

# Final Report

## Valuation of Portfolio of properties located across Riyadh Region

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Report Date : 22/01/2024



**PROFESSIONAL SERVICES**  
VALUATION | CONSULTANCY | BROKERAGE



الإقامة للاستثمار  
alinma investment



Client : Alinma Investment



**VALUATION  
REPORT**



# VALUE EXPERTS & PARTNER COMPANY

for Real Estate Valuation

License No. 744/18 / 323 - License Date: 08 / 07 / 1438

VALUEEXPERTS.net



Dear, Alinma Investment

Subject: Valuation of Portfolio of properties located across Riyadh Region

In response to your request, Value Experts has undertaken the task of conducting Portfolio of properties located across Riyadh Region, Our comprehensive assessment involved a meticulous examination of the property, an analysis of relevant documents and maps, and a thorough study of the surrounding area. The attached report not only provides essential data but also elucidates the reasoning behind the determined Market Value of the property. This report, issued for purpose of (periodic valuation of the (General) REIT Fund), serves to ascertain the property's market value as of November 11, 2024, exclusively for the use of Alinma Investment. Below table showcase the list of properties

#	Plot Nos.	Land Area (sqm)	Total Building Area (sqm)	Property Type
1	-	72,678.43	37,961	Office Development
2	Plot No. 1 and 2	127000	103,967	Shopping Centre
3	Plot No5	37,293	43,178	Shopping Centre
4	5	21,428.13	25,571	Office Development
5	1578-1579-1580-1586-1587-1588	4,875	10,955	Office Development

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**Executive Summary – Subject Site 1**

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	The purpose of the evaluation is a periodic evaluation of the Alinma Retail Fund (REIT)
Property Address	Commercial Center (Al Makan Mall), Al Rayyan District, Kingdom of Saudi Arabia - Dawadmi Governorate ( <b>herein referred as “subject site”</b> )
Subject Site Type	Commercial Development
Land Area	72,678.43 sqm
Total building Area	37,961 sqm (Based on google earth and visual inspection)
Title Deed Number	N/A
Title Deed Date	N/A
Ownership Type	Absolute Ownership
Premise of Value	As is where is basis
Basis of Value	Market value
Valuation Criteria	International Valuation Standards 2022 (IVS) – International Accounting Standards Board (IASB)
Valuation Approach	Income Approach (DCF Method)
Inspection Date	11/11/2023
Valuation Date	11/11/2023
Report Date	22/01/2024
Total Market Value of Subject Site using income Approach	<b>135,530,000 SAR</b>

**Executive Summary – Subject Site 2**

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	The purpose of the evaluation is a periodic evaluation of the Alinma Retail Fund (REIT)
Property Address	Kingdom of Saudi Arabia - Hafar Al-Batin city ( <b>herein referred as “subject site”</b> )
Subject Site Type	Commercial Development
Land Area	63,500 sqm
Total building Area	103,967 sqm (Based on google earth and visual inspection)
Title Deed Number	N/A
Title Deed Date	N/A
Ownership Type	Absolute Ownership
Premise of Value	As is where is basis
Basis of Value	Market value
Valuation Criteria	International Valuation Standards 2022 (IVS) – International Accounting Standards Board (IASB)
Valuation Approach	Income Approach (DCF Method)
Inspection Date	11/11/2023
Valuation Date	11/11/2023
Report Date	22/01/2024
Total Market Value of Subject Site using income Approach	<b>327,260,000 SAR</b>

**Executive Summary – Subject Site 3**

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	The purpose of the evaluation is a periodic evaluation of the Alinma Retail Fund (REIT)
Property Address	commercial center Property address: Kingdom of Saudi Arabia - Riyadh City ( <b>herein referred as “subject site”</b> )
Subject Site Type	Commercial Development
Land Area	37,293 sqm
Total building Area	43,178 sqm
Title Deed Number	N/A
Title Deed Date	N/A
Ownership Type	Absolute Ownership
Premise of Value	As is where is basis
Basis of Value	Market value
Valuation Criteria	International Valuation Standards 2022 (IVS) – International Accounting Standards Board (IASB)
Valuation Approach	Income Approach (DCF Method)
Inspection Date	11/11/2023
Valuation Date	11/11/2023
Report Date	22/01/2024
Total Market Value of Subject Site using income Approach	<b>376,080,000 SAR</b>

**Executive Summary Subject Site 4**

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	The purpose of the evaluation is a periodic evaluation of the Alinma Retail Fund (REIT)
Property Address	Kingdom of Saudi Arabia - Riyadh City ( <b>herein referred as “subject site”</b> )
Subject Site Type	Commercial Development
Land Area	21,428.13 sqm
Total building Area	25,571 sqm
Title Deed Number	N/A
Title Deed Date	N/A
Ownership Type	Absolute Ownership
Premise of Value	As is where is basis
Basis of Value	Market value
Valuation Criteria	International Valuation Standards 2022 (IVS) – International Accounting Standards Board (IASB)
Valuation Approach	Income Approach (DCF Method)
Inspection Date	11/11/2023
Valuation Date	11/11/2023
Report Date	22/01/2024
Total Market Value of Subject Site using income Approach	<b>101,980,000 SAR</b>

**Executive Summary – Subject Site 5**

Executive Summary	
Client (Applicant)	Alinma Investment
Intended Users	Alinma Investment
Purpose of Valuation	The purpose of the evaluation is a periodic evaluation of the Alinma Retail Fund (REIT)
Property Address	Kingdom of Saudi Arabia - Riyadh City ( <b>herein referred as “subject site”</b> )
Subject Site Type	Commercial Development
Land Area	4,875 sqm
Total building Area	10,955 sqm (Based on google earth and visual inspection)
Title Deed Number	N/A
Title Deed Date	N/A
Ownership Type	Absolute Ownership
Premise of Value	As is where is basis
Basis of Value	Market value
Valuation Criteria	International Valuation Standards 2022 (IVS) – International Accounting Standards Board (IASB)
Valuation Approach	Income Approach (DCF Method)
Inspection Date	11/11/2023
Valuation Date	11/11/2023
Report Date	22/01/2024
Total Market Value of Subject Site using income Approach	<b>69,340,000 SAR</b>

### **Introduction:**

The principles contained in General Standards (101-105) apply to valuations of real estate interests. This standard stipulates additional requirements that apply to valuations of real estate interests.

### **Real estate interest:**

It is the right to own, control, exploit, or occupy land and buildings. Land interest includes informal tenure rights to communal or tribal land, exclusive informal settlements, rural or transitional economies, which can take the form of tenure, occupation, or use rights.

### **It includes three main types:**

The supreme interest in any particular area of land, and the owner of such interest has an absolute right to possess and permanently control the land and any buildings, subject only to any minimum interests and any statutory or other legally applicable restrictions.

The minimum interest usually gives the landlord exclusive ownership and control over a specific area of land or buildings for a specified period, for example: according to the terms of the lease.

The right to use land or buildings, but without enjoying the right of ownership or exclusive control, such as the right to pass ownership of land or exploit it only for a specific activity.

### **The interest identified in the assessment:**

The supreme interest in any particular land area, and the owner of this interest has an absolute right to possess the land and any buildings and control it permanently.

## Scope of work - Standard No. (101) , (102)

Item		Clarification
1	Client name	Alinma Investment
2	Intended user	Alinma Investment
3	The subject matter of the valuation	Commercial Development`
4	Valuation currency	The Saudi riyal (SR - SR) is the official currency used in this report.
5	Purpose of Valuation	The purpose of the evaluation is a periodic evaluation of the Alinma Retail Fund (REIT)
6	Premise of Value	As-Is-Where-Is-Basis
7	Basis of Value	<b>Market value:</b> It is the estimated amount upon which assets or liabilities should be exchanged on the valuation date between a willing buyer and a willing seller. Within the framework of a transaction on a neutral basis after appropriate marketing, where each party acts on the basis of knowledge and prudence without coercion or coercion.
8	Valuation Approach & Method used	Due to the scarcity of the supply of similar properties and the difficulty of providing details about comparative sales, and since the property generates income and the purpose of the valuation is acquisition, the most appropriate way to arrive at the market value is the income method and the discounted future cash flow method.
9	Inspection Date	11/11/2023
10	Valuation Date	11/11/2023
11	Report Date	22/01/2024
12	Valuation scope	It included research and analysis to prepare the report according to the intended purpose and in accordance with international valuation standards, where the property was inspected internally and externally and outside on the day of the property inspection date. All the necessary requirements for preparing the report were obtained.
13	Nature and sources of information	<ul style="list-style-type: none"> <li>• In preparing this report, we relied on the information and documents provided by the client (deed - building license - investment analysis statement - statement of rental spaces).</li> <li>• Ejar platform (real estate index for leasing operations), real estate REIT traded funds (Capital Market Authority - Tadawul)</li> <li>• Real estate offices in the targeted area, Value Expert's database, which is constantly updated</li> </ul>

## Standard No. (101) , (102)

Scope of work items		Clarification
11	Scope of research and survey	Field survey of the property area under valuation and similar properties. And we worked on collecting and analyzing data to come up with results that serve this report and the purpose required for it, in addition to a field study of the geographical nature and services available in the property area and its surrounding areas, which are explained in detail in the technical study.
12	Report type	The report (detailed) contains complete explanations of all valuation works, including steps, data, information, accounts, etc.
13	Valuation standards	IVS International Valuation Standards Version (2022) issued by the Saudi Authority for Accredited Valuers.
14	Legal description of the property owner	The validity of the information and data (client information) provided to us by the client has been assumed to be correct. The type of ownership of the property is free of obligations according to the hypothesis submitted by the client without verifying its truth.
15	Restrictions on use, distribution or publication	This report is provided for the purpose for which it was prepared only and may not be used, circulated, quoted from or referred to in any way for any other purpose, and accordingly neither the company nor the valuer bears any responsibility for any loss incurred by any party as a result of using the valuation report in such a manner contradicts the provisions of this clause. The valuer reserves all rights to issue the valuation report. This report may not be reproduced in any manner without the express consent of the Company.  This report may not be submitted to any other party other than those referred to in it without the express consent of the company. It is a matter of caution that the Company and the valuer reserve the right to make any amendments and make any revisions to the valuation or to support the valuation result under specific circumstances. The company reserves the right, without any obligation, to review the valuation accounts, amend and revise its results in the light of information that existed at the date of the valuation, but became clear to it later.
16	Confidentiality and preservation of information	Any documents received from the client are considered confidential between Value Experts and the client. The subject service shall not be disclosed at any time. Any of the client's secrets and/or confidential information, any other non-public information relating to the client business, financials or other affairs acquired by the subject service during the process, shall remain confidential.
17	Disclaimer	This document prepared by (Value Expert Real Estate Appraisal Company) is owned by it and may not be used for purposes other than what it was prepared for. We have no current or future interests in the target property. The agreed fees for making this report are not linked to the estimated value of the property. We were not asked for any prior opinions before the valuation, and we have performed our work in accordance to the International Valuation Standards issued by the Saudi Authority for Accredited Valuers. Our results may change if we are provided with any data affecting the value or if we are able to obtain it from reliable sources.

Standard No. (101) , (102)

Scope of work items		Clarification
18	General assumptions	<ul style="list-style-type: none"> <li>The documents sent by the client (the Excel statement for the Nova product - building plans - financial statements) were relied upon, and their authenticity was assumed.</li> <li>The evaluation was carried out on the assumption that the property is free of any modifications or interference. Our report was prepared assuming that there are no hazardous or contaminated materials at the site that would significantly affect the value.</li> <li>It is assumed that the property complies with all planning and zoning requirements. The location and area of the property were indicated through the documents attached by the client.</li> <li>No legal document has been verified for the property under evaluation, which includes planning, ownership, mortgage, or some legal matters on which this report, or part of it, is based. It was assumed that the property deed was valid, negotiable and free</li> <li>He is free from any restrictions, unusual conditions, or other burdens, and he does not have any pending lawsuits.</li> <li>The evaluation was made based on economic conditions and current data in the real estate market, supply and demand, and therefore the value may change based on changes in these data.</li> <li>The evaluation team did not have the ability to evaluate the environmental site, and therefore we assume exceptionally that the property under evaluation does not contain any environmentally hazardous materials.</li> <li>According to our study of the property area and after inspecting the property under evaluation, it was assumed that there is economic obsolescence for the property, according to what is stated in the international evaluation standards, in the event of negative changes in the demand for the products and services produced by the asset.</li> </ul>
	Special assumptions	<ul style="list-style-type: none"> <li>We reviewed the attached Excel statement from the client regarding the rents for the building, and given that the occupancy rate is low depending on the rental returns and this is due to operational or development conditions that hinder the rise in rental returns and the lack of sufficient data regarding the project's operational and capital expenditures, the market value was calculated using the income method and the cash flow method. Discounted futures, depending on the market</li> </ul>

## Work Methodology

01



### Asset Inspection

A Kroki and a survey sketch was received from the client, which shows the area of the property. After that, the property was inspected and information received from the client was matched with reality.

02



### Define the Property Assets

Through the preview, it was found that the asset under valuation is a raw land.

03



### Data Analysis

The available data analysis in the property, which have been drawn from informal sources such as real estate offices operating in the subject area.

04



### Application of Valuation Methods

After the experts assessed the current use in terms of the market and the data available about it, it was concluded that the valuation approach and method is (Income Approach - Residual Value Method), taking into account the purpose of the valuation.

Standard No. 102

## Work Methodology

05



### Data Collection

Based on the type of property valued, the scope of data collection was determined; especially in the area surrounding the property.

06



### Estimated Value

After reconciling the results of the valuation methods, a value corresponding to the scope of the work described with the client is weighted.

07



### Value Review

A review of the value by the audit committee, consisting of two experts will review the information and analyzes and assumptions reached by valuer.

08



### Report Preparation

Work on report preparation in accordance with the Standard 101 for report description, and criteria 103 for report preparation.

Standard No. 102

### Scope of work stages

Scope of work items		Clarification
01	Scope of work	Meeting the client and determining scope of work which includes purpose of valuation, basis of valuation, intended users, valuation date and any special or important assumptions that includes the clarity of the assignment and the expected outputs.
02	Inspection and analyzing the location	Inspecting the property and get acquainted with it facilities, matching the documents provided with the reality, analyzing the property location and the zoning classification nearby the property with determining the scope of the geographical search and the appropriate project activities.
03	Collecting and analyzing data	Collecting market data (developed land prices, development cost, professional fees, developers profit, marketing fees, administrative and legal expenses), and also searching for similar comparisons for lands, contractor's cost and analyzing data to reach knowledge of past and current market trends and future indicators that will be relied on when applying valuation standards.
04	Applying valuation approaches and methods	Based on the scope of work and market analysis, appropriate valuation approaches and methods are determined and all assumptions and inputs are put in place to carry out financial calculations to reach the market value according to the chosen approaches and methods described in this report.
05	Estimating value	The valuation approaches and methods used to reach the market value of the property are reconciled according to our final estimation and according to the sources of information that we have that can be trusted and commensurate with the property under valuation.
06	Report preparation	We prepare the report according to the scope of work, so that it includes the data, results and outputs that were reached through the previous work stages.

## **METHODOLOGY**

of Valuation Standards  
according to Standard No. 105

## 1- Market Approach (Comparative Method) Standard No. 105

Approach and Method	Used for	Method Definition
Market Approach – Comparative Method	Lands	<ul style="list-style-type: none"> <li>This method provides indicators of value by comparing lands and warehouses that are valued with identical or similar data available for information on their prices.</li> <li>According to this method, the first step is to study the transaction prices of the corresponding or similar properties that have recently occurred in the market, and if the transactions have been few, it is also better to study the corresponding or similar properties prices listed or offered for sale and are objectively analyzed. Information about the prices of such transactions must be adjusted to reflect differences in the terms and conditions of the effective transaction, the basis of the value and assumptions adopted in the valuation process being performed, and differences in the legal, economic and material characteristics of the properties of the other transactions may be found compared to the subject property.</li> </ul>

### Use of Method

#### Methodology:

- This method is based mainly on the prices currently circulating in the market for selling or offers of another property (comparative evidence) similar to the subject property.
- Since it is impossible to find exactly the same comparable, appropriate adjustments are made to the prices of the comparable by deducting the value forming factors that represent an advantage of the comparative property and adding the items that represent an advantage to the subject property.
- By comparing the natural properties and services adjacent to the site (not including the development) with their counterparts at nearby sites, the price of the land is adjusted for the same fundamental differences between the evaluation site and the nearby sites.

#### Application:

- Determine the geographical scope of the comparative evidence.
- Determine the appropriate time period according to market variables, reflecting the market situation at the time of valuation.
- Collecting comparative evidence within the specified geographical range and time frame.
- Test the adequacy of comparisons for the evaluation process (if sufficient comparisons are not available, the valuation method is excluded).
- Applying adjustments to comparative evidence to reach at the property value.

Source: International Evaluation Standards 2022 - Third Edition (certified copy)

## 2-Cost Approach (Replacement Method) Standard No. 105

Approach and Method	Used for	Definition method
Cost Approach – Cost Method	For Buildings	<ul style="list-style-type: none"> <li>• The cost method is sometimes referred to as the contractor method.</li> <li>• The cost method determines the value by estimating the cost of acquiring land and building a new property with equal benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay.</li> <li>• The land cost is added to the total construction cost, and it is usual for project incentives or real estate developer profits/losses to be added to the construction costs if appropriate.</li> </ul>

## Use of Method

### Methodology:

- If there is a main market for the land or property being evaluated, it is preferable to use evidence and evidence coming from the market or comparable sales.
- Study the approvals that are likely to be issued by the regulatory body in the region and use evidence and evidence coming from the market to verify the possibility of using the land according to the regulatory approvals.
- Study a hypothetical site in the same area with the same characteristics.
- Study the usage of a virtual site in another area.

### Application:

- Estimating the value of the land.
- Determine the current cost of constructing the building.
- The depreciation value must be deducted from the cost based on what was specified in Clause (2) to make an adjustment for the new costs added to the current situation.
- Market value = (1) + (2) - (3) That is, the value of the land plus the value of new construction, minus depreciation.

### 3-Income Approach

Approach and Method	Used for	Definition method
Income Approach - Profit Method	For income generating assets	<ul style="list-style-type: none"> <li>The profit method is known as the method of accounts, and this method is based on the concept that the fair price of a property is linked to the profits that can be obtained from an activity or establishment established on the property..</li> </ul>

### Use of Method

**Methodology:**

- This method depends on the net fixed income of the property and the financial return rate - Capitalization Rate.
- The total maintenance and operation is deducted from the total revenues of the property to be valued.
- Income-generating properties similar to the properties to be evaluated are searched for.
- The financial return rate - Capitalization Rate is determined according to current market prices and the type of property to be evaluated.

**Application:**

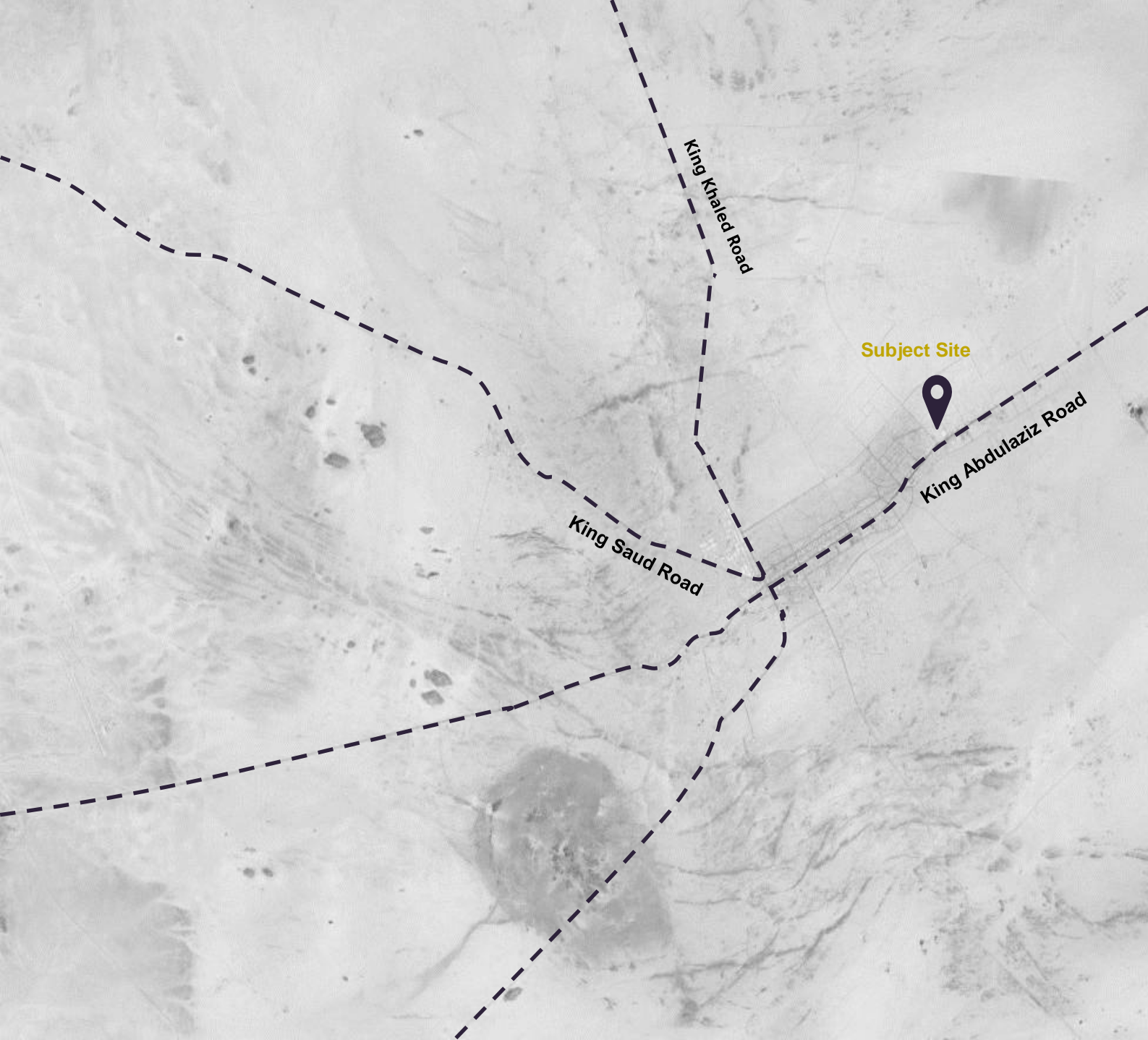
- Estimating current cash flows for the income of the asset being evaluated for at least two previous periods.
- Determine the rate of return on investment to reach the total income multiplier, where the total income multiplier = 1/percentage of return on investment.
- Determine direct and indirect costs and deduct them from the cash flows of operational activities.
- Calculate the net profits for the two periods at a minimum, and then multiply by the total income multiplier to arrive at the fair price of the property

Valuation Approaches and Methods used for valuing the property

			
Valuation Approaches	Market	Income	Cost
Usage of Approach	Support the value of the land	According to the nature of the property, Income Approach is essential for estimating the value of the property	Basic Method
Valuation Method Used	Comparative	Profits Method	Substitution method
Reasons for Use	Estimate the income and proceeds from the sale of the project to be included in the residual value revenue estimates.	Lack of evidence and comparison of raw lands close to the area of the subject property.	Find out the fair value

**Site Inspection and Analysis**

**Subject property 1**



## The location of the property is at the Dawadmi Governorate level

The property is located in Al-Dawadmi Governorate, which is a Saudi governorate that belongs to the Emirate of the Riyadh Region. Al-Dawadmi Governorate is located in the northwest of the Riyadh Region and is bordered to the east by Shaqra Governorate and Marrat Governorate, to the west by Afif Governorate, Al-Rass Governorate, which is administratively affiliated with the Qassim Region, and to the north by Unayzah Governorate and Al-Mudhab Governorate. And Al-Bukayriyah Governorate. These three governorates are administratively affiliated with the Al-Qassim region, and are bordered to the north by part of the administrative scope of the city of Buraidah (the headquarters of the Emirate of the Qassim region), and to the south by Al-Quwayyah Governorate.

The area of Dawadmi Governorate is approximately 27,500 km<sup>2</sup>, and it ranks 5th among the governorates in the region and its administrative headquarters in terms of area..

## At the neighborhood level

The property is located in Al-Rayyan neighborhood, and is bordered on the northern side by King Abdullah Road, on the southern side by Al-Nuzha District, on the western side by Hittin District, and on the eastern side by Al-Rabwa District. Al Rayyan neighborhood is located within a group of important and vital roads throughout the city.



## At the neighborhood level

The subject site is located in Al Rayyan district. It is bounded to the north by a 20m wide street, to the south by King Abdulaziz Road 40m wide, to the east by a 28m wide street, and to the west by a 20m wide street.



## Property Description

The subject site in question is a retail mall known as "Al Mekan Mall," boasting a total building area of 37,961 sqm. The mall comprises of a ground floor and one additional level (G+1), featuring a total of 96 stores and 11 rented kiosks on the ground floor. As of the valuation date, 38 of the ground floor stores are currently rented out, while 58 stores remain vacant. Additionally, the ground floor is equipped with 2 prayer rooms and 10 washrooms to cater to the needs of visitors.

Moving to the first floor, it comprises 6 offices and 3 washrooms, providing additional space and facilities. Al Mekan Mall is situated in the Al-Dawadmi Governorate, specifically in the Al-Rayyan neighborhood, characterized by a moderate population density.

**Finishing details Facades:**

The exteriors of the mall are decorated with cladding, providing a sleek and modern appearance. Notably, the mall boasts the largest advertising facade, featuring mobile lighting systems that enhance visibility and promotional opportunities.

For ventilation and air conditioning, the mall is equipped with a central air conditioning system, ensuring a comfortable and controlled indoor environment.

In terms of facilities, the mall prioritizes safety with emergency exits and strategically placed fire extinguishers. Additionally, the presence of mosques within the premises caters to the spiritual needs of visitors and tenants alike. These features contribute to the overall functionality and safety measures implemented within the Al Mekan Mall.

**Building details**

The following table shows details of the building areas of the property:+

Sr. no.	Floor	Use	Total building area (sqm)
1	Ground Floor	Commercial	35,000.00
2	Second Floor	Commercial	2,961.00
	<b>Total</b>		<b>37,961</b>

**Exterior Photographs of Mall**



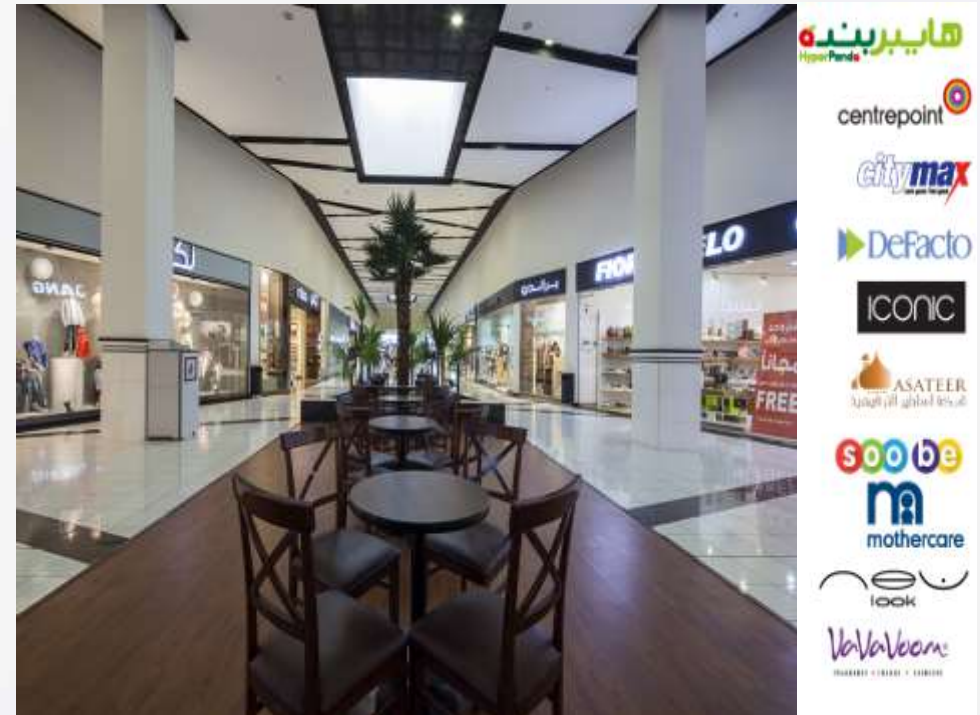
## Property Description

Sr. No	Items	Details
1	Type of mall	Local
2	Grade of Development	B
3	Year of opening	2015
4	Built-up area (sqm)	36,380
5	Rentable area (sqm)	27,383
6	Number of floors	2
7	Number of stores	123
8	Number of parking spaces	
9	Parking percentage %	

### Tenant type wise retail area break- up

Tenant Type / Unit Type	Total Area ( sqm)
50-0	123
200-51	5,914
500-201	2,998
SUB ANCHOR	2,408
ANCHOR	14,660
Atm	4
KISOK	465
Food court	922
	<b>27,493</b>

Interior View of Mall



## Description of the mall's operational contract

The subject site comprises of 123 stores, with multiple tenants. We have not been provided with copies or pictures of the lease contracts, and according to the client's instructions, therefore, we relied on the information contained in the lease schedule that was provided to us for the purpose of this valuation.

Based on the information provided to us by the client, we understand that on the evaluation date the total income of the property is 9,537,118 SR, including service fees.

### General description of land lease contracts

The land is leased to the Wabel Fund Company, for a period of twenty-five years starting on 11/1/1433 AH and ending at the end of 11/1/1458 AH, payable on the first day of each contractual year.

### Rent As per lease contracts

Sr. No.	Property number	Rental (SAR)
1	01 Dhul-Qi'dah, 1433	650,000
2	01 Dhul-Qi'dah, 1434	650,000
3	01 Dhul-Qi'dah, 1435	650,000
4	01 Dhul-Qi'dah, 1436	650,000
5	01 Dhul-Qi'dah, 1437	650,000
6	01 Dhul-Qi'dah, 1438	650,000
7	01 Dhul-Qi'dah, 1439	650,000
8	01 Dhul-Qi'dah, 1440	650,000
9	01 Dhul-Qi'dah, 1441	650,000
10	01 Dhul-Qi'dah, 1442	650,000
11	01 Dhul-Qi'dah, 1443	650,000
12	01 Dhul-Qi'dah, 1444	650,000
13	01 Dhul-Qi'dah, 1445	650,000
14	01 Dhul-Qi'dah, 1446	650,000

Sr. No.	Property number	Rental (SAR)
15	01 Dhul-Qi'dah, 1447	650,000
16	01 Dhul-Qi'dah, 1448	650,000
17	01 Dhul-Qi'dah, 1449	650,000
18	01 Dhul-Qi'dah, 1450	650,000
19	01 Dhul-Qi'dah, 1451	650,000
22	01 Dhul-Qi'dah, 1452	650,000
23	01 Dhul-Qi'dah, 1453	650,000
24	01 Dhul-Qi'dah, 1454	650,000
25	01 Dhul-Qi'dah, 1455	650,000
26	01 Dhul-Qi'dah, 1456	650,000
27	01 Dhul-Qi'dah, 1457	650,000

# Property Description

Description	Information
Property Address	Dawadmi Governorate - Al-Rayyan District
Plan Number	-
Property Type	Shopping center
Land area	-
Title Deed Number	72,678.43 square meters
Title Deed Date	1431/5260000001
Built Up Area	03/16/1431 AH
Building Permit Number	37,961 m2
Building Permit Date	Absolute ownership
Ownership Type	Dawadmi Governorate - Al-Rayyan District

Services available in the area		Yes	No
Government Services & Centers	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
Commercial Services	Commercial Centers	✓	
	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
General Services	Electric Network	✓	
	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



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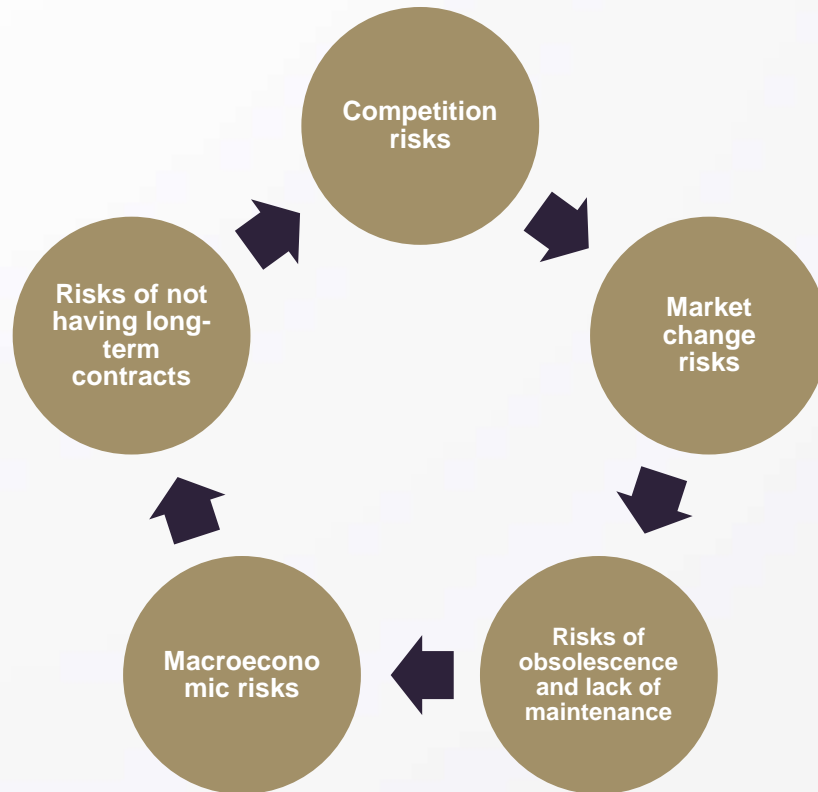


## ESTIMATE THE VALUE

### Income Approach –Discounted Cash Flow Method

A financial method to estimate the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows.

## Real estate valuation risks



**Competition risks:** The commercial space rental sector for companies operating in the office sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future. As a result, there may be difficulties in keeping up with competitors, due to policies of significantly reducing rental fees, which may negatively affect the ability to compete.

**Market change risks:** Revenues from leasing office space and locations may be subject to unexpected fluctuations, including as a result of seasonal changes in spending patterns or visitor behavior, and as a result of such fluctuations in revenues, this may limit the ability to predict future revenues.

**Risks of obsolescence and lack of maintenance:** Renewal, expansion, improvement and redevelopment of office spaces must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the office real estate market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change. If we do not renew and improve to keep pace with changes in tenant and visitor preferences, this will have a material negative impact.

**Macroeconomic risks:** The country's macroeconomic conditions may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in local and global stock markets, as changing one or more of these indicators may negatively affect the value of the property.

**Risks of not having long-term contracts:** The lack or lack of long-term contracts greatly affects the value of the property, as the presence of such contracts adds a kind of stability to the property's income and thus to its value, while their absence can lead to fluctuation in the value of the property.

**Benchmarks**

**Tala Mall**

Items	Details
Opening year	2014
Building area/square meters	46,292
Rentable area / square meters	22,711
Category	Local
Number of parking spaces	680
Occupancy rate	92%

Unit Are (sqm)	Market Rent (SAR/ Year)
50-0	2,900
200-51	2,400
500-201	2,000
1500-501	900
1500 and more	800



**The Elite Mall**

Items	البيان
Opening year	2017
Building area/square meters	21,909
Rentable area / square meters	11,191
Category	Local
Number of parking spaces	300
Occupancy rate	100

Unit Are (sqm)	Market Rent (SAR/ Year)
50-0	2,204
200-51	1,824
500-201	1,520
1500-501	760
1500 and more	608



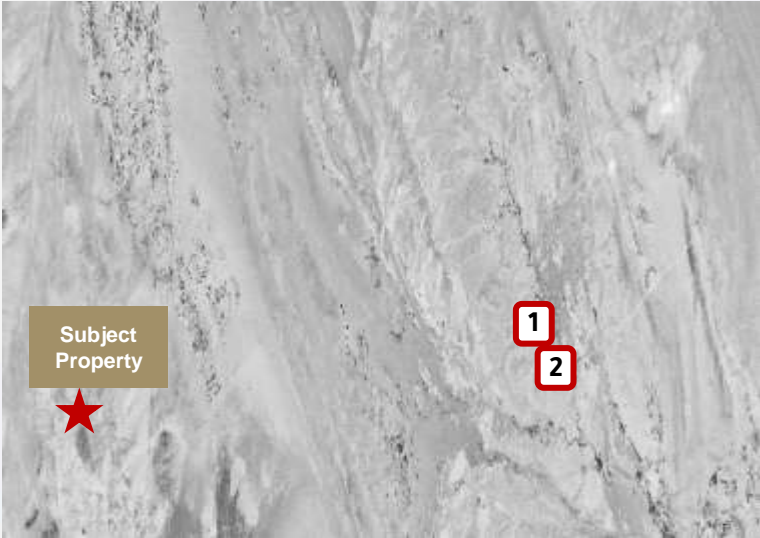
Rental Derivation

In order to estimate the expected revenues for the property, the comparison method was applied to determine the rental value for the uses in the proposed project. With regard to making amendments to the financing conditions and the market situation, no amendments were made to them because the comparisons were made on a recent date, that is, five days before the evaluation date. The following tables show a summary of the adjustments versus differences for the property being valued:

1- Rental rates prevailing in the market - Tala Mall					
Unit Area	Market Rent (SAR/ year)	Adjustment (%)	Adjusted Rent (SAR/ year)	Weightage (%)	Weighted Rental
50-0	2,900	-35%	1,885	25%	471
200-51	2,400	-35%	1,560	25%	390
500-201	2,000	-35%	1,300	25%	325
1500-501	900	-35%	585	25%	146
أكثر من 1500	800	-35%	520	25%	130

2- Rental rates prevailing in the market – Elite Mall					
Unit Area	Market Rent (SAR/ year)	Adjustment (%)	Adjusted Rent (SAR/ year)	Weightage (%)	Weighted Rental
50-0	2,204	-35%	1,433	75%	1074
200-51	1,824	-35%	1,186	75%	889
500-201	1,520	-35%	988	75%	741
1500-501	760	-35%	494	75%	371
أكثر من 1500	608	-35%	395	75%	296

Aerial Map of Comparative Evidence



## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

According to the information provided by the client, the following table summarizes the leasable areas of the subject site

Unit Type	Total Area (sqm)	Percentage (%)
50-0	442	0.45%
200-51	6,981	21.51%
500-201	4,260	10.90%
SUB ANCHOR	3,341	8.76%
ANCHOR	12,465	53.32%
Atm	27,489	0.01%
KISOK	442	1.69%
Food court	6,981	3.35%
	<b>4,260</b>	<b>100%</b>

The following table shows the expected revenues from renting units according to rental prices extracted from the market.

Unit Type	(Total Area (sqm)	Average market rent ((SAR/ sqm)	Annual rent ((SAR/year)
50-0	442	1,546	683,354
200-51	6,981	1,279	8,930,684
500-201	4,260	1,066	4,540,840
1500-501	3,341	517	1,726,462
أكثر من 1500	12,465	426	5,315,076
	<b>27,489</b>	<b>771</b>	<b>21,196,416</b>

### Inputs and assumptions of the income method and the discounted future cash flow method

#### Income Analysis

Based on site inspection, we understand that the approx. 84.31% of the rental space has been leased and has been validated from document received from the client.

#### Total revenues:

The total rents collected as per contract as on the valuation date, or the total revenues for vacant space has been assumed based on market . We were provided with a list of tenants and respective rents from the client, however, we were not provided with any data on the complex's operating and administrative expenses. Data on rents and income was collected according to the market.

#### Capital expenditures:

We were not provided with information regarding capital costs by the client. We analyzed the level of capital expenditure allocations in similar properties that we participated in evaluating. We assumed that the prudent owner would bear the capital expenditures to maintain the property in good condition, improve production capacity, and maintain tenants. Through inspection of the property, we found that it had been renovated, and therefore no capital expenditures were assumed during the entire period.

#### Operating expenses:

We were provided with the operating expenses for the mall, and they were compared to the market, and since there were no relative differences compared to the market, they were applied throughout the investment period.

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

#### Doubtful debts (credit losses):

This is that any owner may suffer some losses in income due to bad debts. According to the data provided by the client, no losses were applied.

#### Growth rate:

Due to the lack of market data and previous indicators for similar properties and the growth rate at the level of supply and demand, and since the inflation rate is available as a declared information according to the data of the Central Bank, a rate has been calculated for each year with the knowledge of the inflation rate for a previous year to estimate future periods as shown in the table, and it was done. Adopting the Gordon growth model, meaning that the property grows steadily forever.

#### Discount rate

With regard to the discount rate, according to the methods used to calculate the discount rate stipulated in international evaluation standards, and as studied in the evaluation methods of the Saudi Authority for Certified Valuers, it was arrived at by the cumulative method as shown in the table below, which depends on (the inflation rate, regular risks, the rate of returns for government years). for the period, the risk premium of the property, market risk).

#### Explicit forecast period (investment duration):

Investment duration indicator. Since the land is leased for a period of 25 years ending on 11/1/1458 AH, it was assumed that the property is subject to investment throughout the contract period, and accordingly the remaining future period was calculated as an explicit forecast period for investment.

Table of assumptions for cash flow inputs:

Item	Assumptions	Detail
Land Area (Sqm)	37,293.00	–
Inflation Rate (%) (Rs)	2.59%	Systematic risk premium
Government Bond Yield Ratio For The Next 7 Years (Rf)	5.19%	Risk-free rate of return
Real Estate Risk Premium	1.80%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market Risk	2.10%	Based on supply and demand in the area where the property to be evaluated is located
Discount Percentage (%)	11.68%	It is the process that converts future cash flows into a present value
Return Percentage (%)	8.00%	The mechanism for arriving at the return on investment through a market survey of references circulating in the market is represented by the Capital Market Authority, in addition to the reports of major companies in the field of studies, in addition to the database of the Value Expert company.
Operation And Maintenance Costs (%)	26.60%	Costs incurred for maintaining and operating the property throughout the period
Occupancy Rate	100.00%	The occupancy rate according to similar properties in the market increases gradually depending on the future years
Credit And Vacancy Costs (%)	- 15% -10%-5%15.68%	The vacancy rate for real estate for the first two and a half periods, according to reality, is 15.68%, and for the following three periods it is 15%, and for the following periods from period 6 to period 9 it is 10%, then from period 10 to period 13 it is 5%.

## Valuation - income method – Discounted Cash Flow Method

### Revenue Table

Item	Leasable Area (sqm)	Rental (INR per sqm)	Gross Income
Mall	27,493.30	944	25,953,619.60

### Cashflow

Period	1/05/1445	1/11/1445	1/11/1446	1/11/1447	1/11/1448	1/11/1449	1/11/1450
Discount period	0.5	1	2	3	4	5	6
Growth rate	1.01	1.03	1.05	1.08	1.1	1.13	1.16
Gross Expected Income - GPI (SAR)	12,390,287	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620
Credit and vacancy costs (%)	15.70%	15.70%	15.70%	15.00%	15.00%	15.00%	15.00%
Credit and vacancy costs (SAR)	1,942,797	4,069,528	4,069,528	3,893,043	3,893,043	3,893,043	3,893,043
Expected total income (SAR)	10,582,785	22,450,890	23,017,688	23,774,683	24,346,052	24,917,421	25,488,790
Operating expense ratio (%)	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%
Operating Expenses - OE (SAR)	2,347,067	4,979,195	5,104,901	5,272,788	5,399,508	5,526,227	5,652,946
Land rent expense	258,169	650,000	650,000	650,000	650,000	650,000	650,000
Net Operating Income - NOI (SAR)	7,977,548	16,821,695	17,262,787	17,851,895	18,296,545	18,741,195	19,185,844

Period	1/11/1451	1/11/1452	1/11/1453	1/11/1454	1/11/1455	1/11/1456	11/01/1457
Discount Period	7	8	9	10	11	12	13
Discount period	1.18	1.21	1.23	1.26	1.28	1.31	1.34
Growth rate	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620	25,953,620
Gross Expected Income - GPI (SAR)	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%
Credit and vacancy costs (%)	2,595,362	2,595,362	2,595,362	1,297,681	1,297,681	1,297,681	1,297,681
Credit and vacancy costs (SAR)	27,593,110	28,198,089	28,803,067	31,041,827	31,680,416	32,319,004	32,957,593
Expected total income (SAR)	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%
Operating expense ratio (%)	6,119,645	6,253,819	6,387,992	6,884,507	7,026,135	7,167,762	7,309,389
Operating Expenses - OE (SAR)	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Land rent expense	20,823,464	21,294,270	21,765,076	23,507,319	24,004,281	24,501,242	24,998,204
Net Operating Income - NOI (SAR)	0.46	0.41	0.37	0.33	0.3	0.27	0.24
Discount period	9,610,039	8,799,531	8,053,442	7,788,414	7,121,299	6,508,535	5,946,050
NPV	135,530,000						



## The Market Value Of The Property Using Discounted Cash Flow Method

Based on the completed study, we estimate the Market Value of the subject site

# 135,530,000 SR

(One Hundred Thirty Five Million, Five Hundred Thirty Thousand Saudi Riyals )

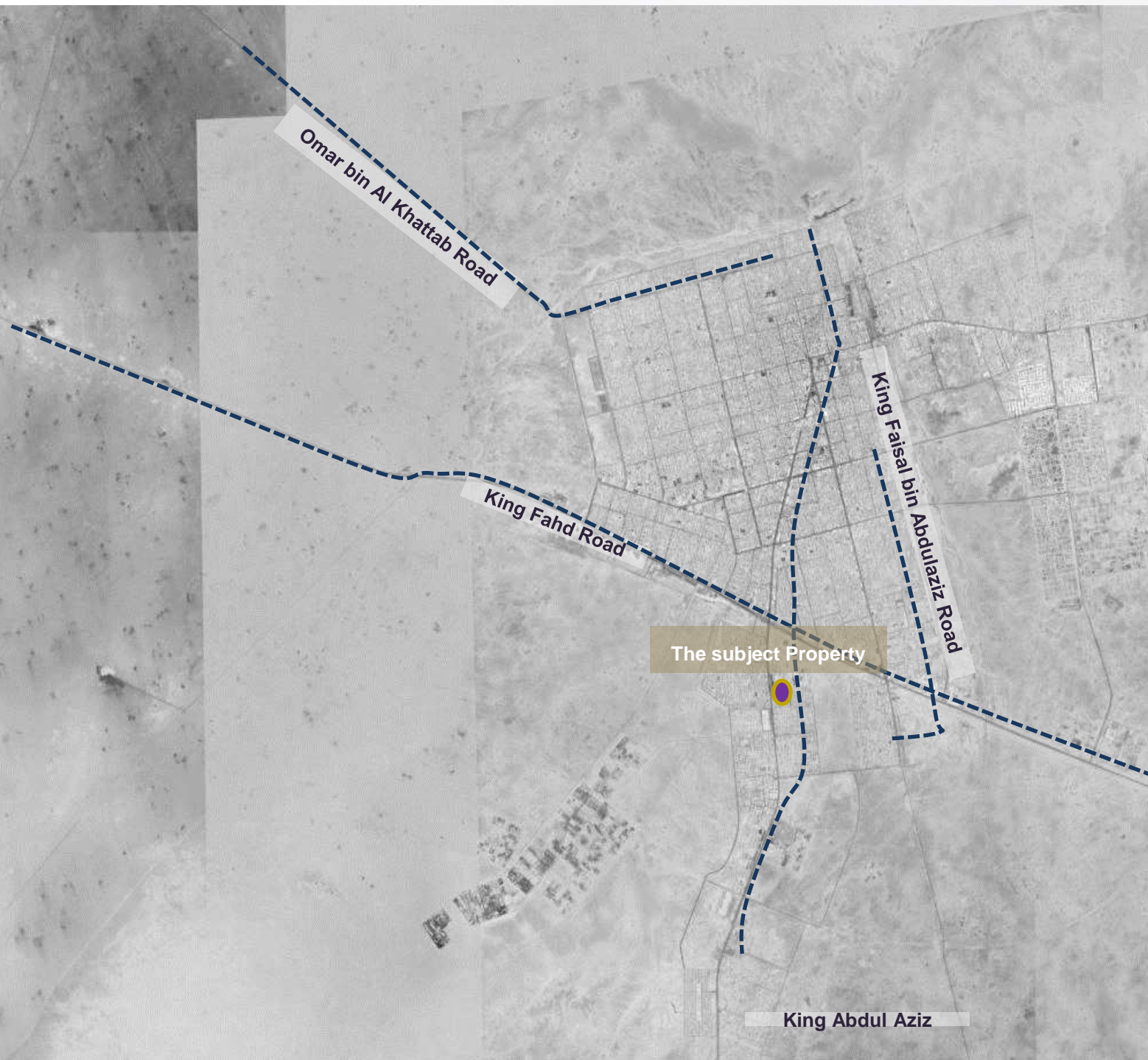
\*Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqli
Membership	Associates	Associates
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220001030	1210000185
Signature		

Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	 1010469884 س.ت شركة خبراء القيمة وشريكه للتقييم العقاري

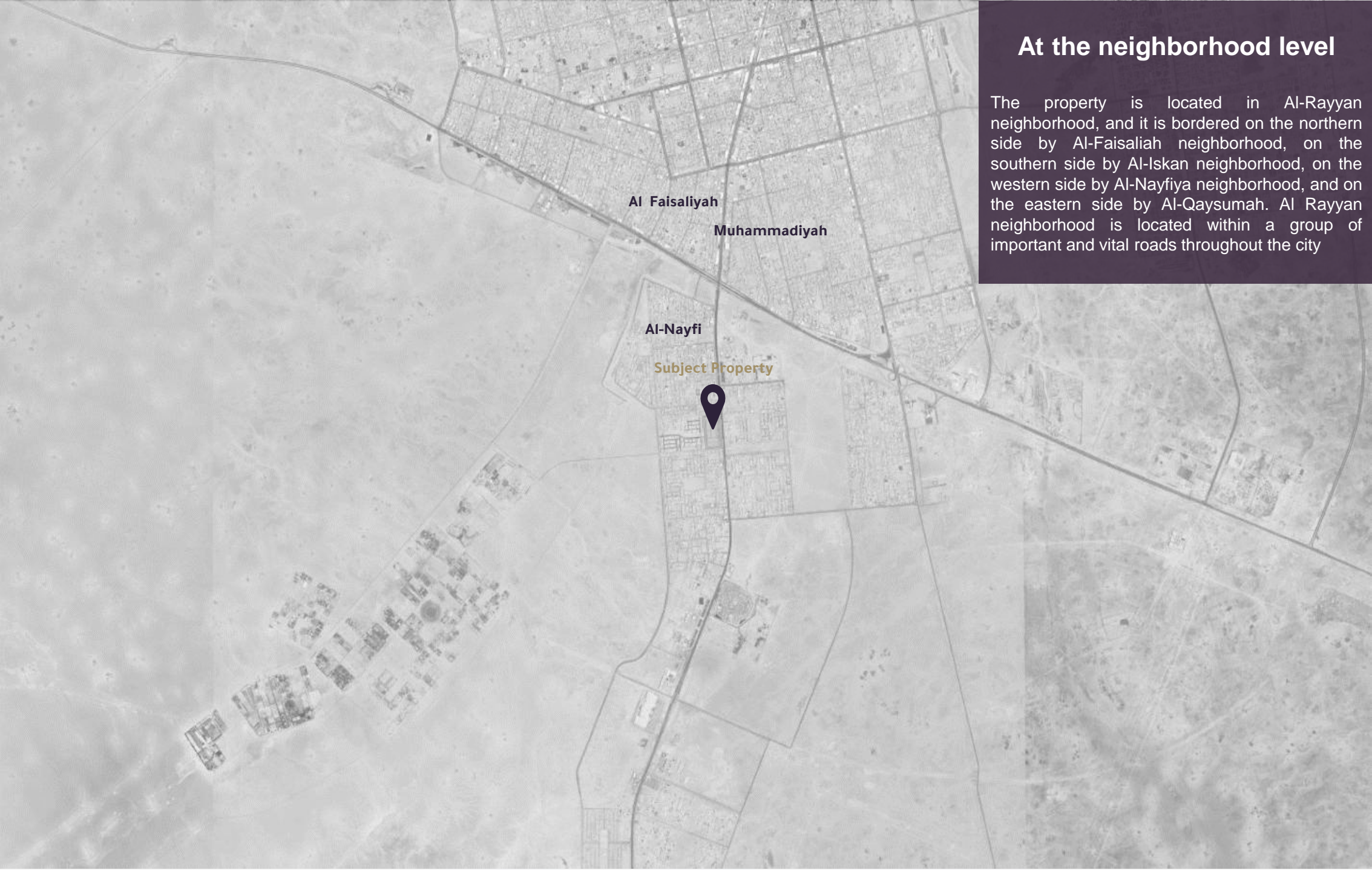
**Site Inspection and Analysis**  
**Subject Site 2**



## The location of the property is at the level of the city of Hafar Al-Batin

The property is located in Al-Dawadmi Governorate, which is a Saudi governorate that belongs to the Emirate of the Riyadh Region. Al-Dawadmi Governorate is located in the northwest of the Riyadh Region and is bordered to the east by Shaqra Governorate and Marrat Governorate, to the west by Afif Governorate, Al-Rass Governorate, which is administratively affiliated with the Qassim Region, and to the north by Unayzah Governorate and Al-Mudhab Governorate. And Al-Bukayriyah Governorate. These three governorates are administratively affiliated with the Al-Qassim region, and are bordered to the north by part of the administrative scope of the city of Buraidah (the headquarters of the Emirate of the Qassim region), and to the south by Al-Quwayyah Governorate.

The area of Dawadmi Governorate is approximately 27,500 km<sup>2</sup>, and it ranks 5th among the governorates in the region and its administrative headquarters in terms of area..



## At the neighborhood level

The property is located in Al-Rayyan neighborhood, and it is bordered on the northern side by Al-Faisaliyah neighborhood, on the southern side by Al-Iskan neighborhood, on the western side by Al-Nayfiya neighborhood, and on the eastern side by Al-Qaysumah. Al Rayyan neighborhood is located within a group of important and vital roads throughout the city

## At the neighborhood level

The subject site is located in Al Rayyan district.  
In an area with medium population density.



# Property Description

The subject site comprise of built-up portion on the land having total area of 127,000 sqm

**Site features**

**Location:** It is located in Al-Rayyan neighborhood, which is an area with a medium population density. The property is also located on King Abdulaziz Road and the property can be reached through it

**Services:** Provides main services in the area surrounding the subject site

**Attraction points:** The location is close to the main attraction points (markets, commercial centers, main and vital roads).Nature of the ground: flat

**Building system:** commercial.

**Supply and demand:** The property is located in Al-Rayyan neighborhood, which is considered one of the most upscale neighborhoods in northern Hafr Al-Batin and the most in-demand neighborhoods - government investment in Hafr Al-Batin Industrial City, which will contribute to creating job opportunities and increasing demand for the retail sector

**Borders and edges:**

Direction	Border	Length(m)	Width(m)	Street name	Remarks
North	Street	254	30	King Abdulaziz Road	
South	Neighbor	254	-		
East	Street	250	60		
west	Parking + Street	250	25		
Total Area			127,000 Sqm		

**Aerial Photographs of subject site**



## Property Description

### Exterior Photographs of Mall

The subject site is a commercial center known as Al Makan Mall, spanning a total building area of 137,594 square meters. This expansive space is organized into a ground floor, a ground annex, and an upper annex, providing a diverse range of facilities.

Al Makan Mall accommodates a total of 153 stores, comprising 79 that are currently rented and 64 vacant. Additionally, the center features 41 kiosks, with 37 currently rented and 4 remaining vacant. Beyond retail spaces, the property includes restaurants, warehouses, and an administration headquarters. The administrative area encompasses 5 offices, a hall, a kitchen, and a bathroom.

Strategically located in the southern part of Hafar Al-Batin city center, the commercial center holds significance as a vibrant hub. The governorate, acting as a shopping center for residents of King Khalid Military City, attracts a diverse audience. Notably, the presence of a university adds to the attractiveness of the area, drawing residents from the surrounding areas.

#### Finishing details Facades:

The facades of the property are adorned with a combination of cladding and glass, imparting a modern and aesthetically pleasing appearance. To ensure optimal indoor comfort, the ventilation and air conditioning needs are met through a centralized air conditioning system.

Facilities within the property are designed with safety and convenience in mind. Emergency exits and strategically placed fire extinguishers are incorporated to enhance safety measures. Additionally, the property features mosques to cater to the spiritual needs of visitors. For added convenience, free Wi-Fi is provided, reflecting a commitment to offering a modern and connected experience for tenants and visitors alike.

Sr. no.	Floor	Use	Total building area (sqm)
1	Ground Floor	Commercial	86,000.00
2	Floor Annex	Services	1,593.00
3	Walls	Services	1,540.00
	<b>Total</b>		<b>89,133</b>



## Property Description

Sr. No	Items	Details
1	Type of mall	Local
2	Grade of Development	B
3	Year of opening	2016
4	Built-up area (sqm)	137,594
5	Rentable area (sqm)	62,245
6	Number of floors	2
7	Number of stores	228
8	Number of parking spaces	-
9	Parking percentage %	-

### Interior View of Mall



### Tenant type wise retail area break- up

Tenant Type / Unit Type	Total Area ( sqm)	Area Break UP (%)
200-51	12,722	20%
500-201	4,217	7%
1500-501	630	1%
Food Court	1,931	3%
Store	669	1%
Sub Anchor	5,702	9%
Anchor	35,561	57%
Kiosk	718	1%
	<b>62,150.3</b>	<b>100%</b>

The mall (Al Mekan Mall) comprises of 228 stores, with multiple tenants. We have not been provided with copies or pictures of the lease contracts, and according to the client's instructions, we relied on the information contained in the lease schedule that was provided to us for the purpose of this valuation

Based on the information provided to us by the client, we understand that on the valuation

date the total income of the property is 19,176,821 SR, including service fees .

## Property Description

Description	Information	
Property Address	Hafr Al-Batin - Al-Rayyan District	
Plan Number	138/h	
Property Type	Shopping center	
Plot no.	1	2
Land Area as per title Deed Number	63,500	63,500
Deed Number	532502002325	332509008666
Title Deed Date	1439-09-22	1439-11-10
Built Up Area	103,967	
Building Permit Number	1434/771	-
Building Permit Date	هـ 1437-06-12	-
Ownership Type	Absolute ownership	

Services available in the area		Yes	No
Government Services & Centers	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
Commercial Services	Commercial Centers	✓	
	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
General Services	ATM Machine	✓	
	Electric Network	✓	
	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



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## ESTIMATE THE VALUE

### Using the Market Approach - Comparative Method

This method depends on the current market prices for selling similar properties to the property under valuation, and since it is difficult to find two completely identical properties, appropriate adjustments will be made to the compared properties prices by deducting the value of the factors chosen that represent an advantage of the compared properties and adding the value factors that represents an advantage to subject property in order to calculate the final value.

Aerial Map of Comparative Evidence



In order to estimate the market value of the land, the comparison method was applied to determine the market value. Below is a summary of comparative properties in the surrounding area

Sr. No	Area (sq. m)	Price (per sqm)	Quote/ Transactions	Date of Transaction / Quote	Location	Usage
1	1,200	917	Quote	11/12/2023	Al Rayyan	Commercial
2	4,700	1,100	Quote	11/12/2023	The Valley	Commercial
3	800	1,050.00	Quote	11/12/2023	Al Rayyan	Commercial

Calculations Valuation – Direct Comparable approach

Estimating the average price per sqm for Hospitality commercial use

The valuation matrix represents the natural and unnatural factors to determine value, namely the elements of location, accessibility, land appearance, and market situation

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	917	1,100	1,050
Market Status	0.00%	0.00%	0.00%
Price per SQM after adjusting Market Status	917	1,100	1,050

Summary of value estimate

Based on the above, the following table summarizes the market value of the land using the market method - similar sales method

Plot No.	Area (square meters)	Market value – rounded (SAR)/ sq. m	Market value – rounded SAR)
1	63,500.00	593.1	37,661,000.00
2	63,500.00	593.1	37,661,000.00

Item	Comp.1 Details	P/D	Comp.2 Details	P/D	Comp.3 Details	P/D
Area sqm	1,200.00	-30.30%	4,700.00	-20.40%	800	-33.00%
Number of Interfaces	2	5.00%	4	0.00%	1	7.50%
Accessibility	Easy	0.00%	Easy	0.00%	سهل	0.00%
Location	Al Rayyan	0.00%	The Valley	0.00%	الريان	0.00%
Negotiation	Quote	-10.00%	Offer	-10.00%	عرض	-10.00%
Total Premium/ Discount		-35.30%		-30.40%		-35.50%
Price after adjustment per (مربع sqm)		593.1		765.6		677.3
Weightage (%)		100.00%		0.00%		0.00%
Price per sq. mt~ rounded		593.1				

## ESTIMATE THE VALUE

### Cost Approach –Cost Method

The cost method is sometimes referred to as the contractor method.

The cost method determines the value by estimating the cost of acquiring land and building a new property with equal benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay.

The land cost is added to the total construction cost, and it is usual for project incentives or real estate developer profits/losses to be added to the construction costs if appropriate.

## Valuation – Cost Approach

### Second: Estimating the cost of buildings

#### Building information

According to the information available and provided by the client (project presentation), Value Expert disclaims any responsibility. It is not a company specialized in the field of surveying. The appraiser has the right to review the value if it turns out to be different from what is in the report.

Sr. No	Item	Use	Total Building Area (sqm.)
1	Ground floor	Commercial	38,129.00
2	Floor annexes	Commercial	62,720.00
3	Top accessory	Commercial	1,578.00
4	Walls	Services	1,540.00
Total building area			15,273

#### Direct construction costs:

Reference was made to the guide issued by the Saudi Authority for Certified Residents, which explains construction cost indicators for buildings according to their uses.

Sr. No	Building name	Area (Sq. m)	Cost (Sar/ sq.)	Total Cost (SAR)
1	Ground floor	38,129.00	1,400	53,380,600.00
2	Floor annexes	62,720.00	1,400	87,808,000.00
3	Top accessory	1,578.00	1,400	2,209,200.00
4	Walls	1,540.00	500	770,000.00
Total		103,967	1,386.70	144,167,800.00

**Indirect construction costs :** Based on a market survey and evidence of similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached. According to the attached table

Sr. No	Items	The ratio (%)	Value (SAR)
1	Construction costs (SAR)		144,167,800.0
2	Professional fees	1.50%	2,162,517.0
3	Utility network	1.50%	2,162,517.0
4	Management costs	1.50%	2,162,517.0
5	The contractor won	10.00%	14,416,780.0
6	The developer won	15.00%	21,625,170.0
Total			186,697,301.0

According to the information provided previously, the value of the property was deduced using the cost method according to the attached table

Sr. No	Items	Value (SAR)
1	Economic life of the building (years)	40.0
2	Age of the property (years)	8.0
3	Physical obsolescence rate (%)	20.0%
4	Job obsolescence rate (%)	0%
5	External (economic) obsolescence rate (%)	0%
6	Actual aging rate (%)	20.0%
7	Construction cost before deducting obsolescence (SAR) (rounded)	186,697,301.0
8	Construction cost after deducting obsolescence (SAR) (rounded)	149,305,980.4
9	Completion rate (%)	100%
10	Value of completed construction (SAR)	149,305,980.4
11	Land value (SAR) (rounded)	75,322,000.0
Total value using cost method (land + buildings) (SAR)		224,627,980.4
Total value using cost method (land + buildings) -SAR Rounded off		224,628,000.00


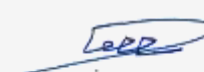
## The Market Value Of The Property Using Direct Comparable Method and Cost Method

Based on the completed study, we estimate the Market Value of the subject site

# 224,628,000<sup>SR</sup>

(Two Hundred Twenty Four Million, Six Hundred Twenty Eight Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associates	Associates
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220002393	122000513
Signature		

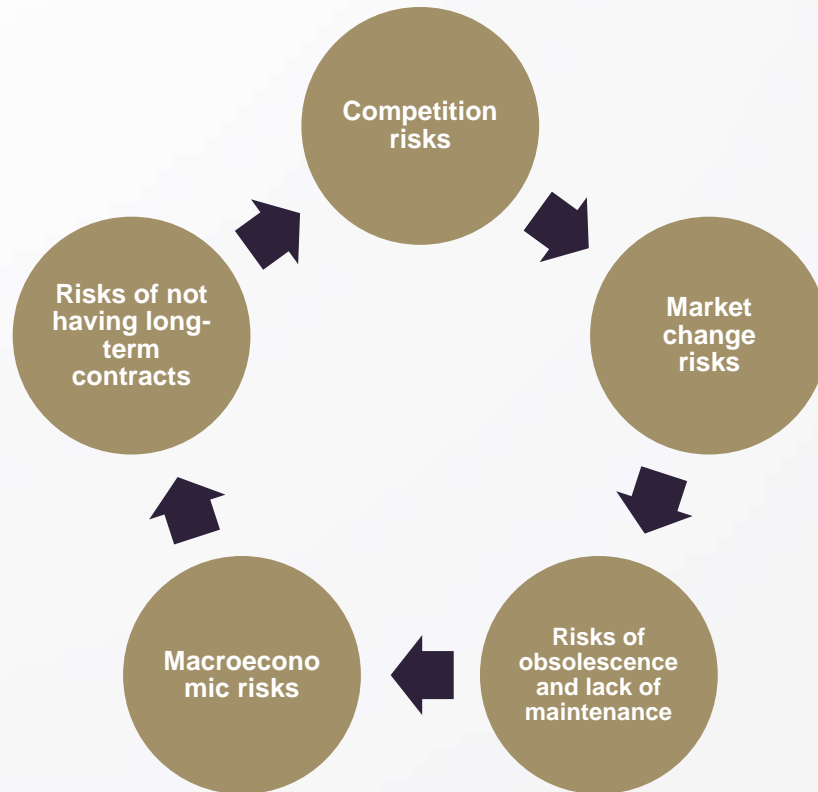
Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	

## ESTIMATE THE VALUE

### Income Approach– Discounted Cash Flow Method

A financial method to estimate the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows.

## Real estate valuation risks



**Competition risks:** The commercial space rental sector for companies operating in the office sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future. As a result, there may be difficulties in keeping up with competitors, due to policies of significantly reducing rental fees, which may negatively affect the ability to compete.

**Market change risks:** Revenues from leasing office space and locations may be subject to unexpected fluctuations, including as a result of seasonal changes in spending patterns or visitor behavior, and as a result of such fluctuations in revenues, this may limit the ability to predict future revenues.

**Risks of obsolescence and lack of maintenance:** Renewal, expansion, improvement and redevelopment of office spaces must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the office real estate market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change. If we do not renew and improve to keep pace with changes in tenant and visitor preferences, this will have a material negative impact.

**Macroeconomic risks:** The country's macroeconomic conditions may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in local and global stock markets, as changing one or more of these indicators may negatively affect the value of the property.

**Risks of not having long-term contracts:** The lack or lack of long-term contracts greatly affects the value of the property, as the presence of such contracts adds a kind of stability to the property's income and thus to its value, while their absence can lead to fluctuation in the value of the property.

**Benchmarks**

**Al-Ahsa Mall**

Items	Details
Opening year	2010
Building area/square meters	65,800
Rentable area / square meters	51,979
Category	Local
Number of parking spaces	%88
Occupancy rate	2010
Unit Area (sqm)	Market Rent (SAR/ Year)
50-0	2,190
200-51	1,460
500-201	949
1500-501	548
More than 1,500	329
Food court	1,606
store	438
Sub Anchor	292
Atm	35,000
Anchor	256
KISOK	9,490



**Jubail Mall**

Items	Details
Opening year	2015
Building area/square meters	37,366
Rentable area / square meters	20,908
Category	Local
Number of parking spaces	90%
Occupancy rate	2015
Unit Are (sqm)	Market Rent (SAR/ Year)
50-0	3,300
200-51	2,400
500-201	2,100
1500-501	800
More than 1,500	500
Food court	2,500
store	750
Sub Anchor	500
Anchor	450
KISOK	14,000



**Rental Derivation**

In order to estimate the expected revenues for the property, the comparison method was applied to determine the rental value for the uses in the proposed project. With regard to making amendments to the financing conditions and the market situation, no amendments were made to them because the comparisons were made on a recent date, that is, five days before the evaluation date. The following tables show a summary of the adjustments versus differences for the property being valued:

**1- Rental rates prevailing in the market - Tala Mall**

Unit Area	Market Rent (SAR/ year)	Adjustment (%)	Adjusted Rent (SAR/ year)	Weightage (%)	Weighted Rental
50-0	2,190	-27%	2190	100%	2190
200-51	1,460	-27%	1460	100%	1460
500-201	949	-27%	949	100%	949
1500-501	548	-27%	547.5	100%	547.5
More than 1,500	329	-27%	328.5	100%	328.5
Food court	1,606	-27%	1606	100%	1606
Store	438	-27%	438	100%	438
Sub Anchor	292	-27%	292	100%	292
Anchor	256	-27%	255.5	100%	255.5
KISOK	9,490	-27%	9490	100%	9490

**2- Rental rates prevailing in the market – Elite Mall**

Unit Area	Market Rent (SAR/ year)	Adjustment (%)	Adjusted Rent (SAR/ year)	Weightage (%)	Weighted Rental
50-0	3,300	-30%	2310	0%	0
200-51	2,400	-30%	1680	0%	0
500-201	2,100	-30%	1470	0%	0
1500-501	800	-30%	560	0%	0
More than 1,500	500	-30%	350	0%	0
Food court	2,500	-30%	1750	0%	0
store	750	-30%	525	0%	0
Sub Anchor	500	-30%	350	0%	0
Anchor	450	-30%	315	0%	0
KISOK	14,000	-30%	9800	0%	0

**Aerial Map of Comparative Evidence**



## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

According to the information provided by the client, the following table summarizes the leasable areas of the subject site

Unit Type	Total Area (sqm)	Percentage (%)
200-51	12,722	20%
500-201	4,217	7%
1500-501	630	1%
More than 1,500	0	0%
Food court	1,931	3%
store	669	1%
Sub Anchor	5,702	9%
Atm	1	0.00%
Anchor	35,561	57%
KISOK	718	1%
	<b>62,151.30</b>	<b>100%</b>

The following table shows the expected revenues from renting units according to rental prices extracted from the market.

Unit Type	Total Area (sqm)	Average market rent (SAR/sqm)	Annual rent (SAR/year)
50-0	1,928	2,190	4,222,933.20
200-51	13,854	1,460	20,227,205.00
500-201	8,114	949	7,699,977.20
1500-501	9,680	548	5,299,690.50
More than 1,500	28,574	329	9,386,631.30
	<b>62,150</b>	<b>754</b>	<b>46,836,437.20</b>

### Inputs and assumptions of the income method and the discounted future cash flow method

#### Income Analysis

Based information shared by client, we understand that the subject site is 57.39% of leasable has been leased and same has been validated during site inspection.

#### Revenues:

The total rents collected as per contract as on the valuation date, or the total revenues for vacant space has been assumed based on market. The client provided a rent list, and we received data on operational and administrative expenses for the complex. Additionally, market data was gathered for rents and income calculations.

#### Capital expenditures:

During this period of the year, we were provided with capital expenses resulting from some fundamental modifications in the mall, which increase its productivity, and they were calculated in the first period according to the attached statement from the client.

We analyzed the level of capital expenditure allocations in similar properties that we participated in evaluating. We assumed that the prudent owner would bear the capital expenditures to maintain the property in good condition, improve production capacity, and maintain tenants. Through inspection of the property, we found that it had been renovated.

#### Operating expenses:

We were provided with the operating expenses for the mall, and they were compared to the market, and since there were no relative differences compared to the market, they were applied throughout the investment period.

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

#### Doubtful debts (credit losses):

This is that any owner may suffer some losses in income due to bad debts. According to the data provided by the client, no losses were applied.

#### Growth rate:

Due to the lack of market data and previous indicators for similar properties and the growth rate at the level of supply and demand, and since the inflation rate is available as a declared information according to the data of the Central Bank, a rate has been calculated for each year with the knowledge of the inflation rate for a previous year to estimate future periods as shown in the table, and it was done. Adopting the Gordon growth model, meaning that the property grows steadily forever.

**Rate of return on investment:** Through a market survey of the properties that were evaluated by us in the city of Dammam and review of the reports of REIT funds and similar properties in the retail sector, the capitalization rate for similar properties ranges between 7% and 9%, and accordingly the return rate was determined at 9%.

#### Discount rate

With regard to the discount rate, according to the methods used to calculate the discount rate stipulated in international evaluation standards, and as studied in the evaluation methods of the Saudi Authority for Certified Valuers, it was arrived at by the cumulative method as shown in the table below, which depends on (the inflation rate, regular risks, the rate of returns for government years). for the period, the risk premium of the property, market risk). - Sources of data (Central Bank - Debt Services - Capital Market Authority data for similar properties that were acquired).

### Table of assumptions for cash flow inputs:

#### Final value (recovery value):

It was arrived at by calculating the net operating income at the end of the leasing period, based on the rate of return on investment - the growth rate, assuming that the property grows steadily throughout the investment period.

Assumptions		Details
Land Area (Sqm)	127,000.00	—
Inflation Rate (%) (Rs)	2.59%	Systematic risk premium
Government Bond Yield Ratio For The Next 7 Years (Rf)	5.19%	Risk-free rate of return
Real Estate Risk Premium	2.00%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market Risk	3.00%	Based on supply and demand in the area where the property to be evaluated is located
Discount Percentage (%)	12.78%	It is the process that converts future cash flows into a present value
Return Percentage (%)	9.00%	Market survey
Operating And Maintenance Costs For Exhibitions (%)	9.3-8.5-8.3-8.1-52.5%	For the first period, due to the increase in the costs of electric generators by 52.2%, and then for the remaining years, the normal situation for the electricity transformer after its installation will be 2,800,000 SR in varying proportions, starting from 9.3% - 8.5 - 8.3 - 8.1 costs resulting from the maintenance and operation of the property throughout the period.
Credit Costs For Exhibitions (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Vacancy Costs For Exhibitions (%)	20-57%	The vacancy rate for trade showrooms decreases as the investment age increases

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

#### Doubtful debts (credit losses):

This is that any owner may suffer some losses in income due to bad debts. According to the data provided by the client, no losses were applied.

#### Growth rate:

Due to the lack of market data and previous indicators for similar properties and the growth rate at the level of supply and demand, and since the inflation rate is available as a declared information according to the data of the Central Bank, a rate has been calculated for each year with the knowledge of the inflation rate for a previous year to estimate future periods as shown in the table, and it was done. Adopting the Gordon growth model, meaning that the property grows steadily forever.

**Rate of return on investment:** Through a market survey of the properties that were evaluated by us in the city of Dammam and review of the reports of REIT funds and similar properties in the retail sector, the capitalization rate for similar properties ranges between 7% and 9%, and accordingly the return rate was determined at 9%.

#### Discount rate

With regard to the discount rate, according to the methods used to calculate the discount rate stipulated in international evaluation standards, and as studied in the evaluation methods of the Saudi Authority for Certified Valuers, it was arrived at by the cumulative method as shown in the table below, which depends on (the inflation rate, regular risks, the rate of returns for government years). for the period, the risk premium of the property, market risk). - Sources of data (Central Bank - Debt Services - Capital Market Authority data for similar properties that were acquired).

### Table of assumptions for cash flow inputs:

#### Final value (recovery value):

It was arrived at by calculating the net operating income at the end of the leasing period, based on the rate of return on investment - the growth rate, assuming that the property grows steadily throughout the investment period

#### Explicit forecast period (investment duration):

The investment duration indicator was based mainly on the method used in the evaluation, discounted future cash flows, according to the equation: investment duration = actual life - virtual life - market life..

Assumptions		Details
Land Area (Sqm)	127,000.00	–
Inflation Rate (%) (Rs)	2.59%	Systematic risk premium
Government Bond Yield Ratio For The Next 7 Years (Rf)	5.19%	Risk-free rate of return
Real Estate Risk Premium	2.00%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market Risk	3.00%	Based on supply and demand in the area where the property to be evaluated is located
Discount Percentage (%)	12.78%	It is the process that converts future cash flows into a present value
Return Percentage (%)	9.00%	Market survey
Operating And Maintenance Costs For Exhibitions (%)	9.3-8.5-8.3-8.1-5-52.5%	For the first period, due to the increase in the costs of electric generators by 52.2%, and then for the remaining years, the normal situation for the electricity transformer after its installation will be 2,800,000 SR in varying proportions, starting from 9.3% - 8.5 - 8.3 - 8.1 costs resulting from the maintenance and operation of the property throughout the period.
Credit Costs For Exhibitions (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Vacancy Costs For Exhibitions (%)	20-57%	The vacancy rate for trade showrooms decreases as the investment age increases

## Valuation - income method – Discounted Cash Flow Method

### Revenue Table

Item	Leasable Area (sqm)	Rental (INR per sqm)	Gross Income
Mall	62,151.3	706.6	43,918,044.1

### Cashflow

Period	1	2	3	4	5	6
Cash flows - market dependent						
Gross Expected Income - GPI (SAR)	43,918,044	43,918,044	43,918,044	43,918,044	43,918,044	
Credit and vacancy costs (%)	58.2%	35.0%	30.0%	30.0%	30.0%	
Credit and vacancy costs (SAR)	25,577,869	15,371,315	13,175,413	13,175,413	13,175,413	
Expected total income (SAR)	18,487,000	30,025,449	33,131,333	33,927,567	34,723,802	
Capital Expenditure -CE (%)	11.3%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SAR)	2,081,381	0	0	0	0	
Operating expense ratio (%)	52.5%	9.3%	8.5%	8.3%	8.1%	
Operating Expenses - OE (SAR)	9,700,000	2,800,000	2,800,000	2,800,000	2,800,000	
Net Operating Income - NOI (SAR)	6,705,619	27,225,449	30,331,333	31,127,567	31,923,802	
Final value						498,031,225
Present value factor	0.89	0.79	0.70	0.62	0.55	0.49
Present value of net income (SAR)	5,945,752	21,404,785	21,144,393	19,240,521	17,496,620	242,027,119
Property value (SAR)	327,259,190					
Property value (SAR) (rounded)	327,260,000					
Price per meter (SAR/m2)	2,577					


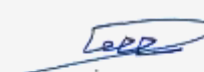
## The Market Value Of The Property Using Discounted Cash Flow Method

Based on the completed study, we estimate the Market Value of the subject site

# 327,260,000 SR

(Three Hundred Twenty Seven and Two Hundred Sixty Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2022

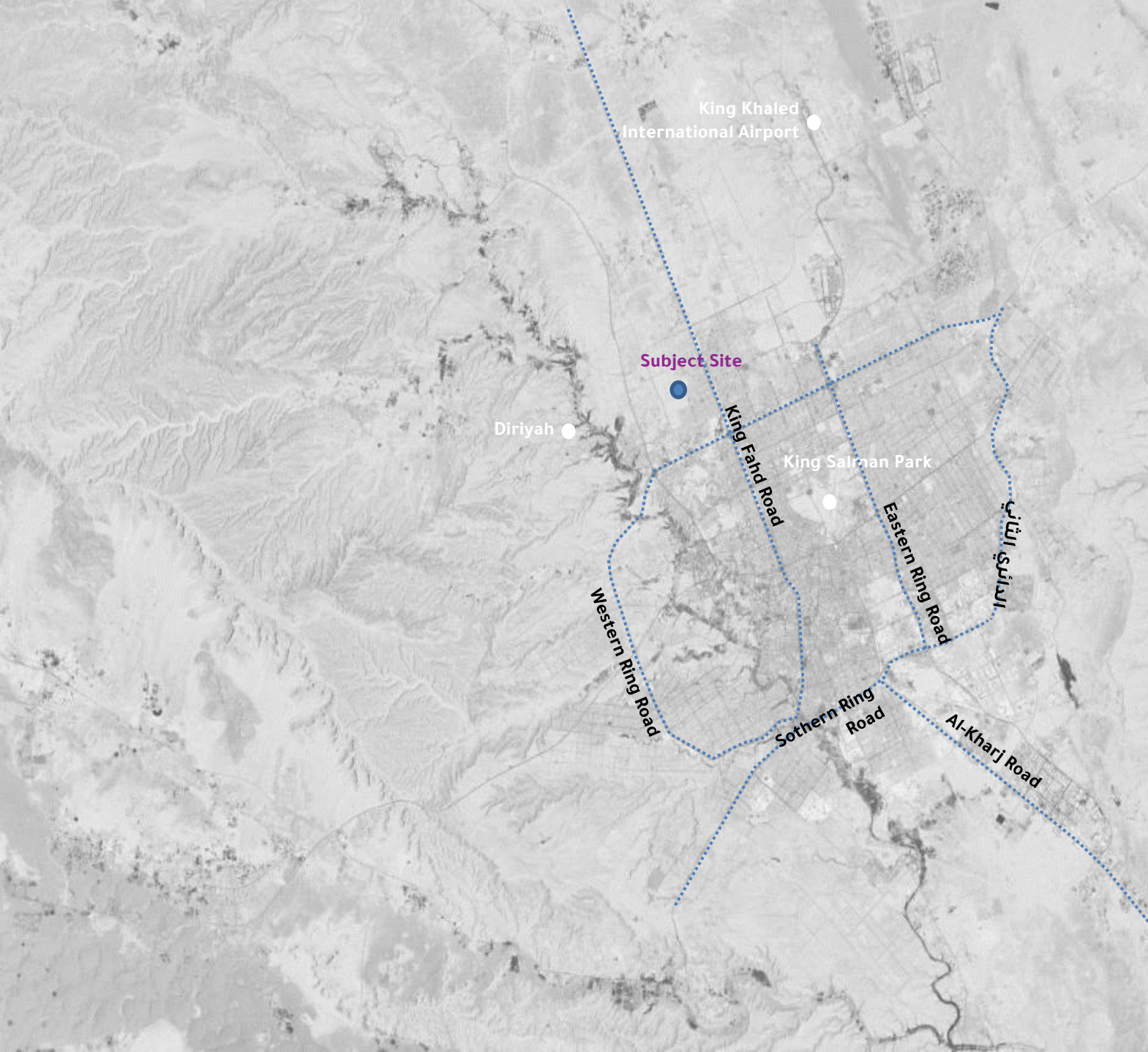
Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associate	Associate
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220001030	1210000185
Signature		

Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	



**Site Inspection and Analysis**  
**Subject Site 3**



## The location of the property is in the city of Riyadh

The property is located in Riyadh, the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd Plateau, at an altitude of 600 meters above sea level. It is the headquarters of the Emirate of the Riyadh Region, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to 2021 statistics. The Saudi capital is considered one of the fastest expanding cities in the world. Within half a century of its inception, the area of the small city expanded until it reached 3,115 km<sup>2</sup>. in this time..

## At the neighborhood level

The property is in the Al-Malqa neighborhood, and it is bordered on the northern side by the Kairouan neighborhood, on the southern side by the Hittin neighborhood, on the western side by Al-Rehab neighborhood, and on the eastern side by the Al-Yasmeen neighborhood. Al Malqa neighborhood is located within a group of important and vital roads throughout the city.



## At the neighborhood level

The subject site is located in Al Malqa district. It is bounded to the north by a 15m wide street, to the south by a 15m wide street, to the east by a 20m wide street, and to the west by a 60m wide street.



## Property Description

The subject site comprise of built-up portion on the land having total area of 37,293 sqm

### Site features

**Location:** It is located in Al-Malqa neighborhood, which is an area with a high population density. The property is also located on Prince Muhammad bin Saad Road and the property can be access through it. The complex area is witnessing growth and demand and its neighborhoods contain many closed residential complexes and vacant lands.

Indoor places have become the first destination for hikers due to the lack of various entertainment areas in the city of Riyadh and the hot weather in general.

**Services:** Provides main services in the area surrounding the subject site

**Attraction points:** The location is close to the main attraction points (King Abdullah Financial Center - markets and commercial centers - main and vital roads).

**Topography** - Even

**Building system:** commercial.

**Supply and demand:** The property is located in the Al-Malqa neighborhood, which is considered one of the most upscale neighborhoods in northern Riyadh and is also considered one of the most high-demand residential neighborhoods.

### Borders and edges:

Direction	Border	Length(m)	Width(m)	Street name	Remarks
North	Street	185.07	15		
South	Street	185.07	15		
East	Street	201.5	20		
west	Street	201.5	60	Prince Mohammed bin Saad Road	
Total Area		37,293 Sqm			

### Aerial Photographs of subject site



## Property Description

### Exterior Photographs of Mall

Al Mekan Mall, a commercial center, boasts a total building area of 43,178 square meters. Comprising a basement, ground floor, and first floor, it hosts a diverse range of facilities, including shops, exhibitions, offices, entertainment areas, and restaurants.

Strategically situated in the vibrant north of Riyadh, the property enjoys proximity to King Fahd Road, a major artery in the city. Officially inaugurated in 2013, Al Mekan Mall has been established as a premier destination for shopping and entertainment in the capital, contributing to the dynamic landscape of Riyadh.

#### Finishing details Facades:

The property's exteriors are enhanced with an appealing blend of cladding and glass, presenting a modern and visually pleasing aesthetic. Indoor comfort is prioritized through a centralized air conditioning system that addresses ventilation and air conditioning requirements.

Ensuring safety and convenience, the property is equipped with strategically positioned emergency exits and fire extinguishers. Mosques are thoughtfully integrated to meet the spiritual needs of visitors. To enhance convenience, complimentary Wi-Fi is offered, underscoring a dedication to providing a contemporary and interconnected experience for both tenants and visitors

Sr. no.	Floor	Use	Total building area (sqm)
1	Basement	Situations	11,447.90
2	Atm	ATM	8
3	Ground Floor	commercial	16,015.90
4	First Floor	commercial	14,913.10
5	Electricity Room	Electricity Room	20
6	Walls	Services	773
	<b>Total</b>		<b>43,178</b>



## Property Description

Sr. No	Items	Details
1	Type of mall	Local
2	Grade of Development	B
3	Year of opening	2017
4	Built-up area (sqm)	43,178
5	Rentable area (sqm)	22,724
6	Number of floors	2
7	Number of stores	74
8	Number of parking spaces	-
9	Parking percentage %	-

### Tenant type wise retail area break- up

Unit Type	Total Area (q)
50-0	76
200-51	3,011
500-201	4,757
1500-501	4,431
أكثر من 1500	9,745
Atm	4
KISOK	324
Food court	376
	<b>22,724</b>

### Interior View of Mall



### General description of leasing contracts..

Al-Makan Mall comprises of 74 stores housing various tenants. Despite not receiving copies or images of the lease contracts, we adhered to the client's instructions, relying on the lease schedule provided for the evaluation.

As per the client's information, the total income of the property on the evaluation date amounts to 18,906,920 riyals, inclusive of service fees..

# Property Description

Final

Description	Information	
Property Address	Riyadh - Al-Malqa District	
Plan Number	3176	
Property Type	Shopping center	
Plot no.	5	
Land Area as per title Deed Number	37,293 sqm	
Deed Number	410123034700	
Title Deed Date	09-20-1439 AH	
Built Up Area	43,178 sqm	
Building Permit Number	1434/771 -	
Building Permit Date	06-12-1437 AH	
Ownership Type	Absolute ownership	

Services available in the area		Yes	No
Government Services & Centers	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
Commercial Services	Commercial Centers	✓	
	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
General Services	ATM Machine	✓	
	Electric Network	✓	
	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



**PROPERTY  
PICTURES**





## PROPERTY PICTURES



## ESTIMATE THE VALUE

### Using the Market Approach - Comparative Method

This method depends on the current market prices for selling similar properties to the property under valuation, and since it is difficult to find two completely identical properties, appropriate adjustments will be made to the compared properties prices by deducting the value of the factors chosen that represent an advantage of the compared properties and adding the value factors that represents an advantage to subject property in order to calculate the final value.

**Aerial Map of Comparative Evidence**

In order to estimate the market value of the land, the comparison method was applied to determine the market value. Below is a summary of comparative properties in the surrounding area

Sr. No	Area (sq. m)	Price (per sqm)	Quote/ Transactions	Date of Transaction / Quote	Location	Usage
1	900	11,111	Transaction 21205217	10/9/2023	Al Malaga	commercial
2	3,480	8,859	Transaction 14627824	9/5/2022	Agate	commercial
3	1,050.0	8,000.0	Quote	9/14/2023	Al Malaga	Residential



### Calculations Valuation – Direct Comparable approach

Estimating the average price per sqm for Hospitality commercial use

The valuation matrix represents the natural and unnatural factors to determine value, namely the elements of location, accessibility, land appearance, and market situation

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	11,111	8,859	8,000
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	11,111	8,859	8,000

### Summary of value estimate

Based on the above, the following table summarizes the market value of the land using the market method - similar sales method

Plot No.	Area (square meters)	Market value – rounded (SAR)/ sq. m	Market value – rounded SAR)
5	37,293.0	6,481.4	241,711,000.0

Item	Comp.1 Details	P/D	Comp.2 Details	P/D	Comp.3 Details	P/D
Area sqm	900.0	-26.5%	3,480.0	-16.7%	1,050.0	-25.5%
Number of Interfaces	2.0	5.0%	3.0	2.5%	1.0	7.5%
Location	Al Malaga	5.0%	Agate	0.0%	Al Malaga	0.0%
Use	commercial	0.0%	Commercial	0.0%	Mixed Use	0.0%
Negotiation	21205217-Transaction	0.0%	14627824Transaction	0.0%	Qupte	-10.0%
Total Premium/ Discount		-16.5%		-14.2%		-28.0%
Price after adjustment per (مربع sqm)		9,283.2		7,605.5		5,760.0
Weightage (%)		10.0%		20.0%		70.0%
Price per sq. mt~ rounded		6,481.4				

## ESTIMATE THE VALUE

### Cost Approach –Cost Method

The cost method is sometimes referred to as the contractor method.

The cost method determines the value by estimating the cost of acquiring land and building a new property with equal benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay.

The land cost is added to the total construction cost, and it is usual for project incentives or real estate developer profits/losses to be added to the construction costs if appropriate.

## Valuation – Cost Approach

### Second: Estimating the cost of buildings

#### Building information

Sr. No	Floor	Use	Building Area (sqm)	No. of Floors	(Total Building Area (sqm))
1	Basement	Situations	11,447.9	1.0	11,447.9
2	ATM	ATM	8.0	1.0	8.0
3	ground floor	commercial	16,015.9	1.0	16,015.9
4	First floor	commercial	14,913.1	1.0	14,913.1
5	Electricity Room	Electricity Room	20.0	1.0	20.0
6	Walls	Services	773.0	1.0	773.0
					<b>43,178</b>

#### Direct construction costs:

Reference was made to the guide issued by the Saudi Authority for Certified Residents, which explains construction cost indicators for buildings according to their uses.

Sr. No	Floors t	Total area (sqm)	Construction cost (SAR/sqm)	Total costs (SAR)
1	Basement	11,447.9	2,000.0	22,895,800.0
2	ATM	8.0	1,400.0	11,200.0
3	ground floor	16,015.9	1,400.0	22,422,260.0
4	First floor	14,913.1	1,400.0	20,878,340.0
5	Electricity Room	20.0	500.0	10,000.0
6	Walls	773.0	350	270,550.0
Total		<b>43,178</b>	<b>1,539.9</b>	<b>66,488,150.0</b>

**Indirect construction costs :** Based on a market survey and evidence of similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached. According to the attached table

Sr. No	Items	The ratio (%)	Value (SAR)
1	Construction costs (SAR)		66,488,150.0
2	Professional fees	1.50%	997,322.3
3	Utility network	1.50%	997,322.3
4	Management costs	1.50%	997,322.3
5	The contractor won	10.00%	6,648,815.0
6	The developer won	15.00%	9,973,222.5
<b>Total</b>			<b>86,102,154.3</b>

According to the information provided previously, the value of the property was deduced using the cost method according to the attached table

Sr. No	Items	Value (SAR)
1	Economic life of the building (years)	40.0
2	Age of the property (years)	7.0
3	Physical obsolescence rate (%)	17.5%
4	Job obsolescence rate (%)	25%
5	External (economic) obsolescence rate (%)	5%
6	Actual aging rate (%)	47.5%
7	Construction cost before deducting obsolescence (SAR) (rounded)	86,102,154.3
8	Construction cost after deducting obsolescence (SAR) (rounded)	45,215,589.6
9	Completion rate (%)	100%
10	Value of completed construction (SAR)	45,215,589.6
11	Land value (SAR) (rounded)	241,711,000.0
<b>Total value using cost method (land + buildings) (SAR)</b>		<b>286,926,589.6</b>
<b>Total value using cost method (land + buildings) -SAR Rounded off</b>		<b>286,927,000</b>


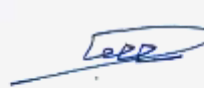
## The Market Value Of The Property Using Direct Comparable Method and Cost Method

Based on the completed study, we estimate the Market Value of the subject site

# 286,927,000<sup>SR</sup>

(Two Hundred Eighty Six Million, Nine Hundred Twenty Seven Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associates	Associates
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220002393	122000513
Signature		

Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	 1010469884 س.ت شركة خبراء القيمة وشريكه للتقييم العقاري

## ESTIMATE THE VALUE

### Income Approach –Discounted Cash Flow Method

A financial method to estimate the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows.

## Real estate valuation risks



**Competition risks:** The commercial space rental sector for companies operating in the office sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future. As a result, there may be difficulties in keeping up with competitors, due to policies of significantly reducing rental fees, which may negatively affect the ability to compete.

**Market change risks:** Revenues from leasing office space and locations may be subject to unexpected fluctuations, including as a result of seasonal changes in spending patterns or visitor behavior, and as a result of such fluctuations in revenues, this may limit the ability to predict future revenues.

**Risks of obsolescence and lack of maintenance:** Renewal, expansion, improvement and redevelopment of office spaces must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the office real estate market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change. If we do not renew and improve to keep pace with changes in tenant and visitor preferences, this will have a material negative impact.

**Macroeconomic risks:** The country's macroeconomic conditions may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in local and global stock markets, as changing one or more of these indicators may negatively affect the value of the property.

**Risks of not having long-term contracts:** The lack or lack of long-term contracts greatly affects the value of the property, as the presence of such contracts adds a kind of stability to the property's income and thus to its value, while their absence can lead to fluctuation in the value of the property.

**Benchmarks**

**Tala Mall**

Items	Details
Opening year	2014
Building area/square meters	46,292
Rentable area / square meters	22,711
Category	Local
Number of parking spaces	680
Occupancy rate	92%

Unit Are (sqm)	Market Rent (SAR/ Year)
50-0	2,204
200-51	1,824
500-201	1,520
1500-501	760
أكثر من 1500	608
Atm	35,000
KISOK	18,000
Food court	2,700
supermarket	350



**The Elite Mall**

Items	Details
Opening year	2015
Building area/square meters	37,366
Rentable area / square meters	20,908
Category	Local
Number of parking spaces	90%
Occupancy rate	2015

Unit Are (sqm)	Market Rent (SAR/ Year)
50-0	3,300
200-51	2,400
500-201	2,100
1500-501	800
More than 1,500	500
Food court	2,500
store	750
Sub Anchor	500
Anchor	450
KISOK	14,000



Rental Derivation

In order to estimate the expected revenues for the property, the comparison method was applied to determine the rental value for the uses in the proposed project. With regard to making amendments to the financing conditions and the market situation, no amendments were made to them because the comparisons were made on a recent date, that is, five days before the evaluation date. The following tables show a summary of the adjustments versus differences for the property being valued:

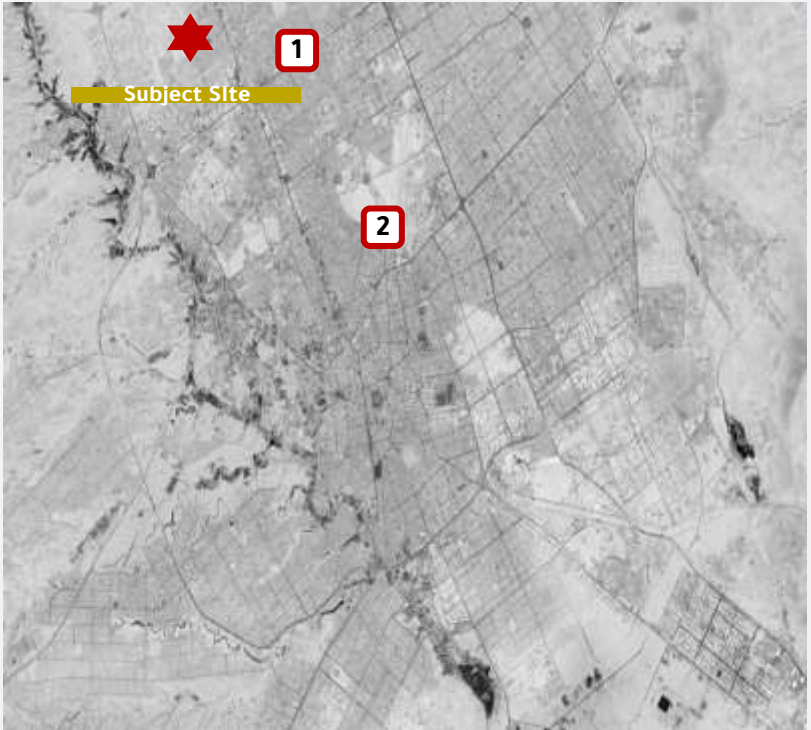
1- Rental rates prevailing in the market - Tala Mall

Unit Area	Market Rent (SAR/ year)	Adjustment (%)	Adjusted Rent (SAR/ year)	Weightage (%)	Weighted Rental
50-0	2,900	-5%	2,755	50%	1,378
200-51	2,400	-5%	2,280	50%	1,140
500-201	2,000	-5%	1,900	50%	950
1500-501	900	-5%	855	50%	428
أكثر من 1500	800	-5%	760	50%	380
Atm	40,000	-5%	38,000	50%	19,000
KISOK	20,000	-5%	19,000	50%	9,500
Food court	2,943	-5%	2,796	50%	1,398
supermarket	376	-5%	357	50%	178

2- Rental rates prevailing in the market – Elite Mall

Unit Area	Market Rent (SAR/ year)	Adjustment (%)	Adjusted Rent (SAR/ year)	Weightage (%)	Weighted Rental
50-0	2,204	0%	2,204	50%	1,102
200-51	1,824	0%	1,824	50%	912
500-201	1,520	0%	1,520	50%	760
1500-501	760	0%	760	50%	380
أكثر من 1500	608	0%	608	50%	304
Atm	35,000	0%	35,000	50%	17,500
KISOK	18,000	0%	18,000	50%	9,000
Food court	2,700	0%	2,700	50%	1,350
supermarket	350	0%	350	50%	175

Aerial Map of Comparative Evidence



## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

According to the information provided by the client, the following table summarizes the leasable areas of the subject site

Unit Type	Total Area (sqm)	Percentage (%)
50-0	76	0.33%
200-51	3,011	13.25%
500-201	4,757	20.94%
1500-501	4,431	19.50%
أكثر من 1500	9,745	42.88%
Atm	4	0.02%
KISOK	324	1.42%
Food court	376	1.65%
	<b>22,724.05</b>	<b>100%</b>

The following table shows the expected revenues from renting units according to rental prices extracted from the market.

Unit Type	Total Area (sqm)	Average market rent (SAR/ sqm)	Annual rent (SAR/year)
50-0	76	2,480	188,442
200-51	3,011	2,052	6,178,880
500-201	4,757	1,710	8,135,154
1500-501	4,431	808	3,578,033
أكثر من 1500	9,745	684	6,665,580
Atm	4	36,500	146,000
KISOK	324	18,500	5,984,750
Food court	376	2,748	1,033,184
	<b>22,724</b>	<b>1,404</b>	<b>31,910,022</b>

Inputs and assumptions of the income method and the discounted future cash flow method

### Income Analysis

Based information shared by client, we understand that the subject site is 98.37% of leasable has been leased and same has been validated during site inspection.

### Revenues:

The total rents collected as per contract as on the valuation date, or the total revenues for vacant space has been assumed based on market. The client provided a rent list, and we received data on operational and administrative expenses for the complex. Additionally, market data was gathered for rents and income calculations.

### Capital expenditures:

During this period of the year, we were provided with capital expenses resulting from some fundamental modifications in the mall, which increase its productivity, and they were calculated in the first period according to the attached statement from the client.

We analyzed the level of capital expenditure allocations in similar properties that we participated in evaluating. We assumed that the prudent owner would bear the capital expenditures to maintain the property in good condition, improve production capacity, and maintain tenants. Through inspection of the property, we found that it had been renovated.

### Operating expenses:

We were provided with the operating expenses for the mall, and they were compared to the market, and since there were no relative differences compared to the market, they were applied throughout the investment period.

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

#### Doubtful debts (credit losses):

This is that any owner may suffer some losses in income due to bad debts. According to the data provided by the client, no losses were applied.

#### Growth rate:

Due to the lack of market data and previous indicators for similar properties and the growth rate at the level of supply and demand, and since the inflation rate is available as a declared information according to the data of the Central Bank, a rate has been calculated for each year with the knowledge of the inflation rate for a previous year to estimate future periods as shown in the table, and it was done. Adopting the Gordon growth model, meaning that the property grows steadily forever.

**Rate of return on investment:** Through a market survey of the properties that were evaluated by us in the city of Dammam and review of the reports of REIT funds and similar properties in the retail sector, the capitalization rate for similar properties ranges between 7% and 9%, and accordingly the return rate was determined at 9%.

#### Discount rate

With regard to the discount rate, according to the methods used to calculate the discount rate stipulated in international evaluation standards, and as studied in the evaluation methods of the Saudi Authority for Certified Valuers, it was arrived at by the cumulative method as shown in the table below, which depends on (the inflation rate, regular risks, the rate of returns for government years). for the period, the risk premium of the property, market risk). - Sources of data (Central Bank - Debt Services - Capital Market Authority data for similar properties that were acquired).

### Table of assumptions for cash flow inputs:

#### Final value (recovery value):

It was arrived at by calculating the net operating income at the end of the leasing period, based on the rate of return on investment - the growth rate, assuming that the property grows steadily throughout the investment period.

Assumptions		Details
Land Area (Sqm)	127,000.00	—
Inflation Rate (%) (Rs)	2.59%	Systematic risk premium
Government Bond Yield Ratio For The Next 7 Years (Rf)	5.19%	Risk-free rate of return
Real Estate Risk Premium	2.00%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market Risk	3.00%	Based on supply and demand in the area where the property to be evaluated is located
Discount Percentage (%)	12.78%	It is the process that converts future cash flows into a present value
Return Percentage (%)	9.00%	Market survey
Operating And Maintenance Costs For Exhibitions (%)	9.3-8.5-8.3-8.1-52.5%	For the first period, due to the increase in the costs of electric generators by 52.2%, and then for the remaining years, the normal situation for the electricity transformer after its installation will be 2,800,000 SR in varying proportions, starting from 9.3% - 8.5 - 8.3 - 8.1 costs resulting from the maintenance and operation of the property throughout the period.
Credit Costs For Exhibitions (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Vacancy Costs For Exhibitions (%)	20-57%	The vacancy rate for trade showrooms decreases as the investment age increases

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

#### Doubtful debts (credit losses):

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Real Estate Risk Premium	2.00%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market Risk	3.00%	Based on supply and demand in the area where the property to be evaluated is located
Discount Percentage (%)	12.78%	It is the process that converts future cash flows into a present value
Return Percentage (%)	9.00%	Market survey
Operating And Maintenance Costs For Exhibitions (%)	9.3-8.5-8.3-8.1.5-52.5%	Maintenance and operation costs are a fixed amount based on an annual contract throughout the investment period, amounting to 3,000,000 Saudi riyals annually.
Credit Costs For Exhibitions (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Vacancy Costs For Exhibitions (%)	20-57%	The vacancy rate for trade showrooms decreases as the investment age increases

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

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#### Growth rate:

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**Rate of return on investment:** Through a market survey of the properties that were evaluated by us in the city of Dammam and review of the reports of REIT funds and similar properties in the retail sector, the capitalization rate for similar properties ranges between 7% and 9%, and accordingly the return rate was determined at 9%.

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### Table of assumptions for cash flow inputs:

#### Final value (recovery value):

It was arrived at by calculating the net operating income at the end of the leasing period, based on the rate of return on investment - the growth rate, assuming that the property grows steadily throughout the investment period

#### Explicit forecast period (investment duration):

The investment duration indicator was based mainly on the method used in the evaluation, discounted future cash flows, according to the equation: investment duration = actual life - virtual life - market life..

Assumptions		Details
Land Area (Sqm)	127,000.00	–
Inflation Rate (%) (Rs)	2.59%	Systematic risk premium
Government Bond Yield Ratio For The Next 7 Years (Rf)	5.19%	Risk-free rate of return
Real Estate Risk Premium	2.00%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market Risk	3.00%	Based on supply and demand in the area where the property to be evaluated is located
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Operating And Maintenance Costs For Exhibitions (%)	9.3-8.5-8.3-8.1-5-52.5%	For the first period, due to the increase in the costs of electric generators by 52.2%, and then for the remaining years, the normal situation for the electricity transformer after its installation will be 2,800,000 SR in varying proportions, starting from 9.3% - 8.5 - 8.3 - 8.1 costs resulting from the maintenance and operation of the property throughout the period.
Credit Costs For Exhibitions (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Vacancy Costs For Exhibitions (%)	20-57%	The vacancy rate for trade showrooms decreases as the investment age increases

## Valuation - income method – Discounted Cash Flow Method

### Revenue Table

Item	Leasable Area (sqm)	Rental (INR per sqm)	Gross Income
Mall	22,724.1	1,404.2	31,910,022.4

### Cashflow

Period	1	2	3	4	5	6
Cash flows - market dependent						
Gross Expected Income - GPI (SAR)	31,910,022	31,910,022	31,910,022	31,910,022	31,910,022	
Credit and vacancy costs (%)	25.0%	20.0%	15.0%	10.0%	10.0%	
Credit and vacancy costs (SAR)	7,977,506	6,382,004	4,786,503	3,191,002	3,191,002	
Expected total income (SAR)	24,552,369	26,850,369	29,231,016	31,694,311	32,438,133	
Capital Expenditure -CE (%)	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SAR)	0	0	0	0	0	
Operating expense ratio (%)	12.2%	11.2%	10.3%	9.5%	9.2%	
Operating Expenses - OE (SAR)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
Net Operating Income - NOI (SAR)	21,552,369	23,850,369	26,231,016	28,694,311	29,438,133	
Final value						599,554,649
Present value factor	0.88	0.78	0.69	0.61	0.54	0.48
Present value of net income (SAR)	19,059,400	18,651,918	18,140,854	17,549,009	15,921,401	286,756,965
Property value (SAR)	376,079,546					
Property value (SAR) (rounded)	376,080,000					
Price per meter (SAR/m2)	10,084					


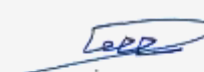
## The Market Value Of The Property Using Discounted Cash Flow Method

Based on the completed study, we estimate the Market Value of the subject site

# 376,080,000<sup>SR</sup>

(Three Hundred Seventy Six Thousand and Eighty Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associate	Associate
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220001030	1210000185
Signature		

Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	 

**Site Inspection and Analysis**

**Subject Property 4**

## The location of the property is at the level of the city of Tabuk

The property is located in the city of Tabuk, the headquarters of the Emirate of the Tabuk Region and the largest city in northern Saudi Arabia, and around it are some of the most important monuments in the Arabian Peninsula. The Tabuk region is the northern gateway to the Arabian Peninsula, and a vital route for trade, pilgrims and Umrah pilgrims from outside the Arabian Peninsula. It is one of the important agricultural areas in the Kingdom. Specifically, the city of Tabuk is located seven hundred kilometers north of Medina and five hundred kilometers from the Khaybar Governorate. The commercial sector in the city of Tabuk has grown tremendously in less than ten years, keeping pace with the development renaissance achieved by the region.

## At the neighborhood level

The property is located in the Al-Rajhi neighborhood, and is bordered on the northern side by the Murooj Al-Amir neighborhood, on the southern side by the Omar bin Al-Khattab neighborhood, on the western side by Al-Rawda neighborhood, and on the eastern side by the Al-Faisaliah neighborhood. Al Rajhi Scheme neighborhood is located within a group of important and vital roads throughout the city.



## At the neighborhood level

The property under evaluation is located in Al Rajhi district. It is bounded to the north by a 20m wide street, to the south by a 20m wide street, to the east by a 100m wide street, and to the west by a 25m wide street..



## Property Description

The subject site comprise of built-up portion on the land having total area of 21,428.13 sqm

**Site features**

**Location:** It is located in Al-Rajhi neighborhood, which is an area with a medium population density. The property is also located on King Khalid Road and the property can be reached through it..

**Services:** Provides main services in the area surrounding the subject site

**Attraction points:** The location is close to the main attraction points (markets, commercial centers, main and vital roads).

**Topography** - Even

**Building system:** commercial.

**Supply and demand:** The property is located in the Al-Rajhi neighborhood in Tabuk, which is considered one of the cities that attract tourists due to its moderate atmosphere, the beauty of its nature, and the presence of many tourist and historical areas, which increases the demand for retail there.

The announcement of the NEOM project, with financial support of about \$500 billion, will revitalize the region and increase population density, thus increasing demand for the retail sector..

**Borders and edges:**

8	Border	Length(m)	Width(m)	Street name	Remarks
North	Street	96.5	20		
South	Street	107	20		
East	Street	250	100	King Khaled Road	
west	Street	197.58	25		
Total Area		21,428.13 Sqm			

**Aerial Photographs of subject site**



## Property Description

### Exterior Photographs of Mall

Al Mekan Mall, a commercial center, spans a total building area of 25,571 square meters, featuring a ground floor and recurring floors housing a variety of facilities such as shops, exhibitions, offices, entertainment areas, and restaurants.

Situated in the heart of Tabuk, the property enjoys a vibrant location near King Fahd Road, a central thoroughfare in the city. Officially inaugurated in 2013, it was unveiled as an exciting and splendid new hub for shopping and entertainment, contributing to the city's dynamic landscape.

#### Finishing details Facades:

Exteriors adorned with a combination of cladding and glass.  
Ventilation and air conditioning facilitated by a centralized system.  
Facilities include emergency exits, strategically placed fire extinguishers, and on-site mosques

Sr. no.	Floor	Use	Total building area (sqm)
1	Basement	Parking	1,980.9
2	Ground Floor	Commercial	11,508.0
3	First Floor	Commercial	12,082.3
	<b>Total</b>		<b>25,571</b>



## Property Description

### Interior View of Mall

Sr. No	Items	Details
1	Type of mall	Local
2	Center classification	B
3	Opening date	2016
4	Built-up area (sqm)	25,571
5	Rentable area (sqm)	20,684.94
6	Number of floors	2
7	Number of stores	93



### Tenant type wise retail area break- up

Unit Type	Total Area (sqm)	Unit Type
50-0	78	0.37%
200-51	5,330	25.33%
500-201	2,235	10.62%
1500-501	328	1.56%
Food court	404	1.92%
Sub Anchor	2,537	12.06%
Atm	11	0.05%
Anchor	9,941	47.24%
KISOK	180	0.85%
	<b>21,043.5</b>	<b>100.00%</b>

### General description of leasing contracts..

Al-Makan Mall comprises 120 stores accommodating multiple tenants. Despite the absence of lease contract copies or images, we adhered to the client's directives, relying on the details outlined in the provided lease schedule for the evaluation.

Per the client's information, we ascertain that the total income of the property on the valuation date amounts to 878,044 riyals, inclusive of service fees.

## Property Description

Final

Description	Information
Property Address	Tabuk - Al Rajhi District
Plan Number	38/157/T
Property Type	Shopping center
Plot no.	107-123
Land Area as per title Deed Number	21,428.13 sqm
Deed Number	250109008541
Title Deed Date	30-04-1442
Built Up Area	25,571 sqm
Building Permit Number	60273
Building Permit Date	04-04-1435
Ownership Type	Absolute ownership

Services available in the area		Yes	No
Government Services & Centers	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
Commercial Services	Commercial Centers	✓	
	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
	ATM Machine	✓	
General Services	Electric Network	✓	
	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



PROPERT  
PICTURES





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## ESTIMATE THE VALUE

### Using the Market Approach - Comparative Method

This method depends on the current market prices for selling similar properties to the property under valuation, and since it is difficult to find two completely identical properties, appropriate adjustments will be made to the compared properties prices by deducting the value of the factors chosen that represent an advantage of the compared properties and adding the value factors that represents an advantage to subject property in order to calculate the final value.

**Aerial Map of Comparative Evidence**

In order to estimate the market value of the land, the comparison method was applied to determine the market value. Below is a summary of comparative properties in the surrounding area

Sr. No	Area (sq. m)	Price (per sqm)	Quote/ Transactions	Date of Transaction / Quote	Location	Usage
1	1,235	3,200	Quote	6/22/2023	The festival	commercial
2	2,260	4,200	Quote	6/22/2023	Al-Qadisiyah	commercial
3	800.0	4,000.0	Quote	6/22/2023	Al Rajhi scheme	Residential



### Calculations Valuation – Direct Comparable approach

Estimating the average price per sqm for commercial use

The valuation matrix represents the natural and unnatural factors to determine value, namely the elements of location, accessibility, land appearance, and market situation

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	3,200	4,200	4,000
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	3,200	4,200	4,000

### Summary of value estimate

Based on the above, the following table summarizes the market value of the land using the market method - similar sales method

Plot No.	Area (square meters)	Market value – rounded (SAR)/ sq. m	Market value – rounded SAR)
5	21,428.1	2,387.2	51,153,000.0

Item	Comp.1 Details	P/D	Comp.2 Details	P/D	Comp.3 Details	P/D
Area (square metres)	1,235.0	-20.4%	2,260.0	-15.9%	800.0	-23.4%
Number of interfaces	2.0	5.0%	2.0	5.0%	1.0	7.5%
Accessibility	Easy	0.0%	Easy	0.0%	Easy	0.0%
Proximity to the site	King Fahd Road	0.0%	King Khaled Road	0.0%	King Khaled Road	0.0%
Street view	100.0	0.0%	100.0	0.0%	100.0	0.0%
Use	Commercial	0.0%	Commercial	0.0%	Commercial	0.0%
Negotiation	Quote	-10.0%	Quote	-10.0%	Quote	-10.0%
Total settlements (%)		-25.4%		-20.9%		-25.9%
Value after adjustments (SAR/square meter)		2,387.2		3,322.2		2,966.0
Weighting		100.0%		0.0%		0.0%
<b>Adjusted Market Value (Sar/ sqm)</b>		<b>2,387.2</b>				

## ESTIMATE THE VALUE

### Cost Approach –Cost Method

The cost method is sometimes referred to as the contractor method.

The cost method determines the value by estimating the cost of acquiring land and building a new property with equal benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay.

The land cost is added to the total construction cost, and it is usual for project incentives or real estate developer profits/losses to be added to the construction costs if appropriate.

## Valuation – Cost Approach

### Second: Estimating the cost of buildings

#### Building information

Sr. No	Floor	Use	Building Area (sqm)	No. of Floors	(Total Building Area (sqm)
1	Basement	Parking	1,980.9	1.0	1,980.9
2	Ground Floor	Commercial	11,508.0	1.0	11,508.0
3	First Floor	Commercial	12,082.0	1.0	12,082.0
					<b>25,571</b>

#### Direct construction costs:

Reference was made to the guide issued by the Saudi Authority for Certified Residents, which explains construction cost indicators for buildings according to their uses.

Sr. No	Floor	Total area (sqm)	Construction cost (SAR/sqm)	Total costs (SAR)
1	Basement	1,980.9	2,000.0	3,961,740.0
2	Ground Floor	11,508.0	1,400.0	16,111,200.0
3	First Floor	12,082.0	1,400.0	16,914,800.0
Total		<b>25,571</b>	<b>1,446.5</b>	<b>36,987,740.0</b>

**Indirect construction costs :** Based on a market survey and evidence of similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached. According to the attached table

Sr. No	Items	The ratio (%)	Value (SAR)
1	Construction costs (SAR)		36,987,740.0
2	Professional fees	1.50%	554,816.1
3	Utility network	1.50%	554,816.1
4	Management costs	1.50%	554,816.1
5	The contractor won	10.00%	3,698,774.0
6	The developer won	15.00%	5,548,161.0
Total			<b>47,899,123.3</b>

According to the information provided previously, the value of the property was deduced using the cost method according to the attached table

Sr. No	Items	Value (SAR)
1	Economic life of the building (years)	40.0
2	Age of the property (years)	7.8
3	Physical obsolescence rate (%)	19.4%
4	Job obsolescence rate (%)	0%
5	External (economic) obsolescence rate (%)	0%
6	Actual aging rate (%)	19.4%
7	Construction cost before deducting obsolescence (SAR) (rounded)	47,899,123.3
8	Construction cost after deducting obsolescence (SAR) (rounded)	38,608,689.2
9	Completion rate (%)	100%
10	Value of completed construction (SAR)	38,608,689.2
11	Land value (SAR) (rounded)	51,153,000.0
Total value using cost method (land + buildings) (SAR		<b>89,761,689.2</b>
Total value using cost method (land + buildings) -SAR Rounded off		<b>89,762,000</b>



## The Market Value Of The Property Using Direct Comparable Method and Cost Method

Based on the completed study, we estimate the Market Value of the subject site

# 89,762,000<sup>SR</sup>

(Eighty Nine Million, Seven Hundred Sixty Two Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associates	Associates
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220002393	122000513
Signature		

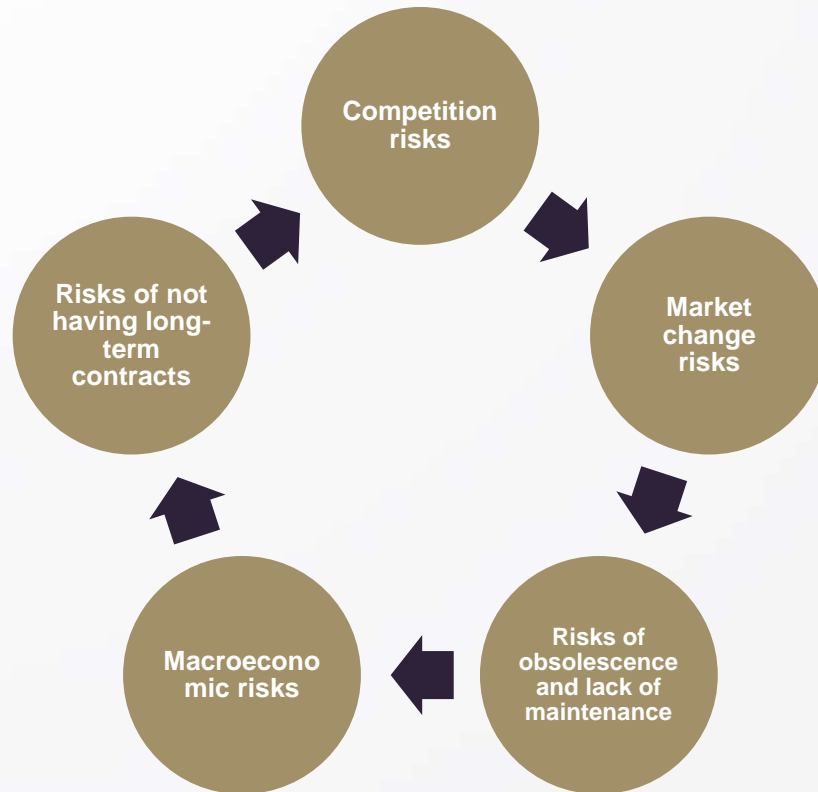
Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	 س.ت 1010469884 شركة خبراء القيمة وشريكه للتقييم العقاري

## ESTIMATE THE VALUE

### Income Approach –Discounted Cash Flow Method

A financial method to estimate the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows.

## Real estate valuation risks



**Competition risks:** The commercial space rental sector for companies operating in the office sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future. As a result, there may be difficulties in keeping up with competitors, due to policies of significantly reducing rental fees, which may negatively affect the ability to compete.

**Market change risks:** Revenues from leasing office space and locations may be subject to unexpected fluctuations, including as a result of seasonal changes in spending patterns or visitor behavior, and as a result of such fluctuations in revenues, this may limit the ability to predict future revenues.

**Risks of obsolescence and lack of maintenance:** Renewal, expansion, improvement and redevelopment of office spaces must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the office real estate market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change. If we do not renew and improve to keep pace with changes in tenant and visitor preferences, this will have a material negative impact.

**Macroeconomic risks:** The country's macroeconomic conditions may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in local and global stock markets, as changing one or more of these indicators may negatively affect the value of the property.

**Risks of not having long-term contracts:** The lack or lack of long-term contracts greatly affects the value of the property, as the presence of such contracts adds a kind of stability to the property's income and thus to its value, while their absence can lead to fluctuation in the value of the property.

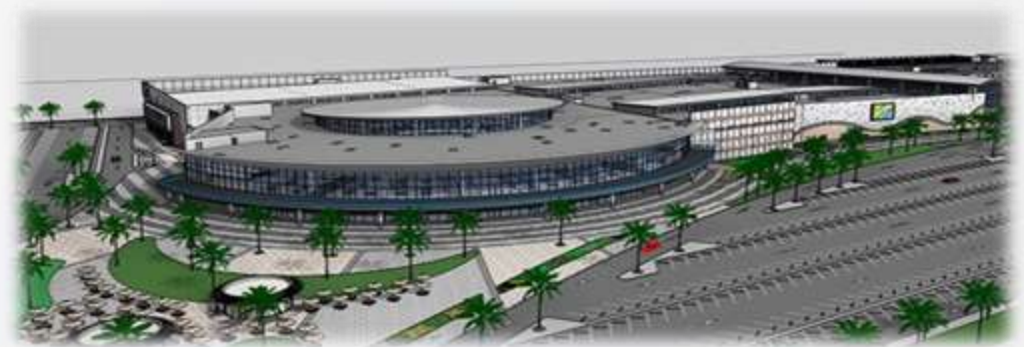
## Benchmarks

### Gallery Mall

Items	Details
Opening year	2005
Building area/square meters	Regional
Rentable area / square meters	
Category	
Occupancy rate	
Unit Are (sqm)	Market Rent (SAR/ Year)
Ordinary stores	1,150.00
Fast food stores	1,100.00
Entertainment	375.00
Sub Anchor	500.00
Atm	35,000.00
Anchor	432.00
Booths	3,428.00
Regular stores (basement)	1,150.00
Stores	1,150.00
KISOK	9,000.00

### Park Mall

Items	Details
Opening year	2008
Building area/square meters	Regional
Rentable area / square meters	
Category	
Occupancy rate	
مساحة الوحدة م2	الايجار السوقى (ريال/سنة)
Ordinary stores	1,760
Fast food stores	2,750
Entertainment	0
Sub Anchor	0
Atm	0
Anchor	0
Booths	0
Regular stores (basement)	0
Stores	0
KISOK	9,000



Rental Derivation

In order to estimate the expected revenues for the property, the comparison method was applied to determine the rental value for the uses in the proposed project. With regard to making amendments to the financing conditions and the market situation, no amendments were made to them because the comparisons were made on a recent date, that is, five days before the evaluation date. The following tables show a summary of the adjustments versus differences for the property being valued:

Rental rates prevailing in the market - Gallery Mall	
Unit Are (sqm)	Market Rent (SAR/ Year)
Ordinary stores	1,150.00
Fast food stores	1,100.00
Entertainment	375.00
Sub Anchor	500.00
Atm	35,000.00
Anchor	432.00
Booths	3,428.00
Regular stores (basement)	1,150.00
Stores	1,150.00
KISOK	9,000.00

Unit area	Market rent (SAR/year)
Ordinary stores	1,760
Fast food stores	2,750
KISOK	9,000

Aerial Map of Comparative Evidence



## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

According to the information provided by the client, the following table summarizes the leasable areas of the subject site

Unit Area	Leasable Area (Sqm)	Area (%)
50-0	78	0.37%
200-51	5,330	25.33%
500-201	2,235	10.62%
1500-501	328	1.56%
Food court	404	1.92%
Sub Anchor	2,537	12.06%
Atm	11	0.05%
Anchor	9,941	47.24%
KISOK	180	0.85%
	<b>21,043.5</b>	<b>100.00%</b>

The following table shows the expected revenues from renting units according to rental prices extracted from the market.

Unit Area	Leasable Area (Sqm)	Rental (SAR per sqm)	Revenue (SAR)
50-0	78	1,640	127,951.2
200-51	5,330	1,367	7,286,110.0
500-201	2,235	1,094	2,444,196.0
1500-501	328	875	286,960.6
Food court	404	2,200	888,800.0
Sub Anchor	2,537	500	1,268,500.0
Atm	11	35,000	385,000.0
Anchor	9,941	432	4,294,512.0
KISOK	180	9,000	1,615,500.0
	<b>21,043.5</b>	<b>883.8</b>	<b>18,597,529.8</b>

Inputs and assumptions of the income method and the discounted future cash flow method

### Income Analysis

Based information shared by client, we understand that the subject site is 3.02% of leasable has been leased and same has been validated during site inspection.

### Revenues:

The total rents collected as per contract as on the valuation date, or the total revenues for vacant space has been assumed based on market. The client provided a rent list, and we received data on operational and administrative expenses for the complex. Additionally, market data was gathered for rents and income calculations.

### Capital expenditures:

During this period of the year, we were provided with capital expenses resulting from some fundamental modifications in the mall, which increase its productivity, and they were calculated in the first period according to the attached statement from the client.

We analyzed the level of capital expenditure allocations in similar properties that we participated in evaluating. We assumed that the prudent owner would bear the capital expenditures to maintain the property in good condition, improve production capacity, and maintain tenants. Through inspection of the property, we found that it had been renovated.

### Operating expenses:

We were provided with the operating expenses for the mall, and they were compared to the market, and since there were no relative differences compared to the market, they were applied throughout the investment period.

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

**Fixed expenses:** No fixed expenses for the property were calculated, such as insurance and any other expenses.

**Tenant incentives:** Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

#### Doubtful debts (credit losses):

This is that any owner may suffer some losses in income due to bad debts. According to the data provided by the client, no losses were applied.

#### Growth rate:

Due to the lack of market data and previous indicators for similar properties and the growth rate at the level of supply and demand, and since the inflation rate is available as a declared information according to the data of the Central Bank, a rate has been calculated for each year with the knowledge of the inflation rate for a previous year to estimate future periods as shown in the table, and it was done. Adopting the Gordon growth model, meaning that the property grows steadily forever.

**Rate of return on investment:** Through a market survey of the properties that were evaluated by us in the city of Dammam and review of the reports of REIT funds and similar properties in the retail sector, the capitalization rate for similar properties ranges between 7% and 9%, and accordingly the return rate was determined at 9%.

#### Discount rate

With regard to the discount rate, according to the methods used to calculate the discount rate stipulated in international evaluation standards, and as studied in the evaluation methods of the Saudi Authority for Certified Valuers, it was arrived at by the cumulative method as shown in the table below, which depends on (the inflation rate, regular risks, the rate of returns for government years). for the period, the risk premium of the property, market risk). - Sources of data (Central Bank - Debt Services - Capital Market Authority data for similar properties that were acquired).

### Table of assumptions for cash flow inputs:

#### Final value (recovery value):

It was arrived at by calculating the net operating income at the end of the leasing period, based on the rate of return on investment - the growth rate, assuming that the property grows steadily throughout the investment period

**Explicit forecast period (investment duration):** The investment duration indicator was based mainly on the method used in the evaluation, discounted future cash flows, according to the equation: investment duration = actual life - virtual life - market life .

Assumptions		Details
Land Area (Sqm)	21,428	Systematic risk premium
Inflation Rate (%) (Rs)	2.59%	Risk-free rate of return
Government Bond Yield Ratio For The Next 10 Years (Rf)	5.19%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Real Estate Risk Premium	4.00%	Based on supply and demand in the area where the property to be evaluated is located
Market Risk	3.00%	It is the process that converts future cash flows into a present value
Discount Percentage (%)	14.78%	Market survey
Return Percentage (%)	9.00%	Costs incurred for maintaining and operating the property throughout the period
Operating And Maintenance Costs For Exhibitions (%)	25.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Credit Costs For Exhibitions (%)	0.00%	The vacancy rate for real estate is according to what prevails in the market, considering the building at the beginning of the operating period, and stabilizes in the final period as an average prevailing according to the market.
Vacancy Costs For Exhibitions (%)	20%-95.4%	Systematic risk premium

## Valuation - income method – Discounted Cash Flow Method

### Revenue Table

Item	Leasable Area (sqm)	Rental (INR per sqm)	Gross Income
Mall	22,724.1	1,404.2	31,910,022.4

### Cashflow

Period	1	2	3	4	5	6
Cash flows - market dependent						
Gross Expected Income - GPI (SAR)	18,597,530	18,597,530	18,597,530	18,597,530	18,597,530	
Credit and vacancy costs (%)	95.4%	65.0%	50.0%	40.0%	30.0%	
Credit and vacancy costs (SAR)	17,742,043	12,088,394	9,298,765	7,439,012	5,579,259	
Expected total income (SAR)	877,643	6,846,309	10,021,279	12,314,540	14,704,137	
Capital Expenditure -CE (%)	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SAR)	0	0	0	0	0	
Operating expense ratio (%)	15.6%	20.0%	20.0%	20.0%	20.0%	
Operating Expenses - OE (SAR)	136,912	1,367,083	2,001,066	2,458,989	2,936,148	
Net Operating Income - NOI (SAR)	740,731	5,479,226	8,020,213	9,855,552	11,767,989	
Final value						183,587,979
Present value factor	0.87	0.76	0.66	0.58	0.50	0.44
Present value of net income (SAR)	645,349	4,158,979	5,303,801	5,678,270	5,907,057	80,287,312
Property value (SAR)	101,980,768					
Property value (SAR) (rounded)	101,980,000					
Price per meter (SAR/m2)	4,759					



## The Market Value Of The Property Using Discounted Cash Flow Method

Based on the completed study, we estimate the Market Value of the subject site

# 101,980,000SR

(One Hundred One Million and Nine Hundred Eighty Thousand Saudi Riyals )

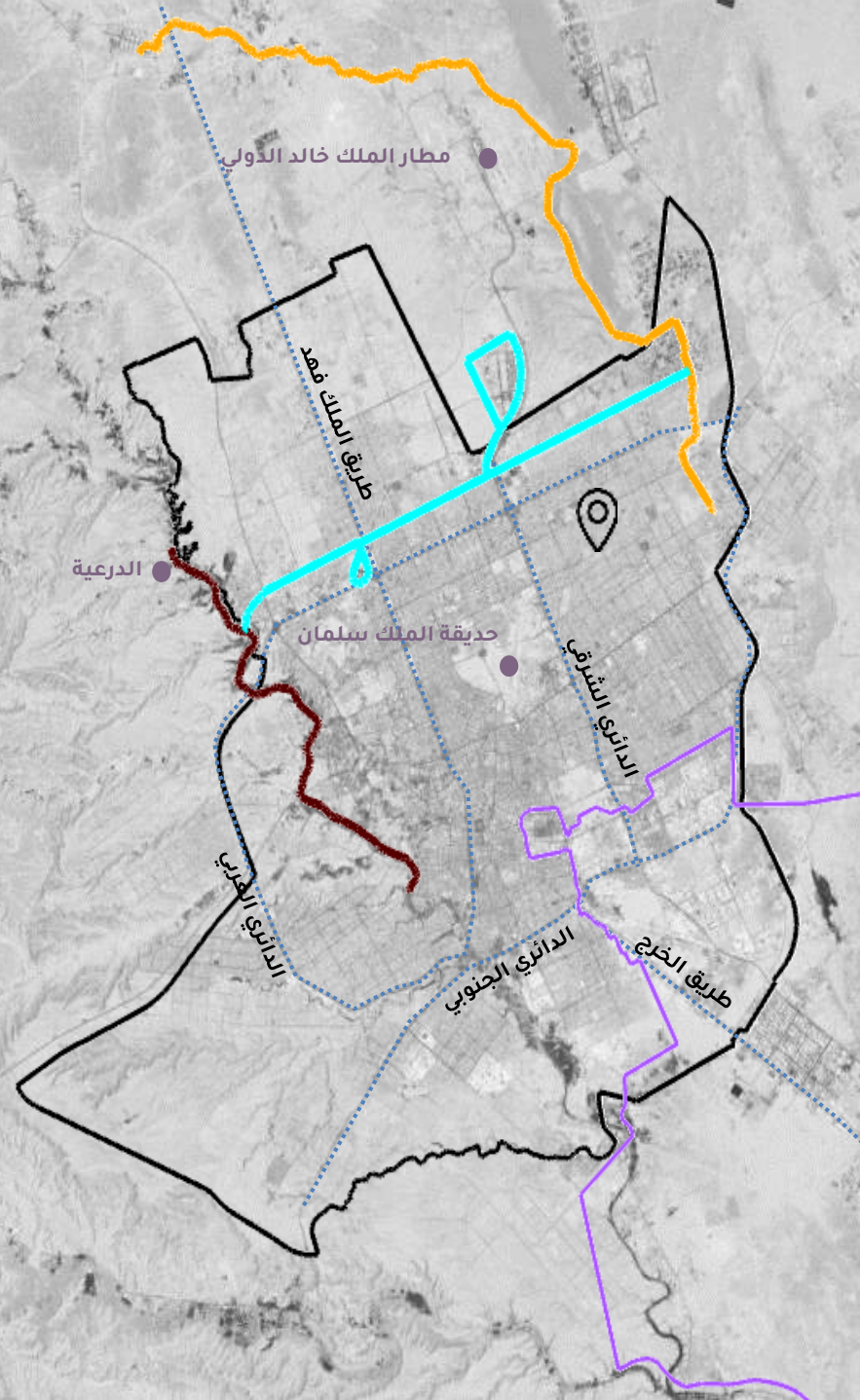
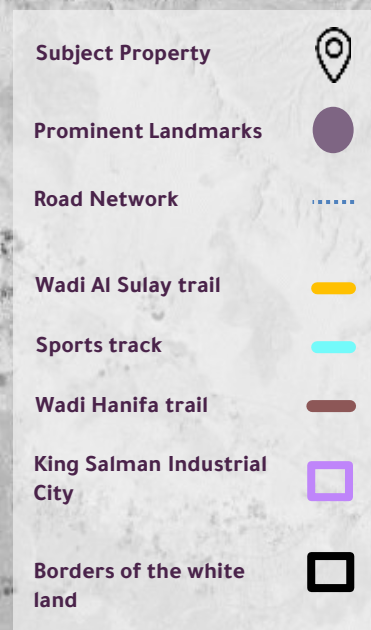
\* Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associate	Associate
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220001030	1210000185
Signature		

Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	 س.ت 1010469884 شركة خبراء القيمة وشريكه للتقييم العقاري

**Site Inspection and Analysis**  
**Subject Site 5**



## The location of the property is in the city of Riyadh

The property is located east of Riyadh, the capital of the Kingdom of Saudi Arabia, its largest city and the third largest Arab capital in terms of population. Riyadh is located in the middle of the Arabian Peninsula on the Najd Plateau, at an altitude of 600 meters above sea level. It is the headquarters of the Emirate of the Riyadh Region, according to the administrative division of the Saudi regions. The city of Riyadh is inhabited by about 10.5 million people, according to 2021 statistics. The Saudi capital is considered one of the fastest expanding cities in the world. Within half a century of its inception, the area of the small city expanded until it reached 3,115 km<sup>2</sup>. in this time

Urban planning divides the city of Riyadh administratively into 16 municipalities, which include more than 167 residential neighborhoods, managed by the Riyadh Municipality and the Royal Commission for the City of Riyadh. It has tourism and cultural components, including historical sites, museums and urban landmarks. A number of cultural and entertainment festivals and events are held in Riyadh annually, such as the National Heritage and Culture Festival (Janadriyah) and the Riyadh International Book Fair.

Imam Muhammad bin Saud  
University

**Qurtubah**

SABIC Saudi Arabia

Khalid bin Al-  
Waleed Road

Granada  
Mall

Subject Property

Imam Saud bin Abdulaziz Road

**Hamra**

## At the neighborhood level

The property is located in the Al-Shuhadaa neighborhood, and is bordered on the northern side by the Northern Ring Road and then the Cordoba neighborhood, and on the southern side by Imam Saud Road and then the Al-Quds neighborhood, and on the eastern side by Khalid bin Al-Walid Road and then Al-Hamra neighborhood, and on the western side by the Eastern Ring Road and then Al-Izdihar neighborhood.

طريق الدائري الشمالي

طريق الدائري الشرقي

The property under evaluation is located in Al-Shuhadaa neighborhood. It is bordered to the north by Al-Qusayr Street, to the south by Imam Saud bin Abdulaziz Road, to the east by Derna Street, and to the west by Jar.



## Property Description

The subject site comprise of built-up portion on the land having total area of 4,875 sqm

### Site features

**Location:** It is located in the Al-Shuhada neighborhood, which is an area with a high population density. The property is also located on Imam Saud bin Abdulaziz bin Muhammad Road, and the property can be reached through it. Its neighborhoods contain many residential villas and a commercial and administrative center..

**Services:** Provides main services in the area surrounding the subject site

**Attraction points:** The location is close to the main points of attraction (Saqr Al-Jazeera Aviation Museum - markets and commercial centers - roads)

**Topography** - Even

**Building system:** commercial.

### Supply and demand:

The property is located in the Al-Shuhadaa neighborhood, which is considered one of the most upscale neighborhoods, as it is close to all main roads, commercial centers, central markets, and others

### Borders and edges:

8	Border	Length(m)	Width(m)	Street name	Remarks
North	Street	75	15	القصير	
South	Street	75	60	Imam Saud	
East	Street	65	15	درنة	
west	Neighbor	65	-	-	
Total Area			4,875 Sqm		

### Aerial Photographs of subject site



## Property Description

### Exterior Photographs of Mall

The commercial center is designed as an office complex, encompassing a total building area of 10,955 square meters. The structure comprises three floors, featuring two elevators and a total of 49 offices. The layout includes a basement designated for parking, an indoor prayer hall, and a mezzanine housing a reception office and exhibition space. The property is located in the Al-Shuhada neighborhood in the city of Riyadh, in a vital area on Imam Saud Road, near the Eastern Ring Road and the Northern Ring Road.

**Finishing details**

Exteriors showcase a sophisticated combination of stone and glass facades. The flooring throughout the structure is elegantly finished with a blend of marble and porcelain. Ventilation and air conditioning needs are efficiently met through a centralized air conditioning system. Essential facilities, including emergency exits, strategically positioned fire extinguishers, and on-site mosques, are seamlessly integrated for safety and convenience.

**Facilities**

Safety features include strategically positioned emergency exits for quick evacuation, readily available fire extinguishers to ensure fire safety, and on-site mosques to cater to spiritual needs.

Sr. no.	Floor	Use	Total building area (sqm)
1	Basement	Parking	2,941.53
2	Mezzanine	Office	1,039.08
3	ground floor	Office	674.30
4	Commercial ground floor	Office	2,063.76
5	First floor	Offices	2,711.70
6	Upper appendices	Offices	1,332.25
7	Walls	Offices	192.00
Total			10,955



## Property Description

The administrative commercial center consists of 8 main showrooms, multi-tenant, and 40 administrative offices.

We were not provided with copies or pictures of the lease contracts, and according to the client's instructions, we relied on the information contained in the lease schedule that was provided to us for the purpose of this evaluation. Based on the information provided to us by the client, we understand that on the evaluation date the total income of the property is 4,729,359 riyals, including service fees, and without calculating tax.

Income statement for units according to the invoice due date statement

Items	Nos.	Area (sqm)	Occupancy (5)	Annual rental value (SAR)
Parking	8	998.55	39.12%	841,967.0
Office	40	3,856.69	98.60%	3,135,146.0
Total	48	4,855.24	75.11%	3,977,113.0



# Property Description

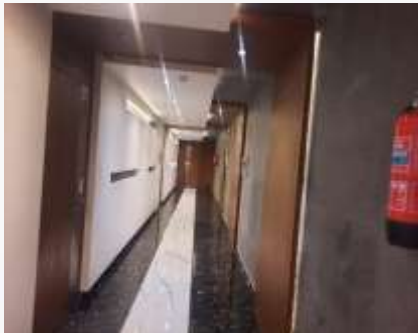
Final

Description	Information
Property Address	Riyadh
Plan Number	1822
Property Type	Office
Plot no.	1578-1579-1580-1586-1587-1588 Block number 304
Land Area as per title Deed Number	4,875 sqm,
Deed Number	811201000320
Title Deed Date	30-04-1442
Built Up Area	10,955 sqm.
Building Permit Number	531/1435
Building Permit Date	01-14-1435 AH
Ownership Type	Absolute ownership

Services available in the area		Yes	No
Government Services & Centers	Government Entities	✓	
	Police Station	✓	
	Schools	✓	
	Banks	✓	
	Civil Defense	✓	
Medical Services	Hospitals	✓	
	Clinics	✓	
	Medical Centers	✓	
Commercial Services	Commercial Centers	✓	
	Supermarkets	✓	
	Mall Centers	✓	
	Restaurants	✓	
	Hotels	✓	
	Furnished Apartments	✓	
	Gas Stations	✓	
General Services	ATM Machine	✓	
	Electric Network	✓	
	Water System	✓	
	Telephone Network	✓	
	Rain Water Drainage Network	✓	
	Mosques	✓	
	Parks	✓	
	Other		



PROPERT  
PICTURES



## ESTIMATE THE VALUE

### Using the Market Approach - Comparative Method

This method depends on the current market prices for selling similar properties to the property under valuation, and since it is difficult to find two completely identical properties, appropriate adjustments will be made to the compared properties prices by deducting the value of the factors chosen that represent an advantage of the compared properties and adding the value factors that represents an advantage to subject property in order to calculate the final value.

**Aerial Map of Comparative Evidence**

In order to estimate the market value of the land, the comparison method was applied to determine the market value. Below is a summary of comparative properties in the surrounding area

Sr. No	Area (sq. m)	Price (per sqm)	Quote/ Transactions	Date of Transaction / Quote	District	Usage
1	6,800	8,000	Transacted 20933336	9/13/2023	Red	Mixed Use
2	93,405	3,000	Quote	6/15/2023	Granada	Mixed Use
3	1,500.0	8,000.0	Quote	11/12/2023	Yarmouk	Mixed Use



### Calculations Valuation – Direct Comparable approach

Estimating the average price per sqm for commercial use

The valuation matrix represents the natural and unnatural factors to determine value, namely the elements of location, accessibility, land appearance, and market situation

Item	Comp. 1	Comp. 2	Comp. 3
Price per square meter (SAR/sqm)	8,000	3,000	8,000
Market Status	0.0%	0.0%	0.0%
Price per SQM after adjusting Market Status	8,000	3,000	8,000

### Summary of value estimate

Based on the above, the following table summarizes the market value of the land using the market method - similar sales method

Plot No.	Area (square meters)	Market value – rounded (SAR)/ sq. m	Market value – rounded SAR)
1578-1579-1580-1586-1587-1588	4,875.0	6,325.3	30,836,000.0

Item	Comp.1 Details	P/D	Comp.2 Details	P/D	Comp.3 Details	P/D
Area (sqm.)	6,800.0	2.0%	93,405.0	-21.0%	1,500.0	8.1%
Number of interfaces	3.0	0.0%	3.0	0.0%	2.0	-2.5%
Accessibility	Easy	0.0%	Easy	0.0%	Close	0.0%
Proximity to the site	Close	0.0%	Close	0.0%	Close	0.0%
Street view	60.0	0.0%	60.0	0.0%	60.0	0.0%
Use	Commercial	0.0%	Commercial	0.0%	Commercial	0.0%
Negotiation	20933336-Transacted	0.0%	Quote	0.0%	Quote	0.0%
Total settlements (%)		2.0%		-21.0%		5.6%
Value after adjustments (SAR/square meter)		8,156.0		2,370.0		8,450.0
Weighting		33.3%		33.3%		33.3%
<b>Adjusted Market Value (Sar/ sqm)</b>		<b>6,325.3</b>				

## ESTIMATE THE VALUE

### Cost Approach –Cost Method

The cost method is sometimes referred to as the contractor method.

The cost method determines the value by estimating the cost of acquiring land and building a new property with equal benefits or modifying an old property for the same use without any unnecessary expenses resulting from delay.

The land cost is added to the total construction cost, and it is usual for project incentives or real estate developer profits/losses to be added to the construction costs if appropriate.

## Valuation – Cost Approach

### Second: Estimating the cost of buildings

#### Building information

Sr. No	Floor	Use	Building Area (sqm)	No. of Floors	(Total Building Area (sqm))
1	Basement	Parking	2,941.5	1.0	2,941.5
2	Ground Floor	Office	674.3	1.0	674.3
3	Ground Floor	Office	2,063.8	1.0	2,063.8
4	Mezzanine	Office	1,039.1	1.0	1,039.1
5	First Round	Office	2,711.7	1.0	2,711.7
6	Upper Appendices	Office	1,332.3	1.0	1,332.3
7	Walls	Office	192.0	1.0	192.0
			<b>10,955</b>		

#### Direct construction costs:

Reference was made to the guide issued by the Saudi Authority for Certified Residents, which explains construction cost indicators for buildings according to their uses.

Sr. No	Floor	Total area (sqm)	Construction cost (SAR/sqm)	Total costs (SAR)
1	Basement	2,941.5	2,200.0	6,471,366.0
2	Ground Floor	674.3	1,800.0	1,213,740.0
3	Ground Floor	2,063.8	1,800.0	3,714,768.0
4	Mezzanine	1,039.1	1,700.0	1,766,436.0
5	First Round	2,711.7	1,800.0	4,881,060.0
6	Upper Appendices	1,332.3	1700	2,264,825.0
7	Walls	192.0	600	115,200.0
Total		<b>10,955</b>	<b>1,864.7</b>	<b>20,427,395.0</b>

**Indirect construction costs :** Based on a market survey and evidence of similar projects, the following table summarizes the indirect costs, which will be added later to the direct costs that have been reached. According to the attached table

Sr. No	Items	The ratio (%)	Value (SAR)
1	Construction costs (SAR)		36,987,740.0
2	Professional fees	1.50%	554,816.1
3	Utility network	1.50%	554,816.1
4	Management costs	1.50%	554,816.1
5	The contractor won	10.00%	3,698,774.0
6	The developer won	15.00%	5,548,161.0
Total			<b>47,899,123.3</b>

According to the information provided previously, the value of the property was deduced using the cost method according to the attached table

Sr. No	Items	Value (SAR)
1	Economic life of the building (years)	40.0
2	Age of the property (years)	10.2
3	Physical obsolescence rate (%)	25.4%
4	Job obsolescence rate (%)	0%
5	External (economic) obsolescence rate (%)	0%
6	Actual aging rate (%)	25.4%
7	Construction cost before deducting obsolescence (SAR) (rounded)	26,453,476.5
8	Construction cost after deducting obsolescence (SAR) (rounded)	19,733,558.7
9	Completion rate (%)	100%
10	Value of completed construction (SAR)	19,733,558.7
11	Land value (SAR) (rounded)	30,836,000.0
Total value using cost method (land + buildings) (SAR		<b>50,569,558.7</b>
Total value using cost method (land + buildings) -SAR Rounded off		<b>50,570,000</b>



**The Market Value Of The Property Using Direct Comparable Method and Cost Method**

Based on the completed study, we estimate the Market Value of the subject site

**50,570,000****SR**

(Fifty Million, Five Hundred Seventy Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2023

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associates	Associates
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220002393	122000513
Signature		

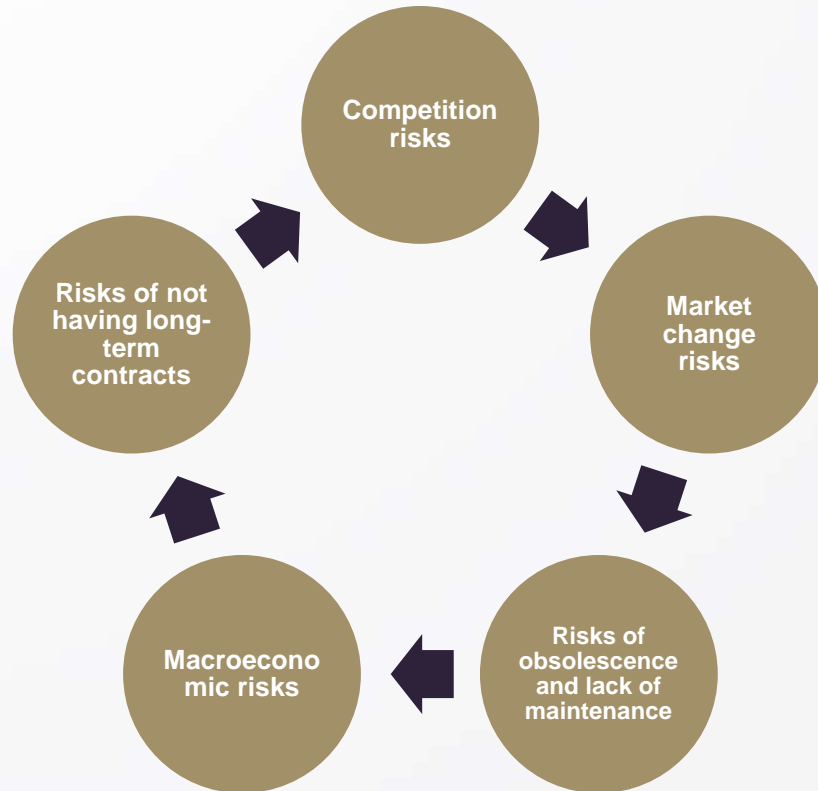
Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	

## ESTIMATE THE VALUE

### Income Approach –Discounted Cash Flow Method

A financial method to estimate the value of a financial or real asset. The value index is derived by calculating the present value of future cash flows.

## Real estate valuation risks



**Competition risks:** The commercial space rental sector for companies operating in the office sector in the Kingdom is a highly competitive field, and this competition is expected to increase in the future. As a result, there may be difficulties in keeping up with competitors, due to policies of significantly reducing rental fees, which may negatively affect the ability to compete.

**Market change risks:** Revenues from leasing office space and locations may be subject to unexpected fluctuations, including as a result of seasonal changes in spending patterns or visitor behavior, and as a result of such fluctuations in revenues, this may limit the ability to predict future revenues.

**Risks of obsolescence and lack of maintenance:** Renewal, expansion, improvement and redevelopment of office spaces must be carried out on an ongoing basis, in order to maintain their attractiveness and continued demand for them by tenants and visitors. Due to the development of the office real estate market in the Kingdom, the aspirations, tastes and preferences of tenants and visitors may change. If we do not renew and improve to keep pace with changes in tenant and visitor preferences, this will have a material negative impact.

**Macroeconomic risks:** The country's macroeconomic conditions may affect the value of any property, such as inflation rates, liquidity, interest rates, financing costs, taxes, and general movement in local and global stock markets, as changing one or more of these indicators may negatively affect the value of the property.

**Risks of not having long-term contracts:** The lack or lack of long-term contracts greatly affects the value of the property, as the presence of such contracts adds a kind of stability to the property's income and thus to its value, while their absence can lead to fluctuation in the value of the property.

Rental Derivation

In order to estimate the expected revenues for the property, the comparison method was applied to determine the rental value for the uses in the proposed project. With regard to making amendments to the financing conditions and the market situation, no amendments were made to them because the comparisons were made on a recent date, that is, five days before the evaluation date. The following tables show a summary of the adjustments versus differences for the property being valued:

Sr No.	Area (sqm)	Price per meter (SAR/sqm)	Value (SAR) (sqm)	Quote/ Transaction	Date of Quote/ Transaction	Use
1	618	1,537	950,000	Quote	10/4/2023	Office
2	1,272	1,000	1,272,000	Quote	10/4/2023	Office
3	1,223.0	899.4	1,100,000.0	Quote	10/4/2023	Office
4	70	714	50,000	Quote	11/12/2023	Office
5	160	538	86,154	Quote	11/12/2023	Office
6	150	450	67,500	Quote	11/12/2023	Office

Aerial Map of Comparative Evidence



In order to arrive at the revenues for the exhibitions, proportional control and a study of comparative properties were conducted in order to find the relative differences and determine the revenues for each element of the property being evaluated. The table below shows this:

Parameters	Comp.1 Details	P/D	Comp.2 Details	P/D	Comp.3 Details	P/D
Area (sqm.)	618.0	11.4%	1,272.0	16.6%	1,223.0	16.4%
Number of interfaces	2.0	2.5%	2.0	2.5%	3.0	-2.5%
Accessibility	Yes	0.0%	Yes	0.0%	Yes	0.0%
Proximity to the site	Close	0.0%	Close	0.0%	Close	0.0%
Street view	B	0.0%	B	5.0%	B	0.0%
Location	Al-Taawoun District, Imam Abdullah bin Saud Road	0.0%	Al-Hamra District, Imam Abdullah bin Saud Road	0.0%	Seville - Imam Abdullah bin Saud Road	5.0%
Negotiation	Quote	0.0%	Quote	0.0%	Quote	0.0%
Total settlements (%)	13.9%		24.1%		18.9%	
Value after adjustments (SAR/square meter)		1,750.9		1,241.3		1,069.0
Weighting	33.3%		33.3%		33.3%	
Adjusted Market Value (Sar/ sqm)	1,353.7					

Parameters	Comp.4 Details	P/D	Comp.5 Details	P/D	Comp.6 Details	P/D
Area (Sqm)	70.0	0.4%	160.0	5.3%	150.0	5.0%
Accessibility	Easy Access	0.0%	Easy Access	0.0%	Easy Access	0.0%
Proximity to main roads	Close	0.0%	Close	0.0%	Close	0.0%
Location	Al-Izdihar neighborhood, Imam Abdullah bin Saud Road	0.0%	Al-Izdihar neighborhood, Imam Abdullah bin Saud Road	0.0%	Al-Nuzha District, Imam Abdullah bin Saud Road	0.0%
Building category	B	0.0%	C	15.0%	C	15.0%
Services for the building	Available	0.0%	Available	0.0%	Available	0.0%
Total settlements (%)		0.4%		20.3%		20.0%
Value after adjustment	716.8		647.8		540.0	
Weightage		70.0%		30.0%		0.0%
Adjusted Market Value (Sar/ sqm)	696.1					

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

#### Revenues

The following table shows the expected revenues from renting units according to rental prices extracted from the market

Items	Rental area (sqm)	Proposed rental price	Gross income
Parking	2,552.8	1,353.7	3,456,000.0
Office	3,911.4	696.1	2,723,000.0
Total	6,464.2		6,179,000.0

#### Inputs and assumptions of the income method and the discounted future cash flow method

##### Income Analysis

Upon inspection of the mall from the inside, we found that the property is rented for 100% of the rental space for offices, and for exhibitions, the occupancy rate exceeds 75%, given that the mall is considered one of the oldest malls in the city of Dammam, with services calculated within the rental meter.

##### Revenues:

The total rents collected as per contract as on the valuation date, or the total revenues for vacant space has been assumed based on market. The client provided a rent list, and we received data on operational and administrative expenses for the complex. Additionally, market data was gathered for rents and income calculations.

##### Capital expenditures:

During this period of the year, we were provided with capital expenses resulting from some fundamental modifications in the mall, which increase its productivity, and they were calculated in the first period according to the attached statement from the client.

We analyzed the level of capital expenditure allocations in similar properties that we participated in evaluating. We assumed that the prudent owner would bear the capital expenditures to maintain the property in good condition, improve production capacity, and maintain tenants. Through inspection of the property, we found that it had been renovated.

##### Operating expenses:

We were provided with the operating expenses for the mall, and they were compared to the market, and since there were no relative differences compared to the market, they were applied throughout the investment period.

Fixed expenses: No fixed expenses for the property were calculated, such as insurance and any other expenses.

Tenant incentives: Due to the difficult market conditions, some tenants resort to requesting support to reduce the burden of rent. No incentives were calculated for tenants and it was assumed that the tenant bears them.

##### Doubtful debts (credit losses):

This is that any owner may suffer some losses in income due to bad debts. According to the data provided by the client, no losses were applied.

## Valuation - income method – Discounted Cash Flow Method

### Discounted Cash Flow Method

#### Growth rate:

Due to the lack of market data and previous indicators for similar properties and the growth rate at the level of supply and demand, and since the inflation rate is available as a declared information according to the data of the Central Bank, a rate has been calculated for each year with the knowledge of the inflation rate for a previous year to estimate future periods as shown in the table, and it was done. Adopting the Gordon growth model, meaning that the property grows steadily forever.

**Rate of return on investment:** Through a market survey of the properties that were evaluated by us in the city of Dammam and review of the reports of REIT funds and similar properties in the retail sector, the capitalization rate for similar properties ranges between 7% and 9%, and accordingly the return rate was determined at 9%.

#### Discount rate

With regard to the discount rate, according to the methods used to calculate the discount rate stipulated in international evaluation standards, and as studied in the evaluation methods of the Saudi Authority for Certified Valuers, it was arrived at by the cumulative method as shown in the table below, which depends on (the inflation rate, regular risks, the rate of returns for government years). for the period, the risk premium of the property, market risk). - Sources of data (Central Bank - Debt Services - Capital Market Authority data for similar properties that were acquired).

#### **Final value (recovery value):**

It was arrived at by calculating the net operating income at the end of the leasing period, based on the rate of return on investment - the growth rate, assuming that the property grows steadily throughout the investment period

**Explicit forecast period (investment duration):** The investment duration indicator was based mainly on the method used in the evaluation, discounted future cash flows, according to the equation: investment duration = actual life - virtual life - market life .

Table of assumptions for cash flow inputs:

Assumptions	Value	Details
Land area (sqm)	4,875.0	–
Inflation rate (%) (Rs)	2.59%	Systematic risk premium
Government bond yield ratio for the next 5 years (Rf)	5.19%	Risk-free rate of return
Real estate risk premium	1.20%	The premium for irregular risks represented by the type of real estate investment and the costs resulting from maintenance and operation
Market risk	1.60%	Based on supply and demand in the area where the property to be evaluated is located
discount percentage (%)	10.58%	It is the process that converts future cash flows into a present value
Return percentage (%)	8.00%	Market survey
Operating and maintenance costs for exhibitions (%)	15.00%	Costs incurred for maintaining and operating the property throughout the period
Office operation and maintenance costs (%)	5.00%	Costs incurred for maintaining and operating the property throughout the period
Credit costs for exhibitions (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Bureau credit costs (%)	0.00%	The percentage of defaulting tenants that the facility faces throughout the investment period
Vacancy costs for exhibitions (%)	15.00%	Vacancy ratio for similar properties in the market
Office vacancy costs (%)	20.00%	Vacancy ratio for similar properties in the market

## Valuation - income method – Discounted Cash Flow Method

### Cashflow

Period	1	2	3	4	5	6
Discount period	1	2	3	4	5	6
Growth rate	1.03	1.05	1.08	1.10	1.13	1.16
Cash flows - by market for exhibitions						
Annual occupancy rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	
Gross Expected Income - GPI (SAR)	841,967	3,455,733	3,455,733	3,455,733	3,455,733	
Credit and vacancy costs (%)	0.0%	15.0%	15.0%	15.0%	15.0%	
Credit and vacancy costs (SAR)	0	518,360	518,360	518,360	518,360	
Expected total income (SAR)	863,774	3,089,529	3,165,607	3,241,685	3,317,763	
Operating expense ratio (%)	5.0%	15.0%	15.0%	15.0%	15.0%	
Operating Expenses - OE (SAR)	43,189	463,429	474,841	486,253	497,664	
Net Operating Income - NOI (SAR)	820,585	2,626,100	2,690,766	2,755,432	2,820,099	
Cash Flow - Depending on the market for offices						
Annual occupancy rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	
Gross Expected Income - GPI (SAR)	2,722,678	2,722,678	2,722,678	2,722,678	2,722,678	
Credit and vacancy costs (%)	0.0%	20.0%	20.0%	20.0%	20.0%	
Credit and vacancy costs (SAR)	0	544,536	544,536	544,536	544,536	
Expected total income (SAR)	2,793,196	2,290,970	2,347,384	2,403,798	2,460,212	
Capital Expenditure -CE (%)	0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Expenditure -CE (SAR)	0	0	0	0	0	
Operating expense ratio (%)	5.0%	5.0%	5.0%	5.0%	5.0%	
Operating Expenses - OE (SAR)	139,660	114,549	117,369	120,190	123,011	
Net Operating Income - NOI (SAR)	2,653,536	2,176,422	2,230,015	2,283,608	2,337,201	
Net income of the business (SAR)	3,474,121	4,802,522	4,920,781	5,039,041	5,157,300	
Final value						95,329,021
Present value factor	0.90	0.82	0.74	0.67	0.60	0.55
Present value of net income (SAR)	3,141,726	3,927,500	3,639,186	3,370,090	3,119,173	52,139,351
Property value (SAR)	69,337,026					
Property value (SAR) (rounded)	69,340,000					
Price per meter (SAR/m2)	14,224					


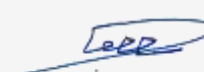
## The Market Value Of The Property Using Discounted Cash Flow Method

Based on the completed study, we estimate the Market Value of the subject site

# 69,340,000<sup>SR</sup>

(Sixty Nine Million and Three Hundred Eighty Thousand Saudi Riyals )

\*Considering the site, and as documented in this report on 11/11/2022

Participants in preparing the report		
Member name	Mr. Alloush Al-Dosari	Suleiman Al-Aqili
Membership	Associate	Associate
Membership Number	1210003193	1210001658
Role	Report Preparation	Previewer
Signature		

Approved Valuation		
Member name	Muhammad Idris	Hisham Al-Aqeel
Membership	Fellowship	Fellowship
Membership Number	1220001030	1210000185
Signature		

Company	
Commercial register	1010469884
License Number	744/18/323
License Date	H 1438/07/08
Signature	



Final

# GENERAL STANDARDS



## The International Valuation Framework

### Valuator and Status:

- This report was prepared by Value Expert & partner for Real Estate Valuation and its highly qualified team of staff, benefiting from the resources available to us, namely the efficiency of our advisory team, which includes qualified consultants with high academic degrees and experience in the field of valuation and consulting, and what is available to our company from the database was built through its valuation expertise and through the collection of data, information and statistics issued by the official and non-official bodies, which gives valuers the capacity to realize their tasks to the fullest. The company is also working to update their information base continuously.
- We have over 15 years of experience in valuation work and have submitted more than 20,000 valuation reports during our real estate appraisal period.
- Value Experts and its representatives of valuers who have conducted the valuation process have been immensely impartial, objectively employed and independent from the client and its subsidiaries or affiliates. Neither the Company nor its representatives have any current or foreseeable interest with the client or any of its subsidiaries or affiliates, nor are such agents among the client or those who have internal relationships or affiliations with the client and its subsidiaries or affiliates. The valuator's fees against the valuation process are unconditional on his findings or any other events. If the Company receives significant assistance from another party in respect of any important aspect of the assessment, the nature of such assistance, the extent of reliance thereon and, if any, documented in the report.

Final

**OUR TEAM &  
EXPERIENCES**

## Our Team & Experiences

Value Experts has a distinguished team with professional qualification and experience in valuation work and a team of 5 registered with the Saudi Commission for Accredited Valuers, the most prominent of the team:



**CEO & Chairman of BOD.**

**Eng. Alaa Ibrahim Althagafi**  
Founder - CEO

**16 YEARS**

Experience in Valuation work.  
Bachelor's degree in Design Engineering and Urban Planning

Membership No. 1210000027  
Membership Type: Fellowship




**V.P. Partner - Executive**

**Hesham Al Aqeel**  
Partner - VP  
For Real estate Valuation

**11 YEARS**

Experience in Valuation work.  
Bachelor's degree in Business Administration

Membership No. 1210000185  
Membership: Senior Certified



**Senior Real Estate Valuation**

**Mohamed Edrees**  
Senior Real Estate Valuation specialist

**9 YEARS**

Experience in Valuation work.  
Mechanical Engineering Diploma

Membership No. 1220001030

## General Terms In The Report

### Can

The word (could) describes the procedures that the evaluator has the responsibility to consider. Matters described in this way require the evaluator's attention and understanding. As the applicability of these matters in the evaluation process depends on the evaluator's exercise of his judgment and professional experience in the circumstances that are in line with the objectives of the standards.

### Should

The word (must) denotes unconditional liability, the resident must fulfill responsibilities of this kind in all cases and circumstances to which the condition applies.

### Participant

The word (participant) refers to the relevant participants according to the value basis (or bases) used in the valuation engagement (see Standard 104 Basis of Value). The different bases of value require the evaluator to consider different points of view, such as: the views of market participants such as: market value, fair value of international standards for reporting, or a joint venturer.

### The purpose

The word (purpose) refers to the reasons for conducting the assessment, and general purposes include (but are not limited to) the purposes of financial reporting, tax reporting, litigation support, transaction support, and lending support.

### Commission

Refers to the Saudi Authority for Accredited Valuers (Taqeem), which is the authority concerned with setting the necessary controls and standards for evaluating real estate, economic establishments, equipment, movable property and the like, under the Accredited Residents System issued by Royal Decree No. (M/43) dated (9/7/1433 AH) It aims to develop the evaluation profession, raise the level of its employees, set general rules for acquiring and maintaining the membership of the Commission at its various levels, and provide the means for continuous development to raise its members to the best levels of practice and international standards for the profession. Under the supervision of the Ministry of Commerce and Investment.

### Asset or Assets

To facilitate the process of reading the criteria and to avoid repetition, the terms (asset) and (assets) generally refer to the items that are the focus of the evaluation task. Unless otherwise stated in the standard, these terms can be considered to mean and include each of the following words: (an asset, a group of assets, a liability, a group of obligations, or a group of assets and liabilities).

### Client

The word (client) refers to the person, persons or entity for whom the evaluation is conducted. This includes external clients (when the evaluator is contracted with a and, as well as internal clients (the evaluations prepared for the employer).

### Jurisdiction

The word (jurisdiction) refers to the legal and regulatory environment in which the evaluation process is carried out. It includes laws and regulations enacted by government agencies such as the province, state, and municipality, as well as laws established by some regulatory agencies for the purpose of evaluation, such as central banks and securities regulators.