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للتقييم العقاري

Final Valuation Report

Vision Colleges, Jeddah

Client/ Alkhabeer Capital

11 January 2024
V230275
P230352

الخبير المالية
Alkhabeer Capital

Introduction

Dear **Alkhabeer Capital**,

RE: Valuation of Vision Colleges, Jeddah.

Further to your request, Abaad thank you for inviting us to complete and submit a valuation report with respect to the aforementioned property.

We have prepared our valuation on the basis of Fair Value for Financial Statement Purposes.

We confirm that the valuation has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as "Taqeem."

We confirm that the valuation has been undertaken by us as external valuers and we possess the required knowledge, skills, and understanding to undertake the valuation competently.

We confirm that we are not aware of any existing or potential conflict of interest with respect to this engagement.

Eng. Ammar Abdulaziz Sindi
Chief Executive Officer
Kingdom of Saudi Arabia
Mobile: +966 (50) 730 0500
Email: asindi@sa-abaad.com

Registration Certificate

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Executive Summary

Executive Summary

Property Overview

- The Subject Property is a dental school. The college extends over a land area of 3,020.18 sqm, with a building area of 15,375 sqm.
- The college consists of 13 floors, and an underground parking floor.
- The college has 14 classrooms, 10 labs and training rooms, 36 administrative offices, 70 faculty offices, and a library. In addition to two Mosques, 10 warehouses, and 2 archives rooms.
- The college is located on Al-Haramain Road and King Abdulaziz Airport in Al-Rayyan district, Jeddah.

Subject Property Pictures

Property Details

Site Details	Information
District	Al Rayan
Permitted Use	Educational
Tenure	Restricted Ownership
Deed Number	993788002766
Deed Date	23/4/1443H
Total Land Area (sqm)	3,020.18
Total BUA (sqm)	15,375
Owner	Awwal Al Malqa Real Estate Company

Valuation Summary

Site Details	Information
Report Type	Detailed Report
Other independent Users	Alkhabeer Capital- Fund Manager & Investors - Report Reviewers - CMA
Purpose of Valuation	Financial Statement
Valuation Approach	Income Approach
Basis of Value	Fair Value
Valuation Hypothesis	Current Use
Adopted Currency	Saudi Riyal
Property Fair Value	**93,290,000**

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Terms and Conditions

- The Subject Property has been valuated according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valuated according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from "The Client" to estimate its "basis of value" for the "purpose" as requested by "The Client".
- Abaad and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Abaad and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the Property and the legal consequences thereof.
- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the Property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the Property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- In the event that any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

Valuation Terms

Valuation Terms

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Introduction

- 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 fair value by the required date.
- The subject of the valuation is the assessment of the Fair Value of Vision Colleges, Jeddah, for Financial statements Purposes.

Applicable Standards

- We confirm that this valuation report has been prepared in accordance with International Valuation Standards (IVS) 2022 and is compliant with the Saudi Authority of Accredited Valuers, also referred to as “Taqeem”.

Status of Valuer

- This report has been compiled and verified by Ammar Qutub and Ammar Sindi, who have the necessary qualifications, ability and relevant experience to conduct a valuation of the Subject Property. They have also acted in the capacity of external valuers.

Conflict of Interest

- We confirm that we are not aware of any conflict of interest in acting on your behalf on this exercise.

Purpose of Valuation

- We have prepared our valuation for Financial Statements purpose.

Date of Inspection

- We confirm that the Property was inspected by Abaad Team on 27 November 2023.

Date of Valuation

- We confirm that the date of valuation is 31 December 2023

Basis of Valuation

- We have prepared our valuation on the basis of Market Value, which is defined in IVS 2022 as per the below:

“International Accounting Standard No. (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.”

Sources of Information

- We have relied upon the information provided to us by the Client with respect to the Subject Property, which is outlined below:
    - Title Deed.
    - Lease Contract Document

Disclaimers

Disclaimers

General Disclaimers

Liability and Publication

- This report is issued for your use, and that of your professional advisers, for the specific purpose to which it refers. Abaad does not accept any responsibility to any third party for the whole or any part of its contents.

- Neither the whole nor any part of this valuation or any reference to it, may be included in any published document, circular, or statement or disclosed in any way without Abaad prior written consent to the form and context in which it may appear.

Confidentiality

- This report is confidential to the Client and their advisors, and we accept no responsibility to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form to it will only be notified to the Client to whom it is authorized.

Assumptions and Special Assumptions

- Assumptions are matters that are reasonable to accept as a fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

- Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances on value.

- Only assumptions that are reasonable and relevant having regard to the purpose for which the valuation assignment is required shall be made.

- No important assumptions or any special assumptions were applied.

Disclaimers

Fair Value Disclaimers

Fair Value Hierarchy

- In accordance with the Fair Value Hierarchy prescribed by IFRS 13, our real estate valuation process adheres to three distinct levels of inputs to ensure transparency and reliability in the determination of fair value.

  - **Level 1 Inputs**: Quoted prices for identical properties in an active market represent the most reliable and transparent inputs. However, due to the unique characteristics of our real estate assets, the availability of Level 1 inputs may be limited.
  - **Level 2 Inputs:** Observable inputs other than quoted prices, such as recent transactions or prices for similar properties, are considered in the absence of Level 1 inputs. These inputs contribute to the valuation process and enhance the robustness of our fair value measurements.
  - **Level 3 Inputs:** The valuation of certain real estate assets relies significantly on Level 3 inputs, which are unobservable and require management judgment. This involves the use of proprietary valuation models, assumptions, and estimates tailored to the specific attributes of our properties. Level 3 inputs are particularly relevant when market activity is limited or absent.

- The choice of input level is determined by the nature of each asset and the availability of observable market data. Our commitment to providing a comprehensive and accurate representation of fair value includes detailed disclosures regarding the methods, assumptions, and risks associated with each valuation.
- This disclosure aims to communicate the approach taken in the real estate valuation process, highlighting the reliance on different levels of inputs and emphasizing transparency for stakeholders.

Fair Value Measurement Disclosure

- In accordance with the Fair Value Hierarchy outlined in IFRS 13, our real estate valuation primarily relies on Level 3 inputs. Level 3 inputs involve unobservable data and require significant management judgment. This is due to the unique characteristics of our properties and the absence of readily available market prices for identical or similar assets. Our valuation approach includes the use of appropriate and relevant valuation methodologies, and the fair value estimates are sensitive to changes in key assumptions. For a detailed understanding of our valuation methodologies and the associated risks, please refer to the comprehensive disclosures provided in through out the report and the valuation methodology section

- This disclosure communicates to stakeholders that Level 3 inputs are a key component of the real estate valuation process, emphasizes the reliance on unobservable data, and encourages users to review the detailed disclosures for a more thorough understanding of the valuation methodologies and associated risks. Providing transparency in this way helps stakeholders make informed decisions based on the unique circumstances of the real estate being valued.

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Tenure

Title Information
Contract Details

Tenure

Title Information

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Title Information

ID	Description	
Owner	Awwal Almalga Real Estate Company	
Property Name	Vision Colleges, Jeddah	
Plot No.	259	
District	Al Rayyan	
Street Name	Haramin St.	
Coordinates	21°39'30.6"N	39°12'16.5"E
City	Jeddah	
Ownership Type	Restricted Ownership	
Title Deed Info	Deed No.	993788002766
	Deed Date	23/4/1443H

Dimensions and street widths

Side	Dimension (m)	Street Name	Type	Width (m)	Frontage
North	60	-	Neighbor	-	1
South	60	-	Neighbor	-	1
East	55.02	-	Neighbor	-	1
West	50.62	Haramin street	Commercial	25	1

Sources: Title Deed

Sources: Title Deed

Tenure

Contract Details

Lease Contract Details

Description	Details
Landlord	Awwal Al Malqa Real Estate Company
Tenant	Vision Colleges Company
Contract Term	25 Years
Contract Effective Date	28/06/2021
Annual Lease	7,500,000 SAR
Lease Growth	5٪ every 5 years

- After examining the current lease agreement provided by the client, we have determined that the Tenant has leased the whole property, land, and building.
- The contract is a binding contract for the leasing period of 25 years and can't be terminated unless the period is over.
- The tenant is an independent entity with no relationship with the landlord.
- According to the conducted market research about the rental prices, we have concluded that the current lease rate is within the market range.
- The payments are paid every 6 months. However, the payment of the first 6 months is paid on the effective date.
- The Lease is a triple net lease agreemant, thus landlord has no liability for expenses.

Sources: Title Deed

Contracts Payments Schedule

Payments Date	No. of Payments	Lease (SAR/Payment)
6/28/2021 to 12/26/2025	10 Payments	3,750,000
6/27/2026 to 12/25/2030	10 Payments	3,937,500
6/26/2031 to 12/24/2035	10 Payments	4,134,375
6/24/2036 to 12/22/2040	10 Payments	4,341,094
6/23/2041 to 12/19/2045	10 Payments	4,558,148

Sources: Title Deed

Site Location Analysis

Development Projects at City Level

Jeddah City

- Jeddah, a jewel on the Red Sea coast, serves as a key governorate in the Makkah Al-Mukarramah region of Saudi Arabia. Positioned at a distance of **900** km from Riyadh, **75** km from Mecca, and **400** km from the bustling city of Medina, Jeddah holds a strategic geographical significance. It not only attracts tourists from within and beyond the Kingdom but also takes pride in spearheading innovative tower and skyscraper projects.
- With a population exceeding **3.4** million, Jeddah ranks as the second-largest city in Saudi Arabia, second only to the capital, Riyadh. As the largest city in the Makkah Al-Mukarramah region, Jeddah serves as the principal gateway to the Two Holy Mosques, embodying a rich blend of tradition and modernity.
- Jeddah's economic importance is underscored by its possession of the largest seaport on the Red Sea, making it a vital financial and business hub in Saudi Arabia. The city plays a pivotal role in the import and export sectors, facilitating the flow of goods and meeting local needs.
- The skyline of Jeddah is a testament to its rapid development, with around **135** skyscrapers currently in various stages of construction. This dynamic growth reflects the city's commitment to modernization and economic prosperity.
- The property under evaluation, strategically located approximately **28** kilometers north of downtown and **5** kilometers from King Abdulaziz International Airport, sits at the nexus of Jeddah's economic and urban vitality. As illustrated on the map, the property's placement within the cityscape aligns with Jeddah's vision for sustained growth, further solidifying its role as a dynamic and influential force in the Kingdom's landscape.

Site Location Analysis

Local Infrastructure Projects

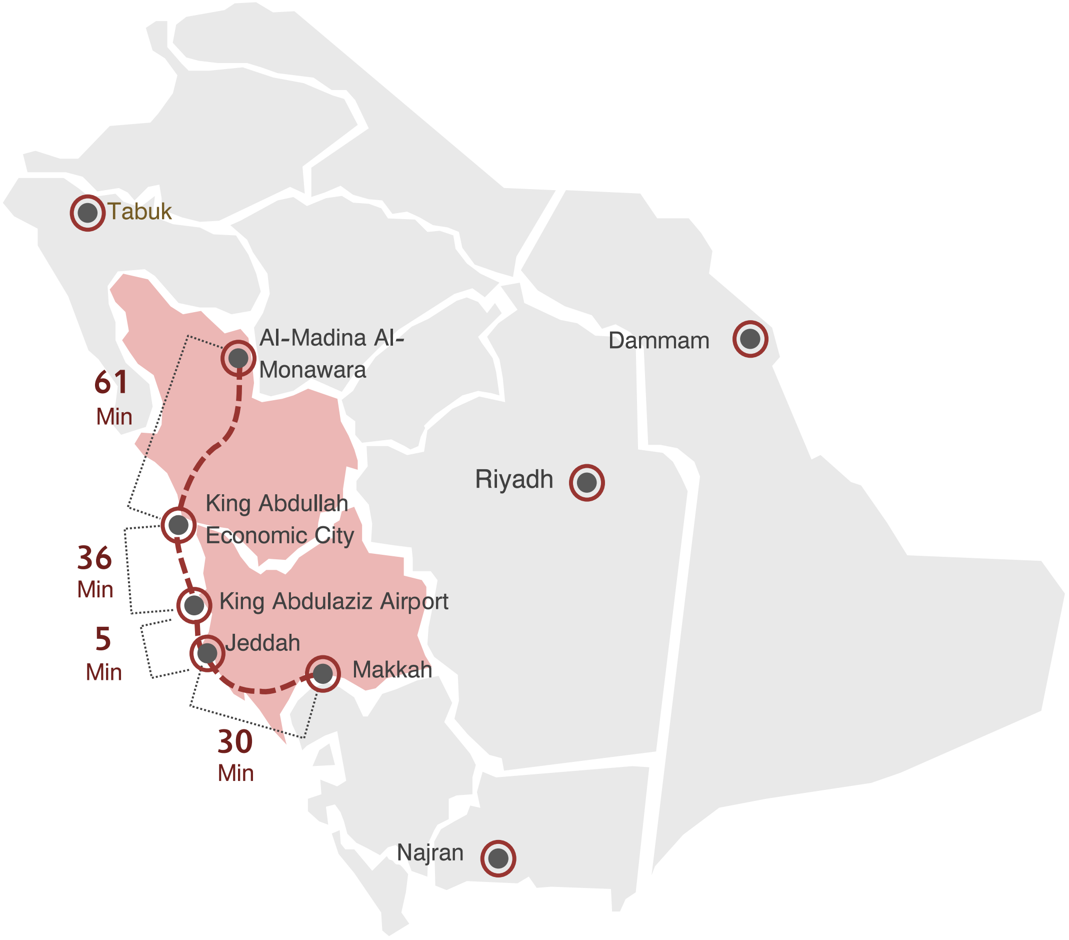
Operational
Current Status

2018
Completion Date

5 Stations
No. Stations

60 Million Per Annum
Total Capacity

- The Haramain High-Speed Railway (HHSR) runs for approximately **450**km, connecting the two holy cities of Makkah and Madinah, via the Central Jeddah Station, King Abdulaziz International Airport (KAIA), and King Abdullah Economic City Station (KAEC).
- The railway is expected to carry around **60** million passengers per annum, onboard a fleet of **35** trains, each consisting of **417** seats.
- Currently, the train line goes by five stations, located as follows:
  - Makkah
  - Jeddah Naseem Station.
  - Jeddah King Abdulaziz Int' Airport Station.
  - King Abdullah Economic City Station.
  - Madinah Station.



Site Location Analysis

Local Infrastructure Projects

- King Abdulaziz International Airport is presently undergoing a comprehensive expansion initiative, strategically segmented into three distinct phases. The operational Phase 1, though not yet at its full handling capacity, is set to elevate the annual passenger capacity from 13 Million Annual Passengers (MAP) to an impressive 30 MAP.
- While the project initially aimed for completion by 2035, focusing on achieving an ambitious 80 MAP, uncertainties surround the timelines for Phases 2 and 3 due to project delays. Presently, attention is concentrated on optimizing Phase 1 to meet immediate demands.
- The expansive KAIA project encompasses a substantial Gross Floor Area of 670,000 sqm, presenting a dynamic blend of functionality and comfort. Boasting 120 retail outlets and 120 hospitality keys, the new facilities promise a harmonious convergence of travel efficiency and passenger experience enhancement, marking a significant milestone in the airport's evolution.

120 Room Keys

1-15

46 Gates

120 Retail Stores

P

21.6K parking Bays

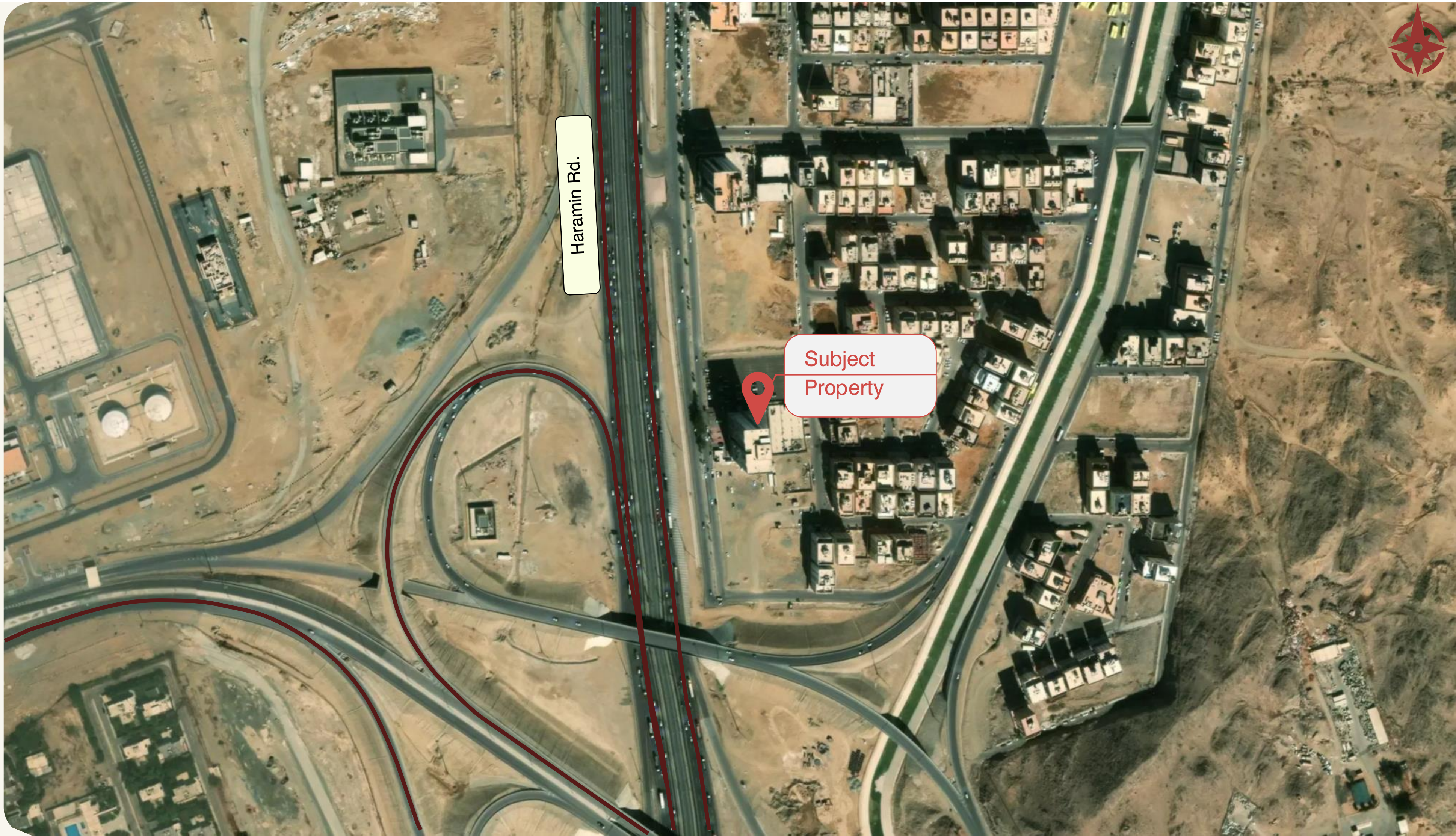
Hajj and Umrah Terminal Complex

Site Location Analysis

Property Description

- The Subject Property, a notable dental school, sprawls across 3,020.18 sqm of land, featuring an expansive 15,375 sqm building distributed over 13 floors, inclusive of a convenient underground parking level. With 14 classrooms, 10 labs, 36 administrative offices, and 70 faculty offices, the college provides a comprehensive academic infrastructure. The inclusion of a library, two mosques, 10 warehouses, and 2 archive rooms adds depth to its facilities.

- Strategically positioned at the intersection of Al-Haramain Road and King Abdulaziz Airport in Jeddah's Al-Rayyan district, the college enjoys a central location, fostering accessibility and visibility. This primes it as an ideal educational hub for aspiring dental professionals seeking a well-rounded academic experience. The institution's thoughtful design, diverse facilities, and advantageous location collectively contribute to its appeal, making it a standout choice in the realm of dental education.



Site Location Analysis

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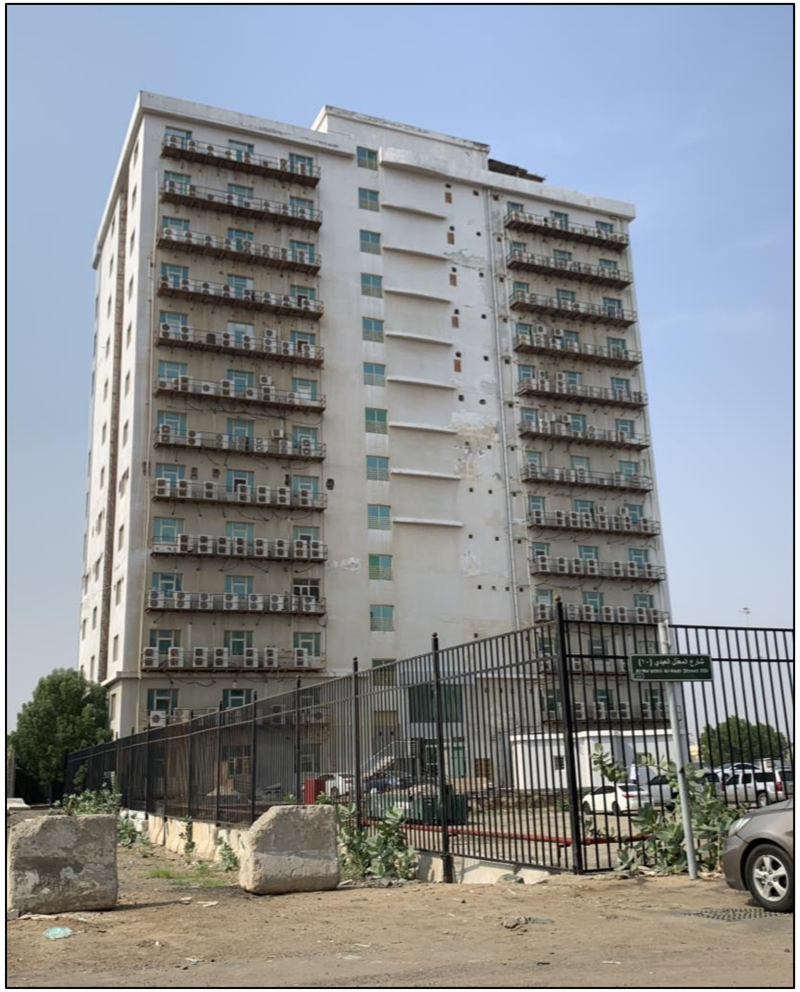
Property Photographs

Site Location Analysis

Property Photographs



Valuation

Valuation Approach

Income Approach - Capitalization Method

- When determining our opinion about the market value of the properties subject to evaluation, and considering that they are income-generating, we have used the income method for evaluation and using the income capitalization method.
- This method relies on analyzing the property's annual income, after deducting all operating and maintenance costs and other expenses, to arrive at the net income.
- After reaching the net income, the required rate of return is applied to the investment by the investors.
- In the process of determining the rate of return, sales and acquisitions of similar properties that were implemented close to the date of appraisal with known rental values are used.
- Where a reverse assessment is made to reach the rate of return by knowing the type of income, its value, the purchase price, and other properties of the property.
- Noting that in the absence of direct real estate transactions, adjustments and adjustments are made from known transactions for different real estate, in order to reach the appropriate rate of return for the real estate under evaluation.
- The capitalization method is usually used when the value of the property is highly dependent on the profits from the business rather than the value of the land and buildings.
- Moreover, it is more likely to use the capitalization method when there are insufficient data available, which precludes the application of the comparison method (market method) or the cash flow method (income method).

Capitalization Method

Property Net Income ÷ **Capitalization Rate** = **Property Fair Value**

Property Risk Analysis

Long-term contract risks

The lack or limitation of long-term contracts greatly affects the value of the Property, especially the properties listed under REITs. Where the existence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts gives fluctuation in rental prices and income and thus affects the final value.

Competition risk

The large supply of real estate goods leads to competition in prices offered to the consumer. We find this clear in the real estate market, as the increase in units and exhibitions offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the price of the final Property.

Regulatory and legislative risks

The regulatory, legal or legislative environment may witness some changes that may affect the value of the Property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas, or reducing or increasing the number of floors in the surrounding area, which affects the final value of the Property.

Revenue security risk

Since the realization of revenues is the main factor in determining the value of the Property, any change in revenues as a result of different market conditions will affect the value of the Property.

Economic risk

The state's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.

Market Study-Demand and Supply

Office

- In the first three months of 2023, around 50,000 sq. m. of office gross leasable area (GLA) was delivered in Riyadh and Jeddah collectively. This brought the total existing stock to approximately 4.9 million sq. m. in the capital and 1.2 million sq. m. in Jeddah. Over the remainder of this year, an additional 61,000 sq. m. and 583,000 sq. m. of office GLA is scheduled to enter the market in Jeddah and Riyadh, respectively.
- In the capital, the supply and demand dynamics have further shifted the tide towards landlords, and they are expected to continue to remain bullish in order to capitalize on the strong demand. Additionally, corporates have been expanding towards the north, where office offerings come with better accessibility and parking. There is tight availability of good quality office space in the market. Indeed, the average market-wide vacancy in Riyadh dropped to 1٪ in Q1 2023. As a result, average Grade A rents increased by 19٪ year-on-year (Y-o-Y) to reach SAR 1,764 per sq. m. per annum during the same period.
- In Jeddah however, the office market is exhibiting signs of softening. That said, well managed, single owned quality office spaces are highly sought after. Consequently, average Grade A rents rose by 15٪ Y-o-Y to reach SAR 1,199 per sq. m. per annum in the first quarter of 2023. Broadly, market-wide demand is being led by local companies and family businesses relocating to newer areas towards the north and west. Accordingly, the citywide average vacancy stood at 8٪ in Q1 2023.
- The office market in the Kingdom is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial nerve center, we expect more efforts towards substantially improving the infrastructure of the capital, to cater to its increasing popularity.

Source of Info: Jll

Residential

- Riyadh witnessed the completion of close to 7,800 residential units in Q1 2023, pushing up the total stock to 1.4 million residential units. Over the same period, 4,400 units were handed over in Jeddah to bring the city's residential inventory to 864,000 units. In the remaining months of this year, 45,000 units are planned to be delivered across the two cities combined.
- Several government-backed projects were launched in recent months to support the growing residential sector, such as the first phase of Al Arous in Jeddah, Al Fursan, and the second phase of Khuzum in the capital. One of the biggest announcements has been the launch of New Murabba in Riyadh, which aims to be one of the world's largest downtowns. All these announcements are reflective of strong pent-up demand and the government's continued confidence in the long-term growth of the residential sector in the Kingdom.
- The government has introduced several measures to expedite home ownership among Saudi nationals and boost the residential sector. Demand has been increasing, and I expect to continue to trend up. In a recent announcement, 100 million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. Undeniably, in the first quarter of 2023, average sale prices and rents in Riyadh increased by 7٪ and 2٪, Y-o-Y, respectively. On the same basis, in Jeddah, average sale prices increased by 11٪ annually, and average rents climbed by 9٪.
- Overall, there has been a structural shift in the market, and demand for apartments has been outpacing villas, with sale prices registering an annual growth of 6٪ in the capital and 17٪ in Jeddah, in Q1 2023. Over the same period, rents for apartments grew by 4٪ in Riyadh and 13٪ in Jeddah.

Source of Info: Jll

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Market Study-Demand and Supply

Retail

- In Q1 2023, there were two retail developments completed in Riyadh, adding approximately 84,000 sq. m. of retail space and increasing the total supply to 3.4 million sq. m. Over the same period, Jeddah's retail stock increased by roughly 46,000 sq. m. to 1.8 million sq. m. In the remaining nine months of this year, 478,000 sq. m. of retail floorspace is scheduled to enter the market in Jeddah and about 105,000 sq. m. in Riyadh. With the retail market softening in Jeddah, we continue to be cautious about completing future projects on schedule.
- Overall, strip retail and smaller community centers have been performing better than larger super regional malls. The majority of the inquiries were for smaller spaces, particularly in Jeddah, where enquired spaces ranged between 8 to 120 sq. m. Additionally, tenants displayed a preference for corner locations with high visibility on the street, and outdoor seating areas have become very important for F&B (Food and Beverage) retailers due to their increasing popularity among consumers. In line with this trend, several malls have started to establish a separate F&B area located outside of the malls to attract tenants and increase footfall in their developments.
- F&B and entertainment segments have been the key footfall generators with increased focus on experiential retail. Moreover, landlords in the capital are trying to attract new market entrants who do not have a local presence in the country. In contrast, landlords in Jeddah are being more cautious and are seeking well-known brands to avoid risks associated with new market entrants.
- Looking at the rental performance, in annual terms, rents for super regional and regional malls increased by 11٪ and 8٪, respectively, in Riyadh in the first quarter of this year. On the same basis, rents in Jeddah fell on average by 6٪ across super regional malls and remained stable for regional malls, signaling slowing market conditions in the city.

Source of Info: Jll

Hospitality

- There were no new hotel developments completed in the capital in Q1 2023, keeping the total stock stable at 21,000 keys. During the same period, Jeddah saw the delivery of 300 keys, increasing the total existing supply to 16,000 keys. An additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter Riyadh, and the remaining 1,000 keys are in Jeddah.
- As part of its efforts to increase tourism in the Kingdom and reach the target of 100 million visits a year by 2030, the government recently launched a new national airline, Riyadh Air, which will have its hub at Riyadh's King Salman International Airport. Additionally, a new stop-over (transit) visa was also announced for passengers traveling using existing national airlines, Saudia and Flynas. All these initiatives are going to boost the hospitality industry and help position Saudi Arabia as a global tourism destination in the long run.
- The Saudi market is currently going through a cultural shift, where new entertainment venues are being created, and global events are being hosted to establish its presence on the global tourism map. Looking at the growth prospects of the hotel industry, the majority of the operators who already have a presence in the country are planning to aggressively expand their offerings in the Kingdom and increase the volume of rooms under their portfolios. That said, owners of hospitality developments, are seeking to attract new unique operators.
- As a result, the hospitality sector performed strongly in the first quarter of 2023. Riyadh's occupancy rate rose to 76٪, and the average daily rate (ADR) increased to USD 212 for YT February 2023, compared to the same period last year. On the same basis, Jeddah's occupancy rate reached 54٪ and ADR was recorded at USD 147. The Saudi hospitality market is expected to sustain its positive drive and improve further.

Source of Info: Jll

Valuation

Valuation Approach – Valuation Input

Capitalization Rate

- we have conducted market research about properties that serve as a benchmark in Jeddah City to determine the appropriate cap rate for the subject property.

Property	City	Type	Cap Rate (%)
Atelier La vie Mall	Jeddah	Retail	7.0%
Red Sea Mall	Jeddah	Retail/Offices	7.5%
11 West	Jeddah	Retail	8.0%
Jeddah Boulevard	Jeddah	Retail	8.0%
Screen Tower	Jeddah	Offices	8.0%
Signature	Jeddah	Offices	8.0%

- Comparable to these properties, our subject property is currently under educational usage, but the building permit is mainly for commercial. The location is relatively not better than the comparable. As for the finishing and tenant commitments, it is considerably better in the subject property.
- Although we consider that the head lease underwritten through a binding contract provides income security in difficult trading conditions over a 25 years period, there are still market risk factors such as government decisions, uncertain market prediction, and other possible events.
- Therefore, the appropriate capitalization rate for the subject property is 9.0%

Revenues

Payments Date	No. of Payments	Lease (SAR/Payment)
6/28/2021 to 12/26/2025	10 Payments	3,750,000
6/27/2026 to 12/25/2030	10 Payments	3,937,500
6/26/2031 to 12/24/2035	10 Payments	4,134,375
6/24/2036 to 12/22/2040	10 Payments	4,341,094
6/23/2041 to 12/19/2045	10 Payments	4,558,148

- Based on the above table, the average annual lease of the remaining period is 8,376,052 SAR.

Expenses

- According to the Lease contract, the landlord has no obligations, and it's a triple net lease contract. Thus, the landlord is not liable to any expenses.

Valuation

Income Approach

Capitalization

- The 9.00٪ capitalization rate will be applied over the average annual lease rate to conclude the fair value of the subject property.
- Since the landlord is not liable for any expense, the annual NOI is the average annual lease of the remaining period of 8,396,000 SAR.

Annual NOI	÷	Cap Rate	=	Fair Value
8,396,000 SAR		9.0٪		93,290,000 SAR

Valuation Summary

Opinion of Value

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

Fair Value of Subject Property Using Income Approach as of 31 December 2023

- **93,290,000 SAR (Ninety-Three Million Two Hundred Ninety Thousand Saudi Riyal).**

Signatures & Authorizations

Eng. Yousuf Abdullah Khan
Taqeem ID: 1220001989
Membership Type: Provisional Member
Sector: Real Estate Sector
Membership Date: 17/09/2020
Contribution: Inspector, Valuer and Report Creator

Eng. Ammar Mohamed Qutub
Taqeem ID: 1210000392
Membership Type: Fellow Member
Sector: Real Estate Sector
Membership Date: 24/01/2016
Contribution: Valuation & Report Reviewer

Eng. Ammar Abdulaziz Sindi
Taqeem ID: 1210000219
Membership Type: Fellow Member
Sector: Real Estate Sector
Membership Date: 22/12/2015
Contribution: Report Reviewer & Authorizer

Company Stamp
Company Name: Abaad & Partner for Real Estate Valuation
Company No. 11000111
CR No: 4030297686
CL No: 323/18/781

أبعاد
للتقييم العقاري
شركة أبعاد المتطورة وشريكه للتقييم العقاري
س.ت 4030297686

Appendices

Appendix 1: Property Documents

بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٤٤٣/٤/٢٣ هـ
رقم الصك: ٩٩٣٧٨٨٠٠٢٧٦٦

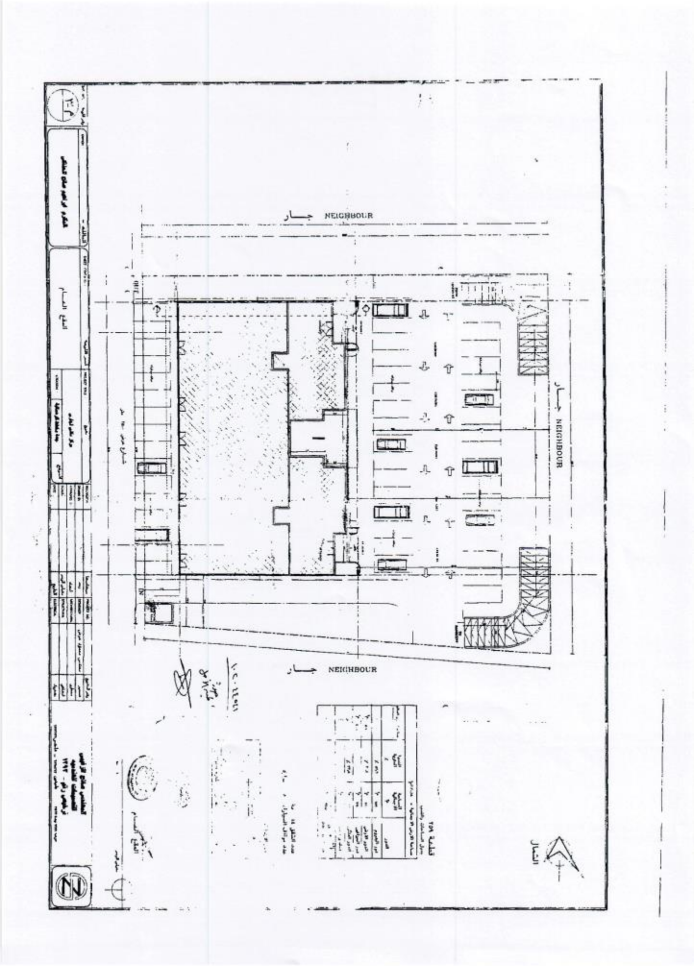
صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الارض رقم 259 من المخطط رقم 416 / ج/ س الواقع في حي الريان بمدينة جدة . وحدودها واطوالها : شمالا: قطعة رقم 262 بطول 60 ستون متر جنوبا: قطعة رقم 256 بطول 60 ستون متر شرقا: قطعة رقم 257 و 258 بطول 55.02 خمسة و خمسون متر و اثنين سنتمتر غربا: شارع عرض 25م بطول 50.62 خمسون متر و اثنين و ستون سنتمتر ومساحتها 3020.18 ثلاثةالآف و عشرون متر مربعاً و ثمانية عشر سنتمتراً مربعاً المملوكة لـ شركة أول الملقا العقارية بموجب سجل تجاري رقم 1010893802 بموجب الصك الصادر من الموثقين بجدة 4 برقم 793934000147 في 17 / 11 / 1442 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 420000000 فقط أربعمائة و عشرون مليون ريال سعودي لا غير. سبب الرهن : ضمان وفاء للمديونية وفق لشروط عقد الرهن على أن يتم سداد المديونية على 10 أقساط نصف سنوية وقيمة كل قسط 42000000 اثنان واربعون مليون ريال اعتبارا من تاريخ 30-6-2019م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات".واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً. وعليه جرى التصديق تحريراً في 1443 / 04 / 23 لاعتماده ،وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل , ويجب التحقق من بياناتها وسريانها عبر الخدمات الإلكترونية لوزارة العدل

مصلحة مطابع الحكومة -٢٩٢١٥٩ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (١٢-٠٣-١)

صفحة رقم 1 من 1



أبعاد للتقييم العقاري

Appendix 2: Valuation Glossary

Saudi Authority

- The Saudi Authority for Accredited Valuers (TAQEEM) was established pursuant to the royal decree no.(m/43), dated (09/07/1433H) as a body of an independent, non-profit and judicial personality. TAQEEM is working under the Ministry of Commerce and Investment with an independent budget and its board of directors is chaired by His Excellency the Minister of Commerce and Investment.

Asset or Assets

- To assist in the readability of the standards and to avoid repetition, the words "asset" and "assets" refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean "asset, group of assets, liability, group of liabilities, or group of assets and liabilities".

Client

- The word "client" refers to the person, persons, or entity for whom the valuation is performed. This may include external clients (ie, when a valuer is engaged by a third-party client) as well as internal clients (ie, valuations performed for an employer).

Intended Use

- The use(s) of a valuer's reported valuation or valuation review results, as identified by the valuer based on communication with the client.

Intended User

- The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer, based on communication with the client.

Jurisdiction

- The word "jurisdiction" refers to the legal and regulatory environment in which a valuation engagement is performed. This generally includes laws and regulations set by governments (eg, country, state and municipal) and, depending on the purpose, rules set by certain regulators (eg, banking authorities and securities regulators).

May

- The word "may" describes actions and procedures that valuers have a responsibility to consider. Matters described in this fashion require the valuer's attention and understanding. How and whether the valuer implements these matters in the valuation engagement will depend on the exercise of professional judgement in the circumstances consistent with the objectives of the standards.

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Appendix 2: Valuation Glossary

Must

- The word "must" indicates an unconditional responsibility. The valuer must fulfill responsibilities of this type in all cases in which the circumstances exist to which the requirement applies.

Participant

- The word "participant" refers to the relevant participants pursuant to the basis (or bases) of value used in a valuation engagement (see IVS 104 Bases of Value). Different bases of value require valuers to consider different perspectives, such as those of "market participants" (eg, Fair Value, IFRS Fair Value) or a particular owner or prospective buyer (eg, Investment Value).

Purpose

- The word "purpose" refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.

Should

- The word "should" indicates responsibilities that are presumptively mandatory. The valuer must comply with requirements of this type unless the valuer demonstrates that alternative actions which were followed under the circumstances were sufficient to achieve the objectives of the standards.

- In the rare circumstances in which the valuer believes the objectives of the standard can be met by alternative means, the valuer must document why the indicated action was not deemed to be necessary and/or appropriate.

- If a standard provides that the valuer "should" consider an action or procedure, consideration of the action or procedure is presumptively mandatory, while the action or procedure is not.

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Significant and/or Material

- Assessing significance and materiality require professional judgement. However, that judgement should be made in the following context:

- Aspects of a valuation (including inputs, assumptions, special assumptions, and methods and approaches applied) are considered to be significant/material if their application and/or impact on the valuation could reasonably be expected to influence the economic or other decisions of users of the valuation; and judgments about materiality are made in light of the overall valuation engagement and are affected by the size or nature of the subject asset.

- As used in these standards, "material/materiality" refers to materiality to the valuation engagement, which may be different from materiality considerations for other purposes, such as financial statements and their audits.

Subject or Subject Asset:

- These terms refer to the asset(s) valued in a particular valuation engagement.

Valuation

- A "valuation" refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.

- Valuation Purpose or Purpose of Valuation:
- See "Purpose".

Valuation Reviewer

- A "valuation reviewer" is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Value (n)

- The word "value" refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 104 Bases of Value.

Valuer

- A "valuer" is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.

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Weight

- The word “weight” refers to the amount of reliance placed on a particular indication of value in reaching a conclusion of value (eg, when a single method is used, it is afforded 100٪ weight).

Weighting

- The word “weighting” refers to the process of analysing and reconciling differing indications of values, typically from different methods and/or approaches. This process does not include the averaging of valuations, which is not acceptable.

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