

AL FARABI COLLEGE  
AL KHABEER CAPITAL

RIYADH CITY

JULY 2020



# Valuation Report





**REF: 2010493 – 2**  
**Date: 09/07/2020**  
**M/S AL KHABEER CAPITAL**

**Subject: Valuation Report for Al Farabi Educational Facility in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on July 08, 2020 for valuation service of an educational facility (Al Farabi medical college), located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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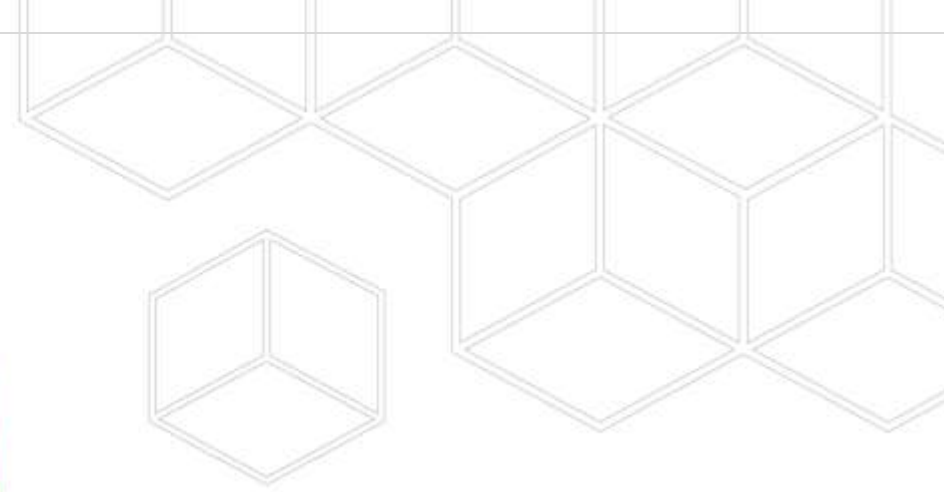
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# EXECUTIVE SUMMARY

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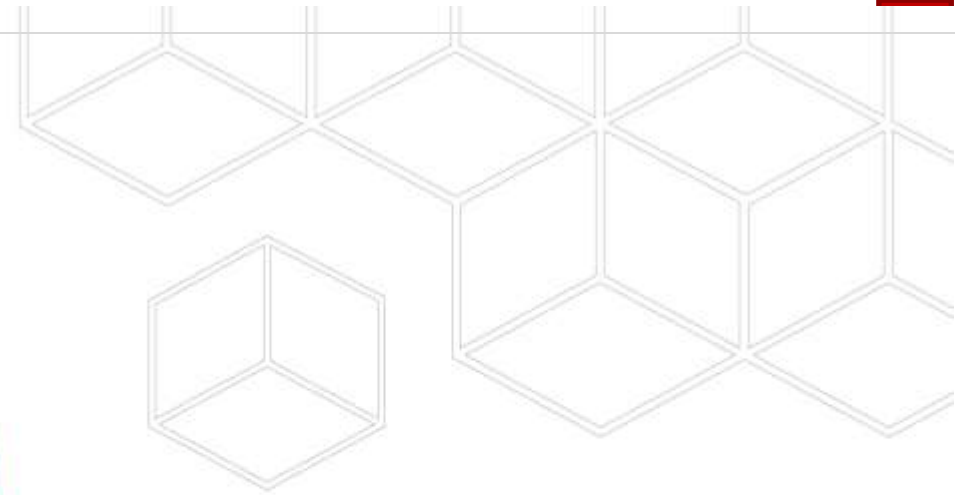


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from Mrs. Rana Al Shaibi on 08/07/2020 to implement a real estate valuation service in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Al Khabeer Capital, a valuation for an educational facility in Riyadh city.
<b>Reference No.</b>	2010493 - 2
<b>Purpose of Valuation</b>	Acquisition Purpose
<b>Subject Property</b>	Educational Facility
<b>Property Location</b>	The property is in Ishbiliya district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 310114045141, Title Deed Date: 07/06/1440 AH, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة المقصد العقارية
<b>Land Use</b>	Educational
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 17,046 Sqm
<b>BUA (Sqm)</b>	The building is composed of 5 floors, yet and based on the provided construction permit, the total BUA is 44,656.92 Sqm. We will use the BUA shown in the construction permit in our valuation analysis.
<b>Parking No. (Approx.)</b>	352 Parking
<b>Vacancy Rate</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant.
<b>Valuation Approach</b>	DRC, Income Cap and Comparable Approach
<b>Final Property Value</b>	213,330,000 SAR
<b>Valuation Date</b>	09/07/2020
<b>Inspection Date</b>	09/07/2020

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The evaluation was prepared in accordance with the International Evaluation Standards of the Council of International Assessment Standards (IVSC) issued in 2017 by the Saudi Authority for Accredited Residents in the Kingdom of Saudi Arabia.

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

*"The estimated amount"* refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

### AN ASSET SHOULD EXCHANGE

**"an asset should exchange"** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

**"on the valuation date"** requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

**"between a willing buyer"** refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



**AND  
WILLING  
SELLER**

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

**IN AN ARM'S  
LENGTH  
TRANSACTION**

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

**AFTER  
PROPER  
MARKETING**

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

**KNOWLEDGEABLY  
AND  
PRUDENTLY**

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

**AND  
WITHOUT  
COMPULSION**

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 08, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**July 09, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 09, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 09, 2020.**

**1.8 OPINION OF VALUE**

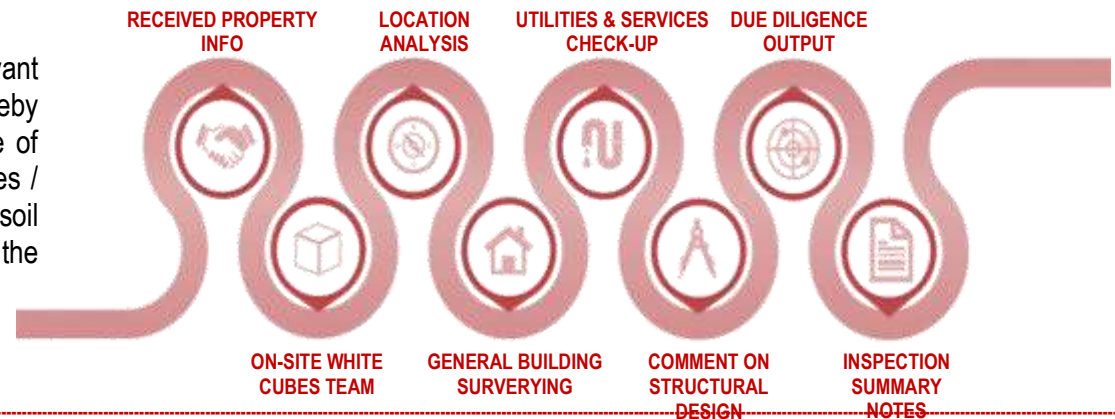
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Acquisition Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Income Approach, The Depreciated Replacement Cost (DRC), The Comparable and the Discounted Cash Flow Approach (DCF)

**1.10 INSPECTION ROLE**

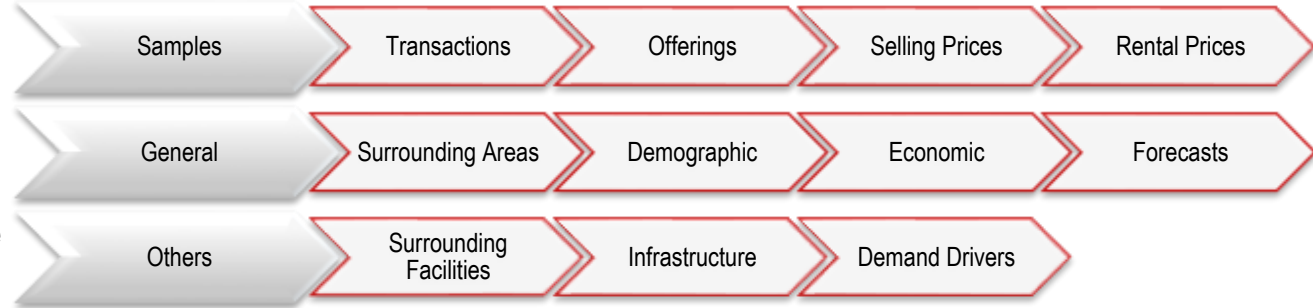
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is an educational facility with a land area of 17,046 square meters and as per the provided construction permit, it has a total BUA of 44,656.92 square meters, overlooking 2 streets, where the main façade is the western side, which overlooks Al Bahar Al Arabi Street.
<b>Location Description</b>	The property being valued is an educational facility in Ishbilila Street in the in the northeast of Riyadh. The property is bordered from the north by a commercial building The property is bordered from the south by a vacant land The Property is bordered from the east by residential buildings The property is bordered to the west by the main road, Al Bahar Al Arabi Rd.
<b>Ease of Access</b>	The ease of access to the property is high, based on its current location as it is located on Al Bahar Al Arabi Street.
<b>Area Surrounding the Property</b>	The real estate surrounding the property subject of valuation are mostly of residential and commercial uses.
<b>The Main Landmarks</b>	The property subject of valuation is surrounded by several major landmarks such as Ishbilila Residential Compound.

Land		Building	
Land Use	Commercial	Building Type	Educational Building
No. of Streets	2	Building Structural Conditions	Fully Constructed.
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Bahar Al Arabi Street	Building Finishing Conditions	Good
Direct View on an Internal Street	None	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

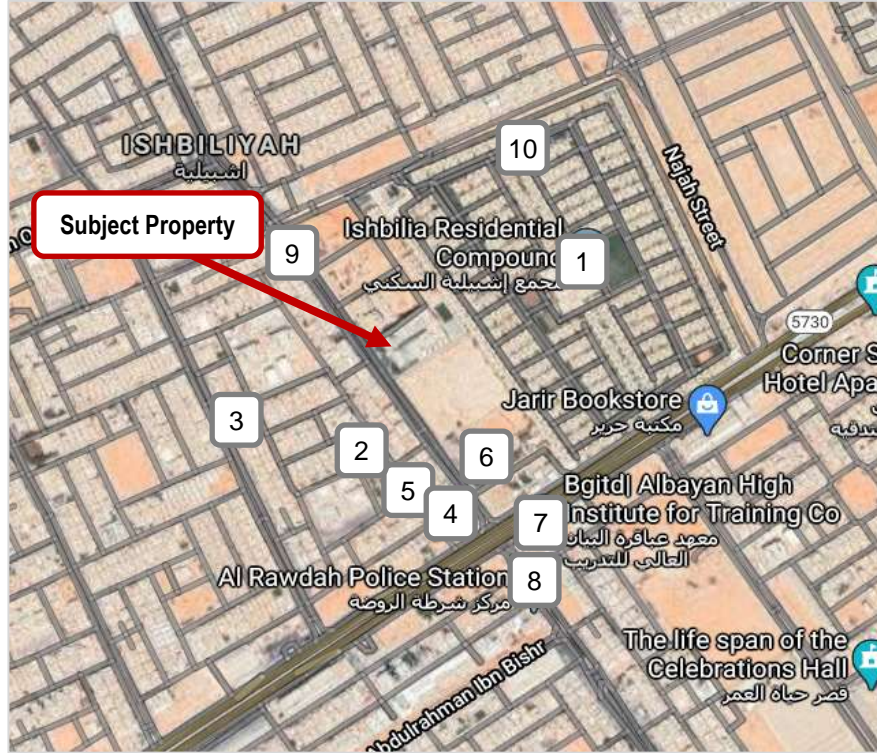
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



## 1.14 LOCATION

The subject property is in Ishbiliah district, Riyadh city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



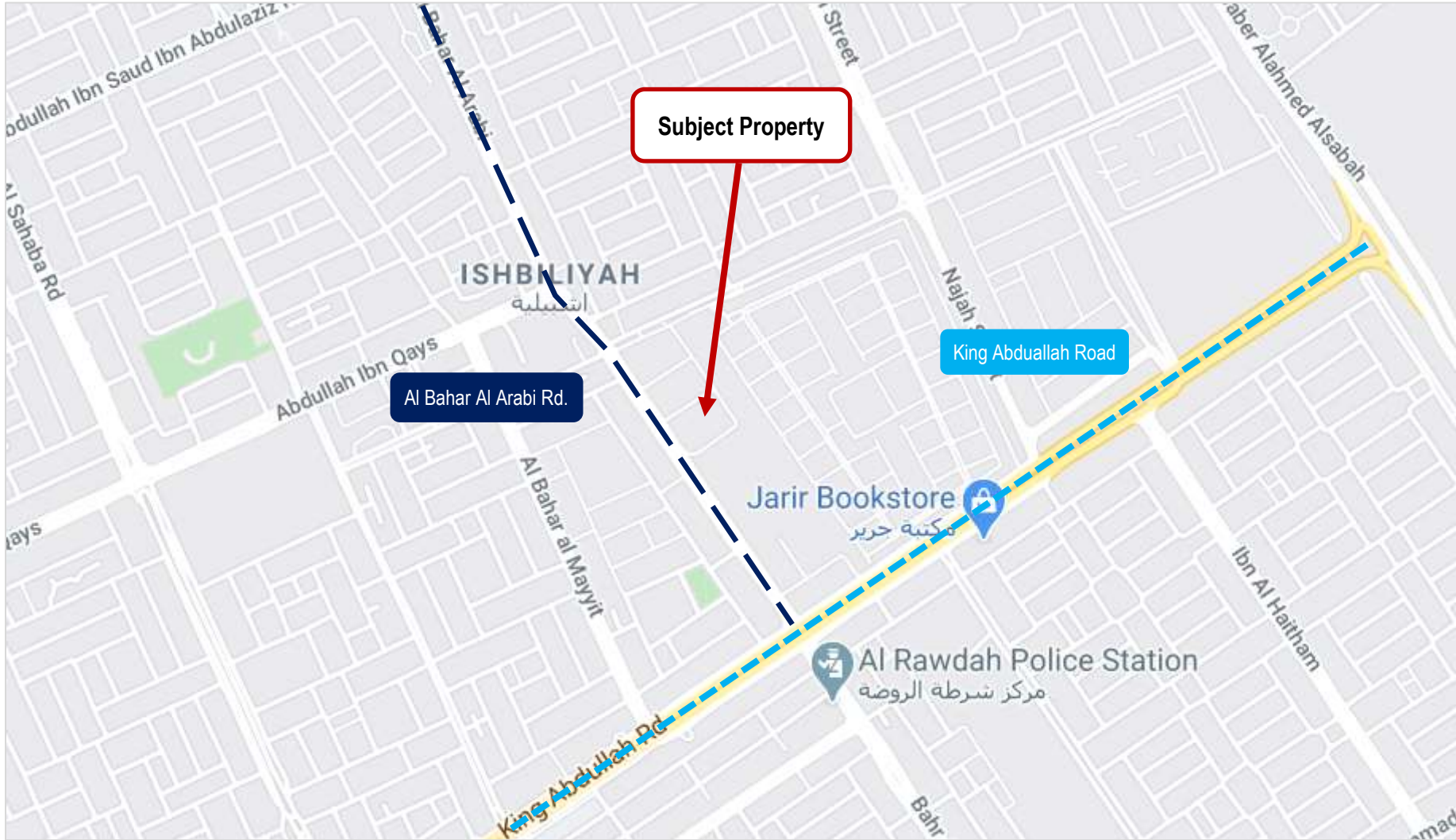
### Surrounding Landmarks

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1- Ishbiliah Residential Compound (0.25 Kilometers)</li> <li>2- Sevilla School for the memorization of the Koran girl (0.20 Kilometers)</li> <li>3- Kids Saray International School (0.33 Kilometers)</li> <li>4- Beam Crossfit (0.40 Kilometers)</li> <li>5- Al Itisaliyat Company (0.30 Kilometers)</li> </ul> | <ul style="list-style-type: none"> <li>6- Oasis Day Care Center (0.30 Kilometers)</li> <li>7- Bgirdl Albayan High Institute for Training Co (0.50 Kilometers)</li> <li>8- Al Rawdah Police Station (0.60 Kilometers)</li> <li>9- Al Rowad Schools - Ishbiliah (0.45 Kilometers)</li> <li>10- Ishbiliah Kindergarten (0.45 Kilometers)</li> </ul> |
|---|--|



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:







## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed of the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	17,046 Sqm
<b>District</b>	Ishbilila	<b>Plot No.</b>	4
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	310114045141	<b>Layout No.</b>	N/A
<b>T.D Date</b>	07/06/1440 AH	<b>Owner</b>	شركة المقصد العقارية
<b>T.D Value</b>	5,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	10/11/1440 AH Riyadh Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	15 m Wide street	<b>East Side</b>	Private Property
<b>South Side</b>	Plot# 5	<b>West Side</b>	40 m Wide street

### Notes

The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer does not provide us with a copy of the approved plans, the evaluation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will evaluate them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	-----	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	✓	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The customer provided us with a building permit for the property under evaluation, which contains the following data:

The subject property is a fully constructed educational facility consisting of 5 floors and used as Administrative Offices, Classrooms, Labs, Prayer Room, Open sitting area, Canteen, parkings, and others.

### Subject Property

<b>Construction Permit Type</b>	Renewed permit
<b>Property Type</b>	Educational
<b>Construction Permit No.</b>	1433/1470
<b>Construction Permit Date</b>	05/03/1439 AH
<b>Permit Expiry Date</b>	05/03/1440 AH

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	9440.25	Educational
Basement 2	0	10414.60	Parking Area
Basement 1	0	10357.19	Parking Area
First Floor	1	9254.32	Educational
Electricity Room	0	20.00	Electricity Room
Annexes	1	4627.16	Educational
Fences	1	543.4	Services
<b>Total BAU (sqm)</b>		<b>44,656.92</b>	

The provided construction permit shows a total BUA of 44,656.92 Sqm. We will base our valuation analysis on the BUA provided by the construction permit.



### 1.18 ESTIMATING THE OVERALL PROPERTY CONDITION

Item	Status & Condition					Notes
	1	2	3	4	5	
Location					●	Good Location
Building Structure					●	No Issues Found
Crack & Damages					●	No Issues Found
Major Deficiency					●	No Issues Found
External Elevation				●		Slight maintenance needed
External Ramp				●		Some areas need to be cleaned
External Lighting				●		The lighting bulbs needs simple maintenance
Common Area Lighting				●		The lighting bulbs needs simple maintenance
External Back Yard				●		Some areas need to be cleaned
A/C Room (Ground Floor)					●	No Issues Found
Internal walls				●		Some minor pain job might be required in some areas
Ceilings					●	No Issues Found
Floor Tiles					●	No Issues Found
Surveillance System and Cameras				●		Average Quality
Elevators				●		No Issues Found
Emergency Staircase				●		No Issues Found
Emergency Exit Doors				●		No Issues Found
Fire Alarm System					●	No Issues Found
Fire Fighting System					●	No Issues Found
Power Generators					●	No Issues Found
Building Cleanliness				●		Some areas need to be cleaned
	0	0	0	44	50	

Out of 105 points and based on a field survey by our team, the property achieved 94 points. That is, the general condition of the building is good with a rate of 90%.

### 1.19 MAINTENANCE & OPERATIONAL EXPENSES

As per the client, and since the subject property is fully rented by one tenant, all the operational expenses are being held by the tenant himself.

### 1.20 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



## 1.21 PHOTO RECORD



# MARKET INDICATORS

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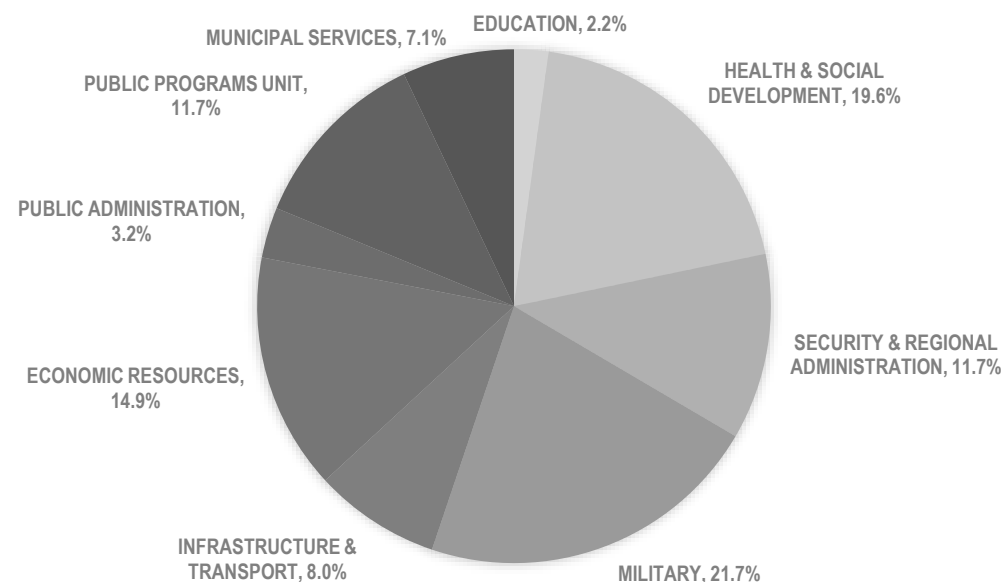
## 1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.23 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








### 1.24 SWOT ANALYSIS

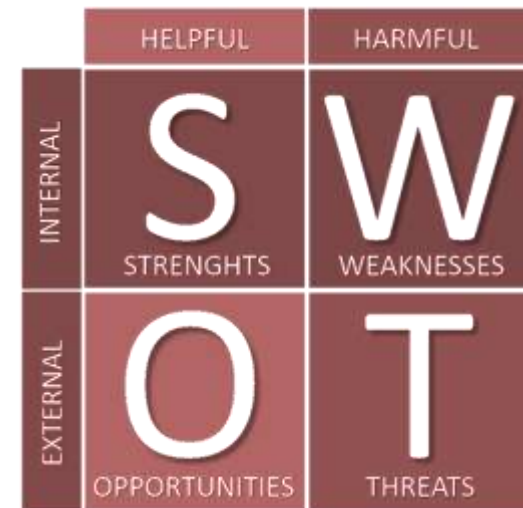
<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- Direct view on the main road, Al Bahar Al Arabi Rd.</li> <li>- Surrounded by several landmarks</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- The property is located far from city center</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Increase in the demand for such properties in the surrounding area due to the high concentration of residential units</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects</li> </ul>

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.25 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side; In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020

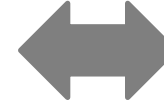


Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

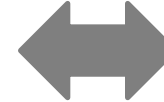


Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis





### 1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>

**Risk Category 16 Risk Points - Medium Risk**

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	-----	✓	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category 10 Risk Points – Minimal Risk**

**Land Analysis**

Risk Category- 10 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>

**Risk Category 7 Risk Points - Medium Risk**

**Property Analysis**

Risk Category- 7 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.27 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Layouts ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget ✓
Leasing Contract ✓	Income & Revenues ✓	Operational Cost - OPEX ✓

### 1.28 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.29 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.30 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the customer, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

**1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service scope does not include any technical testing of buildings or construction structures, and this does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reverse the effect on the value estimate.

**1.32 VALUATION APPROACH**

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

**COMPARABLE METHOD**

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

### 1.33 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



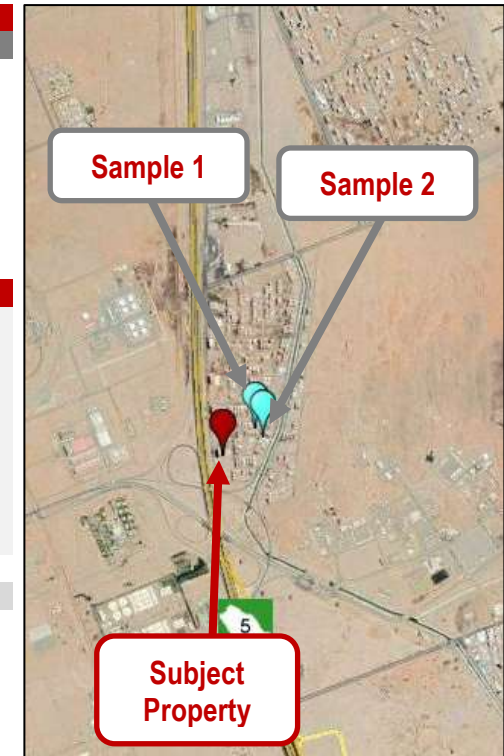
### 1.34 COMPARABLE APPROACH

This method aims to collect data and information on actual sales or current offers of real estate similar to the original subject matter being evaluated, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the evaluation process in the style of comparisons and the amendments made to the available comparisons

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Ishbilia	Ishbilia	Ishbilia
Sale Price	-----	SAR 1,200,000	SAR 1,400,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	17,046.00	630.00	700.00
SAR / Sqm	-----	SAR 1,905	SAR 2,000
Sides Open	2	2	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	17,046.00	630.00	-10.00%	700.00	-10.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Average	5.00%	Average	5.00%
Sides Open	2	2	0.00%	1	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	No	5.00%	No	5.00%
Negotiable	-----	No	0.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>0.00%</b>		<b>5.00%</b>
<b>Total Adjustment Amount</b>			<b>SAR 0.0</b>		<b>SAR 100.0</b>
<b>Net After Adjustment</b>			<b>SAR 1,904.8</b>		<b>SAR 2,100.0</b>
<b>SAR / Sqm</b>			<b>SAR 2,002</b>		
<b>Rounded Value</b>			<b>SAR 2,000</b>		



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	17,046	17,046	17,046	17,046	17,046
SAR / Sqm	SAR 1,912.5	SAR 2,018.8	SAR 2,000.0	SAR 2,231.3	SAR 2,337.5
Property Value	SAR 32,600,475	SAR 34,411,613	SAR 34,092,000	SAR 38,033,888	SAR 39,845,025
			<b>PROPERTY VALUE</b>		



Based on the field samples obtained with the assistance of some real estate experts in the region, the average prices for similar properties range from 1,800 to 2,200 SAR per square meter. The general average is 2,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the general average.

### 1.35 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of the real estate similar to the property being evaluated, and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regard, and in the following table the scope of the expected costs for replacing the building under evaluation

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 700	SAR 900	SAR 800
MEP	SAR 350	SAR 450	SAR 400
Finishing Materials	SAR 650	SAR 750	SAR 700
Site Improvements	SAR 80	SAR 120	SAR 100
Owner Profit	18%	22%	20%

In the following table, we will calculate an estimate of the direct costs of the building in the new condition, according to the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND					
Land Area	SAR / Sqm			Total Value	
17,046.00	SAR 2,000			SAR 34,092,000	
Building					
	Unit			Total BUA	
Underground	Sqm			20,771.79	
Upper Floors	Sqm			23,885.13	
<b>Total (SQM)</b>	<b>44,656.92</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	23,885.13	SAR 900	SAR 21,496,617	100%	SAR 21,496,617
Electro Mechanic	23,885.13	SAR 500	SAR 11,942,565	100%	SAR 11,942,565
Finishing	23,885.13	SAR 1,200	SAR 28,662,156	100%	SAR 28,662,156
Fit outs & Appliances	23,885.13	SAR 0	SAR 0	100%	SAR 0
Furniture	23,885.13	SAR 0	SAR 0	100%	SAR 0
Site Improvement	17,046.00	SAR 100	SAR 1,704,600	100%	SAR 1,704,600
<b>Total</b>			<b>SAR 63,805,938</b>	<b>100.00%</b>	<b>SAR 63,805,938</b>
Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	20,771.79	SAR 1,200	SAR 24,926,148	100%	SAR 24,926,148
Electro Mechanic	20,771.79	SAR 500	SAR 10,385,895	100%	SAR 10,385,895
Finishing	20,771.79	SAR 200	SAR 4,154,358	100%	SAR 4,154,358
<b>Total</b>			<b>SAR 39,466,401</b>	<b>100.00%</b>	<b>SAR 39,466,401</b>



Overall Soft Cost				
		Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost		SAR 103,272,339	1.00%	SAR 1,032,723
Design		SAR 103,272,339	1.00%	SAR 1,032,723
Eng Consultant		SAR 103,272,339	2.00%	SAR 2,065,447
Management		SAR 103,272,339	2.00%	SAR 2,065,447
Contingency		SAR 103,272,339	5.00%	SAR 5,163,617
Others		SAR 103,272,339	0.00%	SAR 0
<b>TOTAL</b>			<b>11.00%</b>	<b>SAR 11,359,957.29</b>
<b>Total Hard Cost</b>	<b>SAR 103,272,339</b>		<b>BUA</b>	<b>44,656.92</b>
<b>Total Soft Cost</b>	<b>SAR 11,359,957.29</b>		<b>SAR / Sqm</b>	<b>SAR 2,567</b>
<b>Total Construction Cost</b>	<b>SAR 114,632,296.29</b>		<b>Overall Completion</b>	<b>100.0%</b>

After knowing the total building construction costs at a rate of 2,567 SAR per square meter, we will estimate the life span of the property according to the type of construction and its general condition, and then apply the depreciation rates based on the actual age of the property. Then, the developer's profitability will be added to the property's value after depreciation to see the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 114,632,296</b>	<b>Net Dep Rate</b>	22.50%
		<b>Dev Cost After Depreciation</b>	<b>SAR 88,840,030</b>
<b>Economic Age</b>	40	<b>Total Completion Rate</b>	100.00%
<b>Annual Dep Rate</b>	2.50%	<b>Developer Profit Rate</b>	20.0%
<b>Actual Age</b>	9	<b>Dev. Profit Amount</b>	SAR 17,768,006
<b>Total Dep Rate</b>	22.50%	<b>Development Value</b>	<b>SAR 106,608,036</b>
<b>Add Appr Rate</b>	0.00%		
<b>Net Dep Rate</b>	22.50%		

The total market value of the building is 106,608,036 SAR, which will be added to the market value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 106,608,036	SAR 34,092,000	SAR 140,700,036	SAR 140,700,000





## 1.36 INCOME APPROACH

### Market Capitalization Rate Analysis

Based on recent deals from the sale of similar real estate and real estate funds, we found that the operating rate of return, or the so-called capitalization rate, on the basis of which the commercial exchange for similar real estate ranges from 7% to 8%. Where this average is affected by rise and fall due to several factors, including the quality of the building's finishing, the general location, the ease of access to the property, the actual age of the property, the size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Minimum capitalization rate		7.00%
Maximum capitalization rate		9.00%
<b>Average</b>		<b>8.00%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
Ease of access to the property	0.25%	1 Side Open
General condition of the property	0.00%	The actual age of the property is 8 years
The general location of the property	-0.25%	The area is well served
Quality and finishes	0.00%	Average quality finishes
Facilities of tenant payment	-0.50%	The tenant provided promissory note for the contract period
Services and public facilities	0.00%	level and availability of services is average
<b>Total</b>	<b>-0.50%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>	
<b>Capitalization rate, according to market averages</b>	<b>8%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.50%</b>	

With regard to the capitalization rate used in the evaluation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the evaluation process, is 7.50%, which will be applied subsequently to the net operating income of the property.

As per the client, and as per the signed leasing contract, promissory notes have been signed by the tenant for the contract duration which guarantees more stability of the project's revenue stream. Based on that, this will affect the used cap rate to be lower than the market average (cap rate used at 7.5%)

### Occupancy Rates in the Project

The subject property is fully rented to one tenant (Al Farabi College). The details of the leasing contract is as follows:

Owner (1 <sup>st</sup> Party)	شركة المقصد العقارية
Tenant (2 <sup>nd</sup> Party)	شركة كليات الفرابي للتعليم
Contract Starting Date	01/01/2020
Contract Duration	25 Years
Rent Increase Role	5% every 5 years



As for the annual rent of the subject property, the following tables shows the rent escalation on yearly bases:

Year	Annual Rent	Year	Annual Rent	Year	Annual Rent
2020	SAR 16,000,000	2029	SAR 16,800,000	2037	SAR 18,522,000
2021	SAR 16,000,000	2030	SAR 17,640,000	2038	SAR 18,522,000
2022	SAR 16,000,000	2031	SAR 17,640,000	2039	SAR 18,522,000
2023	SAR 16,000,000	2032	SAR 17,640,000	2040	SAR 19,448,100
2024	SAR 16,000,000	2033	SAR 17,640,000	2041	SAR 19,448,100
2025	SAR 16,800,000	2034	SAR 17,640,000	2042	SAR 19,448,100
2026	SAR 16,800,000	2035	SAR 18,522,000	2043	SAR 19,448,100
2027	SAR 16,800,000	2036	SAR 18,522,000	2044	SAR 19,448,100
2028	SAR 16,800,000				

REVENUES					
Unit Type	Quantity	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Facility		The subject property is Fully leased to 1 tenant			SAR 16,000,000
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 16,000,000</b>

EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Educational Facility	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%

NET OPERATING INCOME			
Unit Type	Total Revenues	Total Expenses	NOI
Educational Facility	SAR 16,000,000	0.00%	SAR 16,000,000
	SAR 0	0.00%	SAR 0
	SAR 0	0.00%	SAR 0
<b>Total</b>			<b>SAR 16,000,000</b>

<b>Total Property Revenues</b>	SAR 16,000,000
<b>Total Property Expenses</b>	SAR 0
<b>Net Operating Income</b>	<b>SAR 16,000,000.00</b>

<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>
SAR 16,000,000.00	7.50%	213,333,333.33 SAR	213,330,000.00 SAR



### 1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income Approach</b>	Property	SAR 213,330,000	Two Hundred Thirteen Million and Three Hundred Thirty Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 140,700,000	One Hundred Forty Million and Seven Hundred Thousand Saudi Riyals

It is true that the subject property considered as a special property (educational facility), but since the subject property is being leased on a long term bases with the availability of the promissory notes ( provided by the tenant) and taking into consideration the purpose of valuation, we will indicate the final value of the subject property based on the income approach.

### 1.38 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach is:

**Property Value: 213,330,000 SAR**  
**Two Hundred Thirteen Million and Three Hundred Thirty Thousand Saudi Riyals**

### 1.39 REPORT USE

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

### 1.40 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



#### **1.41 CONCLUSION**

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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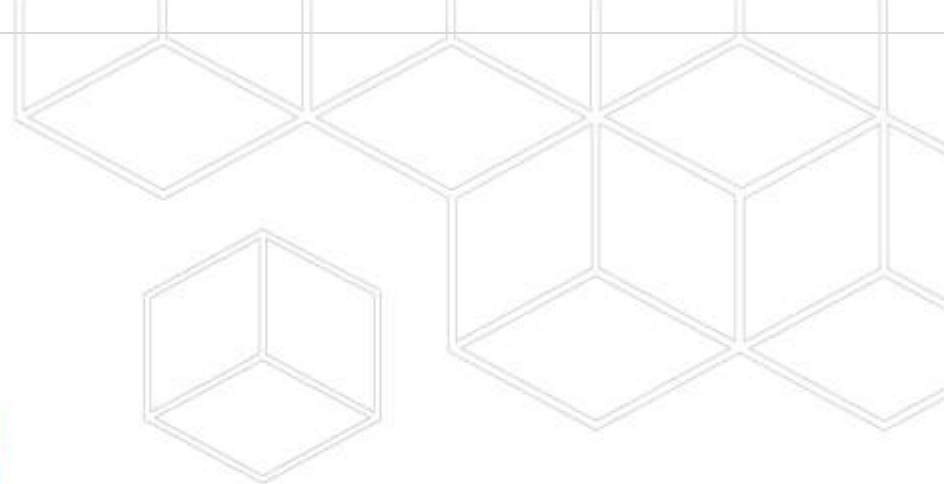
**Essam Hussaini**  
**Site Inspection Check**

**Member of (Taqeem)**  
**License No. 1210000474**

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# GENERAL NOTES

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**1.42 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the evaluator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.43 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and White Cubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

- The subject property was previously valued by White Cubes*
- White Cubes was previously involved in selling activities related to the property*
- White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Cap	Feb 2020	-----
✓	-----	-----	-----
✓	-----	-----	-----

**1.44 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



**1.45 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

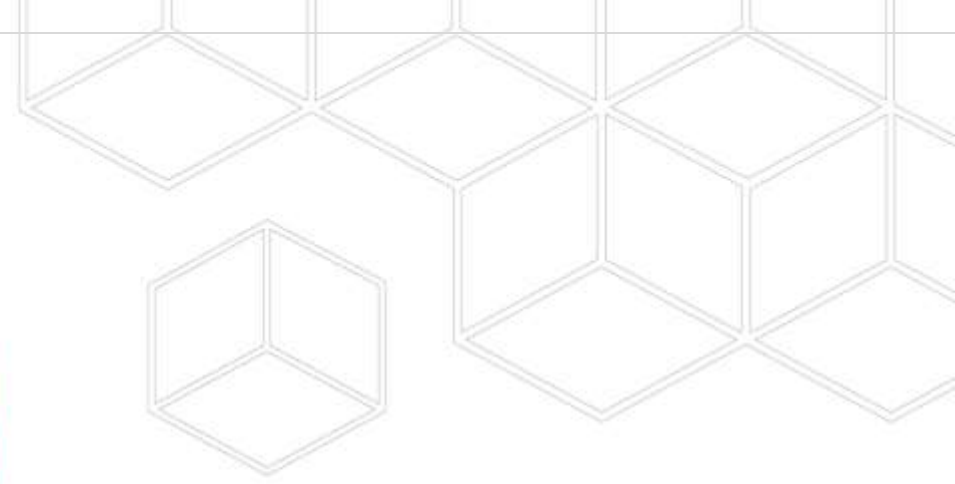
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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# AL FARABI TRAINING CENTER AL KHABEER CAPITAL

RIYADH CITY

JULY 2020



## Valuation Report





**REF: 2010493-1**  
**Date: 09/07/2020**  
**M/S AL KHABEER CAPITAL**

**Subject: Valuation Report for an Under Construction Educational Facility (AlFarabi Training Center) in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on July 08, 2020 for valuation service of an educational facility (AlFarabi Training Center), located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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 (Please Click on the Title for Direct Access)

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# EXECUTIVE SUMMARY

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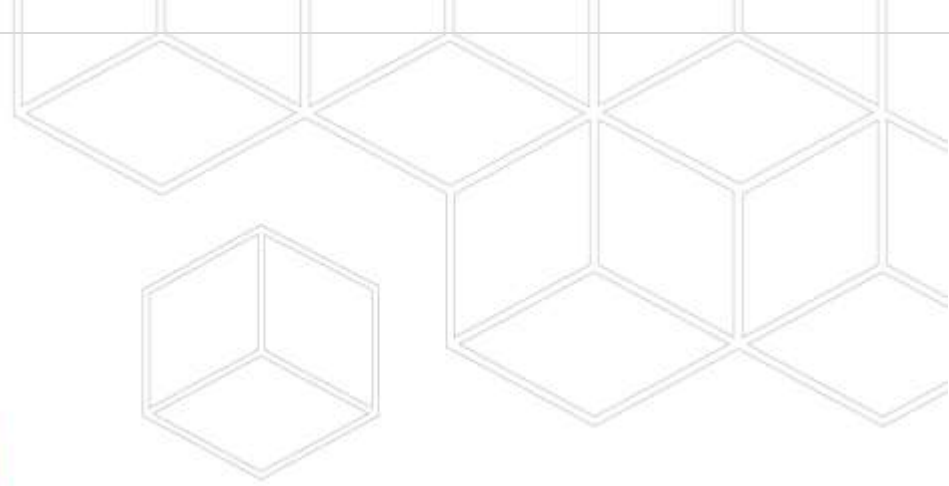


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from Mrs. Rana Al Shaibi on 08/07/2020 to implement a real estate valuation service in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Al Khabeer Capital, a valuation for AlFarabi Training Center in Riyadh city.
<b>Reference No.</b>	2010493 - 1
<b>Purpose of Valuation</b>	Acquisition Purpose
<b>Subject Property</b>	Educational Facility
<b>Property Location</b>	The property is located in Ishbiliya district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 810125029659, Title Deed Date: 23/06/1441 AH, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة المقصد العقارية
<b>Land Use</b>	Educational
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 11,340 Sqm
<b>BUA (Sqm)</b>	The building is composed of 4 floors
<b>Vacancy Rate</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant, although the property is still under development
<b>Valuation Approach</b>	The Depreciated Replacement Cost (DRC) and the Comparable Approach
<b>Final Property Value</b>	68,920,000 SAR
<b>Valuation Date</b>	09/07/2020
<b>Inspection Date</b>	09/07/2020

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital to estimate the market value of the real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The evaluation was prepared in accordance with the International Evaluation Standards of the Council of International Assessment Standards (IVSC) issued in 2017 by the Saudi Authority for Accredited Residents in the Kingdom of Saudi Arabia.

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

*"The estimated amount"* refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

### AN ASSET SHOULD EXCHANGE

**"an asset should exchange"** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

**"on the valuation date"** requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

**"between a willing buyer"** refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 08, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**July 09, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 09, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 09, 2020.**

**1.8 OPINION OF VALUE**

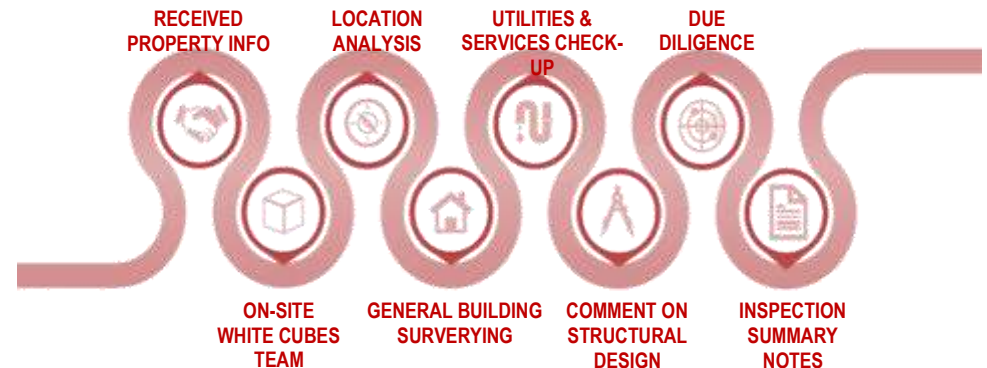
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Acquisition Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Income Approach, The Depreciated Replacement Cost (DRC), The Comparable and the Discounted Cash Flow Approach (DCF)

**1.10 INSPECTION ROLE**

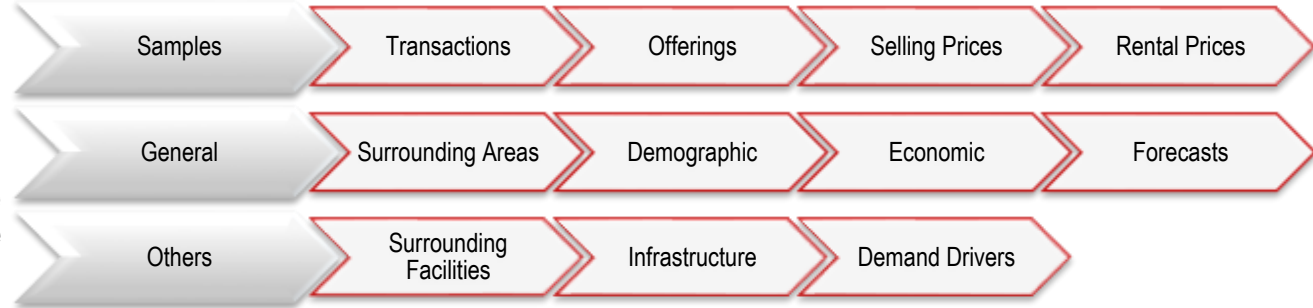
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

---





### 1.12 PROPERTY & LOCATION DESCRIPTION

- Property Description** AlFarabi Training Center is an under construction educational facility with a land area of 11,340 square meters. As per the provided information by construction permit, the subject property has a total BUA of 48,770.66 square meters, overlooking 4 streets, where the main façade is the western side, which overlooks Al Bahar Al Arabi Street.
- Location Description** The property being valued is AlFarabi Training Center in Ishbilila District in the northeast of Riyadh.  
 The property is bordered from the north by a vacant land  
 The property is bordered from the south by AL Farabi College of Medicine  
 The Property is bordered from the east by residential buildings  
 The property is bordered to the west by the main road, Al Bahar Al Arabi Rd.
- Ease of Access** The ease of access to the property is high, based on its current location as it is located on Al Bahar Al Arabi Street.
- Area Surrounding the Property** Mostly of residential and commercial uses.
- The Main Landmarks** The property subject of valuation is surrounded by several major landmarks such as Ishbilila Residential Compound.

Land		Building	
Land Use	Commercial	Building Type	Educational Building still under development
No. of Streets	4	Building Structural Conditions	Under Development
Land Shape	Graded	External Elevation Conditions	Under Development
Direct View on the Main Road	Al Bahar Al Arabi Street	Building Finishing Conditions	Under Development
Direct View on an Internal Street	Yes, Al Naham Street	Overall Building Conditions	Under Development
Land Condition	Under Development		

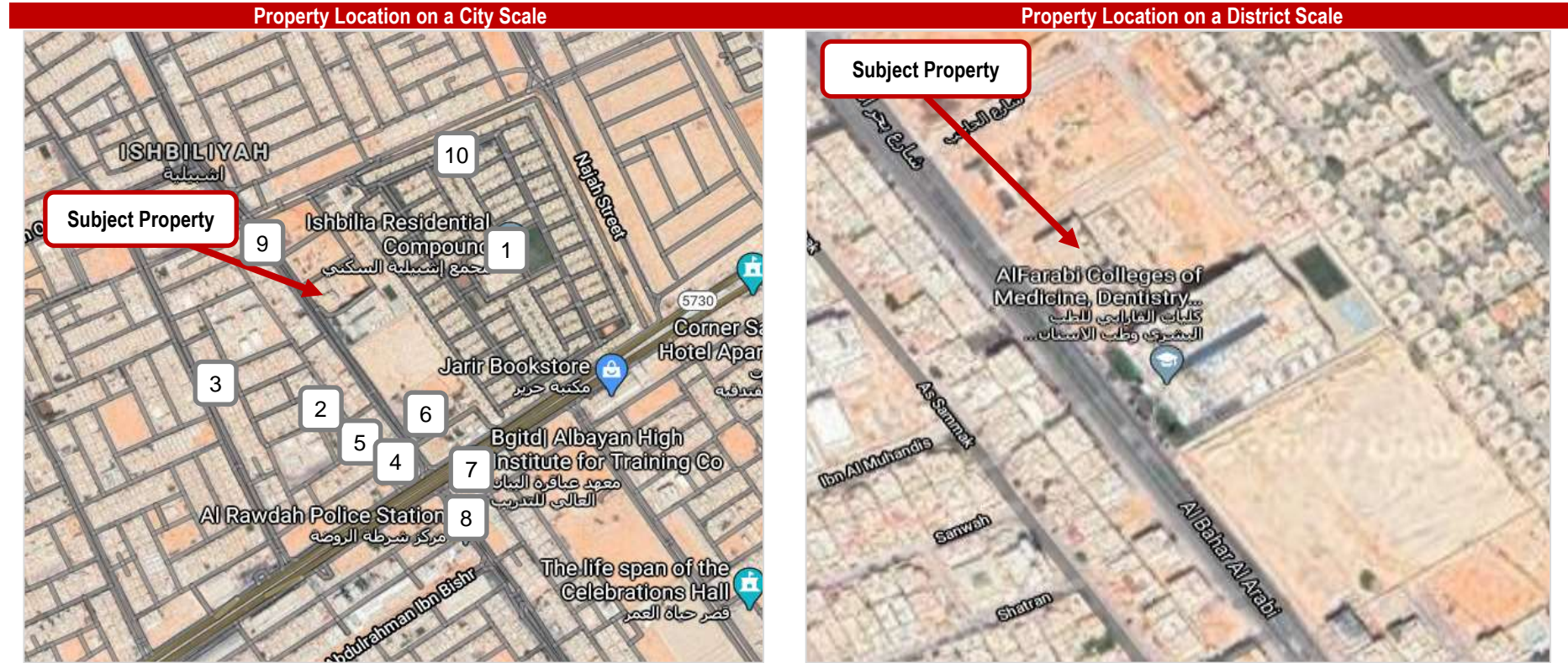
### 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	N/A	All the infrastructural facilities are available in the surroundings, but they are not connected to the subject property.
Electricity	✓	N/A	
Tele-Communication	✓	N/A	
Sewage	✓	N/A	



## 1.14 LOCATION

The subject property is in Ishbiliah district, Riyadh city and surrounded by several landmarks as follows:



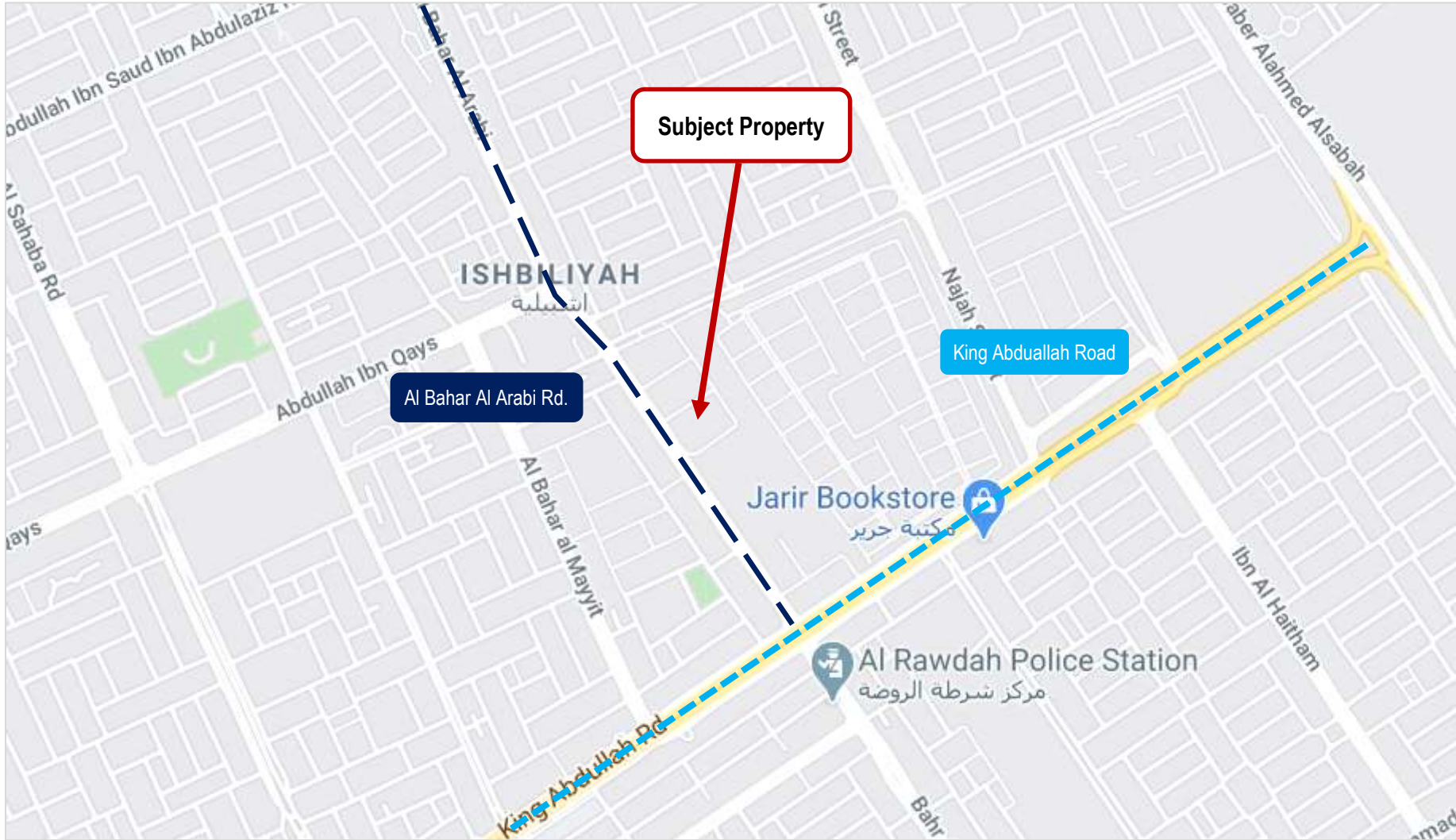
### Surrounding Landmarks

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1- Ishbiliah Residential Compound (0.25 Kilometers)</li> <li>2- Sevilla School for the memorization of the Koran girl (0.20 Kilometers)</li> <li>3- Kids Saray International School (0.33 Kilometers)</li> <li>4- Beam Crossfit (0.40 Kilometers)</li> <li>5- Al Itisaliyat Company (0.30 Kilometers)</li> </ul> | <ul style="list-style-type: none"> <li>6- Oasis Day Care Center (0.30 Kilometers)</li> <li>7- Bgirdl Albayan High Institute for Training Co (0.50 Kilometers)</li> <li>8- Al Rawdah Police Station (0.60 Kilometers)</li> <li>9- Al Rowad Schools - Ishbiliah (0.45 Kilometers)</li> <li>10- Ishbiliah Kindergarten (0.45 Kilometers)</li> </ul> |
|---|--|



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:







## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed of the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	11,340 Sqm
<b>District</b>	Ishbilila	<b>Plot No.</b>	From Plot No.9 to No.16
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	810125029659	<b>Layout No.</b>	2932
<b>T.D Date</b>	23/06/1441 AH	<b>Owner</b>	شركة المقصد العقارية
<b>T.D Value</b>	3,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	07/03/1441 AH Riyadh Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	15 m Wide street	<b>East Side</b>	15 m Wide street
<b>South Side</b>	15 m Wide street	<b>West Side</b>	40 m Wide street
<b>Notes</b>			
The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.			

## 1.17 CONSTRUCTION & BUILDINGS

The client provided us with a construction permit to the subject property with a total BUA of 48,770.66 Sqm distributed on 3 underground floors and 2 upper floors. The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer does not provide us with a copy of the approved plans, the evaluation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will evaluate them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The customer provided us with a building permit for the property under evaluation, which contains the following data:  
The subject property is an under development commercial building consisting of 4 floors.

### Subject Property

Construction Permit Type	New Permit
Property Type	Educational Facility
Construction Permit No.	1434/20267
Construction Permit Date	15/09/2013
Permit Expiry Date	14/08/2016

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	5946.95	Educational
Basement 3	0	11,322	
Basement 2	0	11,322	Parking Area
Basement 1	0	11,322	Parking Area
First Floor	0	6060.61	Educational
Electricity Chamber	0	20.00	Electricity Chamber
Upper Annexes	0	2777.10	Educational
Fences	1	430.96	Services
<b>Total BAU (sqm)</b>		<b>48770.66</b>	

The Total BUA as per the construction permit is 48770.66 Sqm, yet, only 2 basement floors have been executed although the permit allows 3 floors. So, the current BUA of the building excluding Basement 3 is 37448.66 Sqm and we will use this number in our valuation process.

### 1.18 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



## 1.19 PHOTO RECORD





# MARKET INDICATORS

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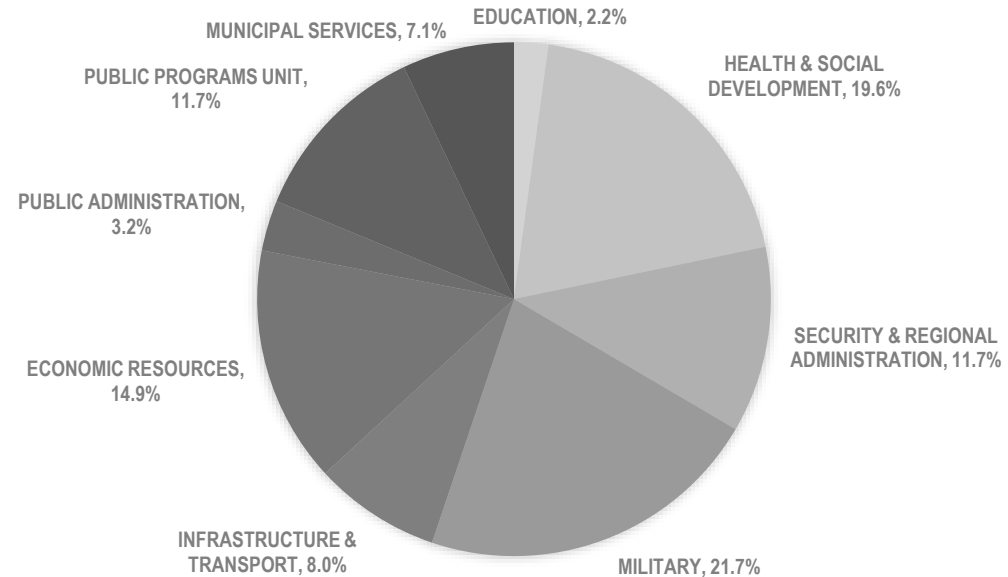
### 1.20 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.21 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.22 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Direct view on the main road, Al Bahar Al Arabi Rd.</li> <li>- Surrounded by several landmarks</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- The property is located far from city center</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Increase in the demand for such properties in the surrounding area due to the high concentration of residential units</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects</li> </ul>

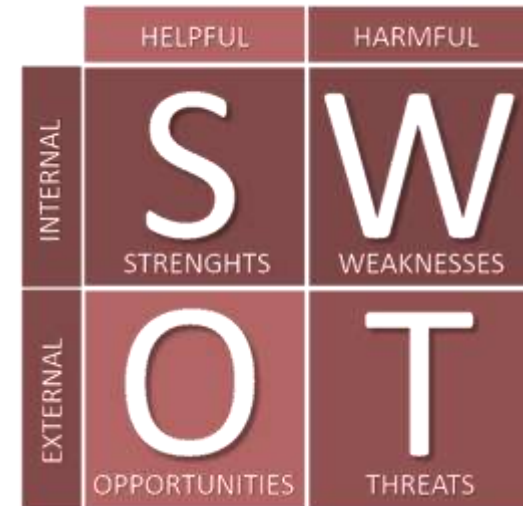
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.23 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020

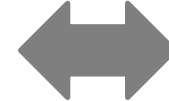


Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

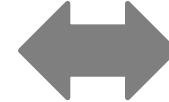


Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis





**1.24 RISK ANALYSIS**

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>

**Risk Category 16 Risk Points - Medium Risk**

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	-----	✓	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category 10 Risk Points – Minimal Risk**

**Land Analysis**

Risk Category- 10 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>

**Risk Category 7 Risk Points - Medium Risk**

**Property Analysis**

Risk Category- 7 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.25 DOCUMENTS RECEIVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures ✓	Presentation of the subject property	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget
Leasing Contract ✓	Income & Revenues ✓	Operational Cost - OPEX

### 1.26 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.27 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.28 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the customer, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

**1.29 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service scope does not include any technical testing of buildings or construction structures, and this does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reverse the effect on the value estimate.

**1.30 VALUATION APPROACH**

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	-----	-----	-----

**COMPARABLE METHOD**

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

### 1.31 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



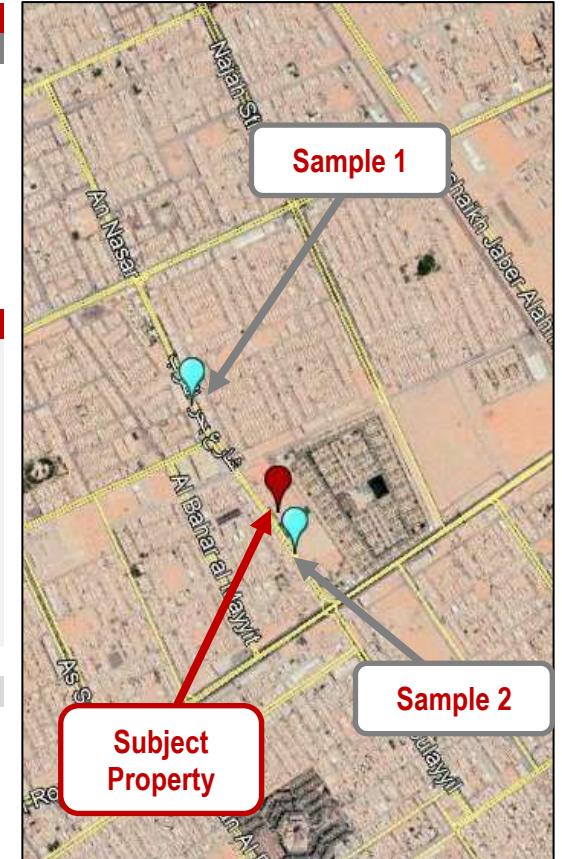
### 1.32 COMPARABLE APPROACH

This method aims to collect data and information on actual sales or current offers of real estate similar to the original subject matter being evaluated, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the evaluation process in the style of comparisons and the amendments made to the available comparisons

Characteristics of Samples					
Feature	Subject Property	Sample 1		Sample 2	
Quoting	-----	Offering		Offering	
District	Ishbilia	Ishbilia		Ishbilia	
Sale Price	-----	SAR 13,000,000		SAR 24,400,000	
Data Source	Title Deed	Market Survey		Market Survey	
Area Size	11,340.00	4,700.00		12,300.00	
SAR / Sqm	-----	SAR 2,766		SAR 1,984	
Sides Open	4	3		3	

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	11,340.00	4,700.00	-10.00%	12,300.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Street Width (m)	40	40	0.00%	40	0.00%
Sides Open	4	3	5.00%	3	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	No	0.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-5.00%</b>		<b>5.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 138.3</b>		<b>SAR 99.2</b>
<b>Net After Adjustment</b>			<b>SAR 2,627.7</b>		<b>SAR 2,082.9</b>
<b>SAR / Sqm</b>		<b>SAR 2,355</b>			
<b>Rounded Value</b>		<b>SAR 2,350</b>			



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 2,000 - 2,500 SAR / Sqm with an average of 2,250 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 1.33 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of the real estate similar to the property being evaluated, and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regard, and in the following table the scope of the expected costs for replacing the building under evaluation.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 1,100	SAR 1,200	SAR 1,150
<b>MEP</b>	SAR 350	SAR 450	SAR 400
<b>Finishing Materials</b>	SAR 650	SAR 750	SAR 700
<b>Site Improvements</b>	SAR 80	SAR 120	SAR 100
<b>Owner Profit</b>	18%	22%	20%

In the following table, we will calculate an estimate of the direct costs of the building in the new condition, according to the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND		
Land Area	SAR / Sqm	Total Value
11,340.00	SAR 2,350	SAR 26,649,000
Building		
	Unit	Total BUA
Upper and Underground Floors	Sqm	37,448.66
<b>Total (SQM)</b>	<b>37,448.66</b>	

Development Cost					
Hard Cost					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	37,448.66	SAR 1,150	SAR 43,065,959	80%	SAR 34,452,767
Electro Mechanic	37,448.66	SAR 400	SAR 14,979,464	0%	SAR 0
Finishing	37,448.66	SAR 700	SAR 26,214,062	0%	SAR 0
Fit outs & Appliances	37,448.66	SAR 200	SAR 7,489,732	0%	SAR 0
Furniture	37,448.66	SAR 0	SAR 0	0%	SAR 0
Site Improvement	11,340.00	SAR 100	SAR 1,134,000	100%	SAR 1,134,000
<b>Total</b>			<b>SAR 92,883,217</b>	<b>38.31%</b>	<b>SAR 35,586,767</b>



Overall Soft Cost			
	Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost	SAR 35,586,767	1.00%	SAR 355,868
Design	SAR 35,586,767	1.00%	SAR 355,868
Eng Consultant	SAR 35,586,767	2.00%	SAR 711,735
Management	SAR 35,586,767	2.00%	SAR 711,735
Contingency	SAR 35,586,767	5.00%	SAR 1,779,338
Others	SAR 35,586,767	0.00%	SAR 0
<b>TOTAL</b>		<b>11.00%</b>	<b>SAR 3,914,544.39</b>
<b>Total Hard Cost</b>	<b>SAR 35,586,767</b>	<b>BUA</b>	<b>37,448.66</b>
<b>Total Soft Cost</b>	<b>SAR 3,914,544.39</b>	<b>SAR / Sqm</b>	<b>SAR 1,055</b>
<b>Total Construction Cost</b>	<b>SAR 39,501,311.59</b>	<b>Overall Completion</b>	<b>38.3%</b>

After knowing the total building construction costs at a rate of 1,055 SAR per square meter, we will estimate the life span of the property according to the type of construction and its general condition, and then apply the depreciation rates based on the actual age of the property. Then, the developer's profitability will be added to the property's value after depreciation to see the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 39,501,312</b>	<b>Net Dep Rate</b>	0.00%
		<b>Dev Cost After Depreciation</b>	<b>SAR 39,501,312</b>
<b>Economic Age</b>	40	<b>Total Completion Rate</b>	38.31%
<b>Annual Dep Rate</b>	2.50%	<b>Developer Profit Rate</b>	7.0%
<b>Actual Age</b>	0		
<b>Total Dep Rate</b>	0.00%		
<b>Add Appr Rate</b>	0.00%	<b>Dev. Profit Amount</b>	SAR 2,765,092
<b>Net Dep Rate</b>	<b>0.00%</b>	<b>Development Value</b>	<b>SAR 42,266,403</b>

The total market value of the building is 42,266,403 SAR, which will be added to the market value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 42,266,403	SAR 26,649,000	SAR 68,915,403	SAR 68,920,000





### 1.34 LEASING CONTRACT

The client provided us with a leasing contract with the below details:

1<sup>st</sup> Party: شركة المقصد العقارية

2<sup>nd</sup> Party: شركة كليبات الفارابي للتعليم

Duration: 25 Years

Starting Date: 2021

Ending Date: 2045

As per the leasing contract, there are promissory notes for the contracts full period.

### 1.35 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Comparable Approach	Property	SAR 26,649,000	Twenty-Six Million and Six Hundred Forty-Nine Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 68,920,000	Sixty-Eight Million and Nine Hundred Twenty-Thousand Saudi Riyals

It is true that the subject property considered as a special property (educational facility), but since the subject property is being leased on a long term bases with the availability of the promissory notes (provided by the tenant) and taking into consideration the purpose of valuation, we will indicate the final value of the subject property based on the Cost Approach.

### 1.36 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DRC Approach is:

**Property Value: 68,920,000 SAR**

**Sixty-Eight Million and Nine Hundred Twenty-Thousand Saudi Riyals**

### 1.37 VALUATION NOTES

We did not apply the income approach while valuating the subject property for the following 2 reasons:

- The subject property considered as a special property due to its nature of use, where no active market transactions for such property types. Therefore, we have applied the DRC approach.
- The subject property still in the construction phase and expected to be finished in 2 years' time.



### 1.38 REPORT USE

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

### 1.39 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.40 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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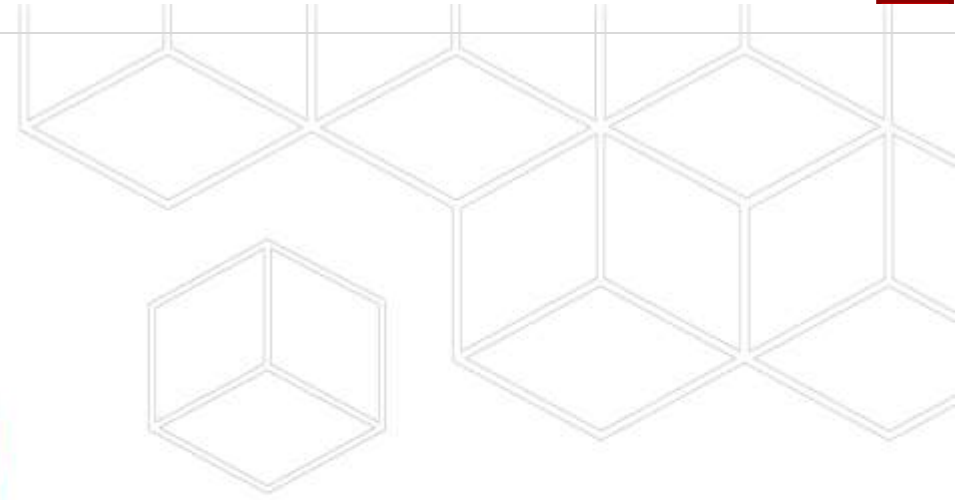
**Essam Hussaini**  
**Site Inspection Check**

**Member of (Taqeem)**  
**License No. 1210000474**

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# GENERAL NOTES

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**1.41 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the evaluator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.42 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and White Cubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

- The subject property was previously valued by White Cubes*
- White Cubes was previously involved in selling activities related to the property*
- White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Cap	Feb 2020	-----
✓	-----	-----	-----
✓	-----	-----	-----

**1.43 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



**1.44 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

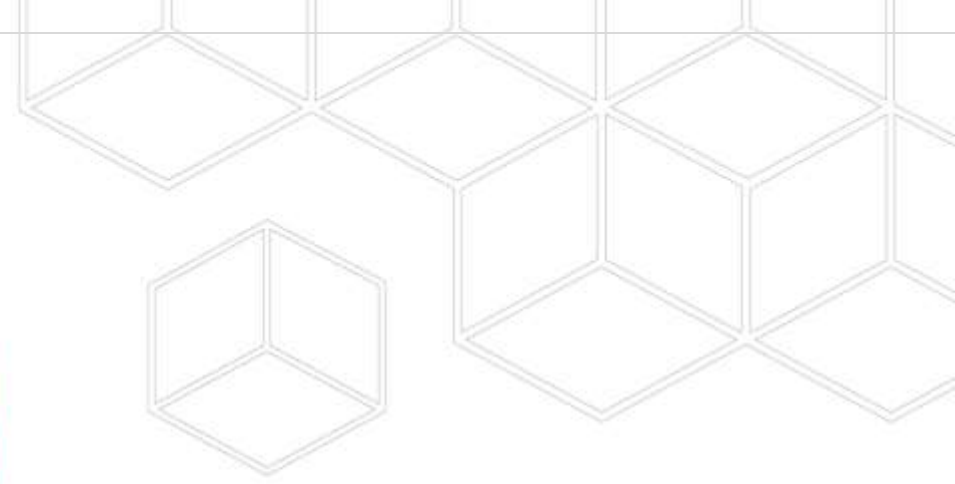
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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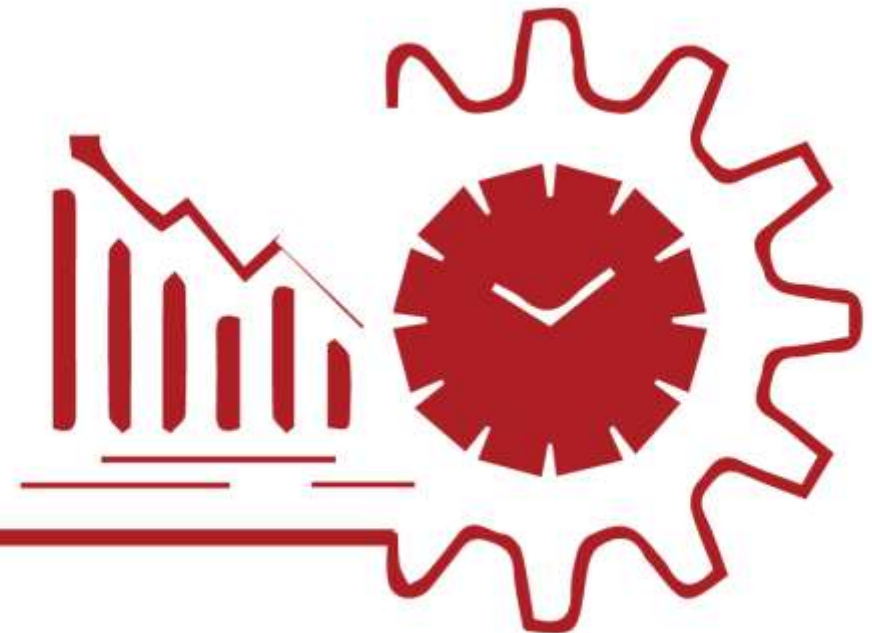
# AHLAN COURT AL KHABEER CAPITAL

JEDDAH CITY

JUNE 2020



# Valuation Report





**REF:** 2010402-1  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for retail project (Ahlan Court) in Jeddah City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the retail project (Ahlan Court) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)







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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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(Please Click on the Title for Direct Access)

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# EXECUTIVE SUMMARY

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## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 11/06/2020 to implement valuation service for a commercial project in Jeddah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law. 2010402-1
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Commercial Project
<b>Property Location</b>	The property is located in Al Andalos district, Jeddah City.
<b>Title Deed Information</b>	Title Deed No: 920210027006, Title Deed Date: 17/08/1440, Issued from Jeddah Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 4,342.25 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the building is composed of 2 floors with a total BUA of 2,758.3 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 1,774 Sqm for showrooms and 984 Sqm for offices.
<b>Vacancy Rate</b>	Based on the client, the project is fully leased to 1 tenant
<b>Valuation Approach</b>	Income Approach & Cost Approach
<b>Final Property Value</b>	65,000,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.





**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

**1.8 OPINION OF VALUE**

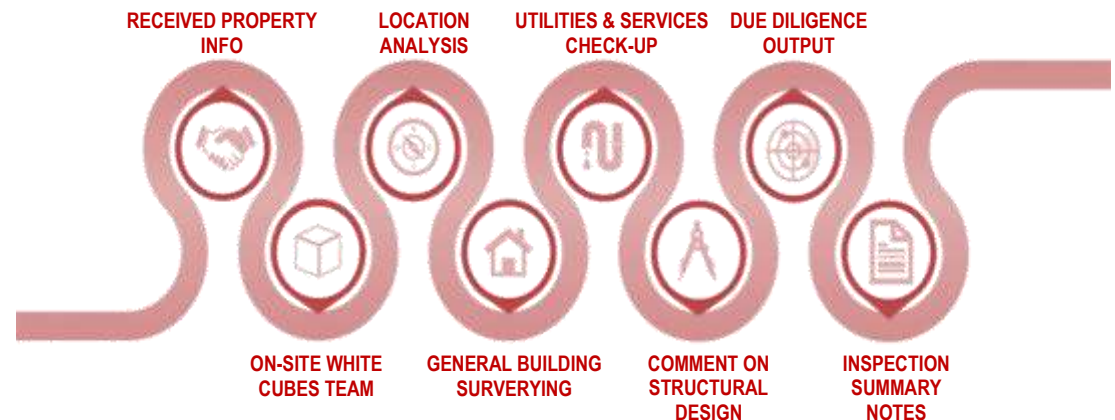
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

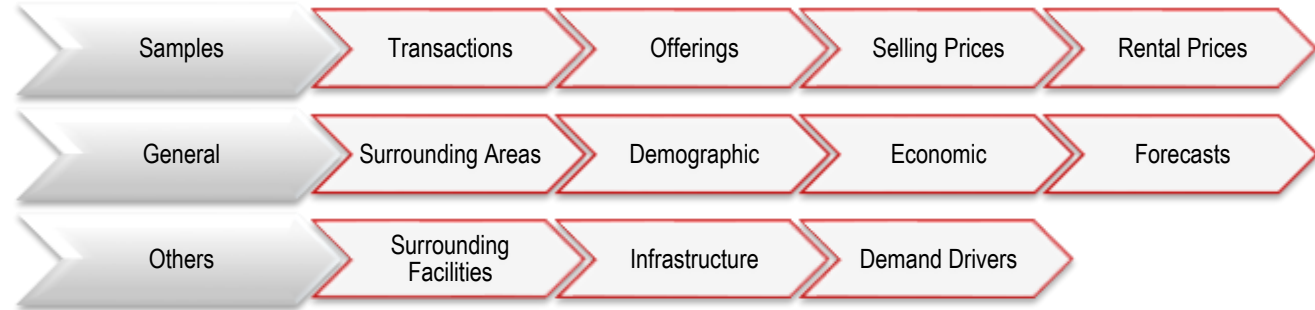
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





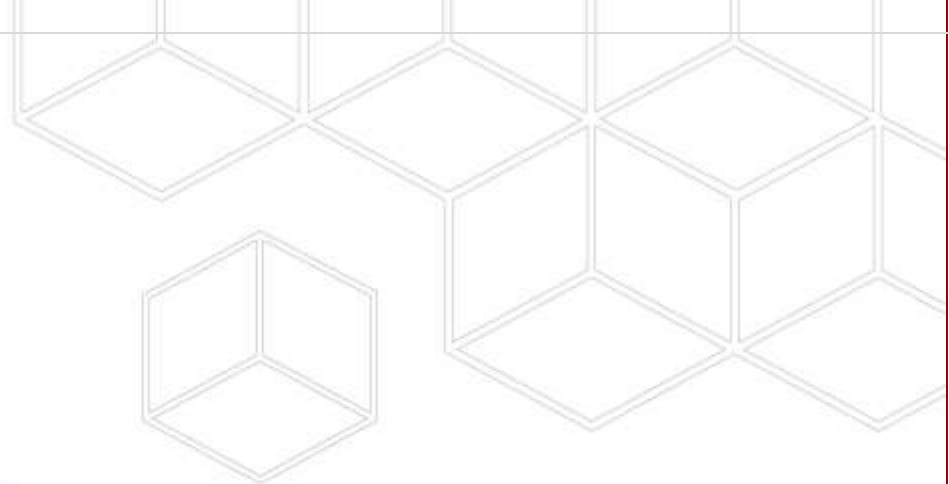
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a constructed property located in Al Andalos district, Jeddah city. The Property has a total land area of 4,342.25 Sqm, and a total BUA of 2,758.3 Sqm. The subject property is a commercial retail building. As per the site inspection done by our team, the project is open on 3 sides from the north east and south with a direct view on Prince Mohammad Bin Abdulaziz Road. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.
<b>Location Description</b>	The property subject of valuation is a commercial project in Al Andalos district, Jeddah City. The property is bordered from the north by Prince Mohammad Bin Abdulaziz Road The property is bordered from the south by an Unnamed Street The Property is bordered from the east by an Unnamed Street The property is bordered to the west by a private property
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high, since it is located on prince Mohammad Bin Abdulaziz Road and open from 3 sides.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Mohammad Bin Abdulaziz Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



## 1.14 LOCATION

The subject property is located in Al Andalos district, Jeddah city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



### Surrounding Landmarks

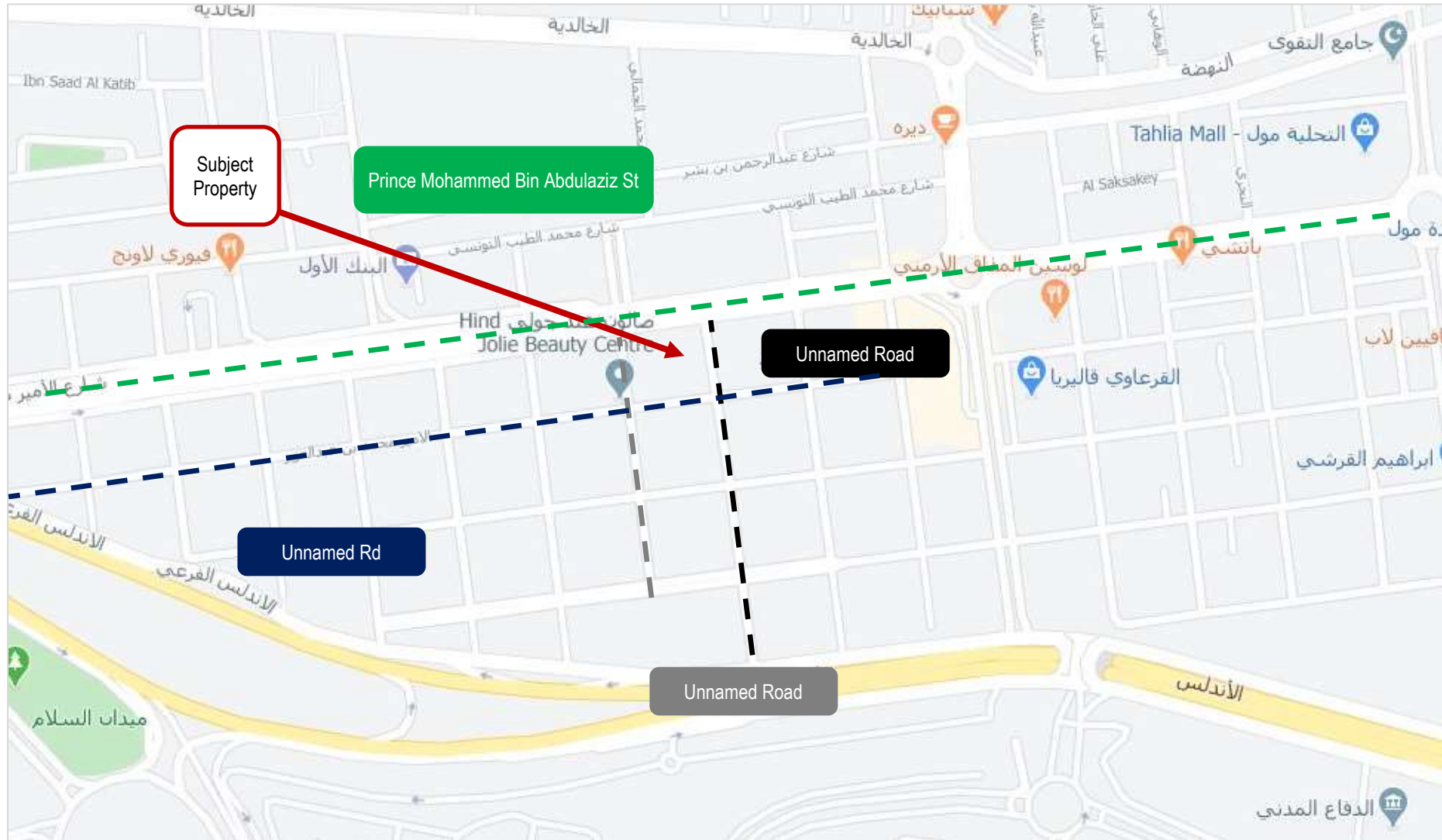
- 1- Ittihad Fc (0.05 Kilometers)
- 2- Piatto Le Chateau (0.08 Kilometres)
- 3- Bank Al Jazira (0.1 Kilometers)
- 4- Toni & Guy Jeddah (0.1 Kilometers)
- 5- Tahlia Roshana Center (0.3 Kilometres)

- 6- Kaki Soccer Field Khalidya (0.45 Kilometres)
- 7- Alawwal Bank (0.4 Kilometres)
- 8- Majid Society (0.2 Kilometres)
- 9- Teatro Mall (0.4 Kilometres)
- 10- Deera Café (0.6 Kilometres)



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	4,342.25
<b>District</b>	Al Andalos	<b>Plot No.</b>	1
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920210027006	<b>Layout No.</b>	ت.س/860
<b>T.D Date</b>	17/08/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	38,181,818.19 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	17/08/1440 Jeddah Notary	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Private Property	<b>East Side</b>	Private Property
<b>South Side</b>	Al Khalil Street (10 Meters)	<b>West Side</b>	Al Khalil Street (10 Meters)
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a fully constructed Commercial building composed of 2 floors which was constructed 12 years ago. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property	
Construction Permit Type	New Permit
Property Type	Commercial
Construction Permit No.	427000307
Construction Permit Date	1427
Permit Expiry Date	1430

Description	No. of Units	Area (sqm)	Use
Ground Floor	6	1,774.3	Restaurant
Mezzanine	---	---	---
Basement	---	---	---
First Floor	1	984	Restaurant
<b>Total BAU (sqm)</b>		<b>2,758.3</b>	

### 1.18 BUILDING GROSS LEASABLE AREA (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Showrooms	---	2,758.3	1,774	Rental spaces are provided by the client
Offices	---		984	
<b>Total</b>			<b>2,758</b>	

### 1.19 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total OPEX of the subject property is 350,000 SAR per year, which includes Management fees.

### 1.20 PROPERTY ACTUAL RENTAL RATES

Based on the statement submitted to us by the client, the occupancy rate of the project is currently 100% of the total GLA is 2,758 Sqm.

### 1.21 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Ahlan Court	Property all type risks	P0420-PAR-HCAB-12560163	Al Rajhi Company for Cooperative Insurance	30/03/2021
Ahlan Court	Third part liability	P0420-TPL-HCAB-12560162	Al Rajhi Company for Cooperative Insurance	03/04/2021





## 1.22 PHOTO RECORD



# MARKET INDICATORS

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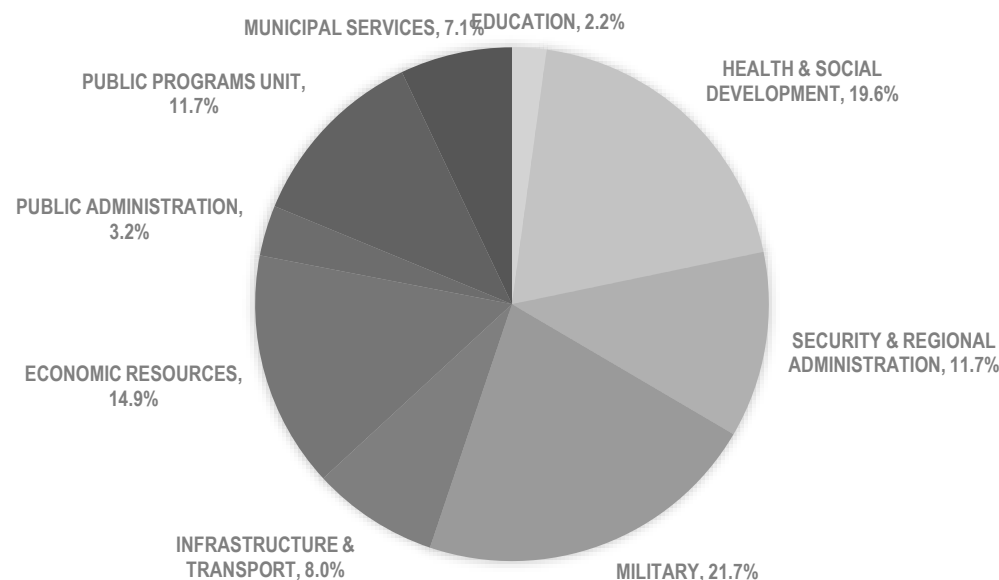
### 1.23 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.24 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.25 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Open on 3 sides</li> <li>- Have a direct view on the main street</li> <li>- Near the seashores</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- Surrounded by several residential units</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Similar and upcoming projects</li> </ul>

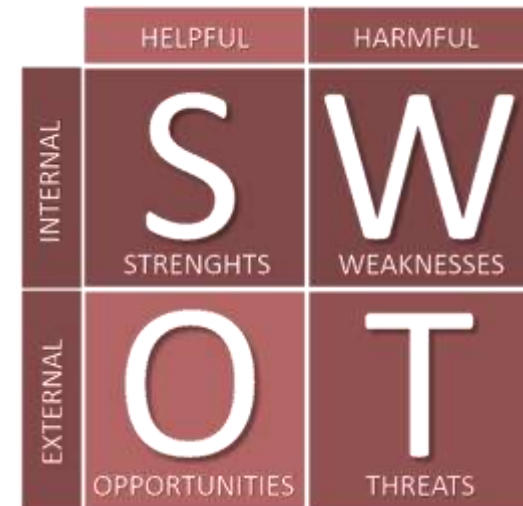
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.26 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020

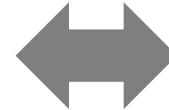


Future Expectations



Investors' Appetite

From 2019 to 2020

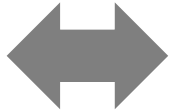


Future Expectations



Sector's occupancy ratios

From 2019 to 2020

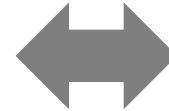


Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



### 1.27 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>

**Risk Category 16 Risk Points - Medium Risk**

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Risk Category 8 Risk Points – Minimal Risk**

**Land Analysis**

Risk Category- 8 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category 8 Risk Points - Medium Risk**

**Property Analysis**

Risk Category- 8 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.28 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Layouts ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget ✓
Tenant List ✓	Income & Revenues ✓	Operational Cost - OPEX ✓

### 1.29 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.30 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.





### 1.31 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

### 1.32 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.33 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

### 1.34 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



### 1.35 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

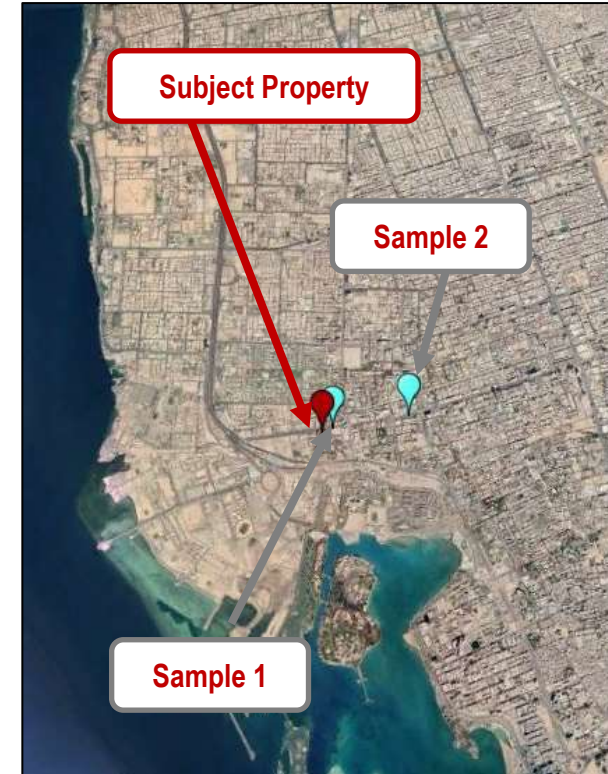
Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Al Andalos	Al Andalos	Al Andalos
Sale Price	-----	SAR 121,000,000	SAR 24,000,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	4,342.25	8,750.00	1,700.00
SAR / Sqm	-----	SAR 13,829	SAR 14,118
Sides Open	3	4	2

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	4,342.25	8,750.00	5.00%	1,700.00	-5.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	40	40	0.00%	40	0.00%
Sides Open	3	4	-5.00%	2	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	Yes	-10.00%	Yes	-10.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-10.00%</b>		<b>-10.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 1,382.9</b>		<b>-SAR 1,411.8</b>
<b>Net After Adjustment</b>			<b>SAR 12,445.7</b>		<b>SAR 12,705.9</b>

SAR / Sqm	<b>SAR 12,576</b>
Rounded Value	<b>SAR 12,600</b>



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 12,000 - 13,000 SAR / Sqm with an average of 12,500 SAR / m2. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.



### 1.36 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 700	SAR 900	SAR 800
<b>MEP</b>	SAR 150	SAR 250	SAR 200
<b>Finishing Materials</b>	SAR 350	SAR 450	SAR 400
<b>Site Improvements</b>	SAR 180	SAR 220	SAR 200
<b>Owner Profit</b>	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND		
Land Area	SAR / Sqm	Total Value
4,342.25	SAR 12,600	SAR 54,712,350

Building			
	Unit	No of Floors	Total BUA
<b>Ground Floor</b>	Sqm	1	1,774.30
<b>First Floor</b>	Sqm	1	984.00
<b>Total (SQM)</b>	<b>2,758.30</b>		

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	2,758.30	SAR 800	SAR 2,206,640	100%	SAR 2,206,640
Electro Mechanic	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
Finishing	2,758.30	SAR 400	SAR 1,103,320	100%	SAR 1,103,320
Fit outs & Appliances	2,758.30	SAR 0	SAR 0	100%	SAR 0
Furniture	2,758.30	SAR 0	SAR 0	100%	SAR 0
Site Improvement	4,342.25	SAR 200	SAR 868,450	100%	SAR 868,450
<b>Total</b>			<b>SAR 4,730,070</b>	<b>100.00%</b>	<b>SAR 4,730,070</b>



Overall Soft Cost			
	Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost	SAR 4,730,070	0.10%	SAR 4,730
Design	SAR 4,730,070	0.50%	SAR 23,650
Eng Consultant	SAR 4,730,070	1.00%	SAR 47,301
Management	SAR 4,730,070	5.00%	SAR 236,504
Contingency	SAR 4,730,070	5.00%	SAR 236,504
Others	SAR 4,730,070	0.00%	SAR 0
<b>TOTAL</b>		<b>11.60%</b>	<b>SAR 548,688.12</b>
<b>Total Hard Cost</b>	<b>SAR 4,730,070</b>	<b>BUA</b>	<b>2,758.30</b>
<b>Total Soft Cost</b>	<b>SAR 548,688.12</b>	<b>SAR / Sqm</b>	<b>SAR 1,914</b>
<b>Total Construction Cost</b>	<b>SAR 5,278,758.12</b>	<b>Overall Completion</b>	<b>100.0%</b>

After knowing the total construction costs at a rate 1,914 per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 5,278,758</b>	<b>Net Dep Rate</b>	40.00%
		<b>Dev Cost After Depreciation</b>	<b>SAR 3,167,255</b>
<b>Economic Age</b>	30	<b>Total Completion Rate</b>	100.00%
<b>Annual Dep Rate</b>	3.33%	<b>Developer Profit Rate</b>	20.0%
<b>Actual Age</b>	12	<b>Dev. Profit Amount</b>	SAR 633,451
<b>Total Dep Rate</b>	40.00%	<b>Development Value</b>	<b>SAR 3,800,706</b>
<b>Add Appr Rate</b>	0.00%		
<b>Net Dep Rate</b>	<b>40.00%</b>		

The total value of the building is 3,800,706 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 3,800,706	SAR 54,712,350	SAR 58,513,056	SAR 58,510,000



### 1.37 INCOME APPROACH BASED ON MARKET RATES

#### Market Rental Analysis

We were not able to find similar samples within the property area. Yet, we have executed some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,500 to 3,500 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 3,100 SAR/ Sqm as a rental rate for showrooms. As for the offices rental rates, falls between

Comparable No.	Office Units	
	Rental Rate/ Unit	Occupancy Rates
Comparable 1	700 SAR/ Sqm	85%
Comparable 2	800 SAR/ Sqm	90%
Comparable 3	650 SAR/ Sqm	75%
Average	720 SAR/ Sqm	83%





## Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 5% to 10% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	2% to 3%
Operating and maintenance expenses	2% to 4%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

## Property Operation and Maintenance Expenses

We will apply the rate of 6% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

## The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.



Minimum capitalization rate	8.00%
Maximum capitalization rate	9.00%
<b>Average</b>	<b>8.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% Several major methods
General condition of the property	----- 0.25% The actual age of the property is 11 years
The general location of the property	----- -0.25% The area is served excellently
Quality and finishes	----- 0.25% Average quality finishes
Project Management Team	----- -0.25% Good management and operational team level
Services and public facilities	----- 0.25% level and availability of services is average
<b>Total</b>	<b>0.00%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	<b>0.00%</b>
<b>Capitalization rate, according to market averages</b>	<b>9%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>8.50%</b>

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.5%, which will be applied subsequently to the net operating income of the property.

### Occupancy Rates in the Project

Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Quantity			Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Show Rooms	1,774	0	SAR 3,100	SAR 0	SAR 5,499,400	
Offices	984	0	SAR 720	SAR 0	SAR 708,480	
-----	0	0	SAR 0	SAR 0	SAR 0	
					<b>Total Revenues</b>	<b>SAR 6,207,880</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	2.00%	2.00%	2.00%	5.00%	11.00%	
Offices	2.00%	2.00%	2.00%	5.00%	11.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 5,499,400	11.00%	SAR 4,894,466			
Offices	SAR 708,480	11.00%	SAR 630,547			
-----	SAR 0	0.00%	SAR 0			
			<b>Total</b>	<b>SAR 5,525,013</b>		
<b>Total Property Revenues</b>				SAR 6,207,880		
<b>Total Property Expenses</b>				-SAR 682,867		
<b>Net Operating Income</b>				<b>SAR 5,525,013.20</b>		
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 5,525,013.20	8.50%	65,000,155.29 SAR	<b>65,000,000.00 SAR</b>			





### 1.38 INCOME APPROACH BASED ON LEASING CONTRACT

#### Analysis of Operating and Maintenance Expenses

The client informed us that the subject property OPEX is 350,000 SAR annually that includes management fees as 5% of the total revenues.

#### Occupancy Rates in the Project

As per the client, the project is fully leased to one tenant, which is the percentage that will be based on in the valuation process.

REVENUES					
Unit Type	Quantity	Revenues			
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Retail Project		The subject property is Fully leased to 1 tenant			SAR 7,000,000
-----	0	0	SAR 0	SAR 0	SAR 0
					<b>Total Revenues SAR 7,000,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Retail Project	5.00%	0.00%	0.00%	0.00%	5.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Retail Project	SAR 7,000,000	5.00%	SAR 6,650,000		
-----	SAR 0	0.00%	SAR 0		
					<b>Total SAR 6,650,000</b>
<b>Total Property Revenues</b>					SAR 7,000,000
<b>Total Property Expenses</b>					-SAR 350,000
<b>Net Operating Income</b>					<b>SAR 6,650,000.00</b>
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 6,650,000.00	8.50%	78,235,294.12 SAR	<b>78,240,000.00 SAR</b>		



### 1.39 VALUATION NOTES

We have noted that all the prices, values and occupancy rates have been affected negatively by 5% to 10% due to the current situation arising from the Covid-19's pandemic.

### 1.40 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 65,000,000	Sixty-Five Million Thousand Saudi Riyals
Income- Contract	Property	SAR 78,240,000	Seventy-Eight Million and two hundred Forty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 58,510,000	Fifty-Eight Million and Five Hundred Ten Thousand Saudi Riyals

### 1.41 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on market rates is:

**Property Value: 65,000,000 SAR**  
**Sixty-Five Million Thousand Saudi Riyals**

### 1.42 REPORT USE

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

### 1.43 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



#### 1.44 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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**Essam Hussaini**  
**Site Inspection Check**

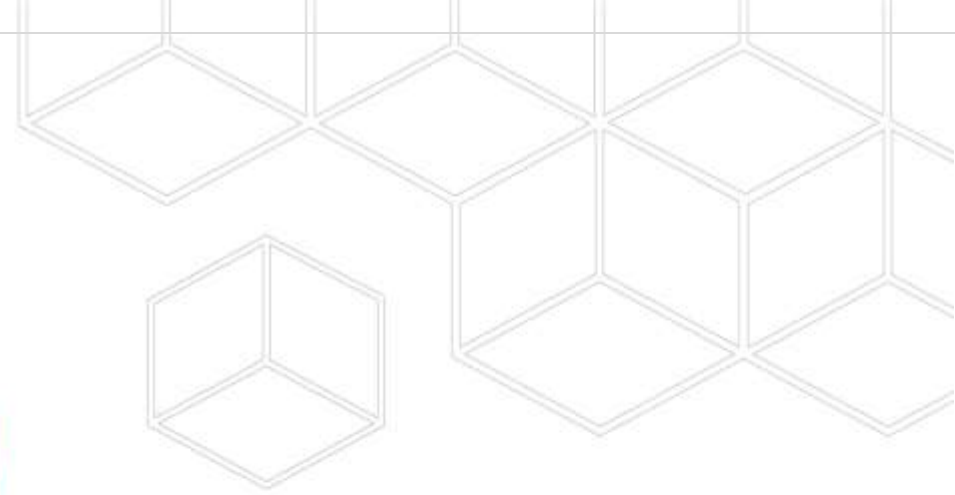
A handwritten signature in blue ink, appearing to read 'Essam Hussaini'.

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

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### 1.45 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.46 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

	If Yes		Remarks
	No	Date	
	Client	Date	
✓	Al Khabeer Capital	Nov 2019	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.47 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



### 1.48 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

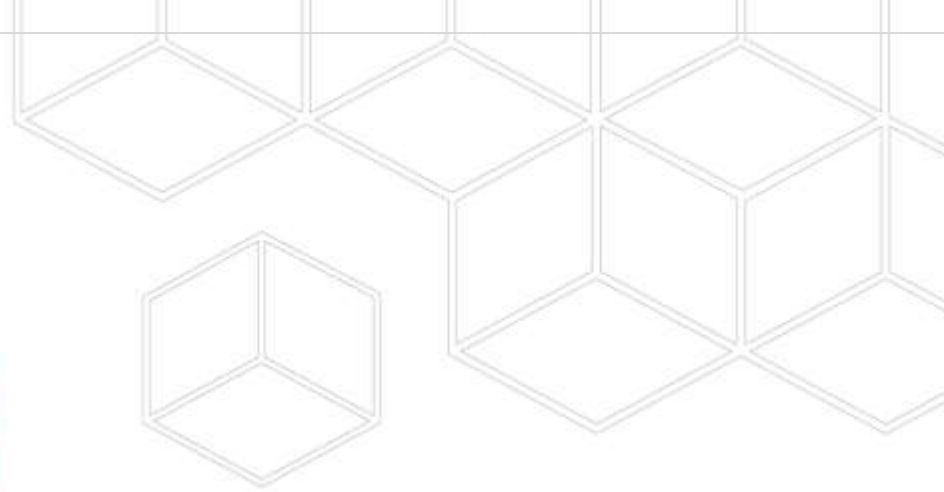
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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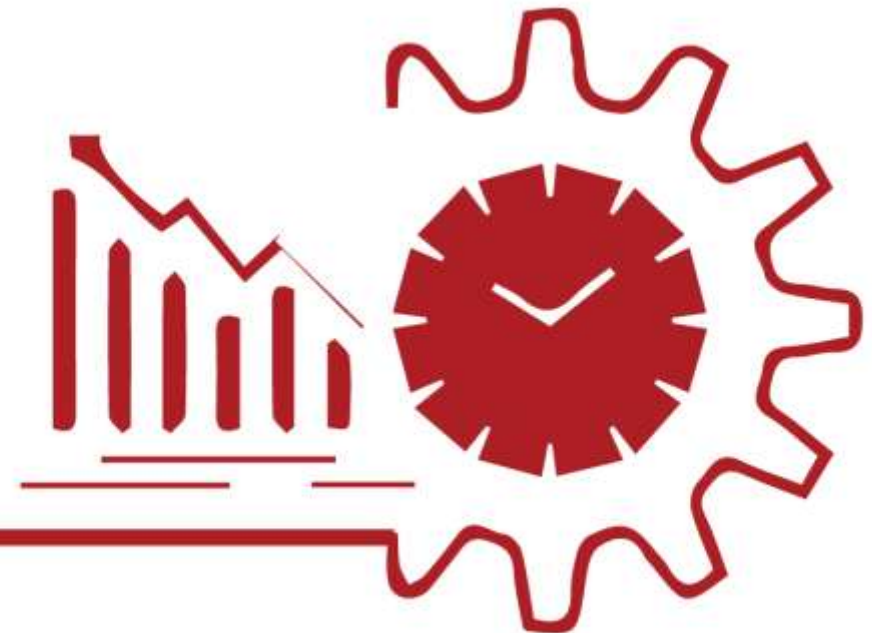
**BIN 2 PLAZA**  
**AL KHABEER CAPITAL**

JEDDAH CITY

JUNE 2020



# Valuation Report







**REF:** 2010402-2  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for commercial center (Bin 2 Plaza) in Jeddah City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the commercial project (Bin 2 Plaza) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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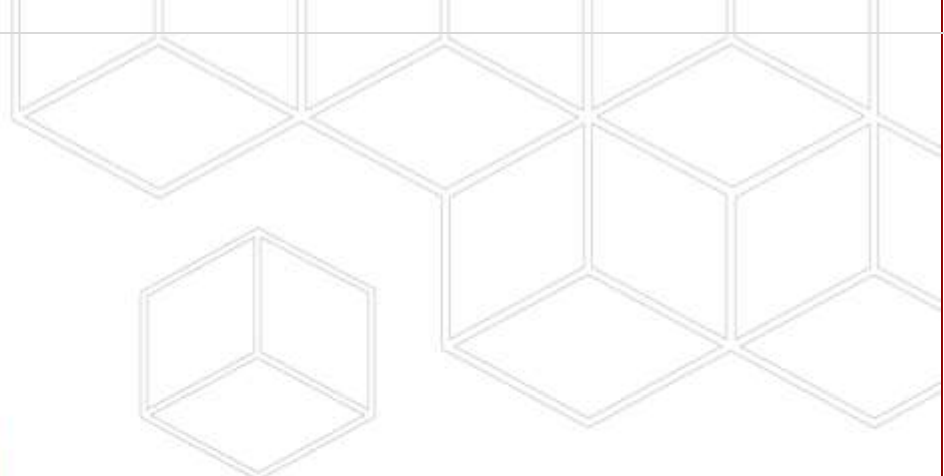
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# EXECUTIVE SUMMARY

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## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 11/06/2019 to implement valuation service for a commercial center in Jeddah city.
<b>Client</b>	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	2010402-2
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT)
<b>Subject Property</b>	Commercial Center
<b>Property Location</b>	The property is located in Al Amwaj district, Jeddah City.
<b>Title Deed Information</b>	Title Deed No: 920210026381, Title Deed Date: 19/06/1440, Issued from Jeddah Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 20,641.74 Sqm
<b>BUA (Sqm)</b>	Based on the provided construction permit, the building is composed of a ground floor, mezzanine and first floors with a total BUA of 21,305.3 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 7,336 Sqm for Showrooms and 7,631 Sqm for Offices
<b>Vacancy Rate</b>	Based on the client, the project is fully leased to one tenant
<b>Valuation Approach</b>	Income Approach & Cost Approach
<b>Final Property Value</b>	94,740,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";





AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

**1.8 OPINION OF VALUE**

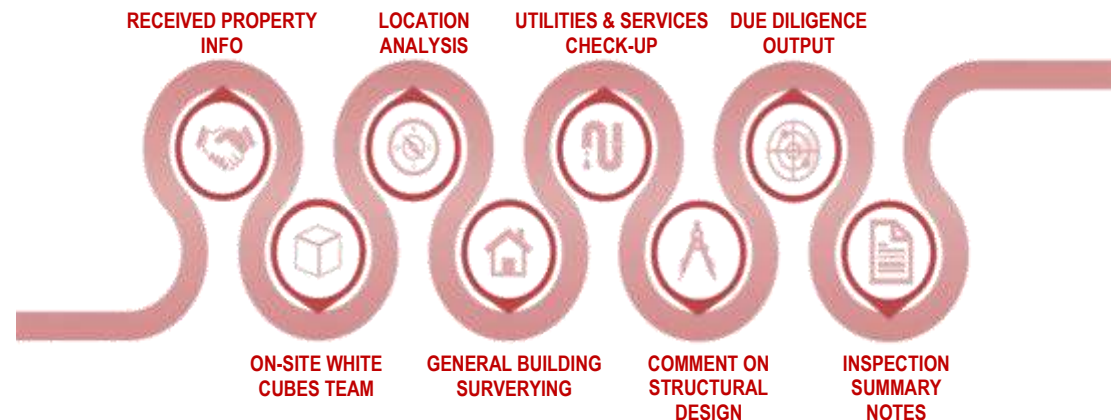
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

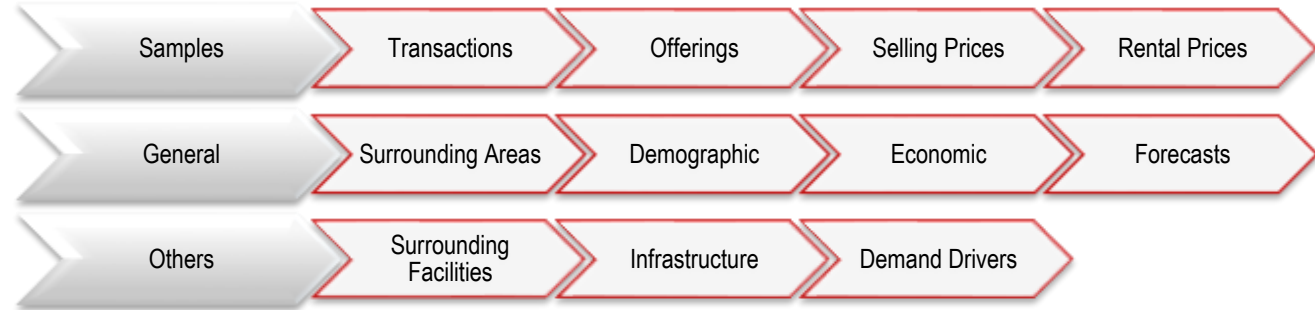
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





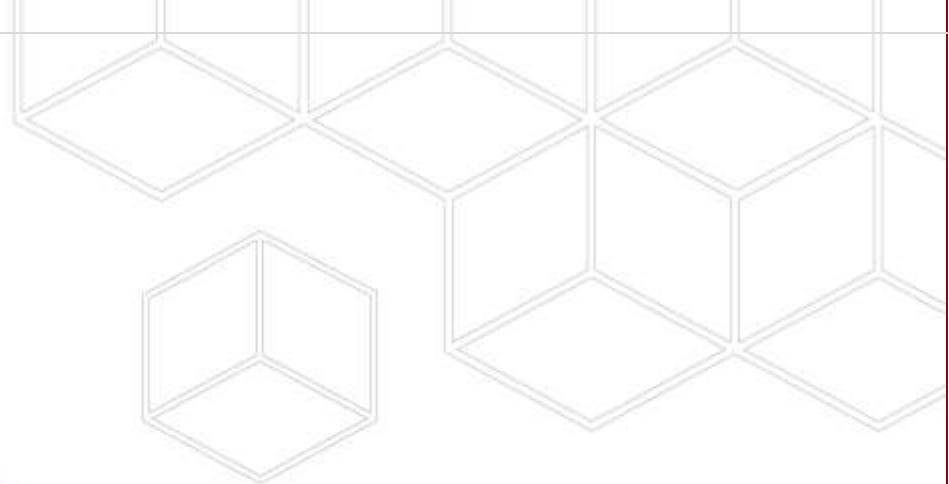
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a commercial project located in Al Amwaj district, Jeddah city. The Property has a total land area of 20,641.74 Sqm, a total BUA of 21,305.3 Sqm. As per the site inspection done by our team, the project is open on 4 sides with a direct view on an unnamed Road from the east side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.
<b>Location Description</b>	The property subject of valuation is a commercial center located in Al Amwaj district, Jeddah City. The property is bordered from the north by an unnamed street The property is bordered from the south by an unnamed street The Property is bordered from the east by an unnamed street The property is bordered to the west by an unnamed street
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high since it is open on 4 streets and near 2 main street Prince Abdulmajed and Prince Nayef Roads.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Center
No. of Streets	4	Building Structural Conditions	Fully constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main roads	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



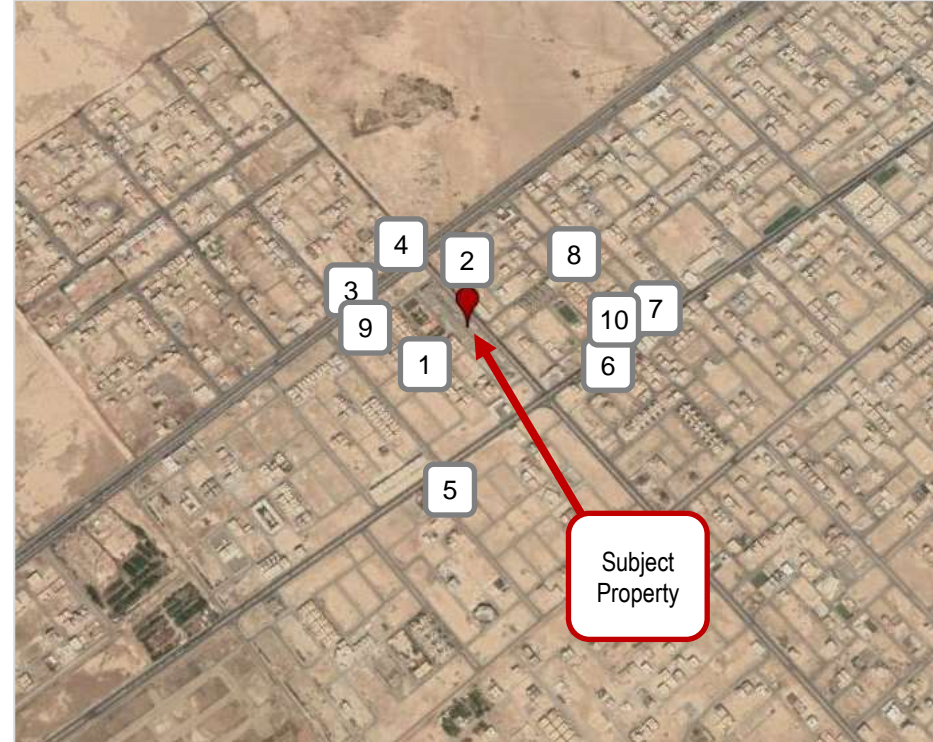
## 1.14 LOCATION

The subject property is located in Al Amwaj district, Jeddah city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



### Surrounding Landmarks

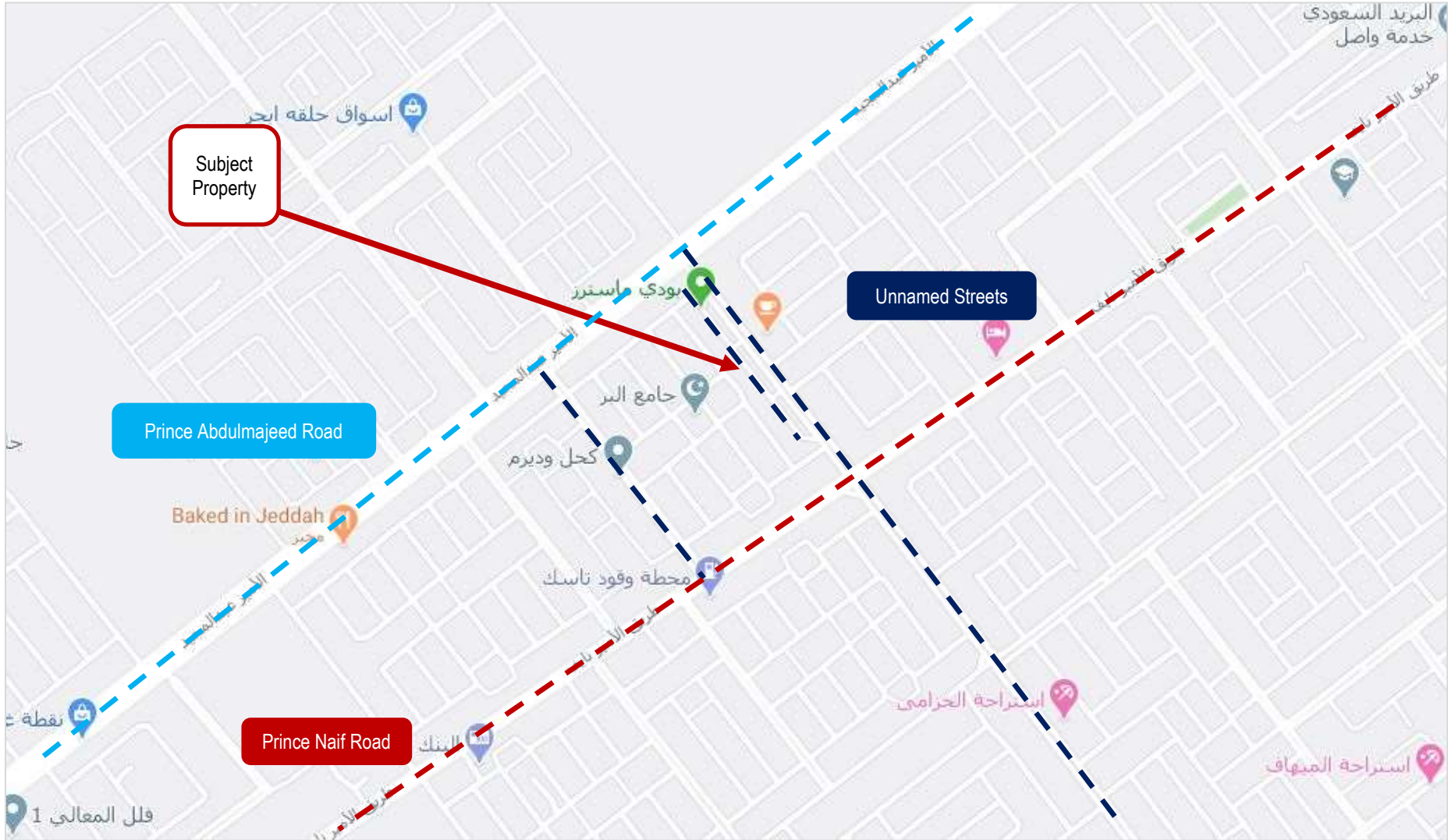
- 1- Mosque (0.2 Kilometers)
- 2- Helens Bakery Jeddah, Central Kitchen (0.2 Kilometres)
- 3- Grocery Store (0.4 Kilometres)
- 4- Cottage Café Northern (0.3 Kilometres)
- 5- TASK Gas Station (0.45 Kilometres)

- 6- BMB Chocolate (0.25 Kilometres)
- 7- Dar Lavina Residentials Units (0.45 Kilometres)
- 8- Mosque (0.3 Kilometres)
- 9- Ultra-Shine Auto Salon (0.4 Kilometres)
- 10- Technical Guide Engineering (0.4 Kilometers)



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	20,641.74
<b>District</b>	Al Amwaj	<b>Plot No.</b>	35 to 63
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920210026381	<b>Layout No.</b>	ج.س/420
<b>T.D Date</b>	19/06/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	50,000,000	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	19/06/1440 Jeddah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Unnamed Street	<b>East Side</b>	Unnamed Street
<b>South Side</b>	Unnamed Street	<b>West Side</b>	Unnamed Street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 1.17 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Bin II	Property All Risks	P0420-PAR-HCAB-12560165	Al Rajhi Company for Cooperative Insurance	30/03/2021
Bin II	Third Party Liability	P0420-TPL-HCAB-12560167	Al Rajhi Company for Cooperative Insurance	03/04/2021

## 1.18 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA	Actual Age of the Property	Status of the property
Construction Permit ✓	Construction Permit ✓	New -----
As Built Drawings -----	As Built Drawings -----	Fully Constructed ✓
Other Documents -----	Other Documents -----	Under Construction -----





The subject property is a fully constructed commercial center composed of Ground Floor, Mezzanine and first floor. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property	
Construction Permit Type	New Permit
Property Type	Mix use property
Construction Permit No.	505232
Construction Permit Date	29/02/1431 AH
Permit Expiry Date	29/02/1434 AH

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	7928.6	Showrooms
Mezzanine	1	4727.9	Showrooms
Basement	---	---	---
First Floor	1	8,648.8	Offices
Service Floor	---	---	---
Service Floor	---	---	---
<b>Total BAU (sqm)</b>		<b>21,305.30</b>	

### 1.19 BUILDING GROSS LEASABLE AREA (GLA)

The client provided us with a list of the unit details and GLA as shown in the below table:

Unit No.	Type	Area (Sqm)	Unit No.	Type	Area (Sqm)
1	A-Office	374	3	B-Offices	378
2	A-Office	310	4	B-Offices	201
3	A-Office	310	5	B-Offices	378
4	A-Office	201	6	B-Offices	378
5	A-Office	274	7	B-Offices	374
6	A-Office	378	1-7	B-Showroom	2,428
7	A-Office	374	1-7	C-Offices	2,948
1-4	A-Showroom	1,323	1-2	C-Showroom	822
5	A-Showroom	378	3	C-Showroom	334
6	A-Showroom	376	4	C-Showroom	167
7	A-Showroom	378	5	C-Showroom	378
1	B-Offices	374	6	C-Showroom	378
2	B-Offices	378	7	C-Showroom	374
			<b>Total</b>		<b>14,967</b>

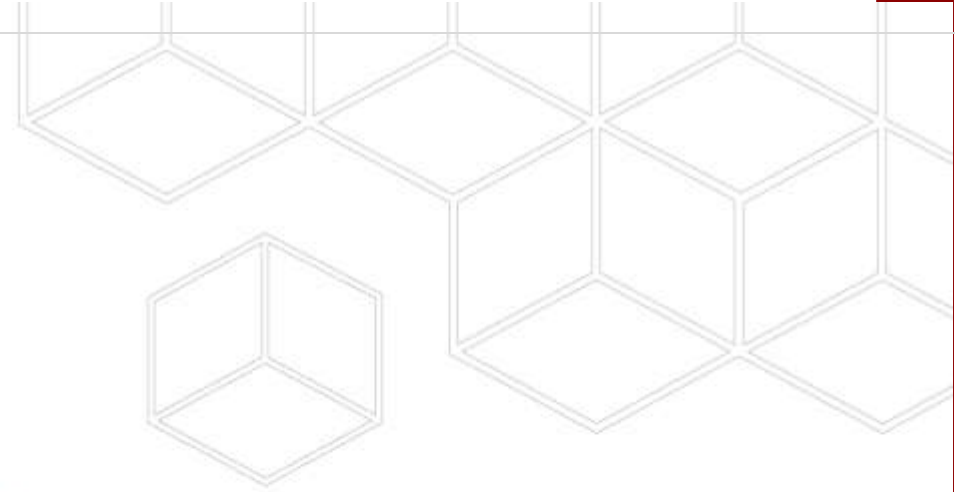


## 1.20 PHOTO RECORD



# MARKET INDICATORS

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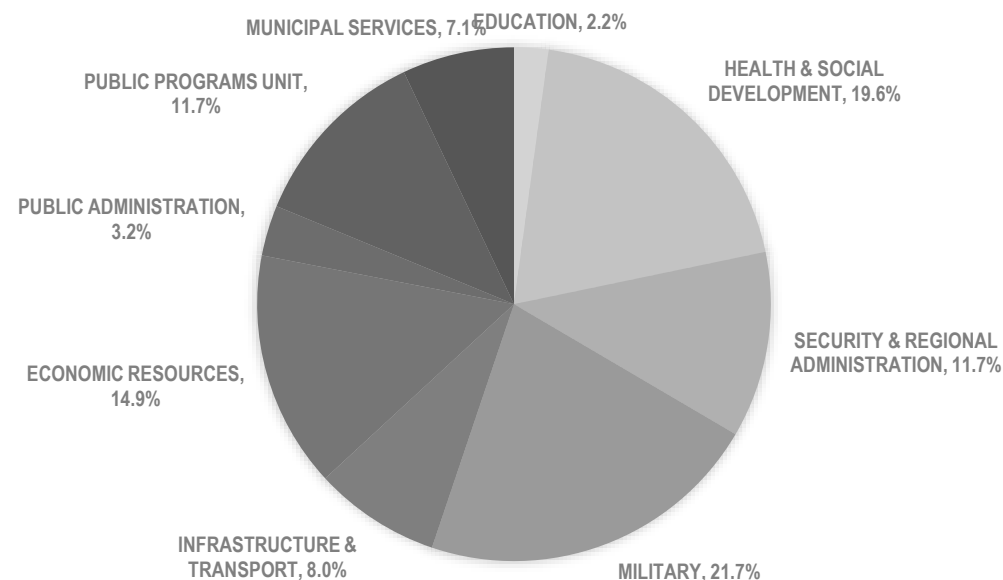
## 1.21 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.22 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.23 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Open on 4 sides</li> <li>- Close to the main road (Prince Abdul Majeed)</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- Mostly surrounded by residential units</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects</li> </ul>

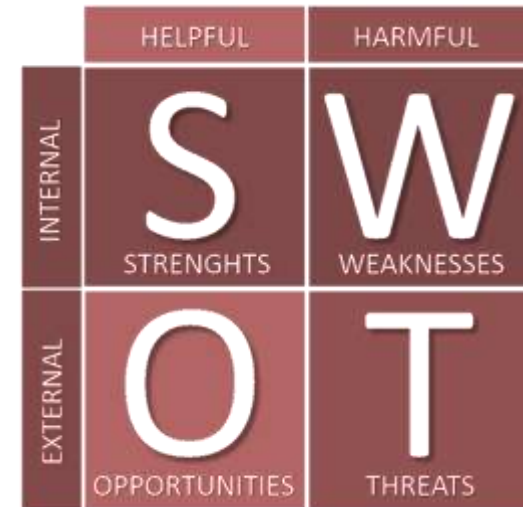
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.24 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations

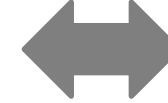


Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

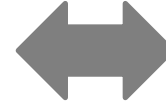


Future Expectations

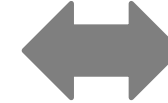


Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



### 1.25 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>

**Risk Category** 17 Risk Points - Medium Risk

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	-----	✓	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category** 10 Risk Points – Minimal Risk

**Land Analysis**

Risk Category- 10 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category** 8 Risk Points - Medium Risk

**Property Analysis**

Risk Category- 8 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.26 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Layouts ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget ✓
Tenant List ✓	Income & Revenues ✓	Operational Cost - OPEX ✓

### 1.27 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.28 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



### 1.29 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

### 1.30 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.31 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

### 1.32 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



### 1.33 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples					
Feature	Subject Property	Sample 1		Sample 2	
Quoting	-----	Offering		Offering	
District	Al Amwaj	Al Amwaj		Al Amwaj	
Sale Price	-----	SAR 1,200,000		SAR 650,000	
Data Source	Title Deed	Market Survey		Market Survey	
Area Size	20,641.74	655.00		300.00	
SAR / Sqm	-----	SAR 1,832		SAR 2,167	
Sides Open	4	3		3	

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	20,641.74	655.00	-20.00%	300.00	-20.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Excellent	0.00%	Average	5.00%
Main Street Width (m)	32	30	0.00%	30	0.00%
Sides Open	4	3	5.00%	3	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	Yes	-10.00%	Yes	-10.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-25.00%</b>		<b>-20.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 458.0</b>		<b>-SAR 433.3</b>
<b>Net After Adjustment</b>			<b>SAR 1,374.0</b>		<b>SAR 1,733.3</b>
<b>SAR / Sqm</b>			<b>SAR 1,554</b>		
<b>Rounded Value</b>			<b>SAR 1,550</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	20,642	20,642	20,642	20,642	20,642	
SAR / Sqm	SAR 1,395.0	SAR 1,472.5	SAR 1,550.0	SAR 1,627.5	SAR 1,705.0	
Property Value	SAR 28,795,227	SAR 30,394,962	SAR 31,994,697	SAR 33,594,432	SAR 35,194,167	
			<b>PROPERTY VALUE</b>			



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 1,200 - 1,700 SAR / Sqm with an average of 1,450 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.34 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 700	SAR 900	SAR 800
<b>MEP</b>	SAR 250	SAR 350	SAR 300
<b>Finishing Materials</b>	SAR 600	SAR 800	SAR 700
<b>Site Improvements</b>	SAR 130	SAR 170	SAR 150
<b>Owner Profit</b>	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND					
Land Area	SAR / Sqm	Total Value			
20,641.74	SAR 1,550	SAR 31,994,697			
Building					
	Unit	No of Floors	Total BUA		
Ground Floor	Sqm	1	7,928.60		
Mezzanine	Sqm	1	4,727.90		
Upper Floors	Sqm	1	8,648.80		
<b>Total (SQM)</b>	<b>21,305.30</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	21,305.30	SAR 800	SAR 17,044,240	100%	SAR 17,044,240
Electro Mechanic	21,305.30	SAR 300	SAR 6,391,590	100%	SAR 6,391,590
Finishing	21,305.30	SAR 700	SAR 14,913,710	100%	SAR 14,913,710
Fit outs & Appliances	21,305.30	SAR 0	SAR 0	100%	SAR 0
Furniture	21,305.30	SAR 0	SAR 0	100%	SAR 0
Site Improvement	20,641.74	SAR 150	SAR 3,096,261	100%	SAR 3,096,261
<b>Total</b>			<b>SAR 41,445,801</b>	<b>100.00%</b>	<b>SAR 41,445,801</b>



Overall Soft Cost			
	Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost	SAR 41,445,801	0.10%	SAR 41,446
Design	SAR 41,445,801	0.50%	SAR 207,229
Eng Consultant	SAR 41,445,801	1.00%	SAR 414,458
Management	SAR 41,445,801	5.00%	SAR 2,072,290
Contingency	SAR 41,445,801	5.00%	SAR 2,072,290
Others	SAR 41,445,801	0.00%	SAR 0
<b>TOTAL</b>		<b>11.60%</b>	<b>SAR 4,807,712.92</b>
Total Hard Cost	SAR 41,445,801	BUA	21,305.30
Total Soft Cost	SAR 4,807,712.92	SAR / Sqm	SAR 2,171
Total Construction Cost	SAR 46,253,513.92	Overall Completion	100.0%

After knowing the total construction costs at a rate of 2,171 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
Total Dev Cost	SAR 46,253,514	Net Dep Rate	26.67%
Economic Age	30	Dev Cost After Depreciation	SAR 33,919,244
Annual Dep Rate	3.33%	Total Completion Rate	100.00%
Actual Age	8	Developer Profit Rate	20.0%
Total Dep Rate	26.67%	Dev. Profit Amount	SAR 6,783,849
Add Appr Rate	0.00%	Development Value	SAR 40,703,092
Net Dep Rate	26.67%		

The total value of the building is 40,703,092 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 40,703,092	SAR 31,994,697	SAR 72,697,789	SAR 72,700,000



### 1.35 INCOME APPROACH BASED ON MARKET RATES

#### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units with similar qualities, size, etc range from 800 to 900 SAR / Sqm. As for office units, the rental rates range from 350 to 400 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	Commercial Units		Office Units	
	Rental Rate/ Sqm	Occupancy Rates	Rental Rate/ Sqm	Occupancy Rates
Office 1	-	-	370 SAR/ Sqm	95%
Obhur Mall	830 SAR/ Sqm	90%	-	-
<b>Average</b>	<b>830 SAR/ Sqm</b>	<b>93%</b>	<b>370 SAR/ Sqm</b>	<b>95%</b>

As per the market survey done by our team, the market rental rates for Obhur mall range between 800 and 850 SAR/ Sqm for commercial units. Yet the property subject of valuation has better location, quality, etc which we will apply an adjustment 20% to achieve 1,000 SAR/ Sqm for commercial units and 450 SAR/ Sqm for offices.





## Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	1% to 2%

## Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 13% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 9% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

## The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.





Minimum capitalization rate	9.00%
Maximum capitalization rate	9.50%
<b>Average</b>	<b>9.25%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% several major methods
General condition of the property	----- 0.00% The actual age of the property is 7 years
The general location of the property	----- -0.25% The area is served excellently
Quality and finishes	----- 0.25% Average quality finishes
Project Management Team	----- 0.00% Average management and operational team level
Services and public facilities	----- 0.25% level and availability of services is average
<b>Total</b>	<b>0.00%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	0.00%
<b>Capitalization rate, according to market averages</b>	9%
<b>Estimated capitalization rate of the property valuation</b>	<b>9.25%</b>

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 9.25%, which will be applied subsequently to the net operating income of the property.

The used rental rates are based on the location, quality, etc of the subject property. Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Show Rooms	7,336		0	SAR 1,000	SAR 0	SAR 7,336,000
Offices	7,631		0	SAR 450	SAR 0	SAR 3,433,950
<b>Total Revenues</b>						<b>SAR 10,769,950</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	5.00%	3.00%	5.00%	5.00%	18.00%	
Offices	5.00%	3.00%	5.00%	5.00%	18.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 7,336,000	18.00%	SAR 6,015,520			
Offices	SAR 3,433,950	18.00%	SAR 2,815,839			
-----	SAR 0	0.00%	SAR 0			
<b>Total Property Revenues</b>		<b>Total</b>	<b>SAR 8,831,359</b>			
<b>Total Property Expenses</b>			<b>-SAR 1,938,591</b>			
<b>Net Operating Income</b>			<b>SAR 8,831,359.00</b>			
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>			
SAR 8,831,359.00	9.50%	92,961,673.68 SAR	<b>92,960,000.00 SAR</b>			



### 1.36 INCOME APPROACH BASED ON LEASING CONTRACT

The client informed us that the subject property is fully lease to 1 tenant with a triple net revenues of 9,000,000 SAR annually.

REVENUES						
Unit Type	Quantity	Revenues				
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building		The subject property is Fully leased to 1 tenant				SAR 9,000,000
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					<b>Total Revenues</b>	<b>SAR 9,000,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 9,000,000	0.00%	SAR 9,000,000			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
					<b>Total</b>	<b>SAR 9,000,000</b>
<b>Total Property Revenues</b>						SAR 9,000,000
<b>Total Property Expenses</b>						SAR 0
<b>Net Operating Income</b>						<b>SAR 9,000,000.00</b>
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>			<b>Rounded Value</b>	
SAR 9,000,000.00	9.50%	94,736,842.11 SAR			<b>94,740,000.00 SAR</b>	

### 1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 92,960,000	Ninety-Two Million and Nine Hundred Sixty Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 94,740,000	Ninety-Four Million and Seven Hundred Forty Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 72,700,000	Seventy-Two Million and Seven Hundred Thousand Saudi Riyals



### 1.38 VALUATION NOTES

- As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology.
- We have noted that all the prices, values and occupancy rates have been affected negatively by 5% to 10% due to the current situation arising from the Covid-19's pandemic.

### 1.39 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

**Property Value: 94,740,000 SAR**  
**Ninety-Four Million and Seven Hundred Forty Thousand Saudi Riyals**

### 1.40 REPORT USE

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

### 1.41 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.42 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.



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**Essam Hussaini**  
**Site Inspection Check**

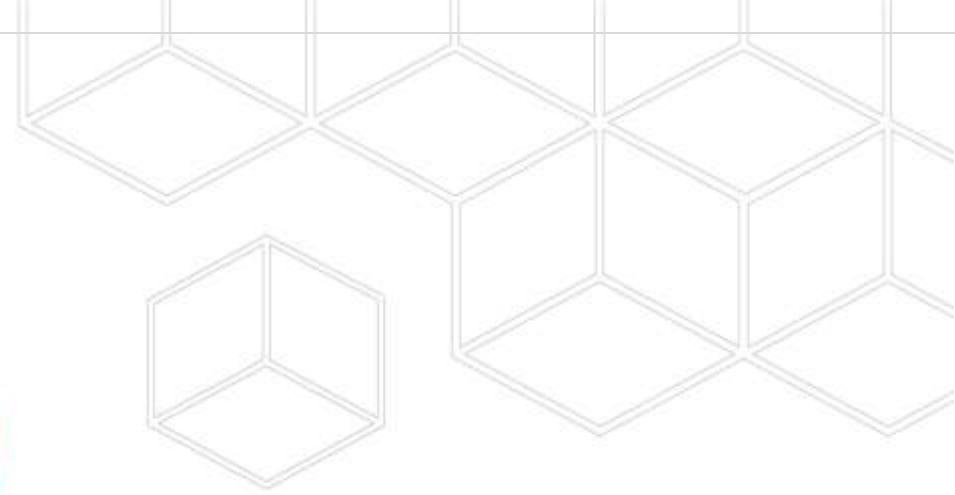
A handwritten signature in blue ink, appearing to be 'Essam Hussaini', written over a light blue grid background.

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

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### 1.43 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.44 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Capital	Nov 2019	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.45 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



### 1.46 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

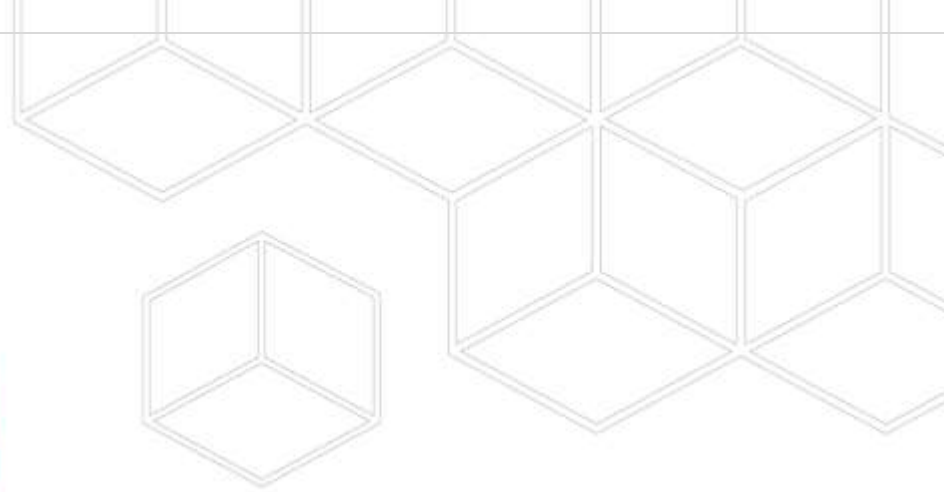
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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Title Deed


 المملكة العربية السعودية  
 وزارة العدل  
 [٢٧٧]  
 كتابة العدل الأولى بجدة

الرقم: ٢٢٠٢١٠٠٢٢٣٨١  
 التاريخ: ١٤٤٠ / ٦ / ٢٩ هـ

**صك**

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

فإن قطعة الأرض ٣٥ و قطعة الأرض ٣٦ و قطعة الأرض ٣٧ و قطعة الأرض ٣٨ و قطعة الأرض ٣٩ و قطعة الأرض ٤٠ و قطعة الأرض ٤١ و قطعة الأرض ٤٢ و قطعة الأرض ٤٣ و قطعة الأرض ٤٤ و قطعة الأرض ٤٥ و قطعة الأرض ٤٦ و قطعة الأرض ٤٧ و قطعة الأرض ٤٨ و قطعة الأرض ٤٩ و قطعة الأرض ٥٠ و قطعة الأرض ٥١ و قطعة الأرض ٥٢ و قطعة الأرض ٥٣ و قطعة الأرض ٥٤ و قطعة الأرض ٥٥ و قطعة الأرض ٥٦ و قطعة الأرض ٥٧ و قطعة الأرض ٥٨ و قطعة الأرض ٥٩ و قطعة الأرض ٦٠ و قطعة الأرض ٦١ و قطعة الأرض ٦٢ و قطعة الأرض ٦٣ من المخطط رقم ٤٢٠ / ج / من الواقع في حي الأماح بمدينة جدة، وخصوصاً وأطرافها كالتالي:

شمالاً: شارع عرض ١٥ م.	بطول: (٤٤٠ - ٢٤) تسعة و أربعون متر و اثنين سنتيمتر ثم ينكسر جنوب بطول ٣٠,٧٧ م.
جنوباً: شارع عرض ١٥ م.	بطول: (٤٤٠,١١) تسعة و أربعون متر و أحد عشر سنتيمتر ثم ينكسر شمال شرق بطول ٤٤,٢١ م.
شرقاً: شارع عرض ٣٢ م.	بطول: (٣٧١,٤٣) ثلاثمائة و واحد و سبعون متر و ثلاثة و خمسون سنتيمتر ثم ينكسر شمال غرب بطول ١٢,٢٢ م.
غرباً: شارع عرض ١٥ م.	بطول: (٣٦٨,١١) ثلاثمائة و ثمانية و ستون متر و عشرة سنتيمتر ثم ينكسر جنوب شرق بطول ١٠,٣٧ م.

ومساحتها: (٢٠,٦٤١,٧٤) عشرون ألفاً و ستمائة و واحد و أربعون متر مربعاً و أربعة و سبعون سنتيمتر مربعاً فقط الواقعة بيمين الشمالية.

والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ١٢٠٢٠٤٠١٢٣٨١ - ٢٩ / ٦ / ١٤٤٠ هـ

الكاتب العدل:   
 عبد الله بن فاضل الزهراني

الختم الرسمي: 

هذا الصك صادر عن وزارة العدل - ويتيح أو تكاف صفة من ذوي الإمكانات المالية المستقلة ( صفة طابع المظومة - ٧٢٠٢٢٠ )  
 صفة طابع المظومة - ٧٢٠٢٢٠ ( هذا النموذج مخصص للأشخاص الطبيعي الذي يودع تملكه )  
 نموذج رقم (١١) - ٢٠٠١ - ١


 المملكة العربية السعودية  
 وزارة العدل  
 [٢٧٧]  
 كتابة العدل الأولى بجدة

الرقم: ٢٢٠٢١٠٠٢٢٣٨١  
 التاريخ: ١٤٤٠ / ٦ / ٢٩ هـ

**صك**

قد التقت ملكيتها لـ شركة أول النقا العقارية بموجب سجل تعاري رقم ١٠٠٠٥٩٣٨٠٤ وتنتهي في ١٩ / ١٠ / ١٤٤٤ هـ. ضمن وقدره ٥٠٠٠٠٠٠٠٠ خمسون مليون ريال وعليه جرى التصديق تحريراً في ١٩ / ٦ / ١٤٤٠ هـ لاستيفاء ٠ وعلى الله بما يشاء محمد وآله وصحبه وسلمه.

الختم الرسمي: 

الكاتب العدل:   
 عبد الله بن فاضل الزهراني

هذا الصك صادر عن وزارة العدل - ويتيح أو تكاف صفة من ذوي الإمكانات المالية المستقلة ( صفة طابع المظومة - ٧٢٠٢٢٠ )  
 صفة طابع المظومة - ٧٢٠٢٢٠ ( هذا النموذج مخصص للأشخاص الطبيعي الذي يودع تملكه )  
 نموذج رقم (١١) - ٢٠٠١ - ١





Construction Permit

BIN2

الإدارة المركزية لرخص البناء  
رخصة بناء منطقة  
٢٠٠٥ / ١٥٩٠٠٥  
الرقم التسلسلي ( ١٨٢٨ )

أمانة محافظة جدة  
رقم رخصة

رقم رخصة البناء	٥٠٠٣٣٣	تاريخها	٢٠١٧/٠٦/٢٩
رخصة بناء	إسكان - تجاري	مصلحة إلى	٢٠١٧/٠٦/٢٩
اسم المالك	سالم محمد بن عيسى آل نوري		
نوع الترخيص	منطقة تجار	تاريخها	٢٠١٧/٠٦/٢٩
مساحة المبنى	١١٧٨	تاريخ	٢٠١٧/٠٦/٢٩
رقم الترخيص	١٧٧٨	حي	١٨٠٣
رقم المنطقة	١٧٧٨	رقم المنطقة	١٧٧٨

لك رخصتك بناء على حد  
أول بترتيب الجدران والأعمدة والارتفاعات والفتحات والفتحات

الارتفاع	المستوى	مواضع الفتحات	مواضع الجدران	مساحة الفتحة
طابق خامة	---	---	---	---
الطابق الأرضي	---	---	---	٢١٣٨,٦
طابق فوق الأرض	---	---	---	١٢٧٧,٩
الطابق الأول	---	---	---	٨١٤٨,٤
الطابق الثاني	---	---	---	---
الطابق الثالث	---	---	---	---
الطابق الرابع	---	---	---	---

ملاحظات:

- \* يرجى مراجعة مخطط البناء قبل التنفيذ والنقل بالصور رقم ١٧٧٨/٢٩١١/١٧٧٨
- \* مخطط البناء رقم ١٧٧٨/٢٩١١/١٧٧٨
- \* يرجى مراجعة المخطط والارتفاعات خلال (١٥ يوم) من تاريخ
- \* فترة المراجعة رقم ١٧٧٨/٢٩١١/١٧٧٨

أمانة محافظة جدة  
رقم رخصة البناء التسلسلي

الرقم	رقم الترخيص	رقم الترخيص
٢٥٠٠٠٠٠	٢٥٠٠٠٠٠٠٠	١٧٧٨/٢٩١١

تم إحصاء الطابق المسكونة حسب المخطط  
من الفتحات التالية:

رقم الترخيص

أمانة محافظة جدة  
الإدارة المركزية  
مصلحة إلى جدة

أمانة محافظة جدة  
الإدارة المركزية  
مصلحة إلى جدة

002-01-F09, V 3.0

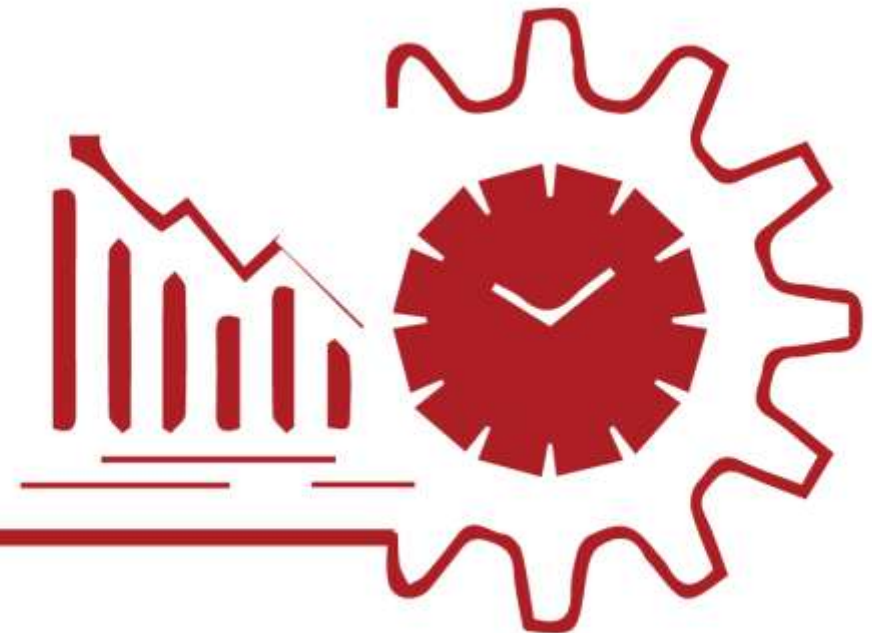
# ELITE CENTRE AL KHABEER CAPITAL

JEDDAH CITY

JUNE 2020



# Valuation Report





**REF:** 2010402-3  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for commercial Centre (Elite Centre) in Jeddah City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the commercial project (Elite Centre) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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(Please Click on the Title for Direct Access)

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# EXECUTIVE SUMMARY

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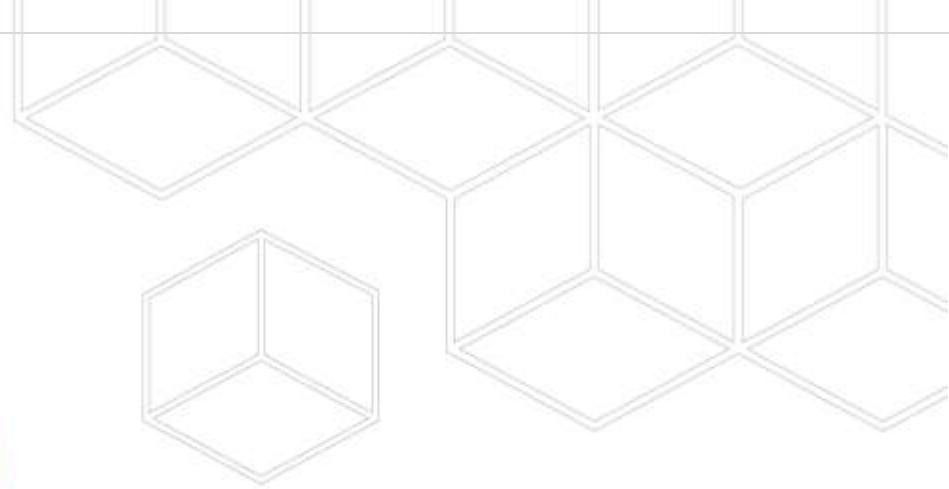
## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 18/06/2020 to implement valuation service for a commercial project in Jeddah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Al Khabeer Capital Capital, a Saudi company registered under the Saudi law. 2010402-3
<b>Purpose of Valuation</b>	Real Estate Investment Fund (REIT)
<b>Subject Property</b>	Commercial Property
<b>Property Location</b>	The property is located in Al Andalos district, Jeddah City.
<b>Title Deed Information</b>	Title Deed No: 420221011608, Title Deed Date: 17/08/1440, Issued from Jeddah Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 4,319.75 Sqm
<b>BUA (Sqm)</b>	Based on the provided construction permit, the property is a fully constructed mix use center composed of 7 upper floors in addition to the ground floor with a total BUA of 15,712 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area of the project is 13,766 Sqm
<b>Vacancy Rate</b>	Based on the client, the project is fully leased to 1 tenant
<b>Valuation Approach</b>	Income Approach & Cost Approach
<b>Final Property Value</b>	170,160,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020



# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

**1.8 OPINION OF VALUE**

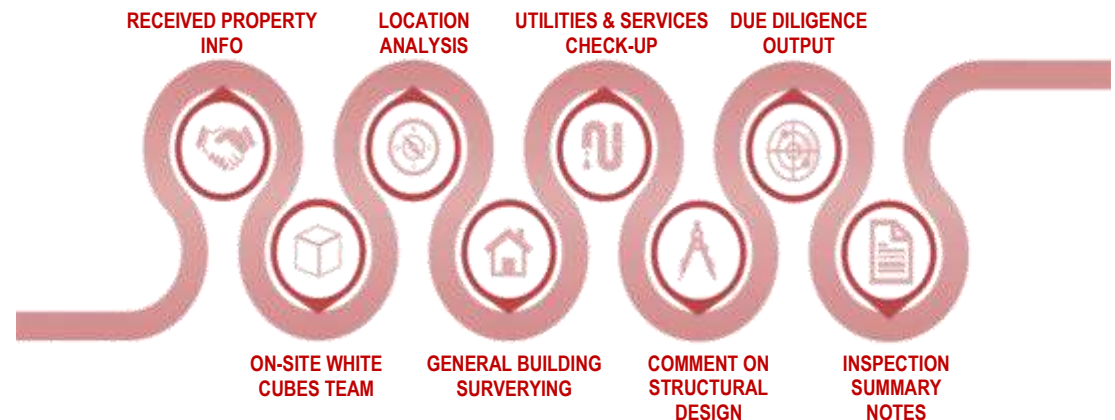
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

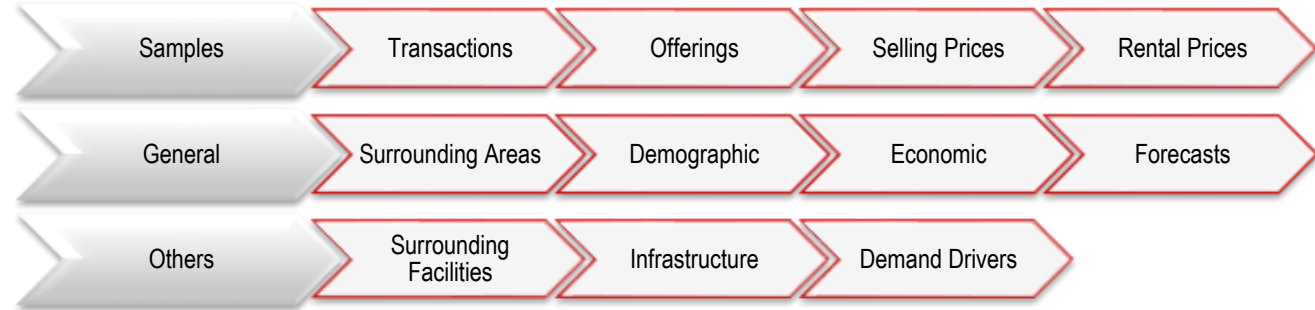
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





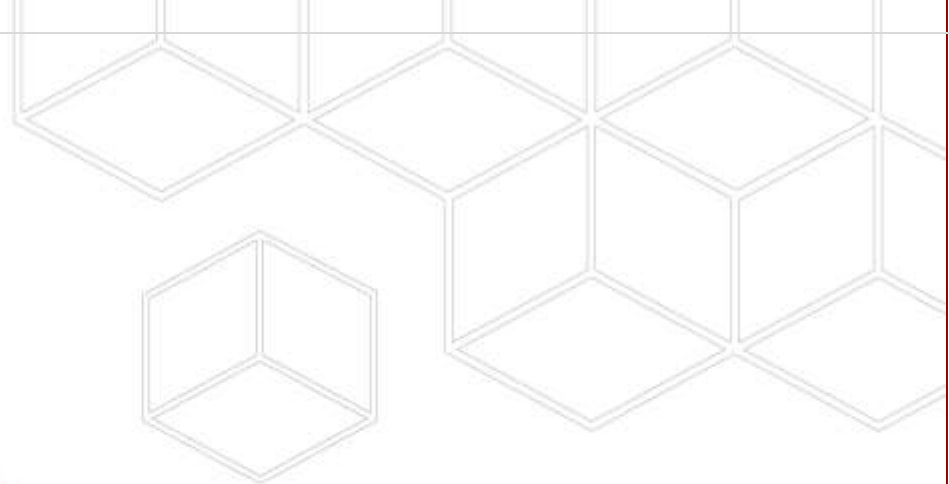
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a commercial project located in Al Andalos district, Jeddah city. It has a total land area of 4,319.75 Sqm, a total BUA of 15,712 Sqm and composed of 7 offices floors and retail unit in the ground floor. As per the site inspection done by our team, the project is open on 3 sides with a direct view on Prince Mohammad Bin Abdulaziz Road from the north side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.

### Location Description

The property subject of valuation is a commercial project in Al Andalos district, Jeddah City.  
 The property is bordered from the north by Prince Mohammad Bin Abdulaziz Road  
 The property is bordered from the south by an unnamed street  
 The Property is bordered from the east by a private property  
 The property is bordered to the west by an unnamed street

### Ease of Access

Based on the current location of the subject property, the access level is high, since it is located on Prince Mohammad Bin Abdulaziz Road.

### Area Surrounding the Property

The subject property is mostly surrounded by residential and commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Mohammad Bin Abdulaziz Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



## 1.14 LOCATION

The subject property is located in Al Andalos district, Jeddah city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



### Surrounding Landmarks

- 1- Ittihad Fc (0.05 Kilometers)
- 2- Piatto Le Chateau (0.08 Kilometres)
- 3- Bank Al Jazira (0.1 Kilometers)
- 4- Toni & Guy Jeddah (0.1 Kilometers)
- 5- Tahlia Roshana Center (0.3 Kilometres)

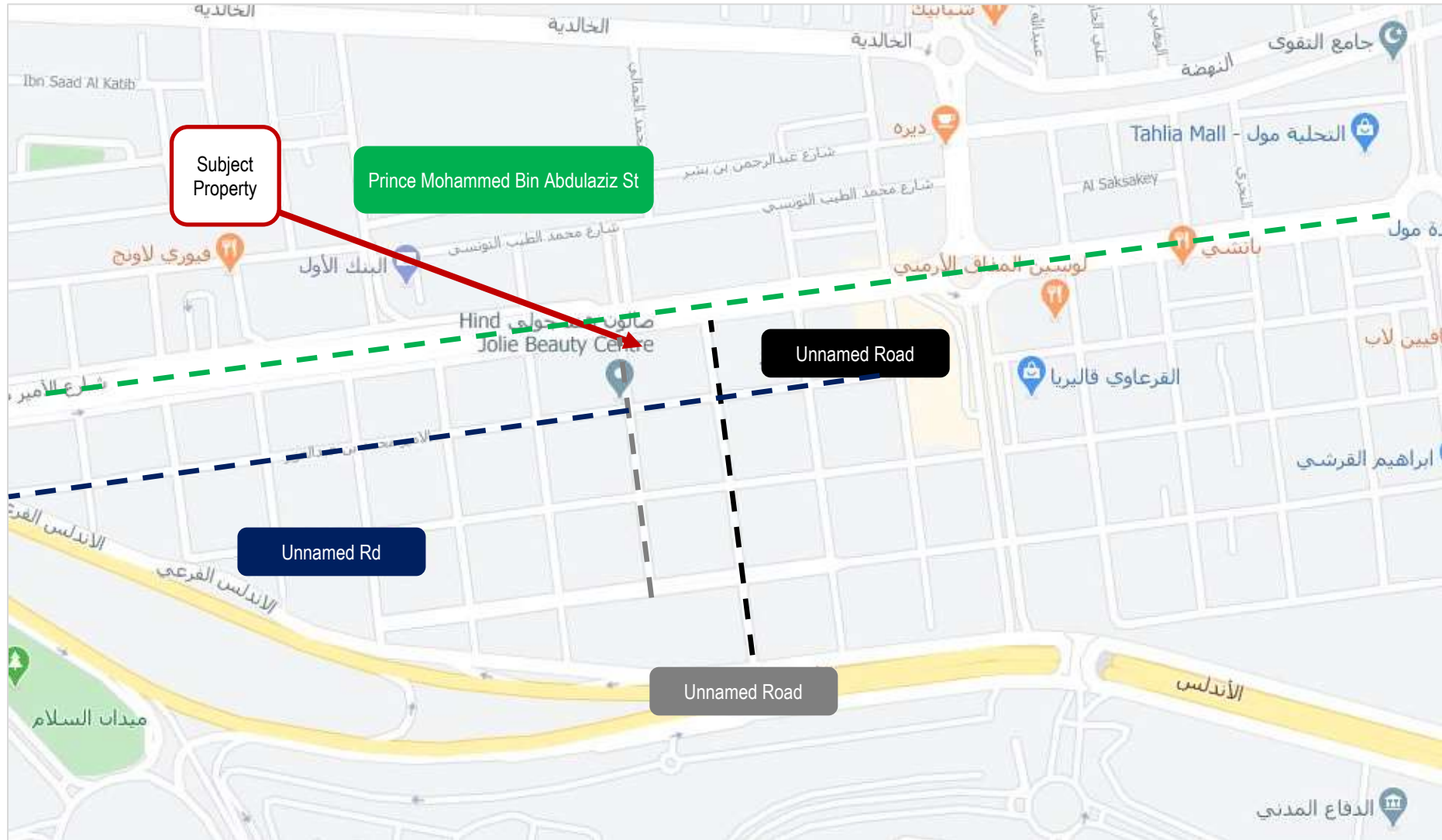
- 6- Kaki Soccer Field Khalidya (0.45 Kilometres)
- 7- Alawwal Bank (0.4 Kilometres)
- 8- Majid Society (0.2 Kilometres)
- 9- Teatro Mall (0.4 Kilometres)
- 10- Deera Café (0.6 Kilometres)





### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	4,319.75
<b>District</b>	Al Andalos	<b>Plot No.</b>	1/2
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	420221011608	<b>Layout No.</b>	860/ ت.س
<b>T.D Date</b>	17/08/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	38,181,818.19 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	17/08/1440 Jeddah Notary	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Prince Mohammad Bin Abdulaziz Road	<b>East Side</b>	Private Property
<b>South Side</b>	Unnamed Street	<b>West Side</b>	Unnamed Street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The subject property is a fully constructed mix use center composed of 7 upper floors in addition to the ground floor. The client provided us with a building permit for the subject property, which contains the following data:



Subject Property				
Construction Permit Type				New Permit
Property Type				Mix use
Construction Permit No.				35218
Construction Permit Date				18/10/1430 AH
Permit Expiry Date				09/04/1438 AH
Description	No. of Units	Area (sqm)	Use	
Ground Floor	--	2,468	Showrooms	
First Floor	--	2,386	Offices	
Second Floor	--	2,468	Offices	
Third Floor	---	2,468	Offices	
Typical Floors	---	4,911	Offices	
Annex	---	1,011	Offices	
<b>Total BAU (sqm)</b>		<b>15,712</b>		

### 1.18 MAINTENANCE & OPERATIONAL EXPENSES

The client did not provide us with the total maintenance and operational expenses related to the subject property. Yet, we will estimate the mentioned expenses based on market rates.

### 1.19 BUILDING GROSS LEASABLE AREA (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Show Rooms	----		2,169	Rental spaces are provided by the client
Offices	----	15,712	9,882	
Mezzanine	----		1,715	

### 1.20 PROPERTY ACTUAL RENTAL RATES

As per the site inspection done by our team, the subject property is semi occupied by several tenants. Yet, and as per the client, the client intends to acquire the subject property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years

### 1.21 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Elite Center	Property All Risks	P0420-PAR-HCAB-12566893	Al Rajhi Company for Cooperative Insurance	30/03/2021
Elite Center	Covered	P0420-TPL-HCAB-12566820	Al Rajhi Company for Cooperative Insurance	03/04/2021



## 1.22 PHOTO RECORD



# MARKET INDICATORS

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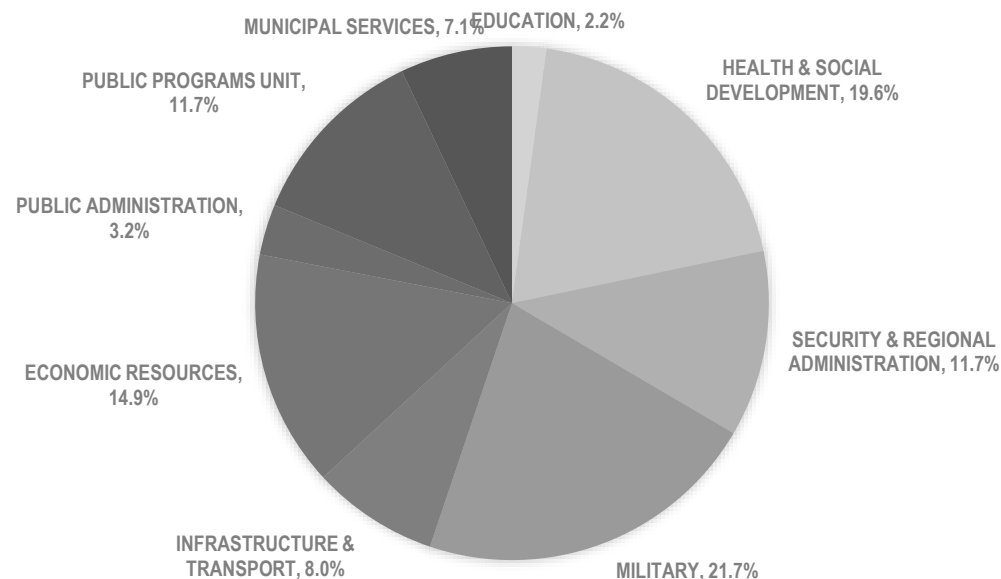
### 1.23 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.24 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.25 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Open on 3 sides</li> <li>- Have a direct view on the main street</li> <li>- Near the seashores</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- Mostly surrounded by several residential units</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects</li> </ul>

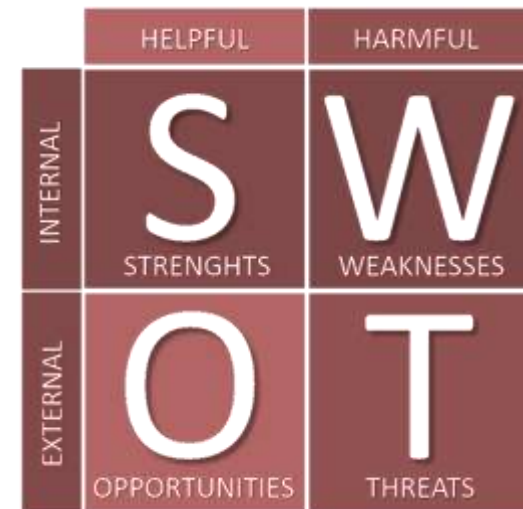
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.26 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations

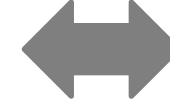


Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

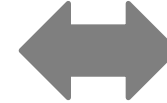


Future Expectations

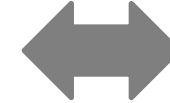


Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis





### 1.27 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>

**Risk Category** 17 Risk Points - Medium Risk

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Risk Category** 8 Risk Points – Minimal Risk

**Land Analysis**

Risk Category- 8 Risk Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category** 8 Risk Points - Medium Risk

**Property Analysis**

Risk Category- 8 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.28 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Fire & Safety Docs ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Location Map ✓
Layouts ✓	Contact Details ✓	Costing & Budget ✓
Tenant List ✓	Income & Revenues ✓	Operational Cost - OPEX ✓

### 1.29 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.30 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



### 1.31 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

### 1.32 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.33 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.



## **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

## **RESIDUAL LAND VALUE (RLV)**

The residual land value is a method used to determine the value and potential profitability of a piece of property less any expenses related to the land. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land. The application of the residual method of valuation is based on the principle that the price to be paid for a property that is suitable for development is equal to the difference between (i) the completed value of the highest and best form of permitted development and (ii) the total cost of carrying out that development. Thus, the net capital value of the completed development is assessed (after deducting any costs of sale) on the assumption that it has been developed for the most valuable form of development, and from that value is deducted the cost of all construction and building work required to carry out the development (including all ancillary costs, e.g. purchase costs, letting fees, finance, etc.), as well as an appropriate allowance for profit on the development

### **1.34 INPUT VALUATION PROCESS**

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



### 1.35 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Andalos	Al Andalos
Sale Price	-----	SAR 32,000,000
Data Source	Title Deed	Market Survey
Area Size	4,319.75	2,810.00
SAR / Sqm	-----	SAR 11,388
Sides Open	3	1

Adjustment Analysis		
		SAMPLE 1
Area size	4,319.75	2,810.00 0.00%
Location Desirability	Average	Average 0.00%
Accessibility	Excellent	Excellent 0.00%
Main Street Width (m)	40	40 0.00%
Sides Open	3	1 10.00%
Land Shape	Regular	Regular 0.00%
Close to main street	Yes	Yes 0.00%
Negotiable	-----	Yes 0.00%
Other Factor	-----	----- 0.00%
Total Adjustments Ratio		10.00%
Total Adjustment Amount		SAR 1,138.8
Net After Adjustment		SAR 12,526.7
SAR / Sqm		<b>SAR 12,527</b>
Rounded Value		<b>SAR 12,500</b>



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	4,320	4,320	4,320	4,320	4,320
SAR / Sqm	SAR 11,250.0	SAR 11,875.0	SAR 12,500.0	SAR 13,125.0	SAR 13,750.0
Property Value	SAR 48,597,188	SAR 51,297,031	SAR 53,996,875	SAR 56,696,719	SAR 59,396,563
	<b>PROPERTY VALUE</b>				



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 12,000 - 13,000 SAR / Sqm with an average of 12,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.36 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	SAR 350	SAR 450	SAR 400
Finishing Materials	SAR 1,200	SAR 1,400	SAR 1,300
Site Improvements	SAR 80	SAR 120	SAR 100
Owner Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND		
Land Area	SAR / Sqm	Total Value
4,319.75	SAR 12,500	SAR 53,996,875

Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	----	2,468.00
Upper Floors	Sqm	----	12,233.00
Annex	Sqm	----	1,011.00
Fences	Lm	----	69.00
<b>Total (SQM)</b>	<b>15,712.00</b>		

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	15,712.00	SAR 1,000	SAR 15,712,000	100%	SAR 15,712,000
Electro Mechanic	15,712.00	SAR 400	SAR 6,284,800	100%	SAR 6,284,800
Finishing	15,712.00	SAR 1,300	SAR 20,425,600	100%	SAR 20,425,600
Fit outs & Appliances	15,712.00	SAR 0	SAR 0	100%	SAR 0
Furniture	15,712.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	4,319.75	SAR 100	SAR 431,975	100%	SAR 431,975
<b>Total</b>			<b>SAR 42,854,375</b>	<b>100.00%</b>	<b>SAR 42,854,375</b>





Overall Soft Cost				
		Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost		SAR 42,854,375	0.10%	SAR 42,854
Design		SAR 42,854,375	0.50%	SAR 214,272
Eng Consultant		SAR 42,854,375	1.00%	SAR 428,544
Management		SAR 42,854,375	5.00%	SAR 2,142,719
Contingency		SAR 42,854,375	5.00%	SAR 2,142,719
Others		SAR 42,854,375	0.00%	SAR 0
<b>TOTAL</b>			<b>11.60%</b>	<b>SAR 4,971,107.50</b>
Total Hard Cost	SAR 42,854,375	BUA	15,712.00	
Total Soft Cost	SAR 4,971,107.50	SAR / Sqm	SAR 3,044	
Total Construction Cost	SAR 47,825,482.50	Overall Completion	100.0%	

After knowing the total construction costs at a rate of 3,044 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE				
Total Dev Cost	SAR 47,825,483	Net Dep Rate	20.00%	
Economic Age	40	Dev Cost After Depreciation	SAR 38,260,386	
Annual Dep Rate	2.50%	Total Completion Rate	100.00%	
Actual Age	8	Developer Profit Rate	20.0%	
Total Dep Rate	20.00%	Dev. Profit Amount	SAR 7,652,077	
Add Appr Rate	0.00%	Development Value	SAR 45,912,463	
Net Dep Rate	20.00%			

The total value of the building is 45,912,463 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 45,912,463	SAR 53,996,875	SAR 99,909,338	SAR 99,900,000

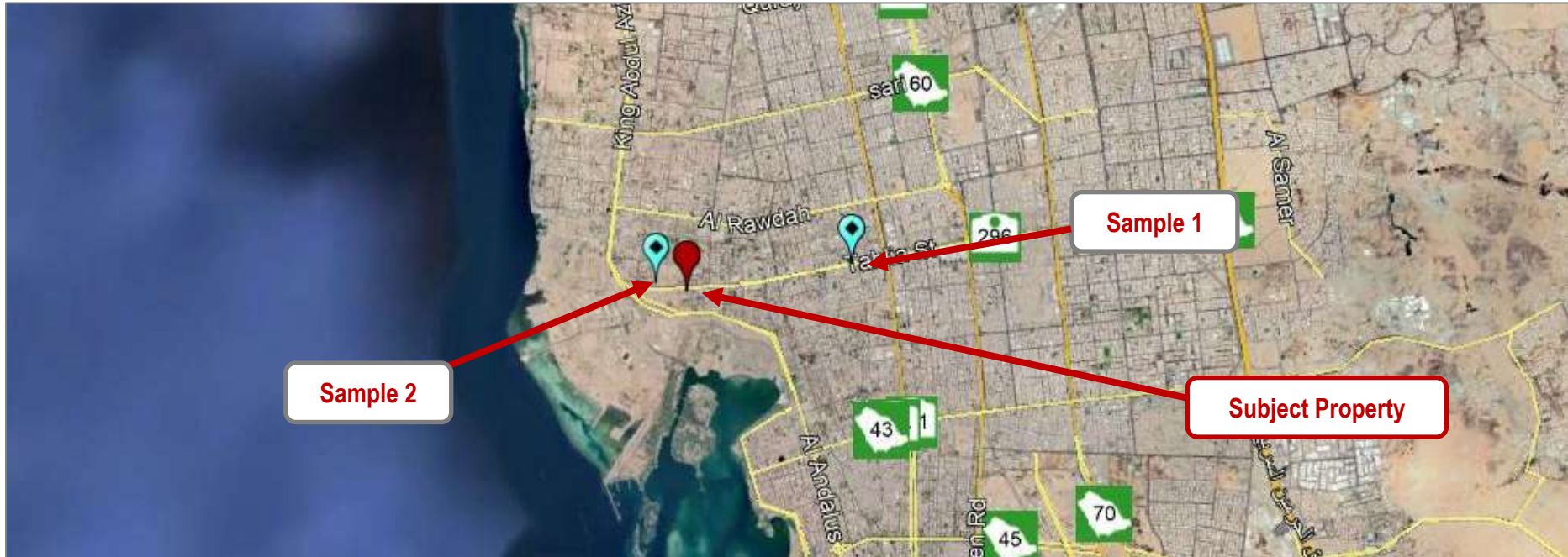


### 1.37 INCOME APPROACH

#### Market Rental Analysis

We were not able to find similar samples within the property's area. Yet, we have executed some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,000 to 3,000 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 2,550 SAR/ Sqm as a rental rate for showrooms. As for the offices rental rates, falls between:

Comparable No.	Office Units	Occupancy Rates
Comparable 1	Rental Rate/ Unit 900 SAR/ Sqm	95%
Comparable 2	800 SAR/ Sqm	90%
<b>Average</b>	<b>850 SAR/ Sqm</b>	<b>93%</b>





## Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

## Property Operation and Maintenance Expenses

We will apply the rate of 11% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8.5% to 9.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

## The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.



<b>Minimum capitalization rate</b>	8.50%
<b>Maximum capitalization rate</b>	9.50%
<b>Average</b>	9.00%
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% several major methods
General condition of the property	----- 0.00% The actual age of the property is 7 years
The general location of the property	----- -0.25% The area is served excellently
Quality and finishes	----- 0.25% Average quality finishes
Project Management Team	----- 0.25% Average management and operational team level
Services and public facilities	----- 0.50% level and availability of services is average
<b>Total</b>	<b>0.50%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	0.50%
<b>Capitalization rate, according to market averages</b>	9%
<b>Estimated capitalization rate of the property valuation</b>	<b>9.50%</b>

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 9.5%, which will be applied subsequently to the net operating income of the property.

Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Quantity	Revenues				
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Show Rooms	2,169	0	SAR 2,550	SAR 10	SAR 5,530,950	
Offices	9,882	0	SAR 850	SAR 0	SAR 8,399,700	
Mezzanine	1,715	0	SAR 1,350	SAR 0	SAR 2,315,250	
					<b>Total Revenues</b>	<b>SAR 16,245,900</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	3.00%	3.00%	5.00%	5.00%	16.00%	
Offices	3.00%	3.00%	5.00%	5.00%	16.00%	
Mezzanine	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 5,530,950	16.00%	SAR 4,645,998			
Offices	SAR 8,399,700	16.00%	SAR 7,055,748			
Mezzanine	SAR 2,315,250	0.00%	SAR 2,315,250			
			<b>Total</b>	<b>SAR 14,016,996</b>		
				SAR 16,245,900		
				-SAR 2,228,904		
				<b>SAR 14,016,996.00</b>		
<b>Total Property Revenues</b>						
<b>Total Property Expenses</b>						
<b>Net Operating Income</b>						
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>		
SAR 14,016,996.00	9.50%	147,547,326.32 SAR		147,500,000.00 SAR		



### 1.38 INCOME APPROACH BASED ON THE LEASING CONTRACT

As per the site inspection done by our team, the subject property is semi occupied by several tenants. Yet, and as per the client, the client intends to acquire the subject property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years.

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject property is Fully leased to 1 tenant			SAR 16,000,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 16,000,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Commercial Building	SAR 16,000,000	0.00%	SAR 16,000,000		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
<b>Total</b>					<b>SAR 16,000,000</b>
<b>Total Property Revenues</b>					SAR 16,000,000
<b>Total Property Expenses</b>					SAR 0
<b>Net Operating Income</b>					<b>SAR 16,000,000.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 16,000,000.00	9.50%	168,421,052.63 SAR		<b>168,420,000.00 SAR</b>	

### 1.39 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 170,200,000	One Hundred Seventy Million and Two Hundred Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 168,420,000	One Hundred Sixty-Eight Million and Four Hundred Twenty Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 99,900,000	Ninety-Nine Million and Nine Hundred Thousand Saudi Riyals



#### 1.40 VALUATION NOTES

- As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology.
- We have noted that all the prices, values and occupancy rates have been affected negatively by 5% to 10% due to the current situation arising from the Covid-19's pandemic.

#### 1.41 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the market rates is:

**Property Value: 170,160,000 SAR**  
**One Hundred Seventy Million and One Hundred Sixty Thousand Saudi Riyals**

#### 1.42 REPORT USE

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

#### 1.43 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



## 1.44 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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**Essam Hussaini**  
**Site Inspection Check**

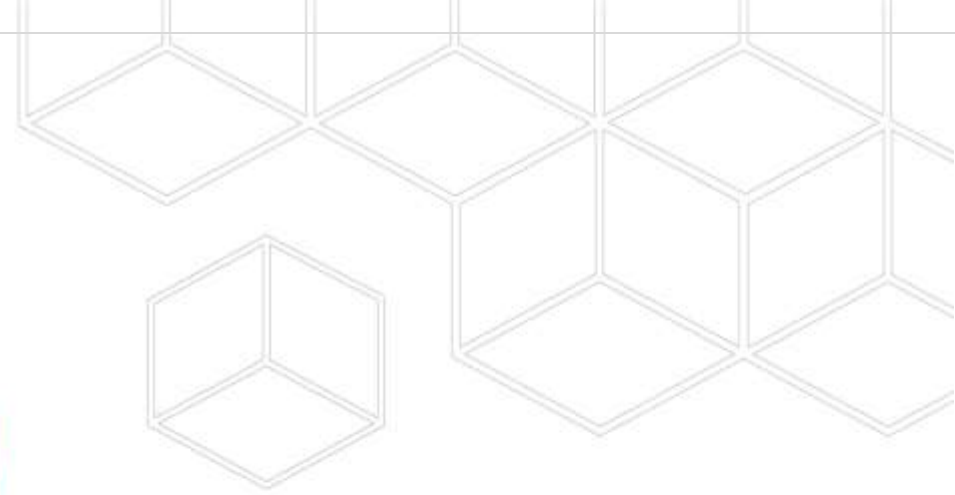
A handwritten signature in blue ink, appearing to read 'Essam Hussaini'.

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

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**1.45 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.46 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Capital	Nov 2019	-----
✓	-----	-----	-----
✓	-----	-----	-----

**1.47 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



**1.48 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

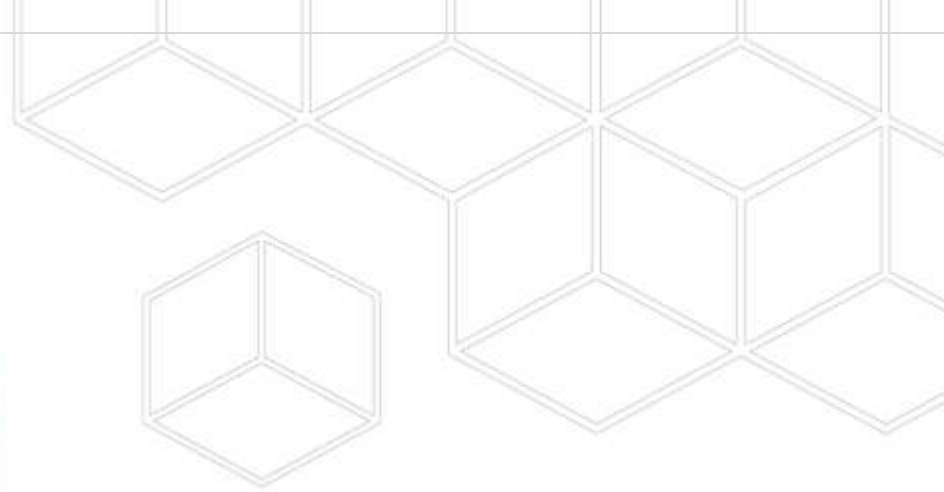
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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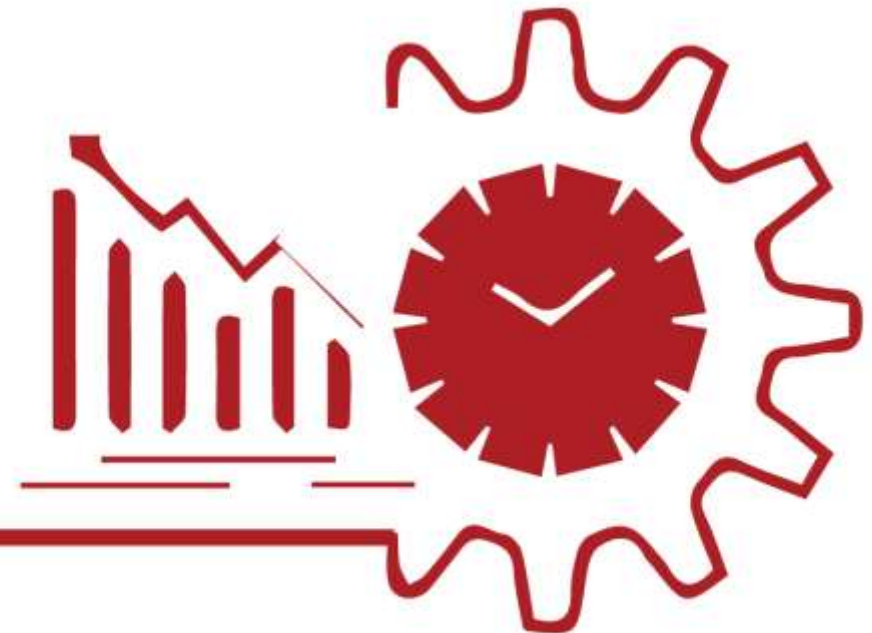
# HOMWORKS AL KHABEER CAPITAL

RIYADH CITY

JUNE 2020



# Valuation Report





**REF:** 2010402-6  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for HomeWorks (Retail Center) in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the Commercial project (HomeWorks) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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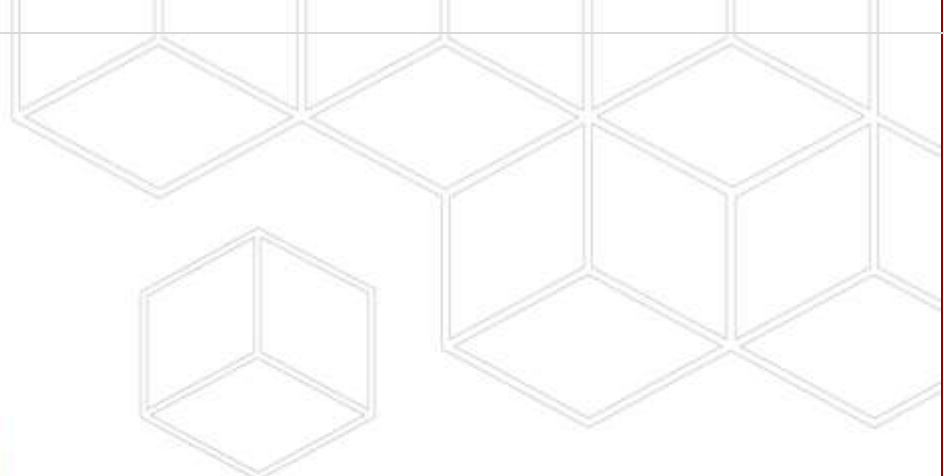


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# EXECUTIVE SUMMARY

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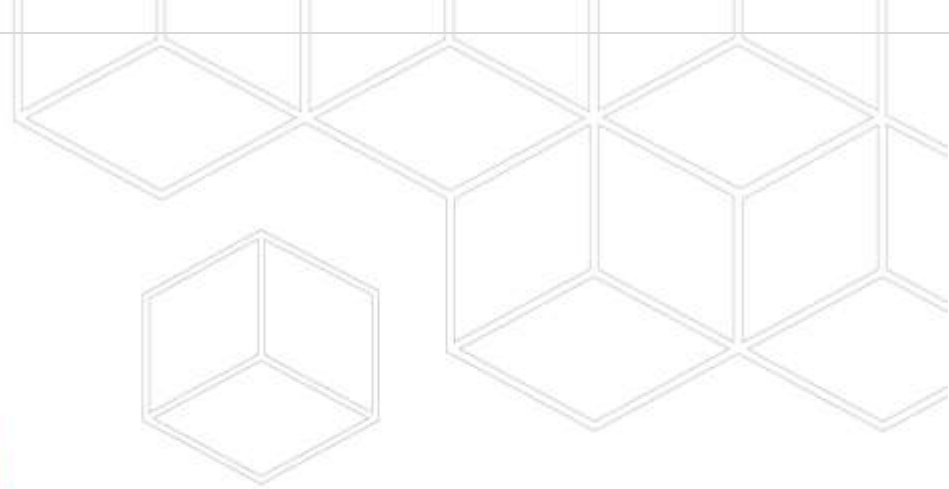


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 11/06/2020 to implement valuation service for a retail project in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	2010402-6
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purpose
<b>Subject Property</b>	Retail Project
<b>Property Location</b>	The property is located in King Fahed district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 314004005870, 314009006126, 214002002199, Title Deed Date: 15/06/1440, 14/09/1440, 14/09/1440, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقى العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 7,000 Sqm
<b>BUA (Sqm)</b>	The building is composed of 3 floors with a total BUA of 9,181 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 5,275 Sqm composed of showrooms.
<b>Vacancy Rate</b>	As per the client, the property is fully leased to 1 tenant
<b>Valuation Approach</b>	Comparable Approach & Cost Approach & Discounted Cash Flow Approach (DCF)
<b>Final Property Value</b>	82,760,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

**1.8 OPINION OF VALUE**

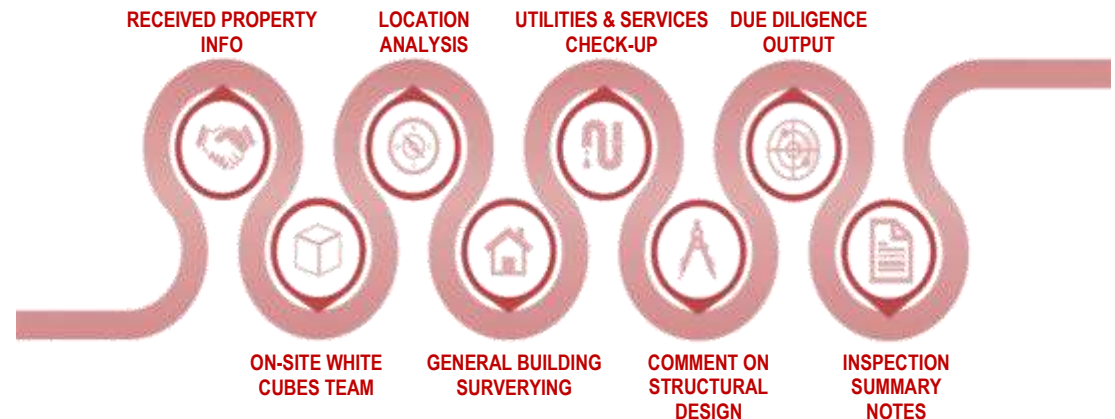
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The DCF Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

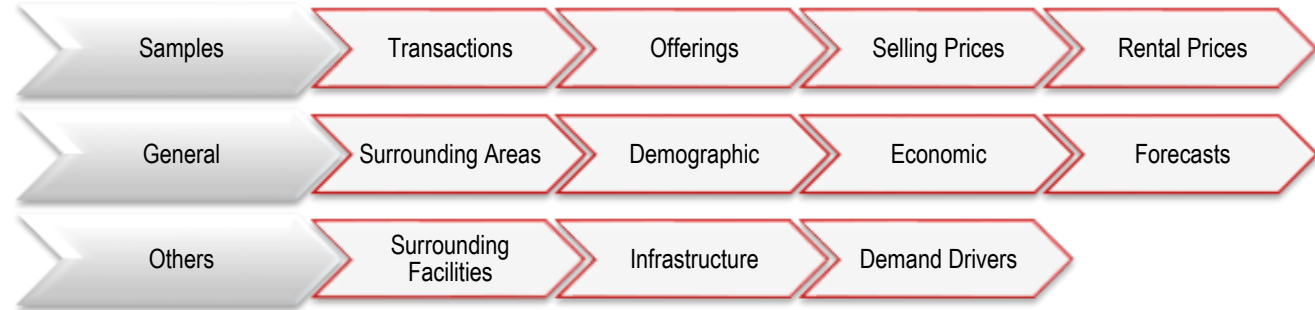
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





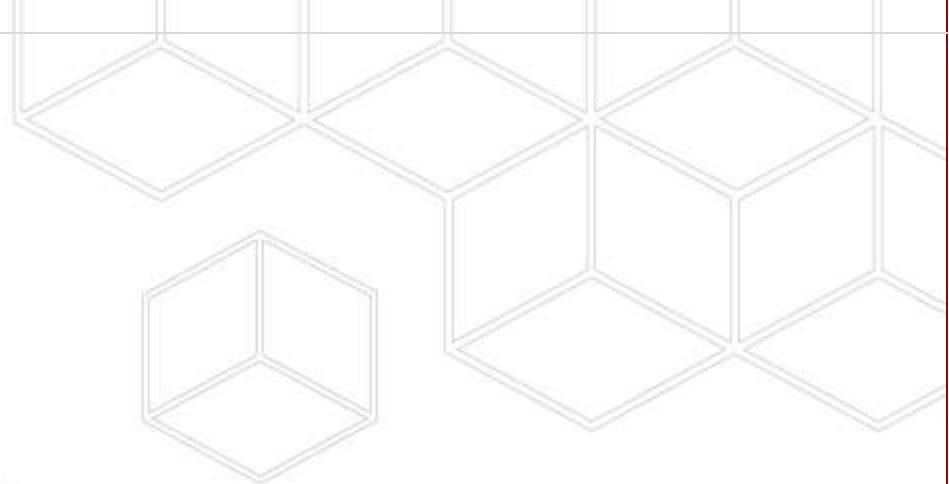
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a Retail Project (HomeWorks) located in Riyadh city. The building has a total land area of 7,000 Sqm, and a total BUA of 9,181 Sqm and was constructed 18 years ago. The project is open on 3 sides from the north, south and east with a direct view on King Abdullah Road where all the infrastructure facilities such as water, telecommunication, sewage and electricity are available in the surrounding and connected to the subject property.
<b>Location Description</b>	The property subject of valuation is a retail project in King Fahed district in Riyadh city. The property is bordered from the north by Shaikh Uthman AlBarahim Street The property is bordered from the south by a King Abdullah Road The Property is bordered from the east by Abi Ishaq Al Harbi Street The property is bordered to the west by Plots No. 35+36
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high, since it is located on King Abdullah Road.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Retail Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Abudullah Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Shaikh Uthman AlBarahim Street		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	<b>All the infrastructural facilities are available in the surroundings and connected to the subject property.</b>
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



## 1.14 LOCATION

The subject property is located in King Fahed district, Riyadh city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



### Surrounding Landmarks

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>1- Sahara Plaza (1.4 Kilometres)</li> <li>2- Riyadh Gallery (2.00 Kilometres)</li> <li>3- Royal Mall (1.1 Kilometres)</li> <li>4- Dallah Hospital (2.6 Kilometres)</li> <li>5- Marina Mall (1.8 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Posts Compound (2.15 Kilometres)</li> <li>7- Prince Sultan University (3.1 Kilometres)</li> <li>8- Riyadh College of Technology (3.1 Kilometres)</li> <li>9- Hayat Mall (2 Kilometers)</li> <li>10- Ministry of Foreign Affairs Housing (1.1 Kilometers)</li> </ul> |
|---|---|





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deeds related to the subject property which is owned by three title deeds. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	2,625
<b>District</b>	King Fahed	<b>Plot No.</b>	37 to 40
<b>T.D Type</b>	Electronic	<b>Block No.</b>	4
<b>T.D Number</b>	314004005870	<b>Layout No.</b>	1324
<b>T.D Date</b>	15/09/1440	<b>Owner</b>	شركة أول الملقى العقارية
<b>T.D Value</b>	38,181,818.19 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	15/09/1440	<b>Limitation of Document</b>	Mortgaged
<b>Issued From</b>	Riyadh Notary		
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		
<b>City</b>	Riyadh	<b>Land Area</b>	1,750
<b>District</b>	King Fahed	<b>Plot No.</b>	33, 34
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	214009006126	<b>Layout No.</b>	1324
<b>T.D Date</b>	14/09/1440	<b>Owner</b>	شركة أول الملقى العقارية
<b>T.D Value</b>	38,181,818.19 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	14/09/1440	<b>Limitation of Document</b>	Mortgaged
<b>Issued From</b>	Riyadh Notary		
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		
<b>City</b>	Riyadh	<b>Land Area</b>	2,625
<b>District</b>	King Fahed	<b>Plot No.</b>	39 to 42
<b>T.D Type</b>	Electronic	<b>Block No.</b>	4
<b>T.D Number</b>	214002002199	<b>Layout No.</b>	1324
<b>T.D Date</b>	27/04/1440	<b>Owner</b>	شركة أول الملقى العقارية
<b>T.D Value</b>	38,181,818.19 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction</b>	Electronic	<b>Limitation of Document</b>	Mortgaged
<b>Issued From</b>	Riyadh Notary		
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		



### 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

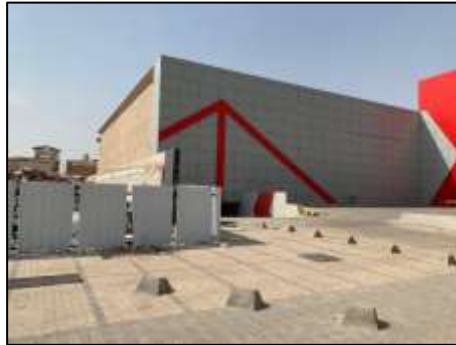
The subject property is a fully constructed retail building consisting of 3 floors including 1 basement, ground floor and first floor. The client provided us with a building permit for the subject property, which contains the following data:

Subject Property	
Construction Permit Type	New Permit
Property Type	Commercial
Construction Permit No.	9/1/7/27
Construction Permit Date	20/02/1419 AH
Permit Expiry Date	20/02/1422 AH

Description	No. of Units	Area (sqm)	Use
Basement	---	3,906	Parking
Ground Floor	---	3,906	Showrooms
First Floor	---	1,369	Offices
<b>Total BAU (sqm)</b>		<b>9,181</b>	



### 1.18 PHOTO RECORD





### 1.19 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 1,100.51 SAR per year, which includes all administration, maintenance, operation and general service bills.

### 1.20 BUILDING GROSS LEASABLE AREA (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Showrooms	----	9,181	5,275	Rental spaces are provided by the client
----	----	----	----	
----	----	----	----	
----	----	----	----	
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### 1.21 PROPERTY ACTUAL RENTAL RATES

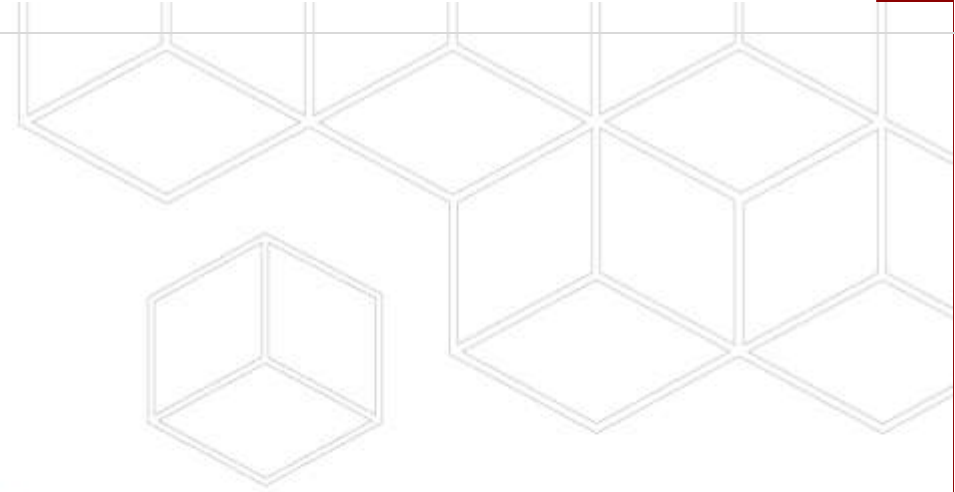
The client provided us with the leasing contract related to the subject property which shows that the project is fully leased to 1 tenant for 15 year for 6,000,000 SAR annually with an increase by 4% every 5 years.

### 1.22 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Homeworks	Property-all-Risks	P0420-PAR-HCAB-12566899	Al Rajhi Company for Cooperative Insurance	30/03/2021
Homeworks	Third Party Liability	P0420-TPL-HCAB-12566824	Al Rajhi Company for Cooperative Insurance	03/04/2021

# MARKET INDICATORS

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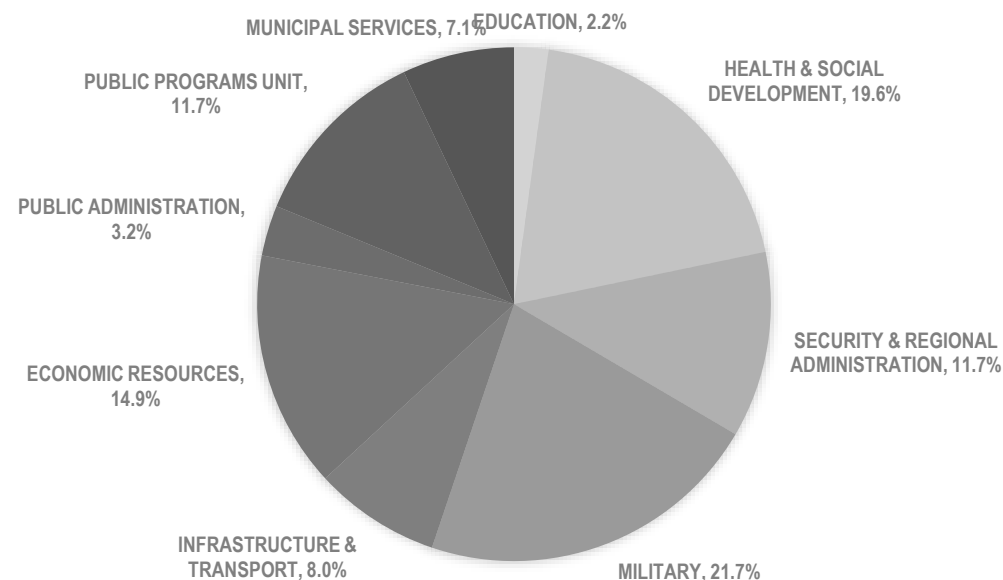
### 1.23 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.24 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.25 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Direct view on King Abdullah Branch Road</li> <li>- The subject property has 3 sides open</li> <li>- The subject property is leased to one tenant and secured for 15 years</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- The retail sector in Riyadh city is very much stable compared to other real estate sectors. Which grant good level of demand for the subject property.</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Since the subject property is leased for 15 years to one tenant, this can be also considered as a threat once the tenant decides to terminate the leasing contract, especially when the property is customized for the tenant use.</li> </ul>

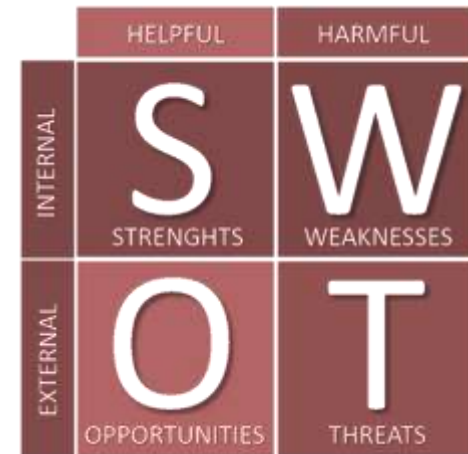
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.26 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

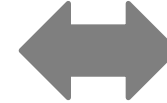


Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



### 1.27 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	✓	-----	-----	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>1</b>	<b>2</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>15 Risk Points – Medium Risk</b>				

**Sector Analysis**

Risk Category- 15 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	✓	-----	-----	-----	-----
Location	✓	-----	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 6 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	✓	-----	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points - Minimal Risk</b>				

**Property Analysis**

Risk Category- 6 Risk Points - Minimal Risk

# PROPERTY VALUATION

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### 1.28 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link	Contact Details	Forecasts & Expectations ✓
Tenant List ✓	Income & Revenues ✓	Operational Cost - OPEX

### 1.29 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.30 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.31 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

**1.32 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

**1.33 VALUATION APPROACH**

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

**COMPARABLE METHOD**

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## DISCOUNTED CASH FLOW (DCF)

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

### 1.34 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



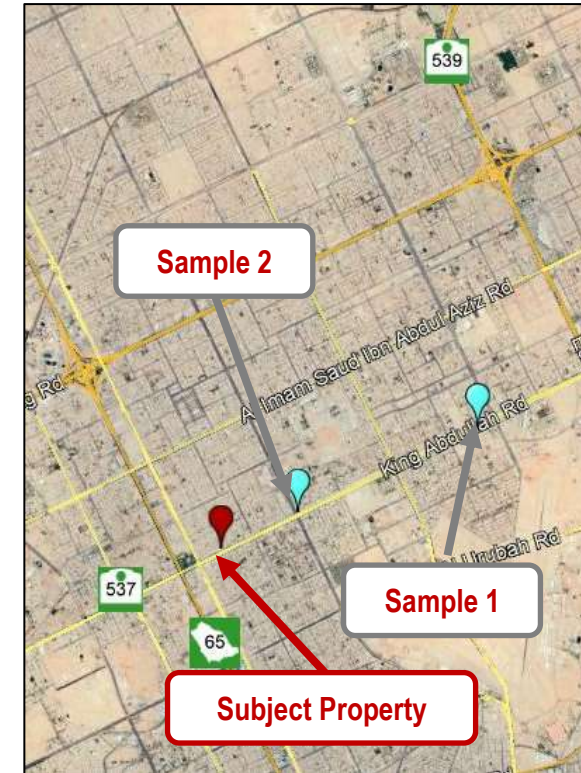


### 1.35 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples				
Feature	Subject Property	Sample 1	Sample 2	
Quoting	-----	Offering	Offering	
District	King Fahed	King Fahed	King Fahed	
Sale Price	-----	SAR 41,625,000	SAR 25,800,000	
Data Source	Title Deed	Market Survey	Market Survey	
Area Size	7,000.00	5,550.00	2,650.00	
SAR / Sqm	-----	SAR 7,500	SAR 9,736	
Sides Open	3	3	3	

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	7,000.00	5,550.00	0.00%	2,650.00	-5.00%
Location Desirability	High	High	0.00%	High	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	80	80	0.00%	80	0.00%
Sides Open	3	3	0.00%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	Yes	-5.00%	Yes	-10.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-5.00%</b>		<b>-15.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 375.0</b>		<b>-SAR 1,460.4</b>
<b>Net After Adjustment</b>			<b>SAR 7,125.0</b>		<b>SAR 8,275.5</b>
<b>SAR / Sqm</b>			<b>SAR 7,700</b>		
<b>Rounded Value</b>			<b>SAR 7,700</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	7,000	7,000	7,000	7,000	7,000	
SAR / Sqm	SAR 6,930.0	SAR 7,315.0	SAR 7,700.0	SAR 8,085.0	SAR 8,470.0	
Property Value	SAR 48,510,000	SAR 51,205,000	SAR 53,900,000	SAR 56,595,000	SAR 59,290,000	
			<b>PROPERTY VALUE</b>			



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 7,000 - 8,000 SAR / Sqm with an average of 7,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.36 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 550	SAR 650	SAR 600
<b>Finishing Materials</b>	SAR 450	SAR 550	SAR 500
<b>Site Improvements</b>	SAR 100	SAR 140	SAR 120
<b>Owner Profit</b>	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND					
Land Area	SAR / Sqm		Total Value		
7,000.00	SAR 7,700		SAR 53,900,000		
Building					
	Unit	No of Floors	Total BUA		
Basement	Sqm	1	3,906.00		
Ground Floor	Sqm	1	3,906.00		
Upper Floors	Sqm	1	1,369.00		
Fences	Lm	----	70.00		
<b>Total (SQM)</b>	<b>9,181.00</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	5,275.00	SAR 1,000	SAR 5,275,000	100%	SAR 5,275,000
Electro Mechanic	5,275.00	SAR 600	SAR 3,165,000	100%	SAR 3,165,000
Finishing	5,275.00	SAR 500	SAR 2,637,500	100%	SAR 2,637,500
Fit outs & Appliances	5,275.00	SAR 0	SAR 0	100%	SAR 0
Furniture	5,275.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	7,000.00	SAR 120	SAR 840,000	100%	SAR 840,000
<b>Total</b>			<b>SAR 11,917,500</b>	<b>100.00%</b>	<b>SAR 11,917,500</b>



Hard Cost - Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	3,906.00	SAR 1,500	SAR 5,859,000	100%	SAR 5,859,000
Electro Mechanic	3,906.00	SAR 500	SAR 1,953,000	100%	SAR 1,953,000
Finishing	3,906.00	SAR 300	SAR 1,171,800	100%	SAR 1,171,800
<b>Total</b>			<b>SAR 8,983,800</b>	<b>100.00%</b>	<b>SAR 8,983,800</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 20,901,300	0.10%	SAR 20,901
Design			SAR 20,901,300	1.00%	SAR 209,013
Eng Consultant			SAR 20,901,300	1.00%	SAR 209,013
Management			SAR 20,901,300	5.00%	SAR 1,045,065
Contingency			SAR 20,901,300	5.00%	SAR 1,045,065
Others			SAR 20,901,300	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 2,529,057.30</b>
<b>Total Hard Cost</b>	<b>SAR 20,901,300</b>		<b>BUA</b>	<b>9,181.00</b>	
<b>Total Soft Cost</b>	<b>SAR 2,529,057.30</b>		<b>SAR / Sqm</b>	<b>SAR 2,552</b>	
<b>Total Construction Cost</b>	<b>SAR 23,430,357.30</b>		<b>Overall Completion</b>	<b>100.0%</b>	

After knowing the total construction costs at a rate of 2,552 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 23,430,357</b>	<b>Net Dep Rate</b>	<b>40.00%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 14,058,214</b>
<b>Economic Age</b>	<b>50</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>2.00%</b>	<b>Developer Profit Rate</b>	<b>20.0%</b>
<b>Actual Age</b>	<b>20</b>	<b>Dev. Profit Amount</b>	<b>SAR 2,811,643</b>
<b>Total Dep Rate</b>	<b>40.00%</b>	<b>Development Value</b>	<b>SAR 16,869,857</b>
<b>Add Appr Rate</b>	<b>0.00%</b>		
<b>Net Dep Rate</b>	<b>40.00%</b>		

The total value of the building is 16,869,857 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 16,869,857	SAR 53,900,000	SAR 70,769,857	SAR 70,770,000

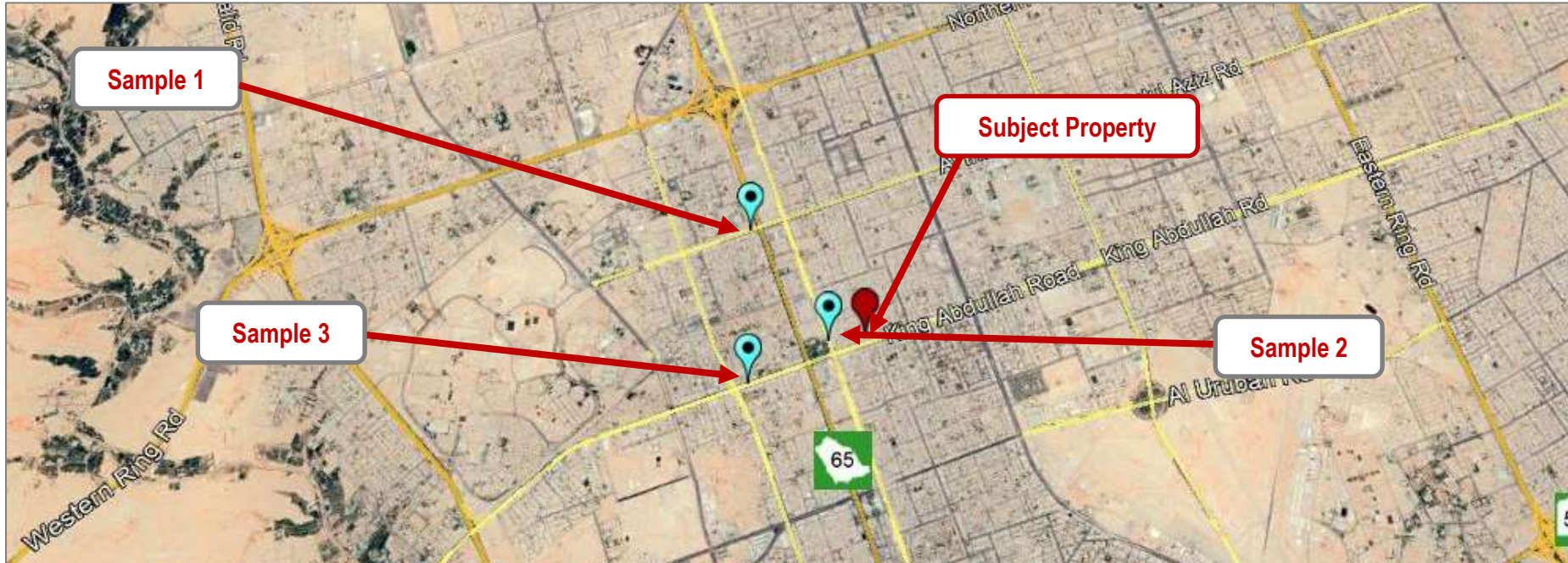


### 1.37 DISCOUNTED CASH FLOW- MARKET RATES

#### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 1,100 to 1,300 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable No.	Commercial Showroom Units	
	Rental Rate/ Unit	Occupancy Rates
Comparable 1	1,100 SAR/ Sqm	90%
Comparable 2	1,050 SAR/ Sqm	85%
Comparable 3	1,350 SAR/ Sqm	90%
Average	1,200 SAR/ Sqm	90%





### Analysis of comparison of market rents with actual rents

Based on the actual income statement of the subject property, which was provided to us by the client, we will compare the average rental prices in the market with the actual rents of the property, and if the prices are close, then the actual rents of the property will be relied upon. In case of significant differences exceeding 15% without a clear justification for this difference, then the valuation will be relied on the average market rents to avoid any inflation in the value of the property.

	Average Rental Rate Based on the Market	Average Actual Rental Rate	Differences Rates
Commercial Showrooms	1,200 SAR	1,150 SAR	-4%

We note that the actual rents for commercial units are lower than the market averages by 15 which reflects a positive potential to increase the project revenues in the future. Based on the foregoing, the valuation will be based on the actual revenues of the project due to the convergence of the rental rates with the market.

### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

### Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate



## The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Status</b>	<b>Influence</b>
Ease of access to the property	-----	-0.25%
General condition of the property	-----	0.50%
The general location of the property	-----	-0.25%
Quality and finishes	-----	0.00%
Project Management Team	-----	0.00%
Services and public facilities	-----	0.00%
<b>Total</b>		<b>0.00%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>		0.00%
<b>Capitalization rate, according to market averages</b>		8%
<b>Estimated capitalization rate of the property valuation</b>		<b>7.50%</b>

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.5 %, which will be applied subsequently to the net operating income of the property.

## Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 12.1%.

Cash Flow		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		0	1	2	3	4	5	6	7	8	9
<b>Increase Revision</b>		<b>0%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Expected Revenues</b>											
Showrooms	Sqm	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Rate (SAR)	SAR	1,200	1,260	1,323	1,389	1,459	1,532	1,608	1,689	1,773	1,862
Total	SAR	6,330,000	6,646,500	6,978,825	7,327,766	7,694,155	8,078,862	8,482,805	8,906,946	9,352,293	9,819,908
<b>Overall Revenues</b>		<b>6,330,000</b>	<b>6,646,500</b>	<b>6,978,825</b>	<b>7,327,766</b>	<b>7,694,155</b>	<b>8,078,862</b>	<b>8,482,805</b>	<b>8,906,946</b>	<b>9,352,293</b>	<b>9,819,908</b>



Cash Flow		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		0	1	2	3	4	5	6	7	8	9
<b>Increase Revision</b>		0%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Vacancy Rates</b>											
Showrooms	10.0%	633,000	664,650	697,883	732,777	769,415	807,886	848,281	890,695	935,229	981,991
<b>Total</b>		<b>633,000</b>	<b>664,650</b>	<b>697,883</b>	<b>732,777</b>	<b>769,415</b>	<b>807,886</b>	<b>848,281</b>	<b>890,695</b>	<b>935,229</b>	<b>981,991</b>
<b>Expenses</b>											
OPEX	15.0%	949,500	996,975	1,046,824	1,099,165	1,154,123	1,211,829	1,272,421	1,336,042	1,402,844	1,472,986
Others	5%	316,500	332,325	348,941	366,388	384,708	403,943	424,140	445,347	467,615	490,995
<b>Overall Expenses</b>		<b>1,266,000</b>	<b>1,329,300</b>	<b>1,395,765</b>	<b>1,465,553</b>	<b>1,538,831</b>	<b>1,615,772</b>	<b>1,696,561</b>	<b>1,781,389</b>	<b>1,870,459</b>	<b>1,963,982</b>
<b>NOI</b>		<b>4,431,000</b>	<b>4,652,550</b>	<b>4,885,178</b>	<b>5,129,436</b>	<b>5,385,908</b>	<b>5,655,204</b>	<b>5,937,964</b>	<b>6,234,862</b>	<b>6,546,605</b>	<b>6,873,935</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.5%</b>										<b>91,652,471</b>
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54	0.50
<b>Present Value</b>		<b>4,431,000</b>	<b>4,307,917</b>	<b>4,188,252</b>	<b>4,071,912</b>	<b>3,958,803</b>	<b>3,848,837</b>	<b>3,741,924</b>	<b>3,637,982</b>	<b>3,536,927</b>	<b>49,287,733</b>
<b>Market Rate / Net Present Value</b>											<b>85,011,287</b>

	<b>Discount Rate</b>				
	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>	<b>9.0%</b>	<b>10.0%</b>
<b>Discount Rate</b>					
<b>Market Value</b>	96,724,422	90,615,690	<b>85,011,287</b>	79,864,136	75,131,983

### 1.38 DISCOUNTED CASH FLOW- LEASING CONTRACT

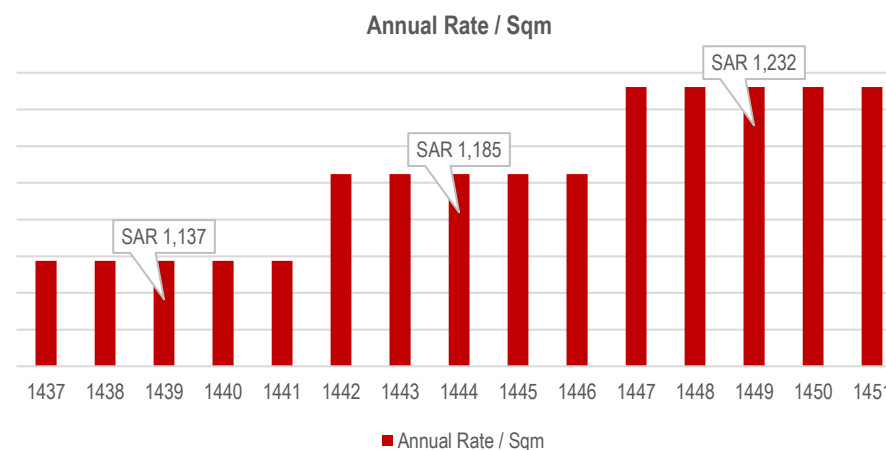
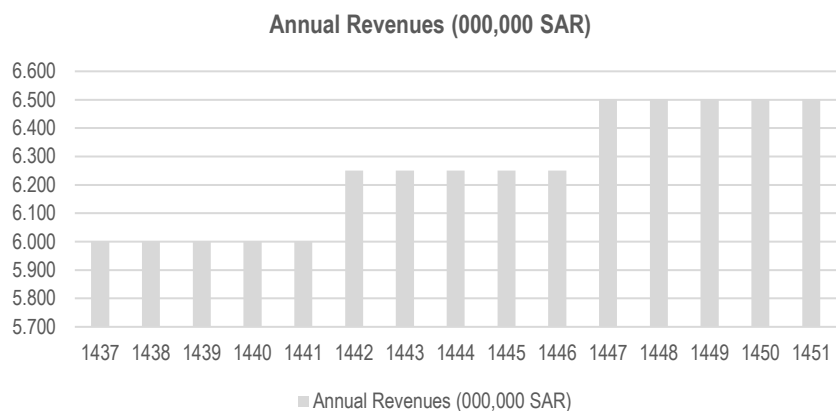
As per the leasing contract received from the client, the subject property is fully leased to one tenant under the name of HOMEWORKS Retail Center (Department Store)

First Party	Abed El Kader Al Chaiba Al Hamad
Second Party	Al Futtaim International Trading Company
Contract Date	23/8/1436
Contract Duration	15 years
Contract Effective Date	23/8/1451
Contract Value	93,750,000
OPEX	Paid by The Tenant



SN	Year	Amount
1	1437	6,000,000
2	1438	6,000,000
3	1439	6,000,000
4	1440	6,000,000
5	1441	4,004,237
6	1442	4,500,000
7	1443	4,625,000
8	1444	4,750,000
9	1445	6,250,000
10	1446	6,250,000
11	1447	6,500,000
12	1448	6,500,000
13	1449	6,500,000
14	1450	6,500,000
15	1451	6,500,000
<b>Total</b>		<b>93,750,000</b>

The contract period is for 15 years which include increase provision every 5 years by SAR 250,000. Based on the first-year revenue, the lease rate per Sqm (SAR 6,000,000 / 5,275 GLA) is: SAR 1,137 / Sqm. Due to the current situation arising from Covid-19's pandemic, the client provided us with a contract addendum as shown in the previous table.







Cash Flow	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	0	1	2	3	4	5	6	7	8	9
<b>Expected Revenues</b>										
Overall Revenues	4,004,237	4,500,000	4,625,000	4,750,000	6,250,000	6,250,000	6,500,000	6,500,000	6,500,000	6,500,000
<b>Expenses</b>										
OPEX	0.0%	0	0	0	0	0	0	0	0	0
Overall Expenses		0	0	0	0	0	0	0	0	0
NOI		4,004,237	4,500,000	4,625,000	4,750,000	6,250,000	6,250,000	6,500,000	6,500,000	6,500,000
Terminal Value @ ----->	7.5%									86,666,667
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54
Present Value		4,004,237	4,166,667	3,965,192	3,770,703	4,593,937	4,253,645	4,096,103	3,792,688	3,511,748
Market Rate / Net Present Value										82,761,447

	Discount Rate				
Discount Rate	6.00%	7.00%	8.00%	9.0%	10.0%
Market Value	94,103,396	88,189,823	82,761,447	77,773,160	73,184,466

### 1.39 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 70,770,000	Seventy Million and Seven Hundred Seventy Thousand Saudi Riyals
DCF- Market Rates	Property	SAR 85,000,000	Eighty-Five Million Saudi Riyals
DCF- Contract	Property	SAR 82,760,000	Eighty-Two Million and Seven Hundred Sixty Thousand Saudi Riyals

### 1.40 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DCF Approach based on the leasing contract is:

**Property Value: 82,760,000 SAR**  
**Eighty-Two Million and Seven Hundred Sixty Thousand Saudi Riyals**



### 1.41 REPORT USE

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

### 1.42 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.43 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

---

**Essam Hussaini**  
**Site Inspection Check**

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

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### 1.44 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.45 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Capital	Nov 2019	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.46 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



### 1.47 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

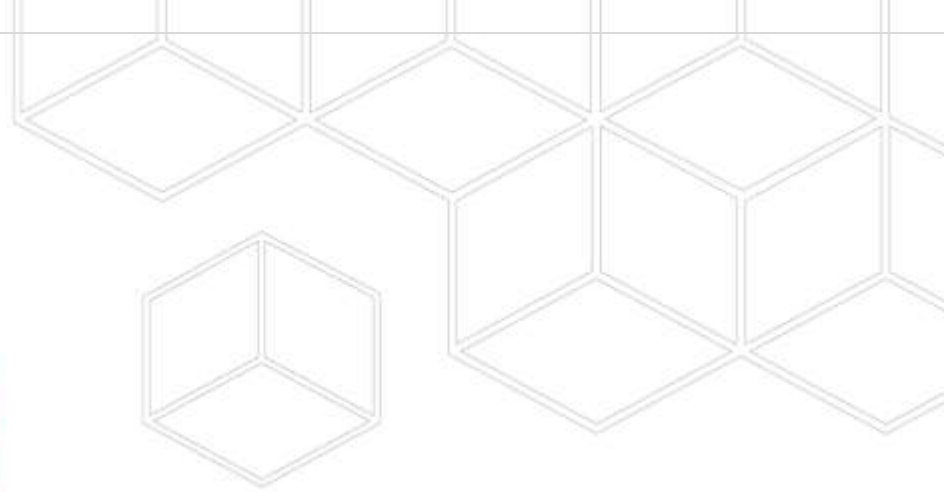
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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Construction Permit



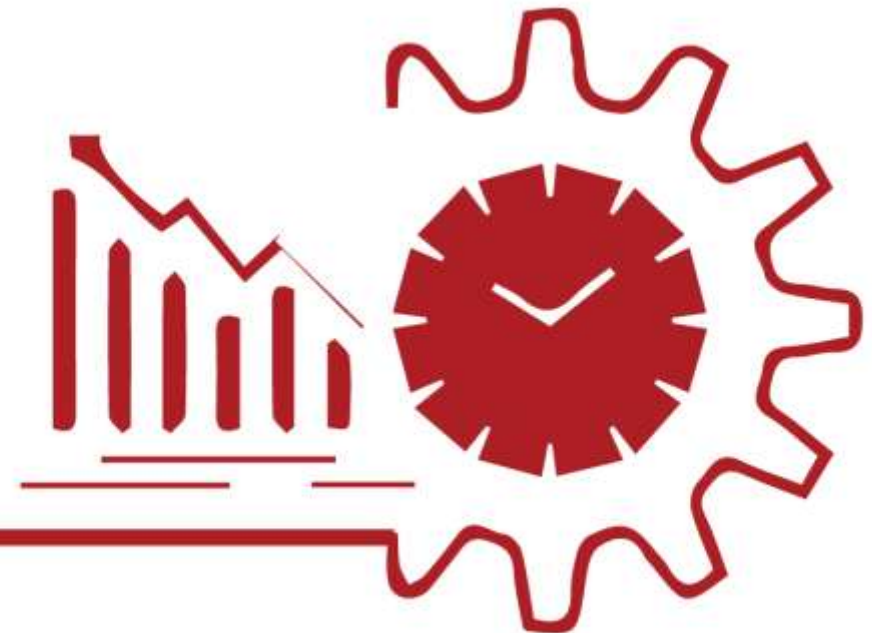
**MALGA COMPOUND**  
**AL KHABEER CAPITAL**

RIYADH CITY

JUNE 2020



# Valuation Report







**REF:** 2010402-7  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for residential compound (Malga Compound) in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the residential project (Malga Compound) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**



Member of the Saudi Authority of Accredited Valuers (Taqeem)



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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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(Please Click on the Title for Direct Access)

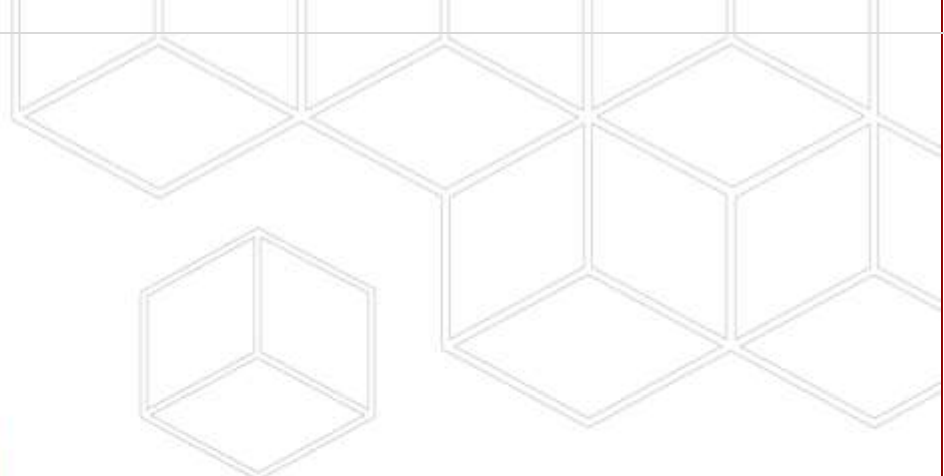
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# EXECUTIVE SUMMARY

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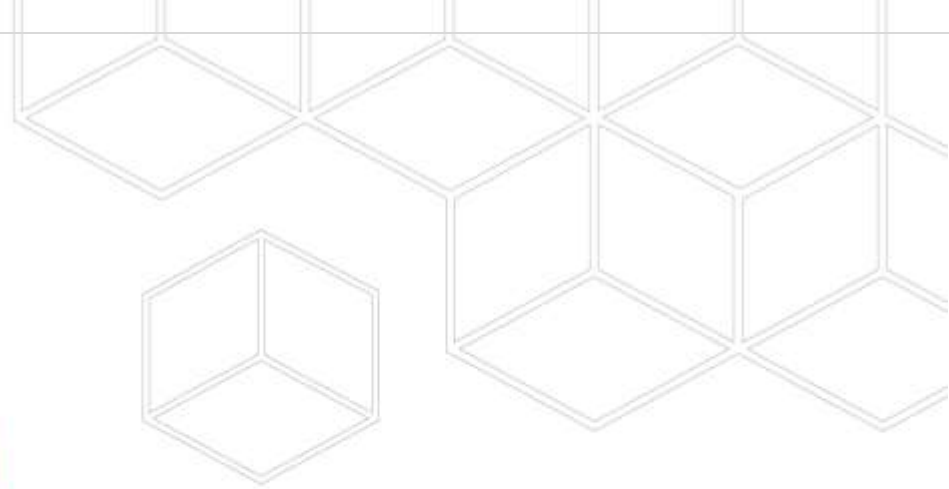


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 11/06/2020 to implement valuation service for a residential compound in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	2010402-7
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT)
<b>Subject Property</b>	Residential Compound
<b>Property Location</b>	The property is located in Al Malga district, Riyadh City.
<b>Title Deed No.</b>	Title Deed No: 314002002198, 8104009006124, 814009006125, 614004005871
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Residential
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 15,924.68 Sqm
<b>BUA (Sqm)</b>	The building is composed of 3 floors with a total BUA of 41,362 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 21,436 Sqm composed of apartments.
<b>Valuation Approach</b>	Comparable Approach, Cost Approach & Income Approach
<b>Final Property Value</b>	275,500,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

*"The estimated amount"* refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

### AN ASSET SHOULD EXCHANGE

**"an asset should exchange"** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

**"on the valuation date"** requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

**"between a willing buyer"** refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";





AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

**1.8 OPINION OF VALUE**

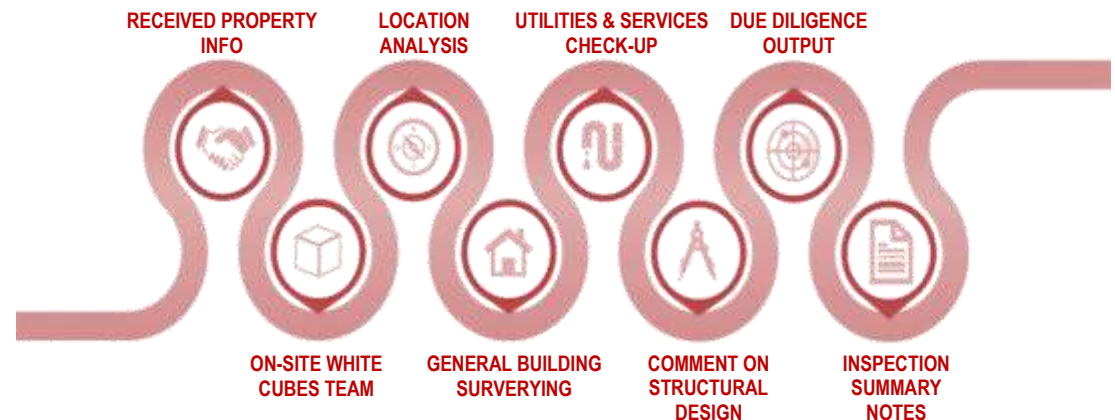
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

**1.10 INSPECTION ROLE**

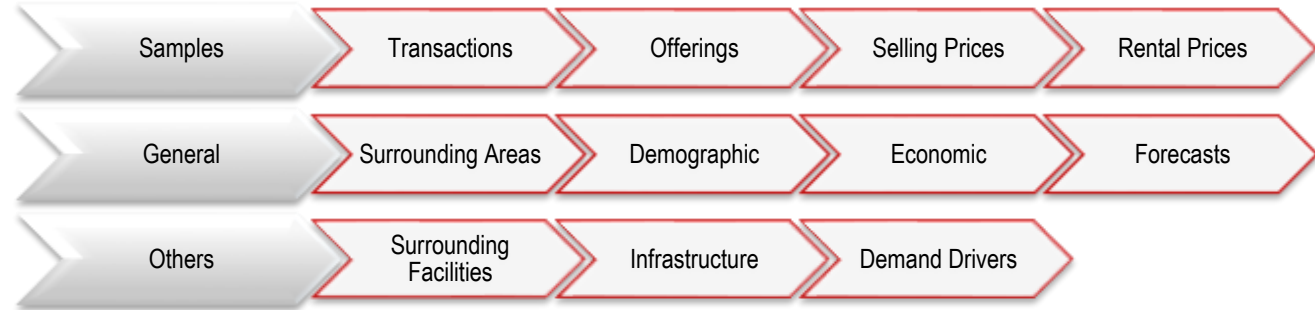
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





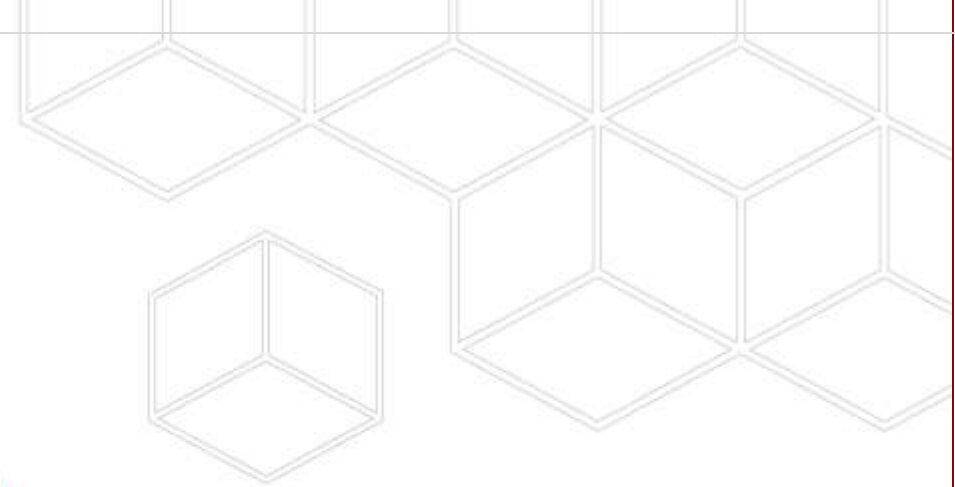
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a residential compound located in Al Malga district, Riyadh city. The Property has a total land area of 15,924.68 Sqm, a total BUA of 41,362 Sqm and composed of 252 residential apartment units and 38 studio units. As per the site inspection done by our team, the project is open on 4 sides with a direct view on Hajar Valley Road from the north side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.

### Location Description

The property being valued is a residential compound in Al Malga district, Riyadh City.  
 The property is bordered from the north by Hajar Valley Street  
 The property is bordered from the south by an unnamed street.  
 The Property is bordered from the east by an unnamed street  
 The property is bordered to the west by an internal street

### Ease of Access

Based on the current location of the subject property, the access level is high since it is located near King Fahd Street and open from 4 sides.

### The Main Landmarks

The subject property is surrounded by a number of major landmarks such as Saudi German Hospital, etc.

Land		Building	
Land Use	Residential	Building Type	Residential Compound
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Hajar Valley Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



## 1.14 LOCATION

The subject property is located in Al malga district, Riyadh city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



### Surrounding Landmarks

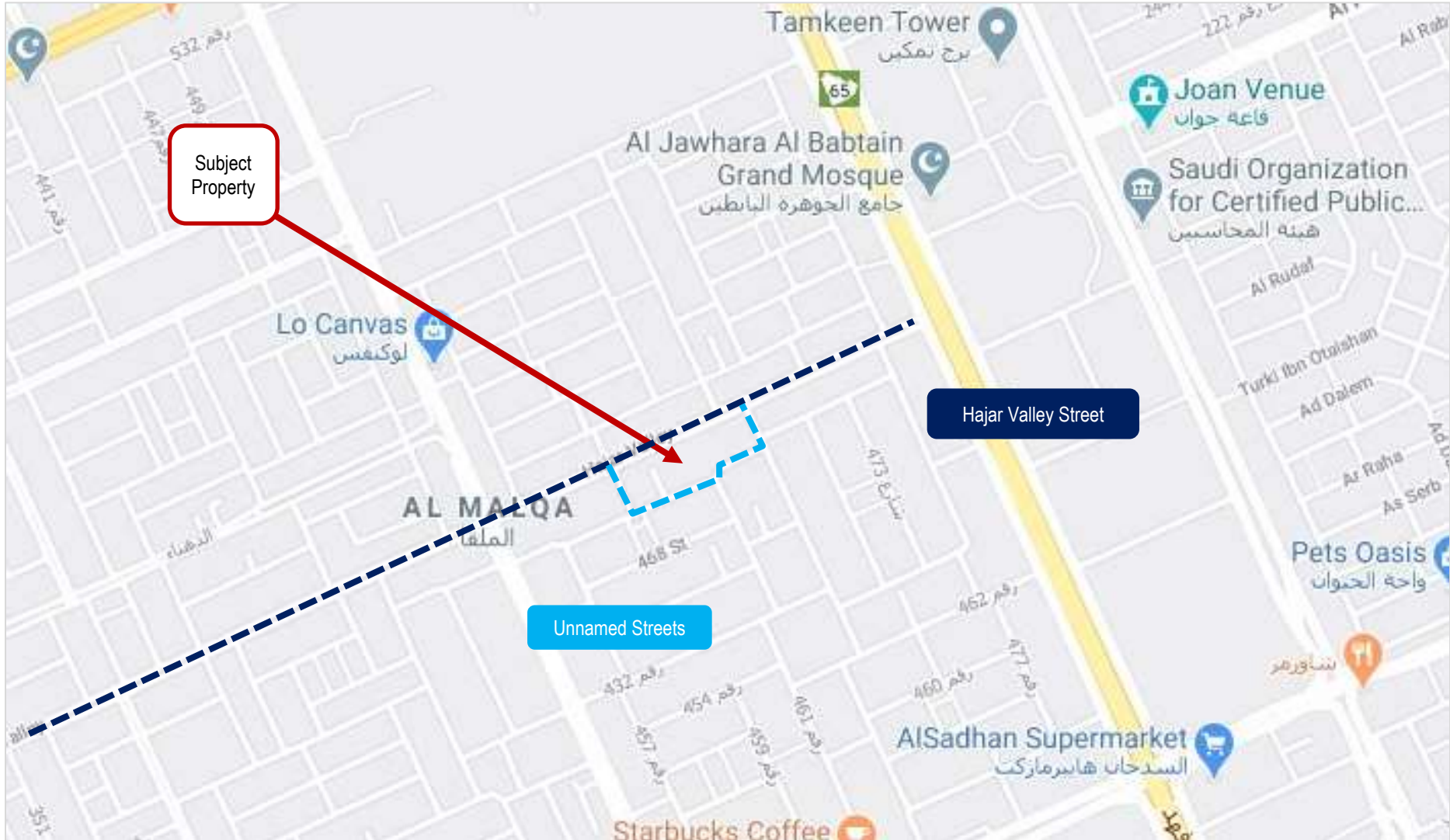
- 1- Al Shabab Saudi Club (1.8 Kilometers)
- 2- Saudi German Hospital (2 Kilometers)
- 3- Tamimi Markets (1 Kilometers)
- 4- Wafa Insurance (1.6 Kilometers)
- 5- Burj Rafal Hotel Kempinski Riyadh (2.2 Kilometers)

- 6- Farm Superstores (3.2 Kilometers)
- 7- Al Sadhan Hyper Market (1.4 Kilometers)
- 8- Tamkeen Tower (0.9 Kilometers)
- 9- The Council of Cooperative Health (0.7 Kilometers)
- 10- SAAB Tower (1 Kilometers)



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copies of the title deeds of the subject property which is owned by four title deeds. The details of the subject property:

City District	Riyadh Al Malga	Riyadh Al Malga	Riyadh Al Malga	Riyadh Al Malga
<b>Title deed Type</b>	Electronic	Electronic	Electronic	Electronic
<b>T.D No.</b>	814009006124	814009006125	614004005871	314002002198
<b>T.D Date</b>	14/09/1440	14/09/1440	15/09/1440	14/09/1440
<b>Title Deed Value</b>	38,181,818.19	38,181,818.19	38,181,818.19	38,181,818.19
<b>Date of Latest Transaction Issued by</b>	14/09/1440 Riyadh Notary	14/09/1440 Riyadh Notary	15/09/1440 Riyadh Notary	14/09/1440 Riyadh Notary
<b>Property Type</b>	Residential	Residential	Residential	Residential
<b>Land Area (Sqm)</b>	5,481,45	3,481,1	3,481,9	3,480,23
<b>Plot No.</b>	2333/2334	1/2336	1/2337	1/2335
<b>Block No.</b>	N/A	N/A	N/A	N/A
<b>Layout No.</b>	3114	3114	3114	3114
<b>Owners</b>	شركة أول الملقا العقارية	شركة أول الملقا العقارية	شركة أول الملقا العقارية	شركة أول الملقا العقارية
<b>Ownership</b>	Freehold	Freehold	Freehold	Freehold
<b>Limitations of Document</b>	Mortgaged	Mortgaged	Mortgaged	Mortgaged
<b>Notes</b>	The client has provided us with copies of the Title Deeds which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.			







### 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The subject property is a fully constructed residential compound. The client provided us with a building permits for the subject property, which contains the following data:

Subject Property	CP 1	CP 2	CP 3	CP 4
Construction Permit Type	Modification of building plan	Separation	Separation	Separation
Property Type	Residential	Residential	Residential	Residential
Construction Permit No.	1432/5259	1433/15270	1433/15269	1433/15265
Construction Permit Date	26/03/1432	21/08/1433	21/08/1433	21/08/1433
Permit Expiry Date	26/03/1435	21/08/1436	21/08/1436	21/08/1436

	CP 1	CP 2	CP 3	CP 4
Description	Area (Sqm)	Area (sqm)	Area (Sqm)	Area (Sqm)
Basement	2,052.89	2,052.89	2,052.89	2,052.89
Residential Ground Floor	2,088.00	2,088.20	2,088.00	2,088.00
First Residential Floor	2,555.78	2,555.78	2,555.78	2,555.78
Second Residential Floor	2,380.22	2,380.22	2,380.22	2,380.22
Annex Floor	1,263.56	1,263.56	1,263.56	1,263.56
---	---	---	---	---
---	---	---	---	---
---	---	---	---	---
<b>Total BAU (sqm)</b>	<b>10,340.45</b>	<b>10,340.65</b>	<b>10,340.45</b>	<b>10,340.45</b>



### 1.18 PROJECT COMPONENTS & LAYOUTS

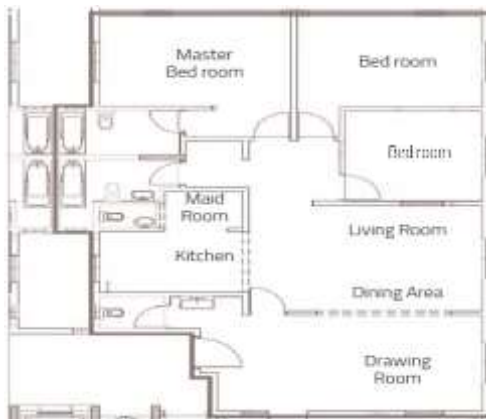
**2 BEDROOM – 3 BATHS**  
**AREA: 112 – 128 sqm**



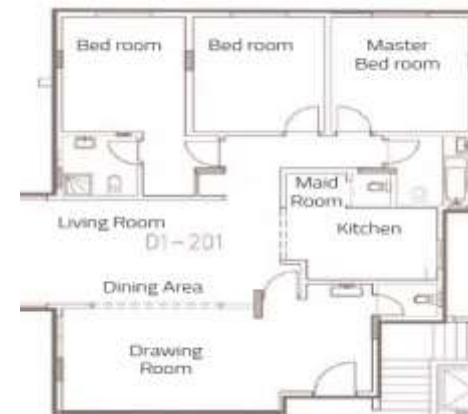
**3 BEDROOM & 3 BATHS**  
**Area: 112 – 172 sqm**



**3 BEDROOM – 4 BATH & Maid room**  
**Area: 136 – 174 sqm**



**PENTHOUSE: 3 BEDROOM – 4 BATH & MAIDROOM**  
**Area: 180 – 200 SQM**





All the apartment units within the subject property are based on 4 main layouts as shown above. In addition, the subject property is composed of 252 apartments with the following details

Type	No. of Bedroom	No. of Bathroom	Size	Buildings 9-18	Buildings 1-8	Total
2-Bedroom	2	3	112	2	2	4
	2	3	118	3	2	5
	2	3	128	1	0	1
	3	3	112	2	2	4
	3	3	118	7	4	11
3-Bedroom	3	3	128	5	6	11
	3	3	150	0	0	0
	3	3	152	0	1	1
	3	3	158	0	0	0
	3	3	160	0	1	1
	3	3	172	0	0	0
	3	4	136	14	6	20
	3	4	146	6	10	16
	3	4	150	24	16	40
	3	4	152	8	3	11
3-Bedroom (With Maid Room)	3	4	158	26	18	44
	3	4	160	22	9	31
	3	4	170	0	2	2
	3	4	172	0	10	10
	3	4	174	0	8	8
	3	4	180	3	3	6
	3	4	184	2	0	2
3-Bedroom (Penthouse)	3	4	190	8	6	14
	3	4	194	2	0	2
	3	4	200	5	3	8
<b>Total / Average</b>			<b>154</b>	<b>140</b>	<b>112</b>	<b>252</b>

On the other hand, all the apartment units are offered for tenant as fully furnished units containing the following elements.

- Living area
- Dining Area
- Split air conditioning units
- Flat screen TV
- Washer and Dryer units
- Fully equipped kitchen including fridge, microwave, oven, and cabinets.
- Quality durable scratch proof and water-resistant furniture.
- Dish Cabinet



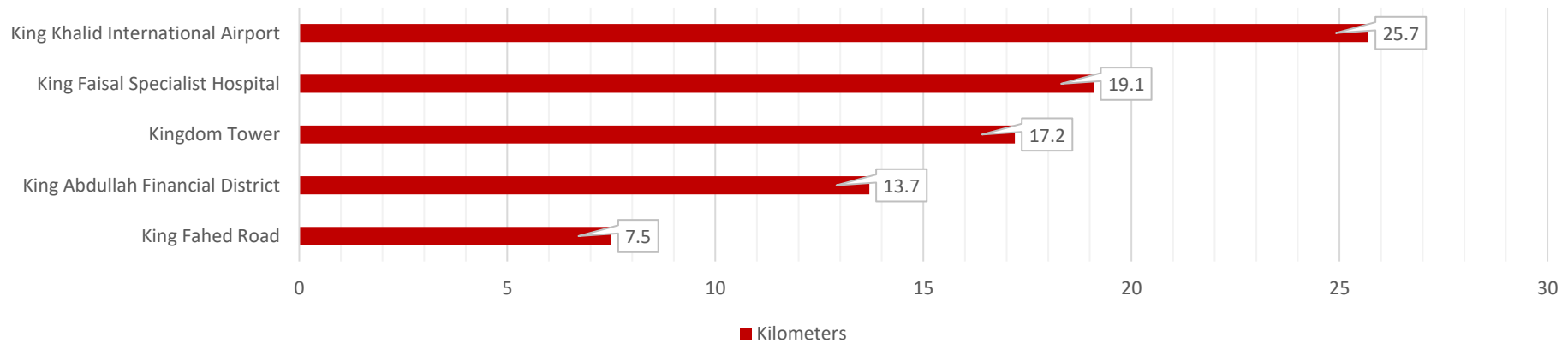
### 1.19 FACILITIES, AMENITIES AND SERVICES

Facilities	
2 Gymnasiums (For Men and Women)	18 Elevators with VVVF System
Services & Amenities	
Pest Control	Security Services
Cleaning Services	General Maintenance
Plumbing Works	Electric Works
Mechanical Works	Home Appliances Maintenance

### 1.20 PROXIMITY OF DISTANCE

The following shows the approximate distance from the Subject Property to several main roads and landmarks in the surrounding area:

Roads and Landmarks	Distance from Subject Property (Km)
King Fahd Road	7.5
King Abdullah Financial District	13.7
Kingdom Tower	17.2
King Faisal Specialist Hospital and Research Center	19.1
King Khalid International Airport	25.7





## 1.21 PHOTO RECORD





## 1.22 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 1,100.51 SAR per year, which includes all administration, maintenance, operation and general service bills.

## 1.23 BUILDING GROSS LEASABLE AREA (GLA)

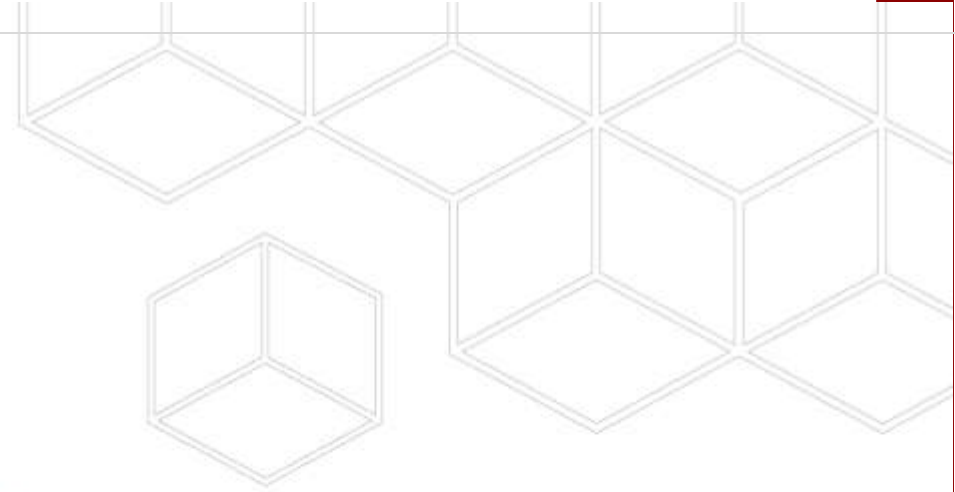
Floor No.	Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
2 Bed Apt	Residential	----	----	856	Rental spaces are obtained from the client
3 Bed Apt	Residential	----	----	16,764	
4 Bed Apt	Residential	----	----	3,816	
-	----	----	----	----	
-	----	----	----	----	
-	----	----	----	----	
-	----	----	----	----	
<b>Total</b>					

## 1.24 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
AlMalga Complex	Property-all-Risks	P0420-PAR-HCAB-12566903	Al Rajhi Company for Cooperative Insurance	30/03/2021
AlMalga Complex	Third Party Liabilities	P0420-TPL-HCAB-12566830	Al Rajhi Company for Cooperative Insurance	03/04/2021

# MARKET INDICATORS

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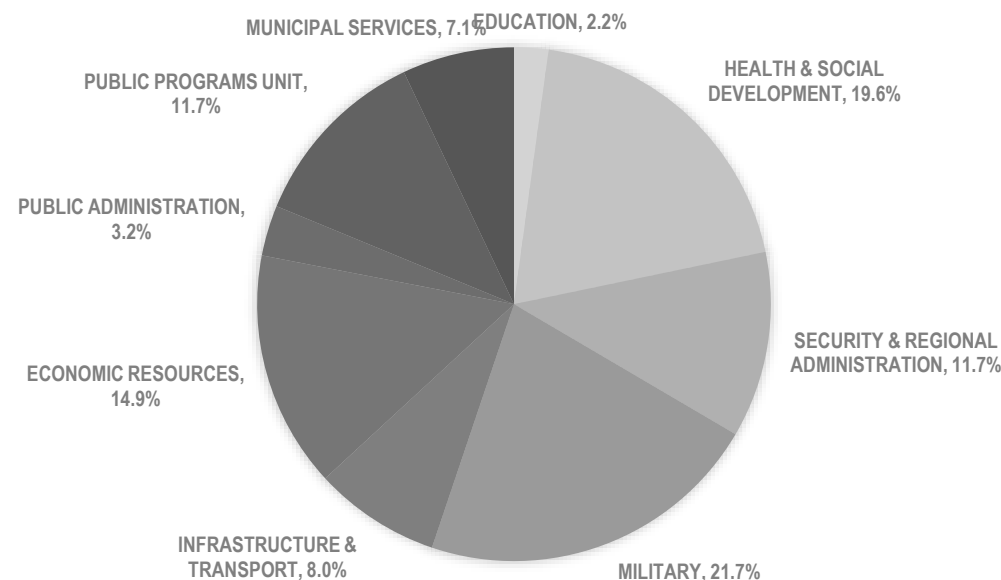
### 1.25 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.26 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy







### 1.27 SWOT ANALYSIS

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- Premium Location</li> <li>- Surrounded by several main streets</li> <li>- High-end quality of residential complex</li> <li>- Close to the city airport</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- The subject property is far from the city downtown</li> <li>- The residential compound market is currently in slow progress and facing economic issues.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Skilled management, quality of facilities, proper maintenance, etc. are elements which the operator of the facility needs to maintain high quality level to guarantee the customer satisfaction over other competitors.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Economic conditions for Expats</li> <li>- Existing and upcoming similar projects</li> </ul>

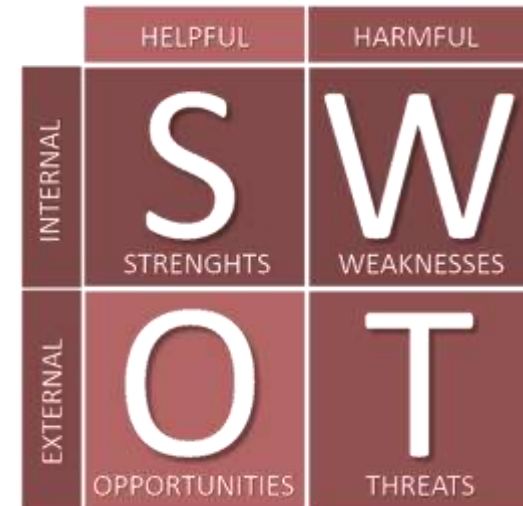
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.28 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side; In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations

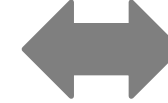


Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

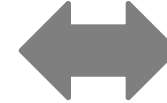


Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



### 1.29 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	-----	✓	-----
Supply Rate	-----	-----	-----	-----	✓
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>4</b>	<b>5</b>
<b>Risk Category</b>	<b>20 Risk Points - Elevated Risk</b>				

**Sector Analysis**

Risk Category- 20 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	✓	-----	-----	-----	-----
Location	✓	-----	-----	-----	-----
Land Shape	✓	-----	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>5 Risk Points – Very Low Risk</b>				

**Land Analysis**

Risk Category- 20 Risk Points - Elevated Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	✓	-----	-----	-----
Management Skills	✓	-----	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>5 Risk Points - Minimal Risk</b>				

**Property Analysis**

Risk Category- 20 Risk Points - Elevated Risk

# PROPERTY VALUATION

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### 1.30 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property ✓	Location Map ✓
Location Link	Contact Details ✓	Costing & Budget
Tenant List	Income & Revenues	Operational Cost - OPEX

### 1.31 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.32 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



### 1.33 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valuated
- Sales agents specialized with the same type of assets subject to valuation

### 1.34 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations, and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.35 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.



## **DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

## **RESIDUAL LAND VALUE (RLV)**

The residual land value is a method used to determine the value and potential profitability of a piece of property less any expenses related to the land. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land. The application of the residual method of valuation is based on the principle that the price to be paid for a property that is suitable for development is equal to the difference between (i) the completed value of the highest and best form of permitted development and (ii) the total cost of carrying out that development. Thus, the net capital value of the completed development is assessed (after deducting any costs of sale) on the assumption that it has been developed for the most valuable form of development, and from that value is deducted the cost of all construction and building work required to carry out the development (including all ancillary costs, e.g. purchase costs, letting fees, finance, etc.), as well as an appropriate allowance for profit on the development

### **1.36 INPUT VALUATION PROCESS**

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.





### 1.37 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Al Malga	Al Malga	Al Malga
Sale Price	-----	SAR 8,000,000	SAR 11,500,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	15,924.68	2,300.00	3,300.00
SAR / Sqm	-----	SAR 3,478	SAR 3,485
Sides Open	4	3	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	15,924.68	2,300.00	-10.00%	3,300.00	-10.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	36	36	0.00%	36	0.00%
Sides Open	4	3	5.00%	1	10.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	No	No	0.00%	No	0.00%
Negotiable	-----	Yes	-10.00%	Yes	-10.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-15.00%</b>		<b>-10.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 521.7</b>		<b>-SAR 348.5</b>
<b>Net After Adjustment</b>			<b>SAR 2,956.5</b>		<b>SAR 3,136.4</b>
<b>SAR / Sqm</b>			<b>SAR 3,046</b>		
<b>Rounded Value</b>			<b>SAR 3,000</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	15,925	15,925	15,925	15,925	15,925	
SAR / Sqm	SAR 2,700.0	SAR 2,850.0	SAR 3,000.0	SAR 3,150.0	SAR 3,300.0	
Property Value	SAR 42,996,636	SAR 45,385,338	SAR 47,774,040	SAR 50,162,742	SAR 52,551,444	
			<b>PROPERTY VALUE</b>			



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties fall in the range of 2,500 - 3,500 SAR / Sqm with an average of 3,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.38 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 800	SAR 1,000	SAR 900
<b>MEP</b>	SAR 450	SAR 550	SAR 500
<b>Finishing Materials</b>	SAR 700	SAR 900	SAR 800
<b>Fit outs &amp;Appliance</b>	SAR 900	SAR 1,100	SAR 1,000
<b>Furniture</b>	SAR 750	SAR 850	SAR 800
<b>Site Improvements</b>	SAR 180	SAR 220	SAR 200
<b>Owner Profit</b>	20%	30%	25%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND			
Land Area	SAR / Sqm	Total Value	
15,924.68	SAR 3,000	SAR 47,774,040	
Building			
	Unit	No of Floors	Total BUA
Underground	Sqm	----	8,211.56
Ground Floor	Sqm	----	8,352.20
Upper Floors	Sqm	----	19,744.00
Annex	Sqm	----	5,054.24
Fences	Sqm	----	477.7
<b>Total (SQM)</b>	<b>41,362.00</b>		



Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	33,150.44	SAR 900	SAR 29,835,396	100%	SAR 29,835,396
Electro Mechanic	33,150.44	SAR 500	SAR 16,575,220	100%	SAR 16,575,220
Finishing	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Fit outs & Appliances	33,150.44	SAR 1,000	SAR 33,150,440	100%	SAR 33,150,440
Furniture	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Site Improvement	15,924.68	SAR 200	SAR 3,184,936	100%	SAR 3,184,936
<b>Total</b>			<b>SAR 135,786,696</b>	<b>100.00%</b>	<b>SAR 135,786,696</b>
Hard Cost - Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	8,211.56	SAR 1,350	SAR 11,085,606	100%	SAR 11,085,606
Electro Mechanic	8,211.56	SAR 700	SAR 5,748,092	100%	SAR 5,748,092
Finishing	8,211.56	SAR 200	SAR 1,642,312	100%	SAR 1,642,312
<b>Total</b>			<b>SAR 18,476,010</b>	<b>100.00%</b>	<b>SAR 18,476,010</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 154,262,706	0.10%	SAR 154,263
Design			SAR 154,262,706	1.00%	SAR 1,542,627
Eng Consultant			SAR 154,262,706	1.00%	SAR 1,542,627
Management			SAR 154,262,706	5.00%	SAR 7,713,135
Contingency			SAR 154,262,706	5.00%	SAR 7,713,135
Others			SAR 154,262,706	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 18,665,787.43</b>
<b>Total Hard Cost</b>	<b>SAR 154,262,706</b>		<b>BUA</b>	<b>41,362.00</b>	
<b>Total Soft Cost</b>	<b>SAR 18,665,787.43</b>		<b>SAR / Sqm</b>	<b>SAR 4,181</b>	
<b>Total Construction Cost</b>	<b>SAR 172,928,493.43</b>		<b>Overall Completion</b>	<b>100.0%</b>	

After knowing the total construction costs at a rate of 4,181 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
Total Dev Cost	SAR 172,928,493	Net Dep Rate	14.00%
Economic Age	50	Dev Cost After Depreciation	SAR 148,718,504
Annual Dep Rate	2.00%	Total Completion Rate	100.00%
Actual Age	7	Developer Profit Rate	25.0%
Total Dep Rate	14.00%	Dev. Profit Amount	SAR 37,179,626
Add Appr Rate	0.00%	Development Value	SAR 185,898,130
Net Dep Rate	14.00%		



The total value of the building is 185,898,130 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 185,898,130	SAR 47,774,040	SAR 233,672,170	SAR 233,670,000

### 1.39 INCOME APPROACH- MARKET RATES

#### Market Rental Analysis

Based on the market survey done by our team, we have found several compounds classified as class A with an average rental rate shown in the below table and on which we will apply an adjustment to achieve the average rental rates for the subject apartments:

Sample Name	Rental Rates		Compound Classification	Adjustments			Rental Rates After Adjust.	
	2 Bedrooms	3 Bedrooms		Location	Facilities & Amenities	2 Bedrooms	3 Bedrooms	
Hamra Compound	1,450	1,250	-5%	-5%	-5%	1,233	1,063	
Arezona Compound	1,500	1,300	-5%	-5%	-5%	1,275	1,105	
Yamami Compound	950	850	-5%	5%	-5%	903	808	
Rimas Compound	1,100	1,000	-5%	5%	-5%	1,045	950	
<b>Average</b>						<b>1,114</b>	<b>981</b>	

We have classified the subject property compound as class B, yet and based on the above adjustments (compound classification, location and provided facilities and amenities), we have achieved an average rental rates of 1,250 SAR/ Sqm for 2 bedrooms apartment and 1,100 SAR/ Sqm for 3 bedrooms apartment. Based on the overall GLA for the residential units (provided to us by the client), and according to the site inspection and market knowledge, below are the rates corresponding to the type of the units:

Bedrooms	Total GLA (Sqm)	SAR/Sqm
2	856	SAR 1,250
3	16,764	SAR 1,100
4	3,816	SAR 1,050

Thus, the total estimated revenues for the units not included in the leasing contract will be SAR 23,517,200. As for the revenues for buildings 1 to 8, as stated in the contract, the revenues will be SAR 9,565,111.



## OPEX

As for the operational expenses for such projects covering the maintenance, management, operation, etc. it is usually calculated as 15% from the total expected revenues of the subject property.

### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

### Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.



<b>Minimum capitalization rate</b>	7.00%
<b>Maximum capitalization rate</b>	9.00%
<b>Average</b>	<b>8.00%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% Several major methods
General condition of the property	----- -0.25% The actual age of the property is 6 years
The general location of the property	----- 0.25% Average Location
Quality and finishes	----- 0.25% Average quality finishes
Project Management Team	----- 0.25% Average management and operational team level
Services and public facilities	----- 0.25% level and availability of services is average
<b>Total</b>	<b>0.50%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	0.50%
<b>Capitalization rate, according to market averages</b>	8%
<b>Estimated capitalization rate of the property valuation</b>	<b>8.50%</b>

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.5%, which will be applied subsequently to the net operating income of the property.

Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES							
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
2 Bed Apt	856		0	SAR 1,250		SAR 0	SAR 1,070,000
3 Bed Apt	16,764		0	SAR 1,100		SAR 0	SAR 18,440,400
4 Bed Apt	3,816		0	SAR 1,050		SAR 0	SAR 4,006,800
8 Buildings	0		0	SAR 0		SAR 0	SAR 9,565,111
<b>Total Revenues</b>							<b>SAR 33,082,311</b>
EXPENSES							
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses		
2 Bed Apt	5.00%	5.00%	5.00%	20.00%	35.00%		
3 Bed Apt	5.00%	5.00%	5.00%	20.00%	35.00%		
4 Bed Apt	5.00%	5.00%	5.00%	20.00%	35.00%		
8 Buildings	5.00%	5.00%	5.00%	0.00%	15.00%		
NET OPERATING INCOME							
Unit Type	Total Revenues	Total Expenses	NOI				
2 Bed Apt	SAR 1,070,000	35.00%	SAR 695,500				
3 Bed Apt	SAR 18,440,400	35.00%	SAR 11,986,260				
4 Bed Apt	SAR 4,006,800	35.00%	SAR 2,604,420				
8 Buildings	SAR 9,565,111	15.00%	SAR 8,130,344				
<b>Total Property Revenues</b>		<b>Total</b>	<b>SAR 32,981,635</b>				
<b>Total Property Expenses</b>			<b>-SAR 9,665,787</b>				
<b>Net Operating Income</b>			<b>SAR 23,416,524.35</b>				
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>				
SAR 23,416,524.35	8.50%	275,488,521.76 SAR	275,500,000.00 SAR				



#### 1.40 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income Approach</b>	Property	SAR 275,500,000	Two Hundred Seventy-Five Million and Five Hundred Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 233,670,000	Two Hundred Thirty-Three Million and Six Hundred Seventy Thousand Saudi Riyals

#### 1.41 VALUATION NOTES

As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology.

#### 1.42 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach is:

**Property Value: 275,500,000 SAR**  
**Two Hundred Seventy-Five Million and Five Hundred Thousand Saudi Riyals**

#### 1.43 REPORT USE

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

#### 1.44 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



## 1.45 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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**Essam Hussaini**  
**Site Inspection Check**

**Member of (Taqeem)**  
**License No. 1210000474**

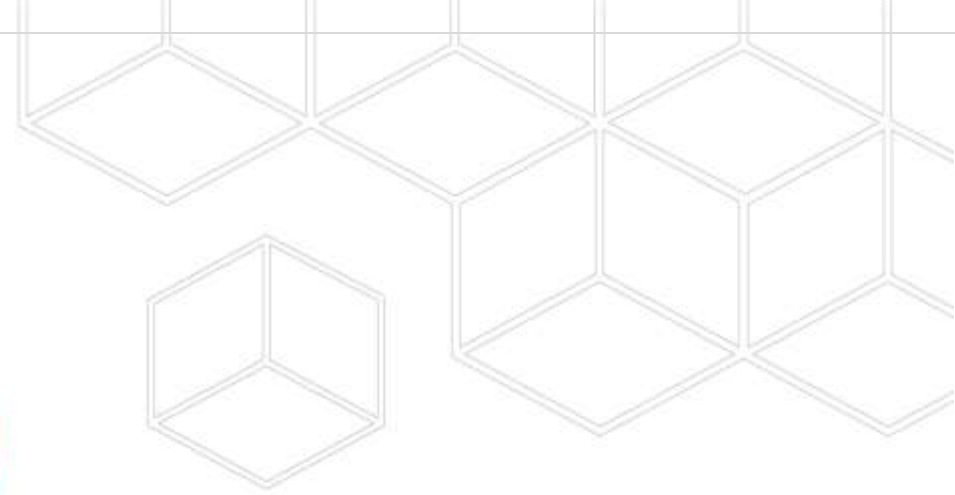
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# GENERAL NOTES

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### 1.46 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.47 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Cap	Nov 2019	-----
✓	-----	-----	-----
	-----	-----	-----

### 1.48 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term. Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



### 1.49 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

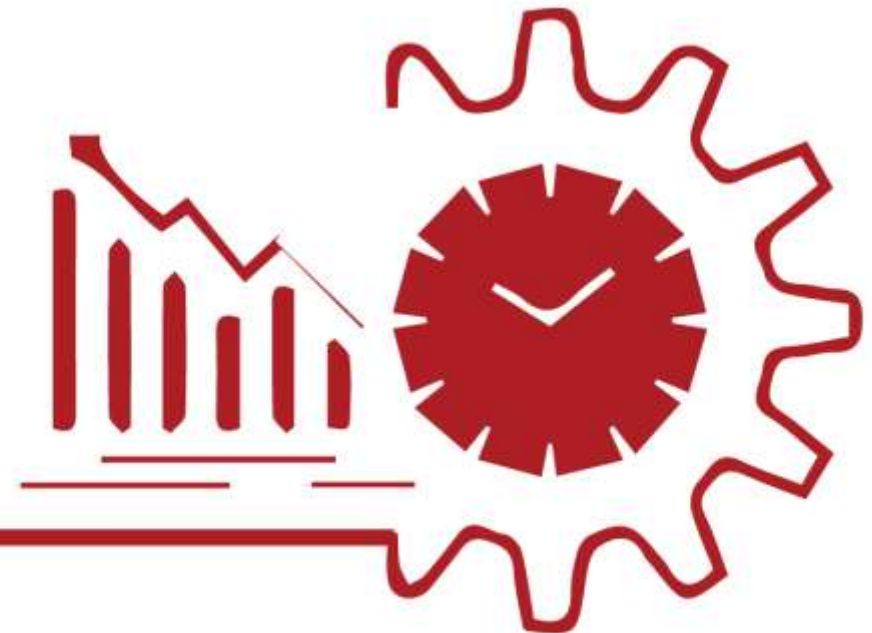
**PALLAZZO PLAZA  
AL KHABEER CAPITAL**

RIYADH CITY

JUNE 2020



# Valuation Report





**REF:** 2010402-5  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for Pallazzo Plaza in Riyadh City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the Commercial project (Pallazzo Plaza) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**



Member of the Saudi Authority of Accredited Valuers (Taqeem)



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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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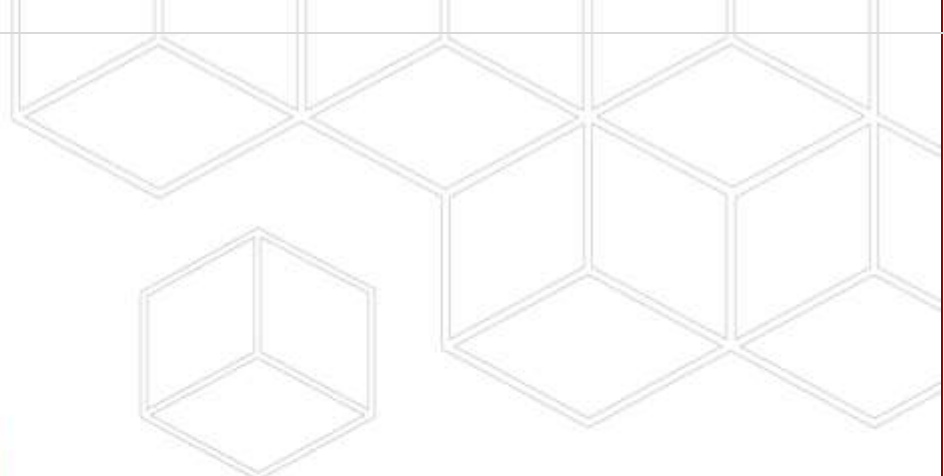
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# EXECUTIVE SUMMARY

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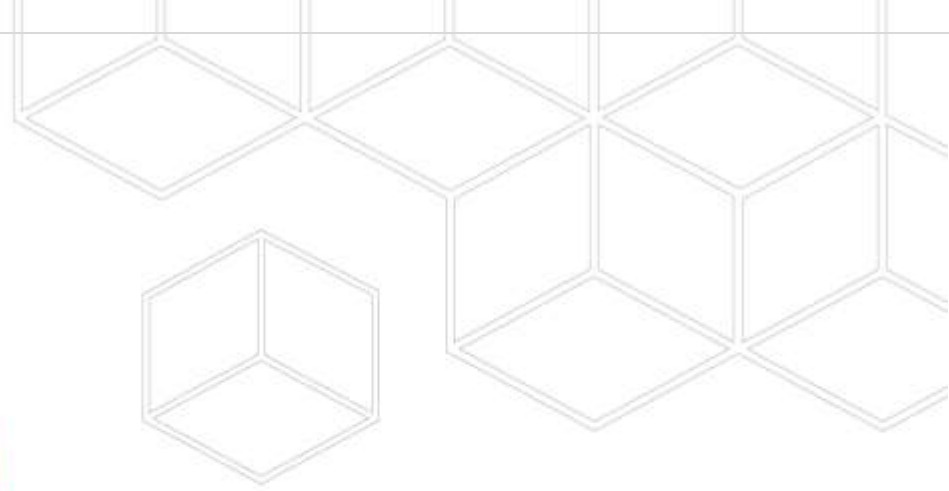


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 11/06/2020 to implement valuation service for a commercial project in Riyadh city.
<b>Client Reference No.</b>	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law. 2010402-5
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purpose
<b>Subject Property</b>	Commercial Project
<b>Property Location</b>	The property is located in Al Sulaymaniah district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 214002002200, Title Deed Date: 14/09/1440, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial Use
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 6,050 Sqm
<b>BUA (Sqm)</b>	Based on the provided copy of the construction permit, the building has a total BUA of 5,648.24 Sqm.
<b>GLA (Sqm)</b>	Based on the tenant list provided by the client, the total GLA is 5,941 Sqm due to uncovered terraces on the first floor which are not included in the BUA and leased to tenants.
<b>Valuation Approach</b>	Comparable Approach & Cost Approach & Income Approach
<b>Final Property Value</b>	92,970,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



### 1.4 CLIENT APPROVAL DATE

The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

### 1.5 INSPECTION DATE

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

### 1.6 VALUATION DATE

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

### 1.7 REPORT DATE

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

### 1.8 OPINION OF VALUE

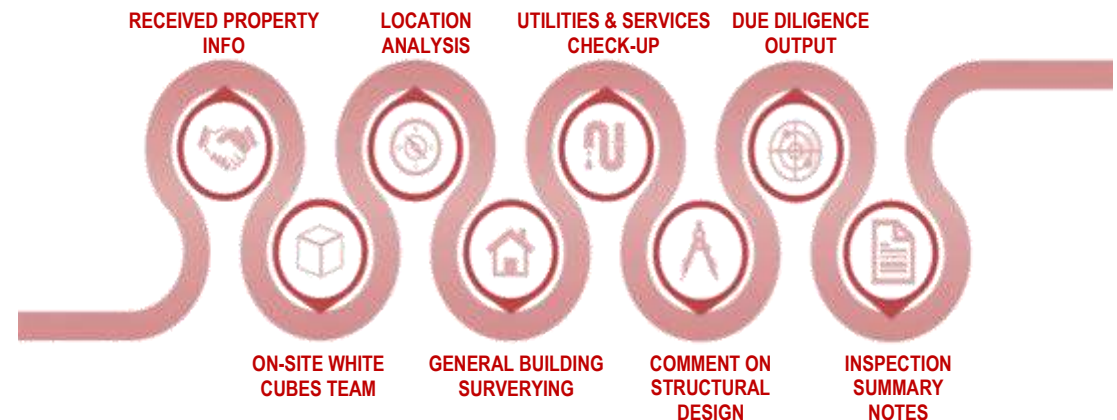
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

### 1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

### 1.10 INSPECTION ROLE

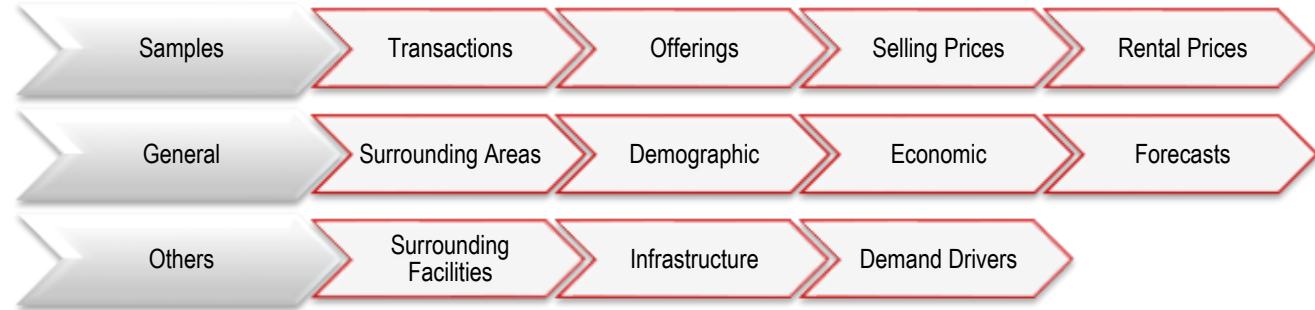
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





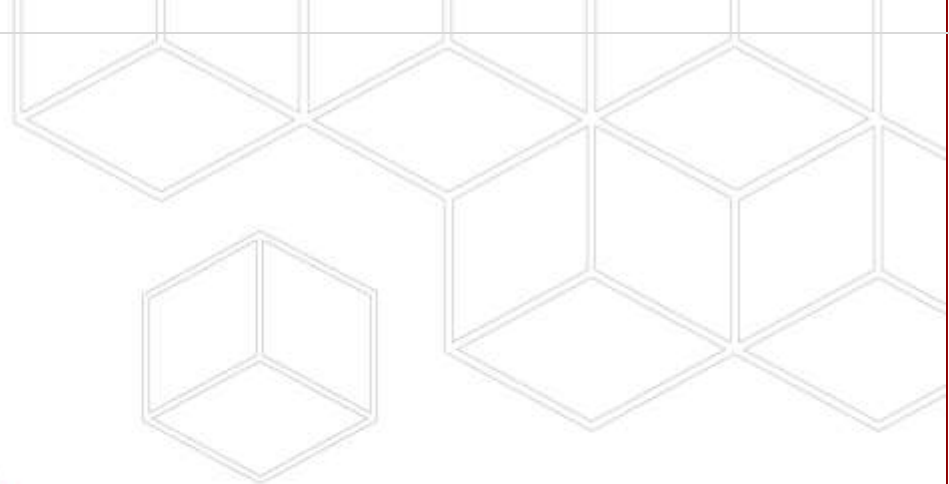
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a Commercial Project (Pallazzo Plaza) located in Riyadh city. Based on the provided copies of the title deed and the construction permit, the project has a total land area of 6,050 Sqm, and a total BUA of 5,648.24 Sqm. as per the site inspection done by our team for the purpose of valuation, the property is open on 4 sides with a direct view on King Muhammad V Road where all the infrastructure facilities such as water, electricity, sewage and telecommunication are available in the surrounding and connected to the subject property.

### Location Description

The property subject of valuation is a commercial project located in Al Sulaymaniah district, Riyadh City.  
 The property is bordered from the north by Al Aynah Street  
 The property is bordered from the south by a Rawifa Ibn Thabit Street  
 The Property is bordered from the east by King Muhammad Road  
 The property is bordered to the west by Ibn Rayyan Street

### Ease of Access

Based on the current location of the subject property, the access level is high, since it is located on King Mohammad Road.

### Area Surrounding the Property

The subject property is mostly surrounded by residential and commercial buildings.

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Mohammad Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Ibn Rayyan Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

All the infrastructural facilities are available in the surroundings and connected to the subject property.





## 1.14 LOCATION

The subject property is located in Al Sulaymaniah district, Riyadh city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



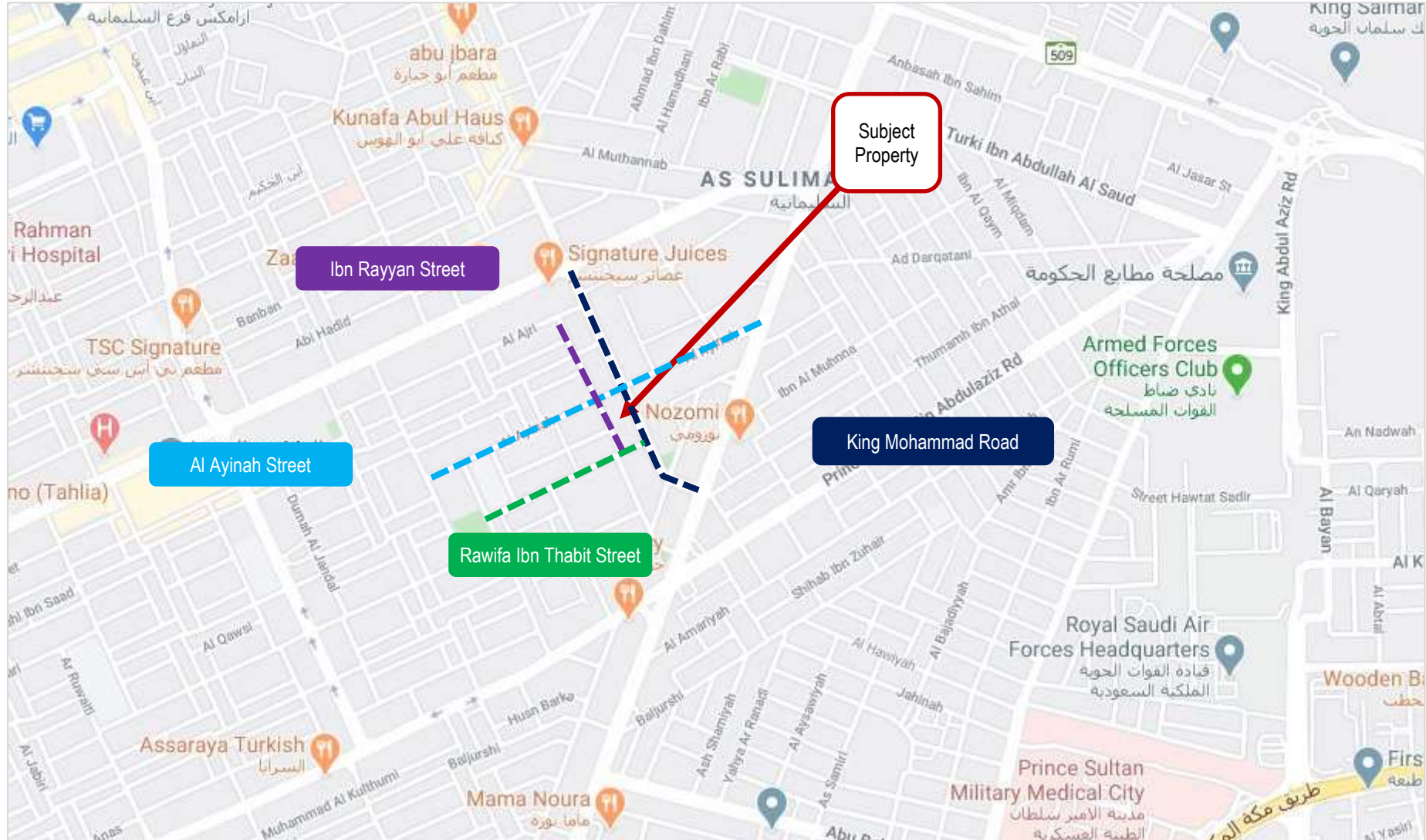
### Surrounding Landmarks

- |  |   |
|--|---|
| 1- Golden Brown (0.3 Kilometres)               | 6- Military Hospital (1.3 Kilometres)       |
| 2- Elite Hospital (1.1 Kilometres)             | 7- Al Mousa Center (1.9 Kilometres)         |
| 3- Jarir Bookstore (2.4 Kilometres)            | 8- King Fahed Garden (2.2 Kilometres)       |
| 4- Centria Mal (1.9 Kilometres)                | 9- Military Hospital (1.2 Kilometres)       |
| 5- Al Jazeera Shopping Center (1.5 Kilometres) | 10- Royal Saudi Air Forces (1.2 Kilometers) |



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	6,050
<b>District</b>	Sulaymaniyah	<b>Plot No.</b>	333 to 342
<b>T.D Type</b>	Electronic	<b>Block No.</b>	35
<b>T.D Number</b>	214002002200	<b>Layout No.</b>	690
<b>T.D Date</b>	14/09/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	38,181,818.19 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	14/09/1440 Riyadh Notary	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Al Ayyinah Street	<b>East Side</b>	King Mohammad Road
<b>South Side</b>	Rawifah Ibn Thabit Street	<b>West Side</b>	Ibn Rayyan Street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	✓
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	-----
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is newly constructed Commercial project composed of Ground floor and Mezzanine floor. The client provided us with a building permit for the subject property, which contains the following data:

Subject Property	
Construction Permit Type	Add Building Components
Property Type	Commercial
Construction Permit No.	1437/2925
Construction Permit Date	17/02/1437 AH
Permit Expiry Date	17/02/1440 AH

Description	No. of Units	Area (sqm)	Use
Mezzanine	---	2,603.70	Commercial
Commercial Ground Floor	15	2,916.20	Commercial
Electricity Room	---	128,34	Services
Fences	---	171 m	Fences
<b>Total BAU (sqm)</b>		<b>5,648.24</b>	

### 1.18 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 403,665 SAR per year, which includes all management and maintenance expenses.

### 1.19 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Palazzo Center	Property All Risks	P0420-PAR-HCAB-12566901	Al Rajhi Company for Cooperative Insurance	30/03/2021
Palazzo Center	Third Party Liability	P0420-TPL-HCAB-12566828	Al Rajhi Company for Cooperative Insurance	03/04/2021



## 1.20 PHOTO RECORD





## 1.21 PROPERTY ACTUAL RENTAL RATES

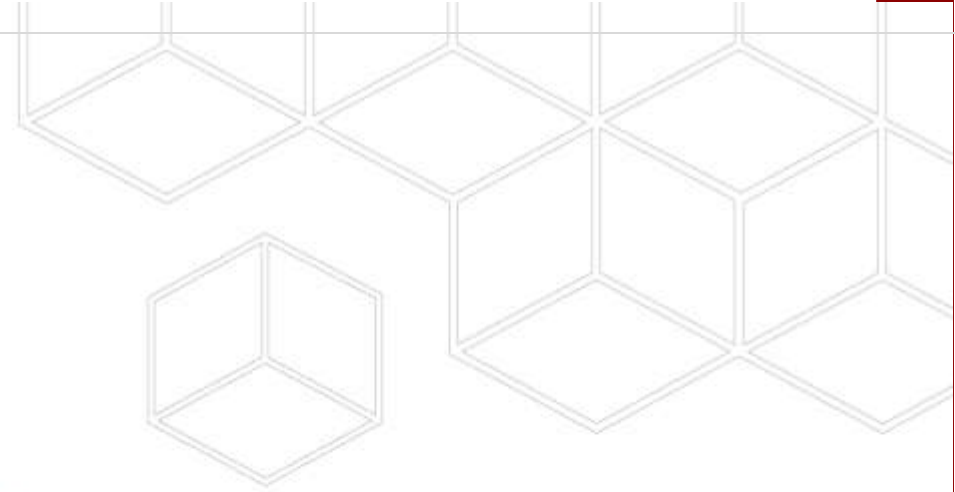
As per the list of tenants received from the client, the subject property is occupied to Several tenants except for unit 7. The overall occupancy rate of the subject property is 93%.

Shop No	Tenant Name	Size SQM	Ex. Total Income		
			SR/SQM	Rent	Service Charge
1	Tea Basil	367.35	SAR 1,300	SAR 477,555	SAR 47,755.50
2	Crust Corner	366.18	SAR 1,300	SAR 476,034	SAR 47,603.40
3	Draft	370.68	SAR 1,300	SAR 481,884	SAR 24,094.00
4	Piedays	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
5	Brew92	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
6	Blue Sign	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
7	NUMU	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
8	KivaHan	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
9	KivaHan	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
10	Beet Root	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
11	Beet Root	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
12	Rip Yars	415.25	SAR 1,200	SAR 498,300	SAR 39,864.00
13	Lamis	366.18	SAR 1,300	SAR 476,034	SAR 47,603.40
14 +15	NilePalace	749.33	SAR 1,300	SAR 974,129	SAR 97,412.90
Total GLA		5,956.97		<b>SAR 7,370,336</b>	<b>SAR 702,973</b>
				<b>SAR 8,073,309</b>	

As we can note from the above table, the subject property is fully occupied except for unit No 7 still in vacant condition.

# MARKET INDICATORS

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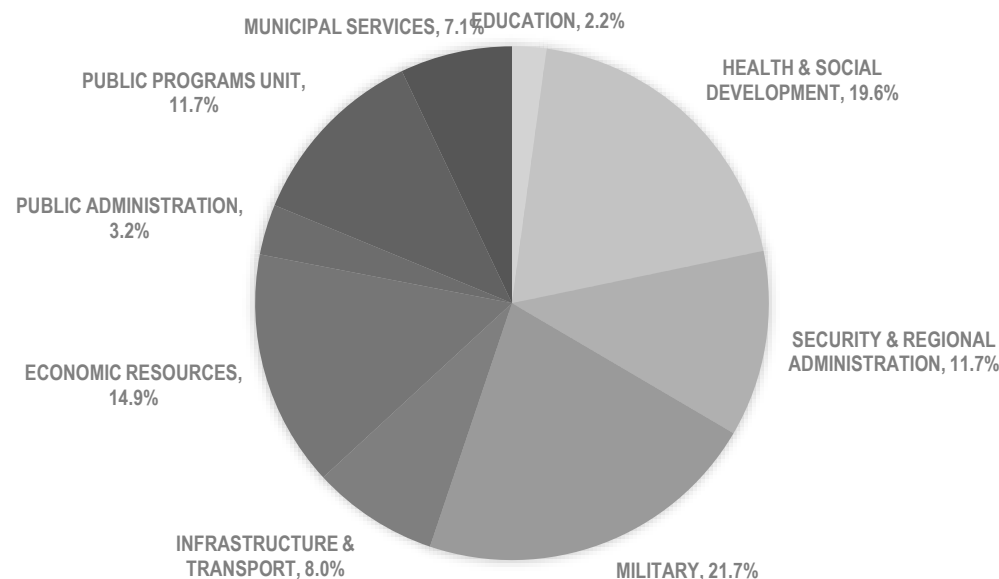
### 1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.23 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy







### 1.24 SWOT ANALYSIS

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- Newly constructed commercial project</li> <li>- Property open on 4 sides</li> <li>- Direct view on the main road</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- None</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Good level of demand of the commercial projects in the surrounding area</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects</li> </ul>

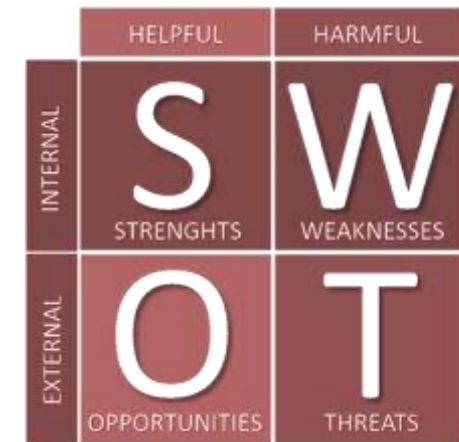
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.25 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations

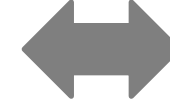


Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020

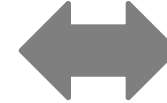


Future Expectations

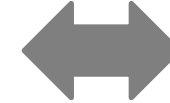


Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



### 1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	✓	-----	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>16 Risk Points - Medium Risk</b>				

**Sector Analysis**

Risk Category- 16 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	✓	-----	-----	-----	-----
Location	✓	-----	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 6 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>7 Risk Points - Medium Risk</b>				

**Property Analysis**

Risk Category- 7 Risk Points - Medium Risk

# PROPERTY VALUATION

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## 1.27 DOCUMENTS RECEIVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link	Contact Details	Costing & Budget
Tenant List ✓	Income & Revenues ✓	Operational Cost - OPEX

## 1.28 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

## 1.29 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



### 1.30 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

### 1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.32 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## DISCOUNTED CASH FLOW (DCF)

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

### 1.33 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



### 1.34 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

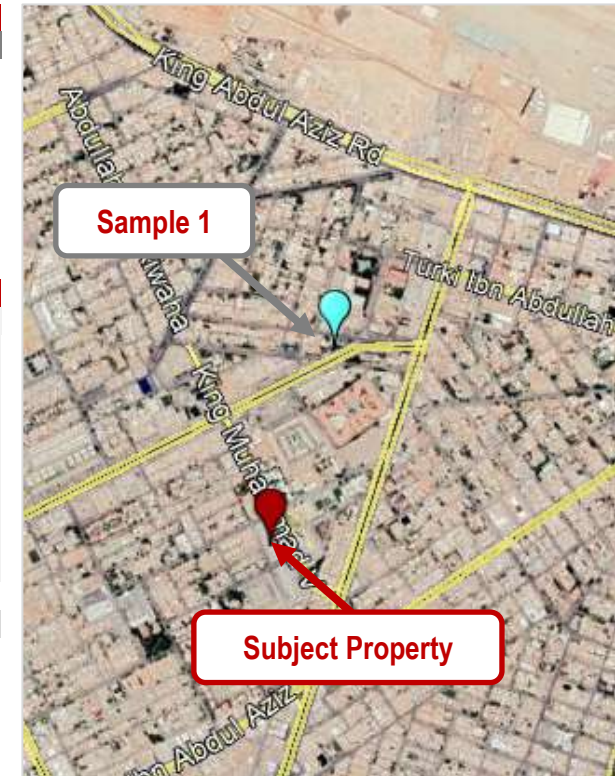
Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Sulaymaniah	Al Sulaymaniah
Sale Price	-----	SAR 6,080,000
Data Source	Title Deed	Market Survey
Area Size	6,050.00	760.00
SAR / Sqm	-----	SAR 8,000
Sides Open	4	3

Adjustment Analysis		
		SAMPLE 1
Area size	6,050.00	760.00 -10.00%
Location Desirability	Average	Average 0.00%
Accessibility	Average	Average 0.00%
Main Street Width (m)	30	30 0.00%
Sides Open	4	3 5.00%
Land Shape	Regular	Regular 0.00%
Close to main street	Yes	Yes 0.00%
Negotiable	-----	No 0.00%
Other Factor	-----	----- 0.00%
<b>Total Adjustments Ratio</b>		<b>-5.00%</b>
<b>Total Adjustment Amount</b>		<b>-SAR 400.0</b>
<b>Net After Adjustment</b>		<b>SAR 7,600.0</b>

SAR / Sqm	<b>SAR 7,600</b>
Rounded Value	<b>SAR 7,600</b>



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	6,050	6,050	6,050	6,050	6,050	
SAR / Sqm	SAR 6,840.0	SAR 7,220.0	SAR 7,600.0	SAR 7,980.0	SAR 8,360.0	
Property Value	SAR 41,382,000	SAR 43,681,000	SAR 45,980,000	SAR 48,279,000	SAR 50,578,000	
	<b>PROPERTY VALUE</b>					





Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 7,000 - 8,000 SAR / Sqm with an average of 7,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.35 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 550	SAR 650	SAR 600
<b>Finishing Materials</b>	SAR 350	SAR 450	SAR 400
<b>Site Improvements</b>	SAR 100	SAR 140	SAR 120
<b>Owner Profit</b>	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND			
Land Area	SAR / Sqm		Total Value
6,050.00	SAR 7,600		SAR 45,980,000
Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	2,916.20
Mezzanine	Sqm	1	2,603.70
Electricity Room	Sqm	-	128.34
Fences	Lm	----	171.00
<b>Total (SQM)</b>	<b>5,648.24</b>		

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	5,648.24	SAR 1,000	SAR 5,648,240	100%	SAR 5,648,240
Electro Mechanic	5,648.24	SAR 600	SAR 3,388,944	100%	SAR 3,388,944
Finishing	5,648.24	SAR 400	SAR 2,259,296	100%	SAR 2,259,296
Fit outs & Appliances	5,648.24	SAR 0	SAR 0	100%	SAR 0
Furniture	5,648.24	SAR 0	SAR 0	100%	SAR 0
Site Improvement	6,050.00	SAR 120	SAR 726,000	100%	SAR 726,000
<b>Total</b>			<b>SAR 12,022,480</b>	<b>100.00%</b>	<b>SAR 12,022,480</b>



Overall Soft Cost				
		Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost		SAR 12,022,480	0.10%	SAR 12,022
Design		SAR 12,022,480	1.00%	SAR 120,225
Eng Consultant		SAR 12,022,480	1.00%	SAR 120,225
Management		SAR 12,022,480	5.00%	SAR 601,124
Contingency		SAR 12,022,480	5.00%	SAR 601,124
Others		SAR 12,022,480	0.00%	SAR 0
<b>TOTAL</b>			<b>12.10%</b>	<b>SAR 1,454,720.08</b>
Total Hard Cost	SAR 12,022,480		BUA	5,648.24
Total Soft Cost	SAR 1,454,720.08		SAR / Sqm	SAR 2,386
Total Construction Cost	SAR 13,477,200.08		Overall Completion	100.0%

After knowing the total construction costs at a rate of 2,386 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE				
Total Dev Cost	SAR 13,477,200		Net Dep Rate	4.00%
			Dev Cost After Depreciation	SAR 12,938,112
Economic Age	50		Total Completion Rate	100.00%
Annual Dep Rate	2.00%		Developer Profit Rate	20.0%
Actual Age	2			
Total Dep Rate	4.00%		Dev. Profit Amount	SAR 2,587,622
Add Appr Rate	0.00%		Development Value	SAR 15,525,734
Net Dep Rate	4.00%			

The total value of the building is 15,525,734 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 15,525,734	SAR 45,980,000	SAR 61,505,734	SAR 61,510,000

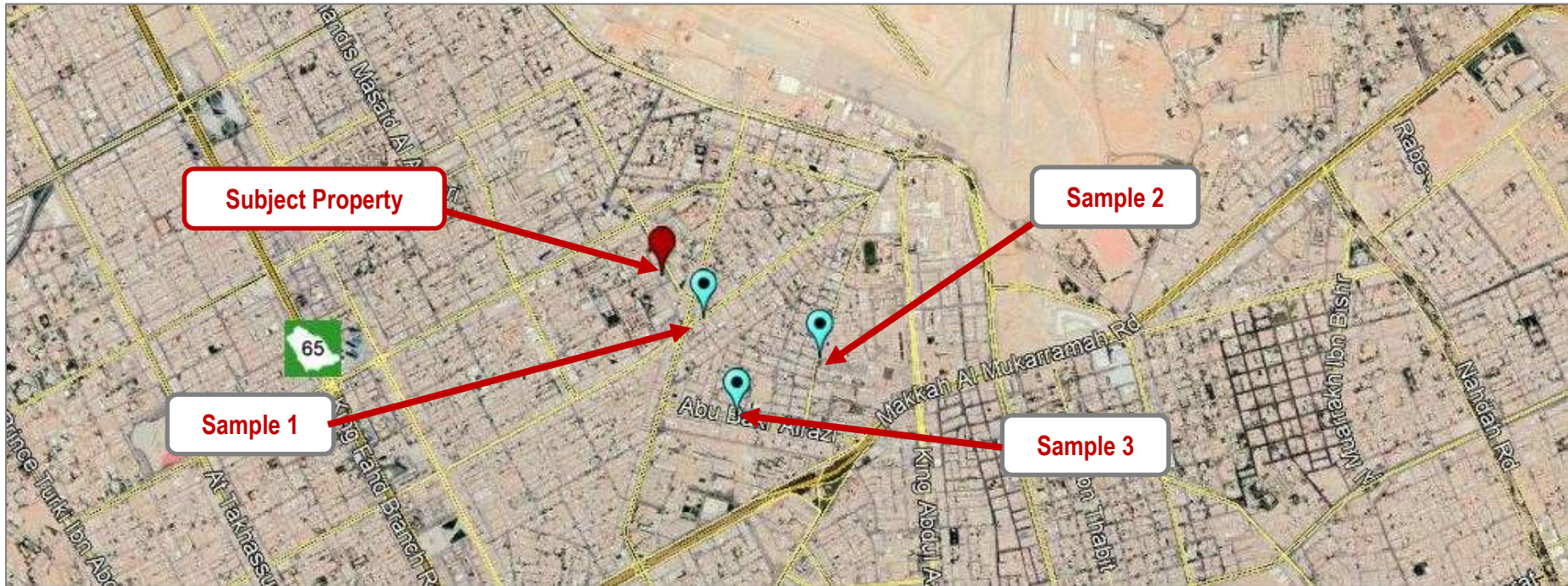


### 1.36 INCOME APPROACH- MARKET RATES

#### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 1,100 to 1,300 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	Commercial Showroom Units	
	Rental Rate/ Sqm	Occupancy Rates
Comparable 1	1,060 SAR/ Sqm	90%
Comparable 2	1,250 SAR/ Sqm	90%
Comparable 3	1,200 SAR/ Sqm	90%
Average	1,200 SAR/ Sqm	90%





### **Analysis of Operating and Maintenance Expenses**

The operating expenses of similar properties reached between 8% to 12% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

### **Property Operation and Maintenance Expenses**

The maintenance and operation costs of the project are assumed accordingly to market averages for similar projects. Therefore, we will apply the rate of 9% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### **Market Capitalization Rate Analysis**

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### **The Capitalization Rate Used for the Valuation**

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.25%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	8.00%
Maximum capitalization rate	9.00%
<b>Average</b>	<b>8.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% several major methods
General condition of the property	----- -0.25% The actual age of the property is 1 years
The general location of the property	----- -0.25% The area is served excellently
Quality and finishes	----- 0.25% Average quality finishes
Project Management Team	----- 0.00% Average management and operational team level
Services and public facilities	----- 0.25% level and availability of services is average
<b>Total</b>	<b>-0.25%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	<b>-0.25%</b>
<b>Capitalization rate, according to market averages</b>	<b>9%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>8.25%</b>

REVENUES							
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
Show Rooms	5,941		0	SAR 1,200		SAR 0	SAR 8,073,309
-----	0		0	SAR 0		SAR 0	SAR 0
-----	0		0	SAR 0		SAR 0	SAR 0
						<b>Total Revenues</b>	<b>SAR 8,073,309</b>
EXPENSES							
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses		
Show Rooms	3.00%	3.00%	3.00%	10.00%	19.00%	19.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME							
Unit Type	Total Revenues	Total Expenses	NOI				
Show Rooms	SAR 8,073,309	19.00%	SAR 6,539,380				
-----	SAR 0	0.00%	SAR 0				
-----	SAR 0	0.00%	SAR 0				
			<b>Total</b>				<b>SAR 6,539,380</b>
<b>Total Property Revenues</b>						<b>SAR 8,073,309</b>	
<b>Total Property Expenses</b>						<b>-SAR 1,533,929</b>	
<b>Net Operating Income</b>						<b>SAR 6,539,380.29</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>			<b>Rounded Value</b>		
<b>SAR 6,539,380.29</b>	<b>8.25%</b>	<b>79,265,215.64 SAR</b>			<b>79,270,000.00 SAR</b>		



### 1.37 INCOME APPROACH- ACTUAL RATES

#### Market Rental Analysis

The client provided us with the list of tenants related to the subject property and which are shown in section 1.21.

REVENUES					
Unit Type	Quantity	Revenues			
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Show Rooms	0	0	SAR 0	SAR 0	SAR 8,073,309
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 8,073,309</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Show Rooms	2.50%	0.00%	2.50%	0.00%	5.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses		NOI	
Show Rooms	SAR 8,073,309	5.00%		SAR 7,669,644	
-----	SAR 0	0.00%		SAR 0	
-----	SAR 0	0.00%		SAR 0	
<b>Total</b>				<b>SAR 7,669,644</b>	
<b>Total Property Revenues</b>				SAR 8,073,309	
<b>Total Property Expenses</b>				-SAR 403,665	
<b>Net Operating Income</b>				<b>SAR 7,669,643.55</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 7,669,643.55	8.25%	92,965,376.36 SAR		<b>92,970,000.00 SAR</b>	



### 1.38 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Actual	Property	SAR 92,970,000	Ninety-Two Million and Nine Hundred Seventy Thousand Saudi Riyals
Income- Market	Property	SAR 79,270,000	Seventy-Nine Million and Two Hundred Seventy Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 61,510,000	Sixty-One Million and Five Hundred Ten Thousand Saudi Riyals

### 1.39 VALUATION NOTE

We have to noted that all the values, prices and occupancy rates have been affected negatively by 5% to 10% due to the current situation arising from the Covid-19's pandemic.

### 1.40 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on actual rates is:

**Property Value: 92,970,000 SAR**  
**Ninety-Two Million and Nine Hundred Seventy Thousand Saudi Riyals**

### 1.41 REPORT USE

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

### 1.42 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



### 1.43 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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**Essam Hussaini**  
**Site Inspection Check**

A handwritten signature in blue ink, appearing to read 'Essam Hussaini'.

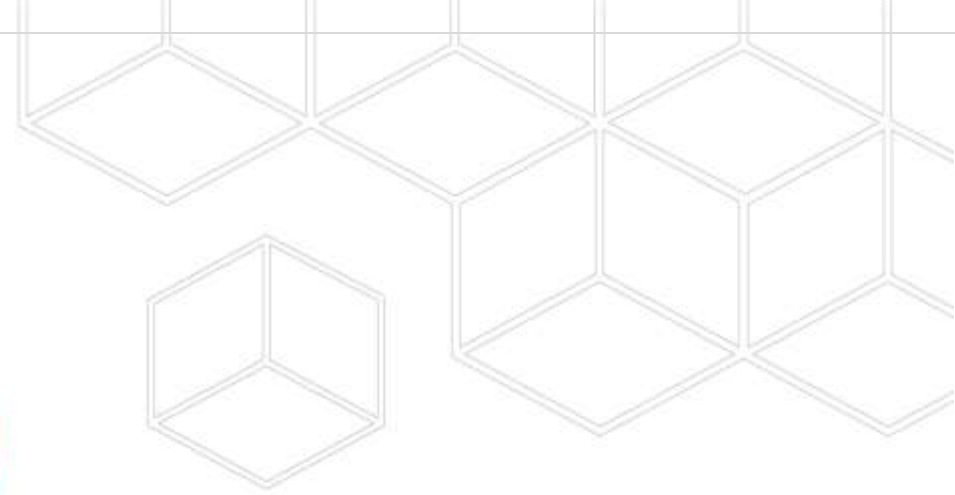
**Member of (Taqeem)**  
**License No. 1210000474**





# GENERAL NOTES

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### 1.44 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.45 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer	Nov 2020	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.46 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



### 1.47 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

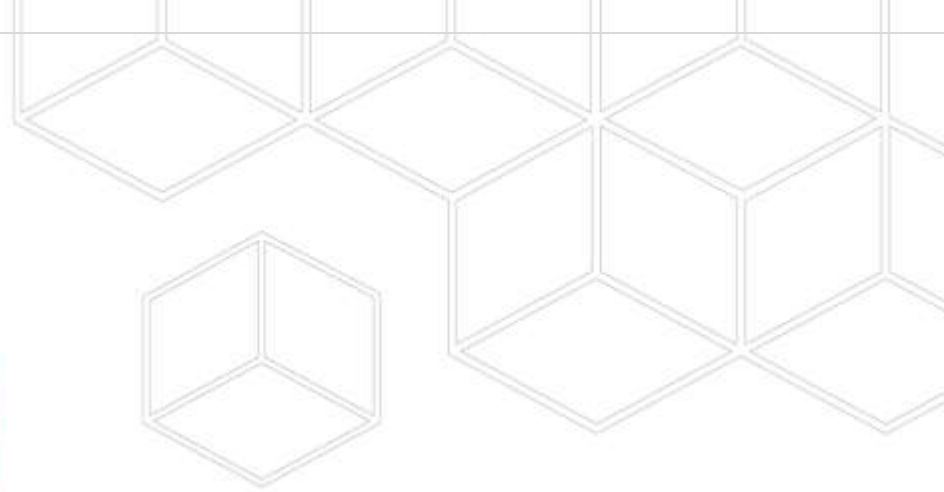
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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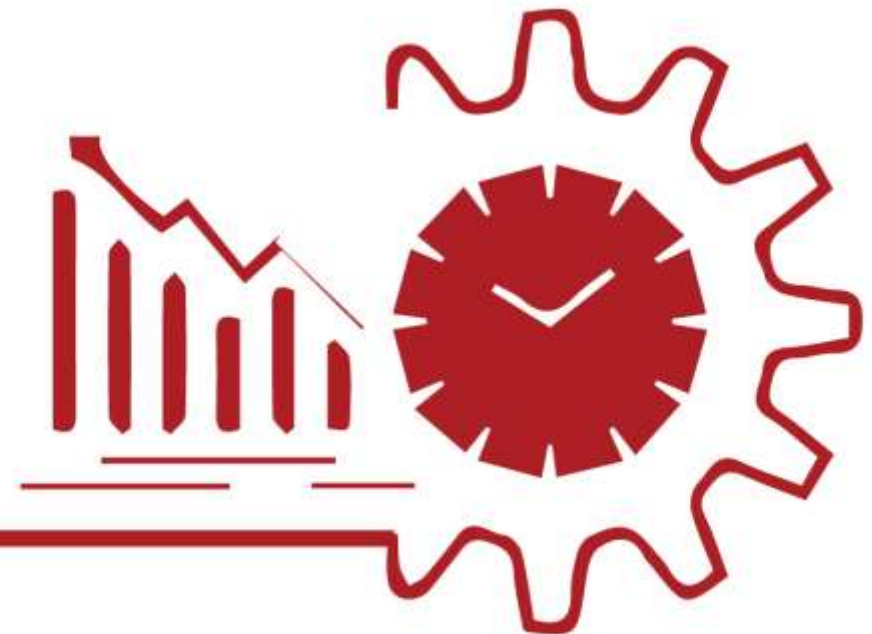
# GALLERY MALL AL KHABEER CAPITAL

TABUK CITY

JUNE 2020



# Valuation Report





**REF:** 2010402-4  
**Date:** 30/06/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for the leasing right of Gallery Mall in Tabuk City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the Retail project (Gallery Mall) located in Tabouk city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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(Please Click on the Title for Direct Access)

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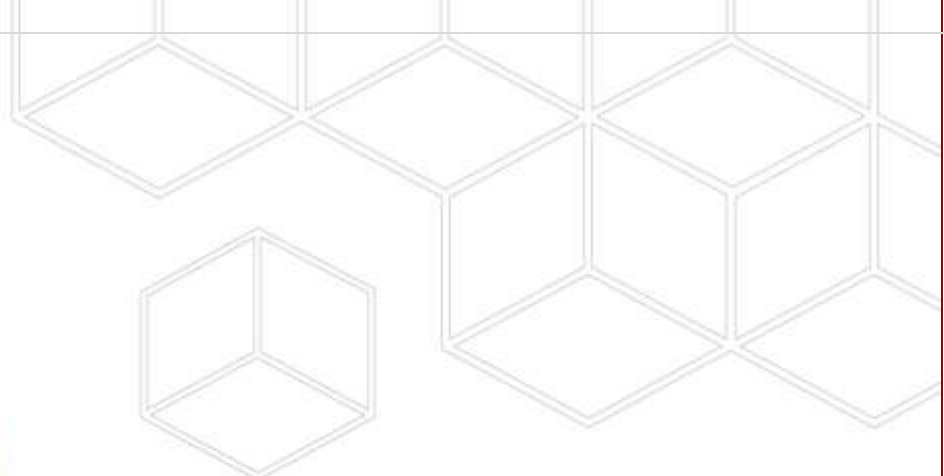




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# EXECUTIVE SUMMARY

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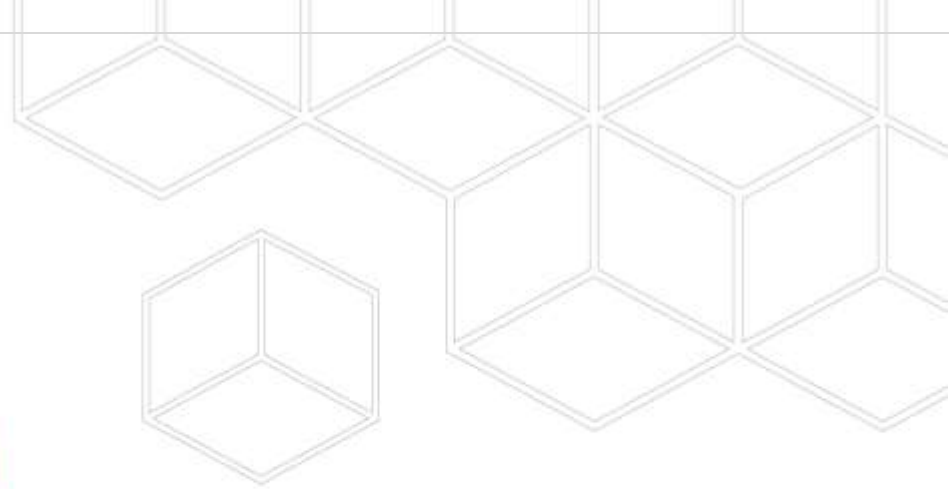


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 11/06/2020 to implement valuation service for a leasing right of Gallery Mall in Tabuk city.
<b>Client Reference No.</b>	For whom this report is being prepared is Al Khabeer Capital Capital, a Saudi company registered under the Saudi law. 2010402-4
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT)
<b>Subject Property</b>	Retail Project
<b>Property Location</b>	The property is located in Tabuk City.
<b>Title Deed Information</b>	We were not provided by a copy of the title deed related to the subject property.
<b>Ownership Type</b>	The client informed us that the property is a leasehold
<b>Owner</b>	According to the client the owner of the property is شركة أول الملقى العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the client, the property has a total land area of 41,630 Sqm
<b>BUA (Sqm)</b>	As per the site inspection done by our team, the project is still under-construction with a total BUA of 31,381 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 35,718 Sqm
<b>Valuation Approach</b>	Discounted Cash Flow Approach (DCF)
<b>Final Property Value</b>	155,200,000 SAR
<b>Valuation Date</b>	30/06/2020
<b>Inspection Date</b>	13/06/2020

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

*"The estimated amount"* refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

***"an asset should exchange"*** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

***"on the valuation date"*** requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

***"between a willing buyer"*** refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.1 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 11, 2020.**

**1.2 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 13, 2020.**

**1.3 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**June 30, 2020.**

**1.4 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**June 30, 2020.**

**1.5 OPINION OF VALUE**

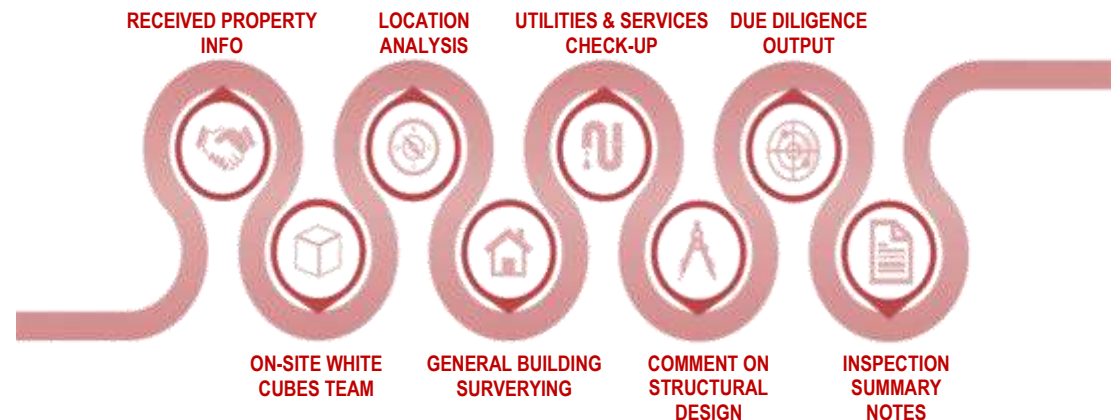
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.6 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Real Estate Investment trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The discounted Cash Flow Approach (DCF)

**1.7 INSPECTION ROLE**

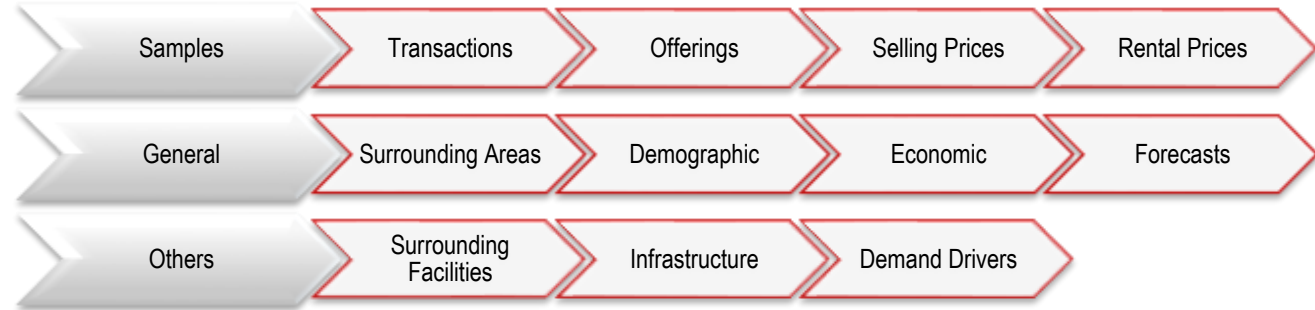
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





### 1.8 MARKET SURVEY

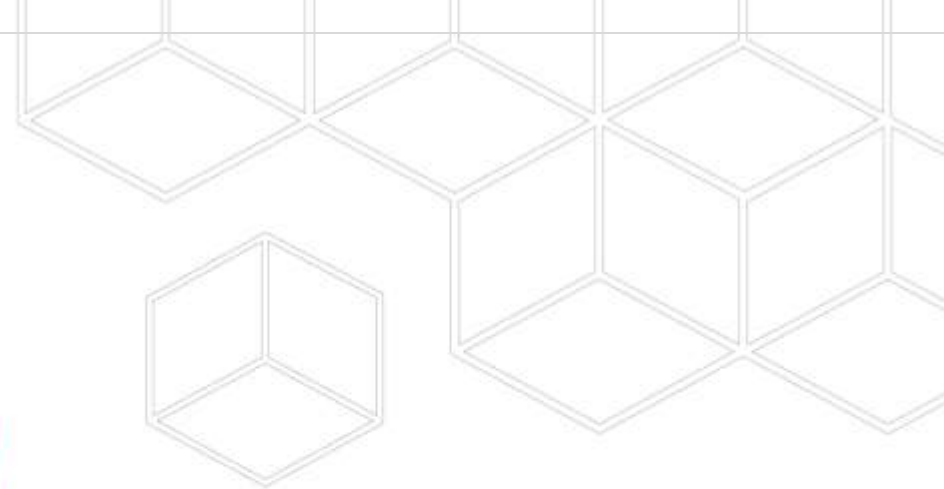
During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.





# PROPERTY DETAILS

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## 1.9 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a lease hold Retail Project (Gallery Mall) located in Tabuk city. The building has a total land area of 41,630 Sqm, a total BUA of 31,381 Sqm. The project is open on 4 sides with a direct view on King Khaled Road where all the infrastructure facilities such as water, electricity, telecommunication and sewage are available in the surrounding and connected to the subject property.
<b>Location Description</b>	The property subject of valuation is a retail project located in Tabuk City. The property is bordered from the north by King Khaled Road The property is bordered from the south by Jaber Ibn Hayyan Street The Property is bordered from the east by Muin Ibn Zaidah Street The property is bordered to the west by an Unnamed Street
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high, since it is located on King Khaled Road.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by Residential & Commercial Buildings

Land		Building	
Land Use	Commercial	Building Type	Retail Project
No. of Streets	4	Building Structural Conditions	Under-Construction
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Khaled road	Building Finishing Conditions	Good
Direct View on an Internal Street	Jaber Ibn Zaidah Street	Overall Building Conditions	Good
Land Condition	Constructed		

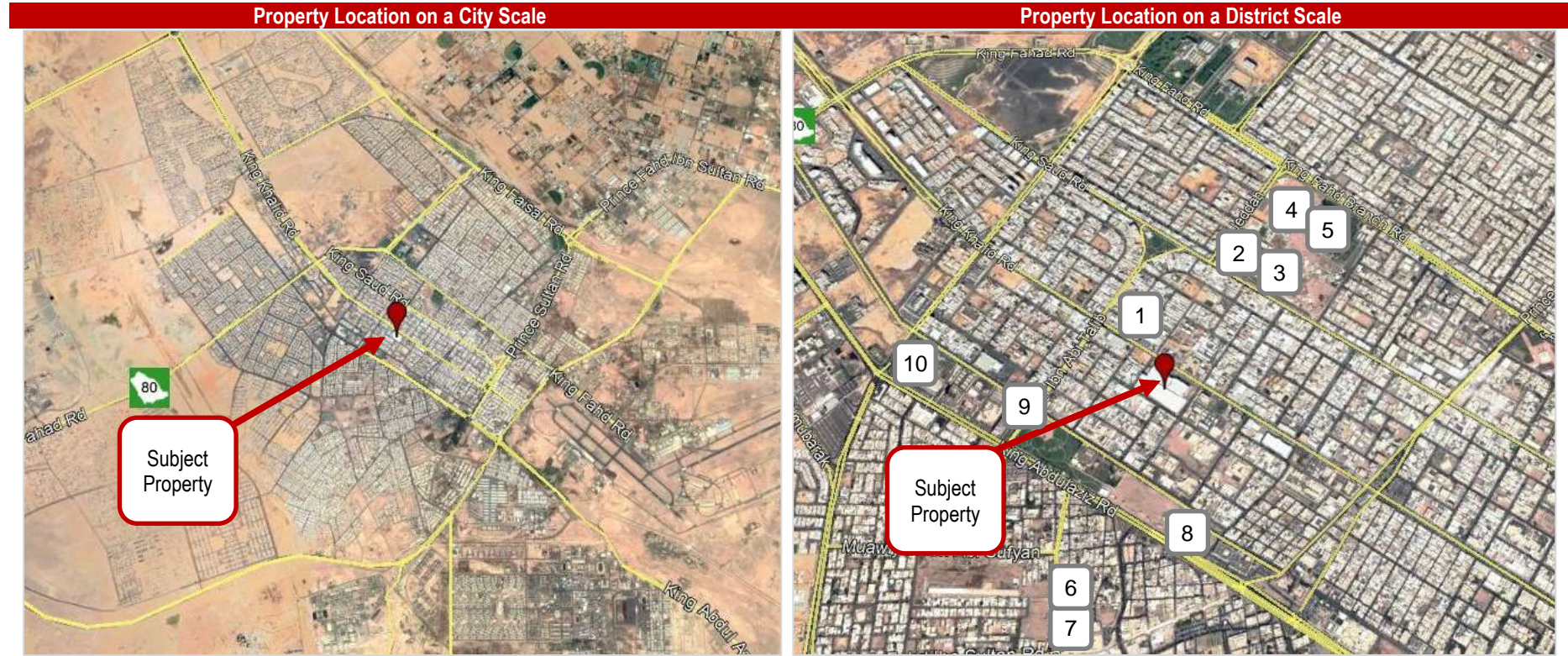
## 1.10 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



### 1.11 LOCATION

The subject property is located in Al Salihiyah, Tabuk city and surrounded by several landmarks as follows:



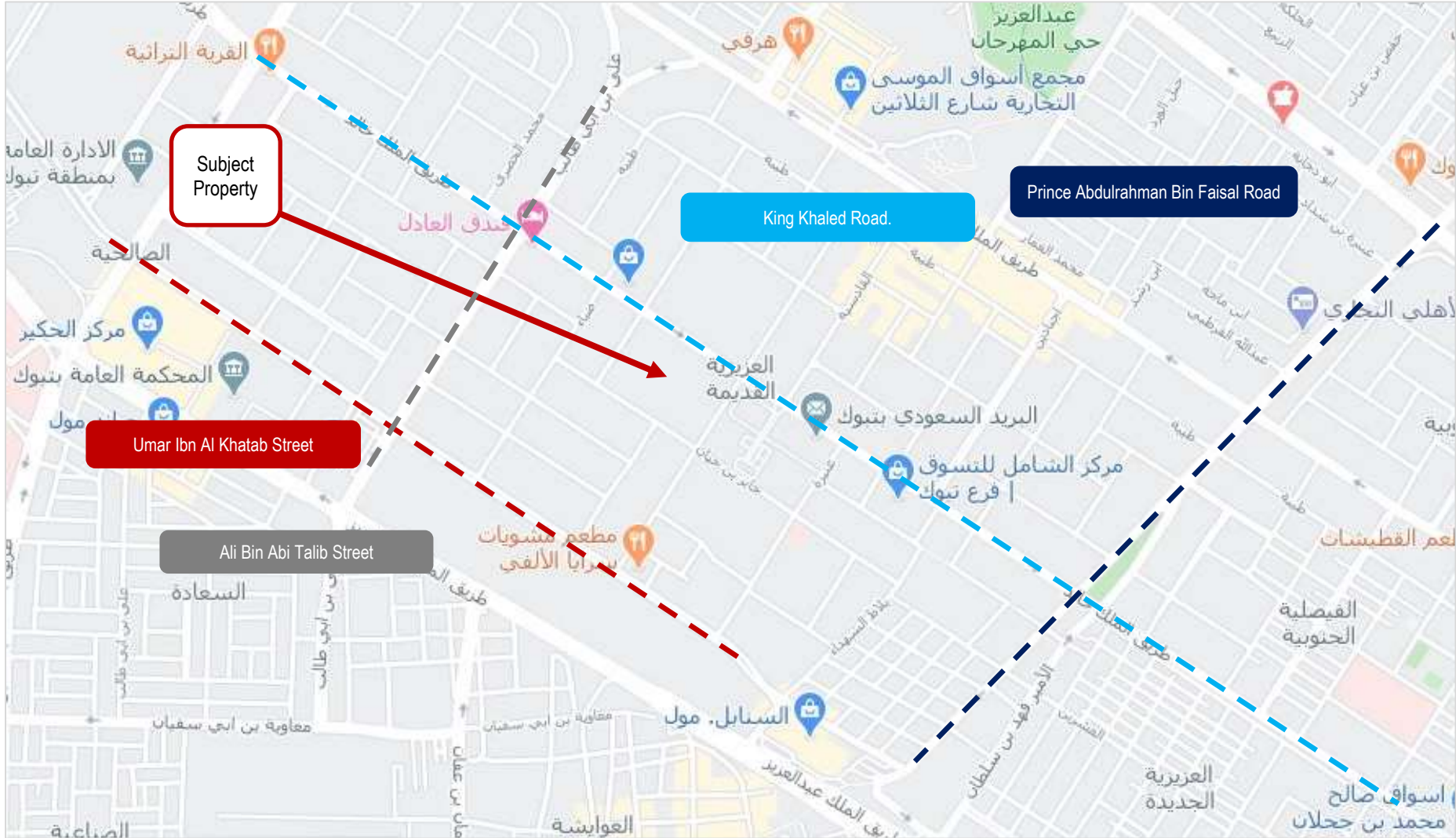
#### Surrounding Landmarks

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1- Tabuk Electricity Company (0.4 Kilometres)</li> <li>2- Mousa Commercial Complex (0.9 Kilometres)</li> <li>3- Green Land (0.8 Kilometres)</li> <li>4- Fun Park (1.1 Kilometres)</li> <li>5- King Abdulaziz Garden (1.3 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Tabuk Castle (1.4 Kilometres)</li> <li>7- Tabuk Ottoman Castle (1.6 Kilometres)</li> <li>8- Ottoman Hijazi Railway Remains (1.4 Kilometres)</li> <li>9- Al Haram Plaza (1 Kilometres)</li> <li>10- Al Hukair Mall (1.5 Kilometres)</li> </ul> |
|--|---|



### 1.12 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





### 1.13 TITLE DEED & OWNERSHIP

We were not provided by a copy of the title deed related to the subject property. Yet, the client informed us that the project is a leasehold.

### 1.14 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	-----
Other Documents	-----	Other Documents	-----	Under Construction	✓
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The subject property is under-construction Retail project composed of 2 floors. The client provided us with a building permit for the subject property, which contains the following data:

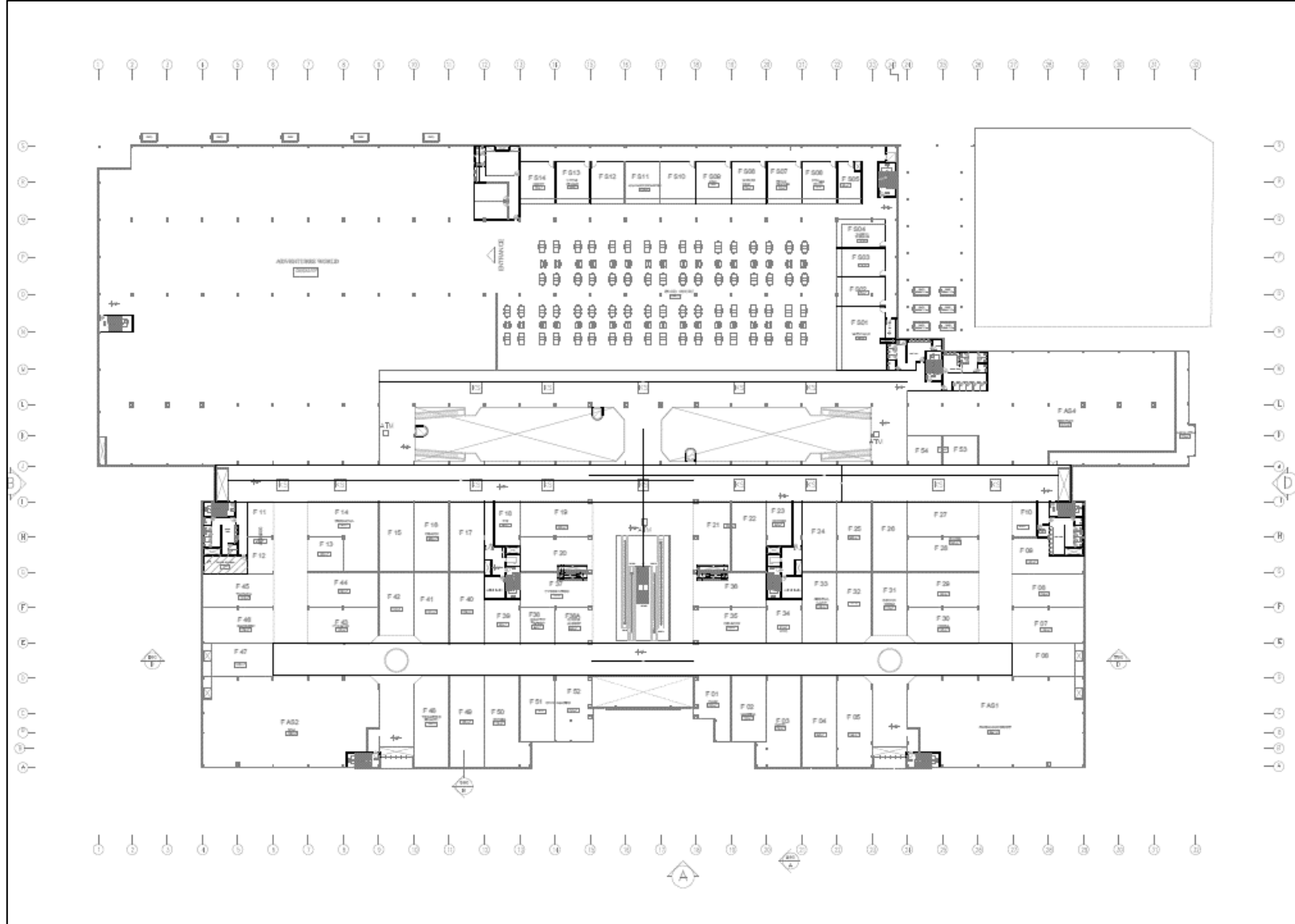
Subject Property	
Construction Permit Type	New Permit
Property Type	Retail
Construction Permit No.	58457
Construction Permit Date	01/07/1434 AH
Permit Expiry Date	01/07/1437 AH

Description	No. of Units	Area (sqm)	Use
Basement	---	---	---
Ground Floor	---	16,136	Commercial
Typical Floors	---	15,245	Commercial
<b>Total BAU (sqm)</b>		<b>31,381</b>	



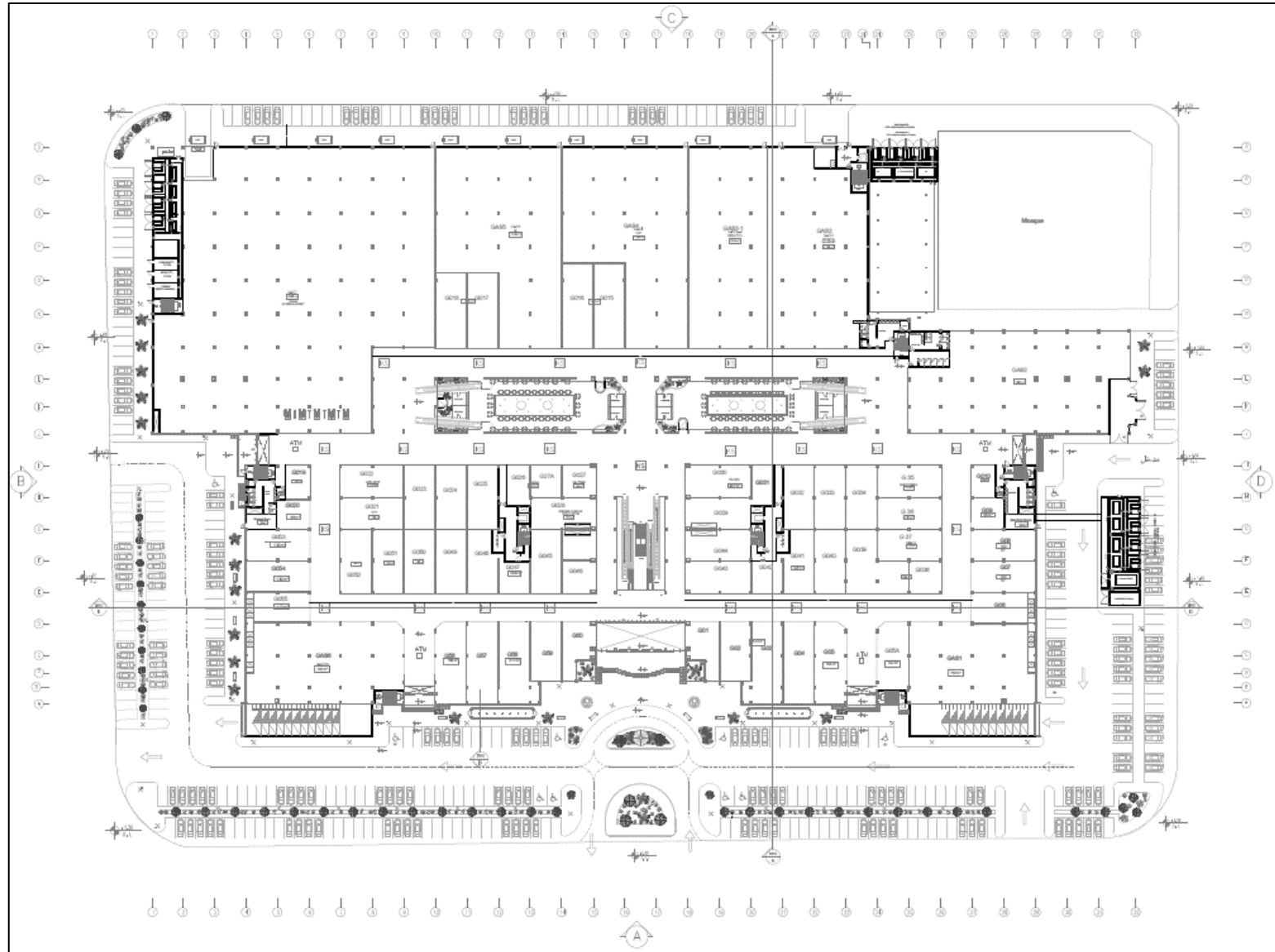
1.15 PROPERTY LAYOUTS

First Floor





### Ground Floor





## 1.16 OCCUPANCY & VACANCY

As per the list of tenants received from the client, the subject property is partially leased to several tenants although the development process of the property is not completed yet. As per the provided contract dates, the subject project should be fully operated by early 2016 which did not happen until 2019. The overall expected actual and expected revenues of the project are as follows (Highlighted revenues in Gray are actual as per the signed contract).

### GROUND FLOOR

C/R	Unit No.	Floor	Company / Customer Name	Size m2	Per Mt.	Total
1	G001	الأرضي		104	1,300	135,200
2	G002	الأرضي		133	1,300	172,900
3	G003	الأرضي		165	1,300	214,500
4	G004	الأرضي		167	1,650	275,550
5	G005	الأرضي	مؤسسة عبدالعزيز راشد الحميضي للتجارة	166	1,650	273,900
6	G005A	الأرضي		142	1,650	234,300
7	G006A	الأرضي		110	1,650	181,500
8	G006G007	الأرضي	مؤسسة نتيان عبدالعزيز الثنيان	237	1,200	284,400
9	G008	الأرضي	مؤسسة مروان علي باوزير للتجارة	128	1,300	166,400
10	G009	الأرضي	مؤسسة مختارات بنّي التجارية	65	2,000	130,000
11	G010	الأرضي	شركة ركن الجلديات للتجارة	50	1,300	65,000
12	G015G016	الأرضي	صيدلية الجمال السادسة الطبية	340	1,250	425,000
13	G017G018	الأرضي	شركة دلنا للتسويق المحدودة	300	1,500	450,000
14	G019	الأرضي	شركة ركن الجلديات للتجارة	50	1,300	65,000
15	G020	الأرضي	الشركة العربية لتجارة العود و العطورات الشرقية	63	2,500	157,500
16	G021	الأرضي		130	1,300	169,000
17	G022	الأرضي	شركة ركن الجلديات للتجارة	132	1,300	171,600
18	G023G024	الأرضي		256	1,300	332,800
19	G025	الأرضي		128	1,300	166,400
20	G026G027A	الأرضي	شركة الاكسبر المحدودة للتجارة	124	1,500	186,000
21	G027	الأرضي		69	2,500	172,500
22	G028	الأرضي	شركة ركن الجلديات للتجارة	132	1,300	171,600
23	G029G030G031	الأرضي	شركة فاروق للتعهدات و الأعمال التجارية المحدودة	324	1,250	405,000
24	G032	الأرضي		129	1,300	167,700
25	G033	الأرضي		129	1,300	167,700
26	G034	الأرضي		127	1,300	165,100
27	G035	الأرضي	شركة ركن الجلديات للتجارة	132	1,300	171,600
28	G036	الأرضي	مؤسسة نجوم العليا للعطورات	130	1,500	195,000
29	G037	الأرضي	محل عبدالله سليمان مشاط	132	1,500	198,000
30	G038	الأرضي	شركة نهج الخيال التجارية	66	1,300	85,800
31	G038AG039	الأرضي	شركة نهج الخيال التجارية	181	1,050	190,050
32	G040	الأرضي		129	1,300	167,700
33	G041	الأرضي		129	1,300	167,700
34	G042	الأرضي		83	1,300	107,900
35	G043G044	الأرضي		267	1,300	347,100
36	G045	الأرضي		127	1,300	165,100
37	G046	الأرضي		68	1,300	88,400
38	G046A	الأرضي		66	1,300	85,800
39	G047	الأرضي		83	1,300	107,900
40	G048	الأرضي		127	1,300	165,100





C/R	Unit No.	Floor	Company / Customer Name	Size m2	Per Mt.	Total
41	G049	الأرضي		128	1,300	166,400
42	G050	الأرضي		126	1,300	163,800
43	G051	الأرضي		130	1,300	169,000
44	G052	الأرضي		130	1,300	169,000
45	G053	الأرضي		130	1,300	169,000
46	G054G055	الأرضي	شركة امتياز العربية المحدودة	256	1,100	281,600
47	G056	الأرضي	شركة عبدالرحمن الدهام وشركاه	167	1,500	250,500
48	G057	الأرضي		167	1,500	250,500
49	G058	الأرضي		165	1,500	247,500
50	G059	الأرضي		133	1,500	199,500
51	G060	الأرضي		104	1,500	156,000
52	GAS1	الأرضي		641	550	352,550
53	GAS2	الأرضي		1380	550	759,000
54	GAS3	الأرضي		1195	550	657,250
55	GAS3A	الأرضي	شركة المربع التاسع للتجارة	1012	550	556,600
56	GAS4	الأرضي		1284	450	577,800
57	GAS5	الأرضي	شركة التجزئة الشرقية للموضة للملابس الجاهزة	1284	475	609,900
58	GAS6	الأرضي		782	475	371,450
59	GAS7	الأرضي	الشركة السعودية للتسويق المحدودة	4810	425	2,044,250
60	GK01	الأرضي	شركة درامة التجارية المحدودة	7.5	20,000	150,000
61	GK02	الأرضي	مؤسسة فراهية للتجارة	7.5	16,000	120,000
62	GK03	الأرضي		7.5	16,000	120,000
63	GK04	الأرضي		7.5	16,000	120,000
64	GK05	الأرضي		7.5	16,000	120,000
65	GK06	الأرضي	مؤسسة احمد صالح احمد العمودي	7.5	16,000	120,000
66	GK07	الأرضي	مؤسسة اطياب غناتي	7.5	17,333	130,000
67	GK08	الأرضي	مؤسسة أستاني للتجارة	7.5	18,667	140,000
68	GK09	الأرضي		7.5	18,000	135,000
69	GK10	الأرضي		7.5	18,000	135,000
70	GK11	الأرضي		7.5	18,000	135,000
71	GK12	الأرضي		7.5	18,000	135,000
72	GK13	الأرضي		7.5	18,000	135,000
73	GK14	الأرضي		7.5	18,000	135,000
74	GK15	الأرضي	شركة عبد العزيز ماطر الرشيدى و شريكته	7.5	20,000	150,000
75	GK16	الأرضي		7.5	20,000	150,000
76	GK17	الأرضي		7.5	20,000	150,000
77	GK18	الأرضي		7.5	20,000	150,000
78	GK19	الأرضي		7.5	20,000	150,000
79	GK20	الأرضي		7.5	20,000	150,000
80	GK21	الأرضي		7.5	20,000	150,000
81	GK22	الأرضي		7.5	20,000	150,000
82	GK23	الأرضي		7.5	20,000	150,000
83	GK24	الأرضي		7.5	20,000	150,000
84	GK25	الأرضي	مؤسسة صبيح حمد الصبيح للتجارة	7.5	24,000	180,000
				19,832		19,411,300



## 1st FLOOR

C/R	Unit No.	Floor	Company / Customer Name	Size m2	Per Mt.	Total
1	F001	الأول	مؤسسة دام الموضبة	104	1,200	124,800
2	F002	الأول	مؤسسة ركن انوش للملابس الجاهزة	133	900	119,700
3	F003	الأول		168	900	151,200
4	F004	الأول	مؤسسة نجوم العليا للعلويات	165	1,100	181,500
5	F005	الأول	شركة واحة الجلابية التجارية المحدودة	166	1,000	166,000
6	F006FAS1	الأول	شركة نوادر العرب	886	450	398,700
7	F007	الأول	الرشافة السعيدة للتجارة	130	1,200	156,000
8	F008	الأول		126	1,200	151,200
9	F009	الأول	مؤسسة عبد العزيز ابراهيم القرشي	100	1,400	140,000
10	F010	الأول	مؤسسة مختارات الجوارب التجارية	45	1,800	81,000
11	F011F012	الأول	مؤسسة مصطفى أحمد البار للتجارة	98	1,300	127,400
12	F013	الأول		133	1,300	172,900
13	F014	الأول		129	1,300	167,700
14	F015	الأول		127	1,300	165,100
15	F016	الأول		129	1,300	167,700
16	F017	الأول		129	1,300	167,700
17	F018	الأول	مؤسسة الأطفال الأربعة للتجارة	50	1,800	90,000
18	F019	الأول		135	1,300	175,500
19	F020	الأول		131	1,300	170,300
20	F021	الأول	شركة نهج الخيال التجارية	132	700	92,400
21	F022	الأول	شركة نهج الخيال التجارية	132	700	92,400
22	F023	الأول	شركة امتياز العربية المحدودة	60	850	51,000
23	F024F025	الأول		257	600	154,200
24	F026	الأول		126	600	75,600
25	F027028	الأول	شركة المربع التاسع للتجارة	264	700	184,800
26	F029	الأول		133	700	93,100
27	F030	الأول	مؤسسة اوبرا للتجارة	125	1,000	125,000
28	F031	الأول		110	1,000	110,000
29	F032	الأول		127	1,000	127,000
30	F033	الأول	مؤسسة خالد عبد الله محمد الحقبني	129	1,200	154,800
31	F034	الأول	مؤسسة فيفي الحديثة للملابس الجاهزة	81	900	72,900
32	F036F035	الأول	شركة المدعج التجارية المحدودة	264	1,200	316,800
33	F037	الأول	شركة دلنا للتسويق المحدودة	128	1,000	128,000
34	F038	الأول	شركة الصفا للادوية والمستلزمات الطبية	64	1,500	96,000
35	F038A	الأول	شركة زهور الريف التجارية	69	1,700	117,300
36	F039	الأول	شركة زينة السعودية لمواد التجميل	83	1,500	124,500
37	F040	الأول	مؤسسة ركن برونز للتجارة	129	900	116,100
38	F041	الأول		127	900	114,300
39	F042	الأول	شركة بدون اسم التجارية	114	1,200	136,800
40	F043	الأول		125	1,200	150,000
41	F044	الأول		133	1,200	159,600
42	F045	الأول	مؤسسة الوزن المثالي للتجارة	124	1,200	148,800
43	F046	الأول	شركة مادلين المحدودة	129	1,200	154,800
44	F047	الأول		106	1,200	127,200
45	F048	الأول	مؤسسة النواخذ التجارية	166	800	132,800
46	F049	الأول		165	800	132,000
47	F050	الأول		168	800	134,400
48	F051F052	الأول	مؤسسة نور ميسان للتجارة	237	1,000	237,000
49	FAS02	الأول	مؤسسة الزركون الذهبي التجارية	486	600	291,600



C/R	Unit No.	Floor	Company / Customer Name	Size m2	Per Mt.	Total
50	FAS03	الأول	الشركة السعودية للتسويق المحدودة	5900	375	2,212,500
51	FAS04	الأول	شركة جزيرة سمال للأزياء المحدودة	1212	400	484,800
52	FK01	الأول		6.25	12,000	75,000
53	FK02	الأول		6.25	12,000	75,000
54	FK03	الأول	شركة مصنع بوابة العطور	7.5	12,000	90,000
55	FK04	الأول		6.25	12,000	75,000
56	FK05	الأول		6.25	12,000	75,000
57	FK06	الأول		6.25	12,000	75,000
58	FK07	الأول		6.25	12,000	75,000
59	FK08	الأول		6.25	12,000	75,000
60	FK09	الأول		6.25	12,000	75,000
61	FK10	الأول	مطاعم عالم الذرة لتقديم الوجبات	6	11,667	70,000
62	FK11	الأول	شركة جزيرة الحلويات التجارية	4	17,500	70,000
63	FK12	الأول		6.25	12,000	75,000
64	FK13	الأول	مؤسسة عين وهذب التجارية	9	9,444	85,000
65	FK14	الأول	شركة خفيف الغذائية	6.25	10,400	65,000
66	FS01	الأول		75	1,300	97,500
67	FS02	الأول	شركة كودو للتغذية و الاعاشة	75	1,300	97,500
68	FS03	الأول		75	1,300	97,500
69	FS04	الأول	شركة جميرة التجارية المحدودة	75	1,100	82,500
70	FS05	الأول		55	1,300	71,500
71	FS06	الأول	مطعم فاكهة الرشاقة لتقديم الوجبات	75	1,000	75,000
72	FS07	الأول	شركة العليان للخدمات الغذائية المحدودة	75	1,300	97,500
73	FS08	الأول	شركة العليان للخدمات الغذائية المحدودة	75	1,300	97,500
74	FS09	الأول		75	1,300	97,500
75	FS10	الأول		75	1,300	97,500
76	FS11	الأول		75	1,300	97,500
77	FS12	الأول		75	1,300	97,500
78	FS13	الأول	شركة بزينة الدولية للتجارة	74	1,300	96,200
79	FS14	الأول	شركة هرفي للخدمات الغذائية	74	1,300	96,200
80	FS15	الأول		80	1,300	104,000
				15,886		12,380,800

<b>TOTAL GLA</b>	35,718
<b>TOTAL ESTIMATED REVENUES</b>	31,792,100
<b>AVERAGE RENTAL RATE</b>	890.10
<b>Ground Floor</b>	
TOTAL NO OF UNITS	84
TOTAL OCCUPIED UNITS	30
<b>First Floor</b>	
TOTAL NO OF UNITS	83
TOTAL OCCUPIED UNITS	43

Yet, the client will sign one tenant lease contract for an annual triple net lease of SAR 22,959,000 for 10 years of which 5 years are irrevocable. The land lease rent is SAR 1,579,000 which will be paid by the fund.



### 1.17 PHOTO RECORD





### 1.18 MAINTENANCE & OPERATIONAL EXPENSES

The client did not provide us with the total maintenance and operating costs of the subject property. Yet, we will be estimating these expenses based on market rates.

### 1.19 PROPERTY ACTUAL RENTAL RATES

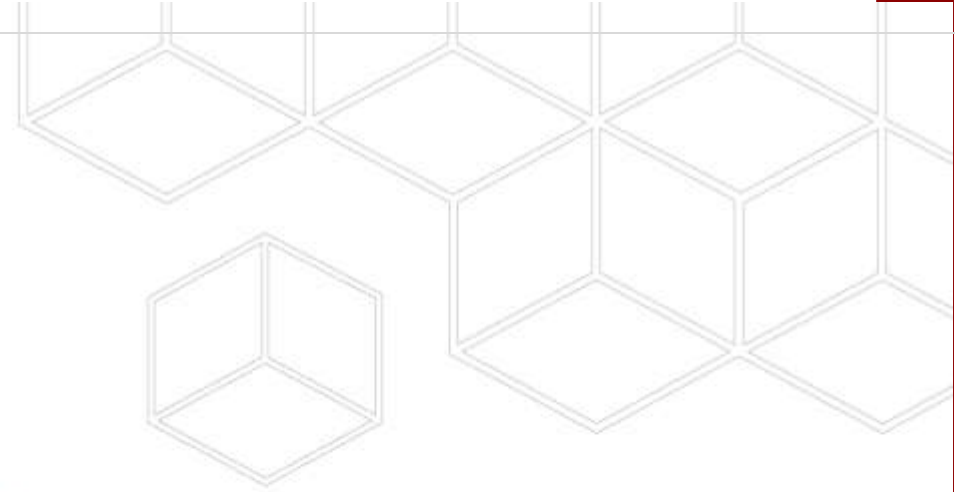
The client will sign one tenant lease contract for an annual triple net lease of SAR 22,959,000 for 10 years of which 5 years are irrevocable. The land lease rent is SAR 1,579,000 which will be paid by the fund.

### 1.20 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Gallery Mall	Erections-all-Risks	P0619-EAR-CCRO-000006/E3	Al Rajhi Company for Cooperative Insurance	01/10/2020

# MARKET INDICATORS

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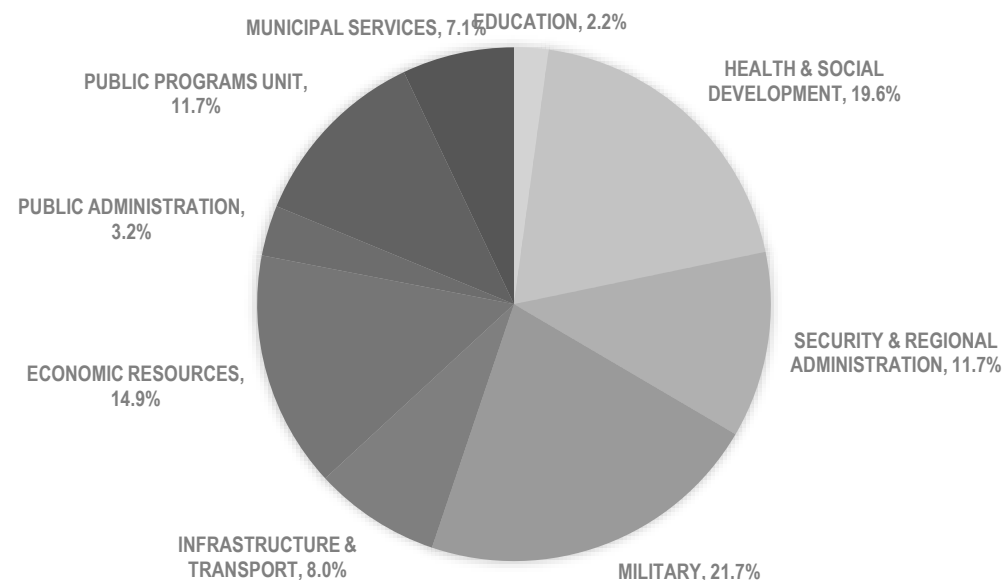
## 1.21 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.22 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.23 SWOT ANALYSIS

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The subject property has a direct view on Muin Ibn Zaidah Street</li> <li>- The property has 4 sides open</li> <li>- Very Good Design</li> <li>- Good Quality of Exterior Finishing</li> <li>- Very Efficient Internal Circulation</li> <li>- Very Efficient Tenant Mix</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- High traffic Area (King Khaled Road)</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- Tabuk city is known as a tourism destination city within the kingdom. And since the existing shopping malls in the city are very few compared to high demand for such project (Tabuk city offers low GLA per capita compared to other cities), this can guarantee stability of revenues and support any increase provision in the future.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Future similar development project</li> <li>- Any future and unexpected change in economy conditions</li> </ul>

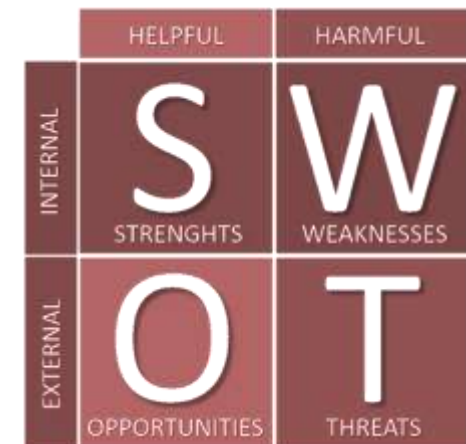
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.24 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year







Overall Sector Performance

From 2018 to 2019



Future Expectations



Overall Sector Stability

From 2018 to 2019



Future Expectations



Values of Lands Related to The Sector

From 2018 to 2019



Future Expectations

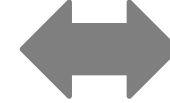


Sector rental Income

From 2018 to 2019



Future Expectations



Sector Demand

From 2018 to 2019



Future Expectations



Investors' Appetite

From 2018 to 2019



Future Expectations



Sector's occupancy ratios

From 2018 to 2019

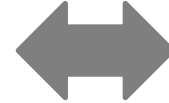


Future Expectations



Sectors Positive Changes

From 2018 to 2019



Future Expectations



White Cubes Team's Analysis



### 1.25 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>

**Risk Category 17 Risk Points - Medium Risk**

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	✓	-----	-----	-----	-----
Location	✓	-----	-----	-----	-----
Land Shape	✓	-----	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Risk Category 5 Risk Points – Very Low Risk**

**Land Analysis**

Risk Category- 5 Risk Points – Very Low Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	✓	-----	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	✓	-----	-----	-----	-----
<b>Total Risk</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Risk Category 5 Risk Points - Minimal Risk**

**Property Analysis**

Risk Category- 5 Risk Points – Minimal Risk

# PROPERTY VALUATION

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### 1.26 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy	Construction Permit	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link	Contact Details	Forecasts & Expectations
Tenant List	Income & Revenues	Operational Cost - OPEX

### 1.27 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.28 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



**1.29 INFORMATION SOURCE**

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valuated
- Sales agents specialized with the same type of assets subject to valuation

**1.30 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)**

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

**1.31 VALUATION APPROACH**

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

**DISCOUNTED CASH FLOW (DCF)**

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

**1.32 INPUT VALUATION PROCESS**

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.



### 1.33 DISCOUNTED CASH FLOW

The master lease tenant has already rented several units within the project as per the following table:

Ground Floor						
C/R	Unit No.	Size m2	Per Mt.	Total	Status	
1	G001	104	1,300	135,200	Vacant	
2	G002	133	1,300	172,900	Vacant	
3	G003	165	1,300	214,500	Vacant	
4	G004	167	1,650	275,550	Vacant	
5	G005	166	1,650	273,900	Occupied	
6	G005A	142	1,650	234,300	Vacant	
7	G006A	110	1,650	181,500	Vacant	
8	G006G007	237	1,200	284,400	Occupied	
9	G008	128	1,300	166,400	Occupied	
10	G009	65	2,000	130,000	Occupied	
11	G010	50	1,300	65,000	Occupied	
12	G015G016	340	1,250	425,000	Occupied	
13	G017G018	300	1,500	450,000	Occupied	
14	G019	50	1,300	65,000	Occupied	
15	G020	63	2,500	157,500	Occupied	
16	G021	130	1,300	169,000	Vacant	
17	G022	132	1,300	171,600	Occupied	
18	G023G024	256	1,300	332,800	Vacant	
19	G025	128	1,300	166,400	Vacant	
20	G026G027A	124	1,500	186,000	Occupied	
21	G027	69	2,500	172,500	Vacant	
22	G028	132	1,300	171,600	Occupied	
23	G029G030G031	324	1,250	405,000	Occupied	
24	G032	129	1,300	167,700	Vacant	
25	G033	129	1,300	167,700	Vacant	
26	G034	127	1,300	165,100	Vacant	
27	G035	132	1,300	171,600	Occupied	
28	G036	130	1,500	195,000	Occupied	
29	G037	132	1,500	198,000	Occupied	
30	G038	66	1,300	85,800	Occupied	
31	G038AG039	181	1,050	190,050	Occupied	
32	G040	129	1,300	167,700	Vacant	
33	G041	129	1,300	167,700	Vacant	
34	G042	83	1,300	107,900	Vacant	
35	G043G044	267	1,300	347,100	Vacant	
36	G045	127	1,300	165,100	Vacant	
37	G046	68	1,300	88,400	Vacant	
38	G046A	66	1,300	85,800	Vacant	
39	G047	83	1,300	107,900	Vacant	
40	G048	127	1,300	165,100	Vacant	
41	G049	128	1,300	166,400	Vacant	
42	G050	126	1,300	163,800	Vacant	



C/R	Unit No.	Size m2	Per Mt.	Total	Status
43	G051	130	1,300	169,000	Vacant
44	G052	130	1,300	169,000	Vacant
45	G053	130	1,300	169,000	Vacant
46	G054G055	256	1,100	281,600	Occupied
47	G056	167	1,500	250,500	Occupied
48	G057	167	1,500	250,500	Vacant
49	G058	165	1,500	247,500	Vacant
50	G059	133	1,500	199,500	Vacant
51	G060	104	1,500	156,000	Vacant
52	GAS1	641	550	352,550	Vacant
53	GAS2	1380	550	759,000	Vacant
54	GAS3	1195	550	657,250	Vacant
55	GAS3A	1012	550	556,600	Occupied
56	GAS4	1284	450	577,800	Vacant
57	GAS5	1284	475	609,900	Occupied
58	GAS6	782	475	371,450	Vacant
59	GAS7	4810	425	2,044,250	Occupied
60	GK01	7.5	20,000	150,000	Occupied
61	GK02	7.5	16,000	120,000	Occupied
62	GK03	7.5	16,000	120,000	Vacant
63	GK04	7.5	16,000	120,000	Vacant
64	GK05	7.5	16,000	120,000	Vacant
65	GK06	7.5	16,000	120,000	Occupied
66	GK07	7.5	17,333	130,000	Occupied
67	GK08	7.5	18,667	140,000	Occupied
68	GK09	7.5	18,000	135,000	Vacant
69	GK10	7.5	18,000	135,000	Vacant
70	GK11	7.5	18,000	135,000	Vacant
71	GK12	7.5	18,000	135,000	Vacant
72	GK13	7.5	18,000	135,000	Vacant
73	GK14	7.5	18,000	135,000	Vacant
74	GK15	7.5	20,000	150,000	Occupied
75	GK16	7.5	20,000	150,000	Vacant
76	GK17	7.5	20,000	150,000	Vacant
77	GK18	7.5	20,000	150,000	Vacant
78	GK19	7.5	20,000	150,000	Vacant
79	GK20	7.5	20,000	150,000	Vacant
80	GK21	7.5	20,000	150,000	Vacant
81	GK22	7.5	20,000	150,000	Vacant
82	GK23	7.5	20,000	150,000	Vacant
83	GK24	7.5	20,000	150,000	Vacant
84	GK25	7.5	24,000	180,000	Occupied
<b>Total</b>		<b>19,832</b>		<b>19,411,300</b>	

First Floor					
C/R	Unit No.	Size m2	Per Mt.	Total	Status
1	F001	104	1,200	124,800	Occupied
2	F002	133	900	119,700	Occupied



C/R	Unit No.	Size m2	Per Mt.	Total	Status
3	F003	168	900	151,200	Vacant
4	F004	165	1,100	181,500	Occupied
5	F005	166	1,000	166,000	Occupied
6	F006FAS1	886	450	398,700	Occupied
7	F007	130	1,200	156,000	Occupied
8	F008	126	1,200	151,200	Vacant
9	F009	100	1,400	140,000	Occupied
10	F010	45	1,800	81,000	Occupied
11	F011F012	98	1,300	127,400	Occupied
12	F013	133	1,300	172,900	Vacant
13	F014	129	1,300	167,700	Vacant
14	F015	127	1,300	165,100	Vacant
15	F016	129	1,300	167,700	Vacant
16	F017	129	1,300	167,700	Vacant
17	F018	50	1,800	90,000	Occupied
18	F019	135	1,300	175,500	Vacant
19	F020	131	1,300	170,300	Vacant
20	F021	132	700	92,400	Occupied
21	F022	132	700	92,400	Occupied
22	F023	60	850	51,000	Occupied
23	F024F025	257	600	154,200	Vacant
24	F026	126	600	75,600	Vacant
25	F027028	264	700	184,800	Occupied
26	F029	133	700	93,100	Vacant
27	F030	125	1,000	125,000	Occupied
28	F031	110	1,000	110,000	Vacant
29	F032	127	1,000	127,000	Vacant
30	F033	129	1,200	154,800	Occupied
31	F034	81	900	72,900	Occupied
32	F036F035	264	1,200	316,800	Occupied
33	F037	128	1,000	128,000	Occupied
34	F038	64	1,500	96,000	Occupied
35	F038A	69	1,700	117,300	Occupied
36	F039	83	1,500	124,500	Occupied
37	F040	129	900	116,100	Occupied
38	F041	127	900	114,300	Vacant
39	F042	114	1,200	136,800	Occupied
40	F043	125	1,200	150,000	Vacant
41	F044	133	1,200	159,600	Vacant
42	F045	124	1,200	148,800	Occupied
43	F046	129	1,200	154,800	Occupied
44	F047	106	1,200	127,200	Vacant
45	F048	166	800	132,800	Occupied
46	F049	165	800	132,000	Vacant
47	F050	168	800	134,400	Vacant
48	F051F052	237	1,000	237,000	Occupied
49	FAS02	486	600	291,600	Occupied
50	FAS03	5900	375	2,212,500	Occupied
51	FAS04	1212	400	484,800	Occupied





C/R	Unit No.	Size m2	Per Mt.	Total	Status
52	FK01	6.25	12,000	75,000	Vacant
53	FK02	6.25	12,000	75,000	Vacant
54	FK03	7.5	12,000	90,000	Occupied
55	FK04	6.25	12,000	75,000	Vacant
56	FK05	6.25	12,000	75,000	Vacant
57	FK06	6.25	12,000	75,000	Vacant
58	FK07	6.25	12,000	75,000	Vacant
59	FK08	6.25	12,000	75,000	Vacant
60	FK09	6.25	12,000	75,000	Vacant
61	FK10	6	11,667	70,000	Occupied
62	FK11	4	17,500	70,000	Occupied
63	FK12	6.25	12,000	75,000	Vacant
64	FK13	9	9,444	85,000	Occupied
65	FK14	6.25	10,400	65,000	Occupied
66	FS01	75	1,300	97,500	Vacant
67	FS02	75	1,300	97,500	Occupied
68	FS03	75	1,300	97,500	Vacant
69	FS04	75	1,100	82,500	Occupied
70	FS05	55	1,300	71,500	Vacant
71	FS06	75	1,000	75,000	Occupied
72	FS07	75	1,300	97,500	Occupied
73	FS08	75	1,300	97,500	Occupied
74	FS09	75	1,300	97,500	Vacant
75	FS10	75	1,300	97,500	Vacant
76	FS11	75	1,300	97,500	Vacant
77	FS12	75	1,300	97,500	Vacant
78	FS13	74	1,300	96,200	Occupied
79	FS14	74	1,300	96,200	Occupied
80	FS15	80	1,300	104,000	Vacant
<b>Total</b>		<b>15,886</b>		<b>12,380,800</b>	

<b>TOTAL GLA</b>	35,718
<b>TOTAL ESTIMATED REVENUES</b>	31,792,100
<b>AVERAGE RENTAL RATE</b>	890.10
<b>Ground Floor</b>	
TOTAL NO OF UNITS	84
TOTAL OCCUPIED UNITS	30
<b>First Floor</b>	
TOTAL NO OF UNITS	83
TOTAL OCCUPIED UNITS	43

Based on the above, we can clearly note that the current occupancy rate is almost 53% with an average leasing rate of 890 SAR/ Sqm. In the following discounted cash flow model (DCF) we will assume an increase rate in the occupancy by 10% annually to stabilize later on at 90%. These actual rates are used as market actual transactions.



## Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

## Property Operation and Maintenance Expenses

We will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Occupancy Rates in the Project

Based on the market survey done by our team, the occupancy rates for similar project is 85% on which we will base our valuation analysis.

## Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.00%
Indigenous Risk Premium	1.50%
<b>Cost of Equity</b>	<b>11.00%</b>



### Contract- Market DCF:

The land of the subject property is owned by Tabuk Municipality and rented for Al-Qudaibi and sons Company who transferred it to "شركة أول الملقى العقارية" with leasing right for 25 years starting 1434 HD with annual lease rate of SAR 1,579,000. The client intends to acquire this remaining period of the leasing right (21 years), as for the first 5 years the client will lease back the project for Qudaibi & Sons for SAR 22,959,000 annually. Then, and after the four years, the client will lease the project based on market rates starting year five by applying the same rates in Point 1.16

Cash Flow	0	1	2	3	4	5	6	7	8	9	10
Increase Revision	0.00%	0.00%	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	0.00%	0.00%
<b>Expected Revenues</b>											
Overall Revenues	17,219,250	17,219,250	17,219,250	17,219,250	32,586,903	32,586,903	32,586,903	33,401,575	33,401,575	33,401,575	33,401,575
<b>Expenses</b>											
Vacancy Rates					15%	15%	15%	15%	15%	15%	15%
Total					4,888,035	4,888,035	4,888,035	5,010,236	5,010,236	5,010,236	5,010,236
OPEX	15.0%				4,888,035	4,888,035	4,888,035	5,010,236	5,010,236	5,010,236	5,010,236
Land Rent					1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Overall Expenses	1,579,000	1,579,000	1,579,000	1,579,000	11,355,071	11,355,071	11,355,071	11,599,473	11,599,473	11,599,473	11,599,473
NOI	15,640,250	15,640,250	15,640,250	15,640,250	21,231,832	21,231,832	21,231,832	21,802,103	21,802,103	21,802,103	21,802,103
Terminal Value @ ----->	0.0%										
Discount Rate	11.00%	1.00	0.90	0.81	0.73	0.66	0.59	0.53	0.48	0.43	0.39
Present Value	15,640,250	14,090,315	12,693,978	11,436,016	13,986,065	12,600,059	11,351,404	10,501,166	9,460,510	8,522,982	7,678,362
Market Rate / Net Present Value											
<b>Cash Flow</b>											
Increase Revision		11	12	13	14	15	16	17			
		0.00%	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%			
<b>Expected Revenues</b>											
Overall Revenues		33,401,575	34,236,615	34,236,615	34,236,615	34,236,615	34,236,615	34,236,615	35,092,530		
<b>Expenses</b>											
Vacancy Rates		15%	15%	15%	15%	15%	15%	15%	15%		
Total		5,010,236	5,135,492	5,135,492	5,135,492	5,135,492	5,135,492	5,135,492	5,263,880		
OPEX	15.0%	5,010,236	5,135,492	5,135,492	5,135,492	5,135,492	5,135,492	5,135,492	5,263,880		
Land Rent		1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000		
Overall Expenses		11,599,473	11,849,984	11,849,984	11,849,984	11,849,984	11,849,984	11,849,984	12,106,759		
NOI		21,802,103	22,386,630	22,386,630	22,386,630	22,386,630	22,386,630	22,386,630	22,985,771		
Terminal Value @ ----->	0.0%								0		
Discount Rate	11.00%	0.32	0.29	0.26	0.23	0.21	0.19	0.17			
Present Value		6,917,443	6,399,013	5,764,876	5,193,582	4,678,903	4,215,228	3,899,136			
Market Rate / Net Present Value									165,029,291		



	Discount Rate				
Discount Rate	9.00%	10.00%	11.00%	12.0%	13.0%
Market Value	185,197,249	174,137,865	165,029,291	155,088,514	146,866,362

**Market DCF:**

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0.00%	0.00%	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	0.00%	0.00%
<b>Expected Revenues</b>												
Total GLA	Sqm	35,718	35,718	35,718	35,718	35,718	35,718	35,718	35,718	35,718	35,718	35,718
Rate (SAR)	SAR	890	890	912	912	912	912	912	935	935	935	935
Total	SAR	31,792,100	31,792,100	32,586,903	32,586,903	32,586,903	32,586,903	32,586,903	33,401,575	33,401,575	33,401,575	33,401,575
Overall Revenues		31,792,100	31,792,100	32,586,903	32,586,903	32,586,903	32,586,903	32,586,903	33,401,575	33,401,575	33,401,575	33,401,575
<b>Expenses</b>												
Vacancy Rates		47%	40%	30%	20%	10%	10%	10%	10%	10%	10%	10%
Total		14,942,287	12,716,840	9,776,071	6,517,381	3,258,690	3,258,690	3,258,690	3,340,158	3,340,158	3,340,158	3,340,158
OPEX	20.0%	6,358,420	6,358,420	6,517,381	6,517,381	6,517,381	6,517,381	6,517,381	6,680,315	6,680,315	6,680,315	6,680,315
Land Rent		1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Overall Expenses		22,879,707	20,654,260	17,872,451	14,613,761	11,355,071	11,355,071	11,355,071	11,599,473	11,599,473	11,599,473	11,599,473
NOI		8,912,393	11,137,840	14,714,451	17,973,142	21,231,832	21,231,832	21,231,832	21,802,103	21,802,103	21,802,103	21,802,103
Terminal Value @ ----->		0.0%										
Discount Rate	11.00%	1.00	0.90	0.81	0.73	0.66	0.59	0.53	0.48	0.43	0.39	0.35
Present Value		8,912,393	10,034,090	11,942,579	13,141,806	13,986,065	12,600,059	11,351,404	10,501,166	9,460,510	8,522,982	7,678,362
Market Rate / Net Present Value												

Cash Flow		11	12	13	14	15	16	17
Increase Revision		0.00%	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%
<b>Expected Revenues</b>								
Total GLA	Sqm	35,718	35,718	35,718	35,718	35,718	35,718	35,718
Rate (SAR)	SAR	935	959	959	959	959	959	983
Total	SAR	33,401,575	34,236,615	34,236,615	34,236,615	34,236,615	34,236,615	35,092,530
Overall Revenues		33,401,575	34,236,615	34,236,615	34,236,615	34,236,615	34,236,615	35,092,530
<b>Expenses</b>								
Vacancy Rates		10%	10%	10%	10%	10%	10%	10%
Total		3,340,158	3,423,661	3,423,661	3,423,661	3,423,661	3,423,661	3,509,253
OPEX	20.0%	6,680,315	6,847,323	6,847,323	6,847,323	6,847,323	6,847,323	7,018,506
Land Rent		1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Overall Expenses		11,599,473	11,849,984	11,849,984	11,849,984	11,849,984	11,849,984	12,106,759
NOI		21,802,103	22,386,630	22,386,630	22,386,630	22,386,630	22,386,630	22,985,771
Terminal Value @ ----->		0.0%						
Discount Rate	11.00%	0.32	0.29	0.26	0.23	0.21	0.19	0.17
Present Value		6,917,443	6,399,013	5,764,876	5,193,582	4,678,903	4,215,228	3,899,136
Market Rate / Net Present Value								155,199,600



### 1.34 VALUATION NOTES

As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology (DCF).

### 1.35 SUBJECT PROPERTY VALUE

We are of an opinion that the total value of the leasing right of the subject property taking into consideration the purpose of valuation by using the Discounted Cash Flow Approach is:

**Property Value: 155,199,600 SAR**  
**Rounded Value: 155,200,000 SAR**  
**One Hundred Fifty-Five Million and Two Hundred Thousand Riyals**

### 1.36 REPORT USE

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

### 1.37 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.38 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.



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**Essam Hussaini**  
**Site Inspection Check**

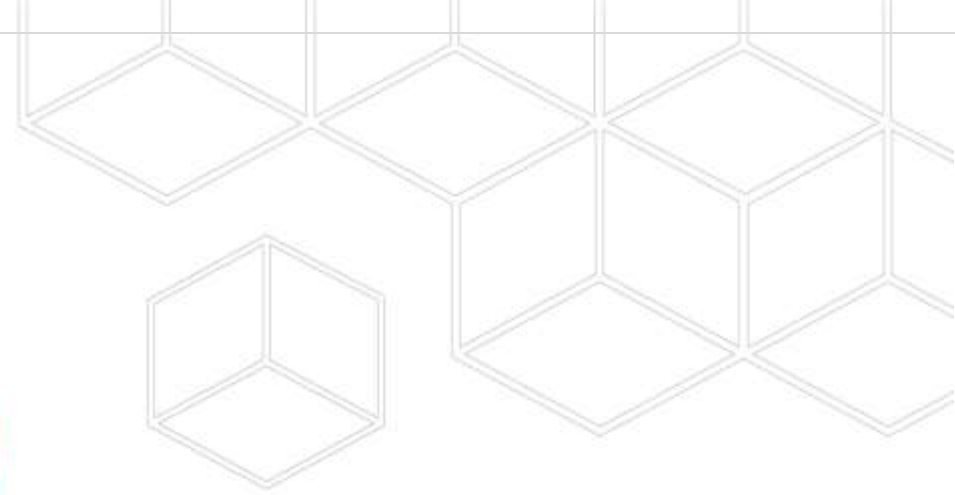
A handwritten signature in blue ink, appearing to read 'Essam Hussaini'.

**Member of (Taqeem)**  
**License No. 121000474**



# GENERAL NOTES

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**1.39 CONSULTANT STATUS**

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

**1.40 DISCLOSING CONFLICT OF INTEREST**

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

	If Yes		Remarks
	No		
		Client Date	
✓		Al Khabeer Capital Dec 2019	-----
✓		-----	-----
		-----	-----

**1.41 CONFIDENTIALITY**

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.

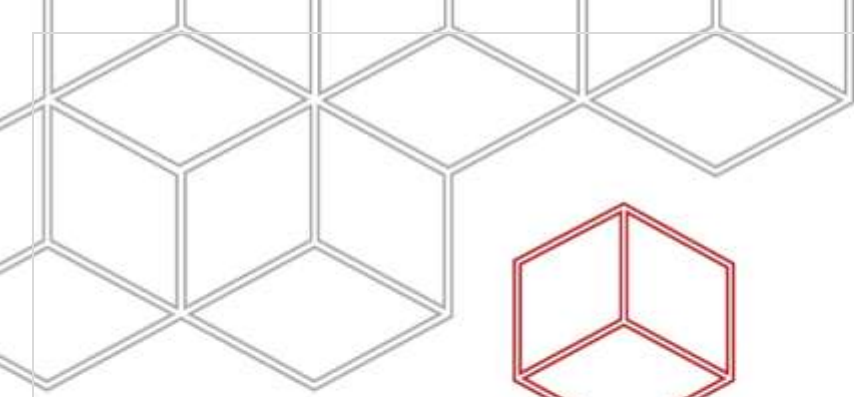


**1.42 ENVIRONMENTAL MATTERS**

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.





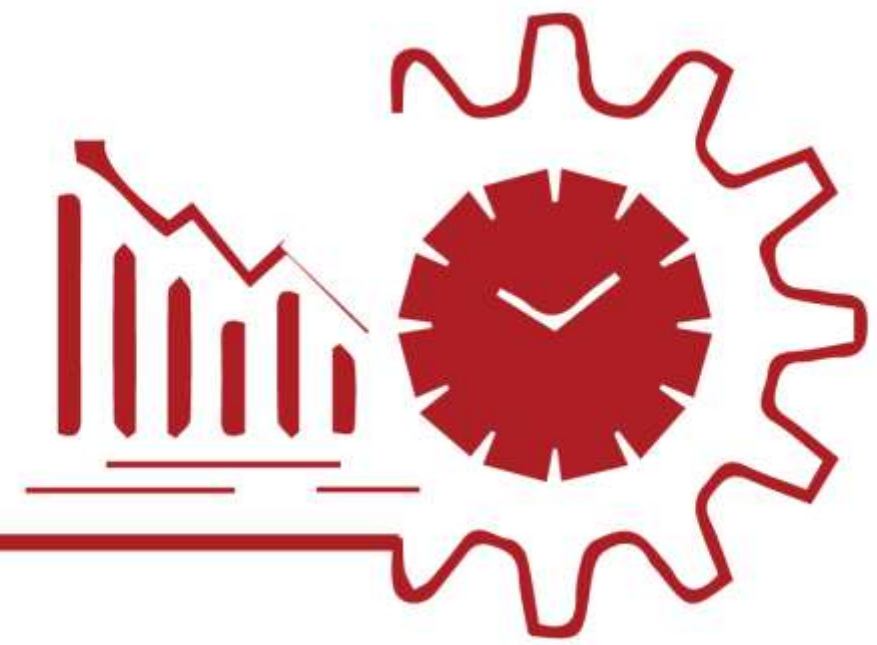
**ELEGANCE TOWER**  
**AL KHABEER CAPITAL**

RIYADH CITY

JULY 2020



Valuation Report





**REF:** 2010488  
**Date:** 09/07/2020  
**M/S** Al Khabeer Capital

**Subject: Valuation Report for Report for an office tower (Elegance Tower) in Riyadh City, Saudi Arabia**

Dear Sir,

With reference to your request and approval dated on July 08, 2020 for valuation service of the office Tower (Elegance Tower) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

**Mr. Essam Al Hussaini – GM- WHITE CUBES KSA**

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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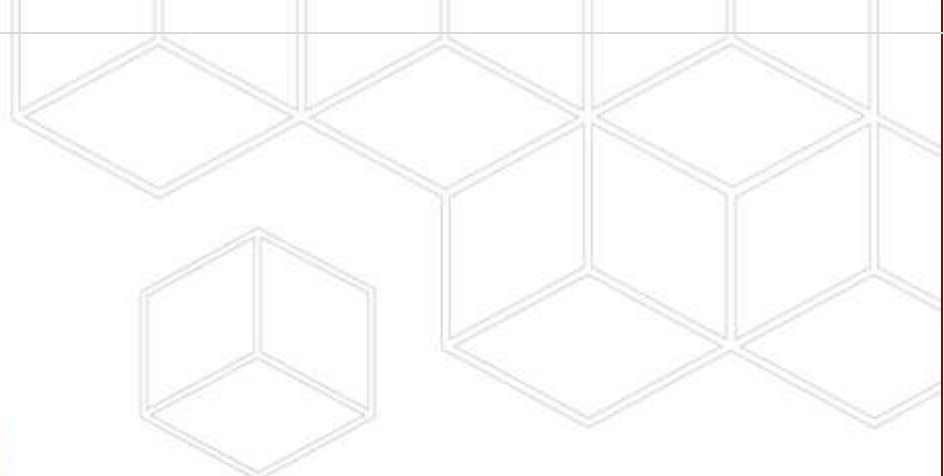
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# EXECUTIVE SUMMARY

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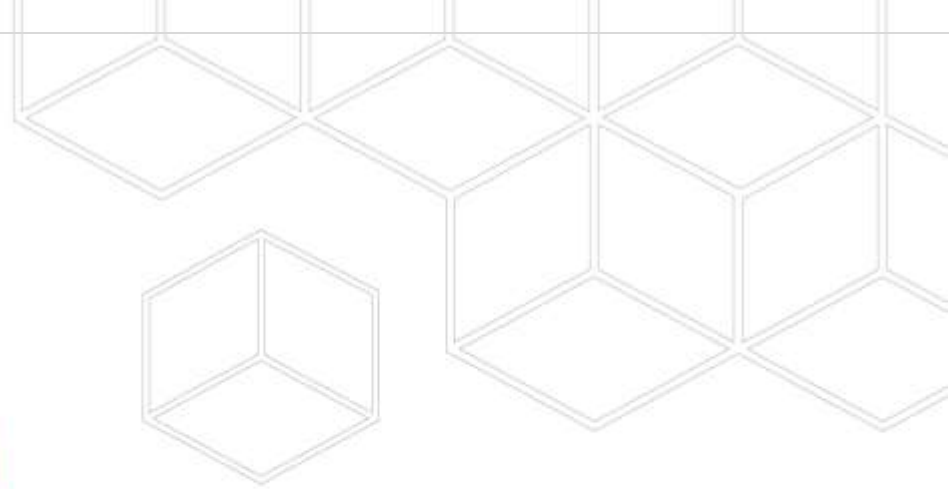


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 08/07/2020 to implement valuation service for an office tower in Riyadh city.
<b>Client Reference No.</b>	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law. 2010488
<b>Purpose of Valuation</b>	Internal Decision-Making Purposes
<b>Subject Property</b>	Office Tower
<b>Property Location</b>	The property is located in Al Morouj district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 310104018345, Title Deed Date: 22/12/1431, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقى العقارية (As per the client, the property was recently sold to شركة عقارات العربية المحدودة)
<b>Land Use</b>	Commercial Use
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 5,695 Sqm
<b>BUA (Sqm)</b>	Based on the construction permit, the building has a total BUA of 58,163 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 24,322 Sqm composed of office.
<b>Vacancy Rate</b>	Based on the client, the occupancy rate of the project is 100%
<b>Valuation Approach</b>	Comparable Approach & Depreciated Replacement Cost Approach (DRC) & Discounted Cash Flow Approach (DCF)
<b>Final Property Value</b>	471,270,000 SAR
<b>Valuation Date</b>	09/07/2020
<b>Inspection Date</b>	09/07/2020

# TERMS OF REFERENCE & VALUATION

---







## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";



AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



**1.4 CLIENT APPROVAL DATE**

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**July 08, 2020.**

**1.5 INSPECTION DATE**

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**July 09, 2020.**

**1.6 VALUATION DATE**

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

**July 09, 2020.**

**1.7 REPORT DATE**

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

**July 09, 2020.**

**1.8 OPINION OF VALUE**

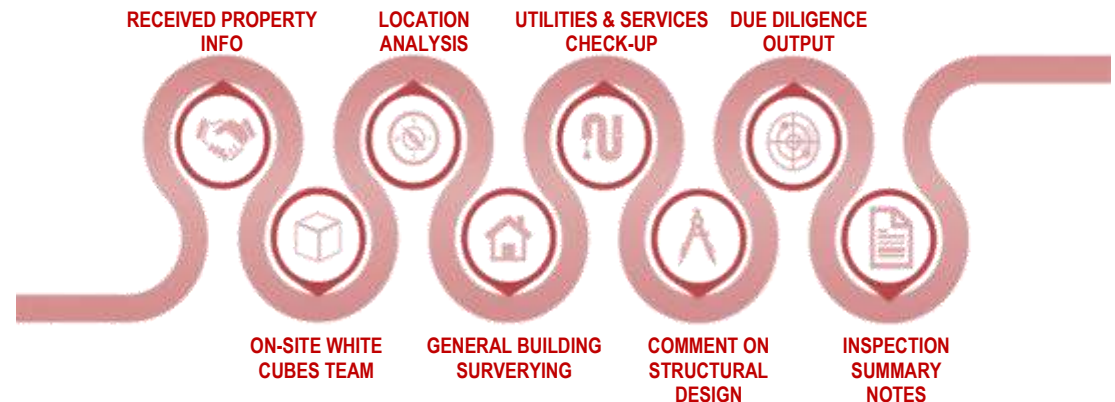
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

**1.9 PURPOSE OF VALUATION**

The client requested to know the current market value of the subject property for Acquisition Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach & Depreciated Replacement Cost (DRC) & The Discounted Cash Flow Approach (DCF)

**1.10 INSPECTION ROLE**

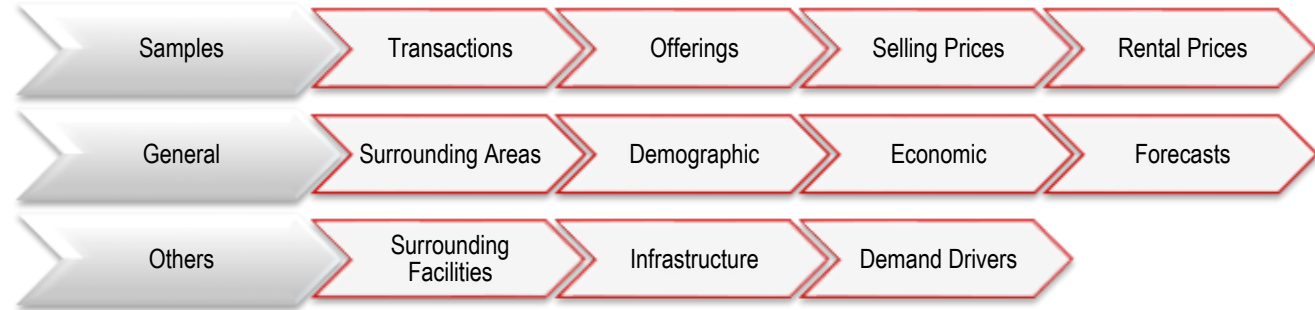
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





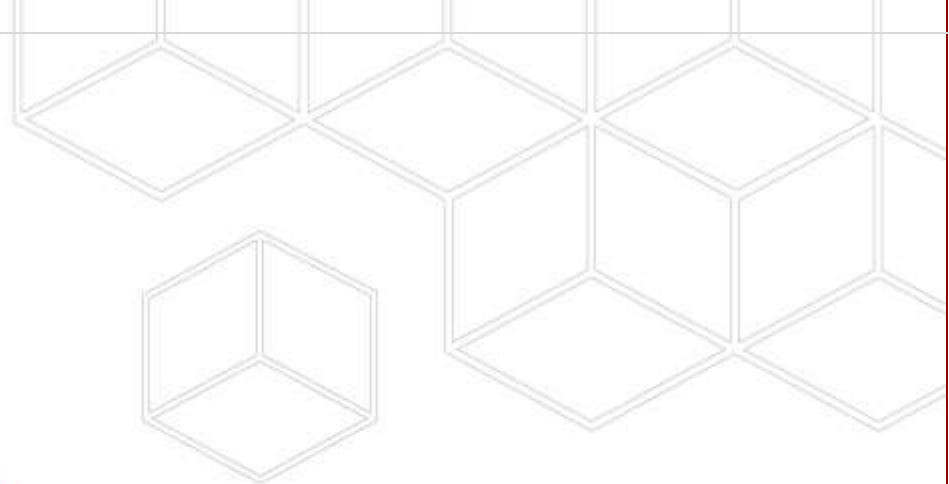
### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



# PROPERTY DETAILS

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## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is an office Tower (Elegance Tower) located in Al Morouj district, Riyadh city with direct view on King Fahed Road. Based on the copy of the title deed and the construction permit provided by the client, the project has a total land area of 5,695 Sqm and a total BUA of 58,163 Sqm and composed of 5 basements, a ground floor and 23 upper floors. Yet, the client informed us that the actual project BUA is 62,362 Sqm and that it consists of 27 floors. As per the site inspection done by our team, the tower's and has a regular shape and open from three sides with a direct view on 3 internal streets, where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

### Location Description

The property being valuated is an office tower located in Al Morouj district Riyadh City.  
 The property is bordered from the north by a Private Property  
 The property is bordered from the south by an Internal Street  
 The Property is bordered from the east by an Internal Street  
 The property is bordered to the west by an Internal Street

### Ease of Access

Based on the current location of the subject property, the access level is high, since it is located on King Fahd Road.

### The Main Landmarks

The subject property is surrounded by a number of major landmarks such as the General Authority for Zakat & Income Tax, Administrative Courte of Appeal, etc.

Land		Building	
Land Use	Commercial	Building Type	Office Tower
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Fahed Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good

## 1.13 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



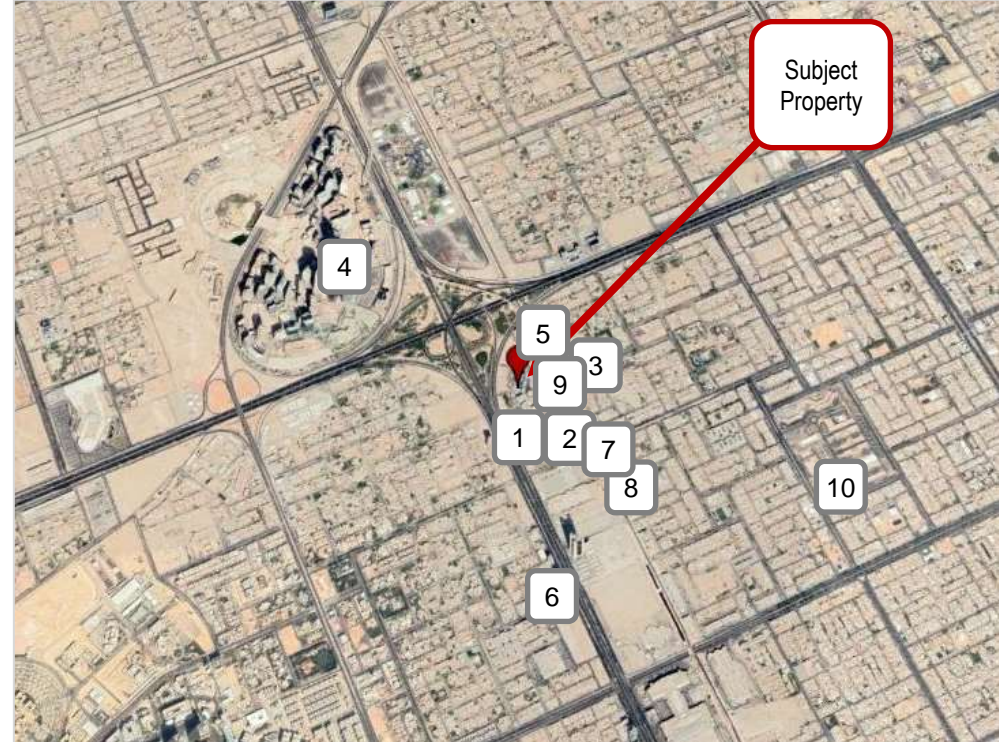
## 1.14 LOCATION

The subject property is located in Al Morouj district, Riyadh city and surrounded by several landmarks as follows:

Property Location on a City Scale



Property Location on a District Scale



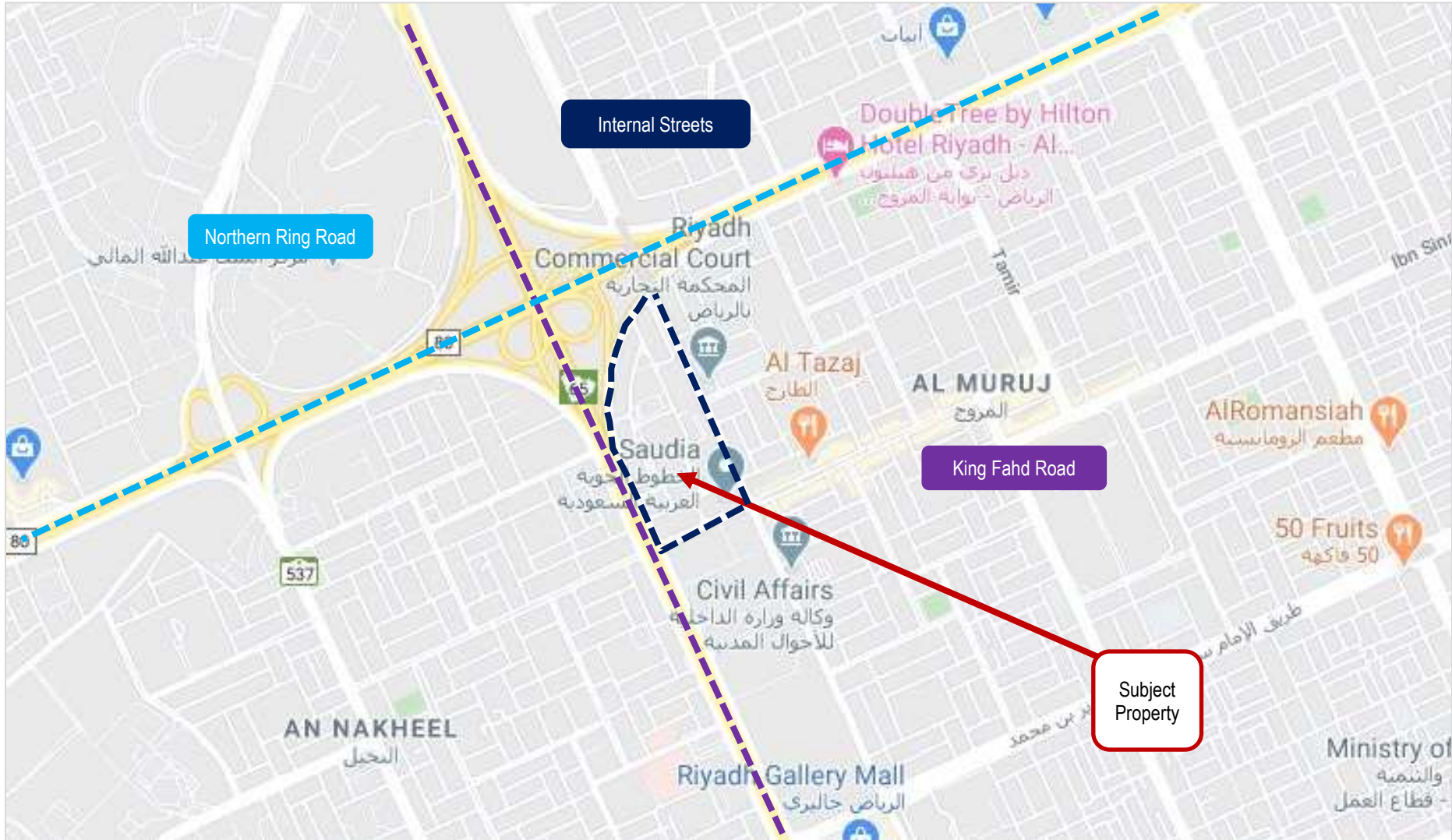
### Surrounding Landmarks

- |  |  |
|--|--|
| 1- General Authority for Zakat & Tax Income (0.2 Kilometers) | 6- Dallah Hospitals (1.3 Kilometers)                             |
| 2- First Notary Public of North Riyadh (0.2 Kilometers)      | 7- Court of Appeal (0.8 Kilometers)                              |
| 3- Al Sumoo National School (0.4 Kilometers)                 | 8- Administrative Court of Appeal (1.3 Kilometers)               |
| 4- King Abdullah Financial District (1.2 Kilometers)         | 9- General Directorate for Security Petrol (0.1 Kilometers)      |
| 5- Supreme Courte (0.3 Kilometers)                           | 10- General Directorate of Environmental Health (1.6 Kilometers) |



### 1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:







## 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Riyadh	<b>Land Area</b>	5,695 Sqm
<b>District</b>	Al Morouj	<b>Plot No.</b>	25, 26, 27, 28
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	310104018345	<b>Layout No.</b>	2,593
<b>T.D Date</b>	22/12/1431	<b>Owner</b>	شركة عقارات العربية المحدودة
<b>T.D Value</b>	113,900,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	22/12/1431 Riyadh Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Pathway	<b>East Side</b>	Parking & 20 Meters Street
<b>South Side</b>	Sidewalk	<b>West Side</b>	Parking & 20 meters Street

### Notes

The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document. The client informed us that the property was recently sold to شركة أول الملقا العقارية.

## 1.17 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	-----	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	✓	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The client provided us with a building permit for the subject property, which contains the following data:

### Subject Property

<b>Construction Permit Type</b>	Missing Allowance
<b>Property Type</b>	Office Tower
<b>Construction Permit No.</b>	1432/16564
<b>Construction Permit Date</b>	09/03/1438
<b>Permit Expiry Date</b>	09/03/1441

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	1,285	reception
5 Basements	0	28,475	Parking
First Floor	1	1,665	Reception
Floor 2 to 4	16	3,855	Offices
Floor 5 to 9	40	6,765	Offices
Floor 10 to 13	16	3,308	Office
Floor 14 to 18	40	6,765	Offices
Floor 19 to 21	24	3,855	Offices
Floor 22	1	1,095	Restaurant
Floor 23	1	1,095	Restaurant
<b>Total BAU (sqm)</b>		<b>58,163</b>	

### 1.18 INSURANCE

We have not been provided with any insurance policy for the underlying asset.

### 1.19 PROPERTY ACTUAL RENTAL RATES

- The project will be leased for 3 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after the 3 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.



## 1.20 GROSS LEASABLE AREAS

The client provided us with a document showing the total leasable areas of the subject project as follows:

Floor	Use	No of Floors	GLA / Floor	BUA / Floor	GLA
Basement	Parking + Storage	5	161.80	5,695.00	809.01
Lower Ground	Entrance (Rest. & Gym)	1	108.10	1,301.27	108.10
Upper Floor	Reception + Café	1	207.47	1,301.27	207.47
Mezzanine	MZ	3	470.06	763.10	1,410.18
Service Floor	Mechanical	1	478.20	1,406.80	478.20
TF 6-10	Office	5	1,139.20	1,457.15	5,696.00
Service Floor	Gym	1	1,136.05	1,457.15	1,136.05
Service Floor	Pool	1	1,064.00	1,368.65	1,064.00
TF 13-15	Office	3	538.12	842.15	1,614.36
	Office	0	-	1,456.80	-
TF 16-21	Office	6	1,139.20	1,475.00	6,835.20
TF 22-23	Office	2	1,079.45	1,407.30	2,158.90
F 24	Office	1	1,051.72	1,407.30	1,051.72
F 25	Restaurant	1	1,336.10	1,549.00	1,336.10
RF 26	Restaurant	1	417.10	577.45	417.10
<b>Total</b>		<b>32</b>			<b>24,322.39</b>

GLA Summary	No of Floors	GLA / Floor	GLA
Storage Rooms	5	161.80	809.01
Gym	2	1,127.05	2,254.10
Restaurant & Café	3	671.57	2,014.72
Office	20	962.23	19,244.56
<b>Total</b>			<b>24,322.39</b>

The client informed us that the subject property includes several facilities such as a gymnasium, restaurant, café, pool and a helipad.

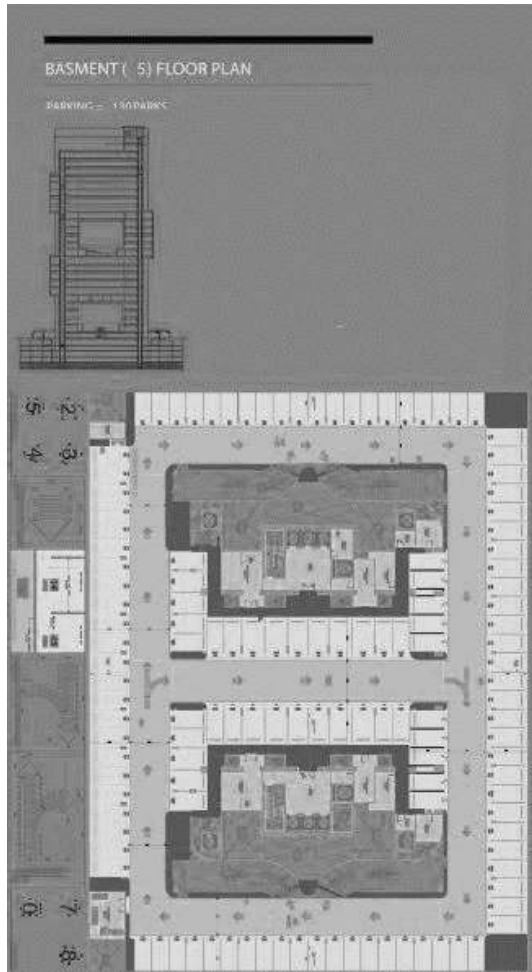




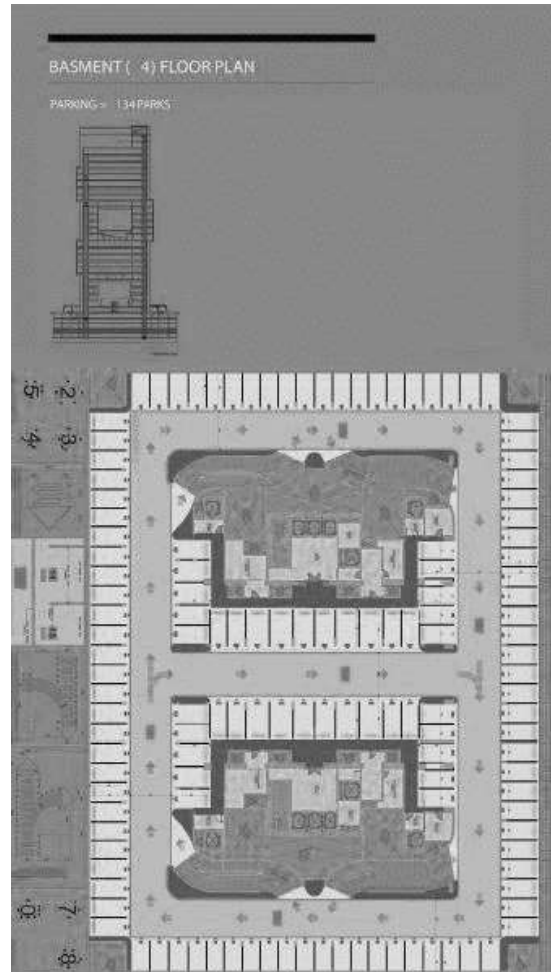
## 1.21 LAYOUTS

The client provided us with a document showing the layouts of the project as follows:

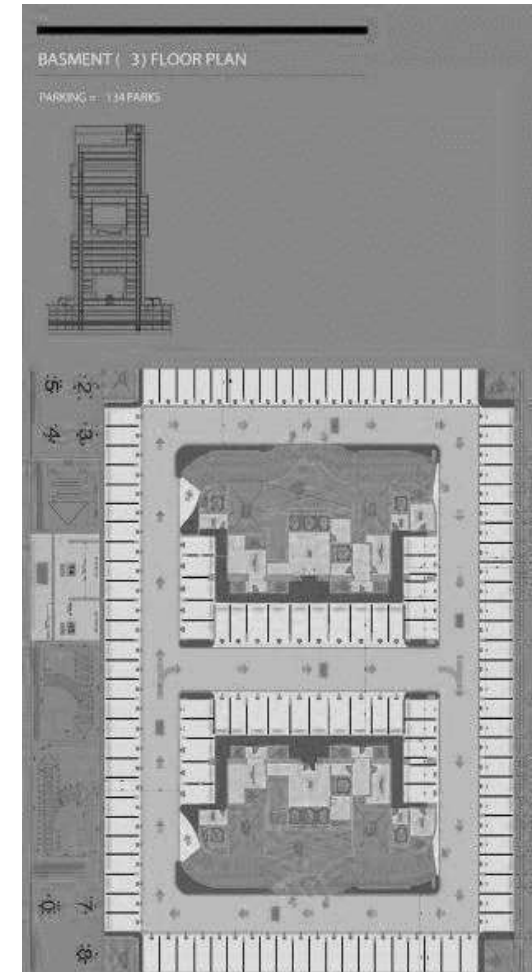
**Basement (5)**



**Basement (4)**

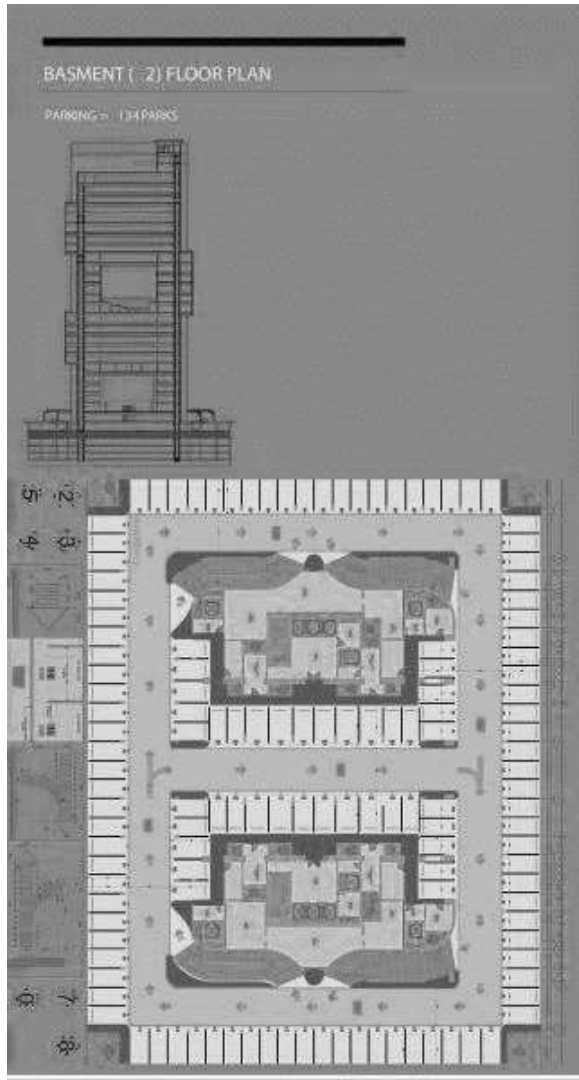


**Basement (3)**

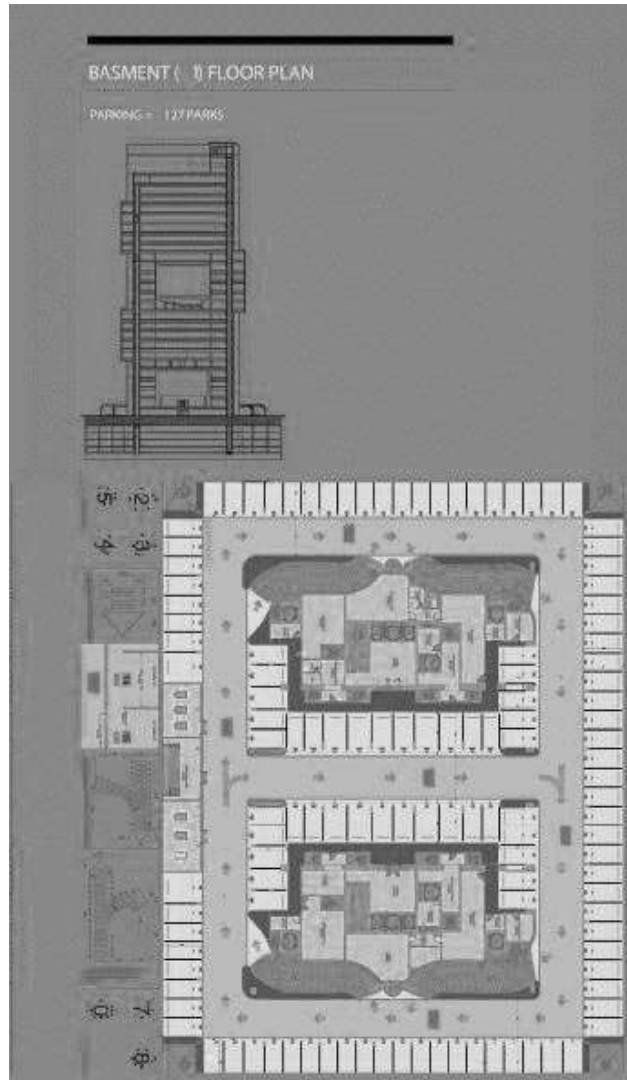




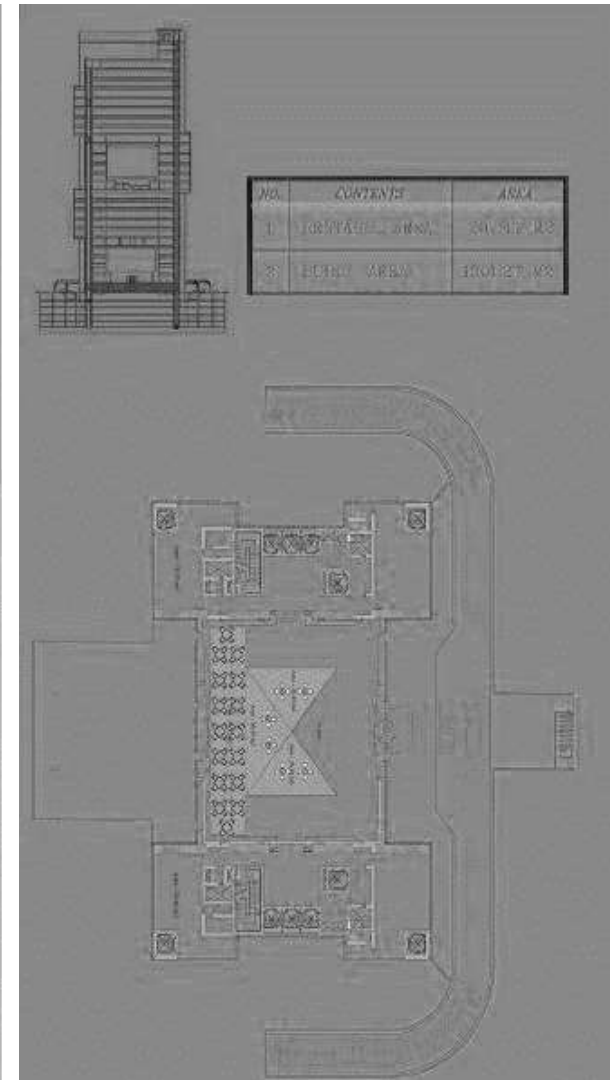
**Basement (2)**



**Basement (1)**

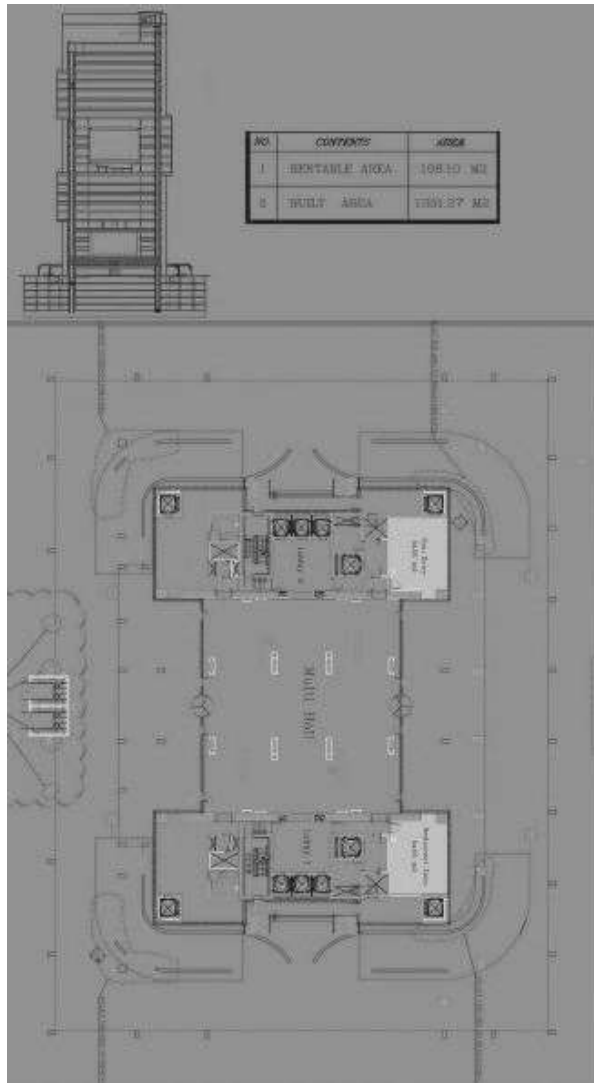


**Lower Ground Plan**

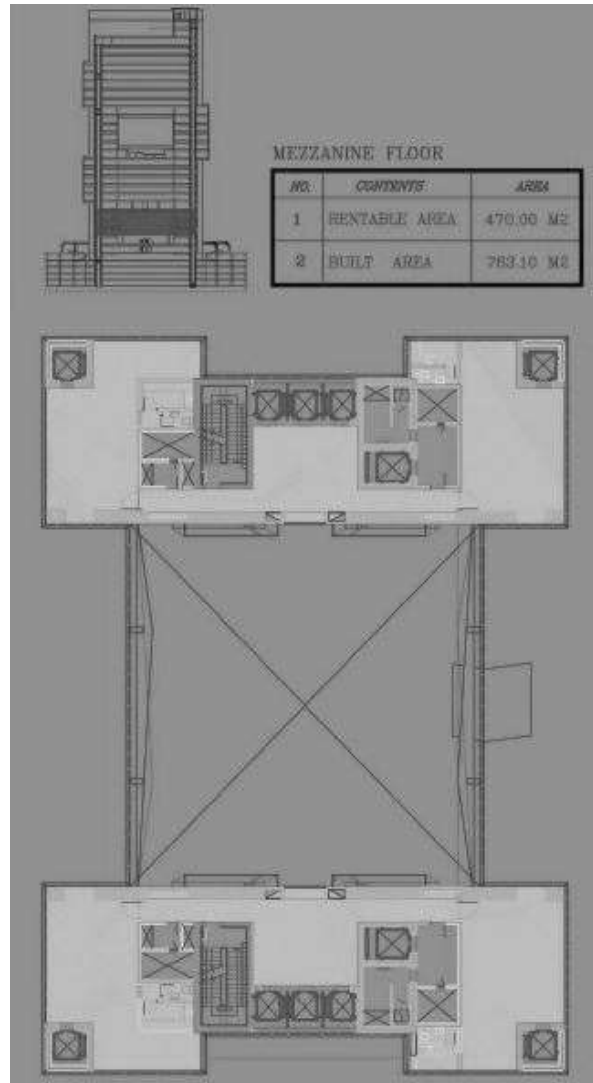




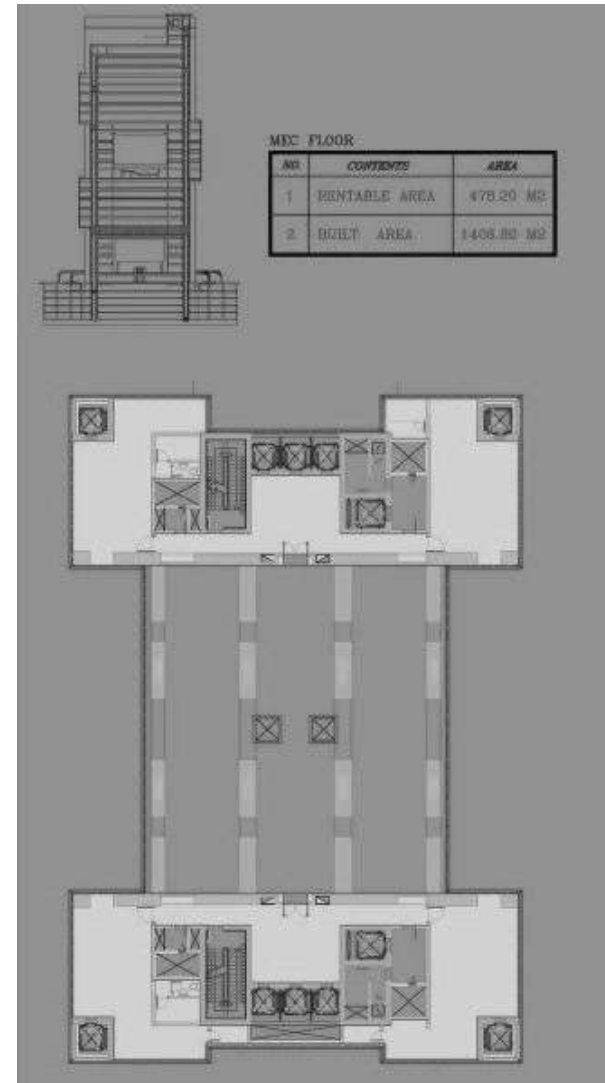
**Upper Ground Floor Plan**



**Mezzanine Floor**

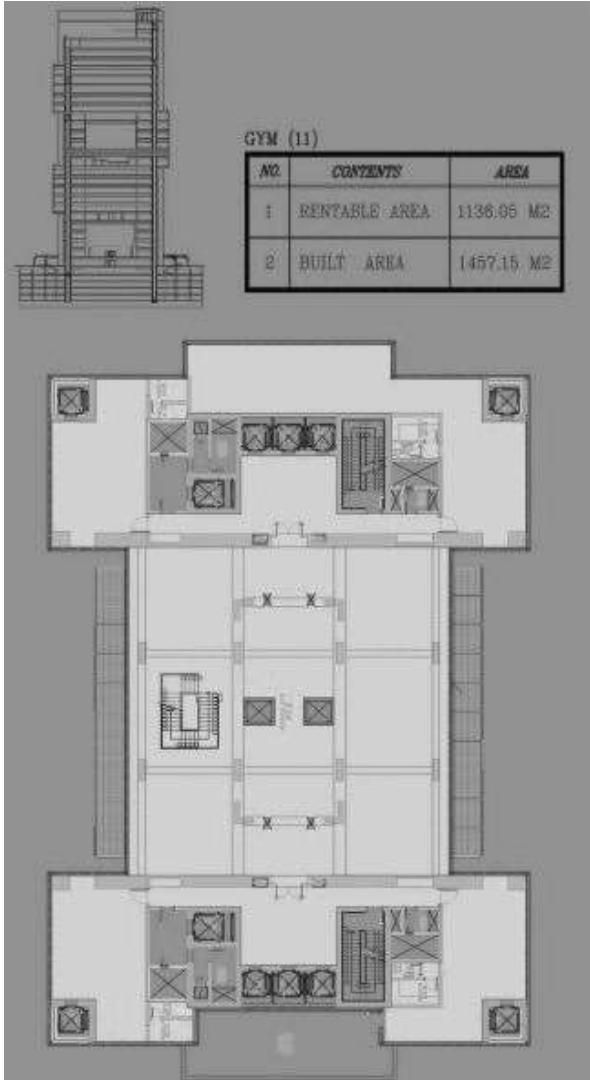
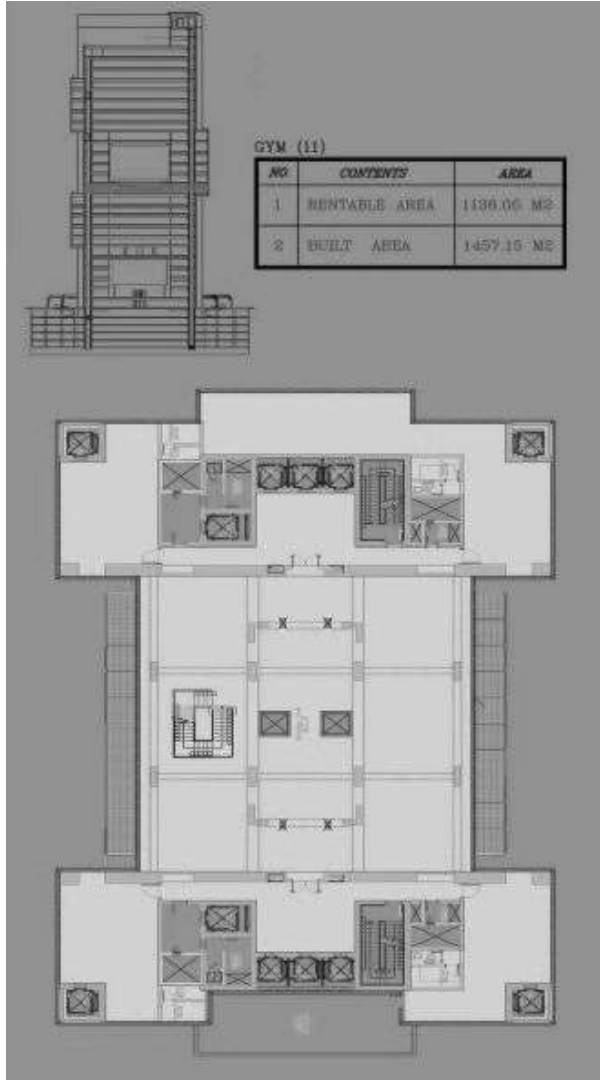
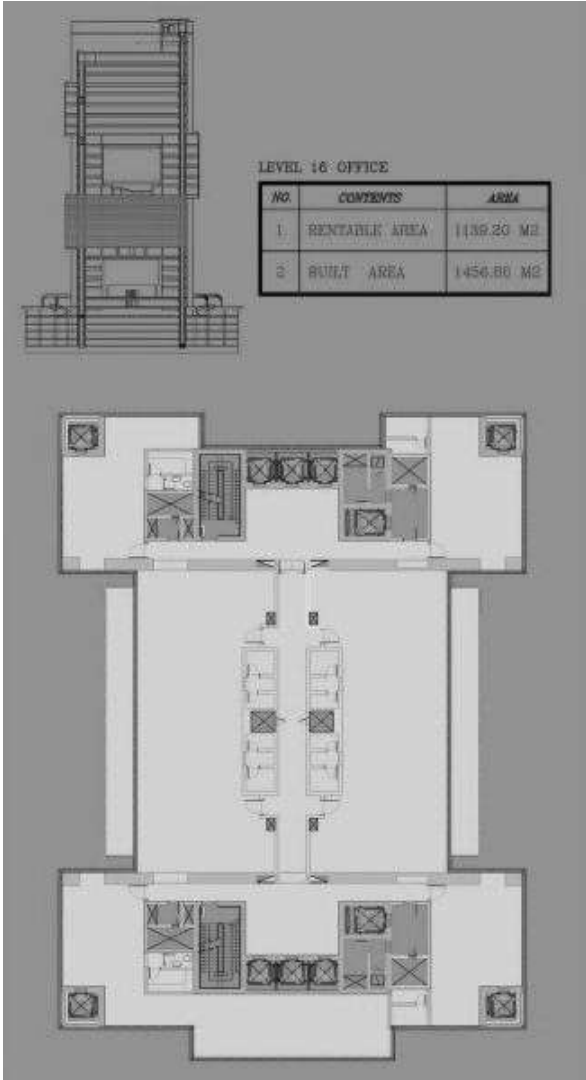


**MEC. Floor Plan**





Floor Plan for Typical (6-10) Gym Gym

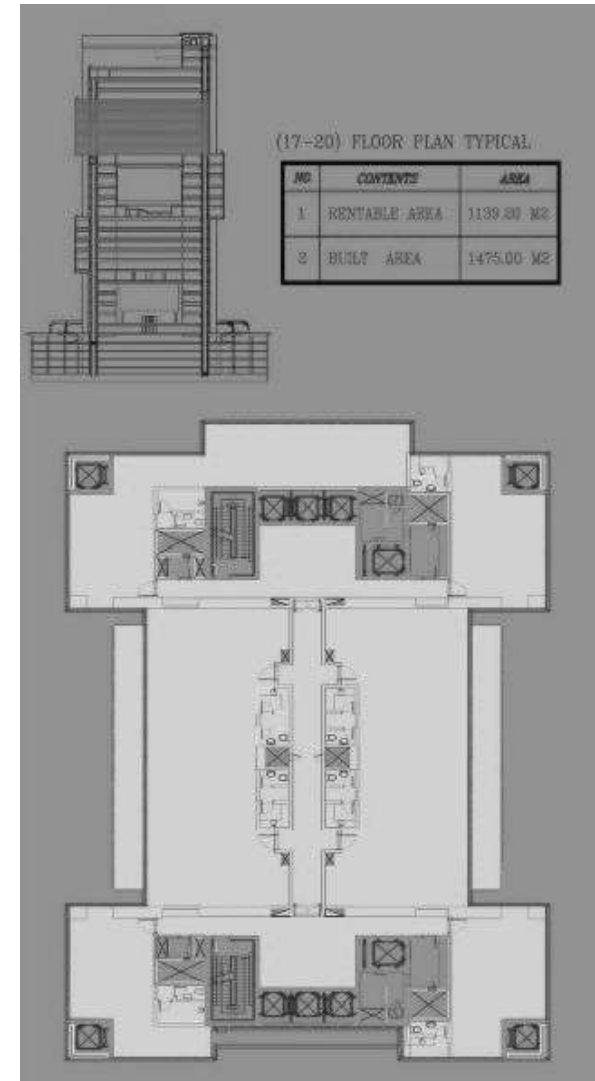
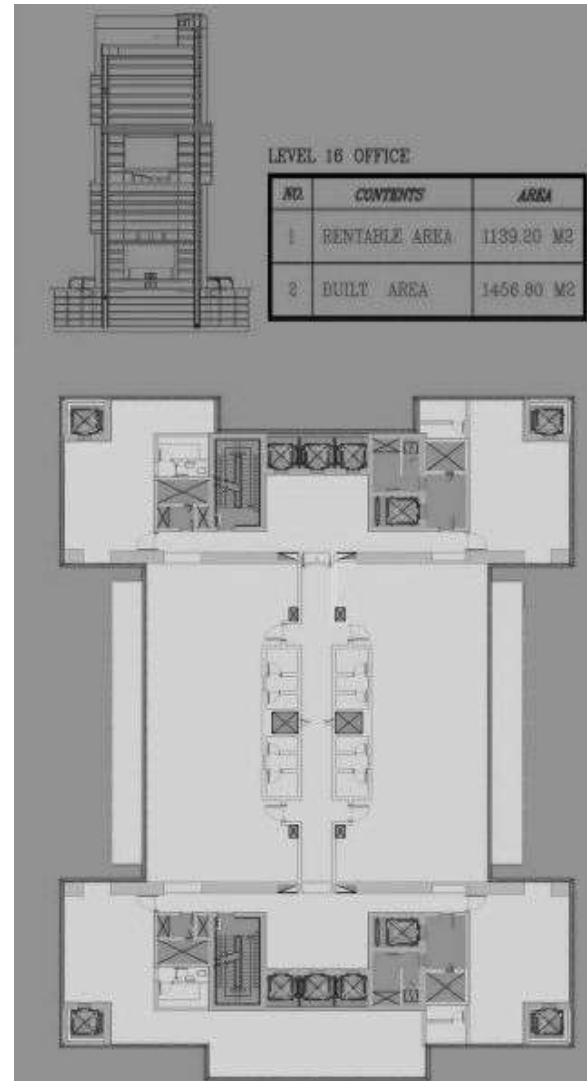




**(13-14-15) Floor Plan**

**Level 16 Office**

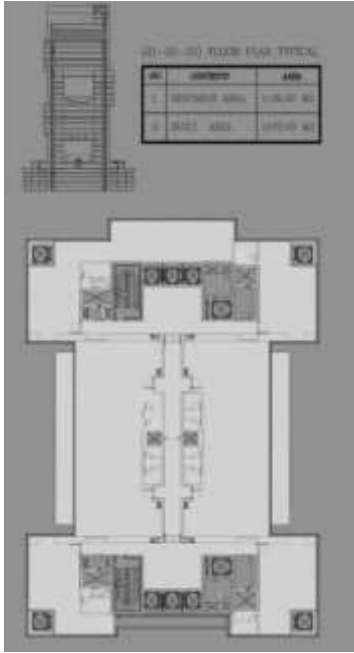
**(17-20) Floor Plan Typical**



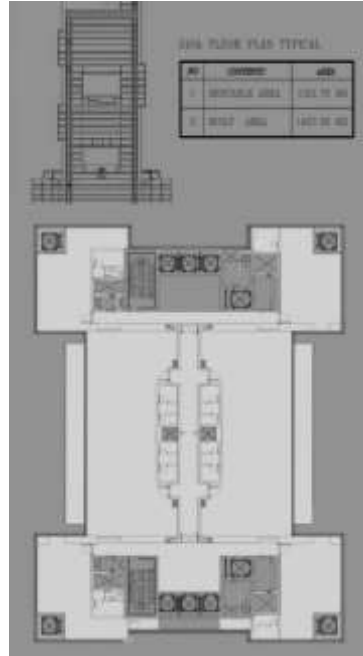




**(21-22-23) Floor Plan Typical**



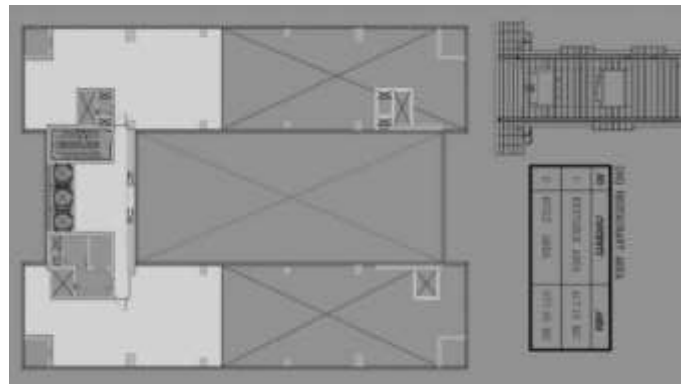
**(24) Floor Plan Typical**



**Restaurant Area (25)**



**Reastaurant Area 2 (26)**



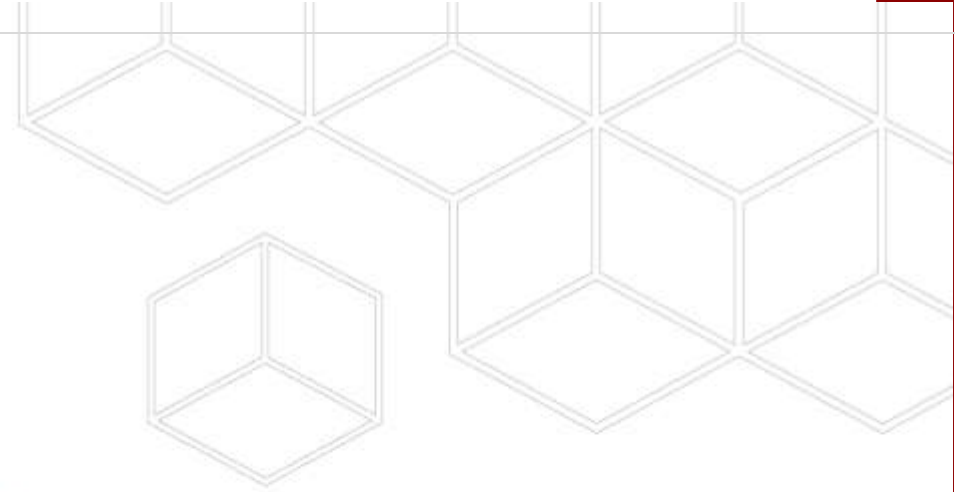


## 1.22 PHOTO RECORD



# MARKET INDICATORS

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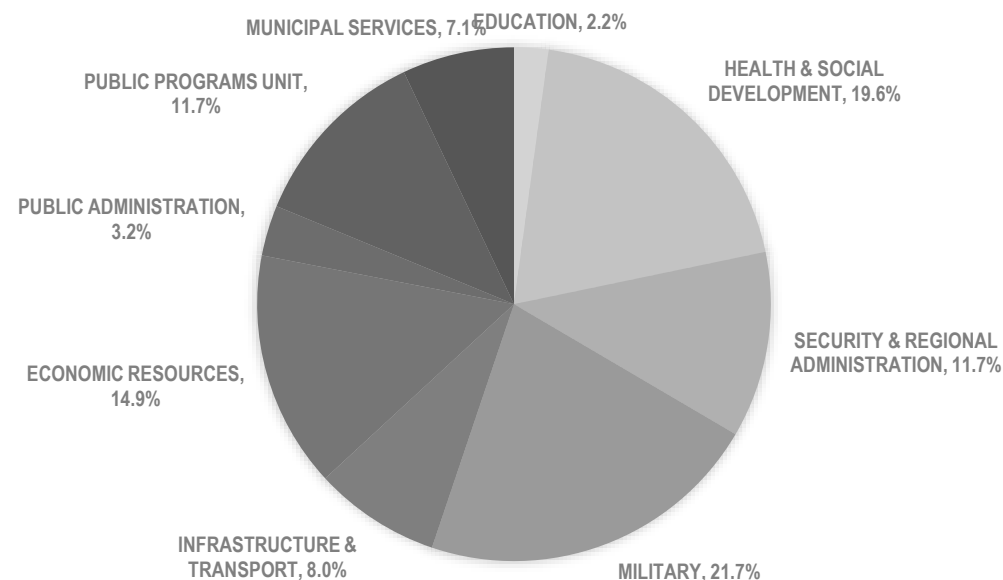
### 1.23 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.24 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy





### 1.25 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Located on the intersection of the northern ring road and King Fahed Road</li> <li>- The tower is open on 3 sides</li> <li>- Good finishing and unique design</li> <li>- Direct view on King Fahed Financial District</li> <li>- Ease of Access</li> <li>- Availability of several amenities in the near area of the subject property</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- Still in vacant condition</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- High demand on the property type in the area due to the proximity of several public services and facilities</li> <li>- Leasable to class A tenants</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects</li> </ul>

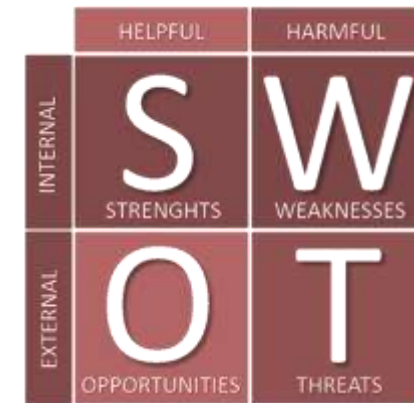
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

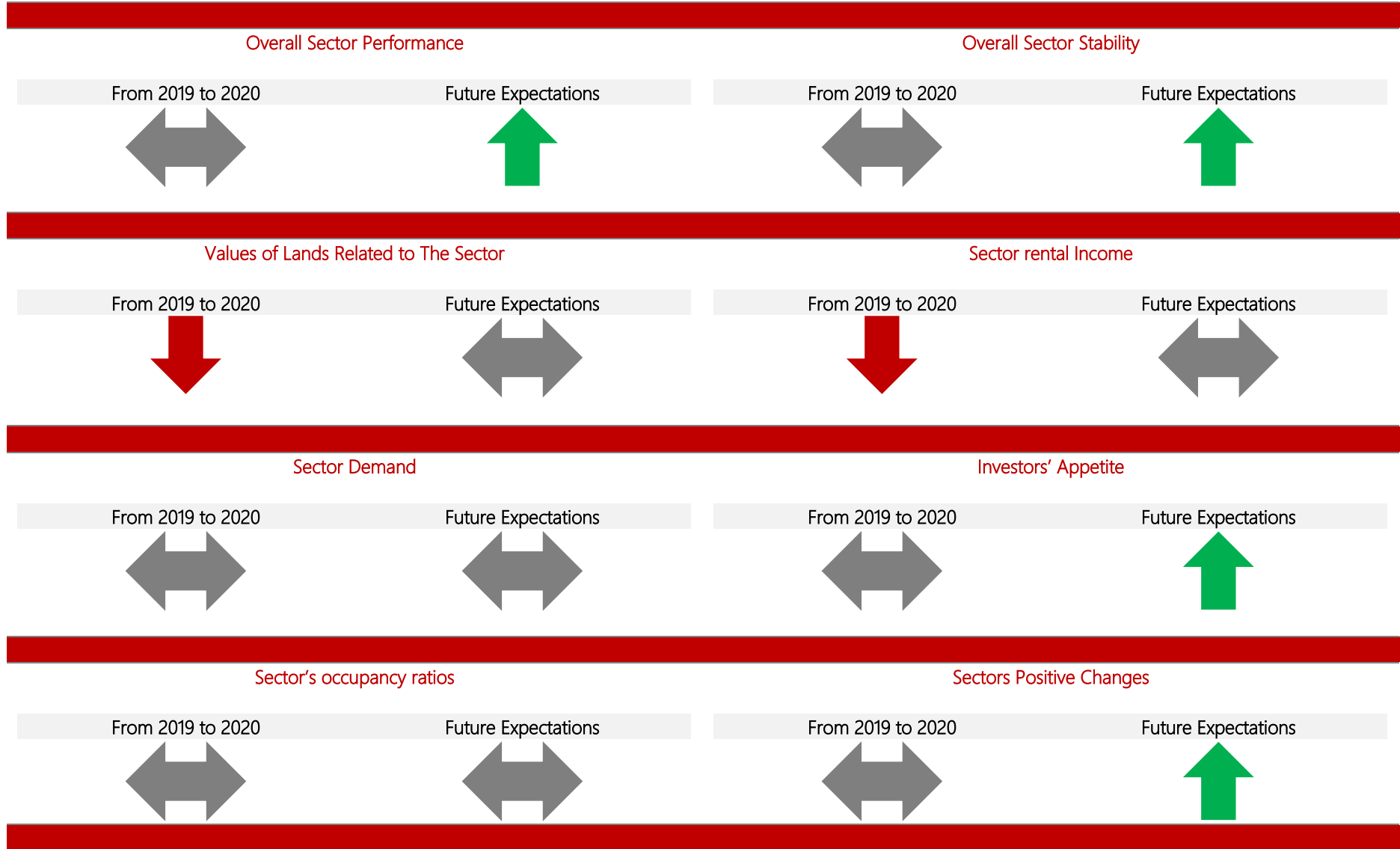
### 1.26 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side; In addition to some current economic changes in general.



- Indicator showing a decrease in the current performance comparing to the last year
- Indicator showing an increase in the current performance comparing to the last year
- Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



### 1.27 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>17 Risk Points - Medium Risk</b>				

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>9 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 9 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	✓	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>7 Risk Points - Medium Risk</b>				

**Property Analysis**

Risk Category- 7 Risk Points - Medium Risk

# PROPERTY VALUATION

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### 1.28 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts ✓	3D Design & Perspectives
Leasing Contract ✓	Presentation of the subject property	Project Presentation ✓
Location Link	Contact Details ✓	Costing & Budget
Tenant List	Income & Revenues	Operational Cost - OPEX

### 1.29 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

### 1.30 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



### 1.31 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

### 1.32 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations, and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

### 1.33 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

## DISCOUNTED CASH FLOW (DCF)

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

### 1.34 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

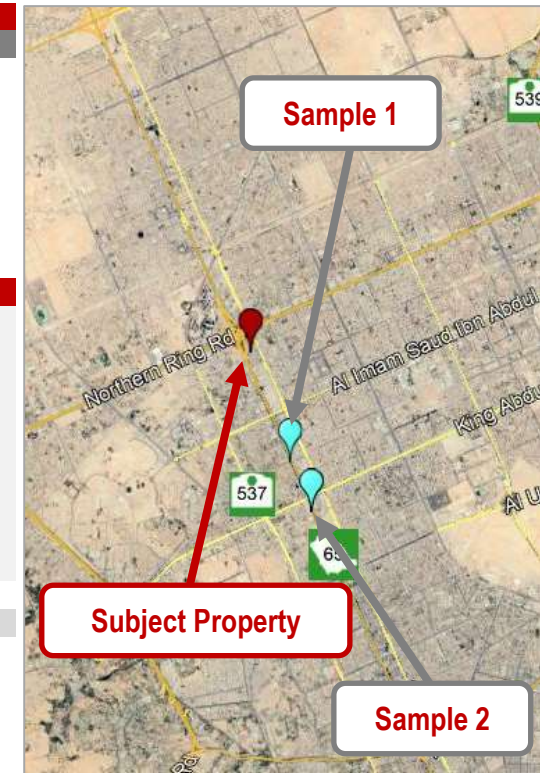


### 1.35 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Al Moruj	Al Moruj	Al Moruj
Sale Price	-----	SAR 24,375,000	SAR 117,500,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	5,695.00	1,625.00	7,505.00
SAR / Sqm	-----	SAR 15,000	SAR 15,656
Sides Open	3	2	2

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	5,695.00	1,625.00	-5.00%	7,505.00	0.00%
Location Desirability	High	Average	5.00%	Average	5.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	80	80	0.00%	80	0.00%
Sides Open	3	2	5.00%	2	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	No	0.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>5.00%</b>		<b>10.00%</b>
<b>Total Adjustment Amount</b>			<b>SAR 750.0</b>		<b>SAR 1,565.6</b>
<b>Net After Adjustment</b>			<b>SAR 15,750.0</b>		<b>SAR 17,221.9</b>
<b>SAR / Sqm</b>			<b>SAR 16,486</b>		
<b>Rounded Value</b>			<b>SAR 16,500</b>		



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	5,695	5,695	5,695	5,695	5,695
SAR / Sqm	SAR 14,850.0	SAR 15,675.0	SAR 16,500.0	SAR 17,325.0	SAR 18,150.0
Property Value	SAR 84,570,750	SAR 89,269,125	SAR 93,967,500	SAR 98,665,875	SAR 103,364,250
	<b>PROPERTY VALUE</b>				



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 16,000 - 17,000 SAR / Sqm with an average of 16,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.36 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 1,100	SAR 1,300	SAR 1,200
<b>MEP</b>	SAR 500	SAR 700	SAR 600
<b>Finishing Materials</b>	SAR 1,200	SAR 1,400	SAR 1,300
<b>Fitouts &amp;Appliance</b>	SAR 80	SAR 120	SAR 100
<b>Site Improvements</b>	SAR 100	SAR 140	SAR 120
<b>Owner Profit</b>	20%	30%	25%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND					
Land Area	SAR / Sqm			Total Value	
5,695.00	SAR 16,500			SAR 93,967,500	
Building					
	Unit	No of Floors	Total BUA		
Underground	Sqm	5	28,475.00		
Upper Floors	Sqm	1	29,688.00		
<b>Total (SQM)</b>	<b>58,163.00</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	29,688.00	SAR 1,200	SAR 35,625,600	100%	SAR 35,625,600
Electro Mechanic	29,688.00	SAR 600	SAR 17,812,800	100%	SAR 17,812,800
Finishing	29,688.00	SAR 1,300	SAR 38,594,400	100%	SAR 38,594,400
Fit outs & Appliances	29,688.00	SAR 100	SAR 2,968,800	100%	SAR 2,968,800
Furniture	29,688.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	5,695.00	SAR 120	SAR 683,400	100%	SAR 683,400
<b>Total</b>			<b>SAR 95,685,000</b>	<b>100.00%</b>	<b>SAR 95,685,000</b>



Hard Cost - Underground					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	28,475.00	SAR 1,800	SAR 51,255,000	100%	SAR 51,255,000
Electro Mechanic	28,475.00	SAR 500	SAR 14,237,500	100%	SAR 14,237,500
Finishing	28,475.00	SAR 600	SAR 17,085,000	100%	SAR 17,085,000
<b>Total</b>			<b>SAR 82,577,500</b>	<b>100.00%</b>	<b>SAR 82,577,500</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 178,262,500	0.10%	SAR 178,263
Design			SAR 178,262,500	0.50%	SAR 891,313
Eng Consultant			SAR 178,262,500	1.00%	SAR 1,782,625
Management			SAR 178,262,500	5.00%	SAR 8,913,125
Contingency			SAR 178,262,500	5.00%	SAR 8,913,125
Others			SAR 178,262,500	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 20,678,450.00</b>
<b>Total Hard Cost</b>	<b>SAR 178,262,500</b>			<b>BUA</b>	<b>58,163.00</b>
<b>Total Soft Cost</b>	<b>SAR 20,678,450.00</b>			<b>SAR / Sqm</b>	<b>SAR 3,420</b>
<b>Total Construction Cost</b>	<b>SAR 198,940,950.00</b>			<b>Overall Completion</b>	<b>100.0%</b>

After knowing the total construction costs at a rate of 3,420 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 198,940,950</b>	<b>Net Dep Rate</b>	<b>0.00%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 198,940,950</b>
<b>Economic Age</b>	<b>35</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>2.86%</b>	<b>Developer Profit Rate</b>	<b>25.0%</b>
<b>Actual Age</b>	<b>0</b>	<b>Dev. Profit Amount</b>	<b>SAR 49,735,238</b>
<b>Total Dep Rate</b>	<b>0.00%</b>	<b>Development Value</b>	<b>SAR 248,676,188</b>
<b>Add Appr Rate</b>	<b>0.00%</b>		
<b>Net Dep Rate</b>	<b>0.00%</b>		

The total value of the building is 248,676,188 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 248,676,188	SAR 93,967,500	SAR 342,643,688	SAR 342,600,000



### 1.37 DISCOUNTED CASH FLOW- MARKET RATES

#### Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for office units range from 1,150 to 1,250 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable No.	Office Units
Comparable 1	Rental Rate/ Unit 1,050 SAR/ Sqm
Comparable 2	1,400 SAR/ Sqm
Comparable 3	1,200 SAR/ Sqm
Average	1,200 SAR/ Sqm





### **Analysis of comparison of market rents with actual rents**

The project will be leased for 5 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

### **Analysis of Operating and Maintenance Expenses**

The operating expenses of similar properties reached between 10% to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 7%
Operating and maintenance expenses	3% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	1% to 3%

### **Property Operation and Maintenance Expenses**

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 10% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### **Market Capitalization Rate Analysis**

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate





## The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Minimum capitalization rate		7.00%
Maximum capitalization rate		9.00%
<b>Average</b>		<b>8.00%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
Ease of access to the property	-0.25%	Several major methods
General condition of the property	-0.25%	The Property is still new
The general location of the property	-0.25%	The area is served excellently
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
<b>Total</b>	<b>-1.00%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	<b>-1.00%</b>	
<b>Capitalization rate, according to market averages</b>	<b>8%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 7%, which will be applied subsequently to the net operating income of the property.

## Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%. We have used a lower discount rate of 8.5% due to several reasons: 1- The property is fully leased to a special tenant with special customization; 2- Good location on the intersection of 2 main roads the northern ring road and the King Fahd Road in addition to its proximity to King Abdullah Financial City. 3- We assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.02%
Indigenous Risk Premium	1.50%
<b>Cost of Equity</b>	<b>11.00%</b>



Cash Flow		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Expected Revenues</b>												
Leasing Contract	SAR	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
Total	SAR	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
Offices	Sqm	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322
Rate	SAR	1,200	1,236	1,273	1,311	1,351	1,391	1,433	1,476	1,520	1,566	1,613
Total	SAR	0	0	0	0	0	33,835,037	34,850,088	35,895,591	36,972,458	38,081,632	39,224,081
Service Charge @ 10%	SAR	0	0	0	0	0	3,383,504	3,485,009	3,589,559	3,697,246	3,808,163	3,922,408
<b>Overall Revenues</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>37,218,541</b>	<b>38,335,097</b>	<b>39,485,150</b>	<b>40,669,704</b>	<b>41,889,795</b>	<b>43,146,489</b>
<b>Vacancy Rates</b>												
Leasing Contract	0.0%	0	0	0	0	0	0	0	0	0	0	0
Offices	5.0%	0	0	0	0	0	1,860,927	1,916,755	1,974,257	2,033,485	2,094,490	2,157,324
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,860,927</b>	<b>1,916,755</b>	<b>1,974,257</b>	<b>2,033,485</b>	<b>2,094,490</b>	<b>2,157,324</b>
<b>Expenses</b>												
OPEX	10.0%	0	0	0	0	0	3,721,854	3,833,510	3,948,515	4,066,970	4,188,980	4,314,649
<b>Overall Expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,721,854</b>	<b>3,833,510</b>	<b>3,948,515</b>	<b>4,066,970</b>	<b>4,188,980</b>	<b>4,314,649</b>
<b>NOI</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>31,635,759</b>	<b>32,584,832</b>	<b>33,562,377</b>	<b>34,569,249</b>	<b>35,606,326</b>	<b>36,674,516</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.0%</b>											<b>523,921,654</b>
Discount Rate	8.50%	1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48	0.44
<b>Present Value</b>		<b>30,000,000</b>	<b>27,649,770</b>	<b>25,483,659</b>	<b>23,487,243</b>	<b>21,647,229</b>	<b>21,039,217</b>	<b>19,972,713</b>	<b>18,960,271</b>	<b>17,999,152</b>	<b>17,086,752</b>	<b>247,943,509</b>
<b>Market Rate / Net Present Value</b>												<b>471,269,514</b>

	<b>Discount Rate</b>				
	<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>	<b>9.5%</b>	<b>10.5%</b>
<b>Discount Rate</b>					
<b>Market Value</b>	539,526,745	503,812,138	<b>471,269,514</b>	441,580,761	414,462,661

### 1.38 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DCF Approach</b>	Property	SAR 471,270,000	Four Hundred Seventy-One Million and Two Hundred Seventy Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 342,600,000	Three Hundred Forty-Two Million and Six Hundred Thousand Saudi Riyals



### 1.39 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DCF Approach is:

**Property Value: 471,270,000 SAR**  
**Four Hundred Seventy-One Million and Two Hundred Seventy Thousand Saudi Riyals**

### 1.40 REPORT USE

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

### 1.41 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

### 1.42 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

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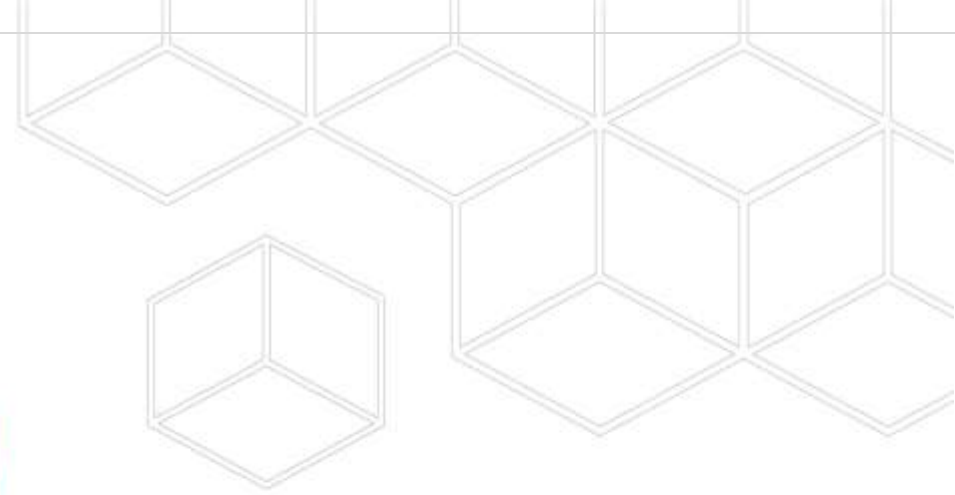
**Essam Hussaini**  
**Site Inspection Check**

**Member of (Taqeem)**  
**License No. 1210000474**

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# GENERAL NOTES

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### 1.43 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 1.44 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes  
 White Cubes was previously involved in selling activities related to the property  
 White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Al Khabeer Cap	Feb 2020	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.45 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.



### 1.46 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

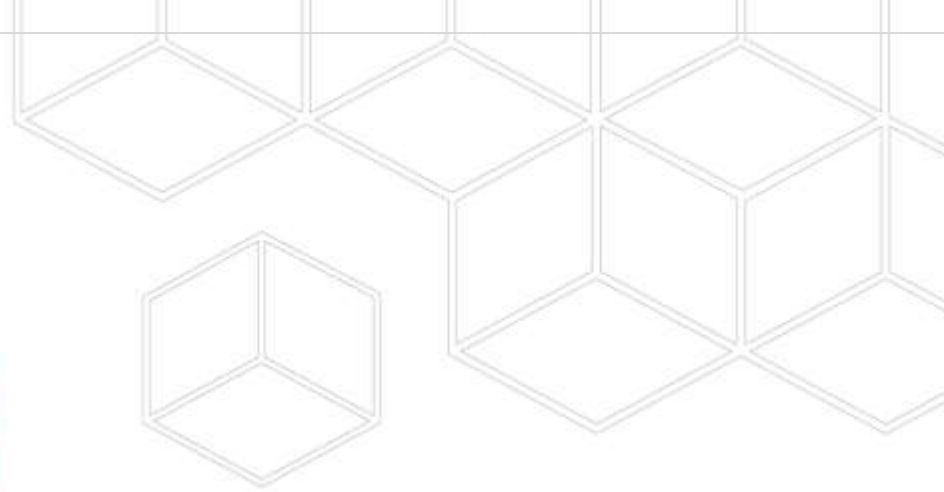
In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.

# DOCUMENTS COPIES

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Title Deed

Construction Permit



TAQEEM LICENCE NUMBER: 1210000474