



WHITE CUBES
REAL ESTATE

**PANDA MARWAH
JEDDAH**

PREPARED FOR
ALRAJHI CAPITAL

JANUARY 2019



الراجحي المالية
Al Rajhi Capital 

**REAL ESTATE
VALUATION**



REF: WCRE-18-341/1
Date: 06/01/2019
M/S ALRAJHI CAPITAL
Attn Mr. Avinash Ragoowansi

Land Line: +966 11 211 9250
Email: RagoowansiA@alrajhi-capital.com

Subject: Valuation Report for Panda Marwah in Jeddah City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on December 27, 2018 for valuation service of the commercial project (Panda Marwah) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Dr. Mohammad Taha – CEO WHITE CUBES GLOBAL

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)
Member of the International Association of certified valuer
Member of the Arab Academy for Valuation
Senior Sworn Valuer in the Lebanese Ministry of Justice
Member of the American Institute for Valuation

License No. 1220000263
License No. MIE00394
License No. 20100112

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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA



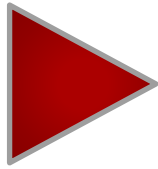


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INTRODUCTION

This section is to express disclosures, disclaimers and general statements about the limitations of the valuation procedures.





1.1 INSTRUCTION

We have received instruction from ALRAJHI CAPITAL dated on December 27, 2018 to proceed with the valuation service for Panda Marwah in Jeddah city (Al Rajhi REIT).

Valuation Type	Real Estate
Instructions From	AlRajhi Capital
Property Type	Commercial
Property Name	Panda Marwah
Location	KSA, Jeddah

1.3 INTEREST TO BE VALUED

We are instructed that the Subject Property should be valued as freehold, free from any encumbrances or third-party interests. We have not made any investigation on the title and have assumed that any such investigation would not identify any discrepancies in ownership.

1.5 INDEPENDENT CONSULTANT

An External Valuer is defined in the RICS Standards as; *“A valuer who, together with any associates, has no material links with the client company or the subject of the assignment.”*

We confirm that we are an independent contractor for the subject service, and nothing contained in this agreement shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between the client & White Cubes staff. We also confirm that we have no conflict of interest to the client’s property.

1.2 CLIENT

The client to whom this report is prepared is ALRAJHI CAPITAL (Al Rajhi REIT Fund), a company working under the Saudi law and regulations.

Client Name	Al Rajhi Capital (Al Rajhi REIT Fund)
Domain	Financial Firm
Location	KSA, Riyadh
Contact Person	Avinash Ragoowansi
Contact No.	+966 564 242 083

1.4 STATUS OF CONSULTANT / VALUER

We confirm that the Valuer / Consultant has no material connection or involvement with the subject of the valuation or with the Client and can provide an objective and unbiased valuation. We confirm the Valuer is competent to undertake the valuation assignment and has sufficient skills and knowledge of the respective market to undertake the valuation.

1.6 STRUCTURAL STABILITY (IF ANY)

Our scope of service does not include any technical testing of structure for stability and strength measurements. However, and in case of any visually observed and noted deficiencies within the structure, we will note them in our report and to be reflect in the estimation of value.

1.7 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.

1.8 VALUATION STANDARDS

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (2014 edition) and Rules of Conduct for members. In addition to recently published International Valuation Standards issued by IVSC (International Valuation Standards Council) and applied by TAQEEM (Saudi Authority for Accredited Valuers).



الهيئة السعودية للمقيمين المعتمدين
Saudi Authority for Accredited Valuers



1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for Real Estate Investment Fund

Acquisition Purposes	Selling Purposes	Private Fund Raising
Public Fund Raising	Real Estate Investment Trust (REIT) ✓	Internal Decision Making
Insurance Purposes	Liquidation Purposes	Distribution of inheritance
Financing Purposes	Court Disputes	Partnership Purposes
Government expropriation Purposes	Losses & Damages Purposes	Others.

Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Income Approach & Depreciated Replacement Cost (DRC)**

1.10 CLIENT APPROVAL DATE

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

Dec 27, 2018.

1.11 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.

Dec 27, 2018.

1.12 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

Dec 31, 2018.

1.13 REPORT DATE

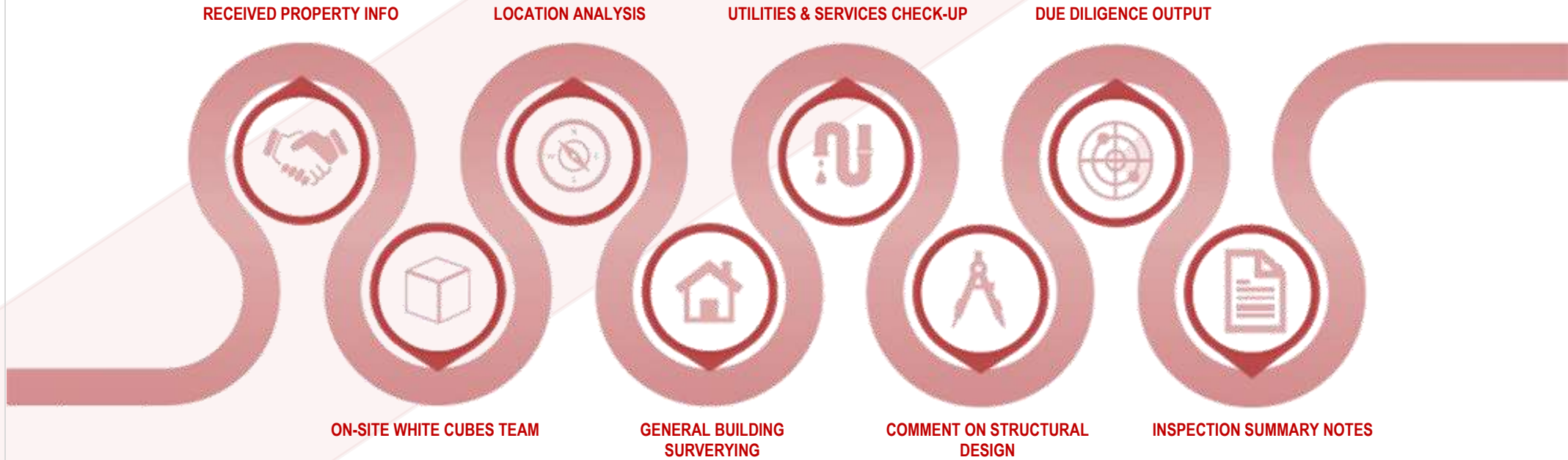
The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

Jan 06, 2019.



1.14 INSPECTION ROLE

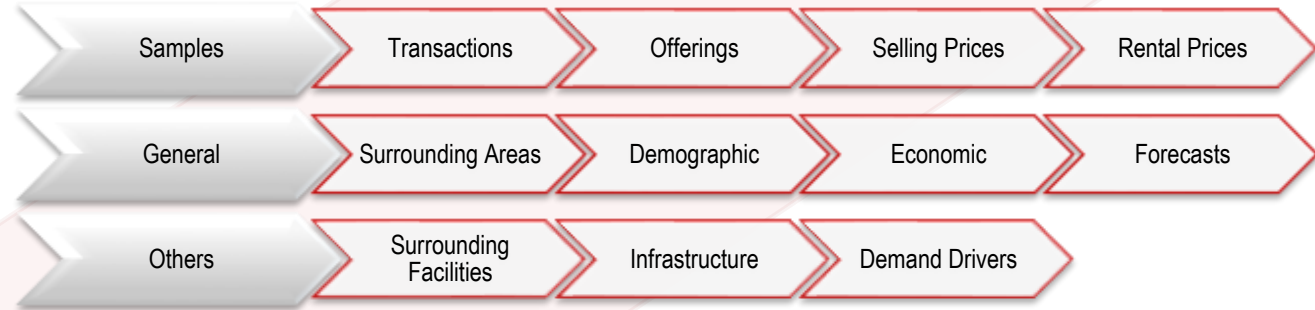
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / 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.





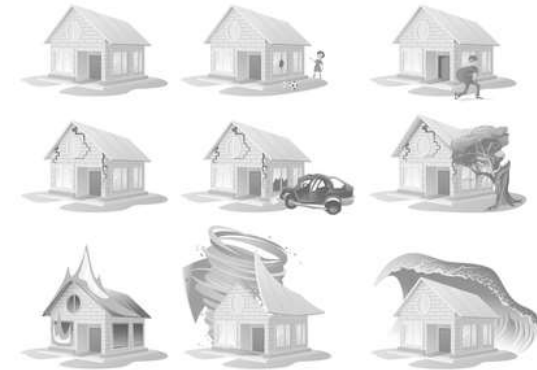
1.15 MARKET SURVEY

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.



1.16 REPORT CURRENCY

This report is using the currency of Saudi Arabian Riyals (SAR)



1.17 INSURANCE

We have not been provided with any insurance policy for the subject property.

1.18 LEGAL NOTICES

We are not aware of nor have we been informed of any legal notices served on the property, outstanding or pending in the courts of law.

	No Issues	Issues Noted	We have not been informed
Court Disputes	-----	-----	✓
Un Authorized Documents	-----	-----	✓
Conflict with Municipality Regulations and Law	-----	-----	✓
Mortgage and financing issues	-----	-----	✓

1.19 INFORMATION SOURCE

For the purpose of this report, it is assumed that the written and verbal information provided to us by the Client is up to date, complete and correct. White Cubes has furthermore undertaken further research with respect to, but not limited to, general price levels of lands; occupancies, lease and daily active most known recent market activities. In addition, we have relied on the following sources in the valuation process.

- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





1.20 KNOWLEDGE & SKILLS

We confirm that the undersigned valuer(s) undertaking this instruction are suitably qualified and have the appropriate knowledge and skills to undertake this instruction. Even so, the valuer(s) acknowledge the significant assistance provided by the:



1.21 OUR ACCREDITED VALUERS IN TAQEEM

Our main accredited Valuers and officially authorized by White Cubes Real Estate to sign on any document published by us are as per the following:

- 1 Dr. Mohammad N Taha – Partner – CEO
License Number 1220000263
- 2 Mr. Essam M. Hussaini – Owner – Head of Valuation Team
License Number 1210000474

Valuer Name	Completed Courses in Taqeeem															
	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116
Dr. Mohammad N Taha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Essam M. Hussaini	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



1.22 VALUATION COMPLIANCE

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (January 2014 Edition) and the International Valuation Standards Council (IVSC) International Valuations Standards (2014 Edition). It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSC International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.

1.23 VALUATION STANDARDS

The valuation approach done into this report took into consideration the valuation standards approved by the following associations.

- TAQEEM (Saudi Authority of Accredited Valuers).
- RICS (Royal Institution of chartered Surveyors)
- IACVA (International Association of Certified Valuers & Analysts)
- IVSC (International Valuation Standards Council)
- ARV (Arabic Academy of Valuation)

1.24 BASES 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;

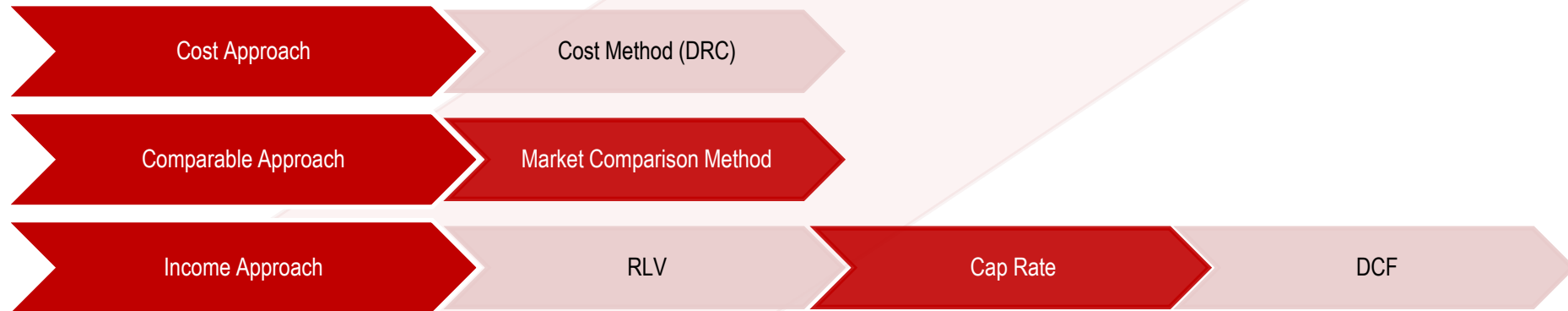
**AND
WITHOUT
COMPULSION**

'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.



1.25 VALUATION APPROACH

According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of real estate valuation Approach as follows:



DEPRECIATED REPLACEMENT COST (DRC)

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

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



COMPARABLE METHOD

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

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.

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



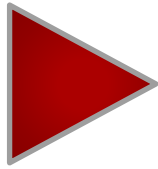
RESIDUAL LAND VALUE (RLV)

The residual land value is a method used to determine the value and potential profitability of a piece of property less any expenses related to the land. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land. The application of the residual method of valuation is based on the principle that the price to be paid for a property that is suitable for development is equal to the difference between (i) the completed value of the highest and best form of permitted development and (ii) the total cost of carrying out that development. Thus, the net capital value of the completed development is assessed (after deducting any costs of sale) on the assumption that it has been developed for the most valuable form of development, and from that value is deducted the cost of all construction and building work required to carry out the development (including all ancillary costs, e.g. purchase costs, letting fees, finance, etc.), as well as an appropriate allowance for profit on the development

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	-----	-----	✓	-----	-----





PROPERTY INFO & VALUATION

This section indicates full description of the subject property / properties that contains the legal documents info, location, components, status, condition and many other elements.





2.1 PROPERTY DESCRIPTION

The subject property is a commercial property located in Al Marwah district, Jeddah city and occupied by Panda Hypermarket. The Property has a total land area of 38,641.00 Sqm, and a total BUA of 15,247.72 Sqm. The subject property is a commercial building which was constructed 8 years ago. The purpose of valuation that include the subject property is for Real Estate Investment Trust Purposes.

2.2 TITLE DEED & OWNERSHIP

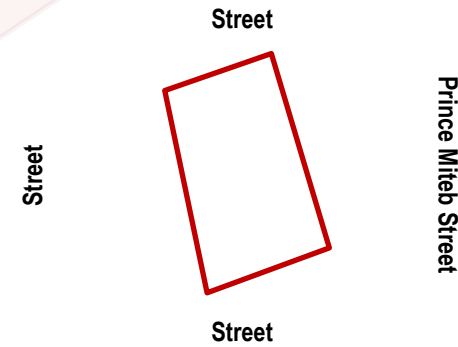
We were provided with copy of the title deed of the subject property which is owned by one title deed. The details of the subject property:

City	Jeddah
District	Al Marwah
Title deed Type	Electronic
T.D No.	420205025490
T.D Date	13/03/1437 H. D
Title Deed Value	N/A
Date of Latest Transaction Issued by	13/03/1437 H. D Jeddah Notary
Property Type	Commercial Building
Land Area (Sqm)	38,641.00
Plot No.	1
Block No.	N/A
Layout No.	ج/س/432

Notes

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

2.3 BOUNDARIES



	North	South	East	West
Pathway	-----	-----	-----	-----
Street	✓	✓	✓	✓
Plot	-----	-----	-----	-----
Block	-----	-----	-----	-----
Private Property	-----	-----	-----	-----
Mountain	-----	-----	-----	-----
Valley	-----	-----	-----	-----
Sea	-----	-----	-----	-----
River	-----	-----	-----	-----
Length	26.5 m	12 m	80 m	16 m
Sides Open	4			



2.4 CONSTRUCTION & BUILDINGS

The subject property is a fully constructed commercial building. The Client has not provided us with a copy of the Construction Permit, however he informed us that the subject property has a BUA of 15,247.72 as per the construction permit number 23508 dated on 23/05/1429 HD

2.5 LEASING CONTRACT

The client has informed us that the subject property has a rent contract. The contract is an agreement between the First Party (AlRajhi Capital) and the Second Party (Al-Aziziya Panda). The contract involves the Second Party renting the subject property for 15 years, from 12/11/2013 to 11/11/2028. The following shows an annual rent payment related to the leasing of the subject property:

Year	Annual Payment (SAR)
1	9,809,608
2	9,809,608
3	9,809,608
4	9,809,608
5	9,809,608
6 - 2018	11,262,883
7	11,262,883
8	11,262,883
9	11,262,883
10	11,262,883
11	12,716,158
12	12,716,158
13	12,716,158
14	12,716,158
15	12,716,158
TOTAL	168,943,245



2.6 LAND SPECS

The subject property has the following criteria:

Current Land Status	
Vacant	-----
Constructed	----- ✓
Under Construction	-----
Excavated	-----
Raw Land	-----

Current Land Use	
Commercial	----- ✓
Industrial	-----
Residential	-----
Agricultural	-----
Mix Use	-----

Current Land Grading	
Graded	----- ✓
Semi-Graded	-----
Mountain	-----
Valley	-----
Slope	-----

Current Surrounding Property	
Commercial	----- ✓
Industrial	-----
Residential	----- ✓
Agricultural	-----
Mix Use	-----

2.7 INFRASTRUCTURE FACILITIES

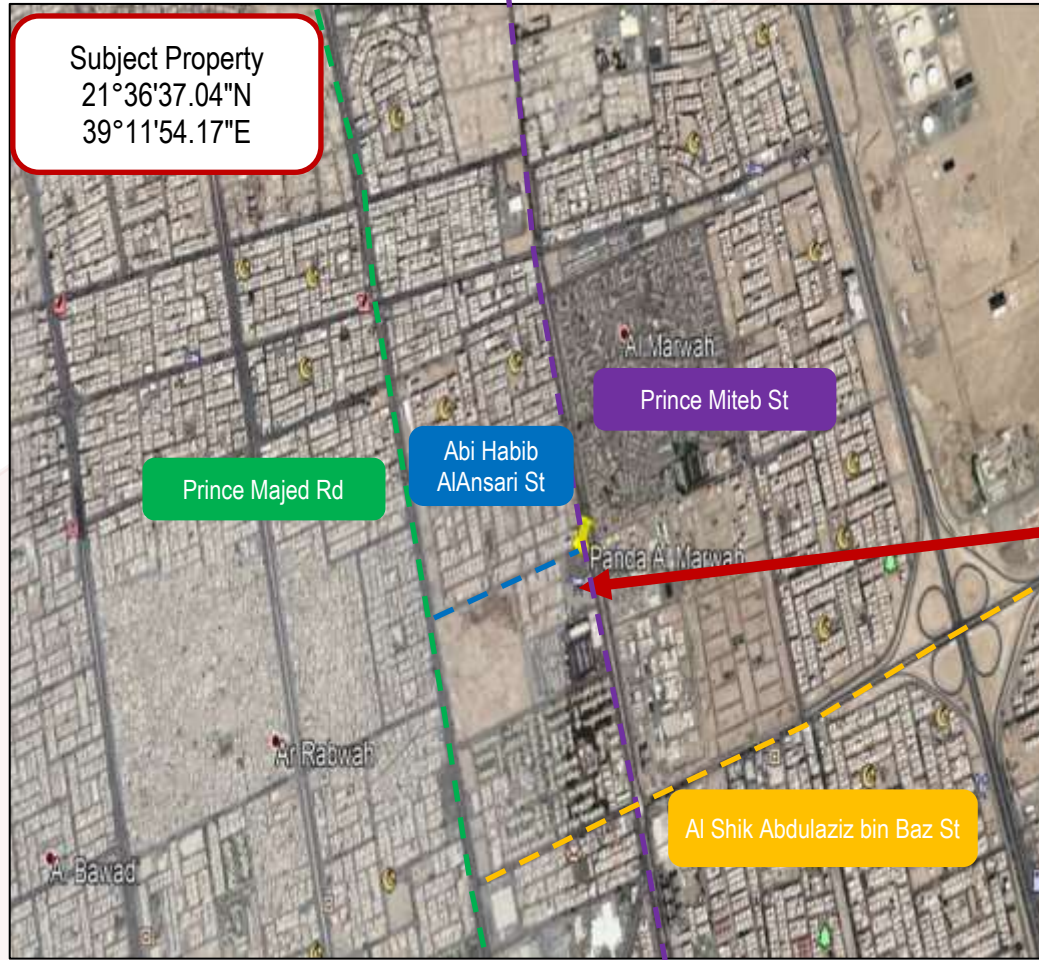
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



2.8 LOCATION

The subject property is located in Al Marwah District in Jeddah city with a direct view on Prince Miteb Street. The location and coordinates of the subject property are as follows:

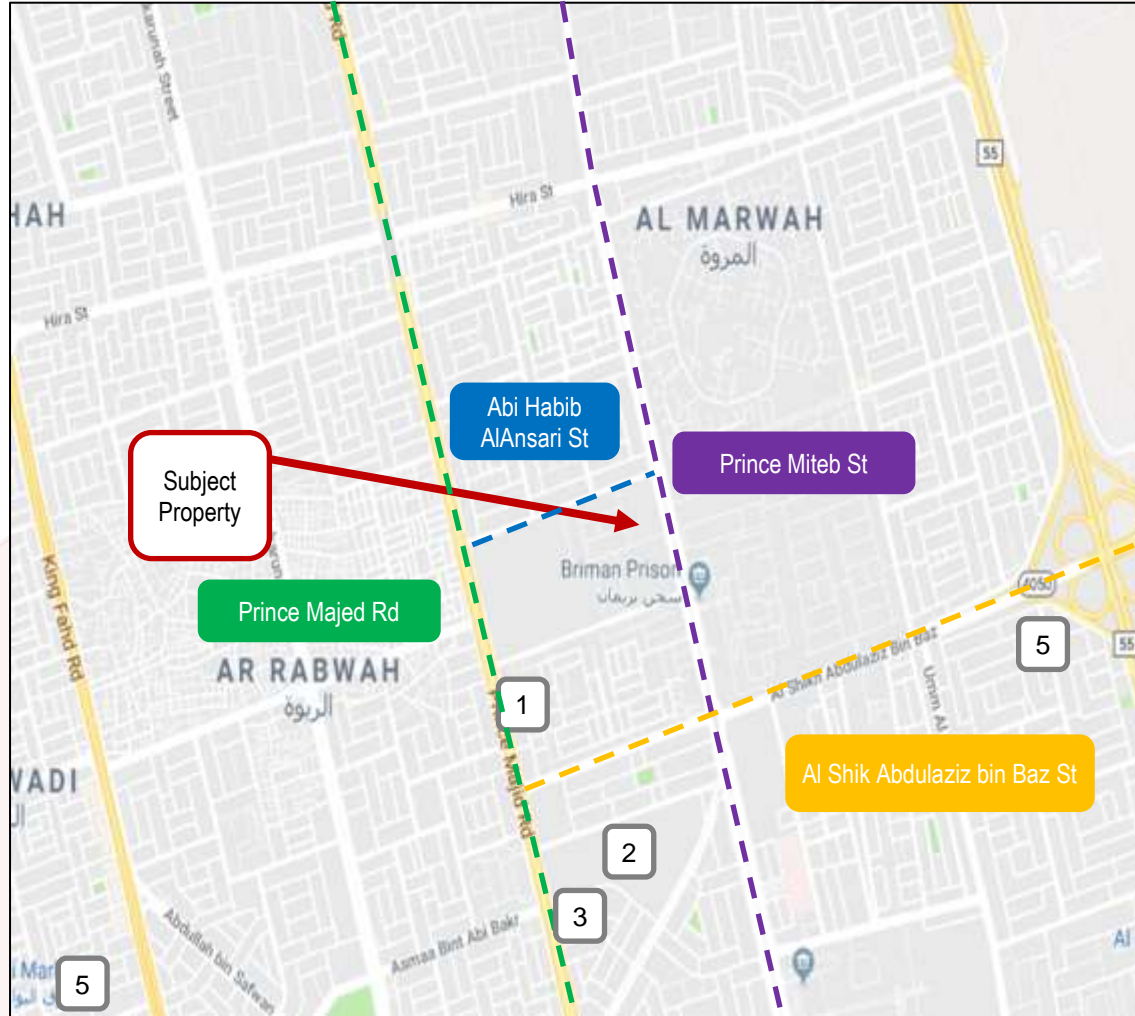


N Coordinates	21°36'37.04"
E Coordinates	39°11'54.17"
City	Jeddah
District	Al Marwah
Street	Prince Miteb Street
Property Type	Commercial Building

Source: White Cubes & Google Maps

2.9 ACCESS & LAND MARKS

The subject property can be accessed through the following main streets as shown in the map below.



ACCESS TO SUBJECT PROPERTY

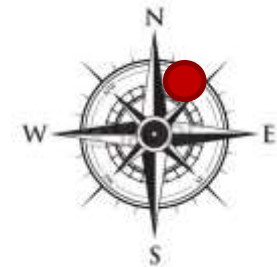
The subject property can be accessed through the following roads:

North Side:	Abi Habib AlAnsari Street
South Side:	Al Shik Abdulaziz bin Baz Street
East Side:	Prince Miteb Street
West Side:	Prince Majed Road

LAND MARKS

- 1- eXtra (1.01 Kilometres)
- 2- NGFC Abdl Latif Jameel Co. Ltd. (1.25 Kilometres)
- 3- Jarir Bookstore (1.61 Kilometres)
- 4- Masjid Aisha (2.33 Kilometres)
- 5- Bawadi Market (3.32 Kilometres)

Location of the subject property according to the City Center





2.10 PHOTO RECORD

Date of Photos: Dec 27, 2018



Date of Photos: Dec 27, 2018





2.11 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
Forecasts & Expectations	Income & Revenues	Others

2.12 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.



2.13 RISK ANALYSIS

SECTOR 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	1	8	3	0	0
Risk Category	12 Risk Points - Minimal Risk				

LAND ANALYSIS

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				

PROPERTY ANALYSIS

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	1	2	3	0	0
Risk Category	6 Risk Points - Minimal Risk				



2.14 COST APPROACH (DRC)

In the cost approach we will evaluate the subject property as 2 different assets; land valuation based on comparable method and construction valuation based on the depreciated replacement cost. After estimating the current construction replacement cost, we will take into consideration the actual age of the construction and apply the proper depreciation rate based on the economic age of the construction as well as its current condition. Then, a developer (Owner) profit shall be added on the net depreciated value of the construction based on the actual completion rate of such construction.

Our cost estimate analysis assumptions were based on the market average rates and normal practices. Yet, the status, condition, quality, performance, etc of all the construction's components will have direct impact on driving our estimates. The following shows some notes about these estimates:

- Since the underground floors include the base, main columns, and the foundation of any building, usually the skeleton works of these floors cost almost 1.5x of the upper floors cost.
- The used electro mechanic cost rates cover the electricity infrastructure, drainage, water infrastructure and telecommunication infrastructure of the building. In addition to that, the estimated costs take into consideration the quantity and quality of other electrochemical systems such as Fire Alarm sys, Fire Fighting Systems, Surveillance Systems, BMS, Elevators, Power Generators, Etc.
- The costs estimate of the furniture, fitouts, and finishing are based on the quality of such.
- The site improvement cost estimates cover the lighting, external decorations and any other elements if available and installed in the external areas of the building itself.
- As for the soft cost, the estimated ratio covers all the expenses may occur before even starting the design phase of the project. Such as, cost of issuing legal documents, feasibility study, valuation and any other advisory service.

The developer (owner) profit is usually based on the market norms and transaction which is usually falls in the range of 20% to 25% depending on the size of the project itself.

On the other hand, the full owner profit ratio is bounded by the completion rate of the property itself. In other words, if the owner profit is 20% in case of 100%, then it will be 10% in case of 50% completion.

As for the subject property, we will use 20% developer profit rate.

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
420205025490	38,641.00	SAR 4,750	SAR 183,544,750
Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	15,247.72
Total (SQM)	15,247.72		



HARD COSTS ESTIMATES					
Ground Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	15,247.72	SAR 700	SAR 10,673,404	100%	SAR 10,673,404
Electro Mechanic	15,247.72	SAR 150	SAR 2,287,158	100%	SAR 2,287,158
Finishing	15,247.72	SAR 400	SAR 6,099,088	100%	SAR 6,099,088
Fit outs & Appliances	15,247.72	SAR 0	SAR 0	100%	SAR 0
Furniture	15,247.72	SAR 0	SAR 0	100%	SAR 0
Total			SAR 19,059,650	100.00%	SAR 19,059,650
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	38,641.00	SAR 50	SAR 1,932,050	100%	SAR 1,932,050
External Landscape	23,393.28	SAR 50	SAR 1,169,664	100%	SAR 1,169,664
Fences	0.00	SAR 0	SAR 0	100%	SAR 0
Site Improvements	23,393.28	SAR 100	SAR 2,339,328	100%	SAR 2,339,328
Total			SAR 5,441,042	100.00%	SAR 5,441,042
	Actual Completion %			Total BUA	15,247.72
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 24,500,692
General Site Dev.	100.00%			Average SAR / Sqm	SAR 1,607
				Overall Completion	100.00%
SOFT COSTS ESTIMATES					
		Total Hard Cost	Ratio	Soft Cost	
Design		SAR 24,500,692	1.00%	SAR 245,006.92	
Eng Consultant		SAR 24,500,692	1.00%	SAR 245,006.92	
Management		SAR 24,500,692	2.00%	SAR 490,013.84	
Contingency		SAR 24,500,692	2.00%	SAR 490,013.84	
Others		SAR 24,500,692	2.00%	SAR 490,013.84	
TOTAL				SAR 1,960,055.36	
DEVELOPMENT VALUE					
Hard Cost		SAR 24,500,692		Economic Age	40
Soft Cost		SAR 1,960,055		Annual Dep Rate	2.50%
Total Dev Cost		SAR 26,460,747			
Net Dep Rate		20.00%		Actual Age	8
Dev Cost After Depreciation		SAR 21,168,598		Total Dep Rate	20.00%
				Add Appr Rate	0.00%
				Net Dep Rate	20.00%
Total Completion Rate		100.00%			
Developer Profit Rate @ 20%		20.0%			
Dev. Profit Amount		SAR 4,233,720			
Development Value		SAR 25,402,317			
Total Dev. Value	Land Value	Total Property Value	Rounded Value		
SAR 25,402,317	SAR 183,544,750	SAR 208,947,067	SAR 209,000,000		



2.15 INCOME APPROACH – LEASING CONTRACT

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject property is Fully leased to 1 tenant			SAR 11,262,883
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 11,262,883
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 11,262,883	0.00%	SAR 11,262,883		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
Total					SAR 11,262,883
Total Property Revenues					SAR 11,262,883
Total Property Expenses					SAR 0
Net Operating Income					SAR 11,262,883.00
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 11,262,883.00	7.00%	160,898,328.57 SAR	161,000,000.00 SAR		

The subject property is fully leased to one tenant. The used figure in terms of revenues was based on the leasing contract amount, terms and conditions. As for the OPEX rate, which is being paid by the Tenant.



2.16 DISCOUNTED CASH FLOW APPROACH – LEASING CONTRACT

Cash Flow		0	1	2	3	4	5	6	7	8	9
Expected Revenues											
Total	SAR	11,262,883	11,262,883	11,262,883	11,262,883	11,262,883	12,716,158	12,716,158	12,716,158	12,716,158	12,716,158
Overall Revenues		11,262,883	11,262,883	11,262,883	11,262,883	11,262,883	12,716,158	12,716,158	12,716,158	12,716,158	12,716,158
Vacancy Rates											
One Tenant	0.0%	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0
Expenses											
OPEX	0.0%	0	0	0	0	0	0	0	0	0	0
Others	0%	0	0	0	0	0	0	0	0	0	0
Overall Expenses		0	0	0	0	0	0	0	0	0	0
NOI		11,262,883	11,262,883	11,262,883	11,262,883	11,262,883	12,716,158	12,716,158	12,716,158	12,716,158	12,716,158
Terminal Value @ ----->	7.0%										181,659,400
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54	0.50
Present Value		11,262,883	10,428,595	9,656,107	8,940,840	8,278,555	8,654,403	8,013,337	7,419,756	6,870,144	97,236,172
Market Rate / Net Present Value											176,760,793

2.17 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach – Leasing Contract	Property	SAR 161,000,000	One Hundred Sixty-One Million Saudi Riyals
DCF Approach	Property	SAR 176,000,000	One Hundred Seventy-Six Million Saudi Riyals
DRC Approach	Land + Building	SAR 209,000,000	Two Hundred Nine Million Saudi Riyals



2.18 SUBJECT PROPERTY VALUE

The purpose of the valuating the subject property is for Real Estate Investment Trust Fund purposes. For that reason, any of the income approaches should be chosen to reflect the market value of the subject property. In our case, using the Cap Rate methodology and the Discounted Cash Flow Methodology shows less values when compared to the asset value (Land + building) using the DRC approach. the Cost Approach usually reflect the minimum expected value of the subject property since it does not take into consideration any generated revenues from such property. In addition to that, the land value usually reflect the allowed FAR (Higher FAR lead to Higher land value) where the investors usually try to utilize the maximum allowed BUA to maximuize their returns as possible.

This means, and based on the market construction regulations, the subject property was not utilized as per the best use in terms of the allowed BUA and no of floor. Therefore, and based on this analysis, we will apply the cost approach (DRC) to reflect the market value of the subject property. The current revenues of the subject property are very low due to the current use of it. Based on that, we advise to redevelop the subject property as the best use possible to increase the expected return of the property from 5% (Current) to at least 8% to 9% (Expected based on HBU).

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

Property Value: 209,000,000 SAR
Two Hundred Nine Million Saudi Riyals

2.19 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.

2.20 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.

2.21 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.

Dr. Mohammad Taha – CEO
Valuation Check



Member of (Taqeem)
License No. 1220000263

Essam Hussaini
Site Inspection Check



Member of (Taqeem)
License No. 1210000474

WHITE CUBES REAL ESTATE
Dr. Mohammad Taha – CEO
Member of the Saudi Authority of Accredited Valuers (Taqeem)
PHD, CVA, AEC
License No. 1220000263





WHITE CUBES
REAL ESTATE

**PANDA ROWDAH
JEDDAH**

PREPARED FOR
ALRAJHI CAPITAL

JANUARY 2019



الراجحي المالية
Al Rajhi Capital 

**REAL ESTATE
VALUATION**



REF: WCRE-18-/1
Date: 06/01/2019
M/S ALRAJHI CAPITAL
Attn Mr. Avinash Ragoowansi

Land Line: +966 11 211 9250
Email: RagoowansiA@alrajhi-capital.com

Subject: Valuation Report for Panda Rowdah in Jeddah City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on December 27, 2018 for valuation service of the commercial project (Panda Rowdah) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Dr. Mohammad Taha – CEO WHITE CUBES GLOBAL

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)
Member of the International Association of certified valuer
Member of the Arab Academy for Valuation
Senior Sworn Valuer in the Lebanese Ministry of Justice
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WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





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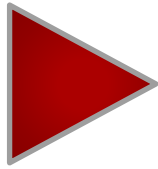
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INTRODUCTION

This section is to express disclosures, disclaimers and general statements about the limitations of the valuation procedures.





1.1 INSTRUCTION

We have received instruction from ALRAJHI CAPITAL dated on December 27, 2018 to proceed with the valuation service for Panda Rowdah in Jeddah city. (Al Rajhi REIT)

Valuation Type	Real Estate
Instructions From	AlRajhi Capital
Property Type	Commercial
Property Name	Panda Rowdah
Location	KSA, Jeddah

1.3 INTEREST TO BE VALUED

We are instructed that the Subject Property should be valued as freehold, free from any encumbrances or third-party interests. We have not made any investigation on the title and have assumed that any such investigation would not identify any discrepancies in ownership.

1.5 INDEPENDENT CONSULTANT

An External Valuer is defined in the RICS Standards as; *“A valuer who, together with any associates, has no material links with the client company or the subject of the assignment.”*

We confirm that we are an independent contractor for the subject service, and nothing contained in this agreement shall be construed as constituting any relationship with the client other than that of client and independent contractor, or as creating any employment relationship whatsoever between the client & White Cubes staff. We also confirm that we have no conflict of interest to the client’s property.

1.2 CLIENT

The client to whom this report is prepared is ALRAJHI CAPITAL (Al Rajhi REIT Fund), a company working under the Saudi law and regulations.

Client Name	Al Rajhi Capital (Al Rajhi REIT Fund)
Domain	Financial Firm
Location	KSA, Riyadh
Contact Person	Avinash Ragoowansi
Contact No.	+966 564 242 083

1.4 STATUS OF CONSULTANT / VALUER

We confirm that the Valuer / Consultant has no material connection or involvement with the subject of the valuation or with the Client and can provide an objective and unbiased valuation. We confirm the Valuer is competent to undertake the valuation assignment and has sufficient skills and knowledge of the respective market to undertake the valuation.

1.6 STRUCTURAL STABILITY (IF ANY)

Our scope of service does not include any technical testing of structure for stability and strength measurements. However, and in case of any visually observed and noted deficiencies within the structure, we will note them in our report and to be reflect in the estimation of value.

1.7 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.

1.8 VALUATION STANDARDS

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (2014 edition) and Rules of Conduct for members. In addition to recently published International Valuation Standards issued by IVSC (International Valuation Standards Council) and applied by TAQEEM (Saudi Authority for Accredited Valuers).



الهيئة السعودية للمقيمين المعتمدين
Saudi Authority for Accredited Valuers



1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for Real Estate Investment Fund

Acquisition Purposes	Selling Purposes	Private Fund Raising
Public Fund Raising	Real Estate Investment Trust (REIT)	Internal Decision Making
Insurance Purposes	Liquidation Purposes	Distribution of inheritance
Financing Purposes	Court Disputes	Partnership Purposes
Government expropriation Purposes	Losses & Damages Purposes	Others.

Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Income Approach & Depreciated Replacement Cost (DRC)**

1.10 CLIENT APPROVAL DATE

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

Dec 27, 2018.

1.11 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.

Dec 27, 2018.

1.12 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

Dec 31, 2018.

1.13 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.

Jan 06, 2019.



1.14 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.

RECEIVED PROPERTY INFO

LOCATION ANALYSIS

UTILITIES & SERVICES CHECK-UP

DUE DILIGENCE OUTPUT



ON-SITE WHITE CUBES TEAM

GENERAL BUILDING SURVEYING

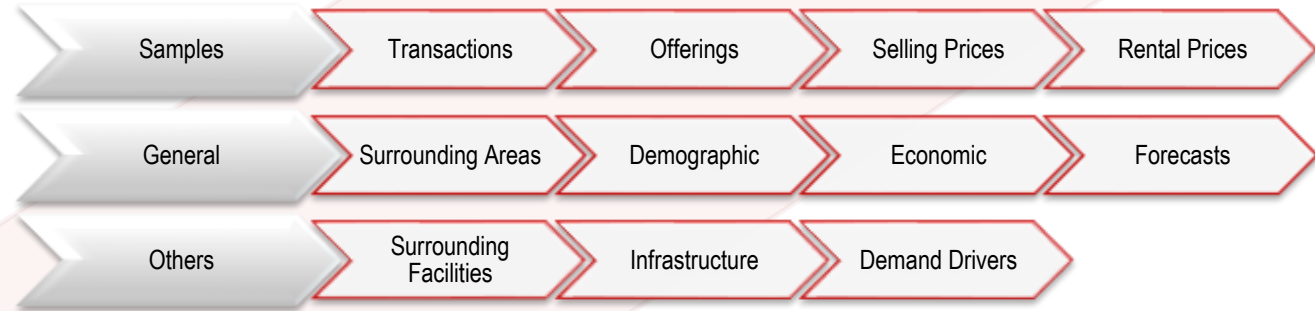
COMMENT ON STRUCTURAL DESIGN

INSPECTION SUMMARY NOTES



1.15 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.



1.16 REPORT CURRENCY

This report is using the currency of Saudi Arabian Riyals (SAR)



1.17 INSURANCE

We have not been provided with any insurance policy for the subject property.

1.18 LEGAL NOTICES

We are not aware of nor have we been informed of any legal notices served on the property, outstanding or pending in the courts of law.

	No Issues	Issues Noted	We have not been informed
Court Disputes	-----	-----	✓
Un Authorized Documents	-----	-----	✓
Conflict with Municipality Regulations and Law	-----	-----	✓
Mortgage and financing issues	-----	-----	✓

1.19 INFORMATION SOURCE

For the purpose of this report, it is assumed that the written and verbal information provided to us by the Client is up to date, complete and correct. White Cubes has furthermore undertaken further research with respect to, but not limited to, general price levels of lands; occupancies, lease and daily active most known recent market activities. In addition, we have relied on the following sources in the valuation process.

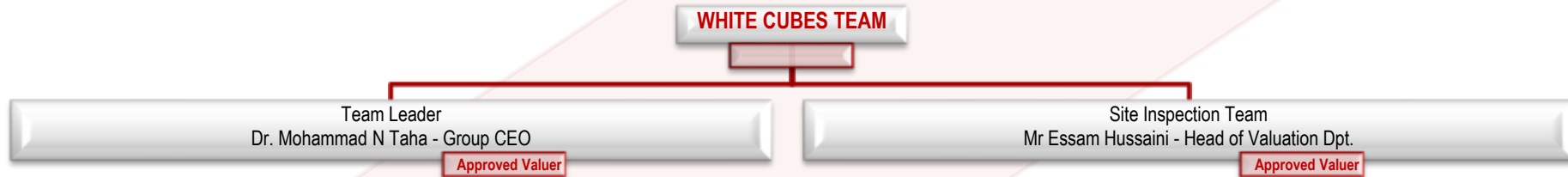
- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





1.20 KNOWLEDGE & SKILLS

We confirm that the undersigned valuer(s) undertaking this instruction are suitably qualified and have the appropriate knowledge and skills to undertake this instruction. Even so, the valuer(s) acknowledge the significant assistance provided by the:



1.21 OUR ACCREDITED VALUERS IN TAQEEM

Our main accredited Valuers and officially authorized by White Cubes Real Estate to sign on any document published by us are as per the following:

- 1 Dr. Mohammad N Taha – Partner – CEO
License Number 1220000263
- 2 Mr. Essam M. Hussaini – Owner – Head of Valuation Team
License Number 1210000474

Valuer Name	Completed Courses in Taqeeem															
	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116
Dr. Mohammad N Taha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Essam M. Hussaini	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



1.22 VALUATION COMPLIANCE

The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (January 2014 Edition) and the International Valuation Standards Council (IVSC) International Valuations Standards (2014 Edition). It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSC International Valuation Standards (IVS) as set out in the IVS General Standards, IVS Asset Standards, and IVS Valuation Applications.

1.23 VALUATION STANDARDS

The valuation approach done into this report took into consideration the valuation standards approved by the following associations.

- TAQEEM (Saudi Authority of Accredited Valuers).
- RICS (Royal Institution of chartered Surveyors)
- IACVA (International Association of Certified Valuers & Analysts)
- IVSC (International Valuation Standards Council)
- ARV (Arabic Academy of Valuation)

1.24 BASES 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;

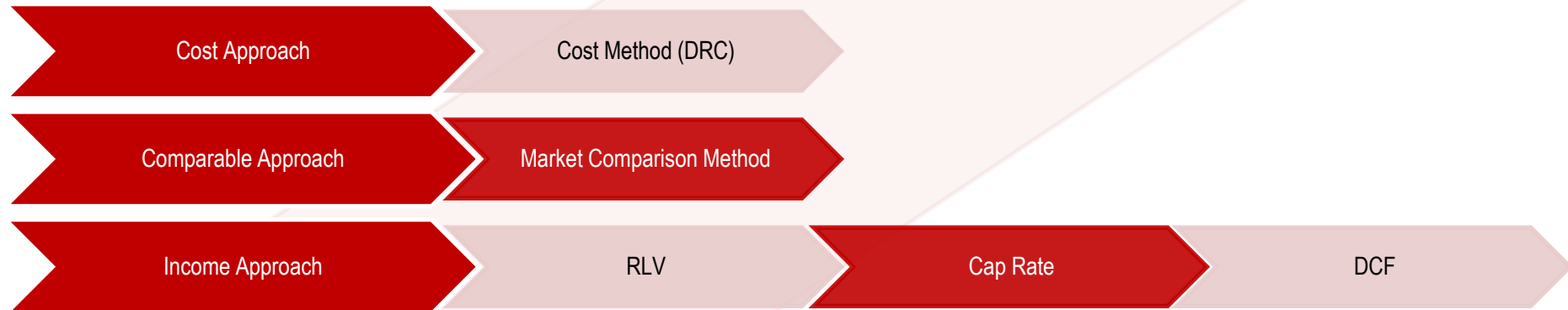
**AND
WITHOUT
COMPULSION**

'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.



1.25 VALUATION APPROACH

According to the International Valuation Standard Council (IVSC), and according to the TAQEEM valuation principles, there are 3 main types of real estate valuation Approach as follows:



DEPRECIATED REPLACEMENT COST (DRC)

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

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



COMPARABLE METHOD

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

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.

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



RESIDUAL LAND VALUE (RLV)

The residual land value is a method used to determine the value and potential profitability of a piece of property less any expenses related to the land. Residual land value is the value of the land that remains after any and all deductions associated with the cost of developing, maintaining or reselling the land. The application of the residual method of valuation is based on the principle that the price to be paid for a property that is suitable for development is equal to the difference between (i) the completed value of the highest and best form of permitted development and (ii) the total cost of carrying out that development. Thus, the net capital value of the completed development is assessed (after deducting any costs of sale) on the assumption that it has been developed for the most valuable form of development, and from that value is deducted the cost of all construction and building work required to carry out the development (including all ancillary costs, e.g. purchase costs, letting fees, finance, etc.), as well as an appropriate allowance for profit on the development

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	-----	-----	✓	✓	-----





1.26 DISCLOSING CONFLICT OF INTEREST

We would like to bring to your attention 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	
✓	-----	-----	-----
✓	-----	-----	-----
✓	-----	-----	-----

1.27 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.



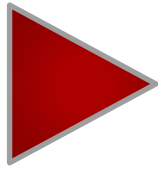
1.28 ENVIRONMENTAL MATTERS

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.



PROPERTY INFO & VALUATION

This section indicates full description of the subject property / properties that contains the legal documents info, location, components, status, condition and many other elements.





2.1 PROPERTY DESCRIPTION

The subject property is a commercial property located in Al Rowdah district, Jeddah city occupied by 1 tenant (Hyper Panda). The Property has a total land area of 9,929,79 Sqm, and a total BUA of 3,250.47 Sqm. The subject property is a commercial building which is newly constructed was constructed 2 years ago. The purpose of valuation that include the subject property is for Real Estate Investment Trust Purposes.

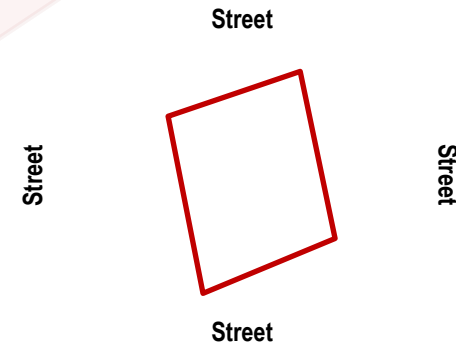
2.2 TITLE DEED & OWNERSHIP

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

City	Jeddah
District	Al Rowdah
Title deed Type	Electronic
T.D No.	220205025489
T.D Date	13/03/1437 H. D
Title Deed Value	N/A
Date of Latest Transaction Issued by	13/03/1437 H. D Jeddah Notary
Property Type	Commercial Building
Land Area (Sqm)	38,641.00
Plot No.	23/24
Block No.	N/A
Layout No.	N/A

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

2.3 BOUNDARIES



	North	South	East	West
Pathway	-----	-----	-----	-----
Street	✓	✓	✓	✓
Plot	-----	-----	-----	-----
Block	-----	-----	-----	-----
Private Property	-----	-----	-----	-----
Mountain	-----	-----	-----	-----
Valley	-----	-----	-----	-----
Sea	-----	-----	-----	-----
River	-----	-----	-----	-----
Length	12 m	25 m	12 m	12 m
Sides Open	4			



2.4 CONSTRUCTION & BUILDINGS

The subject property is a fully constructed commercial building. The Client has not provided us with a copy of the Construction Permit, however we know that the subject property has a BUA of 3,250.47.

2.5 LEASING CONTRACT

The client has informed us that the subject property has a rent contract. The contract is an agreement between the First Party (AlRajhi Capital) and the Second Party (Al-Aziziya Panda). The contract involves the Second Party renting the subject property for 15 years, from 27/02/2014 to 26/02/2029. The following shows an annual rent payment related to the leasing of the subject property:

Year	Annual Payment (SAR)
1	2,417,575
2	2,417,575
3	2,417,575
4	2,417,575
5 - 2018	2,417,575
6	2,775,734
7	2,775,734
8	2,775,734
9	2,775,734
10	2,775,734
11	3,133,893
12	3,133,893
13	3,133,893
14	3,133,893
15	3,133,893
TOTAL	41,636,010

2.6 LAND SPECS

The subject property has the following criteria:

Current Land Status	
Vacant	-----
Constructed	----- ✓
Under Construction	-----
Excavated	-----
Raw Land	-----

Current Land Use	
Commercial	----- ✓
Industrial	-----
Residential	-----
Agricultural	-----
Mix Use	-----

Current Land Grading	
Graded	----- ✓
Semi-Graded	-----
Mountain	-----
Valley	-----
Slope	-----

Current Surrounding Property	
Commercial	----- ✓
Industrial	-----
Residential	----- ✓
Agricultural	-----
Mix Use	-----

2.7 INFRASTRUCTURE FACILITIES

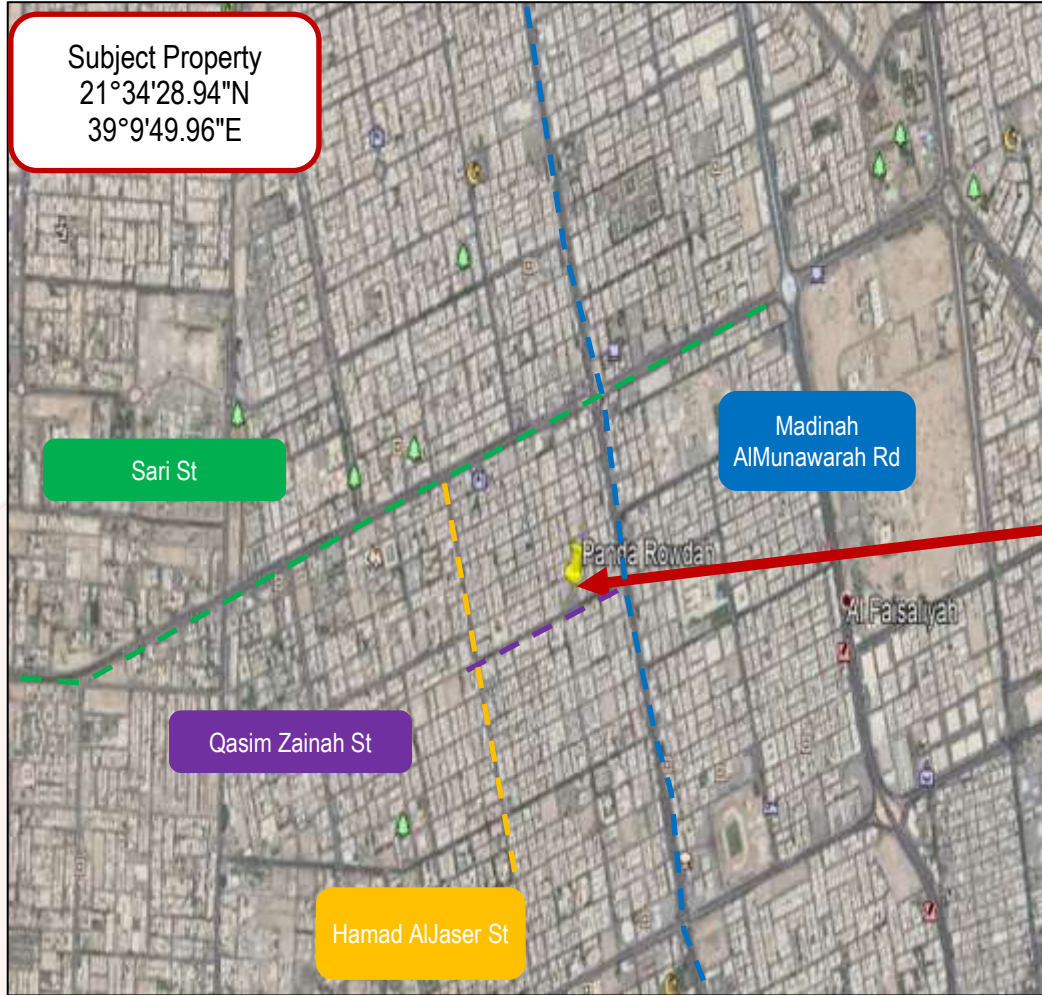
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



2.8 LOCATION

The subject property is located in Al Rowdah District in Jeddah city. The location and coordinates of the subject property are as follows:

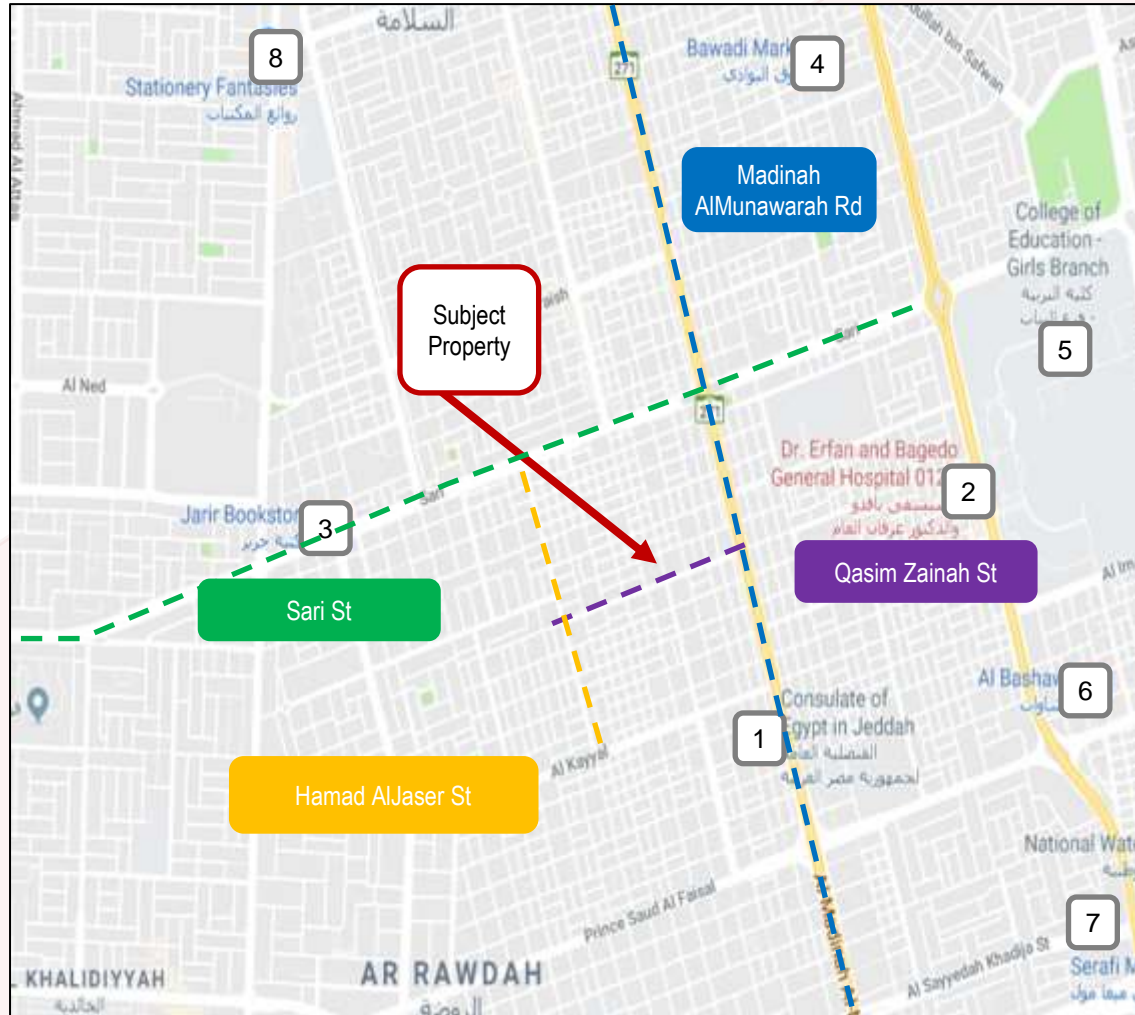


N Coordinates	21°34'28.94"
E Coordinates	39°9'49.96"
City	Jeddah
District	Al Rowdah
Property Type	Commercial Building

Source: White Cubes & Google Maps

2.9 ACCESS & LAND MARKS

The subject property can be accessed through the following main streets as shown in the map below.



ACCESS TO SUBJECT PROPERTY

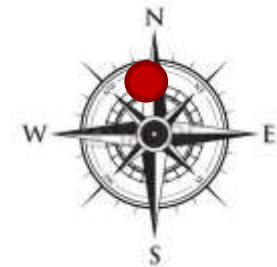
The subject property can be accessed through the following roads:

North Side:	Sari Street
South Side:	Qasim Zainah Street
East Side:	Madinah AlMunawarah Road
West Side:	Hamad AlJaser Street

LAND MARKS

- 1- Consulate of Egypt in Jeddah (0.97 Kilometres)
- 2- Dr. Erfan and Bagedo General Hospital (1.59 Kilometres)
- 3- Jarir Bookstore (1.8 Kilometres)
- 4- Bawadi Market (2.05 Kilometres)
- 5- College of Education – Girls Branch (2.14 Kilometres)
- 6- Al Bashwat (2.32 Kilometres)
- 7- Serafi Mega Mall (2.75 Kilometres)
- 8- Stationery Fantasies (2.91 Kilometres)

Location of the subject property according to the City Center



2.10 PHOTO RECORD

Date of Photos: Dec 27, 2018



Date of Photos: Dec 27, 2018





2.11 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
Forecasts & Expectations	Income & Revenues	Others

2.12 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.



2.13 RISK ANALYSIS

SECTOR 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	1	8	3	0	0
Risk Category	12 Risk Points - Minimal Risk				

LAND ANALYSIS

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				

PROPERTY ANALYSIS

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	1	2	3	0	0
Risk Category	6 Risk Points - Minimal Risk				



2.14 COST APPROACH (DRC)

In the cost approach we will evaluate the subject property as 2 different assets; land valuation based on comparable method and construction valuation based on the depreciated replacement cost. After estimating the current construction replacement cost, we will take into consideration the actual age of the construction and apply the proper depreciation rate based on the economic age of the construction as well as its current condition. Then, a developer (Owner) profit shall be added on the net depreciated value of the construction based on the actual completion rate of such construction.

Our cost estimate analysis assumptions were based on the market average rates and normal practices. Yet, the status, condition, quality, performance, etc of all the construction's components will have direct impact on driving our estimates. The following shows some notes about these estimates:

- Since the underground floors include the base, main columns, and the foundation of any building, usually the skeleton works of these floors cost almost 1.5x of the upper floors cost.
- The used electro mechanic cost rates cover the electricity infrastructure, drainage, water infrastructure and telecommunication infrastructure of the building. In addition to that, the estimated costs take into consideration the quantity and quality of other electrochemical systems such as Fire Alarm sys, Fire Fighting Systems, Surveillance Systems, BMS, Elevators, Power Generators, Etc.
- The costs estimate of the furniture, fitouts, and finishing are based on the quality of such.
- The site improvement cost estimates cover the lighting, external decorations and any other elements if available and installed in the external areas of the building itself.
- As for the soft cost, the estimated ratio covers all the expenses may occur before even starting the design phase of the project. Such as, cost of issuing legal documents, feasibility study, valuation and any other advisory service.

The developer (owner) profit is usually based on the market norms and transaction which is usually falls in the range of 20% to 25% depending on the size of the project itself.

On the other hand, the full owner profit ratio is bounded by the completion rate of the property itself. In other words, if the owner profit is 20% in case of 100%, then it will be 10% in case of 50% completion.

As for the subject property, we will use 20% developer profit rate.

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
220205025489	9,929.79	SAR 6,000	SAR 59,578,740
Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	3,250.47
Total (SQM)	3,250.47		



HARD COSTS ESTIMATES					
Ground Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	3,250.47	SAR 700	SAR 2,275,329	100%	SAR 2,275,329
Electro Mechanic	3,250.47	SAR 150	SAR 487,571	100%	SAR 487,571
Finishing	3,250.47	SAR 600	SAR 1,950,282	100%	SAR 1,950,282
Fit outs & Appliances	3,250.47	SAR 0	SAR 0	100%	SAR 0
Furniture	3,250.47	SAR 0	SAR 0	100%	SAR 0
Total			SAR 4,713,182	100.00%	SAR 4,713,182
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	9,929.79	SAR 50	SAR 496,490	100%	SAR 496,490
External Landscape	6,679.32	SAR 50	SAR 333,966	100%	SAR 333,966
Fences	0.00	SAR 0	SAR 0	100%	SAR 0
Site Improvements	6,679.32	SAR 100	SAR 667,932	100%	SAR 667,932
Total			SAR 1,498,388	100.00%	SAR 1,498,388
	Actual Completion %			Total BUA	3,250.47
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 6,211,569
General Site Dev.	100.00%			Average SAR / Sqm	SAR 1,911
				Overall Completion	100.00%

SOFT COSTS ESTIMATES			
	Total Hard Cost	Ratio	Soft Cost
Design	SAR 6,211,569	1.00%	SAR 62,115.69
Eng Consultant	SAR 6,211,569	1.00%	SAR 62,115.69
Management	SAR 6,211,569	2.00%	SAR 124,231.38
Contingency	SAR 6,211,569	2.00%	SAR 124,231.38
Others	SAR 6,211,569	2.00%	SAR 124,231.38
TOTAL			SAR 496,925.52

DEVELOPMENT VALUE			
Hard Cost	SAR 6,211,569	Economic Age	40
Soft Cost	SAR 496,926	Annual Dep Rate	2.50%
Total Dev Cost	SAR 6,708,495		
Net Dep Rate	5.00%	Actual Age	2
Dev Cost After Depreciation	SAR 6,373,070	Total Dep Rate	5.00%
		Add Appr Rate	0.00%
		Net Dep Rate	5.00%
Total Completion Rate	100.00%		
Developer Profit Rate @ 20%	20.00%		
Dev. Profit Amount	SAR 1,274,614		
Development Value	SAR 7,647,684		
Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 7,647,684	SAR 59,578,740	SAR 67,226,424	SAR 67,200,000



2.15 INCOME APPROACH – LEASING CONTRACT

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject property is Fully / Partially leased to 1 / Several tenants			SAR 2,417,575
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 2,417,575
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 2,417,575	0.00%	SAR 2,417,575		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
Total					SAR 2,417,575
Total Property Revenues					SAR 2,417,575
Total Property Expenses					SAR 0
Net Operating Income					SAR 2,417,575.00
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 2,417,575.00	7.00%	34,536,785.71 SAR	34,500,000.00 SAR		

The subject property is fully leased to one tenant. The used figure in terms of revenues was based on the leasing contract amount, terms and conditions. As for the OPEX rate, which is being paid by the Tenant.



2.1 DISCOUNTED CASH FLOW APPROACH – LEASING CONTRACT

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
Expected Revenues												
Total	SAR	2,417,575	2,775,734	2,775,734	2,775,734	2,775,734	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893
Overall Revenues		2,417,575	2,775,734	2,775,734	2,775,734	2,775,734	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893
Vacancy Rates												
One Tenant	0.0%	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0
Expenses												
OPEX	0.0%	0	0	0	0	0	0	0	0	0	0	0
Others	0%	0	0	0	0	0	0	0	0	0	0	0
Overall Expenses		0	0	0	0	0	0	0	0	0	0	0
NOI		2,417,575	2,775,734	2,775,734	2,775,734	2,775,734	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893
Terminal Value @ ----->	7.0%											44,769,900
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54	0.50	0.46
Present Value		2,417,575	2,570,124	2,379,745	2,203,467	2,040,247	1,889,118	1,974,884	1,828,596	1,693,145	1,567,727	22,188,725
Market Rate / Net Present Value												42,753,353

2.2 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach – Leasing Contract	Property	SAR 34,500,000	Thirty-Four Million and Five Hundred Thousand Saudi Riyals
DCF Approach – Leasing Contract	Property	SAR 42,700,000	Forty-Two Million and Seven Hundred Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 67,200,000	Sixty-Seven Million and Two Hundred Thousand Saudi Riyals



2.3 SUBJECT PROPERTY VALUE

The purpose of the valuating the subject property is for Real Estate Investment Trust Fund purposes. For that reason, any of the income approaches should be chosen to reflect the market value of the subject property. In our case, using the Cap Rate methodology and the Discounted Cash Flow Methodology shows less values when compared to the asset value (Land + building) using the DRC approach. The Cost Approach usually reflect the minimum expected value of the subject property since it does not take into consideration any generated revenues from such property. In addition to that, the land value usually reflect the allowed FAR (Higher FAR lead to Higher land value) where the investors usually try to utilize the maximum allowed BUA to maximize their returns as possible.

This means, and based on the market construction regulations, the subject property was not utilized as per the best use in terms of the allowed BUA and no of floor. Therefore, and based on this analysis, we will apply the cost approach (DRC) to reflect the market value of the subject property. The current revenues of the subject property are very low due to the current use of it. Based on that, we advise to redevelop the subject property as the best use possible to increase the expected return of the property from 5% (Current) to at least 8% to 9% (Expected based on HBU).

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

Property Value: 67,200,000 SAR
Sixty Seven Million and Two Hundred Thousand Saudi Riyals

2.4 REPORT USE

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

2.5 DISCLAIMER

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

2.6 CONCLUSION

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

Dr. Mohammad Taha – CEO
Valuation Check



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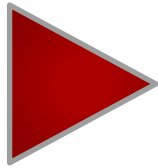
Essam Hussaini
Site Inspection Check



Member of (Taqeem)
License No. 1210000474

WHITE CUBES REAL ESTATE
Dr. Mohammad Taha – CEO
Member of the Saudi Authority of Accredited Valuers (Taqeem)
PHD, CVA, AEC
License No. 1220000263





KSA – ECONOMIC & REAL ESTATE OVERVIEW

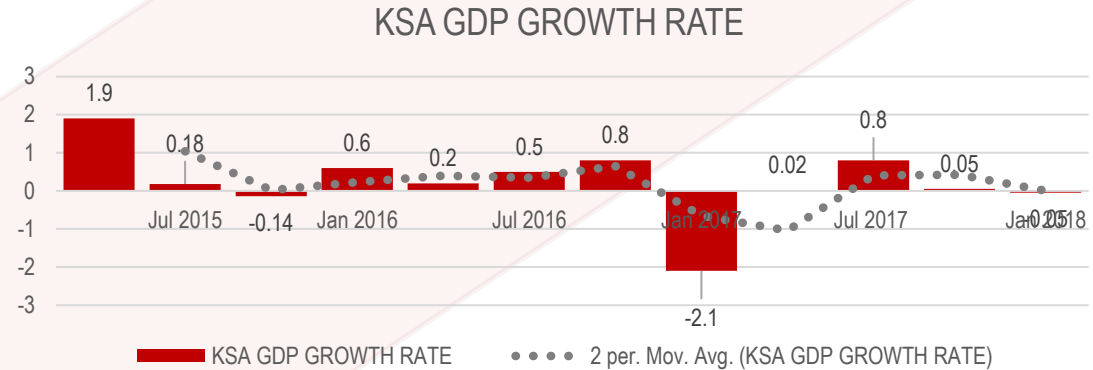
Real estate sector's performance is bounded to the economic conditions and factors. In this section, we will state some economic current facts and future estimations to be used as decision making tools from an investor point of view, in addition to the major aspects of the real estate market in Saudi Arabia which they can have big influence on the real estate market as an overall.





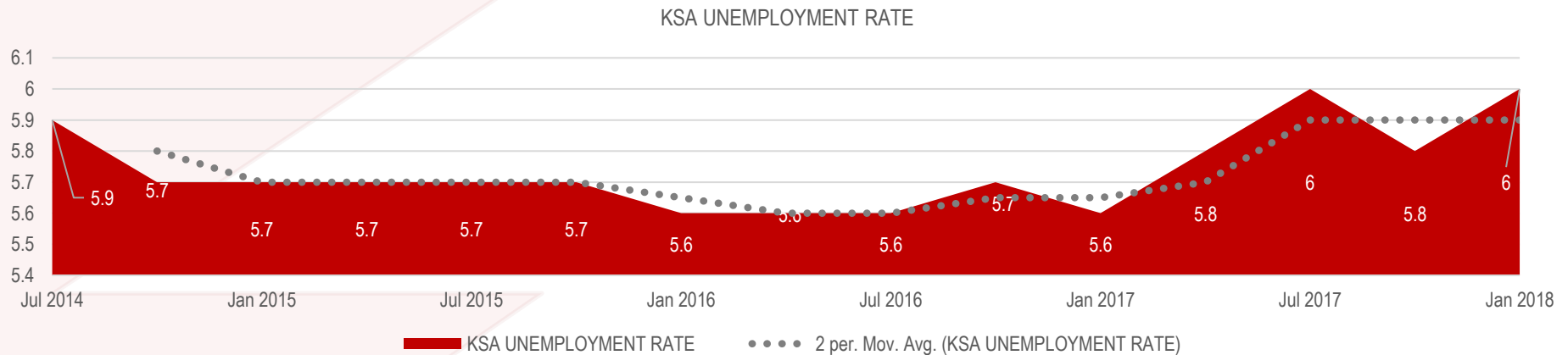
3.1 GROSS DOMESTIC PRODUCTS (GDP)

Saudi Arabia has an oil-based economy. Shipments of oil account for 87 percent of total exports and for 46 percent of GDP. In recent years, in order to diversify the economy, the government has been investing in telecommunications, petrochemicals, natural gas exploitation and power generation sectors. The Gross Domestic Product (GDP) in Saudi Arabia contracted 0.05 percent in the first quarter of 2018 over the previous quarter. GDP Growth Rate in Saudi Arabia averaged 0.96 percent from 2010 until 2018, reaching an all-time high of 8.50 percent in the fourth quarter of 2010 and a record low of -2.10 percent in the first quarter of 2017. **Source: Trading Economics**



3.2 UNEMPLOYMENT RATES

Unemployment Rate in Saudi Arabia increased to 6.10 percent in the first quarter of 2018 from 6 percent in the fourth quarter of 2017. Unemployment Rate in Saudi Arabia averaged 5.59 percent from 1999 until 2018, reaching an all-time high of 6.30 percent in the fourth quarter of 2006 and a record low of 4.35 percent in the fourth quarter of 1999. **Source: Trading Economics**

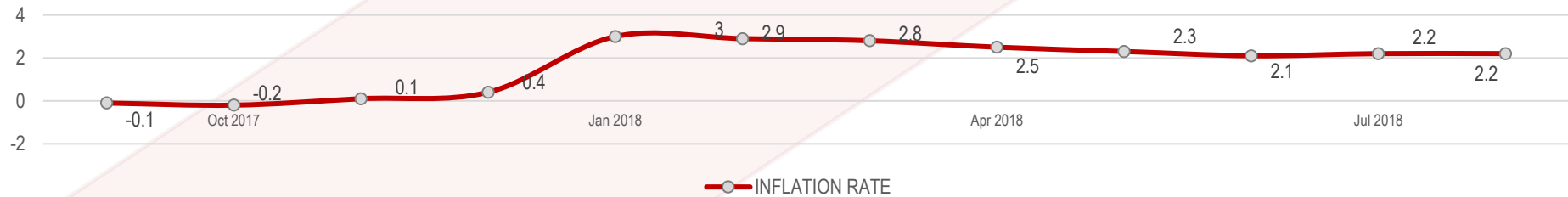




3.3 INFLATION RATES

The annual inflation rate in Saudi Arabia came in at 2.2 percent year-on-year in August 2018, unchanged from the previous month. Price rose at a faster pace for transport (10.5 percent vs 10.4 percent in July) and restaurants & hotels (8.4 percent vs 7.6 percent). Meanwhile, cost slowed for food & beverages (6.6 percent vs 6.7 percent); miscellaneous goods & services (0.2 percent vs 0.4 percent) and recreation & culture (1.0 percent vs 1.2 percent) while inflation was steady for health (4.0 percent, the same as in July). Additionally, prices continued to fall for housing & utilities (-1.3 percent, the same pace as in July) and clothing & footwear (-8.5 percent vs -8.3 percent). On a monthly basis, consumer prices edged down 0.2 percent, after increasing 0.1 percent in the preceding month. Inflation Rate in Saudi Arabia averaged 2.63 percent from 2000 until 2018, reaching an all-time high of 11.10 percent in July of 2008 and a record low of -2 percent in January of 2001.

Source: Trading Economics



3.4 INTEREST RATES

The Saudi Arabian Monetary Agency raised the official repo rate by 25bps to 2.75 percent on September 26th, 2018, following the Fed decision to increase its target range for the federal funds interest rate by a quarter point, to between 2 percent and 2.25 percent. The reverse repo rate was also hiked by 25bps to 2.25 percent. Saudi Arabia follows the Fed policy because its currency is pegged to the dollar. Policymakers said the rate adjustments aim to maintain monetary stability amid global financial developments. Interest Rate in Saudi Arabia averaged 3.70 percent from 1992 until 2018, reaching an all time high of 7 percent in May of 2000 and a record low of 1.50 percent in March of 2004.

Source: Trading Economics

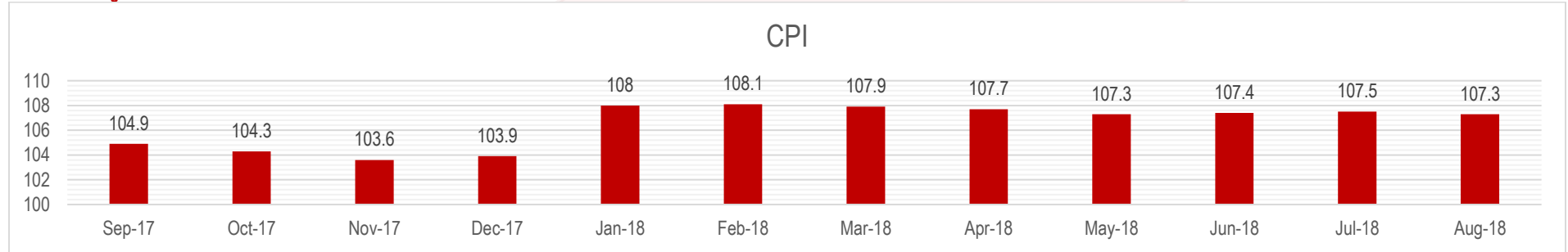




3.5 CONSUMER PRICE INDEX (CPI)

Consumer Price Index CPI in Saudi Arabia decreased to 107.30 Index Points in August from 107.50 Index Points in July of 2018. Consumer Price Index CPI in Saudi Arabia averaged 95.60 Index Points from 1999 until 2018, reaching an all time high of 114.80 Index Points in November of 2010 and a record low of 84.80 Index Points in August of 2001.

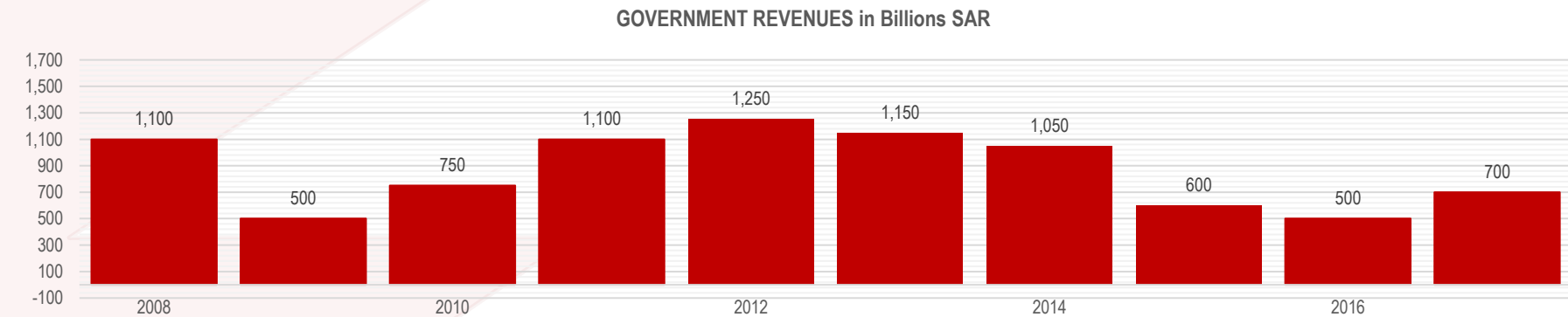
Source: Trading Economics



3.6 GOVERNMENT REVENUES

Government Revenues in Saudi Arabia increased to 691,505 SAR Million in 2017 from 519,448 SAR Million in 2016. Government Revenues in Saudi Arabia averaged 340318.54 SAR Million from 1969 until 2017, reaching an all-time high of 1,247,398 SAR Million in 2012 and a record low of 5,668 SAR Million in 1969.

Source: Trading Economics

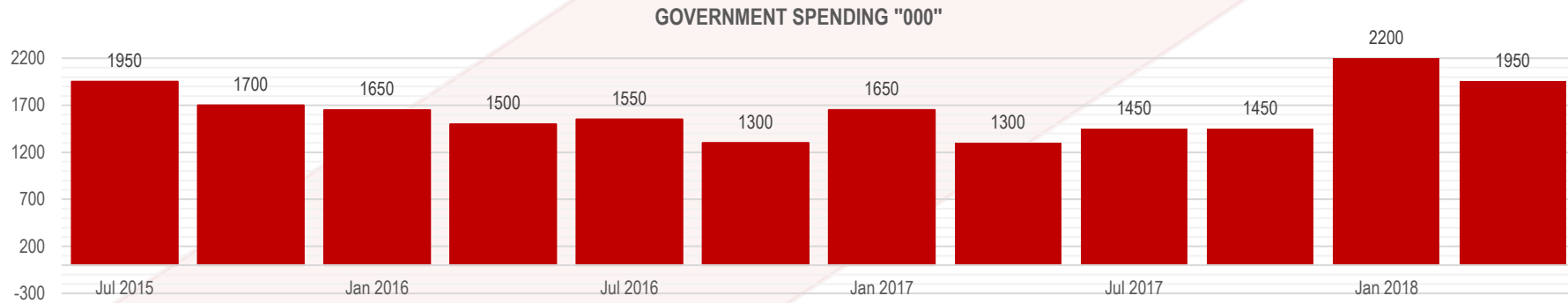




3.7 GOVERNMENT SPENDING

Government Spending in Saudi Arabia decreased to 183426 SAR Million in the second quarter of 2018 from 630978 SAR Million in the first quarter of 2018. Government Spending in Saudi Arabia averaged 150365.69 SAR Million from 2008 until 2018, reaching an all-time high of 630978 SAR Million in the first quarter of 2018 and a record low of 76217 SAR Million in the first quarter of 2008.

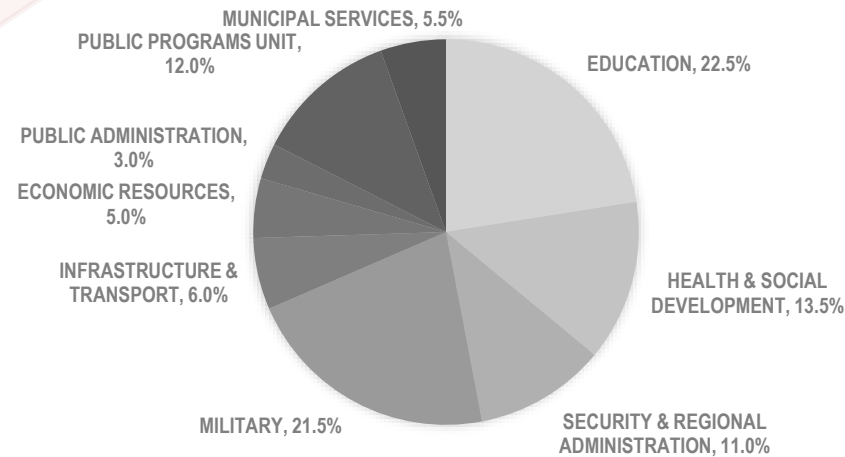
Source: Trading Economics



3.8 BUDGET ALLOCATION FOR 2017

Public Administration	27 SAR bn
Military	191 SAR bn
Security & Regional Adm.	97 SAR bn
Municipal Services	48 SAR bn
Education	200 SAR bn
Health & Social Dev.	120 SAR bn
Economic Resources	47 SAR bn
Infrastructure & Transport	52 SAR bn
Public Programs Unit	108 SAR bn

Source: Ministry of Economy

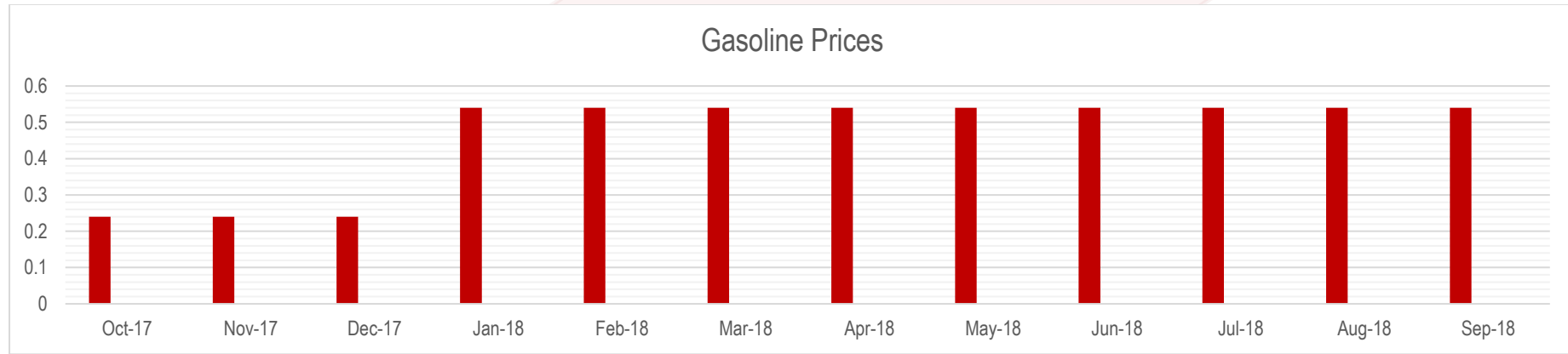




3.9 GASOLINE PRICES

Gasoline Prices in Saudi Arabia remained unchanged at 0.54 USD/Liter in September from 0.54 USD/Liter in August of 2018. Gasoline Prices in Saudi Arabia averaged 0.24 USD/Liter from 1995 until 2018, reaching an all-time high of 0.54 USD/Liter in January of 2018 and a record low of 0.12 USD/Liter in March of 2013.

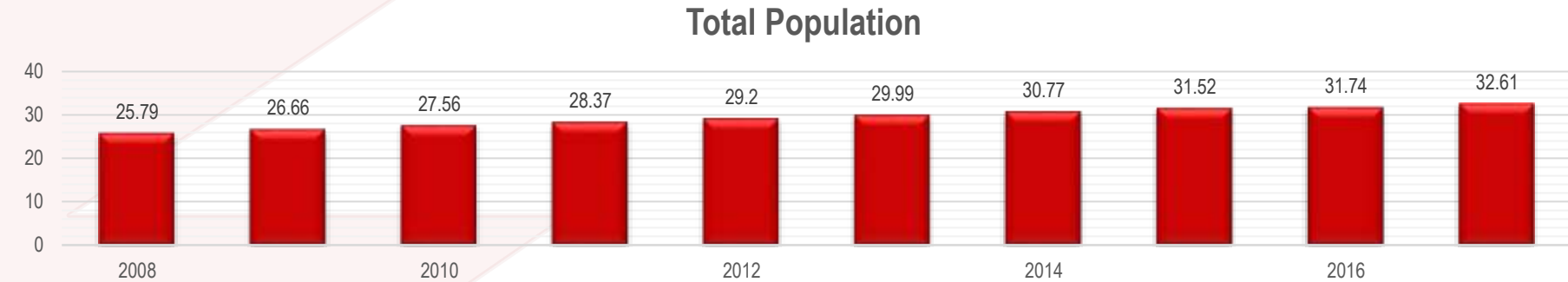
Source: Trading Economics



3.10 POPULATION STATISTICS

The total population in Saudi Arabia was estimated at 32.6 million people in 2017, according to the latest census figures. Looking back, in the year of 1960, Saudi Arabia had a population of 4.0 million people.

Source: Trading Economics



3.11 KSA ECONOMIC VISION 2030 – 8 KEY POINTS

SAUDI ARAMCO

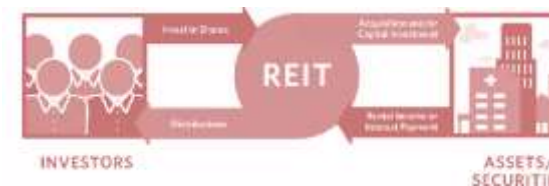
Aramco will be converted into an energy holding company with an elected board and some subsidiaries will be listed. Prince Mohammed said he expected the parent company to be valued at more than \$2 trillion, less than 5 % of which would be sold in an initial public offer. Selling even 1 % of the firm would constitute the world's biggest IPO, he added.

أرامكو السعودية
saudi aramco



PUBLIC INVESTMENT FUND

Restructure the state-owned Public Investment Fund (PIF), which the prince said would turn the world's top oil exporter into a global investment power. New assets, including state oil giant Saudi Aramco, would be included in the redesigned fund. The prince said the PIF made returns of 30 billion riyals (\$8 billion) in 2015 and that it would aim to increase its assets to more than 7 trillion riyals from 600 billion riyals.



RESTRUCTURING

Restructuring state assets and agencies, rather than spending cuts, will be key to making government finances viable in the long term; Prince Mohammed said the reforms would not require major new spending by the government but work on existing infrastructure projects would continue. He cited the housing ministry as a target for restructuring. State price subsidies would be targeted more carefully so they went to the people who needed them, not the rich.

MILITARY SECTOR

The government plans to set up a holding company for military industries that will be fully state-owned at first and later listed on the Saudi bourse. Prince Mohammed said he expected the listing to take place by the end of 2017.

PILGRIMS

The plan envisages a massive increase in Saudi Arabia's capacity to receive Islamic pilgrims, to 30 million annually from 8 million.



GREEN CARD” SYSTEM

Saudi Arabia will introduce a “green card” system within five years to give resident expatriates more rights to live and work in the kingdom over the long term. Details were not given.

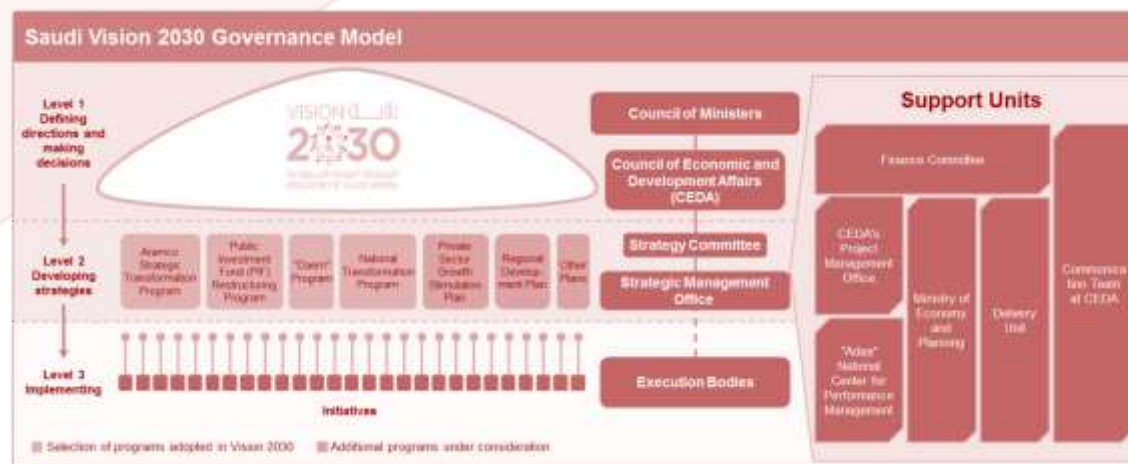
MINING AND RENEWABLE ENERGY

The plan sets a target for the kingdom to generate 9.5 gigawatts of renewable energy and to have the industry produce more of its equipment locally. It aims to raise the mining industry’s contribution to gross domestic product to 97 billion riyals (\$25.9 billion) and to increase the number of jobs in the sector by 90,000 by 2020.

GOALS

The plan includes more than a dozen other numerical goals, though it does not give details of how they will be achieved. The deadline to achieve most of the goals appears to be 2030. For example, the government’s non-oil revenues are to reach 600 billion riyals by 2020 and 1 trillion riyals by 2030, from 163.5 billion riyals in 2015. Unemployment among Saudi nationals is to fall to 7 % from 11.6 %. Financial institutions will be encouraged to allocate up to 20 % of their overall funding to small and medium-sized enterprises by 2030.

Foreign direct investment will be raised to 5.7 % of GDP from 3.8 %. Household savings are to rise to 10 % of total household income from 6 %.



The share of non-oil exports in GDP is to rise to 50 % of GDP from 16 %. Doubling the number of archaeological sites recognized by UNESCO. Having three Saudi cities recognized as among “the top 100 cities in the world”. Increasing the number of Saudis who play sports at least once a week to 40 % from 13 %.



4.1 REAL ESTATE MARKET INSIGHTS

GOVERNEMENT SUPPORT

The government intention to diversify economy by other sectors than oil sector. this diversification mainly focused on the supporting of the industrial sector such as hosting the largest and integrated phosphate fertilizer facilities in the world, tourism sector and public services sectors

MINISTRY OF HOUSING

The Saudi ministry of housing has already initiated the plan of adding almost 500,000 housing units in different areas and cities within the kingdom. The step has come after the huge demand in the demand and acquisition financial obstacles of housing units by the mid to low income level social classes.

FOREIGNER OWNERSHIP

The Saudi government is currently reviewing the regulations of foreigners' ownership of housing units. The aim of this revision is to ease the procedures to enhance the residential real estate market performance by injecting liquidity in the market and absorb any market oversupplied units.

REIT FUNDS

The Real Estate Investment Trust is a new investment trend in the Saudi market which has started in early 2017. Later in this section we will indicate the rules and regulations of REIT funds which are issued by the Saudi Capital Market Authority (CMA)

RESIDENTIAL SECTOR

Currently the real estate residential market is witnessing huge demand for the acquisition of housing units. Yet, the current inflated prices slow down the transactions and waiting for these prices to be corrected and back to normal. On the other hand, the Union of Owners law still under the process which will give great boost for the apartment units in the market once approved and announced.

OFFICES & RETAIL

The retail sector has good market performance compared to other sectors and especially in the F&B sector. Yet, and recently, the retail sector witnessed some pressure when the expat taxations announced. As for the offices sector, it is noted that the rental rates in the market is decreasing, but it is expected that this sector will recover soon based on the foreigner investors new regulations.

HOSPITALITY

As an overall, the hospitality sector in Saudi Arabia supported by three main types of tourists; Business tourists (in the main cities such as Riyadh, Jeddah & Dammam), internal tourists (such as Jeddah & Taif) and above all the religious tourists (Makkah & Madinah) in the seasons of Hajj & Umra. Currently, the hospitality sector has very good performance in terms of occupancy rates, ADRs and RevPars

INDUSTRIAL SECTOR

Since one of the current major focuses of the Saudi government is to invest, expand and support the industrial sector, huge demand starts to arise among the major cities in KSA for warehouses projects and spaces. The performance of this sector is expected to continue the positive growth over the coming years supported by the needs of other sectors such as the retail sector.



4.2 REAL ESTATE MARKET YIELDS-2018

All the mentioned below yields for different sectors are based on the many different market transaction. They are also influenced by the market conditions and economic factors. The below shows the expected real estate yield rates for some major cities within the Kingdom of Saudi Arabia.



RESIDENTIAL UNITS

City	Riyadh	Jeddah	Dammam	Khobar	Makkah
Min - Avr	8.5%	8%	9%	9%	6.5%
Max - Avr	10%	9.5%	10.5%	10.5%	8.5%



OFFICES

City	Riyadh	Jeddah	Dammam	Khobar	Makkah
Min - Avr	8%	7.5%	8.5%	8.5%	6.5%
Max - Avr	9.5%	9%	10%	10%	8.5%



RETAIL

City	Riyadh	Jeddah	Dammam	Khobar	Makkah
Min - Avr	7.5%	7.5%	8%	8%	6%
Max - Avr	9.5%	9%	9.5%	9.5%	8%



HOSPITALITY

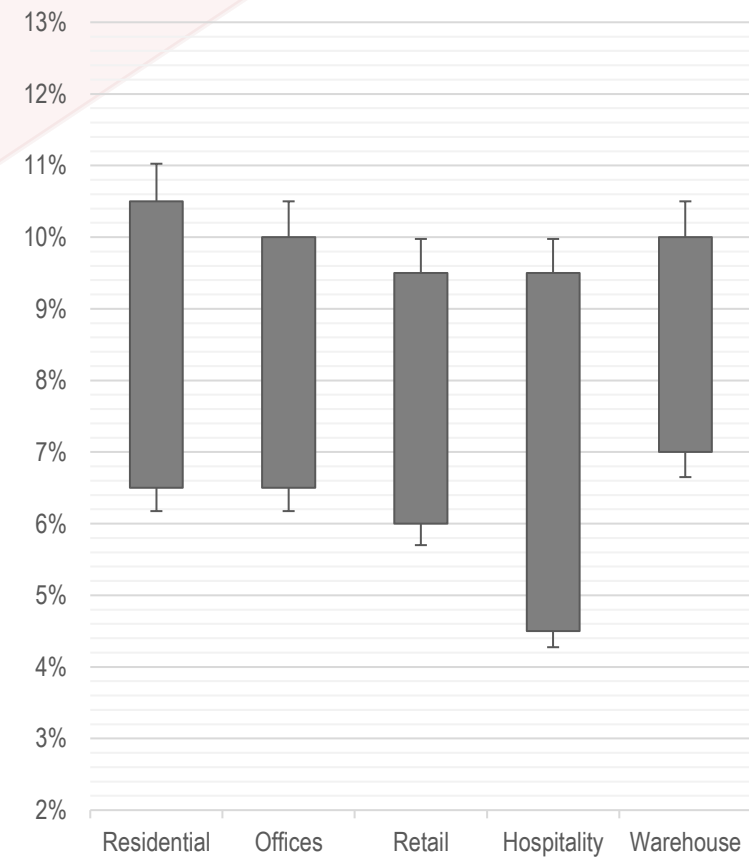
City	Riyadh	Jeddah	Dammam	Khobar	Makkah
Min - Avr	7.5%	7%	8%	8%	4.5%
Max - Avr	9%	8.5%	9.5%	9.5%	7%



WAREHOUSES

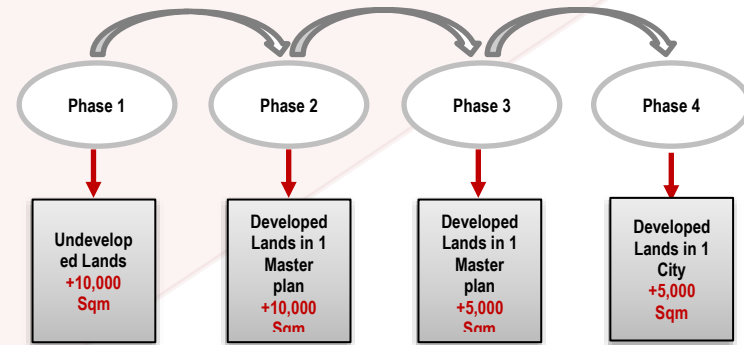
City	Riyadh	Jeddah	Dammam	Khobar	Makkah
Min - Avr	8.5%	8%	7.5%	7.5%	7%
Max - Avr	10%	9.5%	9%	9%	8.5%

Average Yield Rate in Major Cities



4.3 TAXATION OF UNDEVELOPED LANDS

Saudi Arabia has recently announced that it plans to levy fees against vacant land in urban areas throughout the Kingdom. Until this point, Saudi Arabia has been largely tax-free, especially with regard to real estate. The aim of this initiative is to encourage development of urban areas within the Kingdom. Development is currently slow and unappealing largely due to the cost of purchasing the land in the first instance. The cost of the land can comprise as much as 50% of the total project costs, which is due largely to vast areas of prime real estate being stockpiled by wealthy individuals and Companies with no intention of developing the land but simply holding onto the land as a store of value. This proposal is in initial stages and the true impact will fundamentally depend on the level of taxation which is imposed.



PHASES OF LAND TAXATION



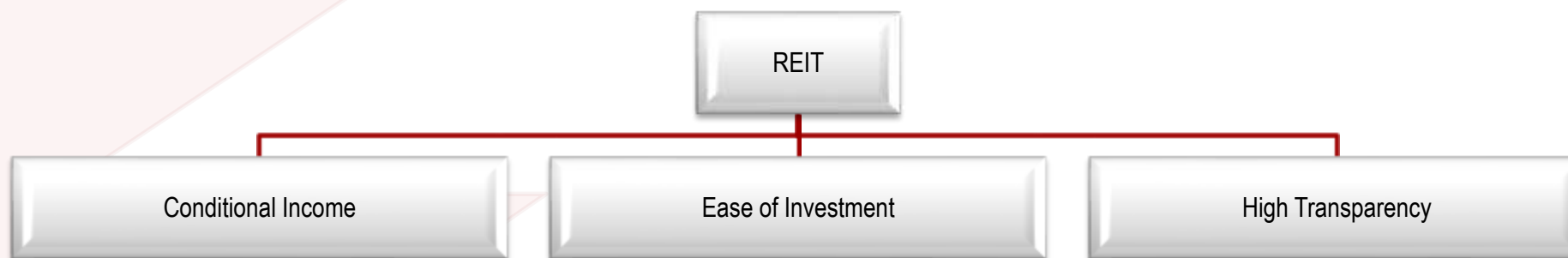
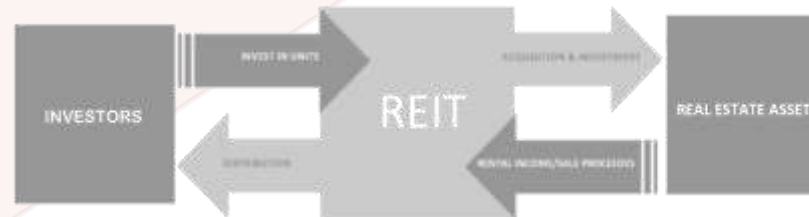


4.4 REIT DEFINITION

Real Estate Investment Traded Funds, or REITs, are financial instruments that allow all types of investors to obtain investment exposure to the Real Estate Market. This is achieved through collective ownership of constructed developed real estate qualified to generate periodic and rental income. REITs can invest locally, regionally and globally, where the total asset value outside the Kingdom shall not exceed 25% of the fund's total asset value. REITs consist of units, where each unit represents ownership in the underlying real estate. REITs are traded on the Exchange just like equities during trading hours. In addition, REITs are required to distribute at least 90% of the fund's net profits to the unit holders annually, as per the instructions issued by the Capital Market Authority (the CMA).

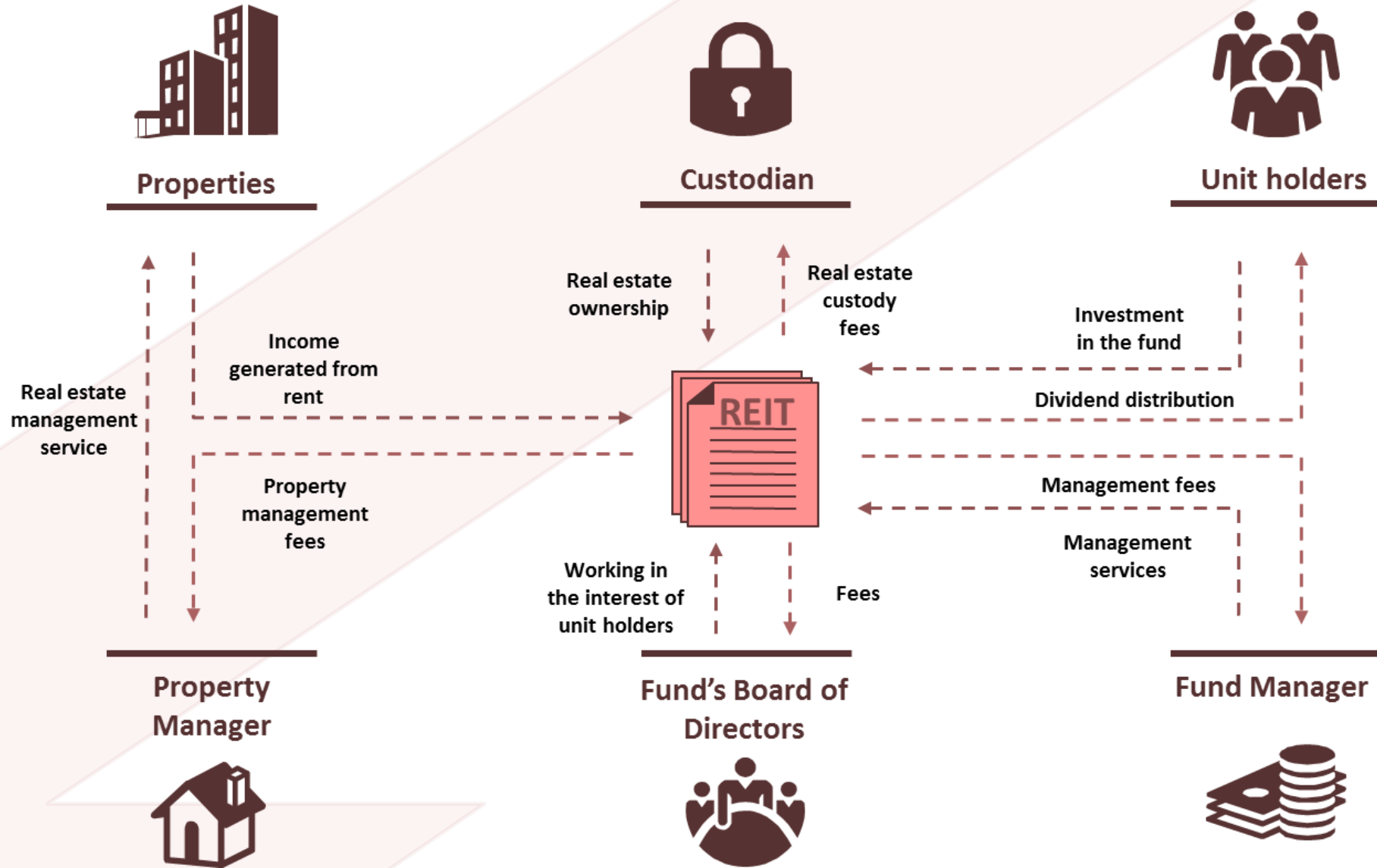
4.5 REIT SPECIFICATIONS

Assets of Investment	Real Estate Assets
Asset Type	Income Generating Asset
Fund Legal Type	Closed Ended Fund – Publicly Listed in the stock exchange
Number of Investors	Minimum of 50 investors
Initial Offer	Minimum of 100 Million SAR (will change up to 500 Million SAR)
Nomina Value of Unit	10 SAR / Unit
Assets Ownership	The assets must be registered under the name of third party (custodian) and owned by the unit holders
Distributions	At least 90% of the fund's net profits must be distributed annually to the unit holders
Leverage	The borrowing of the fund's must not exceed 50% of the total assets value of the fund
Assets Condition	At Least 75% of the assets should be income generating properties, while the remaining 25% can be under development projects.
Land Assets	No investment in vacant lands allowed.
Assets outside KSA	Not more than 25% of the assets can be included in the fund
Public Ownership	At least 30% of the total REIT units are owned by unit holders from the public





4.6 REIT STAKEHOLDERS



4.7 NEW TAX REGULATIONS

Saudi Arabia's move to impose various type of taxes on commodities, goods and services as well as residency and visit visa fees and charges on dependents of expats is expected to boost the Government finances. 3 major types of taxes were imposed as follows:

Selective commodity tax

Saudi Arabia officially applied the selective commodity tax on June 11, 2017. The tax will be imposed on three commodities - 100 % for tobacco and its derivatives, 100 % for energy drinks, 50 percent for soft drinks. It would be collected in one phase from the suppliers and manufacturers, and these taxes are expected to increase the Government budget revenues. Selective taxation might motivate many to quit these harmful substances instead of the huge budgets allocated annually to treat patients as a result of consuming these substances.



Increasing its prices will also reduce the number of the children and youth who will start using it, as they are the targeted category by companies producing these products. In the same context, the General Authority for Zakat and Income predicted that Saudi Arabia's revenues will reach more than \$3.2 billion (SR 12 billion Saudi riyal) annually, after imposing the selective commodity tax.

VAT in 2018

Value-added Tax (VAT) is an indirect tax. This tax may sometimes be referred to as a type of depreciation tax. In countries with a value-added tax system, most goods and services purchased and sold are charged. The Saudi Ministry of Finance will begin to impose a value-added tax to be applied in the GCC starting from 2018. It is expected to have repercussions on many economic sectors. This tax is levied on goods and services during the various stages of the supply chain, including the final selling stage indirectly, which is imposed on the difference in the cost price and the sale price of the goods, and on the cost of production



It will be imposed on all products and services, as a percentage of the value of the product, so that these companies and sales points will collect consumer taxes for the governments. The products exempted from this tax do not exceed 100 products, while the Kingdom's estimated revenues from VAT are estimated to be \$10.65 billion (40 billion Saudi riyals).

Expatriate Tax

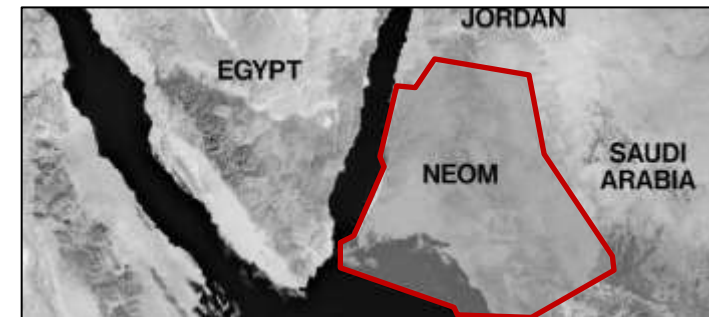
The decision to increase the residency and visitor visa fees was implemented as a step towards balancing budget revenues and expenditures by 2020. A monthly fee for expats and their companions will be applied in 2017 to expatriate workers in the Kingdom at SR 100 Saudi riyal for each facility, which aims to garner \$266 million (1 billion Saudi riyal) by the end of the year. In 2018, a monthly fee of 400 Saudi riyals will be levied on every employee in a company whose number of foreign employees exceed the number of Saudis, and 300 Saudi riyals fee on every employee in a company whose number of foreign employees is less than the number of Saudis, and 200 Saudi riyals on every person these foreign employees sponsor. Thus, it is expected to collect \$6.39 billion (24 billion Saudi riyals) in 2018, from the program of financial compensation for expats.



In 2019, the expatriate labor fees in a company whose number of foreign employees exceed the number of Saudis will be increased to 600 riyals monthly, and in sectors with a lower number of Saudis to 500 riyals per month, with an increase of each companion fees to be 300 riyals per month. This is expected to collect \$11.72 billion (44 billion Saudi riyals). In 2020, 800 Saudi riyals will be collected on every employee in a company whose number of foreign employees exceed the number of, while it will be 700 Saudi riyals for every employee in a company whose number of foreign employees is less than the number of Saudis. This is expected to collect \$17.3 billion (65 billion Saudi riyals).

4.8 THE NEW CITY OF NEOM - KSA

Saudi Crown Prince Mohammed bin Salman announced in October 2017 the launch of NEOM City, a project that aspires to be the “safest, most efficient, most future oriented, and best place to live and work” in the kingdom. NEOM’s land mass will extend across the Egyptian and Jordanian borders, rendering NEOM the first private zone to span three countries. The project will be backed by more than \$500 billion over the coming years by Saudi Arabia. Wind and solar power will allow NEOM to be powered solely by regenerative energy, while 70 percent of the world’s population will be able to reach it within eight hours.



NEOM DESTINATION OF THE FUTURE

- NEOM aspires to be the safest, most efficient, most future oriented, and best place to live and work.
- NEOM is developed independent of the Kingdom's existing governmental framework with investors, businesses, and innovators consulted at every stage of development.
- NEOM's unique location connects Asia, Europe, and Africa, will include the world's most significant and promising economic sectors.
- NEOM land expands over 26,500 km²; its location will facilitate NEOM's rapid emergence as a global hub that has the potential to bring together the best of Arabia, Asia, Africa, Europe and America.
- NEOM will be backed by more than \$500 billion over the coming years by the Kingdom of Saudi Arabia, the Saudi Arabian Public Investment Fund, local as well as international investors.



ABOUT NEOM

NEOM commands a unique location to bring together the best of Arabia, Asia, Africa, Europe and America. NEOM resides in the Northwestern region of Saudi Arabia, and spans over 26,500 km². Overlooking the waterfront of the Red Sea to the South and the West, and the Gulf of Aqaba, NEOM enjoys an uninterrupted coastline stretching over 468 km, with a dramatic mountain backdrop rising to 2,500 m to the East. A constant breeze leads to mild temperatures. The wind and sun will allow NEOM to be powered solely by regenerative energy.

NEOM is situated on one of the world's most prominent economic arteries, through which nearly a tenth of the world's trade flows. Its strategic location will also facilitate the zone's rapid emergence as a global hub that connects Asia, Europe and Africa, enabling 70% of the world's population to reach it in under eight hours, which brings the potential to combine the best of major global regions in terms of knowledge, technology, research, teaching, learning, living and working. The site will also become the main entrance to the King Salman Bridge, linking Asia and Africa, which will add to the zone's economic significance. NEOM's land mass will extend across the Egyptian and Jordanian borders, rendering NEOM the first private zone to span three countries.

Investments and financing will play a vital role in NEOM, set to be spearheaded by the Kingdom's economy and supported by the Public Investment Fund (PIF) – a major global fund with access to a worldwide network of investors and major companies -- set to be brought onboard to drive the success of NEOM. With the ambition of becoming one of the world's future economic and scientific capitals, in addition to be the future commerce capital of Saudi Arabia, NEOM is set to attract new foreign direct investment that will contribute to PIF's long-term growth strategy aimed at strengthening the Saudi Arabian economy. NEOM is developed to be independent of the Kingdom's existing governmental framework, excluding sovereignty.

NEOM will adopt a regulatory framework that fosters technological as well as societal innovation and entrepreneurship in accordance with international best practices. Investors, businesses, and innovators will be consulted at every step of the development in how best to create the economic framework, design the urban plans, and attract top quality talent that will drive the growth of this zone and its resident population.

NEOM will achieve its ambitious goals of becoming among the top secure areas in the world – if not the most– by adopting the future technologies in the fields of security and safety. This will raise the standards of public life activities and ensure the safety and protection of residents, visitors, and investors. All services and processes in NEOM will be 100% fully automated, with the goal of becoming the most efficient destination in the world, and in turn be implemented on all activities such as legal, government, and investment procedures among others. Additionally, NEOM will be subject to the highest sustainability standards, and will provide all transactions, procedures, and claims through paperless and electronic means.

A new concept for the workforce will be implemented, based on attracting high-caliber human resources with unique competencies for full-time innovation, decision making and business leadership. Repetitive and arduous tasks will be fully automated and handled by robots, which may exceed the population, likely making the NEOM's GDP per capita the highest in the world. All these elements will put NEOM at the world's forefront in terms of efficiency which will make it the best destination in the world to live in.

