



AHSA SQUARE AL RAJHI REIT FUND

RIYADH CITY

JUNE 2020



TROCEN





 REF:
 2010365-4

 Date:
 10/08/2020

 M/S
 AI Rajhi REIT Fund

Subject: Valuation Report for Ahsa Square located in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the commercial project (Ahsa Square) located in Riyadh 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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1.1 EXECUTIVE SUMMARY Introduction We received instructions from the client on 17/05/2020 to implement valuation service for a commercial building in Riyadh city. Client AL RAJHI REIT FUND. **Reference No.** 2010365-3 **Purpose of Valuation** Semi- Annual Valuation Purposes **Commercial Building** Subject Property **Property Location** The property is located in Al Malaz district, Riyadh City. **Title Deed Information** Title Deed No: 710117025095, Title Deed Date: 13/06/1435, Issued from Rivadh Notary Freehold **Ownership** Type Owner Al Rajhi Development Co. Land Use Commercial Use Land Area (Sqm) Based on the title deed, the land has an area size of 4,953 Sqm Based on the construction permit, the building has a total BUA of 16,937 Sqm BUA (Sqm) GLA (Sqm) As per the client, the total gross leasable area is 8,208 Sqm Valuation Approach Comparable Approach, Cost Approach & DCF Approach **Final Property Value** 62,165,000 SAR Valuation Date 30/06/2020 10/06/2020 **Inspection Date**

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1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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;
 CN THE
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change.

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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



1.11 MARKET SURVEY

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





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial building located in Al Malaz district, Riyadh City. Based on the provided copies of the title deed and the construction permit, the building has a total land area of 4,953 Sqm and total BUA of 16,937 Sqm. As per the site inspection done by our team for the purpose of valuation, the project is open from 3 sides with a direct view on Al Ihsa Road from the west. The property is mostly surrounded by mix-use and residential buildings where all infrastructural facilities such as water, electricity, sewage, and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property being valuated is a commercial building located in Al Malaz district, Riyadh City. The property is bordered from the north by Al Imam Abduallah Ibn Thaniyan Al Saud Street The property is bordered from the south by a private property The Property is bordered from the east by Al Hamidat Street

The property is bordered to the west by AI Ihsa Road

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

Area Surrounding the Property The subject property is mostly surrounded by residential and mis-use buildings.

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

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Tamimi Markets (0.12 Kilometres)
- 2- Boudl (0.3 Kilometres)
- 3- Pizza Hut (0.15 Kilometres)
- 4- Starbucks Caffee (0.15 Kilometres)
- 5- BACS Headquarters (0.25 Kilometres)

- 6- Aljomaih Bottling Plant (0.6 Kilometres)
- 7- AlRajhi Takaful (1.05 Kilometres)
- 8- Riyadh Bank (0.5 Kilometres)
- 9- Waleed Rehabilitation Center (0.45 Kilometres)
- 10- Ecole International Dina (0.6 Kilometres)

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1.15 PROPERTY ACCESS

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



1.16 TITLE DEED & OWNERSHIP

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

City	Riyadh	Land Area	4,953.00
District	Al Malaz	Plot No.	1 – 2 – 3 - 4
Т.D Туре		Block No.	N/A
T.D Number	N/A	Layout No.	315
T.D Date	710117025095	Owner	Al Rajhi Development Co.
T.D Value	13/06/1435 H. D	Ownership Type	Freehold
Date of Last Transaction	N/A	Limitation of Document	N/A
Issued From	13/03/1437 H. D		
North Side	Al Imam Abdullah Ibn Thaniyah Al	East Side	Al Hamidat Street
	Saud Street		
South Side	Private Property	West Side	Al Ihsa Road
Notes The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not i		thentic. It is not in our scope to	
run legal diagnosis on any legal document.		ument.	

1.17 CONSTRUCTION & BUILDINGS

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

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

The client provided us with a building permit for the subject property, which contains the following data:

Subject Property Construction Permit Type Property Type Construction Permit No. Construction Permit Date Permit Expiry Date		N/A Residential- Commercial F 27/2/1/497 7/11/1413 H. D 7/11/1416 H. D	Property
Description	No. of Units	Area (sqm)	Use
Ground Floor	-	2,831.00	Commercial
First Floor	-	2,831.00	Commercial
Basement	-	4,944	-
Typical Floors	-	3,500	Residential
Fences	-	76	Fences
Total BAU (som)		16.937	

1.18 PROJECT COMPONENTS

The client provided us with a document showing the components of the subject property as follows:

UNIT NO. G2	GLA (Sqm) 3,364	Total Land 4 052 Sam
101, 102	1,172	Area 4,953 Sqm
G1	306	
201	324	
203	240	
202	217	Total BUA 9,162 Sqm
002	320	
204	348	
205	385	
301- 304	1,143	
305	383	Total GLA 8,208 Sqm
ATM	6	

1.19 PHOTO RECORD



















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1.20 MAINTENANCE & OPERATIONAL EXPENSES

The client did not provide us with the total maintenance and operating costs of the subject property. Yet, we have assumed to be 2.5% from the overall revenues, which includes all administration, maintenance, operation and general service bills.

1.21 INSURANCE

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



1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



1.24 SWOT ANALYSIS

Strength	Weakness
 The subject property is open on 3 sides with a direct view on the main road (Al Ahsa Road) Parking is available. The property has a regular land shape. 	- None
Opportunities	Threats
- Located in high-density residential district.	- Existing & Potential similar projects

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

1.25 SECTOR BRIEF

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



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





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1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			~			
Sector Future Performance		~				
Occupancy Rates			~			
Supply Rate			✓			Risk Category- 17 Risk
Demand Rate			~			Points - Medium Risk
Total Risk	0	2	15	0	0	POINTS - IMEUIUIN RISK
Risk Category 17 Risk Poi	ints - Medium Risk					

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

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

Property Analysis
Risk Category- 7 Risk Points - Medium Risk



1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

DISCOUNTED CASH FLOW (DCF)

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

1.33 INPUT VALUATION PROCESS

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

1.34 COST APPROACH (DRC)

As a first step, based on the site inspection done by our team for the purpose of valuation, we did not find similar samples similar to the subject land. Yet, we have relied on interviews done with local real estate agent which agreed on a value between 6,000 and 7,000 SAR/ Sqm. We will use 6,600 SAR/ Sqm for conservative reasons.

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 1,250	SAR 1,350	SAR 1,300
MEP	SAR 800	SAR 1,000	SAR 900
Finishing Materials	SAR 1,100	SAR 1,300	SAR 1,200
Fit outs & Appliances	SAR 350	SAR 450	SAR 400
Furniture	SAR 300	SAR 400	SAR 350
Site Improvements	SAR 100	SAR 150	SAR 125
Owner Profit	28%	32%	30%

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

	LAND	
Land Area	SAR / Sqm	Total Value
4,953.00	SAR 6,600	SAR 32,689,800
	Building	
	Unit	Total BUA
Total BUA (Sqm)	Sqm	16,937.00
Total (SQM)	16,937.00	

Development Cost					
		Hard Cost - U	oper Floors		
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	16,937.00	SAR 1,300	SAR 22,018,100	100%	SAR 22,018,100
Electro Mechanic	16,937.00	SAR 900	SAR 15,243,300	100%	SAR 15,243,300
Finishing	16,937.00	SAR 1,200	SAR 20,324,400	100%	SAR 20,324,400
Fit outs & Appliances	16,937.00	SAR 400	SAR 6,774,800	100%	SAR 6,774,800
Furniture	16,937.00	SAR 350	SAR 5,927,950	100%	SAR 5,927,950
Site Improvement	4,953.00	SAR 125	SAR 619,125	100%	SAR 619,125
Total			SAR 70,907,675	100.00%	SAR 70,907,675

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		Overall Soft Cost		
		Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost		SAR 70,907,675	2.50%	SAR 1,772,692
Design		SAR 70,907,675	5.00%	SAR 3,545,384
Eng Consultant		SAR 70,907,675	5.00%	SAR 3,545,384
Management		SAR 70,907,675	5.00%	SAR 3,545,384
Contingency		SAR 70,907,675	5.00%	SAR 3,545,384
Others		SAR 70,907,675	0.00%	SAR 0
TOTAL			22.50%	SAR 15,954,226.88
Total Hard Cost	SAR 70,907,675	BUA	16,937.00	
Total Soft Cost	SAR 15,954,226.88	SAR / Sqm	SAR 5,129	
Total Construction Cost	SAR 86,861,901.88	Overall Completion	100.0%	
				-

After knowing the total construction costs at a rate of 5,167 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE						
Total Dev Cost	SAR 86,861,902	Net Dep Rate	65.00%			
		Dev Cost After Depreciation	SAR 30,401,666			
Economic Age	40					
Annual Dep Rate	2.50%	Total Completion Rate	100.00%			
		Developer Profit Rate	30.0%			
Actual Age	26					
Total Dep Rate	65.00%					
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 9,120,500			
Net Dep Rate	65.00%	Development Value	SAR 39,522,165			

The total value of the building is 39,522,165 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 39,522,165	SAR 32,689,800	SAR 72,211,965	SAR 72,210,000

1.35 INCOME APPROACH- ACTUAL RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for office units, range from 600 to 700 SAR / Sqm, while the showrooms falls in the range of 1,000 to 1,200 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Office	Units	Commercial Showroom Units		
Comparable	Rental Rate/ Sqm	Occupancy Rates	Rental Rate/ Sqm	Occupancy Rates	
Comparable 1	650 SAR/ Sqm	90%	1,167 SAR/ Sqm	85%	
Average	650 SAR/ Sqm	90%	1,167 SAR/ Sqm	85%	



The subject property has a master lease tenant (Jarir Bookstore) which the property has been customizes and constructed for dedicated purpose and use to fulfil the need of the main tenant.

In this case, the subject property is considered to be a special property which can be only valuated by applying the cost approach and/or Income approach using the leasing contract.

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As for the rental rates that are being applied in the surrounding areas of the subject property, we can clearly note that these rates fall in the range of (1000-1200) SAR/Sqm for showrooms and (600-700) SAR/Sqm for offices. Yet, we have to note that the subject property has the following criteria's:

- 1. The subject property has been customized for special purpose and use.
- 2. The rental space in the subject property is exactly the BUA of the same property (GLA includes the common areas).
- 3. The overall development cost is lower in comparison to a normal offices and showrooms buildings, since the subject property doesn't include internal walls and finishing materials.

Based on the above explanation, we estimated the rental value of the subject property to be lower by (40-50) % when compared to the markets. In addition, this shows that the subject property is also considered as a special property.

Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 2.5% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
Average	7.50%

The effect of the property specifications on the property								
Item	Status	Influence	Notes					
Ease of access to the property		-0.25%	several major methods					
General condition of the property		0.25%	The actual age of the property is 26 years					
The general location of the property		-0.25%	The area is served excellently					
Quality and finishes		0.00%	Average quality finishes					
Project Management Team		0.00%	Average management and operational team level					
Services and public facilities		-0.25%	Level and availability of services is good					
Total		-0.50%						
Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property								
Total adjustments on capitalization rate		-0.50%						
Capitalization rate, according to market averages		8%						
Estimated capitalization rate of the property valuation	on	7.00%						

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

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

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

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

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Expected Revenues												
Total Revenues	SAR	5,103,512	5,205,583	5,309,694	5,415,888	5,524,206	5,634,690	5,747,384	5,862,331	5,979,578	6,099,170	6,221,153
Overall Revenues		5,103,512	5,205,583	5,309,694	5,415,888	5,524,206	5,634,690	5,747,384	5,862,331	5,979,578	6,099,170	6,221,153
Vacancy Rates		70%	50%	40%	20%	10%	10%	10%	10%	10%	10%	10%
Vacancy Rates		3,553,037	2,602,791	2,123,878	1,083,178	552,421	563,469	574,738	586,233	597,958	609,917	622,115
Total		3,553,037	2,602,791	2,123,878	1,083,178	552,421	563,469	574,738	586,233	597,958	609,917	622,115
Expenses												
OPEX	2.5%	127,588	130,140	132,742	135,397	138,105	140,867	143,685	146,558	149,489	152,479	155,529
Overall Expenses		127,588	130,140	132,742	135,397	138,105	140,867	143,685	146,558	149,489	152,479	155,529
NOI		1,422,888	2,472,652	3,053,074	4,197,313	4,833,680	4,930,354	5,028,961	5,129,540	5,232,131	5,336,773	5,443,509
Terminal Value @>	7.0%											77,764,413
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		1,422,888	2,268,488	2,569,711	3,241,096	3,424,301	3,204,392	2,998,605	2,806,034	2,625,830	2,457,199	35,147,925
Market Rate / Net Present Value												62,166,468

1.36 SUBJECT PROPERTY VALUE

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

Property Value: 62,165,000 SAR Sixty-Two Million and One Hundred Sixty-Five Thousand Saudi Riyals

1.37 REPORT USE

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

1.38 DISCLAIMER

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

1.39 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.




1.40 CONSULTANT STATUS

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

1.41 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.42 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.



No	If Yes		Remarks
	Client	Date	
	Al Rajhi Capital	Dec 2019	
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 Image: A second s			

1.43 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.



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AL SALAM NMC HOSPITAL

ALRAJHI REIT FUND

RIYADH CITY

JUNE 2020



TAQEEN





 REF:
 2010365-2

 Date:
 10/08/2020

 M/S
 AIRajhi REIT Fund

Subject: Valuation Report for a medical property located in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the medical project (Al Salam NMC Hospital) located in Riyadh 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY Introduction We received instructions from the client on 17/05/2020 to implement valuation service for a Medical facility in Riyadh city. Client AlRajhi REIT Fund. **Reference No.** 2010365-2 **Purpose of Valuation** Semi- Annual Valuation Purposes **Subject Property** Medical Facility **Property Location** The property is located in Al Salam district, Riyadh City. **Title Deed Information** Title Deed No: 310124039036, 810124039037, 310124039038 & 410124039039, Issued from Riyadh Notary Freehold **Ownership Type** Privilege Warehouse Company 2 Owner Land Use Commercial Land Area (Sqm) Based on the title deed, the land has an area size of 3,603.6 Sqm The building is composed of 9 floors with a total BUA of 17,512.73 Sgm BUA (Sqm) Vacancy Rate As per the client the property is fully leased Valuation Approach Comparable Approach, Cost Approach & Income Approach **Final Property Value** 167,290,000 SAR Valuation Date 30/06/2020 10/06/2020 **Inspection Date**



1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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

RECEIVED PROPERTY LOCATION UTILITIES & SERVICES DUE DILIGENCE ANALYSIS CHECK-UP OUTPUT INFO **GENERAL BUILDING ON-SITE WHITE** COMMENT ON INSPECTION STRUCTURAL SUMMARY **CUBES TEAM** SURVERYING DESIGN NOTES

1.11 MARKET SURVEY

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





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1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a medical facility (AI Salam NMC Hospital) located in AI Salam district, Riyadh city. The hospital is owned by 4 title deeds with a total land area of 3,603.6 Sqm and a total BUA of 17,512.73 Sqm. It is composed of 2 basements used as parking areas, ground floor used as clinics, a mezzanine intended for commercial use, 5 upper floors and annexes used for clinics and fences. As per the site inspection done by our team, the subject property is open on 3 sides from the north, west and south with a direct view on AI Imam AI Shafii Road. The project is mostly surrounded by residential and commercial units where all infrastructural facilities such as water, telecommunication, electricity and sewage are available in the surroundings and connected to the subject property.
Location Description	The property being valuated is a medical facility located in Al Salam District, Riyadh City. The property is bordered from the north by an Unnamed Street The property is bordered from the south by an Unnamed Street The Property is bordered from the east by a private property The property is bordered to the west by Al Imam Al Shafi Road
Ease of Access	Based on the current location of the subject property, the access level is high since it is located on AI Imam AI Shafi road.

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

Land			Building		
Land Use	Commercial	Building Type	Medical Facility		
No. of Streets	3	Building Structural Cond	ditions Fully Constructed		
Land Shape	Graded	External Elevation Condi	ditions Good		
Direct View on the Main Road	Al Imam Al Shafi Road	Building Finishing Cond	ditions Good		
Direct View on an Internal Street	Unnamed Streets	Overall Building Condition	ions Good		
Land Condition	Constructed				

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Sham Pie House (Kilometres)
- 2- Sanabel Al Salam (Kilometres)
- 3- Jawhar Al Shiraa Restaurant (Kilometres)
- 4- Tahweel Al Rajhi (Kilometres)
- 5- Teachers College (Kilometres)

- 6- Al Salam intermediate School (Kilometres)
- 7- Body Masters (Kilometres)
- 8- Chocolate Shop (Kilometres)
- 9- Al Rajhi Bank (Kilometres)
- 10- Nabigha Library (Kilometres)

1.15 PROPERTY ACCESS

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



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1.16 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed of the subject property which is owned by 4 title deeds. The details of the subject property:

Title D	eed# 310124039038	Title Deed# 410124039039		
Title Deed Date	10/03/1441	Title Deed Date	10/03/1441	
Title Deed Value	28,140,322.62 SAR	Title Deed Value	28,140,322 SAR	
Land Area (Sqm)	1,038.1	Land Area (Sqm)	1,190.5	
Plot No.	167	Plot No.	168	
Block No.	15	Block No.	15	
Layout No.	2696	Layout No.	2696	
Ownership	Privilege Warehouse Company 2	Ownership	Privilege Warehouse Company 2	
Limitations of Document		Limitations of Document		
	eed# 810124039037		ed # 310124039036	
Title Deed Date	10/03/1441	Title Deed Date	10/03/1441	
Title Deed Value	28,140,322 SAR	Title Deed Value	28,140,322 SAR	
Land Area (Sqm)	625	Land Area (Sqm)	750	
Plot No.	165	Plot No.	166	
Block No.	15	Block No.	15	
Layout No.	2696	Layout No.	2696	
Ownership	Privilege Warehouse Company 2	Ownership	Privilege Warehouse Company 2	
Limitations of Document		Limitations of Document		

The client has provided us with copy of the Title Deeds which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document. We have to note that all title deeds show that the subject property is mortgage, which we have no information about the due and/or clearance of such limitation. The impact of such limitation will not be reflected in the valuation process.

1.17 CONSTRUCTION & BUILDINGS

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

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

The subject property is a fully constructed medical facility composed of 9 floors. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
Construction Permit Type	Modification
Property Type	Medical
Construction Permit No.	1429/ 4972
Construction Permit Date	08/06/1432
Permit Expiry Date	08/06/1435

Description	No. of Units	Area (sqm)	Use
Mezzanine	0	1,072.39	Commercial
Ground Floor	1	1,440	Clinics
Second Basement	1	3,603.6	Parking
First Basement	1	3,603.6	Parking
First Floor	1	1,422.18	Clinics
Second Floor	1	1,430.65	Clinics
Third Floor	1	1,430.65	Clinics
Fourth Floor	1	1,398.03	Clinics
Fifth Floor	1	1,398.03	Clinics
Annex	1	713.6	Clinics
Fences	1	55	Fences
Total BAU (sqm)		17,512.73	

1.18 INSURANCE

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

1.19 PHOTO RECORD





















1.20 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.21 BUDGET ALLOCATION FOR 2019



1.22 SWOT ANALYSIS

Strength	Weakness
- The property is open from 3 sides with a direct view on the main road (AI Imam AL Shafi Road) which gives the project ease of access.	- None
Opportunities	Threats
- High demand on the property type due to its proximity to a condensation of residential buildings in the surroundings	- Existing and potential similar projects

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

1.23 SECTOR BRIEF

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



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





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1.24 RISK ANALYSIS

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

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

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15	Property Analysis
Facilities & Amenities			~			
Management Skills		~				
Overall Condition		~				Risk Category- 20 Ris
Total Risk	0	4	3	0	0	Points - Elevated Risk
Risk Category 7 Ris	k Points - Medium Risk					



1.25 DOCUMENTS RECIEVED

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



1.26 GENERAL ASSUMPTIONS

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

1.27 LEGAL NOTICES

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

1.28 INFORMATION SOURCE

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

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

1.29 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.30 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.31 INPUT VALUATION PROCESS

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

1.32 COMPARABLE APPROACH

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

Feature Quoting District Sale Price Data Source Area Size SAR / Sqm	Characteristics of Sampl Subject Property Al Salam Title Deed 3,603.60	Sam Offe AI S SAR 5, Market 1,20	iple 1 ering alam 100,000 : Survey 00.00 4,250	Subject Property
Sides Open	Adjustment Analysis		1	
Area size Location Desirability Accessibility Main Street Width (m) Sides Open Land Shape Close to main street Negotiable Other Factor	3,603.60 Average 45 3 Regular Yes	1,200.00 Average Average 35 1 Regular Yes Yes	PLE 1 -5.00% 0.00% 0.00% 5.00% 0.00% -10.00% 0.00%	
Total Adjustments Ratio Total Adjustment Amount Net After Adjustment SAR / Sqm Rounded Value		SAR 3,825 SAR 3,800	-10.00% -SAR 425.0 SAR 3,825.0	Sample 1

	SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%		
Land Area SAR / Sqm	3,604 SAR 3,420.0	3,604 SAR 3,610.0	3,604 SAR 3,800.0	3,604 SAR 3,990.0	3,604 SAR 4,180.0		
Property Value	SAR 12,324,312	SAR 13,008,996	SAR 13,693,680 PROPERTY VALUE	SAR 14,378,364	SAR 15,063,048		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 3,500 - 4,000 SAR / Sqm with an average of 3,750 SAR / m2. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

1.33 COST APPROACH (DRC)

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

Skeleton - Concrete Cost SAR 1,100 SAR 1,300 SAR 1,200 MEP SAR 900 SAR 1,100 SAR 1,000	
MEP SAR 900 SAR 1,100 SAR 1,000	
Finishing MaterialsSAR 1,400SAR 1,600SAR 1,500	
Fit outs & AppliancesSAR 700SAR 800SAR 750	
Furniture SAR 180 SAR 220 SAR 200	
Site Improvements SAR 100 SAR 140 SAR 120	
Owner Profit 20% 30% 25%	

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

	LAND	
Land Area	SAR / Sqm	Total Value
3,603.60	SAR 3,800	SAR 13,693,680
	Building	
	Unit	Total BUA
Underground BUA	Sqm	7,207.20
Underground BUA Upper Floors BUA	Sqm	10,305.53
Total (SQM)	17,512.73	

		Developme	ent Cost		
		Hard Cost - U	pper Floors		
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	10,305.53	SAR 1,200	SAR 12,366,636	100%	SAR 12,366,636
Electro Mechanic	10,305.53	SAR 1,000	SAR 10,305,530	100%	SAR 10,305,530
Finishing	10,305.53	SAR 1,500	SAR 15,458,295	100%	SAR 15,458,295
Fit outs & Appliances	10,305.53	SAR 750	SAR 7,729,148	100%	SAR 7,729,148
Furniture	10,305.53	SAR 200	SAR 2,061,106	100%	SAR 2,061,106
Site Improvement	3,603.60	SAR 120	SAR 432,432	100%	SAR 432,432
Total			SAR 48,353,147	100.00%	SAR 48,353,147
		Hard Cost - (U	nderground)		
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	7,207.20	SAR 1,800	SAR 12,972,960	100%	SAR 12,972,960
Electro Mechanic	7,207.20	SAR 1,200	SAR 8,648,640	100%	SAR 8,648,640
Finishing	7,207.20	SAR 500	SAR 3,603,600	100%	SAR 3,603,600
Total			SAR 25,225,200	100.00%	SAR 25,225,200
		Overall Sc	oft Cost		
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 73,578,347	0.50%	SAR 367,892
Design			SAR 73,578,347	1.00%	SAR 735,783
Eng Consultant			SAR 73,578,347	2.00%	SAR 1,471,567
Management			SAR 73,578,347	5.00%	SAR 3,678,917
Contingency			SAR 73,578,347	5.00%	SAR 3,678,917
Others			SAR 73,578,347	0.00%	SAR 0
TOTAL				13.50%	SAR 9,933,076.78
Total Hard Cost	SAR 73,578,347		BUA	17,512.73	
Total Soft Cost	SAR 9,933,076.78		SAR / Sqm	SAR 4,769	
Total Construction Cost	SAR 83,511,423.28		Overall Completion	100.0%	

After knowing the total construction costs at a rate of 4,769 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE					
Total Dev Cost	SAR 83,511,423	Net Dep Rate	12.00%		
		Dev Cost After Depreciation	SAR 73,490,052		
Economic Age	50				
Annual Dep Rate	2.00%	Total Completion Rate	100.00%		
		Developer Profit Rate	25.0%		

Actual Age Total Dep Rate	6 12.00%		
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 18,372,513
Net Dep Rate	12.00%	Development Value	SAR 91,862,566

The total value of the building is 91,862,566 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 91,862,566	SAR 13,693,680	SAR 105,556,246	SAR 105,560,000

1.34 INCOME APPROACH- LEASING CONTRACT

The client did not provide us with the leasing contract related to the subject property. yet, he informed us that the property is fully leased to one tenant with total revenue of 11,710,000 SAR annually where all expenses will be paid by the tenant.

We have to note that the subject property falls under the definition of unique / specialized assets applied by TAQEEM (Saudi Authority for Accredited Valuers) standards and regulations. The special assets definition includes all the properties those witness very limited number of transactions in the market (sale / buy activities) due to the nature and type of business, where those properties considered as operational properties and can be used by one tenant operator only, such as educational facilities, medical facilities, agriculture facilities and any other asset abdicated for one use or purpose. The following summarizes the high-level characters of the special properties:

Can be used by one tenant / operator. The purpose of such properties is to examine and run a business operation rather than to offer the property to the market for renting activities as an income generating property.

Very minimum comparable transaction in the market.

Based on all the above, we can't apply the income approach based on the market rates for such property since they can't be rented in several units. For example, any educational (and / or) medical facilities considered as operation property and they are measured by the number of students and number of beds respectively rather than per unit (and / or) per Sqm.

Market Capitalization Rate Analysis

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

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

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

- Easy access to the property

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

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

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

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

		REV	ENUES		
	Quantit	ty	R	levenues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Institute		The subject proper	ty is Fully leased to 1 tenant		SAR 11,710,000
	0	0	SAR 0	SAR 0	SAR 0
			То	otal Revenues	SAR 11,710,000
		EXP	ENSES		
Unit Type	Management	Utilities	Operation	Others	Total Expenses
Educational Institute		All the expenses	will be paid by the tenant		0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
		NET OPERA			
Unit Type	Total Reve	nues	Tota	al Expenses	NOI
Educational Institute	SAR 11,710	0,000		0.00%	SAR 11,710,000
	SAR 0	1		0.00%	SAR 0
			Тс	otal	SAR 11,710,000
Total Property Revenues					SAR 11,710,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 11,710,000.00
Net Operating Income	Cap Rat			perty Value	Rounded Value
SAR 11,710,000.00	7.00%		167,28	35,714.29 SAR	167,290,000.00 SAR

1.35 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 167,290,000	One Hundred Sixty-Seven Million and Two Hundred Ninety Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 105,560,000	One Hundred Five Million and Five Hundred Sixty Thousand Saudi Riyals

1.36 SUBJECT PROPERTY VALUE

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

Property Value: 167,290,000 SAR One Hundred Sixty-Seven Million and Two Hundred Ninety Thousand Saudi Riyals

1.37 REPORT USE

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

1.38 DISCLAIMER

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

1.39 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.

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1.40 CONSULTANT STATUS

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

1.41 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.42 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.



No	lf Yes		Remarks	
	Client	Date		
	Al Rajhi Capital	Dec 2019		
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1.43 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.



Title De	eeds
بالمعادين مالكاليتان (١٧٧٦) كابترالملل الالماض كابترالملل الرواض	المان المان المراجع المحقول المح ولا تتأ المذلل المحل بالرياض المحقول المح ومحقول المحقول ا
کسکا بالد به وجده والمعلاة والسلام على مز لا ني بعده، ويه بال بقية قشمة الارض رقم ١٦٦ من البلك رقم ٩ من المنتخط رقم ١٩٣ الواقع ف مي السلام بعديدة الرياض بال بقية قشمة الارض رقم ١٦٦ من البلك رقم ٩ من المنتخط رقم ١٩٣ الواقع ف مي السلام بعديدة الرياض بال بقية قشمة الارض رقم ١٩٦ من البلك رقم ٩ من المنتخط رقم ١٩٣ الواقع ف مي السلام بعديدة الرياض بال بقية قشمة الارض رقم ١٩٦ من البلك بينون بينون بينو بينون بينو بينو بينو	صلک الحمد بله وحده والصلاة والمذلام على من لا نلي بعده وبعد. فإن قطعة الارض رقد 14 من البلك رقد 14 من للخطط رقم ٢٢٢٦ الواقع ق من مسلام بممينة الزياض. ومدودها وأطوالها محالتناني. شمالاً: شارع عرض 14 م بطول: (٢٩) خمسة و عشر ون متر شرطاً: قطعة رقم ١٦٦ بطول: (٢٩) خمسة و عشر ون متر شرطاً: قطعة رقم ١٦٦ بطول: (٣٩) خمسة و عشر ون متر شرطاً: قطعة رقم ١٦٦ بطول: (٣٩) خمسة و عشر ون متر شرطاً: قطعة رقم ١٩٦ بطول: (٣٩) خمسة و عشر ون متر غرباً: قطعة رقم ١٩٦ بطول: (٣٩) خمسة و عشر ون متر فرباً: قطعة رقم ١٩٦ بطول: (٣٩ مسلول معروب معرفات وزارة الثلاية رقم ١٩٢٧ في ١٩٤ غرباً: قطعة رقم ١٩٦ بطول: (٣٩ مسلول من مربعاً فقط حسب خطاب وزارة الثلاية رقم ١٩٢٧ في ١٩٤ غرباً: البقير برقم ١٩٢٥ المائلة و خصمة و عشر ون متر مربعاً فقط حسب خطاب وزارة الثلاية رقم ١٩٢٧ في ١٩٤ المائلة على الرابقيا على المائلة المائلة، عومب سبل تجاري رقم ١٩٤ الثلاية رقم ١٩٤ م ١٩٤ م قد انتقلت مناصليتها در شرصة الخازل الميزة الثانية بعومب سبل تجاري رقم ١٤٤ الثلاء القر و عشر ون ريال من خس م . بتمن وقدرة ١٩٢ مثلاة في عشر ون مليونا و مائة و ارمعون الذا و تلاثمانة و الثين و عشر ون ريال من ضر من الشيك وعليه جري التصديق تسريراً هـ ١٠ (١٩٢ ١٩ مائلة الم تلائلمائة الق على بنينا محمد وتام من من من من من من
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مىرى <mark>مىزى ئەر مىلىمى بەر</mark>

ميسجد «١٩٠٨»، ١٩٠٠»، المثلة وحدة متجاملة ، وحدياع أو ثلق صلحة عنه يودي إلى عنه. صلاحية السلند. الموذي رقم (21) . . . (من المردع معمم الاستمام بالماسي التي ويمع تحيفه) TATAM - Eagled Salas Later مريسمية - - - منه المرتبع المستند وحدة مشطاعية ، ومتواع أو تبقد مسلحة منه بؤدي أو عدم مبلا حوة السلند

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(هذا الذواع محمض فلاستخدام بالحاسي الآلي ويدلع تحليقه)





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AL ANDALUS BUILDING

AL RAJHI REIT FUND

JEDDAH CITY

JUNE 2020



TAQEEN





 REF:
 2010365-1

 Date:
 10/08/2020

 M/S
 AIRajhi REIT Fund

Subject: Valuation Report for Al Andalus Building in Jeddah City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the commercial project (Al Andalus Building) 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY

Introduction We received instructions from the client on 17/05/2020 to implement valuation service for a commercial project in Jeddah city.

Client	Al Rajhi REIT Fund.
Reference No.	2010365
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Commercial Building

Property Location	The property is located in AI Ruwais district, Jeddah City.		
Title Deed Information	Title Deed No: 461, Title Deed Date: 17/02/1396, Issued from Jeddah Notary		
Ownership Type	Freehold		
Owner	Gulf Company for Real Estate Investment and Development		

Land Use	Commercial Use
Land Area (Sqm)	Based on the title deed, the land has an area size of 9,565.85 Sqm
BUA (Sqm)	Based on the provided construction permit, the building has a total BUA of 33,426.34 Sqm
GLA (Sqm)	The total gross leasable area is 15,276 Sqm composed of offices and showrooms.
Vacancy Rate	Based on the client, the vacancy rate is 23%

Valuation ApproachComparable Approach, Cost Approach & DCF ApproachFinal Property Value193,100,000 SAR

Valuation Date Inspection Date

30/06/2020 10/06/2020



1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

17 May 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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

RECEIVED PROPERTY LOCATION UTILITIES & SERVICES DUE DILIGENCE INFO ANALYSIS CHECK-UP OUTPUT **GENERAL BUILDING ON-SITE WHITE** COMMENT ON INSPECTION STRUCTURAL SUMMARY **CUBES TEAM** SURVERYING DESIGN NOTES

1.11 MARKET SURVEY

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





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial building located in Al Ruwais district, Jeddah city. According to the provided copy of the title deed and construction permit, the subject property has a total land area of 9,565.85 Sqm, a total BUA of 33,426.34 Sqm and composed of 11 showrooms, 2 restaurants and 65 offices. Based on the site inspection done by our team for the purpose of valuation, the subject property is open of 4 sides with a direct view on Al Andalus Road. The project is surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property subject of valuation is a commercial building located in Al Ruwais district, Jeddah City. The property is bordered from the north by Al Maadi Street The property is bordered from the south by Fid al Ahsan Street The Property is bordered from the east by Fayd As Samaa Street The property is bordered to the west by Al Andalus Road
Ease of Access	Based on the current location of the subject property, the access level is high since it is located on Al Andalus Road.
Area Surrounding the Property	The subject property is mostly surrounded by residential and mix-use buildings.

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

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Subway (0.3 Kilometres)
- 2- PC TIME barroom Center (0.35 Kilometres)
- 3- Samba (0.01 Kilometres)
- 4- United Matbouli Group (0.1 Kilometres)
- 5- Ar Ruwais Baharah Cemetery (0.35 Kilometres)

- 6- Faith Charity Association for Cancer Care (0.15 Kilometres)
- 7- Arab National Bank (0.3 Kilometres)
- 8- T.G.I. FRIDAY'S (0.1 Kilometres)
- 9- SACO (0.4 Kilometres)
- 10- Hardee's (0.1 Kilometres)

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1.15 PROPERTY ACCESS

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



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1.16 TITLE DEED & OWNERSHIP

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

City District T.D Number T.D Date T.D Value Date of Last Transaction Issued From	Jeddah Al Ruwais 461 17/02/1396 N/A N/A Jeddah Notary	Land Area Plot No. Block No. Layout No. Owner Ownership Type Limitation of Document	9,565.85 Sqm N/A N/A Gulf Company for Real Estate Investment and Development Freehold N/A
North Side South Side Notes	Al Maadi Street Fid al Ahsan Street The client has provided us with copy of the T diagnosis on any legal document.	East Side West Side Fitle Deed which was assume	Fayd As Samaa Street Al Andalus Road d to be correct and authentic. It is not in our scope to run legal

1.17 CONSTRUCTION & BUILDINGS

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

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

The client provided us with a building permit for the subject property, which contains the following data:

Subject Property	
Construction Permit Type	N/A
Property Type	N/A
Construction Permit No.	1358
Construction Permit Date	19/06/1430 H. D
Permit Expiry Date	N/A

Description	No. of Units	Area (sqm)	Use
Basement	1		
Ground Floor	1		
Mezzanine	1		
Upper Floors	8		
Total BAU (sqm)		33,426.34	

1.18 MAINTENANCE & OPERATIONAL EXPENSES

The client did not provide us with the total maintenance and operating costs of the subject property. Yet and based on the market rates, we estimate that the OPEX is 15% annually, which includes all administration, maintenance, operation and general service bills.

1.19 INSURANCE

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

1.20 PHOTO RECORD



















1.21 PROPERTY UNIT DETAILS

The client provided us a list including all the unit's details within the subject property as shown in the following table:

Unit ID	Unit Type	Area Size (Sqm)	Status	Unit ID	Unit Type	Area Size (Sqm)	Status
301294	Showroom	420	Rented	301338	Office	116	Rented
301295	Showroom	420	Rented	301339	Office	116	Rented
301296	Showroom	420	Rented	301340	Office	116	Rented
301297	Showroom	420	Vacant	301341	Office	116	Rented
301298	Showroom	420	Rented	301342	Office	106	Rented
301299	Showroom	420	Vacant	301343	Office	116	Rented
301300	Showroom	415	Rented	301344	Office	106	Rented
301301	Showroom	415	Rented	301345	Office	179	Rented
301302	Showroom	415	Vacant	301346	Office	724	Rented
301303	Showroom	415	Rented	301347	Office	106	Rented
301304	Showroom	830	Rented	301348	Office	722	Vacant
301305	Restaurant	200	Rented	301349	Office	126	Rented
301306	Office	1300	Rented	301350	Office	106	Rented
301307	Office	16	Rented	301351	Office	232	Rented
301308	Office	286	Vacant	301352	Office	179	Rented
301309	Office	116	Vacant	301353	Office	213	Rented
301310	Office	232	Rented	301354	Office	114	Rented
301311	Office	106	Rented	301355	Office	838	Rented
301312	Office	164	Rented	301356	Office	116	Rented
301313	Office	106	Rented	301357	Office	116	Rented
301314	Office	348	Rented	301358	Office	177	Rented
301315	Office	16.25	Vacant	301359	Office	116	Rented
301316	Office	180	Rented	301360	Office	109	Rented
301317	Office	116	Rented	301361	Office	115	Rented
301318	Office	106	Rented	301362	Office	106	Rented
301319	Office	114	Vacant	301363	Office	838	Rented
301320	Office	106	Rented	301364	Office	123	Rented
301321	Office	16	Rented	301365	Office	109	Vacant
301322	Office	348	Rented	301366	Office	391	Rented
301323	Office	623	Rented	301367	Office	116	Vacant
301324	Office	116	Rented	301368	Office	116	Vacant
301331	Office	116	Vacant	301369	Office	593	Rented
301332	Office	559	Vacant	301370	Restaurant	501.9	Vacant
301333	Office	179	Vacant	301371	Office	6	Rented
301334	Office	116	Rented	Total		19,743	
301335	Office	106	Rented				
301336	Office	232	Vacant				
301337	Office	106	Rented				



1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



1.24 SWOT ANALYSIS

Strength	Weakness
 Open on 4 sides. Direct view on main road (Al Andalus Road). The property has a regular land shape. 	- None
Opportunities	Threats
 Located in high-density residential district. High demand on the property type 	- Potential similar projects in the same area.

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

1.25 SECTOR BRIEF

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



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





1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			~			
Sector Future Performance		~				
Occupancy Rates			~			
Supply Rate			✓			Risk Category- 20 Risk
Demand Rate			✓			Points - Medium Risk
Total Risk	0	2	15	0	0	FOILTS - MEULUITI RISK
Risk Category 17 Risk Pol	ints – Medium Risk					

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25	Land Analysis
Access		~				
Location		~				
Land Shape		~				Risk Category- 8 Risk
Surrounding Area facilitie	S	~				Points - Minimal Risk
Total Risk	0	8	0	0	0	
Risk Category 8 Risk	Points – Minimal Risk					

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


1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

DISCOUNTED CASH FLOW (DCF)

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

1.33 INPUT VALUATION PROCESS

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

1.34 COST APPROACH (DRC)

As a first step, based on the site inspection done by our team for the purpose of valuation, we did not find similar samples similar to the subject land. Yet, we have relied on interviews done with local real estate agent which agreed on a value between 6,000 and 7,000 SAR/ Sqm. We will use 6,500 SAR/ Sqm for conservative reasons.

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 1,000	SAR 1,300	SAR 1,200
MEP	SAR 300	SAR 500	SAR 500
Finishing Materials	SAR 800	SAR 1,000	SAR 900
Site Improvements	SAR 50	SAR 200	SAR 125
Owner Profit	20%	30%	20%

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

LAND							
Land Area	SAR / Sqm	Total Value					
9,565.85	SAR 6,500	SAR 62,178,025					
	Building						
	Unit	Total BUA					
Total BUA (Sqm)	Sqm	33,426.34					
Total (SQM)	33,426.34						

Development Cost									
Hard Cost - Upper Floors									
	Area	SAR / Sqm	Total	Completion Rate	Total Cost				
Skeleton & Block	33,426.34	SAR 1,200	SAR 40,111,608	100%	SAR 40,111,608				
Electro Mechanic	33,426.34	SAR 500	SAR 16,713,170	100%	SAR 16,713,170				
Finishing	33,426.34	SAR 900	SAR 30,083,706	100%	SAR 30,083,706				
Fit outs & Appliances	33,426.34	SAR 0	SAR 0	100%	SAR 0				
Furniture	33,426.34	SAR 0	SAR 0	100%	SAR 0				
Site Improvement	9,565.85	SAR 125	SAR 1,195,731	100%	SAR 1,195,731				
Total			SAR 88,104,215	100.00%	SAR 88,104,215				

Overall Soft Cost								
		Total Hard Cost	Ratio	Soft Cost				
Initial Project Pre Cost		SAR 88,104,215	0.10%	SAR 88,104				
Design		SAR 88,104,215	1.00%	SAR 881,042				
Eng Consultant		SAR 88,104,215	1.00%	SAR 881,042				
Management		SAR 88,104,215	2.50%	SAR 2,202,605				
Contingency		SAR 88,104,215	2.50%	SAR 2,202,605				
Others		SAR 88,104,215	0.00%	SAR 0				
TOTAL			7.10%	SAR 6,255,399.28				
Total Hard Cost	SAR 88,104,215	BUA	33,426.34					
Total Soft Cost	SAR 6,255,399.28	SAR / Sqm	SAR 2,823	_				
Total Construction Cost	SAR 94,359,614.53	Overall Completion	100.0%					

After knowing the total construction costs at a rate of 2,823 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE									
Total Dev Cost	SAR 94,359,615	Net Dep Rate	20.00%						
		Dev Cost After Depreciation	SAR 75,487,692						
Economic Age	40								
Annual Dep Rate	2.50%	Total Completion Rate	100.00%						
		Developer Profit Rate	20.0%						
Actual Age	8								
Total Dep Rate	20.00%								
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 15,097,538						
Net Dep Rate	20.00%	Development Value	SAR 90,585,230						

The total value of the building is 90,585,230 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 90,585,230	SAR 62,178,025	SAR 152,763,255	SAR 152,760,000

1.35 DISCOUNTED CASH FLOW- ACTUAL RATES

The client provided us with a list of tenants showing all the rental revenues as shown in the following table:

Unit ID	Unit Type	Area Size (Sqm)	Status	Total Rent	Unit ID	Unit Type	Area Size (Sqm)	Status	Total Rent
301294	Showroom	420	Rented	SAR 333,333.3	301347	Office	106	Rented	SAR 64,130
301295	Showroom	420	Rented	SAR 333,333.3	301348	Office	722	Vacant	SAR 0
301296	Showroom	420	Rented	SAR 333,333.3	301349	Office	126	Rented	SAR 107,100
301297	Showroom	420	Vacant	SAR 0.0	301350	Office	106	Rented	SAR 90,000
301298	Showroom	420	Rented	SAR 400.000	301351	Office	232	Rented	SAR 204,160
301299	Showroom	420	Vacant	SAR 0	301352	Office	179	Rented	SAR 137,830
301300	Showroom	415	Rented	SAR 350,000	301353	Office	213	Rented	SAR 163,240
301301	Showroom	415	Rented	SAR 330,000	301354	Office	114	Rented	SAR 100,320
301302	Showroom	415	Vacant	SAR 0	301355	Office	838	Rented	SAR 660,000
301303	Showroom	415	Rented	SAR 400,000	301356	Office	116	Rented	SAR 95,000
301304	Showroom	830	Rented	SAR 697,200	301357	Office	116	Rented	SAR 114,840
301305	Restaurant	200	Rented	SAR 500,000	301358	Office	177	Rented	SAR 175,230
301306	Office	1300	Rented	SAR 813,948	301359	Office	116	Rented	SAR 114,840
301307	Office	16	Rented	SAR 35,000	301360	Office	109	Rented	SAR 107,910
301308	Office	286	Vacant	SAR 0	301361	Office	115	Rented	SAR 113,850
301309	Office	116	Vacant	SAR 0	301362	Office	106	Rented	SAR 93,280
301310	Office	232	Rented	SAR 185,600	301363	Office	838	Rented	SAR 762,850
301311	Office	106	Rented	SAR 70,543	301364	Office	123	Rented	SAR 121,770
301312	Office	164	Rented	SAR 109,142	301365	Office	109	Vacant	SAR 0
301313	Office	106	Rented	SAR 77,500	301366	Office	391	Rented	SAR 344,080
301314	Office	348	Rented	SAR 252,648	301367	Office	116	Vacant	SAR 0
301315	Office	16.25	Vacant	SAR 0	301368	Office	116	Vacant	SAR 0
301316	Office	180	Rented	SAR 115,000	301369	Office	593	Rented	SAR 498,780
301317	Office	116	Rented	SAR 90,480	301370	Restaurant	501.9	Vacant	SAR 0
301318	Office	106	Rented	SAR 74,200	301371	Office	6	Rented	SAR 30,000
301319	Office	114	Vacant	SAR 0	Total		19,743		SAR 12,287,046
301320	Office	106	Rented	SAR 70,543					
301321	Office	16	Rented	SAR 40,000	-				07.040
301322	Office	348	Rented	SAR 240,564		otal Reve	nues / S	SAR 12,2	.87,046
301323	Office	623	Rented	SAR 401,831	3.4				
301324	Office	116	Rented	SAR 92,510					

Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

The client did not provide us with the total maintenance and operating costs of the subject property. Yet and based on the market rates, we estimate that the OPEX is 9% annually, which includes all administration, maintenance, operation, and general service bills.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 6.5% to 7.5%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 6.5%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	C E00/
	0.00%
Maximum capitalization rate	6.50% 7.50%
Average	7.00%

The effect of the property specifications on the property			
Item	Status	Influence	Notes
Ease of access to the property		-0.25%	Several major methods
General condition of the property		0.00%	The actual age of the property is 8 years
The general location of the property		-0.25%	The area is served excellently
Quality and finishes		-0.25%	Good quality finishes
Project Management Team		0.00%	Average management and operational team level
Services and public facilities		0.25%	Level and availability of services is good
Total		-0.50%	
Note: When the effect is negative (-), this reduces the capitalization rate, which incl	reases the value of th	ne property. And when the e	ffect is positive (+), this increases the capitalization rate, which reduces the
value of the property			
Total adjustments on capitalization rate		-0.50%	
Capitalization rate, according to market averages		7%	
Estimated capitalization rate of the property valuation		6.50%	

Based on the above:

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
		0%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Expected Revenues												
Total	SAR	16,240,267	16,402,670	16,566,696	16,732,363	16,899,687	17,068,684	17,239,371	17,411,764	17,585,882	17,761,741	17,939,358
Overall Revenues		16,240,267	16,402,670	16,566,696	16,732,363	16,899,687	17,068,684	17,239,371	17,411,764	17,585,882	17,761,741	17,939,358
Vacancy Rates												
		24%	15.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Vacancy Rates		3,952,881	2,460,400	1,656,670	1,673,236	1,689,969	1,706,868	1,723,937	1,741,176	1,758,588	1,776,174	1,793,936
Total		3,952,881	2,460,400	1,656,670	1,673,236	1,689,969	1,706,868	1,723,937	1,741,176	1,758,588	1,776,174	1,793,936
Expenses												
Management	3.0%	487,208	492,080	497,001	501,971	506,991	512,061	517,181	522,353	527,576	532,852	538,181
Utilities	3.0%	487,208	492,080	497,001	501,971	506,991	512,061	517,181	522,353	527,576	532,852	538,181
Operation	3.0%	487,208	492,080	497,001	501,971	506,991	512,061	517,181	522,353	527,576	532,852	538,181
Overall Expenses		1,461,624	1,476,240	1,491,003	1,505,913	1,520,972	1,536,182	1,551,543	1,567,059	1,582,729	1,598,557	1,614,542
NOI		10.825.762	12,466,029	13,419,024	13,553,214	13,688,746	13,825,634	13,963,890	14.103.529	14,244,564	14,387,010	14,530,880
Terminal Value @>	6.5%		,,	,	,			,,	,,	,,		223,552,003
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		10.825.762	11.436.724	11.294.524	10,465,568	9.697.453	8.985.713	8,326,212	7.715.113	7,148,867	6.624.179	100,568,783
Market Rate / Net Present Value)	-,,	,	, <u> </u>	-,,	-,,	- , ,	-,,-	,	,	- , ,	193,088,898

1.36 DISCOUNTED CASH FLOW APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 850 to 1,050 SAR / Sqm. As for office units, the rental rates range from 500 to 600 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Office	Units	Commercial Showroom Units			
Comparable	Rental Rate/ Sqm	Occupancy Rates	Rental Rate/ Sqm	Occupancy Rates		
Comparable 1	500 SAR/ Sqm	85%	900 SAR/ Sqm	95%		
Comparable 2	500 SAR/ Sqm	80%	950 SAR/ Sqm	90%		
Comparable 3	500 SAR/ Sqm	80%	800 SAR/ Sqm	85%		
Average	500 SAR/ Sqm	82%	880 SAR/ Sqm	90%		



Analysis of comparison of market rents with actual rents

Based on the list of actual income of the subject property, which was provided to us by the client, we will compare the average rental prices in the market with the actual rents of the property. The difference between the actual and the market rates for the offices is due to difference in the size of the units, the quality of finishes and the ease of access to the project.

	Average Rental Rate Based on the Market	Average Actual Rental Rate
Offices	500 SAR	795 SAR
Commercial Showrooms	880 SAR	1,030 SAR

Based on the quality and location of these samples and in comparison with the subject property, we will apply an adjustment rate of +20% to match the quality of construction and finishing of the subject property. Therefore, the average rental rate will be around 600 SAR / Sqm for the offices and 1,000 SAR/ Sqm for commercial units.

Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 9% to 12% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 6.5% to 7.5%. This average is mainly driven by several factors such as the guality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate			6.50%
Maximum capitalization rate			7.50%
Average			7.00%
The effect of the property specifications on the propert	у		
Item	Status	Influence	Notes
Ease of access to the property		-0.25%	Several major methods
General condition of the property		0.00%	The actual age of the property is 8 years
The general location of the property		-0.25%	The area is served excellently
Quality and finishes		-0.25%	Good quality finishes
Project Management Team		0.00%	Average management and operational team level
Services and public facilities		0.25%	Level and availability of services is good
Total		-0.50%	
Note: When the effect is negative (-), this reduces the capit	alization rate, w	hich increases the v	value of the property. And when the effect is positive (+),
this increases the capitalization rate, which reduces the val			
Total adjustments on capitalization rate		-0.50%	
Capitalization rate, according to market averages		7%	
Estimated capitalization rate of the property valuation		6.50%	

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

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

The estimated capitalization rate for the property, which will be based on the valuation process, is 6.5%, which will be applied subsequently to the net operating income of the property.

Occupancy Rates in the Project

We will apply a vacancy rate of 30% for offices and 20% for showrooms based on the market for similar projects. The value of the property using the DCF method is as follows:

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
		0%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expected Revenues												
Total	SAR	14,130,650	14,554,570	14,991,207	15,440,943	15,904,171	16,381,296	16,872,735	17,378,917	17,900,285	18,437,293	18,990,412
Overall Revenues		14,130,650	14,554,570	14,991,207	15,440,943	15,904,171	16,381,296	16,872,735	17,378,917	17,900,285	18,437,293	18,990,412
Vacancy Rates												
		20%	20.00%	15.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Vacancy Rates		2,826,130	2,910,914	2,248,681	1,544,094	1,590,417	1,638,130	1,687,274	1,737,892	1,790,028	1,843,729	1,899,041
Total		2,826,130	2,910,914	2,248,681	1,544,094	1,590,417	1,638,130	1,687,274	1,737,892	1,790,028	1,843,729	1,899,041
Expenses												
Management	3.0%	423,920	436,637	449,736	463,228	477,125	491,439	506,182	521,368	537,009	553,119	569,712
Utilities	3.0%	423,920	436,637	449,736	463,228	477,125	491,439	506,182	521,368	537,009	553,119	569,712
Operation	3.0%	423,920	436,637	449,736	463,228	477,125	491,439	506,182	521,368	537,009	553,119	569,712
Overall Expenses		1,271,759	1,309,911	1,349,209	1,389,685	1,431,375	1,474,317	1,518,546	1,564,103	1,611,026	1,659,356	1,709,137
NOI		10,032,762	10,333,744	11,393,317	12,507,164	12,882,379	13,268,850	13,666,915	14,076,923	14,499,231	14,934,207	15,382,234
Terminal Value @>	6.5%											236,649,749
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		10,032,762	9,480,499	9,589,527	9,657,825	9,126,202	8,623,842	8,149,135	7,700,559	7,276,675	6,876,124	106,461,033
Market Rate / Net Present V	alue	· ·	. ,		. ,	. ,	. ,	. ,	. ,	. ,	. ,	192,974,183

1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 152,760,000	One Hundred Fifty-Two Million and Seven Hundred Sixty Thousand Saudi Riyals
DCF- Actual	Property	SAR 193,100,000	One Hundred Nine-Three Million and One Hundred Thousand Saudi Riyals
DCF- Market	Property	SAR 192,970,000	One Hundred Ninety-Two Million and Nine Hundred Seventy Thousand Saudi Riyals

1.38 SUBJECT PROPERTY VALUE

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

Property Value: 193,100,000 SAR One Hundred Nine-Three Million and One Hundred Thousand Saudi Riyals

1.39 VALUATION NOTES

We have noted that all the value, prices & vacancy rates of real estate properties have been affected negatively by the current situation arising from the Covid-19's pandemic.

1.40 REPORT USE

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

1.41 DISCLAIMER

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

1.42 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.

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License No. 1210000474

TAQEEM LISCENCE NUMBER: 1210000474



1.43 CONSULTANT STATUS

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

1.44 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.45 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.



No	lf Yes		Remarks
	Client	Date	
	Al Rajhi Capital	Dec 2019	
× -			
× -			

1.46 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.



Valuer Taqeem ID

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PANDA MARWAH

AL RAJHI REIT FUND

JEDDAH CITY

JUNE 2020





WHITE CUBE

REAL ESTATE

Valuation Report

 REF:
 2010365-4

 Date:
 10/08/2020

 M/S
 Al Rajhi REIT Fund

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

Dear Sir,

With reference to your request and approval dated on May 17, 2020 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 17/05/2020 to implement valuation service for a commercial project in Jeddah city.
Client	Al Rajhi REIT Fund.
Reference No.	2010365-4
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Commercial Building
Property Location	The property is located in Al Marwah district, Jeddah City.
Title Deed Information	Title Deed No: 420205025490, Title Deed Date: 13/03/1437, Issued from Jeddah Notary
Ownership Type	Freehold
Land Use	Commercial Use
Land Area (Sqm)	Based on the title deed, the land has an area size of 38,641 Sqm
BUA (Sqm)	The building has a total BUA of 15,247.72 Sqm
Vacancy Rate	Based on the client, the property is fully leased to one tenant
Valuation Approach	Comparable Approach, Cost Approach & Income Approach
Final Property Value	196,170,000 SAR
Valuation Date	30/06/2020
Inspection Date	10/06/2020



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1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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

RECEIVED PROPERTY LOCATION UTILITIES & SERVICES DUE DILIGENCE ANALYSIS CHECK-UP OUTPUT INFO **GENERAL BUILDING ON-SITE WHITE** COMMENT ON INSPECTION STRUCTURAL SUMMARY **CUBES TEAM** SURVERYING DESIGN NOTES

1.11 MARKET SURVEY

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





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial building located in Al Marwah district, Jeddah City. Based on the provided copy of the title deed and some details provided by the client, the project has a total land area of 38,641 Sqm, a total BUA of 15,247.72 Sqm and fully occupied by Panda Hypermarket. As per the site inspection done by our team for the purpose of valuation, the property is open from 4 sides with a direct view on Prince Mitab Road from the eastern side. Mostly residential units surround the project in addition to some commercial buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property being valuated is a commercial building located in Al Marwah district, Jeddah City. The property is bordered from the north by Abi Habib Al Ansari Street The property is bordered from the south by an unnamed street The Property is bordered from the east by Prince Mitab Road The property is bordered to the west by an unnamed street
Ease of Access	Based on the current location of the subject property, the access level is high since it is located on Prince Mitab Road.
Area Surrounding the Property	The subject property is mostly surrounded by residential and commercial buildings.

	Land		Building
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Mitab Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Abi Habib Al Ansari Street	Overall Building Conditions	Good
Land Condition	Constructed		

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Briman Prison (0.55 Kilometres)
- 2- Nozha Police Station (0.2 Kilometres)
- 3- Civil Defence Berman Center (0.3 Kilometres)
- 4- McDonalds (0.15 Kilometres)
- 5- Saida Almehmadi Mosque (0.35 Kilometres)

- 6- Al Salam Medical Center (1.05 Kilometres)
- 7- Isra Mosque (1.3 Kilometres)
- 8- Khair Mosque (1.1 Kilometres)
- 9- Al Fazz Supermarket (0.55 Kilometres)
- 10- Saptco (0.3 Kilometres)

1.15 PROPERTY ACCESS

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



1.16 TITLE DEED & OWNERSHIP

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

City	Jeddah	Land Area	38,641 Sqm	
District	Al Marwah	Plot No.	1	
T.D Type	Electronic	Block No.	N/A	
T.D Number	420205025490	Layout No.	ج/س/ 432	
T.D Date	13/03/1437	Issued From	Jeddah Notary	
T.D Value	N/A	Ownership Type	Freehold	
Date of Last Transaction	13/03/1437	Limitation of Document	N/A	
North Side	Private Property	East Side	Private Property	
South Side	Al Khalil Street (10 Meters)	West Side	Al Khalil Street (10 Meters)	
			· · · · ·	
	The client has provided us with a	The glight has provided us with early of the Title Dead which was assumed to be correct and authentic. It is not in our second		

Notes

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

1.17 CONSTRUCTION & BUILDINGS

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

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit		Construction Permit		Fully Constructed	A
Other Documents	✓	Other Documents	✓	Under Construction	

The subject property is a fully constructed commercial building. The Client did not provide us with a copy of the Construction Permit. Yet, he provided us with the below details:

Subject Property	
Construction Permit No.	23508
Construction Permit Date	23/05/1429 H. D
Permit Expiry Date	N/A
Total BUA	15,247.72 Sqm

1.18 PHOTO RECORD


















1.19 MAINTENANCE & OPERATIONAL EXPENSES

Based on the client, all maintenance and operating costs of the subject property which includes all administration, maintenance, operation and general service bills will be paid by the tenant.

1.20 PROPERTY ACTUAL RENTAL RATES

As per the client, the total revenues related to the subject property is equal to 11,262,883 SAR.

1.21 INSURANCE

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



1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



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1.24 SWOT ANALYSIS

Strength	Weakness
 The subject property is open on 4 sides with a direct view on the main road (Prince Mitab Road) The property is located in a premium location Ease of access to the property 	- The property is not developed as its highest and best use
Opportunities	Threats
 High demand on the property type due to its location in a high- density district 	- Existing and potential similar projects

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

1.25 SECTOR BRIEF

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



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





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1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			~			
Sector Future Performance		~				
Occupancy Rates			✓			
Supply Rate			✓			
Demand Rate		✓				Risk Category- 16 Risk
Total Risk	0	4	12	0	0	Points - Medium Risk
Risk Category 16 Risk Poi	ints - Medium Risk					

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

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			~		
lanagement Skills		✓			
verall Condition		~			
al Risk	0	4	3	0	0
Category 7 R	isk Points - Medium Risk				



1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.33 INPUT VALUATION PROCESS

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

1.34 COST APPROACH (DRC)

As a first step, we did not find samples similar to the subject property's land in terms of area size, nature, use, etc. Yet, we have conducted a market survey in addition to interviews with several local real estate agent and we have found that the square meter value falls between 4,000 and 5,000 SAR/ Sqm. We will base our valuation on the average rate 4,500 SAR/ Sqm.

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 600	SAR 800	SAR 700
MEP	SAR 130	SAR 170	SAR 150
Finishing Materials	SAR 350	SAR 450	SAR 400
Site Improvements	SAR 80	SAR 120	SAR 100
Owner Profit	18%	22%	20%

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

	LAND	
Land Area	SAR / Sqm	Total Value
38,641.00	SAR 4,500	SAR 173,884,500
	Building	
	Unit	Total BUA
Total BUA (Sqm)	Sqm	15,247.72
Total (SQM)	15,247.72	

Skeleton & Block Electro Mechanic Finishing

Fit outs & Appliances

Initial Project Pre Cost

Eng Consultant

Management

Contingency

Total Hard Cost

Total Soft Cost

Total Construction Cost

SAR 22.923.750

SAR 1,833,900.00

SAR 24,757,650.00

Furniture Site Improvement

Total

Design

Others TOTAL

	Developme	nt Cost		
	Hard Cost - Up	per Floors		
Area	SAR / Sqm	Total	Completion Rate	Total Cost
15,247.72	SAR 700	SAR 10,673,404	100%	SAR 10,673,404
15,247.72	SAR 150	SAR 2,287,158	100%	SAR 2,287,158
15,247.72	SAR 400	SAR 6,099,088	100%	SAR 6,099,088
15,247.72	SAR 0	SAR 0	100%	SAR 0
15,247.72	SAR 0	SAR 0	100%	SAR 0
38,641.00	SAR 100	SAR 3,864,100	100%	SAR 3,864,100
·		SAR 22,923,750	100.00%	SAR 22,923,750
	Overall So	ft Cost		
		Total Hard Cost	Ratio	Soft Cost
		SAR 22,923,750	1.00%	SAR 229,238
		SAR 22,923,750	1.00%	SAR 229,238
		SAR 22,923,750	2.00%	SAR 458,475
		SAR 22,923,750	2.00%	SAR 458,475

SAR 22,923,750

SAR 22,923,750

After knowing the total construction costs at a rate of 1,624 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

BUA

SAR / Sqm

Overall Completion

	DEVELOPMEN	T VALUE	
Total Dev Cost	SAR 24,757,650	Net Dep Rate	25.00%
		Dev Cost After Depreciation	SAR 18,568,238
Economic Age	40		
Annual Dep Rate	2.50%	Total Completion Rate	100.00%
		Developer Profit Rate	20.0%
Actual Age	10		
Total Dep Rate	25.00%		
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 3,713,648
Net Dep Rate	25.00%	Development Value	SAR 22,281,885

SAR 458,475

SAR 0

SAR 1,833,900.00

2.00%

0.00%

8.00%

15.247.72

SAR 1,624

100.0%

The total value of the building is 22,281,885 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 22,281,885	SAR 173,884,500	SAR 196,166,385	SAR 196,170,000

1.35 INCOME APPROACH- LEASING CONTRACT

Market Rental Analysis

The subject property has a master lease tenant (Panda Marwah) which the property has been customizes and constructed for dedicated purpose and use to fulfil the need of the main tenant.

In this case, the subject property is considered to be a special property which can be only valuated by applying the cost approach and/or Income approach using the leasing contract.

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for the showrooms falls in the range of 550 to 850 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Commercial Showroom Units
Comparable	Rental Rate/ Sqm
Comparable 1	833 SAR/ Sqm
Comparable 2	556 SAR/ Sqm
Comparable 3	700 SAR/ Sqm
Average	696 SAR/ Sqm

Yet, we have to note that the subject property has the following criteria's:

1- The subject property has been customized for special purpose and use.

2- The rental space in the subject property is exactly the BUA of the same property (GLA includes the common areas).

3- The overall development cost is lower in comparison to a normal offices and showrooms buildings since the subject property doesn't include internal walls and finishing materials.



Based on the above explanation, we estimated the rental value of the subject property to be lower by 40 % when compared to the markets which falls between 350 SAR/ Sqm and 510 SAR/ Sqm. In addition, this shows that the subject property is also considered as a special property.

Property Operation and Maintenance Expenses

The client informed us that the tenant will be paying all the operational expenses.

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

Maximum capitalization rate Average			8.00% 7.50%
The effect of the property specifications	on the property		1.007
Item	Status	Influence	Notes
Ease of access to the property		-0.25%	several major methods
General condition of the property		0.25%	The actual age of the property is 10 years
The general location of the property		-0.25%	The area is served excellently
Quality and finishes		0.00%	Average guality finishes
Project Management Team		0.00%	Average management and operational team level
Services and public facilities		-0.25%	Level and availability of services is good
Total		-0.50%	, , , , , , , , , , , , , , , , , , , ,
			nich increases the value of the property. And when
the effect is positive (+), this increases the o	capitalization rate		s the value of the property
Total adjustments on capitalization rate		-0.50%	
Capitalization rate, according to market a	averages	8%	
Estimated capitalization rate of the prope	erty valuation	7.00%	

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

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

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

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

		RE	VENUES		
	Quant	ity	Rev	enues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject proper	ty is fully occupied by 1 tenant		SAR 11,262,883
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
			Т	otal Revenues	SAR 11,262,883
		EX	PENSES		
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%
Unit Type	Total Rev		Total Expenses NOI		
Commercial Building	Iding SAR 11,262,883 0.00%			SAR 11,262,883	
	SAR			00%	SAR 0
	SAR	0	0.	00%	SAR 0
			Т	otal	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 Ra			ty Value	Rounded Value
SAR 11,262,883.00	7.00%	6	160,898,3	328.57 SAR	160,900,000.00 SAR

1.36 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 160,900,000	One Hundred Sixty Million and Nine Hundred Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 196,170,000	One Hundred Ninety-Six Million and One Hundred Seventy Thousand Saudi Riyals

1.37 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 reflects 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 almost 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 (DRC) Approach is:

Property Value: 196,170,000 SAR One Hundred Ninety-Six Million and One Hundred Seventy Thousand Saudi Riyals

1.38 REPORT USE

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

1.39 DISCLAIMER

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

1.40 CONCLUSION

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

Essam Hussaini **Site Inspection Check** I IMOS65071 · Hicense no 12100004" Member of (Tageem) License No. 1210000474



1.41 CONSULTANT STATUS

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

1.42 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.43 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.



No	lf Yes		Remarks
	Client	Date	
	Al Rajhi Capital	Dec 2019	
1			
-			

1.44 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.



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PANDA RAWDAH AL RAJHI REIT FUND

JEDDAH CITY

JUNE 2020





Valuation Report



 REF:
 2010365-5

 Date:
 10/08/2020

 M/S
 AI Rajhi REIT Fund

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

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the commercial project (Panda Rawdah) 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 17/05/2020 to implement valuation service for a commercial project in Jeddah city.
Client	Al Rajhi REIT Fund.
Reference No.	2010365-5
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Commercial Building
Property Location	The property is located in Al Rawdah district, Jeddah City.
Title Deed Information	Title Deed No: 220205025489, Title Deed Date: 13/03/1437, Issued from Jeddah Notary
Ownership Type	Freehold
Land Use	Commercial Use
Land Area (Sqm)	Based on the title deed, the land has an area size of 9,929.79 Sqm
BUA (Sqm)	The building has a total BUA of 3,250.40 Sqm
Vacancy Rate	Based on the client, the property is fully leased to one tenant
Valuation Approach	Comparable Approach, Cost Approach & Income Approach
Final Property Value	63,490,000 SAR
Valuation Date	30/06/2020
Inspection Date	10/06/2020



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1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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



1.11 MARKET SURVEY

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





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial building located in AI Rawdah district, Jeddah City. Based on the provided copy of the title deed and some details provided by the client, the project has a total land area of 9,929.79 Sqm, a total BUA of 3,250.40 Sqm and fully occupied by Panda Rawdah. As per the site inspection done by our team for the purpose of valuation, the property is open from 4 sides with a direct view on Qasim Zinah from the southern side. Mostly residential units surround the project in addition to some commercial buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.
Location Description	The property being valuated is a commercial building located in Al Rawdah district, Jeddah City. The property is bordered from the north by Mohammad Abi Maghrabi Street The property is bordered from the south by Qasim Zinah street The Property is bordered from the east by Ahmad Al Sullayman Al Turki Street The property is bordered to the west by Ibrahim Amin Fudah treet
Ease of Access	Based on the current location of the subject property, the access level is high since it is located near Al Madinah Al Munawarah Road.
Area Surrounding the Property	The subject property is mostly surrounded by residential and commercial buildings.

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

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Modern Amazon Agency Travel and Tourism (0.25 Kilometres)
- 2- Al Murjan International School (0.4 Kilometres)
- 3- Car Dealer SAMACO Automotive (0.5 Kilometres)
- 4- Lailat Omor Ceremony and Wedding Hall (0.1 Kilometres)
- 5- Al Bashawri Optics (0.5 Kilometres)

- 6- Al-Dawaa Pharmacy (0.3 Kilometres)
- 7- Falafel Al Sham (0.6 Kilometres)
- 8- Al-Baik Restaurant (0.65 Kilometres)
- 9- AI-Ekhlas Mosque (0.75 Kilometres)
- 10- Talah Al-Jood (0.6 Kilometres)
1.15 PROPERTY ACCESS

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



1.16 TITLE DEED & OWNERSHIP

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

City	Jeddah	Land Area	9,929.79	
District	Al Rawdah	Plot No.	23/24	
T.D Type	Electronic	Block No.	N/A	
T.D Number	220205025489	Layout No.	N/A	
T.D Date	13/03/1437	Issued From	Jeddah Notary	
T.D Value	N/A	Ownership Type	Freehold	
Date of Last Transaction	13/03/1437	Limitation of Document	N/A	
North Side	Muhammad Ali Maghrabi Street	East Side	Ahmad As Sulayman At Turki Street	
South Side	Qasim Zinah Street	West Side	Ibrahim Amin Fudah Street	
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to ru legal diagnosis on any legal document.			

1.17 CONSTRUCTION & BUILDINGS

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

Source of BUA Actual Age		al Age of the Property		of the property	
Construction Permit	~	Construction Permit	~	New	
As Built Drawings		As Built Drawings		Fully Constructed	~
Other Documents		Other Documents		Under Construction	

The client provided us with a building permit for the subject property, which contains the following data:

Subject Property			
Construction Permit Type	N/A		
Property Type	Commercial Centre		
Construction Permit No.	004221		
Construction Permit Date	12/11/1425		
Permit Expiry Date	12/11/1428		
Description	Area (sqm)	Use	
Ground Floor	3,110.9	Commercial	
Mezzanine	139.5	Commercial	
Total BAU (sqm)	3,250.4		

1.18 PHOTO RECORD

















1.19 MAINTENANCE & OPERATIONAL EXPENSES

Based on the client, all maintenance and operating costs of the subject property which includes all administration, maintenance, operation and general service bills will be paid by the tenant.

1.20 PROPERTY ACTUAL RENTAL RATES

As per the client, the total revenues related to the subject property is equal to 2,775,734 SAR.

1.21 INSURANCE

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



1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



1.24 SWOT ANALYSIS

Strength	Weakness
 The subject property is open on 4 sides with a direct view on Qasim Zinah Street The project has its own parking area Ease of access to the property 	- The property is not developed as its highest and best use
Opportunities	Threats
 High demand on the property type due to its location in a high- density district 	- Existing and potential similar projects

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

1.25 SECTOR BRIEF

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



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





1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			~			
Sector Future Performance		~				
Occupancy Rates			✓			
Supply Rate			✓			
Demand Rate		✓				Risk Category- 16 Risk
Total Risk	0	4	12	0	0	Points - Medium Risk
Risk Category 16 Risk Poi	ints - Medium Risk					

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25	Land Analysis
Access						
Location		~				
Land Shape		~				Risk Category- 8 Risk
Surrounding Area facilities		×				Points - Minimal Risk
Total Risk	0	8	0	0	0	
Risk Category 8 Risk Poin	nts – Minimal Risk					

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			~		
lanagement Skills		✓			
verall Condition		~			
al Risk	0	4	3	0	0
Category 7 R	isk Points - Medium Risk				



1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.33 INPUT VALUATION PROCESS

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

1.34 COST APPROACH (DRC)

As a first step, we did not find land comparable similar to the subject property in terms of location, area size, etc. Yet, based on the market survey done by our team in addition to some interview with local real estate agents, we have found that the square meter value for such land falls between 5,000 & 6,000 SAR/ Sqm. We will base our valuation analysis on 5,700 SAR/ Sqm.

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 600	SAR 800	SAR 700
MEP	SAR 130	SAR 170	SAR 150
Finishing Materials	SAR 550	SAR 650	SAR 600
Site Improvements	SAR 100	SAR 140	SAR 120
Owner Profit	18%	22%	20%

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

	LAND	
Land Area	SAR / Sqm	Total Value
9,929.79	SAR 5,700	SAR 56,599,803
	Building	
	Unit	Total BUA
Total BUA (Sqm)	Sqm	3,250.40
Total (SQM)	3,250.40	

		Developme	nt Cost		
		Hard Cost - Up	per Floors		
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	3,250.40	SAR 700	SAR 2,275,280	100%	SAR 2,275,280
Electro Mechanic	3,250.40	SAR 150	SAR 487,560	100%	SAR 487,560
Finishing	3,250.40	SAR 600	SAR 1,950,240	100%	SAR 1,950,240
Fit outs & Appliances	3,250.40	SAR 0	SAR 0	100%	SAR 0
Furniture	3,250.40	SAR 0	SAR 0	100%	SAR 0
Site Improvement	9,929.79	SAR 120	SAR 1,191,575	100%	SAR 1,191,575
Total			SAR 5,904,655	100.00%	SAR 5,904,655
		Overall Sof	it Cost		
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 5,904,655	1.00%	SAR 59,047
Design			SAR 5,904,655	1.00%	SAR 59,047
Eng Consultant			SAR 5,904,655	2.00%	SAR 118,093
Management			SAR 5,904,655	2.00%	SAR 118,093
Contingency			SAR 5,904,655	2.00%	SAR 118,093
Others			SAR 5,904,655	0.00%	SAR 0
TOTAL				8.00%	SAR 472,372.38
Total Hard Cost	SAR 5,904,655		BUA	3,250.40	
Total Soft Cost	SAR 472,372.38		SAR / Sqm	SAR 1,962	_
Total Construction Cost	SAR 6,377,027.18		Overall Completion	100.0%	

After knowing the total construction costs at a rate of 1,962 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE						
Total Dev Cost	SAR 6,377,027	Net Dep Rate	10.00%			
		Dev Cost After Depreciation	SAR 5,739,324			
Economic Age	40					
Annual Dep Rate	2.50%	Total Completion Rate	100.00%			
		Developer Profit Rate	20.0%			
Actual Age	4					
Total Dep Rate	10.00%					
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 1,147,865			
Net Dep Rate	10.00%	Development Value	SAR 6,887,189			

The total value of the building is 22,281,885 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 6,887,189	SAR 56,599,803	SAR 63,486,992	SAR 63,490,000

1.35 INCOME APPROACH- LEASING CONTRACT

Market Rental Analysis

The subject property has a master lease tenant (Panda Rawdah) which the property has been customized and constructed for dedicated purpose and use to fulfil the need of the main tenant.

In this case, the subject property is considered to be a special property which can be only valuated by applying the cost approach and/or Income approach using the leasing contract.

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for the showrooms falls in the range of 800 to 850 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Commercial Showroom Units
Comparable	Rental Rate/ Sqm
Comparable 1	800 SAR/ Sqm
Comparable 2	850 SAR/ Sqm
Average	825 SAR/ Sqm

Yet, we have to note that the subject property has the following criteria's:

1- The subject property has been customized for special purpose and use.

2- The rental space in the subject property is exactly the BUA of the same property (GLA includes the common areas).

3- The overall development cost is lower in comparison to a normal offices and showrooms buildings since the subject property doesn't include internal walls and finishing materials.



Based on the above explanation, we estimated the rental value of the subject property to be lower by 40 % when compared to the markets which falls between 480 SAR/ Sqm and 510 SAR/ Sqm. In addition, this shows that the subject property is also considered as a special property.

Property Operation and Maintenance Expenses

The client informed us that the tenant will be paying all the operational expenses.

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

Minimum capitalization rate			7.00%	With regard to the capitalization rate used in the
Maximum capitalization rate			8.00%	
Average			7.50%	
The effect of the property specifications on t	the property			some adjustments based on the real estate
Item	Status	Influence	Notes	situation in terms of the following:
Ease of access to the property		-0.25%	several major methods	 Easy access to the property
General condition of the property		0.00%	The actual age of the property is 4 years	 The general condition of the property
The general location of the property		-0.25%	The area is served excellently	- The general location of the property
Quality and finishes		0.25%	Average quality finishes	- Quality of finishes
Project Management Team		0.00%	Average management and operational team level	 Quality and presence of management team
Services and public facilities		-0.25%	Level and availability of services is good	- Services and public utilities
Total		-0.50%		
Note: When the effect is negative (-), this reduc	es the capitaliz	ation rate, which	ch increases the value of the property. And when the	The estimated capitalization rate for the
effect is positive (+), this increases the capitalize	ation rate, whic	h reduces the	value of the property	property, which will be based on the valuation
Total adjustments on capitalization rate		-0.50%		process, is 7%, which will be applied
Capitalization rate, according to market aver		8%		subsequently to the net operating income of the
Estimated capitalization rate of the property	valuation	7.00%		property.

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

		REV	/ENUES		
	Quant	ity	Rev	renues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject proper	ty is fully occupied by 1 tenant		SAR 2,775,734
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
				otal Revenues	SAR 2,775,734
		EXF	PENSES		
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%
Unit Type	Total Rev			Typonsos	NOI
Commercial Building			Total Expenses 0.00%		SAR 2,775,734
Commercial building	SAR 2,775,734 SAR 0		0.00%		SAR 0
	SAR			00%	SAR 0
	O/ II Y	0		otal	SAR 2,775,734
Total Property Revenues					SAR 2,775,734
Total Property Expenses					SAR 0
Net Operating Income					SAR 2,775,734.00
Net Operating Income	Cap Ra	ate	Prope	rty Value	Rounded Value
SAR 2,775,734.00	7.00%			42.86 SAR	39,650,000.00 SAR

1.36 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 39,650,000	Thirty-Nine Million and Six Hundred Fifty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 63,490,000	Sixty-Three Million and Four Hundred Ninety Thousand Saudi Riyals

1.37 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 reflects 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 almost 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 (DRC) Approach is:

Property Value: 63,490,000 SAR Sixty-Three Million and Four Hundred Ninety Thousand Saudi Riyals

1.38 REPORT USE

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

1.39 DISCLAIMER

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

1.40 CONCLUSION

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

Essam Hussaini **Site Inspection Check** 17 1010469071 • Heense no 1210000474 Member of (Tageem) License No. 1210000474



1.41 CONSULTANT STATUS

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

1.42 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.43 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.



No	lf Yes		Remarks
	Client	Date	
	Al Rajhi Capital	Dec 2019	
1			
-			

1.44 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.



Valuer Taqeem ID

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ROWAD AL KHALEEJ SCHOOL ALRAJHI REIT FUND

DAMMAM CITY

JUNE 2020



TAQEEN





 REF:
 2010365-6

 Date:
 10/08/2020

 M/S
 AI Rajhi REIT Fund

Subject: Valuation Report for Rowad Al Khaleej International School located in Dammam City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the educational project (Rowad Al Khaleej International School) located in Dammam 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY Introduction We received instructions from the client on 17/05/2020 to implement valuation service for an educational facility in Dammam city. Client Al Rajhi REIT Fund. **Reference No.** 2010365-6 Semi- Annual Valuation Purposes **Purpose of Valuation Educational Facility Subject Property Property Location** The property is located in Al Zuhor district, Dammam City. Title Deed Information TD No: 63006028707, 330113016485, 730112017899 & 230108023590 Dated: 27/04/1441 & Issued from Dammam Notary **Ownership Type** Freehold Privilege Warehouse Company 2 **Owner (Title Deed)** Land Use Educational Use Land Area (Sqm) Based on the title deeds, the land has an area size of 20,213 Sqm BUA (Sqm) The building has a total BUA of 25,797 Sgm Vacancy Rate Based on the client, the subject property is fully leased to 1 tenant Valuation Approach Comparable Approach, Cost Approach & Income Approach **Final Property Value** 268,970,000 SAR Valuation Date 30/06/2020 10/06/2020 **Inspection Date**



1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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



1.11 MARKET SURVEY

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




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1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is an educational facility located in Al Zuhor district, Dammam City. Based on the provided title deeds and construction permits, the property has a total area of 20,213 Sqm and a total BUA of 26,236 Sqm. Yet, the client informed us that the actual BUA is 25,797 Sqm on which we will be basing our valuation analysis. According to the site inspection done by our team for the purpose of valuation, the property is open on 3 sides with a direct view on Anas Ibn Malik Road from the eastern side. The project is mostly surrounded by several residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication area available in the surroundings and connected to the subject property.
Location Description	The property being valuated is an educational facility located in Al Zuhor district, Dammam City. The property is bordered from the north by an unnamed street The property is bordered from the south by a private property The Property is bordered from the east by Anas Ibn Malik Road The property is bordered to the west by an unnamed street
Ease of Access	Based on the current location of the subject property, the access level is medium since it is located on Anas Ibn Malik Road.

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

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- The National Commercial Bank (1.85 Kilometres)
- 2- Saudi Credit and Savings Bank (0.6 Kilometres)
- 3- Burger Mix Cheese Restaurant (0.2 Kilometres)
- 4- Al Jawad Food Corner (0.25 Kilometres)
- 5- White Palace Banquet Hall (0.75 Kilometres)

- 6- Al Rajhi ATM (0.5 Kilometres)
- 7- Al Jazira ATM (1.4 Kilometres)
- 8- Dammam Civil Academy (0.85 Kilometres)
- 9- Darin Seafood Dammam (1.4 Kilometres)
- 10- Shrimp House Restaurant (1.35 Kilometres)

1.15 PROPERTY ACCESS

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



1.16 TITLE DEED & OWNERSHIP

We were provided with copies of the title deeds of the subject property which is owned by 4 title deeds and one owner(Privilege Warehouse Company 2), and located in Al Zuhor District, Dammam city. The client has provided us with copies of the title deeds, which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document. The details of the subject property:

TII	LE DEED# 1	TITLE D	EED# 2
T.D No.	630106028707	T.D No.	230108023590
T.D Date	27/04/1441	T.D Date	27/04/1441
Date of Latest Transaction	27/04/1441	Date of Latest Transaction	27/04/1441
Issued by	Dammam Notary	Issued by	Dammam Notary
Land Area (Sqm)	10,099.00	Land Area (Sqm)	3,750.00
Plot No.	25 – 26 - 27	Plot No.	1/28 - 30
Block No.	N/A	Block No.	N/A
Layout No.	1/41	Layout No.	1/41
Ownership	Freehold	Ownership	Freehold
Limitations of Document	N/A	Limitations of Document	N/A
	ILE DEED# 3	TITLE D	
			2224224242
T.D No.	730112017899	T.D No.	330113016485
T.D Date	27/04/1441	T.D Date	27/04/1441
	27/04/1441 27/04/1441	-	27/04/1441 27/04/1441
T.D Date	27/04/1441 27/04/1441 Dammam Notary	T.D Date	27/04/1441 27/04/1441 Dammam Notary
T.D Date Date of Latest Transaction	27/04/1441 27/04/1441 Dammam Notary 3,364.00	T.D Date Date of Latest Transaction	27/04/1441 27/04/1441 Dammam Notary 3,000.00
T.D Date Date of Latest Transaction Issued by	27/04/1441 27/04/1441 Dammam Notary	T.D Date Date of Latest Transaction Issued by	27/04/1441 27/04/1441 Dammam Notary
T.D Date Date of Latest Transaction Issued by Land Area (Sqm)	27/04/1441 27/04/1441 Dammam Notary 3,364.00 29 N/A	T.D Date Date of Latest Transaction Issued by Land Area (Sqm)	27/04/1441 27/04/1441 Dammam Notary 3,000.00 1/30 - 30 N/A
T.D Date Date of Latest Transaction Issued by Land Area (Sqm) Plot No.	27/04/1441 27/04/1441 Dammam Notary 3,364.00 29	T.D Date Date of Latest Transaction Issued by Land Area (Sqm) Plot No.	27/04/1441 27/04/1441 Dammam Notary 3,000.00 1/30 - 30
T.D Date Date of Latest Transaction Issued by Land Area (Sqm) Plot No. Block No.	27/04/1441 27/04/1441 Dammam Notary 3,364.00 29 N/A	T.D Date Date of Latest Transaction Issued by Land Area (Sqm) Plot No. Block No.	27/04/1441 27/04/1441 Dammam Notary 3,000.00 1/30 - 30 N/A

1.17 CONSTRUCTION & BUILDINGS

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

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

The subject property is a fully constructed educational facility. The client provided us with a building permits for the subject property, which contains the following data:

	Construction	Permit# 1			Construction Pe	ermit# 2	
Construction Permit Type Property Type		lew Building ducational		Construction Permit Type Property Type		dition ucational	
Construction Permit No.		27/10348		Construction Permit No.	-	7/10348	
Construction Permit Date Permit Expiry Date	-	6/11/1417 AH 6/11/1420 AH		Construction Permit Date Permit Expiry Date		11/1434 AH 11/1437 AH	
Permit Expiry Date	0	0/11/1420 AT		Pennit Expiry Date	211	11/1437 AIT	
Description	No. of Units	Area (sqm)	Use	Description	No. of Units	Area (sqm)	Use
Ground Floor	2	134.00	Services	Basement	-	3,465.00	Parking Area
Ground Floor		3,348.00	Educational	Ground Floor	-	718.00	Parking Area
First Floor	-	3,284.00	Educational	Ground Floor	1	2,271.00	Educational
Second Floor	-	3,284.00	Educational	Ground Floor	-	53.00	Services
Others	-	334.00	-	First Floor	-	1,768.00	Educational
-	-	-	-	Second Floor	-	2,476.00	Educational
-	-	-	-	Fences	-	125.00	Fences
Total BUA (Sqm)		10,384.00		Total BUA (Sqm)		10,751.00	

Construction Per	rmit# 4	Description	No. of Units	Area (sqm)	Use
Construction Permit Type Property Type	New Building Educational	Ground Floor Ground Floor	10	1,000.00 426.00	Residential Services
Construction Permit No. Construction Permit Date	432/10423 09/09/1432 AH	First Floor First Floor	10	1,000.00 426.00	Residential Services
Permit Expiry Date	09/09/1432 AH	Second Floor Second Floor	10	1,000.00 426.00	Residential Services
		Third Floor Third Floor	10	500.00 218.00	Addendum Services
		Fences	-	190.00	-
		Others	-	105.00	-
				5,101.00	

1.18 PHOTO RECORD



















1.19 MAINTENANCE & OPERATIONAL EXPENSES

As per the client all operational expenses will be paid by the tenant.

1.20 PROPERTY ACTUAL RENTAL RATES

Based on the client, the total revenues related to the subject property is equal to 19,500,000 SAR.

1.21 INSURANCE

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



1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



1.24 SWOT ANALYSIS

Strength	Weakness
 The property is open on 3 sides with a direct view on Anas Ibn Malik Street Good location in the centre of the city Good quality of finishing and furniture 	- None
Opportunities	Threats
- High demand on the property type due to its location near residential units.	- Existing and upcoming similar projects

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

1.25 SECTOR BRIEF

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



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





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1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			✓			
Sector Future Performance		~				
Occupancy Rates			✓			
Supply Rate			✓			
Demand Rate		~				Risk Category- 16 Risk
Total Risk	0	4	12	0	0	Points - Medium Risk
Risk Category 16 Risk Poi	ints - Medium Risk					

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

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15	Property A
Facilities & Amenities			~			
Management Skills		~				
Overall Condition		~				Risk Category
Total Risk	0	4	3	0	0	Points - Medi
Risk Category 7 Ris	sk Points - Medium Risk					



1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.33 NPUT VALUATION PROCESS

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

1.34 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market and found several residential and commercial samples as follows:

	Land Use	SAR/ Sqm	Average (SAR/ Sqm)
Comparable# 1	Residential	1,500	
Comparable# 2	Residential	1,300	1,450
Comparable# 3	Residential	1,500	
Comparable# 4	Commercial	5,000	4 600
Comparable# 5	Commercial	4,000	4,500



We have executed a market survey in addition to trade interviews with several local real estate agents and found that the value of the square meter of an educational land is higher than the value of the residential square meter and lower than the commercial value by almost 35%. We will base our valuation on 2,900 SAR/ Sqm.

1.35 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton -Concrete Cost	SAR 800	SAR 900	SAR 850
MEP	SAR 350	SAR 450	SAR 400
Finishing Materials	SAR 600	SAR 700	SAR 650
Fit outs & Appliances	SAR 280	SAR 320	SAR 300
Furniture	SAR 350	SAR 450	SAR 400
Site Improvements	SAR 30	SAR 70	SAR 50
Owner Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project. As per the received construction permits, the total built up area is 26,236.00 SQM. Yet, the client has informed us that the total BUA is 25,797.00 SQM which will be consider in the valuation process.

		LANE			
Land A		R / Sqm	Total Value		
20,213.	.00		R 2,900	SAR 58,6 ⁻	17,700
		Buildir			
Underground DUA			Unit	Total B	
Underground BUA Upper Floors BUA			Sqm Sqm	3,465. 22,332	
Total (SQM)			797.00	22,332	.00
		Developme			
		Hard Cost - Up			
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	22,332.00	SAR 850	SAR 18,982,200	100%	SAR 18,982,200
Electro Mechanic	22,332.00	SAR 400	SAR 8,932,800	100%	SAR 8,932,800
Finishing	22,332.00	SAR 650	SAR 14,515,800	100%	SAR 14,515,800
Fit outs & Appliances	22,332.00	SAR 300	SAR 6,699,600	100%	SAR 6,699,600
Furniture	22,332.00	SAR 400	SAR 8,932,800	100%	SAR 8,932,800
Site Improvement	20,213.00	SAR 50	SAR 1,010,650	100%	SAR 1,010,650
Total			SAR 59,073,850	100.00%	SAR 59,073,850

		Hard Cost - (Un	derground)		
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	3,465.00	SAR 1,275	SAR 4,417,875	100%	SAR 4,417,875
Electro Mechanic	3,465.00	SAR 500	SAR 1,732,500	100%	SAR 1,732,500
Finishing	3,465.00	SAR 300	SAR 1,039,500	100%	SAR 1,039,500
Total			SAR 7,189,875	100.00%	SAR 7,189,875
		Overall So	ft Cost		
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 66,263,725	0.10%	SAR 66,264
Design			SAR 66,263,725	0.50%	SAR 331,319
Eng Consultant			SAR 66,263,725	1.00%	SAR 662,637
Management			SAR 66,263,725	5.00%	SAR 3,313,186
Contingency			SAR 66,263,725	5.00%	SAR 3,313,186
Others			SAR 66,263,725	0.00%	SAR 0
TOTAL				11.60%	SAR 7,686,592.10
Total Hard Cost	SAR 66,263,725	1	BUA	25,797.00	. ,
Total Soft Cost	SAR 7,686,592.10		SAR / Sqm	SAR 2,867	
Total Construction Cost	SAR 73,950,317.10		Overall Completion	100.0%	

After knowing the total construction costs at a rate of 2,867 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

Total Dev Cost		SAR 73,950,317	Net Dep Rate	25.71%
			Dev Cost After Depreciation	SAR 54,934,521
Economic Age		35		
Annual Dep Rate		2.86%	Total Completion Rate	100.00%
			Developer Profit Rate	20.0%
Actual Age	9			
Total Dep Rate	25.71%			
Add Appr Rate	0.00%		Dev. Profit Amount	SAR 10,986,904
Net Dep Rate	25.71%		Development Value	SAR 65,921,426

The total value of the building is 65,921,426 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 65,921,426	SAR 58,617,700	SAR 124,539,126	SAR 124,540,000

1.36 INCOME APPROACH- LEASING CONTRACT

The client has informed us that the subject property is fully leased to an educational operator for an annual rent of 19,500,000 SAR (triple net lease).

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate Maximum capitalization rate				7.00% 8.00%
Average				7.50%
The effect of the property specifications on the property				
Item	Status	Influence	Notes	
Ease of access to the property		-0.25%	Several major methods	
General condition of the property		0.25%	The actual age of the property is 9 years	
The general location of the property		0.00%	The area is averagely served	
Quality and finishes		-0.25%	Good quality finishes	
Project Management Team		0.00%	Average management and operational team level	
Services and public facilities		0.00%	Level and availability of services is good	
Total		-0.25%		

Note: When the effect is negative (-), this reduces the capitalization rate, whi	increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the	
value of the property		
Total adjustments on capitalization rate	-0.25%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.25%	

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

		REV	/ENUES		
	Quantit	y		Revenues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Institute		The subject proper	ty is Fully leased to 1 tenant		SAR 19,500,000
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 19,500,000
		EXP	PENSES		
Unit Type	Management	Utilities	Operation	Others	Total Expenses
Educational Institute	-	All the expenses	s will be paid by the tenant		0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
			ATING INCOME		
Unit Type	Total Reve			Total Expenses	NOI
Educational Institute	SAR 19,500	.000		0.00%	SAR 19,500,000
	SAR 0	,		0.00%	SAR 0
	SAR 0			0.00%	SAR 0
				Total	SAR 19,500,000
Total Property Revenues					SAR 19,500,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 19,500,000.00
Net Operating Income	Cap Rat	e		Property Value	Rounded Value
SAR 19,500,000.00	7.25%		26	8,965,517.24 SAR	268,970,000.00 SAR

This difference can be justified to the favor of the value resulted from the income approach due to the following reasons:

- 1. The subject property has a long lease contract period
- 2. The subject property will be operated by a stronghold tenant

1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 268,970,000	Two Hundred Sixty-Eight Million and Nine Hundred Seventy Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 124,540,000	One Hundred Twenty-Four Million and Five Hundred Forty Thousand Saudi Riyals

1.38 SUBJECT PROPERTY VALUE

We have to note that the subject property falls under the definition of unique / specialized assets applied by TAQEEM (Saudi Authority for Accredited Valuers) standards and regulations.

The special assets definition includes all the properties those witness very limited number of transactions in the market (sale / buy activities) due to the nature and type of business, where those properties considered as operational properties and can be used by one tenant operator only, such as educational facilities, medical facilities, agriculture facilities and any other asset abdicated for one use or purpose.

The following summarizes the high-level characters of the special properties:

Can be used by one tenant / operator.

The purpose of such properties is to examine and run a business operation rather than to offer the property to the market for renting activities as an income generating property.

Very minimum comparable transaction in the market.

Based on all the above, we can't apply the income approach based on the market rates for such property since they can't be rented in several units.

For example, any educational (and / or) medical facilities considered as operation property and they are measured by the number of students and number of beds respectively rather than per unit (and / or) per Sqm.

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

Property Value: 268,970,000 SAR

Two Hundred Sixty-Eight Million and Nine Hundred Seventy Thousand Saudi Riyals

1.39 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.

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1.40 DISCLAIMER

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

1.41 CONCLUSION

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

Essam Hussaini **Site Inspection Check** Crimes CUBES Member of (Tageem) License No. 1210000474



1.42 CONSULTANT STATUS

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

1.43 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.44 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.



No	lf Yes		Remarks
	Client	Date	
	Al Rajhi capital	Dec 2019	
× -			
× -			

1.45 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.





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(منا اللمودج مجمحن للاسليلدام بالجاسي لالي ويطبع تقليله)



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ROWAD AL KHALEEJ SCHOOL ALRAJHI REIT FUND

RIYADH CITY

JUNE 2020



TAQEEN





 REF:
 2010365-8

 Date:
 10/08/2020

 M/S
 AI Rajhi REIT Fund

Subject: Valuation Report for Rowad Al Khaleej International School located in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the educational project (Rowad Al Khaleej International School) located in Riyadh 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 17/05/2020 to implement valuation service for an educational facility in Riyadh city.
Client Reference No. Purpose of Valuation Subject Property	Al Rajhi REIT Fund. 2010365-8 Semi- Annual Valuation Purposes Educational Facility
Property Location Title Deed Information Ownership Type Owner	The property is located in Al Mughrizat district, Riyadh City. Title Deed No: 417807001086, 417807001085, Title Deed Date: 28/04/1441 issued by Riyadh Notary Freehold Privilege Warehouse Company 2
Land Use Land Area (Sqm) BUA (Sqm) Vacancy Rate	Educational Use Based on the title deed, the land has an area size of 15,959.9 Sqm The building has a total BUA of 38,627.6 Sqm Based on the client, the subject property is fully leased to 1 tenant
Valuation Approach Final Property Value	Comparable Approach, Cost Approach & Income Approach 232,760,000 SAR
Valuation Date Inspection Date	30/06/2020 10/06/2020



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1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
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 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10, 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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

RECEIVED PROPERTY LOCATION UTILITIES & SERVICES DUE DILIGENCE INFO ANALYSIS CHECK-UP OUTPUT **GENERAL BUILDING ON-SITE WHITE** COMMENT ON INSPECTION STRUCTURAL SUMMARY **CUBES TEAM** SURVERYING DESIGN NOTES

1.11 MARKET SURVEY

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





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is an educational facility located in AI Mughrizat district, Riyadh City. Based on the provided title deeds and construction permit, the property has a total area of 15,959.9 Sqm and a total BUA of 38,627.6 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open on 4 sides with a direct view on Prince Muqrin Bin Abdulaziz Road from the southern side. The project is mostly surrounded by several residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication area available in the surroundings and connected to the subject property.
Location Description	The property being valuated is an educational facility located in Al Mughrizat district, Riyadh City. The property is bordered from the north by Abu Sufyan Ibn Harb Street

The property is bordered from the south by Prince Muqrin Ibn Abdulaziz Road

The Property is bordered from the east by a pathway

The property is bordered to the west by a pathway

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

Land			Building		
Land Use	Educational Use	Building Typ	De	Educational Facility	
No. of Streets	4	Building Stru	uctural Conditions	Fully Constructed	
Land Shape	Graded	External Elev	vation Conditions	Good	
Direct View on the Main Road	Prince Muqrin Ibn Abdulaziz	Building Fini	ishing Conditions	Good	
Direct View on an Internal Street	Abu Sufyan Ibn Harb Road	Overall Build	ding Conditions	Good	
Land Condition	Constructed				

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Jarir Bookstore (0.6 Kilometres)
- 2- Coffee Day Café (0.35 Kilometres)
- 3- Kodo Restaurant (0.55 Kilometres)
- 4- OYO 147 Mocador (0.4 Kilometres)
- 5- Nozha Communication Complex (0.3 Kilometres)

- 6- Mohammad Ibn Ibrahim Aal Al sheikh (0.2 Kilometres)
- 7- Burger And roast potatoes Restaurant (0.95 Kilometres)
- 8- Wooden Bakery (0.8 Kilometres)
- 9- City Government Office (1.2 Kilometres)
- 10- Al Jawdah Private Schools (1.15 Kilometres)

1.15 PROPERTY ACCESS

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



1.16 TITLE DEED & OWNERSHIP

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

City	Riyadh	Land Area	7,920.00
District	Al Mughrizat	Plot No.	5 - 6 - 7 - 8
Т.D Туре	Electronic	Block No.	1
T.D Number	417807001085	Layout No.	3309
T.D Date	28/04/1441	Owner	Privilege Warehouse Company 2
T.D Value	58,390,204 SAR	Ownership Type	Freehold
Date of Last Transaction	28/04/1441	Limitation of Document	N/A
Issued From	Riyadh Notary		
Notes	The client has provided us with copy of the Title Deed w on any legal document.	hich was assumed to be correct and au	thentic. It is not in our scope to run legal diagnosis
City	Riyadh	Land Area	8,039.90
District	Al Mughrizat	Plot No.	1 - 2 - 3 - 4
T.D Type	Electronic	Block No.	1
T.D Number	417807001086	Layout No.	3309
T.D Date	28/04/1441	Owner	Privilege Warehouse Company 2
T.D Value	59,274,166 SAR	Ownership Type	Freehold
Date of Last Transaction	28/04/1441	Limitation of Document	N/A
Issued From	Riyadh Notary		
Notes	The client has provided us with copy of the Title Deed w on any legal document.	hich was assumed to be correct and au	thentic. It is not in our scope to run legal diagnosis

1.17 CONSTRUCTION & BUILDINGS

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

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

The client provided us with a building permit for the subject property, which contains the following data:

Subject Property						
Construction Permit Type Transfer of Ownership						
Property Type		Educational				
Construction Permit No.		1432/4252				
Construction Permit Date		22/02/1436 AH				
Permit Expiry Date		22/02/1439 AH				
Description	No. of Units	Area (sqm)	Use			
Basement	0	15,143.00	Parking Area			
Cround Elear 1 7,527,00 Educational						

		v		i antang / aoa
Gro	und Floor	1	7,537.00	Educational
Firs	t Floor	1	7,957.00	Educational
Sec	ond Floor	1	7,957.00	Educational
Ele	ctricity Room	0	33.60	Electricity Room
Fer	ces	1	364.00	Services
Tot	al BAU (sqm)		38,627.6	

1.18 MAINTENANCE & OPERATIONAL EXPENSES

As per the client all operational expenses will be paid by the tenant.

1.19 PROPERTY ACTUAL RENTAL RATES

Based on the client, the total revenues related to the subject property is equal to 16,875,000 SAR.

1.20 INSURANCE

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

1.21 PHOTO RECORD





















1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



1.24 SWOT ANALYSIS

Strength	Weakness
 The property is open on 4 sides with a direct view on Prince Muqrin Ibn Abdulaziz High level of management and operation The property is located near the city centre 	- None
Opportunities	Threats
 High demand on the property type due to its location near residential units. 	- Existing and upcoming similar projects

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

1.25 SECTOR BRIEF

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



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





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1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			~			
Sector Future Performance		~				
Occupancy Rates			~			
Supply Rate			~			
Demand Rate		~				Risk Category- 16 Risk
Total Risk	0	4	12	0	0	Points - Medium Risk
Risk Category 16 Risk Poi	ints - Medium Risk					

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

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15	Property Analysis
Facilities & Amenities			~			
Management Skills		~				
Overall Condition		~				Risk Category- 07 Ris
Total Risk	0	4	3	0	0	Points - Medium Risk
Risk Category 7 Ris	k Points - Medium Risk					



1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.33 NPUT VALUATION PROCESS

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

1.34 COMPARABLE APPROACH

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

		ristics of Samples				a hard a hard		
Feature	Subject Property	ct Property Sample 1 Sample 2		mple 2	11 78 60	ussein loate	S NY L	
Quoting		Offering		Offering			SEPERAL CONTRACTOR	Pro la
District	Al Mughrizat	Al Mu	Ighrizat	AI N	lughrizat	AL CONTRACTOR	as a state	
Sale Price			,300,000		11,400,000		State 1	
Data Source	Title Deed		t Survey		et Survey	12	E Charles	april 1
Area Size	7,920.00		00.00		500.00	Con Star		1 AMARIA
SAR / Sqm			5,188		R 4,560	ene		Secon
Sides Open	2		3		1	a life to and	a lead	124
	Alter					N. P. Con	a Save lea A	ar
	Adjus	tment Analysis	IPLE 1	SA	MPLE 1	ALLONE	11/18/	0
Area size	7,920.00	1,600.00	-5.00%	2,500.00	-5.00%	and the second	OF W	aller
Location Desirability	Average	Average	0.00%	Average	0.00%	A Real Property	C- COB	ALE T
Accessibility	Average	Average	0.00%	Average	0.00%	CARCO RA	A de la composition de la comp	
Main Street Width (m)	36	36	0.00%	36	0.00%	R. S.	- Also	V
Sides Open	2	2	0.00%	1	10.00%	Sec. Delle Sec.		
Land Shape	Regular	Regular	0.00%	Regular	0.00%			
Close to main street	Yes	Yes	0.00%	Yes	0.00%		19	BARNING MILLER
Negotiable		No	0.00%	No	0.00%	1.15	100	Sam
Other Factor			0.00%		0.00%	Sampl	e 2 🛛 🔊	
			0.0070		0.0070	LANDA LAD	E.	(Stop)
Total Adjustments Ratio			-5.00%		5.00%		Outlinet	
Total Adjustment Amount			-SAR 259.4		SAR 228.0		Subject F	roperty
Net After Adjustment			SAR 4,928.1		SAR 4,788.0		COR. L	18
SAD / Same		CAD 4 059				Star Provel	2 den a	21- 1-
SAR / Sqm Rounded Value		SAR 4,858				Strange Clark	6	
Rounded value		SAR 4,850					A AND A AND A	ALC: NO

		SENSIT	IVITY ANALYSIS		
	-10%	-5%	0%	5%	10%
Land Area	15,960	15,960	15,959.9	15,960	15,960
SAR / Sqm	SAR 4,365.0	SAR 4,607.5	SAR 4,850.0	SAR 5,092.5	SAR 5,335.0
Property Value	SAR 69,664,964	SAR 73,535,239	SAR 77,405,515	SAR 81,275,791	SAR 85,146,067
			PROPERTY VALUE		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 4,500 - 5,000 SAR / Sqm with an average of 4,750 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

1.35 COST APPROACH (DRC)

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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 800	SAR 900	SAR 850
MEP	SAR 350	SAR 450	SAR 400
Finishing Materials	SAR 600	SAR 700	SAR 650
Fit outs & Appliances	SAR 280	SAR 320	SAR 300
Furniture	SAR 350	SAR 450	SAR 400
Site Improvements	SAR 40	SAR 60	SAR 50
Owner Profit	18%	22%	20%

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

	LAND	
Land Area	SAR / Sqm	Total Value
15,959.90	SAR 4,850	SAR 77,405,515
	Building	
	Unit	Total BUA
Underground BUA	Sqm	15,143.00
Underground BUA Upper Floors BUA	Sqm	23,484.60
Total (SQM)	38,627.60	

		Developme					
		Hard Cost - Up					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost		
Skeleton & Block	23,484.60	SAR 850	SAR 19,961,910	100%	SAR 19,961,910		
Electro Mechanic	23,484.60	SAR 400	SAR 9,393,840	100%	SAR 9,393,840		
Finishing	23,484.60	SAR 650	SAR 15,264,990	100%	SAR 15,264,990		
Fit outs & Appliances	23,484.60	SAR 300	SAR 7,045,380	100%	SAR 7,045,380		
Furniture	23,484.60	SAR 400	SAR 9,393,840	100%	SAR 9,393,840		
Site Improvement	15,959.90	SAR 50	SAR 797,995	100%	SAR 797,995		
Total			SAR 61,857,955	100.00%	SAR 61,857,955		
	Hard Cost - (Underground)						
	Area	SAR / Sqm	Total	Completion Rate	Total Cost		
Skeleton & Block	15,143.00	SAR 1,275	SAR 19,307,325	100%	SAR 19,307,325		
Electro Mechanic	15,143.00	SAR 500	SAR 7,571,500	100%	SAR 7,571,500		
Finishing	15,143.00	SAR 300	SAR 4,542,900	100%	SAR 4,542,900		
Total			SAR 31,421,725	100.00%	SAR 31,421,725		
		Overall So	ft Cost				
			Total Hard Cost	Ratio	Soft Cost		
Initial Project Pre Cost			SAR 93,279,680	0.10%	SAR 93,280		
Design			SAR 93,279,680	0.50%	SAR 466,398		
Eng Consultant			SAR 93,279,680	1.00%	SAR 932,797		
Management			SAR 93,279,680	5.00%	SAR 4,663,984		
Contingency			SAR 93,279,680	5.00%	SAR 4,663,984		
Others			SAR 93,279,680	0.00%	SAR 0		
TOTAL				11.60%	SAR 10,820,442.88		
Total Hard Cost	SAR 93,279,680		BUA	38,627.60			
Total Soft Cost	SAR 10,820,442.88	:	SAR / Sqm	SAR 2,695			
Total Construction Cost	SAR 104,100,122.88		Overall Completion	100.0%			

After knowing the total construction costs at a rate of 2,695 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

	DEVELOPMENT VALU	E	
Total Dev Cost	SAR 104,100,123	Net Dep Rate	25.71%
		Dev Cost After Depreciation	SAR 77,331,520
Economic Age	35		
Annual Dep Rate	2.86%	Total Completion Rate	100.00%
		Developer Profit Rate	20.0%

Actual Age	9		
Total Dep Rate	25.71%		
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 15,466,304
Net Dep Rate	25.71%	Development Value	SAR 92,797,824

The total value of the building is 92,797,824 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 92,797,824	SAR 77,405,515	SAR 170,203,339	SAR 170,200,000

1.36 INCOME APPROACH- LEASING CONTRACT

The client has informed us that the subject property is fully leased to an educational operator for an annual rent of 16,875,000 SAR (triple net lease).

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum application rate				7.00
Minimum capitalization rate Maximum capitalization rate				8.00
Average				7.50
The effect of the property encodifications on the property				
The effect of the property specifications on the property	Status	Influence		Netes
Item	Status	innuence	0.05%	Notes
Ease of access to the property			-0.25%	Several major methods
General condition of the property			0.00%	The actual age of the property is 9 years
The general location of the property			0.00%	The area is averagely served
Quality and finishes			0.00%	Good quality finishes
Project Management Team			0.00%	Average management and operational team level
Services and public facilities			0.00%	Level and availability of services is good
Total			-0.25%	
Note: When the effect is negative (-), this reduces the capitalization rate	e. which increases the value of t	the property. And	when the e	effect is positive (+), this increases the capitalization rate, which reduces the
value of the property	.,	10 p p y		
Total adjustments on capitalization rate			-0.25%	
Capitalization rate, according to market averages			8%	
Estimated capitalization rate of the property valuation			7.25%	

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

		RE'	VENUES		
	Quantity			Revenues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Institute		The subject prope	rty is Fully leased to 1 tenant		SAR 16,875,000
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 16,875,000
		EXI	PENSES		
Unit Type	Management	Utilities	Operation	Others	Total Expenses
Educational Institute			s will be paid by the tenant		0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
		NET OPER	ATING INCOME		
Unit Type	Total Revenues			Total Expenses	NOI
Educational Institute	SAR 16,875,000			0.00%	SAR 16,875,000
	SAR 0			0.00%	SAR 0
	SAR 0			0.00%	SAR 0
				Total	SAR 16,875,000
Total Property Revenues					SAR 16,875,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 16,875,000.00
Net Operating Income	Cap Rate			Property Value	Rounded Value
SAR 16,875,000.00	7.25%			2,758,620.69 SAR	232,760,000.00 SAR
	r .2370		23	2,130,020.03 OAN	232,100,000.00 SAN

1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 232,760,000	Two Hundred Thirty-Two Million and Seven Hundred Sixty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 170,200,000	One Hundred Seventy Million and Two Hundred Thousand Saudi Riyals

We can clearly note the big difference in values between the DRC approach and the Income Approach. This difference can be justified to the favor of the value resulted from the income approach due to the following reasons:

- 1. The subject property has a long lease contract period
- 2. The subject property will be operated by a stronghold tenant

1.38 SUBJECT PROPERTY VALUE

We have to note that the subject property falls under the definition of unique / specialized assets applied by TAQEEM (Saudi Authority for Accredited Valuers) standards and regulations.

The special assets definition includes all the properties those witness very limited number of transactions in the market (sale / buy activities) due to the nature and type of business, where those properties considered as operational properties and can be used by one tenant operator only, such as educational facilities, medical facilities, agriculture facilities and any other asset abdicated for one use or purpose.

The following summarizes the high-level characters of the special properties:

Can be used by one tenant / operator.

The purpose of such properties is to examine and run a business operation rather than to offer the property to the market for renting activities as an income generating property.

Very minimum comparable transaction in the market.

Based on all the above, we can't apply the income approach based on the market rates for such property since they can't be rented in several units. For example, any educational (and / or) medical facilities considered as operation property and they are measured by the number of students and number of beds respectively rather than per unit (and / or) per Sgm.

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

Property Value: 232,760,000 SAR

Two Hundred Thirty-Two Million and Seven Hundred Sixty Thousand Saudi Riyals

1.39 REPORT USE

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

1.40 DISCLAIMER

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

1.41 CONCLUSION

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

Essam Hussaini **Site Inspection Check** Member of (Tageem) License No. 1210000474



1.42 CONSULTANT STATUS

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

1.43 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.44 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.



No	lf Yes		Remarks
	Client	Date	
	Al Rajhi capital	Dec 2019	
 Image: A second s			
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1.45 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.







Valuer Taqeem ID

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ROWAD ALKHALEEJ KINDERGARTEN SCHOOL

ALRAJHI REIT FUND

SAHAFA DISTRICT, RIYADH CITY

JUNE 2020



TAQEEN



Valuation Report

 REF:
 2010365-7

 Date:
 10/08/2020

 M/S
 AI Rajhi REIT Fund

Subject: Valuation Report for Sahafa School located in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 17, 2020 for valuation service of the educational project (Sahafa School) located in Riyadh 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)



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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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1.1 EXECUTIVE SUMMARY

Introduction We received instructions from the client on 17/05/2020 to implement valuation service for an educational facility in Riyadh city.

Client	Al Rajhi REIT Fund.
Reference No.	2010365-7
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Educational Facility

Property LocationThe property is located in Al Sahafa district, Riyadh City.Title Deed InformationTitle Deed No: 317807001087, Title Deed Date: 28/04/1441 issued by Riyadh NotaryOwnerFreeholdOwnerPrivilege Warehouse Company 2

Land Use	Educational Use
Land Area (Sqm)	Based on the title deed, the land has an area size of 1,830 Sqm
BUA (Sqm)	The building has a total BUA of 2,549 Sqm
Vacancy Rate	Based on the client, the subject property is fully leased to 1 tenant

Valuation Approach
Final Property ValueComparable Approach, Cost Approach & Income Approach
22,670,000 SAR

Valuation Date Inspection Date 30/06/2020 10/06/2020



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1.2 VALUATION REFERENCE

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

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

 AN ASSET SHOULD
 CN THE
 "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
 "on the valuation date" requires that the value is time specific as of a given date. Because markets and market conditions may change,

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

1.5 INSPECTION DATE

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

June 10. 2020.

1.6 VALUATION DATE

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

June 30, 2020.

1.7 REPORT DATE

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

August 10, 2020.

May 17, 2020.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

1.10 INSPECTION ROLE

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



1.11 MARKET SURVEY

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





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1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is an educational facility located in AI Sahafa district, Riyadh City. Based on the provided title deed and construction permit, the property has a total area of 1,830 Sqm and a total BUA of 2,549 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open on 3 sides with a direct view on Prince Abdullah Bin Saud Bin Abdullah Snatan AI Saud street from the western side. The project is mostly surrounded by several residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication area available in the surroundings and connected to the subject property.
Location Description	The property being valuated is an educational facility located in Al Sahafa district, Riyadh City. The property is bordered from the north by an unnamed street

The property is bordered from the north by an unnamed street The property is bordered from the south by a private property The Property is bordered from the east by Al Nadwa Street The property is bordered to the west by Prince Abdullah Bin Saud Bin Abdullah Snatan Al Saud Street

Ease of AccessBased on the current location of the subject property, the access level is medium since it is located on Prince Abdullah Bin
Saud Bin Abdullah Snatan Al Saud Street

Land		Building		
Land Use	Educational Use	Building Type	Educational Facility	
No. of Streets	3	Building Structural Conditions	Fully Constructed	
Land Shape	Graded	External Elevation Conditions	Good	
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good	
Direct View on an Internal Street	Prince Abdullah Bin Saud Bin Abdullah	Overall Building Conditions	Good	
	Snatan Al Saud street	-		
Land Condition	Constructed			

1.13 INFRASTRUCTURE FACILITIES

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

1.14 LOCATION

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



Surrounding Landmarks

- 1- Confectionery (0.15 Kilometres)
- 2- Grocery Store (0.15 Kilometres)
- 3- Gift Shop (0.1 Kilometres)
- 4- SABB (0.08 Kilometres)
- 5- Alsaiaree Grocery (0.08 Kilometres)

- 6- Aldrees Petrol Station (0.1 Kilometres)
- 7- Auto repair Shop (0.15 Kilometres)
- 8- Alinma ATM (0.1 Kilometres)
- 9- Nahdi Pharmacy (0.1 Kilometres)
- 10- Khaled Bin Al Walid Mosque (0.15 Kilometres)

1.15 PROPERTY ACCESS

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



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1.16 TITLE DEED & OWNERSHIP

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

City District T.D Type T.D Number T.D Date T.D Value Date of Last Transaction Issued From	Riyadh Al Sahafa Electronic 317807001087 28/04/1441 11,206,137 SAR 28/04/1441	Land Area Plot No. Block No. Layout No. Owner Ownership Type Limitation of Document	1,830.00 4529 / 4537 820 1637 Privilege Warehouse Company 2 Freehold N/A
North Side South Side	Private Property Al Khalil Street (10 Meters)	East Side West Side	Private Property Al Khalil Street (10 Meters)
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 on any legal document.		

1.17 CONSTRUCTION & BUILDINGS

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

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

legal diagnosis

The client provided us with a building permit for the subject property, which contains the following data:

Subject Property	
Construction Permit Type	Modify Building Layouts
Property Type	Educational
Construction Permit No.	1433/7276
Construction Permit Date	11/04/1433 H.D
Permit Expiry Date	11/04/1436 H.D

Description	No. of Units	Area (sqm)	Use
Basement	0	861.00	Services
Ground Floor	1	924.00	Educational
First Floor	1	924.00	Educational
Electricity Room	0	20.00	Electricity Room
Fences	0	106.00	Services
Total BAU (sqm)		2,729.00	

1.18 MAINTENANCE & OPERATIONAL EXPENSES

As per the client all operational expenses will be paid by the tenant.

1.19 PROPERTY ACTUAL RENTAL RATES

Based on the client, the total revenues related to the subject property is equal to 1,700,000 SAR.

1.20 INSURANCE

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

1.21 PHOTO RECORD





















1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019



1.24 SWOT ANALYSIS

Strength	Weakness
 The property is open on 3 sides with a direct view on Prince Abdullah Bin Saud Bin Abdullah Snatan Al Saud Street High level of management and operation 	- None
Opportunities	Threats
- High demand on the property type due to its location near residential units.	- Existing and upcoming similar projects

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

1.25 SECTOR BRIEF

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



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





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1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30	Sector Analysis
Overall Economy			~			
Sector Current Performance			~			
Sector Future Performance		✓				
Occupancy Rates			~			
Supply Rate			✓			
Demand Rate		✓				Risk Category- 16 Risk
Total Risk	0	4	12	0	0	Points - Medium Risk
Risk Category 16 Risk Poi	ints - Medium Risk					

Risk Factor	Very Lo	w 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	Land Analysis
Access			✓				
Location			~				
Land Shape			~				Risk Category- 9 Risk
Surrounding Area	facilities			~			Points - Minimal Risk
Total Risk		0	6	3	0	0	
Risk Category	9 Risk Points – Minir	nal Risk					

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15	Property Analysis
Facilities & Amenities	3		~			
Management Skills		✓				
Overall Condition		~				Risk Category- 07 Risk
Total Risk	0	4	3	0	0	Points - Medium Risk
Risk Category 7 F	Risk Points - Medium Risk					



1.27 DOCUMENTS RECIEVED

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



1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.32 VALUATION APPROACH

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



COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

1.33 NPUT VALUATION PROCESS

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

1.34 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sam	ple 1
Quoting District Sale Price	Al Sahafah	Al Sa	ering ahafah 000,000
Data Source Area Size	Title Deed 1,830.00	Market 2,45	t Survey 50.00
SAR / Sqm Sides Open	3		2,857 2
Adjustment Analysis		SAM	PLE 1
Area size Location Desirability Accessibility Main Street Width (m) Sides Open Land Shape Close to main street Negotiable Other Factor	1,830.00 Average 35 3 Regular No	2,450.00 Average Average 35 2 Regular No Yes	5.00% 0.00% 0.00% 5.00% 0.00% 0.00% -10.00% 0.00%
Total Adjustments Ratio Total Adjustment Amount Net After Adjustment			0.00% SAR 0.0 SAR 2,857.1
SAR / Sqm Rounded Value		SAR 2,857 SAR 2,850	



	SENSITIVITY ANALYSIS						
	-10%	-5%	0%	5%	10%		
Land Area SAR / Sqm	1,830 SAR 2,565.0	1,830 SAR 2,707.5	1,830 SAR 2,850.0	1,830 SAR 2,992.5	1,830 SAR 3,135.0		
Property Value	SAR 4,693,950	SAR 4,954,725	SAR 5,215,500 PROPERTY VALUE	SAR 5,476,275	SAR 5,737,050		

Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 2,500 - 3,000 SAR / Sqm with an average of 2,750 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

1.35 COST APPROACH (DRC)

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

Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
SAR 1,000	SAR 1,200	SAR 1,100
SAR 550	SAR 650	SAR 600
SAR 800	SAR 900	SAR 850
SAR 180	SAR 220	SAR 200
SAR 130	SAR 170	SAR 150
SAR 80	SAR 120	SAR 100
23%	27%	25%
	SAR 1,000 SAR 550 SAR 800 SAR 180 SAR 130 SAR 80	SAR 1,000 SAR 1,200 SAR 550 SAR 650 SAR 800 SAR 900 SAR 180 SAR 220 SAR 130 SAR 170 SAR 80 SAR 120

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

	LAND	
Land Area	SAR / Sqm	Total Value
1,830.00	SAR 2,850	SAR 5,215,500
	Building	
	Unit	Total BUA
Underground BUA	Sqm	681.00
Underground BUA Upper Floors BUA	Sqm	1,868.00
Total (SQM)	2,549.00	

		Developme	nt Cost		
		Hard Cost - Up			
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	1,868.00	SAR 1,100	SAR 2,054,800	100%	SAR 2,054,800
Electro Mechanic	1,868.00	SAR 600	SAR 1,120,800	100%	SAR 1,120,800
Finishing	1,868.00	SAR 850	SAR 1,587,800	100%	SAR 1,587,800
Fit outs & Appliances	1,868.00	SAR 200	SAR 373,600	100%	SAR 373,600
Furniture	1,868.00	SAR 150	SAR 280,200	100%	SAR 280,200
Site Improvement	1,830.00	SAR 100	SAR 183,000	100%	SAR 183,000
Total			SAR 5,600,200	100.00%	SAR 5,600,200
		Hard Cost - (Un	derground)		
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	681.00	SAR 1,650	SAR 1,123,650	100%	SAR 1,123,650
Electro Mechanic	681.00	SAR 400	SAR 272,400	100%	SAR 272,400
Finishing	681.00	SAR 600	SAR 408,600	100%	SAR 408,600
Total			SAR 1,804,650	100.00%	SAR 1,804,650
		Overall Sof	it Cost		
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 7,404,850	0.10%	SAR 7,405
Design			SAR 7,404,850	0.50%	SAR 37,024
Eng Consultant			SAR 7,404,850	1.00%	SAR 74,049
Management			SAR 7,404,850	5.00%	SAR 370,243
Contingency			SAR 7,404,850	5.00%	SAR 370,243
Others			SAR 7,404,850	0.00%	SAR 0
TOTAL				11.60%	SAR 858,962.60
Total Hard Cost	SAR 7,404,850		BUA	2,549.00	
Total Soft Cost	SAR 858,962.60		SAR / Sqm	SAR 3,242	_
Total Construction Cost	SAR 8,263,812.60		Overall Completion	100.0%	

After knowing the total construction costs at a rate of 3,242 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

	DEVELOPMENT VALU	JE	
Total Dev Cost	SAR 8,263,813	Net Dep Rate	12.50%
		Dev Cost After Depreciation	SAR 7,230,836
Economic Age	40		
Annual Dep Rate	2.50%	Total Completion Rate	100.00%
		Developer Profit Rate	25.0%

Actual Age	5		
Total Dep Rate	12.50%		
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 1,807,709
Net Dep Rate	12.50%	Development Value	SAR 9,038,545

The total value of the building is 9,038,545 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 9,038,545	SAR 5,215,500	SAR 14,254,045	SAR 14,250,000

1.36 INCOME APPROACH- LEASING CONTRACT

The client has informed us that the subject property is fully leased to an educational operator for an annual rent of 1,700,000 SAR (triple net lease).

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

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

Minimum capitalization rate			7.00%
Maximum capitalization rate			8.00%
Average			7.50%
The effect of the property specifications on the property			
Item	Status	Influence	Notes
Ease of access to the property		-0.259	% Several major methods
General condition of the property		0.259	% The actual age of the property is 5 years
The general location of the property		0.00	% The area is averagely served
Quality and finishes		0.00	% Good quality finishes
Project Management Team		0.00	
Services and public facilities		0.259	% Level and availability of services is good
Total		0.009	%
Note: When the effect is negative (-), this reduces the capitalization rate	, which increases the value of t	he property. And when the	e effect is positive (+), this increases the capitalization rate, which reduces the
value of the property			
Total adjustments on capitalization rate		0.00	%
Capitalization rate, according to market averages		80	%
Estimated capitalization rate of the property valuation		7.50%	/6

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

		RE\	/ENUES		
	Quantity			Revenues	
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Institute		The subject prope	rty is Fully leased to 1 tenant		SAR 1,700,000
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 1,700,000
		EXF	PENSES		
Unit Type	Management	Utilities	Operation	Others	Total Expenses
Educational Institute			s will be paid by the tenant		0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
Unit Type	Total Revenues	NET OPER.	ATING INCOME	Total Expenses	NOI
Educational Institute	SAR 1,700,000			0.00%	SAR 1,700,000
	SAR 1,700,000 SAR 0			0.00%	SAR 1,700,000 SAR 0
	SAR 0			0.00%	SAR 0
	OAR U			Total	SAR 1,700,000
Total Property Revenues				10141	SAR 1,700,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 1,700,000.00
Net Operating Income	Cap Rate			Property Value	Rounded Value
SAR 1,700,000.00	7.50%			22,666,666.67 SAR	22,670,000.00 SAR

1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 22,670,000	Twenty-Two Million and Six Hundred Seventy Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 14,250,000	Fourteen Million and Two Hundred Fifty Thousand Saudi Riyals

1.38 SUBJECT PROPERTY VALUE

We have to note that the subject property falls under the definition of unique / specialized assets applied by TAQEEM (Saudi Authority for Accredited Valuers) standards and regulations.

The special assets definition includes all the properties those witness very limited number of transactions in the market (sale / buy activities) due to the nature and type of business, where those properties considered as operational properties and can be used by one tenant operator only, such as educational facilities, medical facilities, agriculture facilities and any other asset abdicated for one use or purpose.

The following summarizes the high-level characters of the special properties:

Can be used by one tenant / operator.

The purpose of such properties is to examine and run a business operation rather than to offer the property to the market for renting activities as an income generating property.

Very minimum comparable transaction in the market.

Based on all the above, we cannot apply the income approach based on the market rates for such property since they can't be rented in several units.

For example, any educational (and / or) medical facilities considered as operation property and they are measured by the number of students and number of beds respectively rather than per unit (and / or) per Sqm.

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

Property Value: 22,670,000 SAR Twenty-Two Million and Six Hundred Seventy Thousand Saudi Riyals

1.39 REPORT USE

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

1.40 DISCLAIMER

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

1.41 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.

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1.42 CONSULTANT STATUS

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

1.43 DISCLOSING CONFLICT OF INTEREST

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

The subject property was previously valuated 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

1.44 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.



No	lf Yes		Remarks
	Client	Date	
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1.45 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.







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