

Table of contents

Heading	Page
<u>Al-Rafiah Residential Complex</u>	2-33
<u>Al Maather Residential Complex</u>	34-64
<u>Othman bin Affan Complex (Strip Mall)</u>	65-98
<u>City Walk Dubai</u>	99-126
<u>Abha</u>	127-159
<u>Medina</u>	160-194
<u>Jazan</u>	195-229
<u>Riyadh - Al-Sahafa District</u>	230-263



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115285

Al-Rafiah Residential Complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**residential complex**) in the city of (**Riyadh**), district of (**Al-Rafiah**), having an area of (**61,390.81**) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (**183,858,000**) Saudi riyals, as documented in this report


General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310110038095	Deed no.	Saudi Fransi Capital Company	Customer name
08/03/1439H	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
3660	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Residential complex	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al-Rafiah	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	61,390.81 m²	Raw land area of the property
2021/12/15	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
183,858,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

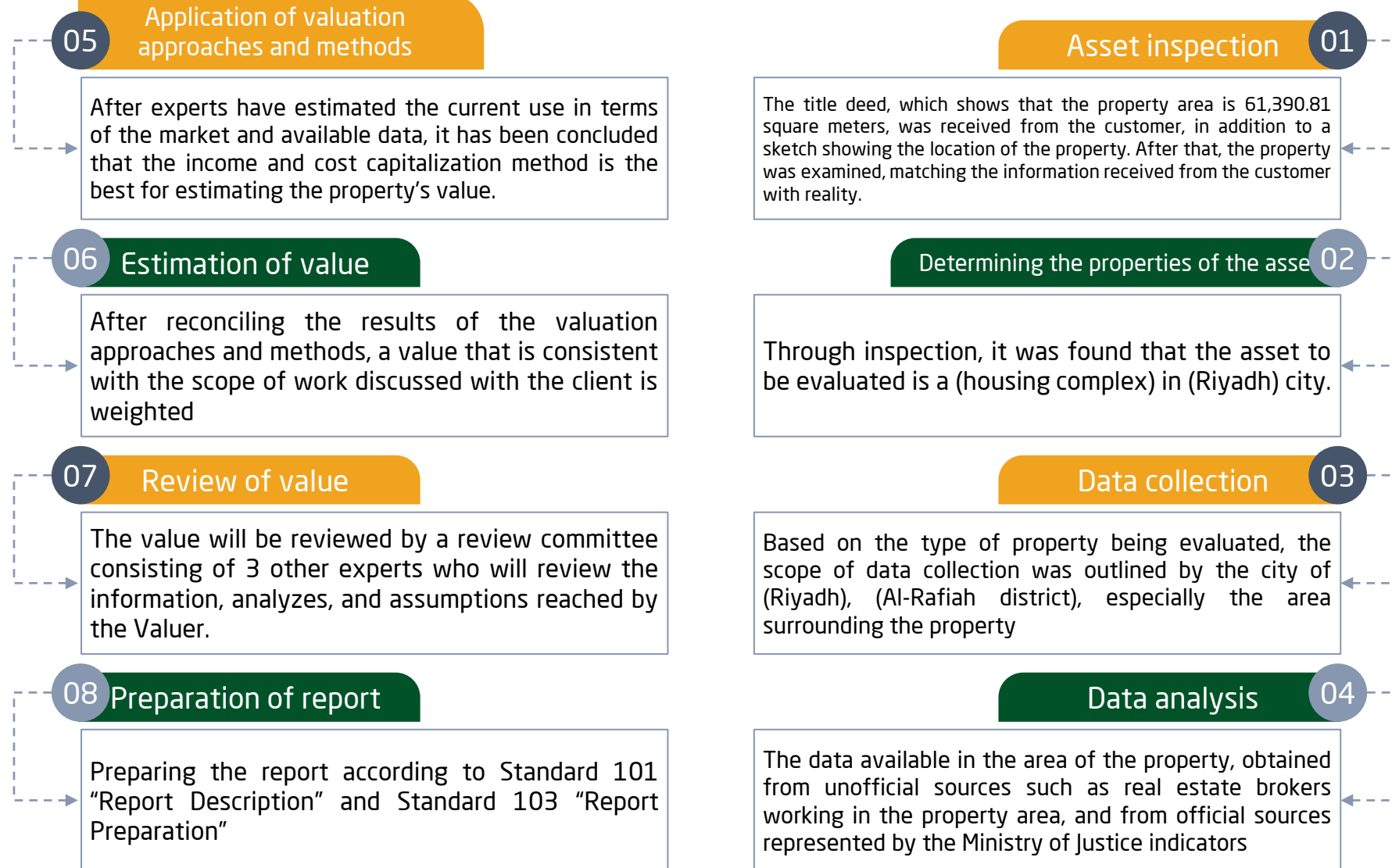
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
-	Usage

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

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

Work Scope	Details
Value basis (Value type)	<p>Market value: The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph 1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the
property

Property Description

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

General
description











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

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

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

Property Description

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

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

Property Description

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

Property income analysis

Total revenues:

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

Occupancy rates:

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

Operation and maintenance expenses:

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

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Residential land, area: 450 m, value per square meter: 3000 riyals
2	Residential land area: 450 m meter value: 2600 riyals
3	Residential land, area: 434 m, value per square meter: 3400 riyals
4	Residential land, area: 520 m, value per square meter: 3200 riyals
5	Residential land, area: 339 m, meter value: 3600 riyals

Evaluation results

✓ First Approach: (Cost Approach)

Conclusion

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

Cost Approach (Substitution Approach)			
sq./m		26,722	Building repetitive floors
Riyal		1,900	Building cost per meter/recurring floors
Riyal		50,770,850	Building construction costs/recurring floors
Riyal		50,770,850	Total construction costs

	of building costs %	Value	Other costs
%	5.0%	2,538,543	Professional fees
%	5.0%	2,538,543	Facilities network
%	10.0%	5,077,085	Administration costs
%	6.0%	4,569,377	Financing costs (3 years/50%)
%	15.0%	7,615,628	Contractor's profit
Riyal		73,110,024	Total building costs before depreciation
Year		40.0	Life span of the building
Year		34.0	Remaining economic life
Year		6.0	Effective life
%		15.00%	Gross depreciation rate
Riyal		10,966,504	Depreciation costs
Riyal		62,143,520	Net construction costs after depreciation

Sq.m	61,391	Land area
Riyal	1,050	Land meter value
Riyal	64,460,351	Total land value
Riyal	126,603,871	Total property value
Riyal	126,604,000	Property value (approximately)

Evaluation results

Conclusion

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

✓ Second Approach: (Income Capitalization Method)

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

Evaluation results

Conclusion

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

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

- ✓ **Income capitalization method has been adopted.**

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions


General Director
Ahmed bin Ali Al-Talei

Membership Number
(1210000272)




Director of the Evaluation
Department

Abdullah Al Mahfouz
Membership Number
(1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

[illegible][illegible][illegible]

Building permit scanned photos

[illegible][illegible]

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115286

Al-Maather Residential Complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a **(residential complex)** in the city of **(Riyadh)**, district of **(Al-Maather)**, having an area of **(1,923.60)** m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to **(5,950,000)** Saudi riyals, as documented in this report.


General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310123032117	Deed no.	Saudi Fransi Capital Company	Customer name
1439/03/05	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Residential complex	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al-Ma’ather	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	1,923.60 m²	Raw land area of the property
2021/12/16	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
5,950,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

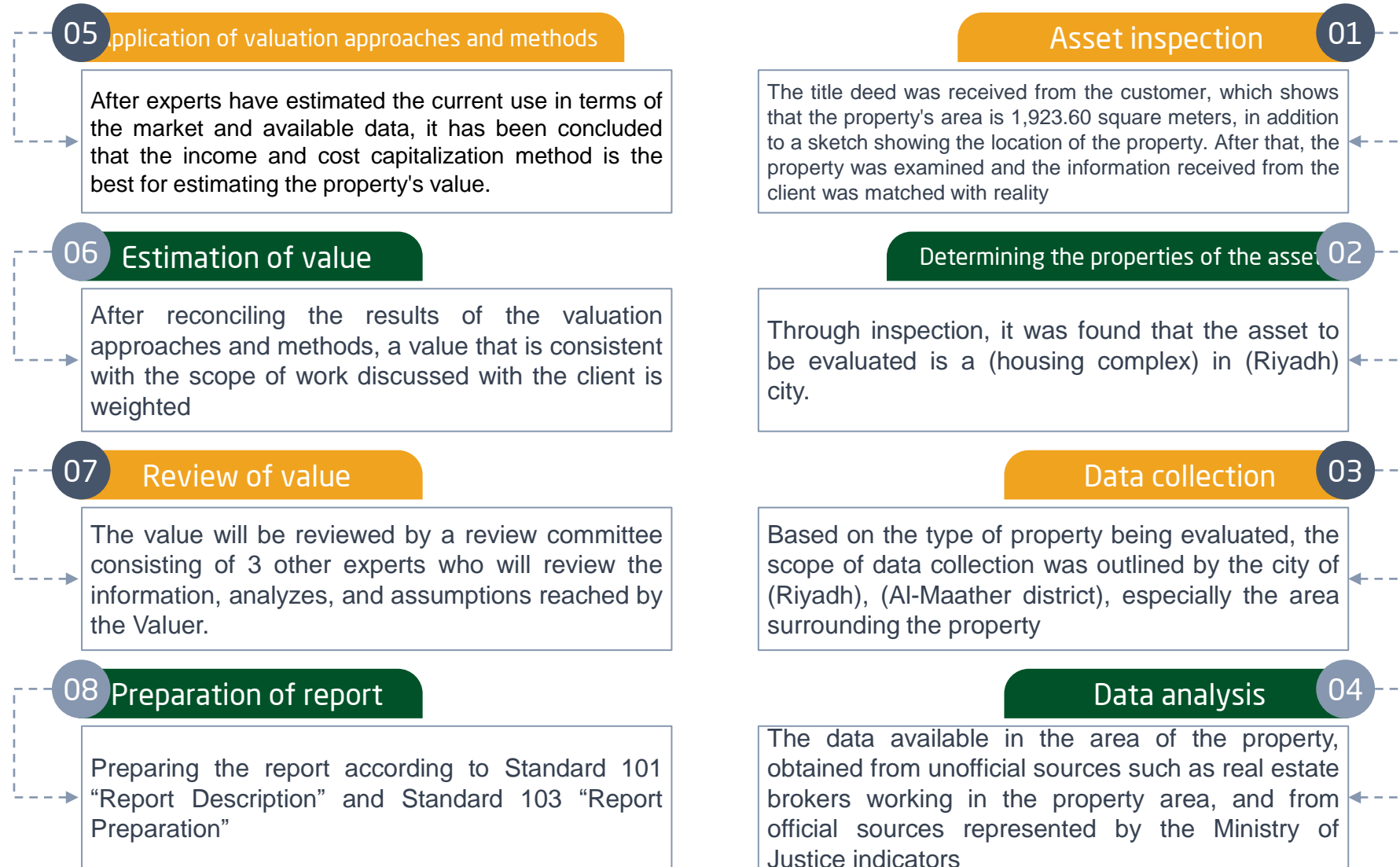
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
Internal Use	Usage

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

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

Work Scope	Details
Value basis (Value type)	<p>Market value: The estimated amount on which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller within a framework of a transaction on an impartial basis after appropriate marketing whereas each party acts with knowledge and wisdom without coercion or force.</p> <p>Source: International Valuation Standards 2020 page 36, paragraph 1,3</p>
State of uncertainty	It is the state resulting from the lack of evidence and indicators at a certain period of time that enables the valuator to perform the valuation process in the best way
Restrictions on usage Distribution or publication	<p>This report is for the purpose for which it was prepared and shall not be used, circulated, quoted or otherwise referred to in any case for any other purpose. Accordingly, the Company or the valuator shall not be liable for any loss suffered by any party as a result of using the valuation report in violation of the provisions of this section. The evaluator reserves all rights to issue the valuation report. This report shall not be reproduced in any manner without an explicit consent of the Company. This report shall not be submitted to any party other than those referred to in it without the explicit consent of the Company. As a precaution, the Company and the valuator reserve the right to make any adjustments and to make any review of the valuation or support the result of the valuation under specific circumstances.</p> <p>The Company reserves the right, without any obligation, to review the valuation accounts and to amend and revise its findings in the light of information that existed at the date of the valuation but which was subsequently made clear.</p>
Compliance with international valuation standards	The methodologies adopted by the company in the field of valuation, which are based on sound foundations and solid constants in line with local and international standards in force, especially the application of the International Valuation Standards 2020
Valuator's neutrality	Tathmen and its representatives, whether residents or assistants, carried out the valuation process without bias. They also work with objectivity and enjoy independence from the client and his subsidiaries or affiliates. Tathmen and its representatives have no current or potential interest with the client or any of his subsidiaries or affiliates. They are not also among those who know the insides of the client's affairs or though who have internal relations or links with the client, his subsidiaries or affiliates. Moreover, the valuator's fees for the valuation process are not conditional on the findings reached or any other events. In case the Company obtained a significant assistance from another party regarding an important aspect of the valuation, the nature of this assistance and the extent of reliance on it, if any, shall be mentioned and documented in the report

(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

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



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

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

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

Property Description

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

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

Property Description

Important data about the property	
Property Name	Al-Maather Residential Complex
Location	Al-Maather neighbourhood, Riyadh city
Property type	Residential complex
Property age	19 year
Land area (sqm)	1,923.60
Construction area	1,906
Number of floors	2
Property components	7 residential units (villas) each consists of three rooms
Current lease contracts	6 units are leased out of 7 units
Contracts period	One year renewable contracts
Occupancy rate for leased units	86 %
Total current income (riyal)	595,000
Operating and maintenance costs (riyal)	119,000
Net operational income (riyal)	476,000

Property income analysis

❖ **Total revenues:**

The residential complex is leased to six individual tenants. The annual rents for the leased units are 595,000 riyals. These rents are expected to increase in the coming period, as they are less than the rental rates prevailing in the market.

❖ **Occupancy rates:**

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

❖ **Operation and maintenance expenses:**

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation by the end of present year amounted to 119.000 riyals. It represents about 20% of the total revenue that is a similar percentage to similar properties. .

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Settlement of comparisons



0% + -	Comparison 3	0% + -	Comparison 2	0% + -	Comparison 1	Property needs to be assessed	Settlements
	4,000		3,703		4,000		Price per sq. meter
-20.0%	650	-20.0%	486	-20.0%	575	1,924	Area (m2)
0.0%	residential	0.0%	residential	0.0%	residential	residential	Type of usage
0.0%	2	0.0%	2	-5.0%	3	2	The front
0.0%	good	0.0%	good	0.0%	good	good	Easily accessible
0.0%	Two roads	0.0%	Two roads	0.0%	Two roads	Two roads	Close to main road
0.0%	close	0.0%	close	0.0%	close	close	Close to utilities
0.0%	All services are available	0.0%	All services are available	0.0%	All services are available	All services are available	Available services
0.0%	2021	0.0%	2021	0.0%	2021	2021	Market status (assessed or sold)
-10.0%		-10.0%		-10.0%			Distinguished location
-30.0%		-30.0%		-35.0%			Net assessment
	2,870		2,592		2,600		Net market price after settlement (SAR)
					2,687		Average price per meter (SR / m2)
					2,700		Price per meter after rounding

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

Cost approach (Substitution approach)			
sq./m		1,906	Building recurring floors
Riyal		1,100	Building cost per meter/recurring floors
Riyal		2,096,600	The construction costs of buildings / recurring floors
Riyal		2,096,600	Total building costs

	of building % costs	value	Other costs
%	5.0%	104,830	Professional fees
%	5.0%	104,830	Facilities network
%	5.0%	104,830	Administration costs
%	6.0%	188,694	Financing costs (3 years/50%)
%	15.0%	314,490	Contractor's profit
Riyal		2,914,274	Total building costs before depreciation
Year		40.0	Life span of the building
Year		20.0	Remaining economic life
Year		20.0	Effective life
%		50.00%	Gross depreciation rate
Riyal		1,457,137	Depreciation costs
Riyal		1,457,137	Net construction costs after depreciation

Sq.m	1,924	Land area
Riyal	2,700	Land value per meter
Riyal	5,193,720	Total land value
Riyal	6,650,857	Total property value
Riyal	6,651,000	Total property value (approximately)

Evaluation Results | Income method (income capitalization)

Conclusion

✓ Second Approach: Income approach (income capitalization)

Income capitalization method (according to customer data)	
595,000	Effective income
20%	Operation and maintenance expense ratio
119,000	Operating and maintenance expenses
476,000	Net income
8.0%	Capitalization factor
5,950,000	Total property value
5,950,000	Total property value approximately

Evaluation results

Conclusion

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

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

- ✓ Income capitalization method has been adopted.

Income capitalization method (according to customer data)
Area
1,923.60
Total property value
5,950,000
FIVE MILLION NINE HUNDRED FIFTY THOUSAND

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

[illegible][illegible]

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115287

Al-Narjis Commercial Complex

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**commercial complex**) in the city of (**Riyadh**), district of (**Al-Narjis**), having an area of (**5.100**) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the commercial complex) is equal to (**15,956,000**) Saudi riyals, as documented in this report.


General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
310114039546 +310114039547	Deed no.	Saudi Fransi Capital Company	Customer name
1439/03/05	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
2737	Plan no.	REIT Fund	Purpose of evaluation
, 128, 127 , 126 120, 121, 122	Plot no.	Mall	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al-Narjis	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	5,100 m²	Land area of the property
2021/12/17	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
15,956,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

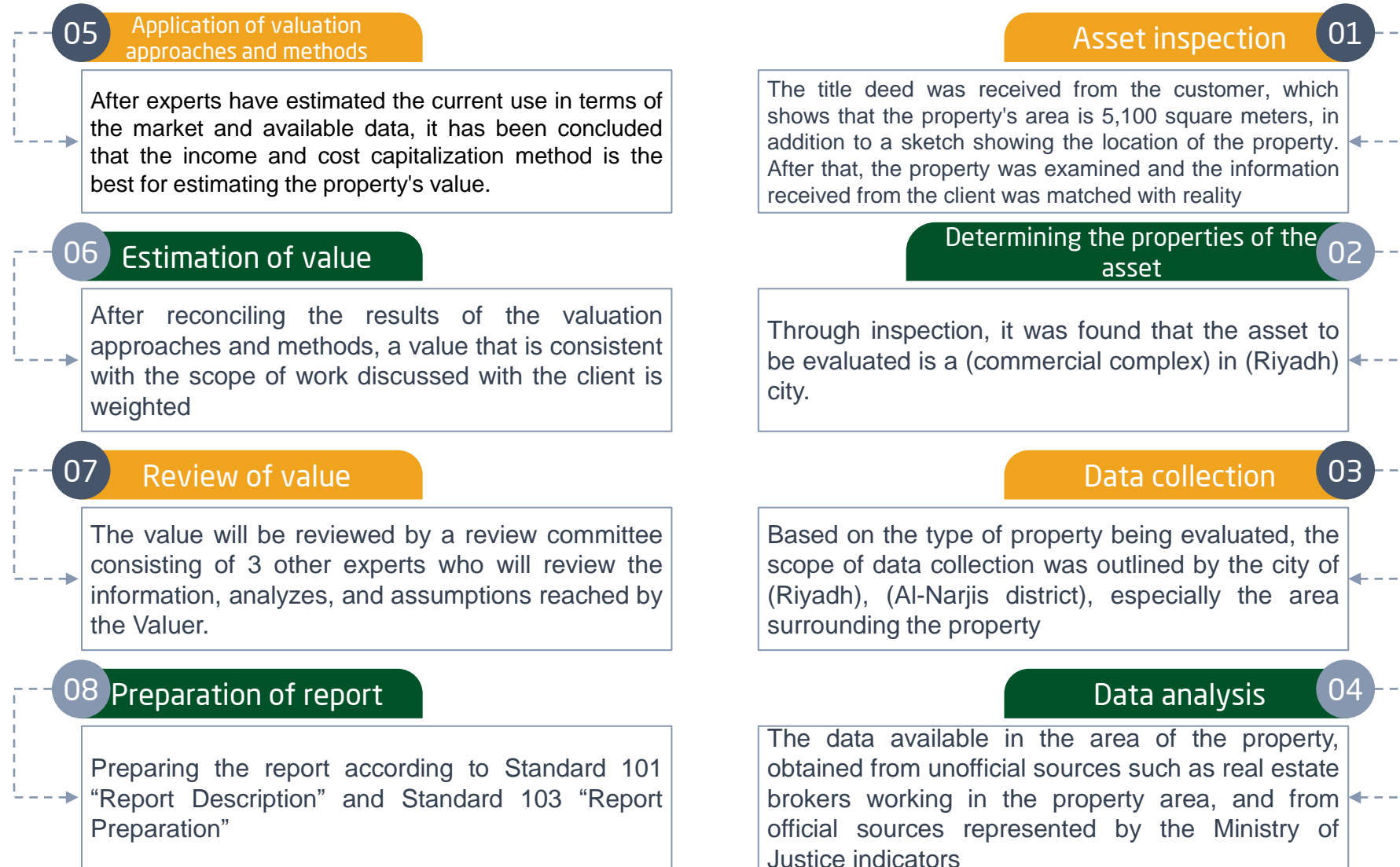
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
Internal Use	Usage

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

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

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

(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

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

General description











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

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

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

Property Description

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

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

Property Description

Property data	
Property Name	Al Rashid Strip Mall
Location	Al Narjis neighbourhood , Riyadh City
Property type	Commercial complex
Property age	1
Land are (square meters)	5,100 sqm
Construction area	4,406
Number of floors	1
Property components	Seven showrooms
Total current income (riyal)	1,202,500
Operation and maintenance costs (riyal)	124,892
Net operational income (riyal)	1,077,608

Property income analysis

Total revenues:

The commercial complex is leased to five main tenants. The annual revenue of the complex is 1,202,500 riyals, as they rent an area of 4,239 square meters, so the average value of the rental meter is about 283 riyals. These rents are less than the rates prevailing in the vicinity of the property, so it is expected that they will increase in the coming years.

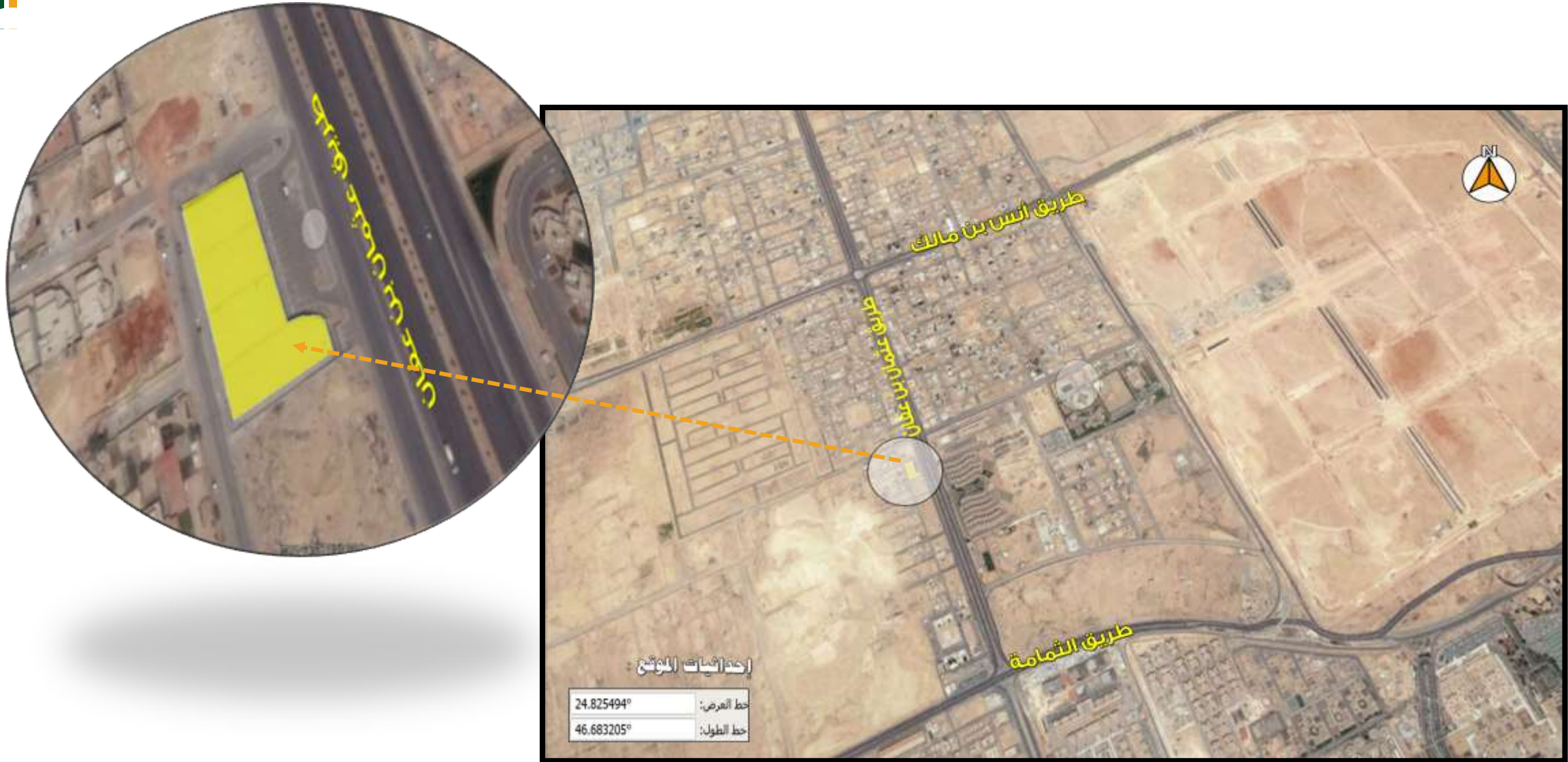
Occupancy rates:

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

Operation and maintenance expenses:

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial data sent by the customer, expenses for operation by the end of present year amounted to 124,892 riyals. It represents about 10% of the total real estate income, and this percentage is good compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Valuation result

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Commercial land area of 1050 square meters, the price per square meter is 6666 riyals
2	Residential commercial land area of 900 square meters, the price per square meter is 6500 riyals
3	Commercial land area of 2100 square meters, the price per square meter is 6500 riyals
4	Residential land area of 1270 square meters, the price per square meter is 5632 riyals

Rents comparisons



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

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

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

Cost method (substitution method)			
Sq./m		4,406	Recurring floors building surfaces
riyal		700	Building cost per meter/recurring floors
riyal		3,084,200	Construction costs for buildings /recurring floors
riyal		3,084,200	Total construction costs

	Of building costs %	Value	Other costs
%	5.0%	154,210	Professional fees
%	5.0%	154,210	Utilities network
%	5.0%	154,210	Administration costs
%	6.0%	277,578	Financing costs (3 years/50%)
%	20.0%	616,840	Contractor's profit
riyal		4,441,248	Total building costs before depreciation
year		40.0	Life span of the building
year		36.5	Remaining economic life
year		3.5	Effective life span
%		8.75%	Gross depreciation rate
riyal		388,609	Depreciation costs
riyal		4,052,639	Net construction costs after depreciation

Sq./m	5,100	Land area
riyal	4,400	Land meter value
riyal	22,440,000	Total land value
riyal	26,492,639	Total property value
riyal	26,493,000	Property value (approximately)

Evaluation Results | Income approach (income capitalization)

Conclusion

- ✓ Second Approach: Income approach (income capitalization)

Income capitalization method (depending on customer data)	
The value	Item
1,202,500	current effective income
10%	Operation and maintenance expense ratio
124,982	The value of operating and maintenance expenses
1,077,608	Net income
8.5%	Capitalization rate
12,677,742	Property value
12,678,000	Total property value (approximately)

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

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

Assumptions of calculating recoverable amount:

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

Revenue assumptions:

- The total current revenues amounted to 1, 202, 500 riyals, as a result of leasing all available space in the property amounting to 4,239 SQM.
- It is assumed that revenues will increase by 5% annually from the year 2022, as the current lease value is significantly lower than the fair rental value.

Occupancy rates assumptions:

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

Operation and maintenance expenses:

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

Evaluation Results | Income approach (Discounted Cash Flow)

Conclusion

✓ Second Approach: Income Approach (DCF)

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

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

Assumptions of the discounted cash flow method	
1,202,500	Total income in full operating condition
10.0%	operating expenses
0%	Vacancy rate after stabilization
5 years	cash flow period
%5 annually	revenue growth rate

discounted cash flow					
31-Dec-26	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	
5%	5%	5.0%	5%	0%	Expected Revenue Growth Per Year (%)
1,461,646	1,392,044	1,325,756	1,262,625	1,202,500	Total income in full operating condition
1,461,646	1,392,044	1,325,756	1,262,625	1,202,500	Total effective income
10%	10%	10%	10%	10%	Operation and maintenance expense ratio
146,165	139,204	132,576	126,263	120,250	The value of operating and maintenance expenses
1,315,482	1,252,840	1,193,181	1,136,363	1,082,250	net operating income
16,854,609					last value (retrievable value)
18,170,090	1,252,840	1,193,181	1,136,363	1,082,250	Annual net cash flow
				15,955,718	Total net present value
				15,956,000	Total value approximately

Evaluation results

Conclusion

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

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

- ✓ Discounted cash flow method has been adopted.

Discounted cash flow method
Property area
5,100.00
Total property value
15,956,000
(written form) Total property value
Only fifteen million nine hundred fifty-six thousand Saudi Riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.


General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions


General Director
Ahmed bin Ali Al-Talei

Membership Number
(1210000272)




Director of the Evaluation
Department

Abdullah Al Mahfouz
Membership Number
(1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fourth Axis



Appendices

Property Deeds


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

الرقم: ٢١٠١١٤-٢٥٩٤٧
 التاريخ: ١٤٣٩ / ٣ / ٥ هـ

صكك

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

شمالاً: شارع عرض ٨ م	بطول: (٣٠) ثلثون متر
جنوباً: قطعة رقم ١٢٥	بطول: (٣٠) ثلثون متر
شرقاً: قطعة رقم ١٢٠ و ١٢١ و ١٢٢	بطول: (٨٨) خمسة و ثمانون متر
غرباً: شارع عرض ٨ م	بطول: (٨٨) خمسة و ثمانون متر

ومساحتها: (٢٥٥٠) ألفان و خمسمائة و خمسون متر مربعاً فقط
 والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٢١٠١١٤-٢٥٩٤٧ في ١٤٣٨ / ٥ / ١٠ هـ
 قد انتقلت ملكيتها لـ شركة صندوق بنان للعقارات بموجب سجل تجاري رقم ١٠١٠٩٠١٠١٣ في ١٤٣٩ / ٢ / ٢٦ هـ
 وتنتهي في ١٤٣٨ / ٢ / ٢٦ هـ - بثمن وقدره ١٠٠٤٥٥٠٠ عشرة مليون خمسة و أربعون ألفاً و خمسمائة ريال جزء من الشيك وعليه جرى التصديق تحريراً في ١٤٣٩ / ٣ / ٥ هـ لاعتماد - وصلى الله على نبينا محمد وآله وصحبه وسلم.

محمد بن عثمان بن عبد الرحمن البصيري
 كاتب العدل الأول بالرياض
 (مختص بالعقارات والتأسيس الآتي وعدم الكفالة)

هذا المستند وحده منوطاً - وصحاح أي تكلف معلومة منه يؤدي إلى عدم صلاحية المستند
 مملكة البحرين - ٣٩٢٣٢ (هذا النموذج مخصوص بالتأسيس بالعقارات الآتي وعدم الكفالة)
 نموذج رقم ٢٧٣٧ - ١


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

الرقم: ٢١٠١١٤-٢٥٩٤٧
 التاريخ: ١٤٣٩ / ٣ / ٥ هـ

صكك

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

شمالاً: شارع عرض ٨ م	بطول: (٣٠) ثلثون متر
جنوباً: قطعة رقم ١١٩	بطول: (٣٠) ثلثون متر
شرقاً: امتداد طريق النهضة ٨٠ م	بطول: (٨٨) خمسة و ثمانون متر
غرباً: قطعة رقم ١٢٦ و ١٢٧ و ١٢٨	بطول: (٨٨) خمسة و ثمانون متر


ومساحتها: (٢٥٥٠) ألفان و خمسمائة و خمسون متر مربعاً فقط
 والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٢١٠١١٤-٢٥٩٤٧ في ١٤٣٨ / ٥ / ١٠ هـ
 قد انتقلت ملكيتها لـ شركة صندوق بنان للعقارات بموجب سجل تجاري رقم ١٠١٠٩٠١٠١٣ في ١٤٣٩ / ٢ / ٢٦ هـ
 وتنتهي في ١٤٣٨ / ٢ / ٢٦ هـ - بثمن وقدره ١٠٠٤٥٥٠٠ عشرة مليون خمسة و أربعون ألفاً و خمسمائة ريال جزء من الشيك وعليه جرى التصديق تحريراً في ١٤٣٩ / ٣ / ٥ هـ لاعتماد - وصلى الله على نبينا محمد وآله وصحبه وسلم.

محمد بن عثمان بن عبد الرحمن البصيري
 كاتب العدل الأول بالرياض
 (مختص بالعقارات والتأسيس الآتي وعدم الكفالة)

هذا المستند وحده منوطاً - وصحاح أي تكلف معلومة منه يؤدي إلى عدم صلاحية المستند
 مملكة البحرين - ٣٩٢٣٢ (هذا النموذج مخصوص بالتأسيس بالعقارات الآتي وعدم الكفالة)
 نموذج رقم ٢٧٣٧ - ١

Building permit

رقم الرخصة : ١٥٦٧٢٢٠٠٠٢
 تاريخ الرخصة : ١٤٣٥٠٠٠٢
 تاريخ الانتهاء : ١٤٣٥٠٠٠٢
 نوع الرخصة : إذن بخطط البناء




رخصة
 بناء مقرات تجارية

رقم الصافي : ٩٥٩٩
 الكارنيج : ١٤٣٦٠٠٠٢١
 المرفقات :
 رقم الوثيقة : ١٤٣٦/٢٢٤٢١
 الموقع الإلكتروني : www.aljazeera.gov.kw

الخصائص العامة

رقم المشروع : ١٥٦٧٢٢٠٠٠٢
 رقم المخطط التنظيمي : ٤٧٧٧
 رقم المخطط : ٤٧٧٧
 تاريخ : ١٤٣٥٠٠٠٢
 طريق : شارع ١٠٠
 حي : حي الفحيحين
 مساحة الأرض : ١٥٦٧٢٢٠٠٠٢ م²

مخطط الأسوار




الارتفاع : ٥ م
 الأبعاد : ٥ م
 عمق : ٥ م
 العرض : ٥ م
 المساحة : ٥ م²
 الاستخدام : سكني

الخصائص الفنية

رقم المشروع : ١٥٦٧٢٢٠٠٠٢
 رقم المخطط : ٤٧٧٧
 تاريخ : ١٤٣٥٠٠٠٢
 طريق : شارع ١٠٠
 حي : حي الفحيحين
 مساحة الأرض : ١٥٦٧٢٢٠٠٠٢ م²

مخطط الأسوار




الارتفاع : ٥ م
 الأبعاد : ٥ م
 عمق : ٥ م
 العرض : ٥ م
 المساحة : ٥ م²
 الاستخدام : سكني

الخصائص الفنية

رقم المشروع : ١٥٦٧٢٢٠٠٠٢
 رقم المخطط : ٤٧٧٧
 تاريخ : ١٤٣٥٠٠٠٢
 طريق : شارع ١٠٠
 حي : حي الفحيحين
 مساحة الأرض : ١٥٦٧٢٢٠٠٠٢ م²

مخطط الأسوار



الارتفاع : ٥ م
 الأبعاد : ٥ م
 عمق : ٥ م
 العرض : ٥ م
 المساحة : ٥ م²
 الاستخدام : سكني

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115288

Dubai City Walk Residential Complex

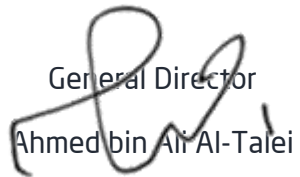
Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (**residential complex**) in the city of (**Dubai**), district of (**Al-Wasl**). Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value,

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the residential complex) is equal to (**235,617,000**) Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
-	Deed no.	Saudi Fransi Capital Company	Customer name
-	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Residential complex	Type of property
Market value	Basis of value	United Arab Emirates - Dubai - Al Wasl	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards		
2021/12/16	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach Income Appraoch (DCF method)	Applicable Valuation methods
2022/1/13	Report date of issuance		
235,617,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

Nature of evaluated assets	
Dubai	City
Al-Wasl	District

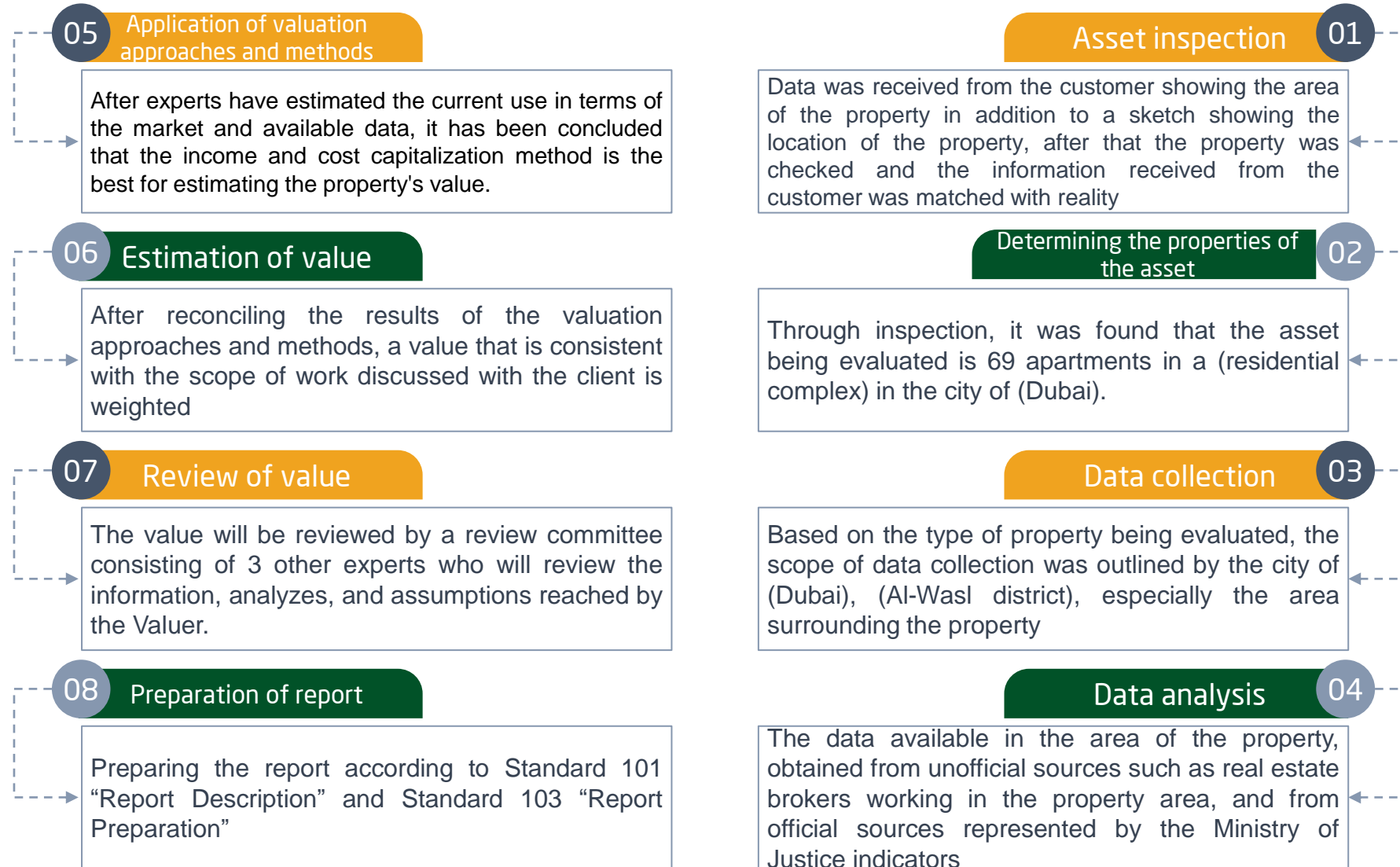
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
Internal Use	Usage

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

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

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

(2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

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

**General
description**

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

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

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

Property Description

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

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

Property Description

Important data about the property	
Property Name	City Walk residential building B2
Location	Al-Wasl, Dubai, the United Arab Emirates
Property type	Residential complex
Property age	4 years
Land are (square meters)	12,085 sqm
Construction area	149,194.3 sq feet, or 13,864 sqm
Number of floors	8
Property components	69 residential apartments with different areas and room numbers
Current lease contracts	67 apartments are leased by individuals
Occupancy rate for leased units	97.1%
Total current income (riyal)	10,339,289
Operation and maintenance costs (riyal)	3,101,786
Net operational income (riyal)	7,237,500

Property income analysis

Total revenues:

The rental value of the current contracts, according to the data sent by the customer, is about 10,339,286 riyals, with a decrease of about 2.1% from the previous year, That is the outcome of leasing 67 apartments out of a total of 69 apartments, so the average rental of one unit is about 157,318 riyals.

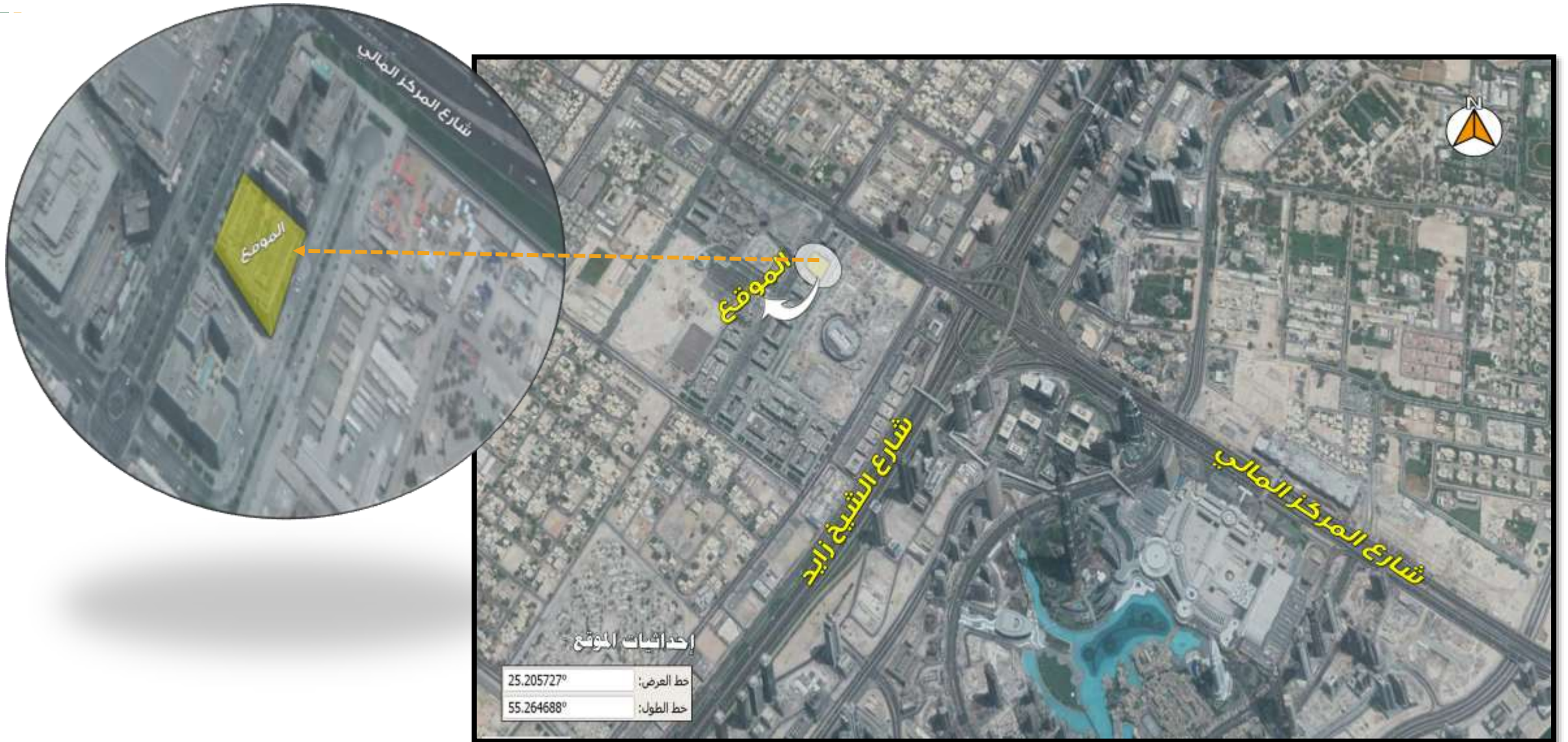
Occupancy rates:

The current occupancy rate is about 97.1%, as the number of rented apartments is 67 out of a total of 69 apartments.

Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the leased property, as the owner pays the value of the contract concluded between him and one of the companies working in the field of maintenance and operation. It is expected that the value of operating and maintenance expenses by the end of this year will amount to about 3,101,786 riyals, which represents about 30% of the total revenues, which is a reasonable percentage compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Discounted Cash Flow Analysis

Cash flow analysis

Revenue assumptions:

It is expected that the current year total revenues will reach 10,339,286 riyals, which results from leasing 67 apartments out of 69 apartments.

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

Occupancy rates:

The current occupancy rate is 97.1%, but this rate has been kept at 97% only during the cash flow period.

Operation and maintenance expenses:

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

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Sales comparisons

Sales comparisons for City Walk Apartments							
Property name	Area per foot	Area per meter	Bedrooms #	Bathrooms #	Displayed selling price	average sale per foot	average sale per meter
Building 1	1,195	111	1	2	2,174,640	1,820	19,583
Building 1	1,163	108	1	2	2,015,520	1,733	18,650
Building 14	1,288	120	1	2	2,250,000	1,747	18,799
Building 9	1,388	129	1	2	2,964,768	2,136	22,986
Building 12	1,280	119	1	2	2,230,000	1,742	18,748
Building 9	1,059	98	1	2	1,850,000	1,747	18,799
Building 7	1,169	109	1	2	2,000,000	1,711	18,411
Building 5	1,785	166	2	4	3,150,000	1,765	18,991
Building 12	1,594	148	2	4	2,700,000	1,694	18,228
Building 7	1,698	158	2	4	3,100,000	1,826	19,647
Building 9	1,646	153	2	4	2,882,146	1,751	18,843
Central Park	1,045	97	2	4	1,820,000	1,742	18,742
Building 9	1,950	181	2	4	3,315,000	1,700	18,294
Building 5	1,662	154	2	4	2,900,000	1,745	18,777
Building 16	2,270	211	3	4	4,000,000	1,762	18,963
13B	2,816	262	3	4	3,800,000	1,349	14,522
Building 9	2,269	211	3	5	4,113,824	1,813	19,511
13B	2,420	225	3	4	4,950,000	2,045	22,012
Building 10	2,241	208	3	4	4,500,000	2,008	21,609
Building 9	2,512	233	3	5	4,570,000	1,819	19,578
Central Park	2,140	199	3	3	3,800,000	1,776	19,109
Building 9	4,433	412	4	4	9,767,089	2,203	23,710
Building 22	4,473	416	4	5	10,999,990	2,459	26,464
Building 9	4,433	412	4	6	7,912,905	1,785	19,209
Building 1	3,971	369	4	6	8,400,000	2,115	22,764
Building 22	4,473	416	4	5	11,000,000	2,459	26,464
6B	3,483	324	4	5	10,999,990	3,158	33,987
13B	2,712	252	4	6	5,948,000	2,193	23,602

Evaluation results

Conclusion

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

✓ First Approach: (Comparable Sales Method)

Comparable Sales Method	
The value	Item
16,034	Apartment Size (Room) (square feet)
1,805	Foot value for 1 room apartments
57,142	Apartments Size (2 rooms) (square feet)
1,746	Foot value for 2 room apartments
66,896	Apartments Size (3 rooms) (square feet)
1,739	Foot value for 3 room apartments
9,122	Apartments Size (4 rooms) (square feet)
2,339	Foot value for 4 room apartments
270,204,027	Total property value
270,204,000	Total property value approximately

Evaluation results

Conclusion

✓ Third Approach: (Discounted cash flow method)

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

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

Assumptions of the discounted cash flow method	
10,647,886	Total income in the event of full operation
25%	Operational fees
3%	Vacancy rate after stabilization
5 Years	Cash flow period
%2 every 3 years	revenue growth rate

Discounted cash flow					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
2%	2%	2.0%	2%	0%	Expected Revenue Growth Per Year (%)
11,126,212	10,908,051	10,694,168	10,484,478	10,647,886	Total income in full operating condition
3.0%	3.0%	3.0%	3.0%	3.0%	Vacancy percentage %
345,768	338,989	332,342	325,825	319,437	Vacancies value
11,179,846	10,960,633	10,745,719	10,535,019	10,328,450	Total effective income
25%	25%	25%	25%	25%	Operation and maintenance expense ratio
2,794,961	2,740,158	2,686,430	2,633,755	2,582,112	The value of operating and maintenance expenses
8,384,884	8,220,475	8,059,289	7,901,264	7,746,337	Net operational income
241,963,808					last value (recoverable value)
250,348,693	8,220,475	8,059,289	7,901,264	7,746,337	Annual net cash flow
				235,616,529	Total net present value
				235,617,000	Total value approximately

Evaluation results

Conclusion (Income Capitalization Method)

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

The discounted cash flow method has been adopted.

Discounted cash flow method
Total property value
235,617,000
Total property value (written form)
Only two hundred thirty-five million six hundred seventeen thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions
- ❖ We did not receive the title deeds from the customer

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115289

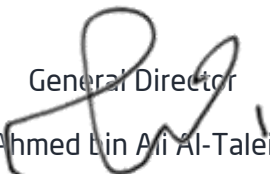
Abha Mall

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a (Mall) in the city of (Abha), having an area of (89.524) m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall) is equal to (703,824,000) Saudi riyals, as documented in this report.


General Director
Ahmed Lin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
571403000853	Deed no.	Saudi Fransi Capital Company	Customer name
23/12/1438	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Mall	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Abha	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	89,524 m²	Raw land area of the property
2021/12/16	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
703,824,000			

Scope of work | About the Valuation Company

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

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

Nature of evaluated assets	
Abha	City
89,524 m ²	Area

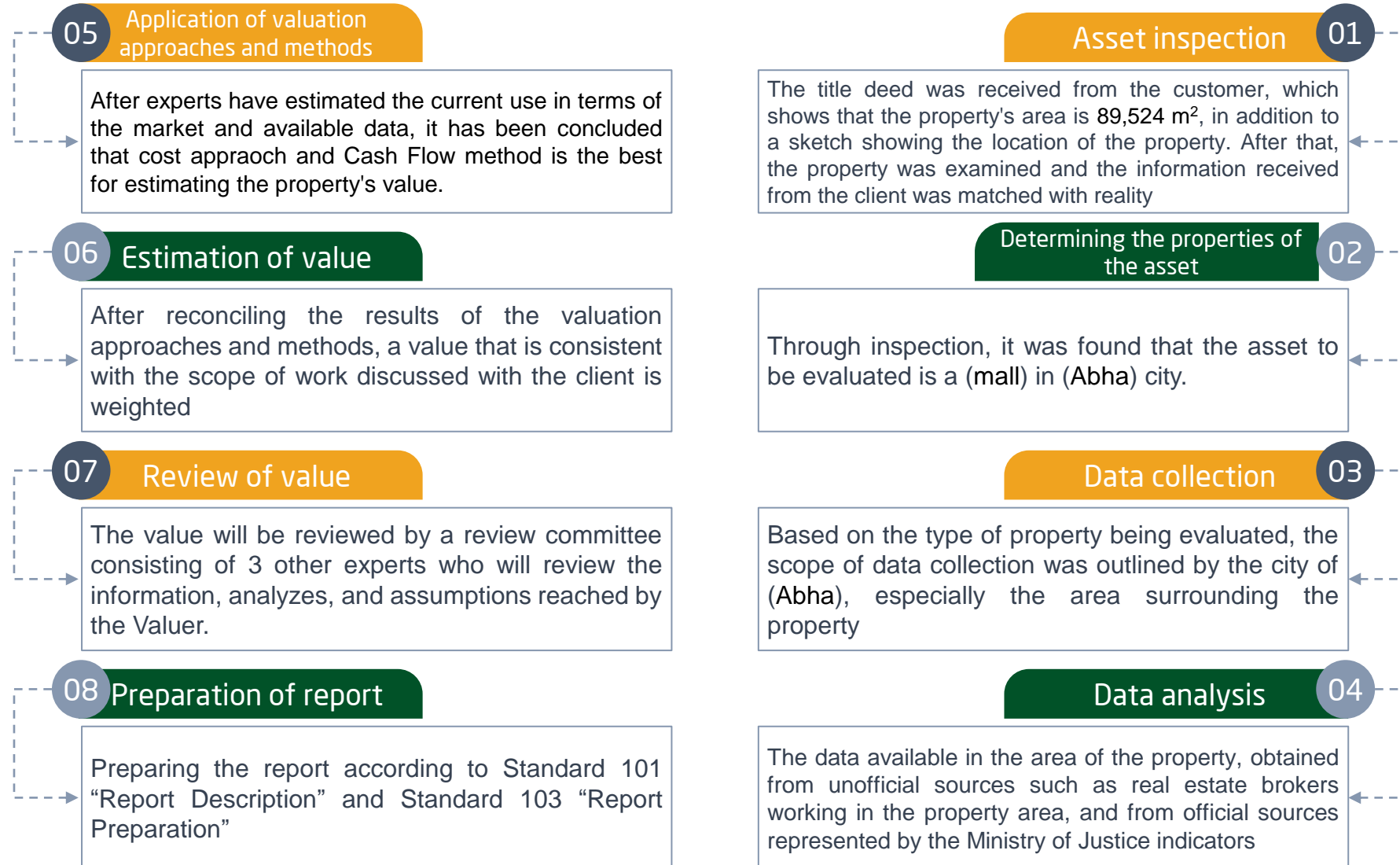
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
Internal Use	Usage

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

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

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

2-2) Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

The property is a mall of 89,524 SQM

General
description











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

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

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

Property Description

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

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

Property Description

Important data about the	
Property Name	Al- Rashid Mall Abha
Location	King Fahad Road, Al Safa neighbourhood, Abha
Property type	Commercial complex
Property age	2 Years
Land are (square meters)	89,524 sqm
Construction area	147,967
Number of floors	2
Property components	The Mall includes shops with different areas, restaurants and other services
Current lease contracts	About 251 lease contracts
Contracts period	Ranging from 1 to 16 years
Occupancy rate for leased units	94, 3 %
Total current income (riyal)	75,426,340
Operation and maintenance costs (riyal)	17,811,642
Net operational income (riyal)	57,614,698

Property income analysis

❖ **Total revenues:**

The rental value of the current contracts, according to the data sent by the customer, amounted to 75,426,340 riyals, being the outcome of leasing an area of 54,110 square meters leased to about 251 tenants. The average value of the rental meter was 1,517 riyals.

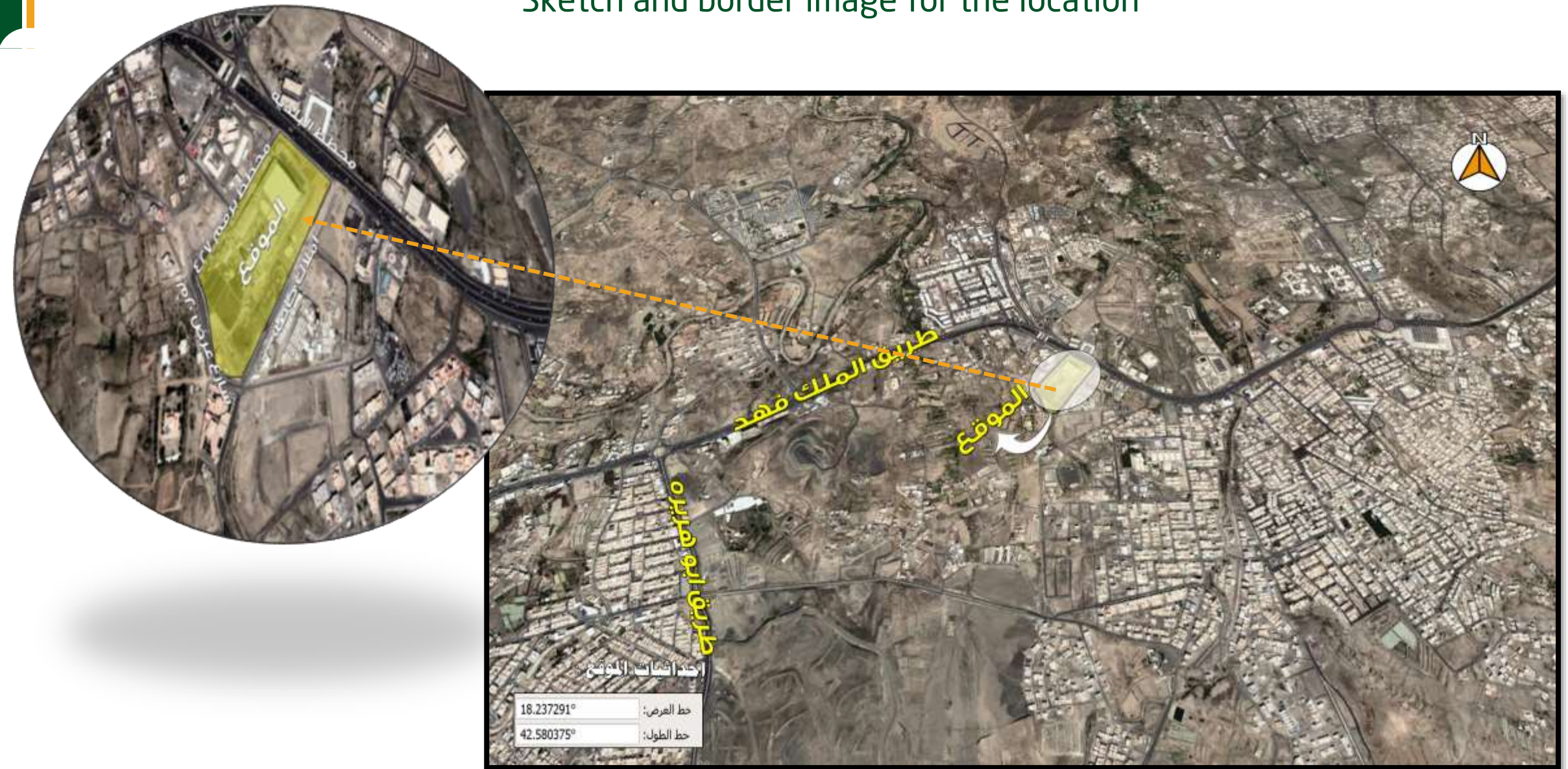
❖ **Occupancy rates:**

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

❖ **Operation and maintenance expenses:**

Tenants do not bear any operation or maintenance expenses for the rented property, as the owner takes care of all these expenses. According to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 17,811,642 riyals, which represents approximately 24% of the total property revenues, which is a good percentage compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the Mall





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



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

Evaluation results

Conclusion

✓ First Approach: (Cost Approach)

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

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

	of building costs %	value	Other costs
%	5.0%	17,756,040	Professional fees
%	5.0%	17,756,040	Utilities network
%	10.0%	35,512,080	Administration costs
%	6.0%	31,960,872	Financing costs (3 years/50%)
%	20.0%	71,024,160	Contractor's profit
riyal		529,129,992	Total building costs before depreciation
year		40.0	Life span for the building
year		36.5	Remaining economic life
year		3.5	Effective life
%		8.85%	Gross depreciation rate
riyal		46,298,874	Depreciation costs
riyal		482,831,118	Net construction costs after depreciation

m2	89,524	Land area
riyal	1,150	Land value per meter
riyal	102,952,600	Total land value
riyal	585,783,718	Total property value
riyal	585,784,000	Property value (approximately)

Evaluation results

Conclusion

✓ Second Approach: (Income capitalization)

Income capitalization method (as per current situation)	
Value	Item
75,426,340	Current Effective Income (SR)
24%	Operation and maintenance expense percentage
17,811,642	The value of operating and maintenance expenses (SR)
57,614,698	net income (SR)
8.5%	capitalization rate %
677,819,975	Property value (SR)
677,820,000	Total property value (approximately)

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

The discount rate consists of four influencing factors, namely:

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

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

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

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

Assumptions of calculating recoverable amount:

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

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

Revenue assumptions:

It is expected that the mall's revenues by the end of this year, based on the data sent by the customer during the first half, amount to 75,426,340 riyals from renting an area of 54,110 square meters, thus the average rental value of the square meter is 1,517 riyals.

The vacant space in the mall amounted to 3,772 m², and if this space was rented at the same rental rate, the total revenue of the mall in the case of full operation would be 79,987,720 riyals.

Occupancy rates assumptions:

The current occupancy rate is 94,3 %. The vacancy rate has been assumed to be stable at 5% in the cash flow period.

Operation and maintenance expenses:

It is expected that the percentage of operating and maintenance expenses by the end of this year, based on the data achieved during the first half of this year, will reach about 24%, and this percentage has been raised in line with the prevailing rates in the market to reach 25% during the period of cash flows.

✓ Third Approach: (Discounted cash flows)

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

Assumptions of the discounted cash flow method	
79,987,720	Total income in case of full operation
25%	Operational expenses
8%	Vacancy rate after stabilization
5 years	Cash flow period
An increase 2% every 3 years	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
0%	0%	2.0%	0%	0%	Expected Revenue Growth Per Year (%)
81,587,474	81,587,474	81,587,474	79,987,720	79,987,720	Total income in case of full operation
8%	8%	8%	8%	8%	Vacancy percentage %
6,526,998	6,526,998	6,526,998	6,399,018	6,399,018	Vacancies value
75,060,476	75,060,476	75,060,476	73,588,702	73,588,702	Total effective income
25%	25%	25%	25%	25%	Operation and maintenance expense ratio
18,765,119	18,765,119	18,765,119	18,397,176	18,397,176	The value of operating and maintenance expenses
56,295,357	56,295,357	56,295,357	55,191,527	55,191,527	Net operational income
721,284,265					The last value (the recoverable value)
777,579,623	56,295,357	56,295,357	55,191,527	55,191,527	Annual net cash flows
				703,824,462	Total net present value
				703,824,000	Total value approximately

Evaluation results

Conclusion

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

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

- ✓ Discounted cash flow method has been adopted.

Discounted cash flow method
Property area
89,524.00
Total property value
703,824,000
Total property value (written form)
Only seven hundred three million eight hundred twenty-four thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

[illegible]

Building permit scanned photos

رقم المعلقة: ٤٤٨٨٦٦
اسم صاحب الرخصة: شركة عبدالرحمن سعد الزيد والاولاد
رقم المخطط: ١/ع/١١٠٦/١٤٢٦
رقم قطعة الأرض: ١
اسم الحي: الصفا

رقم الرخصة: ٤٤٨٨٦٦
تاريخ صدورها: ١٤٣٥/١١/٠٥
تاريخ انتهائها: ١٤٣٨/١١/٢٧
نوع البناء: جديد

رقم الهوية: ١٠١٠١٦٨٧٢٩
رقم م. ا. ب. ج. د. هـ: ١١
تاريخ الصك: ١٣٩٥/٠١/١٠
مصدر الصك: كتابة عدل اربا

مخطط تقسيمي لقطعة الأرض

مخطط موقع الأرض في الحي

الترسيمات (م)

الجهة الشمالية: ٦٥-٤٨,٥
الجهة الشرقية: ٧٧,٣-٥٦
الجهة الغربية: ٦٦,٥-٢٢
الجهة الجنوبية: ٨٤,٦٦,٥

مساحة الأرض: ٢م٨٩٥٢٤
نوع البناء: سطح
مساحة الأرض: ٢م٨٩٥٢٤
مساحة البناء بالدور الأرضي: ٢م١٠٦٠٦٧
إجمالي مساحة الدور المتكررة: ٢م١٤٧٩٦٧
إجمالي مساحة البناء: ٢م١٤٧٩٦٧
طول السور: ٢م٢٥١٠٦

ملاحظات الشوارع المحيطة: مختلفة

الرسوم المستحقة على الرخصة: ١١٨٨٨٤,٣٦
فكسطة: حقة وتمانية عشر ألفاً وثمانمائة وأربعة وتسعون
وتم السداد بموجب الإيصال رقم: ٣٥٠٠٧٠٠١٠٣٨٩٨٢

مكتب أجراء الاستشارات الهندسية والعمارة

التوقيع: المهندس محمد مشرب الدريش

مدير إدارة الرخص الفنية: م/ عبدالعزیز سالم الرمزي

التوقيع: م/ عبدالعزیز سالم الرمزي

مدير عام الرخص: م/ عبدالعزیز سالم الرمزي

التوقيع: م/ عبدالعزیز سالم الرمزي

ملاحظات: تم اصدار هذا المخطط بناءً على طلب رقم ٢٨٨/١٣٩٩/٢٠٢٨ بتاريخ ١٤٣٥/١١/٢٧. تم اصدار هذا المخطط بناءً على طلب رقم ٢٨٨/١٣٩٩/٢٠٢٨ بتاريخ ١٤٣٥/١١/٢٧. تم اصدار هذا المخطط بناءً على طلب رقم ٢٨٨/١٣٩٩/٢٠٢٨ بتاريخ ١٤٣٥/١١/٢٧.

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115290

Al-Madinah Al-Munawwarah Mall and hotel apartments

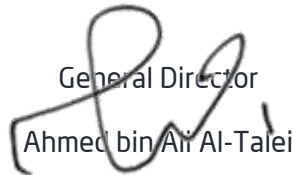
Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a **(Mall and hotel apartments)** in the city of **(Al-Madinah Al-Munawwarah)**, (Shazah) district, having an area of **(63,531.92)** m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value,

Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall) is equal to **(576,789,000)** Saudi riyals, as documented in this report.

General Director

Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
340110019009	Deed no.	Saudi Fransi Capital Company	Customer name
1439/08/08	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
M/M/1429/975	Plan no.	REIT Fund	Purpose of evaluation
491	Plot no.	Mall and hotel apartments	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Medina - Shazah	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	63,531.92 m²	Raw land area of the property
2021/12/17	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
576,789,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

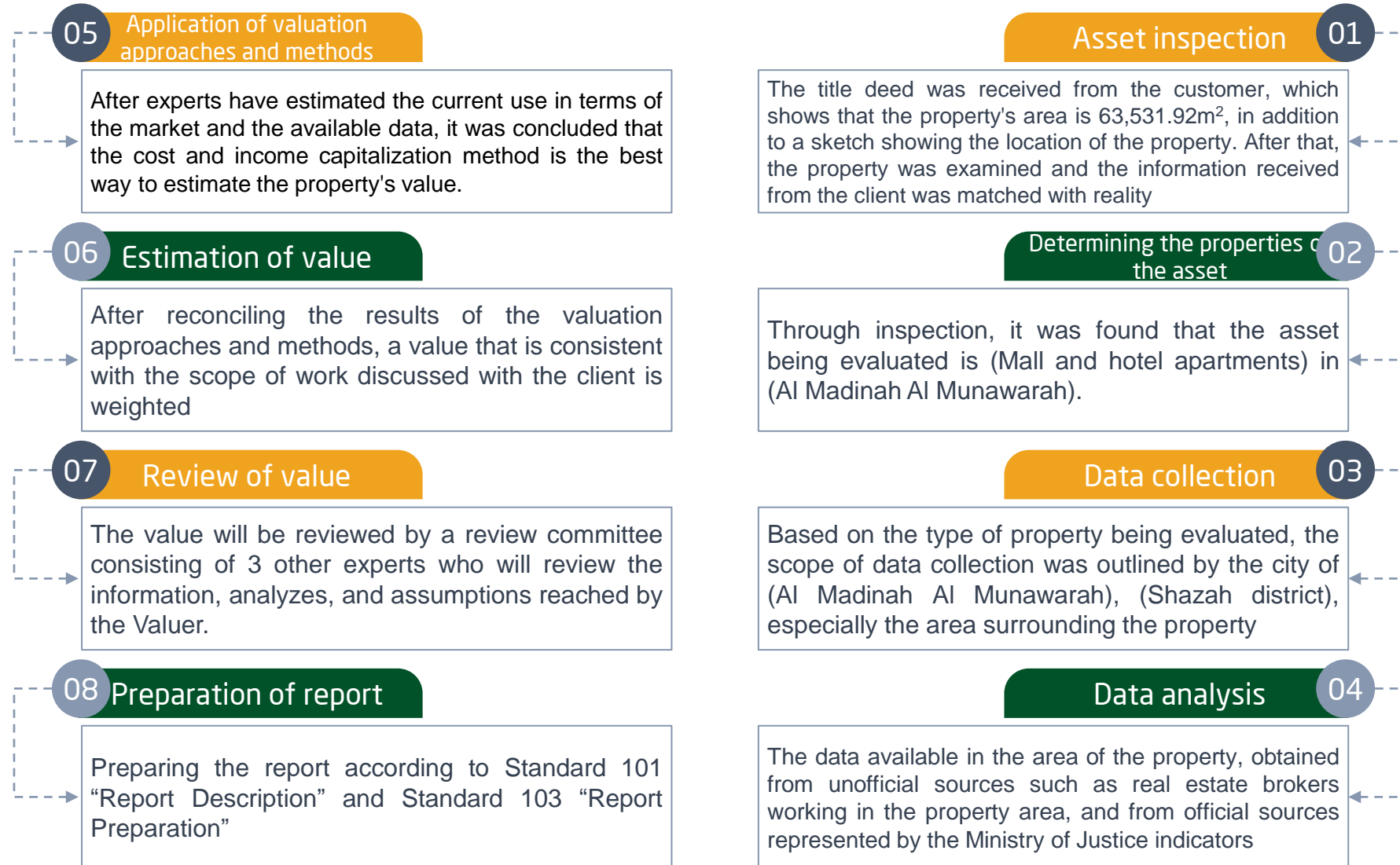
Customer information and usage	
Saudi Fransi Capital Company	Customer name
Saudi Fransi Capital Company	Author of the report
Internal Use	Usage

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

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

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

Scope of work | Work Stages





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the
property

Property Description

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

General description

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

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

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

Property Description

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

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

Property Description

Important data about the property (Al Rashid Residences)	
Property Name	Al- Rashid Residence
Location	King Abdullah Road, Shazah neighbourhood, Madinah
Property type	Five-star hotel apartments
Property age	two year
Land are (square meters)	A part of a plot of land with an area of 63,531.92 sqm
Construction area	25,317
Number of floors	3
Property components	66 rooms of various sizes

Important information about the property (Al-Rashid Mega Mall)	
Property Name	Al- Rashid Mega Mall, Madinah
Location	King Abdullah Road, Shazah neighbourhood, Madinah
Property type	Commercial complex
Property age	10 years
Land are (square meters)	A part of a plot of land with an area of 63,531.92 sqm
Construction area	115,795
Number of floors	4
Property components	The mall consists of shops of various sizes, restaurants and other services
Current lease contracts	About 186 lease contracts
Contracts period	From 1 to 10 years
Occupancy rate for leased units	82.2%
Total current income (riyal)	44,611,172
Operation and maintenance costs (riyal)	11,152,793
Net operational income (riyal)	33,458,379

Furnished apartments

The total revenues of furnished apartments, according to the data received from the client, amounted to 3,299,239 riyals during the first quarter of this year, and assuming the same rate in rental value and occupancy remains constant, it is expected that the total revenues will amount to about 3,959,086 million riyals, and it is worth noting the significant decrease in the value of revenues due to the pandemic Corona, and the performance of Umrah rituals is limited to a small number of people from inside the Kingdom, but this value is expected to rise during the remainder of the year.

The occupancy rate for the first ten months of this year, according to customer data, was only about 22%, for the reasons previously mentioned, and the average nightly rental during the same period was about 680 riyals / night.

The value of the current operating and maintenance expenses amounted to 4,388,037 riyals during the first ten months of 2021, which is more than the total revenues of the hotel by about 10%, and this percentage has increased compared to the previous year due to the lack of occupancy due to the repercussions of the Corona crisis.

The mall

○ Total Revenues

The total value of the lease contracts, according to the data sent by the client, amounted to about 43,546,307 riyals, and this is the outcome of leasing an area of 39,877 square meters leased to about 186 tenants, and the average value of the rental meter amounted to 1,092 riyals..

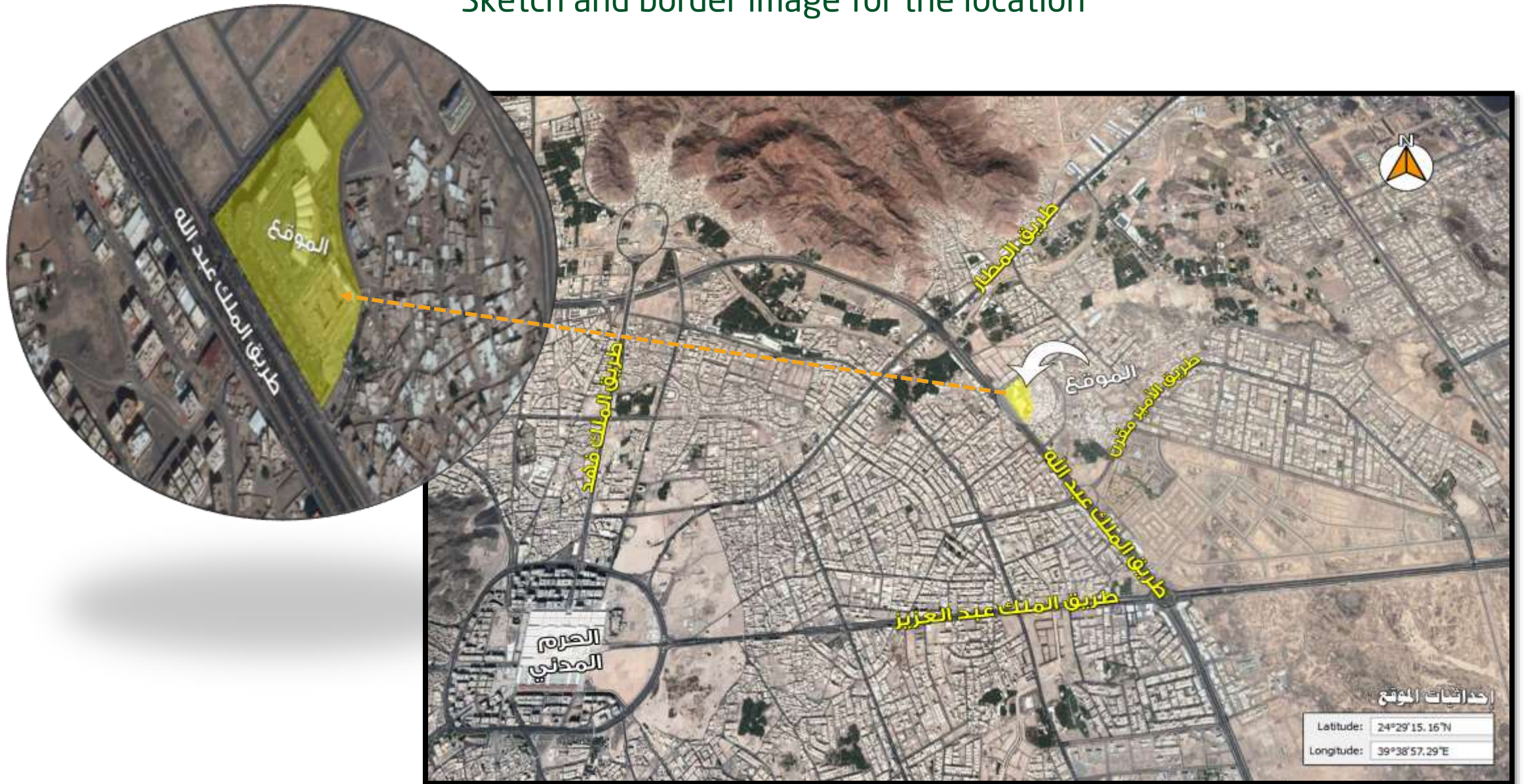
○ Occupancy rates:

The current occupancy rate is about 82.2%, as the vacant area is 8,623 square meters.

○ Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the rented property, as the owner undertakes to collect these expenses, and according to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 16,058,292 riyals, which represents about 37% of the total property revenues, which is a good percentage compared to similar properties.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Land comparisons



No	Land comparisons
1	Residential land: area 912 m2, price per square meter 3837 riyals
2	Residential land: area 300 m2, price per square meter 3000 riyals
3	Residential land: area 600 m2, price per square meter 2666 riyals
4	Residential land: area 600 m2, price per square meter 3167 riyals
5	Commercial land: area 2,100 m2, price per square meter 14,284 riyals
6	Commercial land: area 1,759 m2, price per square meter 5,116 riyals
7	Commercial land: area 2,100 m2, price per square meter 9,599 riyals

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

Cost Approach (Substitution method)			
m2		115,795	Mall construction surfaces
riyal		2,400	Mall construction cost per meter
riyal		277,909,176	Total mall costs
m2		25,317	Hotel building surfaces
riyal		3,700	Cost of building meter / hotel
riyal		93,671,087	Building/hotel construction costs
riyal		371,580,263	Total construction costs
	Out of construction costs %	Value	Other costs
%	5.0%	18,579,013	Professional fees
%	5.0%	18,579,013	Utilities network
%	10.0%	37,158,026	Administration costs
%	6.0%	33,442,224	Financing costs (3 years/50%)
%	20.0%	74,316,053	Contractor's profit
riyal		553,654,592	Total building costs before depreciation
year		40.0	Life span of the building
year		30.0	The remaining economic life
year		10.0	Effective life
%		25.00%	Total depreciation costs
riyal		138,413,648	depreciation costs
riyal		415,240,944	Net construction costs after depreciation
m2		63,532	Land area
riyal		2,300	Value of land meter
riyal		146,123,416	Total land value
riyal		561,364,360	Total property value
riyal		561,364,000	Property value (approximately)

Evaluation results

Conclusion

✓ Second Approach: (Income capitalization)

Income capitalization method (according to customer data)		
Hotel Apartments	The Mall	Item
3,959,087	43,546,307	Effective income
110.8%	37%	Operation and maintenance expense ratio
4,388,037	16,058,292	The value of operating and maintenance expenses
-428,950	27,488,014	Net income
5.0%	7.0%	Capitalization factor
-8,579,004	392,685,921	Property value
392,686,000		Total property value (mall only)

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

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

Assumptions of calculating recoverable amount:

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

Furnished apartments	The mall
<p>The total income of the property in the case of full operation was reached by assuming the rental of all rooms, guided by the prices provided by the client and verified by hotel reservation sites, and the average room rent per night was about 600 riyals / night during the first ten months of this year, thus It is expected that the total income in the event of full operation will reach 14,454,000 riyals.</p>	<p>It is expected that the mall's revenues by the end of this year will amount to about 43,546,307 riyals from leasing an area of 39,877 m², thus the average value of the rental meter will be about 1,092 riyals, and the vacant space in the mall reached 8,623 m², and if this space is rented at the same rental rate, the total revenue The mall is in full operation condition 53,031,123 riyals.</p>
<p>○ A relatively high vacancy rate was assumed during the current year as a whole, due to the impact of the hotel and all Madinah hotels by the Corona crisis, and we assumed that this rate would reach 25%, and then decrease during the coming period to reach the natural rates recorded in the hotel during the past years, which amount to less than 25%.</p>	<p>○ The current occupancy rate is about 82.2%, and it is expected to rise by a small percentage during the coming period to record 91%, especially after adding the space for renting restaurants. We have assumed that the vacancy rate will stabilize at 7% in the period of cash flows.</p>
<p>It is expected that the percentage of operating and maintenance expenses will decrease to record 50%, which is a very suitable rate for such properties.</p>	<p>According to the data sent by the client, it is expected that the value of operating and maintenance expenses will amount to 16,058,292 riyals, which represents 37% of the total revenue, It is significantly higher than the percentage recorded for the last year, and therefore it was assumed that this percentage would decrease during the period of inflows to 30%, which is the percentage prevailing in this type of real estate..</p>

Evaluation results

Conclusion

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

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

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

Assumptions of discounted cash flow method	
53,031,123	Total income in case of full operation
30%	Operational expenses
7%	Vacancy rate after stabilization
5 years	Cash flow period
3 % every 3 years	Revenue growth rate

Dicounted cash flows					
30-Dec-26	30-Dec-25	30-Dec-24	31-Dec-23	31-Dec-22	
0%	0%	3.0%	0%	0%	Expected Revenue Growth Per Year (%)
54,622,056	54,622,056	54,622,056	53,031,123	53,031,123	Total income in case of full operation
7%	7%	7%	7%	15%	Vacancy percentage %
3,823,544	3,823,544	3,823,544	3,712,179	7,954,668	Vacancy value
50,798,512	50,798,512	50,798,512	49,318,944	45,076,454	Total effective income
30%	30%	30%	30%	30%	Operation and maintenance expense ratio
15,239,554	15,239,554	15,239,554	14,795,683	13,522,936	The value of operating and maintenance expenses
35,558,959	35,558,959	35,558,959	34,523,261	31,553,518	Net operational income
520,684,751					The last value (recoverable value)
556,243,710	35,558,959	35,558,959	34,523,261	31,553,518	Annual net cash flows
				491,365,513	Total net present value
				491,366,000	Total value approximately

Evaluation results

Conclusion

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

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

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

Assumptions of the discounted cash flow method	
14,454,000	Total income in case of full operation
50%	Operational expenses
25%	Vacancy rate after stabilization
5 years	Cash flow period
5 % every 3 years	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
14,454,000	14,454,000	14,454,000	14,454,000	14,454,000	Total income in case of full operation
30%	30%	30%	30%	35%	Vacancy percentage %
4,336,200	4,336,200	4,336,200	4,336,200	5,058,900	Vacancy value
10,117,800	10,117,800	10,117,800	10,117,800	9,395,100	Total effective income
50%	50%	50%	50%	70%	Operation and maintenance expense ratio
5,058,900	5,058,900	5,058,900	5,058,900	6,576,570	The value of operating and maintenance expenses
5,058,900	5,058,900	5,058,900	5,058,900	2,818,530	Net operational income
103,707,450					The last value (the recoverable value)
108,766,350	5,058,900	5,058,900	5,058,900	2,818,530	Annual net cash flows
				85,423,468	total net present value
				85,423,000	Total value approximately

Evaluation results

Conclusion

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

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

- ✓ Discounted cash flow method has been adopted.

Total property value (cash flows)
Total property area (m2)
63,532
Total mall value (cash flows)
491,366,000
Total value of Al-Rashid Residence (cash flows)
85,423,000
Total property value (SR)
576,789,000
Property value (written form)
Only five hundred seventy-six million seven hundred eighty-nine thousand Saudi riyals


Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

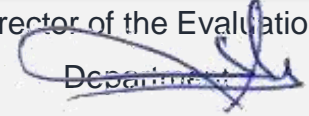
General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions


General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)




Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report no.: 115291

Jazan Mall and hotel apartments

Introduction

Messrs/ Saudi Fransi Capital Company

Greetings,

We are honored by your acceptance of our offer to provide our professional services in the field of real estate evaluation for a **(Mall, and hotel apartments)** in the city of **(Jazan)**, **(Ash Shati)** district, having an area of **(39.975)** m². Accordingly, we inspected the property to be evaluated and determined the best method for identifying the market value while adhering to the local and international standards and regulations applicable in the field of evaluation, specially International valuation standards (2020) approved by Saudi Authority for Accredited Valuers, on the basis of which data were collected and analyzed to reach the market value, Based on the standards and valuation approaches and methods applicable and according to the client's requirements, Tathmeen experts believe that the market value (of the Mall, and hotel apartments) is equal to **(386,191,000)** Saudi riyals, as documented in this report.


General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Description	Item	Description	Item
672003004051	Deed no.	Saudi Fransi Capital Company	Customer name
1439/3/4	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
-	Plan no.	REIT Fund	Purpose of evaluation
-	Plot no.	Mall, hotel and hotel apartments	Type of property
Market value	Basis of value	Kingdom of Saudi Arabia - Jazan - Ash Shati	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	39.975 m²	Raw land area of the property
2021/12/19	Date of Inspection	Complete ownership	Nature of ownership
2021/12/31	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Income approach (DCF method) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
386,191,000		Market value of the property (SAR)	

Scope of work | About the Valuation Company

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

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

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

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

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

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

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

(2-4) Scope of work | Work Stages

05 Application of valuation approaches and methods

After experts have estimated the current use in terms of the market and available data, it has been concluded that the Cost Approach, cash flows and income capitalization method is the best for estimating the property's value.

06 Estimation of value

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

07 Review of value

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

08 Preparation of report

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

Asset inspection 01

The title deed was received from the customer, which shows that the property's area is 39,975m², in addition to a sketch showing the location of the property. After that, the property was examined and the information received from the client was matched with reality

Determining the properties of the asset 02

Through inspection, it was found that the asset to be evaluated is a (Mall, hotel and hotel apartments And a hotel) in the city of (Jazan).

Data collection 03

Based on the type of property being evaluated, the scope of data collection was outlined by the city of (Jazan), (Ash Shati district), especially the area surrounding the property

Data analysis 04

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Valuation approaches and methods

Valuation approaches and methods

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

Valuation approaches and methods

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

Valuation approaches and methods

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Second Axis



Information and description of the property

Property Description

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

General description

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

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

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

Property Description

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

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

Property Description

Important data about the property (Jazan Mall)	
Property Name	Al- Rashid Mall Jazan
Location	Al Shatie neighbourhood, Jazan city
Property type	Commercial complex
Property age	9 Year
Land area (sqm)	Part of a plot of land on an area of 39,975 sqm
Construction area	36,313
Number of floors	3
Property components	A commercial complex that includes 240 shops
Current lease contracts	About 177 lease contracts
Contracts period	The majority of contracts are for one year
Occupancy rate for leased units	87.8%
Total current income (riyal)	30,030,161
Operation and maintenance costs (riyal)	14,293,249
Net operational income (riyal)	15,736,912

Important data about the hotel apartments and Marriott Jazan	
Property Name	Marriott Residence inn and Courtyard Marriott
Location	Al Shatie neighbourhood neighbourhood, Jazan city
Property type	4-star Hotel and Hotel apartment
Property age	4 Year
Land area (sqm)	Part of a plot of land on an area of 39,975 sqm
Construction area	67,997
Number of floors	6 floors in both the hotel and the hotel apartments
Property components	79 hotel apartments, 129 rooms
Total current income (riyal)	24,469,752
Operation and maintenance costs (riyal)	19,225,031
Net operational income (riyal)	5,244,721

Furnished apartments

The total revenues of furnished apartments, according to the data received from the client, amounted to 20,391,460 riyals during the first ten months of this year, and assuming the same value remains constant for the remainder of the year, it is expected that the total revenues will reach 24,469,751 riyals, and the per night rental rate has reached about 640 riyals / night in Residence Inn and about 575 riyals / night in the courtyard, which is a suitable average and compatible with the rates prevailing in similar properties...

The current occupancy rate, according to customer data, reached about 22% as an average in the courtyard, while the percentage increased in Residence Inn to record nearly 68%, which is a good rate compared to the average occupancy rates in Jazan

The value of the current operating and maintenance expenses amounted to 16,020,859 riyals during the first ten months of this year, and assuming the same value remains constant for the remainder of the year, it is expected that the total operating expenses will reach 19,225,031 riyals, which represents about 79% of the total hotel revenues, which is a very high percentage compared to real estate. This percentage is expected to decrease in the coming period.

The mall

○ Total Revenues

The total value of the lease contracts according to the data sent by the client amounted to about 30,030,161 riyals, and this is the outcome of renting an area of 26,777 square meters leased to about 158 tenants, and the average value of the rental meter amounted to 1,121 riyals.

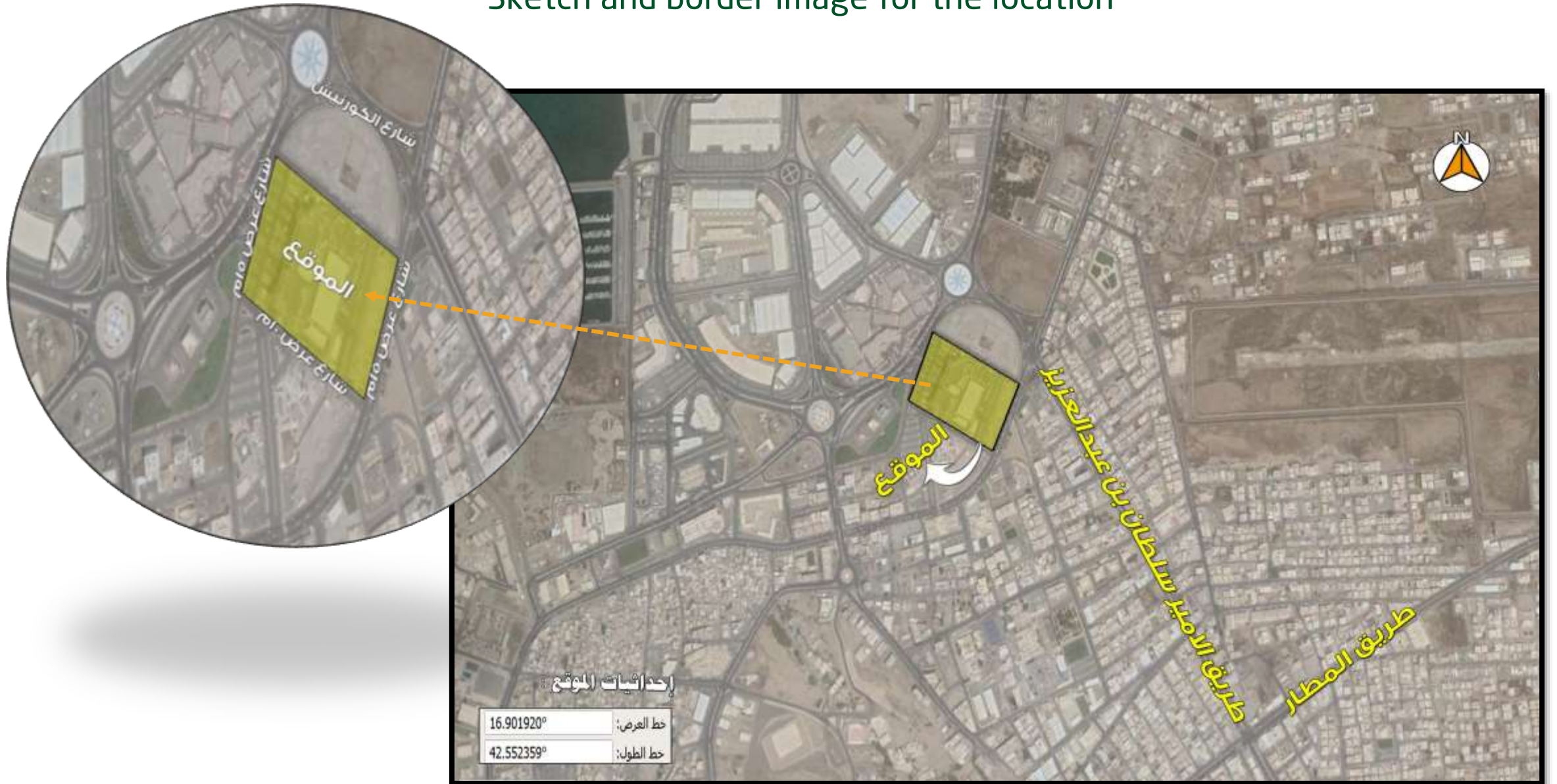
○ Occupancy rates:

The current occupancy rate is about 87.8%, as the vacant area is 3,723 square meters.

○ Operation and maintenance expenses:

The tenants do not bear any operating or maintenance expenses for the rented property, as the owner undertakes to collect these expenses, and according to the financial statements sent by the client, it is expected that the value of operating and maintenance expenses by the end of the year will amount to about 14,293,249 riyals, which represents about 47.6% of the total income of the property, which is considered a percentage Somewhat high compared to similar properties, and it is expected to decrease during the coming period.

Sketch and border image for the location



Site Analysis | Pictures showing the nature of the site



Site Analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Third Axis



Result of evaluation and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

5. Competition risks:

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

6. Future data:

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

Evaluation results

Conclusion

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

✓ First Approach: (Cost Approach)

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

	Out of construction costs %	Value	Other costs
%	5.0%	12,517,200	Professional fees
%	5.0%	12,517,200	Facilities network
%	10.0%	25,034,400	Administration costs
%	6.0%	22,530,960	Financing costs (3 years/50%)
%	20.0%	50,068,800	Contractor's profit
riyal		373,012,560	Total building costs before depreciation
year		40.0	Life span of the building
year		30.5	Remaining economic life
year		9.5	Effective life
%		23.75%	Gross depreciation rate
riyal		88,590,483	depreciation costs
riyal		284,422,077	Net building costs after depreciation

m2		39,975	Land area
riyal		1,600	Land value per meter
riyal		63,960,000	Total land value
riyal		348,382,077	Total property value
riyal		348,382,000	Property value approximately

Evaluation results

Conclusion

✓ Second Approach: (Income Capitalization Method)

Income capitalization method (depending on customer data)			
Residence Inn Marriott	Courtyard Marriott	The Mall	Item
12,568,174	11,901,578	30,030,161	Effective income
%58	%100	%47.6	Operation and maintenance expense ratio
7,336,055	11,888,976	14,293,249	The value of operating and maintenance expenses
5,232,119	12,602	15,736,912	Net income
%9.0	%9.0	%8.5	Capitalization rate
58,134,656	140,026	185,140,140	Property value
243,414,822			Total property value
243,415,000			Total property value approximately

Assumptions of the Discounted Cash Flow Method

Assumptions of discount rate calculation:

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

Assumptions of calculating recoverable amount:

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

Furnished Apartments

- The total income of the property in the case of full operation was reached by assuming the rental of all rooms, guided by the prices provided by the client and verified by hotel reservation sites, and the average room rent per night was about 640 riyals / night in the residence and 575 riyals / night in the court Yard.
- It is expected that the average occupancy rate by the end of this year will be about 65% in the Residence, and about 50% in the Courtyard Marriott, and it was assumed that these rates will remain stable until the end of the cash flow period.

The percentage of operating and maintenance expenses amounted to 100% according to the data sent by the client in the courtyard and about 58% in the Residence Inn, and it was assumed that the percentage decreased to 55% in the courtyard, and 45% in the Residence Inn during the period of cash flows, which are appropriate rates compared to real estate similar.

The mall

It is expected that the mall's revenues by the end of this year, based on the data sent by the customer during the first ten months of this year, amount to about 30,030,161 riyals from leasing an area of 26,777 square meters, and thus the average rental value of the square meter is 1,121 riyals, and the vacant space in the mall reached 3,723 square meters. If this space is leased at the same rental rate, the total revenue of the mall in the case of full operation becomes 34,205,624 riyals

The current occupancy rate is 87.8%, and this rate is expected to rise, especially after the cinema starts operating, so we have assumed that vacancies will stabilize at 10% in the period of cash flows.

It is expected that the percentage of operating and maintenance expenses will decrease to about 35%, which is the percentage that prevails in this type of real estate.

Evaluation results

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

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

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

Assumptions of the discounted cash flow method	
34,205,624	Total income in case of full operation
%35	Operational expenses
%10	Vacancy rate after stabilization
5 years	Cash flow period
4% every 3 years	Revenue growth rate

Discounted cash flows					
31-Dec-26	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	
%0	%0	%4.0	%0	%0	Expected Revenue Growth Per Year (%)
35,573,849	35,573,849	35,573,849	34,205,624	34,205,624	Total income in case of full operation
%10	%10	%10	%10	%10	Vacancy percentage %
3,557,385	3,557,385	3,557,385	3,420,562	3,420,562	Vacancies value
32,016,464	32,016,464	32,016,464	30,785,062	30,785,062	Total effective income
%35	%35	%35	%35	%35	Operation and maintenance expense ratio
11,205,763	11,205,763	11,205,763	10,774,772	10,774,772	The value of operating and maintenance expenses
20,810,702	20,810,702	20,810,702	20,010,290	20,010,290	Net operational income
250,952,581					The last value (the recoverable value)
271,763,283	20,810,702	20,810,702	20,010,290	20,010,290	Annual net cash flows
				249,103,153	Total net present value
				249,103,000	Total value approximately

Evaluation results

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

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

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

Assumptions of the discounted cash flow method	
18,454,400	Total income in case of full operation
%45	Operational expenses
%35	Vacancy rate after stabilization
5 years	Cash flow period
	Revenue growth rate

Discounted cash flows					
31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21	
18,454,400	18,454,400	18,454,400	18,454,400	18,454,400	Total income in case of full operation
%35	%35	%35	%35	%35	Vacancy percentage %
6,459,040	6,459,040	6,459,040	6,459,040	6,459,040	Vacancies value
11,995,360	11,995,360	11,995,360	11,995,360	11,995,360	Total effective income
%45	%45	%45	%45	%45	Operation and maintenance expense ratio
5,397,912	5,397,912	5,397,912	5,397,912	5,397,912	The value of operating and maintenance expenses
6,597,448	6,597,448	6,597,448	6,597,448	6,597,448	Net operational income
75,137,602					The last value (the recoverable value)
81,735,050	6,597,448	6,597,448	6,597,448	6,597,448	Annual net cash flows
				71,277,191	Total net present value
				71,277,000	Total value approximately

Evaluation results

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

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

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

Assumptions of the discounted cash flow method	
27,073,875	Total income in case of full operation
%55	Operational expenses
%50	Vacancy rate after stabilization
5 years	Cash flow period
	Revenue growth rate

Discounted cash flows					
31-Dec-26	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	
27,073,875	27,073,875	27,073,875	27,073,875	27,073,875	Total income in case of full operation
%50	%50	%50	%50	%50	Vacancy percentage %
13,536,938	13,536,938	13,536,938	13,536,938	13,536,938	Vacancies value
13,536,938	13,536,938	13,536,938	13,536,938	13,536,938	Total effective income
%55	%55	%55	%55	%55	Operation and maintenance expense ratio
7,445,316	7,445,316	7,445,316	7,445,316	7,445,316	The value of operating and maintenance expenses
6,091,622	6,091,622	6,091,622	6,091,622	6,091,622	Net operational income
69,376,805					The last value (the recoverable value)
75,468,427	6,091,622	6,091,622	6,091,622	6,091,622	Annual net cash flows
				65,810,731	Total net present value
				65,811,000	Total value approximately

Evaluation results

Conclusion

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

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

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

Total property value
Total property area (m2)
39,975
Total mall value (cash flows)
249,103,000
Total value for Al-Rashid Residence (cash flows)
71,277,000
Total value of Al-Rashid Courtyard(cash flows)
65,811,000
Total property value (SR)
386,191,000
Property value(written form)
Only three hundred eighty-six million one hundred ninety-one thousand Saudi riyals

Notes

Recommendations

- ✓ By reviewing the above data and according to the market survey and similar sales, the experts of Saudi Asset Valuation Company believe that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ Margin of fluctuation in the value shall fall within a tolerance of + or - 10% according to the current market conditions

General Director
Ahmed bin Ali Al-Talei

Membership Number (1210000272)



Director of the Evaluation
Department

Abdullah Al Mahfouz

Membership Number (1210000273)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Fifth Axis



Appendices

Deed scanned photo



Building permit scanned photos

رخصة بناء

المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
إمانة منطقة جازان
وبقائه الأمانة للشؤون الفنية
التخطيط العمراني
الرياض

اسم صاحب الرخصة : شركة عبدالرحمن سعد الراشد
لم الصك :
رقم قطعة الأرض :
رقم الكروكي :
تاريخه : ١٤٢٧-٠١-١٦
رقم المخطط :
تاريخه :
مساحته :
يحي :
نوع البناء : تجاري

كروكي قطعة الأرض والمبنى:
كروكي الموقع العام:

ملحوظات الرسم :

مكتب الهندسة المشرف / المصمم : مكتب القلون المعمارية

مراجعة النطاق العمراني : الأولي

المعايير والاشتراطات :

الجهة	حدودها	الأبعاد	الإرتداد البيوت
الشمال	شارع عرض ٣٠ م	١٩٥	١٩,٣٠٥
الشرق	شارع عرض ١٥ م	٢٠١	٩,٢٤
الجولب	شارع عرض ١٠ م	١٨٧	٢٣,٢٧
الغرب	شارع عرض ١٥ م	٢٠١	٩,٢٩

الرسم المستحق على الرخصة : ٥٥٨٩٤ ريال
وتم سدادها بموجب الإصال رقم : ١٩٦٠٩٠٤
بتاريخ : ١٤٢٩-٠٧-٢٤

مراقب الإنشاءات : عبد الله باصريه

الإسم :
التوقيع :
مهندس الشخص :
الإسم :
التوقيع :
مهندس المنطقة :
الإسم :
التوقيع :
أمين منطقة جازان :
الإسم :
التوقيع :

استخدام المبني : تجاري

ملاحظات:

Clarification

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



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Report number: 115294

Al Sahafa Tower – Riyadh

Introduction

Gentlemen/ Saudi Fransi Capital Corporation esteemed

Peace, mercy and blessings of God be upon you

We were honored by your acceptance of our offer to provide our professional services in the field of valuation for a real estate (**office building**) in (**Riyadh**) in (Al-Sahafa) district, with an area of (**3,330**) m². International Valuation Standards (2020) approved by the Saudi Authority for Accredited Valuers, on the basis of which data was collected and analyzed to arrive at the market value and based on following the standards and evaluation methods adopted and according to the requirements of the client, valuation experts believe that the market value (of the commercial complex) is (**112,500,000**) Saudi riyals as well. It is documented in this report.


General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

First Axis



General Standards

Executive Summary

Statement	Item	Statement	item
We're not provided	Deed no.	Saudi Fransi Capital Company	Customer name
We're not provided	Date of Deed	Saudi Fransi Capital Company	Beneficiaries of evaluation
2413	Plan no.	REIT Fund	Purpose of evaluation
1915, 1916 and 1917	Plot no.	Residential complex	Type of property
Market Value	Basis of value	Kingdom of Saudi Arabia - Riyadh - Al Sahafa	Address of the property
International Valuation Standards 2020	Applicable Valuation Standards	3,330 m²	Raw land area of the property
25/12/2021	Date of Inspection	Complete ownership	Nature of ownership
31/12/2021	Date of evaluation	Market approach (Comparable transactions methods) Income approach (income capitalization) Cost approach	Applicable Valuation methods
2022/1/13	Report date of issuance		
112,500,000		Market Value for the Property (SAR)	

Scope of work | About the valuation corporation

- These standards specify the requirements and conditions for carrying out valuation work, except for what is modified by the Assets Standard or Valuation Applications, and the purpose of these standards is to apply them to the valuation work of all assets and for any other evaluation purposes to which the Valuation Standards apply.
- This report has been prepared by the Saudi Company for Assets Evaluation and Valuation and its work team, which enjoys the highest levels of efficiency and necessary impartiality, benefiting from the resources available to us, represented in the efficiency of our advisory team, which includes a selection of qualified consultants with high academic certificates and expertise in the field of evaluation and Consultations, and the information base available to our company that was built through its evaluation expertise and through the collection of data, information and statistics issued by official and unofficial authorities, which gives the evaluators the capacity to carry out their tasks to the fullest, and the company is working to update its information base in a way continuous.
- Our experience in evaluation and consulting work is more than 10 years, and we have submitted more than 24,000 evaluation reports during our work period.
- Tathmeen Company was honored to provide its services to governmental and semi-governmental agencies, to most of the banks located in the Kingdom, financial companies, real estate companies, industrial sectors, commercial companies and others.

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

The nature of the valued assets	
Al Riyadh	City
Al Sahafa	District
(3,330 m2)	Area

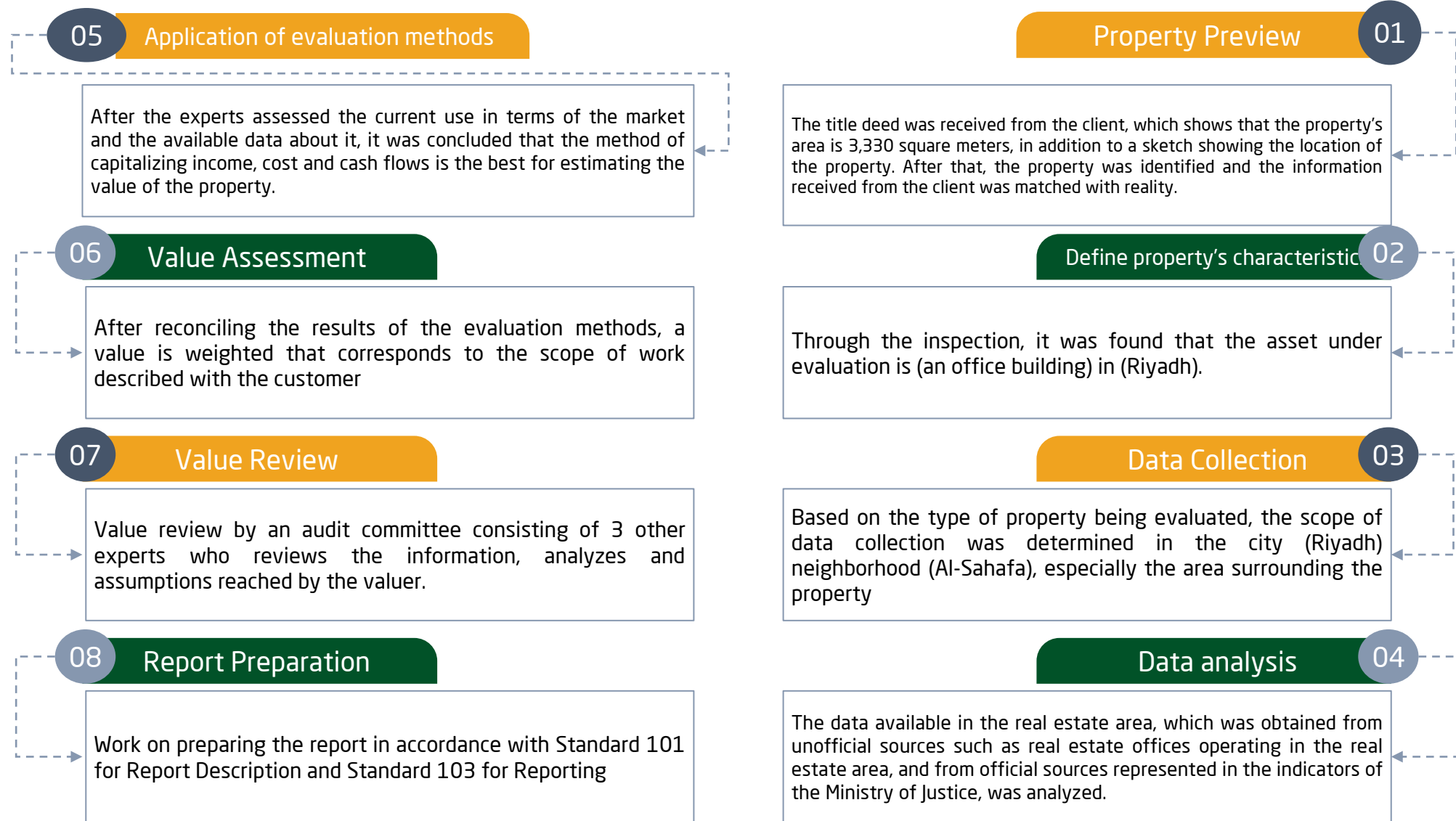
Customer information and use	
Saudi Fransi Capital Corporation	Customer name
Saudi Fransi Capital Corporation	Report owner
Internal use	Use

Details	Scope of Work
A report showing the evaluation methodology and steps, evaluation results, and photos and borders of the assets being evaluated, in accordance with Standard 1.2 on compliance with standards and research and investigation work, and Standard 1.3 on reporting. (International Evaluation Standards 2020, p. 26 to p. 31)	Report description
REIT Fund	Evaluation purpose
<ul style="list-style-type: none"> It is assumed that the property is fully owned and has no obligations. Photocopies of the deed and a croquet of the site were received from the client, but a copy of the building permit was received, and it was assumed that the property is not mortgaged and that there are no rights for other parties. 	Assumptions
We have studied the real estate market in the area of the target real estate and we used in the study the most real estate closest to the target real estate in terms of specifications and spaces for each of them and we have worked hard to ensure the correctness of the information obtained as much as possible.	Scope of research and investigation
Real estate offices in the targeted area, real estate dealers, the Ministry of Justice, Tathmeen's database, which is constantly updated	Nature and sources of information
Saudi Riyal	Currency used in the report

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

Details	Scope of work
<p>Market: Value:</p> <p>It is the estimated amount for which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where each party acts knowingly and prudently without compulsion</p> <p>Source (International Assessment Standards 2020, electronic version, page 36, paragraph 3.1)</p>	<p>value basis (type of value)</p>
<p>It is the situation resulting from the lack of evidence and indicators at a specific time that would enable the evaluator to perform the evaluation process in the best way</p>	<p>Uncertainty</p>
<p>This report is prepared for the purpose for which it was prepared only and may not be used, circulated, quoted from, or referred to in any way for any other purpose. Accordingly, neither the company nor the evaluator bears any responsibility for any loss incurred by any party as a result of using the evaluation report in violation of the provisions of this clause. The assessor reserves all rights to issue the assessment report. This report may not be reproduced in any way without the express consent of the company. This report may not be submitted to any party other than those referred to in it without the express consent of the Company. It is a matter of caution that the company and the evaluator reserve the right to make any amendments and make any revision to the evaluation or to support the evaluation result under specific circumstances.</p> <p>The company reserves the right, without any obligation, to review the evaluation accounts and to amend and revise its results in the light of information that existed on the date of the evaluation but which became clear to him later.</p>	<p>Restrictions on using, distributing or publishing</p>
<p>The methodologies followed by the company in the field of evaluation, which are based on sound foundations and solid constants that are in line with the local and international standards applicable in this field, especially the application of international evaluation standards 2020.</p>	<p>Commitment to international evaluation standards</p>
<p>Tathmeen company and its representatives, including evaluators and assistants, carried out the evaluation process without any bias, and they work objectively and are independent of the client and its subsidiaries or parties. The company and its representatives do not have any current or prospective interest in the customer or any of its subsidiaries or affiliated parties, and it is not among those insiders of the customer's matters or those who have internal relationships or links with the customer and its subsidiaries or affiliates. The evaluator's fee for the evaluation process is not conditional on the results it reaches or any other events, and if the company obtains significant assistance from another party in relation to any important aspect of the evaluation, the nature of this assistance, the extent of reliance on it and then documented will be mentioned in Report, if any.</p>	<p>Valuer independence</p>

(2-2) Scope of work | stages of work





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

Appendices



Evaluation methods

Evaluation Methods

Land	Used for	Market method (comparative transactions method)	Method
Definition of the method			
<ul style="list-style-type: none"> It uses the method of comparative transactions, also known as the method of indicative transactions; Information on transactions of identical or similar assets to the assessed asset in order to arrive at an indication of value. Source (International Assessment Standards 2020, electronic version p. 54, paragraph 30.1) When the comparisons considered contain transactions for the asset being valued, this method is sometimes referred to as the prior transactions method. According to this approach the first step is to study the transaction prices of identical or similar assets that have taken place recently in the market. If there are few transactions, it is also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and analyzed objectively. The information relating to the prices of those transactions must be modified to reflect the differences in the terms and conditions of the actual transaction, the basis of value, and the assumptions that are adopted in the valuation process that is being implemented. There may also be differences in the legal, economic and physical characteristics of other transaction assets compared to the asset being valued. 			
Methodology			
<ul style="list-style-type: none"> Data of similar offers were collected from the Ministry of Justice index and the market survey of the real estate area. The data available in the database of the Saudi company was used to evaluate and value assets, sorted, classified and made the necessary adjustments to reach accurate results. 			
Application			
<ul style="list-style-type: none"> Determine the units of comparison used by relevant market participants. Determining the relevant comparative transactions and calculating the main evaluation metrics for those transactions. Conduct a consistent comparative analysis of qualitative and quantitative similarities and differences between the comparable assets and the asset being valued. Make the necessary adjustments, if any, to the evaluation criteria to reflect the differences between the assessed asset and the comparable assets. Apply the revised valuation metrics to the subject asset. The value indicators are equalized if more than one rating scale is used 			

Evaluation Methods

Buildings	Used for	Cost method (substitution method)	Method
Definition of Method			
<ul style="list-style-type: none"> ○ The cost method provides an indication of value using the economic principle that a buyer will not pay for an asset more than the cost of acquiring an asset of similar utility, whether by purchase or construction, unless there are time, inconvenience, risk or other factors involved. ○ The method provides an indication of value by calculating the current cost of replacing or reproducing the asset, then deducting physical depreciation and all other forms of obsolescence. ○ Replacement cost is the cost of determining the price a participant would pay to obtain a benefit similar to the asset being valued rather than the exact physical characteristics of the asset. (International Evaluation Standards Book 2020, page 71) 			
Methodology			
<ul style="list-style-type: none"> ○ Usually replacement cost is adjusted for physical deterioration and all related forms of obsolescence, after these adjustments replacement cost can be referred to as amortized replacement cost. 			
Application			
<ul style="list-style-type: none"> ○ Calculate all costs incurred by a typical market participant pricing in creating or acquiring an asset that provides a similar benefit. ○ Determine any physical, functional or external depreciation or obsolescence of the assessed asset. ○ Deduction of depreciation from the total costs to arrive at the value of the asset under evaluation.. 			

Evaluation Methods

Income-Producing Real Estate	Used for	Income Method (Discounted Cash Flow Method)	Method
Definition of Method			
<ul style="list-style-type: none"> ○ In the discounted cash flow method, the cash flows are discounted based on the valuation date, which results in the current value of the asset. ○ In some cases, the discounted cash flows for a long-term or forever asset can include a terminal value that represents the value of the asset at the end of the explicit forecast period. ○ In other cases, the value of the asset can be calculated only by using a terminal or terminal value without an explicit forecast period, and this is sometimes referred to as the income capitalization method. 			
Methodology			
<p>The main steps in the discounted cash flow method are as follows:</p> <ul style="list-style-type: none"> ○ Choosing the most appropriate types of cash flows for the nature of the task and the asset being evaluated (pre-tax, after-tax cash flows, real or nominal total, etc.) ○ Determine the most appropriate explicit cash flow forecasting period, if any. ○ Prepare cash flow forecasts for the period. Determining whether the final value is appropriate for the asset being evaluated at the end of the explicit forecast period (if any), then determining the final value appropriate to the nature of the asset ○ Determine the appropriate discount rate Apply the discount rate to the expected future cash flows, including the terminal value if any 			

Evaluation Methods

Income-Producing Real Estate	Used for	Income Method (Income Capitalization)	Method
Definition of Method			
<ul style="list-style-type: none"> Provides an indication of value by converting future cash flows into a single present value of money. This method deals with the income that the asset achieves during its useful life (the life of the asset) and the value is estimated through the capitalization process, and capitalization means converting the income into a capital amount using an appropriate discount rate. Income flows are generated under contracts or non-contractual arrangements, such as the expected profit from the use or retention of an asset The methods that fall within the income method (income capitalization) include applying the risk factor or total capitalization to one typical income period. 			
Methodology			
<ul style="list-style-type: none"> The focus of the method is on the expected net cash income from the asset, taking into account any capital costs required to ensure the achievement or continuity of the expected income. In the market study, the evaluator focuses on identifying the appropriate income indicators for the property and the degree of its continuity according to the expected future, not historical, supply and demand forces. If the asset has a stable income, capitalization is likely to be used instead of cash flows. Estimating the capitalization and discount coefficient is a constant challenge for the valuer due to the lack of transparency in the market. 			



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

The Second Axis



Information and description of the Property

Property description

General Description						The property is an office building with an area of 3,330 m2	
---------------------	--	--	--	--	--	---	--

Location Description		Ownership Data	
Kingdom of Saudi Arabia	Country	We're not provided with	Deed no.
Central	Area	We're not provided with	Date of deed
Al Riyadh	City	2413	Plot no.
Al Sahafa	District	1915, 1916 and 1917	Plan no.
-	Street	-	Block no.

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

Property Description

Site borders and lengths				
m	63.00	Length	A 15 meters wide street	North
m	33.00	Length	A 30 meters wide street	South
m	60.00	Length	Plot no 1914 and 1915	East
m	51.21	Length	Olaya street with 40 meters wide	West

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

Property Description

Important information about the property	
Property Name	Al Sahafa Tower
Location	Al Sahafa District - Al Riyadh City
Property type	Administrative and Office Building
Property age	3 years
Land area (sqm)	3,330.00
Construction area	16,644
Number of floors	2 Basement + 8.5 repeated floors
Property components	It consists of administrative offices with a rental area of about 9,260 square meters
Current lease contracts	The property is leased to a governmental entity for a period of 3 years, started on 5/8/2021
Contracts period	It expires in about 3 years
Occupancy rate for leased units	%100.0
Total current income	9,000,000
Net operational income (riyal)	9,000,000

Croquet image and website border



Site analysis | Pictures showing the nature of the site





الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

The Third Axis



Evaluation result and recommendations

Risks of the valuation process

Risks of evaluating Real estate "REIT"

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

1. Macroeconomic risks:

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

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

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

3. Regulatory and legislative risks:

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

4. Risk of not having long-term contracts:

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

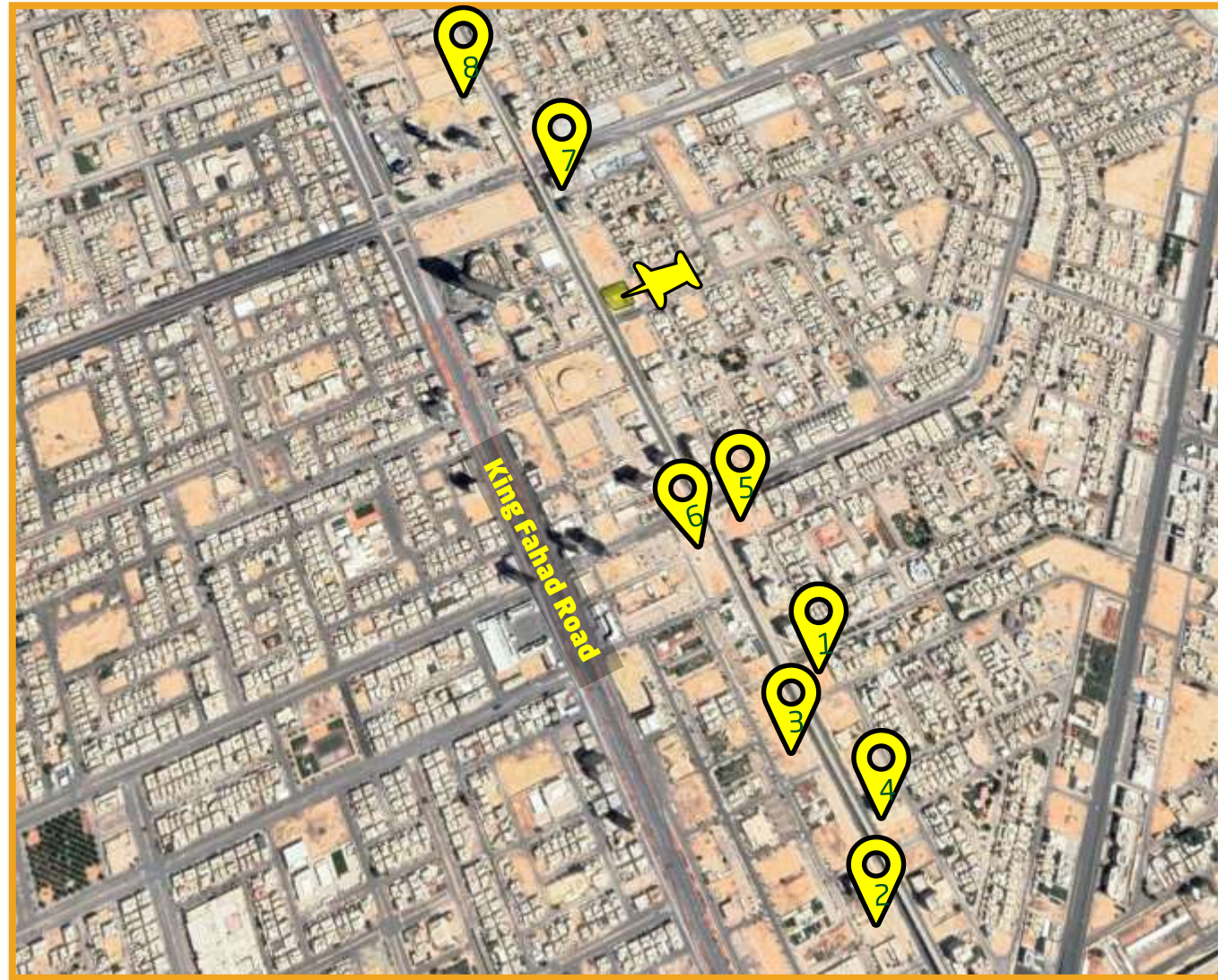
5. Competition risks:

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

6. Future data:

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

Map of Comparisons



Settlement of Comparisons

- + %0	Comparison6	- + %0	Comparison3	- + %0	Comparison1	The property under assessment	Settlements
	9,500		10,000		8,000		Price per square meter
%15.0-	2,520	%15.0-	2,400	%15.0-	2,590	3,330.0	(M2)Area
%0.0	commercial	%0.0	commercial	%0.0	commercial	commercial	Kind of Use
%10.0	2	%10.0	2	%10.0	2	4	The streets and their widths
%0.0	good	%0.0	good	%0.0	good	good	Accessibility
%0.0	Olaya main road	%0.0	Olaya main road	%0.0	Olaya main road	Olaya main road	Proximity to the main road
%0.0	close	%0.0	close	%0.0	close	close	Proximity to amenities
%20.0		%20.0		%20.0		Wide interface on Olaya main road	Merit of the site under the evaluation
%0.0	2021	%0.0	2021	%0.0	2021	2021	Market case at the time of evaluation
%15.0		%15.0		%15.0			Net evaluation
	10,925		11,500		9,200		Net market price after settlement (SAR)
	%33.3		%33.3		%33.3		Relative weight
						10,542	Average price of square meter
						10,500	The price per square meter after approximating the net area

Evaluation results | Residual value

1- Basic data about the project		
M2	3,330	Area according to the deed
	The valuer assessment	The method used for estimating building surfaces
M2	16,566.8	Building block by parameter
M2	%60.0	The percentage of construction on the land according to the system
M2	1,998.0	The floor area
floor	8.5	Number of floors by system (rounded to the nearest floor)
%	%80.0	Coverage of underground parking

2- Report costs		
Riyal	2,500	Construction meter cost for parking
Riyal	3,000	Construction meter cost for repeated floors
Riyal	16,650,000	Construction cost for Parking
Riyal	29,720,250	Construction costs for repeated floors
Riyal	46,370,250	Total cost of buildings
%	%2.5	Additional expense ratio
Riyal	1,159,256	Additional expense costs
Riyal	47,529,506	Total Cost of the Project

Evaluation results | Residual value

3- Estimating the project's revenue		
		2-3 offices
floor	8.5	Number of floors allocated for offices
M2	9,907	Total building area
%	%90.0	Occupant percentage of offices
%	8,916	Net office area
M2	1,000	Average rent per square meter
Riyal	8,916,075	Total revenues for offices
%	%85.0	Occupancy rate for offices
Riyal	7,578,664	Effective income for offices
Riyal	%15.0	Operation and maintenance of offices
Riyal	1,136,800	Office operating and maintenance costs
Riyal	6,441,864	Net income for offices

Riyal	6,441,864	Real estate gross net income (exhibitions / offices)
-------	------------------	--

4- Estimation of the land value		
%	%8.0	capitalization rate
Riyal	80,523,302	Total project value
Riyal	47,529,506	Total development costs
Riyal	32,993,796	Land value
Riyal	9,908	Square meter value
Riyal	9,900	Meter value (approximately)

Evaluation Results

Conclusion

✓ The first Approach: (cost approach)

- The area of the building surfaces was calculated according to the data contained in the building permit.
- The cost of building a square meter of construction was estimated according to the current prices of building materials.
- The depreciation rate was estimated according to the economic life of the property.
- The value of a square meter of land was reached by means of similar sales, comparative sales, and appraisal experts at "Tathmeen"

Cost Approach (Substitution Approach)			
M2		6,660	Basements Building Surfaces
riyal		1,800	The building cost of a square meter for basements
riyal		11,988,000	Total basement costs
M2		9,984	Building repetitive floors
riyal		2,000	Building cost per meter/recurring floors
riyal		19,967,920	Building construction costs/recurring floors
riyal		31,955,920	Total construction costs

	%of construction costs	Value	Other costs
%	%5.0	1,597,796	Professional fees
%	%5.0	1,597,796	Facilities network
%	%10.0	3,195,592	Administration costs
%	%6.0	2,876,033	Financing costs (3 years/50%)
%	%15.0	4,793,388	Contractor's profit
riyal		46,016,525	Total building costs before depreciation
year		40.0	Life span of the building
year		37.5	Remaining economic life
year		2.5	Effective life
%		%6.3	Gross depreciation rate
riyal		2,876,033	Depreciation costs
riyal		43,140,492	Net construction costs after depreciation

M2	3,330	Land area
riyal	10,500	Land meter value
riyal	34,965,000	Total land value
riyal	78,105,492	Total property value
riyal	78,105,000	Property value (approximately)

Evaluation results | Income Approach(Income Capitalization)

Conclusion

- ✓ Method 2: Income Approach (Income Capitalization)

Income Approach (Direct Capitalization Approach)	
9,000,000	Total Effective Income (according to customer data)
9,000,000	Net income
%8.0	Capitalization rate
112,500,000	Total property value
112,500,000	Approximate total property value (riyal)

Evaluation Results

Conclusion

Since the property under evaluation is one of the income-producing properties, and the offer from the evaluation is the offering of a traded real estate investment fund, the income capitalization method is the most appropriate and best method for its evaluation. Based on following the standards and evaluation methods adopted and according to the client's requirements, valuation experts believe that the market value of the property and according to the following information for the property, the deed number (-) in (Riyadh) in the (Al-Sahafa) District, its area is 3,330 m2 as follows:

- ✓ The discounted cash flow method has been adopted.

Total value of property
Land Area (M2)
3,330
Total value of property (income Approach) SAR
112,500,000
Total value of property (written)
Only one hundred and twelve million and five hundred thousand Saudi riyals, nothing else

Notes

Recommendations

- ✓ By reviewing the above data and according to a market survey and similar sales, the experts of the Saudi Assets Valuation Company see that the value reached is the weighted value and reflects the current market trend.

General Notes

- ❖ The margin of fluctuation in the value is within + or - 10% according to the current market conditions

General Director
Ahmed bin Ali Al-Talei
Membership Number (1210000272)



Director of the Evaluation Department
Abdullah Al Manfouz
Membership Number (1210000273)



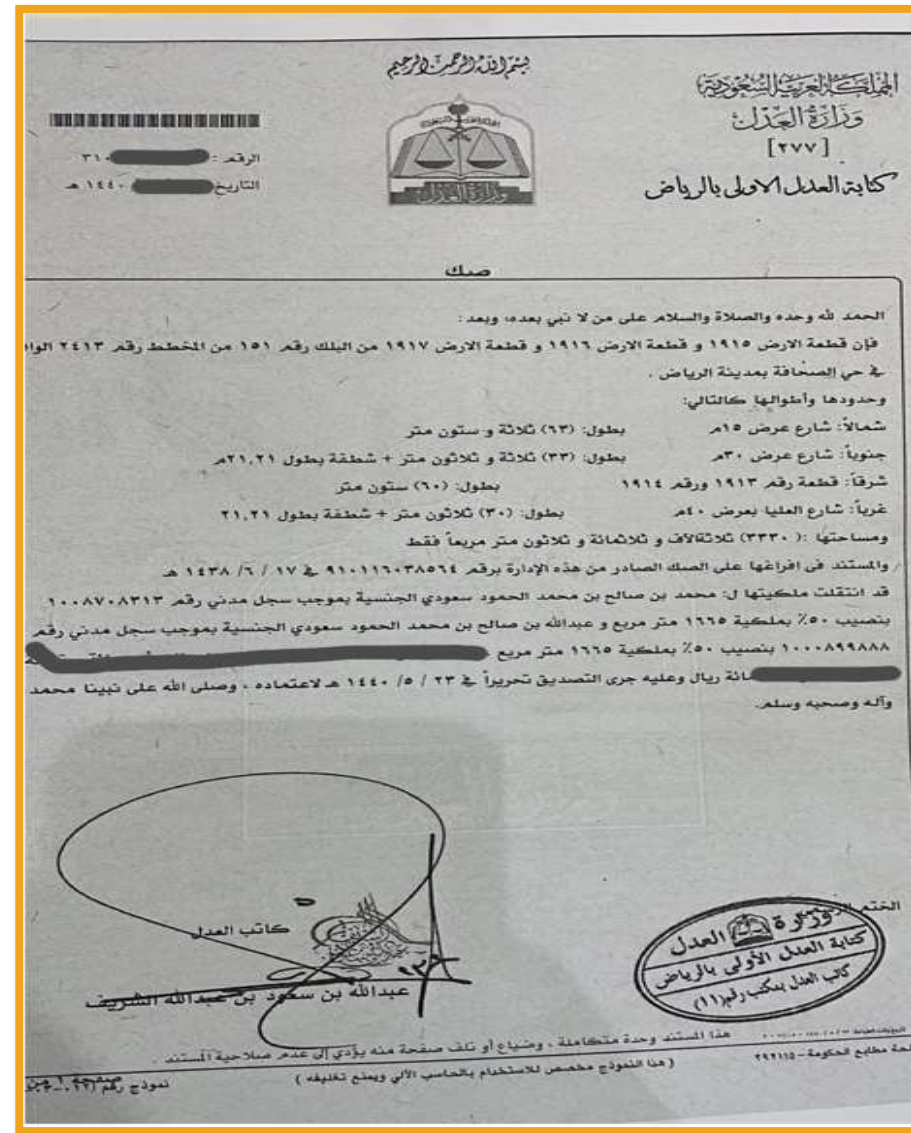
الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company

The fifth axis



Appendices

Photography of the Deed



Clarification

Tathmeen corporation and its representatives, including evaluators and assistants, carried out the evaluation process without any bias, and they work objectively and are independent of the client and its subsidiaries or parties. The company and its representatives do not have any current or prospective interest in the customer or any of its subsidiaries or affiliated parties, and it is not among those insiders of the customer's matters or those who have internal relationships or links with the customer and its subsidiaries or affiliates. The evaluator's fee for the evaluation process is not conditional on the results it reaches or any other events, and if the company obtains significant assistance from another party in relation to any important aspect of the evaluation, the nature of this assistance, the extent of reliance on it and then documented will be mentioned in Report, if any.



الشركة السعودية لتقييم وتأمين الأصول
Saudi Asset Valuation Company



End of Report