WHITE CUBES
REAL ESTATE

PROJECT NAME

Home Works Retail Center

PREPARED FOR

ALKHABEER CAPITAL

NOVEMBER 2018

REAL ESTATE VALUATION

REF: **WCRE-18-141.2**
Date: **01/11/2018**
M/S **Al Khabeer Capital** **Land Line: +966 12 612 9378**

Subject: Valuation Report for Home Works Retail Center in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on October 25, 2018 for valuation service of the Commercial project (Home Works) 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

Member of the Saudi Authority of Accredited Valuers (Taqeem)	License No. 1220000263
Member of the International Association of certified valuer	License No. MIE00394
Member of the Arab Academy for Valuation	License No. 20100112
Senior Sworn Valuer in the Lebanese Ministry of Justice	
Member of the American Institute for Valuation	

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)	License No. 1210000474

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

TAHA CORP
REAL ESTATE CONSULTING SERVICES

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INTRODUCTION

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

WHITE CUBES
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1.1 INSTRUCTION

We have received instruction from Al Khabeer Capital dated on October 25, 2018 to proceed with the valuation service for Home Works Commercial Project in Riyadh city.

Valuation Type	Real Estate
Instructions From	Al Khabeer Capital
Property Type	Commercial
Property Name	Home Works
Location	KSA, Riyadh

1.2 CLIENT

The client to whom this report is prepared is Al Khabeer Capital a Financial & Investment company working under the Saudi law and regulations.

Client Name	Mr. Yahya Ghamrawi
Domain	Asset Management Company
Location	KSA, Jeddah
Contact Person	Yahya Ghamrawi
Contact No.	+966126129378

1.3 INTREST 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.

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1.6 DISCLOSING CONFLICT OF INTREST

We would like to bring to your attention the following:

	No	*If Yes* Client	Date	*Remarks*
The subject property was previously valued by White Cubes		Khabeer Capital	Jul 2018	-------------------------------------
White Cubes was previously involved in selling activities related to the property	✓	-------------------	---------	-------------------------------------
White Cubes was previously involved in advisory services related to the property	✓	-------------------	---------	-------------------------------------

1.7 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.

1.8 ENVIRONMENTAL MATTERS

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

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

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

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

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1.9 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 visualy observed and noted deficiencies within the structure, we will note them in our report and to be reflect in the estimation of value.

1.10 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.

1.11 VALUATION STANDARDS

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

IVSC INTERNATIONAL VALUATION STANDARDS COUNCIL

RICS

IACVA INTERNATIONAL ASSOCIATION of Consultants, Valuators and Analysts

تقييم TAQEEM الهيئة السعودية للمقيّمين المعتمدين Saudi Authority for Accredited Valuers

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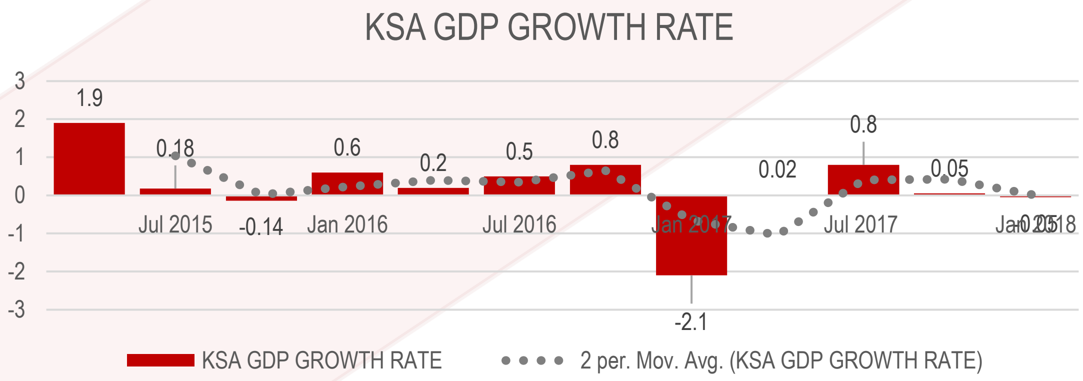
KSA – ECONOMIC & REAL ESTATE OVERVIEW

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

WHITE CUBES REAL ESTATE

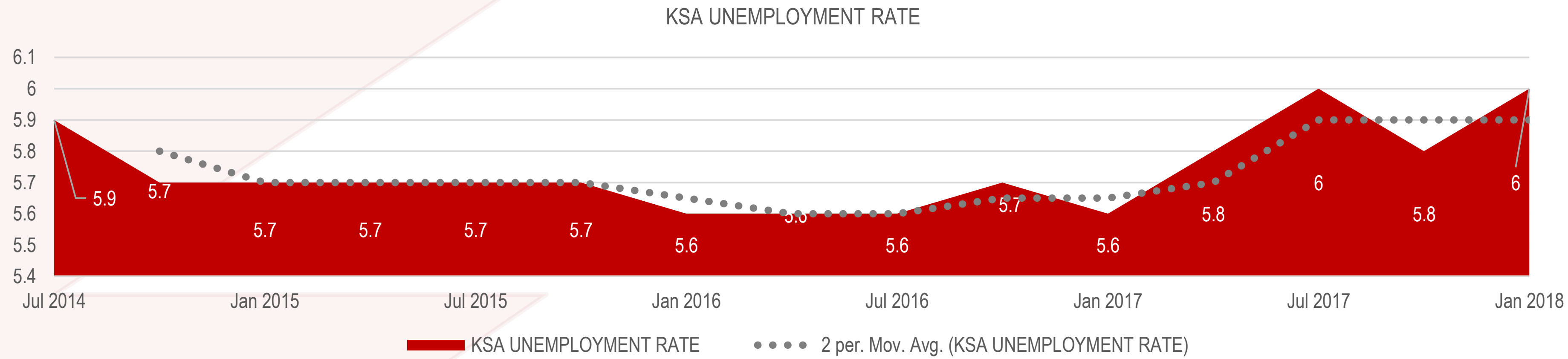
2.1 GROSS DOMESTIC PRODUCTS (GDP)

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



2.2 UNEMPLOYMENT RATES

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



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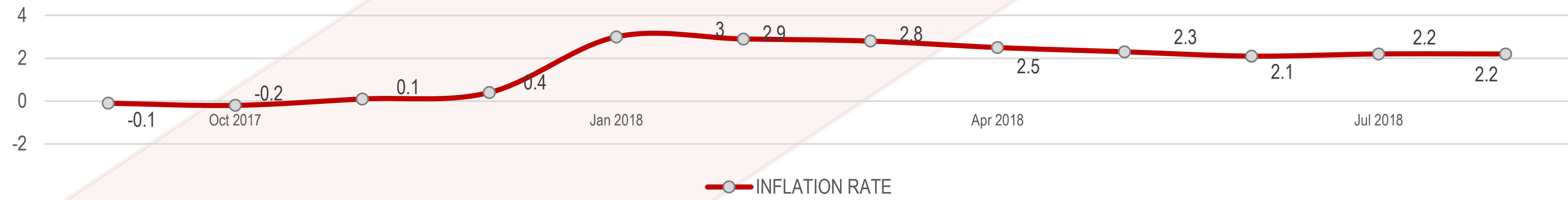
2.3 INFLATION RATES

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

Source: Trading Economics



2.4 INTEREST RATES

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

Source: Trading Economics

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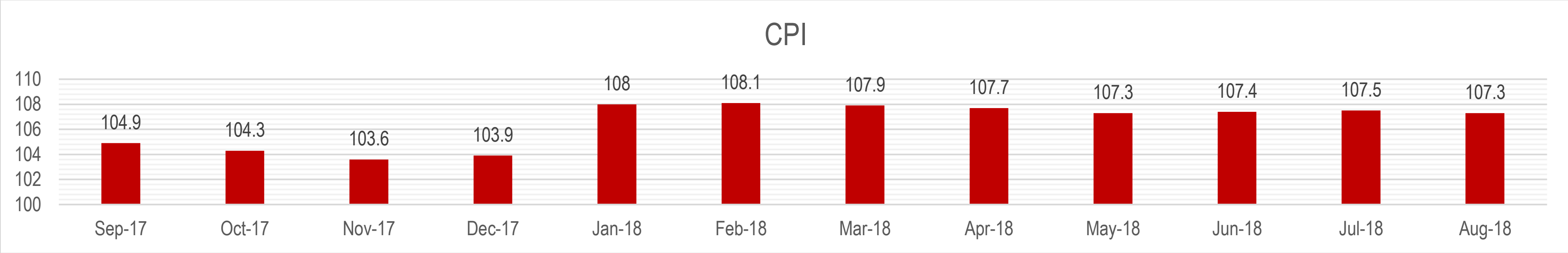
2.5 CONSUMER PRICE INDEX (CPI)

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

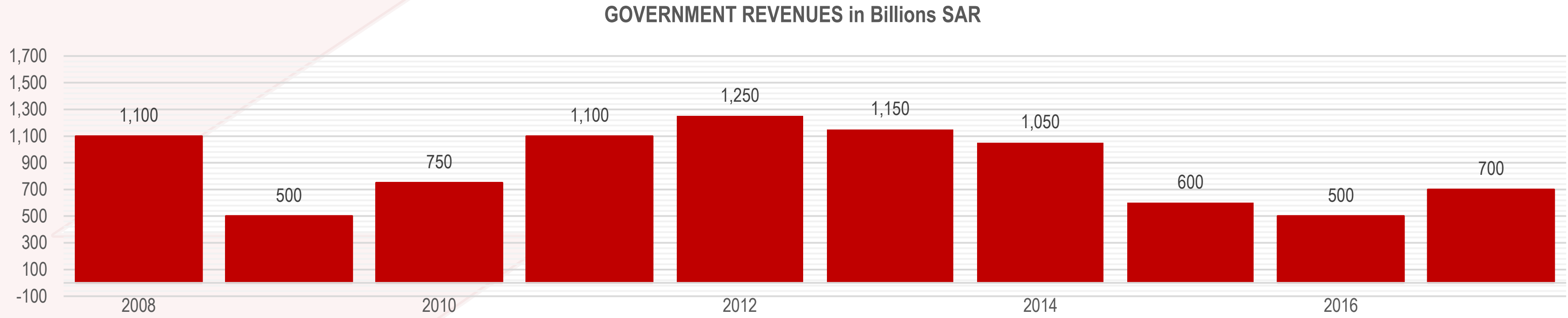
Source: Trading Economics



2.6 GOVERNMENT REVENUES

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

Source: Trading Economics



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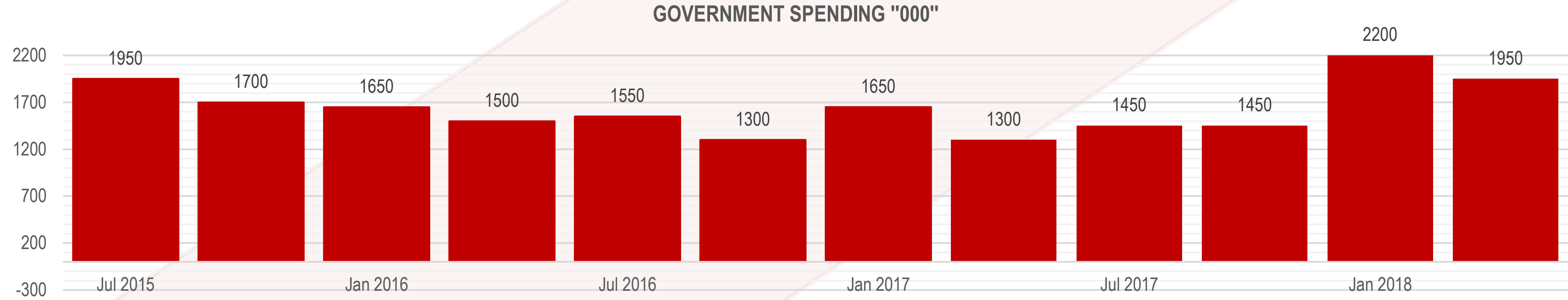
2.7 GOVERNMENT SPENDING

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

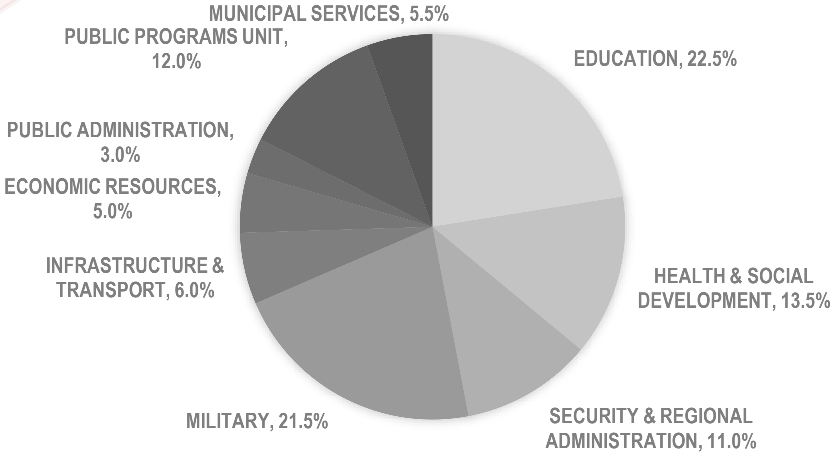
Source: Trading Economics



2.8 BUDGET ALLOCATION FOR 2017

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

Source: Ministry of Economy



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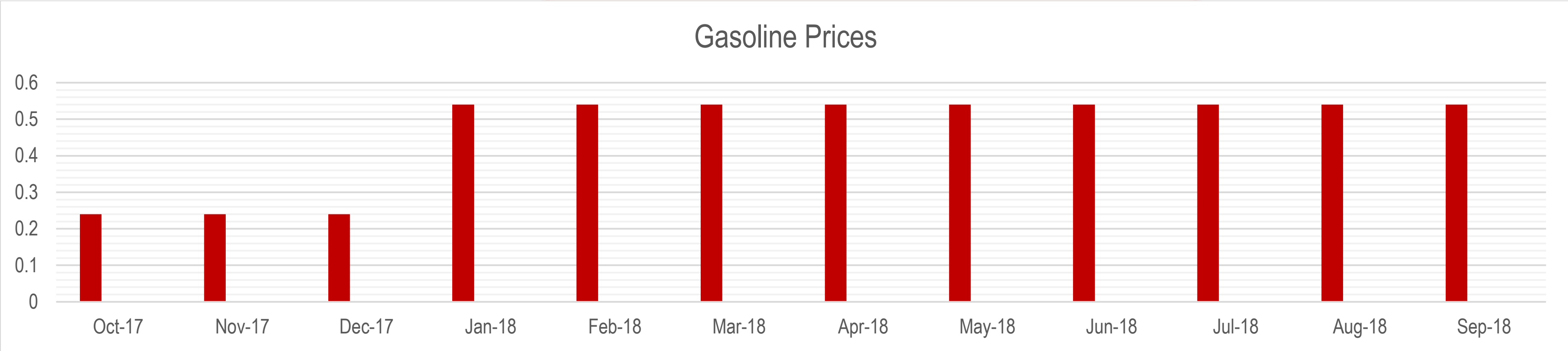
2.9 GASOLINE PRICES

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

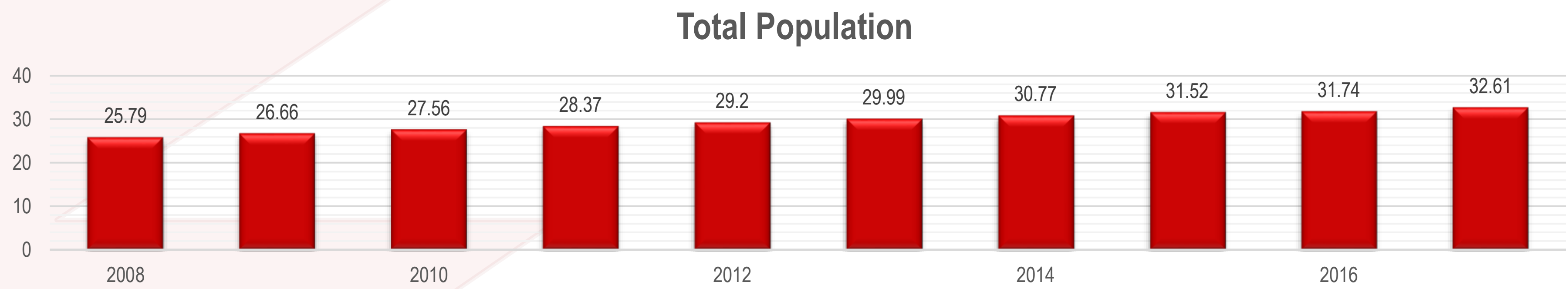
Source: Trading Economics



2.10 POPULATION STATISTICS

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

Source: Trading Economics



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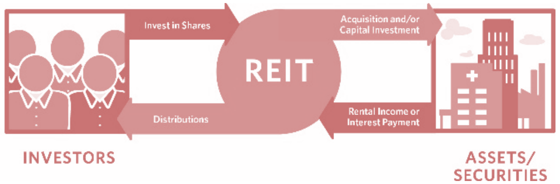
2.11 KSA ECONOMIC VISION 2030 – 8 KEY POINTS

SAUDI ARAMCO

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

PUBLIC INVESTMENT FUND

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



RESTRUCTURING

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

MILITARY SECTOR

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

PILGRIMS

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

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GREEN CARD" SYSTEM

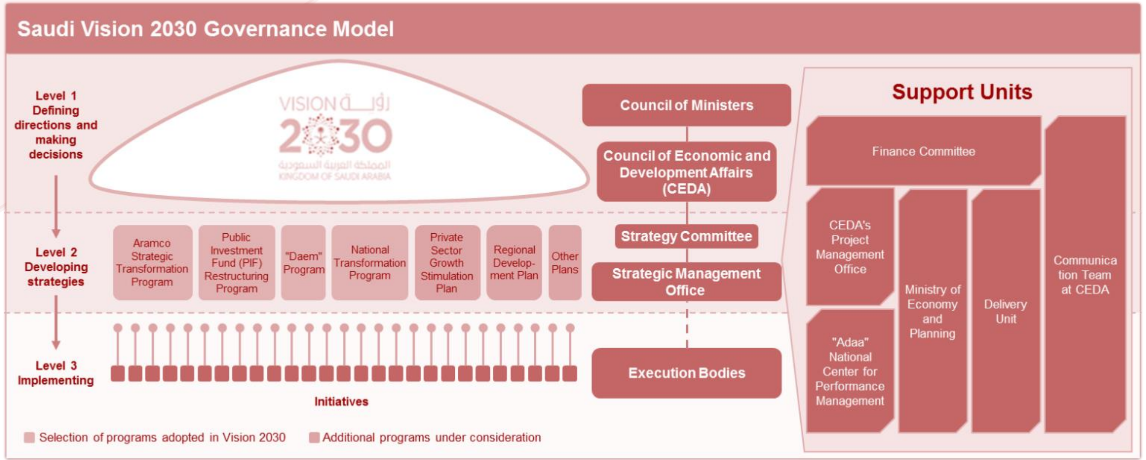
Saudi Arabia will introduce a "green card" system within five years to give resident expatriates more rights to live and work in the kingdom over the long term. Details were not given.

MINING AND RENEWABLE ENERGY

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

GOALS

The plan includes more than a dozen other numerical goals, though it does not give details of how they will be achieved. The deadline to achieve most of the goals appears to be 2030. For example, the government's non-oil revenues are to reach 600 billion riyals by 2020 and 1 trillion riyals by 2030, from 163.5 billion riyals in 2015. Unemployment among Saudi nationals is to fall to 7 % from 11.6 %. Financial institutions will be encouraged to allocate up to 20 % of their overall funding to small and medium-sized enterprises by 2030.
Foreign direct investment will be raised to 5.7 % of GDP from 3.8 %. Household savings are to rise to 10 % of total household income from 6 %.



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

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3.1 REAL ESTATE MARKET INSIGHTS

GOVERNEMENT SUPPORT

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

MINISTRY OF HOUSING

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

FOREIGNER OWNERSHIP

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

REIT FUNDS

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

RESIDENTIAL SECTOR

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

OFFICES & RETAIL

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

HOSPITALITY

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

INDUSTRIAL SECTOR

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

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3.2 REAL ESTATE MARKET YIELDS-2018

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

RESIDENTIAL UNITS

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

OFFICES

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

RETAIL

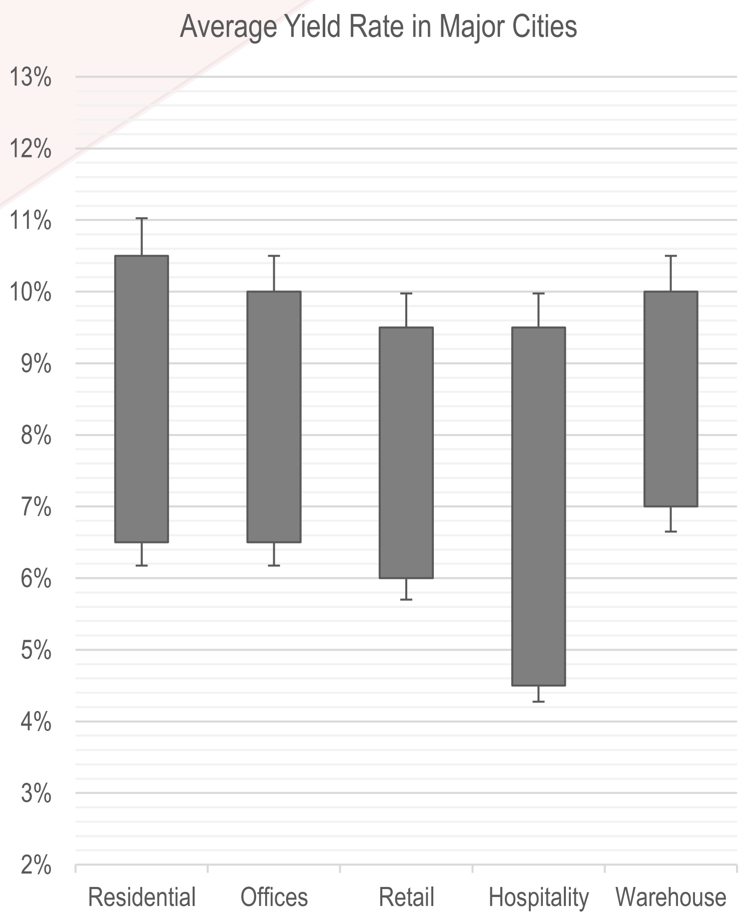
City	Riyadh	Jeddah	Dammam	Khobar	Makkah
Min – Avr	7.5%	7.5%	8%	8%	6%
Max - Avr	9.5%	9%	9.5%	9.5%	8%

HOSPITALITY

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

WAREHOUSES

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



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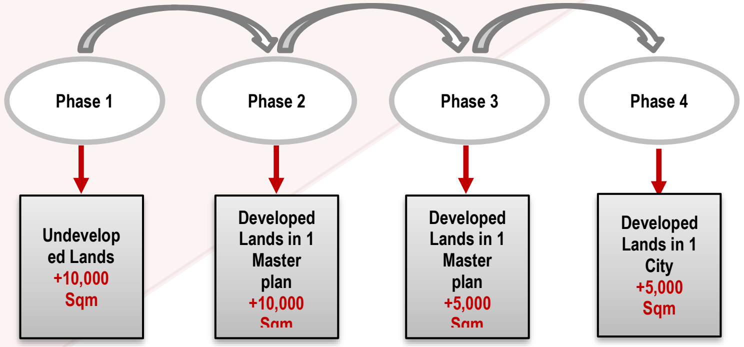
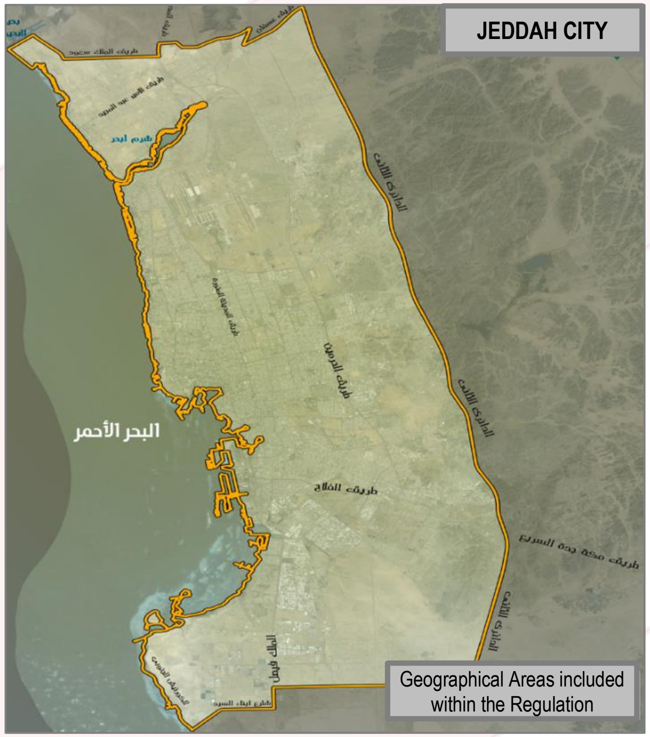
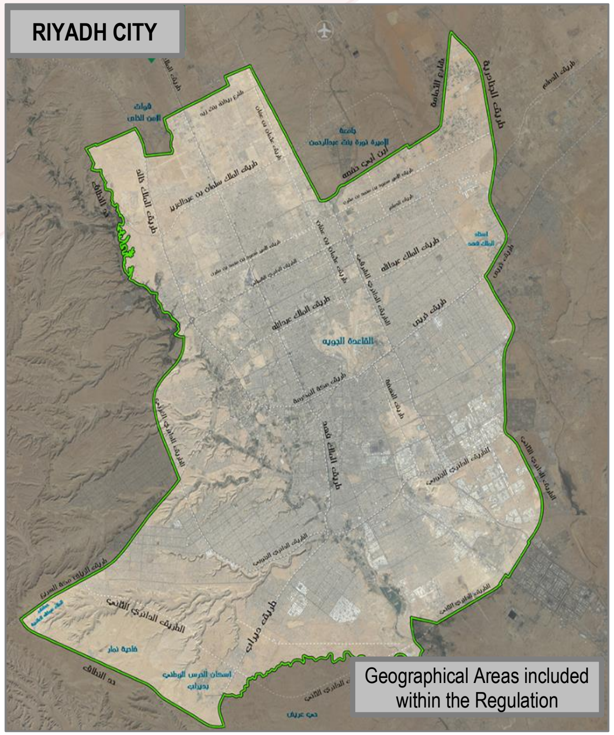
3.3 TAXATION OF UNDEVELOPED LANDS

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



PHASES OF LAND TAXATION





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3.4 REIT DEFINITION

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

3.5 REIT SPECIFICATIONS

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

REIT

Conditional Income

Ease of Investment

High Transparency

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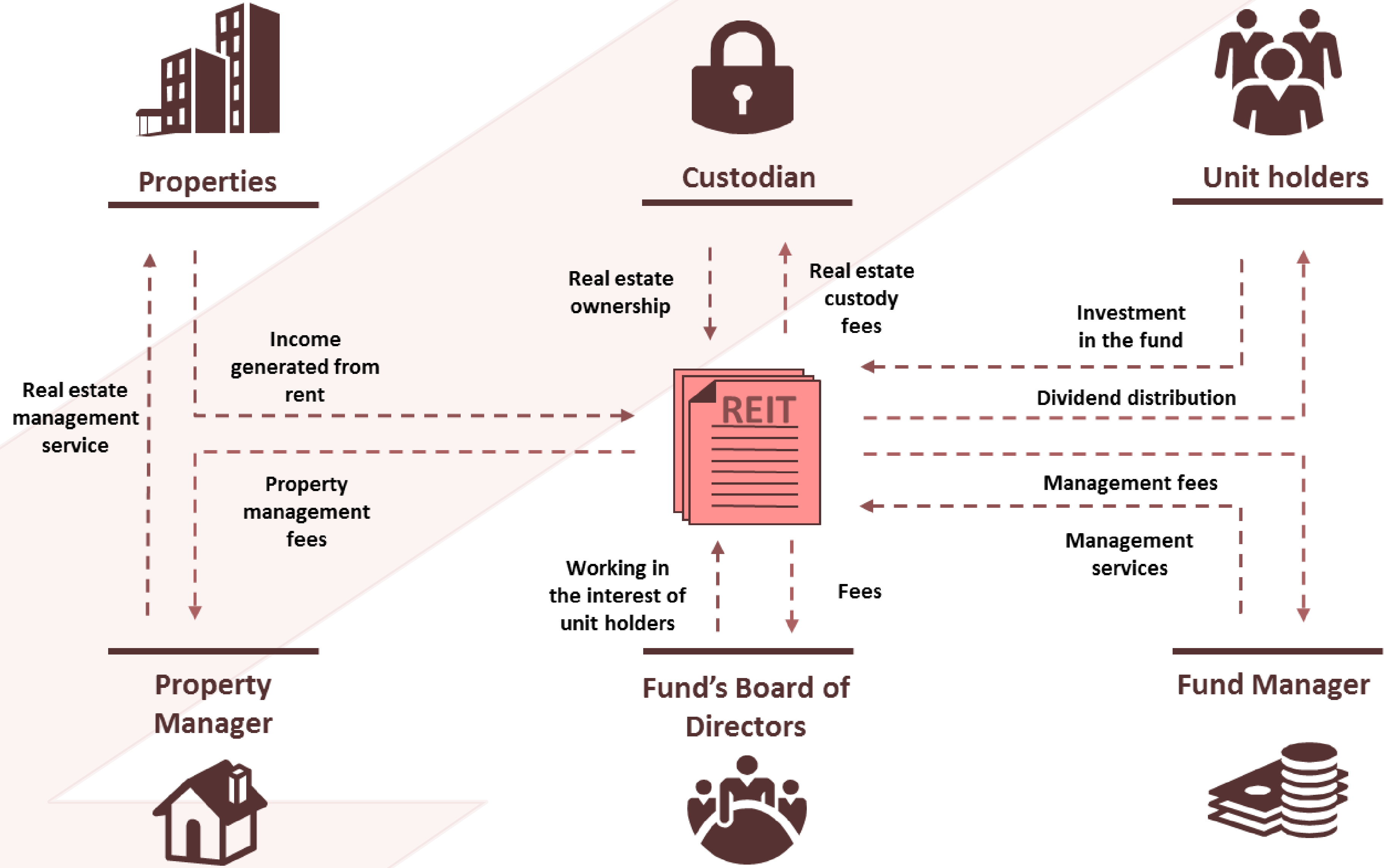
3.6 REIT STAKEHOLDERS



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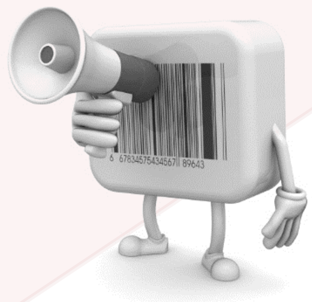
3.7 NEW TAX REGULATIONS

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

Selective commodity tax

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



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

VAT in 2018

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

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

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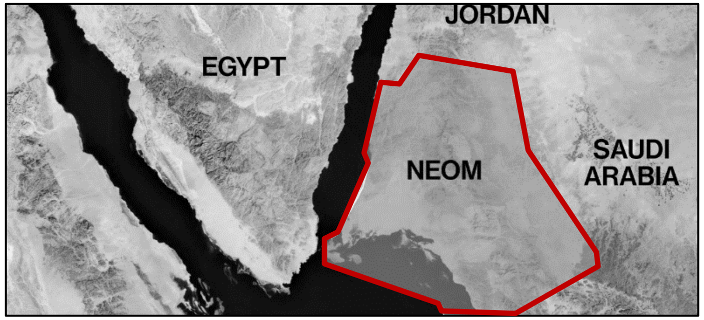
Expat Tax

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

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

3.8 THE NEW CITY OF NEOM - KSA

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



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NEOM DESTINATION OF THE FUTURE

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

NEOM نيوم

ABOUT NEOM

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

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

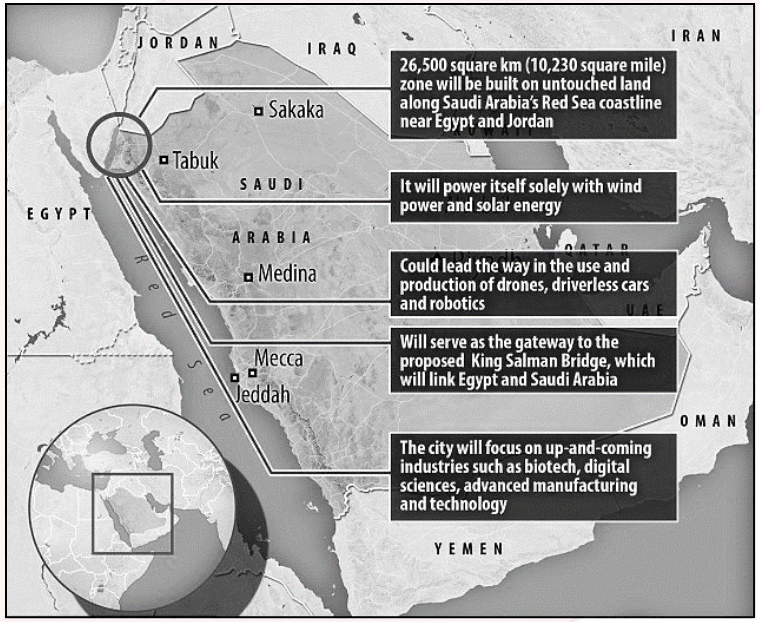
Investments and financing will play a vital role in NEOM, set to be spearheaded by the Kingdom's economy and supported by the Public Investment Fund (PIF) – a major global fund with access to a worldwide network of investors and major companies -- set to be brought onboard to drive the success of NEOM.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

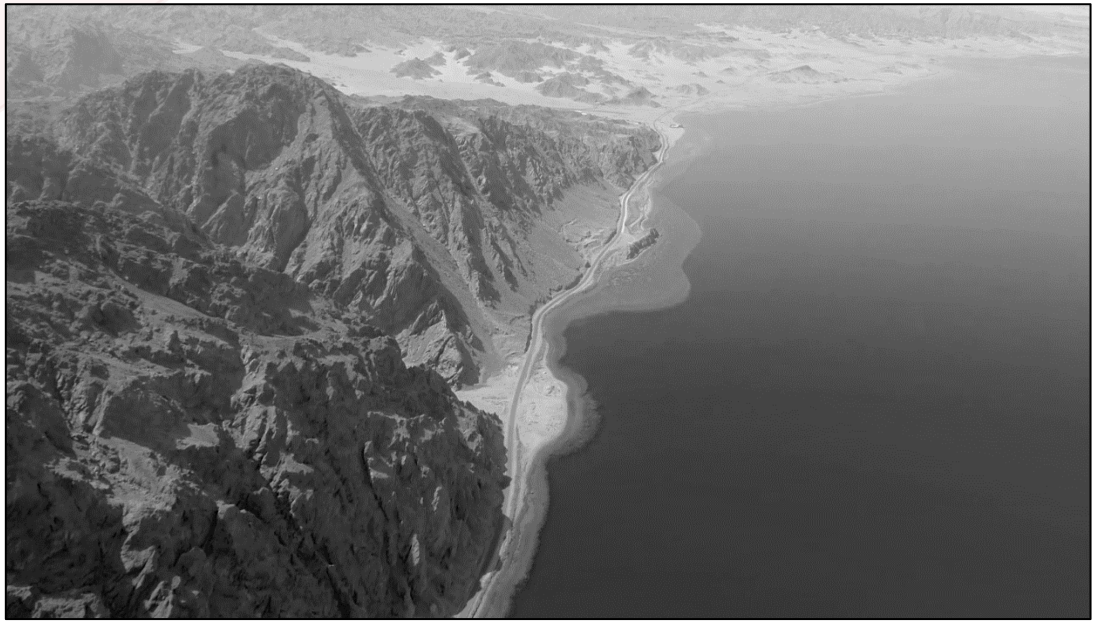
CLICK HERE TO CHECK TABLE OF CONTENT

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

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

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





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PROPERTY INFO

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

WHITE CUBES
REAL ESTATE

4.1 PROPERTY DESCRIPTION

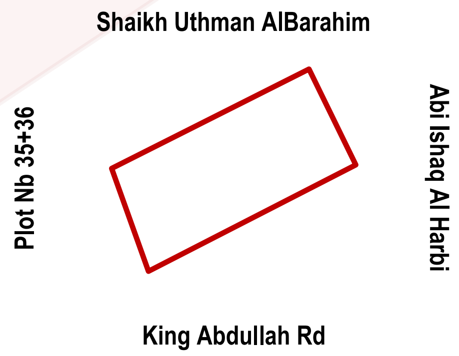
The subject property is a Commercial - Retail Project (Home Works) located in Riyadh city. The Property has a total land area of 7,000 Sqm, and a total BUA of 9,181 Sqm and was constructed 17 years ago. The purpose of valuation that include the subject property is for REIT Purposes.

4.2 TITLE DEED & OWNERSHIP

We were provided with Copies of the title deeds of the subject property which is owned by 3 title deeds. The details of the subject property:

City	Riyadh	Riyadh	Riyadh
District	King Fahed	King Fahed	King Fahed
Title deed Type	Electronic	Electronic	Electronic
T.D No.	910120038806	310116033981	410111039557
T.D Date	18/7/1437	18/7/1437	18/7/1437
Title Deed Value	N/A	N/A	N/A
Date of Latest Transaction	N/A	N/A	N/A
Issued by	Riyadh Notary	Riyadh Notary	Riyadh Notary
Property Type	Commercial	Commercial	Commercial
Land Area (Sqm)	2,625	1,750	2,625
Plot No.	37 to 40	33 , 34	39 to 42
Block No.	4	N/A	4
Layout No.	1324	1324	1324
Owners	Abed El Kader Chaiba Al Hamad Ben Youssef Chaiba Al Hamad		
Ownership	Freehold	Freehold	Freehold
Limitations of Document	None	None	None
Notes	The client has provided us with Several copies of the Title Deeds which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document. The total land area of the subject property is 7,000 Sqm		

4.3 BOUNDARIES



	North	South	East	West
Pathway	------------	------------	------------	------------
Street	✓	✓	✓	------------
Plot	------------	------------	------------	✓
Block	------------	------------	------------	------------
Private Property	------------	------------	------------	------------
Mountain	------------	------------	------------	------------
Valley	------------	------------	------------	------------
Sea	------------	------------	------------	------------
River	------------	------------	------------	------------
Direct View on	King Abdullah Branch Road			
Sides Open	2			

Length	12 m	80 m	20 m	---

CLICK HERE TO CHECK TABLE OF CONTENT

4.4 CONSTRUCTION & BUILDINGS

The subject property is a fully constructed Commercial composed of 2 floors. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

Subject Property	
Construction Permit Type	New Permit
Property Type	Commercial
Construction Permit No.	9/1/7/27
Construction Permit Date	20/02/1419 AH
Permit Expiry Date	20/02/1422 AH

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

The construction permit shows the maximum allowed BUA approved by the city municipality. Yet, the actual constructed BUA may vary. Therefore, if the client did not provide us with copy of the approved AS Build Drawings, then our valuation will be based on the provided construction permit.

In case the client did not provide us with any copy of legal documents that shows the total BUA, then we will estimate the BUA using our team skills combined by the city's municipality rules and regulations

Description	No. of Units	Area (sqm)	Use
Basement	----	3,906	Parking
Ground Floor	----	3,906	Showrooms
First Floor	----	1,369	Offices
----	----	----	----
----	----	----	----
----	----	----	----
----	----	----	----
----	----	----	----
----	----	----	----
----	----	----	----
Total BAU (sqm)		**9,181**	

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

CLICK HERE TO CHECK TABLE OF CONTENT

4.5 LAND SPECS

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

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

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

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

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

4.6 PROPERTY ZONING

The subject property is currently used as a Commercial project in Riyadh city. As per the city's municipalities rules and regulations, the subject property is zoned as per the following:

	Raw Land	Developed Land	Occupied Land	Outside Urban Areas
Residential	------	------	------	------
Commercial	------	------	Applicable	------
Retail	------	------	Applicable	------
Agricultural	------	------	------	------
Hospitality	------	------	Applicable	------
Not Classified	------	------	------	------

4.7 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,

CLICK HERE TO CHECK TABLE OF CONTENT

4.8 SURROUNDING LAND MARKS

Facilities	Proximity to the Subject Property			Details
	Available in the Surrounding	Not Available in the Surrounding	Others	
Hospital	✓	--------------------	--------------------	--------------------
Clinics	✓	--------------------	--------------------	--------------------
Medical Centers	✓	--------------------	--------------------	--------------------
Schools	✓	--------------------	--------------------	--------------------
Universities	✓	--------------------	--------------------	--------------------
Nurseries	✓	--------------------	--------------------	--------------------
Residential Compounds	✓	--------------------	--------------------	--------------------
Mosques	✓	--------------------	--------------------	--------------------
Public Parks	✓	--------------------	--------------------	--------------------
Amusement Parks	✓	--------------------	--------------------	--------------------
Police Department	✓	--------------------	--------------------	--------------------
Civil Defense Department	✓	--------------------	--------------------	--------------------
Shopping Malls	✓	--------------------	--------------------	--------------------
Strip Malls	✓	--------------------	--------------------	--------------------
Retail Centers	✓	--------------------	--------------------	--------------------
Banks	✓	--------------------	--------------------	--------------------
Atm Machines	✓	--------------------	--------------------	--------------------
Governmental Facilities	✓	--------------------	--------------------	--------------------
Metro Station	✓	--------------------	--------------------	--------------------
Industrial Facilities	--------------------	✓	--------------------	--------------------
Courts / Notary	✓	--------------------	--------------------	--------------------
Hotels	✓	--------------------	--------------------	--------------------
Sports Facilities	✓	--------------------	--------------------	--------------------

The landmarks marked as available within the surrounding area of the subject property do not exceed a radius of 10 Km, considering the subject property to be the center. Whereas the landmarks not available in the surrounding area are those who exceed the above radius. If mentioned in the above table that the subject property is located in a rural area, the above-mentioned landmarks could not be found in a relatively close area.

CLICK HERE TO CHECK TABLE OF CONTENT

4.9 BUILDING STATUS & CONDITION

The subject property has been constructed almost 17 years ago as Commercial project. As per the site inspection done by our team, the subject property is in good condition and very well maintained.

Skeleton Works	Completed	**Skeleton Type**	Concrete	**No of Floors**	2
External Finishing	Completed	**External Finishing types**	Blocks	**External Finishing Condition**	Good
Internal Finishing	Completed	**Internal Finishing Quality**	Paint	**Internal Finishing Condition**	Good
Ceilings	Completed	**Internal Ceiling Type**	High ceiling	**Ceiling Condition**	Good
Floor Tiles	Completed	**Floor Tiles Type**	Normal Tiles	**Floor Tiles Condition**	Good
Internal Painting	Completed	**Internal Painting Type**	------------	**Internal Painting Condition**	Good
A/C	Available	**A/C Type**	Central	**A/C Condition**	Good
Windows	Completed	**Windows Type**	Double Glazing	**Windows Condition**	Good
Electricity Meter	Available	**Water Meter**	Available	**Gas Meter**	Not Available
Fire Alarm Systems	Available	**Fire Hose**	Available	**Water Sprinklers**	Available
Elevators	Available	**Elevators Brand**	------------	**No of Elevators**	---------------
Smart Systems	Not Available	**Energy Saving Systems**	------------	**Management Team**	Available
Maintenance Team	Not Available	**Guards and Security**	Available	**Surveillance Systems**	Available

Overall Structural Condition

	1	2	3	4	5	6	7	8	9	10
External Elevation								✓		
Internal Finishing							✓			
Windows								✓		
Doors								✓		
Paintings							✓			
Floor Tiles							✓			
Ceilings							✓			

The overall rating of the subject property is 52/70 which reflect 75% condition ratio. In addition, the table on the right side shows the maintenance level

Maintenance Level			Cracks	Deficiencies
Simple Level				
Medium Level	✓	The subject project needs medium level of maintenance	None	None
Elevated Level				

CLICK HERE TO CHECK TABLE OF CONTENT

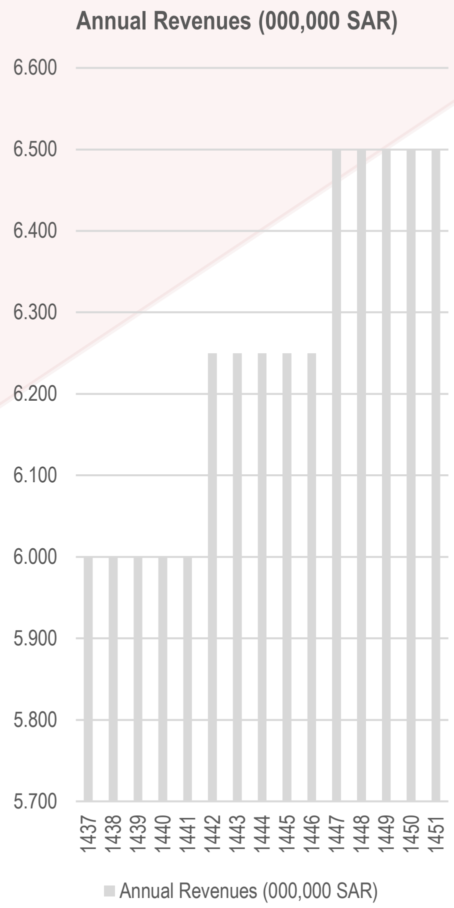
4.10 OCCUPANCY & VACANCY

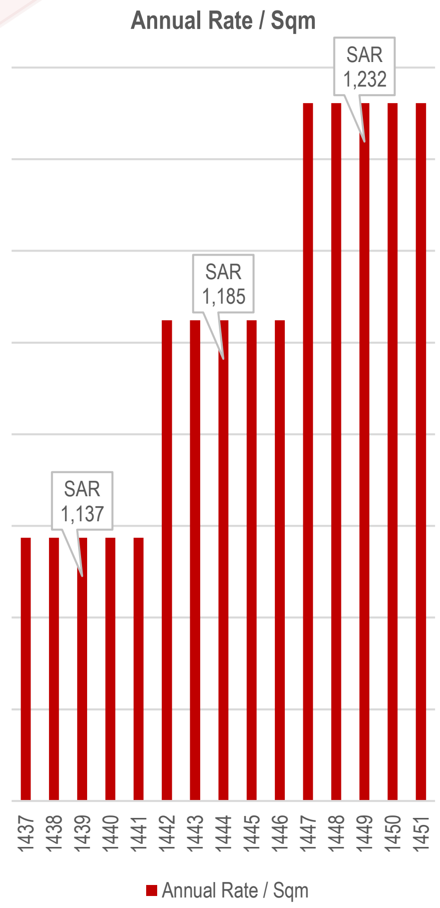
As per the leasing contract received from the client, the subject property is fully leased to one tenant under the name of HOMEWORKS Retail Center (Department Store)

First Party	Abed El Kader Al Chaiba Al Hamad
Second Party	Al Futtaim International Trading Company
Contract Date	23/8/1436
Contract Duration	15 years
Contract Effective Date	23/8/1451
Contract Value	93,750,000
Opex	Paid by The Tenant

SN	Year	Amount
1	1437	6,000,000
2	1438	6,000,000
3	1439	6,000,000
4	1440	6,000,000
5	1441	6,000,000
6	1442	6,250,000
7	1443	6,250,000
8	1444	6,250,000
9	1445	6,250,000
10	1446	6,250,000
11	1447	6,500,000
12	1448	6,500,000
13	1449	6,500,000
14	1450	6,500,000
15	1451	6,500,000
Total		93,750,000

The contract period is for 15 years which include increase provision every 5 years by SAR 250,000. Based on the first-year revenue, the lease rate per Sqm (SAR 6,000,000 / 5,275 GLA) is:
SAR 1,137 / Sqm.





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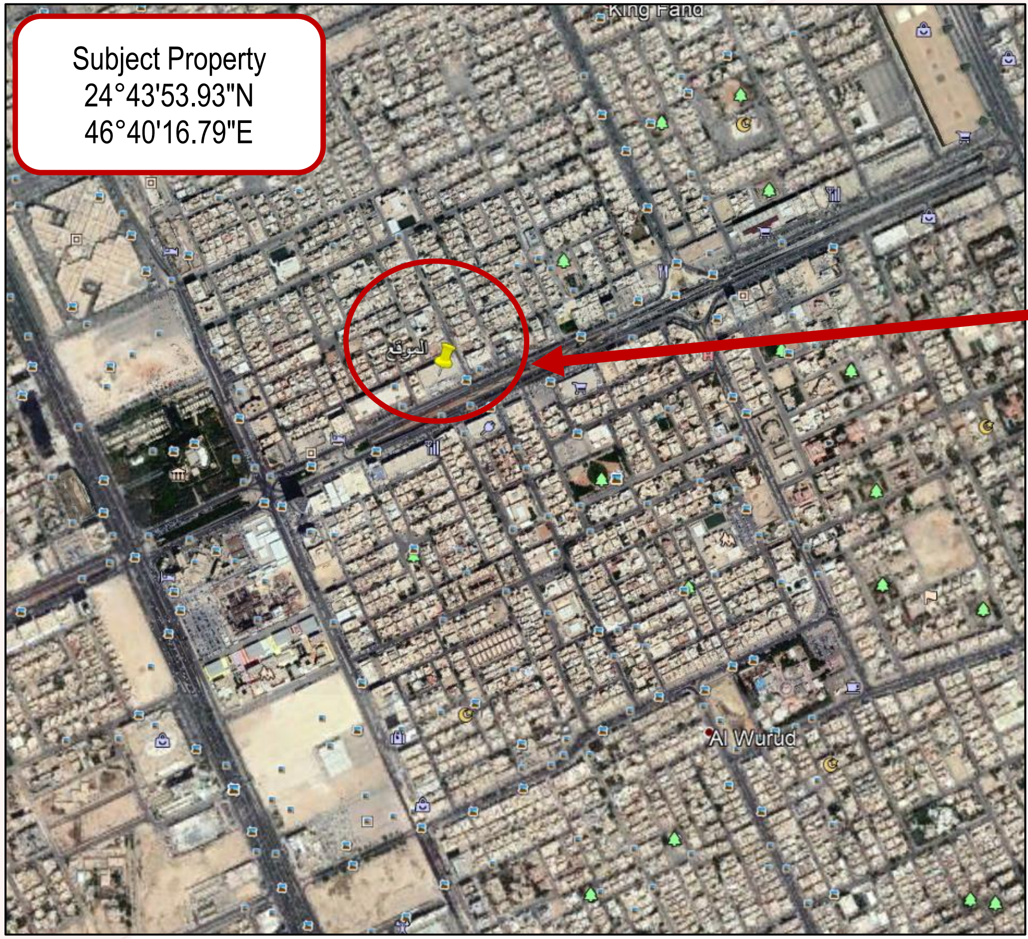
4.11 LOCATION

The subject property is located in Prince Fahed District in Riyadh city with a direct view on king Abdullah Road. The location and coordinates of the subject property are as follows:



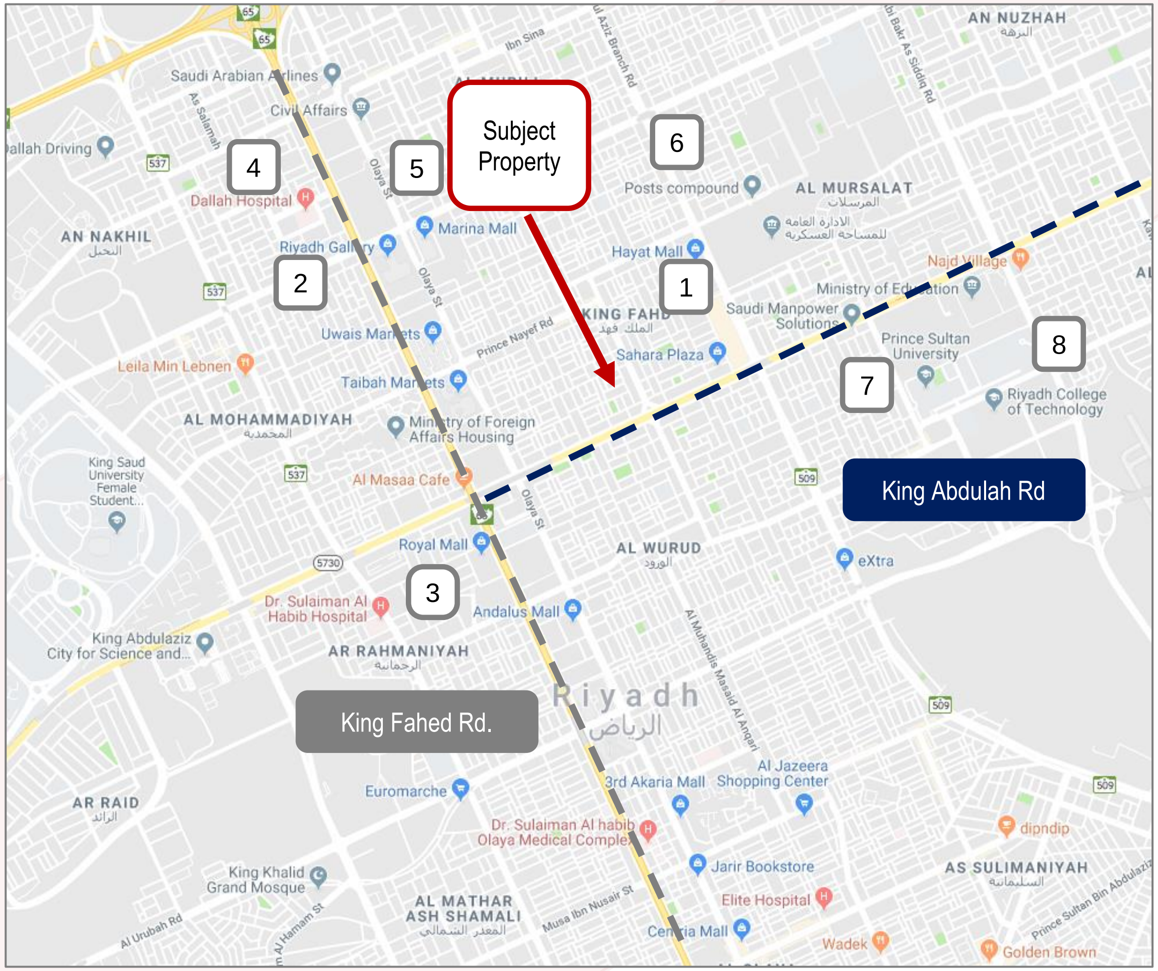
Source: White Cubes & Google Maps

N Coordinates	24°43'53.93"N
E Coordinates	46°40'16.79"E
City	Riyadh
District	Prince Fahed
Street	King Abdullah
Property Type	Commercial

CLICK HERE TO CHECK TABLE OF CONTENT

4.12 ACCESS & LAND MARKS

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



ACCESS TO SUBJECT PROPERTY

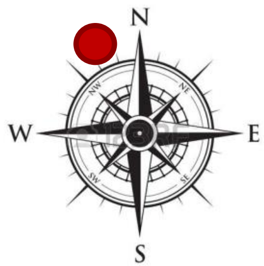
The subject property can be accessed through the following roads:

South Side:	King Abdullah Road
West Side:	King Fahed Road

LAND MARKS

1- Sahara Plaza
2- Riyadh Gallery
3- Royal Mall
4- Dallah Hospital
5- Marina Mall
6- Posts Compound
7- Prince Sultan University
8- Riyadh College of Technology

Location of the subject property according to the City Center



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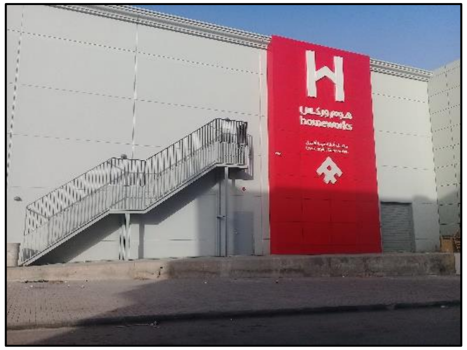
4.13 PHOTO RECORD

Date of Photos: March 11,2018



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VALUATION

In this section we will start the valuation process of the subject property / properties by applying proper valuation method. In addition, this section will show more details about the valuation analysis, assumption and other factors those may affect the final estimated market value.

WHITE CUBES
REAL ESTATE

5.1 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 Discounted Cash Flow (DCF) & Depreciated Replacement Cost (DRC)

5.2 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.

October 25, 2018.

5.3 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.

October 29,2018.

5.4 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

November 1,2018.

5.5 REPORT DATE

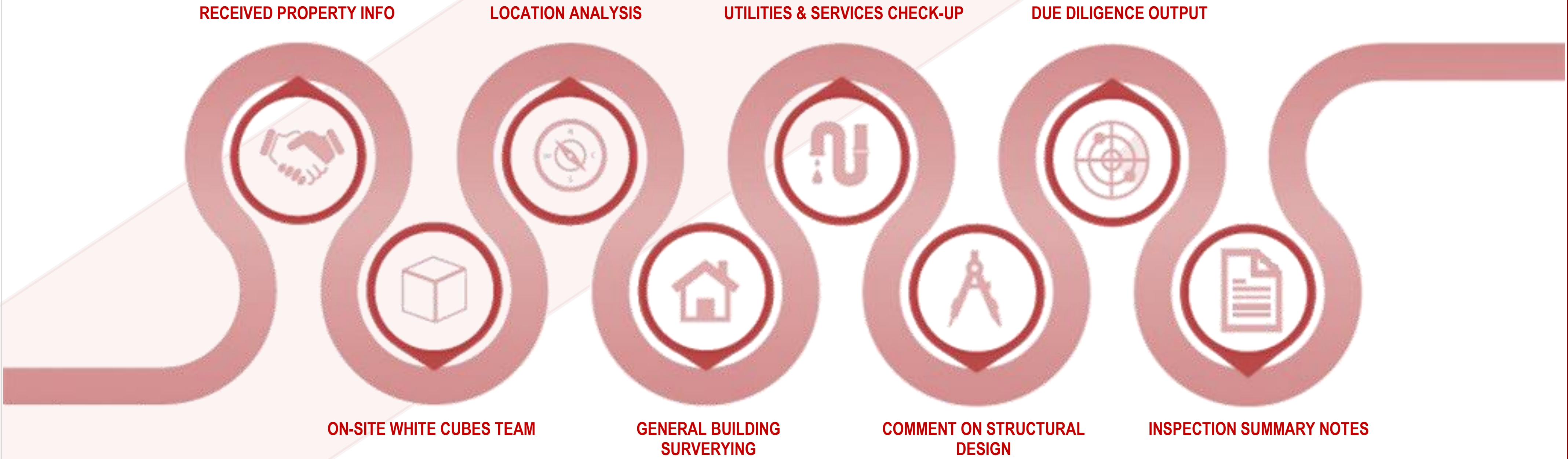
The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

November 1,2018.

CLICK HERE TO CHECK TABLE OF CONTENT

5.6 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. 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.



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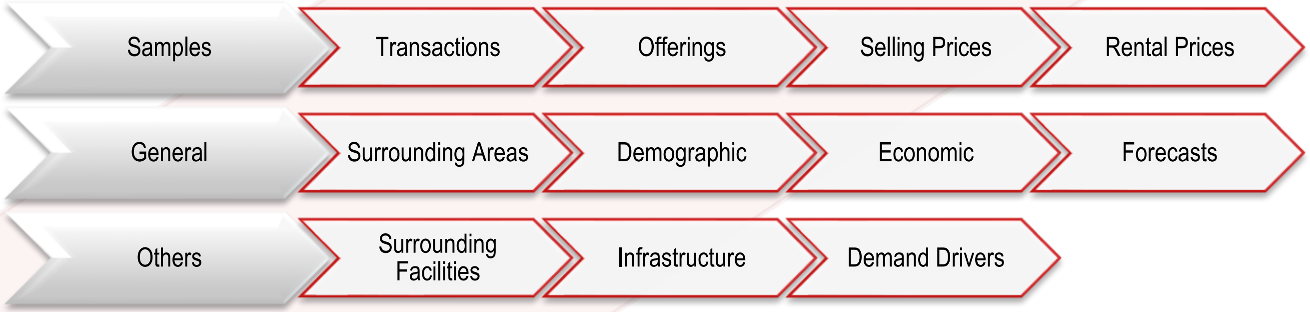
5.7 MARKET SURVEY

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.



5.8 REPORT CURRENCY

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

5.9 INSURANCE

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

5.10 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	--------------------------------	--------------------------------	✓

CLICK HERE TO CHECK TABLE OF CONTENT

5.11 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

5.12 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	Others	Others
✓	-------------------------------	-------------------------------

CLICK HERE TO CHECK TABLE OF CONTENT

5.13 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:

WHITE CUBES TEAM

Team Leader
Dr. Mohammad N Taha - Group CEO
Approved Valuer

Site Inspection Team
Mr Essam Hussaini - Head of Valuation Dpt.
Approved Valuer

Reporting Team
Mr. Othman Maarik - Consultant
Approved Vauer

5.14 OUR ACCREDDITED 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

3. Mr. Othman Al Maarik – Approved Valuer – Legal Consultant
   License Number 1210000735

101 → 102 → 103 → 104 → 105 → 106 → 107 → 108 → 109 → 110 → 111 → 112 → 113 → 114 → 115 → 116

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

CLICK HERE TO CHECK TABLE OF CONTENT

5.15 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.

5.16 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 charted Surveyors)
- IACVA (International Association of Certified Valuers & Analysts)
- IVSC (International Valuation Standards Council)
- ARV (Arabic Academy of Valuation)

5.17 BASES OF VALUATION

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

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

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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;

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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. SUPPLY
2. DEMAND
3. ECONOMY
4. PURPOSE
5. LOCATION
6. SPECS

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5.18 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:

Cost Approach	Cost Method (DRC)		
Comparable Approach	Market Comparison Method		
Income Approach	RLV	Cap Rate	DCF

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.

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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	-------------------	-------------------	-------------------	✓	-------------------

5.19 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.

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5.20 SWOT ANALYSIS

STRENGTH

- Direct view on King Abdullah Branch Road
- The subject property has 3 sides open
- The subject property is leased to one tenant and secured for 15 years (14 Years remaining). In addition, revenues of the subject property are subject to an increase by 4% every 5 years.

WEEKNESS

- None

OPPURTUNITY

- The retail sector in Riyadh city is very much stable compared to other real estate sectors. Which grant good level of demand for the subject property.

THREAT

- Since the subject property is leased for 15 years to one tenant, this can be also considered as a threat once the tenant decides to terminate the leasing contract, especially when the property is customized for the tenant use.

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5.21 RISK ANALYSIS

SECTOR ANALYSIS

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

Risk Category 13 Risk Points - Medium Risk

LAND ANALYSIS

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

Risk Category 6 Risk Points – Minimal Risk

PROPERTY ANALYSIS

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

Risk Category 6 Risk Points - Minimal Risk

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5.22 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
Multiple	7,000.00	SAR 7,800	SAR 54,600,000

Building			
	Unit	No of Floors	Total BUA
Underground	Sqm	1	3,906.00
Ground Floor	Sqm	1	3,906.00
Mezzanine	Sqm	0	0.00
Upper Floors	Sqm	1	1,369.00
Annex	Sqm	0	0.00
Fences	Linear Meter	-----	70.00

Total (SQM)	**9,181.00**
Total (M)	**70.00**

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.

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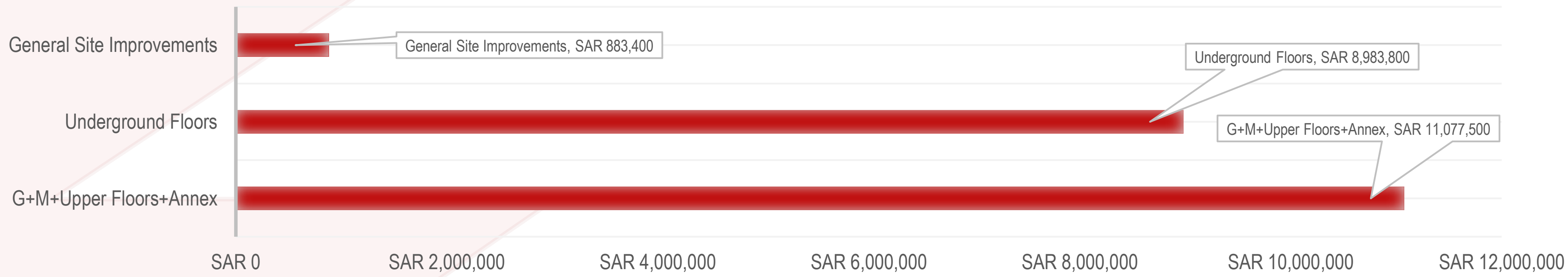
HARD COSTS ESTIMATES					
G + M + Upper Floors + Annex					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Skeleton & Block	5,275.00	SAR 1,000	SAR 5,275,000	100%	SAR 5,275,000
Electro Mechanic	5,275.00	SAR 600	SAR 3,165,000	100%	SAR 3,165,000
Finishing	5,275.00	SAR 500	SAR 2,637,500	100%	SAR 2,637,500
Fit outs & Appliances	5,275.00	SAR 0	SAR 0	0%	SAR 0
Furniture	5,275.00	SAR 0	SAR 0	0%	SAR 0
Total			**SAR 11,077,500**	**100.00%**	**SAR 11,077,500**
Underground					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Skeleton & Block	3,906.00	SAR 1,500	SAR 5,859,000	100%	SAR 5,859,000
Electro Mechanic	3,906.00	SAR 500	SAR 1,953,000	100%	SAR 1,953,000
Finishing	3,906.00	SAR 300	SAR 1,171,800	100%	SAR 1,171,800
Total			**SAR 8,983,800**	**100.00%**	**SAR 8,983,800**
General Site Development					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Land Development	7,000.00	SAR 80	SAR 560,000	100%	SAR 560,000
External Landscape	0.00	SAR 0	SAR 0	100%	SAR 0
Fences	70.00	SAR 200	SAR 14,000	100%	SAR 14,000
Site Improvements	3,094.00	SAR 100	SAR 309,400	100%	SAR 309,400
Total			**SAR 883,400**	**100.00%**	**SAR 883,400**

	Actual Completion %		
G+M + Upper Floor	100.00%	Total BUA	**9,181.00**
Under Ground	0.00%	Total Hard Cost	**SAR 20,944,700**
General Site Dev.	100.00%	Average SAR / Sqm	**SAR 2,281**
		Overall Completion	**100.00%**



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SOFT COSTS ESTIMATES

	Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost	SAR 20,944,700	0.50%	SAR 104,723.50
Design	SAR 20,944,700	1.00%	SAR 209,447.00
Eng Consultant	SAR 20,944,700	1.00%	SAR 209,447.00
Management	SAR 20,944,700	5.00%	SAR 1,047,235.00
Contingency	SAR 20,944,700	5.00%	SAR 1,047,235.00
Others	SAR 20,944,700	0.00%	SAR 0.00
TOTAL			**SAR 2,618,087.50**

DEVELOPMENT VALUE

Hard Cost	SAR 20,944,700
Soft Cost	SAR 2,618,088
Total Dev Cost	**SAR 23,562,788**
Net Dep Rate	34.00%
Dev Cost After Depreciation	**SAR 15,551,440**
Total Completion Rate	100.00%
Developer Profit Rate @ 20%	20.0%
Dev. Profit Amount	SAR 3,110,288
Development Value	**SAR 18,661,728**

Economic Age	50
Annual Dep Rate	2.00%
Actual Age	17
Total Dep Rate	34.00%
Add Appr Rate	0.00%
Net Dep Rate	**34.00%**

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 18,661,728	**SAR 54,600,000**	**SAR 73,261,728**	**SAR 73,300,000**

Total Property Value is **SAR 73,300,000**

Seventy Three Million and Three Hundred Thousands Saudi Riyals

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5.23 DISCOUNTED CASH FLOW

Title Deed No	Multiple	**Starting Year**	2018
Purpose of Valuation	REIT	**OPEX**	0%
Date of Valuation	11/3/2018	**Terminal Value**	7.5%
City	Riyadh	**Discount Rate**	8.0%
Property Type	**Commercial Project**		
Property Name	Home Works		
Land Area	7,000		
No of Floors	2		
Total BUA	9,181		

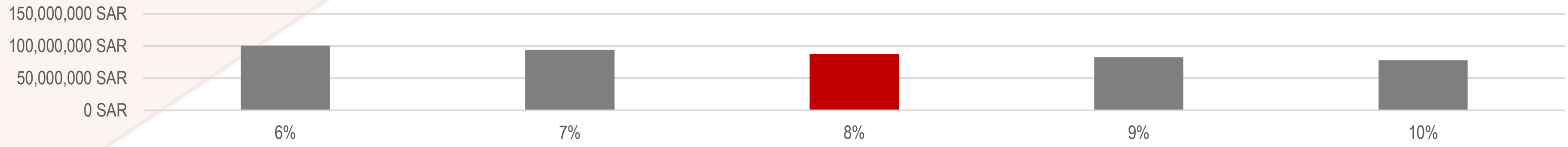
The rental rate for the subject property, and as per the signed leasing contract, is almost 1,150 SAR / Sqm. the current market leasing rates for similar properties falls in the range from 900 to 1,200 SAR / Sqm. since the leasing rate of the subject property fall in the same range and has a duration of 15 years, therefore we will depend on the leasing contract value in our DCF analysis

Cash Flow		**2018** **0**	**2019** **1**	**2020** **2**	**2021** **3**	**2022** **4**	**2023** **5**	**2024** **6**	**2025** **7**	**2026** **8**	**2027** **9**	**2028** **10**
Increase Revision		**0%**	**0%**	**0%**	**4%**	**0%**	**0%**	**0%**	**0%**	**4%**	**0%**	**0%**
Expected Revenues												
Overall Revenues		6,000,000	6,000,000	6,000,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,500,000	6,500,000	6,500,000
Expenses												
OPEX	0.0%	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		6,000,000	6,000,000	6,000,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	6,500,000	6,500,000	6,500,000
Terminal Value @ --------->	**7.5%**											**86,666,667**
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		6,000,000	5,555,556	5,144,033	4,961,452	4,593,937	4,253,645	3,938,560	3,646,815	3,511,748	3,251,618	43,154,193
Market Rate / Net Present Value												88,011,556

	Discount Rate				
Discount Rate	**6.00%**	**7.00%**	**8.00%**	**9.0%**	**10.0%**
Market Value	100,380,836	93,910,892	88,011,556	82,625,696	77,702,449

Rounded Value: **SAR 88,000,000**

Discount Rate Sensitivity



Due to the market survey done by our team to collect market data and insights for the hospitality sector in Makkah city in terms of ADR, Pilgrim rate, occupancy rates, etc. in the surrounding areas of the subject property, the following shows description for the used assumptions in the calculation model above.

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5.24 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 73,300,000	Seventy Three Million and Three Hundred Thousand Saudi Riyals
DCF	Property	SAR 88,000,000	Eighty-Eight Million Saudi Riyals

5.25 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: **88,000,000 SAR**
Eighty-Eight Million Saudi Riyals

Valuation Notes: We must note that we have done a previous valuation of the subject property back in July 2018. Yet no changes have occurred since then in terms of land values, building costs, the cap rate, the OPEX and any other related inputs to the valuation.

5.26 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.

5.27 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.

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5.28 CONCLUSION

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