

التاريخ: 26/10/2021

السادة/ شركة سيدكو كابيتل المحترمين.

الموضوع/ اقرار بالالتزام بنظام المقيمين المعتمدين ولوائحه التنفيذية

السلام عليكم ورحمة الله وبركاته...

نقر نحن (شركة Whitecubes Real Estate)، بصفتنا مقدمي خدمات التقييم العقاري للعقارات التابعة لصندوق سدكو كابيتال للدخل العقاري الثاني، بالتزامنا والتزام كافة المقيمين بنظام المقيمين المعتمدين ولوائحه التنفيذية وبما يصدر من لوائح عن الهيئة السعودية للمقيمين المعتمدين (تقييم)، وأن نطاق العمل لتقارير التقييم يعد ملائماً لغرض طلب مدير الصندوق وصالحاً للاستخدام بغرض طرحه طرْحاً عاماً، كما نقر بأن القيمة الإيجارية التعاقدية في عقود الإيجارات هي ضمن القيمة الإيجارية السوقية في حال كون العقارات مدرّة للدخل.

وتفضلوا بقبول التحية والتقدير ،،،

مؤسسة المكعبات البيضاء للتقييم العقاري

**WHIE CUBES VALUATION**



A handwritten signature in blue ink.

عصام محمد الحسيني  
المدير العام

## PORTFOLIO OF 8 PROPERTIES

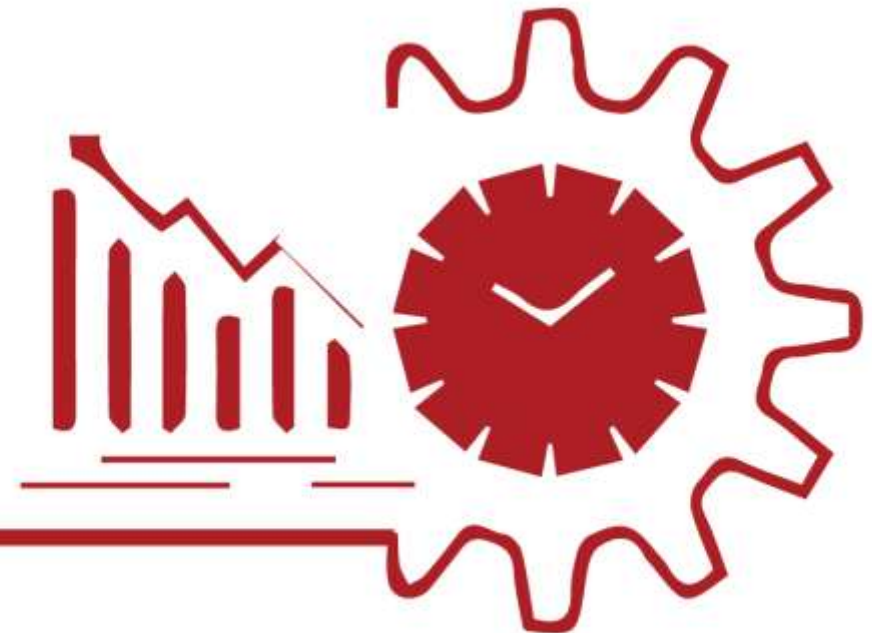
### SEDCO CAPITAL

SEVERAL CITIES

OCTOBER 2021



# Valuation Report





**REF:** 2011378  
**Date:** 26/10/2021  
**M/S** SEDCO Capital

**Subject: Valuation Report for 8 properties located in several cities, Saudi Arabia.**

Dear Sir,

With reference to your request and approval dated on October 07, 2021 for valuation service of the 8 properties located in several cities, please find hereafter our detailed valuation report including other information related to the mentioned property.

***Issued without prejudice and liabilities***

**WHITE CUBES REAL ESTATE**

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

Member of the Saudi Authority of Accredited Valuers (Taqeem)





**Table of Contents**  
(Please Click on the Title for Direct Access)

1.1	EXECUTIVE SUMMARY	12
1.2	VALUATION REFERENCE	14
1.3	BASIS OF VALUATION	14
1.4	CLIENT APPROVAL DATE	16
1.5	INSPECTION DATE	16
1.6	VALUATION DATE	16
1.7	REPORT DATE	16
1.8	OPINION OF VALUE	16
1.9	PURPOSE OF VALUATION	16
1.10	INSPECTION ROLE	16
1.11	MARKET SURVEY	17
<b><u>DAR ALBARAA SCHOOL</u></b>		<b>18</b>
1.12	PROPERTY & LOCATION DESCRIPTION	19
1.13	INFRASTRUCTURE FACILITIES	19
1.14	LOCATION	20
1.15	PROPERTY ACCESS	21
1.16	TITLE DEED & OWNERSHIP	22
1.17	CONSTRUCTION & BUILDINGS	22
1.18	INSURANCE	23
1.19	PHOTO RECORD	24
1.20	SAUDI ARABIA ECONOMIC INDICATORS	26
1.21	BUDGET ALLOCATION FOR 2020	26
1.22	SWOT ANALYSIS	27
1.23	SECTOR BRIEF	27
1.24	RISK ANALYSIS	29
1.25	DOCUMENTS RECIEVED	31
1.26	GENERAL ASSUMPTIONS	31
1.27	LEGAL NOTICES	31
1.28	INFORMATION SOURCE	32



<b>1.29</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>32</b>
<b>1.30</b>	<b>VALUATION APPROACH</b>	<b>32</b>
<b>1.31</b>	<b>INPUT VALUATION PROCESS</b>	<b>33</b>
<b>1.32</b>	<b>COMPARABLE APPROACH</b>	<b>34</b>
<b>1.33</b>	<b>COST APPROACH (DRC)</b>	<b>35</b>
<b>1.34</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>38</b>
	<b>THE CLIENT HAS PROVIDED US WITH PROMISSORY NOTES FROM 2017 – 2040.</b>	<b>38</b>
<b>1.35</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>40</b>
<b>1.36</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>41</b>

## **EXTRA DAMMAM** **42**

<b>1.37</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>43</b>
<b>1.38</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>43</b>
<b>1.39</b>	<b>LOCATION</b>	<b>44</b>
<b>1.40</b>	<b>PROPERTY ACCESS</b>	<b>45</b>
<b>1.41</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>46</b>
<b>1.42</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>47</b>
<b>1.43</b>	<b>INSURANCE</b>	<b>47</b>
<b>1.44</b>	<b>PHOTO RECORD</b>	<b>48</b>
<b>1.45</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>50</b>
<b>1.46</b>	<b>BUDGET ALLOCATION FOR 2020</b>	<b>50</b>
<b>1.47</b>	<b>SWOT ANALYSIS</b>	<b>51</b>
<b>1.48</b>	<b>SECTOR BRIEF</b>	<b>51</b>
<b>1.49</b>	<b>RISK ANALYSIS</b>	<b>53</b>
<b>1.50</b>	<b>DOCUMENTS RECIEVED</b>	<b>55</b>
<b>1.51</b>	<b>GENERAL ASSUMPTIONS</b>	<b>55</b>
<b>1.52</b>	<b>LEGAL NOTICES</b>	<b>55</b>
<b>1.53</b>	<b>INFORMATION SOURCE</b>	<b>56</b>
<b>1.54</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>56</b>
<b>1.55</b>	<b>VALUATION APPROACH</b>	<b>56</b>
<b>1.56</b>	<b>INPUT VALUATION PROCESS</b>	<b>57</b>
<b>1.57</b>	<b>COMPARABLE APPROACH</b>	<b>58</b>



<b>1.58</b>	<b>COST APPROACH (DRC)</b>	<b>59</b>
<b>1.59</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>61</b>
<b>1.60</b>	<b>INCOME APPROACH- MARKET RATES</b>	<b>64</b>
<b>1.61</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>67</b>
<b>1.62</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>67</b>
<b>PANDA DAMMAM</b>		<b>68</b>
<b>1.63</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>69</b>
<b>1.64</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>69</b>
<b>1.65</b>	<b>LOCATION</b>	<b>70</b>
<b>1.66</b>	<b>PROPERTY ACCESS</b>	<b>71</b>
<b>1.67</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>72</b>
<b>1.68</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>72</b>
<b>1.69</b>	<b>INSURANCE</b>	<b>73</b>
<b>1.70</b>	<b>PHOTO RECORD</b>	<b>74</b>
<b>1.71</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>76</b>
<b>1.72</b>	<b>BUDGET ALLOCATION FOR 2020</b>	<b>76</b>
<b>1.73</b>	<b>SWOT ANALYSIS</b>	<b>77</b>
<b>1.74</b>	<b>SECTOR BRIEF</b>	<b>77</b>
<b>1.75</b>	<b>RISK ANALYSIS</b>	<b>79</b>
<b>1.76</b>	<b>DOCUMENTS RECIEVED</b>	<b>81</b>
<b>1.77</b>	<b>GENERAL ASSUMPTIONS</b>	<b>81</b>
<b>1.78</b>	<b>LEGAL NOTICES</b>	<b>81</b>
<b>1.79</b>	<b>INFORMATION SOURCE</b>	<b>82</b>
<b>1.80</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>82</b>
<b>1.81</b>	<b>VALUATION APPROACH</b>	<b>82</b>
<b>1.82</b>	<b>INPUT VALUATION PROCESS</b>	<b>83</b>
<b>1.83</b>	<b>COMPARABLE APPROACH</b>	<b>84</b>
<b>1.84</b>	<b>COST APPROACH (DRC)</b>	<b>85</b>
<b>1.85</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>87</b>
<b>1.86</b>	<b>INCOME APPROACH- MARKET RATES</b>	<b>90</b>
<b>1.87</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>93</b>



<b>1.88</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>93</b>
<b>HAMRA PLAZA</b>		<b>94</b>
<b>1.89</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>95</b>
<b>1.90</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>95</b>
<b>1.91</b>	<b>LOCATION</b>	<b>96</b>
<b>1.92</b>	<b>PROPERTY ACCESS</b>	<b>97</b>
<b>1.93</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>98</b>
<b>1.94</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>99</b>
<b>1.95</b>	<b>INSURANCE</b>	<b>100</b>
<b>1.96</b>	<b>PHOTO RECORD</b>	<b>101</b>
<b>1.97</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>103</b>
<b>1.98</b>	<b>BUDGET ALLOCATION FOR 2020</b>	<b>103</b>
<b>1.99</b>	<b>SWOT ANALYSIS</b>	<b>104</b>
<b>1.100</b>	<b>SECTOR BRIEF</b>	<b>104</b>
<b>1.101</b>	<b>RISK ANALYSIS</b>	<b>106</b>
<b>1.102</b>	<b>DOCUMENTS RECIEVED</b>	<b>108</b>
<b>1.103</b>	<b>GENERAL ASSUMPTIONS</b>	<b>108</b>
<b>1.104</b>	<b>LEGAL NOTICES</b>	<b>108</b>
<b>1.105</b>	<b>INFORMATION SOURCE</b>	<b>109</b>
<b>1.106</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>109</b>
<b>1.107</b>	<b>VALUATION APPROACH</b>	<b>109</b>
<b>1.108</b>	<b>INPUT VALUATION PROCESS</b>	<b>110</b>
<b>1.109</b>	<b>COMPARABLE APPROACH</b>	<b>111</b>
<b>1.110</b>	<b>COST APPROACH (DRC)</b>	<b>112</b>
<b>1.111</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>114</b>
<b>1.112</b>	<b>INCOME APPROACH- MARKET RATES</b>	<b>117</b>
<b>1.113</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>120</b>
<b>1.114</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>120</b>
<b>IRQAH PLAZA</b>		<b>121</b>



<b>1.115 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>122</b>
<b>1.116 INFRASTRUCTURE FACILITIES</b>	<b>122</b>
<b>1.117 LOCATION</b>	<b>123</b>
<b>1.118 PROPERTY ACCESS</b>	<b>124</b>
<b>1.119 TITLE DEED &amp; OWNERSHIP</b>	<b>125</b>
<b>1.120 CONSTRUCTION &amp; BUILDINGS</b>	<b>125</b>
<b>1.121 INSURANCE</b>	<b>126</b>
<b>1.122 PHOTO RECORD</b>	<b>127</b>
<b>1.123 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>129</b>
<b>1.124 BUDGET ALLOCATION FOR 2020</b>	<b>129</b>
<b>1.125 SWOT ANALYSIS</b>	<b>130</b>
<b>1.126 SECTOR BRIEF</b>	<b>130</b>
<b>1.127 RISK ANALYSIS</b>	<b>132</b>
<b>1.128 DOCUMENTS RECIEVED</b>	<b>134</b>
<b>1.129 GENERAL ASSUMPTIONS</b>	<b>134</b>
<b>1.130 LEGAL NOTICES</b>	<b>134</b>
<b>1.131 INFORMATION SOURCE</b>	<b>135</b>
<b>1.132 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>135</b>
<b>1.133 VALUATION APPROACH</b>	<b>135</b>
<b>1.134 INPUT VALUATION PROCESS</b>	<b>136</b>
<b>1.135 COMPARABLE APPROACH</b>	<b>137</b>
<b>1.136 COST APPROACH (DRC)</b>	<b>138</b>
<b>1.137 DISCOUNTED CASH FLOW APPROACH</b>	<b>140</b>
<b>1.138 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>143</b>
<b>1.139 SUBJECT PROPERTY VALUE</b>	<b>144</b>
<b>OLAYA SCHOOL</b>	<b>145</b>
<b>1.140 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>146</b>
<b>1.141 INFRASTRUCTURE FACILITIES</b>	<b>146</b>
<b>1.142 LOCATION</b>	<b>147</b>
<b>1.143 PROPERTY ACCESS</b>	<b>148</b>
<b>1.144 TITLE DEED &amp; OWNERSHIP</b>	<b>149</b>





<b>1.145 CONSTRUCTION &amp; BUILDINGS</b>	<b>149</b>
<b>1.146 INSURANCE</b>	<b>150</b>
<b>1.147 PHOTO RECORD</b>	<b>151</b>
<b>1.148 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>153</b>
<b>1.149 BUDGET ALLOCATION FOR 2020</b>	<b>153</b>
<b>1.150 SWOT ANALYSIS</b>	<b>154</b>
<b>1.151 SECTOR BRIEF</b>	<b>154</b>
<b>1.152 RISK ANALYSIS</b>	<b>156</b>
<b>1.153 DOCUMENTS RECIEVED</b>	<b>158</b>
<b>1.154 GENERAL ASSUMPTIONS</b>	<b>158</b>
<b>1.155 LEGAL NOTICES</b>	<b>158</b>
<b>1.156 INFORMATION SOURCE</b>	<b>159</b>
<b>1.157 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>159</b>
<b>1.158 VALUATION APPROACH</b>	<b>159</b>
<b>1.159 INPUT VALUATION PROCESS</b>	<b>160</b>
<b>1.160 COMPARABLE APPROACH</b>	<b>161</b>
<b>1.161 COST APPROACH (DRC)</b>	<b>161</b>
<b>1.162 INCOME APPROACH- LEASING CONTRACT</b>	<b>164</b>
<b>1.163 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>167</b>
<b>1.164 SUBJECT PROPERTY VALUE</b>	<b>167</b>
<b>AL MANAHEJ SCHOOL</b>	<b>168</b>
<b>1.165 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>169</b>
<b>1.166 INFRASTRUCTURE FACILITIES</b>	<b>169</b>
<b>1.167 LOCATION</b>	<b>170</b>
<b>1.168 PROPERTY ACCESS</b>	<b>171</b>
<b>1.169 TITLE DEED &amp; OWNERSHIP</b>	<b>172</b>
<b>1.170 CONSTRUCTION &amp; BUILDINGS</b>	<b>172</b>
<b>1.171 INSURANCE</b>	<b>173</b>
<b>1.172 PHOTO RECORD</b>	<b>174</b>
<b>1.173 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>176</b>
<b>1.174 BUDGET ALLOCATION FOR 2020</b>	<b>176</b>



<b>1.175 SWOT ANALYSIS</b>	<b>177</b>
<b>1.176 SECTOR BRIEF</b>	<b>177</b>
<b>1.177 RISK ANALYSIS</b>	<b>179</b>
<b>1.178 DOCUMENTS RECIEVED</b>	<b>181</b>
<b>1.179 GENERAL ASSUMPTIONS</b>	<b>181</b>
<b>1.180 LEGAL NOTICES</b>	<b>181</b>
<b>1.181 INFORMATION SOURCE</b>	<b>182</b>
<b>1.182 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>182</b>
<b>1.183 VALUATION APPROACH</b>	<b>182</b>
<b>1.184 INPUT VALUATION PROCESS</b>	<b>183</b>
<b>1.185 COMPARABLE APPROACH</b>	<b>184</b>
<b>1.186 COST APPROACH (DRC)</b>	<b>185</b>
<b>1.187 INCOME APPROACH- LEASING CONTRACT</b>	<b>187</b>
<b>1.188 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>189</b>
<b>1.189 SUBJECT PROPERTY VALUE</b>	<b>190</b>
<b>AMJAD SCHOOL</b>	<b>191</b>
<b>1.190 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>192</b>
<b>1.191 INFRASTRUCTURE FACILITIES</b>	<b>192</b>
<b>1.192 LOCATION</b>	<b>193</b>
<b>1.193 PROPERTY ACCESS</b>	<b>194</b>
<b>1.194 TITLE DEED &amp; OWNERSHIP</b>	<b>195</b>
<b>1.195 CONSTRUCTION &amp; BUILDINGS</b>	<b>195</b>
<b>1.196 INSURANCE</b>	<b>196</b>
<b>1.197 PHOTO RECORD</b>	<b>197</b>
<b>1.198 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>199</b>
<b>1.199 BUDGET ALLOCATION FOR 2020</b>	<b>199</b>
<b>1.200 SWOT ANALYSIS</b>	<b>200</b>
<b>1.201 SECTOR BRIEF</b>	<b>200</b>
<b>1.202 RISK ANALYSIS</b>	<b>202</b>
<b>1.203 DOCUMENTS RECIEVED</b>	<b>204</b>
<b>1.204 GENERAL ASSUMPTIONS</b>	<b>204</b>



<b>1.205</b>	<b>LEGAL NOTICES</b>	<b>204</b>
<b>1.206</b>	<b>INFORMATION SOURCE</b>	<b>205</b>
<b>1.207</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>205</b>
<b>1.208</b>	<b>INPUT VALUATION PROCESS</b>	<b>205</b>
<b>1.209</b>	<b>VALUATION APPROACH</b>	<b>205</b>
<b>1.210</b>	<b>COMPARABLE APPROACH</b>	<b>207</b>
<b>1.211</b>	<b>COST APPROACH (DRC)</b>	<b>208</b>
<b>1.212</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>210</b>
<b>1.213</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>212</b>
<b>1.214</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>213</b>
<b>1.215</b>	<b>REPORT USE</b>	<b>213</b>
<b>1.216</b>	<b>DISCLAIMER</b>	<b>213</b>
<b>1.217</b>	<b>CONCLUSION</b>	<b>213</b>
<b>1.218</b>	<b>CONSULTANT STATUS</b>	<b>216</b>
<b>1.219</b>	<b>DISCLOSING CONFLICT OF INTEREST</b>	<b>216</b>
<b>1.220</b>	<b>CONFIDENTIALITY</b>	<b>216</b>
<b>1.221</b>	<b>ENVIRONMENTAL MATTERS</b>	<b>216</b>

# EXECUTIVE SUMMARY

---





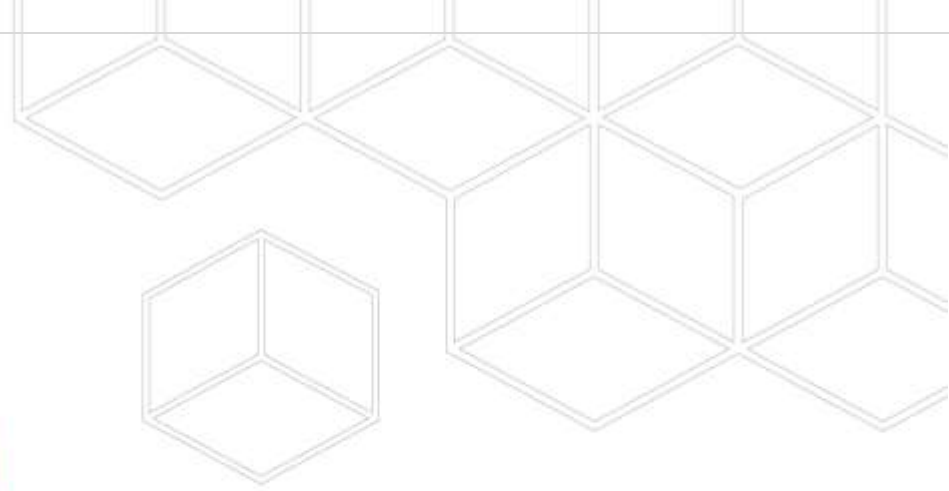
## 1.1 EXECUTIVE SUMMARY

<b>Introduction</b>	We received instructions from the client on 07/10/2021 to implement valuation service for 8 properties in several cities.
<b>Client</b>	For whom this report is being prepared is SEDCO Capital, a Saudi company registered under the Saudi law.
<b>Reference No.</b>	2011378
<b>Purpose of Valuation</b>	Income Generating Fund Purposes
<b>Valuation Date</b>	13/10/2021
<b>Inspection Date</b>	08/10/2021
<b>Valuation Approach</b>	Comparable Approach, Cost Approach & Income Approach

Property Name	City	Title deed No.	Ownership Type	Owner	Land Area (Sqm)	BUA (Sqm)	Final Property Value
Dar Al Baraa School	Riyadh	310106046287	Freehold	Saudi Economic and Development Company	15,385.2	33,429	SAR 161,250,000
Extra Dammam	Dammam	614008005589	Freehold	Saudi Economic and Development Company	8,258.25	4,404	SAR 52,000,000
		330110007077					
Panda Dammam	Dammam	314008005588	Freehold	Saudi Economic and Development Company	13,806.17	5,348	SAR 68,570,000
		430111014770					
Hamra Plaza	Riyadh	630104017876	Freehold	Saudi Economic and Development Company	21,120	13,020.7	SAR 69,290,000
		214008005591					
Irqah Plaza	Irqah	314010001805	Freehold	Saudi Economic and Development Company	14,268.98	9,147.63	SAR 91,405,000
		314008005590					
Olaya School	Riyadh	514010001807	Freehold	Saudi Economic and Development Company	10,500	12,314	SAR 62,290,000
		514010001806					
Al Manahej School	Riyadh	811903001544	Freehold	Saudi Economic and Development Company	9,200	17,058	SAR 57,140,000
Amjad School	Riyadh	910118034614	Freehold	Saudi Economic and Development Company	14,300	34,231	SAR 119,000,000
		214010001803	Freehold	Saudi Economic and Development Company			
		710117042505	Freehold	Saudi Economic and Development Company			

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

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

## 1.3 BASIS OF VALUATION

### Market Value

Market Value is defined as: -

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

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

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

### AN ASSET SHOULD EXCHANGE

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

### ON THE VALUATION DATE

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

### BETWEEN WILLING BUYER

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



AND  
WILLING  
SELLER

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

IN AN ARM'S  
LENGTH  
TRANSACTION

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

AFTER  
PROPER  
MARKETING

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

KNOWLEDGEABLY  
AND  
PRUDENTLY

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

AND  
WITHOUT  
COMPULSION

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





### 1.4 CLIENT APPROVAL DATE

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

**October 07, 2021.**

### 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.

**October 08, 2021.**

### 1.6 VALUATION DATE

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

**October 13, 2021.**

### 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.

**October 26, 2021.**

### 1.8 OPINION OF VALUE

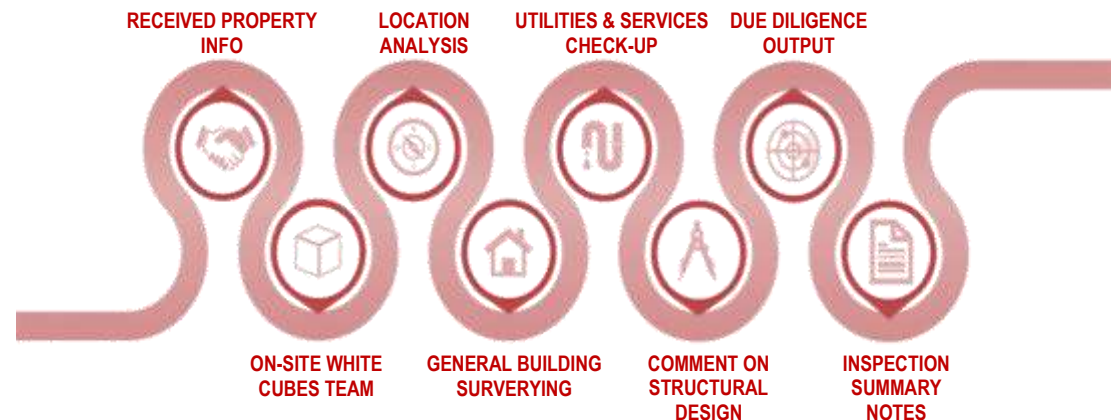
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

### 1.9 PURPOSE OF VALUATION

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

### 1.10 INSPECTION ROLE

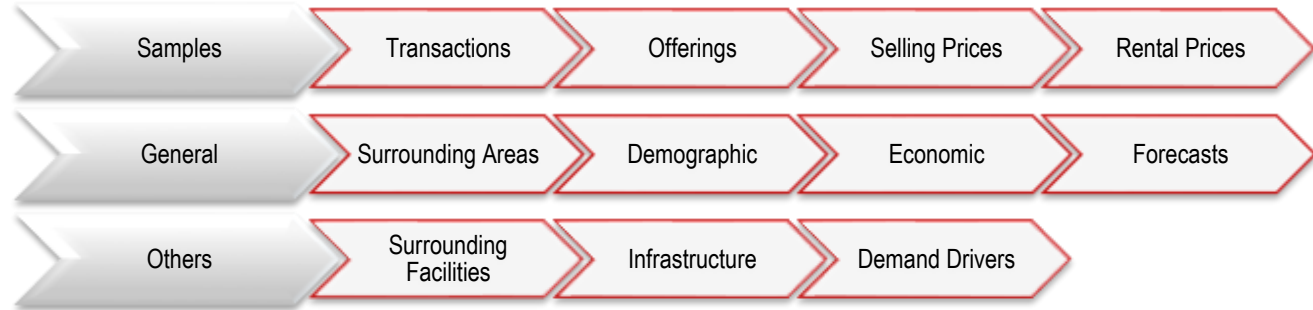
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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





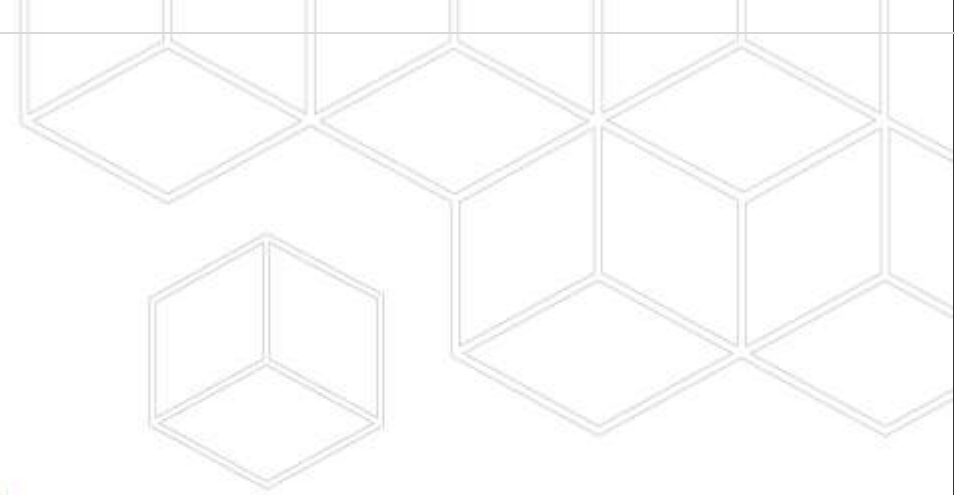
### 1.11 MARKET SURVEY

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



PROPERTY DETAILS

# DAR ALBARAA SCHOOL





## 1.12 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is an educational facility located in Al Narjis district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 15,385.2 Sqm and a total BUA of 33,429 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Al Siham Street. The building is mostly surrounded by residential buildings & vacant lands 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 mix-use building located in Al Narjis district, Riyadh City.  
 The property is bordered from the north by an unnamed street  
 The property is bordered from the south by Al Sonbolah street  
 The Property is bordered from the east by an unnamed street  
 The property is bordered to the west by an Al Siham street

### Ease of Access

Based on the current location of the subject property, the access level is medium since it is located near King Salman Road.

### Area Surrounding the Property

The subject property is mostly surrounded by residential buildings

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

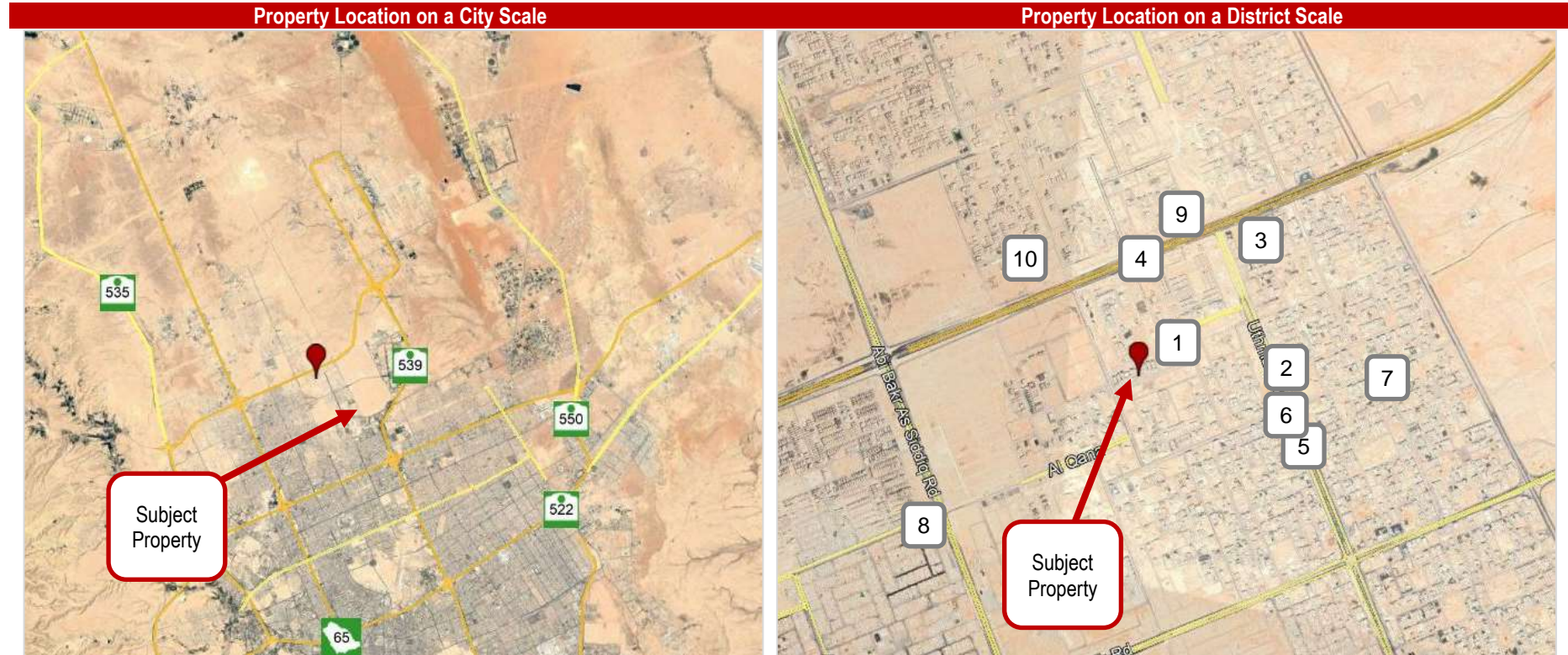
## 1.13 INFRASTRUCTURE FACILITIES

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



## 1.14 LOCATION

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



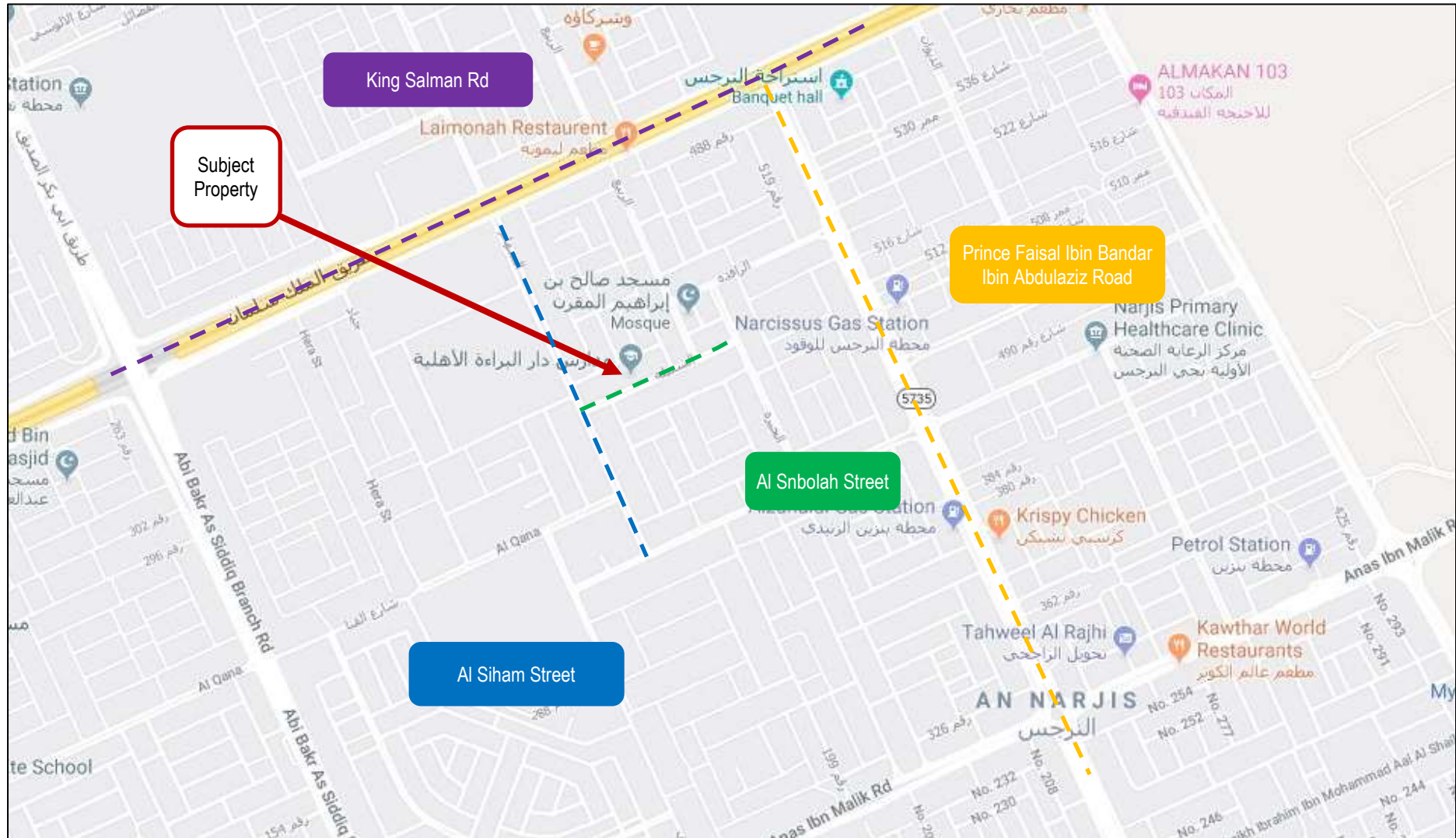
### Surrounding Landmarks

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1- Saleh Bin Ibrahim Muqrin Mosque (0.2 Kilometres)</li> <li>2- Narcissus Gas Station (0.8 Kilometres)</li> <li>3- Banquet Hall (1 Kilometres)</li> <li>4- Laimonah Restaurant (0.6 Kilometres)</li> <li>5- Alzunaidi Gas Station (1 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Perfect Sciences telescope Shop (0.7 Kilometres)</li> <li>7- Narjis Primary Healthcare Clinic (1.3 Kilometres)</li> <li>8- Riyadh Bank (1.5 Kilometres)</li> <li>9- Divan Resort (0.8 Kilometres)</li> <li>10- Home Goods Store (1 Kilometres)</li> </ul> |
|--|---|



### 1.15 PROPERTY ACCESS

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





### 1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed 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>	15,385.20 Sqm
<b>District</b>	AlNarjis	<b>Plot No.</b>	3416
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	310106046287	<b>Layout No.</b>	2737
<b>T.D Date</b>	14/10/1437 H. D	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	140,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	14/10/1436 H. D Riyadh Notary	<b>Limitation of Document</b>	None
<b>North Side</b>	Unnamed Street	<b>East Side</b>	Unnamed Street
<b>South Side</b>	Al Sonbola Street	<b>West Side</b>	Al Siham Street
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

### 1.17 CONSTRUCTION & BUILDINGS

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

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



The subject property is a school under construction composed of basement, ground floor, 1 upper floors, electric room and annex. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

#### Subject Property

<b>Construction Permit Type</b>	School Building Permit
<b>Property Type</b>	Modification of Building Layout
<b>Construction Permit No.</b>	1435/20257
<b>Construction Permit Date</b>	23/11/1435 AH
<b>Permit Expiry Date</b>	23/11/1438 AH

Description	No. of Units	Area (Sqm)	Use
Basement	0	10,981	Services & Parking
Ground Floor	1	9,035	Classrooms
First Floor	1	9,035	Classrooms
Electric Room	0	150	Electric Room
Annex	1	4,228	Classrooms
Fences	0	638.8	Fences
<b>Total BUA (Sqm)</b>		<b>33,429</b>	

### 1.18 INSURANCE

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





### 1.19 PHOTO RECORD



# MARKET INDICATORS

---





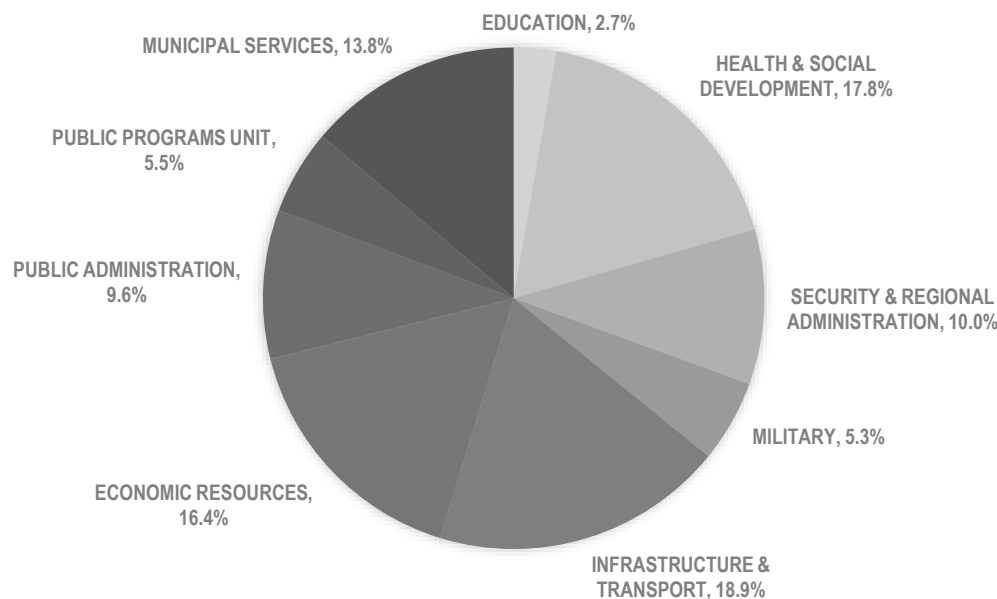
## 1.20 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.21 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





### 1.22 SWOT ANALYSIS

<b>Strength</b>  - The school is open of 4 sides with a direct view on 4 unnamed streets	<b>Weakness</b>  - Far from the city centre
<b>Opportunities</b>  - The property is mostly surrounded by several residential buildings	<b>Threats</b>  - Existing & Potential similar projects

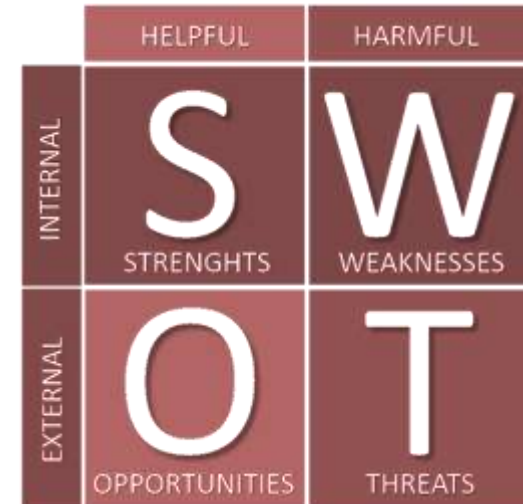
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.23 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

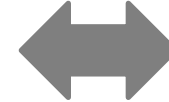


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

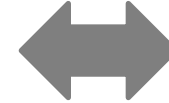


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



### 1.24 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>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>4</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>10 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 10 Risk Points - Minimal Risk

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

**Property Analysis**

Risk Category- 6 Risk Points - Minimal Risk

# PROPERTY VALUATION

---





### 1.25 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

### 1.26 GENERAL ASSUMPTIONS

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

### 1.27 LEGAL NOTICES

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





### 1.28 INFORMATION SOURCE

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

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

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

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

### 1.30 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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



### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

## 1.31 INPUT VALUATION PROCESS

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



### 1.32 COMPARABLE APPROACH

This method aims to collect data and information on actual sales 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	-----	Transaction	Offering
District	Al Narjis	Al Narjis	Al Narjis
Sale Price	-----	SAR 4,410,000	SAR 4,278,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	15,385.20	900.00	930.00
SAR / Sqm	-----	SAR 4,900	SAR 4,600
Sides Open	4	2	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	15,385.20	900.00	-15.00%	930.00	-15.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	35	35	0.00%	35	0.00%
Sides Open	4	2	10.00%	1	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	No	No	0.00%	No	0.00%
Negotiable	-----	Yes	-10.00%	Yes	-5.00%
Use	Educational	Commercial	-20.00%	Commercial	-20.00%
<b>Total Adjustments Ratio</b>			<b>-35.00%</b>		<b>-35.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 1,715.0</b>		<b>-SAR 1,610.0</b>
<b>Net After Adjustment</b>			<b>SAR 3,185.0</b>		<b>SAR 2,990.0</b>
<b>SAR / Sqm</b>			<b>SAR 3,088</b>		
<b>Rounded Value</b>			<b>SAR 3,100</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	15,385	15,385	15,385	15,385	15,385	
SAR / Sqm	SAR 2,790.0	SAR 2,945.0	SAR 3,100.0	SAR 3,255.0	SAR 3,410.0	
Property Value	SAR 42,924,708	SAR 45,309,414	SAR 47,694,120	SAR 50,078,826	SAR 52,463,532	
			<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 2,800 - 3,200 SAR / Sqm with an average of 3,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.33 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of 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>	900	1100	SAR 1,000
<b>MEP</b>	350	450	SAR 400
<b>Finishing Materials</b>	550	650	SAR 600
<b>Site Improvements</b>	120	180	150
<b>Owner Profit</b>	18%	22%	20%

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

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
310106046287	15,385.20	SAR 3,100	SAR 47,694,120
Building			
	Unit	No of Units	Total BUA
<b>Basement</b>	Sqm	0	10,981.00
<b>Ground Floor</b>	Sqm	1	9,035.00
<b>First Floor</b>	Sqm	1	9,035.00
<b>Electric Room</b>	Sqm	0	150.00
<b>Annex</b>	Sqm	1	4,228.00
<b>Fences</b>	Linear Meter	0	638.80
<b>Total (SQM)</b>	<b>33,429.00</b>		
<b>Total (M)</b>	<b>638.80</b>		



HARD COSTS ESTIMATES					
Ground Floor + First Floor + Electric Room + Annex					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	22,448.00	SAR 1,000	SAR 22,448,000	100%	SAR 22,448,000
Electro Mechanic	22,448.00	SAR 400	SAR 8,979,200	100%	SAR 8,979,200
Finishing	22,448.00	SAR 600	SAR 13,468,800	100%	SAR 13,468,800
Fit outs & Appliances	22,448.00	SAR 0	SAR 0	100%	SAR 0
Furniture	22,448.00	SAR 0	SAR 0	100%	SAR 0
<b>Total</b>			<b>SAR 44,896,000</b>	<b>100.00%</b>	<b>SAR 44,896,000</b>
Basement					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	10,981.00	SAR 1,500	SAR 16,471,500	100%	SAR 16,471,500
Electro Mechanic	10,981.00	SAR 500	SAR 5,490,500	100%	SAR 5,490,500
Finishing	10,981.00	SAR 300	SAR 3,294,300	100%	SAR 3,294,300
Fit outs & Appliances	10,981.00	SAR 0	SAR 0	100%	SAR 0
Furniture	10,981.00	SAR 0	SAR 0	100%	SAR 0
<b>Total</b>			<b>SAR 25,256,300</b>	<b>100.00%</b>	<b>SAR 25,256,300</b>
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	15,385.20	SAR 80	SAR 1,230,816	100%	SAR 1,230,816
External Landscape	6,350.20	SAR 50	SAR 317,510	100%	SAR 317,510
Fences	638.80	SAR 250	SAR 159,700	100%	SAR 159,700
Site Improvements	6,350.20	SAR 100	SAR 635,020	100%	SAR 635,020
<b>Total</b>			<b>SAR 2,343,046</b>	<b>100.00%</b>	<b>SAR 2,343,046</b>
	Actual Completion %			Total BUA	33,429.00
GF+ FF + ER + A	100.00%			Total Hard Cost	SAR 72,495,346
Basement	100.00%			Average SAR / Sqm	SAR 2,169
General Site Dev.	100.00%			Overall Completion	100.00%
SOFT COSTS ESTIMATES					
		Total Hard Cost	Ratio	Soft Cost	
Design		SAR 72,495,346	1.00%	SAR 724,953.46	
Eng Consultant		SAR 72,495,346	1.00%	SAR 724,953.46	
Management		SAR 72,495,346	2.50%	SAR 1,812,383.65	
Contingency		SAR 72,495,346	2.50%	SAR 1,812,383.65	
Others		SAR 72,495,346	2.50%	SAR 1,812,383.65	
<b>TOTAL</b>				<b>SAR 6,887,057.87</b>	



After knowing the total construction costs at a rate of 2,169 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			
Hard Cost	SAR 72,495,346	Economic Age	40
Soft Cost	SAR 6,887,058	Annual Dep Rate	2.50%
<b>Total Dev Cost</b>	<b>SAR 79,382,404</b>		
Net Dep Rate	12.50%	Actual Age	5
Dev Cost After Depreciation	<b>SAR 69,459,603</b>	Total Dep Rate	12.50%
		Add Appr Rate	0.00%
		Net Dep Rate	<b>12.50%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @	20.0%		
Dev. Profit Amount	SAR 13,891,921		
<b>Development Value</b>	<b>SAR 83,351,524</b>		

The total value of the building is 83,351,524 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 83,351,524	SAR 47,694,120	SAR 131,045,644	<b>SAR 131,050,000</b>



### 1.34 INCOME APPROACH- LEASING CONTRACT

The client has provided us with a rent contract related to the leasing contract of the subject property. The contract is an agreement between the First Party (Saudi Economic and Development Company) and the Second Party (AlMassif for Education). The contract involves the Second Party renting the subject property for 25 years, from 20/07/2016 to 19/07/2041. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	9,625,000
2	10,500,000
3	10,500,000
4	11,287,500
5	11,287,500
6- 2021	11,287,500
7	12,134,063
8	12,134,063
9	12,134,063
10	13,044,117
11	13,044,117
12	13,044,117
13	14,022,426
14	14,022,426
15	14,022,426
16	15,074,108
17	15,074,108
18	15,074,108
19	16,204,666
20	16,204,666
21	16,204,666
22	17,420,016
23	17,420,016
24	17,420,016
25	18,726,517
<b>TOTAL</b>	<b>346,912,205</b>

The client has provided us with promissory notes from 2017 – 2040.



## Property Operation and Maintenance Expenses

The client informed us that the total maintenance and operating expenses for the project will be paid by the tenant.

## 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>

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:

The effect of the property specifications on the property		
Item	Influence	Notes
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 4 years
The general location of the property	0.00%	The area is served good
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Good management and operational team level
Services and public facilities	-0.25%	Level and availability of services is average
<b>Total</b>	<b>-0.50%</b>	

- 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

*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*

Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	8%
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>

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.





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
Educational Facility		The subject property is Fully leased to 1 Company			SAR 11,287,500
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 11,287,500</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 11,287,500	0.00%	SAR 11,287,500		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
<b>Total</b>					<b>SAR 11,287,500</b>
<b>Total Property Revenues</b>					SAR 11,287,500
<b>Total Property Expenses</b>					SAR 0
<b>Net Operating Income</b>					<b>SAR 11,287,500.00</b>
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 11,287,500.00	7.00%	161,250,000.00 SAR		<b>161,250,000.00 SAR</b>	

The subject property is an educational facility which is considered as a special property. Consequently, we will not be able to apply the income approach based on the market rates.

### 1.35 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>DRC Approach</b>	Property	SAR 131,050,000	One Hundred Thirty-One Million and Fifty Thousand Saudi Riyals
<b>Income- Contract</b>	Property	SAR 161,250,000	One Hundred Sixty-One Million and Two Hundred Fifty Thousand Saudi Riyals



### **1.36 SUBJECT PROPERTY VALUE**

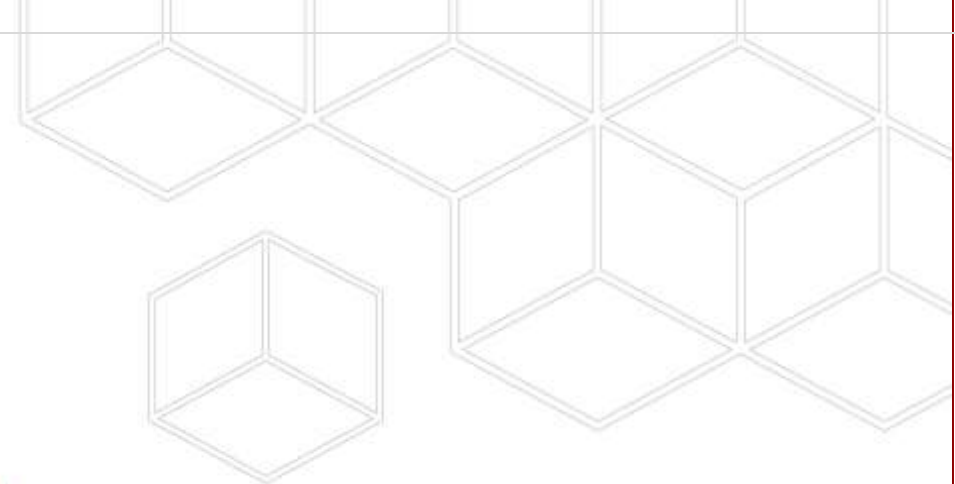
We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach is:

**Property Value: 161,250,000 SAR**  
**One Hundred Sixty-One Million and Two Hundred Fifty Thousand Saudi Riyals**

# PROPERTY DETAILS

---

## EXTRA DAMMAM





### 1.37 PROPERTY & LOCATION DESCRIPTION

#### Property Description

The subject property is a commercial project located in Al Aziziah district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 8,258.25 Sqm and a total BUA of 4,404 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Khaleej Road from the northern side. The building is mostly surrounded by residential and commercial buildings 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 building located in Al Aziziah district, Dammam City.  
 The property is bordered from the north by Khaleej Road  
 The property is bordered from the south by an Unnamed Streets  
 The Property is bordered from the east by an Unnamed Street  
 The property is bordered to the west by a pathway

#### Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Khaleej Road.

#### Area Surrounding the Property

The subject property is mostly surrounded by residential & 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	Khaleej Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

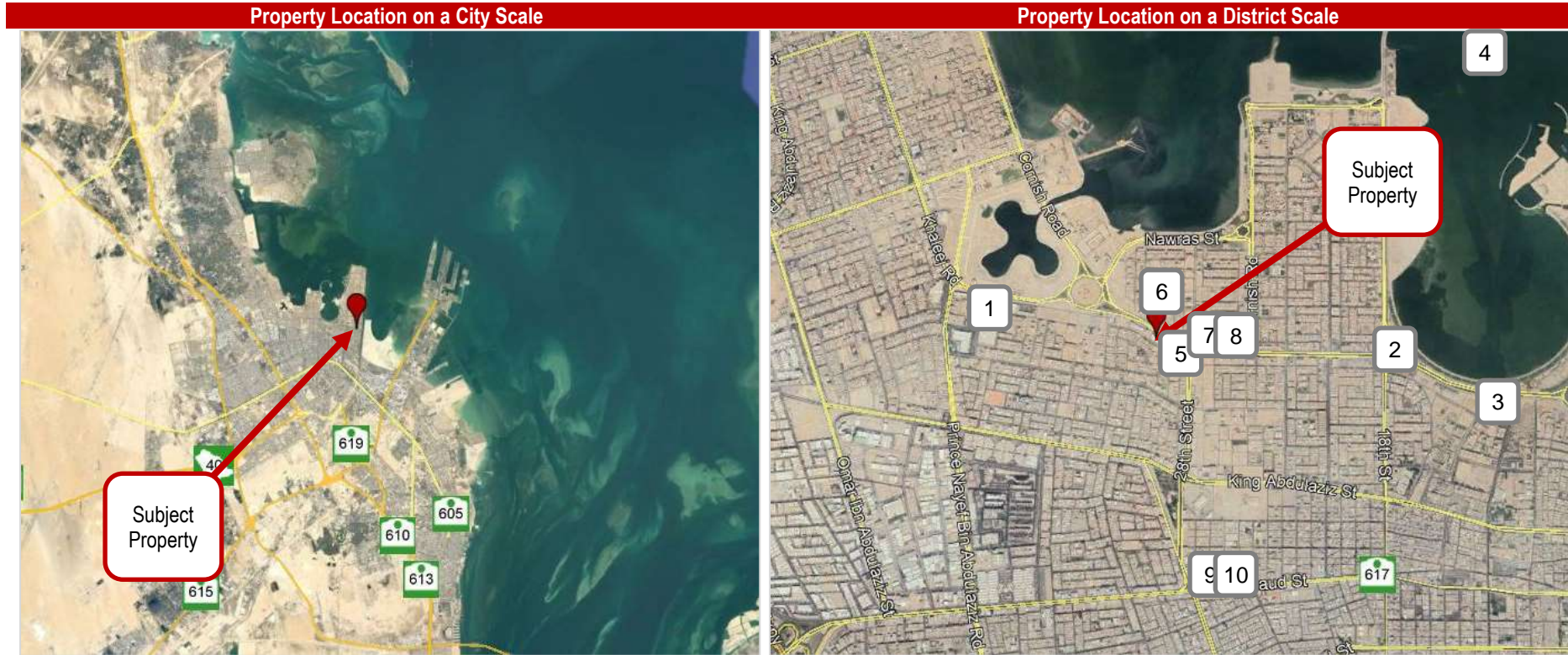
### 1.38 INFRASTRUCTURE FACILITIES

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



### 1.39 LOCATION

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



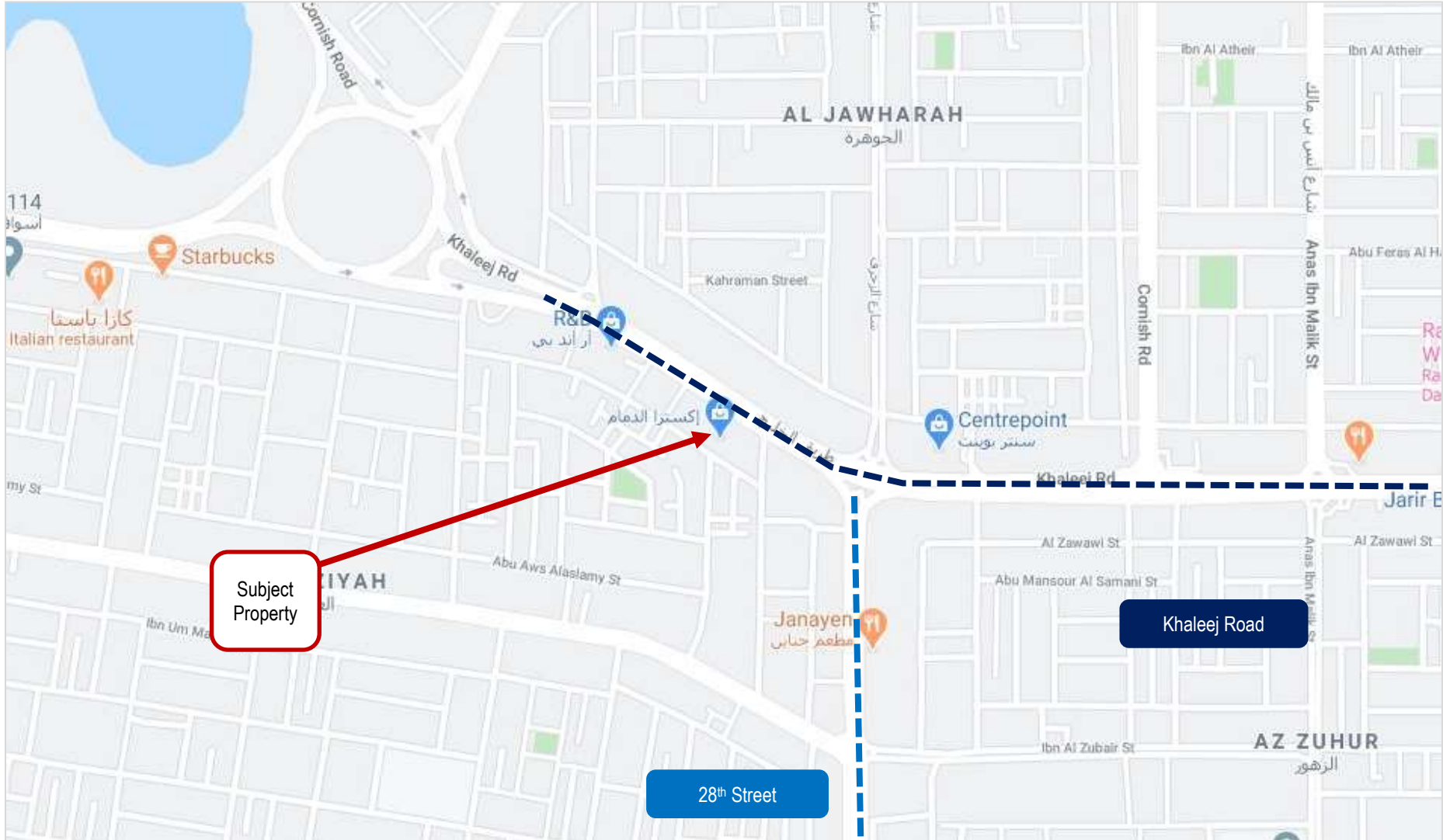
#### Surrounding Landmarks

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1- Dareen Mall (1.38 Kilometres)</li> <li>2- Golden Tulip Dammam (1.8 Kilometres)</li> <li>3- Marina Mall (2.84 Kilometres)</li> <li>4- Marjan Island (3.72 Kilometres)</li> <li>5- NCB ATM (3 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Esam Bulbul Mosque (0.2 Kilometres)</li> <li>7- Home Center (0.4 Kilometres)</li> <li>8- Centrepont (0.5 Kilometres)</li> <li>9- Al Ghad International Clg. for Health Sciences (1.1 Km)</li> <li>10- Saudi Credit and Saving Bank (1.15 Kilometres)</li> </ul> |
|--|---|



### 1.40 PROPERTY ACCESS

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





## 1.41 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>	Dammam	<b>Land Area</b>	3,000 Sqm
<b>District</b>	AlAziziyah	<b>Plot No.</b>	12 & 13
<b>T.D Type</b>	Electronic	<b>Block No.</b>	13
<b>T.D Number</b>	614008005589	<b>Layout No.</b>	418/1
<b>T.D Date</b>	07/11/1442	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	-	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	07/11/1442 Dammam Notary	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Corniche Street 60 m Width	<b>East Side</b>	Plot No. 14
<b>South Side</b>	Street 20 m Width	<b>West Side</b>	Pathway 6 m Width
<b>City</b>	Dammam	<b>Land Area</b>	1,500 Sqm
<b>District</b>	AlAziziyah	<b>Plot No.</b>	14
<b>T.D Type</b>	Electronic	<b>Block No.</b>	3
<b>T.D Number</b>	330110007077	<b>Layout No.</b>	418/1
<b>T.D Date</b>	20/09/1436 H. D	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	9,082,500 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	20/09/1436 H. D Dammam Notary	<b>Limitation of Document</b>	None
<b>North Side</b>	Street 60 m Width	<b>East Side</b>	Plot No. 15
<b>South Side</b>	Street 20 m Width	<b>West Side</b>	Plot No. 13
<b>City</b>	Dammam	<b>Land Area</b>	3,758.25 Sqm
<b>District</b>	AlAziziyah	<b>Plot No.</b>	15 & 16
<b>T.D Type</b>	Electronic	<b>Block No.</b>	3
<b>T.D Number</b>	314008005588	<b>Layout No.</b>	418/1
<b>T.D Date</b>	07/11/1442	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	-	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	07/11/1442 Dammam Notary	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Street 60 m Width	<b>East Side</b>	Street 20 m Width
<b>South Side</b>	Street 20 m Width	<b>West Side</b>	Plot No. 14



### 1.42 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 commercial property which was constructed 10 years ago composed of ground floor and mezzanine. The Client has provided us with a copy of the Construction Permit issued by Dammam Municipality with the below details:

Subject Property	
Construction Permit Type	New Building
Property Type	Commercial
Construction Permit No.	1429/10094
Construction Permit Date	01/03/1429 AH
Permit Expiry Date	01/03/1432 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor	1	3,594	Commercial
Ground Floor	-----	572	Services
Mezzanine	-----	238	Commercial
Fences	-----	260	Fences
<b>Total BUA (Sqm)</b>		<b>4,404</b>	

### 1.43 INSURANCE

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





### 1.44 PHOTO RECORD



# MARKET INDICATORS

---





## 1.45 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

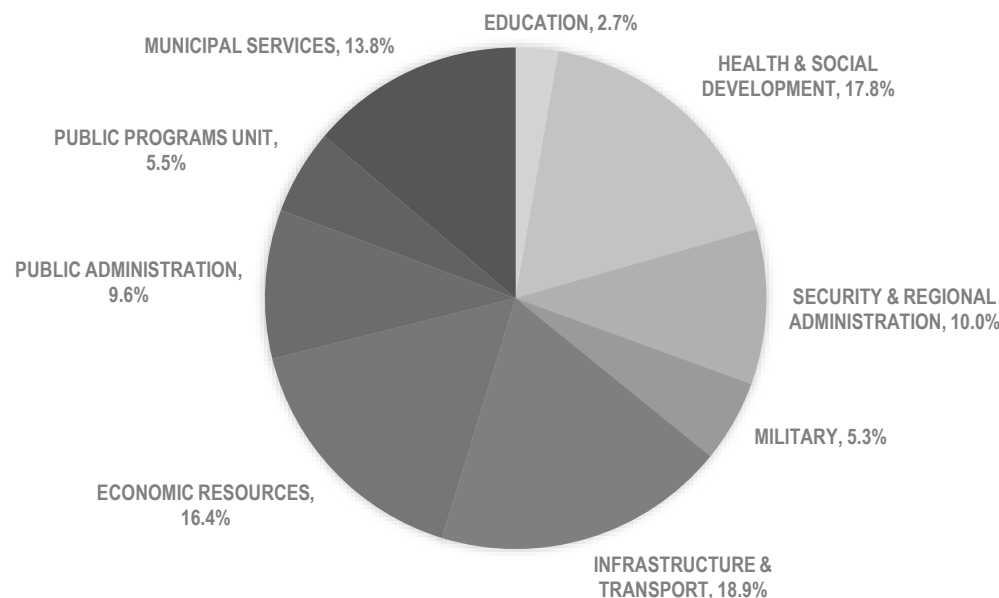
## 1.46 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





**1.47 SWOT ANALYSIS**

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The property is open of 3 sides with a direct view on the main Road (Khaleej Road)</li> <li>- The property is near the seashores</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- None</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- High demand for the property type</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing &amp; Potential similar projects</li> </ul>

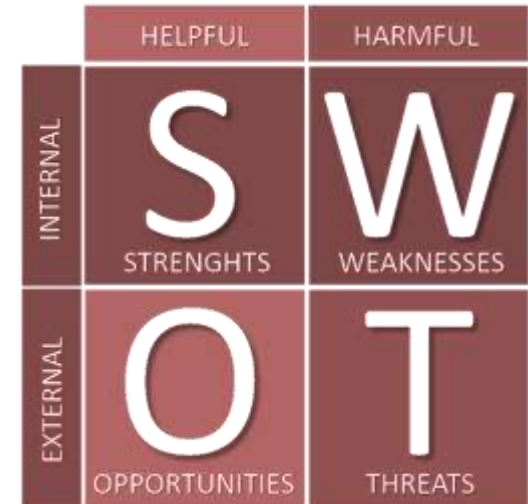
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

**1.48 SECTOR BRIEF**

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



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





Overall Sector Performance

From 2020 to 2021

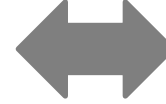


Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

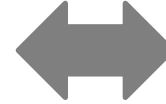


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

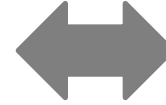


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



### 1.49 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>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>6 Risk Points - Minimum Risk</b>				

**Property Analysis**

Risk Category- 6 Risk Points - Minimal Risk

# PROPERTY VALUATION

---





### 1.50 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	Lease Contract ✓	Operational Cost - OPEX

### 1.51 GENERAL ASSUMPTIONS

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

### 1.52 LEGAL NOTICES

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





### 1.53 INFORMATION SOURCE

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

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

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

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

### 1.55 VALUATION APPROACH

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

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

#### COMPARABLE METHOD

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



### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

## 1.56 INPUT VALUATION PROCESS

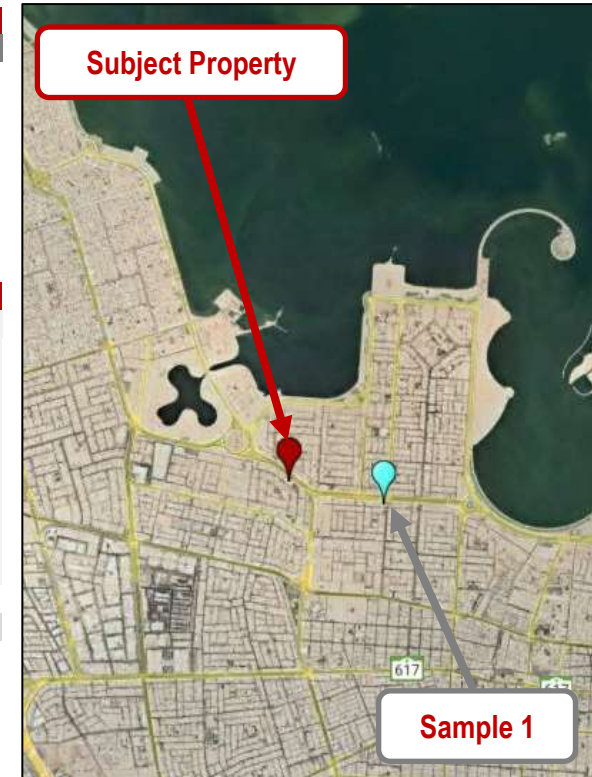
After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual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



### 1.57 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Al Aziziah	Al Aziziah	
Sale Price	-----	SAR 13,615,000	
Data Source	Title Deed	Market Survey	
Area Size	8,258.25	3,890.00	
SAR / Sqm	-----	SAR 3,500	
Sides Open	4	3	
Adjustment Analysis			
		SAMPLE 1	
Area size	8,258.25	3,890.00	0.00%
Location Desirability	High	High	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	60	60	0.00%
Sides Open	4	3	10.00%
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			10.00%
Total Adjustment Amount			SAR 350.0
Net After Adjustment			SAR 3,850.0
SAR / Sqm		SAR 3,850	
Rounded Value		SAR 3,850	



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	8,258	8,258	8,258	8,258	8,258	
SAR / Sqm	SAR 3,465.0	SAR 3,657.5	SAR 3,850.0	SAR 4,042.5	SAR 4,235.0	
Property Value	SAR 28,614,836	SAR 30,204,549	SAR 31,794,263	SAR 33,383,976	SAR 34,973,689	
			<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 3,500 - 4,000 SAR / Sqm with an average of 3,750 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.

### 1.58 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>	750	850	SAR 800
<b>MEP</b>	220	280	SAR 250
<b>Finishing Materials</b>	700	800	SAR 750
<b>Site Improvements</b>	130	180	150
<b>Owner Profit</b>	18%	22%	20%

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

LAND				
Title Deed	Land Area	SAR / Sqm	Total Value	
530110007078 & 330110007077 & 830110007076	8,258.25	SAR 3,850	SAR 31,794,263	
Building				
	Unit	No of Units	Total BUA	
Ground Floor	Sqm	1	3,594.00	
Ground Floor	Sqm		572.00	
Mezzanine	Sqm	-----	238.00	
Fences	Linear Meter		260.00	
<b>Total (SQM)</b>	<b>4,404.00</b>			
<b>Total (M)</b>	<b>260.00</b>			



<b>HARD COSTS ESTIMATES</b>					
Ground Floor + Mezzanine					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	4,404.00	SAR 800	SAR 3,523,200	100%	SAR 3,523,200
Electro Mechanic	4,404.00	SAR 250	SAR 1,101,000	100%	SAR 1,101,000
Finishing	4,404.00	SAR 750	SAR 3,303,000	100%	SAR 3,303,000
<b>Total</b>			<b>SAR 7,927,200</b>	<b>100.00%</b>	<b>SAR 7,927,200</b>
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	8,258.25	SAR 100	SAR 825,825	100%	SAR 825,825
External Landscape	4,092.25	SAR 50	SAR 204,613	100%	SAR 204,613
Fences	260.00	SAR 250	SAR 65,000	100%	SAR 65,000
Site Improvements	4,092.25	SAR 50	SAR 204,613	100%	SAR 204,613
<b>Total</b>			<b>SAR 1,300,050</b>	<b>100.00%</b>	<b>SAR 1,300,050</b>
	Actual Completion %				
G+M + Upper Floor	100.00%			Total BUA	4,404.00
General Site Dev.	100.00%			Total Hard Cost	<b>SAR 9,227,250</b>
				Average SAR / Sqm	<b>SAR 2,095</b>
				Overall Completion	<b>100.00%</b>

<b>SOFT COSTS ESTIMATES</b>				
	Total Hard Cost	Ratio	Soft Cost	
Design	SAR 9,227,250	1.00%	SAR 92,272.50	
Eng Consultant	SAR 9,227,250	1.00%	SAR 92,272.50	
Management	SAR 9,227,250	2.50%	SAR 230,681.25	
Contingency	SAR 9,227,250	2.50%	SAR 230,681.25	
Others	SAR 9,227,250	2.50%	SAR 230,681.25	
<b>TOTAL</b>			<b>SAR 876,588.75</b>	

After knowing the total construction costs at a rate of 2,095 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

<b>DEVELOPMENT VALUE</b>			
Hard Cost	SAR 9,227,250	Economic Age	40
Soft Cost	SAR 876,589	Annual Dep Rate	2.50%
<b>Total Dev Cost</b>	<b>SAR 10,103,839</b>		
		Actual Age	11
Net Dep Rate	27.50%	Total Dep Rate	27.50%
Dev Cost After Depreciation	<b>SAR 7,325,283</b>	Add Appr Rate	0.00%
		Net Dep Rate	<b>27.50%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @ 20%	20.0%		
Dev. Profit Amount	SAR 1,465,057		
<b>Development Value</b>	<b>SAR 8,790,340</b>		



The total value of the building is 9,093,455 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 8,790,340	SAR 31,794,263	SAR 40,584,602	SAR 40,580,000

### 1.59 INCOME APPROACH- LEASING CONTRACT

The client has provided us with a rent contract related to the leasing contract of the subject property. The contract is an agreement between the First Party (Saudi Economic and Development Company) and the Second Party (United Electronics Company). The contract involves the Second Party renting the subject property for 18 years, from 01/07/2015 to 30/06/2033. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	3,500,000
2	3,500,000
3	3,500,000
4	3,640,000
5	3,640,000
6	3,640,000
7- 2021	3,785,600
8	3,785,600
9	3,785,600
10	3,937,024
11	3,937,024
12	3,937,024
13	4,094,505
14	4,094,505
15	4,094,505
16	4,258,285
17	4,258,285
18	4,258,285
<b>TOTAL</b>	<b>69,646,242</b>



### 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 6.25%, 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>Influence</b>	<b>Notes</b>
Ease of access to the property	0.00%	several major methods
General condition of the property	0.00%	The actual age of the property is 10 year
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Good management and operational team level
Location	-0.25%	Premium Location
<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>7.50%</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					
	Quantity		Revenues		
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject property is Fully leased to 1 Company			SAR 3,785,600
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 3,785,600</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses		NOI	
Commercial Building	SAR 3,785,600	0.00%		SAR 3,785,600	
-----	SAR 0	0.00%		SAR 0	
-----	SAR 0	0.00%		SAR 0	
<b>Total</b>				<b>SAR 3,785,600</b>	
<b>Total Property Revenues</b>				SAR 3,785,600	
<b>Total Property Expenses</b>				SAR 0	
<b>Net Operating Income</b>				<b>SAR 3,785,600.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 3,785,600.00	7.25%	52,215,172.41 SAR		<b>52,000,000.00 SAR</b>	





## 1.60 INCOME APPROACH- MARKET RATES

### Market Rental Analysis

We have found only one sample in the area of the subject property. Yet, and based on several trade interviews done with local real estate agents, we can note the rental rates for similar properties (commercial units) fall between from 1,000 to 1,200 SAR / Sqm. We will base our valuation analysis on the average rate 1,150 SAR/ Sqm:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm
Comparable 2	1,200 SAR/ Sqm
Average	1,300 SAR/ Sqm
	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 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%, which will be applied subsequently to the net operating income of the property.



<b>Minimum capitalization rate</b>	7.00%
<b>Maximum capitalization rate</b>	8.00%
<b>Average</b>	7.50%
<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%      several major methods
General condition of the property	0.00%      The actual age of the property is 10 year
The general location of the property	-0.25%      The area is served well
Quality and finishes	0.00%      Average quality finishes
Project Management Team	0.00%      Good management and operational team level
Location	-0.25%      Premium Location
<b>Total</b>	<b>-0.50%</b>
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
<b>Total adjustments on capitalization rate</b>	-0.50%
<b>Capitalization rate, according to market averages</b>	7.50%
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>

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

REVENUES						
Unit Type	Quantity		Revenues			
	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building	3,600	0	SAR 1,250	SAR 0	SAR 4,500,000	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					<b>Total Revenues</b>	<b>SAR 4,500,000</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%	
-----	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 4,500,000	15.00%			SAR 3,825,000	
-----	SAR 0	0.00%			SAR 0	
-----	SAR 0	0.00%			SAR 0	
					<b>Total</b>	<b>SAR 3,825,000</b>
<b>Total Property Revenues</b>						SAR 4,500,000
<b>Total Property Expenses</b>						-SAR 675,000
<b>Net Operating Income</b>						<b>SAR 3,825,000.00</b>
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 3,825,000.00	7.00%	54,642,857.14 SAR			<b>54,640,000.00 SAR</b>	



### 1.61 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Property	SAR 40,580,000	Forty Thousand and Five Hundred Eighty Thousand Saudi Riyals
Income- Contract	Property	SAR 52,000,000	Fifty-Two Million Saudi Riyals
Income- Market	Property	SAR 54,640,000	Fifty Million and Six Hundred Forty Thousand Saudi Riyals

### 1.62 SUBJECT PROPERTY VALUE

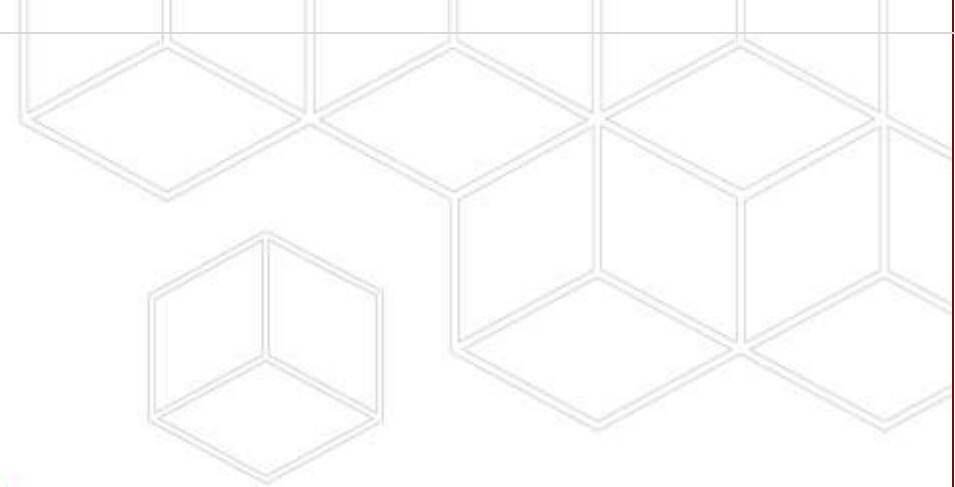
We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

**Property Value: 52,000,000 SAR**  
**Fifty-Two Million Saudi Riyals**

# PROPERTY DETAILS

---

## PANDA DAMMAM





### 1.63 PROPERTY & LOCATION DESCRIPTION

#### Property Description

The subject property is a commercial project located in Al Nur district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 13,806.17. Sqm and a total BUA of 5,348 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on King Saud Street from the southern side. The building is mostly surrounded by residential and mix-use buildings 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 building located in Al Nur district, Dammam City.  
 The property is bordered from the north by an Unnamed Street  
 The property is bordered from the south by King Saud Street  
 The Property is bordered from the east by an unnamed street  
 The property is bordered to the west by a private property

#### Ease of Access

Based on the current location of the subject property, the access level is high since it is located on King Saud Street.

#### Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use 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 Street	King Saud Main Street	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

### 1.64 INFRASTRUCTURE FACILITIES

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



## 1.65 LOCATION

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



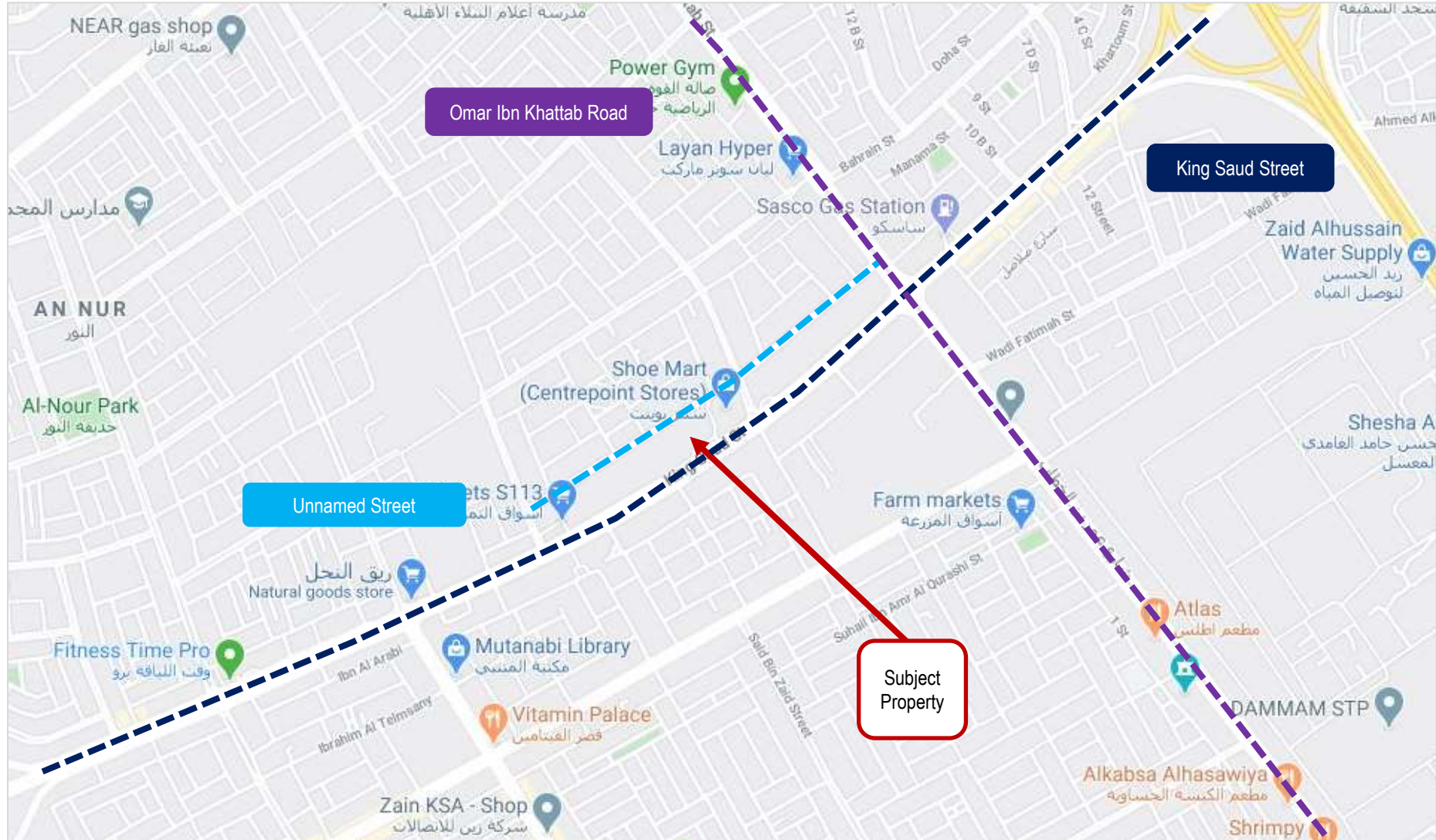
### Surrounding Landmarks

- |   |   |
|---|---|
| 1- Rest Home Hotel (0.15 Kilometres)      | 6- Shumua Al Amal for Spcial Education (0.9 Kilometres) |
| 2- Centerpoint (0.15 Kilometres)          | 7- Janadriyah Veteranry Pharmacy (1.1 Kilometres)       |
| 3- Al Rajhi Bank ATM (0.6 Kilometres)     | 8- Banque Said Fransi (1 Kilometres)                    |
| 4- Hessat Al Seif Mosque (0.7 Kilometres) | 9- Abdulaziz Supermarket (1.7 Kilometres)               |
| 5- Elite Stadium (0.8 Kilometres)         | 10- Al Thuraiya International Co. (2 Kilometres)        |



### 1.66 PROPERTY ACCESS

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







## 1.67 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by 2 title deeds. The details of the subject property:

<b>City</b>	Dammam	<b>Land Area</b>	3,378.22
<b>District</b>	AlNur	<b>Plot No.</b>	ب/198 & ب/ 197
<b>T.D Type</b>	Electronic	<b>Block No.</b>	13
<b>T.D Number</b>	430111014770	<b>Layout No.</b>	.ش/732
<b>T.D Date</b>	06/07/1437 H. D	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	14,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	06/07/1437 H. D Dammam Notary	<b>Limitation of Document</b>	None
<b>City</b>	Dammam	<b>Land Area</b>	10,427.95
<b>District</b>	AlNur	<b>Plot No.</b>	191/ب
<b>T.D Type</b>	Electronic	<b>Block No.</b>	-
<b>T.D Number</b>	630104017876	<b>Layout No.</b>	.ش/732
<b>T.D Date</b>	26/04/1436 H. D	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	53,500,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	26/04/1436 H. D Dammam Notary	<b>Limitation of Document</b>	None
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

## 1.68 CONSTRUCTION & BUILDINGS

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

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



The subject property is a fully constructed commercial property. The Client has provided us with a copy of the Construction Permit issued by Dammam Municipality with the below details:

<b>Subject Property</b>	
<b>Construction Permit Type</b>	Modification
<b>Property Type</b>	Commercial
<b>Construction Permit No.</b>	1/1434/001210
<b>Construction Permit Date</b>	12/05/1434
<b>Permit Expiry Date</b>	12/05/1437

<b>Description</b>	<b>No. Units</b>	<b>Area (Sqm)</b>	<b>Use</b>
Ground Floor	-	4,785	Parking
Ground Floor	-	1,407	Services
Ground Floor	-	3,941	Commercial
Fences	-	404	Fences
<b>Total BUA (Sqm)</b>		<b>10,133</b>	

The construction permit shows a total BUA of 10,133 Sqm yet and based on the client, the actual total built-up area of the subject property is equal to 5,348 on which we will base our valuation analysis.

### **1.69 INSURANCE**

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

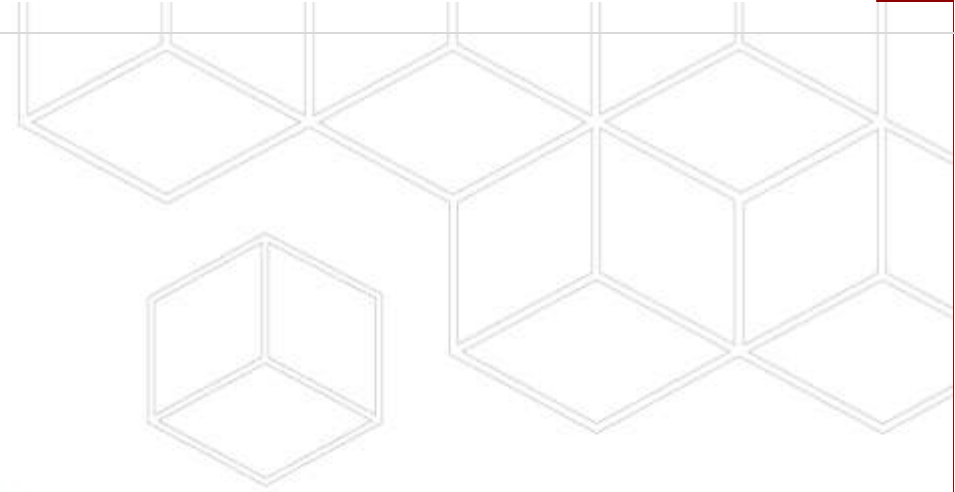


**1.70 PHOTO RECORD**



# MARKET INDICATORS

---





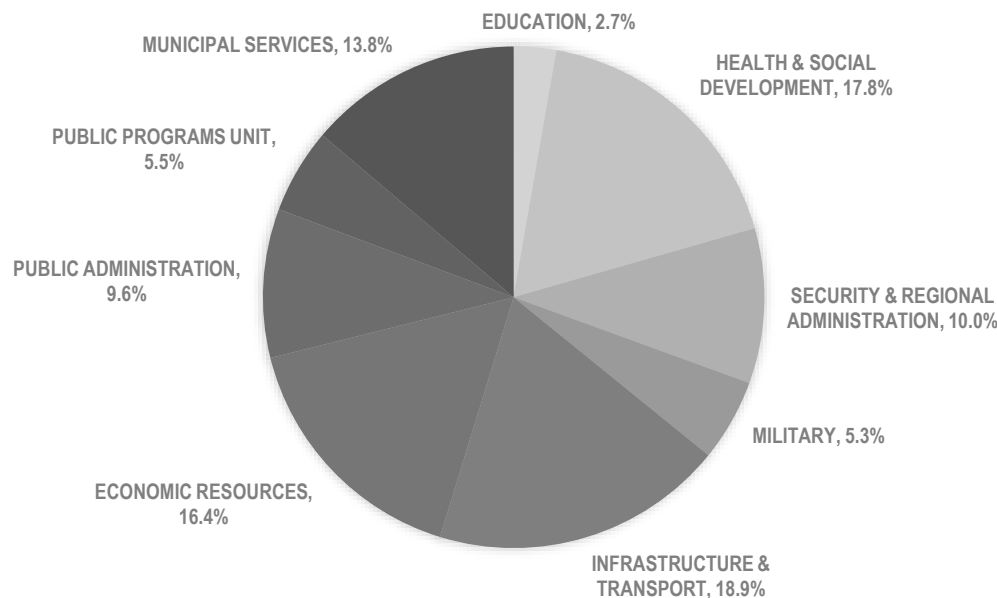
### 1.71 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.72 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





### 1.73 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- The property has a regular land shape</li> <li>- The project is open from 3 sides with a direct view on the main road (King Saud 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>- High demand on the property type due to its proximity to residential units.</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing &amp; Potential similar projects</li> </ul>

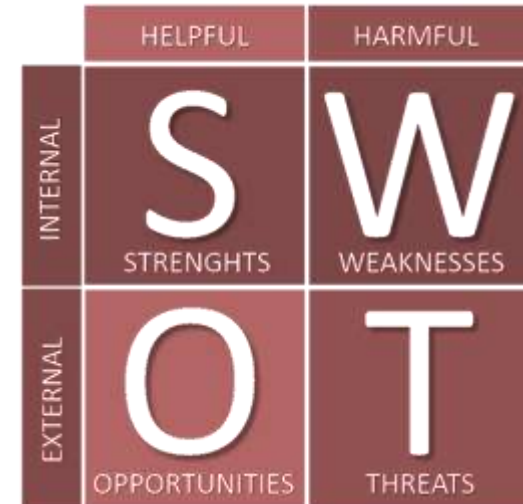
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.74 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

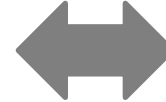


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

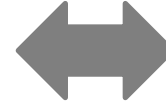


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



### 1.75 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>4</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>10 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 10 Risk Points – Minimal Risk

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

**Property Analysis**

Risk Category- 7 Risk Points – Medium Risk



# PROPERTY VALUATION

---





### 1.76 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
Operational Contract	Lease Contract ✓	Operational Cost - OPEX

### 1.77 GENERAL ASSUMPTIONS

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

### 1.78 LEGAL NOTICES

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



**1.79 INFORMATION SOURCE**

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

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

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

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

**1.81 VALUATION APPROACH**

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

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

**COMPARABLE METHOD**

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



### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

## 1.82 INPUT VALUATION PROCESS

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



### 1.83 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 Nur	Al Nur	Al Nur
Sale Price	-----	SAR 4,400,000	SAR 4,000,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	13,806.17	1,250.00	1,200.00
SAR / Sqm	-----	SAR 3,520	SAR 3,333
Sides Open	3	1	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	13,806.17	1,250.00	-15.00%	1,200.00	-15.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	45	45	0.00%	45	0.00%
Sides Open	3	1	5.00%	1	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	Yes	-5.00%	Yes	-5.00%
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 528.0</b>		<b>-SAR 500.0</b>
<b>Net After Adjustment</b>			<b>SAR 2,992.0</b>		<b>SAR 2,833.3</b>
<b>SAR / Sqm</b>			<b>SAR 2,913</b>		
<b>Rounded Value</b>			<b>SAR 2,900</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	13,806	13,806	13,806	13,806	13,806	
SAR / Sqm	SAR 2,610.0	SAR 2,755.0	SAR 2,900.0	SAR 3,045.0	SAR 3,190.0	
Property Value	SAR 36,034,104	SAR 38,035,998	SAR 40,037,893	SAR 42,039,788	SAR 44,041,682	
			<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 2,800 - 3,200 SAR / Sqm with an average of 3,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.84 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>	600	800	SAR 700
<b>MEP</b>	80	120	SAR 100
<b>Finishing Materials</b>	230	270	SAR 250
<b>Site Improvements</b>	100	140	SAR 120
<b>Owner Profit</b>	18%	22%	20%

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

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
430111014770	13,806.17	SAR 2,900	SAR 40,037,893
Building			
	Unit Sqm	No of Units	Total BUA
<b>Total Bua</b>		-----	5,348.00
<b>Total (SQM)</b>	<b>5,348.00</b>		

HARD COSTS ESTIMATES					
Ground Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	5,348.00	SAR 700	SAR 3,743,600	100%	SAR 3,743,600
Electro Mechanic	5,348.00	SAR 100	SAR 534,800	100%	SAR 534,800
Finishing	5,348.00	SAR 250	SAR 1,337,000	100%	SAR 1,337,000
Fit outs & Appliances	5,348.00	SAR 0	SAR 0	100%	SAR 0
Furniture	5,348.00	SAR 0	SAR 0	100%	SAR 0
<b>Total</b>			<b>SAR 5,615,400</b>	<b>100.00%</b>	<b>SAR 5,615,400</b>



General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	13,806.17	SAR 120	SAR 1,656,740	100%	SAR 1,656,740
<b>Total</b>			<b>SAR 1,656,740</b>	<b>100.00%</b>	<b>SAR 1,656,740</b>
	Actual Completion %			Total BUA	5,348.00
G+M + Upper Floor	100.00%			Total Hard Cost	<b>SAR 7,272,140</b>
General Site Dev.	100.00%			Average SAR / Sqm	<b>SAR 1,360</b>
				Overall Completion	<b>100.00%</b>

SOFT COSTS ESTIMATES				
	Total Hard Cost	Ratio	Soft Cost	
Design	SAR 7,272,140	1.00%	SAR 72,721.40	
Eng Consultant	SAR 7,272,140	1.00%	SAR 72,721.40	
Management	SAR 7,272,140	2.50%	SAR 181,803.51	
Contingency	SAR 7,272,140	2.50%	SAR 181,803.51	
Others	SAR 7,272,140	2.50%	SAR 181,803.51	
<b>TOTAL</b>			<b>SAR 690,853.34</b>	

After knowing the total construction costs at a rate of 1,360 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			
Hard Cost	SAR 7,272,140	Economic Age	25
Soft Cost	SAR 690,853	Annual Dep Rate	4.00%
<b>Total Dev Cost</b>	<b>SAR 7,962,994</b>		
		Actual Age	6
Net Dep Rate	24.00%	Total Dep Rate	24.00%
Dev Cost After Depreciation	<b>SAR 6,051,875</b>	Add Appr Rate	0.00%
		Net Dep Rate	<b>24.00%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @	20.0%		
Dev. Profit Amount	SAR 1,210,375		
<b>Development Value</b>	<b>SAR 7,262,250</b>		

The total value of the building is 7,262,250 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 7,262,250	SAR 40,037,893	SAR 47,300,143	SAR 47,300,000



### 1.85 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Alaa bin Fahd bin Abdullah AlMomin) and the Second Party (Panda Retail). The contract involves the Second Party renting the parking subject property for 19 years, from 23/03/2015. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	1,200,000
2	1,200,000
3	1,200,000
4	1,200,000
5	1,200,000
6	1,290,000
7- 2021	1,290,000
8	1,290,000
9	1,290,000
10	1,290,000
11	1,388,000
12	1,388,000
13	1,388,000
14	1,388,000
15	1,388,000
16	1,492,000
17	1,492,000
18	1,492,000
19	1,492,000
<b>TOTAL</b>	<b>25,358,000</b>

The client has also provided us promissory notes which show that the subject property has also been rented out between the First Party (Alaa bin Fahd bin Abdullah AlMomin) and the Second Party (Panda Retail). The contract involves the Second Party renting the retail area the subject property for 20 years, from 23/03/2015. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	3,510,000
2	3,510,000
3	3,510,000
4	3,510,000
5	3,510,000





Year	Annual Payment (SAR)
6	3,510,000
7- 2021	3,510,000
8	3,510,000
9	3,510,000
10	3,510,000
11	3,510,000
12	3,510,000
13	3,510,000
14	3,510,000
15	3,510,000
16	3,510,000
17	3,510,000
18	3,510,000
19	3,510,000
20	3,510,000
<b>TOTAL</b>	<b>70,200,000</b>

### 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%, which will be applied subsequently to the net operating income of the property.



<b>Minimum capitalization rate</b>	7.00%
<b>Maximum capitalization rate</b>	8.00%
<b>Average</b>	7.50%
<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	0.00%      The actual age of the property is 5 years
The general location of the property	0.00%      The area is served good
Quality and finishes	0.00%      Average quality finishes
Project Management Team	-0.25%      Good management and operational team level
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>	-0.50%
<b>Capitalization rate, according to market averages</b>	8%
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</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	
Retail Project				The subject property is Fully leased to one tenant		SAR 3,510,000	
Parking				The subject property is Fully leased to one tenant		SAR 1,290,000	
-----	0		0	SAR 0	SAR 0	SAR 0	
						<b>Total Revenues</b>	<b>SAR 4,800,000</b>
EXPENSES							
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses		
Retail Project	0.00%	0.00%	0.00%	0.00%	0.00%		
Parking	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 3,510,000	0.00%	SAR 3,510,000				
Parking	SAR 1,290,000	0.00%	SAR 1,290,000				
-----	SAR 0	0.00%	SAR 0				
						<b>Total</b>	<b>SAR 4,800,000</b>
<b>Total Property Revenues</b>						SAR 4,800,000	
<b>Total Property Expenses</b>						SAR 0	
<b>Net Operating Income</b>						<b>SAR 4,800,000.00</b>	
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>			<b>Rounded Value</b>		
<b>SAR 4,800,000.00</b>	<b>7.00%</b>	<b>68,571,428.57 SAR</b>			<b>68,570,000.00 SAR</b>		



## 1.86 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 650 to 750 SAR /Sq.m. 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
Comparable 1	Rental Rate/ Sqm
Comparable 2	730 SAR/ Sqm
Average	700 SAR/ Sqm
	720 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	4% to 7%
Operating and maintenance expenses	4% to 6%
General service bills expenses	2% 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 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 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%, which will be applied subsequently to the net operating income of the property.



<b>Minimum capitalization rate</b>	7.00%
<b>Maximum capitalization rate</b>	8.00%
<b>Average</b>	7.50%
<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	0.00%      The actual age of the property is 5 years
The general location of the property	0.00%      The area is served good
Quality and finishes	0.00%      Average quality finishes
Project Management Team	-0.25%      Good management and operational team level
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>	-0.50%
<b>Capitalization rate, according to market averages</b>	8%
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</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
Retail Project	5,348		0	SAR 720	SAR 0	SAR 3,850,560
Parking	0		0	SAR 0	SAR 0	SAR 1,290,000
-----	0		0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>						<b>SAR 5,140,560</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Retail Project	3.00%	3.00%	3.00%	0.00%	9.00%	
Parking	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 3,850,560	9.00%	SAR 3,504,010			
Parking	SAR 1,290,000	0.00%	SAR 1,290,000			
-----	SAR 0	0.00%	SAR 0			
<b>Total</b>			<b>SAR 4,794,010</b>			
<b>Total Property Revenues</b>			SAR 5,140,560			
<b>Total Property Expenses</b>			-SAR 346,550			
<b>Net Operating Income</b>			<b>SAR 4,794,009.60</b>			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 4,794,009.60	7.00%	68,485,851.43 SAR	<b>68,490,000.00 SAR</b>			



### 1.87 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 68,570,000	Sixty-Eight Million and Five Hundred Seventy Thousand Saudi Riyals
Income- Market	Property	SAR 68,490,000	Sixty-Eight Million and Four Hundred Ninety Thousand Saudi Riyals
DRC	Property	SAR 47,300,000	Forty-Seven Million and Three Hundred Thousand Saudi Riyals

### 1.88 SUBJECT PROPERTY VALUE

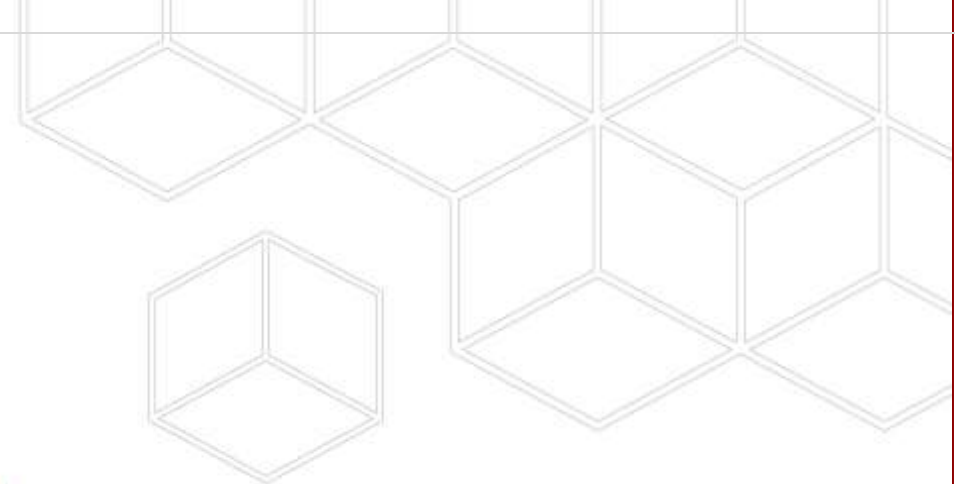
We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: **68,570,000 SAR**  
**Sixty-Eight Million and Five Hundred Seventy Thousand Saudi Riyals**

# PROPERTY DETAILS

---

## HAMRA PLAZA





## 1.89 PROPERTY & LOCATION DESCRIPTION

### Property Description

The subject property is a commercial project located in Al Mansoorah district, Riyadh City. Based on the provided title deeds and construction permit, the project has a total land area of 21,120 Sqm and a total BUA of 13,020.7 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Al batha Road from the western side. The building is mostly surrounded by residential and mix-use buildings 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 building located in Mansoorah district, Riyadh City.  
 The property is bordered from the north by a private property  
 The property is bordered from the south by Al Fath Street  
 The Property is bordered from the east by Islam Adad Street  
 The property is bordered to the west by Al Batha Road

### Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Al Batha Road

### Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use 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	Al Batha Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Islam Abad Street	Overall Building Conditions	Good
Land Condition	Constructed		

## 1.90 INFRASTRUCTURE FACILITIES

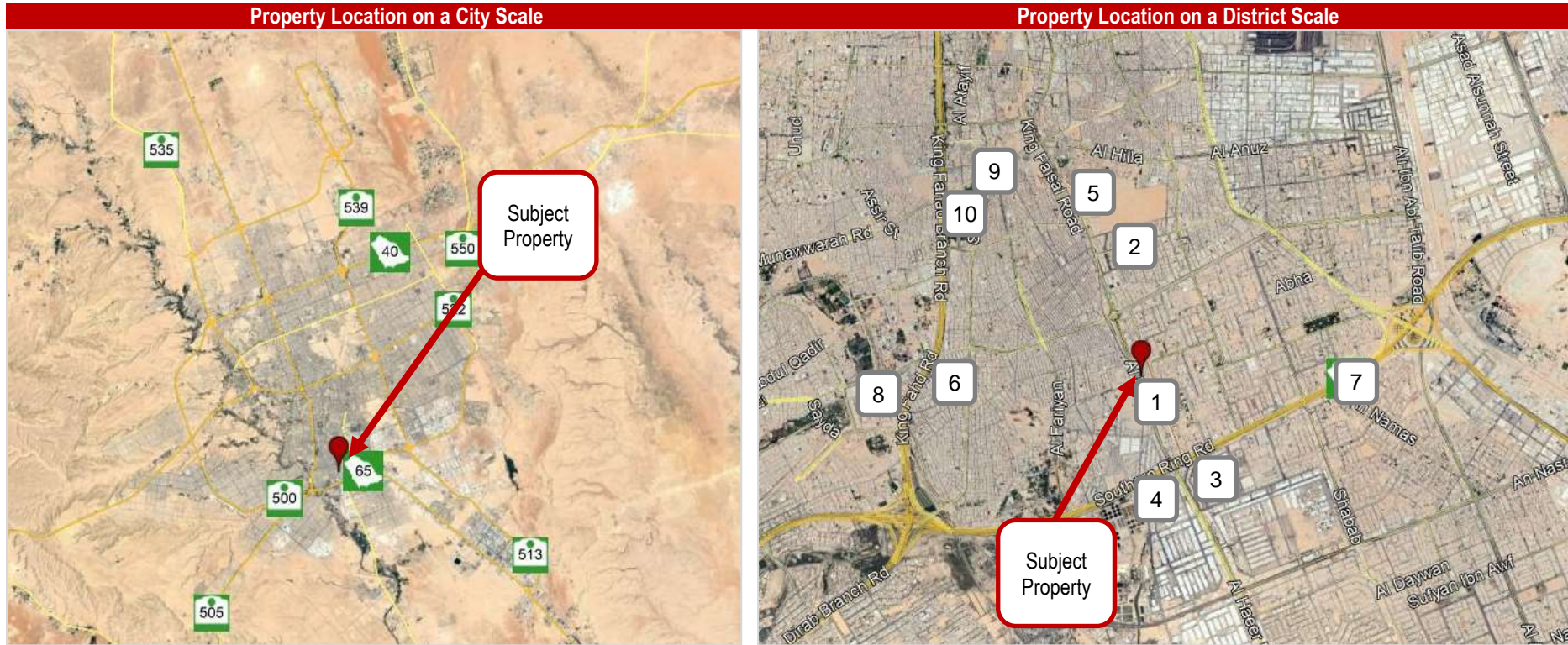
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	





## 1.91 LOCATION

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



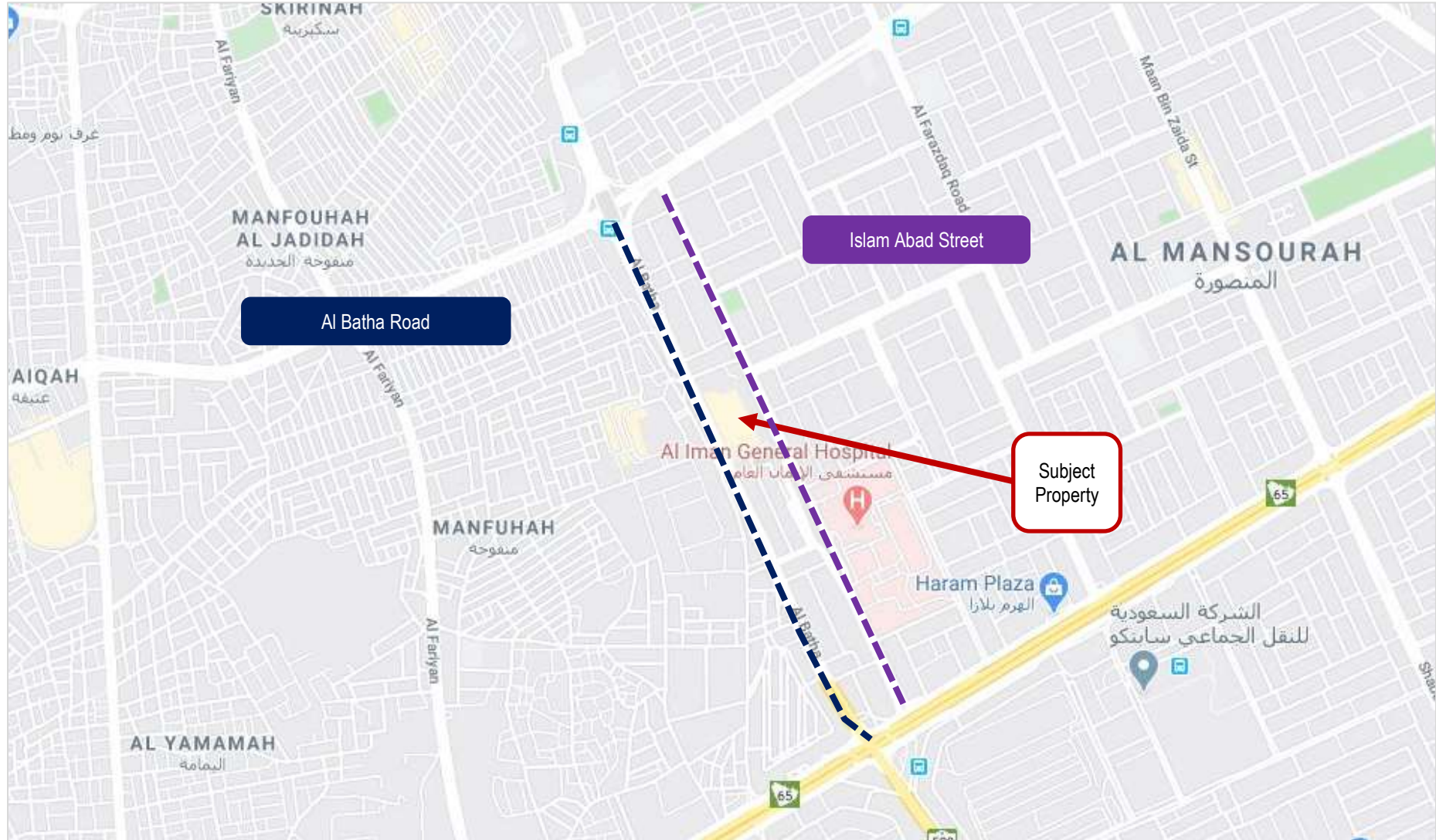
### Surrounding Landmarks

- |  |   |
|--|---|
| 1- Al Iman General Hospital (0.71 Kilometres)  | 6- Suak Atiqa Vegetable & Date Market (2.39 Kilometres) |
| 2- Al Falah Hospital (1.65 Kilometres)         | 7- Al Haram Center (2.74 Kilometres)                    |
| 3- Fruit and Vegetable Store (1.66 Kilometres) | 8- Al Hammadi Hospital Al-Suwaidi (3 Kilometres)        |
| 4- Musa Industrial (2.02 Kilometres)           | 9- Riyadh General Court (3.12 Kilometres)               |
| 5- Oud Cemetery (2.07 Kilometres)              | 10- Salam Park (3.15 Kilometres)                        |



## 1.92 PROPERTY ACCESS

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





### 1.93 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by 5 title deeds. 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>T.D Value</b> <b>Date of Last Transaction</b> <b>Issued From</b> <b>North Side</b> <b>South Side</b>	Riyadh AlMansoorah Electronic 314010007805 07/11/1442 - 07/11/1442 Riyadh Notary Plot No. 53 Plot No. 61	<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>  <b>East Side</b> <b>West Side</b>	8,250 Sqm 55 & 57 & 59 6 2303 Saudi Economic and Development Company Freehold Mortgaged  Parking Lot Plot No. 56 & 58 & 60
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		
<b>City</b> <b>District</b> <b>T.D Type</b> <b>T.D Number</b> <b>T.D Date</b> <b>T.D Value</b> <b>Date of Last Transaction</b> <b>Issued From</b> <b>North Side</b> <b>South Side</b>	Riyadh AlMansoorah Electronic 214008005591 07/11/1442 - 07/11/1442 Riyadh Notary Plot No. 54 Plot No. 58	<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>  <b>East Side</b> <b>West Side</b>	2,750 Sqm 56 6 2303 Saudi Economic and Development Company Freehold Mortgaged  Plot No. 55 Street 40 m Width
<b>Notes</b>	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		
<b>City</b> <b>District</b> <b>T.D Type</b> <b>T.D Number</b> <b>T.D Date</b> <b>T.D Value</b> <b>Date of Last Transaction</b> <b>Issued From</b> <b>North Side</b> <b>South Side</b>	Riyadh AlMansoorah Electronic 514010001806 07/11/1442 - 07/11/1442 Riyadh Notary Plot No. 56 Plot No. 60	<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>  <b>East Side</b> <b>West Side</b>	2,750 Sqm 58 6 2303 Saudi Economic and Development Company Freehold Mortgaged  Plot No. 57 Street 40 m Width
<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.		



City	Riyadh
District	AlMansoorah
T.D Type	Electronic
T.D Number	314008005590
T.D Date	07/11/1442
T.D Value	-
Date of Last Transaction	07/11/1442
Issued From	Dammam Notary
North Side	Plot No. 58
South Side	Plot No. 62

Land Area	2,750 Sqm
Plot No.	60
Block No.	6
Layout No.	2303
Owner	Saudi Economic and Development Company
Ownership Type	Freehold
Limitation of Document	Mortgaged
East Side	Plot No. 59
West Side	Street 40 m Width

**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.

City	Riyadh
District	AlMansoorah
T.D Type	Electronic
T.D Number	514010001807
T.D Date	07/11/1442
T.D Value	-
Date of Last Transaction	07/11/1442
Issued From	Dammam Notary
North Side	Plot No. 59 & 62
South Side	Street 20 m Width

Land Area	4,620 Sqm
Plot No.	61 & 62
Block No.	6
Layout No.	2303
Owner	Saudi Economic and Development Company
Ownership Type	Freehold
Limitation of Document	Mortgaged
East Side	Parking Lot
West Side	Street 40 m Width

**Notes**

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

**1.94 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	-----		



The subject property is a retail center which was constructed 10 years ago composed of mezzanine, ground floor and electric room. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

### Subject Property

<b>Construction Permit Type</b>	Addition of Building
<b>Property Type</b>	Commercial
<b>Construction Permit No.</b>	1430/5021
<b>Construction Permit Date</b>	18/04/1430 AH
<b>Permit Expiry Date</b>	18/04/1433 AH

Description	No. Units	Area (Sqm)	Use
Mezzanine	0	3,208	Commercial
Ground Floor	54	9,472	Commercial
Ground Floor	1	320.70	Restaurant
Electric Room	0	20	Electric Room
Fences	0	110	Fences
<b>Total BUA (Sqm)</b>		<b>13,020.70</b>	

### 1.95 INSURANCE

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

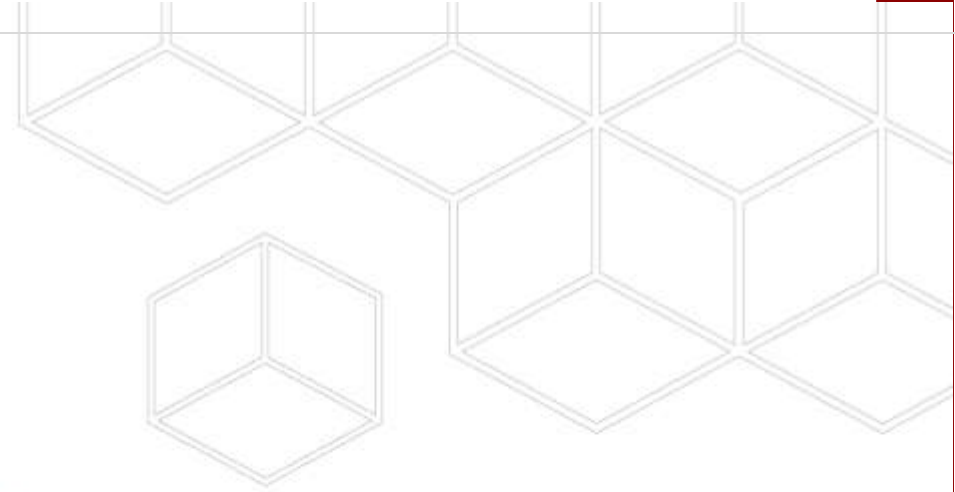


**1.96 PHOTO RECORD**



# MARKET INDICATORS

---





## 1.97 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

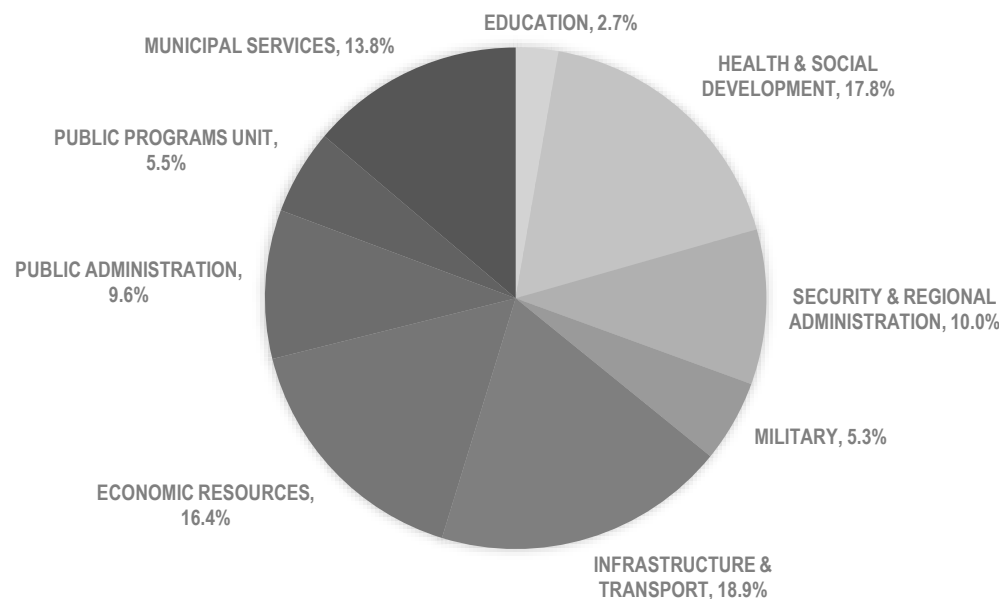
## 1.98 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy







### 1.99 SWOT ANALYSIS

<b>Strength</b>  <ul style="list-style-type: none"> <li>- The property has a regular land shape</li> <li>- The project has accessibility to 2 parking areas from the south and east sides</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.</li> </ul>	<b>Threats</b>  <ul style="list-style-type: none"> <li>- Existing &amp; Potential similar projects</li> </ul>

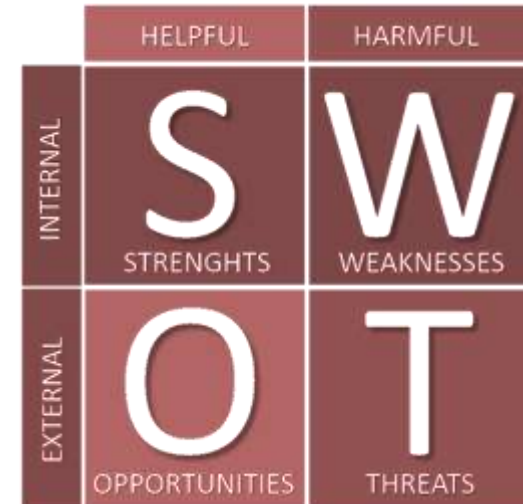
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

### 1.100 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021



Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

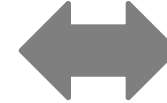


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.101 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>6</b>	<b>3</b>	<b>0</b>	<b>0</b>

**Risk Category** 9 Risk Points – Minimal Risk

**Land Analysis**

Risk Category- 9 Risk Points – Minimal Risk

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

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

**Property Analysis**

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---





### 1.102 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	Lease Contract ✓	Operational Cost - OPEX

### 1.103 GENERAL ASSUMPTIONS

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

### 1.104 LEGAL NOTICES

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



**1.105 INFORMATION SOURCE**

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

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

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

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

**1.107 VALUATION APPROACH**

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

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

**COMPARABLE METHOD**

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



### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

### 1.108 INPUT VALUATION PROCESS

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



### 1.109 COMPARABLE APPROACH

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

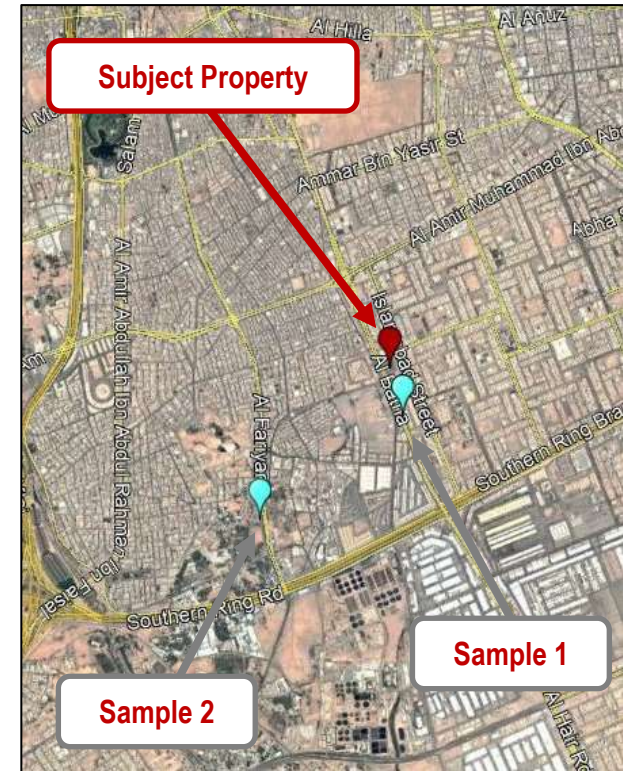
Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Mansoorah	Al Mansoorah
Sale Price	-----	SAR 19,000,000
Data Source	Title Deed	Market Survey
Area Size	21,120.00	7,000.00
SAR / Sqm	-----	SAR 2,714
Sides Open	3	1

Adjustment Analysis		
		SAMPLE 1
Area size	21,120.00	7,000.00
Location Desirability	Average	Average
Accessibility	Average	Average
Main Street Width (m)	45	45
Sides Open	3	1
Land Shape	Regular	Regular
Close to main street	Yes	Yes
Negotiable	-----	No
Other Factor	-----	-----
Total Adjustments Ratio		5.00%
Total Adjustment Amount		SAR 135.7
Net After Adjustment		SAR 2,850.0

SAR / Sqm		<b>SAR 2,850</b>
Rounded Value		<b>SAR 2,850</b>



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	21,120	21,120	21,120	21,120	21,120	
SAR / Sqm	SAR 2,565.0	SAR 2,707.5	SAR 2,850.0	SAR 2,992.5	SAR 3,135.0	
Property Value	SAR 54,172,800	SAR 57,182,400	SAR 60,192,000	SAR 63,201,600	SAR 66,211,200	
			<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 2,600 - 3,000 SAR / Sqm with an average of 2,750 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.

### 1.110 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>	700	900	SAR 800
<b>MEP</b>	200	300	SAR 250
<b>Finishing Materials</b>	450	550	SAR 500
<b>Site Improvements</b>	150	190	170
<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				
	Title Deed	Land Area	SAR / Sqm	Total Value
	310103033117 & 310103033116 & 710103033119 & 310103033118 & 410103033120	21,120.00	SAR 2,850	SAR 60,192,000
Building				
	Unit	No of Units	Total BUA	
<b>Mezzanine</b>	Sqm	0	3,208.00	
<b>Ground Floor</b>	Sqm	54	9,472.00	
<b>Ground Floor</b>	Sqm	1	320.70	
<b>Electric Room</b>	Sqm	0	20.00	
<b>Fences</b>	Linear M	0	110.00	
<b>Total (SQM)</b>		<b>13,020.70</b>		
<b>Total (M)</b>		<b>110.00</b>		



<b>HARD COSTS ESTIMATES</b>					
<b>Mezzanine, Ground Floor &amp; Electric Room</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Skeleton & Block	13,020.70	SAR 800	SAR 10,416,560	100%	SAR 10,416,560
Electro Mechanic	13,020.70	SAR 250	SAR 3,255,175	100%	SAR 3,255,175
Finishing	13,020.70	SAR 500	SAR 6,510,350	100%	SAR 6,510,350
<b>Total</b>			<b>SAR 20,182,085</b>	<b>100.00%</b>	<b>SAR 20,182,085</b>
<b>General Site Development</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Land Development	21,120.00	SAR 120	SAR 2,534,400	100%	SAR 2,534,400
External Landscape	11,327.30	SAR 50	SAR 566,365	100%	SAR 566,365
Fences	20.00	SAR 250	SAR 5,000	100%	SAR 5,000
Site Improvements	11,327.30	SAR 50	SAR 566,365	100%	SAR 566,365
<b>Total</b>			<b>SAR 3,672,130</b>	<b>100.00%</b>	<b>SAR 3,672,130</b>
	<b>Actual Completion %</b>			<b>Total BUA</b>	<b>13,020.70</b>
G+M + Upper Floor	100.00%			<b>Total Hard Cost</b>	<b>SAR 23,854,215</b>
General Site Dev.	100.00%			<b>Average SAR / Sqm</b>	<b>SAR 1,832</b>
				<b>Overall Completion</b>	<b>100.00%</b>

<b>SOFT COSTS ESTIMATES</b>				
		<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>
Design		SAR 23,854,215	1.00%	SAR 238,542.15
Eng Consultant		SAR 23,854,215	1.00%	SAR 238,542.15
Management		SAR 23,854,215	2.50%	SAR 596,355.38
Contingency		SAR 23,854,215	2.50%	SAR 596,355.38
Others		SAR 23,854,215	2.50%	SAR 596,355.38
<b>TOTAL</b>				<b>SAR 2,266,150.43</b>

After knowing the total construction costs at a rate of 1,832 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

<b>DEVELOPMENT VALUE</b>			
<b>Hard Cost</b>	SAR 23,854,215	<b>Economic Age</b>	25
<b>Soft Cost</b>	SAR 2,266,150	<b>Annual Dep Rate</b>	4.00%
<b>Total Dev Cost</b>	<b>SAR 26,120,365</b>		
		<b>Actual Age</b>	10
<b>Net Dep Rate</b>	40.00%	<b>Total Dep Rate</b>	40.00%
<b>Dev Cost After Depreciation</b>	<b>SAR 15,672,219</b>	<b>Add Appr Rate</b>	0.00%
		<b>Net Dep Rate</b>	<b>40.00%</b>
<b>Total Completion Rate</b>	100.00%		
<b>Developer Profit Rate @ 20%</b>	20.0%		
<b>Dev. Profit Amount</b>	SAR 3,134,444		
<b>Development Value</b>	<b>SAR 18,806,663</b>		



The total value of the building is 20,060,441 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 18,806,663	SAR 60,192,000	SAR 78,998,663	SAR 79,000,000

### 1.111 INCOME APPROACH- LEASING CONTRACT

#### Leasing Contract

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (United Real Estate Development). The contract involves the Second Party renting the subject property for 10 years, from 07/01/2016 to 06/01/2026. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	4,850,000
2	4,850,000
3	4,850,000
4	4,850,000
5- 2021	4,850,000
6	5,432,000
7	5,432,000
8	5,432,000
9	5,432,000
10	5,432,000
<b>TOTAL</b>	<b>51,410,000</b>

The client has provided us with promissory notes from 2016 – 2026.

#### 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 8%, which will be applied subsequently to the net operating income of the property.

<b>Minimum capitalization rate</b>		7.00%
<b>Maximum capitalization rate</b>		8.00%
<b>Average</b>		7.50%
<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	0.00%	The actual age of the property is 9 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
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>	-0.50%	
<b>Capitalization rate, according to market averages</b>	7.50%	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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
Retail Project		The subject property is Fully leased to 1 Company			SAR 4,850,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>					<b>SAR 4,850,000</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Retail Project	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	
Retail Project	SAR 4,850,000	0.00%		SAR 4,850,000	
-----	SAR 0	0.00%		SAR 0	
-----	SAR 0	0.00%		SAR 0	
<b>Total</b>				<b>SAR 4,850,000</b>	
<b>Total Property Revenues</b>				SAR 4,850,000	
<b>Total Property Expenses</b>				SAR 0	
<b>Net Operating Income</b>				<b>SAR 4,850,000.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 4,850,000.00	7.00%	69,285,714.29 SAR		<b>69,290,000.00 SAR</b>	



### 1.112 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 500 to 600 SAR /Sq.m. The following is a table that shows some of the comparisons that were used in analysing the market rental rates for similar properties:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm 730 SAR/ Sqm
Comparable 2	850 SAR/ Sqm
Comparable 3	640 SAR/ Sqm
Comparable 4	700 SAR/ Sqm
Average	730 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 owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

### **Market Capitalization Rate Analysis**

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 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 8%, which will be applied subsequently to the net operating income of the property.



<b>Minimum capitalization rate</b>	7.00%
<b>Maximum capitalization rate</b>	8.00%
<b>Average</b>	7.50%
<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	0.00%      The actual age of the property is 9 years
The general location of the property	0.00%      The area is served well
Quality and finishes	0.00%      Average quality finishes
Project Management Team	-0.25%      Good management and operational team level
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>	-0.50%
<b>Capitalization rate, according to market averages</b>	7.50%
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</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
Retail Project	9,651		0	SAR 730	SAR 0	SAR 7,045,230
-----	0		0	SAR 0	SAR 0	SAR 0
-----	0		0	SAR 0	SAR 0	SAR 0
<b>Total Revenues</b>						<b>SAR 7,045,230</b>
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Retail Project	5.00%	5.00%	5.00%	20.00%	35.00%	
-----	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			
Retail Project	SAR 7,045,230	35.00%	SAR 4,579,400			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
<b>Total Property Revenues</b>			<b>SAR 7,045,230</b>			
<b>Total Property Expenses</b>			<b>-SAR 2,465,831</b>			
<b>Net Operating Income</b>			<b>SAR 4,579,399.50</b>			
<b>Net Operating Income</b>	<b>Cap Rate</b>	<b>Property Value</b>		<b>Rounded Value</b>		
<b>SAR 4,579,399.50</b>	<b>7.00%</b>	<b>65,419,992.86 SAR</b>		<b>65,420,000.00 SAR</b>		





### 1.113 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 69,290,000	Sixty-Nine Million and Two Hundred Ninety Thousand Saudi Riyals
Income- Market	Property	SAR 65,420,000	Sixty-Five Million and Four Hundred Twenty Thousand Saudi Riyals
DRC	Property	SAR 79,000,000	Seventy-Nine Million Saudi Riyals

### 1.114 SUBJECT PROPERTY VALUE

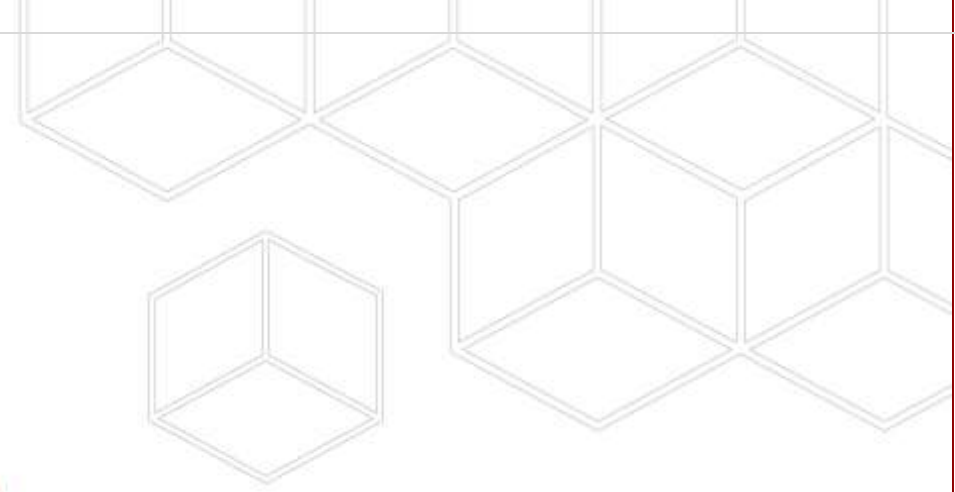
We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: **69,290,000 SAR**  
**Sixty-Nine Million and Two Hundred Ninety Thousand Saudi Riyals**

# PROPERTY DETAILS

---

## IRQAH PLAZA





### 1.115 PROPERTY & LOCATION DESCRIPTION

#### Property Description

The subject property is a retail center located in Al Irqah district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 14,268.98 Sqm and a total BUA of 9,147.63 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Al Amir Mashal Ibn Abdulaziz Road from the southern side. The building is mostly surrounded by residential & mix-use buildings 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 retail center located in Al Irqah district, Riyadh City.  
 The property is bordered from the north by a private property  
 The property is bordered from the south by Al Amir Mashal Ibn Abdulaziz Road  
 The Property is bordered from the east by an Unnamed Street  
 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 Al Amir Mashal Ibn Abdulaziz Road

#### Area Surrounding the Property

The subject property is mostly surrounded by residential & Mix-Use buildings

Land		Building	
Land Use	Retail Center	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	Al Amir Mashal Ibn Abdulaziz Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Constructed		

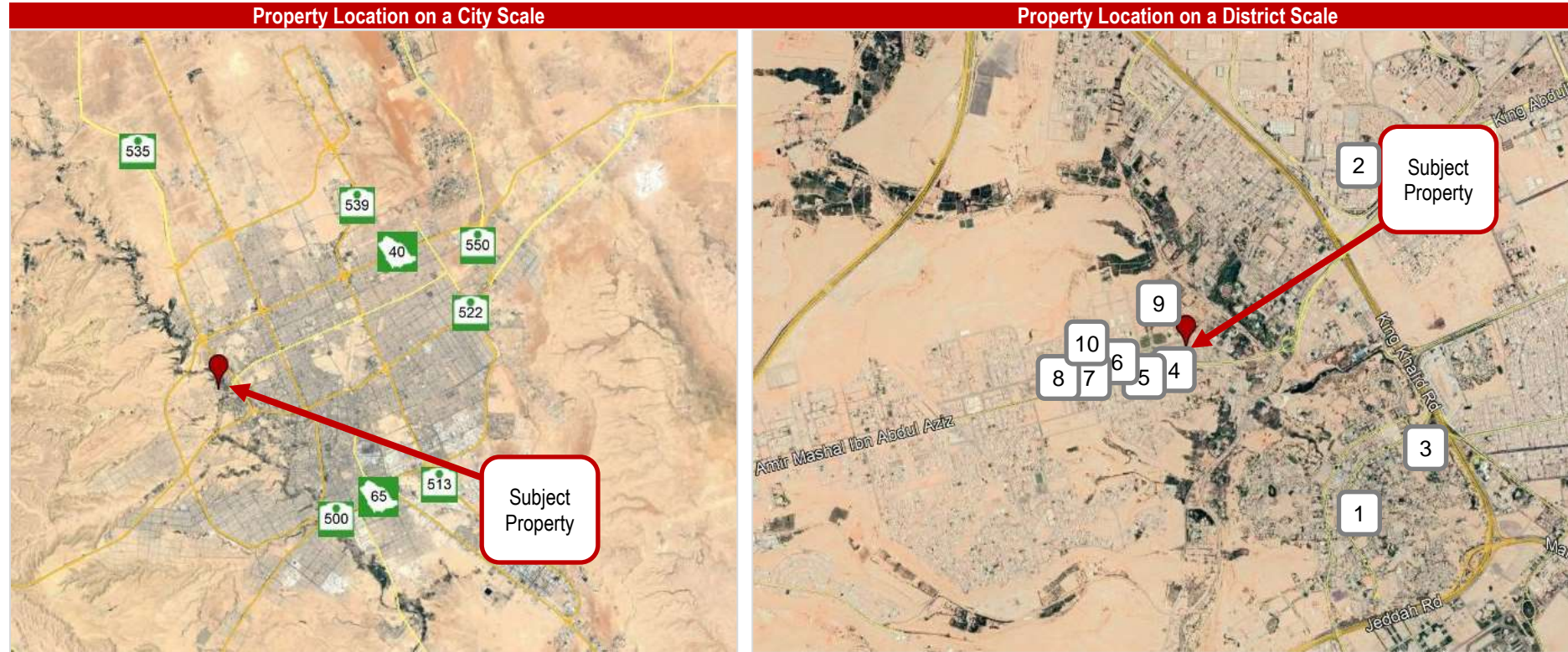
### 1.116 INFRASTRUCTURE FACILITIES

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



### 1.117 LOCATION

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



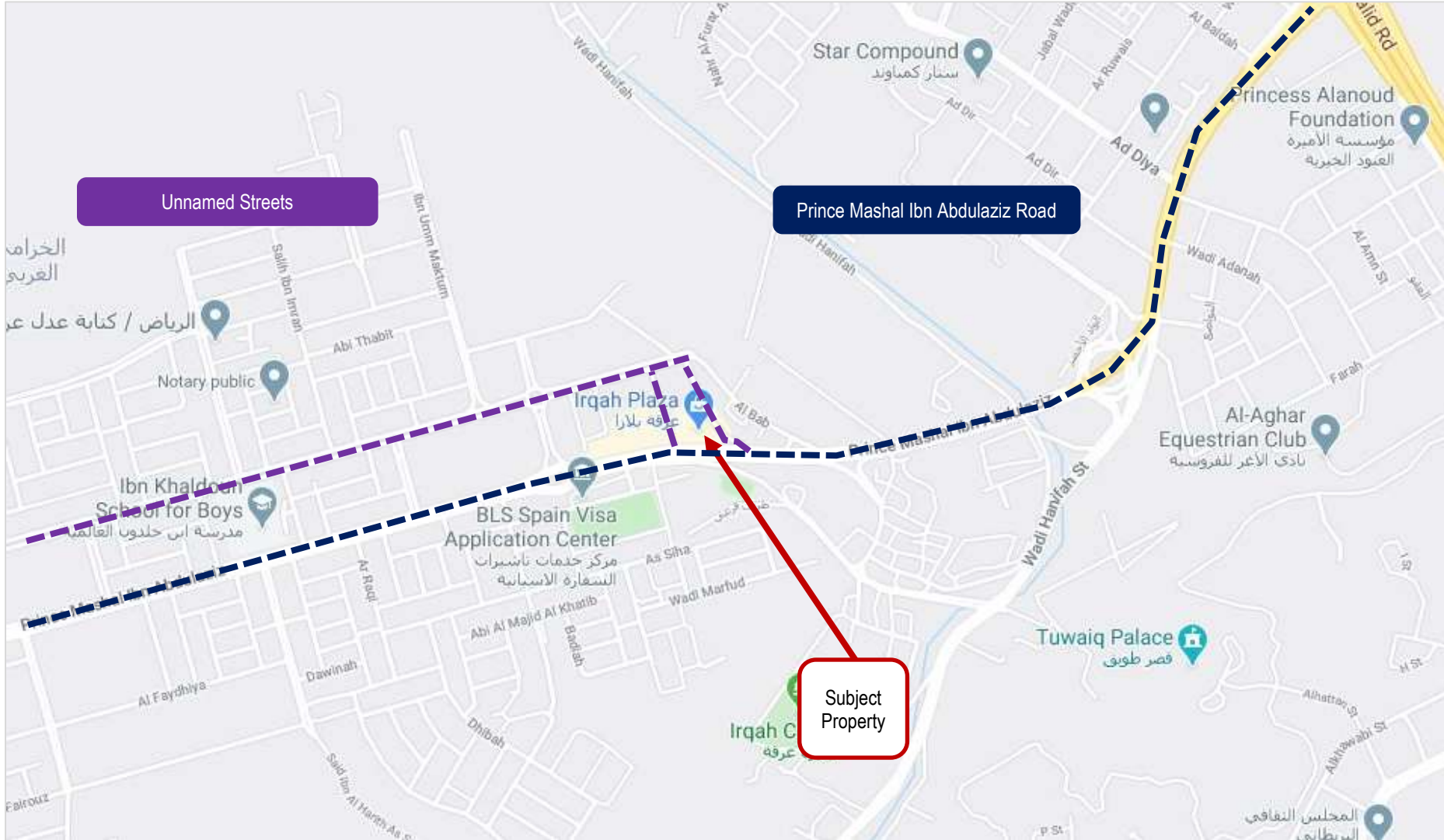
#### Surrounding Landmarks

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1- Philippine Embassy (2.54 Kilometres)</li> <li>2- Medical City (2.55 Kilometres)</li> <li>3- Embassy of India (2.57 Kilometres)</li> <li>4- National Commercial Bank (0.3 Kilometres)</li> <li>5- Bank Al Bilad (0.5 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>1- Prince Mishal Bin Abdulaziz Mosque (0.5 Kilometres)</li> <li>2- Ibn Khaldoun School for Boys (0.8 Kilometres)</li> <li>3- Al Rajhi Bank (0.9 Kilometres)</li> <li>4- Irqah High School (0.3 Kilometres)</li> <li>5- Ibn Khaldoun School for Girls (0.8 Kilometres)</li> </ul> |
|--|---|



### 1.118 PROPERTY ACCESS

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





### 1.119 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>	Retail Center
<b>District</b>	Irqah	<b>Plot No.</b>	14,268.98
<b>T.D Type</b>	Electronic	<b>Block No.</b>	22/2
<b>T.D Number</b>	811903001544	<b>Layout No.</b>	1/2216
<b>T.D Date</b>	17/04/1437 H. D	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	60,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	17/04/1437 H. D Irqah Notary	<b>Limitation of Document</b>	None
<b>North Side</b>	Plot# 22/1	<b>East Side</b>	Unnamed Street
<b>South Side</b>	Al Amir Mashal Ibn Abdulaziz Road	<b>West Side</b>	Unnamed Street

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

### 1.120 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 retail center which was constructed 5 years ago composed of ATM machine, mezzanine, commercial ground floor and electric room. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

<b>Subject Property</b>				
<b>Construction Permit Type</b>				Addition of Building Parts
<b>Property Type</b>				Commercial
<b>Construction Permit No.</b>				1435/1750
<b>Construction Permit Date</b>				05/02/1435 AH
<b>Permit Expiry Date</b>				05/02/1438 AH

<b>Description</b>	<b>No. Units</b>	<b>Area (Sqm)</b>	<b>Use</b>
ATM Machine	1	11	ATM
Mezzanine	0	1,478.89	Commercial
Commercial Ground Floor	19	7,637.74	Commercial
Electric Room	0	20	Electric Room
<b>Total BUA (Sqm)</b>		<b>9,147.63</b>	

### 1.121 INSURANCE

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



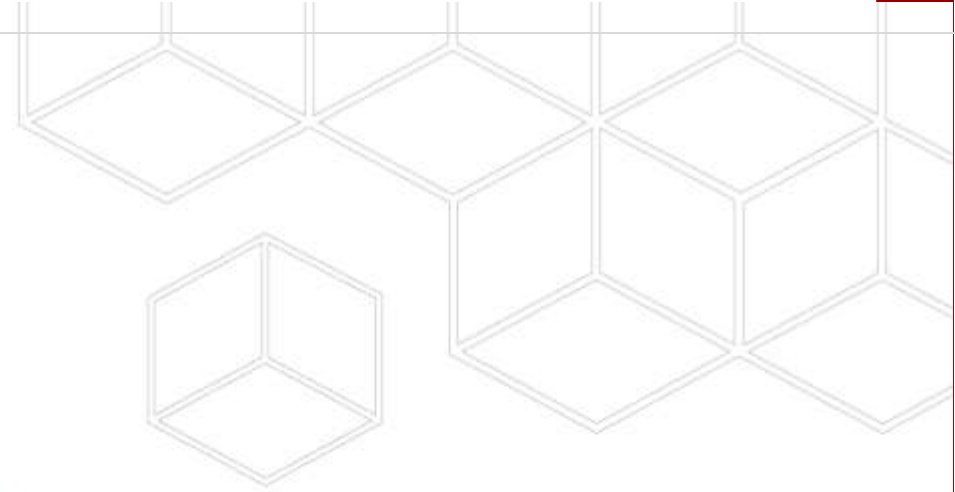
### 1.122 PHOTO RECORD





# MARKET INDICATORS

---





### 1.123 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

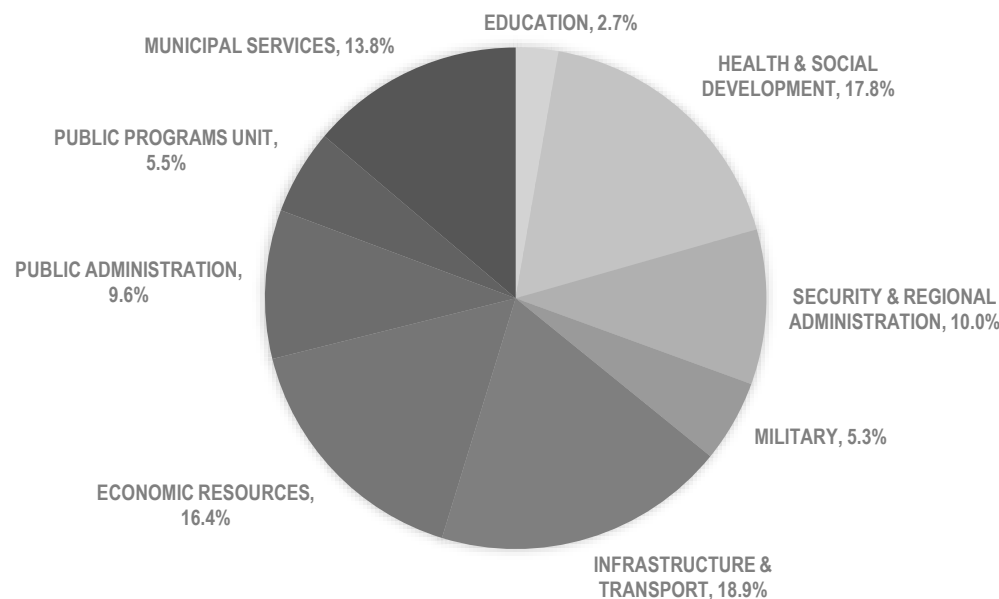
### 1.124 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





**1.125 SWOT ANALYSIS**

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The property is open on 4 sides with a direct view on the main road (Al Amir Mashal Ibn Abdulaziz Road)</li> <li>- Accessibility to a large parking area</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- None</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- High demand on the property type</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing &amp; Potential similar projects</li> </ul>

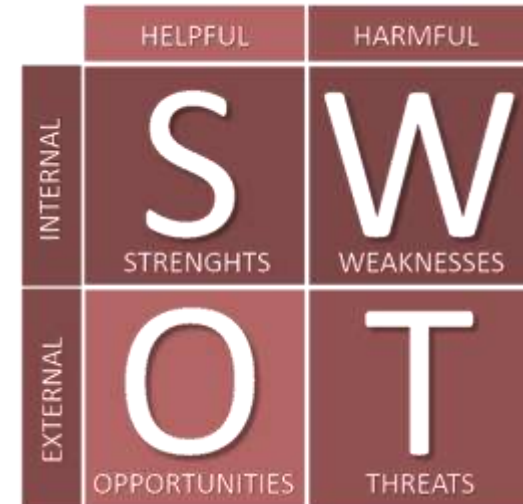
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

**1.126 SECTOR BRIEF**

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

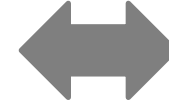


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

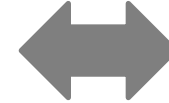


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.127 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>4</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>10 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 10 Risk Points – Minimal Risk

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

**Property Analysis**

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---





### 1.128 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 ✓	Lease Contract ✓	Operational Cost - OPEX

### 1.129 GENERAL ASSUMPTIONS

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

### 1.130 LEGAL NOTICES

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



**1.131 INFORMATION SOURCE**

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

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

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

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

**1.133 VALUATION APPROACH**

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

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

**COMPARABLE METHOD**

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





## DEPRECIATED REPLACEMENT COST (DRC)

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

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

## DISCOUNTED CASH FLOW (DCF)

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

### 1.134 INPUT VALUATION PROCESS

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

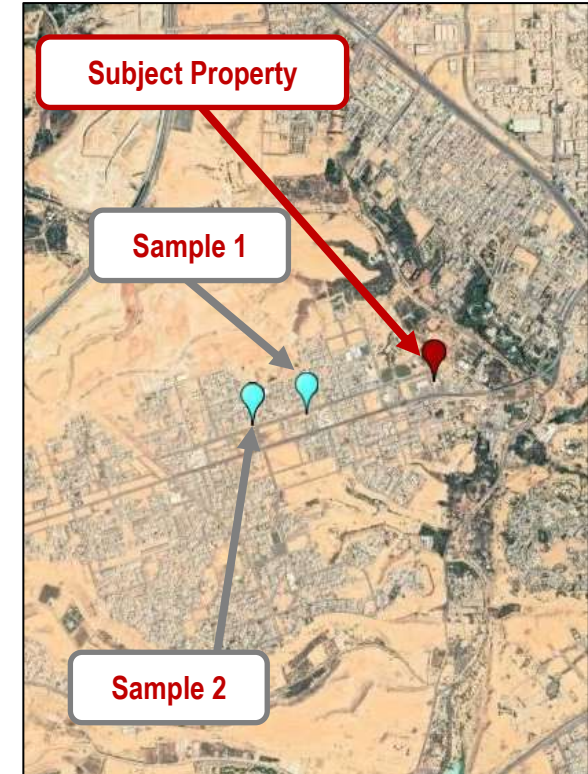


### 1.135 COMPARABLE APPROACH

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	-----	Transaction	Transaction
District	Irqah	Irqah	Irqah
Sale Price	-----	SAR 21,000,000	SAR 6,480,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	14,268.98	5,000.00	1,800.00
SAR / Sqm	-----	SAR 4,200	SAR 3,600
Sides Open	3	2	2

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	14,268.98	5,000.00	-15.00%	1,800.00	-15.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	35	35	0.00%	35	0.00%
Sides Open	3	2	5.00%	2	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	-----	Yes	-10.00%	Yes	-5.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-20.00%</b>		<b>-15.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 840.0</b>		<b>-SAR 540.0</b>
<b>Net After Adjustment</b>			<b>SAR 3,360.0</b>		<b>SAR 3,060.0</b>
<b>SAR / Sqm</b>			<b>SAR 3,210</b>		
<b>Rounded Value</b>			<b>SAR 3,200</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	14,269	14,269	14,269	14,269	14,269	
SAR / Sqm	SAR 2,880.0	SAR 3,040.0	SAR 3,200.0	SAR 3,360.0	SAR 3,520.0	
Property Value	SAR 41,094,662	SAR 43,377,699	SAR 45,660,736	SAR 47,943,773	SAR 50,226,810	
	<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 - 3,500 SAR / Sqm with an average of 3,250 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.136 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>	700	900	SAR 800
<b>MEP</b>	200	300	SAR 250
<b>Finishing Materials</b>	450	550	SAR 500
<b>Site Improvements</b>	150	190	170
<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>			
	Title Deed	Land Area	SAR / Sqm
	811903001544	14,268.98	SAR 3,200
<b>Building</b>			
	Unit	No of Units	Total BUA
<b>ATM Machine</b>	Sqm	1	11.00
<b>Mezzanine</b>	Sqm	0	1,478.89
<b>Commercial Ground Floor</b>	Sqm	19	7,637.74
<b>Electric Room</b>	Sqm	0	20.00
<b>Fences</b>	Linear M	1	615.00
<b>Total (SQM)</b>		<b>9,147.63</b>	
<b>Total (M)</b>		<b>615.00</b>	



<b>HARD COSTS ESTIMATES</b>					
<b>ATM + Mezzanine + Commercial Ground Floor + Electric Room</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Skeleton & Block	9,136.63	SAR 800	SAR 7,309,304	100%	SAR 7,309,304
Electro Mechanic	9,136.63	SAR 250	SAR 2,284,158	100%	SAR 2,284,158
Finishing	9,136.63	SAR 500	SAR 4,568,315	100%	SAR 4,568,315
<b>Total</b>			<b>SAR 14,161,777</b>	<b>100.00%</b>	<b>SAR 14,161,777</b>
<b>General Site Development</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Land Development	14,268.98	SAR 120	SAR 1,712,278	100%	SAR 1,712,278
External Landscape	6,631.24	SAR 50	SAR 331,562	100%	SAR 331,562
Fences	615.00	SAR 250	SAR 153,750	100%	SAR 153,750
Site Improvements	6,631.24	SAR 50	SAR 331,562	100%	SAR 331,562
<b>Total</b>			<b>SAR 2,529,152</b>	<b>100.00%</b>	<b>SAR 2,529,152</b>
	<b>Actual Completion %</b>			<b>Total BUA</b>	<b>9,147.63</b>
G+M + Upper Floor	100.00%			<b>Total Hard Cost</b>	<b>SAR 16,690,928</b>
General Site Dev.	100.00%			<b>Average SAR / Sqm</b>	<b>SAR 1,825</b>
				<b>Overall Completion</b>	<b>100.00%</b>

<b>SOFT COSTS ESTIMATES</b>				
	<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>	
Design	SAR 16,690,928	1.00%	SAR 166,909.28	
Eng Consultant	SAR 16,690,928	1.00%	SAR 166,909.28	
Management	SAR 16,690,928	2.50%	SAR 417,273.20	
Contingency	SAR 16,690,928	2.50%	SAR 417,273.20	
Others	SAR 16,690,928	2.50%	SAR 417,273.20	
<b>TOTAL</b>			<b>SAR 1,585,638.17</b>	

After knowing the total construction costs at a rate of 1,825 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

<b>DEVELOPMENT VALUE</b>			
<b>Hard Cost</b>	SAR 16,690,928	<b>Economic Age</b>	40
<b>Soft Cost</b>	SAR 1,585,638	<b>Annual Dep Rate</b>	2.50%
<b>Total Dev Cost</b>	<b>SAR 18,276,566</b>		
<b>Net Dep Rate</b>	12.50%	<b>Actual Age</b>	5
<b>Dev Cost After Depreciation</b>	<b>SAR 15,991,995</b>	<b>Total Dep Rate</b>	12.50%
		<b>Add Appr Rate</b>	0.00%
		<b>Net Dep Rate</b>	<b>12.50%</b>
<b>Total Completion Rate</b>	100.00%		
<b>Developer Profit Rate @</b>	20.0%		
<b>Dev. Profit Amount</b>	SAR 3,198,399		
<b>Development Value</b>	<b>SAR 19,190,395</b>		



The total value of the building is 19,190,395 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 19,190,395	SAR 45,660,736	SAR 64,851,131	SAR 64,900,000

### 1.137 DISCOUNTED CASH FLOW APPROACH

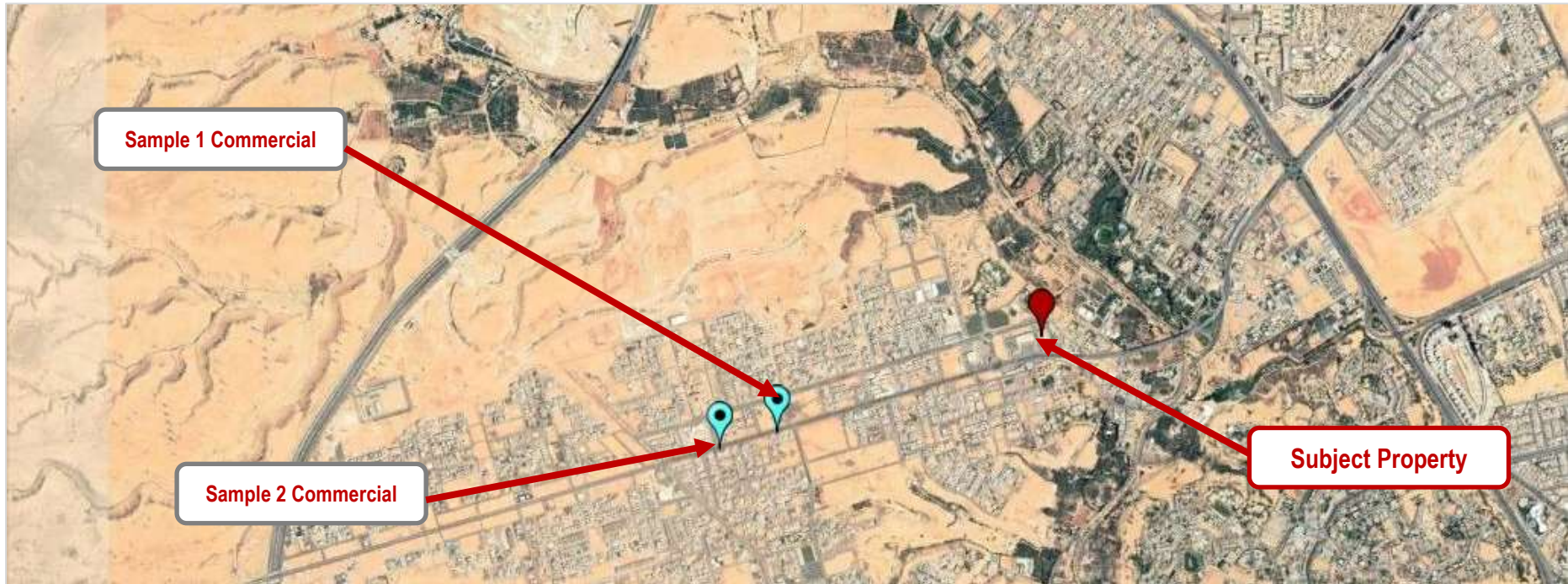
The client has provided us with the tenant lists (2021) with all units' details and rents as follows:

No.	Unit No.	Unit Type	NLA	Rent
1	1,2	Shop	395.5	SAR 900,000
2	3,4	Shop	235	SAR 141,240
3	5	Shop	117.7	SAR 185,378
4	6	Shop	128	SAR 200,192
5	7	Shop	119	Vacant
6	8	Shop	121	Vacant
7	9	Shop	122	SAR 210,623
8	10,11	Shop	320	SAR 386,388
9	12	Shop	87	SAR 159,072
10	13	Shop	88	SAR 145,547
11	14	Shop	88	SAR 133,775
12	15	Shop	88	SAR 158,858
13	16,17	Shop	187	SAR 336,078
14	12	ATM	12	SAR 150,000
15	Supermarket	Anchor	5,397	SAR 3,683,493
<b>Total</b>				<b>SAR 6,790,643</b>

### 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 800 to 1,000 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
Comparable 1	Rental Rate/ Sqm
Comparable 2	800 SAR/ Sqm
Average	1,000 SAR/ Sqm
	<b>900 SAR/ Sqm</b>



**Analysis of Operating and Maintenance Expenses**

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

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

**Property Operation and Maintenance Expenses**

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



### Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 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%, 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>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 4 years
The general location of the property	0.00%	The area is served good
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>-0.50%</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>7.00%</b>	



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

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0%	0%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
<b>Expected Revenues</b>												
Retail	Sqm	0	7,493	7,493	7,493	7,493	7,493	7,493	7,493	7,493	7,493	7,493
Rate (SAR)	SAR	0	900	923	946	969	993	1,018	1,044	1,070	1,097	1,124
Total	SAR	0	6,743,700	6,912,293	7,085,100	7,262,227	7,443,783	7,629,878	7,820,625	8,016,140	8,216,544	8,421,957
ATM	Sqm	0	12	12	12	12	12	12	12	12	12	12
Rate (SAR)	SAR	0	121,200	124,230	127,336	130,519	133,782	137,127	140,555	144,069	147,670	151,362
Total	SAR	0	121,200	124,230	127,336	130,519	133,782	137,127	140,555	144,069	147,670	151,362
<b>Overall Revenues</b>		<b>6,790,643</b>	<b>6,864,900</b>	<b>7,036,523</b>	<b>7,212,436</b>	<b>7,392,746</b>	<b>7,577,565</b>	<b>7,767,004</b>	<b>7,961,179</b>	<b>8,160,209</b>	<b>8,364,214</b>	<b>8,573,319</b>
<b>Vacancy Rates</b>												
Retail	5.0%	0	337,185	345,615	354,255	363,111	372,189	381,494	391,031	400,807	410,827	421,098
ATM	0.0%	0	0	0	0	0	0	0	0	0	0	0
Total		<b>0</b>	<b>337,185</b>	<b>345,615</b>	<b>354,255</b>	<b>363,111</b>	<b>372,189</b>	<b>381,494</b>	<b>391,031</b>	<b>400,807</b>	<b>410,827</b>	<b>421,098</b>
<b>Expenses</b>												
OPEX	10.0%	679,064	686,490	703,652	721,244	739,275	757,757	776,700	796,118	816,021	836,421	857,332
<b>Overall Expenses</b>		<b>679,064</b>	<b>686,490</b>	<b>703,652</b>	<b>721,244</b>	<b>739,275</b>	<b>757,757</b>	<b>776,700</b>	<b>796,118</b>	<b>816,021</b>	<b>836,421</b>	<b>857,332</b>
<b>NOI</b>		<b>6,111,579</b>	<b>5,841,225</b>	<b>5,987,256</b>	<b>6,136,937</b>	<b>6,290,360</b>	<b>6,447,619</b>	<b>6,608,810</b>	<b>6,774,030</b>	<b>6,943,381</b>	<b>7,116,965</b>	<b>7,294,890</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.0%</b>											<b>104,212,709</b>
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
<b>Present Value</b>		<b>6,111,579</b>	<b>5,358,922</b>	<b>5,039,353</b>	<b>4,738,841</b>	<b>4,456,250</b>	<b>4,190,510</b>	<b>3,940,617</b>	<b>3,705,626</b>	<b>3,484,649</b>	<b>3,276,849</b>	<b>47,102,015</b>
<b>Market Rate / Net Present Value</b>												<b>91,405,211</b>

	Discount Rate				
Discount Rate	7.00%	8.00%	9.00%	10.0%	11.0%
Market Value	104,425,018	97,615,063	91,405,211	85,735,647	80,553,082

### 1.138 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Property	SAR 64,900,000	Sixty-Four Million and Nine Hundred Thousand Saudi Riyals
DCF Approach	Property	SAR 91,405,000	Ninety-One Million and Four Hundred Five Thousand Saudi Riyals





### **1.139 SUBJECT PROPERTY VALUE**

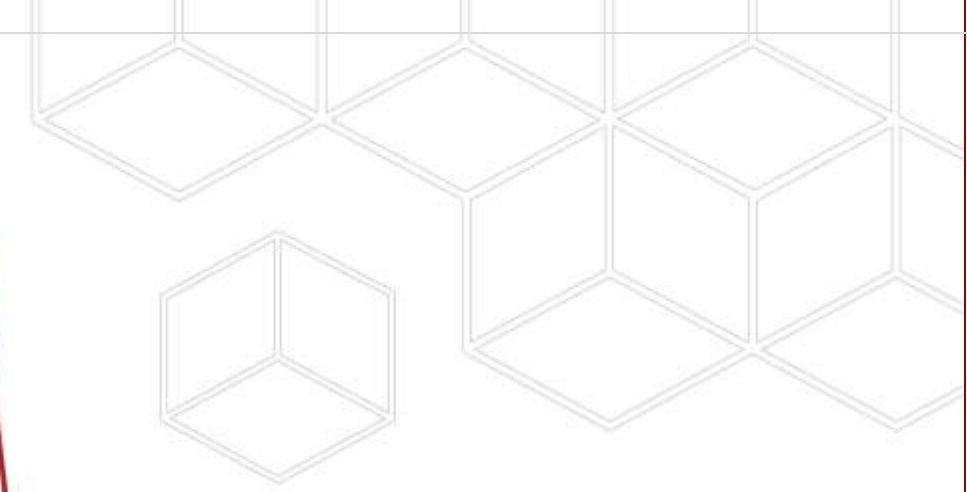
We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DCF Approach is:

**Property Value: 91,405,000 SAR**  
**Ninety-One Million and Four Hundred Five Thousand Saudi Riyals**

# PROPERTY DETAILS

---

## OLAYA SCHOOL





### 1.140 PROPERTY & LOCATION DESCRIPTION

#### Property Description

The subject property is an educational facility located in Al Mursalat district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 10,500 Sqm and a total BUA of 12,314 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Abdulaziz Aba Hussain Road from the north side. The building is mostly surrounded by residential buildings 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 an educational facility located in Al Mursalat district, Riyadh City.  
 The property is bordered from the north by Abdulaziz Aba Hussain Street  
 The property is bordered from the south by Al Zarah Street  
 The Property is bordered from the east by Saad Al Dawsa Street  
 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 near King Abdulaziz road

#### Area Surrounding the Property

The subject property is mostly surrounded by residential buildings

Land	
Land Use	Educational
No. of Streets	4
Land Shape	Graded
Direct View on the Main Road	No direct view on the main road
Direct View on an Internal Street	Abdulaziz Aba Hussain Street
Land Condition	Constructed

Building	
Building Type	Educational Facility
Building Structural Conditions	Fully Constructed
External Elevation Conditions	Good
Building Finishing Conditions	Good
Overall Building Conditions	Good

### 1.141 INFRASTRUCTURE FACILITIES

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

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



### 1.142 LOCATION

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



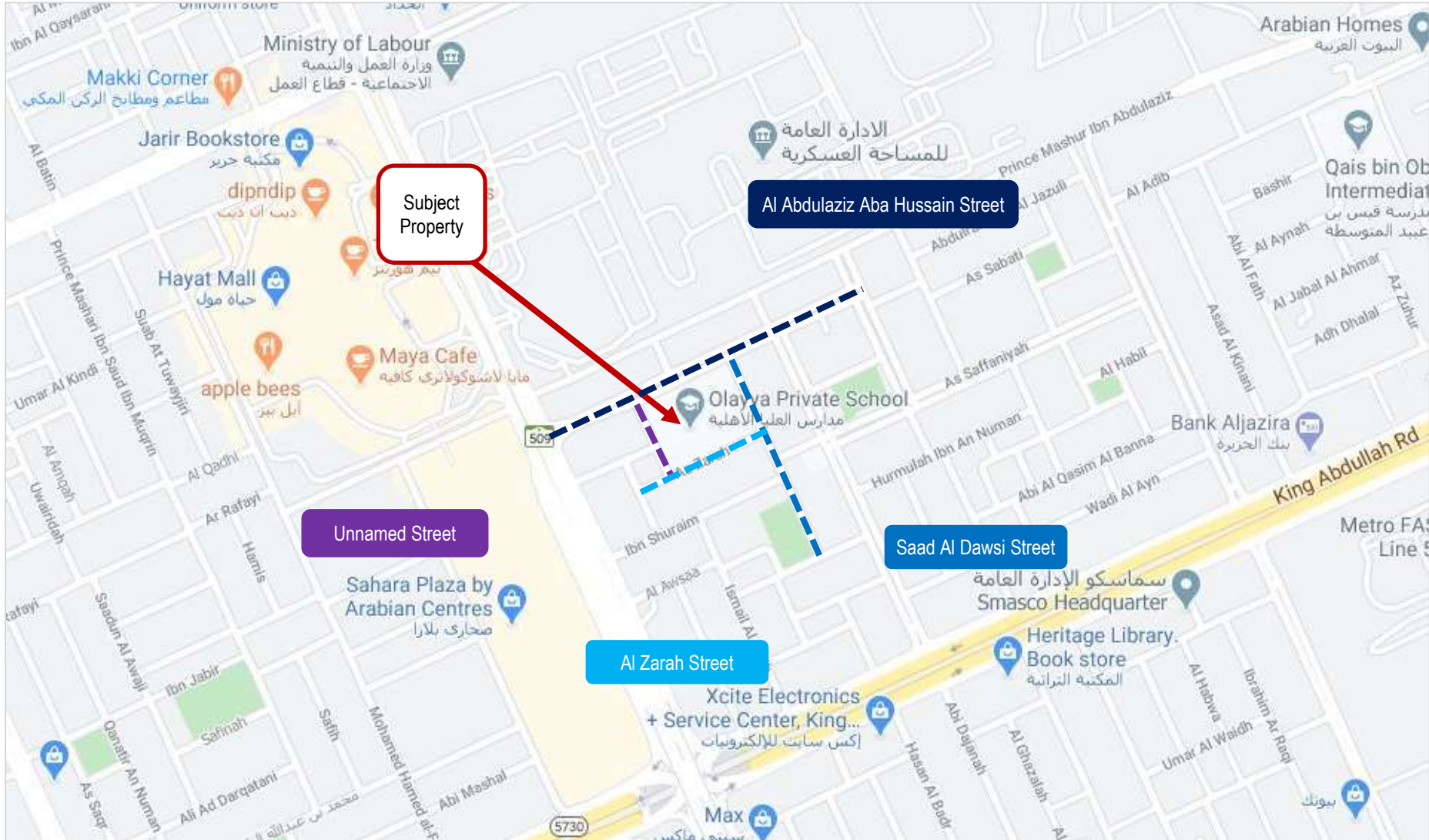
#### Surrounding Landmarks

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>1- Sahara Mall (0.33 Kilometres)</li> <li>2- Asas Mall (0.65 Kilometres)</li> <li>3- Hayat Mall (0.7 Kilometres)</li> <li>4- Ajal Medical Center (1.39 Kilometres)</li> <li>5- Prince Sultan University (1.53 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Riyadh College of Technology (1.87 Kilometres)</li> <li>7- Najd Village (1.97 Kilometres)</li> <li>8- STC Sales Offices (2.14 Kilometres)</li> <li>9- Marina Mall (2.53 Kilometres)</li> <li>10- Ministry of Foreign Affairs Housing (2.81 Kilometres)</li> </ul> |
|---|---|



### 1.143 PROPERTY ACCESS

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





### 1.144 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>	10,500
<b>District</b>	AlMursalat	<b>Plot No.</b>	N/A
<b>T.D Type</b>	Electronic	<b>Block No.</b>	N/A
<b>T.D Number</b>	910118034614	<b>Layout No.</b>	N/A
<b>T.D Date</b>	23/07/1436 H. D	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	50,000,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	23/07/1436 H. D Riyadh Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Abdulaziz Aba Hussain Street	<b>East Side</b>	Saad Al Dawsa Street
<b>South Side</b>	Al Zarah Street	<b>West Side</b>	Unnamed Street

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

### 1.145 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 school which was constructed 19 years ago composed of ground floor, first floor and typical floors. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

### Subject Property

<b>Construction Permit Type</b>	School Permit
<b>Property Type</b>	School
<b>Construction Permit No.</b>	1725/2/6/27
<b>Construction Permit Date</b>	12/07/1421 AH
<b>Permit Expiry Date</b>	12/07/1424 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor		2,084	
Ground Floor		625	
First Floor		717	
First Floor		4,444	
Typical Floors		4,444	
<b>Total BUA (Sqm)</b>		<b>12,314</b>	

### 1.146 INSURANCE

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



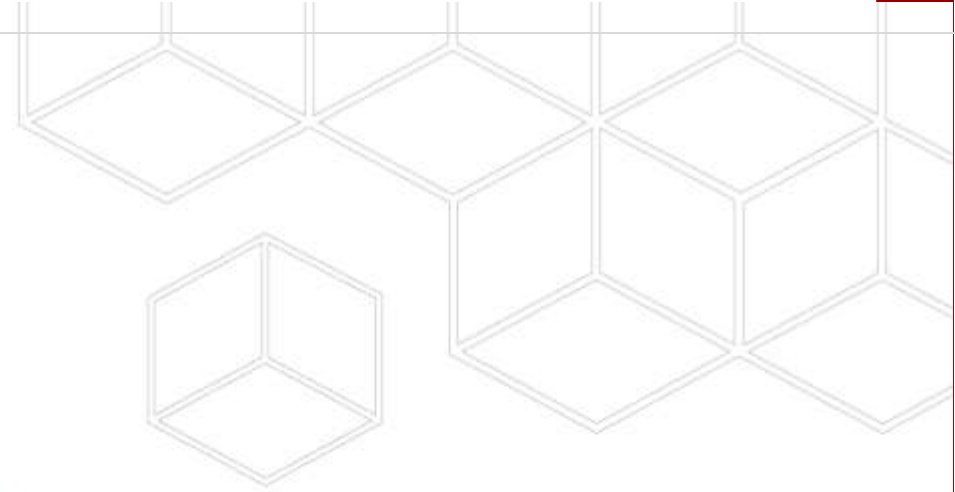
### 1.147 PHOTO RECORD





# MARKET INDICATORS

---





### 1.148 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

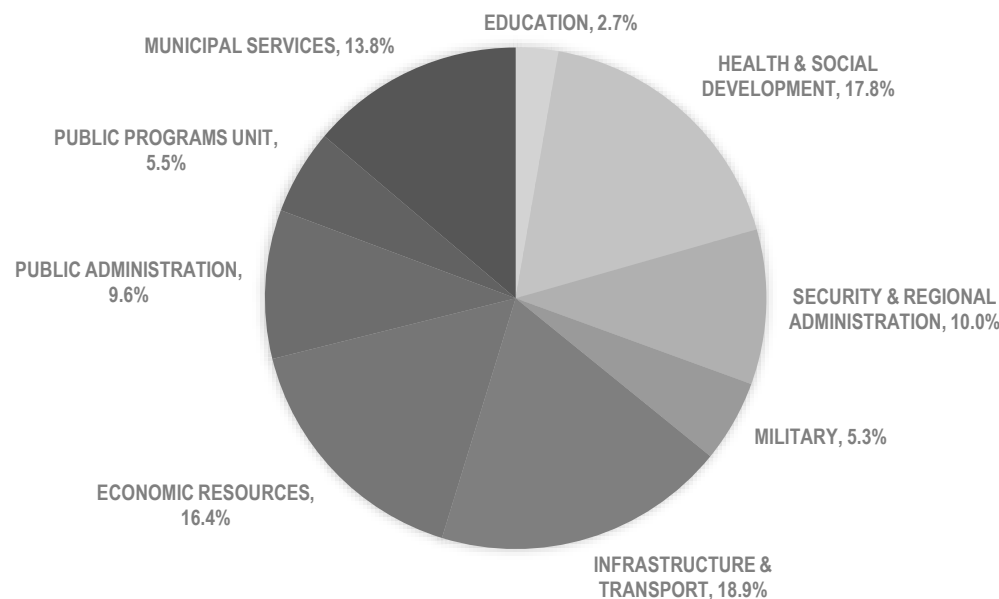
### 1.149 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





**1.150 SWOT ANALYSIS**

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The property is open on 4 sides with a direct view 4 internal streets</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- None</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- High demand on the property type due to the proximity to residential buildings</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing &amp; Potential similar projects</li> </ul>

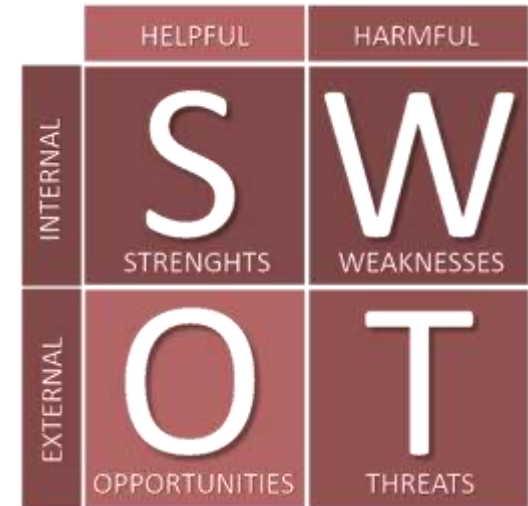
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

**1.151 SECTOR BRIEF**

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

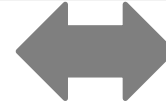


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

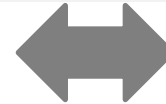


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.152 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>4</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Medium Risk Category</b>	<b>7 Risk Points - Minimal Risk</b>				

**Property Analysis**

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---





### 1.153 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	Lease Contract ✓	Operational Cost - OPEX

### 1.154 GENERAL ASSUMPTIONS

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

### 1.155 LEGAL NOTICES

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



**1.156 INFORMATION SOURCE**

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

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

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

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

**1.158 VALUATION APPROACH**

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

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

**COMPARABLE METHOD**

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





### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

### 1.159 INPUT VALUATION PROCESS

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



## 1.160 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

Based on the market survey done by our team for the purpose of valuation, we couldn't find samples similar to the subject land in the area in terms of area size, location, use, etc. Therefore, we have executed trade interviews with several local real estate agents and found that the average rate for such lands falls between 3,600 & 4,000 SAR/ Sqm. We will base our valuation analysis on the average rate 3,800 SAR/ Sqm.

## 1.161 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>	700	900	SAR 800
<b>MEP</b>	200	300	SAR 250
<b>Finishing Materials</b>	750	850	SAR 800
<b>Site Improvements</b>	150	190	170
<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			
Title Deed	Land Area	SAR / Sqm	Total Value
910118034614	10,500.00	SAR 3,800	SAR 39,900,000
Building			
	Unit		Total BUA
<b>Ground Floor</b>	Sqm		12,314.00
<b>Total (SQM)</b>	<b>12,314.00</b>		



<b>HARD COSTS ESTIMATES</b>					
<b>Ground Floor + First Floor + Typical Floors</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Skeleton & Block	12,314.00	SAR 800	SAR 9,851,200	100%	SAR 9,851,200
Electro Mechanic	12,314.00	SAR 250	SAR 3,078,500	100%	SAR 3,078,500
Finishing	12,314.00	SAR 800	SAR 9,851,200	100%	SAR 9,851,200
Fit outs & Appliances	12,314.00	SAR 0	SAR 0	100%	SAR 0
Furniture	12,314.00	SAR 0	SAR 0	100%	SAR 0
<b>Total</b>			<b>SAR 22,780,900</b>	<b>100.00%</b>	<b>SAR 22,780,900</b>
<b>General Site Development</b>					
	<b>Area</b>	<b>SAR / Sqm</b>	<b>Total</b>	<b>Completion Rate</b>	<b>Total Cost</b>
Land Development	10,500.00	SAR 120	SAR 1,260,000	100%	SAR 1,260,000
External Landscape	8,416.00	SAR 50	SAR 420,800	100%	SAR 420,800
Fences	0.00	SAR 0	SAR 0	100%	SAR 0
Site Improvements	8,416.00	SAR 50	SAR 420,800	100%	SAR 420,800
<b>Total</b>			<b>SAR 2,101,600</b>	<b>100.00%</b>	<b>SAR 2,101,600</b>
	<b>Actual Completion %</b>			<b>Total BUA</b>	<b>12,314.00</b>
G+M + Upper Floor	100.00%			<b>Total Hard Cost</b>	<b>SAR 24,882,500</b>
General Site Dev.	100.00%			<b>Average SAR / Sqm</b>	<b>SAR 2,021</b>
				<b>Overall Completion</b>	<b>100.00%</b>

<b>SOFT COSTS ESTIMATES</b>				
	<b>Total Hard Cost</b>	<b>Ratio</b>	<b>Soft Cost</b>	
Design	SAR 24,882,500	1.00%	SAR 248,825.00	
Eng Consultant	SAR 24,882,500	1.00%	SAR 248,825.00	
Management	SAR 24,882,500	2.50%	SAR 622,062.50	
Contingency	SAR 24,882,500	2.50%	SAR 622,062.50	
Others	SAR 24,882,500	2.50%	SAR 622,062.50	
<b>TOTAL</b>			<b>SAR 2,363,837.50</b>	

After knowing the total construction costs at a rate of 2,021 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			
Hard Cost	SAR 24,882,500	Economic Age	30
Soft Cost	SAR 2,363,838	Annual Dep Rate	3.33%
<b>Total Dev Cost</b>	<b>SAR 27,246,338</b>		
Net Dep Rate	63.33%	Actual Age	19
Dev Cost After Depreciation	<b>SAR 9,990,324</b>	Total Dep Rate	63.33%
		Add Appr Rate	0.00%
		<b>Net Dep Rate</b>	<b>63.33%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @	20.0%		
Dev. Profit Amount	SAR 1,998,065		
<b>Development Value</b>	<b>SAR 11,988,389</b>		

The total value of the building is 11,988,389 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 11,988,389	SAR 39,900,000	SAR 51,888,389	SAR 51,900,000



### 1.162 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Tadrees Co. Est.). The contract involves the Second Party renting the subject property for 18 years, from 12/05/2015 to 11/05/2033. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	4,000,000
2	4,000,000
3	4,000,000
4	4,360,000
5	4,360,000
6- 2021	4,360,000
7	4,752,400
8	4,752,400
9	4,752,400
10	5,180,116
11	5,180,116
12	5,180,116
13	5,646,326
14	5,646,326
15	5,646,326
16	6,154,496
17	6,154,496
18	6,154,496
<b>TOTAL</b>	<b>90,280,015</b>

### 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%, which will be applied subsequently to the net operating income of the property.

<b>Minimum capitalization rate</b>		7.00%
<b>Maximum capitalization rate</b>		8.00%
<b>Average</b>		7.50%
<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 actual age of the property is 18 years
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
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>	-0.50%	
<b>Capitalization rate, according to market averages</b>	7.50%	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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 one tenant				SAR 4,360,000
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					<b>Total Revenues</b>	<b>SAR 4,360,000</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 4,360,000		0.00%		SAR 4,360,000	
-----	SAR 0		0.00%		SAR 0	
-----	SAR 0		0.00%		SAR 0	
					<b>Total</b>	<b>SAR 4,360,000</b>
<b>Total Property Revenues</b>					SAR 4,360,000	
<b>Total Property Expenses</b>					SAR 0	
<b>Net Operating Income</b>					<b>SAR 4,360,000.00</b>	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 4,360,000.00	7.00%	62,285,714.29 SAR		<b>62,290,000.00 SAR</b>		

The subject property is considered as a special property where we cannot apply the income approach based on the market rates, we will rely on the income approach based on the leasing contract.



### 1.163 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 62,290,000	Sixty-Two Million and Two Hundred Ninety Thousand Saudi Riyals
DRC Approach	Property	SAR 51,900,000	Fifty-One Million and Nine Hundred Thousand Saudi Riyals

### 1.164 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:

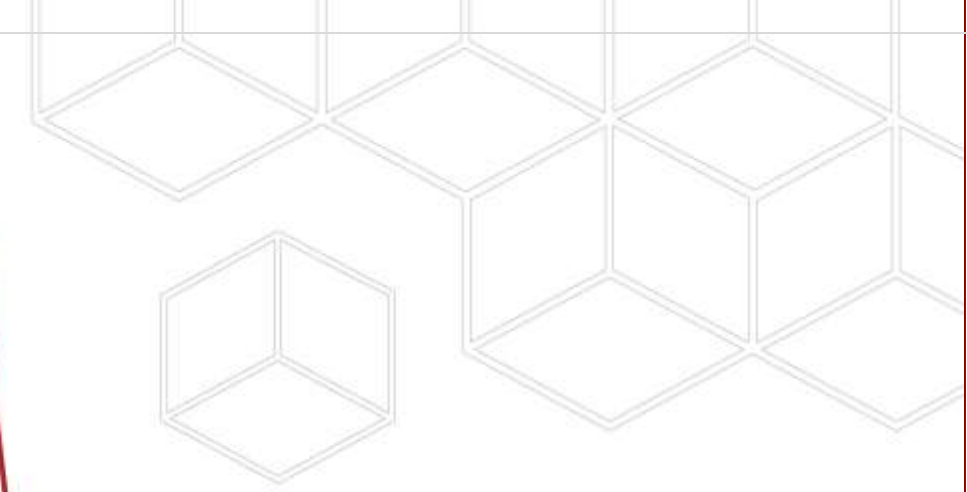
**Property Value: 62,290,000 SAR**  
**Sixty-Two Million and Two Hundred Ninety Thousand Saudi Riyals**



PROPERTY DETAILS

---

## AL MANAHEJ SCHOOL





### 1.165 PROPERTY & LOCATION DESCRIPTION

#### Property Description

The subject property is an educational facility located in Al Ghadir district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 9,200 Sqm and a total BUA of 17,058 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Nahr Al Nil Street . The building is mostly surrounded by residential buildings 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 an educational facility located in Al Ghadir district, Riyadh City.  
 The property is bordered from the north by an unnamed street  
 The property is bordered from the south by Nahr Al Nil Street  
 The Property is bordered from the east by an unnamed street  
 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 medium since it is accessible through 4 streets

#### Area Surrounding the Property

The subject property is mostly surrounded by residential buildings

Land		Building	
Land Use	Educational	Building Type	Educational facility
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Nahr Al Nil Street	Overall Building Conditions	Good
Land Condition	Constructed		

### 1.166 INFRASTRUCTURE FACILITIES

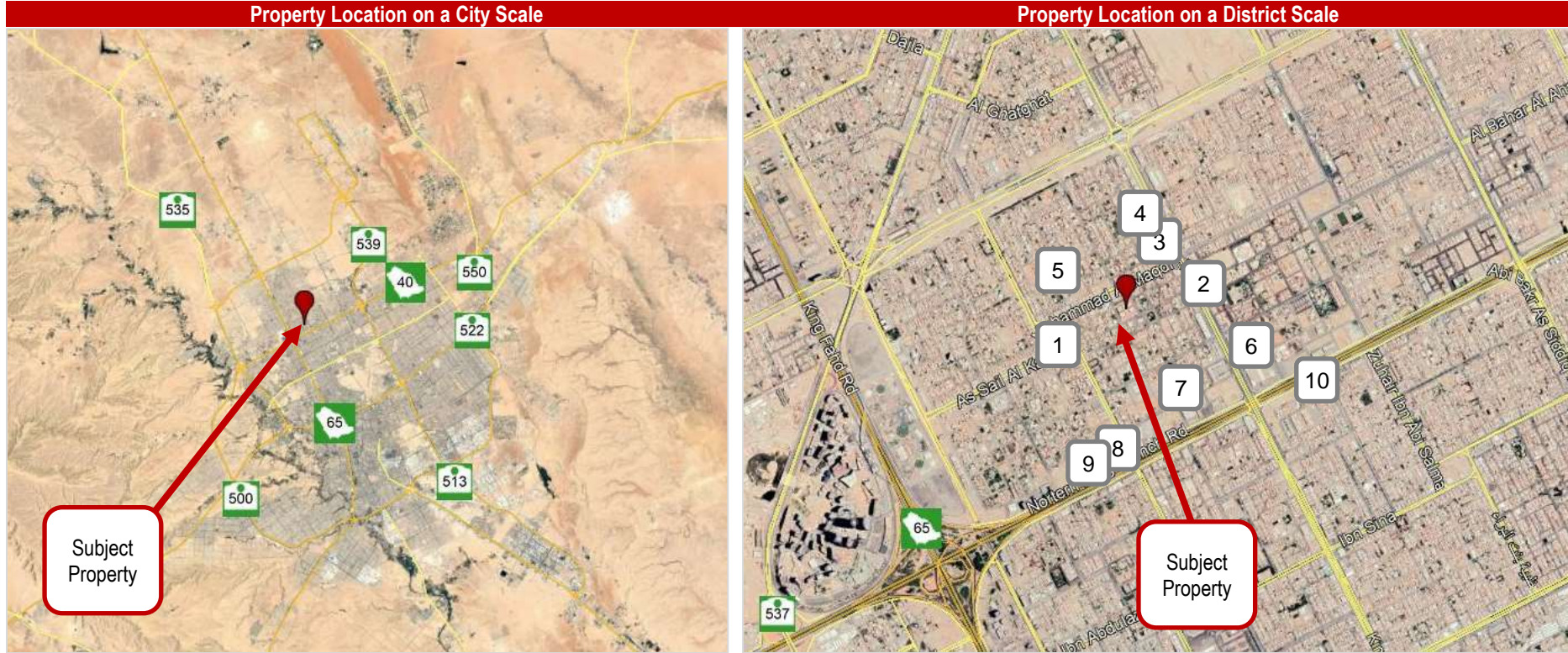
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



### 1.167 LOCATION

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



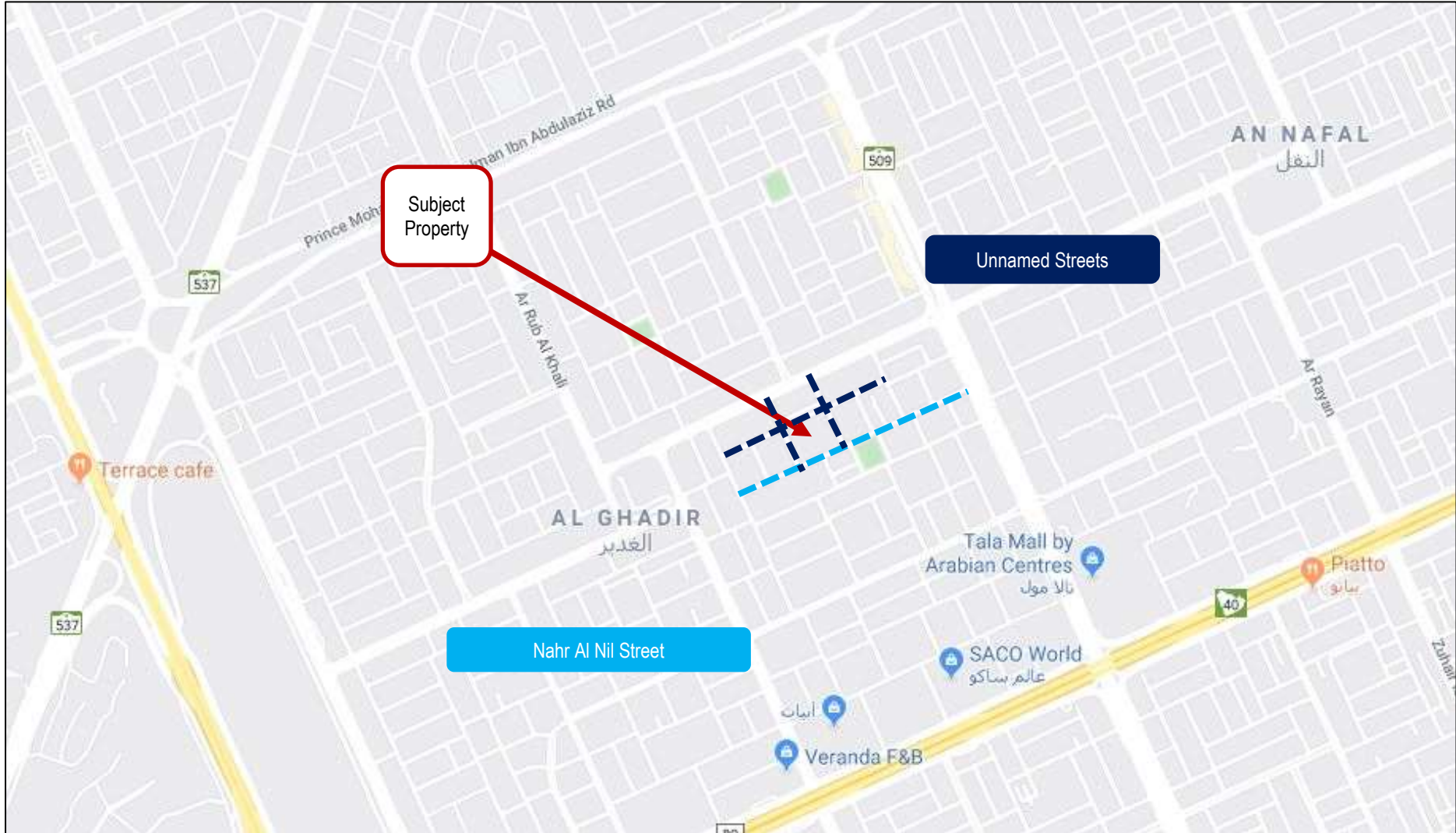
#### Surrounding Landmarks

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1- Prince Al Anod Bint Mohammad Mosque (2 Kilometres)</li> <li>2- Bank Al Jazira (0.6 Kilometres)</li> <li>3- Al Inma Bank (0.5 Kilometres)</li> <li>4- Saudi Telecom Company (0.7 Kilometres)</li> <li>5- Al Ghadir Park (0.6 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Tala Mall (1 Kilometres)</li> <li>7- SACO World (0.8 Kilometres)</li> <li>8- Veranda F&amp;B (0.9 Kilometres)</li> <li>9- Al Nassr Club Store (1 Kilometres)</li> <li>10- Wafa Insurance Claims Office (1.5 Kilometres)</li> </ul> |
|--|--|



### 1.168 PROPERTY ACCESS

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





### 1.169 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>	9,200 Sqm
<b>District</b>	Al Ghadir	<b>Plot No.</b>	N/A
<b>T.D Type</b>	Electronic	<b>Block No.</b>	105
<b>T.D Number</b>	214010001803	<b>Layout No.</b>	2726
<b>T.D Date</b>	07/11/1442	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	-	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	07/11/1442 Riyadh Notary	<b>Limitation of Document</b>	Mortgaged
<b>North Side</b>	Unnamed Street	<b>East Side</b>	Unnamed Street
<b>South Side</b>	Nahr Al Nil Street	<b>West Side</b>	Unnamed Street

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

### 1.170 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 school composed of basement, ground floor, first floor and second floor. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

<b>Subject Property</b>	
<b>Construction Permit Type</b>	School Building Permit
<b>Property Type</b>	New Permit
<b>Construction Permit No.</b>	7618/1425
<b>Construction Permit Date</b>	27/11/1425
<b>Permit Expiry Date</b>	27/11/1428

Description	No. of Units	Area (Sqm)	Use
Basement	1	4,670	Services
Ground Floor	-	4,513	Classrooms
First Floor	-	4,235	Classrooms
Second Floor	1	3,640	Classrooms
Fences	0	387	Fences
<b>Total BUA (Sqm)</b>		<b>17,058</b>	

### 1.171 INSURANCE

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

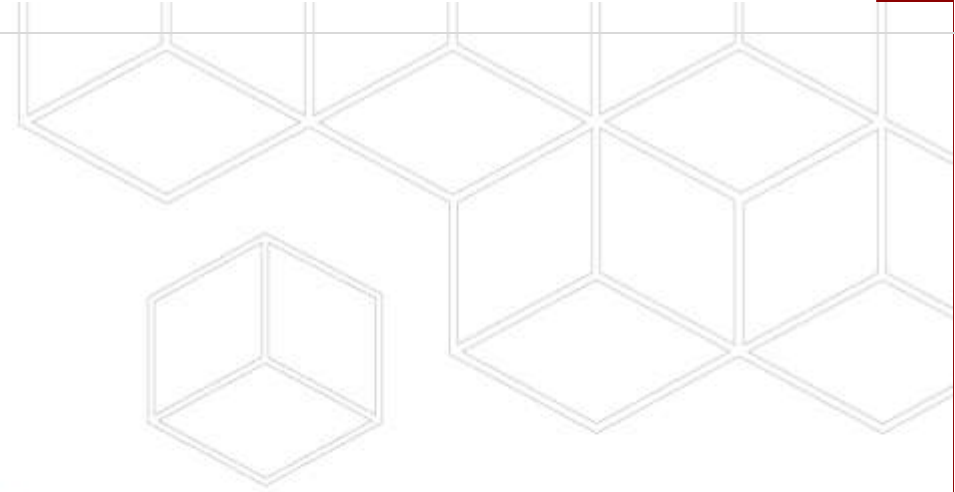


### 1.172 PHOTO RECORD



# MARKET INDICATORS

---







### 1.173 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

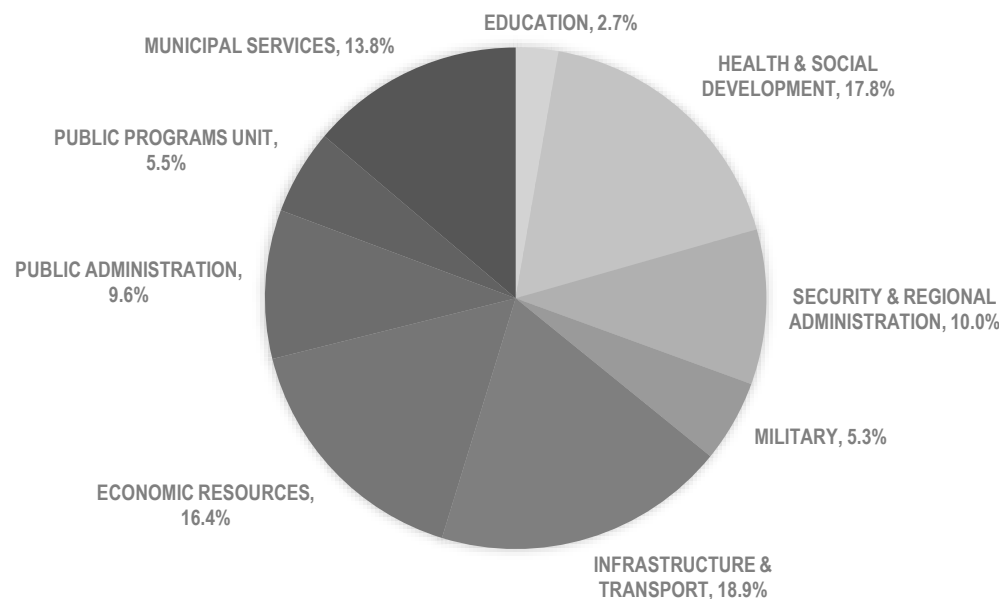
### 1.174 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





**1.175 SWOT ANALYSIS**

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The school is open of 4 sides with a direct view on 4 unnamed streets</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- None</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- The property is mostly surrounded by several residential buildings which increase the demand on the property type</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing &amp; Potential similar projects</li> </ul>

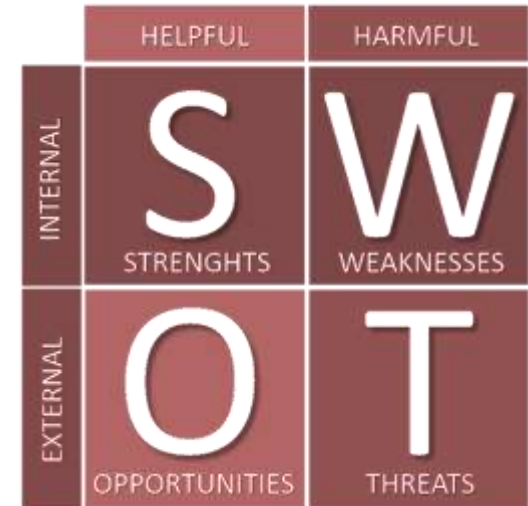
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

**1.176 SECTOR BRIEF**

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

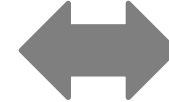


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

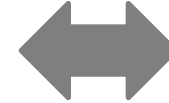


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.177 RISK ANALYSIS**

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

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
<b>Total Risk</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Risk Category</b>	<b>9 Risk Points – Minimal Risk</b>				

**Land Analysis**

Risk Category- 9 Risk Points – Minimal Risk

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

**Property Analysis**

Risk Category- 6 Risk Points – Minimal Risk

# PROPERTY VALUATION

---





### 1.178 DOCUMENTS RECIEVED

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

Title Deed Copy ✓	Construction Permit ✓	Krooki
Leasing Contract	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

### 1.179 GENERAL ASSUMPTIONS

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

### 1.180 LEGAL NOTICES

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



**1.181 INFORMATION SOURCE**

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

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

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

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

**1.183 VALUATION APPROACH**

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

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

**COMPARABLE METHOD**

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



### DEPRECIATED REPLACEMENT COST (DRC)

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

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

### CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

### 1.184 INPUT VALUATION PROCESS

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



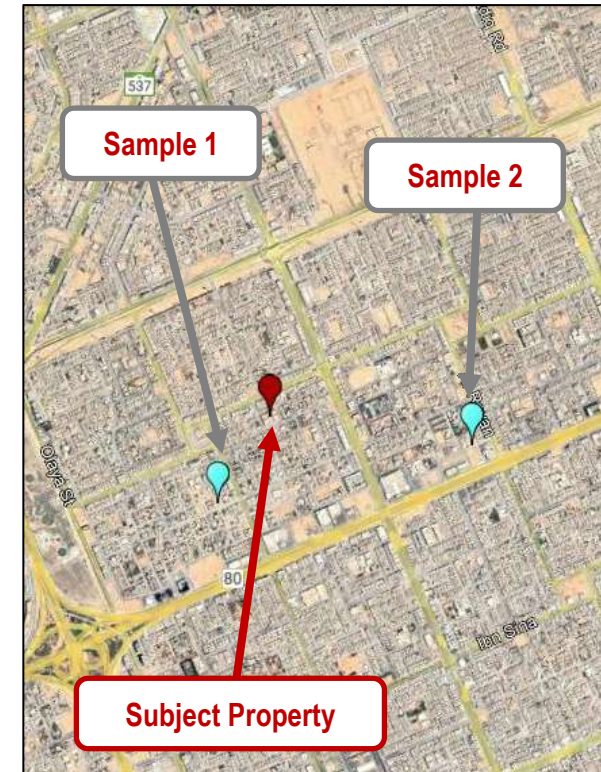


### 1.185 COMPARABLE APPROACH

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	-----	Transaction	Offering
District	Al Ghadir	Al Ghadir	Al Ghadir
Sale Price	-----	SAR 25,000,000	SAR 8,000,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	9,200.00	5,600.00	2,000.00
SAR / Sqm	-----	SAR 4,464	SAR 4,000
Sides Open	4	3	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	9,200.00	5,600.00	-5.00%	2,000.00	-5.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	20	20	0.00%	20	0.00%
Sides Open	4	3	5.00%	1	10.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	No	No	0.00%	No	0.00%
Negotiable	-----	Yes	-10.00%	Yes	-5.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-10.00%</b>		<b>0.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 446.4</b>		<b>SAR 0.0</b>
<b>Net After Adjustment</b>			<b>SAR 4,017.9</b>		<b>SAR 4,000.0</b>
<b>SAR / Sqm</b>			<b>SAR 4,009</b>		
<b>Rounded Value</b>			<b>SAR 4,000</b>		



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	9,200	9,200	9,200	9,200	9,200
SAR / Sqm	SAR 3,600.0	SAR 3,800.0	SAR 4,000.0	SAR 4,200.0	SAR 4,400.0
Property Value	SAR 33,120,000	SAR 34,960,000	SAR 36,800,000	SAR 38,640,000	SAR 40,480,000
			<b>PROPERTY VALUE</b>		



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 3,800 - 4,200 SAR / Sqm with an average of 4,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.186 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>	700	900	SAR 800
<b>MEP</b>	200	300	SAR 250
<b>Finishing Materials</b>	750	850	SAR 800
<b>Site Improvements</b>	150	190	170
<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			
Title Deed	Land Area	SAR / Sqm	Total Value
210107052748	9,200.00	SAR 4,000	SAR 36,800,000
Building			
<b>Total BUA</b>	Unit Sqm		Total BUA
<b>Total (SQM)</b>	<b>17,058.00</b>		17,058.00

HARD COSTS ESTIMATES					
Ground Floor + First Floor + Typical Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	17,058.00	SAR 800	SAR 13,646,400	100%	SAR 13,646,400
Electro Mechanic	17,058.00	SAR 250	SAR 4,264,500	100%	SAR 4,264,500
Finishing	17,058.00	SAR 800	SAR 13,646,400	100%	SAR 13,646,400
Fit outs & Appliances	17,058.00	SAR 0	SAR 0	100%	SAR 0
Furniture	17,058.00	SAR 0	SAR 0	100%	SAR 0
<b>Total</b>			<b>SAR 31,557,300</b>	<b>100.00%</b>	<b>SAR 31,557,300</b>



General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	9,200.00	SAR 120	SAR 1,104,000	100%	SAR 1,104,000
External Landscape	8,416.00	SAR 50	SAR 420,800	100%	SAR 420,800
Fences	387.00	SAR 100	SAR 38,700	100%	SAR 38,700
Site Improvements	8,416.00	SAR 50	SAR 420,800	100%	SAR 420,800
<b>Total</b>			<b>SAR 1,984,300</b>	<b>100.00%</b>	<b>SAR 1,984,300</b>
	Actual Completion %			Total BUA	17,058.00
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 33,541,600
General Site Dev.	100.00%			Average SAR / Sqm	SAR 1,966
				Overall Completion	100.00%

SOFT COSTS ESTIMATES				
	Total Hard Cost	Ratio	Soft Cost	
Design	SAR 33,541,600	1.00%	SAR 335,416.00	
Eng Consultant	SAR 33,541,600	1.00%	SAR 335,416.00	
Management	SAR 33,541,600	2.50%	SAR 838,540.00	
Contingency	SAR 33,541,600	2.50%	SAR 838,540.00	
Others	SAR 33,541,600	2.50%	SAR 838,540.00	
<b>TOTAL</b>			<b>SAR 3,186,452.00</b>	

After knowing the total construction costs at a rate of 1,966 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			
Hard Cost	SAR 33,541,600	Economic Age	30
Soft Cost	SAR 3,186,452	Annual Dep Rate	3.33%
<b>Total Dev Cost</b>	<b>SAR 36,728,052</b>		
Net Dep Rate	50.00%	Actual Age	15
Dev Cost After Depreciation	<b>SAR 18,364,026</b>	Total Dep Rate	50.00%
		Add Appr Rate	0.00%
		Net Dep Rate	50.00%
Total Completion Rate	100.00%		
Developer Profit Rate @	20.0%		
Dev. Profit Amount	SAR 3,672,805		
<b>Development Value</b>	<b>SAR 22,036,831</b>		

The total value of the building is 22,036,831 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 22,036,831	SAR 36,800,000	SAR 58,836,831	SAR 58,840,000



### 1.187 INCOME APPROACH- LEASING CONTRACT

The client has provided us with a rent contract related to the leasing contract of the subject property. The contract is an agreement between the First Party (Fahed Bin Abedurahman Al Juraysi) and the Second Party (Al Nabaa for Education). The contract involves the Second Party renting the subject property for 15 years, from 01/01/2018 to 01/01/2033. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	3,750,000
2	3,750,000
3	4,000,000
4- 2021	4,000,000
5	4,000,000
6	4,000,000
7	4,240,000
8	4,240,000
9	4,240,000
10	4,240,000
11	4,494,400
12	4,494,400
13	4,494,400
14	4,494,400
15	4,764,064
<b>TOTAL</b>	<b>63,201,664</b>

All the operating and maintenance expenses will be paid by the tenant.

#### 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%, which will be applied subsequently to the net operating income of the property.

<b>Minimum capitalization rate</b>		7.00%
<b>Maximum capitalization rate</b>		8.00%
<b>Average</b>		7.50%
<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 actual age of the property is 14 year
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
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>	-0.50%	
<b>Capitalization rate, according to market averages</b>	7.50%	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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	
Educational Facility		The subject property is Fully leased to one tenant			SAR 4,000,000	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					<b>Total Revenues</b>	<b>SAR 4,000,000</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%	0.00%	0.00%	0.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Educational Facility	SAR 4,000,000	0.00%	SAR 4,000,000			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
			<b>Total</b>	<b>SAR 4,000,000</b>		
<b>Total Property Revenues</b>				SAR 4,000,000		
<b>Total Property Expenses</b>				SAR 0		
<b>Net Operating Income</b>				<b>SAR 4,000,000.00</b>		
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 4,000,000.00	7.00%	57,142,857.14 SAR	<b>57,140,000.00 SAR</b>			

The subject property is an educational facility which is considered as a special property. Consequently, we will not be able to apply the income approach based on the market rates.

### 1.188 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income Approach</b>	Property	SAR 57,140,000	Fifty-Seven Million and One Hundred Forty Thousand Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 58,840,000	Fifty-Eight Million and Eight Hundred Forty Thousand Saudi Riyals



### **1.189 SUBJECT PROPERTY VALUE**

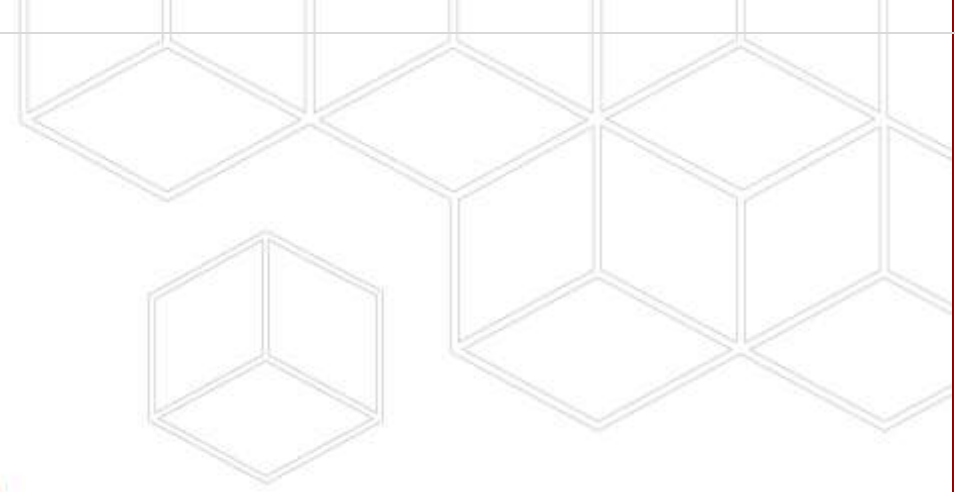
We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

**Property Value: 57,140,000 SAR**  
**Fifty-Seven Million and One Hundred Forty Thousand Saudi Riyals**

# PROPERTY DETAILS

---

## AMJAD SCHOOL







### 1.190 PROPERTY & LOCATION DESCRIPTION

#### Property Description

The subject property is an educational facility located in Qurtuba district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 14,300 Sqm and a total BUA of 34,231 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Rayah Street from the southern side. The building is mostly surrounded by residential & mix-use buildings and several vacant lands 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 an educational facility building located in Qurtuba district, Riyadh City.  
 The property is bordered from the north by Rimadah Street  
 The property is bordered from the south by Rayah Street  
 The Property is bordered from the east by Abdullah Ibn Markhan Street  
 The property is bordered to the west by Tarfah Street

#### Ease of Access

Based on the current location of the subject property, the access level is high since it is accessible through 4 streets and located near Damma Road.

#### Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Imam Ali Ibn Abi Talib Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Constructed		

### 1.191 INFRASTRUCTURE FACILITIES

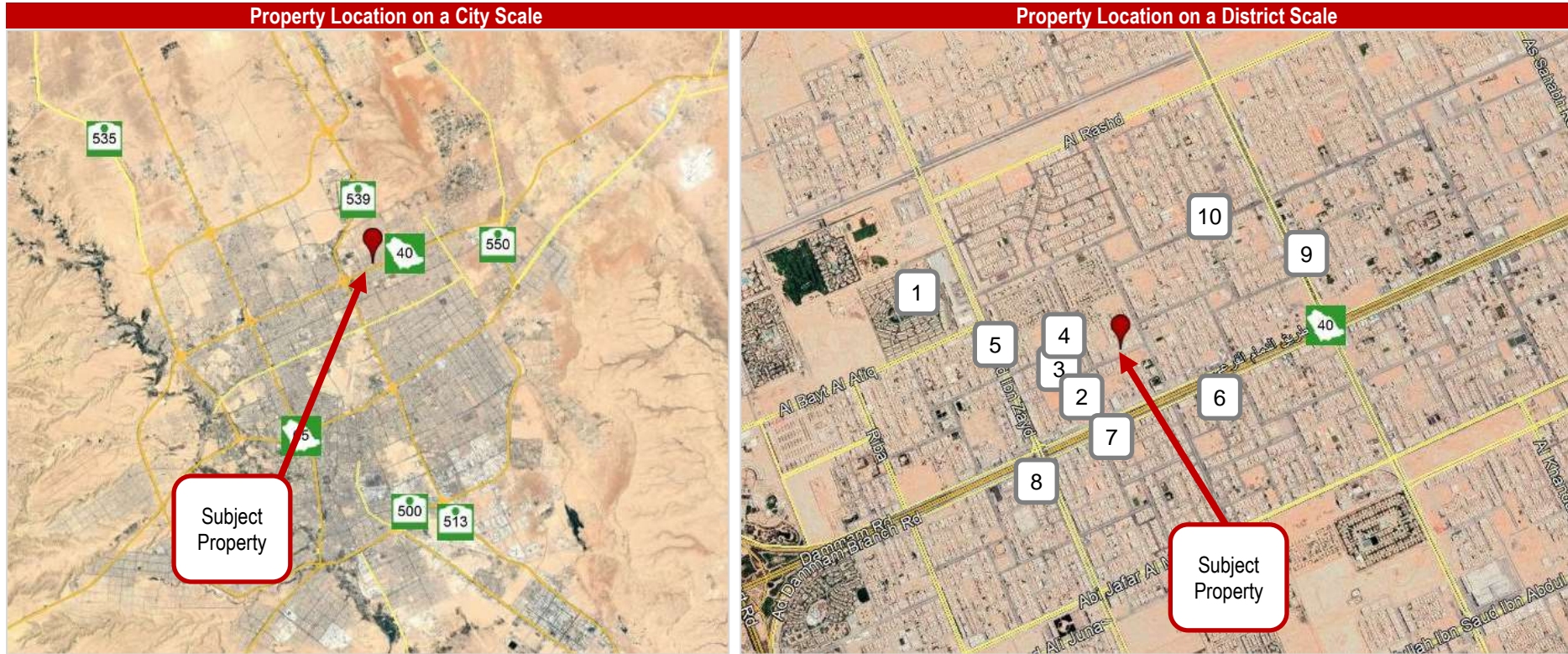
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



### 1.192 LOCATION

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



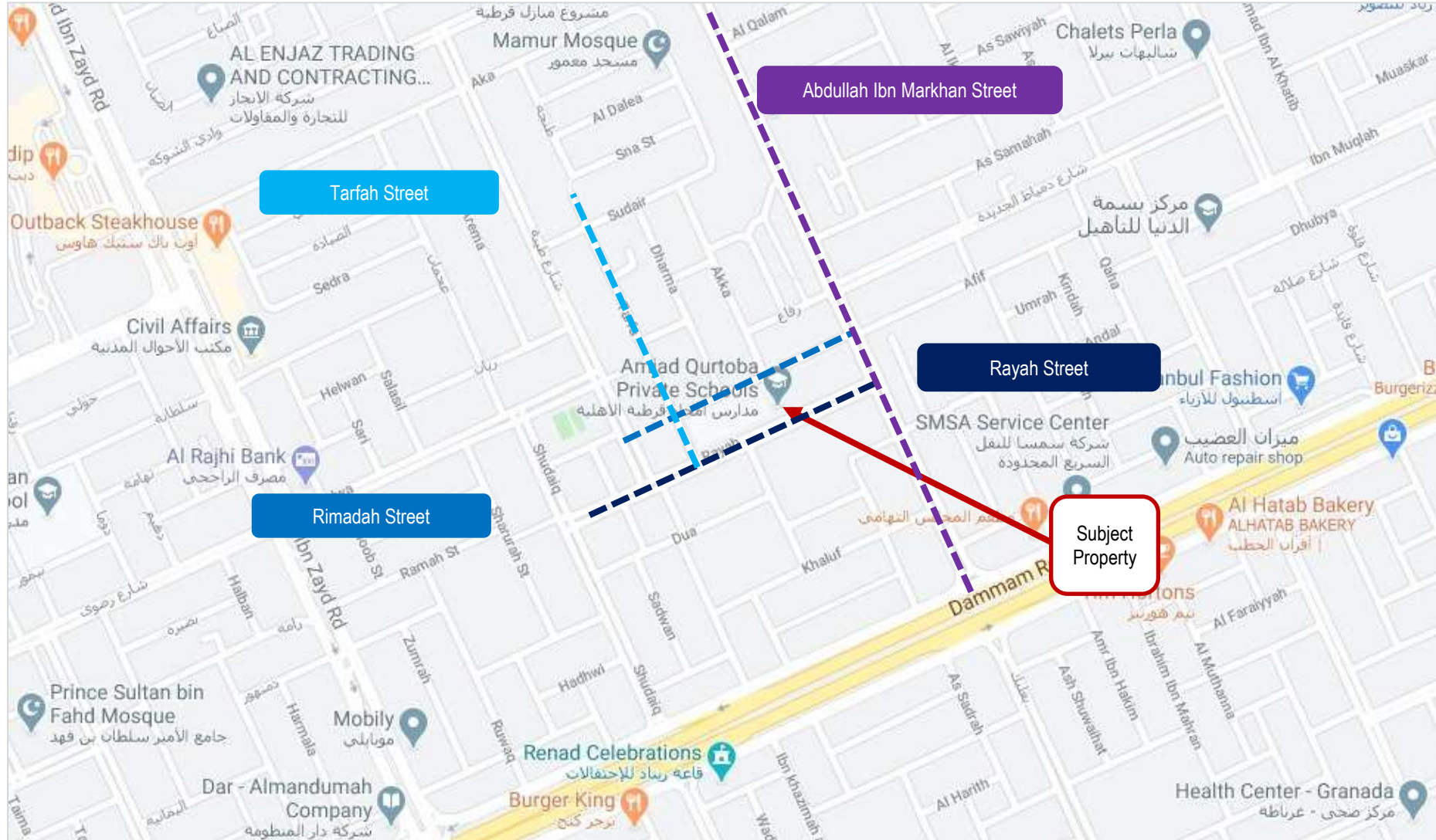
#### Surrounding Landmarks

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1- Al Nakhla Residential Compound (1.3 Kilometres)</li> <li>2- Thalia Furnished Units (0.2 Kilometres)</li> <li>3- Mosque (0.25 Kilometres)</li> <li>4- Park (0.3 Kilometres)</li> <li>5- Civil Affairs (0.8 Kilometres)</li> </ul> | <ul style="list-style-type: none"> <li>6- Sanabel Al Salam (0.8 Kilometres)</li> <li>7- Renad Celebrations (0.8 Kilometres)</li> <li>8- Al Othaim Supermarket (0.9 Kilometres)</li> <li>9- Al Inma ATM (1.3 Kilometres)</li> <li>10- Al Jazira ATM (1 Kilometres)</li> </ul> |
|--|--|



### 1.193 PROPERTY ACCESS

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





### 1.194 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>	14,300
<b>District</b>	Qurtuba	<b>Plot No.</b>	N/A
<b>T.D Type</b>	Electronic	<b>Block No.</b>	641
<b>T.D Number</b>	710117042505	<b>Layout No.</b>	1822
<b>T.D Date</b>	03/04/1440	<b>Owner</b>	Saudi Economic and Development Company
<b>T.D Value</b>	101,500,000 SAR	<b>Ownership Type</b>	Freehold
<b>Date of Last Transaction Issued From</b>	03/04/1440 Riyadh Notary	<b>Limitation of Document</b>	N/A
<b>North Side</b>	Rimadah Street	<b>East Side</b>	Abdullah Ibn Markhan Street
<b>South Side</b>	Rayah Street	<b>West Side</b>	Tarfah Street

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

### 1.195 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 school composed of basement, ground floor, first floor, second floor, electricity room and upper annexes. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

### Subject Property

<b>Construction Permit Type</b>	School Building Permit
<b>Property Type</b>	Modification
<b>Construction Permit No.</b>	1432/11017
<b>Construction Permit Date</b>	15/06/1432
<b>Permit Expiry Date</b>	15/06/1435

Description	No. of Units	Area (Sqm)	Use
Basement	0	10,864	Parking
Ground Floor	6	6,881	Classrooms
First Floor	6	7,625	Classrooms
Second Floor	6	6,974	Classrooms
Electricity Room	0	20	Electricity Room
Annexes	3	1,867	Classrooms
Fences	6	606	Fences
<b>Total BUA (Sqm)</b>		<b>34,231</b>	

### 1.196 INSURANCE

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

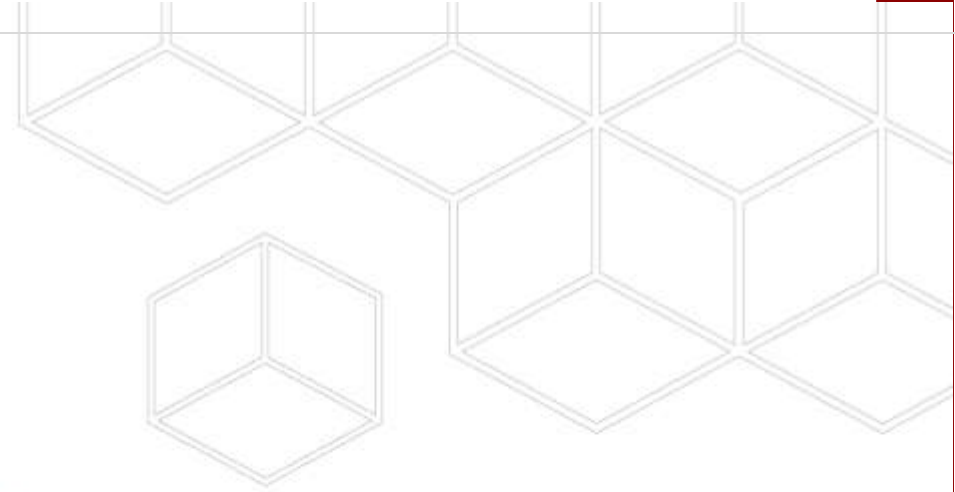


### 1.197 PHOTO RECORD



# MARKET INDICATORS

---





### 1.198 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1 (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	3.58%
Interest Rates (Source: Trading Economics)	2.75%	3%	3.57%
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,068 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.86% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

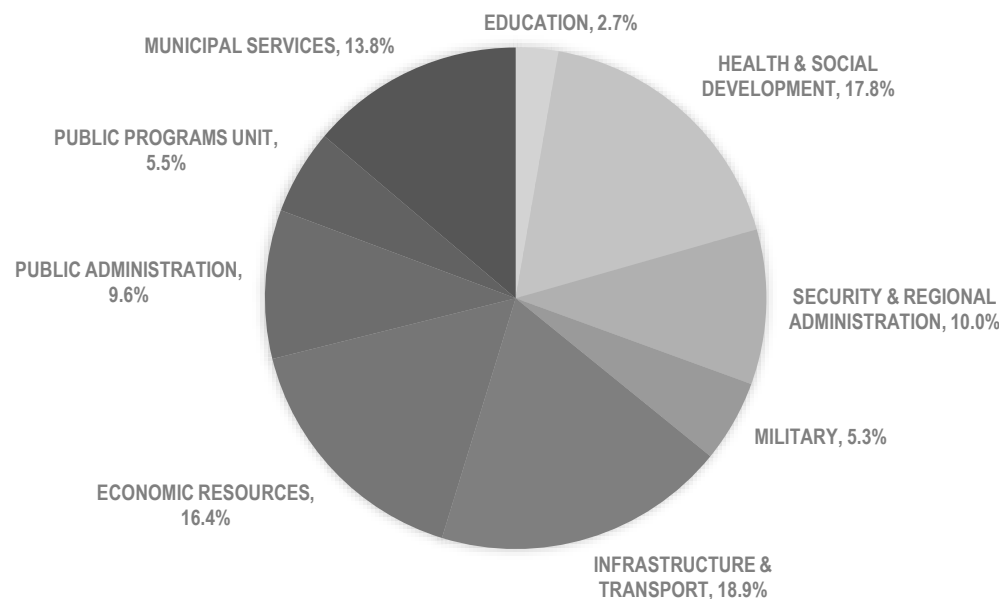
### 1.199 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn

Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn

Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy







**1.200 SWOT ANALYSIS**

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>- The school is open of 4 sides with a direct view on 4 unnamed streets</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>- None</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- The property is mostly surrounded by several residential buildings which increase the demand on the property type</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Existing or potential similar projects</li> </ul>

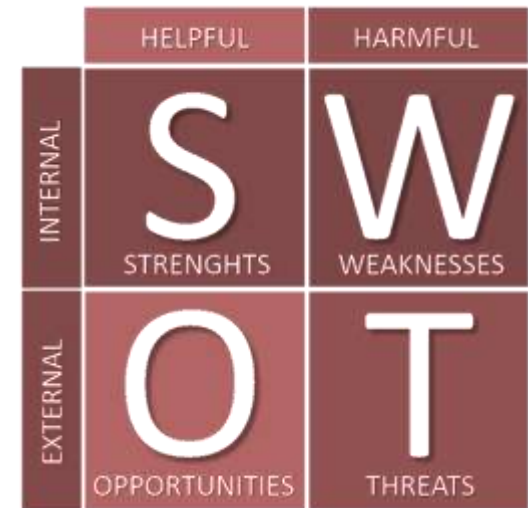
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

**1.201 SECTOR BRIEF**

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021



Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

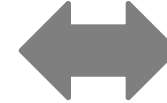


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



**1.202 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>6</b>	<b>3</b>	<b>0</b>	<b>0</b>

**Risk Category 9 Risk Points – Minimal Risk**

**Land Analysis**

Risk Category- 9 Risk Points – Minimal Risk

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

**Medium Risk Category 6 Risk Points - Minimal Risk**

**Property Analysis**

Risk Category- 6 Risk Points – Minimal Risk

# PROPERTY VALUATION

---





### 1.203 DOCUMENTS RECIEVED

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

Title Deed Copy ✓	Construction Permit ✓	Krooki
Leasing Contract	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

### 1.204 GENERAL ASSUMPTIONS

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

### 1.205 LEGAL NOTICES

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



**1.206 INFORMATION SOURCE**

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

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

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

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

**1.208 INPUT VALUATION PROCESS**

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

**1.209 VALUATION APPROACH**

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

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



## COMPARABLE METHOD

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

## DEPRECIATED REPLACEMENT COST (DRC)

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

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

## CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



## 1.210 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	Transaction
District	Qurtuba	Qurtuba	Qurtuba
Sale Price	-----	SAR 13,500,000	SAR 7,000,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	14,300.00	4,542.00	2,500.00
SAR / Sqm	-----	SAR 2,972	SAR 2,800
Sides Open	4	1	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	14,300.00	4,542.00	-10.00%	2,500.00	-10.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	25	25	0.00%	20	0.00%
Sides Open	4	1	10.00%	1	10.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	No	No	0.00%	No	0.00%
Negotiable	-----	Yes	-5.00%	No	0.00%
Other Factor	-----	-----	0.00%	-----	0.00%
<b>Total Adjustments Ratio</b>			<b>-5.00%</b>		<b>0.00%</b>
<b>Total Adjustment Amount</b>			<b>-SAR 148.6</b>		<b>SAR 0.0</b>
<b>Net After Adjustment</b>			<b>SAR 2,823.6</b>		<b>SAR 2,800.0</b>
<b>SAR / Sqm</b>			<b>SAR 2,812</b>		
<b>Rounded Value</b>			<b>SAR 2,800</b>		



SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%	
Land Area	14,300	14,300	14,300	14,300	14,300	
SAR / Sqm	SAR 2,520.0	SAR 2,660.0	SAR 2,800.0	SAR 2,940.0	SAR 3,080.0	
Property Value	SAR 36,036,000	SAR 38,038,000	SAR 40,040,000	SAR 42,042,000	SAR 44,044,000	
	<b>PROPERTY VALUE</b>					





Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 2,500 - 3,000 SAR / Sqm with an average of 2,750 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.

### 1.211 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>	700	900	SAR 800
<b>MEP</b>	200	300	SAR 250
<b>Finishing Materials</b>	750	950	SAR 800
<b>Site Improvements</b>	150	190	170
<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			
Title Deed	Land Area	SAR / Sqm	Total Value
710117042505	14,300.00	SAR 2,800	SAR 40,040,000

Building		
<b>Total BUA</b>	Unit	Total BUA
	Sqm	34,231.00
<b>Total (SQM)</b>	<b>34,231.00</b>	

HARD COSTS ESTIMATES					
Ground Floor + First Floor + Typical Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	34,231.00	SAR 800	SAR 27,384,800	100%	SAR 27,384,800
Electro Mechanic	34,231.00	SAR 250	SAR 8,557,750	100%	SAR 8,557,750
Finishing	34,231.00	SAR 800	SAR 27,384,800	100%	SAR 27,384,800
Fit outs & Appliances	34,231.00	SAR 0	SAR 0	100%	SAR 0
Furniture	34,231.00	SAR 0	SAR 0	100%	SAR 0
<b>Total</b>			<b>SAR 63,327,350</b>	<b>100.00%</b>	<b>SAR 63,327,350</b>



General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	14,300.00	SAR 120	SAR 1,716,000	100%	SAR 1,716,000
External Landscape	8,416.00	SAR 50	SAR 420,800	100%	SAR 420,800
Fences	387.00	SAR 100	SAR 38,700	100%	SAR 38,700
Site Improvements	8,416.00	SAR 50	SAR 420,800	100%	SAR 420,800
<b>Total</b>			<b>SAR 2,596,300</b>	<b>100.00%</b>	<b>SAR 2,596,300</b>
	Actual Completion %			Total BUA	<b>34,231.00</b>
G+M + Upper Floor	100.00%			Total Hard Cost	<b>SAR 65,923,650</b>
General Site Dev.	100.00%			Average SAR / Sqm	<b>SAR 1,926</b>
				Overall Completion	<b>100.00%</b>

SOFT COSTS ESTIMATES				
	Total Hard Cost	Ratio	Soft Cost	
Design	SAR 65,923,650	1.00%	SAR 659,236.50	
Eng Consultant	SAR 65,923,650	1.00%	SAR 659,236.50	
Management	SAR 65,923,650	2.50%	SAR 1,648,091.25	
Contingency	SAR 65,923,650	2.50%	SAR 1,648,091.25	
Others	SAR 65,923,650	2.50%	SAR 1,648,091.25	
<b>TOTAL</b>			<b>SAR 6,262,746.75</b>	

After knowing the total construction costs at a rate of 1,926 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			
Hard Cost	SAR 65,923,650	Economic Age	30
Soft Cost	SAR 6,262,747	Annual Dep Rate	3.33%
<b>Total Dev Cost</b>	<b>SAR 72,186,397</b>		
Net Dep Rate	26.67%	Actual Age	8
Dev Cost After Depreciation	<b>SAR 52,936,691</b>	Total Dep Rate	26.67%
		Add Appr Rate	0.00%
		Net Dep Rate	<b>26.67%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @	20.0%		
Dev. Profit Amount	SAR 10,587,338		
<b>Development Value</b>	<b>SAR 63,524,029</b>		

The total value of the building is 63,524,029 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 63,524,029	SAR 40,040,000	SAR 103,564,029	SAR 103,600,000



## 1.212 INCOME APPROACH- LEASING CONTRACT

The client has provided us with a rent contract related to the leasing contract of the subject property. The contract is an agreement between the First Party (Al Inma Investment) and the Second Party (Amjad Qurtuba for Education). The contract involves the Second Party renting the subject property for 15 years, from 01/02/2017 to 01/02/2032. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	7,194,380
2	7,554,098
3	7,931,803
4	8,328,394
5- 2021	8,328,394
6	8,328,394
7	8,328,394
8	8,328,394
9	8,923,279
10	8,923,279
11	8,923,279
12	8,923,279
13	8,923,279
14	9,560,656
15	9,560,656
<b>TOTAL</b>	<b>128,059,955 SAR</b>

### 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%, which will be applied subsequently to the net operating income of the property.

<b>Minimum capitalization rate</b>		7.00%
<b>Maximum capitalization rate</b>		8.00%
<b>Average</b>		7.50%
<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	0.00%	The actual age of the property is 7 years
The general location of the property	0.00%	The area is served good
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>-0.50%</b>	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
<b>Total adjustments on capitalization rate</b>	-0.50%	
<b>Capitalization rate, according to market averages</b>	7.50%	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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 one tenant			SAR 8,328,394
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
					<b>Total Revenues SAR 8,328,394</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 8,328,394	0.00%	SAR 8,328,394		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
		<b>Total</b>	<b>SAR 8,328,394</b>		
<b>Total Property Revenues</b>			SAR 8,328,394		
<b>Total Property Expenses</b>			SAR 0		
<b>Net Operating Income</b>			<b>SAR 8,328,394.00</b>		
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 8,328,394.00	7.00%	118,977,057.14 SAR	<b>119,000,000.00 SAR</b>		

The subject property is an educational facility which is considered as a special property where we cannot apply the income approach based on the market rates, we will rely on the income approach based on the leasing contract.

### 1.213 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Contract</b>	Property	SAR 119,000,000	One Hundred Nineteen Million Saudi Riyals
<b>DRC Approach</b>	Land + Building	SAR 103,600,000	One Hundred Three Million and Six Hundred Thousand Saudi Riyals



### 1.214 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: 119,000,000 SAR**  
**One Hundred Nineteen Million Saudi Riyals**

### 1.215 REPORT USE

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

### 1.216 DISCLAIMER

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

### 1.217 CONCLUSION

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



---

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

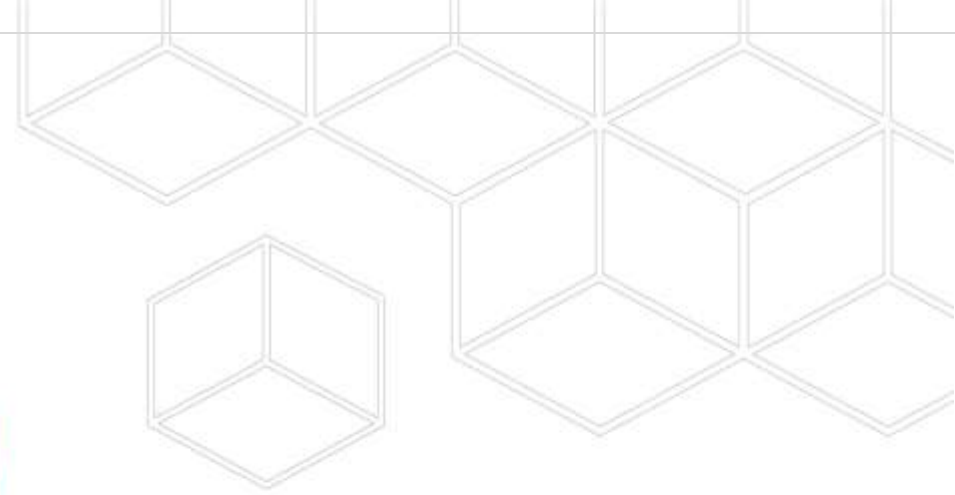
A handwritten signature in blue ink, appearing to read 'Essam Hussaini', written over a horizontal line.

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



# GENERAL NOTES

---







### 1.218 CONSULTANT STATUS

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

### 1.219 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Sedco Capital	June 2021	-----
✓	-----	-----	-----
✓	-----	-----	-----

### 1.220 CONFIDENTIALITY

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

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



### 1.221 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.