AL FARABI COLLEGE

AL KHABEER CAPITAL

RIYADH CITY

JULY 2020

Valuation Report

REF: **2010493 – 2**
Date: **09/07/2020**
M/S **AL KHABEER CAPITAL**

<u>Subject: Valuation Report for Al Farabi Educational Facilty in Riyadh City, Saudi Arabia.</u>

Dear Sir,

With reference to your request and approval dated on July 08, 2020 for valuation service of an educational facility (Al Farabi medical college), located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)

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

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EXECUTIVE SUMMARY

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1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from Mrs. Rana Al Shaibi on 08/07/2020 to implement a real estate valuation service in Riyadh city.
Client	For whom this report is being prepared is Al Khabeer Capital, a valuation for an educational facility in Riyadh city.
Reference No.	2010493 - 2
Purpose of Valuation	Acquisition Purpose
Subject Property	Educational Facility
Property Location	The property is in Ishbiliya district, Riyadh City.
Title Deed Information	Title Deed No: 310114045141, Title Deed Date: 07/06/1440 AH, Issued from Riyadh Notary
Ownership Type	Freehold
Owner	شركة المقصد العقارية
Land Use	Educational
Land Area (Sqm)	Based on the title deed, the land has an area size of 17,046 Sqm
BUA (Sqm)	The building is composed of 5 floors, yet and based on the provided construction permit, the total BUA is 44,656.92 Sqm. We will use the BUA shown in the construction permit in our valuation analysis.
Parking No. (Approx.)	352 Parking
Vacancy Rate	Based on the leasing contract provided by the client, the subject property is fully leased to one tenant.
Valuation Approach	DRC, Income Cap and Comparable Approach
Final Property Value	213,330,000 SAR
Valuation Date	09/07/2020
Inspection Date	09/07/2020

TERMS OF REFERENCE & VALUATION

1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The evaluation was prepared in accordance with the International Evaluation Standards of the Council of International Assessment Standards (IVSC) issued in 2017 by the Saudi Authority for Accredited Residents in the Kingdom of Saudi Arabia.

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

The definition of Market Value is applied in accordance with the following conceptual framework:

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

AN ASSET SHOULD EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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

AND WILLING SELLER

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

IN AN ARM'S LENGTH TRANSACTION

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

AFTER PROPER MARKETING

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

KNOWLEDGEABLY AND PRUDENTLY

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

AND WITHOUT COMPULSION

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

1.4 CLIENT APPROVAL DATE

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

July 08, 2020.

1.5 INSPECTION DATE

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

July 09, 2020.

1.6 VALUATION DATE

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

July 09, 2020.

1.7 REPORT DATE

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

July 09, 2020.

1.8 OPINION OF VALUE

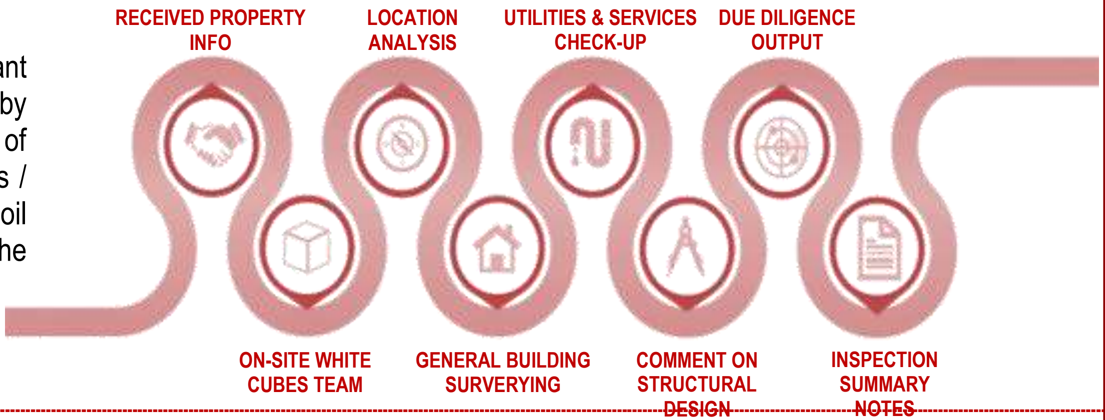
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for Acquisition Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Income Approach, The Depreciated Replacement Cost (DRC), The Comparable and the Discounted Cash Flow Approach (DCF)

1.10 INSPECTION ROLE

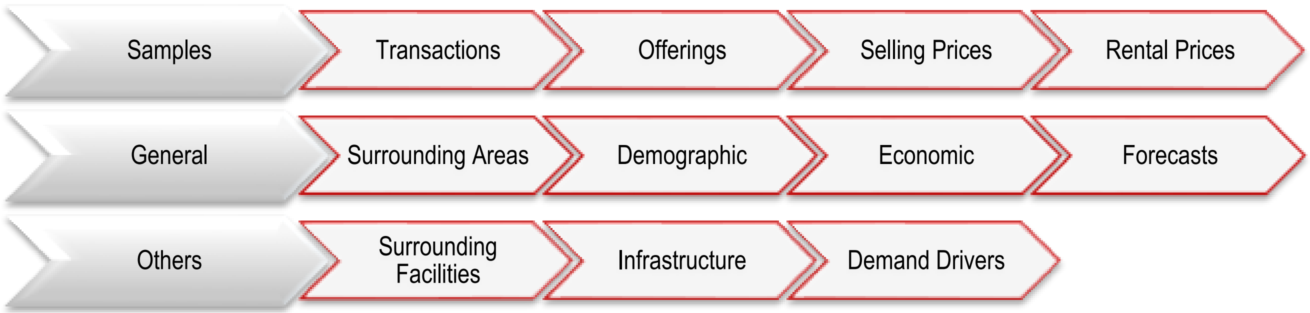
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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



TAQEEM LISCENCE NUMBER: 1210000474

1.11 MARKET SURVEY

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



TAQEEM LISCENCE NUMBER: 1210000474

PROPERTY DETAILS

1.12 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is an educational facility with a land area of 17,046 square meters and as per the provided construction permit, it has a total BUA of 44,656.92 square meters, overlooking 2 streets, where the main façade is the western side, which overlooks Al Bahar Al Arabi Street.

Location Description

The property being valuated is an educational facility in Ishbilia Street in the in the northeast of Riyadh.
The property is bordered from the north by a commercial building
The property is bordered from the south by a vacant land
The Property is bordered from the east by residential buildings
The property is bordered to the west by the main road, Al Bahar Al Arabi Rd.

Ease of Access

The ease of access to the property is high, based on its current location as it is located on Al Bahar Al Arabi Street.

Area Surrounding the Property

The real estate surrounding the property subject of valuation are mostly of residential and commercial uses.

The Main Landmarks

The property subject of valuation is surrounded by several major landmarks such as Ishbilia Residential Compound.

Land	
Land Use	Commercial
No. of Streets	2
Land Shape	Graded
Direct View on the Main Road	Al Bahar Al Arabi Street
Direct View on an Internal Street	None
Land Condition	Constructed

Building	
Building Type	Educational Building
Building Structural Conditions	Fully Constructed.
External Elevation Conditions	Good
Building Finishing Conditions	Good
Overall Building Conditions	Good

1.13 INFRASTRUCTURE FACILITIES

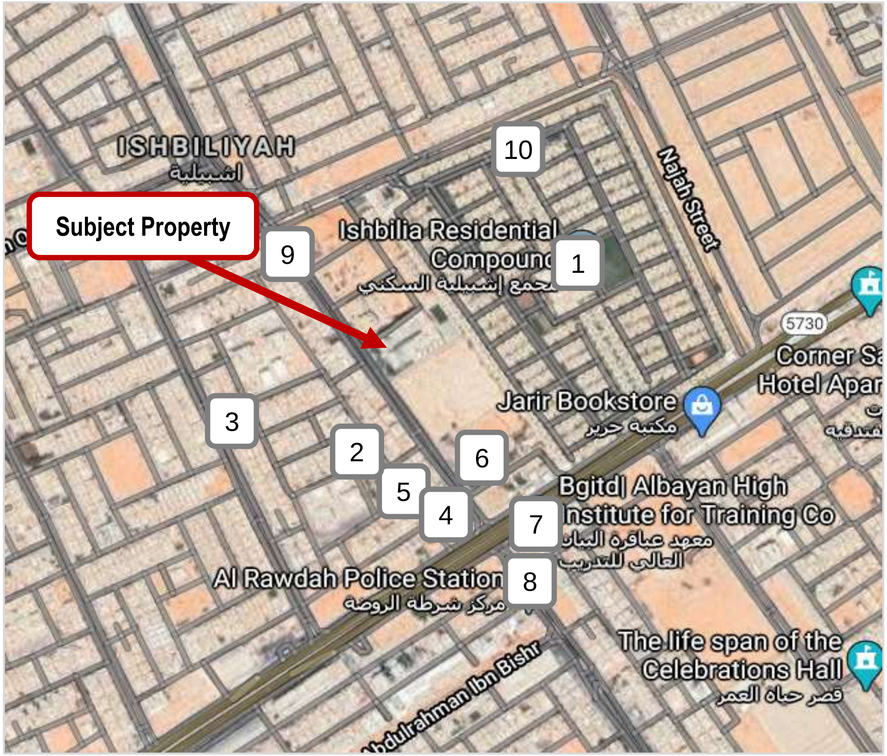
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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

TAQEEM LISCENCE NUMBER: 1210000474

1.14 LOCATION

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

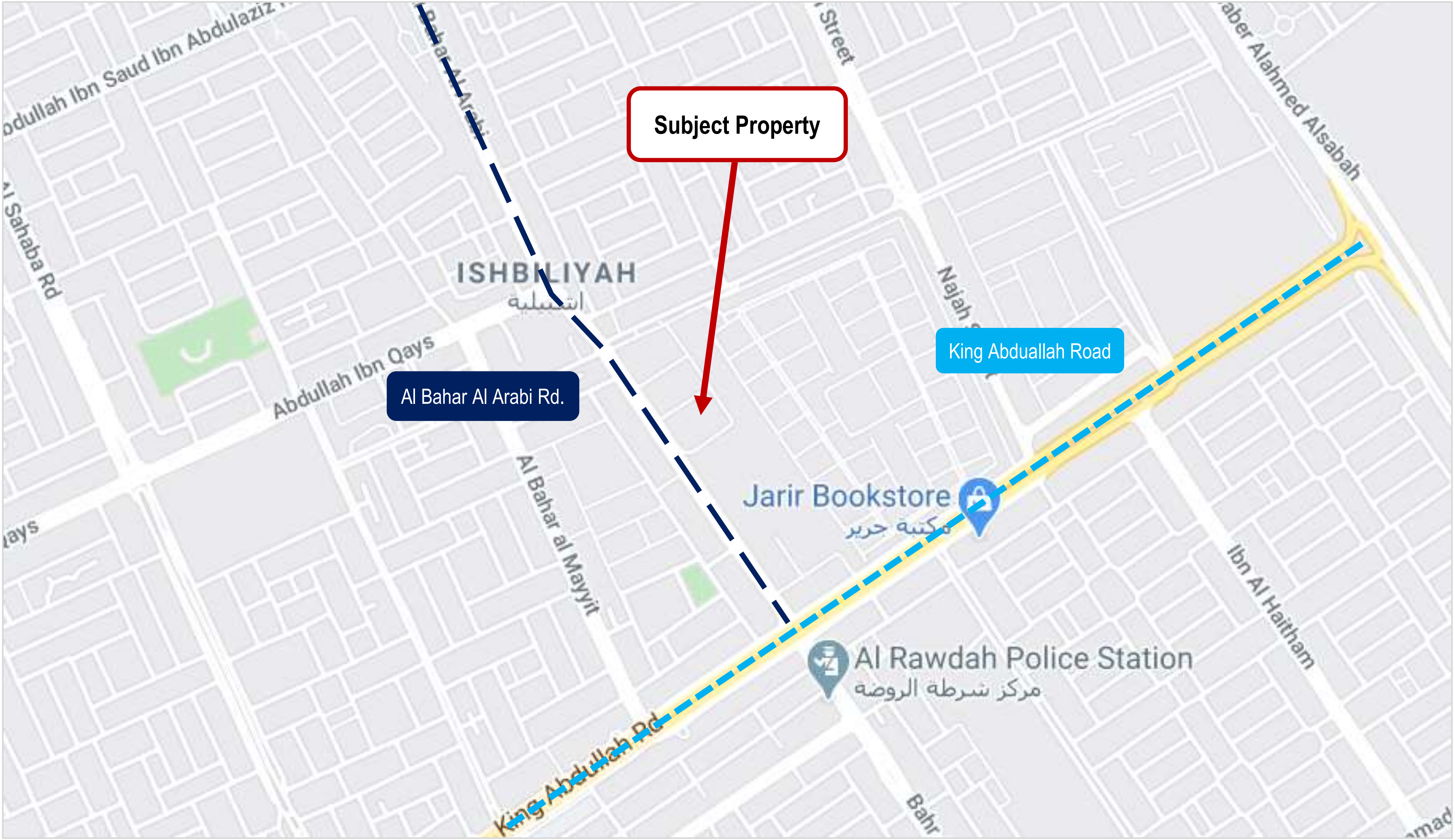
Property Location on a City Scale	Property Location on a District Scale
	

Surrounding Landmarks

1- Ishbilia Residential Compound (0.25 Kilometers)
2- Sevilla School for the memorization of the Koran girl (0.20 Kilometers)
3- Kids Saray International School (0.33 Kilometers)
4- Beam Crossfit (0.40 Kilometers)
5- Al Itisaliyat Company (0.30 Kilometers)
6- Oasis Day Care Center (0.30 Kilometers)
7- Bgitd Albayan High Institute for Training Co (0.50 Kilometers)
8- Al Rawdah Police Station (0.60 Kilometers)
9- Al Rowad Schools - Ishbilia (0.45 Kilometers)
10- Ishbilia Kindergarten (0.45 Kilometers)

1.15 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:



1.16 TITLE DEED & OWNERSHIP

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

City	Riyadh	**Land Area**	17,046 Sqm
District	Ishbilia	**Plot No.**	4
T.D Type	Electronic	**Block No.**	N/A
T.D Number	310114045141	**Layout No.**	N/A
T.D Date	07/06/1440 AH	**Owner**	شركة المقصد العقارية
T.D Value	5,000,000 SAR	**Ownership Type**	Freehold
Date of Last Transaction	10/11/1440 AH	**Limitation of Document**	N/A
Issued From	Riyadh Notary		
North Side	15 m Wide street	**East Side**	Private Property
South Side	Plot# 5	**West Side**	40 m Wide street
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.17 CONSTRUCTION & BUILDINGS

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

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

The customer provided us with a building permit for the property under evaluation, which contains the following data:
The subject property is a fully constructed educational facility consisting of 5 floors and used as Administrative Offices, Classrooms, Labs, Prayer Room, Open sitting area, Canteen, parkings, and others.

Subject Property	
Construction Permit Type	Renewed permit
Property Type	Educational
Construction Permit No.	1433/1470
Construction Permit Date	05/03/1439 AH
Permit Expiry Date	05/03/1440 AH

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	9440.25	Educational
Basement 2	0	10414.60	Parking Area
Basement 1	0	10357.19	Parking Area
First Floor	1	9254.32	Educational
Electricity Room	0	20.00	Electricity Room
Annexes	1	4627.16	Educational
Fences	1	543.4	Services
Total BAU (sqm)		**44,656.92**	

The provided construction permit shows a total BUA of 44,656.92 Sqm. We will base our valuation analysis on the BUA provided by the construction permit.

1.18 ESTIMATING THE OVERALL PROPERTY CONDITION

Item	1	2	3	4	5	Notes
Location					●	Good Location
Building Structure					●	No Issues Found
Crack & Damages					●	No Issues Found
Major Deficiency					●	No Issues Found
External Elevation				●		Slight maintenance needed
External Ramp				●		Some areas need to be cleaned
External Lighting				●		The lighting bulbs needs simple maintenance
Common Area Lighting				●		The lighting bulbs needs simple maintenance
External Back Yard				●		Some areas need to be cleaned
A/C Room (Ground Floor)					●	No Issues Found
Internal walls				●		Some minor pain job might be required in some areas
Ceilings					●	No Issues Found
Floor Tiles					●	No Issues Found
Surveillance System and Cameras				●		Average Quality
Elevators				●		No Issues Found
Emergency Staircase				●		No Issues Found
Emergency Exit Doors				●		No Issues Found
Fire Alarm System					●	No Issues Found
Fire Fighting System					●	No Issues Found
Power Generators					●	No Issues Found
Building Cleanliness				●		Some areas need to be cleaned
	0	0	0	44	50	

Out of 105 points and based on a field survey by our team, the property achieved 94 points. That is, the general condition of the building is good with a rate of 90%.

1.19 MAINTENANCE & OPERATIONAL EXPENSES

As per the client, and since the subject property is fully rented by one tenant, all the operational expenses are being held by the tenant himself.

1.20 INSURANCE

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

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1.21 PHOTO RECORD









MARKET INDICATORS

ISO 9001

CERTIFIED

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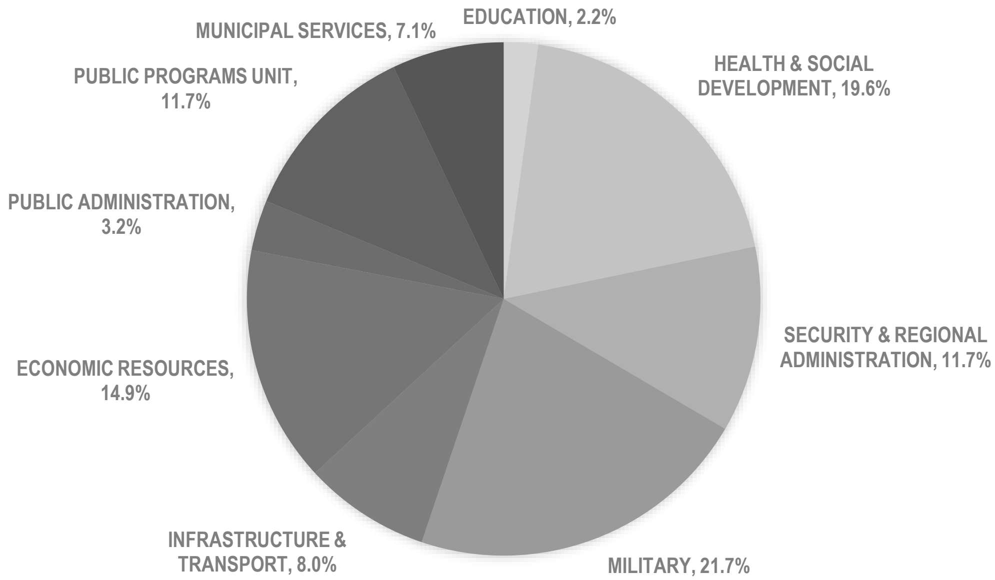
1.22 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.23 BUDGET ALLOCATION FOR 2019

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



Source: Ministry of Economy

TAQEEM LISCENCE NUMBER: 1210000474

1.24 SWOT ANALYSIS

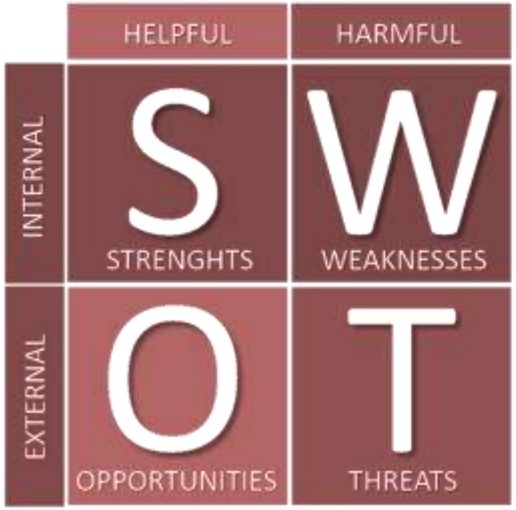
Strength	Weakness
- Direct view on the main road, Al Bahar Al Arabi Rd. - Surrounded by several landmarks	- The property is located far from city center
Opportunities	**Threats**
- Increase in the demand for such properties in the surrounding area due to the high concentration of residential units	- Existing and upcoming similar projects

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

1.25 SECTOR BRIEF

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

Indicator showing a decrease in the current performance comparing to the last year
Indicator showing an increase in the current performance comparing to the last year
Indicator showing a stable position in the current performance comparing to the last year



Overall Sector Performance

From 2019 to 2020	Future Expectations
↔	↑

Overall Sector Stability

From 2019 to 2020	Future Expectations
↔	↑

Values of Lands Related to The Sector

From 2019 to 2020	Future Expectations
↓	↔

Sector rental Income

From 2019 to 2020	Future Expectations
↓	↔

Sector Demand

From 2019 to 2020	Future Expectations
↔	↔

Investors' Appetite

From 2019 to 2020	Future Expectations
↔	↑

Sector's occupancy ratios

From 2019 to 2020	Future Expectations
↔	↔

Sectors Positive Changes

From 2019 to 2020	Future Expectations
↔	↑

White Cubes Team's Analysis

1.26 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy	---	---	✓	---	---
Sector Current Performance	---	---	✓	---	---
Sector Future Performance	---	✓	---	---	---
Occupancy Rates	---	---	✓	---	---
Supply Rate	---	---	✓	---	---
Demand Rate	---	✓	---	---	---
Total Risk	0	4	12	0	0
Risk Category	16 Risk Points - Medium Risk				

Sector Analysis

Risk Category- 16 Risk Points - Medium Risk

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

Land Analysis

Risk Category- 10 Risk Points - Minimal Risk

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

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION

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1.27 DOCUMENTS RECIEVED

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

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

1.28 GENERAL ASSUMPTIONS

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

1.29 LEGAL NOTICES

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

1.30 INFORMATION SOURCE

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

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

1.31 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service scope does not include any technical testing of buildings or construction structures, and this does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reverse the effect on the value estimate.

1.32 VALUATION APPROACH

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

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

COMPARABLE METHOD

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

DEPRECIATED REPLACEMENT COST (DRC)

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

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

CAPITALIZATION METHOD (CAP RATE)

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

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

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

1.33 INPUT VALUATION PROCESS

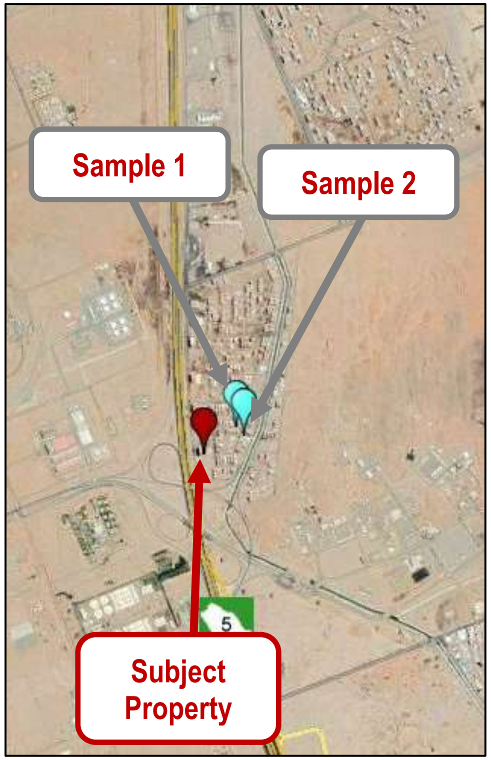
After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual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

1.34 COMPARABLE APPROACH

This method aims to collect data and information on actual sales or current offers of real estate similar to the original subject matter being evaluated, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the evaluation process in the style of comparisons and the amendments made to the available comparisons

Characteristics of Samples			
Feature	Subject Property	Sample 1	Sample 2
Quoting	---------	Offering	Offering
District	Ishbilia	Ishbilia	Ishbilia
Sale Price	----------	SAR 1,200,000	SAR 1,400,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	17,046.00	630.00	700.00
SAR / Sqm	--------	SAR 1,905	SAR 2,000
Sides Open	2	2	1

Adjustment Analysis					
		SAMPLE 1		SAMPLE 2	
Area size	17,046.00	630.00	-10.00%	700.00	-10.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Average	5.00%	Average	5.00%
Sides Open	2	2	0.00%	1	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	No	5.00%	No	5.00%
Negotiable	---------	No	0.00%	No	0.00%
Other Factor	----------	----------	0.00%	----------	0.00%
Total Adjustments Ratio			0.00%		5.00%
Total Adjustment Amount			SAR 0.0		SAR 100.0
Net After Adjustment			SAR 1,904.8		SAR 2,100.0
SAR / Sqm		SAR 2,002			
Rounded Value		SAR 2,000			



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	17,046	17,046	17,046	17,046	17,046
SAR / Sqm	SAR 1,912.5	SAR 2,018.8	SAR 2,000.0	SAR 2,231.3	SAR 2,337.5
Property Value	SAR 32,600,475	SAR 34,411,613	SAR 34,092,000	SAR 38,033,888	SAR 39,845,025
			PROPERTY VALUE		

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Based on the field samples obtained with the assistance of some real estate experts in the region, the average prices for similar properties range from 1,800 to 2,200 SAR per square meter. The general average is 2,000 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the general average.

1.35 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of the real estate similar to the property being evaluated, and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regard, and in the following table the scope of the expected costs for replacing the building under evaluation

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 700	SAR 900	SAR 800
MEP	SAR 350	SAR 450	SAR 400
Finishing Materials	SAR 650	SAR 750	SAR 700
Site Improvements	SAR 80	SAR 120	SAR 100
Owner Profit	18%	22%	20%

In the following table, we will calculate an estimate of the direct costs of the building in the new condition, according to the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

LAND		
Land Area	**SAR / Sqm**	**Total Value**
17,046.00	SAR 2,000	SAR 34,092,000

Building		
	Unit	**Total BUA**
Underground	Sqm	20,771.79
Upper Floors	Sqm	23,885.13
Total (SQM)	**44,656.92**	

Development Cost					
Hard Cost - Upper Floors					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Skeleton & Block	23,885.13	SAR 900	SAR 21,496,617	100%	SAR 21,496,617
Electro Mechanic	23,885.13	SAR 500	SAR 11,942,565	100%	SAR 11,942,565
Finishing	23,885.13	SAR 1,200	SAR 28,662,156	100%	SAR 28,662,156
Fit outs & Appliances	23,885.13	SAR 0	SAR 0	100%	SAR 0
Furniture	23,885.13	SAR 0	SAR 0	100%	SAR 0
Site Improvement	17,046.00	SAR 100	SAR 1,704,600	100%	SAR 1,704,600
Total			**SAR 63,805,938**	**100.00%**	**SAR 63,805,938**
Hard Cost - (Underground)					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Skeleton & Block	20,771.79	SAR 1,200	SAR 24,926,148	100%	SAR 24,926,148
Electro Mechanic	20,771.79	SAR 500	SAR 10,385,895	100%	SAR 10,385,895
Finishing	20,771.79	SAR 200	SAR 4,154,358	100%	SAR 4,154,358
Total			**SAR 39,466,401**	**100.00%**	**SAR 39,466,401**

Overall Soft Cost				
		Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost		SAR 103,272,339	1.00%	SAR 1,032,723
Design		SAR 103,272,339	1.00%	SAR 1,032,723
Eng Consultant		SAR 103,272,339	2.00%	SAR 2,065,447
Management		SAR 103,272,339	2.00%	SAR 2,065,447
Contingency		SAR 103,272,339	5.00%	SAR 5,163,617
Others		SAR 103,272,339	0.00%	SAR 0
TOTAL			**11.00%**	**SAR 11,359,957.29**

Total Hard Cost	**SAR 103,272,339**	**BUA**	**44,656.92**
Total Soft Cost	**SAR 11,359,957.29**	**SAR / Sqm**	**SAR 2,567**
Total Construction Cost	**SAR 114,632,296.29**	**Overall Completion**	**100.0%**

After knowing the total building construction costs at a rate of 2,567 SAR per square meter, we will estimate the life span of the property according to the type of construction and its general condition, and then apply the depreciation rates based on the actual age of the property. Then, the developer's profitability will be added to the property's value after depreciation to see the estimated market value of the building

DEVELOPMENT VALUE			
Total Dev Cost	**SAR 114,632,296**	**Net Dep Rate**	22.50%
		Dev Cost After Depreciation	**SAR 88,840,030**
Economic Age	40		
Annual Dep Rate	2.50%	**Total Completion Rate**	100.00%
		Developer Profit Rate	20.0%
Actual Age	9		
Total Dep Rate	22.50%		
Add Appr Rate	0.00%	**Dev. Profit Amount**	SAR 17,768,006
Net Dep Rate	**22.50%**	**Development Value**	**SAR 106,608,036**

The total market value of the building is 106,608,036 SAR, which will be added to the market value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 106,608,036	**SAR 34,092,000**	**SAR 140,700,036**	**SAR 140,700,000**

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1.36 INCOME APPROACH

Market Capitalization Rate Analysis

Based on recent deals from the sale of similar real estate and real estate funds, we found that the operating rate of return, or the so-called capitalization rate, on the basis of which the commercial exchange for similar real estate ranges from 7% to 8%. Where this average is affected by rise and fall due to several factors, including the quality of the building's finishing, the general location, the ease of access to the property, the actual age of the property, the size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

With regard to the capitalization rate used in the valuation, we will base our analysis on the average capitalization rates based on the market and then make some adjustments based on the property situation in terms of its characteristics, location and some other important elements.

Minimum capitalization rate		7.00%
Maximum capitalization rate		9.00%
Average		8.00%
The effect of the property specifications on the property		
Item	**Influence**	**Notes**
Ease of access to the property	0.25%	1 Side Open
General condition of the property	0.00%	The actual age of the property is 8 years
The general location of the property	-0.25%	The area is well served
Quality and finishes	0.00%	Average quality finishes
Facilities of tenant payment	-0.50%	The tenant provided promissory note for the contract period
Services and public facilities	0.00%	level and availability of services is average
Total	**-0.50%**	
Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	**7.50%**	

With regard to the capitalization rate used in the evaluation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:
- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the evaluation process, is 7.50%, which will be applied subsequently to the net operating income of the property.

As per the client, and as per the signed leasing contract, promissory notes have been signed by the tenant for the contract duration which guarantees more stability of the project's revenue stream. Based on that, this will affect the used cap rate to be lower than the market average (cap rate used at 7.5%)

Occupancy Rates in the Project

The subject property is fully rented to one tenant (Al Farabi College). The details of the leasing contract is as follows:

Owner (1st Party)	**شركة المقصد العقارية**
Tenant (2nd Party)	**شركة كليات الفرابي للتعليم**
Contract Starting Date	01/01/2020
Contract Duration	25 Years
Rent Increase Role	5% every 5 years

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As for the annual rent of the subject property, the following tables shows the rent escalation on yearly bases:

Year	Annual Rent
2020	SAR 16,000,000
2021	SAR 16,000,000
2022	SAR 16,000,000
2023	SAR 16,000,000
2024	SAR 16,000,000
2025	SAR 16,800,000
2026	SAR 16,800,000
2027	SAR 16,800,000
2028	SAR 16,800,000

Year	Annual Rent
2029	SAR 16,800,000
2030	SAR 17,640,000
2031	SAR 17,640,000
2032	SAR 17,640,000
2033	SAR 17,640,000
2034	SAR 17,640,000
2035	SAR 18,522,000
2036	SAR 18,522,000

Year	Annual Rent
2037	SAR 18,522,000
2038	SAR 18,522,000
2039	SAR 18,522,000
2040	SAR 19,448,100
2041	SAR 19,448,100
2042	SAR 19,448,100
2043	SAR 19,448,100
2044	SAR 19,448,100

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Educational Facility	The subject property is Fully leased to 1 tenant				SAR 16,000,000
-----------------------------------	0	0	SAR 0	SAR 0	SAR 0
-----------------------------------	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 16,000,000

EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Educational Facility	0.00%	0.00%	0.00%	0.00%	0.00%
-----------------------------------	0.00%	0.00%	0.00%	0.00%	0.00%
-----------------------------------	0.00%	0.00%	0.00%	0.00%	0.00%

NET OPERATING INCOME			
Unit Type	Total Revenues	Total Expenses	NOI
Educational Facility	SAR 16,000,000	0.00%	SAR 16,000,000
-----------------------------------	SAR 0	0.00%	SAR 0
-----------------------------------	SAR 0	0.00%	SAR 0
		Total	SAR 16,000,000
Total Property Revenues			SAR 16,000,000
Total Property Expenses			SAR 0
Net Operating Income			SAR 16,000,000.00

Net Operating Income	Cap Rate	Property Value	Rounded Value
SAR 16,000,000.00	7.50%	213,333,333.33 SAR	213,330,000.00 SAR

1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 213,330,000	Two Hundred Thirteen Million and Three Hundred Thirty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 140,700,000	One Hundred Forty Million and Seven Hundred Thousand Saudi Riyals

It is true that the subject property considered as a special property (educational facility), but since the subject property is being leased on a long term bases with the availability of the promissory notes (provided by the tenant) and taking into consideration the purpose of valuation, we will indicate the final value of the subject property based on the income approach.

1.38 SUBJECT PROPERTY VALUE

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

Property Value: **213,330,000 SAR**
Two Hundred Thirteen Million and Three Hundred Thirty Thousand Saudi Riyals

1.39 REPORT USE

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

1.40 DISCLAIMER

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

1.41 CONCLUSION

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

Essam Hussaini
Site Inspection Check

Member of (Taqeem)
License No. 1210000474

GENERAL NOTES

ISO 9001 CERTIFIED

WHITE CUBES
REAL ESTATE

1.42 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the evaluator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

1.43 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and White cubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

	No	*If Yes*		*Remarks*
		Client	Date	
The subject property was previously valuated by White Cubes		Al Khabeer Cap	Feb 2020	-------------------------------------
White Cubes was previously involved in selling activities related to the property	✓	------------------	---------	-------------------------------------
White Cubes was previously involved in advisory services related to the property	✓	------------------	---------	-------------------------------------

1.44 CONFIDENTIALITY

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

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

1.45 ENVIRONMENTAL MATTERS

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

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

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

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

DOCUMENTS COPIES

CERTIFIED ISO 9001 CERTIFIED

WHITE CUBES
REAL ESTATE

TITLE DEED

بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الاولى بالرياض

الرقم : ٣١٠١١٤٠٤٥١٤١
التاريخ : ٧ / ٦ / ١٤٤٠ هـ

صك

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

فإن قطعة الارض رقم ٤ من اصل الارض رقم بدون الواقع فى حى اشبيليا بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٥م	بطول: (١٨٠) مائة و ثمانون متر
جنوباً: قطعة رقم٥	بطول: (١٨٠) مائة و ثمانون متر
شرقاً : جار	بطول: (٩٤,٧) أربعة و تسعون متر و سبعون سنتمتر
غرباً: شارع عرض٤٠م	بطول: (٩٤,٧) أربعة و تسعون متر و سبعون سنتمتر

ومساحتها :(١٧٠٤٦) سبعة عشر ألف و ستة و أربعون متر مربعاً فقط

والمستند فى افراغها على الصك الصادر من هذه الإدارة برقم ٣١٠١١٦٠٤٤٢٥٥ في ١٤ / ٢ / ١٤٤٠ هـ قد انتقلت ملكيتها لـ: شركة المقصد العقارية شركة شخص واحد بموجب سجل تجاري رقم ١٠١٠٤٥٤٥٠١ في ١٠ / ١١ / ١٤٣٩ هـ وتنتهي في ١٠ / ١١ / ١٤٤٠ هـ ، بثمن وقدره ٥٠٠٠٠٠٠ خمسة مليون ريال وعليه جرى التصديق تحريراً في ٧ / ٦ / ١٤٤٠ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
محمد بن عثمان بن عبدالرحمن البصيري

وزارة العدل
كتابة العدل الأولى بالرياض

نموذج رقم (١٢-٠٣-١) صفحة ١ من ١

CONSTRUCTION PERMIT

نوع المعاملة : صادر
التاريخ : ١٤٣٩/٠٤/٠٢ هـ
المرفقات : بدون
الرقم الموحد : ٣٨٠٠١٩٥٢١٨

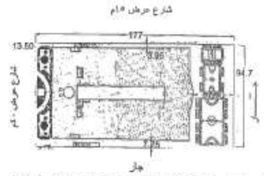
رخصة
بناء كلية طب أسنان

رقم الرخصة : ١٤٣٣/١١٧٠
تاريخ الرخصة : ١٤٣٩-٠٢-٠٥
تاريخ الإنتهاء : ١٤٤٠-٠٢-٠٥
نوع الرخصة : تجديد + تعديل مخططات البناء

اسم المالك :	شركة كلية القارابي		
رقم الإثبات :	١٠١٠٢٦٦٥٠١	تاريخه :	مصدره :
رقم الصك :	٨١٠١٠٤٠٢١٥١٢	تاريخه :	١٤٣٢-٠٥-١٥
رقم القطعة :	٤	رقم المخطط التنظيمي :	بدون
الشارع :		رقم العقار :	
الحي :	حي اشبيليه	نوع البناء :	
مساحة الأرض :	١٧٠٤١,٥ م٢	محيط الأسوار: م/ط	النطاق العمراني : مرحلة ٢

الجهة	الحدود	الأبعاد	الإرتداد
شمال	شارع عرض ١٥م	١٧٧	٣,٩٥
شرق	جار	٩٤,٧	٣٧,٩
جنوب	قطعه رقم ٥	١٨٠	٧,٢٥
غرب	شارع عرض ٤٠م	٩١,٧	١٣,٥

مكونات البناء	عدد الوحدات	المساحة	الإستخدام
دور ارضي	١	٩٤٤١,٢٥	تعليمي
قبو ثاني	٠	١٠٤١٤,٦٩	مواقف
قبو اول	٠	١٠٣٥٧,١٩	مواقف
دور اول	١	٩٢٥٤,٣٢	تعليمي
غرفة كهرباء	٠	٢٠,٠٠	غرفة كهرباء
ملاحق علوية	١	٤٦٢٧,١٧	تعليمي
اسوار	١	٥٤٣,٤٠	خدمات



المكتب المصمم : دار المشورة للاستشارات الهندسية

رقم الترخيص : ١٠٩٩ رقم المشروع : ٩٢ رمز النظام : مناسيب الشوارع المحيطة : مستوي

سدد الرسوم مبلغ وقدره : ٢٢٨٧٩ ريال بموجب الإيصال رقم : ٣٣٠٠١٩٤٠١٠ وتاريخ : ١٤٣٣-٠١-٢٣ هـ

ملاحظات :

المكتب الهندسي: حديث العمارة لاستشارات الهندسة المعمارية الرخصة عبارة عن تعديل مكونات البناء+تجديد ، نوع البناء مسلح . ١- بموجب التقرير المساحي رقم ١٤٣٢/٢٩٥٣٥ وتاريخ ١٤٣٢-٠٦-٠٦هـ الصادر من بلدية الروضة الفرعية . ٢- منطقة التقسيم م١١١. ٣- الارض مجزئة بموجب المحضر رقم ٣١٦ وتاريخ ١٤٠٨-٠٦-٢٨هـ حسب ما ورد بخطاب بلدية الروضة الفرعية رقم ٥١٦١ وتاريخ ١٤٣٢-٠٧-١٨هـ . ٤- بموجب توجيه سمو الامين بالمعاملة رقم ٧٢٩٣ وتاريخ ١٤٣٢-١١-١٩هـ بما نصه" لا مانع من الموافقة على المخططات المرفقة على ان يترك السور على الشارع الرئيسي ٦م". ٥- يجب التقيد بتنفيذ المخططات المعتمدة من قبل لجنة المشروعات الكبرى بالقرار رقم ١٤٣ وتاريخ ١٤٣٢-١٢-٢٧هـ . ٦- ارتداد الملاحق العلوية عن حد الدور الأول لا يقل عن ٢م من جهة ...

رئيس قسم الرخص
مدير ادارة رخص البناء

يجب الإلتزام بالشروط الموضحة خلف الرخصة