BIN 2 PLAZA

AL KHABEER CAPITAL

JEDDAH CITY

DECEMBER 2021

Valuation Report

REF: **2011397-2**
Date: **14/12/2021**
M/S **Al Khabeer Capital**

<u>Subject: Valuation Report for commercial center (Bin 2 Plaza) in Jeddah City, Saudi Arabia.</u>

Dear Sir,

With reference to your request and approval dated on November 18, 2021 for valuation service of the commercial project (Bin 2 Plaza) located in Jeddah 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)

Table of Contents

(Please Click on the Title for Direct Access)

1.1	EXECUTIVE SUMMARY	5
1.2	BASIS OF VALUATION	7
1.3	DATES	7
1.4	PURPOSE OF VALUATION	7
1.5	PROPERTY & LOCATION DESCRIPTION	9
1.6	INFRASTRUCTURE FACILITIES	9
1.7	LOCATION	10
1.8	PROPERTY ACCESS	11
1.9	TITLE DEED & OWNERSHIP	12
1.10	CONSTRUCTION & BUILDINGS	12
1.11	BUILDING GROSS LEASABLE AREA (GLA)	13
1.12	PHOTO RECORD	14
1.13	SAUDI ARABIA ECONOMIC INDICATORS	16
1.14	BUDGET ALLOCATION FOR 2020	16
1.15	SWOT ANALYSIS	17
1.16	RISK ANALYSIS	17
1.17	GENERAL ASSUMPTIONS	19
1.18	VALUATION APPROACH	19
1.19	COMPARABLE APPROACH	21
1.20	COST APPROACH (DRC)	22
1.21	INCOME APPROACH BASED ON MARKET RATES	24
1.22	INCOME APPROACH BASED ON LEASING CONTRACT	27
1.23	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	27
1.24	VALUATION NOTES	28
1.25	SUBJECT PROPERTY VALUE	28
1.26	REPORT USE	28
1.27	DISCLAIMER	28
1.28	CONCLUSION	28
1.29	CONSULTANT STATUS	31
1.30	DISCLOSING CONFLICT OF INTEREST	31
1.31	CONFIDENTIALITY	31

TAQEEM LISCENCE NUMBER: 1210000474

EXECUTIVE SUMMARY

1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 18/11/2021 to implement valuation service for a commercial center in Jeddah city.
Client	For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law.
Reference No.	2011397-2
Purpose of Valuation	Real Estate Investment Trust (REIT)
Subject Property	Commercial Center
Property Location	The property is located in Al Amwaj district, Jeddah City.
Title Deed Information	Title Deed No: 420210027007, Title Deed Date: 17/08/1440, Issued from Jeddah Notary
Ownership Type	Freehold (Mortgaged)
Owner	شركة أول الملقا العقارية
Land Use	Commercial
Land Area (Sqm)	Based on the title deed, the land has an area size of 20,641.74 Sqm
BUA (Sqm)	Based on the provided construction permit, the building is composed of a ground floor, mezzanine and first floors with a total BUA of 21,305.3 Sqm
GLA (Sqm)	The total gross leasable area is 7,336 Sqm for Showrooms and 7,631 Sqm for Offices
Vacancy Rate	Based on the client, the project is fully leased to one tenant
Valuation Approach	Income Approach & Cost Approach
Final Property Value	96,330,000 SAR
Valuation Date	14/12/2021
Inspection Date	25/11/2021

TAQEEM LISCENCE NUMBER: 1210000474

TERMS OF REFERENCE & VALUATION

1.2 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.

1.3 DATES

Client Approval Date	**November 18, 2021.**
Inspection Date	**November 25, 2021.**
Valuation Date	**December 14, 2021.**
Report Date	**December 14, 2021.**

1.4 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 Income Approach & Depreciated Replacement Cost (DRC)

PROPERTY DETAILS

REAL ESTATE

1.5 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Al Amwaj district, Jeddah city. The Property has a total land area of 20,641.74 Sqm, a total BUA of 21,305.3 Sqm. As per the site inspection done by our team, the project is open on 4 sides with a direct view on an unnamed Road from the east side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.

Location Description

The property subject of valuation is a commercial center located in Al Amwaj district, Jeddah City.
The property is bordered from the north by an unnamed street
The property is bordered from the south by an unnamed street
The Property is bordered from the east by an unnamed street
The property is bordered to the west by an unnamed street

Ease of Access

Based on the current location of the subject property, the access level is high since it is open on 4 streets and near 2 main street Prince Abdulmajed and Prince Nayef Roads.

Area Surrounding the Property

The subject property is mostly surrounded by residential and commercial buildings

Land	
Land Use	Commercial
No. of Streets	4
Land Shape	Graded
Direct View on the Main Road	No direct view on the main roads
Direct View on an Internal Street	Unnamed Streets
Land Condition	Constructed

Building	
Building Type	Commercial Center
Building Structural Conditions	Fully constructed
External Elevation Conditions	Good
Building Finishing Conditions	Good
Overall Building Conditions	Good

1.6 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.

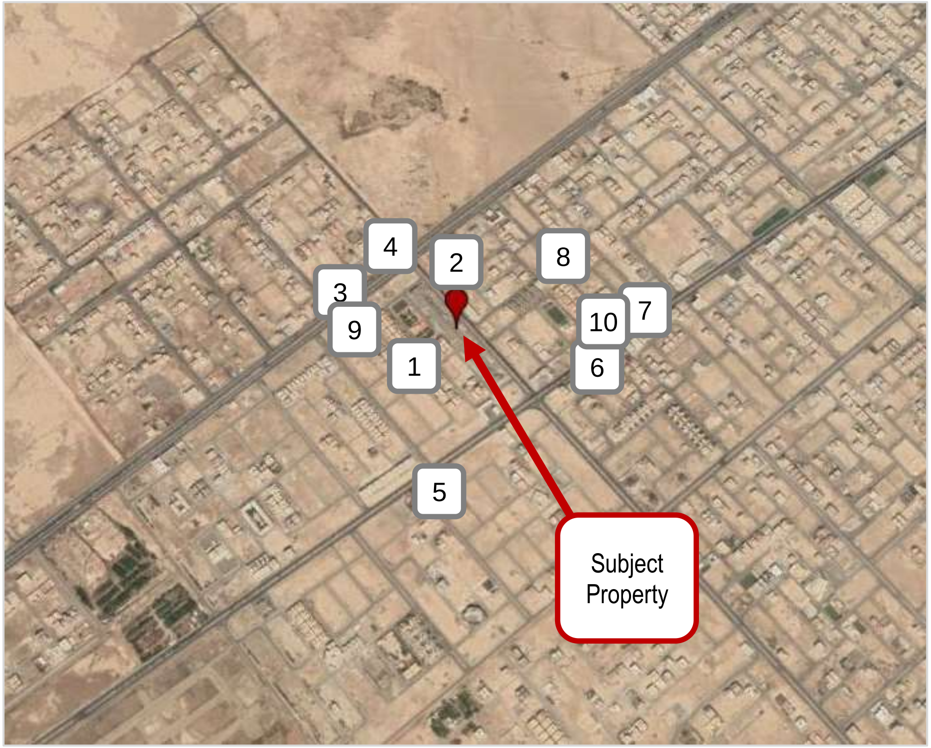
TAQEEM LISCENCE NUMBER: 1210000474

1.7 LOCATION

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

Property Location on a City Scale

Property Location on a District Scale



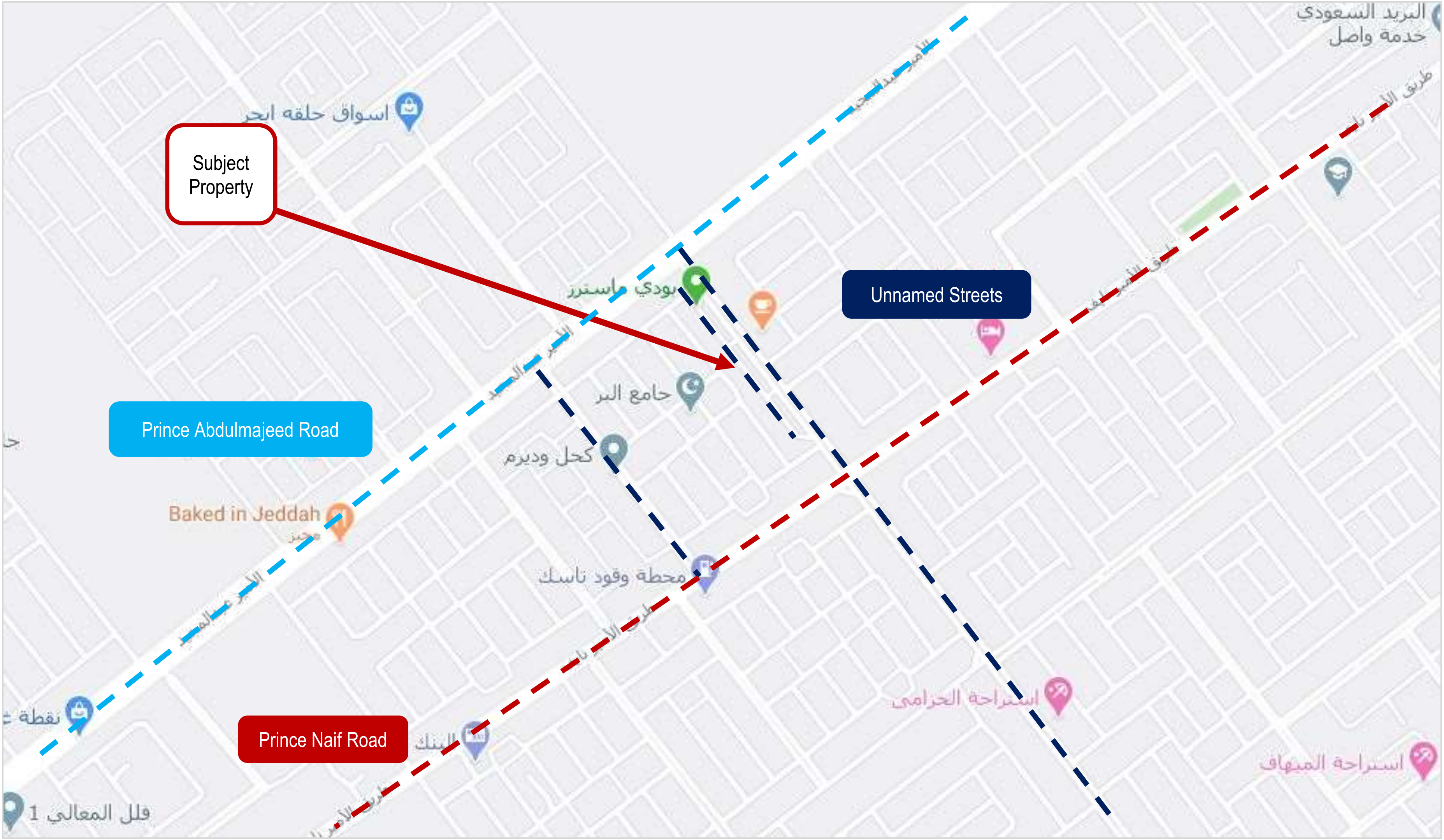
Surrounding Landmarks

1- Mosque (0.2 Kilometers)
2- Helens Bakery Jedda, Central Kitchen (0.2 Kilometres)
3- Grocery Store (0.4 Kilometres)
4- Cottage Café Northern (0.3 Kilometres)
5- TASK Gas Station (0.45 Kilometres)
6- BMB Chocolate (0.25 Kilometres)
7- Dar Lavina Residentials Units (0.45 Kilometres)
8- Mosque (0.3 Kilometres)
9- Ultra-Shine Auto Salon (0.4 Kilometres)
10- Technical Guide Engineering (0.4 Kilometers)

TAQEEM LISCENCE NUMBER: 1210000474

1.8 PROPERTY ACCESS

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



1.9 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	Jeddah	**Land Area**	20,641.74
District	Al Amwaj	**Plot No.**	35 to 63
T.D Type	Electronic	**Block No.**	N/A
T.D Number	920210026381	**Layout No.**	420/ج.س
T.D Date	19/06/1440	**Owner**	شركة أول الملقا العقارية
T.D Value	50,000,000	**Ownership Type**	Freehold
Date of Last Transaction	19/06/1440	**Limitation of Document**	N/A
Issued From	Jeddah Notary		
North Side	Unnamed Street	**East Side**	Unnamed Street
South Side	Unnamed Street	**West Side**	Unnamed 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.		

1.10 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**	---------------------------

The subject property is a fully constructed commercial center composed of Ground Floor, Mezzanine and first floor. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property	
Construction Permit Type	New Permit
Property Type	Mix use property
Construction Permit No.	505232
Construction Permit Date	29/02/1431 AH
Permit Expiry Date	29/02/1434 AH

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	7928.6	Showrooms
Mezzanine	1	4727.9	Showrooms
Basement	---	---	---
First Floor	1	8,648.8	Offices
Service Floor	---	---	---
Service Floor	---	---	---
Total BAU (sqm)		**21,305.30**	

1.11 BUILDING GROSS LEASABLE AREA (GLA)

The client provided us with a list of the unit details and GLA as shown in the below table:

Unit No.	Type	Area (Sqm)	Unit No.	Type	Area (Sqm)
1	A-Office	374	3	B-Offices	378
2	A-Office	310	4	B-Offices	201
3	A-Office	310	5	B-Offices	378
4	A-Office	201	6	B-Offices	378
5	A-Office	274	7	B-Offices	374
6	A-Office	378	1-7	B-Showroom	2,428
7	A-Office	374	1-7	C-Offices	2,948
1-4	A-Showroom	1,323	1-2	C-Showroom	822
5	A-Showroom	378	3	C-Showroom	334
6	A-Showroom	376	4	C-Showroom	167
7	A-Showroom	378	5	C-Showroom	378
1	B-Offices	374	6	C-Showroom	378
2	B-Offices	378	7	C-Showroom	374
			Total		**14,967**

TAQEEM LISCENCE NUMBER: 1210000474

1.12 PHOTO RECORD









MARKET INDICATORS

REAL ESTATE

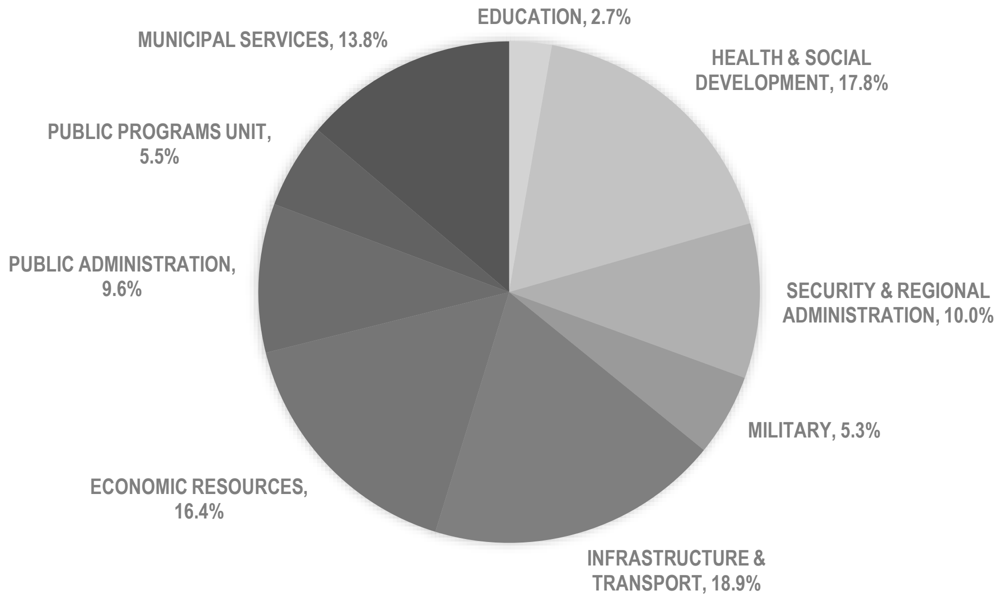
1.13 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.14 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy



TAQEEM LISCENCE NUMBER: 1210000474

1.15 SWOT ANALYSIS

Strength	Weakness
- Open on 4 sides - Close to the main road (Prince Abdul Majeed)	- None
Opportunities	**Threats**
- Mostly surrounded by 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.

1.16 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	------------------------------	------------------------------	✓	------------------------------	------------------------------
Sector Current Performance	------------------------------	------------------------------	✓	------------------------------	------------------------------
Sector Future Performance	------------------------------	✓	------------------------------	------------------------------	------------------------------
Occupancy Rates	------------------------------	------------------------------	✓	------------------------------	------------------------------
Supply Rate	------------------------------	------------------------------	✓	------------------------------	------------------------------
Demand Rate	------------------------------	------------------------------	✓	------------------------------	------------------------------
Access	------------------------------	------------------------------	✓	------------------------------	------------------------------
Location	------------------------------	✓	------------------------------	------------------------------	------------------------------
Land Shape	------------------------------	✓	------------------------------	------------------------------	------------------------------
Surrounding Area facilities	------------------------------	------------------------------	✓	------------------------------	------------------------------
Total Risk	0	6	21	0	0
Risk Category	27 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 27 Risk Points - Medium Risk

TAQEEM LISCENCE NUMBER: 1210000474

PROPERTY VALUATION

REAL ESTATE

1.17 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.

1.18 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.

TAQEEM LISCENCE NUMBER: 1210000474

1.19 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	Sample 1
Quoting	---------	Offering	Offering
District	Al Amwaj	Al Amwaj	Al Amwaj
Sale Price	----------	SAR 2,700,000	SAR 2,628,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	20,641.74	900.00	876.00
SAR / Sqm	--------	SAR 3,000	SAR 3,000
Sides Open	4	1	3

Adjustment Analysis		SAMPLE 1		SAMPLE 1	
Area size	20,641.74	900.00	-20.00%	876.00	-20.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Excellent	Excellent	0.00%	Excellent	0.00%
Main Street Width (m)	32	32	0.00%	32	0.00%
Sides Open	4	1	5.00%	3	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%
Negotiable	---------	No	0.00%	No	0.00%
Other Factor	----------	----------	0.00%	----------	0.00%
Total Adjustments Ratio			-15.00%		-15.00%
Total Adjustment Amount			-SAR 450.0		-SAR 450.0
Net After Adjustment			SAR 2,550.0		SAR 2,550.0
SAR / Sqm		SAR 2,550			
Rounded Value		SAR 2,550			

SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	20,642	20,642	20,642	20,642	20,642
SAR / Sqm	SAR 2,295.0	SAR 2,422.5	SAR 2,550.0	SAR 2,677.5	SAR 2,805.0
Property Value	SAR 47,372,793	SAR 50,004,615	SAR 52,636,437	SAR 55,268,259	SAR 57,900,081
			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 2000 - 3,000 SAR / Sqm with an average of 2,500 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.

1.20 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 700	SAR 900	SAR 800
MEP	SAR 250	SAR 350	SAR 300
Finishing Materials	SAR 600	SAR 800	SAR 700
Site Improvements	SAR 130	SAR 170	SAR 150
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**
20,641.74	SAR 2,550	SAR 52,636,437

Building			
	Unit	**No of Floors**	**Total BUA**
Ground Floor	Sqm	1	7,928.60
Mezzanine	Sqm	1	4,727.90
Upper Floors	Sqm	1	8,648.80
Total (SQM)	**21,305.30**		

Development Cost					
Hard Cost - Upper Floors					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Skeleton & Block	21,305.30	SAR 800	SAR 17,044,240	100%	SAR 17,044,240
Electro Mechanic	21,305.30	SAR 300	SAR 6,391,590	100%	SAR 6,391,590
Finishing	21,305.30	SAR 700	SAR 14,913,710	100%	SAR 14,913,710
Fit outs & Appliances	21,305.30	SAR 0	SAR 0	100%	SAR 0
Furniture	21,305.30	SAR 0	SAR 0	100%	SAR 0
Site Improvement	20,641.74	SAR 150	SAR 3,096,261	100%	SAR 3,096,261
Total			**SAR 41,445,801**	**100.00%**	**SAR 41,445,801**

Overall Soft Cost			
	Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost	SAR 41,445,801	0.10%	SAR 41,446
Design	SAR 41,445,801	0.50%	SAR 207,229
Eng Consultant	SAR 41,445,801	1.00%	SAR 414,458
Management	SAR 41,445,801	5.00%	SAR 2,072,290
Contingency	SAR 41,445,801	5.00%	SAR 2,072,290
Others	SAR 41,445,801	0.00%	SAR 0
TOTAL		11.60%	SAR 4,807,712.92

Total Hard Cost	SAR 41,445,801	BUA	21,305.30
Total Soft Cost	SAR 4,807,712.92	SAR / Sqm	SAR 2,171
Total Construction Cost	SAR 46,253,513.92	Overall Completion	100.0%

After knowing the total construction costs at a rate of 2,171 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 46,253,514	Net Dep Rate	30.00%
		Dev Cost After Depreciation	SAR 32,377,460
Economic Age	30		
Annual Dep Rate	3.33%	Total Completion Rate	100.00%
		Developer Profit Rate	20.0%
Actual Age	9		
Total Dep Rate	30.00%		
Add Appr Rate	0.00%	Dev. Profit Amount	SAR 6,475,492
Net Dep Rate	30.00%	Development Value	SAR 38,852,952

The total value of the building is 38,852,952 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 38,852,952	SAR 52,636,437	SAR 91,489,389	SAR 91,490,000

1.21 INCOME APPROACH BASED ON 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 with similar qualities, size, etc range from 800 to 900 SAR / Sqm. As for office units, the rental rates range from 350 to 400 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:

	Commercial Units	Office Units
Comparable	Rental Rate/ Sqm	Rental Rate/ Sqm
Office 1	-	400 SAR/ Sqm
Obhur Mall	900 SAR/ Sqm	-
Commercial Unit 1	850 SAR/ Sqm	-
Average	**875 SAR/ Sqm**	**400 SAR/ Sqm**

As per the market survey done by our team, the market rental rates for Obhur mall range between 850 and 950 SAR/ Sqm for commercial units. Yet the property subject of valuation has better location, quality, etc which we will apply an adjustment 20% to achieve 1,100 SAR/ Sqm for commercial units and 500 SAR/ Sqm for offices.

Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% 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	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	1% to 2%

Property Operation and Maintenance Expenses

The client did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 13% 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 9% to 9.5%. 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.

Minimum capitalization rate			9.00%
Maximum capitalization rate			9.50%
Average			9.25%
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	---------	0.00%	The actual age of the property is 7 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		**0.00%**	

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	0.00%
Capitalization rate, according to market averages	9%
Estimated capitalization rate of the property valuation	**9.25%**

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 9.25%, which will be applied subsequently to the net operating income of the property.

The used rental rates are based on the location, quality, etc of the subject property. Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES					
	Quantity		Revenues		
Unit Type	**Total GLA**	**No of Units**	**SAR / Sqm**	**SAR / Unit**	**Total Revenues**
Show Rooms	7,336	0	SAR 1,100	SAR 0	SAR 8,069,600
Offices	7,631	0	SAR 500	SAR 0	SAR 3,815,500
----------------------------------	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	**SAR 11,885,100**

EXPENSES					
Unit Type	**Management**	**Utilities**	**Maintenance**	**Vacancy**	**Total Expenses**
Show Rooms	5.00%	3.00%	5.00%	10.00%	23.00%
Offices	5.00%	3.00%	5.00%	10.00%	23.00%

NET OPERATING INCOME			
Unit Type	**Total Revenues**	**Total Expenses**	**NOI**
Show Rooms	SAR 8,069,600	23.00%	SAR 6,213,592
Offices	SAR 3,815,500	23.00%	SAR 2,937,935
----------------------------------	SAR 0	0.00%	SAR 0
		Total	**SAR 9,151,527**
Total Property Revenues			SAR 11,885,100
Total Property Expenses			-SAR 2,733,573
Net Operating Income			**SAR 9,151,527.00**

Net Operating Income	**Cap Rate**	**Property Value**	**Rounded Value**
SAR 9,151,527.00	**9.50%**	**96,331,863.16 SAR**	**96,330,000.00 SAR**

1.22 INCOME APPROACH BASED ON LEASING CONTRACT

The client informed us that the subject property is fully lease to 1 tenant with a triple net revenues of 9,000,000 SAR annually with 35,000 SAR/ Annually as insurance premium. Yet, the client also informed us that a discount is introduced to the current leasing contract where the new rent is 6,480,000 SAR. Our valuation will be based on the before assumptions.

REVENUES					
	Quantity		Revenues		
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building		The subject property is Fully leased to 1 tenant			SAR 6,480,000
-----------------------------------	0	0	SAR 0	SAR 0	SAR 0
-----------------------------------	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 6,480,000
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Insurance	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	SAR 35,000	SAR 35,000
-----------------------------------	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
Commercial Building	SAR 6,480,000		SAR 35,000		SAR 6,445,000
-----------------------------------	SAR 0		0.00%		SAR 0
-----------------------------------	SAR 0		0.00%		SAR 0
			Total		SAR 6,445,000
Total Property Revenues					SAR 6,480,000
Total Property Expenses					-SAR 35,000
Net Operating Income					SAR 6,445,000.00
Net Operating Income	Cap Rate		Property Value		Rounded Value
SAR 6,445,000.00	9.50%		67,842,105.26 SAR		67,840,000.00 SAR

1.23 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 96,330,000	Ninety-Six Million and Three Hundred Thirty Thousand Saudi Riyals
Income- Contract	Property	SAR 67,840,000	Sixty- Seven Million and Eight Hundred Forty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 91,490,000	Ninety-One Million and Four Hundred Ninety Thousand Saudi Riyals

TAQEEM LISCENCE NUMBER: 1210000474

1.24 VALUATION NOTES

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

1.25 SUBJECT PROPERTY VALUE

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

Property Value: **96,330,000 SAR**
Ninety-Six Million and Three Hundred Thirty Thousand Saudi Riyals

1.26 REPORT USE

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

1.27 DISCLAIMER

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

1.28 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

WHITE CUBES valuation
c r 1010469071 • license no 1210000474

Member of (Taqeem)
License No. 1210000474

GENERAL NOTES

1.29 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.

1.30 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:

	No	*If Yes*		*Remarks*
		Client	Date	
The subject property was previously valuated by White Cubes		Al Khabeer Capital	June 2021	--------------------------------------
White Cubes was previously involved in selling activities related to the property	✔	-------------------	---------	--------------------------------------
White Cubes was previously involved in advisory services related to the property	✔	-------------------	---------	--------------------------------------

1.31 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.

TAQEEM LISCENCE NUMBER: 1210000474