

WHITE CUBES
VALUATION & ADVISORY SERVICES

TAHA CORP.
REAL ESTATE CONSULTING SERVICES



VALUATION REPORT

**MALGA COMPOUND
AL KHABEER CAPITAL**

RIYADH CITY

JUNE 2019

REAL ESTATE VALUATION





REF: WCRE-19-230-2
Date: 16/06/2019
M/S Al Khabeer Capital
Attn Mr. Tarek Aql

Land Line: +966 12 612 9361
Email: t.aql@alkhabeer.com

Subject: Valuation Report for residential compound (Malga Compound) in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on May 02, 2019 for valuation service of the residential project (Malga Compound) 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

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

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

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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 Khabeer Capital dated on May 02, 2019 to proceed with the valuation service for Malga Compound in Riyadh city.

Valuation Type	Real Estate
Instructions From	Al Khabeer Capital
Property Type	Residential
Property Name	Malga Compound
Location	KSA, Riyadh

1.2 CLIENT

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

Client Name	Al Khabeer Capital
Domain	Asset Management Company
Location	KSA, Jeddah
Contact Person	Tarek Aql
Contact No.	+966 12 612 9361

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 Income Approach & Depreciated Replacement Cost (DRC)**

1.10 CLIENT APPROVAL DATE

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

May 02, 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.

May 04, 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 16, 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 16, 2019.



1.14 INSPECTION ROLE

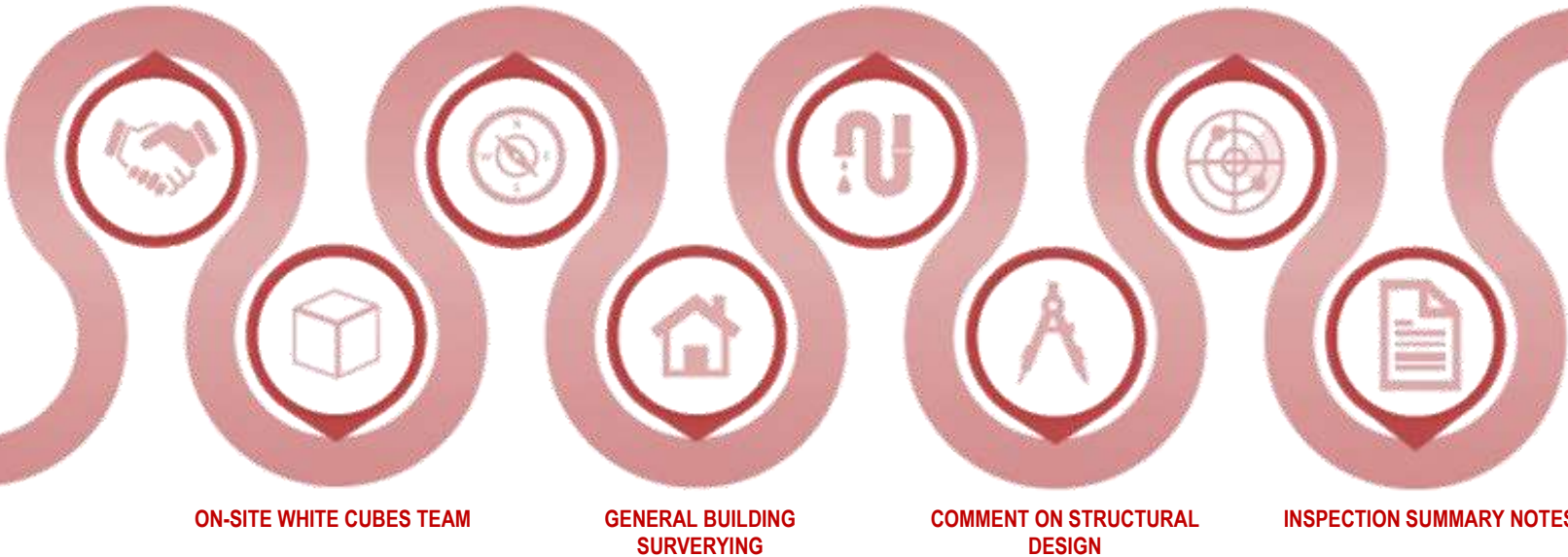
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

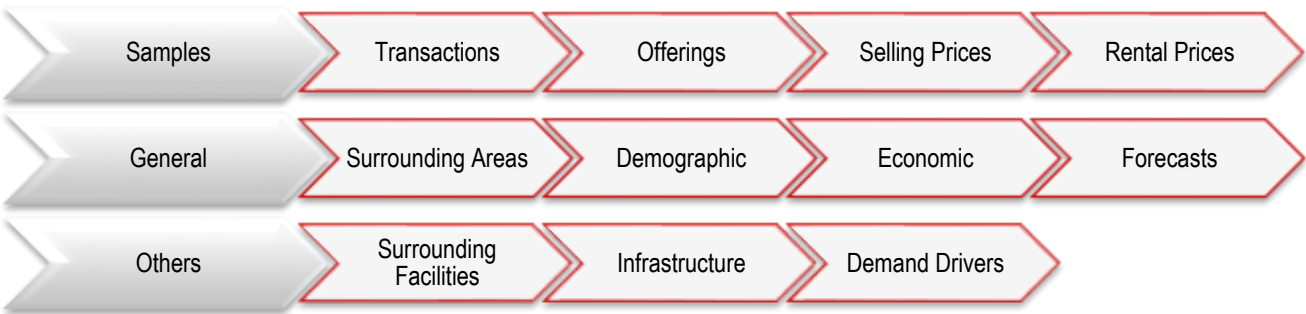
DUE DILIGENCE OUTPUT





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.

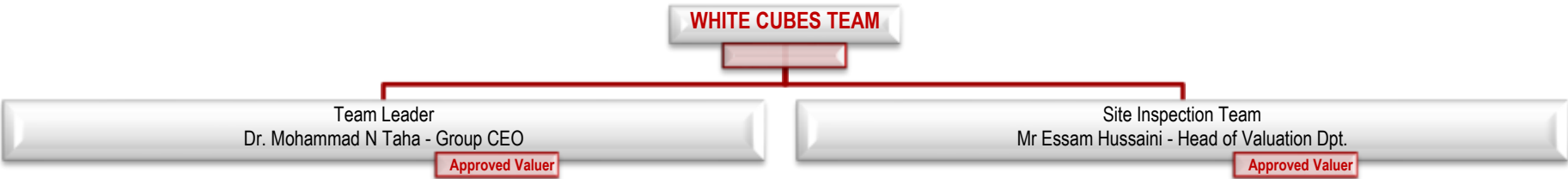
- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





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 TAQEEH

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															
		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**

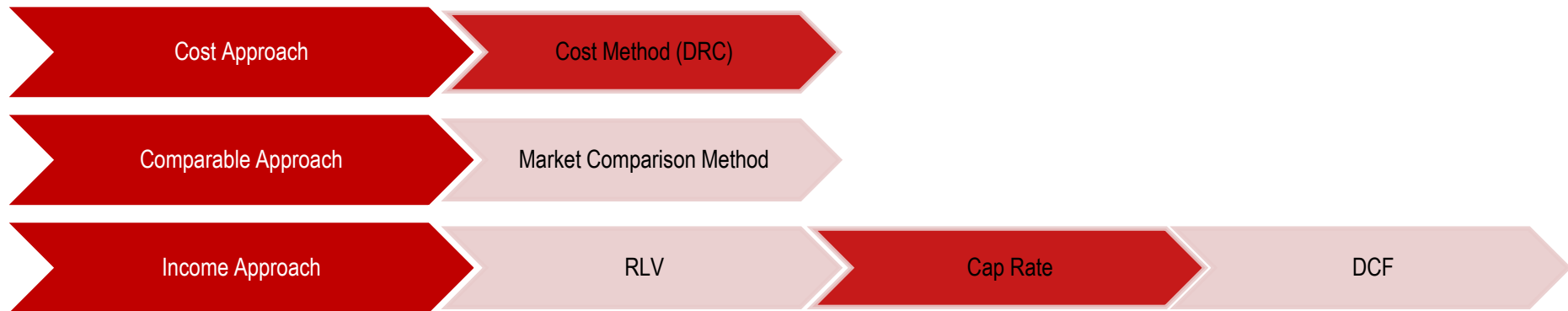
‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties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



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2.1 PROPERTY DESCRIPTION

The subject property is a residential compound located in Al Malga district, Riyadh city. The Property has a total land area of 15,924.68 Sqm, a total BUA of 41,362 Sqm and composed of 252 residential apartment units and 38 studio units. As per the site inspection done by our team, the project is open on 4 sides with a direct view on Hajar Valley Road from the north side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.

Land	
Land Use	Residential
Number of Streets	4
General Land Shape	Regular
Direct View on the Main Road	Hajar Valley
Direct View on an internal Street	Unnamed Streets
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 copies of the title deeds of the subject property which is owned by four title deeds. The details of the subject property:

City District	Riyadh Al Malga	Riyadh Al Malga	Riyadh Al Malga	Riyadh Al Malga
Title deed Type	Electronic	Electronic	Electronic	Electronic
T.D No.	310121045168	310121045166	310812001407	310121045167
T.D Date	22/06/1440	22/06/1440	21/06/1440	22/06/1440
Title Deed Value	57,500,000	57,500,000	57,500,000	57,500,000
Date of Latest Transaction	22/06/1440	22/06/1440	21/06/1440	22/06/1440
Issued by	Riyadh Notary	Riyadh Notary	Riyadh Notary	Riyadh Notary
Property Type	Residential	Residential	Residential	Residential
Land Area (Sqm)	5,481,45	3,481,1	3,481,9	3,480,23
Plot No.	2333/2334	1/2336	1/2337	1/2335
Block No.	N/A	N/A	N/A	N/A
Layout No.	3114	3114	3114	3114
Owners	شركة أول الملقا العقارية	شركة أول الملقا العقارية	شركة أول الملقا العقارية	شركة أول الملقا العقارية
Ownership	Freehold	Freehold	Freehold	Freehold
Limitations of Document	None	None	None	None
Notes	The client has provided us with copies of the Title Deeds which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.			





2.3 CONSTRUCTION & BUILDINGS

The subject property is a fully constructed Residential compound composed of 3 floors. The Client has provided us with a copy of the Construction Permit with the following details.

Subject Property	CP 1	CP 2	CP 3	CP 4
Construction Permit Type	Modification of building plan	Separation	Separation	Separation
Property Type	Residential	Residential	Residential	Residential
Construction Permit No.	1432/5259	1433/15270	1433/15269	1433/15265
Construction Permit Date	26/03/1432	21/08/1433	21/08/1433	21/08/1433
Permit Expiry Date	26/03/1435	21/08/1436	21/08/1436	21/08/1436

	CP 1	CP 2	CP 3	CP 4
Description	Area (Sqm)	Area (sqm)	Area (Sqm)	Area (Sqm)
Basement	2,052.89	2,052.89	2,052.89	2,052.89
Residential Ground Floor	2,088.00	2,088.20	2,088.00	2,088.00
First Residential Floor	2,555.78	2,555.78	2,555.78	2,555.78
Second Residential Floor	2,380.22	2,380.22	2,380.22	2,380.22
Annex Floor	1,263.56	1,263.56	1,263.56	1,263.56
----	----	----	----	----
----	----	----	----	----
----	----	----	----	----
----	----	----	----	----
----	----	----	----	----
Total BAU (sqm)	10,340.45	10,340.65	10,340.45	10,340.45

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



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	✓	✓	
			

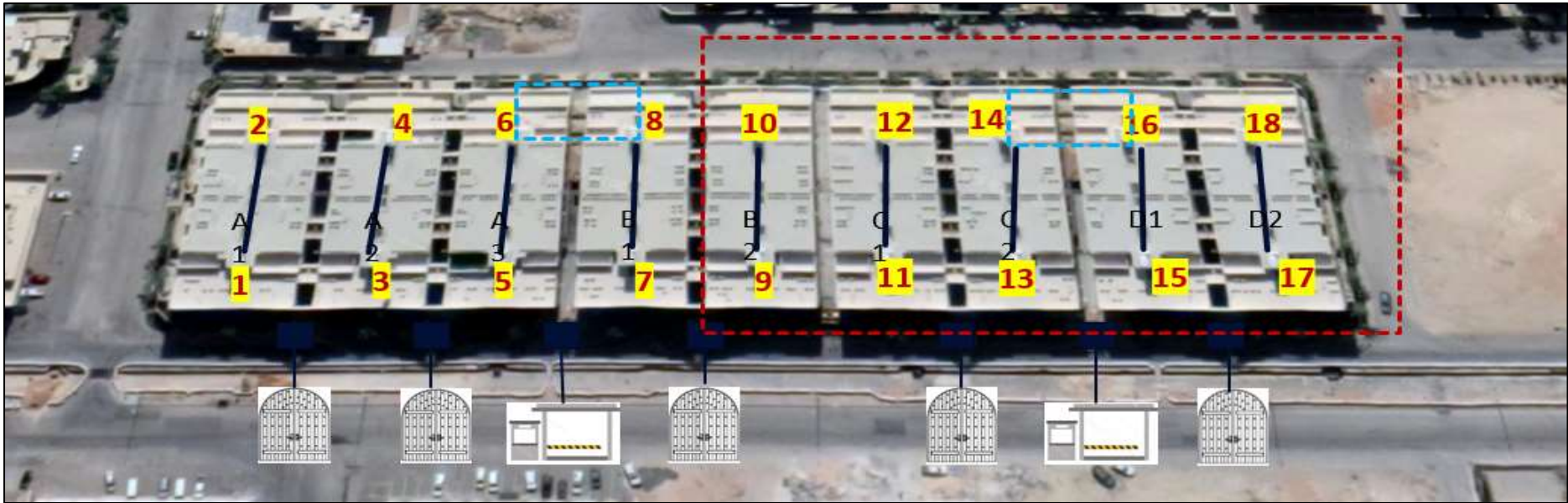


2.6 OCCUPANCY & VACANCY

The subject property is a fully constructed and furnished residential complex. It is fully leased to one tenant, as shown below in the table:

Tenant	King Faisal Specialist Hospital & Research Centre
Contract Effective Date	10/01/2016 AD – 30/03/1437 AH
Contract Period	3 years
Contract Type	Automatically Renewable
Contract Value (per year)	SAR 27, 950,000
Total Contract Value (three years)	SAR 83,850,000
Management Expenses	Paid by the Tenant
Operational, Utilities and Maintenance Expenses	Paid by the Owner

However, as of 10/01/2019, the buildings 9 to 18 will be excluded from the contract. Therefore, only 8 buildings will be included for the renting amount of SAR 12,422,222. The below is a representation of the building's distribution:





2.7 PROJECT COMPONENTS & LAYOUTS

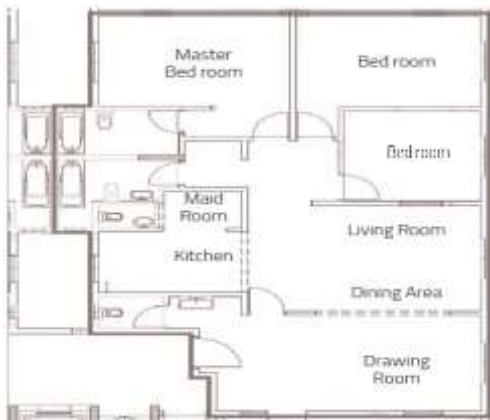
2 BEDROOM – 3 BATH
AREA: 112 – 128 sqm



3 BEDROOM & 3 BATH
Area: 112 – 172 sqm



3 BEDROOM – 4 BATH & Maid room
Area: 136 – 174 sqm



PENTHOUSE: 3 BEDROOM – 4 BATH & MAIDROOM
Area: 180 – 200 SQM



All the apartment units within the subject property are based on 4 main layouts as shown above. In addition, the subject property is composed of 252 apartments with the following details

Type	No. of Bedroom	No. of Bathroom	Size	Buildings 9-18	Buildings 1-8	Total
2-Bedroom	2	3	112	2	2	4
	2	3	118	3	2	5
	2	3	128	1	0	1
	3	3	112	2	2	4
	3	3	118	7	4	11
3-Bedroom	3	3	128	5	6	11
	3	3	150	0	0	0
	3	3	152	0	1	1
	3	3	158	0	0	0
	3	3	160	0	1	1
	3	3	172	0	0	0
	3	4	136	14	6	20
	3	4	146	6	10	16
	3	4	150	24	16	40
	3	4	152	8	3	11
3-Bedroom (With Maid Room)	3	4	158	26	18	44
	3	4	160	22	9	31
	3	4	170	0	2	2
	3	4	172	0	10	10
	3	4	174	0	8	8
	3	4	180	3	3	6
	3	4	184	2	0	2
3-Bedroom (Penthouse)	3	4	190	8	6	14
	3	4	194	2	0	2
	3	4	200	5	3	8
Total / Average			154	140	112	252

On the other hand, all the apartment units are offered for tenant as fully furnished units containing the following elements.

- Living area
- Dining Area
- Split air conditioning units
- Flat screen TV
- Washer and Dryer units
- Fully equipped kitchen including fridge, microwave, oven, and cabinets.
- Quality durable scratch proof and water-resistant furniture.
- Dish Cabinet



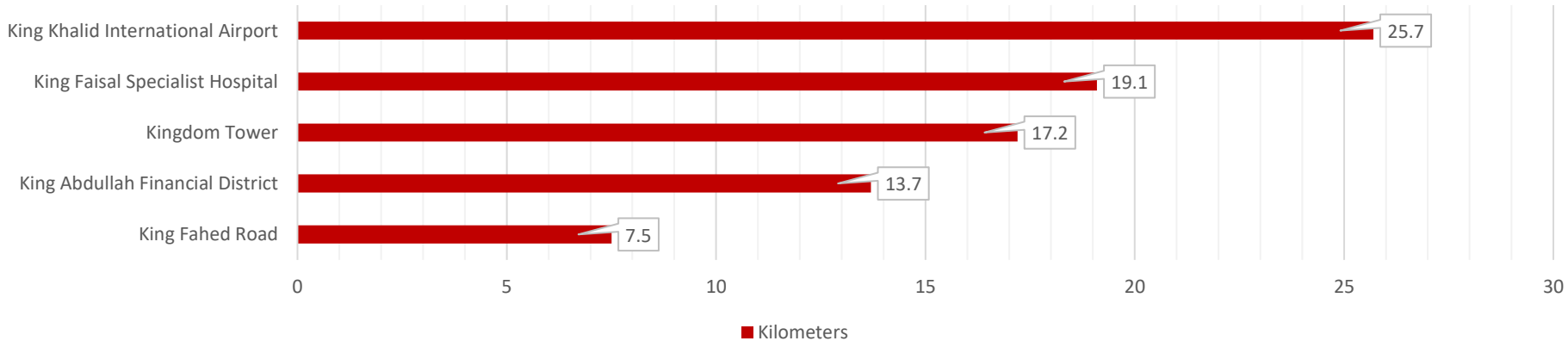
2.8 FACILITIES, AMENITIES AND SERVICES

Facilities	
2 Gymnasiums (For Men and Women)	18 Elevators with VVVF System
Services & Amenities	
Pest Control	Security Services
Cleaning Services	General Maintenance
Plumbing Works	Electric Works
Mechanical Works	Home Appliances Maintenance

2.9 PROXIMITY OF DISTANCE

The following shows the approximate distance from the Subject Property to several main roads and landmarks in the surrounding area:

Roads and Landmarks	Distance from Subject Property (Km)
King Fahd Road	7.5
King Abdullah Financial District	13.7
Kingdom Tower	17.2
King Faisal Specialist Hospital and Research Center	19.1
King Khalid International Airport	25.7





2.10 LOCATION

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



ACCESS TO SUBJECT PROPERTY

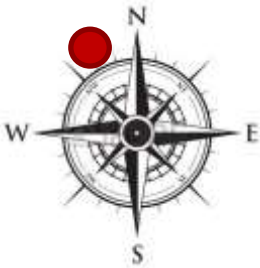
The subject property can be accessed through the following roads:

- North Side: King Salman Road
- South Side: Anas Ibn Malik Road
- East Side: King Fahd Road
- West Side: Prince Muhammad Ibn Saad Ibn Abdulaziz Rd

LAND MARKS

- 1- AlShabab Saudi Club (1.8 Kilometres)
- 2- Saudi German Hospital (2 Kilometres)
- 3- Tamimi Markets (1 Kilometres)
- 4- Wafa Insurance (1.6 Kilometres)
- 5- Burj Rafal Hotel Kempinski Riyadh (2.2 Kilometres)
- 6- Farm Superstores (3.2 Kilometres)
- 7- Al-Sadhan Hyper Markets Sahafah (1.4 Kilometres)
- 8- Tamkeen Tower (0.9 Kilometres)

Location of the subject property according to the City Center





2.11 PHOTO RECORD





2.12 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	Income & Revenues	Others

2.13 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.



2.14 SWOT ANALYSIS

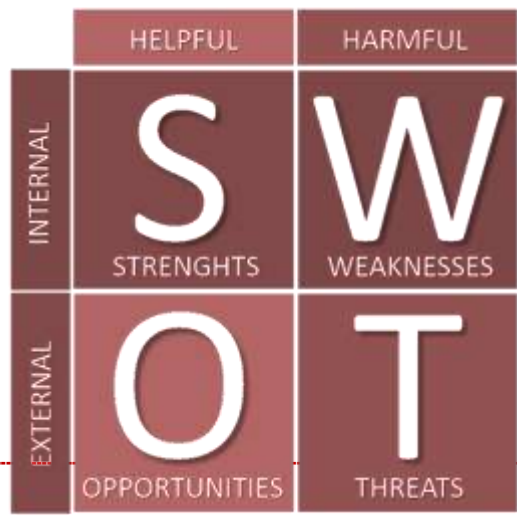
Strength - Premium Location - Surrounded by several main streets - High-end quality of residential complex - Close to the city airport - Leased to One Tenants	Weakness - The subject property is far from the city down town - The residential compound market is currently in slow progress and facing economic issues.
Opportunities - Skilled management, quality of facilities, proper maintenance, etc. are elements which the operator of the facility needs to maintain high quality level to guarantee the customer satisfaction over other competitors.	Threats - Economic conditions for Expats - Existing and upcoming similar projects

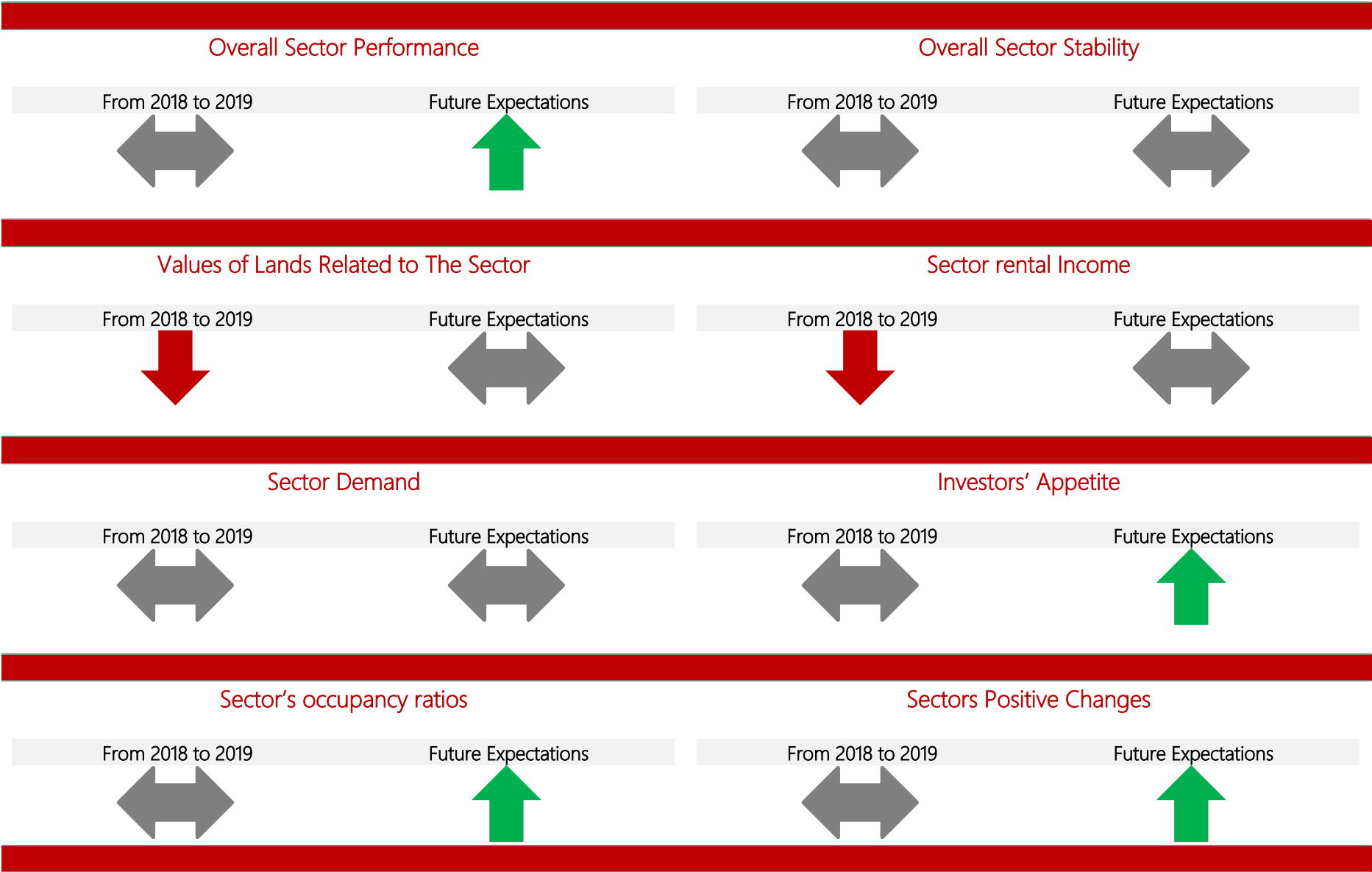
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

2.15 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



2.16 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	9	4	5
Risk Category 20 Risk Points - Elevated Risk					

Sector Analysis

Risk Category- 20 Risk Points - Elevated 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	3	2	0	0	0
Risk Category 5 Risk Points – Very Low Risk					

Land Analysis

Risk Category- 5 Risk Points – Very Low Risk

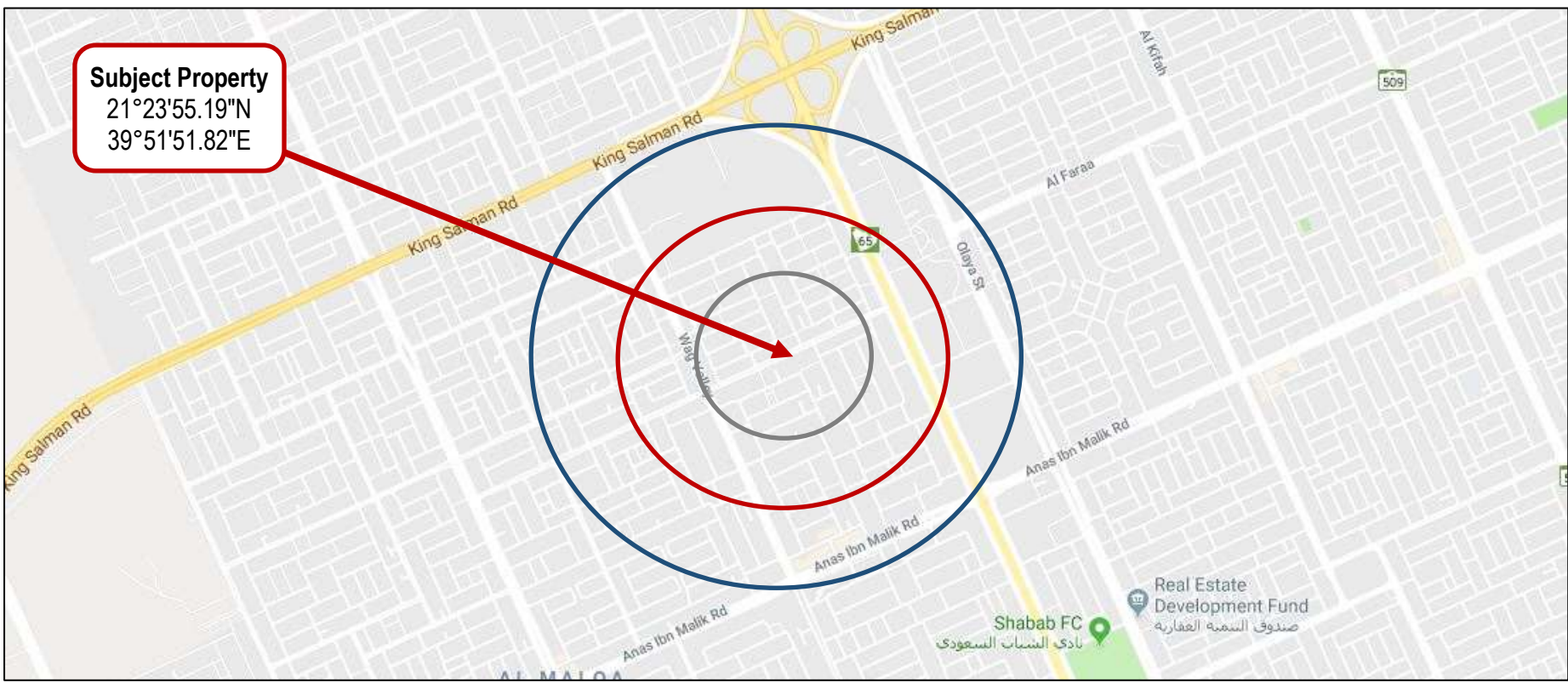
Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities		✓			
Management Skills	✓				
Overall Condition		✓			
Total Risk	1	4	0	0	0
Risk Category 5 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 5 Risk Points - Minimal Risk

2.17 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

2.18 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			
Land Area		SAR / Sqm	Total Value
15,924.68		SAR 3,200	SAR 50,958,976
Building			
	Unit	No of Floors	Total BUA
Underground	Sqm	----	8,211.56
Ground Floor	Sqm	----	8,352.20
Upper Floors	Sqm	----	19,744.00
Annex	Sqm	----	5,054.24
Fences	Sqm	----	477.7
Total (SQM)	41,362.00		

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 25% developer profit rate.



Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	33,150.44	SAR 900	SAR 29,835,396	100%	SAR 29,835,396
Electro Mechanic	33,150.44	SAR 500	SAR 16,575,220	100%	SAR 16,575,220
Finishing	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Fit outs & Appliances	33,150.44	SAR 1,000	SAR 33,150,440	100%	SAR 33,150,440
Furniture	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Site Improvement	15,924.68	SAR 200	SAR 3,184,936	100%	SAR 3,184,936
Total			SAR 135,786,696	100.00%	SAR 135,786,696
Hard Cost - Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	8,211.56	SAR 1,350	SAR 11,085,606	100%	SAR 11,085,606
Electro Mechanic	8,211.56	SAR 700	SAR 5,748,092	100%	SAR 5,748,092
Finishing	8,211.56	SAR 200	SAR 1,642,312	100%	SAR 1,642,312
Total			SAR 18,476,010	100.00%	SAR 18,476,010
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 154,262,706	0.10%	SAR 154,263
Design			SAR 154,262,706	1.00%	SAR 1,542,627
Eng Consultant			SAR 154,262,706	1.00%	SAR 1,542,627
Management			SAR 154,262,706	5.00%	SAR 7,713,135
Contingency			SAR 154,262,706	5.00%	SAR 7,713,135
Others			SAR 154,262,706	0.00%	SAR 0
TOTAL				12.10%	SAR 18,665,787.43
Total Hard Cost	SAR 154,262,706		BUA	41,362.00	
Total Soft Cost	SAR 18,665,787.43		SAR / Sqm	SAR 4,181	
Total Construction Cost	SAR 172,928,493.43		Overall Completion	100.0%	
DEVELOPMENT VALUE					
Total Dev Cost	SAR 172,928,493		Net Dep Rate		12.00%
			Dev Cost After Depreciation		SAR 152,177,074
Economic Age	50		Total Completion Rate		100.00%
Annual Dep Rate	2.00%		Developer Profit Rate		25.0%
Actual Age	6				
Total Dep Rate	12.00%				
Add Appr Rate	0.00%		Dev. Profit Amount		SAR 38,044,269
Net Dep Rate	12.00%		Development Value		SAR 190,221,343
Total Dev. Value	Land Value	Total Property Value	Rounded Value		
SAR 190,221,343	SAR 50,958,976	SAR 241,180,319	SAR 241,200,000		



2.19 MARKET RATES AND ESTIMATED REVENUES

Based on the overall GLA for the residential units (provided to us by the client), and according to the site inspection and market knowledge, below are the rates corresponding to the type of the units:

Bedrooms	Total GLA (Sqm)	SAR/Sqm
2	856	SAR 1,200
3	16,764	SAR 1,050
4	3,816	SAR 1,000

Thus, the total estimated revenues for the units not included in the leasing contract will be SAR 34,867,622 in case of 100% occupancy for the buildings 9 to 18. As for the revenues for buildings 1 to 8, as stated in the contract, the revenues will be SAR 12,422,222.

OPEX:

As for the operational expenses for such projects covering the maintenance, management, operation, etc. it is usually calculated as 15% from the total expected revenues of the subject property.

2.20 INCOME APPROACH

REVENUES						
Unit Type	Quantity	No of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
2 Bed Apt	Total GLA 856	0	SAR 1,200		SAR 10	SAR 1,027,200
3 Bed Apt	16,764	0	SAR 1,050		SAR 0	SAR 17,602,200
4 Bed Apt	3,816	0	SAR 1,000		SAR 0	SAR 3,816,000
8 Buildings	0	0	SAR 0		SAR 0	SAR 12,422,222
Total Revenues						SAR 34,867,622
EXPENSES						
Unit Type	Management	Utilities	Maintenance		Vacancy	Total Expenses
2 Bed Apt	5.00%	5.00%	5.00%		15.00%	30.00%
3 Bed Apt	5.00%	5.00%	5.00%		15.00%	30.00%
4 Bed Apt	5.00%	5.00%	5.00%		15.00%	30.00%
8 Buildings	5.00%	5.00%	5.00%		0.00%	15.00%
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
2 Bed Apt	SAR 1,027,200	30.00%	SAR 719,040			
3 Bed Apt	SAR 17,602,200	30.00%	SAR 12,321,540			
4 Bed Apt	SAR 3,816,000	30.00%	SAR 2,671,200			
8 Buildings	SAR 12,422,222	15.00%	SAR 10,558,889			
Total						SAR 38,692,891
Total Property Revenues						SAR 34,867,622
Total Property Expenses						-SAR 8,596,953
Net Operating Income						SAR 26,270,668.70
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 26,270,668.70	8.50%	309,066,690.59 SAR	309,100,000.00 SAR			

2.21 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 309,100,000	Three Hundred Nine Million and One Hundred Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 241,200,000	Two Hundred Forty-One Million and Two Hundred Thousand Saudi Riyals

2.22 SUBJECT PROPERTY VALUE

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

Property Value: 309,100,000 SAR
Three Hundred Nine Million and One Hundred Thousand Saudi Riyals

2.23 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.

2.24 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.

2.25 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 REAL ESTATE
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