

WHITE CUBES
VALUATION & ADVISORY SERVICES

TAHA CORP.
REAL ESTATE CONSULTING SERVICES



VALUATION REPORT

**AL ANDALUS BUILDING
AL RAJHI REIT FUND**

JUNE 2019

REAL ESTATE VALUATION





REF: WCRE-19-233-4
Date: 30/06/2019
M/S Al Rajhi REIT Fund
Attn Mr. Abdulaziz H. Al-Turki

Land Line: +966 (11) 211 9318
Email: alturkiah@alrajhi-capital.com

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

Dear Sir,

With reference to your request and approval dated on June 23, 2019 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



Dr. Mohammad Taha – CEO WHITE CUBES GLOBAL

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

License No. 1220000263
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Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

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INTRODUCTION

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



WHITE CUBES
VALUATION & ADVISORY SERVICES

1.1 INSTRUCTION

We have received instruction from AL RAJHI REIT FUND dated on June 23, 2019 to proceed with the valuation service for Al Andalus Building in Jeddah city.

Valuation Type	Real Estate
Instructions From	Al Rajhi REIT Fund
Property Type	Commercial (Offices)
Property Name	Al Andalus Building
Location	KSA, Jeddah

1.2 CLIENT

The client to whom this report is prepared is AL RAJHI REIT FUND, a company working under the Saudi law and regulations.

Client Name	Al Rajhi REIT Fund
Domain	Financial Firm
Location	KSA, Riyadh
Contact Person	Abdulaziz Al-Turki
Contact No.	+966 (11) 211 9318

1.3 INTEREST TO BE VALUED

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

1.4 STATUS OF CONSULTANT / VALUER

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

1.5 INDEPENDENT CONSULTANT

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

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

1.6 STRUCTURAL STABILITY (IF ANY)

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

1.7 OPINION OF VALUE

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

1.8 VALUATION STANDARDS

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





1.9 PURPOSE OF VALUATION

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

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

Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Depreciated Replacement Cost (DRC) & The Discounted cash Flow (DCF) Method.**

1.10 CLIENT APPROVAL DATE	1.11 INSPECTION DATE	1.12 VALUATION DATE	1.13 REPORT DATE
The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.	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.	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	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.
June 23, 2019.	June 24, 2019.	June 30, 2019.	June 30, 2019.



1.14 INSPECTION ROLE

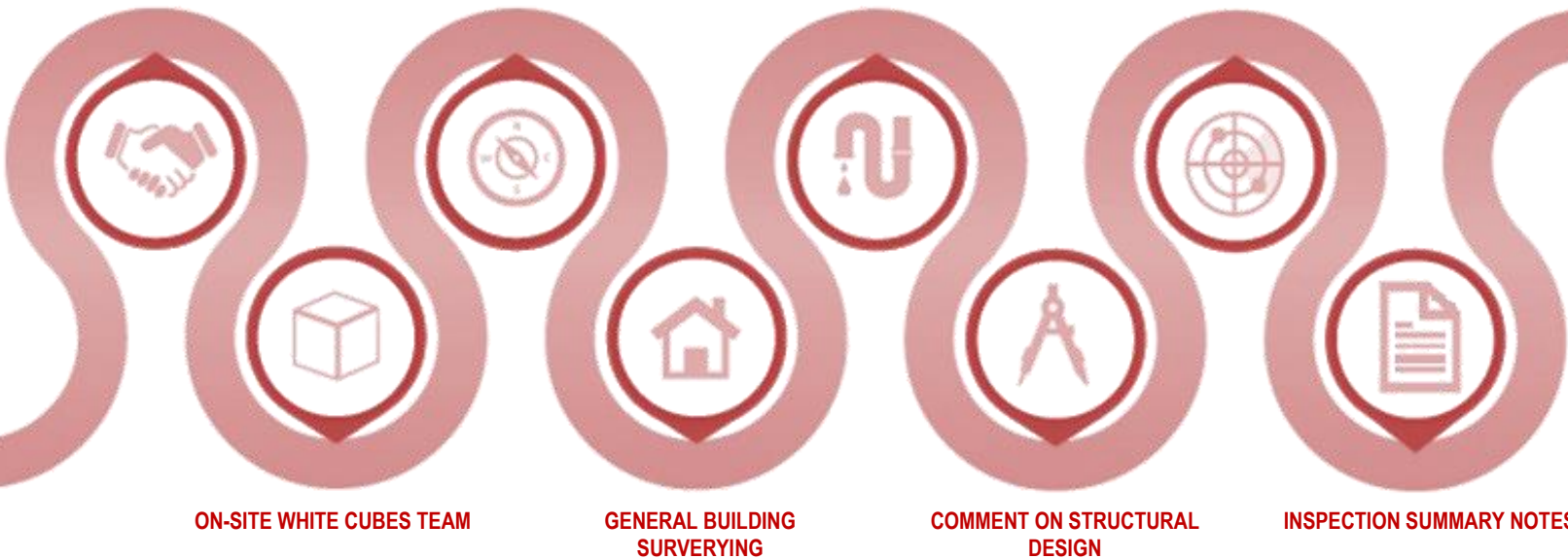
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

RECEIVED PROPERTY INFO

LOCATION ANALYSIS

UTILITIES & SERVICES CHECK-UP

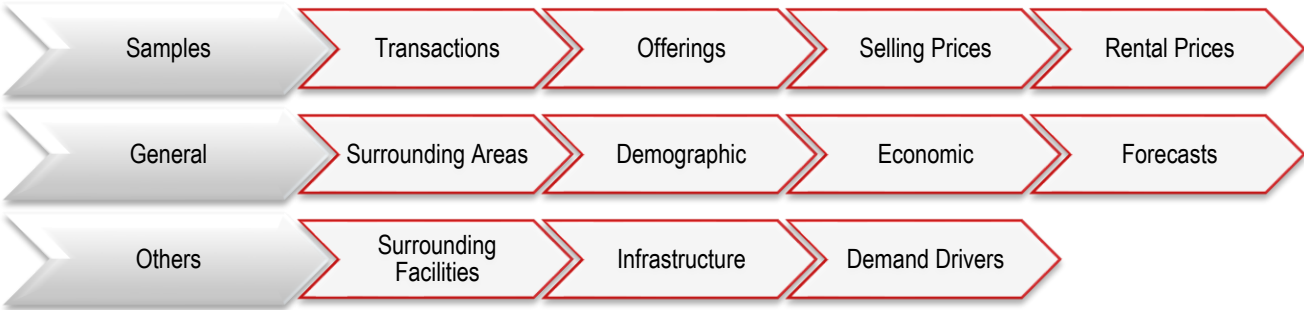
DUE DILIGENCE OUTPUT





1.15 MARKET SURVEY

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



1.16 REPORT CURRENCY

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



1.17 INSURANCE

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

1.18 LEGAL NOTICES

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

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

1.19 INFORMATION SOURCE

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

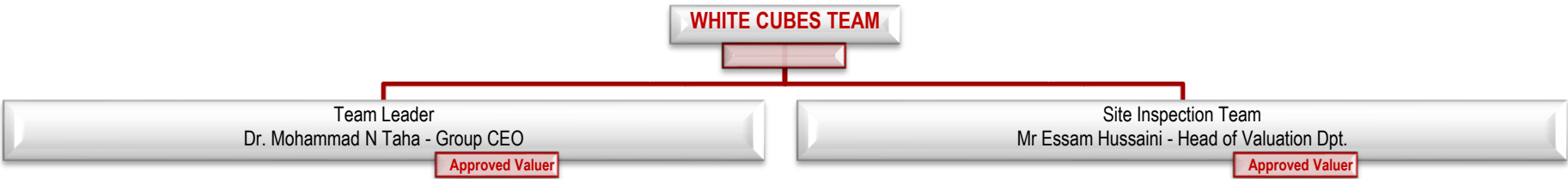
- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





1.20 KNOWLEDGE & SKILLS

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



1.21 OUR ACCREDITED VALUERS IN TAQEEEM

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

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

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

1.22 VALUATION COMPLIANCE

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

1.23 VALUATION STANDARDS

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

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

1.24 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**

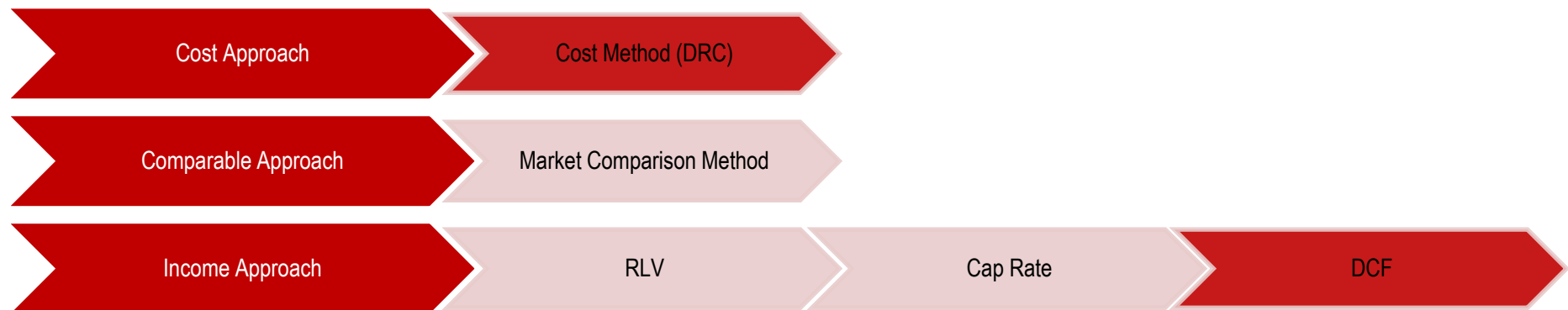
‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties 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.





1.25 VALUATION APPROACH

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

COMPARABLE METHOD

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

DISCOUNTED CASH FLOW (DCF)

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

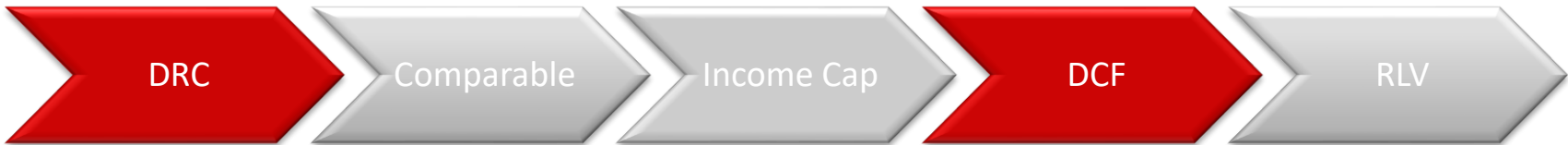


RESIDUAL LAND VALUE (RLV)

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

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

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





1.26 DISCLOSING CONFLICT OF INTEREST

We would like to bring to your attention the following:

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

No	If Yes		Remarks
	Client	Date	
✓	_____	_____	_____
✓	_____	_____	_____
✓	_____	_____	_____

1.27 CONFIDENTIALITY

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

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



1.28 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

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

PROPERTY INFO

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



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2.1 PROPERTY DESCRIPTION

The subject property is a commercial tower known as Al Andalus Building, located in Ar Ruwais district, Jeddah city, composed of 8 floors, mezzanine, basement, includes 12 showrooms & 133 offices with a total land area of 9,565.85 Sqm and a total BUA of 33,426.34 Sqm, The property is open on 4 sides with a direct view on Al Andalus Road where all the infrastructure facilities such as water, electricity, telecommunication are sewage are available in the surrounding and connected to the subject property.

Land	
Land Use	Commercial
Number of Streets	4
General Land Shape	Regular
Direct View on the Main Road	Al Andalus Road
Direct View on an internal Street	Fayd As Samaa Street
Land Status	Constructed
Infrastructural Facilities	
Water	Available and Connected to the subject property
Electricity	Available and Connected to the subject property
Sewage	Available and Connected to the subject property
Telecommunication	Available and Connected to the subject property
Building	
Building Condition	Fully Constructed
External Elevation	Good
Finishing	Good
Overall Building Condition	Good
Building Components	Good





2.2 TITLE DEED & OWNERSHIP

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

City	Jeddah
District	As Ruwais
T.D Type	461
T.D Number	17/02/1396 H.D
T.D Date	N/A
T.D Value	N/A
Date of Last Transaction	N/A
Issue from	Riyadh Notary
Land Area	9,565.85
Plot No.	N/A
Block No.	N/A
Layout No.	N/A
Owner	Gulf Company for Real Estate Investment and Development
Boundaries	
North	Al Maadi Street (34m Width / 75m Length)
South	Fid al Ahsan Street (12m Width / 91m Length)
East	Fayd As Samaa Street (12m Width / 103.24m Length)
West	Al Andalus Road (80m Width / 109m Length)
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

2.3 CONSTRUCTION & BUILDINGS

The subject property is a fully constructed commercial building. The Client has provided us with a copy of the Construction Permit with the below details:

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	

Source of Information	
Source of BUA	Construction Permit
Actual Age	Construction Permit
Status of The Property	Fully Constructed
Riyadh City	Land Area 9,565.85 Sqm
	BUA 33,426.34

2.4 PROJECT COMPONENTS

As per a document provided by the client, the building components are as follows:

Unit Type	UNIT NO	AREA (SQM)
1	Showroom	420
2	Showroom	420
3	Showroom	420
4	Showroom	420
5	Showroom	420
6	Showroom	420
7	Showroom	415
8	Showroom	415
9	Showroom	415
10+11	Showroom	830
13	Resaturant	200
401:407+4(Office	1300
408	Office	16
503+505	Office	232
504	Office	106
506	Office	164
502	Office	106
507+509+5	Office	348
512	Office	180
515	Office	114
516	Office	106
610	Office	16
607+9609+6	Office	348
612:616	Office	623
701	Office	116
702	Office	106
703	Office	116
705	Office	116
707	Office	116
709	Office	116
711+713+7	Office	559
712	Office	179
801	Office	116
802	Office	106
803+805	Office	232

Unit Type	UNIT NO	AREA (SQM)
804	Office	106
807	Office	116
809	Office	116
811	Office	116
813	Office	116
814	Office	106
815	Office	116
816	Office	106
812	Office	179
601:606	Office	724
416	Office	106
901:906	Office	722
907	Office	126
909	Office	106
911+913	Office	232
912	Office	179
914+916	Office	213
915	Office	114
1001:1007	Office	838
1009	Office	116
1011	Office	116
1012	Office	177
1013	Office	116
1014	Office	109
1015	Office	115
1016	Office	106
1101:1107	Office	838
1109	Office	123
1112+1114-	Office	391
1201	Office	593
1401	-----	6
TOTAL		17,575 SQM

2.5 LEASING CONTRACTS

The client has informed us that the subject property is currently leased for several tenants with a total amount of for the 12,780.00 Sqm for the offices and 4,795.00 Sqm for the showrooms which have a total of a 17,575 Sqm.



2.6 LAND SPECS

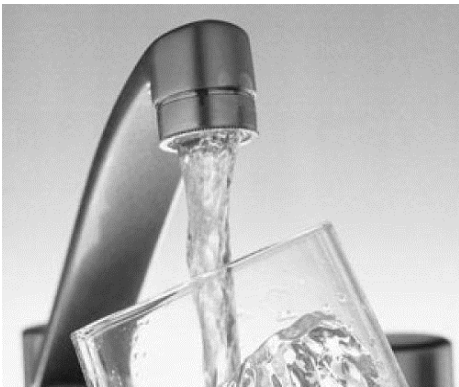
The subject property (Land Only) has the following criteria:

Current Land Status		Current Land Use		Current Land Grading		Current Surrounding Property	
Vacant	-----	Offices	✓	Graded	✓	Commercial	✓
Constructed	✓	Industrial	-----	Semi-Graded	-----	Industrial	-----
Under Construction	-----	Residential	-----	Mountain	-----	Residential	✓
Excavated	-----	Agricultural	-----	Valley	-----	Agricultural	-----
Raw Land	-----	Mix Use	-----	Slope	-----	Mix Use	-----

2.7 INFRASTRUCTURE FACILITIES

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

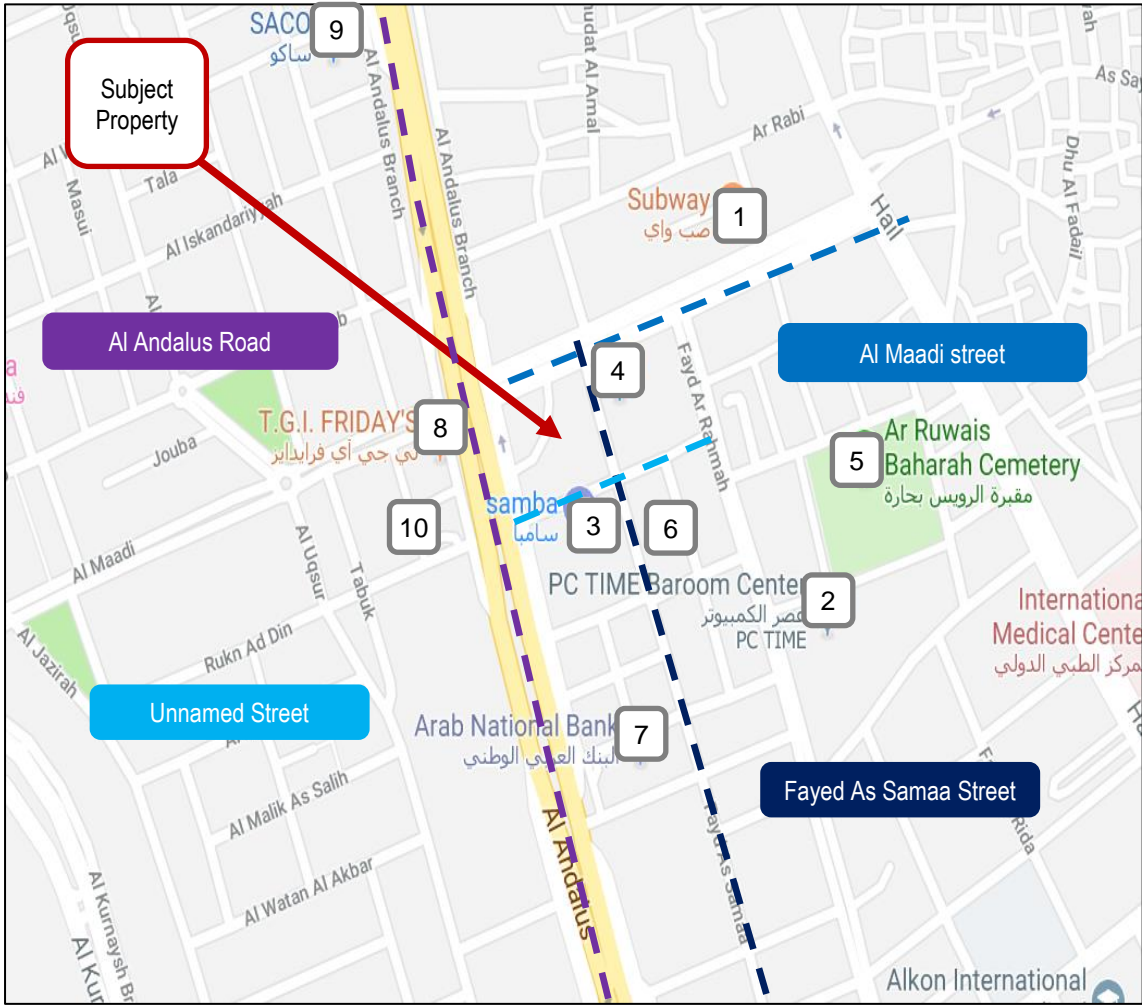
All the infrastructural facilities are available in the surroundings and connected to the subject property.





2.8 LOCATION

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



ACCESS TO SUBJECT PROPERTY

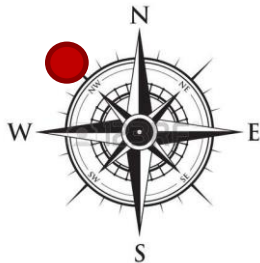
The subject property can be accessed through the following roads:

- North Side: Al Maadi Street
- South Side: Unnamed Street
- East Side: Fayed As Samaa Street
- West Side: Al Andalus Road

LAND MARKS

- 1- Subway (0.3 Kilometres)
- 2- PC TIME barroom Center (0.35 Kilometres)
- 3- Samba (0.01 Kilometres)
- 4- United Matbouli Group (0.1 Kilometres)
- 5- Ar Ruwais Baharah Cemetery (0.35 Kilometres)
- 6- Faith Charity Association for Cancer Care (0.15 Kilometres)
- 7- Arab National Bank (0.3 Kilometres)
- 8- T.G.I. FRIDAY'S (0.1 Kilometres)
- 9- SACO (0.4 Kilometres)
- 10- Hardee's (0.1 Kilometres)

Location of the subject property according to the City Center





2.9 PHOTO RECORD

Date of Photos: June 24, 2019





2.10 DOCUMENTS RECEIVED

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

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

2.11 GENERAL ASSUMPTIONS

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






2.12 SWOT ANALYSIS

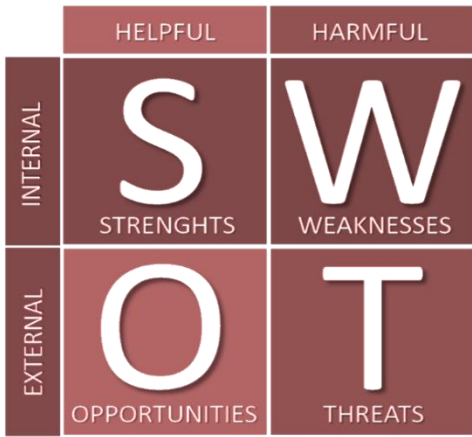
<p>Strength</p> <ul style="list-style-type: none">- Open on 4 sides.- Direct view on main road (Al Andalus Road)).- The property has a regular land shape.	<p>Weakness</p> <ul style="list-style-type: none">- None.
<p>Opportunities</p> <ul style="list-style-type: none">- Located in high-density residential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

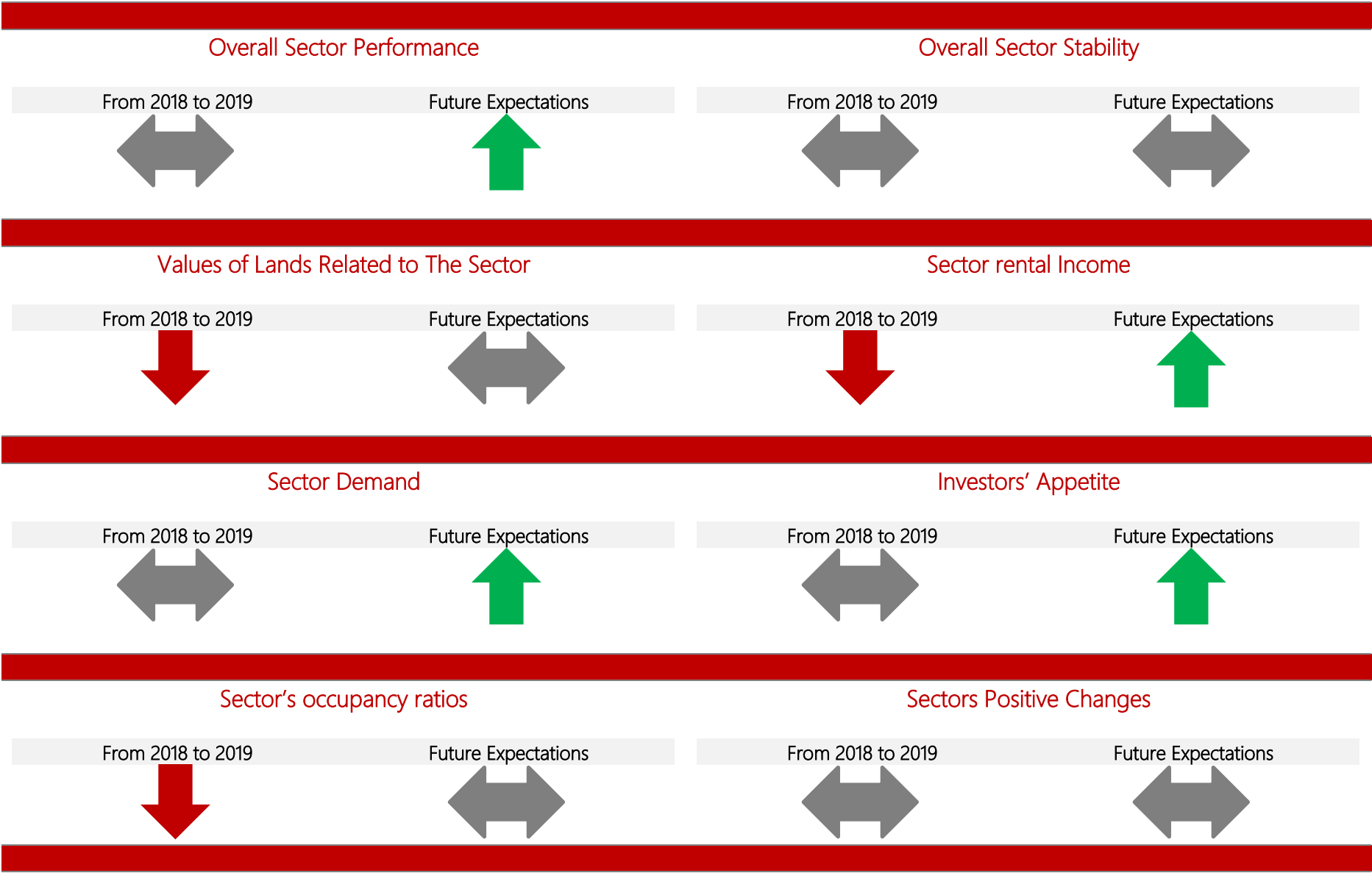
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

2.13 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

2.14 RISK ANALYSIS

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

Risk Category 17 Risk Points – Medium Risk

Sector Analysis

Risk Category- 17 Risk Points – Medium Risk

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

Risk Category 8 Risk Points – Minimal Risk

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

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

Risk Category 6 Risk Points – Minimal Risk

Property Analysis

Risk Category- 6 Risk Points - Minimal Risk



2.15 INPUT EVALUATION 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.



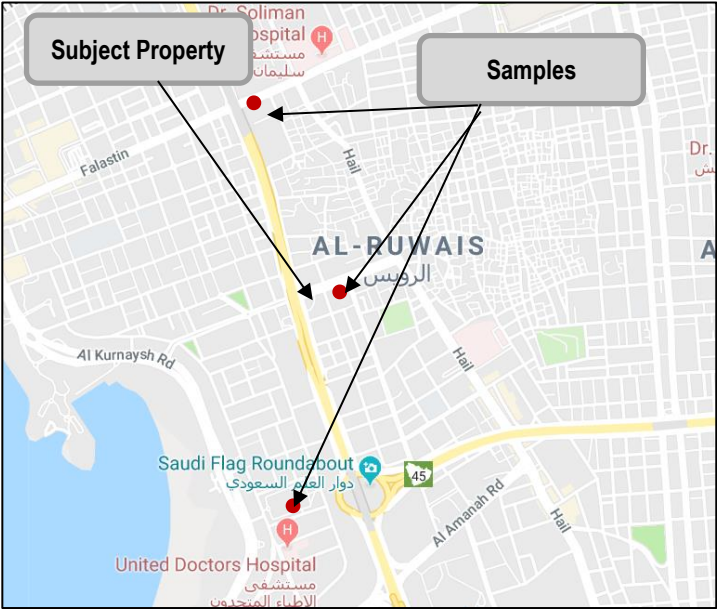
- This research boundary refers to the areas surrounding the subject property directly
- This research boundary refers to the areas adjacent to the subject property
- This research boundary refers to a wider area of research in the absence of information surrounding the subject property



2.1 COMPARABLE (LANDS)

As per the site inspection done by our team, the average prices for similar properties fall in the range between SAR 8,000 to 13,500 SAR per Square Meter with land areas between (650 – 10,000) Sqm.

LAND			
PROPERTY NO.	LAND AREA (SQM)	SAR/SQM	RANTAL VLUE
1	650.00	SAR 12,000	SAR 6,720,000
2	2,500	SAR 13,500	SAR 33,750,00
3	2,731	SAR 8,500	SAR 23,213,500
4	8,000	SAR 8,000	SAR 64,000,000
5	10,000	SAR 6,500	SAR 65,000,000



The average of the market is almost SAR 7,000 per square meter.

2.2 COST APPROACH (DRC)

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

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

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

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

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

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

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
461	9,565.85	SAR 7,000	SAR 66,960,950
Building			
	Unit	No of Floors	Total BUA
Total BUA	Sqm	10	33,426.34
Total (SQM)	33,426.34		



HARD COSTS ESTIMATES					
Ground Floor					
	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
Total			SAR 86,908,484	100.00%	SAR 86,908,484
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	9,565.85	SAR 50	SAR 478,293	100%	SAR 478,293
External Landscape	-23,860.49	SAR 50	-SAR 1,193,025	100%	-SAR 1,193,025
Fences	0.00	SAR 0	SAR 0	100%	SAR 0
Site Improvements	-23,860.49	SAR 125	-SAR 2,982,561	100%	-SAR 2,982,561
Total			-SAR 3,697,293	100.00%	-SAR 3,697,293
	Actual Completion %			Total BUA	33,426.34
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 83,211,191
General Site Dev.	100.00%			Average SAR / Sqm	SAR 2,489
				Overall Completion	100.00%
SOFT COSTS ESTIMATES					
		Total Hard Cost	Ratio	Soft Cost	
Design		SAR 83,211,191	1.00%	SAR 832,111.91	
Eng Consultant		SAR 83,211,191	1.00%	SAR 832,111.91	
Management		SAR 83,211,191	2.50%	SAR 2,080,279.77	
Contingency		SAR 83,211,191	2.50%	SAR 2,080,279.77	
Others		SAR 83,211,191	0.00%	SAR 0.00	
TOTAL				SAR 5,824,783.35	
DEVELOPMENT VALUE					
Hard Cost		SAR 83,211,191	Economic Age	40	
Soft Cost		SAR 5,824,783	Annual Dep Rate	2.50%	
Total Dev Cost		SAR 89,035,974			
			Actual Age	7	
Net Dep Rate		17.50%	Total Dep Rate	17.50%	
Dev Cost After Depreciation		SAR 73,454,679	Add Appr Rate	0.00%	
			Net Dep Rate	17.50%	
Total Completion Rate		100.00%			
Developer Profit Rate @ 20%		20.0%			
Dev. Profit Amount		SAR 14,690,936			
Development Value		SAR 88,145,614			
Total Dev. Value	Land Value	Total Property Value		Rounded Value	
SAR 88,145,614	SAR 76,526,800	SAR 164,672,414		SAR 164,700,000	

2.3 DISCOUNTED CASH FLOW – LEASING CONTRACT

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
		0%	1.80%	1.50%	2.33%	1.12%	1.53%	2.27%	1.12%	1.53%	2.27%	1.12%
Expected Revenues												
Total	SAR	16,180,870	16,472,125	16,719,207	17,108,765	17,300,383	17,565,079	17,963,806	18,165,001	18,442,925	18,861,580	19,072,829
Overall Revenues		16,180,870	16,472,125	16,719,207	17,108,765	17,300,383	17,565,079	17,963,806	18,165,001	18,442,925	18,861,580	19,072,829
Vacancy Rates												
Vacancy Rates	5.0%	809,043	823,606	835,960	855,438	865,019	878,254	898,190	908,250	922,146	943,079	953,641
Total		809,043	823,606	835,960	855,438	865,019	878,254	898,190	908,250	922,146	943,079	953,641
Expenses												
Management	2.5%	404,522	411,803	417,980	427,719	432,510	439,127	449,095	454,125	461,073	471,539	476,821
Utilities	1.0%	161,809	164,721	167,192	171,088	173,004	175,651	179,638	181,650	184,429	188,616	190,728
Operation	3.0%	485,426	494,164	501,576	513,263	519,011	526,952	538,914	544,950	553,288	565,847	572,185
Overall Expenses		1,051,757	1,070,688	1,086,748	1,112,070	1,124,525	1,141,730	1,167,647	1,180,725	1,198,790	1,226,003	1,239,734
NOI		14,320,070	14,577,831	14,796,498	15,141,257	15,310,839	15,545,095	15,897,968	16,076,026	16,321,989	16,692,498	16,879,454
Terminal Value @ ----->	7.0%											241,135,055
Discount Rate	10.00%	1.00	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39
Present Value		14,320,070	13,252,574	12,228,511	11,375,850	10,457,509	9,652,281	8,973,989	8,249,543	7,614,328	7,079,249	99,475,763
Market Rate / Net Present Value												202,679,665

1. The client has provided us with the total actual revenues of the subject property.
2. In the DCF method we have relied on the leasing contracts of the actual rents, and we have applied 5% increase every 3 years for the same units in case of renewal.
3. We Have assumed 5% vacancy rate and 6.5% OPEX in the above mentioned DCF model.
4. The discount rate and the terminal value rate used in the DCF Approach were based on the current market conditions and expected risk factors.

2.4 MARKET RATES
(OFFICES SECTOR)

As per the site inspection done by our team, the average rental rates for similar properties fall in the range between SAR 500 to 550 SAR per Square Meter with office areas between (20- 150) Sqm. The average of the market is almost SAR 520 per square meter as shown below:

OFFICES (16 -150) Sqm			
PROPERTY NO.	OFFICE AREA (SQM)	SAR/SQM	RANTAL VLUE
1	50	SAR 550	SAR 27,500
2	125	SAR 500	SAR 62,500
3	60	SAR 525	SAR 31,500

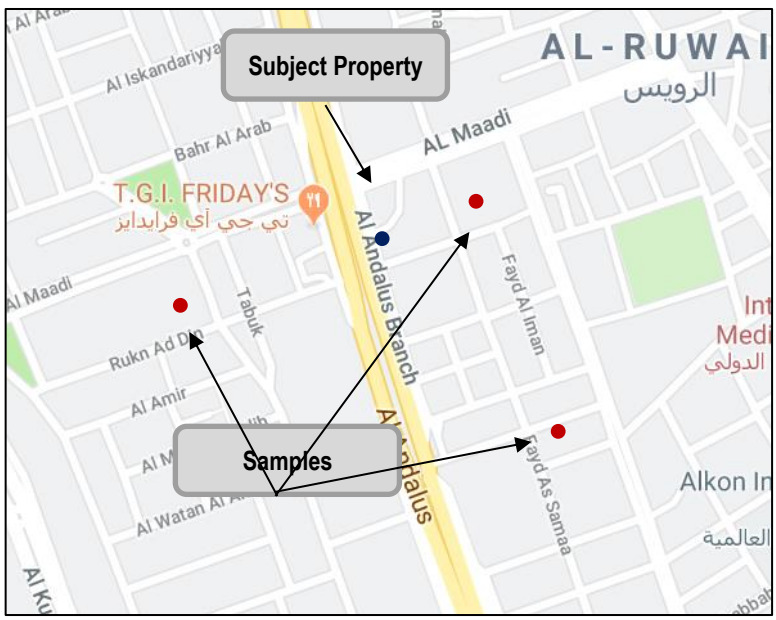
Based on the quality and location of these samples and in comparison with the subject property, we will apply an adjustment rate of +20% ta match the quality of construction and finishing of the subject property. therefore, the average rental rate will be around 650 SAR / Sqm.

SHOWROOMS

As per the site inspection done by our team, the average rental rates for similar properties fall in the range between SAR 700 to 900 SAR per Square Meter with showrooms areas between (200-320) Sqm. The average of the market is almost SAR 800 per square meter as shown below:

SHOWROOMS (200 - 420) Sqm			
PROPERTY NO.	SHOWROOMS AREA (SQM)	SAR/SQM	RANTAL VLUE
1	200	SAR 700	SAR 140,000
2	315	SAR 900	SAR 283,500
3	285	SAR 840	SAR 239,400

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



2.5 INCOME APPROACH – MARKET RATES

REVENUES						
Unit Type	Quantity	No of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
Offices	12,780	0	SAR 650		SAR 10	SAR 8,307,000
Showrooms	4,795	0	SAR 1,000		SAR 0	SAR 4,795,000
-----	0	0	SAR 0		SAR 0	SAR 0
Total Revenues						SAR 13,102,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others		Total Expenses
Offices	0.00%	0.00%	0.00%	0.00%		0.00%
Showrooms	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
Offices	SAR 8,307,000	0.00%				SAR 8,307,000
Showrooms	SAR 4,795,000	0.00%				SAR 4,795,000
-----	SAR 0	0.00%				SAR 0
Total						SAR 13,102,000
Total Property Revenues						SAR 13,102,000
Total Property Expenses						SAR 0
Net Operating Income						SAR 13,102,000.00
Net Operating Income		Cap Rate	Property Value		Rounded Value	
SAR 13,102,000.00		7.00%	187,171,428.57 SAR		187,172,000 SAR	

2.6 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Value in Numbers	Value in Letters
DRC Approach	SAR 164,700,000	One Hundred Sixty-Four Million Seven Hundred Thousand.
DCF	SAR 202,679,665	Two Hundred and Two Million Six Hundred Seventy-Nine Thousand Six Hundred Sixty-Five.
Income Market Rates	SAR 187,172,000	One Hundred Eighty-Seven Million One Hundred Seventy-Two Thousand.

2.7 SUBJECT PROPERTY VALUE

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

Property Value: **202,679,665 SAR**
 Two Hundred and Two Million Six Hundred Seventy-Nine Thousand Six Hundred Sixty-Five Saudi Riyals.

2.8 REPORT USE

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

2.9 DISCLAIMER

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

2.10 CONCLUSION

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





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WHITE CUBES
VALUATION & ADVISORY SERVICES

TAHA CORP.
REAL ESTATE CONSULTING SERVICES



VALUATION REPORT

**JARIR BOOKSTORE
AL RAJHI REIT FUND**

June 2019

REAL ESTATE VALUATION





REF: WCRE-19-233-3
Date: 30/06/2019
M/S Al Rajhi REIT Fund
Attn Mr. Abdulaziz H. Al-Turki

Land Line: +966 (11) 211 9318
Email: alturkiah@alrajhi-capital.com

Subject: Valuation Report for Jarir Bookstore in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on June 23, 2019 for valuation service of the commercial project (Jarir Bookstore) 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

Dr. Mohammad Taha – CEO WHITE CUBES GLOBAL

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



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INTRODUCTION

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



WHITE CUBES
VALUATION & ADVISORY SERVICES

1.1 INSTRUCTION

We have received instruction from AL RAJHI REIT FUND dated on June 23, 2019 to proceed with the valuation service for Jarir Bookstore in Riyadh city.

Valuation Type	Real Estate
Instructions From	Al RAJHI REIT Fund
Property Type	Commercial
Property Name	Jarir bookstore
Location	KSA, Riyadh

1.2 CLIENT

The client to whom this report is prepared is AL RAJHI REIT FUND, a company working under the Saudi law and regulations.

Client Name	Al Rajhi REIT Fund
Domain	Financial Firm
Location	KSA, Riyadh
Contact Person	Abdulaziz Al-Turki
Contact No.	+966 (11) 211 9318

1.3 INTEREST TO BE VALUED

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

1.4 STATUS OF CONSULTANT / VALUER

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

1.5 INDEPENDENT CONSULTANT

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

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

1.6 STRUCTURAL STABILITY (IF ANY)

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

1.7 OPINION OF VALUE

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

1.8 VALUATION STANDARDS

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





1.9 PURPOSE OF VALUATION

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

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

Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Depreciated Replacement Cost (DRC) & The Discounted cash Flow (DCF) Method.

1.10 CLIENT APPROVAL DATE

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

June 23, 2019.

1.11 INSPECTION DATE

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

June 25, 2019.

1.12 VALUATION DATE

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

June 30, 2019.

1.13 REPORT DATE

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

June 30, 2019.



1.14 INSPECTION ROLE

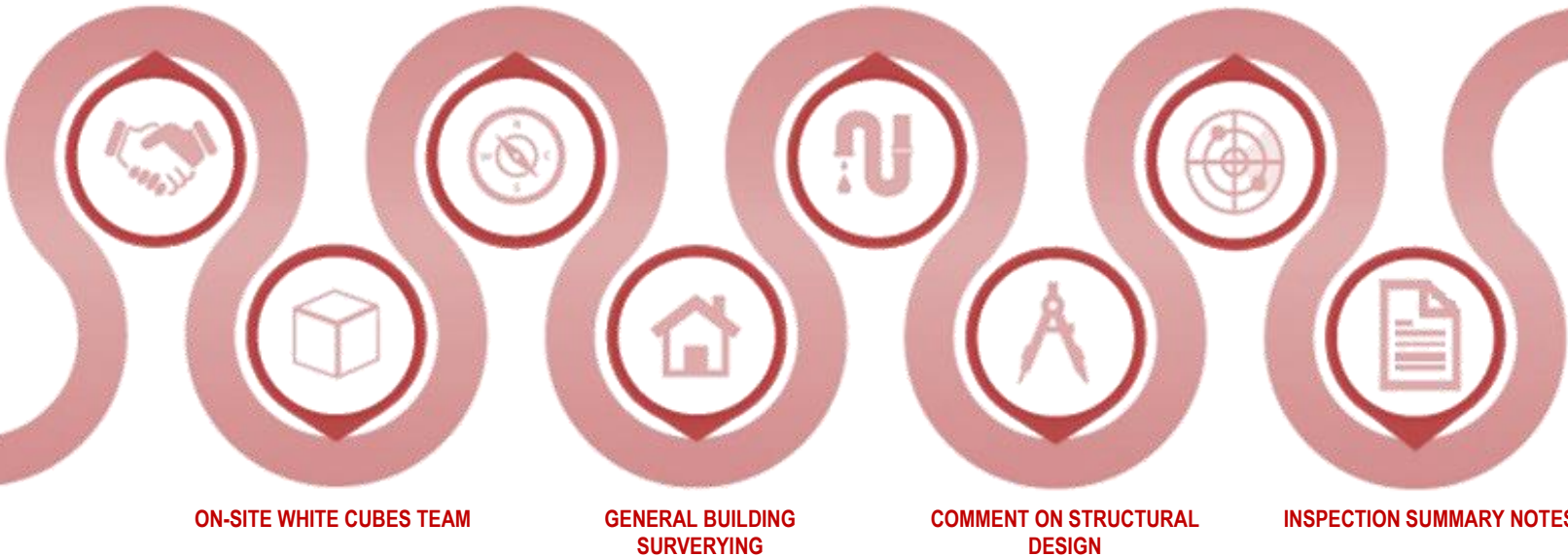
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

RECEIVED PROPERTY INFO

LOCATION ANALYSIS

UTILITIES & SERVICES CHECK-UP

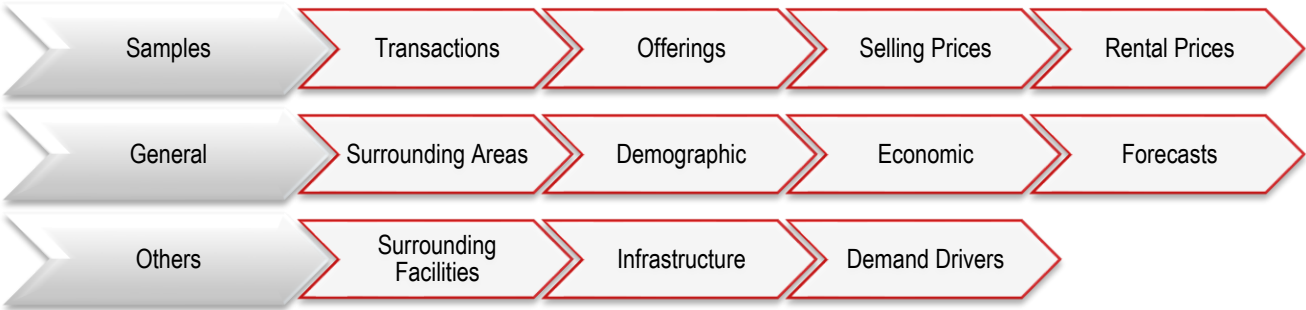
DUE DILIGENCE OUTPUT





1.15 MARKET SURVEY

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



1.16 REPORT CURRENCY

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



1.17 INSURANCE

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

1.18 LEGAL NOTICES

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

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

1.19 INFORMATION SOURCE

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

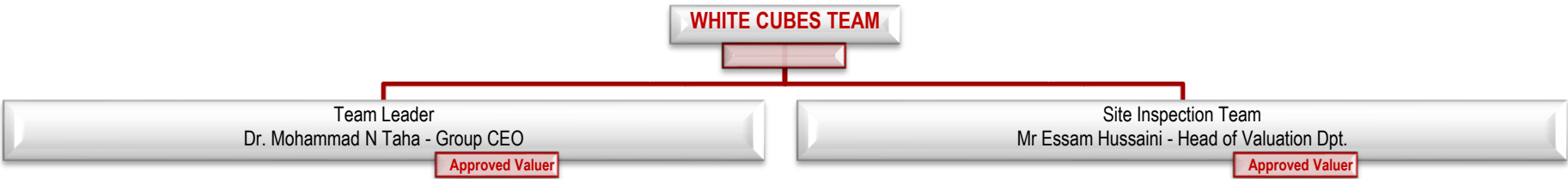
- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





1.20 KNOWLEDGE & SKILLS

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



1.21 OUR ACCREDITED VALUERS IN TAQEEM

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

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

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

1.22 VALUATION COMPLIANCE

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

1.23 VALUATION STANDARDS

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

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

1.24 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**

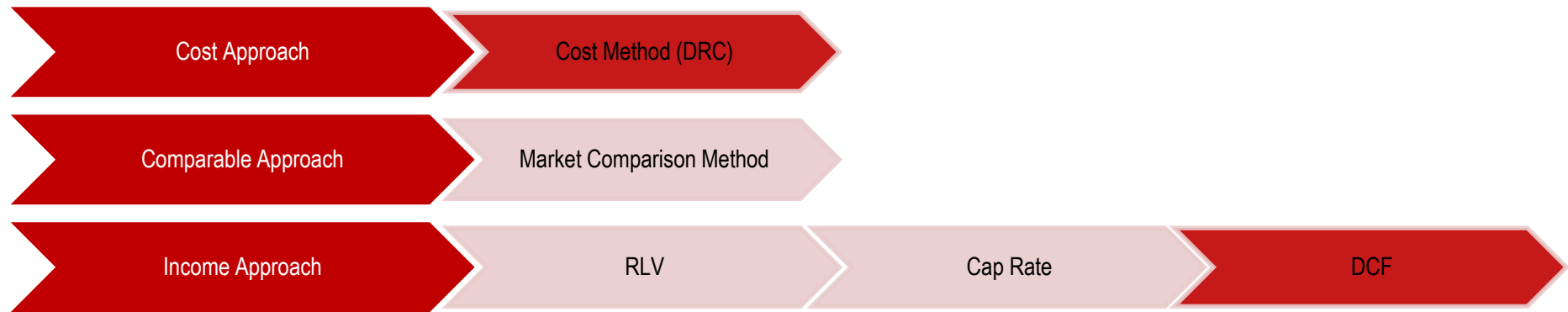
‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties 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.





1.25 VALUATION APPROACH

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

COMPARABLE METHOD

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

DISCOUNTED CASH FLOW (DCF)

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

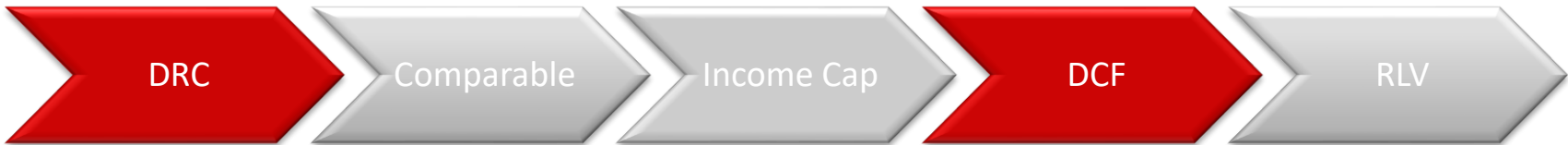


RESIDUAL LAND VALUE (RLV)

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

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

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





1.26 DISCLOSING CONFLICT OF INTEREST

We would like to bring to your attention the following:

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

No	If Yes		Remarks
	Client	Date	
✓	_____	_____	_____
✓	_____	_____	_____
✓	_____	_____	_____

1.27 CONFIDENTIALITY

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

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



1.28 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

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

PROPERTY INFO

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



WHITE CUBES
VALUATION & ADVISORY SERVICES



2.1 PROPERTY DESCRIPTION

The subject property is a commercial project located in Al Malaz district, Riyadh city, the bookstore has a total land area of 4,953.00 Sqm, a total BUA of 9,162.00 Sqm, composed of 4 floors, 2 elevators, open on 3 sides from the North, East and West with a direct view on Al Ahsa Road where all the infrastructure facilities such as water, electricity, telecommunication are sewage are available in the surrounding and connected to the subject property.

Land	
Land Use	Commercial
Number of Streets	3
General Land Shape	Regular
Direct View on the Main Road	Al Ahsa Road
Direct View on an internal Street	Al Imam Abdullah Ibn Thaniyah Al Saud Street
Land Status	Constructed
Infrastructural Facilities	
Water	Available and Connected to the subject property
Electricity	Available and Connected to the subject property
Sewage	Available and Connected to the subject property
Telecommunication	Available and Connected to the subject property
Building	
Building Condition	Fully Constructed
External Elevation	Good
Finishing	Good
Overall Building Condition	Good
Building Components	Good



2.3 CONSTRUCTION & BUILDINGS

The subject property is a fully constructed commercial building. The Client has provided us with a copy of the Construction Permit with the below details:

City	Riyadh
District	Al Malaz
T.D Type	N/A
T.D Number	710117025095
T.D Date	13/06/1435 H. D
T.D Value	N/A
Date of Last Transaction	13/03/1437 H. D
Issue from	Riyadh Notary
Land Area	4,953.00
Plot No.	1 – 2 – 3 - 4
Block No.	N/A
Layout No.	315
Boundaries	
North	Al Imam Abdullah Ibn Thaniyah Al Saud Street (76.2m Length)
South	Plot No. 5 & 6 (76.2m Length)
East	Al Hamidat Street (20m Width / 65m Length)
West	Al Ihssa Street (40m Width / 65m Length)
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.

Subject Property	
Construction Permit Type	N/A
Property Type	N/A
Construction Permit No.	2721497
Construction Permit Date	7/11/1413 H. D
Permit Expiry Date	N/A

Description	No. of Units	Area (sqm)	Use
Ground Floor	-	2,831.00	Offices
First Floor		2,831.00	Offices
Second Floor		1,750.00	Offices
Annexes		1,750.00	Offices
Fences	-	76	Services
Total BAU (sqm)		9,162.00	

Source of Information	
Source of BUA	Construction Permit
Actual Age	Construction Permit
Status of The Property	Fully Constructed





2.4 PROJECT COMPONENTS

UNIT NO.	AREA
305	383
301-304	1,143
204	348
205	
2	320
203	-
202	-
201	324
ATM	-
101+102	1,172
G1	306
Showroom	-

2.5 LEASING CONTRACT

The client has provided us with a document showing that Jarir Bookstore is fully leased for several tenants with a total GLA of a 3,996.00 Sqm only for the units without any information about the GLA of the showrooms.

2.6 LAND SPECS

The subject property (Land Only) has the following criteria:

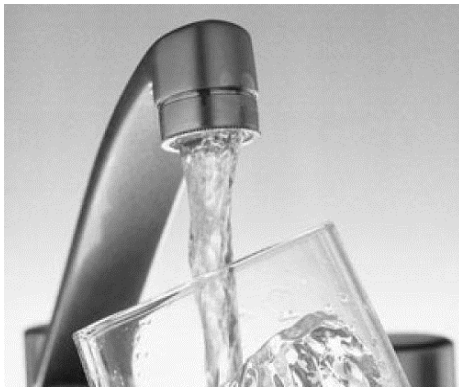
Current Land Status		Current Land Use		Current Land Grading		Current Surrounding Property	
Vacant	-----	Commercial	✓	Graded	✓	Commercial	✓
Constructed	✓	Industrial	-----	Semi-Graded	-----	Industrial	-----
Under Construction	-----	Residential	-----	Mountain	-----	Residential	✓
Excavated	-----	Agricultural	-----	Valley	-----	Agricultural	-----
Raw Land	-----	Mix Use	-----	Slope	-----	Mix Use	-----



2.7 INFRASTRUCTURE FACILITIES

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

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



ELECTRICITY

WATER

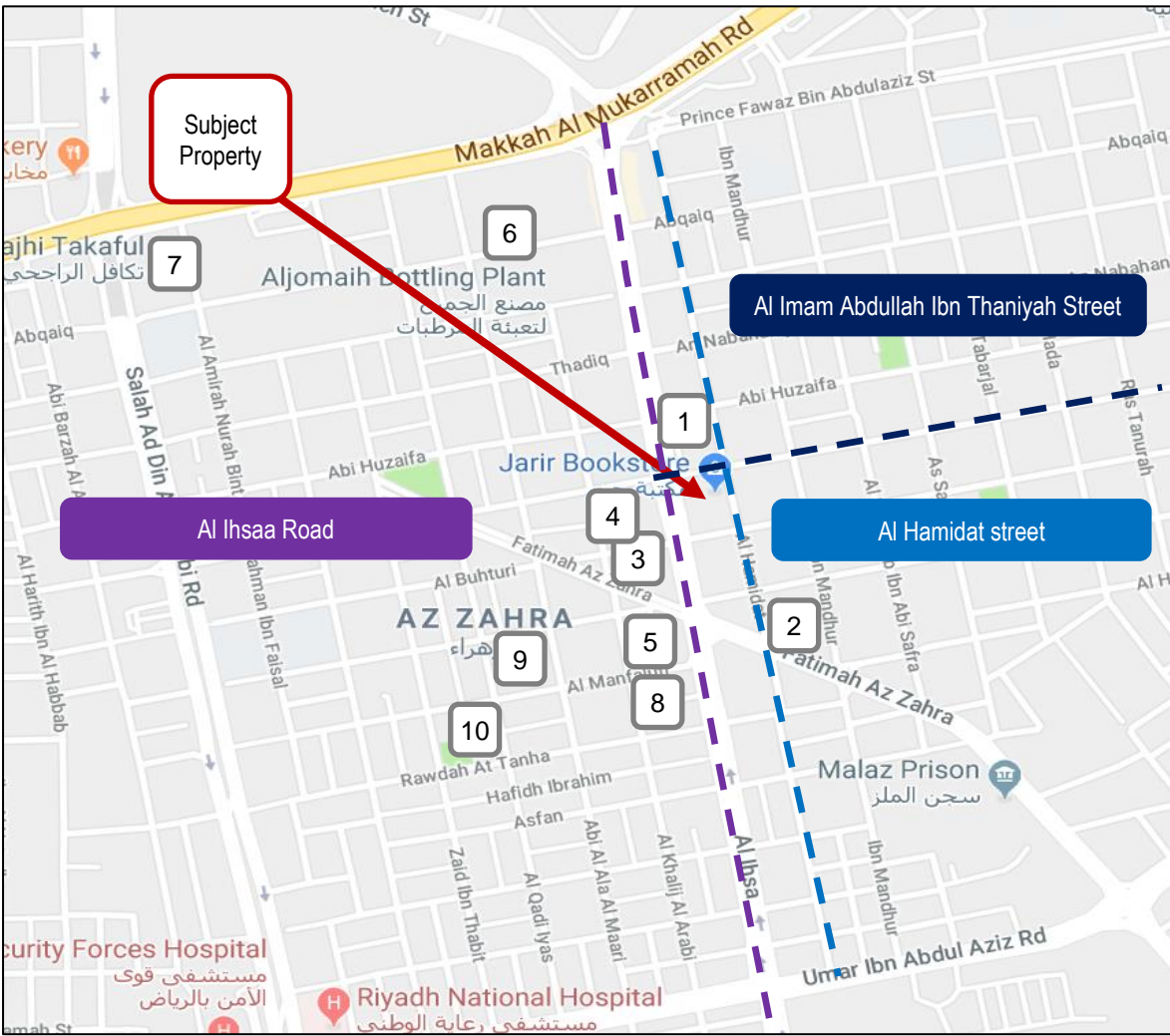
TELE-
COMMUNICATION

SEWAGE



2.8 LOCATION

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



ACCESS TO SUBJECT PROPERTY

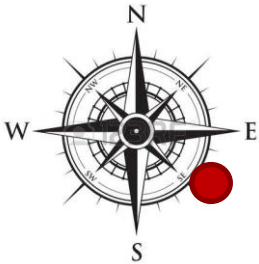
The subject property can be accessed through the following roads:

- North Side: Al Imam Abdullah ibn Thaniyah Street
- East Side: Al Hamidat Street
- West Side: Al Ihsa Road

LAND MARKS

- 1- Tamimi Markets (0.12 Kilometres)
- 2- Boudl (0.3 Kilometres)
- 3- Pizza Hut (0.15 Kilometres)
- 4- Starbucks Caffee (0.15 Kilometres)
- 5- BACS Headquarters (0.25 Kilometres)
- 6- Aljomaih Bottling Plant (0.6 Kilometres)
- 7- AlRajhi Takaful (1.05 Kilometres)
- 8- Riyadh Bank (0.5 Kilometres)
- 9- Waleed Rehabilitation Center (0.45 Kilometres)
- 10- Ecole International Dina (0.6 Kilometres)

Location of the subject property according to the City Center





2.9 PHOTO RECORD

Date of Photos: June 25, 2019





2.10 DOCUMENTS RECEIVED

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

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

2.11 GENERAL ASSUMPTIONS

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






2.12 SWOT ANALYSIS

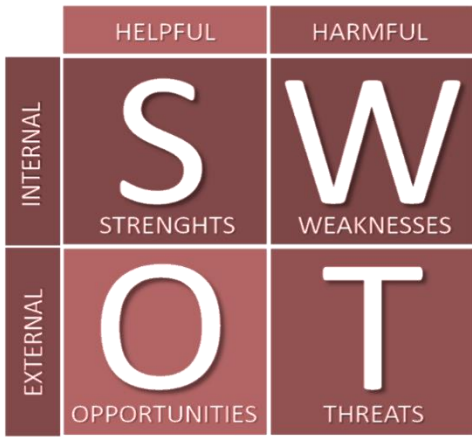
<p>Strength</p> <ul style="list-style-type: none">- Open on 3 sides.- Direct view on main road (Al Ihssa road).- Parking is available.- The property has a regular land shape.	<p>Weakness</p> <ul style="list-style-type: none">- None.
<p>Opportunities</p> <ul style="list-style-type: none">- Located in high-density residential district.	<p>Threats</p> <ul style="list-style-type: none">- Potential similar projects in the same area.

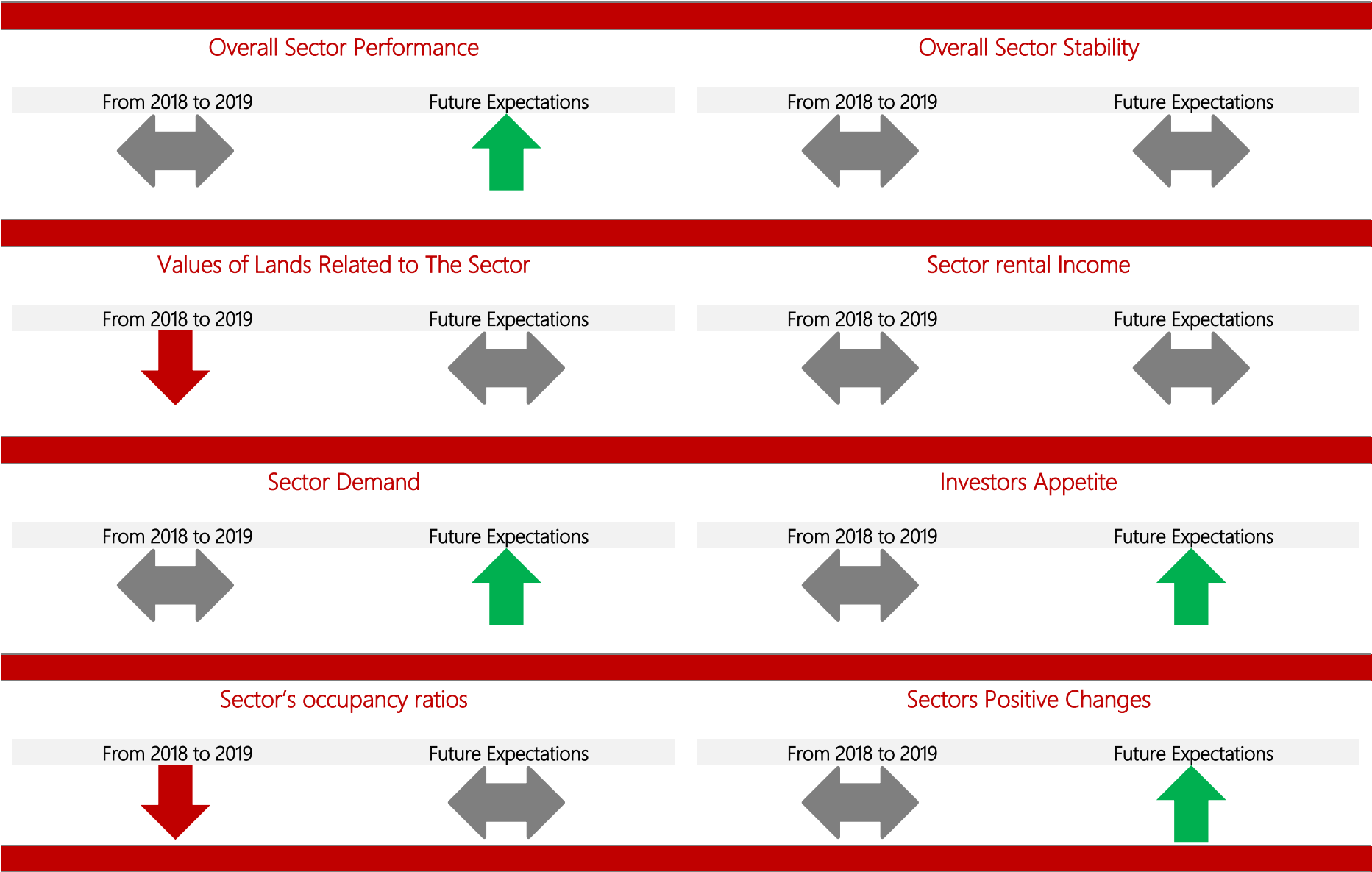
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

2.13 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

2.14 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

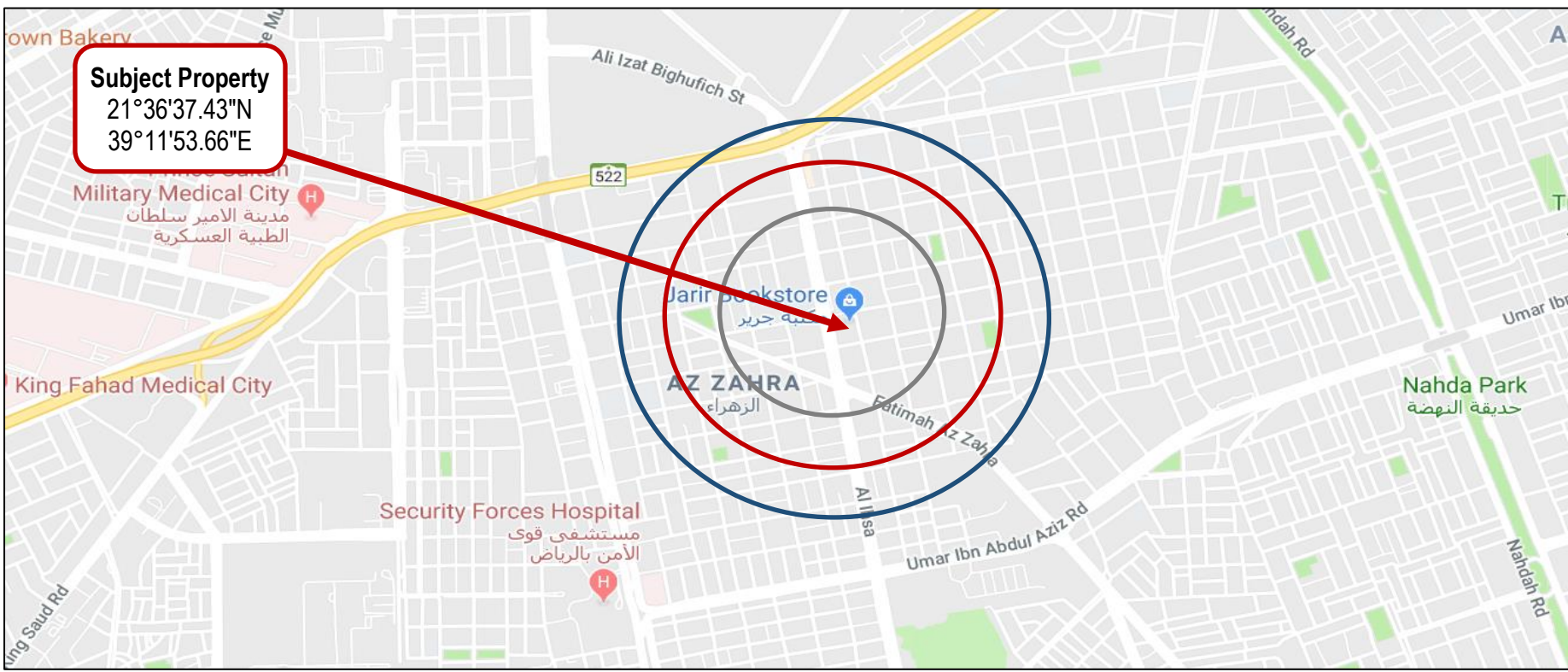
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities	-----	-----	✓	-----	-----
Management Skills	✓	-----	-----	-----	-----
Overall Condition	-----	✓	-----	-----	-----
Total Risk	1	2	3	0	0
Risk Category	6 Risk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




Property Analysis

Risk Category- 6 Risk
Points - Minimal Risk

2.15 INPUT EVALUATION 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.



-  This research boundary refers to the areas surrounding the subject property directly
-  This research boundary refers to the areas adjacent to the subject property
-  This research boundary refers to a wider area of research in the absence of information surrounding the subject property

2.16 LAND VALUE – COMPARABLE

According to the market survey done by our team, the average prices for similar properties falls in the range between SAR 6,000 to 8,000 SAR per Square Meter with land areas between (900- 7,000) Sqm. The average range for the market is almost SAR 7,000 per square meter.

#	LAND AREA (SQM)	SAR/SQM	TOTAL VALUE
1	5,000	SAR 8,000	SAR 40,000,000
2	941	SAR 5,000	SAR 4,705,000
3	4,000	SAR 8,500	SAR 34,000,000
4	7,000	SAR 7,500	SAR 52,500,000

2.1 RENTAL MARKET RATES

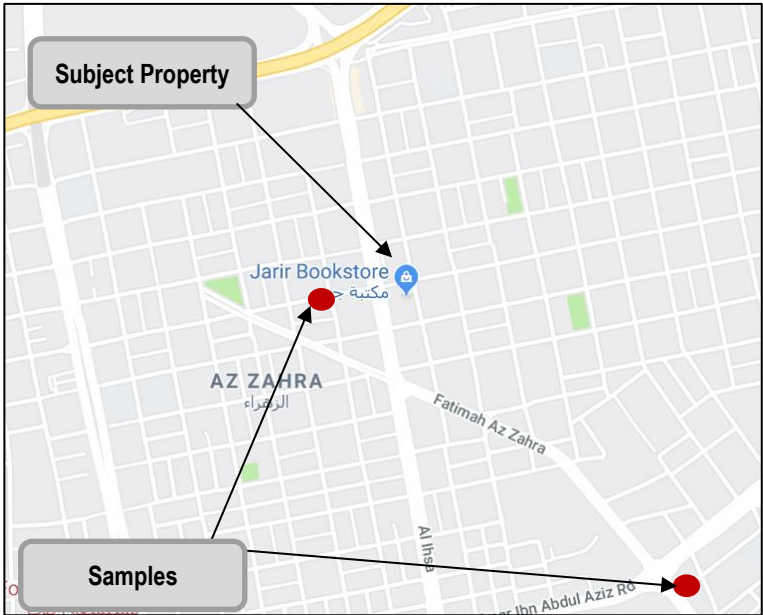
The subject property has a master lease tenant (Jarir Bookstore) which the property has been customizes and constructed for dedicated purpose and use to fulfil the need of the main tenant. In this case, the subject property is considered to be a special property which can be only valued by applying the cost approach and/or Income approach using the leasing contract. Based on the results of these 2 methods the difference in value is very much logical as per the market usual transaction.

2.2 MARKET RENTAL COMPRABLE

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 (700-800) 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.



2.3 COST APPROACH (DRC)

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

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

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

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

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

As for the subject property, we will use 30% developer profit rate.

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
710117025095	4,953.00	SAR 7,000	SAR 34,671,000

Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	2,831.00
First Floor	Sqm	1	2,831.00
Second Floor	Sqm	1	1,750.00
Annexes	Sqm	1	1,750.00
Total (SQM)	9,162.00		
Fences (LM)	76.00		



HARD COSTS ESTIMATES					
Ground Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	9,162.00	SAR 1,300	SAR 11,910,600	100%	SAR 11,910,600
Electro Mechanic	9,162.00	SAR 900	SAR 8,245,800	100%	SAR 8,245,800
Finishing	9,162.00	SAR 1,200	SAR 10,994,400	100%	SAR 10,994,400
Fit outs & Appliances	9,162.00	SAR 400	SAR 3,664,800	100%	SAR 3,664,800
Furniture	9,162.00	SAR 350	SAR 3,206,700	100%	SAR 3,206,700
Total			SAR 38,022,300	100.00%	SAR 38,022,300
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	4,953.00	SAR 50	SAR 247,650	100%	SAR 247,650
External Landscape	2,122.00	SAR 50	SAR 106,100	100%	SAR 106,100
Fences	76.00	SAR 120	SAR 9,120	100%	SAR 9,120
Site Improvements	2,122.00	SAR 125	SAR 265,250	100%	SAR 265,250
Total			SAR 628,120	100.00%	SAR 628,120
	Actual Completion %			Total BUA	9,162.00
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 38,650,420
General Site Dev.	100.00%			Average SAR / Sqm	SAR 4,219
				Overall Completion	100.00%
SOFT COSTS ESTIMATES					
		Total Hard Cost	Ratio	Soft Cost	
Design		SAR 38,650,420	2.50%	SAR 966,260.50	
Eng Consultant		SAR 38,650,420	5.00%	SAR 1,932,521.00	
Management		SAR 38,650,420	5.00%	SAR 1,932,521.00	
Contingency		SAR 38,650,420	5.00%	SAR 1,932,521.00	
Others		SAR 38,650,420	5.00%	SAR 1,932,521.00	
TOTAL				SAR 8,696,344.50	
DEVELOPMENT VALUE					
Hard Cost		SAR 38,650,420	Economic Age	40	
Soft Cost		SAR 8,696,345	Annual Dep Rate	2.50%	
Total Dev Cost		SAR 47,346,765			
			Actual Age	25	
Net Dep Rate		62.50%	Total Dep Rate	62.50%	
Dev Cost After Depreciation		SAR 17,755,037	Add Appr Rate	0.00%	
			Net Dep Rate	62.50%	
Total Completion Rate		100.00%			
Developer Profit Rate @ 30%		30.0%			
Dev. Profit Amount		SAR 5,326,511			
Development Value		SAR 23,081,548			
Total Dev. Value	Land Value	Total Property Value		Rounded Value	
SAR 23,081,548	SAR 34,671,000	SAR 57,752,548		SAR 57,800,000	

2.4 DISCOUNTED CASH FLOW – LEASING CONTRACT

Cash Flow		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
		0	1	2	3	4	5	6	7	8	9	10
Increase Revision		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected Revenues												
Total	SAR	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911
Overall Revenues		5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911	5,286,911
Vacancy Rates												
Total	0.0%	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0
Expenses												
OPEX	2.5%	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173
Others	0%	0	0	0	0	0	0	0	0	0	0	0
Overall Expenses		132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173	132,173
NOI		5,154,738	5,154,738	5,154,738	5,154,738	5,154,738	5,154,738	5,154,738	5,154,738	5,154,738	5,154,738	5,154,738
Terminal Value @ ----->	7.0%											73,639,111
Discount Rate	7.50%	1.00	0.93	0.87	0.80	0.75	0.70	0.65	0.60	0.56	0.52	0.49
Present Value		5,154,738	4,795,105	4,460,563	4,149,361	3,859,870	3,590,577	3,340,072	3,107,043	2,890,273	2,688,626	38,230,297
Market Rate / Net Present Value												76,266,524

1. The client has provided us with the total actual revenues of the subject property, while the remaining vacant units are in the process to be leased (expected to be rented soon as per the client).
2. In the DCF method we have relied on the leasing contracts of the actual rents, and we have applied 5% increase for the same units in case of renewal.
3. We Have assumed that the contract would be renewed in the same original time period.
4. We Have assumed 0% vacancy rate and 2.5% OPEX in the above mentioned DCF model.
5. The discount rate and the terminal value rate used in the DCF Approach were based on the current market conditions and expected risk fac

2.1 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 57,800,000	Fifty-Seven Million Eight Hundred Thousand Saudi Riyals
DCF	Property	SAR 76,266,524	Seventy-Six Million Two Hundred Sixty-Six Thousand Five Hundred Twenty-Four Saudi Riyals

2.2 SUBJECT PROPERTY VALUE

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

Property Value: 76,266,524 SAR
Seventy-Six Million Two Hundred Sixty-Six Thousand Five Hundred Twenty-Four Saudi Riyals

2.3 REPORT USE

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

2.4 DISCLAIMER

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

2.5 CONCLUSION

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





Dr. Mohammad Taha – CEO
Valuation Check

Member of (Taqeem)
License No. 1220000263

Essam Hussaini
Site Inspection Check

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WHITE CUBES REAL ESTATE
Dr. Mohammad Taha – CEO
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WHITE CUBES
VALUATION & ADVISORY SERVICES

TAHA CORP.
REAL ESTATE CONSULTING SERVICES



VALUATION REPORT

**PANDA MARWAH
AL RAJHI REIT FUND**

JUNE 2019

REAL ESTATE VALUATION





REF: WCRE-19-233-1
Date: 30/06/2019
M/S Al Rajhi REIT Fund
Attn Mr. Abdulaziz H. Al-Turki

Land Line: +966 (11) 211 9318
Email: alturkiah@alrajhi-capital.com

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

Dear Sir,

With reference to your request and approval dated on June 23, 2019 for valuation service of the commercial project (Panda Marwah) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE



Dr. Mohammad Taha – CEO WHITE CUBES GLOBAL

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

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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

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



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INTRODUCTION

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



WHITE CUBES
VALUATION & ADVISORY SERVICES

1.1 INSTRUCTION

We have received instruction from AL RAJHI REIT FUND dated on June 23, 2019 to proceed with the valuation service for Panda Marwah in Jeddah city.

Valuation Type	Real Estate
Instructions From	Al RAJHI REIT Fund
Property Type	Commercial
Property Name	Panda Marwah
Location	KSA, Jeddah

1.2 CLIENT

The client to whom this report is prepared is AL RAJHI REIT FUND, a company working under the Saudi law and regulations.

Client Name	Al Rajhi REIT Fund
Domain	Financial Firm
Location	KSA, Riyadh
Contact Person	Abdulaziz Al-Turki
Contact No.	+966 (11) 211 9318

1.3 INTEREST TO BE VALUED

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

1.4 STATUS OF CONSULTANT / VALUER

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

1.5 INDEPENDENT CONSULTANT

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

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

1.6 STRUCTURAL STABILITY (IF ANY)

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

1.7 OPINION OF VALUE

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

1.8 VALUATION STANDARDS

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





1.9 PURPOSE OF VALUATION

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

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

Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Depreciated Replacement Cost (DRC) & The Discounted cash Flow (DCF) Method.**

1.10 CLIENT APPROVAL DATE	1.11 INSPECTION DATE	1.12 VALUATION DATE	1.13 REPORT DATE
The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.	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.	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	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.
June 23, 2019.	June 26, 2019.	June 30, 2019.	June 30, 2019.



1.14 INSPECTION ROLE

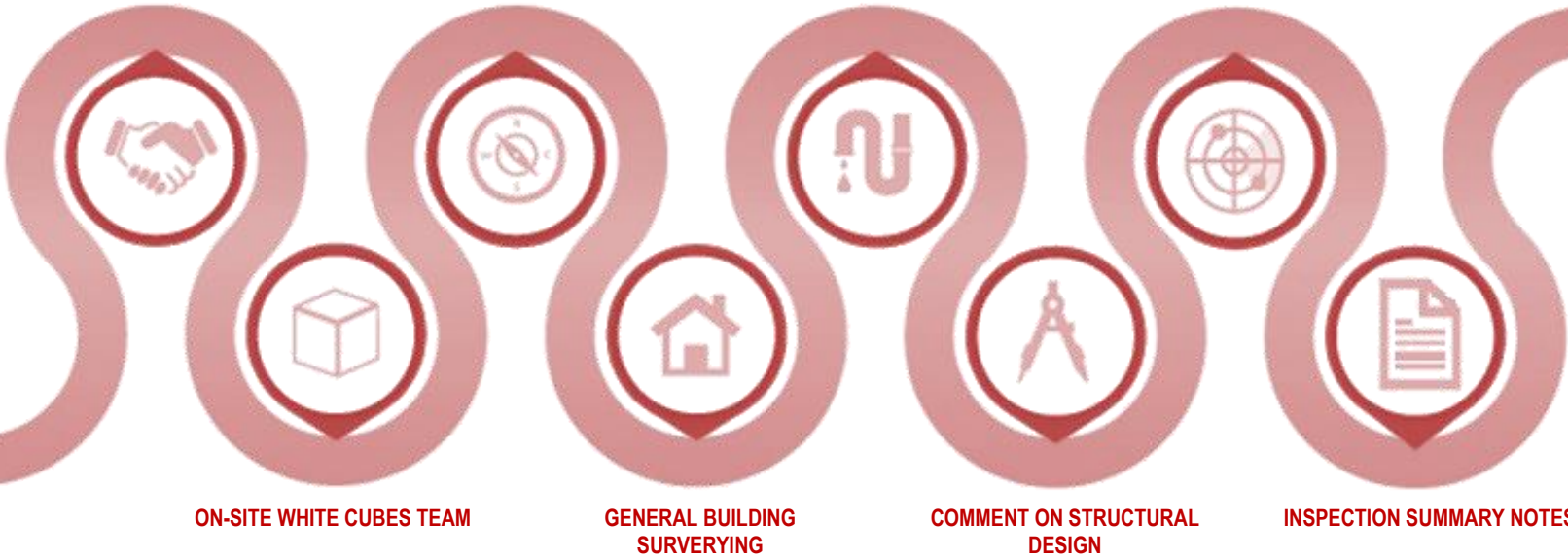
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

RECEIVED PROPERTY INFO

LOCATION ANALYSIS

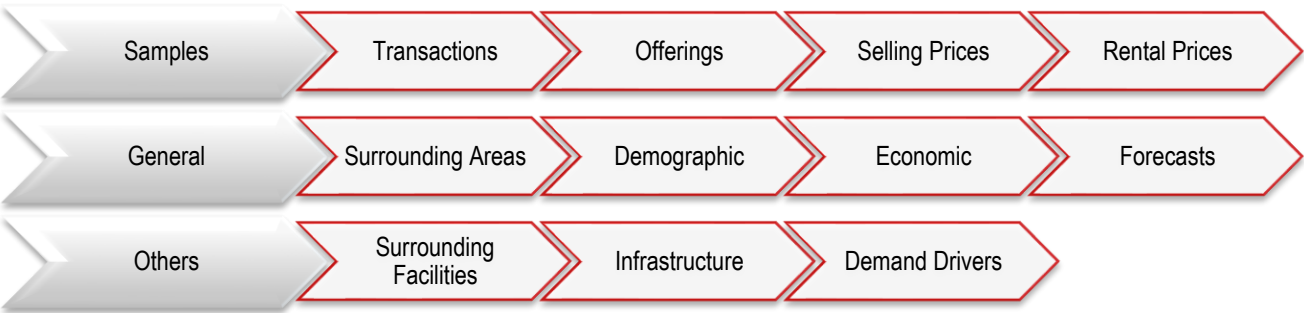
UTILITIES & SERVICES CHECK-UP

DUE DILIGENCE OUTPUT



1.15 MARKET SURVEY

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



1.16 REPORT CURRENCY

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



1.17 INSURANCE

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

1.18 LEGAL NOTICES

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

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

1.19 INFORMATION SOURCE

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

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



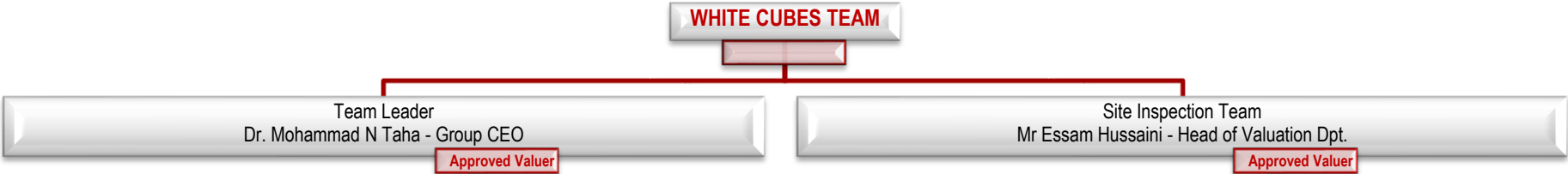
MARKET
RESEARCH





1.20 KNOWLEDGE & SKILLS

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



1.21 OUR ACCREDITED VALUERS IN TAQEEM

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

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

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

1.22 VALUATION COMPLIANCE

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

1.23 VALUATION STANDARDS

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

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

1.24 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

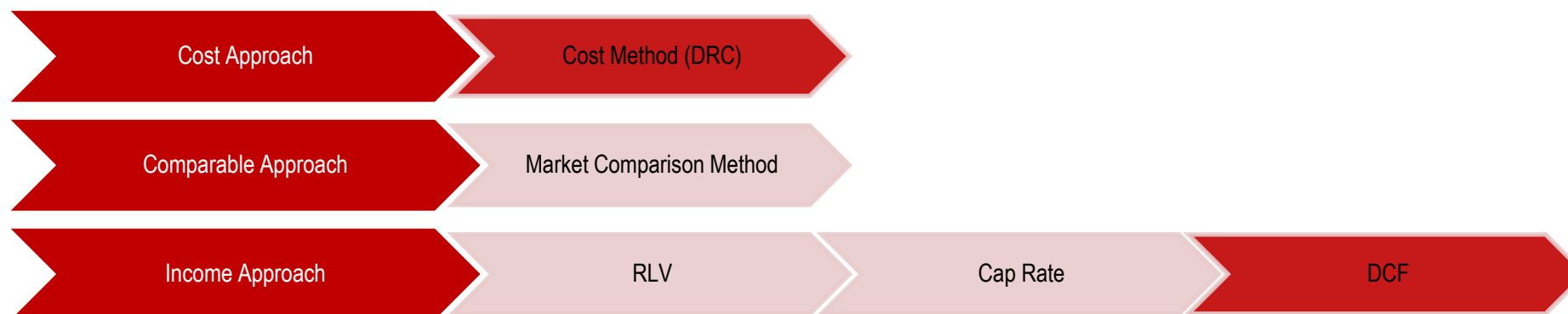
'and without compulsion' establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties 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.

FACTORS INFLUENCING MARKET VALUE



1.25 VALUATION APPROACH

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

COMPARABLE METHOD

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

DISCOUNTED CASH FLOW (DCF)

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

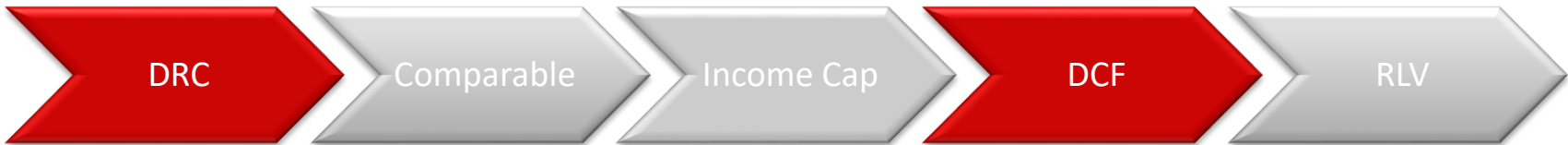


RESIDUAL LAND VALUE (RLV)

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

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

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



We would like to bring to your attention the following:

No	If Yes	Remarks
	Client Date	
	Al Rajhi Capital Dec 31, 2018	-----
	-----	-----
	-----	-----

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

PROPERTY INFO

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



WHITE CUBES
VALUATION & ADVISORY SERVICES



2.1 PROPERTY DESCRIPTION

The subject property is a commercial project located in Al Marwah district, Jeddah city and occupied by Panda Hypermarket. The Property has a total land area of 38,641.00 Sqm, a total BUA of 15,247.72 Sqm, open on 4 sides with a direct view on Prince Mitab Road where all the infrastructure facilities such as water, electricity, telecommunication are sewage are available in the surrounding and connected to the subject property.

Land	
Land Use	Commercial
Number of Streets	4
General Land Shape	Regular
Direct View on the Main Road	Prince Mitab Road
Direct View on an internal Street	Abi Habib Al Ansari Street
Land Status	Constructed
Infrastructural Facilities	
Water	Available and Connected to the subject property
Electricity	Available and Connected to the subject property
Sewage	Available and Connected to the subject property
Telecommunication	Available and Connected to the subject property
Building	
Building Condition	Fully Constructed
External Elevation	Good
Finishing	Good
Overall Building Condition	Good
Building Components	Good



2.2 TITLE DEED & OWNERSHIP

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

City	Jeddah
District	Al Marwah
T.D Type	Electronic
T.D Number	420205025490
T.D Date	13/03/1437 H. D
T.D Value	N/A
Date of Last Transaction	13/03/1437 H. D
Issue from	Jeddah Notary
Land Area	38,641.00
Plot No.	1
Block No.	N/A
Layout No.	ج/س/432
Boundaries	
North	Abi Habib Al Ansari Street (26.5m Length)
South	Unnamed Street (12m Length)
East	Prince Mitab Road (80m Length)
West	Unnamed Street (16m Length)
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

2.3 CONSTRUCTION & BUILDINGS

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

Subject Property			
Construction Permit Type			N/A
Property Type			N/A
Construction Permit No.			23508
Construction Permit Date			23/05/1429 H. D
Permit Expiry Date			N/A
Description	No. of Units	Area (sqm)	Use
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total BAU (sqm)		15,247.72	

Source of Information	
Source of BUA	Other Documents
Actual Age	Other Documents
Status of The Property	Fully Constructed

Jeddah City	Land Area 38,641.00 Sqm	BUA 15,247.72
--------------------	-----------------------------------	-------------------------



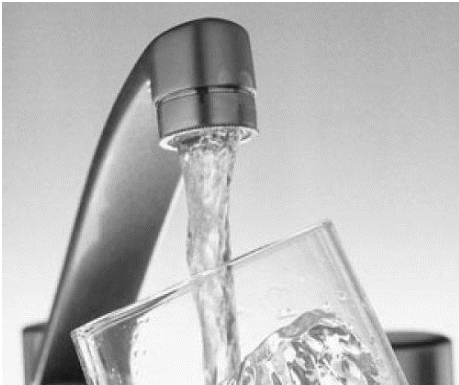
2.4 LAND SPECS

The subject property (Land Only) has the following criteria:

Current Land Status		Current Land Use		Current Land Grading		Current Surrounding Property	
Vacant	-----	Commercial	✓	Graded	✓	Commercial	✓
Constructed	✓	Industrial	-----	Semi-Graded	-----	Industrial	-----
Under Construction	-----	Residential	-----	Mountain	-----	Residential	✓
Excavated	-----	Agricultural	-----	Valley	-----	Agricultural	-----
Raw Land	-----	Mix Use	-----	Slope	-----	Mix Use	-----

2.5 INFRASTRUCTURE FACILITIES

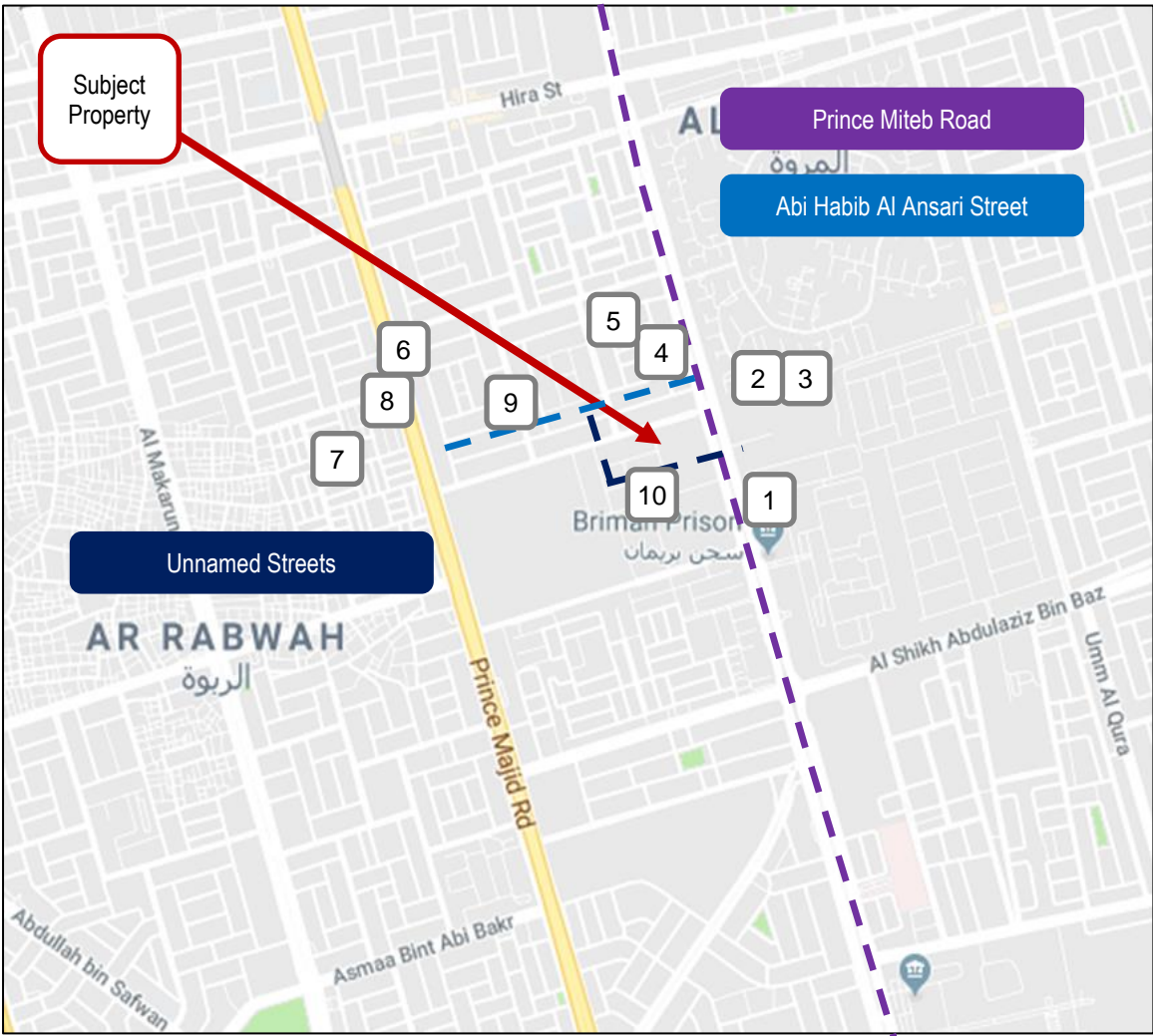
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	





2.6 LOCATION

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



ACCESS TO SUBJECT PROPERTY

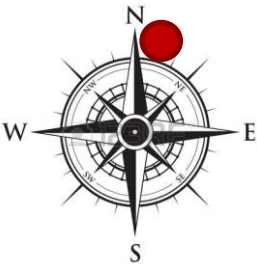
The subject property can be accessed through the following roads:

North Side:	Abi Habib Al Ansari Street
South Side:	Unnamed street
East Side:	Prince Miteb Street
West Side:	Unnamed street

LAND MARKS

- 1- Briman Prison (0.55 Kilometres)
- 2- Nozha Police Station (0.2 Kilometres)
- 3- Civil Defence Berman Center (0.3 Kilometres)
- 4- McDonalds (0.15 Kilometres)
- 5- Saida Almehmadi Mosque (0.35 Kilometres)
- 6- Al Salam Medical Center (1.05 Kilometres)
- 7- Isra Mosque (1.3 Kilometres)
- 8- Khair Mosque (1.1 Kilometres)
- 9- Al Fazz Supermarket (0.55 Kilometres)
- 10- Saptco (0.3 Kilometres)

Location of the subject property according to the City Center





2.7 PHOTO RECORD

Date of Photos: June 26, 2019





2.8 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
Forecasts & Expectations	Income & Revenues	Others

2.9 GENERAL ASSUMPTIONS

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






2.10 SWOT ANALYSIS

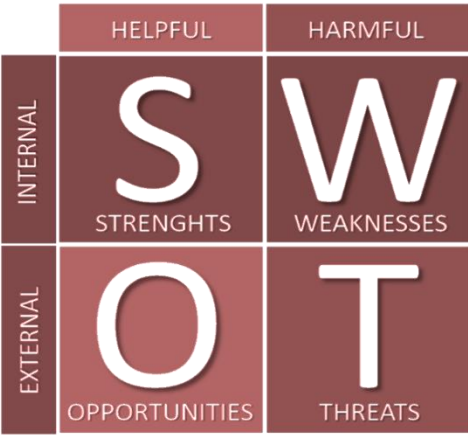
<p>Strength</p> <ul style="list-style-type: none">- Open on 4 sides.- Premium location- The property has a direct view on Prince Mitab Road (main road).	<p>Weakness</p> <ul style="list-style-type: none">- None.
<p>Opportunities</p> <ul style="list-style-type: none">- Located in high-density residential district.	<p>Threats</p> <ul style="list-style-type: none">- Potential similar projects in the same area.

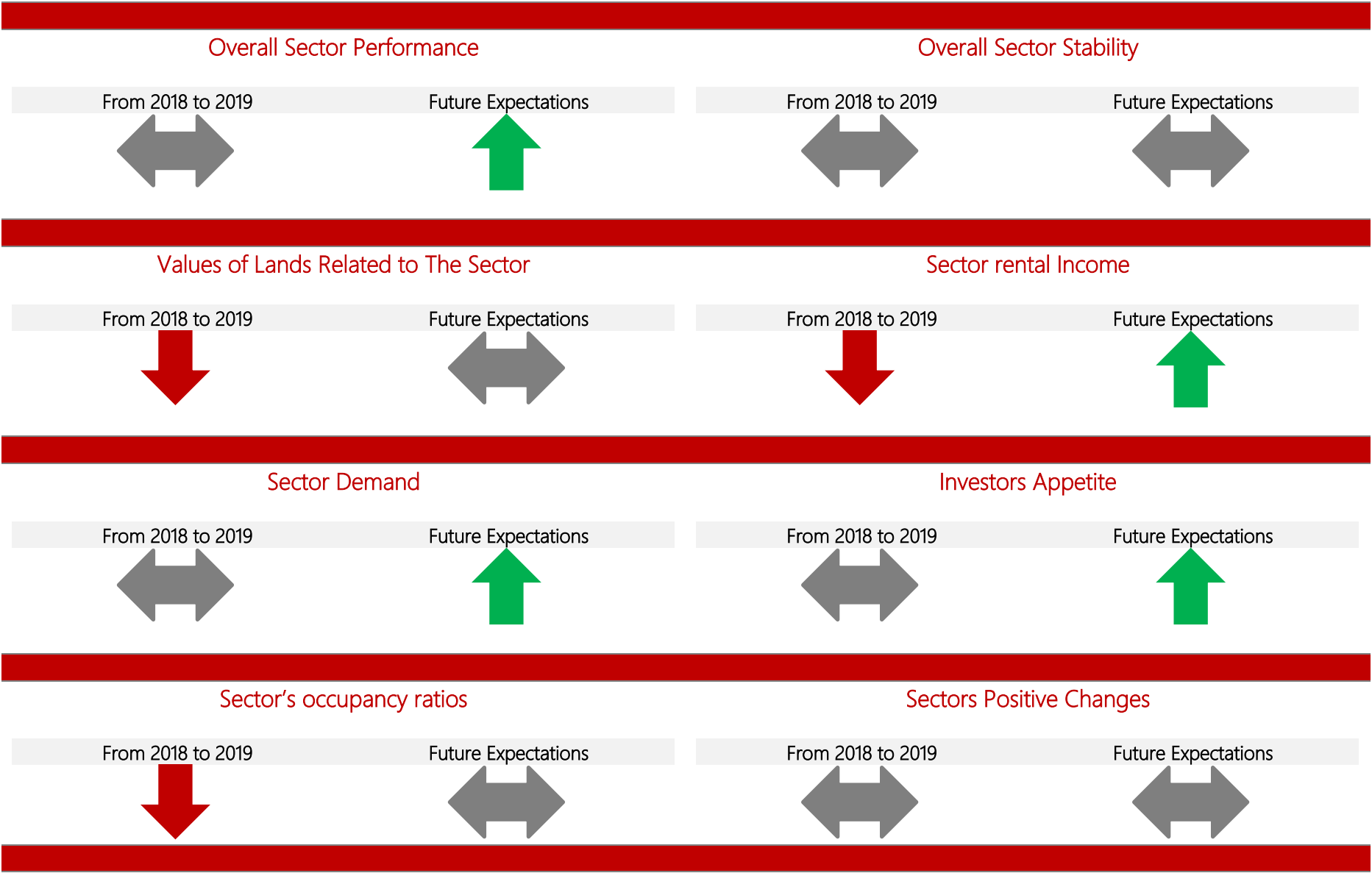
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

2.11 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

2.12 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	1	10	0	0	0
Risk Category 11 Risk Points – Minimal Risk					

Sector Analysis

Risk Category- 11 Risk Points – Minimal Risk

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

Land Analysis

Risk Category- 10 Risk Points - Minimal Risk

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

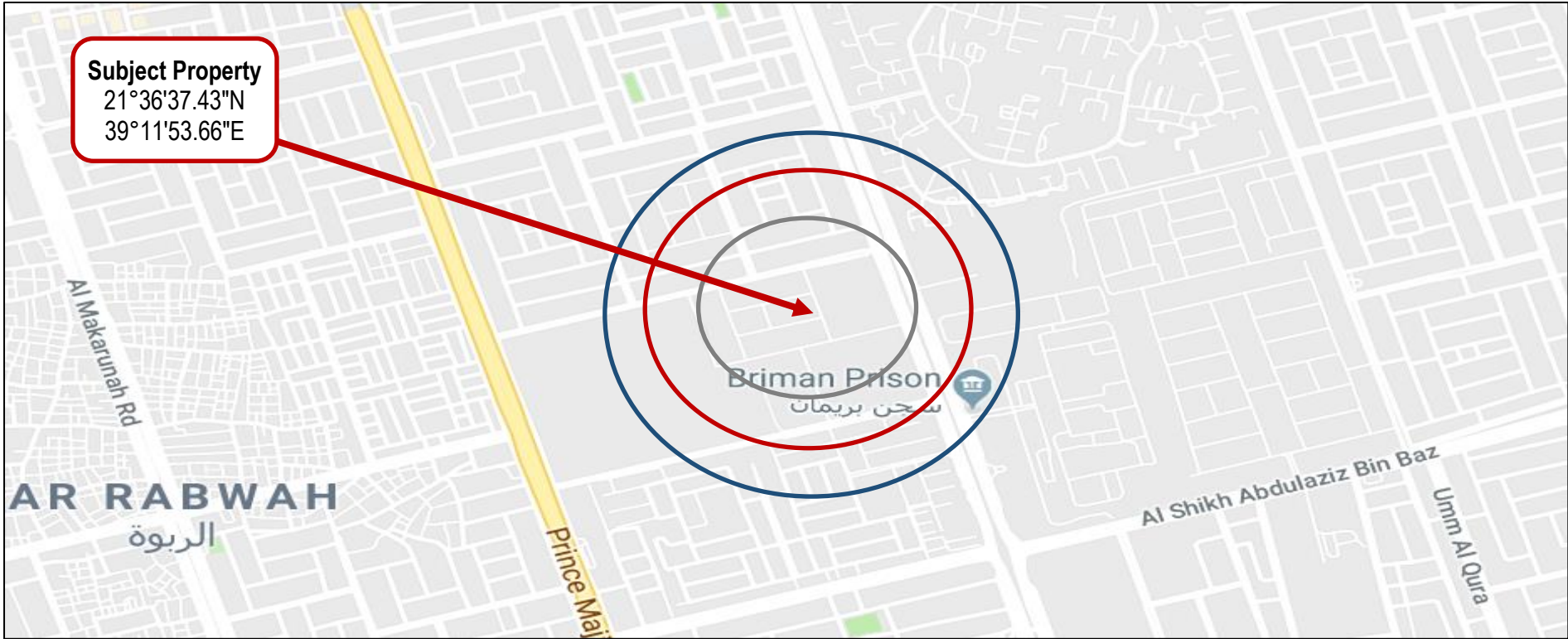
Property Analysis

Risk Category- 6 Risk Points - Minimal Risk



2.13 INPUT EVALUATION 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.



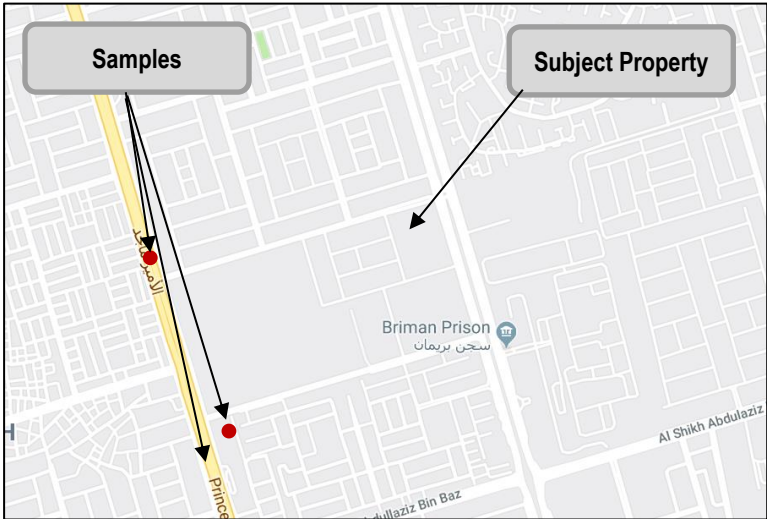
- This research boundary refers to the areas surrounding the subject property directly
- This research boundary refers to the areas adjacent to the subject property
- This research boundary refers to a wider area of research in the absence of information surrounding the subject property

2.1 LAND VALUE - COMPARABLE ANALYSIS

According to the market survey done by our team, the average prices for the small properties falls in the range between SAR 4,000 to 6,500 SAR per Square Meter with land areas between (850 - 5,000) Sqm

PROPERTY NO.	LAND AREA	SAR/SQM	TOTAL VALUE
1	5,010	SAR 4,000	SAR 20,040,000
2	838	SAR 6,563	SAR 5,500,000
3	4,635	SAR 6,500	SAR 30,127,500
4	2,850	SAR 6,500	SAR 18,525,000

According to the site inspection we were not able to find samples with the same land areas, all the above sample are too much smaller than the subject property. So, we have assumed 4,750 SAR/SQM as a range for the square meter price based on our agents ang our knowledge and the surrounding area’s conditions.



2.2 RENTAL RATES

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

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

Based on the results of these 2 methods the difference in value is very much logical as pert the market usual transaction.

2.3 MARKET RENTAL COMPRABLES

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 (700-1000) SAR/Sqm. Yet, we have to note that the subject property has the following criteria’s:

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

Based on the above explanation, we estimated the rental value of the subject property to be lower by (40-50) % when compared to the markets which is in the property almost 739 SAR/SQM. In addition, this shows that the subject property is also considered as a special property.

2.4 COST APPROACH (DRC)

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

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

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

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

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

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

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

HARD COSTS ESTIMATES					
Ground Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	15,247.72	SAR 700	SAR 10,673,404	100%	SAR 10,673,404
Electro Mechanic	15,247.72	SAR 150	SAR 2,287,158	100%	SAR 2,287,158
Finishing	15,247.72	SAR 400	SAR 6,099,088	100%	SAR 6,099,088
Fit outs & Appliances	15,247.72	SAR 0	SAR 0	100%	SAR 0
Furniture	15,247.72	SAR 0	SAR 0	100%	SAR 0
Total			SAR 19,059,650	100.00%	SAR 19,059,650
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	38,641.00	SAR 50	SAR 1,932,050	100%	SAR 1,932,050
External Landscape	23,393.28	SAR 50	SAR 1,169,664	100%	SAR 1,169,664
Fences	0.00	SAR 0	SAR 0	100%	SAR 0
Site Improvements	23,393.28	SAR 100	SAR 2,339,328	100%	SAR 2,339,328
Total			SAR 5,441,042	100.00%	SAR 5,441,042
	Actual Completion %			Total BUA	15,247.72
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 24,500,692
General Site Dev.	100.00%			Average SAR / Sqm	SAR 1,607
				Overall Completion	100.00%
SOFT COSTS ESTIMATES					
		Total Hard Cost		Ratio	Soft Cost
Design		SAR 24,500,692		1.00%	SAR 245,006.92
Eng Consultant		SAR 24,500,692		1.00%	SAR 245,006.92
Management		SAR 24,500,692		2.00%	SAR 490,013.84
Contingency		SAR 24,500,692		2.00%	SAR 490,013.84
Others		SAR 24,500,692		2.00%	SAR 490,013.84
TOTAL					SAR 1,960,055.36
DEVELOPMENT VALUE					
Hard Cost	SAR 24,500,692		Economic Age		40
Soft Cost	SAR 1,960,055		Annual Dep Rate		2.50%
Total Dev Cost	SAR 26,460,747				
			Actual Age		9
Net Dep Rate	22.50%		Total Dep Rate		22.50%
Dev Cost After Depreciation	SAR 20,507,079		Add Appr Rate		0.00%
			Net Dep Rate		22.50%
Total Completion Rate	100.00%				
Developer Profit Rate @ 20%	20.0%				
Dev. Profit Amount	SAR 4,101,416				
Development Value	SAR 24,608,495				
Total Dev. Value	Land Value	Total Property Value		Rounded Value	
SAR 24,608,495	SAR 183,544,750	SAR 208,153,245		SAR 208,150,000	

2.5 DISCOUNTED CASH FLOW – LEASING CONTRACT

Cash Flow		0	1	2	3	4	5	6	7	8
Increase Revision		0%	0%	0%	0%	2%	0%	0%	0%	0%
Expected Revenues										
Total	SAR	11,262,883	11,262,883	11,262,883	11,262,883	12,716,158	12,716,158	12,716,158	12,716,158	12,716,158
Overall Revenues		11,262,883	11,262,883	11,262,883	11,262,883	12,716,158	12,716,158	12,716,158	12,716,158	12,716,158
Vacancy Rates										
One Tenant	0.0%	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0
Expenses										
OPEX	0.0%	0	0	0	0	0	0	0	0	0
Others	0%	0	0	0	0	0	0	0	0	0
Overall Expenses		0	0	0	0	0	0	0	0	0
NOI		11,262,883	11,262,883	11,262,883	11,262,883	12,716,158	12,716,158	12,716,158	12,716,158	12,716,158
Terminal Value @ ----->	7.0%									181,659,400
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54
Present Value		11,262,883	10,428,595	9,656,107	8,940,840	9,346,756	8,654,403	8,013,337	7,419,756	105,015,066
Market Rate / Net Present Value		178,737,743								

2.6 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 208,150,000	Two Hundred Eight Million One Hundred Fifty Thousand Saudi Riyals
DCF	Property	SAR 178,737,743	One Hundred Seventy-Eight Million Seven Hundred Thirty-Seven Thousand Seven Hundred Forty-Three Saudi Riyals

2.7 SUBJECT PROPERTY VALUE

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

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

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

Property Value: 208,150,000 SAR
Two Hundred Eight Million One Hundred Fifty Thousand Saudi Riyals.

2.8 REPORT USE

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

2.9 DISCLAIMER

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

2.10 CONCLUSION

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



Dr. Mohammad Taha – CEO
Valuation Check



Member of (Taqeem)
License No. 1220000263

Essam Hussaini
Site Inspection Check



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



WHITE CUBES
VALUATION & ADVISORY SERVICES

TAHA CORP.
REAL ESTATE CONSULTING SERVICES



VALUATION REPORT

**PANDA RAWDAH
AL RAJHI REIT FUND**

JUNE 2019

REAL ESTATE VALUATION





REF: WCRE-19-233-2
Date: 30/06/2019
M/S Al Rajhi REIT Fund
Attn Mr. Abdulaziz H. Al-Turki

Land Line: +966 (11) 211 9318
Email: alturkiah@alrajhi-capital.com

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

Dear Sir,

With reference to your request and approval dated on June 23, 2019 for valuation service of the commercial project (Panda Rawdah) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE



Dr. Mohammad Taha – CEO WHITE CUBES GLOBAL

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

License No. 1220000263
License No. MIE00394
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Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

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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



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INTRODUCTION

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



WHITE CUBES
VALUATION & ADVISORY SERVICES

1.1 INSTRUCTION

We have received instruction from AL RAJHI REIT FUND dated on June 23, 2019 to proceed with the valuation service for Panda Rawdah in Jeddah city.

Valuation Type	Real Estate
Instructions From	Al Rajhi REIT Fund
Property Type	Commercial
Property Name	Panda Rawdah
Location	KSA, Jeddah

1.2 CLIENT

The client to whom this report is prepared is AL RAJHI REIT FUND, a company working under the Saudi law and regulations.

Client Name	Al Rajhi REIT Fund
Domain	Financial Firm
Location	KSA, Riyadh
Contact Person	Abdulaziz Al-Turki
Contact No.	+966 (11) 211 9318

1.3 INTEREST TO BE VALUED

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

1.4 STATUS OF CONSULTANT / VALUER

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

1.5 INDEPENDENT CONSULTANT

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

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

1.6 STRUCTURAL STABILITY (IF ANY)

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

1.7 OPINION OF VALUE

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

1.8 VALUATION STANDARDS

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





1.9 PURPOSE OF VALUATION

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

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

Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of **The Depreciated Replacement Cost (DRC) & The Discounted cash Flow (DCF) Method.**

1.10 CLIENT APPROVAL DATE	1.11 INSPECTION DATE	1.12 VALUATION DATE	1.13 REPORT DATE
The client approval date reflects the green light given to use by the client to start the inspection procedures of the property / properties subject to the valuation process.	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.	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	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.
June 23, 2019.	June 26, 2019.	June 30, 2019.	June 30, 2019.



1.14 INSPECTION ROLE

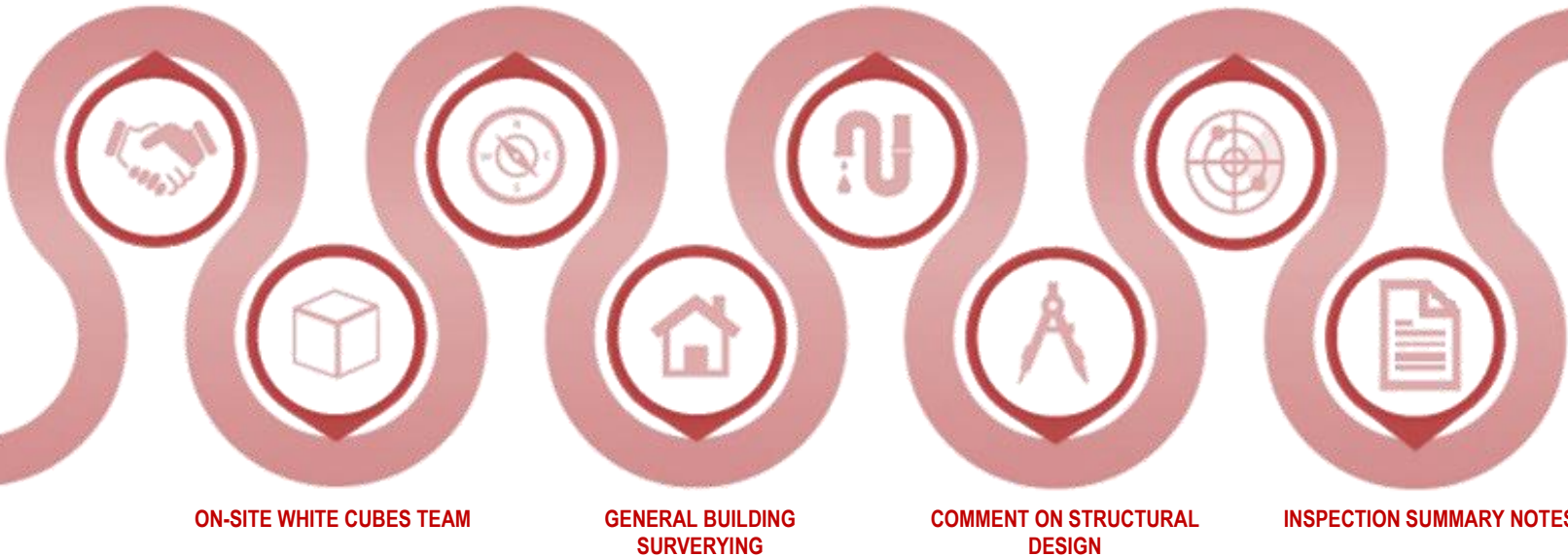
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

RECEIVED PROPERTY INFO

LOCATION ANALYSIS

UTILITIES & SERVICES CHECK-UP

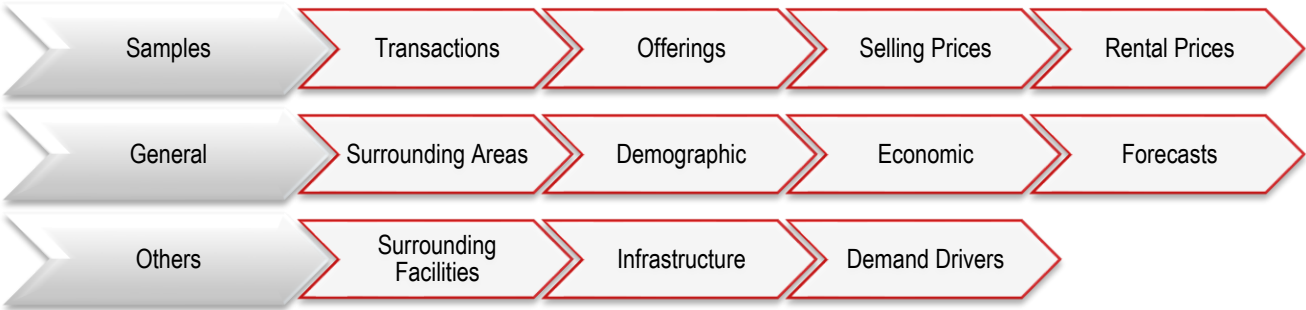
DUE DILIGENCE OUTPUT





1.15 MARKET SURVEY

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



1.16 REPORT CURRENCY

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



1.17 INSURANCE

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

1.18 LEGAL NOTICES

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

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

1.19 INFORMATION SOURCE

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

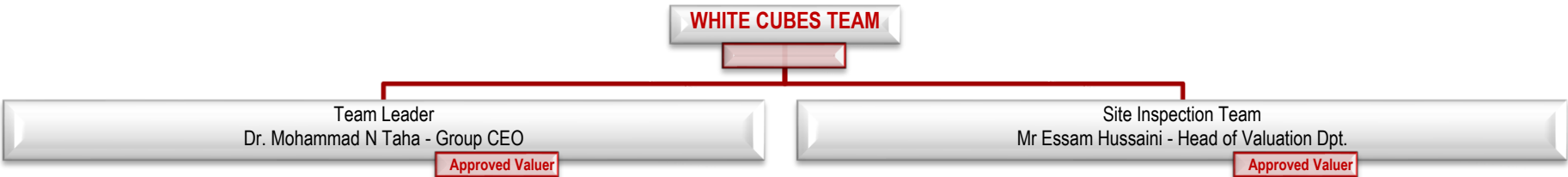
- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





1.20 KNOWLEDGE & SKILLS

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



1.21 OUR ACCREDITED VALUERS IN TAQEEEM

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

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

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

1.22 VALUATION COMPLIANCE

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

1.23 VALUATION STANDARDS

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

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

1.24 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**

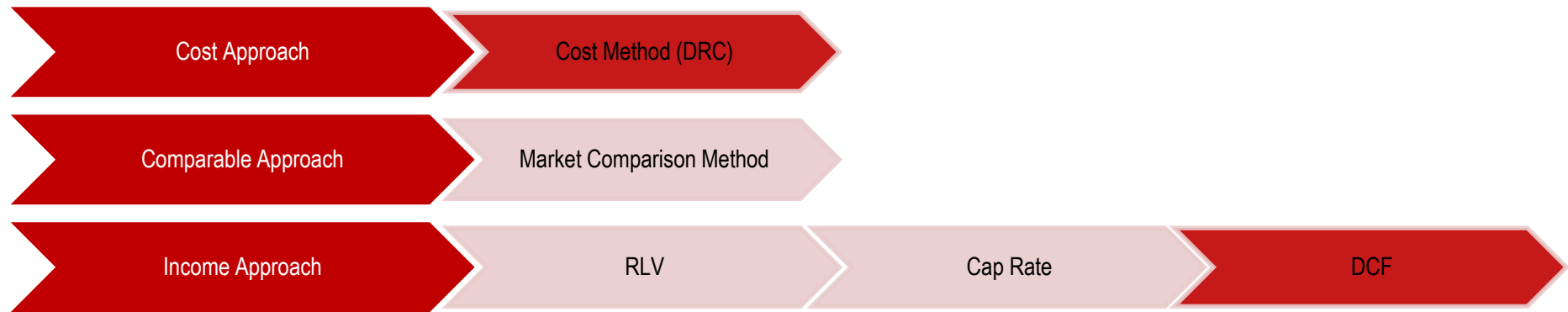
‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties 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.





1.25 VALUATION APPROACH

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



DEPRECIATED REPLACEMENT COST (DRC)

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

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

COMPARABLE METHOD

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

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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

DISCOUNTED CASH FLOW (DCF)

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

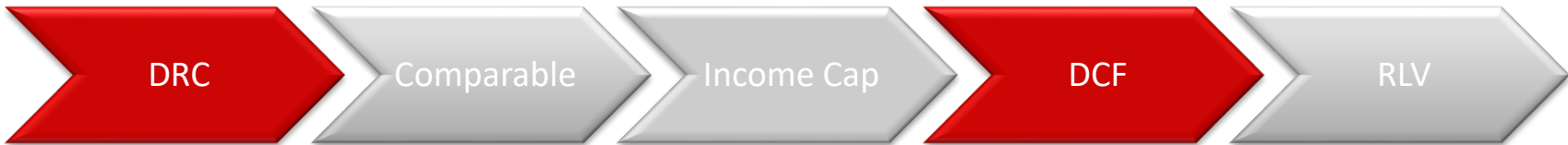


RESIDUAL LAND VALUE (RLV)

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

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

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





1.26 DISCLOSING CONFLICT OF INTEREST

We would like to bring to your attention the following:

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

If Yes		Remarks
Client	Date	
Al Rajhi Capital	December 31, 2018	-----
-----	-----	-----
-----	-----	-----

1.27 CONFIDENTIALITY

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

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



1.28 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property.

We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists.

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

PROPERTY INFO

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



WHITE CUBES
VALUATION & ADVISORY SERVICES

2.1 PROPERTY DESCRIPTION

The subject property is a commercial project located in Al Rawdah district, Jeddah city and occupied by 1 tenant (Hyper Panda). Panda Marwah has a total land area of 9,929.79 Sqm, and a total BUA of 3,250.47 Sqm. open on 4 sides with a direct view on Qasim Zinah Road where all the infrastructure facilities such as water, electricity, telecommunication are sewage are available in the surrounding and connected to the subject property.

Land	
Land Use	Commercial
Number of Streets	4
General Land Shape	Regular
Direct View on the Main Road	No
Direct View on an internal Street	Qasim Zinah Street
Land Status	Constructed
Infrastructural Facilities	
Water	Available and Connected to the subject property
Electricity	Available and Connected to the subject property
Sewage	Available and Connected to the subject property
Telecommunication	Available and Connected to the subject property
Building	
Building Condition	Fully Constructed
External Elevation	Good
Finishing	Good
Overall Building Condition	Good
Building Components	Good





2.2 TITLE DEED & OWNERSHIP

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

City	Jeddah
District	Al Rawdah
T.D Type	Electronic
T.D Number	220205025489
T.D Date	13/03/1437 H. D
T.D Value	N/A
Date of Last Transaction	13/03/1437 H. D
Issue from	Jeddah Notary
Land Area	9,929.79
Plot No.	23/24
Block No.	N/A
Layout No.	N/A
Boundaries	
North	Muhammad Ali Maghrabi Street (12m Length)
South	Qasim Zinah Street (25m Length)
East	Ahmad As Sulayman At Turki Street (12m Length)
West	Ibrahim Amin Fudah Street (12m Length)
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

2.3 CONSTRUCTION & BUILDINGS

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

Subject Property				
Construction Permit Type		N/A		
Property Type		N/A		
Construction Permit No.		N/A		
Construction Permit Date		N/A		
Permit Expiry Date		N/A		
Description		No. of Units	Area (sqm)	Use
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
-		-	-	-
Total BAU (sqm)			3,250.47	
Source of Information				
Source of BUA		Other Documents		
Actual Age		Other Documents		
Status of The Property		Fully Constructed		
Jeddah City		Land Area		BUA
		9,929.79 Sqm		3,250.47



2.4 LAND SPECS

The subject property (Land Only) has the following criteria:

Current Land Status		Current Land Use		Current Land Grading		Current Surrounding Property	
Vacant	-----	Commercial	✓	Graded	✓	Commercial	✓
Constructed	✓	Industrial	-----	Semi-Graded	-----	Industrial	-----
Under Construction	-----	Residential	-----	Mountain	-----	Residential	✓
Excavated	-----	Agricultural	-----	Valley	-----	Agricultural	-----
Raw Land	-----	Mix Use	-----	Slope	-----	Mix Use	-----

2.5 INFRASTRUCTURE FACILITIES

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

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





2.7 PHOTO RECORD

Date of Photos: June 26, 2019





2.8 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
Forecasts & Expectations	Income & Revenues	Others

2.9 GENERAL ASSUMPTIONS

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






2.10 SWOT ANALYSIS

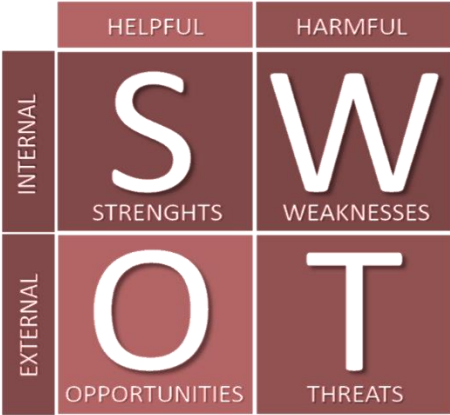
<p>Strength</p> <ul style="list-style-type: none">- Open on 4 sides.- The project has a regular land shape.- Surrounded by several landmarks.- Parking is available.- Located near an active road (Al Madinah Al Munawarah Road).	<p>Weakness</p> <ul style="list-style-type: none">- None.
<p>Opportunities</p> <ul style="list-style-type: none">- Located in high-density residential district.	<p>Threats</p> <ul style="list-style-type: none">- Potential similar projects in the same area.

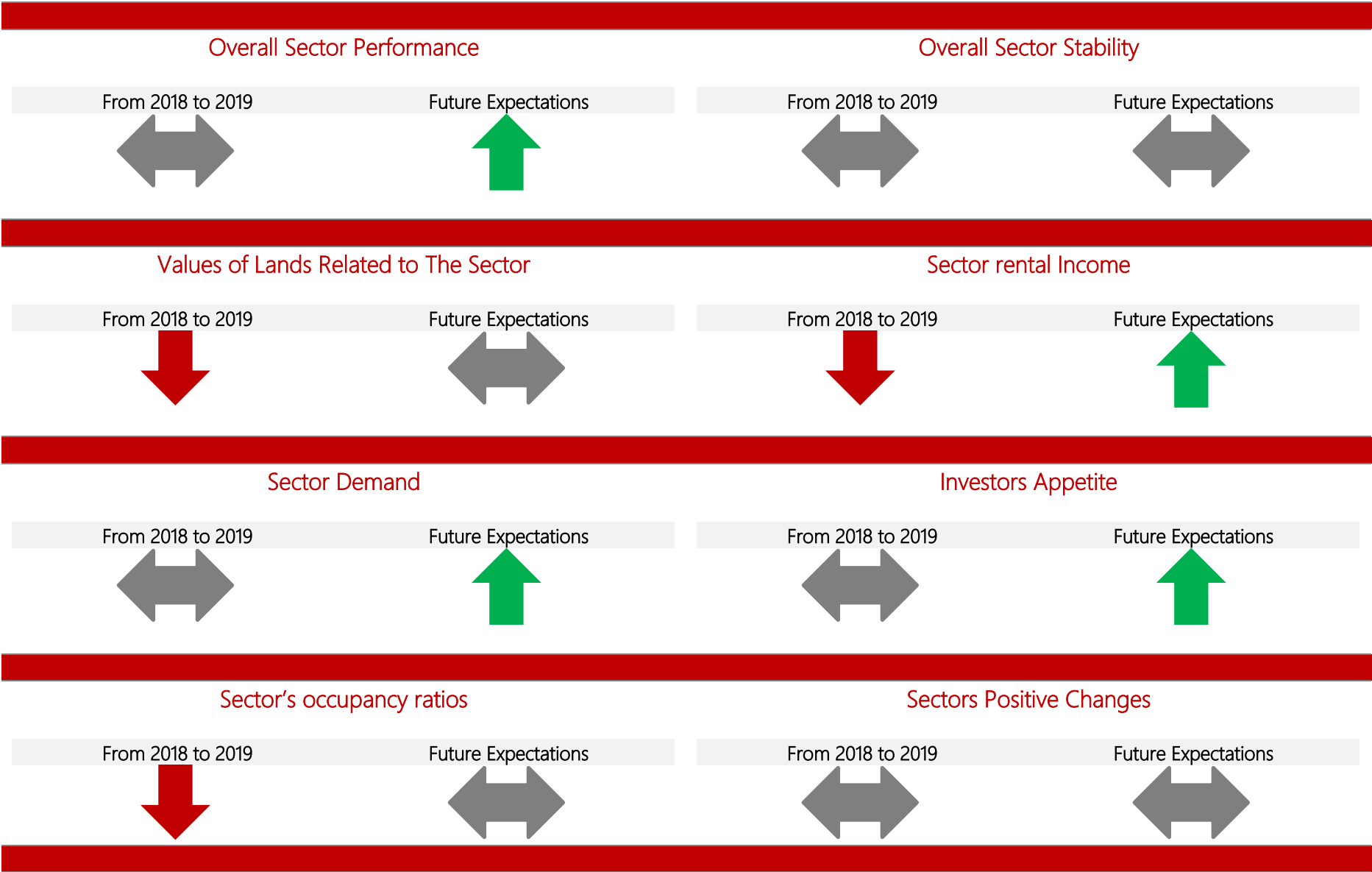
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

2.11 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

2.12 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	1	10	0	0	0
Risk Category 11 Risk Points – Minimal Risk					

Sector Analysis

Risk Category- 11 Risk Points – Minimal Risk

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

Land Analysis

Risk Category- 10 Risk Points - Minimal Risk

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

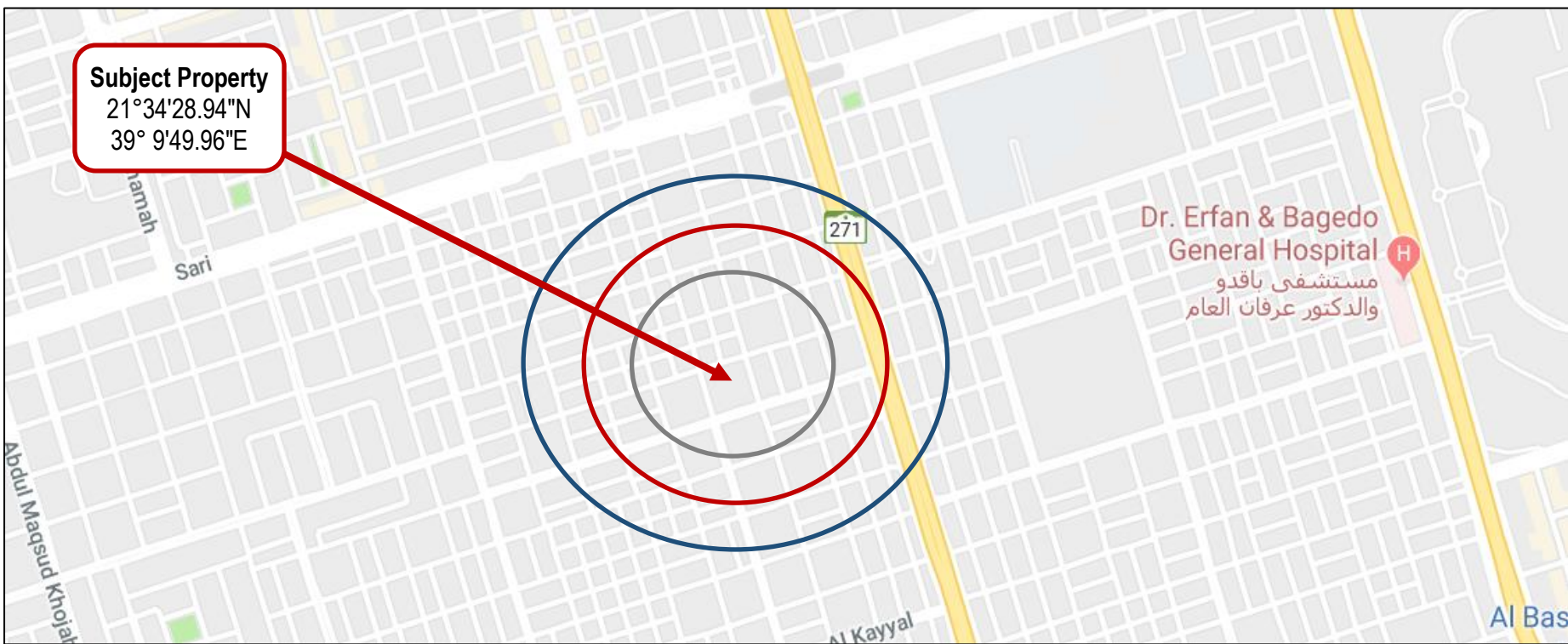
Property Analysis

Risk Category- 6 Risk Points - Minimal Risk



2.13 INPUT EVALUATION 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.



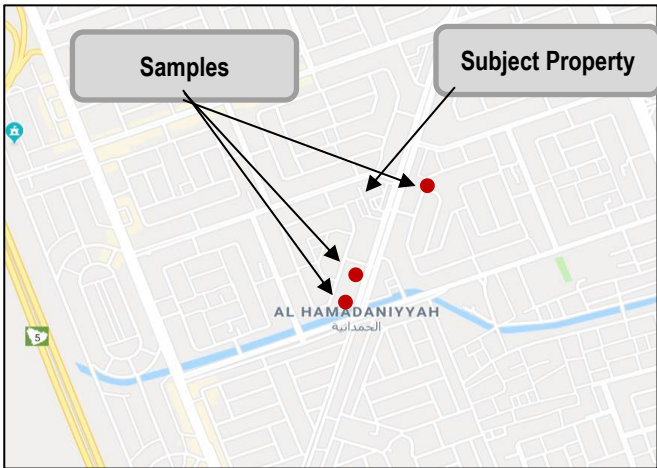
- This research boundary refers to the areas surrounding the subject property directly
- This research boundary refers to the areas adjacent to the subject property
- This research boundary refers to a wider area of research in the absence of information surrounding the subject property

2.1 LAND VALUE - COMPARABLE ANALYSIS

According to the market survey done by our team, the average prices for the small properties falls in the range between SAR 2,000 to 5,500 SAR per Square Meter with land areas between (600 – 5,000) Sqm

PROPERTY NO.	LAND AREA	SAR/SQM	TOTAL VALUE
1	3,000	SAR 5,300	SAR 15,900,000
2	1,000	SAR 3,000	SAR 3,000
3	600	SAR 2,083	SAR 1,250,000
	5,000	SAR 5,000	SAR 25,000,000

The average price as per the market is 6,000 SAR/Sqm.



2.2 RENTAL RATES

The subject property has a master lease tenant (Panda Rawdah) which the property has been customized and constructed for dedicated purpose and use to fulfil the need of the main tenant.
In this case, the subject property is considered to be a special property which can be only valued by applying the cost approach and/or Income approach using the leasing contract.
Based on the results of these 2 methods the difference in value is very much logical as pert the market usual transaction.

2.3 MARKET RENTAL COMPRABLES

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 (750-950) SAR/Sqm. Yet, we have to note that the subject property has the following criteria's:

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

Based on the above explanation, we estimated the rental value of the subject property to be lower by (40-50) % when compared to the markets which is in the property almost 855 SAR/SQM. In addition, this shows that the subject property is also considered as a special property.

2.1 COST APPROACH (DRC)

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

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

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

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

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

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

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

HARD COSTS ESTIMATES					
Ground Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	3,250.47	SAR 700	SAR 2,275,329	100%	SAR 2,275,329
Electro Mechanic	3,250.47	SAR 150	SAR 487,571	100%	SAR 487,571
Finishing	3,250.47	SAR 600	SAR 1,950,282	100%	SAR 1,950,282
Fit outs & Appliances	3,250.47	SAR 0	SAR 0	100%	SAR 0
Furniture	3,250.47	SAR 0	SAR 0	100%	SAR 0
Total			SAR 4,713,182	100.00%	SAR 4,713,182
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	9,929.79	SAR 50	SAR 496,490	100%	SAR 496,490
External Landscape	6,679.32	SAR 50	SAR 333,966	100%	SAR 333,966
Fences	0.00	SAR 0	SAR 0	100%	SAR 0
Site Improvements	6,679.32	SAR 100	SAR 667,932	100%	SAR 667,932
Total			SAR 1,498,388	100.00%	SAR 1,498,388
	Actual Completion %			Total BUA	3,250.47
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 6,211,569
General Site Dev.	100.00%			Average SAR / Sqm	SAR 1,911
				Overall Completion	100.00%
SOFT COSTS ESTIMATES					
	Total Hard Cost		Ratio	Soft Cost	
Design	SAR 6,211,569		1.00%	SAR 62,115.69	
Eng Consultant	SAR 6,211,569		1.00%	SAR 62,115.69	
Management	SAR 6,211,569		2.00%	SAR 124,231.38	
Contingency	SAR 6,211,569		2.00%	SAR 124,231.38	
Others	SAR 6,211,569		2.00%	SAR 124,231.38	
TOTAL				SAR 496,925.52	
DEVELOPMENT VALUE					
Hard Cost	SAR 6,211,569		Economic Age	40	
Soft Cost	SAR 496,926		Annual Dep Rate	2.50%	
Total Dev Cost	SAR 6,708,495				
			Actual Age	3	
Net Dep Rate	7.50%		Total Dep Rate	7.50%	
Dev Cost After Depreciation	SAR 6,205,357		Add Appr Rate	0.00%	
			Net Dep Rate	7.50%	
Total Completion Rate	100.00%				
Developer Profit Rate @ 20%	20.0%				
Dev. Profit Amount	SAR 1,241,071				
Development Value	SAR 7,446,429				
Total Dev. Value	Land Value	Total Property Value		Rounded Value	
SAR 7,446,429	SAR 59,578,740	SAR 67,025,169		SAR 67,025,000	

2.2 DISCOUNTED CASH FLOW – LEASING CONTRACT

Cash Flow		0	1	2	3	4	5	6	7	8	9	10
		0%	0%	0%	0%	0%	13%	0%	0%	0%	0%	0%
Expected Revenues												
Total	SAR	2,775,734	2,775,734	2,775,734	2,775,734	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893
Overall Revenues		2,775,734	2,775,734	2,775,734	2,775,734	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893
Vacancy Rates												
One tenant	0.0%	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0
Expenses												
OPEX	0.0%	0	0	0	0	0	0	0	0	0	0	0
Others	0%	0	0	0	0	0	0	0	0	0	0	0
Overall Expenses		0	0	0	0	0	0	0	0	0	0	0
NOI		2,775,734	2,775,734	2,775,734	2,775,734	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893
Terminal Value @ ----->		7.0%										44,769,900
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54	0.50	0.46
Present Value		2,775,734	2,570,124	2,379,745	2,203,467	2,040,247	2,132,875	1,974,884	1,828,596	1,693,145	1,567,727	22,188,725
Market Rate / Net Present Value												43,355,269

2.3 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 67,025,000	Sixty-Seven Million and Twenty-Five Thousand Saudi Riyals
DCF	Property	SAR 43,355,269	Forty-Three Million Three Hundred Fifty-Five Thousand Two Hundred Sixty-Nine Saudi Riyals

2.4 SUBJECT PROPERTY VALUE

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

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

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

Property Value: 67,025,000 SAR
Sixty-Seven Million Twenty-Five Thousand Saudi Riyals

2.5 REPORT USE

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

2.6 DISCLAIMER

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

2.7 CONCLUSION

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





Dr. Mohammad Taha – CEO
Valuation Check

Member of (Taqeem)
License No. 1220000263

Essam Hussaini
Site Inspection Check

Member of (Taqeem)
License No. 1210000474

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

