

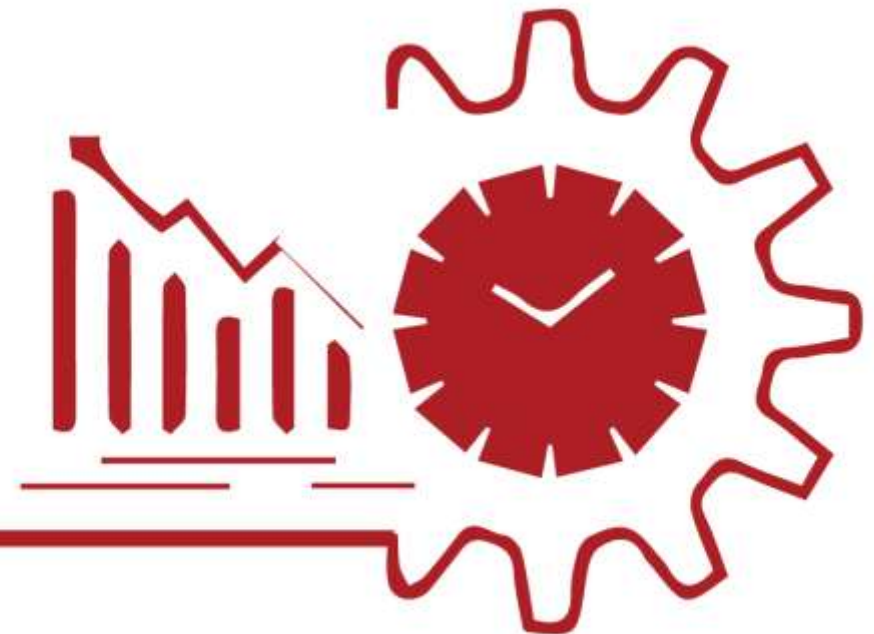
AHSA SQUARE AL RAJHI REIT FUND

RIYADH CITY

DECEMBER 2020



Valuation Report





REF: 2010915-3
Date: 09/02/2021
M/S Al 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 December 29, 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE. The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

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





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

1.1	EXECUTIVE SUMMARY	7
1.2	VALUATION REFERENCE	9
1.3	BASIS OF VALUATION	9
1.4	CLIENT APPROVAL DATE	11
1.5	INSPECTION DATE	11
1.6	VALUATION DATE	11
1.7	REPORT DATE	11
1.8	OPINION OF VALUE	11
1.9	PURPOSE OF VALUATION	11
1.10	INSPECTION ROLE	11
1.11	MARKET SURVEY	12
1.12	PROPERTY & LOCATION DESCRIPTION	14
1.13	INFRASTRUCTURE FACILITIES	14
1.14	LOCATION	15
1.15	PROPERTY ACCESS	16
1.16	TITLE DEED & OWNERSHIP	17
1.17	CONSTRUCTION & BUILDINGS	17
1.18	PROJECT COMPONENTS	18
1.19	PHOTO RECORD	19
1.20	MAINTENANCE & OPERATIONAL EXPENSES	20
1.21	INSURANCE	20
1.22	SAUDI ARABIA ECONOMIC INDICATORS	22
1.23	BUDGET ALLOCATION FOR 2019	22
1.24	SWOT ANALYSIS	23
1.25	SECTOR BRIEF	23
1.26	RISK ANALYSIS	25
1.27	DOCUMENTS RECIEVED	27
1.28	GENERAL ASSUMPTIONS	27
1.29	LEGAL NOTICES	27
1.30	INFORMATION SOURCE	28
1.31	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	28
1.32	VALUATION APPROACH	28



1.33	INPUT VALUATION PROCESS	29
1.34	COST APPROACH (DRC)	30
1.35	INCOME APPROACH- ACTUAL RATES	32
1.36	SUBJECT PROPERTY VALUE	35
1.37	REPORT USE	35
1.38	DISCLAIMER	35
1.39	CONCLUSION	35
1.40	CONSULTANT STATUS	38
1.41	DISCLOSING CONFLICT OF INTEREST	38
1.42	CONFIDENTIALITY	38
1.43	ENVIRONMENTAL MATTERS	38

EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 29/12/2020 to implement valuation service for a commercial building in Riyadh city.
Client	AL RAJHI REIT FUND.
Reference No.	2010915-2
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Commercial Building
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 Riyadh Notary
Ownership Type	Freehold
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
BUA (Sqm)	Based on the construction permit, the building has a total BUA of 16,937 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	66,883,000 SAR
Valuation Date	31/12/2020
Inspection Date	30/12/2020

TERMS OF REFERENCE & VALUATION





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 EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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



1.4 CLIENT APPROVAL DATE

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

December 29, 2020.

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.

December 30, 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

December 31, 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.

February 09, 2021.

1.8 OPINION OF VALUE

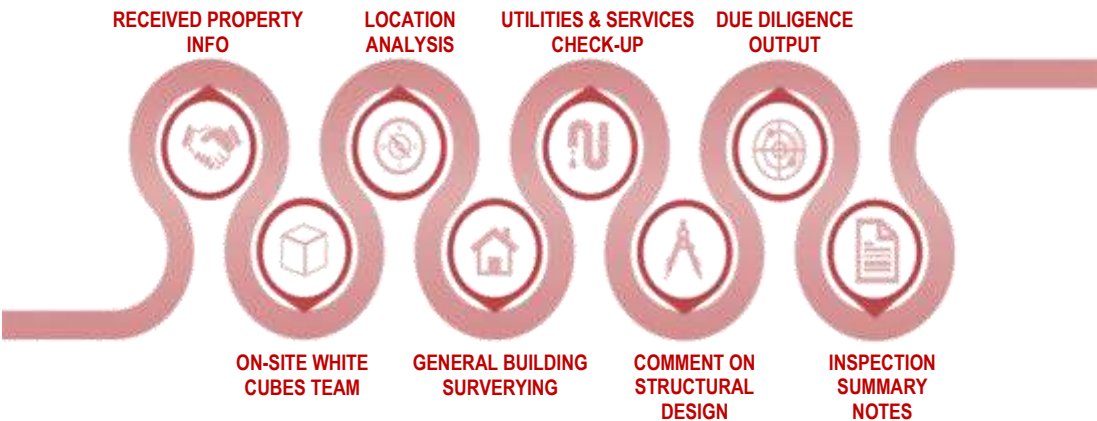
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

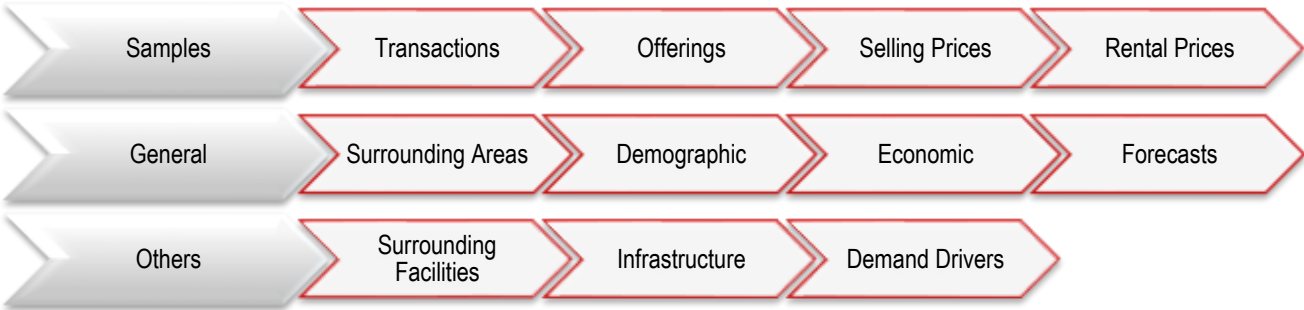
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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



PROPERTY DETAILS





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 Al 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

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



1.14 LOCATION

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

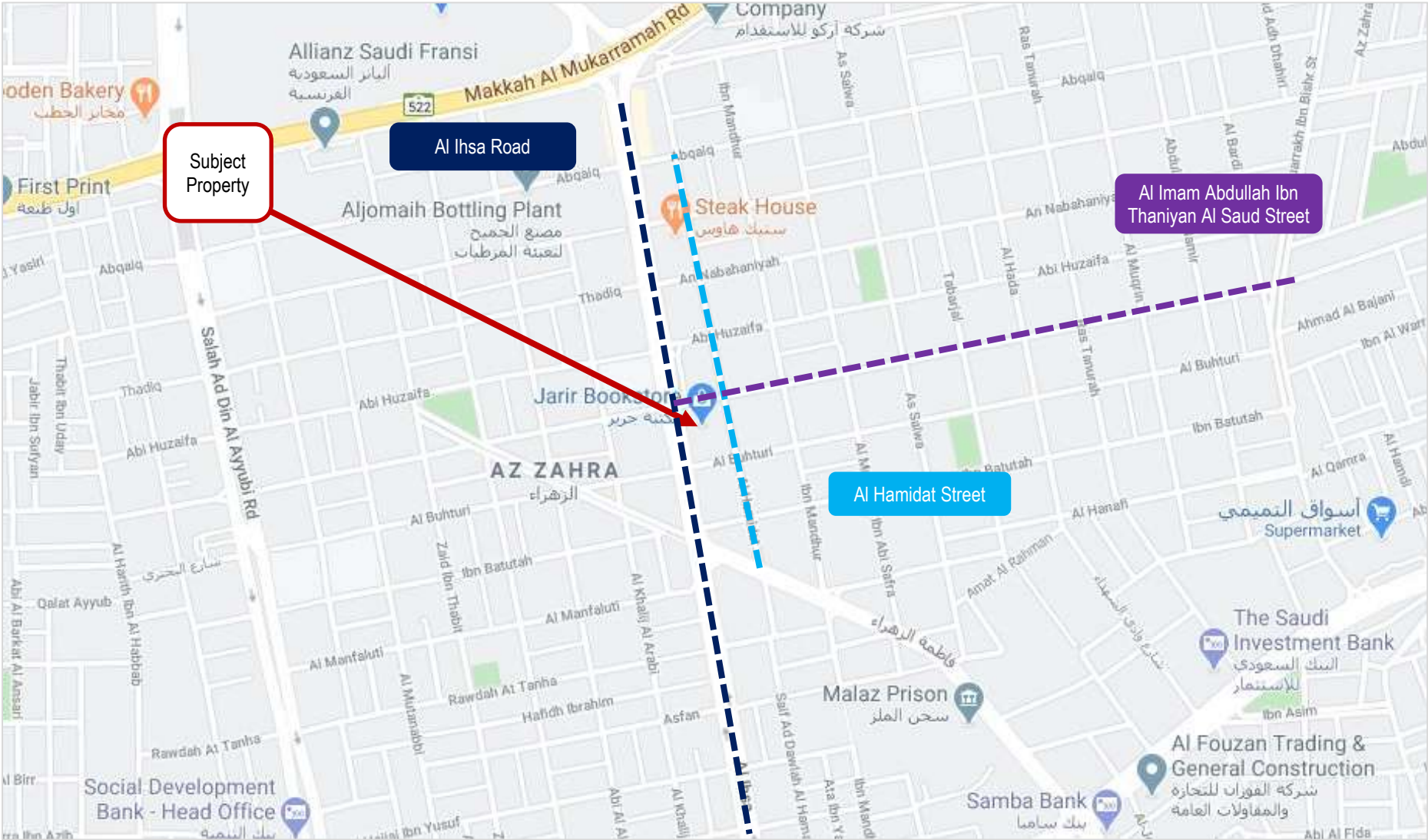


Surrounding Landmarks	
1- Tamimi Markets (0.12 Kilometres)	6- Aljomaih Bottling Plant (0.6 Kilometres)
2- Boudl (0.3 Kilometres)	7- AlRajhi Takaful (1.05 Kilometres)
3- Pizza Hut (0.15 Kilometres)	8- Riyadh Bank (0.5 Kilometres)
4- Starbucks Caffee (0.15 Kilometres)	9- Waleed Rehabilitation Center (0.45 Kilometres)
5- BACS Headquarters (0.25 Kilometres)	10- Ecole International Dina (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	Riyadh	Land Area	4,953.00
District	Al Malaz	Plot No.	1 – 2 – 3 - 4
T.D Type		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 Saud Street	East Side	Al Hamidat 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 in our scope to run legal diagnosis on any legal document.		

1.17 CONSTRUCTION & BUILDINGS

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

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



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

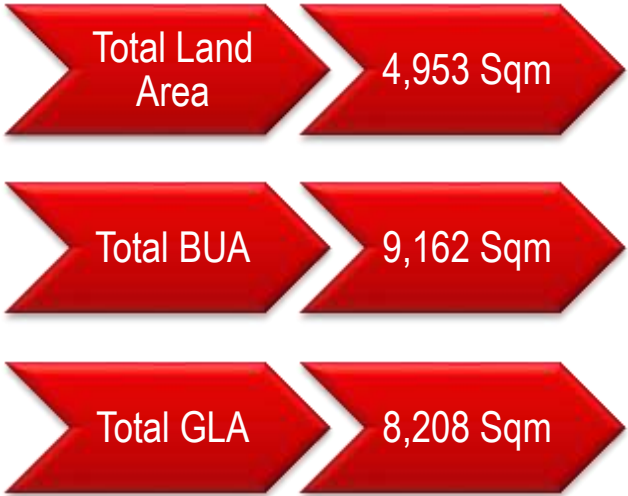
Subject Property	
Construction Permit Type	N/A
Property Type	Residential- Commercial Property
Construction Permit No.	27/2/1/497
Construction Permit Date	7/11/1413 H. D
Permit Expiry Date	7/11/1416 H. D

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 (sqm)		16,937	

1.18 PROJECT COMPONENTS

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

UNIT NO.	GLA (Sqm)
G2	3,364
101, 102	1,172
G1	306
201	324
203	240
202	217
002	320
204	348
205	385
301- 304	1,143
305	383
ATM	6





1.19 PHOTO RECORD





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.

MARKET INDICATORS





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

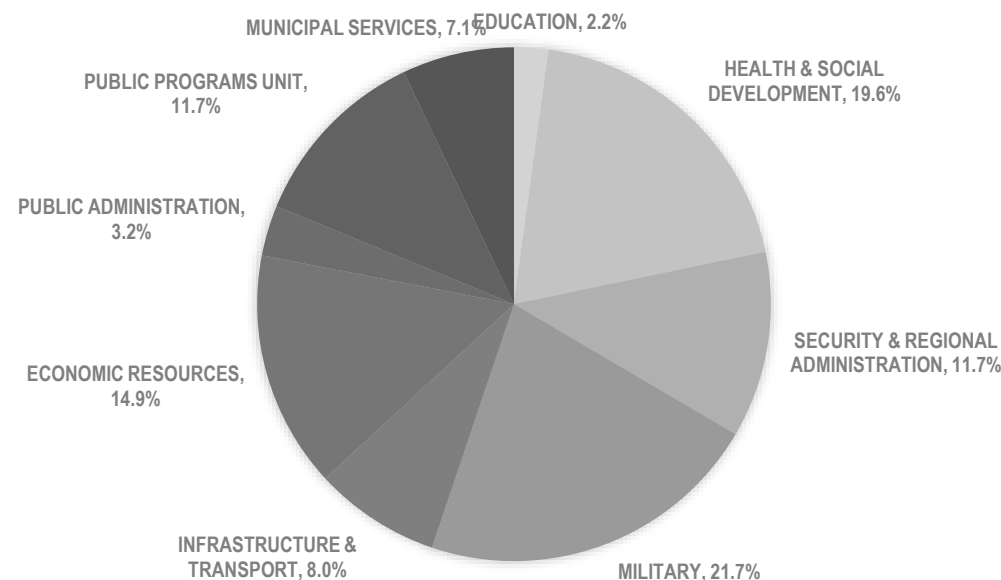
1.23 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn

Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn

Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.24 SWOT ANALYSIS

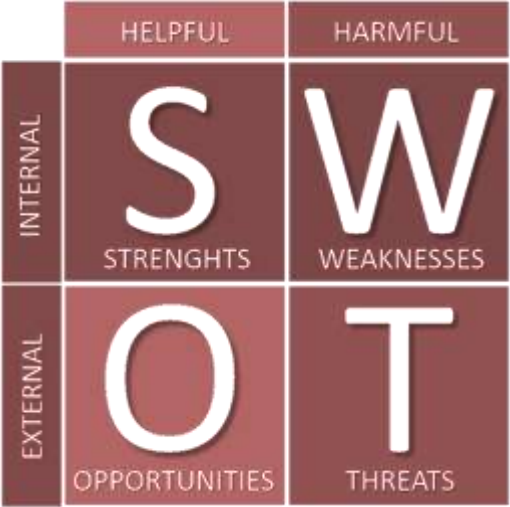
<p>Strength</p> <ul style="list-style-type: none">- The subject property is open on 3 sides with a direct view on the main road (Al Ahsa Road)- Parking is available.- The property has a regular land shape.	<p>Weakness</p> <ul style="list-style-type: none">- None
<p>Opportunities</p> <ul style="list-style-type: none">- Located in high-density residential district.	<p>Threats</p> <ul style="list-style-type: none">- Existing & Potential similar projects

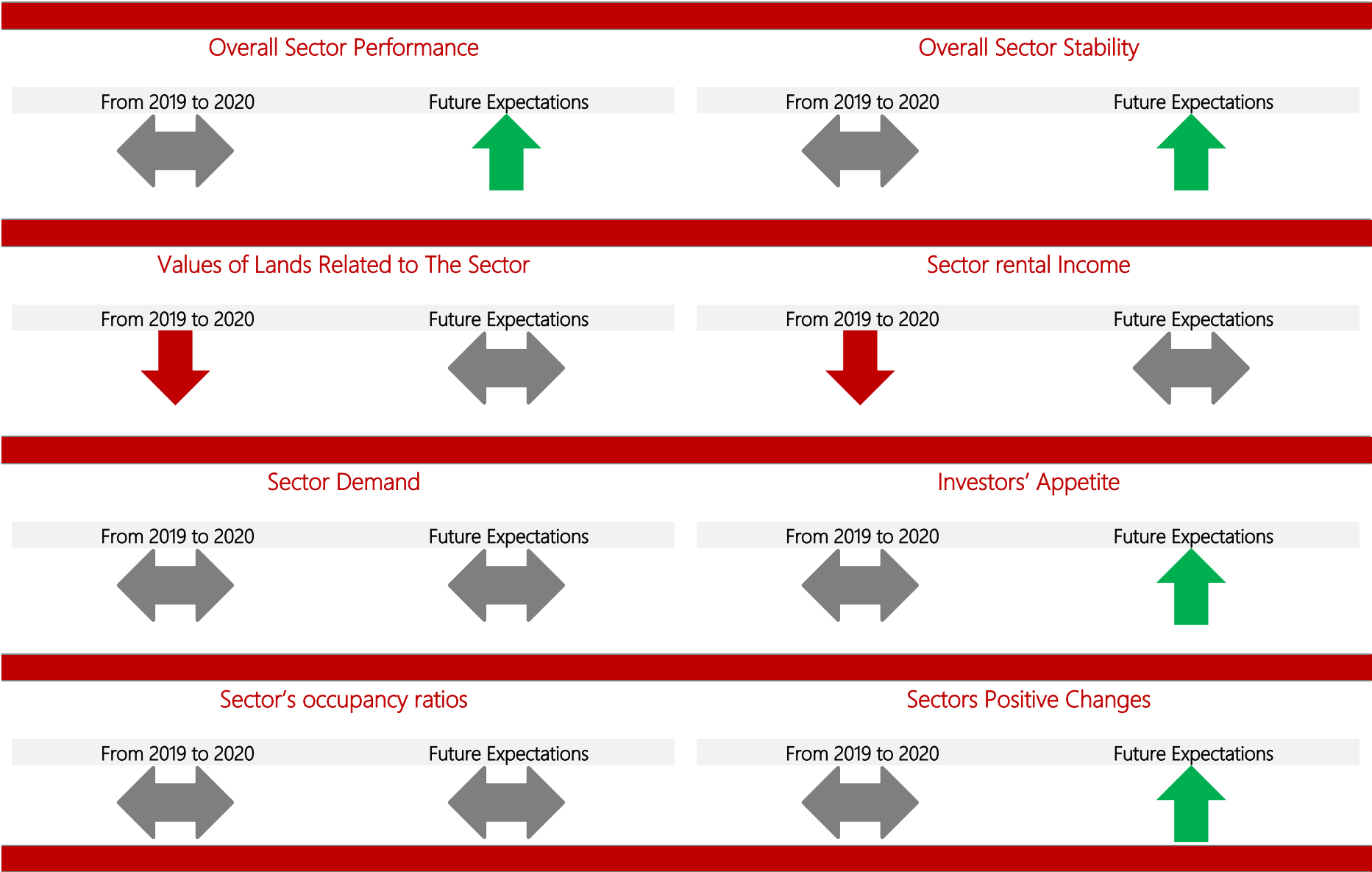
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.25 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





White Cubes Team's Analysis



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
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk
Points - Medium Risk

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

Land Analysis

Risk Category- 9 Risk
Points - Minimal Risk

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

Property Analysis

Risk Category- 7 Risk
Points - Medium Risk

PROPERTY VALUATION





1.27 DOCUMENTS RECIEVED

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

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

1.28 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 valued
- 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:

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

COMPARABLE METHOD

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

DISCOUNTED CASH FLOW (DCF)

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

1.33 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		
Total BUA (Sqm)	Unit	Total BUA
	Sqm	16,937.00
Total (SQM)	16,937.00	

Development Cost					
Hard Cost - Upper 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



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

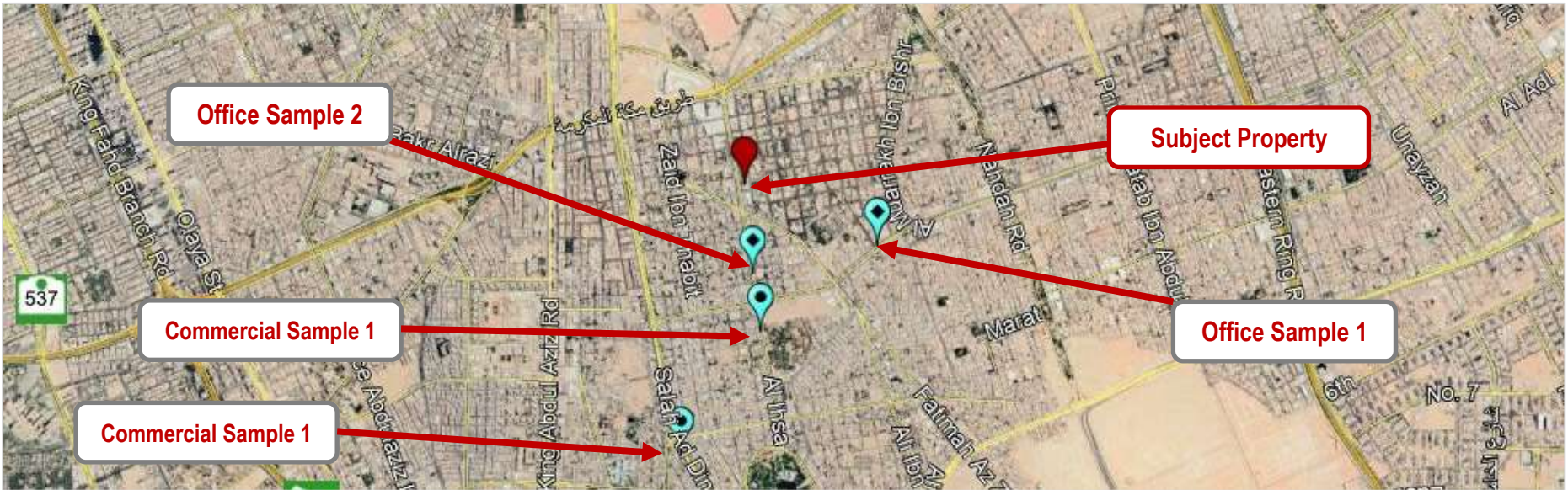


1.35 INCOME APPROACH- ACTUAL RATES

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:

Comparable	Office Units		Commercial Showroom Units	
	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 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 valued by applying the cost approach and/or Income approach using the leasing contract.



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. The client informed us that the actual revenues related to the subject property is 3,927,397 SAR which will be used in our valuation analysis.

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%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>			
Total adjustments on capitalization rate		-0.50%	
Capitalization rate, according to market averages		7.50%	
Estimated capitalization rate of the property valuation		7.00%	

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	5,205,582	5,309,694	5,415,888	5,524,206	5,634,690	5,747,383	5,862,331	5,979,578	6,099,169	6,221,153
Overall Revenues		5,103,512	5,205,582	5,309,694	5,415,888	5,524,206	5,634,690	5,747,383	5,862,331	5,979,578	6,099,169	6,221,153
Vacancy Rates												
	%	23%	20%	20%	15%	15%	10%	10%	10%	10%	10%	10%
Vacancy Rates	SAR	1,176,115	1,041,116	1,061,939	812,383	828,631	563,469	574,738	586,233	597,958	609,917	622,115
Total		1,176,115	1,041,116	1,061,939	812,383	828,631	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		3,799,809	4,034,326	4,115,013	4,468,107	4,557,470	4,930,353	5,028,960	5,129,540	5,232,130	5,336,773	5,443,509
Terminal Value @ ----->	7.0%											77,764,408
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		3,799,809	3,701,217	3,463,524	3,450,199	3,228,626	3,204,391	2,998,605	2,806,034	2,625,830	2,457,199	35,147,923
Market Rate / Net Present Value												66,883,357
Discount Rate												
Discount Rate		7.00%		8.00%		9.00%		10.0%		11.0%		
Market Value		76,595,984		71,515,549		66,883,357		62,654,722		58,789,834		



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: **66,883,000 SAR**
Sixty-Six Million and Eight Hundred Eighty-Three 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.



Essam Hussaini
Site Inspection Check

Member of (Taqeem)
License No. 1210000474



GENERAL NOTES





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

No	If Yes		Remarks
	Client	Date	
✓	Al Rajhi Capital	June 2020	_____
✓	_____	_____	_____
✓	_____	_____	_____

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.

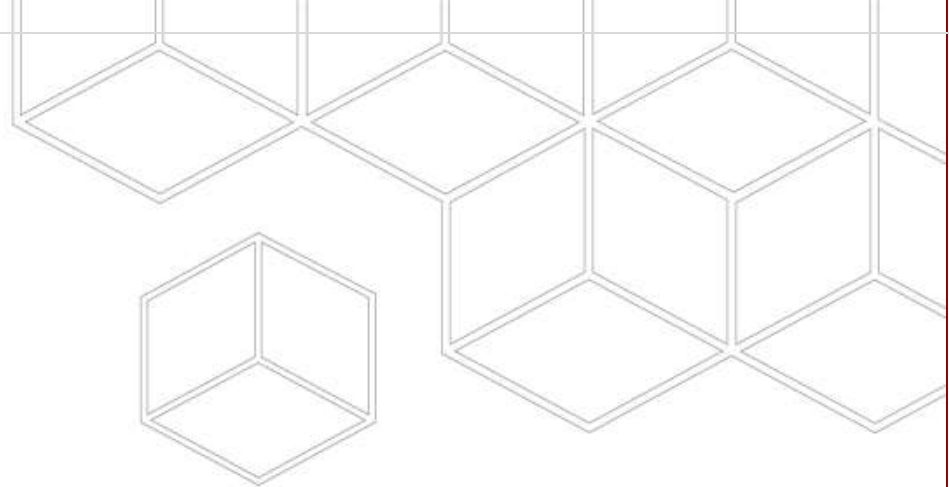


1.43 ENVIRONMENTAL MATTERS

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.

OFFICIAL DOCUMENT



WHITE CUBES
VALUATION & ADVISORY SERVICES



Valuer Taqueem ID



AL SALAM NMC HOSPITAL

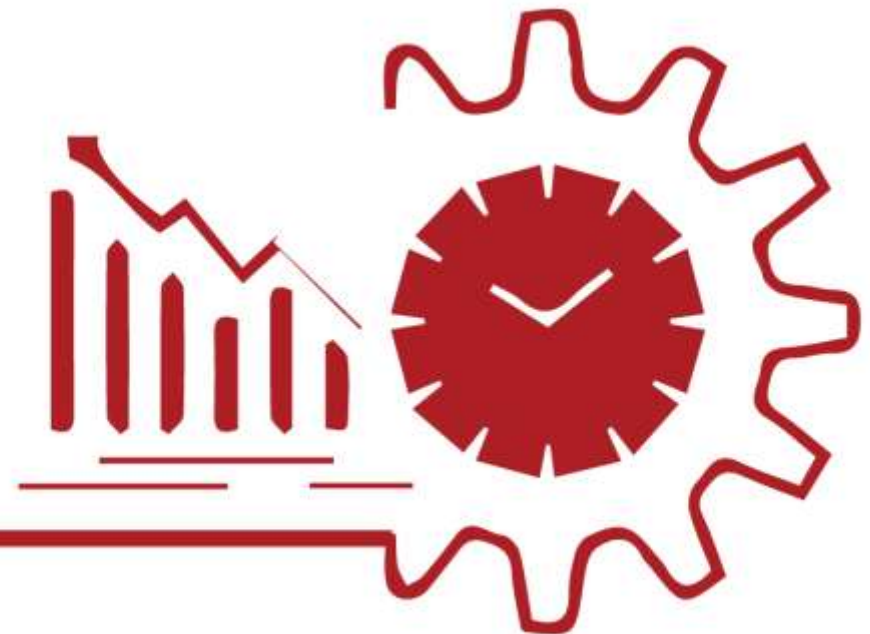
ALRAJHI REIT FUND

RIYADH CITY

DECEMBER 2020



Valuation Report





REF: 2010915-2
Date: 09/02/2021
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 December 29, 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE.
The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

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





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

1.1	EXECUTIVE SUMMARY	7
1.2	VALUATION REFERENCE	9
1.3	BASIS OF VALUATION	9
1.4	CLIENT APPROVAL DATE	11
1.5	INSPECTION DATE	11
1.6	VALUATION DATE	11
1.7	REPORT DATE	11
1.8	OPINION OF VALUE	11
1.9	PURPOSE OF VALUATION	11
1.10	INSPECTION ROLE	11
1.11	MARKET SURVEY	12
1.12	PROPERTY & LOCATION DESCRIPTION	14
1.13	INFRASTRUCTURE FACILITIES	14
1.14	LOCATION	15
1.15	PROPERTY ACCESS	16
1.16	TITLE DEED & OWNERSHIP	17
1.17	CONSTRUCTION & BUILDINGS	17
1.18	INSURANCE	18
1.19	PHOTO RECORD	19
1.20	SAUDI ARABIA ECONOMIC INDICATORS	21
1.21	BUDGET ALLOCATION FOR 2019	21
1.22	SWOT ANALYSIS	22
1.23	SECTOR BRIEF	22
1.24	RISK ANALYSIS	24
1.25	DOCUMENTS RECIEVED	26
1.26	GENERAL ASSUMPTIONS	26
1.27	LEGAL NOTICES	26
1.28	INFORMATION SOURCE	27
1.29	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	27
1.30	VALUATION APPROACH	27
1.31	INPUT VALUATION PROCESS	29
1.32	COMPARABLE APPROACH	29



1.33	COST APPROACH (DRC)	30
1.34	INCOME APPROACH- LEASING CONTRACT	32
1.35	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	34
1.36	SUBJECT PROPERTY VALUE	34
1.37	REPORT USE	35
1.38	DISCLAIMER	35
1.39	CONCLUSION	35
1.40	CONSULTANT STATUS	37
1.41	DISCLOSING CONFLICT OF INTEREST	37
1.42	CONFIDENTIALITY	37
1.43	ENVIRONMENTAL MATTERS	37

EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 29/12/2020 to implement valuation service for a Medical facility in Riyadh city.
Client	AlRajhi REIT Fund.
Reference No.	2010915-2
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
Ownership Type	Freehold
Owner	Privilege Warehouse Company 2
Land Use	Commercial
Land Area (Sqm)	Based on the title deed, the land has an area size of 3,603.6 Sqm
BUA (Sqm)	The building is composed of 9 floors with a total BUA of 17,512.73 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	31/12/2020
Inspection Date	30/12/2020

TERMS OF REFERENCE & VALUATION





1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by AlRajhi 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 EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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



1.4 CLIENT APPROVAL DATE

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

December 29, 2020.

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.

December 30, 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 where the value/s of the subject property / properties is reflected. The valuation date is at

December 31, 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.

February 09, 2021.

1.8 OPINION OF VALUE

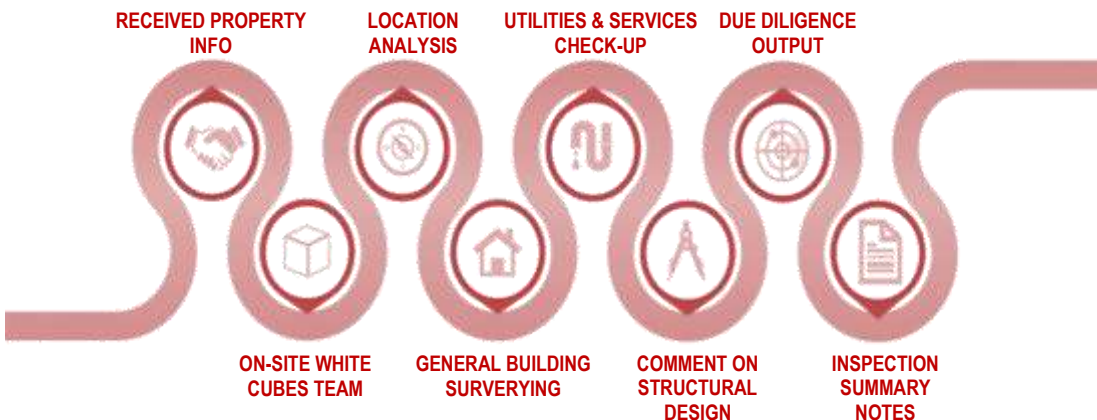
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

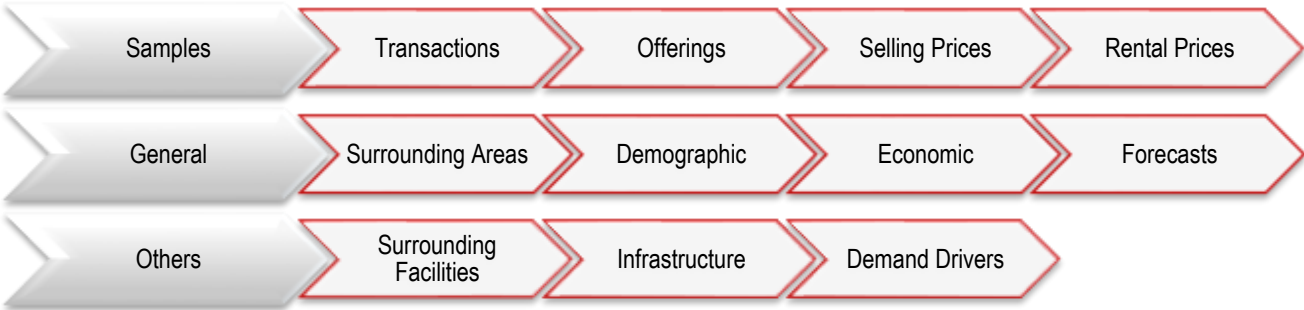
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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



PROPERTY DETAILS





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a medical facility (Al Salam NMC Hospital) located in Al 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 Al Imam Al 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 valued 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 Al Imam Al 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 Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Imam Al Shafi Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

1.13 INFRASTRUCTURE FACILITIES

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



1.14 LOCATION

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

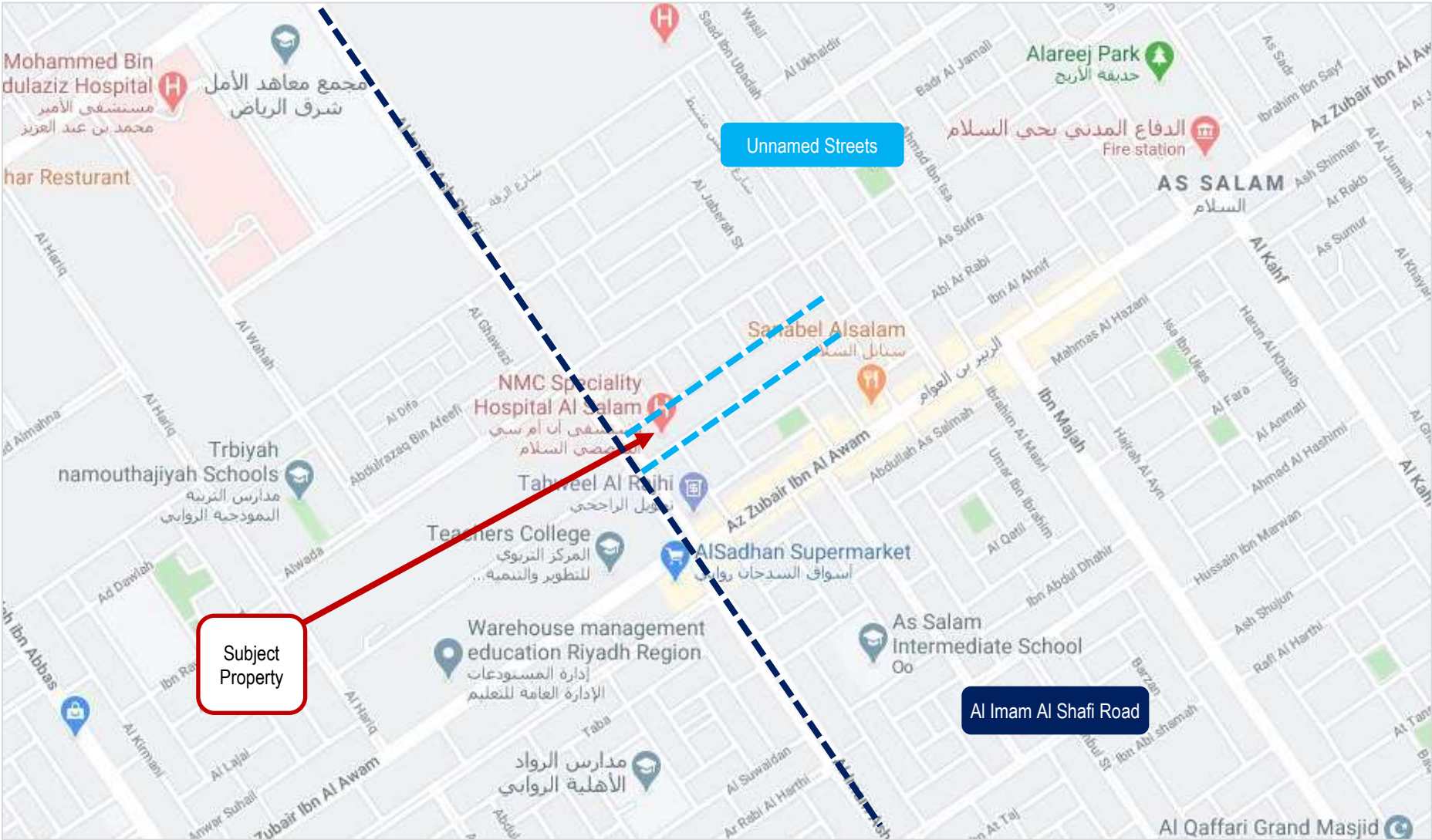


Surrounding Landmarks	
1- Sham Pie House (Kilometres)	6- Al Salam intermediate School (Kilometres)
2- Sanabel Al Salam (Kilometres)	7- Body Masters (Kilometres)
3- Jawhar Al Shiraa Restaurant (Kilometres)	8- Chocolate Shop (Kilometres)
4- Tahweel Al Rajhi (Kilometres)	9- Al Rajhi Bank (Kilometres)
5- Teachers College (Kilometres)	10- Nabigha Library (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 of the subject property which is owned by 4 title deeds. The details of the subject property:

Title Deed# 310124039038	
Title Deed Date	10/03/1441
Title Deed Value	28,140,322.62 SAR
Land Area (Sqm)	1,038.1
Plot No.	167
Block No.	15
Layout No.	2696
Ownership	Privilege Warehouse Company 2
Limitations of Document	-----

Title Deed# 410124039039	
Title Deed Date	10/03/1441
Title Deed Value	28,140,322 SAR
Land Area (Sqm)	1,190.5
Plot No.	168
Block No.	15
Layout No.	2696
Ownership	Privilege Warehouse Company 2
Limitations of Document	-----

Title Deed# 810124039037	
Title Deed Date	10/03/1441
Title Deed Value	28,140,322 SAR
Land Area (Sqm)	625
Plot No.	165
Block No.	15
Layout No.	2696
Ownership	Privilege Warehouse Company 2
Limitations of Document	-----

Title Deed # 310124039036	
Title Deed Date	10/03/1441
Title Deed Value	28,140,322 SAR
Land Area (Sqm)	750
Plot No.	166
Block No.	15
Layout No.	2696
Ownership	Privilege Warehouse Company 2
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 value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.



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

The subject property is a 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



MARKET INDICATORS





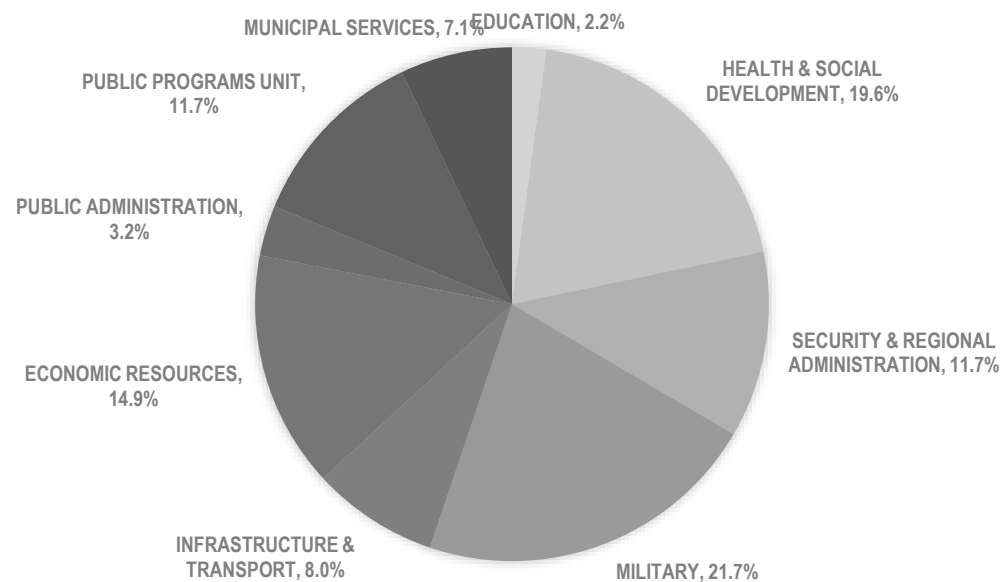
1.20 SAUDI ARABIA ECONOMIC INDICATORS

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

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.22 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none">- The property is open from 3 sides with a direct view on the main road (Al Imam AL Shafi Road) which gives the project ease of access.	<p>Weakness</p> <ul style="list-style-type: none">- None
<p>Opportunities</p> <ul style="list-style-type: none">- High demand on the property type due to its proximity to a condensation of residential buildings in the surroundings	<p>Threats</p> <ul style="list-style-type: none">- 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.

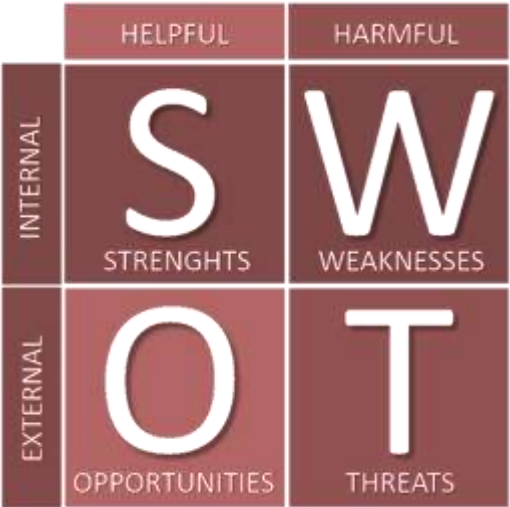
1.23 SECTOR BRIEF

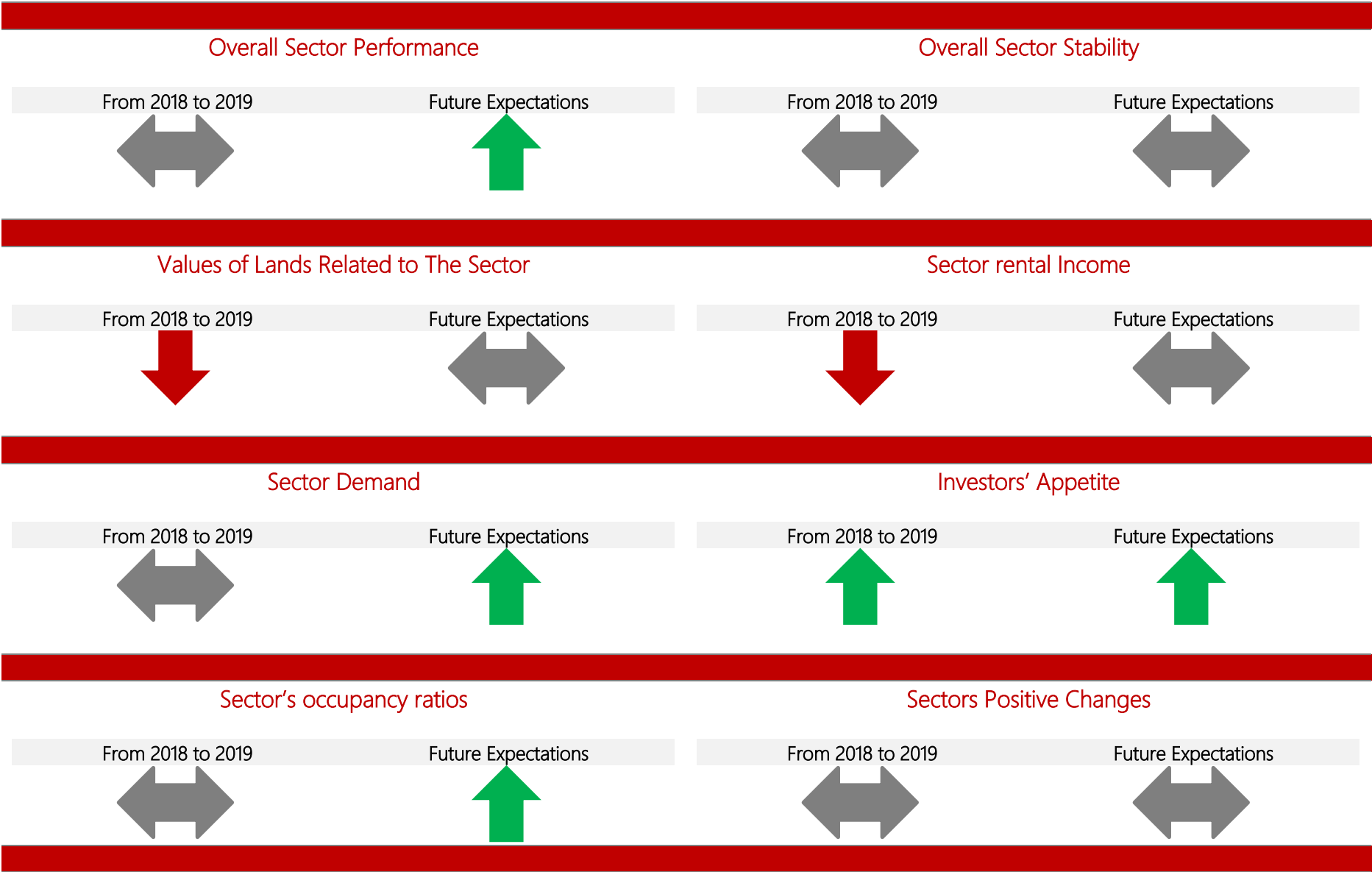
In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and 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





White Cubes Team's Analysis



1.24 RISK ANALYSIS

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

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

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

Land Analysis

Risk Category- 20 Risk Points - Elevated Risk

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

Property Analysis

Risk Category- 20 Risk Points - Elevated Risk

PROPERTY VALUATION





1.25 DOCUMENTS RECIEVED

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

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	Municipality License ✓
Civil Defense Certificate ✓	Presentation of the subject property	Location Map
Location Link	Contact Details ✓	Costing & Budget
Tenant List	Income & Revenues	Operational Cost - OPEX

1.26 GENERAL ASSUMPTIONS

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

1.27 LEGAL NOTICES

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



1.28 INFORMATION SOURCE

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

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

1.29 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

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

1.30 VALUATION APPROACH

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

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

COMPARABLE METHOD

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.31 INPUT VALUATION PROCESS

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

1.32 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Al Salam	Al Salam	
Sale Price	-----	SAR 2,000,000	
Data Source	Title Deed	Market Survey	
Area Size	3,603.60	500.00	
SAR / Sqm	-----	SAR 4,000	
Sides Open	3	1	

Adjustment Analysis			
		SAMPLE 1	
Area size	3,603.60	500.00	-10.00%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	45	45	0.00%
Sides Open	3	1	10.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	Yes	-5.00%
Other Factor	-----	-----	0.00%
Total Adjustments Ratio		-5.00%	
Total Adjustment Amount		-SAR 200.0	
Net After Adjustment		SAR 3,800.0	
SAR / Sqm		SAR 3,800	
Rounded Value		SAR 3,800	





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

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 1,100	SAR 1,300	SAR 1,200
MEP	SAR 900	SAR 1,100	SAR 1,000
Finishing Materials	SAR 1,400	SAR 1,600	SAR 1,500
Fit outs & Appliances	SAR 700	SAR 800	SAR 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
Upper Floors BUA	Sqm	10,305.53
Total (SQM)	17,512.73	



Development Cost					
Hard Cost - Upper 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 - (Underground)					
	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 Soft 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	Total Completion Rate	100.00%
Annual Dep Rate	2.00%	Developer Profit Rate	25.0%



Actual Age	6		
Total Dep Rate	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%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>			
Total adjustments on capitalization rate		-0.50%	
Capitalization rate, according to market averages		7.50%	
Estimated capitalization rate of the property valuation		7.00%	



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

REVENUES					
Unit Type	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Educational Institute		The subject property is Fully leased to 1 tenant			SAR 11,710,000
	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 11,710,000
EXPENSES					
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 OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Educational Institute	SAR 11,710,000	0.00%	SAR 11,710,000		
	SAR 0	0.00%	SAR 0		
				Total	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 Rate	Property Value		Rounded Value
SAR 11,710,000.00		7.00%	167,285,714.29 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.

Essam Hussaini
Site Inspection Check

Member of (Taqeem)
License No. 1210000474



GENERAL NOTES



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.

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:

No	If Yes	Remarks
	Client Date	
	Al Rajhi Capital June 2020	-----
✓	-----	-----
✓	-----	-----

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.

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.

DOCUMENTS COPIES





Title Deeds





Title Deeds

بسم الله الرحمن الرحيم
الجمهورية العربية السورية
وزارة العدل
[٢٧٧]
كاتب العدل الأول بالرياض

الرقم: ٣١٠١٢٤٠٣٩٠٣٨
التاريخ: ١٠ / ٣ / ١٤٤١ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ١٦٧ من البلك رقم ١٥ من المخطط رقم ٢٩٩٦ الواقعة في حي السلام بمدينة الرياض، وحدودها وأطولها كالتالي:

شمالاً: شارع عرض ١٥ م	بطول: (٤١,٦) واحد و أربعون متر و ستون سنتيمتر
جنوباً: قطعة رقم ١٦٨	بطول: (٤١,٤٥) واحد و أربعون متر و خمسة و أربعون سنتيمتر
شرقاً: قطعة رقم ١٦٥	بطول: (٢٥) خمسة و عشر و ن متر
غرباً: شارع عرض ٤٠ م	بطول: (٢٥) خمسة و عشر و ن متر

ومساحتها: (١٠٠٣٨,١) ألف و ثمانية و ثلاثون متر مربعاً و عشرة سنتيمتر مربعاً فقط حسب خطاب وزارة المالية رقم ٢٤٢٢٧ في ١٨ / ٤ / ١٤٣٣ لتقيد برقم ٣٣ / ٣٢٧٥١٥١٥ في ١٠ / ٤ / ١٤٣٣ هـ.

والمتسند في إفراغها على الصك الصادر من هذه الإدارة برقم ٣١٠١٢٤٠٣٣٥١٣ في ٩ / ١ / ١٤٤١ هـ.

قد انتقلت ملكيتها لـ شركة المخازن المعيرة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ.

بشأن وقدره ٢٨١٤٠٣٢٢ ثمانية و عشر و ن مليوناً و مائة و أربعون ألفاً و ثلاثمائة و اثنين و عشرين ريال و اثنين و ستون هللة من ضمن الشيك وعليه جرى التصديق تحريراً في ١٠ / ٣ / ١٤٤١ هـ لاستماده، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

محمّد وآله وصحبه وسلم.

معاذ بن عبد الرحمن بن صالح الفريان

وزارة العدل
كاتب العدل الأول بالرياض
[٢٧٧]

بسم الله الرحمن الرحيم
الجمهورية العربية السورية
وزارة العدل
[٢٧٧]
كاتب العدل الأول بالرياض

الرقم: ٤١٠١٢٤٠٣٩٠٣٩
التاريخ: ١٠ / ٣ / ١٤٤١ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض رقم ١٦٨ من البلك رقم ١٥ من المخطط رقم ٢٩٩٦ الواقع في حي السلام بمدينة الرياض، وحدودها وأطولها كالتالي:

شمالاً: قطعة رقم ١٦٧	بطول: (٤١,٤٥) واحد و أربعون متر و خمسة و أربعون سنتيمتر
جنوباً: شارع عرض ٢٠ م	بطول: (٣١,٢٥) واحد و ثلاثون متر و خمسة و عشرون سنتيمتر
شرقاً: قطعة رقم ١٦٦	بطول: (٣٠) ثلاثون متر
غرباً: قطعة رقم ٤٠	بطول: (٢٠) عشرون متر ثم ينكسر بطول ١٤,٢٠ م

ومساحتها: (١,٩٩٠,٥) ألف و مائة و تسعون متر مربعاً و خمسون سنتيمتر مربعاً فقط.

والمتسند في إفراغها على الصك الصادر من هذه الإدارة برقم ٣١٠١٢٤٠٣٩٢٧٢ في ٩ / ١ / ١٤٤١ هـ.

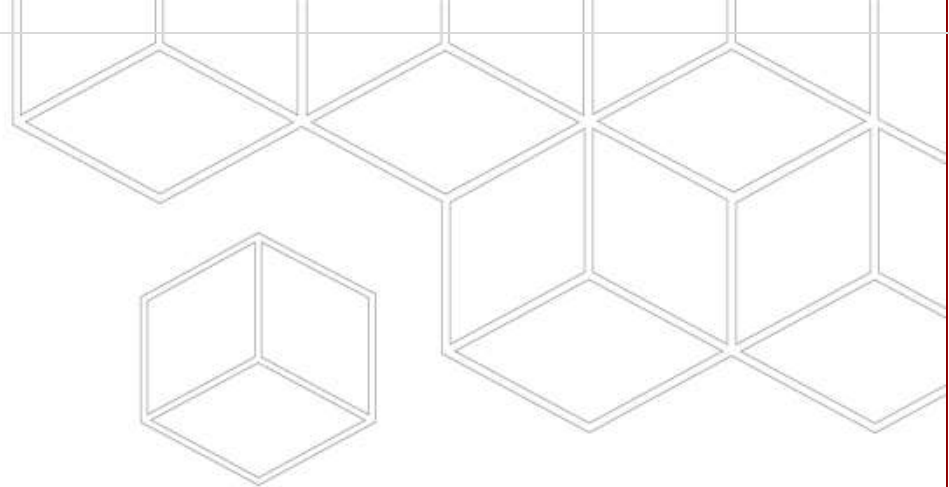
قد انتقلت ملكيتها لـ شركة المخازن المعيرة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ.

بشأن وقدره ٢٨١٤٠٣٢٢ ثمانية و عشر و ن مليوناً و مائة و أربعون ألفاً و ثلاثمائة و اثنين و عشرين ريال من ضمن الشيك وعليه جرى التصديق تحريراً في ١٠ / ٣ / ١٤٤١ هـ لاستماده، وصلى الله على نبيينا محمد وآله وصحبه وسلم.

معاذ بن عبد الرحمن بن صالح الفريان

وزارة العدل
كاتب العدل الأول بالرياض
[٢٧٧]

OFFICIAL DOCUMENT



WHITE CUBES
VALUATION & ADVISORY SERVICES



Valuer Taqueem ID



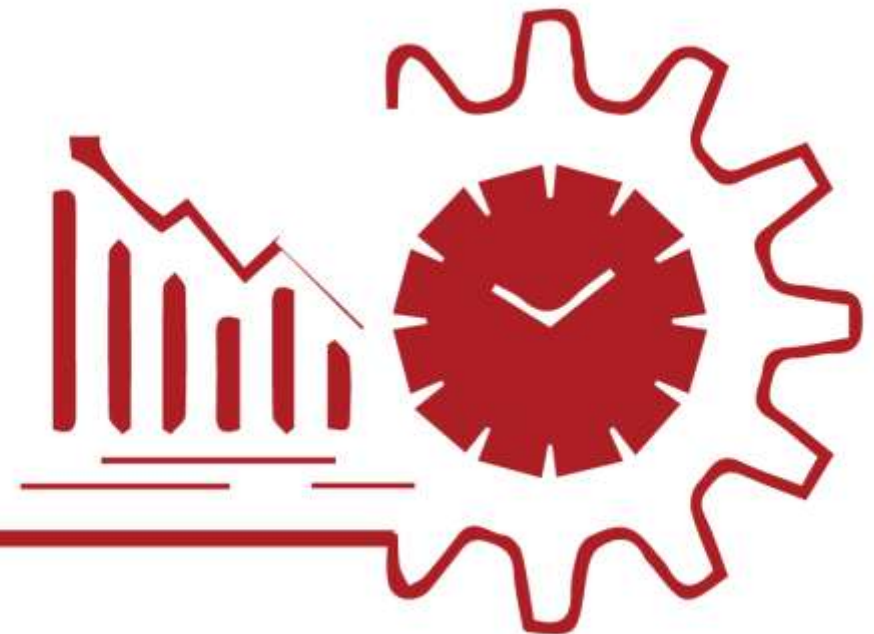
AL ANDALUS BUILDING AL RAJHI REIT FUND

JEDDAH CITY

DECEMBER 2020



Valuation Report





REF: 2010915-1
Date: 09/02/2021
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 December 29, 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE. The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

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





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

1.1	EXECUTIVE SUMMARY	7
1.2	VALUATION REFERENCE	9
1.3	BASIS OF VALUATION	9
1.4	CLIENT APPROVAL DATE	11
1.5	INSPECTION DATE	11
1.6	VALUATION DATE	11
1.7	REPORT DATE	11
1.8	OPINION OF VALUE	11
1.9	PURPOSE OF VALUATION	11
1.10	INSPECTION ROLE	11
1.11	MARKET SURVEY	12
1.12	PROPERTY & LOCATION DESCRIPTION	14
1.13	INFRASTRUCTURE FACILITIES	14
1.14	LOCATION	15
1.15	PROPERTY ACCESS	16
1.16	TITLE DEED & OWNERSHIP	17
1.17	CONSTRUCTION & BUILDINGS	17
1.18	MAINTENANCE & OPERATIONAL EXPENSES	18
1.19	INSURANCE	18
1.20	PHOTO RECORD	19
1.21	PROPERTY UNIT DETAILS	20
1.22	SAUDI ARABIA ECONOMIC INDICATORS	22
1.23	BUDGET ALLOCATION FOR 2019	22
1.24	SWOT ANALYSIS	23
1.25	SECTOR BRIEF	23
1.26	RISK ANALYSIS	25
1.27	DOCUMENTS RECIEVED	27
1.28	GENERAL ASSUMPTIONS	27
1.29	LEGAL NOTICES	27
1.30	INFORMATION SOURCE	28
1.31	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	28
1.32	VALUATION APPROACH	28



1.33	INPUT VALUATION PROCESS	29
1.34	COST APPROACH (DRC)	30
1.35	DISCOUNTED CASH FLOW- ACTUAL RATES	32
1.36	DISCOUNTED CASH FLOW APPROACH- MARKET RATES	34
1.37	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	37
1.38	SUBJECT PROPERTY VALUE	37
1.39	REPORT USE	38
1.40	DISCLAIMER	38
1.41	CONCLUSION	38
1.42	CONSULTANT STATUS	40
1.43	DISCLOSING CONFLICT OF INTEREST	40
1.44	CONFIDENTIALITY	40
1.45	ENVIRONMENTAL MATTERS	40

EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 29/12/2020 to implement valuation service for a commercial project in Jeddah city.
Client	Al Rajhi REIT Fund.
Reference No.	2010915-1
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Commercial Building
Property Location	The property is located in Al 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 31%
Valuation Approach	Comparable Approach, Cost Approach & DCF Approach
Final Property Value	196,240,000 SAR
Valuation Date	31/12/2020
Inspection Date	30/12/2020

TERMS OF REFERENCE & VALUATION





1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by AlRajhi 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 EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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



1.4 CLIENT APPROVAL DATE

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

December 29, 2020.

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.

December 30, 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

December 31, 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.

February 09, 2021.

1.8 OPINION OF VALUE

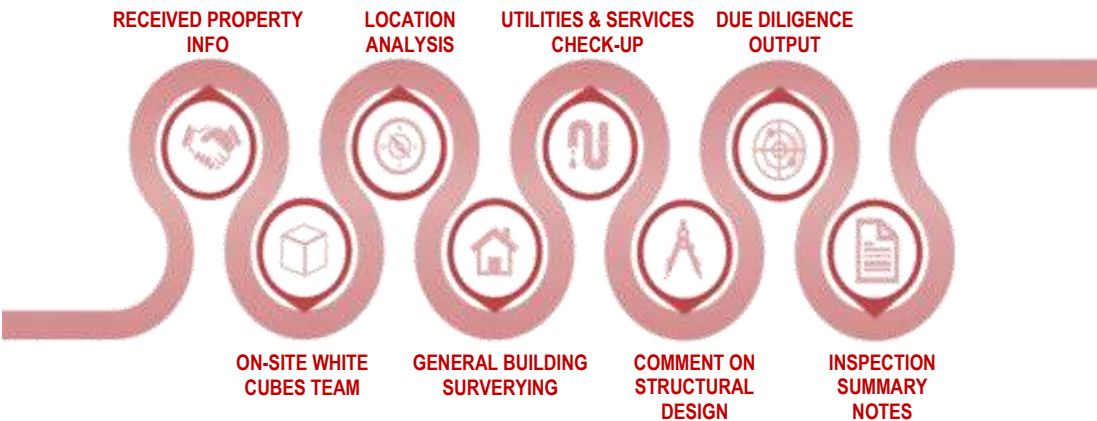
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

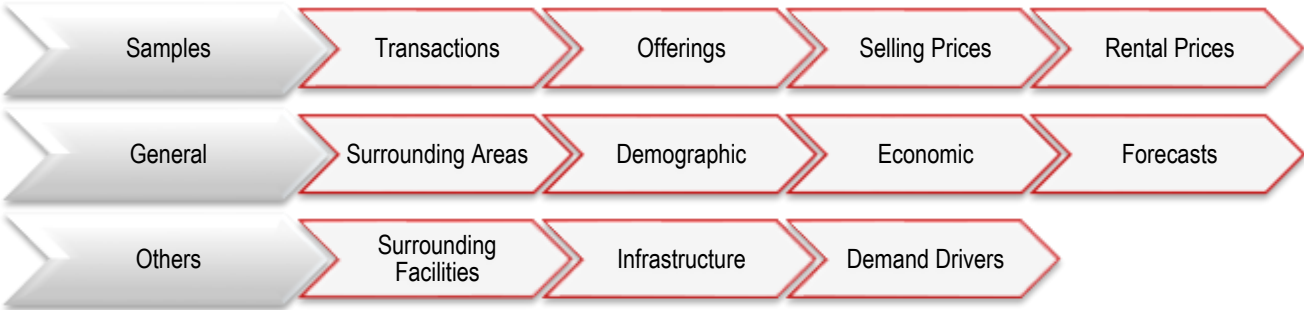
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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





1.11 MARKET SURVEY

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



PROPERTY DETAILS





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	<p>The property subject of valuation is a commercial building located in Al Ruwais district, Jeddah City.</p> <p>The property is bordered from the north by Al Maadi Street</p> <p>The property is bordered from the south by Fid al Ahsan Street</p> <p>The Property is bordered from the east by Fayd As Samaa Street</p> <p>The property is bordered to the west by Al Andalus Road</p>
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		

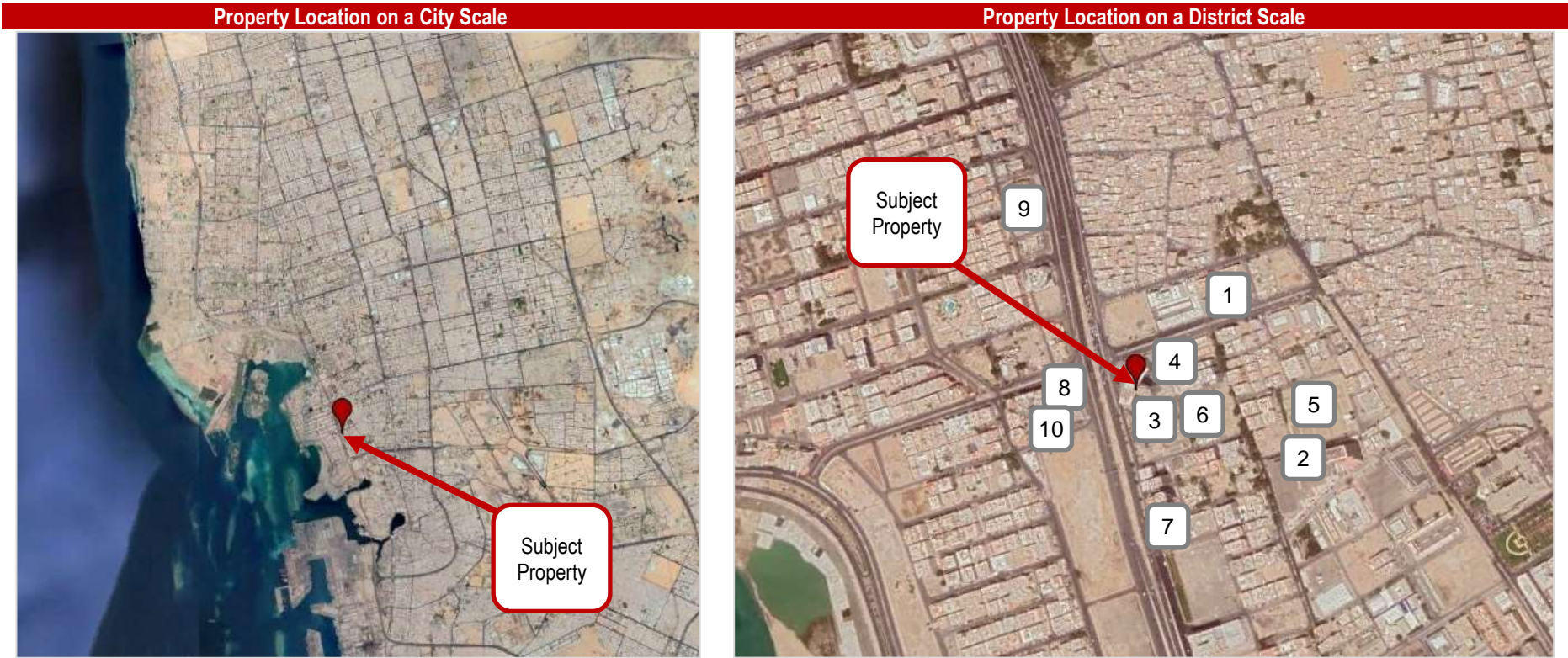
1.13 INFRASTRUCTURE FACILITIES

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



1.14 LOCATION

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

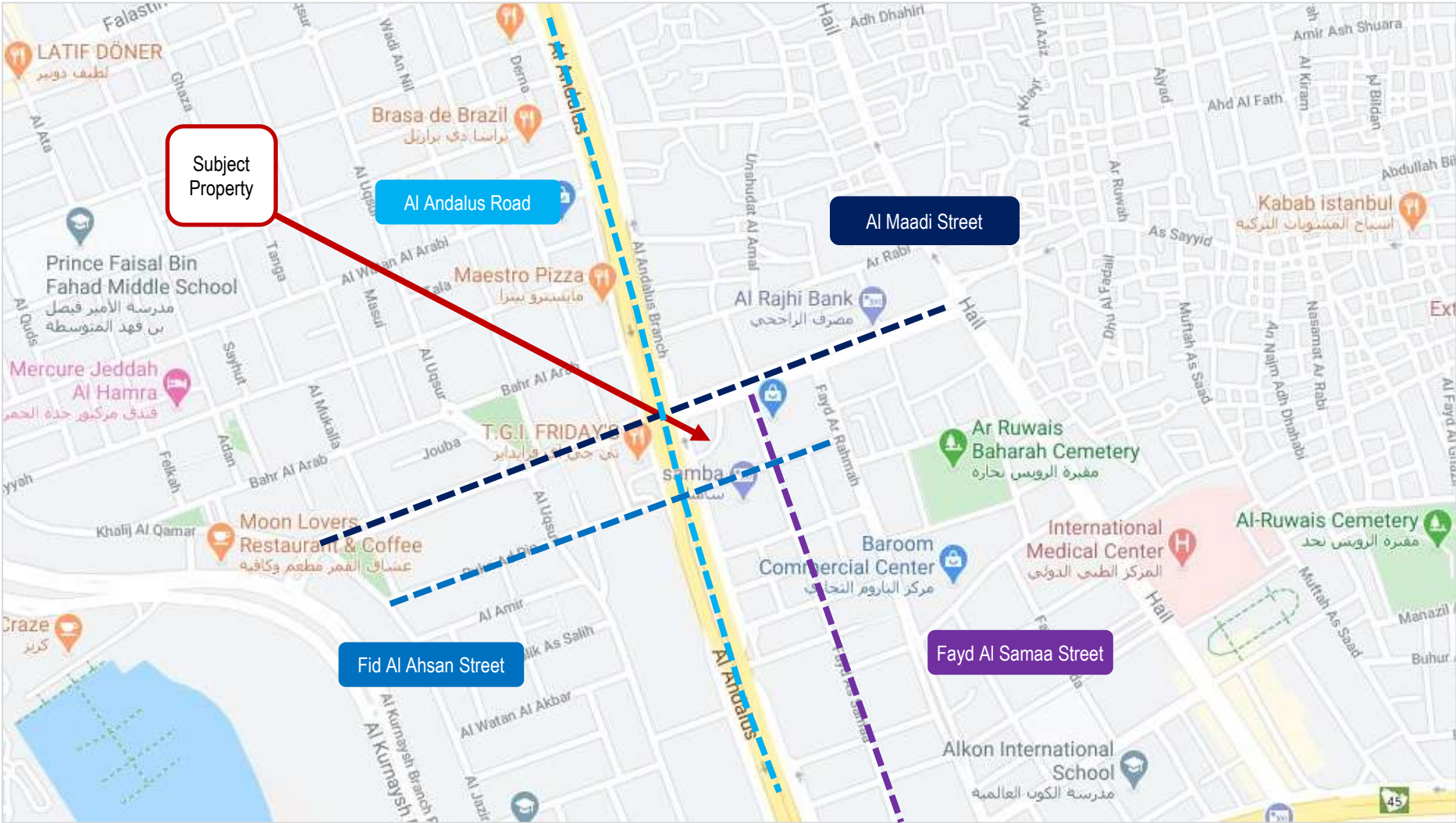


Surrounding Landmarks	
1- Subway (0.3 Kilometres)	6- Faith Charity Association for Cancer Care (0.15 Kilometres)
2- PC TIME barroom Center (0.35 Kilometres)	7- Arab National Bank (0.3 Kilometres)
3- Samba (0.01 Kilometres)	8- T.G.I. FRIDAY'S (0.1 Kilometres)
4- United Matbouli Group (0.1 Kilometres)	9- SACO (0.4 Kilometres)
5- Ar Ruwais Baharah Cemetery (0.35 Kilometres)	10- Hardee's (0.1 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	9,565.85 Sqm
District	Al Ruwais	Plot No.	N/A
T.D Number	461	Block No.	N/A
T.D Date	17/02/1396	Layout No.	N/A
T.D Value	N/A	Owner	Gulf Company for Real Estate Investment and Development
Date of Last Transaction	N/A	Ownership Type	Freehold
Issued From	Jeddah Notary	Limitation of Document	N/A
North Side	Al Maadi Street	East Side	Fayd As Samaa Street
South Side	Fid al Ahsan Street	West Side	Al Andalus Road
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.17 CONSTRUCTION & BUILDINGS

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

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



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

MARKET INDICATORS





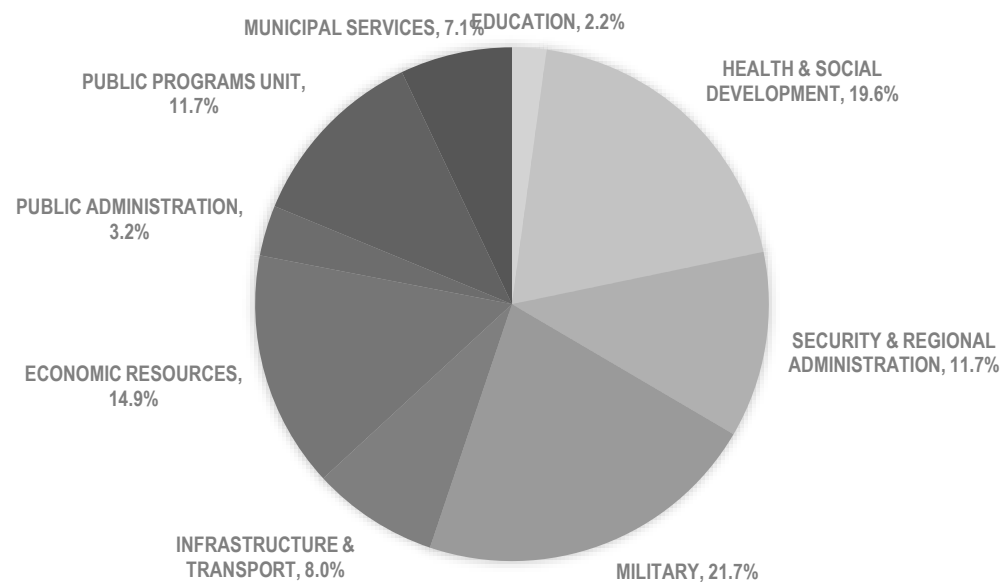
1.22 SAUDI ARABIA ECONOMIC INDICATORS

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

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.24 SWOT ANALYSIS

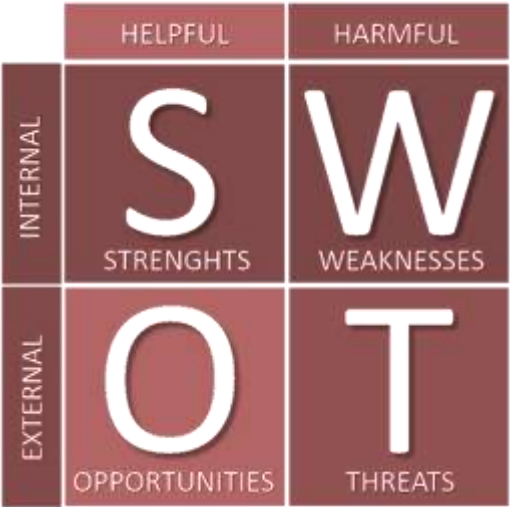
<div>Strength</div> <div><ul style="list-style-type: none">- Open on 4 sides.- Direct view on main road (Al Andalus Road).- The property has a regular land shape.</div>	<div>Weakness</div> <div><ul style="list-style-type: none">- None</div>
<div>Opportunities</div> <div><ul style="list-style-type: none">- Located in high-density residential district.- High demand on the property type</div>	<div>Threats</div> <div><ul style="list-style-type: none">- Potential similar projects in the same area.</div>

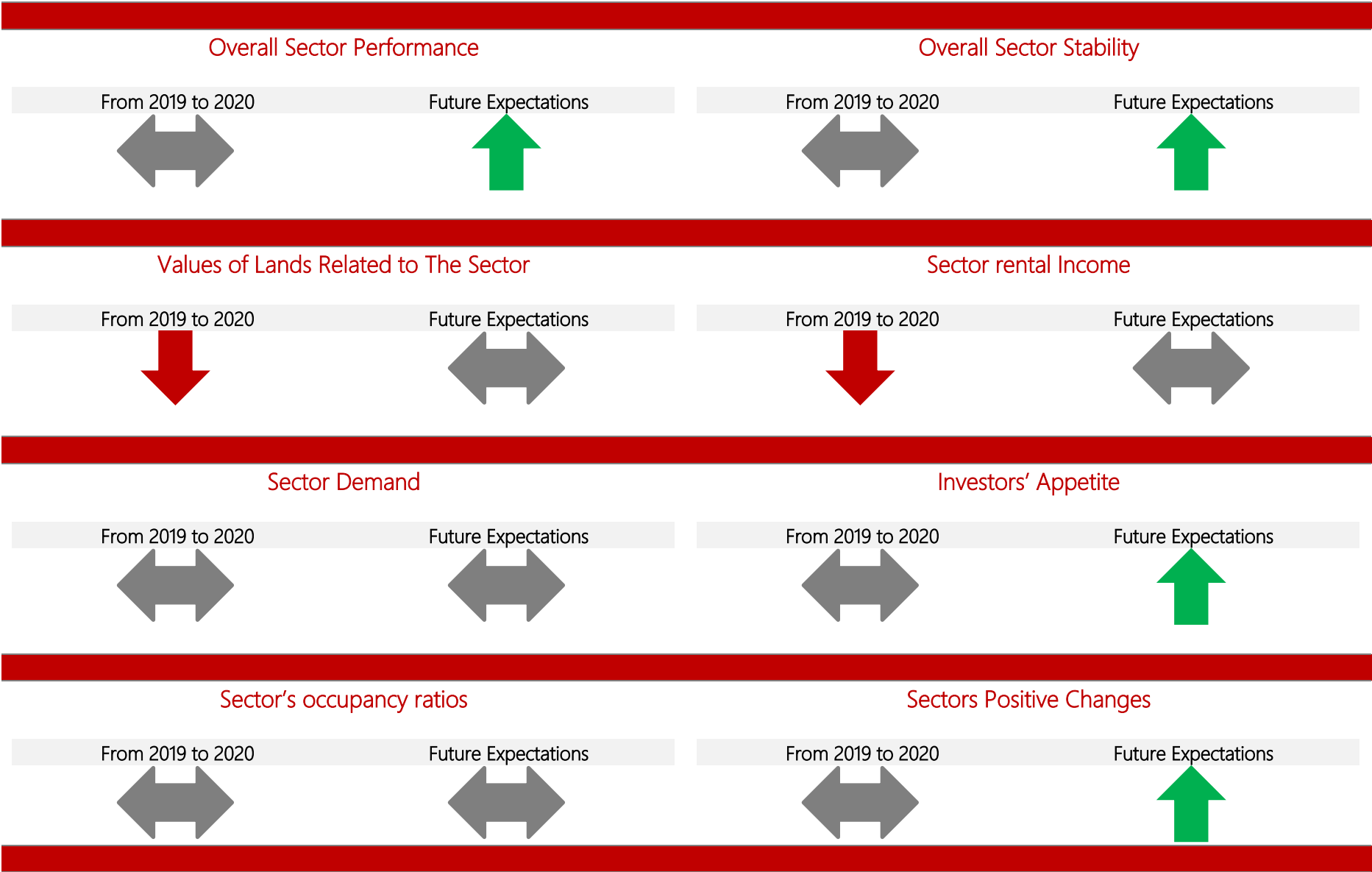
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

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





White Cubes Team's Analysis



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
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points – Medium Risk					

Sector Analysis

Risk Category- 20 Risk
Points - Medium Risk

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

Land Analysis

Risk Category- 8 Risk
Points - Minimal Risk

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

Property Analysis

Risk Category- 6 Risk
Points - Minimal Risk

PROPERTY VALUATION





1.27 DOCUMENTS RECIEVED

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

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

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 valued
- 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:

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

COMPARABLE METHOD

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

DISCOUNTED CASH FLOW (DCF)

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

1.33 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	Total Completion Rate	100.00%	
Annual Dep Rate	2.50%	Developer Profit Rate	20.0%	
Actual Age	8			
Total Dep Rate	20.00%	Dev. Profit Amount	SAR 15,097,538	
Add Appr Rate	0.00%	Development Value	SAR 90,585,230	
Net Dep Rate	20.00%			

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 informed us that the total actual and expected revenues related to the subject property is 11,146,947 SAR.

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	6.50%
Maximum capitalization rate	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 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 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%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expected Revenues												
Total	SAR	16,240,267	16,565,072	16,896,374	17,234,301	17,578,987	17,930,567	18,289,178	18,654,962	19,028,061	19,408,622	19,796,795
Overall Revenues		16,240,267	16,565,072	16,896,374	17,234,301	17,578,987	17,930,567	18,289,178	18,654,962	19,028,061	19,408,622	19,796,795
Vacancy Rates												
		31%	30.00%	25.00%	25.00%	20.00%	20.00%	15.00%	15.00%	10.00%	10.00%	10.00%
Vacancy Rates		5,093,320	4,969,522	4,224,093	4,308,575	3,515,797	3,586,113	2,743,377	2,798,244	1,902,806	1,940,862	1,979,679
Total		5,093,320	4,969,522	4,224,093	4,308,575	3,515,797	3,586,113	2,743,377	2,798,244	1,902,806	1,940,862	1,979,679
Expenses												
Management	3.0%	487,208	496,952	506,891	517,029	527,370	537,917	548,675	559,649	570,842	582,259	593,904
Utilities	3.0%	487,208	496,952	506,891	517,029	527,370	537,917	548,675	559,649	570,842	582,259	593,904
Operation	3.0%	487,208	496,952	506,891	517,029	527,370	537,917	548,675	559,649	570,842	582,259	593,904
Overall Expenses		1,461,624	1,490,857	1,520,674	1,551,087	1,582,109	1,613,751	1,646,026	1,678,947	1,712,526	1,746,776	1,781,712
NOI		9,685,323	10,104,694	11,151,607	11,374,639	12,481,081	12,730,703	13,899,776	14,177,771	15,412,730	15,720,984	16,035,404
Terminal Value @ -----> 6.5%												246,698,520
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		9,685,323	9,270,362	9,386,084	8,783,308	8,841,912	8,274,083	8,287,982	7,755,726	7,735,129	7,238,378	110,981,649
Market Rate / Net Present Value												196,239,937

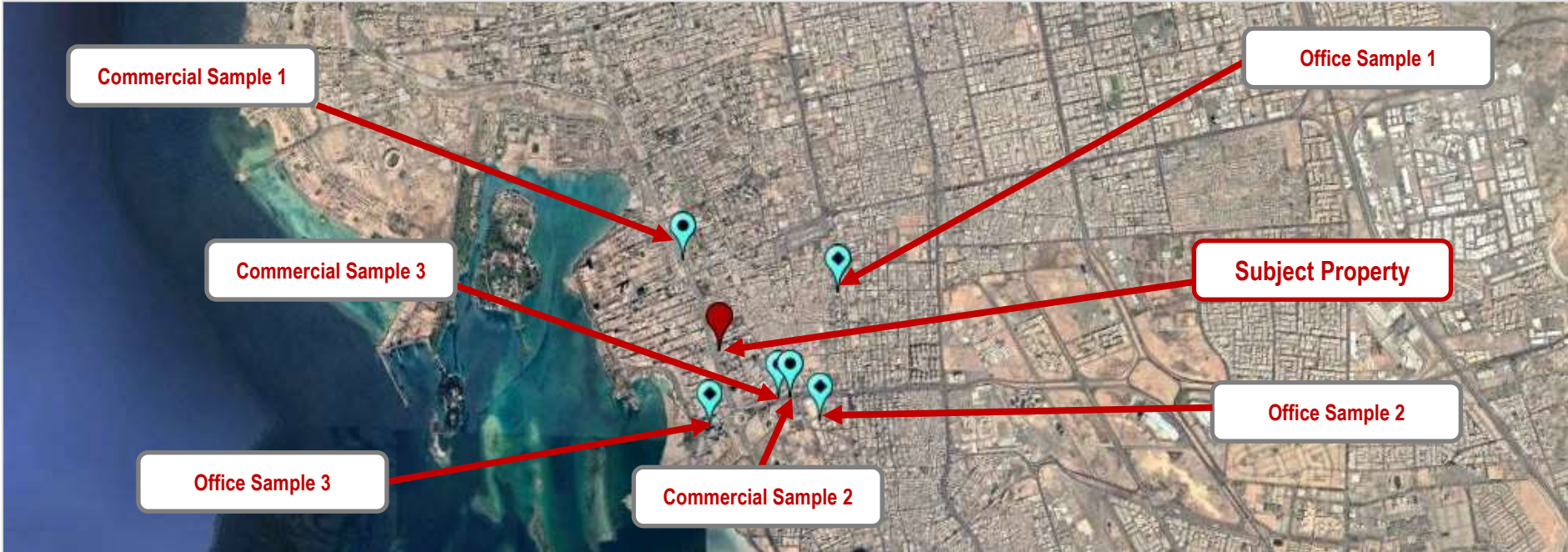


1.36 DISCOUNTED CASH FLOW APPROACH- MARKET RATES

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	Rental Rate/ Sqm
Comparable 1	500 SAR/ Sqm	850 SAR/ Sqm
Comparable 2	535 SAR/ Sqm	900 SAR/ Sqm
Comparable 3	550 SAR/ Sqm	-
Average	550 SAR/ Sqm	900 SAR/ Sqm





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	550 SAR	795 SAR
Commercial Showrooms	900 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 660 SAR / Sqm for the offices and 1,100 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 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				6.50%
Maximum capitalization rate				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 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		7%		
Estimated capitalization rate of the property valuation		6.50%		



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	13,709,300	14,120,579	14,544,196	14,980,522	15,429,938	15,892,836	16,369,621	16,860,710	17,366,531	17,887,527	18,424,153
Overall Revenues		13,709,300	14,120,579	14,544,196	14,980,522	15,429,938	15,892,836	16,369,621	16,860,710	17,366,531	17,887,527	18,424,153
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		2,741,860	2,824,116	2,181,629	1,498,052	1,542,994	1,589,284	1,636,962	1,686,071	1,736,653	1,788,753	1,842,415
Total		2,741,860	2,824,116	2,181,629	1,498,052	1,542,994	1,589,284	1,636,962	1,686,071	1,736,653	1,788,753	1,842,415
Expenses												
Management	3.0%	411,279	423,617	436,326	449,416	462,898	476,785	491,089	505,821	520,996	536,626	552,725
Utilities	3.0%	411,279	423,617	436,326	449,416	462,898	476,785	491,089	505,821	520,996	536,626	552,725
Operation	3.0%	411,279	423,617	436,326	449,416	462,898	476,785	491,089	505,821	520,996	536,626	552,725
Overall Expenses		1,233,837	1,270,852	1,308,978	1,348,247	1,388,694	1,430,355	1,473,266	1,517,464	1,562,988	1,609,877	1,658,174
NOI		9,733,603	10,025,611	11,053,589	12,134,223	12,498,250	12,873,197	13,259,393	13,657,175	14,066,890	14,488,897	14,923,564
Terminal Value @ ----->	6.5%											229,593,289
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value		9,733,603	9,197,808	9,303,585	9,369,847	8,854,075	8,366,695	7,906,143	7,470,942	7,059,698	6,671,091	103,286,561
Market Rate / Net Present Value												187,220,048

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 196,240,000	One Hundred Ninety-Six Million and Two Hundred Forty Thousand Saudi Riyals
DCF- Market	Property	SAR 187,220,000	One Hundred Eighty- Seven Million and Two Hundred Twenty 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: 196,240,000 SAR
One Hundred Ninety-Six Million and Two Hundred Forty 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 (Taqeem)
License No. 1210000474

GENERAL NOTES





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

No	If Yes		Remarks
	Client	Date	
✓	Al Rajhi Capital	June 2020	_____
✓	_____	_____	_____
	_____	_____	_____

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.

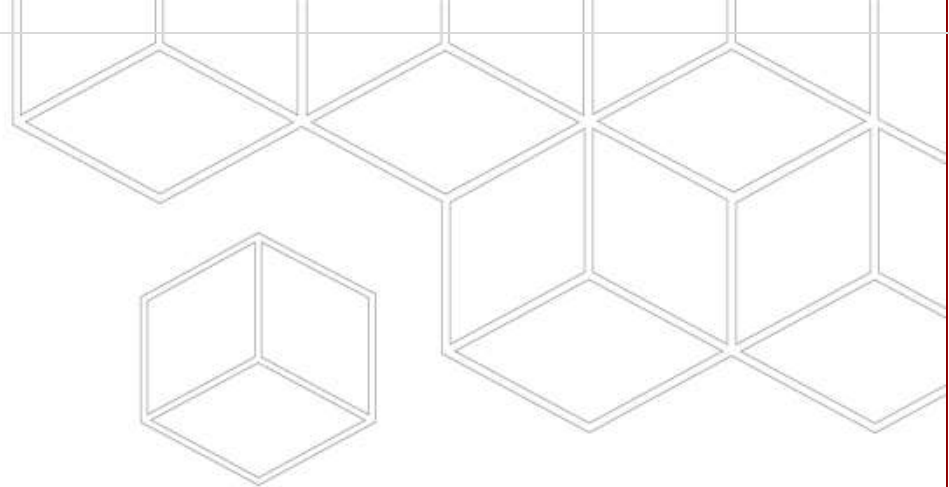


1.45 ENVIRONMENTAL MATTERS

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.

OFFICIAL DOCUMENT



WHITE CUBES
VALUATION & ADVISORY SERVICES



Valuer Taqueem ID



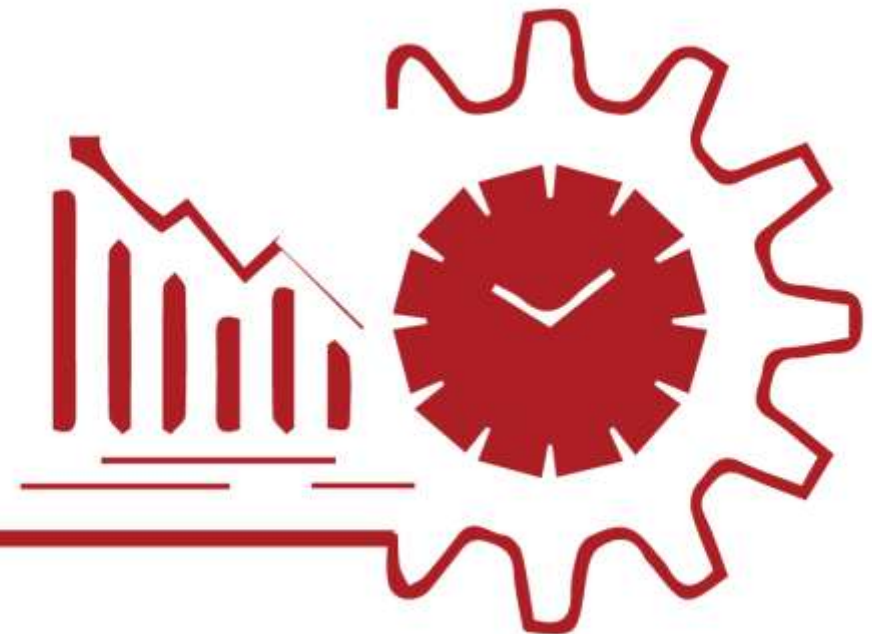
ROWAD AL KHALEEJ SCHOOL ALRAJHI REIT FUND

DAMMAM CITY

DECEMBER 2020



Valuation Report





REF: 2010915-4
Date: 09/02/2021
M/S Al 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 December 29, 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE.
The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

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





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

1.1	EXECUTIVE SUMMARY	7
1.2	VALUATION REFERENCE	9
1.3	BASIS OF VALUATION	9
1.4	CLIENT APPROVAL DATE	11
1.5	INSPECTION DATE	11
1.6	VALUATION DATE	11
1.7	REPORT DATE	11
1.8	OPINION OF VALUE	11
1.9	PURPOSE OF VALUATION	11
1.10	INSPECTION ROLE	11
1.11	MARKET SURVEY	12
1.12	PROPERTY & LOCATION DESCRIPTION	14
1.13	INFRASTRUCTURE FACILITIES	14
1.14	LOCATION	15
1.15	PROPERTY ACCESS	16
1.16	TITLE DEED & OWNERSHIP	17
1.17	CONSTRUCTION & BUILDINGS	17
1.18	PHOTO RECORD	19
1.19	MAINTENANCE & OPERATIONAL EXPENSES	20
1.20	PROPERTY ACTUAL RENTAL RATES	20
1.21	INSURANCE	20
1.22	SAUDI ARABIA ECONOMIC INDICATORS	22
1.23	BUDGET ALLOCATION FOR 2019	22
1.24	SWOT ANALYSIS	23
1.25	SECTOR BRIEF	23
1.26	RISK ANALYSIS	25
1.27	DOCUMENTS RECIEVED	27
1.28	GENERAL ASSUMPTIONS	27
1.29	LEGAL NOTICES	27
1.30	INFORMATION SOURCE	28
1.31	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	28
1.32	VALUATION APPROACH	28



1.33	NPUT VALUATION PROCESS	30
1.34	COMPARABLE APPROACH	30
1.35	COST APPROACH (DRC)	31
1.36	INCOME APPROACH- LEASING CONTRACT	33
1.37	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	35
1.38	SUBJECT PROPERTY VALUE	35
1.39	REPORT USE	35
1.40	DISCLAIMER	36
1.41	CONCLUSION	36
1.42	CONSULTANT STATUS	38
1.43	DISCLOSING CONFLICT OF INTEREST	38
1.44	CONFIDENTIALITY	38
1.45	ENVIRONMENTAL MATTERS	38

EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 29/12/2020 to implement valuation service for an educational facility in Dammam city.
Client	Al Rajhi REIT Fund.
Reference No.	2010915-4
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Educational Facility
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
Owner (Title Deed)	Privilege Warehouse Company 2
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 Sqm
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	270,700,000 SAR
Valuation Date	31/12/2020
Inspection Date	30/12/2020

TERMS OF REFERENCE & VALUATION





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 EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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



1.4 CLIENT APPROVAL DATE

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

December 29, 2020.

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.

December 30, 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

December 31, 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.

February 09, 2021.

1.8 OPINION OF VALUE

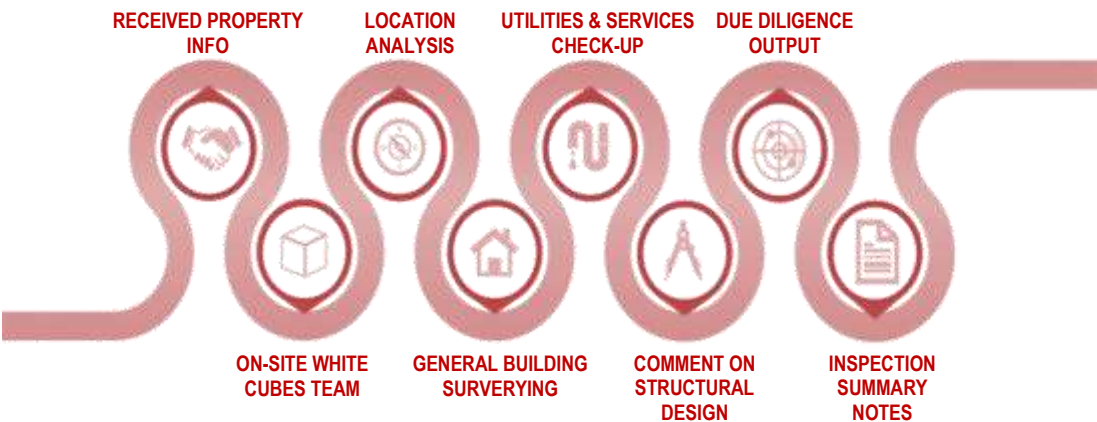
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

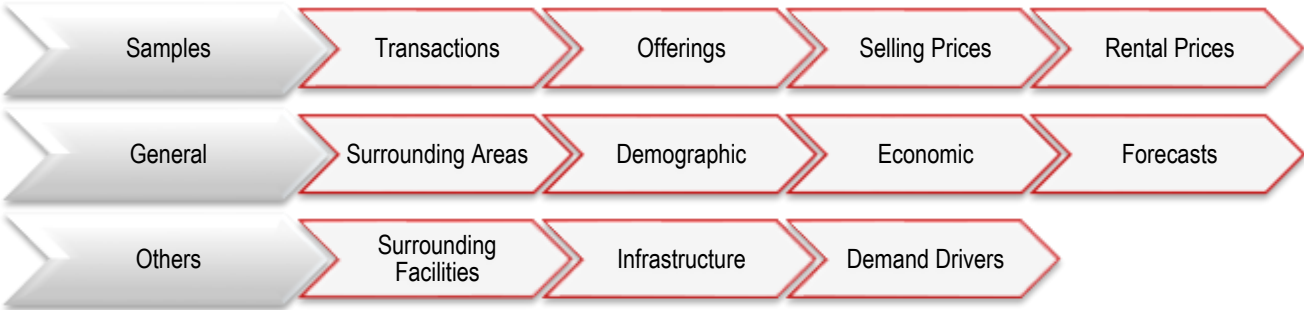
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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



PROPERTY DETAILS





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	<p>The property being valued is an educational facility located in Al Zuhor district, Dammam City.</p> <p>The property is bordered from the north by an unnamed street</p> <p>The property is bordered from the south by a private property</p> <p>The Property is bordered from the east by Anas Ibn Malik Road</p> <p>The property is bordered to the west by an unnamed street</p>
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	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.14 LOCATION

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

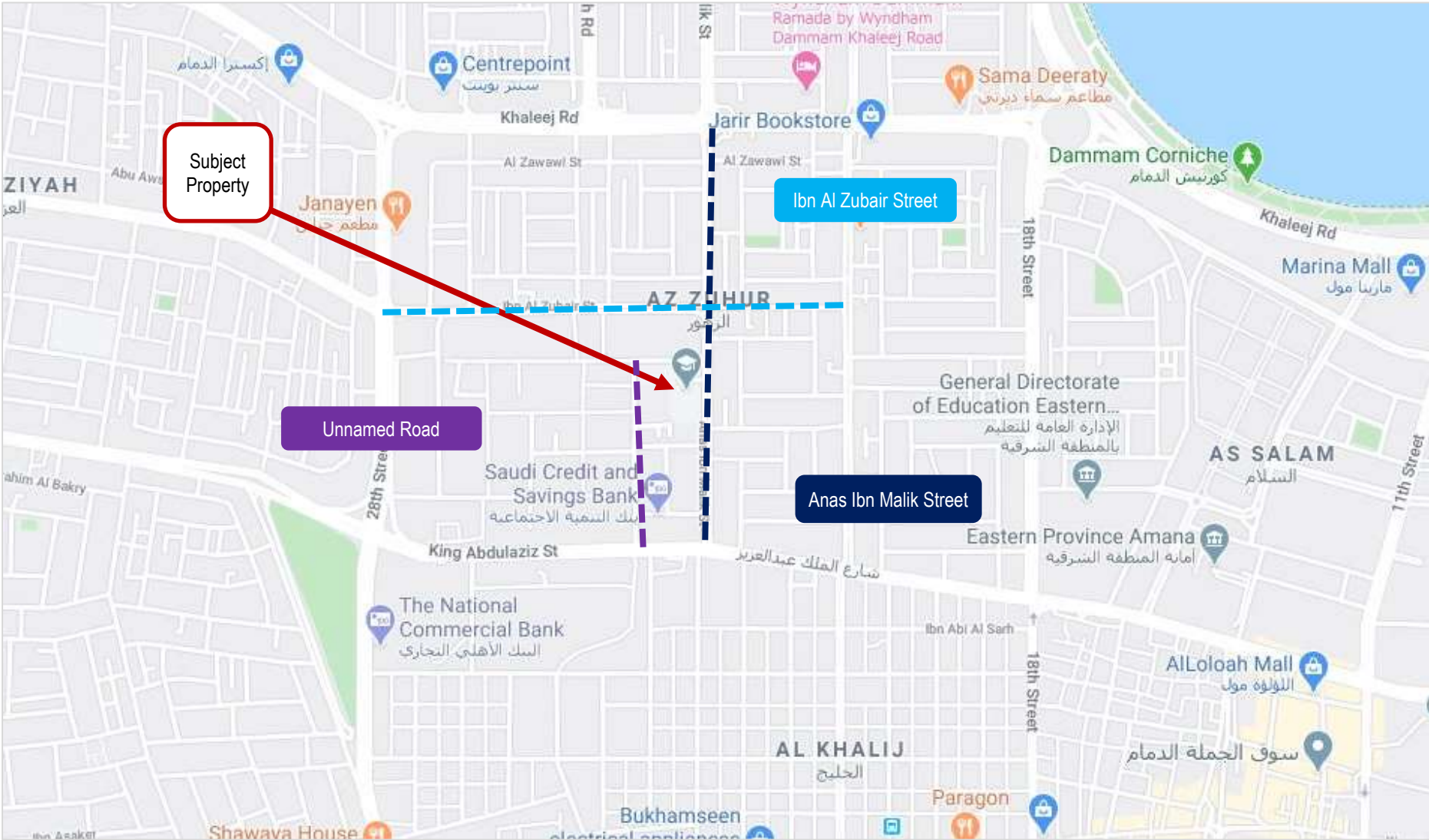


Surrounding Landmarks	
1- The National Commercial Bank (1.85 Kilometres)	6- Al Rajhi ATM (0.5 Kilometres)
2- Saudi Credit and Savings Bank (0.6 Kilometres)	7- Al Jazira ATM (1.4 Kilometres)
3- Burger Mix Cheese Restaurant (0.2 Kilometres)	8- Dammam Civil Academy (0.85 Kilometres)
4- Al Jawad Food Corner (0.25 Kilometres)	9- Darin Seafood Dammam (1.4 Kilometres)
5- White Palace Banquet Hall (0.75 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:

TITLE DEED# 1		TITLE DEED# 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
TITLE DEED# 3		TITLE DEED# 4	
T.D No.	730112017899	T.D No.	330113016485
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)	3,364.00	Land Area (Sqm)	3,000.00
Plot No.	29	Plot No.	1/30 - 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

1.17 CONSTRUCTION & BUILDINGS

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



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

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 Permit# 2			
Construction Permit Type	New Building			Construction Permit Type	Addition		
Property Type	Educational			Property Type	Educational		
Construction Permit No.	427/10348			Construction Permit No.	427/10348		
Construction Permit Date	06/11/1417 AH			Construction Permit Date	2711/1434 AH		
Permit Expiry Date	06/11/1420 AH			Permit Expiry Date	2711/1437 AH		

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 Permit# 4		Description	No. of Units	Area (sqm)	Use
Construction Permit Type	New Building	Ground Floor	10	1,000.00	Residential
Property Type	Educational	Ground Floor		426.00	Services
Construction Permit No.	432/10423	First Floor	10	1,000.00	Residential
Construction Permit Date	09/09/1432 AH	First Floor		426.00	Services
Permit Expiry Date	09/09/1435 AH	Second Floor	10	1,000.00	Residential
		Second Floor		426.00	Services
		Third Floor	10	500.00	Addendum
		Third Floor		218.00	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 **18,948,750 SAR**.

1.21 INSURANCE

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

MARKET INDICATORS





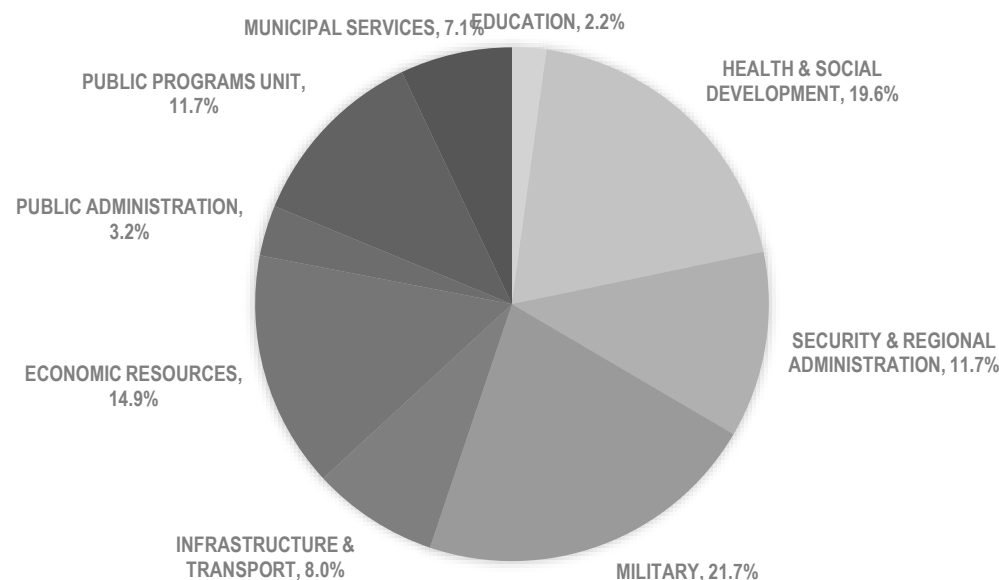
1.22 SAUDI ARABIA ECONOMIC INDICATORS

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

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.24 SWOT ANALYSIS

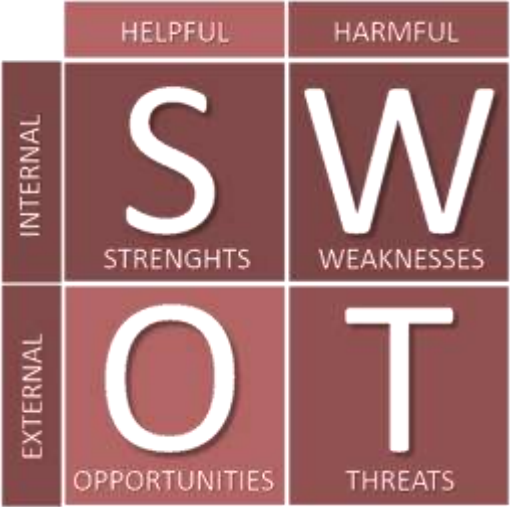
<p>Strength</p> <ul style="list-style-type: none">- The property is open on 3 sides with a direct view on Anas Ibn Malik Street- Good location in the centre of the city- Good quality of finishing and furniture	<p>Weakness</p> <ul style="list-style-type: none">- None
<p>Opportunities</p> <ul style="list-style-type: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

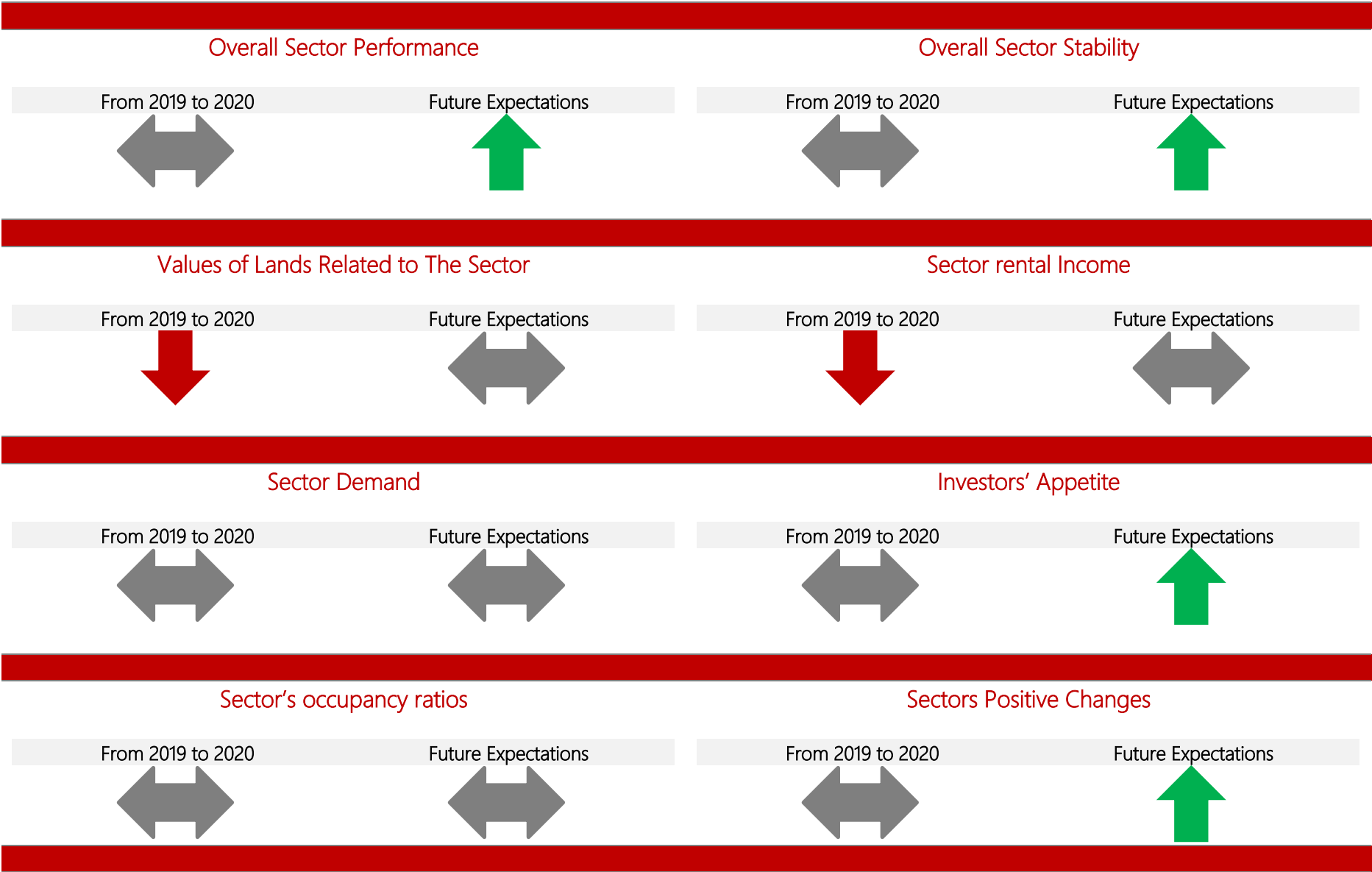
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

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





White Cubes Team's Analysis



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
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate		✓			
Total Risk	0	4	12	0	0
Risk Category 16 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 16 Risk Points - Medium Risk

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

Land Analysis

Risk Category- 9 Risk Points - Minimal Risk

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

Property Analysis

Risk Category- 07 Risk Points - Medium Risk

PROPERTY VALUATION





1.27 DOCUMENTS RECIEVED

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

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

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 valued
- 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:

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

COMPARABLE METHOD

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.33 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 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	4,500	
Comparable# 5	Commercial	4,500	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.

LAND					
Land Area	SAR / Sqm			Total Value	
20,213.00	SAR 2,900			SAR 58,617,700	
Building					
	Unit	Total BUA			
Underground BUA	Sqm	3,465.00			
Upper Floors BUA	Sqm	22,332.00			
Total (SQM)	25,797.00				
Development Cost					
Hard Cost - Upper Floors					
	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 - (Underground)					
	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 Soft 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		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

DEVELOPMENT VALUE					
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 18,948,750 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%, 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	-----	0.25%	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		-0.50%		



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	7.50%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES					
Unit Type	Quantity	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Medical Facility		The subject property is Fully leased to 1 tenant			SAR 18,948,750
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 18,948,750
EXPENSES					
Unit Type	Management	Utilities	Operation	Others	Total Expenses
Medical Facility		All the expenses 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 OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Medical Facility	SAR 18,948,750	0.00%	SAR 18,948,750		
-----	SAR 0	0.00%	SAR 0		
-----	SAR 0	0.00%	SAR 0		
Total					SAR 18,948,750
Total Property Revenues					SAR 18,948,750
Total Property Expenses					SAR 0
Net Operating Income					SAR 18,948,750.00
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 18,948,750.00	7.00%	270,696,428.57 SAR	270,700,000.00 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 270,700,000	Two Hundred Seventy Million and Seven Hundred 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: 270,700,000 SAR
Two Hundred Seventy Million and Seven Hundred 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 (Taqeem)
License No. 1210000474



GENERAL NOTES





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

No	If Yes		Remarks
	Client	Date	
✓	Al Rajhi capital	June 2020	_____
✓	_____	_____	_____
	_____	_____	_____

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.



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.

DOCUMENTS COPIES





Title Deeds

بسم الله الرحمن الرحيم
الملك عبدالعزيز آل سعود
وزارة العدل
[٢٧٧]
كتابة العدل بالدمام

الرقم: ٢٧٧-١٠٦-٢٨٩٧-٧
التاريخ: ٢٧ / ٤ / ١٤٤١ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد:
فإن قطعة الأرض رقم ٢٥ وقطعة الأرض رقم ٢٦ من المخطط رقم ٤١ / ١ الواقع في حي الزهور بمدينة الدمام
وحدودها وأطوالها كالتالي:
شمالاً: شارع عرض ٢٠ متر بطول: (١٥٠) مائة وخمسون متر
جنوباً: قطعة رقم ٢٨ والقطعة رقم ٢٩ بطول: (١) يبدأ من الشرق بطول ٧٥ متر ثم ينتشر إلى الشمال
بطول ٤٥ متر ثم يعتدل للغرب بطول ٧٥ متر
شرقاً: شارع عرض ٣٠ متر بطول: (٩٠) تسعون متر
غرباً: شارع عرض ٢٠ متر بطول: (٤٥) خمسة وأربعون متر
ومساحتها: (١٠٠٩٩) عشرة آلاف وتسعون متر مربعاً فقط بناءً على خطاب الأمانة رقم ٢٩٩٣ / ٢٤٢٣ /
س/أض في ٢٤ / ٤ / ١٤٢٦ هـ والقيود برقم ٢٠٩٨ في ٢٤ / ٤ / ١٤٢٦ هـ
المعلوكة بالصك الصادر من هذه الإدارة برقم ٧٣٠١٠٦٠٢٨٩٧٠ في ٢٦ / ٤ / ١٤٤١ هـ
في ملك شركة المخازن الميزة الثانية بموجب سجل تجاري رقم ١٠١٠٥١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ بتمن وقدره
٩٨٤٦٥٧٨,٠٤ ثمانية وستون مليوناً وأربعمائة وستة وأربعون ألفاً وخمسمائة وثمانية وسبعون ريالاً وأربع
عشرات وعليه جرى تحريره في ٢٧ / ٤ / ١٤٤١ هـ لاعتماده ، وعلى الله على نبيينا محمد وآله وصحبه وسلم.

عبد المجيد بن صالح بن محمد الزهراني

وزارة العدل
كتابة العدل بالدمام
كاتب العدل رقم ١٦٠

بسم الله الرحمن الرحيم
الملك عبدالعزيز آل سعود
وزارة العدل
[٢٧٧]
كتابة العدل بالدمام

الرقم: ٢٧٧-١٠٦-٢٨٩٧-٧
التاريخ: ٢٧ / ٤ / ١٤٤١ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد:
فإن قطعة الأرض رقم ٣٠ / ١ من المخطط رقم ٤١ / ١ الواقع في حي الزهور بمدينة الدمام
وحدودها وأطوالها كالتالي:
شمالاً: قطعة رقم ٢٨ / ١ بطول: (٧٥) خمسة وسبعون متر
جنوباً: قطعة رقم (١ / ٣٩) ورقم (٣٢ / ب) ورقم (٣٢ / ج) بطول: (٧٥) خمسة وسبعون متر
شرقاً: قطعة رقم ٢٩ بطول: (٤٠) أربعون متر
غرباً: شارع عرض ٢٠ متر بطول: (٤٠) أربعون متر
ومساحتها: (٣٠٠٠) ثلاث آلاف متر مربعاً فقط بناءً على محضر اللجنة الفنية رقم ١٤٣١٣ في ٢١ / ٣ / ١٤٣٥ هـ
ومصدره أمانة مدينة الدمام والقيود في هذه الإدارة برقم ٣١٧٦٥٢٢٥ في ٢٨ / ٣ / ١٤٣٥ هـ
والسند في إفراغها: فإن الصك الصادر من هذه الإدارة برقم ٤٣٠١٢٢٠٠١٦٢٩ في ١٢ / ٦ / ١٤٣٤ هـ
قد انتقلت ملكيتها ل: شركة المخازن الميزة الثانية بموجب سجل تجاري رقم ١٠١٠٥١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ
بتمن وقدره ٢٠٣٣٢٨٠٦ عشرون مليوناً وثلاثمائة وإثنين وثلاثون ألفاً وثمانمائة وستة ريالاً وعليه جرى التصديق
تحريراً في ٢٧ / ٤ / ١٤٤١ هـ لاعتماده ، وعلى الله على نبيينا محمد وآله وصحبه وسلم.

عبد الله بن أحمد بن محمد الخاسح

وزارة العدل
كتابة العدل بالدمام
كاتب العدل رقم ١٦٠

بسم الله الرحمن الرحيم

الجمهورية العربية السورية
وزارة العدل
[٢٧٧]
مكتب العدل بالدمشق

رقم: ١٢٦٠٠١٧٨٤٤
التاريخ: ١٤ / ٢٧ / ١٤٤١ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد :

فإن القطعة رقم ٢٩ الواقعة في مخطط ٤١ / ١ من الزهور مدينة الدمام وحدودها وأطرافها كالتالي:

شمالاً: قطعة رقم ٢٧ بطول: (٧٥) خمسة و سبعون متر
جنوباً: قطعة رقم ٣١ بطول: (٧٥) خمسة و سبعون متر
شرقاً: طريق عرض ٣٠,٥٠ متر بطول: (٤٥) خمسة و اربعون متر
غرباً: قطعة رقم ٣٠ بطول: (٤٥) خمسة و اربعون متر

ومساحتها: (٣٣٦٤) ثلاثمائة و ثلاثمائة و اربعة و ستون متر مربعاً فقط بعد خصم مساحة شرفة الشهوراء الواقعة في الركن الجنوبي الشرقي

والمستند في إخراجها على الصك الصادر من هذه الإدارة بترقم ٤٩٠٧-١١١٠-٦٣ في ١٤ / ٤ / ١٤٣٣ هـ.

قد استقلت مخطيتي لـ شريطة المخازن الميزة الثانية بموجب سجل تجاري رقم ٩٠١٠٤١٨٤١١ في ٢٩ / ٨ / ١٤٣٥ هـ ، وتمن وأقره ٢٢٩٩٩٧١١,٨ [ثنتين و عشر و ن مئوتاً و سبعائة و تسعة و ألفاً و سبعمائة و أحد و مئتين و ثمان و مائة و عشرين] ثمنين جرى التمسدين تحريراً في ٢٧ / ٤ / ١٤٤١ هـ ، واصل الله على نبينا محمد وآله وصحبه وسلم.

عبدالله بن محمد بن سبيع السبيع

مكتب العدل

وزارة العدل
مكتب العدل بالدمشق
تحت تصرف مكتب رقم (١٢)

هذا المستند وحدة متكاملة ، وشياع أو تلك مستندة منه يؤذي إلى عدم جلاله الصناديق
مصلحة طابع المستندة - ٤.٣٢١٤
مصلحة رقم (١١) - ٧-١٣

الجمهورية العربية السورية
 وزارة العدل
 [٢٧٧]
 كتاب العدل بالدمار

الرقم: ٢٧٧-٢٠١١-٢٢٠١٠
 التاريخ: ٢٧ / ٤ / ١٤٣١ هـ

صك

الحمد لله وعده والصلاة والسلام على من لا نبي بعده وبعد :
 فإن قطعة الأرض رقم ٢٨ / ١ من المخطط رقم ٤١ / ١ الواقع في حي الزهور بمدينة الدمار ،
 وحدودها وأطوالها كماالتالي
 شمالاً : قطعة رقم ٢٩ بطول : (٧٥) خمسة و سبعون متر
 جنوباً : قطعة رقم ٣٠ / ١ بطول : (٧٥) خمسة و سبعون متر
 شرقاً : قطعة رقم ٢٧ وجزء من القطعة رقم ٢٩ بطول : (٥٠) خمسون متر
 غرباً : شارع عرض ٢٠ متر بطول : (٥٠) خمسون متر
 ومساحتها : (٣٧٥٠) ثلاثون ألفاً و سبعمائة و خمسون متر مربع فقط بناء على محضر التهمة الفنية رقم ١٤٢١٢ في ٢١ / ٣ / ١٤٣٤ هـ ومحضره أمانة مدينة الدمار والمفيد في هذه الإدارة برقم ٣٤٧٦٣٢٥ في ٢٨ / ٣ / ١٤٣٤ هـ
 والمستند في إقرارها على التمسك الصادر من هذه الإدارة برقم ١٦٣٠-١٩٢-٣٣ في ١٢ / ٦ / ١٤٣٤ هـ
 قد انتقلت ملكيتها لـ : شريطة المخازن العمومية الثانية بموجب سجل تجاري رقم ١٠١٠٢١٨٤١١ في ٢٩ / ٨ / ١٤٣٥ هـ ،
 بأمن وقدره ٢٥٤١٥٨٥٠ خمسة و عشر و مئوتاً و أربعمائة و خمسة عشر ألفاً و ثمانمائة و خمسون ريال وعليه جرى
 التصديق شريطة في ٢٧ / ٤ / ١٤٤١ هـ لاعتماد ، وصلى الله على نبينا محمد وآله وصحبه وسلم .

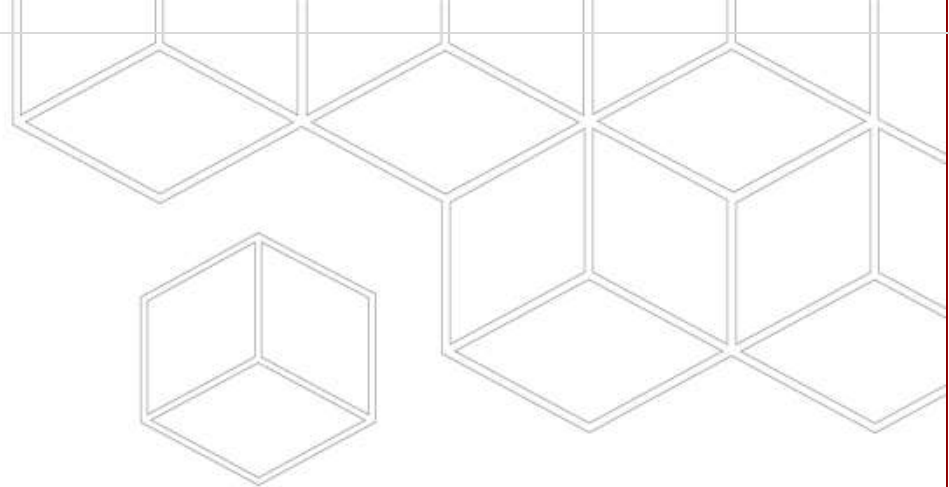
كتاب العدل
 كاتب العدل بالدمار
 كاتب العدل بدمار

عاتبة بن سعد بن علي السهيبي

هذا الصك واحد مملوكة ، وصالح أو كلف مملكة دمار بولي إلى عدم صلاحية المستند
 (هذا الصك واحد مملوكة بالدمار)
 (هذا الصك واحد مملوكة بالدمار)

٢٧٧-٢٠١١-٢٢٠١٠
 ٢٧ / ٤ / ١٤٣١ هـ

OFFICIAL DOCUMENT



WHITE CUBES
VALUATION & ADVISORY SERVICES



Valuer Taqueem ID



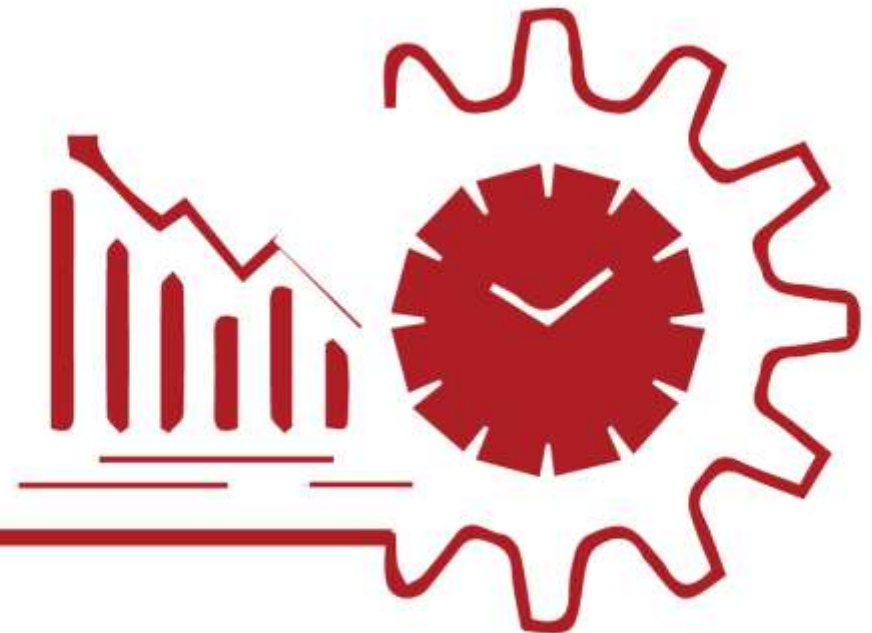
ROWAD AL KHALEEJ SCHOOL ALRAJHI REIT FUND

RIYADH CITY

DECEMBER 2020



Valuation Report





REF: 2010915-6
Date: 09/02/2021
M/S Al 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 December 29, 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE. The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

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





Table of Contents

(Please Click on the Title for Direct Access)

1.1	EXECUTIVE SUMMARY	7
1.2	VALUATION REFERENCE	9
1.3	BASIS OF VALUATION	9
1.4	CLIENT APPROVAL DATE	11
1.5	INSPECTION DATE	11
1.6	VALUATION DATE	11
1.7	REPORT DATE	11
1.8	OPINION OF VALUE	11
1.9	PURPOSE OF VALUATION	11
1.10	INSPECTION ROLE	11
1.11	MARKET SURVEY	12
1.12	PROPERTY & LOCATION DESCRIPTION	14
1.13	INFRASTRUCTURE FACILITIES	14
1.14	LOCATION	15
1.15	PROPERTY ACCESS	16
1.16	TITLE DEED & OWNERSHIP	17
1.17	CONSTRUCTION & BUILDINGS	17
1.18	MAINTENANCE & OPERATIONAL EXPENSES	18
1.19	PROPERTY ACTUAL RENTAL RATES	18
1.20	INSURANCE	18
1.21	PHOTO RECORD	19
1.22	SAUDI ARABIA ECONOMIC INDICATORS	21
1.23	BUDGET ALLOCATION FOR 2019	21
1.24	SWOT ANALYSIS	22
1.25	SECTOR BRIEF	22
1.26	RISK ANALYSIS	24
1.27	DOCUMENTS RECIEVED	26
1.28	GENERAL ASSUMPTIONS	26
1.29	LEGAL NOTICES	26
1.30	INFORMATION SOURCE	27
1.31	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	27
1.32	VALUATION APPROACH	27



1.33	NPUT VALUATION PROCESS	29
1.34	COMPARABLE APPROACH	29
1.35	COST APPROACH (DRC)	30
1.36	INCOME APPROACH- LEASING CONTRACT	32
1.37	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	33
1.38	SUBJECT PROPERTY VALUE	34
1.39	REPORT USE	35
1.40	DISCLAIMER	35
1.41	CONCLUSION	35
1.42	CONSULTANT STATUS	37
1.43	DISCLOSING CONFLICT OF INTEREST	37
1.44	CONFIDENTIALITY	37
1.45	ENVIRONMENTAL MATTERS	37

EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 29/12/2020 to implement valuation service for an educational facility in Riyadh city.
Client	Al Rajhi REIT Fund.
Reference No.	2010915-6
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Educational Facility
Property Location	The property is located in Al Mughrizat district, Riyadh City.
Title Deed Information	Title Deed No: 417807001086, 417807001085, Title Deed Date: 28/04/1441 issued by Riyadh Notary
Ownership Type	Freehold
Owner	Privilege Warehouse Company 2
Land Use	Educational Use
Land Area (Sqm)	Based on the title deed, the land has an area size of 15,959.9 Sqm
BUA (Sqm)	The building has a total BUA of 38,627.6 Sqm
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	232,500,000 SAR
Valuation Date	31/12/2020
Inspection Date	30/12/2020

TERMS OF REFERENCE & VALUATION





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 EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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



1.4 CLIENT APPROVAL DATE

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

December 29, 2020.

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.

December 30, 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

December 31, 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.

February 09, 2021.

1.8 OPINION OF VALUE

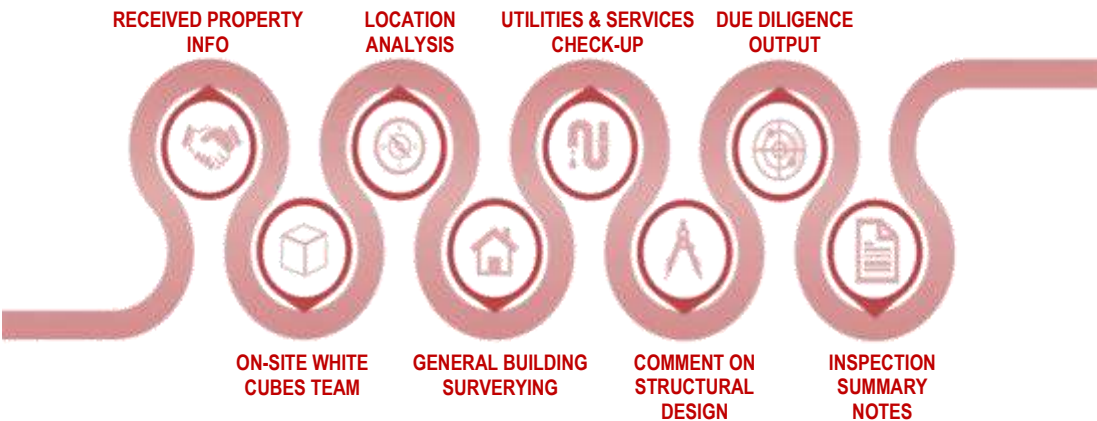
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

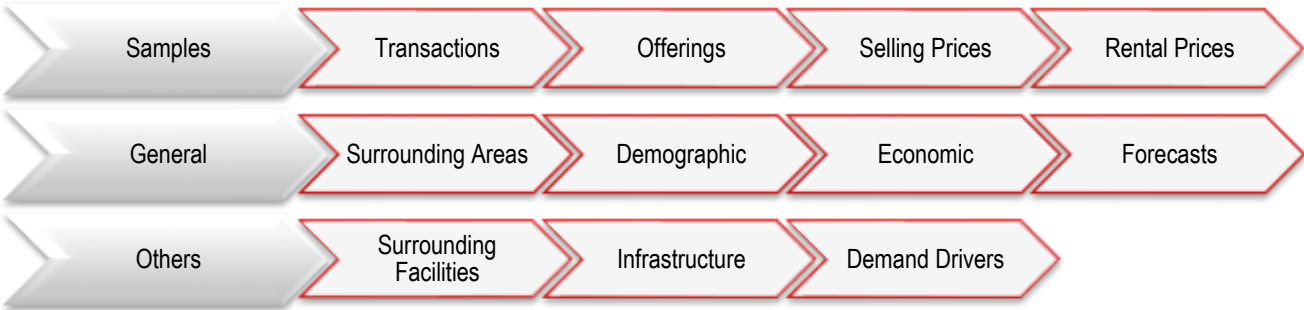
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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



PROPERTY DETAILS





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is an educational facility located in Al 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 Type	Educational Facility
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Muqrin Ibn Abdulaziz	Building Finishing Conditions	Good
Direct View on an Internal Street	Abu Sufyan Ibn Harb Road	Overall Building Conditions	Good
Land Condition	Constructed		

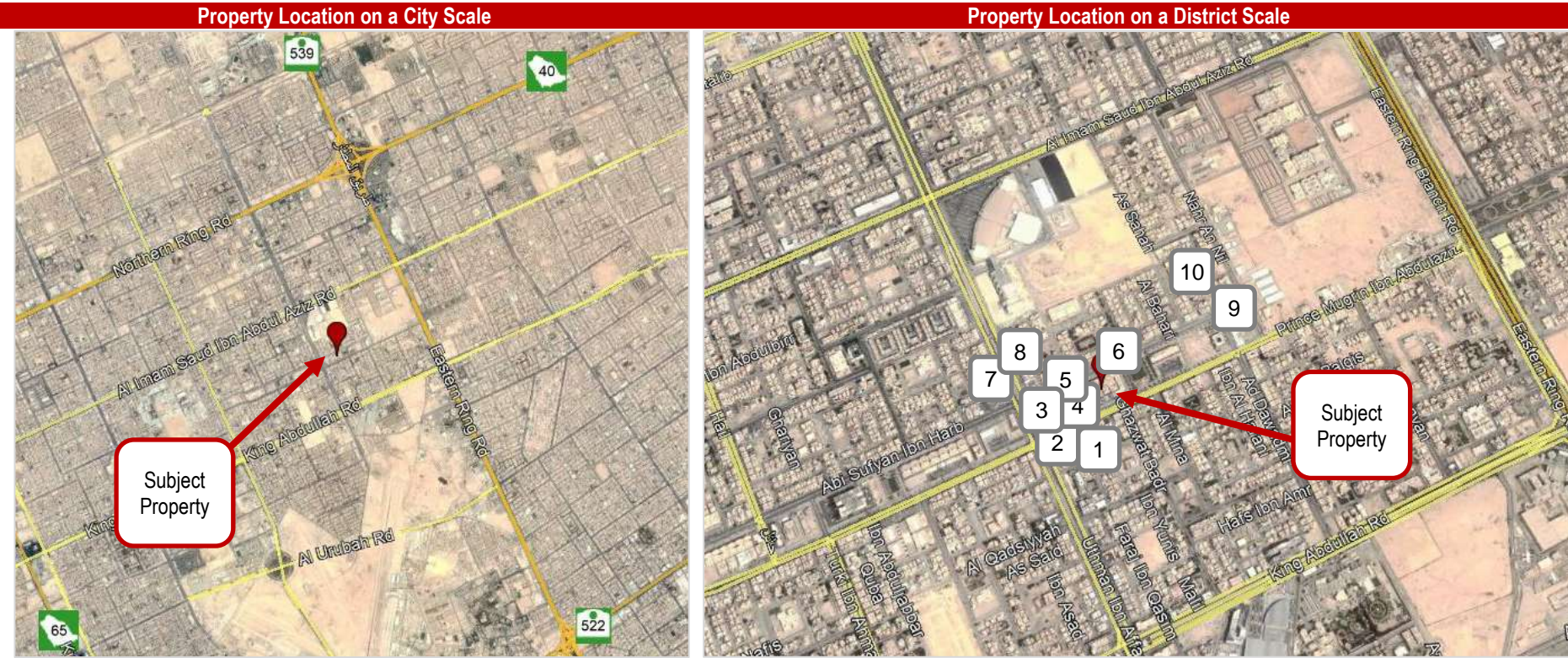
1.13 INFRASTRUCTURE FACILITIES

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



1.14 LOCATION

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

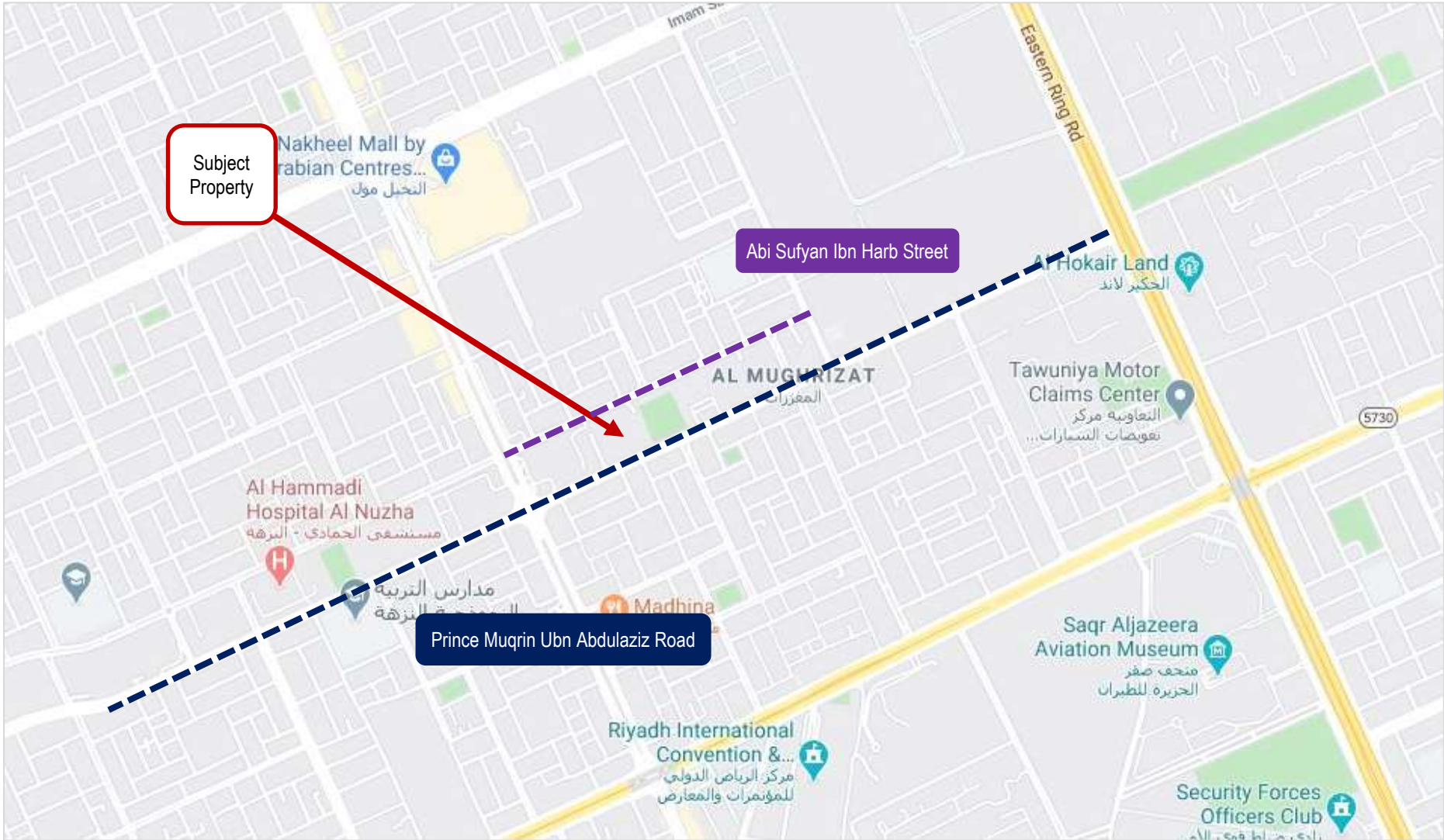


Surrounding Landmarks	
1- Jarir Bookstore (0.6 Kilometres)	6- Mohammad Ibn Ibrahim Aal Al sheikh (0.2 Kilometres)
2- Coffee Day Café (0.35 Kilometres)	7- Burger And roast potatoes Restaurant (0.95 Kilometres)
3- Kodo Restaurant (0.55 Kilometres)	8- Wooden Bakery (0.8 Kilometres)
4- OYO 147 Mocador (0.4 Kilometres)	9- City Government Office (1.2 Kilometres)
5- Nozha Communication Complex (0.3 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
T.D Type	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 which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

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 which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.17 CONSTRUCTION & BUILDINGS

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

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



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
Ground Floor	1	7,537.00	Educational
First Floor	1	7,957.00	Educational
Second Floor	1	7,957.00	Educational
Electricity Room	0	33.60	Electricity Room
Fences	1	364.00	Services
Total 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 **16,275,000 SAR**.

1.20 INSURANCE

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



1.21 PHOTO RECORD



MARKET INDICATORS





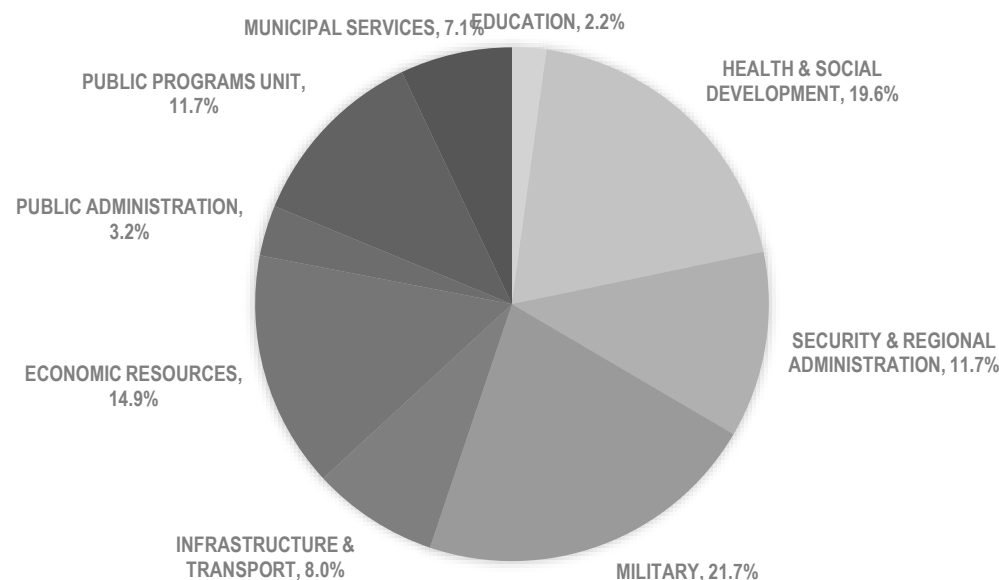
1.22 SAUDI ARABIA ECONOMIC INDICATORS

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

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.24 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none">- 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	<p>Weakness</p> <ul style="list-style-type: none">- None
<p>Opportunities</p> <ul style="list-style-type: none">- High demand on the property type due to its location near residential units.	<p>Threats</p> <ul style="list-style-type: none">- 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.

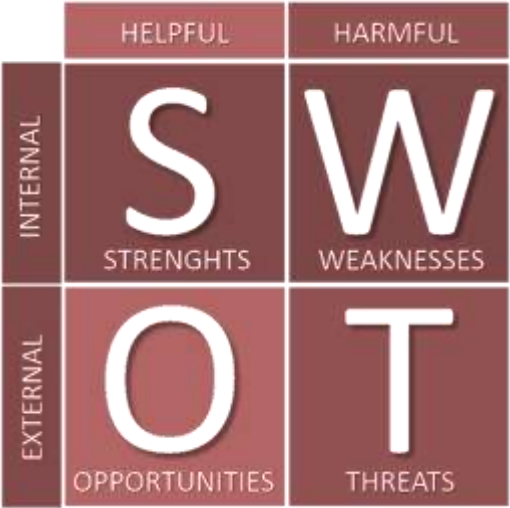
1.25 SECTOR BRIEF

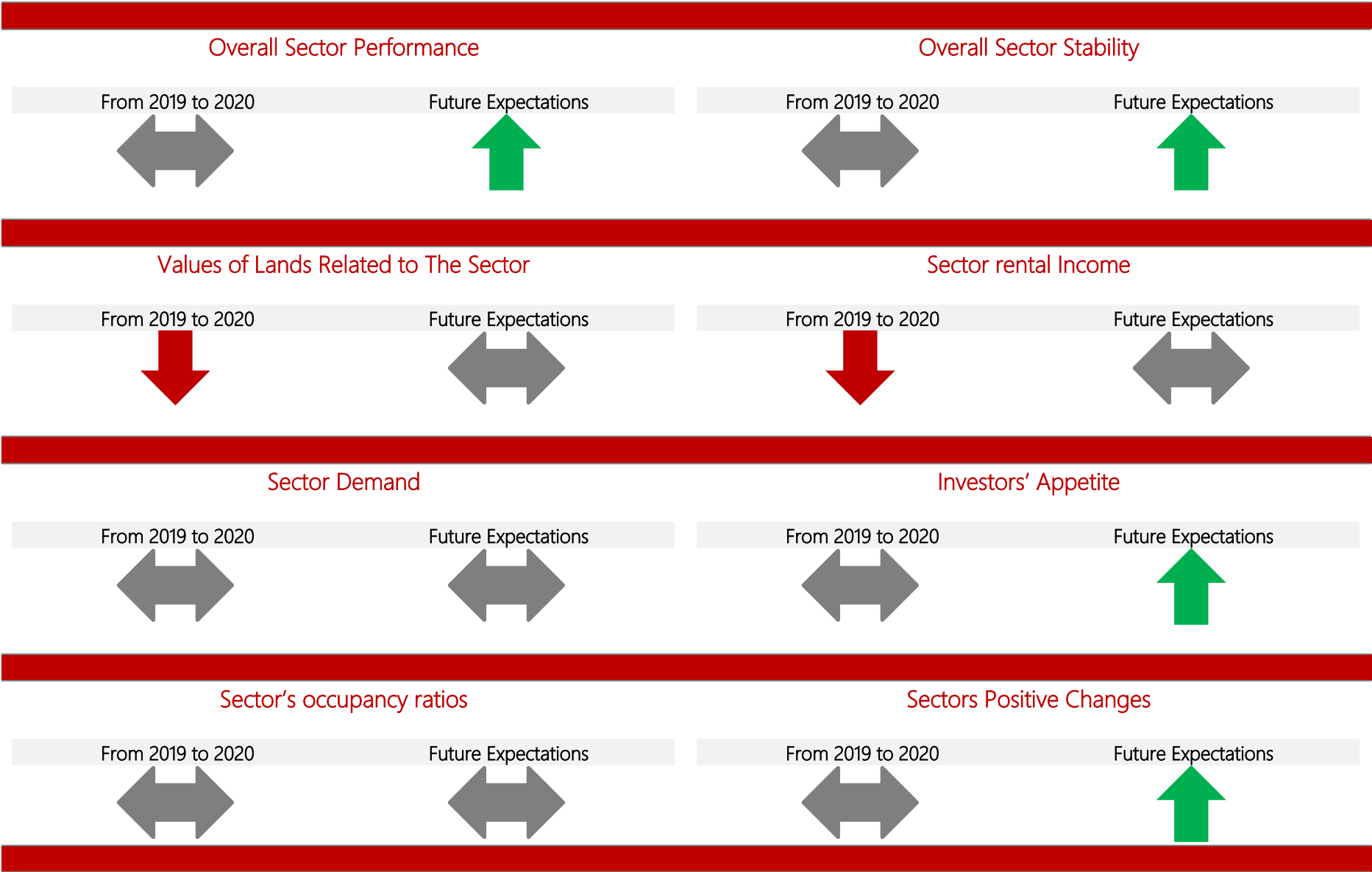
In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and 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





White Cubes Team's Analysis



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
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate		✓			
Total Risk	0	4	12	0	0
Risk Category 16 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 16 Risk Points - Medium Risk

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

Land Analysis

Risk Category- 9 Risk Points - Minimal Risk

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

Property Analysis

Risk Category- 07 Risk Points - Medium Risk

PROPERTY VALUATION





1.27 DOCUMENTS RECIEVED

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

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

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 valued
- 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:

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

COMPARABLE METHOD

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.33 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 COMPARABLE APPROACH

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

Characteristics of Samples			
Feature	Subject Property	Sample 1	
Quoting	-----	Offering	
District	Al Mughrizat	Al Mughrizat	
Sale Price	-----	SAR 8,150,000	
Data Source	Title Deed	Market Survey	
Area Size	7,920.00	1,600.00	
SAR / Sqm	-----	SAR 5,094	
Sides Open	2	3	

Adjustment Analysis			
Area size	7,920.00	1,600.00	-5.00%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	36	36	0.00%
Sides Open	2	2	0.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
Total Adjustments Ratio			-5.00%
Total Adjustment Amount			-SAR 254.7
Net After Adjustment			SAR 4,839.1
SAR / Sqm		SAR 4,839	
Rounded Value		SAR 4,850	





SENSITIVITY 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
Upper Floors BUA	Sqm	23,484.60
Total (SQM)	38,627.60	



Development Cost					
Hard Cost - Upper Floors					
	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 Soft 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 VALUE			
Total Dev Cost	SAR 104,100,123	Net Dep Rate	25.71%
Economic Age	35	Dev Cost After Depreciation	SAR 77,331,520
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%
Net Dep Rate	25.71%

Dev. Profit Amount	SAR 15,466,304
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 16,275,000 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%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
Average	7.50%
The effect of the property specifications on the property	
Item	Influence
Ease of access to the property	-0.25%
General condition of the property	0.00%
The general location of the property	-0.25%
Quality and finishes	0.00%
Project Management Team	0.00%
Services and public facilities	0.00%
Total	-0.50%
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	7.50%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES					
Unit Type	Quantity	No of Units	SAR / Sqm	Revenues	Total Revenues
Educational Institute			The subject property is Fully leased to 1 tenant		SAR 16,275,000
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 16,275,000
EXPENSES					
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%
	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Educational Institute	SAR 16,275,000	0.00%			SAR 16,275,000
	SAR 0	0.00%			SAR 0
	SAR 0	0.00%			SAR 0
		Total			SAR 16,275,000
Total Property Revenues					SAR 16,275,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 16,275,000.00
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 16,275,000.00	7.00%	232,500,000.00 SAR			232,500,000.00 SAR



1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 232,500,000	Two Hundred Thirty-Two Million and Five Hundred 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 TAQEEEM (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: 232,500,000 SAR
Two Hundred Thirty-Two Million and Five Hundred 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 (Taqeem)
License No. 1210000474



GENERAL NOTES





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

No	If Yes		Remarks
	Client	Date	
✓	Al Rajhi capital	June 2020	_____
✓	_____	_____	_____
✓	_____	_____	_____

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.



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.

DOCUMENTS COPIES





Title Deeds

بسم الله الرحمن الرحيم
الجمهورية العربية السورية
وزارة العدل
[٢٧٧]
رقم: ٤١٧٨٠٧٠٠١٠٨١
التاريخ: ٢٨ / ٤ / ١٤٤١ هـ

كتابة العدل بشمال الرياض

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض ١ و قطعة الأرض ٢ و قطعة الأرض ٣ و قطعة الأرض ٤ من البلك رقم ١ من المخطط رقم ٣٣٠٩ الواقع في حي المغربات بمدينة الرياض و حدودها وأصولها مخالفتي:

شمالاً: بحر مشاء ٢٠٠ يليه شارع عرض ٣٦ م بطول: (٧٣,٠٩) ثلاثة وسبعون متراً وتسعة سنتيمتر
جنوباً: بحر مشاء ٢٠٠ يليه شارع عرض ٣٦ م بطول: (٧٣,٠٩) ثلاثة وسبعون متراً وتسعة سنتيمتر
شرقاً: بحر مشاء ٢٠ م بطول: (١١٠) مائة وعشرة متراً
غرباً: قطعة ٥ وقطعة ٦ بطول: (١١٠) مائة وعشرة متراً
ومساحتها (٨,٠٣٩,٩) فقط حسب المخطط

والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٣١٧٨٠٧٠٠١٠٨١ في ٢٨ / ٤ / ١٤٤١ هـ

قد التفتت ملصقتها ل: شركة الخازن المبرزة (شركة الخازن التجارية) برقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ ..

بشأن وقدره ٥٩٢٧٤١٦٦ تسعة وخمسون مليوناً ومائتين وأربعة وسبعون ألفاً ومائة وستة وستون ريالاً (جزء من شيك) وعليه جرى التصديق تحريراً في ٢٨ / ٤ / ١٤٤١ هـ لاعتماده . وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبدالله بن محمد بن علي المبارك
مكتب العدل
وزارة العدل
كتابة العدل بشمال الرياض
كاتب العدل كاتب عام (٧)

هذا المستند ومحتواه حقيقي وصحيح في ذات مصلحة منه يؤول إلى عدم صلاحية المستند
(هذا النموذج مخصص للاستخدام بالكتاب الذي يصنع لتفريده)
مصلحة مطبع الحكومة - ٢٩٦١١٥

بسم الله الرحمن الرحيم
الجمهورية العربية السورية
وزارة العدل
[٢٧٧]
رقم: ٤١٧٨٠٧٠٠١٠٨١
التاريخ: ٢٨ / ٤ / ١٤٤١ هـ

كتابة العدل بشمال الرياض

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الأرض ٥ و قطعة الأرض ٦ و قطعة الأرض ٧ و قطعة الأرض ٨ من البلك رقم ١ من المخطط رقم ٣٣٠٩ الواقع في حي المغربات بمدينة الرياض و حدودها وأصولها مخالفتي:

شمالاً: مشاة عرضة ٢٠٠ يلية شارع ٣٦ م بطول: (٧٣) اثنين وسبعون متراً
جنوباً: مشاة عرضة ٢٠٠ يلية شارع ٣٦ م بطول: (٧٣) اثنين وسبعون متراً
شرقاً: قطعة رقم ٣ ورقم ٤ بطول: (١١٠) مائة وعشرة متراً
غرباً: مشاة عرضة ٢٠٠ م = القطعة رقم ٩ بطول: (١١٠) مائة وعشرة متراً
ومساحتها (٧٩٢٠) سبعة آلاف وتسعمائة وعشرون متراً مربعاً فقط

والمستند في إقرارها على الصك الصادر من هذه الإدارة برقم ٤١٧٨١٢٠٠٠٨٧٤ في ٢٨ / ٤ / ١٤٤١ هـ

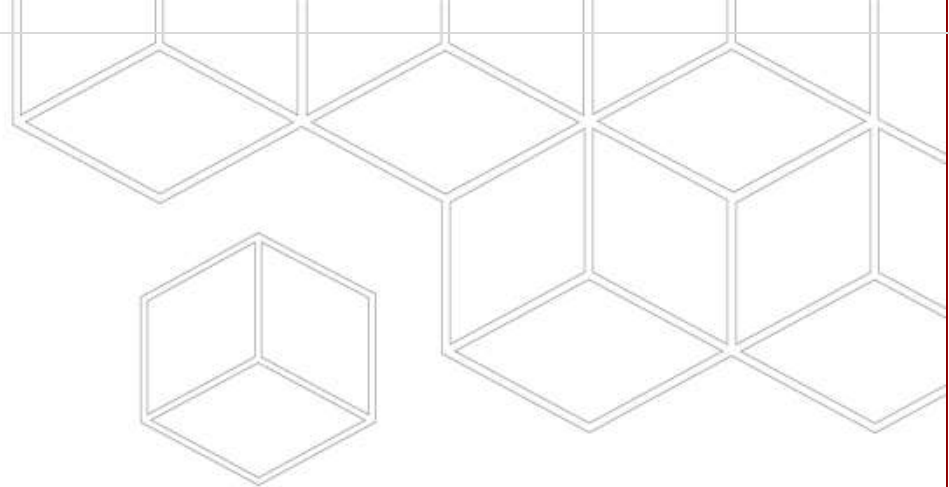
قد التفتت ملصقتها ل: شركة الخازن المبرزة (شركة الخازن التجارية) برقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ ..

بشأن وقدره ٥٨٣٩٠٢٠٤ ثمانية وخمسون مليوناً وثلاثمائة وتسعون ألفاً ومائتين وأربعة ريالاً (جزء من شيك) وعليه جرى التصديق تحريراً في ٢٨ / ٤ / ١٤٤١ هـ لاعتماده . وصلى الله على نبينا محمد وآله وصحبه وسلم.

عبدالله بن محمد بن علي المبارك
مكتب العدل
وزارة العدل
كتابة العدل بشمال الرياض
كاتب العدل كاتب عام (٧)

هذا المستند ومحتواه حقيقي وصحيح في ذات مصلحة منه يؤول إلى عدم صلاحية المستند
(هذا النموذج مخصص للاستخدام بالكتاب الذي يصنع لتفريده)
مصلحة مطبع الحكومة - ٢٩٦١١٥

OFFICIAL DOCUMENT



WHITE CUBES
VALUATION & ADVISORY SERVICES



Valuer Taqueem ID



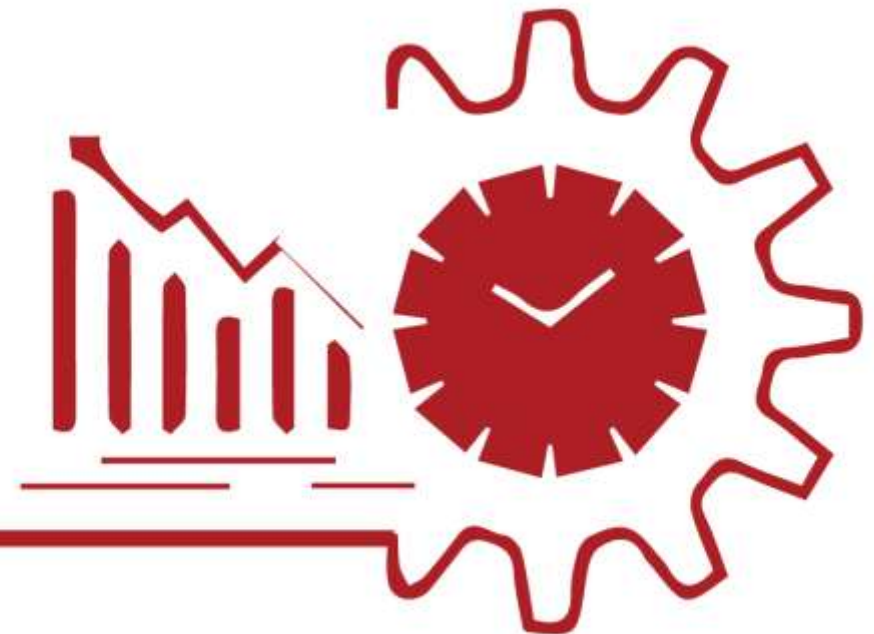
ROWAD ALKHALEEF KINDERGARTEN SCHOOL ALRAJHI REIT FUND

SAHAFA DISTRICT, RIYADH CITY

DECEMBER 2020



Valuation Report





REF: 2010915-5
Date: 09/02/2021
M/S Al 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 December 29, 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE.
The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

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





Table of Contents

(Please Click on the Title for Direct Access)

1.1	EXECUTIVE SUMMARY	7
1.2	VALUATION REFERENCE	9
1.3	BASIS OF VALUATION	9
1.4	CLIENT APPROVAL DATE	11
1.5	INSPECTION DATE	11
1.6	VALUATION DATE	11
1.7	REPORT DATE	11
1.8	OPINION OF VALUE	11
1.9	PURPOSE OF VALUATION	11
1.10	INSPECTION ROLE	11
1.11	MARKET SURVEY	12
1.12	PROPERTY & LOCATION DESCRIPTION	14
1.13	INFRASTRUCTURE FACILITIES	14
1.14	LOCATION	15
1.15	PROPERTY ACCESS	16
1.16	TITLE DEED & OWNERSHIP	17
1.17	CONSTRUCTION & BUILDINGS	17
1.18	MAINTENANCE & OPERATIONAL EXPENSES	18
1.19	PROPERTY ACTUAL RENTAL RATES	18
1.20	INSURANCE	18
1.21	PHOTO RECORD	19
1.22	SAUDI ARABIA ECONOMIC INDICATORS	21
1.23	BUDGET ALLOCATION FOR 2019	21
1.24	SWOT ANALYSIS	22
1.25	SECTOR BRIEF	22
1.26	RISK ANALYSIS	24
1.27	DOCUMENTS RECIEVED	26
1.28	GENERAL ASSUMPTIONS	26
1.29	LEGAL NOTICES	26
1.30	INFORMATION SOURCE	27
1.31	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	27
1.32	VALUATION APPROACH	27



1.33	NPUT VALUATION PROCESS	29
1.34	COMPARABLE APPROACH	29
1.35	COST APPROACH (DRC)	30
1.36	INCOME APPROACH- LEASING CONTRACT	32
1.37	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	33
1.38	SUBJECT PROPERTY VALUE	34
1.39	REPORT USE	35
1.40	DISCLAIMER	35
1.41	CONCLUSION	35
1.42	CONSULTANT STATUS	37
1.43	DISCLOSING CONFLICT OF INTEREST	37
1.44	CONFIDENTIALITY	37
1.45	ENVIRONMENTAL MATTERS	37

EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 29/12/2020 to implement valuation service for an educational facility in Riyadh city.
Client	Al Rajhi REIT Fund.
Reference No.	2010915-5
Purpose of Valuation	Semi- Annual Valuation Purposes
Subject Property	Educational Facility
Property Location	The property is located in Al Sahafa district, Riyadh City.
Title Deed Information	Title Deed No: 317807001087, Title Deed Date: 28/04/1441 issued by Riyadh Notary
Ownership Type	Freehold
Owner	Privilege 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	Comparable Approach, Cost Approach & Income Approach
Final Property Value	22,140,000 SAR
Valuation Date	31/12/2020
Inspection Date	30/12/2020

TERMS OF REFERENCE & VALUATION





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 EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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



AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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



1.4 CLIENT APPROVAL DATE

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

December 29, 2020.

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.

December 30, 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

December 31, 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.

February 09, 2021.

1.8 OPINION OF VALUE

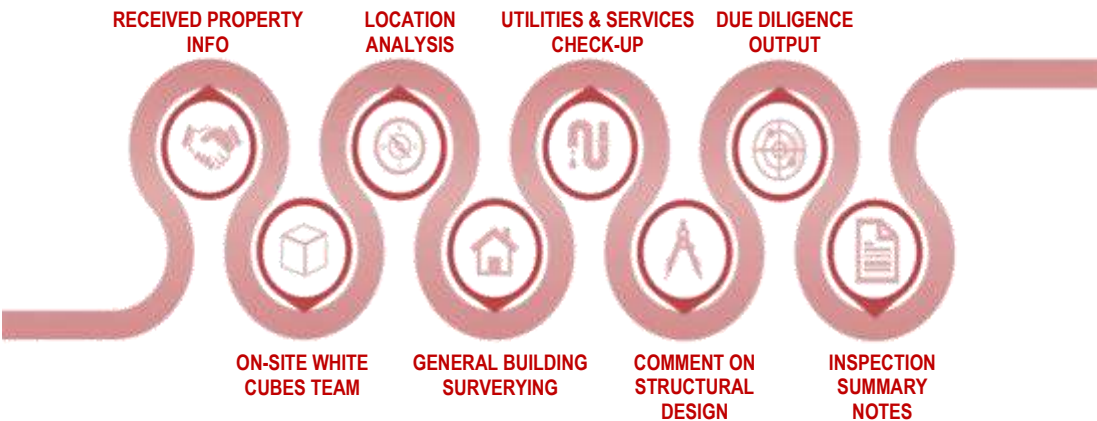
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

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

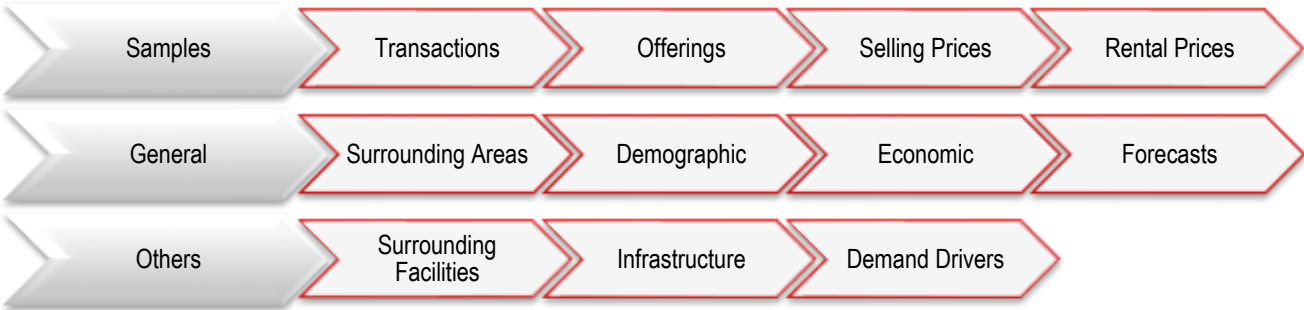
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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



PROPERTY DETAILS





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is an educational facility located in Al 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 Al 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	<p>The property being valuated is an educational facility located in Al Sahafa district, Riyadh City.</p> <p>The property is bordered from the north by an unnamed street</p> <p>The property is bordered from the south by a private property</p> <p>The Property is bordered from the east by Al Nadwa Street</p> <p>The property is bordered to the west by Prince Abdullah Bin Saud Bin Abdullah Snatan Al Saud Street</p>
Ease of Access	Based 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 Snatan Al Saud street	Overall Building Conditions	Good
Land Condition	Constructed		

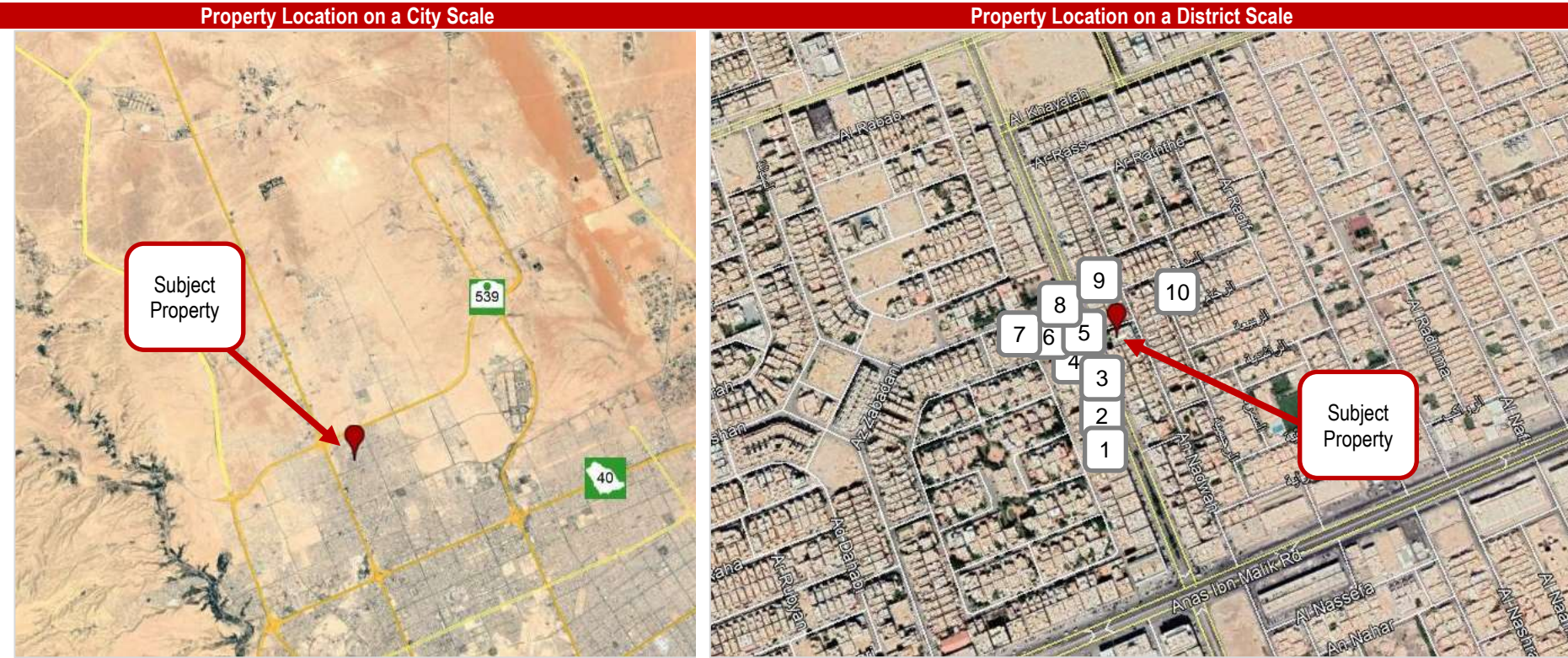
1.13 INFRASTRUCTURE FACILITIES

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



1.14 LOCATION

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

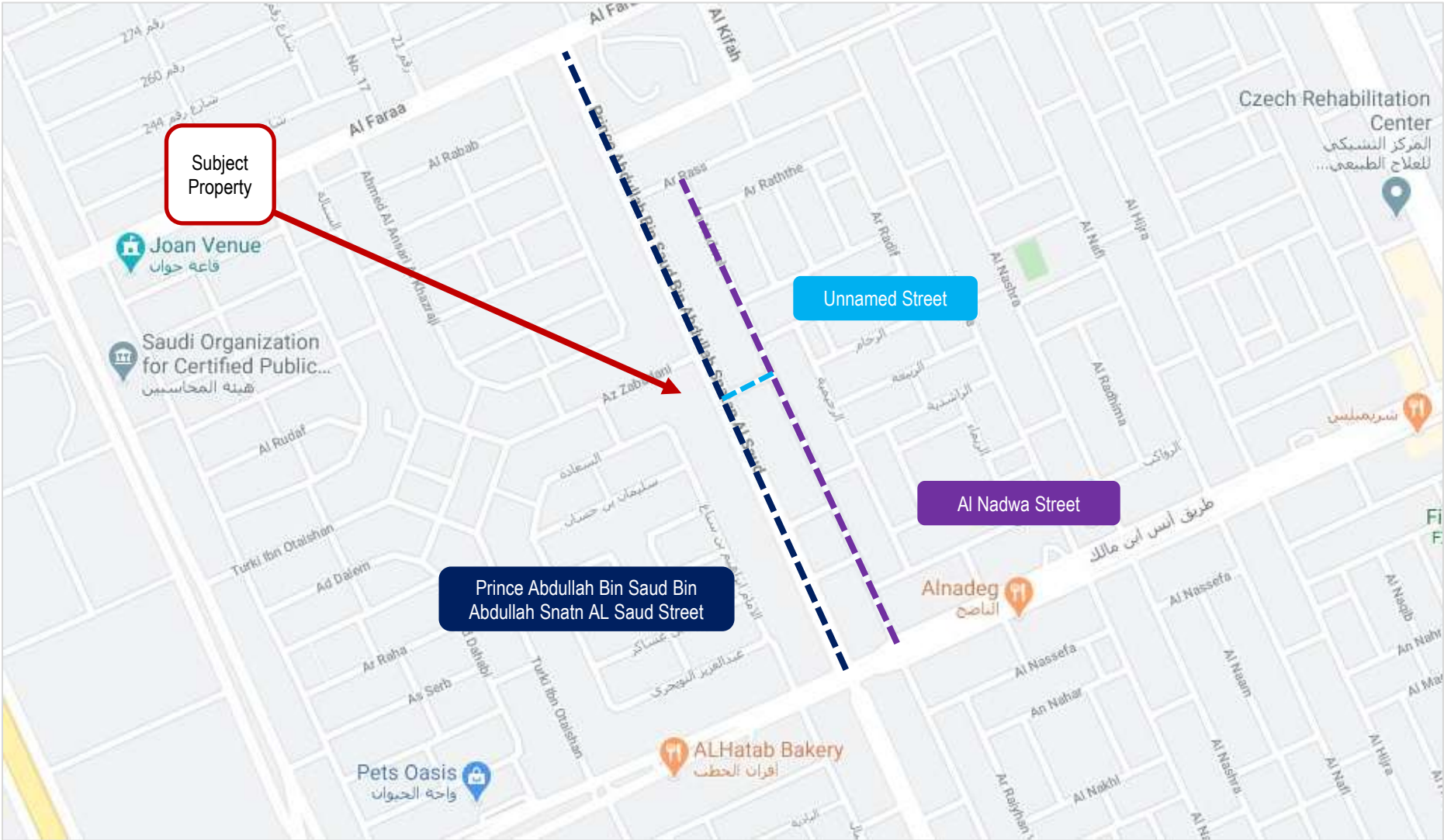


Surrounding Landmarks	
1- Confectionery (0.15 Kilometres)	6- Aldrees Petrol Station (0.1 Kilometres)
2- Grocery Store (0.15 Kilometres)	7- Auto repair Shop (0.15 Kilometres)
3- Gift Shop (0.1 Kilometres)	8- Alinma ATM (0.1 Kilometres)
4- SABB (0.08 Kilometres)	9- Nahdi Pharmacy (0.1 Kilometres)
5- Alsaiaree Grocery (0.08 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:





1.16 TITLE DEED & OWNERSHIP

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

City	Riyadh	Land Area	1,830.00
District	Al Sahafa	Plot No.	4529 / 4537
T.D Type	Electronic	Block No.	820
T.D Number	317807001087	Layout No.	1637
T.D Date	28/04/1441	Owner	Privilege Warehouse Company 2
T.D Value	11,206,137 SAR	Ownership Type	Freehold
Date of Last Transaction Issued From	28/04/1441	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)
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.17 CONSTRUCTION & BUILDINGS

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

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



The 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 **1,550,000 SAR**.

1.20 INSURANCE

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



1.21 PHOTO RECORD



MARKET INDICATORS





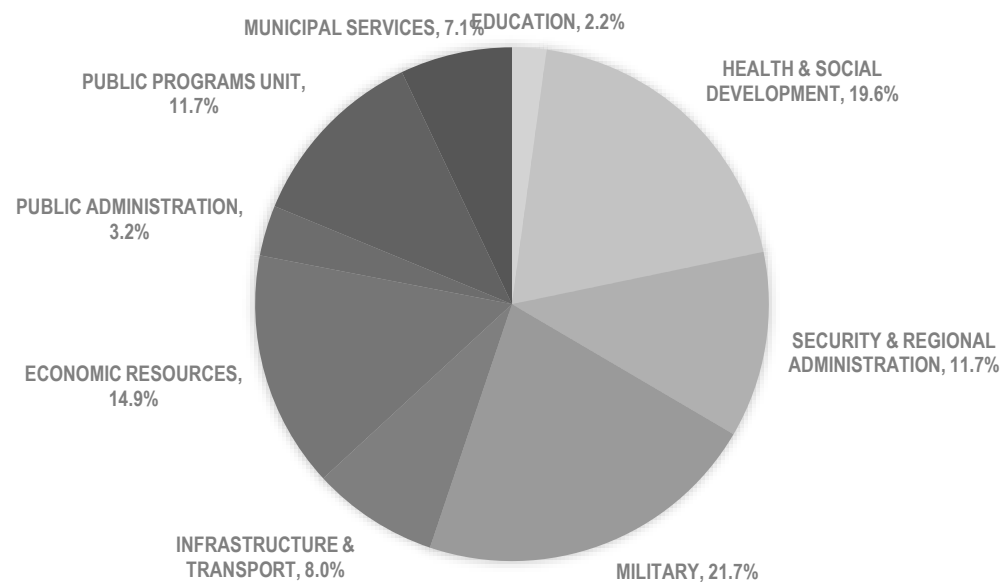
1.22 SAUDI ARABIA ECONOMIC INDICATORS

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

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.24 SWOT ANALYSIS

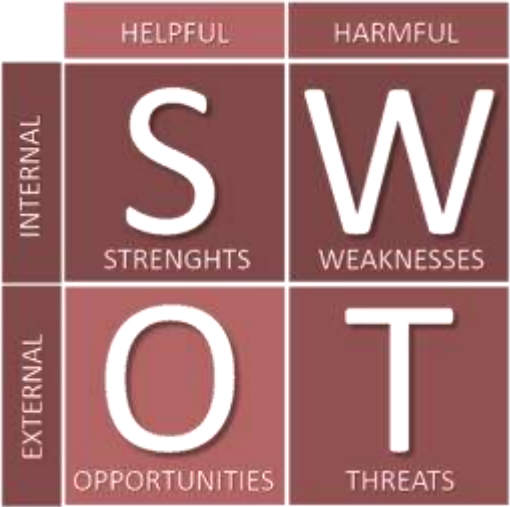
<p>Strength</p> <ul style="list-style-type: none">- The property is open on 3 sides with a direct view on Prince Abdullah Bin Saud Bin Abdullah Snatan Al Saud Street- High level of management and operation	<p>Weakness</p> <ul style="list-style-type: none">- None
<p>Opportunities</p> <ul style="list-style-type: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

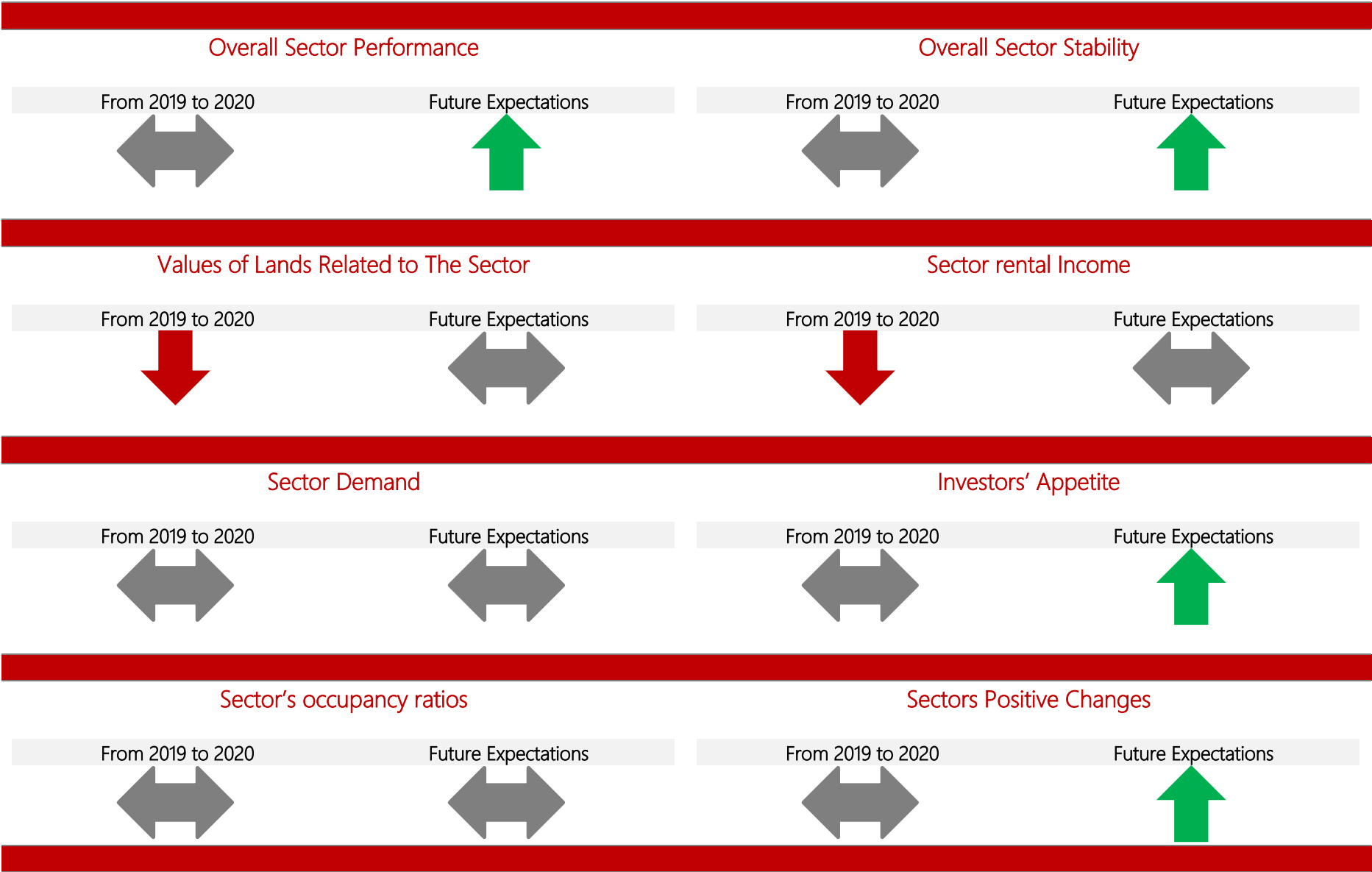
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

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





White Cubes Team's Analysis



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
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate		✓			
Total Risk	0	4	12	0	0
Risk Category 16 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 16 Risk Points - Medium Risk

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

Land Analysis

Risk Category- 9 Risk Points - Minimal Risk

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

Property Analysis

Risk Category- 07 Risk Points - Medium Risk

PROPERTY VALUATION





1.27 DOCUMENTS RECIEVED

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

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

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 valued
- 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:

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

COMPARABLE METHOD

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	1,830	1,830	1,830	1,830	1,830
SAR / Sqm	SAR 2,565.0	SAR 2,707.5	SAR 2,850.0	SAR 2,992.5	SAR 3,135.0
Property Value	SAR 4,693,950	SAR 4,954,725	SAR 5,215,500	SAR 5,476,275	SAR 5,737,050
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 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
Skeleton - Concrete Cost	SAR 1,000	SAR 1,200	SAR 1,100
MEP	SAR 550	SAR 650	SAR 600
Finishing Materials	SAR 800	SAR 900	SAR 850
Fit outs & Appliances	SAR 180	SAR 220	SAR 200
Furniture	SAR 130	SAR 170	SAR 150
Site Improvements	SAR 80	SAR 120	SAR 100
Owner Profit	23%	27%	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
1,830.00	SAR 2,850	SAR 5,215,500
Building		
	Unit	Total BUA
Underground BUA	Sqm	681.00
Upper Floors BUA	Sqm	1,868.00
Total (SQM)	2,549.00	



Development Cost					
Hard Cost - Upper Floors					
	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 - (Underground)					
	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 Soft 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 VALUE			
Total Dev Cost	SAR 8,263,813	Net Dep Rate	12.50%
Economic Age	40	Dev Cost After Depreciation	SAR 7,230,836
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%
Net Dep Rate	12.50%

Dev. Profit Amount	SAR 1,807,709
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 1,550,000 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%, 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 5 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	-0.50%
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	7.50%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES					
Unit Type	Quantity	Revenues			
	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Medical Facility		The subject property is Fully leased to 1 tenant			
	0	0	SAR 0	SAR 0	SAR 1,550,000
	0	0	SAR 0	SAR 0	SAR 0
					SAR 0
					Total Revenues
					SAR 1,550,000
EXPENSES					
Unit Type	Management	Utilities	Operation	Others	Total Expenses
Medical Facility		All the expenses 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 OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses			NOI
Medical Facility	SAR 1,550,000	0.00%	0.00%	0.00%	SAR 1,550,000
	SAR 0	0.00%	0.00%	0.00%	SAR 0
	SAR 0	0.00%	0.00%	0.00%	SAR 0
					Total
					SAR 1,550,000
Total Property Revenues					SAR 1,550,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 1,550,000.00
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 1,550,000.00	7.00%	22,142,857.14 SAR		22,140,000.00 SAR	



1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 22,140,000	Twenty-Two Million and One Hundred Forty 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: 22,140,000 SAR
Twenty-Two Million and One Hundred Forty 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 (Taqeem)
License No. 1210000474



GENERAL NOTES





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

No	If Yes		Remarks
	Client	Date	
✓	Al Rajhi capital	June 2020	_____
✓	_____	_____	_____
	_____	_____	_____

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.



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.

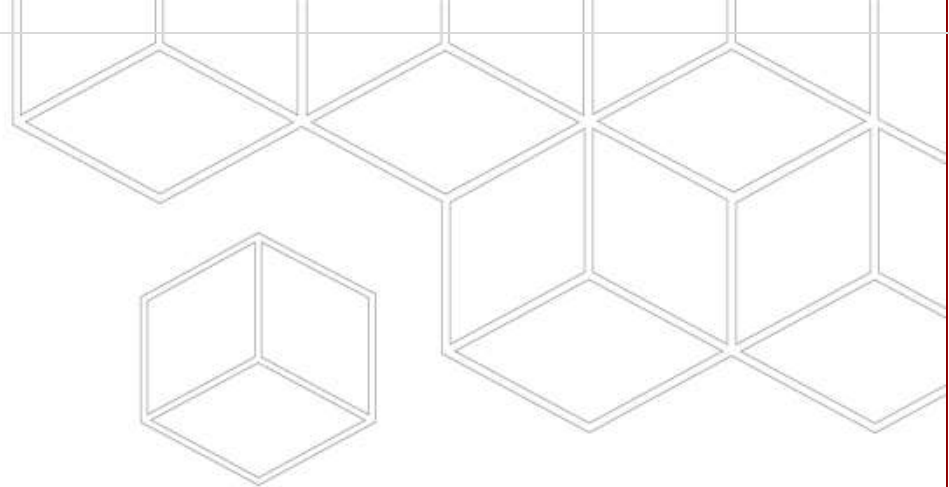
DOCUMENTS COPIES



Title Deed



OFFICIAL DOCUMENT



WHITE CUBES
VALUATION & ADVISORY SERVICES



Valuer Taqueem ID

