WHITE CUBES
VALUATION & ADVISORY SERVICES

MALGA COMPOUND

AL KHABEER CAPITAL

RIYADH CITY

DECEMBER 2021

Valuation Report

REF: **2011397-7**
Date: **14/12/2021**
M/S **Al Khabeer Capital**

<u>Subject: Valuation Report for residential compound (Malga Compound) in Riyadh City, Saudi Arabia.</u>

Dear Sir,

With reference to your request and approval dated on November 18, 2021 for valuation service of the residential project (Malga Compound) located in Riyadh city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)

WHITE CUBES valuation
cr 1010469071 • license no 1210000474

Table of Contents

(Please Click on the Title for Direct Access)

1.1	EXECUTIVE SUMMARY	6
1.2	BASIS OF VALUATION	8
1.3	DATES	8
1.4	PURPOSE OF VALUATION	8
1.5	PROPERTY & LOCATION DESCRIPTION	10
1.6	INFRASTRUCTURE FACILITIES	10
1.7	LOCATION	11
1.8	PROPERTY ACCESS	12
1.9	TITLE DEED & OWNERSHIP	13
1.10	CONSTRUCTION & BUILDINGS	14
1.11	PROJECT COMPONENTS & LAYOUTS	15
1.12	FACILITIES, AMENITIES AND SERVICES	17
1.13	PROXIMITY OF DISTANCE	17
1.14	PHOTO RECORD	18
1.15	MAINTENANCE & OPERATIONAL EXPENSES	19
1.16	BUILDING GROSS LEASABLE AREA (GLA)	19
1.17	SAUDI ARABIA ECONOMIC INDICATORS	21
1.18	BUDGET ALLOCATION FOR 2020	21
1.19	SWOT ANALYSIS	22
1.20	RISK ANALYSIS	22
1.21	GENERAL ASSUMPTIONS	24
1.22	VALUATION APPROACH	24
1.23	COMPARABLE APPROACH	26
1.24	COST APPROACH (DRC)	27
1.25	INCOME APPROACH- MARKET RATES	29
1.26	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	31
1.27	VALUATION NOTES	32
1.28	SUBJECT PROPERTY VALUE	32
1.29	REPORT USE	32
1.30	DISCLAIMER	32
1.31	CONCLUSION	32
1.32	CONSULTANT STATUS	35

TAQEEM LISCENCE NUMBER: 1210000474

1.33 DISCLOSING CONFLICT OF INTEREST 35
1.34 CONFIDENTIALITY 35

EXECUTIVE SUMMARY

1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 18/11/2021 to implement valuation service for a residential compound 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.	2011397-7
Purpose of Valuation	Real Estate Investment Trust (REIT)
Subject Property	Residential Compound
Property Location	The property is located in Al Malga district, Riyadh City.
Title Deed No.	Title Deed No: 314002002198, 8104009006124, 814009006125, 614004005871
Ownership Type	Freehold
Owner	شركة أول الملقا العقارية
Land Use	Residential
Land Area (Sqm)	Based on the title deed, the land has an area size of 15,924.68 Sqm
BUA (Sqm)	The building is composed of 3 floors with a total BUA of 41,362 Sqm
GLA (Sqm)	The total gross leasable area is 21,436 Sqm composed of apartments.
Valuation Approach	Comparable Approach, Cost Approach & Income Approach
Final Property Value	266,500,000 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 comparable Approach, The Income Approach & Depreciated Replacement Cost (DRC)

PROPERTY DETAILS

REAL ESTATE

1.5 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a residential compound located in Al Malga district, Riyadh city. The Property has a total land area of 15,924.68 Sqm, a total BUA of 41,362 Sqm and composed of 252 residential apartment units and 38 studio units. As per the site inspection done by our team, the project is open on 4 sides with a direct view on Hajar Valley 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 being valuated is a residential compound in Al Malga district, Riyadh City.
The property is bordered from the north by Hajar Valley 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 internal street

Ease of Access

Based on the current location of the subject property, the access level is high since it is located near King Fahd Street and open from 4 sides.

The Main Landmarks

The subject property is surrounded by a number of major landmarks such as Saudi German Hospital, etc.

Land	
Land Use	Residential
No. of Streets	4
Land Shape	Graded
Direct View on the Main Road	No direct view on the main road
Direct View on an Internal Street	Hajar Valley Street
Land Condition	Constructed

Building	
Building Type	Residential Compound
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	✔	✔

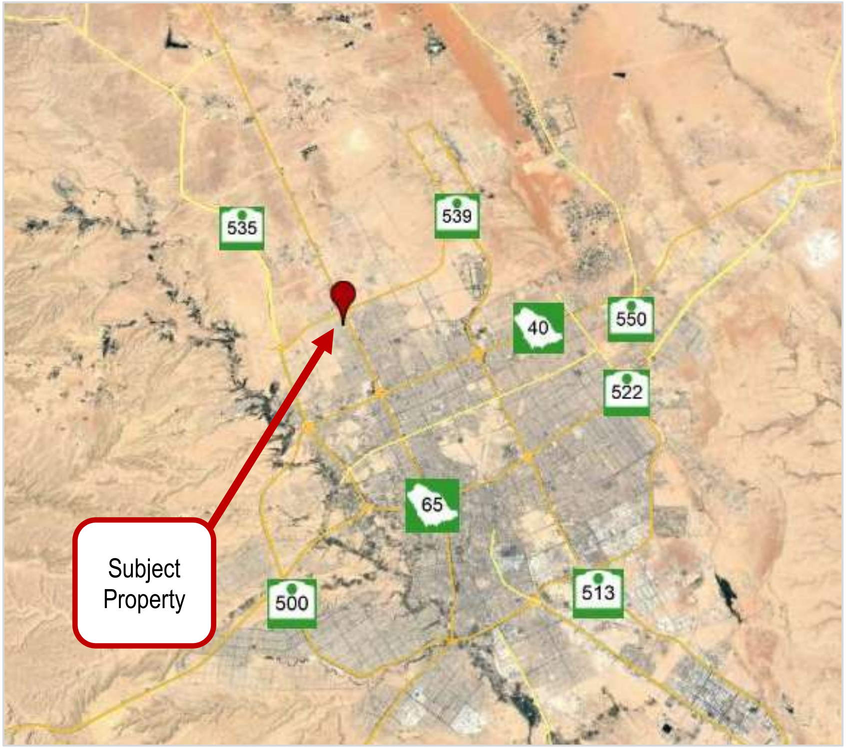
All the infrastructural facilities are available in the surroundings and connected to the subject property.

TAQEEM LISCENCE NUMBER: 1210000474

1.7 LOCATION

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

Property Location on a City Scale



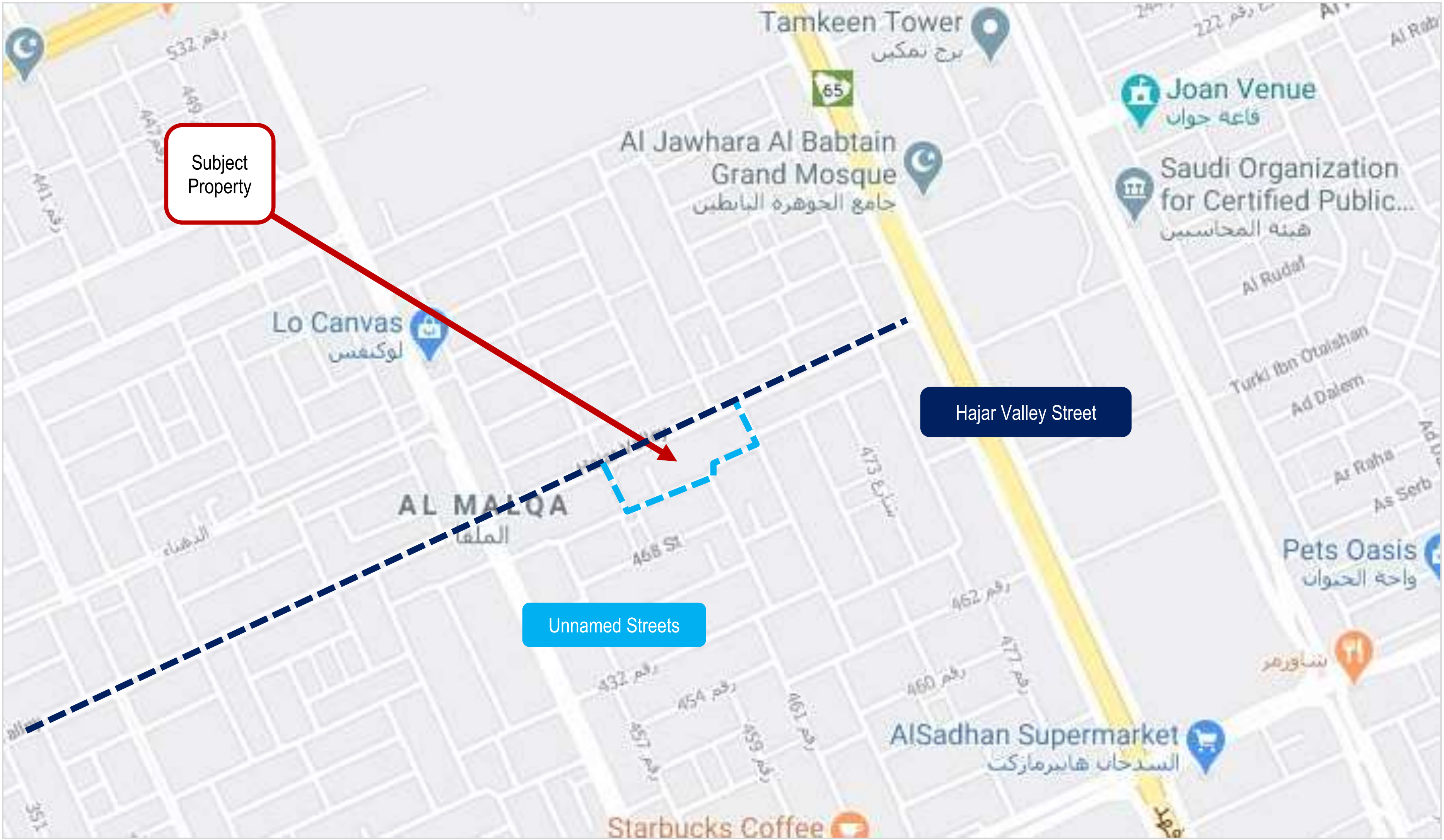
Property Location on a District Scale

Surrounding Landmarks

1- Al Shabab Saudi Club (1.8 Kilometers)
2- Saudi German Hospital (2 Kilometers)
3- Tamimi Markets (1 Kilometers)
4- Wafa Insurance (1.6 Kilometers)
5- Burj Rafal Hotel Kempinski Riyadh (2.2 Kilometers)
6- Farm Superstores (3.2 Kilometers)
7- Al Sadhan Hyper Market (1.4 Kilometers)
8- Tamkeen Tower (0.9 Kilometers)
9- The Council of Cooperative Health (0.7 Kilometers)
10- SAAB Tower (1 Kilometers)

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 copies of the title deeds of the subject property which is owned by four title deeds. The details of the subject property:

City	Riyadh	Riyadh	Riyadh	Riyadh
District	Al Malga	Al Malga	Al Malga	Al Malga
Title deed Type	Electronic	Electronic	Electronic	Electronic
T.D No.	814009006124	814009006125	614004005871	314002002198
T.D Date	14/09/1440	14/09/1440	15/09/1440	14/09/1440
Title Deed Value	38,181,818.19	38,181,818.19	38,181,818.19	38,181,818.19
Date of Latest Transaction	14/09/1440	14/09/1440	15/09/1440	14/09/1440
Issued by	Riyadh Notary	Riyadh Notary	Riyadh Notary	Riyadh Notary
Property Type	Residential	Residential	Residential	Residential
Land Area (Sqm)	5,481,45	3,481,1	3,481,9	3,480,23
Plot No.	2333/2334	1/2336	1/2337	1/2335
Block No.	N/A	N/A	N/A	N/A
Layout No.	3114	3114	3114	3114
Owners	شركة أول الملقا العقارية	شركة أول الملقا العقارية	شركة أول الملقا العقارية	شركة أول الملقا العقارية
Ownership	Freehold	Freehold	Freehold	Freehold
Limitations of Document	Mortgaged	Mortgaged	Mortgaged	Mortgaged
Notes	The client has provided us with copies of the Title Deeds which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.			

1 Side Open

2 Sides Open

3 Sides Open

4 Sides Open

TAQEEM LISCENCE NUMBER: 1210000474

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 residential compound. The client provided us with a building permits for the subject property, which contains the following data:

Subject Property	CP 1	CP 2	CP 3	CP 4
Construction Permit Type	Modification of building plan	Separation	Separation	Separation
Property Type	Residential	Residential	Residential	Residential
Construction Permit No.	1432/5259	1433/15270	1433/15269	1433/15265
Construction Permit Date	26/03/1432	21/08/1433	21/08/1433	21/08/1433
Permit Expiry Date	26/03/1435	21/08/1436	21/08/1436	21/08/1436

	CP 1	CP 2	CP 3	CP 4
Description	**Area (Sqm)**	**Area (sqm)**	**Area (Sqm)**	**Area (Sqm)**
Basement	2,052.89	2,052.89	2,052.89	2,052.89
Residential Ground Floor	2,088.00	2,088.20	2,088.00	2,088.00
First Residential Floor	2,555.78	2,555.78	2,555.78	2,555.78
Second Residential Floor	2,380.22	2,380.22	2,380.22	2,380.22
Annex Floor	1,263.56	1,263.56	1,263.56	1,263.56
----	----	----	----	----
----	----	----	----	----
----	----	----	----	----
Total BAU (sqm)	**10,340,45**	**10,340.65**	**10,340,45**	**10,340,45**

1.11 PROJECT COMPONENTS & LAYOUTS

2 BEDROOM – 3 BATHS
AREA: 112 – 128 sqm

3 BEDROOM & 3 BATHS
Area: 112 – 172 sqm

3 BEDROOM – 4 BATH & Maid room
Area: 136 – 174 sqm

PENTHOUSE: 3 BEDROOM – 4 BATH & MAIDROOM
Area: 180 – 200 SQM

TAQEEM LISCENCE NUMBER: 1210000474

All the apartment units within the subject property are based on 4 main layouts as shown above. In addition, the subject property is composed of 252 apartments with the following details

Type	No. of Bedroom	No. of Bathroom	Size	Buildings 9-18	Buildings 1-8	Total
2-Bedroom	2	3	112	2	2	4
	2	3	118	3	2	5
	2	3	128	1	0	1
3-Bedroom	3	3	112	2	2	4
	3	3	118	7	4	11
	3	3	128	5	6	11
	3	3	150	0	0	0
	3	3	152	0	1	1
	3	3	158	0	0	0
	3	3	160	0	1	1
	3	3	172	0	0	0
3-Bedroom (With Maid Room)	3	4	136	14	6	20
	3	4	146	6	10	16
	3	4	150	24	16	40
	3	4	152	8	3	11
	3	4	158	26	18	44
	3	4	160	22	9	31
	3	4	170	0	2	2
	3	4	172	0	10	10
	3	4	174	0	8	8
3-Bedroom (Penthouse)	3	4	180	3	3	6
	3	4	184	2	0	2
	3	4	190	8	6	14
	3	4	194	2	0	2
	3	4	200	5	3	8
Total / Average			154	140	112	252

On the other hand, all the apartment units are offered for tenant as fully furnished units containing the following elements.

- Living area
- Dining Area
- Split air conditioning units
- Flat screen TV
- Washer and Dryer units
- Fully equipped kitchen including fridge, microwave, oven, and cabinets.
- Quality durable scratch proof and water-resistant furniture.
- Dish Cabinet

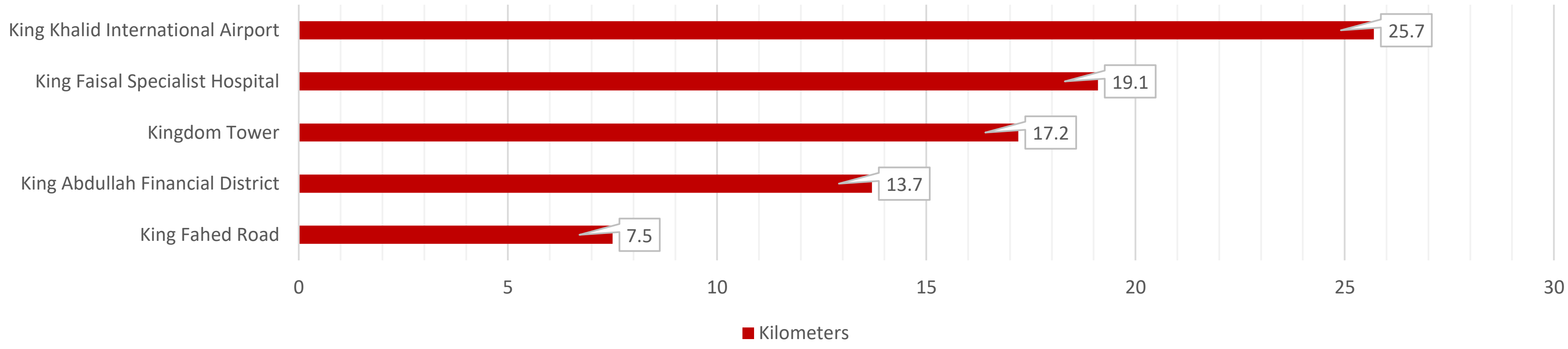
1.12 FACILITIES, AMENITIES AND SERVICES

Facilities	
2 Gymnasiums (For Men and Women)	18 Elevators with VVVF System
Services & Amenities	
Pest Control	Security Services
Cleaning Services	General Maintenance
Plumbing Works	Electric Works
Mechanical Works	Home Appliances Maintenance

1.13 PROXIMITY OF DISTANCE

The following shows the approximate distance from the Subject Property to several main roads and landmarks in the surrounding area:

Roads and Landmarks	Distance from Subject Property (Km)
King Fahd Road	7.5
King Abdullah Financial District	13.7
Kingdom Tower	17.2
King Faisal Specialist Hospital and Research Center	19.1
King Khalid International Airport	25.7



1.14 PHOTO RECORD









1.15 MAINTENANCE & OPERATIONAL EXPENSES

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 1,100.51 SAR per year, which includes all administration, maintenance, operation and general service bills.

1.16 BUILDING GROSS LEASABLE AREA (GLA)

Floor No.	Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
2 Bed Apt	Residential	----	----	856	Rental spaces are obtained from the client
3 Bed Apt	Residential	----	----	16,764	
4 Bed Apt	Residential	----	----	3,816	
-	----	----	----	----	
-	----	----	----	----	
-	----	----	----	----	
-	----	----	----	----	
-	----	----	----	----	
Total					

TAQEEM LISCENCE NUMBER: 1210000474

MARKET INDICATORS

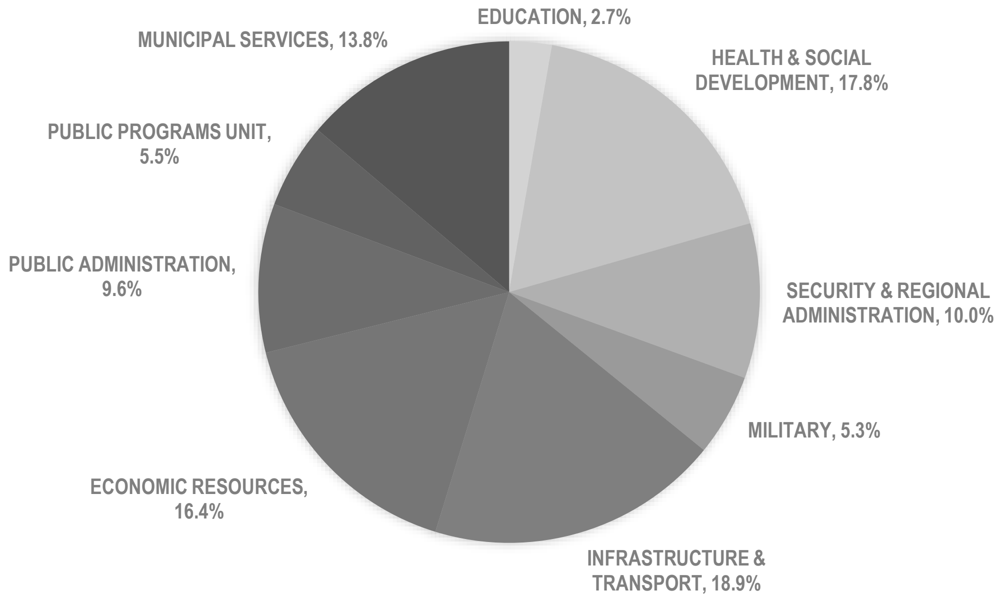
1.17 SAUDI ARABIA ECONOMIC INDICATORS

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)

1.18 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



1.19 SWOT ANALYSIS

Strength	Weakness
- Premium Location - Surrounded by several main streets - High-end quality of residential complex - Close to the city airport	- The subject property is far from the city downtown - The residential compound market is currently in slow progress and facing economic issues.
Opportunities	**Threats**
- Skilled management, quality of facilities, proper maintenance, etc. are elements which the operator of the facility needs to maintain high quality level to guarantee the customer satisfaction over other competitors.	- Economic conditions for Expats - 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.

1.20 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	3	4	18	0	0
Risk Category	25 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 25 Risk Points - Medium Risk

PROPERTY VALUATION

REAL ESTATE

1.21 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.

1.22 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.

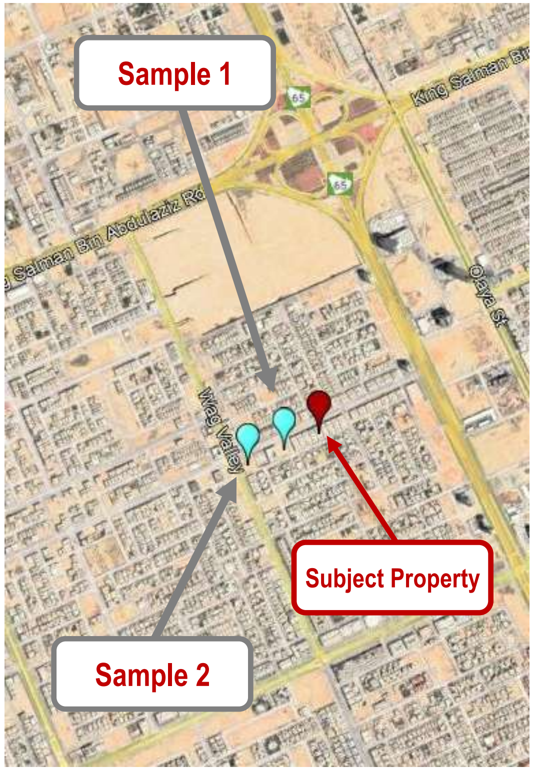
Estimate the capitalization rate (aka cap rate), which is the rate of return, or yield, that other investors of property are getting in the local market.

1.23 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 2**
Quoting	---------	Offering	Offering
District	Al Malga	Al Malga	Al Malga
Sale Price	----------	SAR 17,500,000	SAR 24,198,000
Data Source	Title Deed	Market Survey	Market Survey
Area Size	15,924.68	3,286.00	4,033.00
SAR / Sqm	--------	SAR 5,326	SAR 6,000
Sides Open	4	2	3

Adjustment Analysis					
		SAMPLE 1		**SAMPLE 2**	
Area size	15,924.68	3,286.00	-10.00%	4,033.00	-10.00%
Location Desirability	Average	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%
Main Street Width (m)	36	36	0.00%	36	0.00%
Sides Open	4	2	10.00%	3	5.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%
Close to main street	No	No	0.00%	No	0.00%
Negotiable	---------	No	0.00%	No	0.00%
Other Factor	----------	----------	0.00%	----------	0.00%
Total Adjustments Ratio			0.00%		-5.00%
Total Adjustment Amount			SAR 0.0		-SAR 300.0
Net After Adjustment			SAR 5,325.6		SAR 5,700.0
SAR / Sqm		**SAR 5,513**			
Rounded Value		**SAR 5,500**			



SENSITIVITY ANALYSIS					
	-10%	**-5%**	**0%**	**5%**	**10%**
Land Area	15,925	15,925	15,925	15,925	15,925
SAR / Sqm	SAR 4,950.0	SAR 5,225.0	SAR 5,500.0	SAR 5,775.0	SAR 6,050.0
Property Value	SAR 78,827,166	SAR 83,206,453	SAR 87,585,740	SAR 91,965,027	SAR 96,344,314
			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 fall in the range of 5,000 – 6,000 SAR / Sqm with an average of 5,500 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.

1.24 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 800	SAR 1,000	SAR 900
MEP	SAR 450	SAR 550	SAR 500
Finishing Materials	SAR 700	SAR 900	SAR 800
Fit outs &Appliance	SAR 900	SAR 1,100	SAR 1,000
Furniture	SAR 750	SAR 850	SAR 800
Site Improvements	SAR 180	SAR 220	SAR 200
Owner Profit	20%	30%	25%

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**
15,924.68	SAR 5,500	SAR 87,585,740

Building			
	Unit	**No of Floors**	**Total BUA**
Underground	Sqm	-----	8,211.56
Ground Floor	Sqm	-----	8,352.20
Upper Floors	Sqm	-----	19,744.00
Annex	Sqm	-----	5,054.24
Fences	Sqm	-----	477.7
Total (SQM)	**41,362.00**		

TAQEEM LISCENCE NUMBER: 1210000474

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	33,150.44	SAR 900	SAR 29,835,396	100%	SAR 29,835,396
Electro Mechanic	33,150.44	SAR 500	SAR 16,575,220	100%	SAR 16,575,220
Finishing	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Fit outs & Appliances	33,150.44	SAR 1,000	SAR 33,150,440	100%	SAR 33,150,440
Furniture	33,150.44	SAR 800	SAR 26,520,352	100%	SAR 26,520,352
Site Improvement	15,924.68	SAR 200	SAR 3,184,936	100%	SAR 3,184,936
Total			**SAR 135,786,696**	**100.00%**	**SAR 135,786,696**
Hard Cost - Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	8,211.56	SAR 1,350	SAR 11,085,606	100%	SAR 11,085,606
Electro Mechanic	8,211.56	SAR 700	SAR 5,748,092	100%	SAR 5,748,092
Finishing	8,211.56	SAR 200	SAR 1,642,312	100%	SAR 1,642,312
Total			**SAR 18,476,010**	**100.00%**	**SAR 18,476,010**
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 154,262,706	0.10%	SAR 154,263
Design			SAR 154,262,706	1.00%	SAR 1,542,627
Eng Consultant			SAR 154,262,706	1.00%	SAR 1,542,627
Management			SAR 154,262,706	5.00%	SAR 7,713,135
Contingency			SAR 154,262,706	5.00%	SAR 7,713,135
Others			SAR 154,262,706	0.00%	SAR 0
TOTAL				**12.10%**	**SAR 18,665,787.43**

Total Hard Cost	**SAR 154,262,706**	**BUA**	**41,362.00**
Total Soft Cost	**SAR 18,665,787.43**	**SAR / Sqm**	**SAR 4,181**
Total Construction Cost	**SAR 172,928,493.43**	**Overall Completion**	**100.0%**

After knowing the total construction costs at a rate of 4,181 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 172,928,493**	**Net Dep Rate**	16.00%
		Dev Cost After Depreciation	**SAR 145,259,934**
Economic Age	50		
Annual Dep Rate	2.00%	**Total Completion Rate**	100.00%
		Developer Profit Rate	25.0%
Actual Age	8		
Total Dep Rate	16.00%		
Add Appr Rate	0.00%	**Dev. Profit Amount**	SAR 36,314,984
Net Dep Rate	**16.00%**	**Development Value**	**SAR 181,574,918**

TAQEEM LISCENCE NUMBER: 1210000474

The total value of the building is 181,574,918 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 181,574,918	SAR 87,585,740	SAR 269,160,658	SAR 269,160,000

1.25 INCOME APPROACH- MARKET RATES

Market Rental Analysis

Based on the market survey done by our team, we have found several compounds classified as class A with an average rental rate shown in the below table and on which we will apply an adjustment to achieve the average rental rates for the subject apartments:

	Rental Rates		Adjustments			Rental Rates After Adjut.	
Sample Name	2 Bedrooms	3 Bedrooms	Compound Classification	Location	Facilities & Amenities	2 Bedrooms	3 Bedrooms
Hamra Compound	1,450	1,250	-5%	-5%	-5%	1,233	1,063
Arezona Compound	1,550	1,400	-5%	-5%	-5%	1,318	1,190
Average						1,275	1,126

We have classified the subject property compound as class B, yet and based on the above adjustments (compound classification, location and provided facilities and amenities), we have achieved an average rental rates of 1,275 SAR/ Sqm for 2 bedrooms apartment and 1,150 SAR/ Sqm for 3 bedrooms apartment. The estimated average rate used in 1,200 SAR/ Sqm. The client did not provide us with the unit types of the subject property yet he provided us with the total GLA (39,734 Sqm) on which we will base our valuation analysis.

OPEX

As for the operational expenses for such projects covering the maintenance, management, operation, etc. it is usually calculated as 15% from the total expected revenues of the subject property.

Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 20% to 25% 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	2% to 3%

Property Operation and Maintenance Expenses

The owner 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 22.5% 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 7% 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.

Minimum capitalization rate			7.00%
Maximum capitalization rate			9.00%
Average			8.00%
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	---------	-0.25%	The actual age of the property is 6 years
The general location of the property	---------	0.25%	Average Location
Quality and finishes	---------	0.25%	Average quality finishes
Project Management Team	---------	0.25%	Average management and operational team level
Services and public facilities	---------	0.25%	level and availability of services is average
Total		**0.50%**	
Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property			
Total adjustments on capitalization rate		0.50%	
Capitalization rate, according to market averages		8%	
Estimated capitalization rate of the property valuation		**8.50%**	

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 8.5%, which will be applied subsequently to the net operating income of the property.

TAQEEM LISCENCE NUMBER: 1210000474

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
Apartment Buildings	39,734	0	SAR 1,200	SAR 0	SAR 47,680,800
----------------------------------	0	0	SAR 0	SAR 0	SAR 0
----------------------------------	0	0	SAR 0	SAR 0	SAR 0
----------------------------------	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 47,680,800

EXPENSES					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Apartment Buildings	5.00%	7.50%	10.00%	30.00%	52.50%
----------------------------------	0.00%	0.00%	0.00%	0.00%	0.00%
----------------------------------	0.00%	0.00%	0.00%	0.00%	0.00%
----------------------------------	0.00%	0.00%	0.00%	0.00%	0.00%

NET OPERATING INCOME			
Unit Type	Total Revenues	Total Expenses	NOI
Apartment Buildings	SAR 47,680,800	52.50%	SAR 22,648,380
----------------------------------	SAR 0	0.00%	SAR 0
----------------------------------	SAR 0	0.00%	SAR 0
----------------------------------	SAR 0	0.00%	SAR 0
		Total	SAR 22,648,380
Total Property Revenues			SAR 47,680,800
Total Property Expenses			-SAR 25,032,420
Net Operating Income			SAR 22,648,380.00

Net Operating Income	Cap Rate	Property Value	Rounded Value
SAR 22,648,380.00	8.50%	266,451,529.41 SAR	266,500,000.00 SAR

1.26 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 266,500,000	Two Hundred Sixty-Six Million and Five Hundred Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 269,160,000	Two Hundred Sixty-Nine Million and One Hundred Sixty Thousand Saudi Riyals

TAQEEM LISCENCE NUMBER: 1210000474

1.27 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.

1.28 SUBJECT PROPERTY VALUE

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

Property Value: **266,500,000 SAR**
Two Hundred Sixty-Six Million and Five Hundred Thousand Saudi Riyals

1.29 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.

1.30 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.

1.31 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
cr 1010469071 • license no 1210000474

Member of (Taqeem)
License No. 1210000474

GENERAL NOTES

1.32 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.

1.33 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 Cap	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	✓	-------------------	---------	--

1.34 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.