

PORTFOLIO OF 11 PROPERTIES

SEDCO CAPITAL

SEVERAL CITIES

JUNE 2021



Valuation Report





REF: 2011282
Date: 29/07/2021
M/S SEDCO Capital

Subject: Valuation Report for 11 properties located in several cities, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on June 06, 2021 for valuation service of the 11 properties located in several cities, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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(Please Click on the Title for Direct Access)

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EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction We received instructions from the client on 06/06/2021 to implement valuation service for 11 properties in several cities.

Client For whom this report is being prepared is SEDCO Capital, a Saudi company registered under the Saudi law.

Reference No. 2011282

Purpose of Valuation Real Estate Investment Trust (REIT) Purposes

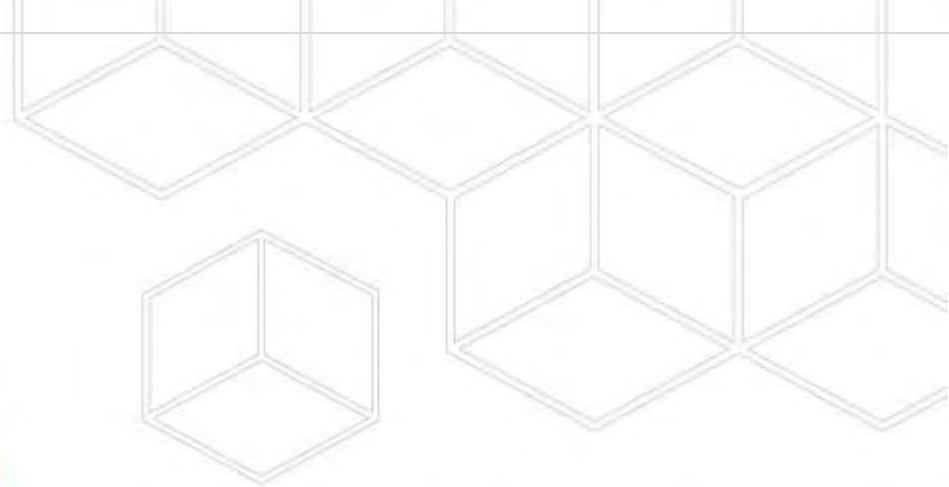
Valuation Date 30/06/2021

Inspection Date 15/06/2021

Valuation Approach Comparable Approach, Cost Approach & Income Approach

Property Name	City	Title deed No.	Ownership Type	Owner	Land Area (Sqm)	BUA (Sqm)	Final Property Value
Burj Al Hayat	Riyadh	910104046943	Freehold	Saudi Economic and Development Company	1,494.75	6,574	18,800,000 SAR
Hukair Time	Dammam	330107029073	Freehold	Saudi Economic and Development Company	5,155.52	3,326	SAR 35,200,000
Jazeera Compound	Riyadh	310117046169	Freehold	Saudi Economic and Development Company	20,758.00	-	SAR 72,880,000
Khalideyah Business Center	Jeddah	520204005172	Freehold	Saudi Economic and Development Company	7,903.00	24,876.51	SAR 134,622,000
Panda Jeddah	Jeddah	220206006345	Freehold	Saudi Economic and Development Company	13,685.85	5,858	SAR 40,650,000
Panda Rayan	Dammam	530105021904	Freehold	Saudi Economic and Development Company	18,144.80	9,800	SAR 65,350,000
Panda Riyadh	Riyadh	410111055251	Freehold	Saudi Economic and Development Company	23,604.00	10,784	SAR 83,200,000
Public Prosecution	Jeddah	720223019231	Freehold	Saudi Economic and Development Company	4,767.25	19,344.1	SAR 68,870,000
Rawdah Business Center	Jeddah	420228018317	Freehold	Saudi Economic and Development Company	2,462.50	17,526.74	SAR 113,742,000
Saudi Faransi Bank	Dammam	33011408967	Freehold	Saudi Economic and Development Company	5,191.44	879	SAR 28,570,000
Ajdan Walk	Khobar	930203009265	Freehold	Saudi Economic and Development Company	16,965.77	32,212.08	SAR 357,000,000

TERMS OF REFERENCE & VALUATION





1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

AN ASSET SHOULD EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



**AND
WILLING
SELLER**

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

**IN AN ARM'S
LENGTH
TRANSACTION**

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

**AFTER
PROPER
MARKETING**

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

**KNOWLEDGEABLY
AND
PRUDENTLY**

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

**AND
WITHOUT
COMPULSION**

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



1.4 CLIENT APPROVAL DATE

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

June 06, 2021.

1.5 INSPECTION DATE

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

June 15, 2021.

1.6 VALUATION DATE

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

June 30, 2021.

1.7 REPORT DATE

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

July 29, 2021.

1.8 OPINION OF VALUE

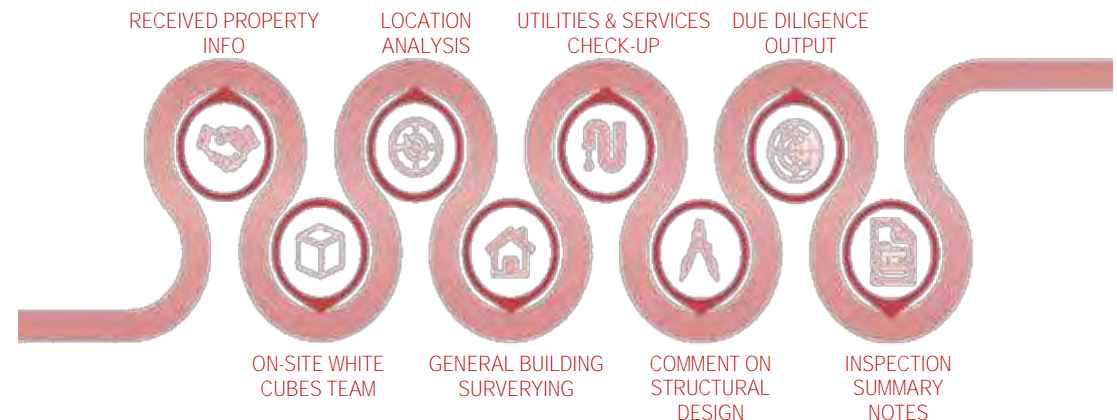
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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





1.11 MARKET SURVEY

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



PROPERTY DETAILS

BURJ ALHAYAT





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a mix-use property located in Al Mathar district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 1,494.75 Sqm and a total BUA of 6,574 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Kaab Ibn Malik street from the eastern side. The building is mostly surrounded by residential buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property subject of valuation is a mix-use building located in Al Mathar district, Riyadh City. The property is bordered from the north by an unnamed street The property is bordered from the south by an unnamed street The Property is bordered from the east by Kaab Ibn Malik Street The property is bordered to the west by a private property
Ease of Access	Based on the current location of the subject property, the access level is medium since it is located near King Fahd Road.
Area Surrounding the Property	The subject property is mostly surrounded by residential buildings

Land		Building	
Land Use	Mix-use	Building Type	Mix-use Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	NO direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Kaab Ibn Malik Street	Overall Building Conditions	Good
Land Condition	Constructed		

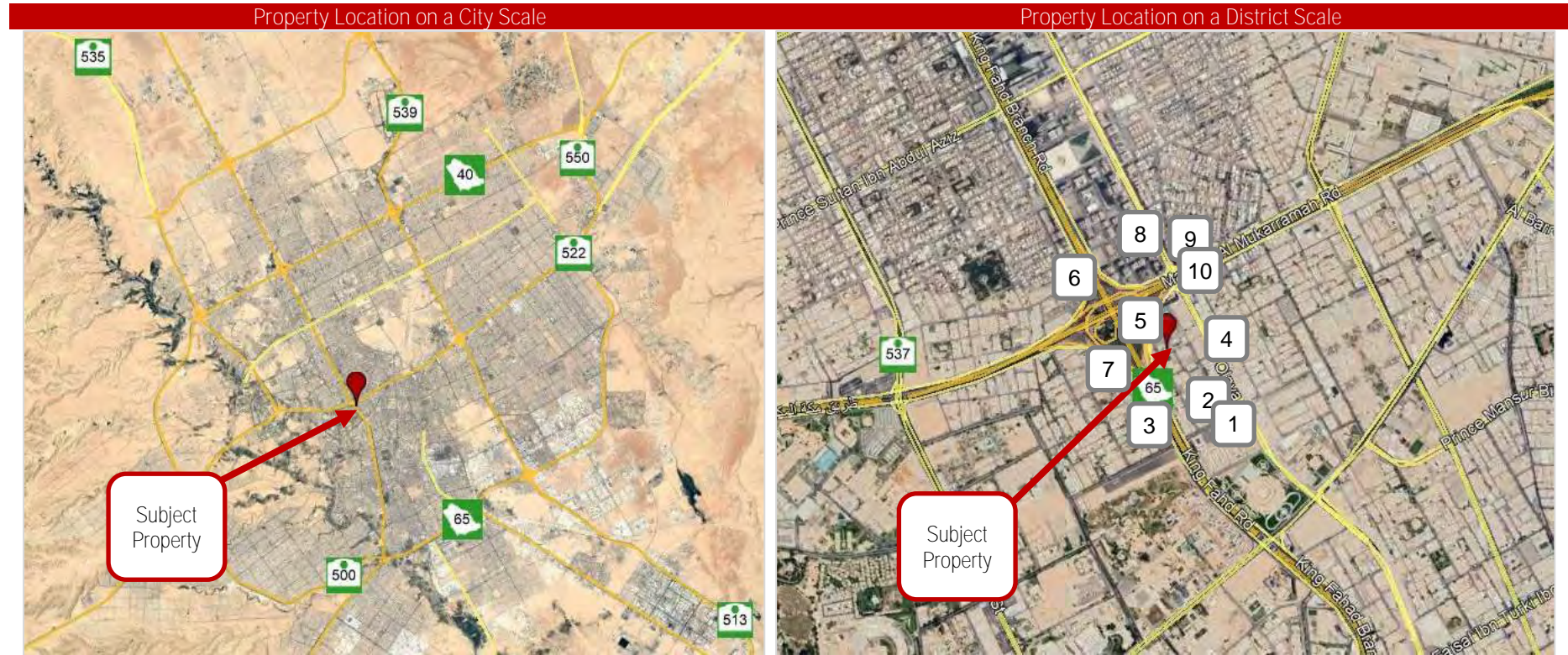
1.13 INFRASTRUCTURE FACILITIES

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



1.14 LOCATION

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



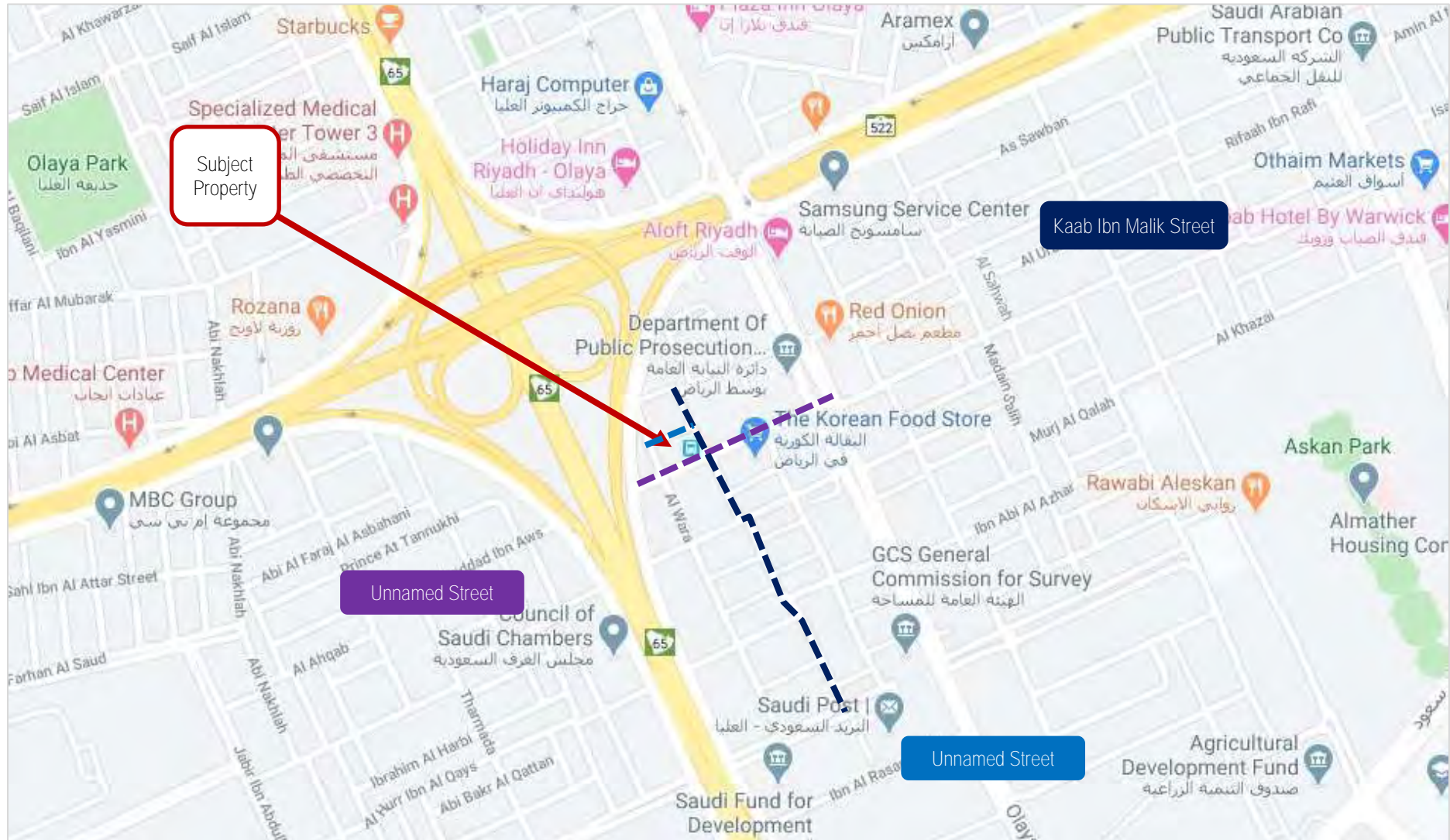
Surrounding Landmarks

- | | |
|--|--|
| <ul style="list-style-type: none"> 1- Saudi Post Olaya Post Office (0.5 Kilometres) 2- GCS General Commission for Survey (0.45 Kilometres) 3- Council of Saudi Chambers (0.35 Kilometres) 4- Hilton Garden Inn Riyadh Olaya (0.3 Kilometres) 5- Holiday Inn Riyadh - Meydan (0.15 Kilometres) | <ul style="list-style-type: none"> 6- Specialized Medical Center Hospital (0.5 Kilometres) 7- Zamil Group Holding Company (0.25 Kilometres) 8- Haraj Computer (0.45 Kilometres) 9- Halib Wahil Traditional Saudi Cuisine (0.5 Kilometres) 10- Samsung Service Center (0.4 Kilometres) |
|--|--|



1.15 PROPERTY ACCESS

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





1.16 TITLE DEED & OWNERSHIP

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

City	Riyadh	Land Area	1,494.75
District	AlMathar	Plot No.	N/A
T.D Type	Electronic	Block No.	9
T.D Number	910104046943	Layout No.	1376
T.D Date	17/09/1440H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	17/09/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Riyadh Notary		
North Side	Unnamed Street	East Side	Kaab Ibn Malik Street
South Side	Unnamed Street	West Side	Private Property

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

1.17 CONSTRUCTION & BUILDINGS

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

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



The subject property is a mix-use building composed of basement, ground floor, mezzanine and 5 upper floors. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
Construction Permit Type	Commercial-Residential Permit
Property Type	Commercial-Residential
Construction Permit No.	152/2/2/27
Construction Permit Date	13/04/1419 AH
Permit Expiry Date	13/04/1422 AH

Description	No. of Units	Area (sqm)	Use
Basement	-	1,486	Parking
Ground Floor	-	889	Commercial
Mezzanine	-	449	Residential
First Floor	-	750	Residential
Typical Floors	-	3,000	Residential
Total BAU (sqm)		6,574	

1.18 INSURANCE

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



1.19 PHOTO RECORD



MARKET INDICATORS





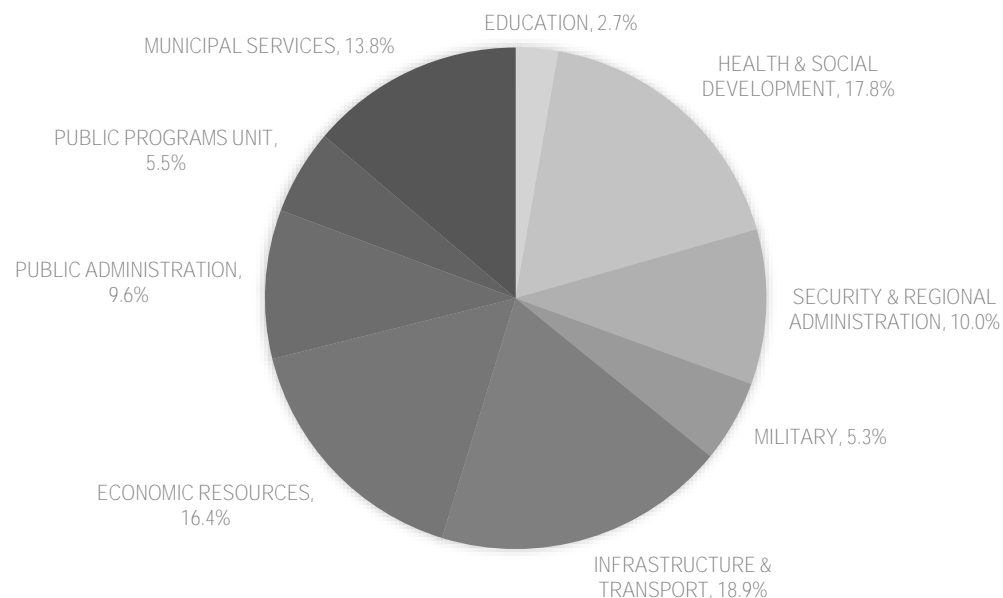
1.20 SAUDI ARABIA ECONOMIC INDICATORS

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

1.21 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.22 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 3 sides. - Located in the city centre. - Close to the main road (King Fahed Branch Road). 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

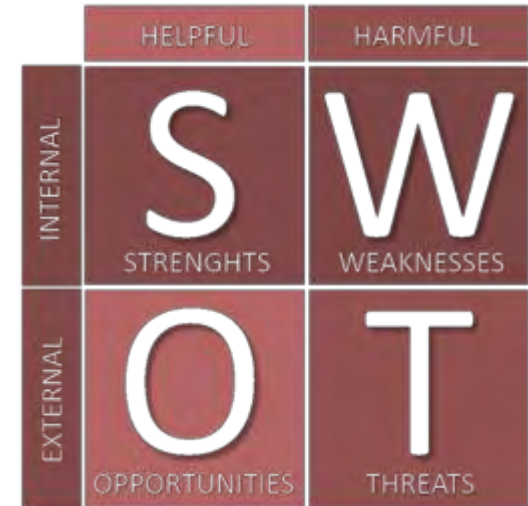
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.23 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

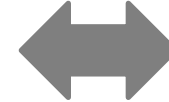


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

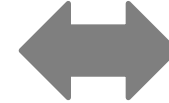


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.24 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 8 Risk Points - Minimal Risk

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

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

Risk Category 7 Risk Points - Medium Risk

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION





1.25 DOCUMENTS RECIEVED

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

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

1.26 GENERAL ASSUMPTIONS

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

1.27 LEGAL NOTICES

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



1.28 INFORMATION SOURCE

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

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

1.29 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.30 INPUT VALUATION PROCESS

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

1.31 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.32 INCOME APPROACH- LEASING CONTRACT

Leasing Contract

The client informed us that a new contract has been drafted out with a new tenant with an annual rent of 1,500,000 SAR on which we will base our valuation analysis

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7.5% to 8.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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



- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	7.50%	
Maximum capitalization rate	8.50%	
Average	8.00%	
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.25%	The actual age of the property is 19 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8.00%	
Estimated capitalization rate of the property valuation	8.00%	

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

REVENUES						
Unit Type	Total GLA	Quantity	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Hospitality Project			The subject property is Fully leased to 1 Company			SAR 1,500,000
					Total Revenues	SAR 1,500,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Hospitality Project	0.00%	0.00%	0.00%	0.00%	0.00%	
					Total	0.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Hospitality Project	SAR 1,500,000	0.00%	SAR 1,500,000			
		Total	SAR 1,500,000			
Total Property Revenues			SAR 1,500,000			
Total Property Expenses			SAR 0			
Net Operating Income			SAR 1,500,000.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 1,500,000.00	8.00%	18,750,000.00 SAR	18,800,000.00 SAR			



1.33 DISCOUNTED CASH FLOW APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average accommodation fees for 1-bedroom units range from 200 to 300 SAR. As for the 2 bedrooms apartment units, the accommodation fees range from 300 to 400 SAR, while the 3 bedrooms apartment falls in the range of 400 to 500 SAR. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	1 Bedroom Apartment Accommodation Fees	2 Bedrooms Apartment Accommodation Fees	3 Bedrooms Apartment Accommodation Fees
Rukon Buotat	250 SAR	350 SAR	470 SAR
Sixty-Three Hotel	270 SAR	320 SAR	420 SAR
Sanam Hotel Suites	220 SAR	350 SAR	450 SAR
Average	250 SAR	340 SAR	450 SAR





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7.5% to 8.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate		7.50%
Maximum capitalization rate		8.50%
Average		8.00%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.25%	The actual age of the property is 19 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8.00%	
Estimated capitalization rate of the property valuation	8.00%	

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

Cash Flow		0	1	2	3	4
Increase Revision		0%	0.0%	0.0%	2.5%	0.0%
Expected Revenues						
1 Bedroom Apartment	Unit	17	17	17	17	17
Rate (SAR)	SAR	250	250	250	256	256
Total	SAR	1,551,250	1,551,250	1,551,250	1,590,031	1,590,031
2 Bedroom Apartment	Unit	30	30	30	30	30
Rate (SAR)	SAR	380	380	380	390	390
Total	SAR	4,161,000	4,161,000	4,161,000	4,265,025	4,265,025
3 Bedroom Apartment	Unit	1	1	1	1	1
Rate (SAR)	SAR	475	475	475	487	487
Total	SAR	173,375	173,375	173,375	177,709	177,709
Overall Revenues		5,885,625	5,885,625	5,885,625	6,032,766	6,032,766
Vacancy Rates						
Vacancy Rates	%	65%	50%	30%	10%	5%
1 Bedroom Apartment	SAR	1,008,313	775,625	465,375	159,003	79,502
Vacancy Rates	%	65%	50%	30%	10%	5%
2 Bedroom Apartment	SAR	2,704,650	2,080,500	1,248,300	426,503	213,251
Vacancy Rates	%	65%	50%	30%	10%	5%
3 Bedroom Apartment	SAR	112,694	86,688	52,013	17,771	8,885
Total		3,825,656	2,942,813	1,765,688	603,277	301,638



Expenses						
OPEX	15.0%	882,844	882,844	882,844	904,915	904,915
Overall Expenses		882,844	882,844	882,844	904,915	904,915
NOI		1,177,125	2,059,969	3,237,094	4,524,574	4,826,213
Terminal Value @ ----->	9.0%					53,624,583
Discount Rate	11.00%	1.00	0.90	0.81	0.73	0.66
Present Value		1,177,125	1,855,828	2,627,298	3,308,330	38,503,350
Market Rate / Net Present Value						47,471,930

We have used a conservative terminal value and discount rate due to the legal issues on the property.

1.34 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 18,800,000	Eighteen Million and Eight Hundred Thousand Saudi Riyals
DCF- Market	Property	SAR 47,472,000	Forty-Seven Million and Four Hundred Seventy- Two Thousand Saudi Riyals

1.35 SUBJECT PROPERTY VALUE

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

Property Value: **18,800,000 SAR**
Eighteen Million and Eight Hundred Thousand Saudi Riyals

PROPERTY DETAILS

HUKAIR TIME





1.36 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial project located in Al Badi district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 5,155.52 Sqm and a total BUA of 3,326 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Al Ashriah Street from the southern side. The building is mostly surrounded by residential and commercial buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property subject of valuation is a commercial building located in Al Badi district, Dammam City. The property is bordered from the north by an unnamed street The property is bordered from the south by Al Ashriah Street The Property is bordered from the east by Unnamed Street The property is bordered to the west by a private property
Ease of Access	Based on the current location of the subject property, the access level is high since it is located on Al Ashriah street.
Area Surrounding the Property	The subject property is mostly surrounded by residential & commercial buildings

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

1.37 INFRASTRUCTURE FACILITIES

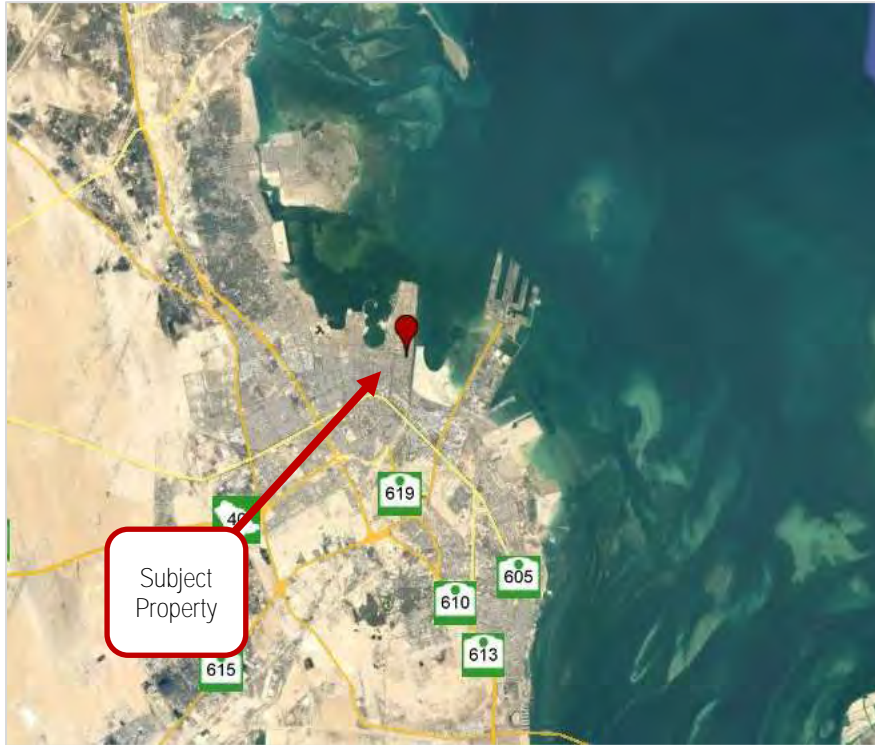
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.38 LOCATION

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

Property Location on a City Scale



Property Location on a District Scale



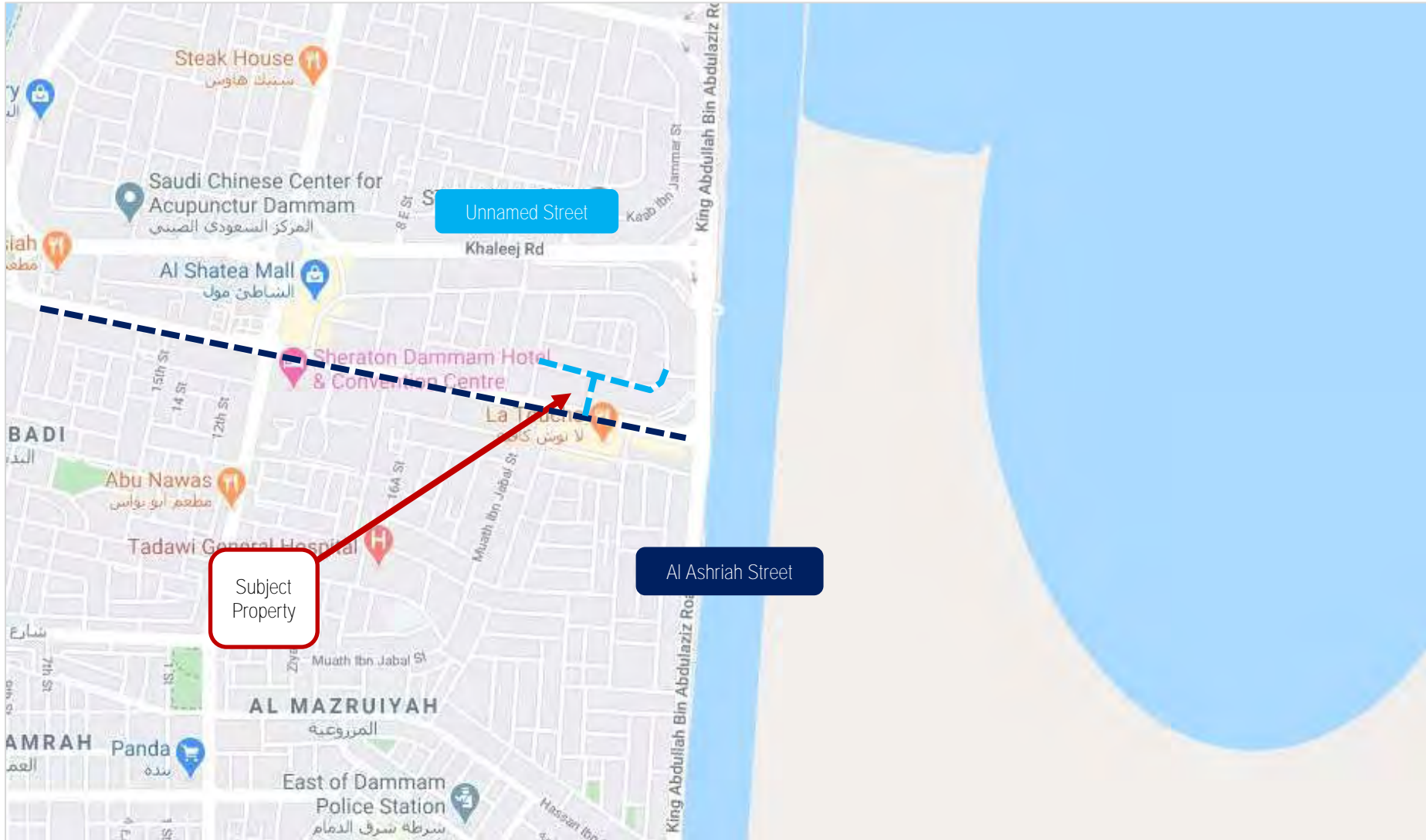
Surrounding Landmarks

- | | |
|---|---|
| <ul style="list-style-type: none"> 1- PARK COFFEE (0.15 Kilometres) 2- Fuddruckers (0.15 Kilometres) 3- Reality Suits (0.1 Kilometres) 4- Al-Dawaa Pharmacy (0.1 Kilometres) 5- Stars City Hotel Apartments (0.1 Kilometres) | <ul style="list-style-type: none"> 6- Administrative Court (0.7 Kilometres) 7- Al Shatea Mall (0.8 Kilometres) 8- Sheraton Dammam Hotel (0.8 Kilometres) 9- Abu Nawas Restaurant (1.00 Kilometres) 10- Tadawi General Hospital (0.75 Kilometres) |
|---|---|



1.39 PROPERTY ACCESS

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





1.40 TITLE DEED & OWNERSHIP

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

City	Dammam	Land Area	5,155.52
District	Al Badi	Plot No.	3 & 4
T.D Type	Electronic	Block No.	1
T.D Number	330107029073	Layout No.	1/337
T.D Date	07/02/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	07/02/1440 H. D	Limitation of Document	None
Issued From	Dammam Notary		
North Side	Unnamed Street	East Side	Unnamed Street
South Side	Al Ashriah Road	West Side	Private Property

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

1.41 CONSTRUCTION & BUILDINGS

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

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



The subject property is a retail center which was constructed this year composed of ground floor and mezzanine. The Client has provided us with a copy of the Construction Permit issued by Eastern Province Municipality with the below details:

Subject Property				
Construction Permit Type				New Building
Property Type				Commercial
Construction Permit No.				0/2437/000237
Construction Permit Date				16/03/1437 AH
Permit Expiry Date				16/03/1440 AH

Description	No. of Units	Area (sqm)	Use
Ground Floor	10	2,247.00	Commercial
Ground Floor	-	529.00	Services
Mezzanine	-	550.00	Commercial
Total BAU (sqm)		3,326	

As per the information provided by the client, there is no basement in the building and the total BUA is 3,326.00

1.42 INSURANCE

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



1.43 PHOTO RECORD



MARKET INDICATORS





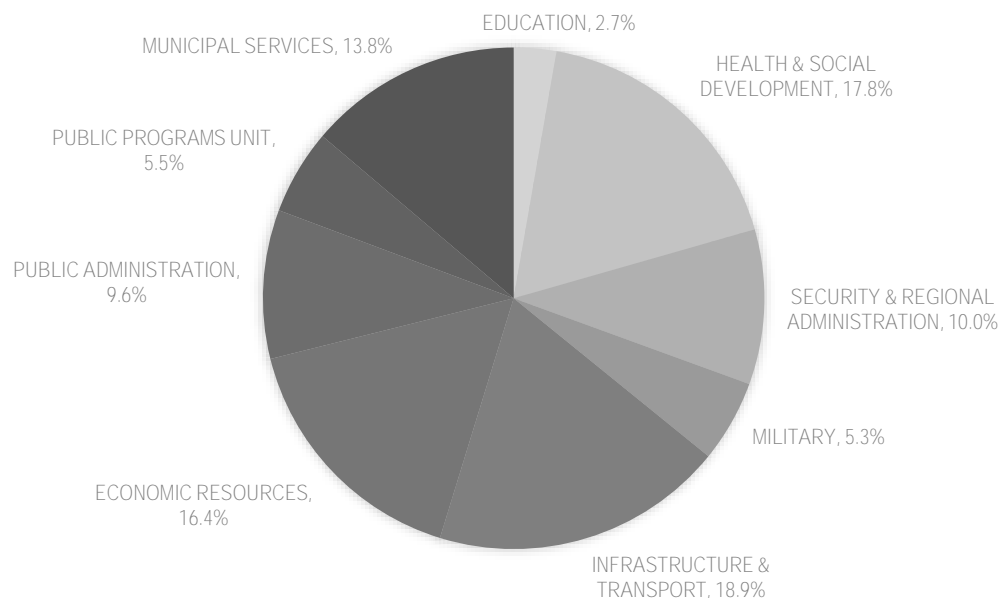
1.44 SAUDI ARABIA ECONOMIC INDICATORS

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

1.45 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.46 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 3 sides. - Direct view on the main road (Al Ashriah Road). - Surrounded by several landmarks. 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type due to its proximity to seashores. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

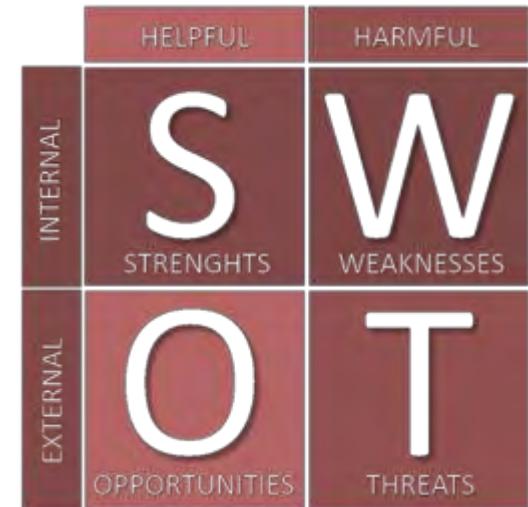
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.47 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

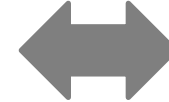


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

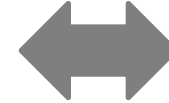


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations





1.48 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 9 Risk Points - Minimal Risk

Land Analysis

Risk Category- 9 Risk Points - Minimal Risk

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

Risk Category 7 Risk Points - Medium Risk

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION





1.49 DOCUMENTS RECIEVED

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

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

1.50 GENERAL ASSUMPTIONS

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

1.51 LEGAL NOTICES

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



1.52 INFORMATION SOURCE

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

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

1.53 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.54 INPUT VALUATION PROCESS

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

1.55 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.56 INCOME APPROACH- LEASING CONTRACT

Leasing Contract

The client has provided us with a rent contract related to the leasing contract of the subject property. The contract is an agreement between the First Party (Saudi Economic and Development Company for Real Estate Funds) and the Second Party (Al-Hokair Group Co). The contract involves the Second Party renting the subject property for 20 years, from 01/03/2017 to 01/03/2037. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	2,200,000
2	2,200,000
3	2,200,000
4	2,200,000
5- 2021	2,200,000
6	2,200,000
7	2,200,000
8	2,200,000
9	2,200,000
10	2,200,000
11	2,500,000
12	2,500,000



Year	Annual Payment (SAR)
13	2,500,000
14	2,500,000
15	2,500,000
16	2,500,000
17	2,500,000
18	2,500,000
19	2,500,000
20	2,500,000
TOTAL	47,000,000

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 6.25%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.50%	several major methods
General condition of the property	-0.25%	The actual age of the property is 1 year
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Location	-0.25%	Premium Location
Total	-1.25%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-1.25%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	6.25%	

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

REVENUES						
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Strip Mall		The subject property is Fully leased to 1 Tenant			SAR 2,200,000	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 2,200,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Strip Mall	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Strip Mall	SAR 2,200,000	0.00%	SAR 2,200,000			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
			Total	SAR 2,200,000		
Total Property Revenues				SAR 2,200,000		
Total Property Expenses				SAR 0		
Net Operating Income				SAR 2,200,000.00		
Net Operating Income		Cap Rate	Property Value	Rounded Value		
SAR 2,200,000.00		6.25%	35,200,000.00 SAR	35,200,000.00 SAR		

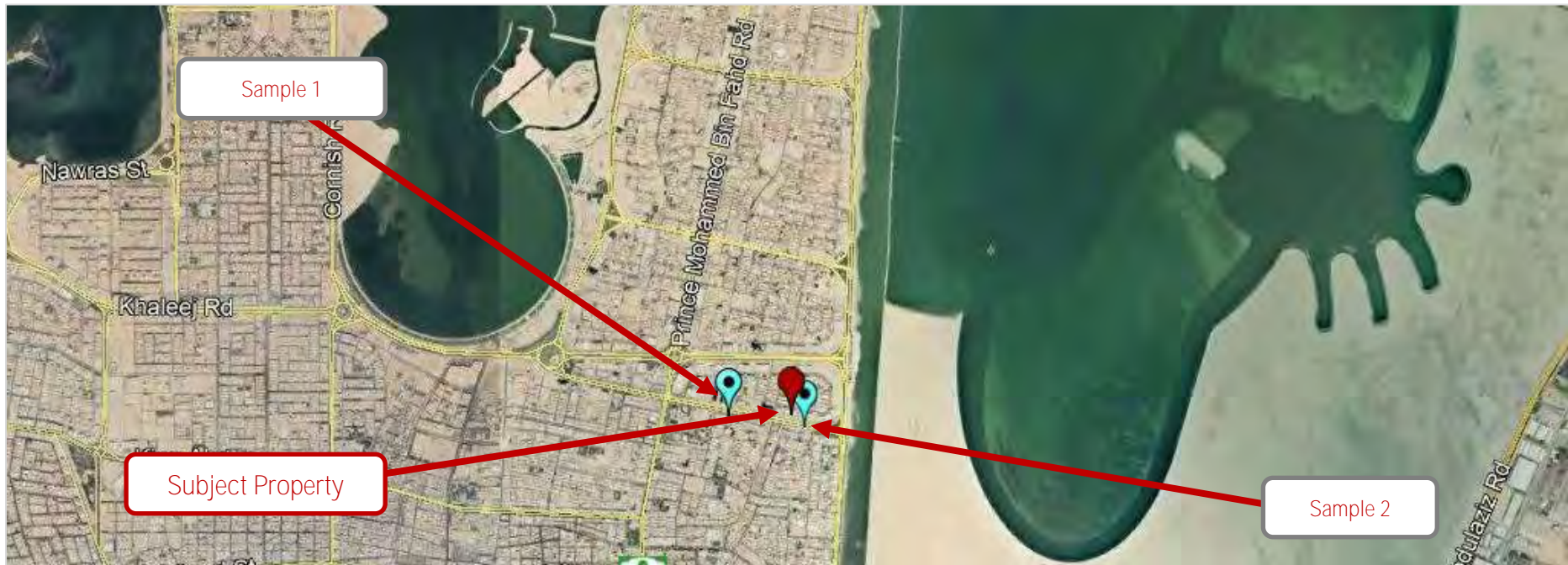


1.57 INCOME APPROACH- MARKET RATES

Market Rental Analysis

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

Comparable	Commercial Showroom Units
	Rental Rate/ Sqm
Comparable 1	1,150 SAR/ Sqm
Comparable 2	1,250 SAR/ Sqm
Comparable 3	-
Average	1,200 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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



Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.50%	several major methods
General condition of the property	-0.25%	The actual age of the property is 1 year
The general location of the property	0.00%	The area is served well
Property Risk	0.50%	High vacancy risks
Project Management Team	-0.25%	Good management and operational team level
Location	-0.25%	Premium Location
Total	-0.75%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.75%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	6.75%	

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

REVENUES						
Unit Type	Total GLA	Quantity	No Of Units	SAR / Sqm	Revenues	Total Revenues
Commercial Units	3,326		0	SAR 1,200	SAR 0	SAR 3,991,200
-----	0		0	SAR 0	SAR 0	SAR 0
-----	0		0	SAR 0	SAR 0	SAR 0
Total Revenues						SAR 3,991,200
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Units	5.00%	5.00%	5.00%	15.00%	30.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Units	SAR 3,991,200	30.00%	SAR 2,793,840			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
Total			SAR 2,793,840			
Total Property Revenues			SAR 3,991,200			
Total Property Expenses			-SAR 1,197,360			
Net Operating Income			SAR 2,793,840.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 2,793,840.00	6.75%	41,390,222.22 SAR	41,400,000.00 SAR			



1.58 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 35,200,000	Thirty-Five Million and Two Hundred Thousand Saudi Riyals
Income- Market	Property	SAR 41,400,000	Forty-One Million and Four Hundred Thousand Saudi Riyals

1.59 SUBJECT PROPERTY VALUE

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

Property Value: **35,200,000 SAR**
 Thirty-Five Million and Two Hundred Thousand Saudi Riyals

PROPERTY DETAILS

JAZEERA COMPOUND





1.60 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a residential compound located in Al Sulaymaniah district, Riyadh City. Based on the title deed and the information provided by the client, the project has a total land area of 20,758 Sqm and a total NLA of 7,447 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Ahmad Al Mawaqiti street from the southern side. The building is mostly surrounded by residential buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a residential compound located in Al Sulaymaniah district, Riyadh City. The property is bordered from the north by Al Mughirah Ibn lyash Street
 The property is bordered from the south by Ahmad Al Mawaqiti Street
 The Property is bordered from the east by Mujashi Ibn Masoud Street
 The property is bordered to the west by an Unnamed Street

Ease of Access Based on the current location of the subject property, the access level is medium since it is surrounded by 4 streets.

Area Surrounding the Property The subject property is mostly surrounded by residential buildings

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

1.61 INFRASTRUCTURE FACILITIES

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



1.62 LOCATION

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



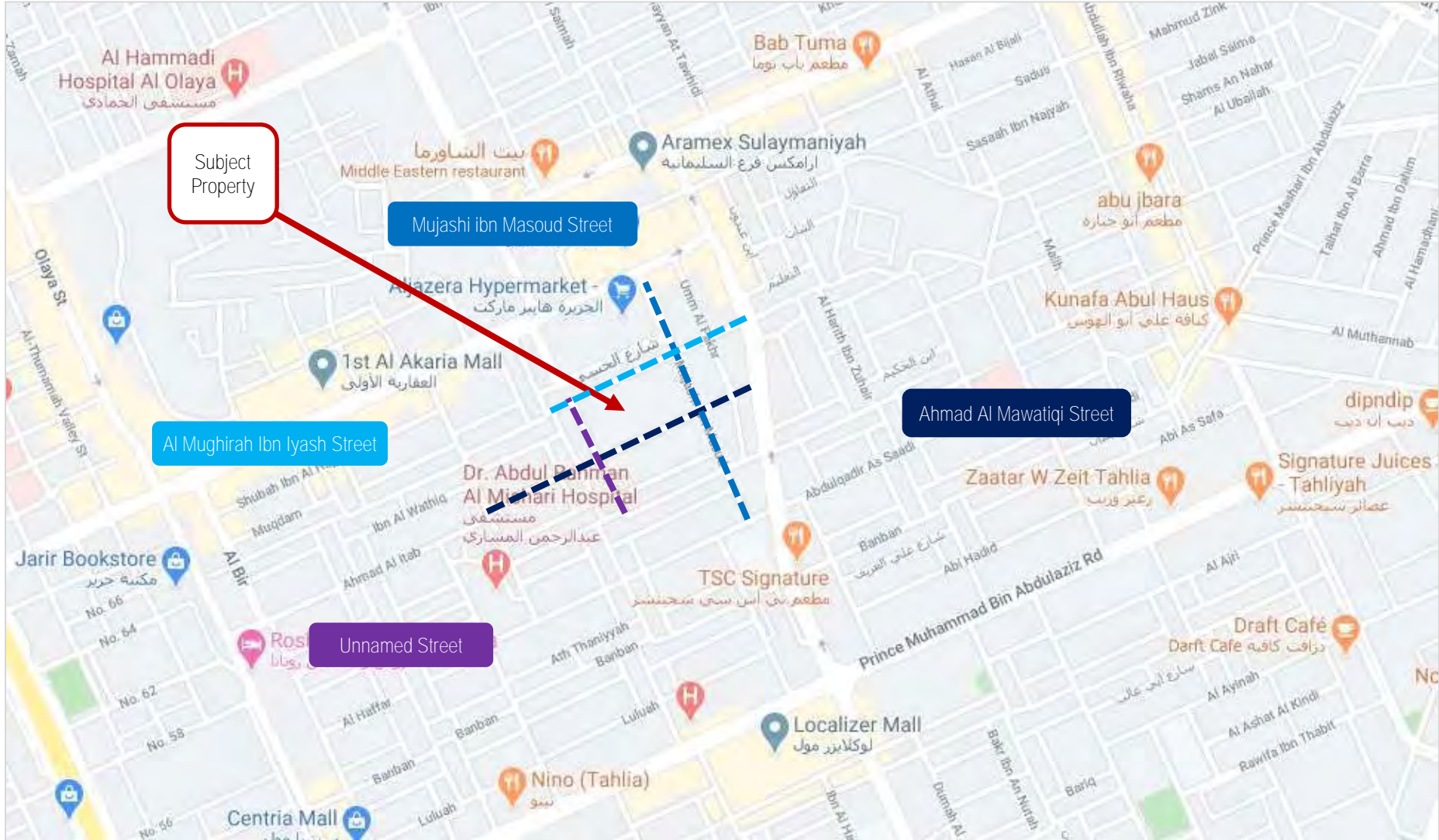
Surrounding Landmarks

- | | |
|--|---|
| <ul style="list-style-type: none"> 1- Kosebasi Restaurant (0.65 Kilometres) 2- TSC Signature Restaurant (0.4 Kilometres) 3- Dr. Abdul Rahman al Mishari Hospital (0.4 Kilometres) 4- Britain Cafe (0.2 Kilometres) 5- Aljazeera Markets (0.15 Kilometres) | <ul style="list-style-type: none"> 6- Indian Summer KSA (0.3 Kilometres) 7- Al Sadhan Sulaymaniyah (0.3 Kilometres) 8- Al Rajhi Bank (0.35 Kilometres) 9- Middle Eastern Restaurant (0.45 Kilometres) 10- Aramex Sulaymaniyah (0.4 Kilometres) |
|--|---|



1.63 PROPERTY ACCESS

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





1.64 TITLE DEED & OWNERSHIP

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

City	Riyadh	Land Area	20,758
District	Al Sulaymaniyah	Plot No.	68 / 69
T.D Type	Electronic	Block No.	N/A
T.D Number	310117046169	Layout No.	897
T.D Date	17/09/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	17/09/1440 H. D Riyadh Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Al Mughirah Street	East Side	Mujashi Ibn Masoud Street
South Side	Ahmad Al Mawaqiti Street	West Side	Unnamed Street
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.65 NLA DETAILS

The Client has not provided us with a copy of the Construction Permit; however, we were provided by the following project components:

Building Type	No of Units	Total NLA
VILLAS		
5 BR VIP with Swimming pool	2	648
5 BR Duplex	2	420
4 BR Villa	5	1,388
4 BR Duplex	2	412
3 BR Villa	13	2,080
3 BR Duplex	2	256
APARTMENTS		
2 BR Apt with Garden	4	532
2 BR Apt	6	661
1 BR Apt	16	802



SERVICE BUILDINGS & AMNETIES		
Caffe	1	147
Recreation Room	1	49
Boxing	1	52
TOTAL	55	7,447

1.66 OPERATIONAL CONTRACT

The subject property has an operational contract between the client (SAUDI ECONOMIC AND DEVELOPMENT SECURITEIS FOR REAL ESTATE FUND) and ALMAHMAL FACILITIES SERVICES COMPANY. As remuneration for the performance of the Services, in compliance with the terms and conditions of this Contract, ALMAHMAL FACILITIES SERVICES COMPANY shall be entitled to receive the following:

	Services	Monthly Cost (in Saudi Riyals)
1	Property Management Services: 5% charges from the Total collection Per Month	
2	Operation & Maintenance Services	26,500
3	Janitorial & Housekeeping Services	18,500
4	Security & Safety Services	47,500
5	Landscaping Services	17,000
6	Driver Services	10,043
7	Pest Control	5,500
8	Spare Parts/ Consumables and Materials	25,000
9	Service Charges	2,100
	Sub-Total Monthly Amount	152,143

1.67 INSURANCE

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



1.68 PHOTO RECORD



MARKET INDICATORS





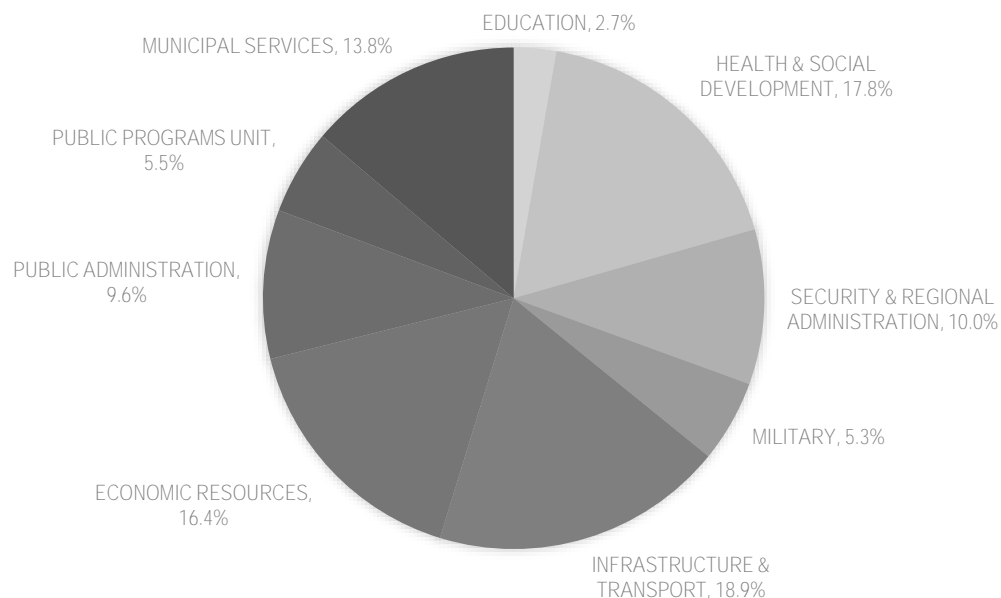
1.69 SAUDI ARABIA ECONOMIC INDICATORS

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

1.70 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.71 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Open on 4 sides. - Close to the main roads (Musa Ibn Nusair Road & Abdullah Ibn Suleiman Al Hamadan). 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - High demand on the property type due to its located near to the city center 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

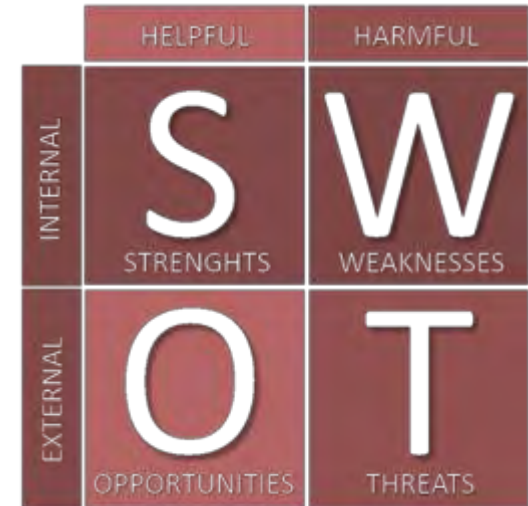
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.72 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

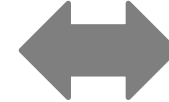


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

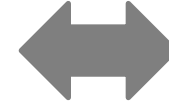


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.73 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 8 Risk Points - Minimal Risk

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

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

Risk Category 6 Risk Points - Minimal Risk

Property Analysis

Risk Category- 6 Risk Points - Minimal Risk

PROPERTY VALUATION





1.74 DOCUMENTS RECEIVED

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

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

1.75 GENERAL ASSUMPTIONS

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

1.76 LEGAL NOTICES

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



1.77 INFORMATION SOURCE

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

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

1.78 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.79 INPUT VALUATION PROCESS

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

1.80 VALUATION APPROACH

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

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



DISCOUNTED CASH FLOW (DCF)

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

1.81 INCOME APPROACH- MARKET RATES

RESIDENTIAL UNITS

The table below shows each of the different residential unit types with their minimum, average and maximum SAR/Sqm, which we have found through our site inspection as well as our market research.

Unit Type	MIN	AV	MAX
1 BR Apartment	1,250	1,525	1,800
2 BR Apartment	950	1,150	1,350
2 BR Apartment with Garden	1,050	1,275	1,500
3 BR Duplex	950	1,150	1,350
3 BR Villa	840	1,050	1,250
4 BR Duplex	740	950	1,150
4 BR Villa	740	900	1,050
5 BR Duplex	740	900	1,050
5 BR VIP with Swimming Pool	500	700	900

EXPECTED REVENUES – RESIDENTIAL UNITS

For our valuation we have used the Average SAR/Sqm, which we found through our market research for both Residential Units as well as the Commercial Units. The tables below illustrate the following:

Unit Type	No of Units	Total NLA	SAR/ Sqm	Total Revenues
1 BR Apartment	16	802	1,525	1,223,050
2 BR Apartment	6	661	1,150	760,150
2 BR Apartment with Garden	4	532	1,275	678,300
3 BR Duplex	2	256	1,150	294,400
3 BR Villa	13	2,080	1,050	2,184,000
4 BR Duplex	2	412	950	391,400



Unit Type	No of Units	Total NLA	SAR/ Sqm	Total Revenues
4 BR Villa	5	1,388	900	1,249,200
5 BR Duplex	2	420	900	378,000
5 BR VIP with Swimming Pool	2	648	700	453,600
Total	52	7,199		7,612,100

Commercial Units

The table below shows each of the different commercial unit types with their minimum, average and maximum SAR/Sqm, which we have found through our site inspection as well as our market research.

Unit Type	MIN	AV	MAX
Caffe	525	700	850
Recreation	230	475	720
Boxing Room	230	475	720

For our valuation we have used the Average SAR/Sqm, which we found through our market research for both Residential Units as well as the Commercial Units. The tables below illustrate the following:

Unit Type	No Of Units	Total NLA	SAR/ Sqm	Total Revenues
Caffe	1	147	700	102,900
Recreation	1	49	475	23,275
Boxing Room	1	52	475	24,700
Total	3	248		150,875

Summary of Expected Revenues

Unit Type	No Of Units	Total NLA	Total Revenues
Residential Units	52	7,199	7,612,100
Commercial Units	3	248	150,875
Total	55	7,447	7,762,975

The table above shows the estimated revenues of the subject property based on the market research and previously mentioned reports in this report. We have used 1,825,716 SAR as OPEX as informed by the client



Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The project is not newly constructed
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	7.00%	



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

	0	1	2	3	4	5	6	7	8	9	10
Increase Revision	0%	0%	0%	5%	0%	0%	5%	0%	0%	5%	0%
Expected Revenues											
Residential Units	SAR	7,612,100	7,612,100	7,612,100	7,992,705	7,992,705	8,392,340	8,392,340	8,392,340	8,811,957	8,811,957
Commercial Units	SAR	150,875	150,875	150,875	158,419	158,419	166,340	166,340	166,340	174,657	174,657
Overall Revenues		7,762,975	7,762,975	7,762,975	8,151,124	8,151,124	8,558,680	8,558,680	8,558,680	8,986,614	8,986,614
Occupancy Rates											
		Residential Units									
Occupancy Rate		75.0%	75.0%	75.0%	85.0%	85.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Net Revenues		5,709,075	5,709,075	5,709,075	6,793,799	6,793,799	7,553,106	7,553,106	7,553,106	8,371,359	8,371,359
		Commercial Units									
Occupancy Rate		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Net Revenues		128,244	128,244	135,788	142,577	142,577	149,706	149,706	149,706	157,191	157,191
Overall Net Revenues		5,837,320	5,837,320	5,844,863	6,936,377	6,936,377	7,702,813	7,702,813	7,702,813	8,528,551	8,528,551
Expenses											
OPEX	SAR	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Management	5%	291,866	291,866	292,243	346,819	346,819	385,141	385,141	385,141	426,428	426,428
Overall Expenses		2,116,866	2,116,866	2,117,243	2,171,819	2,171,819	2,210,141	2,210,141	2,210,141	2,251,428	2,251,428
NOI		3,720,454	3,720,454	3,727,620	4,764,558	4,764,558	5,492,672	5,492,672	5,492,672	6,277,124	6,277,124
Terminal Value @ ----->	7.0%										89,673,196
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46
Present Value		3,720,454	3,413,260	3,137,463	3,679,113	3,375,333	3,096,636	3,275,101	3,004,680	2,756,587	2,890,162
Market Rate / Net Present Value											72,879,241
Discount Rate											
Discount Rate		7.00%		8.00%		9.00%		10.0%		11.0%	
Market Value		83,842,544		78,105,627		72,879,241		68,112,285		63,759,244	
Rounded Value						72,880,000					

1.82 SUBJECT PROPERTY VALUE

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

Property Value: **72,880,000 SAR**
 Seventy-Two Million and Eight Hundred Eighty Thousand Saudi Riyals

PROPERTY DETAILS

KHALIDYAH BUSINESS
CENTER





1.83 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a mix-use project located in Khalideyah district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 7,903. Sqm and a total BUA of 24,876.51 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Prince Sultan Road from the eastern side. The building is mostly surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property subject of valuation is a mix-use building located in Khalideyah district, Jeddah City. The property is bordered from the north by Buhur As Shuara Street The property is bordered from the south by Qaryat Miskah Street The Property is bordered from the east by Prince Sultan Road Street The property is bordered to the west by a Plot No. 1 & 3 & 5 & 7
Ease of Access	Based on the current location of the subject property, the access level is high since it is located on Prince Sultan Road.
Area Surrounding the Property	The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Mix-use Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Sultan Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Qaryat Miskah Street	Overall Building Conditions	Good
Land Condition	Constructed		

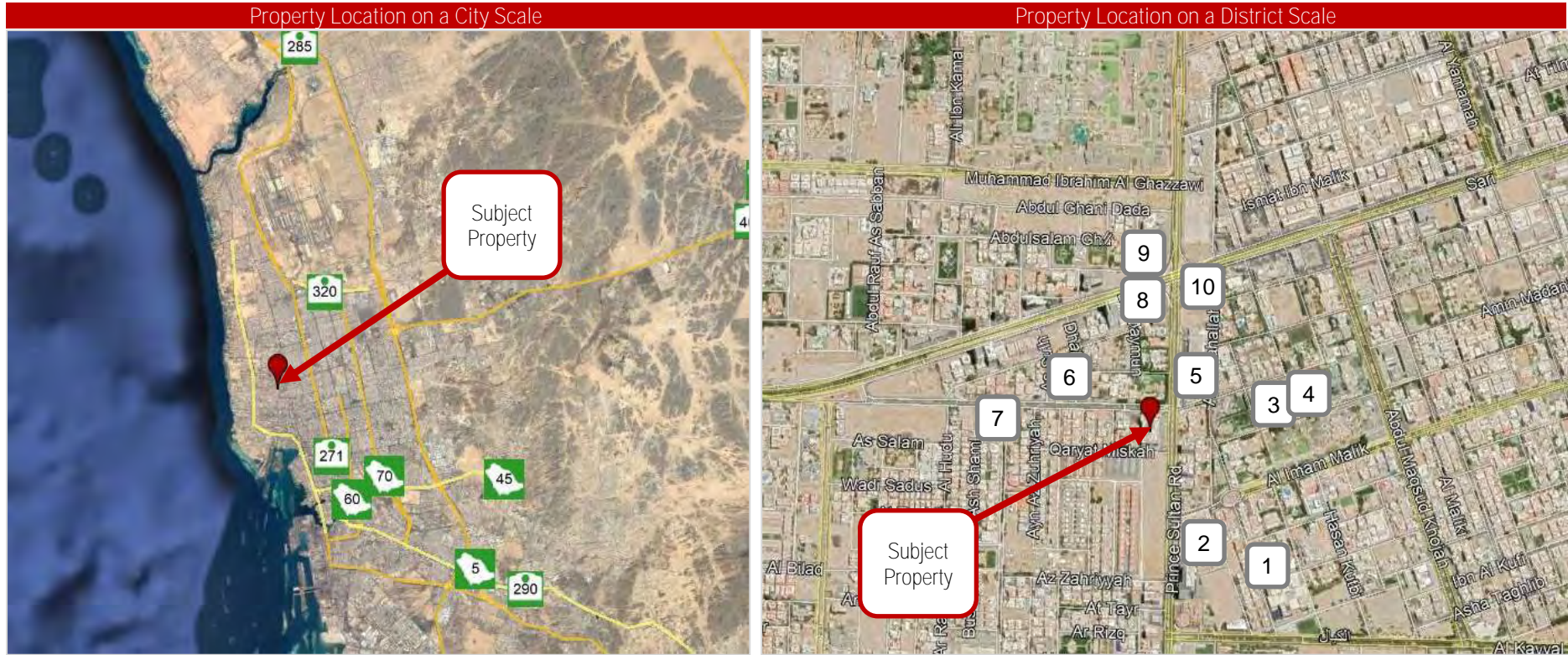
1.84 INFRASTRUCTURE FACILITIES

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



1.85 LOCATION

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



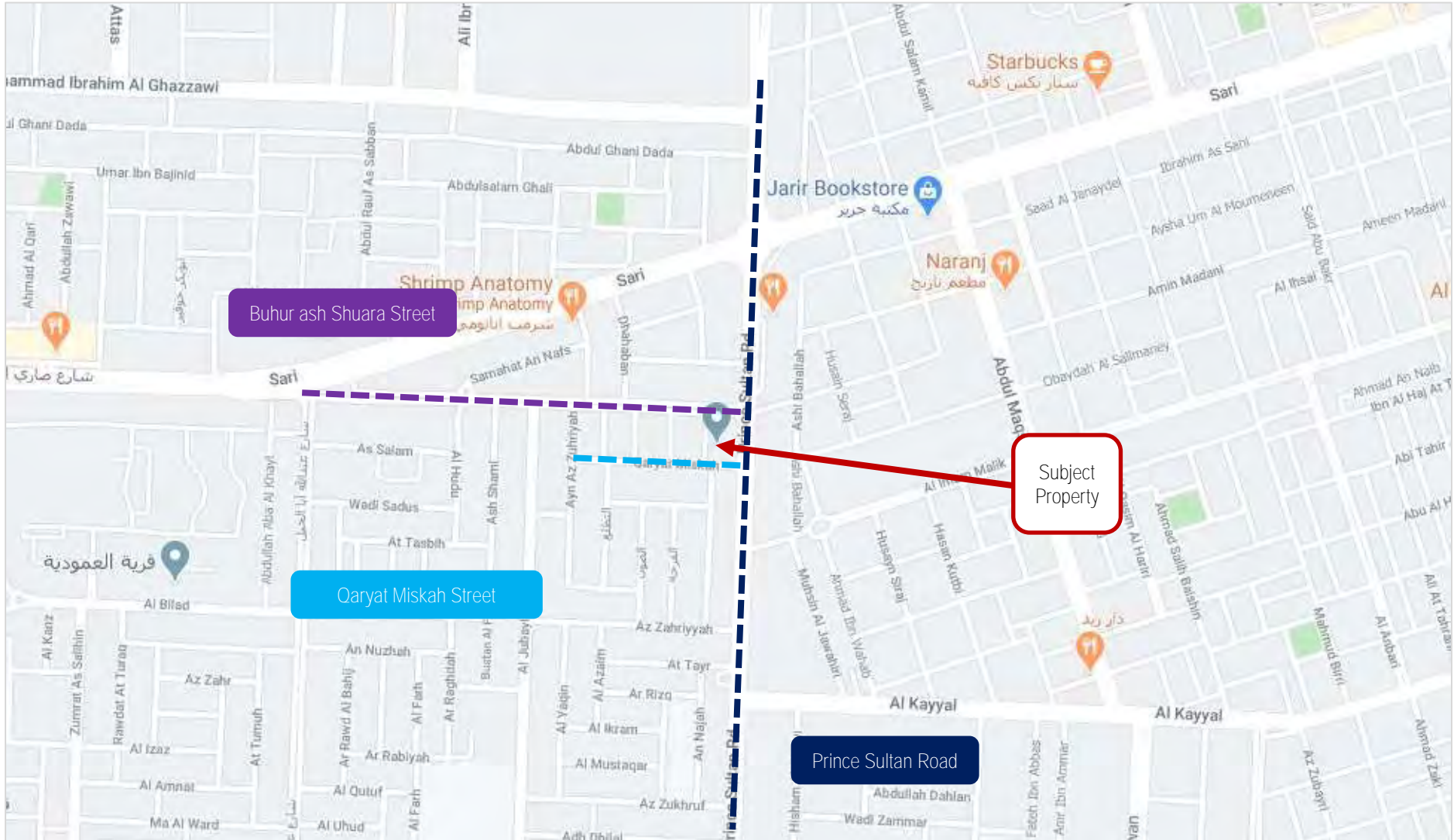
Surrounding Landmarks

- | | |
|---|---|
| <ul style="list-style-type: none"> 1- Al Andalus School (0.55 Kilometres) 2- Le Concheur (0.35 Kilometres) 3- Maabar Social Consultancy (0.3 Kilometres) 4- Khojah Group (0.4 Kilometres) 5- Casper & Gambino's (0.15 Kilometres) | <ul style="list-style-type: none"> 6- Jolie Beauty Center (0.2 Kilometres) 7- World of Learning International School (0.4 Kilometres) 8- Lamasat Beauty Center (0.3 Kilometres) 9- The Italian Cuisine Filicori Zecchini (0.45 Kilometres) 10- Arab National Bank (0.4 Kilometres) |
|---|---|



1.86 PROPERTY ACCESS

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





1.87 TITLE DEED & OWNERSHIP

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

City	Jeddah	Land Area	7,903
District	Khalideyah	Plot No.	9
T.D Type	Electronic	Block No.	N/A
T.D Number	520204005172	Layout No.	448س/ت
T.D Date	24/02/1433 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	24/02/1433 H. D	Limitation of Document	None
Issued From	Jeddah Notary		
North Side	Buhur As Shuara Street	East Side	Prince Sultan Road Street
South Side	Qaryat Miskah Street	West Side	Plot No. 1 & 3 & 5 & 7
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.88 CONSTRUCTION & BUILDINGS

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

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



The subject property is a retail center which is new constructed composed of ground floor, mezzanine, 4 upper floors and annex. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Addition & Modification
Property Type	Commercial
Construction Permit No.	4000175528
Construction Permit Date	08/07/1439 AH
Permit Expiry Date	07/07/1441 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor	9	5,277.29	Commercial & Other
Mezzanine	0	1,836.8	Other
First Floor	9	4,578.97	Commercial & Other
Second Floor	17	5,221.22	Commercial & Other
Third Floor	17	3,384.42	Commercial
Fourth Floor	17	3,384.42	Commercial
Annex	6	1,193.39	Commercial
Fences (L.M)	88	-----	Fences
Total BUA (Sqm)	75	24,876.51	

1.89 INSURANCE

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



1.90 PHOTO RECORD



MARKET INDICATORS





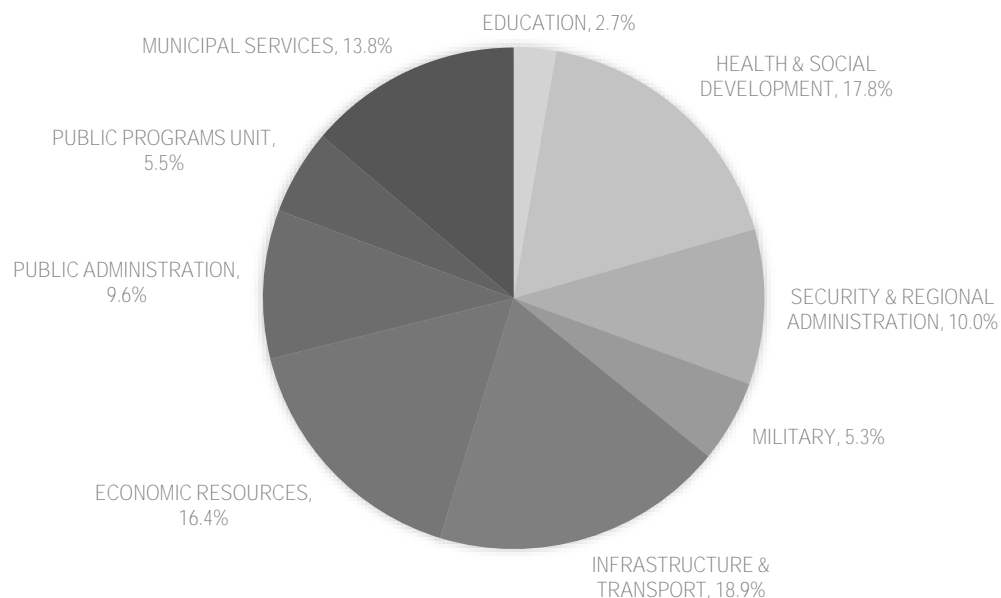
1.91 SAUDI ARABIA ECONOMIC INDICATORS

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

1.92 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.93 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Open on 3 sides. - Direct view on the main road (Prince Sultan Road). - Newly constructed. 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - High demand on the property type due to its location near city centre 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

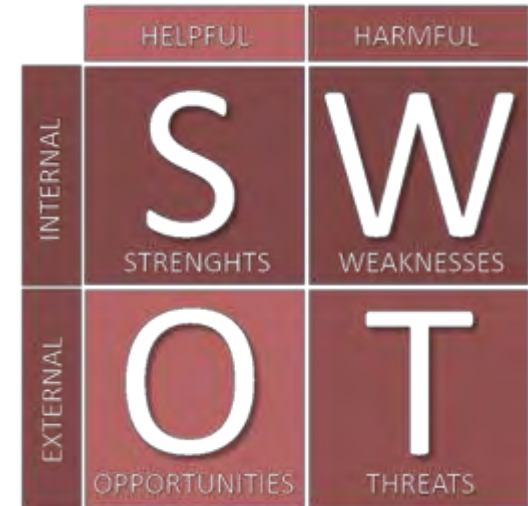
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.94 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

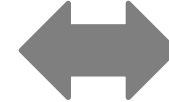


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

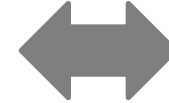


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.95 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 8 Risk Points - Minimal Risk

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

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

Risk Category 6 Risk Points - Minimal Risk

Property Analysis

Risk Category- 6 Risk Points - Minimal Risk

PROPERTY VALUATION





1.96 DOCUMENTS RECIEVED

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

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

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- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
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1.98 LEGAL NOTICES

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



1.99 INFORMATION SOURCE

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

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

1.100 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.101 VALUATION APPROACH

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

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

DISCOUNTED CASH FLOW (DCF)

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



1.102 INPUT VALUATION PROCESS

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

1.103 DISCOUNTED CASH FLOW APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 900 to 1,100 SAR /Sqm and for office units range from 700 to 800 SAR/ Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

		Commercial Units
Comparable		Rental Rate/ Sqm
Comparable 1		1,100 SAR/ Sqm
Comparable 2		1,200 SAR/ Sqm
Comparable 3		900 SAR/ Sqm
Average		1,050 SAR/ Sqm

		Offices Units
Comparable		Rental Rate/ Sqm
Comparable 1		650 SAR/ Sqm
Comparable 2		750 SAR/ Sqm
Comparable 3		800 SAR/ Sqm
Average		750 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 13.5% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.



Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7.5% to 8.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate				7.50%
Maximum capitalization rate				8.50%
Average				8.00%
The effect of the property specifications on the property				
Item	Status	Influence	Notes	
Ease of access to the property	-----	-0.25%	several major methods	
General condition of the property	-----	-0.25%	The actual age of the property is 1 year	
The general location of the property	-----	0.00%	The area is served good	
Quality and finishes	-----	0.00%	Average quality finishes	
Project Management Team	-----	0.00%	Average management and operational team level	
Services and public facilities	-----	0.00%	level and availability of services is average	
Total		-0.50%		
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>				
Total adjustments on capitalization rate		-0.50%		
Capitalization rate, according to market averages		8%		
Estimated capitalization rate of the property valuation		7.50%		



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

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0%	0%	5%	0%	0%	5%	0%	0%	5%	0%	0%
Expected Revenues												
Retail	Sqm	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687
Rate (SAR)	SAR	1,050	1,050	1,103	1,103	1,103	1,158	1,158	1,158	1,216	1,216	1,216
Total	SAR	5,971,350	5,971,350	6,269,918	6,269,918	6,269,918	6,583,413	6,583,413	6,583,413	6,912,584	6,912,584	6,912,584
Office	Sqm	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652
Rate (SAR)	SAR	750	750	788	788	788	827	827	827	868	868	868
Total	SAR	6,489,000	6,489,000	6,813,450	6,813,450	6,813,450	7,154,123	7,154,123	7,154,123	7,511,829	7,511,829	7,511,829
Coffee Shop	Sqm	30	30	30	30	30	30	30	30	30	30	30
Rate (SAR)	SAR	150,000	150,000	157,500	157,500	157,500	165,375	165,375	165,375	173,644	173,644	173,644
Total	SAR	150,000	150,000	157,500	157,500	157,500	165,375	165,375	165,375	173,644	173,644	173,644
Overall Revenues		12,610,350	12,610,350	13,240,868	13,240,868	13,240,868	13,902,911	13,902,911	13,902,911	14,598,056	14,598,056	14,598,056
Vacancy Rates												
Retail	10.0%	597,135	597,135	626,992	626,992	626,992	658,341	658,341	658,341	691,258	691,258	691,258
Office	20.0%	1,297,800	1,297,800	1,362,690	1,362,690	1,362,690	1,430,825	1,430,825	1,430,825	1,502,366	1,502,366	1,502,366
Coffee Shop	0.0%	0	0	0	0	0	0	0	0	0	0	0
Total		1,894,935	1,894,935	1,989,682	1,989,682	1,989,682	2,089,166	2,089,166	2,089,166	2,193,624	2,193,624	2,193,624
Expenses												
OPEX (Retail & Office)	13.5%	1,682,147	1,682,147	1,766,255	1,766,255	1,766,255	1,854,567	1,854,567	1,854,567	1,947,296	1,947,296	1,947,296
Coffee Shop	7.5%	11,250	11,250	11,813	11,813	11,813	12,403	12,403	12,403	13,023	13,023	13,023
Overall Expenses		1,693,397	1,693,397	1,778,067	1,778,067	1,778,067	1,866,970	1,866,970	1,866,970	1,960,319	1,960,319	1,960,319
NOI		9,022,018	9,022,018	9,473,119	9,473,119	9,473,119	9,946,775	9,946,775	9,946,775	10,444,113	10,444,113	10,444,113
Terminal Value @ ----->	7.0%											149,201,619
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		9,022,018	8,277,081	7,973,334	7,314,986	6,710,996	6,464,721	5,930,937	5,441,226	5,241,548	4,808,760	67,436,082
Market Rate / Net Present Value												134,621,689

		Discount Rate				
Discount Rate		7.00%	8.00%	9.00%	10.0%	11.0%
Market Value		153,517,372	143,636,262	134,621,689	126,387,485	118,856,872



1.104 SUBJECT PROPERTY VALUE

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

Property Value: **134,622,000 SAR**
One Hundred Thirty-Four Million and Six Hundred Twenty-Two Thousand Saudi Riyals

PROPERTY DETAILS

PANDA JEDDAH





1.105 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a commercial project located in Al Hamdaniah district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 13,685.85. Sqm and a total BUA of 5,858 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Al Hamdaniah Street from the eastern side. The building is mostly surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a commercial building located in Al Hamdaniah district, Jeddah City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by Pathway & Plots No. 1277 & 1278
 The Property is bordered from the east by a Parking Area & Unnamed Street
 The property is bordered to the west by a Pathway

Ease of Access Based on the current location of the subject property, the access level is high since it is located on Al Hamdaniah Street.

Area Surrounding the Property The subject property is mostly surrounded by residential & mix-use buildings

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

1.106 INFRASTRUCTURE FACILITIES

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



1.107 LOCATION

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



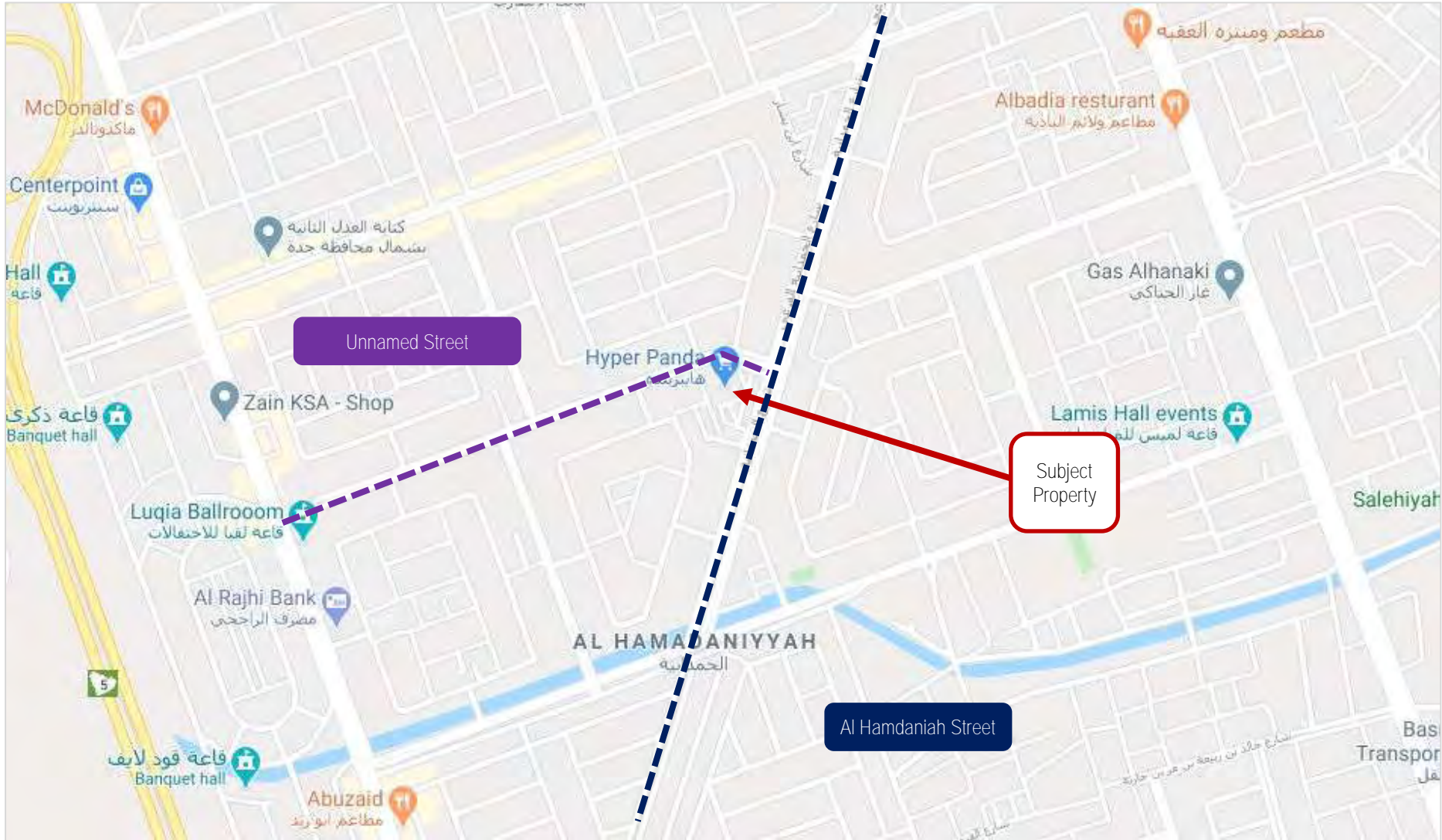
Surrounding Landmarks

- | | |
|---|--|
| <ul style="list-style-type: none"> 1- Dar Al Hafedat (0.9 Kilometres) 2- Jawharat Hamdaniyah Gas Station (1.15 Kilometres) 3- Al Rajhi Bank (0.95 Kilometres) 4- Luqia Wedding Hall (0.95 Kilometres) 5- Lamis Hall Events (1.15 Kilometres) | <ul style="list-style-type: none"> 6- Perfume Store (0.3 Kilometres) 7- Bara Bin Malik Al-Ansari Masjid (0.95 Kilometres) 8- Typical First National school (0.89 Kilometres) 9- Cab Pizza (1.00 Kilometres) 10- Gas Station (1.10 Kilometres) |
|---|--|



1.108 PROPERTY ACCESS

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





1.109 TITLE DEED & OWNERSHIP

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

City	Jeddah	Land Area	13,685.85
District	Al Hamdaniyah	Plot No.	/ أ / ب / 2
T.D Type	Electronic	Block No.	N/A
T.D Number	220206006345	Layout No.	385 / ج / اس
T.D Date	14/03/1434 H. D	Owner	Saudi Economic and Development Company
T.D Value	41,055,566 SAR	Ownership Type	Freehold
Date of Last Transaction Issued From	14/03/1434 H. D Jeddah Notary	Limitation of Document	None
North Side	Unnamed Street	East Side	Parking Area & Unnamed Street
South Side	Pathway & Plots No. 1277 & 1278	West Side	Pathway

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

1.110 CONSTRUCTION & BUILDINGS

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

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



The subject property is a commercial building which was constructed 6 years ago composed of ground floor. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Building Permit
Property Type	Commercial
Construction Permit No.	3300416699
Construction Permit Date	28/06/1433 AH
Permit Expiry Date	28/06/1436 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor	-	5,858	Commercial, Parking, others
Total BUA (Sqm)		5,858.00	

1.111 INSURANCE

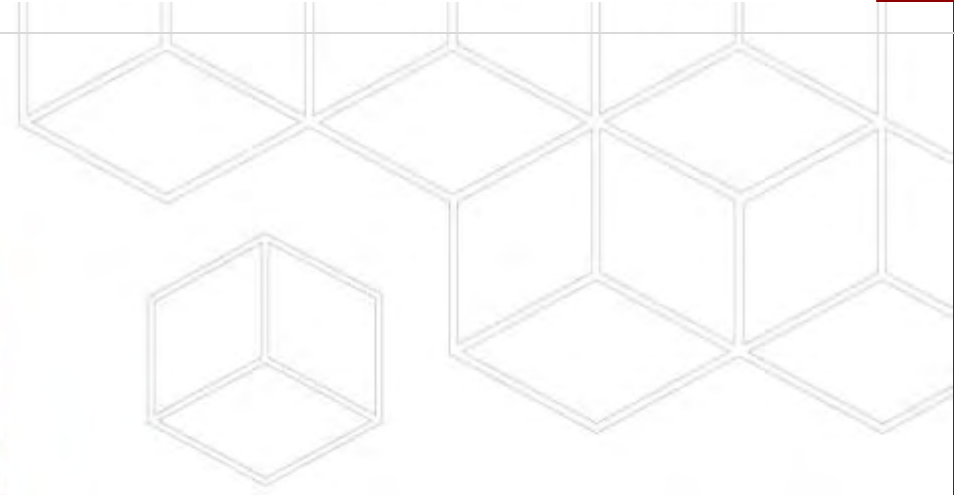
We have not been provided with any insurance policy for the underlying asset.



1.112 PHOTO RECORD



MARKET INDICATORS





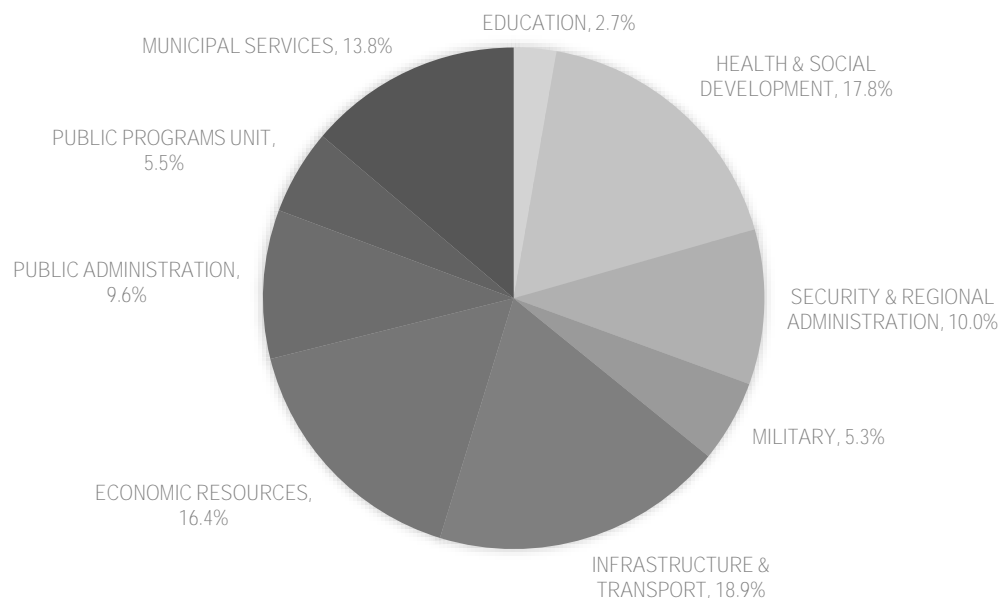
1.113 SAUDI ARABIA ECONOMIC INDICATORS

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

1.114 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.115 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Open on 3 sides. - Leased to one tenant. 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - Located in high-density residential district. 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

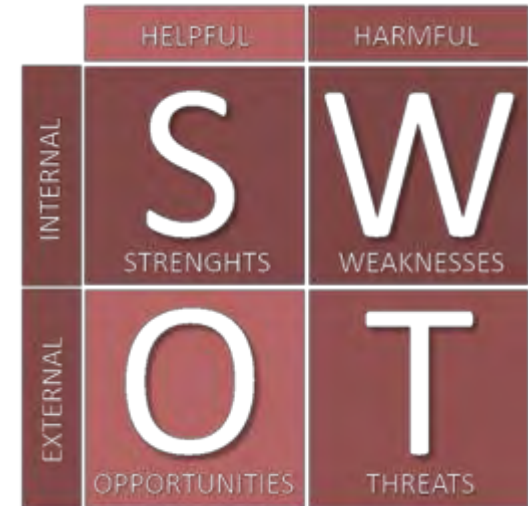
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.116 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

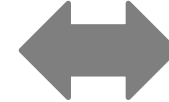


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

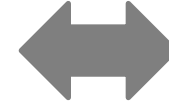


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations





1.117 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	-----	✓	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	-----	✓	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	0	12	0	0

Risk Category 12 Risk Points – Medium Risk

Land Analysis

Risk Category- 12 Risk Points – Medium Risk

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

Medium Risk Category 7 Risk Points - Minimal Risk

Property Analysis

Risk Category- 7 Risk Points – Medium Risk

PROPERTY VALUATION





1.118 DOCUMENTS RECIEVED

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

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

1.119 GENERAL ASSUMPTIONS

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

1.120 LEGAL NOTICES

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



1.121 INFORMATION SOURCE

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

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

1.122 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.123 INPUT VALUATION PROCESS

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

1.124 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.125 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Panda Company). The contract involves the Second Party renting the subject property for **15** years, from **09/01/2013** to **08/01/2028**. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	2,483,861.69
2	2,709,667.69
3	2,709,667.69
4	2,709,667.69
5	2,709,667.69
6	2,845,151.07
7	2,845,151.07
8	2,845,151.07
9- 2021	2,845,151.07
10	2,845,151.07
11	2,988,845.20
12	2,988,845.20
13	2,988,845.20
14	2,988,845.20
15	2,988,845.20
TOTAL	42,492,514



Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	7.00%	



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

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject property is leased to one company			SAR 2,845,151.07
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 2,845,151.07
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses		NOI	
Commercial Building	SAR 2,845,151	0.00%		SAR 2,845,151	
-----	SAR 0	0.00%		SAR 0	
-----	SAR 0	0.00%		SAR 0	
Total				SAR 2,845,151.07	
Total Property Revenues				SAR 2,845,151.07	
Total Property Expenses				SAR 0	
Net Operating Income				SAR 2,845,151.07	
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 2,845,151.07	7.00%	40,645,015.29 SAR		40,600,000.00 SAR	



1.126 INCOME APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 450 to 550 SAR /Sq.m. The following is a table that shows some of the comparisons that were used in analysing the market rental rates:

Comparable	Commercial Units Rental Rate/ Sqm
Comparable 1	500 SAR/ Sqm
Comparable 2	450 SAR/ Sqm
Comparable 3	550 SAR/ Sqm
Average	500 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	7.00%	

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

REVENUES						
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building	5,858	0	SAR 500	SAR 0	SAR 2,929,000.00	
					Total Revenues	SAR 2,929,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 2,929,000	15.00%	SAR 2,489,650			
			Total	SAR 2,489,650.00		
Total Property Revenues				SAR 2,929,000.00		
Total Property Expenses				-SAR 439,350		
Net Operating Income				SAR 2,489,650.00		
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 2,489,650.00	7.00%	35,566,428.57 SAR	35,570,000.00 SAR			



1.127 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 40,650,000	Forty Million and Six Hundred Fifty Thousand Saudi Riyals
Income- Market	Property	SAR 35,570,000	Thirty-Five Million and Five Hundred Seventy Thousand Saudi Riyals

1.128 SUBJECT PROPERTY VALUE

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

Property Value: **40,650,000 SAR**
 Forty Million and Six Hundred Fifty Thousand Saudi Riyals

PROPERTY DETAILS

PANDA RAYAN





1.129 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a commercial project located in Al Rayyan district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 18,144.8 Sqm and a total BUA of 9,800 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Imam Ali Ibn Abi Talib street from the southern side. The building is mostly surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a commercial building located in Al Rayyan district, Dammam City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by Al Imam Ali Ibn Abi Talib Street
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by an Unnamed Street

Ease of Access Based on the current location of the subject property, the access level is high since it is located on Al Imam Ibn Abi Talib Street and near Othman Ibn Affan Street

Area Surrounding the Property The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Imam Ali Ibn Abi Talib street	Overall Building Conditions	Good
Land Condition	Constructed		

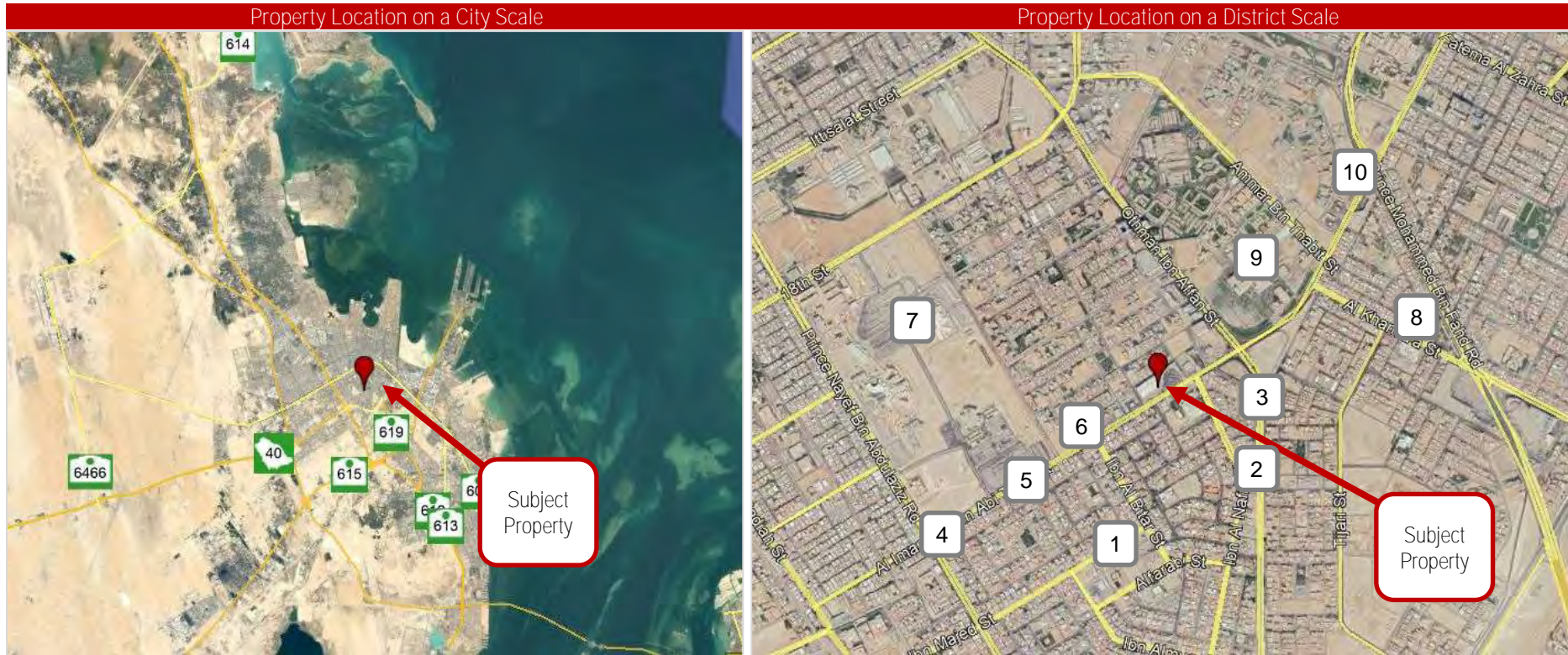
1.130 INFRASTRUCTURE FACILITIES

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



1.131 LOCATION

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



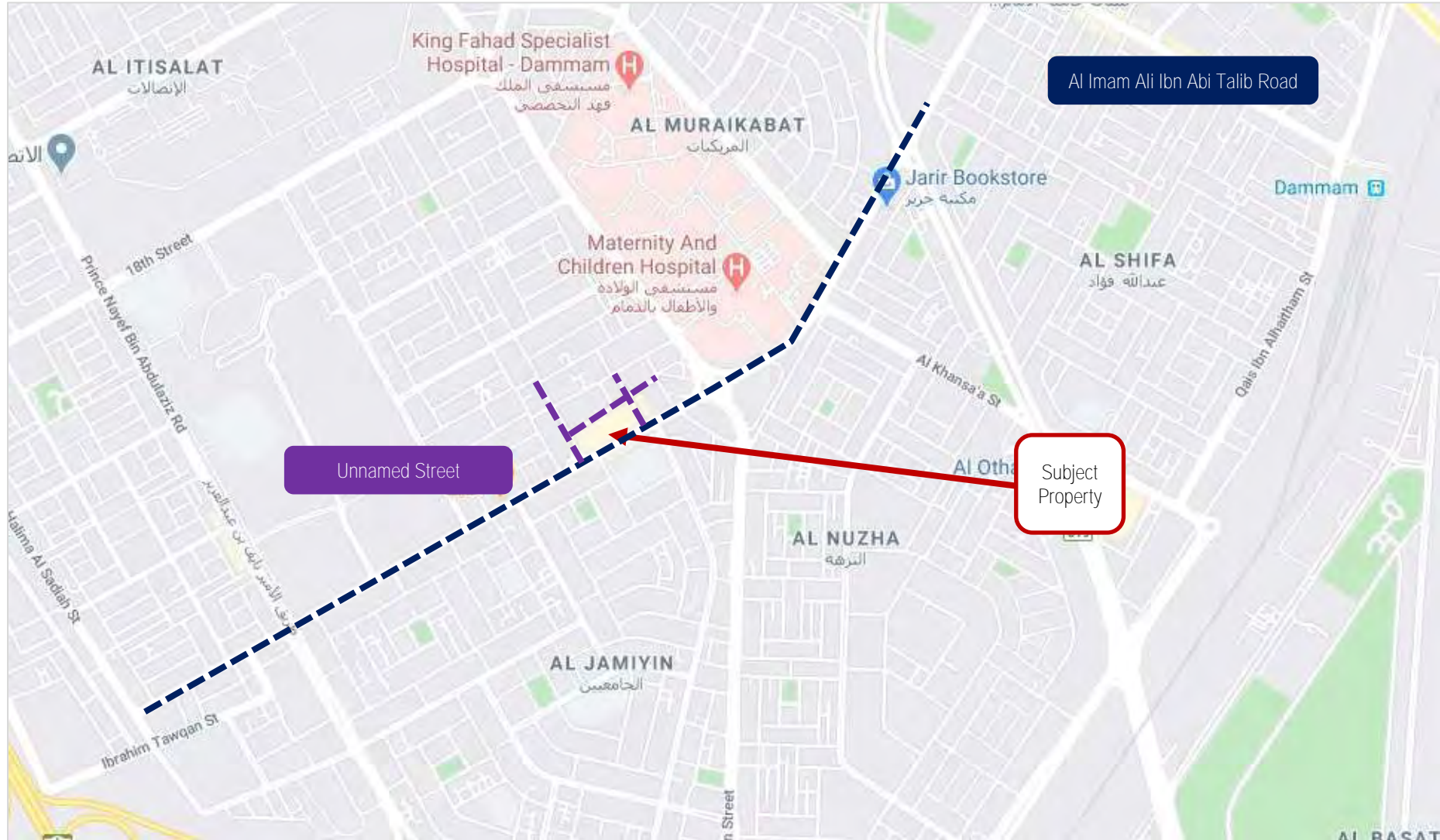
Surrounding Landmarks

- | | |
|---|--|
| <ul style="list-style-type: none"> 1- Consumer Oasis (1.00 Kilometres) 2- Coffee Library (0.6 Kilometres) 3- Amazon Gulf (0.45 Kilometres) 4- Jarash Restaurant (1.25 Kilometres) 5- Hattan Center Photocopy (1.00 Kilometres) | <ul style="list-style-type: none"> 6- Restaurant & Caffee (0.45 Kilometres) 7- Saudi Electronic University (1.10 Kilometres) 8- Al Andalus Hall (1.15 Kilometres) 9- Maternity and Children Hospital (0.65 Kilometres) 10- Jarir Bookstore (1.2 Kilometres) |
|---|--|



1.132 PROPERTY ACCESS

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





1.133 TITLE DEED & OWNERSHIP

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

City	Dammam	Land Area	18,144.8
District	Al Rayyan	Plot No.	From 119 to 136
T.D Type	Electronic	Block No.	7
T.D Number	530105021904	Layout No.	ش د /832
T.D Date	07/02/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	07/02/1440 H. D Dammam Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Unnamed Street	East Side	Unnamed Street
South Side	Al Imam Ali Ibn Abi Talib Road	West Side	Unnamed Street

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

1.134 CONSTRUCTION & BUILDINGS

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

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



The subject property is a commercial building which was constructed 6 years ago composed of ground floor. The Client has provided us with a copy of the Construction Permit issued by Dammam Municipality, even though it is not clear in the Construction Permit, the client confirmed to us the following:

Subject Property

Construction Permit Type	Building Permit
Property Type	New Building
Construction Permit No.	1433/10286
Construction Permit Date	05/04/1433 AH
Permit Expiry Date	05/04/1436 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor	-	9,800.00	Commercial, Parking, others
Total BUA (Sqm)		9,800.00	

1.135 INSURANCE

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



1.136 PHOTO RECORD



MARKET INDICATORS





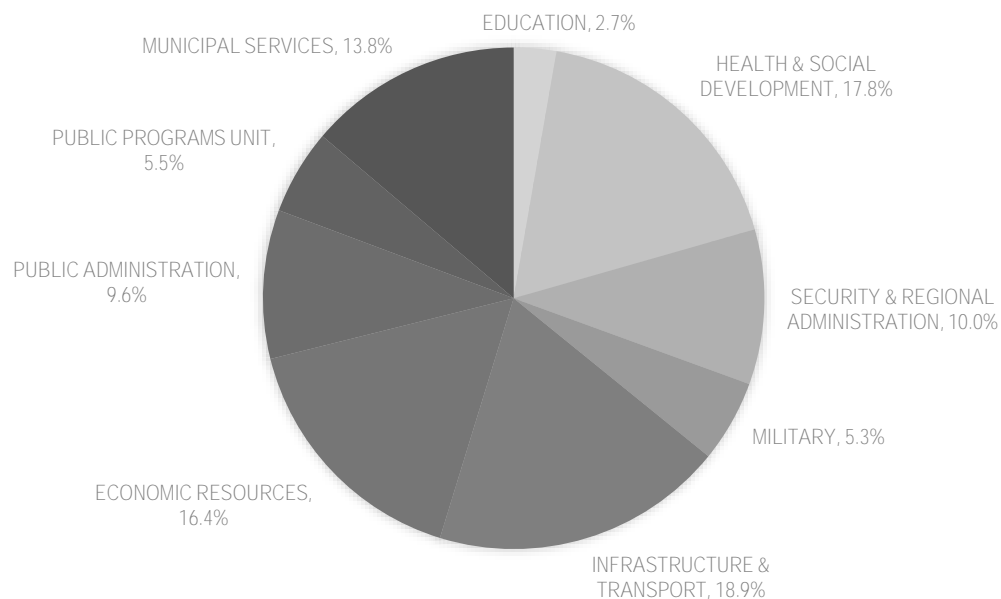
1.137 SAUDI ARABIA ECONOMIC INDICATORS

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

1.138 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.139 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Open on 4 sides. - Direct view in main road (Al Imam Ali Ibn Abi Talib Road). 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - High demand on the property type. 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

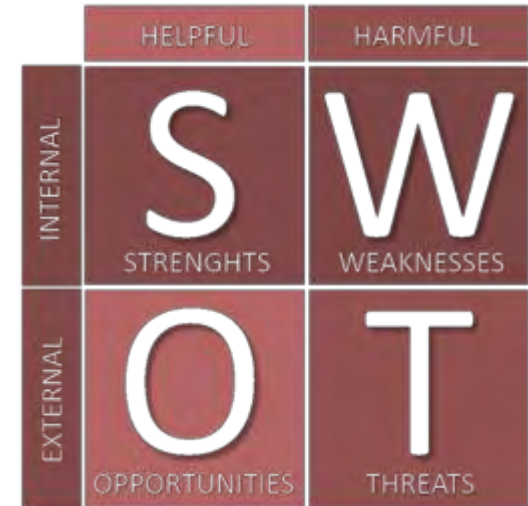
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.140 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

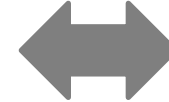


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

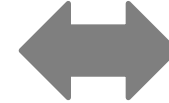


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations





1.141 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 8 Risk Points - Minimal Risk

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

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

Medium Risk Category 7 Risk Points - Minimal Risk

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION





1.142 DOCUMENTS RECIEVED

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

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

1.143 GENERAL ASSUMPTIONS

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

1.144 LEGAL NOTICES

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



1.145 INFORMATION SOURCE

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

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

1.146 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.147 INPUT VALUATION PROCESS

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

1.148 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.149 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company for Real Estate Funds) and the Second Party (Panda Company). The contract involves the Second Party renting the subject property for **15** years, from 03/04/2010 to 31/12/2024. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	3,921,127
2	3,921,127
3	4,182,536
4	4,182,536
5	4,182,536
6	4,705,353
7	4,705,353
8	4,705,353
9	4,966,761
10	4,966,761
11	5,228,170
12- 2021	5,228,170
13	5,228,170
14	5,228,170
15	5,228,170
TOTAL	70,580,293



Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7.5% to 8.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.50%
Maximum capitalization rate		8.50%
Average		8.00%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	0.00%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8.00%	
Estimated capitalization rate of the property valuation	8.00%	



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

REVENUES						
	Quantity		Revenues			
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building		The subject property is leased to one company			SAR 5,228,170.00	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 5,228,170.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses			NOI	
Commercial Building	SAR 5,228,170	0.00%			SAR 5,228,170	
-----	SAR 0	0.00%			SAR 0	
-----	SAR 0	0.00%			SAR 0	
					Total	SAR 5,228,170.00
Total Property Revenues						SAR 5,228,170.00
Total Property Expenses						SAR 0
Net Operating Income						SAR 5,228,170.00
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 5,228,170.00	8.00%	65,352,125.00 SAR			65,350,000.00 SAR	

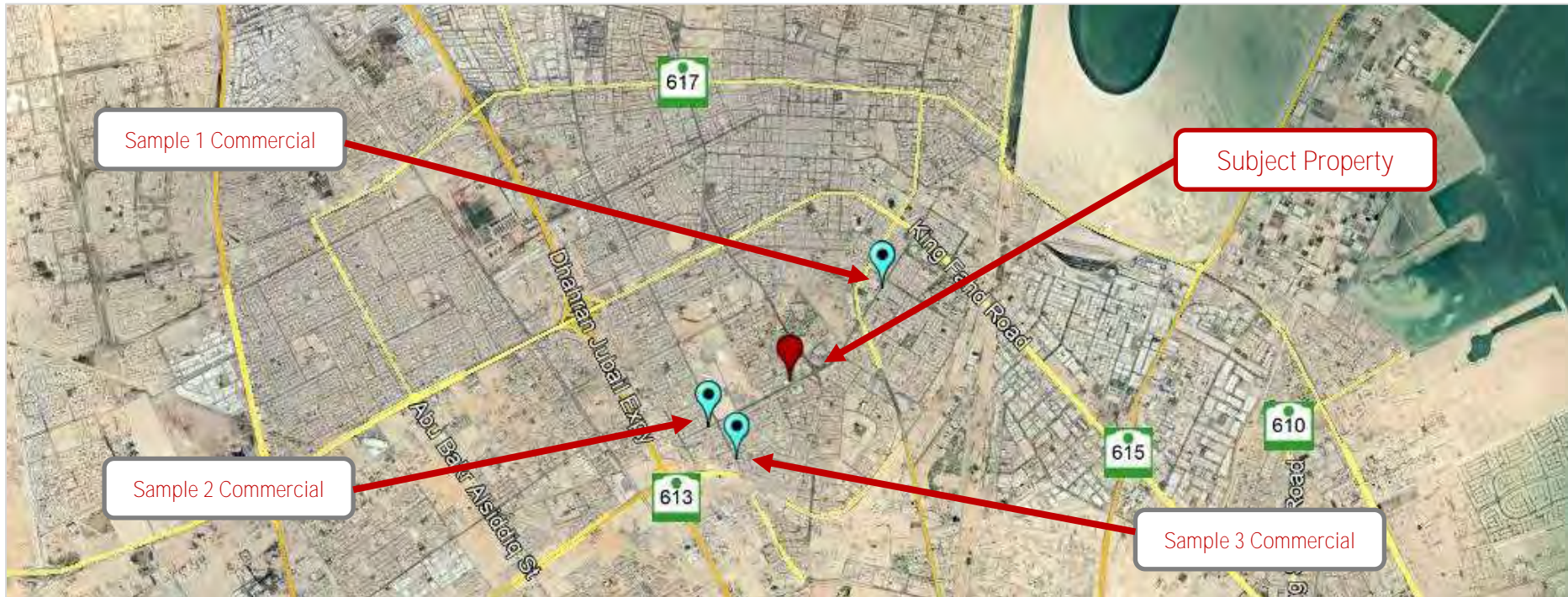


1.150 INCOME APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 600 to 650 SAR/ Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm 680 SAR/ Sqm
Comparable 2	600 SAR/ Sqm
Comparable 3	580 SAR/ Sqm
Average	620 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7.5% to 8.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate		7.50%
Maximum capitalization rate		8.50%
Average		8.00%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	0.00%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8.00%	
Estimated capitalization rate of the property valuation	8.00%	

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

REVENUES						
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building	9,800	0	SAR 620	SAR 0	SAR 6,076,000.00	
					Total Revenues	SAR 6,076,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%	
					Total	15.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 6,076,000	15.00%	SAR 5,164,600			
			Total	SAR 5,164,600.00		
Total Property Revenues				SAR 6,076,000.00		
Total Property Expenses				-SAR 911,400		
Net Operating Income				SAR 5,164,600.00		
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 5,164,600.00	8.00%	64,557,500.00 SAR	64,560,000.00 SAR			



1.151 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 65,350,000	Sixty-Five Million and Three Hundred Fifty Thousand Saudi Riyals
Income- Market	Property	SAR 64,560,000	Sixty-Four Million and Five Hundred Sixty Thousand Saudi Riyals

1.152 SUBJECT PROPERTY VALUE

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

Property Value: **65,350,000 SAR**
 Sixty-Five Million and Three Hundred Fifty Thousand Saudi Riyals

PROPERTY DETAILS

PANDA RIYADH





1.153 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a commercial project located in Ishbiliah district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 23,604. Sqm and a total BUA of 10,784 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on a 30 meters width street from the eastern side. The building is mostly surrounded by residential buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a commercial building located in Ishbiliah district, Riyadh City.
 The property is bordered from the north by Qalat Al Fustat Street
 The property is bordered from the south by an Unnamed Street
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by an Unnamed Street

Ease of Access Based on the current location of the subject property, the access level is high since it is located near Al Shaikh Jaber Alahmed Al Sabah.

Area Surrounding the Property The subject property is mostly surrounded by residential buildings

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

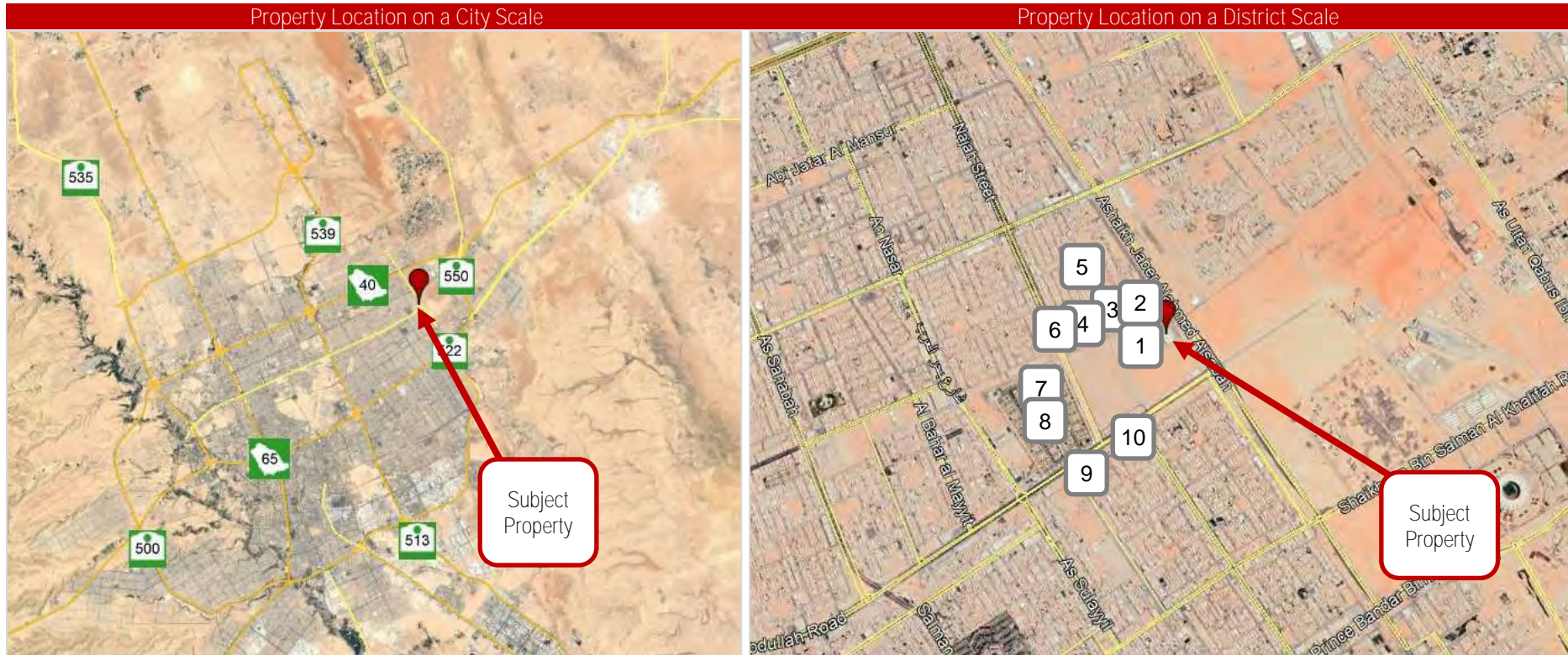
1.154 INFRASTRUCTURE FACILITIES

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



1.155 LOCATION

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



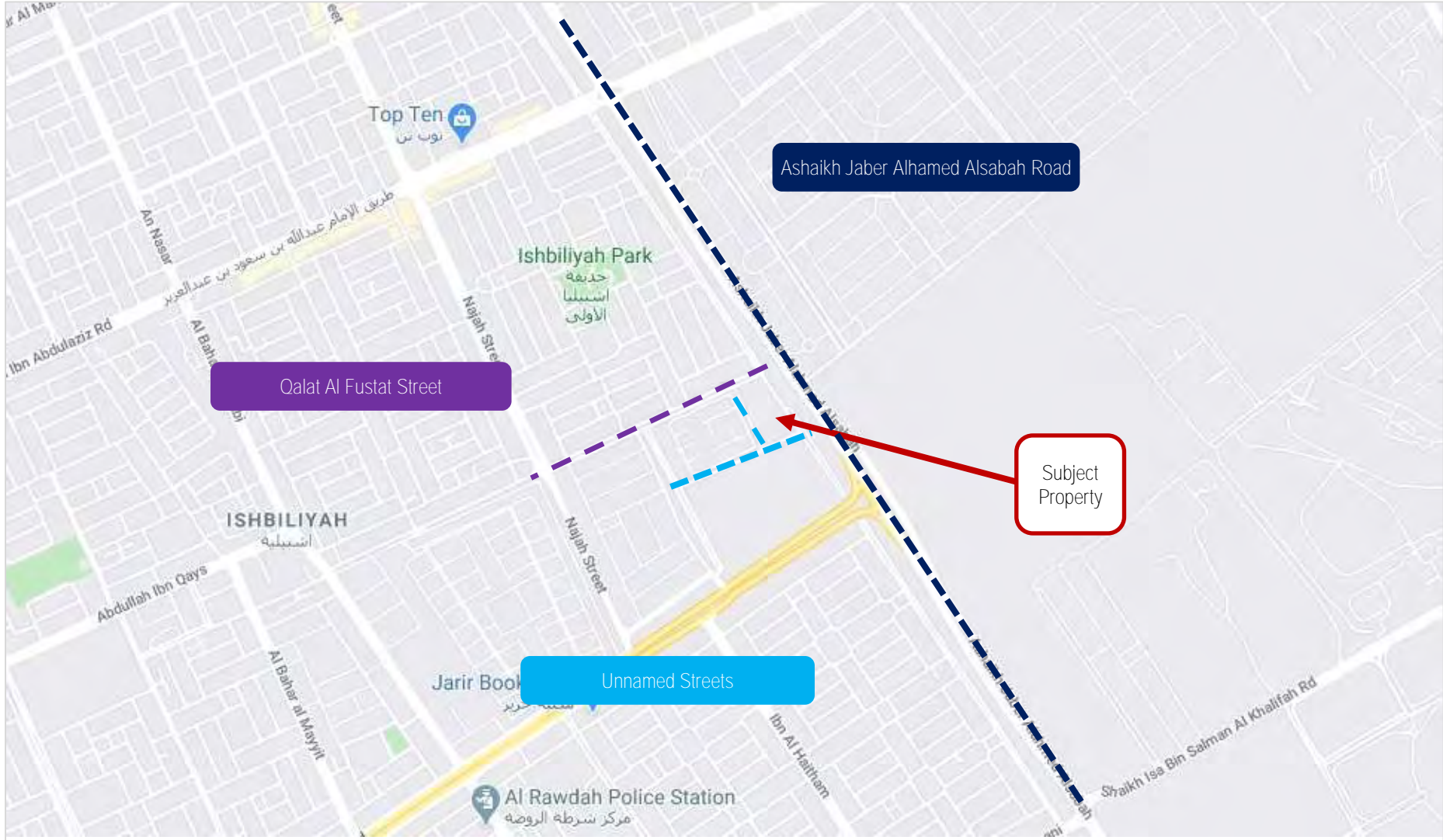
Surrounding Landmarks

- | | |
|---|--|
| <ul style="list-style-type: none"> 1- KSB Compound (0.2 Kilometres) 2- Saied Al Shohadaa Mosque (0.2 Kilometres) 3- Reem 46sr Twoleen Plaza Hotel (0.2 Kilometres) 4- Rana for Fast Food (0.4Kilometres) 5- Civil School (0.15 Kilometres) | <ul style="list-style-type: none"> 6- Falafel Pick (0.2 Kilometres) 7- Ishbiliah Kindergarten (0.4 Kilometres) 8- Ishbiliah Compound (0.3 Kilometres) 9- Jarir Bookstore (0.45 Kilometres) 10- Parmavy (0.4 Kilometres) |
|---|--|



1.156 PROPERTY ACCESS

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





1.157 TITLE DEED & OWNERSHIP

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

City	Riyadh	Land Area	23,604
District	Ishbillia	Plot No.	3/1/1/ج/4
T.D Type	Electronic	Block No.	N/A
T.D Number	410111055251	Layout No.	N/A
T.D Date	18/09/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	18/09/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Riyadh Notary		
North Side	Qalat Al Fustat Street	East Side	Prince Sultan Road Street
South Side	Unnamed Street	West Side	Unnamed Street

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

1.158 CONSTRUCTION & BUILDINGS

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

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



The subject property is a commercial building which was constructed 7 years ago composed of ground floor. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality; however, we have been instructed to follow the details given by the client as follows:

Subject Property

Construction Permit Type	Modification of Building
Property Type	Commercial
Construction Permit No.	1432/12916
Construction Permit Date	10/07/1432 AH
Permit Expiry Date	10/07/1435 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor	-	10,630.00	Commercial
Mezzanine		154.00	Commercial
Total BUA (Sqm)		10,784	

1.159 INSURANCE

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



1.160 PHOTO RECORD



MARKET INDICATORS





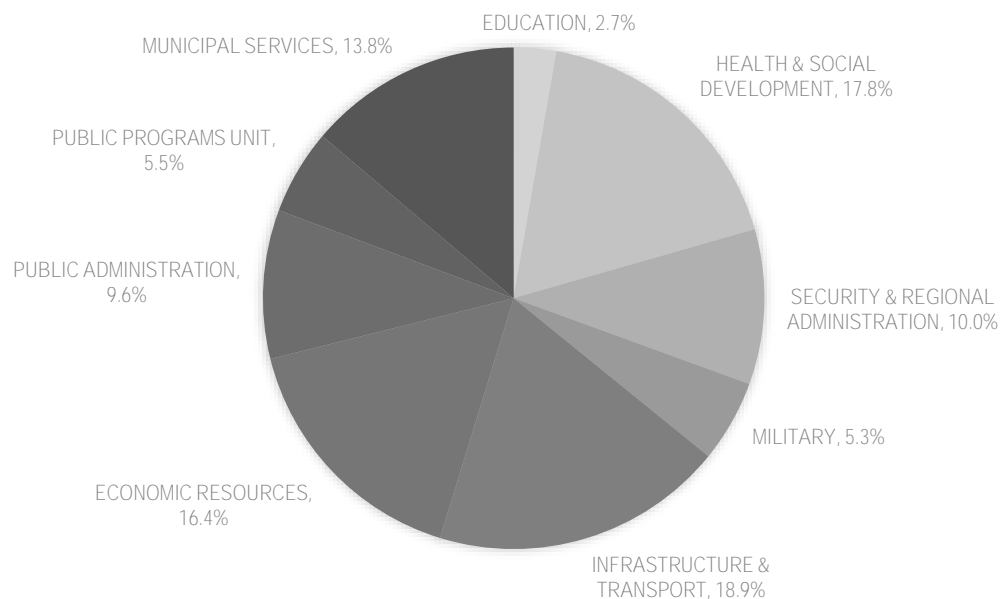
1.161 SAUDI ARABIA ECONOMIC INDICATORS

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

1.162 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.163 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Open on 4 sides. - Near the main road (Ashaikh Jaber Alhamed Alsabab Road). 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - High demand on the property type due to residential condensations 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

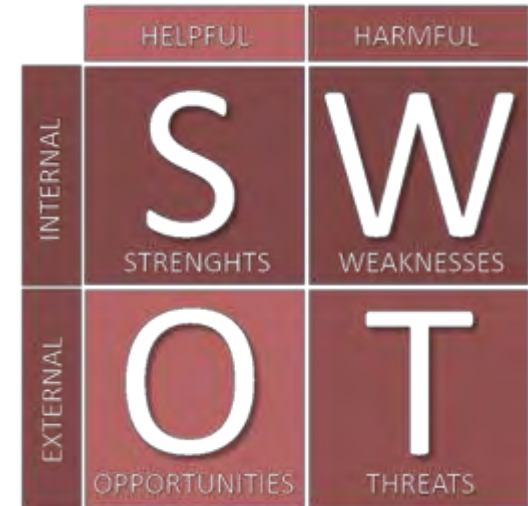
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.164 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

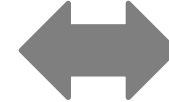


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

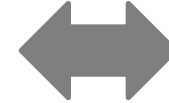


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.165 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 10 Risk Points – Minimal Risk

Land Analysis

Risk Category- 10 Risk Points – Minimal Risk

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

Medium Risk Category 7 Risk Points - Minimal Risk

Property Analysis

Risk Category- 7 Risk Points – Minimal Risk

PROPERTY VALUATION





1.166 DOCUMENTS RECIEVED

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

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

1.167 GENERAL ASSUMPTIONS

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

1.168 LEGAL NOTICES

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



1.169 INFORMATION SOURCE

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

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

1.170 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.171 INPUT VALUATION PROCESS

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

1.172 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.173 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Panda Company). The contract involves the Second Party renting the subject property for **15** years, from 15/05/2013 to 14/05/2028. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	5,083,283
2	5,545,400
3	5,545,400
4	5,545,400
5	5,545,400
6	5,822,670
7	5,822,670
8	5,822,670
9- 2021	5,822,670
10	5,822,670
11	6,116,250
12	6,116,250
13	6,116,250
14	6,116,250
15	6,116,250
TOTAL	86,959,483



Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 6 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	



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

REVENUES						
	Quantity		Revenues			
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building		The subject property is leased to one company			SAR 5,822,670.00	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 5,822,670.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses			NOI	
Commercial Building	SAR 5,822,670	0.00%			SAR 5,822,670	
-----	SAR 0	0.00%			SAR 0	
-----	SAR 0	0.00%			SAR 0	
					Total	SAR 5,822,670.00
Total Property Revenues						SAR 5,822,670.00
Total Property Expenses						SAR 0
Net Operating Income						SAR 5,822,670.00
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 5,822,670.00	7.00%	83,181,000.00 SAR			83,200,000.00 SAR	

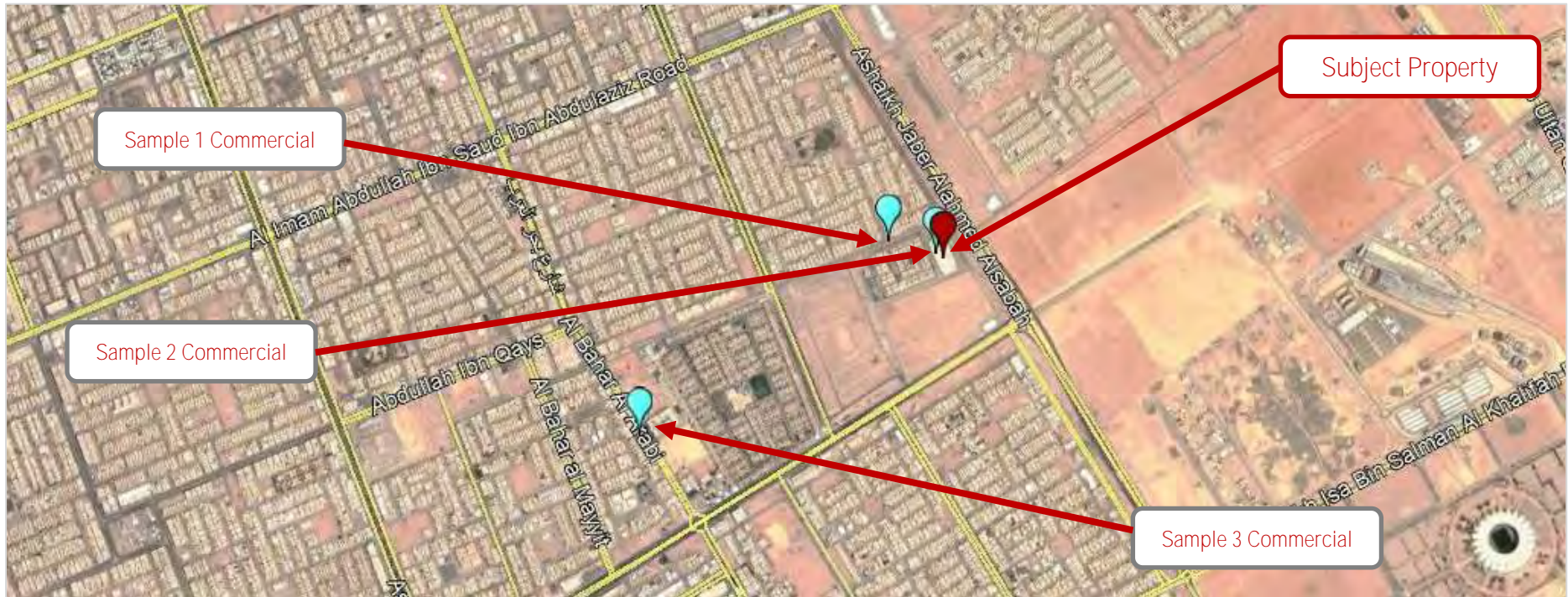


1.174 INCOME APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 450 to 550 SAR/ Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm 470 SAR/ Sqm
Comparable 2	540 SAR/ Sqm
Comparable 3	480 SAR/ Sqm
Average	500 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

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- The general condition of the property
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- Quality of finishes
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- Services and public utilities

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



Minimum capitalization rate		7.00%
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Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 6 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	

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

REVENUES						
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building	10,784	0	SAR 500	SAR 0	SAR 5,392,000.00	
					Total Revenues	SAR 5,392,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%	
					Total	15.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 5,392,000	15.00%	SAR 4,583,200			
		Total	SAR 4,583,200.00			
Total Property Revenues			SAR 5,392,000.00			
Total Property Expenses			SAR 0			
Net Operating Income			SAR 5,392,000.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 5,392,000.00	7.00%	77,028,571.43 SAR	77,030,000.00 SAR			



1.175 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 83,200,000	Eighty-Three Million and Two Hundred Thousand Saudi Riyals
Income- Market	Property	SAR 77,030,000	Seventy-Seven Million and Thirty Thousand Saudi Riyals

1.176 SUBJECT PROPERTY VALUE

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

Property Value: **83,200,000 SAR**
 Eighty-Three Million and Two Hundred Thousand Saudi Riyals

PROPERTY DETAILS

PUBLIC PROSECUTION





1.177 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a commercial project located in Al Rayyan district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 4,767.25 Sqm and a total BUA of 19,342.1 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on Al Rahmaniyah Road from the western side. The building is mostly surrounded by residential & mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a commercial building located in Al Rayyan district, Jeddah City. The property is bordered from the north by Private Properties No. 626 & 628
 The property is bordered from the south by Private Properties No. 621 & 622 & Electricity Room
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by Al Rahmaniyah Road

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

Area Surrounding the Property The subject property is mostly surrounded by residential & mix-use buildings

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

1.178 INFRASTRUCTURE FACILITIES

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



1.179 LOCATION

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



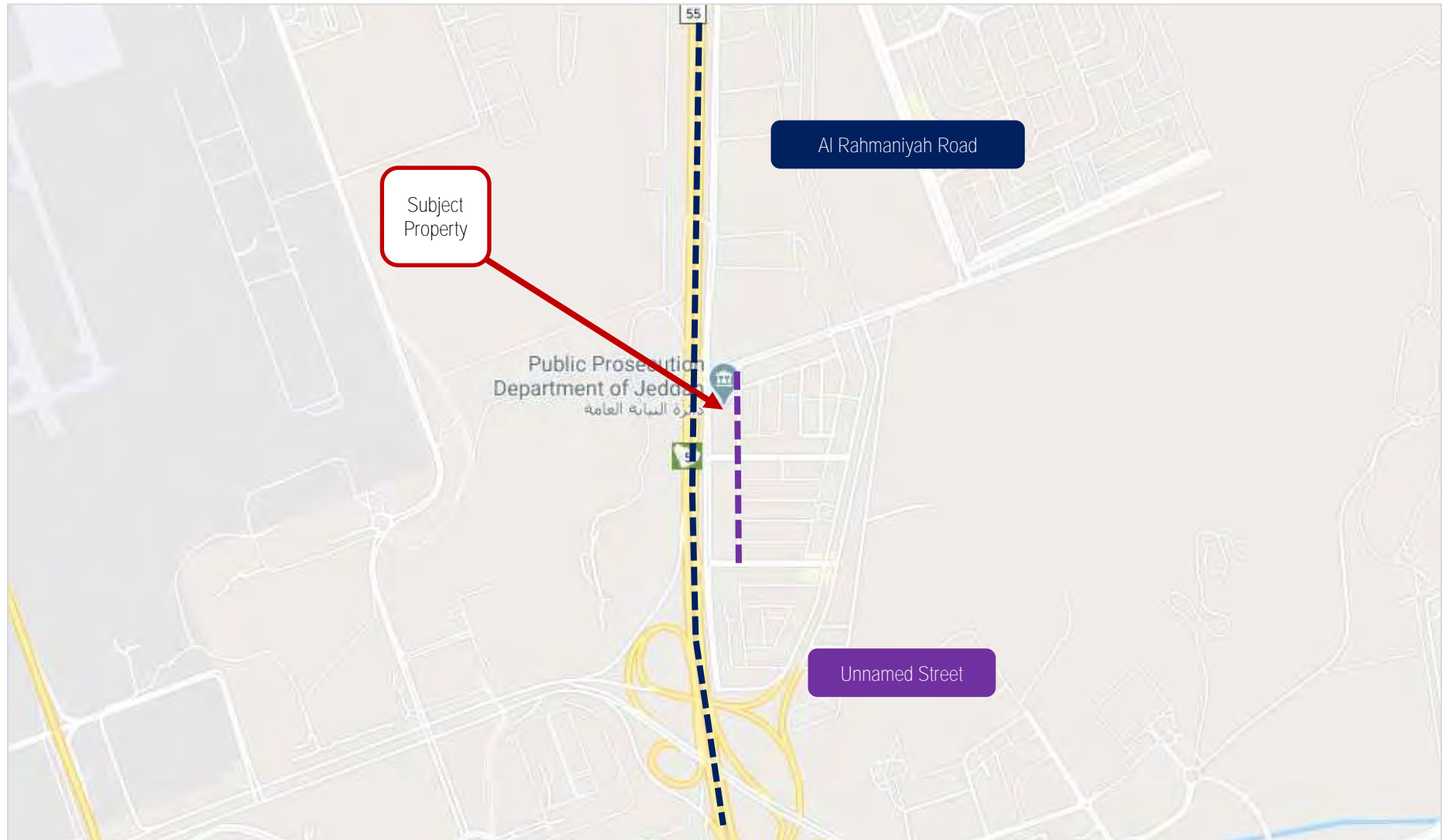
Surrounding Landmarks

- | | |
|---|---|
| <ul style="list-style-type: none"> 1- For Ladies Cafe Shop (0.7 Kilometres) 2- Ali Bin Mohammad Al Sahir Mosque (0.5 Kilometres) 3- Nahar Grocery (0.45 Kilometres) 4- Kaia Muruj Office (0.8 Kilometres) 5- KAIA Substation (0.65 Kilometres) | <ul style="list-style-type: none"> 6- Administrative Court (0.45 Kilometres) 7- Abdul Rahman Mosque Alhanaki (0.2 Kilometres) 8- Rapid access Jeddah Depot (0.2 Kilometres) 9- Fast Lane Car maintenance Center (0.3 Kilometres) 10- Rahmaniya Petrol Pump (0.35 Kilometres) |
|---|---|



1.180 PROPERTY ACCESS

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





1.181 TITLE DEED & OWNERSHIP

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

City	Jeddah	Land Area	4,767.25 Sqm
District	AL Rayan	Plot No.	3/1/1/ع/4
T.D Type	Electronic	Block No.	N/A
T.D Number	720223019231	Layout No.	N/A
T.D Date	12/11/1439 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	12/11/1439 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Jeddah Notary		
North Side	Private Properties No. 626 & 628	East Side	Unnamed Street
South Side	Private Properties No. 621 & 622 & Electricity Room	West Side	Al Rahmaniyah Road

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

1.182 CONSTRUCTION & BUILDINGS

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

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



The subject property is a commercial building which was constructed 5 years ago composed of basement, ground floor, 5 upper floors and typical floors. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Addition & Modification
Property Type	Commercial
Construction Permit No.	3300432619
Construction Permit Date	16/12/1434 AH
Permit Expiry Date	16/12/1437 AH

Description	No. Units	Area (Sqm)	Use
Basement	-----	4,767.29	Commercial & Other
Ground Floor	10	2,000.65	Commercial & Other
First Floor	12	2,108.89	Commercial
Second Floor	12	2,185.35	Commercial
Third Floor	12	2,185.35	Commercial
Fourth Floor	12	2,185.35	Commercial
Typical Floor	20	3,909.22	Commercial
Total BUA (Sqm)	78	19,344.10	

1.183 INSURANCE

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



1.184 PHOTO RECORD



MARKET INDICATORS





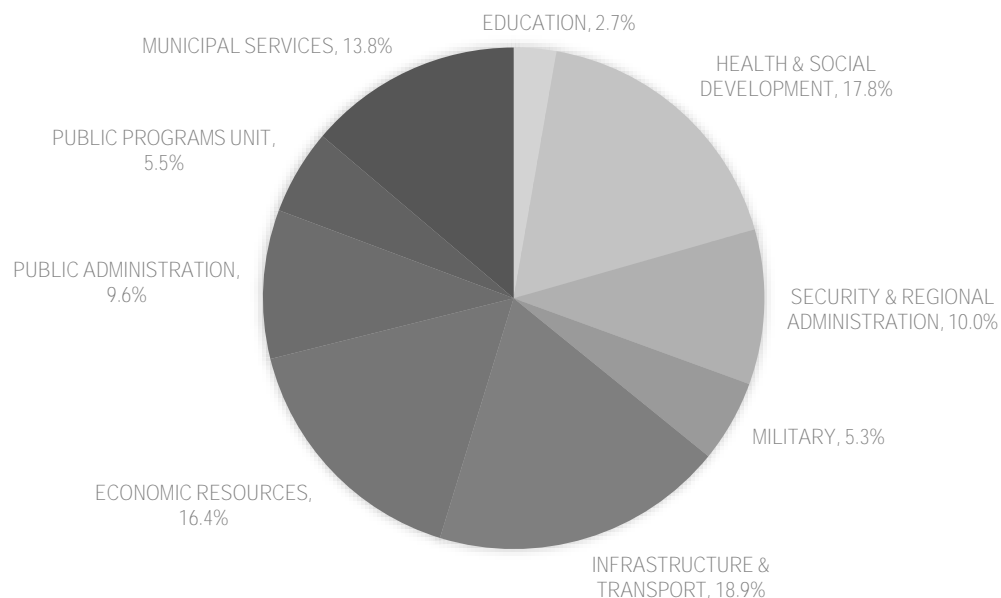
1.185 SAUDI ARABIA ECONOMIC INDICATORS

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

1.186 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.187 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - The property has a direct view on the main road (Al Rahmaniah Road) - The property is fully leased by the Public Prosecution Department 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - None 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

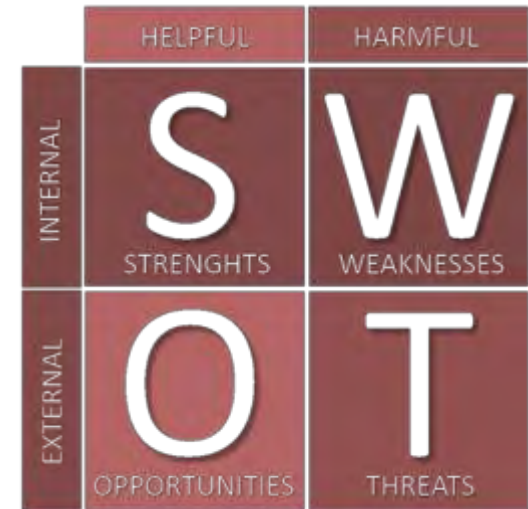
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.188 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021

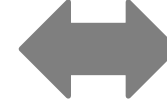


Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

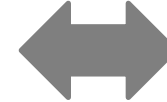


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

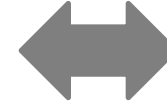


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations





1.189 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access	-----	-----	✓	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	-----	✓	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	0	12	0	0

Risk Category 12 Risk Points – Medium Risk

Land Analysis

Risk Category- 12 Risk Points – Medium Risk

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

Medium Risk Category 7 Risk Points - Minimal Risk

Property Analysis

Risk Category- 7 Risk Points – Medium Risk

PROPERTY VALUATION





1.190 DOCUMENTS RECEIVED

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

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

1.191 GENERAL ASSUMPTIONS

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

1.192 LEGAL NOTICES

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



1.193 INFORMATION SOURCE

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

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

1.194 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.195 INPUT VALUATION PROCESS

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

1.196 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.197 INCOME APPROACH- LEASING CONTRACT

The client has informed us that the leasing contract of the subject property between the First Party (Public Prosecution Department of Jeddah) and the Second Party (Saudi Economic and Development Company) is under yearly renewal with the same annual payment and the same previous conditions. The following shows an annual rent payment related to the information provided to us by the client:

Year	Annual Payment (SAR)
1	5,500,000
2	5,500,000
3	5,500,000
TOTAL	16,500,000

The subject property has an operational contract between the First Party (Saudi Economic and Development Company) and the Second Party (Masaken AlAtlaa Contracting Company). The First Party has instructed the Second Party to perform operational services on the subject property. As remuneration for the performance of the Services, in compliance with the terms and conditions of this Contract, the Second Party shall be entitled to receive the following:

Services	Annual Cost (in Saudi Riyals)
Operation & Maintenance Services	335,000
TOTAL	335,000



Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	0.00%	several major methods
General condition of the property	0.00%	The actual age of the property is 4 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.50%	



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

REVENUES						
Unit Type	Quantity	Revenues				
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building		The subject property is leased to one tenant				SAR 5,500,000.00
-----	0	0	SAR 0	SAR 0		SAR 0
					Total Revenues	SAR 5,500,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building					SAR 335,000.00	
-----	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
					Total Expenses	SAR 335,000.00
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses			NOI	
Commercial Building	SAR 5,500,000	SAR 335,000.00			SAR 5,165,000	
-----	SAR 0	SAR 0			SAR 0	
					Total	SAR 5,165,000.00
Total Property Revenues						SAR 5,500,000.00
Total Property Expenses						SAR 335,000
Net Operating Income						SAR 5,165,000.00
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 5,165,000.00	7.50%	68,866,666.67 SAR			68,870,000.00 SAR	

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

1.198 SUBJECT PROPERTY VALUE

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

Property Value: **68,870,000 SAR**
 Forty-Five Million Saudi Riyals

PROPERTY DETAILS

RAWDAH BUSINESS CENTER





1.199 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial project located in Rawdah district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 2,462.5 Sqm and a total BUA of 17,526.74 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on Prince Saud Al Faisal Road . The building is mostly surrounded by residential & mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property subject of valuation is a commercial building located in Rawdah district, Jeddah City. The property is bordered from the north by Plot No. 2 The property is bordered from the south by Prince Saud Al Faisal Road The Property is bordered from the east by Plot No. 3 The property is bordered to the west by Ahmad Jamjoum Street
Ease of Access	Based on the current location of the subject property, the access level is high since it is located on Al Rawdah Road
Area Surrounding the Property	The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Saud Al Faisal Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Ahmad Jamjoum Street	Overall Building Conditions	Good
Land Condition	Constructed		

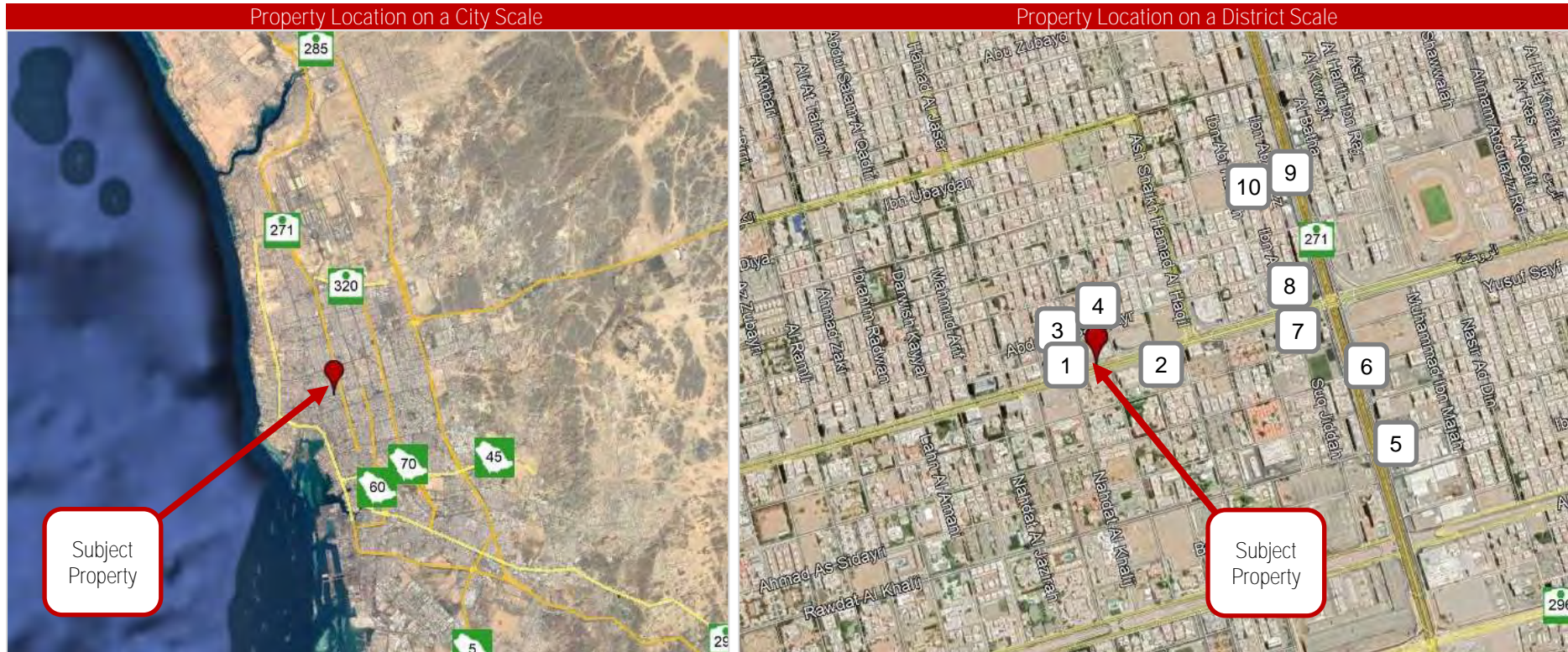
1.200 INFRASTRUCTURE FACILITIES

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



1.201 LOCATION

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



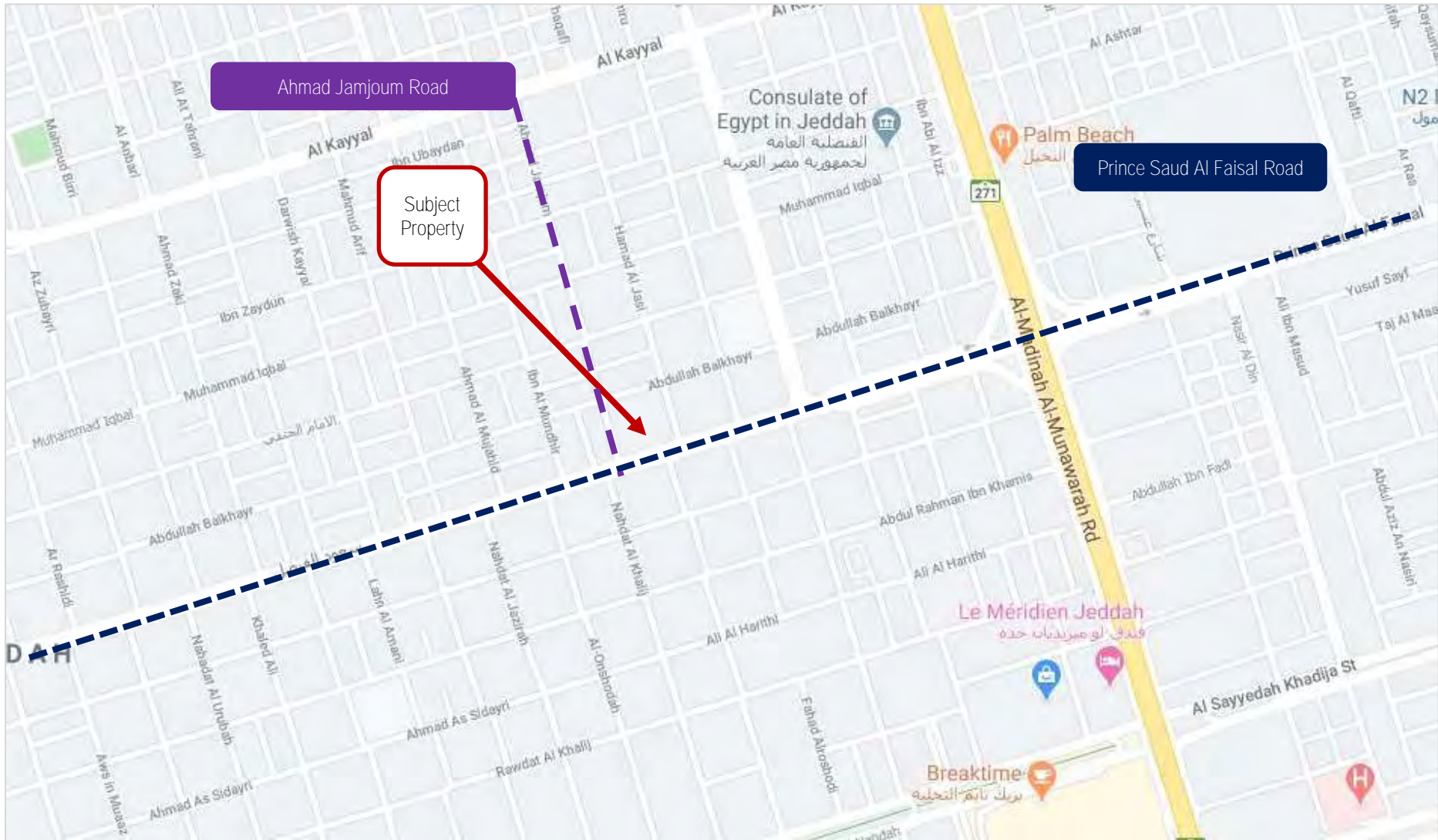
Surrounding Landmarks

- | | |
|---|---|
| <ul style="list-style-type: none"> 1- Noura international Pharmacy (0.2 Kilometres) 2- Berlitz Language Center Men (0.1 Kilometres) 3- Gulf Chinese Restaurant (0.2 Kilometres) 4- Ahmad Jamjoum Mosque (0.1 Kilometres) 5- Radisson Blu Royal Suite Hotel (0.75 Kilometres) | <ul style="list-style-type: none"> 6- Rawdah Soccer Field (0.65 Kilometres) 7- Sunset Hotel (0.5 Kilometres) 8- Al Yusr Leasing & Finance (0.5 Kilometres) 9- Saadeddin Pastry (0.7 Kilometres) 10- Consulate of Egypt in Jeddah (0.65 Kilometres) |
|---|---|



1.202 PROPERTY ACCESS

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





1.203 TITLE DEED & OWNERSHIP

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

City	Jeddah	Land Area	2,462.50
District	Rawdah	Plot No.	4
T.D Type	Electronic	Block No.	N/A
T.D Number	420228018317	Layout No.	ب/96
T.D Date	17/08/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	17/08/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment
Issued From	Jeddah Notary		
North Side	Plot No. 2	East Side	Plot No. 3
South Side	Prince Saud Al Faisal road	West Side	Ahmad Jamjoum Street

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

1.204 CONSTRUCTION & BUILDINGS

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

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



The subject property is a retail center which is new constructed composed of 2 basements, ground floor, mezzanine, 4 upper floors and typical floors and 2 annexes. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Addition & Modification
Property Type	Commercial
Construction Permit No.	3900025974
Construction Permit Date	20/04/1439 AH
Permit Expiry Date	20/04/1440 AH

Description	No. Units	Area (Sqm)	Use
Basement	0	2,030	Other
Basement	0	2,030	Other
Ground Floor	2	1,734.74	Commercial & Other
Mezzanine	2	544	Commercial & Other
First Floor	4	1,576	Commercial & Other
Second Floor	4	1,576	Commercial & Other
Third Floor	4	1,576	Commercial & Other
Fourth Floor	4	1,576	Commercial & Other
Typical Floors	8	3,152	Commercial & Other
Annex	1	866	Commercial & Other
Annex	0	866	Commercial & Other
Total BUA (Sqm)	25	17,526.74	

1.205 INSURANCE

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



1.206 PHOTO RECORD



MARKET INDICATORS





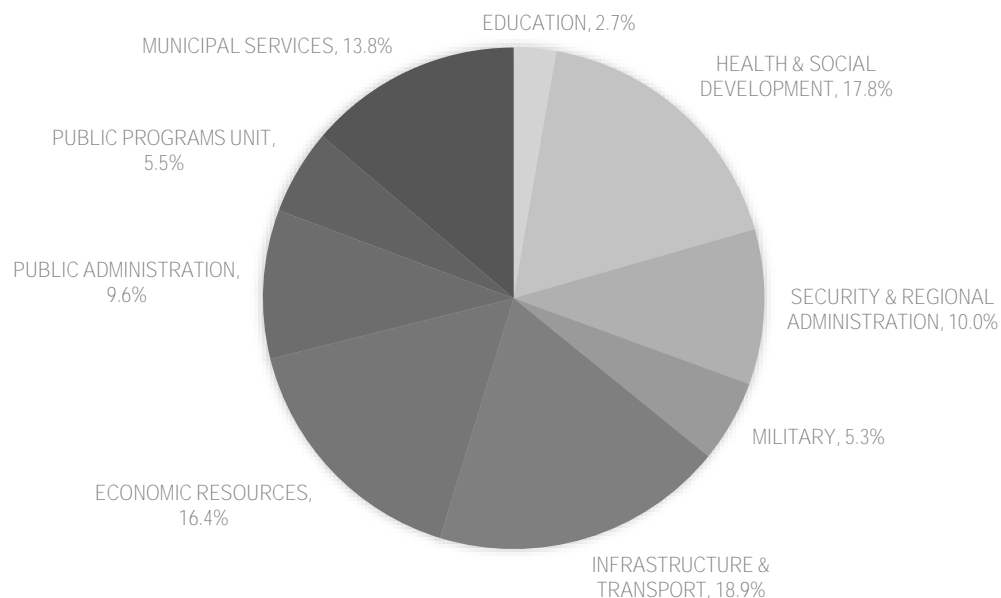
1.207 SAUDI ARABIA ECONOMIC INDICATORS

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

1.208 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.209 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Direct view on the main road (Prince Saud Al Faisal Road). - The land has regular land shape. 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - High demand on the property type. - Newly constructed. 	<p>Threats</p> <ul style="list-style-type: none"> - Existing & Potential similar projects

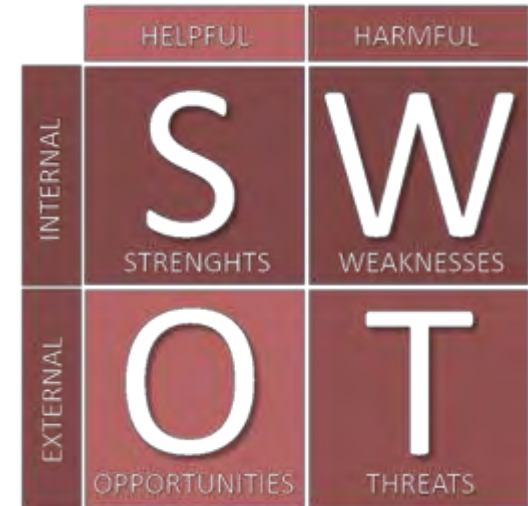
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.210 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

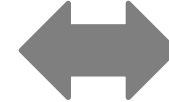


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

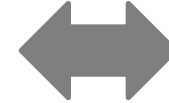


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.211 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 8 Risk Points – Minimal Risk

Land Analysis

Risk Category- 8 Risk Points – Minimal Risk

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

Medium Risk Category 6 Risk Points - Minimal Risk

Property Analysis

Risk Category- 6 Risk Points – Minimal Risk

PROPERTY VALUATION





1.212 DOCUMENTS RECIEVED

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

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

1.213 GENERAL ASSUMPTIONS

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

1.214 LEGAL NOTICES

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



1.215 INFORMATION SOURCE

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

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

1.216 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.217 VALUATION APPROACH

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

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

DISCOUNTED CASH FLOW (DCF)

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



1.218 INPUT VALUATION PROCESS

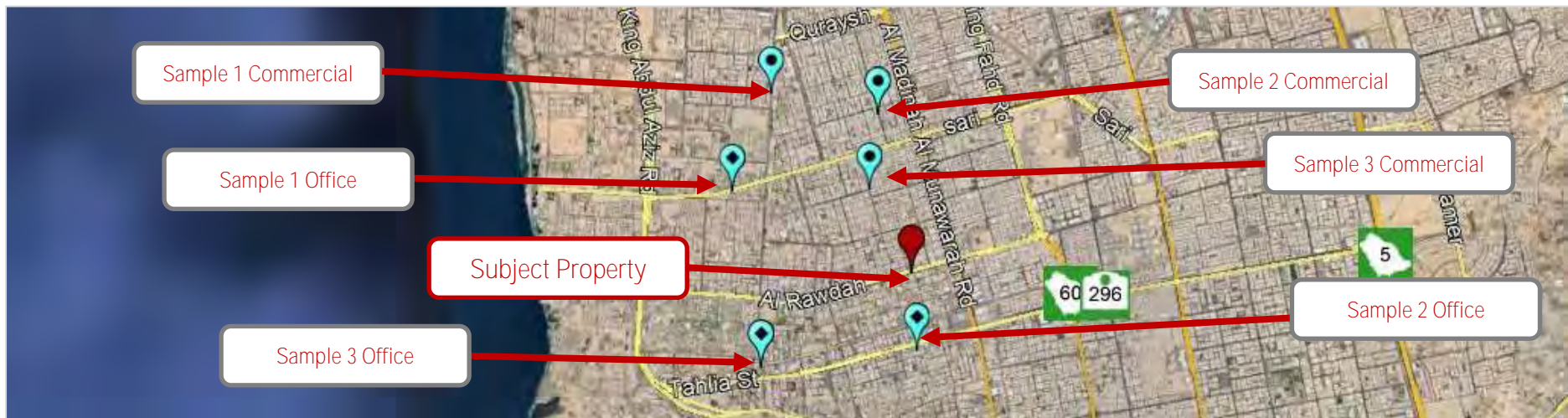
After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual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

1.219 DISCOUNTED CASH FLOW APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 900 to 1,100 SAR /Sqm and for office units range from 600 to 800 SAR/ Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	Commercial Units Rental Rate/ Sqm	Office Units Rental Rate/ Sqm
Comparable 1	1,100 SAR/ Sqm	700 SAR/ Sqm
Comparable 2	1,200 SAR/ Sqm	750 SAR/ Sqm
Average	1,100 SAR/ Sqm	750 SAR/ Sqm
	1,150 SAR/ Sqm	750 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 9 to 15% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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



Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	-0.25%	The actual age of the property is 1 year
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	

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

		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0%	0%	5%	0%	0%	5%	0%	0%	5%	0%	0%
Expected Revenues												
Retail	Sqm	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354
Rate (SAR)	SAR	1,150	1,150	1,208	1,208	1,208	1,268	1,268	1,268	1,331	1,331	1,331
Total	SAR	5,007,100	5,007,100	5,257,455	5,257,455	5,257,455	5,520,328	5,520,328	5,520,328	5,796,344	5,796,344	5,796,344
Office	Sqm	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440
Rate (SAR)	SAR	750	750	788	788	788	827	827	827	868	868	868
Total	SAR	5,580,000	5,580,000	5,859,000	5,859,000	5,859,000	6,151,950	6,151,950	6,151,950	6,459,548	6,459,548	6,459,548
Overall Revenues		10,587,100	10,587,100	11,116,455	11,116,455	11,116,455	11,672,278	11,672,278	11,672,278	12,255,892	12,255,892	12,255,892
Vacancy Rates												
Retail	15.0%	751,065	751,065	788,618	788,618	788,618	828,049	828,049	828,049	869,452	869,452	869,452
Office	15.0%	837,000	837,000	878,850	878,850	878,850	922,793	922,793	922,793	968,932	968,932	968,932
Total		1,588,065	1,588,065	1,667,468	1,667,468	1,667,468	1,750,842	1,750,842	1,750,842	1,838,384	1,838,384	1,838,384
Expenses												
OPEX	13.0%	1,376,323	1,376,323	1,445,139	1,445,139	1,445,139	1,517,396	1,517,396	1,517,396	1,593,266	1,593,266	1,593,266
Overall Expenses		1,376,323	1,376,323	1,445,139	1,445,139	1,445,139	1,517,396	1,517,396	1,517,396	1,593,266	1,593,266	1,593,266
NOI		7,622,712	7,622,712	8,003,848	8,003,848	8,003,848	8,404,040	8,404,040	8,404,040	8,824,242	8,824,242	8,824,242
Terminal Value @ ----->	7.0%											126,060,600
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		7,622,712	6,993,314	6,736,678	6,180,439	5,670,127	5,462,049	5,011,054	4,597,298	4,428,589	4,062,926	56,976,815
Market Rate / Net Present Value												113,742,002



	Discount Rate				
	7.00%	8.00%	9.00%	10.0%	11.0%
Discount Rate					
Market Value	129,706,984	121,358,424	113,742,002	106,784,915	100,422,292

1.220 SUBJECT PROPERTY VALUE

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

Property Value: **113,742,000 SAR**
 One Hundred Thirteen Million and Seven Hundred Forty-Two Thousand Saudi Riyals

PROPERTY DETAILS

SAUDI FARANSI BANK





1.221 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a commercial project located in Al Rayyan district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 5,191.44 Sqm and a total BUA of 879 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on Al Imam Ali Ibn Abi Talib Road from the southern side. The building is mostly surrounded by residential & mix-use buildings and several vacant lands where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a commercial building located in Al Rayyan district, Dammam City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by Al Imam Ali Ibn Abi Talib Road
 The Property is bordered from the east by Plot No. 105 & 107
 The property is bordered to the west by Plot No. 111 & 112

Ease of Access Based on the current location of the subject property, the access level is high since it is located on the intersection of Al Imam Ali Ibn Abi Talib Road & Othman Ibn Affan Street

Area Surrounding the Property The subject property is mostly surrounded by residential & mix-use buildings

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

1.222 INFRASTRUCTURE FACILITIES

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



1.223 LOCATION

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



Surrounding Landmarks

- | | |
|--|--|
| <ul style="list-style-type: none"> 1- Amazon Gulf (0.4 Kilometres) 2- Time Out Cafe (0.35 Kilometres) 3- National Commercial Bank (0.65 Kilometres) 4- Barn Cafe (0.45 Kilometres) 5- Burger Nook (0.35 Kilometres) | <ul style="list-style-type: none"> 6- Al Rayyan Garden (0.5 Kilometres) 7- Yummy Yogurt (0.2 Kilometres) 8- Al Rajhi Bank (0.1 Kilometres) 9- Maternity and Children Hospital (0.4 Kilometres) 10- Teef Restaurant (0.6 Kilometres) |
|--|--|



1.224 PROPERTY ACCESS

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





1.225 TITLE DEED & OWNERSHIP

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

City	Dammam	Land Area	5,191.44
District	Al Rayan	Plot No.	108 / 109 / 110
T.D Type	Electronic	Block No.	6
T.D Number	330114008967	Layout No.	ش.د/832
T.D Date	09/06/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	09/06/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi banking Investment
Issued From	Dammam Notary		
North Side	Unnamed Street	East Side	Plot No. 105 & 107
South Side	Al Imam Ali Ibn Abi Talib Road	West Side	Plot No. 111 & 112

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

1.226 CONSTRUCTION & BUILDINGS

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

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



The subject property is a commercial building which was constructed 13 years ago composed of ground floor, 1 upper floor and fences. The Client has provided us with a copy of the Construction Permit issued by Dammam Municipality with the below details:

Subject Property

Construction Permit Type	Building Permit
Property Type	New Building
Construction Permit No.	1426/10313
Construction Permit Date	24/06/1426 AH
Permit Expiry Date	24/06/1429 AH

Description	No. Units	Area (Sqm)	Use
Ground Floor	1	426	Bank
First Floor	-----	453	Offices
Total BUA (Sqm)	1	879	

1.227 INSURANCE

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



1.228 PHOTO RECORD



MARKET INDICATORS





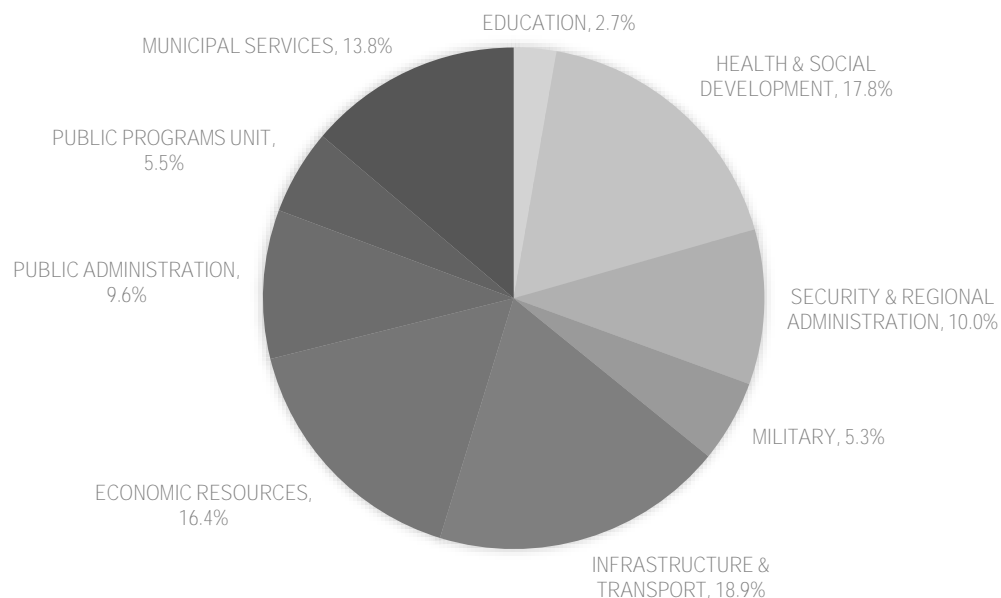
1.229 SAUDI ARABIA ECONOMIC INDICATORS

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

1.230 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.231 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - The property is located on the intersection of 2 roads (Al Imam Ali Ibn Talib & Othman Ibn Affan Roads) - Good property location near the city center 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - None 	<p>Threats</p> <ul style="list-style-type: none"> - Potential similar projects in the same area

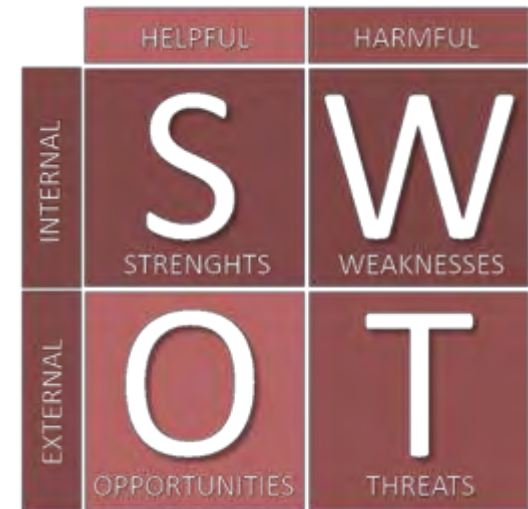
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1.232 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

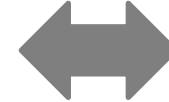


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

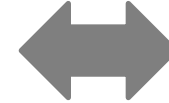


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.233 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 9 Risk Points - Minimal Risk

Land Analysis

Risk Category- 9 Risk Points - Minimal Risk

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

Medium Risk Category 7 Risk Points - Minimal Risk

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION





1.234 DOCUMENTS RECIEVED

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

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

1.235 GENERAL ASSUMPTIONS

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

1.236 LEGAL NOTICES

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



1.237 INFORMATION SOURCE

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

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

1.238 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.239 INPUT VALUATION PROCESS

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

1.240 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.241 INCOME APPROACH- LEASING CONTRACT

client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Banque Saudi Fransi). The contract involves the Second Party renting the subject property for 10 years, from 01/11/2015. The following shows an annual rent payment related to the concession right of the subject property:

Year	Annual Payment (SAR)
1	1,500,000
2	1,500,000
3	1,500,000
4	1,500,000
5	1,500,000
6	2,000,000
7- 2021	2,000,000
8	2,000,000
9	2,000,000
10	2,000,000
TOTAL	17,500,000



Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 12 years
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	



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

REVENUES						
Unit Type	Quantity		Revenues			
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building		The subject property is leased to one company				SAR 2,000,000.00
-----	0	0	SAR 0	SAR 0		SAR 0
					Total Revenues	SAR 2,000,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
-----	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
-----	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
					Total Expenses	SAR 0.00
NET OPERATING INCOME						
Unit Type	Total Revenues		Total Expenses		NOI	
Commercial Building	SAR 2,000,000		SAR 0.00		SAR 2,000,000	
-----	SAR 0		SAR 0.0		SAR 0	
-----	SAR 0		SAR 0		SAR 0	
					Total	SAR 2,000,000.00
Total Property Revenues					SAR 2,000,000.00	
Total Property Expenses					SAR 0	
Net Operating Income					SAR 2,000,000.00	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 2,000,000.00	7.00%	28,571,428.57 SAR		28,570,000.00 SAR		

The property is developed to meet the needs of the current tenant. Yet, it is considered as a special property where it is not developed to the best use. Consequently, we cannot apply the income approach based on the market rates.

1.242 SUBJECT PROPERTY VALUE

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

Property Value: **28,570,000 SAR**
 Twenty-Eight Million and Five Hundred Seventy Thousand Saudi Riyals

PROPERTY DETAILS

AJDAN WALK





1.243 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is an under-construction mix-use project known as Ajdan Walk located in North Khobar district, Khobar City. Based on the provided title deed and construction permit, the project has a total land area of 16,965.77 Sqm, a total BUA of 32,212.08 Sqm and a total GFA of 11,581 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Prince Turkey Street from the western side. The building is mostly surrounded by commercial buildings and several vacant lands where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a mix-use project located in North Khobar district, Khobar City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by an Unnamed Street
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by Prince Turki Road

Ease of Access Based on the current location of the subject property, the access level is high since it is located on Prince Turkey Road

Area Surrounding the Property The subject property is mostly surrounded by commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Mix-Use Building
No. of Streets	4	Building Structural Conditions	Under-Construction
Land Shape	Graded	External Elevation Conditions	Under-Construction
Direct View on the Main Road	Prince Turkey Road	Building Finishing Conditions	Under-Construction
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Under-Construction
Land Condition	Under-Construction		

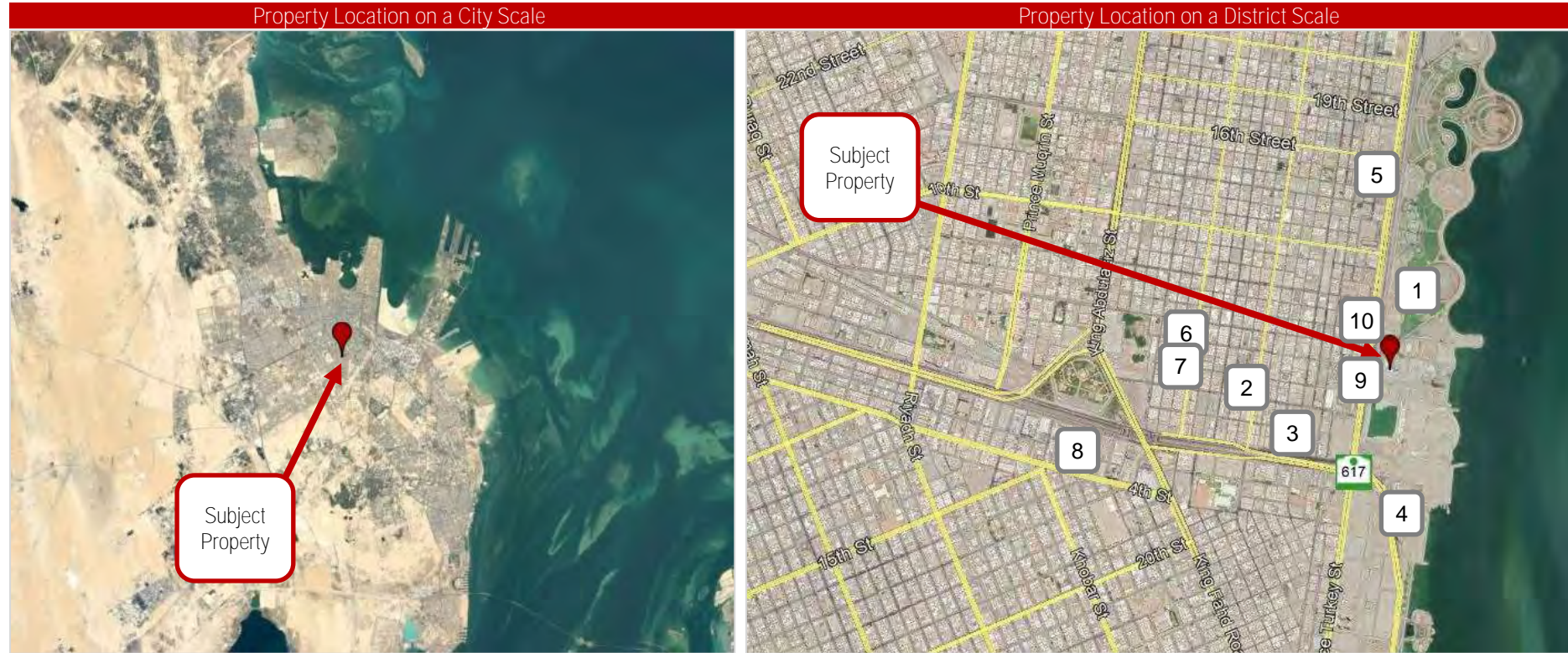
1.244 INFRASTRUCTURE FACILITIES

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



1.245 LOCATION

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



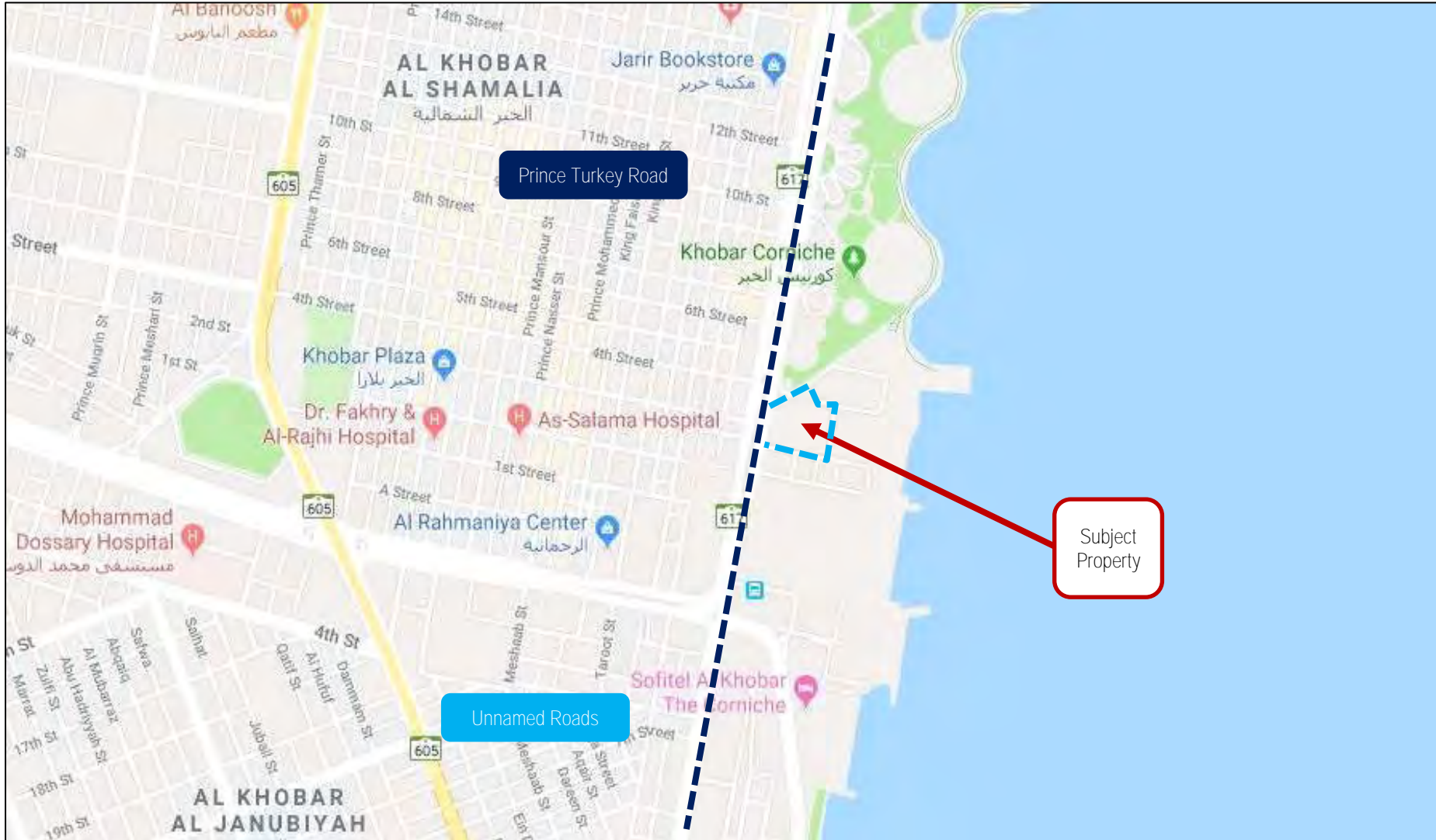
Surrounding Landmarks

- | | |
|--|--|
| 1- Khobar Corniche (0.5 Kilometres) | 6- Khobar Plaza (1 Kilometres) |
| 2- Al Salama Hospital (0.8 Kilometres) | 7- Dr. Fakhry & Al-Rajhi Hospital (1 Kilometres) |
| 3- Al Rahmaniyah Center (0.5 Kilometres) | 8- Mohammad Dossary Hospital (1.5 Kilometres) |
| 4- Sofitel Al Khobar (0.7 Kilometres) | 9- Shrimpy (0.1 Kilometres) |
| 5- Jarir Bookstore (0.7 Kilometres) | 10- Al Dawliya (0.2 Kilometres) |



1.246 PROPERTY ACCESS

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





1.247 TITLE DEED & OWNERSHIP

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

City	Khobar	Land Area	16,965.77
District	North Khobar	Plot No.	12/4
T.D Type	Electronic	Block No.	N/A
T.D Number	930203009265	Layout No.	356/2
T.D Date	09/06/1440	Owner	الشركة السعودية للاقتصاد والتنمية للصناديق العقارية
T.D Value	N/A	Ownership Type	Freehold
Date of Last Transaction	09/06/1440	Limitation of Document	N/A
Issued From	Khobar Notary		
North Side	Unnamed Street	East Side	Unnamed Street
South Side	Unnamed Street	West Side	Prince Turki Road

Notes

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

1.248 CONSTRUCTION & BUILDINGS

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

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



The subject property is an under-construction project composed of 11 building. The Client has provided us with a copy of the Construction Permit issued by Khobar Municipality with the below details:

Subject Property

Construction Permit Type	New Permit
Property Type	Mix use
Construction Permit No.	438/10342
Construction Permit Date	30/03/1438
Permit Expiry Date	30/03/1441

Description	No. of Units	Area (sqm)	Use
Basement	Attached	15,575.4	Parking
Ground Floor	Attached	27.5	Electricity Room
Ground Floor	39	---	Parking
Ground Floor	3	573.15	Offices
First Floor	3	573.15	Offices
Second Floor	3	573.15	Offices
Third Floor	3	573.15	Offices
Others	----	92.3	----
Ground Floor	46	7,308.19	Showrooms
First Floor	Attached	7,008.39	Services
Others	---	1,070	---
Total BAU (sqm)		32,212.08	

1.249 INSURANCE

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



1.250 PROPERTY COMPONENTS

A document presenting the project components with the GFA and GLA of each building was provided by the client with the following details:

Building No	Units	Total GFA	Total GLA
1	1	1256	1343
2	2	1641	2176
3	1	1438	1932
4	5	1323	1773
5	5	690	766
6	7	1816	2107
7	2	1200	1463
8	1	1755	1755
9	1	253	456
10	1	127	269
11	1	82	195
Total	27	11,581	14,235

1.251 PROPERTY PERSPECTIVE

The client provided us with a document showing the project perspectives:





1.252 PROJECT PHASES

The client provided us with a document showing the project phases

Project Phases	
Phase 1	Phase 2
Ajdan Walk project extend across 16,697 Sqm along the Corniche and is composed of international cafes and restaurants. In addition to several entertainment facilities.	Connecting with a principal boulevard road and cinema complex extending to almost 6,800 Sqm.





1.253 PHOTO RECORD



MARKET INDICATORS





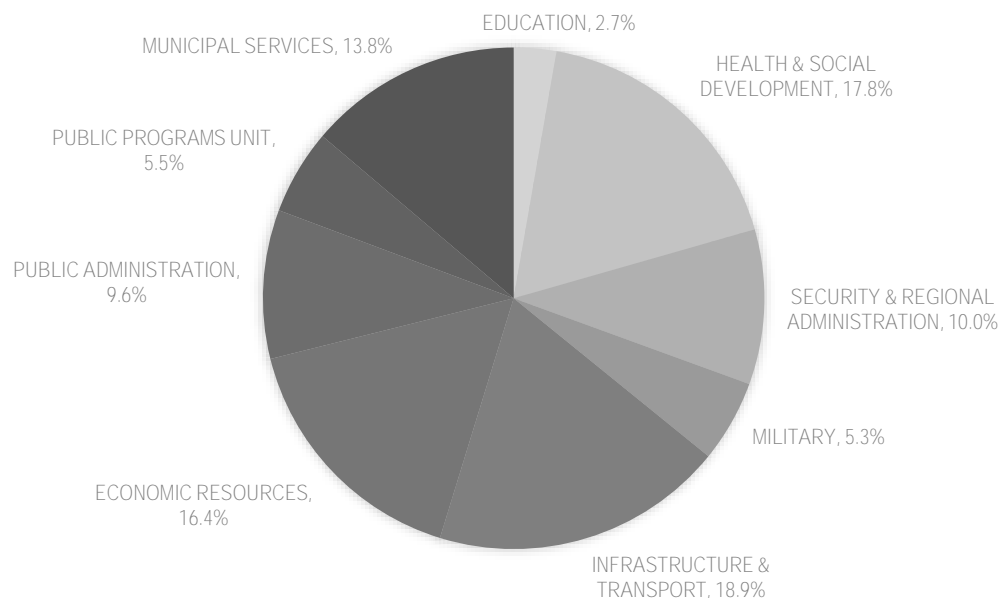
1.254 SAUDI ARABIA ECONOMIC INDICATORS

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

1.255 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.256 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - Open on 4 sides. - Direct view on main road (Prince Turki Road). - Direct view on the seashores. - Availability of Parking area. 	<p>Weakness</p> <ul style="list-style-type: none"> - The project has irregular land shape.
<p>Opportunities</p> <ul style="list-style-type: none"> - High demand on the property type 	<p>Threats</p> <ul style="list-style-type: none"> - Potential similar projects in the same area

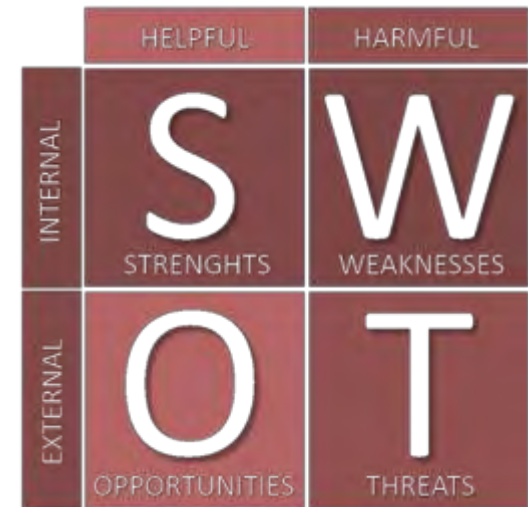
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.257 SECTOR BRIEF

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



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





Overall Sector Performance

From 2020 to 2021



Future Expectations



Overall Sector Stability

From 2020 to 2021



Future Expectations



Values of Lands Related to The Sector

From 2020 to 2021



Future Expectations



Sector rental Income

From 2020 to 2021



Future Expectations



Sector Demand

From 2020 to 2021

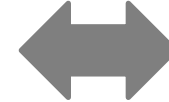


Future Expectations



Investors' Appetite

From 2020 to 2021



Future Expectations



Sector's occupancy ratios

From 2020 to 2021

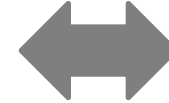


Future Expectations



Sectors Positive Changes

From 2020 to 2021



Future Expectations



White Cubes Team's Analysis



1.258 RISK ANALYSIS

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

Risk Category 17 Risk Points - Medium Risk

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Risk Category 10 Risk Points - Minimal Risk

Land Analysis

Risk Category- 10 Risk Points - Minimal Risk

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

Medium Risk Category 7 Risk Points - Minimal Risk

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION





1.259 DOCUMENTS RECIEVED

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

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

1.260 GENERAL ASSUMPTIONS

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

1.261 LEGAL NOTICES

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



1.262 INFORMATION SOURCE

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

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

1.263 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.264 INPUT VALUATION PROCESS

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

1.265 VALUATION APPROACH

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

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



CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.266 INCOME APPROACH- LEASING CONTRACT

As per the client request and based on the purpose of valuation, we assumed that the subject property is fully operational. The client also informed us that the subject property will be fully leased for 10 years with a triple net amount of 25,000,000 SAR.

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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



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

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 12 years
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	

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

REVENUES						
Unit Type	Quantity	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Mix Use Project			The subject property is fully leased to several tenant			
	0	0	SAR 0	SAR 0	SAR 25,000,000	SAR 0
					Total Revenues	SAR 25,000,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Mix Use Project	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Mix Use Project	SAR 25,000,000	0.00%	SAR 25,000,000			
	SAR 0	0.00%	SAR 0			
		Total	SAR 25,000,000			
Total Property Revenues			SAR 25,000,000			
Total Property Expenses			SAR 0			
Net Operating Income			SAR 25,000,000.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 25,000,000.00	7.00%	357,142,857.14 SAR	357,000,000.00 SAR			



1.267 INCOME APPROACH- MARKET RATES

As per the market survey done by our team for the purpose of valuation, we have found that the market rates for commercial units in malls fall between 1,500 and 2,000 SAR/ Sqm. Yet, the project subject of valuation is located in a premium location and near seashores, the project is also developed with good quality finishing and new design concept, in addition the project is intended for targeted customers. We will be using the higher end range of the market rates 2,000 SAR/ Sqm in our valuation analysis.

Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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



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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 12 years
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	

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

REVENUES						
	Quantity		Revenues			
Unit Type	Total GLA	No of Units	SAR / Sqm		SAR / Unit	Total Revenues
Mix-Use Project	14,235	0	SAR 2,000		SAR 0	SAR 28,470,000
					Total Revenues	SAR 28,470,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance		Vacancy	Total Expenses
Mix-Use Project	2.50%	2.50%	5.00%		5.00%	15.0%
					Total Expenses	SAR 4,270,500



NET OPERATING INCOME			
Unit Type	Total Revenues	Total Expenses	NOI
Mix-Use Project	SAR 28,470,000	SAR 4,270,500	SAR 24,199,500
		Total	SAR 24,199,500
Total Property Revenues			SAR 28,470,000
Total Property Expenses			-SAR 4,270,500
Net Operating Income			SAR 24,199,500.00
CAP RATE ANALYSIS			
Net Operating Income	Cap Rate	Property Value	Rounded Value
SAR 24,199,500.00	7.00%	345,707,142.86 SAR	345,710,000.00 SAR

1.268 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 357,000,000	Three Hundred Fifty-Seven Million Saudi Riyals
Income- Market	Property	SAR 345,710,000	Three Hundred Forty-Five Million and Seven Hundred Ten Thousand Saudi Riyals

1.269 SUBJECT PROPERTY VALUE

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

Property Value: **357,000,000 SAR**
 Three Hundred Fifty-Seven Million Saudi Riyals

1.270 REPORT USE

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



1.271 DISCLAIMER

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

1.272 CONCLUSION

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

Essam Hussaini
Site Inspection Check

Member of (Taqeem)
License No. 1210000474



GENERAL NOTES





1.273 CONSULTANT STATUS

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

1.274 DISCLOSING CONFLICT OF INTEREST

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

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

No	If Yes		Remarks
	Client	Date	
✓	Sedco Capital	Dec 2020	-----
✓	-----	-----	-----
✓	-----	-----	-----

1.275 CONFIDENTIALITY

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

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



1.276 ENVIRONMENTAL MATTERS

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

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