



WHITE CUBES

REAL ESTATE VALUATION REPORT

Al Khabeer Capital

Elegance Office Tower

Awal Al Malqa Real Estate Company

Riyadh City
December 2023



رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

REAL ESTATE
VALUATION REPORT

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

Subject: Valuation Report for an Office Tower (Elegance Tower) in Riyadh City, Saudi Arabia.

Dear Awal Al Malqa Real Estate Company,

In accordance with your approved request dated 30th 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

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WHITE CUBES Co. Real Estate Valuation Membership No: 11000171

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EXECUTIVE SUMMARY

EXECUTIVE
SUMMARY

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 Muruj district, Riyadh City.
Title Deed No.	393318001500
Title Deed Date	02/03/1442
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)	5,695 Sqm
BUA (Sqm)	58,163 Sqm.
GLA (Sqm)	24,322 Sqm.
Basis of Value	Fair Value.
Value Hypothesis	Current use.
Valuation Approach	Market Approach, Cost Approach and Income Approach (DCF).
Currency	Saudi Arabian Riyal
Final Property Value	SAR 494,400,000
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- DCF method**.

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 assumptions 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 value.
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 an office Tower (Elegance Tower) located in Al Muruj district, Riyadh city, Kingdom of Saudi Arabia. The property's title deed and construction permit documents confirm a total land area of 5,695 square meters and a total built-up area (BUA) of 58,163 square meters, composed of 5 basements, a ground floor and 23 upper floors. Yet, the client informed us that the actual project BUA is 62,362 Sqm and that it consists of 27 floors. 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 King Fahad Road from the western 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 King Fahad 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	Riyadh	Land Area	5,695 Sqm
District	Al Muruj	Plot No.	25/26/27/28
T.D Type	Electronic	Block No.	N/A
T.D Number	393318001500	Layout No.	2593
T.D Date	02/03/1442	Ownership Type	Mortgage
Owner	Awal Al Malqa Real Estate Company	Limitation of Document	Mortgage to Al Rajhi Banking Investment Company.
Issued From	Notarized by Mishaal Saud Hady Ad Dusari.		
North Side	10 Meters walkway.	East Side	Parking & 20 Meters Street.
South Side	10 Meters Sidewalk.	West Side	Parking & 20 Meters Street.

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	Replacement of lost copy
Property Type	Office Tower
Construction Permit No.	1432/16564
Construction Permit Date	09/03/1438

Description	No. of Units	Area (sqm)	Use
Ground Floor	1	1,285	Reception
5 Basements	0	28,475	Parking
First Floor	1	1,665	Reception
Floor 2 to 4	16	3,855	Offices
Floor 5 to 9	40	6,765	Offices
Floor 10 to 13	16	3,308	Office
Floor 14 to 18	40	6,765	Offices
Floor 19 to 21	24	3,855	Offices
Floor 22	1	1,095	Restaurant
Floor 23	1	1,095	Restaurant
Total BAU (sqm)		58,163	

2.7 Property Actual Rental Rates

The project will be leased for 3 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after 3 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing a higher rental rate compared to the market.

2.8 Building Gross Leasable Area (GLA)

Floor	Use	No of Floors	GLA / Floor	BUA / Floor	GLA
Basement	Parking + Storage	5	161.80	5,695.00	809.01
Lower Ground	Entrance (Rest. & Gym)	1	108.10	1,301.27	108.10
Upper Floor	Reception + Café	1	207.47	1,301.27	207.47
Mezzanine	MZ	3	470.06	763.10	1,410.18
Service Floor	Mechanical	1	478.20	1,406.80	478.20
TF 6-10	Office	5	1,139.20	1,457.15	5,696.00
Service Floor	Gym	1	1,136.05	1,457.15	1,136.05
Service Floor	Pool	1	1,064.00	1,368.65	1,064.00
TF 13-15	Office	3	538.12	842.15	1,614.36
	Office	0	-	1,456.80	-
TF 16-21	Office	6	1,139.20	1,475.00	6,835.20
TF 22-23	Office	2	1,079.45	1,407.30	2,158.90
F 24	Office	1	1,051.72	1,407.30	1,051.72
F 25	Restaurant	1	1,336.10	1,549.00	1,336.10
RF 26	Restaurant	1	417.10	577.45	417.10
Total		32			24,322.39

GLA Summary	No of Floors	GLA / Floor	GLA
Storage Rooms	5	161.80	809.01
Gym	2	1,127.05	2,254.10
Restaurant & Café	3	671.57	2,014.72
Office	20	962.23	19,244.56
Total			24,322.39

The client informed us that the subject property includes several facilities such as a gymnasium, restaurant, café, pool, and a helipad.

2.9 Photographs of the Subject Property





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MARKET INDICATORS

MARKET
INDICATORS

Market Indicators

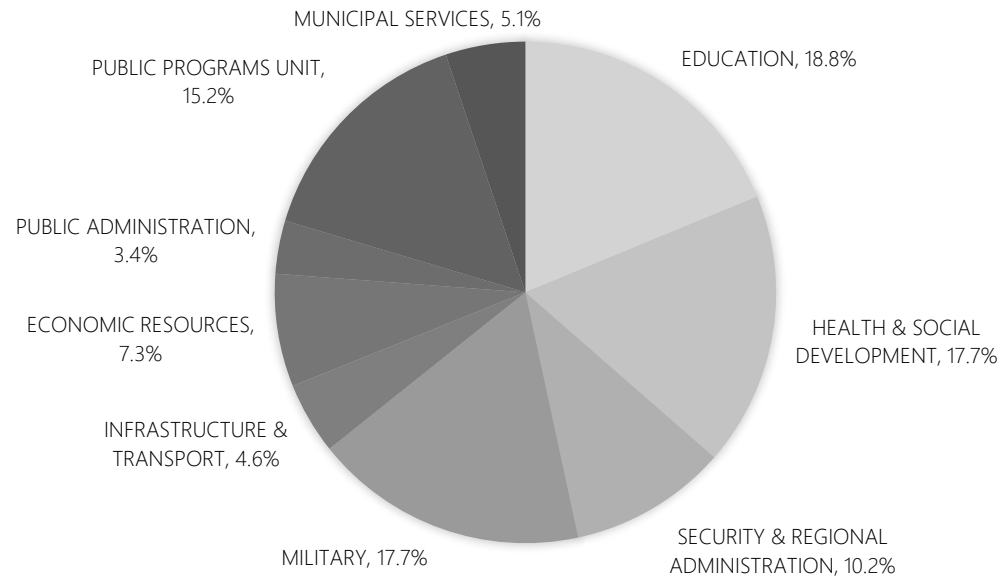
3.1 Saudi Arabia Economic Indicators

Economic Indicator	Budget	Expectations	Estimated	
	2022	2023	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

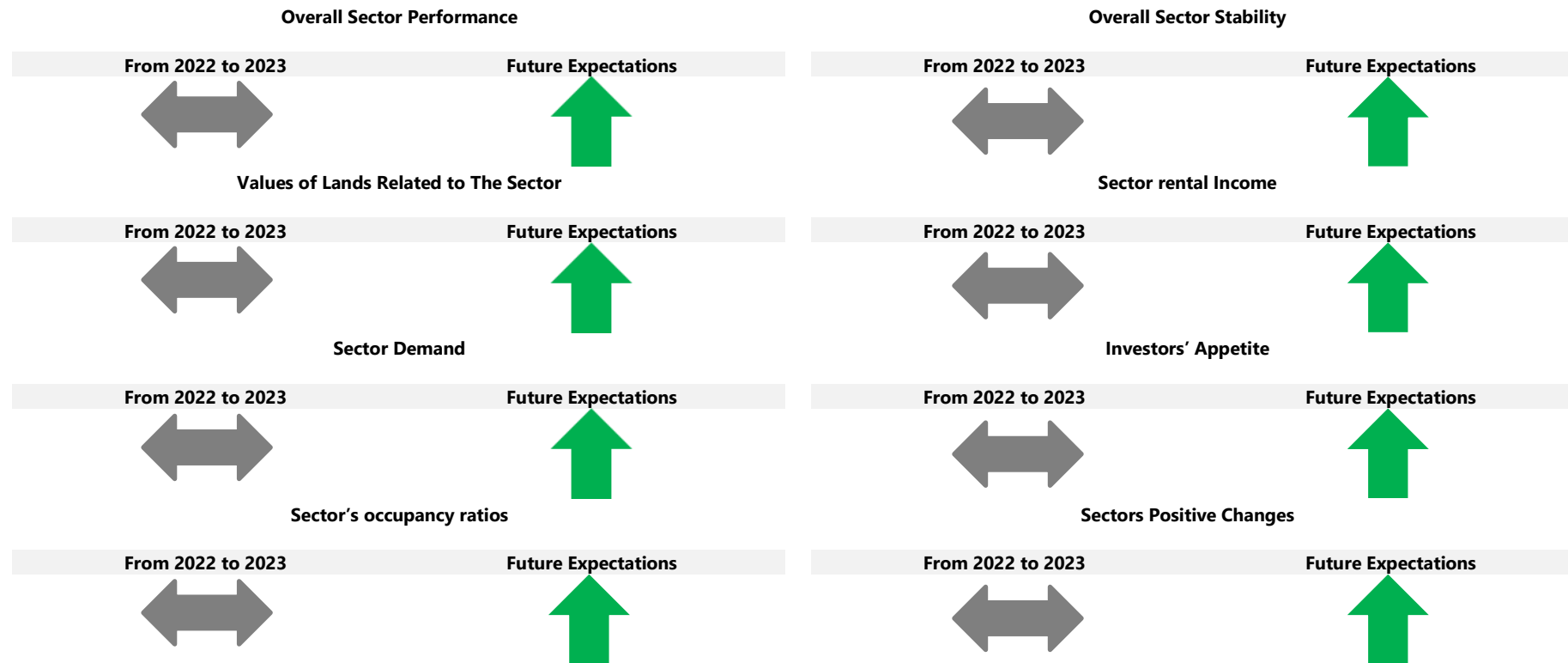
Source: Ministry of Finance



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



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

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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.

DISCOUNTED CASH FLOW (DCF)

The Discounted Cash Flow Method involves estimating net cash flows of an income generating property over specific period of time, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected "discount rate." A discounted cash flow method (DCF) is a valuation method used to estimate the attractiveness of an income generating property

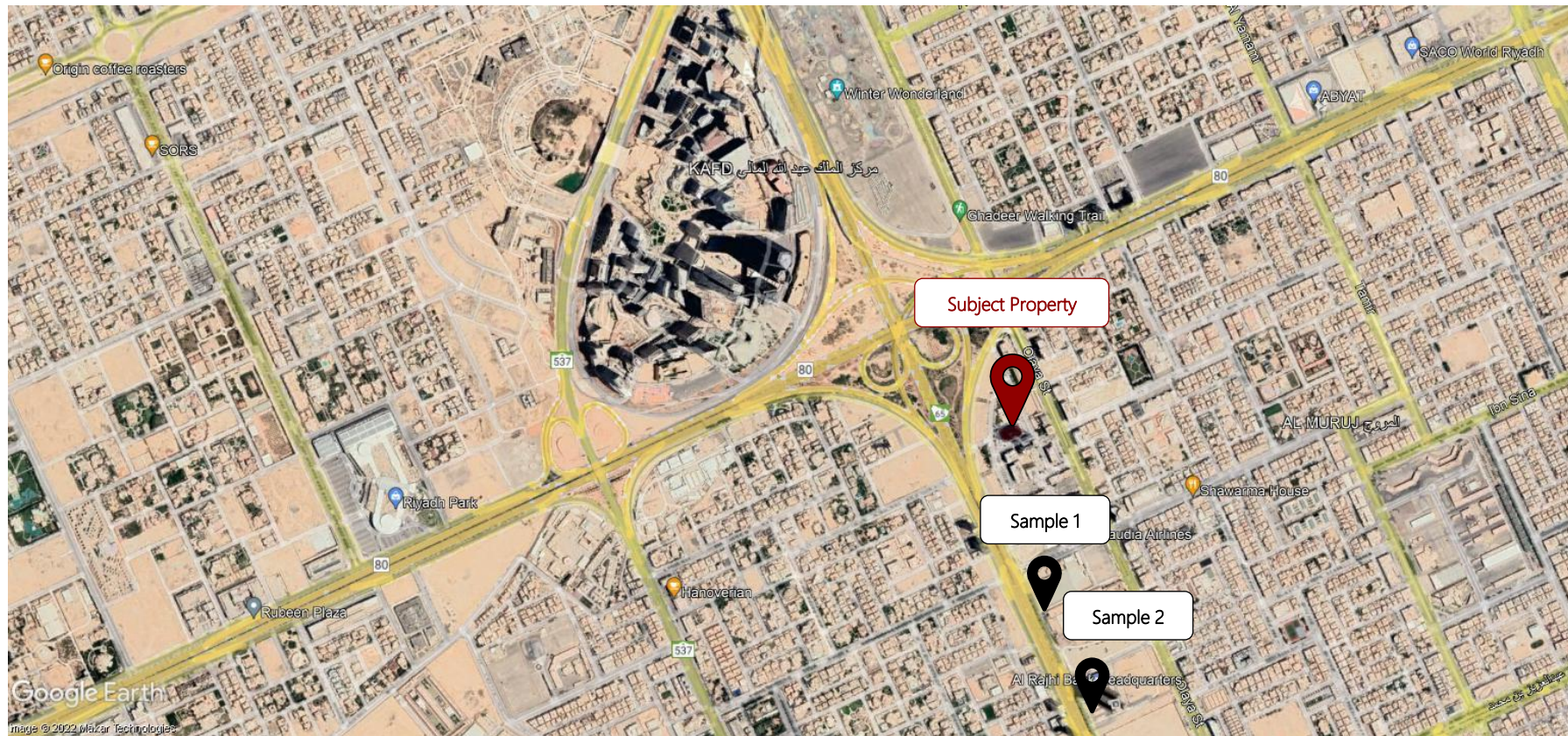
4.2 Comparable Method

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	Riyadh	Riyadh		Riyadh		Riyadh	
Sale Price	-----	SAR 46,000,000		SAR 41,250,000		SAR 45,970,000	
Data Source	Client	Market Survey		Market Survey		Market Survey	
Area Size	5,695.00	2,700.00		2,500.00		2,750.00	
SAR / Sqm	-----	SAR 17,037		SAR 16,500		SAR 16,716	
Market Conditions Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
SAR/ Sqm before Adj.	-----	SAR 17,037		SAR 16,500		SAR 16,716	
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 17,037		SAR 16,500		SAR 16,716
Location Adjustment Analysis							
	Subject Property	Sample 1		Sample 2		Sample 3	
Area Size	5,695.00	2,700.00	0.00%	2,500.00	0.00%	2,750.00	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)	20	20	0.00%	20	0.00%	30	0.00%
Sides Open	3	3	0.00%	2	0.00%	3	0.00%
Land Shape	Regular	Regular	0.00%	Regular	0.00%	Regular	0.00%
Close to main street	Yes	Yes	0.00%	Yes	0.00%	Yes	0.00%
Total Adjustments Ratio			0.00%		0.00%		0.00%
Total Adjustment Amount			SAR 0.0		SAR 0.0		SAR 0.0
Net After Adjustment			SAR 17,037.0		SAR 16,500.0		SAR 16,716.4
Weighted Mean			65%		15%		20%
			SAR 11,074.07		SAR 2,475.00		SAR 3,343.27
SAR / Sqm	SAR 16,892						
Rounded Value	SAR 16,900						

Property Value	Sensitivity Analysis					
		-10%	-5%	0%	5%	10%
SAR 96,245,500	Land Area	5,695	5,695	5,695	5,695	5,695
	SAR / Sqm	SAR 15,210.0	SAR 16,055.0	SAR 16,900.0	SAR 17,745.0	SAR 18,590.0
	Property Value	SAR 86,620,950	SAR 91,433,225	SAR 96,245,500	SAR 101,057,775	SAR 105,870,050

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 16,500 - 17,200 SAR / Sqm with an average of 16,900 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.



4.3 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 1,100	SAR 1,300	SAR 1,200
MEP	SAR 500	SAR 700	SAR 600
Finishing Materials	SAR 1,200	SAR 1,400	SAR 1,300
Fit outs &Appliance	SAR 80	SAR 120	SAR 100
Site Improvements	SAR 100	SAR 140	SAR 120
Developer Profit	20%	30%	25%

Land			
Land Area	SAR / Sqm		Total Value
5,695.00	SAR 16,900		SAR 96,245,500
Building			
	Unit	No of Floors	Total BUA
Basement	Sqm	5	28,475.00
Upper Floor	Sqm	1	29,688.00
Total (SQM)	58,163.00		

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

Development Cost					
Hard Cost - (Upper Floors)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton and Block	29,688.00	SAR 1,200	SAR 35,625,600	100%	SAR 35,625,600
Electro Mechanic	29,688.00	SAR 600	SAR 17,812,800	100%	SAR 17,812,800
Finishing	29,688.00	SAR 1,300	SAR 38,594,400	100%	SAR 38,594,400
Fit outs and Appliances	29,688.00	SAR 100	SAR 2,968,800	100%	SAR 2,968,800
Total			SAR 95,685,000	100%	SAR 95,685,000

Hard Cost - (Underground)					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	28,475.00	SAR 1,800	SAR 51,255,000	100%	SAR 51,255,000
Electro Mechanic	28,475.00	SAR 500	SAR 14,237,500	100%	SAR 14,237,500
Finishing	28,475.00	SAR 600	SAR 17,085,000	100%	SAR 17,085,000
Total			SAR 82,577,500	100%	SAR 82,577,500
Overall Soft Cost					
			Total Hard Cost	Ratio	Soft Cost
Initial Project Pre Cost			SAR 178,262,500	0.10%	SAR 178,263
Design			SAR 178,262,500	0.50%	SAR 891,313
Eng Consultant			SAR 178,262,500	1.00%	SAR 1,782,625
Management			SAR 178,262,500	5.00%	SAR 8,913,125
Contingency			SAR 178,262,500	5.00%	SAR 8,913,125
Others			SAR 178,262,500	0.00%	SAR 0
TOTAL				11.60%	SAR 20,678,450.00
Total Hard Cost	SAR 178,262,500			BUA	58,163.00
Total Soft Cost	SAR 20,678,450.00			SAR / Sqm	SAR 3,420
Total Construction Cost	SAR 198,940,950.00			Overall Completion	100 %

After knowing the total construction costs at a rate of 3,420 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 198,940,950	Annual Dep Rate	2.9%
Total Completion Rate	100%	Actual Age	3
Developer Profit Rate	25%	Total Dep Rate	8.57%
Dev. Profit Amount	SAR 49,735,238	Add Appr Rate	0.00%
Development Value	SAR 248,676,188	Net Dep Rate	8.57%
Economic Age	35	Cost After Depreciation	SAR 227,361,086

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 227,361,086	SAR 96,245,500	SAR 323,606,586	SAR 323,610,000

4.4 Discounted Cash Flow- Market Rates

Market Rental Analysis

By studying the rental rates for similar properties in the surrounding area of the subject property, we have found that the average renting rates for office units range from 1,100 to 1,300 SAR / Sqm. The following is a table that shows some of the comparisons that were used in analysing the market rental rates, as well as the occupancy rates for similar properties:

	Office Units
Comparable No.	Rental Rate/ Unit
Comparable 1	1,100 SAR/ Sqm
Comparable 2	1,400 SAR/ Sqm
Average	1,250 SAR/ Sqm

Analysis of comparison of market rents with actual rents

The project will be leased for 5 years for special tenant with special customization with an annual rent of 30,000,000 SAR. Although, it is expected that such client (governmental authority) will continue renting the project for the same amount, we will conservatively assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 10% to 15% 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	3% to 7%
Operating and maintenance expenses	3% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	1% 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 10% 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 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.

Estimated the Discount Rate of Cash Flows

To estimate the discount rate used in the cash flow method, we will use the CAPM model, which includes a calculation of several risk factors related to the property, for the purpose of determining the value of future cash at the present time. The estimation of the existing risk rates has been based according to the developments in the current property market. As a result, the expected discount rate is 11%. We have used a lower discount rate of 8.5% due to several reasons: 1- The property is fully leased to a special tenant with special customization; 2- Good location on the intersection of 2 main roads the northern ring road and the King Fahd Road in addition to its proximity to King Abdullah Financial City. 3- We assume that after the 5 years the project will be leased as individual offices. In this case, the new upcoming tenants will get the benefit of the special high-tech customization of the project causing higher rental rate compared to the market.

CAPM (Cost of Equity) Calculation	
Risk Free Rate	2.20%
Beta	1.12
Country Risk Premium	2.50%
Equity Risk Premium	4.02%
Indigenous Risk Premium	1.50%
Cost of Equity	11.00%

Cash Flow		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		0	1	2	3	4	5	6	7	8	9
Increase Revision		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Expected Revenues											
Leasing Contract	SAR	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
Total	SAR	30,000,000	30,000,000	30,000,000	30,000,000	0	0	0	0	0	0
Offices	Sqm	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322	24,322
Rate	SAR	1,288	1,327	1,366	1,407	1,450	1,493	1,538	1,584	1,632	1,681
Total	SAR	0	0	0	0	35,258,517	36,316,273	37,405,761	38,527,934	39,683,772	40,874,285
Others	SAR	0	0	0	0	0	0	0	0	0	0
Service Charge @ 10%	SAR	0	0	0	0	3,525,852	3,631,627	3,740,576	3,852,793	3,968,377	4,087,429
Overall Revenues		30,000,000	30,000,000	30,000,000	30,000,000	38,784,369	39,947,900	41,146,337	42,380,727	43,652,149	44,961,714
Vacancy Rates											
Leasing Contract	0.0%	0	0	0	0	0	0	0	0	0	0
Offices	5.0%	0	0	0	0	1,939,218	1,997,395	2,057,317	2,119,036	2,182,607	2,248,086
Total		0	0	0	0	1,939,218	1,997,395	2,057,317	2,119,036	2,182,607	2,248,086
Expenses											
OPEX	10.0%	0	0	0	0	3,878,437	3,994,790	4,114,634	4,238,073	4,365,215	4,496,171
Overall Expenses		0	0	0	0	3,878,437	3,994,790	4,114,634	4,238,073	4,365,215	4,496,171
NOI		30,000,000	30,000,000	30,000,000	30,000,000	32,966,714	33,955,715	34,974,387	36,023,618	37,104,327	38,217,457
Terminal Value @ --> 7.0%											545,963,665
Discount Rate	8.50%	1.00	0.92	0.85	0.78	0.72	0.67	0.61	0.56	0.52	0.48
		30,000,000	27,649,770	25,483,659	23,487,243	23,787,933	22,582,093	21,437,379	20,350,691	19,319,089	280,336,647
Market Rate / Net Present Value											494,434,503

4.5 Subject Property Value in Different Approaches

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
DCF Approach	Property	SAR 494,400,000	Four Hundred Ninety-Four Million Four Hundred Saudi Riyals
DRC Approach	Land + Building	SAR 323,600,000	Three Hundred Twenty-Three Million Six Hundred Saudi Riyals

4.6 Subject Property Value

Based on our analysis utilizing the discounted cash flow (DCF) method and considering the intended purpose of valuation, we have reached the conclusion that the total fair value of the subject property is as follows:

Property Value: SAR 494,400,000
Four Hundred Ninety-Four Million Four Hundred Saudi Riyals.

4.7 Accredited Valuers

Essam M. Al Husaini
 President



Fellow Member of (RE Valuation)
 License No. 1210000474

Nabeel M. Al Husaini
 CEO



Member of (RE Valuation)
 License No. 1210002782

Farah E. Al Husaini
 Valuation Manager



Member of (RE Valuation)
 License No. 1210001964

Abdulrahman A. Al Rajih
 Valuer



Fellow Member of (RE Valuation)
 License No. 1210002523

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4.8 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

5.1 Title deed and Construction Permit

وزارة العدل

ممثل سعود هادي الحوسري

الرياض

تاريخه رقم 39/968

رقم الملف: 393318001500

التاريخ: 1442/03/02 هـ

مكانه حسن

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد؛
فإن ثلثة أراضٍ رقم 25 و طلعة الأرض رقم 26 وقطعة الأرض رقم 27 وقطعة الأرض رقم 28 من المخطط رقم 2593 يحي
مروج بمدة الأرض وحدودها وظواها ؛
تملاً: ممر مشاة عرض 10 بطول 85 خمسة و ثمانون متر
جانباً: رصيف ممر مشاة بطول 85 خمسة و ثمانون متر
شرفاً: مواقف لسيارات شارع 6 بطول 67 سبعة و ستون متر
غرباً: مواقف لسيارات شارع عرض 20 بطول 67 سبعة و ستون متر
ومستحقها 5695 خمسة آلاف وستة و خمسون متر مربعاً المدونة أول الملفا الظهيرة بموجب سجل تجاري
3892م 1010693802 بموجب كشك التماسر من المواطنين بقرائن 2 برام 393194000103 في 01 / 07 / 1442 له تم رخصها
ما أقدم أو يتقدم عليها من بناء أصلا ؛ شركة الأراجيح للتطوير المتعددة بموجب سجل تجاري رقم 1010158248 شعبان للوقاء
4200000000 ألف اربعمائة و عشرون مليون ريال سعودي لا غير . تسدد على القسط شهريه عدداً 6 قيمة كل قسط
1820000 ألف ثمانية عشر مليوناً و ثمانون ألف ريال سعودي لا غير . تاريخ حلول القسط 1442/03/03 سبب الرهن : أداء
وتمام على حالة عدم السداد للمقرضين على الطرق بالقيمة التي تتبني عقدا الإثبات واستقامته إلى مدة الرهان من مبلغ وما نقص
في جاف عليه بعد اكتمال المبالغ شرعاً وعليه جرى التصديق تحيزاً في 1442 / 02 / 03 له تصادقه . وصلى الله على نبينا محمد وآله
وصحبه وسلم.

الختم الرسمي

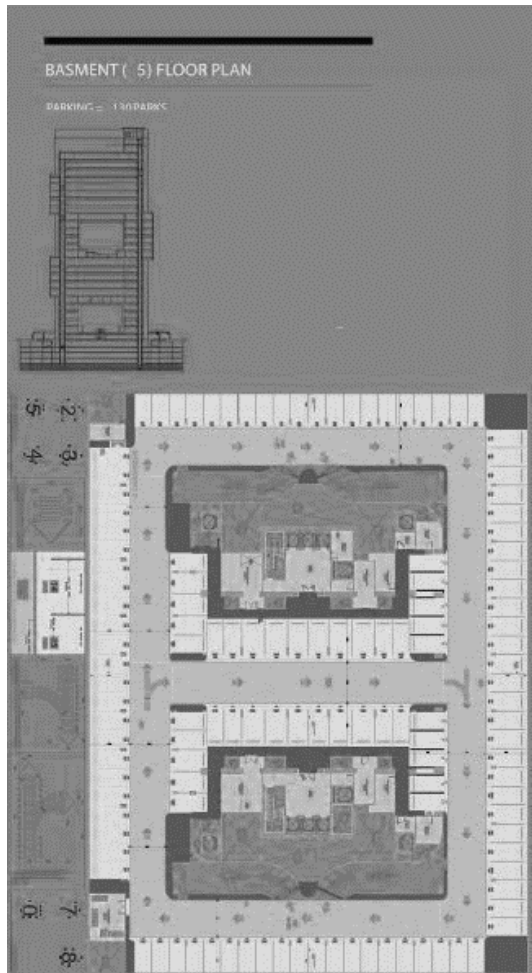
الموقع

ممثل سعود هادي الحوسري

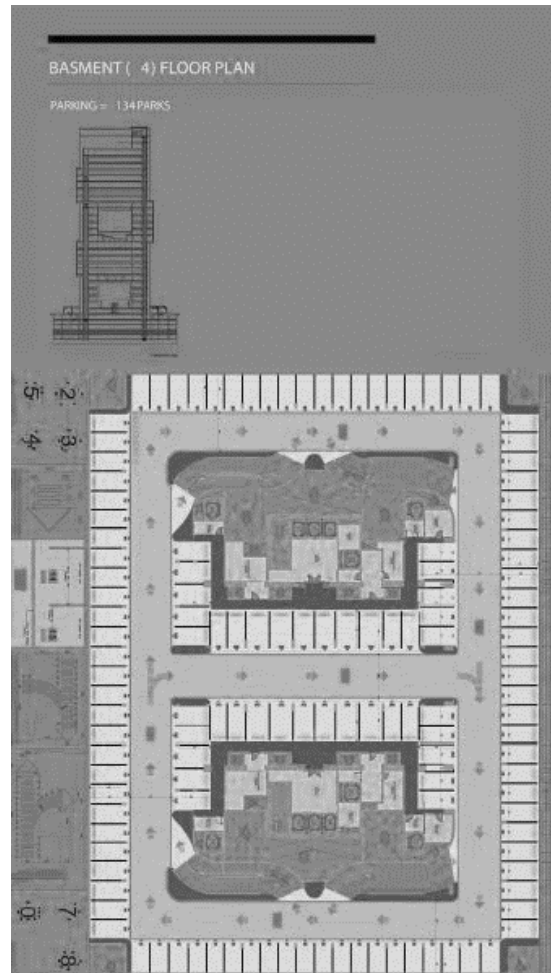
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5.2 Layout

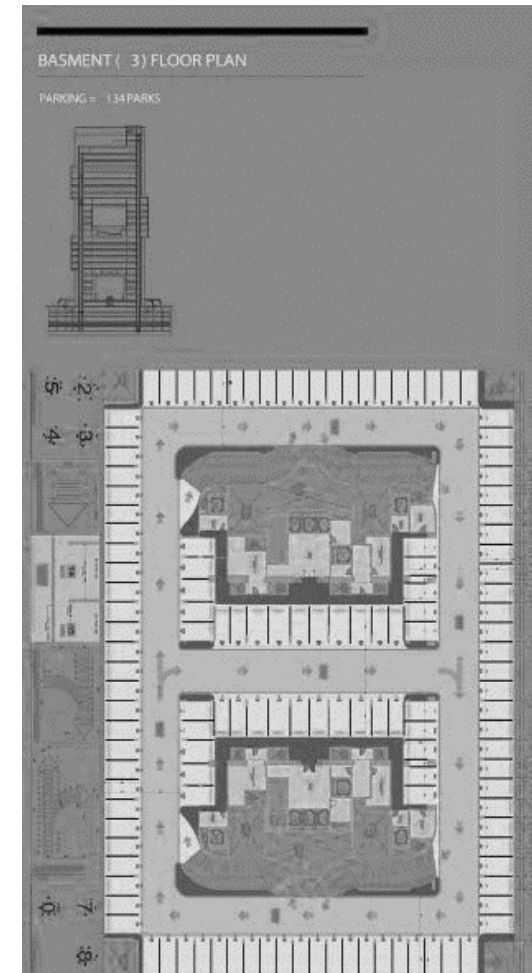
Basement (5)



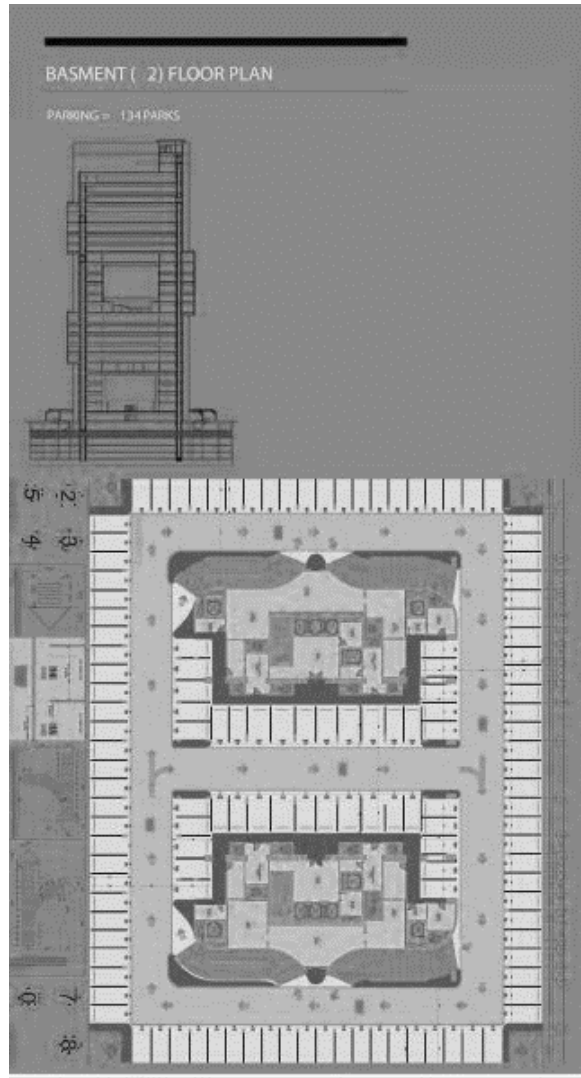
Basement (4)



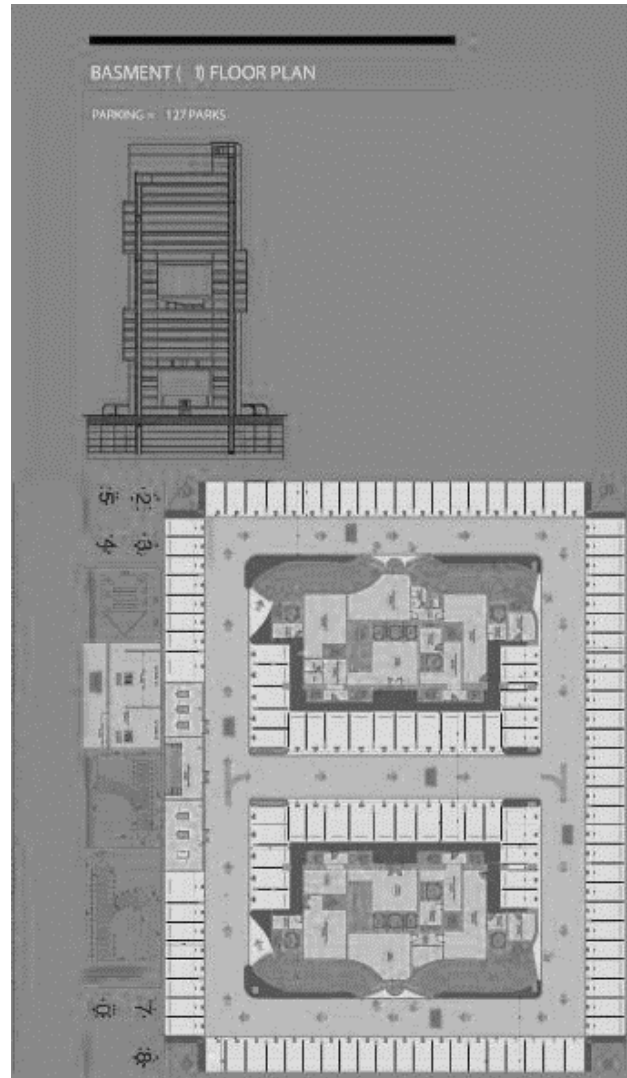
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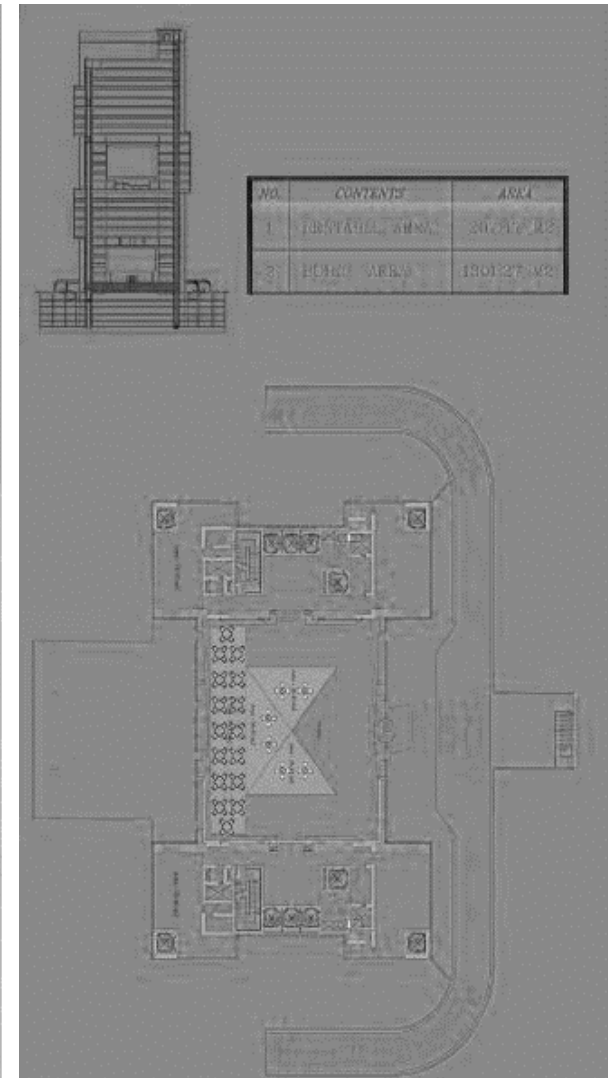
Basement (2)



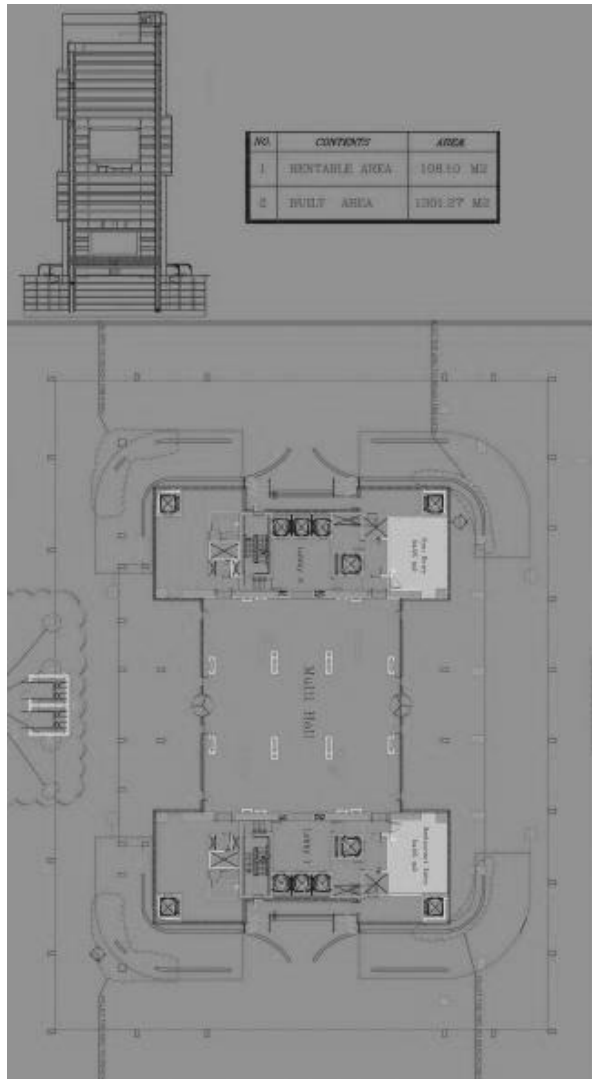
Basement (1)



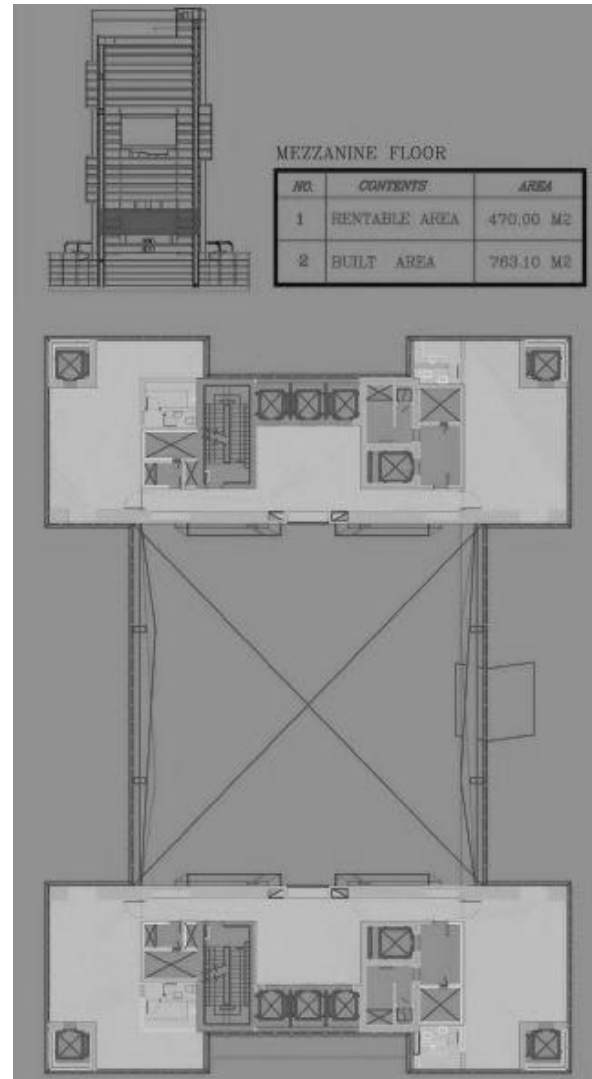
Lower Ground Plan



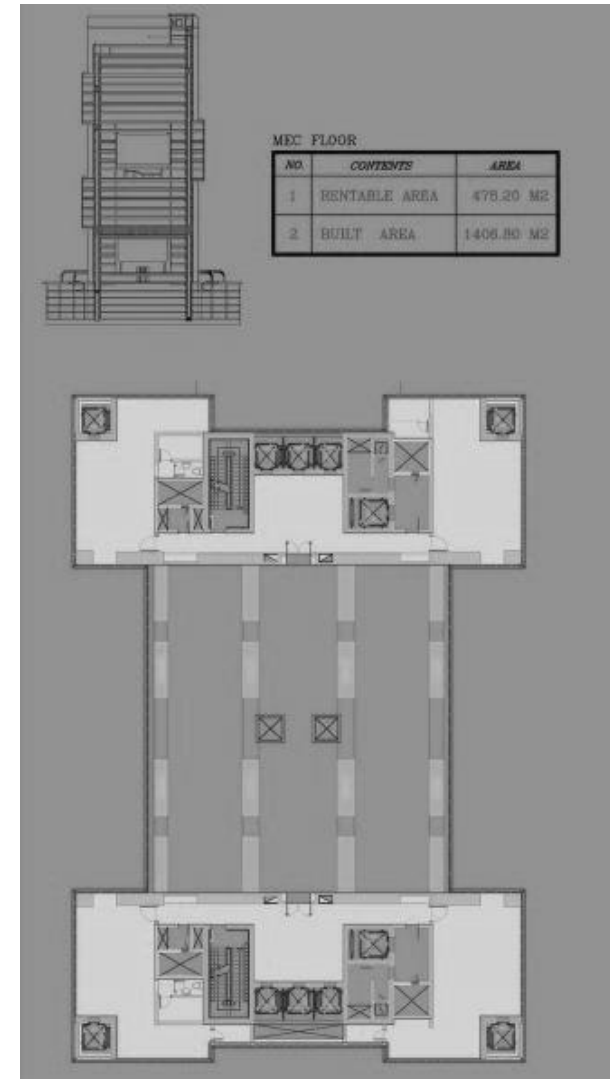
Upper Ground Floor Plan



Mezzanine Floor



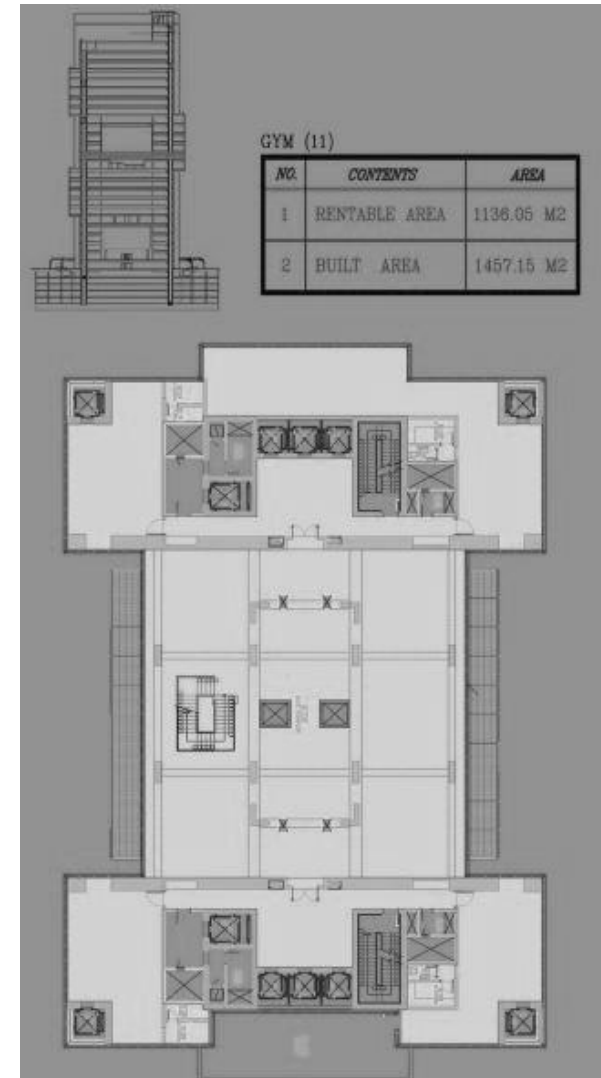
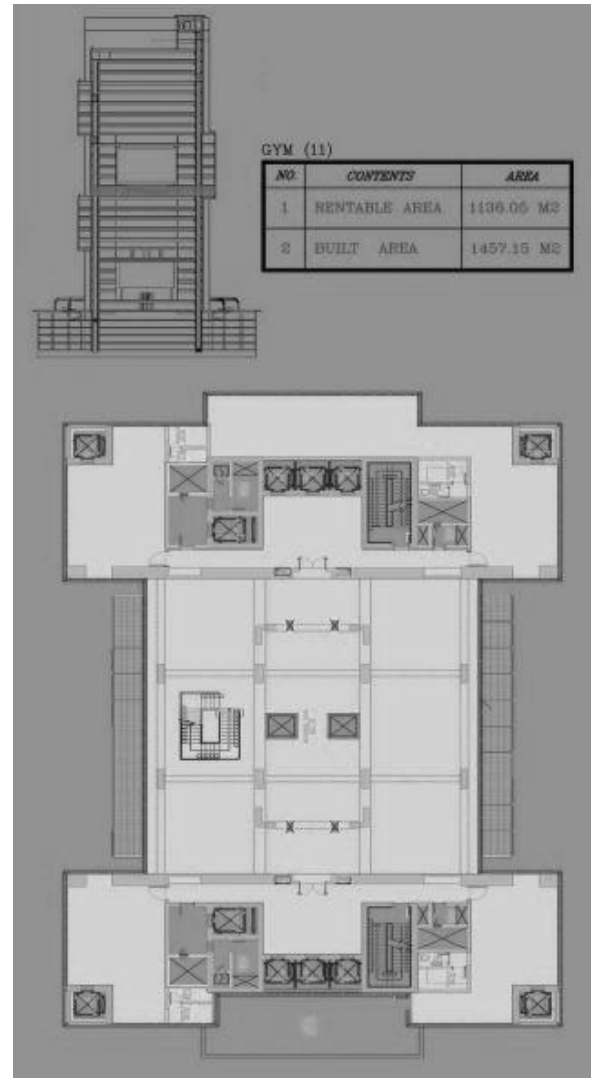
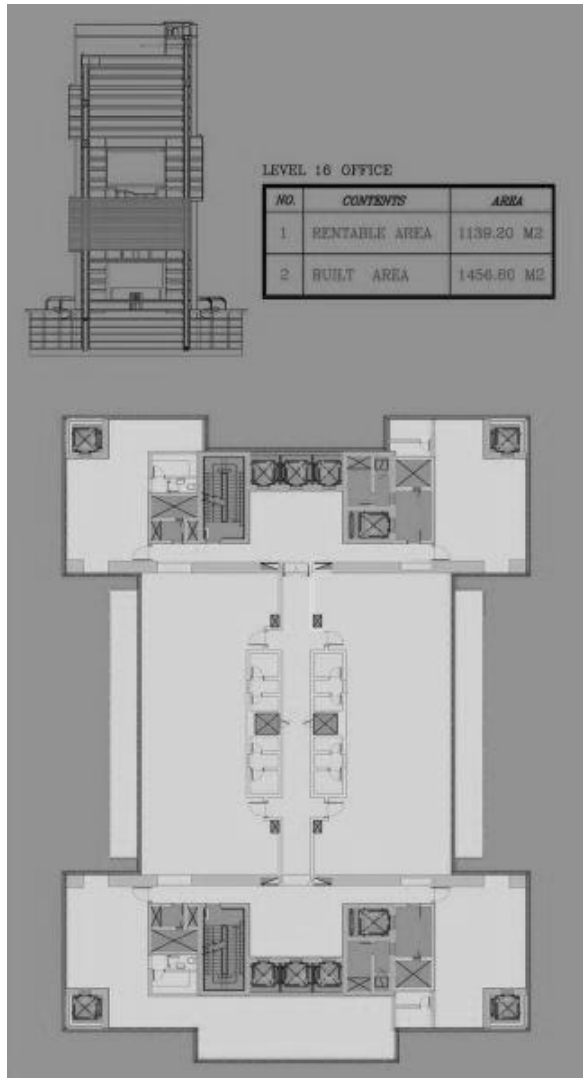
MEC. Floor Plan



Floor Plan for Typical (6-10)

Gym

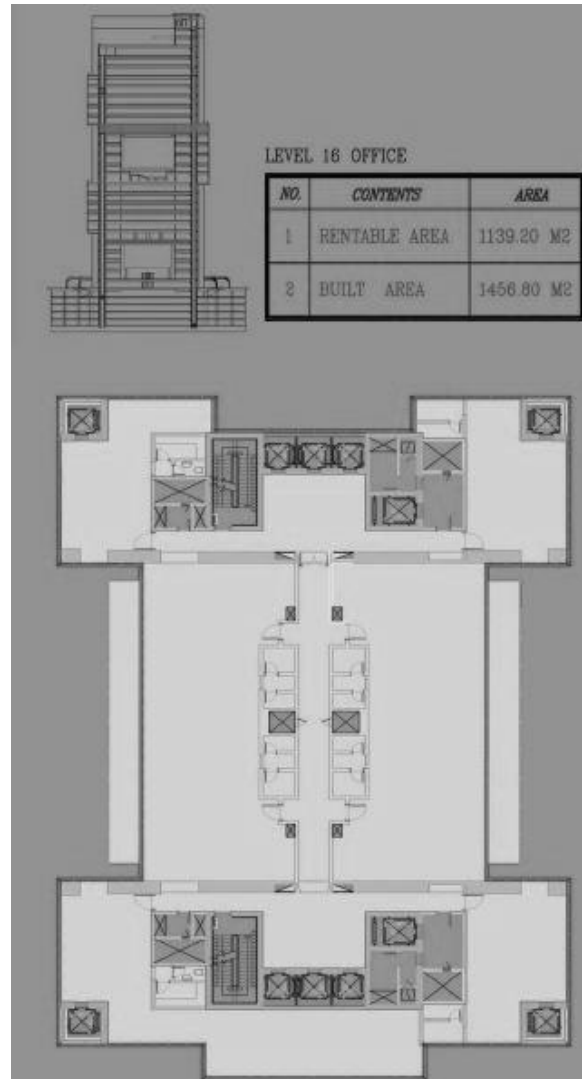
Gym



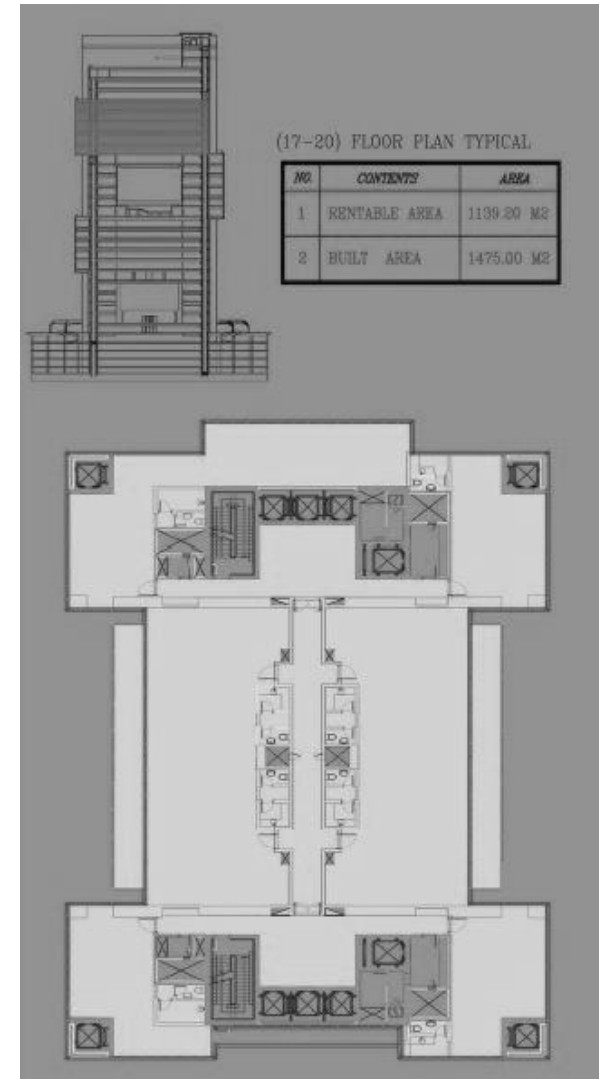
(13-14-15) Floor Plan



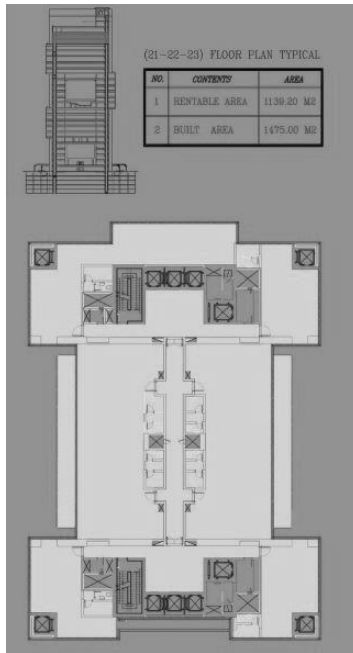
Level 16 Office



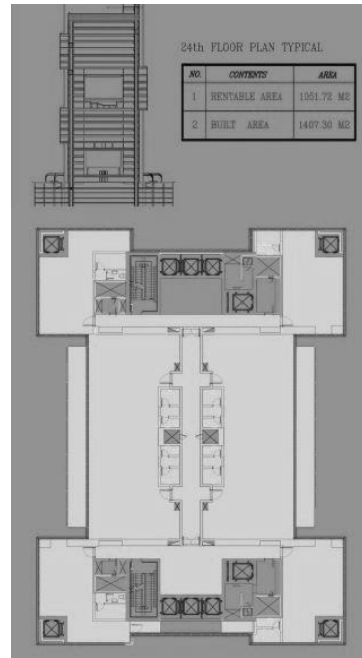
(17-20) Floor Plan Typical



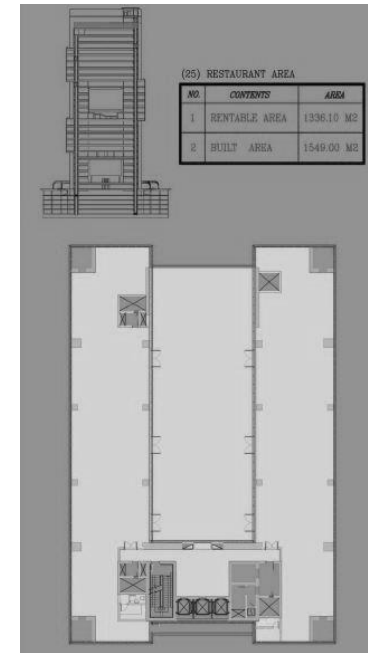
(21-22-23) Floor Plan Typical



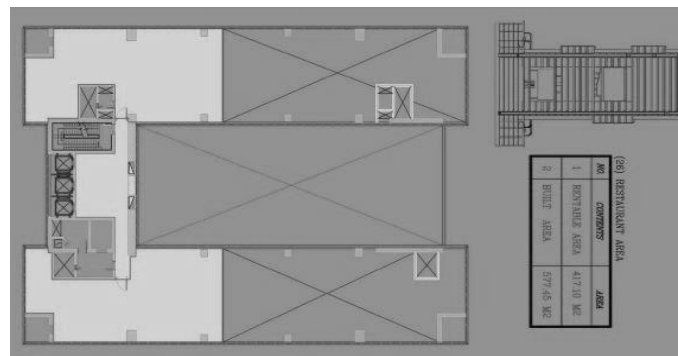
(24) Floor Plan Typical



Restaurant Area (25)



Restaurant Area 2 (26)



5.3 Real Estate Valuation License





وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

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/ق/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





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