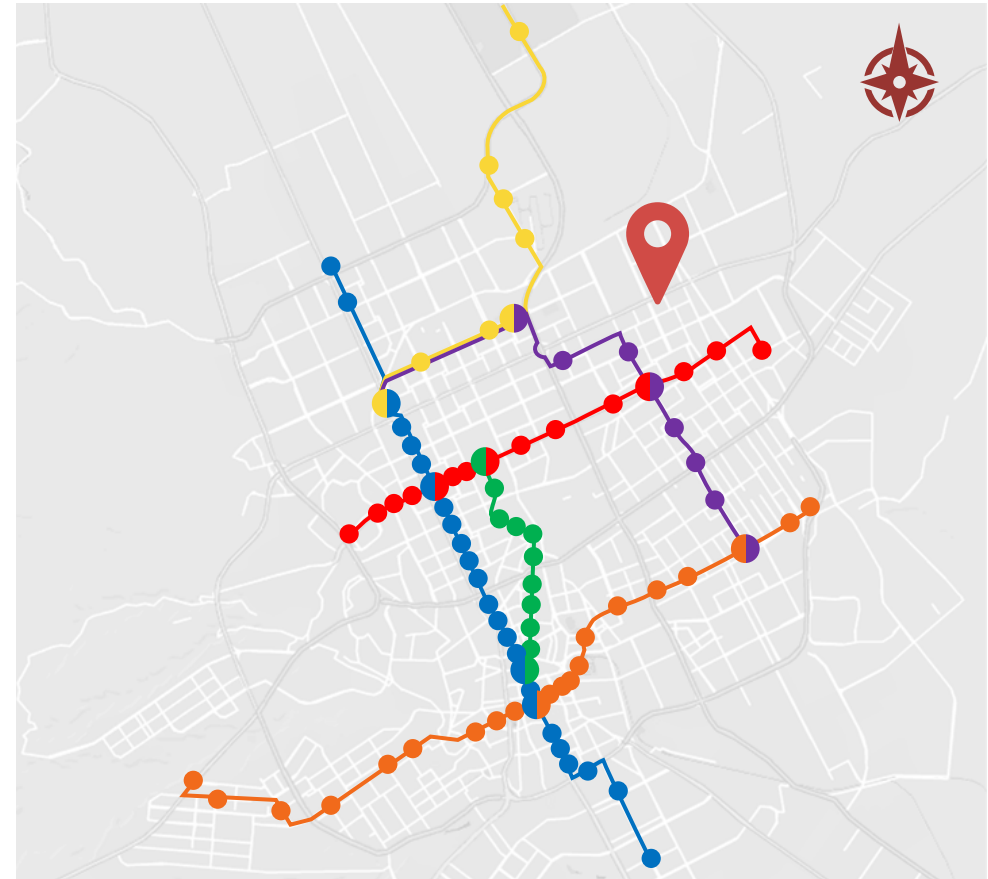
- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including 756 metro cars, 85 stations, six metro lines and a network spanning 176 kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



### Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



# Site Location Analysis

## Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير  
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

### Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

### Riyadh Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

### Green Riyadh



The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

### King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

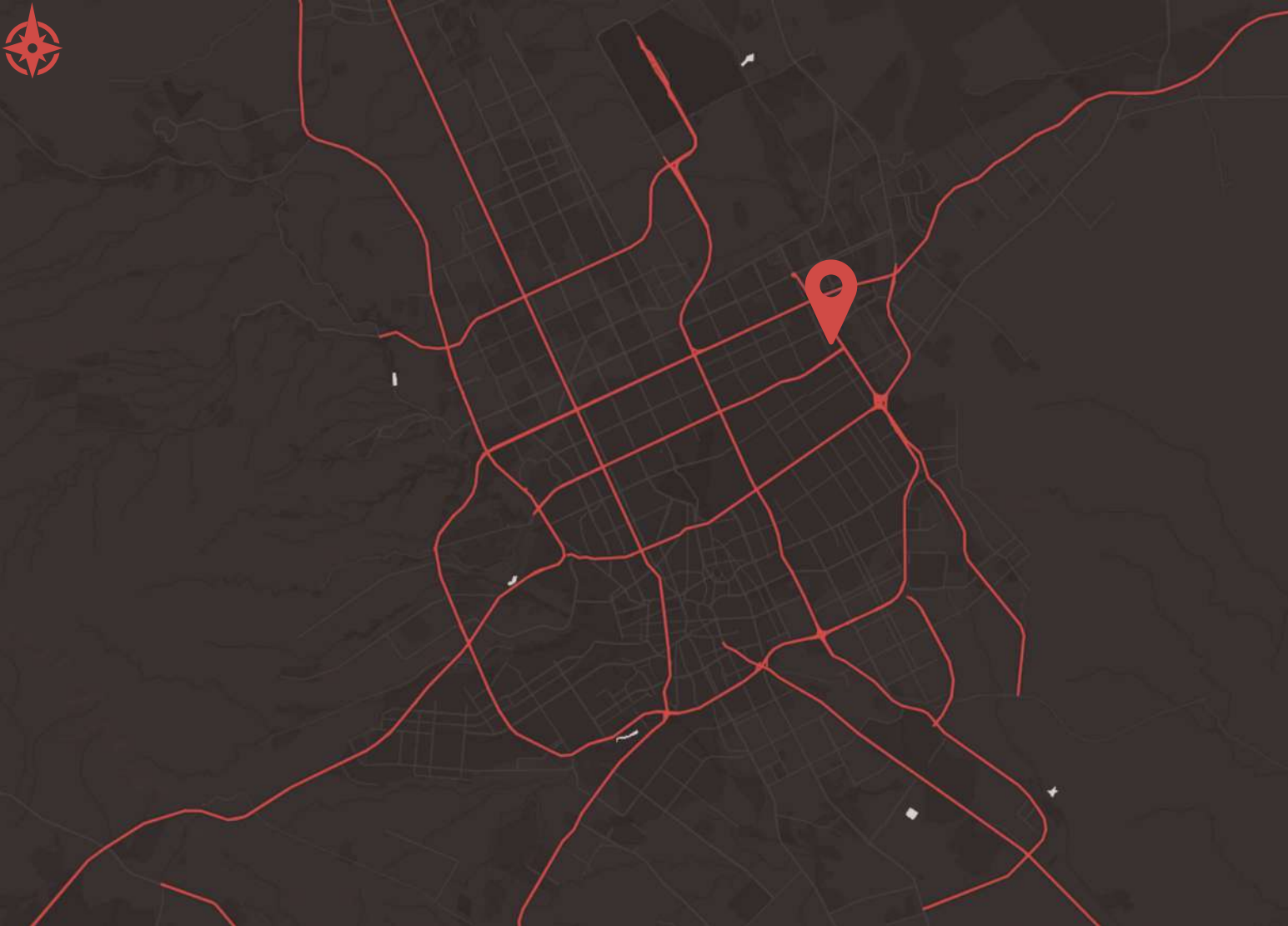


# Site Location Analysis

## The Property at City Level



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The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia, and the largest of its cities. Riyadh is the largest Saudi city, with a total population of **10.5 million** in **2021**.

Riyadh is one of the largest Arabic cities in terms of area. The developed area of the city is around **1,913 square kilometers**.

Riyadh is witnessing significant infrastructure and public transport development, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The Subject property is approximately **34 kilometers** from the city center and **22 kilometers** from King Khalid International Airport.



# Site Location Analysis

## The Property at District Level



Vision Training Center is under construction and is in the concrete construction phase. While some concrete block masonry is still in progress, the structural concrete front portion of the building has been completed. The concreting of the column foundation and the rear portion is still in progress. According to the customer's knowledge, the project is still in the design stage and the construction has stopped. Work is scheduled to resume in 2023

The center extends over a land area of 11,340 square meters with a built-up area of 37,448.67 square meters.

The center is located on Bahr Al Arab Street in Ishbiliyah district in the Riyadh region.



# Site Location Analysis

## Subject Property Photos



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للتقييم العقاري





## Property Details

- Title Information

# Tenure

## Property Information



### Property Details

ID	Description
Owner	Awwal Almalga Real Estate Company
Property Name	Vision Colleges Training Center
Plot No.	Í/16-Í/10
District	Ishbilyah
Street Name	Bahr Al Arab St.
Coordinates	24°47'33.3"N 46°48'04.7"E
City	Riyadh
Ownership Type	Restricted Ownership
Title Deed Info	Deed No. 598507008764
	Deed Date 15/10/1442H

### Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	180	-	Local	15	1
South	135	-	Local	15	1
East	84	-	Local	15	1
West	84	شارع بحر العرب	Commercial	40	1

- Sources: Title Deed

No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.



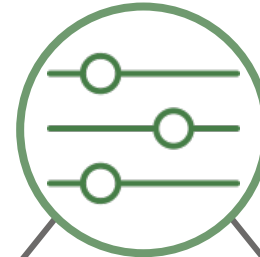
# Valuation

- Analysis of Property Risks
- Market Study-Demand and Supply
- Valuation Method
- Income Method of Valuation
- Summary of Value

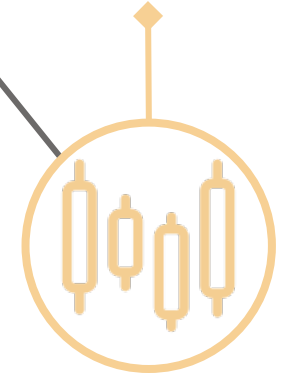
**Long-term contract risks**  
The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives 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 .



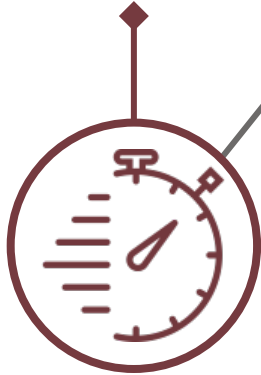
**Economic risk**  
The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.



**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 .





### Office

- In the first three months of **2023**, around **50,000** sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately **4.9** million sq. m. in the capital and **1.2** million sq. m. in Jeddah. Over the remainder of this year, an additional **61,000** sq. m. and **583,000** sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to **1%** in **Q1 2023**. As a result, average Grade A rents increased by **19%** year-on-year (Y-o-Y) to reach **SAR 1,764** per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by **15%** Y-o-Y to reach **SAR 1,199** per sq. m. per annum in the first quarter of **2023**. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at **8%** in **Q1 2023**.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: JII

### Residential

- Riyadh witnessed the completion of close to **7,800** residential units in **Q1 2023**, pushing up the total stock to **1.4** million residential units. Over the same period, **4,400** units were handed over in Jeddah to bring the city's residential inventory to **864,000** units. In the remaining months of this year, **45,000** units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, **100** million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of **2023**, average sale prices and rents in Riyadh increased by **7%** and **2%**, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by **11%** annually, and average rents climbed by **9%**.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of **6%** in the capital and **17%** in Jeddah, in **Q1 2023**. Over the same period, rents for apartments grew by **4%** in Riyadh and **13%** in Jeddah.

Source of Info: JII

### Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11% and 8%, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6% across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: JII

### Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76%, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54% and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: JII

# Valuation

## Valuation Approach



### Valuation Methods Used

- When selecting the best approach to assess the value of the subject property, we have taken into consideration the information provided by the Client, the current condition of the property and our own analysis of the local market conditions. When determining the fair value of the subject property, we have used the following methods and approaches:

### Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analyzing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

### Key Assumptions in the Discounted Cash Flow Method:

#### Revenues

- **According to the information provided by the client**, the lease contract period is 25 years, starting on 9/15/2021. Income for the remaining years will be calculated based on the lease agreement, as shown in the following table

Payments Date	No. of Payments	Payment (SAR)
9/15/2021 to 3/15/3/2026	10 Payments	3,250,000
9/14/2026 to 3/14/3/2031	10 Payments	3,412,500
9/13/2031 to 3/13/3/2036	10 Payments	3,583,125
9/12/2036 to 3/11/3/2041	10 Payments	3,762,281
9/10/2041 to 3/8/2045	10 Payments	3,950,395

### Cap Rate

- Cap Rate used is 7.00%.

### Discount Rate

- Based on our understanding of similar properties in the area of the property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 9.50%.

# Valuation

## Income Approach



- As a result of the prior information, cash flows were calculated to reach the value of the subject property. The cash flow covers a period of 22.5 years based on the lease contract. The cash flow was demonstrates every 6 months period.
- 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 applied a discount rate of 9.5%.
- Rate of return on capital: The rate of return is calculated according to the location of the property and the type of construction, as well as the field and office research for similar rates of return to the property under valuation, and according to our understanding of the real estate market in the Kingdom, a rate of 7.00% has been reached.

### Summary of Cash Flow Calculations:

Period (6 months)	1	2	3	4	5	42	43	44	45
Occupancy (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
GPI (SAR)	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,950,395	3,950,395	3,950,395	3,950,395
NOI (SAR)	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,950,395	3,950,395	3,950,395	3,950,395
TV									112,868,438
Fair Value (SAR)	<b>79,870,000</b>								

# 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 and detail within this report, may be fairly stated as follows:

The fair value of the property using the income approach as of **30 June 2023** is:

- **79,870,000 SAR** (Seventy-Nine Million Eight Hundred Seventy Thousand Saudi Riyal).



أبعاد  
للتقييم العقاري

### Signatures

Eng. Ammar Abdulaziz Sindi  
Taqeem ID: **1210000219**  
Fellow Member  
Membership Date: **22/12/2015**  
Real Estate Sector

Eng. Ammar Mohamed Qutub  
Taqeem ID: **1210000392**  
Fellow Member  
Membership Date: **24/01/2016**  
Real Estate Sector

Eng. Yousuf Abdullah Khan  
Taqeem ID: **1220001989**  
Provisional Member  
Membership Date: **17/09/2020**  
Real Estate Sector

Company Stamp

Company Name: Abaad &  
Partner for Real Estate Valuation  
Company No. **11000111**  
CR No: **4030297686**  
CL No: **323/18/781**







# Appendix

- Valuation Glossary
- Subject Property Documents

## General Terms Used in the Preparation of the Valuation Report

### Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

### Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

### Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

### Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

### May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

### Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

### Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the fair value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

### Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.





**أبعاد**  
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