WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

Ahlan Court Centre

Awal Al Malqa Real Estate Company

Jeddah City

December 2023

TAQEEM تقييم

VISION رؤية 2030

المملكة العربية السعودية

KINGDOM OF SAUDI ARABIA

REAL ESTATE VALUATION REPORT

REF: 23-0907
Code:
Date: 31/12/2023

Subject: Valuation Report for a Retail Project (Ahlan Court Center) in Jeddah City, Saudi Arabia.

Dear Awal Al Malqa Real Estate Company,

In accordance with your approved request dated 9th of October 2023, we are pleased to present you with a comprehensive report on the evaluated property. This report encompasses a thorough market analysis, an economic analysis, and a detailed description of the valuation methods employed.

At WHITE CUBES, we prioritize the utmost confidentiality of our clients' information. Rest assured that we maintain strict confidentiality protocols to safeguard the privacy of all client data. Furthermore, our commitment to complete impartiality ensures an unbiased evaluation process. There are no shared interests between WHITE CUBES and the client, ensuring transparency and objectivity throughout the valuation process.

WHITE CUBES Consulting Services Co.

Essam Mohammad Al Husaini – President
Fellow Member of the Saudi Authority of Accredited Valuers
License No. 1210000474
Issued: 01/08/1437 Exp: 24/08/1447
WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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EXECUTIVE SUMMARY

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Executive Summary

Reference No.	23-0907
Dep. Code	
Report Type	Detailed Report.
Client	Awal Al Malqa Real Estate Company.
Report user	The Client, The Auditors.
Other users	Investors or individuals interested in making investments.
Purpose of Valuation	Inclusion in financial statements.
Subject Property	Commercial Project.
Property Location	Al Andalus district, Jeddah City.
Title Deed No.	920210027006
Title Deed Date	17/08/1440
Ownership Type	Title deed-restricted
Limitations	Mortgaged to Al Rajhi Banking Investment Company.
Owner	Awal Al Malqa Real Estate Company.
Land Use	Commercial.
Land Area (Sqm)	4,342.25 Sqm
BUA (Sqm)	2,758.30 Sqm
GLA (Sqm)	1,774 Sqm Showrooms and 984 Sqm Offices
Basis of Value	Fair Value.
Value Hypothesis	Current use.
Valuation Approach	Market Approach, Cost Approach and Income Approach.
Currency	Saudi Arabian Riyal.
Final Property Value	SAR 63,450,000
Report Date	31/12/2023
Valuation Date	30/11/2023
Inspection Date	20/11/2023

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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 **fair value** of the property that is being evaluated.

1.2 Purpose of valuation

The client requested that we evaluate the subject properties for **Inclusion in financial statements.**

1.3 Basis of Valuation

Fair Value: IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the principle of an "exit price,"

1.4 Valuation Methods

Depending on the purpose of the valuation, and upon the request of the client, we will apply **the market approach-comparable method, cost approach-DRC method and Income approach- capitalization method (CAP RATE)**.

1.5 Currency

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

1.6 Scope of Research

Research plays a pivotal role in the valuation process as it enables a comprehensive analysis of various factors that can significantly influence the value of a property or asset. Our valuation approach involves conducting extensive research and analysis to ensure a robust evaluation. This includes investigating market conditions, studying comparable sales data, examining key property characteristics, assessing income potential, and considering pertinent legal and regulatory factors. By diligently conducting thorough research, we aim to provide an accurate and well-informed assessment of the property or asset's value in this valuation report.

1.7 Property Inspection

As per the context of this valuation report, involves a comprehensive visit to the subject property for the purpose of assessing its physical attributes, performance, and gathering relevant information. This includes examining quantities, specifications, land area, building areas, rental areas, services, public utilities, and various project components. The inspection carried out on **20/11/2023** provided an opportunity to observe and record the property's specifications. It should be noted that this inspection was not a technical examination but rather a visual overview and documentation of all observed aspects. This information forms the basis for expressing an opinion regarding the property's value in this valuation report.

1.8 Information Sources

A comprehensive on-site field survey was undertaken by our team with the primary objective of verifying the accuracy of crucial market information essential for the evaluation process. This involved gathering data on various factors such as nearby asset prices, occupancy rates, and specific details pertaining to the asset under evaluation. The following sources were diligently utilized during the extensive field research:

1. **Property Records:** Property ownership documents such as title deeds and construction permit.
2. **Market Trends:** In-depth analysis of prevailing market trends to understand the dynamics and influences impacting the asset's value within its specific industry or sector.
3. **Income Analysis:** Rigorous assessment of income-related factors, including revenue streams, operating expenses, and potential cash flows, to gauge the asset's financial performance and viability.
4. **Inspection:** Direct observation and meticulous inspection of the asset, encompassing its physical condition, amenities, and any discernible factors that might influence its market value.
5. **Historical Database:** Reference to our extensive historical database housing information on comparable assets to draw meaningful comparisons and insights into market trends, pricing patterns, and value fluctuation over time.
6. **Specialist Agents:** Consultation and engagement with industry experts and agents specializing in the same type of asset to gain valuable insights, expert opinions, and up-to-date market intelligence.

By employing these comprehensive research methodologies, we have ensured the collection of accurate and relevant data, which forms the basis for determining the true market value of the asset under evaluation.

1.9 Assumptions and Special Assumptions

In accordance with the International Valuation Standards, assumptions play a crucial role in the evaluation process. They are considered logical matters that are accepted as facts during the valuation work, without requiring specific verification. These assumptions are acknowledged as soon as they are mentioned and are based on the factual information available at the time of the valuation. The following assumpti ons have been made for this evaluation report:

1. **Absolute Ownership**: The property under evaluation is assumed to mortgage to Al Rajhi Banking Investment Company., implying that there are no legal or ownership disputes affecting its market value.
2. **Accuracy of Client Information**: It is assumed that all information provided by the client, whether oral or written, is accurate and up to date as of the date of the evaluation.
3. **Valuation Report Scope**: This report focuses on valuation and does not encompass a structural survey. Therefore, utility checks, service checks, soil tests, and similar assessments have not been conducted.
4. **Market-Based Valuation Methodologies**: The valuation methodologies employed in this report are based on market data compiled using our relevant market knowledge and experience. These methodologies provide a framework for estimating the property's val ue.
5. **Output and Estimates**: The final value presented in this report is derived from the assumptions used, documents received from the client, and relevant market data. However, it is important to note that the estimated output provides an indication of the property's value and should be interpreted as such.

By acknowledging and incorporating these assumptions into the evaluation process, we aim to provide a comprehensive and reliable assessment of the property's market value.

1.10 Use, Distribution, and Publication Restrictions

This report has been prepared by WHITE CUBES Co. to determine the fair value of the assets under evaluation. Please note that there are limitations on the transfer, referencing, and disclosure of this report and its contents to any third party, except as explicitly stated in the contract letter. Any use of this report for purposes other than those specified herein requires prior written consent from WHITE CUBES Co.

1.11 Legal Notes

To the best of our knowledge, there are no ongoing or pending legal notices served on the property, as per the information accessible to us at this time.

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PROPERTY DETAILS

PROPERTY
DETAILS

Property and Location Description

2.1 Property Description

The subject property is a food court building located in Al Andalus district, Jeddah city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 4,342.25 square meters and a total built-up area (BUA) of 2,758.30 square meters, composed of 7 offices floors and retail unit on the ground floor.
During our site inspection conducted for the purpose of valuation, it was observed that the property is open on 3 sides, allowing ample natural light and ventilation. Notably, the property offers a direct view of Prince Mohammad bin Abdulaziz Road from the north side, enhancing its desirability and potential accessibility.

2.2 Surrounding Area

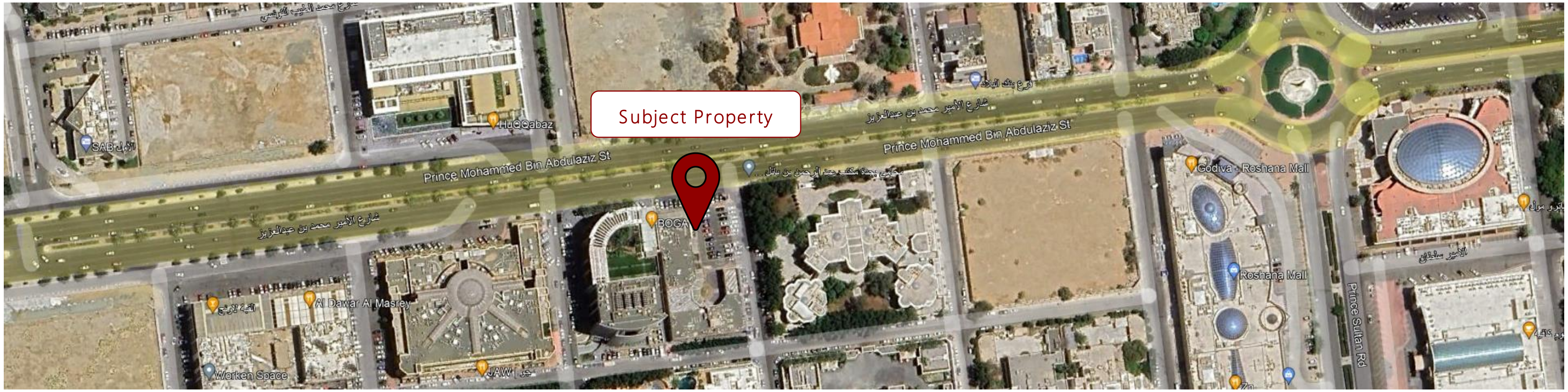
The subject property is primarily surrounded by several residential and commercial buildings, adding to its appeal and potential opportunities.

2.3 Ease of Access

The access level of the subject property is classified as high due to its location on Prince Mohammad bin Abdulaziz Road.

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 has provided us with a copy of the title deeds pertaining to the subject property, which is jointly owned by one title deeds. Here are the details of the subject property:

City	Jeddah	**Land Area**	4,342.25 Sqm
District	Al Andalus	**Plot No.**	1
T.D Type	Electronic	**Block No.**	---
T.D Number	920210027006	**Layout No.**	860/ت/س
T.D Date	17/08/1440	**Ownership Type**	Mortgage
Owner	Awal Al Malqa Real Estate Company	**Limitation of Document**	Mortgage to Al Rajhi Banking Investment Company.
Issued From	Jeddah First Notary		
North Side	40 meters street	**East Side**	15 meters street.
South Side	15 meters street.	**West Side**	Private property.

Note: The client has provided us with a 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:

Subject Property	
Construction Permit Type	New Permit
Property Type	Food Court
Construction Permit No.	427000307
Construction Permit Date	27/03/1427

Description	No. of Units	Area (sqm)	Use
Ground Floor	----	1,774.30	Restaurant
First Floor	----	984	Restaurant
Total BAU (sqm)		**2,758.30**	

2.7 Building Gross Leasable Area (GLA)

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

2.8 Property Actual Rental Rates

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

2.9 Photographs of the Subject Property





MARKET INDICATORS

MARKET
INDICATORS

Market Indicators

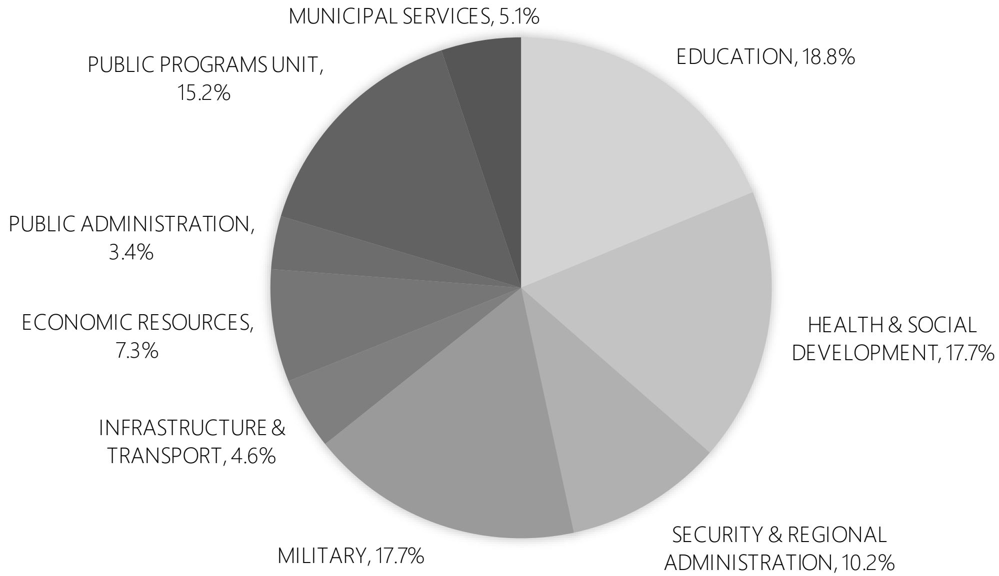
3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget 2022	Expectations 2023	Estimated 2024	2025
Total revenue	1,234	1,130	1,146	1,205
Total expenses	1,132	1,114	1,125	1,134
Budget surplus	102	16	21	71
Debt	985	951	959	962
GDP growth	8.5%	3.1%	5.7%	4.5%
Nominal gross domestic product	3,957	3,869	3,966	4,247
Inflation	2.6%	2.1%	2.1%	2.0%

3.2 Budget Allocation for 2022

Public Administration	37 SAR bn
Military	259 SAR bn
Security & Regional Adm.	105 SAR bn
Municipal Services	63 SAR bn
Education	189 SAR bn
Health & Social Dev.	189 SAR bn
Economic Resources	72 SAR bn
Infrastructure Transport	34 SAR bn
General Items	165 SAR bn

Source: Ministry of Finance



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 of 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

	From 2022 to 2023	Future Expectations
Overall Sector Performance	↔	↑
Overall Sector Stability	↔	↑
Values of Lands Related to The Sector	↔	↑
Sector rental Income	↔	↑
Sector Demand	↔	↑
Investors' Appetite	↔	↑
Sector's occupancy ratios	↔	↑
Sectors Positive Changes	↔	↑

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 Category8 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 Category8 Risk Points - Medium Risk

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PROPERTY VALUATION

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VALUATION

Property Valuation

4.1 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 fair 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	----	----	----	----	✓	----

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 fair 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 mosques, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

- Estimate what the vacant property would be worth.
- Estimate the current cost of building the structures, then add that value to the value of the vacant land.
- Estimate the amount of accrued depreciation of the subject property, then subtract it from the total to arrive at the property's worth.

CAPITALIZATION METHOD (CAP RATE)

The income approach values property by the amount of income that it can potentially generate. Hence, this method is used for apartments, office buildings, malls, and other property that generates a regular income.
The appraiser calculates the income according to the following steps:

- Estimate the potential annual gross income by doing market studies to determine what the property could earn, which may not be the same as what it is currently earning.
- The effective gross income is calculated by subtracting the vacancy rate and rent loss as estimated by the appraiser using market studies.
- The net operating income (NOI) is then calculated by subtracting the annual operating expenses from the effective gross income. Annual operating expenses include real estate taxes, insurance, utilities, maintenance, repairs, advertising, and management expenses. Management expenses are included even if the owner is going to manage it, since the owner incurs an opportunity cost by managing it herself. The cost of capital items is not included since it is not an operating expense. Hence, it does not include mortgage and interest since this is a debt payment on a capital item.

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

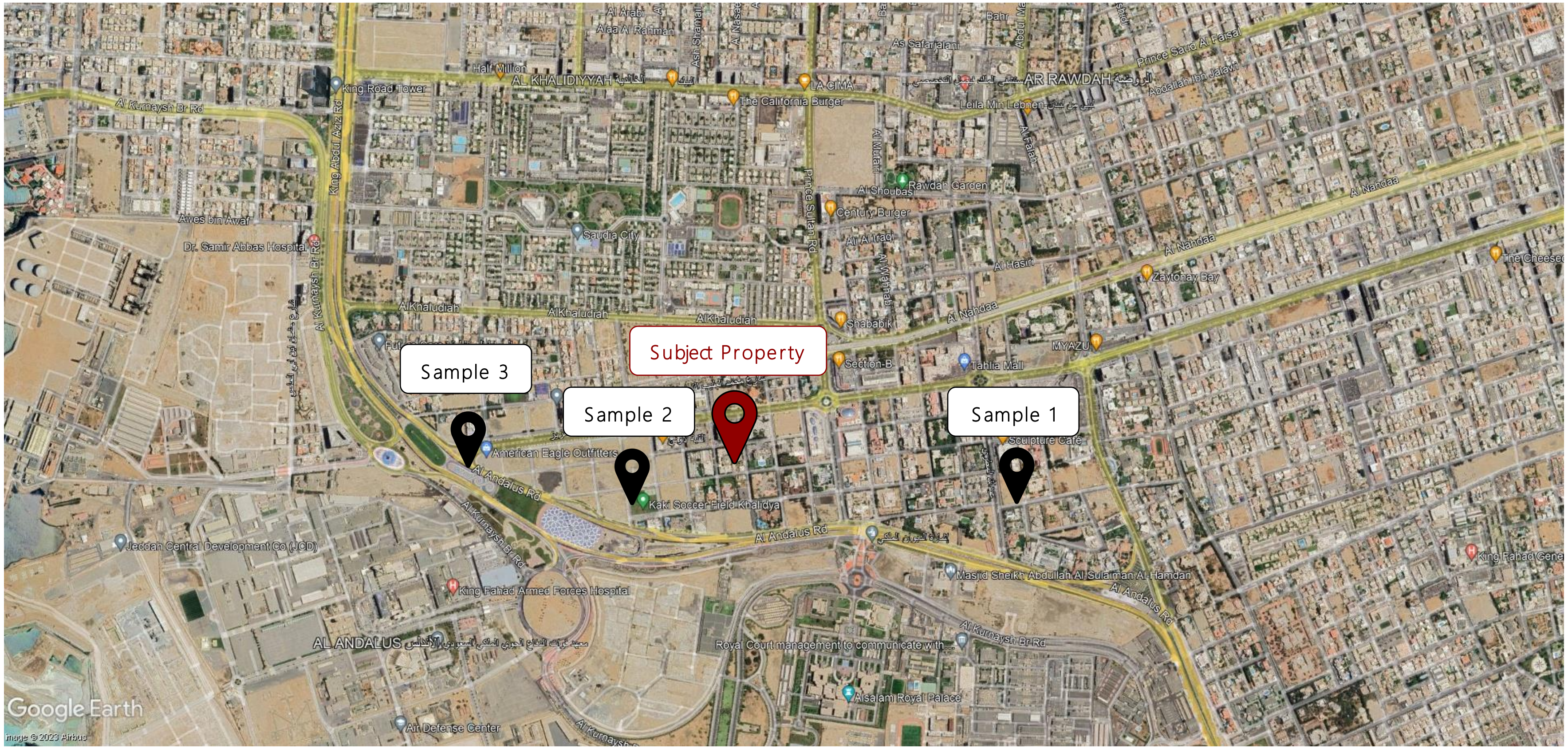
4.2 Comparable Method

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**		**Sample 3**	
Quoting	---------	Offering		Offering		Offering	
City	Jeddah	Jeddah		Jeddah		Jeddah	
Sale Price	----------	SAR 90,300,000		SAR 14,400,000		SAR 32,000,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	4342.25	6,020.00		1,800.00		4,000.00	
SAR / Sqm	--------	SAR 15,000		SAR 8,000		SAR 8,000	
Market Conditions Adjustment Analysis							
	Subject Property	**Sample 1**		**Sample 2**		**Sample 3**	
SAR/ Sqm before Adj.	--------	SAR 15,000.0		SAR 8,000.0		SAR 8,000.0	
Mortgage	--------	Cash	0.00%	Cash	0.00%	Cash	0.00%
Market Conditions	--------	--------	0.00%	--------	0.00%	--------	0.00%
Total Adjustments Ratio			0.00%		0.00%		0.00%
Total Adjustment Amount			SAR 0.00		SAR 0.00		SAR 0.00
Net After Adjustment			SAR 15,000.00		SAR 8,000.00		SAR 8,000.00
Location Adjustment Analysis							
	Subject Property	**Sample 1**		**Sample 2**		**Sample 3**	
Area Size	4,342.25	6,020.00	2.50%	1,800.00	-2.50%	4,000.00	0.00%
Location Desirability	Average	Average	0.00%	Average	0.00%	Average	0.00%
Accessibility	Average	Average	0.00%	Average	0.00%	Average	0.00%
Main Street Width (m)	40	13	5.00%	25	0.00%	40	0.00%
Sides Open	4	2	2.50%	2	2.50%	4	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Semi Regular	5.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio			10.00%		0.00%		5.00%
Total Adjustment Amount			SAR 1,500.0		SAR 0.0		SAR 400.0
Net After Adjustment			SAR 16,500.0		SAR 8,000.0		SAR 8,400.0
Weighted Mean			**60%**		**20%**		**20%**
			SAR 9,900.00		SAR 1,600.00		SAR 1,680.00
SAR / Sqm	**SAR 13,180**						
Rounded Value	**SAR 13,200**						

Property Value	Sensitivity Analysis					
		-10%	-5%	0%	5%	10%
SAR 57,317,700	**Land Area**	4,342	4,342	4,342	4,342	4,342
	SAR / Sqm	SAR 11,880	SAR 12,540	SAR 13,200	SAR 13,860	SAR 14,520
	Property Value	51,585,930.00	SAR 54,451,815	SAR 57,317,700	SAR 60,183,585	SAR 63,049,470

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 12,000 & 14,000 SAR / Sqm with an average of 13,200 SAR / Sqm. When comparing it 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.



4.3 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
Concrete Cost	SAR 700	SAR 900	SAR 800
MEP	SAR 150	SAR 250	SAR 200
Finishing Materials	SAR 300	SAR 500	SAR 400
Fit outs &Appliance	SAR 100	SAR 300	SAR 200
Developer Profit	18%	22%	20%

In the following table, we will estimate the direct replacement cost of the property taking into consideration the main components of the building, such as the concrete structure, electromechanical work, finishes, site improvements, etc. Then we will estimate the value of the indirect costs as a percentage of the total direct costs to estimate the total construction costs of the project

Land			
Land Area	**SAR / Sqm**		**Total Value**
4,342.25	SAR 13,200		SAR 57,317,700

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

Development Cost					
Hard Cost - (Upper Floors)					
	Area	**SAR / Sqm**	**Total**	**Completion Rate**	**Total Cost**
Skeleton and Block	2,758.30	SAR 800	SAR 2,206,640	100%	SAR 2,206,640
Electro Mechanic	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
Finishing	2,758.30	SAR 400	SAR 1,103,320	100%	SAR 1,103,320
Fit outs and Appliances	2,758.30	SAR 200	SAR 551,660	100%	SAR 551,660
Total			**SAR 4,413,280**	**100%**	**SAR 4,413,280**

Overall Soft Cost					
			Total Hard Cost	**Ratio**	**Soft Cost**
Initial Project Pre Cost			SAR 4,413,280	0.10%	SAR 4,413
Design			SAR 4,413,280	0.50%	SAR 22,066
Eng Consultant			SAR 4,413,280	1.00%	SAR 44,133
Management			SAR 4,413,280	5.00%	SAR 220,664
Contingency			SAR 4,413,280	5.00%	SAR 220,664
Others			SAR 4,413,280	0.00%	SAR 0
TOTAL				**11.60%**	**SAR 511,940.48**
Total Hard Cost	**SAR 4,413,280**			**BUA**	**2,758.30**
Total Soft Cost	**SAR 511,940.48**			**SAR / Sqm**	**SAR 1,786**
Total Construction Cost	**SAR 4,925,220.48**			**Overall Completion**	**100%**

After knowing the total construction costs at a rate of 1,786 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 fair value of the building.

DEVELOPMENT VALUE			
Total Dev Cost	**SAR 4,925,220**	**Annual Dep Rate**	3.33%
Total Completion Rate	100.00%	**Actual Age**	14
Developer Profit Rate	20.0%	**Total Dep Rate**	46.67%
Dev. Profit Amount	SAR 985,044	**Add Appr Rate**	0.00%
Development Value	**SAR 5,910,265**	**Net Dep Rate**	**46.67%**
Economic Age	30	**Cost After Depreciation**	**SAR 2,626,784**

In order to determine the full value of the property, the construction costs will be added to the fair value of the land as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 2,626,784	**SAR 57,317,700**	**SAR 59,944,484**	**SAR 59,940,000**

4.4 Income Approach Based on Market Rates

Market Rental Analysis

Based on the market survey done by our team and to some trade interviews with local real estate agents, in addition to the actual rental rates of the subject property, we have found that the rental rates fall between 2,500 to 3,500 SAR/ Sqm. We have also noted that some of the units are showrooms including internal mezzanine. Taking into consideration all the mentioned, we will base our valuation analysis on 3,100 SAR/ Sqm as rental rate for showrooms. As for the offices rental rates, falls between

	Office units	Commercial units
Comparable no.	Rental Rate/ Unit	Rental Rate/ Unit
Comparable 1	700 SAR/ Sqm	2,700 SAR/ Sqm
Comparable 2	800 SAR/ Sqm	2,500 SAR/ Sqm
Average	**750 SAR/ Sqm**	**2,600 SAR/ Sqm**

Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 5% to 10% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	2% to 3%
Operating and maintenance expenses	2% to 4%
General service bills expenses	1% to 2%
Other incidental expenses	1% to 2%

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

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

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

Project	Sample 1	Sample 2	Sample 3	Sample 4
Sale Price	39,596,000.00	65,240,000.00	26,455,000.00	31,328,000.00
Revenue	3,167,680.00	5,871,600.00	2,248,675.00	2,662,880.00
Cap Rate	8.00%	9.00%	8.50%	8.50%
Average Cap Rate	**8.50%**			

Occupancy Rates in the Project

Based on the above, the value of the property using the income capitalization method is as follows:

Revenues					
	Quantity		Revenues		
Unit Type	**Total GLA**	**No of Units**	**SAR / Sqm**	**SAR / Unit**	**Total Revenues**
Show Rooms	1,774	0	SAR 3,000	SAR 0	SAR 5,322,000
Offices	984	0	SAR 750	SAR 0	SAR 738,000
				Total Revenues	**SAR 6,060,000**
Expenses					
Unit Type	**Management**	**Utilities**	**Maintenance**	**Vacancy**	**Total Expenses**
Show Rooms	2.00%	2.00%	2.00%	5.00%	11.00%
Offices	2.00%	2.00%	2.00%	5.00%	11.00%
				Total Expenses	**22.00%**
Net Operating Income					
Unit Type	**Total Revenues**		**Total Expenses**		**NOI**
Show Rooms	SAR 5,322,000		11.00%		SAR 4,736,580
Offices	SAR 738,000		11.00%		SAR 656,820
				Total	**SAR 5,393,400**
Total Property Revenues					SAR 6,060,000
Total Property Expenses					-SAR 666,600
Net Operating Income					**SAR 5,393,400.00**
Net Operating Income	**Cap Rate**		**Property Value**		**Rounded Value**
SAR 5,393,400.00	**8.50%**		**63,451,764.71 SAR**		**SAR 63,450,000.00**

4.5 Income Approach Based on Leasing Contract

The client informed us that a discount has been introduced to the subject property leasing contract where the new annual rent is 7,350,000 SAR. In addition, he informed us that the subject property expenses are only the insurance premium of 20,000 SAR. The valuation will be based on the above-mentioned assumptions.

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

Revenues					
	Quantity		Revenues		
Unit Type	**Total GLA**	**No of Units**	**SAR / Sqm**	**SAR / Unit**	**Total Revenues**
Retail Project	The subject property is Fully leased to 1 tenant				SAR 7,350,000
				Total Revenues	**SAR 7,350,000**

Expenses					
Unit Type	**Management**	**Utilities**	**Maintenance**	**Insurance**	**Total Expenses**
Retail Project	0.00%	0.00%	0.00%	20,000	20,000
				Total Expenses	**20,000**

Net Operating Income			
Unit Type	**Total Revenues**	**Total Expenses**	**NOI**
Retail Project	SAR 7,350,000	20,000	SAR 7,330,000
		Total	**SAR 7,330,000**

Total Property Revenues	SAR 7,350,000
Total Property Expenses	-SAR 20,000
Net Operating Income	**SAR 7,330,000.00**

Net Operating Income	Cap Rate	Property Value	Rounded Value
SAR 7,330,000.00	**8.50%**	**86,235,294.12**	**SAR 86,240,000.00**

4.6 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Market	Property	SAR 63,450,000	Sixty-Three Million Four Hundred Fifty Thousand Saudi Riyals
Income- Contract	Property	SAR 86,240,000	eighty-six million two hundred forty thousand Saudi Riyals
DRC Approach	Land + Building	SAR 59,940,000	Fifty-Nine Million and Nine Hundred Forty Thousand Saudi Riyals

4.7 Subject Property Value

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

Property Value:	**63,450,000 SAR** **Sixty-Three Million Four Hundred Fifty Thousand Saudi Riyals.**

4.8 Accredited Valuers

Essam M. Al Husaini	**Nabeel M. Al Husaini**	**Farah E. Al Husaini**	**Abdulrahman A. Al Rajih**	**WHITECUBES Stamp**
President	CEO	Valuation Manager	Valuer	
Fellow Member of (RE Valuation) License No. 1210000474	Member of (RE Valuation) License No. 1210002782	Member of (RE Valuation) License No. 1210001964	Fellow Member of (RE Valuation) License No. 1210002523	

4.9 Conclusion

In conclusion, this evaluation report offers a comprehensive assessment of the subject property's value, considering pertinent factors and adhering to established valuation standards. The information contained in this report is confidential and intended exclusively for the client's review and consideration. Reproduction or distribution of this report necessitates written consent from the valuer.

It is important to note that the value presented in this report is based on the available information and professional expertise. However, it is subject to limitations and external factors that may influence the property's value.

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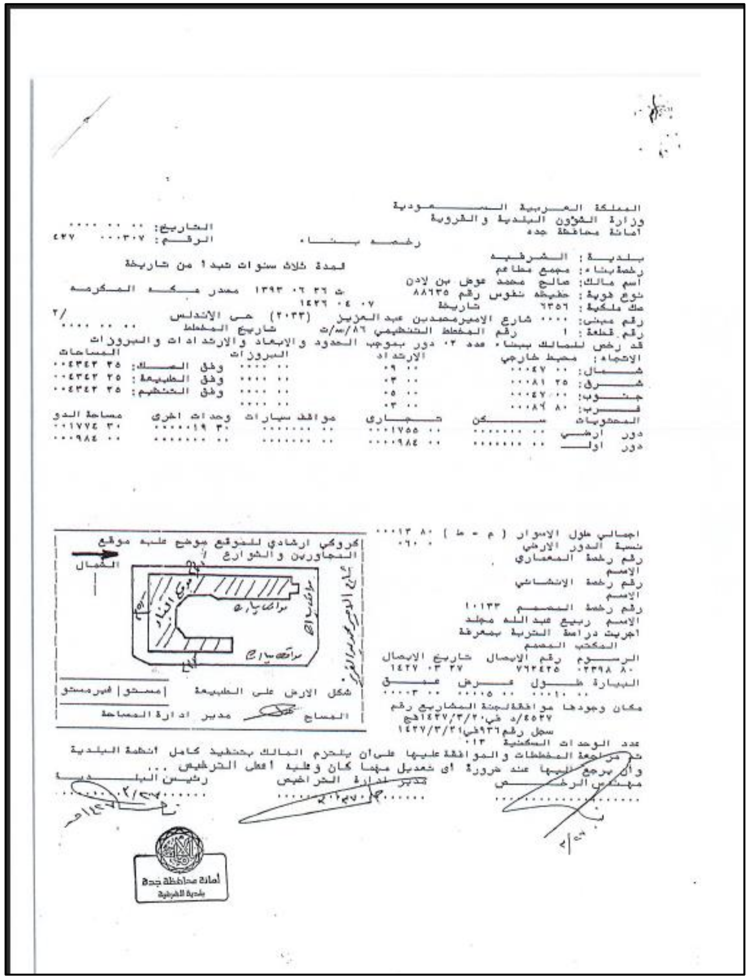
DOCUMENTS

DOCUMENTS

Documents Received

5.1 Title deed and Construction Permit



5.2 Real Estate Valuation License


وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

فئة العضوية: أساسي

المقر الرئيسي: الرياض

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 /ق3 /42) وتاريخ 1442/5/22 هـ

ختم الوزارة

وزارة التجارة والاستثمار
إدارة المهن الاستشارية

رئيس لجنة قيد المقيمين

أ. وليد بن عبدالله الرويشد

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