



أبعاد
للتقييم العقاري

Final Valuation Report

Gallery Mall, Al-Salihiyah District, Tabuk

Client / Alkhabeer Capital

31 December 2022

V220204

الخبير المالية
Alkhabeer Capital



Introduction



Dear / Alkhabeer Capital

The Subject: Gallery Mall, Al-Salihiyah District, Tabuk

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	V220204
Validation code	

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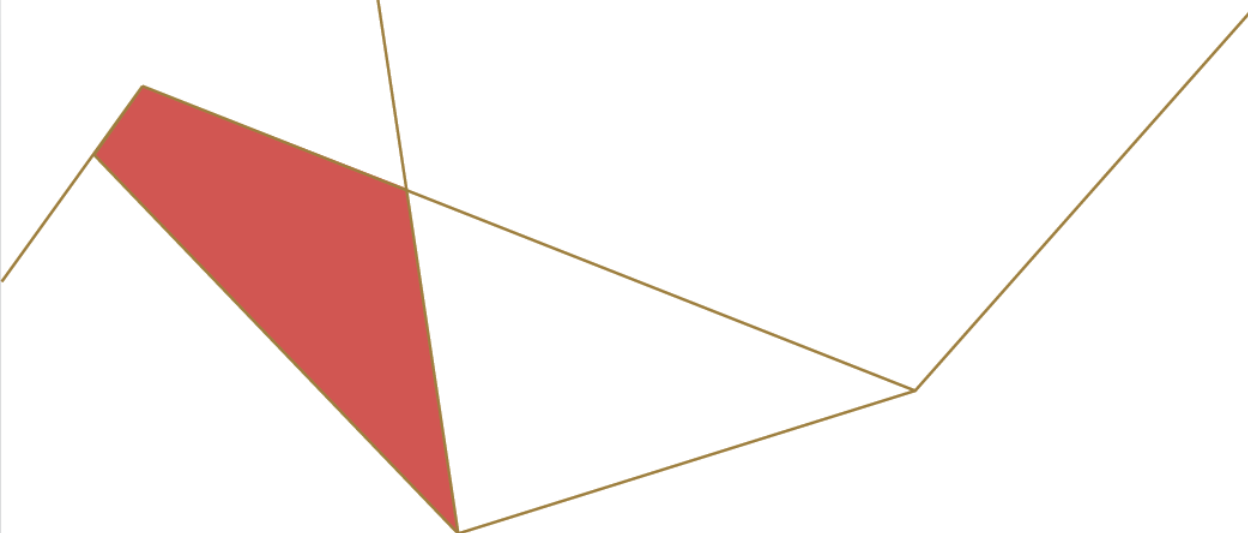
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Executive Summary

- Summary of the Report
- General Terms and Conditions

Executive Summary

Report Summary

Executive Summary

The Subject property is a closed commercial center consisting of two floors and a basement, the land area is **41,630** square meters and the total rental area is **35,868** square meters.

The property is located in Al-Salhiya district on King Khalid Road in Tabuk.

The subject property is approximately 4 km north of downtown, and about 7 km from Prince Sultan bin Abdulaziz International Airport in the Salhiya district of Tabuk.

The Subject property is located in Tabuk, which is the base for the Principality of Tabuk Province and the largest northern city of Saudi Arabia, and around it are some of the most important monuments in the Arabian Peninsula and It is considered one of the important agricultural areas in the Kingdom. It has a population of approximately **551,124** people.

Property Information

Elements	Information
District	Al-Salihiyah
Use	Commercial Office Center
Ownership	Usufruct
Land Area (m ²)	41,630
Total Built-Up Area (m ²)	43,625
Gross Leasable Area (m ²)	35,868
Current Property Owner (Usufruct)	Sulaiman Al-Qudaibi & Sons Company
Original Property Owner	State Property Represented by Madinah Municipality

Valuation Summary

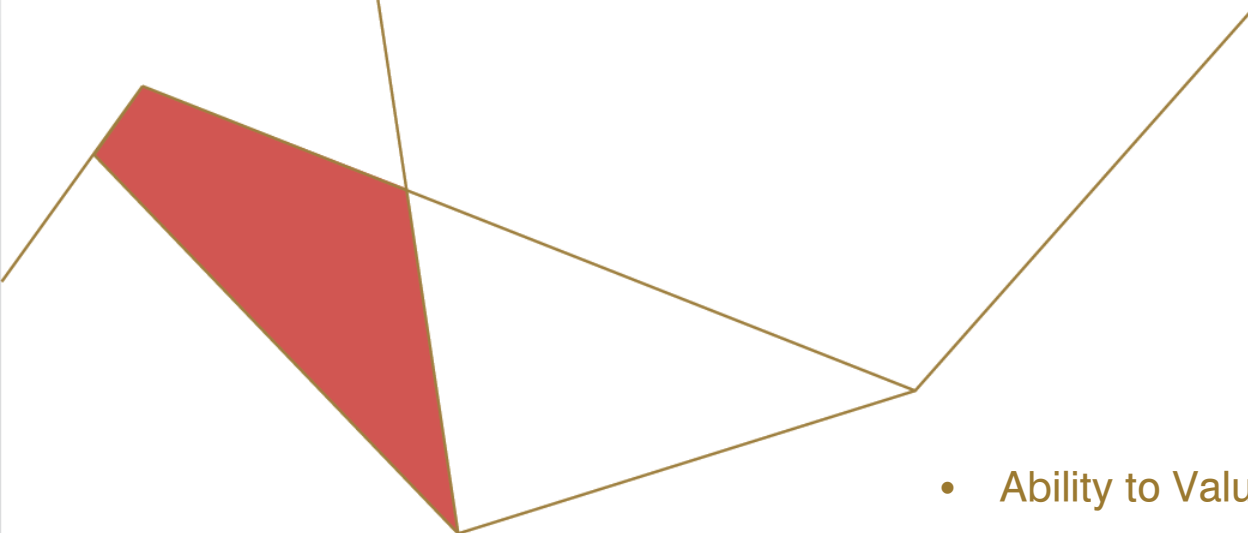
Details	Information
Purpose of Valuation	Periodic Valuation of REIT Fund Assets
Other independent Users	Fund Manager and Investors
Report Type	Detailed Report
Date of Approval	08 November 2022
Date of Inspection	15 November 2022
Date of Valuation	31 December 2022
Basis of Value	Market Value
Valuation Approach	Income Approach
Currency	Saudi Arabian Riyal (SAR)
Property's Market Value	SAR 171,200,000

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 Gallery Mall Property at Al-Salihiyah District, Tabuk.

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 **31 December 2022**.

Inspection Date:

- We confirm that the inspection was carried out on **15 November 2022**.

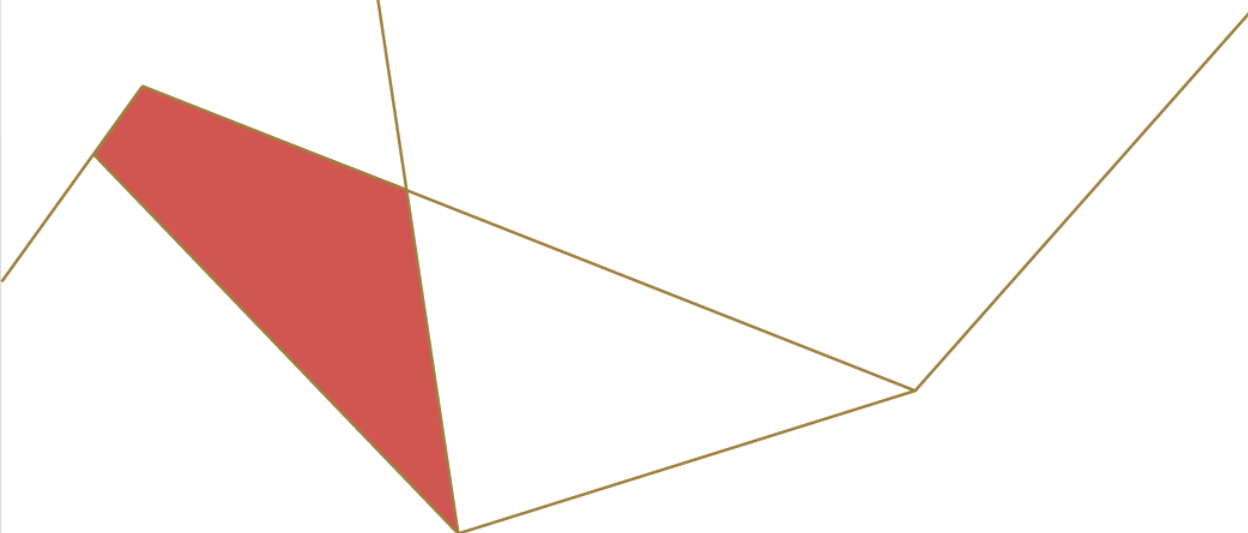
Sources of Information:

- 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 contract waiver document**
- **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.



Disclosure

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

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

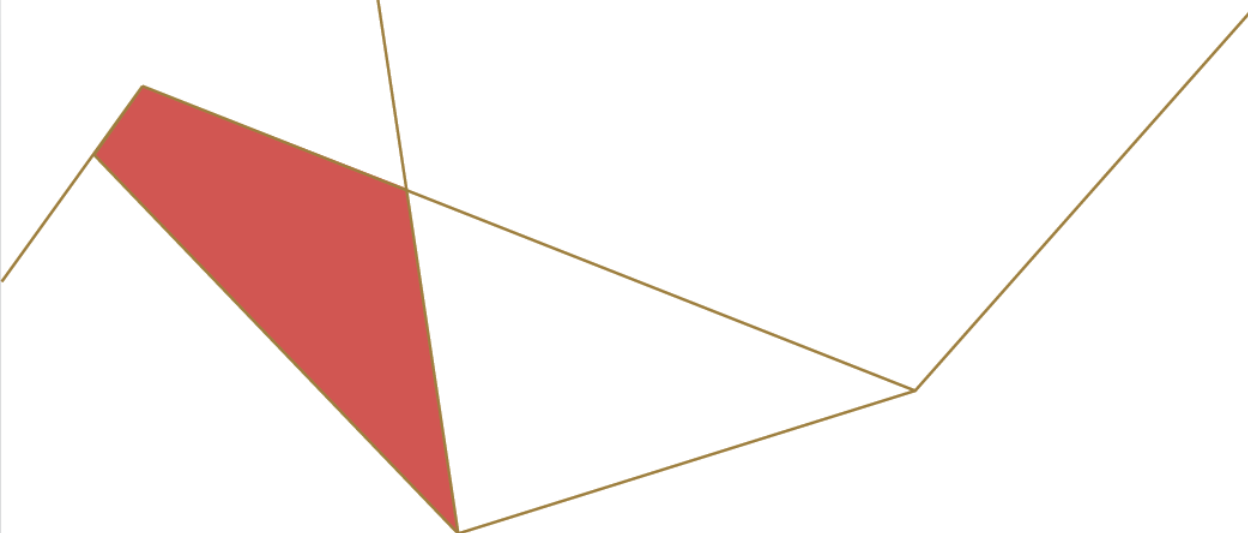
- According to the definition of the International Valuation Standards "Important Assumptions and special assumptions must be reasonable and relevant having regard to the purpose for which the valuation is required, and may be accepted as fact in the context of the valuation exercises without verification or validation in a specific manner. Moreover, they are matters which are accepted when stated. Such
- No important assumptions or any special assumptions were applied.

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

The Property at City Level



The subject property is located in the City of Tabuk, the headquarters of the Principality of Tabuk Province and the largest northern city in the Kingdom of Saudi Arabia. The City is surrounded by some of the most important archeological sites in the Arabian Peninsula.

Tabuk Province is the northern gate of the Arabian Peninsula, and a vital road for trade, Hajj and Umrah pilgrims from outside the Arabian Peninsula. It is one of the important agricultural areas in the Kingdom.

As per the 2017 population survey, the City has a population of approximately 551,124.

Tabuk existed before 500 B.C.E, as evidenced by the historical monuments found there. It was named (Tabou) or (Tabawa). Ruins indicate that Tabuk Province was the home for many nations before Islam, such as the original Arab tribes, for example the Thamud people and the Nabataens. Historians mention that Tabuk was a home for the Jadhham Tribe.

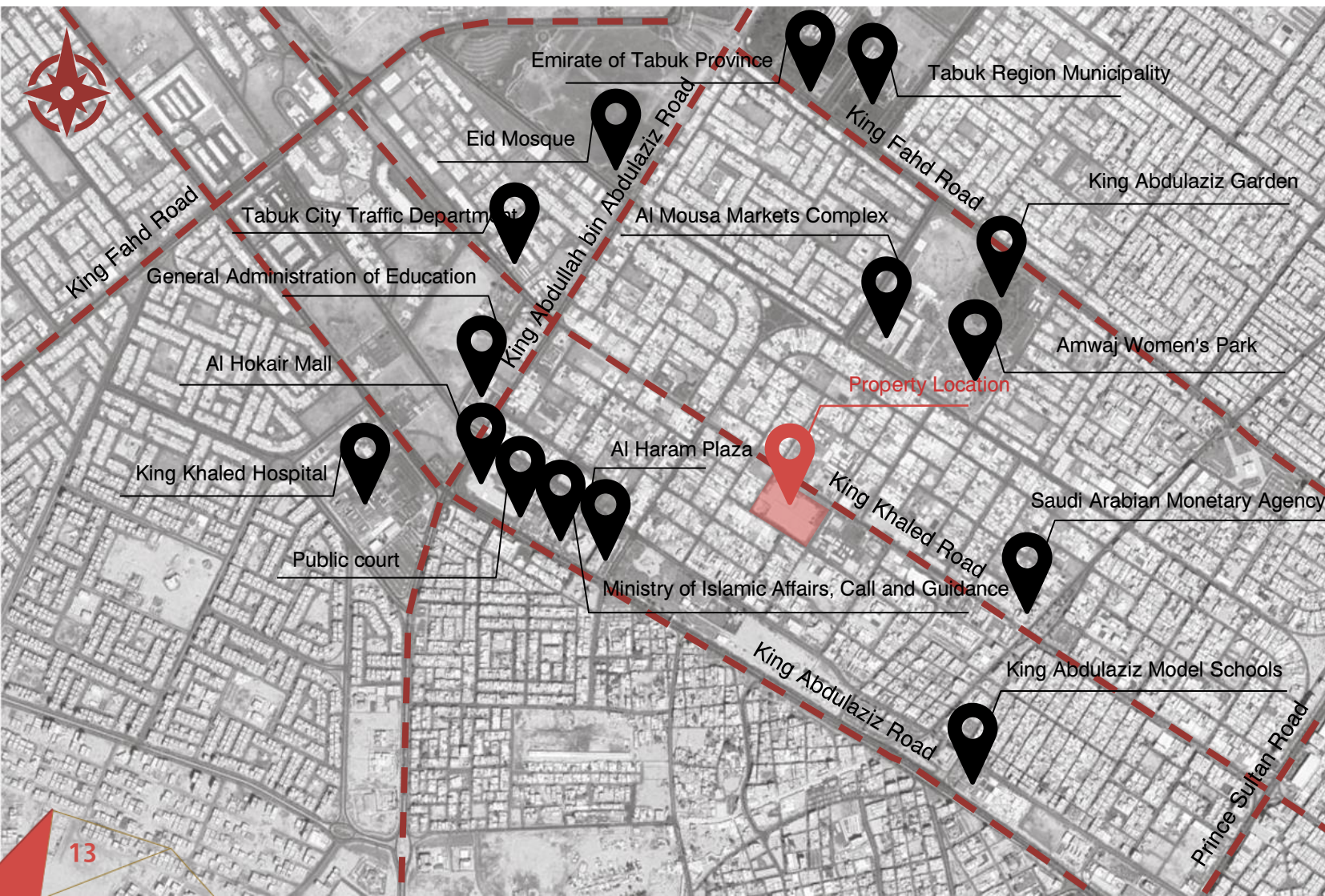
The property is located approximately four kilometers to the north of the City Center, and approximately seven kilometers from Prince Sultan bin Abdulaziz International Airport at Al-Salihiyah District, Tabuk.

Site Location Analysis

Property at District Level



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The property is located at Tabuk City Center. The area of the property is bordered to the north by King Khalid Road, to the south by King Abdulaziz Road, to the east by Prince Sultan Road and to the east by King Abdullah Road.

Al-Salihiyah District is bordered to the north by Northern Al-Faisaliyah District, to the south by Saada District, to the east by Ancient Aziziyah District and to the west by Al Rajhi Plan District.

The area surrounding the subject property can be accessed from several important junctions and roads on the City level, including King Abdulaziz Road and King Khalid Road.

Site Location Analysis

Property Description



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The subject property is a closed commercial center comprised of two floors and a basement, with a land area of **41,630** square meters.

The built-up area is **43,625** square meters, with a gross leasable area of **35,868** square meters.

The property is comprised of **139** commercial stores, **15** restaurants, **39** kiosks and four cafes. It has an outdoor parking lots and over **900** car parking space in the underground. The property also includes three electric lifts and six escalators, in addition to service elevators and an entertainment hall.

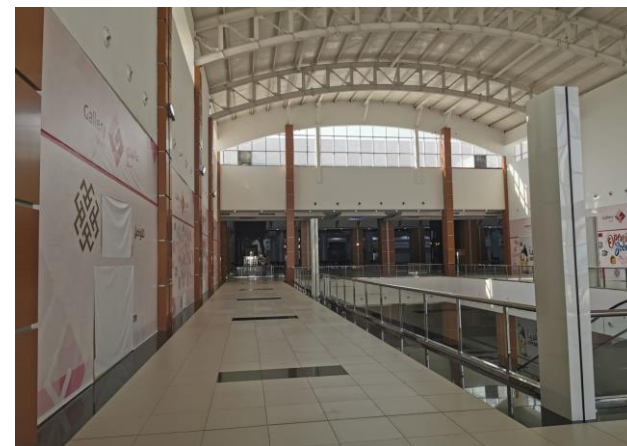
The finishings of the external facades are made from aluminum cladding and glass, while the internal finishings for corridors are made from porcelain floors and aluminum marble columns. As for the stores, the finishings is a basic finishing. Utility services are connected to each store.

Site Location Analysis

Property Photographs



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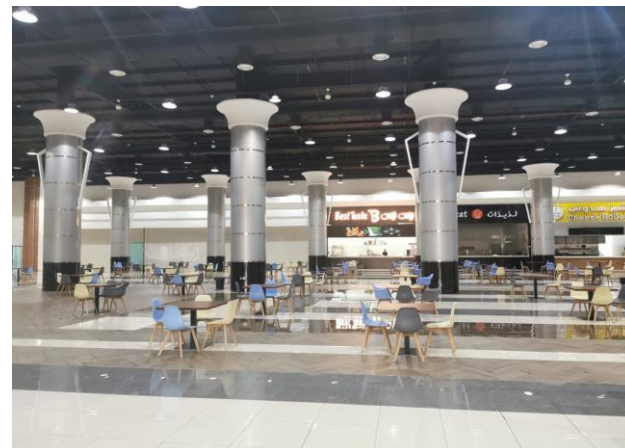
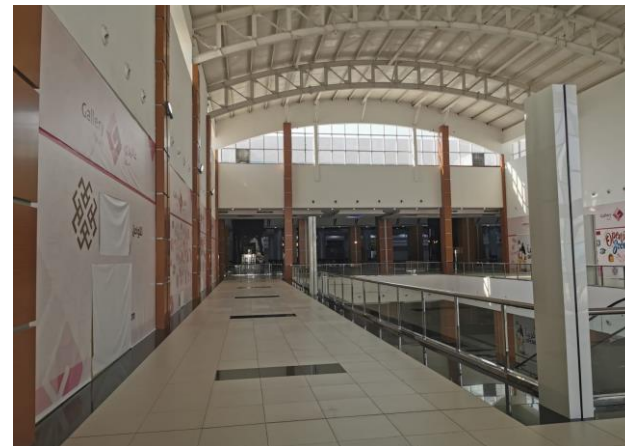


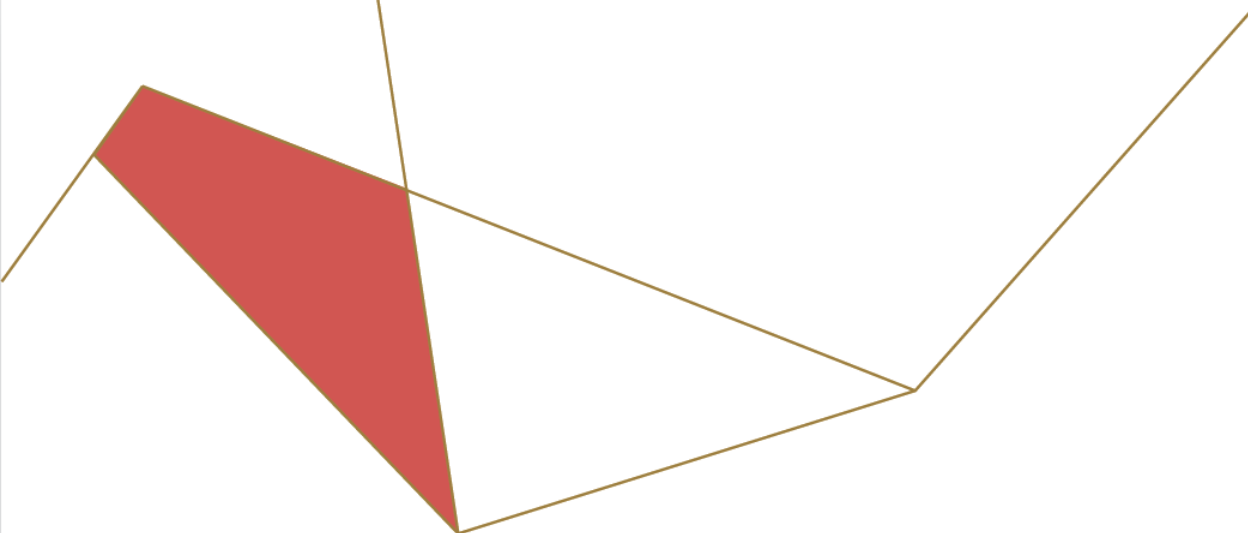
Site Location Analysis

Property Photographs



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Property Details

- Title Information

Property Details

Tenure Information

Property Ownership:

Description	Details	
Owner's Name	Tabuk Municipality	
Property Name	Gallery Mall	
Lease Contract Number	143000123	
Lease Contract Date	15/03/1434	
Area (Property's Address)	Al-Salihiyah District	
Street Name	King Khalid	
Location Coordinates	28° 23.642'N	36° 33.638'E
City	Tabuk	
Ownership Information	Usufruct	
Title Deed Information	Waiver Date	19/06/1440
	Waive Owner	Awwal Al Malqa Real Estate Company

Lengths of Sides and Widths of Streets:

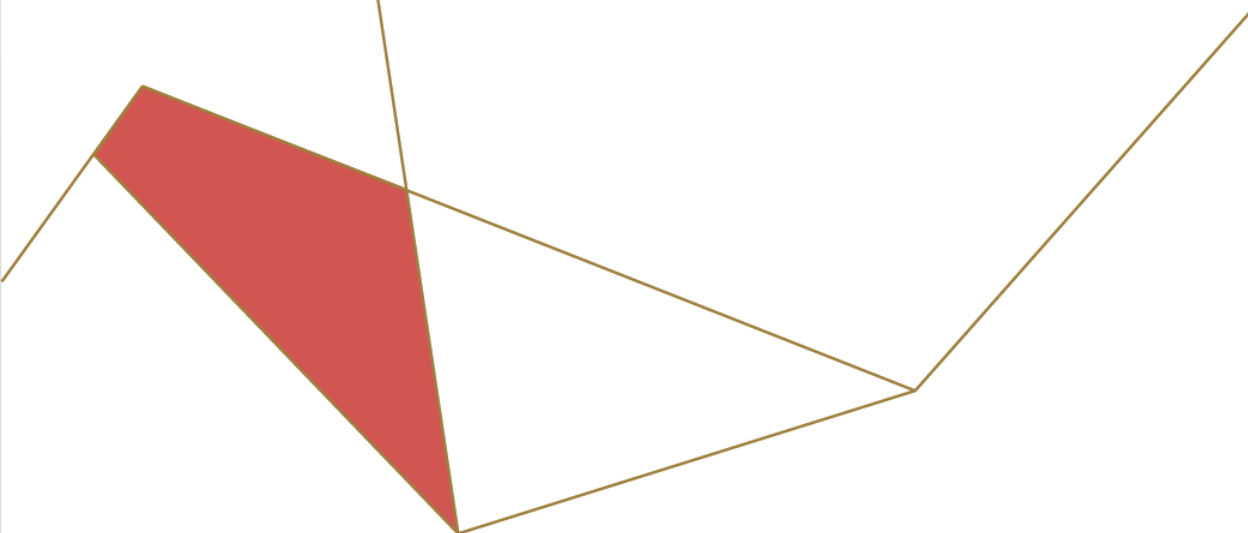
	Side Length	Street Name	Street Type	Street Width (meters)	Facade Order
North	253	King Khalid	Main	30	1
South	253	Unnamed	Sub-Street	20	2
East	180	Unnamed	Sub-Street	18	4
West	180	Unnamed	Sub-Street	18	3

Lease Contract Summary:

	Contract Term	Contract Expiry Date
1	Lessee	Awwal Al Malqa Real Estate Company
2	Contract Term	20 Years
3	Contract Effective Date	15/03/1434
4	Land Lease Annual Costs	SAR 1,579,000

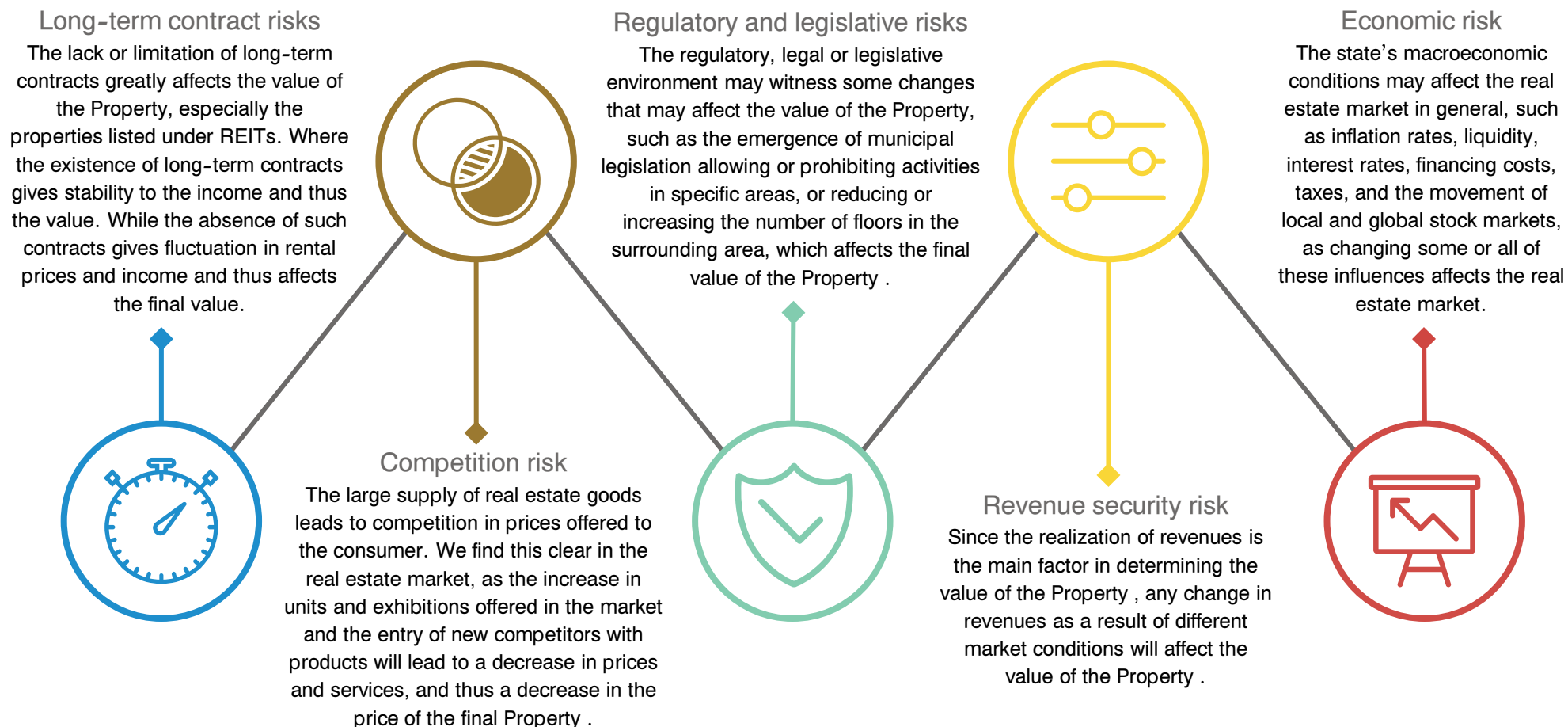
No legal document has been verified for the subject property under evaluation, which includes planning, ownership, mortgage and some legal matters on which all or part of this report is based and considered reliable. It was assumed that the instrument was valid and binding. It was also assumed that the property is free from any legal obligations, mortgage rights or any Constraints.

Information 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 Method (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 analyzing 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

- The annual gross income of the subject property is assessed at SAR 32,721,029, **based on the market rental rates**. The percentage of additional income was also assessed at 5% of the total income of the property.

Cap Rate:

- Whereas the ownership of the property is a (usufruct), we did not apply a cap rate .

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 **11.25%**.

Inflation Rate

- In respect of the cash flow of the project, an inflation rate of **2.50%** is applied.

Valuation

Comparable Sites

Almakan Mall

	Type of Units	Average Area (m2)	Average Rental Rate (SAR)	Average Rental Rate (SAR/m2)
Al Makan Mall	Kiosk	9	84,000	9,333
	Showroom	151	209,250	1,386
	Restaurant	100	250,000	2,500

- The project is a commercial, entertainment and touristic compound, which is considered one of the best markets in Tabuk and a significant tourism landmark in the Kingdom. It is located on King Khalid Road and was built on an area of 35,200 m2. It includes many brands and is comprised of a basement and two huge floors. It is one of the best touristic places in Tabuk, with a group of domestic and global brand stores. Al Makan Mall has a leasable area of approximately 22,000 m2.

Entertainment	Security	Restaurant	Showrooms	Parking
✓	✓	✓	✓	✓
Global Brands	Escalators	Elevators	Cinema	Hypermarket
✓	✓	✓	✓	✓



Information Source(Field Research)

Comparable Site Map:



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Valuation

Comparable Sites

Tabouk Park

	Type of Units	Average Area (m2)	Average Rental Rate (SAR)	Average Rental Rate (SAR/m2)
Tabuk Park	Kiosk	9	82,400	9,155
	Showroom	150	257,526	1,763
	Restaurant	227	627,882	2,766

- The project is a commercial entertainment compound, which is considered one of the largest markets in Tabuk and a significant tourism landmark in the region. It is located on King Faisal Road alongside Prince Fahad bin Sultan Park, and was built on an area of **180,000 m2**. It includes many brands, and is comprised of two huge floors, in addition to an outdoor garden area designed to enrich the users' shopping experience. It is one of the best touristic places in Tabuk, with a group of domestic and global brand stores. Tabuk Park has a leasable area of **80,000 m2**.

Entertainment	Security	Restaurant	Showrooms	Parking
✓	✓	✓	✓	✓
Global Brands	Escalators	Elevators	Cinema	Hypermarket
✓	✓	✓	✓	✓



Information Source(Field Research)



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Comparable Site Map:



Valuation

Revenues Estimation



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The following table summarizes the initial rental rates of units based on their uses:

Use	Rental Price for Ground Floor	Rental Price for First Floor
Showrooms from 45 up to 85 Sqm	1,850	1,410
Showrooms greater than 85 Sqm	1,514	1,175
Kiosk	11,190	10,441
Secondary Large Showroom	567	375
Main Large Showroom	425	296

The average rental price was estimated for the units. The table below shows the total expected income with an occupancy rate of 100%.

Description	Details
Total expected income (SAR)	32,831,047
Land Lease	1,579,000

Valuation

Income Approach Valuation

Valuation Using the Income Method

Given the prior information, cash flows were calculated to reach the value of the subject property. The cash flows covers 15 years, with an income of SAR 32,831,047 based on the market for the remaining term of the land lease contract. The cash flow schedule is made every six months:

Period (semi annual)	1	2	3	4	5	27	28	29	30	31
Occupancy Rate (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income (SAR)	16,643,754	16,875,158	17,109,779	17,347,662	17,588,853	23,505,269	23,832,071	24,163,416	24,499,369	24,839,992
Vacancy Rate (%)	48.0%	43.0%	38.0%	33.0%	28.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Vacancy Costs (SAR)	7,980,910	7,248,113	6,493,397	5,716,294	4,916,327	3,525,790	3,574,811	3,624,512	3,674,905	3,725,999
Additional Income (SAR)	433,142	481,352	530,819	581,568	633,626	998,974	1,012,863	1,026,945	1,041,223	1,055,700
Net Income (SAR)	9,095,987	10,108,397	11,147,201	12,212,937	13,306,152	20,978,453	21,270,123	21,565,849	21,865,687	22,169,693
Management Fee Cost Ratio (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Management Fee Costs (SAR)	363,839	404,336	445,888	488,517	532,246	839,138	850,805	862,634	874,627	886,788
Rental Fee Cost Ratio (%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rental Fee Costs (SAR)	90,960	101,084	111,472	122,129	133,062	209,785	212,701	215,658	218,657	221,697
One-time rental fee cost (%)	0.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
One-time rental fee costs (SAR)	0	60,745	62,328	63,944	65,593	17,260	17,500	17,744	17,990	18,240
Operation contract costs (SAR)	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962	2,374,962
Property Insurance Costs (SAR)	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020	30,020
Land rent costs (SAR)	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500	789,500
Total Costs (SAR)	3,649,281	3,760,646	3,814,170	3,869,073	3,925,383	4,260,665	4,275,488	4,290,518	4,305,757	4,321,207
Net Income	5,446,705	6,347,751	7,333,031	8,343,864	9,380,770	16,717,788	16,994,635	17,275,331	17,559,930	17,848,486
Present Value to Net Income (SAR)	5,157,023	5,690,498	6,224,137	6,705,452	7,137,803	4,037,145	3,885,730	3,739,834	3,599,266	3,463,840
Property Value (Rounded)	171,200,000									

Valuation

Opinion of Value

Our Company approves the below valuation as a market value, subject to the conditions stated in the valuation report and based on the assumptions in the report. This valuation is a result of the analysis of the property's information and the real estate market.

The Market Value of the property using the income approach as of 31 December 2022 is:

- SAR 171,200,000 (Only One Hundred Seventy-One Million Two Hundred Thousand Saudi Riyal)

Signatures

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Fellow Member
Membership Date: 22/12/2015



Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Fellow Member
Membership Date: 24/01/2016

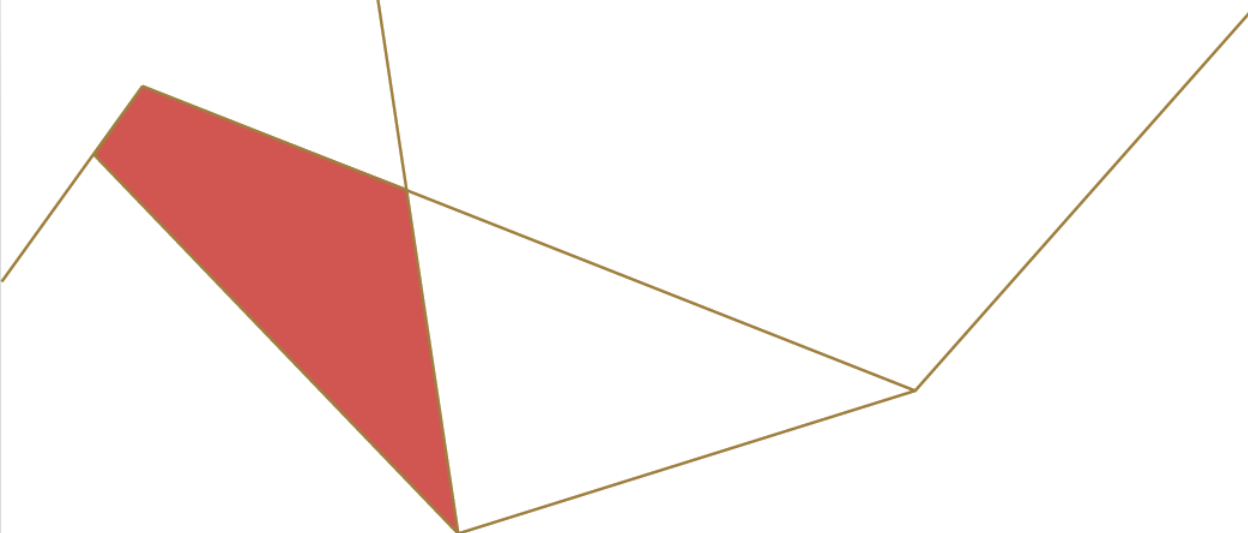


Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Provisional Member
Membership Date: 17/09/2020



Company Stamp
CR No: 4030297686
CL No: 323/18/781





Appendix

- General Terms Used in the Preparation of the Valuation Report

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.



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