

PORTFOLIO OF 11 PROPERTIES

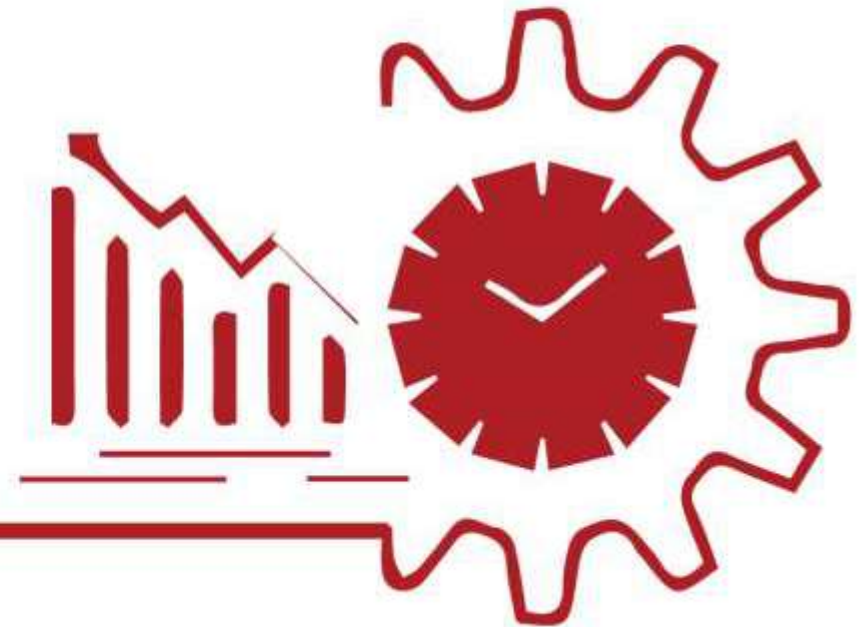
SEDCO CAPITAL

SEVERAL CITIES

DECEMBER 2021



Valuation Report





REF: 2011416
Date: 25/01/2022
M/S SEDCO Capital

Subject: Valuation Report for 11 properties located in several cities, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on November 30, 2021 for valuation service of the 11 properties located in several cities, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)





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(Please Click on the Title for Direct Access)

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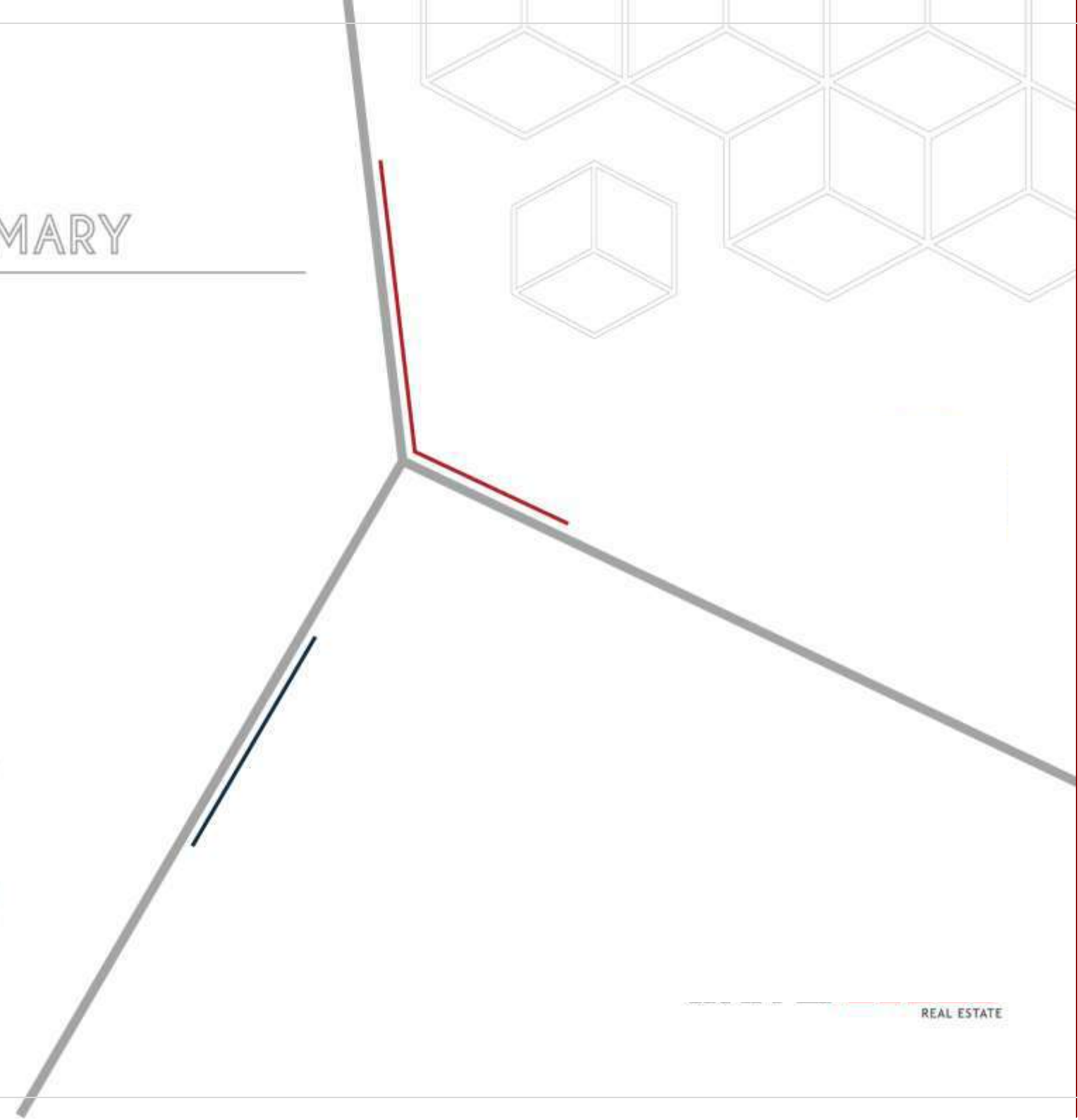
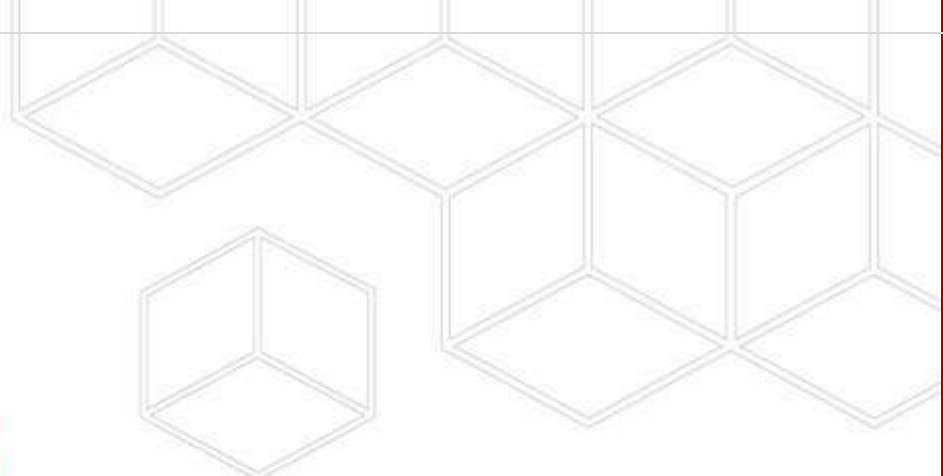


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EXECUTIVE SUMMARY



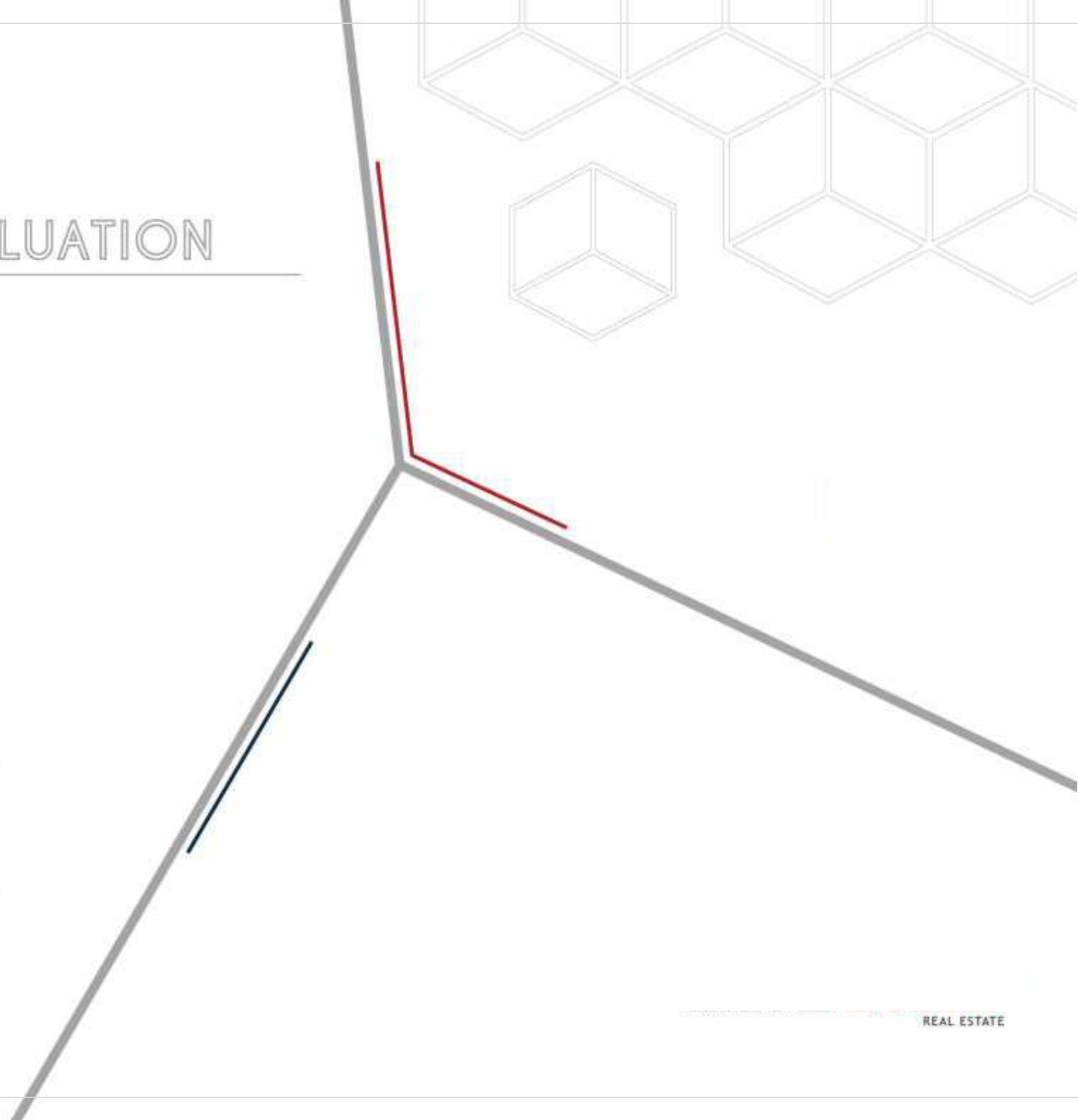
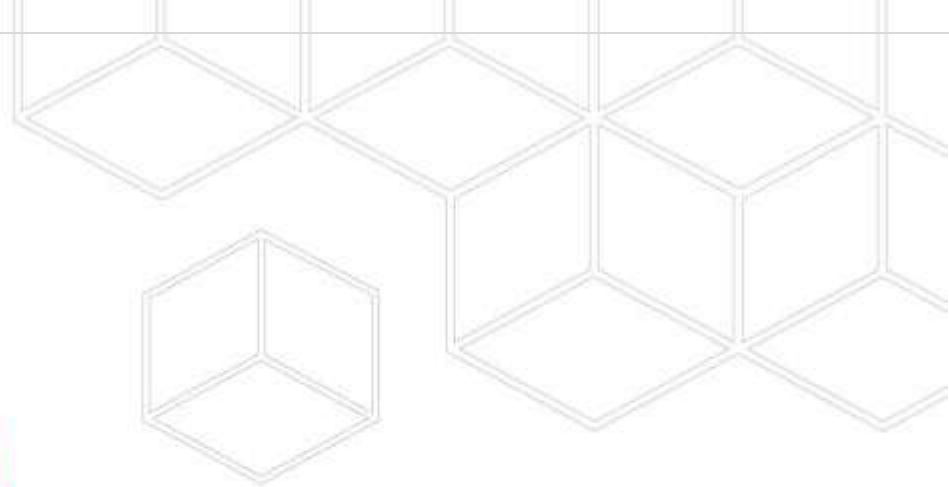


1.1 EXECUTIVE SUMMARY

Introduction	We received instructions from the client on 30/11/2021 to implement valuation service for 11 properties in several cities.
Client	For whom this report is being prepared is SEDCO Capital, a Saudi company registered under the Saudi law.
Reference No.	2011416
Purpose of Valuation	Real Estate Investment Trust (REIT) Purposes
Valuation Date	31/12/2021
Inspection Date	20/12/2021
Valuation Approach	Comparable Approach, Cost Approach & Income Approach

Property Name	City	Title deed No.	Ownership Type	Land Area (Sqm)	BUA (Sqm)	Final Property Value
Burj Al Hayat	Riyadh	910104046943	Freehold	1,494.75	6,574	SAR 18,800,000
Hukair Time	Dammam	330107029073	Freehold	5,155.52	3,326	SAR 35,200,000
Jazeera Compound	Riyadh	310117046169	Freehold	20,758.00	-	SAR 73,640,000
Khalideyah Business Center	Jeddah	420216026736	Freehold	7,903.00	26,713.31	SAR 136,662,000
Panda Jeddah	Jeddah	220206006345	Freehold	13,685.85	5,858	SAR 40,650,000
Panda Rayan	Dammam	530105021904	Freehold	18,144.80	9,800	SAR 65,350,000
Panda Riyadh	Riyadh	410111055251	Freehold	23,604.00	10,784	SAR 83,200,000
Public Prosecution	Jeddah	720223019231	Freehold	4,767.25	19,344.1	SAR 54,200,000
Rawdah Business Center	Jeddah	420228018317	Freehold	2,462.50	17,526.74	SAR 113,114,000
Saudi Faransi Bank	Dammam	33011408967	Freehold	5,191.44	879	SAR 28,570,000
Ajdan Walk	Khobar	930203009265	Freehold	16,965.77	32,212.08	SAR 357,000,000

TERMS OF REFERENCE & VALUATION





1.2 BASIS OF VALUATION

Market Value

Market Value is defined as: -

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

1.3 DATES

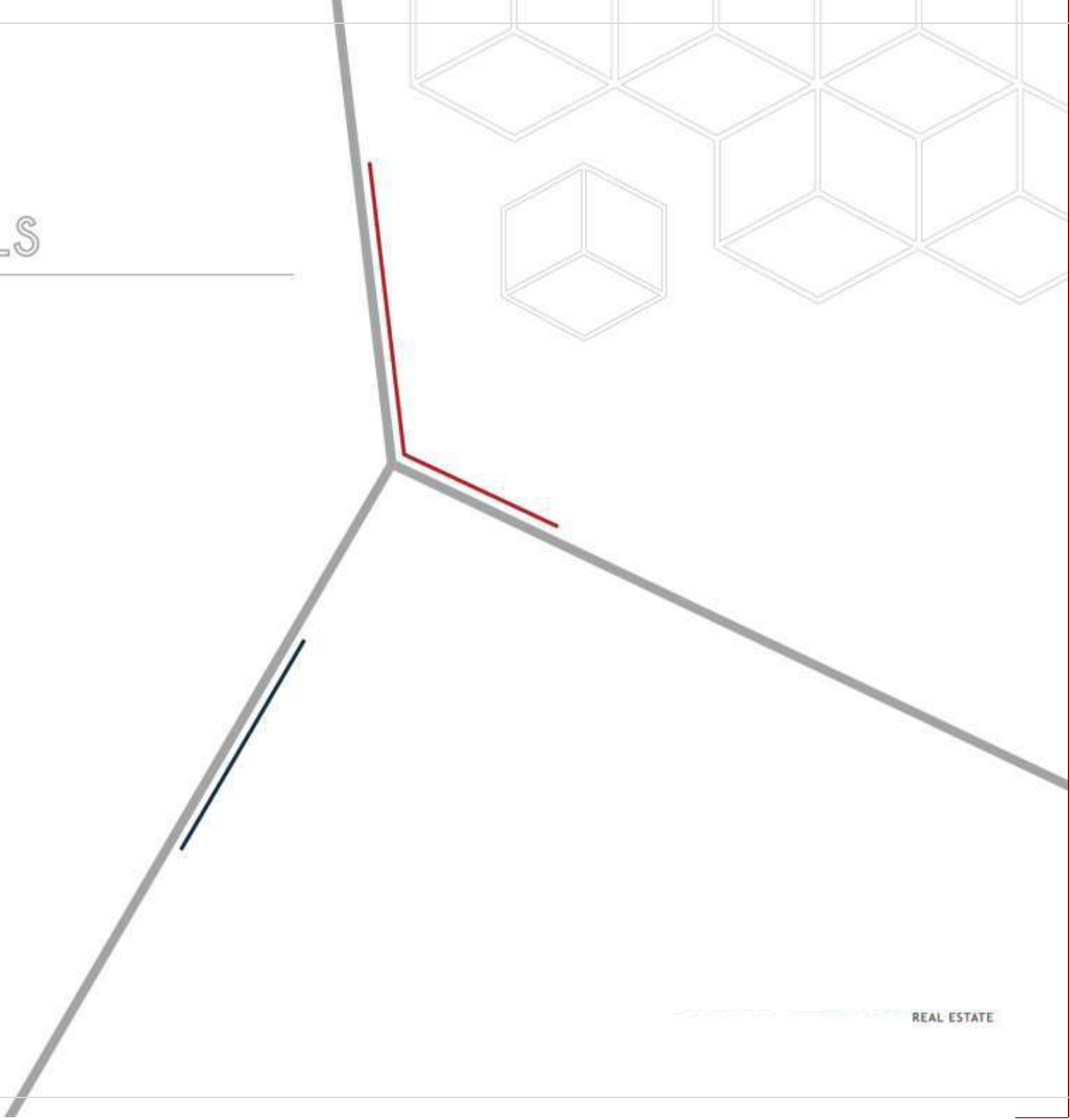
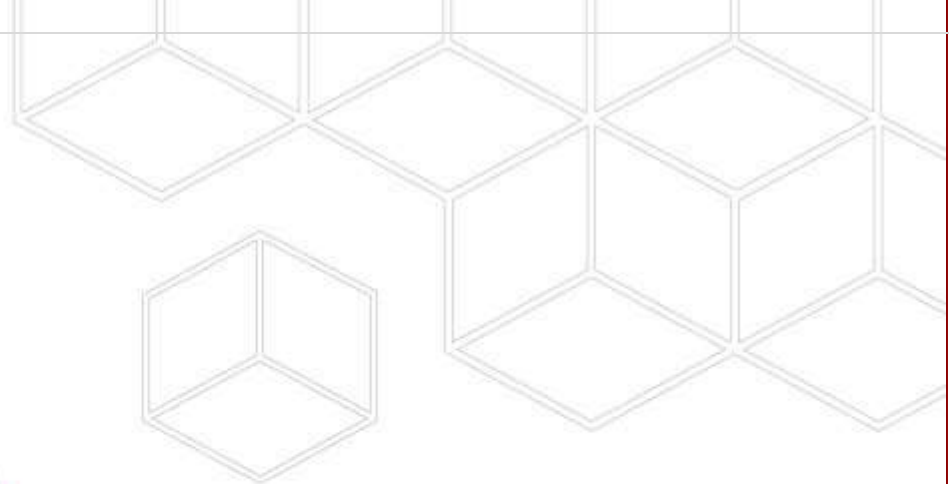
Client Approval Date	November 30, 2021.
Inspection Date	December 20, 2021.
Valuation Date	December 31, 2021.
Report Date	January 25, 2022.

1.4 PURPOSE OF VALUATION

The client requested to know the current market value of the subject property for Real Estate Investment Trust (REIT) Purposes. Therefore, and according to the valuation purpose, and as requested by the client, we will adapt the valuation methodologies of The Comparable Approach, The Income Approach, Depreciated Replacement Cost (DRC) & Discounted Cash Flow Approach (DCF)

PROPERTY DETAILS

BURJ ALHAYAT





1.5 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a mix-use property located in Al Mathar district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 1,494.75 Sqm and a total BUA of 6,574 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Kaab Ibn Malik street from the eastern side. The building is mostly surrounded by residential buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a mix-use building located in Al Mathar district, Riyadh City.
 The property is bordered from the north by an unnamed street
 The property is bordered from the south by an unnamed street
 The Property is bordered from the east by Kaab Ibn Malik Street
 The property is bordered to the west by a private property

Ease of Access

Based on the current location of the subject property, the access level is medium since it is located near King Fahd Road.

Area Surrounding the Property

The subject property is mostly surrounded by residential buildings

Land		Building	
Land Use	Mix-use	Building Type	Mix-use Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	NO direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Kaab Ibn Malik Street	Overall Building Conditions	Good
Land Condition	Constructed		

1.6 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



1.7 LOCATION

The subject property is located in Al Mathar district, Riyadh city and surrounded by several landmarks as follows:



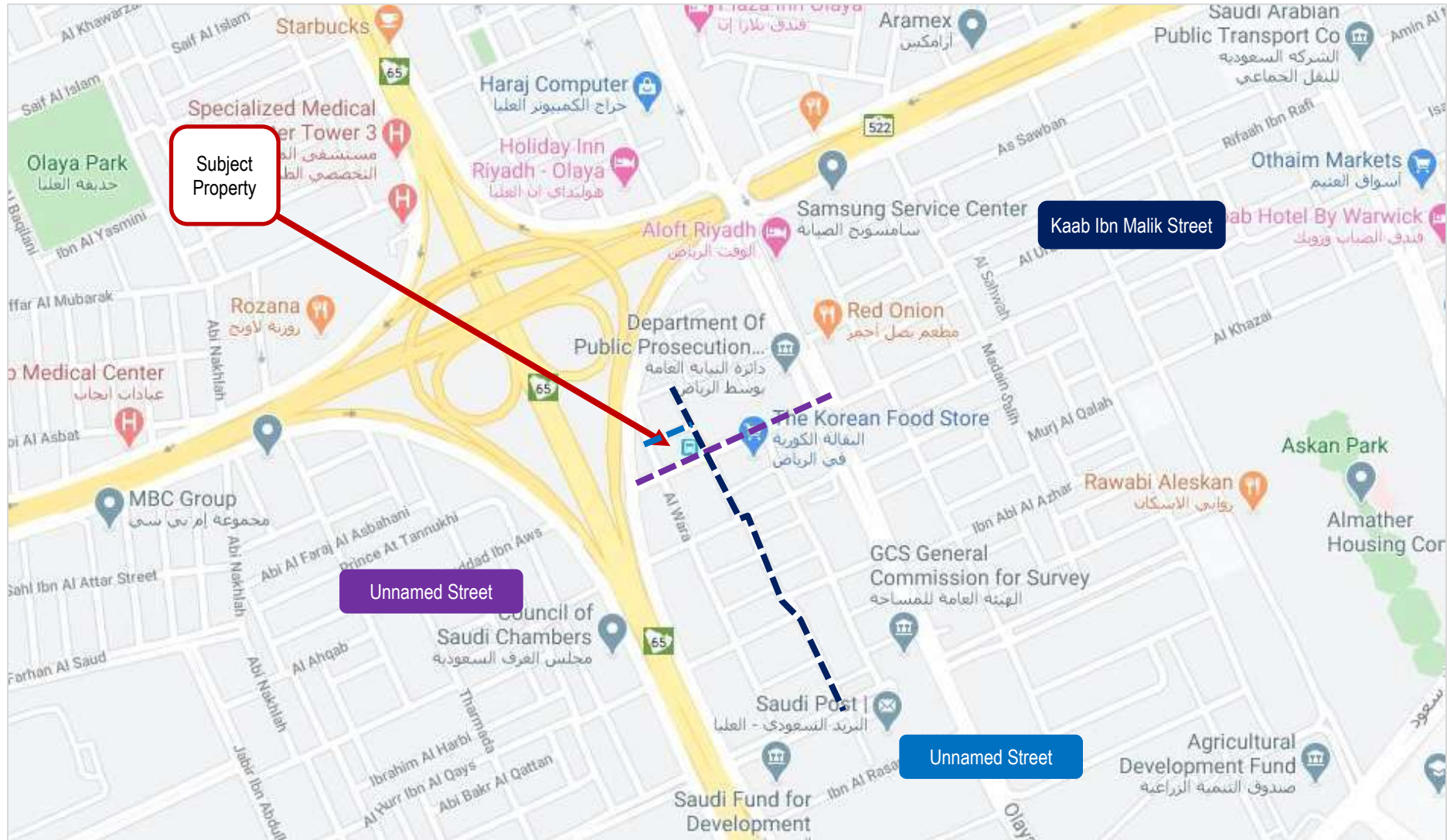
Surrounding Landmarks

- | | |
|--|--|
| <ul style="list-style-type: none"> 1- Saudi Post Olaya Post Office (0.5 Kilometres) 2- GCS General Commission for Survey (0.45 Kilometres) 3- Council of Saudi Chambers (0.35 Kilometres) 4- Hilton Garden Inn Riyadh Olaya (0.3 Kilometres) 5- Holiday Inn Riyadh - Meydan (0.15 Kilometres) | <ul style="list-style-type: none"> 6- Specialized Medical Center Hospital (0.5 Kilometres) 7- Zamil Group Holding Company (0.25 Kilometres) 8- Haraj Computer (0.45 Kilometres) 9- Halib Wahil Traditional Saudi Cuisine (0.5 Kilometres) 10- Samsung Service Center (0.4 Kilometres) |
|--|--|



1.8 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.9 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Riyadh	Land Area	1,494.75
District	AlMathar	Plot No.	N/A
T.D Type	Electronic	Block No.	9
T.D Number	910104046943	Layout No.	1376
T.D Date	17/09/1440H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	17/09/1440 H. D Riyadh Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Unnamed Street	East Side	Kaab Ibn Malik Street
South Side	Unnamed Street	West Side	Private Property
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.10 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a mix-use building composed of basement, ground floor, mezzanine and 5 upper floors. 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	Commercial-Residential Permit
Property Type	Commercial-Residential
Construction Permit No.	152/2/2/27
Construction Permit Date	13/04/1419 AH
Permit Expiry Date	13/04/1422 AH

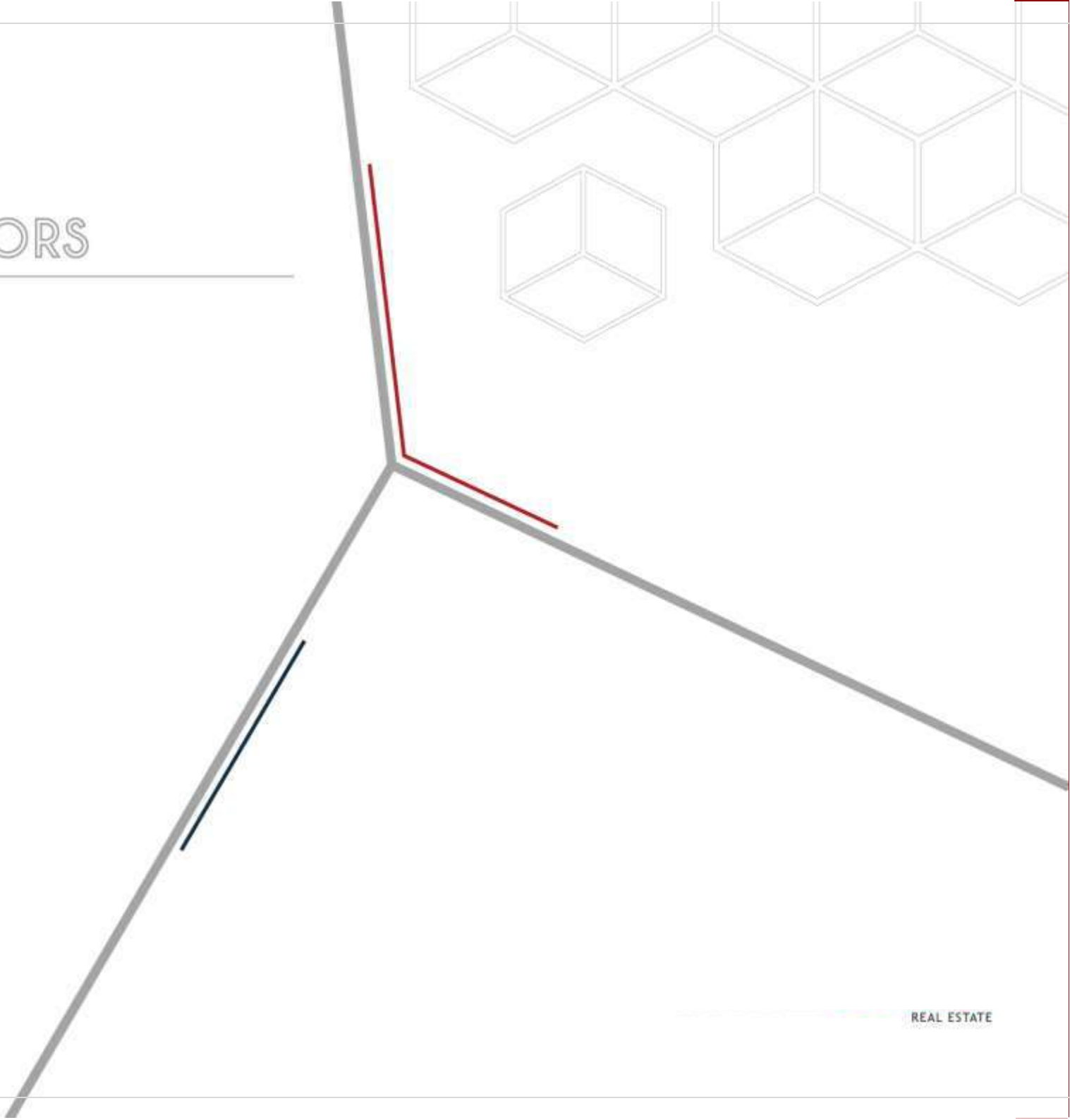
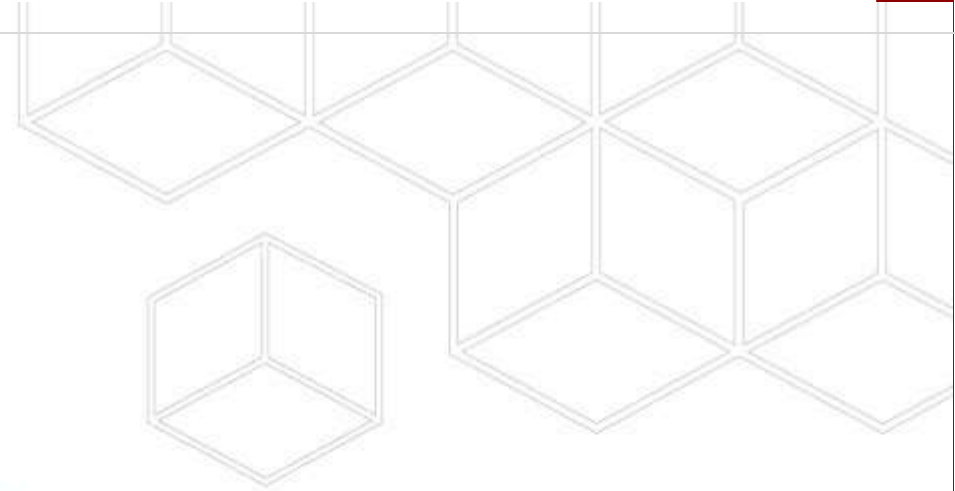
Description	No. of Units	Area (sqm)	Use
Basement	-	1,486	Parking
Ground Floor	-	889	Commercial
Mezzanine	-	449	Residential
First Floor	-	750	Residential
Typical Floors	-	3,000	Residential
Total BAU (sqm)		6,574	



1.11 PHOTO RECORD



MARKET INDICATORS





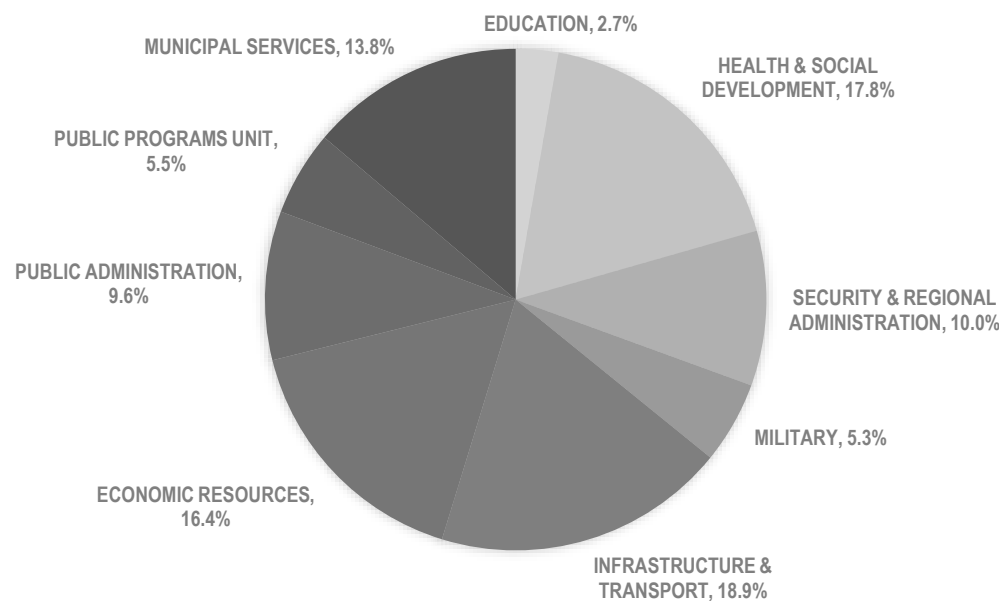
1.12 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.13 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.14 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 3 sides. - Located in the city centre. - Close to the main road (King Fahed Branch Road). 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

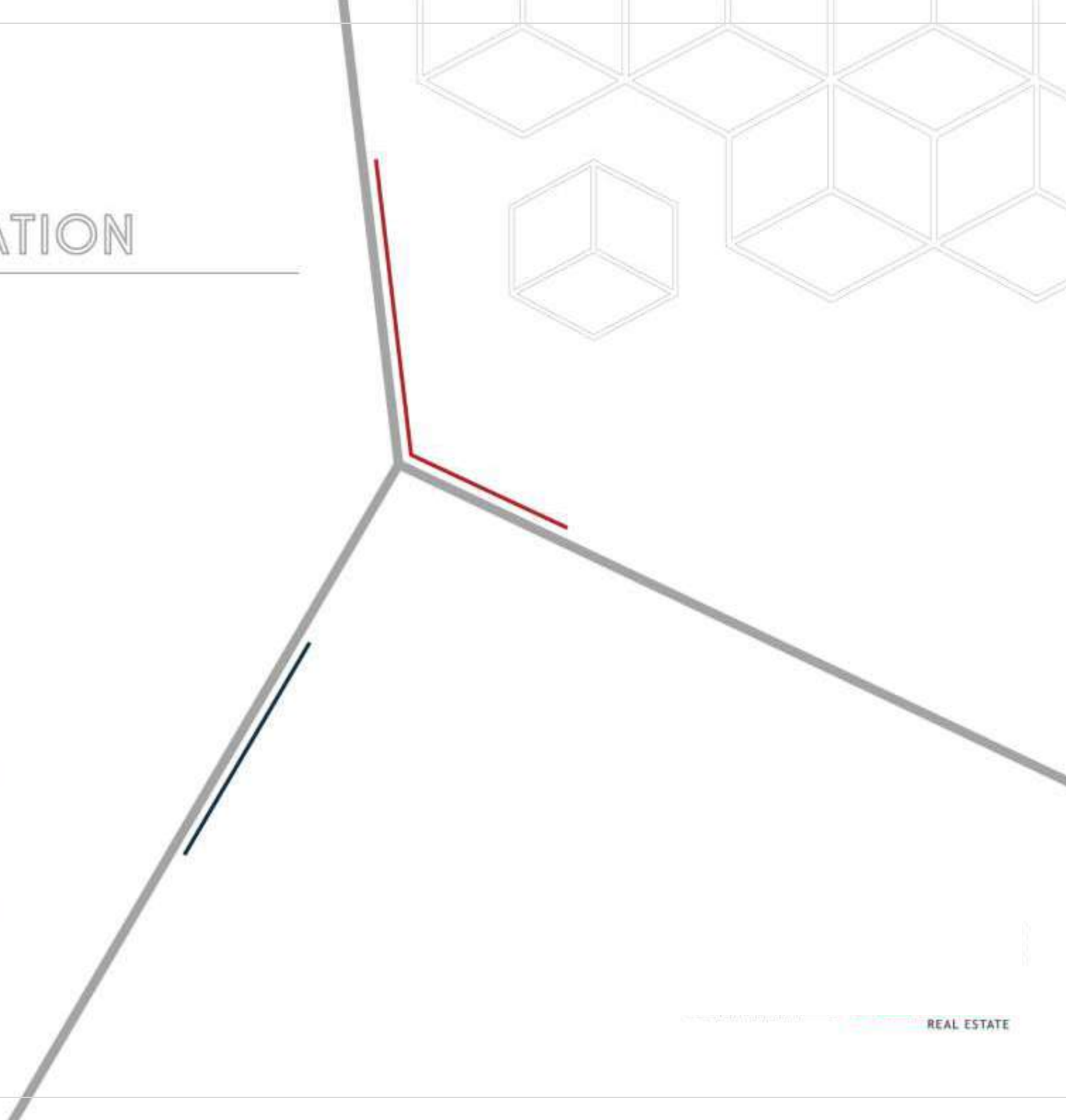
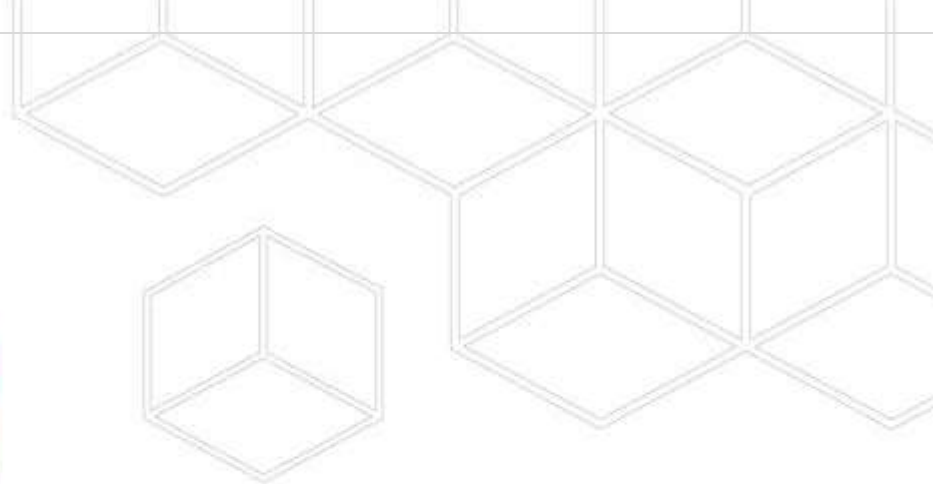
1.15 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	8	18	0	0
Risk Category	26 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 26 Risk Points - Medium Risk

PROPERTY VALUATION





1.16 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.17 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.18 INCOME APPROACH- LEASING CONTRACT

Leasing Contract

The client informed us that a new contract has been signed with a new tenant (مؤسسة الحفلة الرائعة للشقق الفندقية) with an annual rent of 1,500,000 SAR on which we will base our valuation analysis

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 7.5% to 8.5%. 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 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

The estimated capitalization rate for the property, which will be based on the valuation process, is 8%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.50%
Maximum capitalization rate		8.50%
Average		8.00%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.25%	The actual age of the property is 19 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate		0.00%
Capitalization rate, according to market averages		8.00%
Estimated capitalization rate of the property valuation		8.00%



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

REVENUES					
Unit Type	Quantity	Revenues			
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Hospitality Project		The subject property is Fully leased to 1 Company			SAR 1,500,000
				Total Revenues	SAR 1,500,000
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Hospitality Project	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Hospitality Project	SAR 1,500,000	0.00%	SAR 1,500,000		
		Total	SAR 1,500,000		
Total Property Revenues			SAR 1,500,000		
Total Property Expenses			SAR 0		
Net Operating Income			SAR 1,500,000.00		
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 1,500,000.00	8.00%	18,750,000.00 SAR		18,800,000.00 SAR	

1.19 DISCOUNTED CASH FLOW APPROACH- 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 accommodation fees for 1-bedroom units range from 200 to 300 SAR. As for the 2 bedrooms apartment units, the accommodation fees range from 300 to 400 SAR, while the 3 bedrooms apartment falls in the range of 400 to 500 SAR. 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:

Comparable	1 Bedroom Apartment	2 Bedrooms Apartment	3 Bedrooms Apartment
	Accommodation Fees	Accommodation Fees	Accommodation Fees
Sixty-Three Hotel	270 SAR	320 SAR	420 SAR
Sanam Hotel Suites	240 SAR	350 SAR	500 SAR
Average	255 SAR	335 SAR	460 SAR



Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% 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 7.5% to 8.5%. 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%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.50%
Maximum capitalization rate		8.50%
Average		8.00%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.25%	The actual age of the property is 19 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8.00%	
Estimated capitalization rate of the property valuation	8.00%	



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

Cash Flow		0	1	2	3	4
Increase Revision		0%	0.0%	0.0%	2.5%	0.0%
Expected Revenues						
1 Bedroom Apartment	Unit	17	17	17	17	17
Rate (SAR)	SAR	255	255	255	261	261
Total	SAR	1,582,275	1,582,275	1,582,275	1,621,832	1,621,832
2 Bedroom Apartment	Unit	30	30	30	30	30
Rate (SAR)	SAR	335	335	335	343	343
Total	SAR	3,668,250	3,668,250	3,668,250	3,759,956	3,759,956
3 Bedroom Apartment	Unit	1	1	1	1	1
Rate (SAR)	SAR	460	460	460	472	472
Total	SAR	167,900	167,900	167,900	172,098	172,098
Overall Revenues		5,418,425	5,418,425	5,418,425	5,553,886	5,553,886
Vacancy Rates						
Vacancy Rates	%	65%	50%	30%	10%	5%
1 Bedroom Apartment	SAR	1,028,479	791,138	474,683	162,183	81,092
Vacancy Rates	%	65%	50%	30%	10%	5%
2 Bedroom Apartment	SAR	2,384,363	1,834,125	1,100,475	375,996	187,998
Vacancy Rates	%	65%	50%	30%	10%	5%
3 Bedroom Apartment	SAR	109,135	83,950	50,370	17,210	8,605
Total		3,521,976	2,709,213	1,625,528	555,389	277,694
Expenses						
OPEX	15.0%	812,764	812,764	812,764	833,083	833,083
Overall Expenses		812,764	812,764	812,764	833,083	833,083
NOI		1,083,685	1,896,449	2,980,134	4,165,414	4,443,109
Terminal Value @ ----->		9.0%				49,367,872
Discount Rate	11.00%	1.00	0.90	0.81	0.73	0.66
Present Value		1,083,685	1,708,512	2,418,743	3,045,715	35,446,960
Market Rate / Net Present Value						43,703,616
Discount Rate						
Discount Rate	9.00%	10.00%	11.00%	12.0%	13.0%	
Market Value	46,669,385	45,153,811	43,703,616	42,315,398	40,985,963	

We have used a conservative terminal value and discount rate due to the legal issues on the property.



1.20 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 18,800,000	Eighteen Million and Eight Hundred Thousand Saudi Riyals
DCF- Market	Property	SAR 43,704,000	Forty-Three Million and Seven Hundred Four Thousand Saudi Riyals

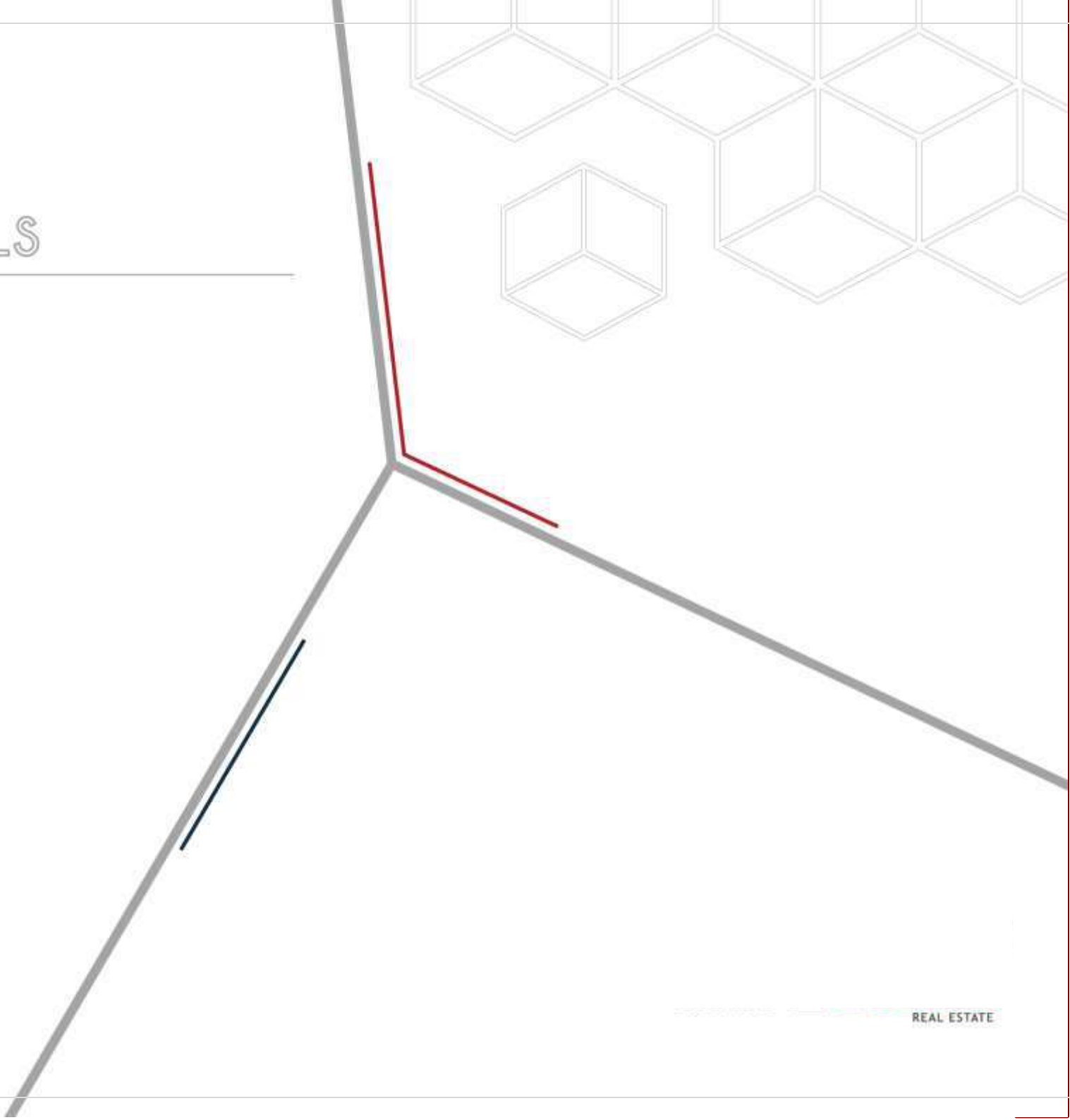
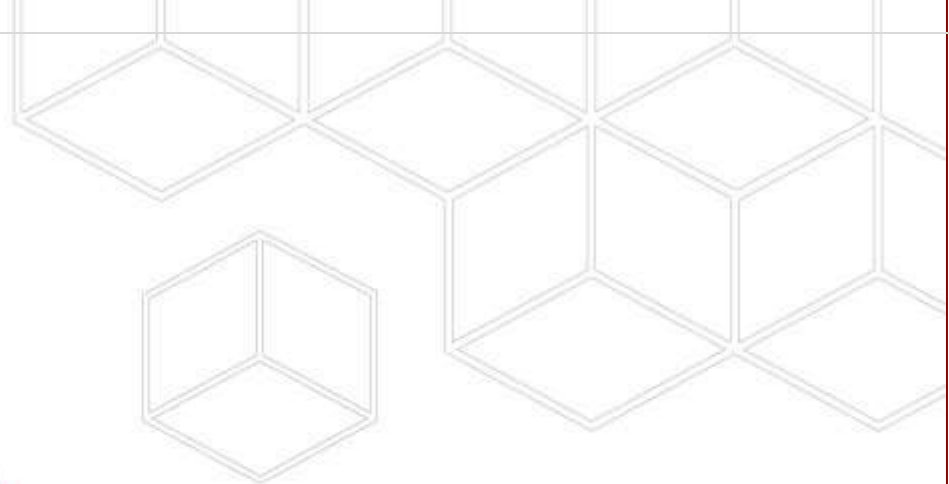
1.21 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract

Property Value: **18,800,000 SAR**
 Eighteen Million and Eight Hundred Thousand Saudi Riyals

PROPERTY DETAILS

HUKAIR TIME





1.22 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Al Badi district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 5,155.52 Sqm and a total BUA of 3,326 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Al Ashriah Street from the southern side. The building is mostly surrounded by residential and commercial buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a commercial building located in Al Badi district, Dammam City.
 The property is bordered from the north by an unnamed street
 The property is bordered from the south by Al Ashriah Street
 The Property is bordered from the east by Unnamed Street
 The property is bordered to the west by a private property

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Al Ashriah street.

Area Surrounding the Property

The subject property is mostly surrounded by residential & commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Ashriah Street	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Good
Land Condition	Constructed		

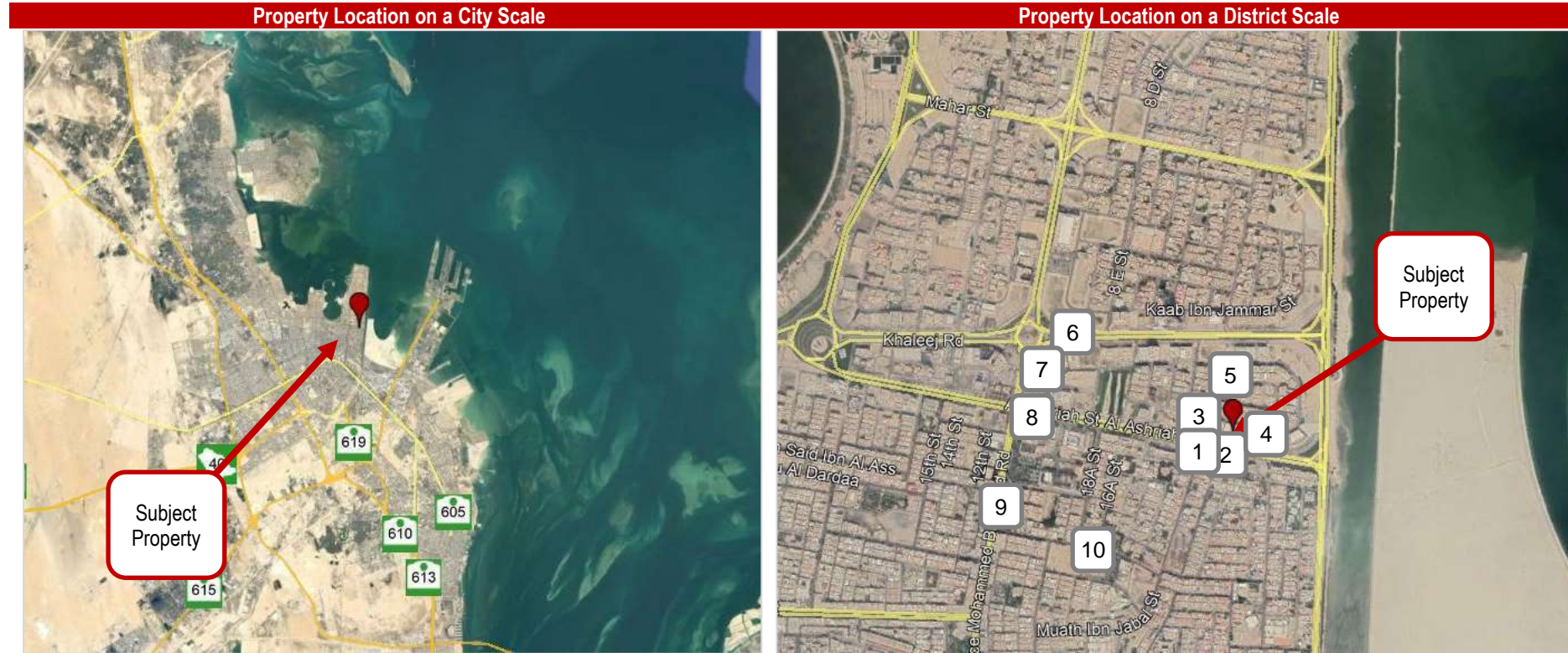
1.23 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.24 LOCATION

The subject property is located in Al Badi district, Dammam city and surrounded by several landmarks as follows:



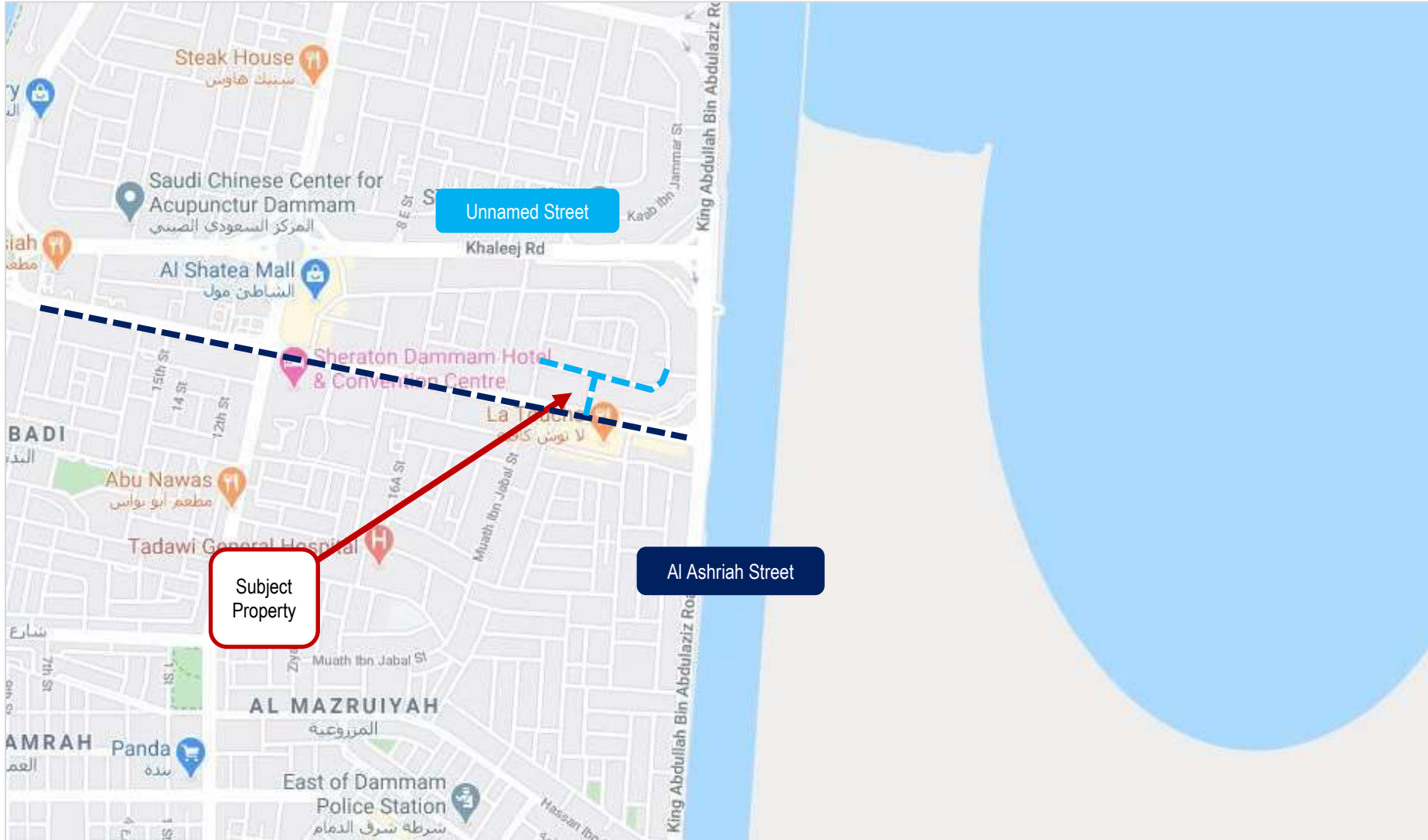
Surrounding Landmarks

- | | |
|---|---|
| <ul style="list-style-type: none"> 1- PARK COFFEE (0.15 Kilometres) 2- Fuddruckers (0.15 Kilometres) 3- Reality Suits (0.1 Kilometres) 4- Al-Dawaa Pharmacy (0.1 Kilometres) 5- Stars City Hotel Apartments (0.1 Kilometres) | <ul style="list-style-type: none"> 6- Administrative Court (0.7 Kilometres) 7- Al Shatea Mall (0.8 Kilometres) 8- Sheraton Dammam Hotel (0.8 Kilometres) 9- Abu Nawas Restaurant (1.00 Kilometres) 10- Tadawi General Hospital (0.75 Kilometres) |
|---|---|



1.25 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.26 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Dammam	Land Area	5,155.52
District	Al Badi	Plot No.	3 & 4
T.D Type	Electronic	Block No.	1
T.D Number	330107029073	Layout No.	1/337
T.D Date	07/02/1440 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	07/02/1440 H. D Dammam Notary	Limitation of Document	None
North Side	Unnamed Street	East Side	Unnamed Street
South Side	Al Ashriah Road	West Side	Private Property
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.27 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a retail center which was constructed this year composed of ground floor and mezzanine. The Client has provided us with a copy of the Construction Permit issued by Eastern Province Municipality with the below details:

Subject Property	
Construction Permit Type	New Building
Property Type	Commercial
Construction Permit No.	0/2437/000237
Construction Permit Date	16/03/1437 AH
Permit Expiry Date	16/03/1440 AH

Description	No. of Units	Area (sqm)	Use
Ground Floor	10	2,247.00	Commercial
Ground Floor	-	529.00	Services
Mezzanine	-	550.00	Commercial
Total BAU (sqm)		3,326	

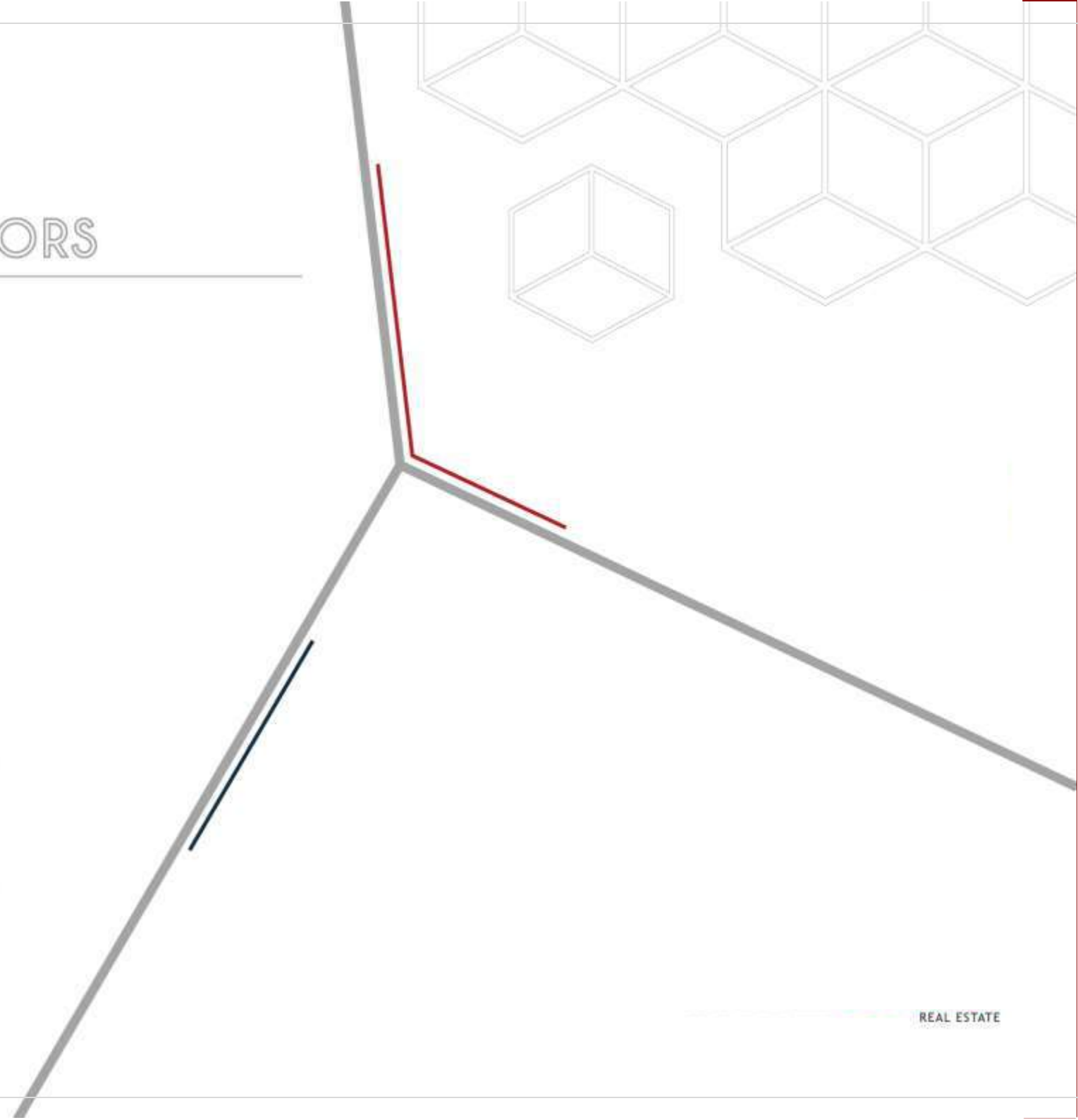
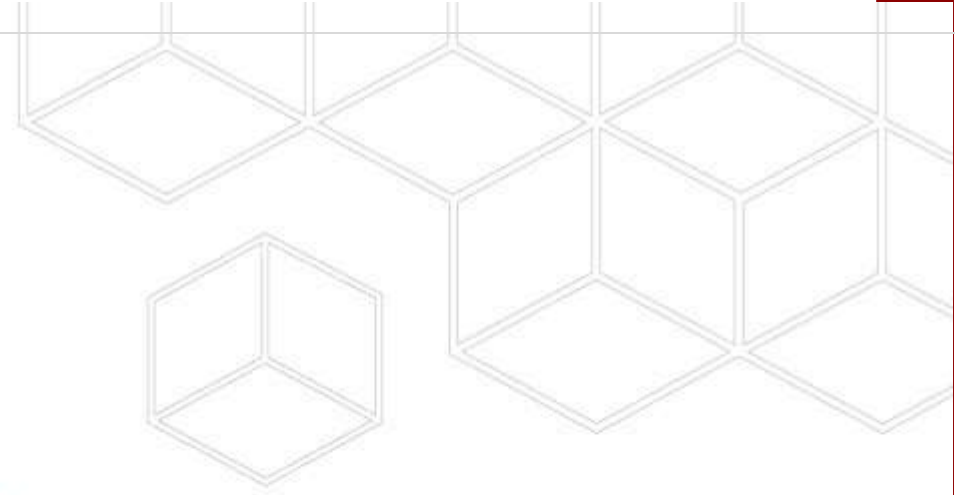
As per the information provided by the client, there is no basement in the building and the total BUA is 3,326.00



1.28 PHOTO RECORD



MARKET INDICATORS





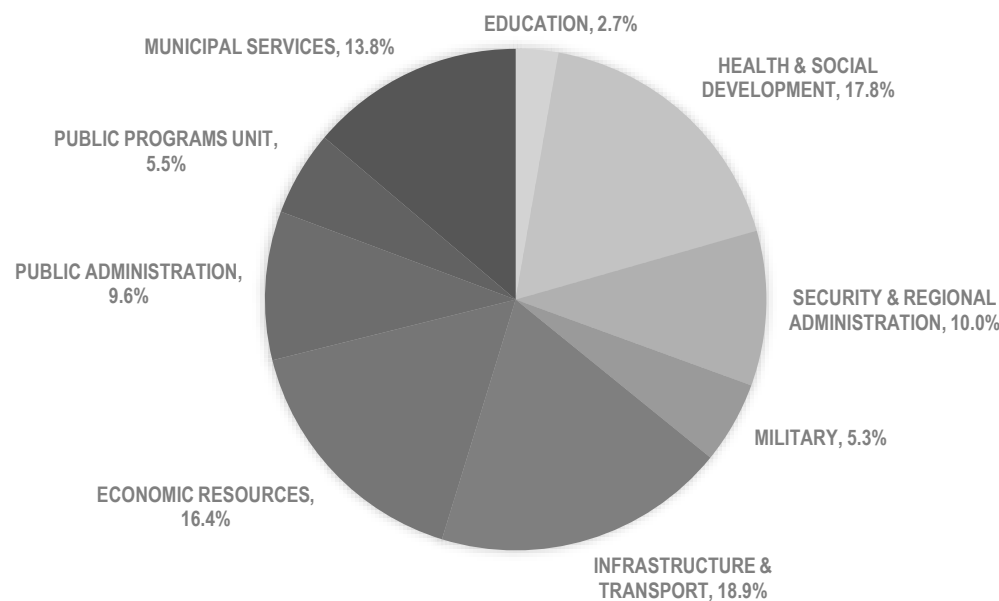
1.29 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.30 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.31 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 3 sides. - Direct view on the main road (Al Ashriah Road). - Surrounded by several landmarks. 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type due to its proximity to seashores. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

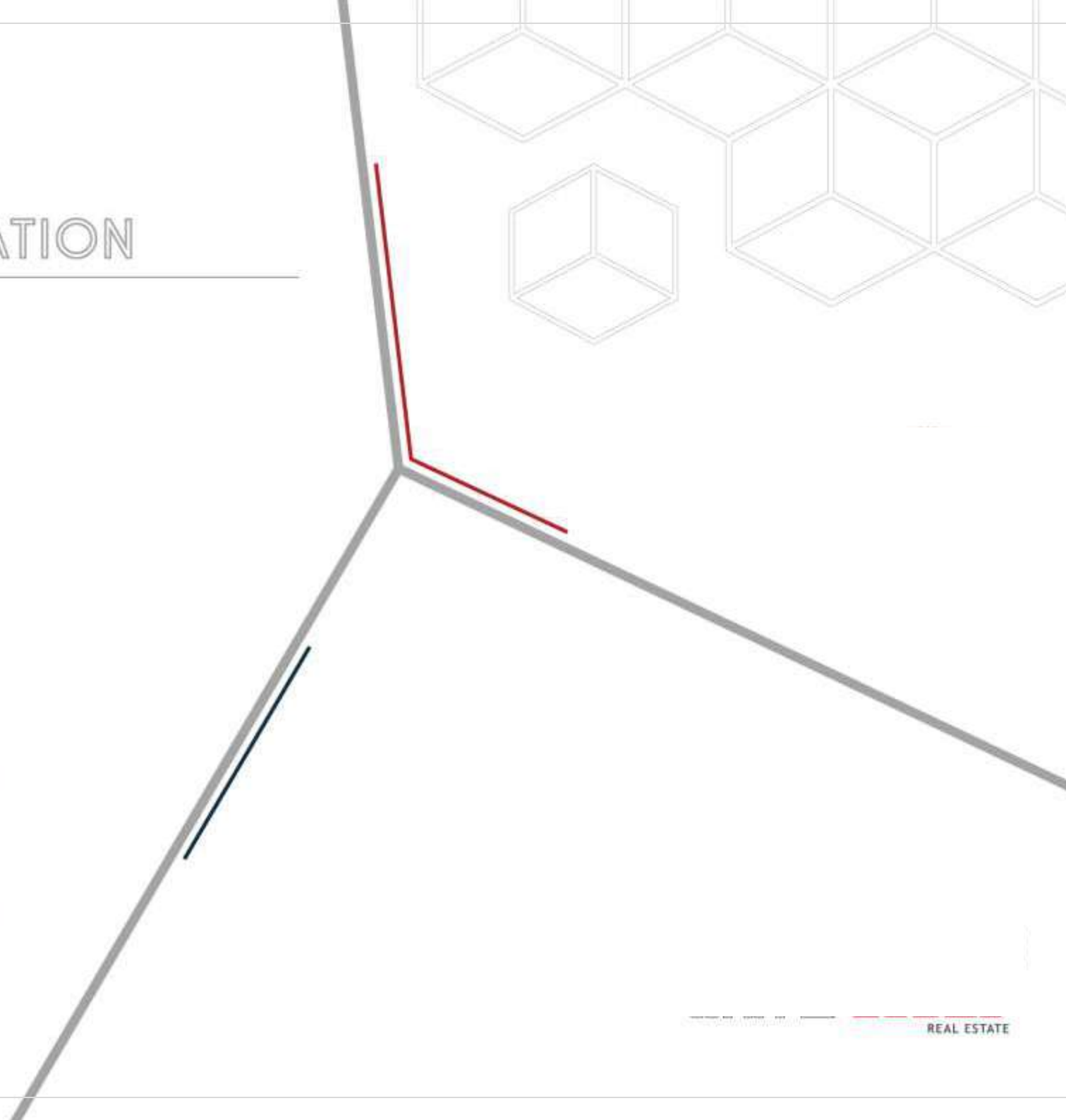
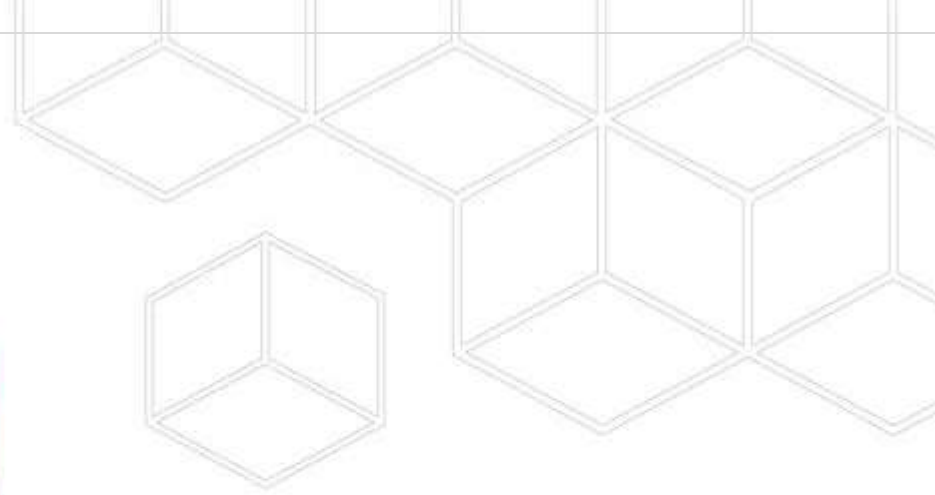
1.32 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
Total Risk	0	10	15	0	0
Risk Category	25 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 25 Risk Points - Medium Risk

PROPERTY VALUATION





1.33 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.34 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.35 INCOME APPROACH- LEASING CONTRACT

Leasing Contract

The client has provided us with a rent contract related to the leasing contract of the subject property. The contract is an agreement between the First Party (Saudi Economic and Development Company for Real Estate Funds) and the Second Party (Al-Hokair Group Co). The contract involves the Second Party renting the subject property for 20 years, from 01/03/2017 to 01/03/2037. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	2,200,000
2	2,200,000
3	2,200,000
4	2,200,000
5- 2021	2,200,000
6	2,200,000
7	2,200,000
8	2,200,000
9	2,200,000
10	2,200,000
11	2,500,000
12	2,500,000
13	2,500,000
14	2,500,000
15	2,500,000
16	2,500,000
17	2,500,000
18	2,500,000
19	2,500,000
20	2,500,000
TOTAL	47,000,000

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate



The Capitalization Rate Used for the Valuation

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 6.25%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.50%	several major methods
General condition of the property	-0.25%	The actual age of the property is 1 year
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Location	-0.25%	Premium Location
Total	-1.25%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-1.25%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	6.25%	



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

REVENUES						
Unit Type	Quantity	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Strip Mall		The subject property is Fully leased to 1 Tenant			SAR 2,200,000	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 2,200,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Strip Mall	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Strip Mall	SAR 2,200,000	0.00%	SAR 2,200,000			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
			Total	SAR 2,200,000		
Total Property Revenues				SAR 2,200,000		
Total Property Expenses				SAR 0		
Net Operating Income				SAR 2,200,000.00		
Net Operating Income		Cap Rate	Property Value		Rounded Value	
SAR 2,200,000.00		6.25%	35,200,000.00 SAR		35,200,000.00 SAR	

1.36 INCOME APPROACH- 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 commercial 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:

Comparable	Commercial Showroom Units
Comparable 1	Rental Rate/ Sqm
Comparable 2	1,250 SAR/ Sqm
Average	1,150 SAR/ Sqm
	1,200 SAR/ Sqm



Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.



Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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 7%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.50%	several major methods
General condition of the property	-0.25%	The actual age of the property is 1 year
The general location of the property	0.00%	The area is served well
Property Risk	0.50%	High vacancy risks
Project Management Team	-0.25%	Good management and operational team level
Location	-0.25%	Premium Location
Total	-0.75%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate		-0.75%
Capitalization rate, according to market averages		7.50%
Estimated capitalization rate of the property valuation		6.75%



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

REVENUES						
Unit Type	Quantity	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Units	3,326	0	SAR 1,200	SAR 0	SAR 3,991,200	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 3,991,200
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Units	5.00%	5.00%	5.00%	15.00%	30.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Units	SAR 3,991,200	30.00%	SAR 2,793,840			
-----	SAR 0	0.00%	SAR 0			
-----	SAR 0	0.00%	SAR 0			
			Total	SAR 2,793,840		
Total Property Revenues				SAR 3,991,200		
Total Property Expenses				-SAR 1,197,360		
Net Operating Income				SAR 2,793,840.00		
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 2,793,840.00	6.75%	41,390,222.22 SAR	41,400,000.00 SAR			

1.37 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 35,200,000	Thirty-Five Million and Two Hundred Thousand Saudi Riyals
Income- Market	Property	SAR 41,400,000	Forty-One Million and Four Hundred Thousand Saudi Riyals

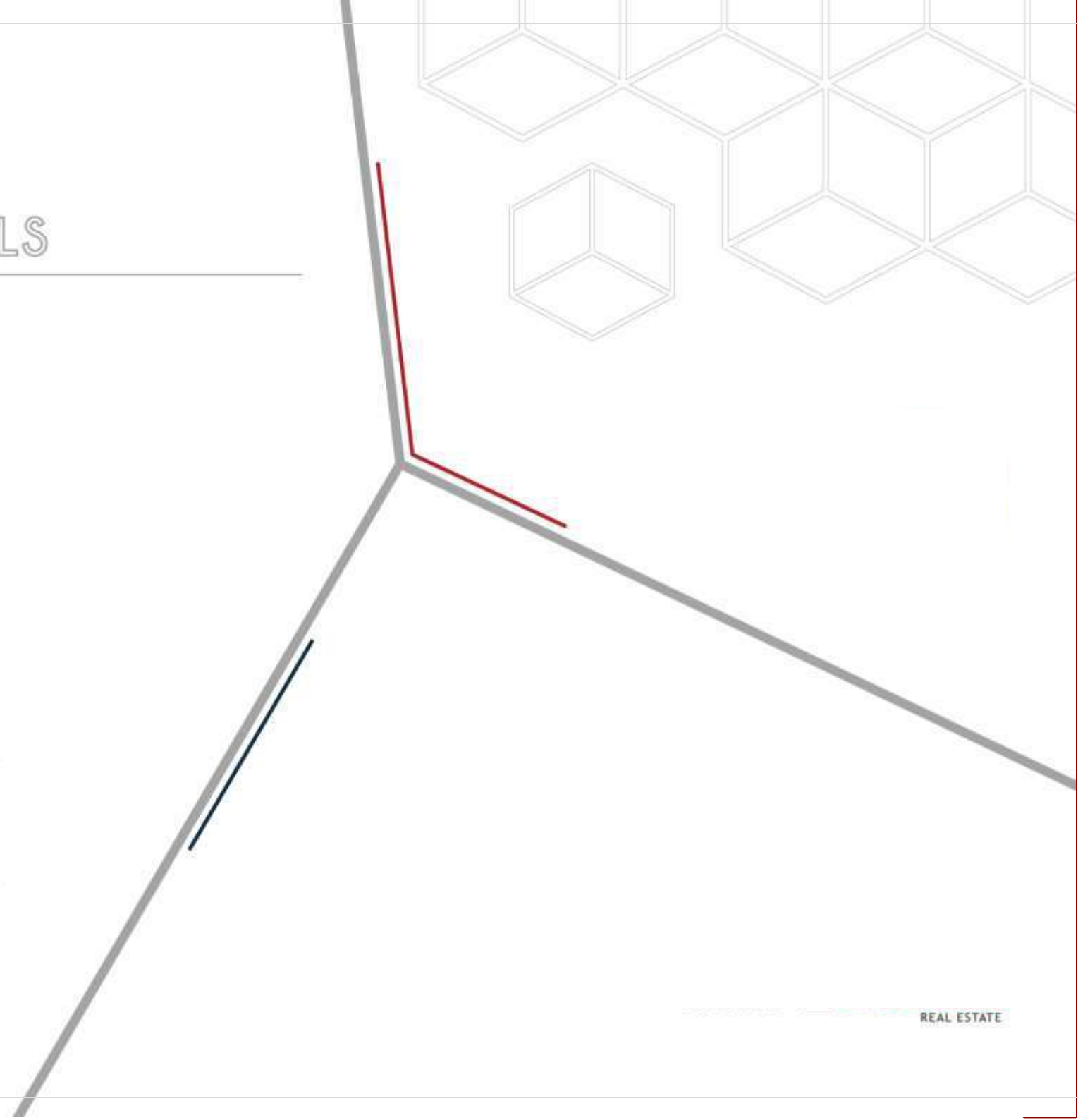
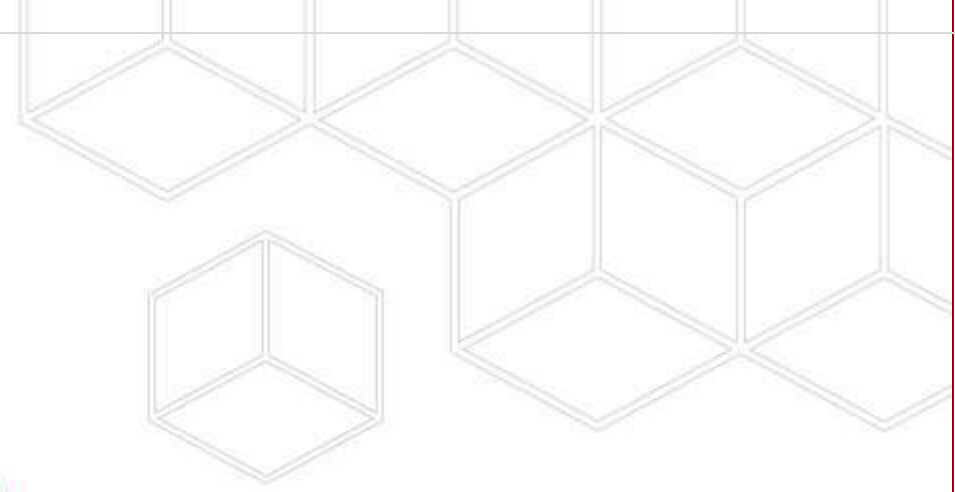
1.38 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: 35,200,000 SAR
Thirty-Five Million and Two Hundred Thousand Saudi Riyals

PROPERTY DETAILS

JAZEERA COMPOUND





1.39 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a residential compound located in Al Sulaymaniah district, Riyadh City. Based on the title deed and the information provided by the client, the project has a total land area of 20,758 Sqm and a total NLA of 7,447 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Ahmad Al Mawaqiti street from the southern side. The building is mostly surrounded by residential buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a residential compound located in Al Sulaymaniah district, Riyadh City. The property is bordered from the north by Al Mughirah Ibn lyash Street
 The property is bordered from the south by Ahmad Al Mawaqiti Street
 The Property is bordered from the east by Mujashi Ibn Masoud Street
 The property is bordered to the west by an Unnamed Street

Ease of Access

Based on the current location of the subject property, the access level is medium since it is surrounded by 4 streets.

Area Surrounding the Property

The subject property is mostly surrounded by residential buildings

Land		Building	
Land Use	Residential	Building Type	Residential Compound
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Mughirah Street	Overall Building Conditions	Good
Land Condition	Constructed		

1.40 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.41 LOCATION

The subject property is located in Al Sulaymaniah district, Riyadh city and surrounded by several landmarks as follows:



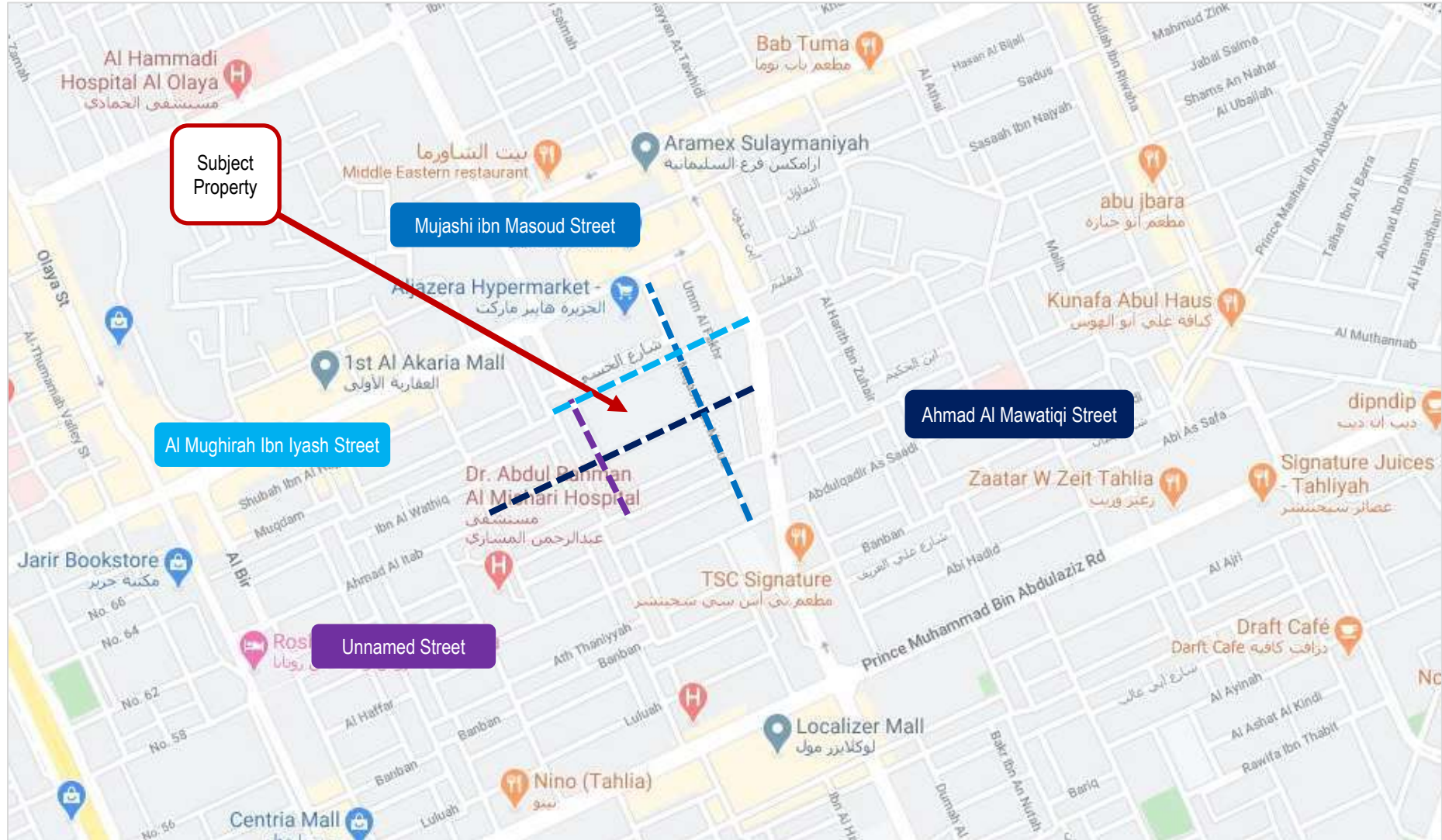
Surrounding Landmarks

- | | |
|--|--|
| 1- Kosebasi Restaurant (0.65 Kilometres) | 6- Indian Summer KSA (0.3 Kilometres) |
| 2- TSC Signature Restaurant (0.4 Kilometres) | 7- Al Sadhan Sulaymaniyah (0.3 Kilometres) |
| 3- Dr. Abdul Rahman al Mishari Hospital (0.4 Kilometres) | 8- Al Rajhi Bank (0.35 Kilometres) |
| 4- Britain Cafe (0.2 Kilometres) | 9- Middle Eastern Restaurant (0.45 Kilometres) |
| 5- Aljazeera Markets (0.15 Kilometres) | 10- Aramex Sulaymaniyah (0.4 Kilometres) |



1.42 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.43 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Riyadh	Land Area	20,758
District	Al Sulaymaniyah	Plot No.	68 / 69
T.D Type	Electronic	Block No.	N/A
T.D Number	310117046169	Layout No.	897
T.D Date	17/09/1440 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	17/09/1440 H. D Riyadh Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Al Mughirah Street	East Side	Mujashi Ibn Masoud Street
South Side	Ahmad Al Mawaqiti Street	West Side	Unnamed Street
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.44 NLA DETAILS

The Client has not provided us with a copy of the Construction Permit; however, we were provided by the following project components:

Building Type	No of Units	Total NLA
VILLAS		
5 BR VIP with Swimming pool	2	648
5 BR Duplex	2	420
4 BR Villa	5	1,388
4 BR Duplex	2	412
3 BR Villa	13	2,080
3 BR Duplex	2	256
APARTMENTS		
2 BR Apt with Garden	4	532
2 BR Apt	6	661
1 BR Apt	16	802



SERVICE BUILDINGS & AMNETIES		
Caffe	1	147
Recreation Room	1	49
Boxing	1	52
TOTAL	55	7,447

1.45 OPERATIONAL CONTRACT

The subject property has an operational contract between the client (**SAUDI ECONOMIC AND DEVELOPMENT COMPANY FOR REAL ESTATE FUNDS**) and **ALMAHMAL FACILITIES SERVICES COMPANY**. As remuneration for the performance of the Services, in compliance with the terms and conditions of this Contract, **ALMAHMAL FACILITIES SERVICES COMPANY** shall be entitled to receive the following:

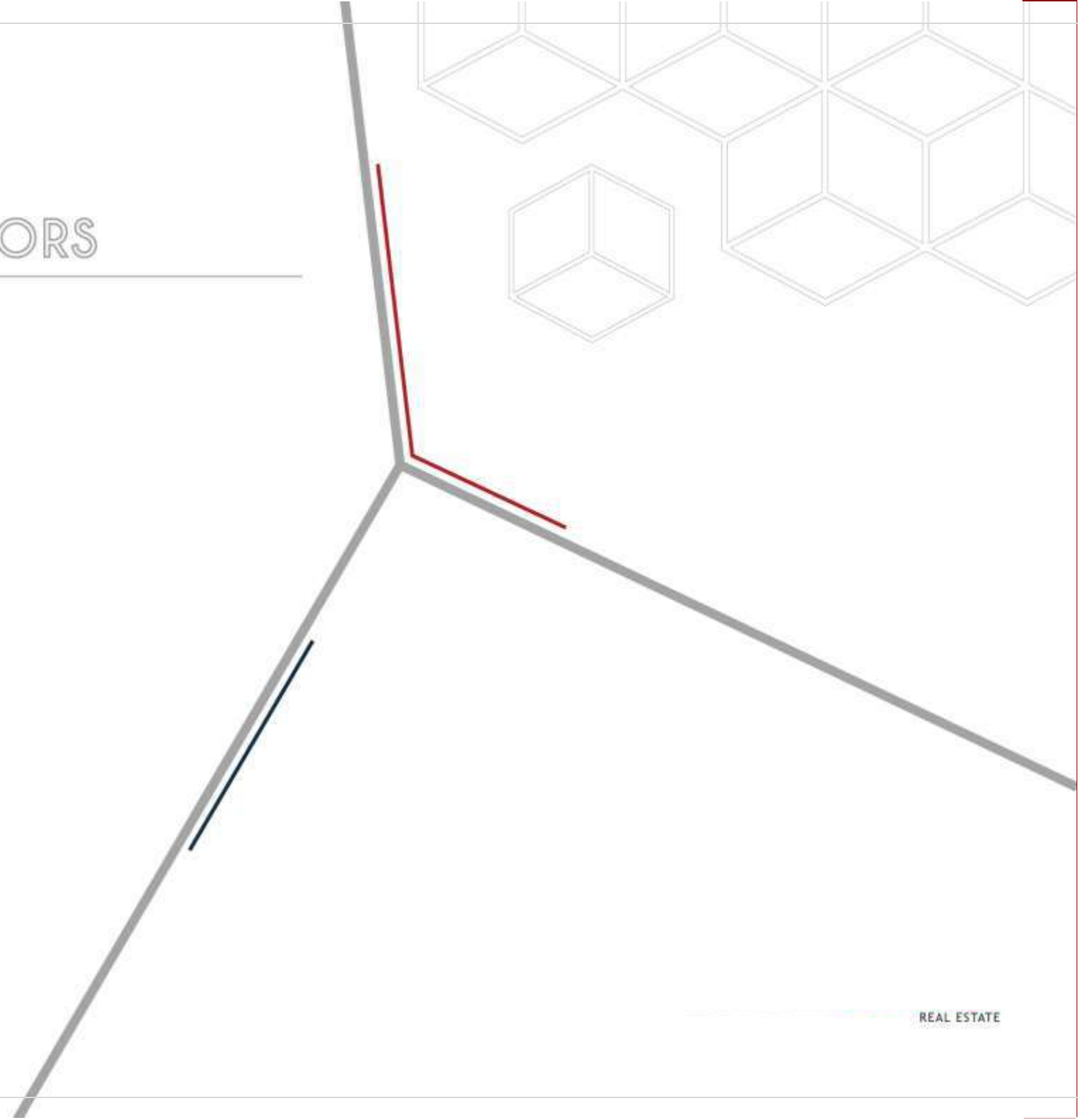
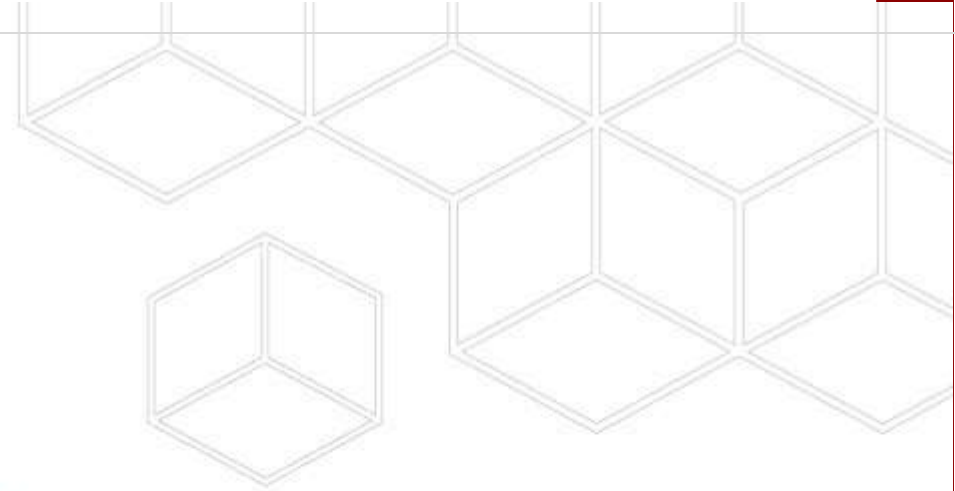
Services		Monthly Cost (in Saudi Riyals)
1	Property Management Services: 5% charges from the Total collection Per Month	
2	Operation & Maintenance Services	26,500
3	Janitorial & Housekeeping Services	18,500
4	Security & Safety Services	47,500
5	Landscaping Services	17,000
6	Driver Services	10,043
7	Pest Control	5,500
8	Spare Parts/ Consumables and Materials	25,000
9	Service Charges	2,100
Sub-Total Monthly Amount		152,143



1.46 PHOTO RECORD



MARKET INDICATORS





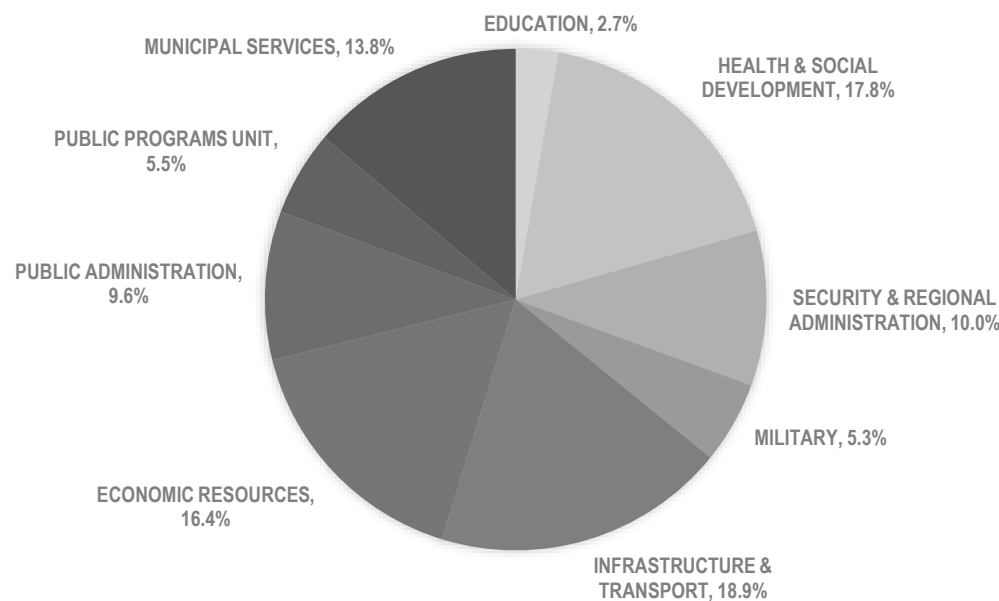
1.47 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.48 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.49 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 4 sides. - Close to the main roads (Musa Ibn Nusair Road & Abdullah Ibn Suleiman Al Hamadan). 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type due to its located near to the city center 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

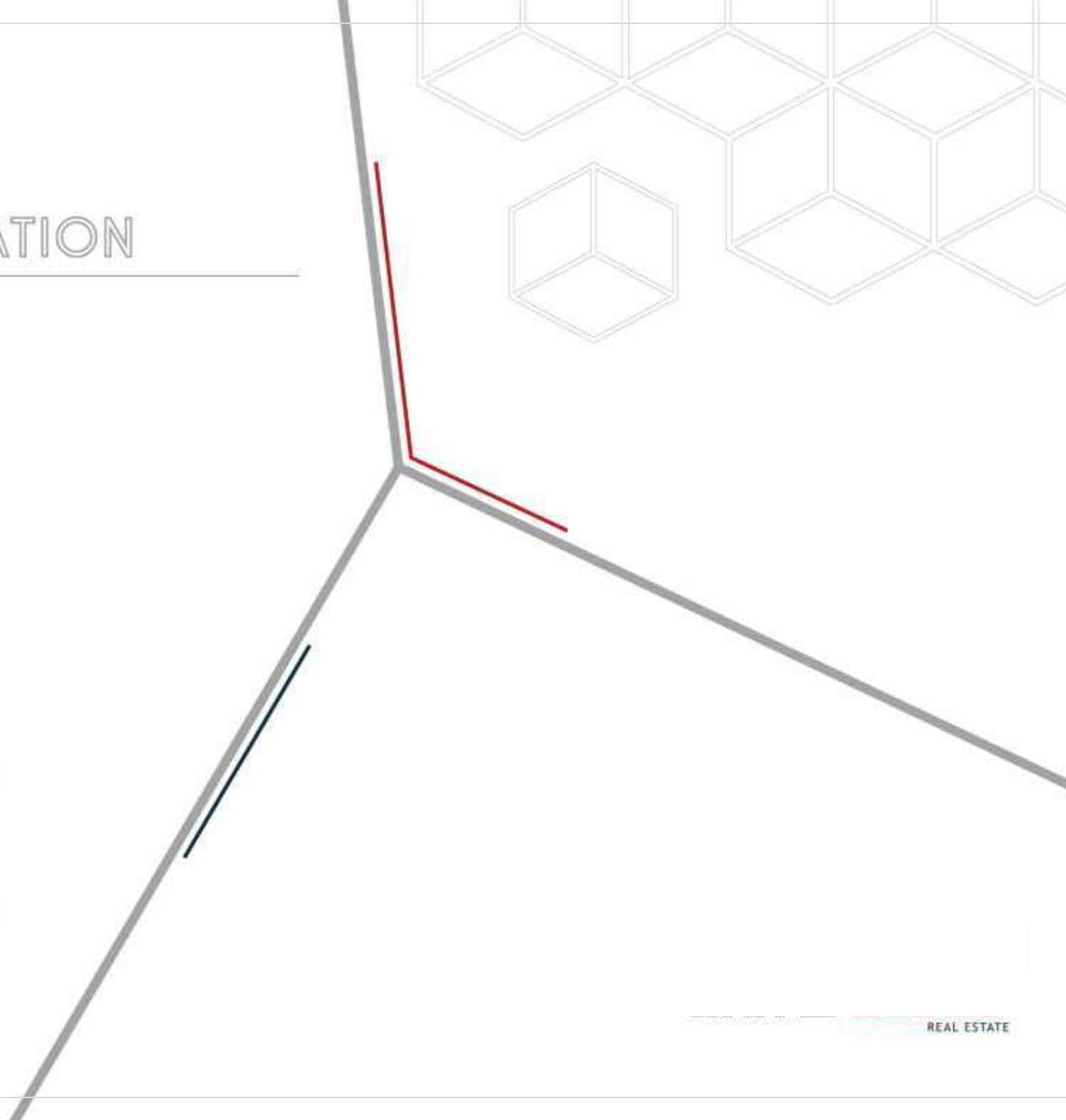
1.50 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
Total Risk	0	10	15	0	0
Risk Category	25 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 25 Risk Points - Medium Risk

PROPERTY VALUATION





1.51 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.52 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

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



1.53 INCOME APPROACH- MARKET RATES

RESIDENTIAL UNITS

The table below shows each of the different residential unit types with their minimum, average and maximum SAR/Sqm, which we have found through our site inspection as well as our market research.

Unit Type	MIN	AV	MAX
1 BR Apartment	1,300	1,550	1,800
2 BR Apartment	900	1,100	1,300
2 BR Apartment with Garden	1,100	1,300	1,500
3 BR Duplex	950	1,150	1,350
3 BR Villa	850	1,050	1,250
4 BR Duplex	750	925	1,100
4 BR Villa	750	900	1,050
5 BR Duplex	750	900	1,050
5 BR VIP with Swimming Pool	500	700	900

EXPECTED REVENUES – RESIDENTIAL UNITS

For our valuation we have used the Average SAR/Sqm, which we found through our market research for both Residential Units as well as the Commercial Units. The tables below illustrate the following:

Unit Type	No of Units	Total NLA	SAR/ Sqm	Total Revenues
1 BR Apartment	16	802	1,550	1,243,100
2 BR Apartment	6	661	1,100	727,100
2 BR Apartment with Garden	4	532	1,300	691,600
3 BR Duplex	2	256	1,150	294,400
3 BR Villa	13	2,080	1,050	2,184,000
4 BR Duplex	2	412	950	391,400
4 BR Villa	5	1,388	900	1,249,200
5 BR Duplex	2	420	900	378,000
5 BR VIP with Swimming Pool	2	648	700	453,600
Total	52	7,199		7,612,400



Commercial Units

The table below shows each of the different commercial unit types with their minimum, average and maximum SAR/Sqm, which we have found through our site inspection as well as our market research.

Unit Type	MIN	AV	MAX
Caffe	550	700	850
Recreation	250	475	700
Boxing Room	250	475	700

For our valuation we have used the Average SAR/Sqm, which we found through our market research for both Residential Units as well as the Commercial Units. The tables below illustrate the following:

Unit Type	No Of Units	Total NLA	SAR/ Sqm	Total Revenues
Caffe	1	147	700	102,900
Recreation	1	49	475	23,275
Boxing Room	1	52	475	24,700
Total	3	248		150,875

Summary of Expected Revenues

Unit Type	No Of Units	Total NLA	Total Revenues
Residential Units	52	7,199	7,612,400
Commercial Units	3	248	150,875
Total	55	7,447	7,763,275

The table above shows the estimated revenues of the subject property based on the market research and previously mentioned reports in this report. We have used 1,825,716 SAR as OPEX as informed by the client

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate



The Capitalization Rate Used for the Valuation

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 7%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The project is not newly constructed
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	7.00%	



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

		0	1	2	3	4	5	6	7	8	9
Increase Revision		0%	0%	0%	5%	0%	0%	5%	0%	0%	5%
Expected Revenues											
Residential Units	SAR	7,612,400	7,612,400	7,612,400	7,993,020	7,993,020	7,993,020	8,392,671	8,392,671	8,392,671	8,812,305
Commercial Units	SAR	150,875	150,875	150,875	158,419	158,419	158,419	166,340	166,340	166,340	174,657
Overall Revenues		7,763,275	7,763,275	7,763,275	8,151,439	8,151,439	8,151,439	8,559,011	8,559,011	8,559,011	8,986,961
Occupancy Rates											
Residential Units											
Occupancy Rate		75.0%	75.0%	75.0%	85.0%	85.0%	85.0%	90.0%	90.0%	90.0%	95.0%
Net Revenues		5,709,300	5,709,300	5,709,300	6,794,067	6,794,067	6,794,067	7,553,404	7,553,404	7,553,404	8,371,689
Commercial Units											
Occupancy Rate		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Net Revenues		128,244	128,244	135,788	142,577	142,577	142,577	149,706	149,706	149,706	157,191
Overall Net Revenues		5,837,545	5,837,545	5,845,088	6,936,645	6,936,645	6,936,645	7,703,111	7,703,111	7,703,111	8,528,881
Expenses											
OPEX	SAR	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Management	5%	291,877	291,877	292,254	346,832	346,832	346,832	385,156	385,156	385,156	426,444
Overall Expenses		2,116,877	2,116,877	2,117,254	2,171,832	2,171,832	2,171,832	2,210,156	2,210,156	2,210,156	2,251,444
NOI		3,720,667	3,720,667	3,727,834	4,764,813	4,764,813	4,764,813	5,492,955	5,492,955	5,492,955	6,277,437
Terminal Value @ ----->	7.0%										89,677,674
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46
Present Value		3,720,667	3,413,456	3,137,643	3,679,310	3,375,513	3,096,801	3,275,270	3,004,834	2,756,729	44,180,399
Market Rate / Net Present Value											73,640,623
Discount Rate											
Discount Rate		7.00%		8.00%		9.00%		10.0%		11.0%	
Market Value		83,846,862		78,525,037		73,640,623		69,153,048		65,025,872	
Rounded Value						73,640,000					

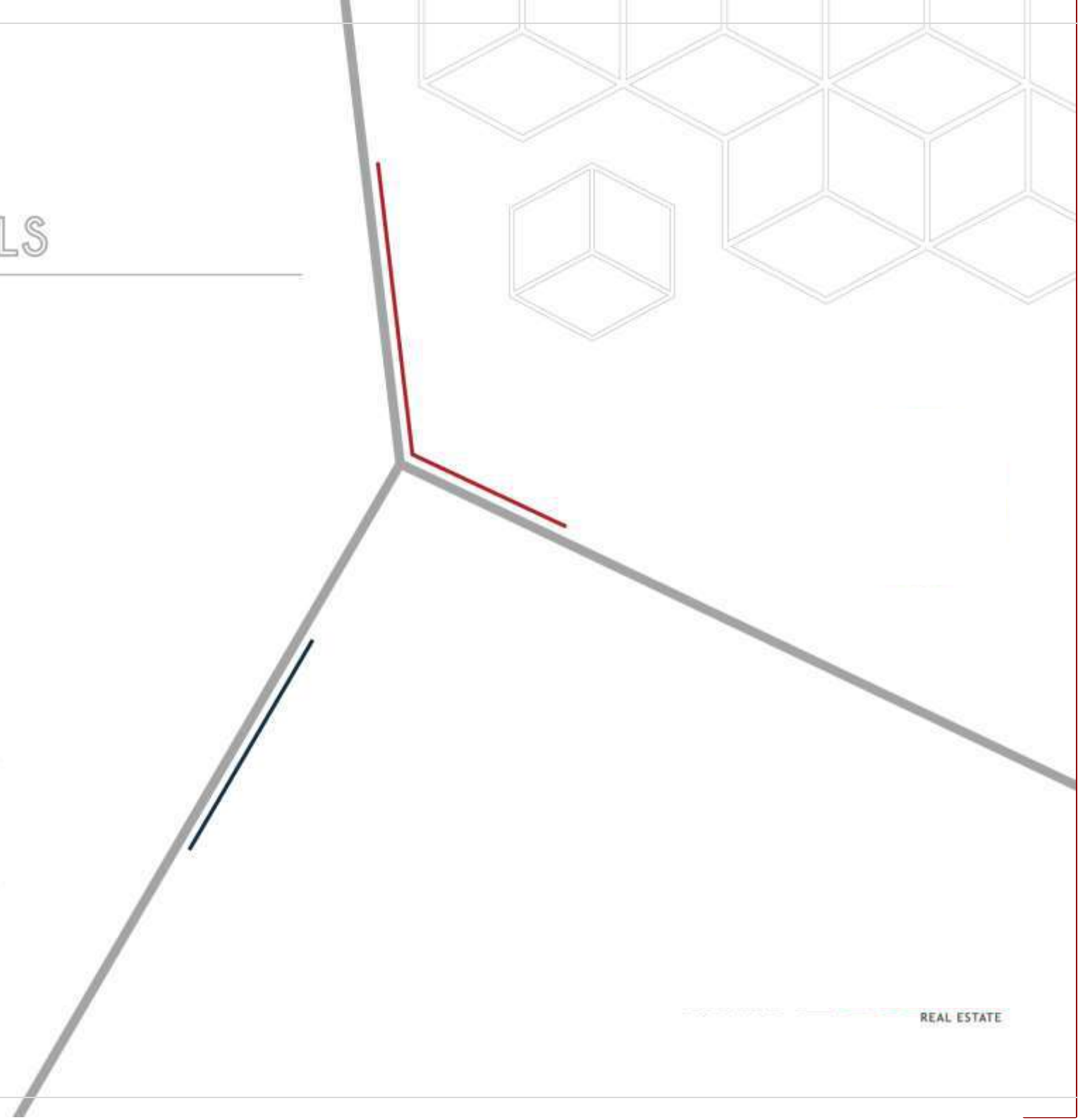
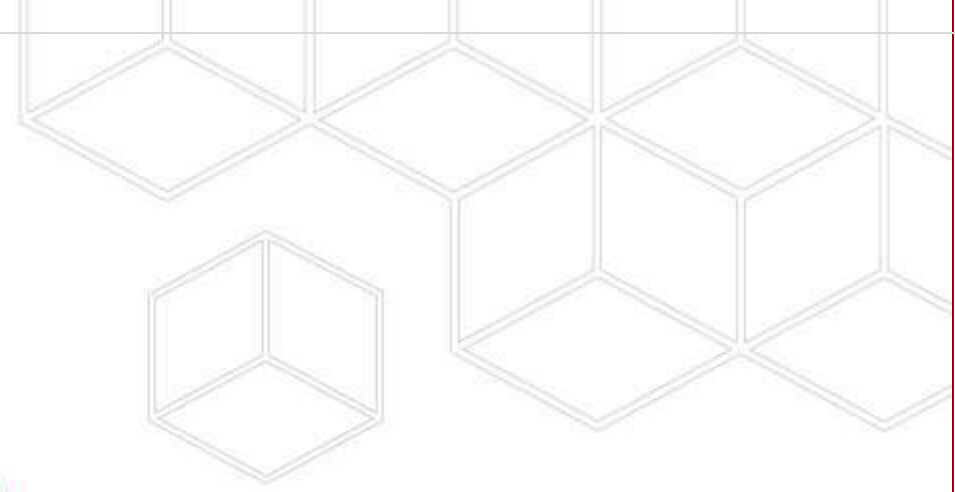
1.54 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DCF Approach is:

Property Value: 73,640,000 SAR
Seventy-Three Million and Six Hundred Forty Thousand Saudi Riyals

PROPERTY DETAILS

KHALIDYAH BUSINESS CENTER





1.55 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a mix-use project located in Khalideyah district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 7,903. Sqm and a total BUA of 26,712.51 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 3 sides with a direct view on Prince Sultan Road from the eastern side. The building is mostly surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a mix-use building located in Khalideyah district, Jeddah City.
 The property is bordered from the north by Buhur As Shuara Street
 The property is bordered from the south by Qaryat Miskah Street
 The Property is bordered from the east by Prince Sultan Road Street
 The property is bordered to the west by a Plot No. 1 & 3 & 5 & 7

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Prince Sultan Road.

Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Mix-use Building
No. of Streets	3	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Sultan Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Qaryat Miskah Street	Overall Building Conditions	Good
Land Condition	Constructed		

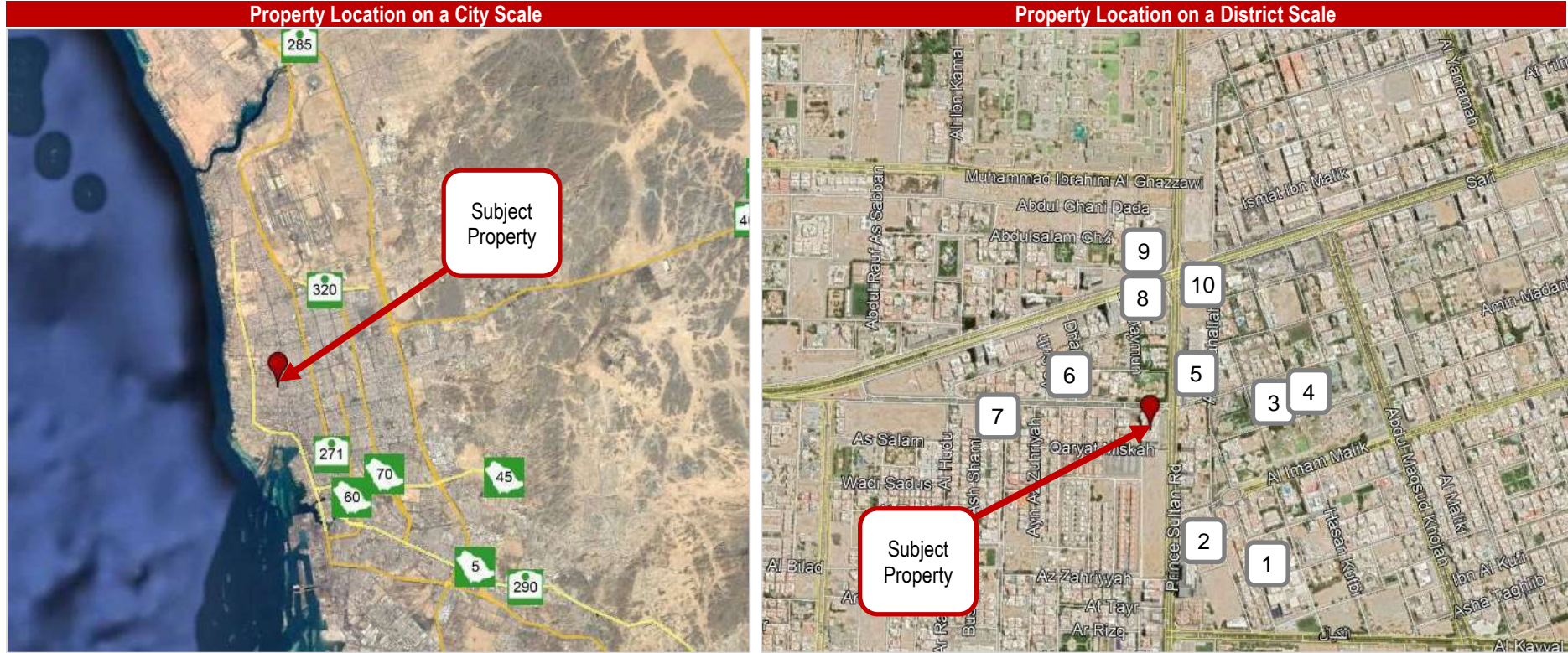
1.56 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.57 LOCATION

The subject property is located in Khalideyah district, Jeddah city and surrounded by several landmarks as follows:



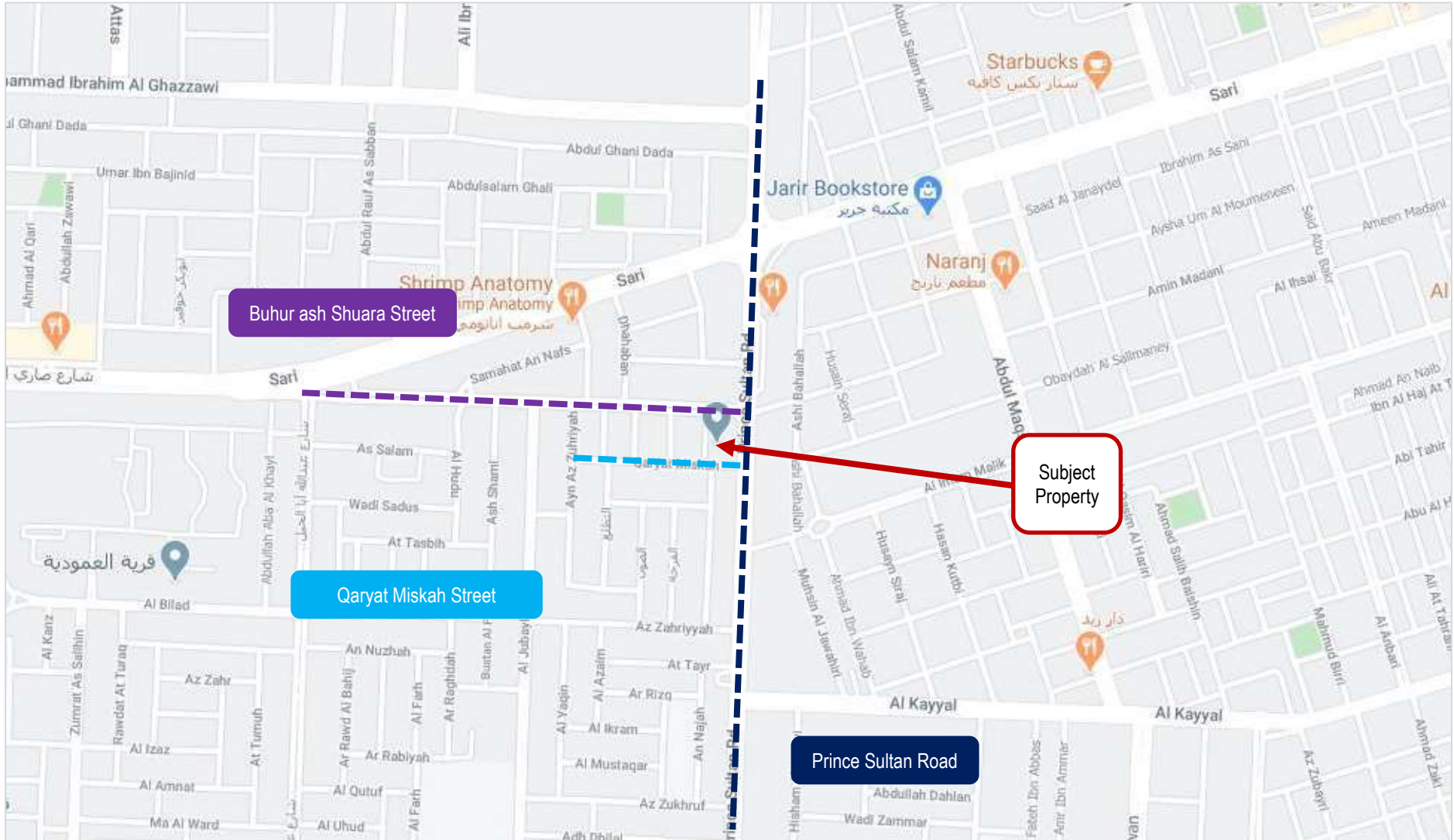
Surrounding Landmarks

- | | |
|--|---|
| <ul style="list-style-type: none"> 1- Al Andalus School (0.55 Kilometres) 2- Le Concheur (0.35 Kilometres) 3- Maabar Social Consultancy (0.3 Kilometres) 4- Khojah Group (0.4 Kilometres) 5- Casper & Gambino's (0.15 Kilometres) | <ul style="list-style-type: none"> 6- Jolie Beauty Center (0.2 Kilometres) 7- World of Learning International School (0.4 Kilometres) 8- Lamasat Beauty Center (0.3 Kilometres) 9- The Italian Cuisine Filicori Zecchini (0.45 Kilometres) 10- Arab National Bank (0.4 Kilometres) |
|--|---|



1.58 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.59 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Jeddah	Land Area	7,903
District	Khalideyah	Plot No.	9
T.D Type	Electronic	Block No.	N/A
T.D Number	420216026736	Layout No.	س/ت/448
T.D Date	01/06/1441	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	01/06/1441 Jeddah Notary	Limitation of Document	Mortgaged
North Side	Buhur As Shuara Street	East Side	Prince Sultan Road Street
South Side	Qaryat Miskah Street	West Side	Plot No. 1 & 3 & 5 & 7
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.60 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a retail center which is new constructed composed of ground floor, mezzanine, 4 upper floors and annex. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Addition & Modification
Property Type	Commercial
Construction Permit No.	4200004278
Construction Permit Date	20/01/1442
Permit Expiry Date	20/01/1443

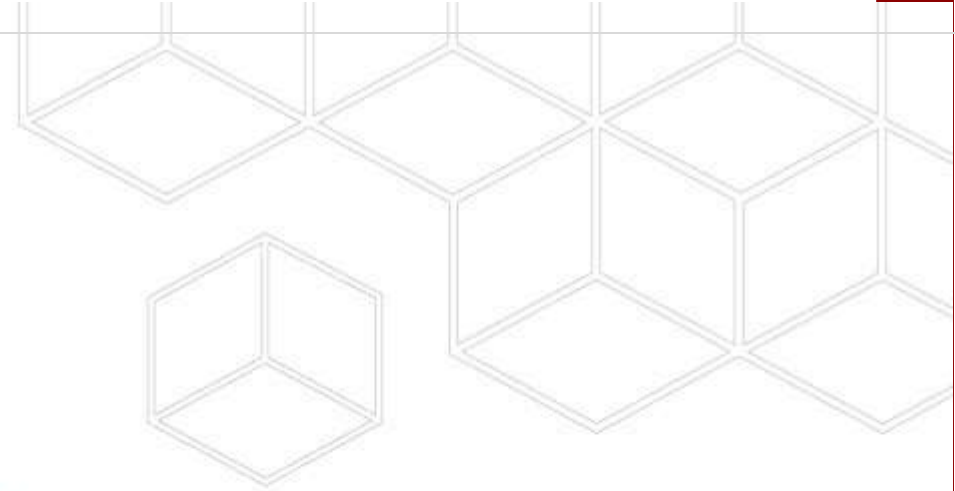
Description	No. Units	Area (Sqm)	Use
Ground Floor	9	5,277.29	Commercial & Other
Mezzanine	0	1,836.8	Other
First Floor	9	4,578.97	Commercial & Other
Second Floor	17	5,221.22	Commercial & Other
Third Floor	17	5,221.22	Commercial
Fourth Floor	17	3,384.42	Commercial
Annex	6	1,193.39	Commercial
Fences (L.M)	88	-----	Fences
Total BUA (Sqm)	75	26,713,31	



1.61 PHOTO RECORD



MARKET INDICATORS





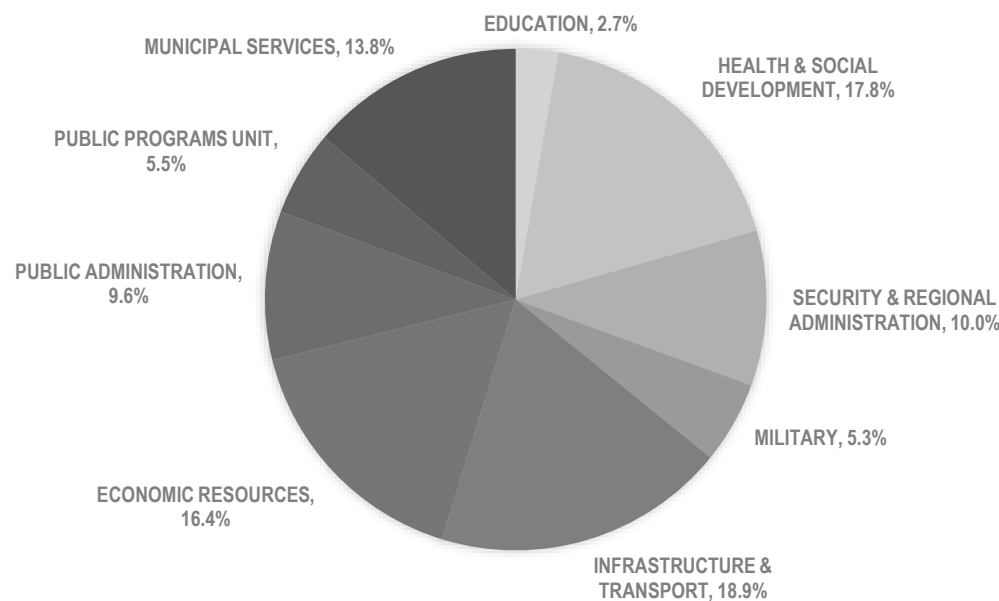
1.62 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.63 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.64 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 3 sides. - Direct view on the main road (Prince Sultan Road). - Newly constructed. 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type due to its location near city centre 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

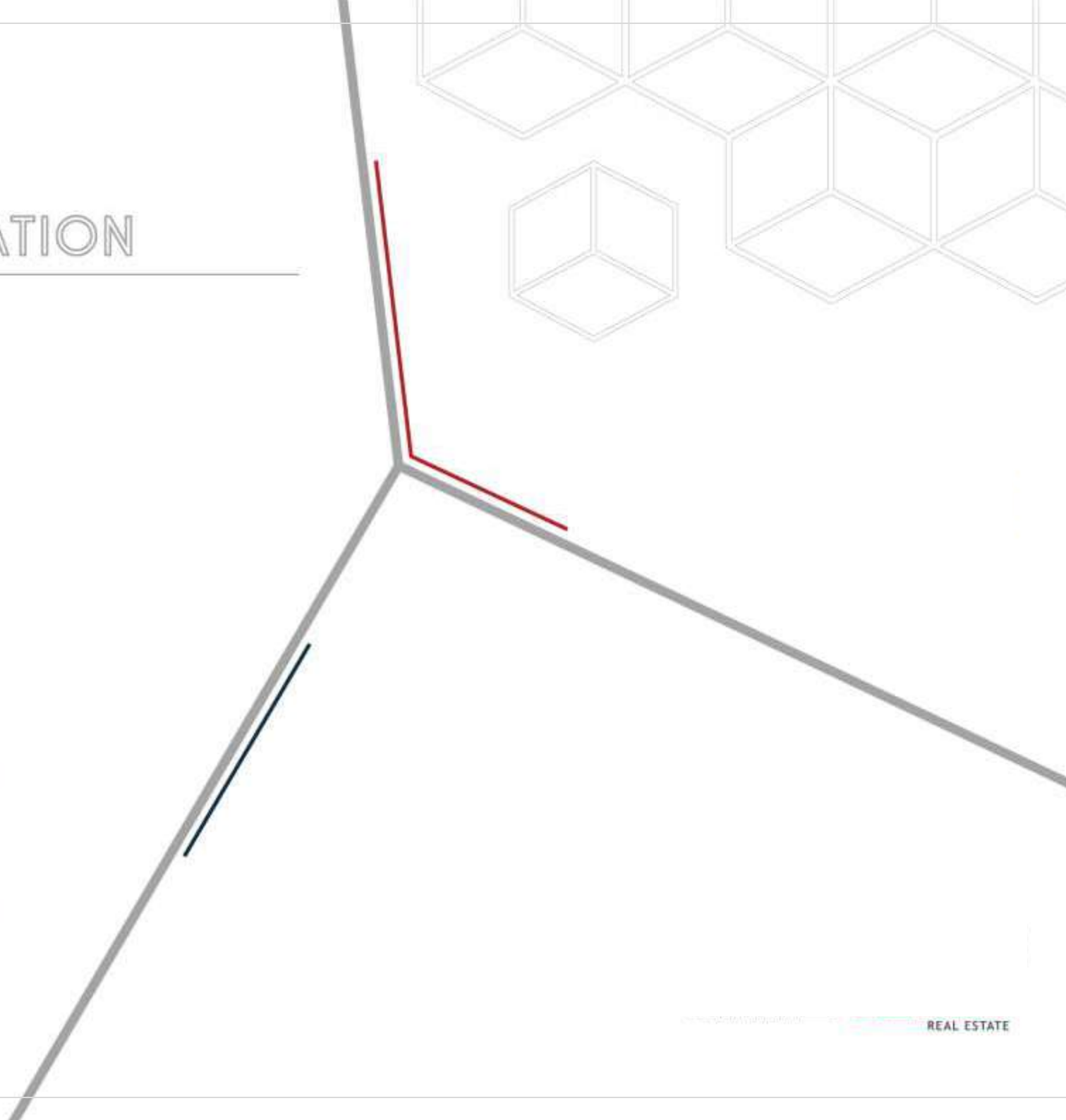
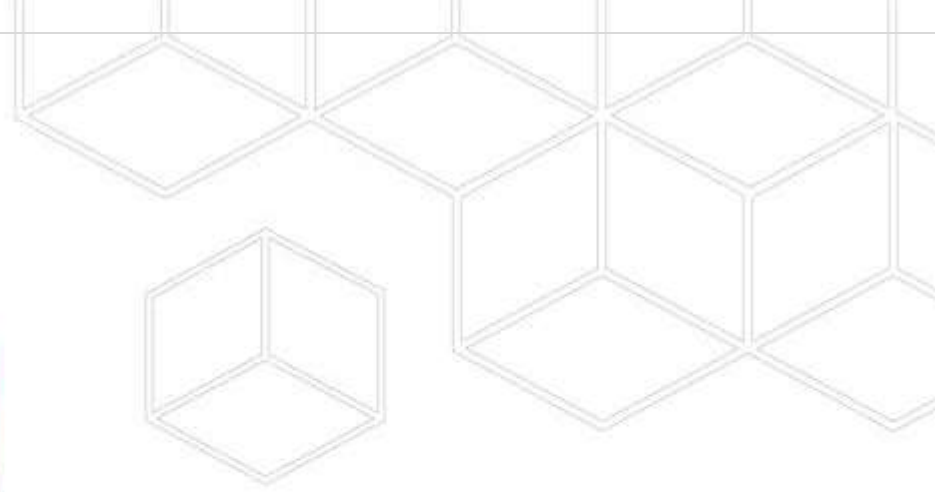
1.65 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
Total Risk	0	10	15	0	0
Risk Category	25 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 25 Risk Points - Medium Risk

PROPERTY VALUATION





1.66 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output

1.67 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

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



1.68 DISCOUNTED CASH FLOW APPROACH- 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 commercial units range from 900 to 1,100 SAR /Sqm and for office units range from 700 to 800 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:

Comparable	Commercial Units
	Rental Rate/ Sqm
Comparable 1	1,150 SAR/ Sqm
Comparable 2	1,100 SAR/ Sqm
Comparable 3	1,150 SAR/ Sqm
Average	1,150 SAR/ Sqm





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	4% to 7%
Operating and maintenance expenses	4% to 6%
General service bills expenses	2% 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 13.5% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7.5% to 8.5%. 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 7.5%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	7.50%
Maximum capitalization rate	8.50%
Average	8.00%
The effect of the property specifications on the property	
Item	Status Influence Notes
Ease of access to the property	----- -0.25% several major methods
General condition of the property	----- -0.25% The actual age of the property is 1 year
The general location of the property	----- 0.00% The area is served good
Quality and finishes	----- 0.00% Average quality finishes
Project Management Team	----- 0.00% Average management and operational team level
Services and public facilities	----- 0.00% level and availability of services is average
Total	-0.50%
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	8%
Estimated capitalization rate of the property valuation	7.50%

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

Cash Flow		0	1	2	3	4	5	6	7	8	9
Increase Revision		0%	0%	3%	0%	0%	3%	0%	0%	3%	0%
Expected Revenues											
Retail	Sqm	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687	5,687
Rate (SAR)	SAR	1,150	1,150	1,185	1,185	1,185	1,220	1,220	1,220	1,257	1,257
Total	SAR	6,540,050	6,540,050	6,736,252	6,736,252	6,736,252	6,938,339	6,938,339	6,938,339	7,146,489	7,146,489
Office	Sqm	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652	8,652
Rate (SAR)	SAR	750	750	773	773	773	796	796	796	820	820
Total	SAR	6,489,000	6,489,000	6,683,670	6,683,670	6,683,670	6,884,180	6,884,180	6,884,180	7,090,706	7,090,706
Coffee Shop	Sqm	30	30	30	30	30	30	30	30	30	30
Rate (SAR)	SAR	150,000	150,000	154,500	154,500	154,500	159,135	159,135	159,135	163,909	163,909
Total	SAR	150,000	150,000	154,500	154,500	154,500	159,135	159,135	159,135	163,909	163,909
Overall Revenues		13,179,050	13,179,050	13,574,422	13,574,422	13,574,422	13,981,654	13,981,654	13,981,654	14,401,104	14,401,104
Vacancy Rates											
Retail	10.0%	654,005	654,005	673,625	673,625	673,625	693,834	693,834	693,834	714,649	714,649
Office	20.0%	1,297,800	1,297,800	1,336,734	1,336,734	1,336,734	1,376,836	1,376,836	1,376,836	1,418,141	1,418,141
Coffee Shop	0.0%	0	0	0	0	0	0	0	0	0	0
Total		1,951,805	1,951,805	2,010,359	2,010,359	2,010,359	2,070,670	2,070,670	2,070,670	2,132,790	2,132,790
Expenses											
OPEX (Retail & Office)	13.5%	1,758,922	1,758,922	1,811,689	1,811,689	1,811,689	1,866,040	1,866,040	1,866,040	1,922,021	1,922,021
Coffee Shop	7.5%	11,250	11,250	11,588	11,588	11,588	11,935	11,935	11,935	12,293	12,293
Overall Expenses		1,770,172	1,770,172	1,823,277	1,823,277	1,823,277	1,877,975	1,877,975	1,877,975	1,934,314	1,934,314



NOI		9,457,073	9,457,073	9,740,785	9,740,785	9,740,785	10,033,009	10,033,009	10,033,009	10,333,999	10,333,999
Terminal Value @ ----->	7.0%										147,628,561
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46
Present Value		9,457,073	8,676,214	8,198,624	7,521,674	6,900,618	6,520,767	5,982,355	5,488,400	5,186,286	72,730,351
Market Rate / Net Present Value											136,662,362

	Discount Rate				
Discount Rate	7.00%	8.00%	9.00%	10.0%	11.0%
Market Value	154,208,536	145,065,799	136,662,362	128,930,166	121,808,050

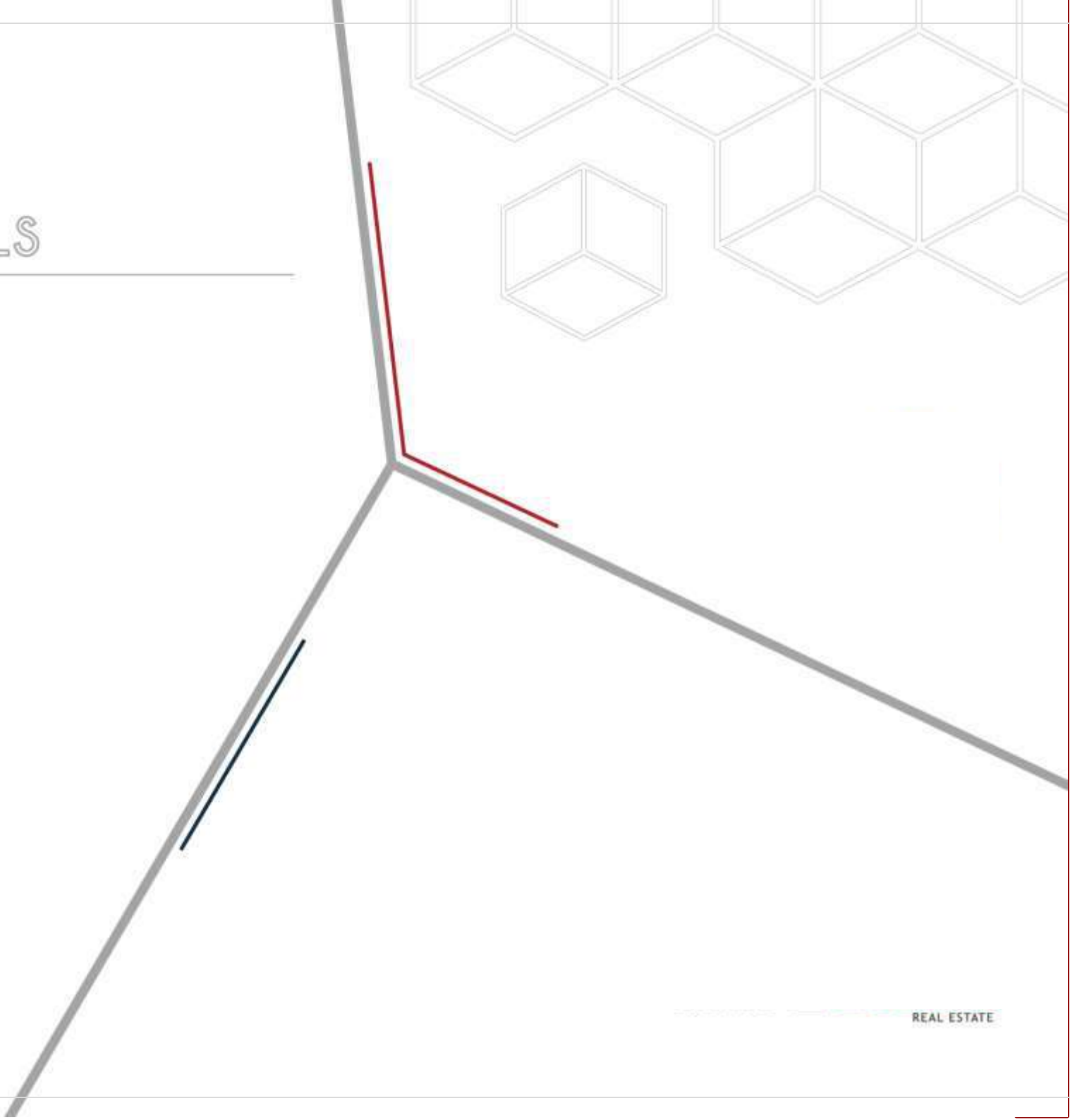
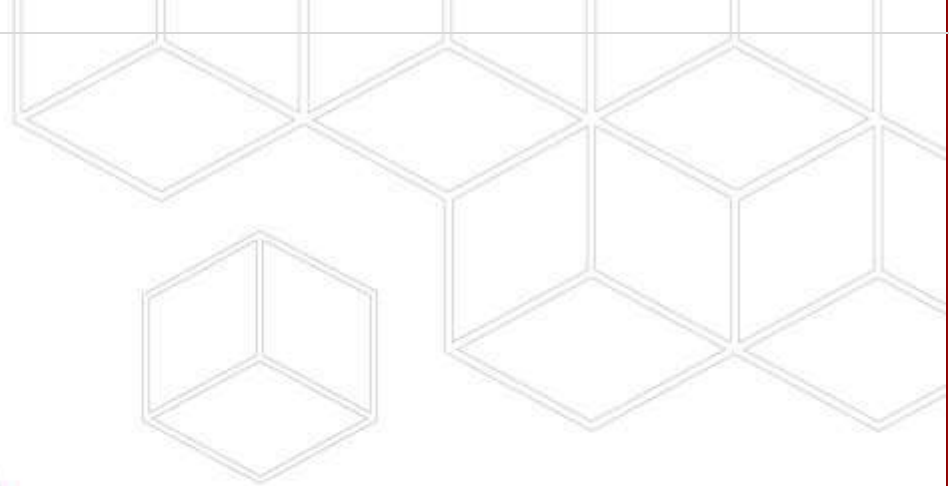
1.69 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DCF Approach is:

Property Value: **136,662,000 SAR**
 One Hundred Thirty-Six Million and Six Hundred Sixty-Two Thousand Saudi Riyals

PROPERTY DETAILS

PANDA JEDDAH





1.70 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Al Hamdaniah district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 13,685.85. Sqm and a total BUA of 5,858 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Al Hamdaniah Street from the eastern side. The building is mostly surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a commercial building located in Al Hamdaniah district, Jeddah City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by Pathway & Plots No. 1277 & 1278
 The Property is bordered from the east by a Parking Area & Unnamed Street
 The property is bordered to the west by a Pathway

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Al Hamdaniah Street.

Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Hamdainah Street	Overall Building Conditions	Good
Land Condition	Constructed		

1.71 INFRASTRUCTURE FACILITIES

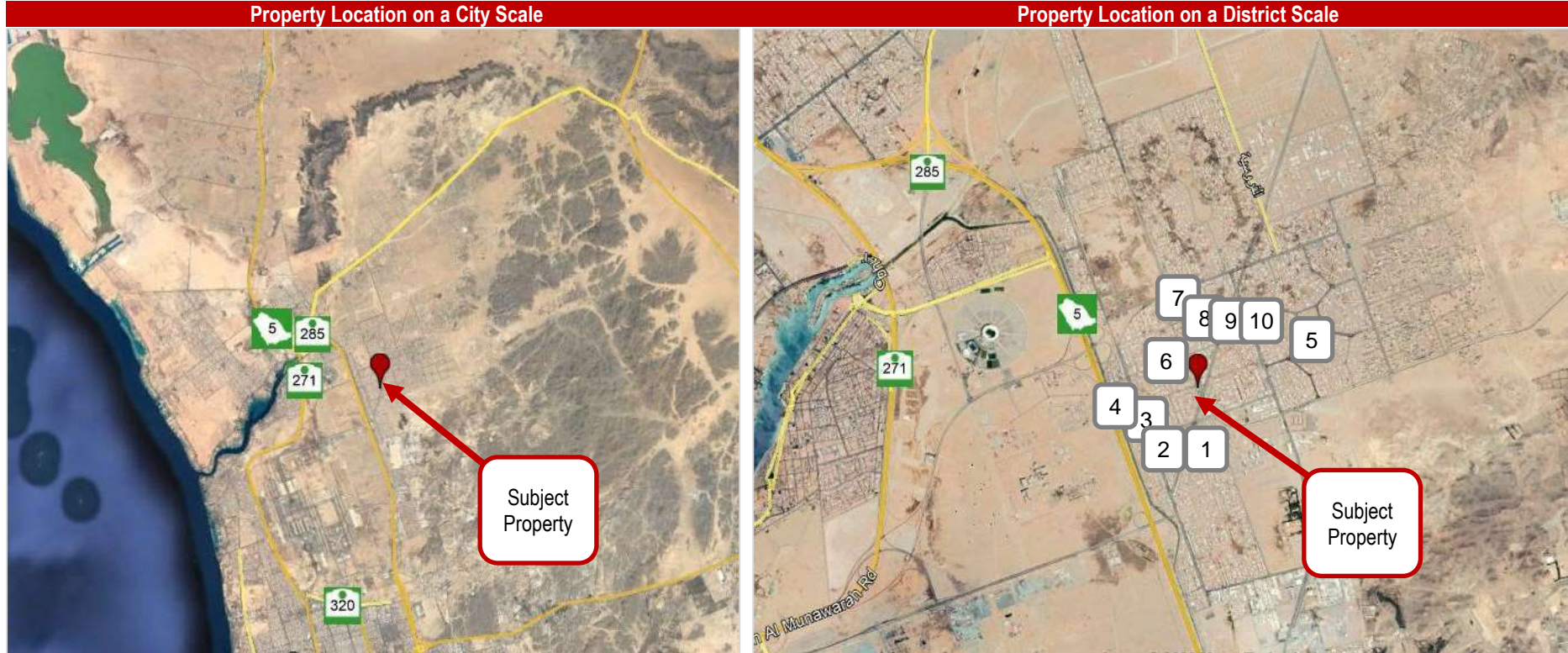
	Available in the surrounding	Connected to the property
Water	✓	✓
Electricity	✓	✓
Tele-Communication	✓	✓
Sewage	✓	✓

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



1.72 LOCATION

The subject property is located in Al Hamdaniah district, Jeddah city and surrounded by several landmarks as follows:



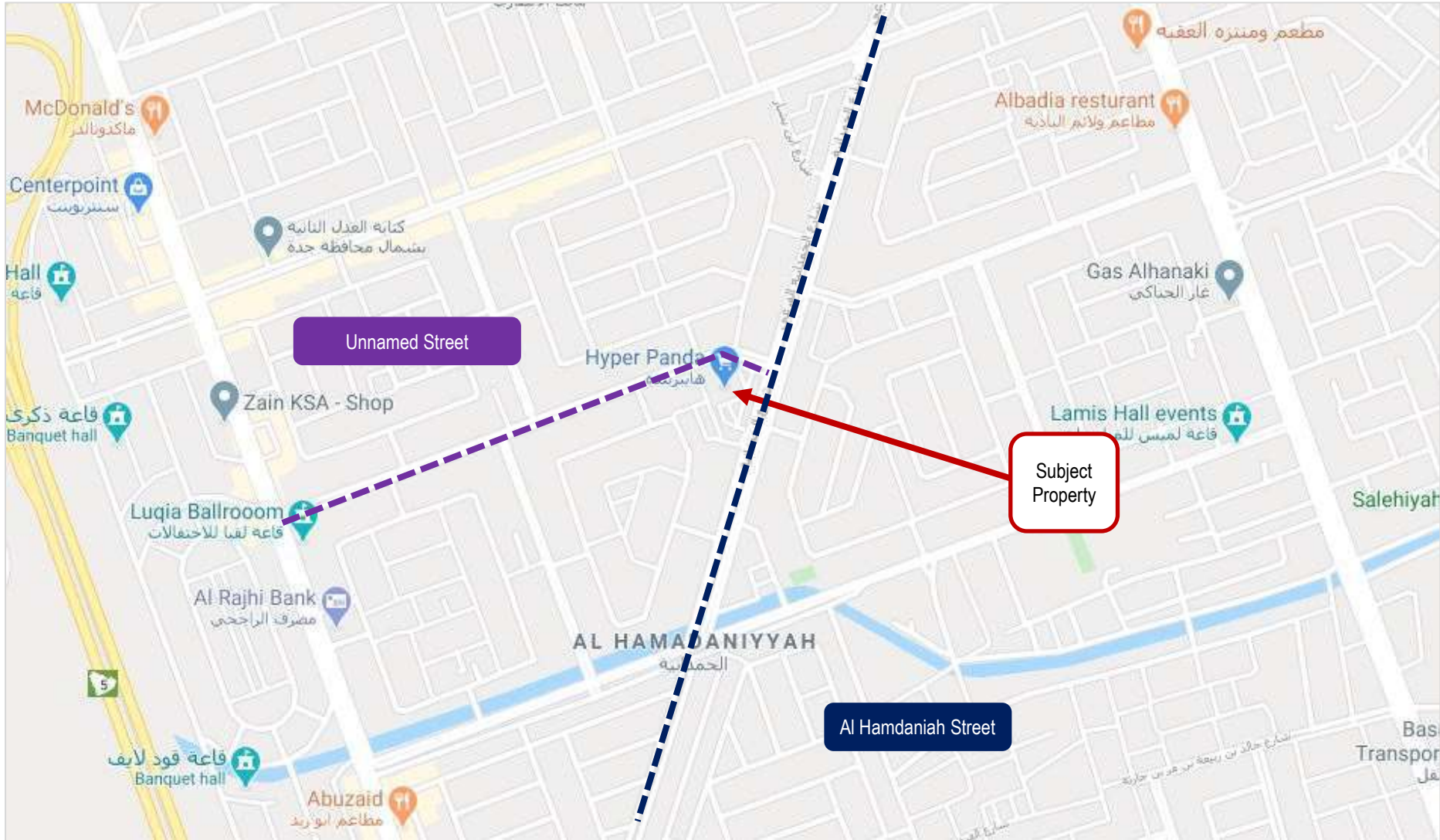
Surrounding Landmarks

- | | |
|---|--|
| <ul style="list-style-type: none"> 1- Dar Al Hafedat (0.9 Kilometres) 2- Jawharat Hamdaniyah Gas Station (1.15 Kilometres) 3- Al Rajhi Bank (0.95 Kilometres) 4- Luqia Wedding Hall (0.95 Kilometres) 5- Lamis Hall Events (1.15 Kilometres) | <ul style="list-style-type: none"> 6- Perfume Store (0.3 Kilometres) 7- Bara Bin Malik Al-Ansari Masjid (0.95 Kilometres) 8- Typical First National school (0.89 Kilometres) 9- Cab Pizza (1.00 Kilometres) 10- Gas Station (1.10 Kilometres) |
|---|--|



1.73 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.74 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Jeddah	Land Area	13,685.85
District	Al Hamdaniyah	Plot No.	/ أ / ب / 2
T.D Type	Electronic	Block No.	N/A
T.D Number	220206006345	Layout No.	ج/س/385
T.D Date	14/03/1434 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	41,055,566 SAR	Ownership Type	Freehold
Date of Last Transaction Issued From	14/03/1434 H. D Jeddah Notary	Limitation of Document	None
North Side	Unnamed Street	East Side	Parking Area & Unnamed Street
South Side	Pathway & Plots No. 1277 & 1278	West Side	Pathway
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.75 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a commercial building which was constructed 7 years ago composed of ground floor. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Building Permit
Property Type	Commercial
Construction Permit No.	3300416699
Construction Permit Date	28/06/1433 AH
Permit Expiry Date	28/06/1436 AH

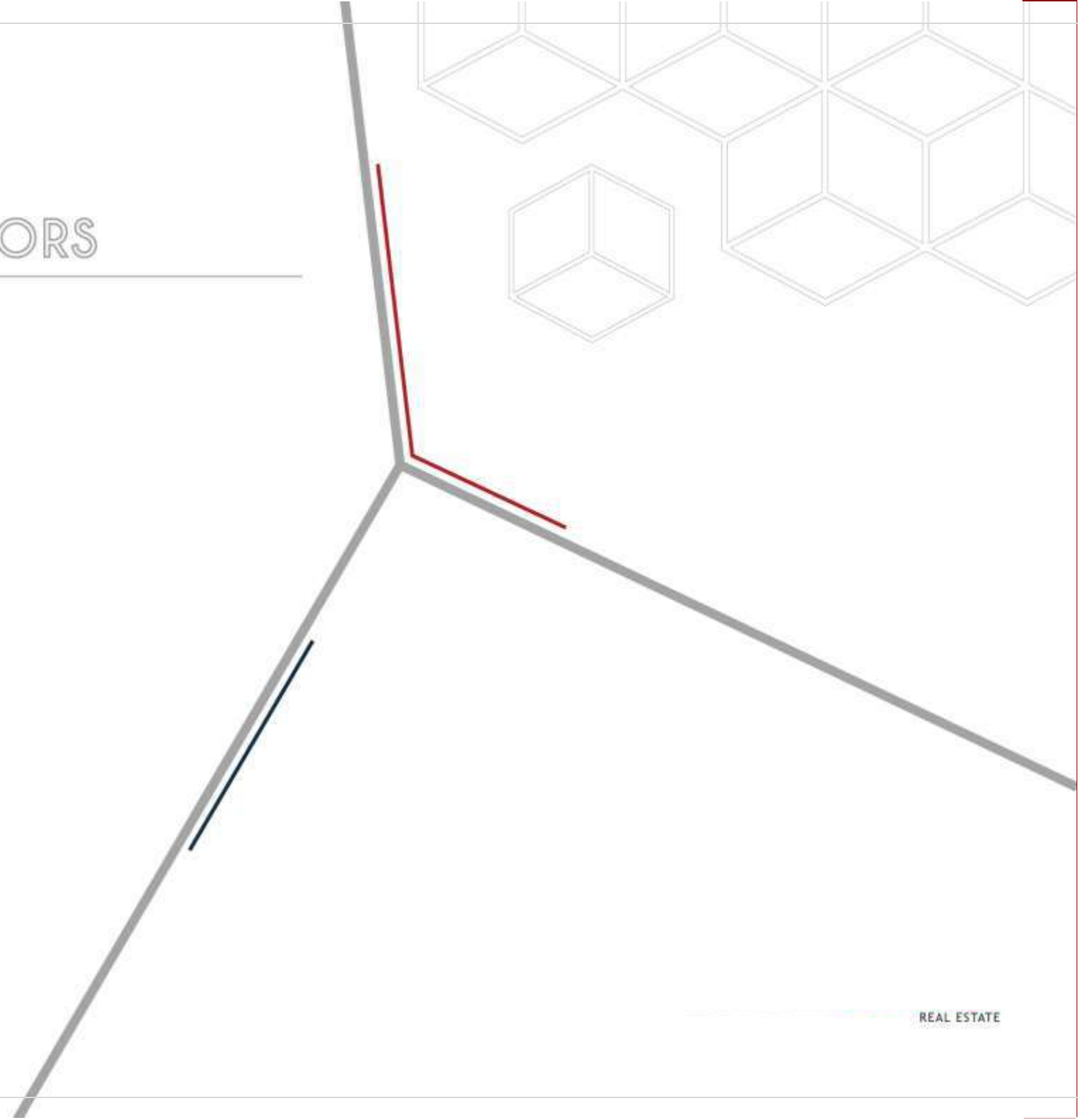
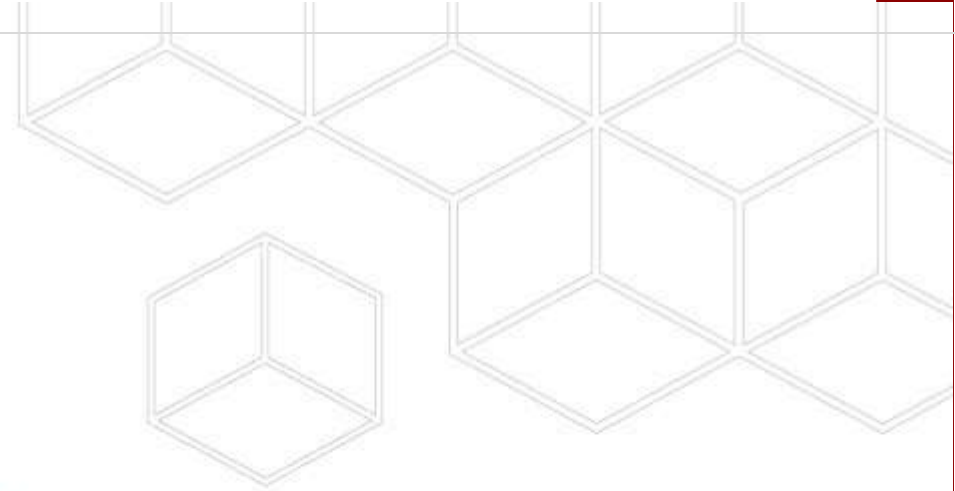
Description	No. Units	Area (Sqm)	Use
Ground Floor	-	5,858	Commercial, Parking, others
Total BUA (Sqm)		5,858.00	



1.76 PHOTO RECORD



MARKET INDICATORS





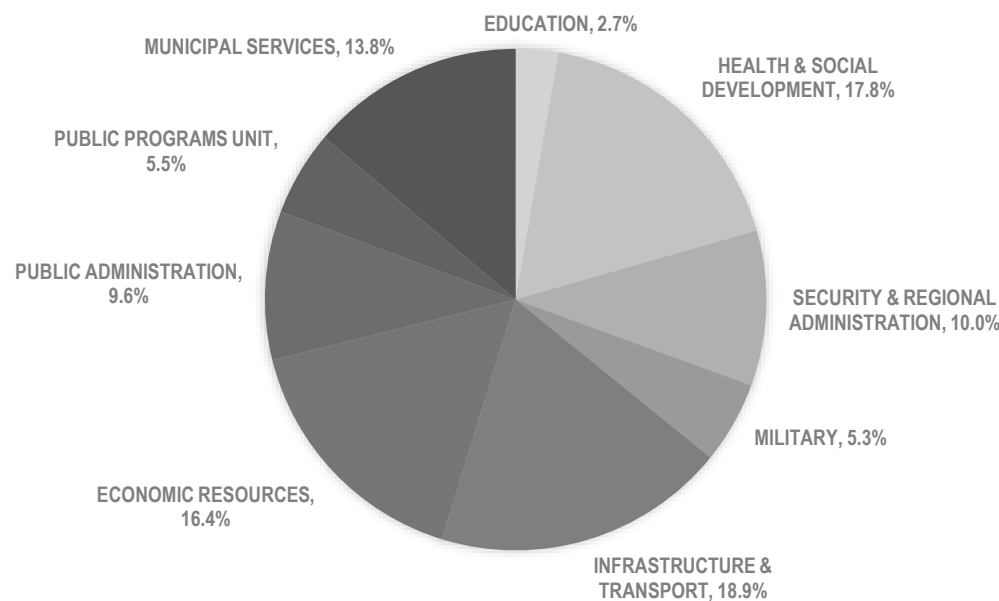
1.77 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.78 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.79 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 3 sides. - Leased to one tenant. 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - Located in high-density residential district. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

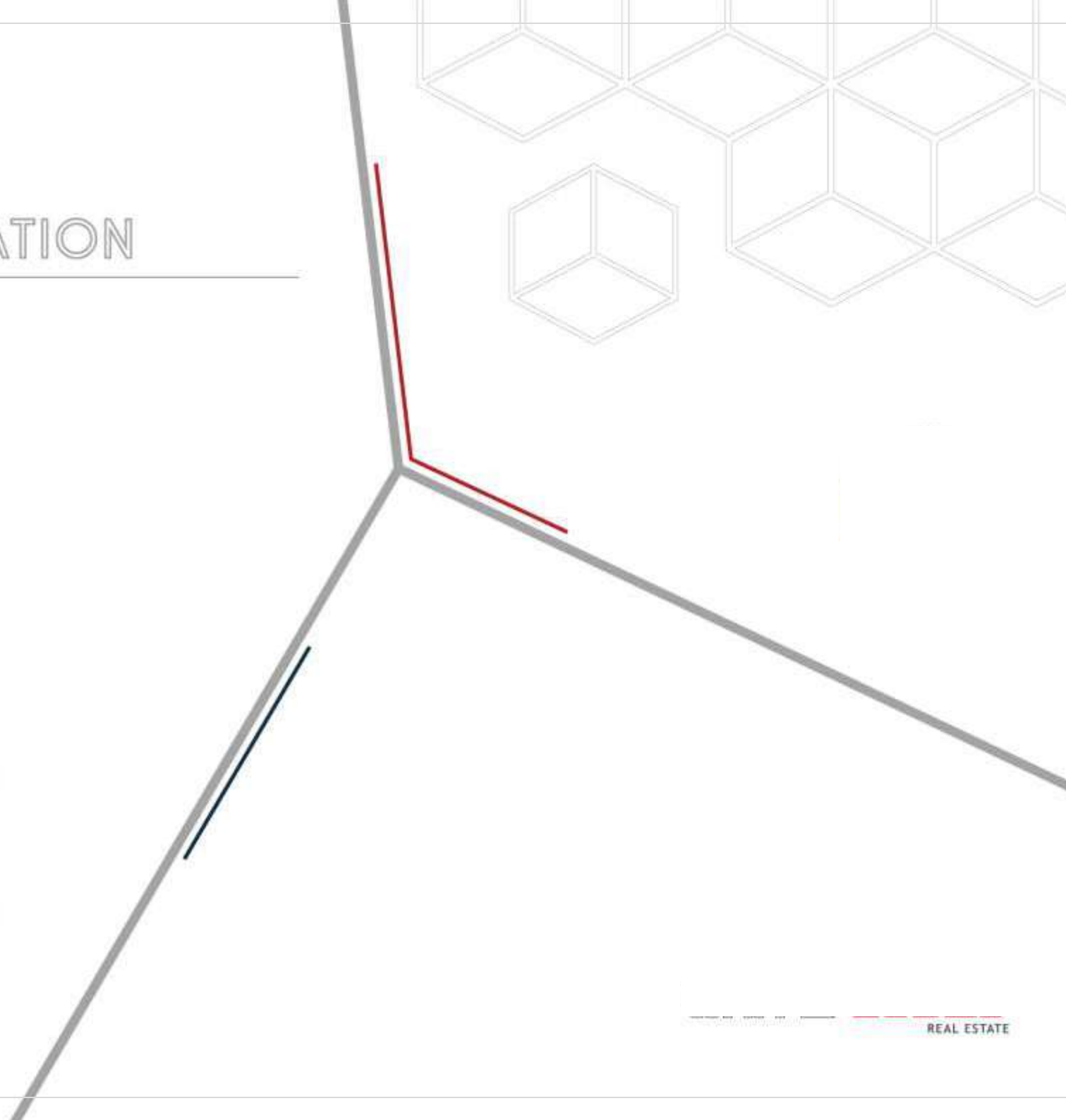
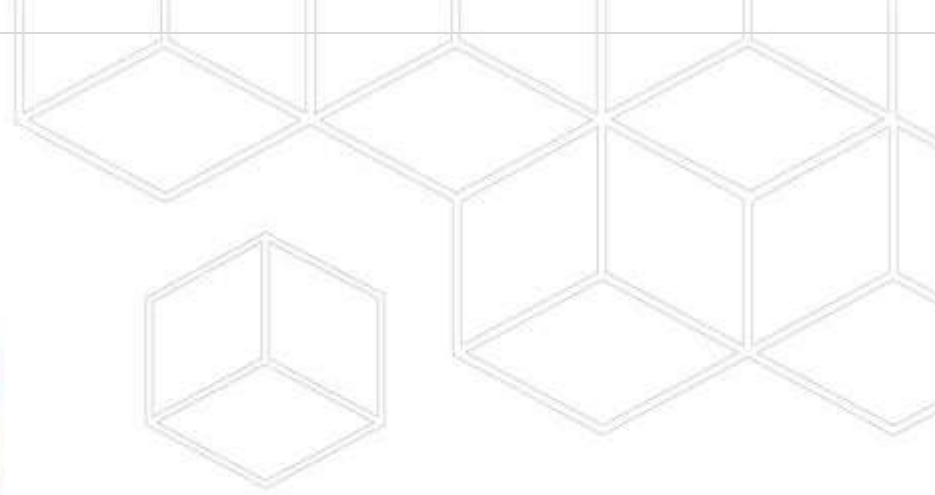
1.80 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	-----	✓	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	-----	✓	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	2	27	0	0
Risk Category	29 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 29 Risk Points - Medium Risk

PROPERTY VALUATION





1.81 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.82 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.83 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Panda Company). The contract involves the Second Party renting the subject property for 15 years, from 09/01/2013 to 08/01/2028. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	2,483,861.69
2	2,709,667.69
3	2,709,667.69
4	2,709,667.69
5	2,709,667.69
6	2,845,151.07
7	2,845,151.07
8	2,845,151.07
9- 2021	2,845,151.07
10	2,845,151.07
11	2,988,845.20
12	2,988,845.20
13	2,988,845.20
14	2,988,845.20
15	2,988,845.20
TOTAL	42,492,514

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate



The Capitalization Rate Used for the Valuation

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 7%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	7.50%	
Estimated capitalization rate of the property valuation	7.00%	



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
Commercial Building		The subject property is leased to one company			SAR 2,845,151.07
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 2,845,151.07
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses		NOI	
Commercial Building	SAR 2,845,151	0.00%		SAR 2,845,151	
-----	SAR 0	0.00%		SAR 0	
-----	SAR 0	0.00%		SAR 0	
		Total		SAR 2,845,151.07	
Total Property Revenues					SAR 2,845,151.07
Total Property Expenses					SAR 0
Net Operating Income					SAR 2,845,151.07
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 2,845,151.07	7.00%	40,645,015.29 SAR		40,600,000.00 SAR	



1.84 INCOME APPROACH- 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 commercial units range from 450 to 550 SAR /Sq.m. The following is a table that shows some of the comparisons that were used in analysing the market rental rates:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm
Comparable 2	550 SAR/ Sqm
Comparable 3	600 SAR/ Sqm
Average	700 SAR/ Sqm
	600 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
Average	7.50%

The effect of the property specifications on the property

Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	

Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property

Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	7.50%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES						
Unit Type	Quantity	No Of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
Commercial Building	5,858	0	SAR 600		SAR 0	SAR 3,514,800.00
-----	0	0	SAR 0		SAR 0	SAR 0
Total Revenues						SAR 3,514,800.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	5.00%	20.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 3,514,800	20.00%	SAR 2,811,840			
-----	SAR 0	0.00%	SAR 0			
Total			SAR 2,811,840.00			
Total Property Revenues			SAR 3,514,800.00			
Total Property Expenses			-SAR 702,960			
Net Operating Income			SAR 2,811,840.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 2,811,840.00	7.00%	40,169,142.86 SAR	40,170,000.00 SAR			



1.85 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 40,650,000	Forty Million and Six Hundred Fifty Thousand Saudi Riyals
Income- Market	Property	SAR 40,170,000	Forty Million and One Hundred Seventy Thousand Saudi Riyals

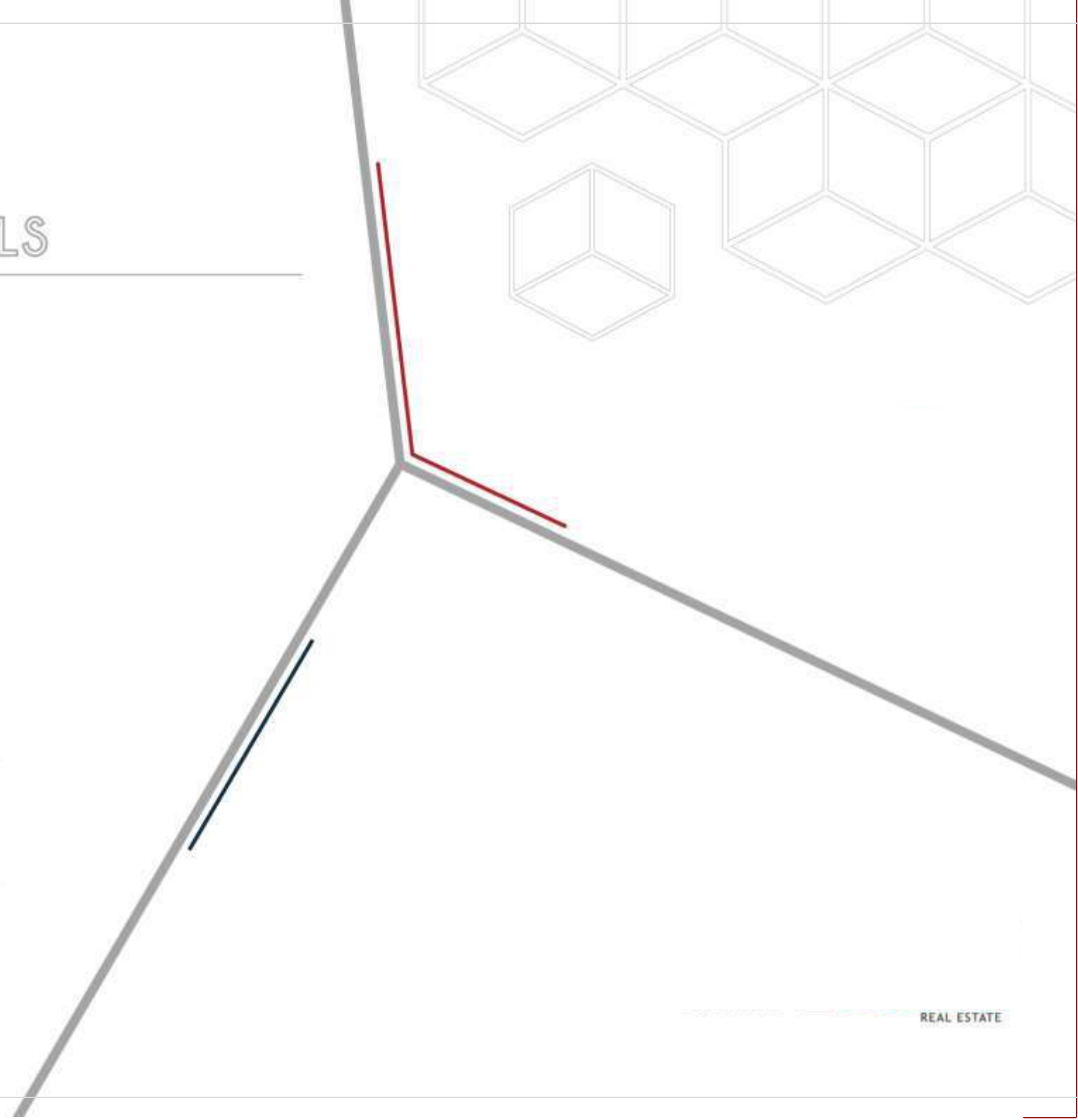
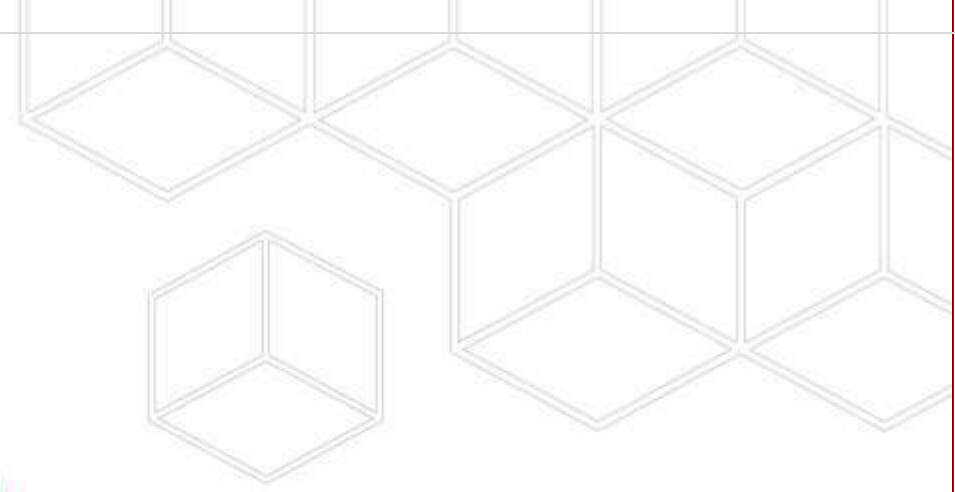
1.86 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: **40,650,000 SAR**
Forty Million and Six Hundred Fifty Thousand Saudi Riyals

PROPERTY DETAILS

PANDA RAYAN





1.87 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Al Rayyan district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 18,144.8 Sqm and a total BUA of 9,800 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Imam Ali Ibn Abi Talib street from the southern side. The building is mostly surrounded by residential and mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a commercial building located in Al Rayyan district, Dammam City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by Al Imam Ali Ibn Abi Talib Street
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by an Unnamed Street

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Al Imam Ibn Abi Talib Street and near Othman Ibn Affan Street

Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Al Imam Ali Ibn Abi Talib street	Overall Building Conditions	Good
Land Condition	Constructed		

1.88 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.89 LOCATION

The subject property is located in Al Rayyan district, Dammam city and surrounded by several landmarks as follows:



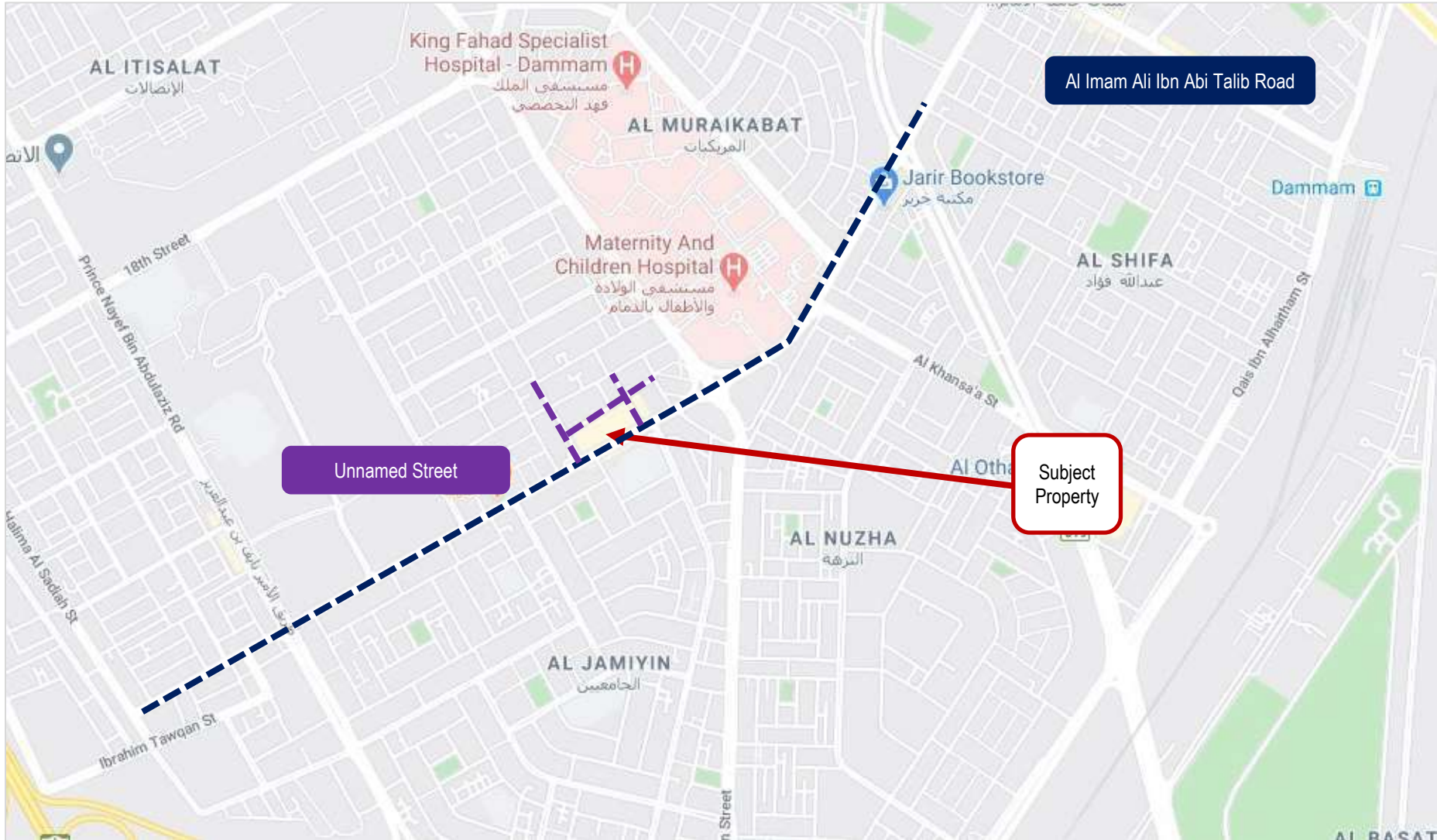
Surrounding Landmarks

- | | |
|---|--|
| <ul style="list-style-type: none"> 1- Consumer Oasis (1.00 Kilometres) 2- Coffee Library (0.6 Kilometres) 3- Amazon Gulf (0.45 Kilometres) 4- Jarash Restaurant (1.25 Kilometres) 5- Hattan Center Photocopy (1.00 Kilometres) | <ul style="list-style-type: none"> 6- Restaurant & Caffee (0.45 Kilometres) 7- Saudi Electronic University (1.10 Kilometres) 8- Al Andalus Hall (1.15 Kilometres) 9- Maternity and Children Hospital (0.65 Kilometres) 10- Jarir Bookstore (1.2 Kilometres) |
|---|--|



1.90 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.91 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Dammam	Land Area	18,144.8
District	Al Rayyan	Plot No.	From 119 to 136
T.D Type	Electronic	Block No.	7
T.D Number	530105021904	Layout No.	د ش 832
T.D Date	07/02/1440 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	07/02/1440 H. D Dammam Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Unnamed Street	East Side	Unnamed Street
South Side	Al Imam Ali Ibn Abi Talib Road	West Side	Unnamed Street
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.92 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a commercial building which was constructed 7 years ago composed of ground floor. The Client has provided us with a copy of the Construction Permit issued by Dammam Municipality, even though it is not clear in the Construction Permit, the client confirmed to us the following:

Subject Property

Construction Permit Type	Building Permit
Property Type	New Building
Construction Permit No.	1433/10286
Construction Permit Date	05/04/1433 AH
Permit Expiry Date	05/04/1436 AH

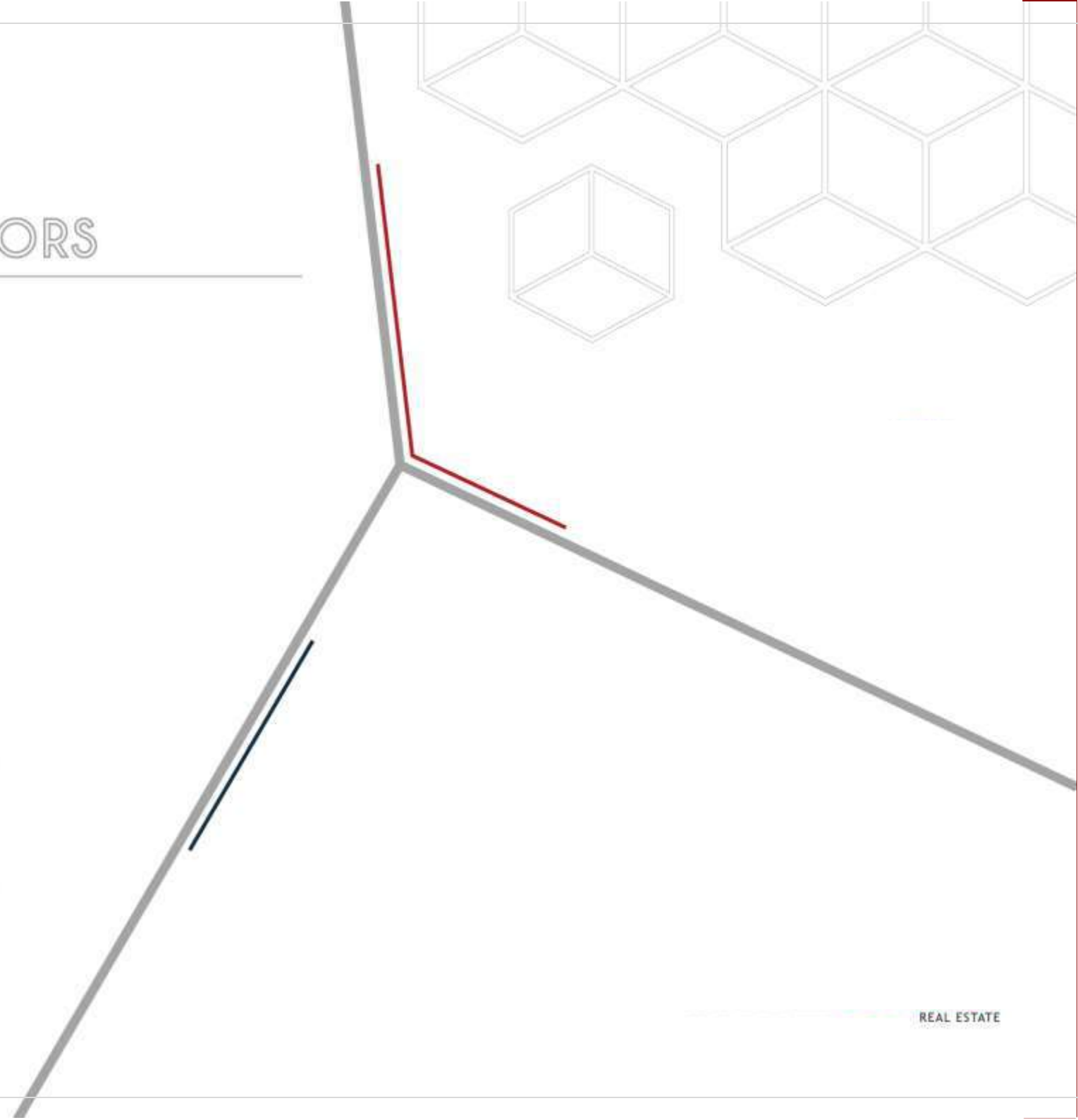
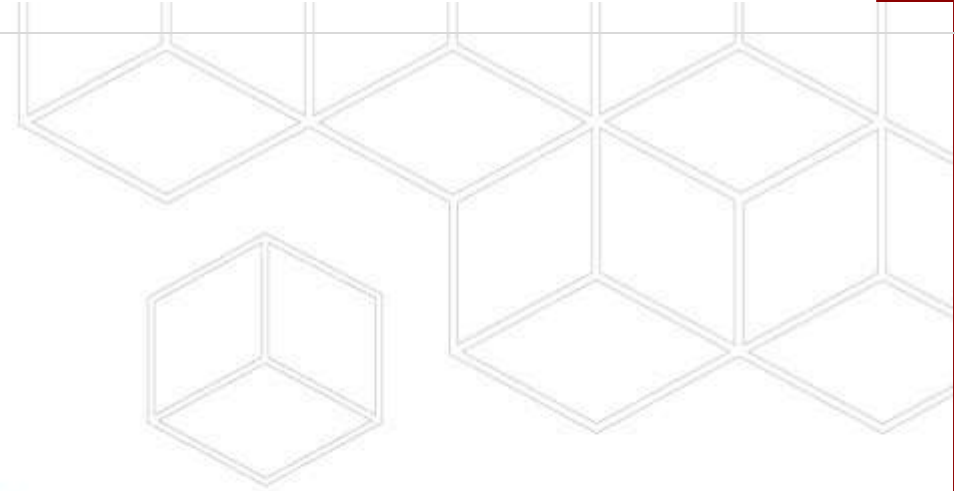
Description	No. Units	Area (Sqm)	Use
Ground Floor	-	9,800.00	Commercial, Parking, others
Total BUA (Sqm)		9,800.00	



1.93 PHOTO RECORD



MARKET INDICATORS





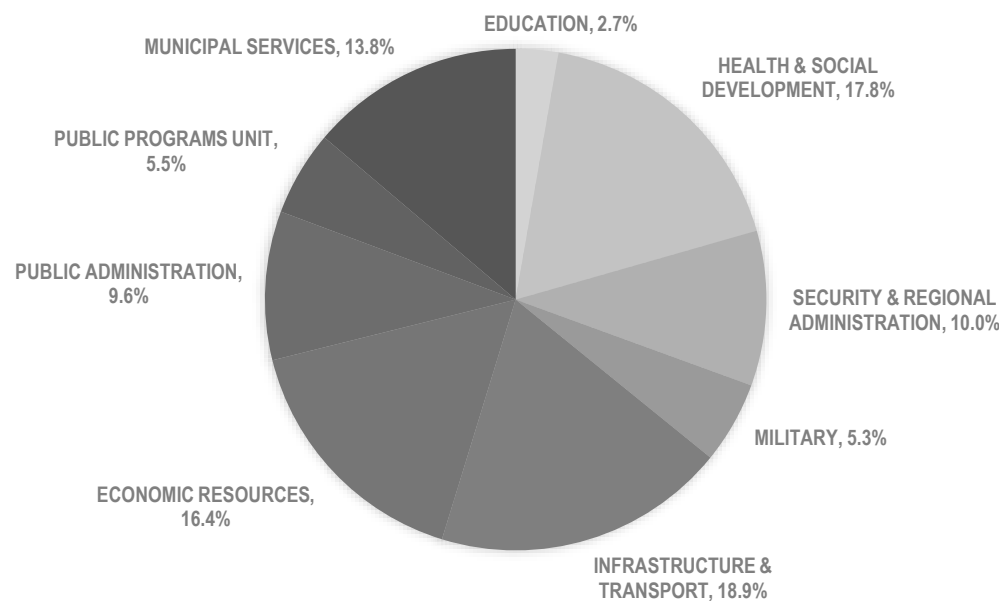
1.94 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.95 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.96 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 4 sides. - Direct view in main road (Al Imam Ali Ibn Abi Talib Road). 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

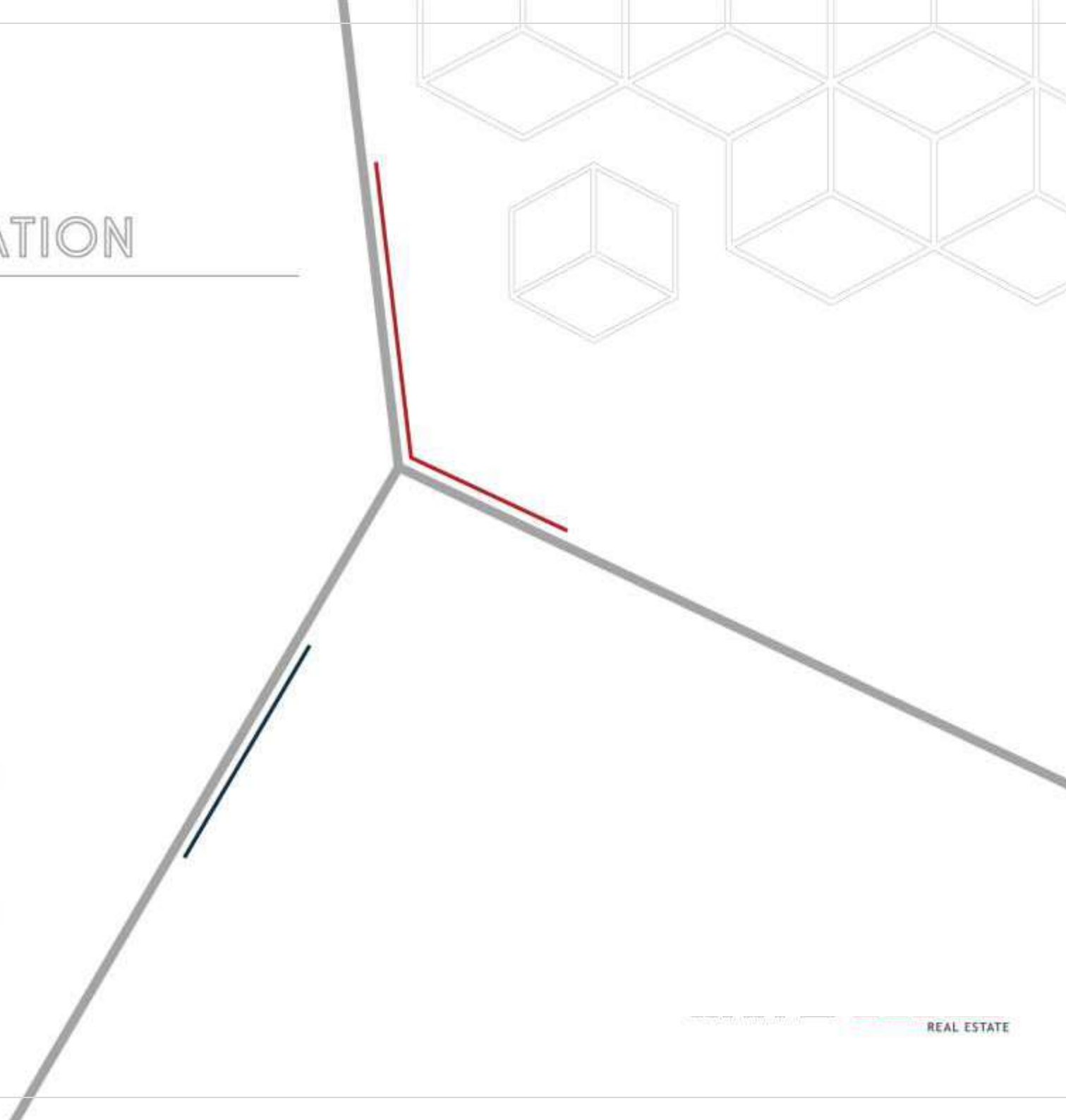
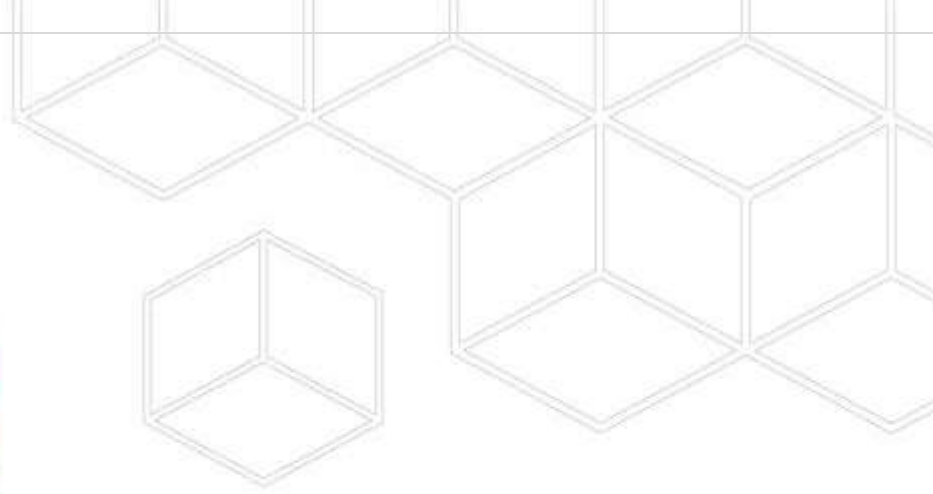
1.97 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	8	18	0	0
Risk Category	26 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 26 Risk Points - Medium Risk

PROPERTY VALUATION





1.98 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.99 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.100 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company for Real Estate Funds) and the Second Party (Panda Company). The contract involves the Second Party renting the subject property for 15 years, from 03/04/2010 to 31/12/2024. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	3,921,127
2	3,921,127
3	4,182,536
4	4,182,536
5	4,182,536
6	4,705,353
7	4,705,353
8	4,705,353
9	4,966,761
10	4,966,761
11	5,228,170
12- 2021	5,228,170
13	5,228,170
14	5,228,170
15	5,228,170
TOTAL	70,580,293

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 7.5% to 8.5%. 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%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.50%
Maximum capitalization rate		8.50%
Average		8.00%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	0.00%	several major methods
General condition of the property	0.00%	The actual age of the property is 5 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8.00%	
Estimated capitalization rate of the property valuation	8.00%	



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	
Commercial Building		The subject property is leased to one company			SAR 5,228,170.00	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 5,228,170.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses			NOI	
Commercial Building	SAR 5,228,170	0.00%			SAR 5,228,170	
-----	SAR 0	0.00%			SAR 0	
-----	SAR 0	0.00%			SAR 0	
					Total	SAR 5,228,170.00
Total Property Revenues						SAR 5,228,170.00
Total Property Expenses						SAR 0
Net Operating Income						SAR 5,228,170.00
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 5,228,170.00	8.00%	65,352,125.00 SAR			65,350,000.00 SAR	



1.101 INCOME APPROACH- 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 commercial units range from 600 to 650 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:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm 550 SAR/ Sqm
Comparable 2	750 SAR/ Sqm
Average	650 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% 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 7.5% to 8.5%. 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%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	7.50%
Maximum capitalization rate	8.50%
Average	8.00%
The effect of the property specifications on the property	
Item	Influence Notes
Ease of access to the property	0.00% several major methods
General condition of the property	0.00% The actual age of the property is 5 years
The general location of the property	0.00% The area is served well
Quality and finishes	0.00% Average quality finishes
Project Management Team	0.00% Average management and operational team level
Services and public facilities	0.00% Level and availability of services is average
Total	0.00%
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
Total adjustments on capitalization rate	0.00%
Capitalization rate, according to market averages	8.00%
Estimated capitalization rate of the property valuation	8.00%

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

REVENUES						
Unit Type	Quantity		Revenues			
	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building	9,800	0	SAR 650	SAR 0	SAR 6,370,000.00	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 6,370,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 6,370,000	15.00%	SAR 5,414,500			
-----	SAR 0	0.00%	SAR 0			
			Total	SAR 5,414,500.00		
Total Property Revenues				SAR 6,370,000.00		
Total Property Expenses				-SAR 955,500		
Net Operating Income				SAR 5,414,500.00		
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 5,414,500.00	8.00%	67,681,250.00 SAR	67,680,000.00 SAR			



1.102 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 65,350,000	Sixty-Five Million and Three Hundred Fifty Thousand Saudi Riyals
Income- Market	Property	SAR 67,680,000	Sixty-Seven Million and Six Hundred Eighty Thousand Saudi Riyals

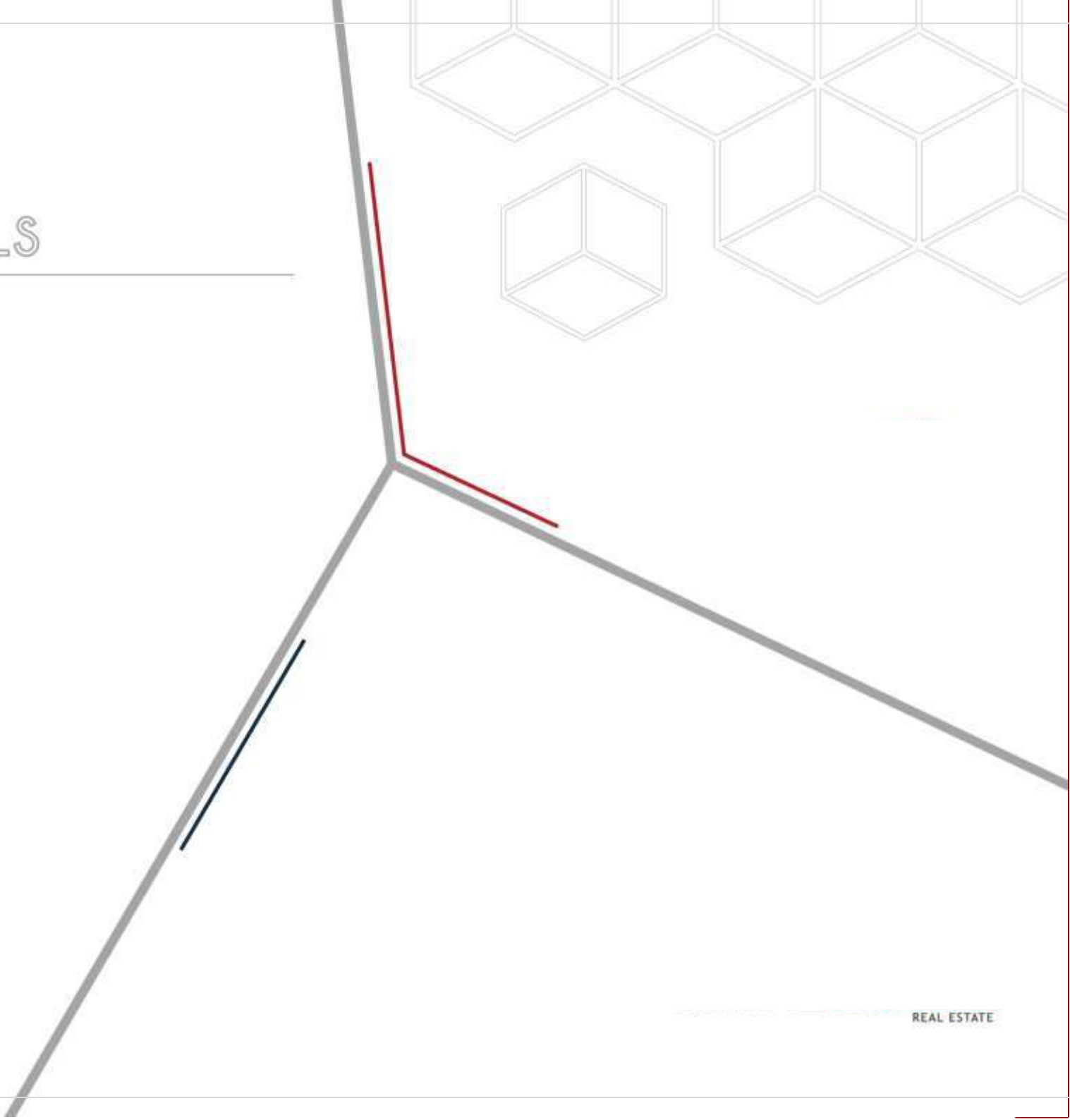
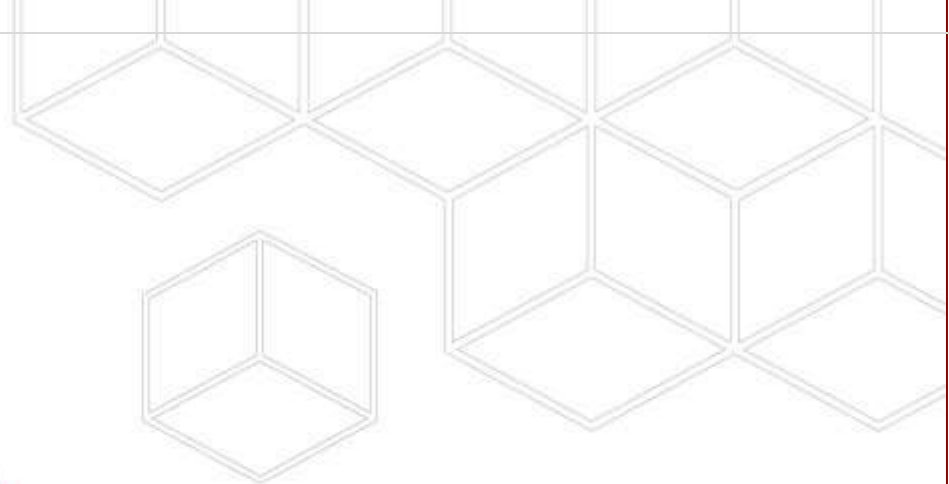
1.103 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: 65,350,000 SAR
Sixty-Five Million and Three Hundred Fifty Thousand Saudi Riyals

PROPERTY DETAILS

PANDA RIYADH





1.104 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Ishbiliah district, Riyadh City. Based on the provided title deed and construction permit, the project has a total land area of 23,604. Sqm and a total BUA of 10,784 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on a 30 meters width street from the eastern side. The building is mostly surrounded by residential buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a commercial building located in Ishbiliah district, Riyadh City.
 The property is bordered from the north by Qalat Al Fustat Street
 The property is bordered from the south by an Unnamed Street
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by an Unnamed Street

Ease of Access

Based on the current location of the subject property, the access level is high since it is located near Al Shaikh Jaber Alahmed Al Sabah.

Area Surrounding the Property

The subject property is mostly surrounded by residential buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	4	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	No direct view on the main road	Building Finishing Conditions	Good
Direct View on an Internal Street	Qalat Al Fustat Street	Overall Building Conditions	Good
Land Condition	Constructed		

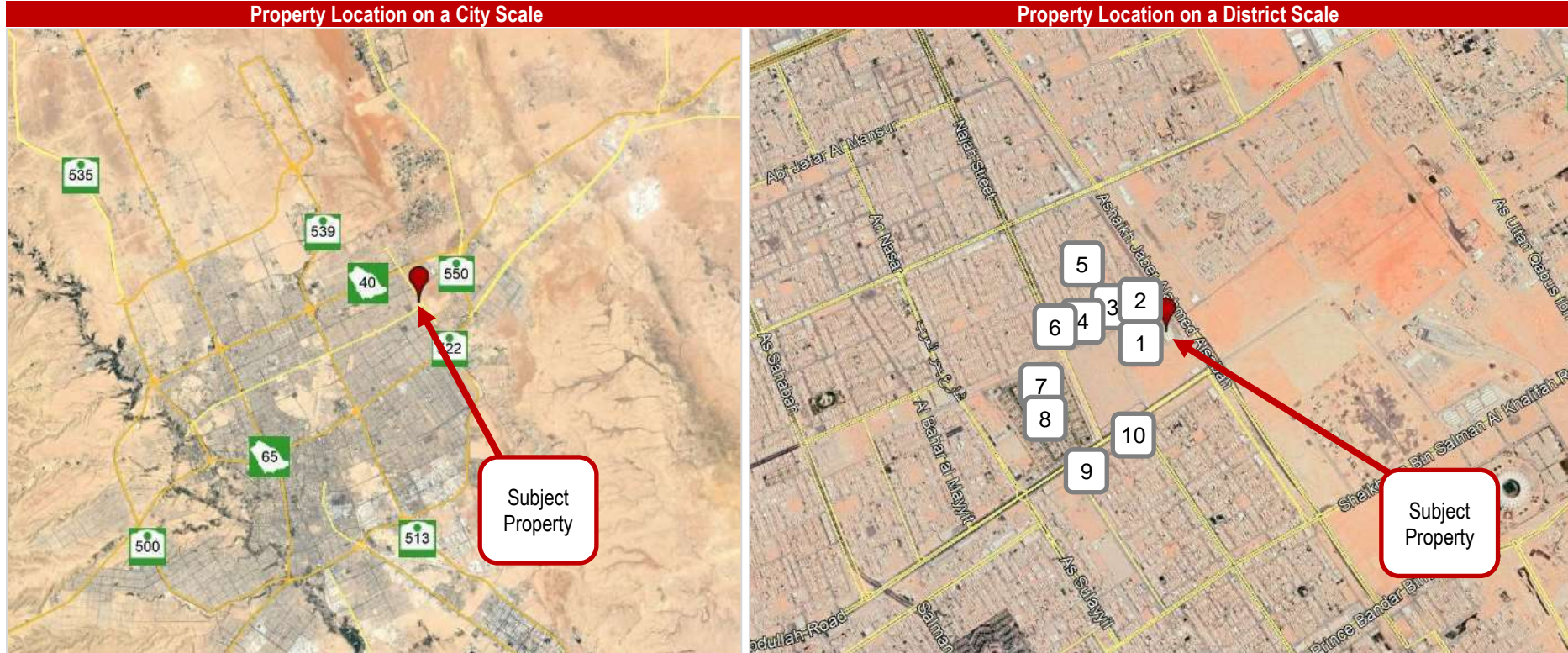
1.105 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.106 LOCATION

The subject property is located in Ishbiliah district, Riyadh city and surrounded by several landmarks as follows:



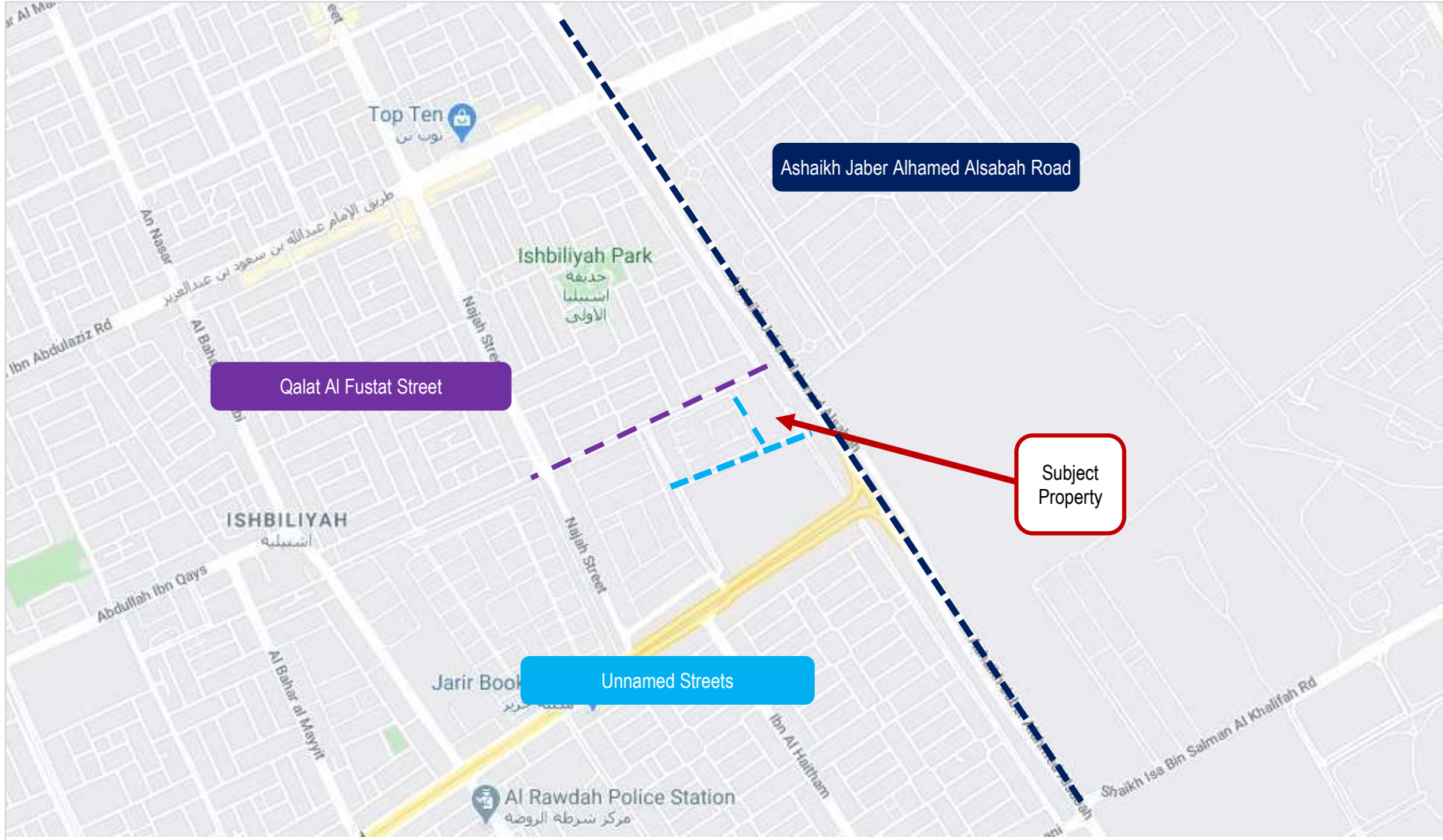
Surrounding Landmarks

- | | |
|---|--|
| 1- KSB Compound (0.2 Kilometres) | 6- Falafel Pick (0.2 Kilometres) |
| 2- Saied Al Shohadaa Mosque (0.2 Kilometres) | 7- Ishbiliah Kindergarten (0.4 Kilometres) |
| 3- Reem 46sr Twoleen Plaza Hotel (0.2 Kilometres) | 8- Ishbiliah Compound (0.3 Kilometres) |
| 4- Rana for Fast Food (0.4 Kilometres) | 9- Jarir Bookstore (0.45 Kilometres) |
| 5- Civil School (0.15 Kilometres) | 10- Parmavy (0.4 Kilometres) |



1.107 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.108 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Riyadh	Land Area	23,604
District	Ishbilia	Plot No.	3/1/1/ع/4
T.D Type	Electronic	Block No.	N/A
T.D Number	410111055251	Layout No.	N/A
T.D Date	18/09/1440 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	18/09/1440 H. D Riyadh Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Qalat Al Fustat Street	East Side	Prince Sultan Road Street
South Side	Unnamed Street	West Side	Unnamed Street
Notes		The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.	

1.109 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a commercial building which was constructed 8 years ago composed of ground floor. The Client has provided us with a copy of the Construction Permit issued by Riyadh Municipality; however, we have been instructed to follow the details given by the client as follows:

Subject Property

Construction Permit Type	Modification of Building
Property Type	Commercial
Construction Permit No.	1432/12916
Construction Permit Date	10/07/1432 AH
Permit Expiry Date	10/07/1435 AH

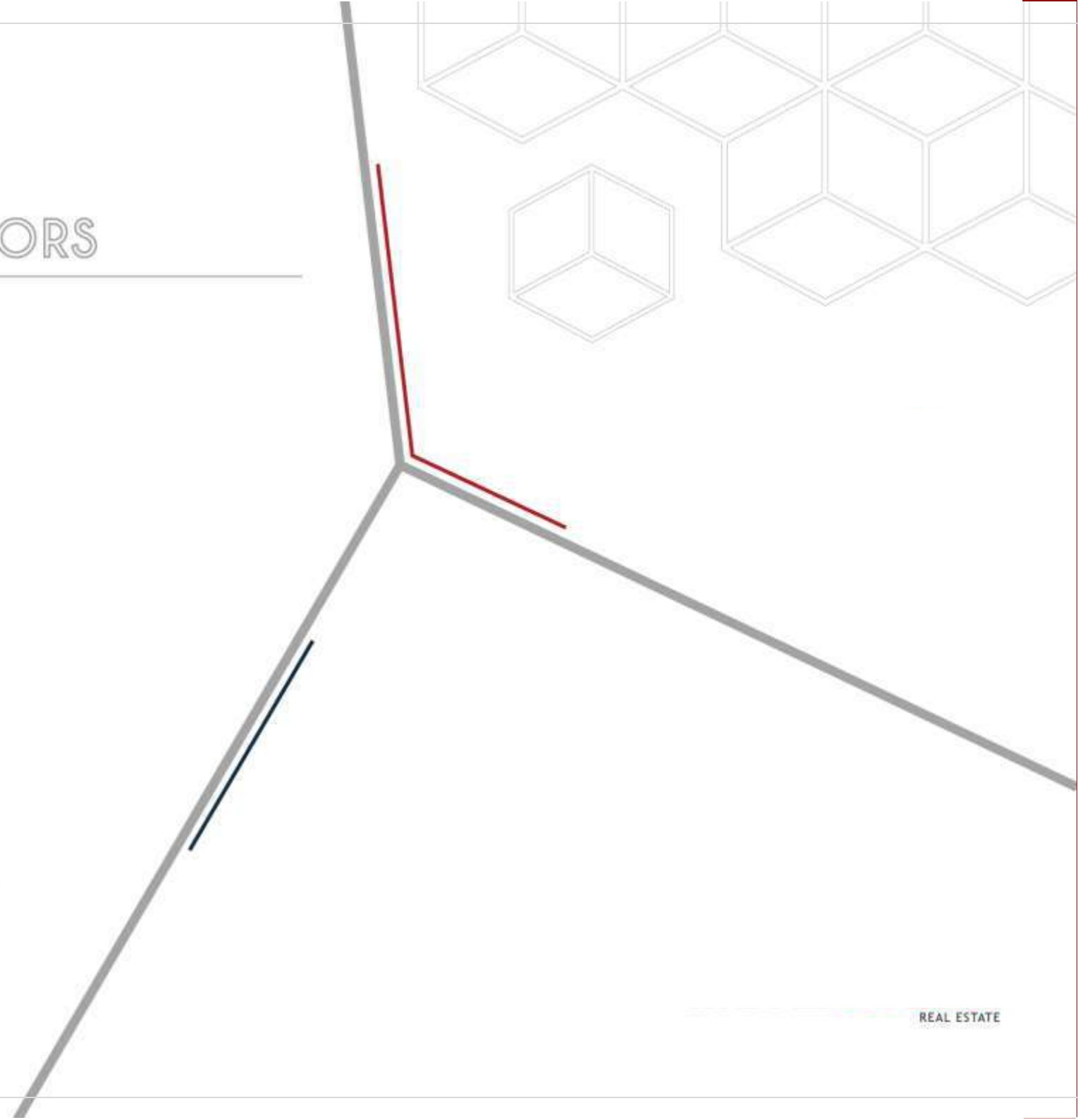
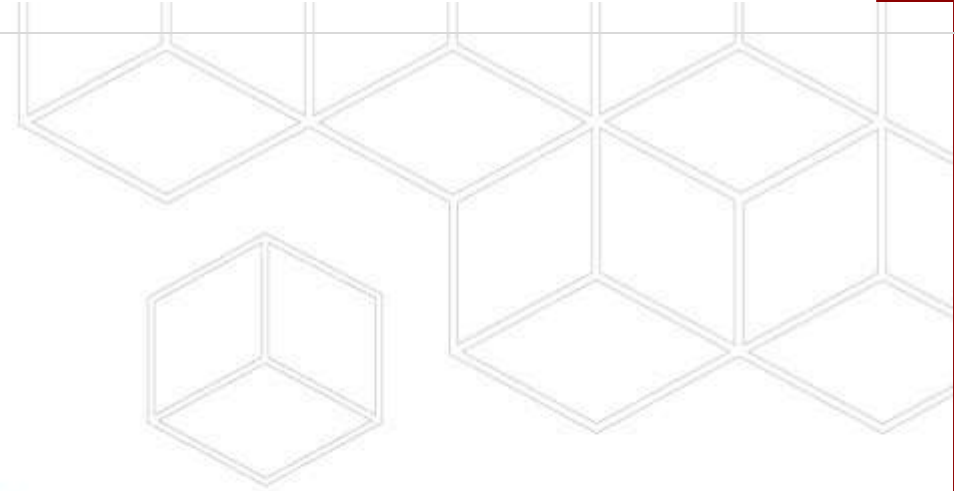
Description	No. Units	Area (Sqm)	Use
Ground Floor	-	10,630.00	Commercial
Mezzanine		154.00	Commercial
Total BUA (Sqm)		10,784	



1.110 PHOTO RECORD



MARKET INDICATORS





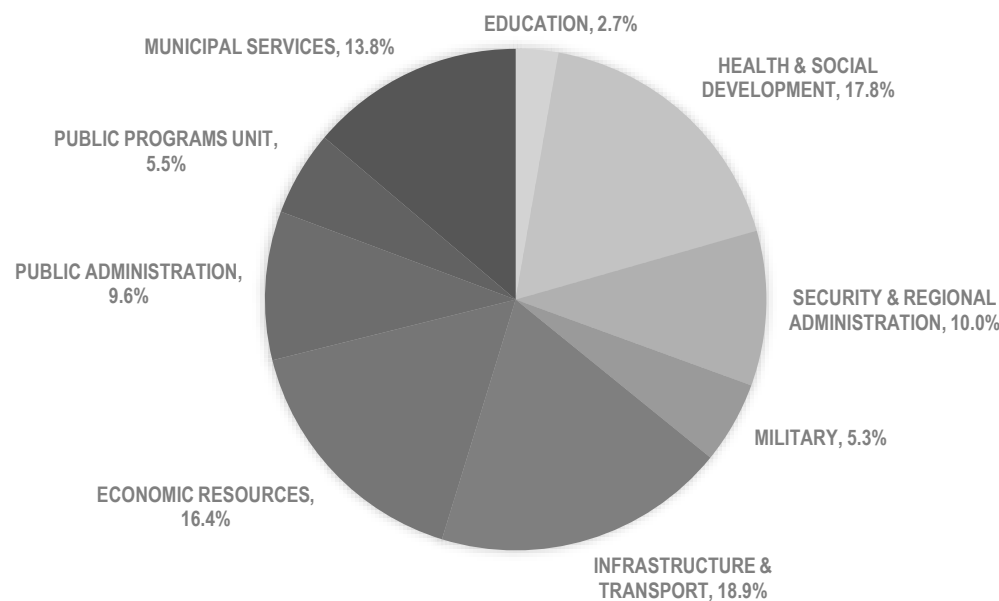
1.111 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.112 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.113 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 4 sides. - Near the main road (Ashaikh Jaber Alhamed Alsabab Road). 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type due to residential condensations 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

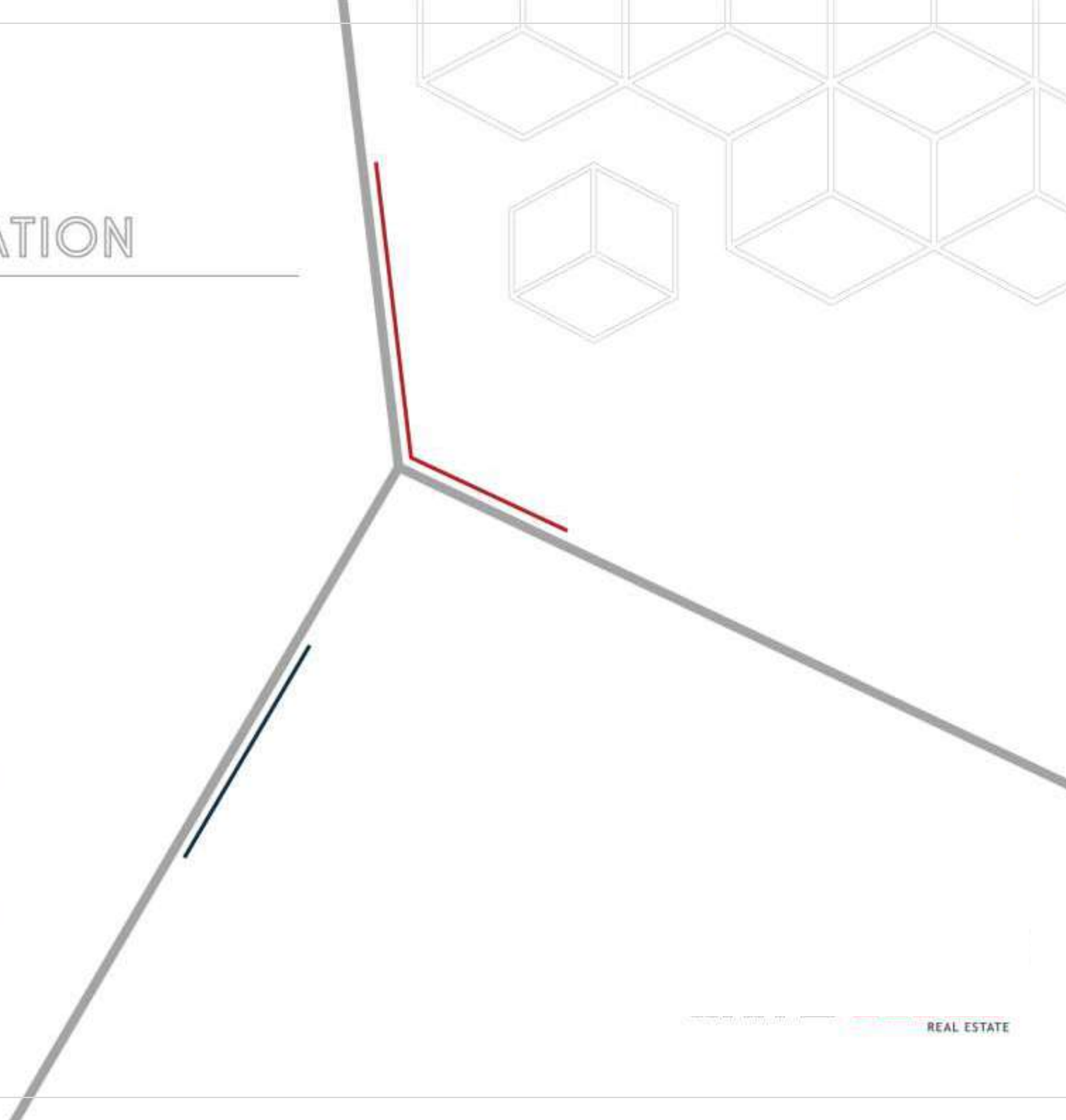
1.114 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	-----	✓	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	6	21	0	0
Risk Category	27 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 27 Risk Points - Medium Risk

PROPERTY VALUATION





1.115 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.116 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.117 INCOME APPROACH- LEASING CONTRACT

The client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Panda Company). The contract involves the Second Party renting the subject property for 15 years, from 15/05/2013 to 14/05/2028. The following shows an annual rent payment related to the leasing contract of the subject property:

Year	Annual Payment (SAR)
1	5,083,283
2	5,545,400
3	5,545,400
4	5,545,400
5	5,545,400
6	5,822,670
7	5,822,670
8	5,822,670
9- 2021	5,822,670
10	5,822,670
11	6,116,250
12	6,116,250
13	6,116,250
14	6,116,250
15	6,116,250
TOTAL	86,959,483

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate



The Capitalization Rate Used for the Valuation

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 7%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 6 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	-0.25%	Good management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	



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	
Commercial Building		The subject property is leased to one company			SAR 5,822,670.00	
-----	0	0	SAR 0	SAR 0	SAR 0	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 5,822,670.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues		Total Expenses		NOI	
Commercial Building	SAR 5,822,670		0.00%		SAR 5,822,670	
-----	SAR 0		0.00%		SAR 0	
-----	SAR 0		0.00%		SAR 0	
					Total	SAR 5,822,670.00
Total Property Revenues						SAR 5,822,670.00
Total Property Expenses						SAR 0
Net Operating Income						SAR 5,822,670.00
Net Operating Income	Cap Rate	Property Value			Rounded Value	
SAR 5,822,670.00	7.00%	83,181,000.00 SAR			83,200,000.00 SAR	

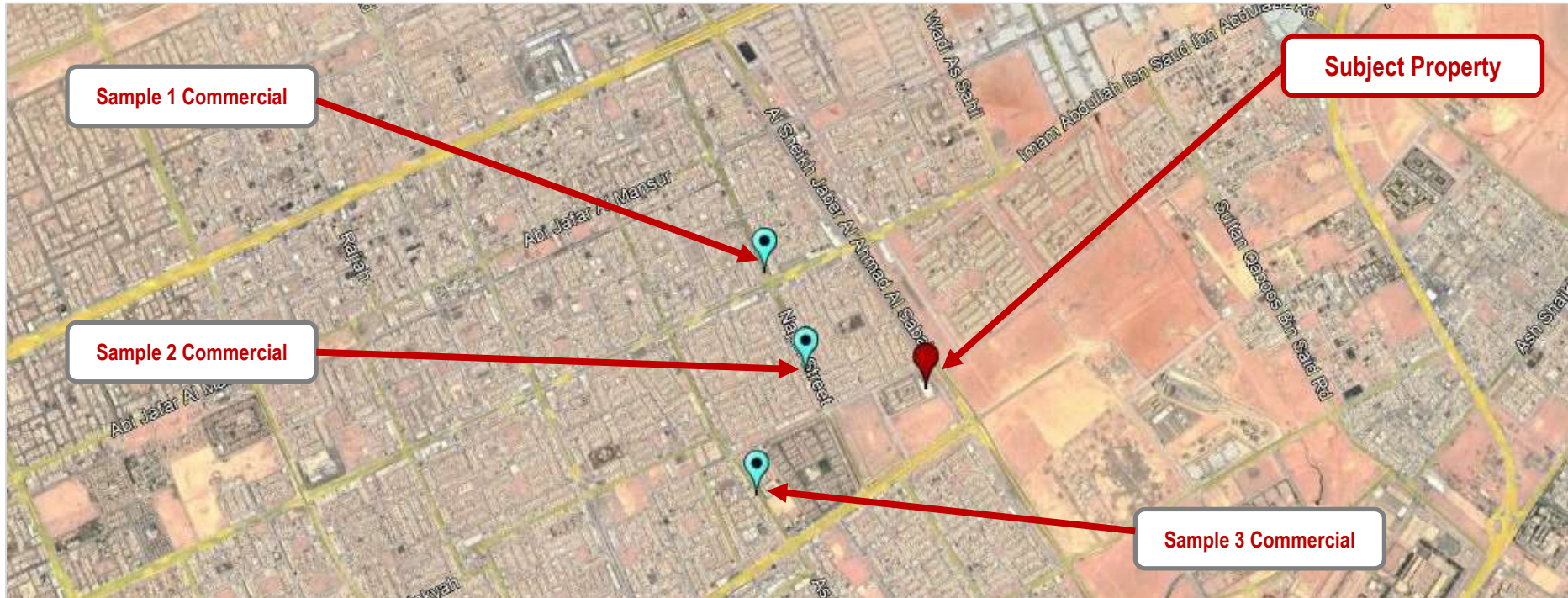


1.118 INCOME APPROACH- MARKET RATES

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 commercial units range from 450 to 550 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:

Comparable	Commercial Units
Comparable 1	Rental Rate/ Sqm 600 SAR/ Sqm
Comparable 2	600 SAR/ Sqm
Comparable 3	480 SAR/ Sqm
Average	550 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 15% to 20% of the total expected income for the property. These ratios depend on the condition and quality of the property and the type of services and public facilities available in the property itself. These ratios are divided into several main categories as follows:

Management expenses	5% to 7%
Operating and maintenance expenses	5% to 6%
General service bills expenses	3% to 4%
Other incidental expenses	2% to 3%

Property Operation and Maintenance Expenses

The owner did not provide us with details of the actual maintenance and operation costs of the project and accordingly market averages for similar projects will be assumed. Therefore, we will apply the rate of 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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.

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- 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 7%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
Average	7.50%
The effect of the property specifications on the property	
Item	Influence Notes
Ease of access to the property	-0.25% several major methods
General condition of the property	0.00% The actual age of the property is 6 years
The general location of the property	0.00% The area is served well
Quality and finishes	0.00% Average quality finishes
Project Management Team	-0.25% Good management and operational team level
Services and public facilities	0.00% Level and availability of services is average
Total	-0.50%
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	8%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES						
Unit Type	Quantity	No Of Units	SAR / Sqm	Revenues	SAR / Unit	Total Revenues
Commercial Building	10,784	0	SAR 550		SAR 0	SAR 5,931,200.00
-----	0	0	SAR 0		SAR 0	SAR 0
Total Revenues						SAR 5,931,200.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 5,931,200	15.00%	SAR 5,041,520			
-----	SAR 0	0.00%	SAR 0			
Total			SAR 5,041,520.00			
Total Property Revenues			SAR 5,931,200.00			
Total Property Expenses			SAR 0			
Net Operating Income			SAR 5,931,200.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 5,931,200.00	7.00%	84,731,428.57 SAR	84,730,000.00 SAR			



1.119 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 83,200,000	Eighty-Three Million and Two Hundred Thousand Saudi Riyals
Income- Market	Property	SAR 84,730,000	Eighty-Four Million and Seven Hundred Thirty Thousand Saudi Riyals

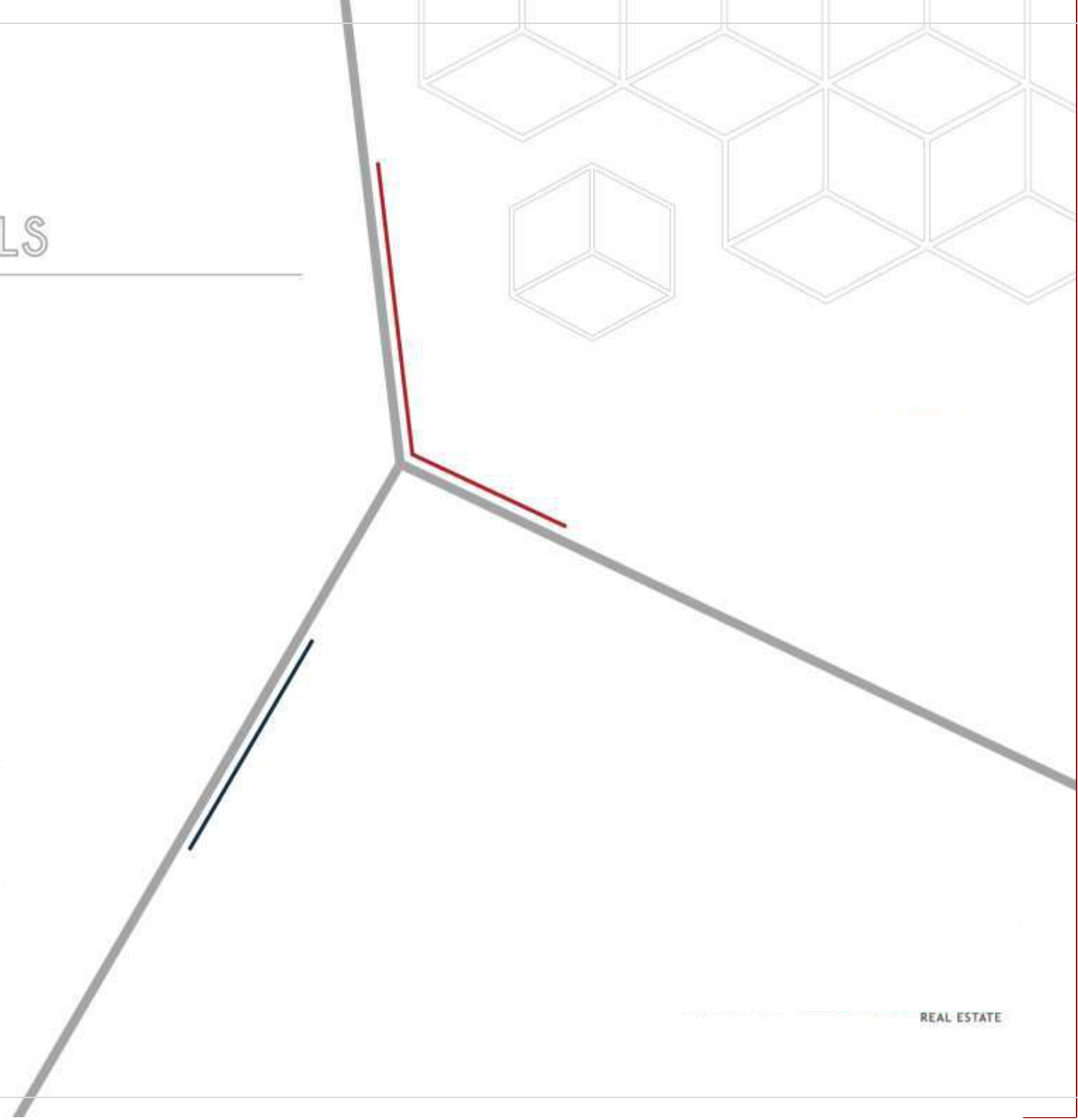
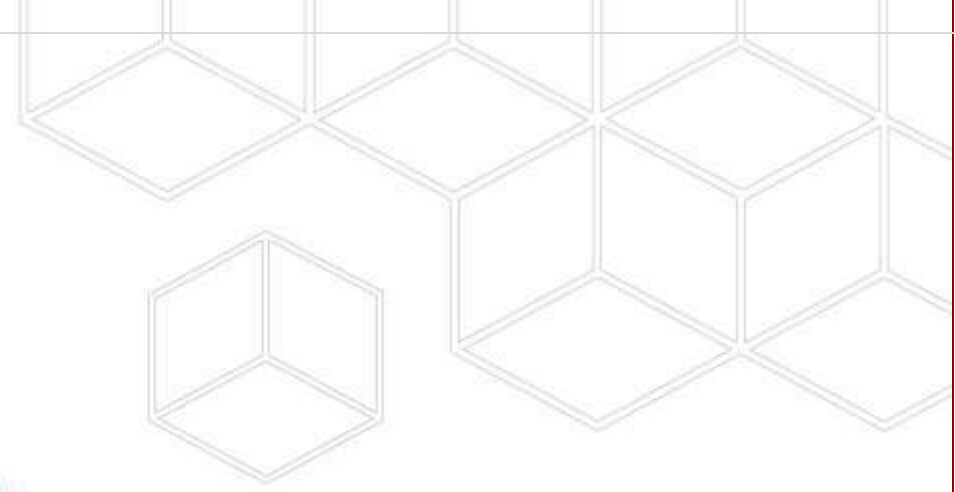
1.120 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: **83,200,000 SAR**
 Eighty-Three Million and Two Hundred Thousand Saudi Riyals

PROPERTY DETAILS

PUBLIC PROSECUTION





1.121 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Al Rayyan district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 4,767.25 Sqm and a total BUA of 19,342.1 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on Al Rahmaniyah Road from the western side. The building is mostly surrounded by residential & mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a commercial building located in Al Rayyan district, Jeddah City.
 The property is bordered from the north by Private Properties No. 626 & 628
 The property is bordered from the south by Private Properties No. 621 & 622 & Electricity Room
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by Al Rahmaniyah Road

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Al Rahmaniah Road

Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Rahmaniah Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Constructed		

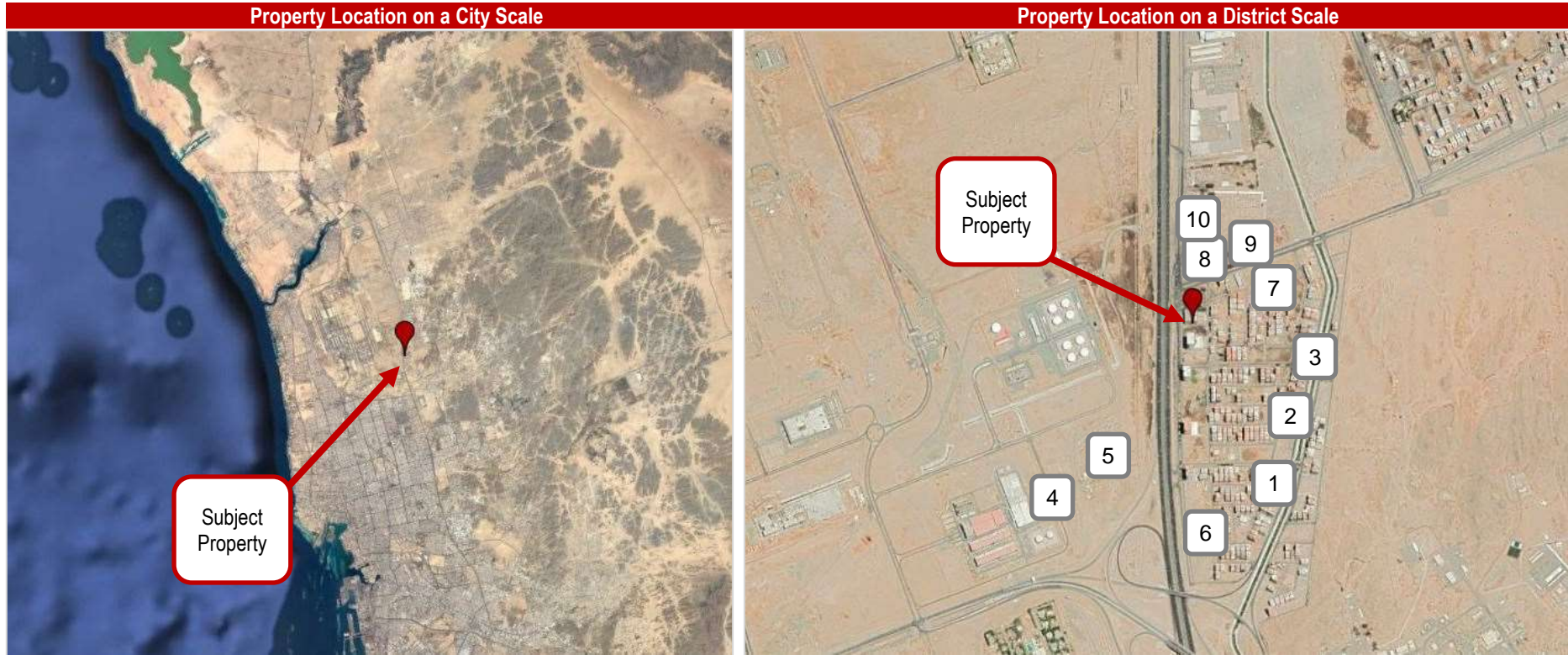
1.122 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.123 LOCATION

The subject property is located in Al Rayyan district, Jeddah city and surrounded by several landmarks as follows:



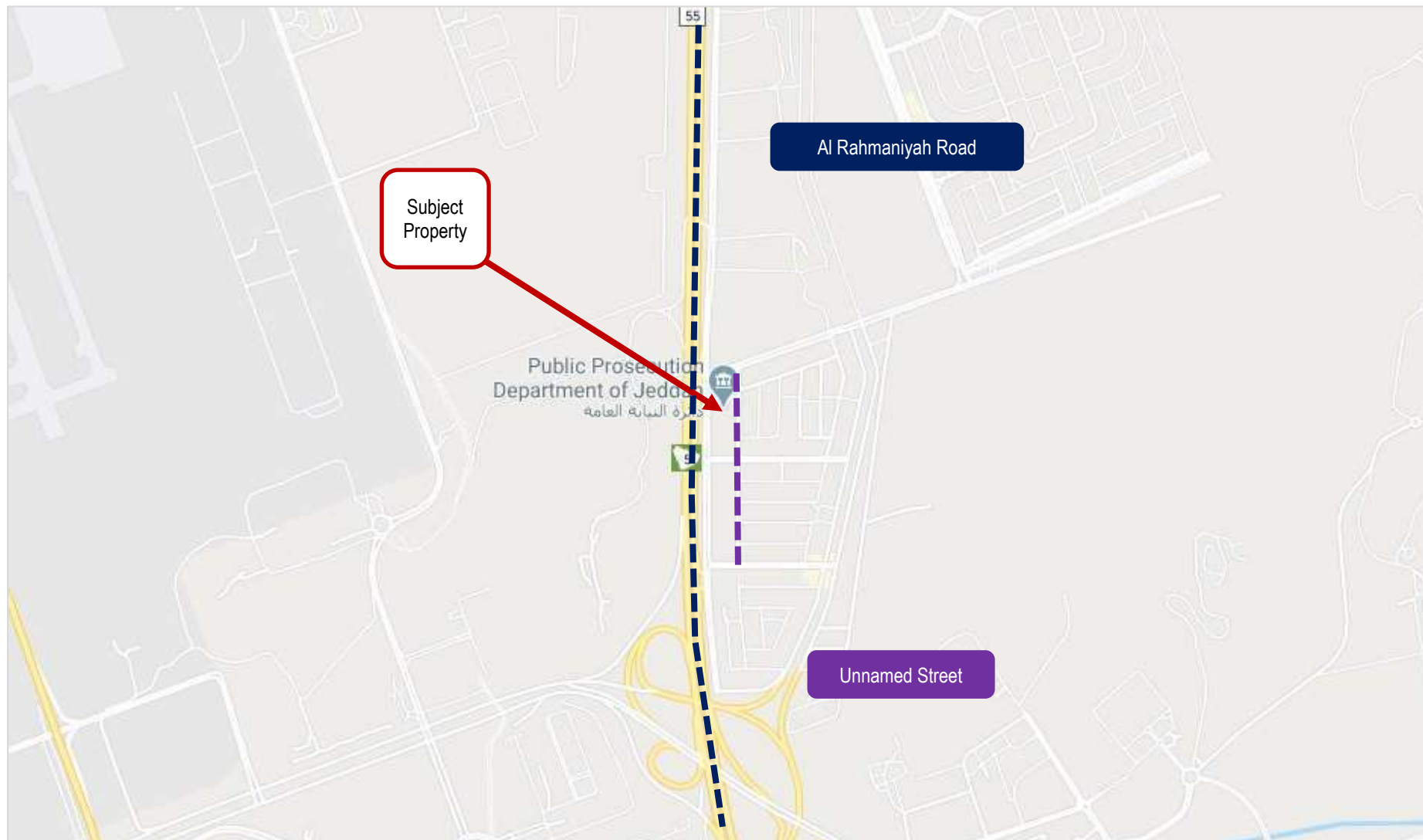
Surrounding Landmarks

- | | |
|---|---|
| <ul style="list-style-type: none"> 1- For Ladies Cafe Shop (0.7 Kilometres) 2- Ali Bin Mohammad Al Sahir Mosque (0.5 Kilometres) 3- Nahar Grocery (0.45 Kilometres) 4- Kaia Muruj Office (0.8 Kilometres) 5- KAIA Substation (0.65 Kilometres) | <ul style="list-style-type: none"> 6- Administrative Court (0.45 Kilometres) 7- Abdul Rahman Mosque Alhanaki (0.2 Kilometres) 8- Rapid access Jeddah Depot (0.2 Kilometres) 9- Fast Lane Car maintenance Center (0.3 Kilometres) 10- Rahmaniya Petrol Pump (0.35 Kilometres) |
|---|---|



1.124 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.125 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Jeddah	Land Area	4,767.25 Sqm
District	AL Rayan	Plot No.	3/1/1/ج/4
T.D Type	Electronic	Block No.	N/A
T.D Number	720223019231	Layout No.	N/A
T.D Date	12/11/1439 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	12/11/1439 H. D Jeddah Notary	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
North Side	Private Properties No. 626 & 628	East Side	Unnamed Street
South Side	Private Properties No. 621 & 622 & Electricity Room	West Side	Al Rahmaniyah Road

Notes The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

1.126 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a commercial building which was constructed 6 years ago composed of basement, ground floor, 5 upper floors and typical floors. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Addition & Modification
Property Type	Commercial
Construction Permit No.	3300432619
Construction Permit Date	16/12/1434 AH
Permit Expiry Date	16/12/1437 AH

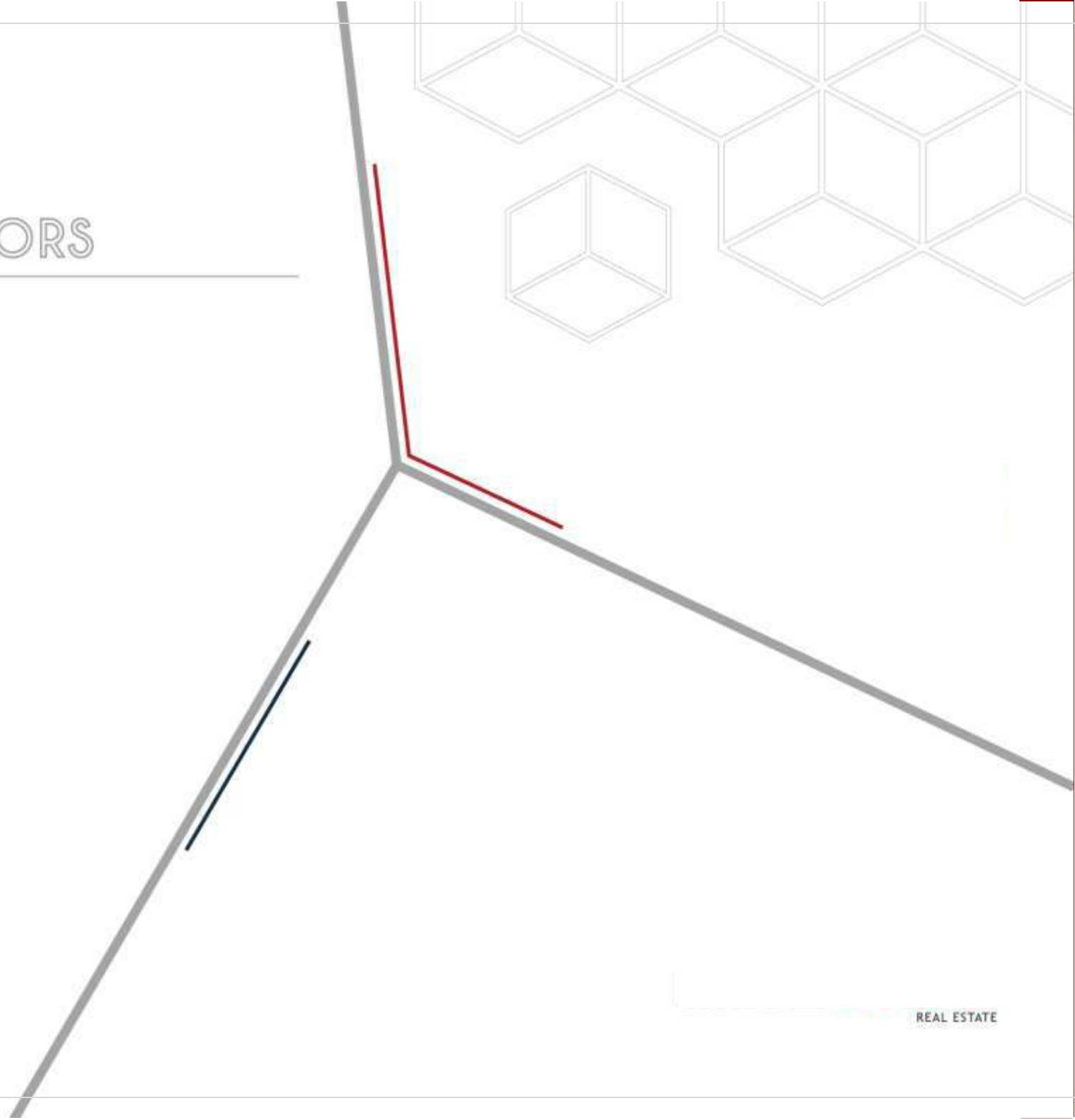
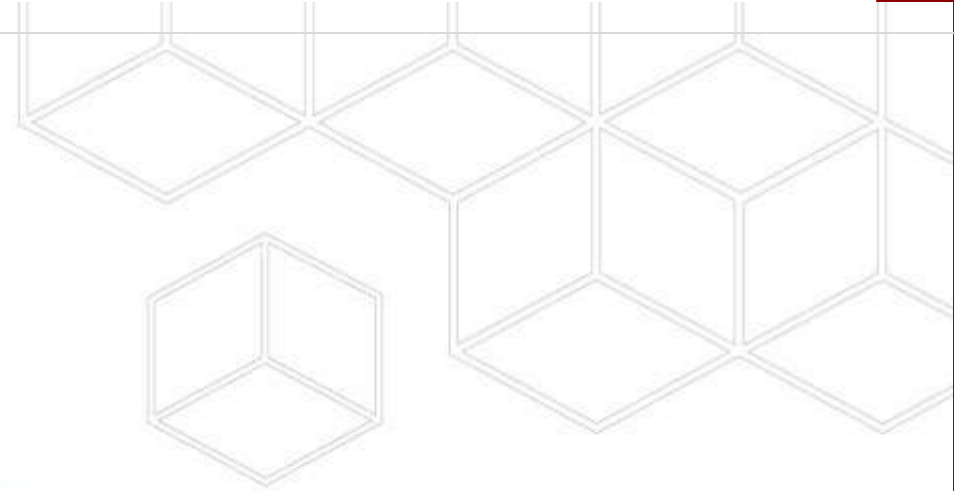
Description	No. Units	Area (Sqm)	Use
Basement	-----	4,767.29	Commercial & Other
Ground Floor	10	2,000.65	Commercial & Other
First Floor	12	2,108.89	Commercial
Second Floor	12	2,185.35	Commercial
Third Floor	12	2,185.35	Commercial
Fourth Floor	12	2,185.35	Commercial
Typical Floor	20	3,909.22	Commercial
Total BUA (Sqm)	78	19,344.10	



1.127 PHOTO RECORD



MARKET INDICATORS





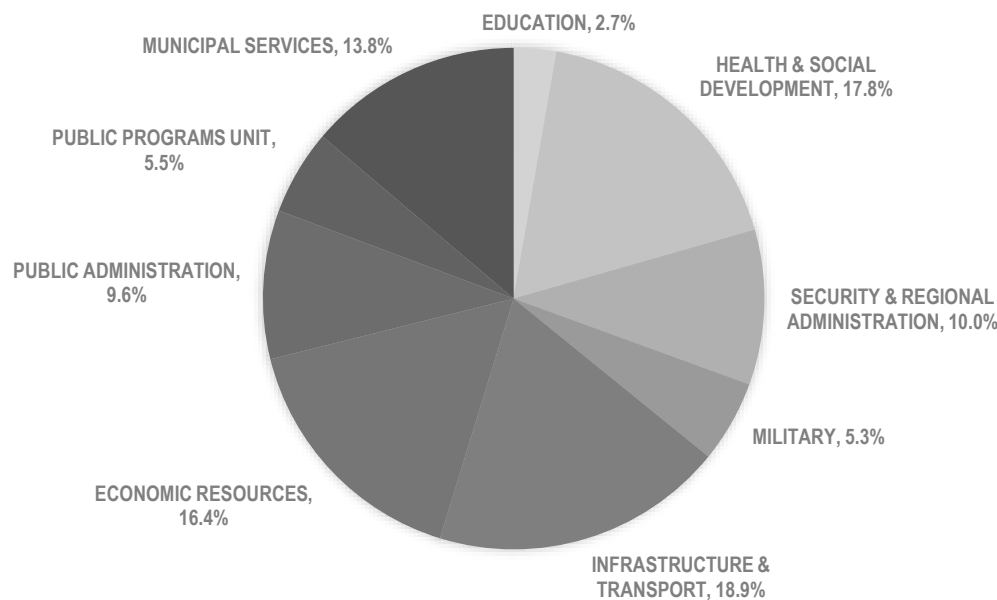
1.128 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.129 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.130 SWOT ANALYSIS

Strength - The property has a direct view on the main road (Al Rahmaniah Road) - The property is fully leased by the Public Prosecution Department	Weakness - None
Opportunities - None	Threats - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

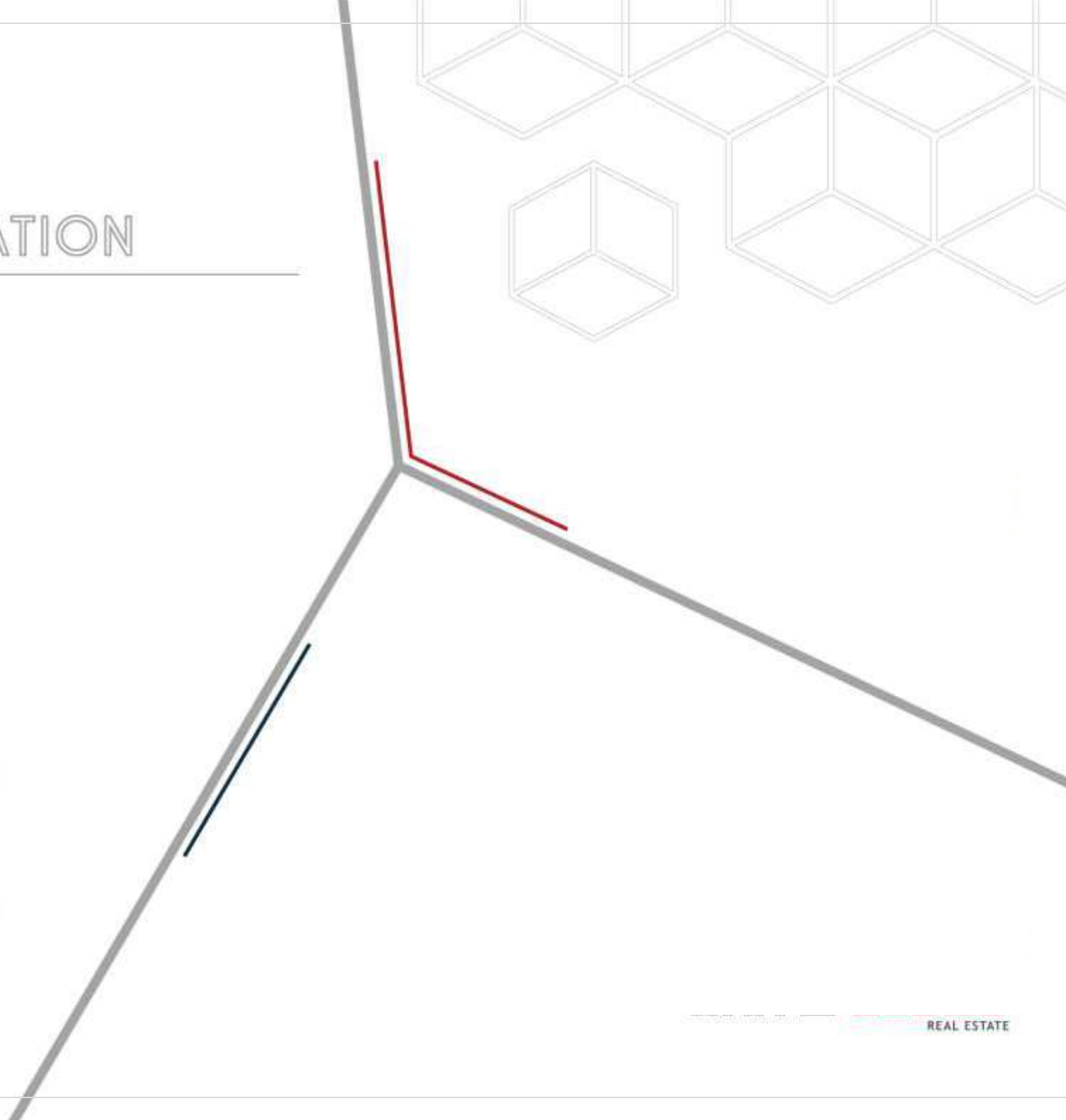
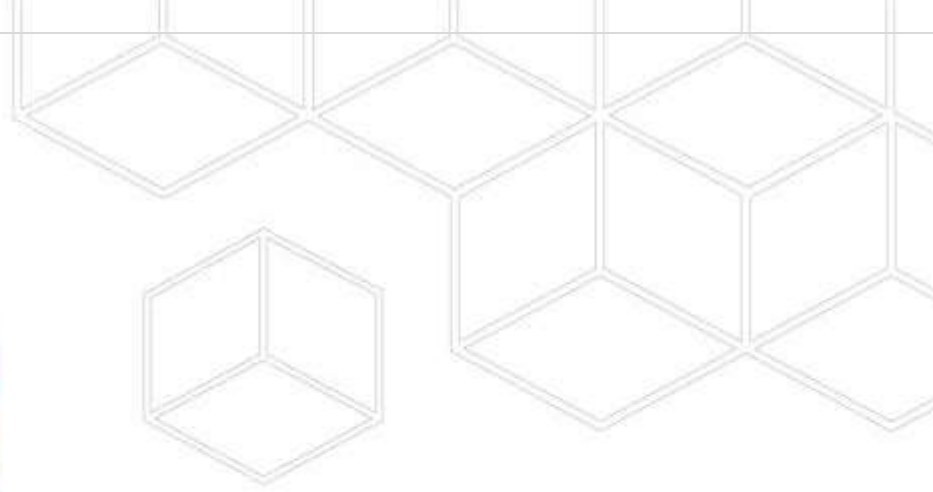
1.131 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	∨	-----	-----
Sector Current Performance	-----	-----	∨	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	∨	-----	-----
Supply Rate	-----	-----	∨	-----	-----
Demand Rate	-----	-----	∨	-----	-----
Access	-----	-----	∨	-----	-----
Location	-----	-----	∨	-----	-----
Land Shape	-----	-----	∨	-----	-----
Surrounding Area facilities	-----	-----	∨	-----	-----
Total Risk	0	2	27	0	0
Risk Category	29 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 29 Risk Points - Medium Risk

PROPERTY VALUATION





1.132 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.133 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.134 INCOME APPROACH- LEASING CONTRACT

The client has informed us that the leasing contract of the subject property between the First Party (Public Prosecution Department of Jeddah) and the Second Party (Saudi Economic and Development Company) is under yearly renewal with the same annual payment and the same previous conditions. The following shows an annual rent payment related to the information provided to us by the client:

Year	Annual Payment (SAR)
1	5,500,000
2	5,500,000
3	4,400,000
TOTAL	15,400,000

The subject property has an operational contract between the First Party (Saudi Economic and Development Company for Real Estate Funds) and the Second Party (Masaken AlAtlaa Contracting Company). The First Party has instructed the Second Party to perform operational services on the subject property. As remuneration for the performance of the Services, in compliance with the terms and conditions of this Contract, the Second Party shall be entitled to receive the following:

Services	Annual Cost (in Saudi Riyals)
Operation & Maintenance Services	335,000
TOTAL	335,000

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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 7.5%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	0.00%	several major methods
General condition of the property	0.00%	The actual age of the property is 4 years
The general location of the property	0.00%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	0.00%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	0.00%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.50%	

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

REVENUES						
Unit Type	Total GLA	Quantity	No Of Units	SAR / Sqm	Revenues	Total Revenues
Commercial Building				The subject property is leased to one company		SAR 4,400,000.00
					Total Revenues	SAR 4,400,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	Total Expenses
Commercial Building						SAR 335,000.00
					Total Expenses	SAR 335,000.00
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Commercial Building	SAR 4,400,000	SAR 335,000.00	SAR 4,065,000			
		Total	SAR 4,065,000.00			
Total Property Revenues			SAR 4,400,000.00			
Total Property Expenses			SAR 335,000			
Net Operating Income			SAR 4,065,000.00			
Net Operating Income	Cap Rate	Property Value	Rounded Value			
SAR 4,065,000.00	7.50%	54,200,000.00 SAR	54,200,000.00 SAR			

The subject property is considered as a special property where we cannot use the income approach based on the market rates, we will rely on the income approach based on the leasing contract.



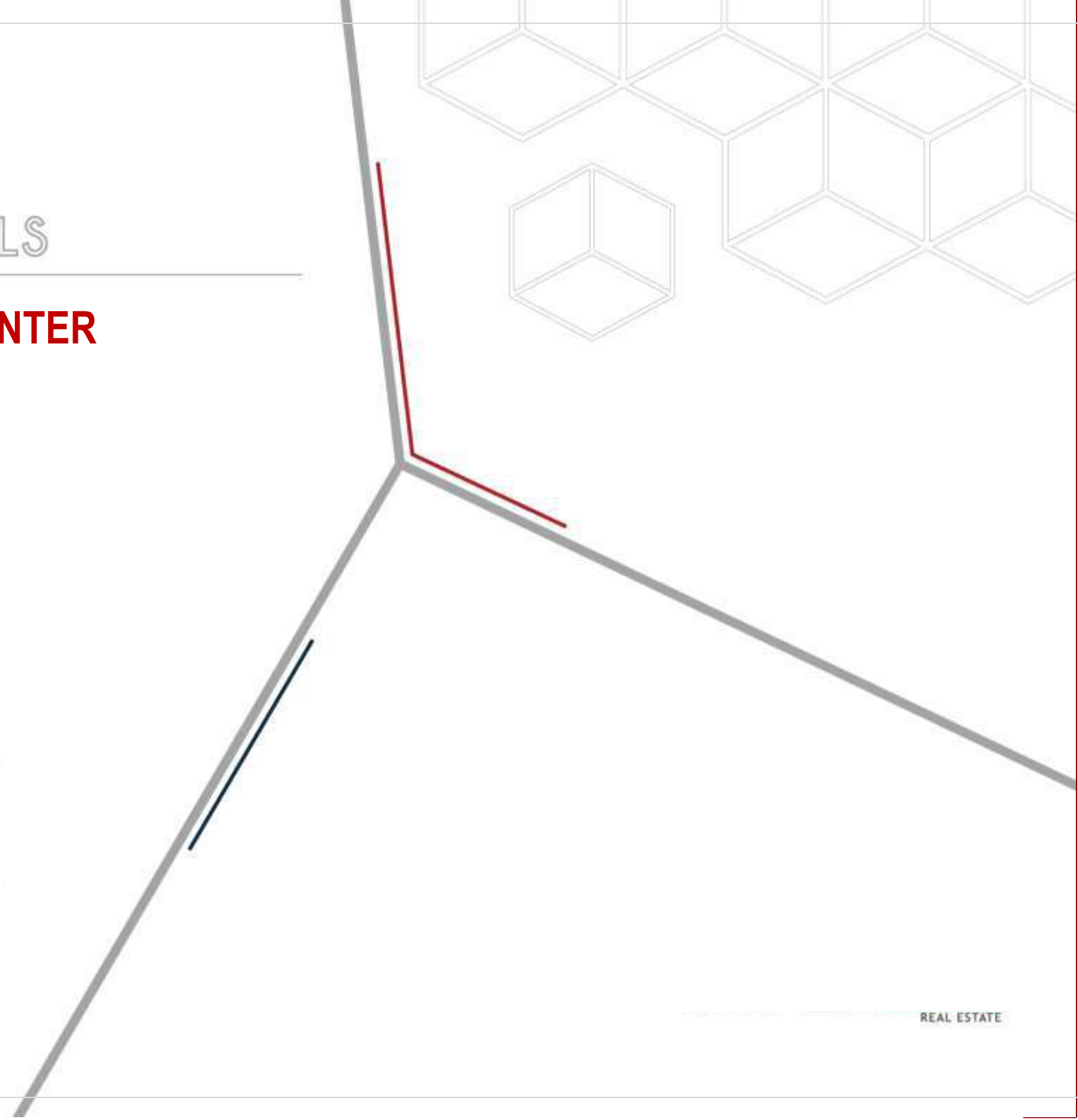
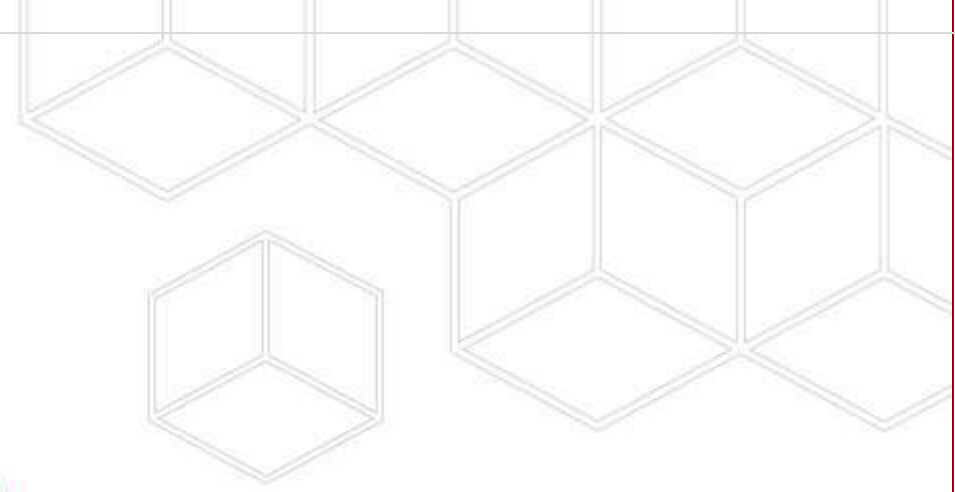
1.135 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: 54,200,000 SAR
Fifty-Four Million and Two Hundred Thousand Million Saudi Riyals

PROPERTY DETAILS

RAWDAH BUSINESS CENTER





1.136 PROPERTY & LOCATION DESCRIPTION

Property Description The subject property is a commercial project located in Rawdah district, Jeddah City. Based on the provided title deed and construction permit, the project has a total land area of 2,462.5 Sqm and a total BUA of 17,526.74 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on Prince Saud Al Faisal Road . The building is mostly surrounded by residential & mix-use buildings where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description The property subject of valuation is a commercial building located in Rawdah district, Jeddah City.
 The property is bordered from the north by Plot No. 2
 The property is bordered from the south by Prince Saud Al Faisal Road
 The Property is bordered from the east by Plot No. 3
 The property is bordered to the west by Ahmad Jamjoum Street

Ease of Access Based on the current location of the subject property, the access level is high since it is located on Al Rawdah Road

Area Surrounding the Property The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Prince Saud Al Faisal Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Ahmad Jamjoum Street	Overall Building Conditions	Good
Land Condition	Constructed		

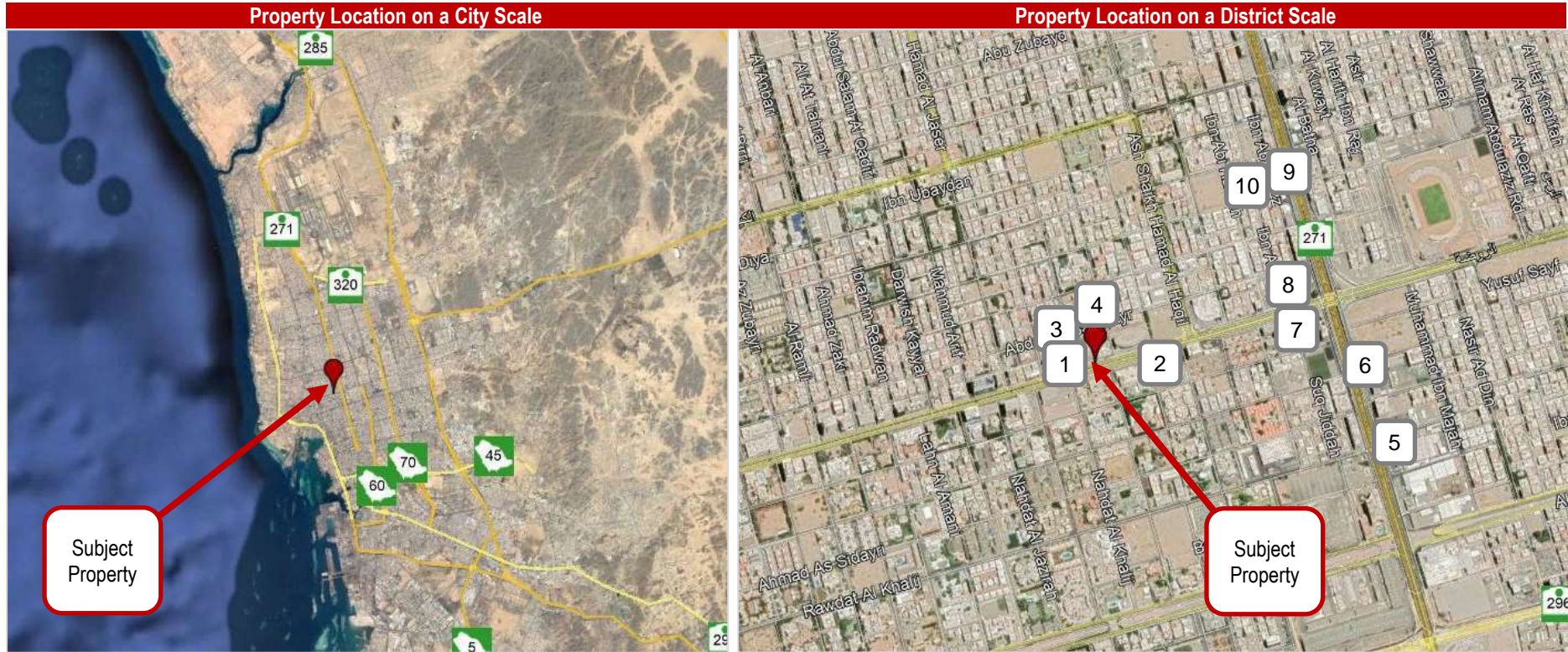
1.137 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.138 LOCATION

The subject property is located in Rawdah district, Jeddah city and surrounded by several landmarks as follows:



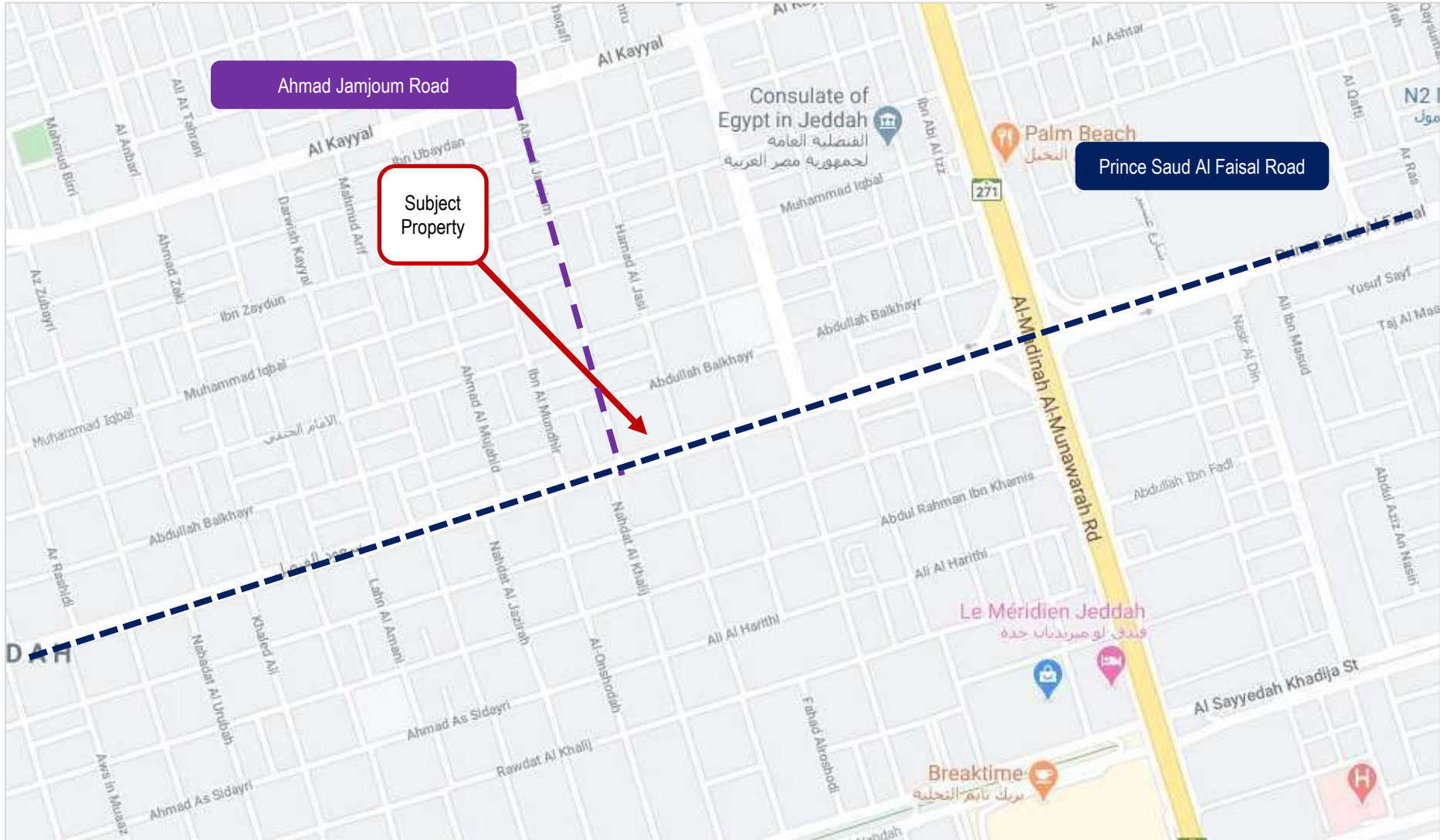
Surrounding Landmarks

- | | |
|---|--|
| 1- Noura international Pharmacy (0.2 Kilometres) | 6- Rawdah Soccer Field (0.65 Kilometres) |
| 2- Berlitz Language Center Men (0.1 Kilometres) | 7- Sunset Hotel (0.5 Kilometres) |
| 3- Gulf Chinese Restaurant (0.2 Kilometres) | 8- Al Yusr Leasing & Finance (0.5 Kilometres) |
| 4- Ahmad Jamjoum Mosque (0.1 Kilometres) | 9- Saadeddin Pastry (0.7 Kilometres) |
| 5- Radisson Blu Royal Suite Hotel (0.75 Kilometres) | 10- Consulate of Egypt in Jeddah (0.65 Kilometres) |



1.139 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.140 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Jeddah	Land Area	2,462.50
District	Rawdah	Plot No.	4
T.D Type	Electronic	Block No.	N/A
T.D Number	420228018317	Layout No.	ب/96
T.D Date	17/08/1440 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	17/08/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment
Issued From	Jeddah Notary	East Side	Plot No. 3
North Side	Plot No. 2	West Side	Ahmad Jamjoum Street
South Side	Prince Saud Al Faisal road		

Notes The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

1.141 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a retail center which is new constructed composed of 2 basements, ground floor, mezzanine, 4 upper floors and typical floors and 2 annexes. The Client has provided us with a copy of the Construction Permit issued by Jeddah Municipality with the below details:

Subject Property

Construction Permit Type	Addition & Modification
Property Type	Commercial
Construction Permit No.	3900025974
Construction Permit Date	20/04/1439 AH
Permit Expiry Date	20/04/1440 AH

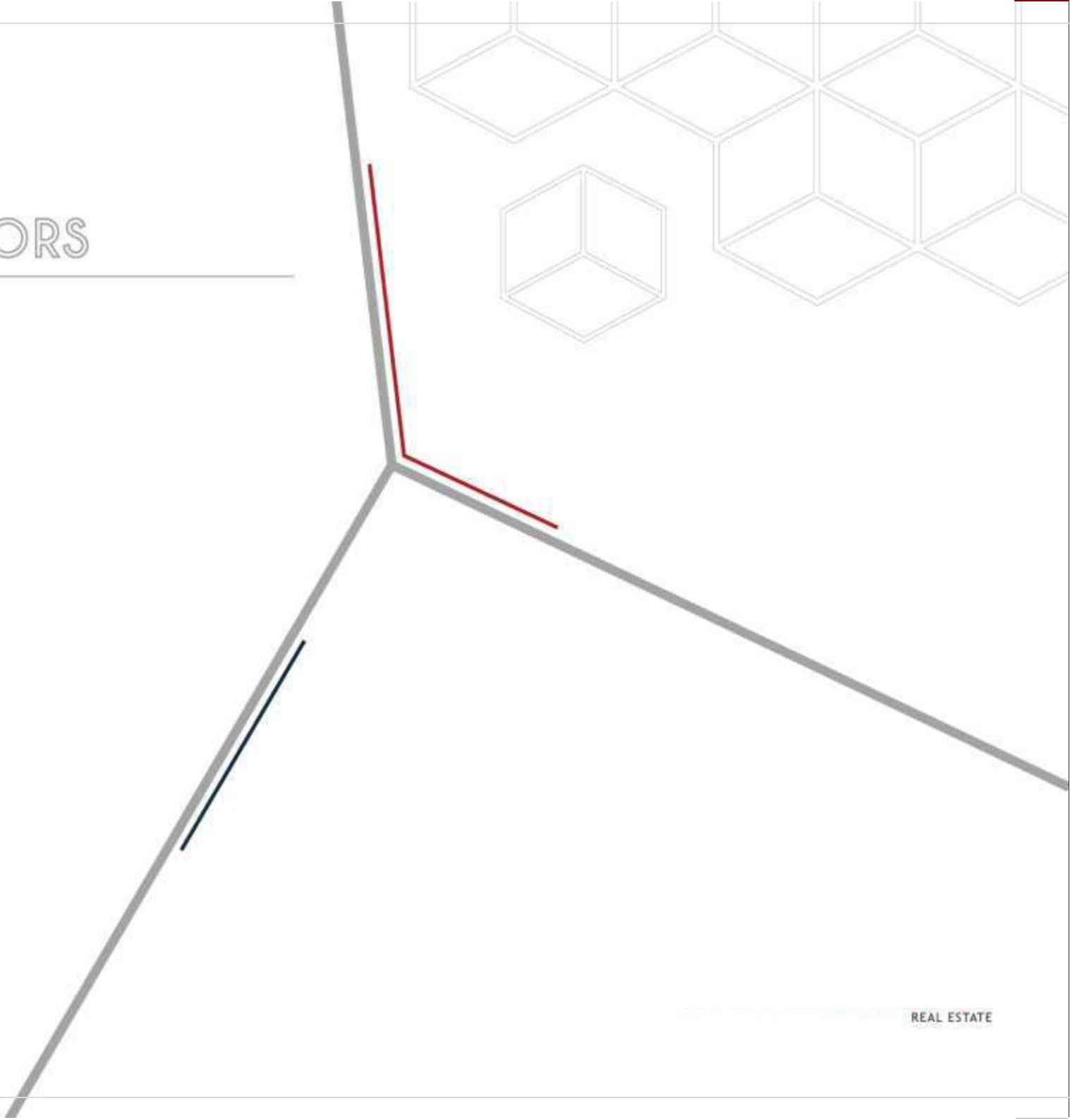
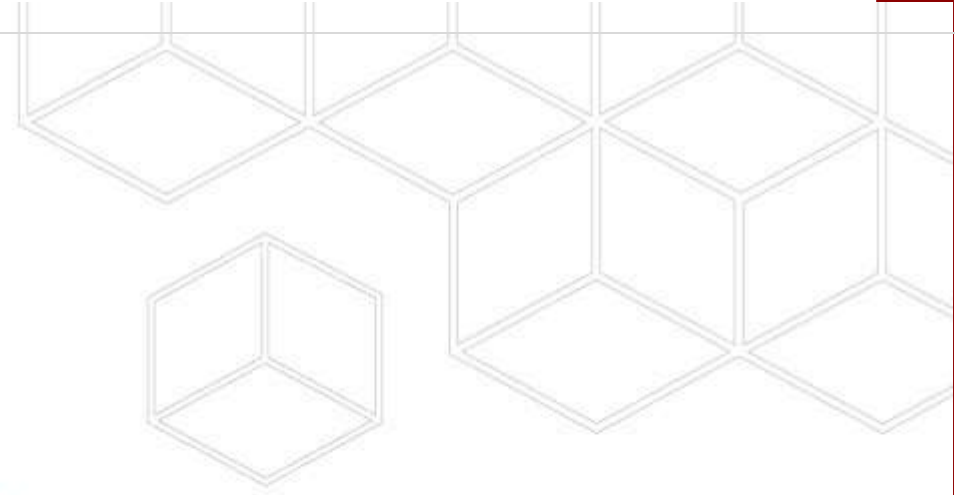
Description	No. Units	Area (Sqm)	Use
Basement	0	2,030	Other
Basement	0	2,030	Other
Ground Floor	2	1,734.74	Commercial & Other
Mezzanine	2	544	Commercial & Other
First Floor	4	1,576	Commercial & Other
Second Floor	4	1,576	Commercial & Other
Third Floor	4	1,576	Commercial & Other
Fourth Floor	4	1,576	Commercial & Other
Typical Floors	8	3,152	Commercial & Other
Annex	1	866	Commercial & Other
Annex	0	866	Commercial & Other
Total BUA (Sqm)	25	17,526.74	



1.142 PHOTO RECORD



MARKET INDICATORS





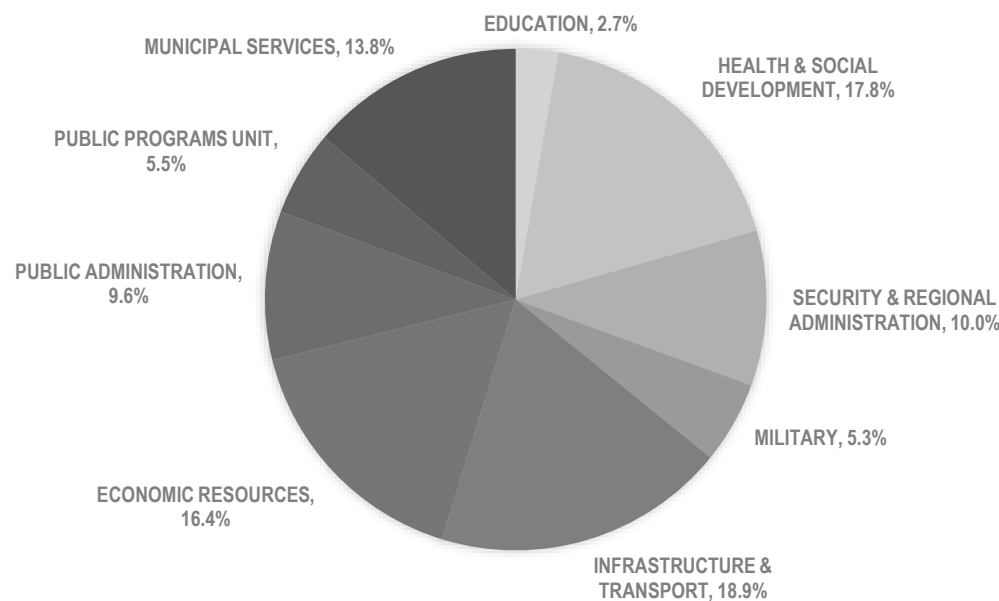
1.143 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.144 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.145 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Direct view on the main road (Prince Saud Al Faisal Road). - The land has regular land shape. 	Weakness <ul style="list-style-type: none"> - None
Opportunities <ul style="list-style-type: none"> - High demand on the property type. - Newly constructed. 	Threats <ul style="list-style-type: none"> - Existing & Potential similar projects

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

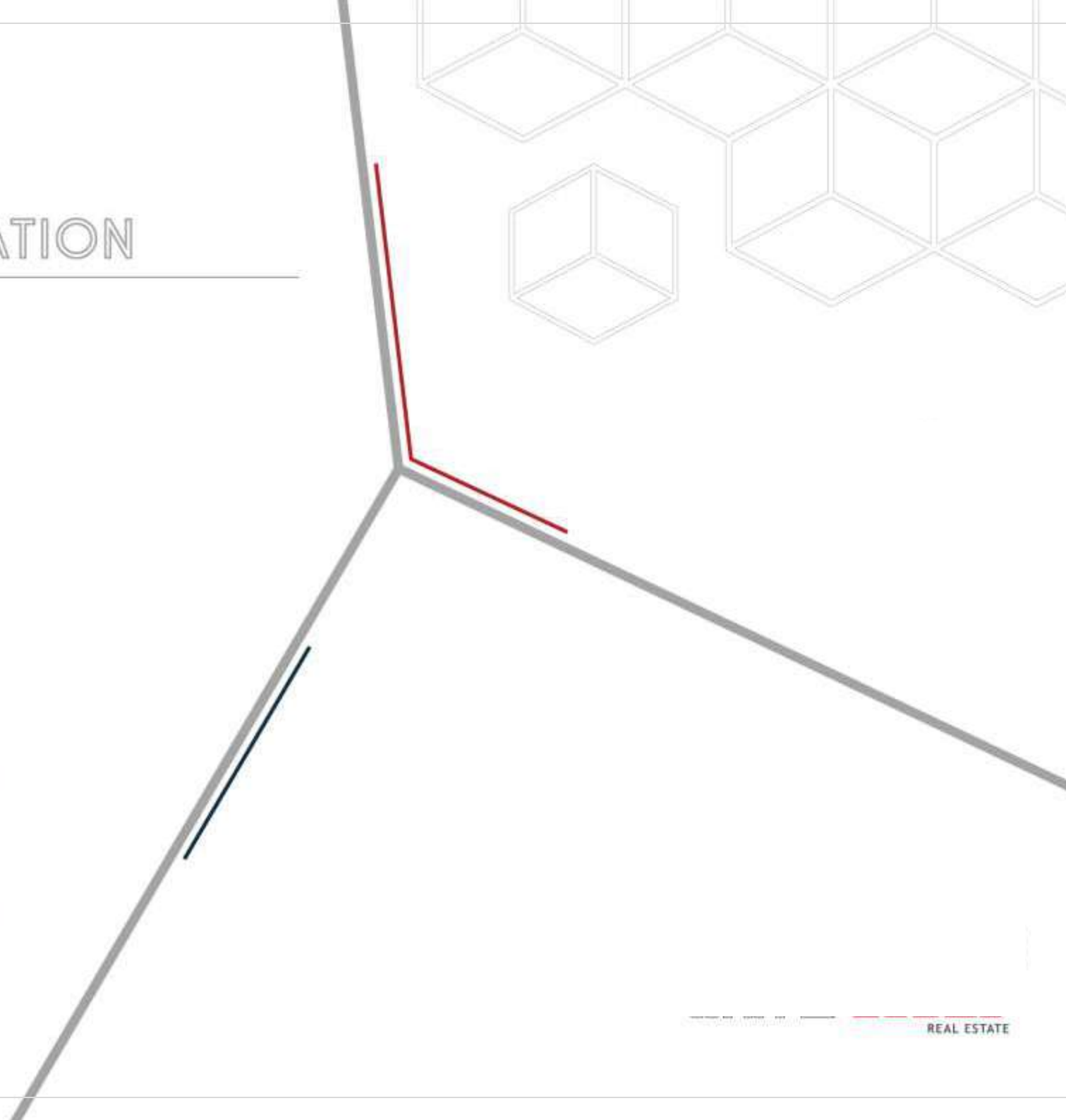
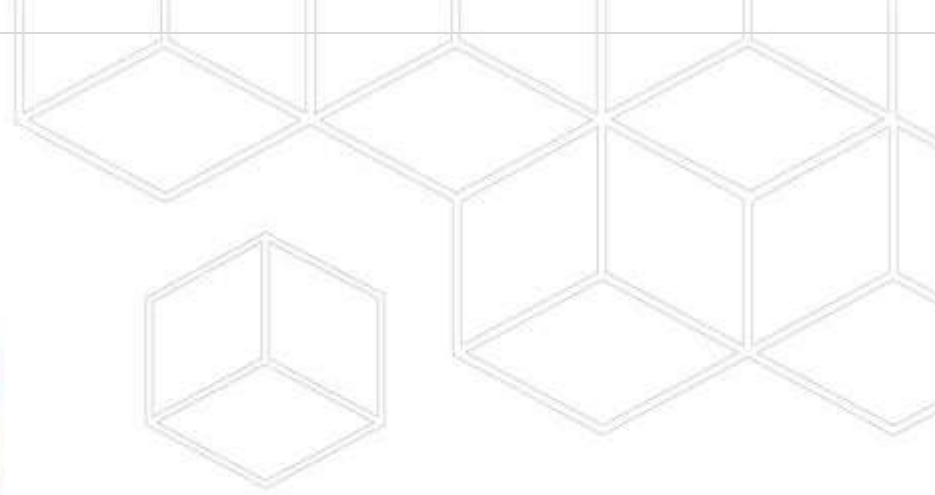
1.146 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	✓	-----	-----	-----
Surrounding Area facilities	-----	✓	-----	-----	-----
Total Risk	0	10	15	0	0
Risk Category	25 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 25 Risk Points - Medium Risk

PROPERTY VALUATION





1.147 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.148 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	-----	✓	-----

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



1.149 DISCOUNTED CASH FLOW APPROACH- 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 600 to 800 SAR/ Sqm. As per the commercial units, we couldn't find samples similar to the subject properties. Therefore, we have executed trade interviews with local real estate agents and found that the average rental rates for such units falls between 1,100 & 1,300 SAR/ Sqm. We will base our valuation analysis on the average rate 1,200 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:

Comparable	Office Units
Comparable 1	Rental Rate/ Sqm 700 SAR/ Sqm
Comparable 2	700 SAR/ Sqm
Comparable 3	650 SAR/ Sqm
Average	700 SAR/ Sqm





Analysis of Operating and Maintenance Expenses

The operating expenses of similar properties reached between 9 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	4% to 7%
Operating and maintenance expenses	4% to 6%
General service bills expenses	2% 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 15% as the OPEX which will be calculated from the total revenues of the property. This ratio is based on the condition and quality of the property and the type of services and public facilities available in the property itself.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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 7%, which will be applied subsequently to the net operating income of the property.



Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
Average	7.50%
The effect of the property specifications on the property	
Item	Influence Notes
Ease of access to the property	-0.25% several major methods
General condition of the property	-0.25% The actual age of the property is 1 year
The general location of the property	0.00% The area is served well
Quality and finishes	0.00% Average quality finishes
Project Management Team	0.00% Average management and operational team level
Services and public facilities	0.00% Level and availability of services is average
Total	-0.50%
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	8%
Estimated capitalization rate of the property valuation	7.00%

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

Cash Flow		0	1	2	3	4	5	6	7	8	9
Increase Revision		0%	0%	5%	0%	0%	5%	0%	0%	5%	0%
Expected Revenues											
Retail	Sqm	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354
Rate (SAR)	SAR	1,200	1,200	1,260	1,260	1,260	1,323	1,323	1,323	1,389	1,389
Total	SAR	5,224,800	5,224,800	5,486,040	5,486,040	5,486,040	5,760,342	5,760,342	5,760,342	6,048,359	6,048,359
Office	Sqm	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440
Rate (SAR)	SAR	700	700	735	735	735	772	772	772	810	810
Total	SAR	5,208,000	5,208,000	5,468,400	5,468,400	5,468,400	5,741,820	5,741,820	5,741,820	6,028,911	6,028,911
Overall Revenues		10,432,800	10,432,800	10,954,440	10,954,440	10,954,440	11,502,162	11,502,162	11,502,162	12,077,270	12,077,270
Vacancy Rates											
Retail	15.0%	783,720	783,720	822,906	822,906	822,906	864,051	864,051	864,051	907,254	907,254
Office	15.0%	781,200	781,200	820,260	820,260	820,260	861,273	861,273	861,273	904,337	904,337
Total		1,564,920	1,564,920	1,643,166	1,643,166	1,643,166	1,725,324	1,725,324	1,725,324	1,811,591	1,811,591
Expenses											
OPEX	13.0%	1,356,264	1,356,264	1,424,077	1,424,077	1,424,077	1,495,281	1,495,281	1,495,281	1,570,045	1,570,045
Others	0%	0	0	0	0	0	0	0	0	0	0
Overall Expenses		1,356,264	1,356,264	1,424,077	1,424,077	1,424,077	1,495,281	1,495,281	1,495,281	1,570,045	1,570,045
NOI		7,511,616	7,511,616	7,887,197	7,887,197	7,887,197	8,281,557	8,281,557	8,281,557	8,695,634	8,695,634
Terminal Value @ ----->	7.0%										124,223,350
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46
Present Value		7,511,616	6,891,391	6,638,496	6,090,363	5,587,489	5,382,444	4,938,022	4,530,295	4,364,046	61,199,593
Market Rate / Net Present Value											113,133,753



	Discount Rate				
Discount Rate	7.00%	8.00%	9.00%	10.0%	11.0%
Market Value	127,816,590	120,165,100	113,133,753	106,665,400	100,708,685

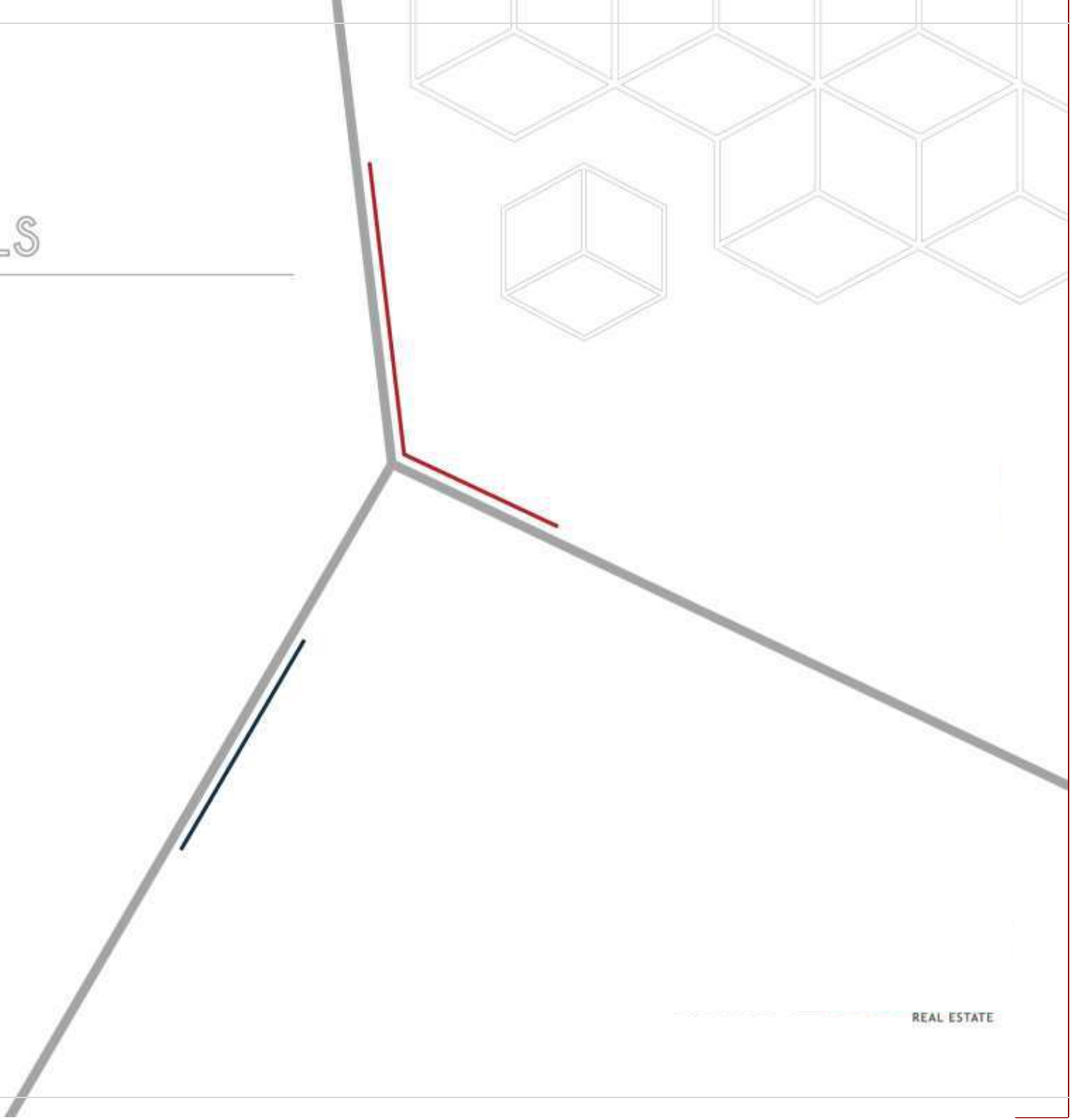
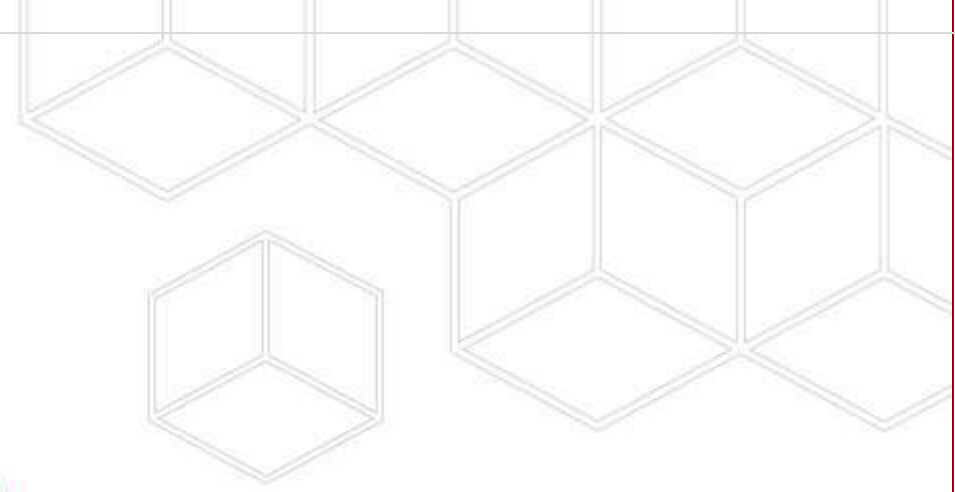
1.150 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the DCF Approach based on the leasing contract is:

Property Value: 113,114,000 SAR
One Hundred Thirteen Million and One Hundred Fourteen Thousand Saudi Riyals

PROPERTY DETAILS

SAUDI FARANSI BANK





1.151 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is a commercial project located in Al Rayyan district, Dammam City. Based on the provided title deed and construction permit, the project has a total land area of 5,191.44 Sqm and a total BUA of 879 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 2 sides with a direct view on Al Imam Ali Ibn Abi Talib Road from the southern side. The building is mostly surrounded by residential & mix-use buildings and several vacant lands where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a commercial building located in Al Rayyan district, Dammam City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by Al Imam Ali Ibn Abi Talib Road
 The Property is bordered from the east by Plot No. 105 & 107
 The property is bordered to the west by Plot No. 111 & 112

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on the intersection of Al Imam Ali Ibn Abi Talib Road & Othman Ibn Affan Street

Area Surrounding the Property

The subject property is mostly surrounded by residential & mix-use buildings

Land		Building	
Land Use	Commercial	Building Type	Commercial Building
No. of Streets	2	Building Structural Conditions	Fully Constructed
Land Shape	Graded	External Elevation Conditions	Good
Direct View on the Main Road	Al Imam Ali Ibn Abi Talib Road	Building Finishing Conditions	Good
Direct View on an Internal Street	Unnamed Street	Overall Building Conditions	Good
Land Condition	Constructed		

1.152 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.153 LOCATION

The subject property is located in Al Rayyan district, Dammam city and surrounded by several landmarks as follows:



Surrounding Landmarks

- | | |
|---|---|
| 1- Amazon Gulf (0.4 Kilometres) | 6- Al Rayyan Garden (0.5 Kilometres) |
| 2- Time Out Cafe (0.35 Kilometres) | 7- Yummy Yogurt (0.2 Kilometres) |
| 3- National Commercial Bank (0.65 Kilometres) | 8- Al Rajhi Bank (0.1 Kilometres) |
| 4- Barn Cafe (0.45 Kilometres) | 9- Maternity and Children Hospital (0.4 Kilometres) |
| 5- Burger Nook (0.35 Kilometres) | 10- Teef Restaurant (0.6 Kilometres) |



1.154 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.155 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Dammam	Land Area	5,191.44
District	Al Rayan	Plot No.	108 / 109 / 110
T.D Type	Electronic	Block No.	6
T.D Number	330114008967	Layout No.	ش.د/832
T.D Date	09/06/1440 H. D	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction Issued From	09/06/1440 H. D Dammam Notary	Limitation of Document	Mortgaged to Al Rajhi banking Investment
North Side	Unnamed Street	East Side	Plot No. 105 & 107
South Side	Al Imam Ali Ibn Abi Talib Road	West Side	Plot No. 111 & 112
Notes	The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.		

1.156 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is a commercial building which was constructed 14 years ago composed of ground floor, 1 upper floor and fences. The Client has provided us with a copy of the Construction Permit issued by Dammam Municipality with the below details:

Subject Property

Construction Permit Type	Building Permit
Property Type	New Building
Construction Permit No.	1426/10313
Construction Permit Date	24/06/1426 AH
Permit Expiry Date	24/06/1429 AH

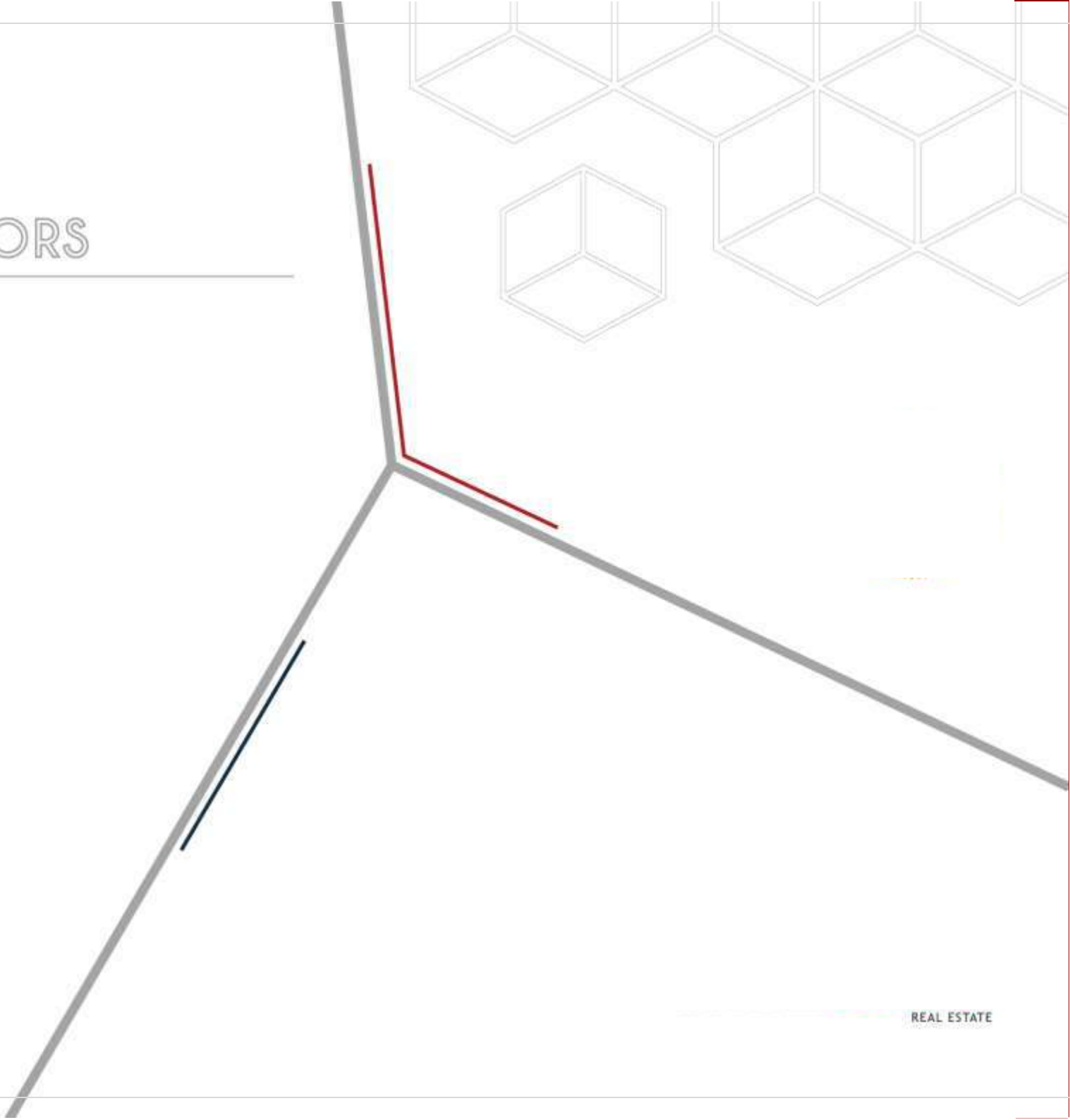
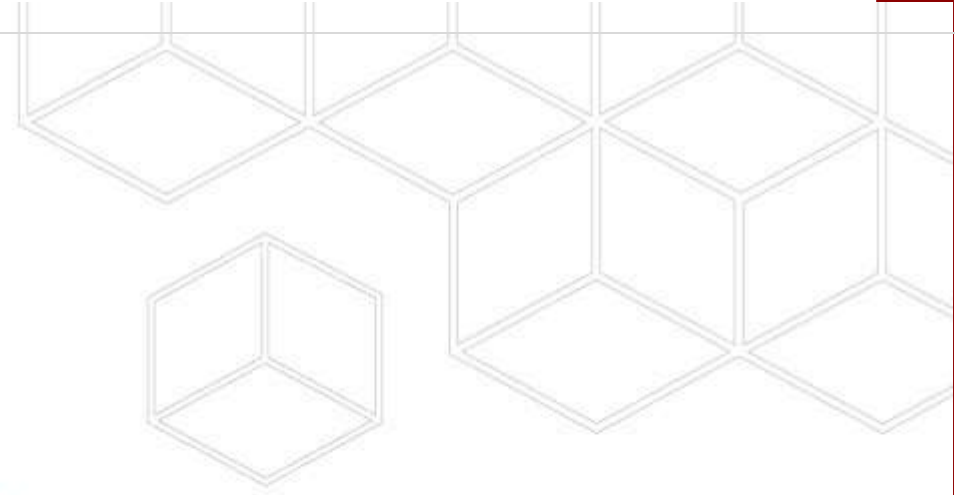
Description	No. Units	Area (Sqm)	Use
Ground Floor	1	426	Bank
First Floor	-----	453	Offices
Total BUA (Sqm)	1	879	



1.157 PHOTO RECORD



MARKET INDICATORS





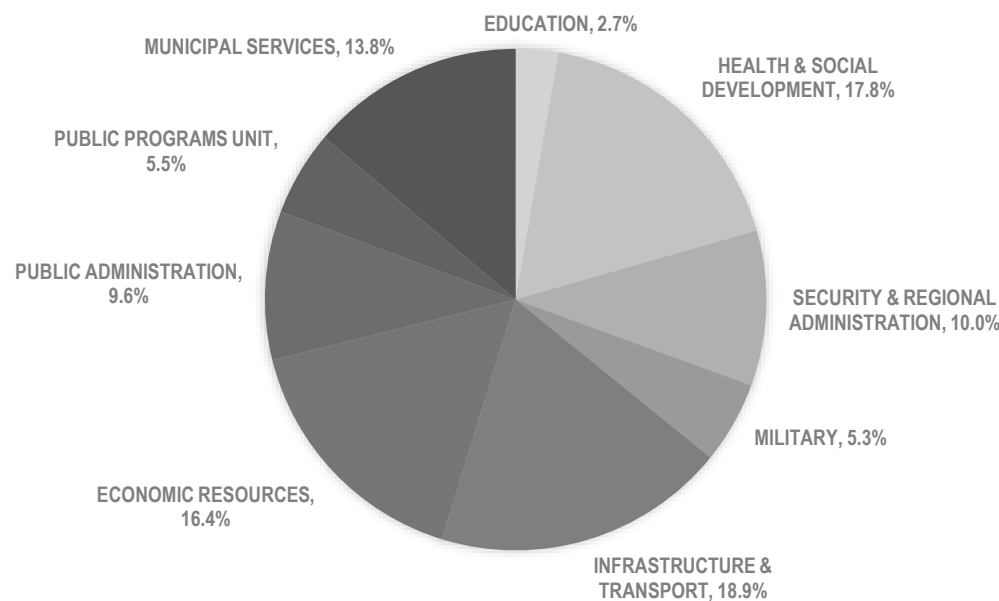
1.158 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.159 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.160 SWOT ANALYSIS

<p>Strength</p> <ul style="list-style-type: none"> - The property is located on the intersection of 2 roads (Al Imam Ali Ibn Talib & Othman Ibn Affan Roads) - Good property location near the city center 	<p>Weakness</p> <ul style="list-style-type: none"> - None
<p>Opportunities</p> <ul style="list-style-type: none"> - None 	<p>Threats</p> <ul style="list-style-type: none"> - Potential similar projects in the same area

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

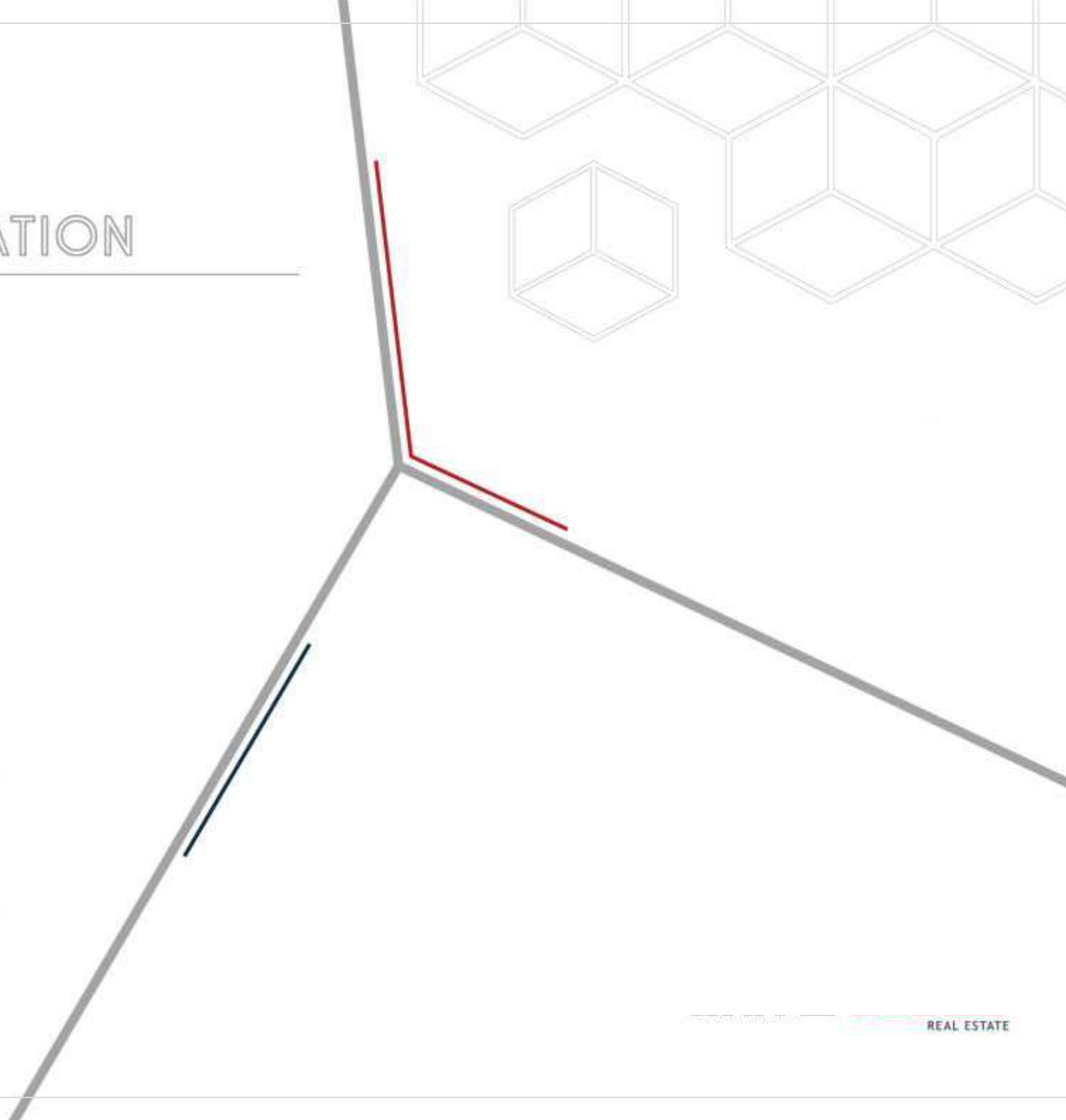
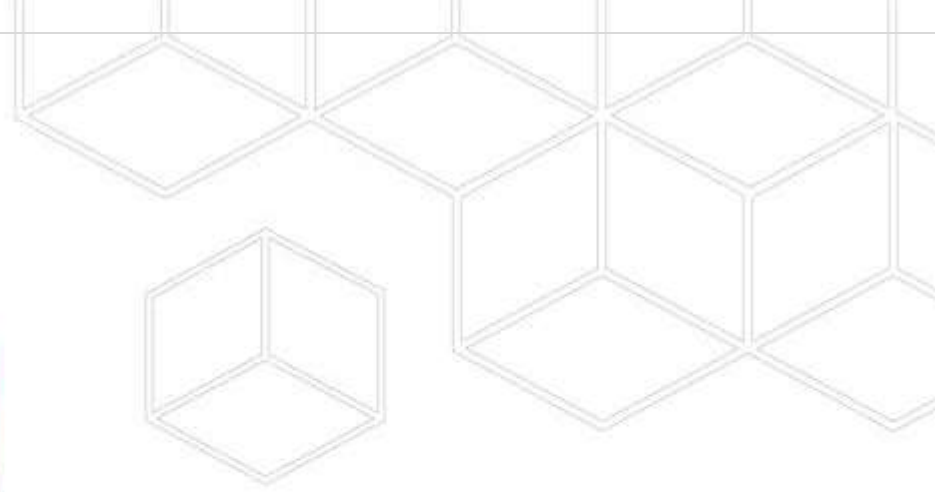
1.161 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	-----	✓	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	6	21	0	0
Risk Category	27 Risk Points – Medium Risk				

Sector Analysis

Risk Category- 27 Risk Points - Medium Risk

PROPERTY VALUATION





1.162 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.163 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.164 INCOME APPROACH- LEASING CONTRACT

client has provided us with the leasing contract of the subject property between the First Party (Saudi Economic and Development Company) and the Second Party (Banque Saudi Fransi). The contract involves the Second Party renting the subject property for 10 years, from 01/11/2015. The following shows an annual rent payment related to the concession right of the subject property:

Year	Annual Payment (SAR)
1	1,500,000
2	1,500,000
3	1,500,000
4	1,500,000
5	1,500,000
6	2,000,000
7- 2021	2,000,000
8	2,000,000
9	2,000,000
10	2,000,000
TOTAL	17,500,000

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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 7%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate	7.00%
Maximum capitalization rate	8.00%
Average	7.50%
The effect of the property specifications on the property	
Item	Influence Notes
Ease of access to the property	-0.25% several major methods
General condition of the property	0.00% The actual age of the property is 12 years
The general location of the property	-0.25% The area is served well
Quality and finishes	0.00% Average quality finishes
Project Management Team	0.00% Average management and operational team level
Services and public facilities	0.00% Level and availability of services is average
Total	-0.50%
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>	
Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	8%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES						
Unit Type	Quantity	Revenues				
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Commercial Building		The subject property is leased to one company				
-----	0	0	SAR 0	SAR 0	SAR 2,000,000.00	
-----					SAR 0	
					Total Revenues	SAR 2,000,000.00
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Commercial Building	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
-----	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
-----	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00	
					Total Expenses	SAR 0.00
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses			NOI	
Commercial Building	SAR 2,000,000	SAR 0.00			SAR 2,000,000	
-----	SAR 0	SAR 0.0			SAR 0	
-----	SAR 0	SAR 0			SAR 0	
					Total	SAR 2,000,000.00



Total Property Revenues			SAR 2,000,000.00
Total Property Expenses			SAR 0
Net Operating Income			SAR 2,000,000.00
Net Operating Income	Cap Rate	Property Value	Rounded Value
SAR 2,000,000.00	7.00%	28,571,428.57 SAR	28,570,000.00 SAR

The property is developed to meet the needs of the current tenant. Yet, it is considered as a special property where it is not developed to the best use. Consequently, we cannot apply the income approach based on the market rates.

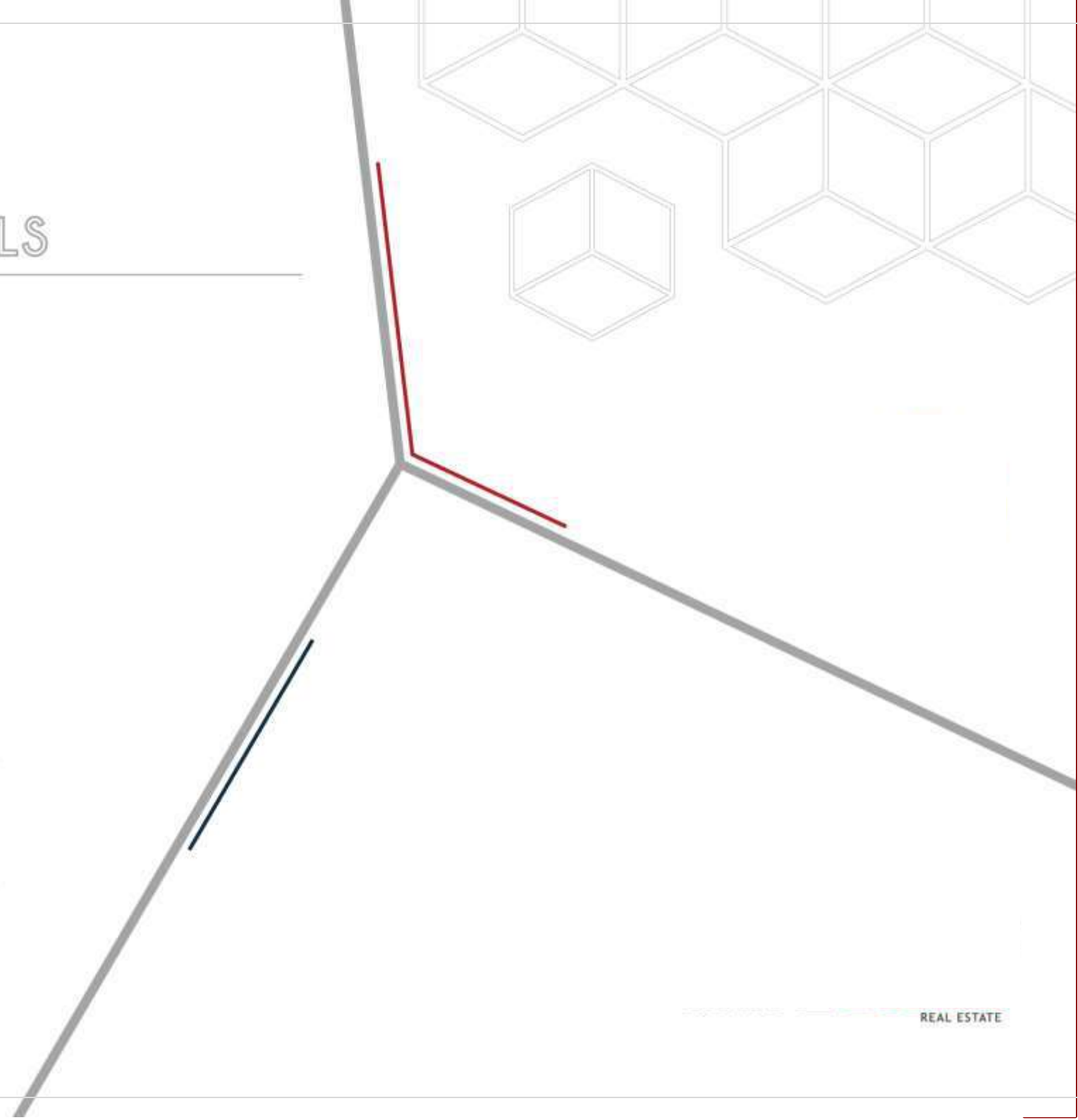
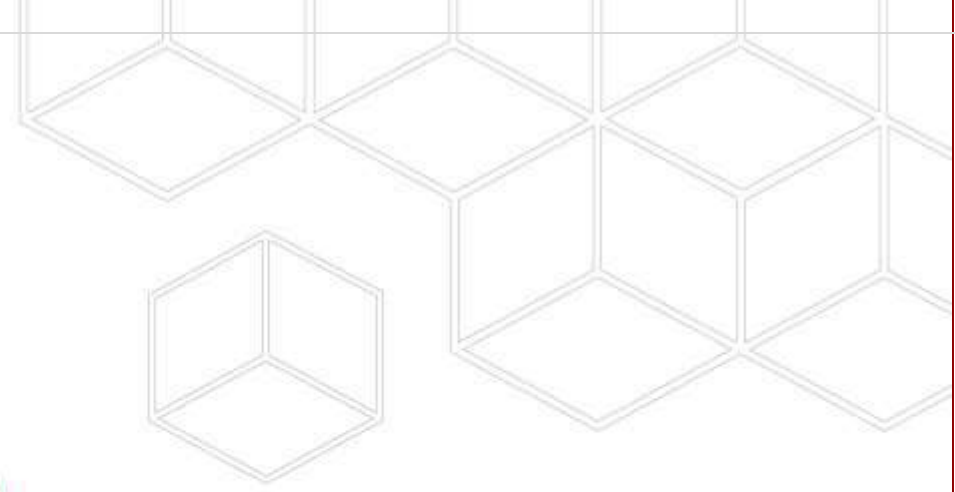
1.165 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: 28,570,000 SAR
Twenty-Eight Million and Five Hundred Seventy Thousand Saudi Riyals

PROPERTY DETAILS

AJDAN WALK





1.166 PROPERTY & LOCATION DESCRIPTION

Property Description

The subject property is an under-construction mix-use project known as Ajdan Walk located in North Khobar district, Khobar City. Based on the provided title deed and construction permit, the project has a total land area of 16,965.77 Sqm, a total BUA of 32,212.08 Sqm and a total GFA of 11,581 Sqm. According to the site inspection done by our team for the purpose of valuation, the property is open 4 sides with a direct view on Prince Turkey Street from the western side. The building is mostly surrounded by commercial buildings and several vacant lands where all infrastructural facilities such as water, electricity, sewage and telecommunication are available in the surroundings and connected to the subject property.

Location Description

The property subject of valuation is a mix-use project located in North Khobar district, Khobar City.
 The property is bordered from the north by an Unnamed Street
 The property is bordered from the south by an Unnamed Street
 The Property is bordered from the east by an Unnamed Street
 The property is bordered to the west by Prince Turki Road

Ease of Access

Based on the current location of the subject property, the access level is high since it is located on Prince Turkey Road

Area Surrounding the Property

The subject property is mostly surrounded by commercial buildings

Land		Building	
Land Use	Commercial	Building Type	Mix-Use Building
No. of Streets	4	Building Structural Conditions	Under-Construction
Land Shape	Graded	External Elevation Conditions	Under-Construction
Direct View on the Main Road	Prince Turkey Road	Building Finishing Conditions	Under-Construction
Direct View on an Internal Street	Unnamed Streets	Overall Building Conditions	Under-Construction
Land Condition	Under-Construction		

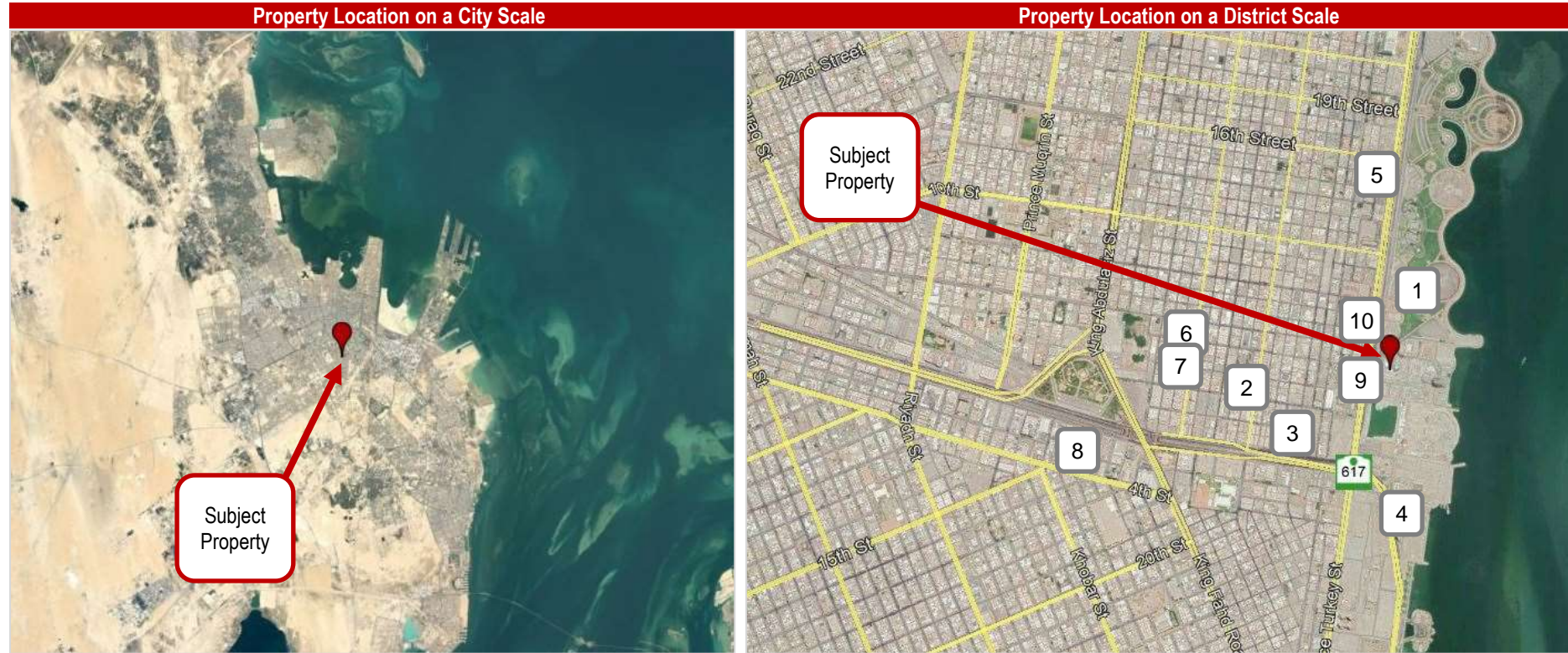
1.167 INFRASTRUCTURE FACILITIES

	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	



1.168 LOCATION

The subject property is located in North Khobar district, Khobar city and surrounded by several landmarks as follows:



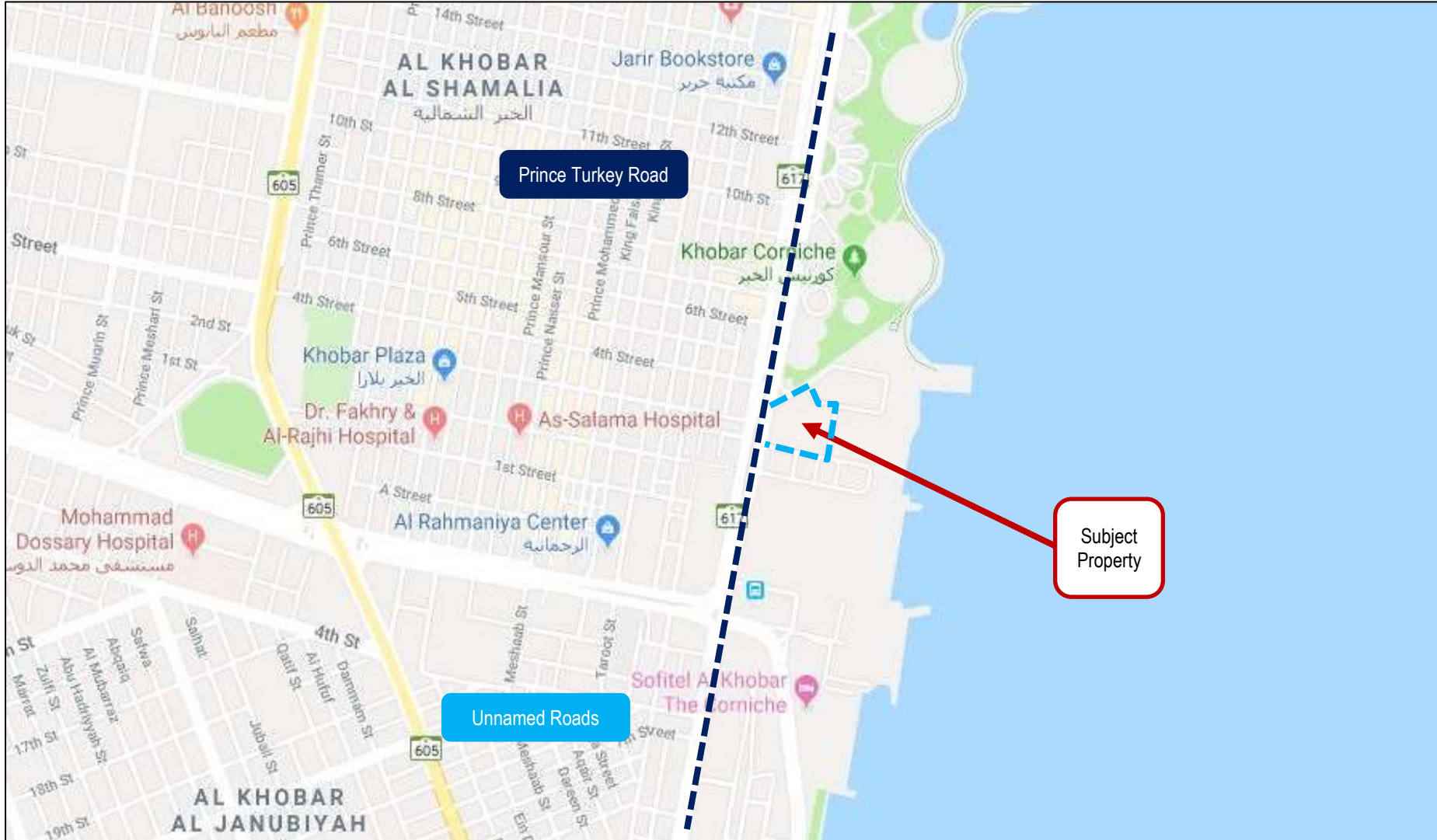
Surrounding Landmarks

- | | |
|--|--|
| 1- Khobar Corniche (0.5 Kilometres) | 6- Khobar Plaza (1 Kilometres) |
| 2- Al Salama Hospital (0.8 Kilometres) | 7- Dr. Fakhry & Al-Rajhi Hospital (1 Kilometres) |
| 3- Al Rahmaniyah Center (0.5 Kilometres) | 8- Mohammad Dossary Hospital (1.5 Kilometres) |
| 4- Sofitel Al Khobar (0.7 Kilometres) | 9- Shrimpy (0.1 Kilometres) |
| 5- Jarir Bookstore (0.7 Kilometres) | 10- Al Dawliya (0.2 Kilometres) |



1.169 PROPERTY ACCESS

The subject property can be accessed as shown in the map below:





1.170 TITLE DEED & OWNERSHIP

We were provided with copy of the title deed related to the subject property which is owned by one title deed. The details of the subject property:

City	Khobar	Land Area	16,965.77
District	North Khobar	Plot No.	12/4
T.D Type	Electronic	Block No.	N/A
T.D Number	930203009265	Layout No.	356/2
T.D Date	09/06/1440	Owner	Saudi Economic and Development Company for Real Estate Funds
T.D Value	N/A	Ownership Type	Freehold
Date of Last Transaction Issued From	09/06/1440 Khobar Notary	Limitation of Document	N/A
North Side	Unnamed Street	East Side	Unnamed Street
South Side	Unnamed Street	West Side	Prince Turki Road

Notes The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document.

1.171 CONSTRUCTION & 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, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

Source of BUA		Actual Age of the Property		Status of the property	
Construction Permit	✓	Construction Permit	✓	New	-----
As Built Drawings	-----	As Built Drawings	-----	Fully Constructed	✓
Other Documents	-----	Other Documents	-----	Under Construction	-----
Verbal Information	-----	Verbal Information	-----		
Estimation	-----	Estimation	-----		



The subject property is an under-construction project composed of 11 building. The Client has provided us with a copy of the Construction Permit issued by Khobar Municipality with the below details:

Subject Property

Construction Permit Type	New Permit
Property Type	Mix use
Construction Permit No.	438/10342
Construction Permit Date	30/03/1438
Permit Expiry Date	30/03/1441

Description	No. of Units	Area (sqm)	Use
Basement	Attached	15,575.4	Parking
Ground Floor	Attached	27.5	Electricity Room
Ground Floor	39	---	Parking
Ground Floor	3	573.15	Offices
First Floor	3	573.15	Offices
Second Floor	3	573.15	Offices
Third Floor	3	573.15	Offices
Others	----	92.3	----
Ground Floor	46	7,308.19	Showrooms
First Floor	Attached	7,008.39	Services
Others	---	1,070	---
Total BAU (sqm)		32,212.08	



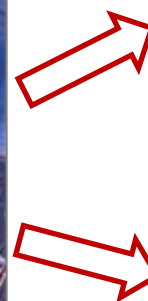
1.172 PROPERTY COMPONENTS

A document presenting the project components with the GFA and GLA of each building was provided by the client with the following details:

Building No	Units	Total GFA	Total GLA
1	1	1256	1343
2	2	1641	2176
3	1	1438	1932
4	5	1323	1773
5	5	690	766
6	7	1816	2107
7	2	1200	1463
8	1	1755	1755
9	1	253	456
10	1	127	269
11	1	82	195
Total	27	11,581	14,235

1.173 PROPERTY PERSPECTIVE

The client provided us with a document showing the project perspectives:





1.174 PROJECT PHASES

The client provided us with a document showing the project phases

Project Phases	
Phase 1	Phase 2
Ajdan Walk project extend across 16,697 Sqm along the Corniche and is composed of international cafes and restaurants. In addition to several entertainment facilities.	Connecting with a principal boulevard road and cinema complex extending to almost 6,800 Sqm.

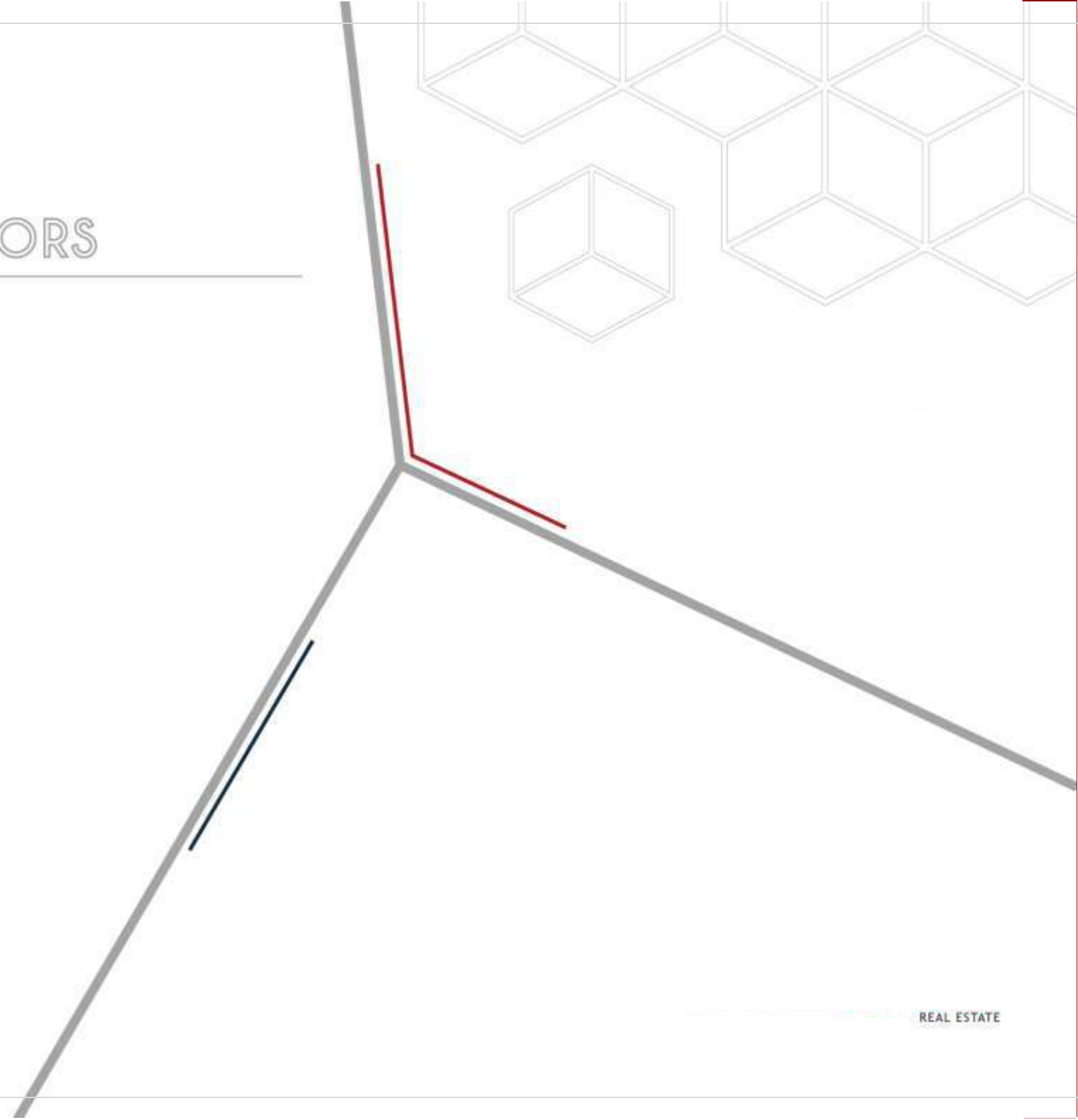
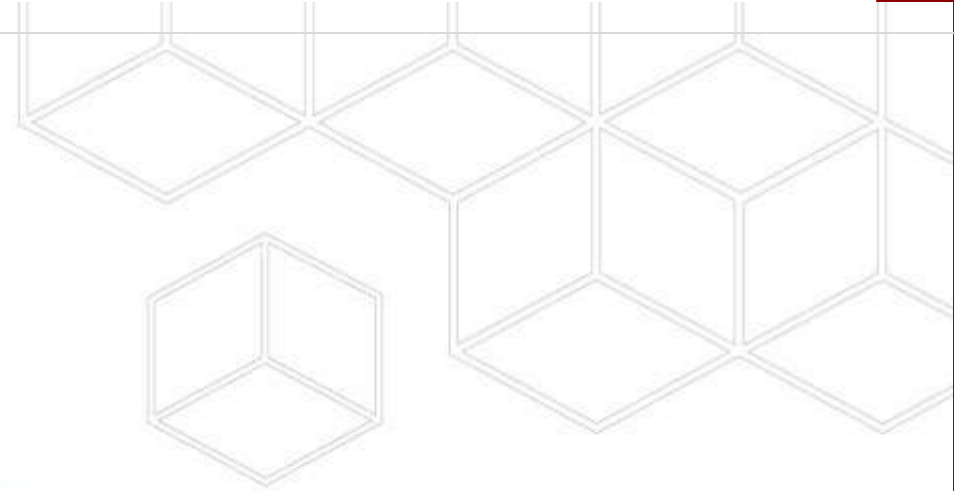




1.175 PHOTO RECORD



MARKET INDICATORS





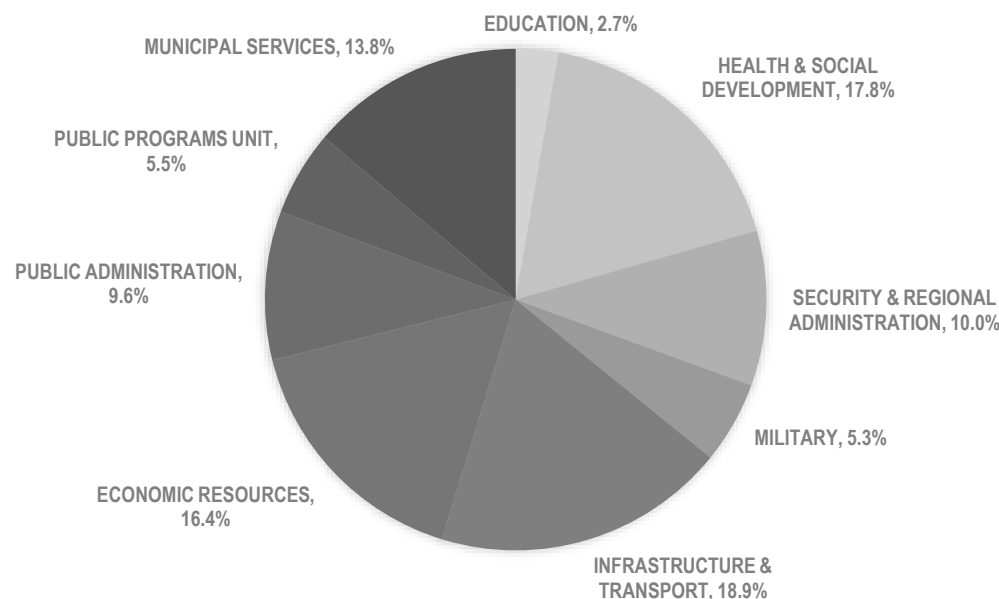
1.176 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020	2021
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	793.8 Bn	700 Bn Q1	790 Bn Q1
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	-4.1%	2.84% (E)
Inflation Rate (Source: Statista)	2.45%	-1.22%	3.44%	3.23 (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.25%	0.7 (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	770 Bn	654 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,100 Bn	1,020 Bn	1,100 Bn (E)
Unemployment Rate (Source: Trading Economics)	6%	5.6%	8.22%	6.6% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,810,000	35,565,592 (E)

1.177 BUDGET ALLOCATION FOR 2020

Public Administration	28 SAR bn
Military	182 SAR bn
Security & Regional Adm.	102 SAR bn
Municipal Services	54 SAR bn
Education	193 SAR bn
Health & Social Dev.	167 SAR bn
Economic Resources	98 SAR bn
Infrastructure & Transport	56 SAR bn
General Items	141 SAR bn

Source: Ministry of Economy





1.178 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> - Open on 4 sides. - Direct view on main road (Prince Turki Road). - Direct view on the seashores. - Availability of Parking area. 	Weakness <ul style="list-style-type: none"> - The project has irregular land shape.
Opportunities <ul style="list-style-type: none"> - High demand on the property type 	Threats <ul style="list-style-type: none"> - Potential similar projects in the same area

The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.179 RISK ANALYSIS

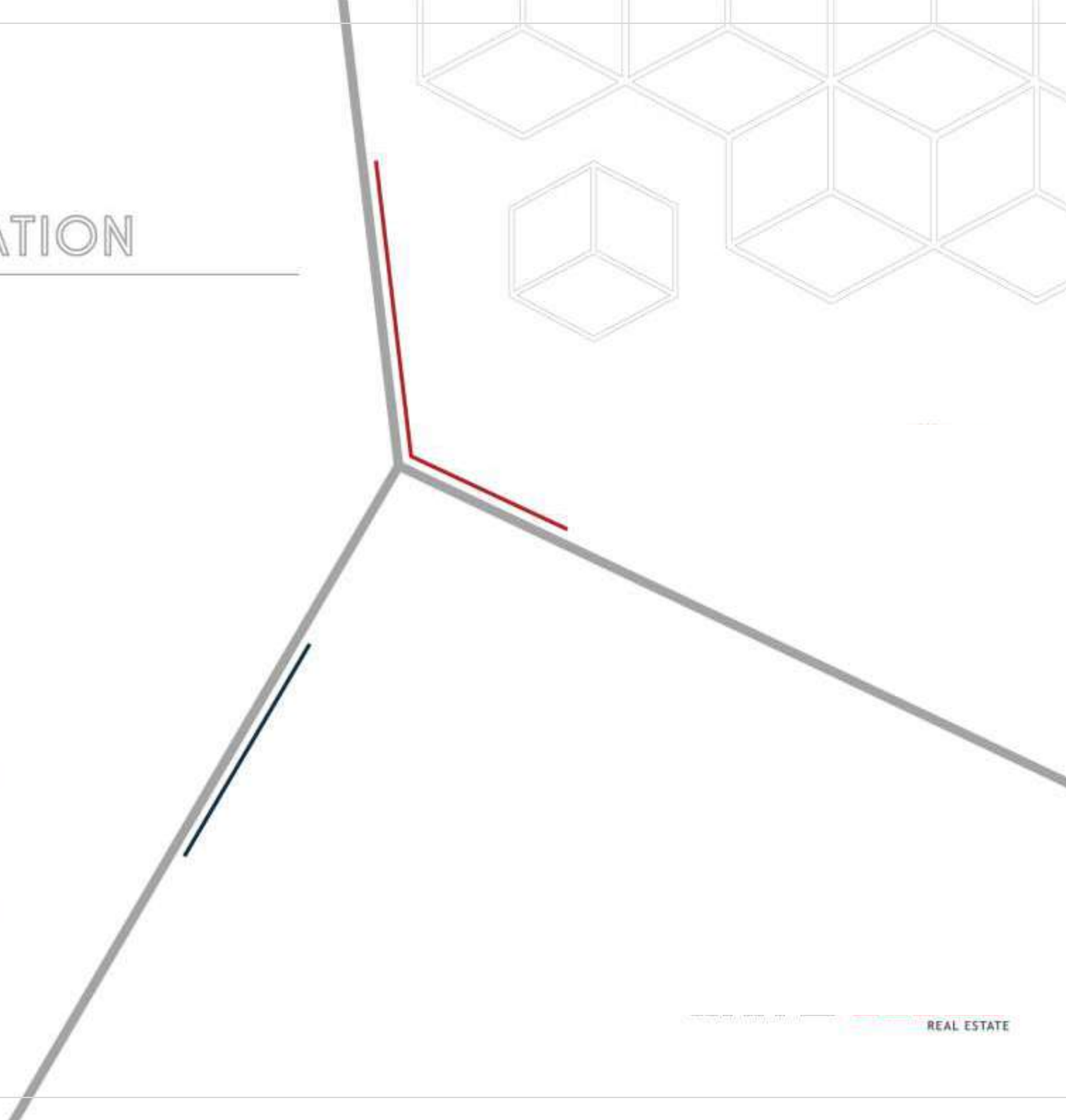
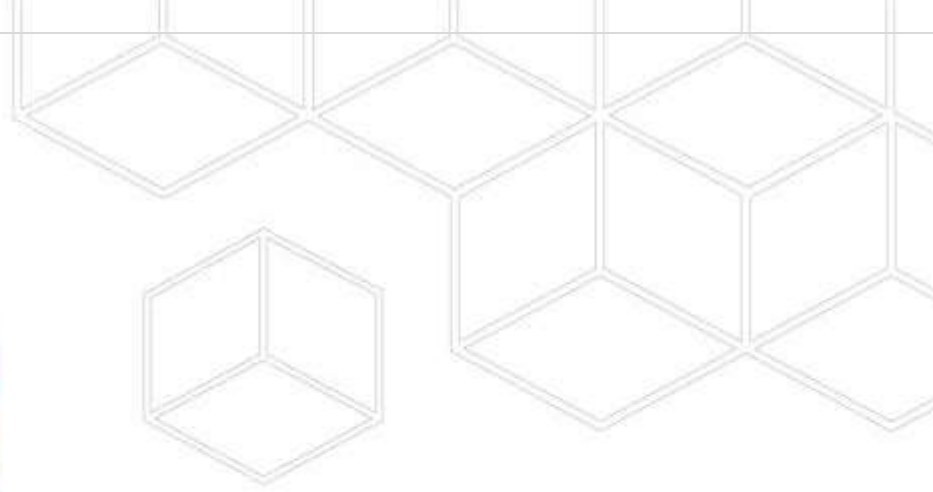
Risk Factor	Very Low Risk (1) 1-10	Minimal Risk (2) 11-20	Medium Risk (3) 21-30	Elevated Risk (4) 31-40	Very High Risk (5) 41-50
Overall Economy	-----	-----	✓	-----	-----
Sector Current Performance	-----	-----	✓	-----	-----
Sector Future Performance	-----	✓	-----	-----	-----
Occupancy Rates	-----	-----	✓	-----	-----
Supply Rate	-----	-----	✓	-----	-----
Demand Rate	-----	-----	✓	-----	-----
Access	-----	✓	-----	-----	-----
Location	-----	✓	-----	-----	-----
Land Shape	-----	-----	✓	-----	-----
Surrounding Area facilities	-----	-----	✓	-----	-----
Total Risk	0	6	21	0	0

Risk Category 27 Risk Points – Medium Risk

Sector Analysis

Risk Category- 27 Risk Points - Medium Risk

PROPERTY VALUATION





1.180 GENERAL ASSUMPTIONS

- The subject property is valued under the assumption of freehold status unless otherwise stated in the report.
- All the written and verbal information provided to us by the Client assumed to be up to date, complete and correct in relation to elements such as title deed, construction permits, land area, and any other relevant matters that are set out in the report.
- This report is a valuation report and not structural / building survey. Therefore, we did not carry out any structural due diligence, utilities check, services check, soil test, etc.
- All the inputs used in the valuation methodologies are based on the collected market data using our best know how and experience in the related market.
- The output of this report (Final Value), is based on the used assumptions, received documents from the client and available market data. Yet, the output estimates show an indicative value of the subject property / properties.

1.181 VALUATION APPROACH

With reference to the valuation purpose, taking into consideration the nature of the subject property, we will use the following ticked methods to estimate the market value of the subject property:

	DRC	Comparable	Income Cap	DCF	RLV
Land	-----	-----	-----	-----	-----
Building	-----	-----	-----	-----	-----
Overall Property	-----	-----	✓	-----	-----

CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



1.182 INCOME APPROACH- LEASING CONTRACT

As per the client request and based on the purpose of valuation, we assumed that the subject property is fully operational. The client also informed us that the subject property will be fully leased for 10 years with a triple net amount of 25,000,000 SAR.

Market Capitalization Rate Analysis

Based on recent transactions of real estate properties and funds, the average capitalization rate of acquiring such property falls in the range of 7% to 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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.

- 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 7%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 12 years
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	

Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property



Total adjustments on capitalization rate	-0.50%
Capitalization rate, according to market averages	8%
Estimated capitalization rate of the property valuation	7.00%

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

REVENUES						
Unit Type	Quantity	Revenues				
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Mix Use Project		The subject property is fully leased to several tenant			SAR 25,000,000	
-----	0	0	SAR 0	SAR 0	SAR 0	
					Total Revenues	SAR 25,000,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses	
Mix Use Project	0.00%	0.00%	0.00%	0.00%	0.00%	
-----	0.00%	0.00%	0.00%	0.00%	0.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Mix Use Project	SAR 25,000,000	0.00%	SAR 25,000,000			
-----	SAR 0	0.00%	SAR 0			
		Total	SAR 25,000,000			
Total Property Revenues					SAR 25,000,000	
Total Property Expenses					SAR 0	
Net Operating Income					SAR 25,000,000.00	
Net Operating Income	Cap Rate	Property Value		Rounded Value		
SAR 25,000,000.00	7.00%	357,142,857.14 SAR		357,000,000.00 SAR		



1.183 INCOME APPROACH- MARKET RATES

As per the market survey done by our team for the purpose of valuation, we have found that the market rates for commercial units in malls fall between 1,500 and 2,000 SAR/ Sqm. Yet, the project subject of valuation is located in a premium location and near seashores, the project is also developed with good quality finishing and new design concept, in addition the project is intended for targeted customers. We will be using the higher end range of the market rates 2,000 SAR/ Sqm in our valuation analysis.

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	4% to 7%
Operating and maintenance expenses	4% to 6%
General service bills expenses	2% 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 8%. This average is mainly driven by several factors such as the quality of the building, finishing materials, the general location, ease of access, actual age of the property, size of the project, and the extent of income stability in it. In addition to the above, the capitalization rates are also affected directly by the supply and demand rates for the same type of real estate

The Capitalization Rate Used for the Valuation

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%, which will be applied subsequently to the net operating income of the property.

Minimum capitalization rate		7.00%
Maximum capitalization rate		8.00%
Average		7.50%
The effect of the property specifications on the property		
Item	Influence	Notes
Ease of access to the property	-0.25%	several major methods
General condition of the property	0.00%	The actual age of the property is 12 years
The general location of the property	-0.25%	The area is served well
Quality and finishes	0.00%	Average quality finishes
Project Management Team	0.00%	Average management and operational team level
Services and public facilities	0.00%	Level and availability of services is average
Total	-0.50%	
<i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i>		
Total adjustments on capitalization rate	-0.50%	
Capitalization rate, according to market averages	8%	
Estimated capitalization rate of the property valuation	7.00%	

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

REVENUES						
Unit Type	Quantity		Revenues			
Unit Type	Total GLA	No of Units	SAR / Sqm	SAR / Unit	Total Revenues	
Mix-Use Project	14,235	0	SAR 2,000	SAR 0	SAR 28,470,000	
					Total Revenues	SAR 28,470,000
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
Mix-Use Project	2.50%	2.50%	5.00%	5.00%	15.0%	
					Total Expenses	SAR 4,270,500
NET OPERATING INCOME						
Unit Type	Total Revenues	Total Expenses	NOI			
Mix-Use Project	SAR 28,470,000	SAR 4,270,500	SAR 24,199,500			



			Total	SAR 24,199,500
Total Property Revenues				SAR 28,470,000
Total Property Expenses				-SAR 4,270,500
Net Operating Income				SAR 24,199,500.00
CAP RATE ANALYSIS				
Net Operating Income	Cap Rate		Property Value	Rounded Value
SAR 24,199,500.00	7.00%		345,707,142.86 SAR	345,710,000.00 SAR

1.184 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 357,000,000	Three Hundred Fifty-Seven Million Saudi Riyals
Income- Market	Property	SAR 345,710,000	Three Hundred Forty-Five Million and Seven Hundred Ten Thousand Saudi Riyals

1.185 SUBJECT PROPERTY VALUE

We are of an opinion that the total market value of the subject property taking into consideration the purpose of valuation by using the Income Approach based on the leasing contract is:

Property Value: 357,000,000 SAR
Three Hundred Fifty-Seven Million Saudi Riyals

1.186 REPORT USE

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever 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 thereto will only be notified to the Client to whom it is authorized.



1.187 DISCLAIMER

In undertaking and executing this assignment, extreme care and precaution has been exercised. This report is based on the information supplied by the bank and or the owner/s of the property. The values may differ or vary periodically due to various unforeseen factors beyond our control such as supply and demand, inflation, local policies and tariffs, poor maintenance, variation in costs of various inputs, etc. It is beyond the scope of our services to ensure the consistency in values due to changing scenarios.

1.188 CONCLUSION

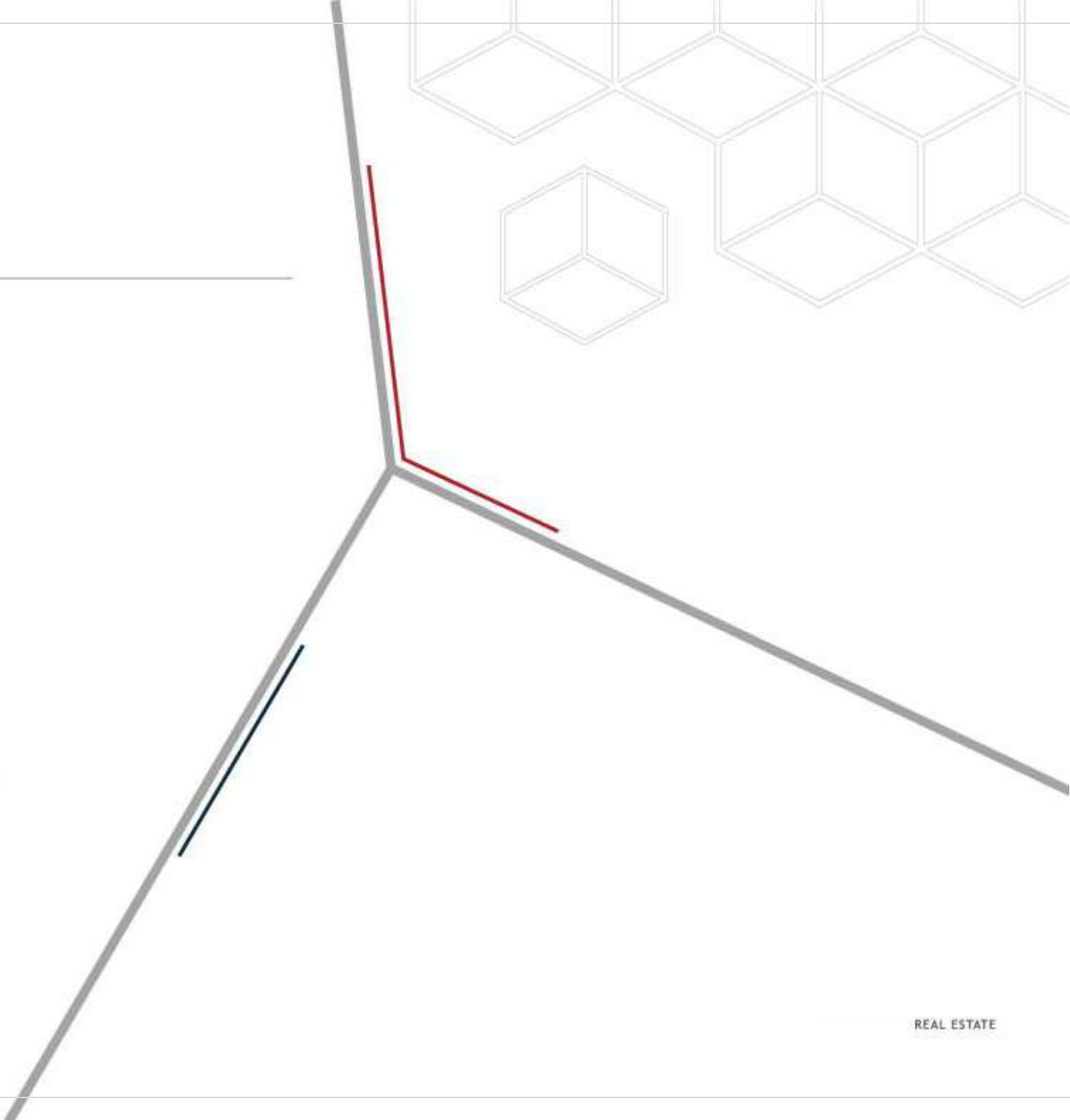
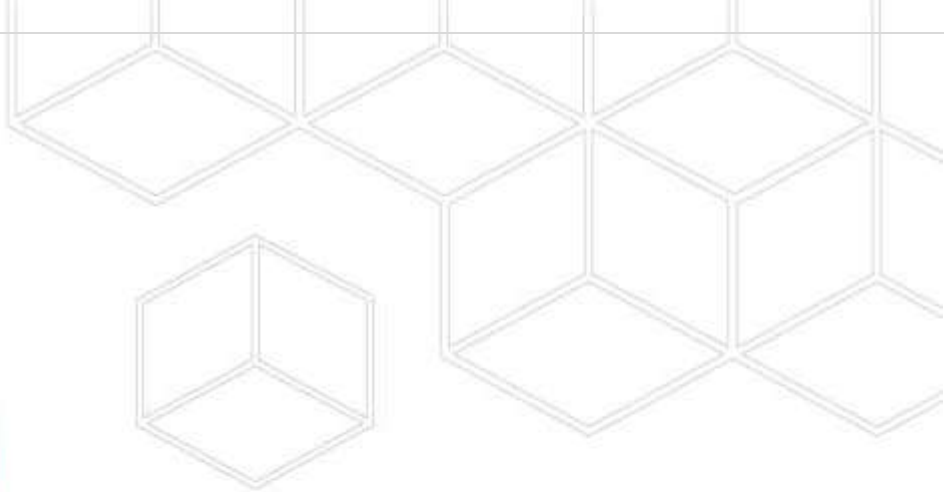
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Essam Hussaini
Site Inspection Check

Member of (Taqeem)
License No. 121000474



GENERAL NOTES





1.189 CONSULTANT STATUS

We confirm that the consultant / valuator has no physical contact or affiliation with the original subject matter of valuation or with the client and can provide objective, unbiased valuation. We confirm that the valuator is competent to carry out the valuation task and has sufficient skills and market knowledge concerned to conduct the valuation.

1.190 DISCLOSING CONFLICT OF INTEREST

We affirm that we are completely independent of the customer and the subject of the valuation, and nothing contained in this agreement must be interpreted as constituting any relationship with the customer except for the normal official relationship of work, or that it aims to establish any business relationship whatsoever between the customer and Whitecubes employees. We also confirm that we do not have any conflicts of interest with the customer's property. We would like to draw your attention to the following:

*The subject property was previously valued by White Cubes
 White Cubes was previously involved in selling activities related to the property
 White Cubes was previously involved in advisory services related to the property*

	If Yes		Remarks
	No	Date	
		Client	
✓		Sedco Capital	June 2021
✓		-----	-----
		-----	-----

1.191 CONFIDENTIALITY

This document and / or any other documents received from the client are confidential between White Cubes Est. and the client. Except as may be required by any court or authority, the subject service shall not disclose or use or cause to be disclosed or used, at any time during the Term.

Any of the Client's secrets and/or confidential information, any other non-public information relating to the client business, financial or other affairs acquired by the subject service during the process remain confidential.

