



ELITE CENTRE AL KHABEER CAPITAL

JEDDAH CITY
DECEMBER 2021

Valuation Report





REF: 2011397-3
Date: 14/12/2021
M/S Al Khabeer Capital

Subject: Valuation Report for commercial Centre (Elite Centre) in Jeddah City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on November 18, 2021 for valuation service of the commercial project (Elite Centre) 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)

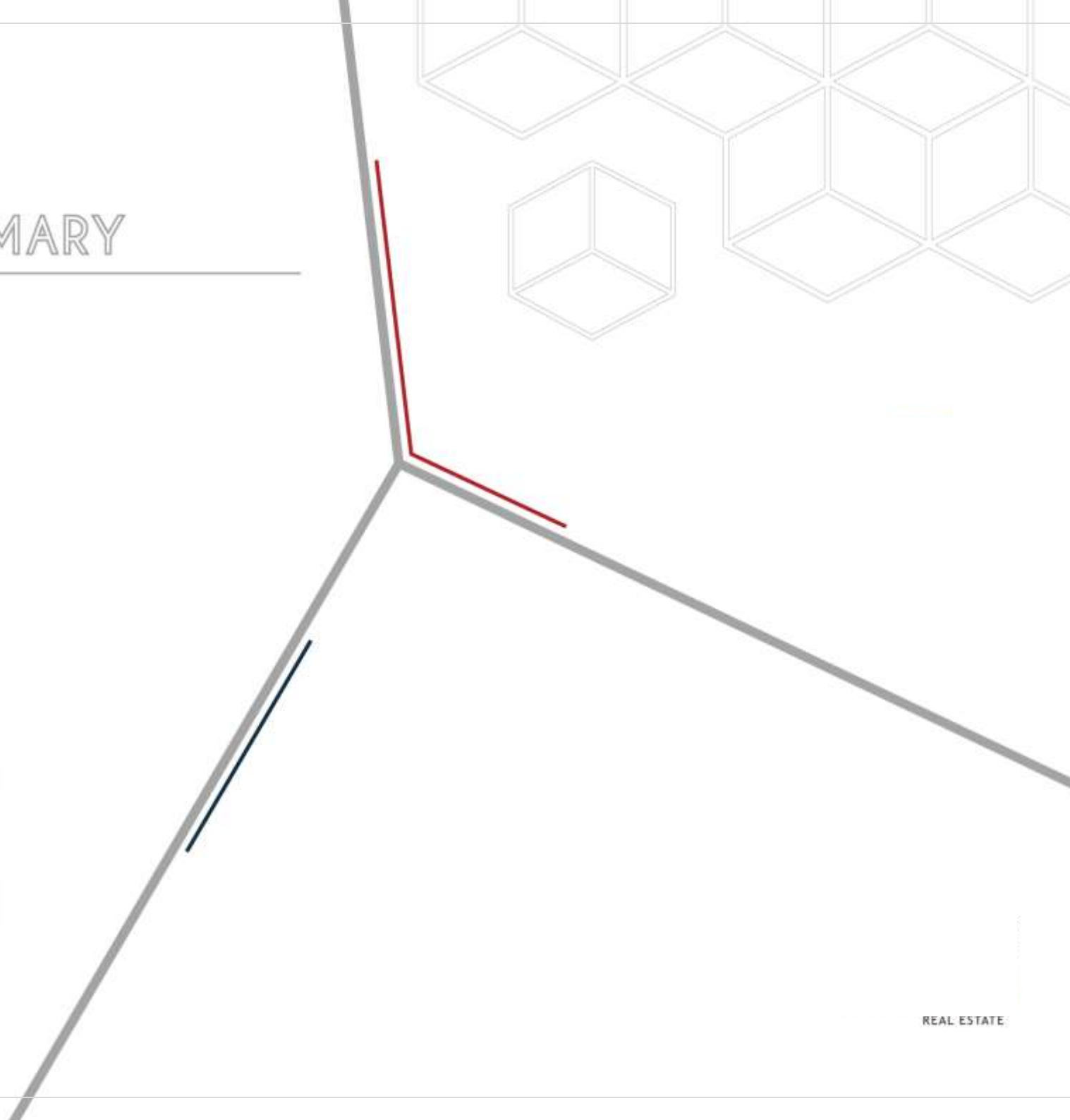




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EXECUTIVE SUMMARY

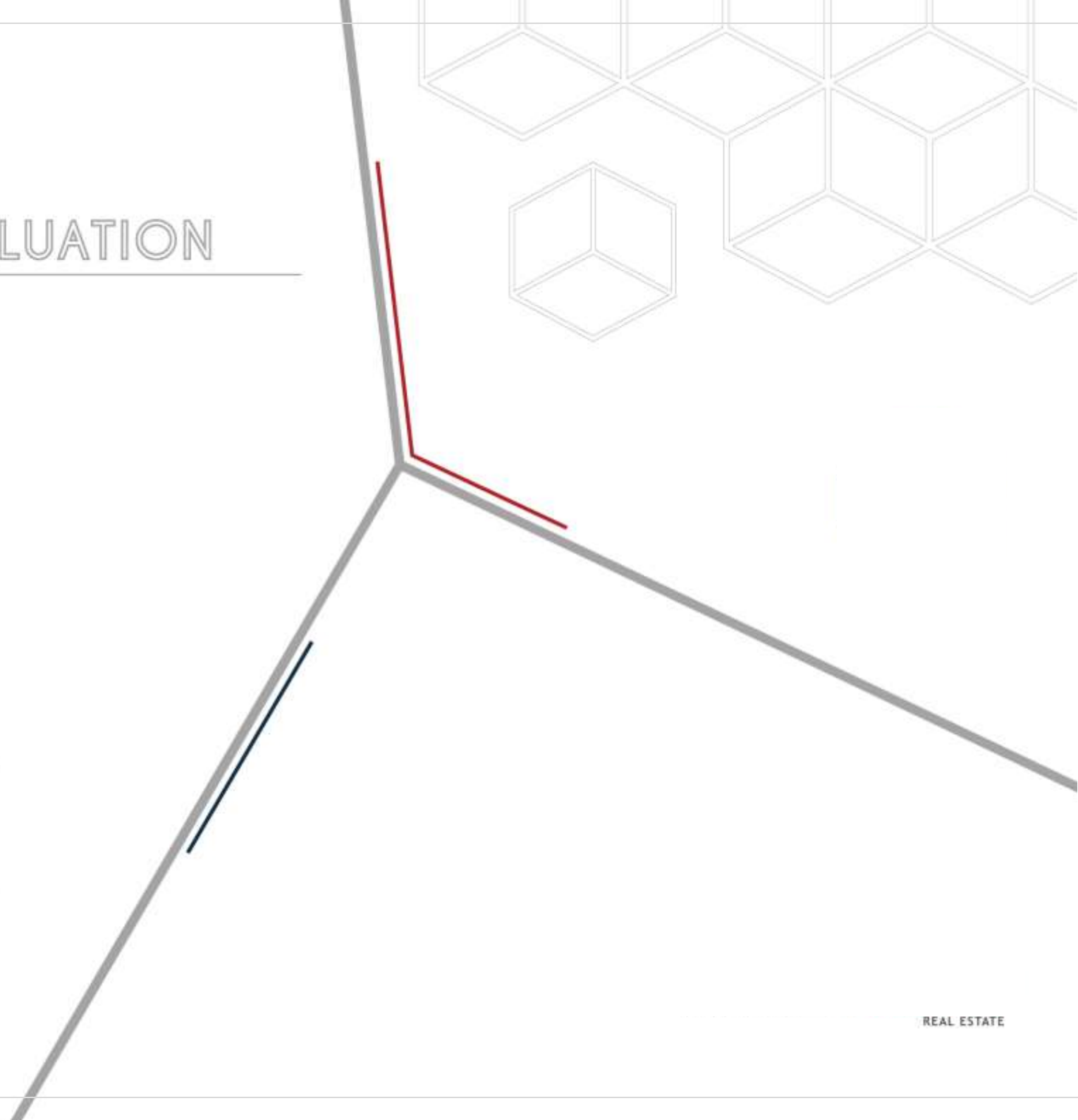




1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 18/11/2021 to implement valuation service for a commercial project in Jeddah city.
Client	For whom this report is being prepared is Al Khabeer Capital Capital, a Saudi company registered under the Saudi law.
Reference No.	2011397-3
Purpose of Valuation	Real Estate Investment Fund (REIT)
Subject Property	Commercial Property
Property Location	The property is located in Al Andalos district, Jeddah City.
Title Deed Information	Title Deed No: 420221011608, Title Deed Date: 17/08/1440, Issued from Jeddah Notary
Ownership Type	Freehold
Owner	شركة أول الملقا العقارية
Land Use	Commercial
Land Area (Sqm)	Based on the title deed, the land has an area size of 4,319.75 Sqm
BUA (Sqm)	Based on the provided construction permit, the property is a fully constructed mix use center composed of 7 upper floors in addition to the ground floor with a total BUA of 15,712 Sqm
GLA (Sqm)	The total gross leasable area of the project is 13,766 Sqm
Vacancy Rate	Based on the client, the project is fully leased to 1 tenant
Valuation Approach	Income Approach & Cost Approach
Final Property Value	150,000,000 SAR
Valuation Date	14/12/2021
Inspection Date	25/11/2021

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





1.5 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a commercial project located in Al Andalos district, Jeddah city. It has a total land area of 4,319.75 Sqm, a total BUA of 15,712 Sqm and composed of 7 offices floors and retail unit in the ground floor. As per the site inspection done by our team, the project is open on 3 sides with a direct view on Prince Mohammad Bin Abdulaziz Road from the north side. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property.
Location Description	The property subject of valuation is a commercial project in Al Andalos district, Jeddah City. The property is bordered from the north by Prince Mohammad Bin Abdulaziz Road The property is bordered from the south by an unnamed street The Property is bordered from the east by a private property 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 located on Prince Mohammad Bin Abdulaziz 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	Prince Mohammad Bin Abdulaziz Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

1.6 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	✓	✓	



1.7 LOCATION

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

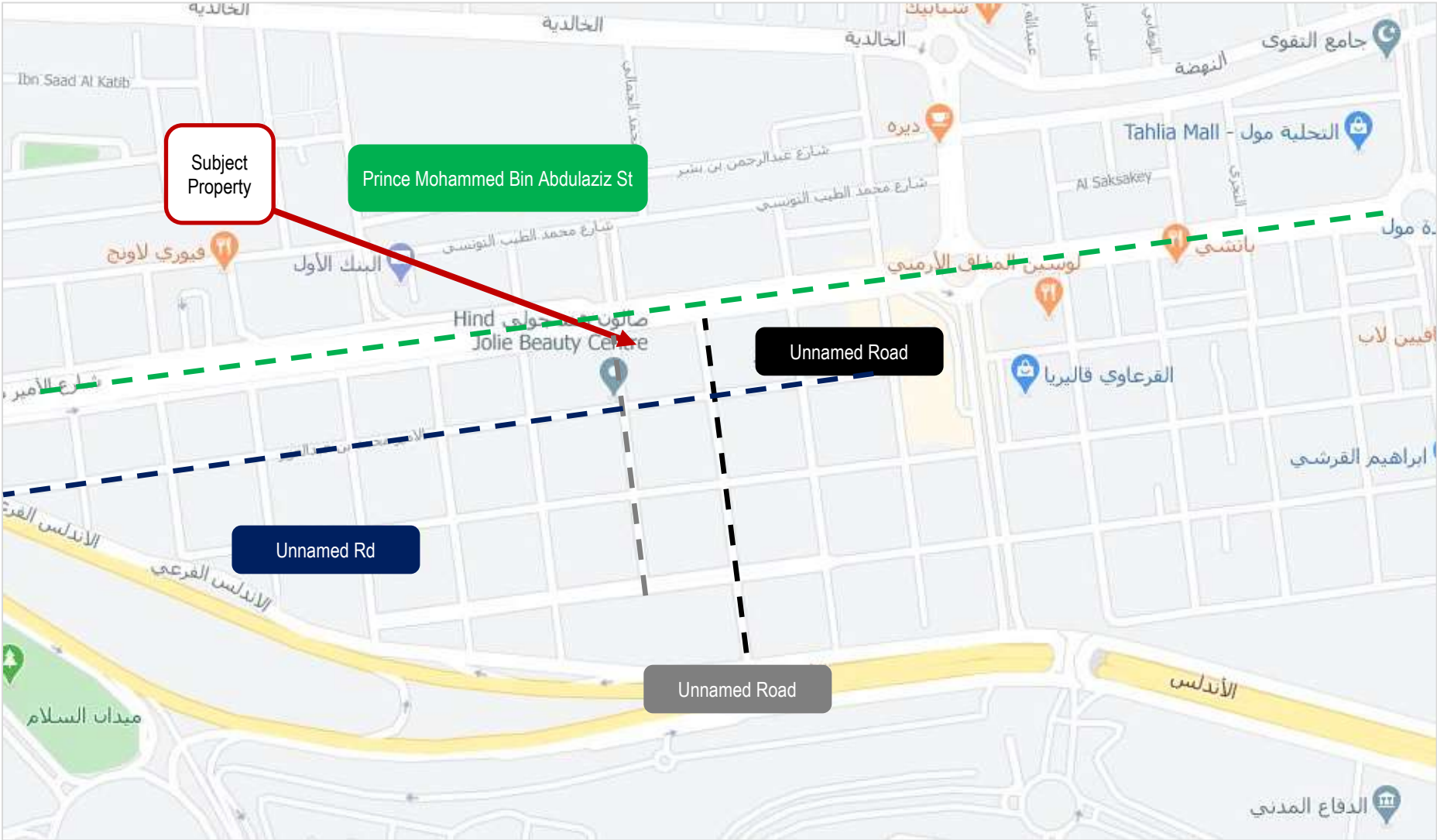


Surrounding Landmarks	
1- Ittihad Fc (0.05 Kilometers)	6- Kaki Soccer Field Khalidya (0.45 Kilometres)
2- Piatto Le Chateau (0.08 Kilometres)	7- Alawwal Bank (0.4 Kilometres)
3- Bank Al Jazira (0.1 Kilometers)	8- Majid Society (0.2 Kilometres)
4- Toni & Guy Jeddah (0.1 Kilometers)	9- Teatro Mall (0.4 Kilometres)
5- Tahlia Roshana Center (0.3 Kilometres)	10- Deera Café (0.6 Kilometres)



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	4,319.75
District	Al Andalos	Plot No.	1/2
T.D Type	Electronic	Block No.	N/A
T.D Number	420221011608	Layout No.	860/ ت.س
T.D Date	17/08/1440	Owner	شركة أول الملقا العقارية
T.D Value	38,181,818.19 SAR	Ownership Type	Freehold
Date of Last Transaction	17/08/1440	Limitation of Document	Mortgaged
Issued From	Jeddah Notary		
North Side	Prince Mohammad Bin Abdulaziz Road	East Side	Private Property
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	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		

The subject property is a fully constructed mix use center composed of 7 upper floors in addition to the ground floor. The client provided us with a building permit for the subject property, which contains the following data:



Subject Property			
Construction Permit Type		New Permit	
Property Type		Mix use	
Construction Permit No.		35218	
Construction Permit Date		18/10/1430 AH	
Permit Expiry Date		09/04/1438 AH	
Description	No. of Units	Area (sqm)	Use
Ground Floor	--	2,468	Showrooms
First Floor	--	2,386	Offices
Second Floor	--	2,468	Offices
Third Floor	---	2,468	Offices
Typical Floors	---	4,911	Offices
Annex	---	1,011	Offices
Total BAU (sqm)		15,712	

1.11 MAINTENANCE & OPERATIONAL EXPENSES

The client provide us with the insurance premium expenses related to the subject property.

1.12 BUILDING GROSS LEASABLE AREA (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Show Rooms	----		2,169	Rental spaces are provided by the client
Offices	----	15,712	9,882	
Mezzanine	----		1,715	

1.13 PROPERTY ACTUAL RENTAL RATES

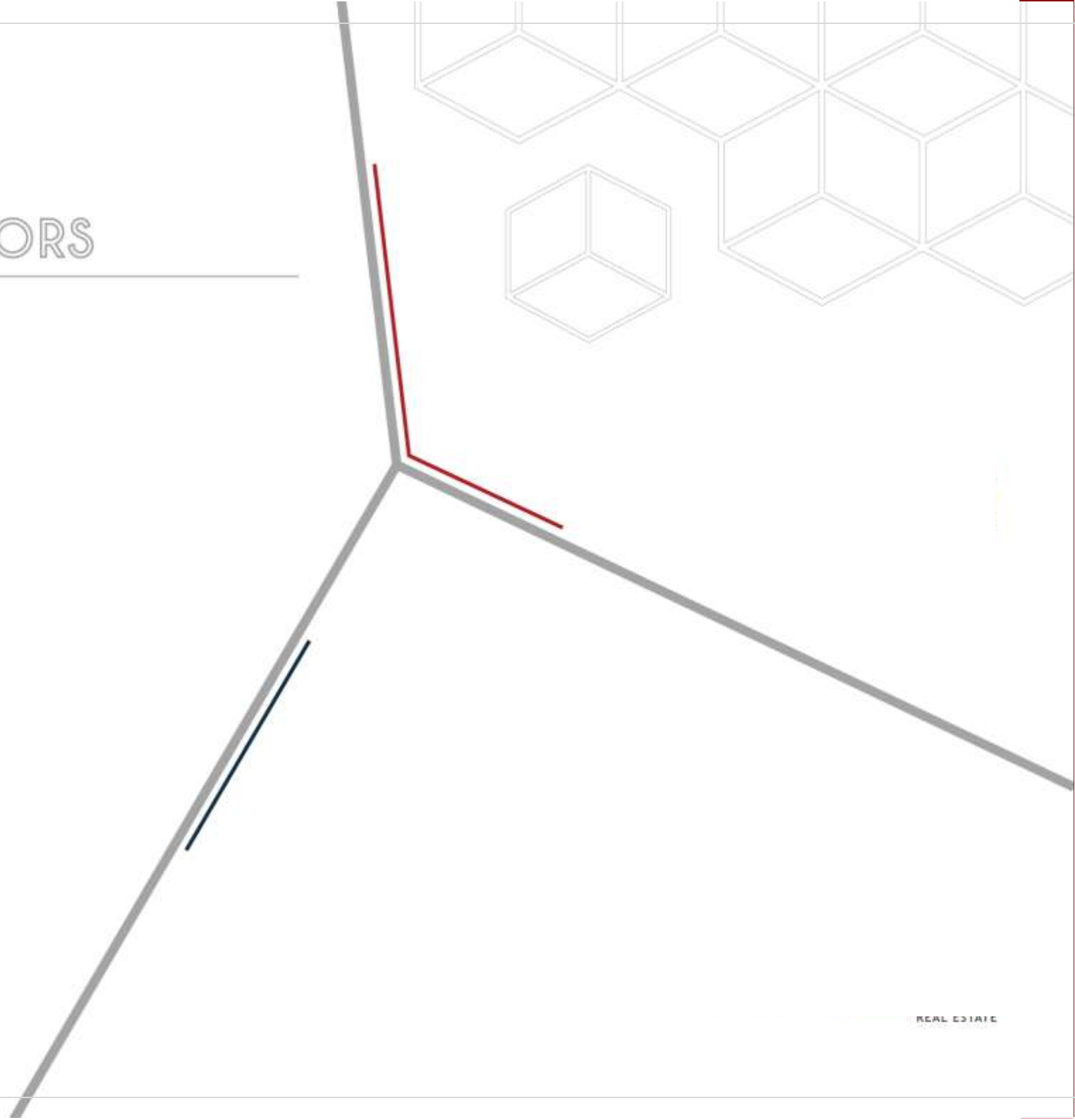
As per the site inspection done by our team, the subject property is semi occupied by several tenants. Yet, and as per the client, the client intends to acquire the subject property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years. The client also informed us that a discount is introduced to the current leasing contract where the net lease becomes 11,520,000 SAR. The valuation will be based on the before assumption.



1.14 PHOTO RECORD



MARKET INDICATORS





1.15 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)

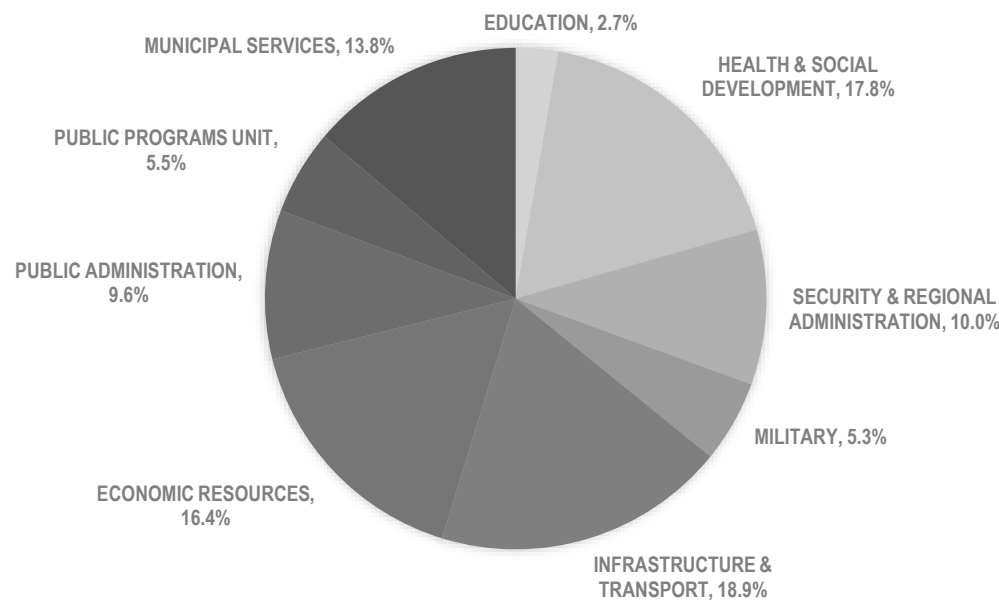
1.16 BUDGET ALLOCATION FOR 2020

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





1.17 SWOT ANALYSIS

Strength - Open on 3 sides - Have a direct view on the main street - Near the seashores	Weakness - None
Opportunities - Mostly surrounded by several residential units	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.

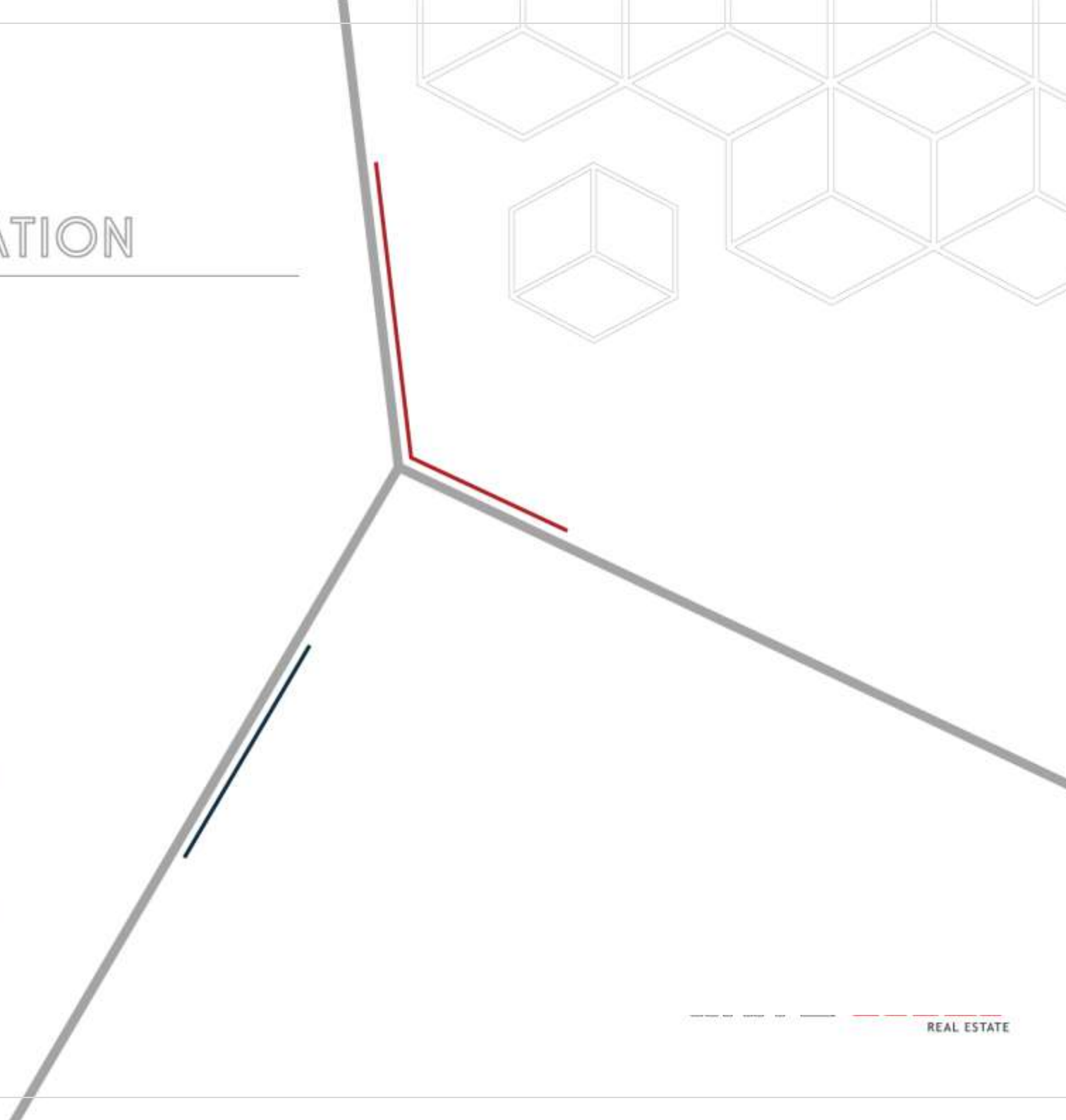
1.18 RISK ANALYSIS

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	8	18	0	0
Risk Category 26 Risk Points – Medium Risk					

Sector Analysis

Risk Category- 26 Risk Points - Medium Risk

PROPERTY VALUATION





1.19 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.

1.20 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.



1.21 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

As per the market survey done by our team for the purpose of valuation, we couldn't find samples similar to the subject property in terms of location, area size, use, etc. Therefore, we have executed trade interviews with several local real estate agents and found that the average rate to such lands falls between 12,000 & 14,000 SAR/ Sqm. We will base our valuation analysis on the average rate 13,000 SAR/ Sqm.

SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	4,320	4,320	4,320	4,320	4,320
SAR / Sqm	SAR 11,700.0	SAR 12,350.0	SAR 13,000.0	SAR 13,650.0	SAR 14,300.0
Property Value	SAR 50,541,075	SAR 53,348,913	SAR 56,156,750	SAR 58,964,588	SAR 61,772,425
PROPERTY VALUE					

1.22 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 350	SAR 450	SAR 400
Finishing Materials	SAR 1,200	SAR 1,400	SAR 1,300
Site Improvements	SAR 80	SAR 120	SAR 100
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
4,319.75	SAR 13,000	SAR 56,156,750



Building					
	Unit	No of Floors		Total BUA	
Ground Floor	Sqm	----		2,468.00	
Upper Floors	Sqm	----		12,233.00	
Annex	Sqm	----		1,011.00	
Fences	Lm	----		69.00	
Total (SQM)	15,712.00				
Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	15,712.00	SAR 1,000	SAR 15,712,000	100%	SAR 15,712,000
Electro Mechanic	15,712.00	SAR 400	SAR 6,284,800	100%	SAR 6,284,800
Finishing	15,712.00	SAR 1,300	SAR 20,425,600	100%	SAR 20,425,600
Site Improvement	4,319.75	SAR 100	SAR 431,975	100%	SAR 431,975
Total			SAR 42,854,375	100.00%	SAR 42,854,375
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 42,854,375	0.10%	SAR 42,854
Design			SAR 42,854,375	0.50%	SAR 214,272
Eng Consultant			SAR 42,854,375	1.00%	SAR 428,544
Management			SAR 42,854,375	5.00%	SAR 2,142,719
Contingency			SAR 42,854,375	5.00%	SAR 2,142,719
TOTAL				11.60%	SAR 4,971,107.50
Total Hard Cost	SAR 42,854,375		BUA	15,712.00	
Total Soft Cost	SAR 4,971,107.50		SAR / Sqm	SAR 3,044	
Total Construction Cost	SAR 47,825,482.50		Overall Completion	100.0%	

After knowing the total construction costs at a rate of 3,044 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 47,825,483	Net Dep Rate	22.50%
Economic Age	40	Dev Cost After Depreciation	SAR 37,064,749
Annual Dep Rate	2.50%	Total Completion Rate	100.00%
Actual Age	9	Developer Profit Rate	20.0%
Total Dep Rate	22.50%	Dev. Profit Amount	SAR 7,412,950
Add Appr Rate	0.00%	Development Value	SAR 44,477,699
Net Dep Rate	22.50%		

The total value of the building is 44,477,699 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 44,477,699	SAR 56,156,750	SAR 100,634,449	SAR 100,630,000



1.23 INCOME APPROACH- MARKET RATES

Market Rental Analysis

We were not able to find similar samples within the property’s area in terms of quality, area size, etc. Yet, we have executed some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,000 to 3,000 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 2,600 SAR/ Sqm as a rental rate for showrooms. As for the offices rental rates, falls between:

Comparable No.	Office Units
	Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm
Average	750 SAR/ Sqm

As for the offices, we will base our valuation on 900 SAR/ Sqm due to better quality, services, etc.





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	3% to 5%
Operating and maintenance expenses	3% to 5%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

Property Operation and Maintenance Expenses

We will apply the rate of 11% 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 8.5% 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	8.50%
Maximum capitalization rate	9.50%
Average	9.00%
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	----- 0.25% Average management and operational team level
Services and public facilities	----- 0.50% level and availability of services is average
Total	0.50%
<i>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</i>	
Total adjustments on capitalization rate	0.50%
Capitalization rate, according to market averages	9%
Estimated capitalization rate of the property valuation	9.50%

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 9.5%, which will be applied subsequently to the net operating income of the property.

Based on the above, the value of the property using the income capitalization method is as follows:

REVENUES						
Unit Type	Quantity	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Show Rooms	2,169	0	SAR 2,600	SAR 0	SAR 5,639,400	
Offices	9,882	0	SAR 900	SAR 0	SAR 8,893,800	
Mezzanine	1,715	0	SAR 1,450	SAR 0	SAR 2,486,750	
Total Revenues					SAR 17,019,950	
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Show Rooms	3.00%	3.00%	5.00%	5.00%	16.00%	
Offices	3.00%	3.00%	5.00%	10.00%	21.00%	
Mezzanine	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Show Rooms	SAR 5,639,400	16.00%	SAR 4,737,096			
Offices	SAR 8,893,800	21.00%	SAR 7,026,102			
Mezzanine	SAR 2,486,750	0.00%	SAR 2,486,750			
Total			SAR 14,249,948			
Total Property Revenues			SAR 17,019,950			
Total Property Expenses			-SAR 2,770,002			
Net Operating Income			SAR 14,249,948.00			
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 14,249,948.00	9.50%	149,999,452.63 SAR		150,000,000.00 SAR		



1.24 INCOME APPROACH BASED ON THE LEASING CONTRACT

As per the site inspection done by our team, the subject property is semi occupied by several tenants. Yet, and as per the client, the client intends to acquire the subject property as an income generating property rented to the previous owner by triple net lease of SAR 16,000,000 annually which increases every 5 years with an insurance premium of 50,000 SAR. The client also informed us that a discount is introduced to the current leasing contract where the net lease becomes 11,520,000 SAR. The valuation will be based on the before assumption.

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 11,520,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 11,520,000
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	SAR 50,000	SAR 50,000
-----	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 11,520,000		SAR 50,000		SAR 11,470,000
-----	SAR 0		0.00%		SAR 0
-----	SAR 0		0.00%		SAR 0
Total					SAR 11,470,000
Total Property Revenues					SAR 11,520,000
Total Property Expenses					-SAR 50,000
Net Operating Income					SAR 11,470,000.00
Net Operating Income		Cap Rate	Property Value		Rounded Value
SAR 11,470,000.00		9.50%	120,736,842.11 SAR		120,740,000.00 SAR



1.25 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 150,000,000	One Hundred Fifty Million Saudi Riyals
Income- Contract	Property	SAR 120,740,000	One Hundred Twenty Million and Seven Hundred Forty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 100,630,000	One Hundred Million and Six Hundred Thirty Thousand Saudi Riyals

1.26 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.

1.27 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 the market rates is:

Property Value: 150,000,000 SAR
One Hundred Fifty Million Saudi Riyals

1.28 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.

1.29 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.



1.30 CONCLUSION

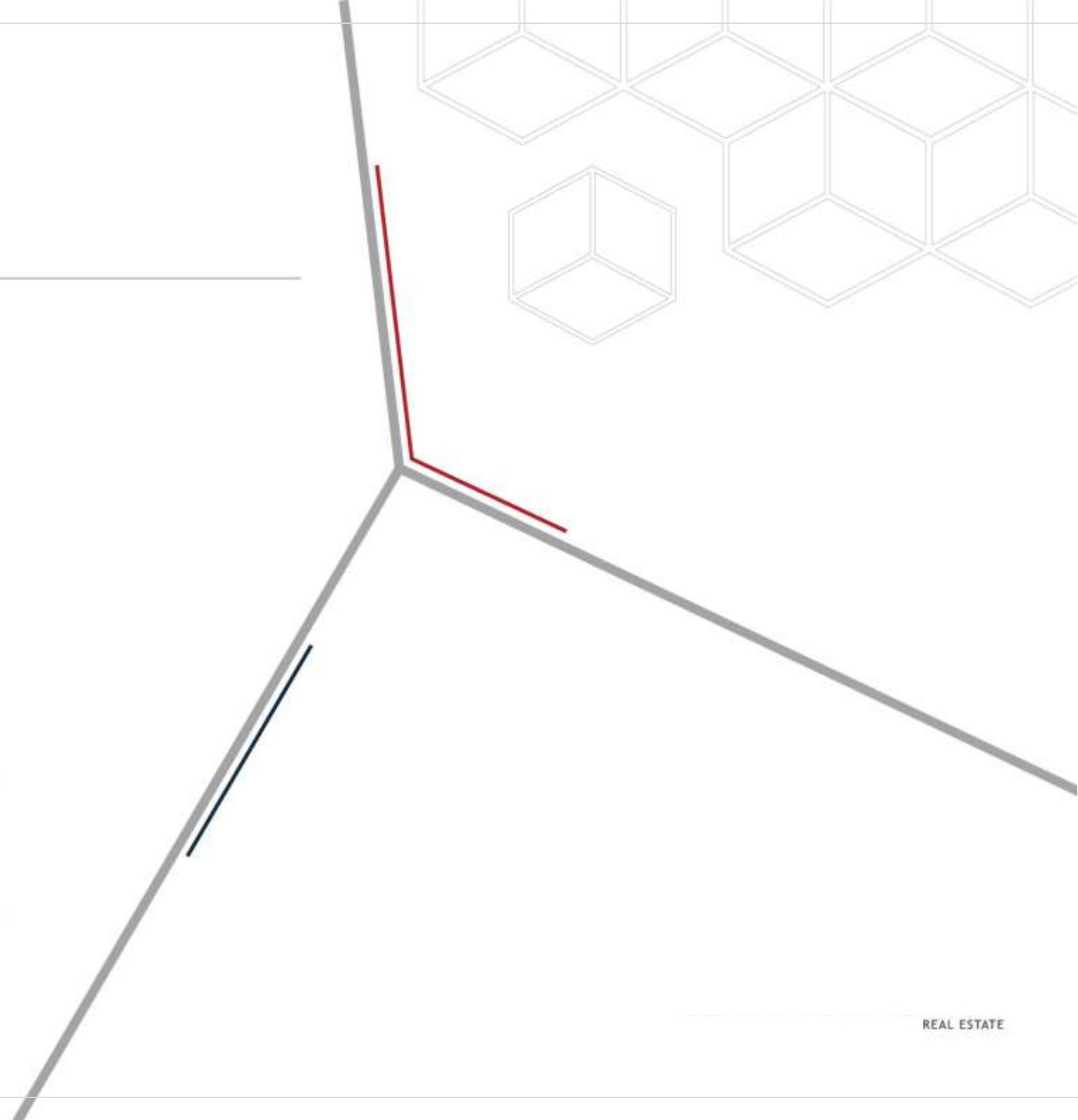
We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information 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





1.31 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.

1.32 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 Capital	June 2021	_____
✓	_____	_____	_____
✓	_____	_____	_____

1.33 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.

