

أبعاد
للتقييم العقاري

Final Valuation Report

B & Q Commercial Centre, King Fahd District, Riyadh

Client / AlKhbeer Capital

30 June 2022

V220095

الخبير المالية
Alkhabeer Capital



Introduction



Dear / Alkhabeer Capital

The Subject: Valuation of B & Q Commercial Centre, King Fahd District, Riyadh

Please find attached the report as per your request for a property valuation, hoping that the report meets your requirements as requested from us, and complies with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in **2022**, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM). Please do not hesitate to contact us should you have any queries or questions.

Best Regards,

Engineer Ammar Abdulaziz Sindi
Chief Executive Officer

Version Control

Details	Information
Status	Final
Reference Number	V220095

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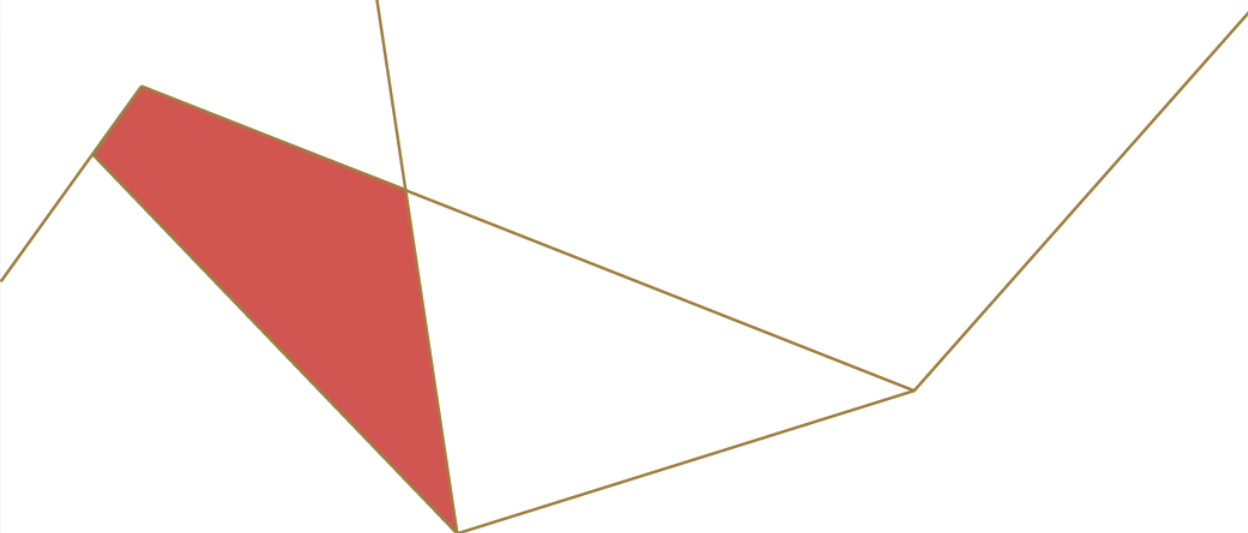
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Executive Summary

- Summary of the Report
- General Terms and Conditions

Executive Summary

Report Summary

- The subject property is a commercial center (showroom) comprised of one floor and a basement. The area of the land is **7,000** square meters, with a built-up area of **9,181** square meters.
- The property is located at King Fahd District, on King Abdullah Road, Riyadh.
- The subject property is located at King Fahd District, Riyadh, approximately **7** kilometers from the City Center, and approximately **30** kilometers from King Khalid International Airport.
- The subject property is in the City of Riyadh, the capital of the Kingdom of Arabia. It is the largest Saudi city, with a population of **6.9** million in **1440/2018**.

Site Details	Information		
District	King Fahad		
Use	Commercial		
Ownership	Limited Ownership		
Number of Title Deed	314004005870	314009006126	214002002199
Date of Title Deed	15/9/1440	14/9/1440	14/9/1440
Land Area (m2)	7,000 m ²		
Total Built-Up Area (m2)	9,181 m ²		
Gross Leasable Area (m2)	5,275 m ²		
Owner	Awwal Almalga Real Estate Company		

Valuation Summary

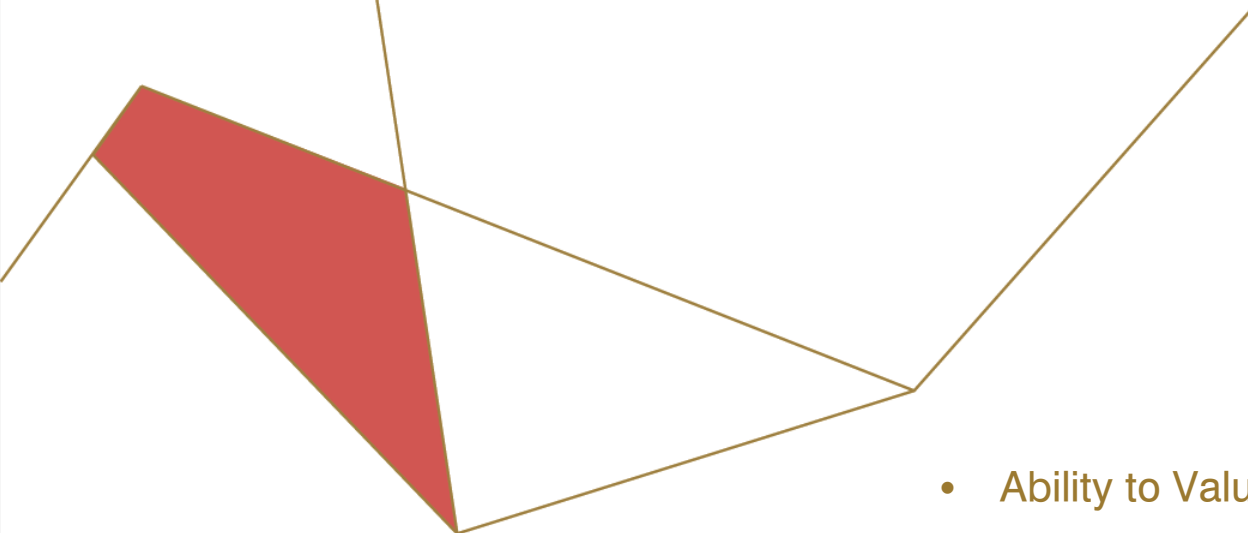
Details	Information
Purpose of Valuation	Periodic Valuation of REIT Fund Assets
Date of Approval	06 June 2022
Date of Inspection	20 June 2022
Date of Valuation	30 June 2022
Basis of Value	Market Value
Valuation Method	Income Method
Currency	Saudi Arabian Riyal (SAR)
Property's Market Value	SAR 57,420,000

Executive Summary

Terms and Conditions



- The property was valued in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM).
- This report and the valuation were made in accordance with the terms and limitations presented in this report.
- The valuation report is prepared in accordance with the instructions received from M/S Alkhabeer Capital, referred to herein as the ("Client"), to assess the market value of the described property for the purpose of providing a periodic valuation of the assets of REIT Fund.
- Abaad Real Estate Valuation Company is confident that this report meets the Client's requirements and is in accordance with the Client's instructions. Moreover, the information contained in this report are confidential. The report is issue for the Client's only.
- The responsibility of Abaad Real Estate Valuation Company is limited to the report and the information contained herein. The Client shall be responsible for requesting the valuation of the property and the legal consequences arising therefrom.
- The values assessed in this report are for the subject property. Any distribution of the value(s) to the parts of the property applies only as stated in, and for the purposes of, the report. Those values shall not be used for any other purposes, as they may not prove to be true if the purpose of the valuation and the report is changed.
- This report is prepared based on information collected, received or analyzed according to best practices to reach the valuation. Any material comments in the report affecting value are usually referred to.
- The property is inspected in form. In this case, the technical negative aspects of the property, if any, are referred to. The property was not inspected structurally, and non-visible defects were noted. Therefore, this report should be understood as a valuation report and not a structural survey.
- In the event any information is found to be untrue in the future and mentioned inadvertently and unintentionally in the report beyond control, the value stated in this report may change and the valuer shall be reverted to for reconsideration of the value.
- This report is issue neutrally without any conflict of interest of personal gain factors.
- This valuation report can be considered true only if stamped by the company and signed by the accredited valuers.



Valuation Terms

- Ability to Value
- Subject of Valuation
- Professional Standards
- Valuation Approach
- Basis of Valuation
- Valuation Date
- Inspection Date
- Inspection Limits
- Sources of Information

Valuation Conditions



Ability to Valuate:

- Abaad Real Estate Valuation Company employs professional staff capable of providing valuation of this type of assets. It also has the requisite competence to assess the market value by the required date.

Subject of Valuation:

- The subject of the valuation is the assessment of the market value of B & Q Commercial Centre, King Fahd District, Riyadh

Professional Standards:

- The valuation exercise was carried out in compliance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) in 2022, as well as the rules and regulations of the Saudi Authority for Accredited Valuers (TAQEEM), and based on recognized procedures and professional used in valuation of real estate properties, which rely on analysis, comparison, and direct inspect of each property, as well searching to the extent possible for positive and negative effects and characteristics of the subject property.

Valuation Approach:

- The approach used in valuation is the income approach.

Basis of Valuation:

- Our valuation will be submitted on the basis of the market value, which is defined in accordance with the International Valuation Standards in 2022 as follows:

- 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.

Valuation Date

- We confirm that the valuation was carried out on 30 June 2022.

Inspection Date:

- We confirm that the inspection was carried out on 20 June 2022.

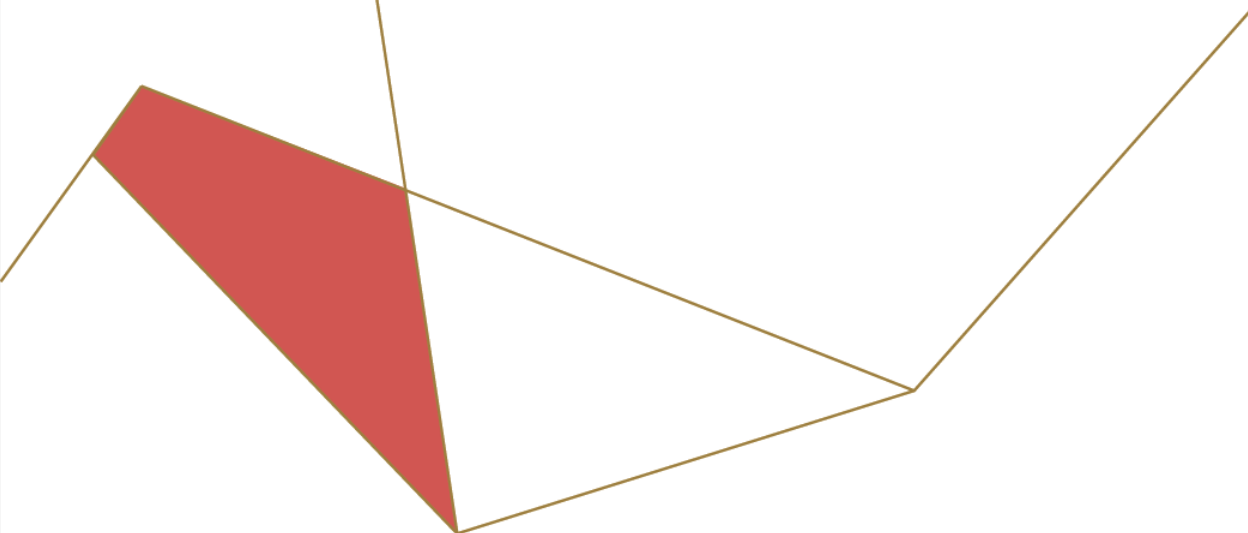
Sources of Information:

- In the preparation of the valuation report, we have relied on a set of resources, information and office and field data which we believe are commensurate with the purpose and timing of the valuation. We have also relied on the set of data provided by the Client related to the subject property, and which will clearly affect the output of this report. Therefore, any change or error in the data will render this report as incomplete, and the valuer shall be reverted to.

The Following Documents Were Reviewed:

- Title deed
- Lease agreements and details
- Alkhabeer REIT Fund Prospectus

We therefore assume that the information is correct and that there is nothing to contradict or conflict with them. The report is issued on this basis and we disclaim any liability for anything to the contrary.



Disclaimers

- Intellectual Property and Re-publishing
- Confidentiality
- Important Assumptions and Special Assumptions
- Valuation Under Uncertainty

Disclaimers



Intellectual Property and Re-Publishing

- This report is issued for personal use only, and for the professional advisors, for the specific purpose referred to therein.
- Abaad Real Estate Valuation Company may not be held liable to any third party for all or part of the contents of the report.

Confidentiality

- This report is prepared upon special request and for an advisory purpose. We therefore understand that it is of utmost importance to the originator of the request to safeguard the confidentiality of the contents and output of this report. We are committed to this and the Client's information will not be used in anything other than this report. The Client's information is considered to be proprietary to its owner and to the users specified in this report, and may not be reviewed by any third party.

Important Assumptions and Special Assumptions

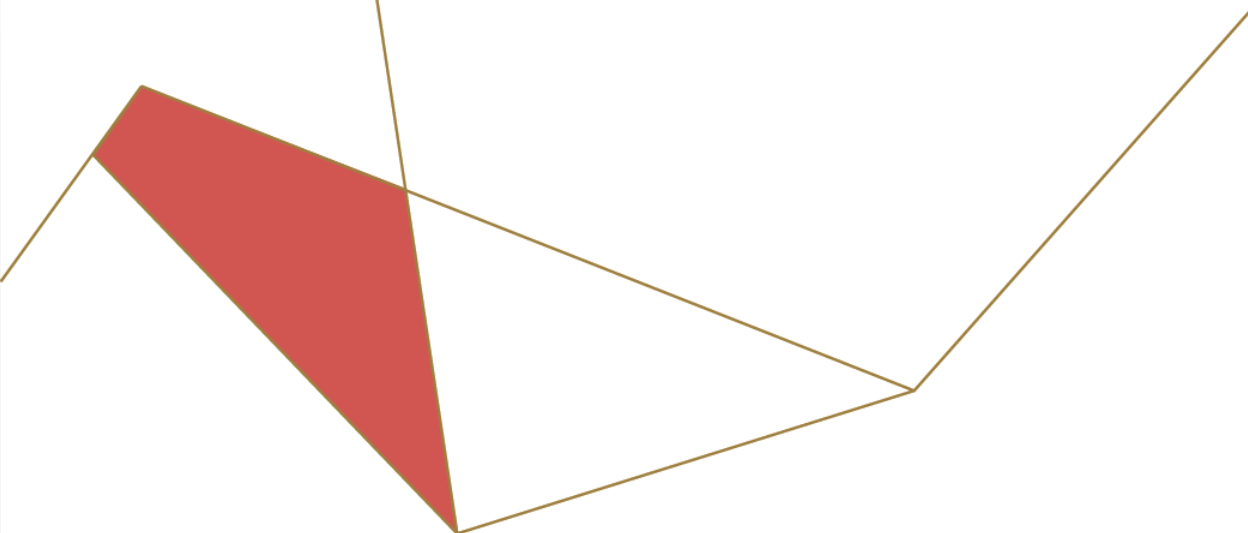
- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such

assumptions are necessary to understand the valuation or the consultation that is provided. Special assumptions are assumptions which differ from actual facts which exist as at the valuation date, or those which are not assumed by a usual market participant in a certain transaction on the valuation date."

- The property valuation is prepared assuming the completion of the project and infrastructure.
- Income is estimated after the end of the contract term assuming the application of Ministry of Finance resolution to reduce annual rents by 20%.

Valuation Under Uncertainty

- The effect of the spread of COVID-19, which is declared by the World Health Organization (WHO) as a "global pandemic" on 11 March 2020, on global financial markets.
- Travel restrictions were applied by many countries, and market activity was affected in many sectors.
- Effective as of the valuation date referred to in the report, we give market evidence and assumptions which were relied upon, less weight when forming our opinion of the value.
- In fact, the present response to COVID-19 means that we are facing unprecedented circumstances on which we build our judgement of the value.
- Given the unknown future effect of COVID-19, which may have impacted the real estate market, we recommend the valuation of this property on a recurring basis.



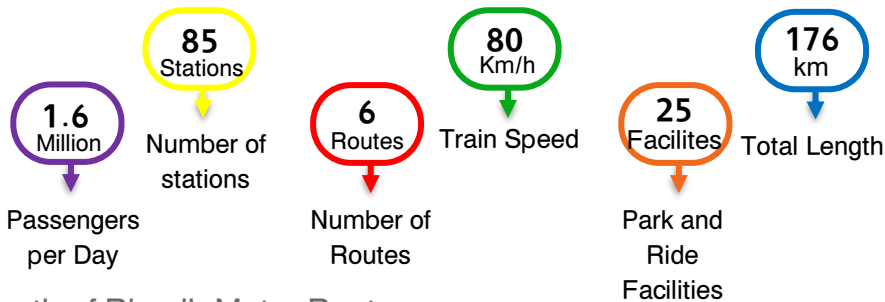
Site Location Analysis

- Public Transport
- Development Projects at City Level
- The Property at City Level
- The Property at District Level
- Property Description
- Property Photographs

Site Location Analysis

Public Transport – Riyadh Metro

- Metro Riyadh is a high-speed transport system. It is currently under construction. It is one of the largest infrastructure projects in the City of Riyadh.
- The Metro is design as a world class transport system, including **756** metro cars, **85** stations, six metro lines and a network spanning **176** kilometers.
- The construction of the metro system has resulted in several road closures which affected traffic in various parts of the city.



Length of Riyadh Metro Routes

Route	Route Length (Km)
First Route (Blue)	38.0
Second Route (Red)	25.3
Third Route (Orange)	40.7
Fourth Route (Yellow)	29.6
Fifth Route (Green)	12.9
Sixth Route (Purple)	29.5

Riyadh Metro Route Map:



Site Location Analysis

Development Projects at City Level



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The Royal Commission for the City of Riyadh carries out many programs and development projects which are strategic in nature with multiple objectives and dimensions and different requirements for execution over time.

هيئة تطوير
بوابة الدرعية



Between the architectural, cultural, economic and social features and the environmental development requirements of Wadi Hanifa, it provides a model for the development of the oasis.

The program adopted the principle of integration with the City of Riyadh, making Diriya a world class cultural, tourism and promotional suburb.

Riyadh Art Project



Includes the performance of over 1000 artworks by local and international artists in front of audiences in the various parts of the City of Riyadh, as part of 10 programs covering residential neighborhoods, public parks, natural promenades, public squares, public transport stations, bridges, pedestrian crossings, city entrances and all tourism destinations of the city.

Riyadh Boulevard

المسار الرياضي
Sports Boulevard



Extends 135 kilometers, penetrating the City of Riyadh to connect Wadi Hanifa in the west of the City with Wadi Al Sulay in its east. It includes sports, cultural, recreational and environmental activities, including bicycle tracks, horse tracks, pedestrian sidewalks, a number of gates, stations and rest areas for bikers and hikers. Along the Boulevard inside the City and at Wadi Hanifa and Wadi Al Sulay, recreational services are provided to bikers and hikers, including coffee shops and diverse retail outlets.

Green Riyadh

الرياض الخضراء
GREEN RIYADH

The program aims at planting over 7.5 million trees in all parts of the city, including public parks, community parks, promenades, mosques, schools, academic, health and public installations and facilities, green belts along the spans of public utility lines, in addition to King Khalid International Airport, a roads and streets network, in addition to public transport routes, car parking spaces, vacant lands, valleys and river tributaries.

King Salman Park:



The largest city park in the World with an area exceeding 13 square kilometers. It is considered to be an environmental, cultural, sports and recreational project which contributes to the changing lifestyle in the city.

Site Location Analysis

The Property at City Level



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The subject property is located in Riyadh, the Capital of the Kingdom of Saudi Arabia and the largest of its cities. It is the seat of the Riyadh Region.

Riyadh is the largest Saudi city with a total population of 6.9 million in 1440/2018.

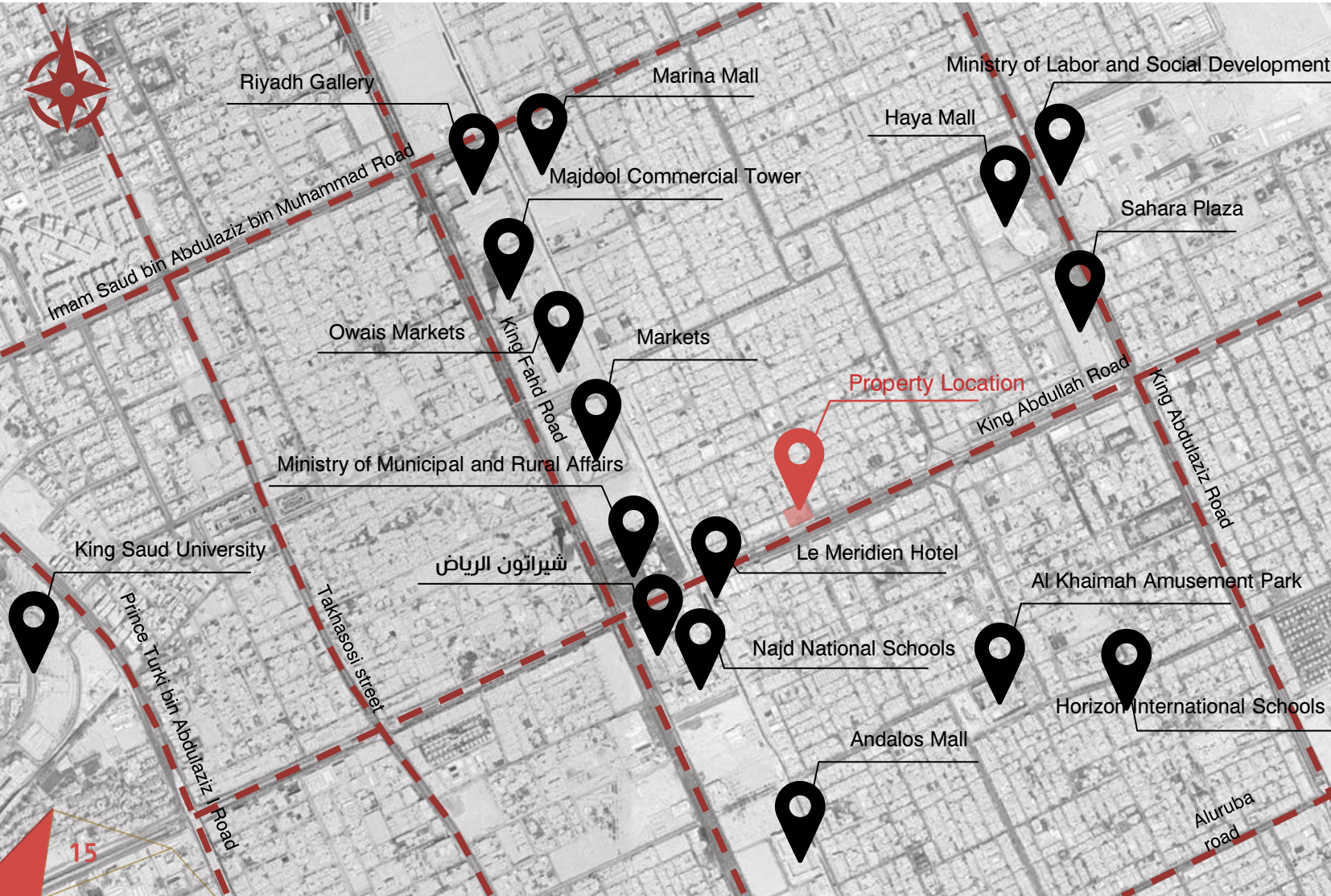
Riyadh is one of the largest cities of the Arab World in terms of area. The developed area of the city is around 1,913 square kilometers.

Riyadh is witnessing significant development of infrastructure and public transport, with the Riyadh Metro Project and the Public Transport Project currently in progress.

The subject property is located at Al Sulaimaniya District, Riyadh, approximately five kilometers from the City Center, and approximately 37 kilometers from King Khalid International Airport.

Site Location Analysis

The Property at District Level



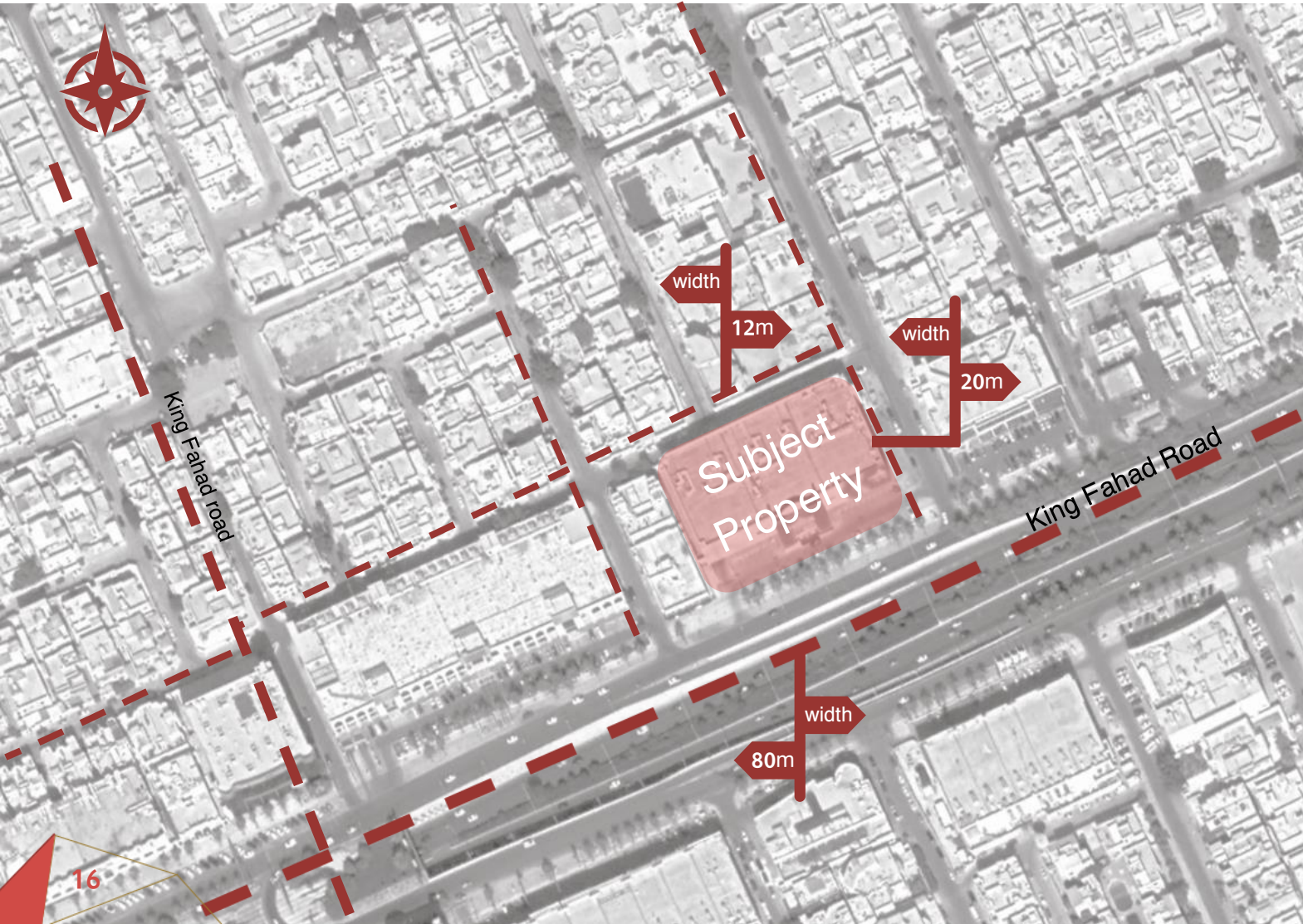
The property is located in the center of the city of Riyadh. The property area is bordered by Imam Saud bin Abdulaziz Road on the north side, on the west by King Fahd Road, and a direct view from the south on King Abdullah Road and from the east by King Abdulaziz Road.

The King Fahd neighborhood is bordered on the north by the Al-Morouj neighborhood, on the south by the Al-Wurud neighborhood, from the east by Al-Mursalat, and from the western side by the Muhammadiyah neighborhood.

The area surrounding the property under evaluation can be reached from several important axes and roads at the city level, including King Abdulaziz Road and King Fahd Road.

Site Location Analysis

Property Description



The property is a commercial center (showroom) bearing the brand name (B & Q).

The land area is 7,000 square meters, the building area is 9,181 square meters, and the leasable area is 5,275 square meters.

The property consists of one floor and a basement, where parking is available in the basement and outside the building.

The exterior finishes are aluminium (cladding), and the interior finishes are finishes.

The property under evaluation is located on King Abdullah Road and near Riyadh Metro Station.

The property under appraisal has a regular shape.

The property is 22 years old and the tenant has made renovations and the property was commissioned in late 2018.

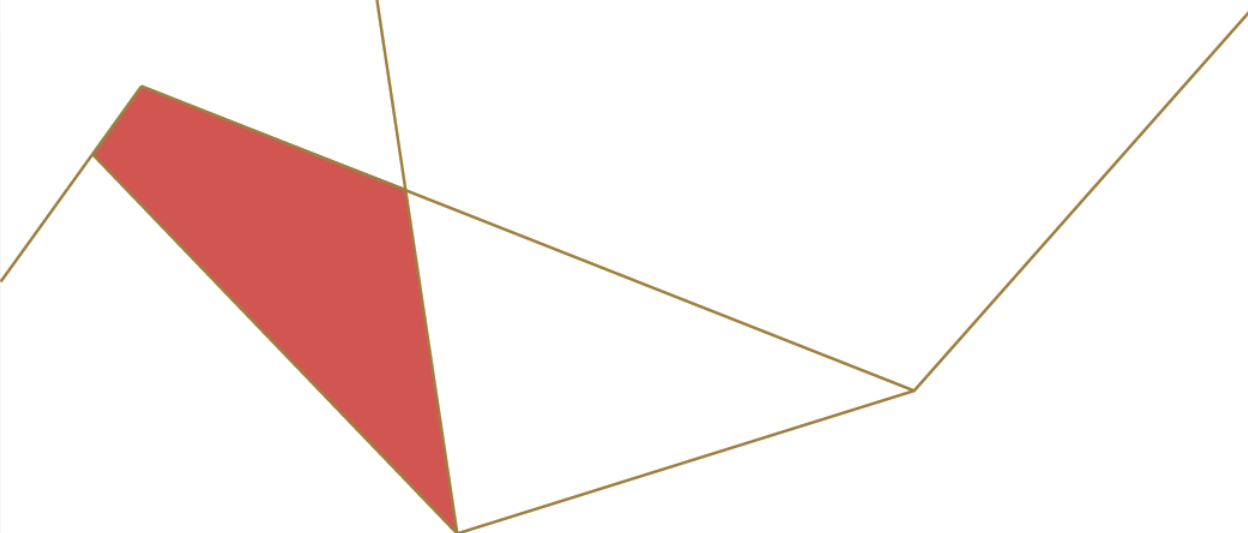
Site Location Analysis

Subject Property Photos



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Property Details

- Title Information

Tenure

Property Information

Property Details (Freehold Details)

ID	Description	
Owner	Awwal Almalga Real Estate Company	
Plot No.	37 + 38 + 39 + 40 + 41 + 42 + 43 + 44	
District	King Fahad District	
Area	7,000	
Street Name	King Abdullah Road	
Coordinates	46°40'17.2"E	24°43'53.6"N
City	Riyadh	
Ownership Type	Limited Ownership	
Title Deed Info	Deed No.	314004005870
	Deed Date	15/9/1440
Title Deed Info	Deed No.	314009006126
	Deed Date	14/9/1440
Title Deed Info	Deed No.	214002002199
	Deed Date	14/9/1440

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments

- Sources: Title Deed

Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	37.5 m	Sheikh Othman bin Al brahim	Local	12 m	1
South	37.5 m	King Abdullah Road	Commercial	80 m	2
East	70 m	Adjacent	-	-	4
West	70 m	Adjacent	-	-	3

Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	37.5 m	Sheikh Othman bin Al brahim	Local	12 m	2
South	37.5 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Adjacent	-	-	3
West	70 m	Adjacent	-	-	4

Tenure

Property Information

Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	25 m	Sheikh Othman bin Al brahim	Local	12 m	3
South	25 m	King Abdullah Road	Commercial	80 m	1
East	70 m	Abi Ishaq Al-Harbi	Local	20 m	2
West	70 m	Adjacent	-	-	4

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

- Sources: Title Deed

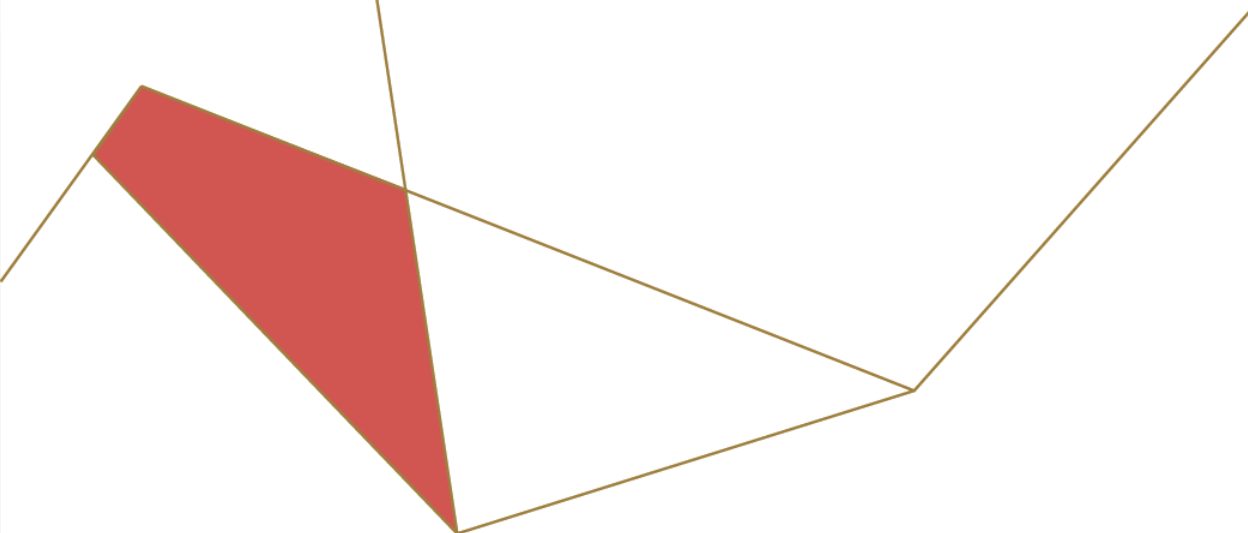
Lease Contract Summary:

Date of Payment	Number of Payments	Value of Payment (SAR)
01/02/1439 to 01/08/1441	6 Payments	3,000,000
01/02/1442	1 Payment	1,004,237
01/08/1442 to 01/08/1443	3 Payments	2,250,000
01/02/1444 to 01/08/1445	4 Payments	2,375,000
01/02/1446 to 01/08/1448	6 Payments	3,125,000
01/02/1449 to 01/08/1453	10 Payments	3,250,000

Operation and Maintenance Contract Summary:

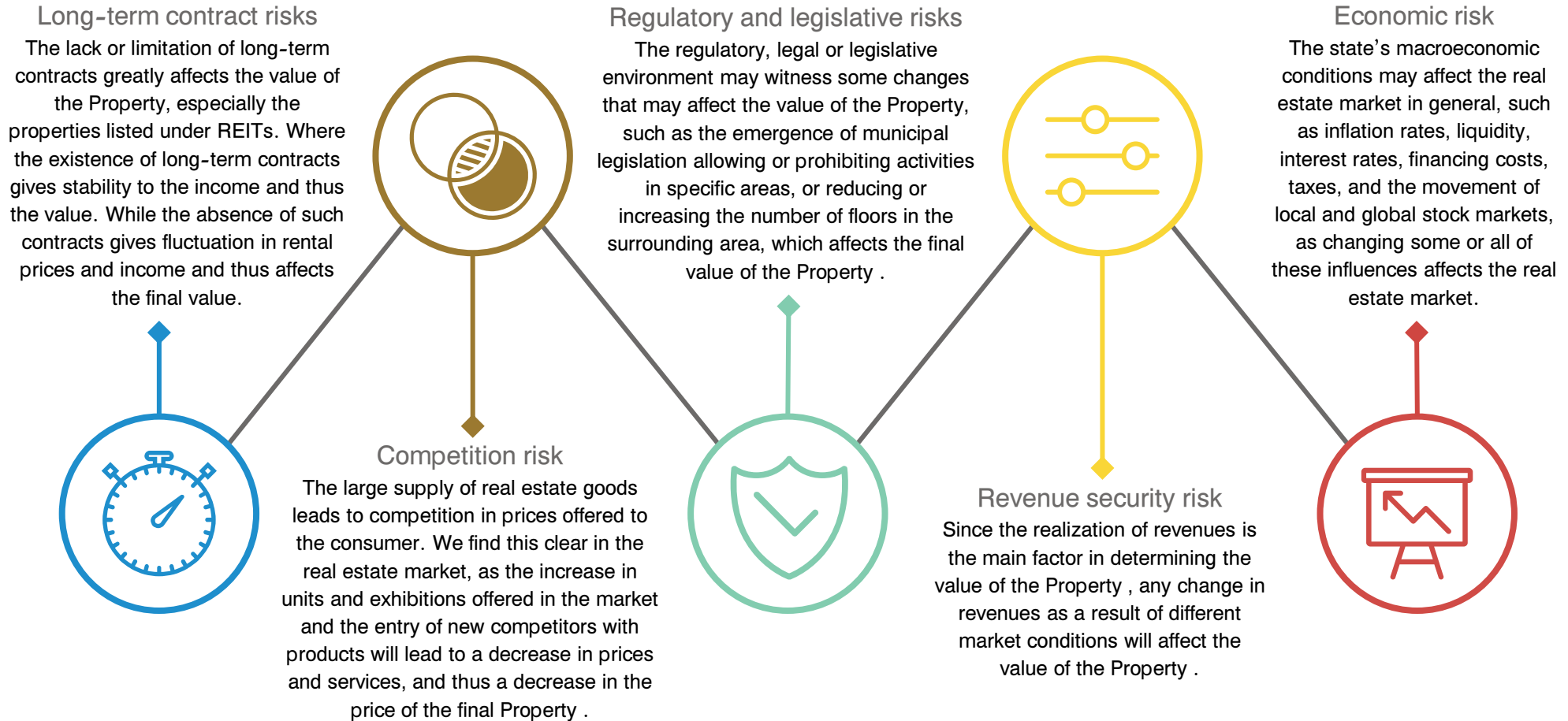
	Item	Details
1	First Party (Owner)	Awwal Almalga Real Estate Company
2	Second Party (Lessee)	Al Futtaim Global Trading Company
3	Contract Term	15 Hejira Years
4	Contract Effective Date	1/8/1438
5	First Party's Obligations	Property Insurance of SAR 23,540
6	Second Party's Obligations	The Lessee shall bear all of the property maintenance and management costs

- Sources (Lease Contract Copy).



Valuation

- Analysis of Property Risks
- Valuation Approach
- Valuation Using the Income Method
- Summary of Value



Valuation Methods Used

- When selecting the best approach to assess the value of the Subject Property, we have taken into consideration the information provided by the Client, the current condition of the Property and our own analysis of the local market conditions. When determining the market value of the Subject Property, we have used the following methods and approaches:

Income Approach (Discounted Cash Flows)

- The income method provides an indicator of the value by converting the future cash flows into a single present value. According to this method, the value of the asset is determined using the value of revenues or cash flows or cost savings from the asset. The discount rate is usually reached by analysing the suitable market and development transactions. We are also in communication with real estate agents and local investors to gauge the sensitivity of the figures.

Key Assumptions in the Discounted Cash Flow Method:

Revenues

- According to the information provided by the Client, the lease term is 10 years starting 3/4/2022. Income for the remaining years will be calculated based on the lease agreement as shown in the following table:

Date of Payment	Number of Payments	Value of Payment (SAR)
3/4/2022 to 7/15/2026	10 Payments	2,375,000
1/9/2027 to 5/22/2031	10 Payment	2,500,000

Cap Rate .

- A cap rate of 7.0% is applied.

Discount Rate

- Based on our understanding of similar properties in the area of the Property, and taking into consideration the site features, area, uses, terrain and supply and demand, we have applied a discount rate of 9.50%.

Maintenance Cost:

- Maintenance cost percentage of 1.50% is applied.

Valuation

Valuation Using the Income Method

As a result of the aforementioned information, cash flows were calculated to reach the value of the subject property covering a period of 9.5 years, which is the remaining period of the lease agreement. The cash flows schedule is prepared for every six months:

Summary of Cash Flow Calculations:

Period (Semi-annual)	1	2	3	4	5	15	16	17	18	19
Occupancy Rate (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Gross Income (SAR)	2,375,000	2,375,000	2,375,000	2,375,000	2,375,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Property Insurance Costs (SAR)	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770	11,770
Net Income (SAR)	2,363,230	2,363,230	2,363,230	2,363,230	2,363,230	2,488,230	2,488,230	2,488,230	2,488,230	2,488,230
Exit (SAR)										71,092,286
Present Value to Net Income (SAR)	2,158,201	2,062,457	1,970,960	1,883,522	1,799,963	1,203,864	1,150,457	1,099,420	1,050,646	29,690,782
Property Value (SAR)	57,420,000									

Valuation

Opinion of Value

Abaad is of the opinion that the Value of the Subject Property as of the date of valuation, based upon assumptions and detail within this report, may be fairly stated as follows:

The market value of the property using the income approach as of **30 June 2022** is:

- SAR 57,420,000 (Only Fifty-Seven Million Four Hundred Twenty Thousand Saudi Riyal).

Signatures

Eng. Ammar Abdulaziz Sindi

Taqeem ID: **1210000219**

Fellow Member



Eng. Ammar Mohamed Qutub

Taqeem ID: **1210000392**

Fellow Member



Eng. Yusuf Abdullah Khan

Taqeem ID: **1220001989**

Provisional Member

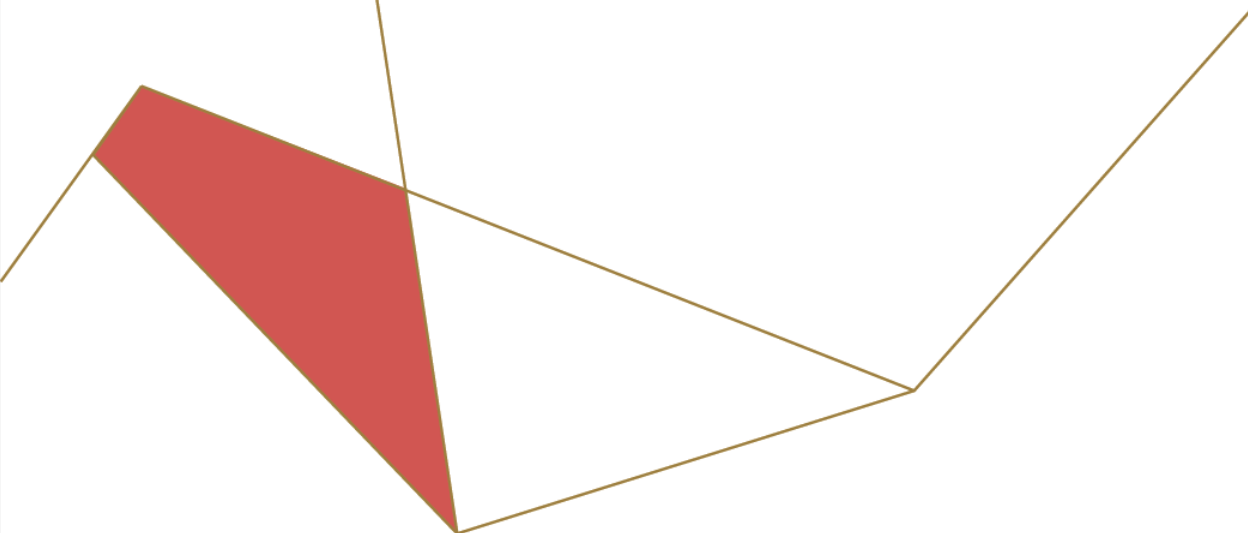


Company Stamp

CR No: **4030297686**

CL No: **323/18/781**





Appendix

- General Terms Used in the Preparation of the Valuation Report
- Property Documents

General Terms Used in the Preparation of the Valuation Report

Authority

Means the Saudi Authority for Accredited Valuers (TAQEEM), the authority concerned with developing requisite guidelines and standards for the valuation of properties, business establishments, equipment, movable property, etc. in accordance with the Accredited Valuers Regulations promulgated by Royal Decree No. (M/43) dated (9/7/1433). Its objective is to develop the valuation profession and improve the qualifications of valuers, as well as to develop and maintain the general rules for Authority membership of various levels with ongoing development of the qualifications of its members to keep abreast of the highest state of the art levels. The (Authority) is a legal entity, not for profit, with an independent budget. It operates under the supervision of the Ministry of Commerce and Investment.

Asset(s)

To facilitate reading of the standards and in order to avoid repetition, the term Asset(s) generally refers to the items which are the subject of the valuation exercise. Unless otherwise provided in the standards, these terms may be taken to mean and include each of the following words: (an asset, group of assets, obligation, group of obligations, or a group of assets and obligations).

Client

The word (Client) refers to the person(s) or entity for which the valuation is carried out, including the external clients (that is when the valuer is contracted with a third party), as well as the internal clients (that is the valuations prepared for the owner).

Legal Jurisdiction

The word (Jurisdiction) refers to the legal and regulatory environment wherein the valuation process is carried out. It includes the laws and regulations issued by

government authorities, such as the district, state and municipality, and the laws issued by certain regulatory entities commensurate with the purpose of the valuation, such as central banks and capital market authorities.

May

The word (May) describes the action which the valuer is required to take into consideration. Matters described as such require the valuer's attention and understanding. The ability to apply these matters in the valuation process depends on the valuer's judgement and professional experience under conditions which are in line with the objectives of the standards.

Shall

The word (Shall) refers to an unconditional responsibility, that is, the valuer must fulfil any responsibilities of this type in all cases and under all circumstances where the condition is applicable.

Participant

The word (Participant) refers to the participants concerned on the basis(es) of the value used in the valuation exercise (see Standard 104 – Basis of Value). The different bases of value require the valuer to take different points of view into consideration, such as the points of view of the market participants, including for example the market value, the fair value of the International Financial Reporting Standards (IFRS), a certain owner or a prospective buyer, such as the investment value.

Purpose

The word (Purpose) refers to the cause(s) of carrying out the valuation. It includes the general purposes (for example, without limitation) the purposes of the financial reports, tax reports, litigation support, transactions support and support of secured lending decisions.



صَبَّحَ وَهِيَ وَتَمْلِكُ عَقَا،

[illegible]




معاليه العالدين
 عبالعززال بن محمد بن عبالعززال طالب

(ما اناوا عبالعززال بن محمد بن عبالعززال طالب)

1437/1438

سلك رهن وتملك عقار

[illegible]

سَبَّحَكَ وَهَمَّ وَتَمَلَّكَ عَقَّارُ

[illegible][illegible]



Abaad & Partner For Real Estate Valuation Co.

Jeddah Branch (Head Office):

Mohamed Ibrahim Masoud Street,
Al-Salama District
Zahid Offices Building, 5th Floor, suite 21
Jeddah, Kingdom of Saudi Arabia

Riyadh Branch:

Imam Saud bin Faisal Road,
Al-Sahafa District
Al-Difaa Office, 2nd Floor, suite 106
Riyadh, Kingdom of Saudi Arabia

For more information, please contact us at:
Universal Access Number: **920004134**

Eng. Ammar Sindi

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