



AHLAN COURT
AL KHABEER CAPITAL
Awal Al Malqa Real Estate Company

Jeddah City
June 2022

Valuation Report





REF: 22-0112-1EN
Date: 25/06/2022
M/S: Awal Al Malqa Real Estate Company

Subject: Valuation Report for retail project (Ahlan Court) in Jeddah City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on June 06, 2022 for valuation service of the retail project (Ahlan Court) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITECUBES

Mr. Essam M. Al-Husaini- Owner

Fellow Member of the Saudi Authority of Accredited Valuers (Taqeem)

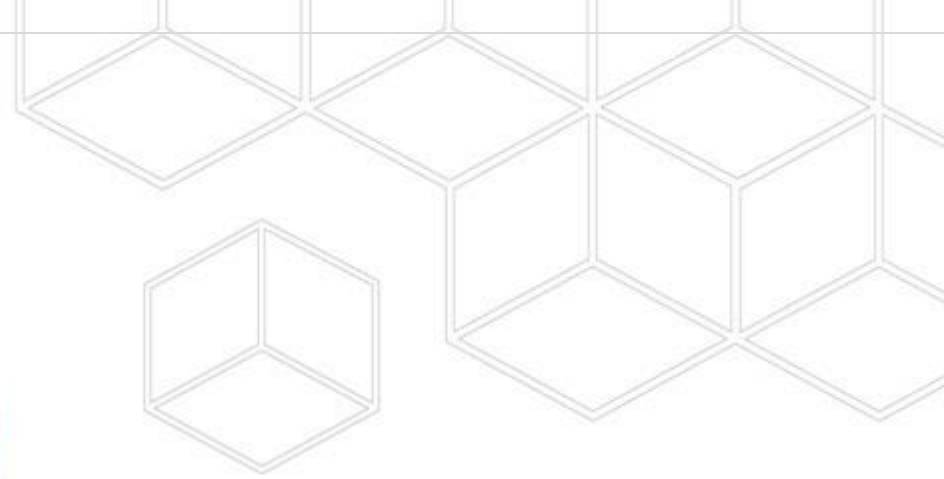
Table of Contents

(Please Click on the Title for Direct Access)

1.1	EXECUTIVE SUMMARY	6
1.2	VALUATION REFERENCE	8
1.3	BASIS OF VALUATION	8
1.4	CLIENT APPROVAL DATE	10
1.5	INSPECTION DATE	10
1.6	VALUATION DATE	10
1.7	REPORT DATE	10
1.8	OPINION OF VALUE	10
1.9	PURPOSE OF VALUATION	10
1.10	INSPECTION ROLE	10
1.11	MARKET SURVEY	10
2.1	PROPERTY & LOCATION DESCRIPTION	12
2.2	INFRASTRUCTURE FACILITIES	12
2.3	LOCATION	13
2.4	PROPERTY ACCESS	14
2.5	TITLE DEED & OWNERSHIP	15
2.6	CONSTRUCTION & BUILDINGS	15
2.7	BUILDING GROSS LEASABLE AREA (GLA)	16
2.8	PROPERTY ACTUAL RENTAL RATES	16
2.9	INSURANCE	16
2.10	PHOTO RECORD	17
3.1	SAUDI ARABIA ECONOMIC INDICATORS	19
3.2	BUDGET ALLOCATION FOR 2021	19
3.3	SWOT ANALYSIS	20
3.4	SECTOR BRIEF	20
3.5	RISK ANALYSIS	22
4.1	DOCUMENTS RECIEVED	24
4.2	GENERAL ASSUMPTIONS	24
4.3	LEGAL NOTICES	24
4.4	INFORMATION SOURCE	25
4.5	STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)	25
4.6	VALUATION APPROACH	25

4.7	COMPARABLE APPROACH	27
4.8	COST APPROACH (DRC)	27
4.9	INCOME APPROACH BASED ON MARKET RATES	29
4.10	INCOME APPROACH BASED ON LEASING CONTRACT	32
4.11	SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	33
4.12	SUBJECT PROPERTY VALUE	33
4.13	REPORT USE	33
4.14	DISCLAIMER	33
4.15	CONCLUSION	34
4.16	ACCREDITED VALUERS	34
5.1	CONSULTANT STATUS	36
5.2	DISCLOSING CONFLICT OF INTEREST	36
5.3	CONFIDENTIALITY	36
5.4	ENVIRONMENTAL MATTERS	36

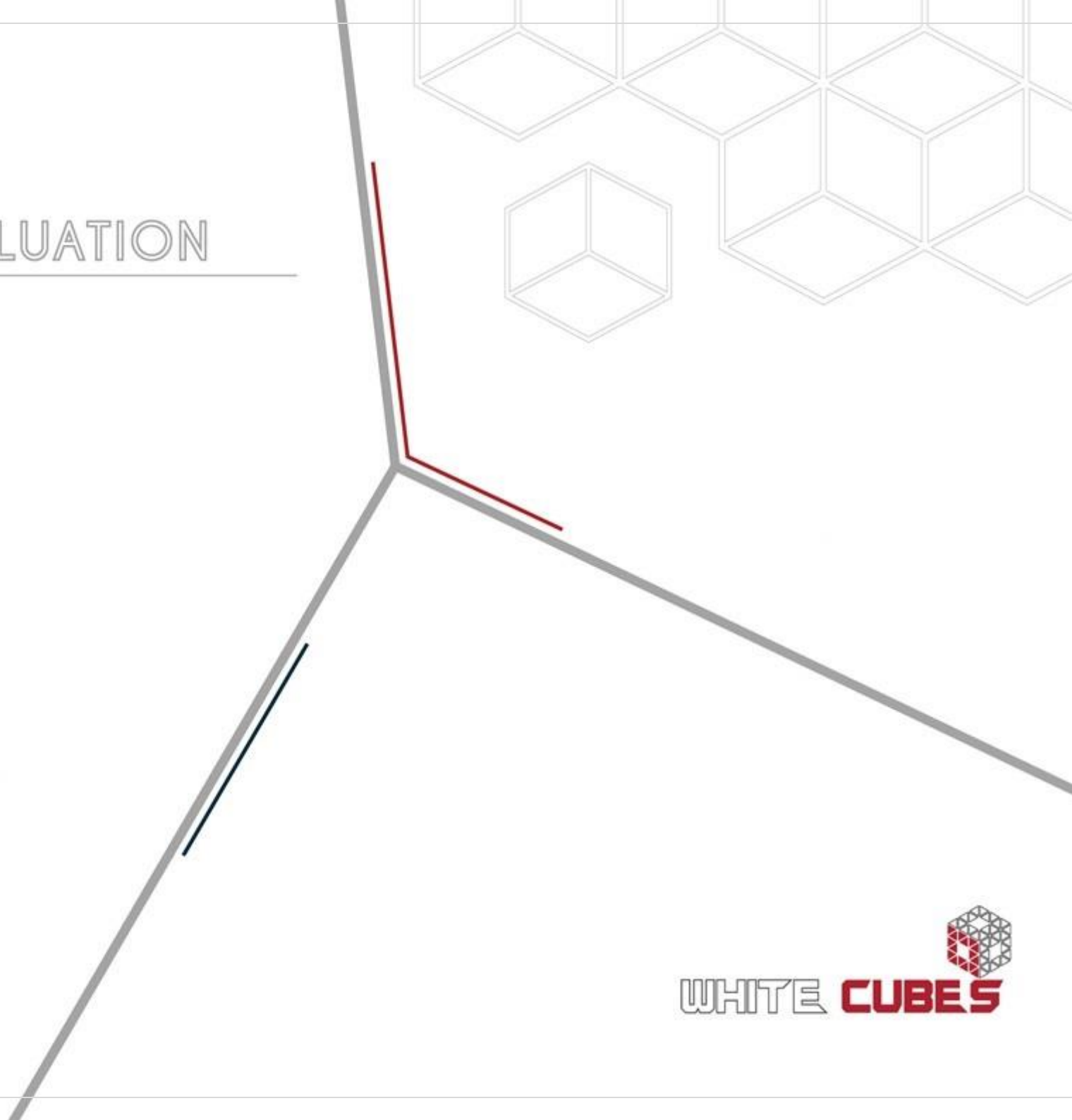
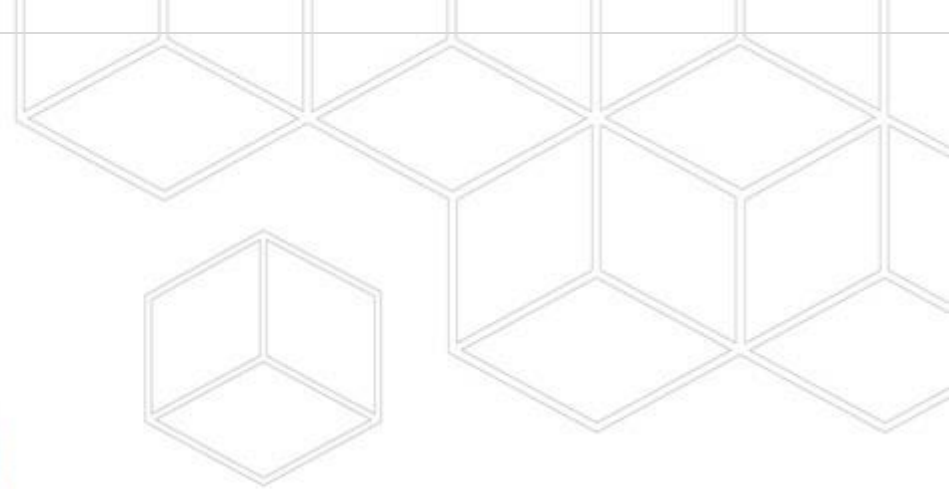
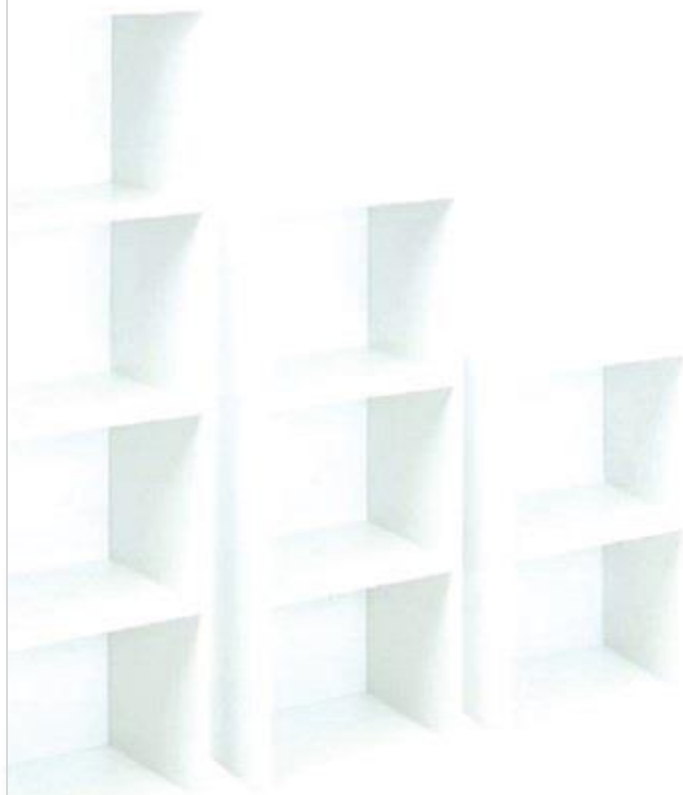
EXECUTIVE SUMMARY



1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 06/06/2022 to implement valuation service for a commercial project in Jeddah city.
Client	For whom this report is being prepared is Awal Al Malqa Real Estate Company, a Saudi company registered under the Saudi law.
Reference No.	22-0112-1EN
Purpose of Valuation	Real Estate Investment Trust (REIT)
Subject Property	Commercial Project
Property Location	The property is located in Al Andalous district, Jeddah City.
Title Deed Information	Title Deed No: 920210027006, 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 4,342.25 Sqm
BUA (Sqm)	As per the provided construction permit, the building is composed of 2 floors with a total BUA of 2,758.3 Sqm
GLA (Sqm)	The total gross leasable area is 1,774 Sqm for showrooms and 984 Sqm for offices.
Vacancy Rate	Based on the client, the project is fully leased to 1 tenant
Valuation Approach	Income Approach, Cost Approach and Comparable Approach
Final Property Value	SAR 65,300,000
Valuation Date	25/06/2022
Inspection Date	15/06/2022

TERMS OF REFERENCE & VALUATION



1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by Awal Al Malqa Real Estate Company to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

1.3 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

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

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

AN ASSET SHOULD EXCHANGE

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

ON THE VALUATION DATE

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

BETWEEN WILLING BUYER

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

AND
WILLING
SELLER

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

IN AN ARM’S
LENGTH
TRANSACTION

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

AFTER
PROPER
MARKETING

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

KNOWLEDGEABLY
AND
PRUDENTLY

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

AND
WITHOUT
COMPULSION

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

1.4 CLIENT APPROVAL DATE

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

June 06, 2022.

1.5 INSPECTION DATE

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

June 15, 2022.

1.6 VALUATION DATE

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

June 25, 2022.

1.7 REPORT DATE

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

June 25, 2022.

1.8 OPINION OF VALUE

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

1.9 PURPOSE OF VALUATION

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

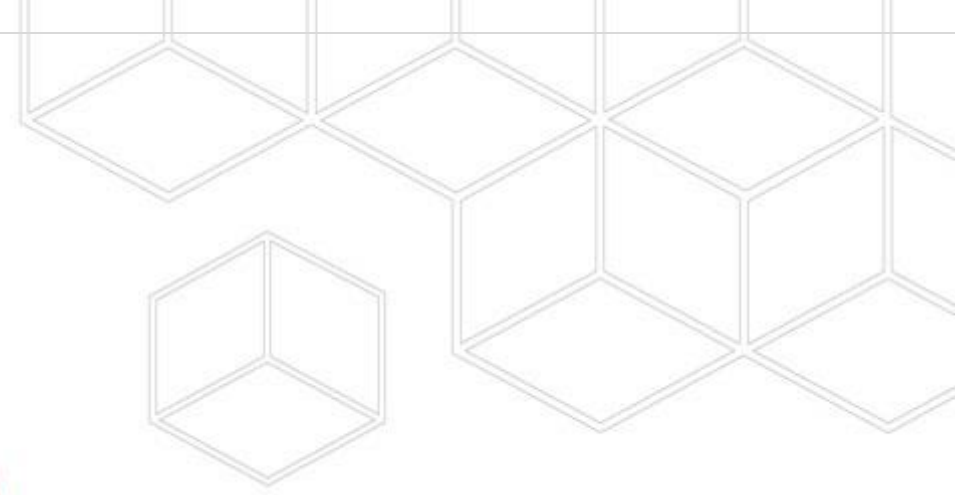
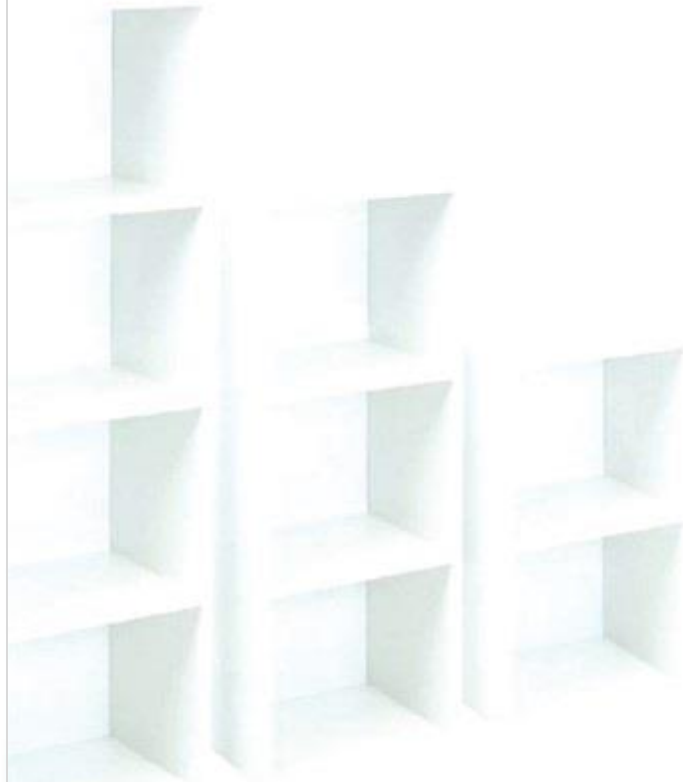
1.10 INSPECTION ROLE

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

1.11 MARKET SURVEY

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

PROPERTY DETAILS



2.1 PROPERTY & LOCATION DESCRIPTION

Property Description	The subject property is a constructed property located in Al Andalous district, Jeddah city. The Property has a total land area of 4,342.25 Sqm, and a total BUA of 2,758.3 Sqm. The subject property is a commercial retail building. As per the site inspection done by our team, the project is open on 3 sides from the northeast and south with a direct view on Prince Mohammad Bin Abdulaziz Road. 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 40 meter The property is bordered from the south by Mohammed bin Zaid Street 15 meter The Property is bordered from the east by an Ibrahim Al Hayani Street 15 meter The property is bordered from the west by Private property.
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	3	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	Mohammed bin Zaid Street	Overall Building Conditions	Good
Land Condition	Constructed		

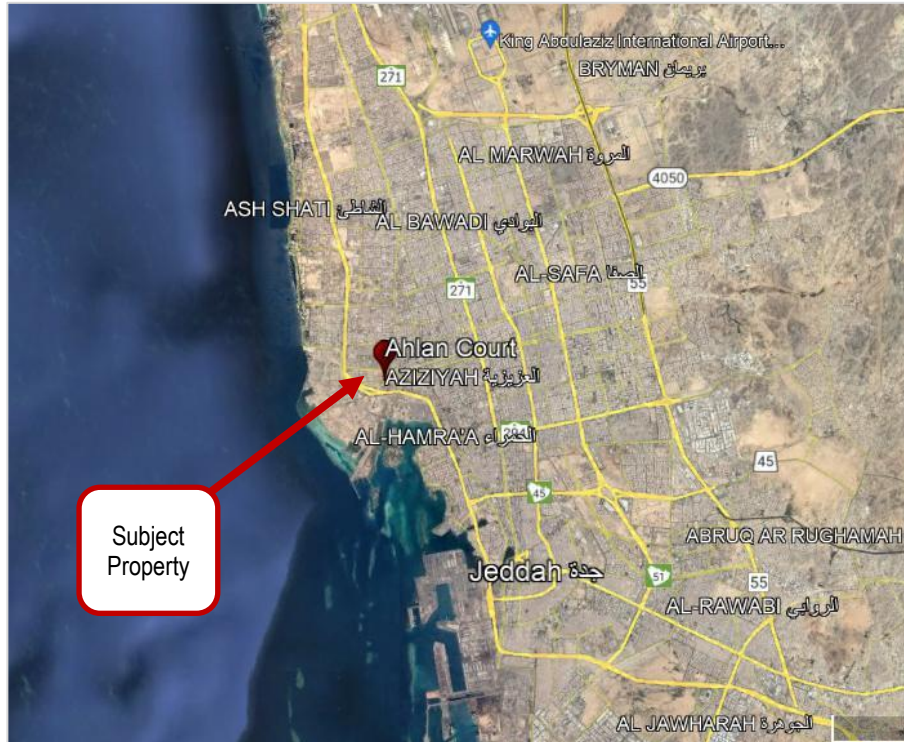
2.2 INFRASTRUCTURE FACILITIES

	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	✓	✓	

2.3 LOCATION

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

Property Location on a City Scale

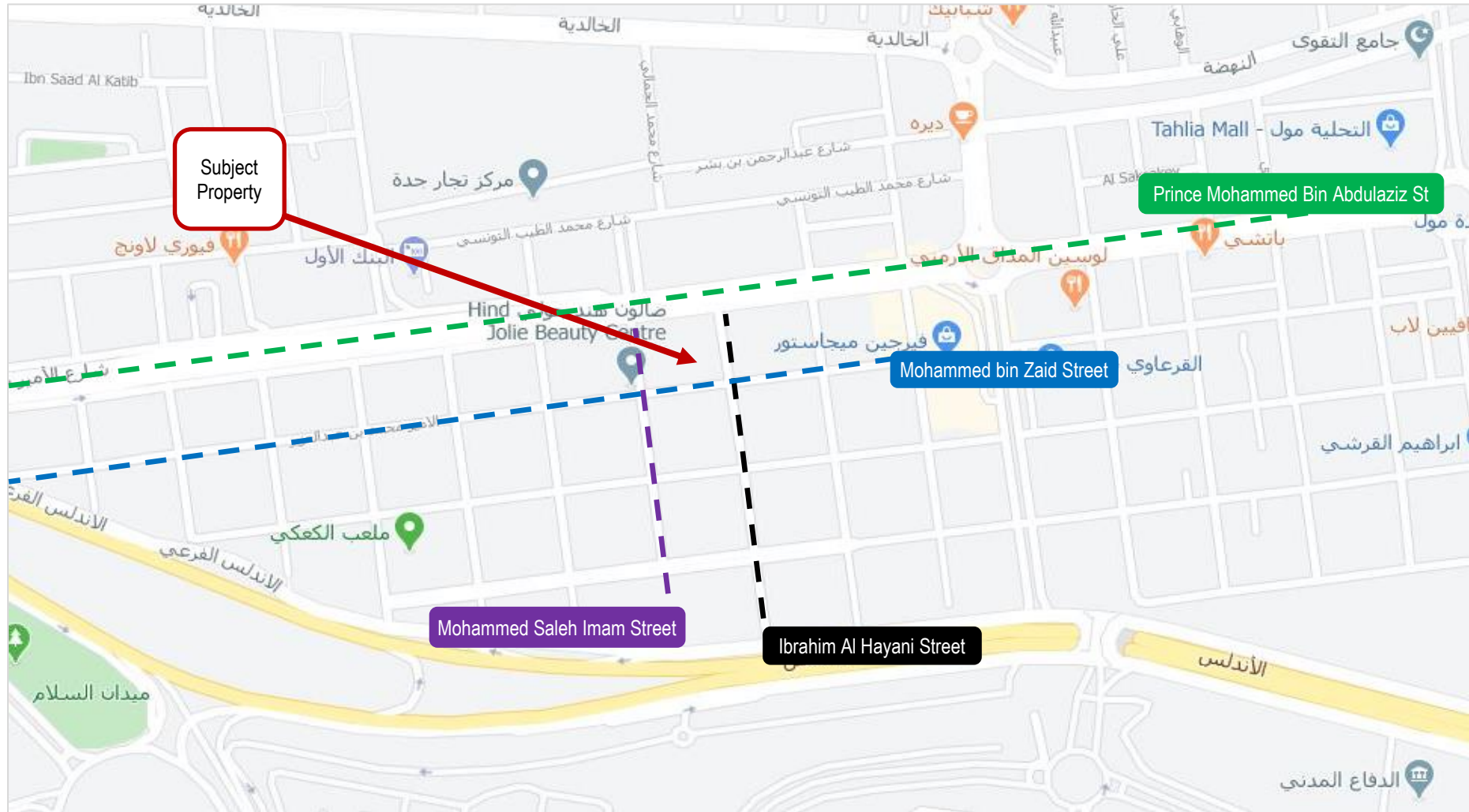


Property Location on a District Scale



2.4 PROPERTY ACCESS

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



2.5 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	4,342.25
District	Al Andalos	Plot No.	1
T.D Type	Electronic	Block No.	N/A
T.D Number	920210027006	Layout No.	860/ت/س
T.D Date	17/08/1440	Owner	شركة أول الملقا العقارية
T.D Value	N/A	Ownership Type	Freehold
Date of Last Transaction	N/A	Limitation of Document	Mortgaged
Issued From	Jeddah Notary		
North Side	Prince Mohammed bin Abdulaziz Rd 40 meter	East Side	Street 15 meter
South Side	Street 15 meter	West Side	Private property
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.		

2.6 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 value 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 Client has provided us with a copy of the Construction Permit with the below details:

Subject Property			
Construction Permit Type		New Permit	
Property Type		Commercial	
Construction Permit No.		427000307	
Construction Permit Date		1427	

Description	No. of Units	Area (sqm)	Use
Ground Floor	6	1,774.3	Restaurant
Mezzanine	---	---	---
Basement	---	---	---
First Floor	1	984	Restaurant
Total BAU (sqm)		2,758.3	

2.7 BUILDING GROSS LEASABLE AREA (GLA)

Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
Showrooms	----		1,774	Rental spaces are provided by the client
Offices	----	2,758.3	984	
Total			2,758	

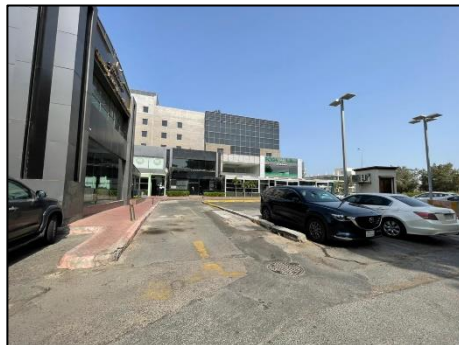
2.8 PROPERTY ACTUAL RENTAL RATES

Based on the statement submitted to us by the client, the occupancy rate of the project is currently 100% of the total GLA is 2,758 Sqm.

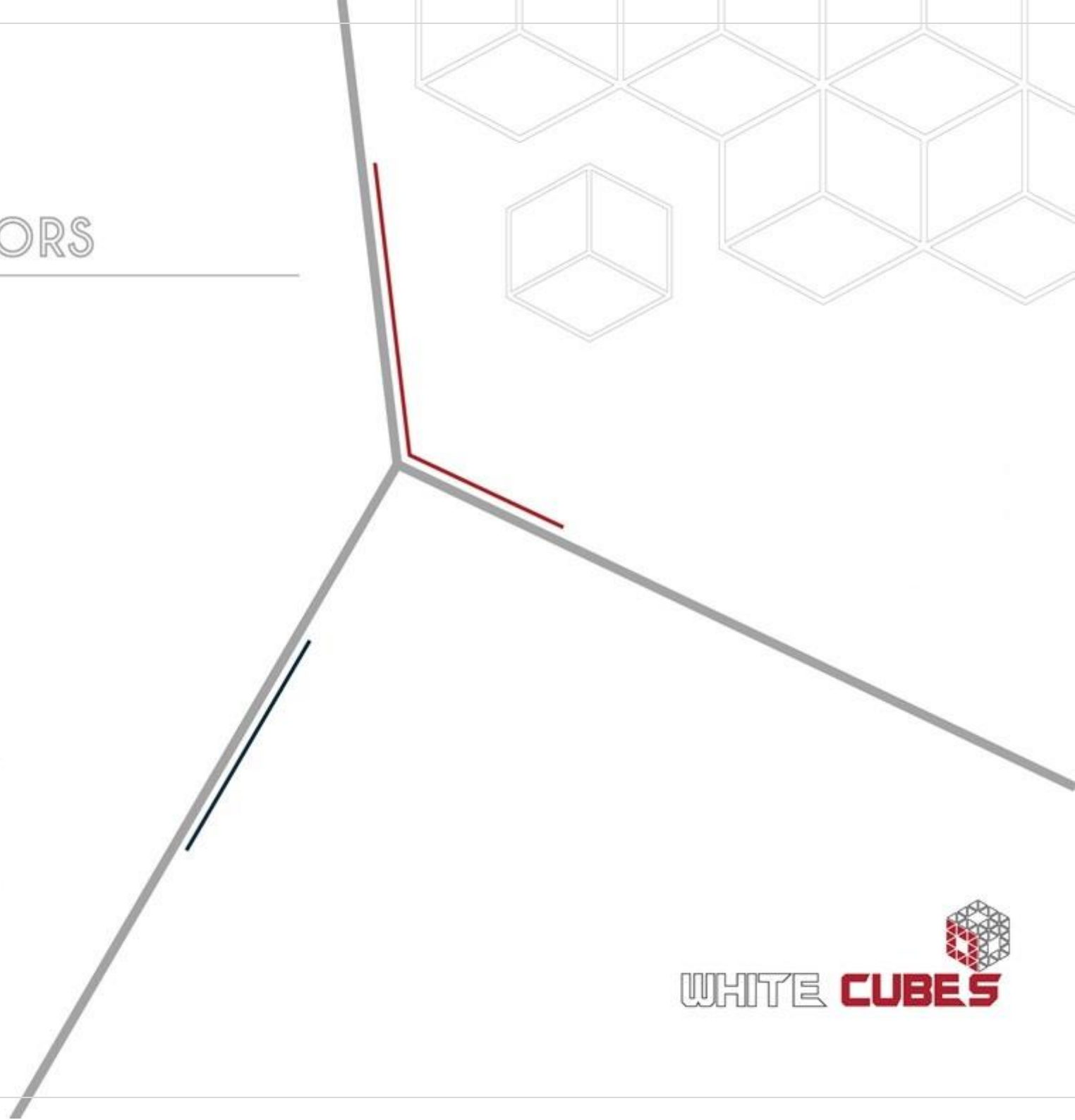
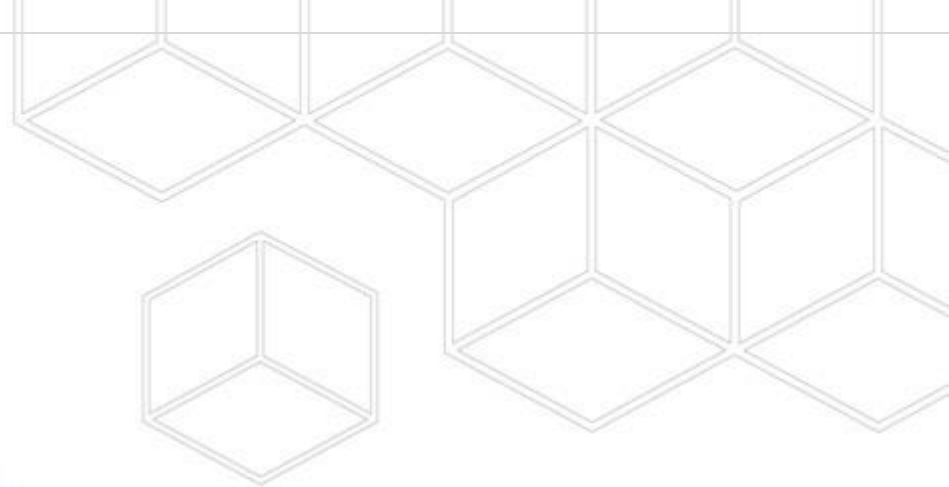
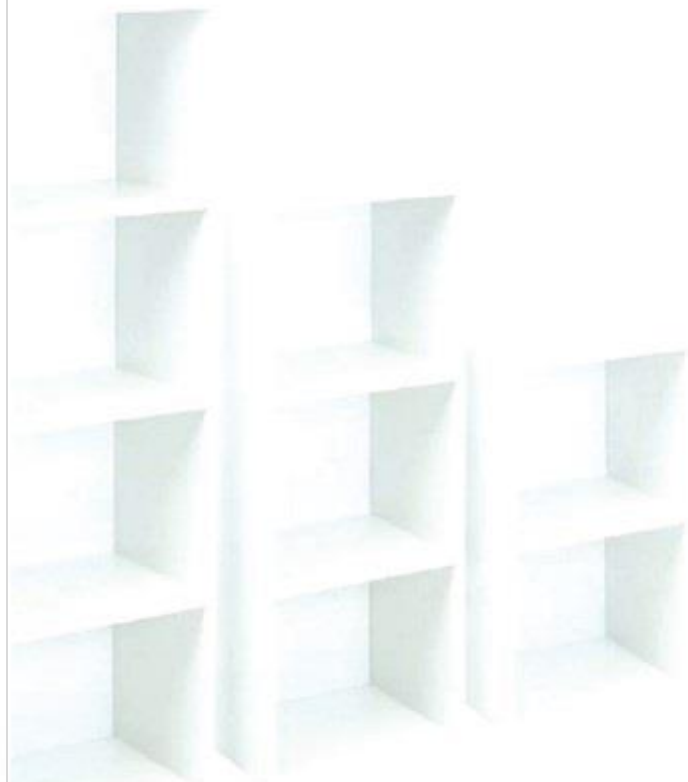
2.9 INSURANCE

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

2.10 PHOTO RECORD



MARKET INDICATORS



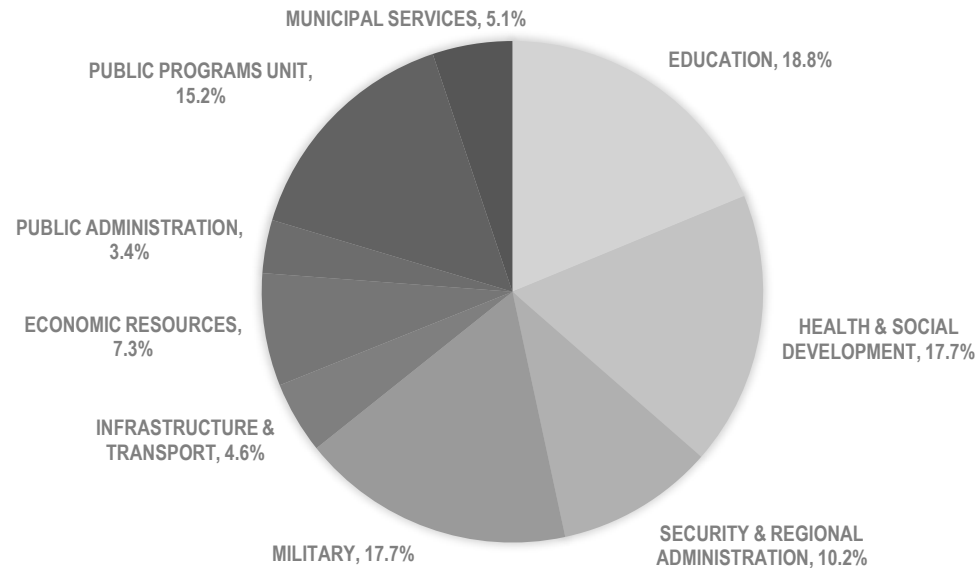
3.1 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2021 Budget	2022 Expectations	2023 Estimated
Nominal GDP (Billion Riyals)	2,866	3,042	3,232
Real GDP Growth	3.2%	3.4%	3.5%
Inflation Rate	2.9%	2.0%	2.0%
Total Revenue (Billion Riyals)	849	864	928
Total Expenses (Billion Riyals)	990	955	941
Budget Deficit	-141	-91	-13
Public Debt	937	1,013	1,026
Government Reserves at the Saudi Central Bank	280	265	265

3.2 BUDGET ALLOCATION FOR 2021

Public Administration	34 SAR bn
Military	175 SAR bn
Security & Regional Adm.	101 SAR bn
Municipal Services	51 SAR bn
Education	186 SAR bn
Health & Social Dev.	175 SAR bn
Economic Resources	72 SAR bn
Infrastructure & Transport	46 SAR bn
General Items	151 SAR bn

Source: Ministry of Economy



3.3 SWOT ANALYSIS

Strength - Open on 3 sides - Have a direct view on the main street - Near the seashores	Weakness - None
Opportunities - 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.

3.4 SECTOR BRIEF

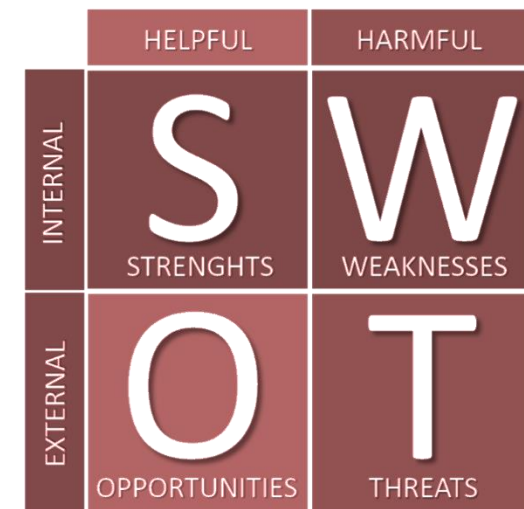
In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and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



Indicator showing a decrease in the current performance comparing to last year

Indicator showing an increase in the current performance comparing to last year

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



Overall Sector Performance

From 2021 to 2022



Future Expectations



Overall Sector Stability

From 2021 to 2022



Future Expectations



Values of Lands Related to The Sector

From 2021 to 2022



Future Expectations



Sector rental Income

From 2021 to 2022



Future Expectations



Sector Demand

From 2021 to 2022



Future Expectations



Investors' Appetite

From 2021 to 2022



Future Expectations



Sector's occupancy ratios

From 2021 to 2022



Future Expectations



Sectors Positive Changes

From 2021 to 2022



Future Expectations



White Cubes Team's Analysis

3.5 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category

17 Risk Points

Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities		✓			
Total Risk	0	8	0	0	0
Risk Category 8 Risk Points – Minimal Risk					

Land Analysis

Risk Category

8 Risk Points

Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills			✓		
Overall Condition		✓			
Total Risk	0	2	6	0	0
Risk Category 8 Risk Points - Medium Risk					

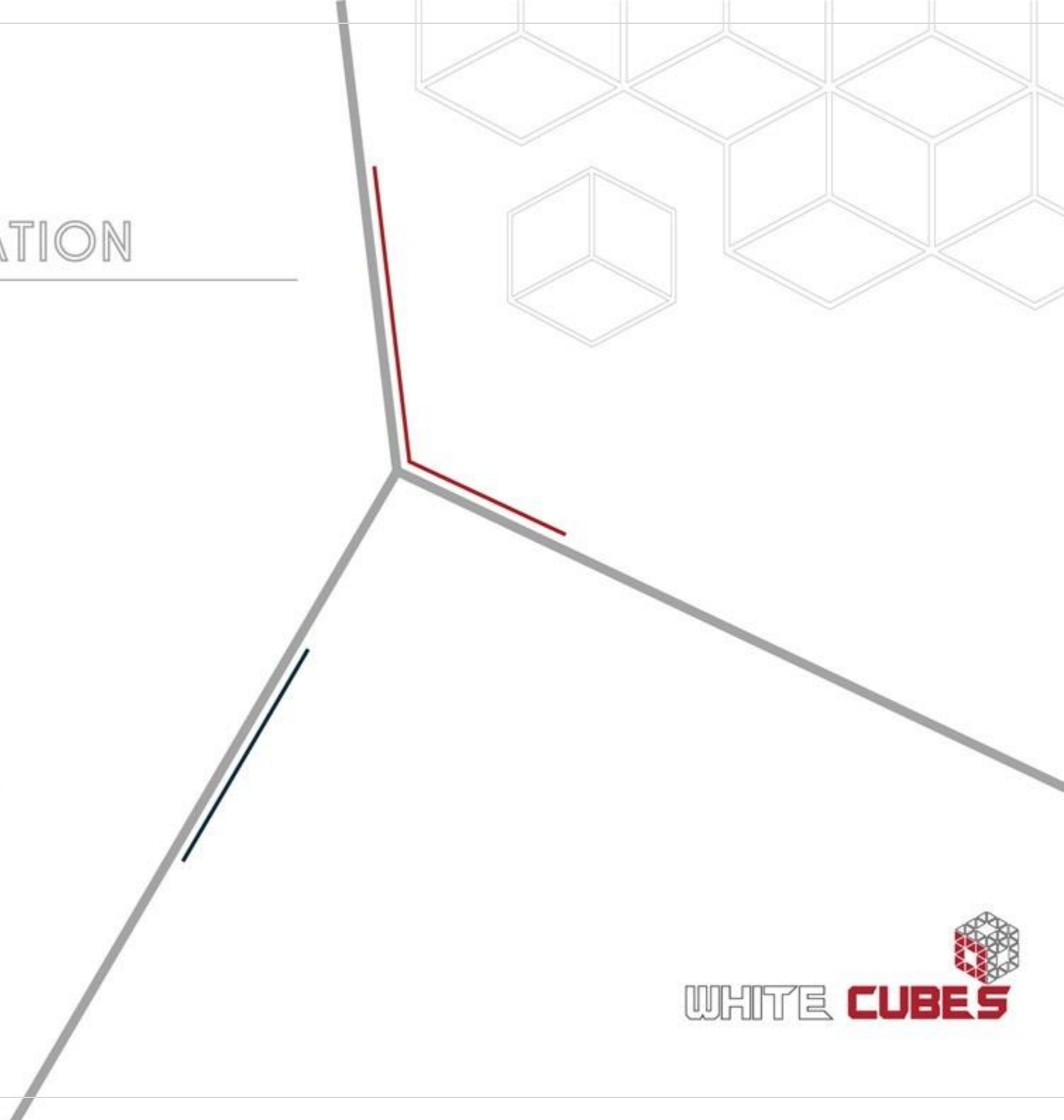
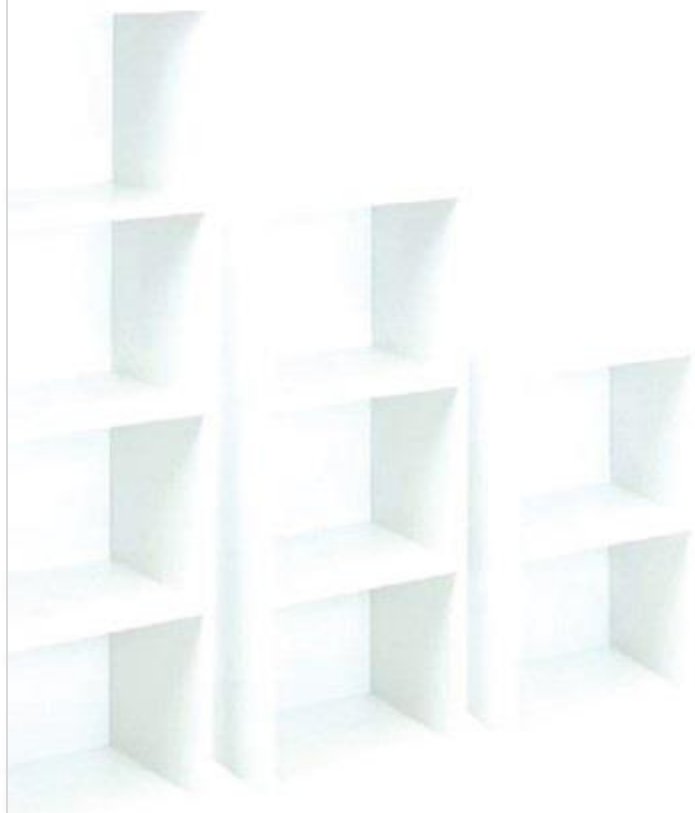
Property Analysis

Risk Category

8 Risk Points

Medium Risk

PROPERTY VALUATION



4.1 DOCUMENTS RECIEVED

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

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

4.2 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.

4.3 LEGAL NOTICES

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

4.4 INFORMATION SOURCE

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

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

4.5 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service's scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

4.6 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.

4.7 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	4,342	4,342	4,342	4,342	4,342
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 50,804,325	SAR 53,626,788	SAR 56,449,250	SAR 59,271,713	SAR 62,094,175
PROPERTY VALUE					

4.8 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 150	SAR 250	SAR 200
Finishing Materials	SAR 350	SAR 450	SAR 400
Site Improvements	SAR 180	SAR 220	SAR 200
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
4,342.25	SAR 13,000	SAR 56,449,250

Building			
	Unit	No of Floors	Total BUA
Ground Floor	Sqm	1	1,774.30
First Floor	Sqm	1	984.00
Total (SQM)	2,758.30		

Development Cost					
Hard Cost - Upper Floors					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	2,758.30	SAR 800	SAR 2,206,640	100%	SAR 2,206,640
Electro Mechanic	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
Finishing	2,758.30	SAR 400	SAR 1,103,320	100%	SAR 1,103,320
Site Improvement	4,342.25	SAR 200	SAR 868,450	100%	SAR 868,450
Total			SAR 4,730,070	100.00%	SAR 4,730,070
Overall Soft Cost					
	Total Hard Cost		Ratio	Soft Cost	
Initial Project Pre Cost	SAR 4,730,070		0.10%	SAR 4,730	
Design	SAR 4,730,070		0.50%	SAR 23,650	
Eng Consultant	SAR 4,730,070		1.00%	SAR 47,301	
Management	SAR 4,730,070		5.00%	SAR 236,504	
Contingency	SAR 4,730,070		5.00%	SAR 236,504	
TOTAL			11.60%	SAR 548,688.12	
Total Hard Cost	SAR 4,730,070		BUA	2,758.30	
Total Soft Cost	SAR 548,688.12		SAR / Sqm	SAR 1,914	
Total Construction Cost	SAR 5,278,758.12		Overall Completion	100.0%	

After knowing the total construction costs at a rate 1,914 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 5,278,758	Net Dep Rate	43.33%
		Dev Cost After Depreciation	SAR 2,991,296
Economic Age	30	Total Completion Rate	100.00%
Annual Dep Rate	3.33%	Developer Profit Rate	20.0%
Actual Age	13		
Total Dep Rate	43.33%	Dev. Profit Amount	SAR 598,259
Add Appr Rate	0.00%	Development Value	SAR 3,589,556
Net Dep Rate	43.33%		

The total value of the building is 3,589,556 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 3,589,556	SAR 56,449,250	SAR 60,038,806	SAR 60,040,000

4.9 INCOME APPROACH BASED ON MARKET RATES

Market Rental Analysis

Based on the market survey done by our team and to 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 2,500 to 3,500 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 3,100 SAR/ Sqm as rental rate for showrooms. As for the offices rental rates, falls between

Comparable No.	Office Units	Commercial Units
	Rental Rate/ Unit	Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm	2,700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm	2,500 SAR/ Sqm
Average	750 SAR/ Sqm	2,600 SAR/ Sqm



Analysis of Operating and Maintenance Expenses

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

Property Operation and Maintenance Expenses

We will apply the rate of 6% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 8% to 9%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

- Easy access to the property
- The general condition of the property
- The general location of the property
- Quality of finishes
- Quality and presence of management team
- Services and public utilities

The estimated capitalization rate for the property, which will be based on the valuation process, is 8.5%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	8.00%
Maximum capitalization rate	9.00%
Average	8.50%
The effect of the property specifications on the property	
Item	Status Influence Notes
Ease of access to the property	----- -0.25% Several major methods
General condition of the property	----- 0.25% The actual age of the property is 11 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% Good management and operational team level
Services and public facilities	----- 0.25% level and availability of services is average
Total	0.00%
<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	0.00%
Capitalization rate, according to market averages	9%
Estimated capitalization rate of the property valuation	8.50%

Occupancy Rates in the Project

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	1,774	0	SAR 3,100	SAR 0	SAR 5,499,400
Offices	984	0	SAR 750	SAR 0	SAR 738,000
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 6,237,400
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Show Rooms	2.00%	2.00%	2.00%	5.00%	11.00%
Offices	2.00%	2.00%	2.00%	5.00%	11.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues		Total Expenses		NOI
Show Rooms	SAR 5,499,400		11.00%		SAR 4,894,466
Offices	SAR 738,000		11.00%		SAR 656,820
-----	SAR 0		0.00%		SAR 0
Total					SAR 5,551,286
Total Property Revenues					SAR 6,237,400
Total Property Expenses					-SAR 686,114
Net Operating Income					SAR 5,551,286.00
Net Operating Income		Cap Rate	Property Value		Rounded Value
SAR 5.551.286.00		8.50%	65.309.247.06 SAR		65.300.000.00 SAR

4.10 INCOME APPROACH BASED ON LEASING CONTRACT

Analysis of Operating and Maintenance Expenses

The client informed us that a discount has been introduced to the subject property leasing contract where the new annual rent is 5,040,000 SAR. In addition, he informed us that the subject property expenses are only the insurance premium of 20,000 SAR. The valuation will be based on the above-mentioned assumptions.

Occupancy Rates in the Project

As per the client, the project is fully leased to one tenant, which is the percentage that will be based on in the valuation process.

REVENUES					
Unit Type	Quantity	No of Units	SAR / Sqm	SAR / Unit	Total Revenues
Retail Project		The subject property is Fully leased to 1 tenant			SAR 5,040,000
	0	0	SAR 0	SAR 0	SAR 0
	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 5,040,000
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Insurance	Total Expenses
Retail Project	0.00%	0.00%	0.00%	SAR 20,000	SAR 20,000
	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		
Retail Project	SAR 5,040,000	SAR 20,000	SAR 5,020,000		
	SAR 0	0.00%	SAR 0		
	SAR 0	0.00%	SAR 0		
Total					SAR 5,020,000
Total Property Revenues					SAR 5,040,000
Total Property Expenses					-SAR 20,000
Net Operating Income					SAR 5,020,000.00
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 5,020,000.00	8.50%	59,058,823.53 SAR		59,060,000.00 SAR	

4.11 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 65,300,000	Sixty-Five Million and Three Hundred Thousand Saudi Riyals
Income- Contract	Property	SAR 59,060,000	Fifty-Nine Million and Sixty Thousand Saudi Riyals
DRC Approach	Land + Building	SAR 60,040,000	Sixty Million and Forty Thousand Saudi Riyals

4.12 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: SAR 65,300,000
Sixty-Five Million and Three Hundred Thousand Saudi Riyals

4.13 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.

4.14 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.

4.15 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.

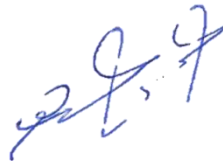
4.16 ACCREDITED VALUERS

Essam M. Al Husaini
Owner



Fellow Member of (Taqeem)
License No. 1210000474

Nabeel M. Al Husaini
CEO



Member of (Taqeem)
License No. 1210002782

Farah E. Al Husaini
Valuation Manager

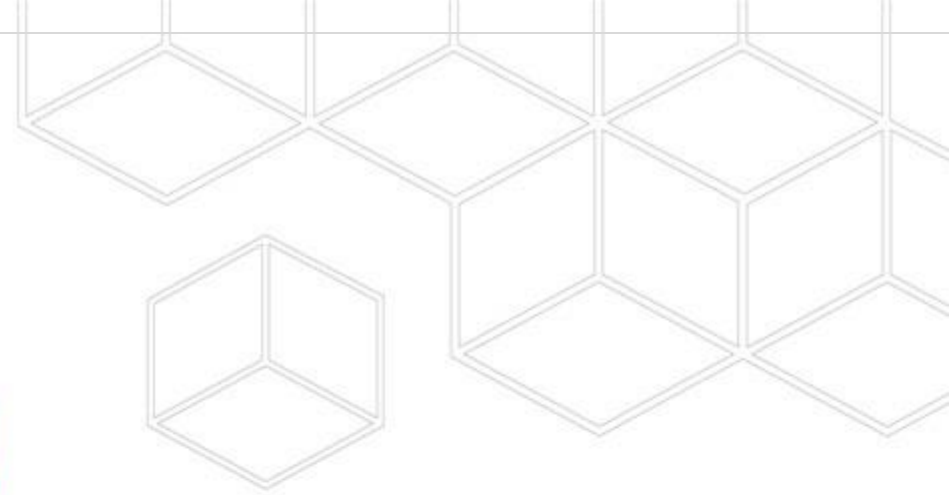
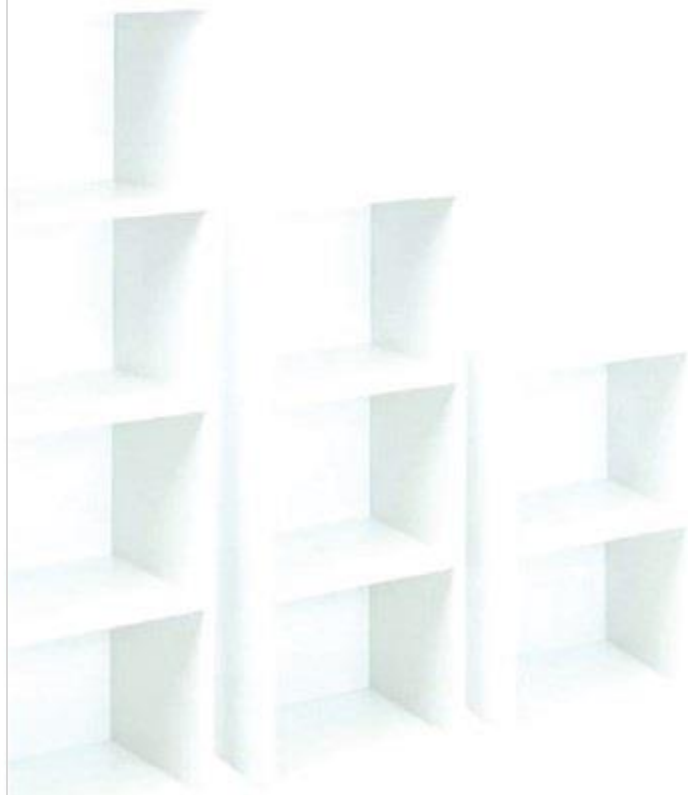


Member of (Taqeem)
License No. 1210001964

WHITECUBES Stamp



GENERAL NOTES



5.1 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.

5.2 DISCLOSING CONFLICT OF INTEREST

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

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	
✓	Awal Al Malqa Real Estate Company	12/2021	-----
✓	-----	-----	-----
	-----	-----	-----

5.3 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes. 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.

5.4 ENVIRONMENTAL MATTERS

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

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.