

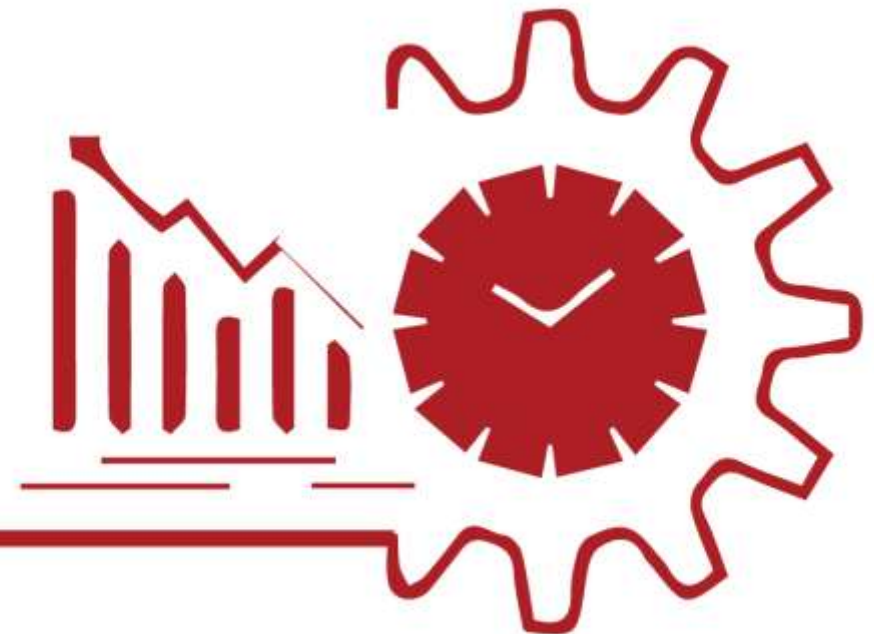
PALLAZZO PLAZA AL KHABEER CAPITAL

RIYADH CITY

JUNE 2020



Valuation Report





REF: 2010402-5
Date: 30/06/2020
M/S Al Khabeer Capital

Subject: Valuation Report for Pallazzo Plaza in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on June 11, 2020 for valuation service of the Commercial project (Pallazzo Plaza) 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





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EXECUTIVE SUMMARY





1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 11/06/2020 to implement valuation service for a commercial project in Riyadh city.
Client	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law.
Reference No.	2010402-5
Purpose of Valuation	Real Estate Investment Trust (REIT) Purpose
Subject Property	Commercial Project
Property Location	The property is located in Al Sulaymaniah district, Riyadh City.
Title Deed Information	Title Deed No: 214002002200, Title Deed Date: 14/09/1440, Issued from Riyadh Notary
Ownership Type	Freehold
Owner	شركة أول الملقا العقارية
Land Use	Commercial Use
Land Area (Sqm)	Based on the title deed, the land has an area size of 6,050 Sqm
BUA (Sqm)	Based on the provided copy of the construction permit, the building has a total BUA of 5,648.24 Sqm.
GLA (Sqm)	Based on the tenant list provided by the client, the total GLA is 5,941 Sqm due to uncovered terraces on the first floor which are not included in the BUA and leased to tenants.
Valuation Approach	Comparable Approach & Cost Approach & Income Approach
Final Property Value	92,970,000 SAR
Valuation Date	30/06/2020
Inspection Date	13/06/2020

TERMS OF REFERENCE & VALUATION





1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Al Khabeer Capital (the customer) 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 valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

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.

June 11, 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.

June 13, 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

June 30, 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.

June 30, 2020.

1.8 OPINION OF VALUE

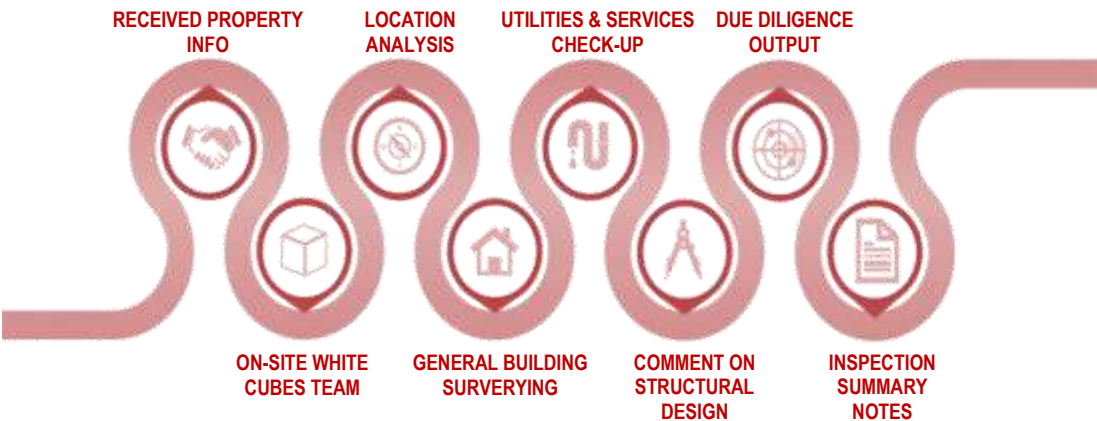
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on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

1.9 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

1.10 INSPECTION ROLE

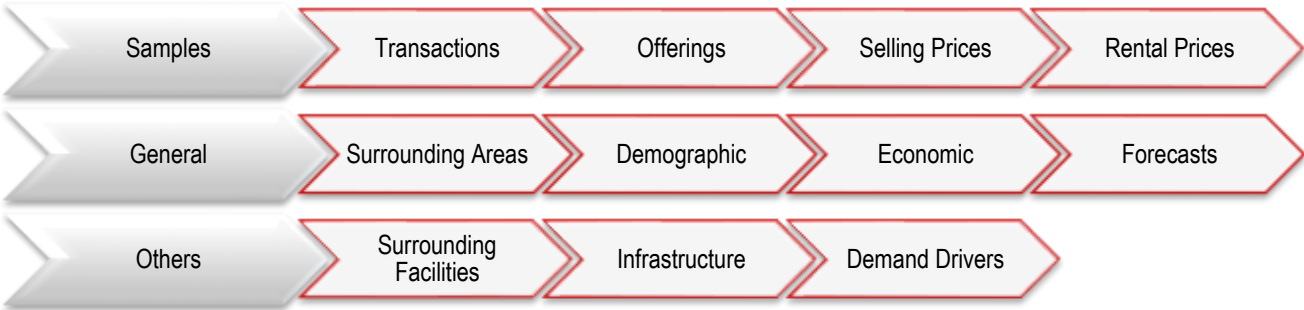
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface /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





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.



PROPERTY DETAILS





1.12 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a Commercial Project (Pallazzo Plaza) located in Riyadh city. Based on the provided copies of the title deed and the construction permit, the project has a total land area of 6,050 Sqm, and a total BUA of 5,648.24 Sqm. as per the site inspection done by our team for the purpose of valuation, the property is open on 4 sides with a direct view on King Muhammad V Road where all the infrastructure facilities such as water, electricity, sewage and telecommunication are available in the surrounding and connected to the subject property.
Location Description	The property subject of valuation is a commercial project located in Al Sulaymaniah district, Riyadh City. The property is bordered from the north by Al Ayinah Street The property is bordered from the south by a Rawifa Ibn Thabit Street The Property is bordered from the east by King Muhammad Road The property is bordered to the west by Ibn Rayyan Street
Ease of Access	Based on the current location of the subject property, the access level is high, since it is located on King Mohammad Road.
Area Surrounding the Property	The subject property is mostly surrounded by residential and commercial buildings.

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	King Mohammad Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Ibn Rayyan Street	Overall Building Conditions	Good
Land Condition	Constructed		

1.13 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	✓	✓	



1.14 LOCATION

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

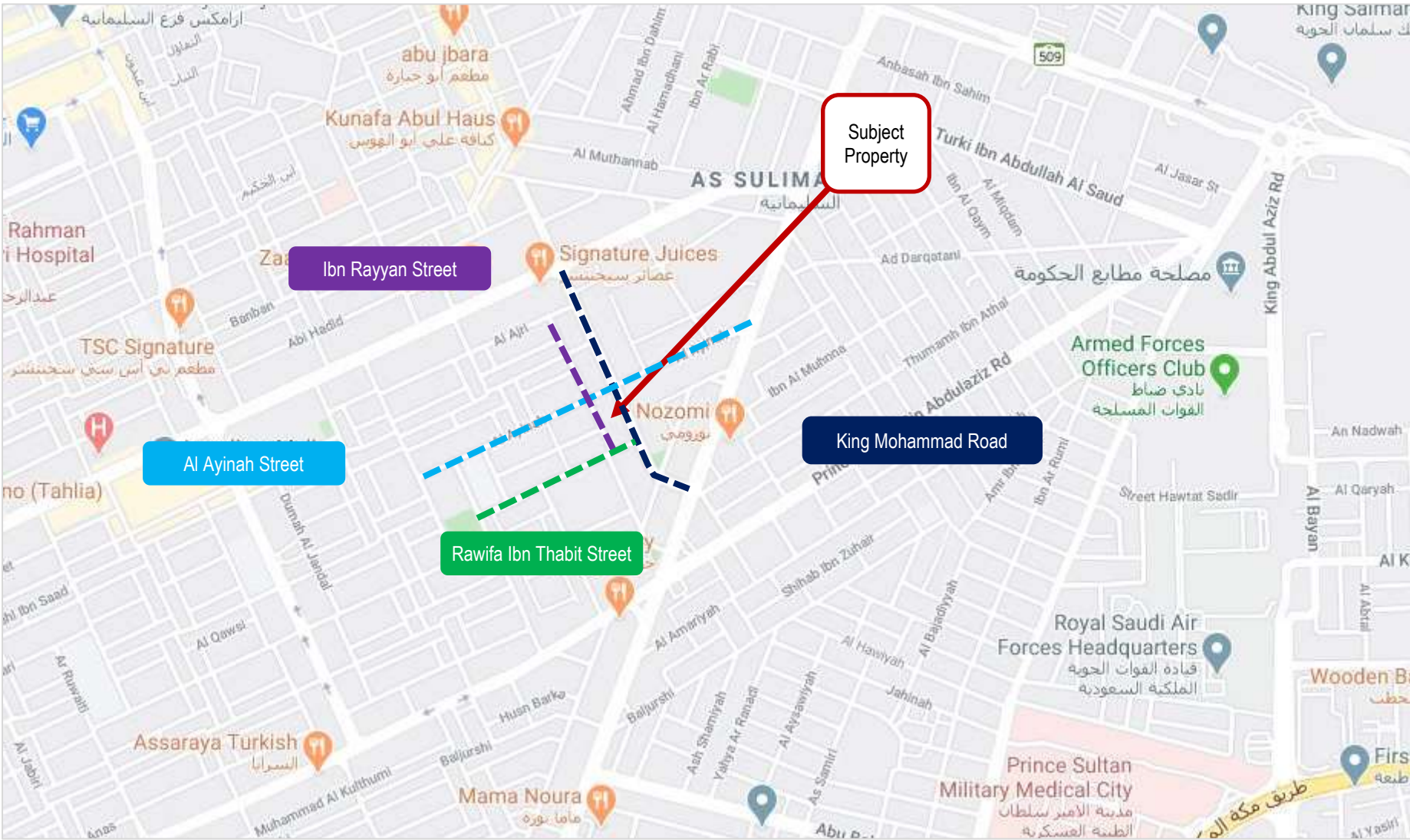


Surrounding Landmarks	
1- Golden Brown (0.3 Kilometres)	6- Military Hospital (1.3 Kilometres)
2- Elite Hospital (1.1 Kilometres)	7- Al Mousa Center (1.9 Kilometres)
3- Jarir Bookstore (2.4 Kilometres)	8- King Fahed Garden (2.2 Kilometres)
4- Centria Mal (1.9 Kilometres)	9- Military Hospital (1.2 Kilometres)
5- Al Jazeera Shopping Center (1.5 Kilometres)	10- Royal Saudi Air Forces (1.2 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 related to the subject property which is owned by one title deed. The details of the subject property:

City	Riyadh	Land Area	6,050
District	Sulaymaniyah	Plot No.	333 to 342
T.D Type	Electronic	Block No.	35
T.D Number	214002002200	Layout No.	690
T.D Date	14/09/1440	Owner	شركة أول الملقا العقارية
T.D Value	38,181,818.19 SAR	Ownership Type	Freehold
Date of Last Transaction	14/09/1440	Limitation of Document	Mortgaged
Issued From	Riyadh Notary		
North Side	Al Ayyinah Street	East Side	King Mohammad Road
South Side	Rawifah Ibn Thabit Street	West Side	Ibn Rayyan 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 did not provide us with a copy of the approved plans, the valuation 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 valuate 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 subject property is newly constructed Commercial project composed of Ground floor and Mezzanine floor. The client provided us with a building permit for the subject property, which contains the following data:

Subject Property			
Construction Permit Type	Add Building Components		
Property Type	Commercial		
Construction Permit No.	1437/2925		
Construction Permit Date	17/02/1437 AH		
Permit Expiry Date	17/02/1440 AH		

Description	No. of Units	Area (sqm)	Use
Mezzanine	----	2,603.70	Commercial
Commercial Ground Floor	15	2,916.20	Commercial
Electricity Room	----	128,34	Services
Fences	----	171 m	Fences
Total BAU (sqm)		5,648.24	

1.18 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 403,665 SAR per year, which includes all management and maintenance expenses.

1.19 INSURANCE

Property	Insurance Type	Policy Number	Insurance Company	Policy Expiry Date
Palazzo Center	Property All Risks	P0420-PAR-HCAB-12566901	Al Rajhi Company for Cooperative Insurance	30/03/2021
Palazzo Center	Third Party Liability	P0420-TPL-HCAB-12566828	Al Rajhi Company for Cooperative Insurance	03/04/2021



1.20 PHOTO RECORD





1.21 PROPERTY ACTUAL RENTAL RATES

As per the list of tenants received from the client, the subject property is occupied to Several tenants except for unit 7. The overall occupancy rate of the subject property is 93%.

Shop No	Tenant Name	Size SQM	Ex. Total Income		
			SR/SQM	Rent	Service Charge
1	Tea Basil	367.35	SAR 1,300	SAR 477,555	SAR 47,755.50
2	Crust Corner	366.18	SAR 1,300	SAR 476,034	SAR 47,603.40
3	Draft	370.68	SAR 1,300	SAR 481,884	SAR 24,094.00
4	Piedays	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
5	Brew92	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
6	Blue Sign	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
7	NUMU	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
8	KivaHan	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
9	KivaHan	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
10	Beet Root	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
11	Beet Root	415.25	SAR 1,200	SAR 498,300	SAR 49,830.00
12	Rip Yars	415.25	SAR 1,200	SAR 498,300	SAR 39,864.00
13	Lamis	366.18	SAR 1,300	SAR 476,034	SAR 47,603.40
14 +15	NilePalace	749.33	SAR 1,300	SAR 974,129	SAR 97,412.90
Total GLA		5,956.97		SAR 7,370,336	SAR 702,973
				SAR 8,073,309	

As we can note from the above table, the subject property is fully occupied except for unit No 7 still in vacant condition.

MARKET INDICATORS





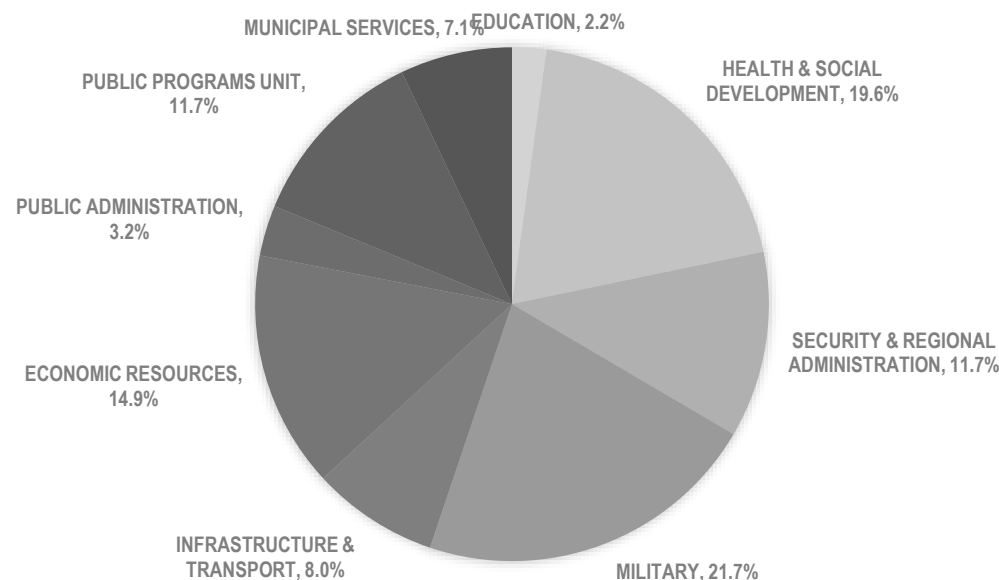
1.22 SAUDI ARABIA ECONOMIC INDICATORS

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





1.24 SWOT ANALYSIS

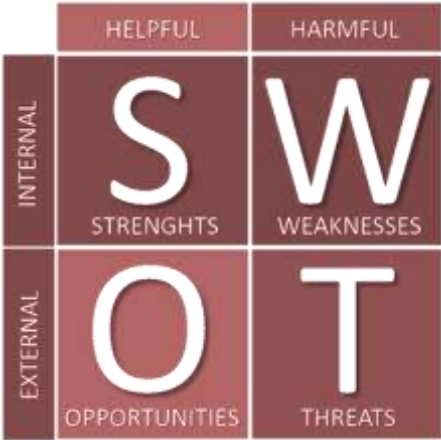
Strength - Newly constructed commercial project - Property open on 4 sides - Direct view on the main road	Weakness - None
Opportunities - Good level of demand of the commercial projects in the surrounding area	Threats - Existing and upcoming similar projects

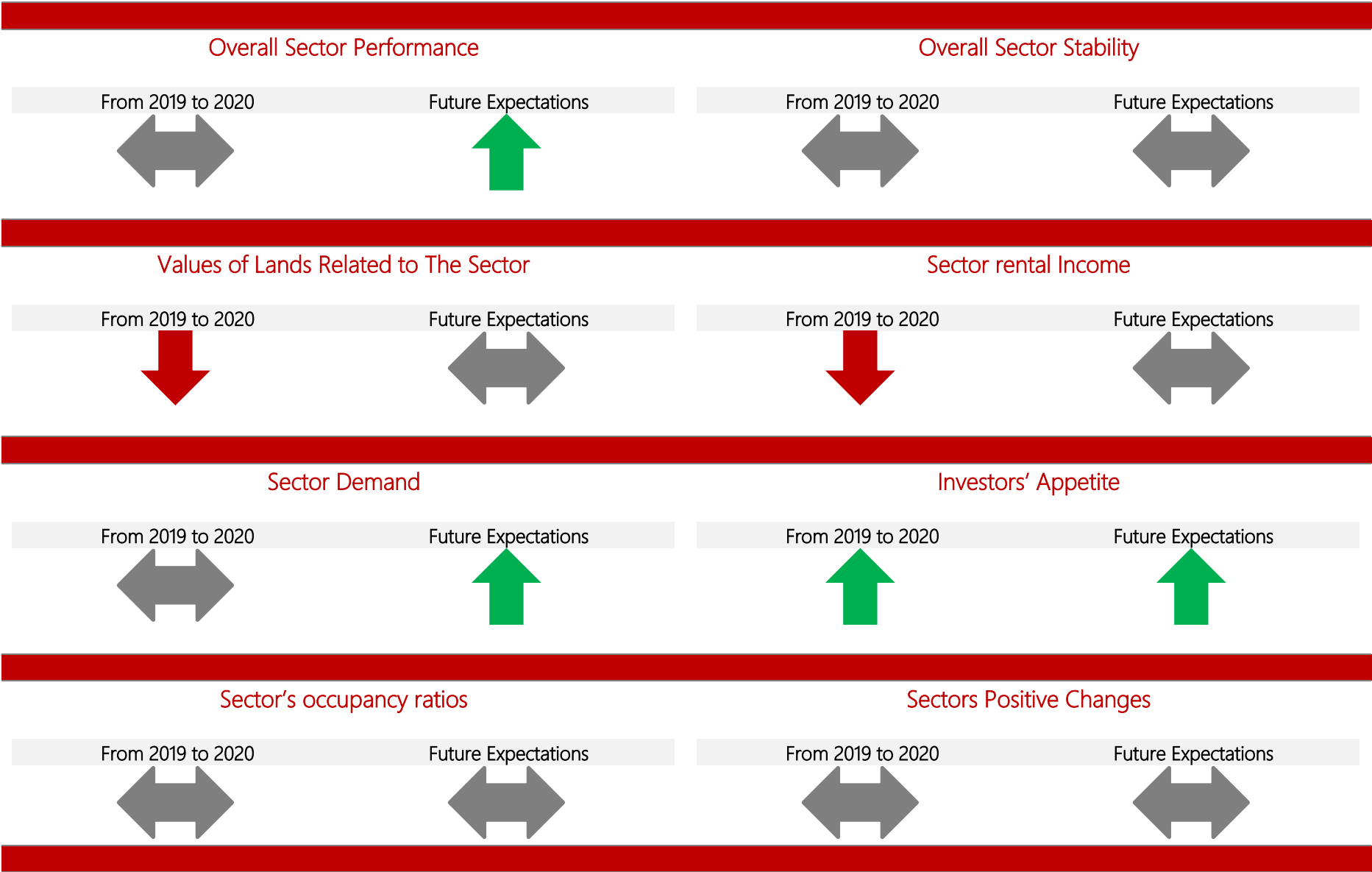
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

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





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	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	0	4	3	0	0
Risk Category	7 Risk Points - Medium Risk				

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

PROPERTY VALUATION





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
Tenant List ✓	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 client, 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’s scope does not include any technical testing of buildings and / or structural examinations and 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 reflect such effect on the value.

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.

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

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.

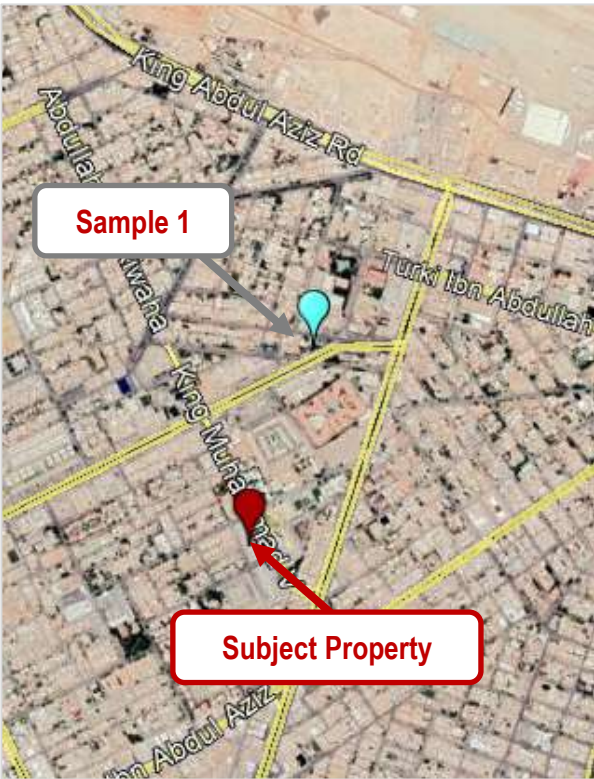


1.34 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, 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 valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Sulaymaniah	Al Sulaymaniah
Sale Price	-----	SAR 6,080,000
Data Source	Title Deed	Market Survey
Area Size	6,050.00	760.00
SAR / Sqm	-----	SAR 8,000
Sides Open	4	3

Adjustment Analysis			
		SAMPLE 1	
Area size	6,050.00	760.00	-10.00%
Location Desirability	Average	Average	0.00%
Accessibility	Average	Average	0.00%
Main Street Width (m)	30	30	0.00%
Sides Open	4	3	5.00%
Land Shape	Regular	Regular	0.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	No	0.00%
Other Factor	-----	-----	0.00%
Total Adjustments Ratio			-5.00%
Total Adjustment Amount			-SAR 400.0
Net After Adjustment			SAR 7,600.0
SAR / Sqm		SAR 7,600	
Rounded Value		SAR 7,600	



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	6,050	6,050	6,050	6,050	6,050
SAR / Sqm	SAR 6,840.0	SAR 7,220.0	SAR 7,600.0	SAR 7,980.0	SAR 8,360.0
Property Value	SAR 41,382,000	SAR 43,681,000	SAR 45,980,000	SAR 48,279,000	SAR 50,578,000
PROPERTY VALUE					



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 7,000 - 8,000 SAR / Sqm with an average of 7,500 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 market average values.

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 similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
Skeleton - Concrete Cost	SAR 900	SAR 1,100	SAR 1,000
MEP	SAR 550	SAR 650	SAR 600
Finishing Materials	SAR 350	SAR 450	SAR 400
Site Improvements	SAR 100	SAR 140	SAR 120
Owner Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration 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	
6,050.00	SAR 7,600	SAR 45,980,000	
Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	2,916.20
Mezzanine	Sqm	1	2,603.70
Electricity Room	Sqm	-	128.34
Fences	Lm	----	171.00
Total (SQM)	5,648.24		

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	5,648.24	SAR 1,000	SAR 5,648,240	100%	SAR 5,648,240
Electro Mechanic	5,648.24	SAR 600	SAR 3,388,944	100%	SAR 3,388,944
Finishing	5,648.24	SAR 400	SAR 2,259,296	100%	SAR 2,259,296
Fit outs & Appliances	5,648.24	SAR 0	SAR 0	100%	SAR 0
Furniture	5,648.24	SAR 0	SAR 0	100%	SAR 0
Site Improvement	6,050.00	SAR 120	SAR 726,000	100%	SAR 726,000
Total			SAR 12,022,480	100.00%	SAR 12,022,480



Overall Soft Cost		Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost		SAR 12,022,480	0.10%	SAR 12,022
Design		SAR 12,022,480	1.00%	SAR 120,225
Eng Consultant		SAR 12,022,480	1.00%	SAR 120,225
Management		SAR 12,022,480	5.00%	SAR 601,124
Contingency		SAR 12,022,480	5.00%	SAR 601,124
Others		SAR 12,022,480	0.00%	SAR 0
TOTAL			12.10%	SAR 1,454,720.08
Total Hard Cost	SAR 12,022,480	BUA	5,648.24	
Total Soft Cost	SAR 1,454,720.08	SAR / Sqm	SAR 2,386	
Total Construction Cost	SAR 13,477,200.08	Overall Completion	100.0%	

After knowing the total construction costs at a rate of 2,386 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
Total Dev Cost	SAR 13,477,200	Net Dep Rate	4.00%
Economic Age	50	Dev Cost After Depreciation	SAR 12,938,112
Annual Dep Rate	2.00%	Total Completion Rate	100.00%
Actual Age	2	Developer Profit Rate	20.0%
Total Dep Rate	4.00%	Dev. Profit Amount	SAR 2,587,622
Add Appr Rate	0.00%	Development Value	SAR 15,525,734
Net Dep Rate	4.00%		

The total value of the building is 15,525,734 SAR, which will be added to the 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 15,525,734	SAR 45,980,000	SAR 61,505,734	SAR 61,510,000

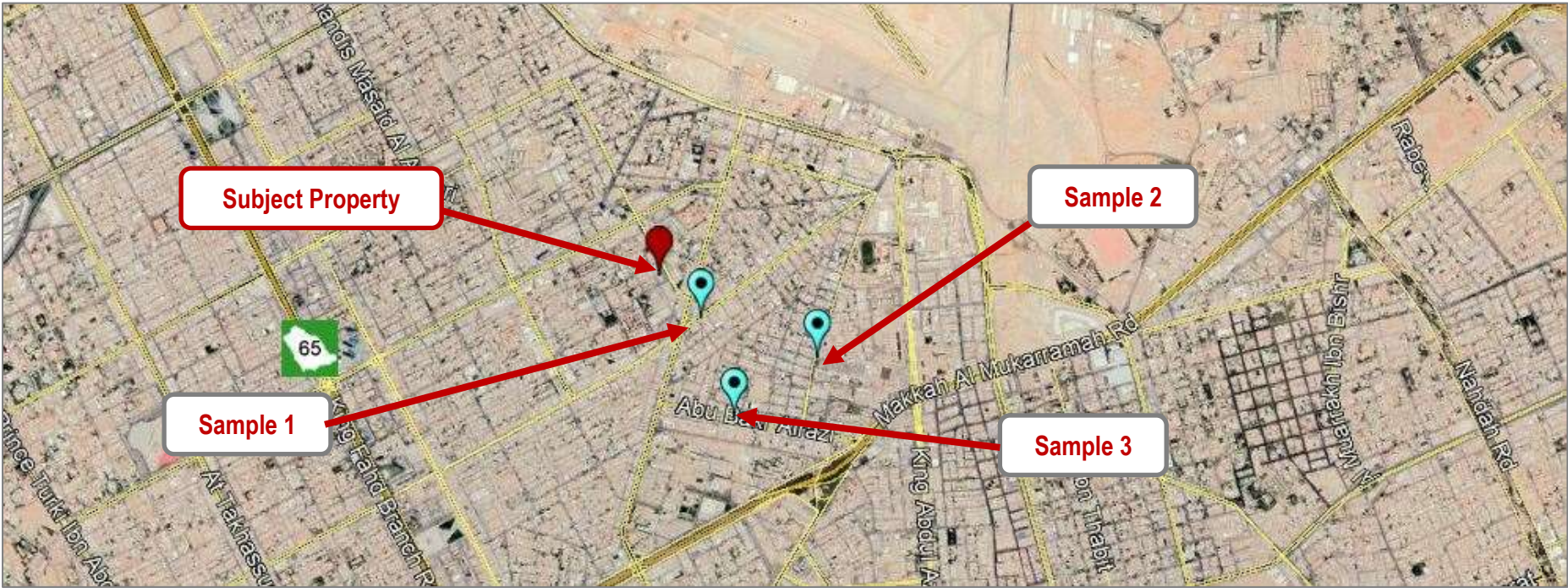


1.36 INCOME APPROACH- MARKET RATES

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for commercial units range from 1,100 to 1,300 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

Comparable	Commercial Showroom Units	
	Rental Rate/ Sqm	Occupancy Rates
Comparable 1	1,060 SAR/ Sqm	90%
Comparable 2	1,250 SAR/ Sqm	90%
Comparable 3	1,200 SAR/ Sqm	90%
Average	1,200 SAR/ Sqm	90%





Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 8% to 12% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

Property Operation and Maintenance Expenses

The maintenance and operation costs of the project are assumed accordingly to market averages for similar projects. Therefore, we will apply the rate of 9% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, 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.

With regard to the capitalization rate used in the valuation, 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 valuation process, is 8.25%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate				8.00%
Maximum capitalization rate				9.00%
Average				8.50%
The effect of the property specifications on the property				
Item	Status	Influence	Notes	
Ease of access to the property	-----	-0.25%	several major methods	
General condition of the property	-----	-0.25%	The actual age of the property is 1 years	
The general location of the property	-----	-0.25%	The area is served excellently	
Quality and finishes	-----	0.25%	Average quality finishes	
Project Management Team	-----	0.00%	Average management and operational team level	
Services and public facilities	-----	0.25%	level and availability of services is average	
Total		-0.25%		
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		-0.25%		
Capitalization rate, according to market averages		9%		
Estimated capitalization rate of the property valuation		8.25%		

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Show Rooms	5,941	0	SAR 1,200	SAR 0	SAR 8,073,309
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 8,073,309
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Show Rooms	3.00%	3.00%	3.00%	10.00%	19.00%
-----	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
Show Rooms	SAR 8,073,309		19.00%		SAR 6,539,380
-----	SAR 0		0.00%		SAR 0
-----	SAR 0		0.00%		SAR 0
			Total		SAR 6,539,380
Total Property Revenues					SAR 8,073,309
Total Property Expenses					-SAR 1,533,929
Net Operating Income					SAR 6,539,380.29
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 6,539,380.29	8.25%	79,265,215.64 SAR		79,270,000.00 SAR	



1.37 INCOME APPROACH- ACTUAL RATES

Market Rental Analysis

The client provided us with the list of tenants related to the subject property and which are shown in section 1.21.

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Show Rooms	0	0	SAR 0	SAR 0	SAR 8,073,309
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 8,073,309
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Show Rooms	2.50%	0.00%	2.50%	0.00%	5.00%
-----	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
Show Rooms	SAR 8,073,309		5.00%		SAR 7,669,644
-----	SAR 0		0.00%		SAR 0
-----	SAR 0		0.00%		SAR 0
Total					SAR 7,669,644
Total Property Revenues					SAR 8,073,309
Total Property Expenses					-SAR 403,665
Net Operating Income					SAR 7,669,643.55
Net Operating Income		Cap Rate	Property Value		Rounded Value
SAR 7,669,643.55		8.25%	92,965,376.36 SAR		92,970,000.00 SAR



1.38 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Actual	Property	SAR 92,970,000	Ninety-Two Million and Nine Hundred Seventy Thousand Saudi Riyals
Income- Market	Property	SAR 79,270,000	Seventy-Nine Million and Two Hundred Seventy Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 61,510,000	Sixty-One Million and Five Hundred Ten Thousand Saudi Riyals

1.39 VALUATION NOTE

We have to noted that all the values, prices and occupancy rates have been affected negatively by 5% to 10% due to the current situation arising from the Covid-19's pandemic.

1.40 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 based on actual rates is:

Property Value: 92,970,000 SAR
Ninety-Two Million and Nine Hundred Seventy Thousand Saudi Riyals

1.41 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.

1.42 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.



1.43 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





1.44 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 valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

1.45 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 Whitecubes 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:

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	Nov 2020	_____
✓	_____	_____	_____
✓	_____	_____	_____

1.46 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.



1.47 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



Construction Permit

