



WHITE CUBES



**AKUN LOGISTICS**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Jeddah City  
June 2022

Valuation Report





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**REF:** 22-0112-2EN  
**Date:** 25/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for Akun Logistics in Jeddah City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022 for valuation service of the logistics project (Akun Logistics) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

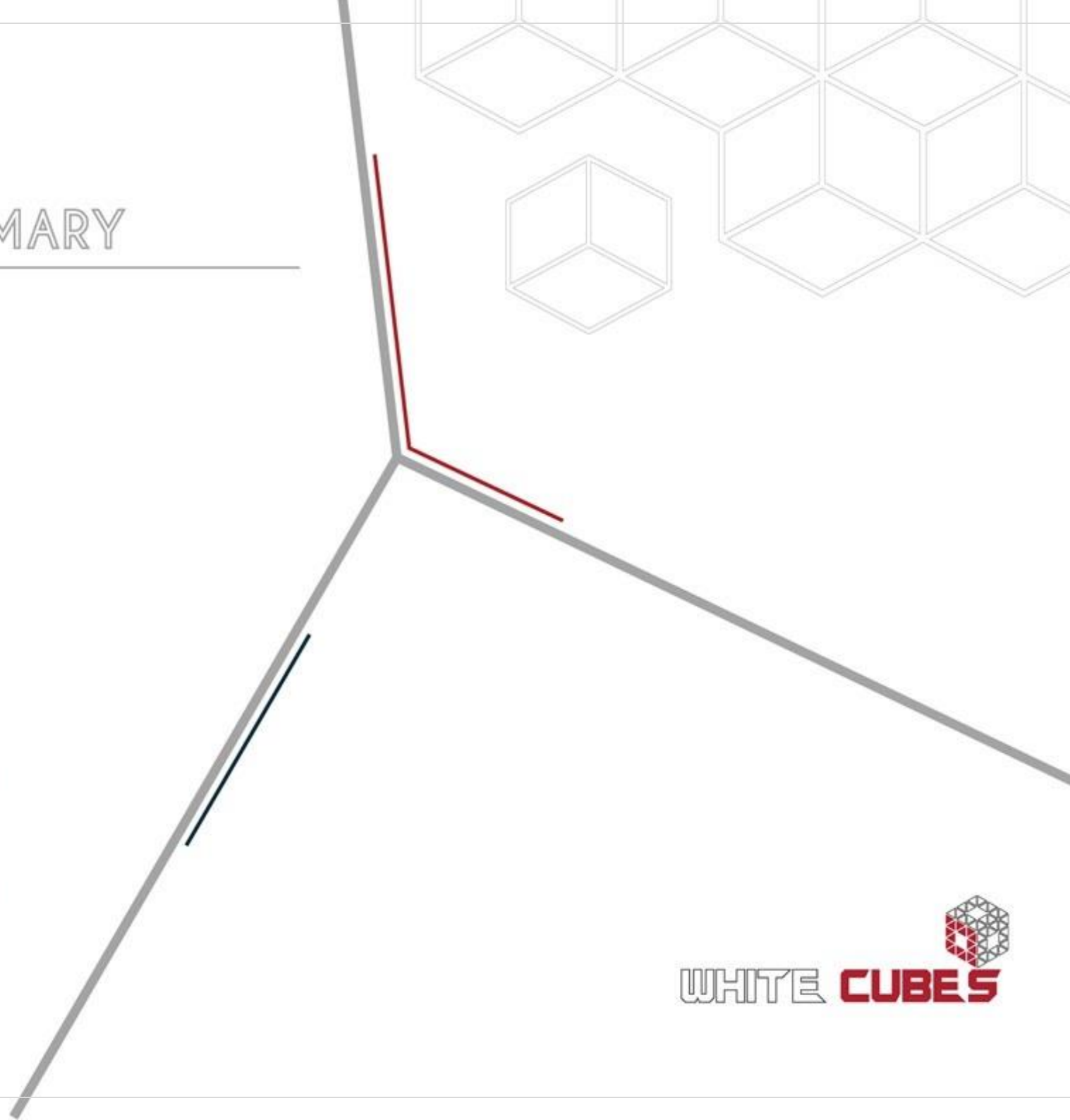
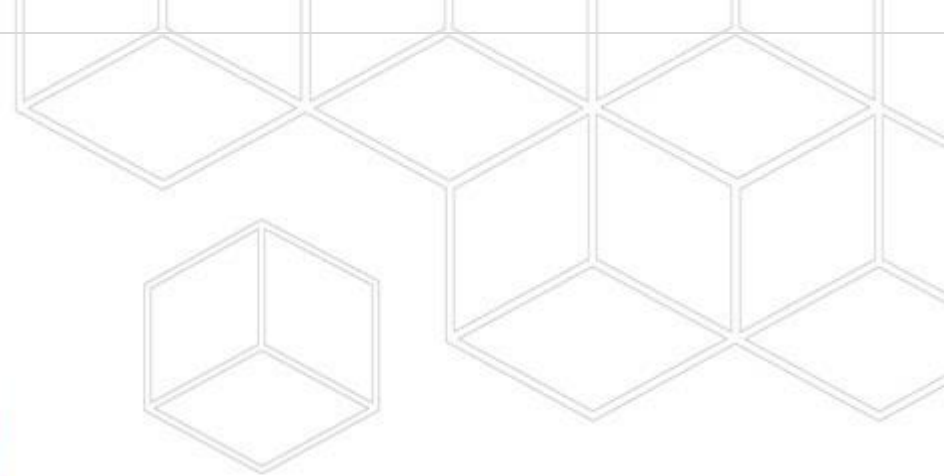
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# EXECUTIVE SUMMARY

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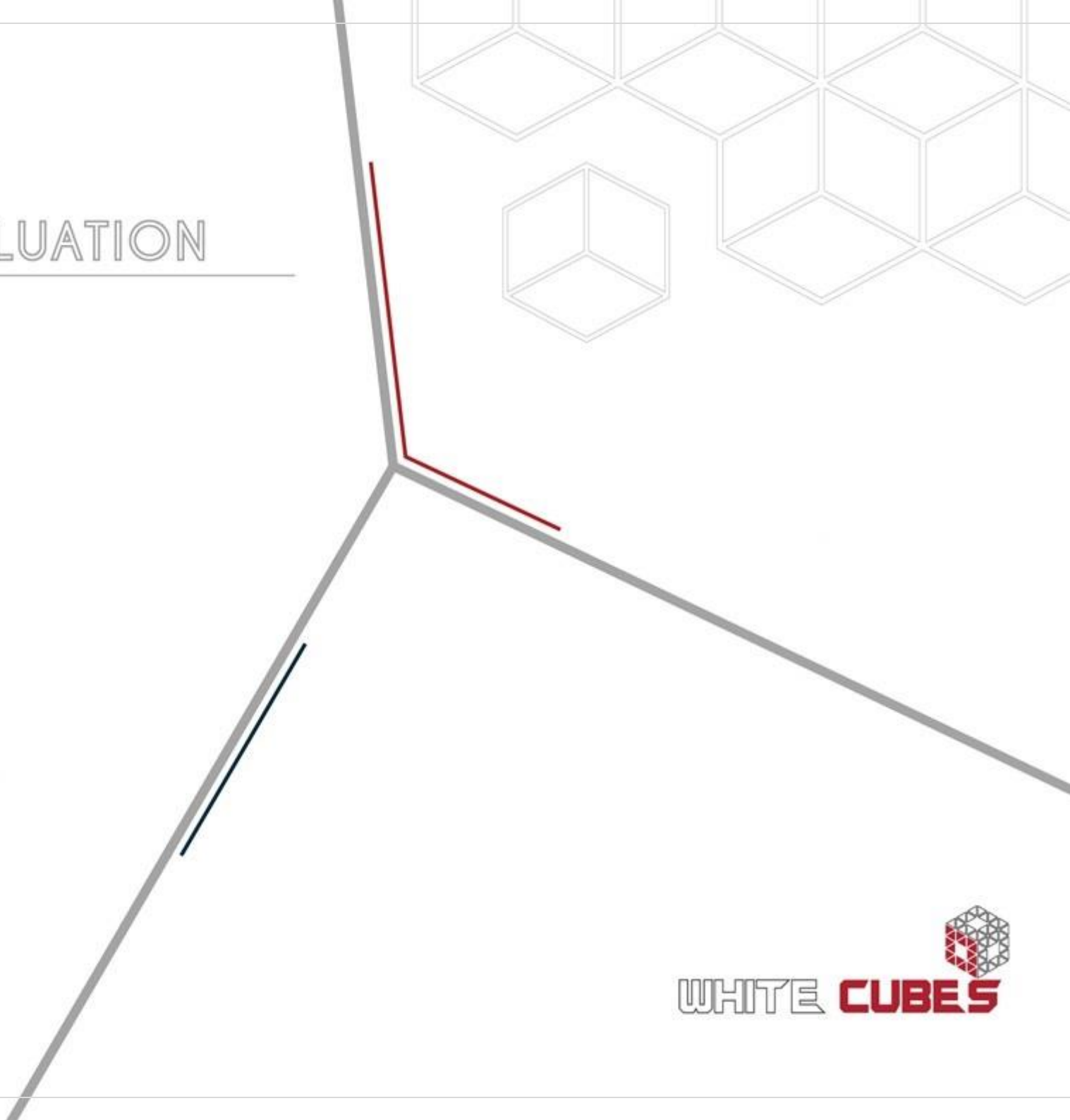
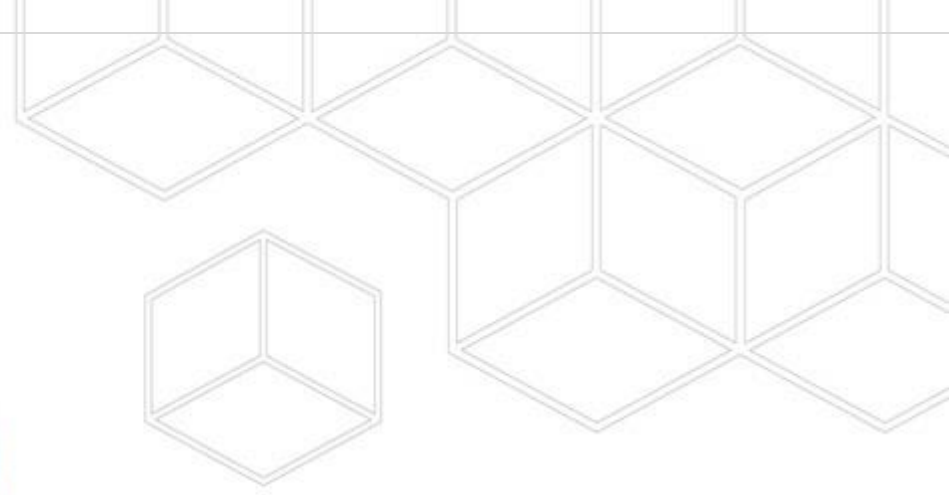
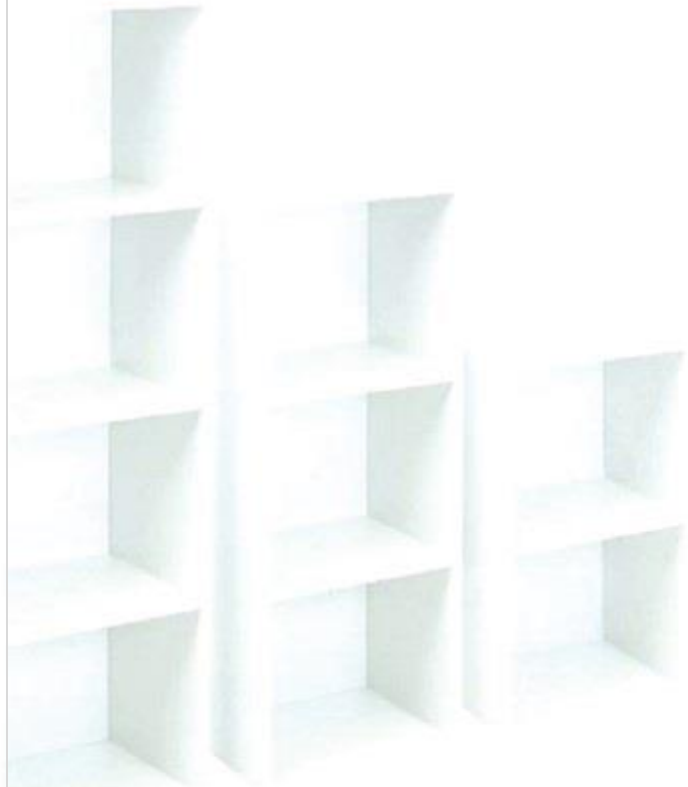


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for a logistics project in Jeddah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-2EN
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Cold store project
<b>Property Location</b>	The property is located in King Faisal Naval Base district, Jeddah City.
<b>Title Deed Information</b>	Title Deed No: 625516001149, 425516001150, Title Deed Date: 20/11/1442 & 20/11/1442, Issued from Jeddah Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Industrial Use
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 21,118.53 Sqm
<b>BUA (Sqm)</b>	The property has a total BUA of 16,000 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 16,000 Sqm
<b>Vacancy Rate</b>	The client informed us that the subject property is fully leased to one tenant for SAR 16,000,000/ Annually for 5 years (NNN).
<b>Valuation Approach</b>	Comparable Approach, DRC Approach & Income Approach
<b>Final Property Value</b>	SAR 220,690,000
<b>Valuation Date</b>	25/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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



AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 15, 2022.

#### 1.6 VALUATION DATE

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

June 25, 2022.

#### 1.7 REPORT DATE

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

June 25, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

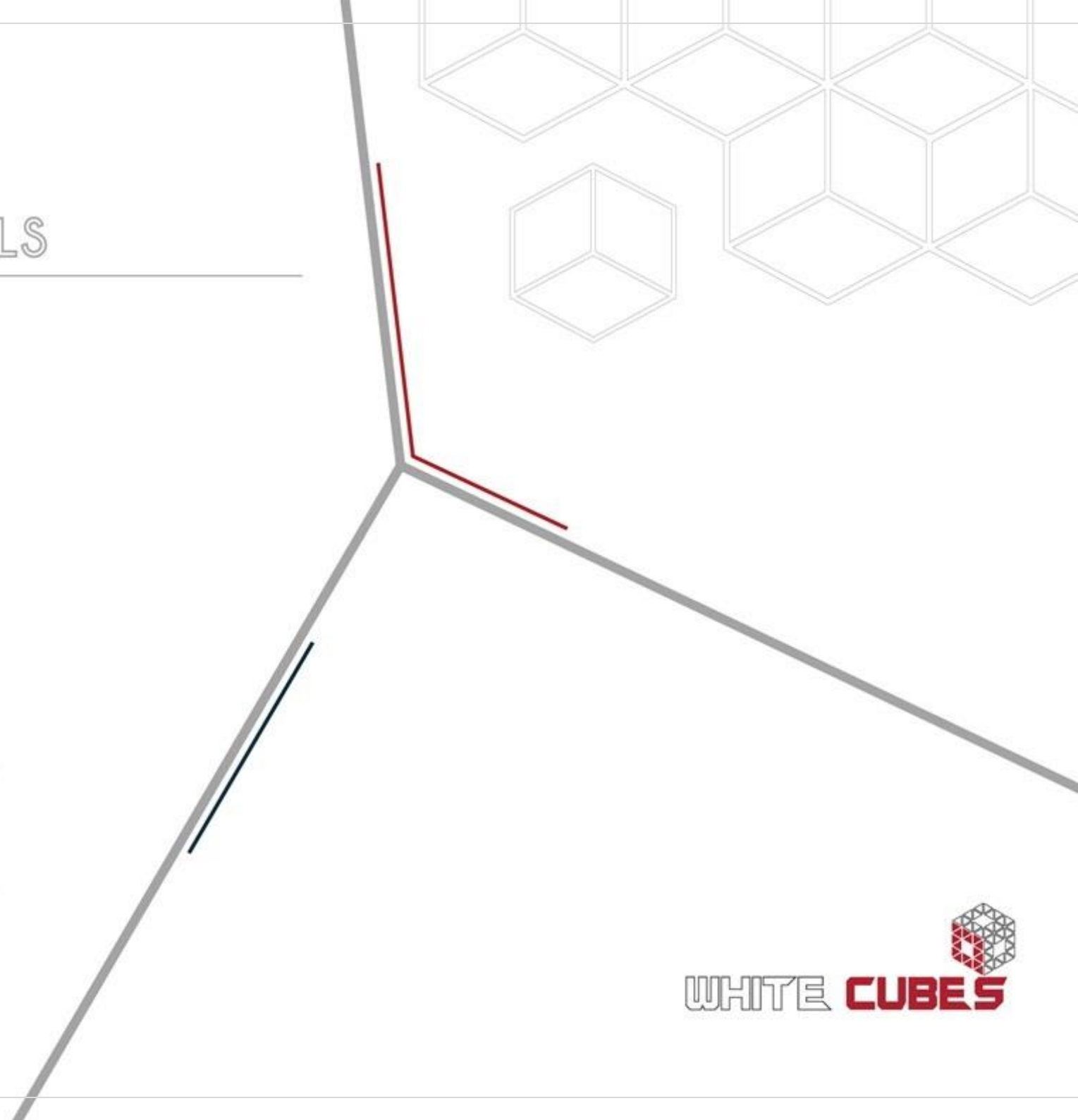
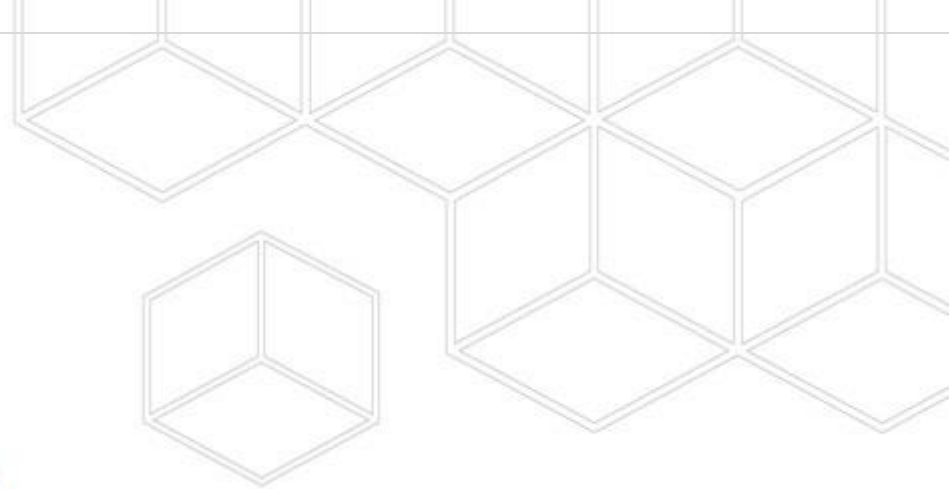
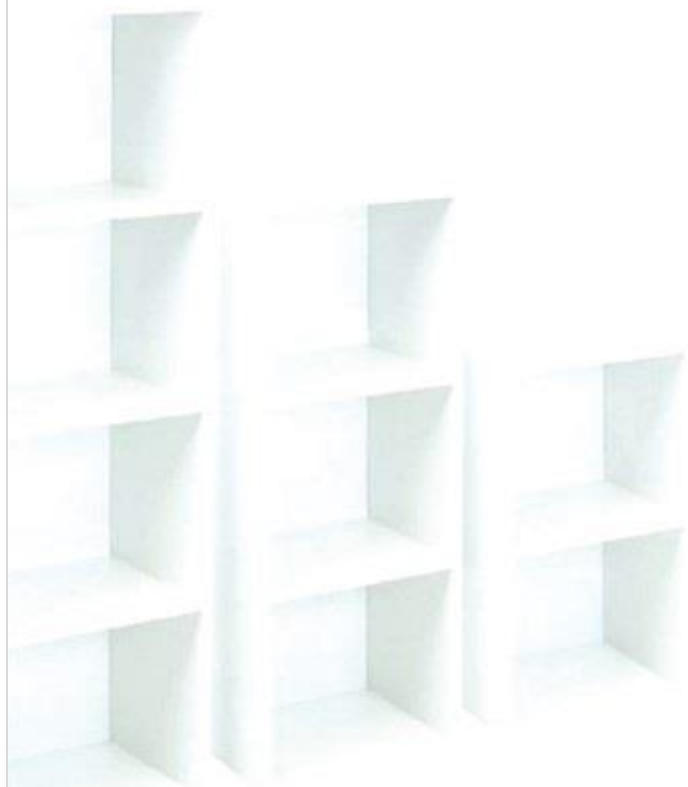
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

- Property Description** The subject property is a cold store project located in King Faisal Naval Base district, Jeddah City. Based on the information provided by the client, and the copy of the title deed, the project has a total area of 21,118.53 Sqm and a total BUA of 16,000 Sqm. According to the site inspection done by our team for the purpose of valuation, the project is open from 3 sides with a direct view on King Faisal Road where all infrastructural facilities such as water, electricity, sewage, and telecommunication are available in the surroundings and connected to the subject property.
- Location Description** The property being valued is a cold store project located on King Faisal Naval Base district, Jeddah City.  
 The property is bordered from the north by a Private Property  
 The property is bordered from the south by Al Kurnaysh Street  
 The Property is bordered from the east by King Faisal Road  
 The property is bordered to the west by an unnamed street
- Ease of Access** Based on the current location of the subject property, the access level is high since it is located on King Faisal Road.
- Area Surrounding the Property** The subject property is mostly surrounded by several vacant lands and warehouses

Land		Building	
Land Use	Industrial Use	Building Type	Cold Store Warehouse
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Faisal Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Kurnaysh Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 2.2 INFRASTRUCTURE FACILITIES

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

### 2.3 LOCATION

The subject property is located in King Faisal Naval Base district, Jeddah city and surrounded by several landmarks as follows:

Property Location on a City Scale

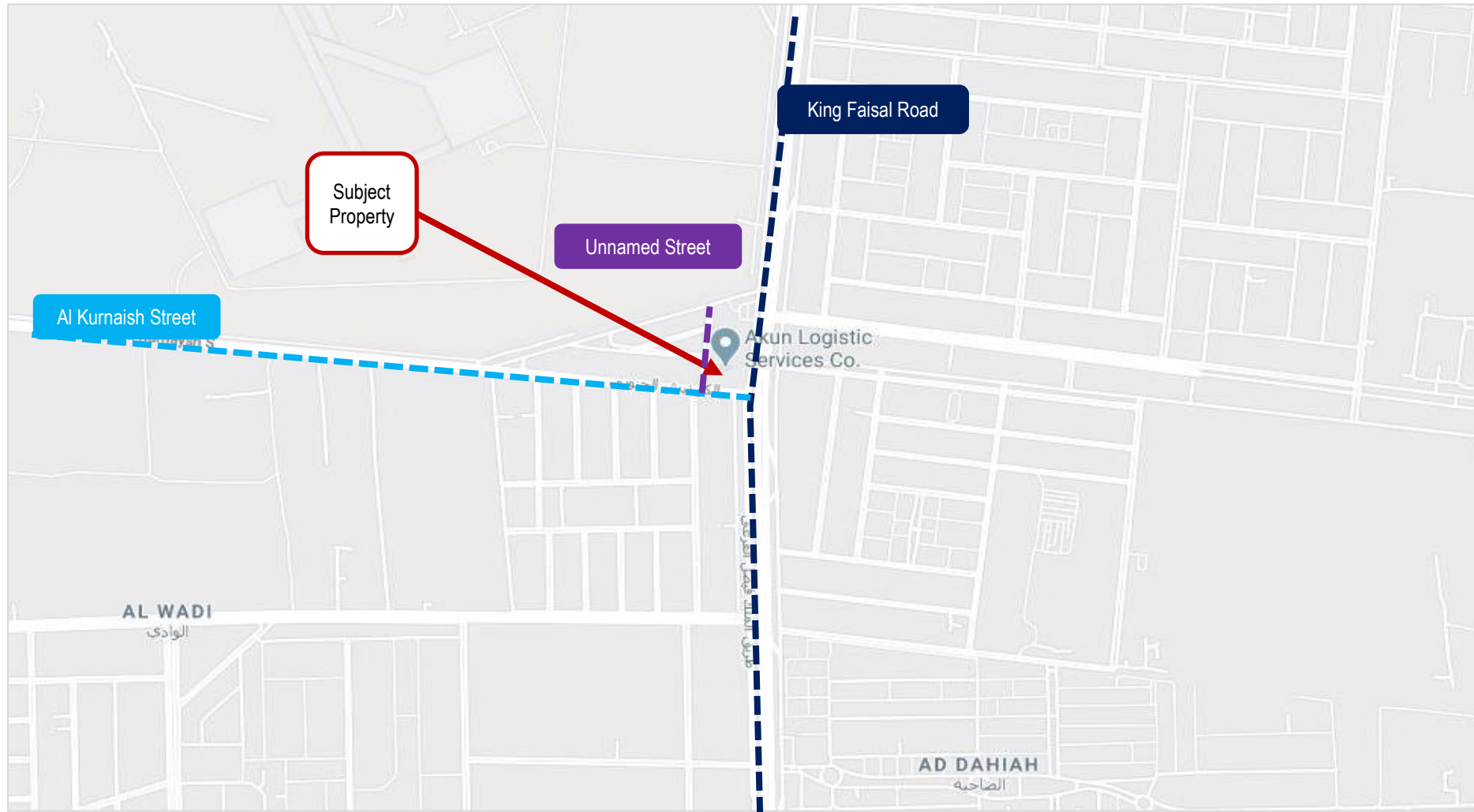


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Jeddah	<b>Land Area</b>	21,118.53 sqm
<b>District</b>	King Faisal Naval Base	<b>Plot No.</b>	8, 9, 10, 11, 12, 13, 14, 15
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	62551600149, 425516001150	<b>Layout No.</b>	317/س/ج
<b>T.D Date</b>	20/11/1442	<b>Owner</b>	شركة أول الملحق العقارية
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	20/11/1442 Jeddah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Private Property	<b>East Side</b>	King Faisal Road 120 meter
<b>South Side</b>	32 meters street	<b>West Side</b>	30 meters street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 2.6 CONSTRUCTION & BUILDINGS

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

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

## 2.7 INSURANCE

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

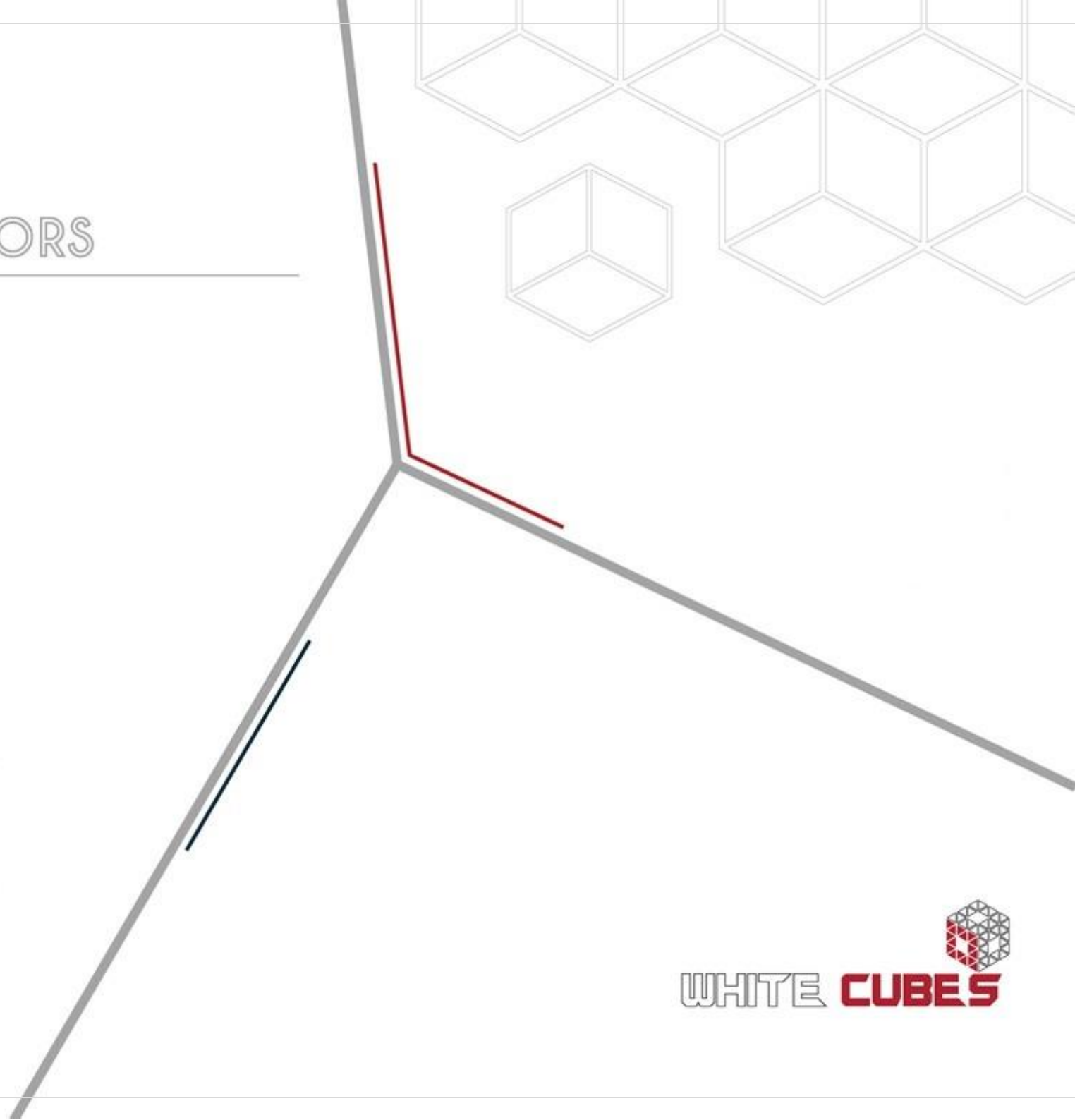
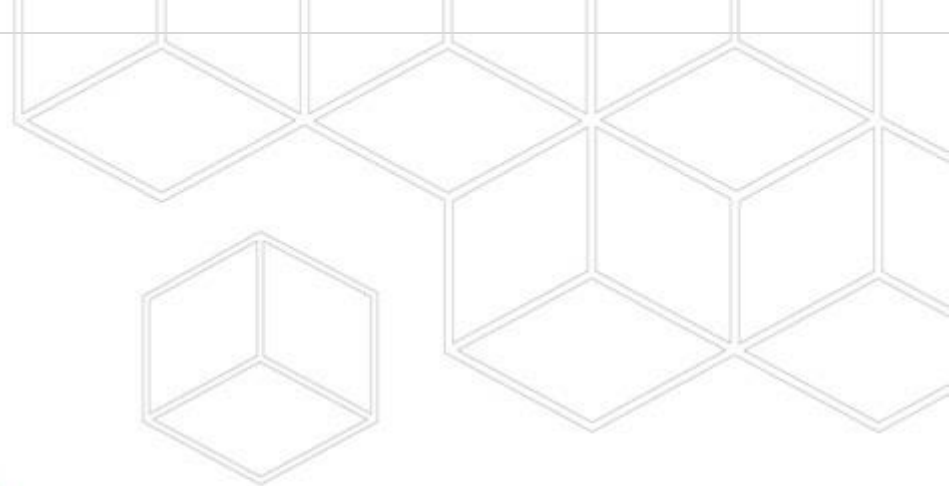
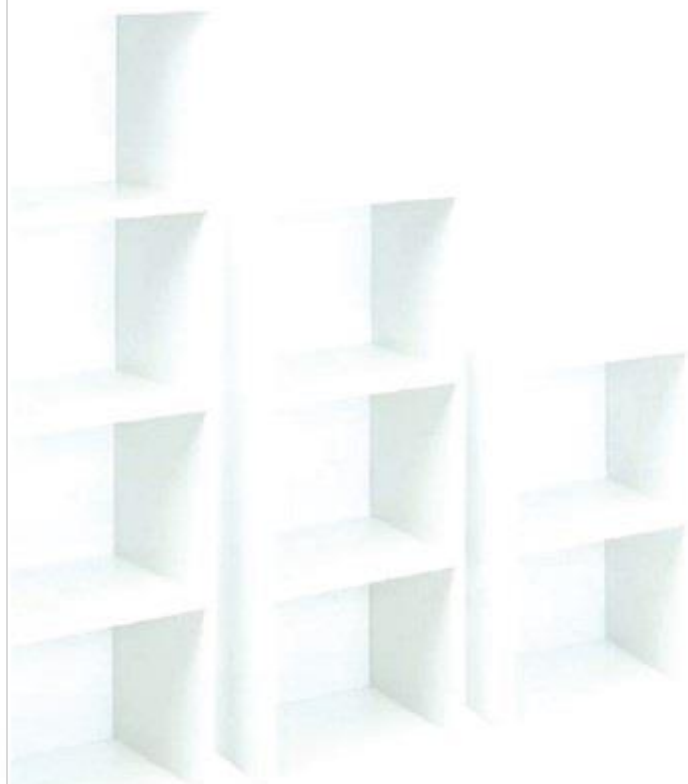
2.8 PHOTO RECORD





# MARKET INDICATORS

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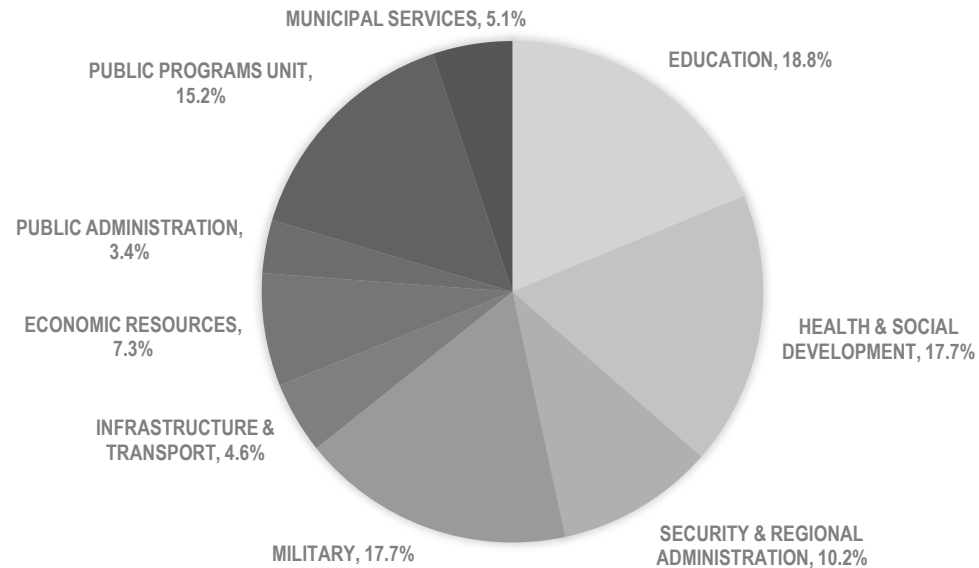
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- direct view on King Faisal Road.</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Surrounded by several residential units</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

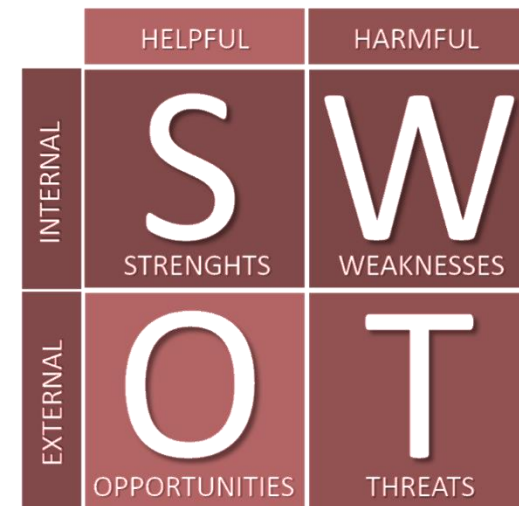
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

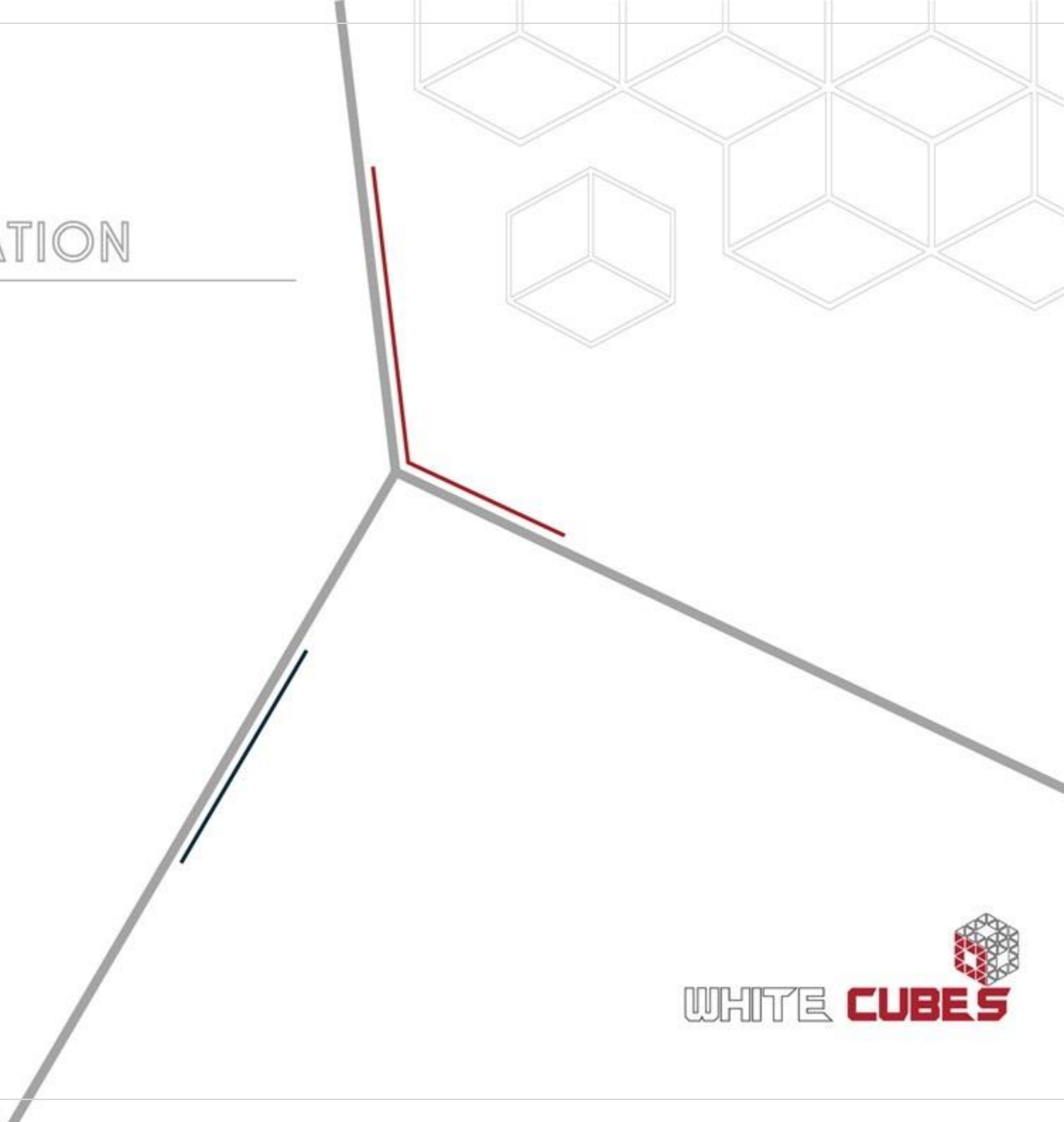
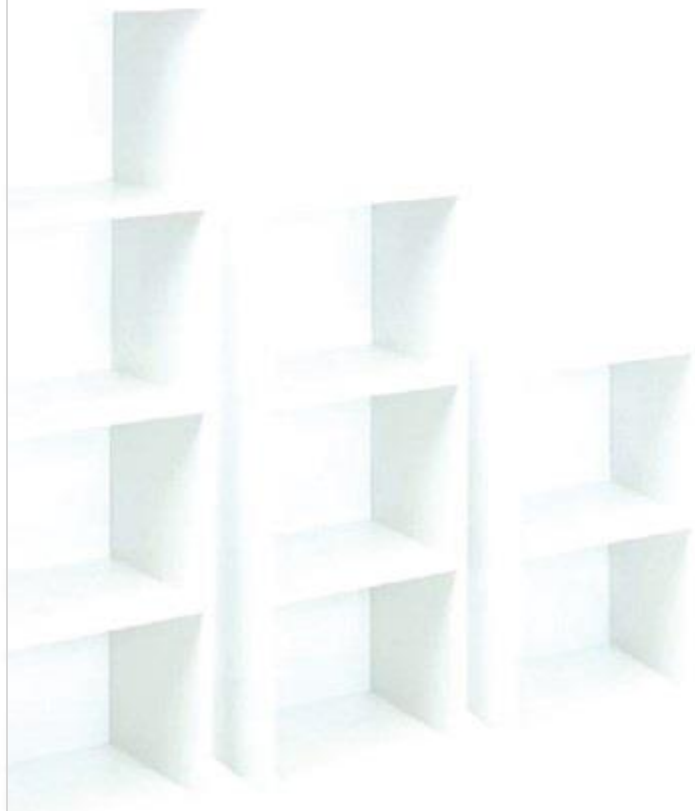
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6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

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

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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



### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

#### 4.7 COST APPROACH (DRC)

As a first step, and based on the market survey done by our team for the purpose of valuation, we did not find land samples similar to the subject property in terms of area size, street width, location, etc. Yet, we have executed trade interviews with several local real estate agents and found that the average square meter price in the area falls between 2,300 and 2,700 SAR/ Sqm. We will base our valuation on the average rate 2,500 SAR/ Sqm.

As per the site inspection done by our team for the purpose of valuation, we have found that the subject property is a customized cold storage warehouse. Yet, the client informed us that the total development cost of the project is 158,200,000 SAR which we believe it is an acceptable value based on the quality. To achieve the value of the property we need to apply the depreciation value and add the land value.

Total Dev Cost	SAR 158,200,000
Economic Age	20
Actual Age	5
Annual Dep Rate	5.00%
Total Dep Rate	25.00%
Dev Cost After Depreciation	SAR 118,650,000
Land Value	SAR 52,796,325
<b>Total</b>	<b>SAR 171,446,325</b>

#### 4.8 INCOME APPROACH- LEASING CONTRACT

##### Actual Revenues

The client informed us that the subject property is fully leased to 1 tenant with a triple net of 16,000,000 SAR annually for 5 years.

##### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

##### The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.25%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	7.00%
Maximum capitalization rate	9.00%
<b>Average</b>	<b>8.00%</b>

The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	0.00%	Average access
General condition of the property	0.00%	The actual age of the property is 23 years
The general location of the property	-0.25%	The area is served excellently
Quality and finishes	-0.25%	Good quality finishes
Project Management Team	-0.25%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is good
<b>Total</b>	<b>-0.75%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	<b>-0.75%</b>	
<b>Capitalization rate, according to market averages</b>	<b>8%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.25%</b>	

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

REVENUES						
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Store Cold				The subject property is Fully leased to 1 tenant		SAR 16,000,000
					<b>Total Revenues</b>	<b>SAR 16,000,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Store Cold	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Store Cold	SAR 16,000,000	0.00%	SAR 16,000,000			
		<b>Total</b>	<b>SAR 16,000,000</b>			
<b>Total Property Revenues</b>			SAR 16,000,000			
<b>Total Property Expenses</b>			SAR 0			
<b>Net Operating Income</b>			<b>SAR 16,000,000.00</b>			
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>			
SAR 16,000,000.00	7.25%	220,689,655.17 SAR	<b>220,690,000.00 SAR</b>			

## 4.9 INCOME APPROACH- MARKET RATES

### Market Rental Analysis

The subject property is a cold storage and based on the market survey done by our team and based on the interviews done with local real estate agents, we have found that the rental rates for cold storage similar to the subject property in terms of quality, services, etc (mentioning 3 samples such as Wared Logistics, Storkom, Takhzeen Logistics) falls between 1,050 and 1,150 SAR/ Sqm. We will base our valuation on the average rate 1,100 SAR/ Sqm.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 7.25%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		9.00%
<b>Average</b>		<b>8.00%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
Ease of access to the property	0.00%	Average access
General condition of the property	0.00%	The actual age of the property is 23 years
The general location of the property	-0.25%	The area is served excellently
Quality and finishes	-0.25%	Good quality finishes
Project Management Team	-0.25%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is good
<b>Total</b>	<b>-0.75%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	-0.75%	
<b>Capitalization rate, according to market averages</b>	8%	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.25%</b>	

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

REVENUES						
Unit Type	Quantity		Revenues		Total Revenues	
	Total GLA	No of Units	SAR / Sqm	SAR / Unit		
Store Cold	16,000	0	SAR 1,100	SAR 0		SAR 17,600,000
					<b>Total Revenues</b>	<b>SAR 17,600,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Store Cold	0.00%	0.00%	0.00%	10.00%		10.00%
NET OPERATING INCOME						
Unit Type	Total Revenues		Total Expenses		NOI	
Store Cold	SAR 17,600,000		10.00%		SAR 15,840,000	
			<b>Total</b>		<b>SAR 15,840,000</b>	
<b>Total Property Revenues</b>					SAR 17,600,000	
<b>Total Property Expenses</b>					-SAR 1,760,000	
<b>Net Operating Income</b>					<b>SAR 15,840,000.00</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>		
SAR 15,840,000.00	7.25%	218,482,758.62 SAR		<b>218,480,000.00 SAR</b>		

#### 4.10 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Approach</b>	Property	SAR 171,446,000	One Hundred Seventy- One Million and Four Hundred Forty-Six Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 220,690,000	Two Hundred Twenty Million and Six Hundred Ninety Thousand Saudi Riyals
<b>Income- Market</b>	Property	SAR 218,480,000	Two Hundred Eighteen Million and Four Hundred Eighty Thousand Saudi Riyals

#### 4.11 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 220,690,000**  
**Two Hundred Twenty Million and Six Hundred Ninety Thousand Saudi Riyals**

#### 4.12 REPORT USE

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

#### 4.13 DISCLAIMER

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

#### 4.14 CONCLUSION

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

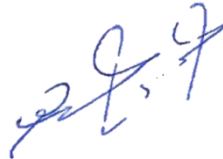
#### 4.15 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



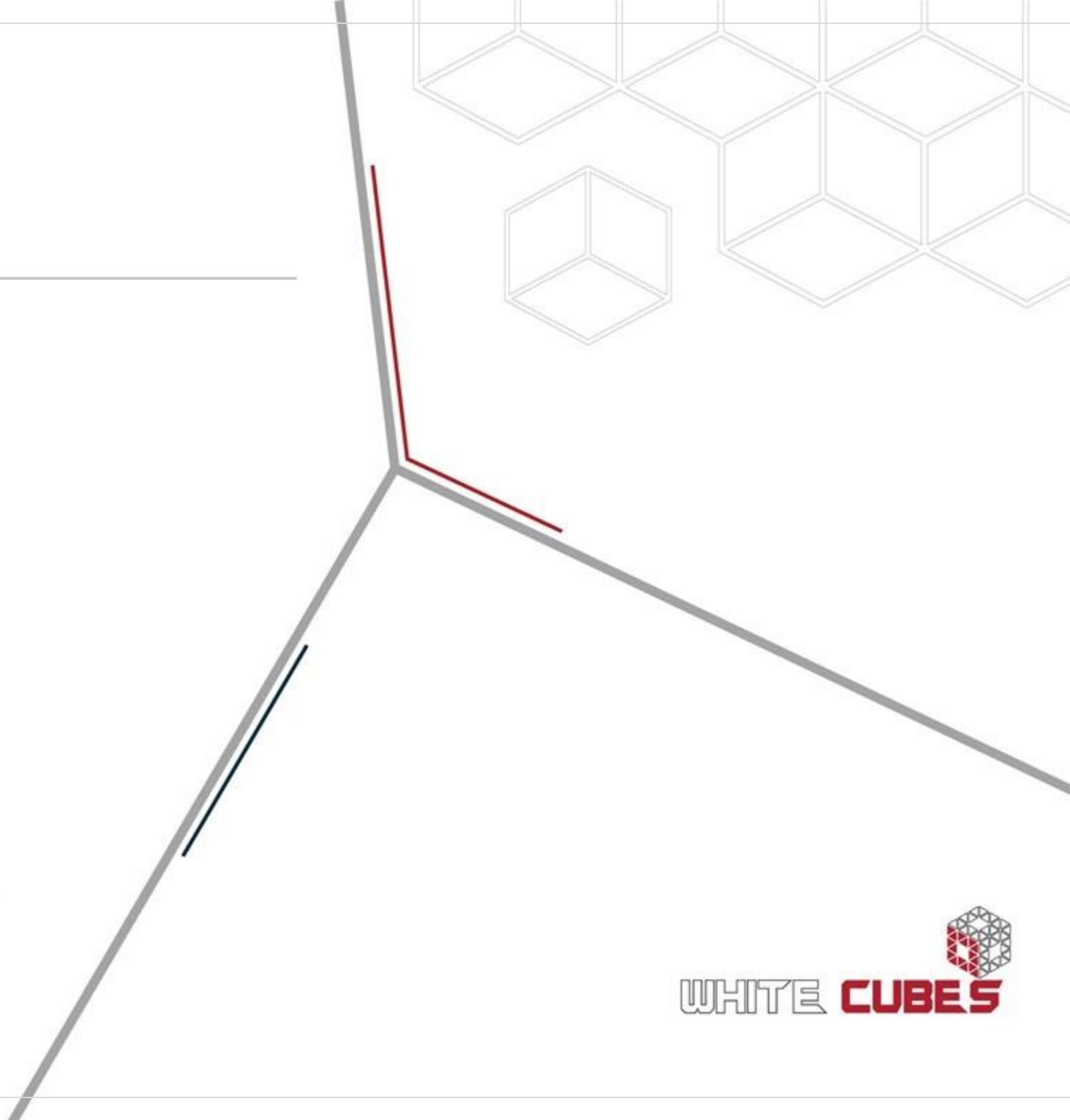
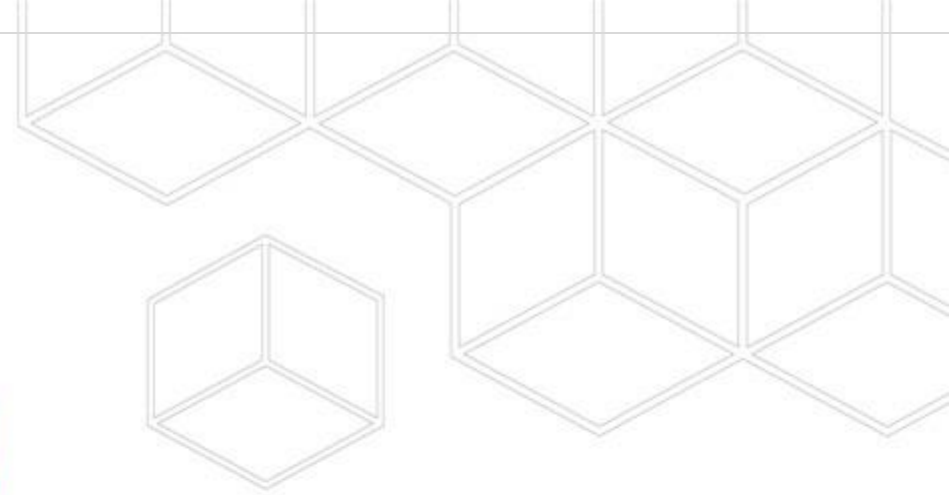
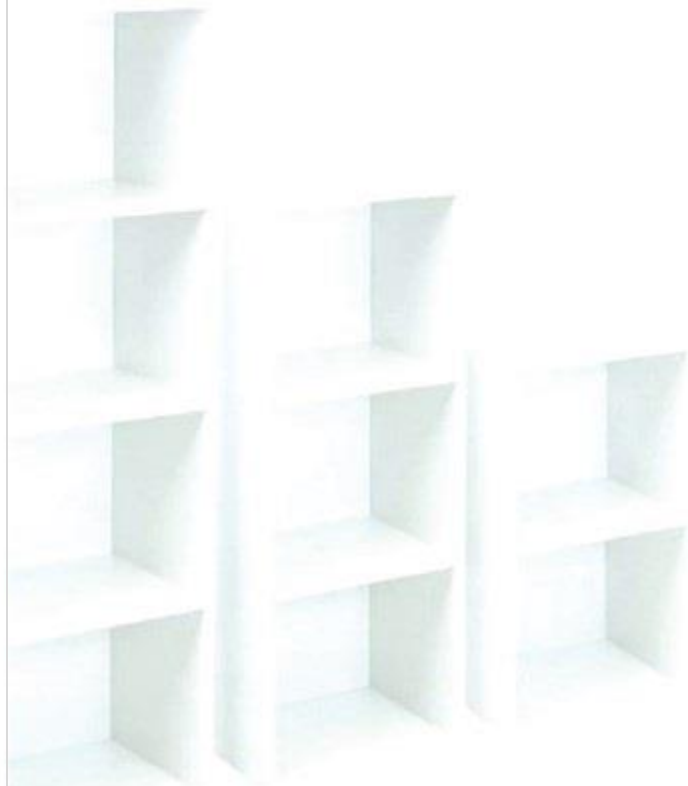
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



**VISION COLLEGE**  
(Previously AL FARABI COLLEGE)



**AL KHABEER CAPITAL**  
Awal Al Malqa Real Estate Company

Valuation Report





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**REF:** 22-0112-10EN  
**Date:** 26/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for Vision College (Previously Al Farabi) in Jeddah city, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of Vision College (Previously Al Farabi) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

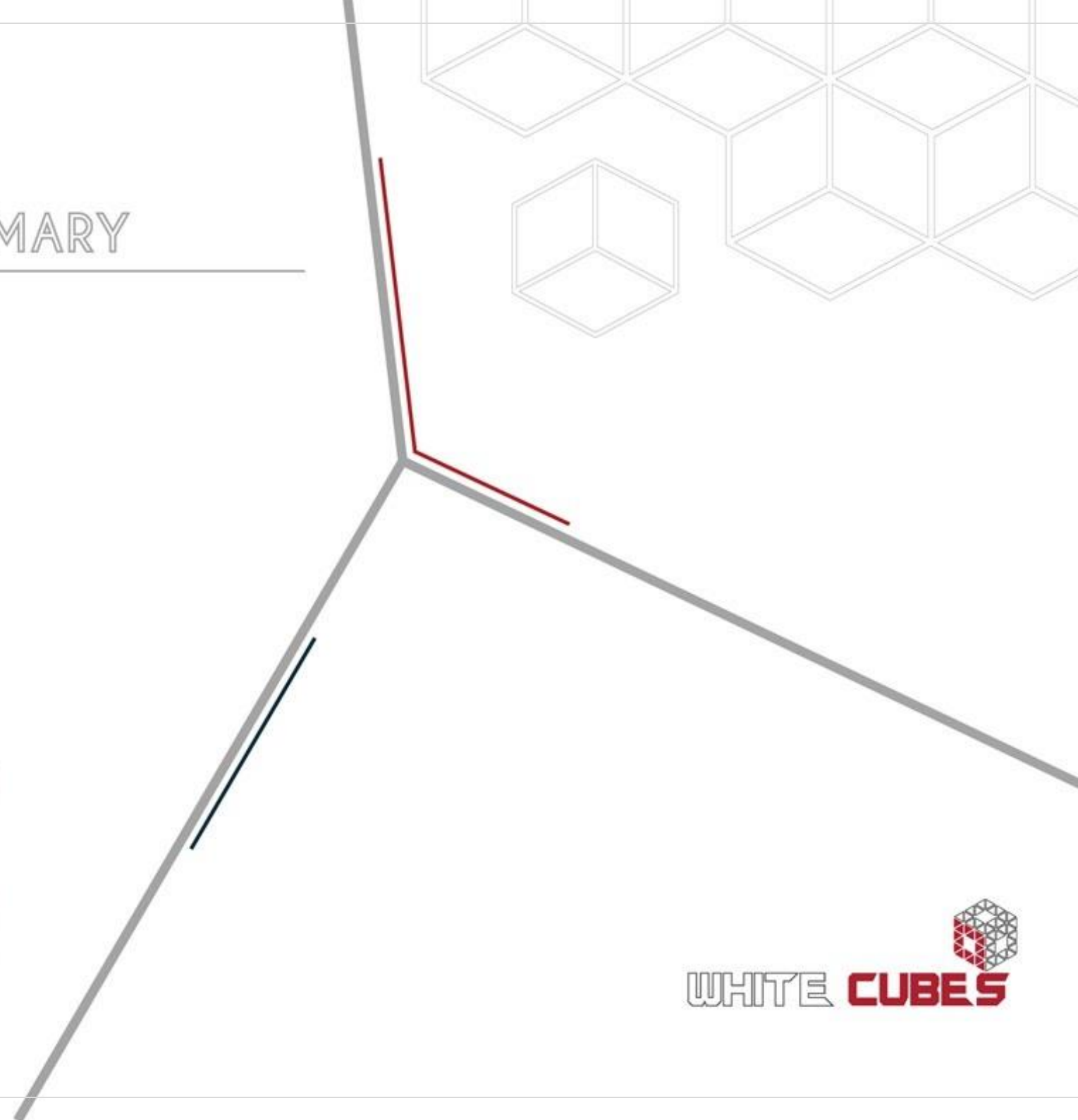
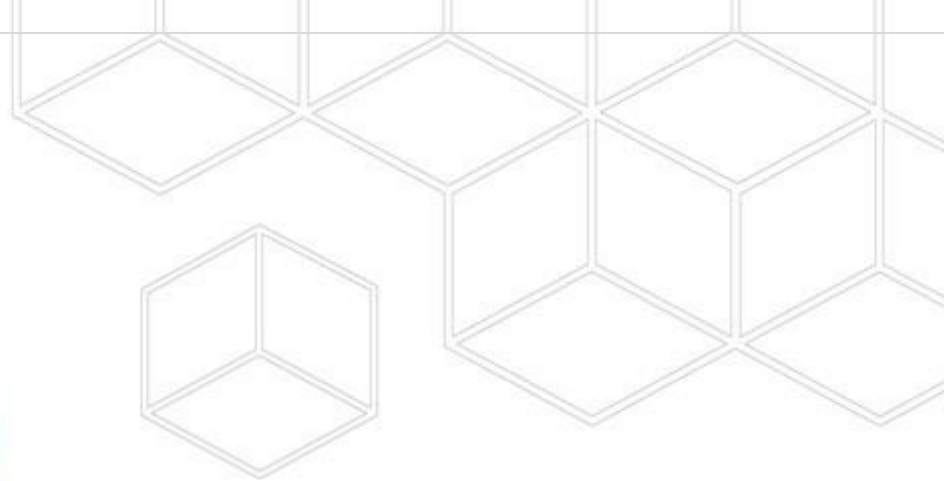
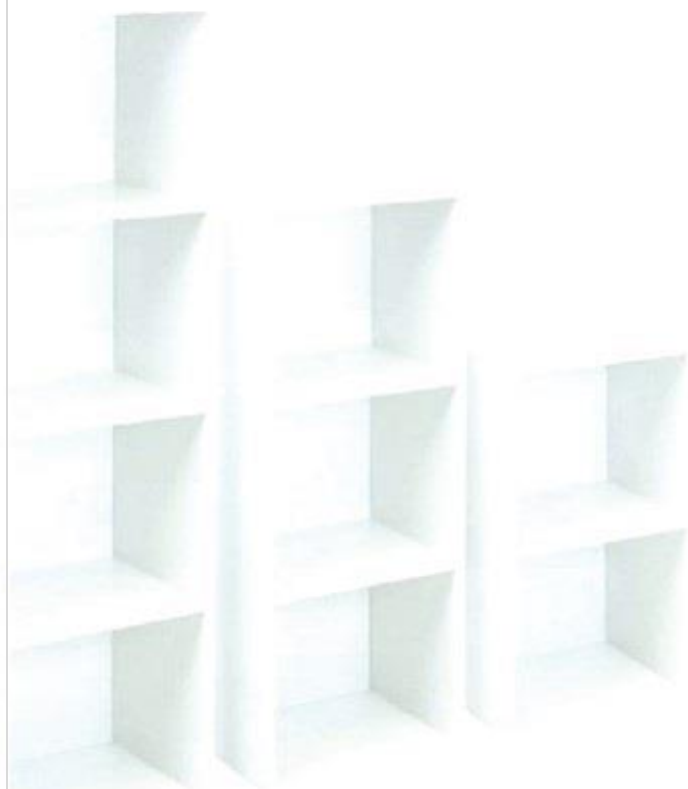
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# EXECUTIVE SUMMARY

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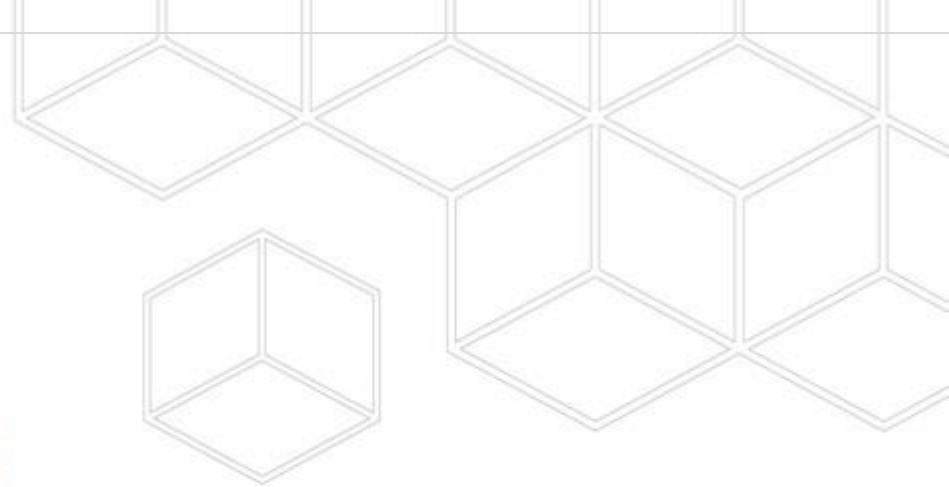
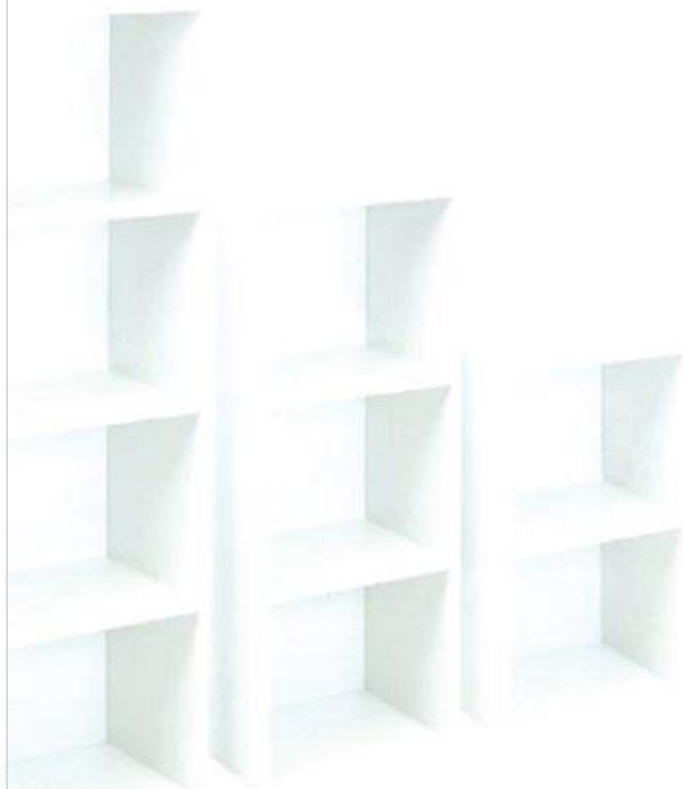


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for Vision College (Previously Al Farabi) in Jeddah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-10EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purpose
<b>Subject Property</b>	Educational Facility
<b>Property Location</b>	The property is located in Al Rayaah district, Jeddah city.
<b>Title Deed Information</b>	Title Deed No: 993788002766, date: 23/04/1443, Issued from Ministry of Justice.
<b>Ownership Type</b>	Freehold (Mortgage).
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Educational.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 3,020.18 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 15,375 Sqm.
<b>Vacancy Rate</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant.
<b>Valuation Approach</b>	The Comparable Approach, The Depreciated Replacement Cost (DRC), The Income Capitalization Method.
<b>Final Property Value</b>	SAR 100,000,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 15, 2022.

#### 1.6 VALUATION DATE

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

June 26, 2022.

#### 1.7 REPORT DATE

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

June 26, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

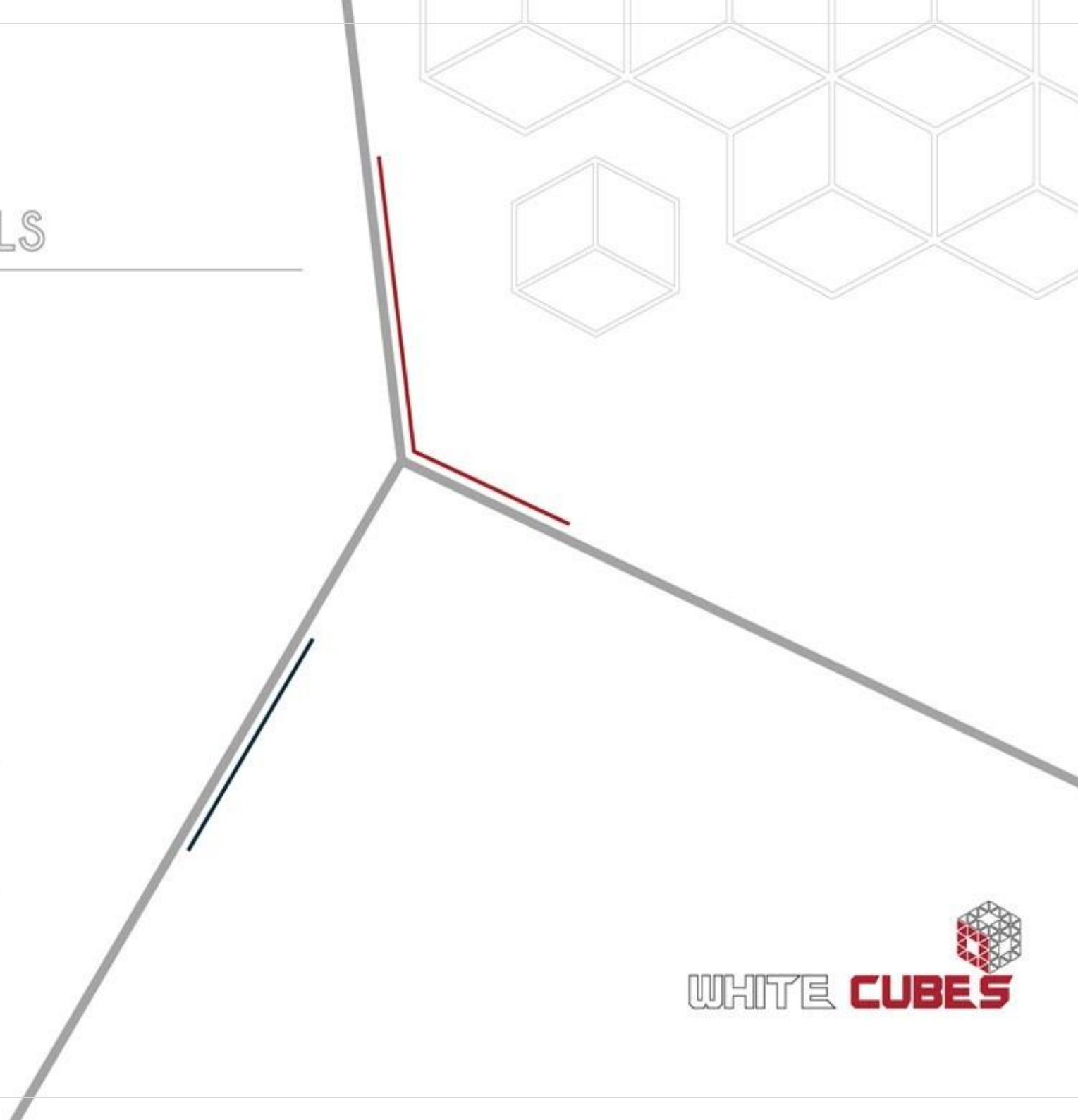
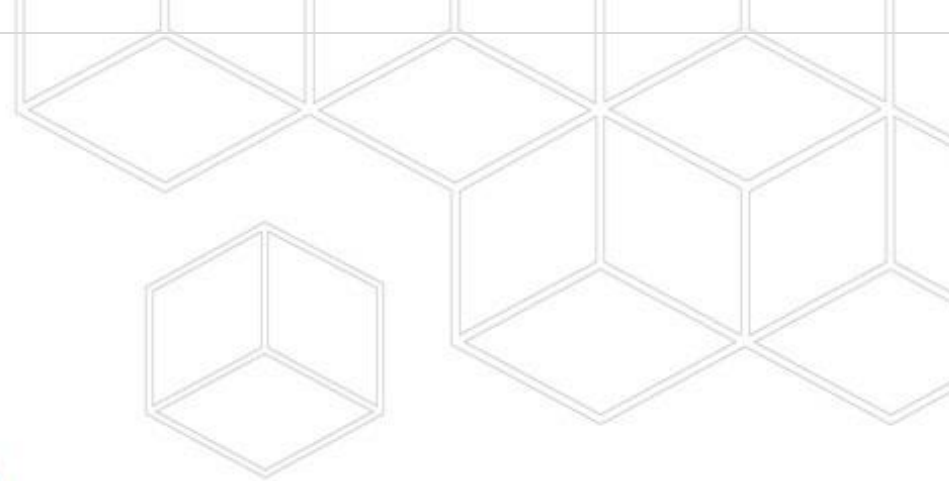
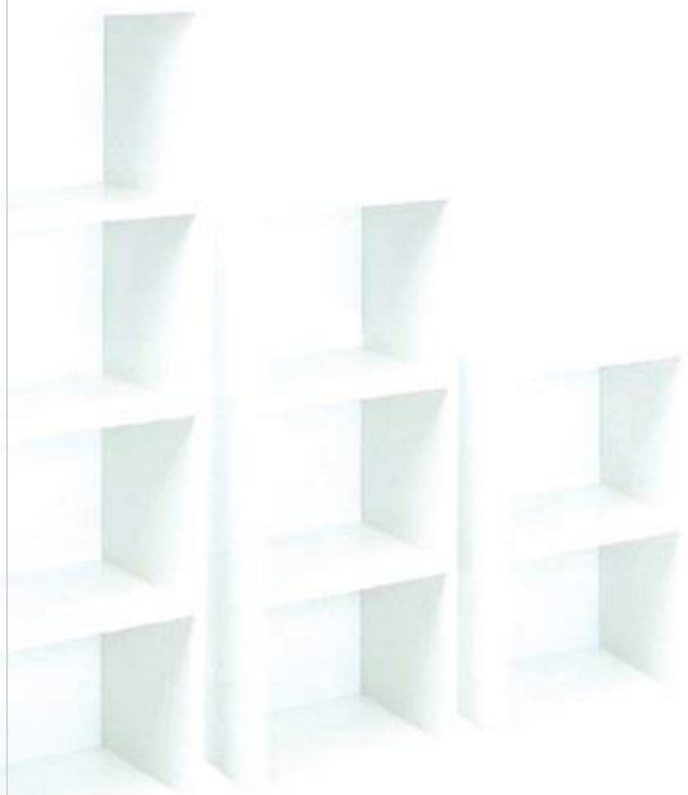
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

**Property Description** Vision College (Previously Al Farabi) educational facility in Al Rayaan district, Jeddah city. Based on the provided copy of the title deed and the construction permit, the property has a total land area of 3,020.18 Sqm, total BUA of 15,375 Sqm. Composed of 13 floors. As per the site inspection done by our team, the property is open from 1 side. With directed view on Al Rahmaniya Road from the west side. all infrastructure facilities such as water, electricity, sewage, and telecommunication are available in the surroundings and connected to the subject property.

**Location Description** The property subject of valuation is an educational facility located in Al Rayaan district, Jeddah city.  
 The property is bordered from the north by Plot# 262  
 The property is bordered from the south by Plot# 256  
 The Property is bordered from the east by Plot# 257 & 258  
 The property is bordered to the west by Al Rahmaniya Road.

**Ease of Access** Based on the current location of the subject property, the access level is Medium since its located on Al Rahmaniya Road.

Land		Building	
Land Use	Educational	Building Type	Educational
No. of Streets	1	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Rahmaniya Road	Building Finishing Conditions	Good
Direct View on an Internal Street	-	Overall Building Conditions	Good
Land Condition	Constructed		

## 2.2 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

All the infrastructural facilities are available in the surroundings and connected to the subject property.

### 2.3 LOCATION

The subject property is located in Al Rayaan district, Jeddah city

Property Location on a City Scale

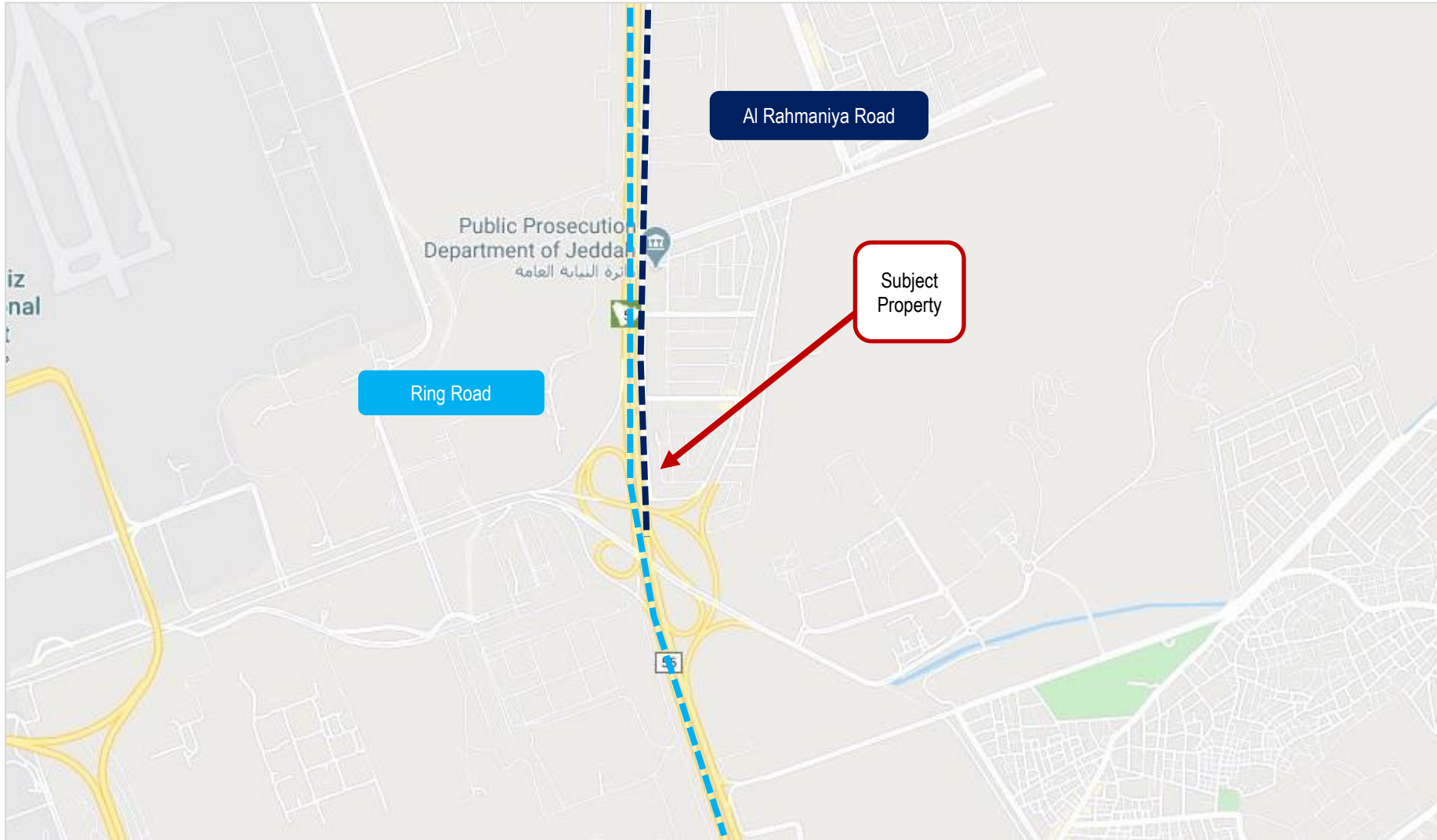


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Jeddah	<b>Land Area</b>	3,020.18 Sqm
<b>District</b>	Al Rayaan	<b>Plot No.</b>	259
<b>T.D Type</b>	Electronic	<b>Block No.</b>	----
<b>T.D Number</b>	993788002766	<b>Layout No.</b>	ج/س/416
<b>T.D Date</b>	23/04/1443	<b>Owner</b>	Awal Al Malqa Real Estate Company
<b>T.D Value</b>	420,000,000	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	23/04/1443 Ministry of Justice	<b>Limitation of Document</b>	Mortgage
<b>North Side</b>	Plot# 262	<b>East Side</b>	Plot# 257 & 258
<b>South Side</b>	Plot# 256	<b>West Side</b>	25 meters street
<b>Notes</b>		The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.	

## 2.6 CONSTRUCTION & BUILDINGS

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

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



The Client has provided us with a copy of the Construction Permit with the below details:

Subject Property		
Construction Permit Type		New Permit
Property Type		Educational Facility
Construction Permit No.		3748
Construction Permit Date		01/05/1430

Description	Area (sqm)	Use
Basement	5946.95	Parking
Service Floor	-	-
Ground Floor	920	Residential- Commercial- Parking
Mezzanine	780	Residential- Commercial
First Floor	1,025	Residential
Second Floor	1,025	Residential
Third Floor	1,025	Residential
Repeated Floor	8,200	Residential
<b>Total BAU (sqm)</b>	<b>15,375</b>	

As per the provided construction permit, the total BUA is 15,375 Sqm, which will be used in our valuation analysis.

## 2.7 INSURANCE

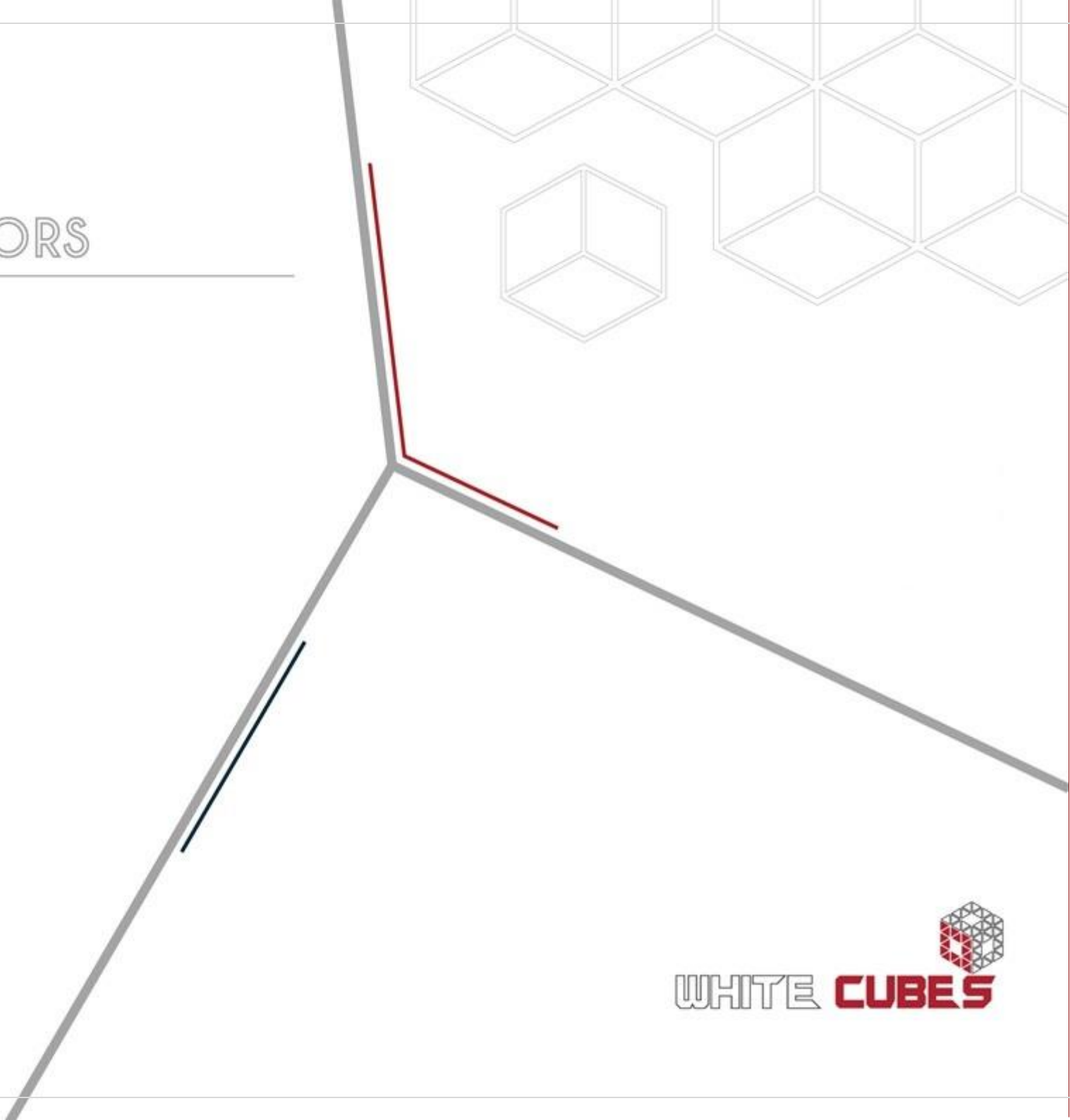
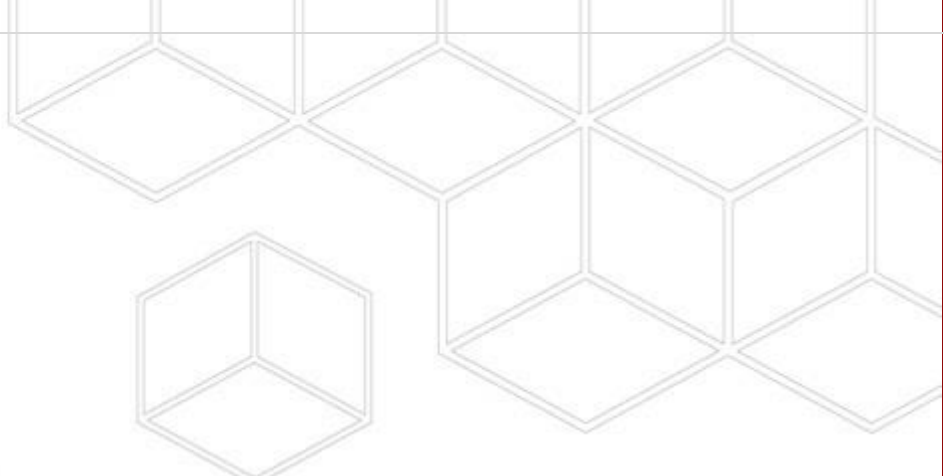
We have not been provided with any insurance policy for the underlying asset.

## 2.8 PHOTO RECORD



# MARKET INDICATORS

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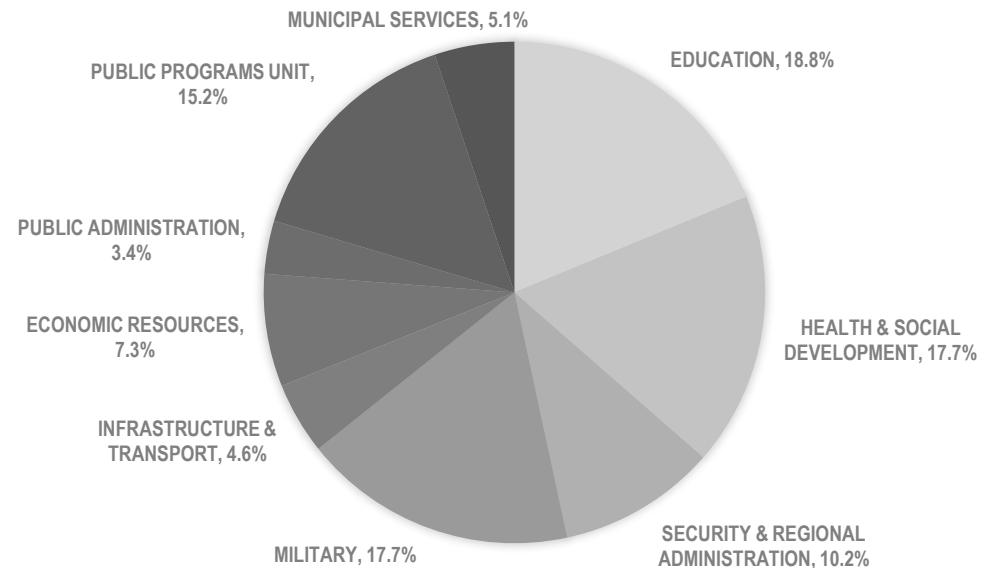
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

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

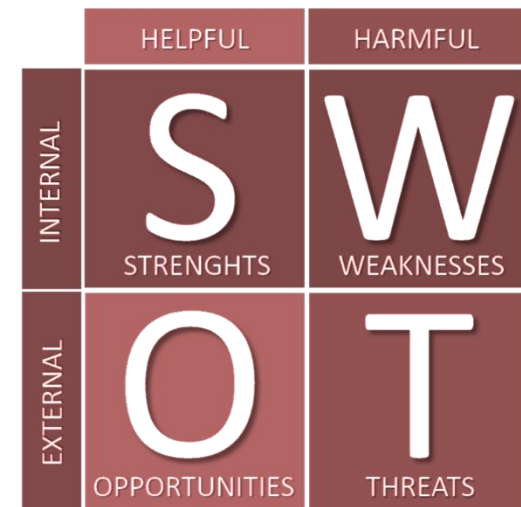
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>17 Risk Points - Medium Risk</b>				

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

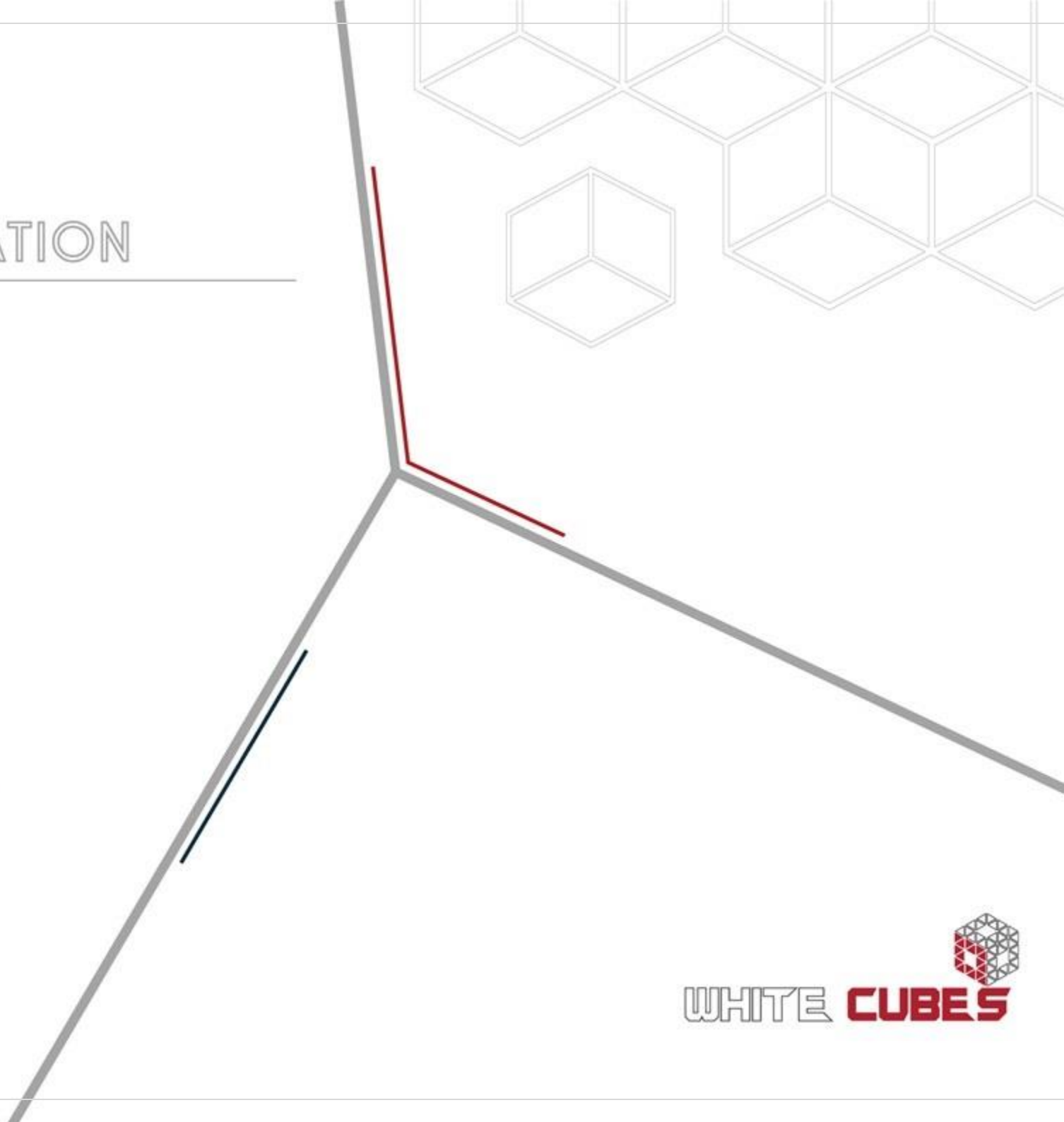
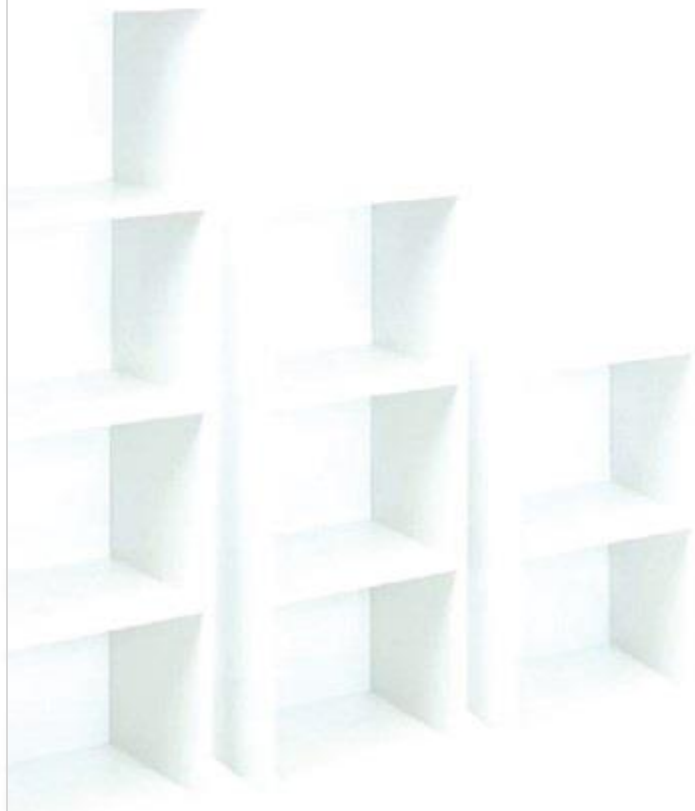
**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>8 Risk Points - Medium Risk</b>				

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

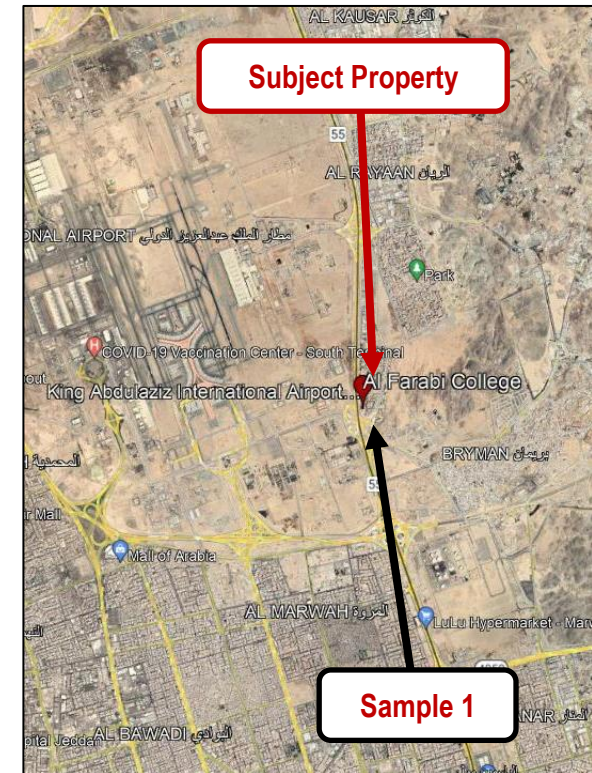
Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

## 4.7 COMPARABLE APPROACH

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

Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Rayyan	Rayyan
Sale Price	-----	SAR 23,124,800
Data Source	Title Deed	Market Survey
Area Size	3,020.18	4,768.00
SAR / Sqm	-----	SAR 4,850
Sides Open	1	2

Adjustment Analysis		SAMPLE 1		
Area size	3,020.18	4,768.00	-2.00%	
Location Desirability	Average	Average	2.00%	
Accessibility	Average	Average	0.00%	
Street Width (m)	25	25	0.00%	
Sides Open	1	2	-2.00%	
Land Shape	Regular	Regular	0.00%	
Close to main street	Yes	Yes	0.00%	
Negotiable	-----	No	0.00%	
Other Factor	-----	-----	0.00%	
Total Adjustments Ratio			-2.00%	
Total Adjustment Amount			-SAR 97.0	
Net After Adjustment			SAR 4,753.0	
SAR / Sqm			<b>SAR 4,753</b>	
Rounded Value			<b>SAR 4,750</b>	



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	3,020	3,020	3,020	3,020	3,020
SAR / Sqm	SAR 4,275.0	SAR 4,512.5	SAR 4,750.0	SAR 4,987.5	SAR 5,225.0
Property Value	SAR 12,911,270	SAR 13,628,562	SAR 14,345,855	SAR 15,063,148	SAR 15,780,441
	<b>PROPERTY VALUE</b>				

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 4,300 - 4,600 SAR / Sqm with an average of 4,400 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.8 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 1,100	SAR 1,300	SAR 1,200
<b>MEP</b>	SAR 600	SAR 700	SAR 650
<b>Finishing Materials</b>	SAR 800	SAR 900	SAR 850
<b>Fitouts &amp;Appliance</b>	SAR 80	SAR 120	SAR 100
<b>Owner Profit</b>	18%	22%	20%

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

LAND		
Land Area	SAR / Sqm	Total Value
3,020.18	SAR 4,750	SAR 14,345,855
Building		
	Unit	Total BUA
Underground	Sqm	0.00
Upper Floors	Sqm	15,375.00
<b>Total (SQM)</b>	<b>15,375.00</b>	

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	15,375.00	SAR 1,200	SAR 18,450,000	100%	SAR 18,450,000
Electro Mechanic	15,375.00	SAR 650	SAR 9,993,750	100%	SAR 9,993,750
Finishing	15,375.00	SAR 850	SAR 13,068,750	100%	SAR 13,068,750
Fit outs & Appliances	15,375.00	SAR 0	SAR 0	100%	SAR 0
Furniture	15,375.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	3,020.18	SAR 100	SAR 302,018	100%	SAR 302,018
<b>Total</b>			<b>SAR 41,814,518</b>	<b>100.00%</b>	<b>SAR 41,814,518</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 41,814,518	0.10%	SAR 41,815
Design			SAR 41,814,518	1.00%	SAR 418,145
Eng. Consultant			SAR 41,814,518	0.50%	SAR 209,073
Management			SAR 41,814,518	5.00%	SAR 2,090,726
Contingency			SAR 41,814,518	5.00%	SAR 2,090,726
Others			SAR 41,814,518	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 4,850,484.09</b>
<b>Total Hard Cost</b>	<b>SAR 41,814,518</b>		<b>BUA</b>	<b>15,375.00</b>	
<b>Total Soft Cost</b>	<b>SAR 4,850,484.09</b>		<b>SAR / Sqm</b>	<b>SAR 3,035</b>	
<b>Total Construction Cost</b>	<b>SAR 46,665,002.09</b>		<b>Overall Completion</b>	<b>100.0%</b>	

After knowing the total construction costs at a rate of 3,035 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 46,665,002</b>	<b>Net Dep Rate</b>	<b>36.67%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 29,554,501</b>
<b>Economic Age</b>	<b>30</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>3.33%</b>	<b>Developer Profit Rate</b>	<b>20.0%</b>
<b>Actual Age</b>	<b>11</b>	<b>Dev. Profit Amount</b>	<b>SAR 5,910,900</b>
<b>Total Dep Rate</b>	<b>36.67%</b>	<b>Development Value</b>	<b>SAR 35,465,402</b>
<b>Add Appr Rate</b>	<b>0.00%</b>		
<b>Net Dep Rate</b>	<b>36.67%</b>		

The total value development of the building is 37,332,002 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 35,465,402	SAR 14,345,855	SAR 49,811,257	SAR 49,810,000

#### 4.9 INCOME APPROACH- LEASING CONTRACT

The client informed us that the annual lease of report is 7,500,000 SAR for 25 years where an increase of 5% will be added each 5 years.

#### Market Capitalization Rate Analysis

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

#### The Capitalization Rate Used for the Valuation

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

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

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

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

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

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

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Facility		The subject property is Fully leased to 1 tenant			SAR 7,500,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 7,500,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Educational Facility	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses		NOI	
Educational Facility	SAR 7,500,000	0.00%		SAR 7,500,000	
-----	SAR 0	0.00%		SAR 0	
-----	SAR 0	0.00%		SAR 0	
<b>Total</b>				<b>SAR 7,500,000</b>	
<b>Total Property Revenues</b>				SAR 7,500,000	
<b>Total Property Expenses</b>				SAR 0	
<b>Net Operating Income</b>				<b>SAR 7,500,000.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 7,500,000.00	7.50%	100,000,000.00 SAR		<b>100,000,000.00 SAR</b>	



#### 4.10 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 100,000,000	One Hundred Million Saudi Riyals
DRC Approach	Land + Building	SAR 49,810,000	Forty-nine million eight hundred ten thousand Saudi Riyals

#### 4.11 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 100,000,000**  
**One Hundred Million Saudi Riyals**

#### 4.12 REPORT USE

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

#### 4.13 DISCLAIMER

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

#### 4.14 CONCLUSION

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

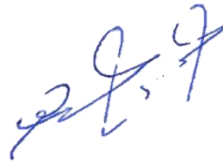
#### 4.15 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



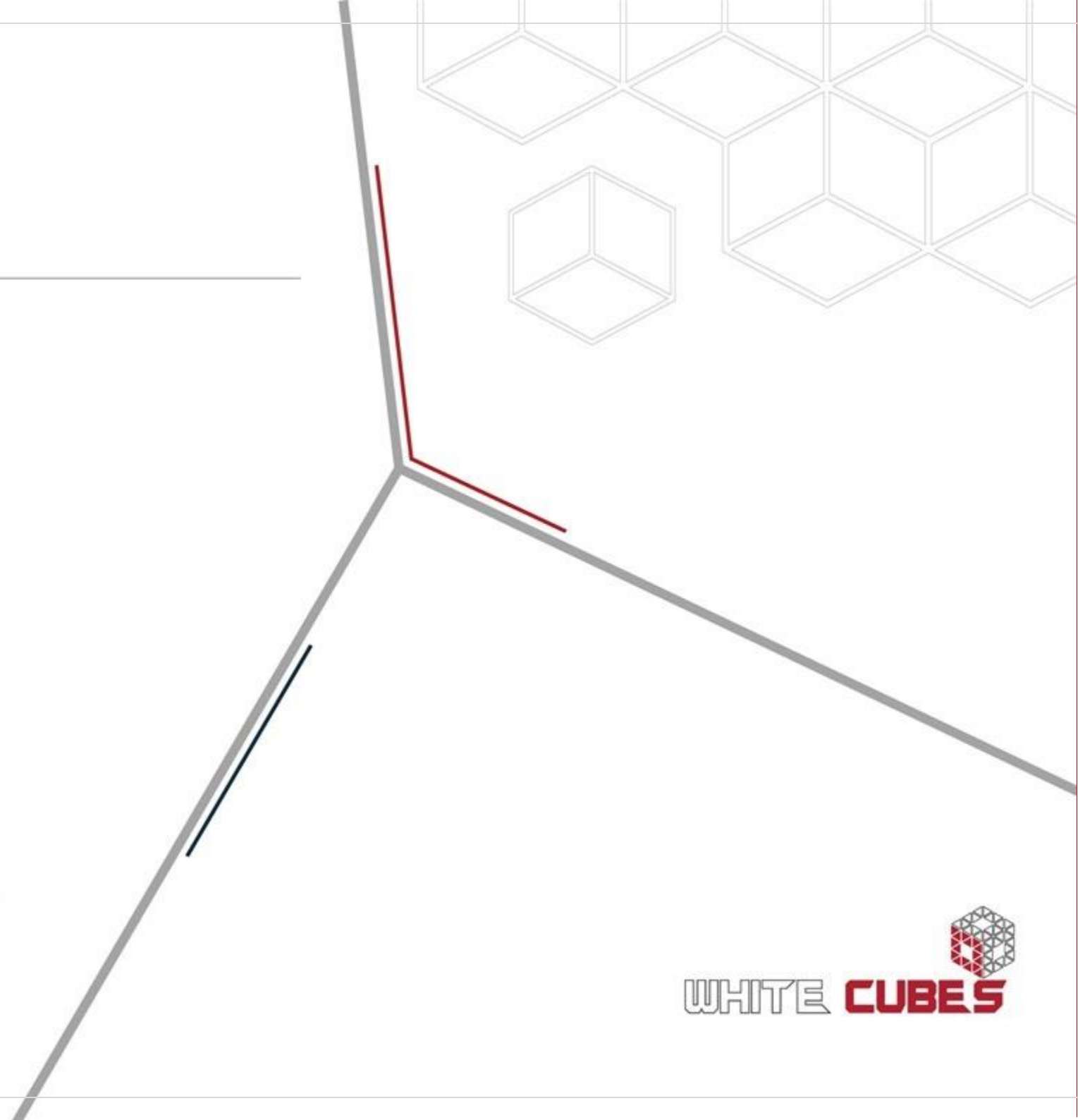
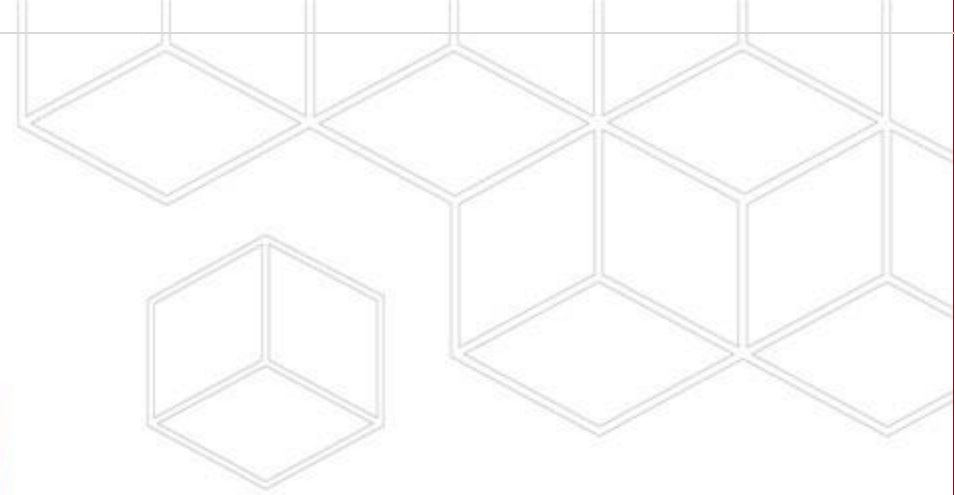
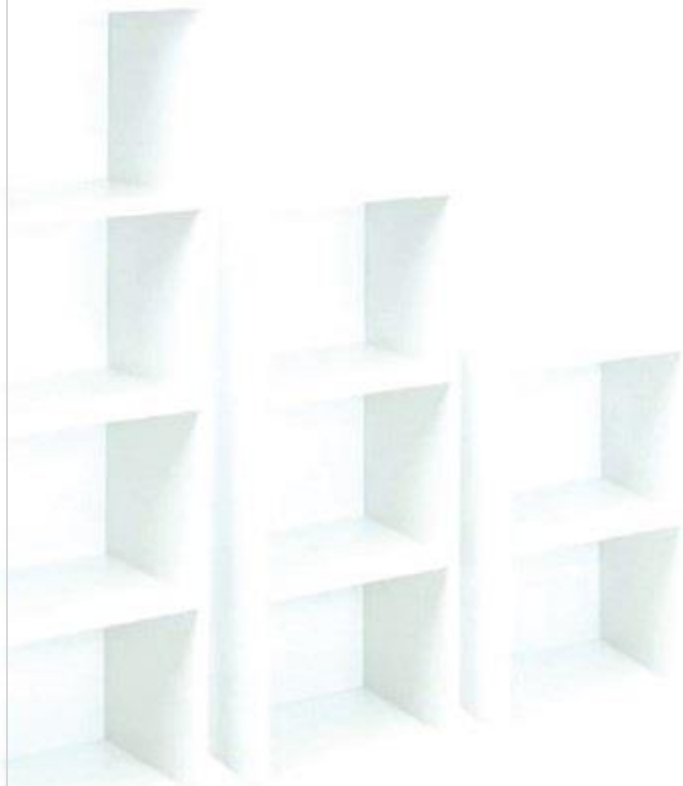
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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### 5.1 CONSULTANT STATUS

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

### 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

### 5.3 CONFIDENTIALITY

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

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

### 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



**VISION TRAINING CENTER**  
(Previously AL FARABI TRAINING CENTER)



**AL KHABEER CAPITAL**  
Awal Al Malqa Real Estate Company

Riyadh City  
June 2022

Valuation Report





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**REF:** 22-0112-12EN  
**Date:** 26/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

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

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service an educational facility Vision Training Center (previously Al Farabi), located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

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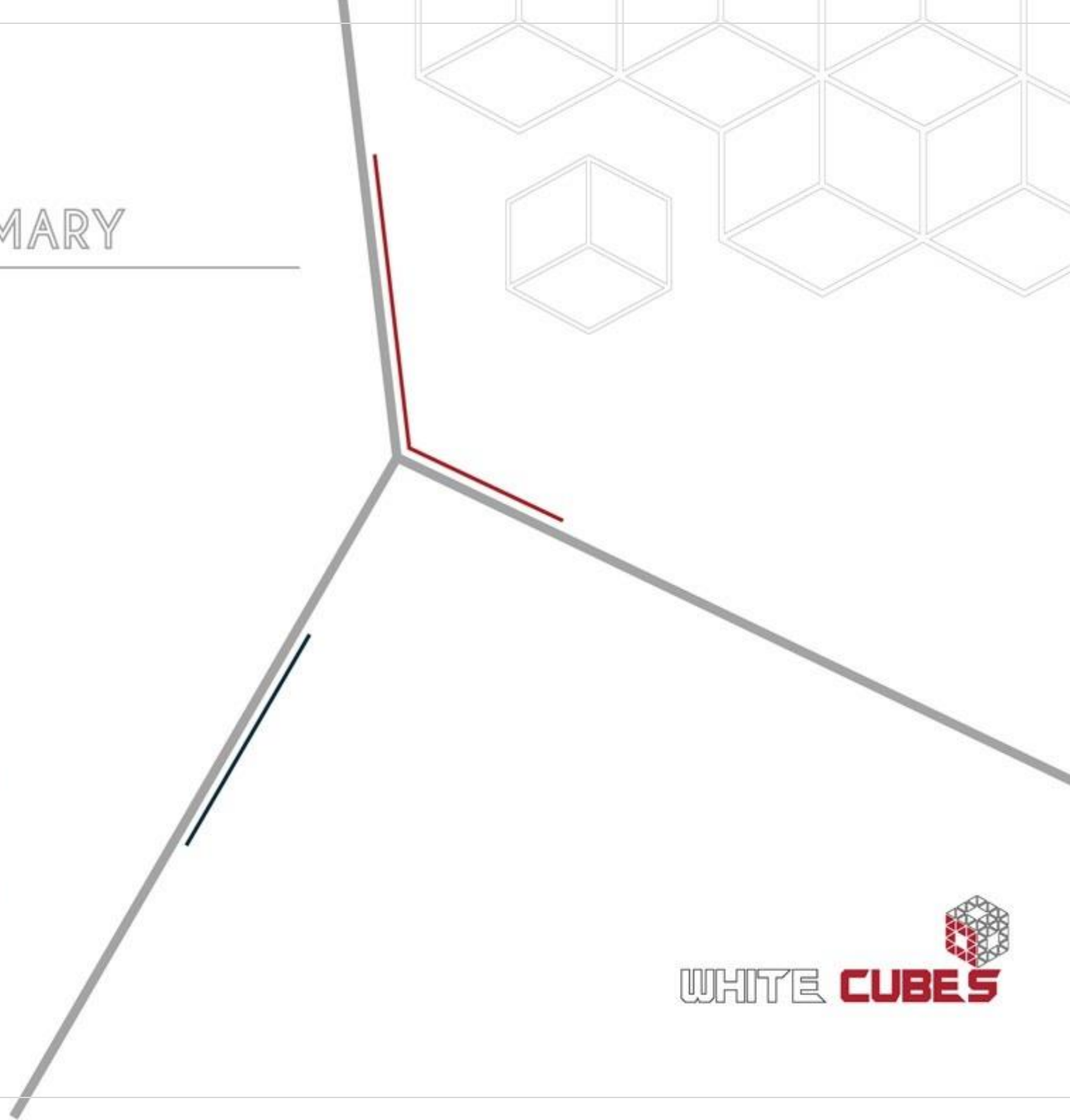
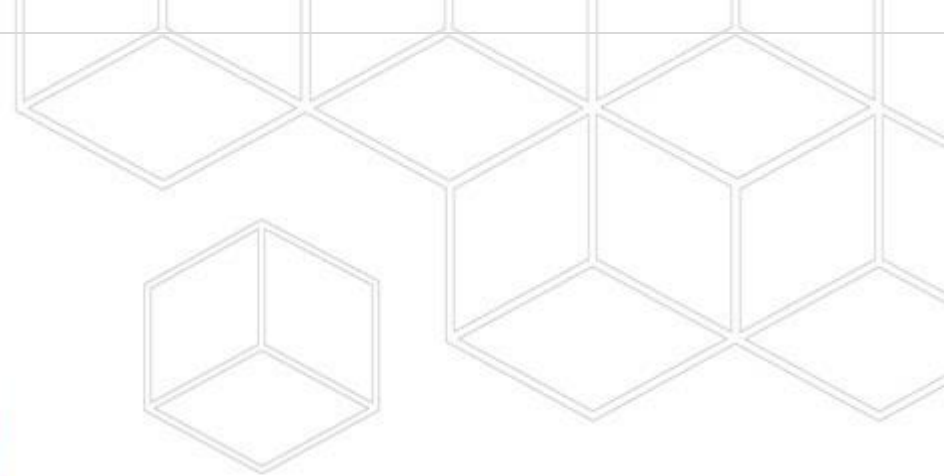
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# EXECUTIVE SUMMARY

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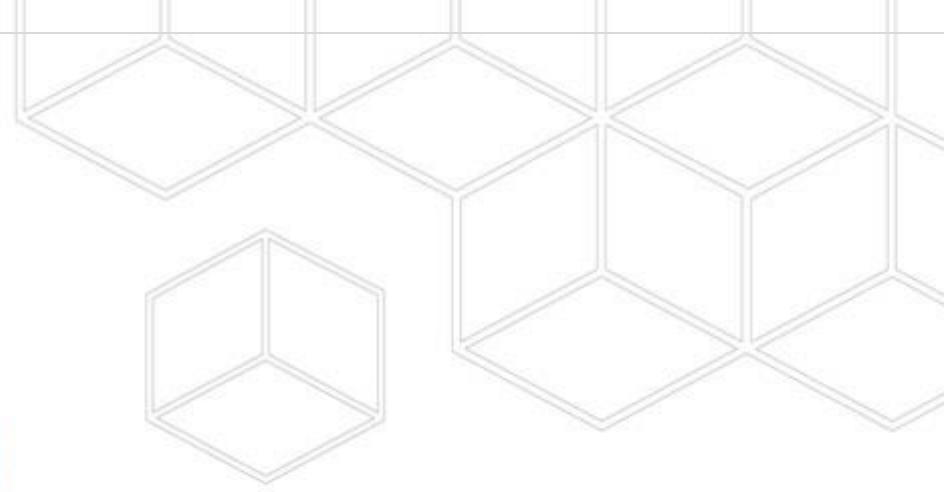
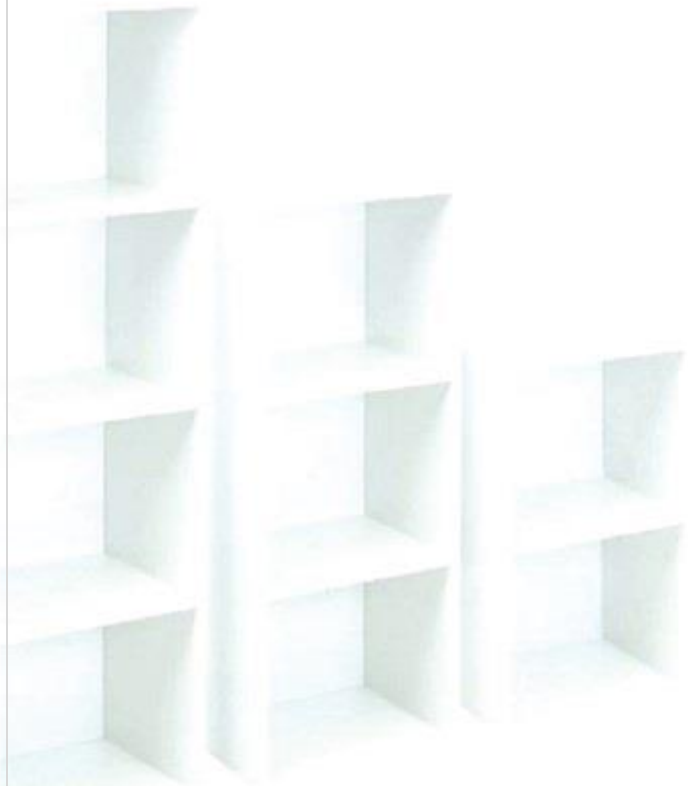


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for Vision Training Center (previously Al Farabi) in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	22-0112-12EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purpose
<b>Subject Property</b>	Educational Facility
<b>Property Location</b>	The property is located in Ishbiliya district, Riyadh City.
<b>Title Deed Information</b>	Title Deed No: 598507008764, Title Deed Date: 15/10/1442, Issued from Riyadh Notary
<b>Ownership Type</b>	Freehold
<b>Owner</b>	شركة اول الملقا العقارية
<b>Land Use</b>	Educational.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 11,340 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 37,448.66 Sqm. The building is composed of 4 floors.
<b>Vacancy Rate</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant, although the property is still under development.
<b>Valuation Approach</b>	Cost Approach and Comparable Approach
<b>Final Property Value</b>	SAR 81,960,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

**June 06, 2022.**

#### 1.5 INSPECTION DATE

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

**June 15, 2022.**

#### 1.6 VALUATION DATE

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

**June 26, 2022.**

#### 1.7 REPORT DATE

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

**June 26, 2022.**

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

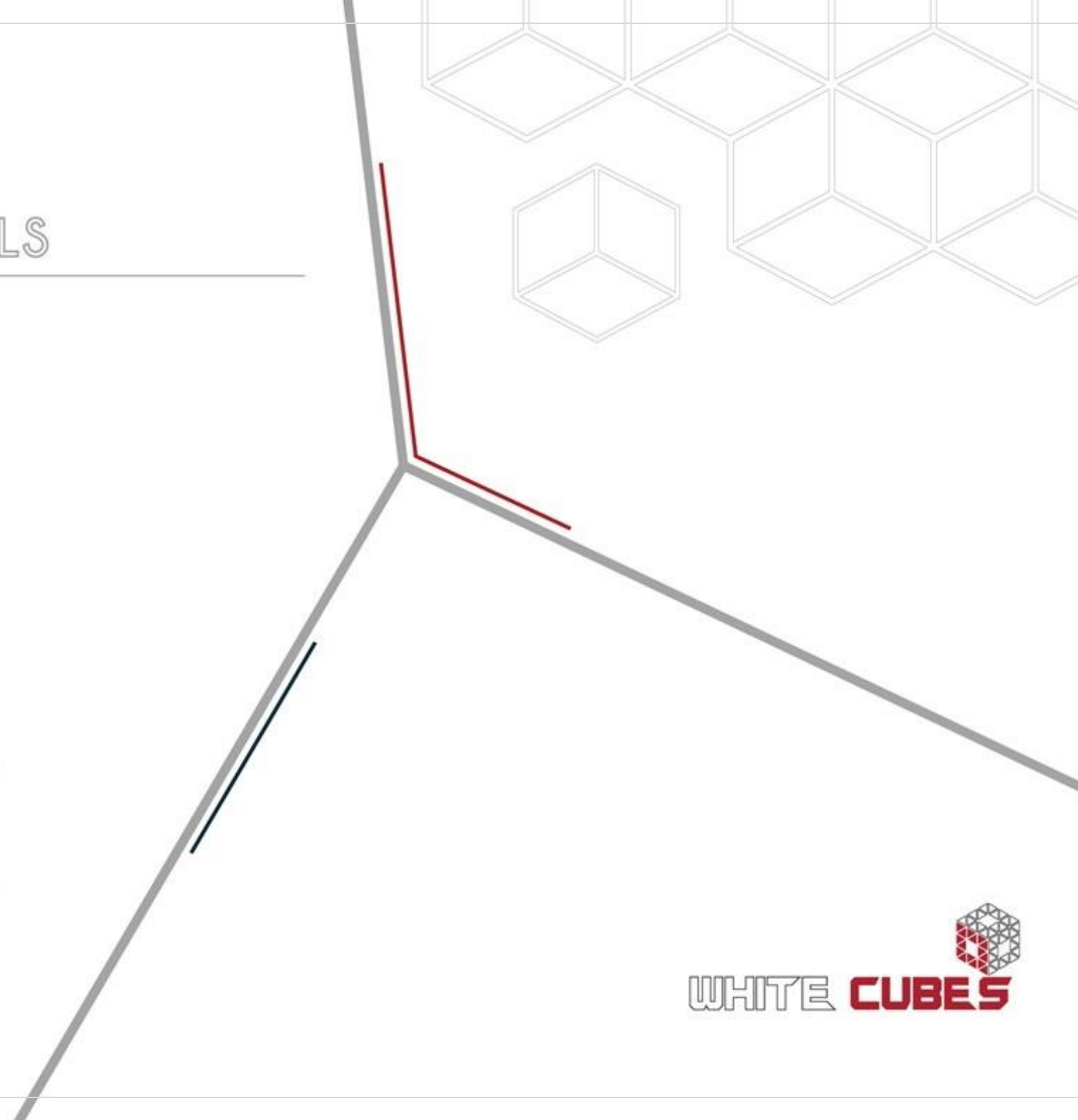
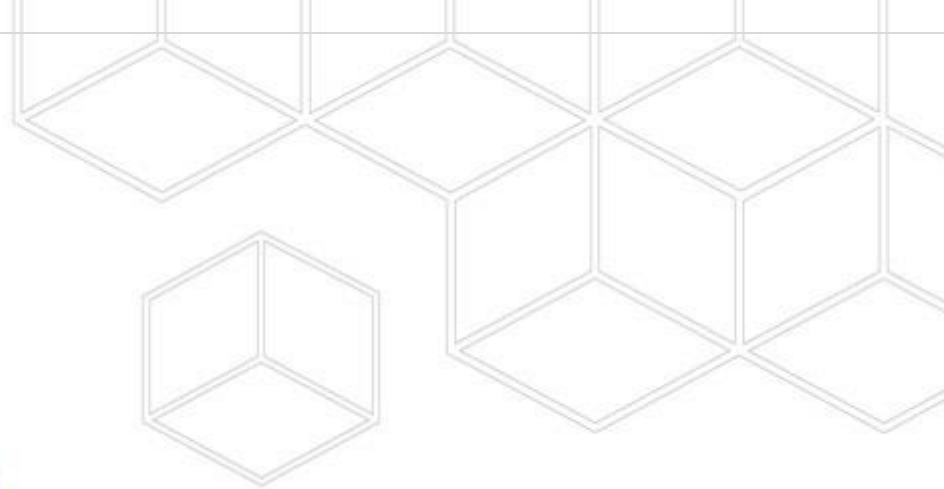
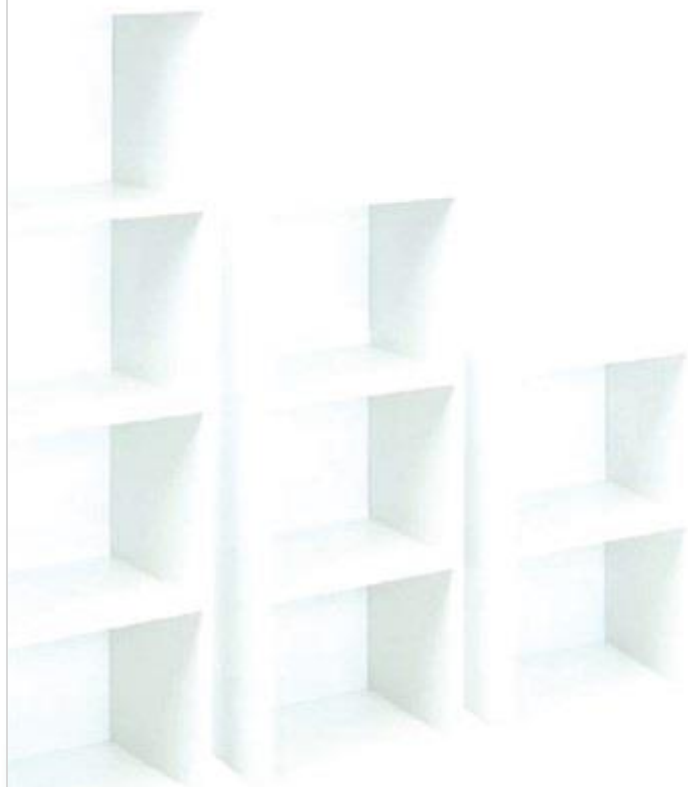
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

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

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

## 2.2 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✗	<b>All the infrastructural facilities are available in the surroundings, yet they are not connected to the subject property.</b>
Electricity	✓	✗	
Tele-Communication	✓	✗	
Sewage	✓	✗	



### 2.3 LOCATION

The subject property is located in Ishbiliyah district, Riyadh city

Property Location on a City Scale

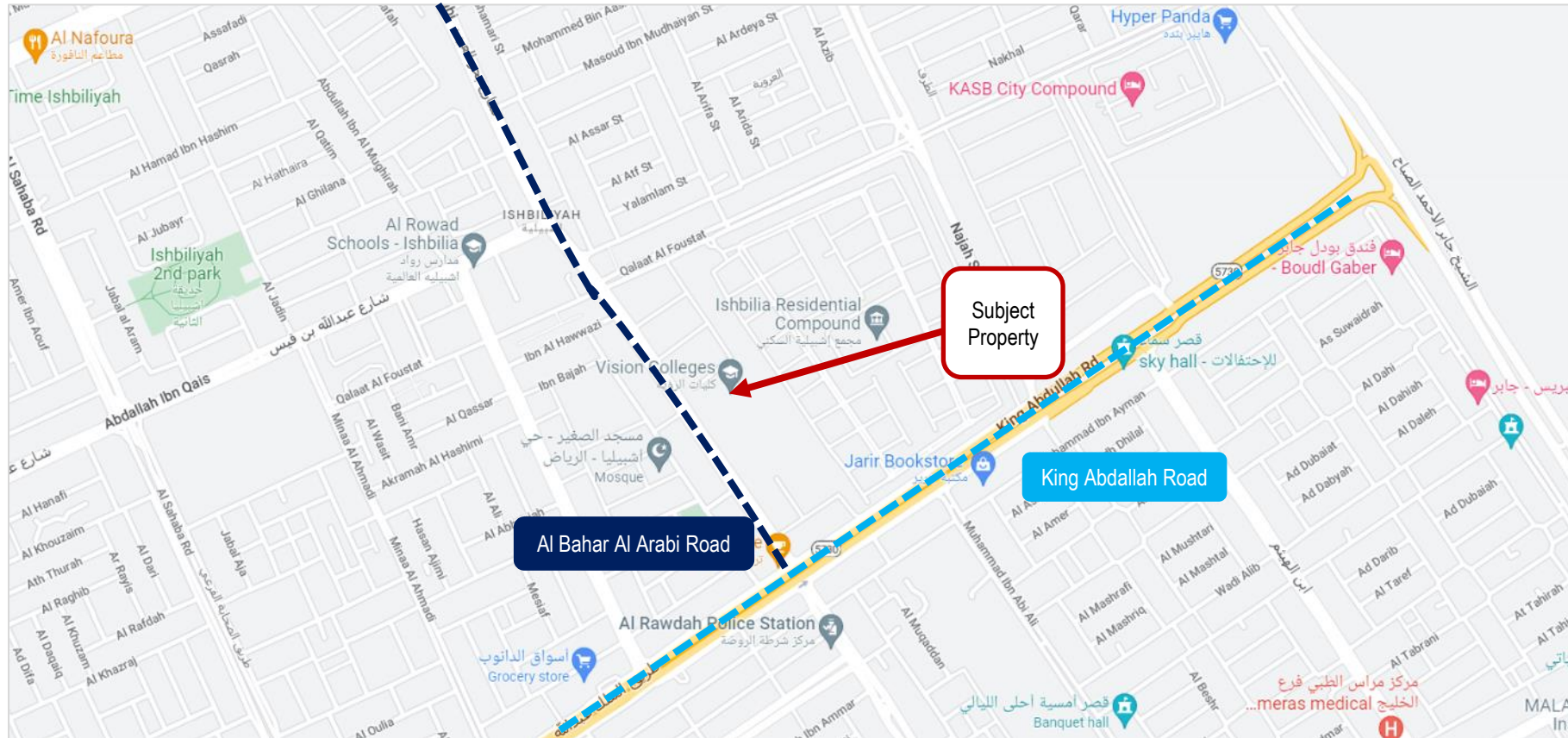


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Riyadh	<b>Land Area</b>	11,340 Sqm
<b>District</b>	Ishbiliya	<b>Plot No.</b>	From Plot No. 9 to No.16
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	598507008764	<b>Layout No.</b>	2932
<b>T.D Date</b>	15/10/1442	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A	<b>Limitation of Document</b>	Mortgage
<b>North Side</b>	15 meters street	<b>East Side</b>	15 meters street
<b>South Side</b>	15 meters street	<b>West Side</b>	40 meters street

### Notes

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

## 2.6 CONSTRUCTION & BUILDINGS

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

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

The Client has provided us with a copy of the Construction Permit with the below details:

Subject Property	
Construction Permit Type	New Permit
Property Type	Educational Facility
Construction Permit No.	1434/20267
Construction Permit Date	1434/11/10

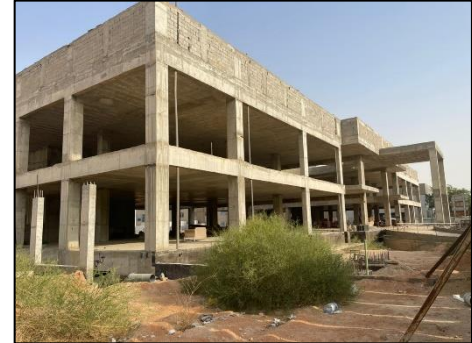
Description	No. of Units	Area (sqm)	Use
Ground Floor	1	5946.95	Educational
Basement 3	0	11,322	Parking
Basement 2	0	11,322	Parking
Basement 1	0	11,322	Parking
First Floor	0	6060.61	Educational
Electricity Chamber	0	20.00	Electricity
Upper Annexes	0	2777.10	Educational
Fences	1	430.96	Fences
<b>Total BAU (sqm)</b>		<b>48,770.66</b>	

As per the provided construction permit, the total BUA is 48,770.66, But one of the basements never been build. Therefor the total BUA is 37,448.66 Sqm which will be used in our valuation analysis.

## 2.7 INSURANCE

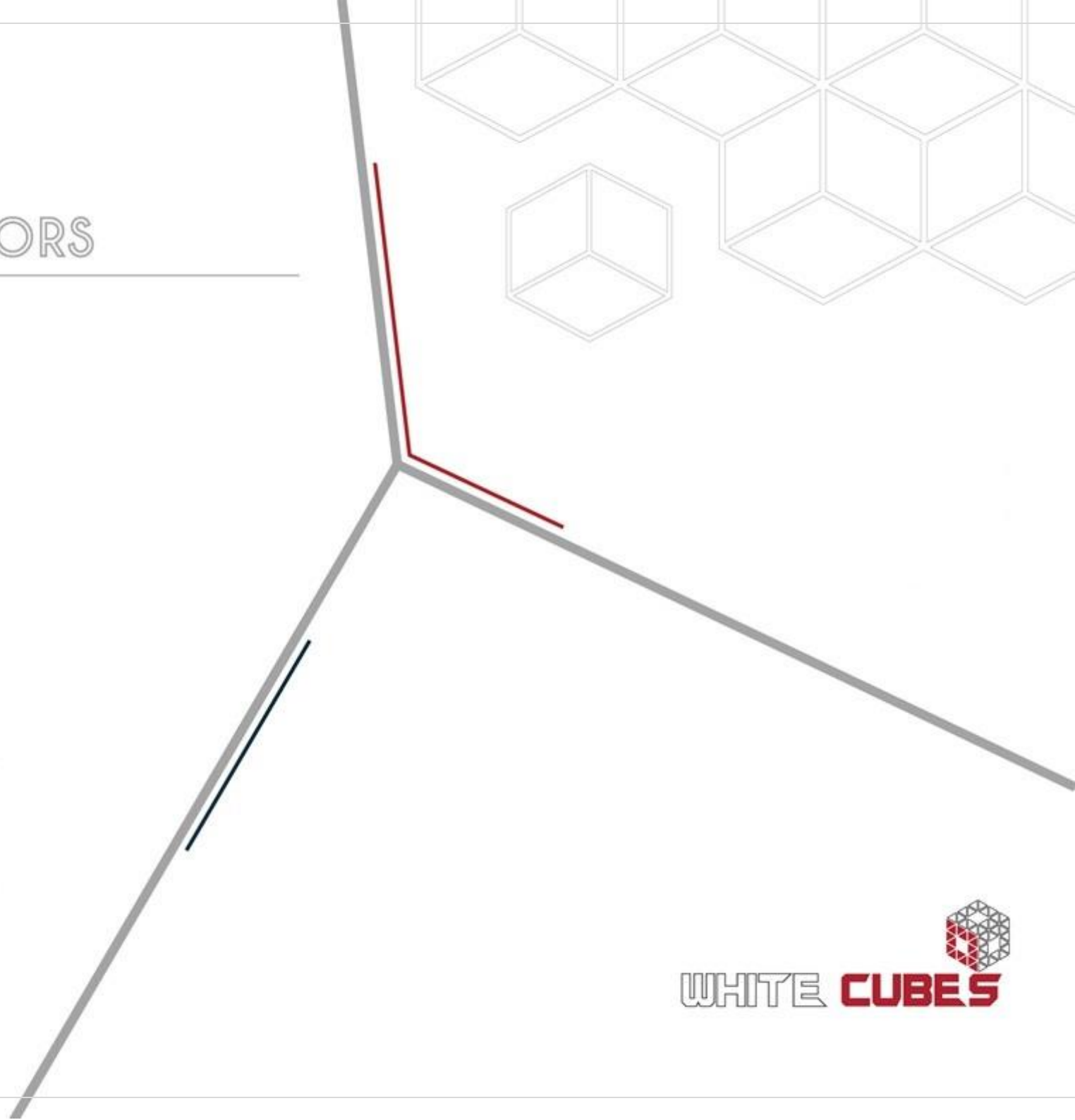
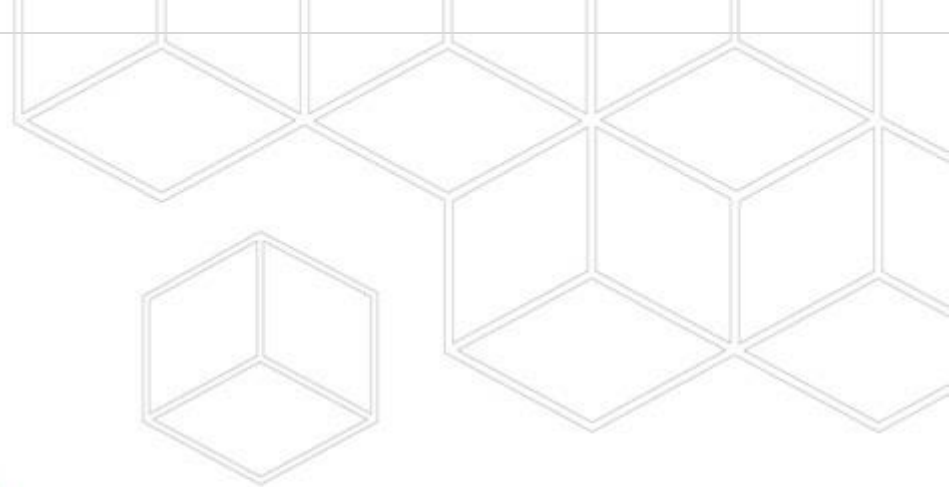
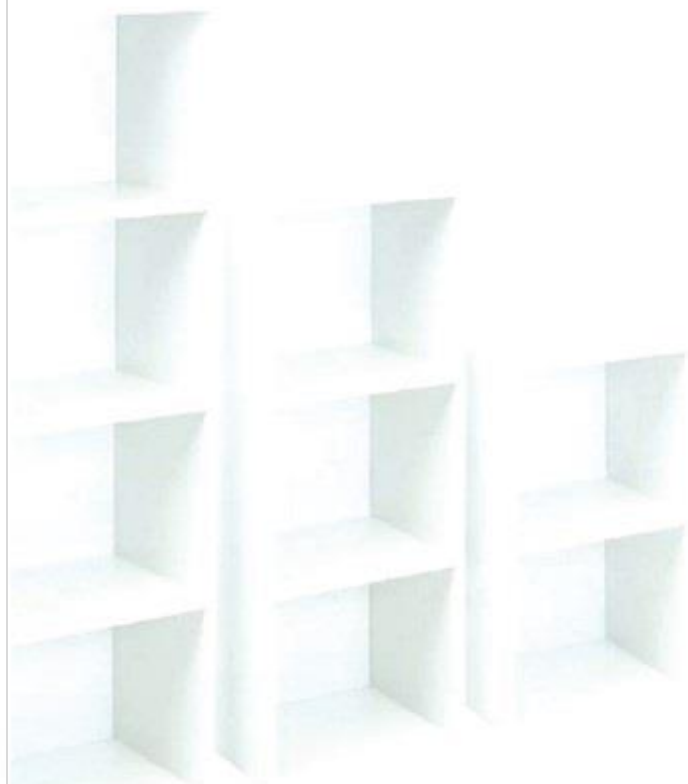
We have not been provided with any insurance policy for the underlying asset.

2.8 PHOTO RECORD



# MARKET INDICATORS

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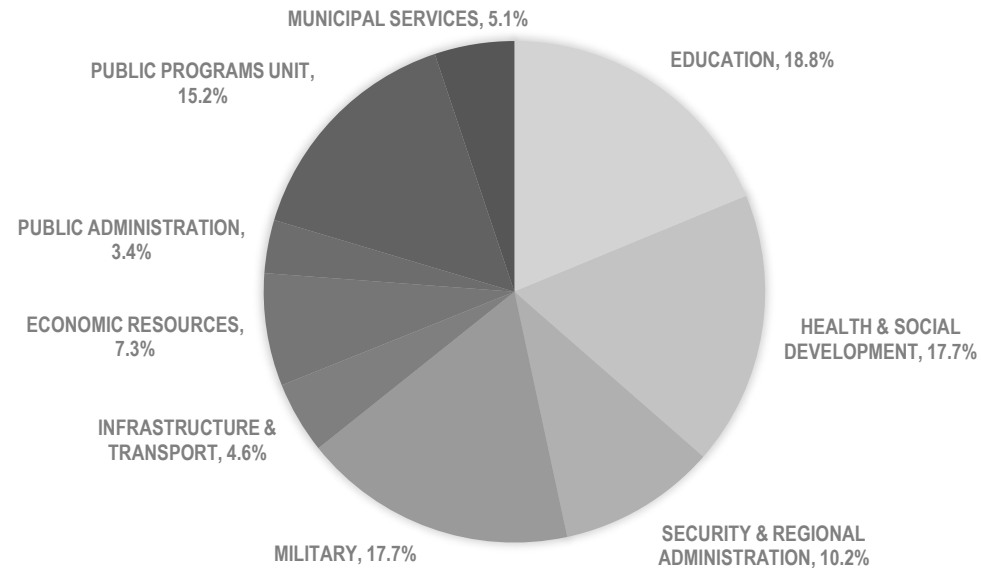
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

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

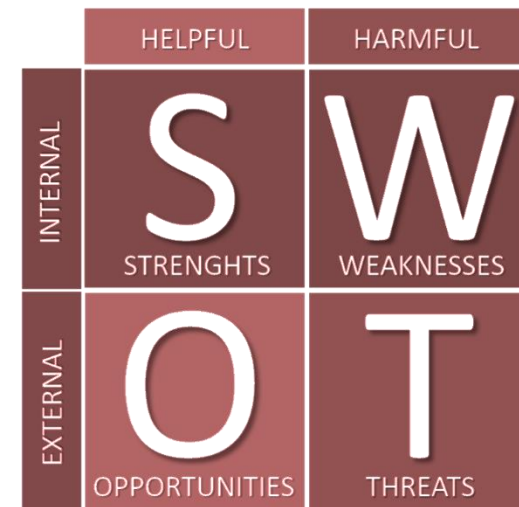
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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





Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>17 Risk Points - Medium Risk</b>				

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

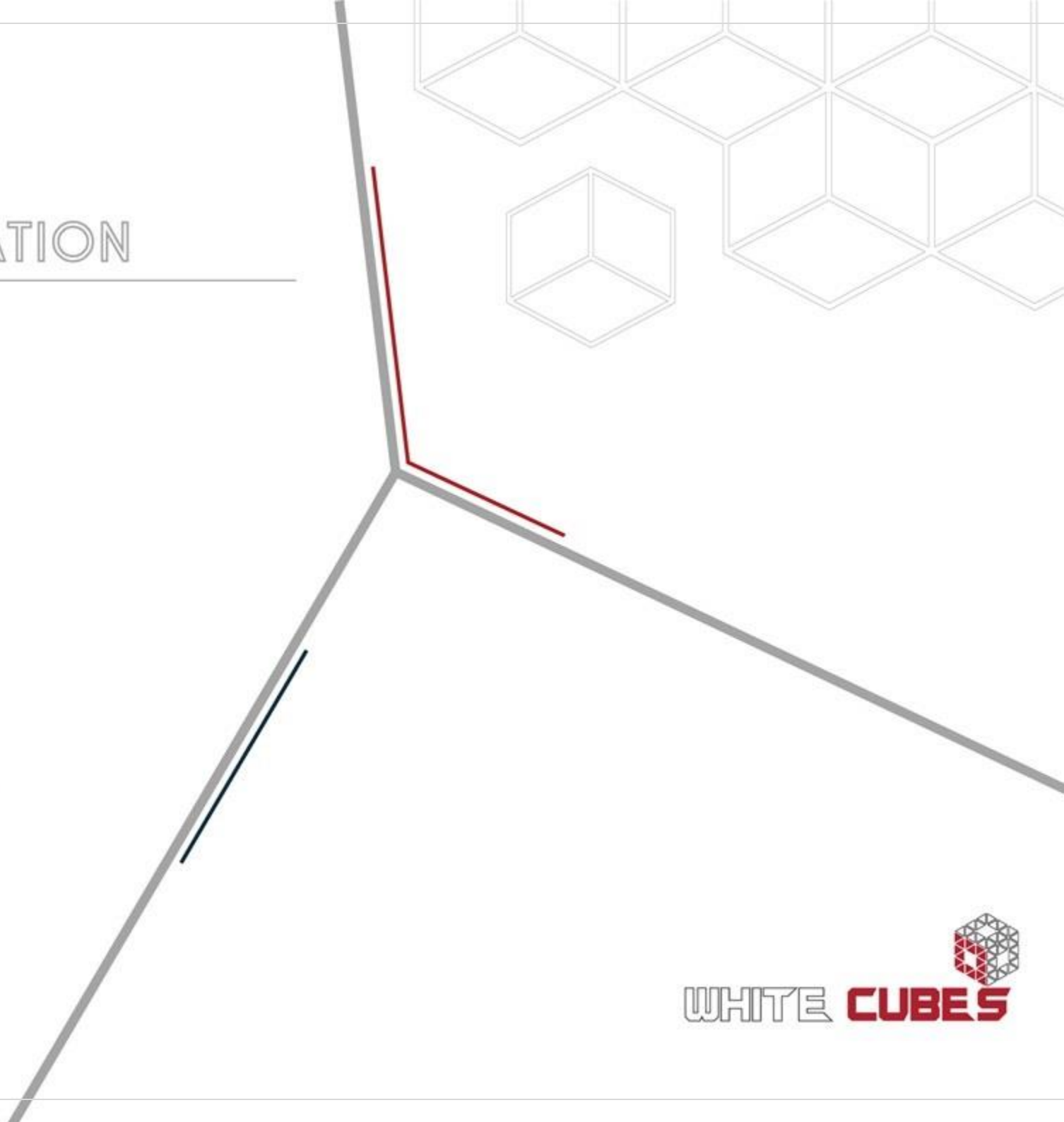
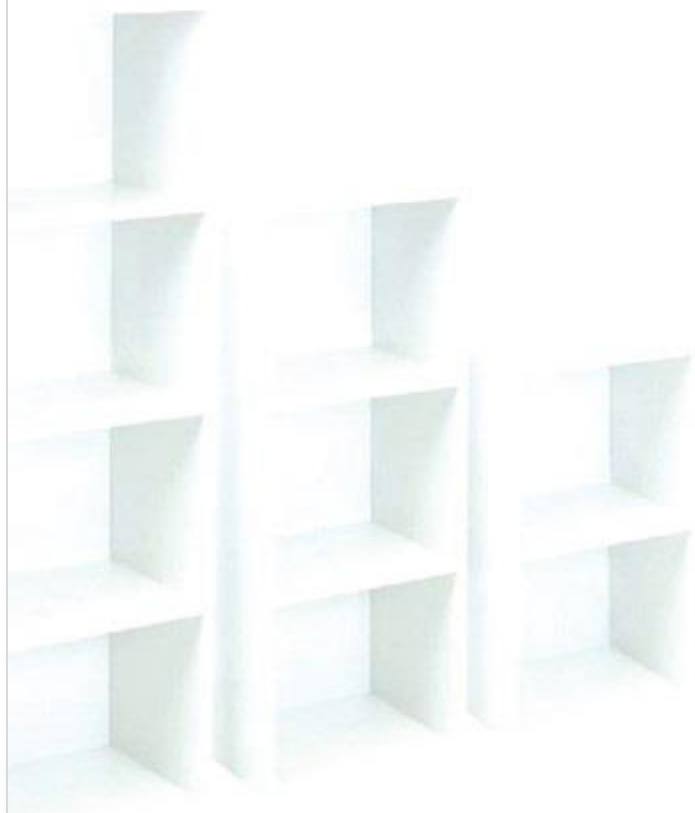
**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>8 Risk Points - Medium Risk</b>				

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

---



## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### DEPRECIATED REPLACEMENT COST (DRC)

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

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

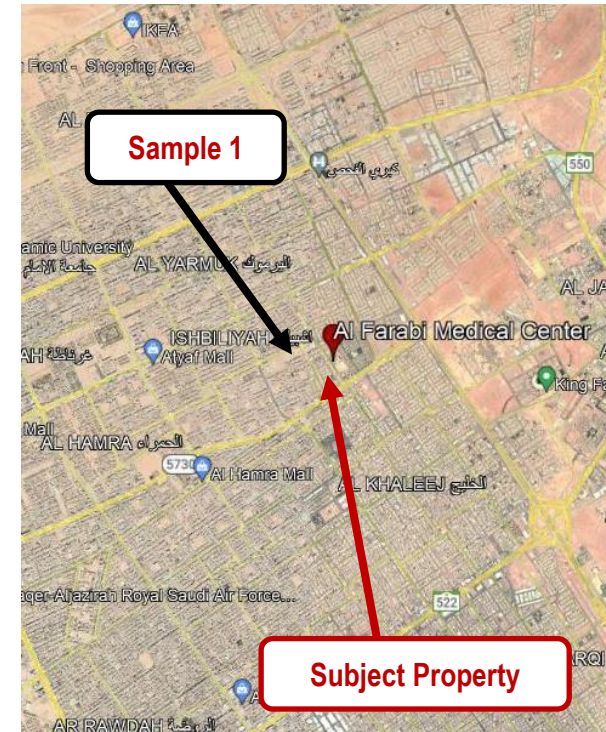
### 4.7 INPUT VALUATION PROCESS

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

### 4.8 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Ishbilia	Ishbilia	
Sale Price	-----	SAR 52,000,000	
Data Source	Title Deed	Market Survey	
Area Size	11,340.00	15,000.00	
SAR / Sqm	-----	SAR 3,467	
Sides Open	4	4	
Adjustment Analysis			
Feature	Subject Property	Sample 1	
Area size	11,340.00	15,000.00	-2.50%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Average	5.00%
Street Width (m)	40	35	0.00%
Sides Open	4	4	0.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
Total Adjustments Ratio			2.50%
Total Adjustment Amount			SAR 86.7
Net After Adjustment			SAR 3,553.3
SAR / Sqm		<b>SAR 3,553</b>	
Rounded Value		<b>SAR 3,500</b>	



	SENSITIVITY ANALYSIS				
	-10%	-5%	0%	5%	10%
Land Area	17,046	17,046	11,340	17,046	17,046
SAR / Sqm	SAR 1,912.5	SAR 2,018.8	SAR 3,500.0	SAR 2,231.3	SAR 2,337.5
Property Value	SAR 32,600,475	SAR 34,411,613	SAR 39,690,000	SAR 38,033,888	SAR 39,845,025
<b>PROPERTY VALUE</b>					

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 3,000 - 4,000 SAR / Sqm with an average of 3,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.9 COST APPROACH (DRC)

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

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

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

<b>LAND</b>			
Land Area		SAR / Sqm	Total Value
11,340.00		SAR 3,500	SAR 39,690,000
<b>Building</b>			
	Unit		Total BUA
<b>Upper and Underground Floors</b>	Sqm		37,448.66
<b>Total (SQM)</b>		<b>37,448.66</b>	



Development Cost					
Hard Cost					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	37,448.66	SAR 1,150	SAR 43,065,959	80%	SAR 34,452,767
Electro Mechanic	37,448.66	SAR 400	SAR 14,979,464	0%	SAR 0
Finishing	37,448.66	SAR 900	SAR 26,214,062	0%	SAR 0
Fit outs & Appliances	37,448.66	SAR 200	SAR 7,489,732	0%	SAR 0
Furniture	37,448.66	SAR 0	SAR 0	0%	SAR 0
Site Improvement	11,340.00	SAR 100	SAR 1,134,000	100%	SAR 1,134,000
<b>Total</b>			<b>SAR 92,883,217</b>	<b>1134000.00%</b>	<b>SAR 35,586,767</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 35,586,767	1.00%	SAR 355,868
Design			SAR 35,586,767	1.00%	SAR 355,868
Eng Consultant			SAR 35,586,767	2.00%	SAR 711,735
Management			SAR 35,586,767	2.00%	SAR 711,735
Contingency			SAR 35,586,767	5.00%	SAR 1,779,338
Others			SAR 35,586,767	0.00%	SAR 0
<b>TOTAL</b>				<b>11.00%</b>	<b>SAR 3,914,544.39</b>
<b>Total Hard Cost</b>	<b>SAR 35,586,767</b>		<b>BUA</b>	<b>37,448.66</b>	
<b>Total Soft Cost</b>	<b>SAR 3,914,544.39</b>		<b>SAR / Sqm</b>	<b>SAR 1,055</b>	
<b>Total Construction Cost</b>	<b>SAR 39,501,311.59</b>		<b>Overall Completion</b>	<b>38.3%</b>	

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

DEVELOPMENT VALUE			
Total Dev Cost	SAR 39,501,312	Net Dep Rate	0.00%
		Dev Cost After Depreciation	SAR 39,501,312
Economic Age	40	Total Completion Rate	1134000.00%
Annual Dep Rate	2.50%	Developer Profit Rate	7.0%
Actual Age	0		
Total Dep Rate	0.00%	Dev. Profit Amount	SAR 2,765,092
Add Appr Rate	0.00%	Development Value	SAR 42,266,403
Net Dep Rate	0.00%		

The total value of the building 81,960,000 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 42,266,403	SAR 39,690,000	SAR 81,956,403	SAR 81,960,000

#### 4.10 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Comparable Approach	Land	SAR 39,690,000	Thirty-nine million six hundred ninety thousand Saudi Riyals
DRC Approach	Land + Building	SAR 81,960,000	Eighty-one million nine hundred sixty thousand Saudi Riyals

#### 4.11 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 81,960,000**  
**Eighty-one million nine hundred sixty thousand Saudi Riyals.**

#### 4.12 REPORT USE

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

#### 4.13 DISCLAIMER

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

#### 4.14 CONCLUSION

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

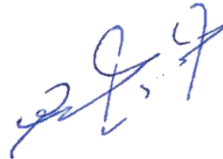
#### 4.15 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



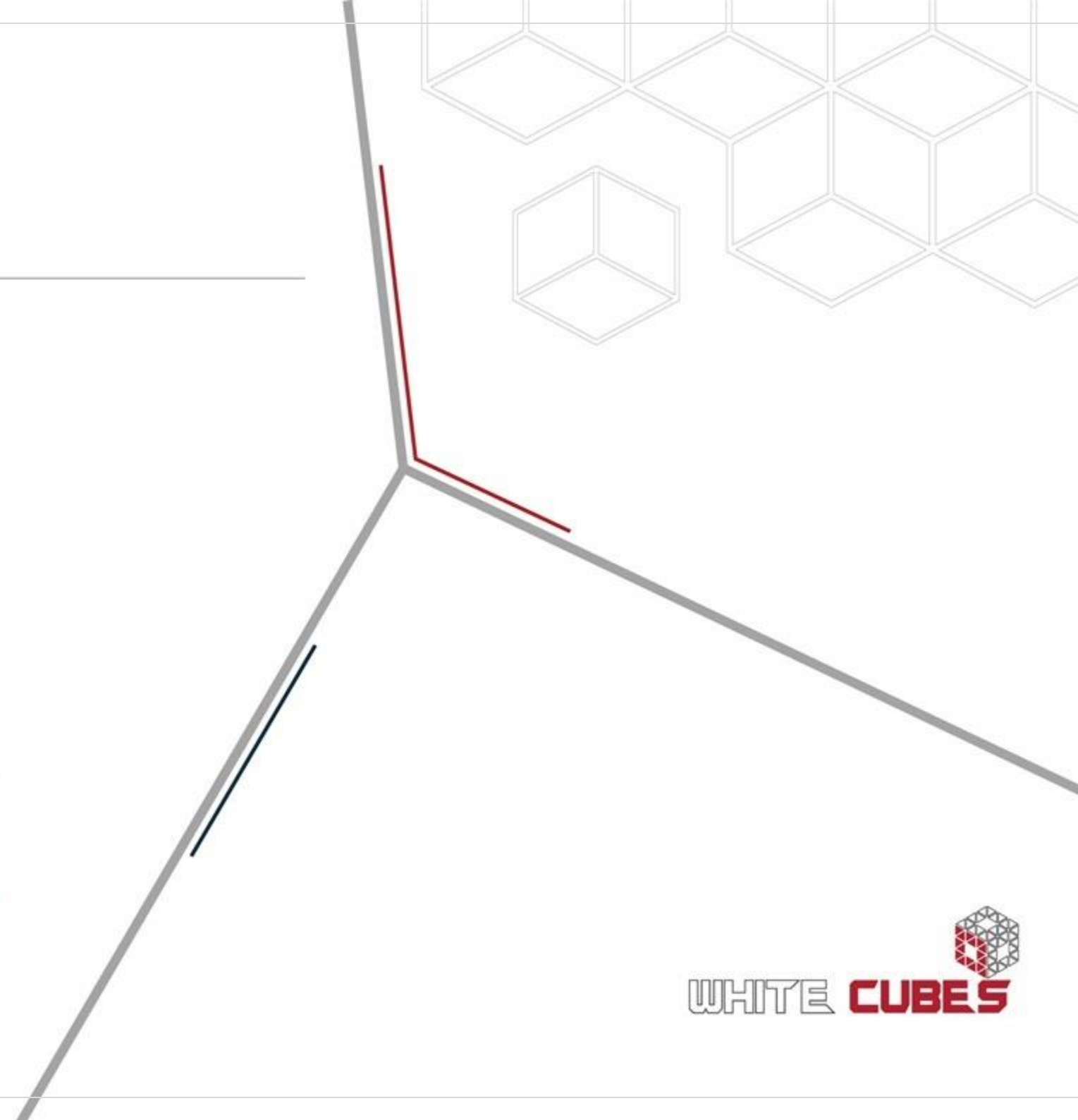
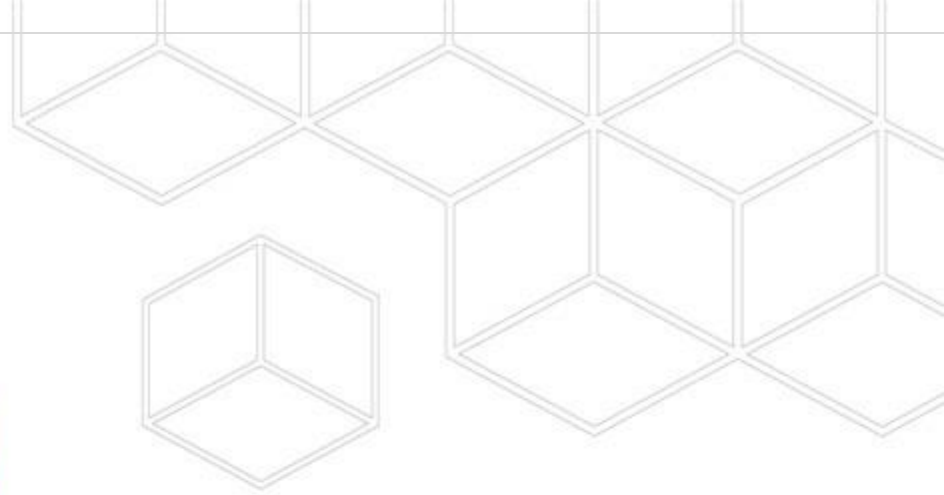
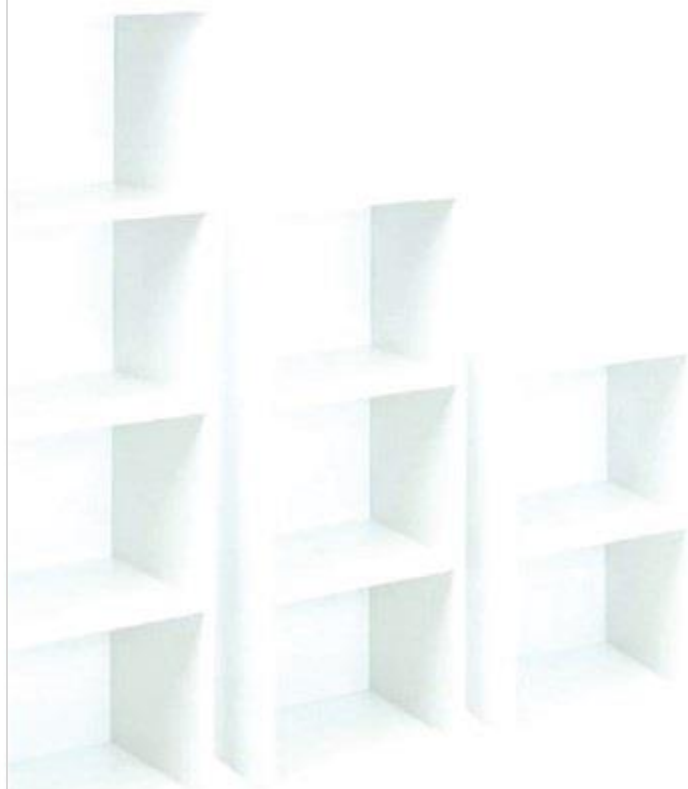
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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### 5.1 CONSULTANT STATUS

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

### 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

### 5.3 CONFIDENTIALITY

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

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

### 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



## VISION COLLEGE

Vision College (Previously Al Farabi)

## AL KHABEER CAPITAL

Awal Al Malqa Real Estate Company

# Valuation Report





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**REF:** 22-0112-11EN  
**Date:** 26/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for Vision College (Previously Al Farabi) in Riyadh city, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of Vision College (Previously Al Farabi) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

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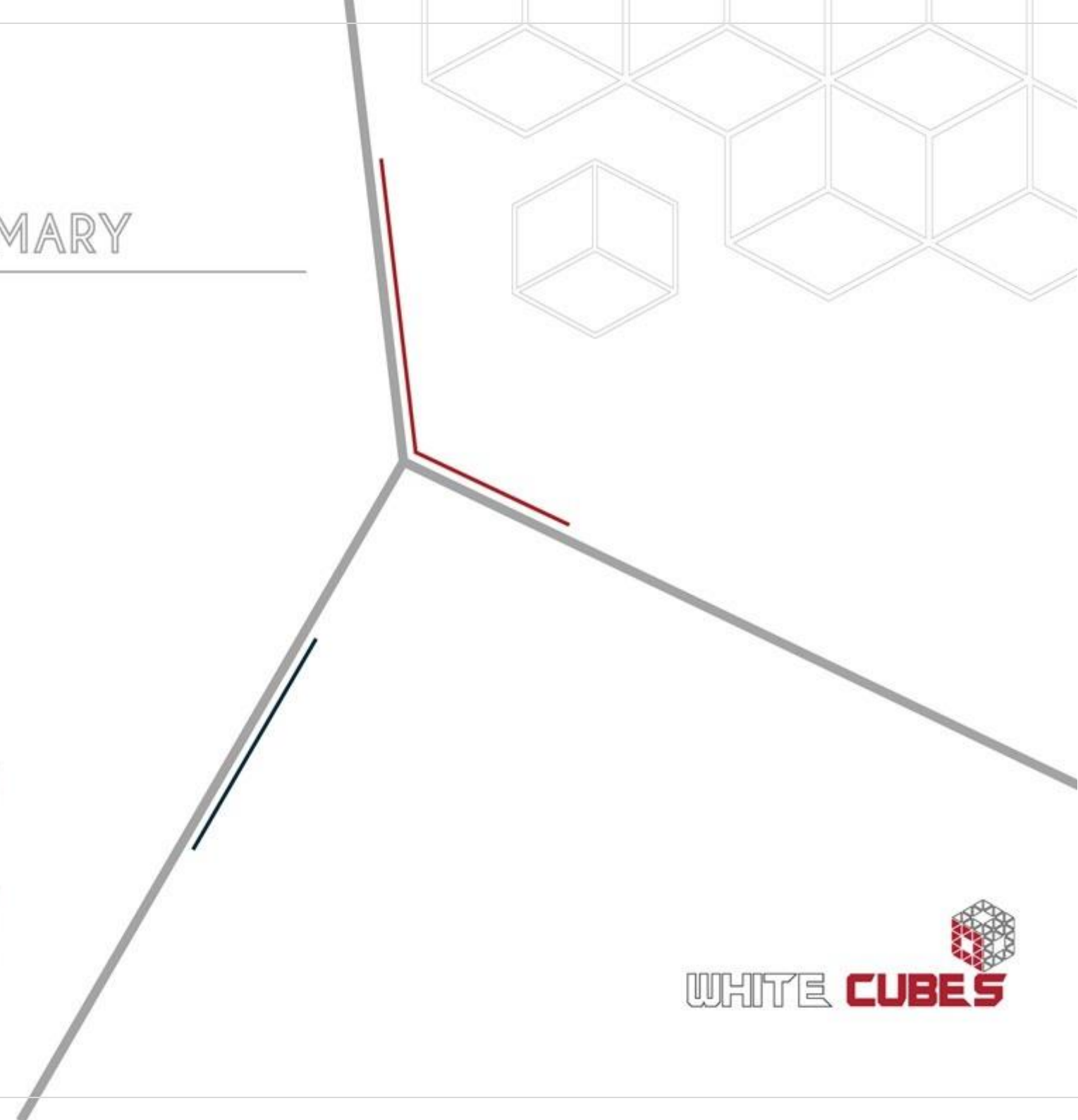
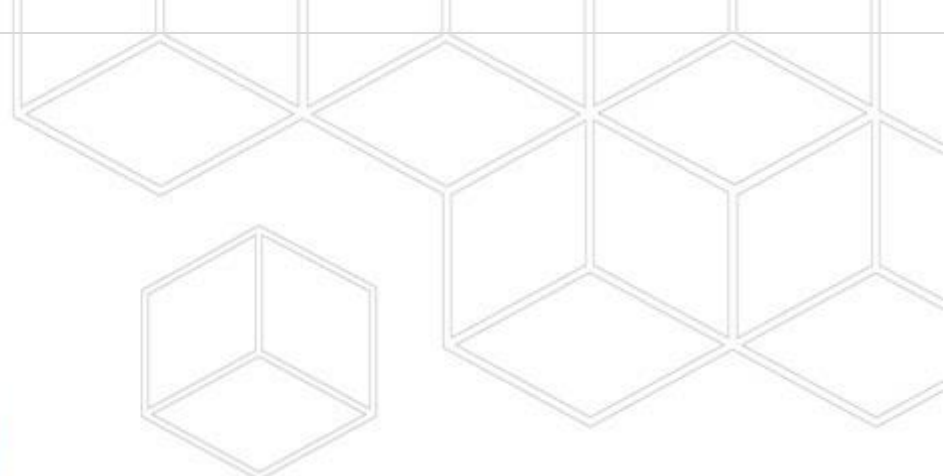
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# EXECUTIVE SUMMARY

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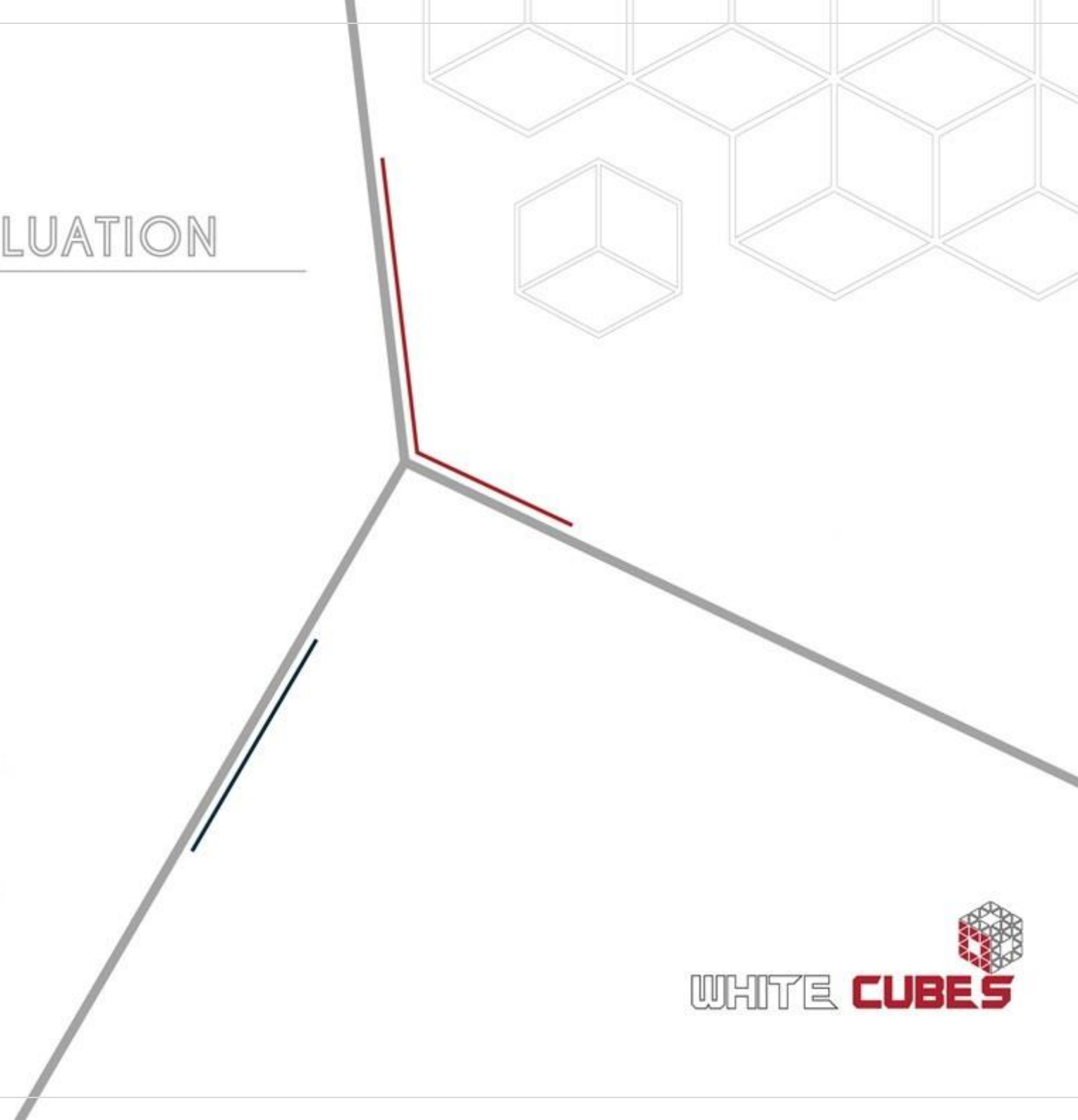
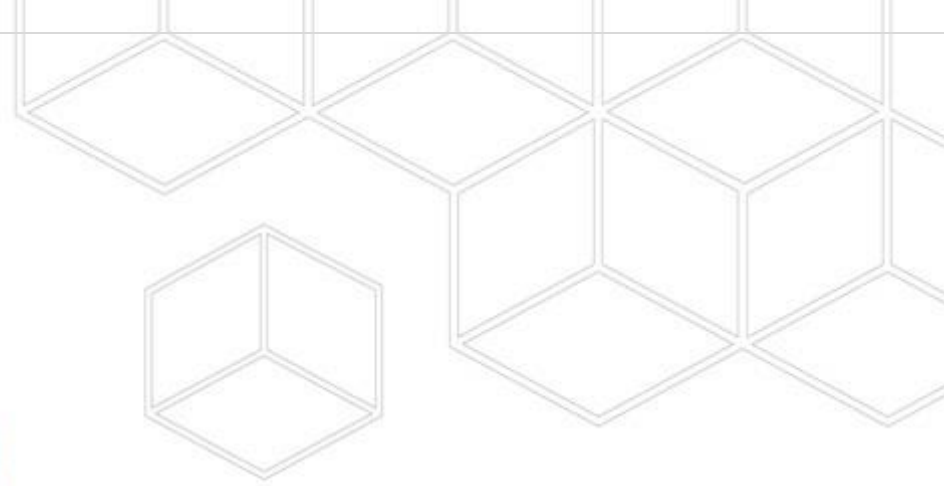
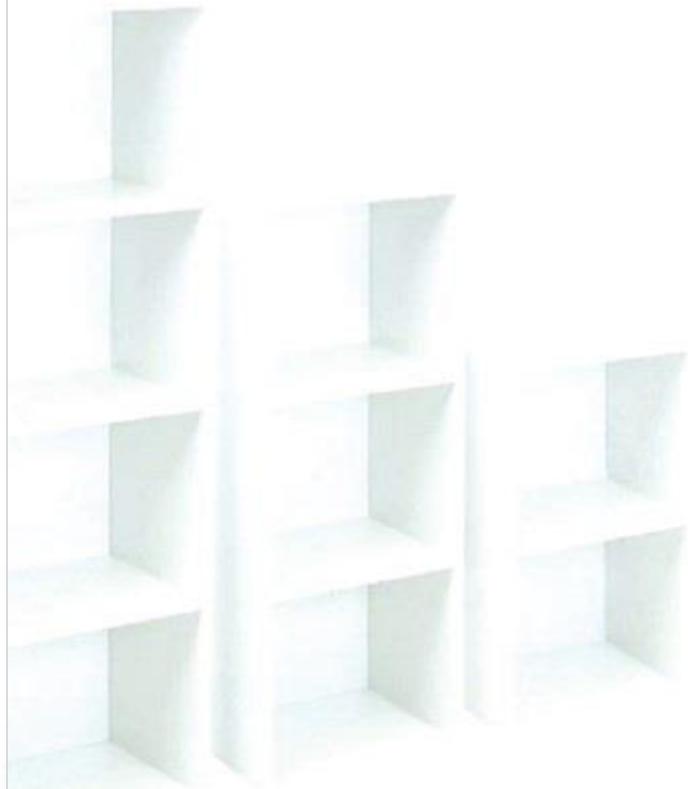


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for Vision College (Previously Al Farabi) in Riyadh city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-11EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT)
<b>Subject Property</b>	Educational Facility
<b>Property Location</b>	The property is located in Ishbilyah district, Riyadh city.
<b>Title Deed Information</b>	Title Deed No: 498507005691, date: 04/06/1442, Issued from Ministry of Justice.
<b>Ownership Type</b>	Mortgage.
<b>Owner</b>	Awal Al Malqa Real Estate Company.
<b>Land Use</b>	Educational.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 17,046 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 44,113.52 Sqm.
<b>Vacancy Rate</b>	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant.
<b>Valuation Approach</b>	The Comparable Approach, The Income Approach, The Depreciated Replacement Cost (DRC).
<b>Final Property Value</b>	SAR 213,330,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 10, 2022.

#### 1.6 VALUATION DATE

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

June 26, 2022.

#### 1.7 REPORT DATE

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

June 26, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

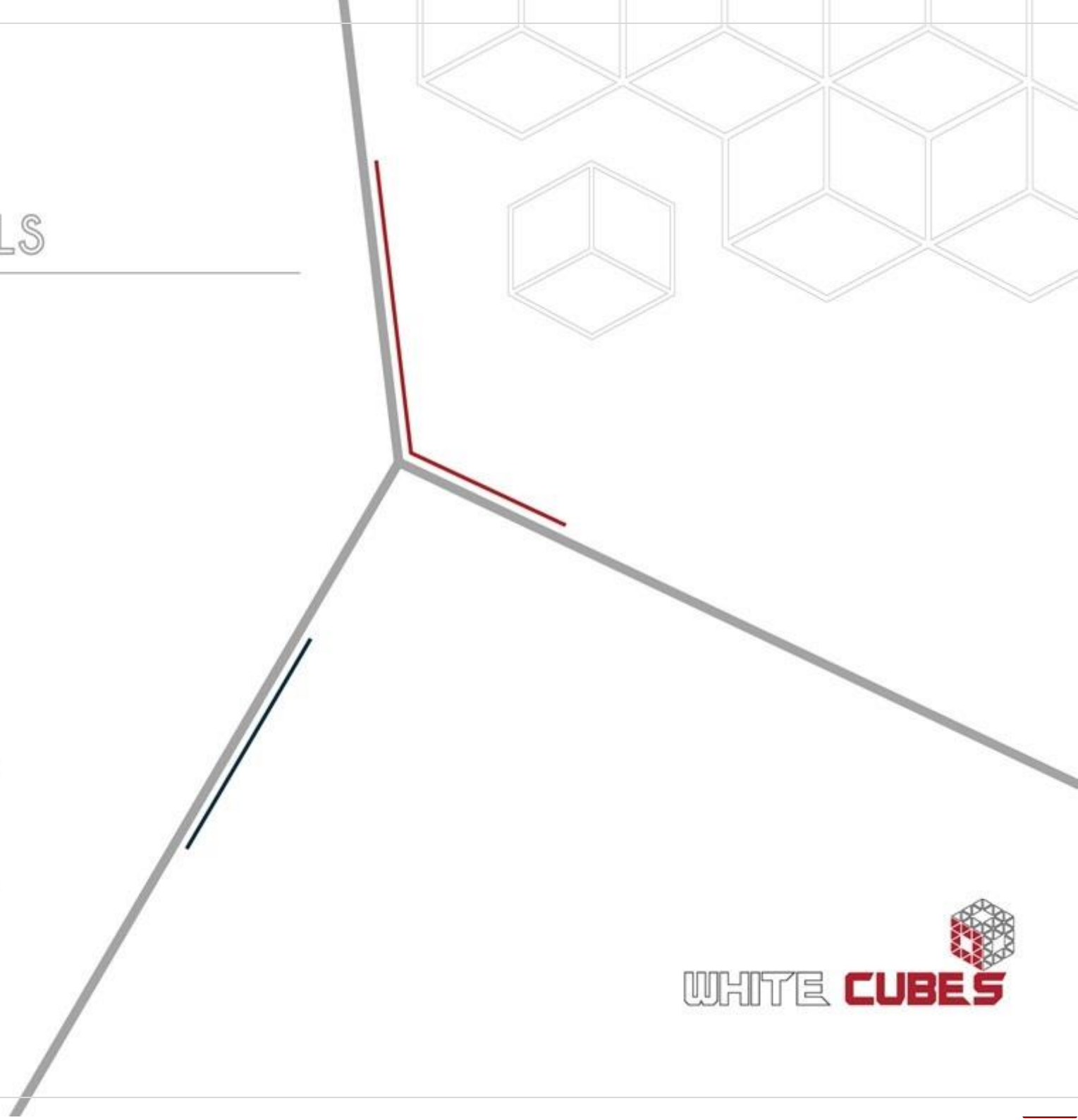
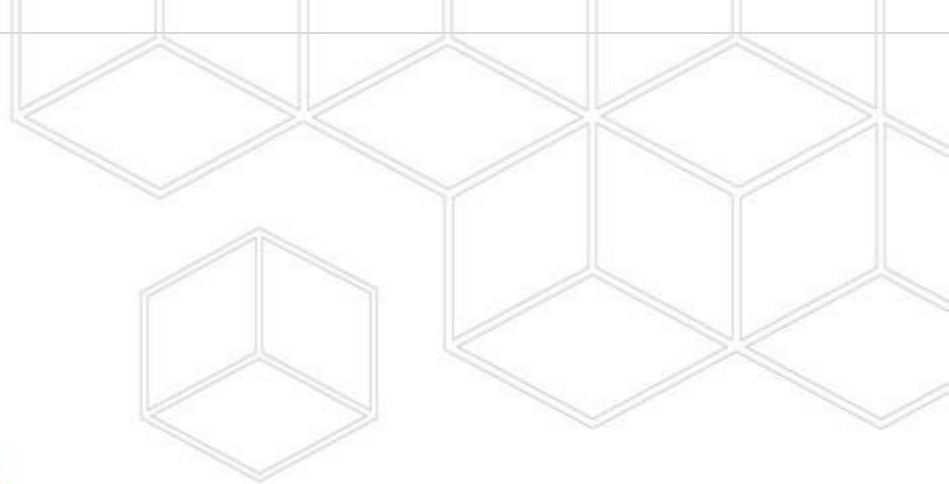
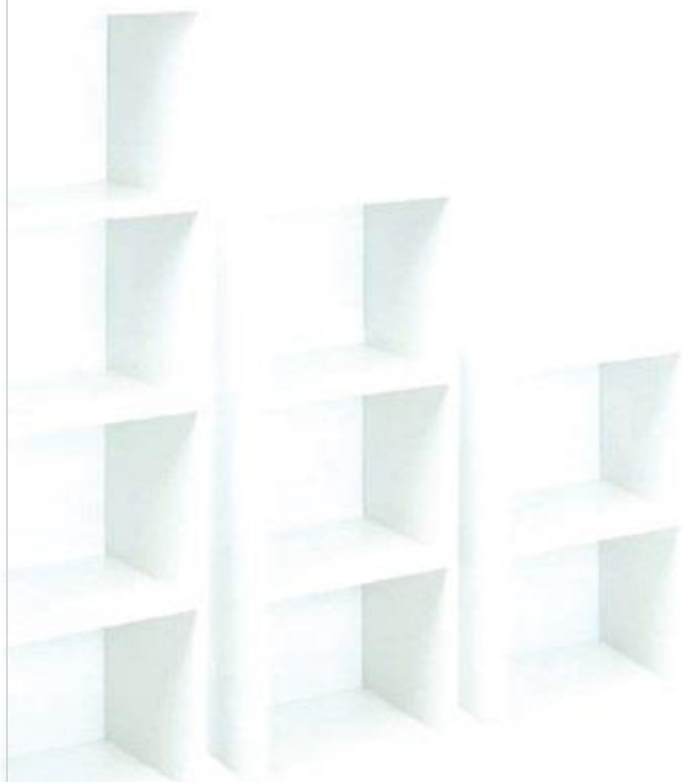
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

**Property Description** Vision College (Previously Al Farabi) educational facility in Ishbilyah district, Riyadh city. Based on the provided copy of the title deed and the construction permit, the property has a total land area of 17,046 Sqm, total BUA of 44,113.52 Sqm. As per the site inspection done by our team, the property is open on 2 sides. all infrastructure facilities such as water, electricity, sewage, and telecommunication are available in the surroundings and connected to the subject property.

**Location Description** The property subject of valuation is an educational facility located in Ishbilyah district, Riyadh city. The property is bordered from the north by a commercial building. The property is bordered from the south by a vacant land. The Property is bordered from the east by a residential building. The property is bordered to the west by Al Bahar Al Arabi Road.

**Ease of Access** Based on the current location of the subject property, the access level is Medium since its located on Al Bahar Al Arabi Road.

Land		Building	
Land Use	Educational	Building Type	Educational
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Bahar Al Arabi Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed street	Overall Building Conditions	Good
Land Condition	Constructed		

## 2.2 INFRASTRUCTURE FACILITIES

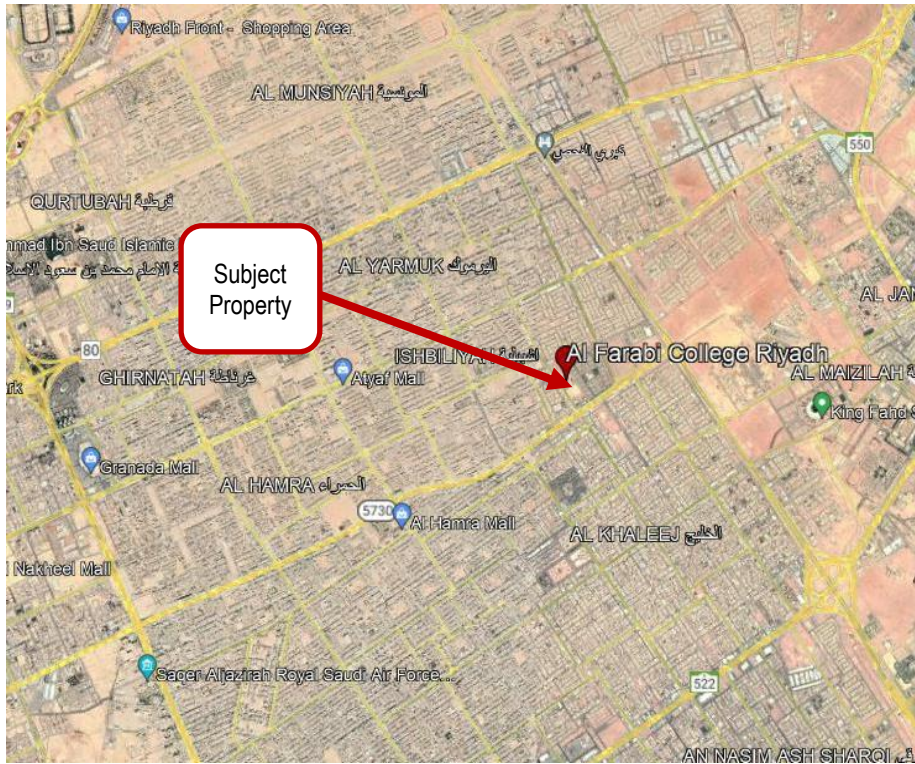
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

All the infrastructural facilities are available in the surroundings and not yet connected to the subject property.

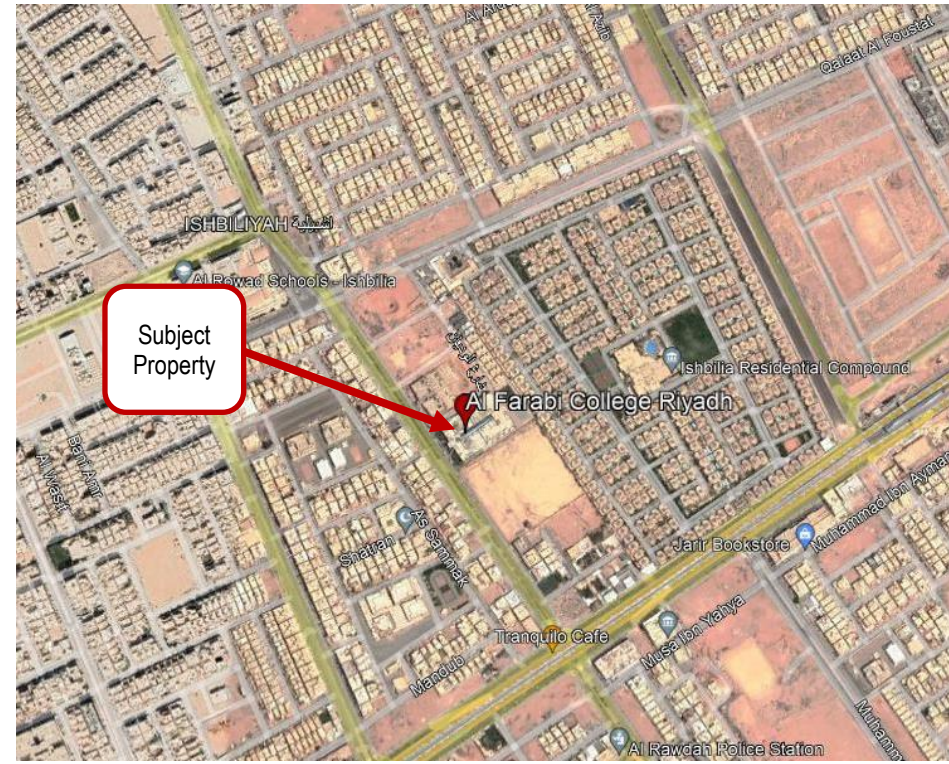
### 2.3 LOCATION

The subject property is located in Ishbiliyah district, Riyadh city

Property Location on a City Scale

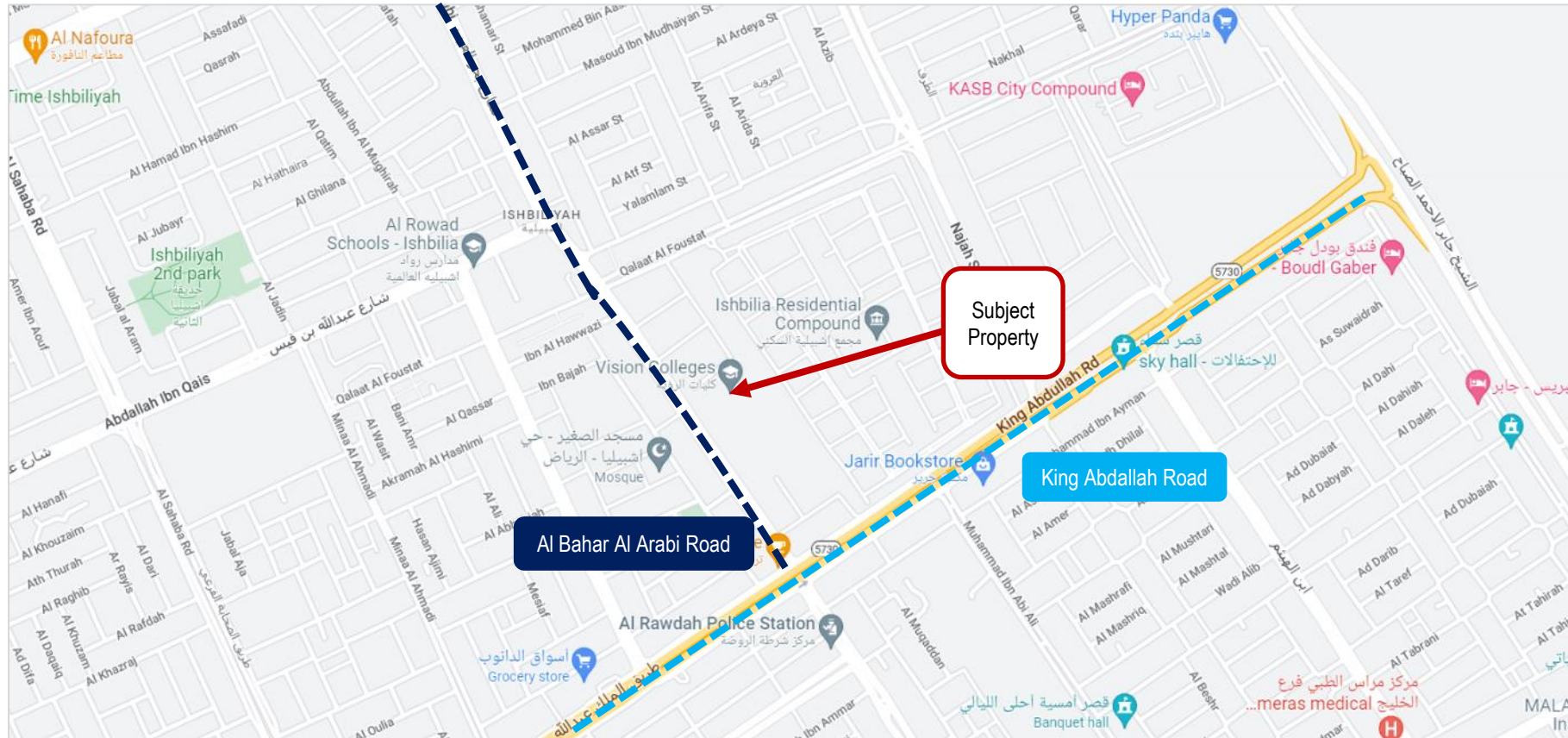


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Riyadh	<b>Land Area</b>	17,046 Sqm
<b>District</b>	Ishbilyah	<b>Plot No.</b>	4
<b>T.D Type</b>	Electronic	<b>Block No.</b>	---
<b>T.D Number</b>	498507005691	<b>Layout No.</b>	---
<b>T.D Date</b>	04/06/1442	<b>Owner</b>	Awal Al Malqa Real Estate Company
<b>T.D Value</b>	---	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	04/06/1442 Ministry of Justice	<b>Limitation of Document</b>	Mortgage
<b>North Side</b>	15 meters street	<b>East Side</b>	Private Property
<b>South Side</b>	Plot# 5	<b>West Side</b>	40 meters street
<b>Notes</b>		The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.	

## 2.6 CONSTRUCTION & BUILDINGS

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

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

The Client has provided us with a copy of the Construction Permit with the below details:

Subject Property			
Construction Permit Type			Renewed Permit
Property Type			Educational Facility
Construction Permit No.			1433/1470
Construction Permit Date			05/03/1439

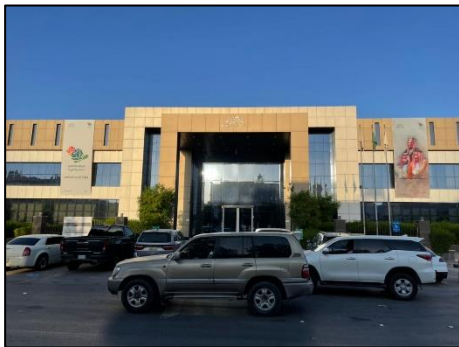
Description	No. of Units	Area (sqm)	Use
Ground Floor	1	9440.25	Educational
Basement 2	0	10414.60	Parking
Basement 1	0	10357.19	Parking
First Floor	1	9254.32	Educational
Electricity Chamber	0	20.00	Electricity
Annexes	1	4627.16	Educational
Fences	1	543.4	Fences
<b>Total BAU (sqm)</b>		<b>44,113.52</b>	

As per the provided construction permit, the total BUA is 44,113.52 Sqm, which will be used in our valuation analysis.

## 2.7 INSURANCE

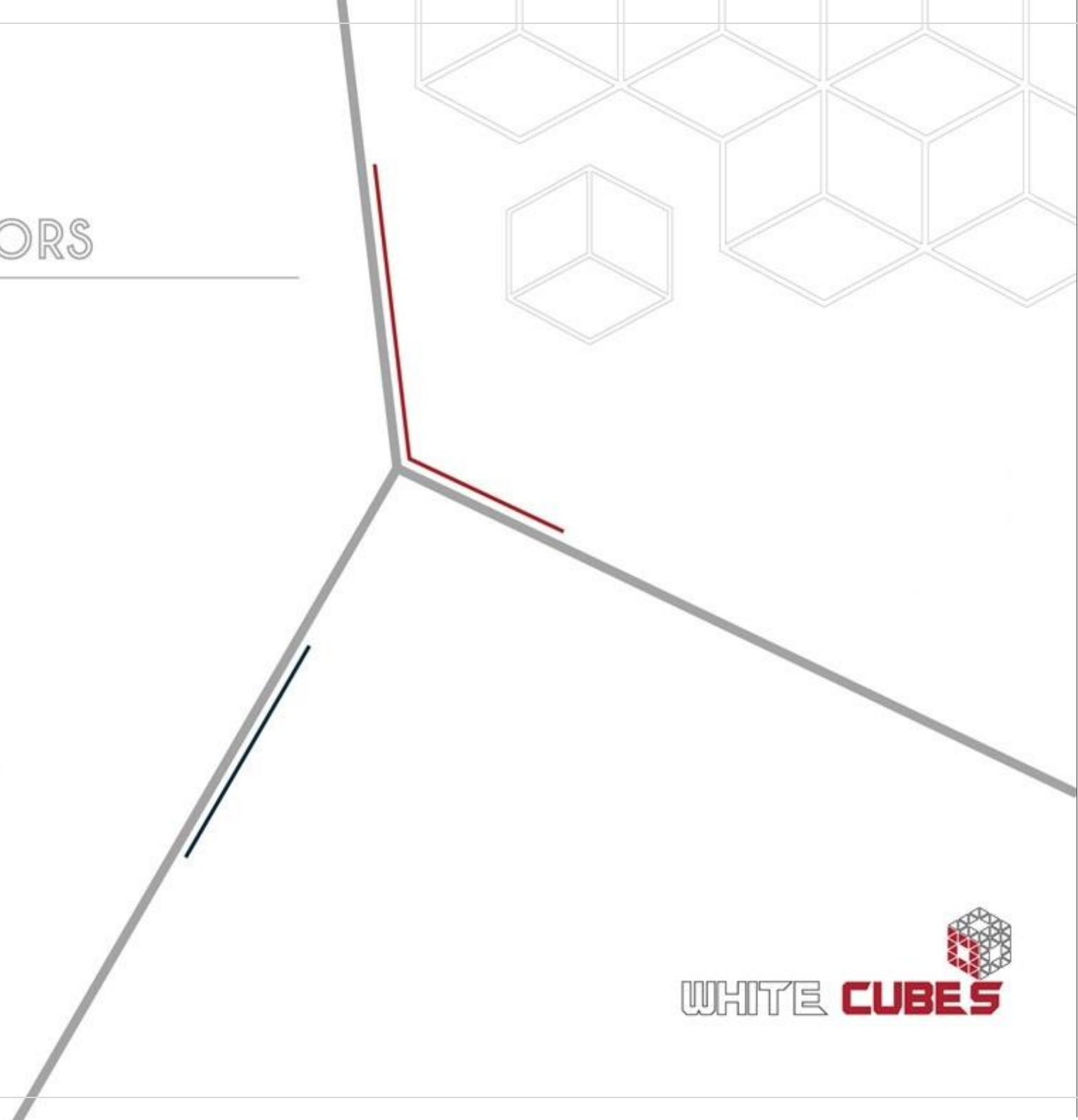
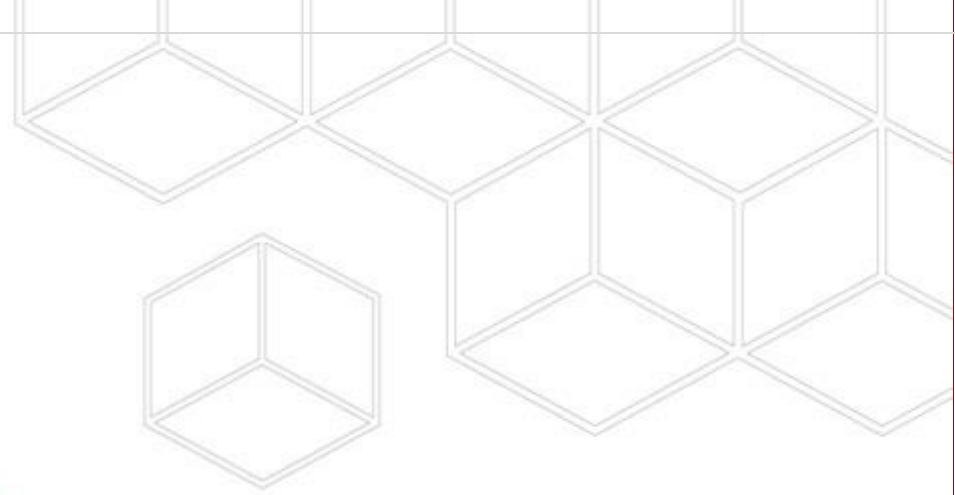
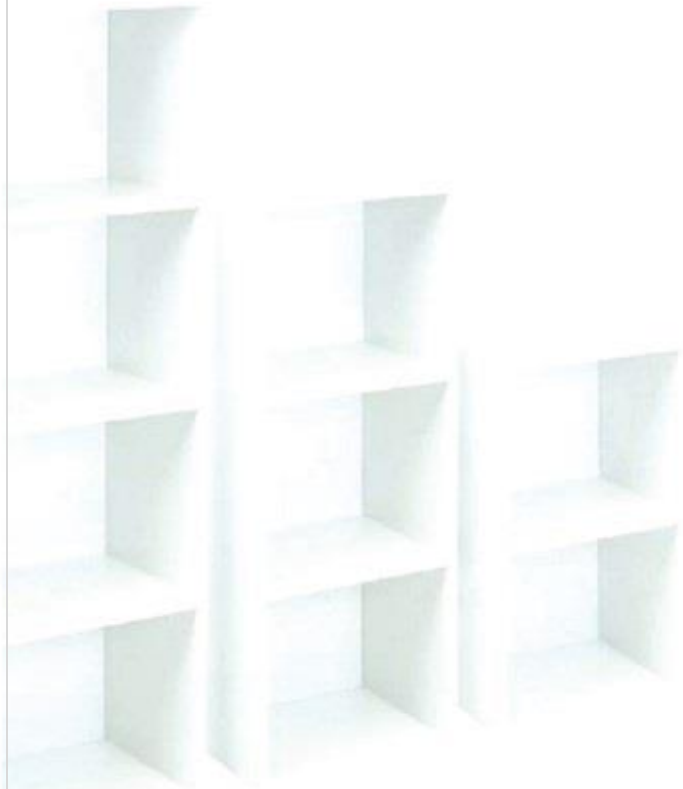
We have not been provided with any insurance policy for the underlying asset.

## 2.8 PHOTO RECORD



# MARKET INDICATORS

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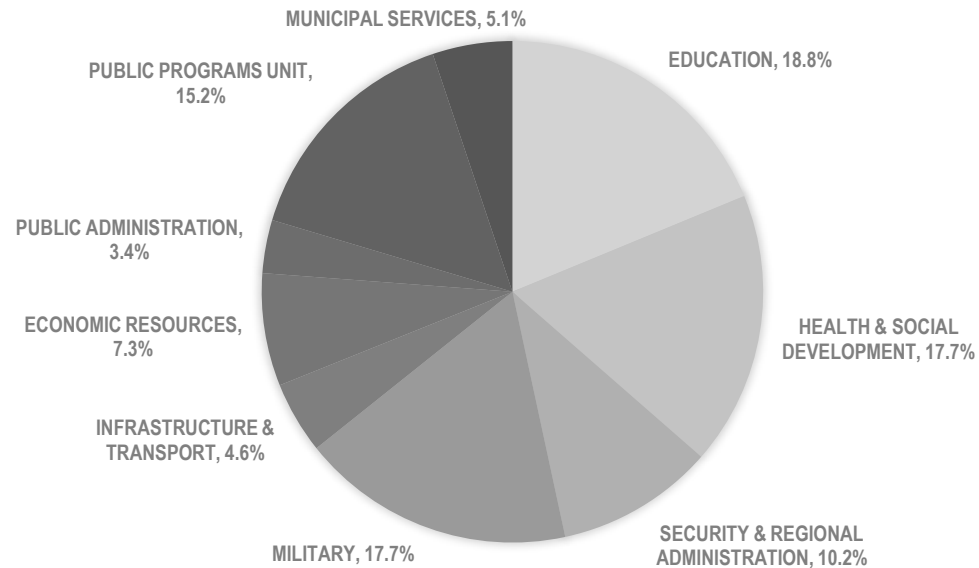
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy





### 3.3 SWOT ANALYSIS

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

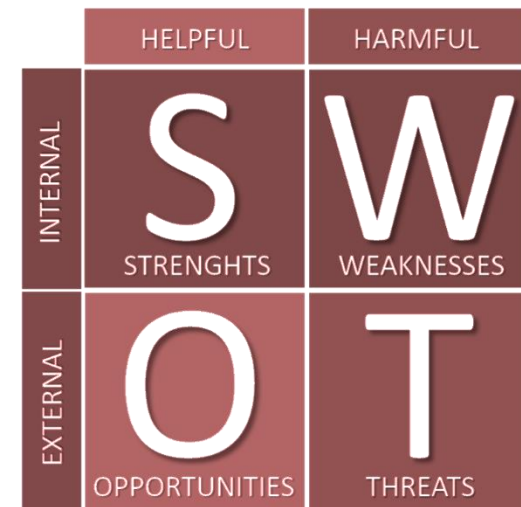
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

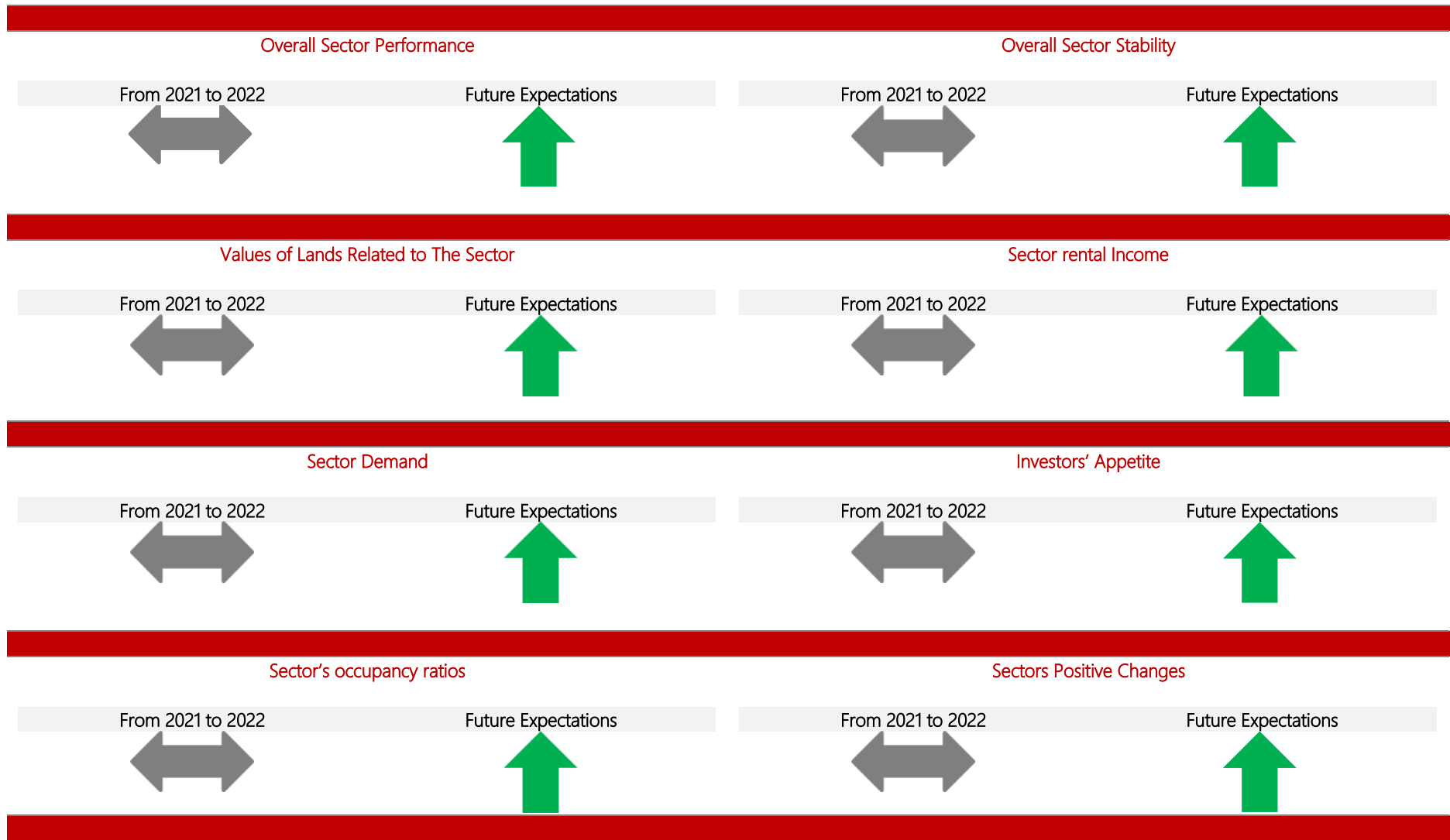
### 3.4 SECTOR BRIEF

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



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





White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>17 Risk Points - Medium Risk</b>				

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

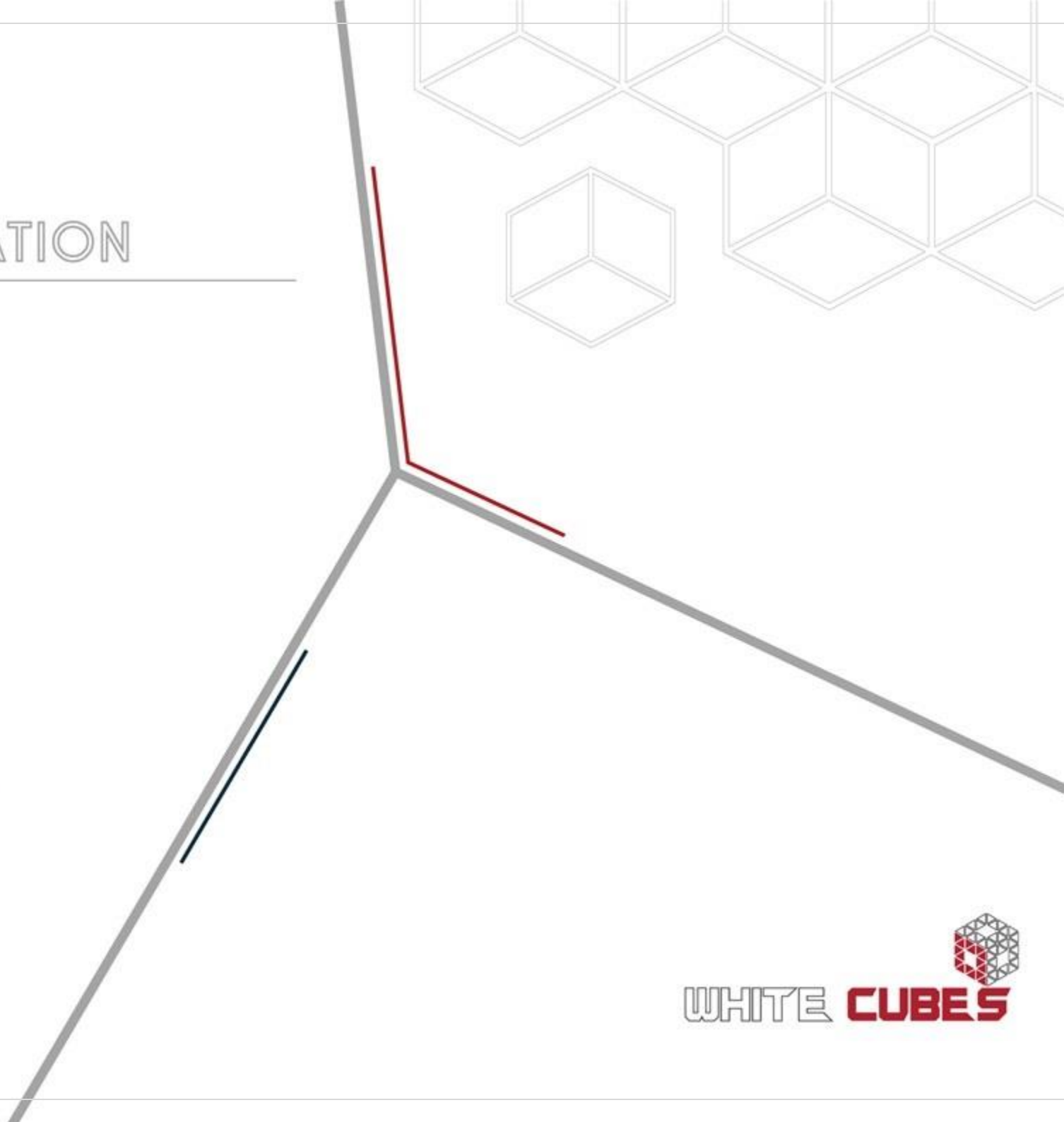
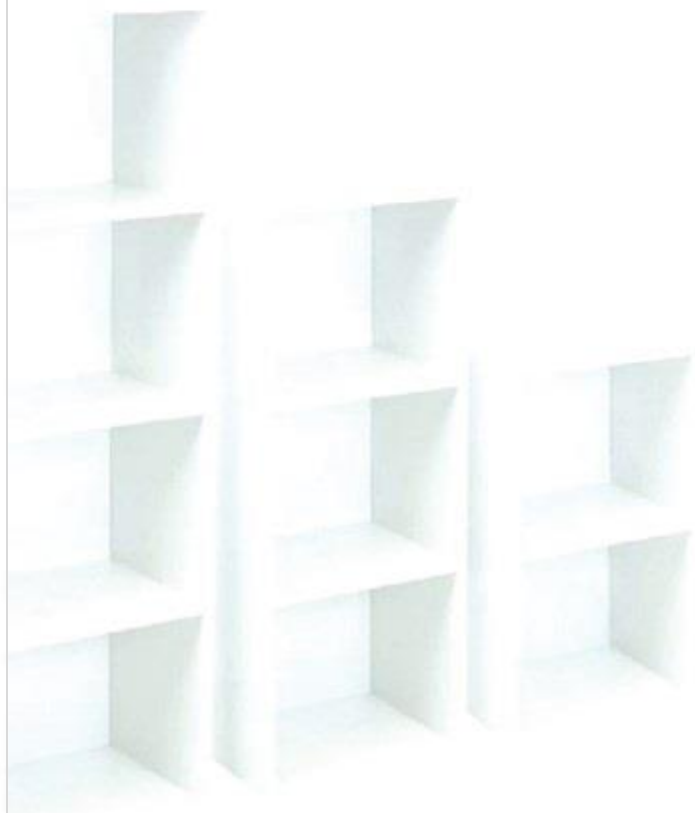
**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>8 Risk Points - Medium Risk</b>				

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

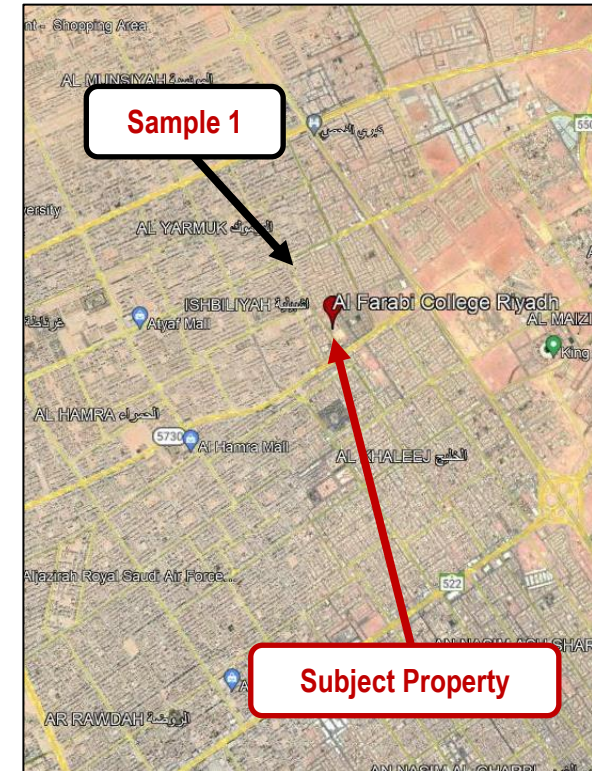
Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

## 4.7 COMPARABLE APPROACH

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

Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Ishbilyyah	Ishbilyyah
Sale Price	-----	SAR 75,199,650
Data Source	Title Deed	Market Survey
Area Size	17,046.00	23,500.00
SAR / Sqm	-----	SAR 3,200
Sides Open	2	4

Adjustment Analysis		
		SAMPLE 1
Area size	17,046.00	23,500.00
Location Desirability	Average	Average
Accessibility	Average	Average
Sides Open	2	4
Land Shape	Regular	Regular
Close to main street	Yes	Yes
Negotiable	-----	No
Other Factor	-----	-----
Total Adjustments Ratio		10.00%
Total Adjustment Amount		SAR 320.0
Net After Adjustment		SAR 3,520.0
SAR / Sqm		<b>SAR 3,520</b>
Rounded Value		<b>SAR 3,500</b>



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	17,046	17,046	17,046	17,046	17,046
SAR / Sqm	SAR 1,912.5	SAR 2,018.8	SAR 3,500.0	SAR 2,231.3	SAR 2,337.5
Property Value	SAR 32,600,475	SAR 34,411,613	SAR 59,661,000	SAR 38,033,888	SAR 39,845,025
	<b>PROPERTY VALUE</b>				



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 3,000 - 4,000 SAR / Sqm with an average of 3,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.8 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 1,000	SAR 1,300	SAR 1,150
<b>MEP</b>	SAR 300	SAR 500	SAR 400
<b>Finishing Materials</b>	SAR 800	SAR 1,000	SAR 900
<b>Site Improvements</b>	SAR 100	SAR 300	SAR 200
<b>Owner Profit</b>	18%	22%	20%

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

LAND		
Land Area	SAR / Sqm	Total Value
17,046.00	SAR 3,500	SAR 59,661,000
Building		
	Unit	Total BUA
Underground	Sqm	20,771.79
Upper Floors	Sqm	23,885.13
<b>Total (SQM)</b>	<b>44,656.92</b>	

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	23,885.13	SAR 900	SAR 21,496,617	100%	SAR 21,496,617
Electro Mechanic	23,885.13	SAR 500	SAR 11,942,565	100%	SAR 11,942,565
Finishing	23,885.13	SAR 1,200	SAR 28,662,156	100%	SAR 28,662,156
Fit outs & Appliances	23,885.13	SAR 0	SAR 0	100%	SAR 0
Furniture	23,885.13	SAR 0	SAR 0	100%	SAR 0
Site Improvement	17,046.00	SAR 100	SAR 1,704,600	100%	SAR 1,704,600
<b>Total</b>			<b>SAR 63,805,938</b>	<b>100.00%</b>	<b>SAR 63,805,938</b>

Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	20,771.79	SAR 1,200	SAR 24,926,148	100%	SAR 24,926,148
Electro Mechanic	20,771.79	SAR 500	SAR 10,385,895	100%	SAR 10,385,895
Finishing	20,771.79	SAR 200	SAR 4,154,358	100%	SAR 4,154,358
<b>Total</b>			<b>SAR 39,466,401</b>	<b>100.00%</b>	<b>SAR 39,466,401</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 103,272,339	1.00%	SAR 1,032,723
Design			SAR 103,272,339	1.00%	SAR 1,032,723
Eng. Consultant			SAR 103,272,339	2.00%	SAR 2,065,447
Management			SAR 103,272,339	2.00%	SAR 2,065,447
Contingency			SAR 103,272,339	5.00%	SAR 5,163,617
Others			SAR 103,272,339	0.00%	SAR 0
<b>TOTAL</b>				<b>11.00%</b>	<b>SAR 11,359,957.29</b>
<b>Total Hard Cost</b>	<b>SAR 103,272,339</b>			<b>BUA 44,656.92</b>	
<b>Total Soft Cost</b>	<b>SAR 11,359,957.29</b>			<b>SAR / Sqm SAR 2,567</b>	
<b>Total Construction Cost</b>	<b>SAR 114,632,296.29</b>			<b>Overall Completion 100.0%</b>	

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

DEVELOPMENT VALUE			
Total Dev Cost	SAR 114,632,296	Net Dep Rate	25.00%
Economic Age	40	Dev Cost After Depreciation	SAR 85,974,222
Annual Dep Rate	2.50%	Total Completion Rate	100.00%
Actual Age	10	Developer Profit Rate	20.0%
Total Dep Rate	25.00%	Dev. Profit Amount	SAR 17,194,844
Add Appr Rate	0.00%	Development Value	SAR 103,169,067
Net Dep Rate	25.00%		

The total value of the building is 103,169,067 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 103,169,067	SAR 59,661,000	SAR 162,830,067	SAR 162,830,000

## 4.1 INCOME APPROACH

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

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

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

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

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

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

### Occupancy Rates in the Project

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

Owner (1 <sup>st</sup> Party)	شركة المقصد العقارية
Tenant (2 <sup>nd</sup> Party)	شركة كليات الرؤية للتعليم
Contract Starting Date	06/06/2022
Contract Duration	25 Years
Rent Increase Role	5% every 5 years

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

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

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

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

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

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

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

## 4.2 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Comparable	Land	SAR 59,661,000	Fifty-Nine Million Six Hundred Sixty-One Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 162,830,000	Seventy Million and Four Hundred Twenty Thousand Saudi Riyals
Income- Contracts	Property	SAR 213,330,000	two hundred thirteen million three hundred thirty thousand Saudi Riyals

## 4.3 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 213,330,000**  
**Two hundred thirteen million three hundred thirty thousand Saudi Riyals**

## 4.4 REPORT USE

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

## 4.5 DISCLAIMER

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

#### 4.6 CONCLUSION

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

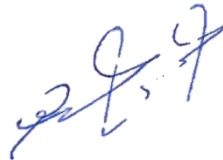
#### 4.7 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



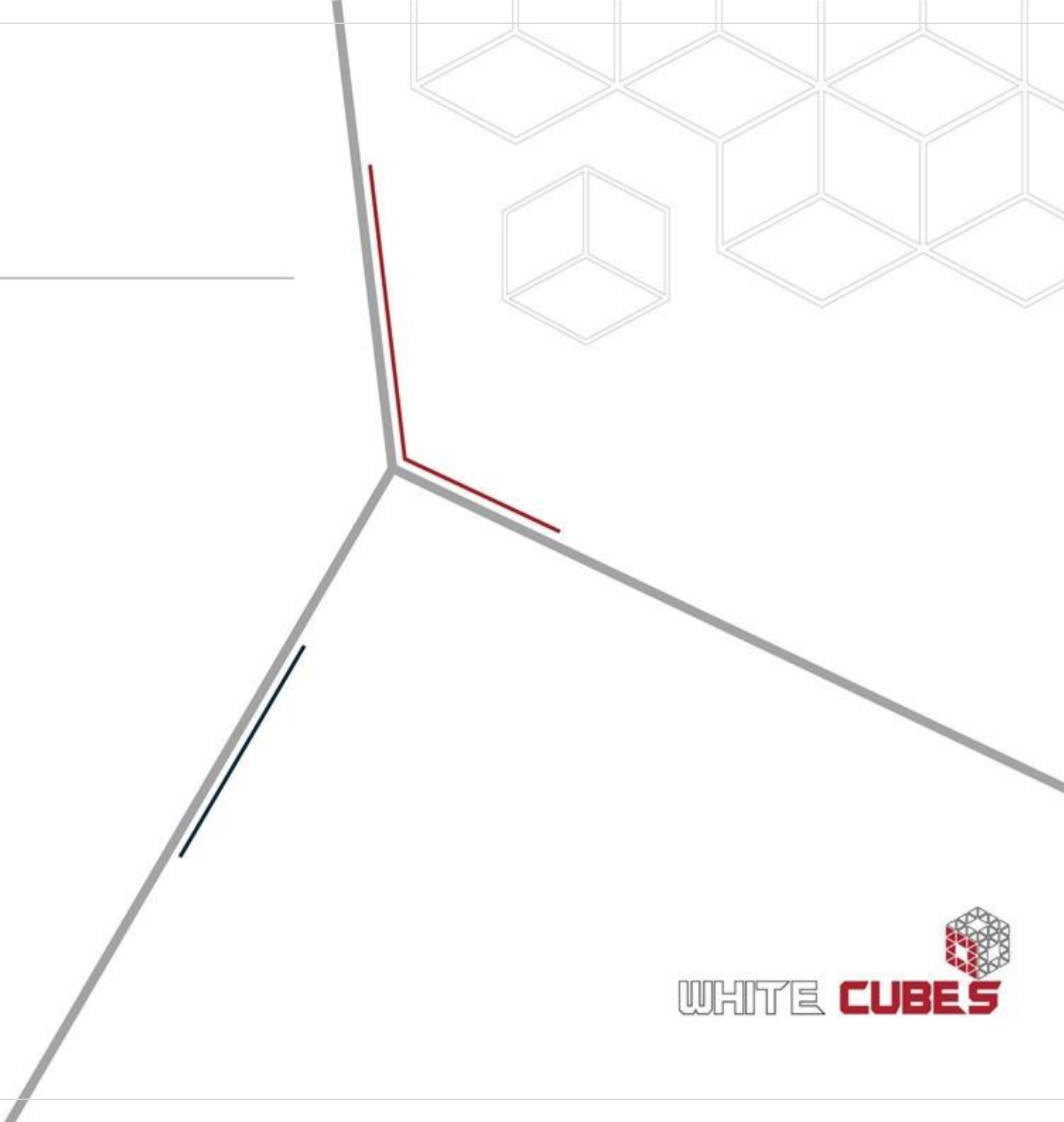
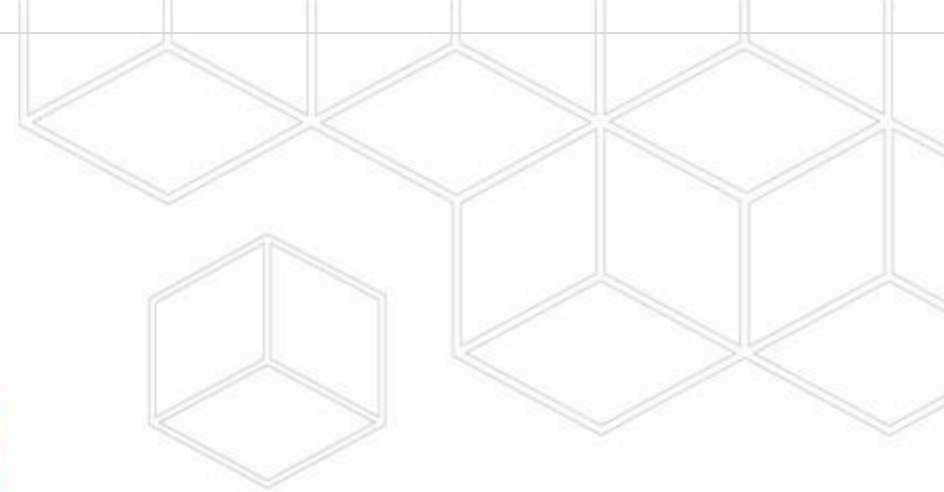
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.





WHITE CUBES



**Elegance Tower**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Riaydh City  
June 2022

Valuation Report





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**REF:** 22-0112-4EN  
**Date:** 20/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for Report for an office tower (Elegance Tower) in Riyadh City, Saudi Arabia**

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of the office Tower (Elegance Tower) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

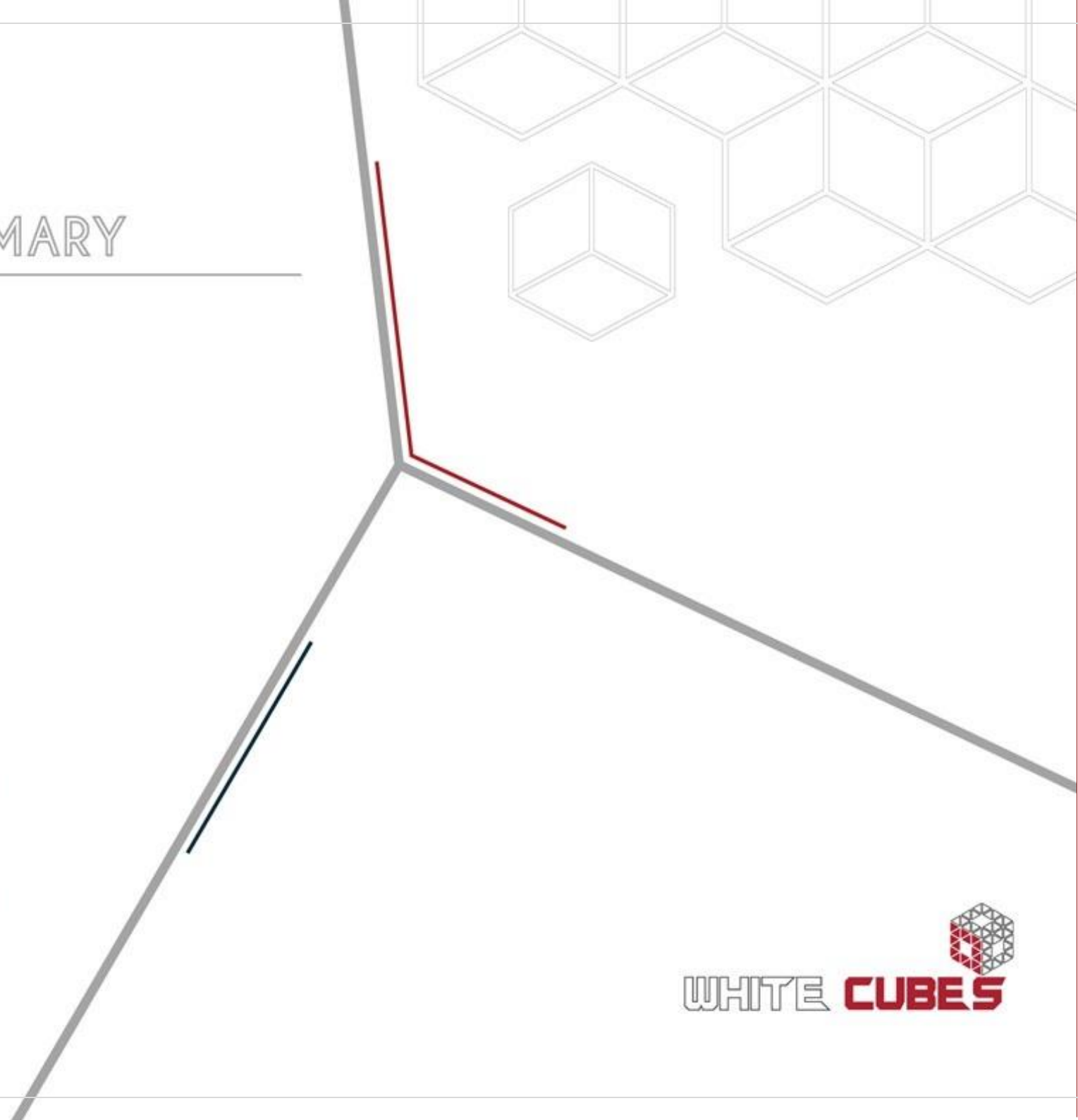
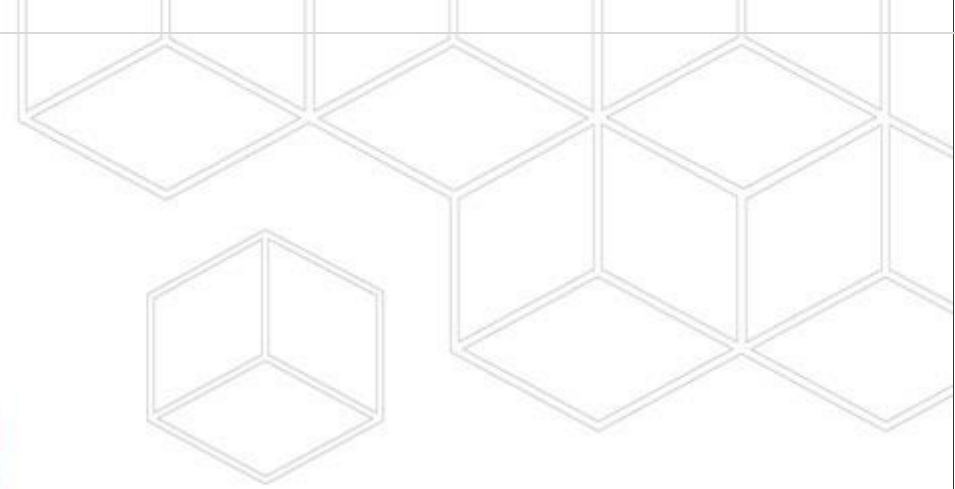
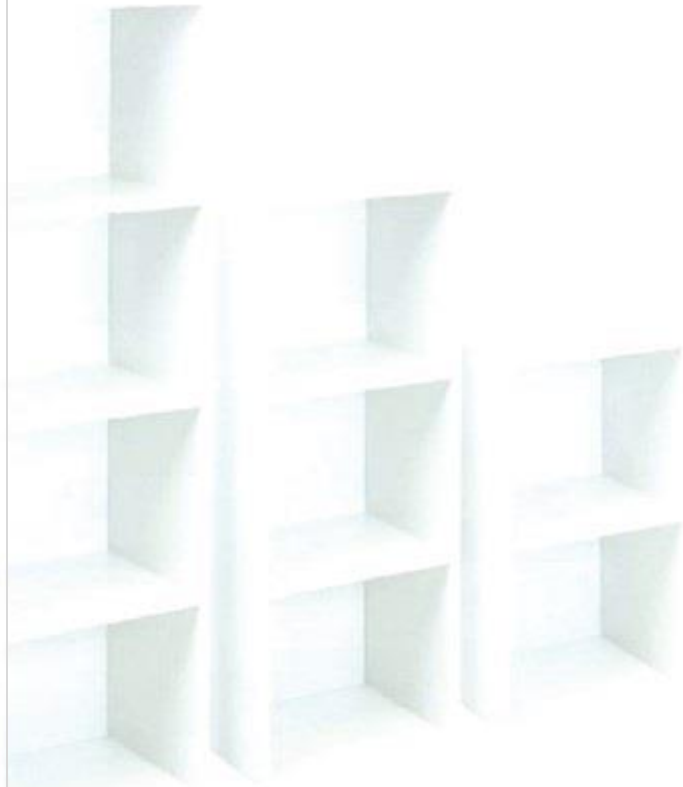
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# EXECUTIVE SUMMARY

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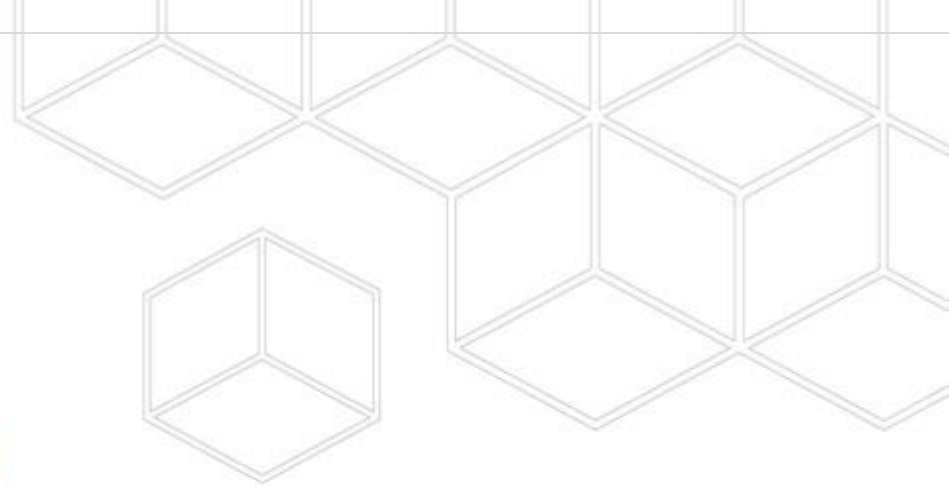
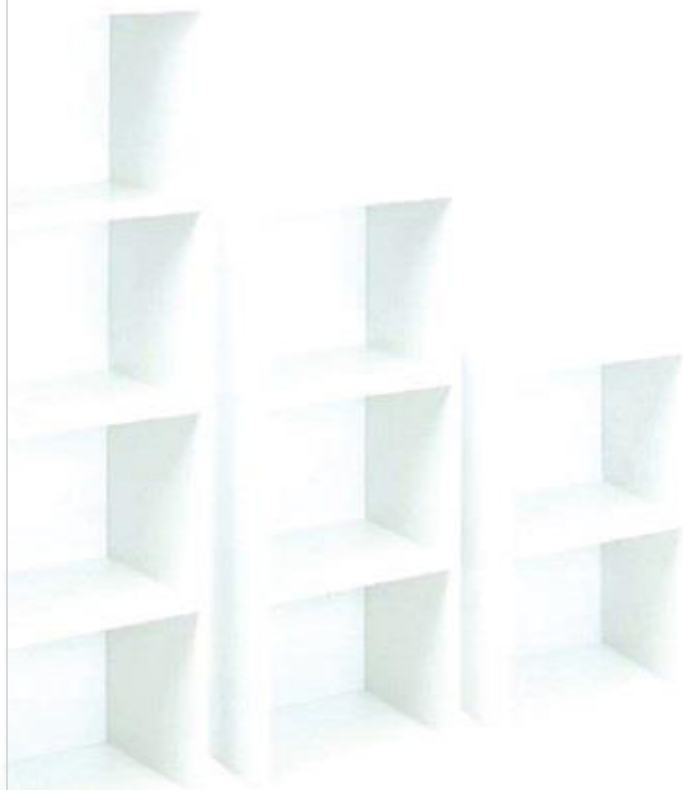


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for office tower in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	22-0112-4EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purpose
<b>Subject Property</b>	Office Tower.
<b>Property Location</b>	The property is located in Al Muruj district, Riyadh city.
<b>Title Deed Information</b>	Title Deed No: 393318001500, date: 02/03/1442, Issued from Ministry of Justice.
<b>Ownership Type</b>	Freehold (Mortgaged)
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial Use.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 5,695 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 58,163 Sqm.
<b>GLA (Sqm)</b>	The total gross leasable area is 24,322 Sqm composed of office.
<b>Vacancy Rate</b>	Based on the client, the occupancy rate of the project is 100%.
<b>Valuation Approach</b>	The Comparable Approach, The Depreciated Replacement Cost (DRC), Discounted Cash Flow Approach (DCF).
<b>Final Property Value</b>	SAR 494,400,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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



AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 15, 2022.

#### 1.6 VALUATION DATE

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

June 26, 2022.

#### 1.7 REPORT DATE

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

June 26, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

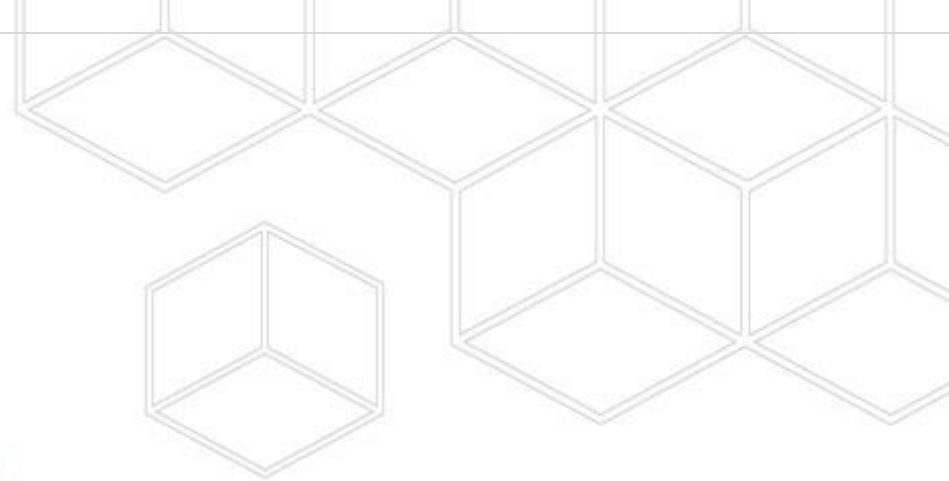
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is an office Tower (Elegance Tower) located in Al Muruj district, Riyadh city with direct view on King Fahad Road. Based on the copy of the title deed and the construction permit provided by the client, the project has a total land area of 5,695 Sqm and a total BUA of 58,163 Sqm and composed of 5 basements, a ground floor and 23 upper floors. Yet, the client informed us that the actual project BUA is 62,362 Sqm and that it consists of 27 floors. As per the site inspection done by our team, the tower's and has a regular shape and open from three sides with a direct view on 3 internal streets, where all infrastructural facilities such as water, electricity, sewage, and telecommunication are available in the surroundings and connected to the subject property

### Location Description

The property subject of valuation is a Commercial Project located in Al Muruj district, Riyadh city.  
 The property is bordered from the north by 10-meter pathway  
 The property is bordered from the south by 10-meter pathway  
 The Property is bordered from the east by 20-meter Street.  
 The property is bordered from the west by 20-meter Street

### Ease of Access

Based on the current location of the subject property, the access level is High since its located on King Fahad Road.

Land		Building	
Land Use	Commercial	Building Type	Office Tower
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Fahad Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Wadi Al Sahiah Street	Overall Building Conditions	Good
Land Condition	Constructed		

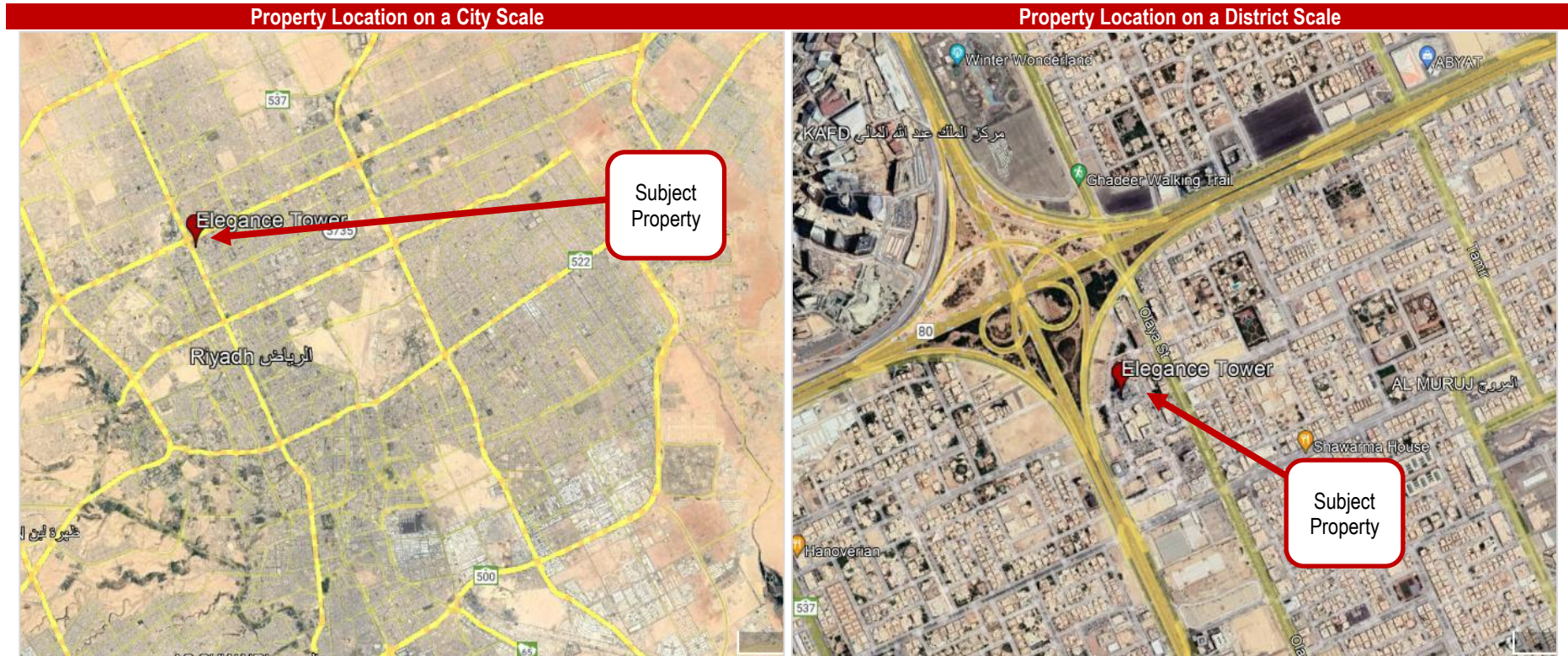
## 2.2 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

All the infrastructural facilities are available in the surroundings and connected to the subject property.

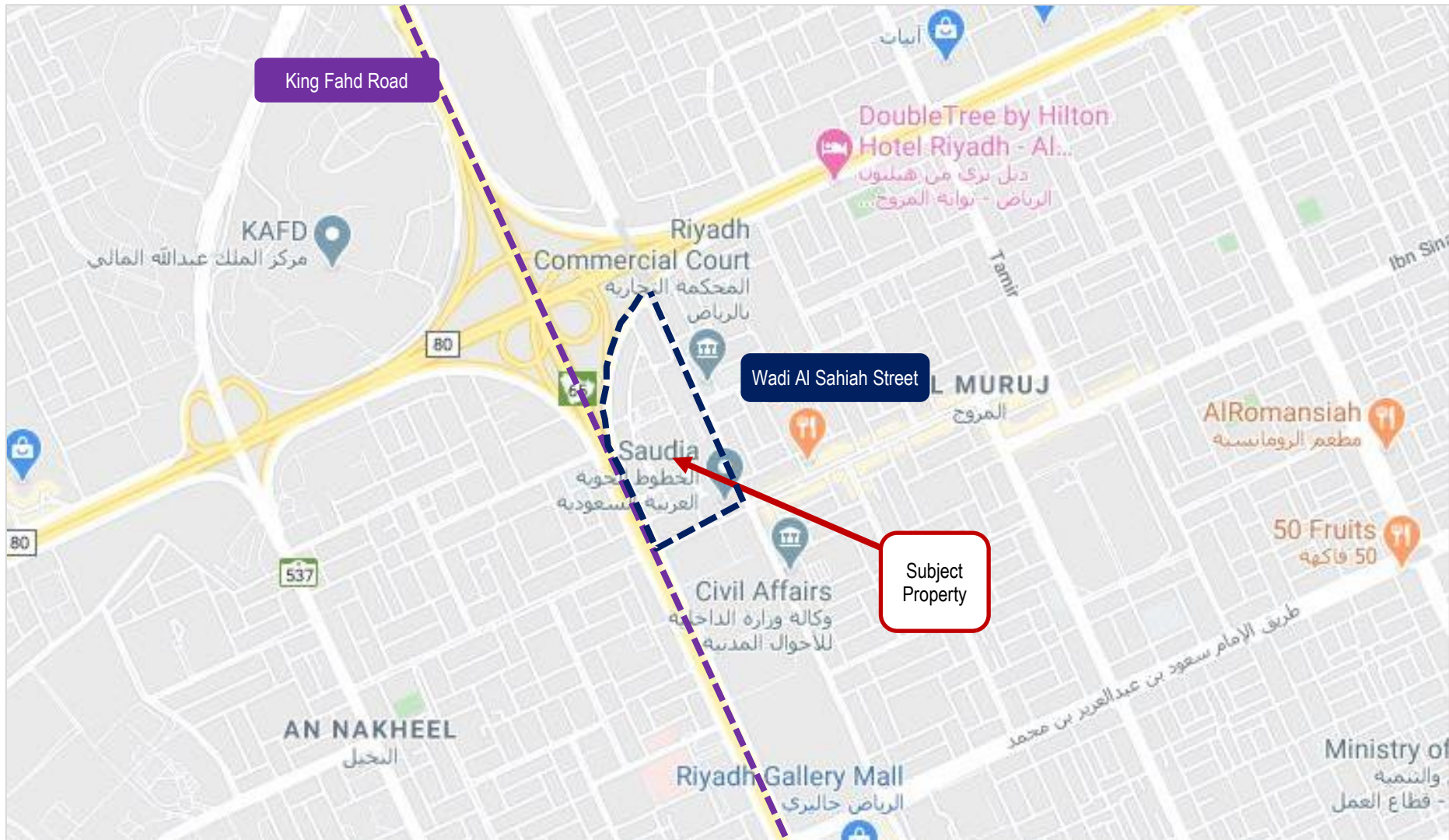
### 2.3 LOCATION

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



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Riyadh	<b>Land Area</b>	5,695 Sqm
<b>District</b>	Al Muruj	<b>Plot No.</b>	25/26/27/28
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	393318001500	<b>Layout No.</b>	2593
<b>T.D Date</b>	02/03/1442	<b>Owner</b>	شركة اول الملقا العقارية
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A	<b>Limitation of Document</b>	Mortgage
<b>North Side</b>	Pathway	<b>East Side</b>	Parking & 20 Meters Street
<b>South Side</b>	Sidewalk	<b>West Side</b>	Ibn Rayyan street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 2.6 CONSTRUCTION & BUILDINGS

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

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

The Client has provided us with a copy of the Construction Permit with the below details:

<b>Subject Property</b>	
<b>Construction Permit Type</b>	Missing Allowance
<b>Property Type</b>	Office Tower
<b>Construction Permit No.</b>	1432/16564
<b>Construction Permit Date</b>	09/03/1438
<b>Permit Expiry Date</b>	09/03/1441

<b>Description</b>	<b>No. of Units</b>	<b>Area (sqm)</b>	<b>Use</b>
Ground Floor	1	1,285	reception
5 Basements	0	28,475	Parking
First Floor	1	1,665	Reception
Floor 2 to 4	16	3,855	Offices
Floor 5 to 9	40	6,765	Offices
Floor 10 to 13	16	3,308	Office
Floor 14 to 18	40	6,765	Offices
Floor 19 to 21	24	3,855	Offices
Floor 22	1	1,095	Restaurant
Floor 23	1	1,095	Restaurant
<b>Total BAU (sqm)</b>		<b>58,163</b>	

As per the provided construction permit, the total BUA is 58,163 Sqm, which will be used in our valuation analysis.

## 2.7 INSURANCE

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

## 2.8 PROPERTY ACTUAL RENTAL RATES

- The project will be leased for 3 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after 3 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.



## 2.9 GROSS LEASABLE AREAS

The client provided us with a document showing the total leasable areas of the subject project as follows:

Floor	Use	No of Floors	GLA / Floor	BUA / Floor	GLA
Basement	Parking + Storage	5	161.80	5,695.00	809.01
Lower Ground	Entrance (Rest. & Gym)	1	108.10	1,301.27	108.10
Upper Floor	Reception + Café	1	207.47	1,301.27	207.47
Mezzanine	MZ	3	470.06	763.10	1,410.18
Service Floor	Mechanical	1	478.20	1,406.80	478.20
TF 6-10	Office	5	1,139.20	1,457.15	5,696.00
Service Floor	Gym	1	1,136.05	1,457.15	1,136.05
Service Floor	Pool	1	1,064.00	1,368.65	1,064.00
TF 13-15	Office	3	538.12	842.15	1,614.36
	Office	0	-	1,456.80	-
TF 16-21	Office	6	1,139.20	1,475.00	6,835.20
TF 22-23	Office	2	1,079.45	1,407.30	2,158.90
F 24	Office	1	1,051.72	1,407.30	1,051.72
F 25	Restaurant	1	1,336.10	1,549.00	1,336.10
RF 26	Restaurant	1	417.10	577.45	417.10
<b>Total</b>		<b>32</b>			<b>24,322.39</b>

GLA Summary	No of Floors	GLA / Floor	GLA
Storage Rooms	5	161.80	809.01
Gym	2	1,127.05	2,254.10
Restaurant & Café	3	671.57	2,014.72
Office	20	962.23	19,244.56
<b>Total</b>			<b>24,322.39</b>

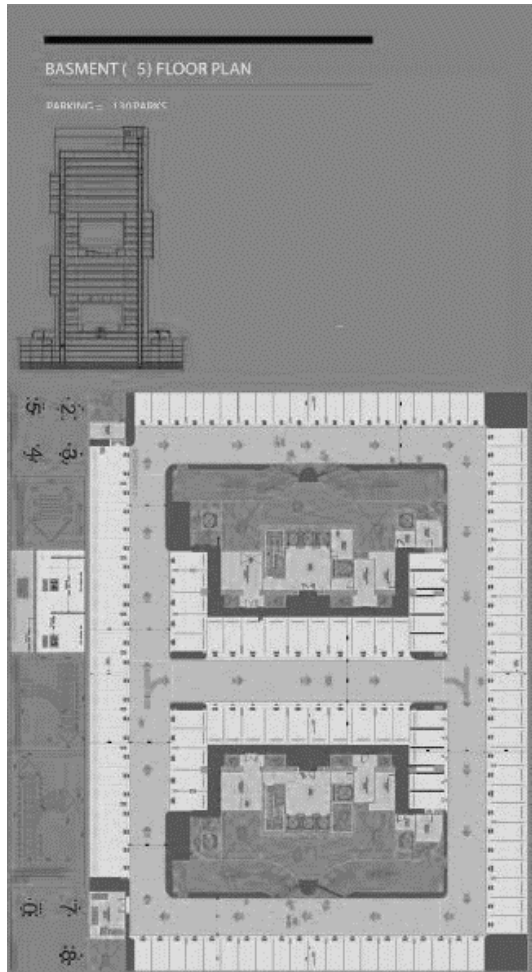
The client informed us that the subject property includes several facilities such as a gymnasium, restaurant, café, pool and a helipad.



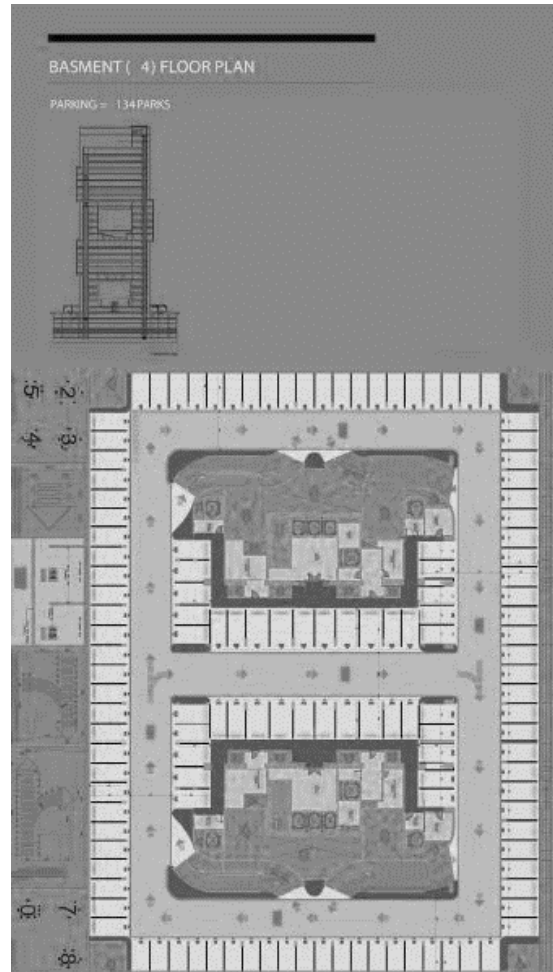
## 2.10 LAYOUTS

The client provided us with a document showing the layouts of the project as follows:

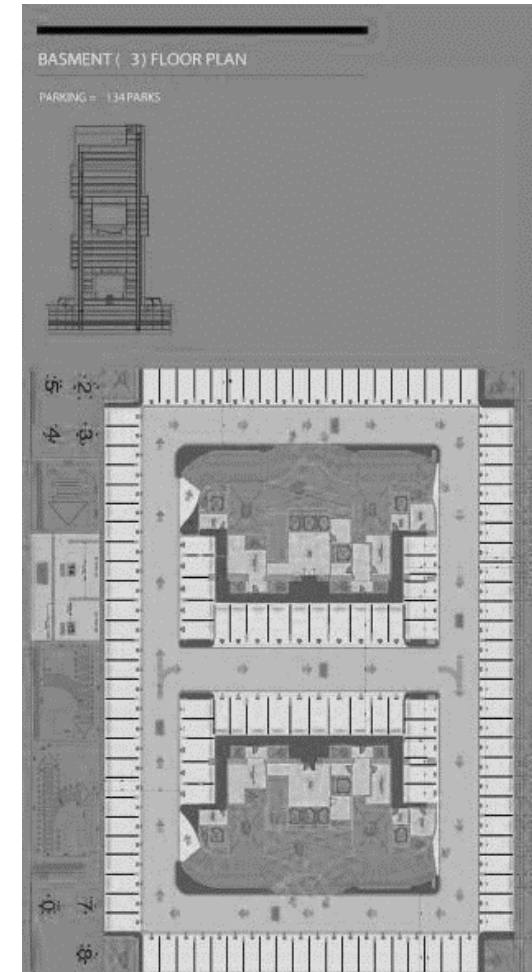
Basement (5)



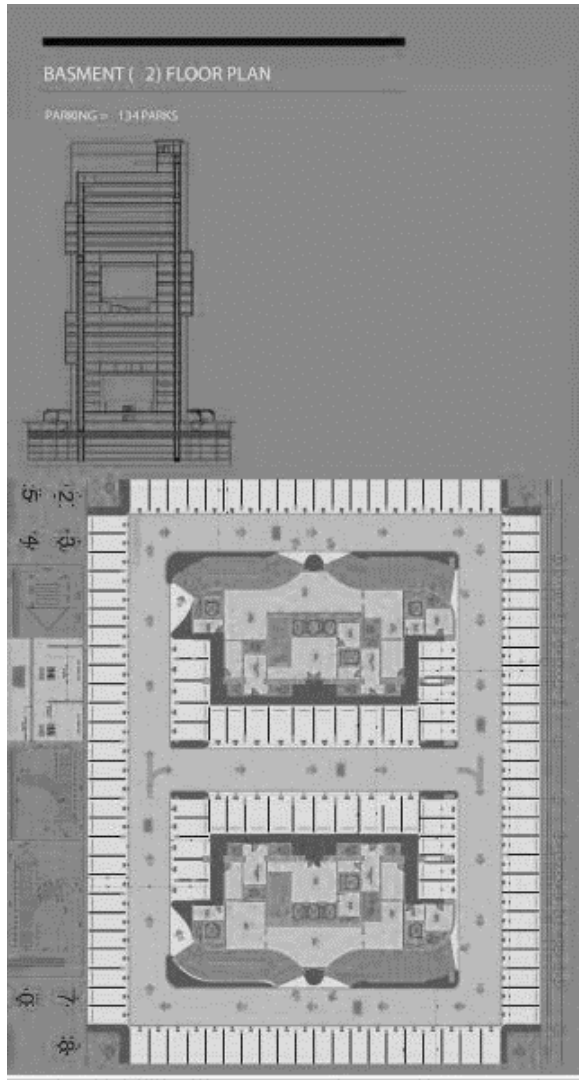
Basement (4)



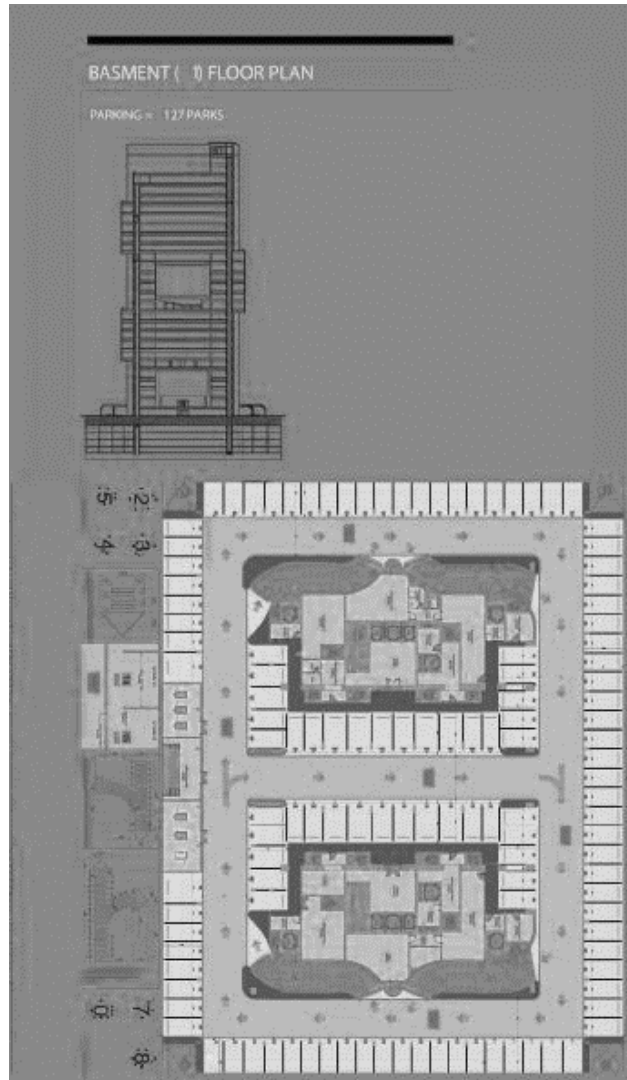
Basement (3)



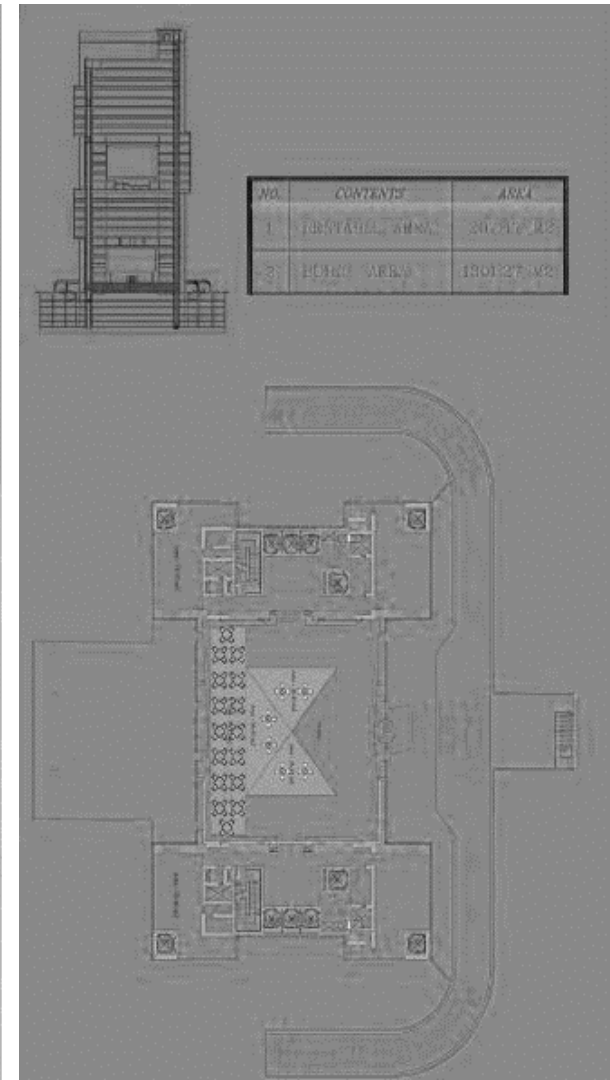
Basement (2)



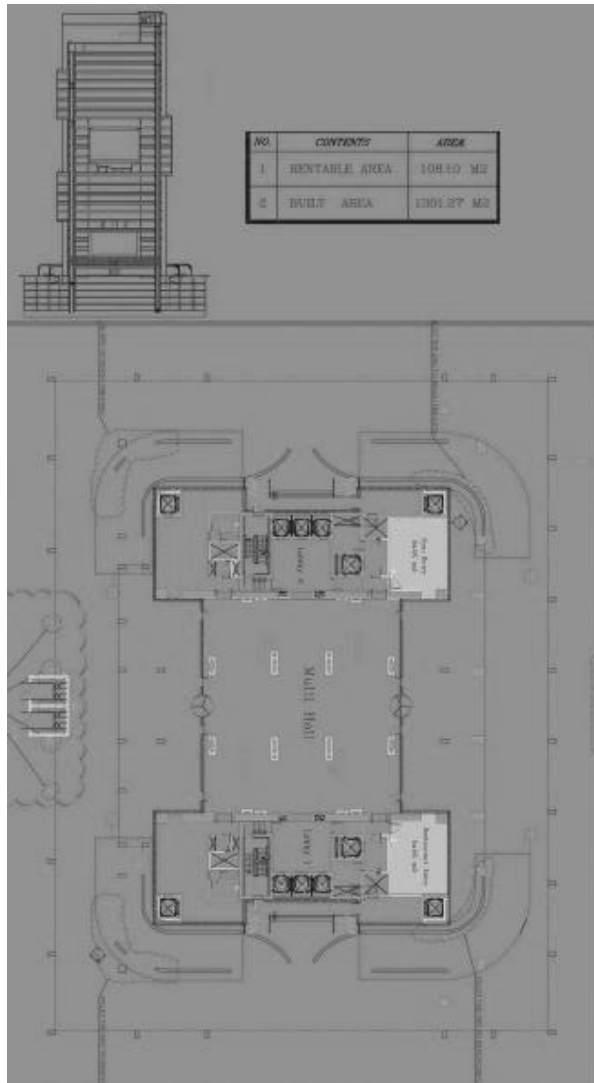
Basement (1)



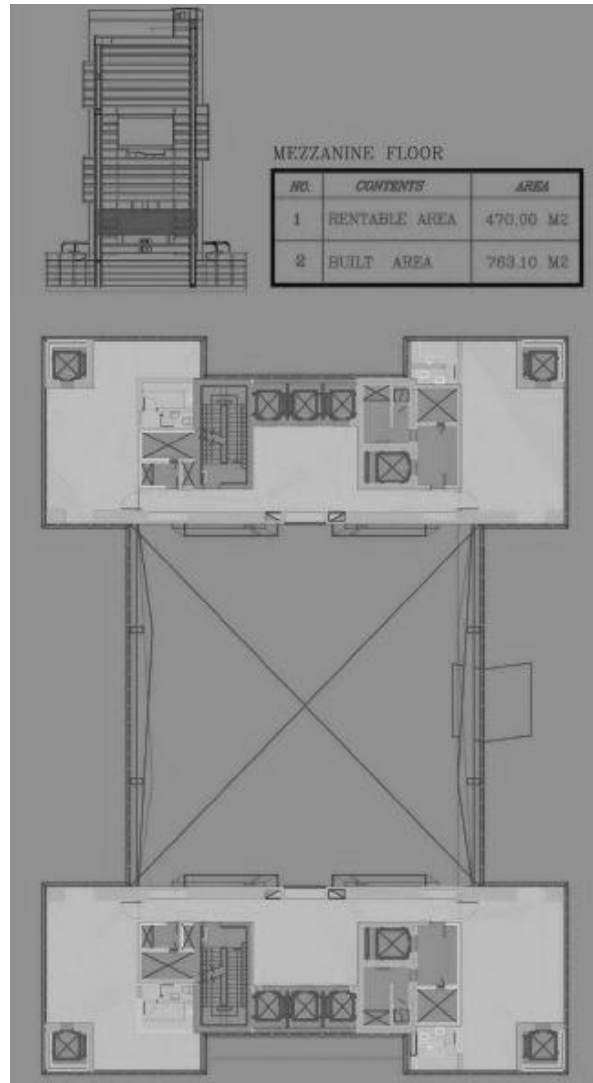
Lower Ground Plan



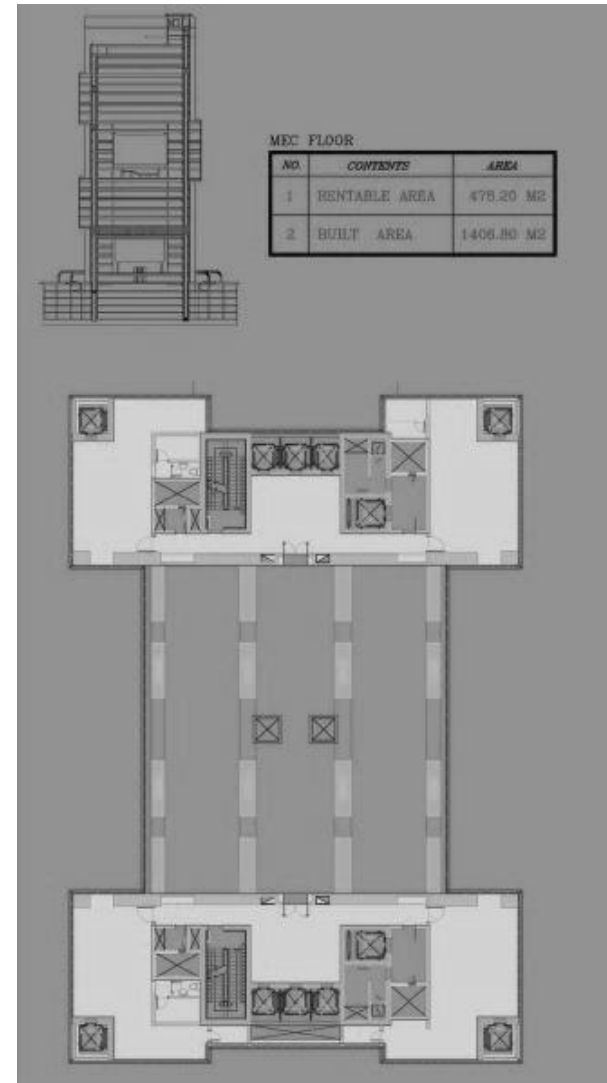
Upper Ground Floor Plan



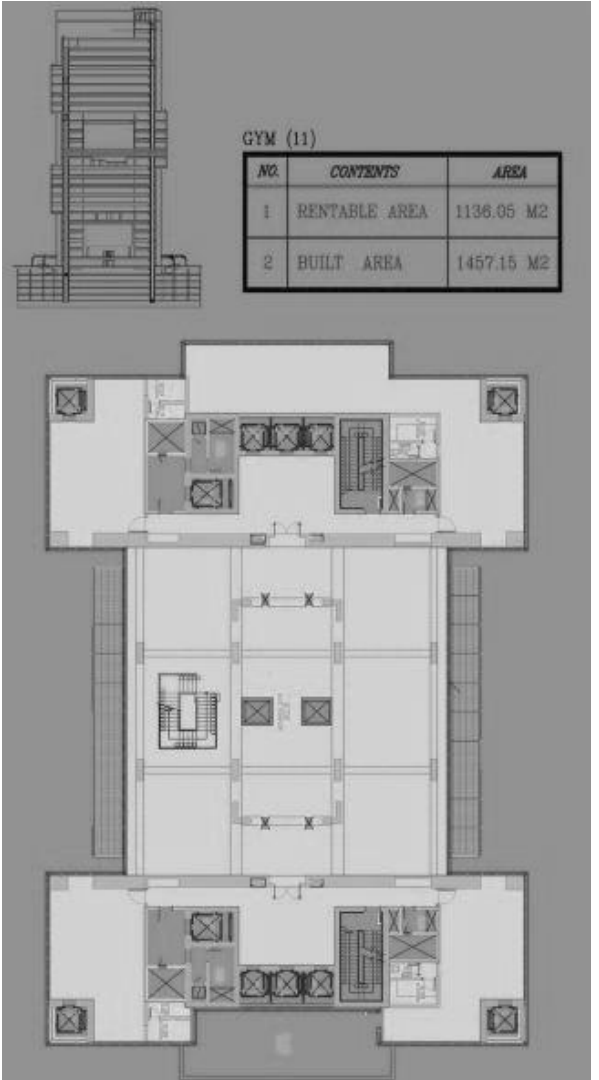
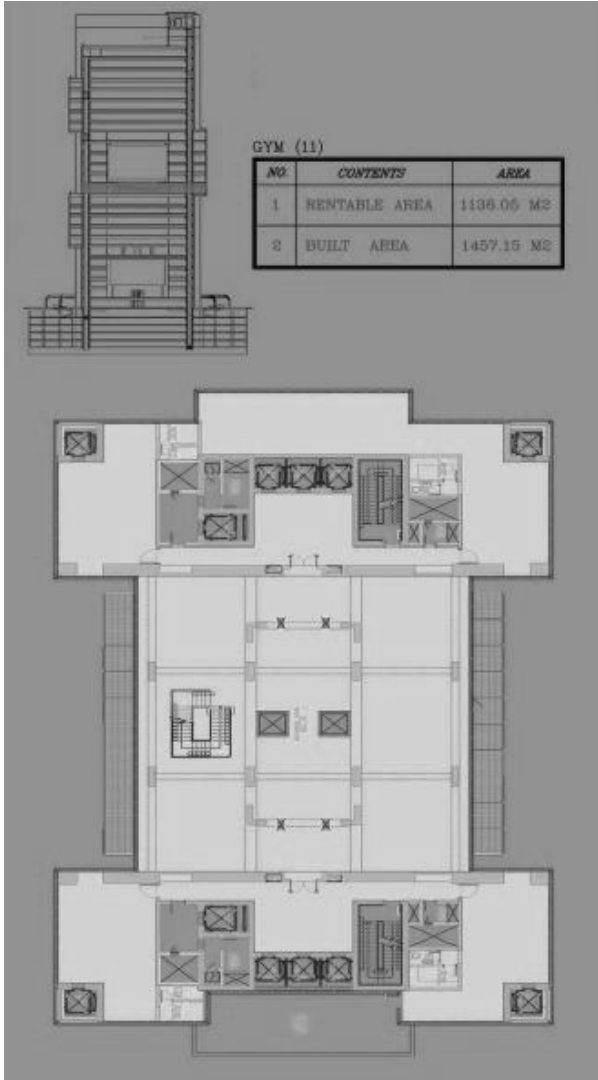
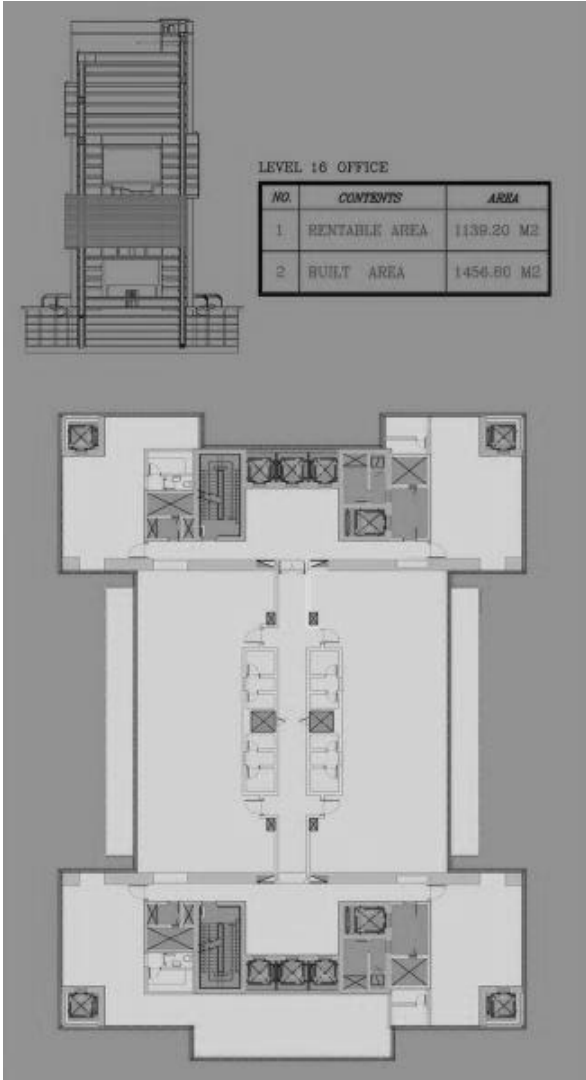
Mezzanine Floor



MEC. Floor Plan



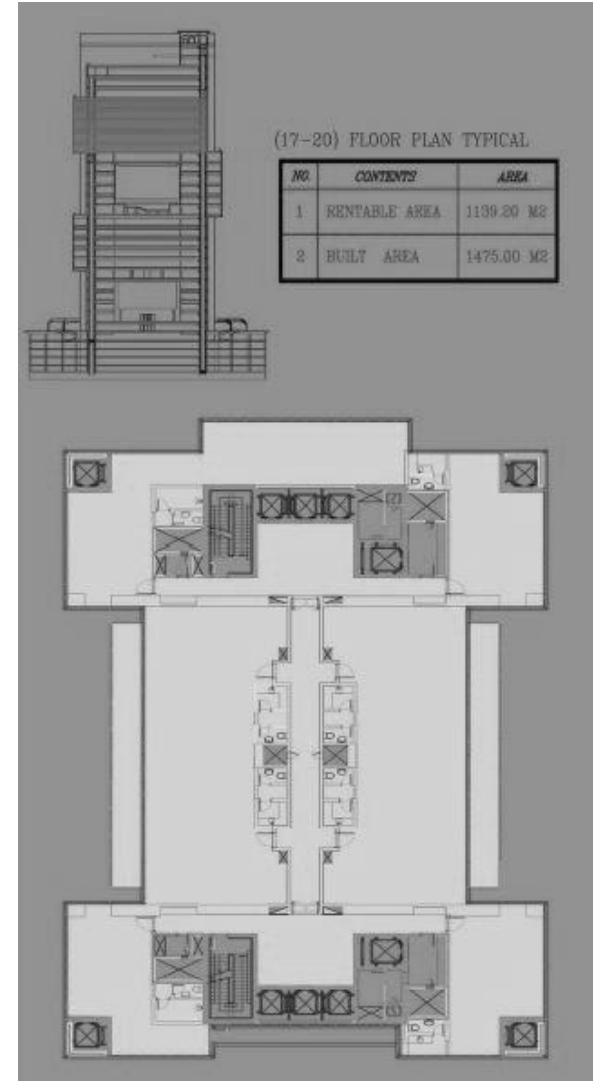
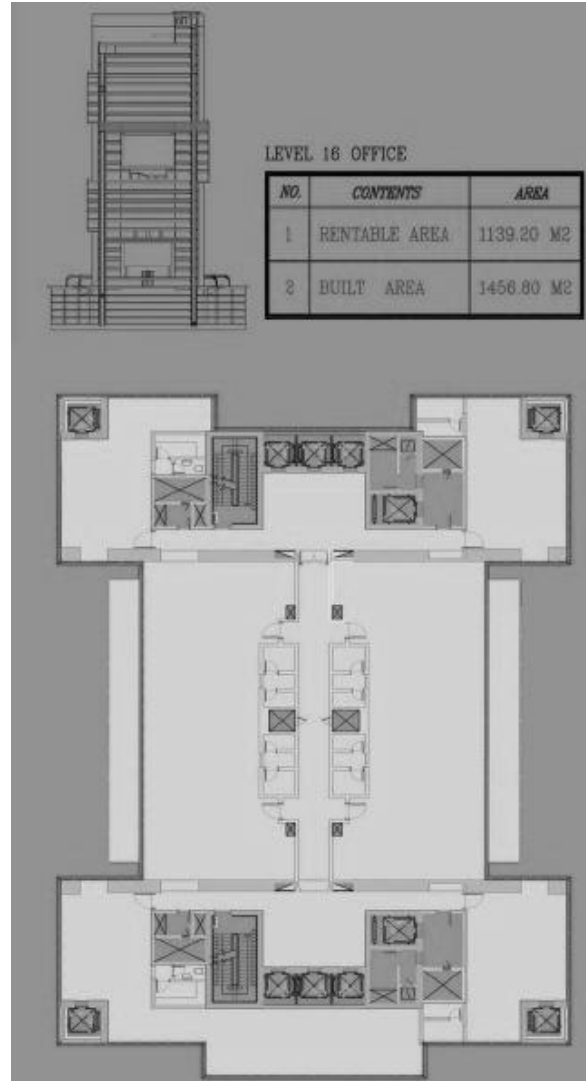
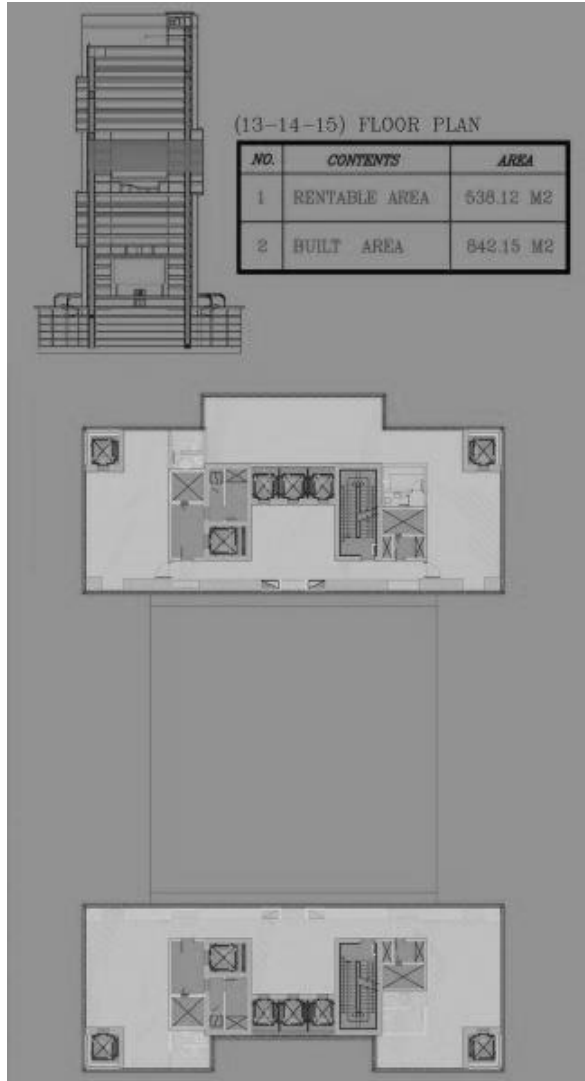
Floor Plan for Typical (6-10) Gym Gym



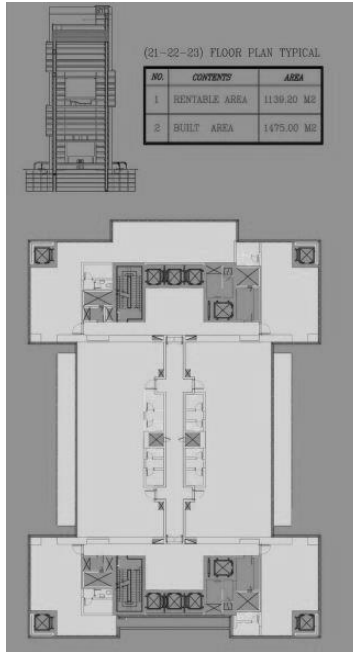
(13-14-15) Floor Plan

Level 16 Office

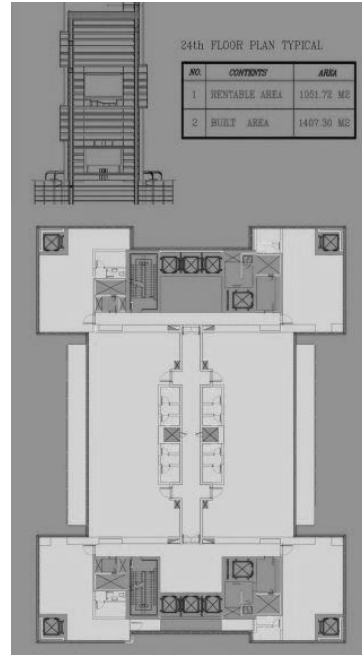
(17-20) Floor Plan Typical



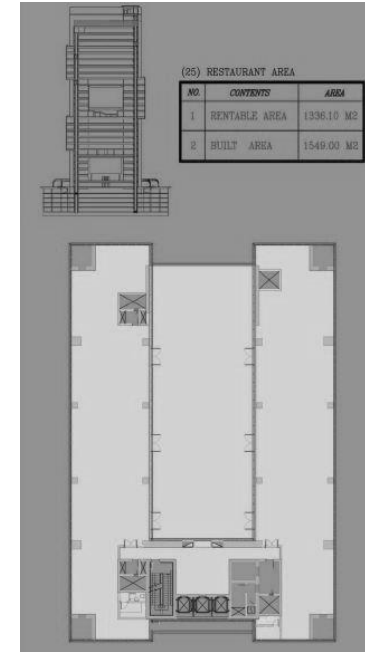
(21-22-23) Floor Plan Typical



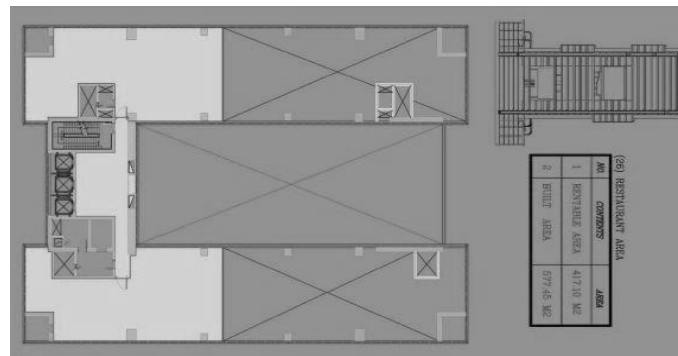
(24) Floor Plan Typical



Restaurant Area (25)



Restaurant Area 2 (26)



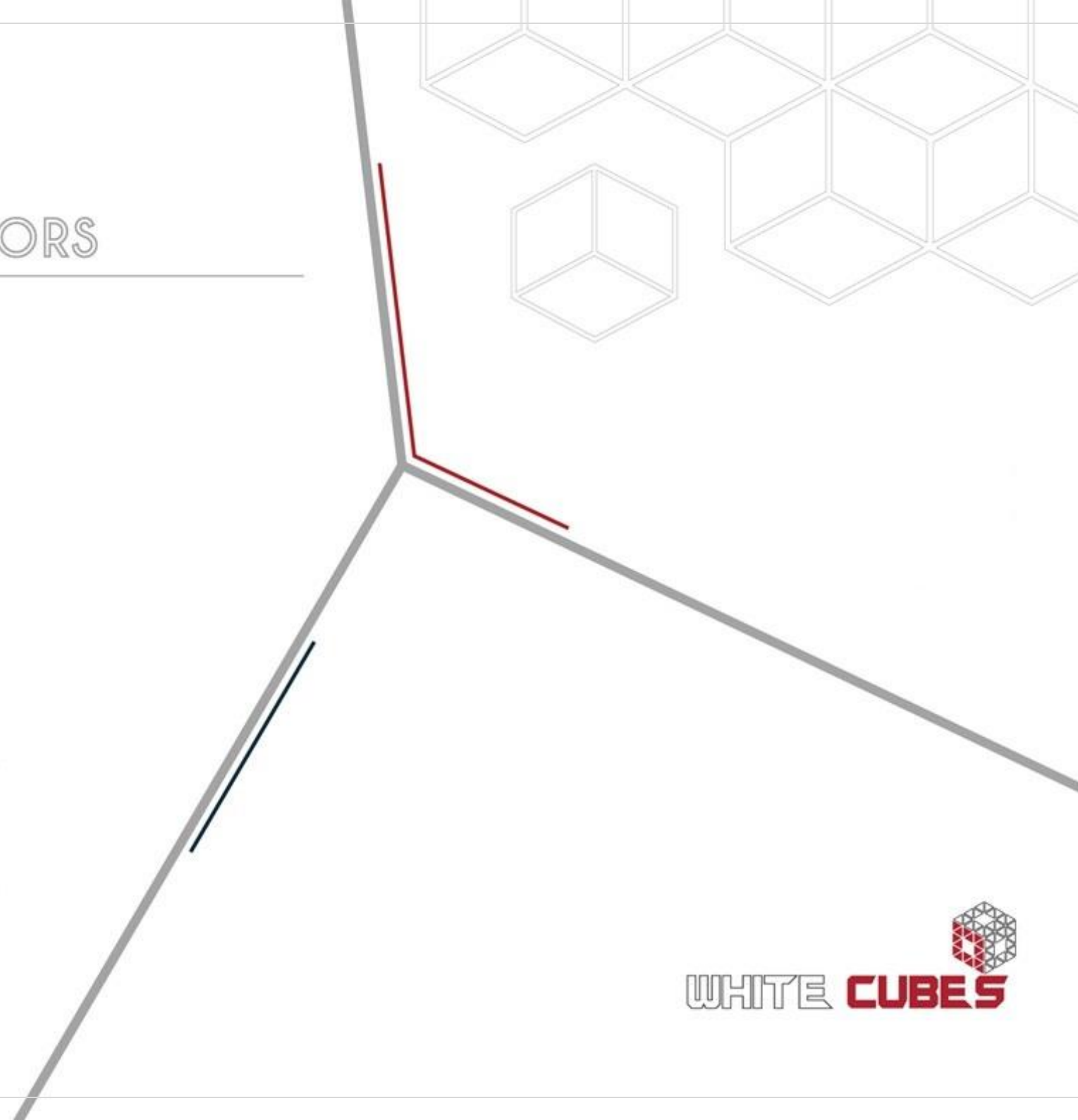
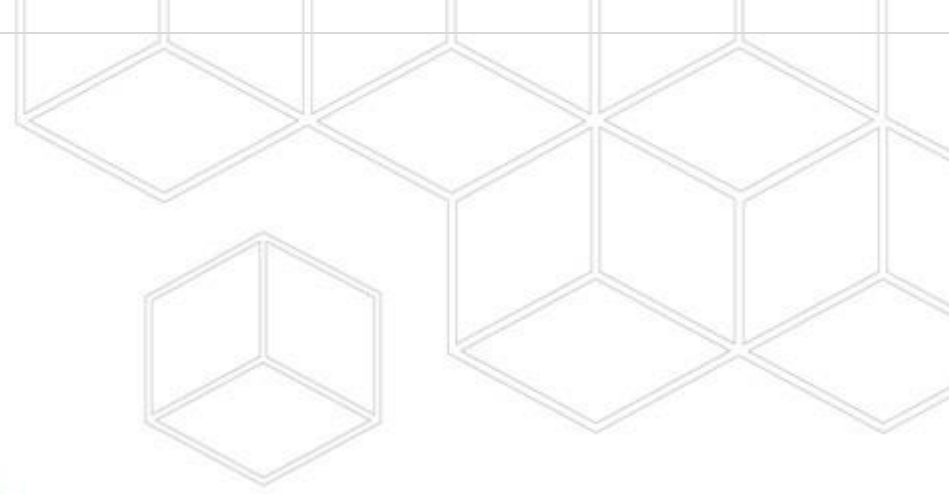
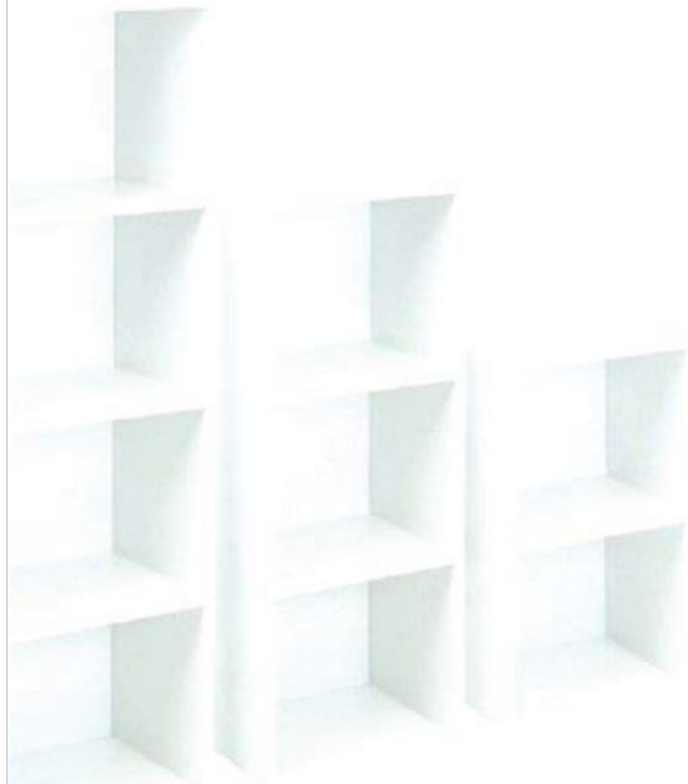
2.11 PHOTO RECORD





# MARKET INDICATORS

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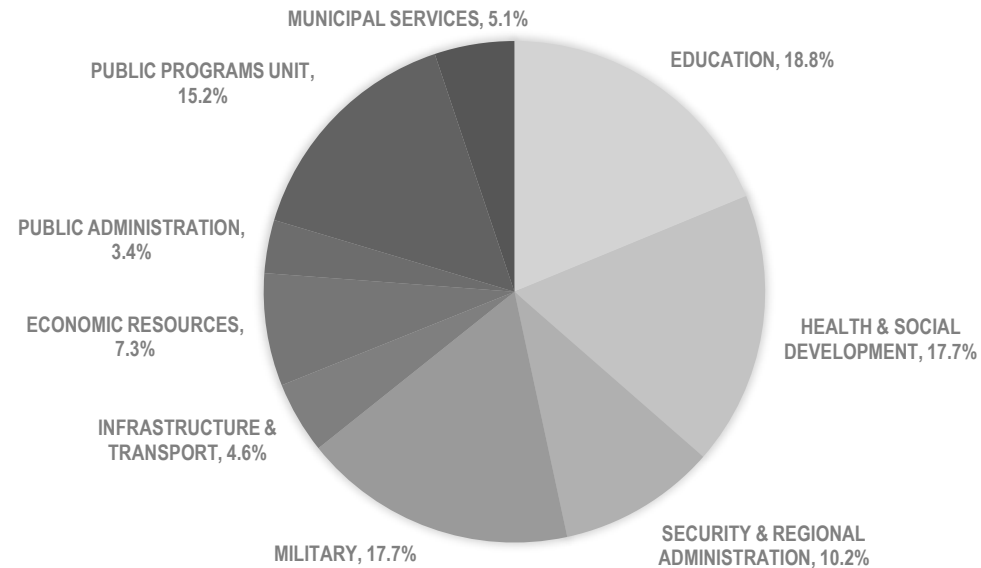
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Located on the intersection of the northern ring road and King Fahad Road</li> <li>- Good finishing and unique design</li> <li>- Direct view on King Fahad Financial District</li> <li>- Availability of several amenities in the near area of the subject property</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- None.</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- High demand on the property type in the area due to the proximity of several public services and facilities</li> <li>- Leasable to class A tenants</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

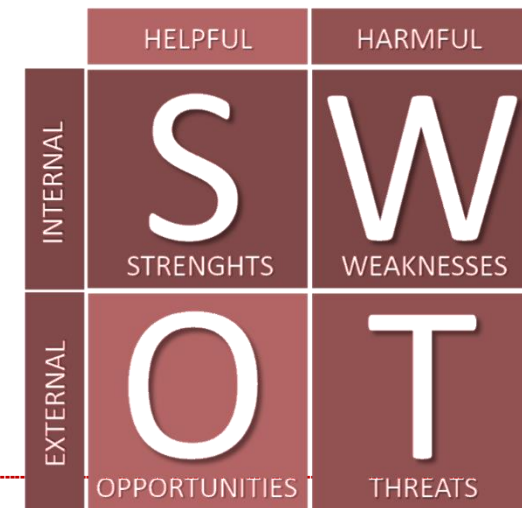
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>17 Risk Points - Medium Risk</b>				

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

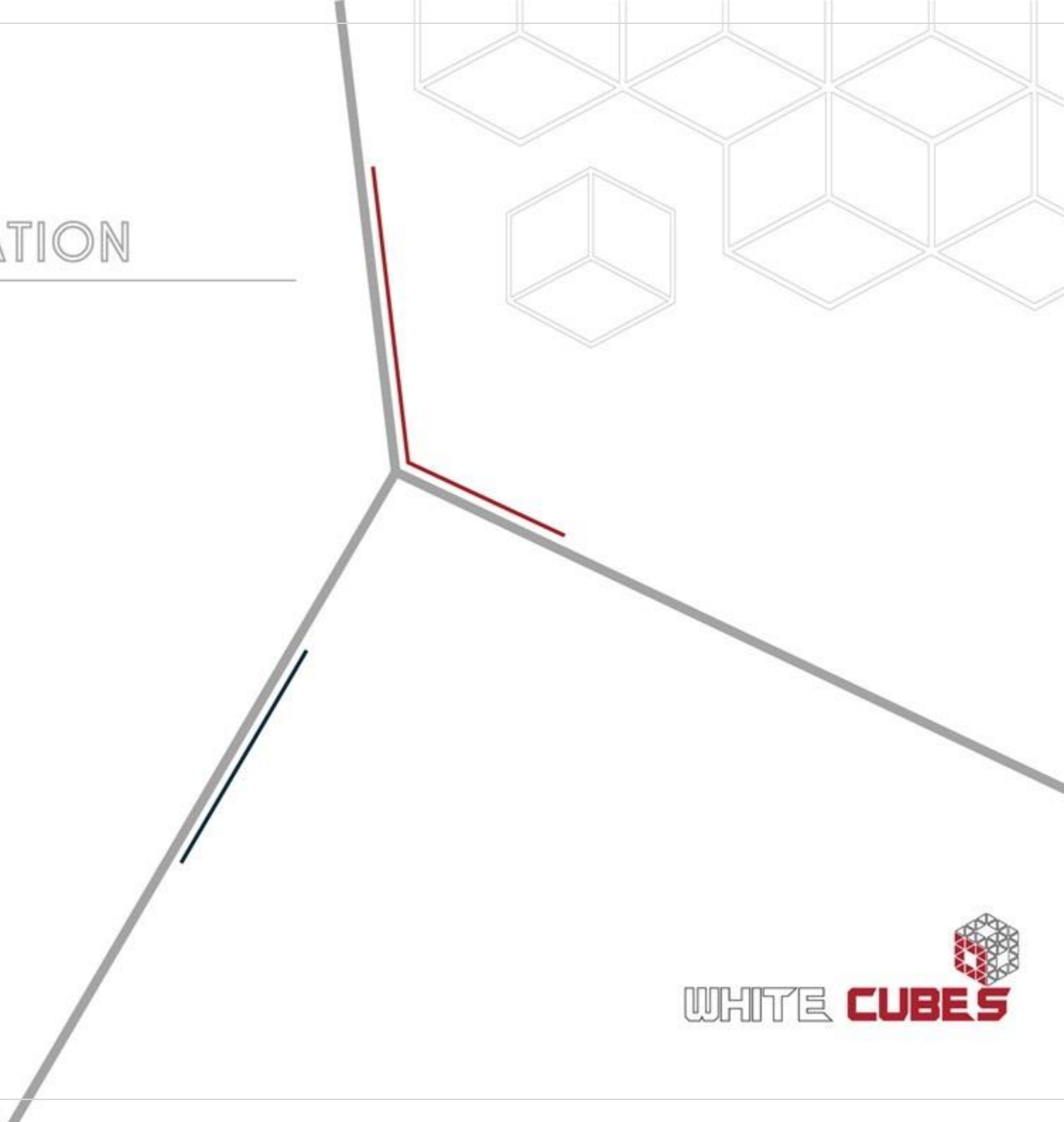
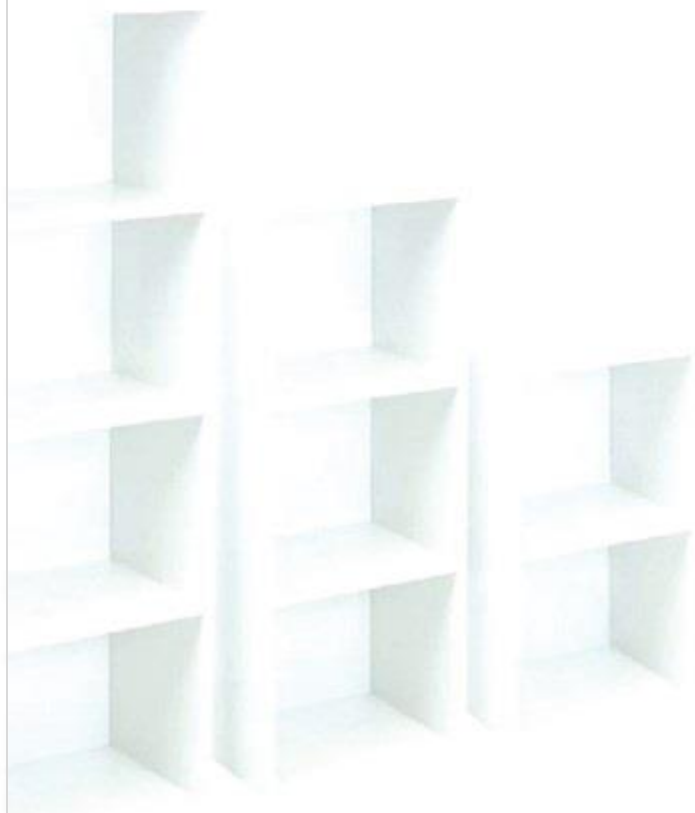
**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>8 Risk Points - Medium Risk</b>				

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECEIVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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



### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### DISCOUNTED CASH FLOW (DCF)

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

### 4.7 INPUT VALUATION PROCESS

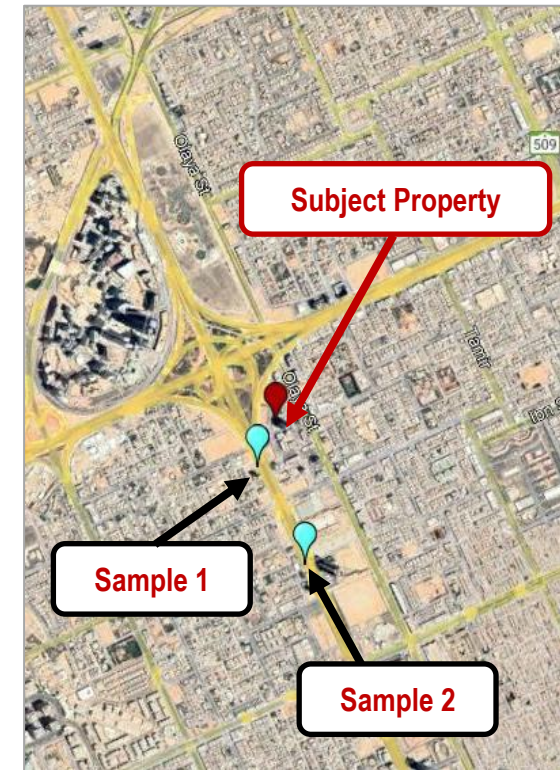
After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual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

## 4.8 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Al Muruj	Al Muruj	Al Muruj
Sale Price	-----	SAR 46,000,000	SAR 41,250,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	5,695.00	2,703.00	2,500.00
SAR / Sqm	-----	SAR 17,018	SAR 16,500
Sides Open	3	3	3

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	5,695.00	2,703.00	0.00%	2,500.00	0.00%
Location Desirability	High	High	0.00%	High	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	80	80	0.00%	80	0.00%
Sides Open	3	3	0.00%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	No	0.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
Total Adjustments Ratio			0.00%		0.00%
Total Adjustment Amount			SAR 0.0		SAR 0.0
Net After Adjustment			SAR 17,018.1		SAR 16,500.0
SAR / Sqm			SAR 16,759		
Rounded Value			SAR 16,800		



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	5,695	5,695	5,695	5,695	5,695
SAR / Sqm	SAR 15,120.0	SAR 15,960.0	SAR 16,800.0	SAR 17,640.0	SAR 18,480.0
Property Value	SAR 86,108,400	SAR 90,892,200	SAR 95,676,000	SAR 100,459,800	SAR 105,243,600
			<b>PROPERTY VALUE</b>		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 16,500 - 17,000 SAR / Sqm with an average of 16,750 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.9 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 1,100	SAR 1,300	SAR 1,200
<b>MEP</b>	SAR 500	SAR 700	SAR 600
<b>Finishing Materials</b>	SAR 1,200	SAR 1,400	SAR 1,300
<b>Fitouts &amp;Appliance</b>	SAR 80	SAR 120	SAR 100
<b>Site Improvements</b>	SAR 100	SAR 140	SAR 120
<b>Owner Profit</b>	20%	30%	25%

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

LAND					
Land Area	SAR / Sqm			Total Value	
5,695.00	SAR 16,800			SAR 95,676,000	
Building					
	Unit	No of Floors	Total BUA		
Underground	Sqm	5	28,475.00		
Upper Floors	Sqm	1	29,688.00		
<b>Total (SQM)</b>	<b>58,163.00</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	29,688.00	SAR 1,200	SAR 35,625,600	100%	SAR 35,625,600
Electro Mechanic	29,688.00	SAR 600	SAR 17,812,800	100%	SAR 17,812,800
Finishing	29,688.00	SAR 1,300	SAR 38,594,400	100%	SAR 38,594,400
Fit outs & Appliances	29,688.00	SAR 100	SAR 2,968,800	100%	SAR 2,968,800
Furniture	29,688.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	5,695.00	SAR 120	SAR 683,400	100%	SAR 683,400
<b>Total</b>			<b>SAR 95,685,000</b>	<b>100.00%</b>	<b>SAR 95,685,000</b>

Hard Cost - Underground					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	28,475.00	SAR 1,800	SAR 51,255,000	100%	SAR 51,255,000
Electro Mechanic	28,475.00	SAR 500	SAR 14,237,500	100%	SAR 14,237,500
Finishing	28,475.00	SAR 600	SAR 17,085,000	100%	SAR 17,085,000
<b>Total</b>			<b>SAR 82,577,500</b>	<b>100.00%</b>	<b>SAR 82,577,500</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 178,262,500	0.10%	SAR 178,263
Design			SAR 178,262,500	0.50%	SAR 891,313
Eng Consultant			SAR 178,262,500	1.00%	SAR 1,782,625
Management			SAR 178,262,500	5.00%	SAR 8,913,125
Contingency			SAR 178,262,500	5.00%	SAR 8,913,125
Others			SAR 178,262,500	0.00%	SAR 0
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 20,678,450.00</b>
<b>Total Hard Cost</b>	<b>SAR 178,262,500</b>			<b>BUA</b>	<b>58,163.00</b>
<b>Total Soft Cost</b>	<b>SAR 20,678,450.00</b>			<b>SAR / Sqm</b>	<b>SAR 3,420</b>
<b>Total Construction Cost</b>	<b>SAR 198,940,950.00</b>			<b>Overall Completion</b>	<b>100.0%</b>

After knowing the total construction costs at a rate of 3,420 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 198,940,950</b>	<b>Net Dep Rate</b>	<b>5.71%</b>
<b>Economic Age</b>	<b>35</b>	<b>Dev Cost After Depreciation</b>	<b>SAR 187,572,896</b>
<b>Annual Dep Rate</b>	<b>2.86%</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Actual Age</b>	<b>2</b>	<b>Developer Profit Rate</b>	<b>25.0%</b>
<b>Total Dep Rate</b>	<b>5.71%</b>	<b>Dev. Profit Amount</b>	<b>SAR 46,893,224</b>
<b>Add Appr Rate</b>	<b>0.00%</b>	<b>Development Value</b>	<b>SAR 234,466,120</b>
<b>Net Dep Rate</b>	<b>5.71%</b>		

The total value of the building is 234,466,120 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 234,466,120	SAR 95,676,000	SAR 330,142,120	SAR 330,100,000

## 4.10 DISCOUNTED CASH FLOW- MARKET RATES

### Market Rental Analysis

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

Comparable No.	Office Units
	Rental Rate/ Unit
Comparable 1	1,100 SAR/ Sqm
Comparable 2	1,400 SAR/ Sqm
Average	1,250 SAR/ Sqm

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

The project will be leased for 5 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

### Analysis of Operating and Maintenance Expenses

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

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

## Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 10% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

## The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate		7.00%
Maximum capitalization rate		9.00%
<b>Average</b>		<b>8.00%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
Ease of access to the property	-0.25%	Several major methods
General condition of the property	-0.25%	The Property is still new
The general location of the property	-0.25%	The area is served excellently
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
<b>Total</b>	<b>-1.00%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	<b>-1.00%</b>	
<b>Capitalization rate, according to market averages</b>	<b>8%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 7%, which will be applied subsequently to the net operating income of the property.

### Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%. We have used a lower discount rate of 8.5% due to several reasons: 1- The property is fully leased to a special tenant with special customization; 2- Good location on the intersection of 2 main roads the northern ring road and the King Fahd Road in addition to its proximity to King Abdullah Financial City. 3- We assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.02%
Indigenous Risk Premium	1.50%
<b>Cost of Equity</b>	<b>11.00%</b>

Cash Flow		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
		0	1	2	3	4	5	6	7	8	9
<b>Increase Revision</b>		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Expected Revenues</b>											
Leasing Contract	SAR	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
Total	SAR	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
Offices	Sqm	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322
Rate	SAR	1,288	1,327	1,366	1,407	1,450	1,493	1,538	1,584	1,632	1,681
Total	SAR	0	0	0	0	35,258,517	36,316,273	37,405,761	38,527,934	39,683,772	40,874,285
Others	SAR	0	0	0	0	0	0	0	0	0	0
Rate	SAR	155	160	164	169	174	180	185	191	196	202
Service Charge @ 10%	SAR	0	0	0	0	3,525,852	3,631,627	3,740,576	3,852,793	3,968,377	4,087,429
<b>Overall Revenues</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>38,784,369</b>	<b>39,947,900</b>	<b>41,146,337</b>	<b>42,380,727</b>	<b>43,652,149</b>	<b>44,961,714</b>
<b>Vacancy Rates</b>											
Leasing Contract	0.0%	0	0	0	0	0	0	0	0	0	0
Offices	5.0%	0	0	0	0	1,939,218	1,997,395	2,057,317	2,119,036	2,182,607	2,248,086
Total		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,939,218</b>	<b>1,997,395</b>	<b>2,057,317</b>	<b>2,119,036</b>	<b>2,182,607</b>	<b>2,248,086</b>
<b>Expenses</b>											
OPEX	10.0%	0	0	0	0	3,878,437	3,994,790	4,114,634	4,238,073	4,365,215	4,496,171
<b>Overall Expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,878,437</b>	<b>3,994,790</b>	<b>4,114,634</b>	<b>4,238,073</b>	<b>4,365,215</b>	<b>4,496,171</b>
<b>NOI</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>32,966,714</b>	<b>33,955,715</b>	<b>34,974,387</b>	<b>36,023,618</b>	<b>37,104,327</b>	<b>38,217,457</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.0%</b>										<b>545,963,665</b>
Discount Rate	8.50%	1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48
<b>Present Value</b>		<b>30,000,000</b>	<b>27,649,770</b>	<b>25,483,659</b>	<b>23,487,243</b>	<b>23,787,933</b>	<b>22,582,093</b>	<b>21,437,379</b>	<b>20,350,691</b>	<b>19,319,089</b>	<b>280,336,647</b>
<b>Market Rate / Net Present Value</b>											<b>494,434,503</b>

	Discount Rate				
Discount Rate	6.50%	7.50%	8.50%	9.5%	10.5%
Market Value	560,870,878	526,232,577	494,434,503	465,212,903	438,330,943

#### 4.11 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DCF Approach</b>	Property	SAR 494,434,503	Four hundred ninety-four million four hundred thirty-four thousand five hundred three Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 330,100,000	Three Hundred Thirty Million and One Hundred Thousand Saudi Riyals

#### 4.12 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 494,400,000**  
**Four hundred ninety-four million four hundred thousand Saudi Riyals**

#### 4.13 REPORT USE

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

#### 4.14 DISCLAIMER

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



#### 4.15 CONCLUSION

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

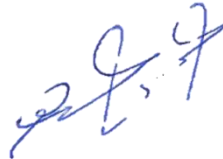
#### 4.16 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



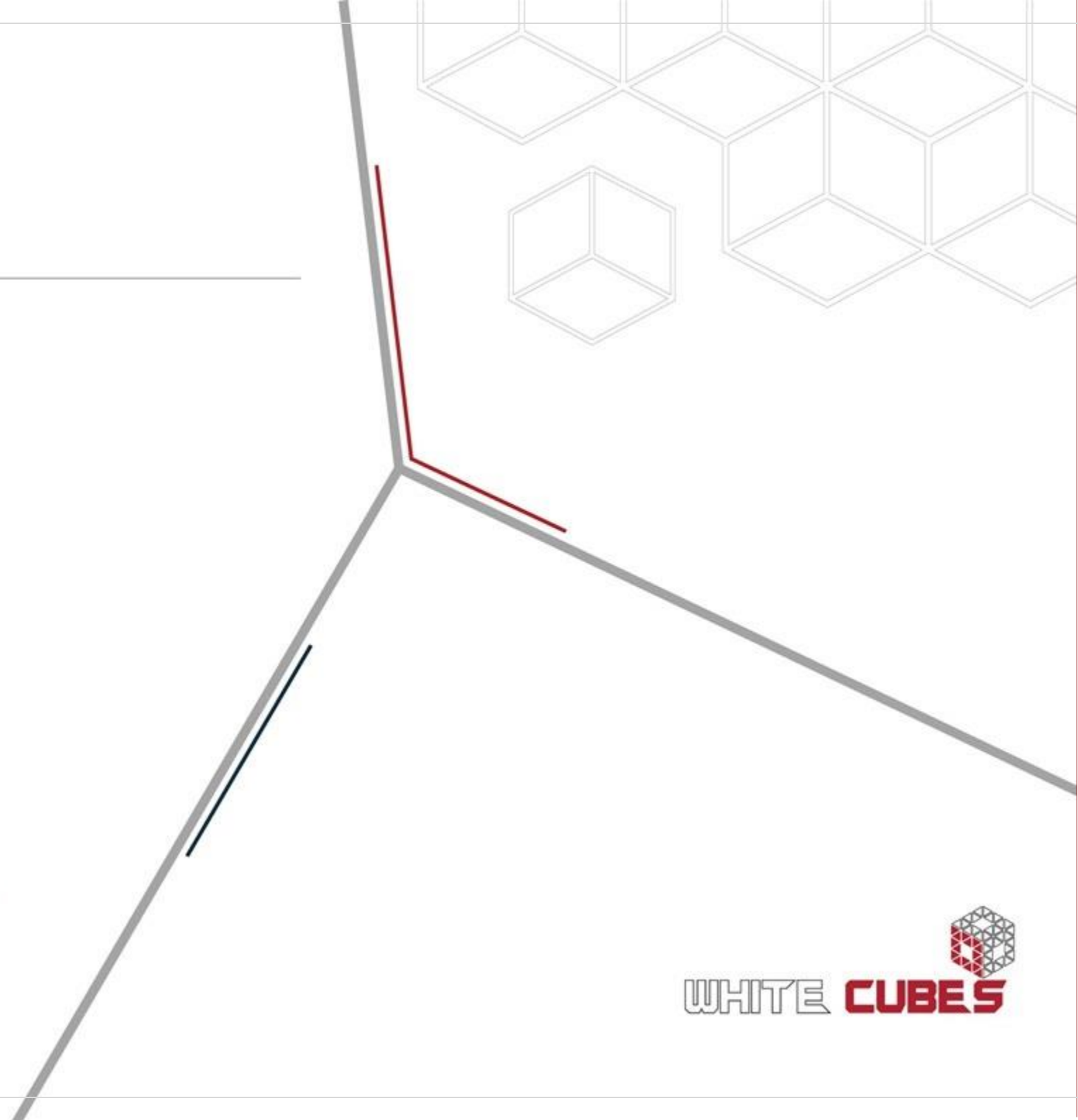
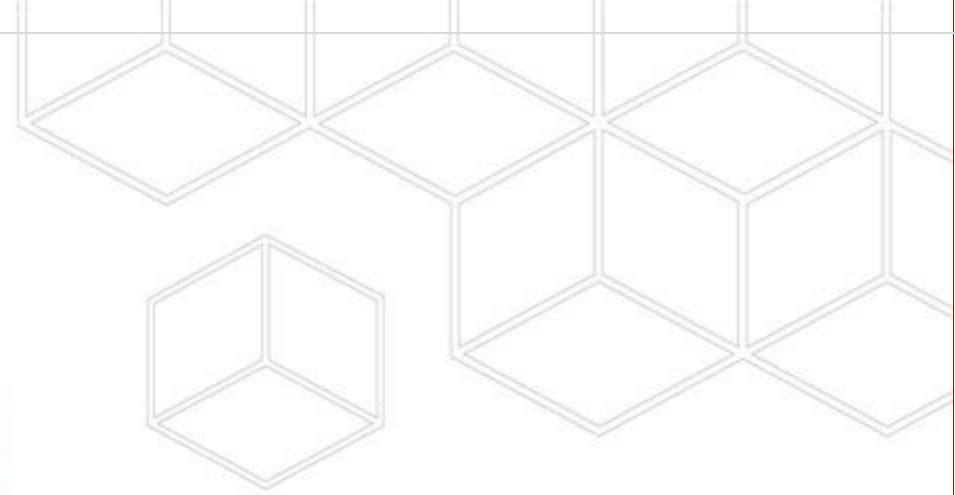
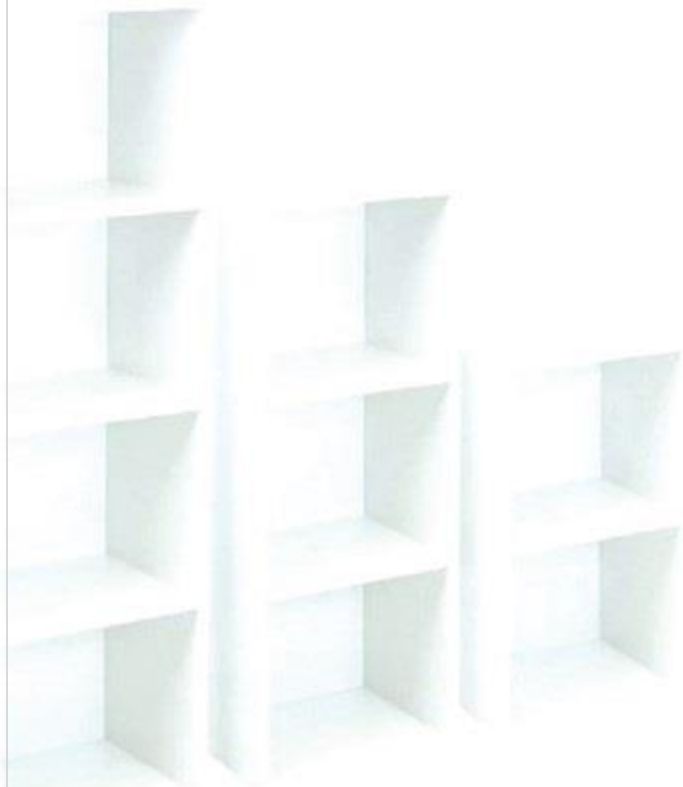
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



**GALLERY MALL**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Tabuk City  
June 2022

Valuation Report





---

**REF:** 22-0112-6EN  
**Date:** 20/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for the leasing right of Gallery Mall in Tabuk City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of of the Retail project (Gallery Mall) located in Tabouk city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

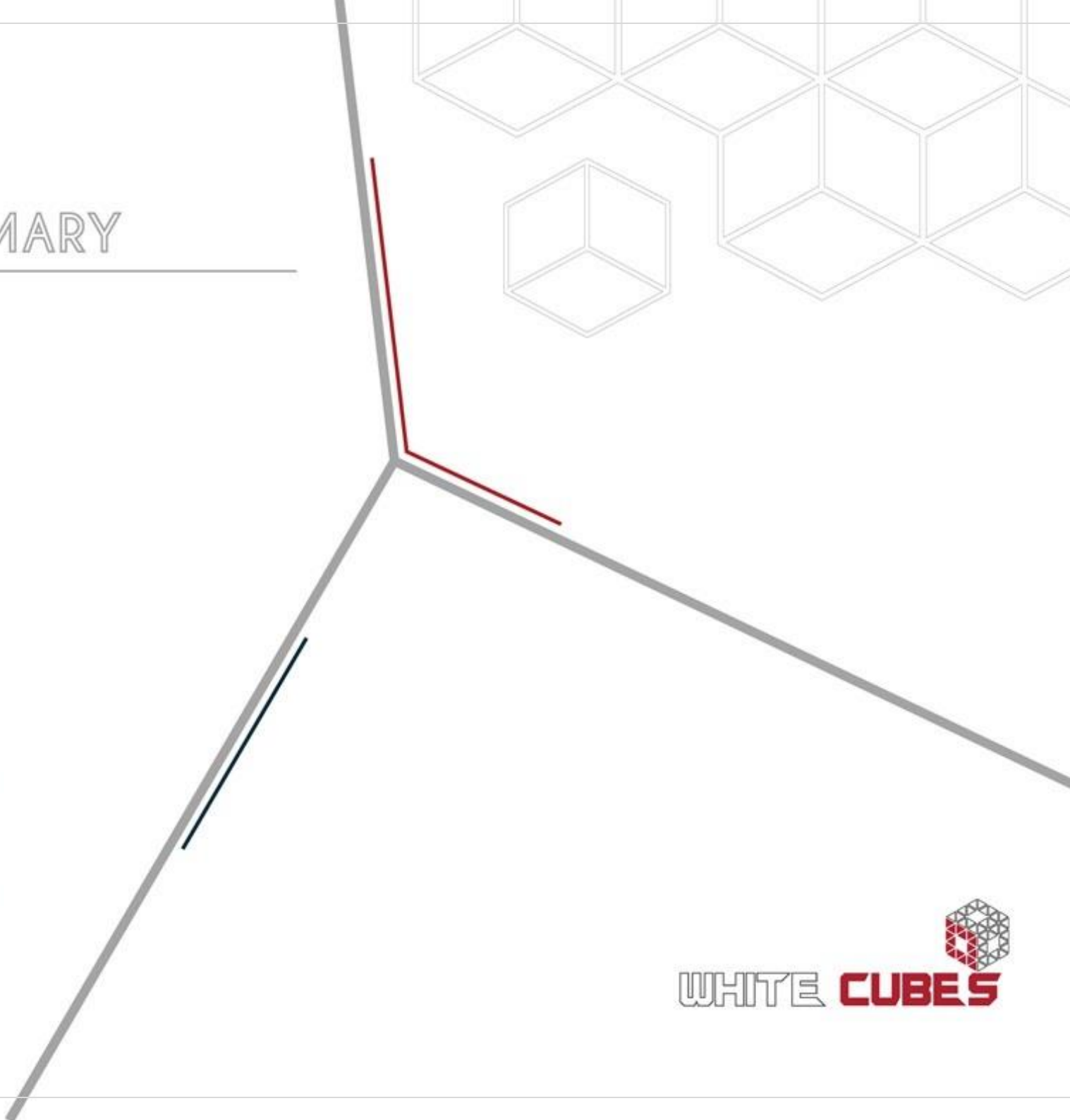
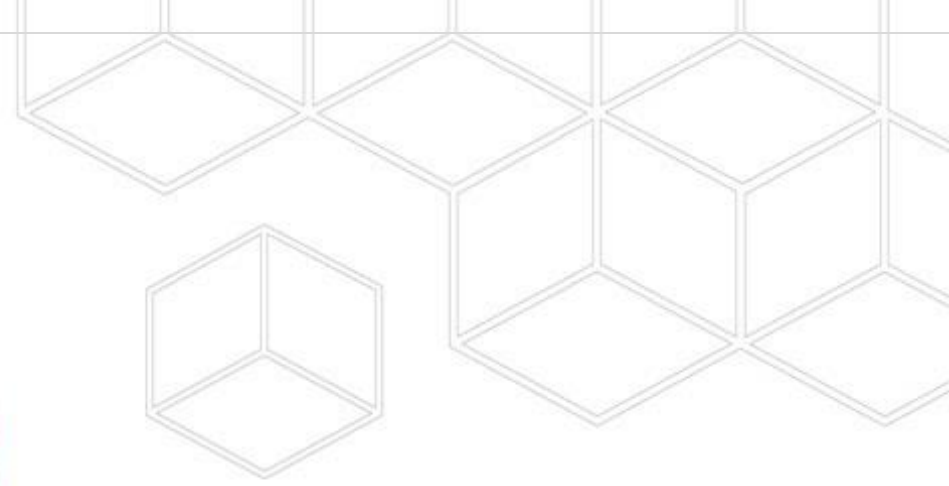
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 (Please Click on the Title for Direct Access)

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# EXECUTIVE SUMMARY

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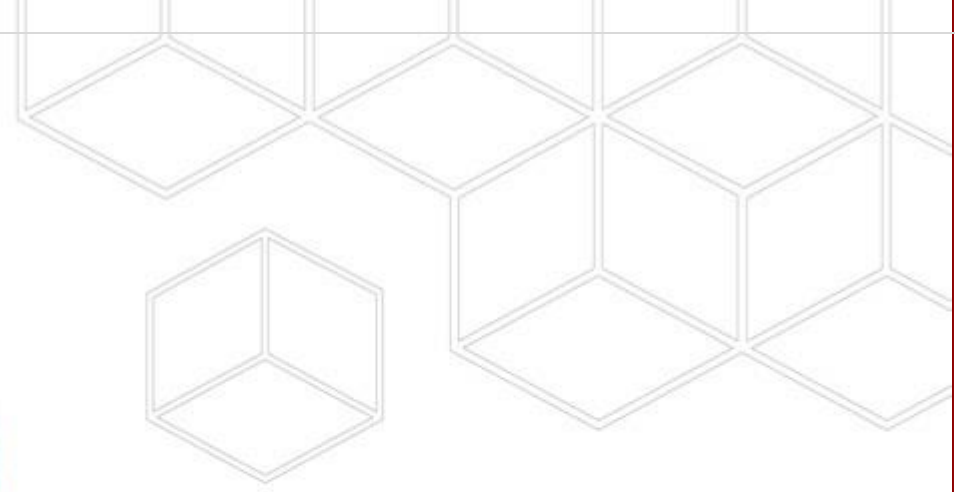
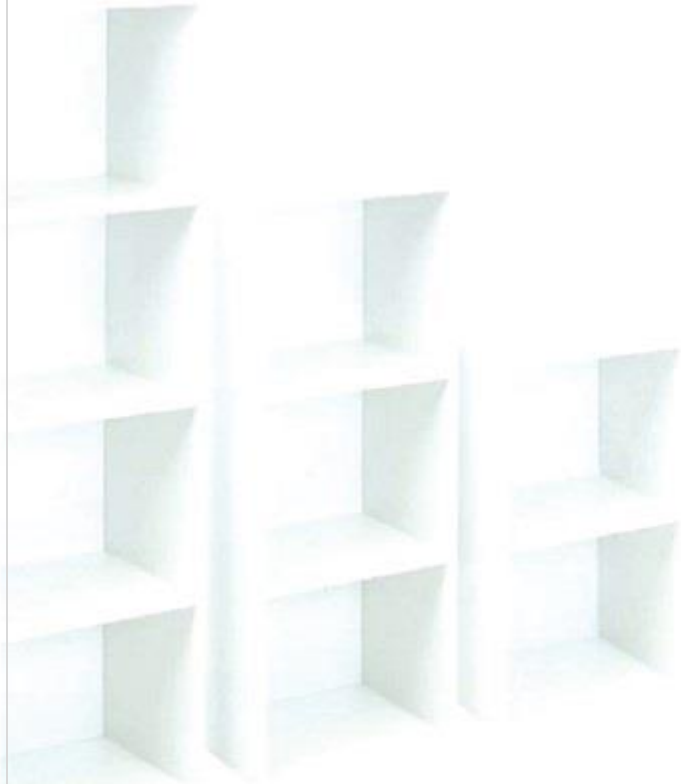


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for a leasing right of Gallery Mall in Tabuk city.
<b>Client</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	22-0112-6EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT).
<b>Subject Property</b>	Retail project.
<b>Property Location</b>	The property is located in Tabuk city.
<b>Title Deed Information</b>	We were not provided by a copy of the title deed related to the subject property.
<b>Ownership Type</b>	The client informed us that the property is a leasehold
<b>Owner</b>	According to the client the owner of the property is شركة أول الملقا العقارية
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	Based on the client, the property has a total land area of 41,630 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the project has a total BUA of 43,624.95 Sqm.
<b>GLA (Sqm)</b>	The total gross leasable area is 35,868 Sqm.
<b>Valuation Approach</b>	Discounted Cash Flow Approach (DCF)
<b>Final Property Value</b>	SAR 172,650,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

#### AN ASSET SHOULD EXCHANGE

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

#### ON THE VALUATION DATE

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

#### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

**June 06, 2022.**

#### 1.5 INSPECTION DATE

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

**June 15, 2022.**

#### 1.6 VALUATION DATE

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

**June 26, 2022.**

#### 1.7 REPORT DATE

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

**June 26, 2022.**

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for **Real Estate Investment Trust (REIT)**. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Discounted Cash Flow Approach (DCF) Approach**.

#### 1.10 INSPECTION ROLE

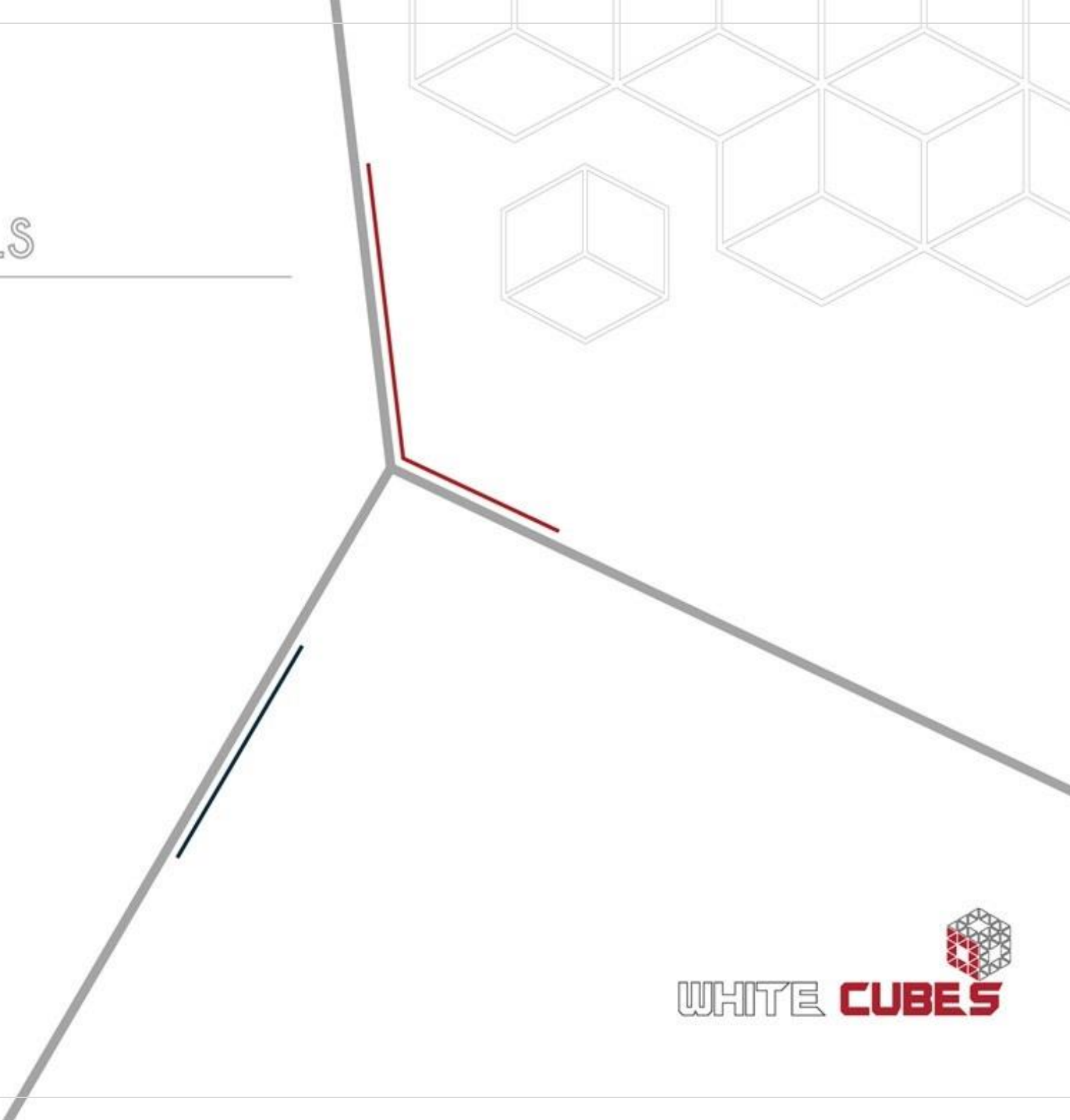
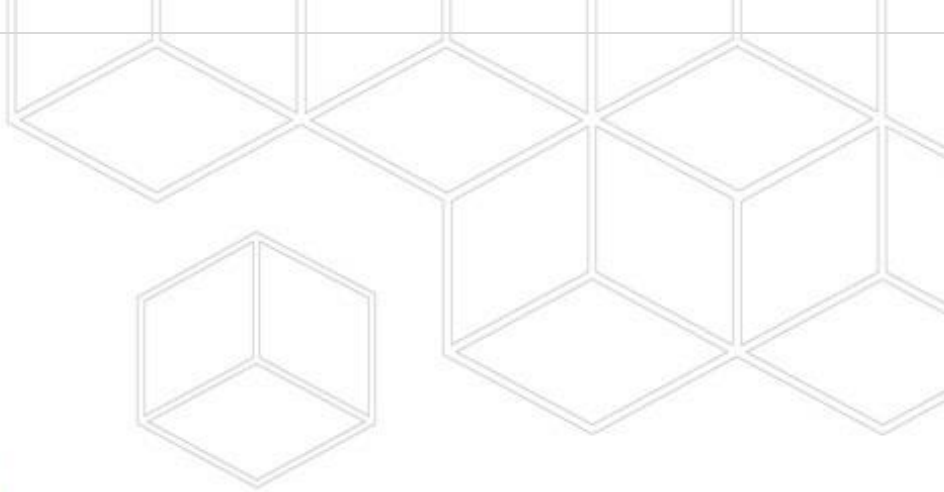
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

---



## 2.1 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a lease hold Retail Project (Gallery Mall) located in Tabuk city. The building has a total land area of 41,630 Sqm, a total BUA of 43,625 Sqm. The project is open on 4 sides with a direct view on King Khaled Road where all the infrastructure facilities such as water, electricity, telecommunication and sewage are available in the surrounding and connected to the subject property.
<b>Location Description</b>	The property subject of valuation is a retail project located in Tabuk City. The property is bordered from the north by King Khaled Road The property is bordered from the south by Jaber Ibn Hayyan Street The Property is bordered from the east by Muin Ibn Zaidah Street The property is bordered to the west by an Unnamed Street
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high, since it is located on King Khaled Road.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by Residential & Commercial Buildings

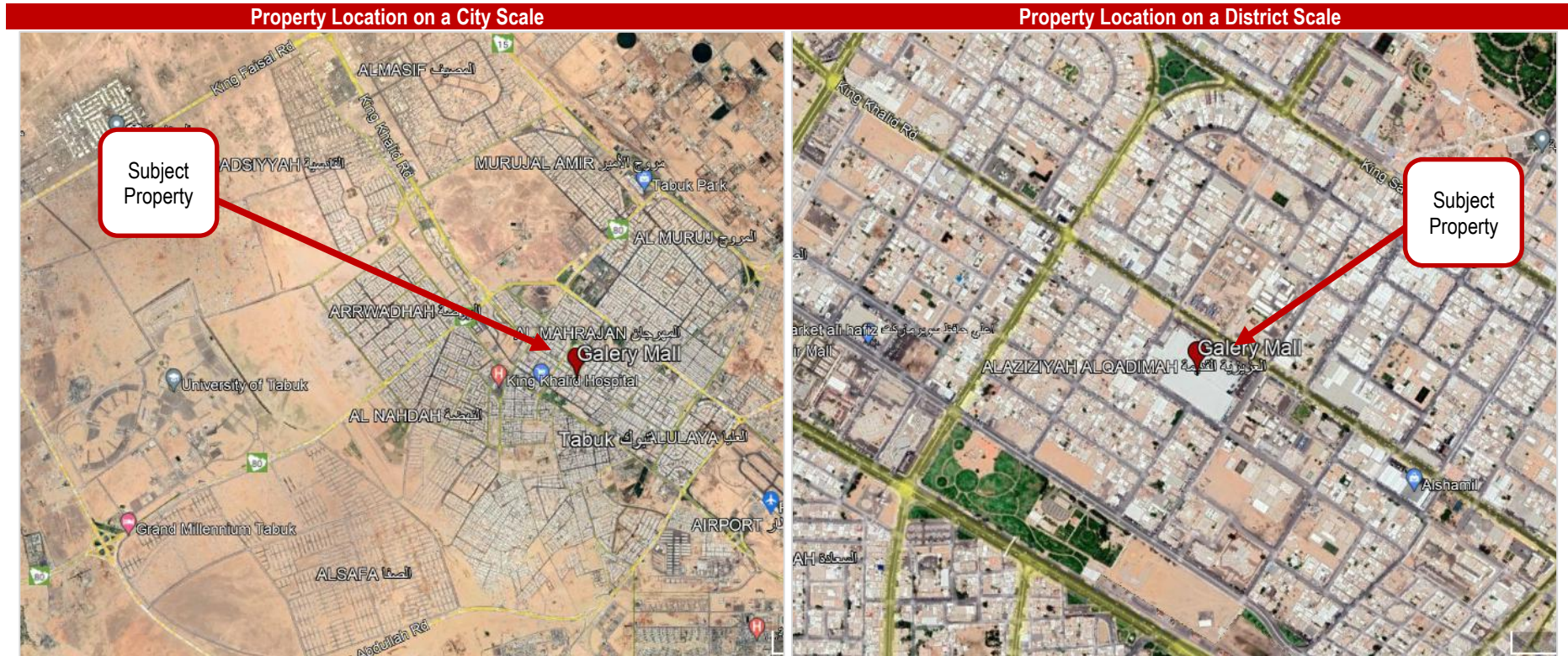
Land		Building	
Land Use	Commercial	Building Type	Commercial project
No. of Streets	4	Building Structural Conditions	Fully constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Khaled road	Building Finishing Conditions	Good
Direct View on an Internal Street	Jaber Ibn Zaidah Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 2.2 INFRASTRUCTURE FACILITIES

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

### 2.3 LOCATION

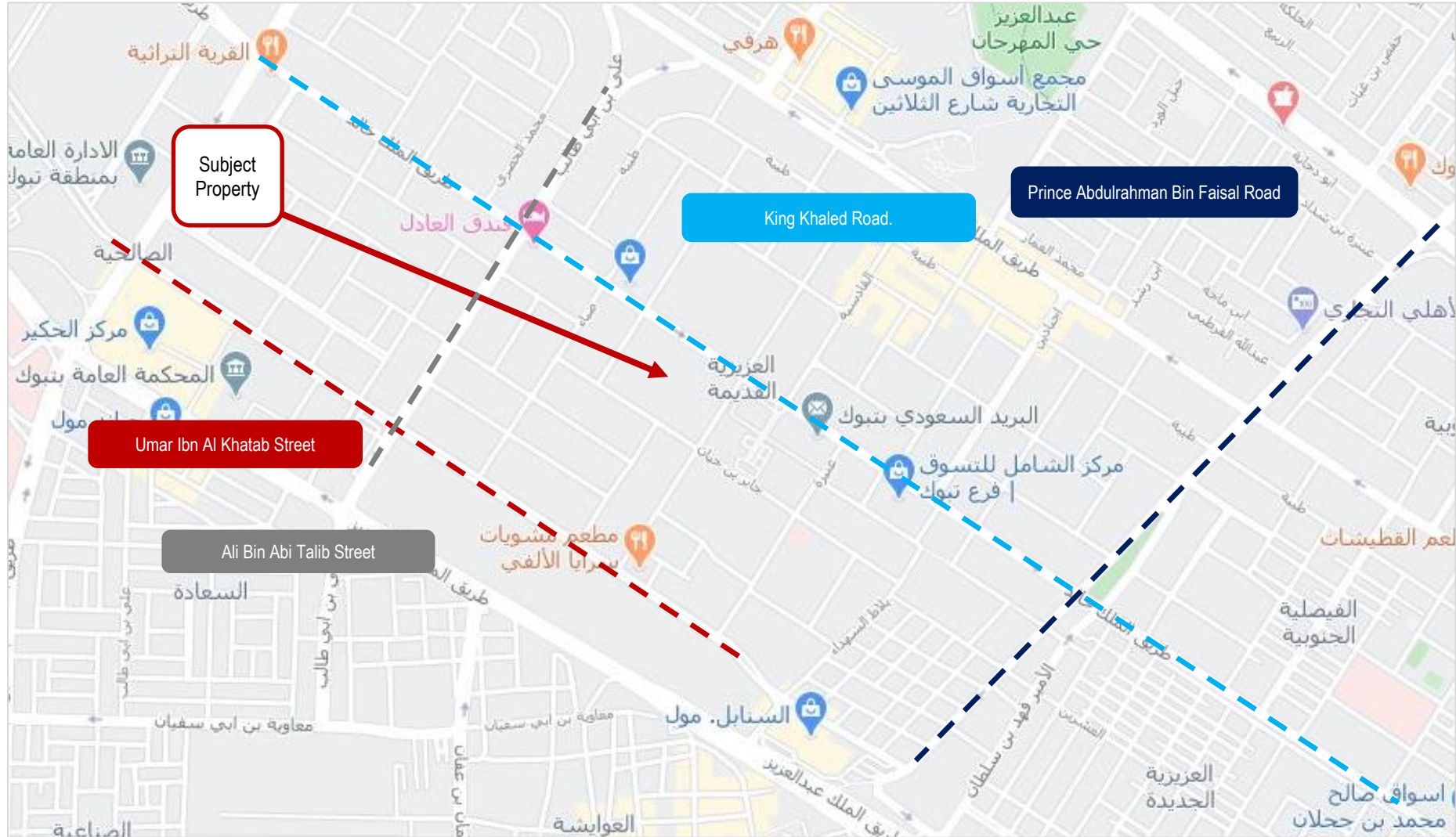
The subject property is located in Al Salihiyyah district, Tabuk city and surrounded by several landmarks as follows:





## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

We were not provided by a copy of the title deed related to the subject property. Yet, the client informed us that the project is a leasehold.

## 2.6 CONSTRUCTION & BUILDINGS

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

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

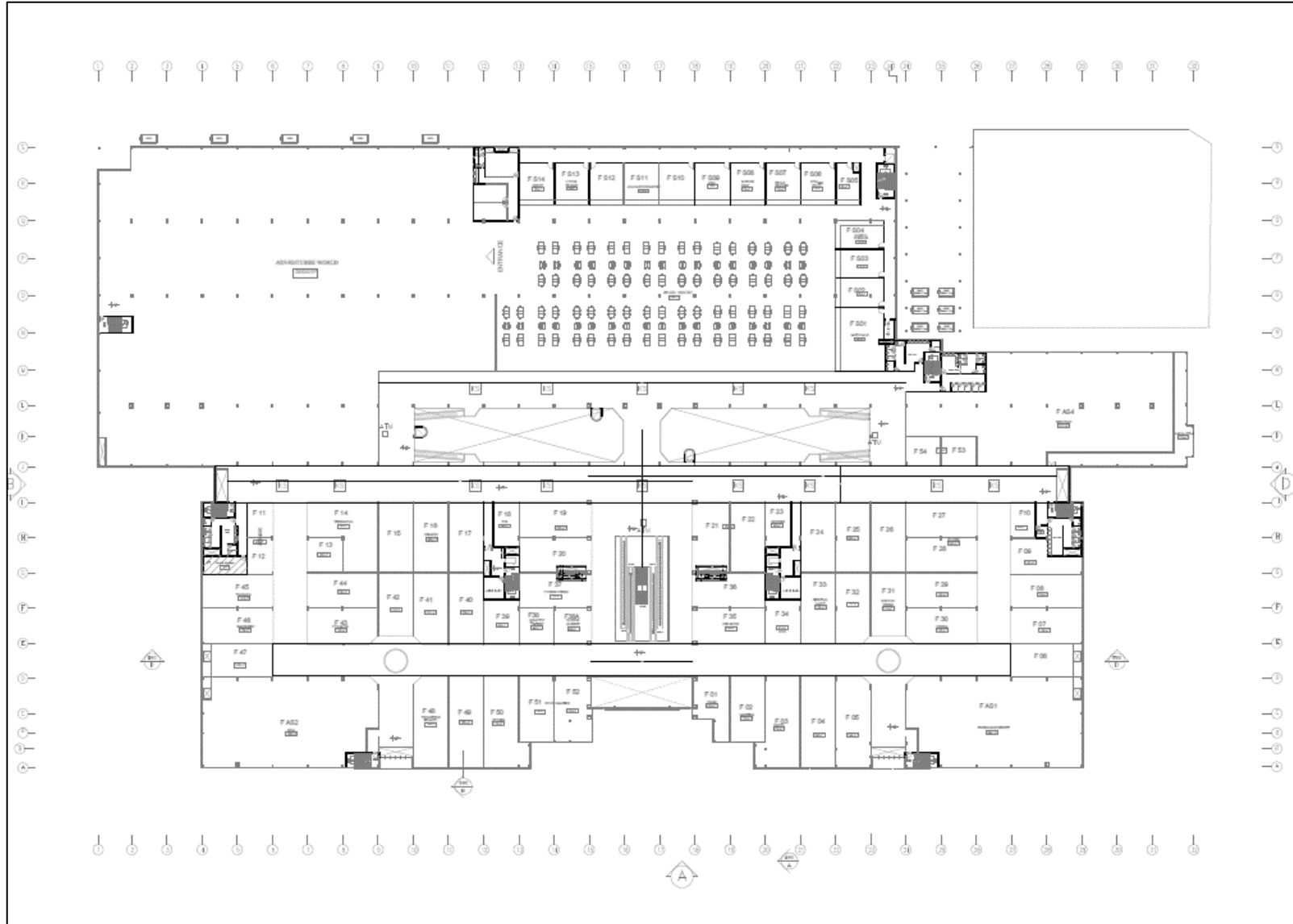
The subject property is fully construction Retail project composed of 3 floors. The client provided us with a building permit for the subject property, which contains the following data:

Subject Property	
Construction Permit Type	New Permit
Property Type	Retail
Construction Permit No.	58457
Construction Permit Date	01/07/1434 AH
Permit Expiry Date	01/07/1437 AH

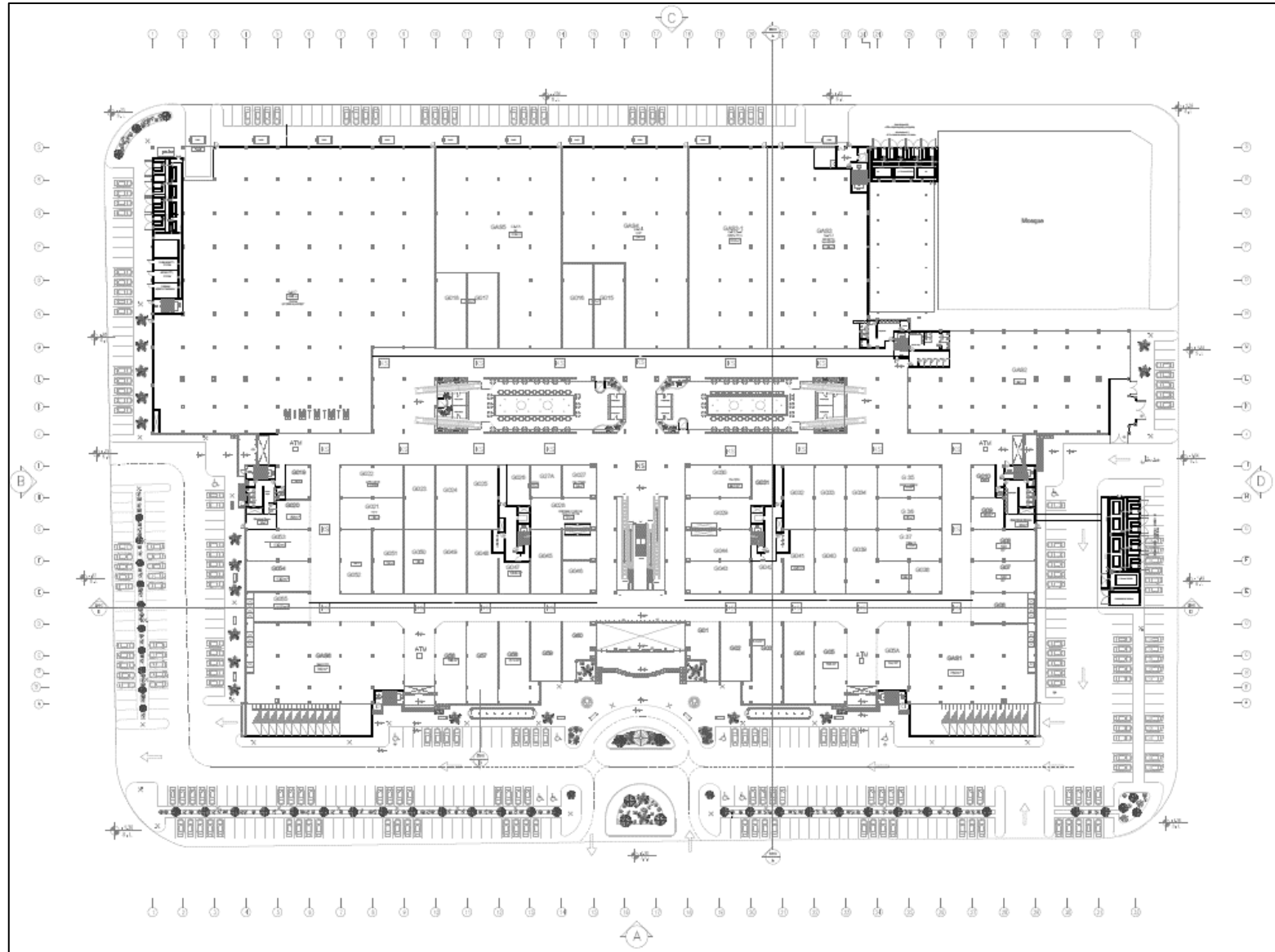
Description	No. of Units	Area (sqm)	Use
Basement	---	12,243	Parking
Ground Floor	---	16,136.7	Commercial
Typical Floors	---	15,245.25	Commercial
<b>Total BAU (sqm)</b>		<b>43,624.95</b>	

2.7 PROPERTY LAYOUTS

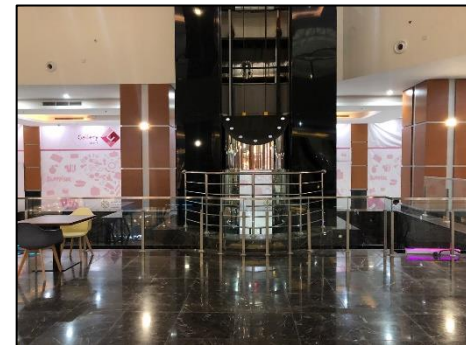
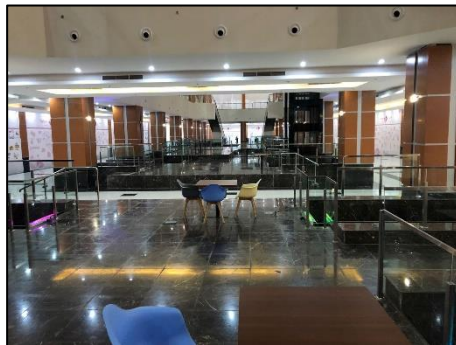
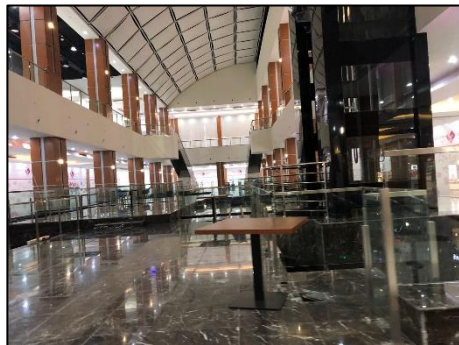
First Floor



Ground Floor

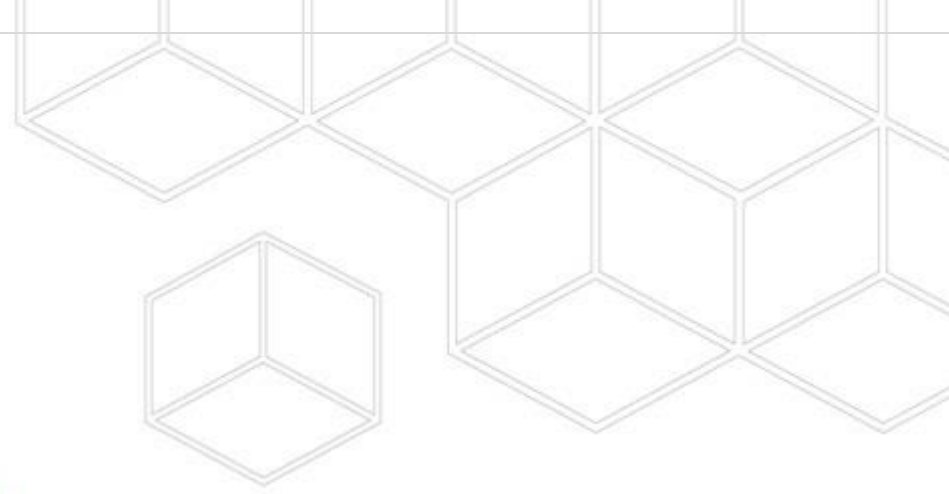
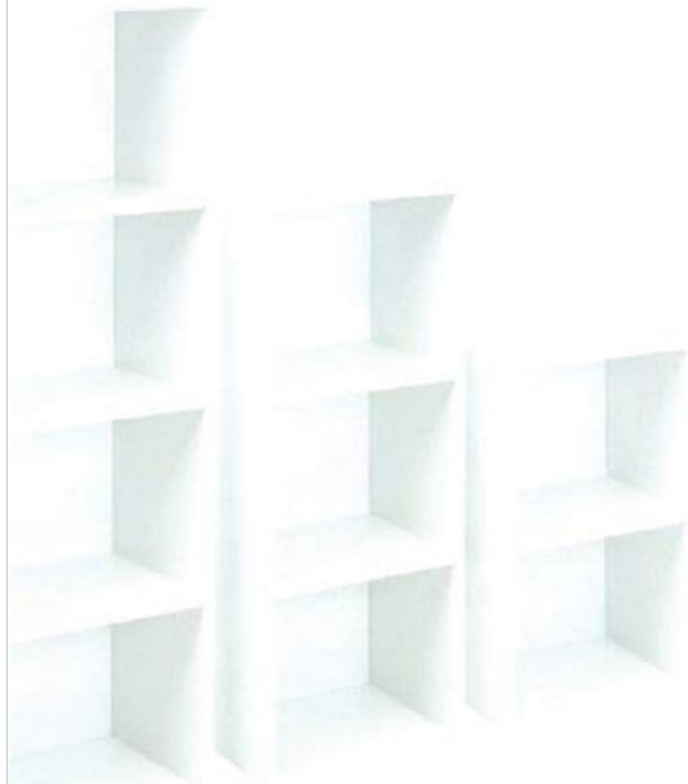


## 2.8 PHOTO RECORD



# MARKET INDICATORS

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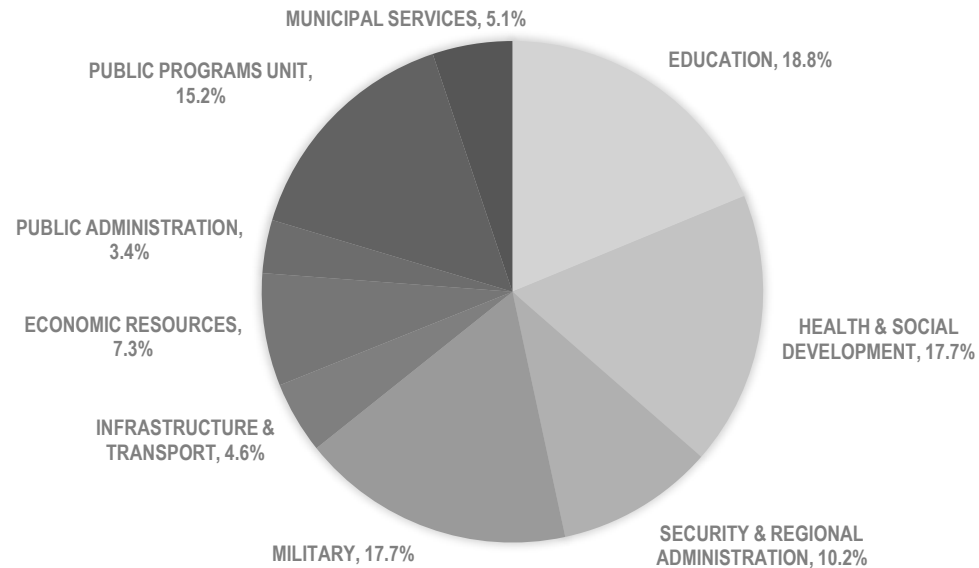
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- The property has 4 sides open</li> <li>- Very Good Design</li> <li>- Good Quality of Exterior Finishing</li> <li>- Very Efficient Tenant Mix</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- High traffic Area (King Khaled Road)</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Tabuk city is known as a tourism destination city within the kingdom. And since the existing shopping malls in the city are very few compared to high demand for such project (Tabuk city offers low GLA per capita compared to other cities), this can guarantee stability of revenues and support any increase provision in the future.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Future similar development project</li> <li>- Any future and unexpected change in economy conditions</li> </ul>

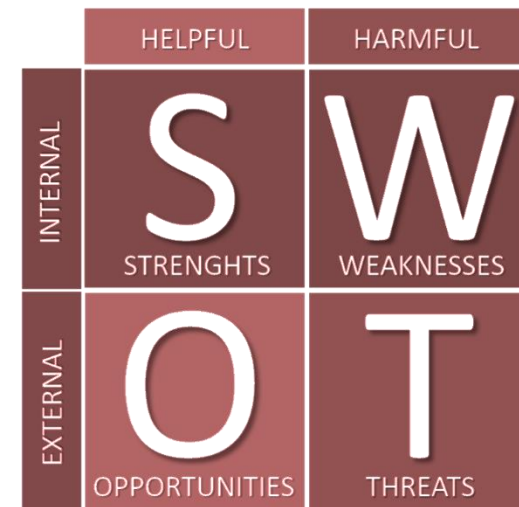
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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





Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

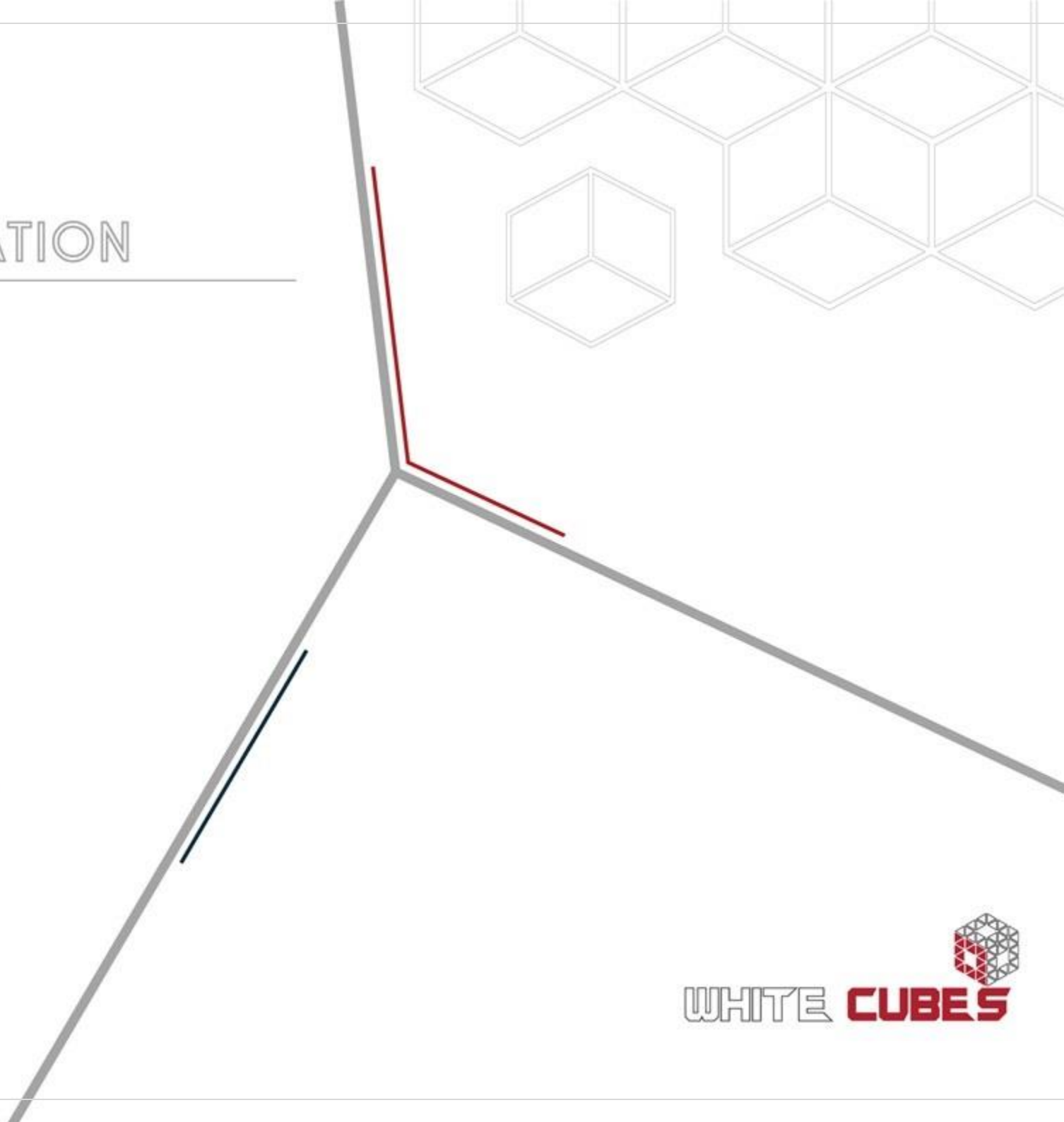
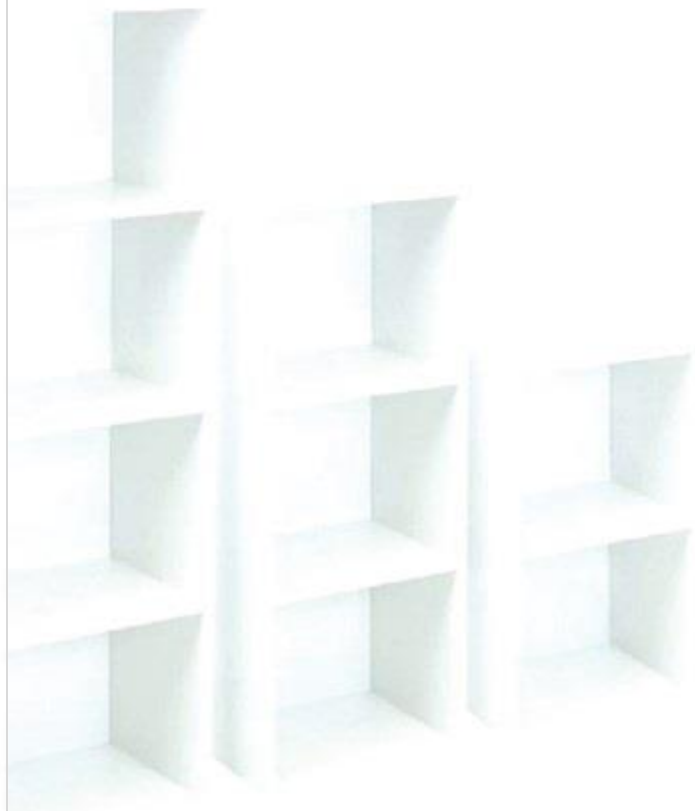
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6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

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

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECEIVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### DISCOUNTED CASH FLOW (DCF)

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

## 4.7 DISCOUNTED CASH FLOW- MARKET RATES

### Analysis of Operating and Maintenance Expenses

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

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

### Property Operation and Maintenance Expenses

We will apply the rate of 6,823,479 as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Occupancy Rates in the Project

Based on the market survey done by our team, the occupancy rates for similar projects are 85% on which we will base our valuation analysis.

### Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.00%
Indigenous Risk Premium	1.50%
<b>Cost of Equity</b>	<b>11.00%</b>

### Contract- Market DCF

The land of the subject property is owned by Tabuk Municipality and rented for Al-Qadeebi sons Company who transferred it to “Awal Al Malqa Real Estate Compony” with leasing right for 25 years starting 1434 HD with annual lease rate of SAR 1,579,000. The client acquired the remaining period of the leasing right, and from that date until 26/11/1443 HD the client leased back the project to Al-Qadeebi Sons for SAR 22,959,000 annually. After that, the client leased the project based on market rates.

Cash Flow		2022	2023	2024	2025	2026	2027	2028
		0	1	2	3	4	5	6
<b>Increase Revision</b>		<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>
<b>Expected Revenues</b>								
Total GLA (GF Shops)	Sqm	7,096	7,096	7,096	7,096	7,096	7,096	7,096
Rate (SAR)	SAR	1,255	1,255	1,286	1,286	1,286	1,318	1,318
<b>Total</b>	<b>SAR</b>	<b>8,901,932</b>	<b>8,901,932</b>	<b>9,124,480</b>	<b>9,124,480</b>	<b>9,124,480</b>	<b>9,352,592</b>	<b>9,352,592</b>
Total GLA (First Floor Shops)	Sqm	6,296	6,296	6,296	6,296	6,296	6,296	6,296
Rate (SAR)	SAR	1,044	1,044	1,070	1,070	1,070	1,096	1,096
<b>Total</b>	<b>SAR</b>	<b>6,569,876</b>	<b>6,569,876</b>	<b>6,734,123</b>	<b>6,734,123</b>	<b>6,734,123</b>	<b>6,902,476</b>	<b>6,902,476</b>
<b>Total GLA (Fast Food Lines)</b>	Sqm	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Rate (SAR)	SAR	1,100	1,100	1,128	1,128	1,128	1,156	1,156
<b>Total</b>	<b>SAR</b>	<b>1,210,000</b>	<b>1,210,000</b>	<b>1,240,250</b>	<b>1,240,250</b>	<b>1,240,250</b>	<b>1,271,256</b>	<b>1,271,256</b>
<b>Total GLA (Entertainment)</b>	Sqm	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Rate (SAR)	SAR	375	375	384	384	384	394	394
<b>Total</b>	<b>SAR</b>	<b>140,625</b>	<b>140,625</b>	<b>147,744</b>	<b>147,744</b>	<b>147,744</b>	<b>155,224</b>	<b>155,224</b>
<b>Total GLA (Hyper Market)</b>	Sqm	4,810	4,810	4,810	4,810	4,810	4,810	4,810
Rate (SAR)	SAR	425	425	436	436	436	447	447
<b>Total</b>	<b>SAR</b>	<b>2,044,250</b>	<b>2,044,250</b>	<b>2,095,356</b>	<b>2,095,356</b>	<b>2,095,356</b>	<b>2,147,740</b>	<b>2,147,740</b>
<b>Total GLA (ATMs)</b>	Sqm	6	6	6	6	6	6	6
Rate (SAR)	SAR	210,000	210,000	215,250	215,250	215,250	220,631	220,631
<b>Total</b>	<b>SAR</b>	<b>1,260,000</b>	<b>1,260,000</b>	<b>1,291,500</b>	<b>1,291,500</b>	<b>1,291,500</b>	<b>1,323,788</b>	<b>1,323,788</b>
<b>Total GLA (Anchor Stores)</b>	Sqm	10,313	10,313	10,313	10,313	10,313	10,313	10,313
Rate (SAR)	SAR	432	432	443	443	443	454	454
<b>Total</b>	<b>SAR</b>	<b>4,455,216</b>	<b>4,455,216</b>	<b>4,566,596</b>	<b>4,566,596</b>	<b>4,566,596</b>	<b>4,680,761</b>	<b>4,680,761</b>
<b>Total GLA (Kiosks)</b>	Sqm	1,196	1,196	1,196	1,196	1,196	1,196	1,196
Rate (SAR)	SAR	3,429	3,429	3,514	3,514	3,514	3,602	3,602
<b>Total</b>	<b>SAR</b>	<b>4,100,486</b>	<b>4,100,486</b>	<b>4,202,998</b>	<b>4,202,998</b>	<b>4,202,998</b>	<b>4,308,073</b>	<b>4,308,073</b>
<b>Total GLA (Others)</b>	Sqm	7	7	7	7	7	7	7
Rate (SAR)	SAR	1,220,000	1,220,000	1,250,500	1,250,500	1,250,500	1,281,763	1,281,763
<b>Total</b>	<b>SAR</b>	<b>8,540,000</b>	<b>8,540,000</b>	<b>8,753,500</b>	<b>8,753,500</b>	<b>8,753,500</b>	<b>8,972,338</b>	<b>8,972,338</b>
<b>Overall Revenues</b>		<b>37,222,385</b>	<b>37,222,385</b>	<b>38,156,548</b>	<b>38,156,548</b>	<b>38,156,548</b>	<b>39,114,248</b>	<b>39,114,248</b>
<b>Expenses</b>								
<b>Vacancy Rates</b>	%	<b>45%</b>	<b>40%</b>	<b>35%</b>	<b>30%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>Total</b>	<b>SAR</b>	<b>16,750,073</b>	<b>14,888,954</b>	<b>13,354,792</b>	<b>11,446,964</b>	<b>3,815,655</b>	<b>3,911,425</b>	<b>3,911,425</b>
<b>OPEX Rate</b>	%	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>OPEX</b>	<b>SAR</b>	<b>6,823,479</b>	<b>6,994,066</b>	<b>7,168,918</b>	<b>7,348,141</b>	<b>7,531,844</b>	<b>7,720,140</b>	<b>7,913,144</b>
Land Rent	SAR	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Insurance	SAR	95,930	95,930	95,930	95,930	95,930	95,930	95,930
<b>Overall Expenses</b>		<b>25,248,482</b>	<b>23,557,950</b>	<b>22,198,639</b>	<b>20,470,035</b>	<b>13,022,429</b>	<b>13,306,495</b>	<b>13,499,498</b>
<b>NOI</b>		<b>11,973,903</b>	<b>13,664,435</b>	<b>15,957,909</b>	<b>17,686,513</b>	<b>25,134,119</b>	<b>25,807,753</b>	<b>25,614,749</b>
Discount Rate	11.00%	1.00	0.90	0.81	0.73	0.66	0.59	0.53
<b>Present Value</b>		<b>11,973,903</b>	<b>12,310,302</b>	<b>12,951,797</b>	<b>12,932,226</b>	<b>16,556,623</b>	<b>15,315,645</b>	<b>13,694,691</b>
<b>Market Rate / Net Present Value</b>								

Cash Flow		2029	2030	2031	2032	2033	2034	2035	2036	2037
		7	8	9	10	11	12	13	14	15
<b>Increase Revision</b>		<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>0.00%</b>
<b>Expected Revenues</b>										
Total GLA (GF Shops)	Sqm	7,096	7,096	7,096	7,096	7,096	7,096	7,096	7,096	7,096
Rate (SAR)	SAR	1,318	1,351	1,351	1,351	1,385	1,385	1,385	1,419	1,419
<b>Total</b>	<b>SAR</b>	<b>9,352,592</b>	<b>9,586,407</b>	<b>9,586,407</b>	<b>9,586,407</b>	<b>9,826,067</b>	<b>9,826,067</b>	<b>9,826,067</b>	<b>10,071,719</b>	<b>10,071,719</b>
Total GLA (First Floor Shops)	Sqm	6,296	6,296	6,296	6,296	6,296	6,296	6,296	6,296	6,296
Rate (SAR)	SAR	1,096	1,124	1,124	1,124	1,152	1,152	1,152	1,181	1,181
<b>Total</b>	<b>SAR</b>	<b>6,902,476</b>	<b>7,075,038</b>	<b>7,075,038</b>	<b>7,075,038</b>	<b>7,251,914</b>	<b>7,251,914</b>	<b>7,251,914</b>	<b>7,433,212</b>	<b>7,433,212</b>
<b>Total GLA (Fast Food Lines)</b>	Sqm	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Rate (SAR)	SAR	1,156	1,185	1,185	1,185	1,214	1,214	1,214	1,245	1,245
<b>Total</b>	<b>SAR</b>	<b>1,271,256</b>	<b>1,303,038</b>	<b>1,303,038</b>	<b>1,303,038</b>	<b>1,335,614</b>	<b>1,335,614</b>	<b>1,335,614</b>	<b>1,369,004</b>	<b>1,369,004</b>
<b>Total GLA (Entertainment)</b>	Sqm	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Rate (SAR)	SAR	394	404	404	404	414	414	414	424	424
<b>Total</b>	<b>SAR</b>	<b>155,224</b>	<b>163,082</b>	<b>163,082</b>	<b>163,082</b>	<b>171,338</b>	<b>171,338</b>	<b>171,338</b>	<b>180,012</b>	<b>180,012</b>
<b>Total GLA (Hyper Market)</b>	Sqm	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810
Rate (SAR)	SAR	447	458	458	458	469	469	469	481	481
<b>Total</b>	<b>SAR</b>	<b>2,147,740</b>	<b>2,201,434</b>	<b>2,201,434</b>	<b>2,201,434</b>	<b>2,256,470</b>	<b>2,256,470</b>	<b>2,256,470</b>	<b>2,312,881</b>	<b>2,312,881</b>
<b>Total GLA (ATMs)</b>	Sqm	6	6	6	6	6	6	6	6	6
Rate (SAR)	SAR	220,631	226,147	226,147	226,147	231,801	231,801	231,801	237,596	237,596
<b>Total</b>	<b>SAR</b>	<b>1,323,788</b>	<b>1,356,882</b>	<b>1,356,882</b>	<b>1,356,882</b>	<b>1,390,804</b>	<b>1,390,804</b>	<b>1,390,804</b>	<b>1,425,574</b>	<b>1,425,574</b>
<b>Total GLA (Anchor Stores)</b>	Sqm	10,313	10,313	10,313	10,313	10,313	10,313	10,313	10,313	10,313
Rate (SAR)	SAR	454	465	465	465	477	477	477	489	489
<b>Total</b>	<b>SAR</b>	<b>4,680,761</b>	<b>4,797,780</b>	<b>4,797,780</b>	<b>4,797,780</b>	<b>4,917,725</b>	<b>4,917,725</b>	<b>4,917,725</b>	<b>5,040,668</b>	<b>5,040,668</b>
<b>Total GLA (Kiosks)</b>	Sqm	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196
Rate (SAR)	SAR	3,602	3,692	3,692	3,692	3,784	3,784	3,784	3,879	3,879
<b>Total</b>	<b>SAR</b>	<b>4,308,073</b>	<b>4,415,775</b>	<b>4,415,775</b>	<b>4,415,775</b>	<b>4,526,169</b>	<b>4,526,169</b>	<b>4,526,169</b>	<b>4,639,324</b>	<b>4,639,324</b>
<b>Total GLA (Others)</b>	Sqm	7	7	7	7	7	7	7	7	7
Rate (SAR)	SAR	1,281,763	1,313,807	1,313,807	1,313,807	1,346,652	1,346,652	1,346,652	1,380,318	1,380,318
<b>Total</b>	<b>SAR</b>	<b>8,972,338</b>	<b>9,196,646</b>	<b>9,196,646</b>	<b>9,196,646</b>	<b>9,426,562</b>	<b>9,426,562</b>	<b>9,426,562</b>	<b>9,662,226</b>	<b>9,662,226</b>
<b>Overall Revenues</b>		<b>39,114,248</b>	<b>40,096,082</b>	<b>40,096,082</b>	<b>40,096,082</b>	<b>41,102,663</b>	<b>41,102,663</b>	<b>41,102,663</b>	<b>42,134,620</b>	<b>42,134,620</b>
<b>Expenses</b>										
<b>Vacancy Rates</b>	%	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>Total</b>	<b>SAR</b>	<b>3,911,425</b>	<b>4,009,608</b>	<b>4,009,608</b>	<b>4,009,608</b>	<b>4,110,266</b>	<b>4,110,266</b>	<b>4,110,266</b>	<b>4,213,462</b>	<b>4,213,462</b>
<b>OPEX Rate</b>	%	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>OPEX</b>	<b>SAR</b>	<b>8,110,972</b>	<b>8,313,747</b>	<b>8,521,590</b>	<b>8,734,630</b>	<b>8,952,996</b>	<b>9,176,821</b>	<b>9,406,241</b>	<b>9,641,397</b>	<b>9,882,432</b>
Land Rent	SAR	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000	1,579,000
Insurance	SAR	95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930
<b>Overall Expenses</b>		<b>13,697,327</b>	<b>13,998,285</b>	<b>14,206,128</b>	<b>14,419,168</b>	<b>14,738,192</b>	<b>14,962,017</b>	<b>15,191,437</b>	<b>15,529,789</b>	<b>15,770,824</b>
<b>NOI</b>		<b>25,416,921</b>	<b>26,097,797</b>	<b>25,889,953</b>	<b>25,676,913</b>	<b>26,364,471</b>	<b>26,140,646</b>	<b>25,911,225</b>	<b>26,604,831</b>	<b>26,363,796</b>
Discount Rate	11.00%	0.48	0.43	0.39	0.35	0.32	0.29	0.26	0.23	0.21
<b>Present Value</b>		<b>12,242,274</b>	<b>11,324,526</b>	<b>10,121,024</b>	<b>9,043,010</b>	<b>8,365,007</b>	<b>7,472,064</b>	<b>6,672,510</b>	<b>6,172,183</b>	<b>5,510,148</b>
<b>Market Rate / Net Present Value</b>										<b>172,657,931</b>

**Discount Rate**

Discount Rate	9.00%	10.00%	11.00%	12.0%	13.0%
<b>Market Value</b>	182,407,165	171,038,761	<b>172,657,931</b>	151,233,951	142,592,797



#### 4.1 VALUATION NOTES

- As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology (DCF).
- The market rates are used based the actual rates within the project which are used as market actual transactions.

#### 4.2 SUBJECT PROPERTY VALUE

We are of an opinion that the total value of the leasing right of the subject property taking into consideration the purpose of valuation by using the Discounted Cash Flow Approach is:

**Property Value: SAR 172,657,931**  
**Rounded Value: SAR 172,650,000**  
**One hundred seventy-two million six hundred fifty thousand Saudi Riyals**

#### 4.3 REPORT USE

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

#### 4.4 DISCLAIMER

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

#### 4.5 CONCLUSION

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

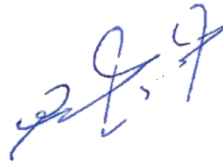
#### 4.6 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



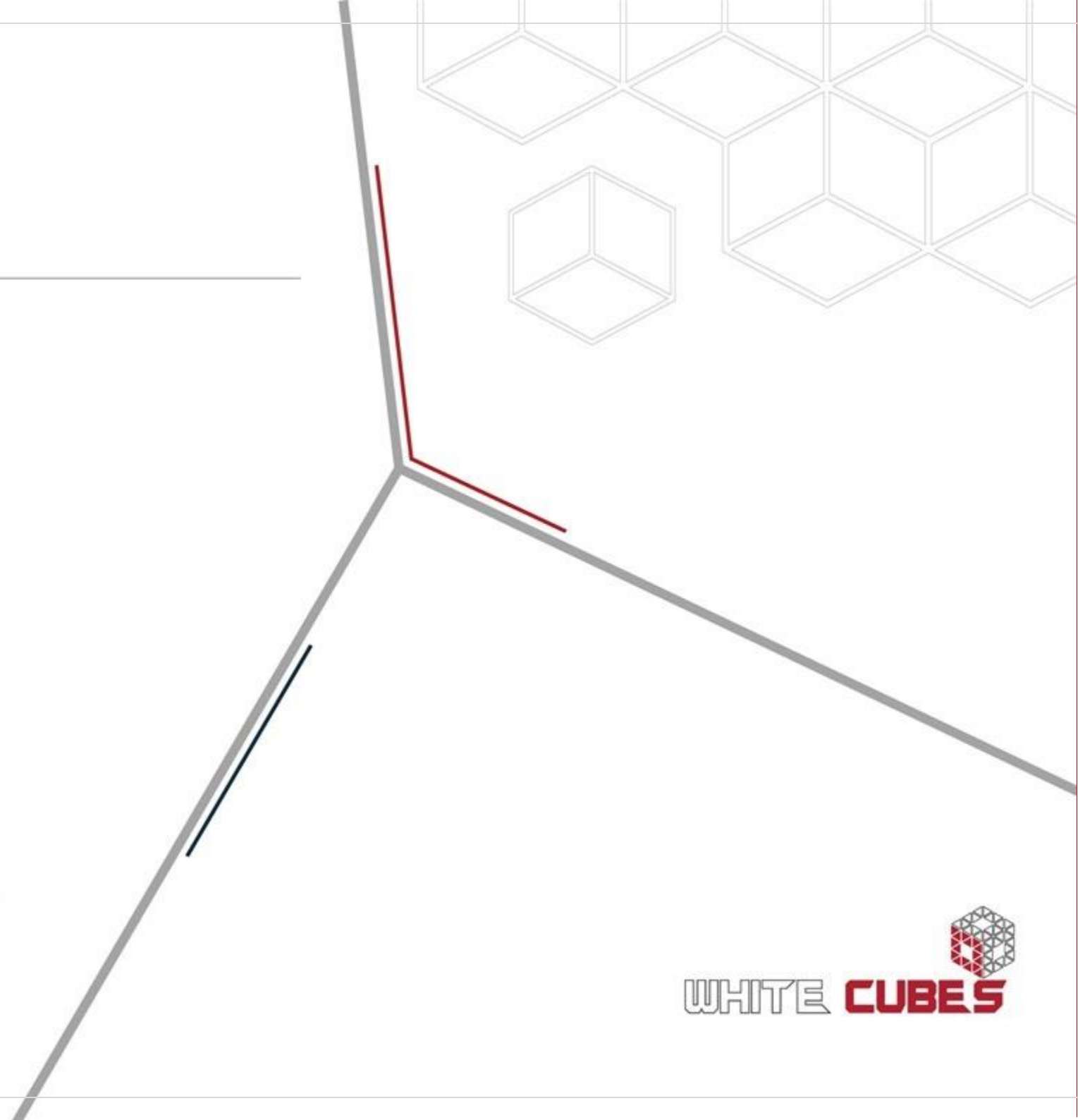
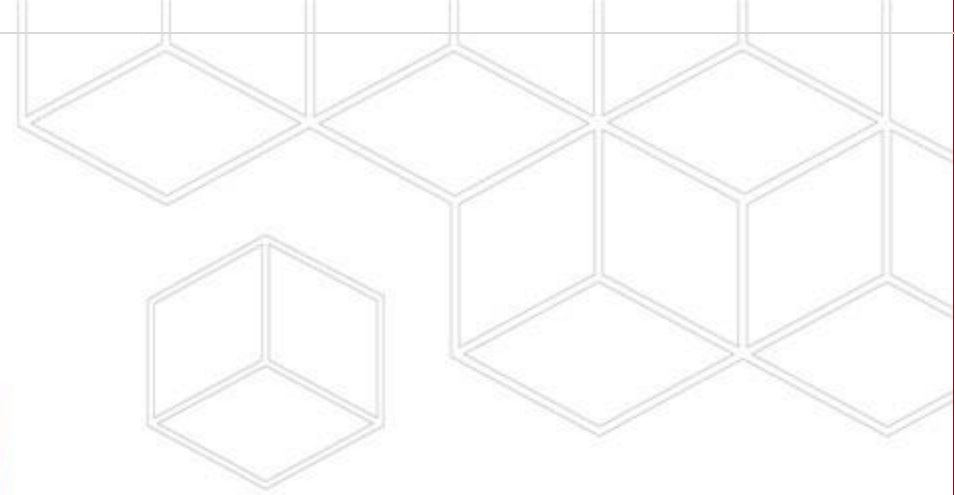
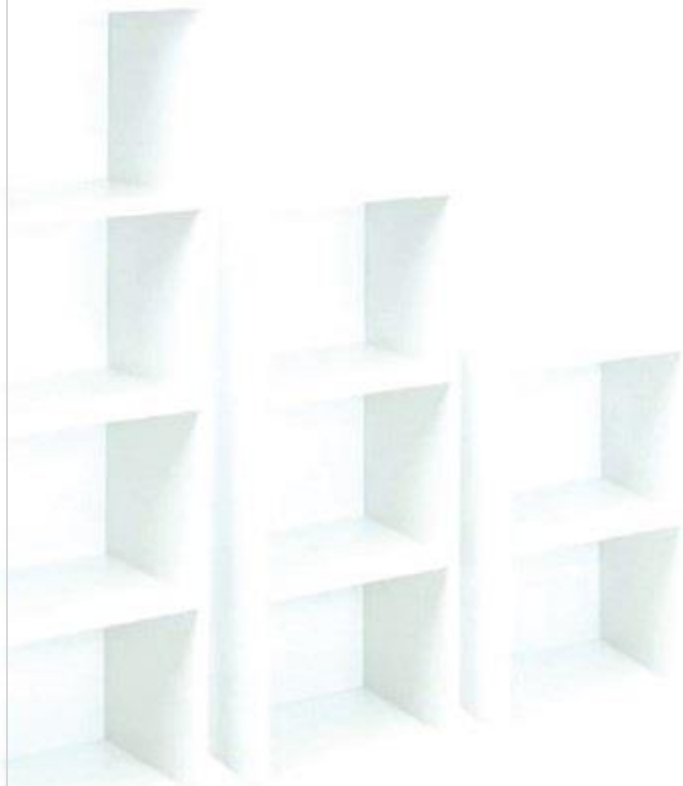
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



**PALAZZO PLAZA**  
**AL KHABEER CAPITAL**  
Awal Al Malqa Real Estate Company

Riyadh City  
June 2022

Valuation Report





---

**REF:** 22-0112-9EN  
**Date:** 26/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for Palazzo Plaza in Riyadh city, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service Commercial project (Pallazzo Plaza) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

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 (Please Click on the Title for Direct Access)

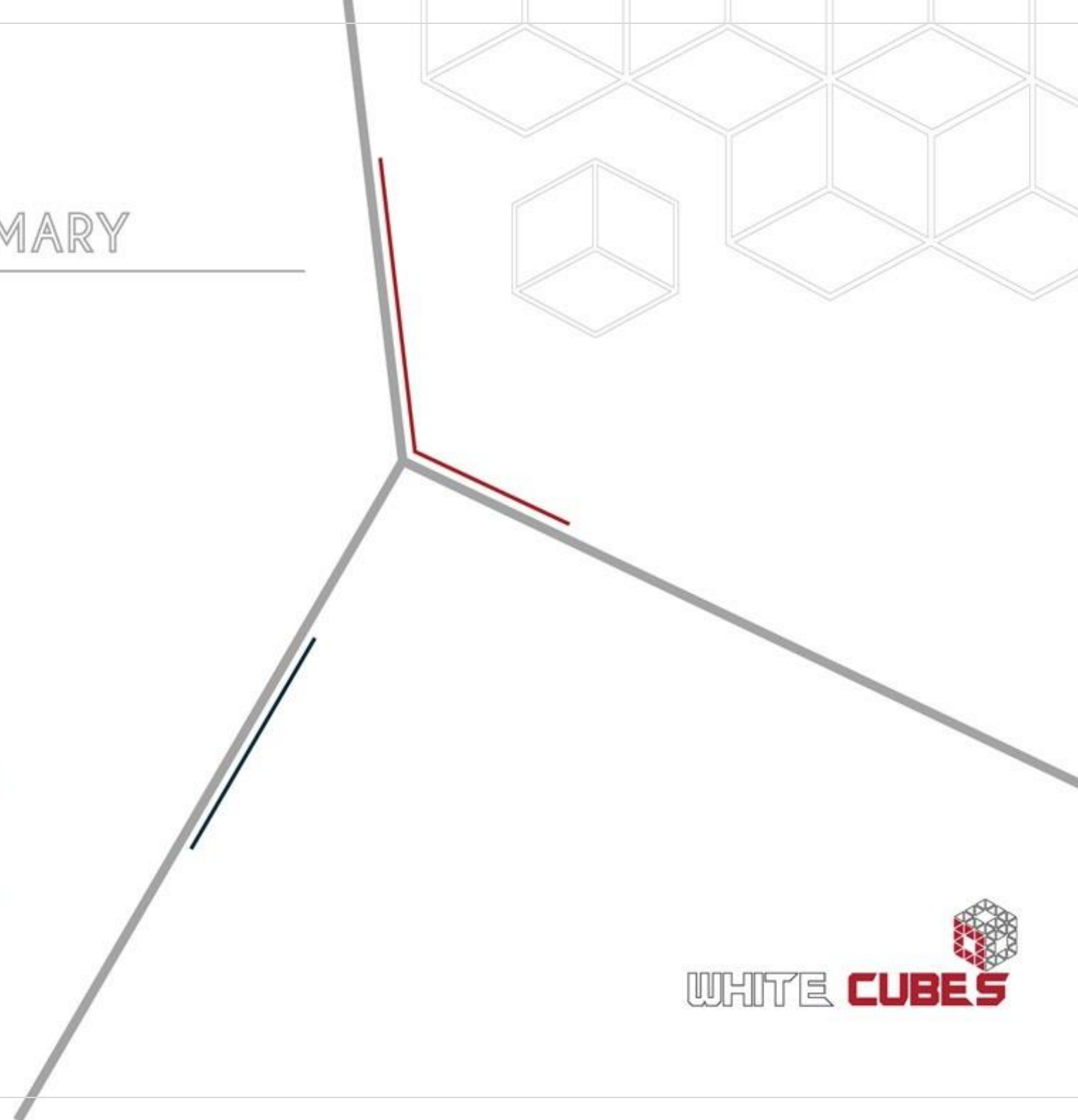
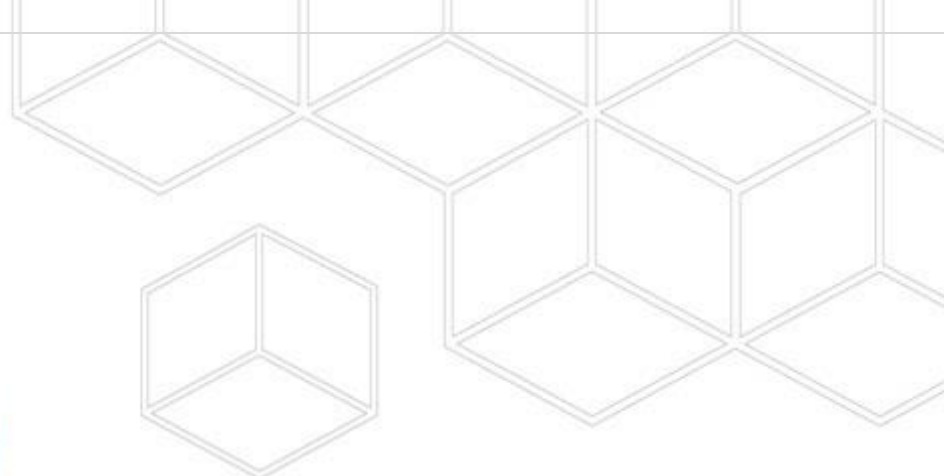
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# EXECUTIVE SUMMARY

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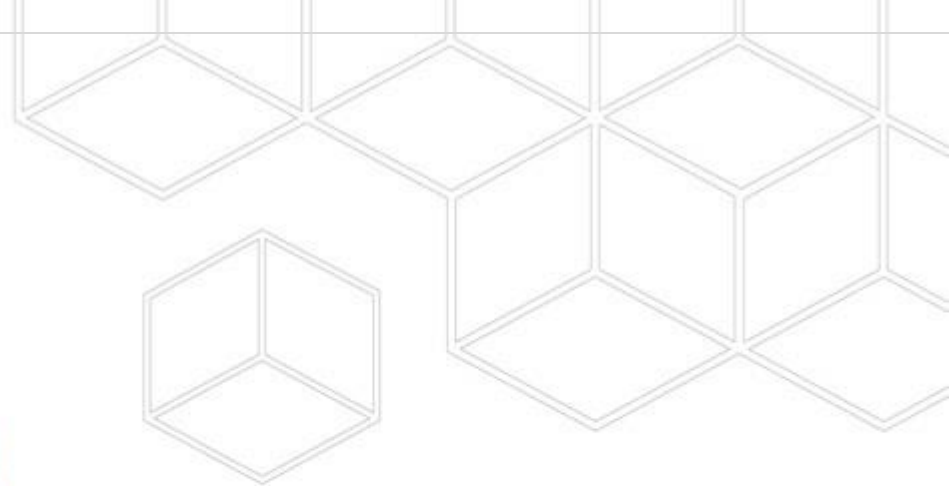
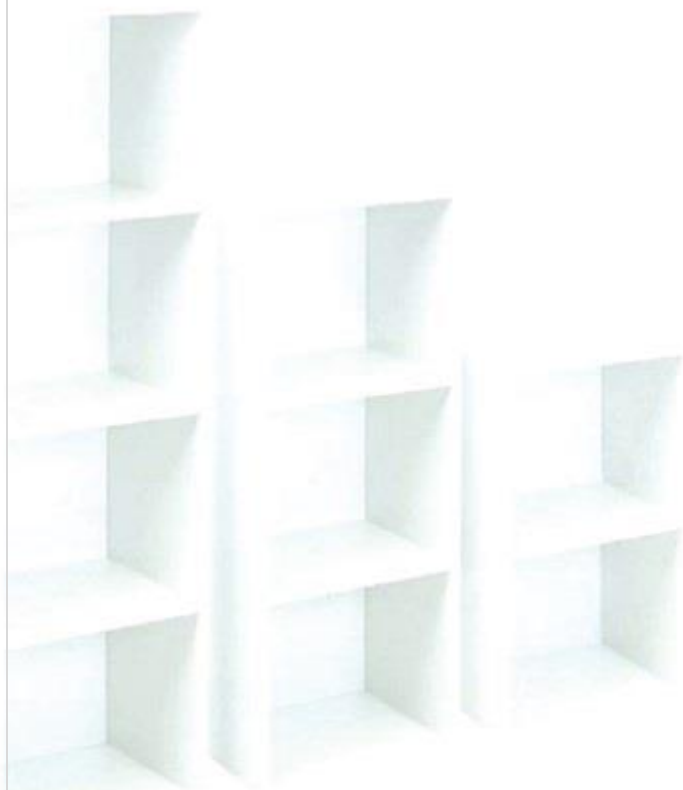


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for Palazzo Plaza in Riyadh city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-9EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT) Purpose
<b>Subject Property</b>	Commercial Project.
<b>Property Location</b>	The property is located in As Sulimaniyah district, Riyadh city.
<b>Title Deed Information</b>	Title Deed No: 214002002200, date: 14/09/1440, Issued from Riyadh Center Primary Notarial.
<b>Ownership Type</b>	Mortgage.
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 6,050 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 5,648.24 Sqm.
<b>Vacancy Rate</b>	Based on the tenant list provided by the client, the total GLA is 5,941 Sqm due to terraces on the first floor which are not included in the BUA and leased to tenants.
<b>Valuation Approach</b>	The Comparable Approach, The Depreciated Replacement Cost (DRC), The Income Capitalization Method.
<b>Final Property Value</b>	SAR 68,410,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

---



## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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

**AND  
WILLING  
SELLER**

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

**IN AN ARM'S  
LENGTH  
TRANSACTION**

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

**AFTER  
PROPER  
MARKETING**

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

**KNOWLEDGEABLY  
AND  
PRUDENTLY**

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

**AND  
WITHOUT  
COMPULSION**

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 15, 2022.

#### 1.6 VALUATION DATE

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

June 26, 2022.

#### 1.7 REPORT DATE

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

June 26, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for **Real Estate Investment Trust (REIT) Purpose**. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Comparable Approach, The Cost Approach, The Income Capitalization Method**.

#### 1.10 INSPECTION ROLE

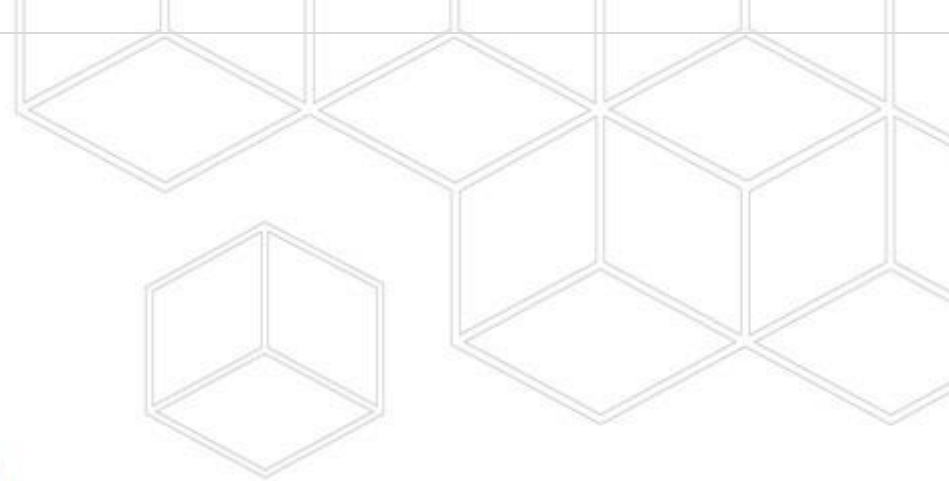
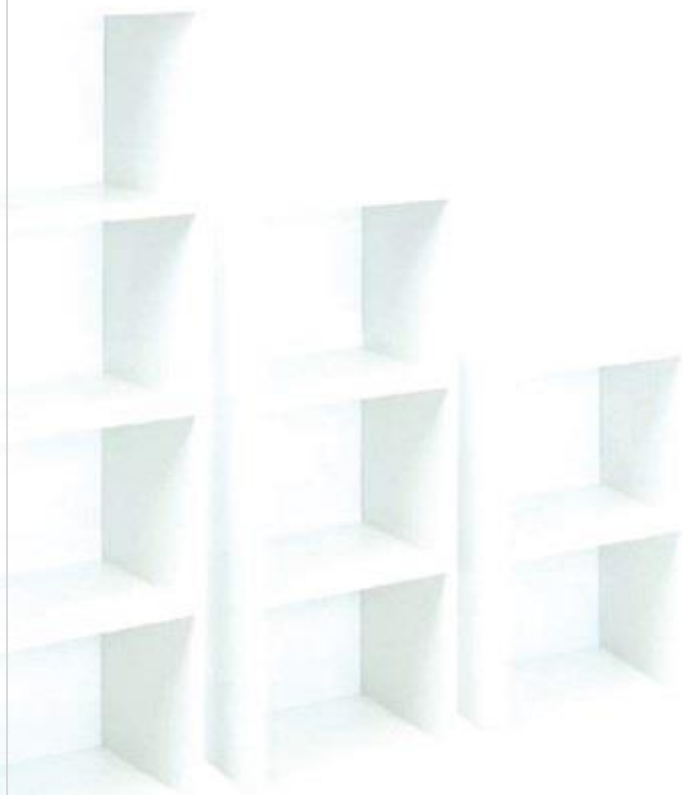
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

- Property Description** The subject property is a Commercial Project (Pallazzo Plaza) located in Riyadh city. Based on the provided copies of the title deed and the construction permit, the project has a total land area of 6,050 Sqm, and a total BUA of 5,648.24 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is open on 4 sides with a direct view on King Muhammad V Road where all the infrastructure facilities such as water, electricity, sewage, and telecommunication are available in the surrounding and connected to the subject property.
- Location Description** The property subject of valuation is a commercial project located in Al Sulaymaniah district, Riyadh City.  
 The property is bordered from the north by Al Ayinah Street  
 The property is bordered from the south by a Rawifa Ibn Thabit Street  
 The Property is bordered from the east by King Muhammad Road  
 The property is bordered to the west by Ibn Rayyan Street
- Ease of Access** Based on the current location of the subject property, the access level is moderate, since it is located on King Mohammad V Road.
- Area Surrounding the Property** The subject property is mostly surrounded by residential and commercial buildings.

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

## 2.2 INFRASTRUCTURE FACILITIES

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



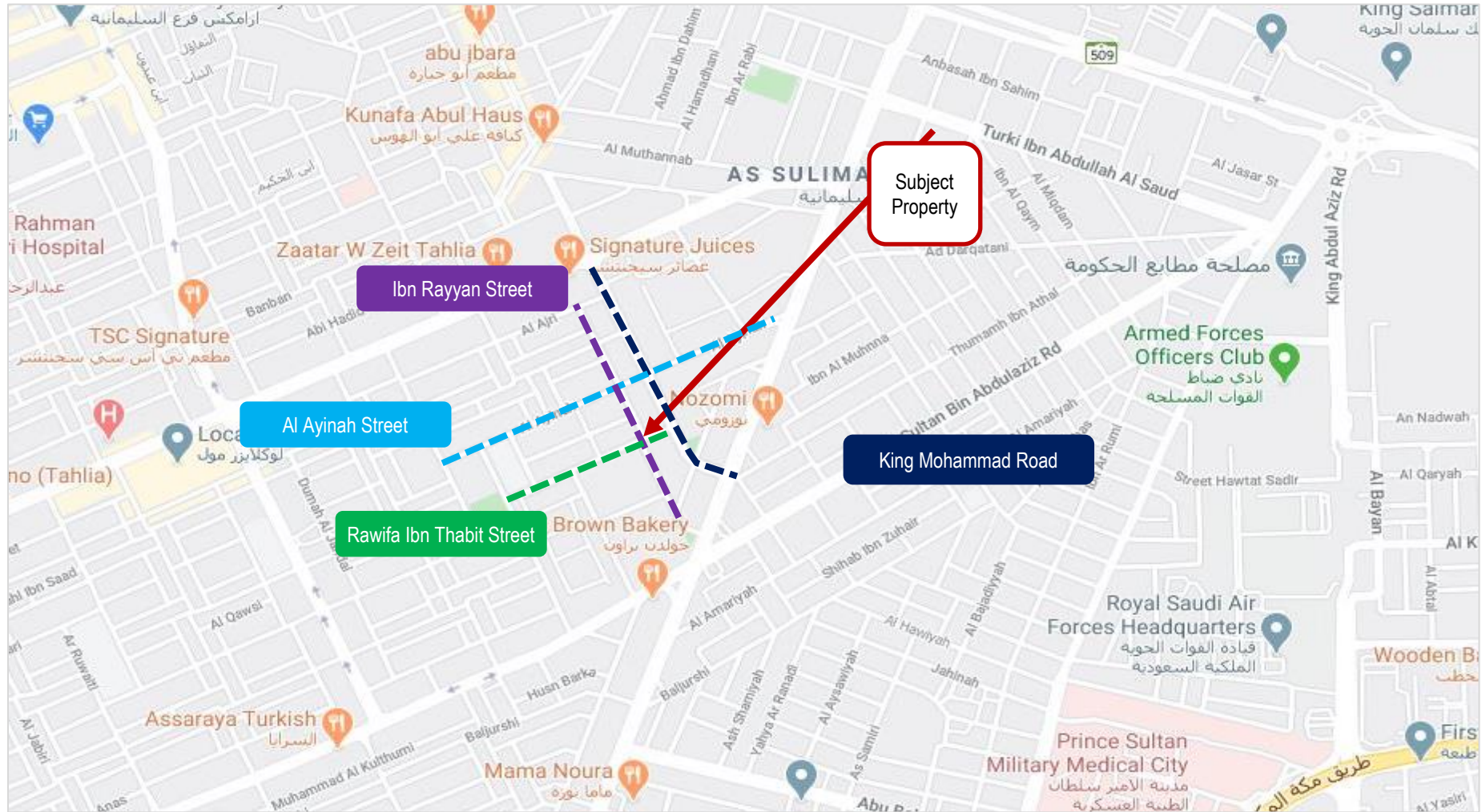
### 2.3 LOCATION

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



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Riyadh	<b>Land Area</b>	6,050
<b>District</b>	Sulaymaniyah	<b>Plot No.</b>	333 to 342
<b>T.D Type</b>	Electronic	<b>Block No.</b>	35
<b>T.D Number</b>	214002002200	<b>Layout No.</b>	690
<b>T.D Date</b>	14/09/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Al Ayyinah Street	<b>East Side</b>	King Mohammad Road
<b>South Side</b>	Rawifah Ibn Thabit Street	<b>West Side</b>	Ibn Rayyan Street

### Notes

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

## 2.6 CONSTRUCTION & BUILDINGS

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

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

The Client has provided us with a copy of the Construction Permit with the below details:

Subject Property				
Construction Permit Type				Add Building Components
Property Type				Commercial Project
Construction Permit No.				2925/1437
Construction Permit Date				17/02/1437

Description	No. of Units	Area (sqm)	Use
Mezzanine	---	2,603.70	Commercial
Commercial Ground Floor	15	2,916.20	Commercial
Electricity Room	---	128,34	Services
Fences	1	171 m	Services
<b>Total BAU (sqm)</b>		<b>5,648.24</b>	

As per the provided construction permit, the total BUA is 5,648.24 Sqm, which will be used in our valuation analysis.

## 2.7 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 400,000 SAR per year, which includes all management and maintenance expenses in addition to 25,000 SAR insurance premium expenses.

## 2.8 INSURANCE

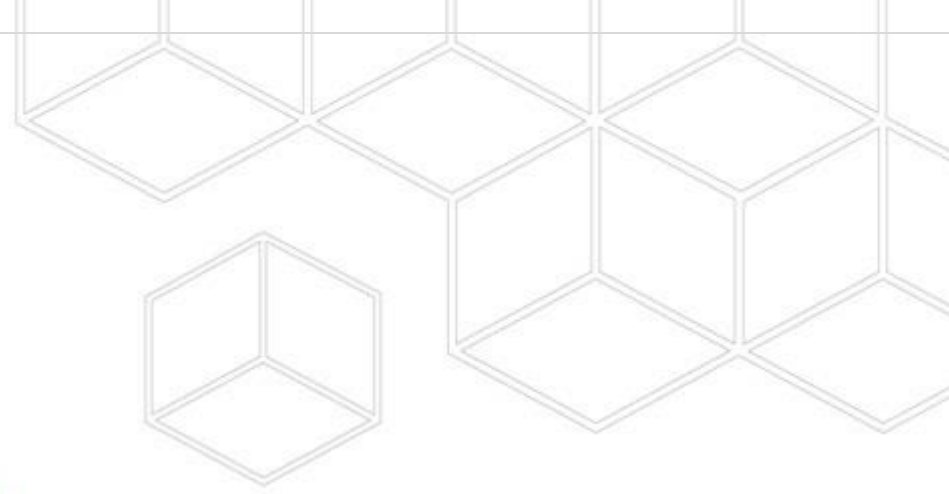
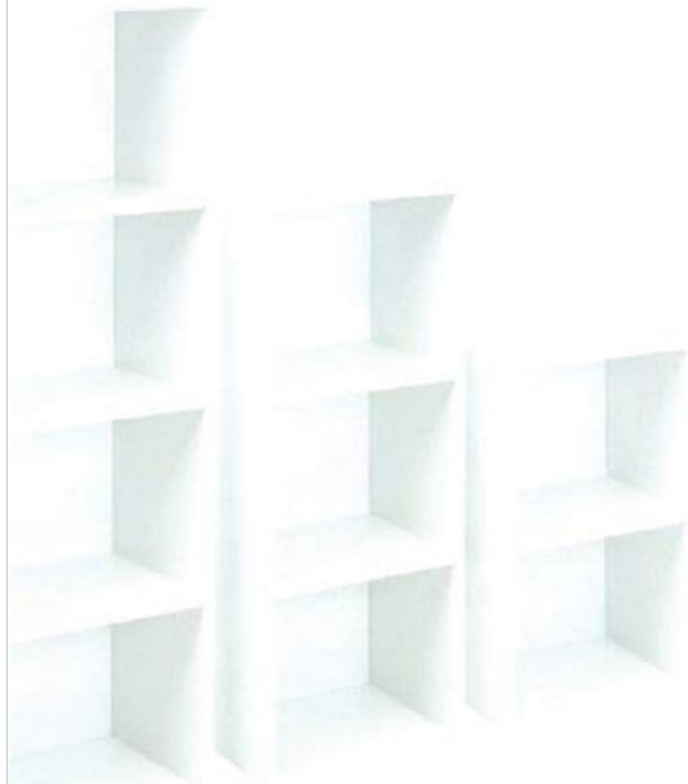
Based on the information provided to us by the client, the total costs of the subject property are 25,000 SAR insurance premium expenses.

2.9 PHOTO RECORD



# MARKET INDICATORS

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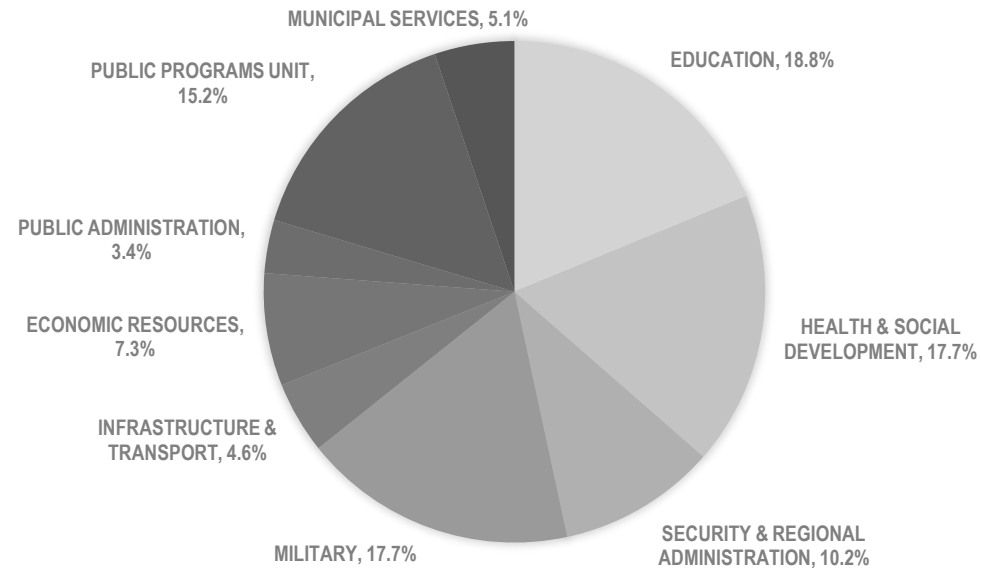
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Direct view on the main road, King Mohammad V Road.</li> <li>- Newly constructed commercial project.</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- None.</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Increase in the demand for such properties in the surrounding area due to the high concentration of residential units.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

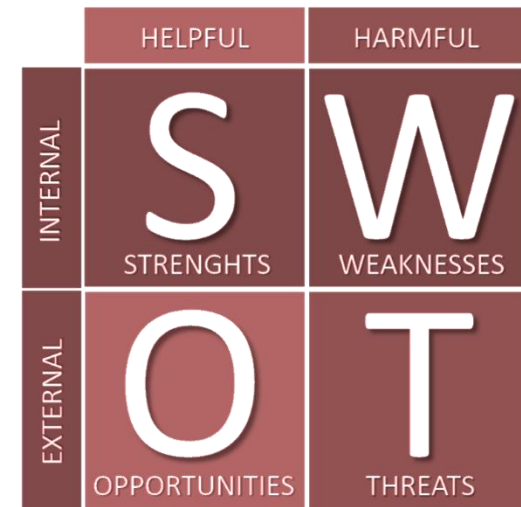
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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





Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

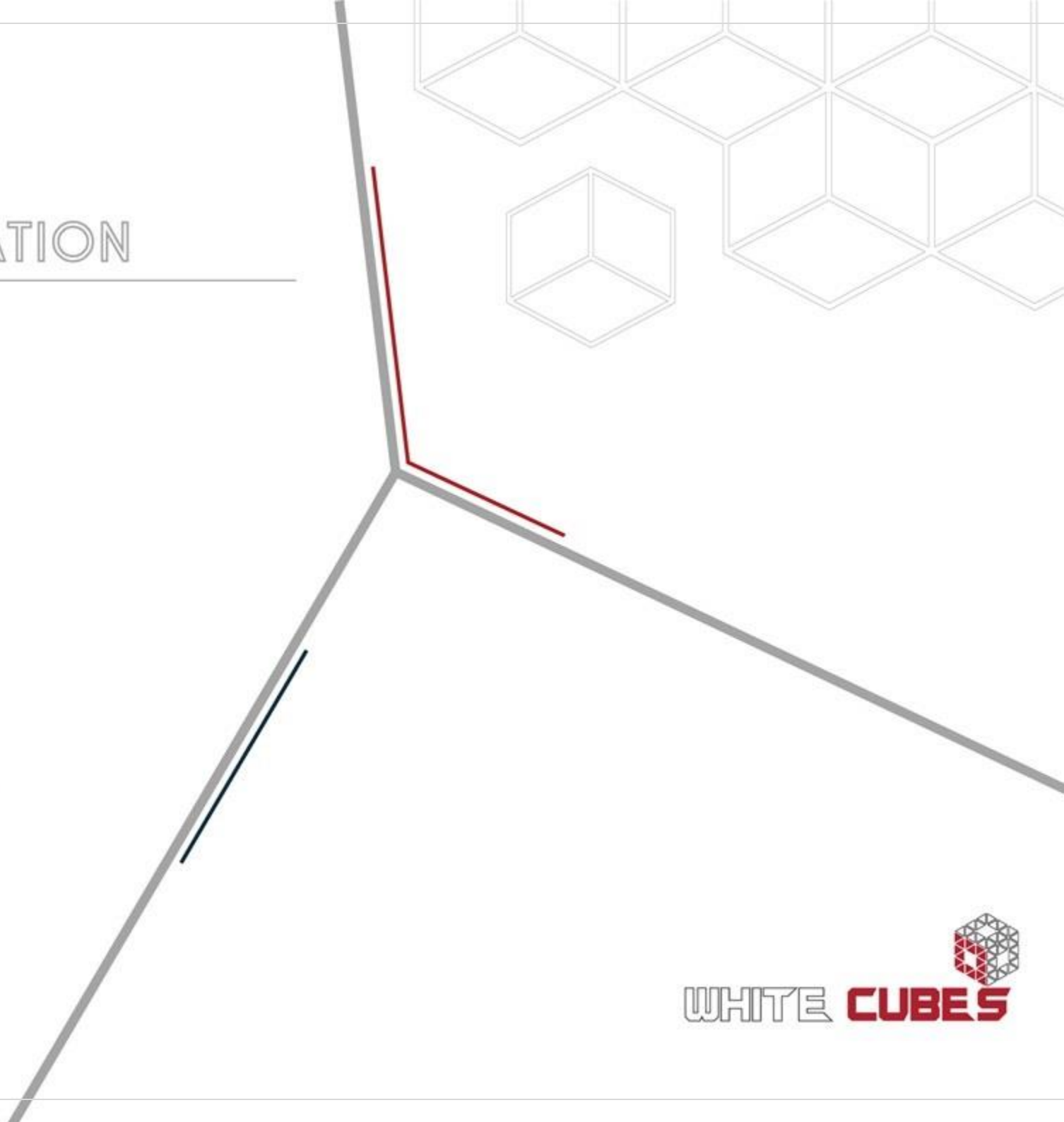
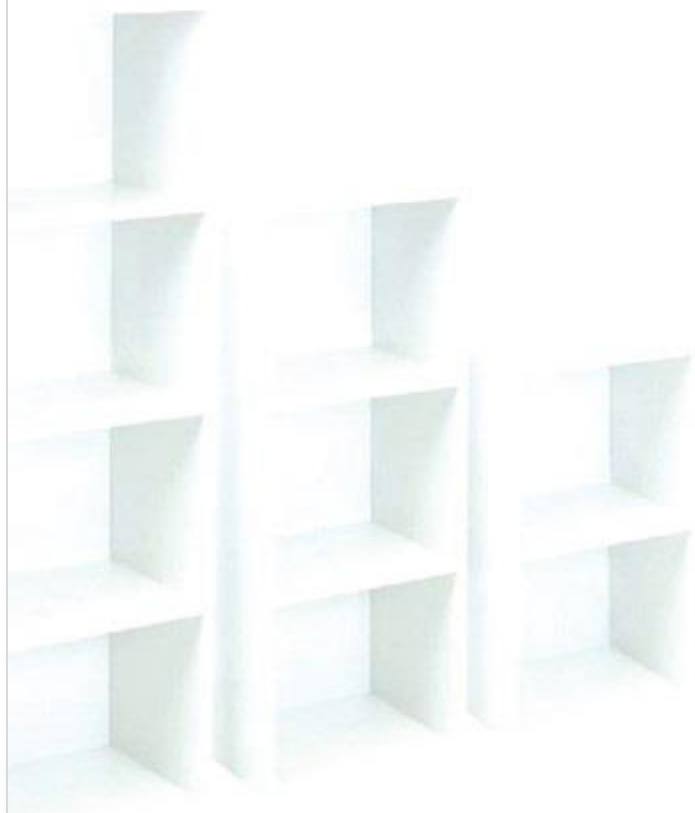
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6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

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

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECEIVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## **4.7 INPUT VALUATION PROCESS**

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

## 4.8 COMPARABLE APPROACH

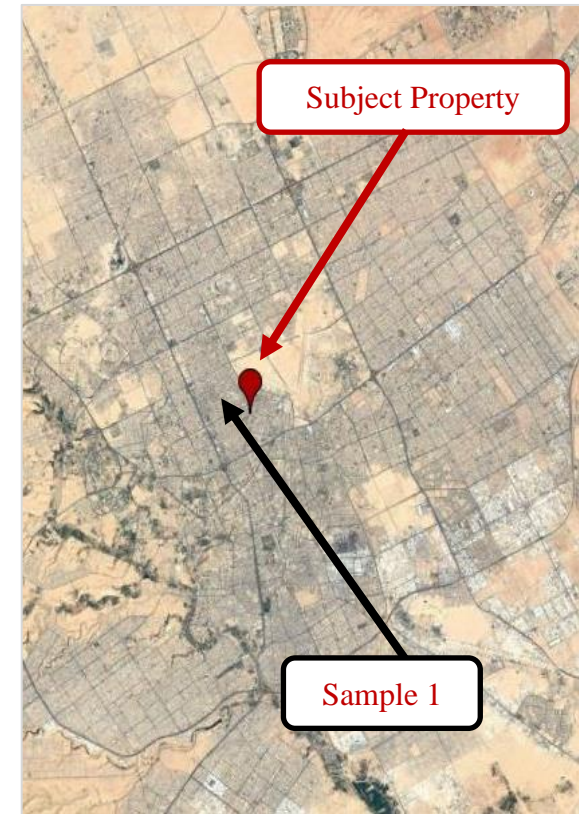
Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Sulaimaniyya	Al Sulaimaniyya
Sale Price	-----	SAR 73,800,000
Data Source	Title Deed	Market Survey
Area Size	6,050.00	9,000.00
SAR / Sqm	-----	SAR 8,200
Sides Open	3	4

Adjustment Analysis		
		SAMPLE 1
Area size	6,050.00	9,000.00
Location Desirability	High	Average
Accessibility	Excellent	Average
Main Street Width (m)	40	40
Sides Open	3	4
Land Shape	Regular	Regular
Close to main street	Yes	Yes
Negotiable	-----	Yes
Other Factor	-----	-----
Total Adjustments Ratio		-3.00%
Total Adjustment Amount		-SAR 246.0
Net After Adjustment		SAR 7,954.0

SAR / Sqm	<b>SAR 7,954</b>
Rounded Value	<b>SAR 8,000</b>



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	6,050	6,050	6,050	6,050	6,050
SAR / Sqm	SAR 7,200.0	SAR 7,600.0	SAR 8,000.0	SAR 8,400.0	SAR 8,800.0
Property Value	SAR 43,560,000	SAR 45,980,000	SAR 48,400,000	SAR 50,820,000	SAR 53,240,000
	<b>PROPERTY VALUE</b>				

According to the market survey done by our team for the purpose of valuation, we were not able to find samples similar to the subject property in terms of size, use, location. Yet, we have conducted trade interviews with several local real estate agents where they agreed that the average rates for such lands falls between 7,500 and 8,000 SAR/ Sqm, we will base our valuation on the average rate 8,000 SAR/ Sqm.

#### 4.9 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 900	SAR 1,100	SAR 1,000
<b>MEP</b>	SAR 550	SAR 650	SAR 600
<b>Finishing Materials</b>	SAR 350	SAR 450	SAR 400
<b>Site Improvements</b>	SAR 100	SAR 140	SAR 120
<b>Owner Profit</b>	18%	22%	20%

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

<b>LAND</b>			
Land Area	SAR / Sqm	Total Value	
6,050.00	SAR 8,000	SAR 48,400,000	
<b>Building</b>			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	2,916.20
Mezzanine	Sqm	1	2,603.70
Electricity Room	Sqm	-	128.34
Fences	Lm	----	171.00
<b>Total (SQM)</b>	<b>5,648.24</b>		



Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	5,648.24	SAR 1,000	SAR 5,648,240	100%	SAR 5,648,240
Electro Mechanic	5,648.24	SAR 600	SAR 3,388,944	100%	SAR 3,388,944
Finishing	5,648.24	SAR 400	SAR 2,259,296	100%	SAR 2,259,296
Fit outs & Appliances	5,648.24	SAR 0	SAR 0	100%	SAR 0
Furniture	5,648.24	SAR 0	SAR 0	100%	SAR 0
Site Improvement	6,050.00	SAR 120	SAR 726,000	100%	SAR 726,000
<b>Total</b>			<b>SAR 12,022,480</b>	<b>100.00%</b>	<b>SAR 12,022,480</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 12,022,480	0.10%	SAR 12,022
Design			SAR 12,022,480	1.00%	SAR 120,225
Eng Consultant			SAR 12,022,480	1.00%	SAR 120,225
Management			SAR 12,022,480	5.00%	SAR 601,124
Contingency			SAR 12,022,480	5.00%	SAR 601,124
Others			SAR 12,022,480	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 1,454,720.08</b>
<b>Total Hard Cost</b>	<b>SAR 12,022,480</b>		<b>BUA</b>	<b>5,648.24</b>	
<b>Total Soft Cost</b>	<b>SAR 1,454,720.08</b>		<b>SAR / Sqm</b>	<b>SAR 2,386</b>	
<b>Total Construction Cost</b>	<b>SAR 13,477,200.08</b>		<b>Overall Completion</b>	<b>100.0%</b>	

After knowing the total construction costs at a rate of 2,386 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 13,477,200</b>	<b>Net Dep Rate</b>	<b>6.00%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 12,668,568</b>
<b>Economic Age</b>	<b>50</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>2.00%</b>	<b>Developer Profit Rate</b>	<b>20.0%</b>
<b>Actual Age</b>	<b>3</b>	<b>Dev. Profit Amount</b>	<b>SAR 2,533,714</b>
<b>Total Dep Rate</b>	<b>6.00%</b>	<b>Development Value</b>	<b>SAR 15,202,282</b>
<b>Add Appr Rate</b>	<b>0.00%</b>		
<b>Net Dep Rate</b>	<b>6.00%</b>		

The total value of the building is 15,202,282 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 15,202,282	SAR 48,400,000	SAR 63,602,282	SAR 63,600,000

#### 4.10 INCOME APPROACH- MARKET RATES

##### Market Rental Analysis

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

Comparable	Commercial Showroom Units
	Rental Rate/ Sqm
Comparable 1	1,375 SAR/ Sqm
Comparable 2	1,100 SAR/ Sqm
Average	1,250 SAR/ Sqm



### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 8% to 12% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

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

### Property Operation and Maintenance Expenses

The maintenance and operation costs of the project are assumed accordingly to market averages for similar projects. Therefore, we will apply the rate of 9% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.25%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	8.00%
Maximum capitalization rate	9.00%
<b>Average</b>	<b>8.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% several major methods
General condition of the property	----- -0.25% The actual age of the property is 1 years
The general location of the property	----- -0.25% The area is served excellently
Quality and finishes	----- 0.25% Average quality finishes
Project Management Team	----- 0.00% Average management and operational team level
Services and public facilities	----- 0.25% level and availability of services is average
<b>Total</b>	<b>-0.25%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	<b>-0.25%</b>
<b>Capitalization rate, according to market averages</b>	<b>9%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>8.25%</b>

REVENUES						
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Show Rooms	5,941		0	SAR 1,250	SAR 0	SAR 7,426,250
-----	0		0	SAR 0	SAR 0	SAR 0
-----	0		0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>						<b>SAR 7,426,250</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	3.00%	3.00%	3.00%	15.00%	24.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 7,426,250	24.00%	SAR 5,643,950			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
<b>Total</b>			<b>SAR 5,643,950</b>			
<b>Total Property Revenues</b>			SAR 7,426,250			
<b>Total Property Expenses</b>			-SAR 1,782,300			
<b>Net Operating Income</b>			<b>SAR 5,643,950.00</b>			
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>			
SAR 5,643,950.00	8.25%	68,411,515.15 SAR	<b>68,410,000.00 SAR</b>			

#### 4.11 INCOME APPROACH- ACTUAL RATES

##### Actual Rental Analysis

The client provided us with the list of tenants related to the subject property and which are shown below:

Unit #	Unit Condition	Leased Area (sqm)	Gregorian Total Income
1	Leased	367.35	SAR 415,883
2	Leased	366.18	SAR 568,906
3	Leased	370.68	SAR 364,162
4	Vacant	415.25	-
5	Leased	415.25	SAR 394,499
6	Leased	415.25	SAR 563,570
7	Leased	415.25	SAR 383,691
8&9	Leased	830.50	SAR 657,756
10&11	Vacant	830.50	-
12	Vacant	415.25	-
13	Leased	366.18	SAR 592,226
14&15	Leased	749.33	SAR 750,079
			<b>SAR 4,690,773</b>

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

REVENUES						
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Show Rooms	0		0	SAR 0		SAR 4,690,773
					<b>Total Revenues</b>	<b>SAR 4,690,773</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Show Rooms	SAR 0	SAR 0	SAR 0	SAR 0	SAR 500,000	
					<b>Total</b>	<b>SAR 500,000</b>
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 4,690,773	SAR 500,000	SAR 4,190,773			
			<b>Total</b>	<b>SAR 4,190,773</b>		
<b>Total Property Revenues</b>			SAR 4,690,773			
<b>Total Property Expenses</b>			-SAR 500,000			
<b>Net Operating Income</b>			<b>SAR 4,190,773.00</b>			
<b>Net Operating Income</b>		<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>	
SAR 4,190,773.00		8.25%	50,797,248.48 SAR		<b>50,800,000.00 SAR</b>	

#### 4.12 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Actual	Property	SAR 50,800,000	Fifty Million Eight Hundred Thousand Saudi Riyals
Income- Market	Property	SAR 68,410,000	Sixty-Eight Million and Four Hundred Ten Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 63,600,000	Sixty-Three Million and Six Hundred Thousand Saudi Riyals

#### 4.13 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 68,410,000**  
**Sixty-Eight Million and Four Hundred Ten Thousand Saudi Riyals**

#### 4.14 REPORT USE

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

#### 4.15 DISCLAIMER

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

#### 4.16 CONCLUSION

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

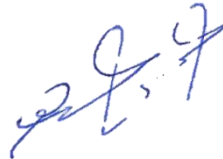
#### 4.17 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



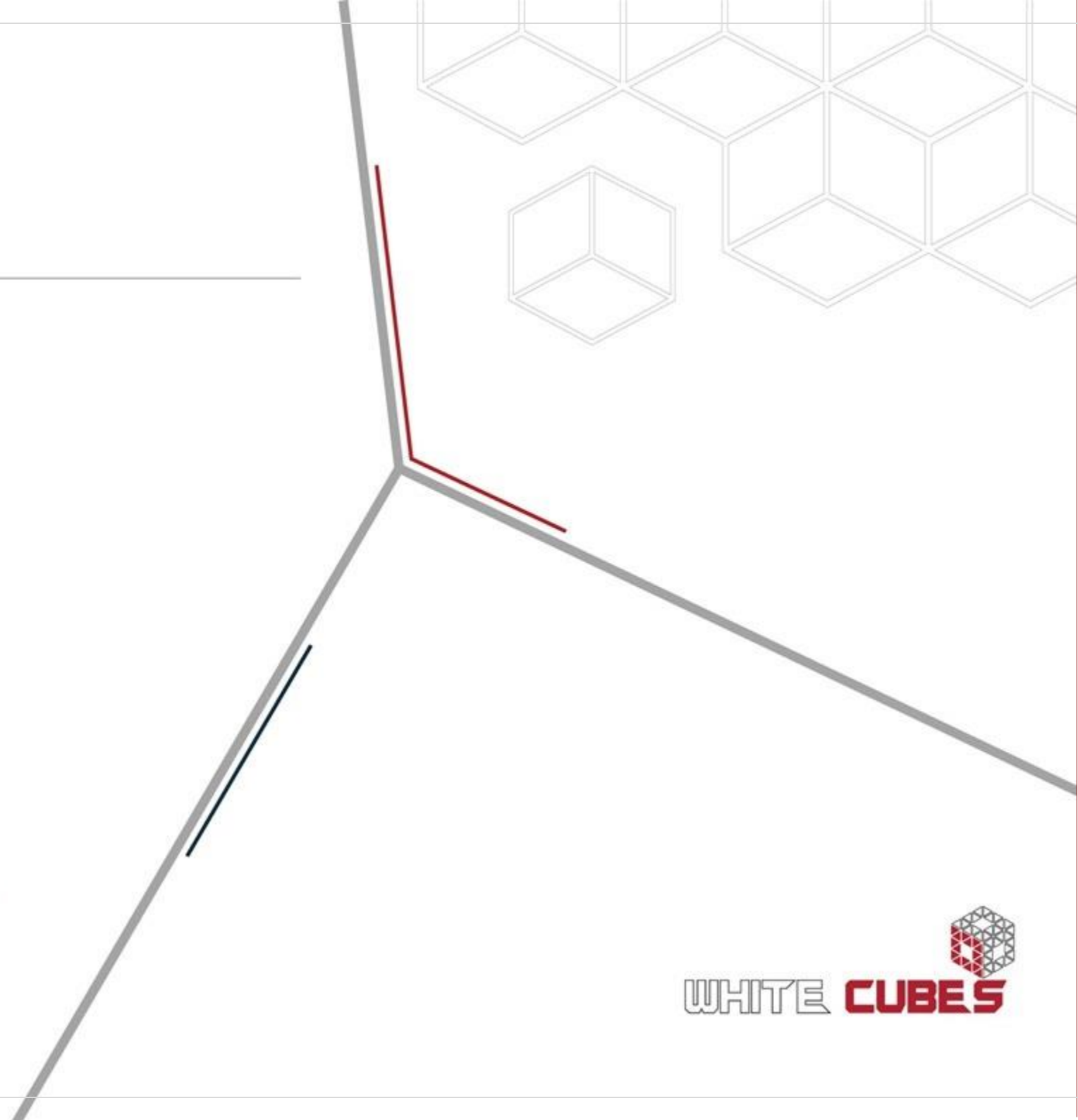
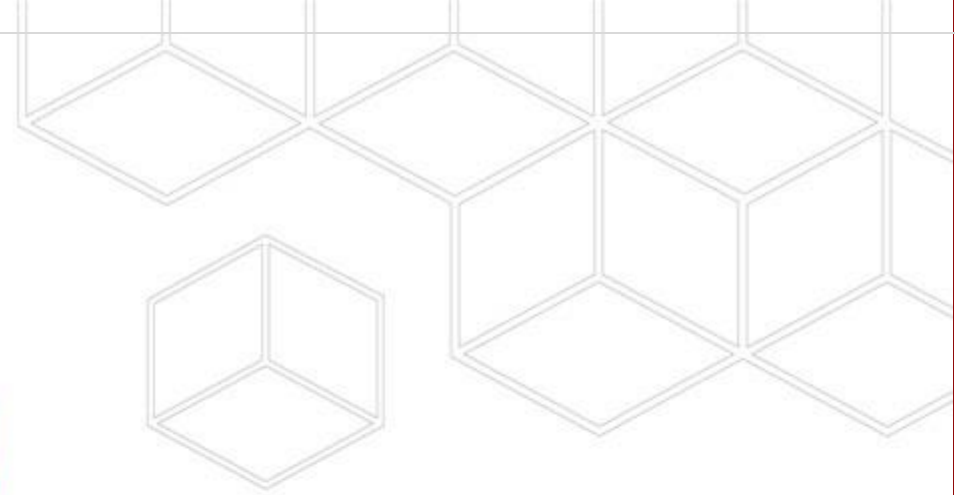
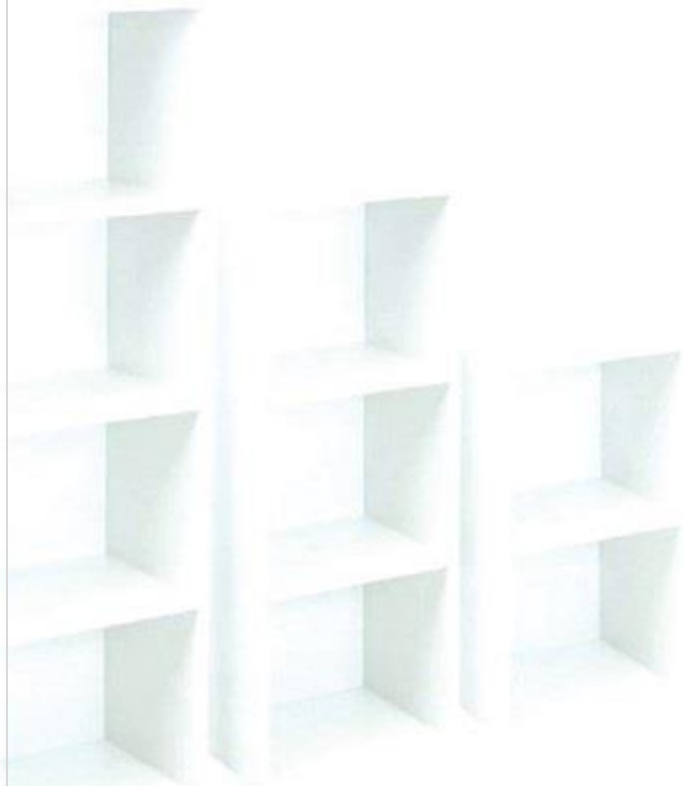
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



**Al Malqa Compound**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Riyadh City  
June 2022

Valuation Report





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**REF:** 22-0112-8EN  
**Date:** 26/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

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

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of the residential project (Malqa Compound) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

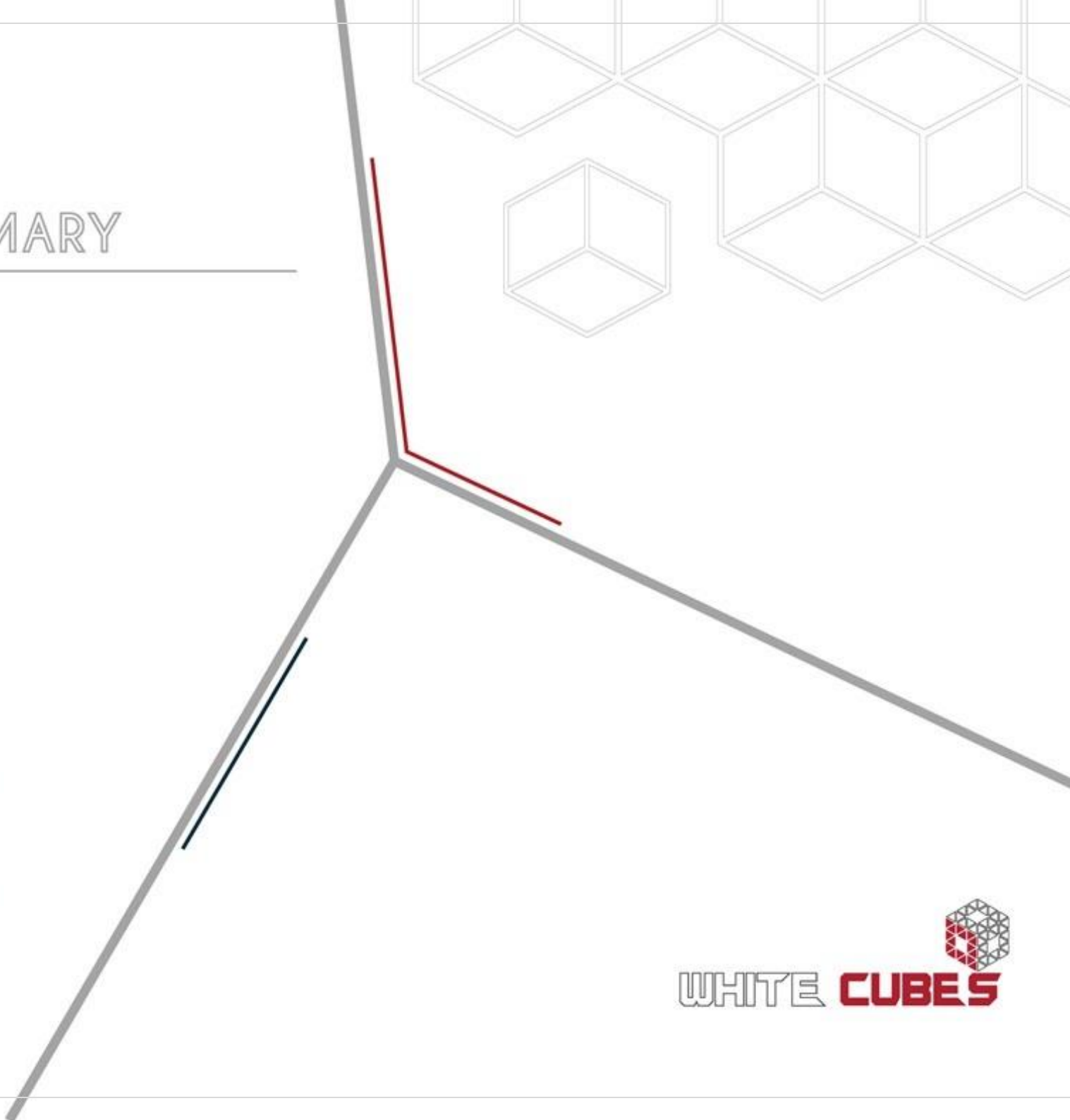
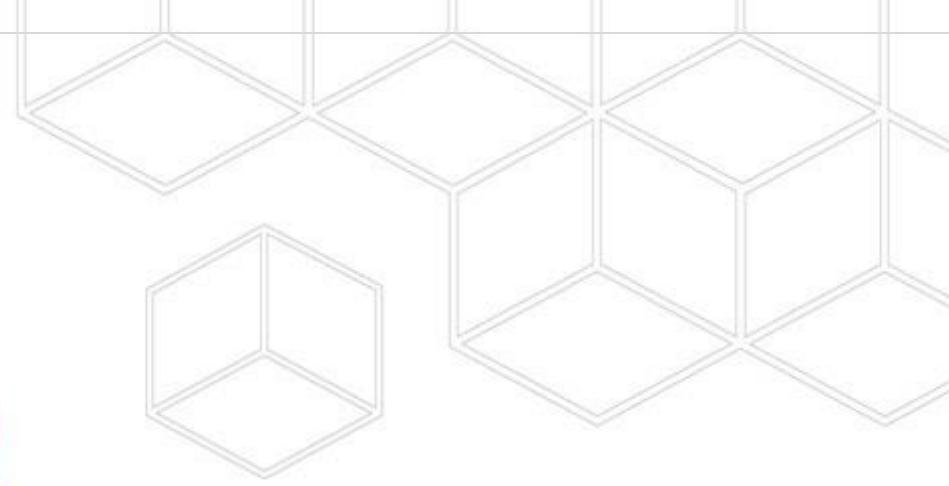
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# EXECUTIVE SUMMARY

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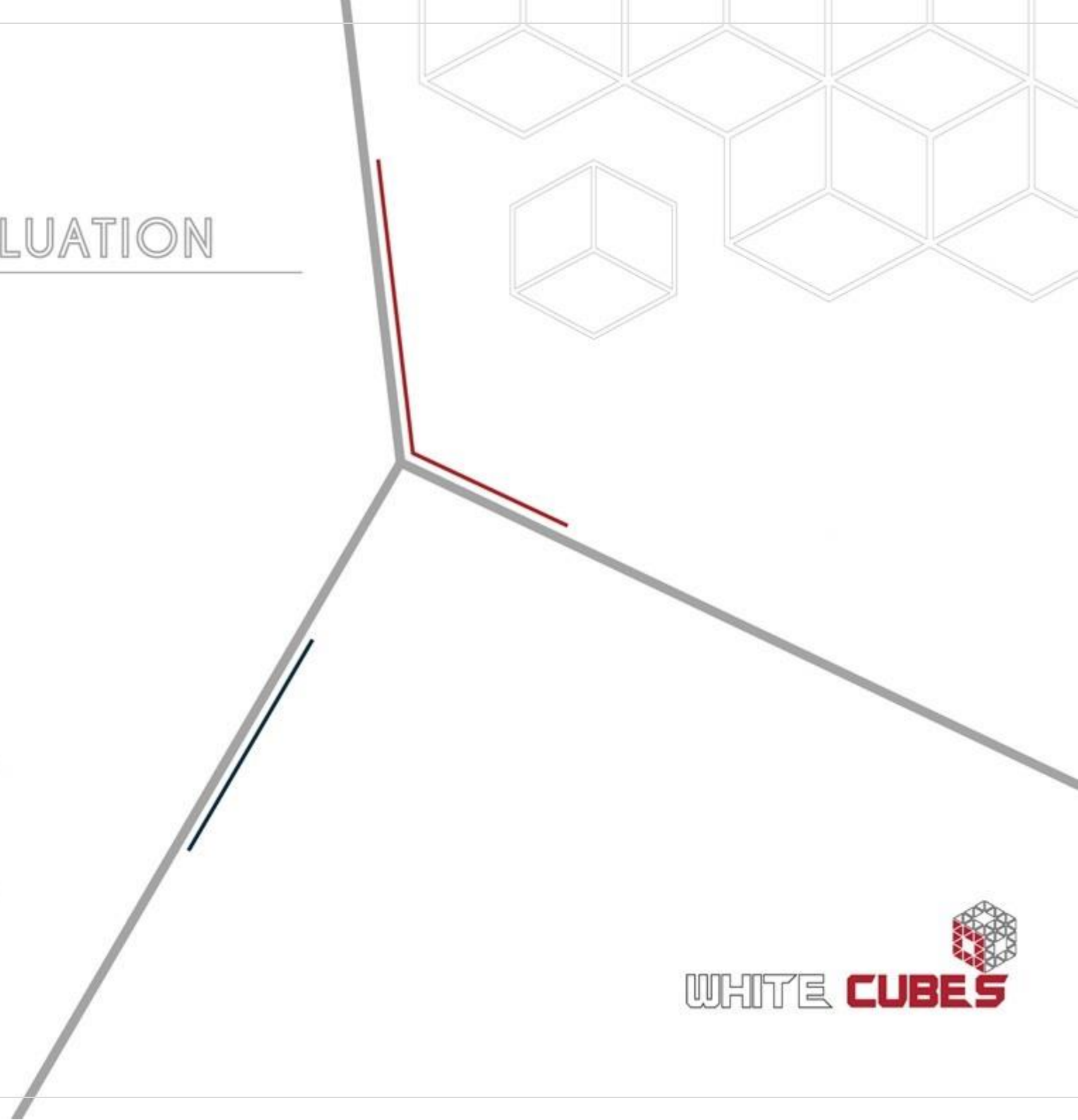
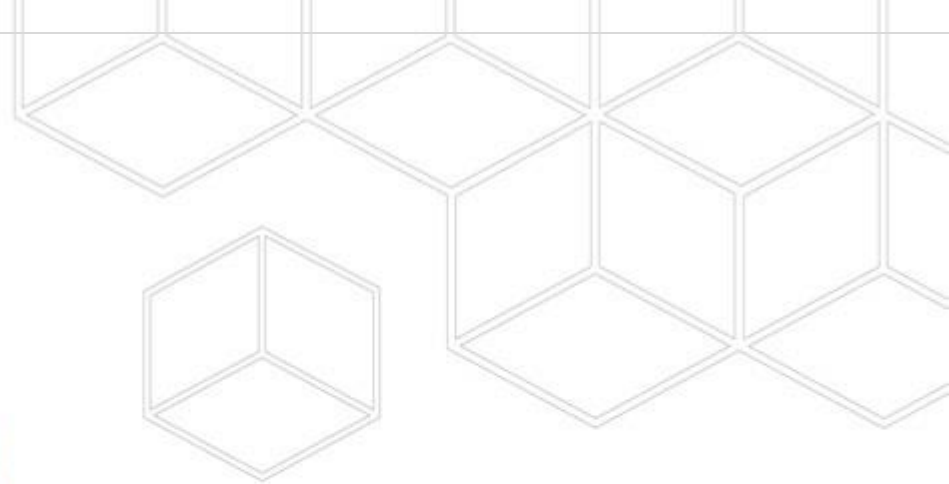
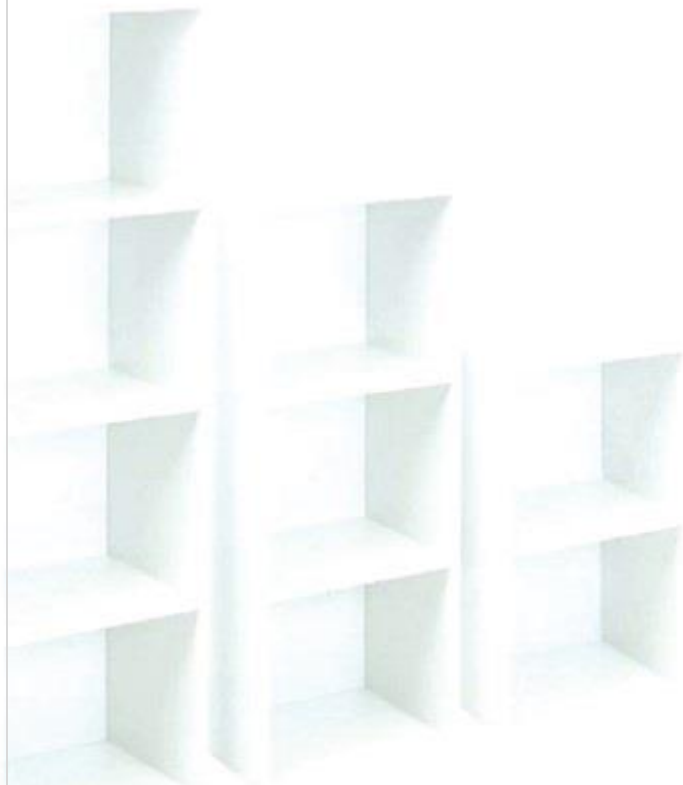


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for Malqa Compound in Riyadh city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-8EN
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Residential Compound.
<b>Property Location</b>	The property is located in Al Malqa district, Riyadh city.
<b>Title Deed Information</b>	Title Deeds No: 314002002198, 814009006124, 814009006125, 614004005871, date: 14/09/1440, Issued from Riyadh Center Primary Notarial.
<b>Ownership Type Owner</b>	Freehold (Mortgage). شركة أول الملقا العقارية
<b>Land Use</b>	Residential.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 15,924.68 Sqm.
<b>BUA (Sqm)</b>	The building is composed of 3 floors with a total BUA of 41,362 Sqm.
<b>Vacancy Rate</b>	The total gross leasable area is 39,734 Sqm composed of apartments.
<b>Valuation Approach</b>	The Comparable Approach, The Cost Approach Depreciated Replacement Cost (DRC), The Income Capitalization Method.
<b>Final Property Value</b>	SAR 302,000,000
<b>Valuation Date</b>	20/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 15, 2022.

#### 1.6 VALUATION DATE

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

June 26, 2022.

#### 1.7 REPORT DATE

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

June 26, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

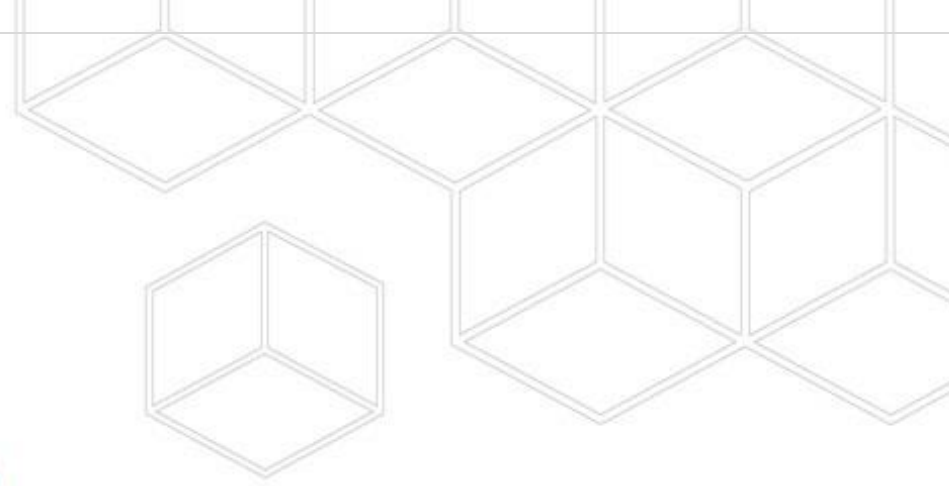
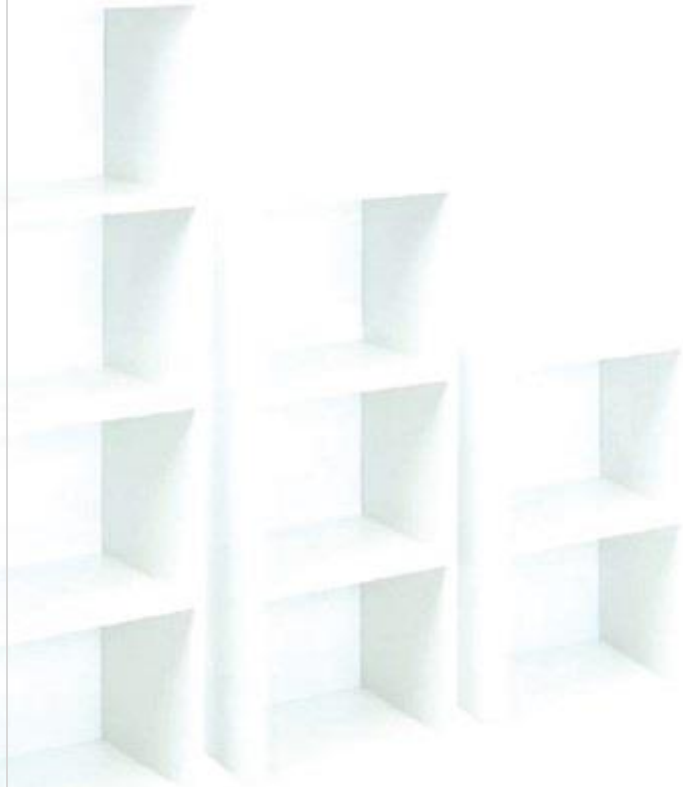
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

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## 2.1 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a residential compound located in Al Malqa district, Riyadh city. Based on the provided copies of the title deed and the construction permit, the project has a total land area of 15,924.68 Sqm, and a total BUA of 41,362 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is composed of 252 residential apartment units and 38 studio units. As per the site inspection done by our team, the project is open on 4 sides with a direct view on Hajar Valley Road from the north side. All the infrastructure facilities such as water, electricity, sewage and telecommunication are available in the surrounding and connected to the subject property

### Location Description

The property subject of valuation is a residential compound located in Al Malqa district, Riyadh city. The property is bordered from the north by Hajar Valley street. The property is bordered from the south by an unnamed street. The Property is bordered from the east by an unnamed street. The property is bordered to the west by internal street.

### Ease of Access

Based on the current location of the subject property, the access level is Medium since its located on Hajar Valley street.

### The Main Landmarks

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

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

## 2.2 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

All the infrastructural facilities are available in the surroundings and connected to the subject property.

### 2.3 LOCATION

The subject property is located in Al Malqa district, Riyadh city

Property Location on a City Scale

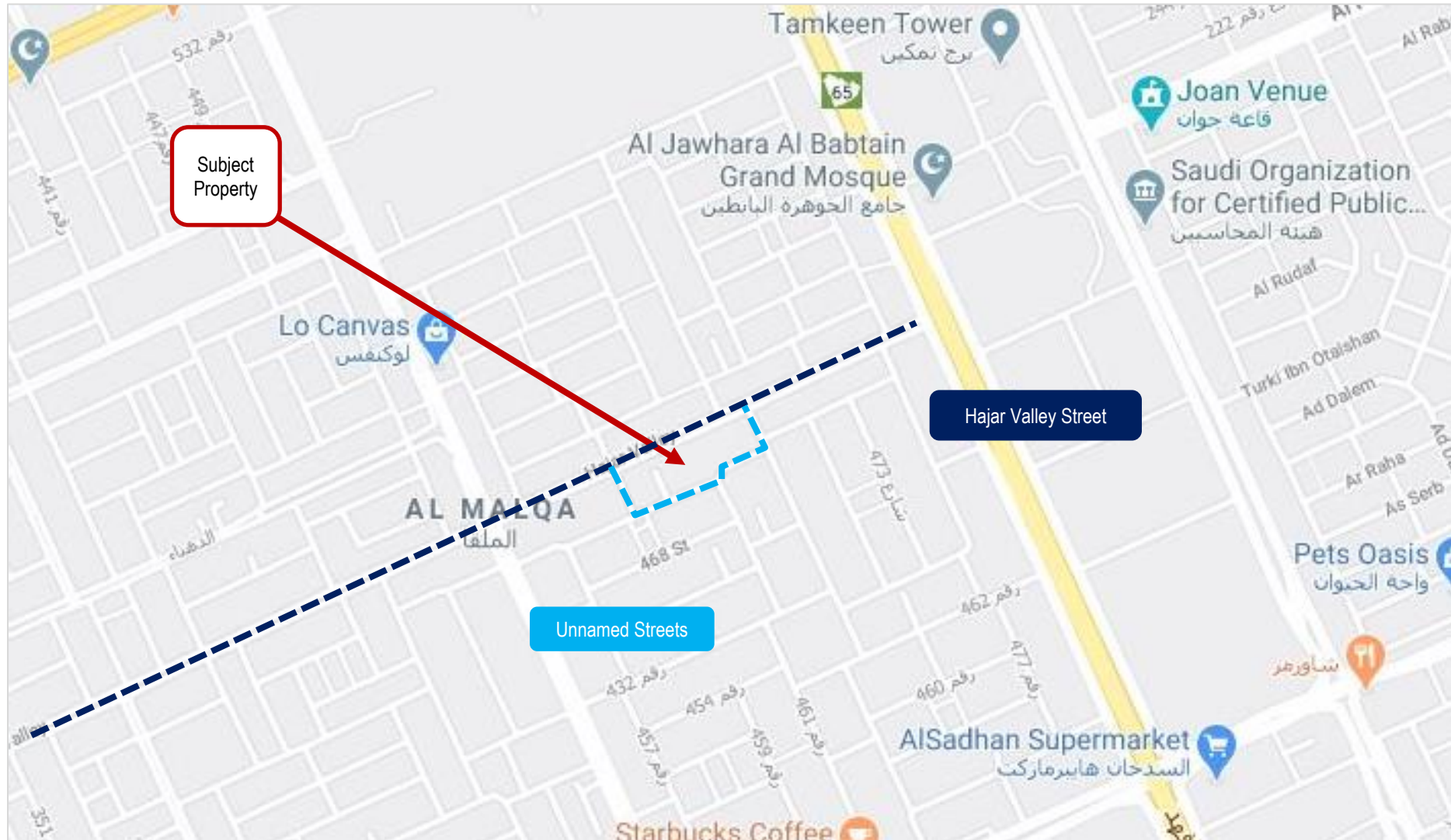


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

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



## 2.6 CONSTRUCTION & BUILDINGS

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

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

The Client has provided us with a copy of the Construction Permits with the below details:

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

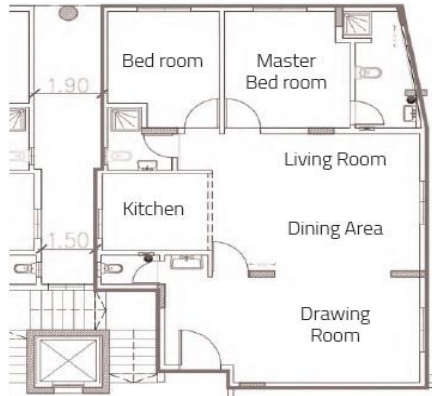
  

Description	CP 1	CP 2	CP 3	CP 4
	Area (Sqm)	Area (sqm)	Area (Sqm)	Area (Sqm)
Basement	2,052.89	2,052.89	2,052.89	2,052.89
Residential Ground Floor	2,088.00	2,088.20	2,088.00	2,088.00
First Residential Floor	2,555.78	2,555.78	2,555.78	2,555.78
Second Residential Floor	2,380.22	2,380.22	2,380.22	2,380.22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

As per the provided construction permit, the total BUA is 41,362 Sqm, which will be used in our valuation analysis.

2.7 PROJECT COMPONENTS & LAYOUTS

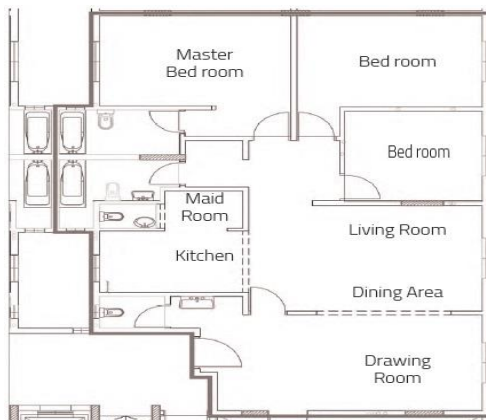
**2 BEDROOM – 3 BATHS**  
**AREA: 112 – 128 sqm**



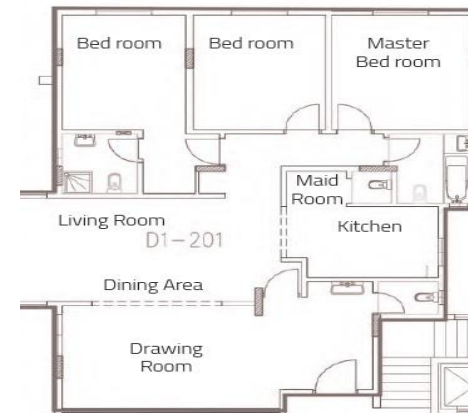
**3 BEDROOM & 3 BATHS**  
**Area: 112 – 172 sqm**



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



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



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

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

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

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

## 2.8 FACILITIES, AMENITIES AND SERVICES

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

## 2.9 MAINTENANCE & OPERATIONAL EXPENSES

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

## 2.10 BUILDING GROSS LEASABLE AREA (GLA)

Floor No.	Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
2 Bed Apt	Residential	---	---	856	Rental spaces are obtained from the client
3 Bed Apt	Residential	---	---	16,764	
4 Bed Apt	Residential	---	---	3,816	

## 2.11 INSURANCE

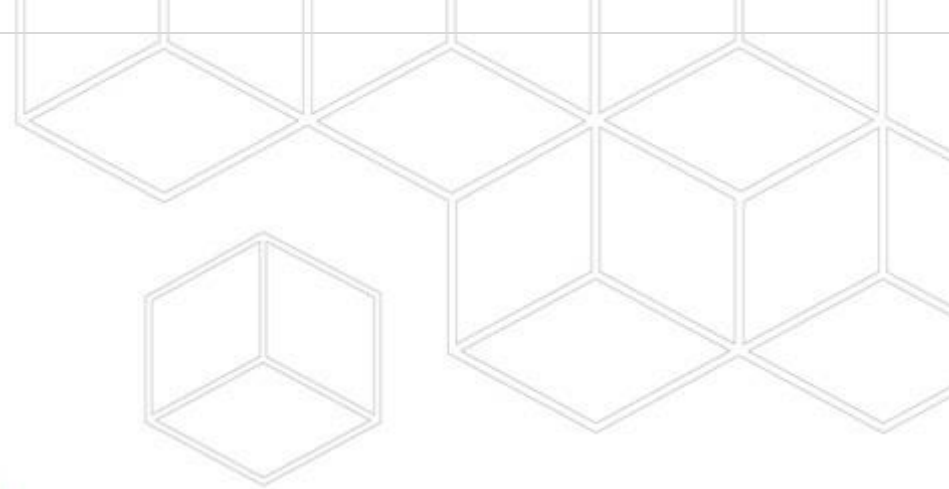
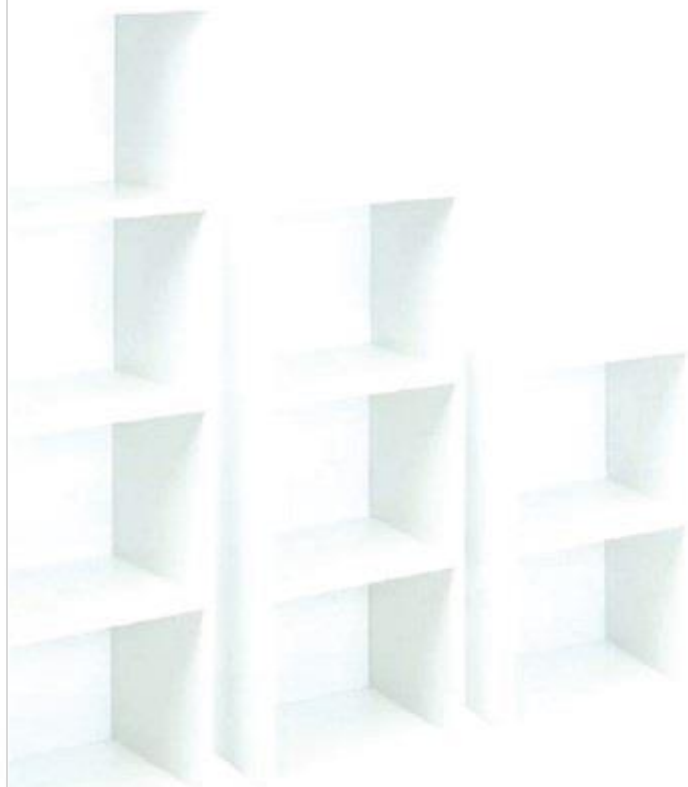
Based on the information provided to us by the client, the total costs of the subject property are SAR 117,540 insurance premium expenses.

2.12 PHOTO RECORD



# MARKET INDICATORS

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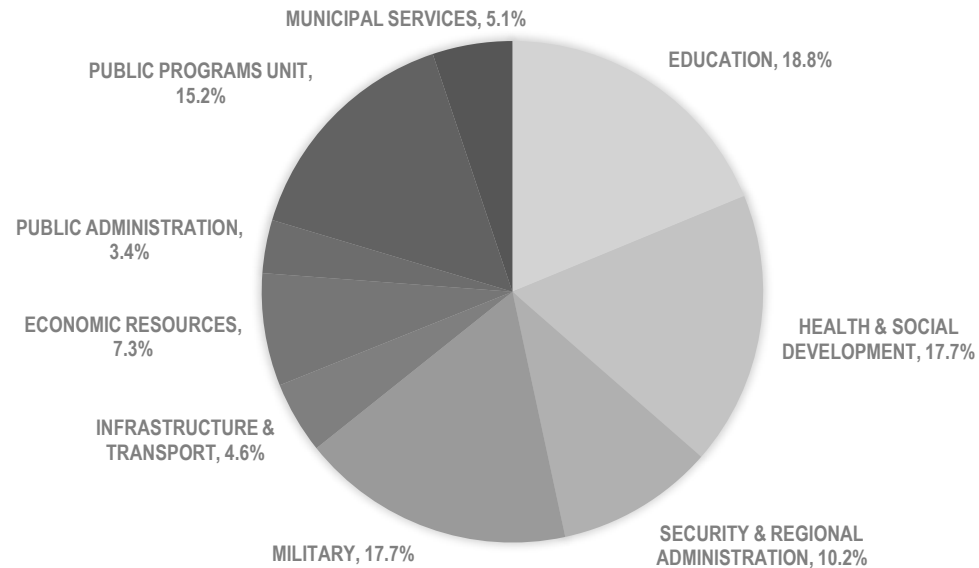
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Premium Location</li> <li>- Surrounded by several main streets</li> <li>- High-end quality of residential complex</li> <li>- Close to the city airport</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- The subject property is far from the city downtown</li> <li>- The residential compound market is currently in slow progress and facing economic issues.</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Increase in the demand for such properties in the surrounding area due to the high concentration of residential units.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

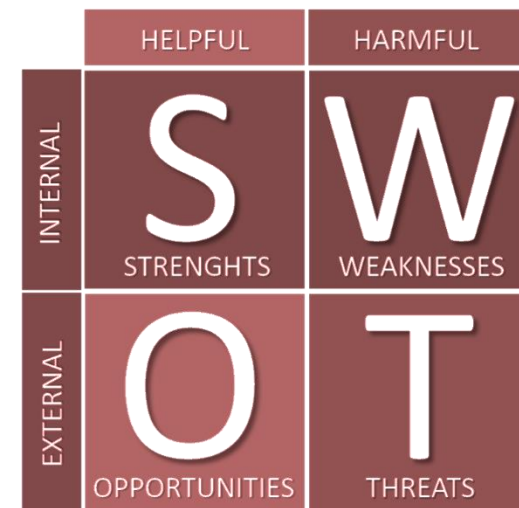
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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





Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

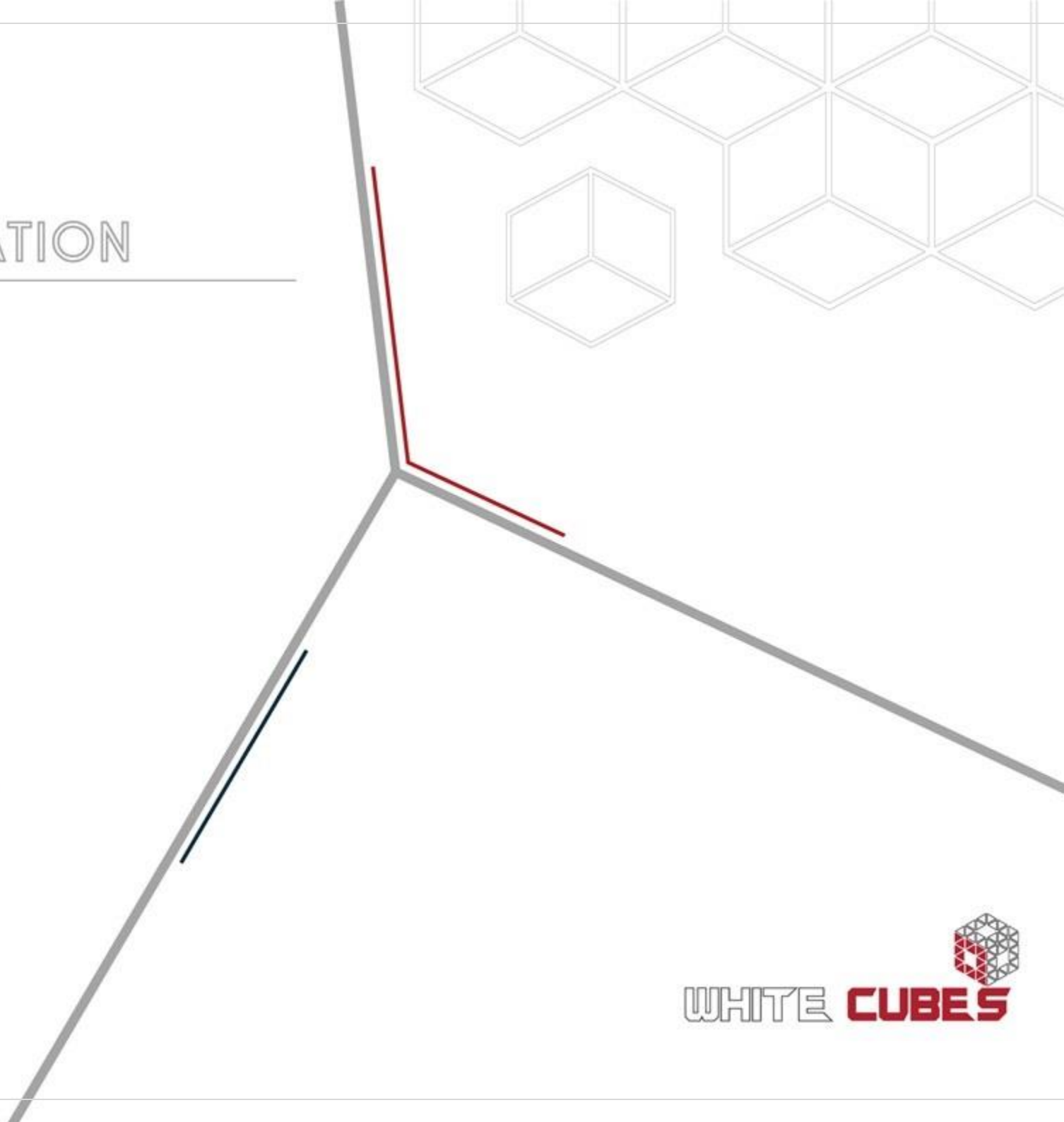
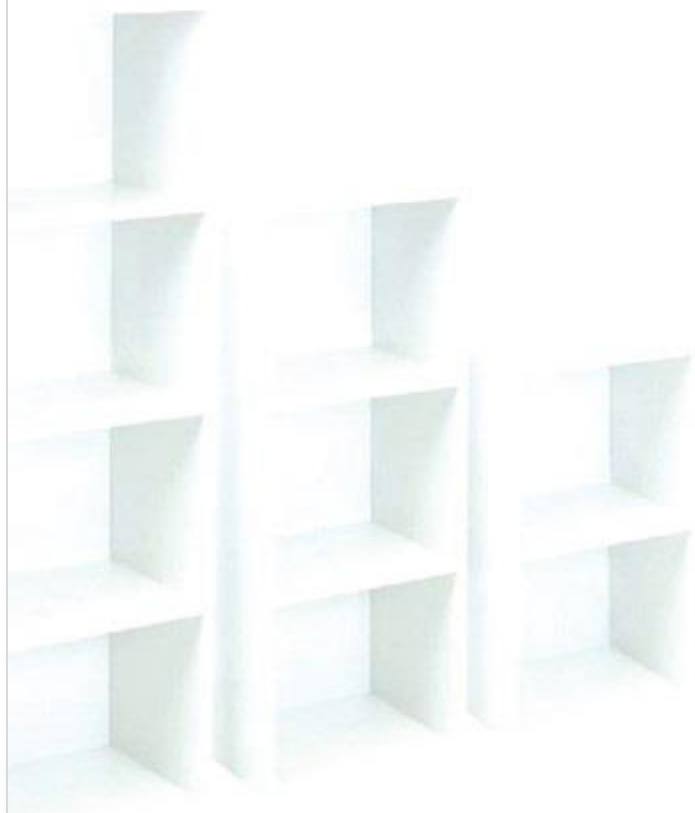
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6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

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

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECEIVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## 4.7 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	-----	Offering	Offering
District	Al Malqa	Al Malqa	Al Malqa
Sale Price	-----	SAR 17,500,000	SAR 24,198,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	15,924.68	3,286.00	4,033.00
SAR / Sqm	-----	SAR 5,326	SAR 6,000
Sides Open	4	2	3

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	15,924.68	3,286.00	-10.00%	4,033.00	-10.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	36	36	0.00%	36	0.00%
Sides Open	4	2	10.00%	3	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	No	No	0.00%	No	0.00%
Negotiable	-----	No	0.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			0.00%		-5.00%
<b>Total Adjustment Amount</b>			SAR 0.0		-SAR 300.0
<b>Net After Adjustment</b>			SAR 5,325.6		SAR 5,700.0
<b>SAR / Sqm</b>			<b>SAR 5,513</b>		
<b>Rounded Value</b>			<b>SAR 5,500</b>		



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	15,925	15,925	15,925	15,925	15,925
SAR / Sqm	SAR 4,950.0	SAR 5,225.0	SAR 5,500.0	SAR 5,775.0	SAR 6,050.0
Property Value	SAR 78,827,166	SAR 83,206,453	SAR 87,585,740	SAR 91,965,027	SAR 96,344,314
			<b>PROPERTY VALUE</b>		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 5,000 – 6,000 SAR / Sqm with an average of 5,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.8 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	SAR 800	SAR 1,000	SAR 900
<b>MEP</b>	SAR 450	SAR 550	SAR 500
<b>Finishing Materials</b>	SAR 700	SAR 900	SAR 800
<b>Fit outs &amp;Appliance</b>	SAR 900	SAR 1,100	SAR 1,000
<b>Furniture</b>	SAR 750	SAR 850	SAR 800
<b>Site Improvements</b>	SAR 180	SAR 220	SAR 200
<b>Owner Profit</b>	20%	30%	25%

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

LAND		
Land Area	SAR / Sqm	Total Value
15,924.68	SAR 5,500	SAR 87,585,740

Building			
	Unit	No of Floors	Total BUA
Underground	Sqm	----	8,211.56
Ground Floor	Sqm	----	8,352.20
Upper Floors	Sqm	----	19,744.00
Annex	Sqm	----	5,054.24
Fences	Sqm	----	477.7
<b>Total (SQM)</b>	<b>41,362.00</b>		



Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	33,150.44	SAR 900	SAR 29,835,396	100%	SAR 29,835,396
Electro Mechanic	33,150.44	SAR 500	SAR 16,575,220	100%	SAR 16,575,220
Finishing	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Fit outs & Appliances	33,150.44	SAR 1,000	SAR 33,150,440	100%	SAR 33,150,440
Furniture	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Site Improvement	15,924.68	SAR 200	SAR 3,184,936	100%	SAR 3,184,936
<b>Total</b>			<b>SAR 135,786,696</b>	<b>100.00%</b>	<b>SAR 135,786,696</b>
Hard Cost - Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	8,211.56	SAR 1,350	SAR 11,085,606	100%	SAR 11,085,606
Electro Mechanic	8,211.56	SAR 700	SAR 5,748,092	100%	SAR 5,748,092
Finishing	8,211.56	SAR 200	SAR 1,642,312	100%	SAR 1,642,312
<b>Total</b>			<b>SAR 18,476,010</b>	<b>100.00%</b>	<b>SAR 18,476,010</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 154,262,706	0.10%	SAR 154,263
Design			SAR 154,262,706	1.00%	SAR 1,542,627
Eng. Consultant			SAR 154,262,706	1.00%	SAR 1,542,627
Management			SAR 154,262,706	5.00%	SAR 7,713,135
Contingency			SAR 154,262,706	5.00%	SAR 7,713,135
Others			SAR 154,262,706	0.00%	SAR 0
<b>TOTAL</b>				<b>12.10%</b>	<b>SAR 18,665,787.43</b>
<b>Total Hard Cost</b>	<b>SAR 154,262,706</b>		<b>BUA</b>	<b>41,362.00</b>	
<b>Total Soft Cost</b>	<b>SAR 18,665,787.43</b>		<b>SAR / Sqm</b>	<b>SAR 4,181</b>	
<b>Total Construction Cost</b>	<b>SAR 172,928,493.43</b>		<b>Overall Completion</b>	<b>100.0%</b>	

After knowing the total construction costs at a rate of 4,181 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 172,928,493</b>	<b>Net Dep Rate</b>	<b>16.00%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 145,259,934</b>
<b>Economic Age</b>	<b>50</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>2.00%</b>	<b>Developer Profit Rate</b>	<b>25.0%</b>
<b>Actual Age</b>	<b>8</b>		
<b>Total Dep Rate</b>	<b>16.00%</b>	<b>Dev. Profit Amount</b>	<b>SAR 36,314,984</b>
<b>Add Appr Rate</b>	<b>0.00%</b>	<b>Development Value</b>	<b>SAR 181,574,918</b>
<b>Net Dep Rate</b>	<b>16.00%</b>		

The total value of the building is 181,574,918 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 181,574,918	SAR 87,585,740	SAR 269,160,658	SAR 269,160,000

#### 4.9 CAPITALIZATION METHOD (MARKET RATE)

##### Market Rental Analysis

Based on the market survey done by our team, we have found several compounds classified as class A with an average rental rate shown in the below table and on which we will apply an adjustment to achieve the average rental rates for the subject apartments:

Sample Name	Rental Rates		Compound Classification	Adjustments			Rental Rates After Adjust.	
	2 Bedrooms	3 Bedrooms		Location	Facilities & Amenities	2 Bedrooms	3 Bedrooms	
Al Hamra Compound	1,450	1,250	-5%	-5%	-5%	1,233	1,063	
Arizona Compound	1,550	1,400	-5%	-5%	-5%	1,318	1,190	
<b>Average</b>						<b>1,275</b>	<b>1,126</b>	

We have classified the subject property compound as class B, yet and based on the above adjustments (compound classification, location and provided facilities and amenities), we have achieved an average rental rate of 1,275 SAR/ Sqm for 2 bedrooms apartment and 1,150 SAR/ Sqm for 3 bedrooms apartment. The estimated average rate used in 1,200 SAR/ Sqm. The client did not provide us with the unit types of the subject property yet he provided us with the total GLA (39,734 Sqm) on which we will base our valuation analysis.

##### OPEX

As for the operational expenses for such projects covering the maintenance, management, operation, etc. it is usually calculated as 15% from the total expected revenues of the subject property.

##### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 20% to 25% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

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

## Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 22.5% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

## Market Capitalization Rate Analysis

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

## The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate				7.00%
Maximum capitalization rate				8.00%
<b>Average</b>				<b>7.50%</b>
<b>The effect of the property specifications on the property</b>				
<b>Item</b>	<b>Status</b>	<b>Influence</b>	<b>Notes</b>	
Ease of access to the property	-----	-0.25%	Several major methods	
General condition of the property	-----	-0.25%	The actual age of the property is 6 years	
The general location of the property	-----	0.00%	Average Location	
Quality and finishes	-----	0.00%	Average quality finishes	
Project Management Team	-----	0.25%	Average management and operational team level	
Services and public facilities	-----	0.25%	level and availability of services is average	
<b>Total</b>		<b>0.00%</b>		
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>				
<b>Total adjustments on capitalization rate</b>		0.00%		
<b>Capitalization rate, according to market averages</b>		7.50%		
<b>Estimated capitalization rate of the property valuation</b>		<b>7.50%</b>		

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

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

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

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

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Apartment Buildings	39,734	0	SAR 1,200	SAR 0	SAR 47,680,800
				<b>Total Revenues</b>	<b>SAR 47,680,800</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Apartment Buildings	5.00%	7.50%	10.00%	30.00%	52.50%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Apartment Buildings	SAR 47,680,800	52.5%	SAR 22,648,380		
		<b>Total</b>	<b>SAR 22,648,380</b>		
<b>Total Property Revenues</b>					SAR 47,680,800
<b>Total Property Expenses</b>					-SAR 25,032,420
<b>Net Operating Income</b>					<b>SAR 22,648,380.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 22,648,380.00	7.50%	301,978,400.00 SAR		<b>302,000,000.00 SAR</b>	

#### 4.10 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income Approach</b>	Property	SAR 302,000,000	Three hundred Two Million Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 269,160,000	Two Hundred Sixty-Nine Million and One Hundred Sixty Thousand Saudi Riyals

#### 4.11 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 302,000,000**  
**Three hundred Two Million Saudi Riyals**

#### 4.12 REPORT USE

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

#### 4.13 DISCLAIMER

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

#### 4.14 CONCLUSION

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

#### 4.15 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner

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

**Nabeel M. Al Husaini**  
CEO

**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager

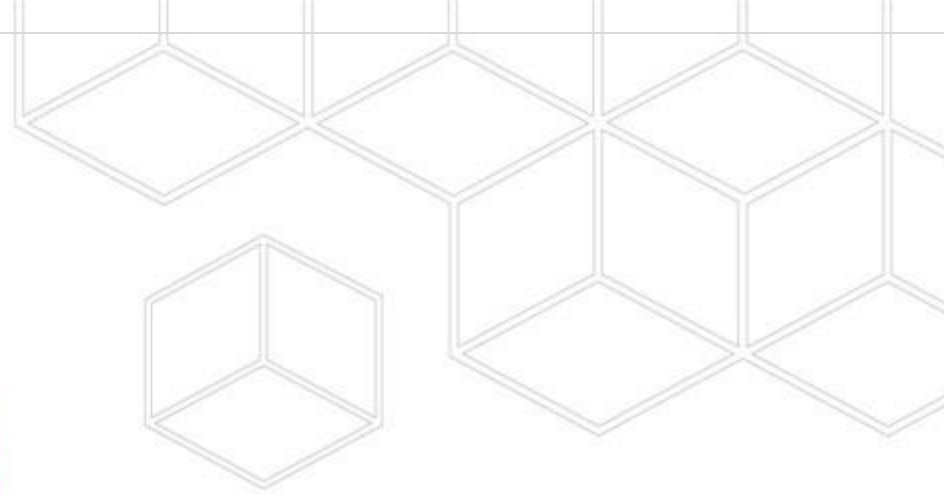
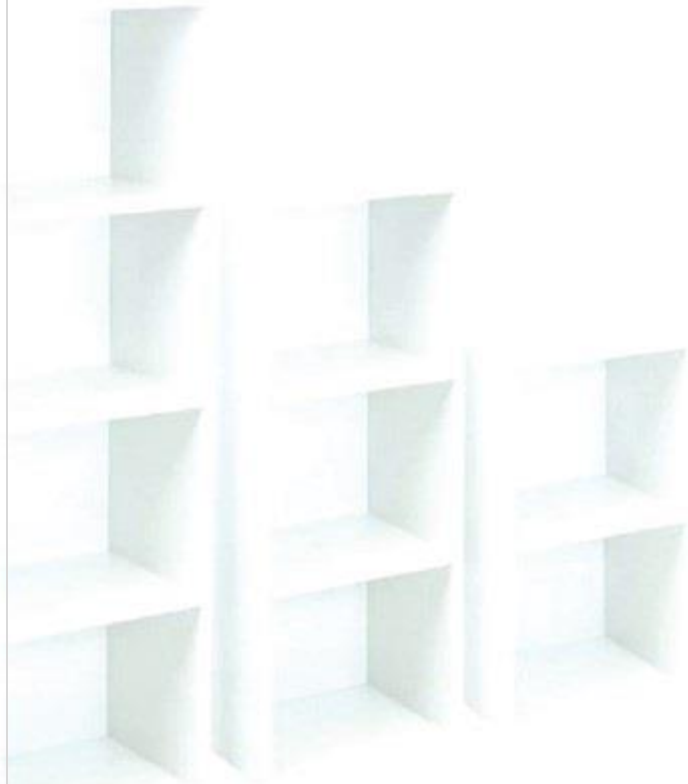
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.





WHITE CUBES



**B&Q (HomeWorks)**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Riyadh City  
June 2022

Valuation Report





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**REF:** 22-0112-7EN  
**Date:** 26/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for B&Q (Retail Center) in Riyadh city, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of commercial project (B&Q) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

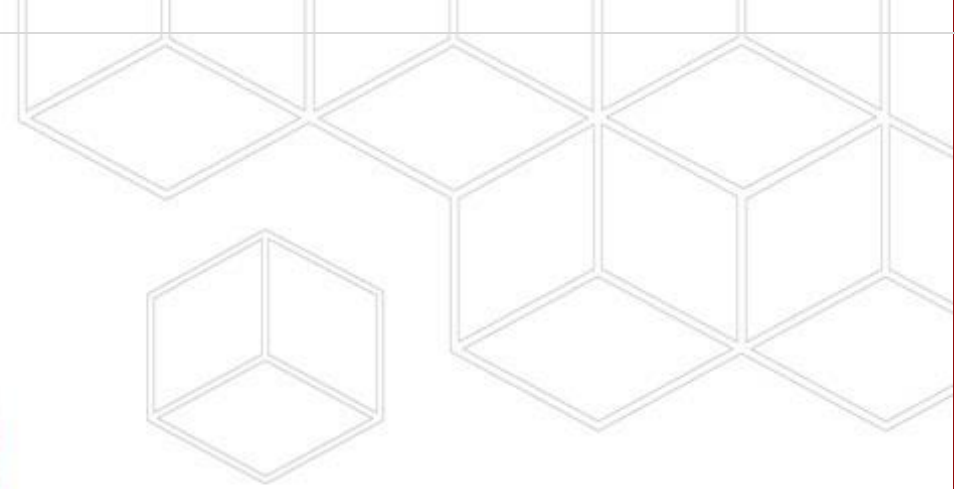
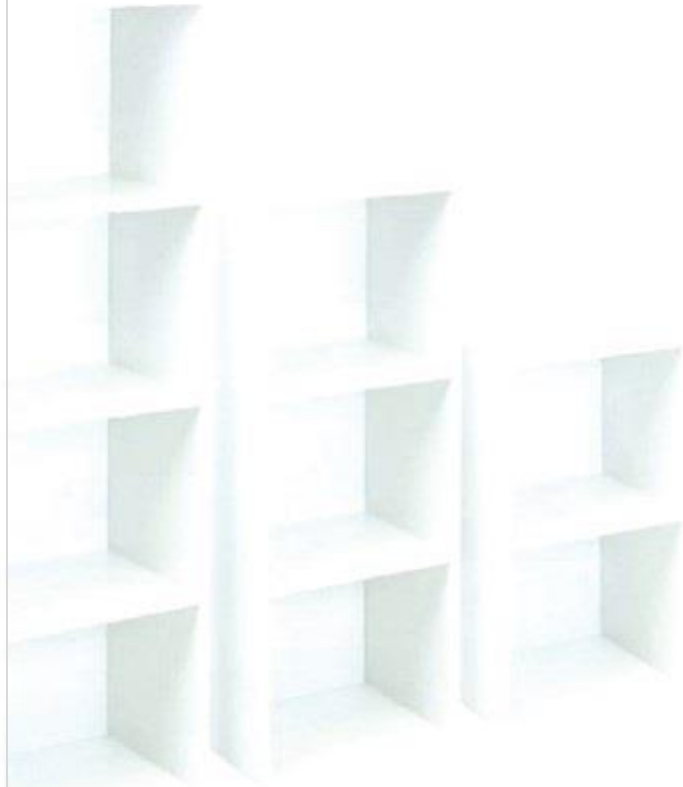
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# EXECUTIVE SUMMARY

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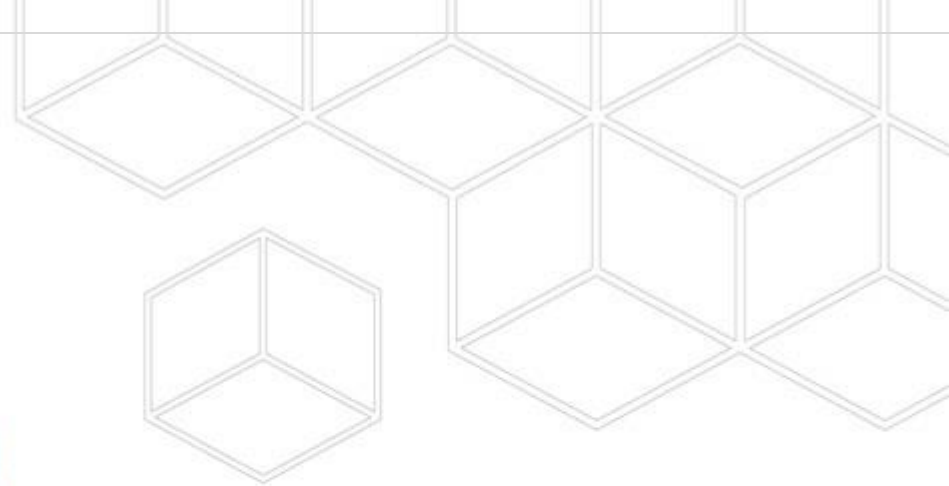
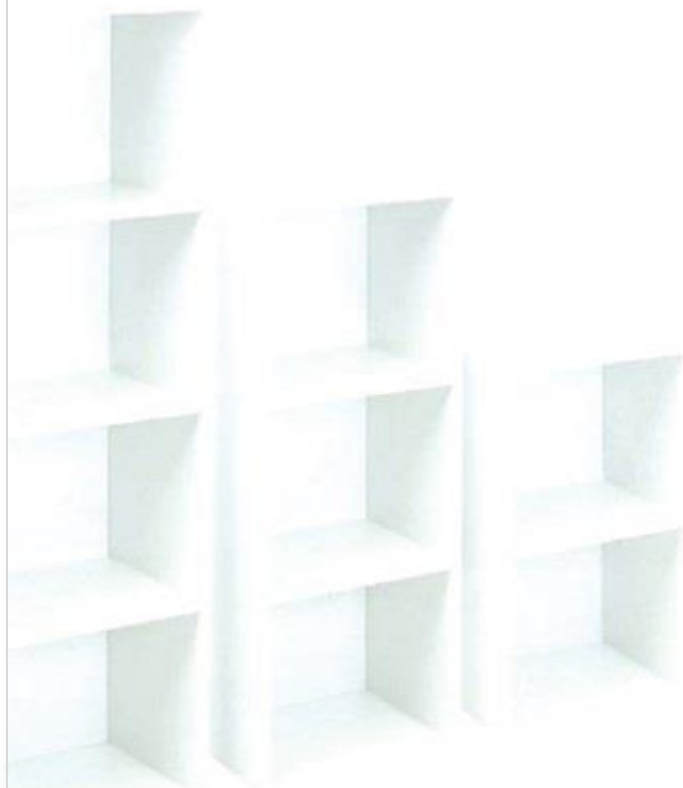


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for B&Q retail project in Riyadh city.
<b>Client</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	22-0112-7EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT)
<b>Subject Property</b>	Retail Project.
<b>Property Location</b>	The property is located in King Fahad district, Riyadh city.
<b>Title Deed Information</b>	Title Deed No: 214002002199, 314009006126, 314004005870, date: 14/09/1440, Issued from Riyadh Center Primary Notarial.
<b>Ownership Type</b>	Mortgage.
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 7,000 Sqm.
<b>BUA (Sqm)</b>	As per the provided construction permit, the total BUA is 9,181 Sqm.
<b>Vacancy Rate</b>	The total GLA is 5,275 Sqm composed of showrooms.
<b>Valuation Approach</b>	Comparable Approach & Cost Approach & Discounted Cash Flow Approach (DCF).
<b>Final Property Value</b>	SAR 68,158,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

#### AN ASSET SHOULD EXCHANGE

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

#### ON THE VALUATION DATE

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

#### BETWEEN WILLING BUYER

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



AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

#### 1.5 INSPECTION DATE

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

June 15, 2022.

#### 1.6 VALUATION DATE

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

June 26, 2022.

#### 1.7 REPORT DATE

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

June 26, 2022.

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

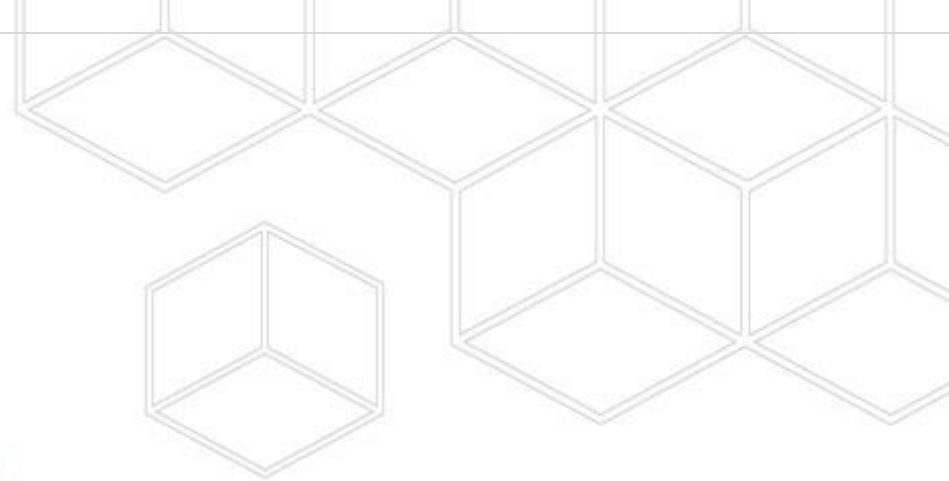
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

---



## 2.1 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a Retail Project (B&Q) located in Riyadh city. The building has a total land area of 7,000 Sqm, and a total BUA of 9,181 Sqm and was constructed 24 years ago. The project is open on 3 sides from the north, south and east with a direct view on King Abdullah Road where all the infrastructure facilities such as water, telecommunication, sewage and electricity are available in the surrounding and connected to the subject property.
<b>Location Description</b>	The property subject of valuation is a retail project in King Fahad district in Riyadh city. The property is bordered from the north by Shaikh Uthman Al Barahim Street The property is bordered from the south by a King Abdullah Road The Property is bordered from the east by Abi Ishaq Al Harbi Street The property is bordered to the west by Hussain bn Hassan Street
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high, since it is located on King Abdullah Road.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

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

## 2.2 INFRASTRUCTURE FACILITIES

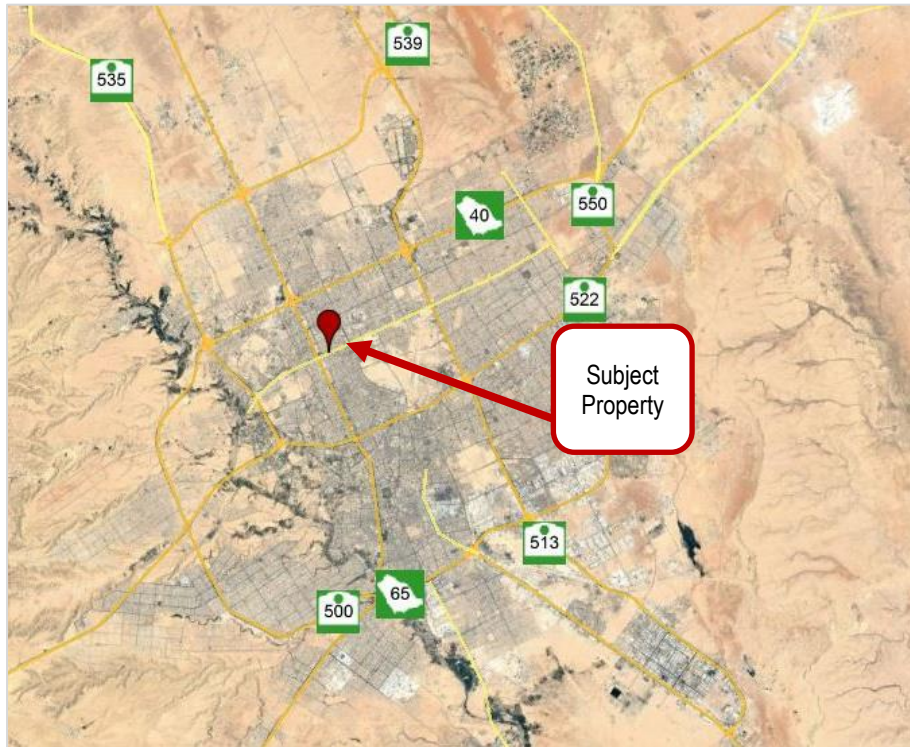
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

All the infrastructural facilities are available in the surroundings and connected to the subject property.

### 2.3 LOCATION

The subject property is located in King Fahad district, Riyadh city

Property Location on a City Scale

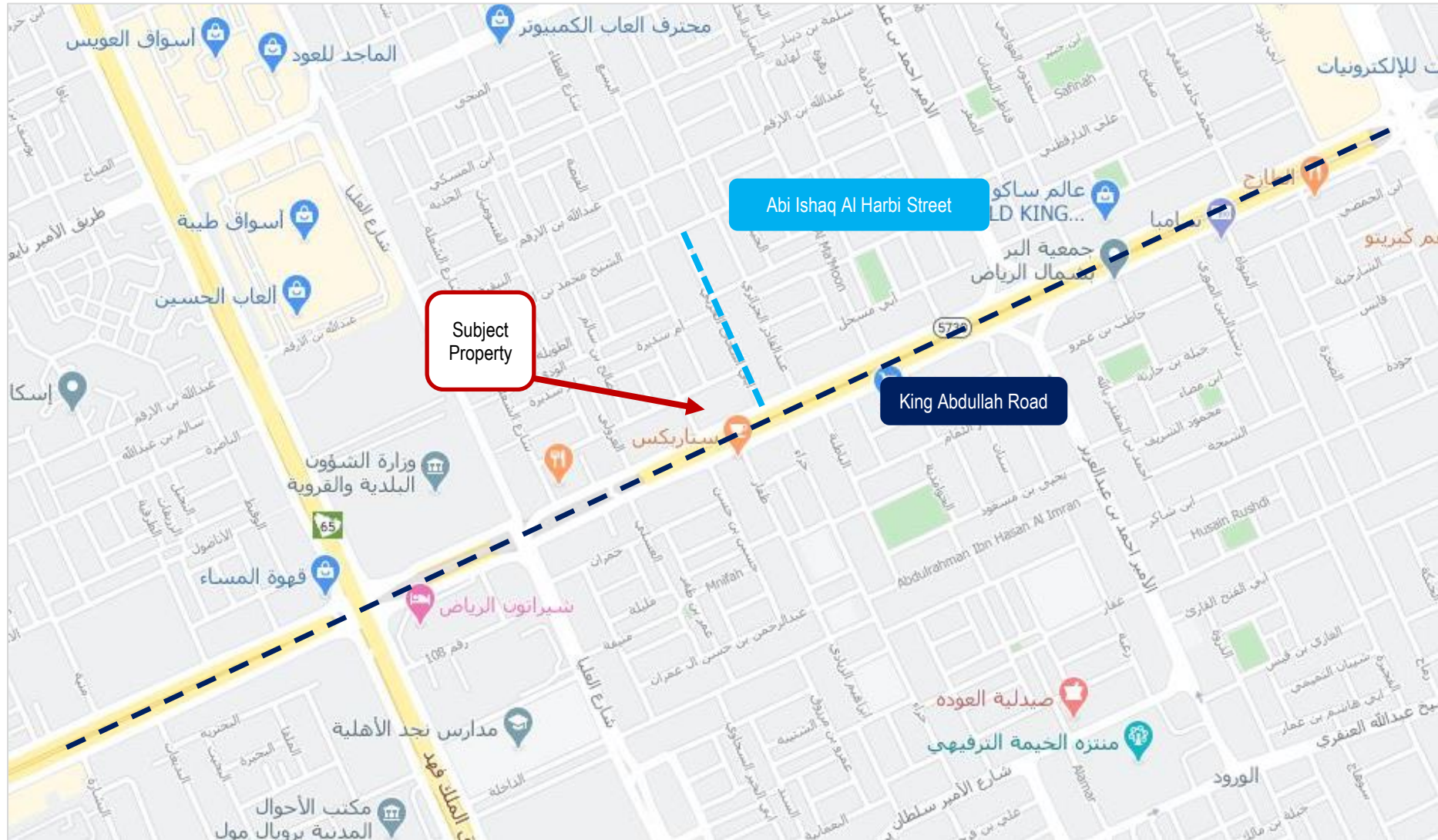


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b> <b>District</b> <b>T.D Type</b> <b>T.D Number</b> <b>T.D Date</b> <b>Date of Last Transaction Issued From</b>	Riyadh King Fahad Electronic 314004005870 15/09/1440 15/09/1440 Riyadh Notary	<b>Land Area</b> <b>Plot No.</b> <b>Block No.</b> <b>Layout No.</b> <b>Owner</b> <b>Ownership Type</b> <b>Limitation of Document</b>	2,625 37 to 40 4 1324 شركة أول الملقا العقارية Freehold Mortgage
<b>City</b> <b>District</b> <b>T.D Type</b> <b>T.D Number</b> <b>T.D Date</b> <b>Date of Last Transaction Issued From</b>	Riyadh King Fahad Electronic 314009006126 14/09/1440 14/09/1440 Riyadh Notary	<b>Land Area</b> <b>Plot No.</b> <b>Block No.</b> <b>Layout No.</b> <b>Owner</b> <b>Ownership Type</b> <b>Limitation of Document</b>	1,750 43, 44 N/A 1324 شركة أول الملقا العقارية Freehold Mortgage
<b>City</b> <b>District</b> <b>T.D Type</b> <b>T.D Number</b> <b>T.D Date</b> <b>Date of Last Transaction Issued From</b>	Riyadh King Fahad Electronic 214002002199 14/09/1440 14/09/1440 Riyadh Notary	<b>Land Area</b> <b>Plot No.</b> <b>Block No.</b> <b>Layout No.</b> <b>Owner</b> <b>Ownership Type</b> <b>Limitation of Document</b>	2,625 39 to 42 4 1324 شركة أول الملقا العقارية Freehold Mortgage
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 2.6 CONSTRUCTION & BUILDINGS

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

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

The Client has provided us with a copy of the Construction Permit with the below details:

Subject Property	
Construction Permit Type	Add Building Components
Property Type	Commercial Project
Construction Permit No.	9/17/27
Construction Permit Date	20/02/1419

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

As per the provided construction permit, the total BUA is 9,181 Sqm, which will be used in our valuation analysis.

## 2.7 INSURANCE

Based on the information provided to us by the client, the total costs of the subject property are 25,000 SAR insurance premium expenses.



2.8 PHOTO RECORD



## 2.9 LEASING CONTRACT

The client informed us that the mater lease rent is for 15 years starting on 01/08/1438 ending 30/07/1453. Yet, the net income from rent is as follows:

### First 5 years as follows:

- 3 years: SAR 6.00 mn per year
- 2 years: SAR 4.50 mn after discount

**Second 5 years:** SAR 4.75 mn after discount

**Third 5 years:** SAR 5.00 mn after discount

## 2.10 BUILDING GROSS LEASABLE AREA (GLA)

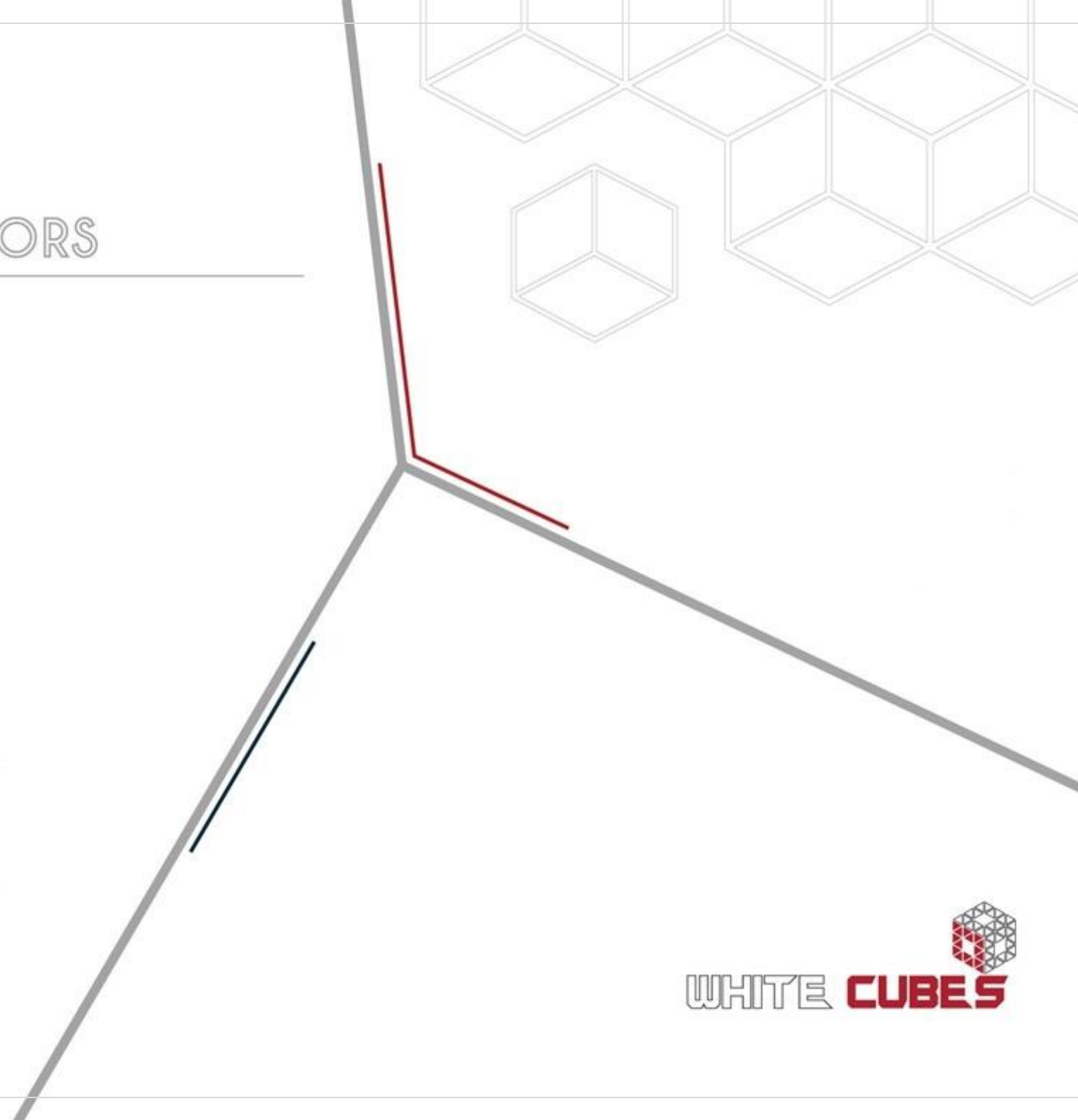
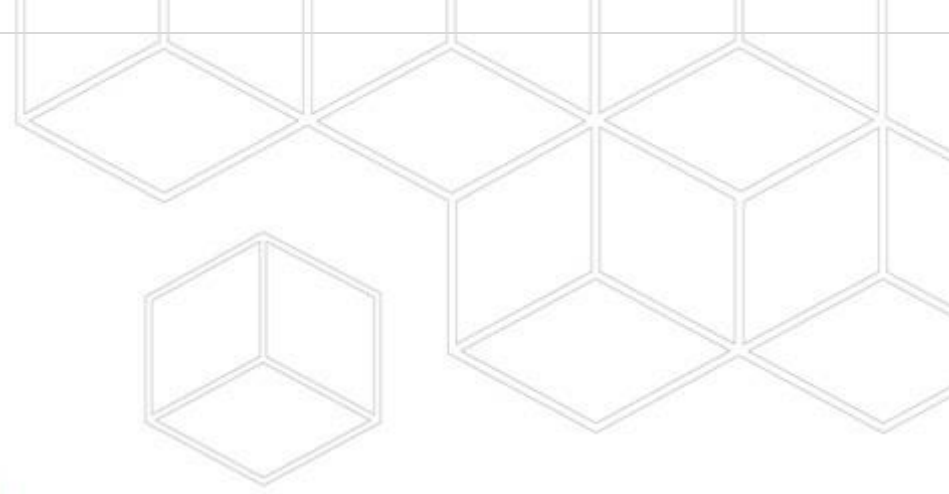
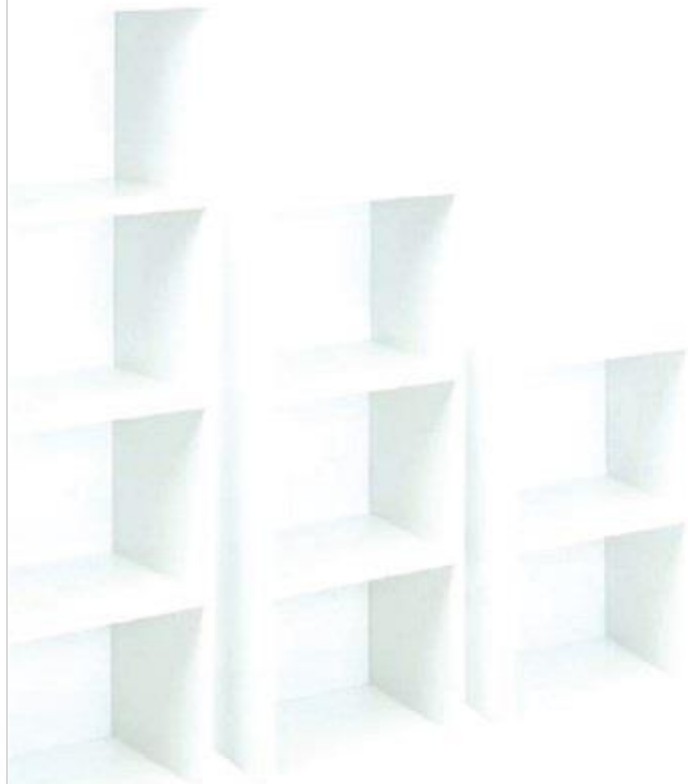
Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Showrooms	----	9,181	5,275	Rental spaces are provided by the client
----	----	----	----	
----	----	----	----	
----	----	----	----	
----	----	----	----	
----	----	----	----	
----	----	----	----	
----	----	----	----	

The client informed us with the below:

تم اضافة شركة الفطيم الرائدة كطرف اضافي الى عقد الإيجار المبرم بين شركة اول الملقا العقارية وشركة الفطيم العالمية وتغيير العلامة التجارية من Home Works الى B&Q حسب الملحق التكميلي الرابع مع تمديد الخصم السابق منحه لشركة الفطيم العالمية المنصوص عليه في الملحق التكميلي الثالث حتى نهاية العقد.

# MARKET INDICATORS

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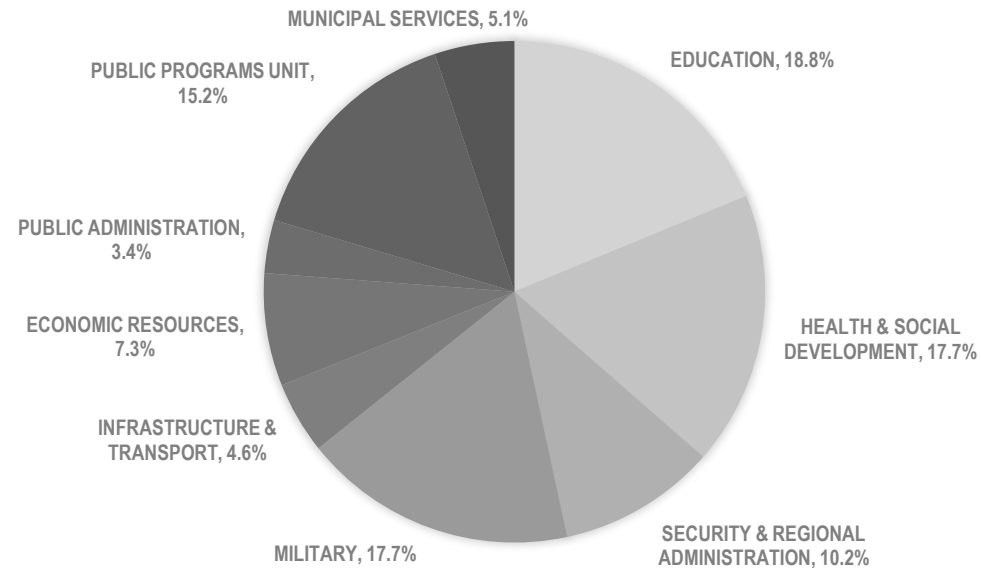
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



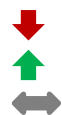
### 3.3 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- Direct view on the main road, King Abdullah Road.</li> <li>- The subject property has 3 sides open</li> </ul>	<b>Weakness</b>  <ul style="list-style-type: none"> <li>- None.</li> </ul>
<b>Opportunities</b>  <ul style="list-style-type: none"> <li>- The retail sector in Riyadh city is very much stable compared to other real estate sectors. Which grant good level of demand for the subject property.</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

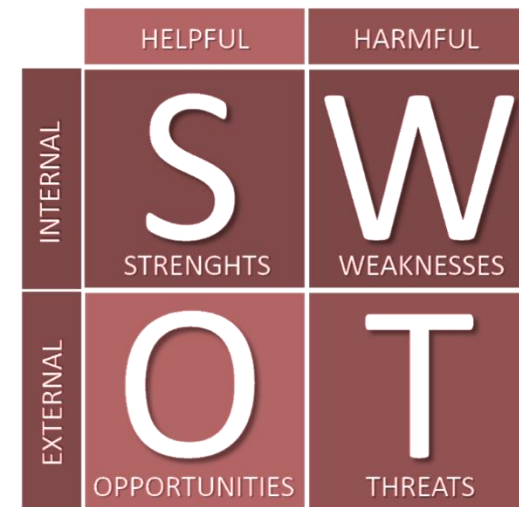
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

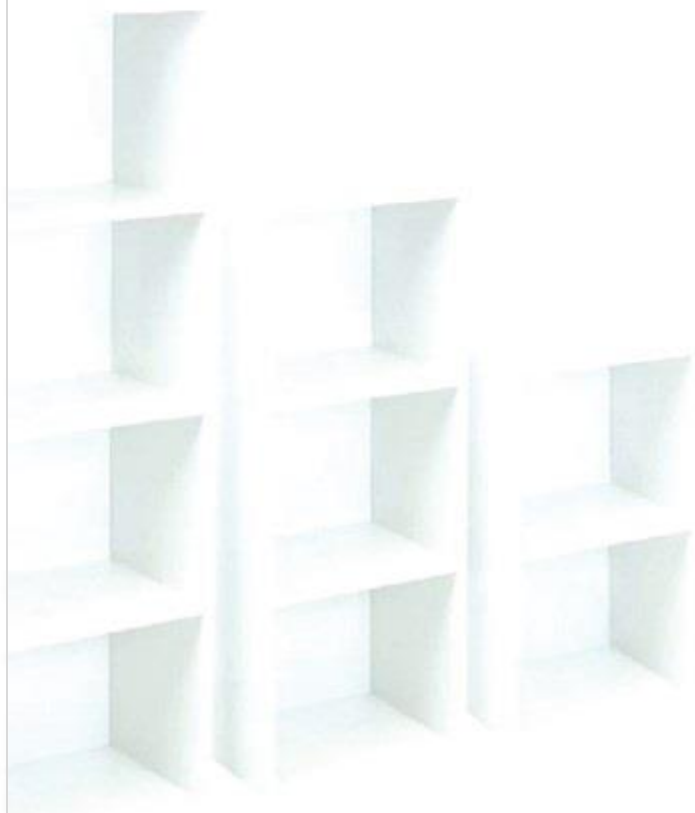
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6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

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

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### DISCOUNTED CASH FLOW (DCF)

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

### 4.7 INPUT VALUATION PROCESS

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

## 4.8 COMPARABLE APPROACH

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

Characteristics of Samples					
Feature	Subject Property	Sample 1	Sample 2		
Quoting	-----	Offering	Offering		
District	King Fahad	King Fahad	King Fahad		
Sale Price	-----	SAR 32,000,000	SAR 27,000,000		
Data Source	Title Deed	Market Survey	Market Survey		
Area Size	7,000.00	3,850.00	3,000.00		
SAR / Sqm	-----	SAR 8,312	SAR 9,000		
Sides Open	3	3	3		
Adjustment Analysis					
		SAMPLE 1		SAMPLE 1	
Area size	7,000.00	3,850.00	0.00%	3,000.00	0.00%
Location Desirability	High	High	0.00%	High	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	80	80	0.00%	80	0.00%
Sides Open	3	3	0.00%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	No	0.00%	No	-10.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			0.00%		-10.00%
<b>Total Adjustment Amount</b>			SAR 0.0		-SAR 900.0
<b>Net After Adjustment</b>			SAR 8,311.7		SAR 8,100.0
<b>SAR / Sqm</b>			<b>SAR 8,206</b>		
<b>Rounded Value</b>			<b>SAR 8,200</b>		



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	7,000	7,000	7,000	7,000	7,000
SAR / Sqm	SAR 7,380.0	SAR 7,790.0	SAR 8,200.0	SAR 8,610.0	SAR 9,020.0
Property Value	SAR 51,660,000	SAR 54,530,000	SAR 57,400,000	SAR 60,270,000	SAR 63,140,000
			<b>PROPERTY VALUE</b>		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average price for similar properties falls in the range of 8,000 - 8,500 SAR / Sqm with an average of 8,250 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.9 COST APPROACH (DRC)

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

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

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

LAND					
Land Area	SAR / Sqm	Total Value			
7,000.00	SAR 8,200	SAR 57,400,000			
Building					
	Unit	No of Floors	Total BUA		
Basement	Sqm	1	3,906.00		
Ground Floor	Sqm	1	3,906.00		
Upper Floors	Sqm	1	1,369.00		
Fences	L m	----	70.00		
<b>Total (SQM)</b>	<b>9,181.00</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	5,275.00	SAR 1,000	SAR 5,275,000	100%	SAR 5,275,000
Electro Mechanic	5,275.00	SAR 600	SAR 3,165,000	100%	SAR 3,165,000
Finishing	5,275.00	SAR 500	SAR 2,637,500	100%	SAR 2,637,500
Fit outs & Appliances	5,275.00	SAR 0	SAR 0	100%	SAR 0
Furniture	5,275.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	7,000.00	SAR 120	SAR 840,000	100%	SAR 840,000
<b>Total</b>			<b>SAR 11,917,500</b>	<b>100.00%</b>	<b>SAR 11,917,500</b>

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

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

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 23,430,357</b>	<b>Net Dep Rate</b>	<b>42.00%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 13,589,607</b>
<b>Economic Age</b>	<b>50</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>2.00%</b>	<b>Developer Profit Rate</b>	<b>20.0%</b>
<b>Actual Age</b>	<b>21</b>	<b>Dev. Profit Amount</b>	<b>SAR 2,717,921</b>
<b>Total Dep Rate</b>	<b>42.00%</b>	<b>Development Value</b>	<b>SAR 16,307,529</b>
<b>Add Appr Rate</b>	<b>0.00%</b>		
<b>Net Dep Rate</b>	<b>42.00%</b>		

The total value of the building is 16,307,529 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

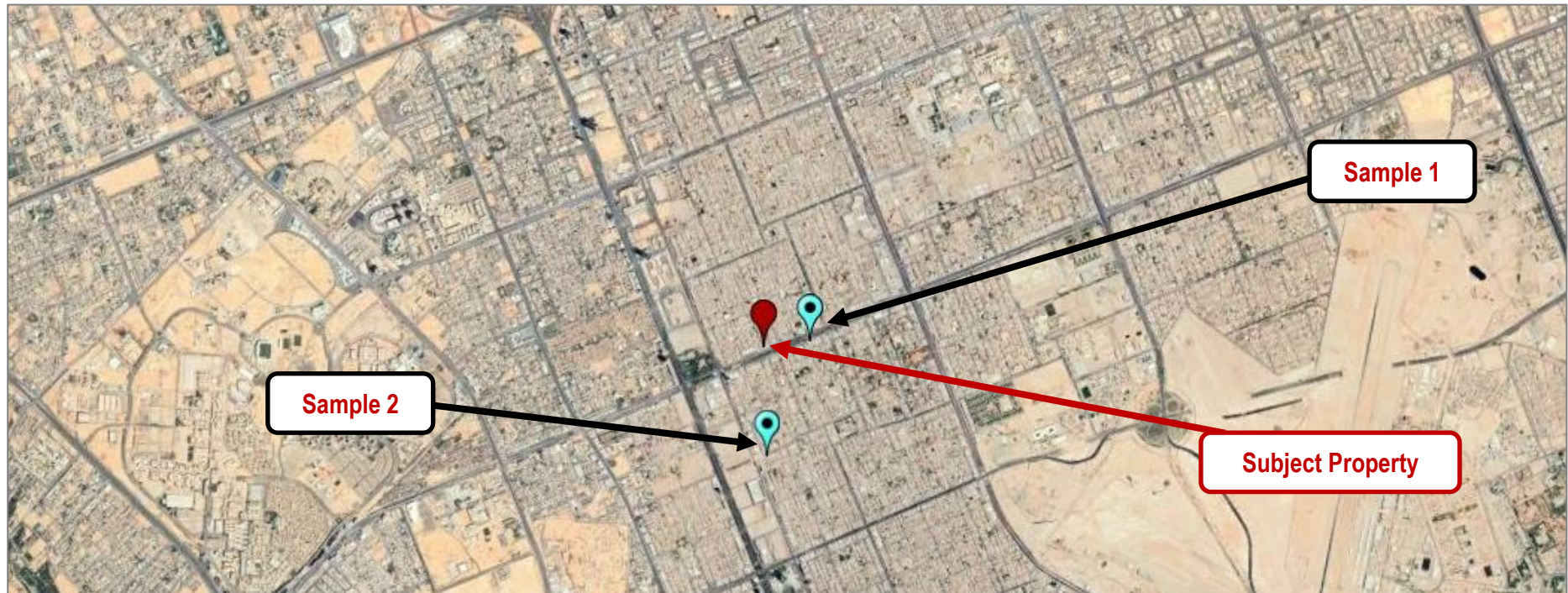
Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 16,307,529	SAR 57,400,000	SAR 73,707,529	SAR 73,710,000

#### 4.10 DISCOUNTED CASH FLOW- MARKET RATES

##### Market Rental Analysis

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

Comparable No.	Commercial Showroom Units
	Rental Rate/ Unit
Comparable 1	1,500 SAR/ Sqm
Comparable 2	1,000 SAR/ Sqm
Average	1,250 SAR/ Sqm



### Analysis of Operating and Maintenance Expenses

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

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

### Property Operation and Maintenance Expenses

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

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

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

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

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



Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
<b>Average</b>	<b>7.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status Influence Notes</b>
Ease of access to the property	----- -0.25% several major methods
General condition of the property	----- 0.50% The actual age of the property is 19 years
The general location of the property	----- -0.25% The area is served excellently
Quality and finishes	----- 0.00% Average quality finishes
Project Management Team	----- 0.00% Average management and operational team level
Services and public facilities	----- 0.00% Level and availability of services is average
<b>Total</b>	<b>0.00%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	<b>0.00%</b>
<b>Capitalization rate, according to market averages</b>	<b>8%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>7.50%</b>

### Estimated the Discount Rate of Cash Flows

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

Cash Flow		0	1	2	3	4	5	6	7	8	9
<b>Increase Revision</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>
<b>Expected Revenues</b>											
Showrooms	Sqm	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Rate (SAR)	SAR	1,250	1,250	1,250	1,288	1,288	1,288	1,326	1,326	1,326	1,366
Total	SAR	6,593,750	6,593,750	6,593,750	6,791,563	6,791,563	6,791,563	6,995,309	6,995,309	6,995,309	7,205,169
<b>Overall Revenues</b>		<b>6,593,750</b>	<b>6,593,750</b>	<b>6,593,750</b>	<b>6,791,563</b>	<b>6,791,563</b>	<b>6,791,563</b>	<b>6,995,309</b>	<b>6,995,309</b>	<b>6,995,309</b>	<b>7,205,169</b>
<b>Vacancy Rates</b>											
Showrooms	10.0%	659,375	659,375	659,375	679,156	679,156	679,156	699,531	699,531	699,531	720,517
Showrooms	0.0%	0	0	0	0	0	0	0	0	0	0
Others	0.0%	0	0	0	0	0	0	0	0	0	0
Total		<b>659,375</b>	<b>659,375</b>	<b>659,375</b>	<b>679,156</b>	<b>679,156</b>	<b>679,156</b>	<b>699,531</b>	<b>699,531</b>	<b>699,531</b>	<b>720,517</b>
<b>Expenses</b>											
OPEX	15.0%	989,063	989,063	989,063	1,018,734	1,018,734	1,018,734	1,049,296	1,049,296	1,049,296	1,080,775
Others	5%	329,688	329,688	329,688	339,578	339,578	339,578	349,765	349,765	349,765	360,258
<b>Overall Expenses</b>		<b>1,318,750</b>	<b>1,318,750</b>	<b>1,318,750</b>	<b>1,358,313</b>	<b>1,358,313</b>	<b>1,358,313</b>	<b>1,399,062</b>	<b>1,399,062</b>	<b>1,399,062</b>	<b>1,441,034</b>

NOI		4,615,625	4,615,625	4,615,625	4,754,094	4,754,094	4,754,094	4,896,717	4,896,717	4,896,717	5,043,618
Terminal Value @ ----->	7.5%										67,248,241
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54	0.50
Present Value		4,615,625	4,273,727	3,957,154	3,773,953	3,494,401	3,235,556	3,085,762	2,857,187	2,645,544	36,163,928
Market Rate / Net Present Value											68,102,837

	Discount Rate				
Discount Rate	6.00%	7.00%	8.00%	9.0%	10.0%
Market Value	76,958,019	72,342,227	68,102,837	64,204,911	60,617,081

#### 4.11 DISCOUNTED CASH FLOW- LEASING CONTRACT

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

First Party	شركة الفطيم العالمية التجارية
Second Party	شركة الفطيم الرائدة التجارية
Contract Date	01/08/1438
Contract Duration	15 years
Contract Effective Date	30/07/1453
Contract Value	75,750,000 SAR
OPEX	Paid by The Tenant

Al Futtaim Group Company has been added as an additional party to the lease agreement concluded between Awal Al Malqa Real Estate Company and Al Futtaim International Company. And changing the brand name from HOMEWORKS to B&Q. with extension of the discount previously granted to Al Futtaim International Company until the end of the contract

Cash Flow	0	1	2	3	4	5	6	7	8	9
<b>Expected Revenues</b>										
Overall Revenues	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Expenses</b>										
OPEX	0.0%	0	0	0	0	0	0	0	0	0
Insurance	SAR	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Overall Expenses		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
NOI	4,725,000	4,725,000	4,725,000	4,725,000	4,725,000	4,975,000	4,975,000	4,975,000	4,975,000	4,975,000
Terminal Value @ ----->	7.5%									66,333,333
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54
Present Value		4,725,000	4,375,000	4,050,926	3,750,857	3,473,016	3,385,901	3,135,094	2,902,865	2,687,838
Market Rate / Net Present Value										68,158,417
	Discount Rate									
Discount Rate	6.00%	7.00%	8.00%	9.0%	10.0%					
Market Value	76,959,741	72,372,416	68,158,417	64,283,133	60,715,486					

#### 4.12 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Approach</b>	Land + Building	SAR 73,710,000	Seventy-Three Million and Seven Hundred Ten Thousand Saudi Riyals
<b>DCF- Market Rates</b>	Property	SAR 68,103,000	Sixty-Eight Million and One Hundred Three Thousand Saudi Riyals
<b>DCF- Contract</b>	Property	SAR 68,158,000	Sixty-Eight Million and One Hundred Fifty-Eight Thousand Saudi Riyals

#### 4.13 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 68,158,000**  
**Sixty-Eight Million and One Hundred Fifty-Eight Thousand Saudi Riyals**

#### 4.14 REPORT USE

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

#### 4.15 DISCLAIMER

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

#### 4.16 CONCLUSION

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

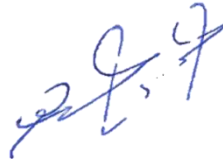
#### 4.17 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



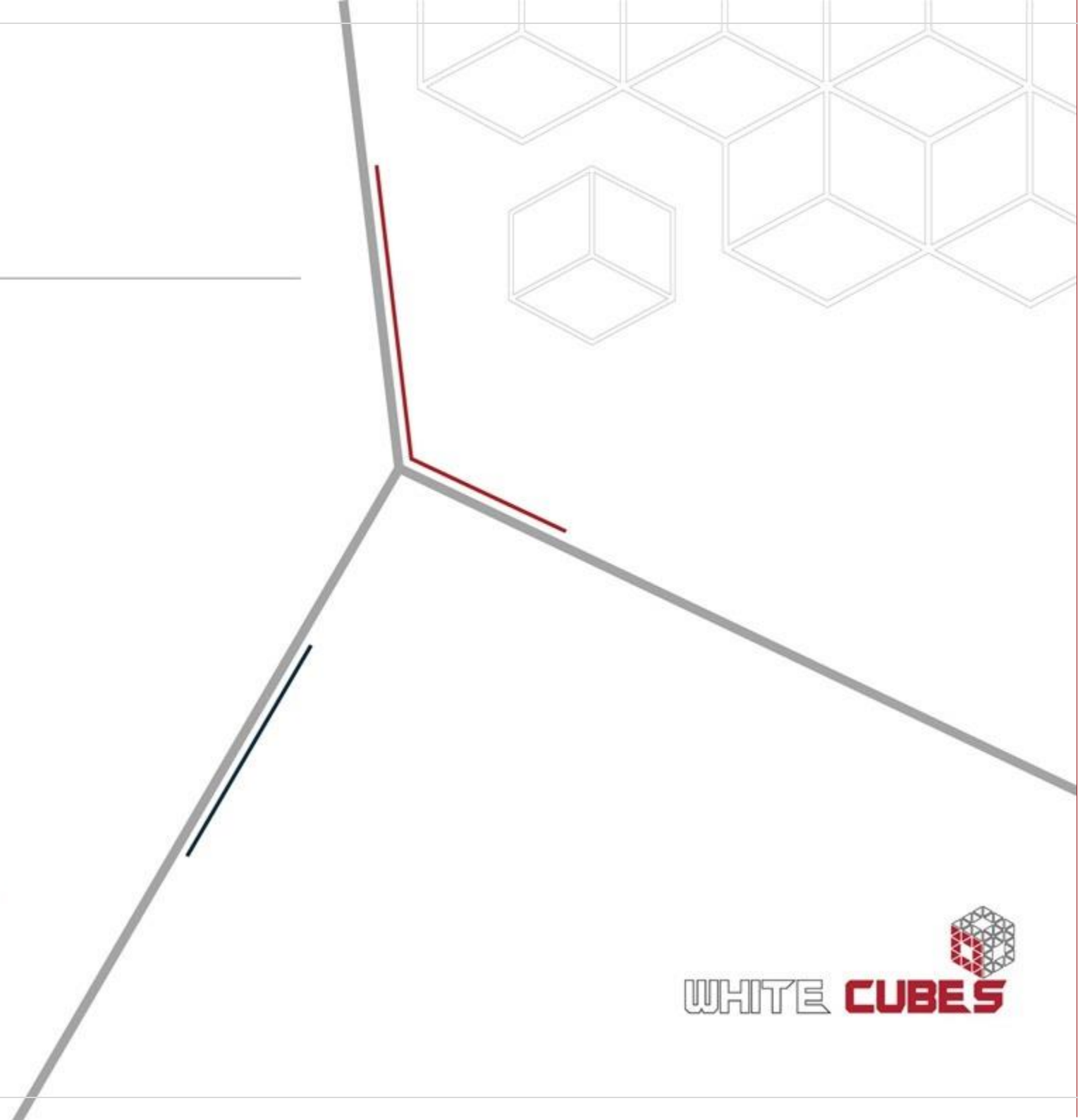
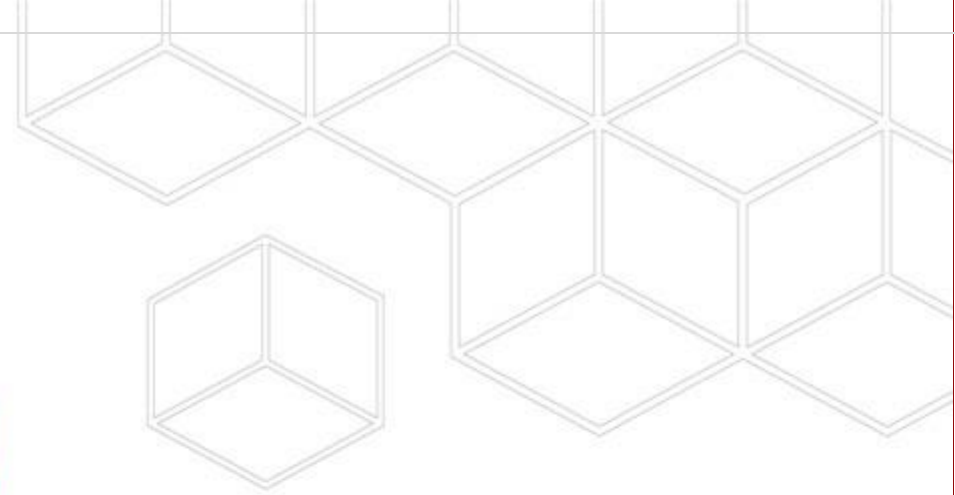
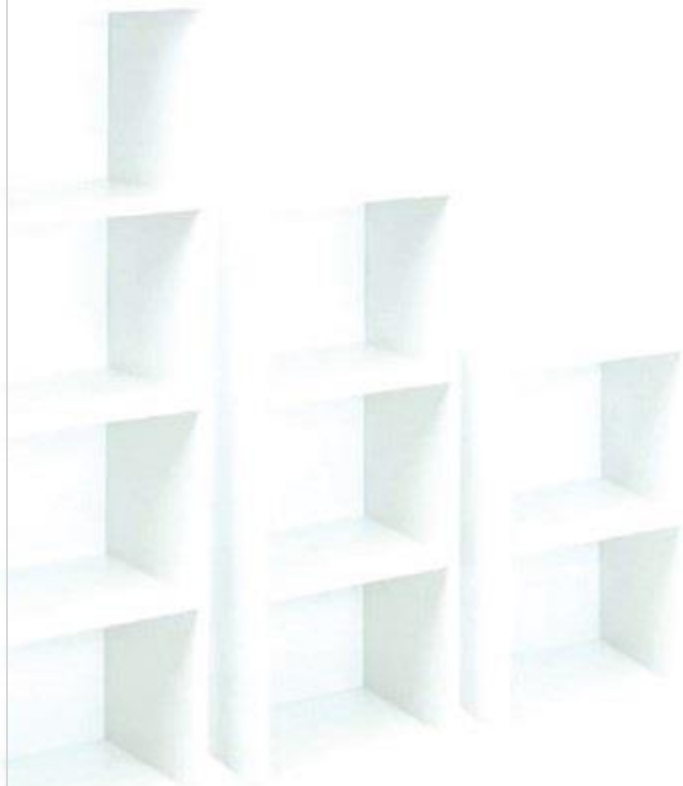
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

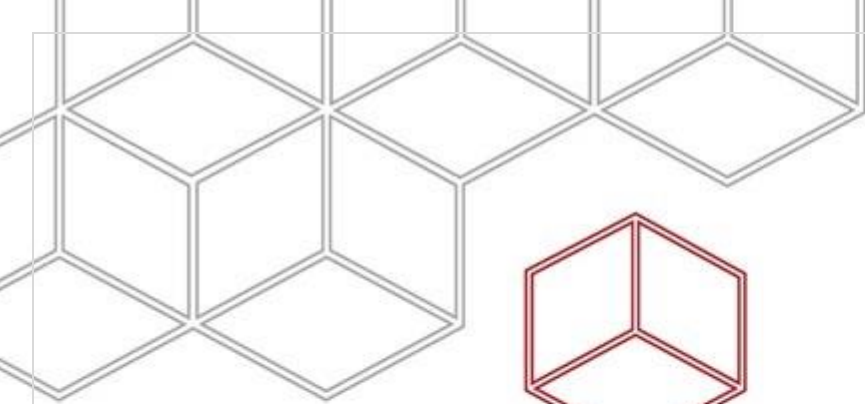
This document and / or any other documents received from the client are confidential between White Cubes. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



**Elite Centre**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Jeddah City  
June 2022

Valuation Report





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**REF:** 22-0112-5EN  
**Date:** 20/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

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

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of the commercial project (Elite Centre) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)



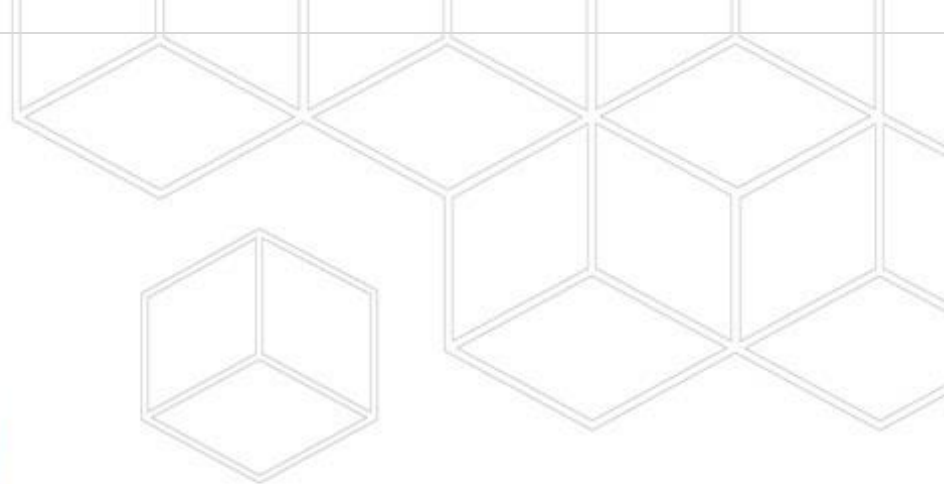
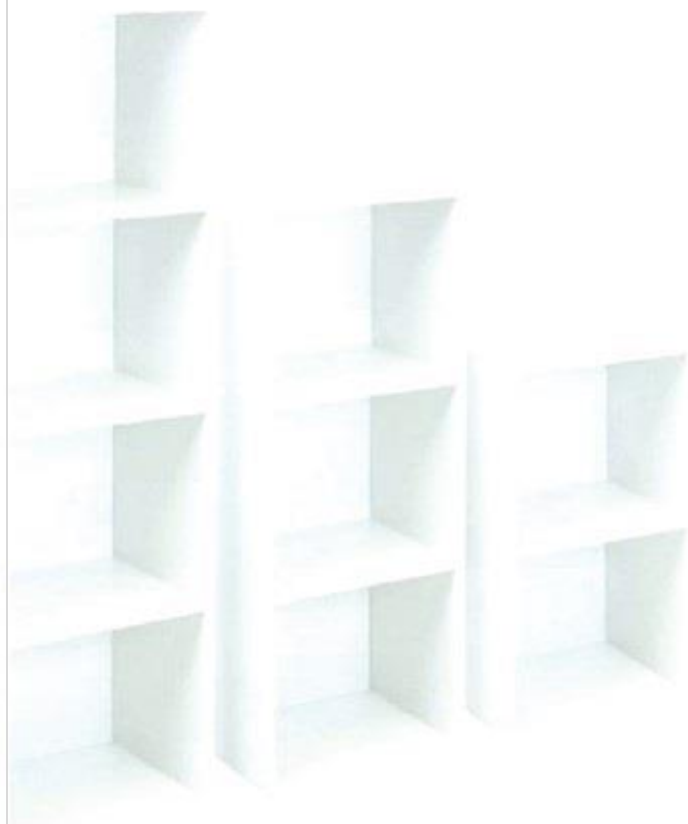
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# EXECUTIVE SUMMARY

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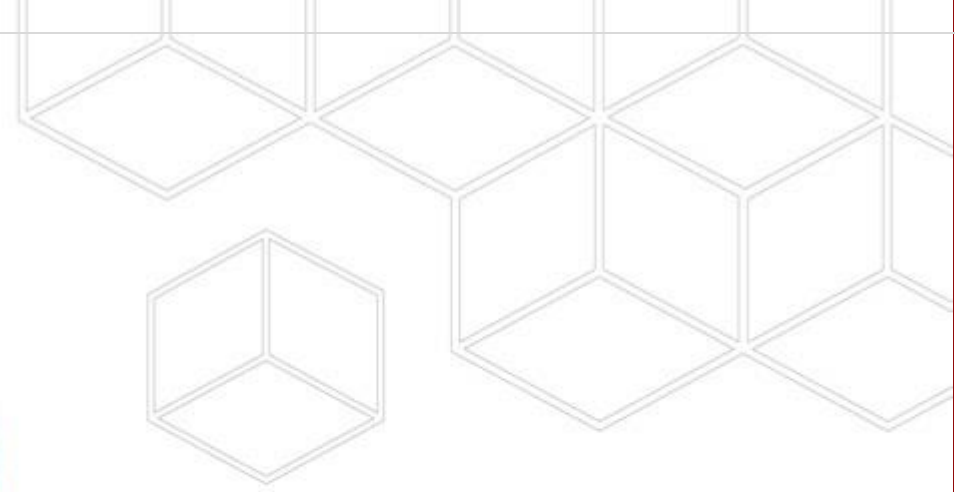
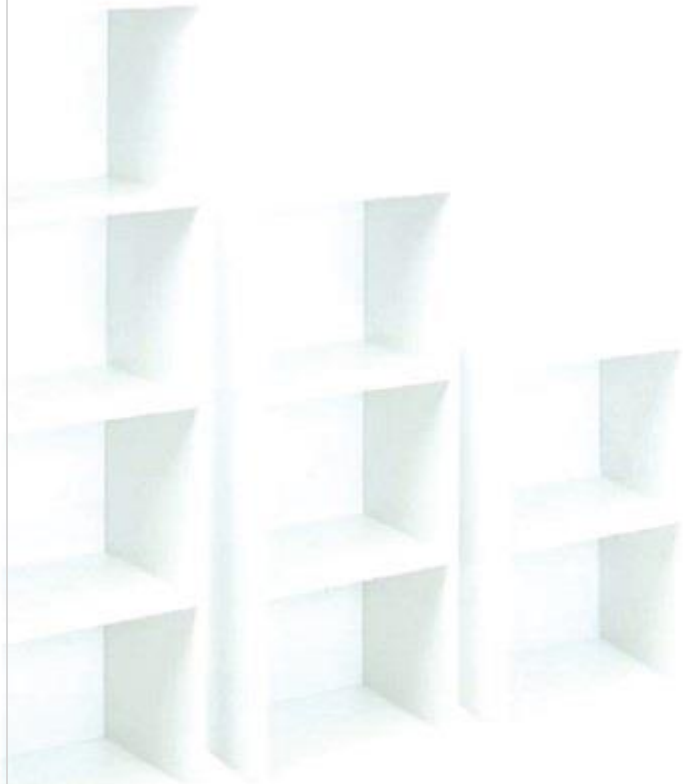


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for commercial project in Jeddah city.
<b>Client</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	22-0112-5EN
<b>Purpose of Valuation</b>	Real Estate Investment Trust (REIT)
<b>Subject Property</b>	Commercial Property.
<b>Property Location</b>	The property is located in Al Andalus district, Jeddah City
<b>Title Deed Information</b>	Title Deed No: 420221011608, Title Deed Date: 17/08/1440, Issued from Jeddah Primary Notary.
<b>Ownership Type</b>	Mortgage.
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial.
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 4,319.75 Sqm.
<b>BUA (Sqm)</b>	Based on the provided construction permit, the property is a fully constructed mix use center composed of 7 upper floors in addition to the ground floor with a total BUA of 15,712 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area of the project is 13,766 Sqm
<b>Vacancy Rate</b>	Based on the client, the project is fully leased to 1 tenant.
<b>Valuation Approach</b>	Income Approach, Cost Approach.
<b>Final Property Value</b>	SAR 150,000,000
<b>Valuation Date</b>	26/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

**June 06, 2022.**

#### 1.5 INSPECTION DATE

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

**June 15, 2022.**

#### 1.6 VALUATION DATE

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

**June 26, 2022.**

#### 1.7 REPORT DATE

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

**June 26, 2022.**

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

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

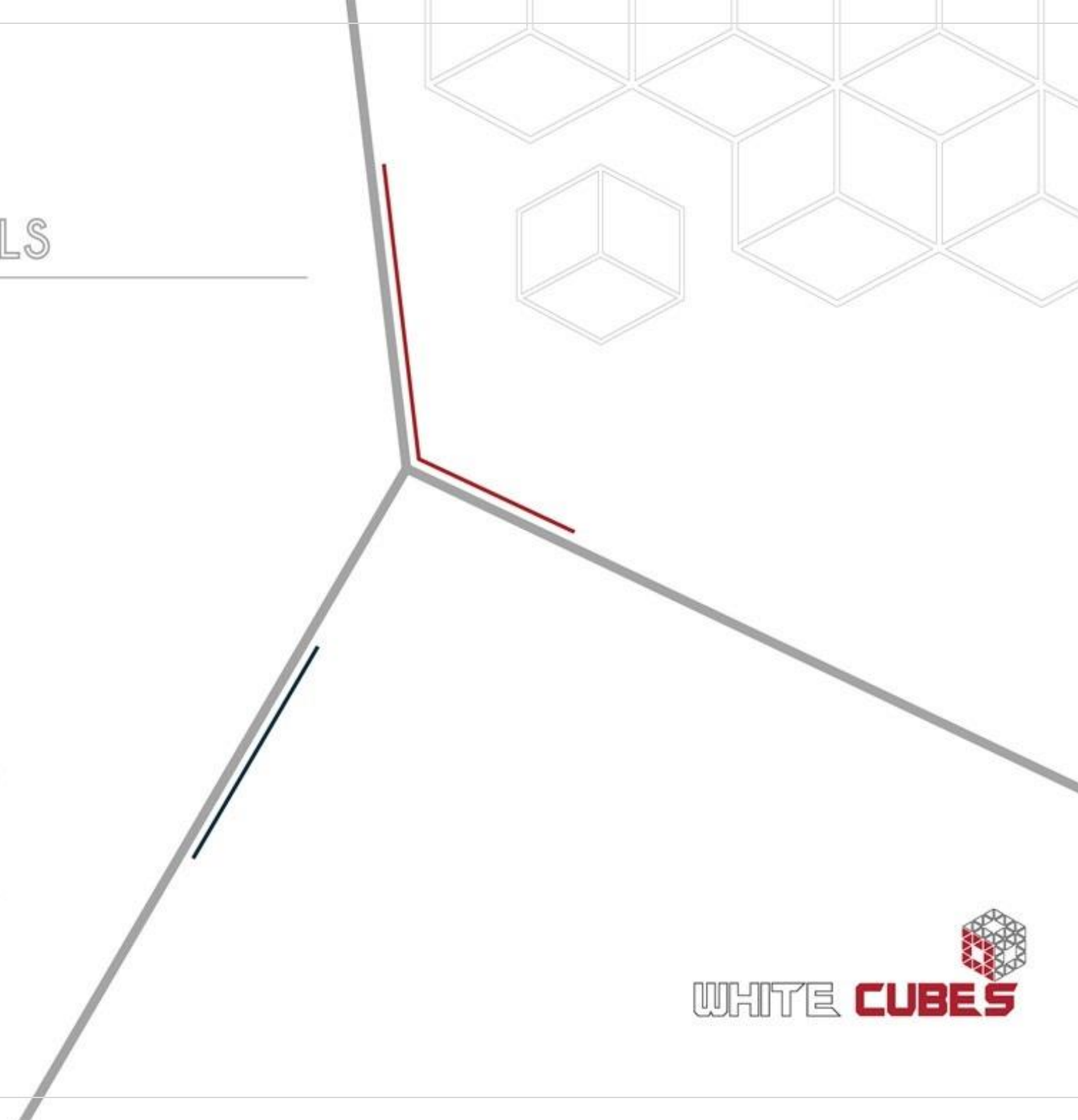
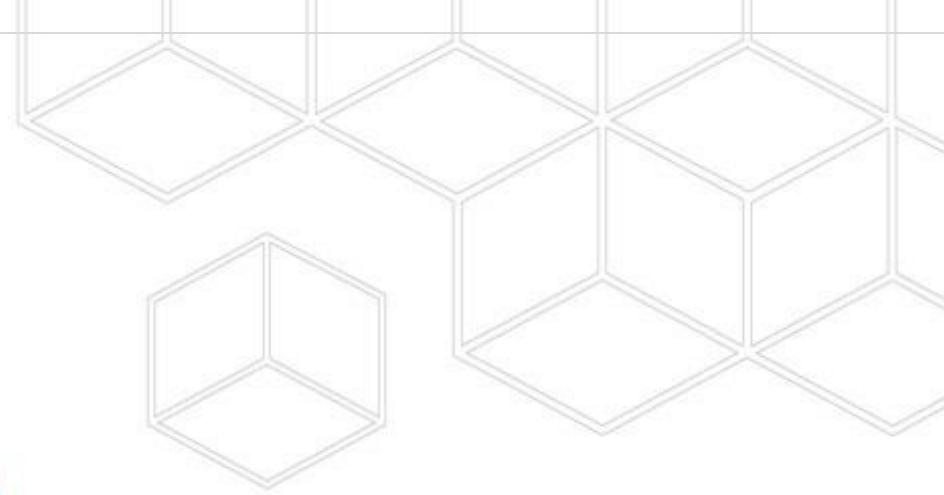
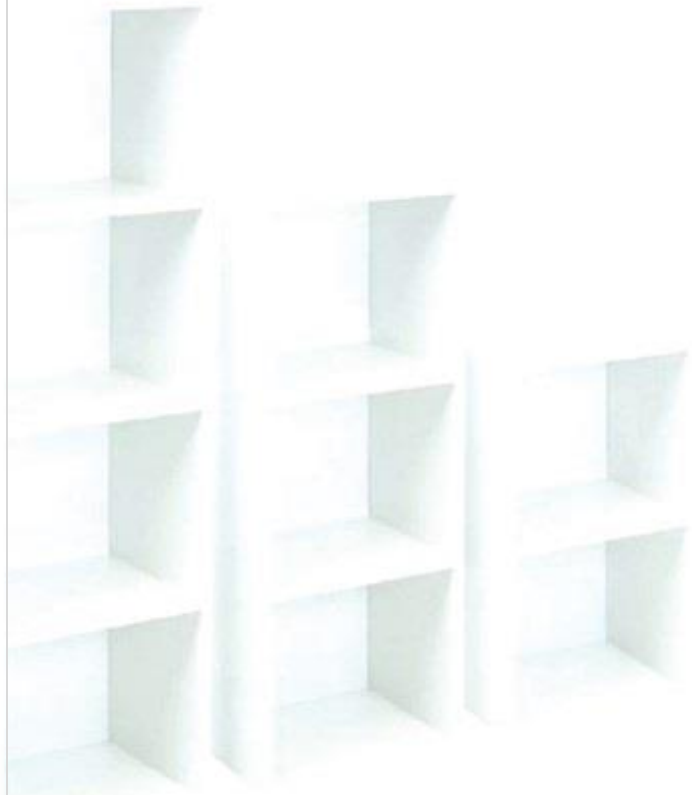
#### 1.11 MARKET SURVEY

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



# PROPERTY DETAILS

---



## 2.1 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a commercial project located in Al Andalos district, Jeddah city. It has a total land area of 4,319.75 Sqm, a total BUA of 15,712 Sqm and composed of 7 offices floors and retail unit in the ground floor. As per the site inspection done by our team, the project is open on 3 sides with a direct view on Prince Mohammad Bin Abdulaziz Road from the north side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.
<b>Location Description</b>	The property subject of valuation is a commercial project in Al Andalos district, Jeddah City. The property is bordered from the north by Prince Mohammad Bin Abdulaziz Road The property is bordered from the south by an unnamed street The Property is bordered from the east by a private property The property is bordered to the west by an unnamed street
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high, since it is located on Prince Mohammad Bin Abdulaziz Road.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

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

## 2.2 INFRASTRUCTURE FACILITIES

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

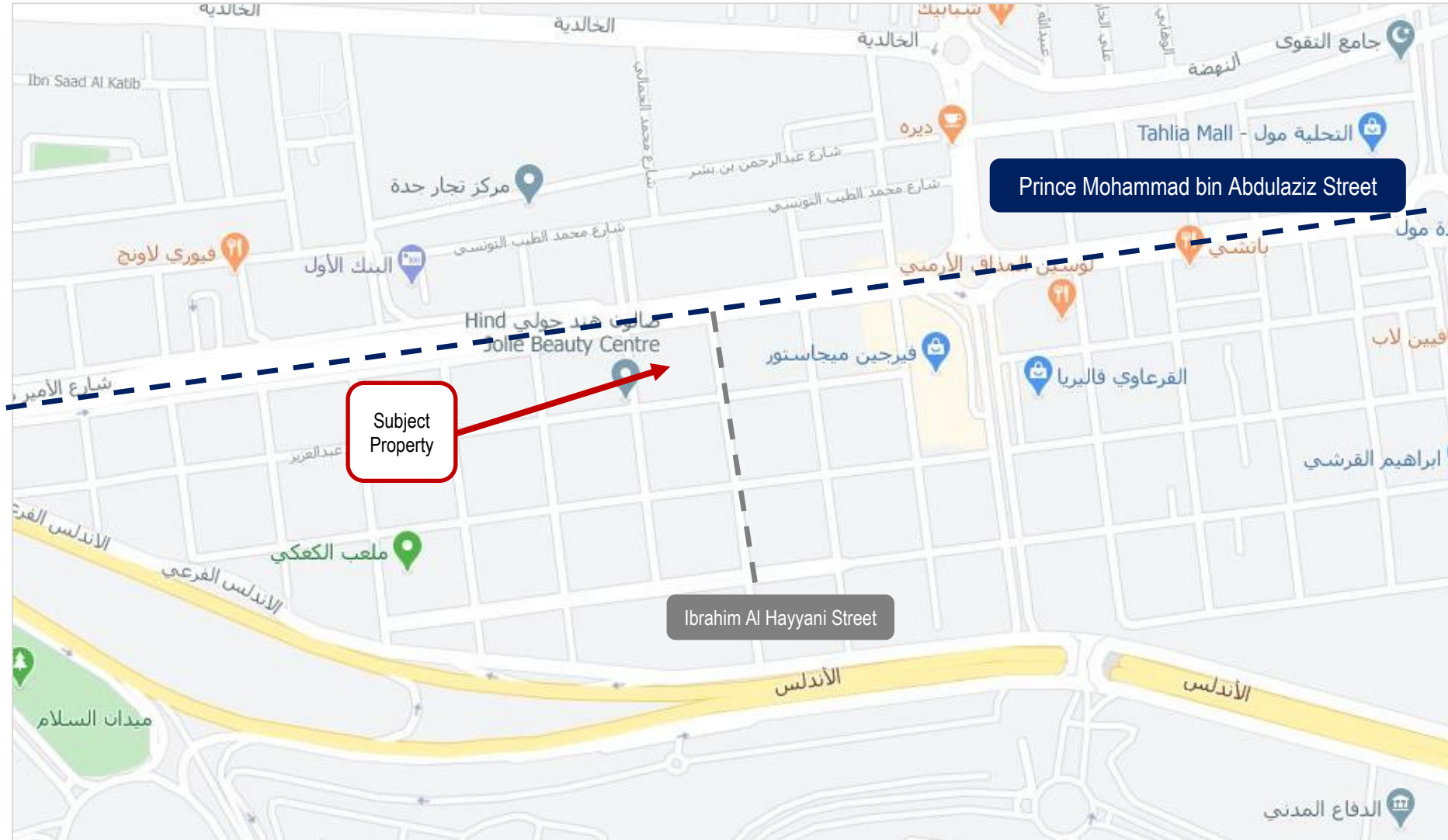
### 2.3 LOCATION

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



## 2.4 PROPERTY ACCESS

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



## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Jeddah	<b>Land Area</b>	4,319.75 Sqm
<b>District</b>	Al Andalus	<b>Plot No.</b>	2
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	420221011608	<b>Layout No.</b>	860/س/ت
<b>T.D Date</b>	17/08/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A	<b>Limitation of Document</b>	Mortgage
<b>North Side</b>	Prince Mohammad Bin Abdulaziz Road	<b>East Side</b>	private property
<b>South Side</b>	15 meters street	<b>West Side</b>	15 meters street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 2.6 CONSTRUCTION & BUILDINGS

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

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

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

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

As per the provided construction permit, the total BUA is 15,712 Sqm, which will be used in our valuation analysis.

## 2.7 MAINTENANCE & OPERATIONAL EXPENSES

The client provides us with the insurance premium expenses related to the subject property

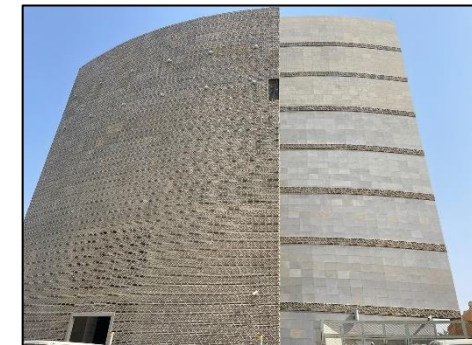
## 2.8 BUILDING GROSS LEASABLE AREA (GLA)

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

## 2.9 PROPERTY ACTUAL RENTAL RATES

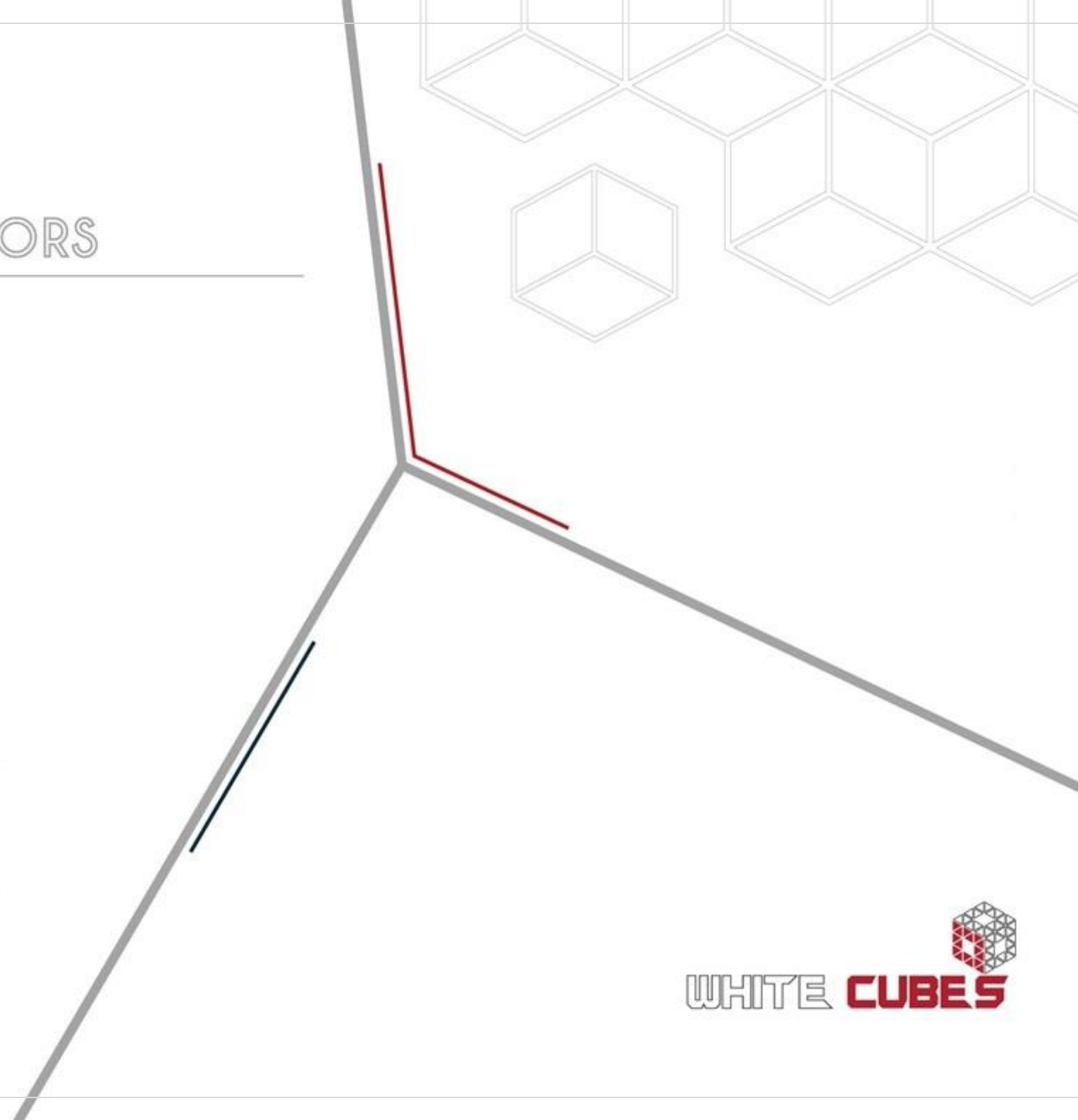
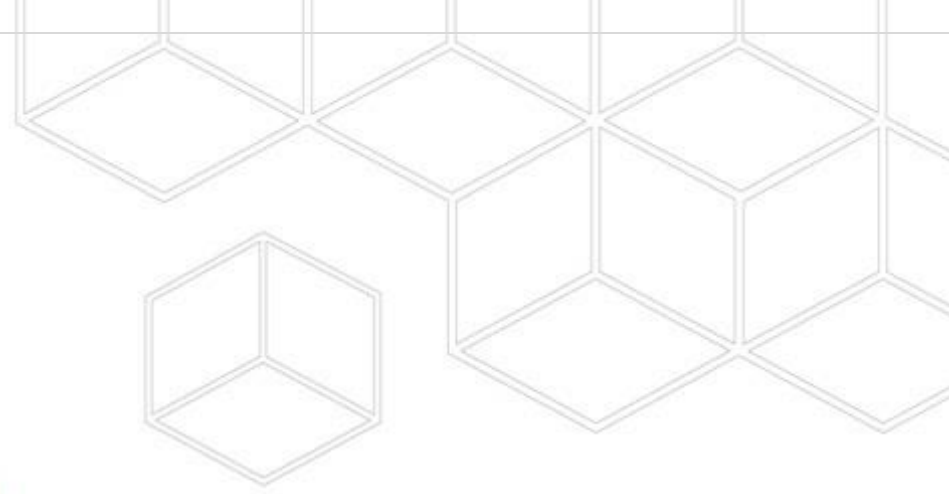
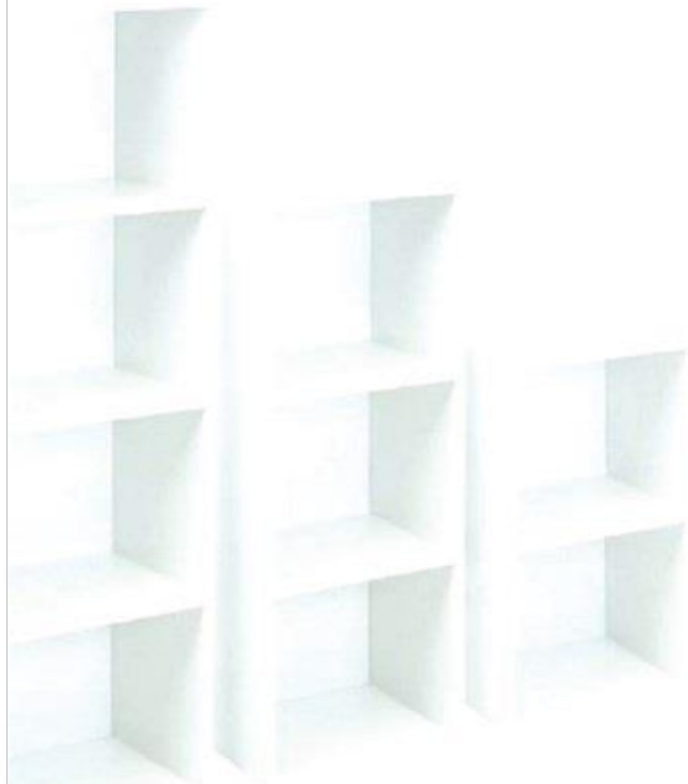
As per the site inspection done by our team, the subject property is semi occupied by several tenants. Yet, and as per the client, the client intends to acquire the subject property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years. The client also informed us that a discount is introduced to the current leasing contract where the net lease becomes 11,520,000 SAR. The valuation will be based on the before assumption.

2.10 PHOTO RECORD



# MARKET INDICATORS

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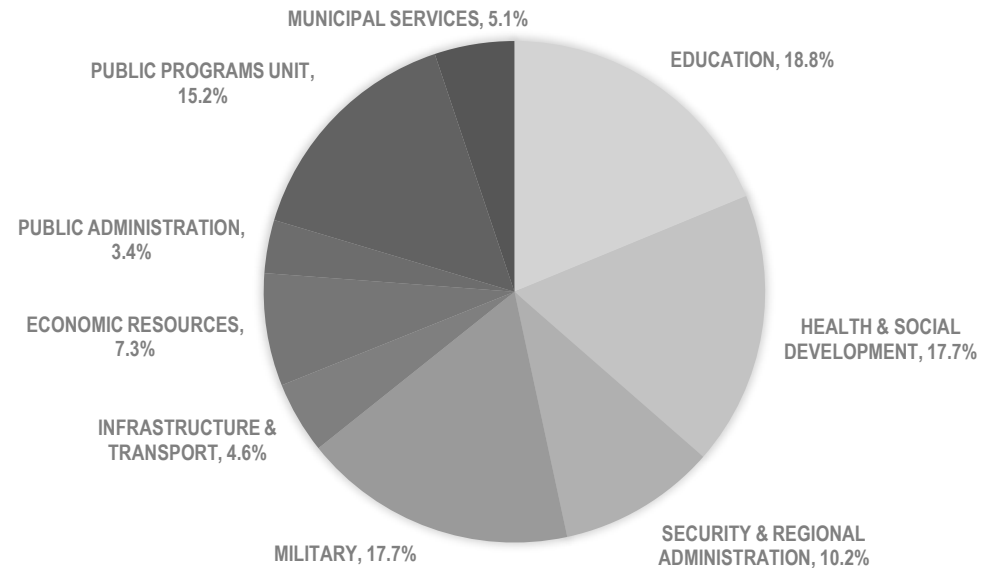
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



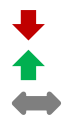
### 3.3 SWOT ANALYSIS

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

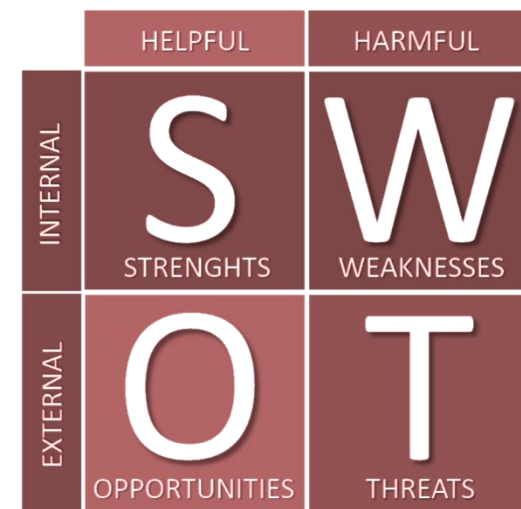
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

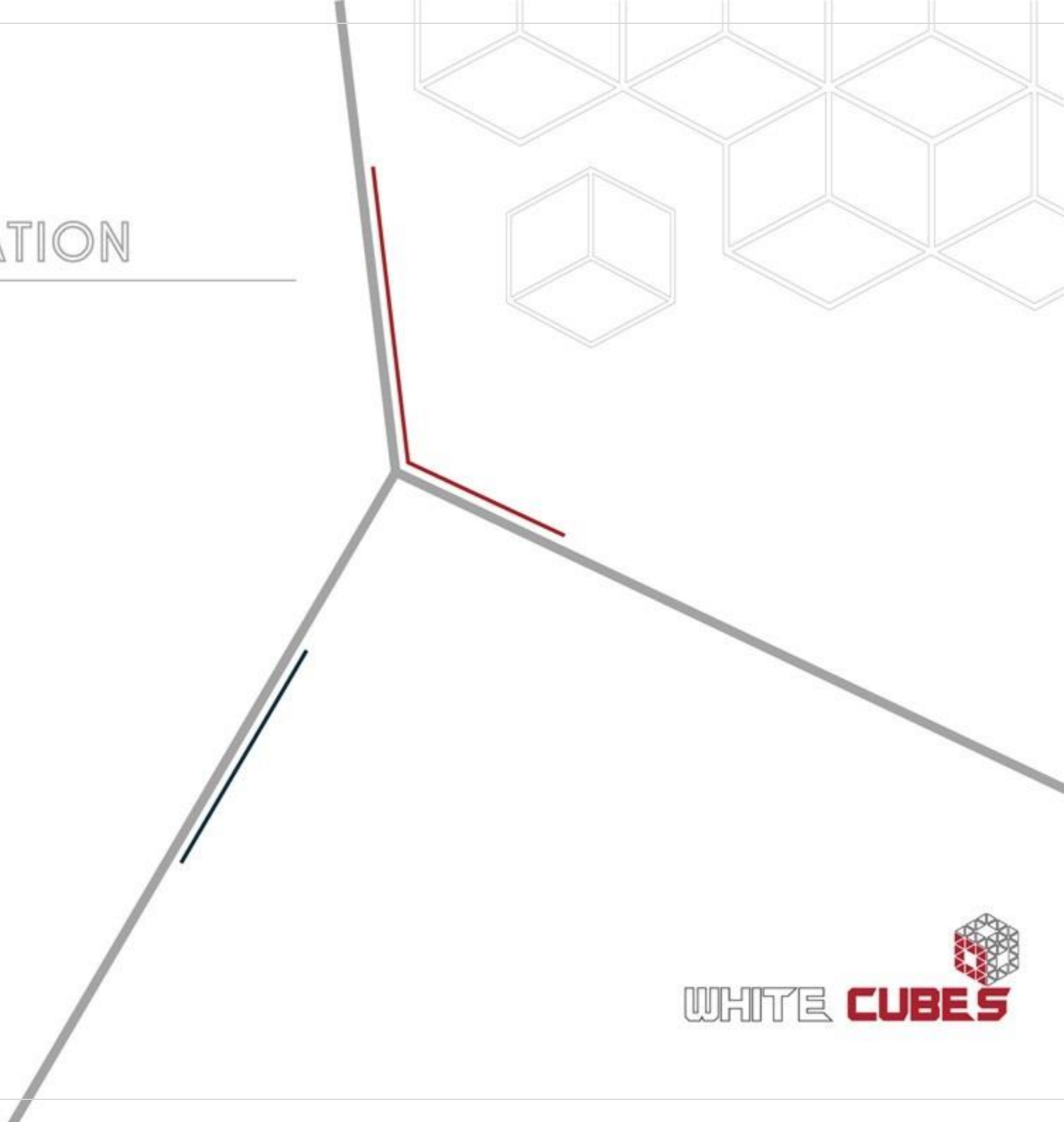
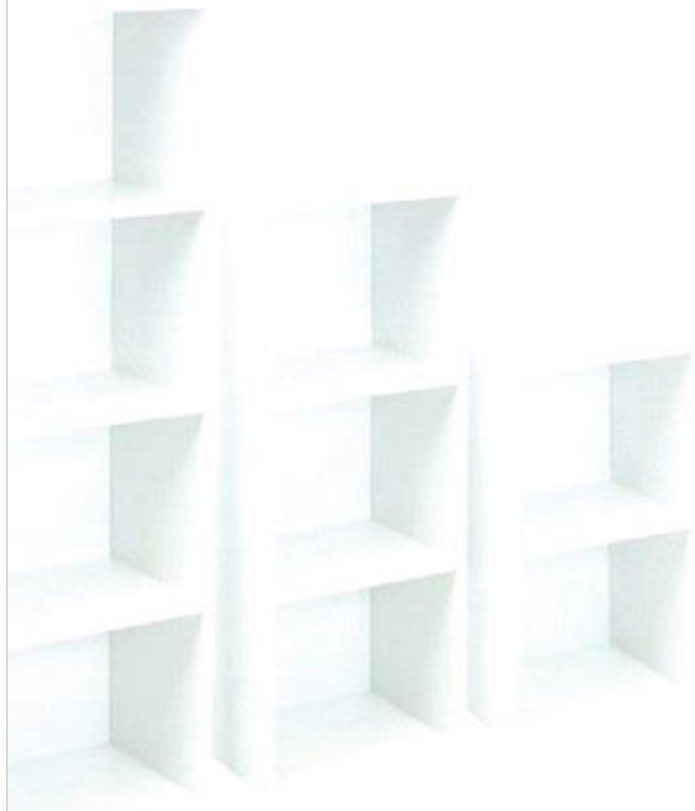
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6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

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

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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



## 4.7 COMPARABLE APPROACH

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

As per the market survey done by our team for the purpose of valuation, we couldn't find samples similar to the subject property in terms of location, area size, use, etc. Therefore, we have executed trade interviews with several local real estate agents and found that the average rate to such lands falls between 12,000 & 14,000 SAR/ Sqm. We will base our valuation analysis on the average rate 13,000 SAR/ Sqm.

SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	4,320	4,320	4,320	4,320	4,320
SAR / Sqm	SAR 11,700.0	SAR 12,350.0	SAR 13,000.0	SAR 13,650.0	SAR 14,300.0
Property Value	SAR 50,541,075	SAR 53,348,913	SAR 56,156,750	SAR 58,964,588	SAR 61,772,425
<b>PROPERTY VALUE</b>					

## 4.8 COST APPROACH (DRC)

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

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

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

LAND		
Land Area	SAR / Sqm	Total Value
4,319.75	SAR 13,000	SAR 56,156,750

Building					
	Unit	No of Floors	Total BUA		
Ground Floor	Sqm	----	2,468.00		
Upper Floors	Sqm	----	12,233.00		
Annex	Sqm	----	1,011.00		
Fences	Lm	----	69.00		
<b>Total (SQM)</b>	<b>15,712.00</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	15,712.00	SAR 1,000	SAR 15,712,000	100%	SAR 15,712,000
Electro Mechanic	15,712.00	SAR 400	SAR 6,284,800	100%	SAR 6,284,800
Finishing	15,712.00	SAR 1,300	SAR 20,425,600	100%	SAR 20,425,600
Site Improvement	4,319.75	SAR 100	SAR 431,975	100%	SAR 431,975
<b>Total</b>			<b>SAR 42,854,375</b>	<b>100.00%</b>	<b>SAR 42,854,375</b>
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 42,854,375	0.10%	SAR 42,854
Design			SAR 42,854,375	0.50%	SAR 214,272
Eng Consultant			SAR 42,854,375	1.00%	SAR 428,544
Management			SAR 42,854,375	5.00%	SAR 2,142,719
Contingency			SAR 42,854,375	5.00%	SAR 2,142,719
<b>TOTAL</b>				<b>11.60%</b>	<b>SAR 4,971,107.50</b>
<b>Total Hard Cost</b>	<b>SAR 42,854,375</b>		<b>BUA</b>	<b>15,712.00</b>	
<b>Total Soft Cost</b>	<b>SAR 4,971,107.50</b>		<b>SAR / Sqm</b>	<b>SAR 3,044</b>	
<b>Total Construction Cost</b>	<b>SAR 47,825,482.50</b>		<b>Overall Completion</b>	<b>100.0%</b>	

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

DEVELOPMENT VALUE			
Total Dev Cost	SAR 47,825,483	Net Dep Rate	22.50%
Economic Age	40	Dev Cost After Depreciation	SAR 37,064,749
Annual Dep Rate	2.50%	Total Completion Rate	100.00%
Actual Age	9	Developer Profit Rate	20.0%
Total Dep Rate	22.50%	Dev. Profit Amount	SAR 7,412,950
Add Appr Rate	0.00%	Development Value	SAR 44,477,699
Net Dep Rate	22.50%		

The total value of the building is 44,477,699 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 44,477,699	SAR 56,156,750	SAR 100,634,449	SAR 100,630,000

#### 4.9 INCOME APPROACH- MARKET RATES

##### Market Rental Analysis

We were not able to find similar samples within the property's area in terms of quality, area size, etc. Yet, we have executed some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,000 to 3,000 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 2,600 SAR/ Sqm as a rental rate for showrooms. As for the offices rental rates, falls between:

Comparable No.	Office Units Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm
Average	750 SAR/ Sqm

As for the offices, we will base our valuation on 900 SAR/ Sqm due to better quality, services, etc.



### **Analysis of Operating and Maintenance Expenses**

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

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

### **Property Operation and Maintenance Expenses**

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

### **Market Capitalization Rate Analysis**

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

### **The Capitalization Rate Used for the Valuation**

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

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

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

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

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

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

REVENUES						
Unit Type	Quantity			Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Show Rooms	2,169	0	SAR 2,600	SAR 0	SAR 5,639,400	
Offices	9,882	0	SAR 900	SAR 0	SAR 8,893,800	
Mezzanine	1,715	0	SAR 1,450	SAR 0	SAR 2,486,750	
<b>Total Revenues</b>					<b>SAR 17,019,950</b>	
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	3.00%	3.00%	5.00%	5.00%	16.00%	
Offices	3.00%	3.00%	5.00%	10.00%	21.00%	
Mezzanine	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 5,639,400	16.00%	SAR 4,737,096			
Offices	SAR 8,893,800	21.00%	SAR 7,026,102			
Mezzanine	SAR 2,486,750	0.00%	SAR 2,486,750			
<b>Total</b>			<b>SAR 14,249,948</b>			
<b>Total Property Revenues</b>			SAR 17,019,950			
<b>Total Property Expenses</b>			-SAR 2,770,002			
<b>Net Operating Income</b>			<b>SAR 14,249,948.00</b>			
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>		
SAR 14,249,948.00	9.50%	149,999,452.63 SAR		150,000,000.00 SAR		

#### 4.10 INCOME APPROACH BASED ON THE LEASING CONTRACT

As per the site inspection done by our team, the subject property is semi occupied by several tenants. Yet, and as per the client, the client intends to acquire the subject property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years with an insurance premium of 50,000 SAR. The client also informed us that a discount is introduced to the current leasing contract where the net lease becomes 11,520,000 SAR. The valuation will be based on the before assumption.

REVENUES							
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	SAR / Unit	
Commercial Building			The subject property is Fully leased to 1 tenant			Total Revenues	SAR 11,520,000
-----	0		0	SAR 0		SAR 0	SAR 0
-----	0		0	SAR 0		SAR 0	SAR 0
						<b>Total Revenues</b>	<b>SAR 11,520,000</b>
EXPENSES							
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses		
Commercial Building	0.00%	0.00%	0.00%	SAR 50,000	SAR 50,000		
-----	0.00%	0.00%	0.00%	0.00%	0.00%		
-----	0.00%	0.00%	0.00%	0.00%	0.00%		
NET OPERATING INCOME							
Unit Type	Total Revenues	Total Expenses	NOI				
Commercial Building	SAR 11,520,000	SAR 50,000	SAR 11,470,000				
-----	SAR 0	0.00%	SAR 0				
-----	SAR 0	0.00%	SAR 0				
						<b>Total</b>	<b>SAR 11,470,000</b>
<b>Total Property Revenues</b>						SAR 11,520,000	
<b>Total Property Expenses</b>						-SAR 50,000	
<b>Net Operating Income</b>						<b>SAR 11,470,000.00</b>	
Net Operating Income	Cap Rate	Property Value			Rounded Value		
SAR 11,470,000.00	9.50%	120,736,842.11 SAR			<b>120,740,000.00 SAR</b>		

#### 4.11 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 150,000,000	One Hundred Fifty Million Saudi Riyals
Income- Contract	Property	SAR 120,740,000	One Hundred Twenty Million and Seven Hundred Forty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 100,630,000	One Hundred Million and Six Hundred Thirty Thousand Saudi Riyals

#### 4.12 VALUATION NOTES

As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology.

#### 4.13 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 150,000,000**  
**One Hundred Fifty Million Saudi Riyals**

#### 4.14 REPORT USE

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

#### 4.15 DISCLAIMER

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

#### 4.16 CONCLUSION

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

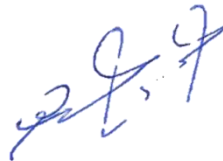
#### 4.17 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



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

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



**Member of (Taqeem)**  
License No. 1210001964

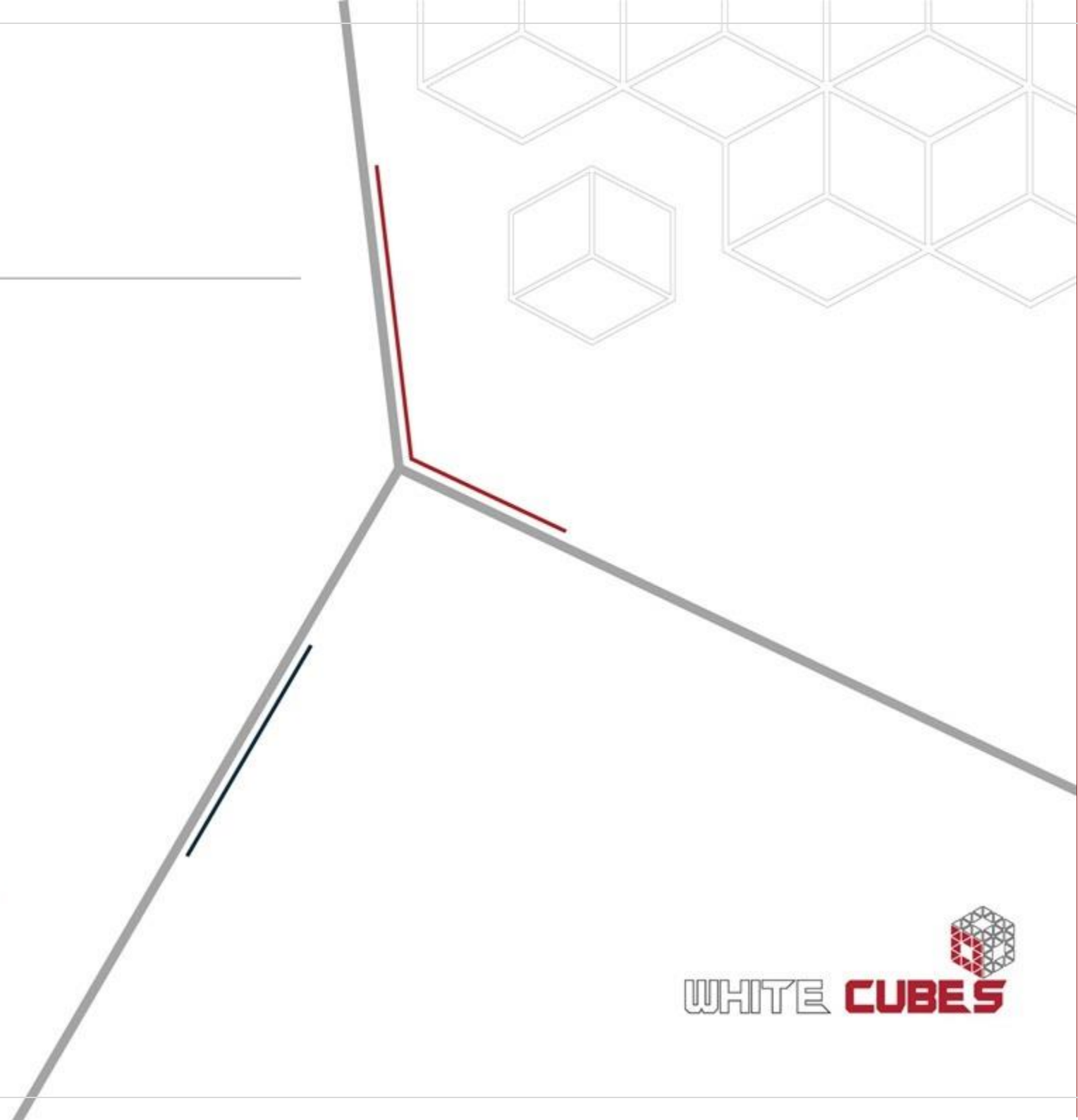
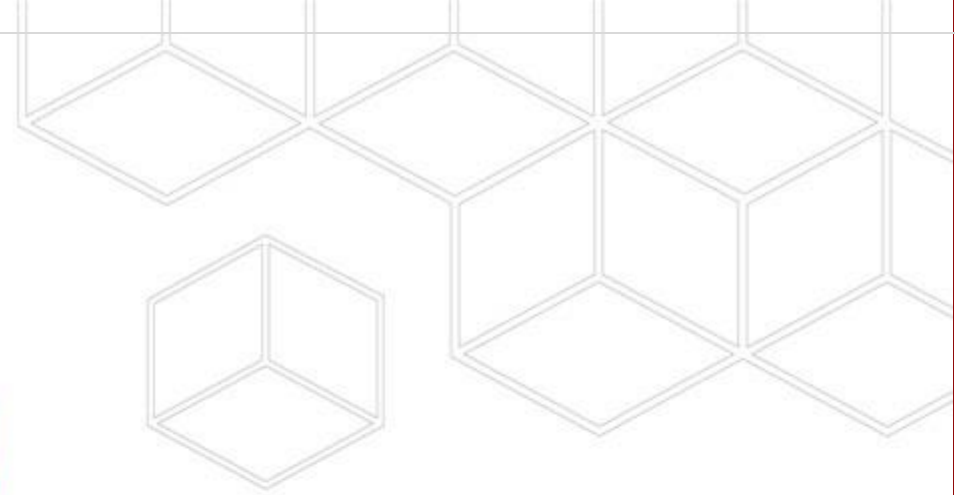
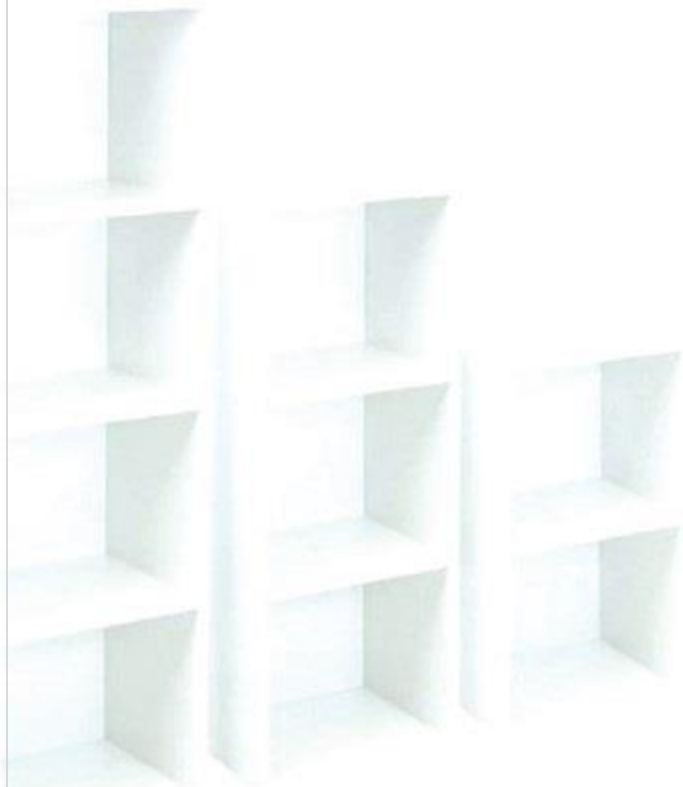
**WHITECUBES Stamp**





# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

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

## 5.2 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

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

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

## 5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



WHITE CUBES



**BIN 2 PLAZA**  
**AL KHABEER CAPITAL**  
**Awal Al Malqa Real Estate Company**

Jeddah City  
June 2022

Valuation Report





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**REF:** 22-0112-3EN  
**Date:** 25/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

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

Dear Sir,

With reference to your request and approval dated on June 06, 2022, for valuation service of the commercial project (Bin 2 Plaza) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

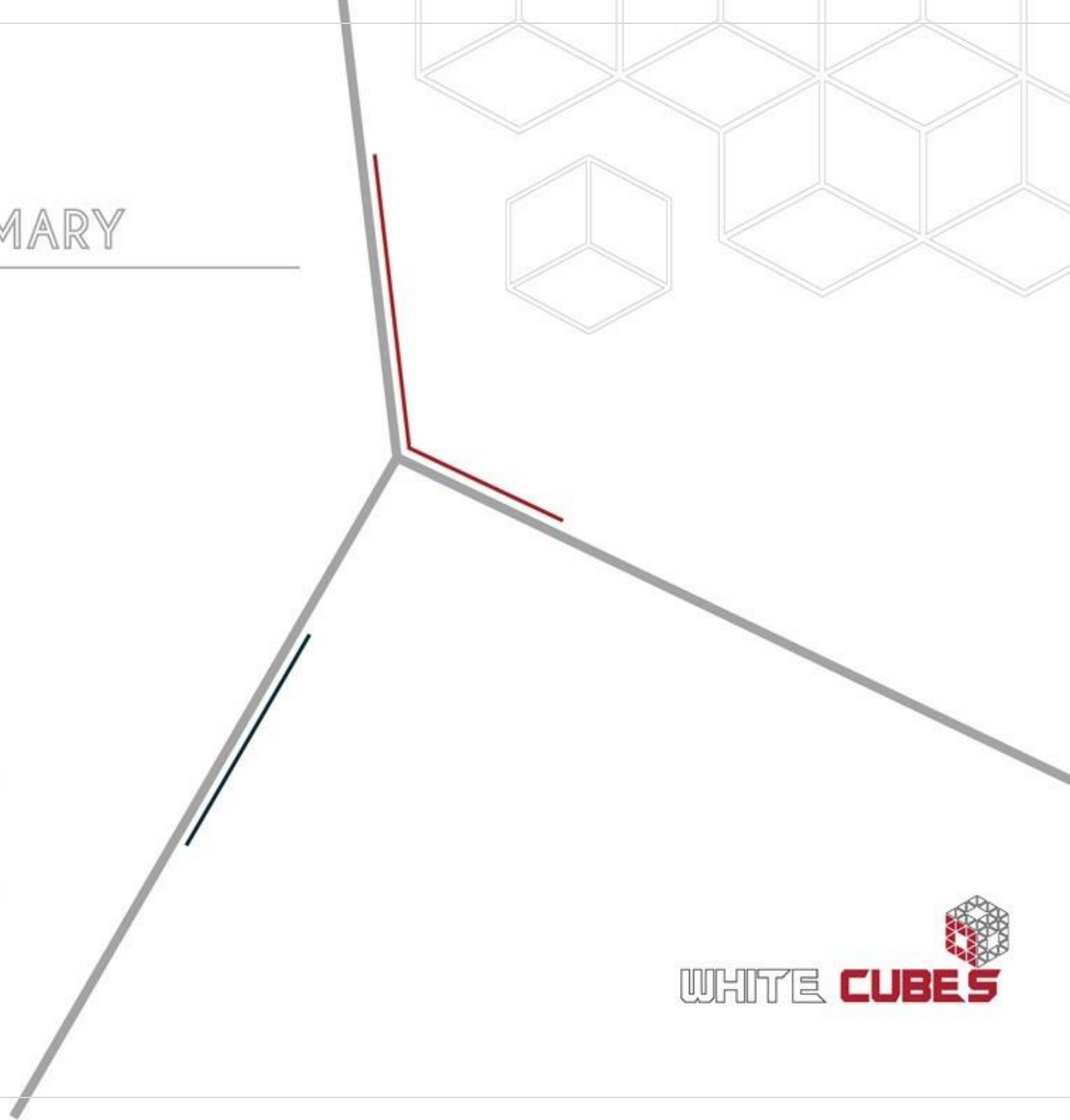
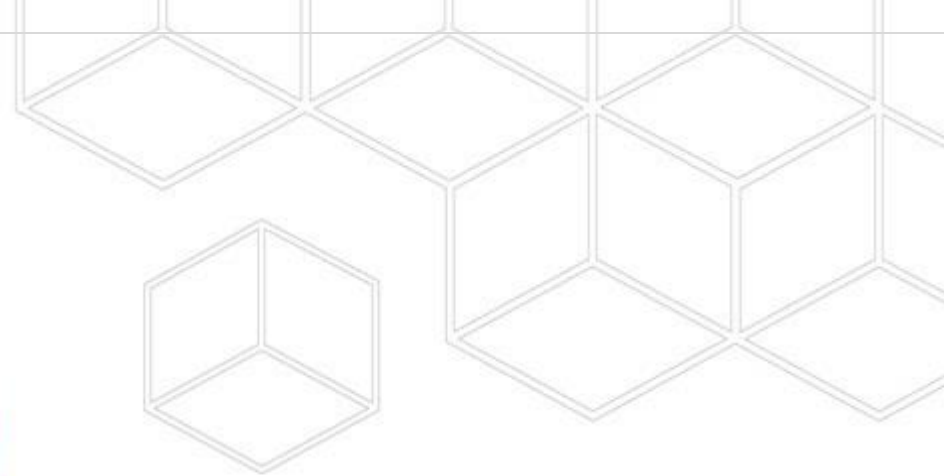
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# EXECUTIVE SUMMARY

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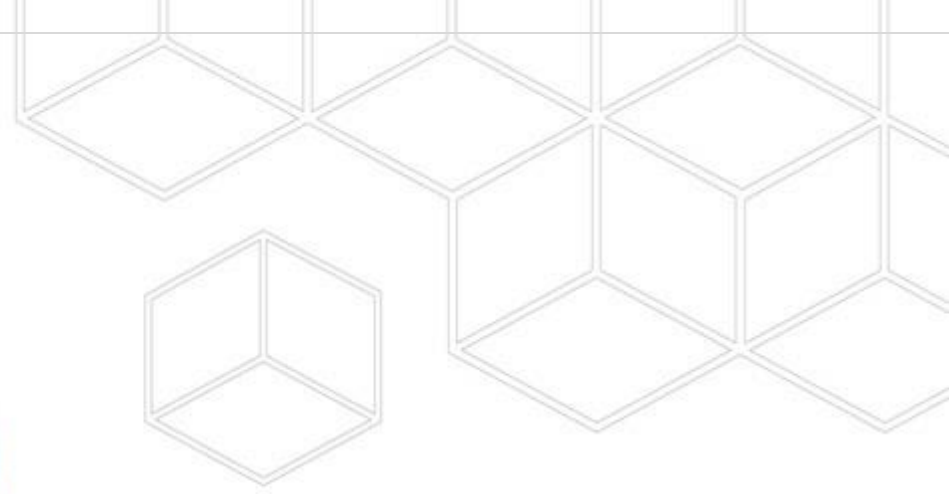
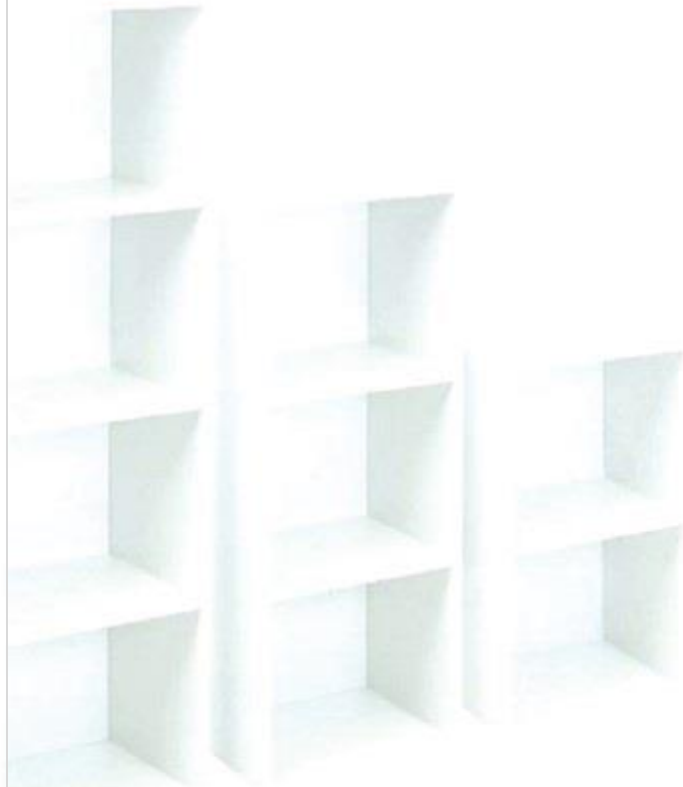
## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for a commercial center in Jeddah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-3EN
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Commercial Center
<b>Property Location</b>	The property is located in Al Amwaj district, Jeddah City.
<b>Title Deed Information</b>	Title Deed No: 420210027007, Title Deed Date: 17/08/1440, Issued from Jeddah Notary
<b>Ownership Type</b>	Freehold (Mortgaged)
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 20,641.74 Sqm
<b>BUA (Sqm)</b>	Based on the construction permit, the building has total BUA of 21,305.3 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 7,336 Sqm for Showrooms and 7,631 Sqm for Offices
<b>Vacancy Rate</b>	Based on the client, the project is fully leased to one tenant
<b>Valuation Approach</b>	DRC Approach & Income Approach
<b>Final Property Value</b>	SAR 96,330,000
<b>Valuation Date</b>	25/06/2022
<b>Inspection Date</b>	15/06/2022



# TERMS OF REFERENCE & VALUATION

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## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

#### AN ASSET SHOULD EXCHANGE

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

#### ON THE VALUATION DATE

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

#### BETWEEN WILLING BUYER

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

AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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

#### 1.4 CLIENT APPROVAL DATE

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

**June 06, 2022.**

#### 1.5 INSPECTION DATE

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

**June 15, 2022.**

#### 1.6 VALUATION DATE

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

**June 25, 2022.**

#### 1.7 REPORT DATE

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

**June 25, 2022.**

#### 1.8 OPINION OF VALUE

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

#### 1.9 PURPOSE OF VALUATION

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

#### 1.10 INSPECTION ROLE

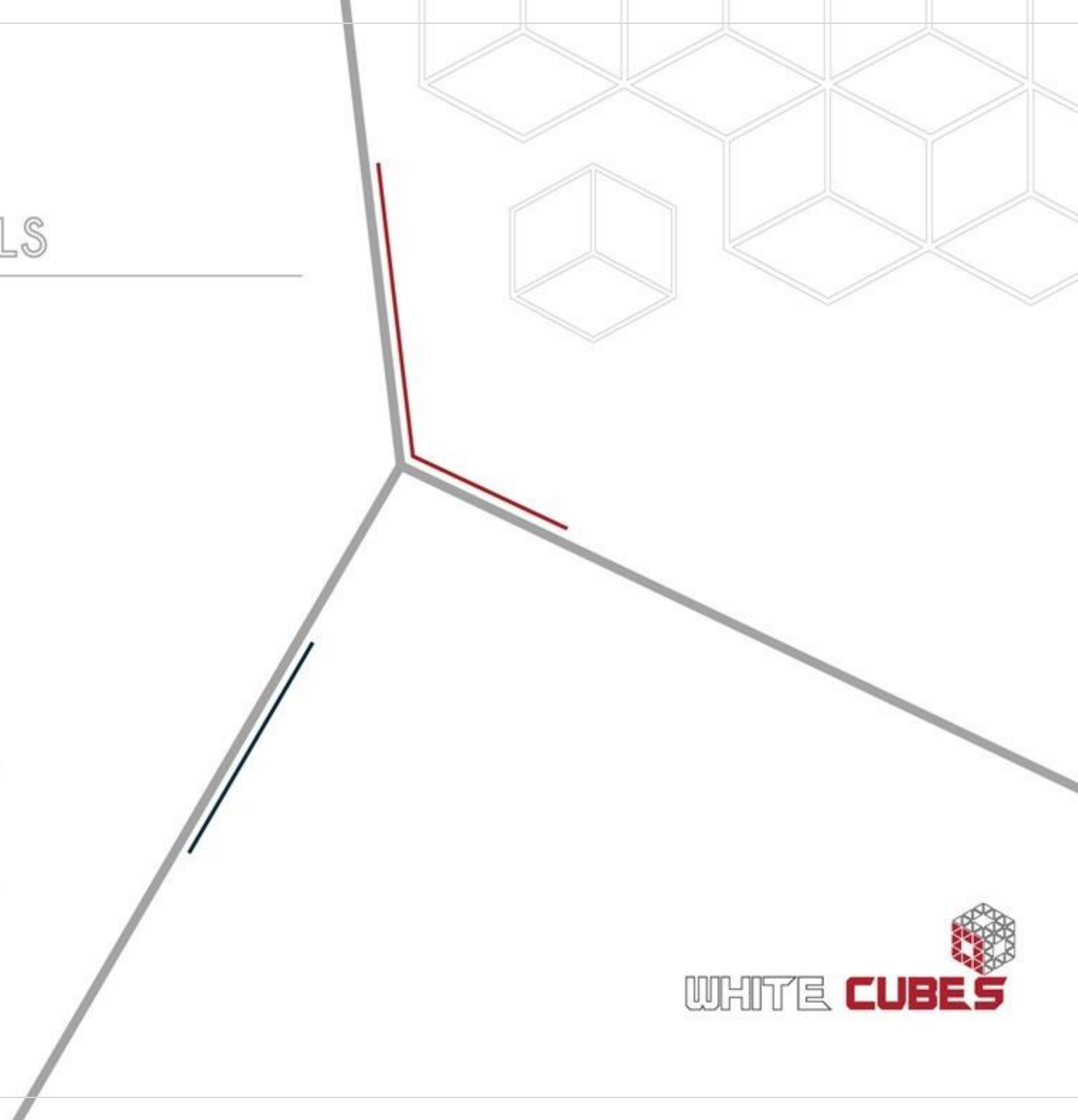
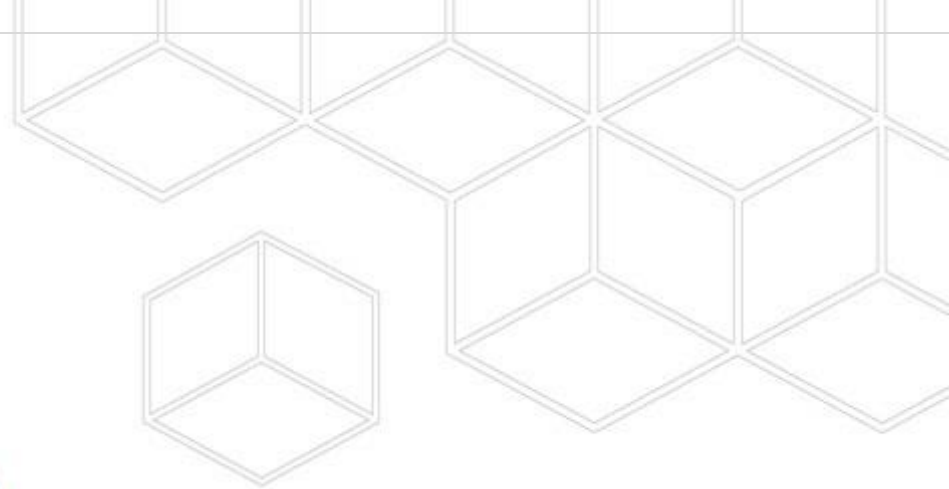
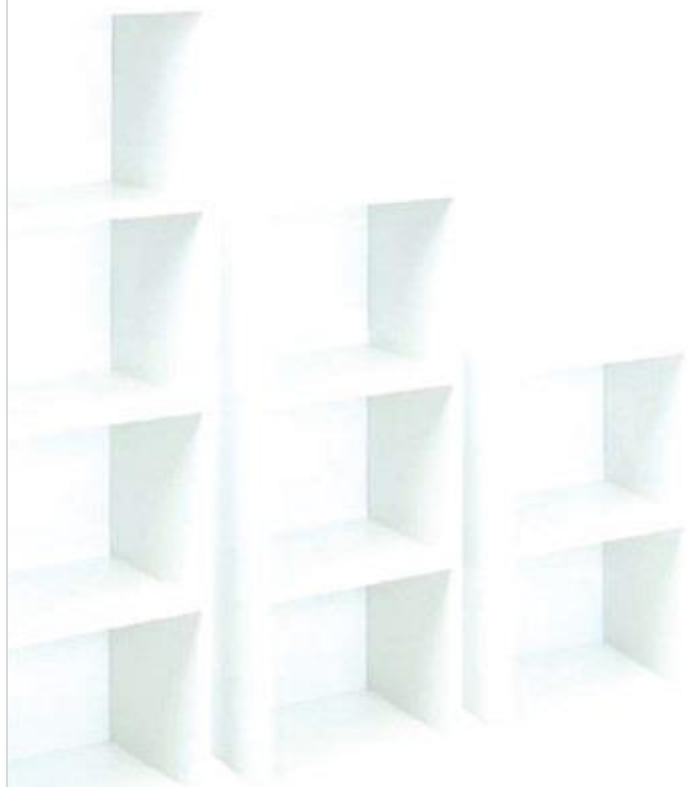
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

#### 1.11 MARKET SURVEY

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

# PROPERTY DETAILS

---



## 2.1 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a commercial project located in Al Amwaj district, Jeddah city. The Property has a total land area of 20,641.74 Sqm, a total BUA of 21,305.3 Sqm. As per the site inspection done by our team, the project is open on 4 sides with a direct view on an unnamed Road from the east side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.
<b>Location Description</b>	The property subject of valuation is a commercial center located in Al Amwaj district, Jeddah City. The property is bordered from the north by Ibrahim Al Kurdi 15-meter street The property is bordered from the south by Mouen Al Gazzaz 15- meter street The Property is bordered from the east by Abdullah bin Al Khattab 32-meter street The property is bordered to the west by Kamel bin Akramah 15-meter street
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high since it is open on 4 streets and near 2 main street Prince Abdulmajed and Prince Nayef Roads.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

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

## 2.2 INFRASTRUCTURE FACILITIES

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

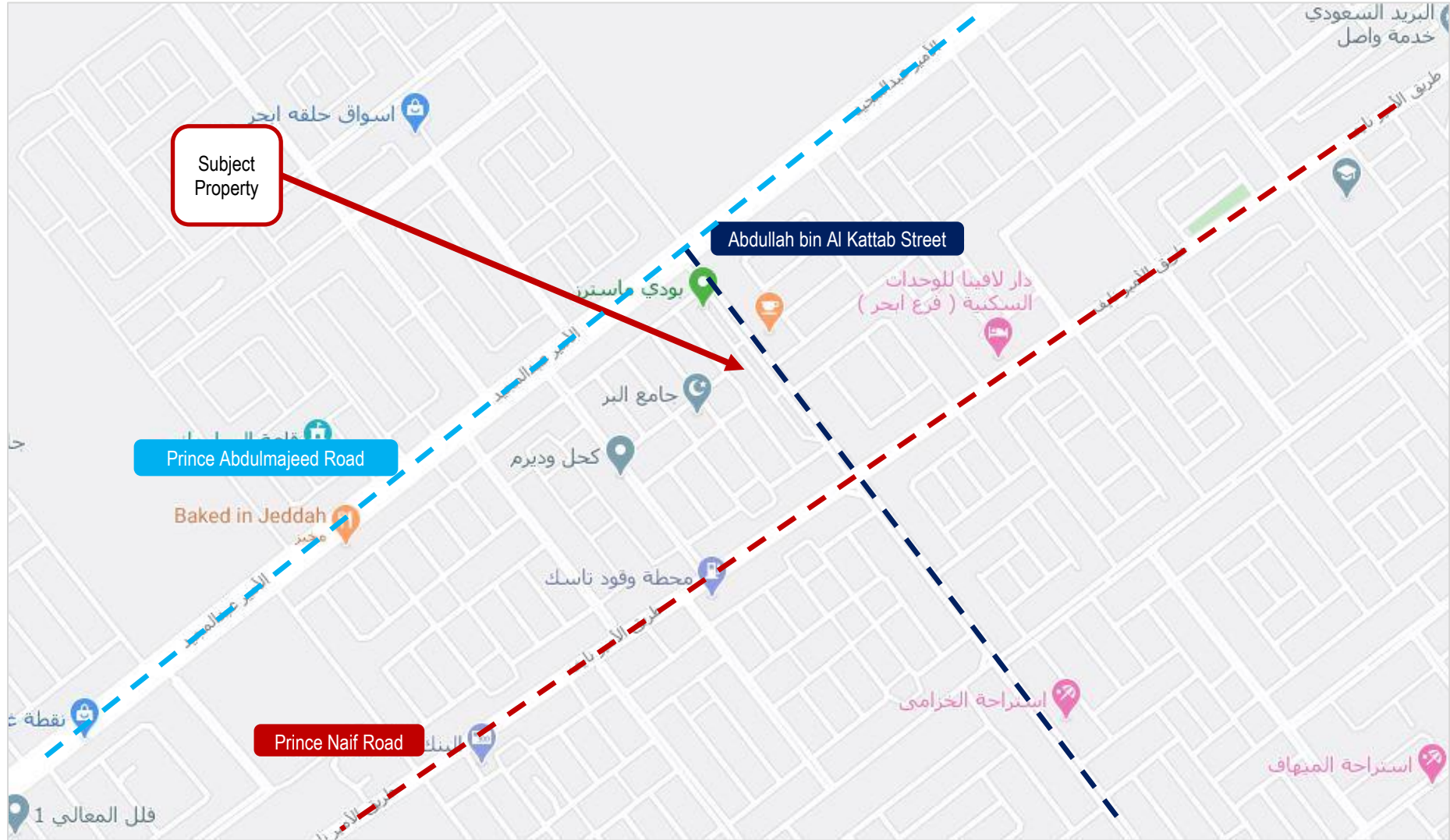
### 2.3 LOCATION

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



## 2.4 PROPERTY ACCESS

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





## 2.5 TITLE DEED & OWNERSHIP

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

<b>City</b>	Jeddah	<b>Land Area</b>	20,641.74
<b>District</b>	Al Amwaj	<b>Plot No.</b>	35 to 63
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920210026381	<b>Layout No.</b>	420/س/ج
<b>T.D Date</b>	19/06/1440	<b>Owner</b>	شركة أول الملحق العقارية
<b>T.D Value</b>	50,000,000	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	19/06/1440 Jeddah Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	15 meters street	<b>East Side</b>	32 meters street
<b>South Side</b>	15 meters street	<b>West Side</b>	15 meters street

### Notes

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

## 2.6 CONSTRUCTION & BUILDINGS

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

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

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

### Subject Property

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

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

### 2.7 BUILDING GROSS LEASABLE AREA (GLA)

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

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

### 2.8 INSURANCE

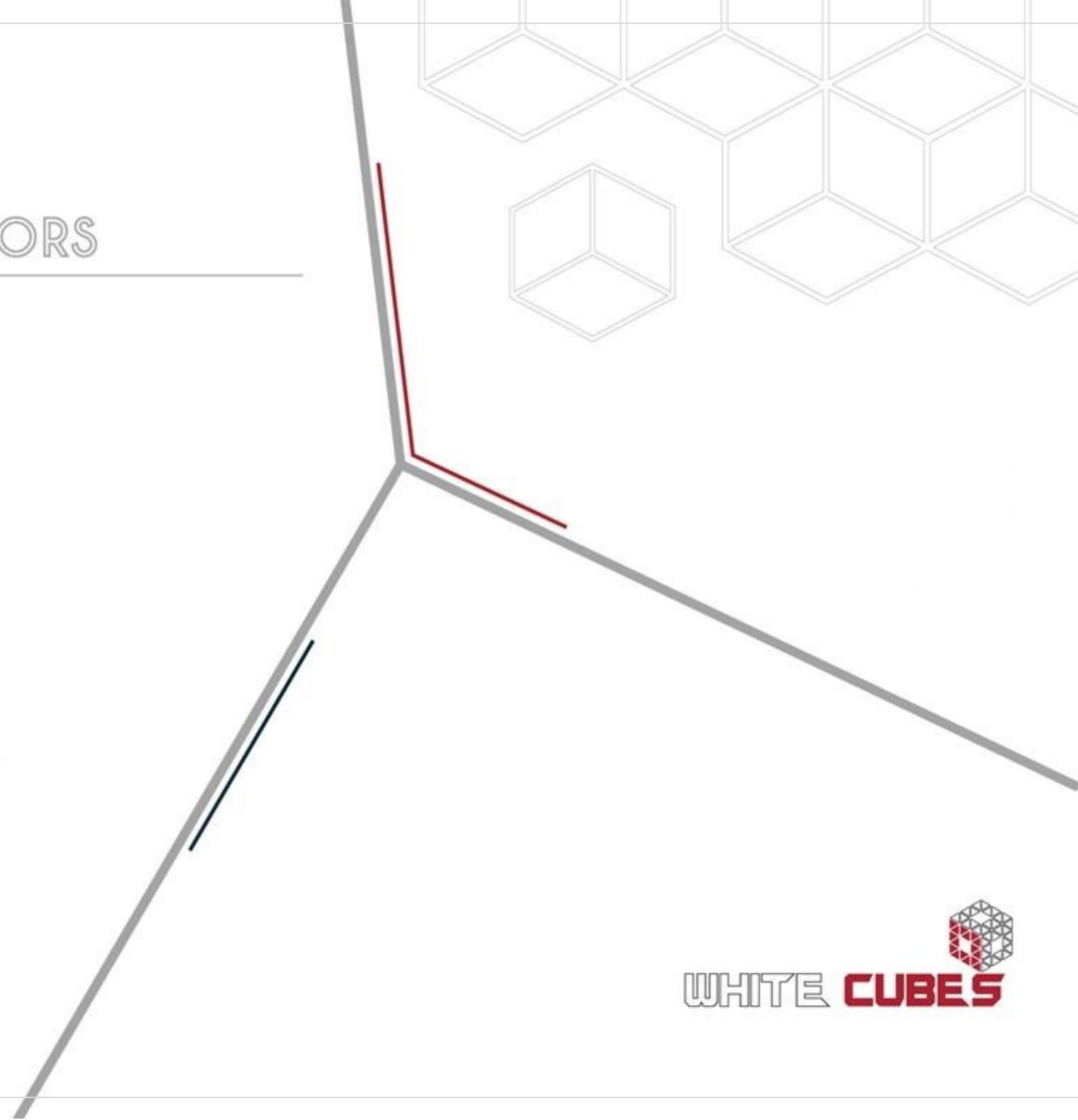
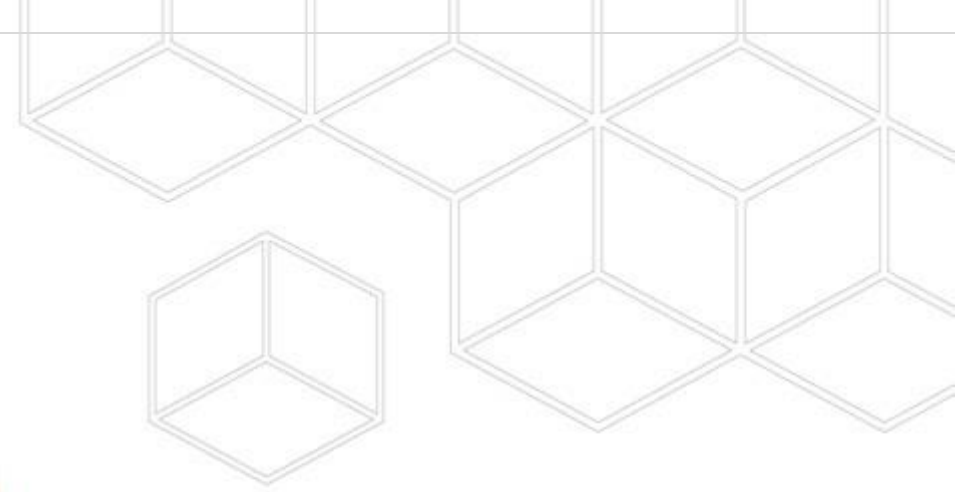
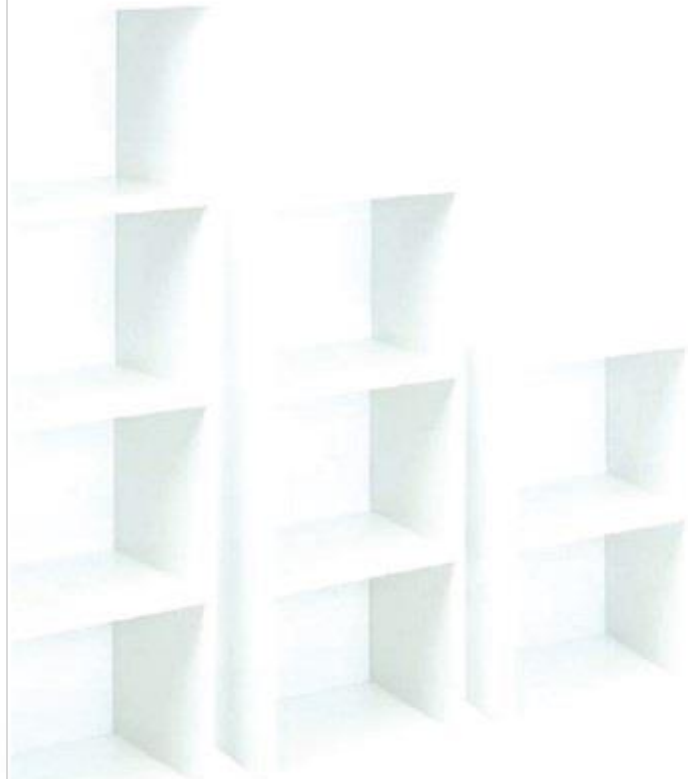
We have not been provided with any insurance policy for the underlying asset.

2.9 PHOTO RECORD



# MARKET INDICATORS

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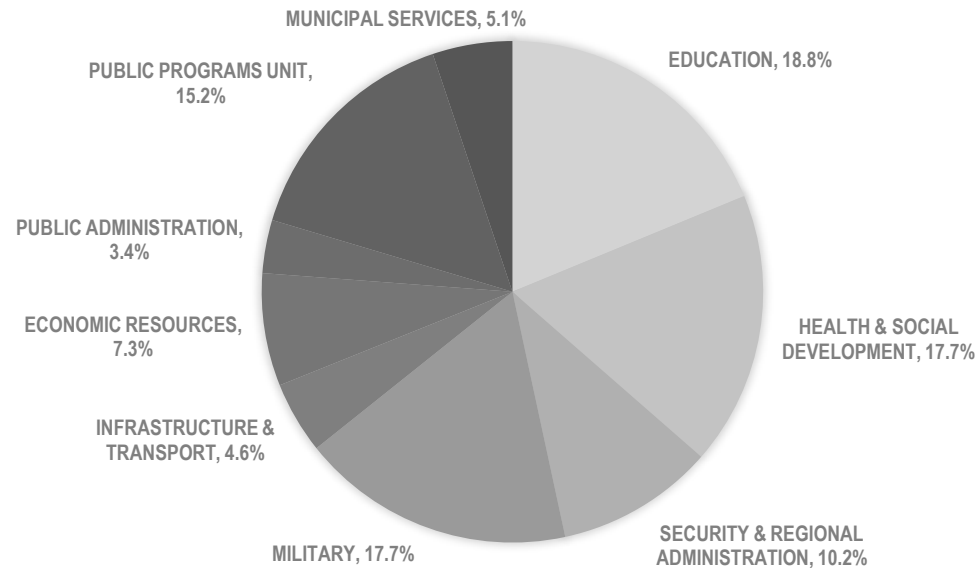
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- The propriety located near Prince Abdul Majeed Road.</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Surrounded by several residential units</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

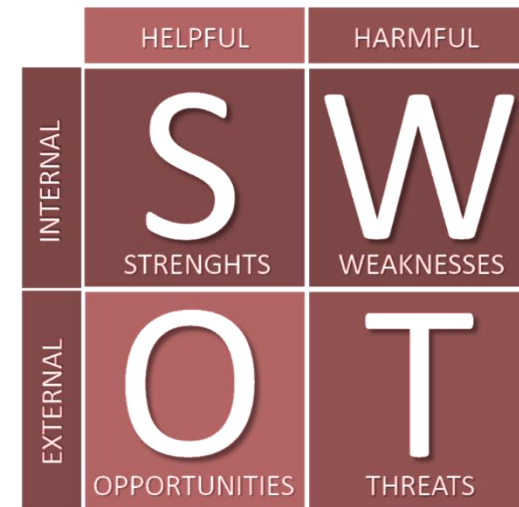
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

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



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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

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

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

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

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

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

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

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

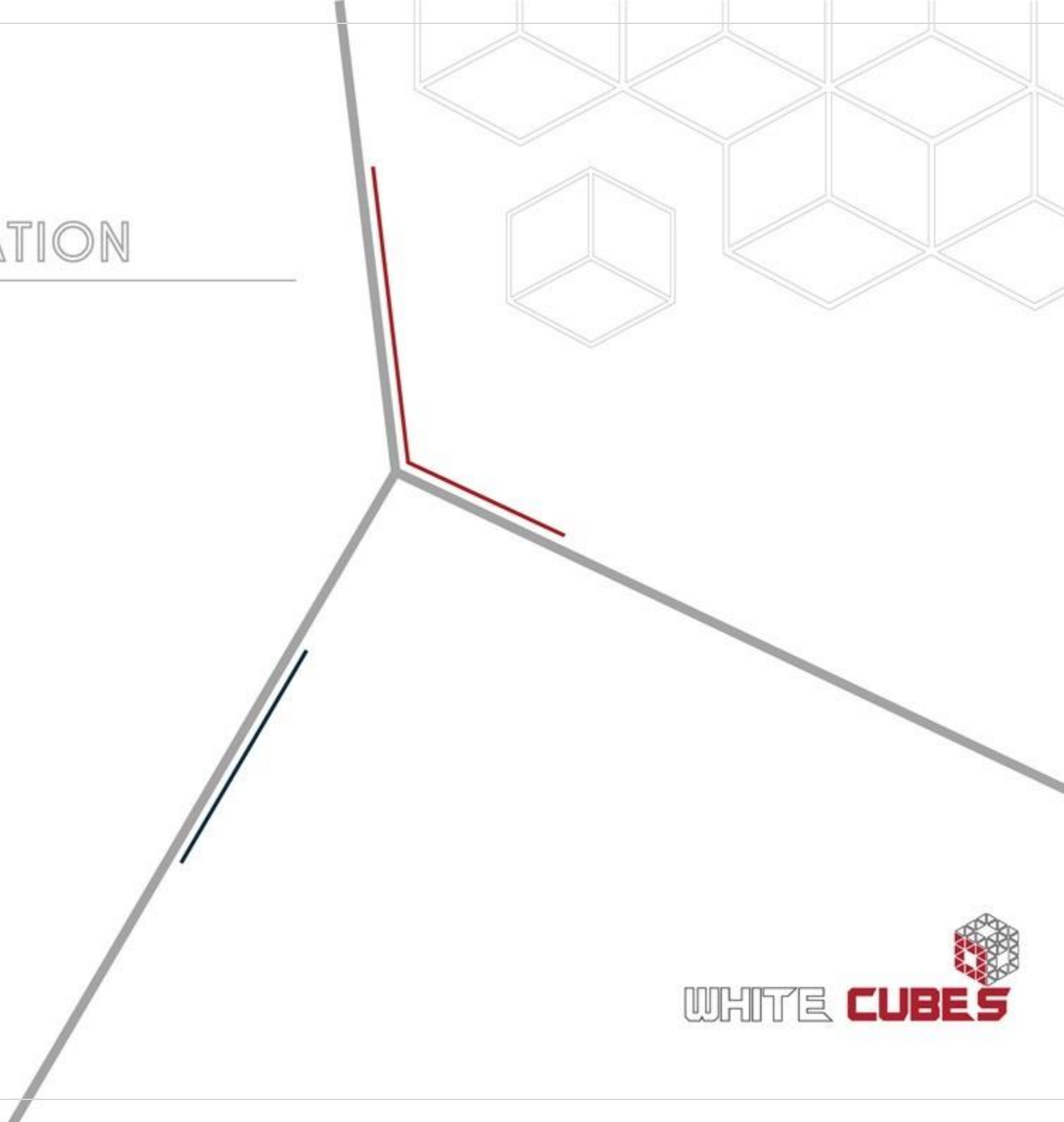
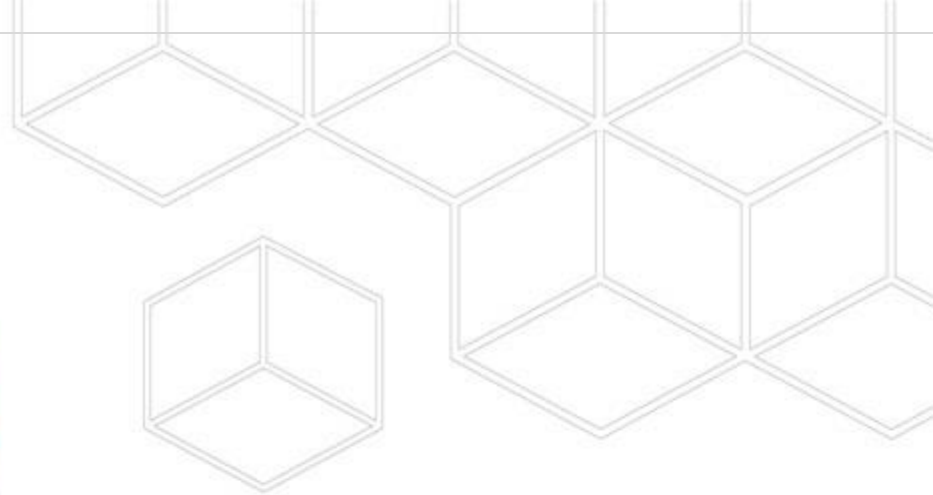
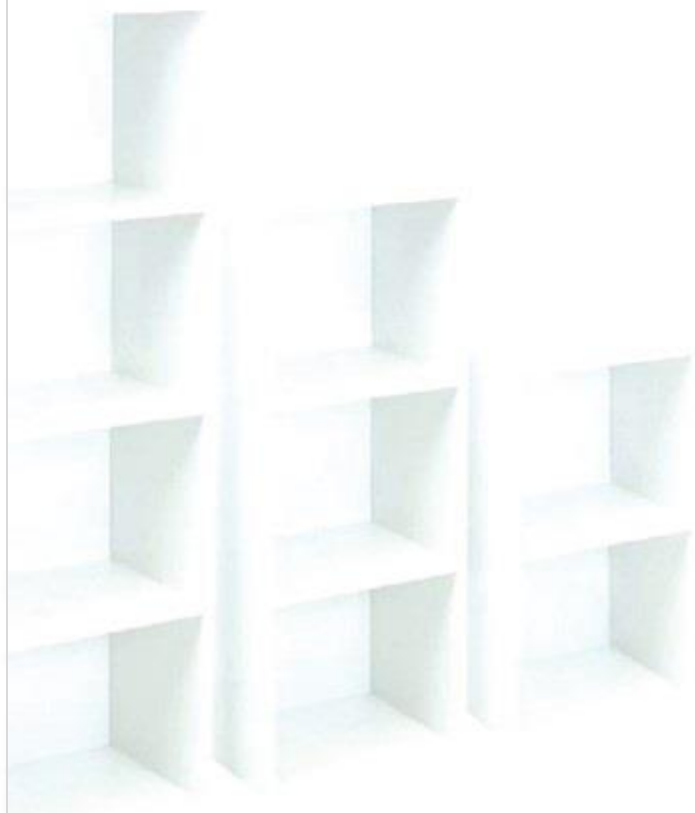
**Risk Category** 8 Risk Points - Medium Risk

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk



# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

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

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

## 4.2 GENERAL ASSUMPTIONS

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

## 4.3 LEGAL NOTICES

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

#### 4.4 INFORMATION SOURCE

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

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

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

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

#### 4.6 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

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

### **CAPITALIZATION METHOD (CAP RATE)**

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

The appraiser calculates the income according to the following steps:

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

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

## 4.7 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 1
Quoting	-----	Offering	Offering
District	Al Amwaj	Al Amwaj	Al Amwaj
Sale Price	-----	SAR 2,700,000	SAR 2,628,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	20,641.74	900.00	876.00
SAR / Sqm	-----	SAR 3,000	SAR 3,000
Sides Open	4	1	3

Adjustment Analysis					
		SAMPLE 1		SAMPLE 1	
Area size	20,641.74	900.00	-20.00%	876.00	-20.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	32	32	0.00%	32	0.00%
Sides Open	4	1	5.00%	3	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	No	0.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-15.00%</b>		<b>-15.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 450.0</b>		<b>-SAR 450.0</b>
<b>Net After Adjustment</b>			<b>SAR 2,550.0</b>		<b>SAR 2,550.0</b>
<b>SAR / Sqm</b>			<b>SAR 2,550</b>		<b>SAR 2,550</b>
<b>Rounded Value</b>			<b>SAR 2,550</b>		<b>SAR 2,550</b>



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	20,642	20,642	20,642	20,642	20,642	
SAR / Sqm	SAR 2,295.0	SAR 2,422.5	SAR 2,550.0	SAR 2,677.5	SAR 2,805.0	
Property Value	SAR 47,372,793	SAR 50,004,615	SAR 52,636,437	SAR 55,268,259	SAR 57,900,081	
			<b>PROPERTY VALUE</b>			

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 2000 - 3,000 SAR / Sqm with an average of 2,500 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

#### 4.8 COST APPROACH (DRC)

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

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

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

LAND					
Land Area	SAR / Sqm	Total Value			
20,641.74	SAR 2,550	SAR 52,636,437			
Building					
	Unit	No of Floors	Total BUA		
Ground Floor	Sqm	1	7,928.60		
Mezzanine	Sqm	1	4,727.90		
Upper Floors	Sqm	1	8,648.80		
<b>Total (SQM)</b>	<b>21,305.30</b>				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	21,305.30	SAR 800	SAR 17,044,240	100%	SAR 17,044,240
Electro Mechanic	21,305.30	SAR 300	SAR 6,391,590	100%	SAR 6,391,590
Finishing	21,305.30	SAR 700	SAR 14,913,710	100%	SAR 14,913,710
Fit outs & Appliances	21,305.30	SAR 0	SAR 0	100%	SAR 0
Furniture	21,305.30	SAR 0	SAR 0	100%	SAR 0
Site Improvement	20,641.74	SAR 150	SAR 3,096,261	100%	SAR 3,096,261
<b>Total</b>			<b>SAR 41,445,801</b>	<b>100.00%</b>	<b>SAR 41,445,801</b>

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

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

DEVELOPMENT VALUE			
Total Dev Cost	SAR 46,253,514	Net Dep Rate	30.00%
Economic Age	30	Dev Cost After Depreciation	SAR 32,377,460
Annual Dep Rate	3.33%	Total Completion Rate	100.00%
Actual Age	9	Developer Profit Rate	20.0%
Total Dep Rate	30.00%	Dev. Profit Amount	SAR 6,475,492
Add Appr Rate	0.00%	Development Value	SAR 38,852,952
Net Dep Rate	30.00%		

The total value of the building is 38,852,952 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 38,852,952	SAR 52,636,437	SAR 91,489,389	SAR 91,490,000

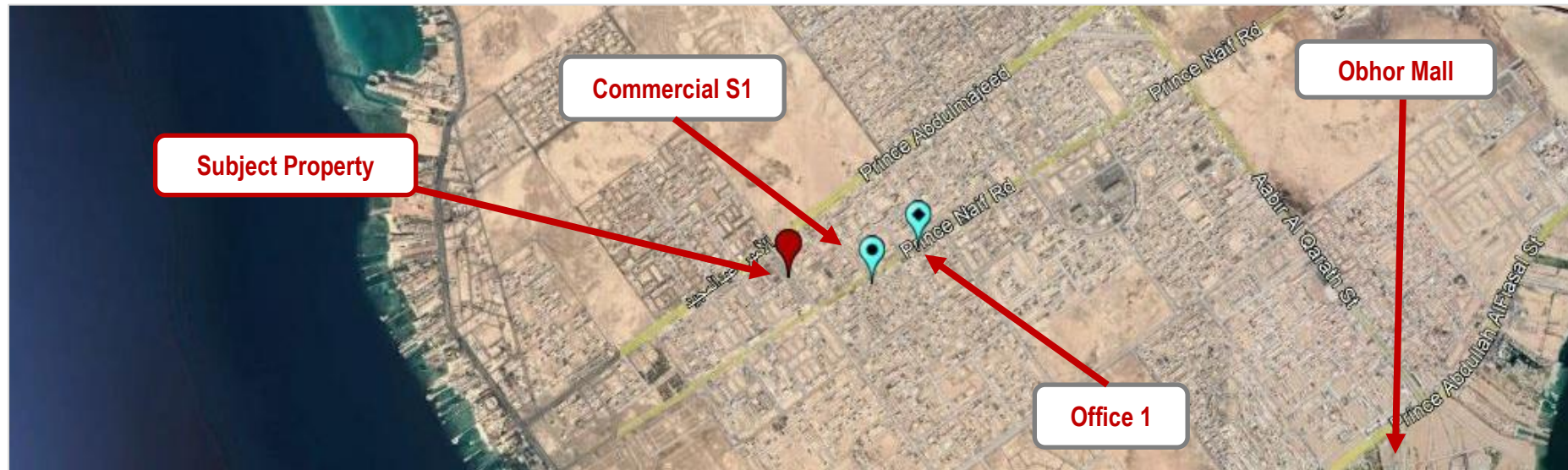
## 4.9 INCOME APPROACH BASED ON MARKET RATES

### Market Rental Analysis

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

Comparable	Commercial Units	Office Units
	Rental Rate/ Sqm	Rental Rate/ Sqm
Office 1	-	400 SAR/ Sqm
Obhur Mall	900 SAR/ Sqm	-
Commercial Unit 1	850 SAR/ Sqm	-
Average	875 SAR/ Sqm	400 SAR/ Sqm

As per the market survey done by our team, the market rental rates for Obhur mall range between 850 and 950 SAR/ Sqm for commercial units. Yet the property subject of valuation has better location, quality, etc which we will apply an adjustment 20% to achieve 1,100 SAR/ Sqm for commercial units and 500 SAR/ Sqm for offices.





### Analysis of Operating and Maintenance Expenses

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

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

### Property Operation and Maintenance Expenses

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

### Market Capitalization Rate Analysis

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

### The Capitalization Rate Used for the Valuation

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

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

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

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

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

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

REVENUES							
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
Show Rooms	7,336		0	SAR 1,100		SAR 0	SAR 8,069,600
Offices	7,631		0	SAR 500		SAR 0	SAR 3,815,500
-----	0		0	SAR 0		SAR 0	SAR 0
<b>Total Revenues</b>							<b>SAR 11,885,100</b>
EXPENSES							
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses		
Show Rooms	5.00%	3.00%	5.00%	10.00%	23.00%		
Offices	5.00%	3.00%	5.00%	10.00%	23.00%		
NET OPERATING INCOME							
Unit Type	Total Revenues	Total Expenses	NOI				
Show Rooms	SAR 8,069,600	23.00%	SAR 6,213,592				
Offices	SAR 3,815,500	23.00%	SAR 2,937,935				
-----	SAR 0	0.00%	SAR 0				
<b>Total Property Revenues</b>		<b>Total</b>	<b>SAR 9,151,527</b>				
<b>Total Property Expenses</b>			<b>-SAR 2,733,573</b>				
<b>Net Operating Income</b>			<b>SAR 9,151,527.00</b>				
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>				
SAR 9,151,527.00	9.50%	96,331,863.16 SAR	<b>96,330,000.00 SAR</b>				

#### 4.10 INCOME APPROACH BASED ON LEASING CONTRACT

The client informed us that the subject property is fully lease to 1 tenant with a triple net revenues of 9,000,000 SAR annually with 35,000 SAR/ Annually as insurance premium. Yet, the client also informed us that a discount is introduced to the current leasing contract where the new rent is 6,480,000 SAR. Our valuation will be based on the before assumptions.

REVENUES						
Unit Type	Total GLA	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Commercial Building						SAR 6,480,000
	0		0	SAR 0	SAR 0	SAR 0
	0		0	SAR 0	SAR 0	SAR 0
					<b>Total Revenues</b>	<b>SAR 6,480,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Insurance	Total Expenses	
Commercial Building	0.00%	0.00%	0.00%	SAR 35,000	SAR 35,000	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 6,480,000	SAR 35,000	SAR 6,445,000			
	SAR 0	0.00%	SAR 0			
	SAR 0	0.00%	SAR 0			
		<b>Total</b>	<b>SAR 6,445,000</b>			
<b>Total Property Revenues</b>			SAR 6,480,000			
<b>Total Property Expenses</b>			-SAR 35,000			
<b>Net Operating Income</b>			<b>SAR 6,445,000.00</b>			
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>	<b>Rounded Value</b>			
SAR 6,445,000.00	9.50%	67,842,105.26 SAR	<b>67,840,000.00 SAR</b>			

#### 4.11 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Market</b>	Property	SAR 96,330,000	Ninety-Six Million and Three Hundred Thirty Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 67,840,000	Sixty- Seven Million and Eight Hundred Forty Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 91,490,000	Ninety-One Million and Four Hundred Ninety Thousand Saudi Riyals

#### 4.12 VALUATION NOTES

As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology.

#### 4.13 SUBJECT PROPERTY VALUE

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

**Property Value: SAR 96,330,000**  
**Ninety-Six Million and Three Hundred Thirty Thousand Saudi Riyals**

#### 4.14 REPORT USE

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

#### 4.15 DISCLAIMER

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

#### 4.16 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

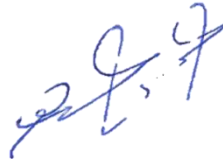
#### 4.17 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



**Fellow Member of (Taqeem)**  
License No. 1210000474

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



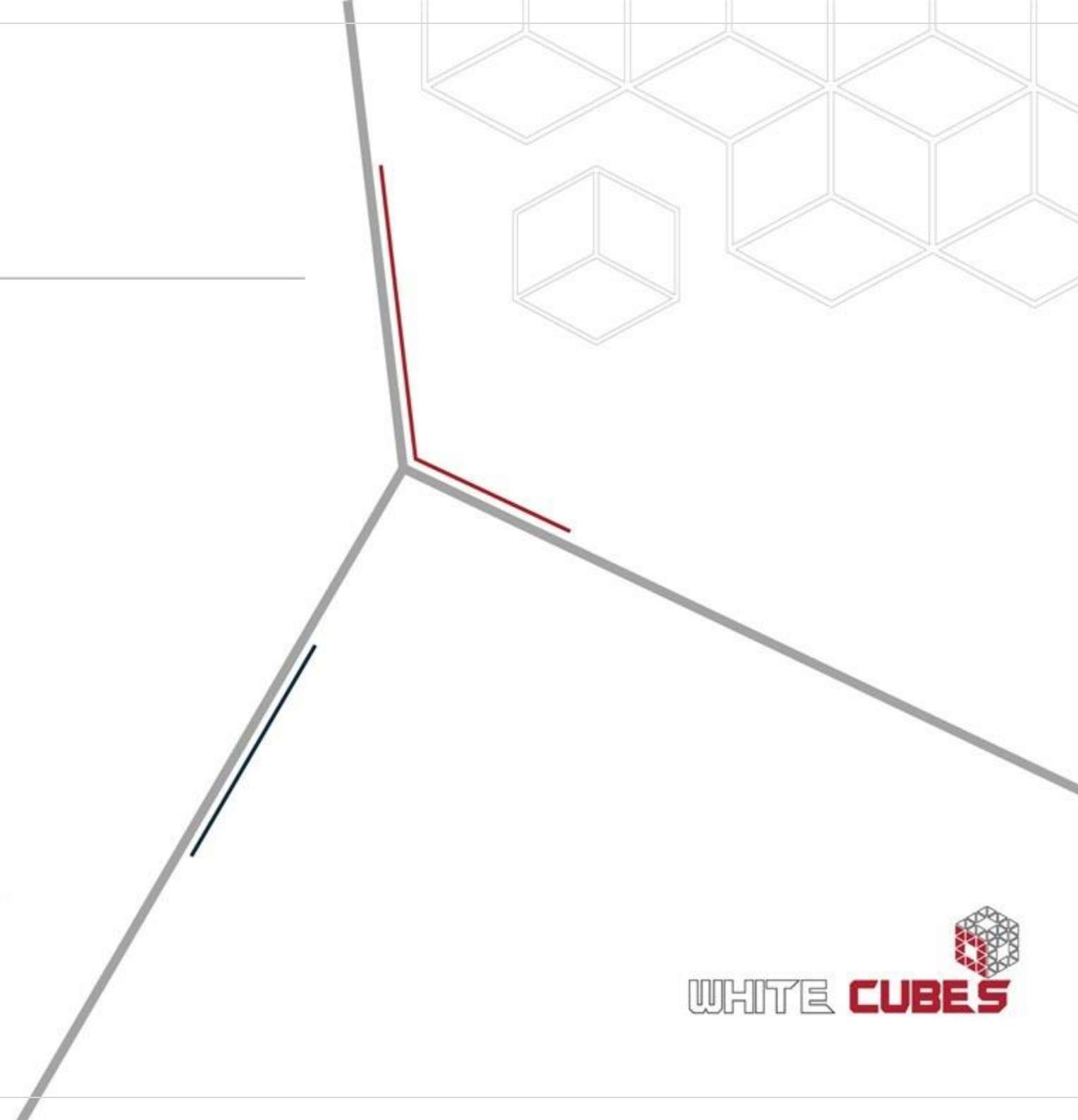
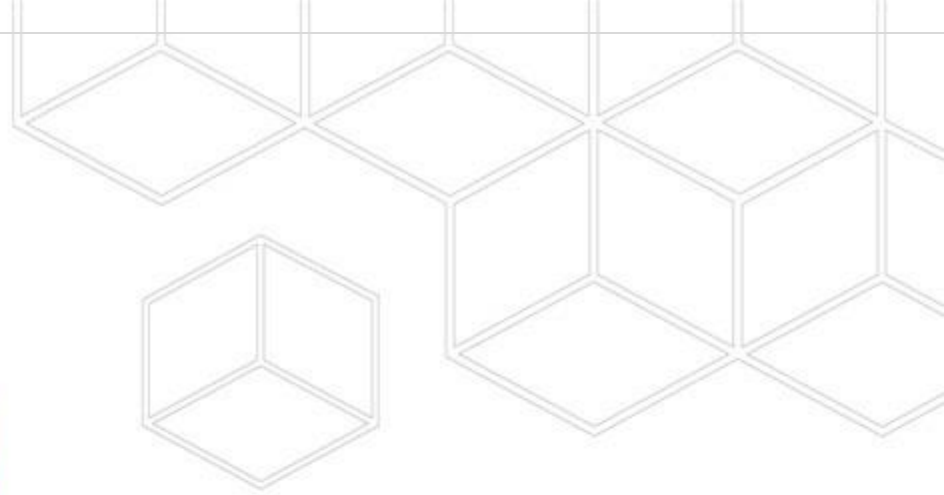
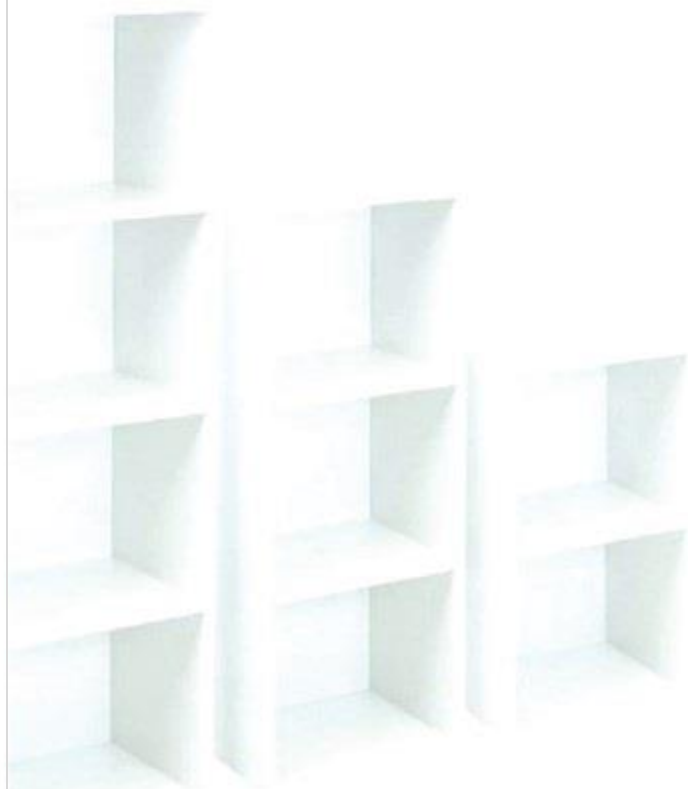
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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### 5.1 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

### 5.2 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and White Cubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes*  
*White Cubes was previously involved in selling activities related to the property*  
*White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

### 5.3 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.

### 5.4 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.



**AHLAN COURT**  
**AL KHABEER CAPITAL**  
Awal Al Malqa Real Estate Company

Jeddah City  
June 2022

Valuation Report







---

**REF:** 22-0112-1EN  
**Date:** 25/06/2022  
**M/S:** Awal Al Malqa Real Estate Company

**Subject: Valuation Report for retail project (Ahlan Court) in Jeddah City, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on June 06, 2022 for valuation service of the retail project (Ahlan Court) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITECUBES**

**Mr. Essam M. Al-Husaini- Owner**

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

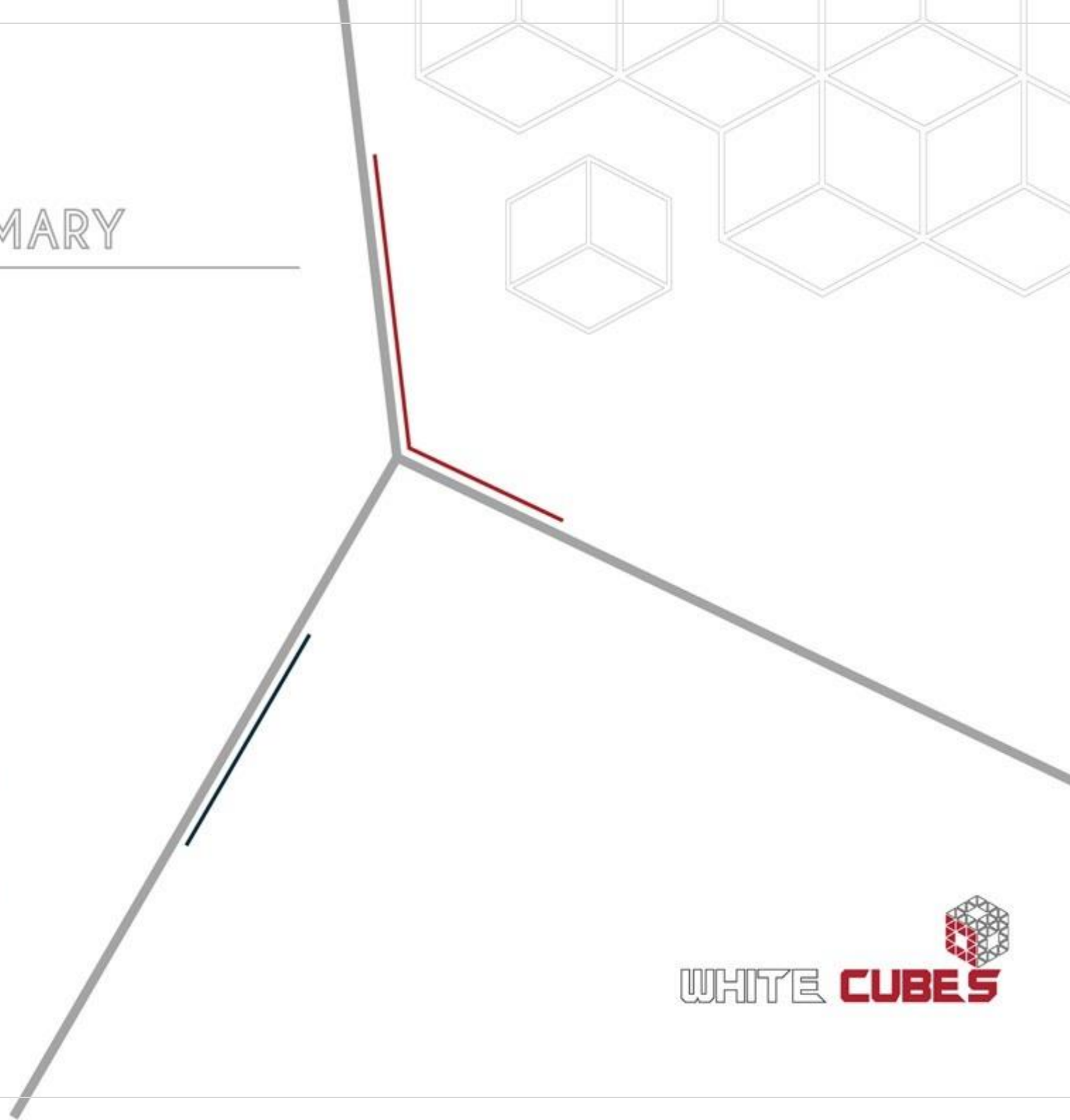
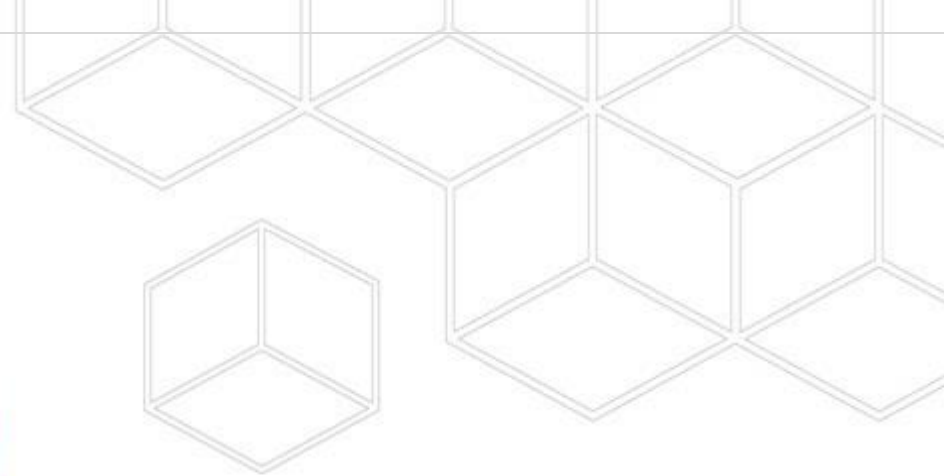
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# EXECUTIVE SUMMARY

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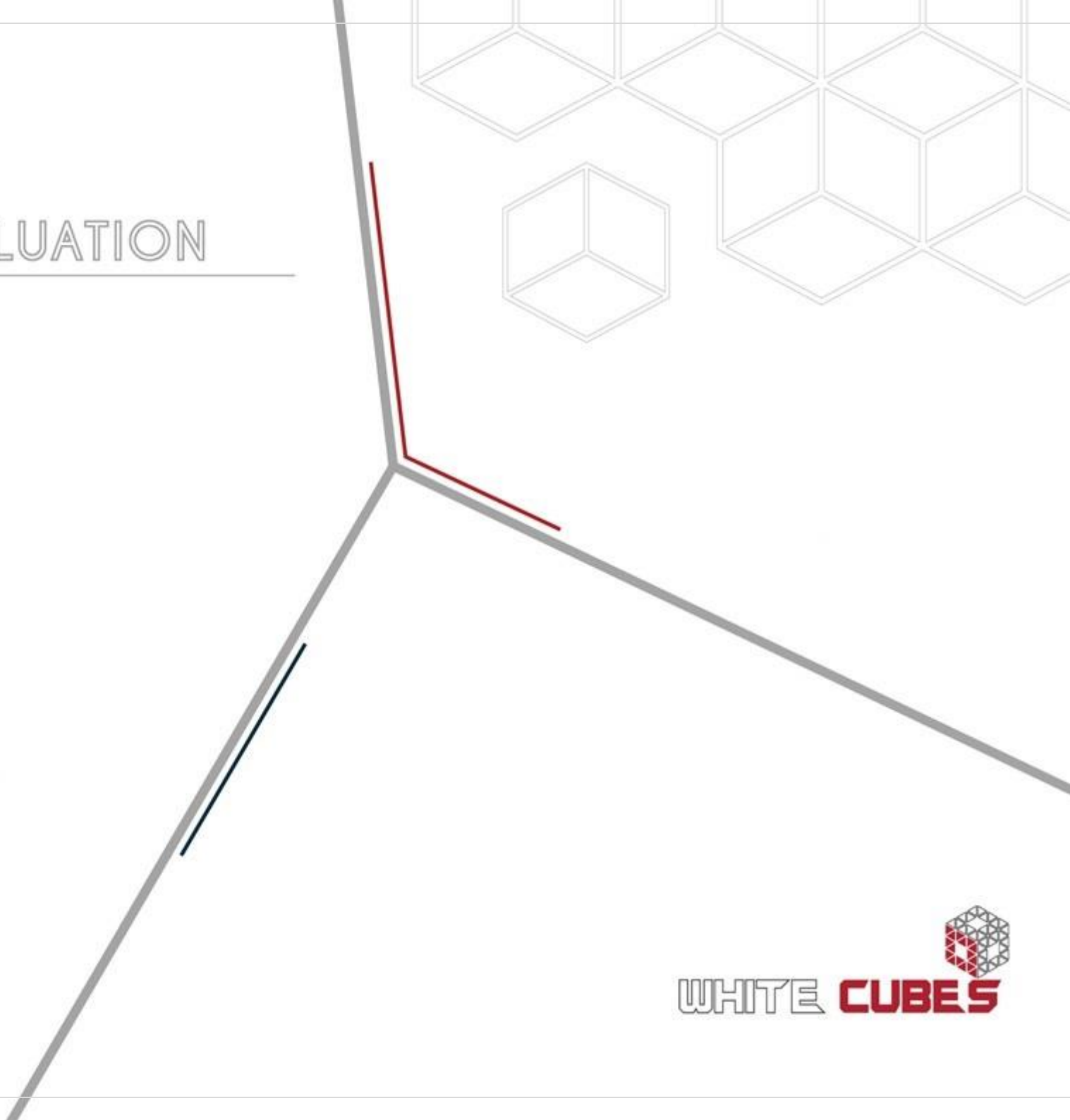
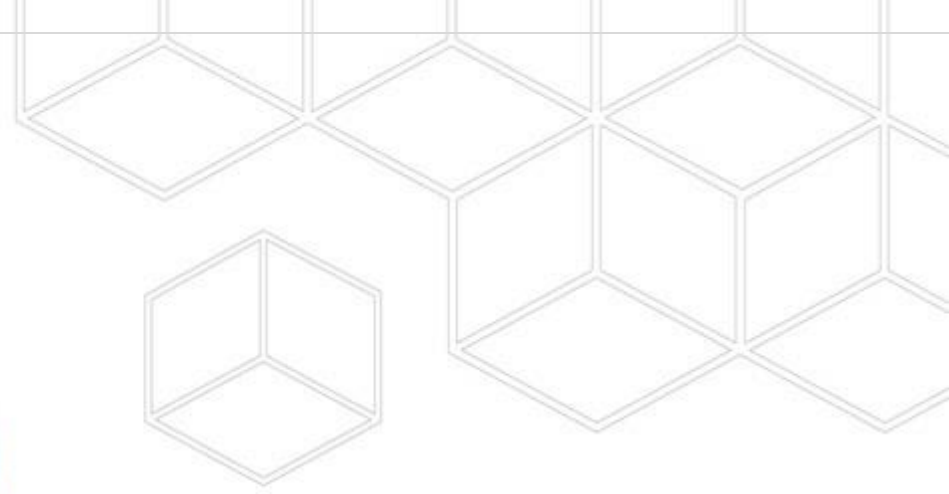
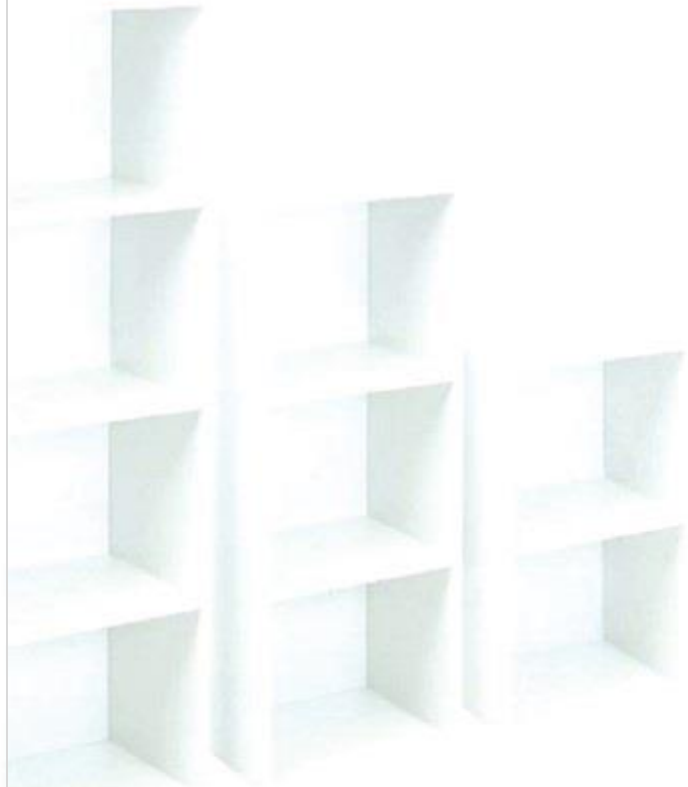


## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 06/06/2022 to implement valuation service for a commercial project in Jeddah city.
<b>Client Reference No.</b>	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law. 22-0112-1EN
<b>Purpose of Valuation Subject Property</b>	Real Estate Investment Trust (REIT) Commercial Project
<b>Property Location</b>	The property is located in Al Andalous district, Jeddah City.
<b>Title Deed Information</b>	Title Deed No: 920210027006, Title Deed Date: 17/08/1440, Issued from Jeddah Notary
<b>Ownership Type</b>	Freehold (Mortgaged)
<b>Owner</b>	شركة أول الملقا العقارية
<b>Land Use</b>	Commercial
<b>Land Area (Sqm)</b>	Based on the title deed, the land has an area size of 4,342.25 Sqm
<b>BUA (Sqm)</b>	As per the provided construction permit, the building is composed of 2 floors with a total BUA of 2,758.3 Sqm
<b>GLA (Sqm)</b>	The total gross leasable area is 1,774 Sqm for showrooms and 984 Sqm for offices.
<b>Vacancy Rate</b>	Based on the client, the project is fully leased to 1 tenant
<b>Valuation Approach</b>	Income Approach, Cost Approach and Comparable Approach
<b>Final Property Value</b>	SAR 65,300,000
<b>Valuation Date</b>	25/06/2022
<b>Inspection Date</b>	15/06/2022

# TERMS OF REFERENCE & VALUATION

---



## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Awal Al Malqa Real Estate Company to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

**The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.**

The definition of Market Value is applied in accordance with the following conceptual framework:

"*The estimated amount*" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

#### AN ASSET SHOULD EXCHANGE

"***an asset should exchange***" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

#### ON THE VALUATION DATE

"***on the valuation date***" requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

#### BETWEEN WILLING BUYER

"***between a willing buyer***" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

AND  
WILLING  
SELLER

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

IN AN ARM'S  
LENGTH  
TRANSACTION

“**in an arm's-length transaction**” is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

AFTER  
PROPER  
MARKETING

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

KNOWLEDGEABLY  
AND  
PRUDENTLY

‘**where the parties had each acted knowledgeably, prudently**’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

AND  
WITHOUT  
COMPULSION

‘**and without compulsion**’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



#### 1.4 CLIENT APPROVAL DATE

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

**June 06, 2022.**

#### 1.5 INSPECTION DATE

The inspection date reflects the exact date of the property's inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

**June 15, 2022.**

#### 1.6 VALUATION DATE

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date where the value/s of the subject property / properties is reflected. The valuation date is at

**June 25, 2022.**

#### 1.7 REPORT DATE

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size, and location of the subject property.

**June 25, 2022.**

#### 1.8 OPINION OF VALUE

All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

#### 1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for **Real Estate Investment Trust (REIT) Purpose**. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **Income Approach, Cost Approach and Comparable Approach**.

#### 1.10 INSPECTION ROLE

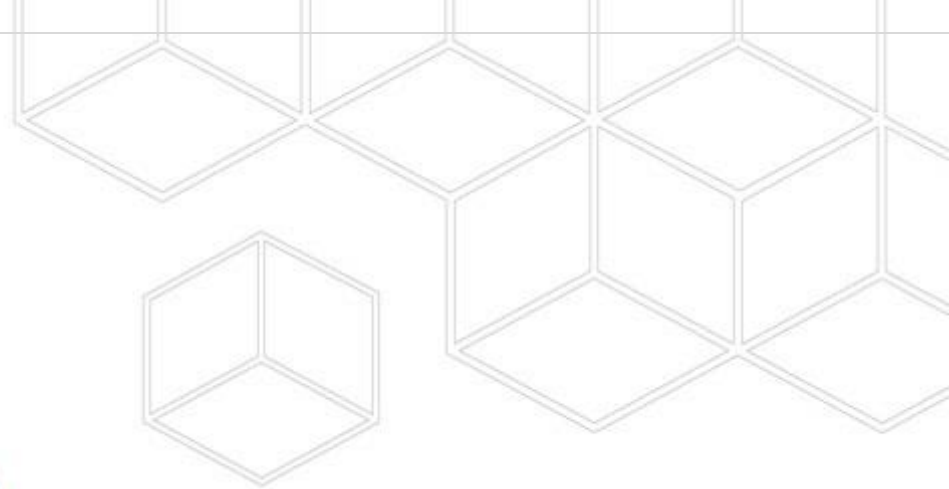
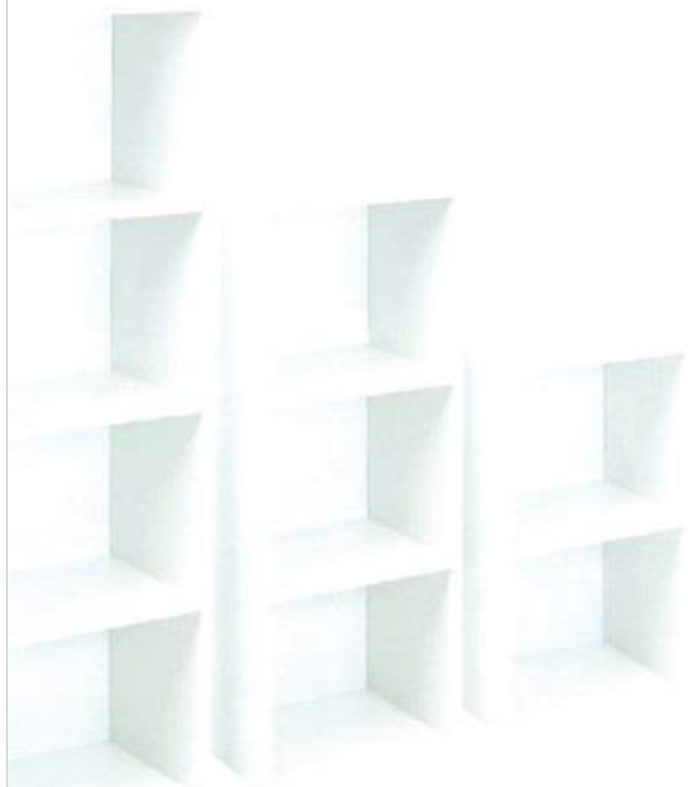
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.

#### 1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.

# PROPERTY DETAILS

---



## 2.1 PROPERTY & LOCATION DESCRIPTION

<b>Property Description</b>	The subject property is a constructed property located in Al Andalous district, Jeddah city. The Property has a total land area of 4,342.25 Sqm, and a total BUA of 2,758.3 Sqm. The subject property is a commercial retail building. As per the site inspection done by our team, the project is open on 3 sides from the northeast and south with a direct view on Prince Mohammad Bin Abdulaziz Road. All infrastructural facilities such as water, electricity, telecommunication, and sewage are available in the surroundings and connected the subject property.
<b>Location Description</b>	The property subject of valuation is a commercial project in Al Andalos district, Jeddah City. The property is bordered from the north by Prince Mohammad bin Abdulaziz Road 40 meter The property is bordered from the south by Mohammed bin Zaid Street 15 meter The Property is bordered from the east by an Ibrahim Al Hayani Street 15 meter The property is bordered from the west by Private property.
<b>Ease of Access</b>	Based on the current location of the subject property, the access level is high since it is located on prince Mohammad bin Abdulaziz Road.
<b>Area Surrounding the Property</b>	The subject property is mostly surrounded by residential and commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Mohammad Bin Abdulaziz Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Mohammed bin Zaid Street	Overall Building Conditions	Good
Land Condition	Constructed		

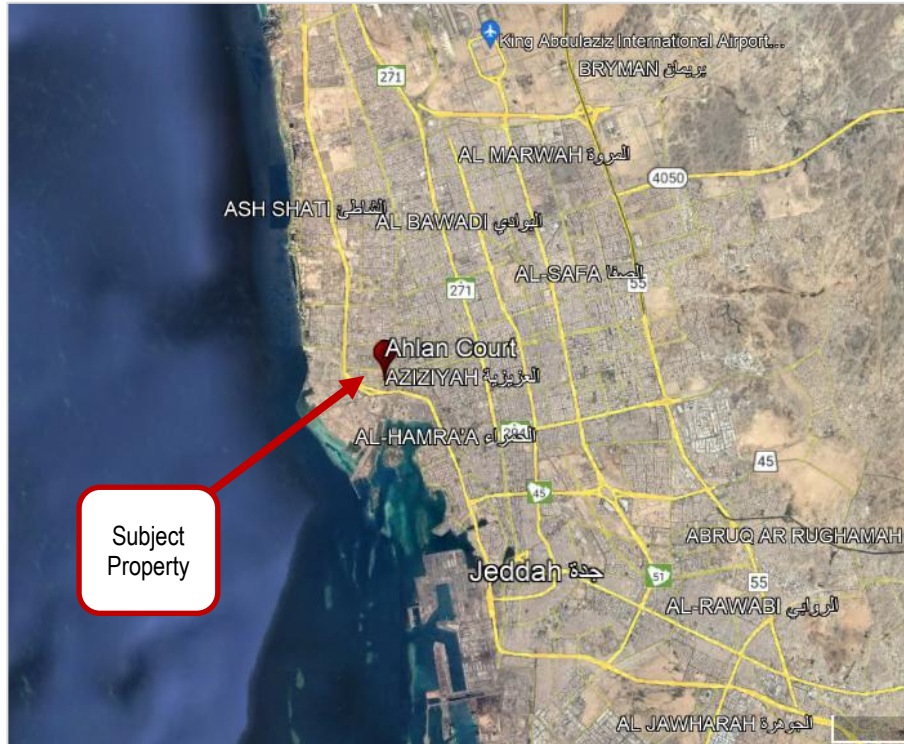
## 2.2 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	

### 2.3 LOCATION

The subject property is located in Al Andalous district, Jeddah city, and surrounded by several landmarks as follows:

Property Location on a City Scale

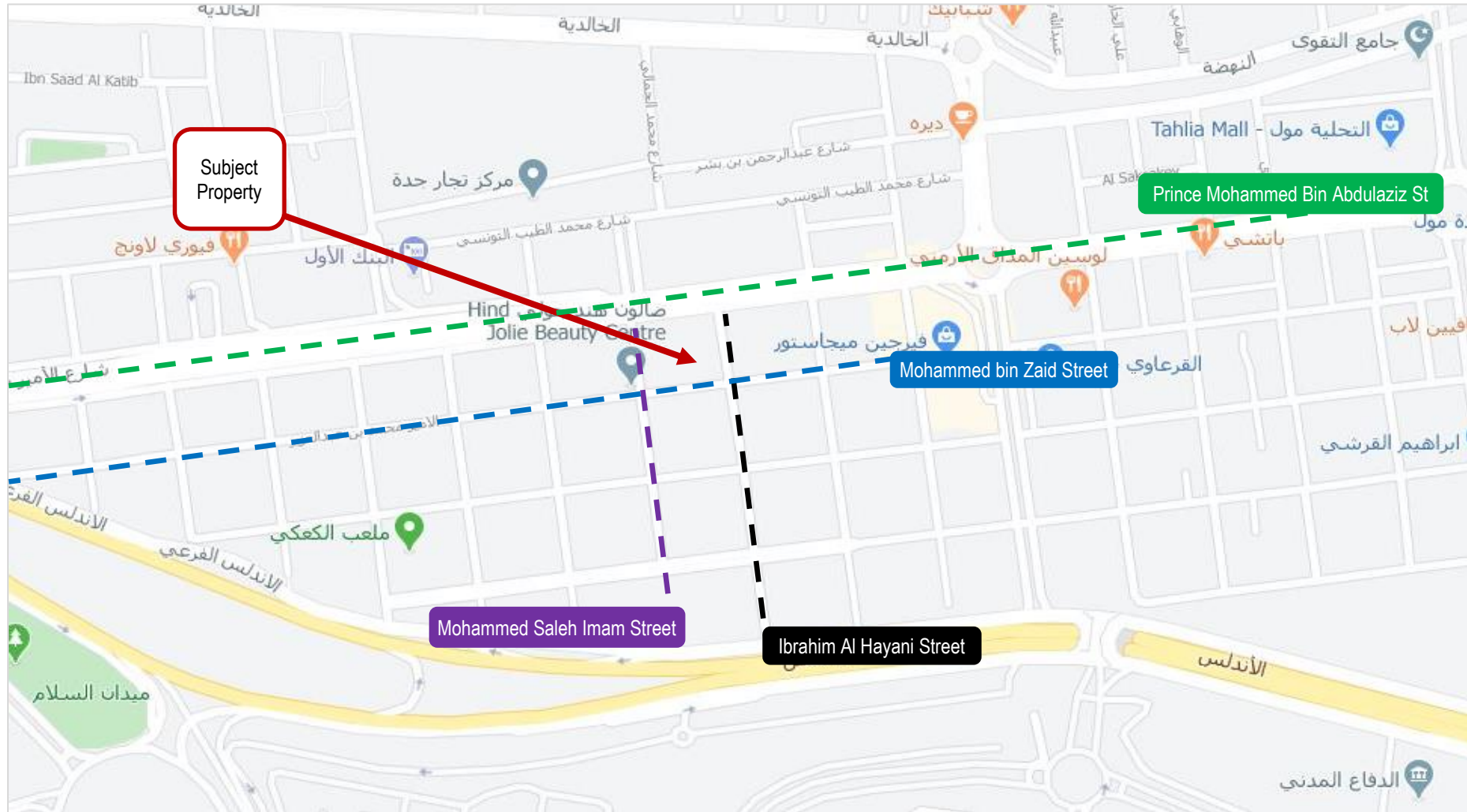


Property Location on a District Scale



## 2.4 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:



## 2.5 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

<b>City</b>	Jeddah	<b>Land Area</b>	4,342.25
<b>District</b>	Al Andalos	<b>Plot No.</b>	1
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	920210027006	<b>Layout No.</b>	860/ت/س
<b>T.D Date</b>	17/08/1440	<b>Owner</b>	شركة أول الملقا العقارية
<b>T.D Value</b>	N/A	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	N/A	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Prince Mohammed bin Abdulaziz Rd 40 meter	<b>East Side</b>	Street 15 meter
<b>South Side</b>	Street 15 meter	<b>West Side</b>	Private property

### Notes

The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

## 2.6 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The Client has provided us with a copy of the Construction Permit with the below details:

Subject Property			
Construction Permit Type			New Permit
Property Type			Commercial
Construction Permit No.			427000307
Construction Permit Date			1427

Description	No. of Units	Area (sqm)	Use
Ground Floor	6	1,774.3	Restaurant
Mezzanine	---	---	---
Basement	---	---	---
First Floor	1	984	Restaurant
<b>Total BAU (sqm)</b>		<b>2,758.3</b>	

## 2.7 BUILDING GROSS LEASABLE AREA (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Showrooms	----		1,774	Rental spaces are provided by the client
Offices	----	2,758.3	984	
<b>Total</b>			<b>2,758</b>	

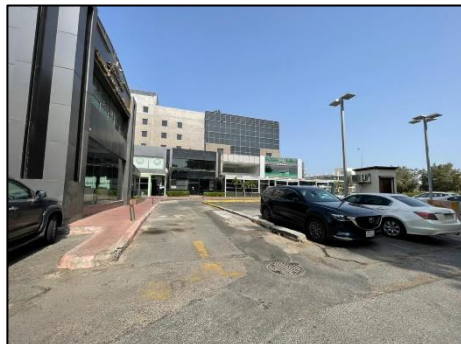
## 2.8 PROPERTY ACTUAL RENTAL RATES

Based on the statement submitted to us by the client, the occupancy rate of the project is currently 100% of the total GLA is 2,758 Sqm.

## 2.9 INSURANCE

We have not been provided with any insurance policy for the underlying asset.

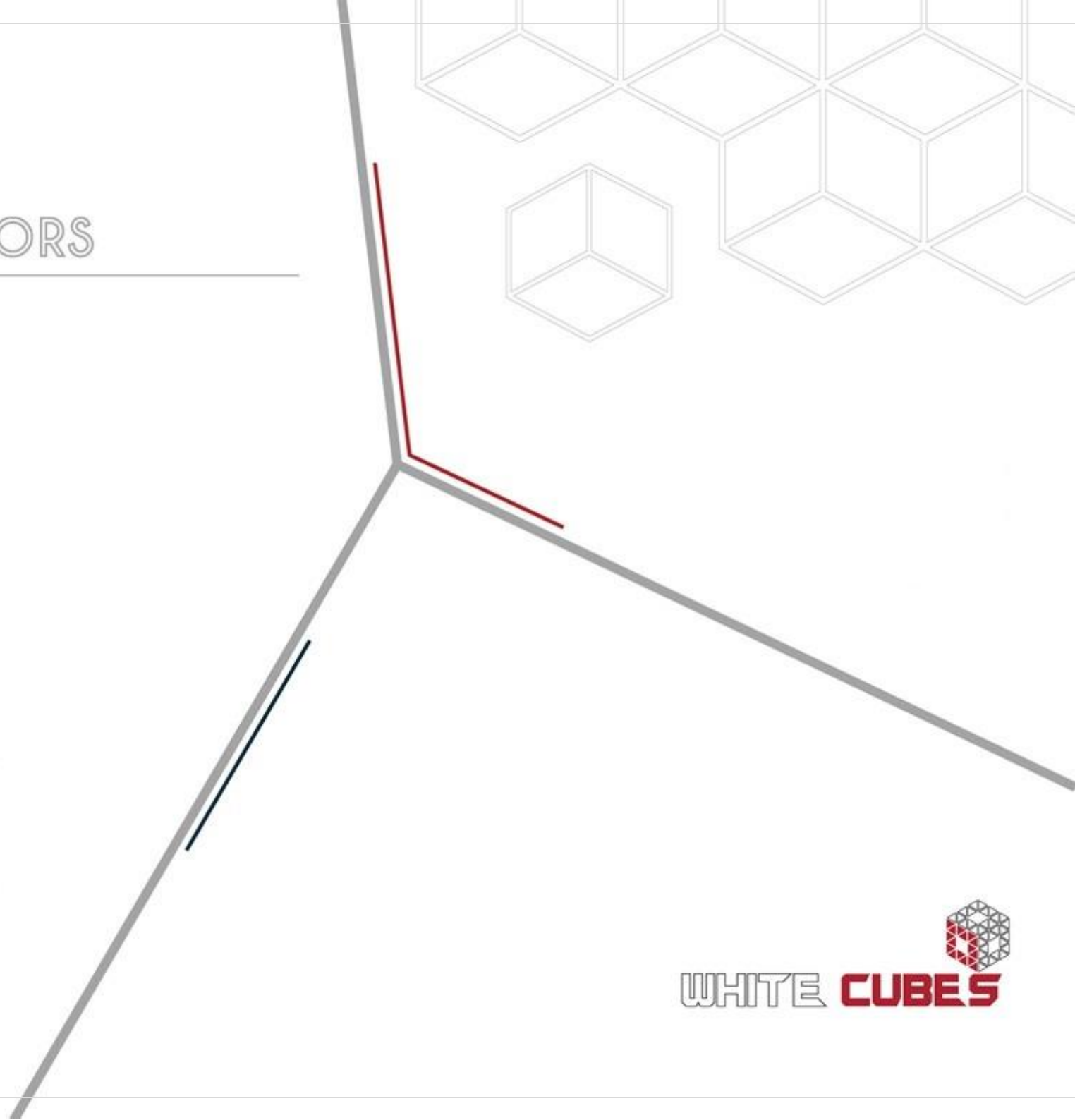
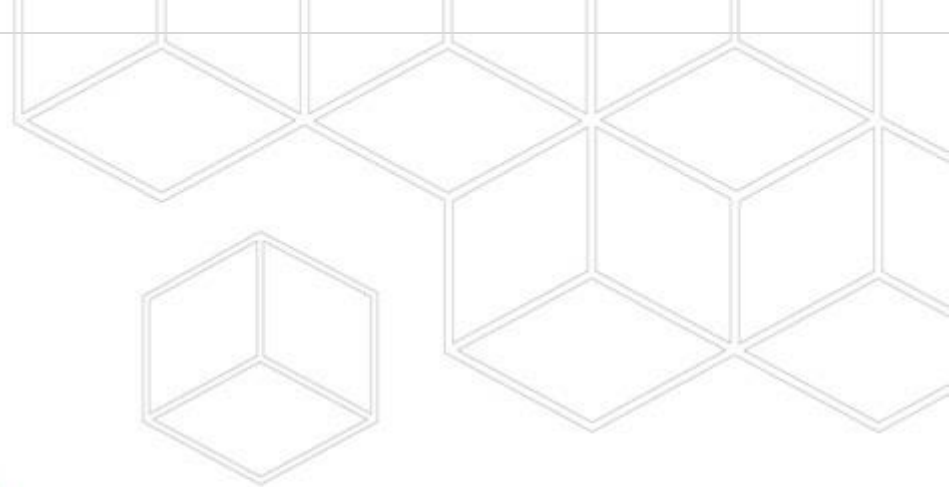
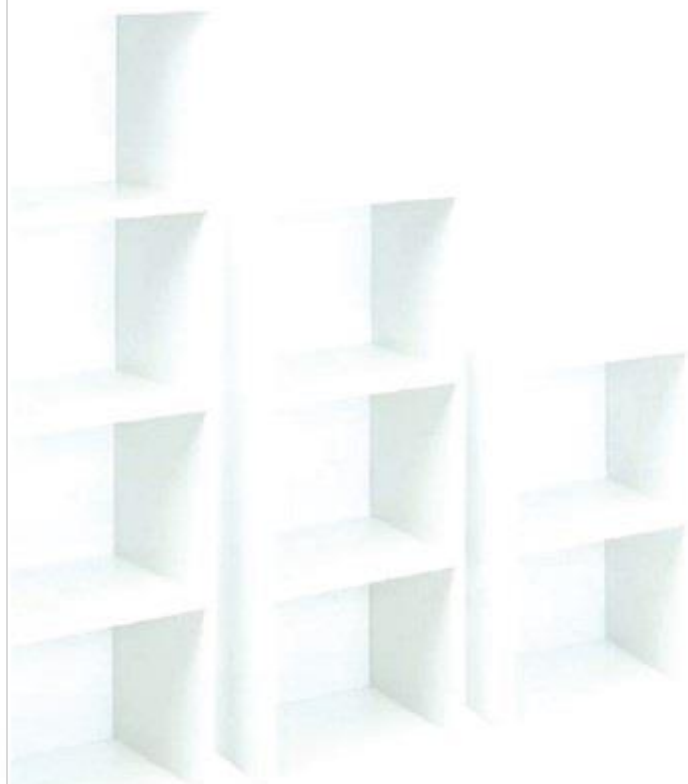
2.10 PHOTO RECORD





# MARKET INDICATORS

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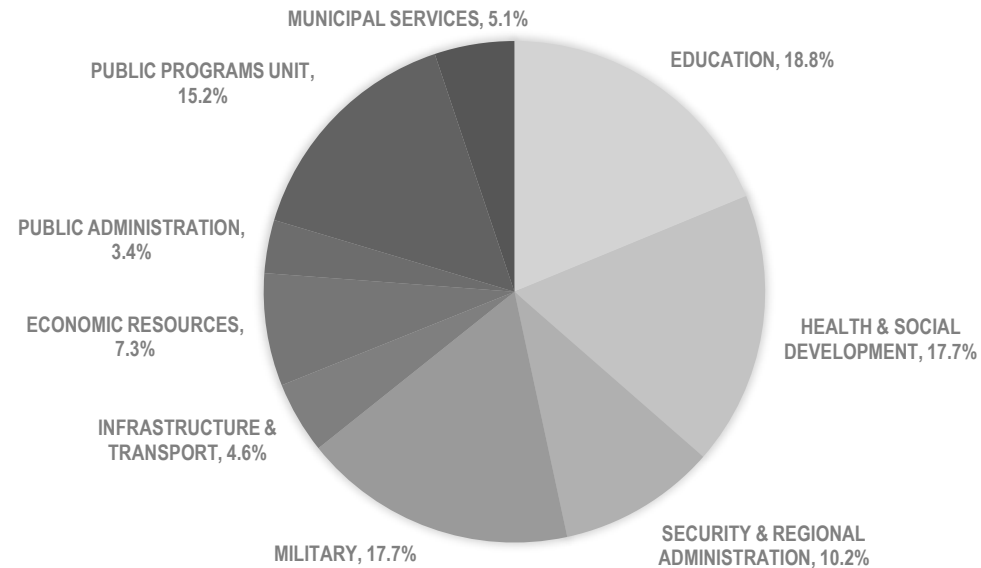
### 3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

### 3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



### 3.3 SWOT ANALYSIS

<b>Strength</b> <ul style="list-style-type: none"> <li>- Open on 3 sides</li> <li>- Have a direct view on the main street</li> <li>- Near the seashores</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>- None</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>- Surrounded by several residential units</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>- Existing and upcoming similar projects.</li> </ul>

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 3.4 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.



Indicator showing a decrease in the current performance comparing to last year



Indicator showing an increase in the current performance comparing to last year



Indicator showing a stable position in the current performance comparing to last year

	HELPFUL	HARMFUL
INTERNAL	<b>S</b> STRENGTHS	<b>W</b> WEAKNESSES
EXTERNAL	<b>O</b> OPPORTUNITIES	<b>T</b> THREATS

Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

### 3.5 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>0</b>	<b>0</b>

**Risk Category** 17 Risk Points - Medium Risk

**Sector Analysis**  
Risk Category  
**17 Risk Points**  
Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Risk Category** 8 Risk Points – Minimal Risk

**Land Analysis**  
Risk Category  
**8 Risk Points**  
Minimal Risk

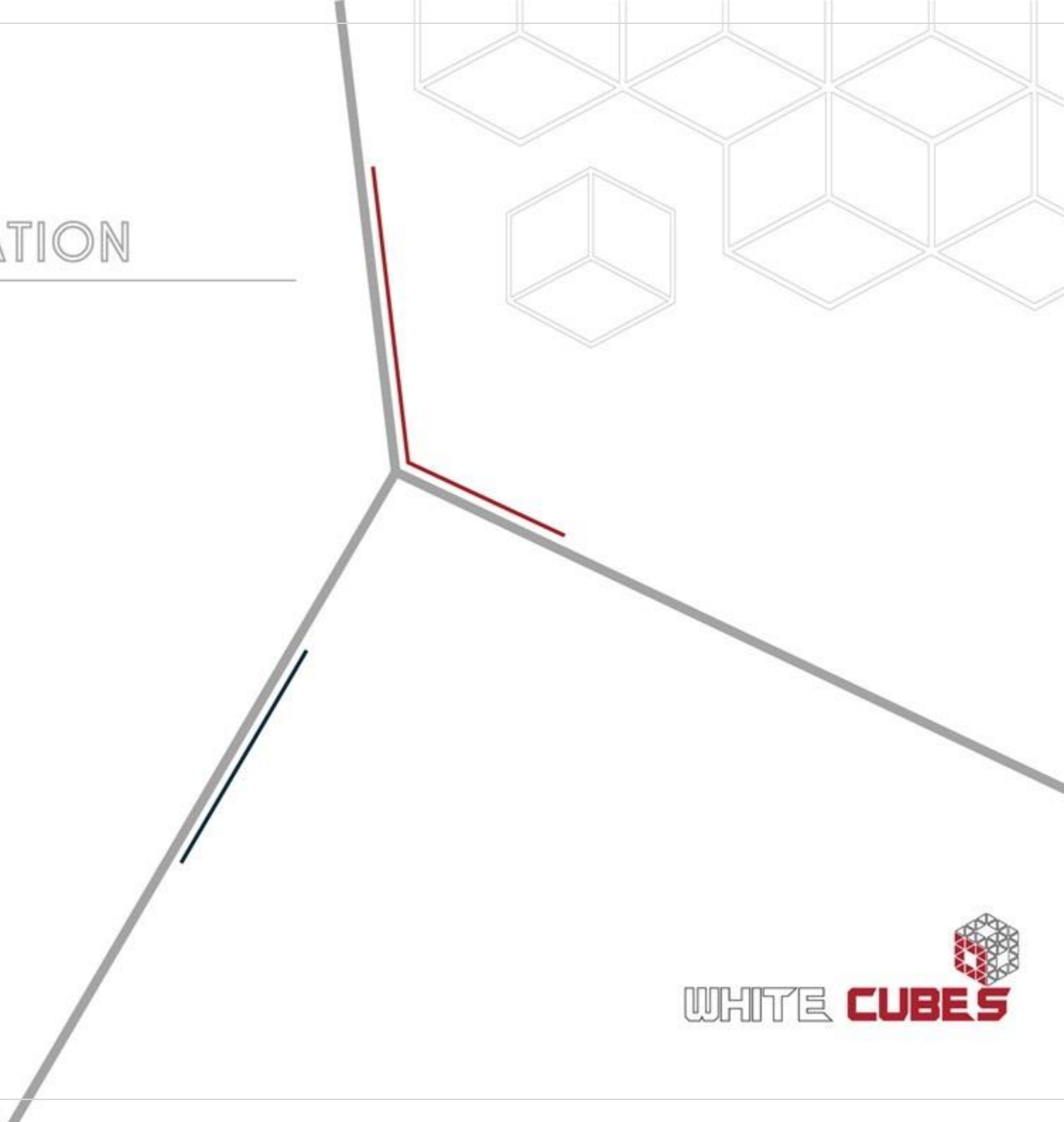
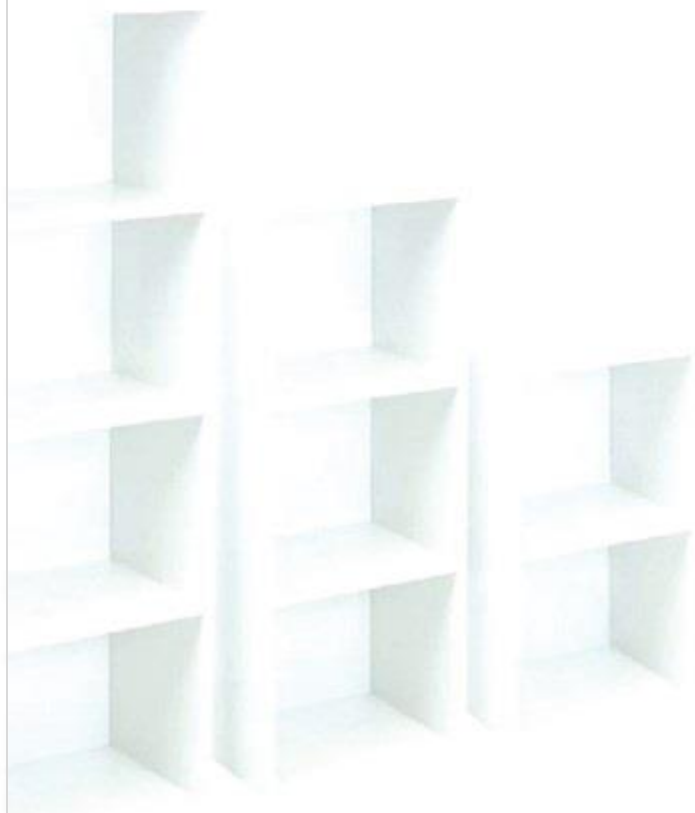
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	-----	-----	✓	-----	-----
Overall Condition	-----	✓	-----	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>

**Risk Category** 8 Risk Points - Medium Risk

**Property Analysis**  
Risk Category  
**8 Risk Points**  
Medium Risk

# PROPERTY VALUATION

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## 4.1 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Leasing Contract	Operational Cost - OPEX

## 4.2 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

## 4.3 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.

#### 4.4 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

#### 4.5 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

#### 4.6 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	✓	-----	-----	-----
Building	✓	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

#### COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.



### **DEPRECIATED REPLACEMENT COST (DRC)**

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.
- 

### **CAPITALIZATION METHOD (CAP RATE)**

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.

The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included, since it is not an operating expense. Hence, it does not include mortgage and interest, since this is a debt payment on a capital item.

Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

#### 4.7 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

As per the market survey done by our team for the purpose of valuation, we couldn't find samples similar to the subject property in terms of location, area size, use, etc. Therefore, we have executed trade interviews with several local real estate agents and found that the average rate to such lands falls between 12,000 & 14,000 SAR/ Sqm. We will base our valuation analysis on the average rate 13,000 SAR/ Sqm.

SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	4,342	4,342	4,342	4,342	4,342
SAR / Sqm	SAR 11,700.0	SAR 12,350.0	SAR 13,000.0	SAR 13,650.0	SAR 14,300.0
Property Value	SAR 50,804,325	SAR 53,626,788	SAR 56,449,250	SAR 59,271,713	SAR 62,094,175
<b>PROPERTY VALUE</b>					

#### 4.8 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 700	SAR 900	SAR 800
MEP	SAR 150	SAR 250	SAR 200
Finishing Materials	SAR 350	SAR 450	SAR 400
Site Improvements	SAR 180	SAR 220	SAR 200
Owner Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND		
Land Area	SAR / Sqm	Total Value
4,342.25	SAR 13,000	SAR 56,449,250

Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	1,774.30
First Floor	Sqm	1	984.00
<b>Total (SQM)</b>	<b>2,758.30</b>		

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	2,758.30	SAR 800	SAR 2,206,640	100%	SAR 2,206,640
Electro Mechanic	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
Finishing	2,758.30	SAR 400	SAR 1,103,320	100%	SAR 1,103,320
Site Improvement	4,342.25	SAR 200	SAR 868,450	100%	SAR 868,450
<b>Total</b>			<b>SAR 4,730,070</b>	<b>100.00%</b>	<b>SAR 4,730,070</b>

Overall Soft Cost					
		Total Hard Cost	Ratio	Soft Cost	
Initial Project Pre Cost		SAR 4,730,070	0.10%	SAR 4,730	
Design		SAR 4,730,070	0.50%	SAR 23,650	
Eng Consultant		SAR 4,730,070	1.00%	SAR 47,301	
Management		SAR 4,730,070	5.00%	SAR 236,504	
Contingency		SAR 4,730,070	5.00%	SAR 236,504	
<b>TOTAL</b>			<b>11.60%</b>	<b>SAR 548,688.12</b>	
<b>Total Hard Cost</b>	<b>SAR 4,730,070</b>	<b>BUA</b>	<b>2,758.30</b>		
<b>Total Soft Cost</b>	<b>SAR 548,688.12</b>	<b>SAR / Sqm</b>	<b>SAR 1,914</b>		
<b>Total Construction Cost</b>	<b>SAR 5,278,758.12</b>	<b>Overall Completion</b>	<b>100.0%</b>		

After knowing the total construction costs at a rate 1,914 per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
<b>Total Dev Cost</b>	<b>SAR 5,278,758</b>	<b>Net Dep Rate</b>	<b>43.33%</b>
		<b>Dev Cost After Depreciation</b>	<b>SAR 2,991,296</b>
<b>Economic Age</b>	<b>30</b>	<b>Total Completion Rate</b>	<b>100.00%</b>
<b>Annual Dep Rate</b>	<b>3.33%</b>	<b>Developer Profit Rate</b>	<b>20.0%</b>
<b>Actual Age</b>	<b>13</b>		
<b>Total Dep Rate</b>	<b>43.33%</b>	<b>Dev. Profit Amount</b>	<b>SAR 598,259</b>
<b>Add Appr Rate</b>	<b>0.00%</b>	<b>Development Value</b>	<b>SAR 3,589,556</b>
<b>Net Dep Rate</b>	<b>43.33%</b>		

The total value of the building is 3,589,556 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 3,589,556	SAR 56,449,250	SAR 60,038,806	SAR 60,040,000

#### 4.9 INCOME APPROACH BASED ON MARKET RATES

##### Market Rental Analysis

Based on the market survey done by our team and to some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,500 to 3,500 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 3,100 SAR/ Sqm as rental rate for showrooms. As for the offices rental rates, falls between

Comparable No.	Office Units	Commercial Units
	Rental Rate/ Unit	Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm	2,700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm	2,500 SAR/ Sqm
Average	750 SAR/ Sqm	2,600 SAR/ Sqm



### Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 5% to 10% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	2% to 3%
Operating and maintenance expenses	2% to 4%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

### Property Operation and Maintenance Expenses

We will apply the rate of 6% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

### The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.5%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	8.00%
Maximum capitalization rate	9.00%
<b>Average</b>	<b>8.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Status      Influence      Notes</b>
Ease of access to the property	-----      -0.25%      Several major methods
General condition of the property	-----      0.25%      The actual age of the property is 11 years
The general location of the property	-----      -0.25%      The area is served excellently
Quality and finishes	-----      0.25%      Average quality finishes
Project Management Team	-----      -0.25%      Good management and operational team level
Services and public facilities	-----      0.25%      level and availability of services is average
<b>Total</b>	<b>0.00%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	<b>0.00%</b>
<b>Capitalization rate, according to market averages</b>	<b>9%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>8.50%</b>

### Occupancy Rates in the Project

Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Quantity	Revenues		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Show Rooms	1,774	0	SAR 3,100	SAR 0	SAR 5,499,400	
Offices	984	0	SAR 750	SAR 0	SAR 738,000	
-----	0	0	SAR 0	SAR 0	SAR 0	
					<b>Total Revenues</b>	<b>SAR 6,237,400</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	2.00%	2.00%	2.00%	5.00%	11.00%	
Offices	2.00%	2.00%	2.00%	5.00%	11.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 5,499,400	11.00%	SAR 4,894,466			
Offices	SAR 738,000	11.00%	SAR 656,820			
-----	SAR 0	0.00%	SAR 0			
					<b>Total</b>	<b>SAR 5,551,286</b>
<b>Total Property Revenues</b>						SAR 6,237,400
<b>Total Property Expenses</b>						-SAR 686,114
<b>Net Operating Income</b>						<b>SAR 5,551,286.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 5,551,286.00	8.50%	65,309,247.06 SAR		<b>65,300,000.00 SAR</b>		

#### 4.10 INCOME APPROACH BASED ON LEASING CONTRACT

##### Analysis of Operating and Maintenance Expenses

The client informed us that a discount has been introduced to the subject property leasing contract where the new annual rent is 5,040,000 SAR. In addition, he informed us that the subject property expenses are only the insurance premium of 20,000 SAR. The valuation will be based on the above-mentioned assumptions.

##### Occupancy Rates in the Project

As per the client, the project is fully leased to one tenant, which is the percentage that will be based on in the valuation process.

REVENUES						
Unit Type	Quantity	Quantity	Revenues	Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit		Total Revenues
Retail Project		The subject property is Fully leased to 1 tenant				SAR 5,040,000
-----	0	0	SAR 0	SAR 0		SAR 0
-----	0	0	SAR 0	SAR 0		SAR 0
<b>Total Revenues</b>						<b>SAR 5,040,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Insurance		Total Expenses
Retail Project	0.00%	0.00%	0.00%	SAR 20,000		SAR 20,000
-----	0.00%	0.00%	0.00%	0.00%		0.00%
-----	0.00%	0.00%	0.00%	0.00%		0.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses				NOI
Retail Project	SAR 5,040,000	SAR 20,000				SAR 5,020,000
-----	SAR 0	0.00%				SAR 0
-----	SAR 0	0.00%				SAR 0
<b>Total</b>						<b>SAR 5,020,000</b>
<b>Total Property Revenues</b>						SAR 5,040,000
<b>Total Property Expenses</b>						-SAR 20,000
<b>Net Operating Income</b>						<b>SAR 5,020,000.00</b>
Net Operating Income	Cap Rate	Property Value				Rounded Value
SAR 5,020,000.00	8.50%	59,058,823.53 SAR				<b>59,060,000.00 SAR</b>

#### 4.11 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 65,300,000	Sixty-Five Million and Three Hundred Thousand Saudi Riyals
Income- Contract	Property	SAR 59,060,000	Fifty-Nine Million and Sixty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 60,040,000	Sixty Million and Forty Thousand Saudi Riyals

#### 4.12 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on market rates is:

**Property Value: SAR 65,300,000**  
**Sixty-Five Million and Three Hundred Thousand Saudi Riyals**

#### 4.13 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorized.

#### 4.14 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.



#### 4.15 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

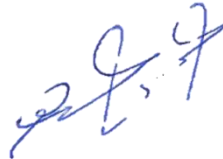
#### 4.16 ACCREDITED VALUERS

**Essam M. Al Husaini**  
Owner



**Fellow Member of (Taqeem)**  
License No. 1210000474

**Nabeel M. Al Husaini**  
CEO



**Member of (Taqeem)**  
License No. 1210002782

**Farah E. Al Husaini**  
Valuation Manager



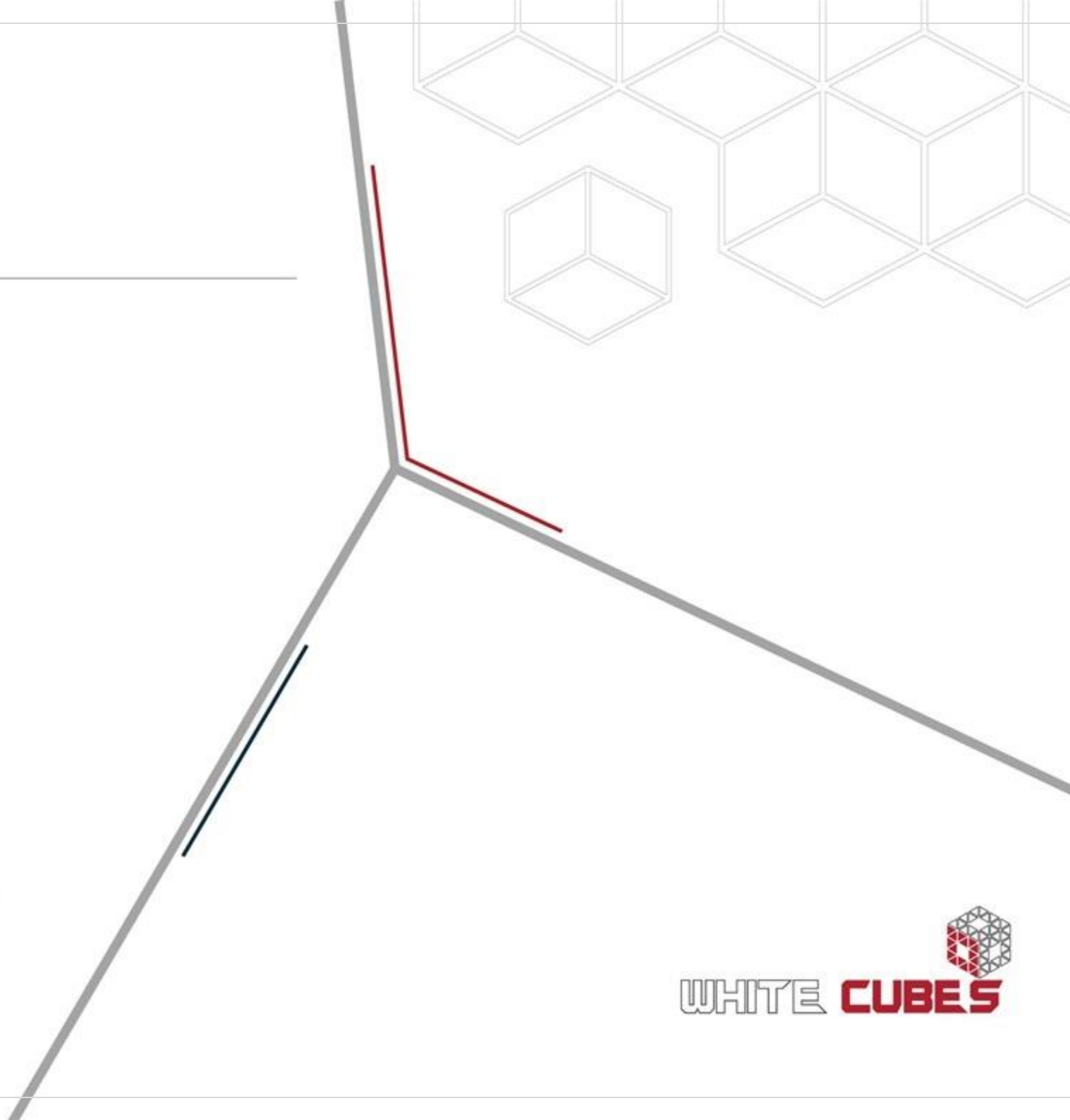
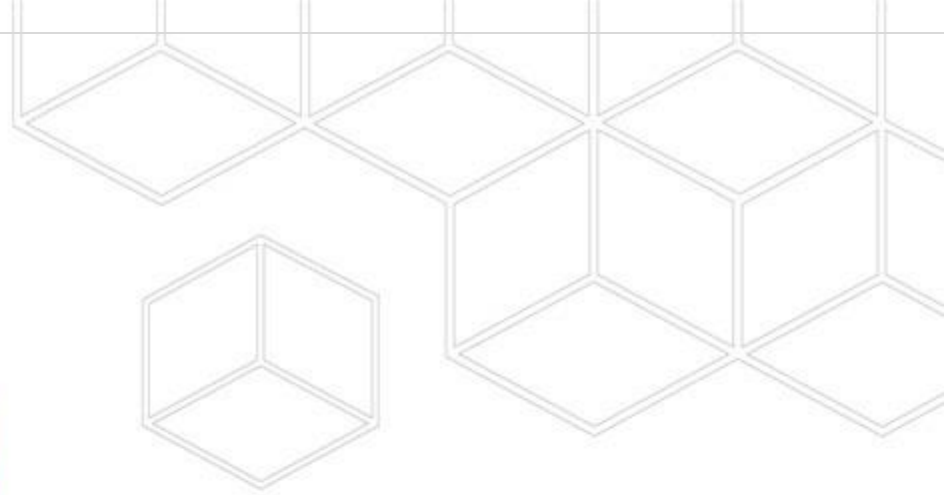
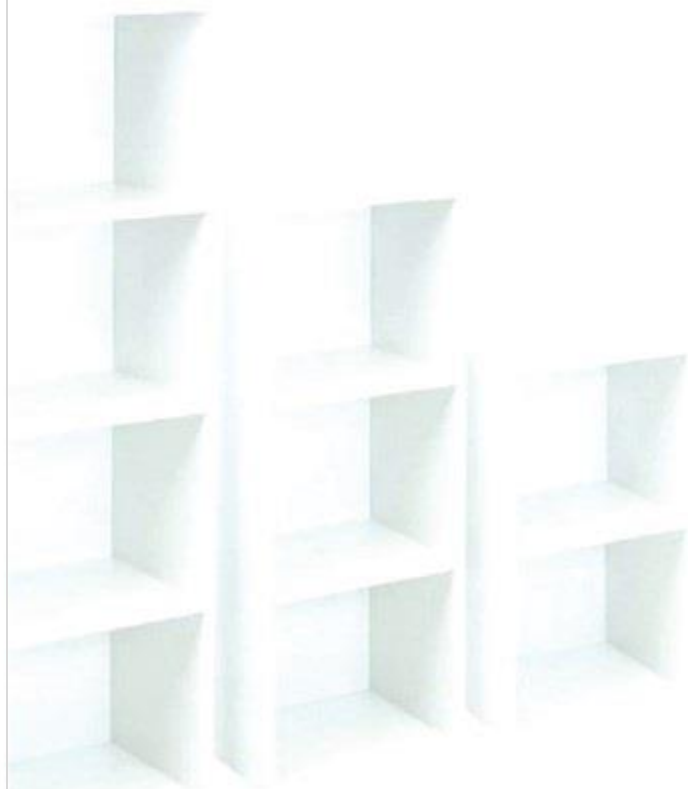
**Member of (Taqeem)**  
License No. 1210001964

**WHITECUBES Stamp**



# GENERAL NOTES

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## 5.1 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

## 5.2 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and White Cubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes*  
*White Cubes was previously involved in selling activities related to the property*  
*White Cubes was previously involved in advisory services related to the property*

No	If Yes		Remarks
	Client	Date	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

## 5.3 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.

## 5.4 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.