

WHITE CUBES
VALUATION & ADVISORY SERVICES

TAHA CORP.
REAL ESTATE CONSULTING SERVICES



VALUATION REPORT

HOMEWORKS
AL KHABEER CAPITAL

NOVEMBER 2019

REAL ESTATE VALUATION





REF: WCRE-19-384-4
Date: 21/11/2019
M/S Al Khabeer Capital
Attn Mr. Tarek Aql

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

Subject: Valuation Report for HomeWorks (Retail Center) in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on November 12, 2019 for valuation service of the Commercial project (HomeWorks) 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 November 12, 2019 to proceed with the valuation service for HomeWorks in Riyadh city.

Valuation Type	Real Estate
Instructions From	Al Khabeer Capital
Property Type	Commercial
Property Name	HomeWorks
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	Mr. Yahya Ghamrawi
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 Discounted Cash Flow (DCF) & 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.

November 12, 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.

November 14, 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

November 21, 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.

November 21, 2019.



1.14 INSPECTION ROLE

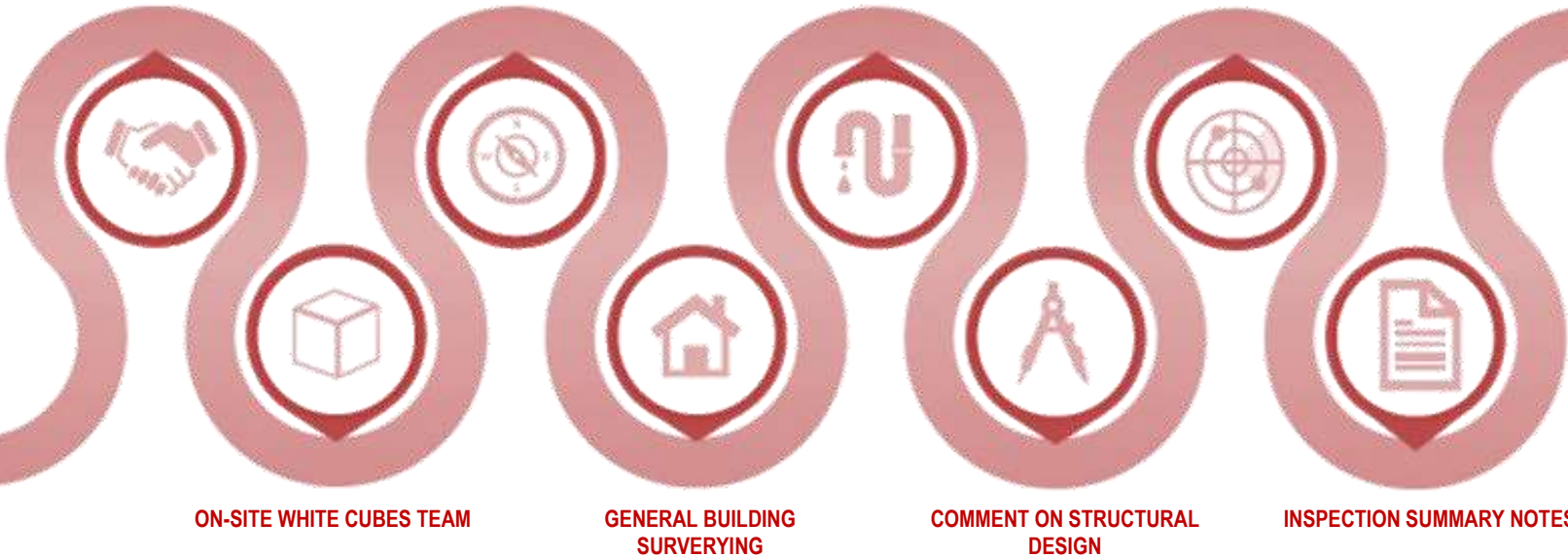
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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

RECEIVED PROPERTY INFO

LOCATION ANALYSIS

UTILITIES & SERVICES CHECK-UP

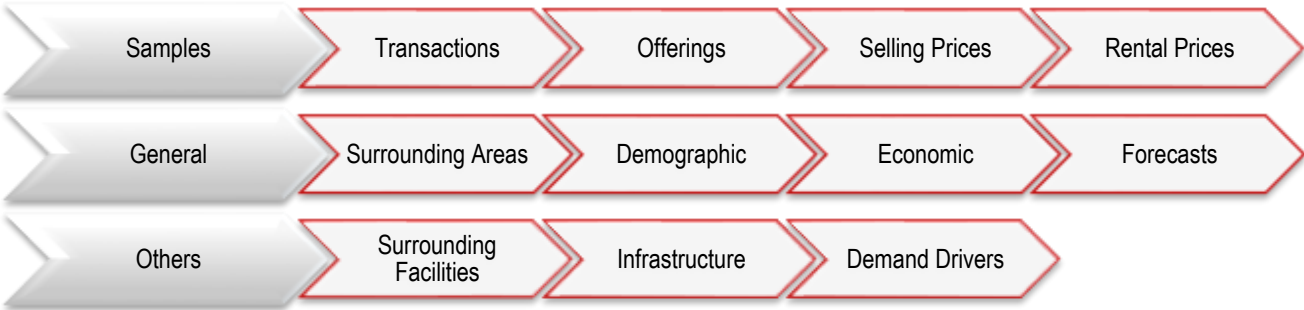
DUE DILIGENCE OUTPUT





1.15 MARKET SURVEY

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



1.16 REPORT CURRENCY

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



1.17 INSURANCE

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

1.18 LEGAL NOTICES

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

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

1.19 INFORMATION SOURCE

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

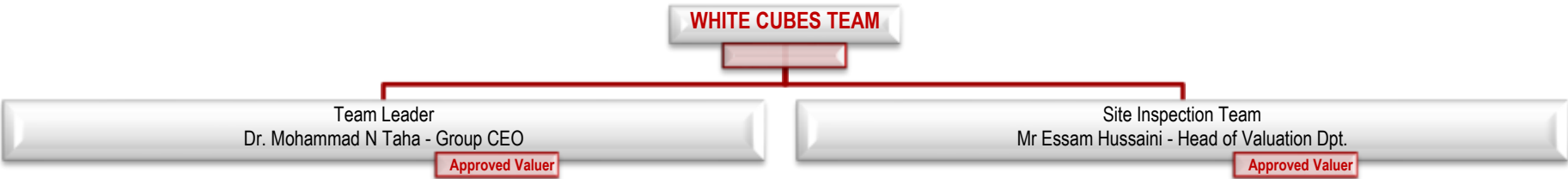
- Market Survey done by our team
- Site inspection done by our team
- Local Real Estate Agents





1.20 KNOWLEDGE & SKILLS

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



1.21 OUR ACCREDITED VALUERS IN TAQEEM

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

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

101 ➡ 102 ➡ 103 ➡ 104 ➡ 105 ➡ 106 ➡ 107 ➡ 108 ➡ 109 ➡ 110 ➡ 111 ➡ 112 ➡ 113 ➡ 114 ➡ 115 ➡ 116																	
Valuer Name		Completed Courses in 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**

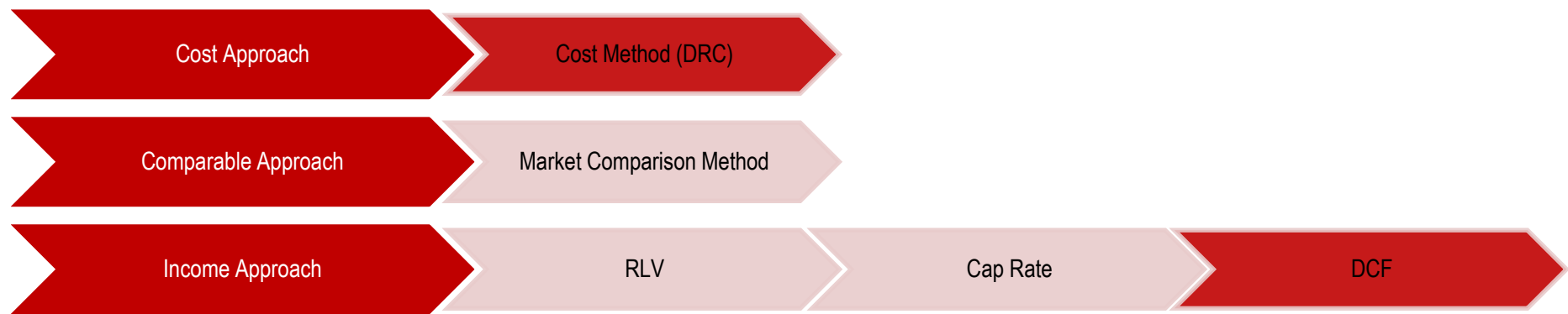
'and without compulsion' establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties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

FACTORS INFLUENCING MARKET VALUE



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

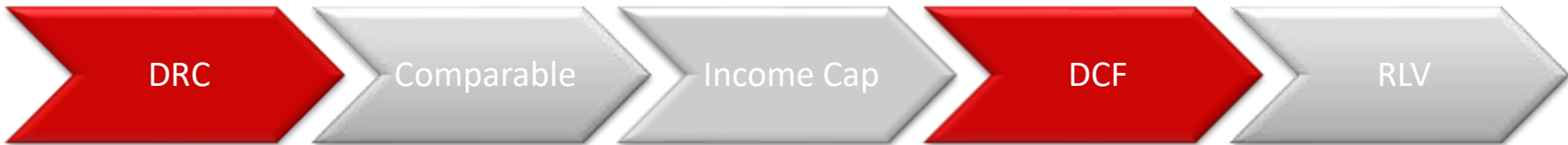


RESIDUAL LAND VALUE (RLV)

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 June 2019	_____
✓	_____	_____
	_____	_____

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 Retail Project (HomeWorks) located in Riyadh city. The building has a total land area of 7,000 Sqm, and a total BUA of 9,181 Sqm and was constructed 18 years ago. The project is open on 3 sides from the north, south and east with a direct view on King Abdullah Road where all the infrastructure facilities such as water, telecommunication, sewage and electricity are available in the surrounding and connected to the subject property.

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





2.2 TITLE DEED & OWNERSHIP

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

City	Riyadh		
District	King Fahed		
T.D Type	Electronic	Electronic	Electronic
T.D Number	310111052642	410106060097	510108048507
T.D Date	27/04/1440	27/04/1440	27/04/1440
T.D Value	30,000,000 SAR	18,000,000 SAR	30,000,000 SAR
Date of Last Transaction	27/04/1440	27/04/1440	27/04/1440
Issue from	Riyadh Notary	Riyadh Notary	Riyadh Notary
Land Area	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
Owner	شركة أول الملقى العقارية		
Ownership Type	Freehold	Freehold	Freehold
Boundaries			
North	Shaikh Uthman AlBarahim Road (12m Length)		
South	King Abdullah Road (80m Length)		
East	Abi Ishaq Al Harbi Road (20m Length)		
West	Plots No. 35+36		
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		

2.3 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		
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	

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



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	✓	✓	





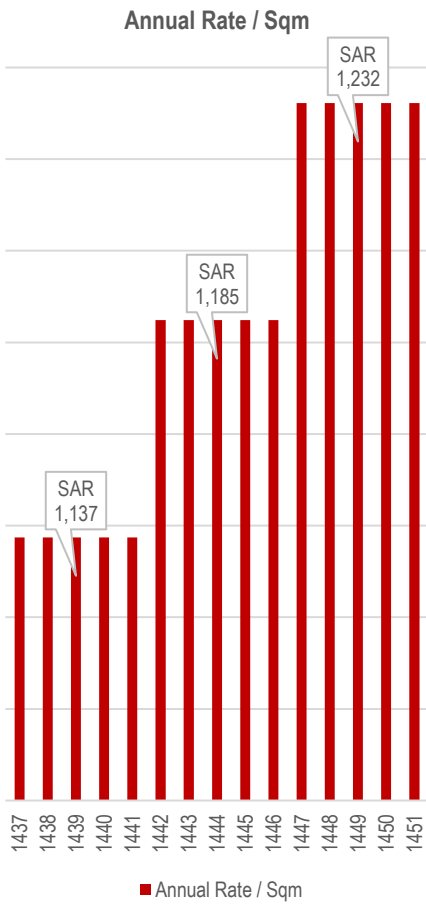
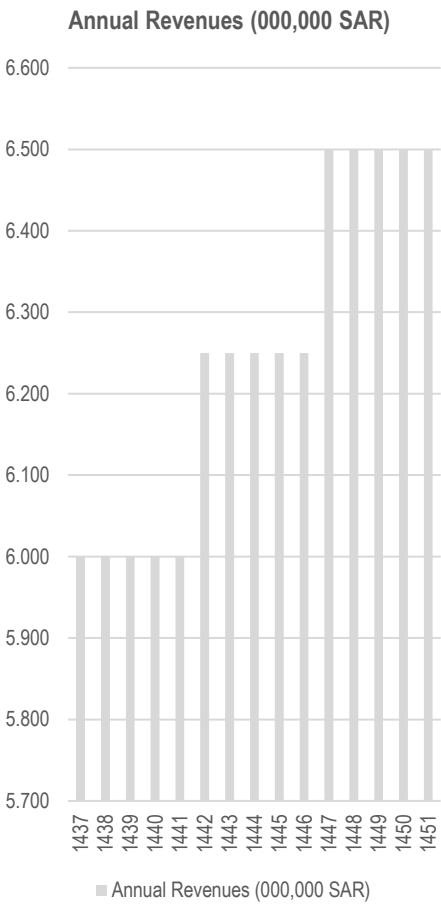
2.6 OCCUPANCY & VACANCY

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

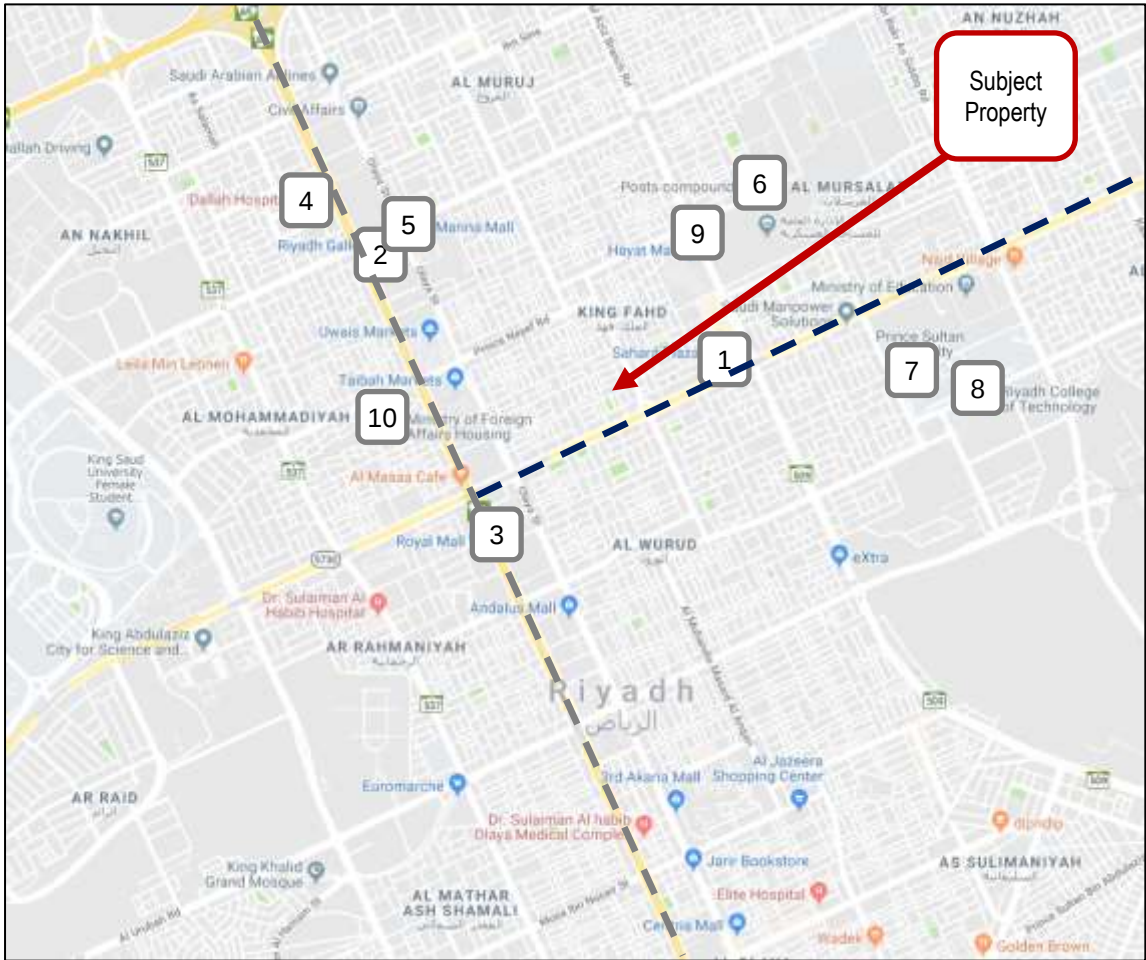
The contract period is for 15 years which include increase provision every 5 years by SAR 250,000. Based on the first-year revenue, the lease rate per Sqm (SAR 6,000,000 / 5,275 GLA) is: SAR 1,137 / Sqm.





2.7 LOCATION

The subject property located in King Fahed district, Riyadh city and can be accessed through the following main streets as shown in the map below.



ACCESS TO SUBJECT PROPERTY

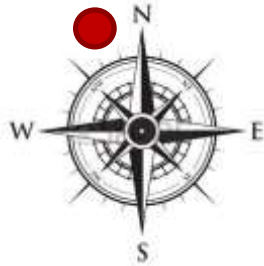
The subject property can be accessed through the following roads:

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

LANDMARKS

- 1- Sahara Plaza (1.4 Kilometres)
- 2- Riyadh Gallery (2.00 Kilometres)
- 3- Royal Mall (1.1 Kilometres)
- 4- Dallah Hospital (2.6 Kilometres)
- 5- Marina Mall (1.8 Kilometres)
- 6- Posts Compound (2.15 Kilometres)
- 7- Prince Sultan University (3.1 Kilometres)
- 8- Riyadh College of Technology (3.1 Kilometres)
- 9- Hayat Mall (2 Kilometres)
- 10- Ministry of Foreign Affairs Housing (1.1 Kilomtres)

Location of the subject property according to the City Center





2.8 PHOTO RECORD





2.9 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

2.10 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.



2.11 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.	Weakness - None.
Opportunities - 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.	Threats - 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.

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.

2.12 SECTOR BRIEF

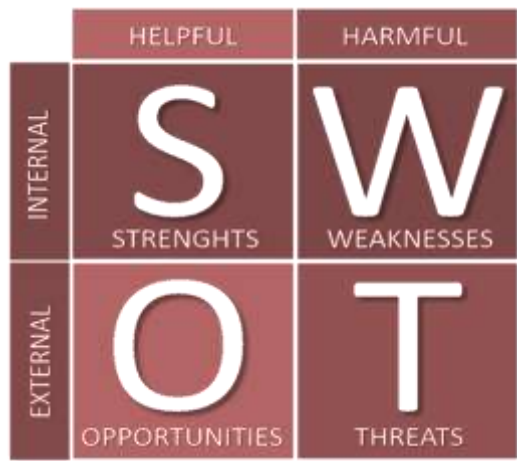
In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and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

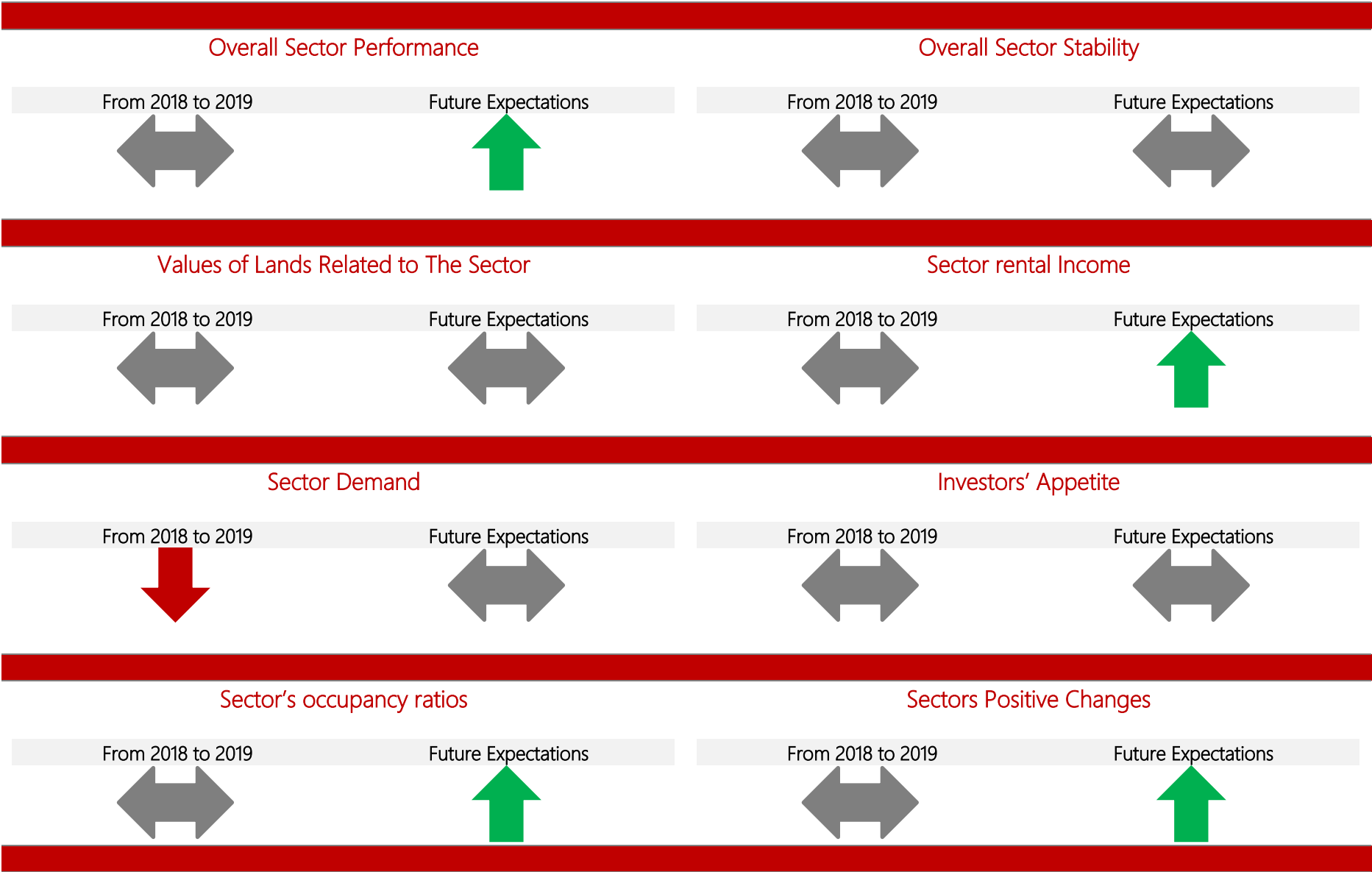
- 

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



2.13 RISK ANALYSIS

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

Sector Analysis

Risk Category- 13 Risk Points - Medium Risk

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

Land Analysis

Risk Category- 6 Risk Points - Minimal Risk

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

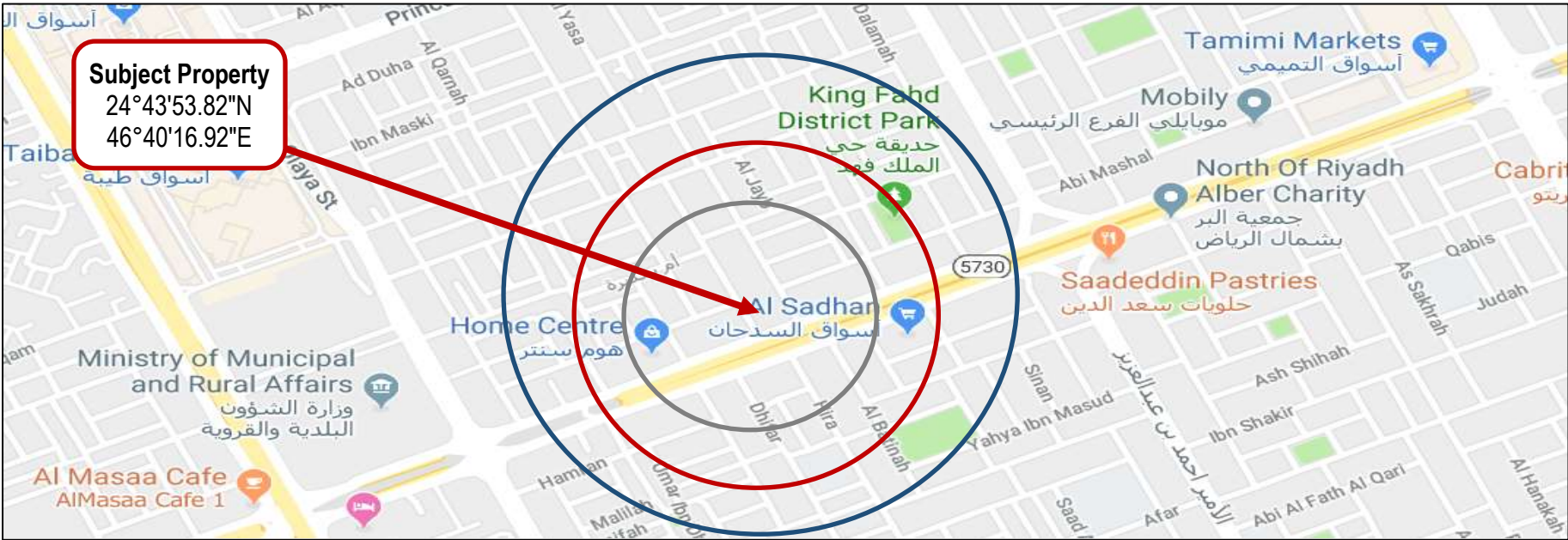
Property Analysis

Risk Category- 6 Risk Points - Minimal Risk



2.14 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

Title Deeds No.	Land Area (sqm)	SAR/ Sqm	Average SAR/ Sqm	Total Value
310111052642, 410106060097, 510108048507	7,000	From 7,500 to 8,500	8,150	SAR 57,050,000

2.15 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
7,000.00		SAR 8,150	SAR 57,050,000
Building			
	Unit	No of Floors	Total BUA
Basement	Sqm	1	3,906.00
Ground Floor	Sqm	1	3,906.00
Upper Floors	Sqm	1	1,369.00
Fences	Lm	----	70.00
Total (SQM)	9,181.00		

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.



Development Cost					
Hard Cost - Upper Floors					
	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	100%	SAR 0
Furniture	5,275.00	SAR 0	SAR 0	100%	SAR 0
Site Improvement	7,000.00	SAR 120	SAR 840,000	100%	SAR 840,000
Total			SAR 11,917,500	100.00%	SAR 11,917,500
Hard Cost - 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
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 20,901,300	0.10%	SAR 20,901
Design			SAR 20,901,300	1.00%	SAR 209,013
Eng Consultant			SAR 20,901,300	1.00%	SAR 209,013
Management			SAR 20,901,300	5.00%	SAR 1,045,065
Contingency			SAR 20,901,300	5.00%	SAR 1,045,065
Others			SAR 20,901,300	0.00%	SAR 0
TOTAL				12.10%	SAR 2,529,057.30
Total Hard Cost	SAR 20,901,300		BUA	9,181.00	
Total Soft Cost	SAR 2,529,057.30		SAR / Sqm	SAR 2,552	
Total Construction Cost	SAR 23,430,357.30		Overall Completion	100.0%	
DEVELOPMENT VALUE					
Total Dev Cost	SAR 23,430,357		Net Dep Rate		38.00%
			Dev Cost After Depreciation		SAR 14,526,822
Economic Age	50		Total Completion Rate		100.00%
Annual Dep Rate	2.00%		Developer Profit Rate		20.0%
Actual Age	19				
Total Dep Rate	38.00%		Dev. Profit Amount		SAR 2,905,364
Add Appr Rate	0.00%		Development Value		SAR 17,432,186
Net Dep Rate	38.00%				
Total Dev. Value	Land Value	Total Property Value	Rounded Value		
SAR 17,432,186	SAR 57,050,000	SAR 74,482,186	SAR 74,480,000		

2.16 DISCOUNTED CASH FLOW- LEASING CONTRACT

Cash Flow	2019 0	2020 1	2021 2	2022 3	2023 4	2024 5	2025 6	2026 7	2027 8	2028 9
Increase Revision	0%	0%	4%	0%	0%	0%	0%	4%	0%	0%
Expected Revenues										
Overall Revenues	6,000,000	6,000,000	6,240,000	6,240,000	6,240,000	6,240,000	6,240,000	6,489,600	6,489,600	6,489,600
Expenses										
OPEX	0.0%	0	0	0	0	0	0	0	0	0
Overall Expenses	0	0	0	0	0	0	0	0	0	0
NOI	6,000,000	6,000,000	6,240,000	6,240,000	6,240,000	6,240,000	6,240,000	6,489,600	6,489,600	6,489,600
Terminal Value @ ----->	7.5%									86,528,000
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54
Present Value	6,000,000	5,555,556	5,349,794	4,953,513	4,586,586	4,246,839	3,932,258	3,786,619	3,506,129	46,531,958
Market Rate / Net Present Value										88,449,253

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

	Discount Rate				
Discount Rate	6.00%	7.00%	8.00%	9.0%	10.0%
Market Value	99,902,273	93,932,723	88,449,253	83,406,780	78,764,825

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.



2.17 DISCOUNTED CASH FLOW- MARKET RATES

Cash Flow		2019 0	2020 1	2021 2	2022 3	2023 4	2024 5	2025 6	2026 7	2027 8	2028 9
Increase Revision		0%	0%	0%	5%	0%	0%	5%	0%	0%	5%
Expected Revenues											
Showrooms	Sqm	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Rate (SAR)	SAR	1,350	1,350	1,350	1,418	1,418	1,418	1,488	1,488	1,488	1,563
Total	SAR	7,121,250	7,121,250	7,121,250	7,477,313	7,477,313	7,477,313	7,851,178	7,851,178	7,851,178	8,243,737
Overall Revenues		7,846,250	7,846,250	7,846,250	8,238,563	8,238,563	8,238,563	8,650,491	8,650,491	8,650,491	9,083,015
Vacancy Rates											
Showrooms	5.0%	356,063	356,063	356,063	373,866	373,866	373,866	392,559	392,559	392,559	412,187
Total		392,313	392,313	392,313	411,928	411,928	411,928	432,525	432,525	432,525	454,151
Expenses											
OPEX	15.0%	1,176,938	1,176,938	1,176,938	1,235,784	1,235,784	1,235,784	1,297,574	1,297,574	1,297,574	1,362,452
Overall Expenses		1,569,250	1,569,250	1,569,250	1,647,713	1,647,713	1,647,713	1,730,098	1,730,098	1,730,098	1,816,603
NOI		5,884,688	5,884,688	5,884,688	6,178,922	6,178,922	6,178,922	6,487,868	6,487,868	6,487,868	6,812,261
Terminal Value @ -----> 7.5%											90,830,152
Discount Rate	8.00%	1.00	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54	0.50
Present Value		5,884,688	5,448,785	5,045,171	4,905,027	4,541,692	4,205,270	4,088,457	3,785,609	3,505,193	48,845,516
Market Rate / Net Present Value											90,255,408
		Discount Rate									
Discount Rate		6.00%		7.00%		8.00%		9.0%		10.0%	
Market Value		102,126,564		95,937,966		90,255,408		85,031,859		80,225,096	

The subject property is rented to multiple tenants. The used rate per unit type was based on the market average rental rates for comparable properties and in the surrounding areas of the subject property. As for the OPEX rate, which assumed to be paid by the Owner, we have assumed total rate of 15% based on the market rates.

2.18 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DRC Approach	Land + Building	SAR 74,480,000	Seventy-Four Million and Four Hundred Eighty Thousand Saudi Riyals
DCF- Contract	Property	SAR 88,450,000	Eighty-Eight Million and Four Hundred Fifty Thousand Saudi Riyals
DCF- Market	Property	SAR 90,255,000	Ninety Million and Two Hundred Fifty-Five Thousand Saudi Riyals

2.19 VALUATION NOTES

As the purpose of valuation is for REIT, and as the REIT fund (acquire income generating properties), we believe that most appropriate approach to do the valuation for such properties should be based on income methodology (DCF).

The used discount rate is based on the weighted average of three approaches:

- 1- CAPM (WACC) method
- 2- Economic inflation rate and market growth rate
- 3- Witnessing of several market transactions similar to the subject property

2.20 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: 88,450,000 SAR
Eighty-Eight Million and Four Hundred Fifty Thousand Saudi Riyals

2.21 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.

2.22 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.

2.23 CONCLUSION

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

Dr. Mohammad Taha – CEO
Valuation Check



Member of (Taqeem)
License No. 1220000263

Essam Hussaini
Site Inspection Check



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WHITE CUBES REAL ESTATE
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