



Private & Confidential

Valuation Report

TARBIYAH ISLAMIYAH SCHOOL, RIYADH, KSA

SAUDI FRANSI CAPITAL

REPORT ISSUED 06 JULY 2020

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APPENDIX 1 - PHOTOGRAPHS



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital

Muhammad Raza Rawjani, CFA

Vice President

Product Development | Asset Management Division

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1.2 THE PURPOSE OF VALUATION

The valuation is for Public Listing Offering (REIT) for the Saudi Market purpose and the end of year update.

1.3 INTEREST TO BE VALUED

Tarbiyah Al Islamiyah (TIS) School, Riyadh KSA

Title Deed No.	Title Deed Date:	Property	Location	Interest
310 117 026 614	20 / 8 / 1435	School	Riyadh, KSA	*Freehold

Source: Client 2020

Freehold reflecting 27-year lease agreement with an unexpired 24-year term. The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

The subject consists of Al Tarbyah Al Islamiyah (TIS) school which is one of the oldest and most prestigious school in Riyadh established in 1964 by HRH Princess Sara Faisal Abdul Aziz Al Saud upon the instruction of her father HRH King Faisal bin Abdulaziz Al Saud. The ownership of the school was later acquired by his Excellency Late Dr. Mohammed Ahmed Rasheed, former Minister of Education.

The school is recognized as one of the pioneering private educational establishments in the kingdom for adapting advanced technological and educational programs to enhance the academic process.

The school continues to be one of the best and most sought-after providers of education services in Riyadh with a current student strength of 2,600 students and an Alumni network of over 3,400 students.

The school's education department has five divisions: Kindergarten for both boys and girls (KG 1 – KG 3); elementary school (Grade 1 – Grade 6); intermediate school (Grades 7 – 9); secondary girls only (Grades 10 –12), and the American Diploma Program (ADP) (Grades 4 – 12).



The school configuration in terms of building and facilities is broken down as follows:

Section/School	Floor	Land (sq. m)	Build Area (sq. m)
Administration	2	913	1,826
Auditorium	1	1,500	1,500
Mosque	1	135	135
Gymnasium	1	957	957
Cafeteria / Multipurpose Hall	1	957	957
Middle & High School	3	5,579	8,388
Elementary	3	5,666	6,669
KG	1	1,900	2,125
Boys Section	3	2,296	3,243
Special Education Center	2	724	1,120
Total		20,627	26,920
Open Area		22,107	-
Playgrounds		1,775	-
School Building		1,158	-
Total Land Area (Sq. m)		45,667	-

Source: Client 2020

1.4 VALUATION APPROACH

Primary method - Discounted Cash Flow (DCF) approach to valuation with a sanity check on comparative land approach reflecting improvement to the subject land.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuation has been assessed of 30 June 2020.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.

1.6 SUMMARY OF VALUE

Details	
Leasehold Interest	Unexpired 24 years
Gross Income	21,000,000 (increased every 3 years)
Discount Rate	7.5%
Less Tax	2.5%
Total (SAR) [Rounded]	277,400,000

The executive summary and valuation should not be considered other than as part of the entire report.



1.7 SALIENT POINTS (GENERAL COMMENTS)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe.

Market activity is being impacted in many sectors. Despite short term challenges whereby force majeure (as a result of the pandemic cause beyond anyone’s reasonable control) has created inactivity in the real estate market with the market currently at a standstill. Although we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward trajectory showing growth in the last quarter of 2019 after a period of subdued market conditions.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom and through the creation of the Giga projects and now a stimulus package of SAR 120 billion, we understand the market will bounce back with investors and buyers having a strong appetite. We understand the current uncertainty and market stagnation will not allow a fairly resilient market to stop where it left off prior to the pandemic. In short, we suspect the pandemic effect to be a short-term shock and expect a rapid recovery and a surge in business activity to bounce back allowing markets to start flourishing towards a growth cycle.

Accordingly, to inform opinions of value, we have kept to the previous figures published in our valuation exercise in (December 2019) for the same property referred in this report.

Our valuation(s) are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property(s) under frequent review.

We confirm that on-site measurement exercise was not conducted by ValuStrat International, and we have relied on the site areas specified by the Client. In the event that the areas of land and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client’s legal representatives.



ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject site.

It is assumed that the subject land is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect then the figures presented in this report may also need revision and should be referred back to the valuer.

Note property values are subject to fluctuation over time as market conditions may change.

This executive summary and valuation should not be considered other than as part of the entire report.



2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation service.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Saudi Fransi Capital ('the client') of providing valuation services for the subject land mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Title Deed No.	Title Deed Date	Property	Location	Interest
310 117 026 614	20 / 8 / 1435	School	Riyadh, KSA	*Freehold

Source: Client 2020

Freehold reflecting 27-year lease agreement with an unexpired 24-year term. The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

2.3 PURPOSE OF VALUATION

The valuation is for Public Listing Offering (REIT) for the Saudi Market Purpose and the semi-annual update.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) in conformity with International Valuation Standards Council (IVSCs') and International Valuations Standards (effective 31 January 2020).

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.

2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above



mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **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" 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" 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 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 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" is one between parties who do not have a particular or special relationship, e.g. 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” 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*;

‘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 favourable 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’ 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.

It should be further noted that the subject property is best described as a trade related property that is a property that is trading and is commonly sold in the market as an operating asset with trading potential, and for which ownership of such a property normally passes with the sale of the business as an operational entity.



2.5.2 VALUER(S):

The Valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member), having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that neither Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken back in December 2019.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	25 June 2020	30 June 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property.

Our internal inspection was limited to common areas of the property including the ground floor areas, mezzanine floor area, other commercial areas, and a representative sample of areas.

For the purpose of our report we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report.

Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



That no contaminative or potentially contaminative use has ever been carried out on the site; we assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoing, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors;

This subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent;

That, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, Bye-Laws, Health and Safety at work);

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

We would recommend that the client makes their own enquiries in this regard, and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

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 authorised.



2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DETAILS & LOCATION OF PROPERTY

The subject property is an established school built approximately 20-25 years ago located in the Rahmania area, although under the Umm Al Hamman district in the central area of Riyadh.

The subject school is located within a prime and upscale (high income) locality at the intersection of Takhassusi Road and Al Urubah Road with a 242 metre commercial front onto Takhassusi Road. Refer to photographs at appendix 1.

This subject school is in close proximity to Nakheel, Muhamediyah, and Hittin districts which are considered among the sought-after areas in Riyadh. The land is easily accessible from 4 major roads (Takhassusi Road, Al Urubah Road, King Abdullah Road and Ameer Turki Road).

- Takhassusi Road: Signal free access to Thumamah
- Al Urubah Road: Connectivity from East to West
- King Abdullah Road: Connectivity from East to West
- TurkiAwwal Road: Connectivity from South to North

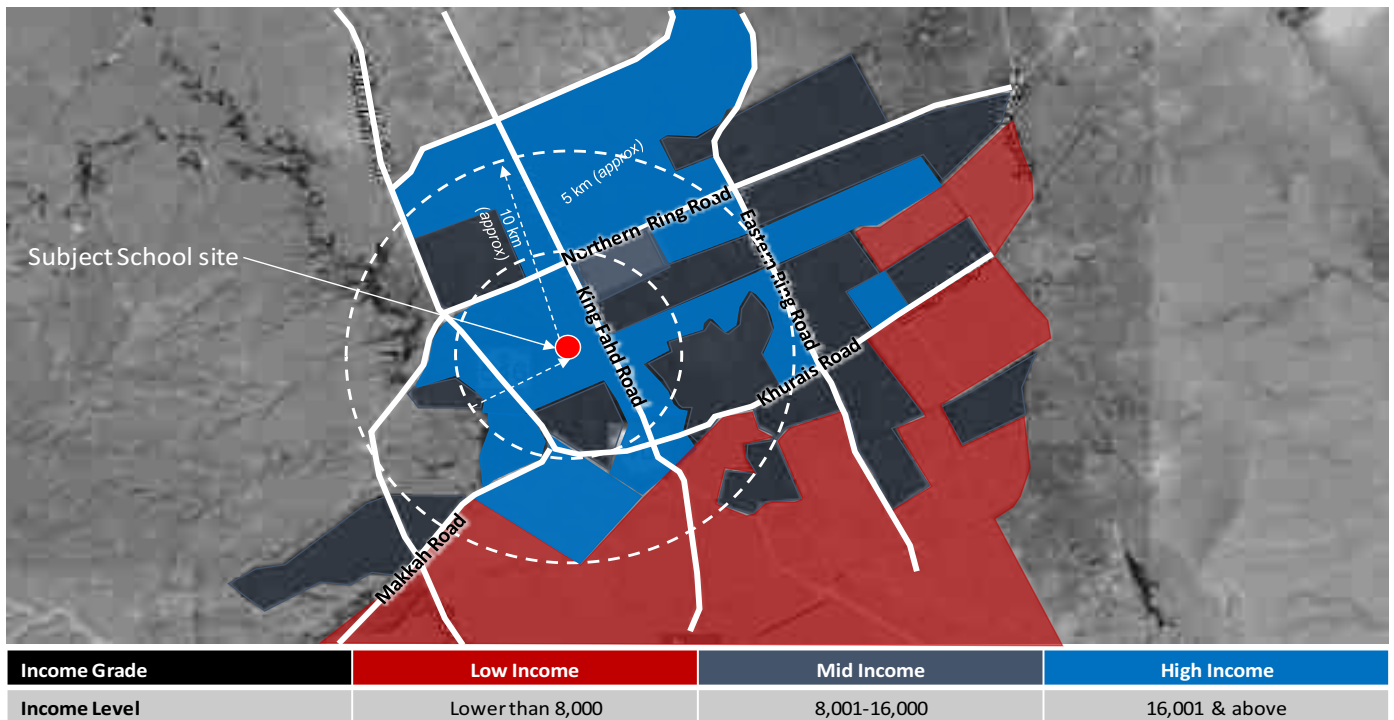
The subject property fronts with high visibility on Takhassusi Road and the land extends to total approximate area of 45,667 sq. m. For ease of reference refer to the illustration below of the locality.



Source: Google 2020; For illustration purposes only

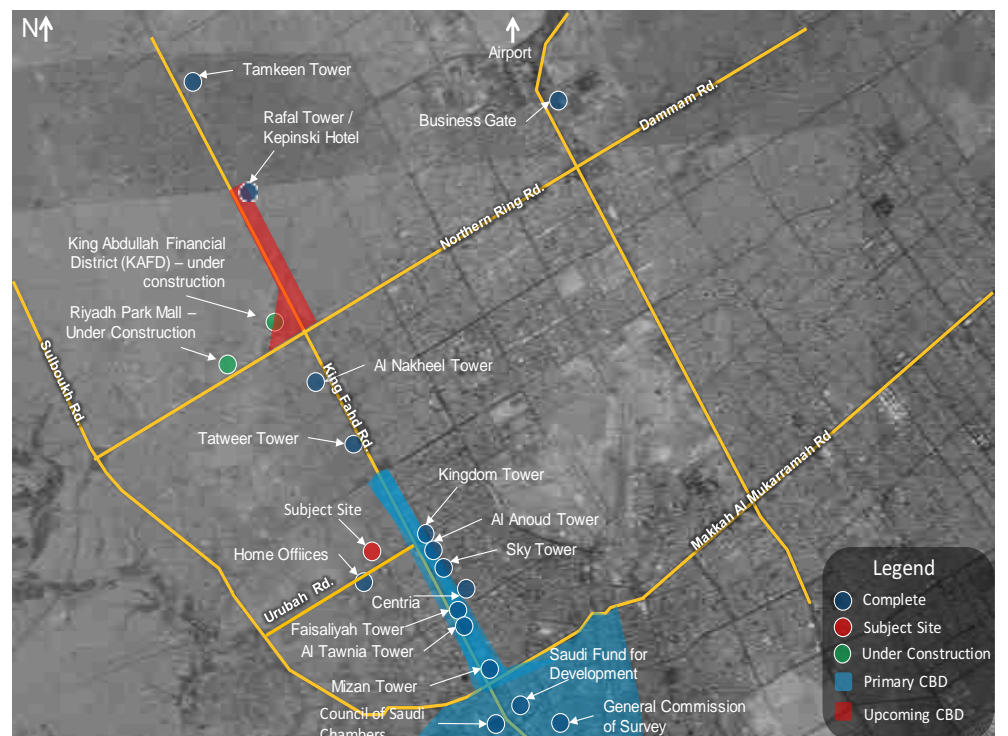
The illustration referenced below provides a breakdown of Riyadh's Income Grade level by the identification of areas within the City. There is divide between north, central and the south of the city in relation to the income grade level. The subject

school is situated within a high-income area and the target audience will reflect the type and quality of service offered.



Source: Google 2020; For illustration purposes only

We have also referenced an illustration below indicating how the subject area and land is situated in relation to the current CBD, landmark buildings and the upcoming CBD along with the new King Abdullah Financial District.



Source: Google 2020; For illustration purposes only



2.9.2 SCHOOL BUILDING BRIEF DESCRIPTION

The subject school site is an established KG, elementary, middle and high school for both girls and boys. The subject school site forms many cluster of buildings designed as a purpose-built school which is a fully integrated and a segregated school for both girls and boys.

The buildings are a mix of single, double and 3 storey buildings of reinforced concrete frame with block infill. At the time of inspection, the subject school was in good condition considering age, type and location. The subject school accommodates currently 2,600 students but has additional capacity for further student due to possible additional extension works, etc. A closer look at the site below clearly showing the site is dominated by the girl's section. The school caters for around 1,800 girls currently and the remainder are boys.



Source: Google 2020; For illustration purposes only

Some features which we have been informed by the client as follows:

School Infrastructure and facilities

Auditorium - The school has purpose built, state of the art auditorium with a seating capacity of over 1,000 students.

Healthcare - The school has two doctors on staff full-time with fully-equipped health rooms to provide first aid for injuries and to maintain students' well-being.

Computer Labs - There school is equipped with five computer labs to support students with their learning.

Laboratories - There school has 5 science laboratories for students.

Library and Media Centre - The school houses five libraries and media centers.

Sports and Physical Exercise - The school has several outdoor and indoor facilities for sports which includes 3 football pitches and indoor gymnasiums for PE, basketball, volleyball and other indoor sports.

2.9.3 LAND AND BUILT UP AREA (BUA) SQ. M BREAKDOWN

Section/School	Floor	Land (sq. m)	Build Area (sq. m)
Administration	2	913	1,826
Auditorium	1	1,500	1,500
Mosque	1	135	135
Gymnasium	1	957	957
Cafeteria / Multipurpose Hall	1	957	957
Middle & High School	3	5,579	8,388
Elementary	3	5,666	6,669
KG	1	1,900	2,125
Boys Section	3	2,296	3,243
Special Education Center	2	724	1,120
Total		20,627	26,920
Open Area		22,107	-
Playgrounds		1,775	-
School Building		1,158	-
Total Land Area (Sq. m)		45,667	-

Source: Client 2020

Snapshot of the subject property referred below, although refer to further photographs at appendix 1.



2.9.4 RIYADH'S METRO SYSTEM



The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2021, which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will be help in many ways for day to day life activities such as traffic control, school journeys, shopping journey and business commuting, etc.

The city metro project is one of the world's largest infrastructure projects currently under-construction.

The city metro, which is designed as a world-class transportation system includes 756 metro cars, 85 stations, six metro lines and 176-km network line.

KING ABDULLAH FINANCIAL DISTRICT STATION



The below-mentioned table lists the six metro lines along their estimated length.

Riyadh City Metro System Lines

Line	Length (Km)
Line 1 – Blue	38.0
Line 2 – Green	25.3
Line 3 – Red	40.7
Line 4 – Orange	29.6
Line 5 – Yellow	12.9
Line 6 - Purple	29.90

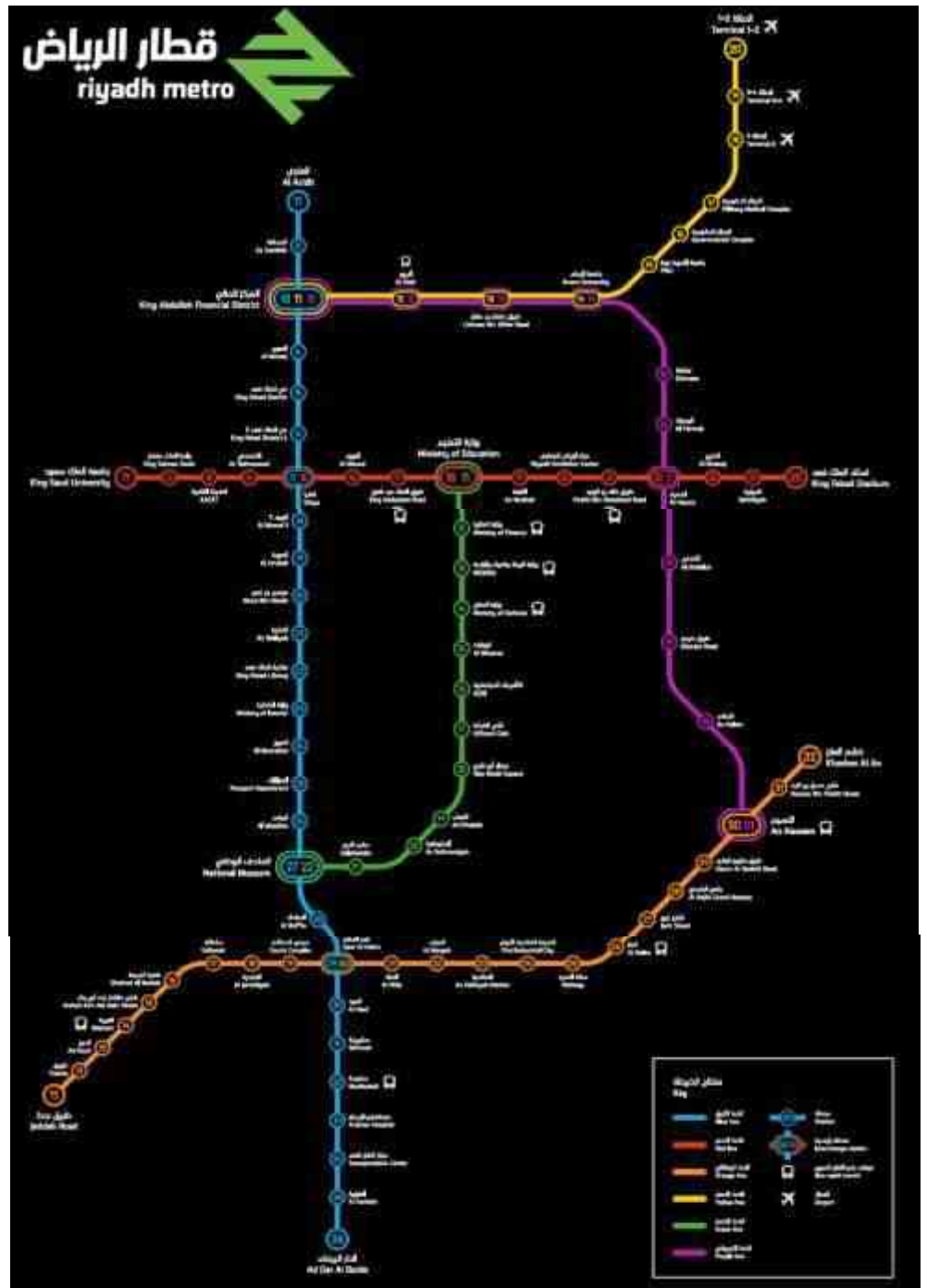
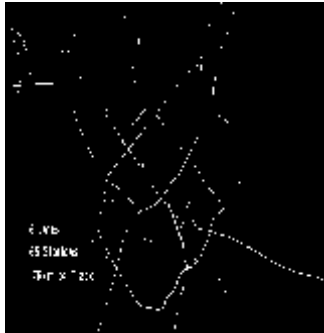
The Riyadh metro will span over 178km including underground, elevated and at-grade sections. The three major metro stations (intersection of the lines) KAFD, Olaya and downtown will be designed by world renowned architectural firms to include Gerber Architekten, Snohetta and Zaha Hadid.

Three leading consortia, including the US Construction company Bechtel Group Inc., Spain's FCC and Italy's Ansaldo STS have been awarded contracts to build the project.

The below-mentioned indicators and map out the metro system lines.



RIYADH METRO LINES



Source: Research, 2020

We understand, the subject property and area will be connected via a Riyadh Metro (via line 2 – King Abdullah Road Line) and the nearest station will be about 1,500 - 1,800 meters away from the subject property.



THE METRO CENTRAL SYSTEM



The construction of the metro system has led to a number of road closures that has affected traffic in various parts of the city, especially the Olaya major thoroughfare. The public transport project will also comprise an integrated bus system to include 3,853 bus stops, 24 bus routes, 1,150 km network and 956 buses that will ease traffic congestion considerably and reduce pollution by cutting the number of vehicles on the road.

In terms of public transport, the upcoming Riyadh Metro will greatly improve access to the central business district, as it will not only run from east to west on King Abdullah Road, but also run north to south on King Fahad Road.

The subject property will also be accessible via bus routes under the Riyadh City Metro system. Riyadh City Metro, along with a substantive network of bus routes, is a public transport network which aims to ease the city's traffic congestion. The project is divided into two phases:

- Phase 1 is approximately 25 km and will operate between Olaya Road and Batha Road, connecting North Ring Road to South Ring Road;
- Phase 2 is expected to connect Sheikh Jaber Al Ahmed Al Sabah Road to West Ring Road through King Abdullah Road.

The commencement date for the project is in early 2014, with completion date of the project projected to complete in 2021. The proximity to the bus station of the subject property will be beneficial to future visitors, consumers, etc.

2.10 ENVIRONMENT 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 use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site, and have therefore assumed that none exists.

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



Details	
Land Area	ValuStrat has been advised land plot area referred is approximately 45,667 sq. m. The boundaries appear to be reasonably well defined. For ease of reference, refer to the illustration referred above at section 2.9.1.
Topography	Generally, appears to be level and regular in shape
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood liable. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Flood defences reduce but do not completely remove the risk of flooding and can fail in extreme weather conditions.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particularly onerous or adverse conditions which would affect our valuation.

We are not aware of any potential development or change of use of the property or We have attached both the building permit and title deed confirming that the subject land is zoned for school (educational) purposes. For the purpose this valuation, we have assumed zoning to be correct and accurate and should this not be the case, we reserve the right to amend our valuation and report.

We have also assumed that the subject property will include adequate parking provision in line with the applicable planning regulations.

2.10.2 SERVICES

The properties referred within this report have been assumed are connected to mains electricity, water, drainage, and other municipality services. Should this not be the case, we reserve the right to amend our valuation and report.

For the purpose of this valuation exercise, we assume fire safety is in place and that a valid civil defence certificate is available.



2.11 TENURE/TITLE

Unless otherwise stated we have assumed freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

We have made aware that the freehold will be reflected by a lease with following salient details:

First party	Legally heirs of Dr. Mohamed Bin Ahmed Al Rasheed:
	Sons: Ahmed, Osama, Rasheed, Faisal, Eyad
	Daughters: Areej, Maha
	Wife: Salwa bint Abdulmohsen Al-Tiwajri
	All represented by legal legit Mr. Ahmed Bin Mohamed Bin Ahmed Al Rasheed
Second party	Islamic Education Schools Company Ltd.
	Registration No [1010226612]
	Represented by Rasheed Bin Mohamed Al-Rasheed – General manager
Date of signature	1/1/2017 Eq. to 03/4/1438 Hijri
Property details	Existing building with the following details:
	Land Area: 45666.940 sq. m
	District: Um Al-Hammam
	Title deed No: 310117026614 dated on 20/8/1438
	Plot No: 1324/ب
Purpose for Rent	Commercial education investment for public schools for boys, girls and for all education levels.
Contract Duration	26 Years and Eight Months starting from 1/1/2017 to 31/8/2043.
Rent Value	As per below payment schedule

Rent payment schedule is as follows:

Year		Payment
2017	-	18,000,000
2018	-	21,000,000
2019	-	21,000,000
2020		21,000,000
2021		22,050,000
2022		22,050,000
2023		22,050,000



2024		23,152,500
2025		23,152,500
2026		23,152,500
2027		24,310,125
2028		24,310,125
2029		24,310,125
2030		25,525,631
2031		25,525,631
2032		25,525,631
2033		26,801,913
2034		26,801,913
2035		26,801,913
2036		28,142,008
2037		28,142,008
2038		28,142,008
2039		29,549,109
2040		29,549,109
2041		29,549,109
2042		29,549,109
2043		29,549,109

For the sake of this valuation exercise we rounded the figure and used 24 years' unexpired lease term.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that solicitors investigate both the titles in order to ensure everything is correct.

All aspects of tenure/title should be checked by the client's legal representatives prior to any form of transaction and insofar as any assumption made within the body of this report to be incorrect then the matter should be referred back to the valuer to ensure the valuation is not adversely affected. Reference has been made to a copy of the title deed at the attached appendices section.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique as the primary method of valuation. Thereafter, we have shown an alternative assessment as a market sense check below on a land plus cost basis.

The DCF approach involves the discounting of the net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject property the existing



cash flow terminates upon expiry of the ground lease (approximately 24 years are unexpired as at the date of valuation). The cash flow is discounted at an appropriate rate to reflect risk in order to determine Market Value. The projected income stream reflects the anticipated rental growth inherent in a property investment based upon the physical, tenancy or market characteristics related to that property. In addition to projected operating costs and allowances, future capital expenditure can also be reflected in the cash flow.

Cash inflows comprise income from the property adjusted to reflect actual and assumed lease conditions and rental growth, whilst cash outflows comprise operating costs adjusted to reflect anticipated inflation. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream after deductions for the associated operating expenses and ground lease payments of the property as provided by the Client. The subject property is held by leasehold tenure. The ground lease explicitly states that, upon expiry, ownership of the mall reverts to the land owner. As such, we have adopted a terminal value of zero in our valuation calculations.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.1 MARKET RENTAL ANALYSIS

Although we are subject to uncertain and volatile times it appears our analysis remains unchanged since the last exercise in December 2019. We have analysed the tenancy schedule and the rents for the subject school. Accordingly, we have benchmarked these against with market rentals achieved in other comparable similar style of property. The analysis of current passing rental shows a wide rental range; however; it appears the passing rents are generally in line with current market conditions.

The market rental range is between SAR 650 – SAR 900 per sq. m for this size, type and location of property. The subject passing rent is SAR 21,000,000 equating to around SAR 780 per sq. m which is line with market benchmarks.

2.12.2 ASSUMPTIONS & VALUATION ANALYSIS COMMENTARY

The subject school has been assessed reflected an unexpired 24-year lease contract subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical properties in Riyadh, KSA taking cognisance of the surrounding area, location and type of property.

This was done in an attempt to forecast our interpretation of performance of the school over the 24-year explicit cash flow period. In this instance, we have adopted the following analysis:



2.12.3 DISCOUNT RATE & COMMENTARY

Discount Rate	7.5%
Finance Cost	Excluded from our Calculations

Finance Cost & Debt - If debt is unavailable, then both the liquidity and value of the property would be affected. Growth Rates - We have relied on the lease contract with the following agreed rental schedule:

Year		Payment
2017	-	18,000,000
2018	-	21,000,000
2019	-	21,000,000
2020		21,000,000
2021		22,050,000
2022		22,050,000
2023		22,050,000
2024		23,152,500
2025		23,152,500
2026		23,152,500
2027		24,310,125
2028		24,310,125
2029		24,310,125
2030		25,525,631
2031		25,525,631
2032		25,525,631
2033		26,801,913
2034		26,801,913
2035		26,801,913
2036		28,142,008
2037		28,142,008
2038		28,142,008
2039		29,549,109
2040		29,549,109
2041		29,549,109
2042		29,549,109
2043		29,549,109

Should this not be correct or accurate, we reserve the right to amend our valuation and report.



Discount Rate

Research conducted collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated. This risk takes into account the extent of the property type, location, economic conditions and investor sentiment. Generally, the discount rate reflects the opportunity cost of capital and the return required to mitigate the risk associated with a particular investment type. Although benchmark data is preferable, the availability of this evidence is scarce. As a result, the prudent approach is to look at capitalisation rate evidence and make adjustments for inflation.

In addition, when reviewing the Discount Rate, it is important to consider Market risk and Property Specific risk. Market Risk comes in the form of potential competition from existing as well as future supply and also considers the state of the property market. Property Specific Risk reflects the liquidity of the market for large assets as well as the additional costs in maintaining and operating the property.

As a result of the above, we have arrived at a Discount Rate of 7.5% given the low risk of the unexpired 24-year covenant on the subject school with no concern about vacancy rates subject to the school being professionally run in line with Ministry of Education rules and procedures. This makes the subject a low vacancy risk in compared to general commercial property with similar or higher adjusted returns. Equally the subject land holds a high value in relation to the building cost value making a secure asset for future alternative potential development due to the prime location of the site and potential flexibility of use so ultimately to get a best possible exit value.

2.12.4 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables for the subject property is as follows:

Valuation Summary	
Passing Rent per annum (SAR)	21,000,000
Annual Growth Rate	As per agreed rent schedule referred above
Operational Cost	Onus upon the lessee to keep maintaining subject to high operational standards
Discount Rate	7.5%
Less Tax	2.5%
Exit Yield	N/A
Value SAR (rounded)	277,400,000

The client is also recommended to consider the benefits in such a volatile market, of having more frequent valuations to monitor the value of the subject property.



In order to ascertain whether this valuation accurately reflects the value of the subject Property, we also carried out a sense check by analysing the land plus cost basis.

2.12.5 LAND - COMPARATIVE APPROACH

This method requires the collection of comparative market transactions that have occurred within the location of the subject site. Upon analysis and subsequent subjective adjustments, such evidence has then been applied to the subject property. Due to the nature of the property market within the Kingdom of Saudi Arabia, sales for similar properties are not readily available or transparent. Much if not all of the evidence is anecdotal and consequently in most circumstances this can place limitations on the veracity of such information and subsequently impact on values reported.

Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local agents. In addition, we have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet based property intelligence sites.

We draw your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that it would be reasonable to expect a purchaser to make.

2.12.6 MARKET PRICES

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature.

This evidence shortage, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place.

There has little/no change in prices since our last exercise in December 2018, although the wider market remains subdued with little sales transactions with sales may not be achievable in the event of an early re-sale/disposal. The below-mentioned comparable evidence was compiled and analysed:

Comps.	Size (sq. m)	Price - (SAR) / sq. m	Zoning	Location
1	30,000	4,800	Commercial	Close-by
2	42,000	5,000	Commercial	Close-by
3	15,000	6,000	Commercial	Close-by



2.12.7 VALUATION ADVICE

There are a number of matters on which we have reflected in assessing our valuation in particular circumstances of the subject land as follows:

- The valuation considerations are as of the date of valuation referred within this report reflecting size, type, and use;
- Limited selection of comparable information available;
- The subject land is situated within a high-end district where good land plots are holding their price despite the current scare of economic depression.
- Comparable Evidence of actual transactions/sales prices within close proximity to the subject land/plots giving recognition to the surrounding amenity, to establish benchmarks from which values are extrapolated.
- It is important to note that the zoning for the subject land is school (educational use), although flexibility of use in line with the surrounding commercial and residential use is very much possible.
- The subject land has a large frontage on the main commercial road increasing its appeal and value.
- Preference has been directed at similar sized plots and property holdings; however, in the absence of such, other sized land holdings have been considered where a quantum adjustment to take into account the difference in the subject site area and the comparable plots.

2.12.8 LAND VALUATION SUMMARY

As a result, taking the individual characteristics of the subject land into account and cross referencing them with our findings we are of the opinion that the subject is reasonably priced within a range SAR 4,500 to SAR 6,000 per sq. m for land. We can accurately reflect the value of the subject land as follows:

Land Area (sq. m)	Rate per sq. m	Value (SAR) [rounded]
45,667	5,200	237,400,000

2.12.9 COST APPROACH

In determining the value for the Built-Up Area BUA for the subject school, we have conducted the replacement cost approach.

The below-mentioned table provides the breakdown used in the cost assessment:



2.12.10 COST VALUE SUMMARY

The below-mentioned table provides the summary for the Cost Assessment:

Use	BUA (sq. m)	Cost Assessment	Price (SAR) [Rounded]
School	30,122	*1,100	33,000,000

**Source: Construction Costs 2019 – In-House Research, Aecom, Flanagan Arabia plus reflecting the age of the subject property with more than 50% of economic life remaining given that the school is in good condition and has been well maintained.*

**We would stress that we are not Quantity Surveyors and the reported construction cost is only an estimate and is based upon reported costs of other similar construction in the market area of the subject and/or by recognized costing services.*

2.12.11 LAND PLUS COST VALUATION SUMMARY

Component	Value SAR (rounded)
Land	237,400,000
*Building(s)	33,000,000
Total (SAR) Rounded	270,400,000

**We have placed reliance on market benchmarks for construction costs as referred above. ValuStrat would stress that we are not Quantity Surveyors and the reported construction cost is only an estimate and is based upon reported costs of other similar construction in the market area of the subject and/or by recognized costing services.*

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the leasehold interest in the subject property only referred within this report, and as of the date of valuation, based upon the Discounted Cash Flow and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 277,400,000 (TWO HUNDRED SEVENTY-SEVEN MILLION FOUR HUNDRED THOUSAND SAUDI RIYALS)

2.14 GENERAL MARKET SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

At a time of unprecedented trial over the Coronavirus COVID-19 and the global spread of the virus, it has meant a significant impact on global financial markets as geographies experience continued spread and increase of pandemic cases. This has meant a global shutdown/lockdown of economies with most sectors affected.



The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization (WHO) as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe. Market activity is being impacted in many sectors.

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country’s economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. Presently the whole of the KSA is on a 24-hour lockdown given that Coronavirus cases have passed 39,000 (thirty-nine thousand). With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic’s cause beyond anyone’s reasonable control) has created inactivity in the real estate market with the market currently at a standstill.

Given as mentioned above the KSA market’s ambitions and resilience, we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SAR 120 billion, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut,



though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates due to non-activity or a market standstill especially prior the market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout this year, we do expect adjustment later or towards the end of this year.

Our valuation(s) is / are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject property referred in this report under frequent review.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, “Saudi Arabia Vision 2030”. In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia’s economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy



reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices are starting to surge again around 80 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF).

However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year.

The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment.



The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 1st January 2018. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive.

Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

To transform 50 islands consisting of 34,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

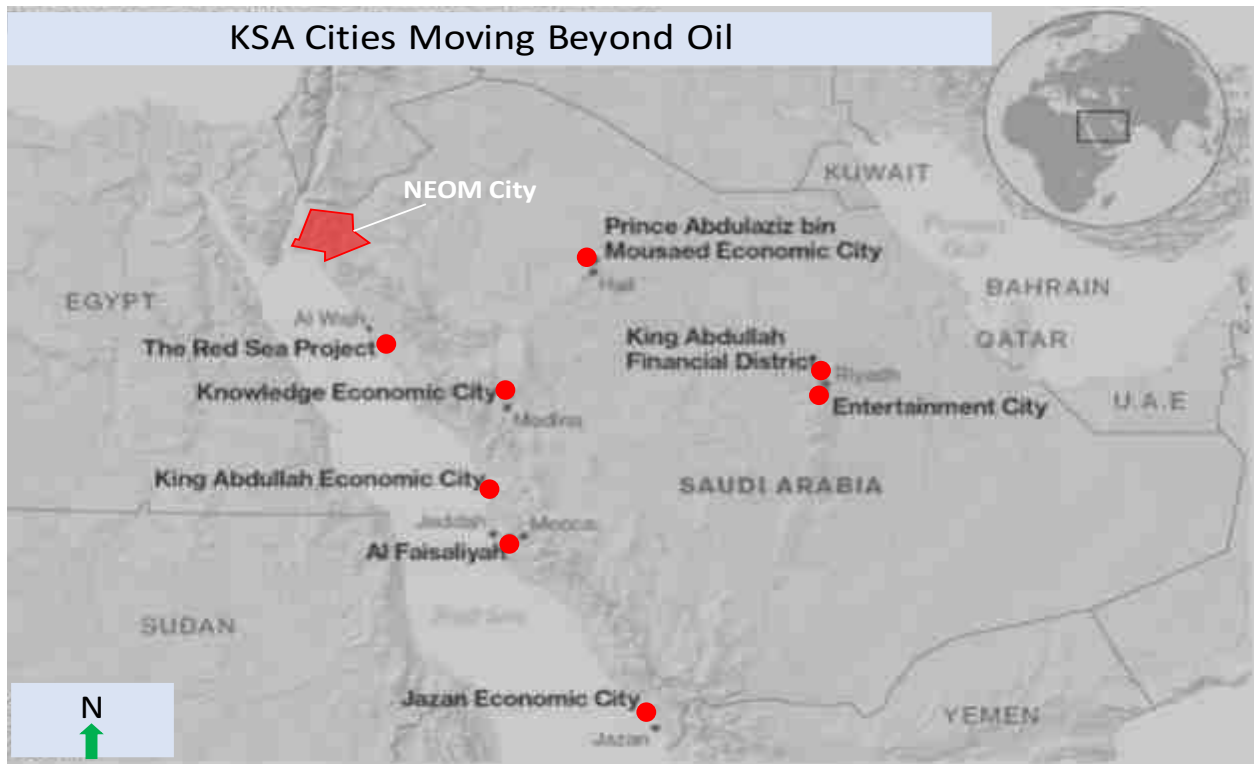
The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks,



adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the governed referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2019; hence the main driver of the recovery remains oil. Over 2020 we envisage the Kingdom's consumer outlook to be more favorable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom's oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom's housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016).

The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices. The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region. The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2020/21.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.



2.14.3 GENERAL EDUCATION OUTLOOK

The KSA Vision 2030 Plan and the education sector is a main stake for the Kingdom's economic and social growth. The education sector has become one of KSA's leading investment sectors with many regional, international investors and operators actively planning in entering the educational market with the repealing of foreign ownership restrictions.

Accordingly, the education market in Riyadh will further provide strong opportunities from relatively safe and high return assets. The education sector has a strong appetite given the following:

- The compulsory education system in the Kingdom is structured to include six grades at primary-school level and three at intermediate level, followed by a further three years in secondary school.
- As of 2015 there were 7.5m children attending schools, according to the latest available data from the General Authority for Statistics (GaStat) with 52% students at primary school, 24% at intermediate schools and 24% at Secondary schools.
- Of this, majority of the students attend public schools and only 11.4% students' study in private schools. However, the percentage has been growing every year.

Overall an emerging young and growing population only increases the pressure on shortages and therefore a stable sector in the foreseeable future.

2.15 VALUATION UNCERTAINTY

In line with RICS Global – Valuation Practice Guidance Application 9 (VPGA 9): we believe that a reasonable period in which to negotiate a sale at our opinion of Market Value is 12-18 months. It should be noted. However, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the subject property who would pay in excess of our opinion of Market Value. The RICS valuation standards consider it essential to draw to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations. We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations. Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis. The RICS valuation standards consider it essential to draw attention to



foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client. Values will 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.

2.17 CONCLUSION

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. No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction. This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**



Mr. Ramez Al Medlaj
(Taqeem Member No. 121000320)
Senior Associate - Real Estate, KSA

Mr. Yousuf Siddiki
(Taqeem Member No. 1210001039)
Director - Real Estate, KSA

APPENDIX 1 - PHOTOGRAPHS OF THE PROPERTY







Dubai, United Arab Emirates

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شركة أولات وشريكه للتقييم العقاري
Qlaat & Partner for Real Estate Valuation Company

تقرير تقييم عقاري لصالح صندوق تعليم ريت

عقار مدارس التربية الإسلامية

الرياض

المملكة العربية السعودية

2020

مقدم إلى السادة



رقم التقرير: 008 - Taleem REIT - Tarbiya
تاريخ التقرير: 08/07/2020

تسليم القيمة المدققة على سوق ملهى

We derive the Accurate Value in a changing market.

حقوق شركة أولات للتقييم العقاري 2020

التقرير يعود إلى شركة أولات للتقييم العقاري ولا يجوز نسخه، أو إعادة إصداره، أو نشره بأي شكل من الأشكال بشكل كلي أو جزئي بدون موافقة خطية من شركة أولات للتقييم العقاري

وإن جميع المعلومات والبيانات المدرجة في التقرير تم أخذها من مصدرها وافترض صحتها ودقتها، كما أن جميع بيانات التحليل المالي المدرجة في التقرير تعكس القيمة السوقية في زمن التقييم وتم انتقاؤها مباشرة من السوق العقاري ودراساتها وتحليلها والتحقق من دقتها، رسالة هامة لقارئ التقرير أو أي شخص لديه الصلاحيه بالاطلاع على محتوى التقرير يجب مراعاة الضوابط والأنظمة وفهم النظريات العلمية والعملية المعتمدة محليا ودوليا في تطبيق أعمال التقييم والتممين العقاري

تعميم COVID-19

في تاريخ 11 مارس 2020 صنفت منظمة الصحة العالمية فيروس كورونا الجديد (COVID-19) بأنه "وباء عالمي"، مما أحدث تأثيرا واضحا على الاقتصاديات والأسواق المالية العالمية والمحلية، وبناء عليها تم اتخاذ العديد من الإجراءات الرسمية محليا وعالميا والتي من شأنها أن تؤثر على جميع القطاعات، ومن ضمنها القطاع العقاري.

خلال هذه الفترة الحرجة، هناك تأثير واضح في الصفقات العقارية ونشاط السوق، وبما أن تاريخ التقييم يقع ضمنها، ينبغي لنا أن نضع بالاعتبار عدم وجود أدلة كافية للاستناد عليها كمقارنات في الفترة الحالية، وذلك للوصول للقيمة النهائية، والواقع أن الظروف الحالية تحت تأثير الوباء COVID-19 تعني أننا نواجه وضع استثنائي من الصعب أن نبني عليه حكما دقيقا لحالة السوق وقميه العقارات.

بناء عليه فالقيمة التي بنينا عليها رأينا المهني ستكون على أساس "التقييم في حالة عد اليقين" وفقاً لتعريف مجلس معايير التقييم الدولية، في ورقة المعلومات الفنية بعنوان " التقييم في حالة عد اليقين" والتي صدرت في عام 2013. وعليه فإننا توخينا في نتيجة التقييم أعلى على سوق العقارات، ونوصي بإعادة COVID-19 درجات الحذر والتحفظ مما هو معتاد، نظراً لعدم وضوح الآثار التي يمكن أن يسببها وباء كورونا تقييم العقار ومراجعة القيمة مستقبلا عند تغير الظروف الحالية

مجمع تعليمي مدارس التربية الإسلامية – تصنيف الأرض تجاري				نوع العقار		
شارع التخصصي – حي الرحمانية				الموقع		
شارع التخصصي				طريق/ شارع		
2م 45,666.94				مساحة الأرض – 2م حسب الصك		
2م 30,137.45				مسطحات البناء – 2م حسب تقديرنا لعدم توفر رخصة البناء		
العقار عبارة عن مجمع تعليمي يتكون من مباني دور واحد + مباني دورين + مباني دور ونصف				مكونات المدرسة		
محطة تحلية مياه	مكتب خاصة للإدارة	عدد 33 ماكينة تكيف مركزي 21 طن لكل ماكينة	عدد 13 مدخل	مسرح سعة 1000 شخص	صالتي طعام مركزية جديدة تم تجديدها منتصف عام 2017	ملاعب وحدائق ونادي رياضي
310111045181				رقم الصك		
1438-09-02 هجري				تاريخ الصك		
ب-1324				مخطط رقم		
شارع عرض 20 م بطول 188.79 م		شمال		حدود العقار		
شارع عرض 15 م بطول 188.46 م		جنوب				
شارع التخصصي عرض 46 م بطول 242.16 م		شرق				
شارع عرض 20 م بطول 242.16 م		غرب				
لم يتم تزويدنا بالرخصة				رقم رخصة البناء		
27 سنة تم تقدير عمر العقار بسبب عدو توفر رخصة البناء				عمر العقار		
تقييم دوري - صندوق عقاري مدر للدخل REITs				الغرض من التقييم		
لا يوجد				المستخدمون الآخرون		
ريال سعودي				عملة التقييم		
السوق العقاري				نطاق البحث		

1- تحليل أعمال التقييم Valuation Analysis

مدينة الرياض

تاريخ التقييم 2020/06/30

تاريخ التقرير 2020/07/06

تم بواسطة شركة أولات وشريكه للتقييم العقاري

سجل تجاري رقم: 1010426536

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الموقع الجغرافي – تصوير جوي Aerial



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المقدمة العامة

الموضوع العام للتقييم: تقدير القيمة السوقية للعقار (Market Value) – مدارس التربية الإسلامية

مقدم إلى السادة / شركة السعودي الفرنسي كابيتال

المحترمين

يسعدنا أن نقدم لكم تقييمنا للعقار مدارس التربية الإسلامية في (مدينة الرياض) – شارع التخصصي في حي الرحمانية – بناء على المعطيات الواردة إلينا من قبلكم.

وبناء على ما ورد أعلاه تتعهد أولات للتقييم العقاري بالمحافظة على سرية المعلومات وتلتزم بالحيادية التامة في عملية التقييم بدون إبداء الرأي وبالموضوعية التامة وتقر بأنه لا توجد أي مصلحة أو منفعة عامة مشتركة مع طالب التقييم وإنما تعتبر القيمة المدرجة في هذا التقرير هي القيمة السوقية (MV) بناء على تطبيق الأسس والمعايير المحلية والدولية للتقييم والتممين العقاري.

القيمة السوقية حسب التالي: النظرية العلمية المستخدمة لاستنباط القيمة السوقية: التقييم على أساس القيمة المتبقية (Residual Value) والتكاليف والإهلاك والقيمة البديلة

(DRC) والدخل

البيان	القيمة	الوزن النسبي	القيمة السوقية بالريال السعودي
قيمة العقار على أساس التكلفة	296,026,584	65%	192,417,279
قيمة العقار على أساس الدخل	297,712,624	35% بسبب أن عمر العقار أكثر من 25 عام	104,199,418
القيمة السوقية للعقار بالريال السعودي Market Value ريال سعودي			296,616,697
مائتان وستة وتسعون مليون وستة وستة عشر ألف وستمائة وسبعة وتسعون ريال سعودي			

2- تسوية شروط التعاقد مع شركة السعودي الفرنسي كابيتال

صندوق تعليم ريت	هوية مالك العقار حسب الصك
الوصول إلى القيمة السوقية حسب الشروط والمعايير والأحكام المحلية والدولية لصالح صندوق تعليم ريت – تقييم دوري	الغرض من التقييم
تقييم عقاري للعقار مدارس التربية الإسلامية في مدينة الرياض	موضوع التقييم
لتفادي وجود اي تباين أو سوء تقدير تم مراعاة جميع الشروط والأحكام	الاستنتاجات العامة
شركة أولات للتقييم العقاري – قسم التسويق العقاري في شركة أولات – قسم الدراسات والأبحاث العقارية في شركة أولات – مبيعات السوق والمسح الميداني وذوي الخبرة	طبيعة ومصدر المعلومات

3- الافتراضات والشروط العامة

التحليل العام والخلاصة النهائية لعملية التقييم تمت بالاعتماد على الأساليب العلمية والمفاهيم والتصورات المعتمدة والتي تساعد في تقدير قيمة العقار عن العقار المراد تقييمه، مع الأخذ بعين الاعتبار أساس القيمة السوقية لعملية التقييم وتحليل النتائج السوقية

4- موضوع التقييم بالنسبة للشروط والافتراضات

أي وصف قانوني للعقار مدرج يعتبر دقيق وصحيح، كما أن جميع البيانات المعتمدة في هذا التقرير هي صحيحة وقانونية وهي مطابقة للواقع من حيث مساحة وموقع وحدود الأرض ومساحات البناء ونوعية التشطيب والخدمات المتوفرة. كما أن عملية المسح الميداني لمنطقة العقار تمت بغرض البحث عن عقارات مماثلة من حيث الموقع والمساحة من جهة وللوقوف عند طبيعة المنطقة من حيث العروض المتاحة والطلبات الحقيقية وقد تم الأخذ بعين الاعتبار ضرورة إيجاد عروض بيع حقيقي (Actual transaction deals) تمت على أرض الواقع.

يعتمد التقييم على القيمة السوقية والمطابقة للمفاهيم التي تم ذكرها وهي مطابقة للمفاهيم المحلية والدولية، وتكون القيمة هي القيمة الحقيقية التي تمثل وجود بائع حقيقي (seller) ومشتري حقيقي (buyer) في متناول اليد بدون وجود أي قيود وباعتبار الطرفين على دراية تامة وواعين ومدركين لطبيعة الحالة ويتصرفون بحكمة مطلقة وبدون تأثيرات خارجية. كما أن جميع الافتراضات التي تم الاعتماد عليها فيما يخص تحليل قيمة الأرض تم انتقاؤها مباشرة من السوق العقاري كإيجارات المكاتب والمعارض.

5- أساس ومعيار القيمة

- يعتمد هذا التقييم على القيمة السوقية للعقار على أساس القيمة والهدف العام للتقييم. والقيمة السوقية تمثل السعر الذي يتم قبوله من قبل طرفي العلاقة البائع والمشتري ويكون في متناول اليد والتي تعتمد على أساس ومعيار القيمة.
- في الأساس يعتبر التقييم مطابقا للقيمة السوقية بناء على الشروط والأحكام المحلية والدولية للتقييم العقاري.
- القيمة السوقية هي المعيار العام للقيمة التي تم اعتماده.

6- الإطار العام للتقرير

تقرير التقييم تم تنفيذه وتأديته بالاعتماد على إطار محدود ومطابق لطبيعة العقار. وهو يتطابق مع قيمة العقارات في منطقة العقار حيث أن الشروط والأحكام لتقرير التقييم تعتمد على معطيات مماثلة لأسعار وقيمة العقارات في المنطقة المحددة.

7- مصدر المعلومات

جميع المعلومات والبيانات تم تجميعها من خلال عملية مسح ميداني شامل ودقيق ومنطقي ووافي وذلك لدراسة الأسعار السائدة في منطقة العقار لعقارات مشابهة إلى حد ما من حيث المساحة والموقع.

8- الهدف العام للتقييم

تم تعمد شركة أولات للتقييم العقاري المحدودة من قبل شركة السعودي الفرنسي كابيتال وقد قام فريق العمل في أولات OPM بزيارات ميدانية جزئية إلى موقع العقار للمعاينة والاطلاع على الوقائع الميدانية على أرض الواقع وقد تم إجراء عملية مسح ميداني لمنطقة العقار وذلك لضمان دقة وصحة المعلومات والبيانات المدرجة في التقرير هي نتيجة عملية المسح الميداني.

9- ملخص تقرير التقييم

- هو تقرير شامل ومفصل لمواصفات العقار بالاعتماد على التقييم على أساس القيمة المتبقية والتكلفة والإهلاك والقيمة البديلة والدخل وللوصول إلى القيمة الواقعية والتي تعبر عن القيمة السوقية (market Value).
- التحليل العام لبيانات التقرير تم بواسطة شركة أولات للتقييم العقاري
- هذا التقييم صالح لغاية 6 أشهر من تاريخه

10- الوصف القانوني لمالك العقار

صحة المعلومات والبيانات (بيانات عامة) تم استلامها من قبل شركة السعودي الفرنسي كابيتال وقد تم افتراض صحتها.

11- حقوق الغير في العقار

تم افتراض بأن العقار المراد تقييمه خارج وخال من أي حقوق قانونية لأي طرف ثاني من حيث الرهن العقاري أو وجود أي قيود قانونية. ومن هذا المنطلق تعتبر شركة أولات للتقييم العقاري خارج أي مسؤولية قانونية تتعلق بصحة ودقة البيانات وإن مهمتها فقط هي تقييم العقار حسب الشروط والأحكام.

12- تقرير التقييم من حيث الأساس والمحتويات

- الافتراضات العامة للتقييم تمت على أساس الهدف العام بتحديد القيمة السوقية للعقار باعتبار العقار خارج سوق الاحتكار وبدون وجود أي منازعات قانونية.
- تعتبر أولات للتقييم العقاري بأن ليس لديها أي منفعة تتعارض مع الشروط والضوابط والأحكام العامة لمهنية التقييم.
- التقرير مدعم بنتائج المسح الميداني لمنطقة العقار حيث تمت دراسة وتحليل اسعار البيع والتأجير المحققة في المنطقة لعقارات مشابهة من حيث مساحة الأرض ونوعية البناء والتشطيب ونفس فئة النشاط التشغيلي.
- التقرير متوافق مع جميع الشروط والأحكام المطبقة محلياً ودولياً فيما يتعلق بكيفية تطبيق النظريات العلمية Approaches
- تم تحقيق جميع الاستنتاجات Investigations والافتراضات العامة Assumptions التي تخدم تحقيق الهدف العام للتقييم
- تم التحقق من جميع توفر شروط الأمن والسلامة في المبنى فيما يخص نظام إطفاء الحريق - لا يوجد نظام رش آلي لإطفاء الحريق بل المتوفر نظام رش يدوي تقليدي (أنابيب جدار Hose ، وإطفائيات يدوية. fire extinguisher).

13- تحليل أعمال التقييم – Valuation Process Analysis

13.1- وصف العقار ومحتوياته

العقار عبارة عن مجمع تعليمي (مدارس التربية الإسلامية) – وتقع في مدينة الرياض على شارع التخصصي في حي الرحمانية – المساحة العامة للأرض هي: 45,666.94 متر مربع وإجمالي مسطحات البناء 30,137.45 م².

الإحداثيات الجغرافية:

شمال : "N:24°42'36.77"

شرق: "E:46°39'36.77"



13.2- تقييم الأرض - طريقة التقييم على أساس القيمة المتبقية (Residual Value)



لندرة البيوع المشابهة (أراضي مباحة) من حيث المساحة والموقع والدخول والخروج والخدمات العامة والشكل الهندسي وغيره، تم الاعتماد على طريقة التقييم على أساس القيمة المتبقية وسوف يتم تقدير القيمة السوقية للأرض التجارية باعتبارها قطعة واحدة وتخضع لمعامل بناء 1.8 اي نظام 3 أدوار.



شملت منطقة المسح الميداني منطقة العقار – شارع التخصصي من تقاطع طريق مكة حتى طريق الدائري الشمالي.

تعتمد نظرية القيمة المتبقية على افتراض أفضل وأعلى عائد على الاستثمار للأرض عبر افتراض إقامة مشروع عليها (تجاري) بناء على المواصفات والشروط العامة وأن يكون المشروع عقارياً بامتياز وذات عائد مقبول ومقارنة مع المشاريع المنافسة أو المشابهة له في الوقت الحالي من حيث الدخل المتوقع وأن يكون ذات مردود جيد ويطبق عليه جميع القوانين والمعايير الخاصة بالاستثمار العقاري:

- الخطوة الأولى: احتساب تكلفة التطوير للأرض غير المطورة في حال كانت الأرض خام عبر تطبيق حساب ثمن التطوير الإجمالي (Gross Development value) GDV
- الخطوة الثانية: احتساب التكلفة الإنشائية للمشروع Construction cost to GFA
- الخطوة الثالثة: تحديد المصاريف العامة (Operating expense)- كالمصاريف التشغيلية , المصاريف الإدارية , مصاريف الصيانة الدورية , مصاريف الأمن والسلامة , رواتب وأجور الخ.
- الخطوة الرابعة: احتساب الإيرادات المتوقعة عبر تحديد مجمل الإيرادات المتوقعة للمشروع بناء على معدل الأسعار في السوق العقاري الحالي مع إضافة زيادة في معدل نمو القطاع مستقبلاً (Growth rate)
- الخطوة الخامسة: تحديد قيمة التدفقات النقدية الحرة المستقبلية Free future cash flow عبر خصم التكاليف والإهلاكات من مجمل الإيرادات المتوقعة.
- الخطوة السادسة: تحديد معامل الخصم للقطاع العقاري وإخضاعه لصافي الدخل السنوي ومن ثم ناتج الإيراد المتبقي هو القيمة الحالية للأرض. ويشترط أن تكون جميع الأرقام المستخدمة في العملية الحسابية دقيقة للغاية لتفادي ونابعة من السوق العقاري الحالي وبناء على تقديرات أهل الخبرة في محيط الأرض المراد تقييمها ولعينات قد تم تقييمها أو بيعها في مدة زمنية لا تتجاوز ثلاثة أشهر على أبعد تقدير. وتعرف بالقيمة النهائية للعقار (Terminal value) حي تمثل قيمة العقار (الأرض) بعد إهلاك المباني المقامة عليها بعد انتهاء العمر الطبيعي (useful life) حسب نوع ونشاط التشغيل.

Cost Type - Dev Type	Year 1	Year 2	Year 3
Development Work			
Land Area - developed / year - sqm	15,222	15,222	15,222
Development Cost S.R / SQM	120	124	127
Total Development Cost / Year	1,826,678	1,881,478	1,937,922
Offices Units			
Offices Units BUA construction / Year	31,576	6,576	6,576
Offices units Construction Cost S.R / BUA	3,000	3,090	3,183
Total Construction Cost / year	94,728,118	20,319,962	20,929,560
Retail units			
TH. Units BUA construction / Year	16,850	6,850	6,850
TH. units Construction Cost S.R / BUA	2,100	2,163	2,228
Total Construction Cost / year	35,385,086	14,816,639	15,261,138
Service area - Recreational, Amenities, pathways, landscaping			
Area - sqm - construction / Year	6,089	6,089	6,089
Construction cost - S.R / sqm	750	750	750
Total Construction Cost / year	4,566,694	4,566,694	4,566,694
Total Construction Costs	136,506,576	41,584,772	42,695,315
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	3,412,664	1,039,619	1,067,383
Statutory fees 2%	2,730,132	415,848	426,953
Marketing Fees (Media & Advertising) 1.5%	2,047,599	623,772	640,430
Contingency costs 1.5%	2,047,599	623,772	640,430
Overhead cost 2.5%	3,412,664	1,039,619	1,067,383
Total Dev - Cost - SR	150,157,233	45,327,402	46,537,893



Annual Income & Revenues Sheet - Free Future Cash Flow (FFCF)

	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1: Offices, Retail							
1.1 Offices Units Class B+							
Developed Land / sqm		13,700	13,700	13,700	13,700	13,700	13,700
FAR ratio		1.8	1.8	1.8	1.8	1.8	1.8
Net leasable area NLA / sqm		19,728	19,728	19,728	19,728	19,728	19,728
Annual rental Price / sqm (BUA)		800	824	849	1942	2000	2060
Revenues Cat 1.1		15,782,494	16,255,969	16,743,648	38,308,257	39,457,504	40,641,229
1.2 Retail Units - Fine Dining rest and shops							
Developed Land / sqm		13,700	13,700	13,700	13,700	13,700	13,700
FAR ratio		1.5	1.5	1.5	1.5	1.5	1.5
Net leasable area NLA / sqm		18,495	18,495	18,495	18,495	18,495	18,495
Annual rental Price / sqm (BUA)		1460	1460	1460	2422	2422	2422
Revenues Cat 1.2		27,002,862	27,002,862	27,002,862	44,794,507	44,794,507	44,794,507
Gross Income		42,785,356	43,258,831	43,746,510	83,102,764	84,252,011	85,435,736

Income Statement						
	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Rev	42,785,356	43,258,831	43,746,510	83,102,764	84,252,011	85,435,736
General & Administrative Expenses (- 12.5%)	(5,348,170)	(5,407,354)	(5,468,314)	(10,387,845)	(10,531,501)	(10,679,467)
Gross Profit - EBITDA	37,437,187	37,851,477	38,278,196	72,714,918	73,720,510	74,756,269
Depreciation	(7,260,676)	(7,260,676)	(7,260,676)	(7,260,676)	(7,260,676)	(7,260,676)
Earnings after depreciation	30,176,511	30,590,801	31,017,520	65,454,242	66,459,834	67,495,594
Interest Expense	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Earning after interest expense	28,676,511	29,090,801	29,517,520	63,954,242	64,959,834	65,995,594
Other expenses	0	0	0	0	0	0
Net Income	28,676,511	29,090,801	29,517,520	63,954,242	64,959,834	65,995,594
Additions to Retained Earnings	28,676,511	29,090,801	29,517,520	63,954,242	64,959,834	65,995,594
Cumulative Retained earnings	28,676,511	57,767,312	87,284,832	1,533,243,495	1,598,203,329	1,664,198,922

Cash Flow Statement								
Cash flow Table	year 0	year 1	year 2	year 3	year 30	year 31	year 32	year 33
IN - Flow								
Capital Injection								
Net Revenues		28,676,511	29,090,801	29,517,520	62,977,940	63,954,242	64,959,834	65,995,594
Deprecation		7,260,676	7,260,676	7,260,676	7,260,676	7,260,676	7,260,676	7,260,676
Total Inflow		35,937,187	36,351,477	36,778,196	70,238,615	71,214,918	72,220,510	73,256,269
OUT Flow								
Total Construction Cost	136,506,576	41,584,772	42,695,315					
Professional Fees	3,412,664	1,039,619	1,067,383					
Statutory fees 2%	2,730,132	415,848	426,953					
Marketing Fees (Media & Advertising) 1.5%	2,047,599	623,772	640,430					
Contingency costs 1%	2,047,599	623,772	640,430					
Overhead cost 1%	3,412,664	1,039,619	1,067,383					
Total Outflow	(150,157,233)	(45,327,402)	(46,537,893)					
Net Cash Flow	(150,157,233)	(9,390,215)	(10,186,416)	36,778,196	70,238,615	71,214,918	72,220,510	73,256,269
Cumulative Net Income	(150,157,233)	(159,547,449)	(169,733,864)	(132,955,668)	1,445,086,999	1,516,301,918	1,588,522,428	1,661,778,697

Residual Value

RV	Year 0	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33	Total
IN - Flow								
Total Inflow		35,937,187	36,351,477	36,778,196	71,214,918	72,220,510	73,256,269	1,903,801,225
Discount Rate: 9%		0.922	0.849	0.783	0.080	0.073	0.068	
OUT Flow								
Total Outflow								
Total Cash out								
Net Cash Flow (Before Discount Rate)	-242,022,528	35,937,187	36,351,477	36,778,196	71,214,918	72,220,510	73,256,269	
								Total Cash flow
Discounted Cash Flow DCF	-242,022,528	33,121,831	30,878,954	28,793,948	5,678,702	5,307,731	4,962,076	265,999,174
								Residual Value

Value Per / sqm		
	Land Value (PV)	265,999,174
	Square Meters	45,667
Estimated sqm value (S.R)		5,825



القيمة السوقية للأرض حسب التقييم على أساس القيمة المتبقية (Residual Value)

265,999,174 ر.س	القيمة السوقية حسب نظرية التقييم على أساس القيمة المتبقية RV
45,666.94	مساحة الأرض / م ²
5,825 ر.س / م ²	Market Value - Sq m
القيمة السوقية	القيمة الإجمالية
265,999,174 ر.س	Market Value
مائتان وخمسة وستون مليون وتسعمائة وتسعة وتسعون ألف ومائة وأربعة وسبعون ريال سعودي	القيمة السوقية

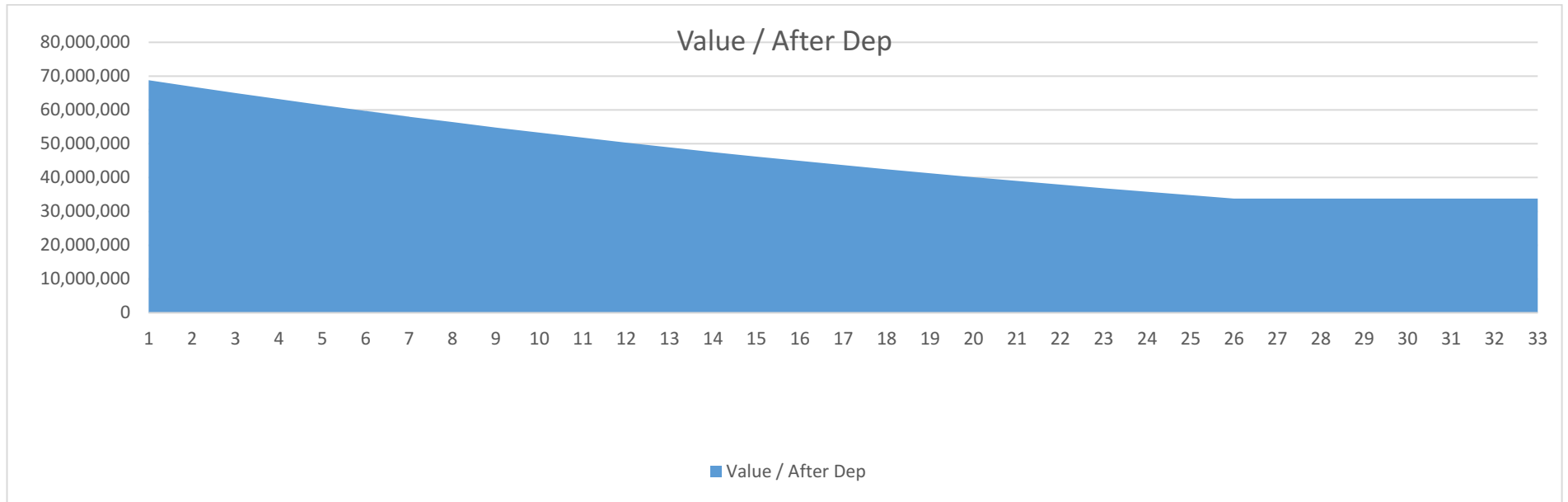
الملاحظات العامة

- القيمة السوقية للأرض باعتبارها قطعة واحدة فقط - هي 265,999,174 ريال سعودي
- القيمة السوقية خاضعة لنسبة تذبذب حسب قياس مستوى الحساسية (+, -5%)
- القيمة السوقية تم الوصول إليها بناء على التقييم على أساس القيمة المتبقية لتعذر وجود عينات مماثلة من حيث الموقع والمساحة وطبوغرافية الأرض والخدمات العامة وتم احتساب الفوارق بينهما
- تمت معاينة العقار معاينة تامة على أرض الواقع وتم دراسة حركة الدخول والخروج والإطلالة العامة
- لم يتم إخفاء أي معلومات من قبل شركة أولات للتقييم العقاري يمكن أن تؤثر على قيمة الأرض
- تتعهد شركة أولات للتقييم العقاري بعدم إشاء أي معلومات للغير والمحافظة على سرية التقييم
- تم تقييم الأرض بمهنية عالية وبمصادقية وبموضوعية بدون إبداء الرأي بل تم إدراج الحالة العامة للأرض حسب الطبيعة وهي مطورة (وجود مدرسة)
- مستقبل الأرض واعد ومن المتوقع أن يستمر معدل النمو فيما يخص السعر باعتبار الموقع مميز

13.3- تقييم المبنى - التقييم على أساس التكلفة والإهلاك والقيمة البديلة Depreciated replacement cost

تعتمد نظرية التقييم على أساس التكلفة البديلة والإهلاك على تقدير قيمة وتكاليف البناء والتشطيب وتوفر المعدات الكهربائية والميكانيكية MEP في زمن التقييم مع خصم نسب الإهلاك حسب العمر الحقيقي للمبنى.

القيمة السوقية للمبنى شامل سعر التشطيب وتركيب المعدات الكهربائية والميكانيكية (MEP)	
30,137.45	مسطحات البناء - م2 - تم تقدير مسطحات البناء بسبب عدم توفر الرخصة
2,282	تكلفة التطوير والبناء والتشطيب حسب توزيع الأدوار وحسب التخصص والاستخدام ر.س / م2 - تم تجديد صالة الطعام واستحداث قسم خاص بالأطفال وتجديد جميع دورات المياه بتكلفة إجمالية قدرت ب 4 مليون ريال سعودي حيث سيتم إضافة مبلغ 132 ريال على تكلفة التطوير السابقة 2150 لتصبح
68,773,660 ر.س	تكاليف بناء وتشطيب المبنى وتركيب المعدات الكهربائية والميكانيكية والمراقبة الأمنية وأجهزة الإنذار ر.س / م2
8,219,700 ر.س	+ إضافة تكلفة تطوير وتجهيز مناطق الترفيه الخارجية والمسطحات الخضراء (18,266 م2) بتكلفة 450 ريال لكل متر
76,993,360 ر.س	القيمة السوقية قبل خصم الإهلاك المتراكم ر.س
-51,970,518 ر.س	خصم الإهلاك المتراكم (67.5%) عمر العقار 27 سنوات بمعدل إهلاك 2.5% سنويا بعد معاينة أعمال الصيانة وطريقة عملها
25,022,842 ر.س	القيمة السوقية للمبنى قبل زيادة أرباح المطور
5,004,568 ر.س	+ أرباح المطور (20%)
30,027,410 ر.س	القيمة السوقية للمبنى ر.س



القيمة السوقية للعقار على أساس طريقة التكلفة والمقارن

265,999,174	قيمة الأرض ر.س
30,027,410	قيمة المبنى ر.س
296,026,584 ريال سعودي	القيمة السوقية للعقار

13.4- تقييم العقار على أساس الدخل (Cap income)

صافي الدخل حسب عقد الإيجار

المجموعة المالية العقارية
Saudi Franchise Capital

رقم	القيمة الإيجارية السنوية الإجمالية	التاريخ الإيجارية السنوية من إلى	التاريخ استحقاق الدفعة الإيجارية	التاريخ استحقاق الدفعة 1	التاريخ استحقاق الدفعة 2	التاريخ استحقاق الدفعة 3	التاريخ استحقاق الدفعة 4
1	10,500,000.00	2017/12/31	2017/6/1	4,500,000			
2	21,000,000.00	2018/12/31	2018/1/1	5,250,000			
3	21,000,000.00	2019/12/31	2019/1/1	5,250,000			
4	21,000,000.00	2020/12/31	2020/1/1	5,250,000			
5	23,050,000.00	2021/12/31	2021/1/1	5,512,500			
6	23,050,000.00	2022/12/31	2022/1/1	5,512,500			
7	23,050,000.00	2023/12/31	2023/1/1	5,512,500			
8	23,152,500.00	2024/12/31	2024/1/1	5,788,125			
9	23,152,500.00	2025/12/31	2025/1/1	5,788,125			
10	23,152,500.00	2026/12/31	2026/1/1	5,788,125			
11	24,310,125.00	2027/12/31	2027/1/1	6,077,532			
12	24,310,125.00	2028/12/31	2028/1/1	6,077,532			
13	24,310,125.00	2029/12/31	2029/1/1	6,077,532			
14	25,528,632.00	2030/12/31	2030/1/1	6,381,409			
15	25,528,632.00	2031/12/31	2031/1/1	6,381,409			
16	25,528,632.00	2032/12/31	2032/1/1	6,381,409			
17	26,801,914.00	2033/12/31	2033/1/1	6,700,488			
18	26,801,914.00	2034/12/31	2034/1/1	6,700,488			
19	26,801,914.00	2035/12/31	2035/1/1	6,700,488			
20	28,142,010.00	2036/12/31	2036/1/1	7,035,504			
21	28,142,010.00	2037/12/31	2037/1/1	7,035,504			
22	28,142,010.00	2038/12/31	2038/1/1	7,035,504			
23	29,549,111.00	2039/12/31	2039/1/1	7,387,280			
24	29,549,111.00	2040/12/31	2040/1/1	7,387,280			
25	29,549,111.00	2041/12/31	2041/1/1	7,387,280			
26	29,549,111.00	2042/12/31	2042/1/1	7,387,280			
27	29,549,111.00	2043/08/31	2043/1/1	7,387,280			

* الدفعة الإيجارية لعام 2043م تتلغ على أساس تقاسيم للمالية الشهرية.

(10-4)

تم احتساب صافي الدخل للعقار بناء على أخذ المتوسط ما بين السنوات من تاريخ 2018/1/1 لغاية تاريخ 2043/1/1 ميلادي

13.4.1- تحليل إيجارات السوق – مقارنة دخل العقار مع السوق المقارن

بعد الاطلاع على دخل العقار من خلال معاينة عقد التأجير حيث تمت مقارنته بإيجارات السوق المقارن في نفس منطقة العقار – غرب الرياض حيث تراوحت الإيجارات ما بين 600-850 ريال ضمن العقارات التي تحتوي على مساحات تأجيره مشابهة وبنفس المواصفات الإنشائية والفنية وقد أتت نتائج التحليل إيجابية لناحية التحقق من صافي الدخل للعقار حيث أن قيمة التأجير للمتر المربع / للعقار بحدود 700-750 ريال / م² وبذلك تكون القيمة التأجيرية 21,000,000 ريال سعودي / سنويا.

تم مؤخرا تأجير مدرسة عالمية على المخطط قبل البدء بالتطوير في حي الرائد بمدينة الرياض ب 450 ريال / م² حسب مركز معلومات شركة أولات.

تم تقييم العقار من خلال طريقة الدخل حيث أن معدل صافي الدخل السنوي لعدد 25 سنة بلغ 25,305,573 ريال سعودي حسب عقد التأجير

البيان	البنء
25,305,573	صافي الدخل السنوي للعقار
8.5%	نسبة العائد الساند بالمنطقة
297,712,262	القيمة للعقار بأسلوب رسملة الدخل

14- القيمة السوقية market Value

البيان	القيمة	الوزن النسبي	القيمة السوقية بالريال السعودي
قيمة العقار على أساس التكلفة	296,026,584	65%	192,417,279
قيمة العقار على أساس الدخل	297,712,624	35% بسبب أن عمر العقار أكثر من 25 عام	104,199,418
القيمة السوقية للعقار بالريال السعودي Market Value ريال سعودي			296,616,697
مائتان وستة وتسعون مليون وستة وستمانمائة وستة عشر ألف وستمانمائة وسبعة وتسعون ريال سعودي			

الملاحظات العامة

- القيمة السوقية للعقار - هي 296,616,697 ريال سعودي
- القيمة السوقية خاضعة لنسبة تذبذب حسب قياس مستوى الحساسية (+, -5%)
- القيمة السوقية تم الوصول إليها بناء على المتوسط ما بين القيمة السوقية على أساس القيمة المتبقية والتكلفة والإهلاك والقيمة البديلة
- لم يتم ترجيح قيمة العقار على أساس طريقة الدخل بسبب أن المباني المقامة على العقار تجاوزت 65% من عمرها الاقتصادي وهي بحاجة إلى تجديد لاسيما الأعمال الكهربائية وتركيب نظام إطفاء حريق (نظام رش آلي ومضخة مياه) بل تم إحتساب المعدل المرجح كقيمة سوقية.
- تمت معاينة العقار معاينة تامة على أرض الواقع وتم دراسة حركة الدخول والخروج والإطلالة العامة للموقع وحركة المرور
- لم يتم إخفاء أي معلومات من قبل شركة أولات للتقييم العقاري ممكن أن تؤثر على قيمة العقار
- تتعهد شركة أولات للتقييم العقاري بعدم إنشاء أي معلومات للغير والمحافظة على سرية التقييم
- تم تقييم العقار بمهنية عالية وبمصادقية وبموضوعية بدون إبداء الرأي بل تم إدراج الحالة العامة للعقار حسب الطبيعة

تطبيق معدل الحساسية (Sensitivity ratio analysis)

معدل الحساسية بالنسبة للتقييم وهو مستوي التذبذب بنسبة (+, -5%) كما هو موضح أدناه في الجدول وهو أداة لقياس معامل المخاطر على التقييم. والشرح الأمثل لمعدل الحساسية هو قياس القيمة السوقية والتي ممكن أن تتأثر أو تختلف عن القيمة السوقية الموجودة بنسبة لا تتجاوز 5%.

-5%	القيمة السوقية (market value) ريال سعودي	+5%
282,000,000	296,616,697	311,000,000

15- حركة المرور في محيط العقار والخروج والدخول من وإلى العقار

حركة المرور في منطقة العقار تعتمد بالدرجة الأولى على الفترة والطريق خلال أيام الدوام الرسمي من الأحد وحتى الخميس:

ملاحظات عامة	درجة الازدحام			محور
	ازدحام قوي	ازدحام خفيف	سالكة	
				شارع التخصصي
				طريق العروبة
				على مدار الساعة
				على مدار الساعة

حركة الدخول والخروج

ملاحظات عامة	الخروج	الدخول	الجهة
	مؤمن	مؤمن	شارع التخصصي
	مؤمن	مؤمن	طريق العروبة

16- تحليل السوق العقاري في منطقة العقار (شارع التخصيصي)

- قطاع الفنادق في محيط الأرض نشط على صعيد سرعة تشييد وتشطيب الفنادق تصنيف 5 نجوم حيث أن هناك مجموعة من الفنادق قيد الإنشاء والتشطيب نذكر منها ندق كراون بلازا في مشروع ITCC وفندق flag ship Sofitel
- قطاع التجزئة من القطاعات الأنشط على مستوى بناء المشاريع النوعية على شارع التخصيصي من حيث ارتفاع حجم الطلب وتحقق ايجارات اعلى من السوق لاسيما المطاعم والمقاهي ومشروع تفاصيل ومشروع ذا زون ومعظمها خصصت للمطاعم والمقاهي العالمية.
- قطاع المباني المكتبية من القطاعات المساندة التي تنتشر على امتداد شارع التخصيصي وطريق العروبة.
- قطاع العقارات السكنية على شارع التخصيصي معدل الطلب عليها منخفض بسبب نشاط شارع التخصيصي التجاري.
- شارع التخصيصي وطريق الثمامة من أبرز الشوارع والطرق المستهدفة في الوقت الحالي للاستثمار في مشاريع متعددة الاستخدام كالمباني المكتبية المستقلة ومشاريع تجمعات المطاعم والمولات التجارية.

17- عينات اراضي تجارية مشابهة لأرض العقار على الطرق والشوارع المشابهة النشاط والتصنيف وسهولة الدخول والخروج في الوسط الشمالي لمدينة الرياض

الحالة العامة للأرض	الإحداثيات الجغرافية		قيمة المتر المربع الواحد / رس	مساحة الأرض /م2	الطريق / الشارع
	شمال	شرق			
معروضة للبيع	N:24°45'24.71"	E:46°38'25.88"	3,750	84,000	1- الطريق الدائري الشمالي (ما بين مخرج 4 و 3)
معروضة للبيع	N:24°48'40.52"	E:46°34'46.10"	4,300	44,000	2- طريق الأمير تركي الأول (تقاطع طريق الملك سلمان)
قيد الإستثمار	N:24°43'28.50"	E:46°35'59.78"	6,300	27,652	3- طريق الملك خالد
معروضة للبيع – يوجد دراسة مشروع عقاري تابع لسولدير	N:24°49'13.75"	E:46°41'27.90"	2,900	40,000	4- طريق الثمامة
معروضة للاستثمار	N:24°43'56.28"	E:46°36'36.97"	4,000	17,650	5- شارع الأمير عبد العزيز آل ثنيان
معروضة للبيع	N:24°43'14.56"	E:46°39'30.49"	6,000	35,916	6- شارع التخصصي





18- الصور الفتوغرافية













19- فريق العمل

الاسم	نطاق العمل المكلف به	عضوية الهيئة السعودية للمقيمين المعتمدين	الفرع	صلاحية عضوية الهيئة
عبد الملك إبراهيم الدرويش	إدارة عملية التقييم – تدقيق	1210000397	العقار	1442/04/13
سالم محفوظ احمد	معاينة ميدانية- إعداد التقرير	1220000968	العقار	1442/02/27
مصطفى محمد الماردينة	المراجعة – والتحليل والتدقيق	1220000297	العقار	1442/04/13



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شركة تاجيريya للاستثمار العقاري والتطوير العقاري
Tajiriya Real Estate & Investment Company

ترويم
TROEEM



اسم الشخص: مصطفى محمد المرجي
رقم العضوية: 020000297
فئة العضوية: مؤقت
فرع التقييم العقاري:
تاريخ التقييم: 1442/04/13




شركة تاجيريya للاستثمار العقاري والتطوير العقاري
Tajiriya Real Estate & Investment Company

ترويم
TROEEM



اسم الشخص: عبدالملك إبراهيم الدروس
رقم العضوية: 020000390
فئة العضوية: مؤقت
فرع التقييم العقاري:
تاريخ التقييم: 1442/04/13




شركة تاجيريya للاستثمار العقاري والتطوير العقاري
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Valuation Report

SEMI-ANNUAL VALUATION
ALROWAD INTERNATIONAL SCHOOL,
AL NUZHA DISTRICT,
RIYADH, KSA

SAUDI FRANSI CAPITAL

REPORT ISSUED 06 JULY 2020

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APPENDIX 1 - PHOTOGRAPHS



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
Vice President
 E-mail. mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is for Public Listing Offering (REIT) for the Saudi Market Purpose.

1.3 INTEREST TO BE VALUED

Alrowad International School, Al Nuzha District, Riyadh, KSA (GPS Co-ordinates: 24°45'22.69"N 46°42'14.28"E)

Title Deed No.	Title Deed Date:	Property	Location	Interest
810104023227	16/8/1432	School	Riyadh, KSA	*Freehold

Source: Client 2020

*Freehold reflecting 30-year lease agreement with an unexpired term of 22 years.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

1.4 VALUATION APPROACH

Primary method - Discounted Cash Flow (DCF) approach to valuation with a sanity check on comparative land value reflecting improvements to the subject land.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuation has been assessed as of our report date of 30 June 2020.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 SUMMARY OF VALUE

Details	
Leasehold Interest	22 years unexpired
Gross Income	14,520,000 (increased every 3 years at 10%)
Discount Rate	6.5%
Total (SAR) [Rounded]	218,000,000

The executive summary and valuation should not be considered other than as part of the entire report.

1.7 SALIENT POINTS (GENERAL COMMENTS)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe.

Market activity is being impacted in many sectors. Despite short term challenges whereby force majeure (as a result of the pandemic cause beyond anyone’s reasonable control) has created inactivity in the real estate market with the market currently at a standstill. Although we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward trajectory showing growth in the last quarter of 2019 after a period of subdued market conditions.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom and through the creation of the Giga projects and now a stimulus package of SAR 120 billion, we understand the market will bounce back with investors and buyers having a strong appetite.

We understand the current uncertainty and market stagnation will not allow a fairly resilient market to stop where it left off prior to the pandemic. In short, we suspect the pandemic effect to be a short-term shock and expect a rapid recovery and a surge in business activity to bounce back allowing markets to start flourishing towards a growth cycle.

Accordingly, to inform opinions of value, we have kept to the previous figures published in our valuation exercise in (December 2019) for the same property referred in this report.

Our valuation(s) are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property(s) under frequent review.



We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas specified by the Client. In the event that the areas of land and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject site.

It is assumed that the subject land is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect then the figures presented in this report may also need revision and should be referred back to the valuer.

Note property values are subject to fluctuation over time as market conditions may change.

This executive summary and valuation should not be considered other than as part of the entire report.



2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation service.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Saudi Fransi Capital ('the client') of providing valuation services for the subject land mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Alrowad International School, Al Nuzha District, Riyadh, KSA (GPS Co-ordinates: 24°45'22.69"N 46°42'14.28"E)

Title Deed No.	Title Deed Date:	Property	Location	Interest
810104023227	16/8/1432	School	Riyadh, KSA	*Freehold

Source: Client 2020

Freehold reflecting 30-year lease agreement with an unexpired term of 22 years. The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

2.3 PURPOSE OF VALUATION

The valuation is Public Listing Offering (REIT) for the Saudi Market Purpose.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (effective 31 January 2020).

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **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" 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" 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 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 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” is one between parties who do not have a particular or special relationship, e.g. 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” 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*;

‘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 favourable 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’ 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.

2.5.2 VALUER(S):

The valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member), having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently.

Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation.

We further confirm that neither Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment apart from this same assignment undertaken; other than the last valuation exercise in December 2019.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	25 June 2020	30 June 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment.

We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property. Our internal inspection was limited to common areas of the property including the ground floor areas, mezzanine floor area, other commercial areas, and a representative sample of areas.

For the purpose of our report we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.



2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

That no contaminative or potentially contaminative use has ever been carried out on the site; we assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors; this subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment.

We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect.

For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent; that, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, Bye-Laws, Health and Safety at work); we have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building.

We would recommend that the client makes their own enquiries in this regard, and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

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 authorised.



2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DETAILS & LOCATION OF PROPERTY

The subject property is an established international school built circa. 2012 located in the An Nuzha District of Riyadh. The subject school is known as Alrowad International School situated within a popular area with a number of schools in the close vicinity of densely populated established districts.

The subject school is located on island site extending to an approximate land area of 30,000 sq. m and improved with four 3 storey building(s) constructed of reinforced concrete frame with block infill. Each building consists of a basement, 3 floors and an annex, sport facilities and multiple playgrounds. We understand there are almost 7,000 students housed within a Built-Up Area (BUA) of 48,281 sq. m including a large basement allowing for parking space of 200 vehicles.

The subject property fronts with high visibility on Abi Sufyan Ibn Harb Road close to the junction Abi Bakr Siddiq Road. For ease of reference refer to the illustration below of the close locality.



Source: Google 2020; For illustration purposes only

2.9.2 SCHOOL BUILDING BRIEF DESCRIPTION

The subject school site is an established international private school catering for KG, elementary, middle and high school for both girls and boys.

The subject school site forms many cluster of buildings designed as a purpose-built school which is a fully integrated and a segregated school for both girls and boys.

At the time of inspection, the subject school was in good condition considering age, type and location. The subject school accommodates currently almost 7,000 students. Some features include as follows:

School Infrastructure and facilities

Computer Labs - There school is equipped with five computer labs to support students with their learning.

Laboratories - There school has 5 science laboratories for students.

Library and Media Centre - The school houses five libraries and media centers.

Sports and Physical Exercise - The school has several outdoor and indoor facilities for sports which includes multiple playgrounds.

Indoor Swimming Pool for both girls and boys

Gymnasium

2.9.3 RIYADH'S METRO SYSTEM

The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2021, which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will be help in many ways for day to day life activities such as traffic control, school journeys, shopping journey and business commuting, etc. The city metro project is one of the world's largest infrastructure projects currently under-construction.

The city metro, which is designed as a world-class transportation system includes 756 metro cars, 85 stations, six metro lines and 176-km network line. The below-mentioned table lists the six metro lines along their estimated length.

Riyadh City Metro System Lines

Line	Length (Km)
Line 1 – Blue	38.0
Line 2 – Green	25.3
Line 3 – Red	40.7
Line 4 – Orange	29.6
Line 5 – Yellow	12.9
Line 6 - Purple	29.90

The Riyadh metro will span over 178km including underground, elevated and at-grade sections. The three major metro stations (intersection of the lines) KAFD, Olaya and downtown will be designed by world renowned architectural firms to include Gerber Architekten, Snohetta and Zaha Hadid.

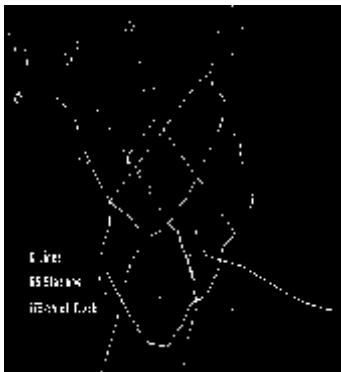
KING ABDULLAH FINANCIAL DISTRICT STATION



Three leading consortia, including the US Construction company Bechtel Group Inc., Spain's FCC and Italy's Ansaldo STS have been awarded contracts to build the project.



RIYADH METRO LINES



We understand, the subject property and area will be connected via a Riyadh Metro (via line 2 – King Abdullah Road Line) and the nearest station will be about 1,500 - 1,800 meters away from the subject property.

The construction of the metro system has led to a number of road closures that has affected traffic in various parts of the city, especially the Olaya major thoroughfare. The public transport project will also comprise an integrated bus system to include 3,853 bus stops, 24 bus routes, 1,150 km network and 956 buses that will ease traffic congestion considerably and reduce pollution by cutting the number of vehicles on the road.

In terms of public transport, the upcoming Riyadh Metro will greatly improve access to the central business district, as it will not only run from east to west on King Abdullah Road, but also run north to south on King Fahad Road.

THE METRO CENTRAL SYSTEM



The subject property will also be accessible via bus routes under the Riyadh City Metro system. Riyadh City Metro, along with a substantive network of bus routes, is a public transport network which aims to ease the city's traffic congestion. The project is divided into two phases:

- Phase 1 is approximately 25 km and will operate between Olaya Road and Batha Road, connecting North Ring Road to South Ring Road;
- Phase 2 is expected to connect Sheikh Jaber Al Ahmed Al Sabah Road to West Ring Road through King Abdullah Road.

The commencement date for the project was in early 2014, with completion date of the project projected to complete in 2021. The proximity to the bus station of the subject property will be beneficial to future visitors, consumers, etc.

2.10 ENVIRONMENT 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 use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site, and have therefore assumed that none exists.

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

Details	
Land Area	ValuStrat has been advised land plot area referred is approximately 30,000 sq. m. The boundaries appear to be reasonably well defined. For ease of reference, refer to the illustration referred above at section 2.9.1.
Topography	Generally, appears to be level and regular in shape
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood liable. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Flood defences reduce but do not completely remove the risk of flooding and can fail in extreme weather conditions.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particularly onerous or adverse conditions which would affect our valuation.

We are not aware of any potential development or change of use of the property or We have attached both the building permit and title deed confirming that the subject land is zoned for school (educational) purposes. For the purpose this valuation, we have assumed zoning to be correct and accurate and should this not be the case, we reserve the right to amend our valuation and report.



We have also assumed that the subject property will include adequate parking provision in line with the applicable planning regulations.

2.10.2 SERVICES

The properties referred within this report have been assumed are connected to mains electricity, water, drainage, and other municipality services. Should this not be the case, we reserve the right to amend our valuation and report.

It assumed for this exercise all health and safety are in place including a valid civil defence certificate which has been issued approving the current fire & safety regulations comply with the authorities. Should this not be the case, we reserve the right to amend our valuation and report. We have not been provided with a copy of the civil defence certificate.

2.11 TENURE/TITLE

Unless otherwise stated we have assumed freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation.

The freehold is reflected by a 30-year lease with following salient details:

- The subject is occupied by a single tenant – Alrowad International School owned by Tadrees Holding.
- 30-year lease with an unexpired term of 22 years
- Passing Rent SAR 14,520,000 per annum with 10% incremental every 3 years.

No copy of the lease was provided by the client. For the purpose of this valuation exercise, we assumed that there are onerous terms within the lease agreement. Should there be onerous terms within the lease agreement, we reserve the right to amend our valuation and report.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that solicitors investigate both the titles in order to ensure everything is correct.

All aspects of tenure/title should be checked by the client's legal representatives prior to any form of transaction and insofar as any assumption made within the body of this report to be incorrect then the matter should be referred back to the valuer to ensure the valuation is not adversely affected. Reference has been made to a copy of the title deed at the attached appendices section.

2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value of the subject property we have utilized the Investment Approach utilizing a Discounted Cash Flow technique as the primary



method of valuation. Thereafter, we have shown an alternative assessment as a market sense check below on a land plus cost basis.

The DCF approach involves the discounting of the net cash flow on a yearly basis over the explicit cash flow period. In the case of the subject property the existing cash flow terminates upon expiry of the ground lease (approximately 22 years are unexpired as at the date of valuation). The cash flow is discounted at an appropriate rate to reflect risk in order to determine Market Value.

The projected income stream reflects the anticipated rental growth inherent in a property investment based upon the physical, tenancy or market characteristics related to that property. In addition to projected operating costs and allowances, future capital expenditure can also be reflected in the cash flow.

Cash inflows comprise income from the property adjusted to reflect actual and assumed lease conditions and rental growth, whilst cash outflows comprise operating costs adjusted to reflect anticipated inflation.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream after deductions for the associated operating expenses and ground lease payments of the property as provided by the Client. The subject property is held by leasehold tenure. The ground lease explicitly states that, upon expiry, ownership of the mall reverts to the land owner. As such, we have adopted a terminal value of zero in our valuation calculations.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

2.12.1 MARKET RENTAL ANALYSIS

Although we are subject to uncertain and volatile times it appears our analysis remains unchanged since our last exercise in December 2019. We have analysed the tenancy schedule and the rents for the subject school. Accordingly, we have benchmarked these against with market rentals achieved in other comparable similar style of property.

Although the analysis of current passing rental shows a wide rental range; however; it appears the passing rents are generally in line with market conditions. The market rental range is between SAR 250 – SAR 500 per sq. m for this size, type and location of property. The subject passing rent is SAR 14,520,000 equating to around SAR 300 per sq. m which is line with market benchmarks.

2.12.2 ASSUMPTIONS & VALUATION ANALYSIS COMMENTARY

The subject school has been assessed reflected a 30-year lease contract subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.



ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical properties in Riyadh, KSA taking cognisance of the surrounding area, location and type of property. This was done in an attempt to forecast our interpretation of performance of the school over the 22 unexpired years explicit cash flow period. In this instance, we have adopted the following analysis:

2.12.3 DISCOUNT RATE & COMMENTARY

Discount Rate	6.5%
Finance Cost	Excluded from our Calculations

Finance Cost & Debt - If debt is unavailable, then both the liquidity and value of the property would be affected.

Growth Rates

We have relied on the lease contract with the following agreed rental schedule:

Discount Rate

Research conducted collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated. This risk takes into account the extent of the property type, location, economic conditions and investor sentiment.

Generally, the discount rate reflects the opportunity cost of capital and the return required to mitigate the risk associated with a particular investment type. Although benchmark data is preferable, the availability of this evidence is scarce. As a result, the prudent approach is to look at capitalisation rate evidence and make adjustments for inflation.

In addition, when reviewing the Discount Rate, it is important to consider Market risk and Property Specific risk. Market Risk comes in the form of potential competition from existing as well as future supply and also considers the state of the property market. Property Specific Risk reflects the liquidity of the market for large assets as well as the additional costs in maintaining and operating the property.

As a result of the above, we have arrived at a Discount Rate of 6.50% given the low risk of the 22-year covenant and the single tenant consisting a strong covenant and brand. **Alrowad International School is owned by Tadrees Holding** is one of the largest investors in the field of education. They have established and strong track record of educational achievement in the Middle east. The subject school has nil vacancy rate subject to the school being professionally run in line with Ministry of Education rules and procedures. This makes the subject a low risk in compared to general commercial property with similar or higher adjusted returns. Equally the subject land holds a high value and building cost value making a secure asset for



future and possible alternative potential development due to the good location of the site can achieve an exit value which may warrant in times of decline.

2.12.4 STRONG COVENANT / BRAND

Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per International practices on company financial records.

*The company structures in KSA are backed by high net worth individuals who could be liable in the case of default or breach of lease conditions. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present lessee (**Alrowad International School owned by Tadrees Holding – strong brand in KSA**) and reflects the low level of risk into an appropriate bid.*

2.12.5 VALUATION COMMENTARY

Cash inflows comprise income from the property adjusted to reflect actual and assumed lease conditions and rental growth, whilst cash outflows comprise operating costs adjusted to reflect anticipated inflation. The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream after deductions for the associated operating expenses and ground lease payments of the property as provided by the Client. The subject property is held by a leasehold tenure. We understand upon expiry of the lease, extension for an equal period on mutual agreement will be allowed, although we have assumed the ownership of the assets will revert to the owner. As such, we have adopted a terminal value of zero in our valuation calculations. Our opinion is based upon the following factors:

1. We have undertaken this valuation as of the date of valuation referred in this report when we analysed the subject school portfolio in good locations, good trading style, historic performance appears to be sound; however, any decline in these factors will impact performance.
2. This is a valuation for the purpose of the Real Estate Investment Trust (REIT).
3. The ages of the subject property and the economic life of each property along with higher maintenance increasing year on year.
4. Future competition and existing private schools offering high quality education and have captured a large market share can impact subject schools' performance.
5. In the event of a lessee default, a replacement tenant/operator can continue to trade from the subject schools in the shortest period to ensure that any rental is not compromised.



6. We have not been provided with a copy of audited financial statements, revenue generation broken down for the school, operating expenses for the school, rental income versus EBITA distribution analysis. Although based upon the average fee for the school as conveyed by the school representatives is SAR 24,000 per child with almost 7,000 students should provide ample coverage of revenue after all deductions to provide enough cover for the rent in the current school operation and market conditions as of the date of valuation.
7. We have considered the valuation of subject school portfolio referred in this report based on the current state of the investment market with particular focus in the education sector. In addition, the proposed rent cover performance is considered in line with the risk associated with the subject property and achieving the expected income levels. Other significant factors incorporated within our assessment of the risk profile include Alrowad International School credentials and the current risk profile in the Kingdom of Saudi Arabia.
8. The report is based upon the information provided by the client and we have assumed that the information with which we have been provided is substantially true, accurate and complete. We have not independently verified the accuracy of the information supplied to us, although we have analysed the locations, financial statements and management data.
9. We have undertaken inspections of the subject property and the location in connection with this valuation and we have had regard to the property, location, trading style, performance and the local demographic and competitive environment plus key performance indices compared with other operating schools in the region.
10. The subject school referred within this report is subject to individual compliance requirements based on KSA conventions and we have assumed its compliance with current government legislation and educational registration requirements.
11. In reaching our opinion of the value, we have assumed that the subject property referred within this report will be professionally operated throughout the said term of the lease. In particular, we have assumed Alrowad International School will be able to staff the school(s) with competent persons and market the proposed school locations services extensively within the market based on its capabilities and brand.
12. We have also assumed that the trading position, financial and market conditions will not vary significantly during the stated period of assessment. In the event of future change, in the trading potential or actual level of trade from that indicated, the values reported can vary.



The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

Accordingly, we provide our valuation referred in the below section:

2.12.6 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables for the subject property is as follows:

Valuation Summary	
Passing Rent (current year)	14,520,000
Annual Growth Rate	10% every 3 years
Operational Cost	Not applicable, although onus upon the lessee to keep maintaining subject to high operational standards
Discount Rate	6.5%
Value SAR (Rounded)	218,000,000

The client is also recommended to consider the benefits in such a volatile market, of having more frequent valuations to monitor the value of the subject property.

In order to ascertain whether this valuation accurately reflects the value of the subject property, we also carried out a sanity check by analysing the land plus cost basis.

2.12.7 LAND - COMPARATIVE APPROACH

This method requires the collection of comparative market transactions that have occurred within the location of the subject site. Upon analysis and subsequent subjective adjustments, such evidence has then been applied to the subject property. Due to the nature of the property market within the Kingdom of Saudi Arabia, sales for similar properties are not readily available or transparent. Much if not all of the evidence is anecdotal and consequently in most circumstances this can place limitations on the veracity of such information and subsequently impact on values reported.

Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local agents. In addition, we have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet based property intelligence sites. We draw your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that it would be reasonable to expect a purchaser to make.



2.12.8 MARKET PRICES

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. This evidence shortage, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

Since the last valuation exercise there is decline in land values in the subject location and generally land values have decreased considerably across the KSA.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place. From research, it appears in the close-by area the land price ranges from SAR 2,800 to SAR 3,200 per sq. m.

2.12.9 VALUATION ADVICE

There are a number of matters on which we have reflected in assessing our valuation in particular circumstances of the subject land as follows:

- The valuation considerations are as of the date of valuation referred within this report reflecting size, type, and use;
- Limited or no selection of comparable information was available;
- The subject land is situated within a mid-end district where good land plots are holding their price despite the current scare of economic depression.
- Comparable Evidence of actual transactions/sales prices within close proximity to the subject land/plots giving recognition to the surrounding amenity, to establish benchmarks from which values are extrapolated.
- It is important to note that the zoning for the subject land is school (educational use), although flexibility of use in line with the surrounding commercial and residential use is very much possible.
- The subject land has a large frontage on the main commercial road increasing its appeal and value.
- Preference has been directed at similar sized plots and property holdings; however, in the absence of such, other sized land holdings have been considered where a quantum adjustment to take into account the difference in the subject site area and the comparable plots.



2.12.10 VALUATION SUMMARY

Despite the subdued market conditions across the Riyadh, the subject land remains resilience in price due to the good location of the site in the central area of Riyadh.

As a result, taking the individual characteristics of the subject land into account and cross referencing them with our findings we are of the opinion that the subject is reasonably priced within a range SAR 2,800 to SAR 3,200 per sq. m for land. We can accurately reflect the value of the subject land as follows:

No.	Land Area (sq. m)	Rate per sq. m	Value (SAR) [rounded]
1	30,000	3,000	90,000,000

2.12.11 REPLACEMENT COST APPROACH

In determining the value for the Built-Up Area BUA for the subject school, we have conducted the replacement cost approach. The below-mentioned table provides the breakdown used in the cost assessment:

2.12.12 REPLACEMENT COST VALUE SUMMARY

The below-mentioned table provides the summary for the Replacement Cost Assessment:

Use	BUA (sq. m)	Cost Assessment	Price (SAR) [Rounded]
School	48,281	2,500	116,000,000

**Source: Construction Costs 2019/20 – In-House Research, Aecom, and others plus reflecting the age of the subject property with more than 30 years of economic life remaining given that the school is in good condition and has been well maintained.*

**We would stress that we are not Quantity Surveyors and the reported construction cost is only an estimate and is based upon reported costs of other similar construction in the market area of the subject and/or by recognized costing services.*

2.12.13 VALUATION SUMMARY

Component	Value SAR (Rounded)
Land	90,000,000
*Building(s)	116,000,000
Total (SAR) Rounded	206,000,000

**We have placed reliance on market benchmarks for construction costs as referred above. ValuStrat would stress that we are not Quantity Surveyors and the reported construction cost is only an estimate and is based upon reported costs of other similar construction in the market area of the subject and/or by recognized costing services.*



2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the leasehold interest in the subject property only referred within this report, and as of the date of valuation, based upon the Discounted Cash Flow (DCF) and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 218,000,000 (TWO HUNDRED EIGHTEEN MILLION SAUDI RIYALS)

2.14 GENERAL MARKET SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

At a time of unprecedented trial over the Coronavirus COVID-19 and the global spread of the virus, it has meant a significant impact on global financial markets as geographies experience continued spread and increase of pandemic cases. This has meant a global shutdown/lockdown of economies with most sectors affected.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization (WHO) as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe. Market activity is being impacted in many sectors.

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country’s economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. Presently the whole of the KSA is on a 24-hour lockdown given that Coronavirus cases have passed 39,000 (thirty-nine thousand). With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic’s cause beyond anyone’s reasonable control) has created inactivity in the real estate market with the market currently at a standstill.



Given as mentioned above the KSA market's ambitions and resilience, we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SAR 120 billion, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a "V-shape" or a more gradual recovery in the form of a "U-shape" bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show any small adjustment in prices/rates due to non-activity or a market standstill especially prior the market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects so we expect the government's latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates.



However, should the pandemic persist throughout this year, we do expect adjustment later or towards the end of this year.

Our valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject property referred in this report under frequent review.

2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era.

These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices are starting to surge again around 80 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the



short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall. The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF).

However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending. The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year.

The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce. Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars. A due enactment of law will encourage public-private partnerships to herald more foreign investment. The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region. Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 1st January 2018. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive.

Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall. The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company



(DIEC), a wholly owned subsidiary of PIF. With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.

As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

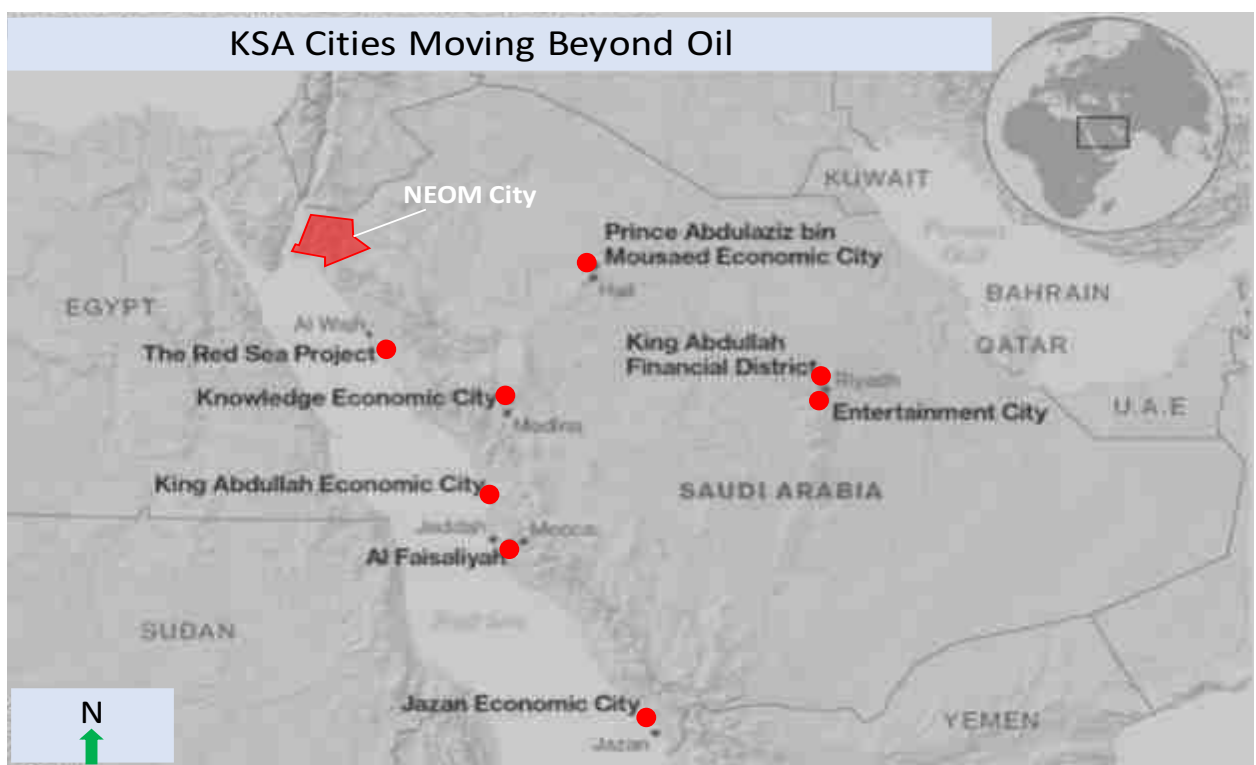
To transform 50 islands consisting of 34,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the “existing governmental framework” backed by Saudi government along with local and international investors. The project will be part of a ‘new generation of cities’ powered by clean energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values. We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above. As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2019; hence the main driver of the recovery remains oil. Over 2020 we envisage the Kingdom’s consumer outlook to be more favorable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan. In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market. Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016).



The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy. The real estate market performance in 2019 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices. The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region. The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2020/21.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 GENERAL EDUCATION OUTLOOK

The KSA Vision 2030 Plan and the education sector is a main stake for the Kingdom's economic and social growth. The education sector has become one of KSA's leading investment sectors with many regional, international investors and operators actively planning in entering the educational market with the repealing of foreign ownership restrictions.

Accordingly, the education market in Riyadh will further provide strong opportunities from relatively safe and high return assets. The education sector has a strong appetite given the following:

- The compulsory education system in the Kingdom is structured to include six grades at primary-school level and three at intermediate level, followed by a further three years in secondary school.
- As of 2015 there were 7.5m children attending schools, according to the latest available data from the General Authority for Statistics (GaStat) with 52% students at primary school, 24% at intermediate schools and 24% at Secondary schools.
- Of this, majority of the students attend public schools and only 11.4% students' study in private schools. However, the percentage has been growing every year.



Overall an emerging young and growing population only increases the pressure on shortages and therefore a stable sector in the foreseeable future.

2.15 VALUATION UNCERTAINTY

In line with RICS Global – Valuation Practice Guidance Application 9 (VPGA 9): we believe that a reasonable period in which to negotiate a sale at our opinion of Market Value is 6-9 months. It should be noted. However, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the subject property who would pay in excess of our opinion of Market Value.

The RICS valuation standards consider it essential to draw to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.

2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client.



Values will 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.

2.17 CONCLUSION

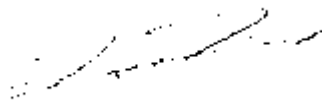
This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in these report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**




Mr. Ramez Al Medlaj (Taqeem
Member No. 1210000320)
Senior Associate – Real Estate, KSA

Mr. Yousuf Siddiki (Taqeem Member
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APPENDIX 1 - PHOTOGRAPHS OF THE PROPERTY



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Valuation Report Analysis
Arrowad International School
KSA- Riyadh City- June 30, 2020

Prepared for
SAUDI FRANSI CAPITAL

المصرف الفرنسي كابيتال
Saudi Fransi Capital



شركة أولات للتقييم العقاري
Olaat Valuation Company



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Olaat Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for:
Saudi Fransi Capital

Riyadh City

Date of Valuation June 30, 2020

Date of Report July 06, 2020

Done by OPM (Olaat valuation Company)

P.O.Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

- Mustafa Al-Mardina

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C.R:1010462536

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Property's Type	Educational Property –International school
Location	Riyadh city – Al-Nuzha District- closed to Abi Bakr Siddiq Rd
Land Area	30,000 sq m
Title deed number	310115035125
Title's date	7/2/1435 H
Plots Number	232- Educational facility
Scheme Number	1954/أ
Land Topography	Flat
Boarded streets & Neighbors	N: Street Width 20 m length 200 m S: Parking area then Street width 36 m Length 200 m E: Street width 20 m Length 150 m W: Street width 30 m Length 150 m
Building (Gross floor area) based to Permit	47,281 sq m plus Fence 686 m2
Building's Permit number	8250/1427
Building Permit's date	22/03/1431
Market value based to DRC method	237,047,000 SR
Market value based to Cap rate method	240,634,013 SR
Market value based to 50% Weighted average between DRC and Cap rate Methods	238,841,000 (Two hundred Thirty-eight million, eight hundred forty one SR)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

Saudi Fransi Capital
For the attention of:
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P.O. Box 23454, Riyadh 11426

June 30, 2020

Property Address: Arrowad International School (AIS) - Riyadh city - Valuation Report analysis

Tenure: Educational Freehold property

Dear Eng. Yousef,

We are Pleased to submit our Valuation report for – **Arrowad International School (AIS) - Riyadh city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **Educational property 237,313,000** has been assessed by **Residual value, and DRC method (Deprecation replacement cost), And capitalization income method considering the** location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	Saudi Fransi Capital	
Instruction and purpose of valuation	In accordance with RFP dated on June 09, 2020, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Arrowad International school (AIS) property	
The subject of the valuation	REITs Purposes (Real estate Investment Trust)	
The extent of the value's investigations	Valuation for an Educational property – international school	
Inspection	To avoid misunderstandings. it is good practice to agree with, which defines the extent of the <i>member's</i> duty to obtain or verify information that may be material	
Personnel	The Property was inspected on 16 th of June 2020 by Salem Mafouz, Saudi Authority for Accredited Values membership 1220000968 (Taqeem), all significant parts of the property were inspected	
The nature and source of the information to be relied on	The Valuation analysis and financial models has been prepared by Mustafa Al-Mardina (CVA) memberships, Saudi Authority for Accredited Values memberships (Taqeem), we confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the (IACVA) (IVS).	
Other users	Market Survey - OPM data center	
Currency	Not Available	
Valuation report's Date	Saudi Riyal	
	June 30, 2020	

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem)**, **International Valuation Standards Council (IVSC)**: The estimated amount for which an asset 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 had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**, International Valuation Standards (IACVA), Valuation – Professional standard (Royal institution of chartered surveyors) RICS.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

6- Source of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

7- Purpose for preparation valuation and Content text

OPM was appointed **Saudi Fransi Capital** to evaluate market value for an Educational property due to market value located within Al-Nuzha district based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

8- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Residual value Method, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation **June 30, 2020 AD.**

9- Legal Description for Property Owner

Documents validity: the property targeted has viewed through available data and documents received from **Saudi Fransi Capital**, and have been a presumption of validity.

10-Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **Educational property**, with checking and preview the real instruments if it's legal and owned by the landlord (Fawaz Suleiman Al-Rajhi).

11-Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation)
2. Estimated current market value depending on Residual value approach. And depreciated replacement cost DRC, Capitalization rate.
3. The valuation is valid for Six months period from the date of preparation.
4. OPM has no conflict of interest in the time of evaluation.

12-Property's Identification

The subject property consists of Educational property Asset (Land + building) located in **Riyadh city** within Al-Nuzha district. Land area: **30,000 sq m** + **Building GFA 47,281 sq m plus Fence 686 m2 based** on data has been received from **Saudi Fransi Capital Geographic Coordinates: N:**

24°45'22.60" - E: 46°42'13.69"



The Image below shows the Boundaries of the site:

Aerial View



We derive the Accurate Value in a changing market

12.1- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

- Visibility: This refers to the general visibility of the frontage of the asset from 4 sides
- Ease of Access: No any impediments to the building access via the existing roads
- General surroundings: This describes the area in terms of the surroundings and its uses (commercial and residential)
- Competitive environment: This describes the location in terms of whether the competition and rival situation is high or low
- Proximity to demand generators: These would refer to proximity to business environment that would support the main function of the property and its proposed extension project.
- No Any educational lands in site region offering either for rent or sale
- Lacking for any new rival Educational projects in case of new supply from schools

Main features of the project (Advantages):

- Educational school (international) – 7000 Student – Existing students
- One underground floor - Basement: assembly point for school's buses: 100 nos – 2 Fire exits
- HVAC system (Central system) more than 250 unit, plus 2 Packaged units 25 Ton – (Fuji Electric Manufacturing)
- All building full covered with CCTV with more than 100 surveillance unit
- Automatic Fire system covering only a Basement floor (Theater) and the buildup floors (extinguisher fire – fire Hose) plus smoking detectors
- Efficient mechanical design installed
- Technical room, electrical room

- Electrical design connecting to Sceco Room
- All MEP equipment installed
- 10 Elevators, Water Pump Room
- All maintenance (weekly, monthly and quarterly reporting)
- 8 mini Football, Basketball playgrounds, swimming pool
- Public bathrooms and service room in every floor
- Mosque
- Library, Laboratory
- Grounds Porcelain
- Theatre full capacity 250 person
- Management section grounds fine granite

(Disadvantages):

- Basement need more lighting
- In general building need soft maintenance – Periodically

13-Land Valuation

13.1- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

Dev - Cost Sheet - National School - Educational project			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
Development Work			
Land Area - developed / year - sqm	30,000		
Development Cost S.R / sq m	80		
Total Development Cost / Year	2,400,000		
National School Grade B+			
Total BUA - sq m	38,000		
Units BUA construction / Year	12,667	12,667	12,667
Units Construction F&E Cost S.R / sqm	3,200	3,200	3,200
Total Construction Cost / year	40,533,333	40,533,333	40,533,333
Total Construction Costs	40,533,333	40,533,333	40,533,333
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	1,013,333	1,013,333	1,013,333
Statutory fees 2%	810,667	810,667	810,667
Marketing Fees (Media & Advertising) 1.5%	608,000	608,000	608,000
Contingency costs 10%	4,053,333	4,053,333	4,053,333
Overhead cost 2.5%	1,013,333	1,013,333	1,013,333
Total Dev - Cost - SR	48,032,000	48,032,000	48,032,000

Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- National school - Rev- Leasing to Operator							
Leasable area - sq m		38,000	38,000	38,000	38,000	38,000	38,000
Annual rental price - sq m		520	520	520	1000	1000	1000
Occupancy Rate %		100%	100%	100%	100%	100%	100%
Revenues Cat 1		19,760,000	19,760,000	19,760,000	38,000,000	38,000,000	38,000,000
Gross Revenues		19,760,000	19,760,000	19,760,000	38,000,000	38,000,000	38,000,000

Income Statement

	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	19,760,000	19,760,000	19,760,000	38,000,000	38,000,000	38,000,000
General & Administrative Expenses (0%) Triple Net	0	0	0	0	0	0
Gross Profit - EBITDA	19,760,000	19,760,000	19,760,000	38,000,000	38,000,000	38,000,000
Depreciation	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)	(960,640)
Earnings after depreciation	18,799,360	18,799,360	18,799,360	37,039,360	37,039,360	37,039,360
Interest Expense	0	0	0	0	0	0
Earning after interest expense	18,799,360	18,799,360	18,799,360	37,039,360	37,039,360	37,039,360
Taxes Zakat & Vat (7.5%)	(1,409,952)	(1,409,952)	(1,409,952)	(2,777,952)	(2,777,952)	(2,777,952)
Net Income	17,389,408	17,389,408	17,389,408	34,261,408	34,261,408	34,261,408
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	17,389,408	17,389,408	17,389,408	34,261,408	34,261,408	34,261,408
Cumulative Retained earnings	17,389,408	34,778,816	52,168,224	766,843,648	801,105,056	835,366,464

Residual Value - RV

RV	Construction / Year 1	Construction / Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	32	33	
Revenues		0	0	17,389,408	17,389,408	34,261,408	34,261,408	
Total Inflow		0	0	18,350,048	18,350,048	35,222,048	35,222,048	796,623,488
Discount Rate:	9%	0.000	0.000	0.917	0.842	0.063	0.058	
OUT Flow								
Total Outflow		0	0	0	0	0	0	
Total Cash out								
Net Cash Flow (Before Discount Rate)	(144,096,000)	0	0	18,350,048	18,350,048	35,222,048	35,222,048	242,282,895
								Total Cash flow
Discounted Cash Flow DCF	(144,096,000)	0	0	16,834,906	15,444,868	2,234,430	2,049,935	90,274,692
								Residual value

Market Value - MV	
	Land - MV
	90,274,692
	Land area - sq m
	30,000.00
MV - per sq m - Residual value	3,009.16

Market Value MV	Land Area – sq m	Value / sq m. SAR	MV SAR
Market Value for land	30,000	3,009.16	90,274,800

13.2- Case 2- Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

- Due to availability of Official building permit; the total Gross Floors area GFA has been calculated as 47,281 sq m from Saudi Fransi Capital

Components	Gross Floor Area GFA – sq m	Type of operation
Basement floor	8,085	Parking
Ground floor	12,422	amenities, laboratories, lobbies, services
First floor	14,530	Classes and laboratories
Second floor	13,244	Classes and management
Fence	686	Services
Total GFA – sq m	48,281 plus Fence 686	
External Area – sq m	17,578 sq m	Playgrounds, recreation, swimming pool

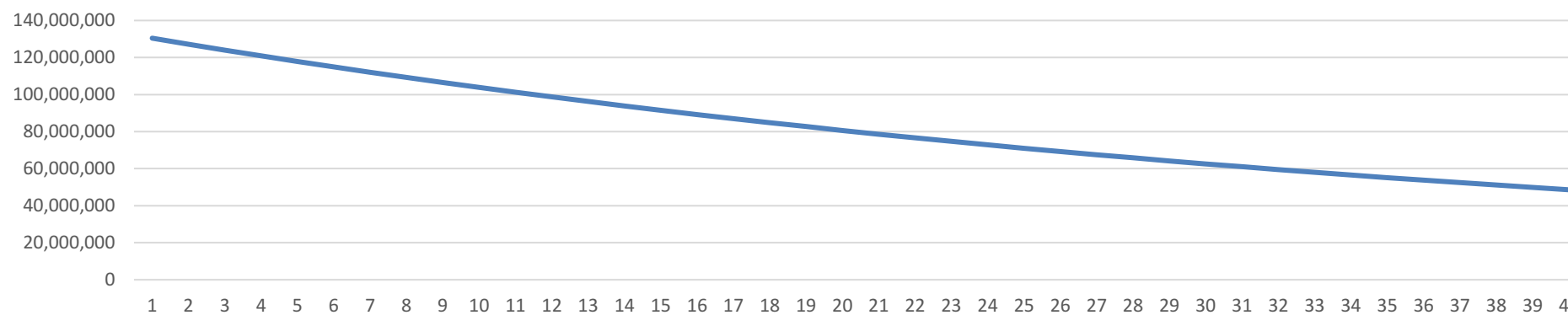
Depreciated Replacement cost (DRC)

Standard: Average useful life for Schools building in Al-Riyadh city after taken into consideration climate (Dry)	N (number of years) =	50 years
Deprecation ratio Per annum 2%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work 0% per annum	Apportionment after Calculating Depreciation and Appreciation 2%
Building (equipment) useful life	N (number of years) =	5 years
Apportionment – Acc Depreciation	2%*5 Years	10%

(Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GFA / sq m	Replacement cost / SAR – sq m Q1-2020	Completion %	Market value/ SR
Basement floor	8,085	3,000	100%	24,255,000
Ground floor	12,422	2,500	100%	31,055,000
First floor	14,530	2,500	100%	36,325,000
Second floor	13,244	2,500	100%	33,110,000
Fence	686	650	100%	445,900
External Area – sq m	17,578	300	100%	5,273,400
Replacement cost - SR				130,464,300
- Apportionment Acc Deprecation		130,464,300 *10 %		(13,046,430)
Depreciated Replacement cost DRC				117,417,870

Value of building during operational Life Cycle



14-Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-Currency SR

Market Value (Land)	90,274,800 SAR
Plus	
Building Value before adding Profit Margin - SAR	117,417,870 SAR
+ Developer Profit Margin (25%) – only for Building Value - SAR	29,354,468 SAR
Building Value - SAR	146,772,338 SAR
market value - Property	237,047,000 S.R (Two hundred thirty-seven million, forty-seven thousand, Saudi riyals

(Sensitivity Analysis) for Weighted average value based on (RV and DRC)

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
225,195,000 SR	237,047,000 SR	248,899,000 SR

15-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value - **Riyadh city Q1- 2020- FFO (Funds from Operations)** to define the cash flow from their operations.

- We received official leasing contract for this property and all Funds from Operation FFO data based to annual renting Values mentioned within Contract terms.



Year	Net Yield
2017	13,200,000
2018	14,520,000
2019	14,520,000
2020	14,520,000
2021	15,972,000
2022	15,972,000
2023	15,972,000
2024	17,569,200
2025	17,569,200
2026	17,569,200
2027	19,326,120
2028	19,326,120
2029	19,326,120
2030	21,258,731
2031	21,258,731
2032	21,258,731
2033	23,384,605
2034	23,384,605
2035	23,384,605
2036	25,723,065
2037	25,723,065
2038	25,723,065
2039	28,295,372
2040	28,295,372
2041	28,295,372

Average Yield SR/ Annum	20,453,891
--------------------------------	-------------------

15.1- Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period, and running rents for Al-Rowad school we have compared the net income with market benchmark and rentals achieved in catchment area with other comparable with same leasable areas of other property.

Due to market renting analysis the average rents in the area in between 400 – 500 SAR per sq m for Gross Leasable area excluding basement floor and comparing it to the annual renting values for properties in the same area and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

Based to OPM data center actual transaction recorded within Al-Raeed district, school been leased at beginning of May for 440 SR/ sq m with total GFA 16,000 sq m.

The Property's Av rent for 25 years is 20,453,891 SAR per annum, which equating to around SAR 420 per sq. m

Gross Operating Income GOI – Currency SAR- Average for a 25 Years Contractual period based to official agreement.	20,453,891	
– Vacancy and collection loss	0	
Additional income	0	
Effective gross income	20,453,891	
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses	0	
Net operating income NOI	20,453,891	
Cap rate 8.5%		
Market Value @ 8.5% Capitalization rate	240,634,013 SAR	

16-Note: In case of Saudi Fransi Capital desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

Residual value + DRC depreciation replacement cost - MV	237,047,000
Capitalization rate - MV	240,634,013
Weighted Average (50% for DRC, 50% Cap rate)	/2
Sum of Values	238,841,000
market value MV	238,841,000 (Two hundred Thirty eight million, eight hundred forty one -SR)

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the Property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
226,899,000 SR	238,841,000	250,783,000 SR

17- Real Estate Market Summary- Al-Riyadh Q1-2020

Growth rate slightly Change, Government's decision to collaborate more closely with the development of mega project for the housing sector, The Government successfully conduct the Biggest entertainment event "Riyadh Season" So Commercial Shopping malls owners are hopeful that the proposed entertainment reforms will lead to the more licensing of movie theatres & Entertainment events in the Kingdom & New brands hotels are expected to enter the market over the next coming years with hotels room.



17.1-Offices market: Offices vacancies rate of Office Grade A & B Silently Decrease over the quarter due to (SAGIA) Saudi Arabia General Investment Authority Issue New License to Investor to operate business companies in private sectors. Corporate demand is more focus on Smart & elegant Co-working office space to get benefit for low rental rates. In COVID-19 Pandemic government announced the package to ensure business connectivity and mitigate risk for Business Growth and support to the Private sector.

Healthcare sector continues to attract demand level and growing number of commercial buildings in Riyadh are leasing space to clinics or other healthcare providers. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

17.2-Residential market: Residential Units & Villas Prices slightly increase due to government backend support to expand the mortgage scheme and government sakni program for Saudi Resident. According to Vision 2030 in respond to sakni program which helps to increase ownership rate in 2020. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market. Due to Current Covid-19 pandemic we can expect in supply & Demand side on-going Residential project will slightly expected to delay to deliver it.

17.3-Hospitality market: The Public Investment fund introduced a tourism and hospitality project like Riyadh season that will help to boost the economic activity in capital city. In end of 2019 Government initiative to allow Developed Countries Like U.K, US & Schengen Visa holder to get visa on arrival facility that help to support tourism industry and enhance the economic activity in the kingdom. While Feb 2020 Hospitality Industry has Healthy performance but Due to COVID-19 Pandemic in Mid of March-2020 Hospitality industry had badly impact for suspension of International Travelling and Q1-2020 Performance of Hospitality Sector is very depressed.

17.4-Retail market: Retail market performance remain stable in Q-4 2019. While ADR is stable of super and super regional mall, and vacancy rate of Grade B Class is slightly increase at the end of 2019. While retail sector enjoys slightly upward trend in performance. Under 2030 Vision strategic goal to increase proportion of online payment. In COVID-19 Pandemic full time & partial lockdown in Riyadh, restriction of consumer mobility & socialize limitation that huge impact on retail and entertainment sector. Due to mobility restriction consumer behavior shifted to online trade that boost to E-Commerce sector that will help to support vision 2030.

17.5- Industrial warehouses: While occupancies increased marginally in the industrial warehouses sector over 2020, they are expected to soften of the rest of year as new supply projects enters the market. Most projects are located within South and north of Riyadh (new development plans near Salboukh road) should affect the old warehouses negatively.

18-External and internal Pictures

External view



We derive the Accurate Value in a Changing market

Internal view



We derive the Accurate Value in a Changing market.



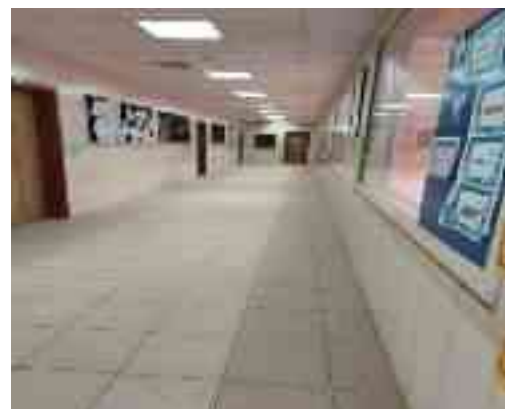
Internal view



We derive the Accurate Value in a Changing Market



Internal view



We derive the Accurate Value in a Charming manner.

Internal view



We derive the Accurate Value in a Changing market.



19- Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwsih	Valuation Manger	1210000397	1442/4/13	Real estate
Mustafa Mardina	Formatting and Analyzing report	1220000297	1442/4/13	Real estate
Salem Mafouz	Site visit, inspection Catchment area	1220000968	1442/2/27	Real estate

www.olaat.com





19.1- OPM Valuation's team Taqem's certificates



We drive the Accurate Value in a Changing Market



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Valuation Report

ALGHAD NATIONAL SCHOOL,
KING ABDULLAH DISTRICT,
RIYADH, KSA

SAUDI FRANSI CAPITAL

REPORT ISSUED 06 JULY 2020

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APPENDIX 1 - PHOTOGRAPHS



1 EXECUTIVE SUMMARY

THE EXECUTIVE SUMMARY AND VALUATION SHOULD NOT BE CONSIDERED OTHER THAN AS PART OF THE ENTIRE REPORT.

1.1 THE CLIENT

Saudi Fransi Capital
Muhammad Raza Rawjani, CFA
Vice President
 E-mail. mrawjani@FransiCapital.com.sa

1.2 THE PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market purpose.

1.3 INTEREST TO BE VALUED

Alghad National School, King Abdullah District, Riyadh, KSA (GPS Co-ordinates: 24°44'0.38"N 46°44'18.63"E).

Title Deed No.	Title Deed Date:	Property	Interest	Land Size sq. m	Owner
710113086467	8/11/1441	School	*Freehold	11,282.58	Raboooh Taleem Real Estate Company

Source: Client 2020

*Freehold reflecting 10-year lease agreement with an advance notice of vacation before the fifth anniversary for the full binding 10-year term.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

1.4 VALUATION APPROACH

Primary method - Discounted Cash Flow (DCF) approach to valuation with a sanity check on comparative land value reflecting improvements.

1.5 DATE OF VALUATION

Unless stated to the contrary, our valuation has been assessed as of our report date of 30 June 2020.

The valuation reflects our opinion of value as at this date. Property values are subject to fluctuation over time as market conditions may change.



1.6 SUMMARY OF VALUE

Details	
Freehold Interest	Reflecting a 10-year binding lease period with an advance notice of vacation before the 5 th anniversary for the full binding 10-year term.
Gross Income (SAR)	SAR 5,950,000 (year 1-4) and 5 th year at SAR 6,545,000
Operational Expense	To be borne by the lessee
Exit Yield (%)	7.5%
Discount Rate (%)	8.5%
Total (SAR) [Rounded]	88,000,000 (Eighty-Eight Million)

The executive summary and valuation should not be considered other than as part of the entire report.

1.7 SALIENT POINTS (GENERAL COMMENTS)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe.

Market activity is being impacted in many sectors. Despite short term challenges whereby force majeure (as a result of the pandemic cause beyond anyone’s reasonable control) has created inactivity in the real estate market with the market currently at a standstill. Although we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward trajectory showing growth in the last quarter of 2019 after a period of subdued market conditions.

With all positive activity and investment by the government creating opportunities through projects across the Kingdom and through the creation of the Giga projects and now a stimulus package of SAR 120 billion, we understand the market will bounce back with investors and buyers having a strong appetite.

We understand the current uncertainty and market stagnation will not allow a fairly resilient market to stop where it left off prior to the pandemic. In short, we suspect the pandemic effect to be a short-term shock and expect a rapid recovery and a surge in business activity to bounce back allowing markets to start flourishing towards a growth cycle.

Our valuation(s) are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property(s) under frequent review.



We confirm that on-site measurement exercise was not conducted by ValuStrat, and we have relied on the site areas specified by the Client. In the event that the areas of land and site boundary prove erroneous, our opinion of Market Value may be materially affected, and we reserve the right to amend our valuation and report.

We have assumed that the land is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. For the avoidance of doubt, these items should be ascertained by the client's legal representatives.

ValuStrat draws your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that would be reasonable to expect a purchaser to make.

We are unaware of any adverse conditions which may affect future marketability for the subject site.

It is assumed that the subject land is freehold and is not subject to any rights, obligations, restrictions and covenants.

This report should be read in conjunction with all the information set out in this report, we would point out that we have made various assumptions as to tenure, town planning and associated valuation opinions. If any of the assumptions on which the valuation is based is subsequently found to be incorrect then the figures presented in this report may also need revision and should be referred back to the valuer.

Note property values are subject to fluctuation over time as market conditions may change.

This executive summary and valuation should not be considered other than as part of the entire report.



2 VALUATION REPORT

2.1 INTRODUCTION

Thank you for the instruction regarding the subject valuation service.

We ('ValuStrat', which implies our relevant legal entities) would be pleased to undertake this assignment for Saudi Fransi Capital ('the client') of providing valuation services for the subject land mentioned in this report subject to valuation assumptions, reporting conditions and restrictions as stated hereunder.

2.2 VALUATION INSTRUCTIONS / PROPERTY INTEREST TO BE VALUED

Alghad National School, King Abdullah District, Riyadh, KSA (GPS Co-ordinates: 24°44'0.38"N 46°44'18.63"E).

Title Deed No.	Title Deed Date:	Property	Interest	Land Size sq. m	Owner
710113086467	8/11/1441	School	*Freehold	11,282.58	RabooH Taleem Real Estate Company

Source: Client 2020

*Freehold reflecting 10-year lease agreement with an advance notice of vacation before the fifth anniversary for the full binding 10-year term.

The valuation assumes that the freehold title should confirm arrangements for future management of the building and maintenance provisions are adequate, and no onerous obligations affecting the valuation.

2.3 PURPOSE OF VALUATION

The valuation is required for Public Listing Offering (REIT) for the Saudi Market purpose.

2.4 VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with Taaqem Regulations (Saudi Authority for Accredited Valuers) and the International Valuation Standards Council (IVSCs') incorporating International Valuations Standards (effective 31 January 2020).

It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSCs International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.



2.5 BASIS OF VALUATION

2.5.1 MARKET VALUE

The valuation of the subject property, and for the above stated purpose, has been undertaken on the **Market Value** basis of valuation in compliance with the above mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **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" 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" 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 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 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” is one between parties who do not have a particular or special relationship, e.g. 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” 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*;

‘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 favourable 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’ 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.

2.5.2 VALUER(S):

The valuer on behalf of ValuStrat, with responsibility of this report is Mr. Ramez Al Medlaj (Taqeem Member), having sufficient and current knowledge of the Saudi market and the skills and understanding to undertake the valuation competently. Also Mr. Ramez Al Medlaj (Taqeem Member) who is a local Arabic specialist having knowledge, skills and understanding of the market and valuation. We further confirm that neither Valuer or ValuStrat have no previous material connection or involvement with the subject of the valuation assignment.

2.5.3 STATUS OF VALUER

Status of Valuer	Survey Date	Valuation Date
External Valuer	28 June 2020	30 June 2020

2.6 EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out an external and internal inspection of the property. The subject of this valuation assignment is to produce a valuation report and not a structural / building or building services survey, and hence structural survey and detailed investigation of the services are outside the scope of this assignment. We have not carried out any structural survey, nor tested any services, checked fittings of any parts of the property. Our internal inspection was limited to common areas of the property including the ground floor areas, mezzanine floor area, other commercial areas, and a representative sample of areas. For the purpose of our report we have expressly assumed that the condition of any un-seen areas is commensurate with those which were seen. We reserve the right to amend our report should this prove not to be the case.

2.7 SOURCES OF INFORMATION

For the purpose of this report, it is assumed that written information provided to us by the Client is up to date, complete and correct in relation to title, planning consent and other relevant matters as set out in the report. Should this not be the case, we reserve the right to amend our valuation and report.

2.7.1 VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:



That no contaminative or potentially contaminative use has ever been carried out on the site; we assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the property, which we assume to be good and free of any undisclosed onerous burdens, outgoing, restrictions or other encumbrances. Information regarding tenure and tenancy must be checked by your legal advisors; this subject is a valuation report and not a structural/building survey, and hence a building and structural survey is outside the scope of the subject assignment. We have not carried out any structural survey, nor have we tested any services, checked fittings or any parts of the structures which are covered, exposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order;

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material have been used in the construction of the property, or have since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigations would not disclose the presence of any such material to any significant extent; that, unless we have been informed otherwise, the property complies with all relevant statutory requirements (including, but not limited to, those of Fire Regulations, Bye-Laws, Health and Safety at work); we have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard, and the market value conclusion arrived at for the property reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

2.8 PRIVACY/LIMITATION ON DISCLOSURE OF VALUATION

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 authorised.

2.9 DETAILS AND GENERAL DESCRIPTION

2.9.1 DETAILS & LOCATION OF PROPERTY

The subject property is a school built circa. 2019 located in King Abdullah District of Riyadh. The subject school is known as Alghad National Schools part of the NCLE (National Company for Learning & Education). The subject is situated within an upcoming developing area of King Abdullah District situated on Al Urubah Road close to junction of Eastern Ring Road, Riyadh.



The subject school is located on island site extending to an approximate land area of 11,282.58 sq. m and improved with a purpose built 2 storey building constructed of reinforced concrete frame with block infill. Each building consists of a basement, 2 floors and an annex, sport facilities and an indoor play area and outside playground. We understand there are almost 1,571 students housed within a Built-Up Area (BUA) of 17,908.28 sq. m including a large basement allowing for parking space. The subject property fronts with high visibility on Al Urubah Road close to the junction of Eastern Ring Road. For ease of reference refer to the illustration below of the close locality.



Source: Google 2020; For illustration purposes only

2.9.2 SCHOOL BUILDING BRIEF DESCRIPTION

The subject school site is an established international private school catering for KG, elementary, middle and high school for both girls and boys. The subject school site forms many clusters of buildings designed as a purpose-built school which is a fully integrated and a segregated school for both girls and boys.

At the time of inspection, the subject school was in good condition considering age, type and location. The subject school accommodates almost 2,300 students, although there are 1,571 students currently. Some features include as follows:

School Infrastructure and facilities

Details	
Classrooms	94
Playgrounds	4
Laboratories	8
Libraries	6

Elevators	10
WC	43
Private Parking	1
Water tank	3
Water well	4

2.9.3 RIYADH'S METRO SYSTEM

The new City Metro of Riyadh is a rapid transit system under construction to be completed circa. 2021, which will be of benefit to Riyadh's population, business and future growth of Riyadh, etc. The Metro will be help in many ways for day to day life activities such as traffic control, school journeys, shopping journey and business commuting, etc. The city metro project is one of the world's largest infrastructure projects currently under-construction.

The city metro, which is designed as a world-class transportation system includes 756 metro cars, 85 stations, six metro lines and 176-km network line. The below-mentioned table lists the six metro lines along their estimated length.

Riyadh City Metro System Lines

Line	Length (Km)
Line 1 – Blue	38.0
Line 2 – Green	25.3
Line 3 – Red	40.7
Line 4 – Orange	29.6
Line 5 – Yellow	12.9
Line 6 - Purple	29.90

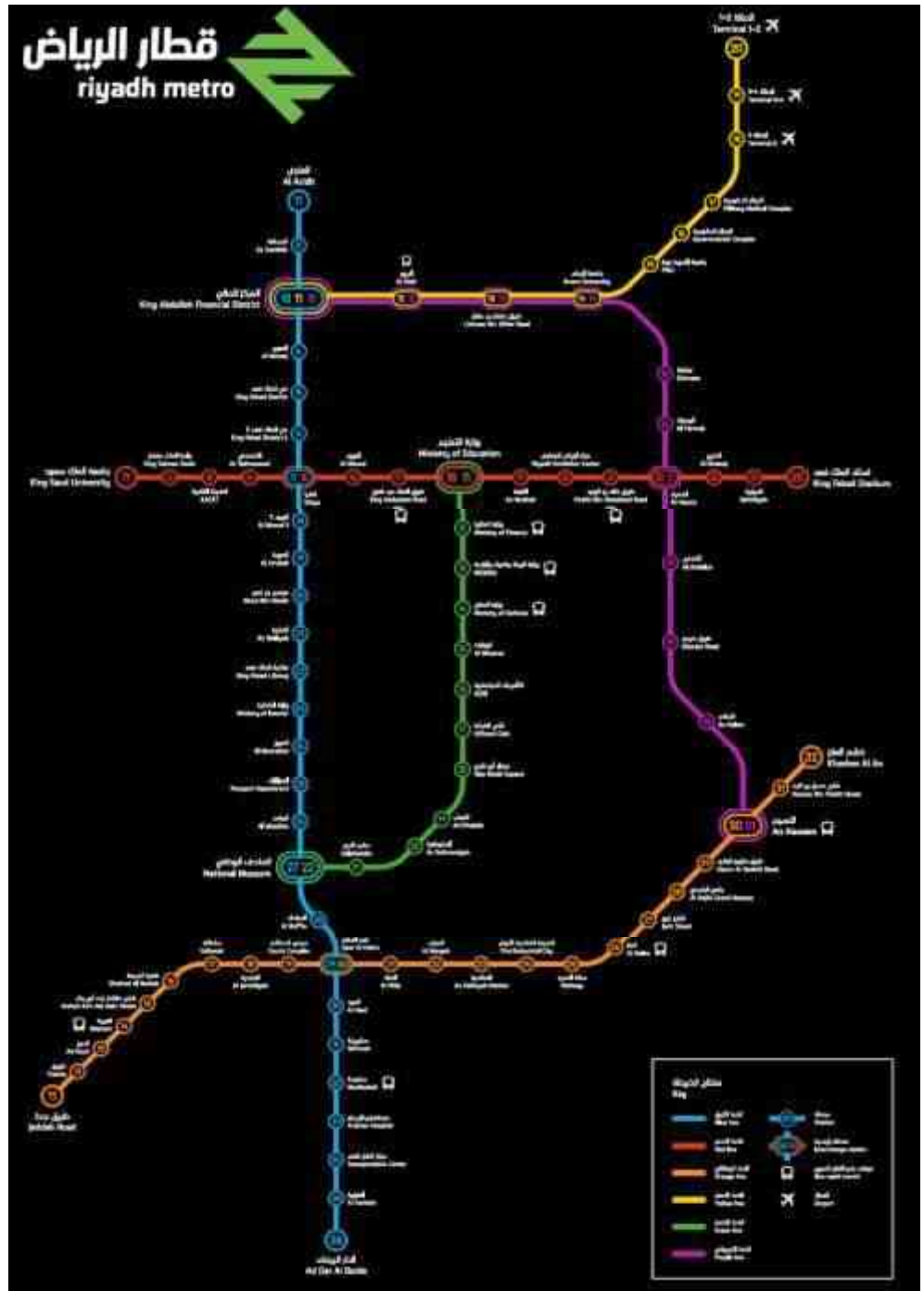
The Riyadh metro will span over 178km including underground, elevated and at-grade sections. The three major metro stations (intersection of the lines) KAFD, Olaya and downtown will be designed by world renowned architectural firms to include Gerber Architekten, Snohetta and Zaha Hadid. Three leading consortia, including the US Construction company Bechtel Group Inc., Spain's FCC and Italy's Ansaldo STS have been awarded contracts to build the project.

KING ABDULLAH FINANCIAL DISTRICT STATION



The below-mentioned indicators and map out the metro system lines.

RIYADH METRO LINES



Source: Research, 2020

We understand, the subject property and area will be connected via a Riyadh Metro (via line 2 – King Abdullah Road Line) and the nearest station will be about 1,500 - 1,800 meters away from the subject property.



THE METRO CENTRAL SYSTEM



The construction of the metro system has led to a number of road closures that has affected traffic in various parts of the city, especially the Olaya major thoroughfare. The public transport project will also comprise an integrated bus system to include 3,853 bus stops, 24 bus routes, 1,150 km network and 956 buses that will ease traffic congestion considerably and reduce pollution by cutting the number of vehicles on the road.

In terms of public transport, the upcoming Riyadh Metro will greatly improve access to the central business district, as it will not only run from east to west on King Abdullah Road, but also run north to south on King Fahad Road.

The subject property will also be accessible via bus routes under the Riyadh City Metro system. Riyadh City Metro, along with a substantive network of bus routes, is a public transport network which aims to ease the city's traffic congestion. The project is divided into two phases:

- Phase 1 is approximately 25 km and will operate between Olaya Road and Batha Road, connecting North Ring Road to South Ring Road;
- Phase 2 is expected to connect Sheikh Jaber Al Ahmed Al Sabah Road to West Ring Road through King Abdullah Road.

The commencement date for the project was in early 2014, with completion date of the project projected to complete in 2021. The proximity to the bus station of the subject property will be beneficial to future visitors, consumers, etc.

2.10 ENVIRONMENT 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 use, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from the use or site, and have therefore assumed that none exists.

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



Details	
Land Area	ValuStrat has been advised land plot area referred is approximately 11,282.58 sq. m. The boundaries appear to be reasonably well defined. For ease of reference, refer to the illustration referred above at section 2.9.1.
Topography	Generally, appears to be level and regular in shape
Drainage	Assumed available and connected.
Flooding	ValuStrat's verbal inquiries with local authorities were unable to confirm whether flooding is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not flood liable. A formal written submission will be required for any further investigation which is outside of this report's scope of work. Flood defences reduce but do not completely remove the risk of flooding and can fail in extreme weather conditions.
Landslip	ValuStrat's verbal inquiries with local authorities were unable to confirm whether land slip is a point of concern at the subject property. For the purposes of this valuation, ValuStrat has assumed that the subject property is not within a landslip designated area. A formal written submission will be required for any further investigation which is outside of this report's scope of work.

2.10.1 TOWN PLANNING

Neither from our knowledge nor as a result of our inspection are we aware of any planning proposals which are likely to directly adversely affect this property.

In the absence of any information to the contrary, it is assumed that the existing use is lawful, has valid planning consent and the planning consent is not personal to the existing occupiers and there are no particularly onerous or adverse conditions which would affect our valuation.

We are not aware of any potential development or change of use of the property or We have attached both the building permit and title deed confirming that the subject land is zoned for school (educational) purposes. For the purpose this valuation, we have assumed zoning to be correct and accurate and should this not be the case, we reserve the right to amend our valuation and report.

We have also assumed that the subject property will include adequate parking provision in line with the applicable planning regulations.

2.10.2 SERVICES

The properties referred within this report have been assumed are connected to mains electricity, water, drainage, and other municipality services. Should this not be the case, we reserve the right to amend our valuation and report.

It assumed for this exercise all health and safety are in place including a valid civil defence certificate which has been issued approving the current fire & safety regulations comply with the authorities. Should this not be the case, we reserve the right to amend our valuation and report. We have not been provided with a copy of the civil defence certificate.



2.11 TENURE/TITLE

Unless otherwise stated we have assumed freehold title is free from encumbrances and that Solicitors' local searches and usual enquiries would not reveal the existence of statutory notices or other matters which would materially affect our valuation. The freehold is reflected by a 10-year binding lease with following salient details:

- Advance notice period will be 5 years (i.e. rollover to be done before every 5th anniversary).
- Both, NCLE (National Company for Learning & education) and AIGHad Schools will be party to the Lease Agreement, and NCLE will be co-signing the Lease Agreement as well.
- NCLE will act as a corporate guarantor behind the lease payments.
- NCLE, in its capacity as owner of AIGHad, will issue promissory notes on a 5-year basis (on a rolling basis, including any and all rollover periods).
- Also, NCLE (National Company for Learning & Education) will act as a corporate guarantor behind the lease payments.
- NCLE, in its capacity as owner of AIGHad, will issue promissory notes on a 5-year basis (on a rolling basis, including any and all rollover periods).
- The lease term payments are referred below and should occupation be beyond 10 years:

Year	Lease Payments	Year	Lease Payments	Year	Lease Payments	Year	Lease Payments	Year	Lease Payments
1	5,950,000	6	6,545,000	11	7,199,500	16	7,919,450	21	8,711,395
2	5,950,000	7	6,545,000	12	7,199,500	17	7,919,450	22	8,711,395
3	5,950,000	8	6,545,000	13	7,199,500	18	7,919,450	23	8,711,395
4	5,950,000	9	6,545,000	14	7,199,500	19	7,919,450	24	8,711,395
5	6,545,000	10	7,199,500	15	7,919,450	20	8,711,395	25	8,711,395

Copy of the draft lease was provided by the client (Arabic only). For the purpose of this valuation exercise, we assumed that there are onerous terms within the lease agreement. Should there be onerous terms within the lease agreement, we reserve the right to amend our valuation and report.

We are unaware of any rights of way, easements or restrictive covenants which affect the property; however, we would recommend that solicitors investigate both the titles in order to ensure everything is correct. The title deed details are as follows:

Title Deed No.	Title Deed Date:	Property	Interest	Land Size sq. m	Owner
710113086467	8/11/1441	School	*Freehold	11,282.58	RabooH Taleem Real Estate Company

All aspects of tenure/title should be checked by the client's legal representatives prior to any form of transaction and insofar as any assumption made within the body of this report to be incorrect then the matter should be referred back to the valuer to ensure the valuation is not adversely affected. Reference has been made to a copy of the title deed at the attached appendices section.



2.12 METHODOLOGY & APPROACH

In determining our opinion of Market Value for the freehold interest in the subject property, we have utilized the Discounted Cash Flow (DCF) based on the 5-Year sale and leaseback agreement as mentioned by the Client.

The subject property falls into a broad category of investment property with the prime value determinant being the properties ability to generate rentals and rental growth through the ongoing letting and reasonable maintenance.

In determining our opinion of Market Value of the subject property referred in this report, we have utilized the Investment Approach in specific, adopting a Discounted Cash Flow (DCF) technique.

The DCF approach involves the discounting of the net cash flow (future income receivable under lease agreements and forecast take-up of vacant units) on a yearly basis over, in this instance, an assumed 5-year cash flow horizon.

This cash flow is discounted at an appropriate rate to reflect the associated risk premium, in order to determine a Net Present Value of the subject property at that particular Internal Rate of Return (IRR) and exit equivalent yield.

The projected income stream reflects the anticipated rental growth inherent in a property investment based upon the physical, tenancy or market characteristics related to that property. In addition to projected operating costs and allowances, future capital expenditure can also be reflected in the cash flow.

Cash inflows comprise income from the property adjusted to reflect actual and assumed lease conditions and rental growth, whilst cash outflows comprise operating costs adjusted to reflect anticipated inflation.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream after deductions for the associated operating expenses of the property as provided by the Client.

2.12.1 MARKET RENTAL ANALYSIS

We have analysed the tenancy schedule and the rents for the subject school. Accordingly, we have benchmarked these against with market rentals achieved in other comparable similar style of property.

Although the analysis of current passing rental shows a wide rental range; however, it appears the passing rents are generally in line with market conditions. The market rental range is between SAR 250 – SAR 350 per sq. m for this size, type and location of property. The subject passing rent is SAR 5,950,000 per annum equating to around SAR 332.25 per sq. m which is line with market benchmarks.



2.12.2 ASSUMPTIONS & VALUATION ANALYSIS COMMENTARY

The subject school has been assessed reflected a 10-year lease contract subject to the forecast and inputs provided by the client and any assumptions made by ValuStrat within market benchmarks.

ValuStrat has made certain assumptions and adjustments based on their experience in valuing typical properties in Riyadh, KSA taking cognisance of the surrounding area, location and type of property. This was done in an attempt to forecast our interpretation of performance of the school over the unexpired years explicit cash flow period. In this instance, we have adopted the following analysis:

2.12.3 DISCOUNT RATE & COMMENTARY

Exit Yield	7.5%
Discount Rate	8.5%
Finance Cost	Excluded from our Calculations

Finance Cost & Debt - If debt is unavailable, then both the liquidity and value of the property would be affected.

Growth Rates

We have relied on the lease contract with the agreed rental schedule referred above at section 2.11 – section Tenure / Title.

Exit Yield

The exit yield is a resultant extracted from transactional evidence in the market; however, due to anecdotal evidence and limited market activity we have had to rely on anticipated investor expectations from typical property investments.

These typically vary between 7.25% to 7.75%, depending on the quality of the property, length and condition of the lease, the lessee's reputation and the location of the property. Based on the above criteria we are of the opinion that a fair exit yield for the subject property is 7%.

Discount Rate

Research conducted collated from developers and investors indicate that the discount rate is dependent on the scale of the development and the inherent risk associated. This risk takes into account the extent of the property type, location, economic conditions and investor sentiment.

Generally, the discount rate reflects the opportunity cost of capital and the return required to mitigate the risk associated with a particular investment type. Although benchmark data is preferable, the availability of this evidence is scarce. As a result,



the prudent approach is to look at capitalisation rate evidence and make adjustments for inflation.

In addition, when reviewing the Discount Rate, it is important to consider Market risk and Property Specific risk. Market Risk comes in the form of potential competition from existing as well as future supply and also considers the state of the property market. Property Specific Risk reflects the liquidity of the market for large assets as well as the additional costs in maintaining and operating the property.

*As a result of the above, we have arrived at a Discount Rate of 8.50% given the low risk of the strong covenant and the single tenant. **Alghad National School is owned by NCLE (National Company for Learning & Education)** is one of the largest investors in the field of education. They have established and strong track record of educational achievement in the Middle east. The subject school is being professionally run in line with Ministry of Education rules and procedures. This makes the subject a low risk in compared to general commercial property with similar or higher adjusted returns. Equally the subject land holds a high value and building cost value making a secure asset for future and possible alternative potential development due to the good location of the site can achieve an exit value which may warrant in times of decline.*

2.12.4 STRONG COVENANT / BRAND

Many International markets around the globe rely on good strong covenant strength which has a significant impact on value. The local market does not rely or analyse records to the same extent as per International practices on company financial records.

*The company structures in KSA are backed by high net worth individuals who could be liable in the case of default or breach of lease conditions. Given the circumstances, we would anticipate that investors would accept the current covenant strength of the present lessee (**Alghad National School in KSA**) and reflects the low level of risk into an appropriate bid.*

Also, NCLE (National Company for Learning & Education) will act as a corporate guarantor behind the lease payments.

NCLE, in its capacity as owner of AlGhad, will issue promissory notes on a 5-year basis (on a rolling basis, including any and all rollover periods).

2.12.5 VALUATION COMMENTARY

Cash inflows comprise income from the property adjusted to reflect actual and assumed lease conditions and rental growth, whilst cash outflows comprise operating costs adjusted to reflect anticipated inflation.

The rental income being capitalised and discounted in the cash flow refers to net rental income, that is, the income stream after deductions for the associated operating expenses and ground lease payments of the property as provided by the



Client. The subject property is held by a freehold tenure reflecting the leasehold interest. As such, our opinion is based upon the following factors:

1. We have undertaken this valuation as of the date of valuation referred in this report when we analysed the subject school portfolio in good locations, good trading style, historic performance appears to be sound; however, any decline in these factors will impact performance.
2. This is a valuation for the purpose of the Real Estate Investment Trust (REIT).
3. The ages of the subject property and the economic life of each property along with higher maintenance increasing year on year.
4. Future competition and existing private schools offering high quality education and have captured a large market share can impact subject schools' performance.
5. In the event of a lessee default, a replacement tenant/operator can continue to trade from the subject schools in the shortest period to ensure that any rental is not compromised.
6. We have not been provided with a copy of audited financial statements, revenue generation broken down for the school, operating expenses for the school, rental income versus EBITA distribution analysis. Although based upon the average fee for the school as conveyed by the school with almost 1,571 students should provide ample coverage of revenue after all deductions to provide enough cover for the rent in the current school operation and market conditions as of the date of valuation.
7. We have considered the valuation of subject school portfolio referred in this report based on the current state of the investment market with particular focus in the education sector. In addition, the proposed rent cover performance is considered in line with the risk associated with the subject property and achieving the expected income levels. Other significant factors incorporated within our assessment of the risk profile include Alrowad International School credentials and the current risk profile in the Kingdom of Saudi Arabia.
8. The report is based upon the information provided by the client and we have assumed that the information with which we have been provided is substantially true, accurate and complete. We have not independently verified the accuracy of the information supplied to us, although we have analysed the locations, financial statements and management data.
9. We have undertaken inspections of the subject property and the location in connection with this valuation and we have had regard to the property, location, trading style, performance and the local demographic and competitive environment plus key performance indices compared with other operating schools in the region.



10. The subject school referred within this report is subject to individual compliance requirements based on KSA conventions and we have assumed its compliance with current government legislation and educational registration requirements.
11. In reaching our opinion of the value, we have assumed that the subject property referred within this report will be professionally operated throughout the said term of the lease. In particular, we have assumed Alghad National School will be able to staff the school(s) with competent persons and market the proposed school locations services extensively within the market based on its capabilities and brand.
12. We have also assumed that the trading position, financial and market conditions will not vary significantly during the stated period of assessment. In the event of future change, in the trading potential or actual level of trade from that indicated, the values reported can vary.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date.

Accordingly, we provide our valuation referred in the below section:

2.12.6 SUMMARY OF MARKET VALUE

The resultant value based upon the above variables for the subject property is as follows:

Details	
Freehold Interest	Reflecting a 10-year binding lease period with an advance notice of vacation before the 5 th anniversary for the full binding 10-year term.
Gross Income (SAR)	SAR 5,950,000 (year 1-4) and 5 th year at SAR 6,545,000
Operational Expense	To be borne by the lessee
Exit Yield (%)	7.5%
Discount Rate (%)	8.5%
Total (SAR) [Rounded]	88,000,000 (Eighty-Eight Million)

The client is also recommended to consider the benefits in such a volatile market, of having more frequent valuations to monitor the value of the subject property.



In order to ascertain whether this valuation accurately reflects the value of the subject property, we also carried out a sanity check by analysing the land reflecting improvements.

2.12.7 ALTERNATIVE ASSESSMENT - LAND (COMPARATIVE APPROACH REFLECTING IMPROVEMENTS)

This method requires the collection of comparative market transactions that have occurred within the location of the subject site. Upon analysis and subsequent subjective adjustments, such evidence has then been applied to the subject property.

Due to the nature of the property market within the Kingdom of Saudi Arabia, sales for similar properties are not readily available or transparent. Much if not all of the evidence is anecdotal and consequently in most circumstances this can place limitations on the veracity of such information and subsequently impact on values reported.

Accordingly, the valuation has been prepared in accordance with normal practice taking into account our usual research and enquiries and our discussions with leading local agents.

In addition, we have analysed existing market commentaries and data in determining our opinion as to the applicable values. Information has also been sought from internal records and internet-based property intelligence sites. We draw your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that it would be reasonable to expect a purchaser to make.

2.12.8 MARKET PRICES

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Due to this shortage, it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. This evidence shortage, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

Since the last valuation exercise there is decline in land values in the subject location and generally land values have decreased considerably across the KSA.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place. From research, it appears in the close-by area the land price ranges from SAR 3,400 to SAR 3,600 per sq. m.



2.12.9 VALUATION ADVICE

There are a number of matters on which we have reflected in assessing our valuation in particular circumstances of the subject land as follows:

- The valuation considerations are as of the date of valuation referred within this report reflecting size, type, and use;
- Limited or no selection of comparable information was available;
- The subject land is situated within a mid-end district where good land plots are holding their price despite the current scare of economic depression.
- Comparable Evidence of actual transactions/sales prices within close proximity to the subject land/plots giving recognition to the surrounding amenity, to establish benchmarks from which values are extrapolated.
- It is important to note that the zoning for the subject land is school (educational use), although flexibility of use in line with the surrounding commercial and residential use is very much possible.
- The subject land has a large frontage on the main commercial road increasing its appeal and value.
- Preference has been directed at similar sized plots and property holdings; however, in the absence of such, other sized land holdings have been considered where a quantum adjustment to take into account the difference in the subject site area and the comparable plots.

2.12.10 VALUATION SUMMARY

Despite the subdued market conditions across the Riyadh, the subject land remains resilience in price due to the good location of the site in the central area of Riyadh.

As a result, taking the individual characteristics of the subject land into account and cross referencing them with our findings we are of the opinion that the subject is reasonably priced within a range SAR 3,400 to SAR 3,600 per sq. m for land. We can accurately reflect the value of the subject land as follows:

No.	Land Area (sq. m)	Rate per sq. m	Value (SAR) [rounded]
1	11,282.58	3,500	39,500,000

2.12.11 REPLACEMENT COST APPROACH

In determining the value for the Built-Up Area BUA for the subject school, we have conducted the replacement cost approach. The below-mentioned table provides the breakdown used in the cost assessment:



2.12.12 REPLACEMENT COST VALUE SUMMARY

The below-mentioned table provides the summary for the Replacement Cost Assessment:

Use	BUA (sq. m)	Cost Assessment	Price (SAR) [Rounded]
School	17,908.28	2,800	50,143,000

**Source: Construction Costs 2020 – In-House Research, Aecom, and others plus reflecting the age of the subject property will have more than 40 years of economic life remaining given that the school is in good condition and has been well maintained.*

In order the economic life achieve its maximum sustainability, it will necessitate that the property is maintained to a good standard to maintain the preservation of condition and the fabric of the structure. In addition, the appropriate building insurance should be in place from day one for settlement, subsidence, foundation failure, etc. Should the owner/occupier fail to preserve the condition and fabric of the building, then ValuStrat will not be held be responsible for any failures / losses.

**We would stress that we are not Quantity Surveyors and the reported construction cost is only an estimate and is based upon reported costs of other similar construction in the market area of the subject and/or by recognized costing services.*

2.12.13 VALUATION SUMMARY

Component	Value SAR (Rounded)
Land	39,500,000
*Building(s)	50,143,000
Total (SAR) Rounded	89,643,000

**We have placed reliance on market benchmarks for construction costs as referred above. ValuStrat would stress that we are not Quantity Surveyors and the reported construction cost is only an estimate and is based upon reported costs of other similar construction in the market area of the subject and/or by recognized costing services.*

2.13 VALUATION

2.13.1 MARKET VALUE

ValuStrat is of the opinion that the Market Value of the leasehold interest in the subject property only referred within this report, and as of the date of valuation, based upon the Discounted Cash Flow (DCF) and assumptions expressed within this report, may be fairly stated as follows;

Market Value (rounded and subject to details in the full report):

SAR 88,000,000 (EIGHTY-EIGHT MILLION SAUDI RIYALS)



2.14 GENERAL MARKET SNAPSHOT

2.14.1 MARKET ASSESSMENT, TIMES OF UNCERTAINTY (COVID-19 PANDEMIC) & VALUATION COMMENTARY OVERVIEW

At a time of unprecedented trial over the Coronavirus Covid-19 and the global spread of the virus, it has meant a significant impact on global financial markets as geographies experience continued spread and increase of pandemic cases. This has meant a global shutdown/lockdown of economies with most sectors affected.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization (WHO) as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries across the globe. Market activity is being impacted in many sectors.

Prior to the global rapid spread of the virus and the announcement by the KSA authorities of an initial indefinite lockdown, the KSA real estate market was in a healthy position with many analysts predicting a strong 2020 for real estate (vision 2020) with the positive activity and investment by the government unveiling a number of reforms, including recent facilitation of the tourism visa, where citizens of 49 countries are now able to apply e-visas and holders of Schengen, UK or US visas are eligible for visas on arrival.

Also the government has now allowed the full foreign ownership of retail and wholesale operations along with previously opening up of the Tadawul Stock Market to foreign investment supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country’s economy, etc. With all the opportunities throughout the Kingdom and the creation of the Giga projects, there was an ambitious resilience which was suddenly shutdown overnight due to the initial lockdown period. Presently the whole of the KSA is on a 24-hour lockdown given that Coronavirus cases have passed 4,000 (four thousand). With all the current uncertainty, market stagnation and short-term challenges whereby force majeure (as a result of the pandemic’s cause beyond anyone’s reasonable control) has created inactivity in the real estate market with the market currently at a standstill.

Given as mentioned above the KSA market’s ambitions and resilience, we understand investor sentiment remains strong as it was prior to the virus pandemic and the KSA was on an upward course showing growth in the last quarter of 2019 after a period of subdued market conditions.

The current global crushing of liquidity in economies will have impact on markets and real estate market and this maybe the case with many economies across the globe; however, the KSA market has shown resilience in previous years through a period of downward trend (2016-18), a correction allowing for the market to bottom out with 2019 experiencing growth in the first quarter and subdued market conditions throughout 2019. The latter part of Q4 – 2019 saw positive growth with strong



investor appetite, though the market lacking good quality stock. Now with the Saudi government confirming a stimulus package of SAR 120 billion, we understand the market will bounce back with investors underlying strong appetite. This will delay any evidence in the short term of declining prices and with the government stimulus will assist any short-term losses on transactions, private and public funds, although will need to be sustained in the short-term.

The KSA real estate sector generally follows the fortunes of the greater economy and while the oil reserves were left off prior to the pandemic fairly strong, although currently a price war between major producers is adding to a growing supply glut, though this will help KSA once markets start normalizing again. The KSA economy remains stable and backed-by strong fundamentals of the KSA market (i.e. young growing population) and also the economic transformation plan transforming the Kingdom towards a service economy post-oil era.

In short, the pandemic is expected to be a short term shock wave with an eventual surge of business activity leading to a rapid recovery either in the form of a “V-shape” or a more gradual recovery in the form of a “U-shape” bounce back. Accordingly, we expect the KSA market to surge in business once the lockdown is lifted allowing for markets to start flourishing towards long term sustainability in social trends and patterns along with socio-economic distancing in a growing cycle. On the other hand, should the global economic impact of the Coronavirus pandemic (COVID-19) outbreak depends on how long the virus lasts, how far it spreads and how much lock-down, public organizations quarantines disrupt the market.

Indeed, the current response to COVID-19 means that we are faced with unprecedented set of circumstances on which to base judgement(s). There is strong evidence that real estate markets spring back to strong activity and growth fairly quickly. Equally, the short-term generally speaking we do not expect the current real estate market to show any adjustment in prices/rates due to non-activity or a market standstill especially prior the market was on an upward trend. The KSA real estate market is a developing market with much invested by the government in infrastructure projects so we expect the government’s latest stimulus to preserve liquidity and for demand to hold having limited / no bearing on prices / rates. However, should the pandemic persist throughout this year, we do expect adjustment later or towards the end of this year

Our valuation(s) is / are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject property referred in this report under frequent review.



2.14.2 MARKET CONDITIONS PRIOR TO THE PANDEMIC & THE KSA LOCKDOWN

The Kingdom of Saudi Arabia (KSA) - world's largest exporter of crude oil, embarked four years (2016) ago on an ambitious economic transformation plan, "Saudi Arabia Vision 2030". In a hope to reduce its reliance on revenue from hydrocarbons, given the plummeting oil price revenues from 2014.

Through the current vision and in a post oil economy, KSA is adapting to times of both austerity measures and a grand ambitious strategy. With an overdue diversification plan Saudi Arabia's economic remodelling is about fiscal sustainability to become a non-dependent nation of oil. This is supported by current energy reforms, cutting subsidies, creating jobs, privatising state-controlled assets and increasing private sector contribution to the country's economy.

Despite economic headwinds, across the region, KSA has shown resilience through a period of subdued real estate market activity. The real estate sector generally follows the fortunes of the greater economy and whilst Saudi Arabia is undergoing structural reforms politically, economically and socially will transform the Kingdom towards a service economy post-oil era. These changes along with significant amounts of investment - estimated to soon be over 1 trillion US dollars will create vast amounts of opportunities for the public and private sectors across all businesses segments.

The KSA economy in the first quarter of 2019 has relied on the current oil price rise to pull it out of recession; however, the previous 18-24 months, KSA faced a protracted spell of economic stress, much of which can be attributed to the falling oil prices coupled with regional political issues.

Oil prices are starting to surge again around 80 dollars a barrel currently from under 30 dollars a barrel in early in 2016 which resulted in a crash in prices and the economy dipped into negative territory in 2017 for the first time since 2009, a year after the global financial crisis.

General consensus anticipates a piercing improvement in the Saudi economy in the period ahead (2021-2022), supported by both the oil and non-oil sector. So ultimately it appears the economy will still need to rely on oil revenues to bridge the gap in the short term with a budget deficit over the past 3 years and the Kingdom borrowing from domestic and international markets along with hiking fuel and energy prices to finance the shortfall.

The economy slipped into recession in 2018 but returned to growth this year 2019, albeit at the fairly modest level of 1.7%, according to estimates from the International Monetary Fund (IMF). However, the return to growth is mainly due to a return to increase in oil prices again and output which, in turn, is enabling an increase in government spending. Accordingly, in the short term needs to rely on the oil revenue and this reliance is being channelled into public spending.



The non-oil economy is growing, but at a slow pace. Analysts are forecasting non-oil GDP to grow by 1.4% this year, compared to 1% in 2017. Even here, the non-government sector is coping relatively poorly. Analysts are forecasting non-oil private sector growth of 1.1%, this year, up from 0.7% last year.

The reforms that have been pushed through to date have led to important changes aiding the economy. The opening up of the entertainment industry will create jobs for young locals and women driving makes it easier for millions more people to enter the workforce.

Reforms to the financial markets have led indexing firms to bring the Saudi Stock Market (Tadawul) into the mainstream of the emerging markets universe which now assists to draw in many billions of investment dollars.

A due enactment of law will encourage public-private partnerships to herald more foreign investment.

The economic transformation that the KSA has embarked upon is complex and multidimensional and will certainly take time to turn around a non-oil serviced economy, although there have been recent positive signs, but it will remain in the short term with the support of oil revenues.

On the other hand, the KSA was resilient in the previous recession in 2007/2008 on strong oil reserves and not only can the Saudi government be relied upon to step in to rescue troubled lenders, reliable institutions for procedural reasons but crucially, it can also afford to do so, although has suffered due to previous oil price declines and it has meant increased spending.

Vision 2030 to diversify the economy from reliance on oil, has only just commenced and with a young and increasingly well-educated population, together with its own sovereign wealth fund, the Kingdom has many favourable factors to become a leading service sector economy in the region.

Reform efforts include a reduction of subsidies on fuel and electricity and the implementation of a 5 per cent VAT from 1st January 2018. The government is also striving to get women to play a greater role in the economy including recently allowing them to drive.

Wider reforms have been initiated by the government allowing for the entertainment industry to flourish with the opening of the first cinema in King Abdullah Financial District (KAFFD) along with 4 VOX screens opening at Riyadh Park Mall.

The cinema entertainment is spurred on by Public Investment Fund (PIF) in collaboration with AMC Cinemas and led by the Development and Investment Entertainment Company (DIEC), a wholly owned subsidiary of PIF.

With an objective of 30 to 40 cinemas in approximately 15 cities in Saudi Arabia over the next five years, and 50 to 100 cinemas in about 25 Saudi cities by 2030.



As part of wider reforms to overhaul the economy and to allow for deep rooted diversification, the PIF have initiated plans to bolster the entertainment industry by forming ambitious plans such as the following:

Red Sea Tourism Project

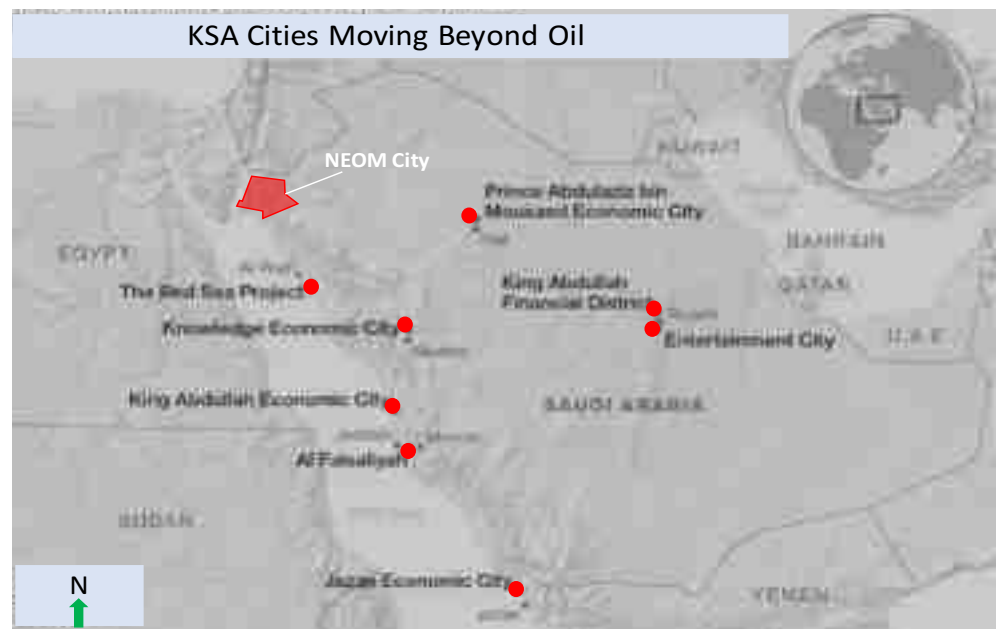
To transform 50 islands consisting of 34,000 square kilometres along the Red Sea coastline into a global tourism destination. For ease of reference to illustration below showing the location in relation to the Kingdom of Saudi Arabia.

Al Faisaliyah Project

The project will consist of 2,450 square kilometres of residential units, entertainment facilities, an airport and a seaport. Refer to the below illustration for the location.

Qiddiya Entertainment City

Qiddiya Entertainment City will be a key project within the Kingdom's entertainment sector located 40 kilometres away from the center of Riyadh. Currently alleged for "The First Six Flags-branded theme park". The 334 square kilometre entertainment city will include a Safari park too. The project will be mixed use facility with parks, adventure, sports, events and wild-life activities in addition to shopping malls, restaurants and hotels. The project will also consist around 4,000 vacation houses to be built by 2025 and up to 11,000 units by 2030. Again, for ease of reference refer to the below illustration for the location.



Neom City

The NEOM city project will operate independently from the "existing governmental framework" backed by Saudi government along with local and international investors. The project will be part of a 'new generation of cities' powered by clean

energy. The ambitious plan includes a bridge spanning the Red Sea, connecting the proposed city to Egypt and stretch into Jordan too.

Economic Cities

The overall progress with the Economic Cities has been slow and projects on hold over the past 7-10 years, although KAFD has recently given the go ahead to complete by 2020. Within the Saudi Vision 2030 the government referenced that they will work to “salvage” and “revamp”.

Real Estate Growth

Overall ValuStrat research reveals that real estate sectors have continued to decline in both sales and rental values.

We expect demand to remain stable due to fundamentals of a growing young population, reducing family size, increasing middle-class and a sizeable affluent population – all of which keeps the long-term growth potential intact.

Despite short term challenges, both investors and buyers remaining cautious, the Saudi economy has shown signs of ambition with the government unveiling a number of reforms, including full foreign ownership of retail and wholesale operations along with opening up of the Tadawul Stock Market to foreign investment as well as the reforms mentioned in the previous section referred above.

As mentioned earlier, KSA experienced positive growth by oil price rise in the first quarter of 2019; hence the main driver of the recovery remains oil. Over 2020 we envisage the Kingdom’s consumer outlook to be more favorable in economic conditions.

Moreover, tax on development land implemented in 2017/18 has kept the construction sector afloat, encouraging real estate developers. Adapting to a new KSA economic reality has been inevitable, although the Kingdom’s oil dynamics remain pivotal for future development within the KSA 2030 economic vision plan.

In latter part of 2017, the Public Investment Fund (PIF), Saudi Arabia’s sovereign wealth fund set up a real estate refinancing company aimed at advancing home ownership in the Kingdom, which suffers from a shortage of affordable housing. This initiative will create stability and growth in the Kingdom’s housing sector by injecting liquidity and capital into the market.

Another plan to help kick start the real estate market by boosting the contribution of real estate finance to the non-oil GDP part.

The real estate sector has played an increasingly important role in the Saudi Arabian economy. Growing demand across all sectors combined with a generally limited supply has forced real estate prices to accelerate over the past (2008-2016).



The close ties with the construction, financing institutions and many others have provided crucial resources that contributed to the development of the Saudi economy.

The real estate market performance in 2019 and the general trend in KSA for most sectors have remained subdued given lower activity levels, while prices have been under pressure across most asset classes leading to a gradual softening of rental and sale prices.

The real estate sector remains subdued and prices may have bottomed out across sectors and we expect in the medium to long term for the market to pick-up further growth given the reforms and transformation in KSA, although we expect the growth to be slow and steady subject to a stable political environment in KSA and across the region.

The outlook remains optimistic for the longer term due to the various KSA initiatives aimed at stimulating the real estate market whilst encouraging the private sector to play a key role in the transformation.

All in all, market volatility remains currently, and prices are likely to witness further deterioration in the short term. A watching brief should be kept on the economy, although we expect the economy to gather some pace later in 2020/21.

Property values are subject to fluctuation over time as market conditions may change. Valuation considered full figure and may not be easily achievable in the event of an early re-sale. It must be borne in mind that both rental and capital values can fall as well as rise.

2.14.3 GENERAL EDUCATION OUTLOOK

The KSA Vision 2030 Plan and the education sector is a main stake for the Kingdom's economic and social growth. The education sector has become one of KSA's leading investment sectors with many regional, international investors and operators actively planning in entering the educational market with the repealing of foreign ownership restrictions.

Accordingly, the education market in Riyadh will further provide strong opportunities from relatively safe and high return assets. The education sector has a strong appetite given the following:

- The compulsory education system in the Kingdom is structured to include six grades at primary-school level and three at intermediate level, followed by a further three years in secondary school.
- As of 2015 there were 7.5m children attending schools, according to the latest available data from the General Authority for Statistics (GaStat) with 52% students at primary school, 24% at intermediate schools and 24% at Secondary schools.



- Of this, majority of the students attend public schools and only 11.4% students study in private schools. However, the percentage has been growing every year.

Overall an emerging young and growing population only increases the pressure on shortages and therefore a stable sector in the foreseeable future.

2.15 VALUATION UNCERTAINTY

In line with RICS Global – Valuation Practice Guidance Application 9 (VPGA 9): we believe that a reasonable period in which to negotiate a sale at our opinion of Market Value is 6-9 months. It should be noted. However, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the subject property who would pay in excess of our opinion of Market Value.

The RICS valuation standards consider it essential to draw to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We are currently experiencing a very uncertain property market and due to the reduced level of transactions, there is an acute shortage of comparable evidence upon which to base valuations.

Given the current uncertainties it may be necessary at times for a Valuer to draw upon evidence which is of a historical nature. The current shortage of transaction, combined with a rapidly changing market only serves to highlight the unpredictability of the current market, which is subject to change on a day by day basis.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

We further state that given the valuation uncertainty stated above our valuation represents our impartial calculated opinion / judgement of the properties, based on relevant market data and perceptions as at the date of valuation.

The client is advised that whilst all reasonable measures have been taken to supply as accurate a valuation as possible as at the Valuation date, this figure should be considered in the context of the volatility of today's market place

The client is also recommended to consider the benefits in such a market, of having more frequent valuations to monitor the value of the subject property.



2.16 DISCLAIMER

In undertaking and executing this assignment, an extreme care and precaution has been exercised. This report is based on information provided by the Client.

Values will 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.

2.17 CONCLUSION

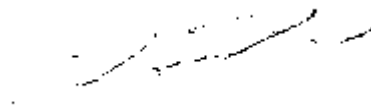
This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.

No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent.

We trust that this report and valuation fulfils the requirement of your instruction.

This report is issued without any prejudice and personal liability.

For and on Behalf of, **ValuStrat**




Mr. Ramez Al Medlaj (Taqeem
Member No. 121000320)
Senior Associate – Real Estate, KSA

Mr. Yousuf Siddiki (Taqeem Member
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APPENDIX 1 - PHOTOGRAPHS OF THE PROPERTY



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Valuation Report Analysis
Al-Ghad School
KSA- Riyadh City- June 30,2020

Prepared for
SAUDI FRANSI CAPITAL

البنوك الفرنسي كابيتال
Saudi Fransi Capital



شركة اوليت للتقييم العقاري
Olaat Valuation Company



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Olaat Valuation Company C.R:1010462536 Valuation License: 121000397

Real Estate Valuation Report Analysis

Prepared for: Saudi Fransi Capital

Riyadh City

Date of Valuation June 30, 2020

Date of Report July 06, 2020

Done by OPM (Olaat valuation Company)

P.O. Box 62244 Riyadh 11585

Kingdom of Saudi Arabia

The person in charge:

- Mustafa Al-Mardina

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C.R:1010462536

Valuation License: 1210000397

Property's Type	Educational Property –School
Location	Riyadh city – King Abdullah District-Khuzam Street
Land Area	11,282.59 sq. m
Title deed number	710113086467
Title's date	8/11/1441 H
Plots Number	Educational facility
Scheme Number	3267
Land Topography	Flat
Boarded streets & Neighbors	Based upon Title Deed
Building (Gross floor area)	11,282.58 m ²
Build up Area (BUA)	17,918 m ²
Building's Permit number	1439/16886
Building Permit's date	09/11/1439
Market value based to DRC method	SR 94,260,000
Market value based to Cap rate method	SR 94,558,000
Market value based to 45% & 55% Weighted average between DRC and Cap rate Methods	94,424,000 (Ninety-Four Million, Four hundred twenty -four thousand SR)

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Covid-19 Pandemic

With the spread of corona virus (COVID-19) In Kingdom of Saudi Arabia enacted to take step to control corona diseases. Initially due to spread it has a great impact on social mobility that lead to impact on kingdom economic growth. In order to control this pandemic and uplift the economic activity government taken a serious step to provide relief package to support corporate and resident and private sector.

Material Valuation Uncertainty under COVID-19 Pandemic

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a global pandemic on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Accordingly, many formal measures were taken locally and globally that would affect all business sector including Real Estate Sector.

During critical period, Market activity is clearly being impacted in many sectors especially real estate transaction. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform opinions of value. Indeed, the current response circumstance on which to base a judgement and current condition are under influence of epidemic COVID-19 and we are facing an exceptional situation in which it difficult to build an accurate judgement of market situation and value of real estate.

Accordingly, our valuation is therefor reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Red Book Global and. Consequently, less certainty-and a higher degree of caution-should be taken to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that keep the valuation of Property under frequent review & property to be revalued when current condition change.

Saudi Fransi Capital
For the attention of:
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Assets Management Division
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sabbas@fransicapital.com.sa
P.O. Box 56006, Riyadh 11554

June 30, 2020

Property Address: Al Ghad School – Riyadh city - Valuation Report analysis

Tenure: Educational Freehold property

Dear Mr. Sheikh M. Abbas,

We are Pleased to submit our Valuation report for – **Al-Ghad School - Riyadh city- for REITs Purposes (Real estate Investment Trust)** enclosing with market valuation In Accordance with your instructions. The objective of this report is to estimate **the market value In-SITU value at time of valuation, for property**, based upon the existing condition and in the presence of the property preview on site with taken into account the market value of Land, trade area (catchment area capture, Pull area), catchment Area's classification, replacement cost and accumulated depreciation, Income cap rate – Net income based to rental market value for **Educational facility** based to market and due to properties & facilities management works PM&FM beside periodically maintenance works, etc. We confirm that OPM complies with requirements of independence and objectivity and that we have no conflict of interest in acting on your behalf of this matter. We confirm that we undertake the valuation acting as externals values, qualified for the purpose of valuation.

The **market value** of the **Educational property 94,424,000 SAR** has been assessed by **Residual Value, DRC method (Deprecation replacement cost), And capitalization income method** considering the location of the property, current market conditions, market rents and classifications as at the date of valuation based upon the assumptions expressed.

1- Settling the terms of engagement

Identification of the client and any other intended users	Saudi Fransi Capital (Taleem REIT)
Instruction and purpose of valuation	In accordance with RFP dated on June 21, 2020, we are instructed to provide a Valuation report are required to estimate the Market IN-SITU value for Al Ghad School property. REITs Purposes (Real estate Investment Trust)
The subject of the valuation	Valuation for an Educational property –Al Ghad School
The extent of the value’s investigations	To avoid misunderstandings, it is good practice to agree with, which defines the extent of the <i>member’s</i> duty to obtain or verify information that may be material.
Interest to be valued	We are instructed that the subject Land & Building (L&B) should be Valued as freehold, free from any encumbrances or third-Party interests. We have not made any investigation on the data received from Client and assumed that any such investigation would not identify any discrepancies.
The Basis of Value	Our Valuation has been prepared in accordance with Saudi Authority for accredited valuers (Taqeem) Standards, IACVA Valuation standards which conform with international Valuation Standards (IVS) of the basis of Value defined as: “Value defines the terms and conditions of payment of claims under property insurance policies. It defines the value that will be payable after the loss, and the conditions under which this value may be altered even after the claim has been accepted by the insurer. value is the basis adopted by the Royal Institution of Chartered Surveyors (RICS) for undertaking an appraisal of Land & Building (L&B) for RIET purposes. The term indicates to repair, reconstruct or renew assets to a condition equal to but not better than when new. This assessment is all-encompassing and can often include inspection and reporting on a wide range of Property of differing size, type and use incorporating complex structures and installations
Valuation Date	Valuation Date is the date on which the opinion of value applied the date of valuation were the value of Al-Ghad School project reflected on June 30,2020.

Report Date	The valuation report usually dated exactly as the valuation date July 06, 2020.
Inspection	The Property was inspected on 21 th of June 2020 by Fadi Naeem, Saudi Authority for Accredited Values membership 1220000119 (Taqeem), all significant parts of the property were inspected.
Inspection Role	A consecutive visit to inspection of Land & Building, 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.
Market Survey	OPM team has made fully market Survey for the immediate similar assets to collect all the possible and Related data to the valuation process. The collected data will be based on Market Value for Property. The collected data type will be according to the property data and the Purpose of valuation.
State of Valuers	We confirm that the Valuers has no material Connection or involvement with the subject of the value or with the client and can provide and object and Unbiased valuation. We confirm that the valuer is Competent to undertake the valuation assignment and Has sufficient skills and knowledge of the respective Market to undertake the valuation.
Independence Valuers	An External Valuer is defined in the IVS Standards as: A Valuer who, together with any associates, has no material links with the client or the subject of the assignment. We Confirm that we are an Independent Contractor for the subject services, and nothing contained in this assignment shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between client and OPM's staff. We also confirm that we have no conflict of interest to the client's Property, Land & Building (L&B).
Personnel	The Valuation analysis and financial models has been prepared by Mustafa Al-Mardina (IACVA) memberships, Saudi Authority for Accredited Values memberships (Taqeem), we confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the (IACVA) (IVS).

Disclosure statement	We are not aware of any existing conflicts or potential conflicts of interest either in the part of OPM or the individual members of the valuation team to be assigned to this project, which would prevent us from providing an independent and objective opinion of the property.
Valuation Methodology	The Valuation has been undertaken using the Residual Value, Depreciated Replacement Cost (DRC) approach, & Income (Cap rate) approach that are defined in the RICS Valuation – Global Standards 2017 (RB Global) Glossary as:
Limitation of Liability	Our Liability is restricted in aggregate to our fee and to the addressee of our report only.
Legal notices	We are not aware of nor have we been informed of any legal notices served on the Project, outstanding or pending in the court law.
The nature and source of the information to be relied on	For the purpose of this report, it is assumed that the written and verbal information provided to us by the client is up to date, complete and correct. OPM have furthermore undertaken further research with respect to Effective useful life, depreciation method, in addition, we have relied on the following sources in the valuation process.
Confidentiality	This document and/or any other document received from the client are confidential between OPM and the client. Except as may be required by any court or authority, the subject Services 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
The nature and source of the information to be relied on	Market Survey - OPM data center
Environmental Matters	<p>In undertaking our work, we have been instructed to assume that no contamination 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 Property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject Property from the use or site and have therefor assumed that none exists.</p> <p>However, should it be established subsequently that contamination exists at the Property 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.</p>
Currency	Saudi Riyal

Valuation report's Date	June 30, 2020
SALIENT POINT (GENERAL COMMENTS)	<p>We are unaware of planning or other proposals in the area or other matters which would be of detriment to the subject property, although your legal representative should make their usual searches and enquiries in this respect. We confirm that on-site measurement exercise was not conducted by OPM , and we have relied on the site areas provided by the clients.in the event that the area of the property and site boundary prove erroneous, our opinion of market value may be materially affected, and we reserve the right to amend our valuation and report</p>

2- Basing assumptions and limiting conditions

All analysis and conclusions in this valuation report are based on the following assumptions and limiting conditions, definitions and concepts, and identification of the subject property. Recognizing the premises of value is vital to this valuation assignment and to the analysis and conclusions that grow out of these premises.

3- The valuation is made subject to the following conditions and assumptions:

Any legal description or plats reported here are assumed accurate. Any sketches, plats or drawings included in this report are included to assist the reader in visualizing the property. We have made a full survey of the property boundaries and region and looking for some comparable land parcels and we didn't find any comparable lands offering either for sale or rent due to scarcity of educational lands.

Valuations based on *market value* shall adopt the definition and the conceptual framework settled by the **Saudi Authority for Accredited Values memberships (Taqeem), International Valuation Standards Council (IVSC)**: The estimated amount for which an asset 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 had each acted knowledgeably, prudently and without compulsion.

4- Standard and Premise of value

- This valuation report relies upon the use of market value as the standard of value. For the purposes of this Valuation, market value is defined as the expected price at which the property would change hands between a willing hypothetical buyer and a willing hypothetical seller, neither being under a compulsion to conclude the transaction and both having full knowledge of all the relevant facts.
- This is essentially identical to the market value basis as it is defined under the **Saudi Authority for Accredited Values memberships (Taqeem)**, International Valuation Standards (IACVA), Valuation – Professional standard (Royal institution of chartered surveyors) RICS.
- The evaluation was performed under the premise of value in continued use as a going concern valuation analysis. In our opinion, this premise of value represents the market value.

5- Documents Received

The Client has provided us by clear copy of the following documents

Title Deed Copy	y
Construction Permit	y
Gross Floor area / floor	y
Total leasable area	y
MEP's Details	x
Mapping Plan	x
Civil Defense Letter	x
Photographs	y

6- Valuation's Methodologist Definitions

There are three principal approaches to valuation that are generally recognized internationally: According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of valuation Approaches as per the following:

6.1- Depreciated Replacement cost (DRC)

A Depreciated Replacement cost the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”.

The DRC method is based on the economic theory of substitution. Like the other forms of valuation, it involves comparing the asset being valued with another. However, DRC is normally used in situations where there is no directly comparable alternative. The comparison therefore has to be made with a hypothetical substitute, also described as the modern equivalent asset (MEA). The underlying theory is that the potential buyer in the exchange would not pay any more to acquire the asset being valued than the cost of acquiring an equivalent new one. The technique involves assessing all the costs of providing a modern equivalent asset using pricing at the valuation date.

In order to assess the price that the potential buyer would bid for the actual asset, valuation depreciation adjustments have to be made to the gross replacement cost of the MEA to reflect the differences between it and the modern equivalent. These differences can reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset. Land required for the MEA will be separately assessed.

When depreciated replacement cost is used?

DRC is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset – and it is impractical to produce a reliable valuation using other methods.

The DRC method may be used for the valuation of specialized property, which is defined as:

"Property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location or otherwise."

This definition is broad and can apply to Property or assets that may be of conventional construction, but become specialized by virtue of being of a size or in a location where there is no relevant or reliable evidence of sales involving similar property.

The market for assets can change over time. Assets that might previously have been identified as having no market may have an active market that has recently emerged. For example, within the healthcare and leisure sectors, evidence of market transactions is growing. Therefore, before adopting the DRC method the valuer will need to be satisfied that there are no transactions involving similar buildings in similar use or location that could provide sufficient evidence to use an alternative valuation method.

The value of a specialized property (or a specialized Land & Building Property) is intrinsically linked to its use.

- The type of Asset and how it is used an understanding of the asset, its function and its environment.
- Classification of the asset for accounting purposes by the entity.
- the entity's componentization policy and the entity's position on modern equivalent asset (MEA) issues such as Asset's site location and site size.
- knowledge of the specification that would be required for an equivalent asset in the current market, and the cost of acquiring or procuring that asset.
- Sufficient knowledge of the asset and its marketplace to determine the remaining physical and economic life of the asset and sufficient knowledge of the sector in question to assess functional, technical or economic obsolescence.

If the asset is specialized it may be necessary to define what is to be included in the valuation. The identification of assets that are classified as part of the property interest and those that are classified as plant and equipment is often unclear in a specialized property.

Any specialized assets comprise separately identifiable components, and the valuer will need to discuss with the entity whether it is appropriate to value these as separate items, or to what degree it would be appropriate to regard them as aggregated into a single asset, and valued accordingly. The entity's accounting policies may influence this decision.

The principle can be illustrated by considering the value of Property that is a few years old. If technological advancements mean that the same output can now be achieved with a smaller and more efficient machine, the actual machine would most likely not be replaced as is. The modern equivalent is defined by its comparative performance and output.

In assessing the cost of the replacement asset, due account should be taken of all the costs that would be incurred by a potential buyer on the valuation date unless there is applicable direction to the contrary:

- Delivery and transportation
- Installation and commissioning
- Any unrecoverable duties or taxes
- Setting up costs, where appropriate, such as planning fees and site preparation works
- Professional fees related to the project
- A contingency allowance, if appropriate and finance costs, taking into account the likely pattern of payment.

When considering **specialized property**, the current gross replacement cost of the asset is assessed. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land. For the latter, the approach is to assess the cost of their replacement with a modern equivalent and then make valuation depreciation adjustments to reflect the differences between it and the actual asset when compared with a modern equivalent. Once the gross replacement cost has been derived, the valuation depreciation factors are applied as a further and separate calculation.

Although the ultimate objective of the DRC method is to produce a valuation of the actual property in its actual location, the initial stage of estimating the gross replacement cost should reflect the cost of a site suitable for a modern equivalent facility. While this may be a site of a similar size and in a similar location to the actual site, if the actual site is clearly one that a prudent buyer would no longer consider appropriate because it would be commercially wasteful or would be an inappropriate use of resources, the modern equivalent site is assumed to have the appropriate characteristics to deliver the required service potential.

The fundamental principle is that the hypothetical buyer for a modern equivalent asset would purchase the least expensive site that would realistically be suitable and appropriate for its proposed operations and the envisaged modern equivalent facility. How the actual site was obtained is irrelevant to the valuation. The valuer will need to discuss and agree with the entity the possible locations for the current defined service requirement.

The property being valued may be located in a situation that would now be considered unnecessarily expensive. This may be due to changes in the way in which the service provided is delivered, or to changes in the market for the product it produces.

Calculating the cost of Land & Building improvements of a specialized property-

When valuing a specialized property, it is often difficult to distinguish between what may be classified as a building or structure and what may be classified as plant. In the specialized industrial sector, many structures effectively only provide support and weather protection for process plant – if the plant was removed, the 'building' would not exist. In such cases there should be discussion with the entity as to whether a distinction needs to be made between buildings and plant and, if so, what items fall under each heading. Because of the diverse nature of the buildings, structures and plant that may

form part of a specialized property, the term 'site improvement' refers to all additions to the land. These are buildings, structures or some modifications to land of a permanent nature involving expenditures of labor and capital, and they are intended to enhance the value or utility of the property. Improvements have differing patterns of use and economic lives.

Site improvements will include all site works associated with the development, including services, fencing, paving and any other items of a permanent nature that support the specialized use. The following paragraphs provide guidance on calculating the cost of buildings and site improvements. Although they refer specifically to buildings, the same principles apply to all improvements.

Sources of cost information

The nature, size and specification of the modern equivalent building and all other necessary improvements, the cost of providing these:

- Assessed by reference to published building cost data (benchmark). However, published construction price data may be of limited assistance where the replacement building or structure is highly specialized. Instead, the valuer may have to rely on actual costs involved in the creation of the current asset, or discuss with their instructing client the need to conduct external cost research and/or commission specialist cost advice.
- Contractors and Consultants Other factors that may result in the cost of creating the actual asset to differ from that of a notional replacement include:
- **Site preparation:** work may have been undertaken to prepare the actual site for development that would not be necessary for the assumed equivalent site. For example, costs actually incurred in levelling a site or providing services to the site boundary may already be reflected in the cost of acquiring an equivalent site in the market if the available evidence was for level, serviced land.
- **Phasing of work:** A large site may have been developed in phases, whereas the cost of the modern equivalent reflects the cost that would be incurred in replacing the whole asset at the valuation date let as a single contract. This could create economies of scale and reduce contract overheads, for example, on preliminaries work.
- **Optimal working conditions:** If the cost of the equivalent site is based on a site that is assumed to be free of any difficulties or constraints on development, any additional costs incurred because of abnormal conditions on the actual site are ignored.

- **Contract variations:** any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract are ignored.
- **Planning changes:** When the actual asset was constructed it may have had deemed planning consent. As the planning legislation has changed, the cost of obtaining consent for a modern equivalent may need to be taken into account.
- **Incidental costs:** Such as fees and carrying costs, are to be restricted to those costs associated with the assumed procurement of the building. Allowance for VAT is made only where this is an irrecoverable cost. Although it would not normally be appropriate to make an addition to the cost to reflect developer's profit (because the purchaser is deemed to be procuring the building for owner occupation), it may be appropriate to add for management time if this were a significant cost that would be incurred in constructing a modern equivalent.

Assessing valuation depreciation

Established the replacement cost of a modern equivalent asset, it is then necessary to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued. The underlying principle is that the hypothetical buyer has the option of procuring either the modern equivalent or the actual asset. If the modern equivalent provides the ideal facility for the buyer, the price paid for the actual asset is expected to reflect all the disadvantages that it suffers in comparison.

Applying valuation depreciation is primarily a process of replicating how the market would view the asset. Depreciation rates and estimates of the future economic life of an asset are influenced by market trends and/or the entity's intentions. It is recommended that the valuer identify these trends and intentions, and be capable of using them to support the depreciation rates applied. The application of DRC should replicate the deductive process of a potential buyer with a limited market for reference.

Three principal types of depreciation allowance, or obsolescence, may be identified as:

- **Physical deterioration:** If the cost of repairing, reconditioning or refurbishing the actual asset to render it useable has exceeded the cost of a modern equivalent, the asset would have no value.
- **Functional obsolescence:** The introduction of new technology may render obsolete a relatively new asset with an otherwise long anticipated life, with the result that there would be no demand for it other than any value for salvage or an alternative use.
- **Economical obsolescence:** Economic obsolescence: if demand for the product or service provided by the asset has collapsed and is not expected to recover, there would be no demand for the asset other than for any salvage value or alternative use.

Remaining economic life

Key step in the estimation of valuation depreciation to reflect obsolescence is the assessment of the lifespan and anticipated remaining life that is attributable to the asset being valued, having regard to the impact of its different constituent parts, this then being applied to the modern equivalent asset that has been selected.

Lifespan: *When assessing the target lifespan of an asset, it is important to take into account that the asset comprises many different parts, each with their own lifespan, some of which will be much shorter than the period over which the asset may be used for service delivery. The impact of capital expenditure on replacing parts whose economic service delivery potential has been exhausted cannot be reflected until that expenditure occurs. The projected lifespan of an asset when new is therefore not the lifespan of the asset's longest life part nor the period over which the entity intends to remain in occupation delivering services from it but rather should reflect the varying lifespans of the in-situ constituent parts. Approximation or other techniques, such as weighting the impact of the lifespans of different parts by value, will be necessary to arrive at a lifespan for the overall asset that faithfully reflects the varied individual lives of the asset's parts.*

Types of Depreciation

- **Straight-line:** The straight-line basis tends to be the most commonly adopted method for calculating depreciation of buildings because of its simplicity and relative ease of application. Straight-line depreciation assumes the same amount is allocated for depreciation for each year of the estimated life.
- **Reducing balance:** The reducing balance method of depreciation assumes a constant percentage rate of depreciation from the reducing base. The reduction of the balance at the end of each period by a fixed proportion of itself creates a sagging depreciating value curve over the life of the asset. This method effectively 'compounds' the total depreciation. This may match reasonable expectations of declining value over time better than the straight-line method.
- **S-curve:** The S-curve is recommended where sufficient data is available for the valuer to be confident that the curve represents the likely reality. In some cases, it presents the most realistic representation of an asset's depreciation by assuming that depreciation is at a low rate in the early years, then accelerates in the middle years and reduces again in the final years. However, some assets, such as plant, may have a different depreciation pattern (high at first rather than low).
- The three methods outlined are all in common use. Of these, the straight-line approach has the advantage of simplicity. However, it does not represent the way in which asset values are normally reflected in the marketplace. The reducing balance method may also be open to similar criticism that it does not reflect market perceptions. The S-curve attempts a surrogate for market behavior and is appropriate where there is empirical evidence available.

Other forms of depreciation curves are available, and where they are used by a particular market the valuer is expected to reflect them. In making adjustments for depreciation and obsolescence the valuer is advised to rely on professional knowledge, judgement and market experience, and to take due account of the nature of the asset and the type of use to which it is put.

Other considerations

It is not normally appropriate to make any deduction for depreciation from the cost of acquiring a modern equivalent site in the market, because freehold land rarely depreciates. When valuing specialized property, the normal practice is to assess the cost of the improvements separately, assess the appropriate valuation depreciation and then add this to the cost of replacing the land in order to arrive at the final valuation.

Where a multi-block site comprises more than one specialized building, each building will have its own remaining life (reflecting the lesser of their respective physical or remaining economic lives) except in the rare circumstances of there being a strong interdependency such as potentially in the case of an oil refinery.

6.2- Comparable Method

This is method most are familiar with as it is the accepted method for valuing assets. Typically, this method involves selecting assets with similar characteristics in the same market area that have recently sold. Once those Property 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 the value of 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 immediate neighborhood and adjoining areas. Neighboring Property, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

6.3- 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 building, malls, and other property that generates a regular income.

The appraiser calculator 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 expense 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.

7- Scope of the Report

The valuation report is performed on a limited scope basis; the report is not a self-contained comprehensive valuation report to estimate the market value of the Property in Time of valuation.

8- Source of information and data

All data and information were deducted due to our market survey to collect some of the market samples either for lands, In addition, we consulted many of real estate experts in **Riyadh city** to reach the actual transaction of some land prices and for the building replacement cost value we depend on Saudi construction cost in time of valuation and cap rate.

9- Purpose for preparation valuation and Content text

OPM was appointed **Saudi Fransi Capital** to evaluate market value for an Educational property due to market value located within Abdullah District- based on that, OPM valuation's team surveyed a property's surrounding area for site inspection + preview the location that was analyzed by OPM valuation's team to reach the estimated market price for the for evaluated property on time of evaluation.

10- Valuation Report Brief

It is a comprehensive valuation report for the property specification according to the Residual Value, depreciated replacement cost (DCR) and Capitalization rate method to get the more realistic value of the Asset (property) based to (Capital Market Authority) CMA in Saudi Arabia requirements, this analysis report done by OPM valuation team to reach the estimated value of land property in time of evaluation.

11- Legal Description for Property Owner

Documents validity: the property targeted has viewed through available data and documents received from **Saudi Fransi Capital**, and have been a presumption of validity.

12- Second partner's rights and ownership in property

We assumed that targeted property out and free of any personal legal rights and there is no mortgage, loan, royals, monopoly, utilization rights for land and instrument. If indicate otherwise, OPM company & evaluation team are free of any responsibility and our actual task only evaluates **Educational property**, with checking and preview the real instruments if it's legal and owned by the landlord.

13- Foundation of evaluation report and Contents

Assumptions

1. Purpose of evaluation is to estimate the real current market value in a competitive market (non-monopoly based on speculation).
2. Estimated current market value depending on Comparison approach, depreciated replacement cost DRC, Capitalization rate.
3. OPM has no conflict of interest in the time of evaluation.

14 -Site Inspection and collecting Information

The quality of information initially gathered, and later collated, is pivotal to the accurate assessment of the cost. An inspection of the property will be required in order to gather the information needed to complete the cost assessment through:

- General inspection of the Property and its environs before beginning the detailed inspection and confirm that the extent of the property being inspected conforms to the description given by the client.
- Assess the age of the building.
- Consider whether there are any restrictions to demolition and rebuilding that will result from the surrounding environment. Are there Property, the occupation of which may affect working hours? Are any special protection works likely to be necessary? Is the building detached, semi-detached or terraced, therefore do party walls, temporary protection, insurers, etc.
- Consider whether there are likely to be any deleterious materials that will increase the cost of demolition and debris removal due to higher disposal costs, i.e. review the asbestos register.
- Taking sufficient notes, photographs and measurements and produce sketches to record.
- A schedule of the accommodational use.
- A summary of the building's structure, and the different types of construction, eaves, ceiling heights and finishes.
- A summary of the building's MEP (for example, Firefighting system, smoking detectors, Fire Hose, Extinguisher, sprinkler provision, lifts, escalators, BMS, and HVAC system).
- Summary of the external areas, boundaries, outbuildings, etc.
- A summary of specialist features (these may be internal or external features considered as extra over the standard building finishes or that influence the basis of assessment, for example, marble cladding, ornate stonework or timber paneling) and a summary of general topography.

- Estimate All Property 's Value through Depreciated Replacement Cost DRC Approach with few exceptions, the final assessment figure will comprise the total cost of completely rebuilding the asset, to be insured (DRC), together with allowances in respect of other matters, including:
 - Demolition and debris removal and professional and statutory fees
 - The net rebuilding cost is normally calculated by multiplying the gross internal area of the building by a suitable rate for its reconstruction, Depreciated Replacement Cost, and Current market cost based.
 - All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings.
 - Average prices for costs are usually generated from a wide range of building costs that reflect differing methods of construction, scopes of work and standards of finishes.
 - Approximate quantities may also be used to assist in the appropriate allocation of costs in the elemental breakdown.
 - Replacement using vernacular materials and uncommon traditional techniques in replicating items such as ornamentation.
 - It is advisable for the cost assessment to include certain additions to take account of further costs that will be incurred in the reconstruction of the building and replacement for machineries, equipment, and system.
 - Debris removal, demolition and shoring up party walls
 - Professional fees
 - Public authorities' stipulations



This section provides an analysis of the site and its overall location, with the aim of understanding the specific constraints and opportunities related to potential development.

The assessment studies the site’s location, conditions and characteristics and sheds light on the following points:

- Site Context & Characteristics
- Site Uses - Zoning Regulations
- Surrounding Uses
- Proximity to Key Demand Generators - Accessibility & Visibility

These conclusions, in conjunction with the findings from the Offices real estate market assessment feed into the development program and recommendations elaborated for the overall site as highlighted in subsequent sections of this report.

The adjacent map presents the subject site’s location within the wider city of Madinah while the table below, provides the site’s coordinates for the purpose of identifying the exact location via Google Earth.

Property Map Coordinates	24°44'00.7 "N	46°44'18.4"E
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Aerial View



14.1- Site Context & Characteristics

Location

- It should be noted that, the subject site lies King Abdullah District Riyadh City.
- The adjacent map highlights the subject site's location in relation to nearby key roads and surrounding districts while the insert map provides a micro view of the subject site.
- The subject site is located to the of city within approximately, 3.75 Km from Suliman Al Habib Hospital and 3.71 Km from Rawdah Park & 25 K.m international Airport respectively.
- On a micro level, the subject site is ideally positioned along Khuzam Street Al-urubah road major transport links and arterial roads such as the Retail hub and major Roads.
- It is of the note that the site is situated within the growth corridor of the city in proximity to key landmarks / infrastructure.
- The subject site will benefit from enhanced connectivity to and from the wider city given its direct positioning on the all major district as depicted in the adjacent map.

- As per information received from the client, the subject site encompasses a total land area of approximately 11,282.58 sqm.
- Based on OPM's Inspection, the site was found to be Developed and occupied structure for Educational properties.

Summary		
Land area/ sq. m	Land area Coverage	Permissible height
11,282.58 sqm	60%	G + 40

Land's Topography		
Surface	Shape	Features
Levelled	Polygon	Educational



We drive the Accurate Value in a Changing Market

14.2- Proximity to Demand Generators

The Maps Below presents the subject's site location in relation to a sample of key surrounding uses / developments.



We drive the accurate value in a changing market.

The tables below present a sample of existing developments situated within the site's immediate and wider surroundings.

No	Surrounding Use	Distance - KM
1	KACST	10 K.M
2	International Air-port	26 K.M
3	Riyadh Mall	5.0 K.M
4	King Abdullah Financial District	11 K.M
5	Suliman Al Habib Hospital	4.0 K.M

The subject site's Located on Main Road include Commercial & residential subdivisions and districts supported by a number of existing small retail shops, and locally branded serviced apartments.

14.3- Site Accessibility and Visibility

Sector	Side / Part	Comment
General Overview	Prime Location	Located Within center of Riyadh, and with newly urban plan growth direction
	Accessibility and Visibility	*Accessibility through many major roads such as Al Urubah Road. *Visibility – All Major Commercial Property Surrounding the site.
	Potential Growth	This side have a highly growth rate comparing to other side of city, Other mega projects will be under construction in the area.

Sector	Side / Part		Comment		
Topography, Environment, internal Streets	Land Shape/ Triangles	Triangle– leveled	The property is leveled fully developed built names as Al Ghad School.		
	Internal and scaping for Colleges	Neat & Clean	Yes	No pollution or noisy sources were noticed in the site and no future pollution aspects are anticipated in the near future.	
		Clam level	High		
		Fully development			
Inside	Abdullah District	The property is located central side of the city a region filled with new development and project and is the location of urban growth and Development.			
Site Development	Power Generator	-	Central A/C Units System	Water Treatment station	Fences

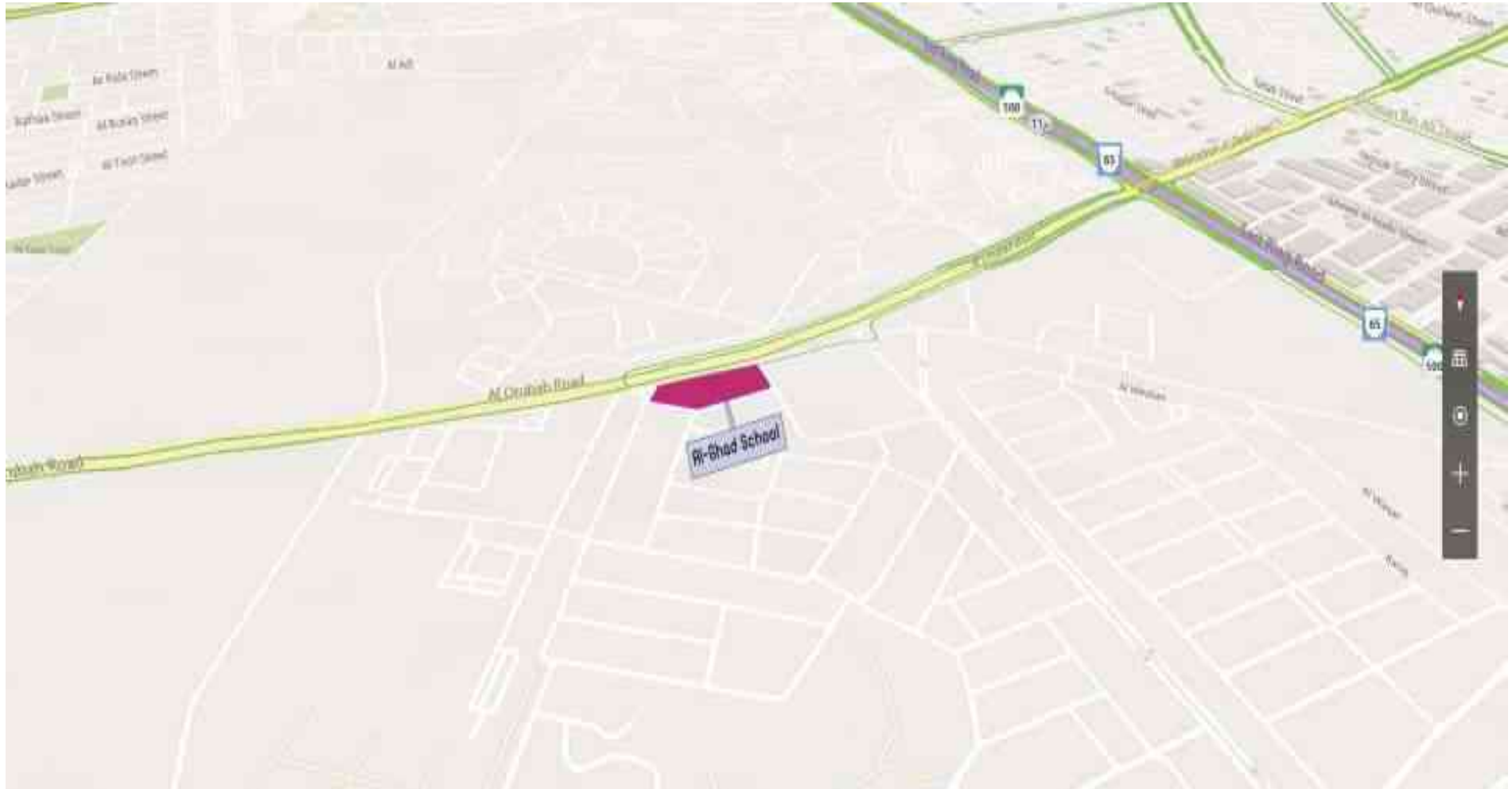
14.4 -Area Brief

The subject of this report comprises of developed land extending to approximately GFA 11,282.58 sq. m and located in Abdullah District Riyadh, KSA. Al-Ghad school including Masterplan generally including Offices, Educational Classes for kindergarten to primary, intermediate & secondary stages.

All utilities and infrastructure founded Near By.

Sector	Side / Part		Comment			
Public Utilities and Infrastructure	On City Level	Centre Riyadh	The property is located Centre of the city a region filled with new development and project and is the location of the urban growth.			
	Proximity from Attraction	Main Axis		Main Road	Al Urubah Road	
	Utilities and Infrastructure	Surface Drainage	Water		Telephone	The property infrastructure services are complete.
		Sewer System	Electricity			
	Public Amenities	Planting	Sidewalks	The property is fully developed		
		Lighting	Asphalt Roads			
	Facilities	Sport Activity			Public Area	All the utilities are in close proximity to the sites or at least within 5 Km radius.
		Prayer Area				
Land Characteristics	Frontages	Land has front age access to many commercial roads, and street outside the property.				
	Street					
	Land Shape					

Middle View of Property



15- Property Characteristics

The following are the site/building attributes that OPM has analyzed that affect the overall (Market Value) of the Property in relation to its current use:

Building Information

Sr.no	Title Name	Floor Area Sqm	Building Use
1	Basement	5580.40	Services
2	Ground Floor	4604.00	Educational
3	First Floor	4838.00	Educational
4	Electric Room	71.38	Electricity
5	Addition Room Floor	2374.60	Educational
6	Surrounding Area	450	Services

16- Property Information

Site Location Detail

Sr.no	Building	No. of Units
1	No. of Classroom & Educational Activity room	94
2	Libraries	06
4	No. of Labs	08
5	Theaters (Auditorium)	02
6	Medical Clinics	02
7	Play Ground	04

Classes Details

Sr.no	Description	No. of Units	Student Capacity
1	Gross No. of Classes	94	Max Up to 2300
2	Enrolled Student		1751

17-Land Valuation

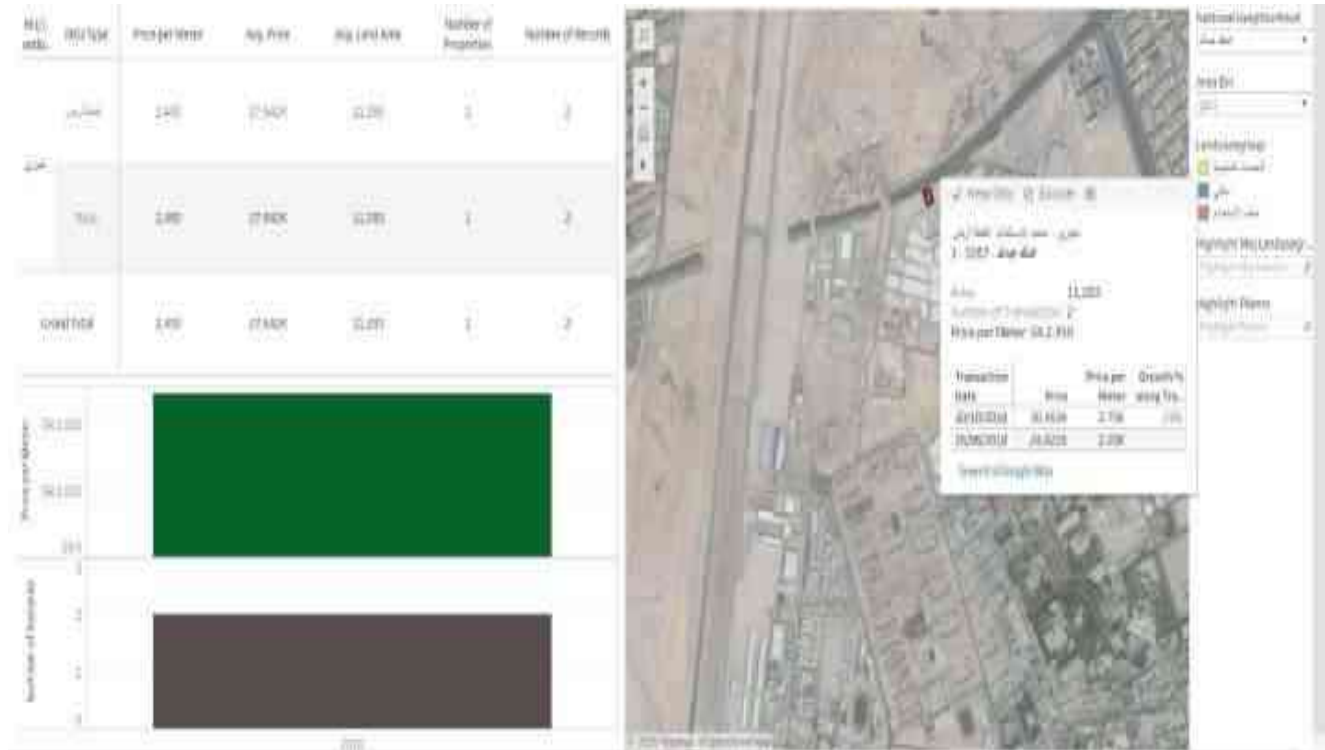
Comparable Market Approach evaluation – Land Evaluation

In this method, we tried to estimate the Educational Facility Land on King Abdullah District Urubah Road in Riyadh city according to the market comparable approach but there is No Transaction Occurred **Since 2010**.

No Comparable Samples sold since 2010 (Transactions since 2010) within the Catchment area - Uruba road. (see Attached pic Report as evidence).

So, after seeing the transaction History. Through the market survey done by OPM team, no similar land plots sizes for Targeted Lands founded in the surrounding area and similar to targeted land by Area size and in the same district for Comparison.

So, We Can Evaluate through Residual Value method for Property.



(Source: OPM Data)

18- Case 1 – Residual value approach (land)

Residual value approach evaluation – Land Evaluation market value (MV)

RV methodology definition:

The Land - Residual Approach is the sum of remaining from the value of the completed (depreciated) property (Assume generating income). First of all, subtracts the value of buildings from this overall value, designating the remainder as the value of land.

Building values may be estimated in terms of their replacement cost (which usually produces a very high estimate, leaving little land value) or their depreciated value (which gives an unrealistically low building estimate, inasmuch as maintenance and repairs save most buildings from deteriorating through wear and tear). Using the depreciated value method leaves a higher residual land value.

Simply put, the residual land value is a method used to determine the value and potential profitability of a piece of property minus any expenses related to the land, according to the real estate website Real Estate Agent. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land.

Dev - Cost Sheet - National School - Educational project			
Cost Type- Dev Type	Con Year 1	Con Year 2	Con Year 3
Development Work			
Land Area - developed / year - sqm	11,283		
Development Cost S.R / sq. m	80		
Total Development Cost / Year	902,606		
National School Grade B+			
Total BUA - sq m	34,976.0		
Units BUA construction / Year	11,659	11,659	11,659
Units Construction F&E Cost S.R / sqm	3,000	3,000	3,000
Total Construction Cost / year	34,975,998	34,975,998	34,975,998
Total Construction Costs	34,975,998	34,975,998	34,975,998
Other Costs			
Professional Fees (Engineering Consultant) 2.5%	874,400	874,400	874,400
Statutory fees 2%	699,520	699,520	699,520
Marketing Fees (Media & Advertising) 1.5%	524,640	524,640	524,640
Contingency costs 10%	3,497,600	3,497,600	3,497,600
Overhead cost 2.5%	874,400	874,400	874,400
Total Dev - Cost - SR	41,446,558	41,446,558	41,446,558

Gross Income & Revenues Sheet - Free Future Cash Flow (FFCF)

	Dev- period 3 Years	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Category 1- National school - Rev- Leasing to Oparetor							
Leasable area - sq m		34,976	34,976	34,976	34,976	34,976	34,976
Annual rental price - sq m		450	450	450	1000	1000	1000
Occupancy Rate %		100%	100%	100%	100%	100%	100%
Revenues Cat 1		15,739,199	15,739,199	15,739,199	34,975,998	34,975,998	34,975,998
Gross Revenues		15,739,199	15,739,199	15,739,199	34,975,998	34,975,998	34,975,998

Income Statement

	Year 1	Year 2	Year 3	Year 31	Year 32	Year 33
Gross Revenues	15,739,199	15,739,199	15,739,199	34,975,998	34,975,998	34,975,998
General & Administrative Expenses (0%) Triple Net	0	0	0	0	0	0
Gross Profit - EBITDA	15,739,199	15,739,199	15,739,199	34,975,998	34,975,998	34,975,998
Depreciation	(828,931)	(828,931)	(828,931)	(828,931)	(828,931)	(828,931)
Earnings after depreciation	14,910,268	14,910,268	14,910,268	34,147,067	34,147,067	34,147,067
Interest Expense	0	0	0	0	0	0
Earning after interest expense	14,910,268	14,910,268	14,910,268	34,147,067	34,147,067	34,147,067
Taxes (7.5%) Zakkat & VAT	(1,118,270)	(1,118,270)	(1,118,270)	(2,561,030)	(2,561,030)	(2,561,030)
Net Income	13,791,998	13,791,998	13,791,998	31,586,037	31,586,037	31,586,037
Dividends Rate	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Additions to Retained Earnings	13,791,998	13,791,998	13,791,998	31,586,037	31,586,037	31,586,037
Cumulative Retained earnings	13,791,998	27,583,996	41,375,994	681,521,399	713,107,436	744,693,473

Cash Flow Statement

Cash flow Table	Construction Year 1	Construction Year 2	Construction Year 3	Operation Year 1	Operation Year 2	Operation Year 32	Operation Year 33
IN - Flow							
Capital Injection							
Net Revenues				13,791,998	13,791,998	31,586,037	31,586,037
Depreciation				828,931	828,931	828,931	828,931
Total Inflow				14,620,929	14,620,929	32,414,968	32,414,968
OUT Flow							
Total Construction Cost	41,446,558	41,446,558	41,446,558				
Professional Fees	874,400	874,400	874,400				
Statutory fees 2%	699,520	699,520	699,520				
Marketing Fees (Media & Advertising) 1.5%	524,640	524,640	524,640				
Contingency costs 10%	3,497,600	3,497,600	3,497,600				
Overhead cost 1%	874,400	874,400	874,400				
Total Outflow	(47,917,117)	(47,917,117)	(47,917,117)				
Net Cash Flow	(47,917,117)	(47,917,117)	(47,917,117)	14,620,929	14,620,929	32,414,968	32,414,968
Cumulative Net Income	(47,917,117)	(95,834,235)	(143,751,352)	(129,130,423)	(114,509,494)	595,881,881	628,296,849

Residual Value - RV

RV	Construction / Year 1	Construction/ Year 2	Construction / Year 3	Operation / Year 1	Operation / Year 2	Operation / Year 3	Operation / Year 31	Operation / Year 32	Operation / Year 33	Total
IN - Flow	Period	0	0	1	2	3	31	32	33	
Revenues		0	0	13,791,998	13,791,998	13,791,998	31,586,037	31,586,037	31,586,037	
Total Inflow		0	0	14,620,929	14,620,929	14,620,929	32,414,968	32,414,968	32,414,968	707,218,265
Discount Rate:	11%	0.000	0.000	0.901	0.812	0.731	0.039	0.035	0.032	
OUT Flow										
Total Outflow		0	0	0	0	0	0	0	0	
Total Cash out										
Net Cash Flow (Before Discount Rate)	(124,339,673)	0	0	14,620,929	14,620,929	14,620,929	32,414,968	32,414,968	32,414,968	238,843,799
										Total Cash flow
Discounted Cash Flow DCF	(124,339,673)	0	0	13,172,008	11,866,674	10,690,697	1,275,655	1,149,239	1,035,350	36,602,490
										Residual value

Market Value - MV	
Land - MV	36,602,490
Land area - sq m	11,283.00
MV - per sq m - Residual value	3,244.04

Market Value MV	Land Area – sq m	Value / sq m. SAR	MV SAR
Market Value for land	11,283	3,244.04	36,602,490

19- Case 2- Cost Approach Depreciated Replacement cost method (DRC) for Building

Depreciated replacement cost (DRC) approach. The 'cost approach' and DRC are regarded as synonymous terms; both are in common use around the world to describe a method of valuation of all types of assets.

Also, the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

It is important to understand that the word depreciation is used in a different context for valuation than for financial reporting. In a DRC valuation, depreciation refers to the reduction, or writing down, of the cost of a modern equivalent asset to reflect the obsolescence and relative disabilities affecting the actual asset. In financial reporting, depreciation accounting refers to a charge made against an entity income to reflect the consumption of an asset over a particular accounting period. These are distinct usages of the word, and there is no direct correlation between the methods used to assess depreciation in each case.

Although the DRC method may be used for the valuation of different types of specialized asset, particular complications arise when applying the DRC method to specialized property.

Some buildings (or specialized plant and equipment assets) have a conventional basic design that is superficially similar to other buildings that are regularly bought and sold in the market, but on closer inspection have specialized features or extensive adaptations designed to meet the requirements of the actual occupier. Typical examples, which may be purpose built or adapted, include a residential complex, office, retail, medical, hotels, universities and or an industrial building (labor camps) with structural alterations to accommodate a particular production process with enhanced security features such as thickened walls, toughened glazing, extra amenities and extra facilities areas.

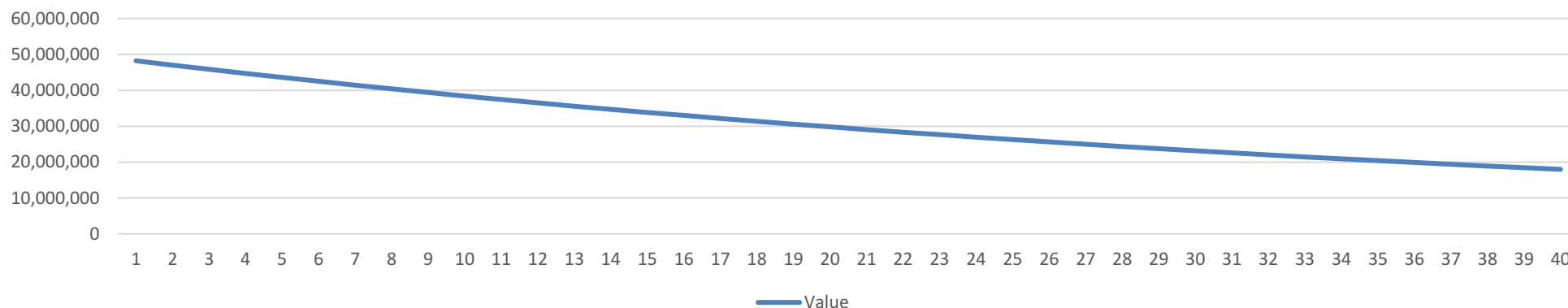
- Due to availability of Educational building permit; the total Gross Floor area GFA has been calculated area 11,282.58 sq. from Saudi Fransi Capital
Depreciated Replacement cost (DRC)

Standard: Average useful life for school building in Riyadh city after taken into consideration climate.	N (number of years) =	50 years
Deprecation ratio Per annum 2%	Appreciation (Maintenance, renovation) ratio Per annum based to schedule of maintenance work per annum	Apportionment after Calculating Depreciation and Appreciation 2.0%
Building (equipment) useful life	N (number of years) =	1 years
Apportionment – Acc Depreciation	2.0%*1 Years	2%

(Construction, Finishing & MEP equipment) for building – All MEP installed

Type of Construction	GFA / sq. m	Replacement cost / SAR – sq. m Q1-2020	Completion %	Market value/ SR
Basement	5580.40	3000	100%	16,741,200
Ground Floor	4604.00	2800	100%	12,891,200
First Floor	4838.00	2800	100%	13,546,400
Electric Room	71.38	1000	100%	71,380
Addition Room Floor	2374.60	2000	100%	4,749,200
Surrounding Area	450	500	100%	225,000
Replacement cost - SR				48,224,380
- Apportionment Acc Deprecation		48,224,380 *2 %		(964,488)
Depreciated Replacement cost DRC				47,259,892

Value of building during operational Life Cycle



20-Market value (property) Land + Building In the case of finishing up to date from Finishing, fixtures & equipment work-Currency SR

Market Value (Land)	36,602,490 SAR
Plus	
Building Value before adding Profit Margin - SAR	47,259,892 SAR
+ Developer Profit Margin (22%) – only for Building Value - SAR	10,397,176 SAR
Building Value - SAR	57,657,069 SAR
Market value -Total Property	94,260,000 S.R (Ninety-four million, Two hundred sixty thousand, Saudi riyals

(Sensitivity Analysis) for Weighted average value based

The Sensitivity ratio for the Property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
89,547,000 SR	94,260,000 SR	98,973,000 SR

21-Valuation Based to Income approach- Capitalization rate ratio of Net Operating Income (NOI) to property asset value - Riyadh city Q1-2020- FFO to define the cash flow from their operations **Official leasing Percentage Yield Escalation As per received from Client:**

Taleem REIT
AlGhad Yield Rental Payment Schedule
15 June 2020

Year	Rent Start Date	Rent End Date	Rent Payment Date	Anniversary date	Rent Amount (in SAR)
1	1-Jul-20	30-Jun-21	30-Jun-20	1st Anniversary	5,950,000
2	1-Jul-21	30-Jun-22	30-Jun-21	2nd Anniversary	5,950,000
3	1-Jul-22	30-Jun-23	30-Jun-22	3rd Anniversary	5,950,000
4	1-Jul-23	30-Jun-24	30-Jun-23	4th Anniversary	5,950,000
5	1-Jul-24	30-Jun-25	30-Jun-24	5th Anniversary	6,545,000
6	1-Jul-25	30-Jun-26	30-Jun-25	6th Anniversary	6,545,000
7	1-Jul-26	30-Jun-27	30-Jun-26	7th Anniversary	6,545,000
8	1-Jul-27	30-Jun-28	30-Jun-27	8th Anniversary	6,545,000
9	1-Jul-28	30-Jun-29	30-Jun-28	9th Anniversary	6,545,000
10	1-Jul-29	30-Jun-30	30-Jun-29	10th Anniversary	7,199,500
11	1-Jul-30	30-Jun-31	30-Jun-30	11th Anniversary	7,199,500
12	1-Jul-31	30-Jun-32	30-Jun-31	12th Anniversary	7,199,500
13	1-Jul-32	30-Jun-33	30-Jun-32	13th Anniversary	7,199,500
14	1-Jul-33	30-Jun-34	30-Jun-33	14th Anniversary	7,199,500
15	1-Jul-34	30-Jun-35	30-Jun-34	15th Anniversary	7,919,450
16	1-Jul-35	30-Jun-36	30-Jun-35	16th Anniversary	7,919,450
17	1-Jul-36	30-Jun-37	30-Jun-36	17th Anniversary	7,919,450
18	1-Jul-37	30-Jun-38	30-Jun-37	18th Anniversary	7,919,450
19	1-Jul-38	30-Jun-39	30-Jun-38	19th Anniversary	7,919,450
20	1-Jul-39	30-Jun-40	30-Jun-39	20th Anniversary	8,711,395
21	1-Jul-40	30-Jun-41	30-Jun-40	21st Anniversary	8,711,395
22	1-Jul-41	30-Jun-42	30-Jun-41	22nd Anniversary	8,711,395
23	1-Jul-42	30-Jun-43	30-Jun-42	23rd Anniversary	8,711,395
24	1-Jul-43	30-Jun-44	30-Jun-43	24th Anniversary	8,711,395
25	1-Jul-44	30-Jun-45	30-Jun-44	25th Anniversary	8,711,395

22- Rental Market Analysis (RMA) – Market Benchmarking

After previewed and analyzed property's tenancy renting period percentage for Al-ghad school and after Inspection for Riyadh Market and catchment area without found any comparable based due to Scarcity of similar property beside the type of college areas of other property and market renting pricing in Riyadh market was based to experience and Saudi Arabia major cities benchmark for educational property After taking into consideration for location of property, quality of building and market indicators.

Due to market renting analysis the average rents in the area at time of valuation in between 375 –475 SAR per sq. m for net Leasable area including basement floor and comparing it to the annual renting values for properties in the Riyadh City and the rental market analysis is positive which is match with market benchmarks at date of evaluation.

The **Property's Av rent for 25 years is 7,375,525 SAR per annum**, which equating to around SAR 411.62* per sq. m

* **Notes:** Average Rental Value/Total Build up Area

$$7,375,525/17,918.38 =411.62$$

Net Operating Income – triple Net for a 25 Years Contractual period based to client's statement.		7,375,525
– Vacancy and collection loss		0
Additional income		0
Effective gross income		7,375,525
Operating Expenses (all expenses on Operator's responsibility) – Triple net wise		
Fixed	0	
Variable	0	
Reserves	0	
Total Operating expenses		0
Net operating income NOI		7,375,525
Cap rate 7.8%		
Market Value @ 7.8% Capitalization rate		94,558,012 SAR

23- Note: Opinion of Value In case of Saudi Fransi Capital desire to reach market value for Property based to Weighted average between (RV+DRC) and Capitalization rate method

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 lease Escalation data received from Client for 25 Obligatory Contractual period is Market Value:

Residual value + DRC depreciation replacement cost - MV	94,260,000
Income Approach Capitalization rate – Market Value	94,558,012
Weighted Average (45% for DRC, 55% Cap rate)	
	94,423,907
Market value MV	94,424,000 (Ninety-four million, Four Hundred Twenty- Four thousand, SR)

(Sensitivity Analysis) for Asset Property

The Sensitivity ratio for the property evaluation is 5% as identified in the below table and it will also the sensitivity rate which can also measure the risk factor. a narrative description of the sensitivity of the value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the value measurement.

-5%	market value	+5%
89,703,000 SR	94,424,000	99,145,000 SR

24- Real Estate Market Summary- Riyadh City Q1-2020

Growth rate slightly Change, Government's decision to collaborate more closely with the development of mega project for the housing sector, The Government successfully conduct the Biggest entertainment event "Riyadh Season" So Commercial Shopping malls owners are hopeful that the proposed entertainment reforms will lead to the more licensing of movie theatres & Entertainment events in the Kingdom & New brands hotels are expected to enter the market over the next coming years with hotels room.



24.1-Offices market: Offices vacancies rate of Office Grade A & B Silently Decrease over the quarter due to (SAGIA) Saudi Arabia General Investment Authority Issue New License to Investor to operate business companies in private sectors. Corporate demand is more focus on Smart & elegant Co-working office space to get benefit for low rental rates. In COVID-19 Pandemic government announced the package to ensure business connectivity and mitigate risk for Business Growth and support to the Private sector.

Healthcare sector continues to attract demand level and growing number of commercial buildings in Riyadh are leasing space to clinics or other healthcare providers. Additionally, some buildings are remarketing their properties to target this sector in response to the current market conditions. MOH Initiative 2030 related to NTP 2020 & Saudi vision 2030 Which will transform sector for achieving Government Operational Excellence.

24.2-Residential market: Residential Units & Villas Prices slightly increase due to government backend support to expand the mortgage scheme and government sakni program for Saudi Resident. According to Vision 2030 in respond to sakni program which helps to increase ownership rate in 2020. Secondly Real estate development fund and Saudi refinance company play vital role to boost homeownership and mortgage market. Due to Current Covid-19 pandemic we can expect in supply & Demand side on-going Residential project will slightly expected to delay to deliver it.

24.3-Hospitality market: The Public Investment fund introduced a tourism and hospitality project like Riyadh season that will help to boost the economic activity in capital city. In end of 2019 Government initiative to allow Developed Countries Like U.K, US & Schengen Visa holder to get visa on arrival facility that help to support tourism industry and enhance the economic activity in the kingdom. While Feb 2020 Hospitality Industry has Healthy performance but Due to COVID-19 Pandemic in Mid of March-2020 Hospitality industry had badly impact for suspension of International Travelling and Q1-2020 Performance of Hospitality Sector is very depressed.

24.4-Retail market: Retail market performance remain stable in till Q-4 2019.While ADR is stable of super and super regional mall, and vacancy rate of Grade B Class is slightly increase at the end of 2019. While retail sector enjoys slightly upward trend in performance. Under 2030 Vision strategic goal to increase proportion of online payment. In COVID-19 Pandemic full time & partial lockdown in Riyadh, restriction of consumer mobility & socialize limitation that huge impact on retail and entertainment sector. Due to mobility restriction consumer behavior shifted to online trade that boost to E-Commerce sector that will help to support vision 2030.

24.5- Industrial warehouses: While occupancies increased marginally in the industrial warehouses sector over 2020, they are expected to soften of the rest of year as new supply projects enters the market. Most projects are located within South and north of Riyadh (new development plans near Salboukh road) should affect the old warehouses negatively.

25- External and internal Pictures

External view



External View



Internal view



We derive the Accurate Value in a changing market.



Internal view



Internal view



We derive the Accurate Value in a Changing Market



Internal view



We derive the Accurate Value in a Changing market.

Internal view



We derive the Accurate Value in a changing market.

26-Olaat valuation Company's team

Title	Job Description	Saudi Authority for Accredited Valuers member ship	Validity of Member ship	Section
Abdulmalik Al-Darwsih	Valuation Manger	1210000397	1442/4/13	Real estate
Mustafa Mardina	Formatting and Analyzing report	1220000297	1442/04/13	Real estate
Fadi Naeem	Site visit, inspection Catchment area	1220000119	1442/04/13	Real estate

www.olaat.com



26.1- OPM Valuation's team Taqeeem's certificates





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