

Al Khabeer Capital

Al Malqa Compound

Awal Al Malqa Real Estate Company

Riyadh City
December 2022



REF: 22-0327
Code:
Date: 31/12/2022
M/S: Awal Al Malqa Real Estate Company

Subject: Valuation Report for Residential Compound (Malqa Compound) in Riyadh City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on 8th of November 2022. We will provide you with a detailed report on the property under evaluation, including a market analysis, an economic analysis, and a description of the valuation methods. In addition, we WHITE CUBES guarantee the confidentiality of the client's information and are committed to complete impartiality in the evaluation process and acknowledge that there are no common interests between WHITECUBES and the client.

WHITE CUBES Consulting Services Co.

Mr. Essam M. Al-Husaini – President

Fellow Member of the Saudi Authority of Accredited Valuers

License No. 1210000474

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Table of Contents

EXECUTIVE SUMMARY	5
SCOPE OF WORK	7
1.1 INTRODUCTION	7
1.2 PURPOSE OF VALUATION	7
1.3 BASIS OF VALUATION	7
1.4 VALUATION METHODS	9
1.5 CURRENCY	9
1.6 SCOPE OF RESEARCH	9
1.7 PROPERTY INSPECTION	9
1.8 INFORMATION SOURCES	9
1.9 ASSUMPTIONS AND SPECIAL ASSUMPTIONS	10
1.10 USE, DISTRIBUTION, AND PUBLICATION RESTRICTIONS	10
1.11 LEGAL NOTES	10
PROPERTY AND LOCATION DESCRIPTION	12
2.1 PROPERTY DESCRIPTION	12
2.2 SURROUNDING AREA	12
2.3 EASE OF ACCESS	12
2.4 INFRASTRUCTURE	12
2.5 TITLE DEED AND OWNERSHIP	13
2.6 CONSTRUCTION AND BUILDINGS	14
2.7 FACILITIES, AMENITIES AND SERVICES	15
2.8 MAINTENANCE & OPERATIONAL EXPENSES	15
2.9 BUILDING GROSS LEASABLE AREA (GLA)	15
2.10 INSURANCE	15
2.11 PHOTOGRAPHS OF THE SUBJECT PROPERTY	16
MARKET INDICATORS	18
3.1 SAUDI ARABIA ECONOMIC INDICATORS	18
3.2 BUDGET ALLOCATION FOR 2021	18
3.3 SECTOR BRIEF	19
3.4 RISK ANALYSIS	20
PROPERTY VALUATION	22
4 VALUATION METHODS	22
4.1 COMPARABLE APPROACH	24
4.2 DEPRECIATED REPLACEMENT COST (DRC) APPROACH	26
4.3 CAPITALIZATION METHOD (MARKET RATE)	28
4.4 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES	30
4.5 SUBJECT PROPERTY VALUE	30
4.6 CONCLUSION	31
4.7 ACCREDITED VALUERS	31
DOCUMENTS RECEIVED	33
5.1 TITLE DEED AND CONSTRUCTION PERMIT	33
5.2 LAYOUT	35
5.3 REAL ESTATE VALUATION LICENSE	36



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EXECUTIVE SUMMARY

EXECUTIVE
SUMMARY

Executive Summary

Reference No.	22-0327
Dep. Code	
Report Type	Detailed Report.
Client	Awal Al Malqa Real Estate Company.
Report user	Awal Al Malqa Real Estate Company.
Other users	Investors or those wishing to invest in the Real Estate Investment Trust.
Purpose of Valuation	REIT semi annual valuation.
Subject Property	Residential Compound.
Property Location	Al Malqa district, Riyadh City.
Title Deed No.	314002002198, 814009006124, 814009006125, 614004005871
Title Deed Date	14/09/1440, 15/09/1440
Ownership Type	Freehold (Mortgaged).
Owner	شركة أول الملقا العقارية
Land Use	Residential
Land Area (Sqm)	The land has an area size of 15,924.68 Sqm
BUA (Sqm)	As per the provided construction permit, The building is composed of 3 floors with a total BUA of 41,362 Sqm.
GLA (Sqm)	The total gross leasable area is 39,734 Sqm composed of apartments.
Basis of Value	Market Value.
Value Hypothesis	Current use.
Valuation Approach	Comparable Approach, Cost Approach and Income Approach.
Currency	Saudi Arabian Riyal
Final Property Value	SAR 302,000,000
Report Date	31/12/2022
Valuation Date	27/11/2022
Inspection Date	14/11/2022
Expiry Date	120 days from date of the inspection, unless there're any economic changes that affect the subject property.



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SCOPE OF WORK

SCOPE OF
WORK

Scope of Work

1.1 Introduction

This report was prepared by WHITE CUBES Co. based on the International Valuation Standards of the Council of International Assessment Standards (IVSC 2022) and the Guide to Practice and Regulations issued by the Saudi Authority of Accredited Valuers (Taqeem), to ensure accurate access to information, the evaluation report must be read in its entirety, our firm is pleased to offer its services to Awal Al Malqa Real Estate Company in order to estimate the market value of the property that is being evaluated.

1.2 Purpose of valuation

We conducted an evaluation of the subject property at the request of the client to determine the current market value of the property for REIT semi annual valuation.

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" 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" 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 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 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" is one between parties who do not have a particular or special relationship, 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" means that the asset would be exposed to the market in the most appropriate manner to affect 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;

'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' 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 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 considered 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 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply the comparable approach, cost approach and income approach.

1.5 Currency

Unless otherwise stated, all values in the report are in Saudi Arabian Riyals.

1.6 Scope of Research

As part of the appraisal process, our team conducted a field survey of the surrounding area of the property in question and similar properties to ensure their authenticity.

1.7 Property Inspection

Inspection refers to visiting and inspecting an asset, testing its performance, and gathering information about it from quantities, specifications, land area, building areas, rental areas, services, public utilities, project components, etc., so that an opinion can be expressed regarding its value. Therefore, we confirm that subject property was inspected on 14/11/2022 with its specifications, as well, we note that this wasn't a technical inspection, but rather a preview and recording of everything that was seen.

1.8 Information Sources

An on-site field survey was conducted by our team to ensure the accuracy of some market information required for the evaluation, including nearby asset prices, occupancy rates, and specific information about the asset under evaluation, to determine its actual market value. The following sources were used during the field research process:

- Title deed and construction permit.
- Field survey.
- The site preview.
- Our historical database of similar assets.
- Agents specializing in the same type of asset.

1.9 Assumptions and Special Assumptions

As defined by the International Valuation Standards, assumptions are logical matters that can be accepted as facts during evaluation work without being specifically checked or scrutinized. They are accepted as soon as they are mentioned. Based on the facts at the time of the valuation.

- The property under evaluation has been evaluated based on absolute ownership.
- Assumed that all information received from the client is accurate and up to date as of the date of the evaluation, whether oral or written.
- This is an evaluation report rather than a structural survey. As a result, we did not conduct any utility checks, service checks, soil tests, etc.
- The valuation methodologies are based on market data compiled using our relevant market knowledge and experience.
- This report's output (final value) is derived from assumptions used, documents received from the client, and market data. Nevertheless, the output estimates provide an indication of the property's value.

1.10 Use, Distribution, and Publication Restrictions

To estimate the market value of the assets being evaluated, WHITE CUBES Co. has prepared this report. There are restrictions on the transfer, referencing, and presentation of this report and its contents to any other party except as stipulated in the contract letter, and the client must obtain our prior written consent in order to use this report for any other purpose other than that stated in this report.

1.11 Legal Notes

As far as we are aware, no legal notices have been served on the property, whether they are in progress or pending in the court system.



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PROPERTY DETAILS

PROPERTY
DETAILS

Property and Location Description

2.1 Property Description

The subject property is a residential compound located in Al Malqa district, Riyadh city. Based on the provided copies of the title deed and the construction permit, the project has a total land area of 15,924.68 Sqm, and a total BUA of 41,362 Sqm. As per the site inspection done by our team for the purpose of valuation, the property is composed of 252 residential apartment units, (224) 3 bedrooms apartment and (10) 2 bedrooms apartment and (18) 1 bedroom apartment. the project is open on 4 sides with a direct view on Hajar Valley Road from the north side.

2.2 Surrounding Area

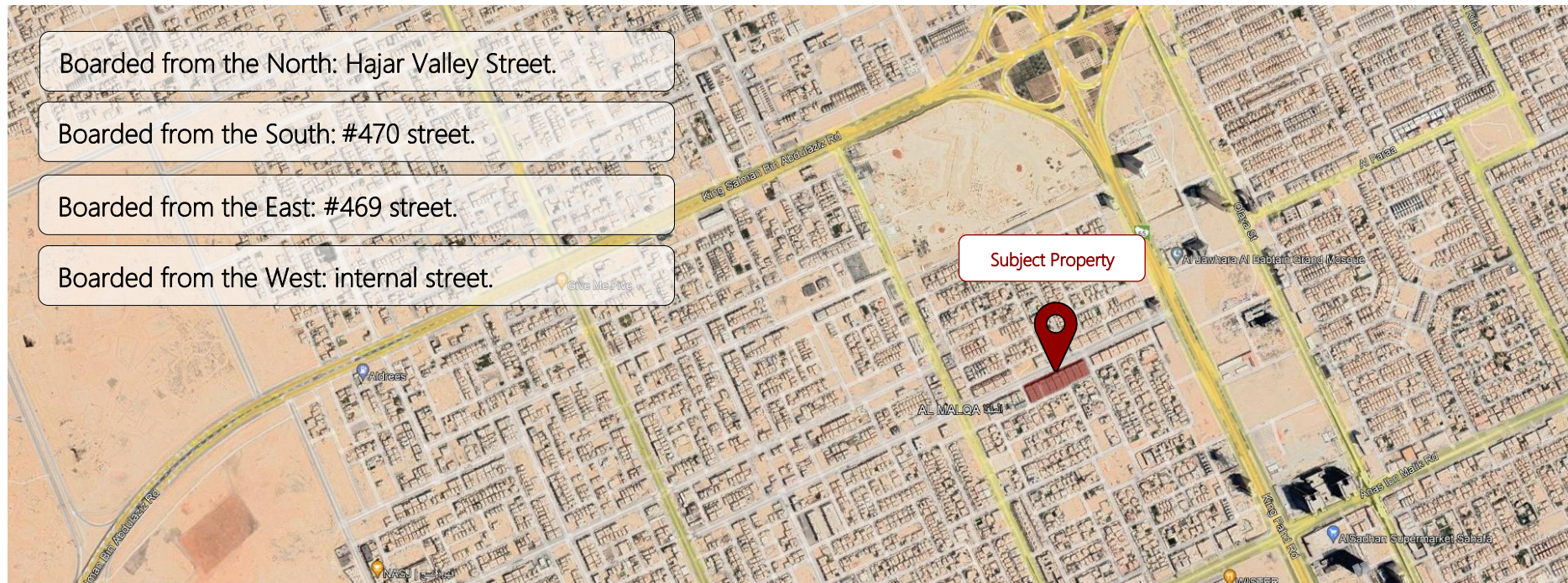
the subject property is surrounded mostly by several residential and commercial buildings.

2.3 Ease of Access

Based on the current location of the subject property, the access level is Medium since it is located on Hajar Valley street.

2.4 Infrastructure

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



2.5 Title Deed and Ownership

The client provides us with copy of the title deeds related to the subject property which is owned by four title deed. The details of the subject property:

City	Riyadh	Riyadh	Riyadh	Riyadh
District	Al Malqa	Al Malqa	Al Malqa	Al Malqa
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	Awal Al Malqa Real Estate Company	Awal Al Malqa Real Estate Company	Awal Al Malqa Real Estate Company	Awal Al Malqa Real Estate Company
Ownership	Freehold	Freehold	Freehold	Freehold
Limitations of Document	Mortgaged	Mortgaged	Mortgaged	Mortgaged

Note: 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 and 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, the Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality with the below details:

	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

As per the provided construction permit, the total BUA is 41,362 Sqm, which will be used in our valuation analysis.

2.7 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

2.8 Maintenance & Operational Expenses

Based on the information provided to us by the client, the total maintenance and operating costs of the subject property are 2,200,000 SAR per year, which includes all administration, maintenance, operation and general service bills.

2.9 Building Gross Leasable Area (GLA)

Floor No.	Use	No. of Units	BUA (Sqm)	GLA (Sqm)	Information Source
3 Bed Apt	Residential	224	----	29,783	Rental spaces are obtained from the client
2 Bed Apt	Residential	10	----	930	
1 Bed Apt	Residential	18	----	2,110	

*This rental space is for residential units only.

2.10 INSURANCE

Based on the information provided to us by the client, the total costs of the subject property are SAR 117,540 insurance premium expenses.

2.11 Photographs of the Subject Property





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MARKET INDICATORS

MARKET
INDICATORS

Market Indicators

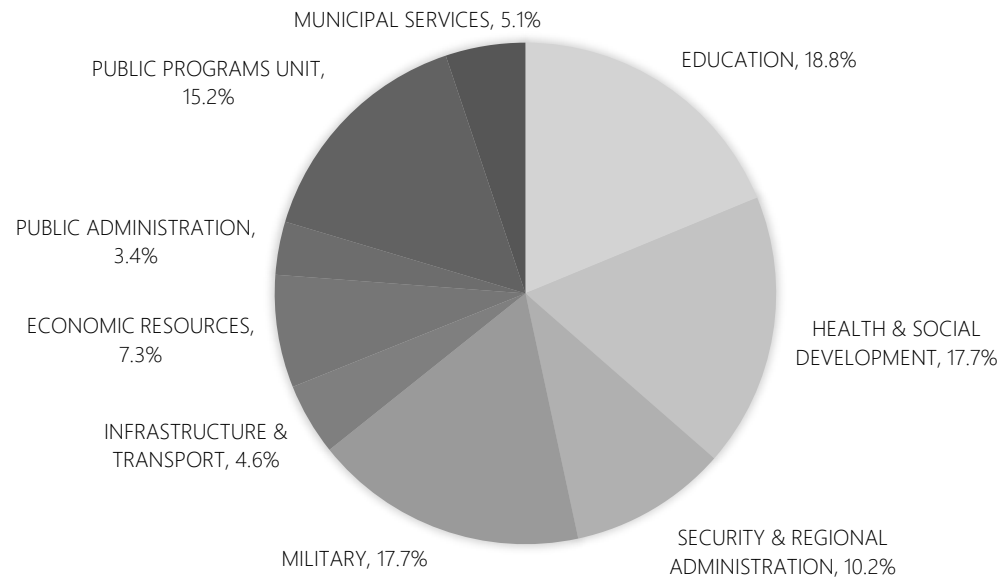
3.1 Saudi Arabia Economic Indicators

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

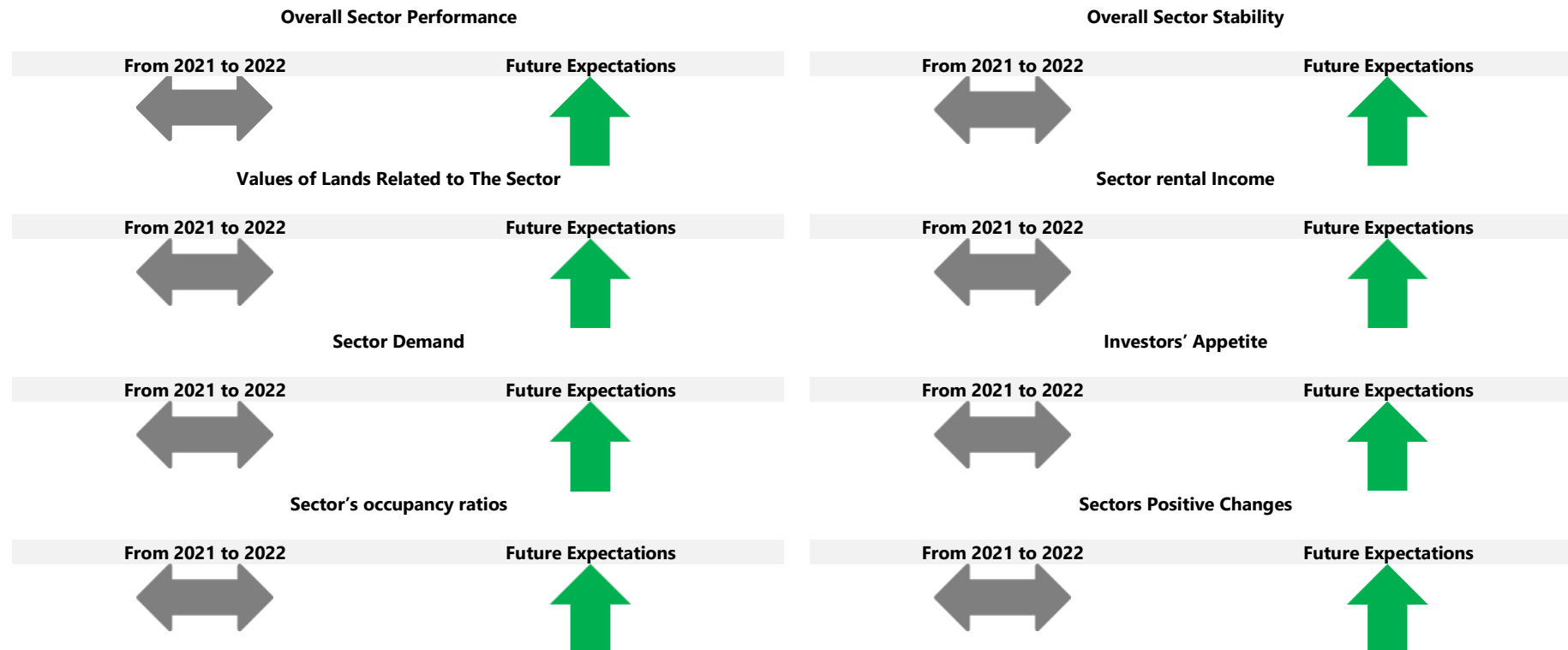
Source: Ministry of Economy



3.3 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



White Cubes Team's Analysis

3.4 Risk Analysis

- Sector Analysis

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 7-12	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

-Land Analysis

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

-Property Analysis

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



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PROPERTY VALUATION

PROPERTY
VALUATION

Property Valuation

4 Valuation Methods

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:

	Market Approach	Cost Approach	Income Approach			
	Comparable method	DRC method	DCF method	Invest. method	Cap. Rate method	RLV method
Land	✓	----	----	----	----	----
Buildings	----	✓	----	----	----	----
Property	----	----	----	----	✓	----

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.

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.

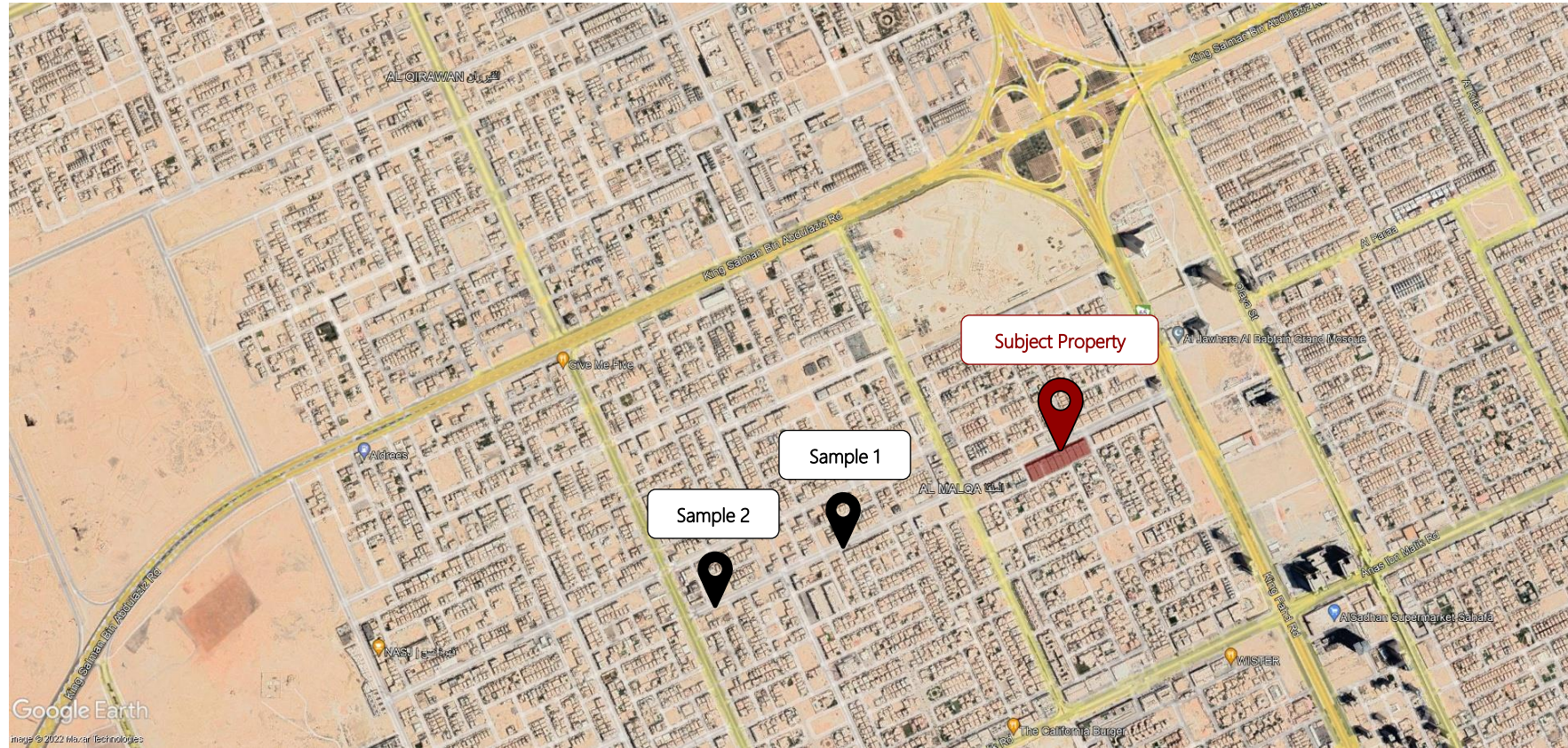
4.1 Comparable Approach

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 Malqa	Al Malqa	Al Malqa		
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 price for similar properties falls 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.



4.2 Depreciated Replacement Cost (DRC) Approach

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 regard. 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
Developer 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		

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	Total Completion Rate	100.00%		
Annual Dep Rate	2.00%	Developer Profit Rate	25.0%		
Actual Age	8				
Total Dep Rate	16.00%	Dev. Profit Amount	SAR 36,314,984		
Add Appr Rate	0.00%	Development Value	SAR 181,574,918		
Net Dep Rate	16.00%				

In order to determine the full value of the property, the construction costs will be added to the market value of the land 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

4.3 Capitalization Method (Market Rate)

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:

Sample Name	Rental Rates		Compound Classification	Adjustments		Rental Rates After Adjust.	
	2 Bedrooms	3 Bedrooms		Location	Facilities & Amenities	2 Bedrooms	3 Bedrooms
Al Hamra Compound	1,450	1,250	-5%	-5%	-5%	1,233	1,063
Arizona 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 rate 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 8%. 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

Regarding 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			8.00%
Average			7.50%
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 6 years
The general location of the property	-----	0.00%	Average Location
Quality and finishes	-----	0.00%	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		0.00%	
<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		7.50%	
Estimated capitalization rate of the property valuation		7.50%	

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
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%
NET OPERATING INCOME					
Unit Type	Total Revenues		Total Expenses		NOI
Apartment Buildings	SAR 47,680,800		52.5%		SAR 22,648,380
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		7.50%	301,978,400.00 SAR		302,000,000.00 SAR

4.4 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income Approach	Property	SAR 302,000,000	Three hundred Two Million Saudi Riyals
DRC Approach	Land + Building	SAR 269,160,000	Two Hundred Sixty-Nine Million and One Hundred Sixty Thousand Saudi Riyals

4.5 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 -market rate is:

Property Value: **302,000,000 SAR**
Three hundred Two Million Saudi Riyals.

4.6 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.

4.7 Accredited Valuers

Essam M. Al Husaini
President



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

Nasser A. Al Arifi
Valuer



Member of (Taqeem)
License No. 1210002399

WHITECUBES Stamp



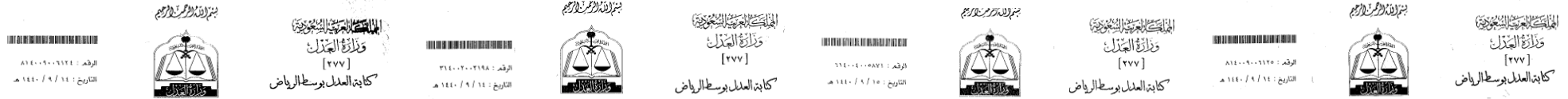


WHITE CUBES
DOCUMENTS

DOCUMENTS

Documents Received

5.1 Title deed and Construction Permit



صك رهن وتملك عقار

[illegible]

~~صك رهن وتملك عقار~~

[illegible]

صك رهن وتملك عقار

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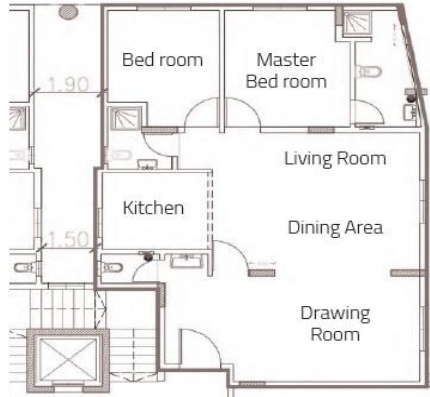
صك رهن وتملك عقار

[illegible]



5.2 Layout

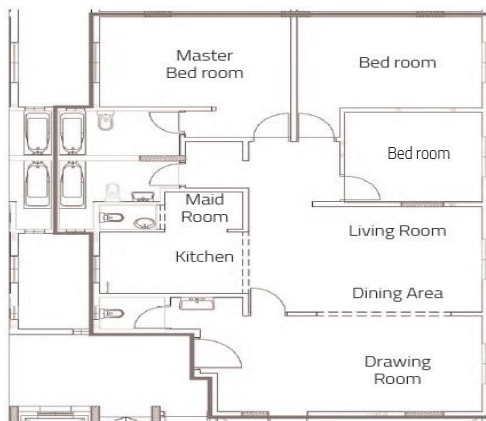
2 BEDROOM – 3 BATHS
AREA: 112 – 128 sqm



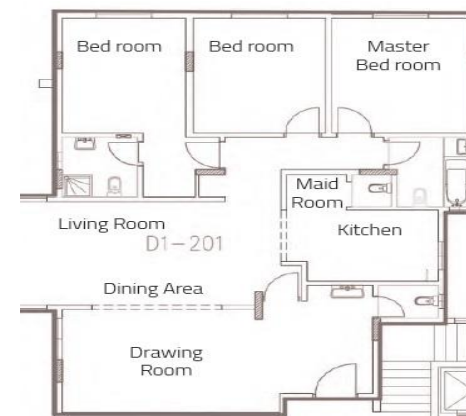
3 BEDROOM & 3 BATHS
Area: 112 – 172 sqm



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



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



5.3 Real Estate Valuation License



المقر الرئيسي: الرياض



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

رقم الترخيص 1210000474 تاريخ إصداره 1437/8/1 هـ تاريخ انتهائه 1447/8/24 هـ

يرخص **عصام محمد عبدالله الحسيني** (سعودي الجنسية) سجل مدني رقم 1044275947 لمزاولة المهنة

وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (م/43) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (95/3/42) وتاريخ 1442/5/22 هـ

رئيس لجنة قيد المقيمين



أ. وليد بن عبدالله الرويشد

ختم الوزارة



وزارة التجارة والاستثمار
Ministry of Commerce and Investment
إدارة المهن الاستشارية

