

## PORTFOLIO OF 11 PROPERTIES

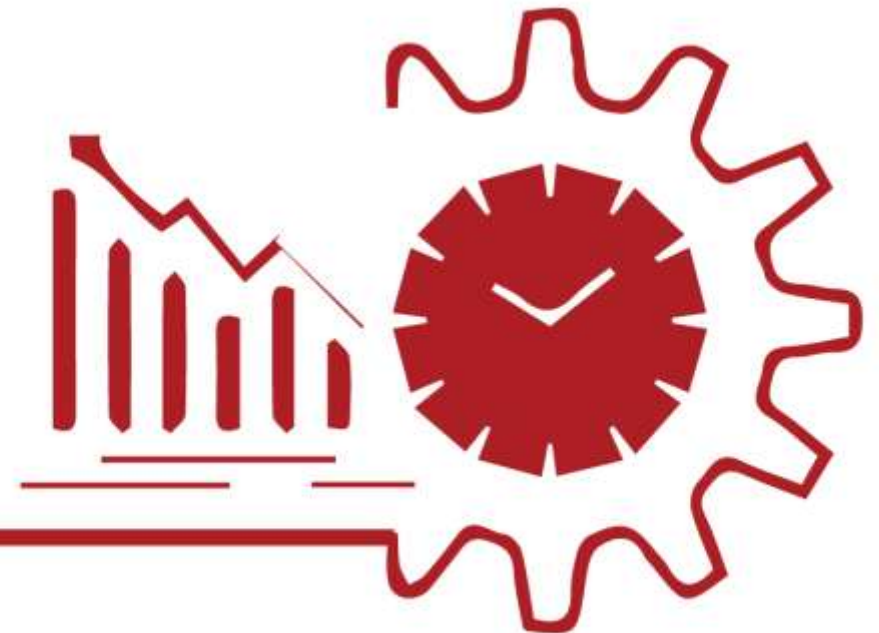
### SEDCO CAPITAL

SEVERAL CITIES

JUNE 2020



# Valuation Report





REF: 2010397  
Date: 15/07/2020  
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 June 08, 2020 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)





COPYRIGHT © WHITE CUBES REAL ESTATE. 2020  
This report is the sole property of WHITE CUBES REAL ESTATE and must not be copied in any form or by any means, either in whole or in part, without the prior written consent of WHITE CUBES REAL ESTATE.  
The information included in this report has been obtained and collected from external sources generally known to be reliable. However, no warranty given in respect to the accuracy of these information. We would like to be informed of any inaccuracies so that we may correct them.

WHITE CUBES REAL ESTATE is the exclusive real estate advisory agent for TAHA CORP CONSULTING in the Kingdom of SAUDI ARABIA





## Table of Contents

(Please Click on the Title for Direct Access)

<b>1.1</b>	<b>EXECUTIVE SUMMARY</b>	<b>14</b>
<b>1.2</b>	<b>VALUATION REFERENCE</b>	<b>16</b>
<b>1.3</b>	<b>BASIS OF VALUATION</b>	<b>16</b>
<b>1.4</b>	<b>CLIENT APPROVAL DATE</b>	<b>18</b>
<b>1.5</b>	<b>INSPECTION DATE</b>	<b>18</b>
<b>1.6</b>	<b>VALUATION DATE</b>	<b>18</b>
<b>1.7</b>	<b>REPORT DATE</b>	<b>18</b>
<b>1.8</b>	<b>OPINION OF VALUE</b>	<b>18</b>
<b>1.9</b>	<b>PURPOSE OF VALUATION</b>	<b>18</b>
<b>1.10</b>	<b>INSPECTION ROLE</b>	<b>18</b>
<b>1.11</b>	<b>MARKET SURVEY</b>	<b>19</b>
<b>1.12</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>21</b>
<b>1.13</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>21</b>
<b>1.14</b>	<b>LOCATION</b>	<b>22</b>
<b>1.15</b>	<b>PROPERTY ACCESS</b>	<b>23</b>
<b>1.16</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>24</b>
<b>1.17</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>24</b>
<b>1.18</b>	<b>INSURANCE</b>	<b>25</b>
<b>1.19</b>	<b>PHOTO RECORD</b>	<b>26</b>
<b>1.20</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>28</b>
<b>1.21</b>	<b>BUDGET ALLOCATION FOR 2019</b>	<b>28</b>
<b>1.22</b>	<b>SWOT ANALYSIS</b>	<b>29</b>
<b>1.23</b>	<b>SECTOR BRIEF</b>	<b>29</b>
<b>1.24</b>	<b>RISK ANALYSIS</b>	<b>31</b>
<b>1.25</b>	<b>DOCUMENTS RECIEVED</b>	<b>33</b>
<b>1.26</b>	<b>GENERAL ASSUMPTIONS</b>	<b>33</b>
<b>1.27</b>	<b>LEGAL NOTICES</b>	<b>33</b>
<b>1.28</b>	<b>INFORMATION SOURCE</b>	<b>34</b>
<b>1.29</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>34</b>
<b>1.30</b>	<b>INPUT VALUATION PROCESS</b>	<b>34</b>
<b>1.31</b>	<b>VALUATION APPROACH</b>	<b>34</b>
<b>1.32</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>35</b>



<b>1.33</b>	<b>INCOME APPROACH- MARKET RATES</b>	<b>38</b>
<b>1.34</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>41</b>
<b>1.35</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>41</b>
<b>1.36</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>43</b>
<b>1.37</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>43</b>
<b>1.38</b>	<b>LOCATION</b>	<b>44</b>
<b>1.39</b>	<b>PROPERTY ACCESS</b>	<b>45</b>
<b>1.40</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>46</b>
<b>1.41</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>46</b>
<b>1.42</b>	<b>INSURANCE</b>	<b>47</b>
<b>1.43</b>	<b>PHOTO RECORD</b>	<b>48</b>
<b>1.44</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>50</b>
<b>1.45</b>	<b>BUDGET ALLOCATION FOR 2019</b>	<b>50</b>
<b>1.46</b>	<b>SWOT ANALYSIS</b>	<b>51</b>
<b>1.47</b>	<b>SECTOR BRIEF</b>	<b>51</b>
<b>1.48</b>	<b>RISK ANALYSIS</b>	<b>53</b>
<b>1.49</b>	<b>DOCUMENTS RECIEVED</b>	<b>55</b>
<b>1.50</b>	<b>GENERAL ASSUMPTIONS</b>	<b>55</b>
<b>1.51</b>	<b>LEGAL NOTICES</b>	<b>55</b>
<b>1.52</b>	<b>INFORMATION SOURCE</b>	<b>56</b>
<b>1.53</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>56</b>
<b>1.54</b>	<b>INPUT VALUATION PROCESS</b>	<b>56</b>
<b>1.55</b>	<b>VALUATION APPROACH</b>	<b>56</b>
<b>1.56</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>57</b>
<b>1.57</b>	<b>INCOME APPROACH- MARKET RATES</b>	<b>60</b>
<b>1.58</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>63</b>
<b>1.59</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>63</b>
<b>1.60</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>65</b>
<b>1.61</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>65</b>
<b>1.62</b>	<b>LOCATION</b>	<b>66</b>
<b>1.63</b>	<b>PROPERTY ACCESS</b>	<b>67</b>
<b>1.64</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>68</b>
<b>1.65</b>	<b>NLA DETAILS</b>	<b>68</b>
<b>1.66</b>	<b>OPERATIONAL CONTRACT</b>	<b>69</b>



<b>1.67</b>	<b>INSURANCE</b>	<b>69</b>
<b>1.68</b>	<b>PHOTO RECORD</b>	<b>70</b>
<b>1.69</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>72</b>
<b>1.70</b>	<b>BUDGET ALLOCATION FOR 2019</b>	<b>72</b>
<b>1.71</b>	<b>SWOT ANALYSIS</b>	<b>73</b>
<b>1.72</b>	<b>SECTOR BRIEF</b>	<b>73</b>
<b>1.73</b>	<b>RISK ANALYSIS</b>	<b>75</b>
<b>1.74</b>	<b>DOCUMENTS RECIEVED</b>	<b>77</b>
<b>1.75</b>	<b>GENERAL ASSUMPTIONS</b>	<b>77</b>
<b>1.76</b>	<b>LEGAL NOTICES</b>	<b>77</b>
<b>1.77</b>	<b>INFORMATION SOURCE</b>	<b>78</b>
<b>1.78</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>78</b>
<b>1.79</b>	<b>INPUT VALUATION PROCESS</b>	<b>78</b>
<b>1.80</b>	<b>VALUATION APPROACH</b>	<b>78</b>
<b>1.81</b>	<b>INCOME APPROACH- MARKET RATES</b>	<b>79</b>
<b>1.82</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>82</b>
<b>1.83</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>84</b>
<b>1.84</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>84</b>
<b>1.85</b>	<b>LOCATION</b>	<b>85</b>
<b>1.86</b>	<b>PROPERTY ACCESS</b>	<b>86</b>
<b>1.87</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>87</b>
<b>1.88</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>87</b>
<b>1.89</b>	<b>INSURANCE</b>	<b>88</b>
<b>1.90</b>	<b>PHOTO RECORD</b>	<b>89</b>
<b>1.91</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>91</b>
<b>1.92</b>	<b>BUDGET ALLOCATION FOR 2019</b>	<b>91</b>
<b>1.93</b>	<b>SWOT ANALYSIS</b>	<b>92</b>
<b>1.94</b>	<b>SECTOR BRIEF</b>	<b>92</b>
<b>1.95</b>	<b>RISK ANALYSIS</b>	<b>94</b>
<b>1.96</b>	<b>DOCUMENTS RECIEVED</b>	<b>96</b>
<b>1.97</b>	<b>GENERAL ASSUMPTIONS</b>	<b>96</b>
<b>1.98</b>	<b>LEGAL NOTICES</b>	<b>96</b>
<b>1.99</b>	<b>INFORMATION SOURCE</b>	<b>97</b>
<b>1.100</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>97</b>



<b>1.101 VALUATION APPROACH</b>	<b>97</b>
<b>1.102 INPUT VALUATION PROCESS</b>	<b>98</b>
<b>1.103 DISCOUNTED CASH FLOW APPROACH- MARKET RATES</b>	<b>98</b>
<b>1.104 SUBJECT PROPERTY VALUE</b>	<b>102</b>
<b>1.105 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>104</b>
<b>1.106 INFRASTRUCTURE FACILITIES</b>	<b>104</b>
<b>1.107 LOCATION</b>	<b>105</b>
<b>1.108 PROPERTY ACCESS</b>	<b>106</b>
<b>1.109 TITLE DEED &amp; OWNERSHIP</b>	<b>107</b>
<b>1.110 CONSTRUCTION &amp; BUILDINGS</b>	<b>107</b>
<b>1.111 INSURANCE</b>	<b>108</b>
<b>1.112 PHOTO RECORD</b>	<b>109</b>
<b>1.113 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>111</b>
<b>1.114 BUDGET ALLOCATION FOR 2019</b>	<b>111</b>
<b>1.115 SWOT ANALYSIS</b>	<b>112</b>
<b>1.116 SECTOR BRIEF</b>	<b>112</b>
<b>1.117 RISK ANALYSIS</b>	<b>114</b>
<b>1.118 DOCUMENTS RECIEVED</b>	<b>116</b>
<b>1.119 GENERAL ASSUMPTIONS</b>	<b>116</b>
<b>1.120 LEGAL NOTICES</b>	<b>116</b>
<b>1.121 INFORMATION SOURCE</b>	<b>117</b>
<b>1.122 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>117</b>
<b>1.123 INPUT VALUATION PROCESS</b>	<b>117</b>
<b>1.124 VALUATION APPROACH</b>	<b>117</b>
<b>1.125 INCOME APPROACH- LEASING CONTRACT</b>	<b>118</b>
<b>1.126 INCOME APPROACH- MARKET RATES</b>	<b>121</b>
<b>1.127 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>123</b>
<b>1.128 SUBJECT PROPERTY VALUE</b>	<b>124</b>
<b>1.129 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>126</b>
<b>1.130 INFRASTRUCTURE FACILITIES</b>	<b>126</b>
<b>1.131 LOCATION</b>	<b>127</b>
<b>1.132 PROPERTY ACCESS</b>	<b>128</b>
<b>1.133 TITLE DEED &amp; OWNERSHIP</b>	<b>129</b>
<b>1.134 CONSTRUCTION &amp; BUILDINGS</b>	<b>129</b>



<b>1.135 INSURANCE</b>	<b>130</b>
<b>1.136 PHOTO RECORD</b>	<b>131</b>
<b>1.137 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>133</b>
<b>1.138 BUDGET ALLOCATION FOR 2019</b>	<b>133</b>
<b>1.139 SWOT ANALYSIS</b>	<b>134</b>
<b>1.140 SECTOR BRIEF</b>	<b>134</b>
<b>1.141 RISK ANALYSIS</b>	<b>136</b>
<b>1.142 DOCUMENTS RECIEVED</b>	<b>138</b>
<b>1.143 GENERAL ASSUMPTIONS</b>	<b>138</b>
<b>1.144 LEGAL NOTICES</b>	<b>138</b>
<b>1.145 INFORMATION SOURCE</b>	<b>139</b>
<b>1.146 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>139</b>
<b>1.147 INPUT VALUATION PROCESS</b>	<b>139</b>
<b>1.148 VALUATION APPROACH</b>	<b>139</b>
<b>1.149 INCOME APPROACH- LEASING CONTRACT</b>	<b>140</b>
<b>1.150 INCOME APPROACH- MARKET RATES</b>	<b>143</b>
<b>1.151 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>146</b>
<b>1.152 SUBJECT PROPERTY VALUE</b>	<b>146</b>
<b>1.153 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>148</b>
<b>1.154 INFRASTRUCTURE FACILITIES</b>	<b>148</b>
<b>1.155 LOCATION</b>	<b>149</b>
<b>1.156 PROPERTY ACCESS</b>	<b>150</b>
<b>1.157 TITLE DEED &amp; OWNERSHIP</b>	<b>151</b>
<b>1.158 CONSTRUCTION &amp; BUILDINGS</b>	<b>151</b>
<b>1.159 INSURANCE</b>	<b>152</b>
<b>1.160 PHOTO RECORD</b>	<b>153</b>
<b>1.161 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>155</b>
<b>1.162 BUDGET ALLOCATION FOR 2019</b>	<b>155</b>
<b>1.163 SWOT ANALYSIS</b>	<b>156</b>
<b>1.164 SECTOR BRIEF</b>	<b>156</b>
<b>1.165 RISK ANALYSIS</b>	<b>158</b>
<b>1.166 DOCUMENTS RECIEVED</b>	<b>160</b>
<b>1.167 GENERAL ASSUMPTIONS</b>	<b>160</b>
<b>1.168 LEGAL NOTICES</b>	<b>160</b>





<b>1.169 INFORMATION SOURCE</b>	<b>161</b>
<b>1.170 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>161</b>
<b>1.171 INPUT VALUATION PROCESS</b>	<b>161</b>
<b>1.172 VALUATION APPROACH</b>	<b>161</b>
<b>1.173 INCOME APPROACH- LEASING CONTRACT</b>	<b>162</b>
<b>1.174 INCOME APPROACH- MARKET RATES</b>	<b>165</b>
<b>1.175 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>167</b>
<b>1.176 SUBJECT PROPERTY VALUE</b>	<b>168</b>
<b>1.177 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>170</b>
<b>1.178 INFRASTRUCTURE FACILITIES</b>	<b>170</b>
<b>1.179 LOCATION</b>	<b>171</b>
<b>1.180 PROPERTY ACCESS</b>	<b>172</b>
<b>1.181 TITLE DEED &amp; OWNERSHIP</b>	<b>173</b>
<b>1.182 CONSTRUCTION &amp; BUILDINGS</b>	<b>173</b>
<b>1.183 INSURANCE</b>	<b>174</b>
<b>1.184 PHOTO RECORD</b>	<b>175</b>
<b>1.185 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>177</b>
<b>1.186 BUDGET ALLOCATION FOR 2019</b>	<b>177</b>
<b>1.187 SWOT ANALYSIS</b>	<b>178</b>
<b>1.188 SECTOR BRIEF</b>	<b>178</b>
<b>1.189 RISK ANALYSIS</b>	<b>180</b>
<b>1.190 DOCUMENTS RECIEVED</b>	<b>182</b>
<b>1.191 GENERAL ASSUMPTIONS</b>	<b>182</b>
<b>1.192 LEGAL NOTICES</b>	<b>182</b>
<b>1.193 INFORMATION SOURCE</b>	<b>183</b>
<b>1.194 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>183</b>
<b>1.195 INPUT VALUATION PROCESS</b>	<b>183</b>
<b>1.196 VALUATION APPROACH</b>	<b>183</b>
<b>1.197 INCOME APPROACH- LEASING CONTRACT</b>	<b>184</b>
<b>1.198 SUBJECT PROPERTY VALUE</b>	<b>186</b>
<b>1.199 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>188</b>
<b>1.200 INFRASTRUCTURE FACILITIES</b>	<b>188</b>
<b>1.201 LOCATION</b>	<b>189</b>
<b>1.202 PROPERTY ACCESS</b>	<b>190</b>



<b>1.203 TITLE DEED &amp; OWNERSHIP</b>	<b>191</b>
<b>1.204 CONSTRUCTION &amp; BUILDINGS</b>	<b>191</b>
<b>1.205 INSURANCE</b>	<b>192</b>
<b>1.206 TENANT LIST</b>	<b>193</b>
<b>1.207 PHOTO RECORD</b>	<b>194</b>
<b>1.208 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>196</b>
<b>1.209 BUDGET ALLOCATION FOR 2019</b>	<b>196</b>
<b>1.210 SWOT ANALYSIS</b>	<b>197</b>
<b>1.211 SECTOR BRIEF</b>	<b>197</b>
<b>1.212 RISK ANALYSIS</b>	<b>199</b>
<b>1.213 DOCUMENTS RECIEVED</b>	<b>201</b>
<b>1.214 GENERAL ASSUMPTIONS</b>	<b>201</b>
<b>1.215 LEGAL NOTICES</b>	<b>201</b>
<b>1.216 INFORMATION SOURCE</b>	<b>202</b>
<b>1.217 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>202</b>
<b>1.218 VALUATION APPROACH</b>	<b>202</b>
<b>1.219 INPUT VALUATION PROCESS</b>	<b>203</b>
<b>1.220 DISCOUNTED CASH FLOW APPROACH- MARKET RATES</b>	<b>203</b>
<b>1.221 SUBJECT PROPERTY VALUE</b>	<b>206</b>
<b>1.222 PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>208</b>
<b>1.223 INFRASTRUCTURE FACILITIES</b>	<b>208</b>
<b>1.224 LOCATION</b>	<b>209</b>
<b>1.225 PROPERTY ACCESS</b>	<b>210</b>
<b>1.226 TITLE DEED &amp; OWNERSHIP</b>	<b>211</b>
<b>1.227 CONSTRUCTION &amp; BUILDINGS</b>	<b>211</b>
<b>1.228 INSURANCE</b>	<b>212</b>
<b>1.229 PHOTO RECORD</b>	<b>213</b>
<b>1.230 SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>215</b>
<b>1.231 BUDGET ALLOCATION FOR 2019</b>	<b>215</b>
<b>1.232 SWOT ANALYSIS</b>	<b>216</b>
<b>1.233 SECTOR BRIEF</b>	<b>216</b>
<b>1.234 RISK ANALYSIS</b>	<b>218</b>
<b>1.235 DOCUMENTS RECIEVED</b>	<b>220</b>
<b>1.236 GENERAL ASSUMPTIONS</b>	<b>220</b>



<b>1.237</b>	<b>LEGAL NOTICES</b>	<b>220</b>
<b>1.238</b>	<b>INFORMATION SOURCE</b>	<b>221</b>
<b>1.239</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>221</b>
<b>1.240</b>	<b>INPUT VALUATION PROCESS</b>	<b>221</b>
<b>1.241</b>	<b>VALUATION APPROACH</b>	<b>221</b>
<b>1.242</b>	<b>COMPARABLE APPROACH</b>	<b>223</b>
<b>1.243</b>	<b>COST APPROACH (DRC)</b>	<b>224</b>
<b>1.244</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>226</b>
<b>1.245</b>	<b>SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>228</b>
<b>1.246</b>	<b>SUBJECT PROPERTY VALUE</b>	<b>228</b>
<b>1.247</b>	<b>PROPERTY &amp; LOCATION DESCRIPTION</b>	<b>230</b>
<b>1.248</b>	<b>INFRASTRUCTURE FACILITIES</b>	<b>230</b>
<b>1.249</b>	<b>LOCATION</b>	<b>231</b>
<b>1.250</b>	<b>PROPERTY ACCESS</b>	<b>232</b>
<b>1.251</b>	<b>TITLE DEED &amp; OWNERSHIP</b>	<b>233</b>
<b>1.252</b>	<b>CONSTRUCTION &amp; BUILDINGS</b>	<b>233</b>
<b>1.253</b>	<b>INSURANCE</b>	<b>234</b>
<b>1.254</b>	<b>PROPERTY COMPONENTS</b>	<b>235</b>
<b>1.255</b>	<b>PROPERTY PERSPECTIVE</b>	<b>235</b>
<b>1.256</b>	<b>PROJECT PHASES</b>	<b>236</b>
<b>1.257</b>	<b>PHOTO RECORD</b>	<b>237</b>
<b>1.258</b>	<b>SAUDI ARABIA ECONOMIC INDICATORS</b>	<b>239</b>
<b>1.259</b>	<b>BUDGET ALLOCATION FOR 2019</b>	<b>239</b>
<b>1.260</b>	<b>SWOT ANALYSIS</b>	<b>240</b>
<b>1.261</b>	<b>SECTOR BRIEF</b>	<b>240</b>
<b>1.262</b>	<b>RISK ANALYSIS</b>	<b>242</b>
<b>1.263</b>	<b>DOCUMENTS RECIEVED</b>	<b>244</b>
<b>1.264</b>	<b>GENERAL ASSUMPTIONS</b>	<b>244</b>
<b>1.265</b>	<b>LEGAL NOTICES</b>	<b>244</b>
<b>1.266</b>	<b>INFORMATION SOURCE</b>	<b>245</b>
<b>1.267</b>	<b>STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)</b>	<b>245</b>
<b>1.268</b>	<b>INPUT VALUATION PROCESS</b>	<b>245</b>
<b>1.269</b>	<b>VALUATION APPROACH</b>	<b>245</b>
<b>1.270</b>	<b>INCOME APPROACH- LEASING CONTRACT</b>	<b>246</b>



<b>1.271 INCOME APPROACH- MARKET RATES</b>	<b>248</b>
<b>1.272 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES</b>	<b>250</b>
<b>1.273 SUBJECT PROPERTY VALUE</b>	<b>250</b>
<b>1.274 REPORT USE</b>	<b>251</b>
<b>1.275 DISCLAIMER</b>	<b>251</b>
<b>1.276 CONCLUSION</b>	<b>251</b>
<b>1.277 CONSULTANT STATUS</b>	<b>253</b>
<b>1.278 DISCLOSING CONFLICT OF INTEREST</b>	<b>253</b>
<b>1.279 CONFIDENTIALITY</b>	<b>253</b>
<b>1.280 ENVIRONMENTAL MATTERS</b>	<b>253</b>

# EXECUTIVE SUMMARY

---





## 1.1 EXECUTIVE SUMMARY

### Introduction

We received instructions from the client on 08/06/2020 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.

2010397

### Purpose of Valuation

Real Estate Investment Trust (REIT) Purposes

### Valuation Date

30/06/2020

### Inspection Date

08/06/2020

### Valuation Approach

Comparable Approach, Cost Approach & Income Approach

Property Name	City	Title deed No.	Ownership Type	Owner	Land Area (Sqm)	BUA (Sqm)	Final Property Value
Burj Al Hayat	Riyadh	910104046943	Freehold	Saudi Economic and Development Company	1,494.75	6,574	SAR 42,500,000
Hukair Time	Dammam	330107029073	Freehold	Saudi Economic and Development Company	5,155.52	3,326	SAR 35,200,000
Jazeera Compound	Riyadh	310117046169	Freehold	Saudi Economic and Development Company	20,758.00	-	SAR 70,680,000
Khalideyah Business Center	Jeddah	520204005172	Freehold	Saudi Economic and Development Company	7,903.00	24,876.51	SAR 131,376,000
Panda Jeddah	Jeddah	220206006345	Freehold	Saudi Economic and Development Company	13,685.85	5,858	SAR 40,650,000
Panda Rayan	Dammam	530105021904	Freehold	Saudi Economic and Development Company	18,144.80	9,800	SAR 65,350,000
Panda Riyadh	Riyadh	410111055251	Freehold	Saudi Economic and Development Company	23,604.00	10,784	SAR 83,200,000
Public Prosecution	Jeddah	720223019231	Freehold	Saudi Economic and Development Company	4,767.25	19,344.1	SAR 68,870,000
Rawdah Business Center	Jeddah	420228018317	Freehold	Saudi Economic and Development Company	2,462.50	15,950.74	SAR 113,742,000
Saudi Faransi Bank	Dammam	33011408967	Freehold	Saudi Economic and Development Company	5,191.44	879	SAR 28,570,000
Ajdan Walk	Khobar	330208005629	Freehold	Saudi Economic and Development Company	16,697.00	32,212.08	SAR 357,000,000

# TERMS OF REFERENCE & VALUATION

---





## 1.2 VALUATION REFERENCE

This report was prepared based on the instructions issued to us by SEDCO Capital (the customer) to estimate the market value of the property / real estate that is the subject of this report for the mentioned purpose only. This report may not be used for other purposes. The valuation was prepared in accordance to the regulations and standards issued by the Saudi Authority of Accredited Valuers and the International valuation Standards of the Council of International Assessment Standards (IVSC).

## 1.3 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.**

The definition of Market Value is applied in accordance with the following conceptual framework:

“*The estimated amount*” refers to a price expressed in terms of money payable for the asset in an arm’s length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value:

### AN ASSET SHOULD EXCHANGE

“***an asset should exchange***” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

### ON THE VALUATION DATE

“***on the valuation date***” requires that the value is time specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

### BETWEEN WILLING BUYER

“***between a willing buyer***” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;





## AND WILLING SELLER

**“and a willing seller”** is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

## IN AN ARM'S LENGTH TRANSACTION

**“in an arm's-length transaction”** is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

## AFTER PROPER MARKETING

**“after proper marketing”** means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

## KNOWLEDGEABLY AND PRUDENTLY

**‘where the parties had each acted knowledgeably, prudently’** presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

## AND WITHOUT COMPULSION

**‘and without compulsion’** establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it. Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm's length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.



1.4 CLIENT APPROVAL DATE

The client approval date reflects the green light given to us by the client to start the inspection procedures of the property / properties subject to the valuation process.

June 08, 2020.

1.5 INSPECTION DATE

The inspection date reflects the exact date of the property’s inspection and the date of executed market survey. Yet, the outcome value of the subject property / properties will be based on the findings at the inspection date.

June 25, 2020.

1.6 VALUATION DATE

The Valuation date is the date on which the opinion of value/s applies. The date of valuation is the date were the value/s of the subject property / properties is reflected. The valuation date is at

June 30, 2020.

1.7 REPORT DATE

The valuation reports usually dated exactly as the valuation date. Yet, and in some cases, the report date can be after the valuation date depending on the nature, size and location of the subject property.

July 15, 2020.

1.8 OPINION OF VALUE

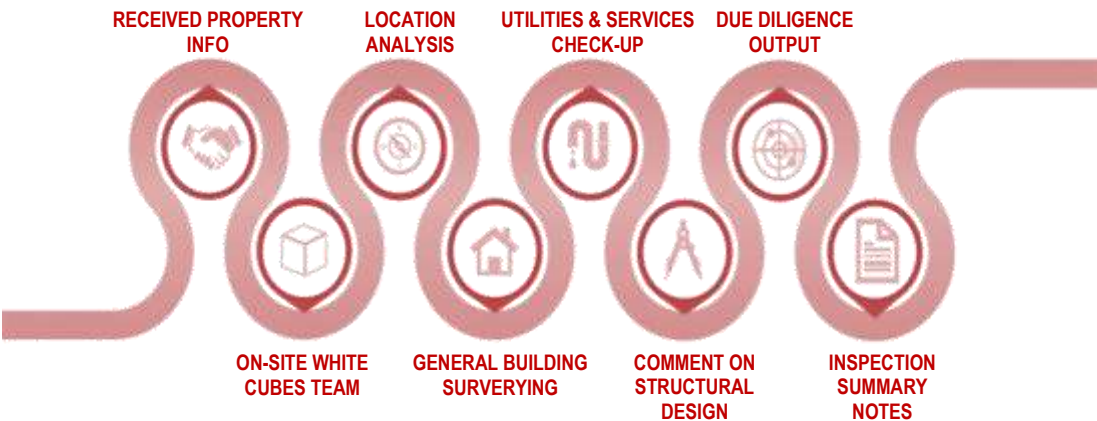
All the outputs will be shown in this report (Values) are based on our best knowledge of the market, documents received from the client (assumed to be correct), market findings and inspection inputs. Yet, the estimated values of the subject property / properties express our opinion of values based on the previously mentioned findings.

1.9 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)

1.10 INSPECTION ROLE

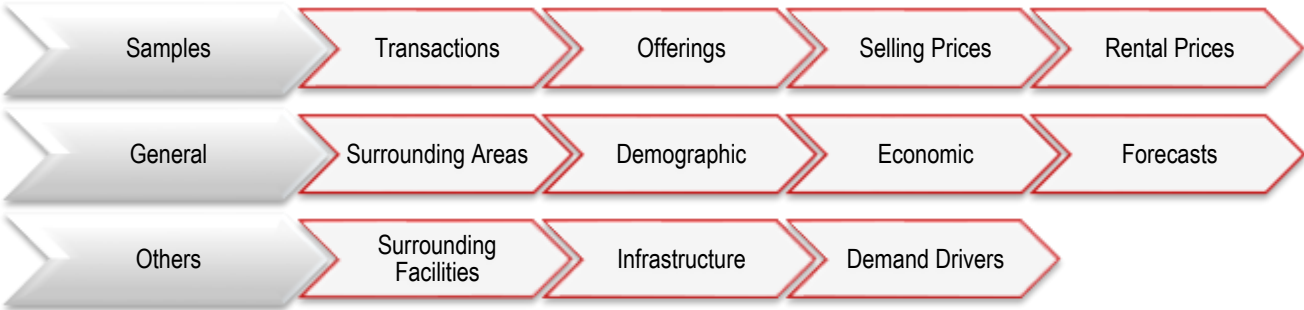
A visit to a property or inspection of an asset, to examine it and obtain relevant information, in order to express a professional opinion of its value. We hereby confirm that we have inspected the subject property / Asset at the date of inspection. Our inspection procedure covers only the surface / boundaries / out layers of the property. No technical inspection has been made such as soil test, construction durability, etc. the following shows the findings from the inspection procedures.





1.11 MARKET SURVEY

During the site visit, our team has made the market survey for the immediate surrounding areas of the subject property to collect all the possible and related data to the valuation process. The collected data will be prices, rents, land offerings, properties transactions, etc. the collected data type will be according to the property data and the purpose of valuation.



## PROPERTY DETAILS

# BURJ ALHAYAT





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

1.13 INFRASTRUCTURE FACILITIES

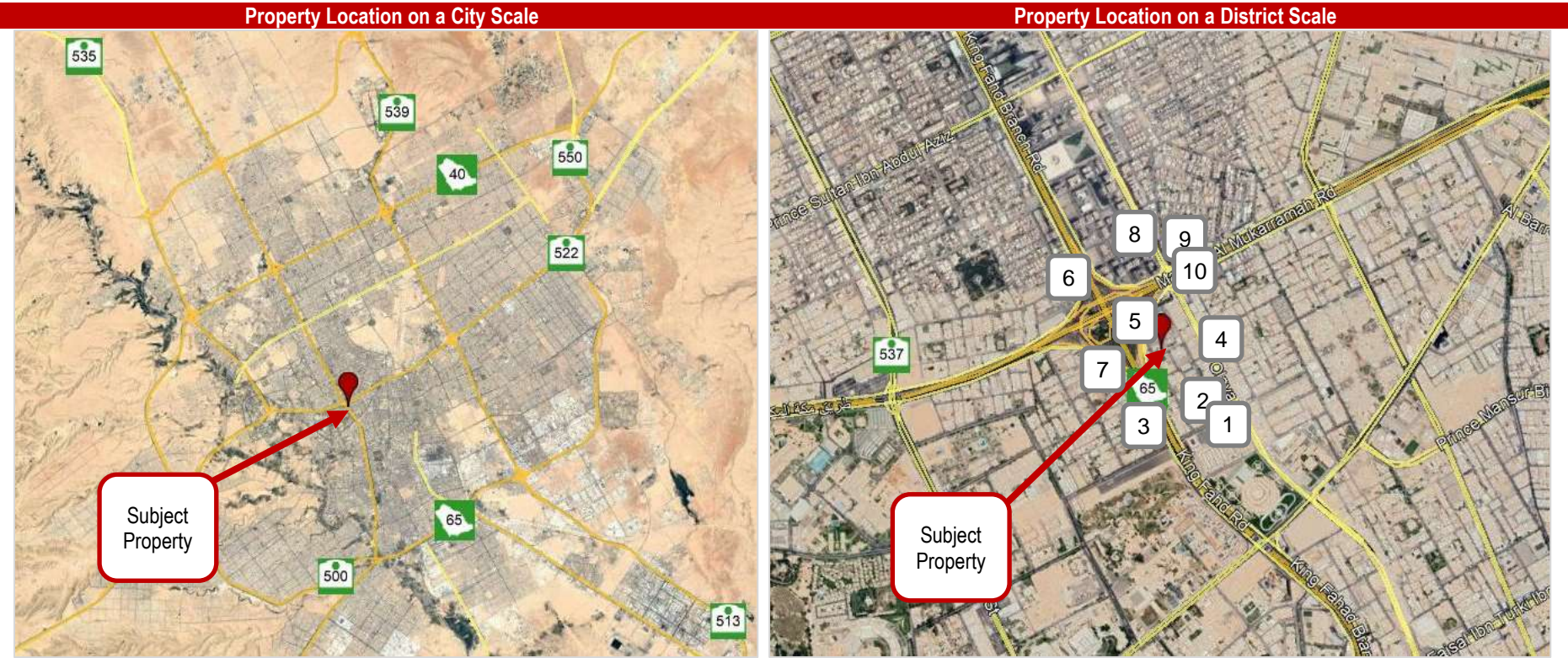
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	





1.14 LOCATION

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



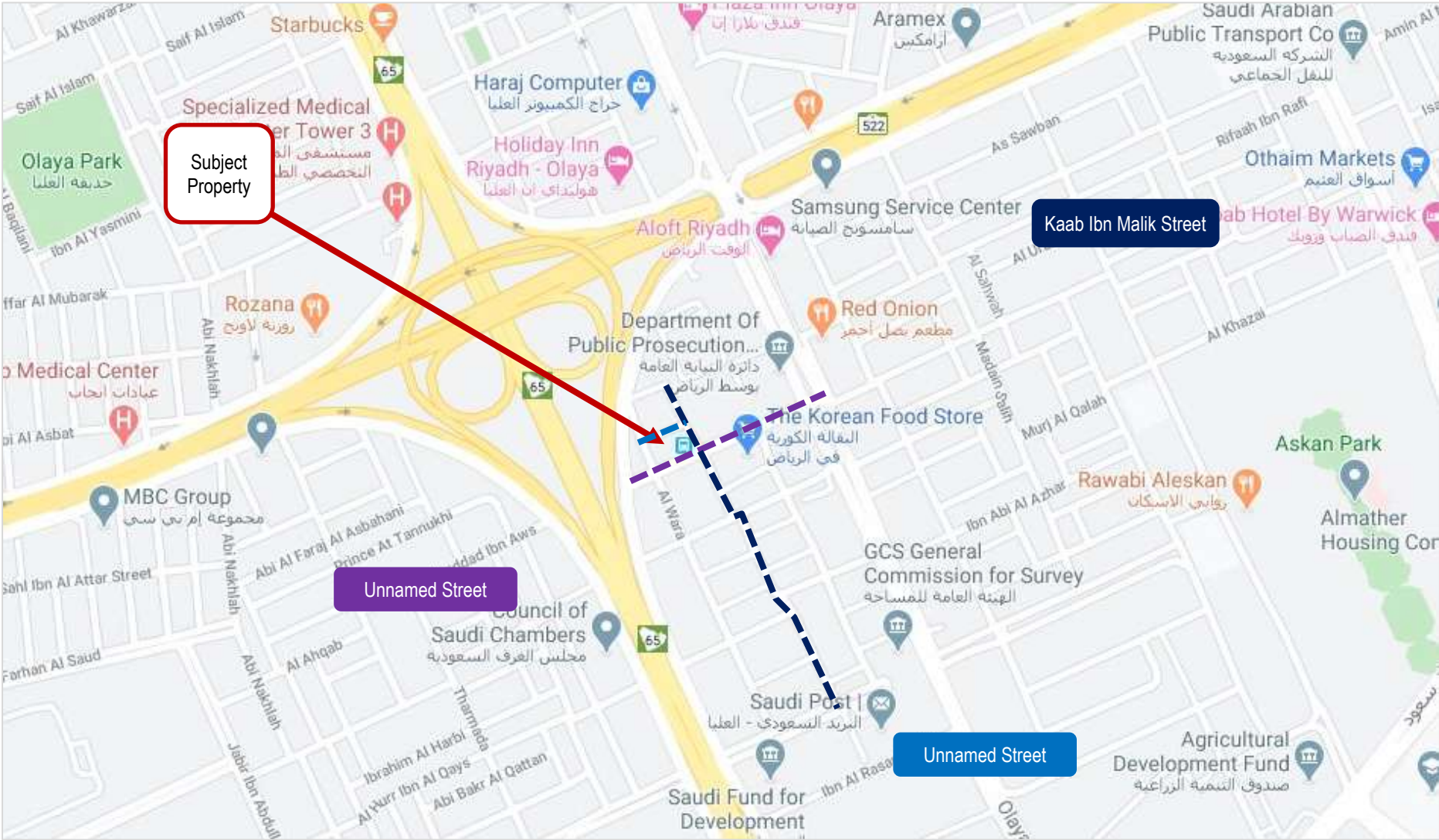
Surrounding Landmarks	
1- Saudi Post Olaya Post Office (0.5 Kilometres)	6- Specialized Medical Center Hospital (0.5 Kilometres)
2- GCS General Commission for Survey (0.45 Kilometres)	7- Zamil Group Holding Company (0.25 Kilometres)
3- Council of Saudi Chambers (0.35 Kilometres)	8- Haraj Computer (0.45 Kilometres)
4- Hilton Garden Inn Riyadh Olaya (0.3 Kilometres)	9- Halib Wahil Traditional Saudi Cuisine (0.5 Kilometres)
5- Holiday Inn Riyadh - Meydan (0.15 Kilometres)	10- Samsung Service Center (0.4 Kilometres)





1.15 PROPERTY ACCESS

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





1.16 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
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	17/09/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Riyadh Notary		
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.		

1.17 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	

1.18 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



1.19 PHOTO RECORD



# MARKET INDICATORS

---





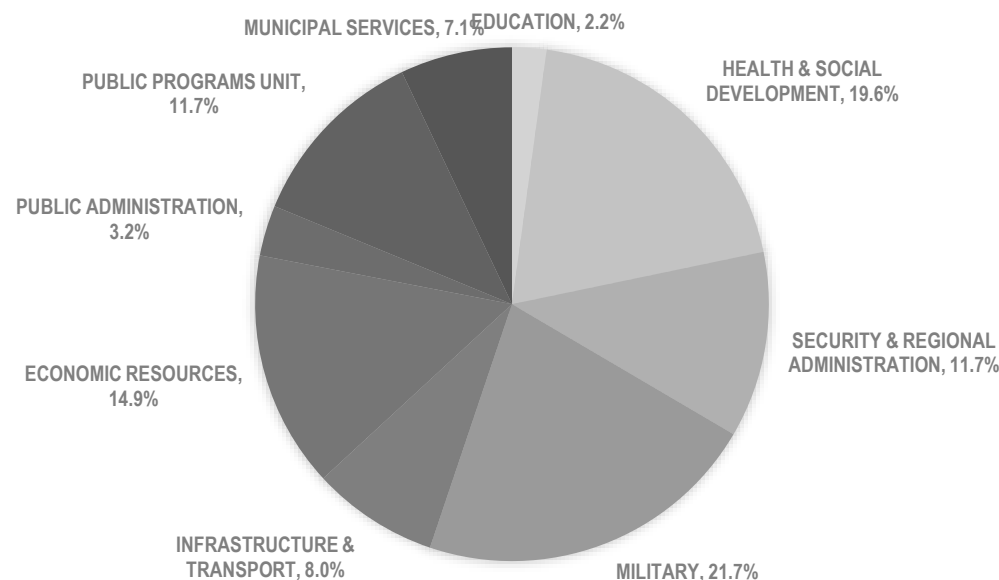
## 1.20 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.21 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.22 SWOT ANALYSIS

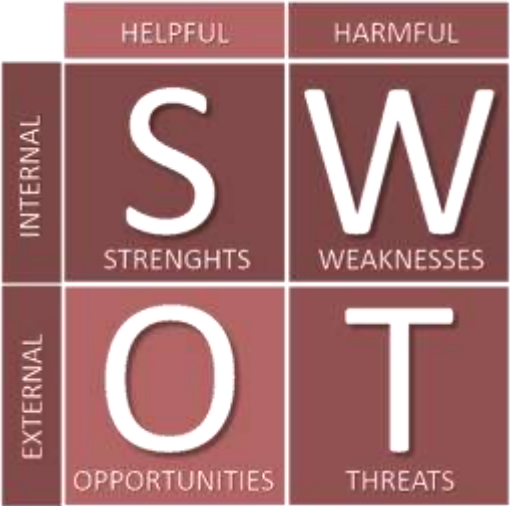
<p>Strength</p> <ul style="list-style-type: none"><li>- Open on 3 sides.</li><li>- Located in the city centre.</li><li>- Close to the main road (King Fahed Branch Road).</li></ul>	<p>Weakness</p> <ul style="list-style-type: none"><li>- None</li></ul>
<p>Opportunities</p> <ul style="list-style-type: none">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

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.

1.23 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020



Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



1.24 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities		✓			
Total Risk	0	8	0	0	0
Risk Category 8 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Risk Category 7 Risk Points - Medium Risk					

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

# PROPERTY VALUATION

---







1.25 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Leasing Contract ✓	Income & Revenues	Operational Cost - OPEX

1.26 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.

1.27 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.28 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.29 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.30 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.31 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.

1.32 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) and the Second Party (Dar AlMasarat Company). The contract involves the Second Party renting the subject property for 10 years, from 10/12/2014 to 09/12/2024. The following shows an annual rent payment related to the leasing of the subject property:

Year	Annual Payment (SAR)
1	3,200,000
2	3,200,000
3	3,200,000
4	3,400,000
5	3,400,000
6	3,400,000
7	3,600,000
8	3,600,000
9	3,600,000
10	3,600,000



### 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 7.5% 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%
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
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
<b>Total</b>	<b>0.00%</b>	
<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
Hospitality Project		The subject property is Fully leased to 1 Company			SAR 3,400,000
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 3,400,000
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Hospitality Project	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
Hospitality Project	SAR 3,400,000		0.00%		SAR 3,400,000
-----	SAR 0		0.00%		SAR 0
-----	SAR 0		0.00%		SAR 0
Total					SAR 3,400,000
Total Property Revenues					SAR 3,400,000
Total Property Expenses					SAR 0
Net Operating Income					SAR 3,400,000.00
Net Operating Income		Cap Rate	Property Value		Rounded Value
SAR 3,400,000.00		8.00%	42,500,000.00 SAR		42,500,000.00 SAR



1.33 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 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
Boudl Khurais	270 SAR	400 SAR	475 SAR
Sixty-Three Hotel	270 SAR	350 SAR	475 SAR
Durat Safana	230 SAR	300 SAR	-
Average	260 SAR	350 SAR	475 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%	
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		0.00%
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	
1 Bedroom Apartment	0	17	SAR 0	SAR 260	SAR 1,613,300	
2 Bedroom Apartment	0	30	SAR 0	SAR 350	SAR 3,832,500	
3 Bedroom Apartment	0	1	SAR 0	SAR 475	SAR 173,375	
					Total Revenues	SAR 5,619,175
EXPENSES						
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses	
1 Bedroom Apartment	5.00%	5.00%	5.00%	15.00%	30.00%	
2 Bedroom Apartment	5.00%	5.00%	5.00%	15.00%	30.00%	
3 Bedroom Apartment	5.00%	5.00%	5.00%	15.00%	30.00%	
NET OPERATING INCOME						
Unit Type	Total Revenues		Total Expenses		NOI	
1 Bedroom Apartment	SAR 1,613,300		30.00%		SAR 1,129,310	
2 Bedroom Apartment	SAR 3,832,500		30.00%		SAR 2,682,750	
3 Bedroom Apartment	SAR 173,375		30.00%		SAR 121,363	
					Total	SAR 3,933,423
Total Property Revenues					SAR 5,619,175	
Total Property Expenses					-SAR 1,685,753	
Net Operating Income					SAR 3,933,422.50	
Net Operating Income		Cap Rate	Property Value		Rounded Value	
SAR 3,933,422.50		8.00%	49,167,781.25 SAR		49,170,000.00 SAR	





1.34 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
Income- Contract	Property	SAR 42,500,000	Forty-Two Million and Five Hundred Thousand Saudi Riyals
Income- Market	Property	SAR 49,170,000	Forty-Nine Million and One Hundred Seventy Thousand Saudi Riyals

1.35 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: **42,500,000 SAR**  
Forty-Two Million and Five Hundred Thousand Saudi Riyals

PROPERTY DETAILS

**HUKAIR TIME**





1.36 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		

1.37 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	✓	✓	



1.38 LOCATION

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

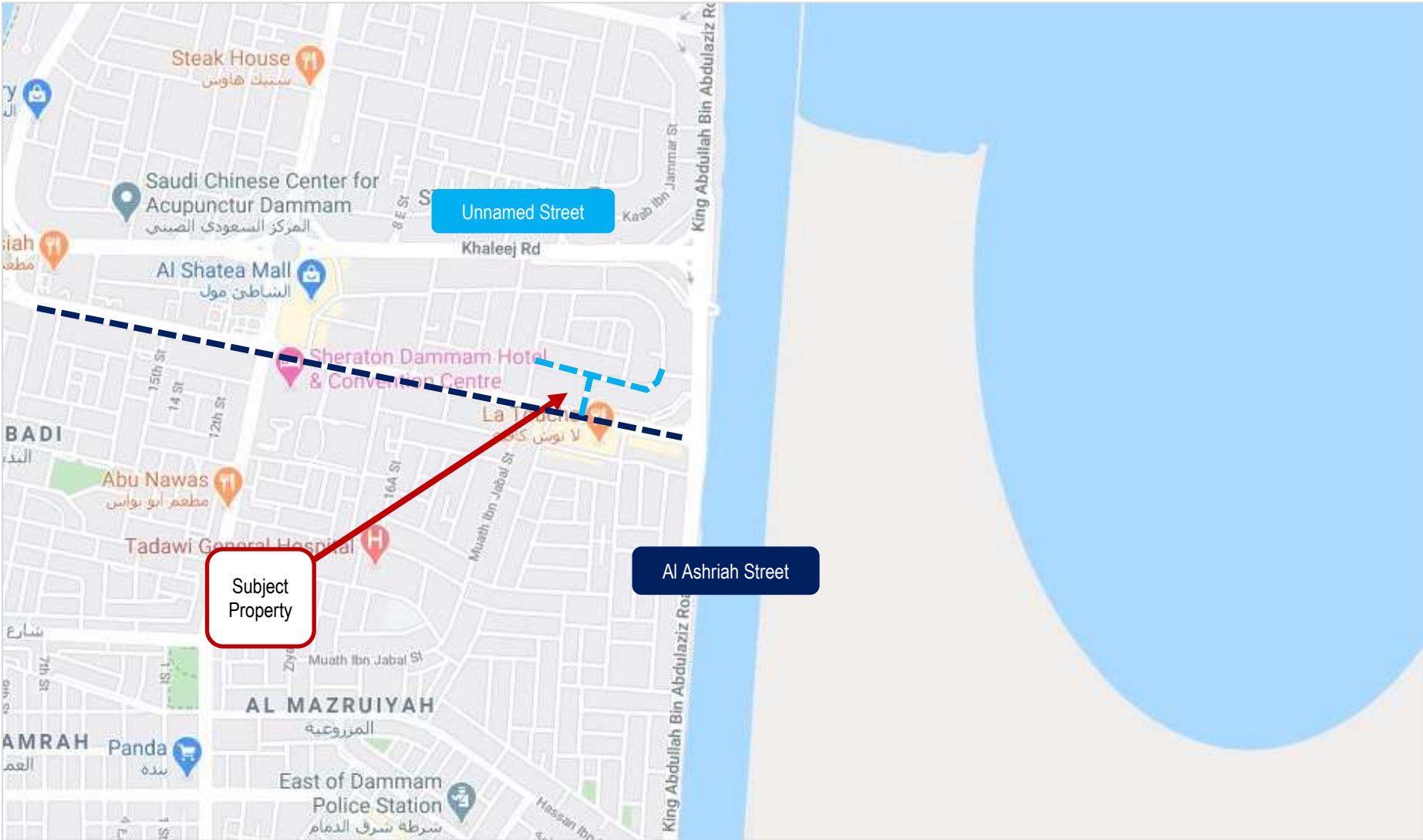


Surrounding Landmarks	
1- PARK COFFEE (0.15 Kilometres)	6- Administrative Court (0.7 Kilometres)
2- Fuddruckers (0.15 Kilometres)	7- Al Shatea Mall (0.8 Kilometres)
3- Reality Suits (0.1 Kilometres)	8- Sheraton Dammam Hotel (0.8 Kilometres)
4- Al-Dawaa Pharmacy (0.1 Kilometres)	9- Abu Nawas Restaurant (1.00 Kilometres)
5- Stars City Hotel Apartments (0.1 Kilometres)	10- Tadawi General Hospital (0.75 Kilometres)



1.39 PROPERTY ACCESS

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







1.40 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
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	07/02/1440 H. D	Limitation of Document	None
Issued From	Dammam Notary		
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.
-------	--

1.41 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

1.42 INSURANCE

We have not been provided with any insurance policy for the underlying asset.





1.43 PHOTO RECORD



# MARKET INDICATORS

---





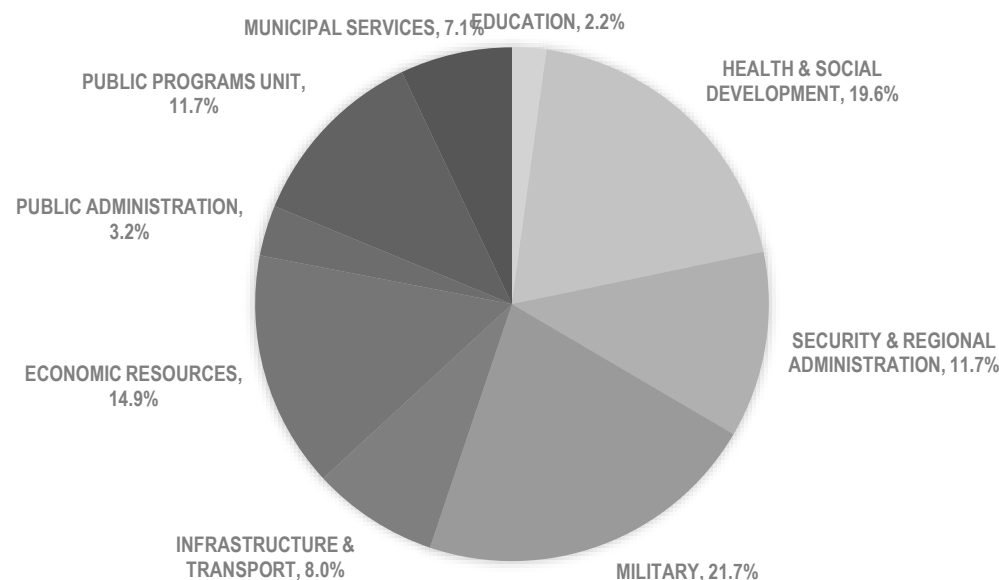
## 1.44 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.45 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.46 SWOT ANALYSIS

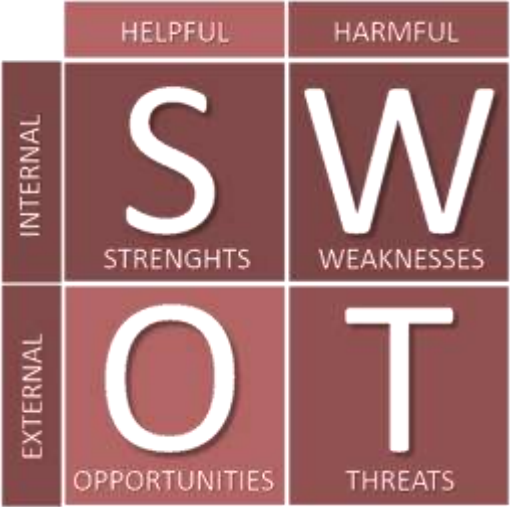
<p>Strength</p> <ul style="list-style-type: none"><li>- Open on 3 sides.</li><li>- Direct view on the main road (Al Ashriah Road).</li><li>- Surrounded by several landmarks.</li><li>- Newly constructed.</li></ul>	<p>Weakness</p> <ul style="list-style-type: none"><li>- None</li></ul>
<p>Opportunities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

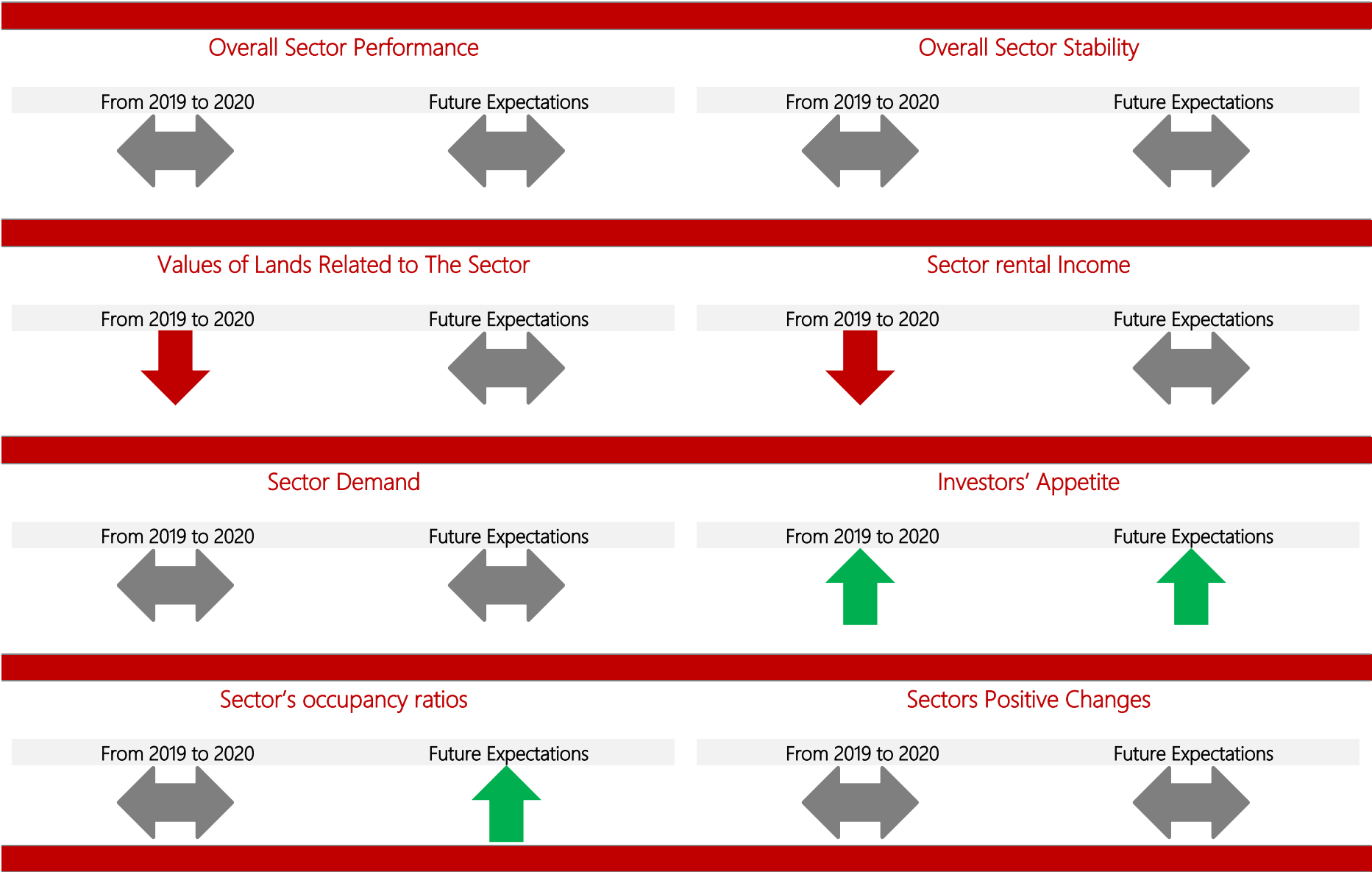
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.47 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



1.48 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities			✓		
Total Risk	0	6	3	0	0
Risk Category 9 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 9 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities		✓			
Management Skills			✓		
Overall Condition		✓			
Total Risk	0	4	3	0	0
Risk Category 7 Risk Points - Medium Risk					

Property Analysis

Risk Category- 7 Risk Points - Medium Risk

# PROPERTY VALUATION

---







1.49 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Lease Contract ✓	Operational Cost - OPEX

1.50 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.

1.51 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.52 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.53 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.54 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.55 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.

**1.56 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- 2020	2,200,000
5	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



Year	Annual Payment (SAR)
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%	
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		-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	

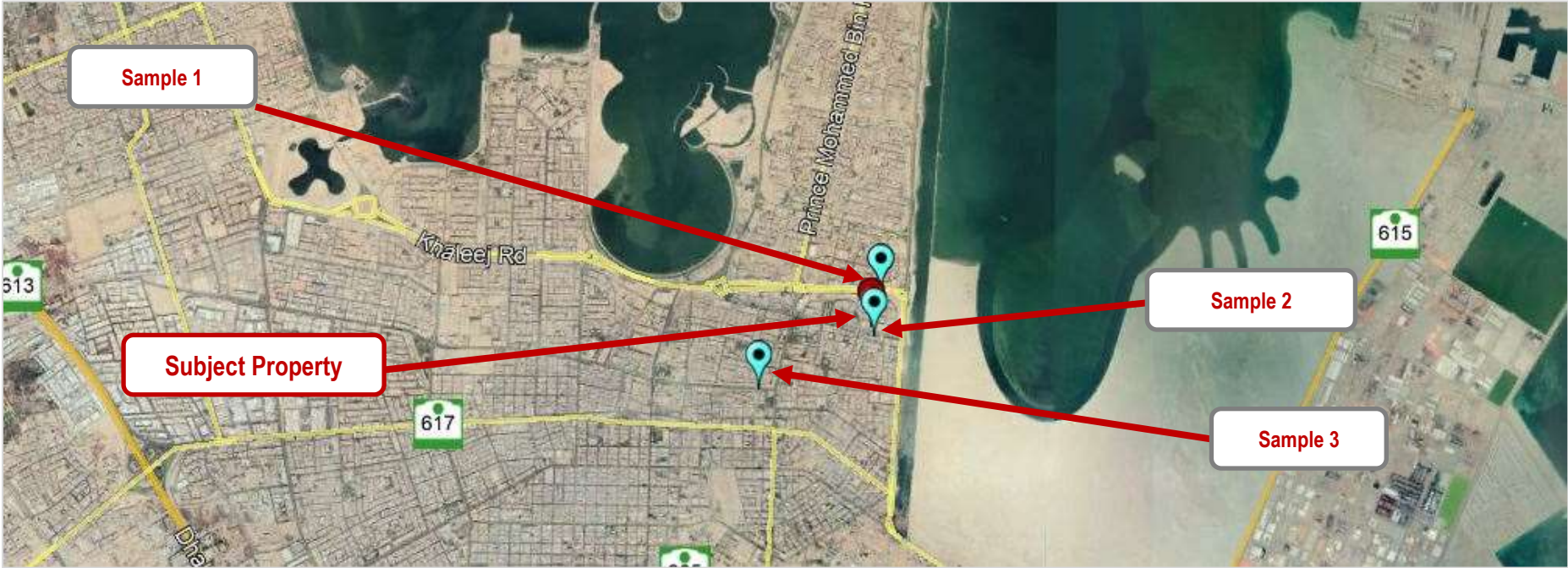


1.57 INCOME APPROACH- MARKET RATES

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
	Rental Rate/ Sqm
Comparable 1	1,100 SAR/ Sqm
Comparable 2	1,250 SAR/ Sqm
Comparable 3	1,250 SAR/ Sqm
Average	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	0.75%	High vacancy risks
Project Management Team	-0.25%	Good management and operational team level
Location	-0.25%	Premium Location
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						
	Quantity		Revenues			
Unit Type	Total GLA	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		7.00%	39,912,000.00 SAR		39,900,000.00 SAR	



1.58 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 39,900,000	Thirty-Nine Million and Nine Hundred Thousand Saudi Riyals

1.59 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





1.60 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		

1.61 INFRASTRUCTURE FACILITIES

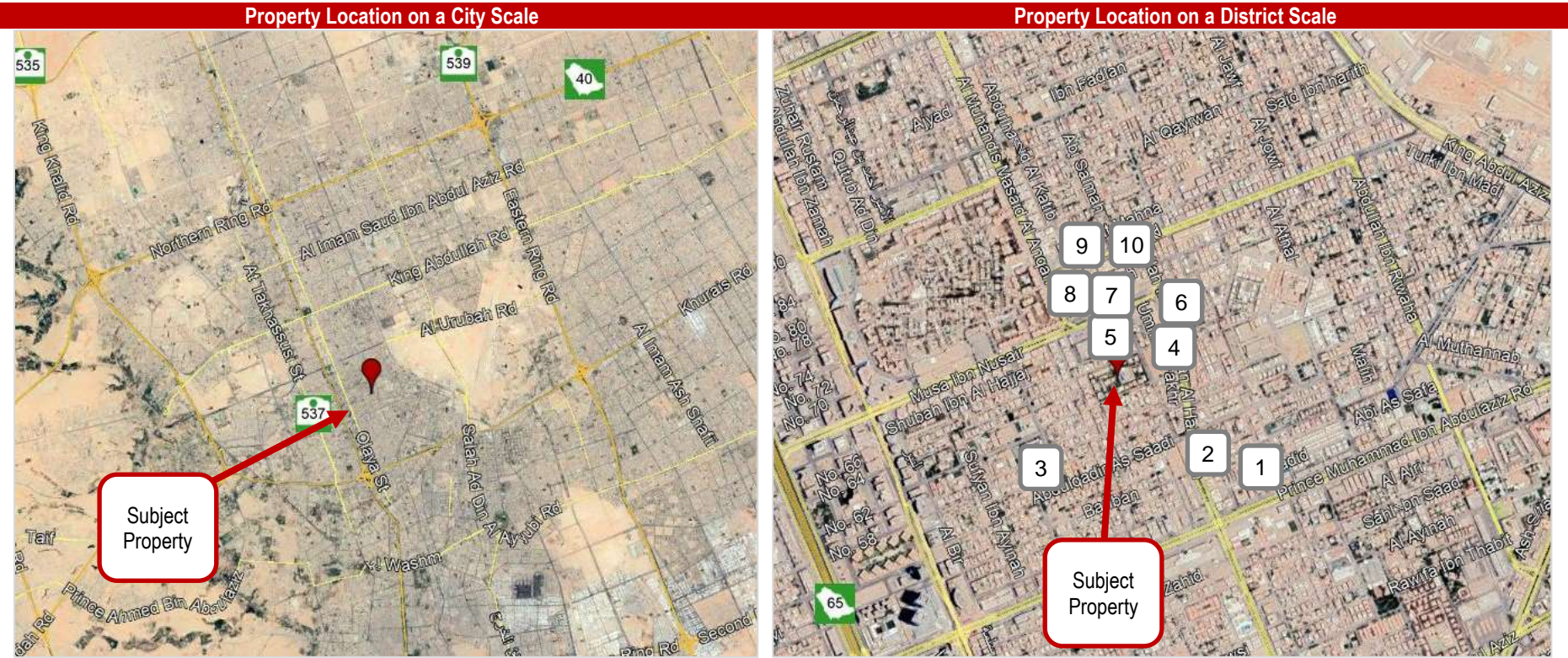
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	





1.62 LOCATION

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



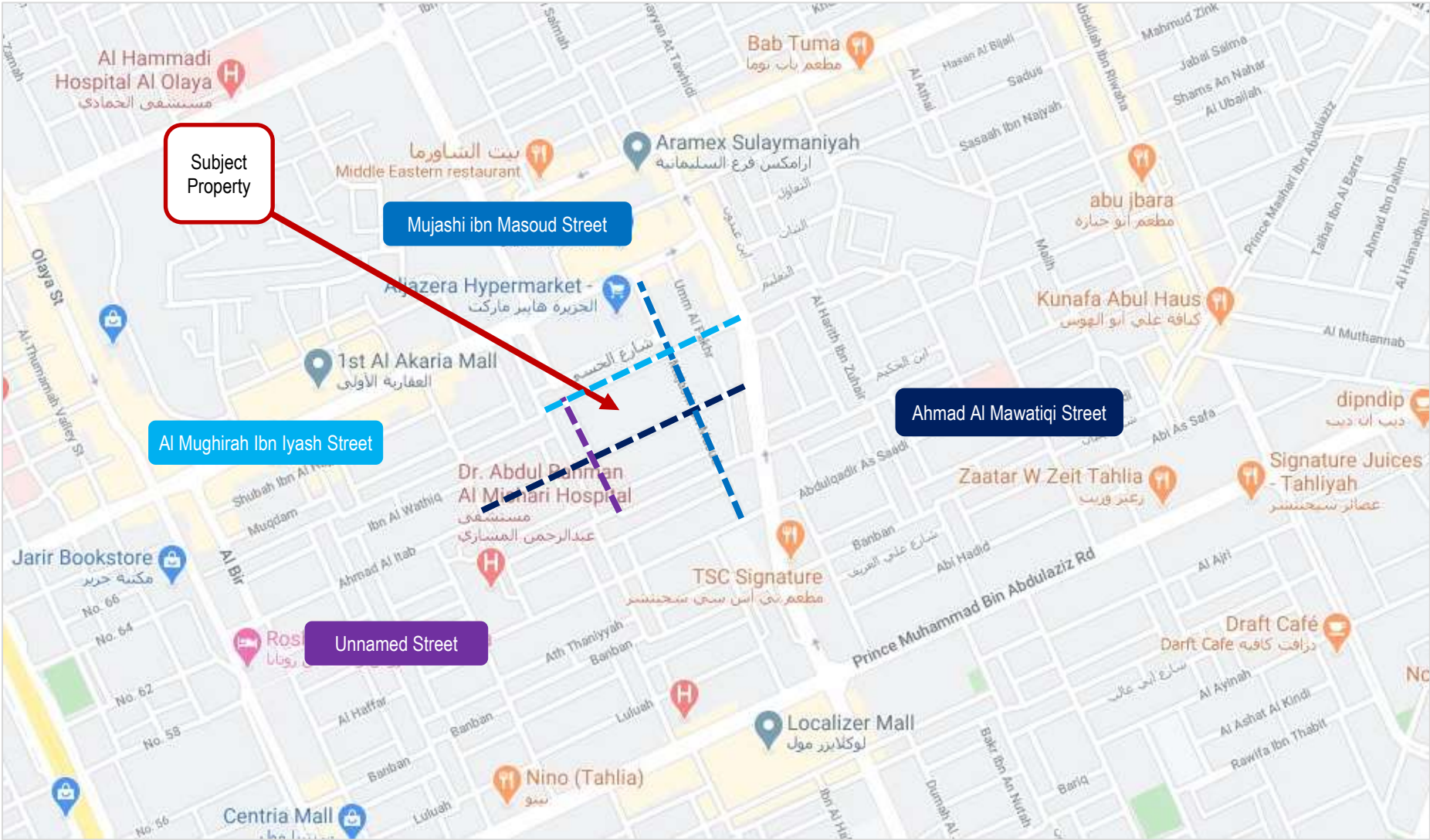
Surrounding Landmarks	
1- Kosebasi Restaurant (0.65 Kilometres)	6- Indian Summer KSA (0.3 Kilometres)
2- TSC Signature Restaurant (0.4 Kilometres)	7- Al Sadhan Sulaymaniyah (0.3 Kilometres)
3- Dr. Abdul Rahman al Mishari Hospital (0.4 Kilometres)	8- Al Rajhi Bank (0.35 Kilometres)
4- Britain Cafe (0.2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





1.63 PROPERTY ACCESS

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





1.64 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
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	17/09/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Riyadh Notary		
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.		

1.65 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
<b>TOTAL</b>	<b>55</b>	<b>7,447</b>

### 1.66 OPERATIONAL CONTRACT

The subject property has an operational contract between the client (**SAUDI ECONOMIC AND DEVELOPMENT SECURITEIS FOR REAL ESTATE FUND**) 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: <b>5% charges from the Total collection Per Month</b>	
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
<b>Sub-Total Monthly Amount</b>		<b>152,143</b>

### 1.67 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



1.68 PHOTO RECORD



# MARKET INDICATORS

---





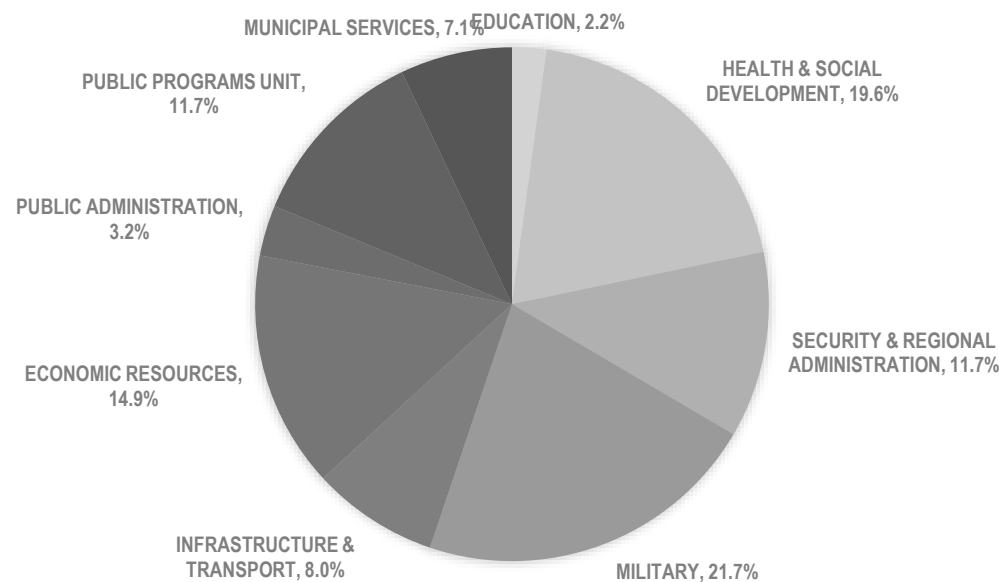
## 1.69 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.70 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.71 SWOT ANALYSIS

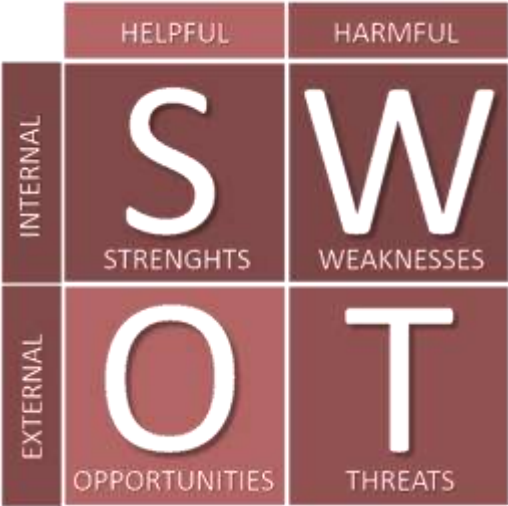
<p>Strength</p> <ul style="list-style-type: none"><li>- Open on 4 sides.</li><li>- Close to the main roads (Musa Ibn Nusair Road &amp; Abdullah Ibn Suleiman Al Hamadan).</li></ul>	<p>Weakness</p> <ul style="list-style-type: none"><li>- None</li></ul>
<p>Opportunities</p> <ul style="list-style-type: none">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

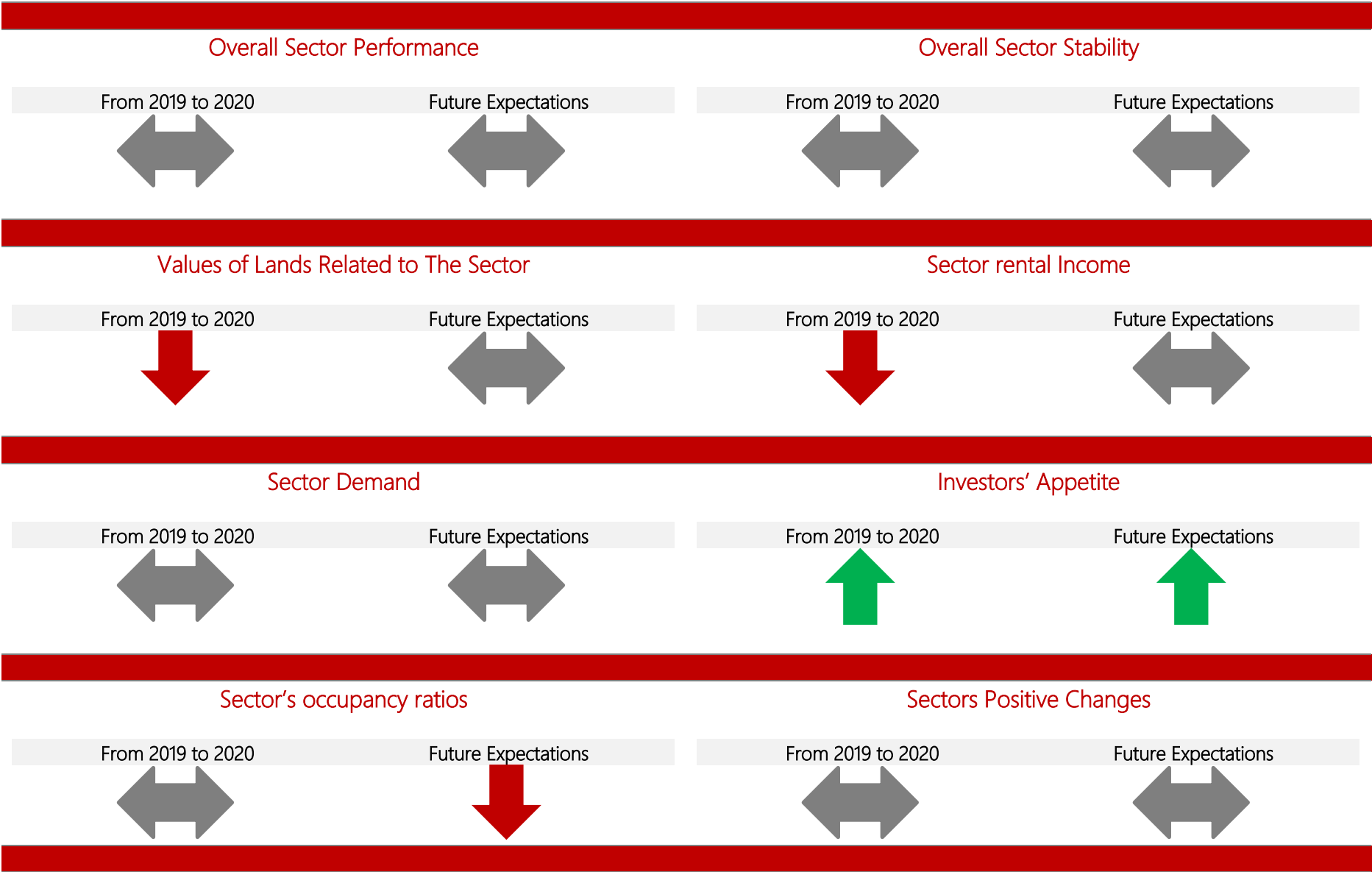
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.72 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



1.73 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities		✓			
Total Risk	0	8	0	0	0
Risk Category 8 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities		✓			
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Risk Category 6 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 6 Risk Points - Minimal Risk



# PROPERTY VALUATION

---





1.74 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Layouts ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget ✓
Tenant List ✓	Income & Revenues ✓	Operational Cost - OPEX ✓

1.75 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.

1.76 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.77 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.78 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.79 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.80 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

### 1.81 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	1,250	1,500	1,700
2 BR Apartment	900	1,100	1,300
2 BR Apartment with Garden	1,050	1,250	1,400
3 BR Duplex	900	1,100	1,300
3 BR Villa	800	1,000	1,200
4 BR Duplex	700	900	1,150
4 BR Villa	650	800	1,000
5 BR Duplex	650	850	1,000
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	1,500	1,203,000
2 BR Apartment	6	661	1,100	727,100
2 BR Apartment with Garden	4	532	1,250	665,000
3 BR Duplex	2	256	1,100	281,600
3 BR Villa	13	2,080	1,000	2,080,000
4 BR Duplex	2	412	900	370,800



Unit Type	No of Units	Total NLA	SAR/ Sqm	Total Revenues
4 BR Villa	5	1,388	800	1,110,400
5 BR Duplex	2	420	850	357,000
5 BR VIP with Swimming Pool	2	648	700	453,600
<b>Total</b>	<b>52</b>	<b>7,199</b>		<b>7,248,500</b>

### 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	450	650	850
Recreation	200	450	700
Boxing Room	200	450	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	650	95,550
Recreation	1	49	450	22,050
Boxing Room	1	52	450	23,400
<b>Total</b>	<b>3</b>	<b>248</b>		<b>141,000</b>

### Summary of Expected Revenues

Unit Type	No Of Units	Total NLA	Total Revenues
Residential Units	52	7,199	7,248,500
Commercial Units	3	248	141,000
<b>Total</b>	<b>55</b>	<b>7,447</b>	<b>7,389,500</b>

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%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
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
<b>Total</b>	<b>-0.50%</b>	
<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>		
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>	
<b>Capitalization rate, according to market averages</b>	<b>7.50%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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	10
Increase Revision		0%	0%	0%	5%	0%	0%	5%	0%	0%	5%	5%
<b>Expected Revenues</b>												
Residential Units	SAR	7,248,500	7,248,500	7,248,500	7,610,925	7,610,925	7,610,925	7,991,471	7,991,471	7,991,471	8,391,045	8,810,597
Commercial Units	SAR	141,000	141,000	141,000	148,050	148,050	148,050	155,453	155,453	155,453	163,225	171,386
<b>Overall Revenues</b>		<b>7,389,500</b>	<b>7,389,500</b>	<b>7,389,500</b>	<b>7,758,975</b>	<b>7,758,975</b>	<b>7,758,975</b>	<b>8,146,924</b>	<b>8,146,924</b>	<b>8,146,924</b>	<b>8,554,270</b>	<b>8,981,983</b>
<b>Occupancy Rates</b>												
<b>Residential Units</b>												
Occupancy Rate		75.0%	75.0%	75.0%	85.0%	85.0%	85.0%	90.0%	90.0%	90.0%	95.0%	95.0%
Net Revenues		5,436,375	5,436,375	5,436,375	6,469,286	6,469,286	6,469,286	7,192,324	7,192,324	7,192,324	7,971,493	8,370,067
<b>Commercial Units</b>												
Occupancy Rate		85.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Net Revenues		119,850	119,850	126,900	133,245	133,245	133,245	139,907	139,907	139,907	146,903	154,248
<b>Overall Net Revenues</b>		<b>5,556,226</b>	<b>5,556,226</b>	<b>5,563,276</b>	<b>6,602,532</b>	<b>6,602,532</b>	<b>6,602,532</b>	<b>7,332,232</b>	<b>7,332,232</b>	<b>7,332,232</b>	<b>8,118,396</b>	<b>8,524,316</b>
<b>Expenses</b>												
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	1,825,000
Management	5%	277,811	277,811	278,164	330,127	330,127	330,127	366,612	366,612	366,612	405,920	426,216
<b>Overall Expenses</b>		<b>2,102,811</b>	<b>2,102,811</b>	<b>2,103,164</b>	<b>2,155,127</b>	<b>2,155,127</b>	<b>2,155,127</b>	<b>2,191,612</b>	<b>2,191,612</b>	<b>2,191,612</b>	<b>2,230,920</b>	<b>2,251,216</b>
<b>NOI</b>		<b>3,453,415</b>	<b>3,453,415</b>	<b>3,460,112</b>	<b>4,447,406</b>	<b>4,447,406</b>	<b>4,447,406</b>	<b>5,140,621</b>	<b>5,140,621</b>	<b>5,140,621</b>	<b>5,887,476</b>	<b>6,273,100</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.0%</b>											<b>89,615,715</b>
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
<b>Present Value</b>		<b>3,453,415</b>	<b>3,168,270</b>	<b>2,912,307</b>	<b>3,434,213</b>	<b>3,150,654</b>	<b>2,890,508</b>	<b>3,065,184</b>	<b>2,812,096</b>	<b>2,579,904</b>	<b>2,710,758</b>	<b>40,504,472</b>
<b>Market Rate / Net Present Value</b>												<b>70,681,781</b>
<b>Discount Rate</b>												
Discount Rate		<b>7.00%</b>			<b>8.00%</b>		<b>9.00%</b>		<b>10.0%</b>		<b>11.0%</b>	
Market Value		81,463,381			75,820,370		70,681,781		65,996,996		61,720,944	
Rounded Value							<b>70,680,000</b>					

## 1.82 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: 70,680,000 SAR**  
**Seventy Million and Six Hundred Eighty Thousand Saudi Riyals**



## PROPERTY DETAILS

---

### **KHALIDYAH BUSINESS CENTER**





1.83 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 24,876.51 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		

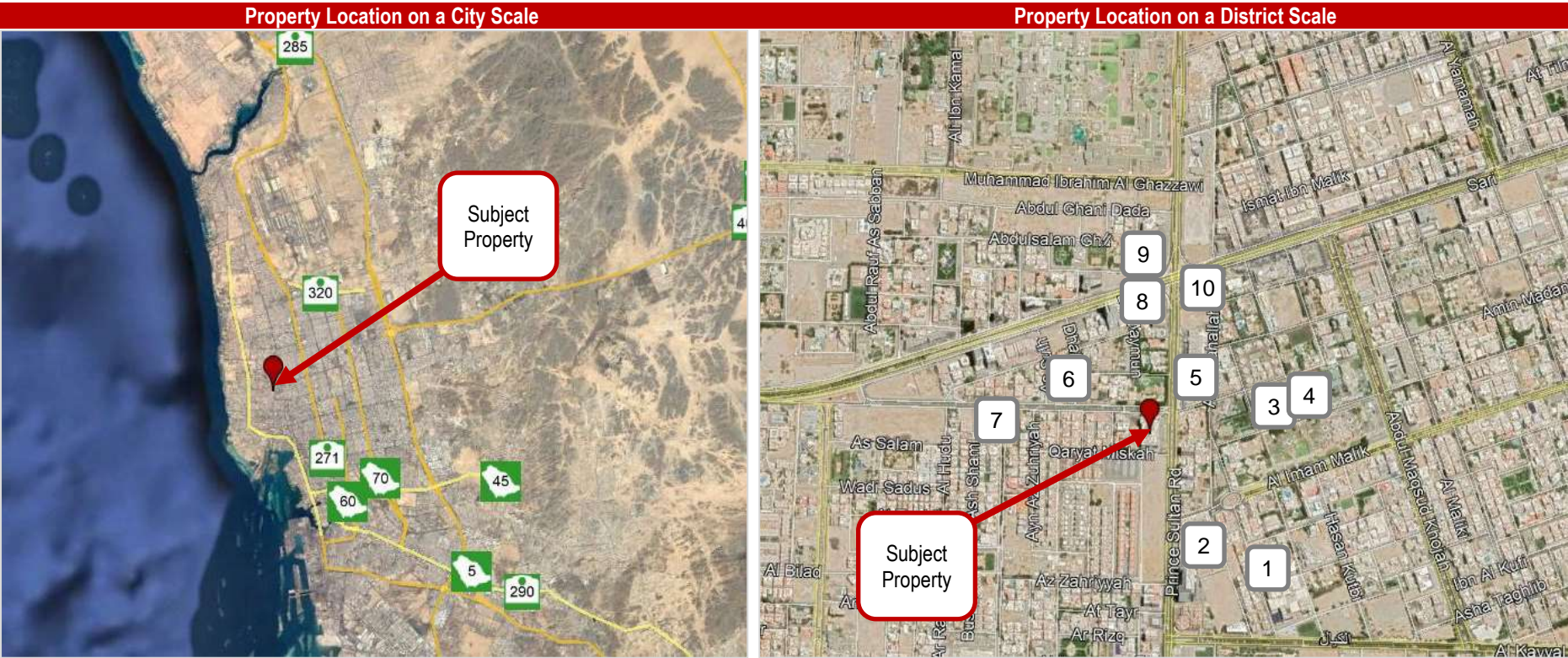
1.84 INFRASTRUCTURE FACILITIES

	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	✓	✓	



1.85 LOCATION

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



Surrounding Landmarks

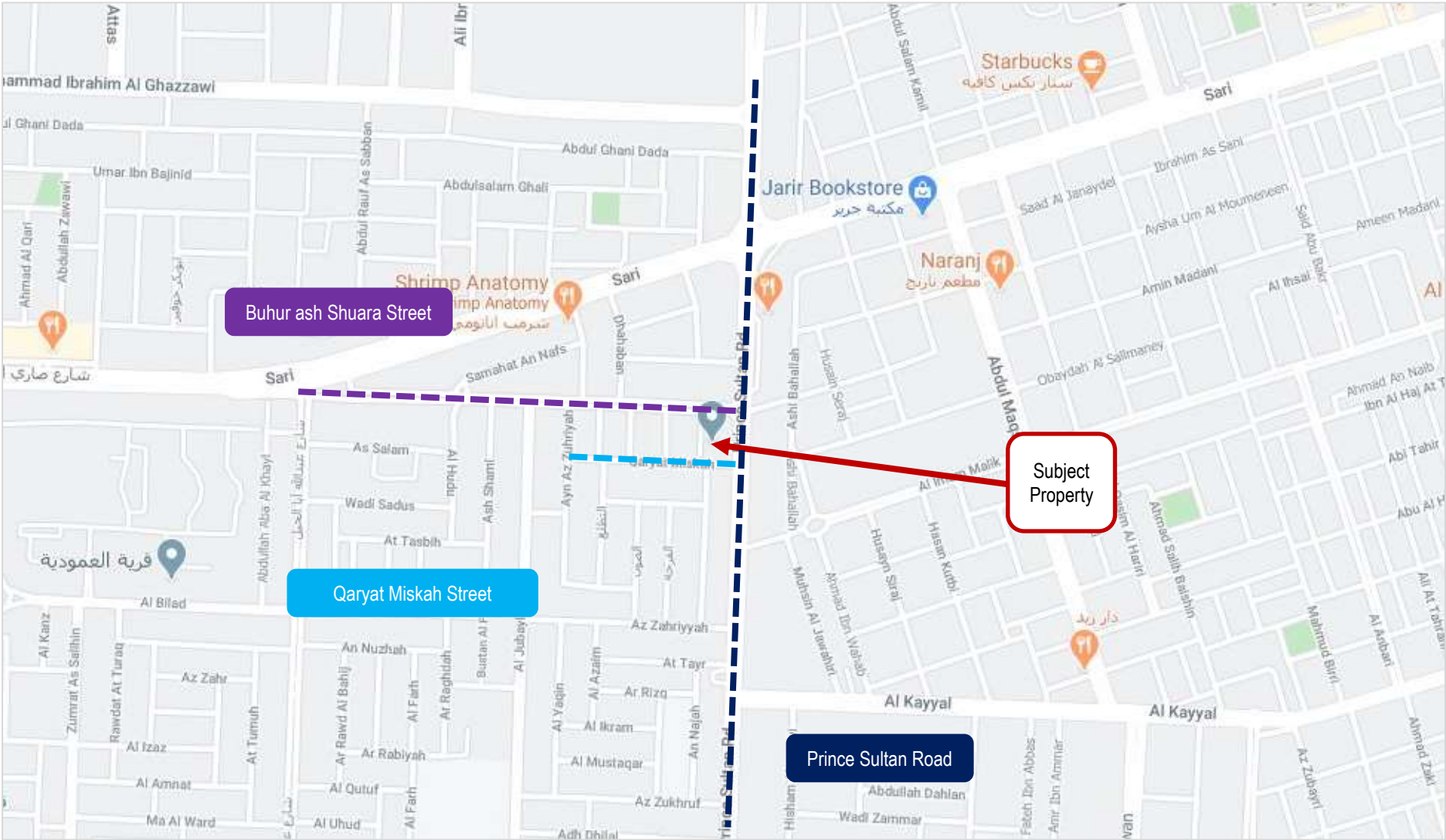
- |   |  |
|---|--|
| 1- Al Andalus School (0.55 Kilometres)        | 6- Jolie Beauty Center (0.2 Kilometres)                    |
| 2- Le Concheur (0.35 Kilometres)              | 7- World of Learning International School (0.4 Kilometres) |
| 3- Maabar Social Consultancy (0.3 Kilometres) | 8- Lamasat Beauty Center (0.3 Kilometres)                  |
| 4- Khojah Group (0.4 Kilometres)              | 9- The Italian Cuisine Filicori Zecchini (0.45 Kilometres) |
| 5- Casper & Gambino's (0.15 Kilometres)       | 10- Arab National Bank (0.4 Kilometres)                    |





1.86 PROPERTY ACCESS

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





1.87 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	520204005172	Layout No.	س/ت/448
T.D Date	24/02/1433 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	24/02/1433 H. D	Limitation of Document	None
Issued From	Jeddah Notary		
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.		

1.88 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.	4000175528		
Construction Permit Date	08/07/1439 AH		
Permit Expiry Date	07/07/1441 AH		

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	3,384.42	Commercial
Fourth Floor	17	3,384.42	Commercial
Annex	6	1,193.39	Commercial
Fences (L.M)	88	-----	Fences
Total BUA (Sqm)	75	24,876.51	

1.89 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



1.90 PHOTO RECORD





# MARKET INDICATORS

---





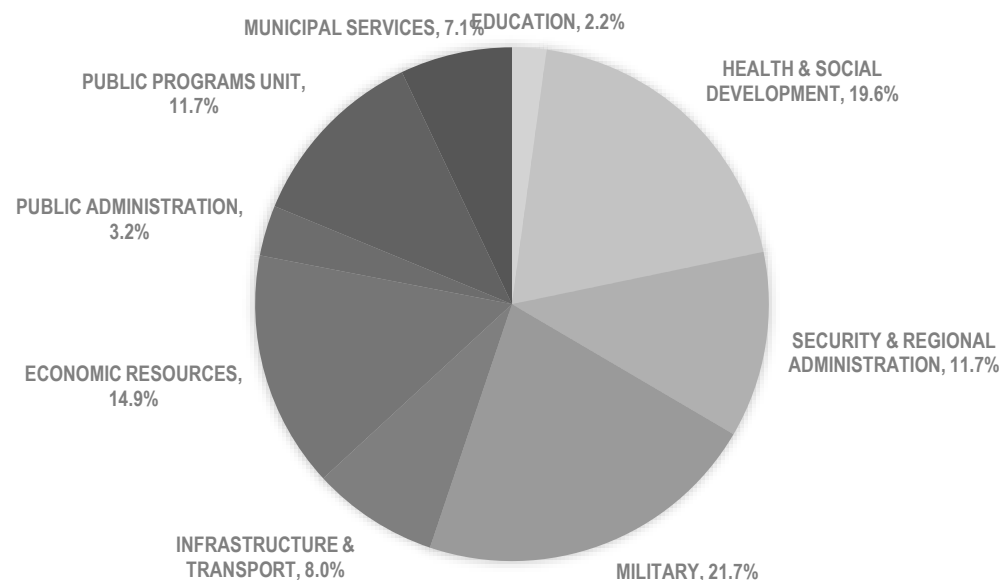
## 1.91 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.92 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.93 SWOT ANALYSIS

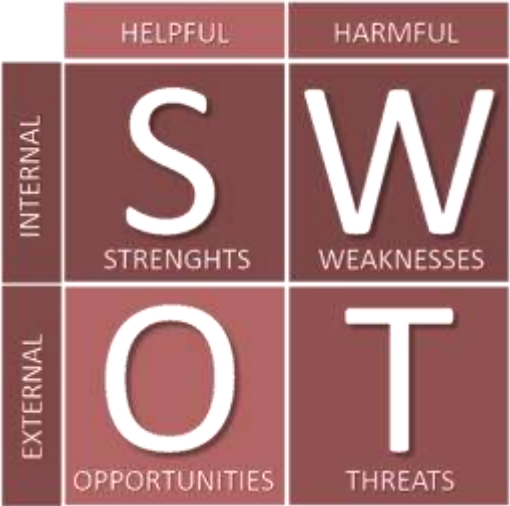
<p>Strength</p> <ul style="list-style-type: none"><li>- Open on 3 sides.</li><li>- Direct view on the main road (Prince Sultan Road).</li><li>- Newly constructed.</li></ul>	<p>Weakness</p> <ul style="list-style-type: none"><li>- None</li></ul>
<p>Opportunities</p> <ul style="list-style-type: none"><li>-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

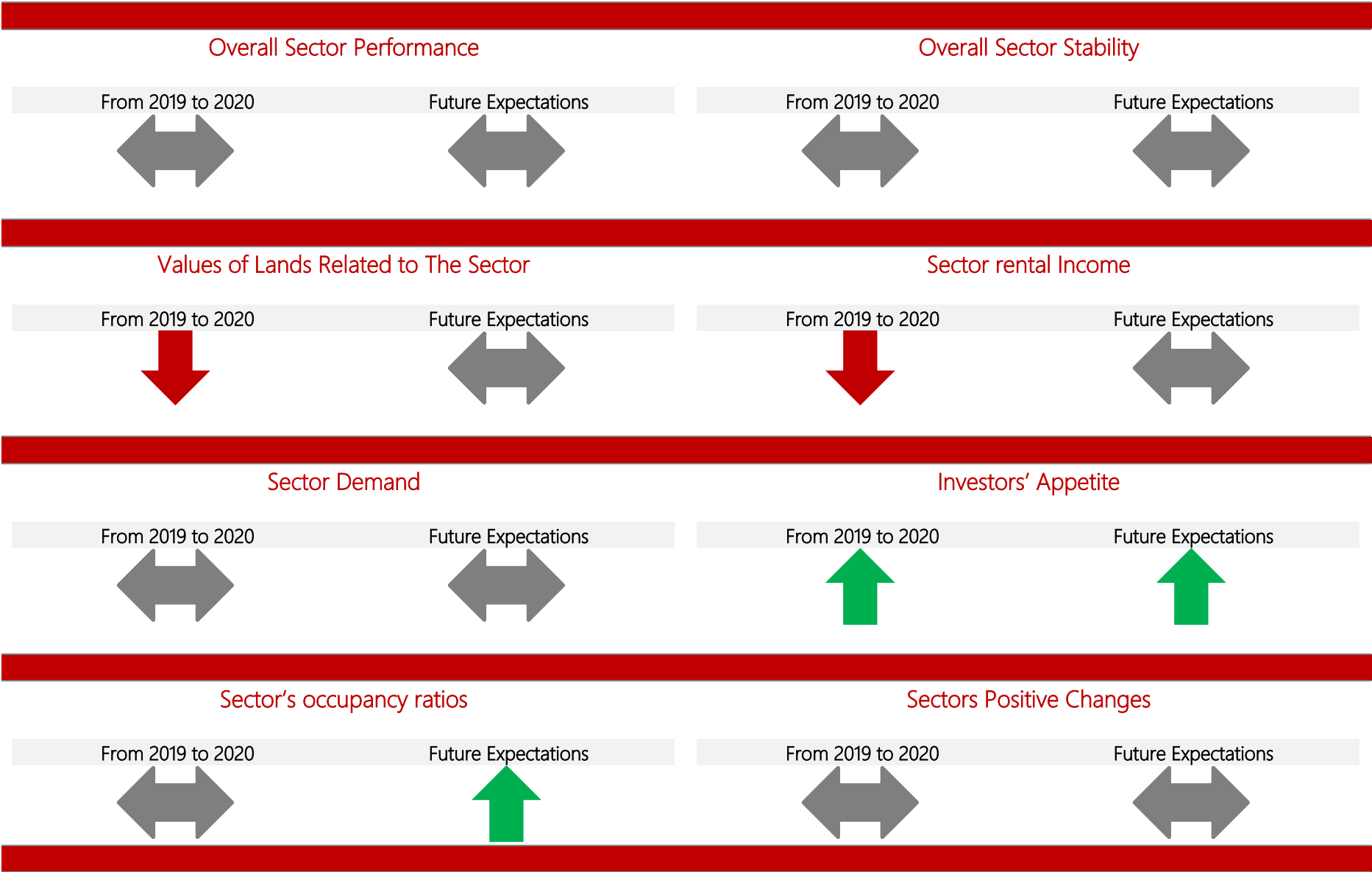
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.94 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



1.95 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities		✓			
Total Risk	0	8	0	0	0
Risk Category 8 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 8 Risk Points - Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities		✓			
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	6	0	0	0
Risk Category 6 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 6 Risk Points - Minimal Risk

# PROPERTY VALUATION

---







1.96 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List ✓	Leasing Contract ✓	Operational Cost - OPEX

1.97 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.

1.98 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.99 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.100 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.101 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



1.102 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.103 DISCOUNTED CASH FLOW APPROACH- MARKET RATES

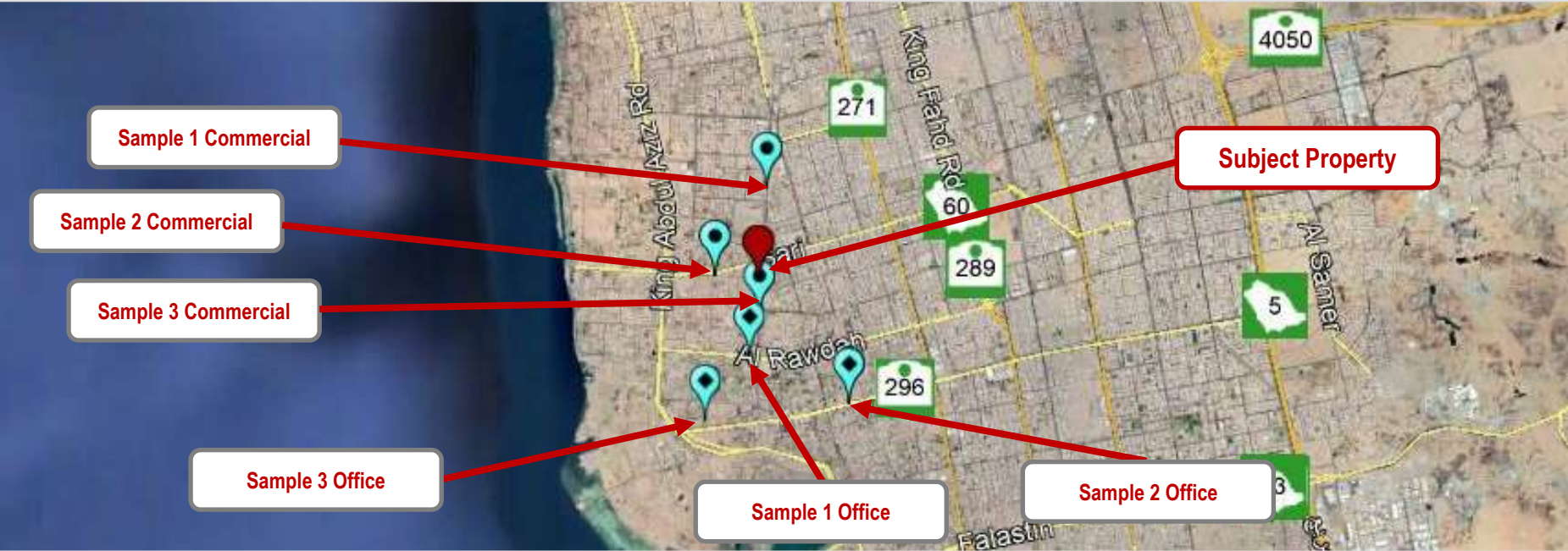
Market Rental Analysis

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:

Commercial Units	
Comparable	Rental Rate/ Sqm
Comparable 1	1,080 SAR/ Sqm
Comparable 2	1,000 SAR/ Sqm
Comparable 3	900 SAR/ Sqm
Average	1,000 SAR/ Sqm

Offices Units	
Comparable	Rental Rate/ Sqm
Comparable 1	700 SAR/ Sqm
Comparable 2	750 SAR/ Sqm
Comparable 3	800 SAR/ Sqm
Average	750 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%	
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		7.50%	







**1.104 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:** **131,376,000 SAR**  
**One Hundred Thirty-One Million and Three Hundred Seventy-Six Thousand Saudi Riyals**

# PROPERTY DETAILS

## PANDA JEDDAH





1.105 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		

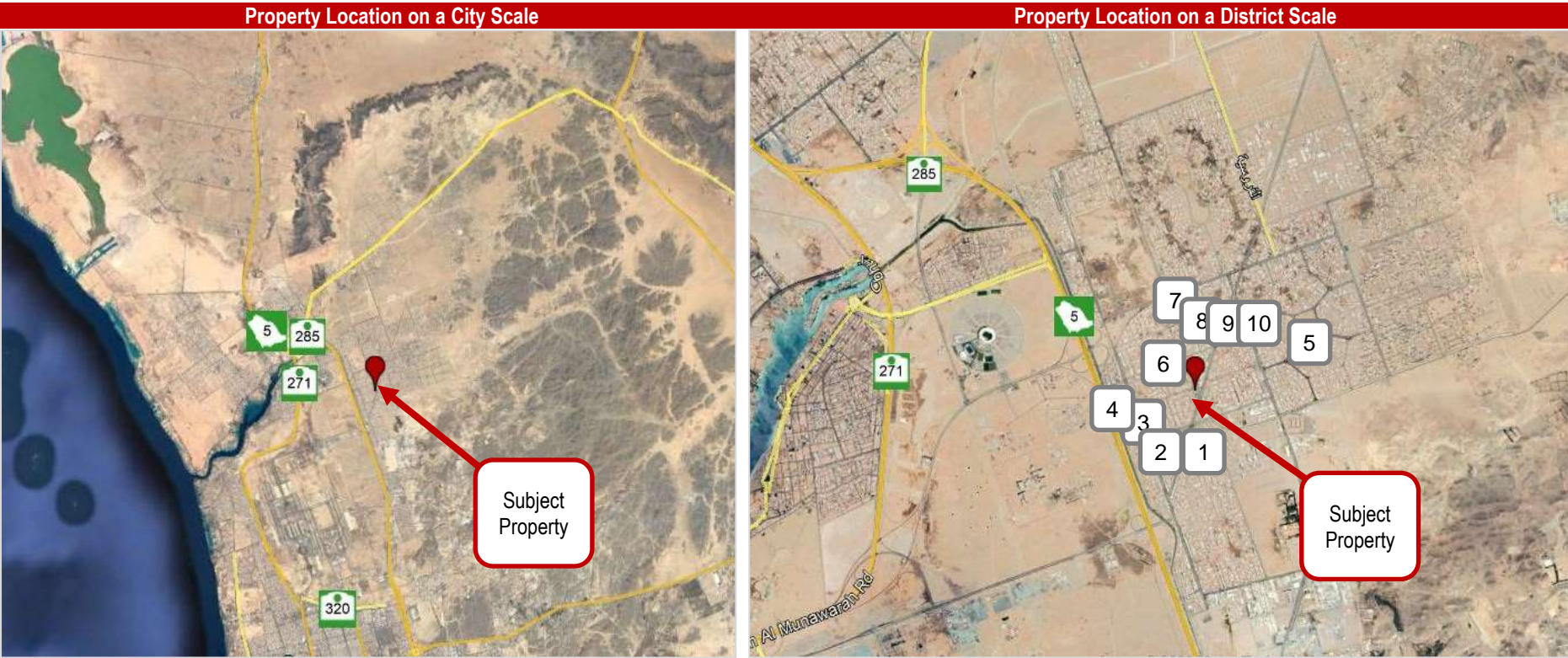
1.106 INFRASTRUCTURE FACILITIES

	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	✓	✓	



1.107 LOCATION

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



Surrounding Landmarks

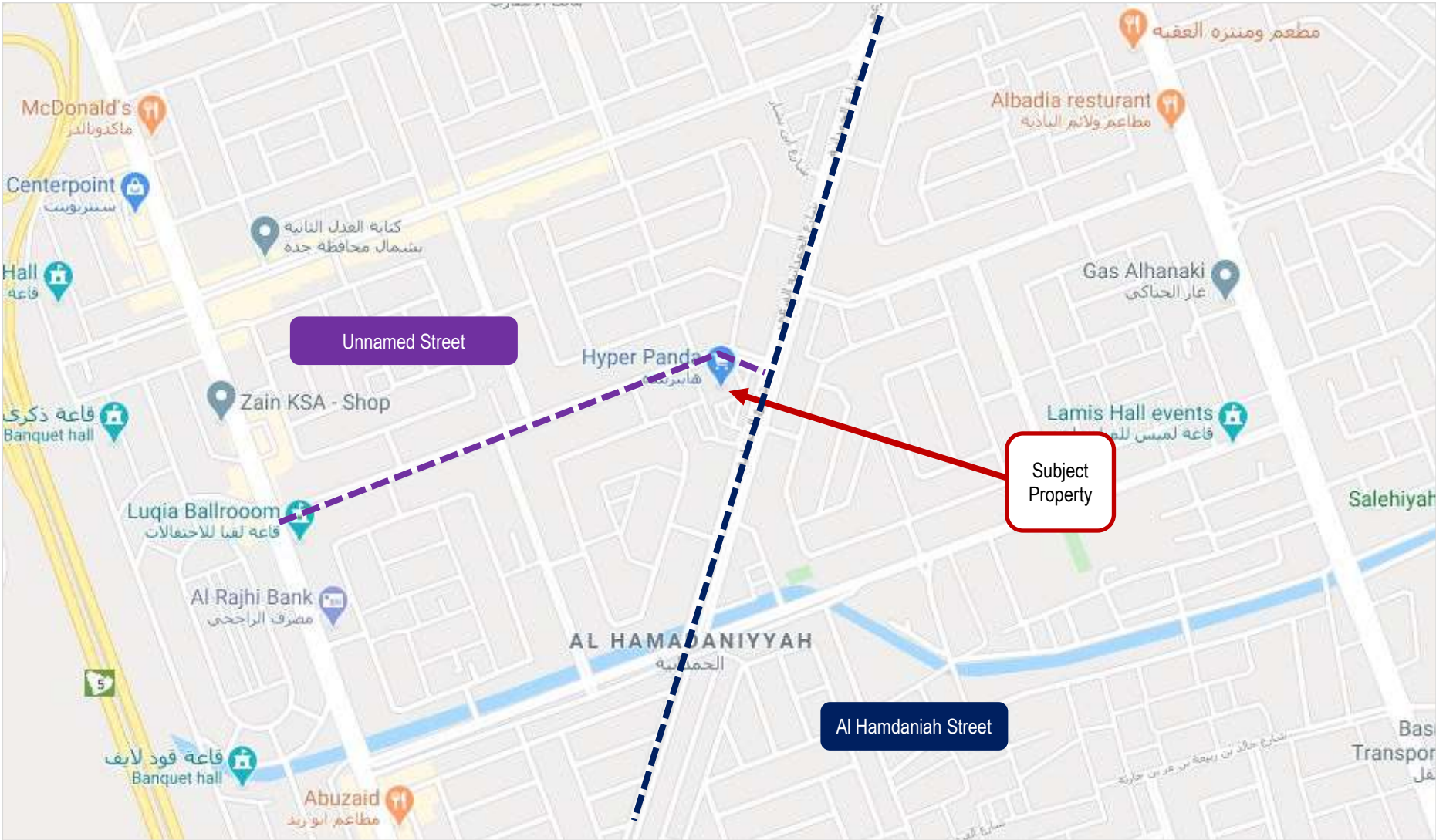
- |  |  |
|--|--|
| 1- Dar Al Hafedat (0.9 Kilometres)                   | 6- Perfume Store (0.3 Kilometres)                    |
| 2- Jawharat Hamdaniyah Gas Station (1.15 Kilometres) | 7- Bara Bin Malik Al-Ansari Masjid (0.95 Kilometres) |
| 3- Al Rajhi Bank (0.95 Kilometres)                   | 8- Typical First National school (0.89 Kilometres)   |
| 4- Luqia Wedding Hall (0.95 Kilometres)              | 9- Cab Pizza (1.00 Kilometres)                       |
| 5- Lamis Hall Events (1.15 Kilometres)               | 10- Gas Station (1.10 Kilometres)                    |





1.108 PROPERTY ACCESS

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





1.109 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.	2 / أ / ب
T.D Type	Electronic	Block No.	N/A
T.D Number	220206006345	Layout No.	385 / ج / س
T.D Date	14/03/1434 H. D	Owner	Saudi Economic and Development Company
T.D Value	41,055,566 SAR	Ownership Type	Freehold
Date of Last Transaction	14/03/1434 H. D	Limitation of Document	None
Issued From	Jeddah Notary		
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.
-------	--

1.110 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 5 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	

1.111 INSURANCE

We have not been provided with any insurance policy for the underlying asset.





1.112 PHOTO RECORD



# MARKET INDICATORS

---





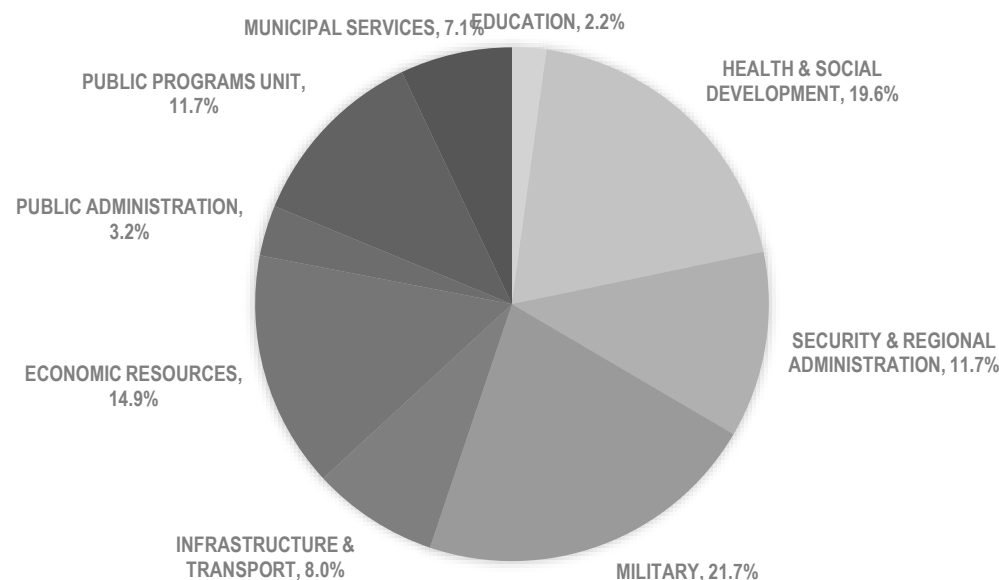
### 1.113 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.114 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.115 SWOT ANALYSIS

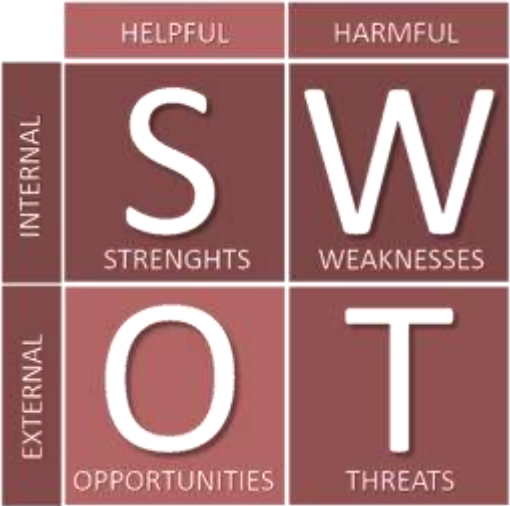
<div>Strength</div> <div><ul style="list-style-type: none"><li>- Open on 3 sides.</li><li>- Leased to one tenant.</li></ul></div>	<div>Weakness</div> <div><ul style="list-style-type: none"><li>- None</li></ul></div>
<div>Opportunities</div> <div><ul style="list-style-type: none"><li>- Located in high-density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

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.

1.116 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020

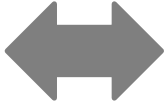


Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020



Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



1.117 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access			✓		
Location			✓		
Land Shape			✓		
Surrounding Area facilities			✓		
Total Risk	0	0	12	0	0
Risk Category 12 Risk Points – Medium Risk					

Land Analysis

Risk Category- 12 Risk Points – Medium Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Medium Risk Category 7 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 7 Risk Points – Medium Risk



# PROPERTY VALUATION

---





1.118 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Lease Contract ✓	Operational Cost - OPEX

1.119 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.

1.120 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.121 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.122 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.123 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.124 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.

**1.125 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- 2020	2,845,151.07
9	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%	
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					
	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





**1.126 INCOME APPROACH- MARKET RATES**

Based on the market survey done by our team for the purpose of valuation, we could not find any samples similar to the subject property in the area. Yet, we have investigated F&B retails such as supermarkets and we have found that the market rental rates for similar properties falls between 450 to 550 SAR/ Sqm where we will base our valuation on average rate 500 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%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
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
<b>Total</b>	<b>-0.50%</b>	
<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>		
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>	
<b>Capitalization rate, according to market averages</b>	<b>7.50%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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	5,858	0	SAR 500	SAR 0	SAR 2,929,000.00
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 2,929,000.00
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%
-----	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 2,929,000		15.00%		SAR 2,489,650
-----	SAR 0		0.00%		SAR 0
-----	SAR 0		0.00%		SAR 0
Total					SAR 2,489,650.00
Total Property Revenues					SAR 2,929,000.00
Total Property Expenses					-SAR 439,350
Net Operating Income					SAR 2,489,650.00
Net Operating Income	Cap Rate	Property Value			Rounded Value
SAR 2,489,650.00	7.00%	35,566,428.57 SAR			35,570,000.00 SAR

### 1.127 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Contract</b>	Property	SAR 40,650,000	Forty Million and Six Hundred Fifty Thousand Saudi Riyals
<b>Income- Market</b>	Property	SAR 35,570,000	Thirty-Five Million and Five Hundred Seventy Thousand Saudi Riyals



**1.128 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**





1.129 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		

1.130 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	✓	✓	





1.131 LOCATION

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



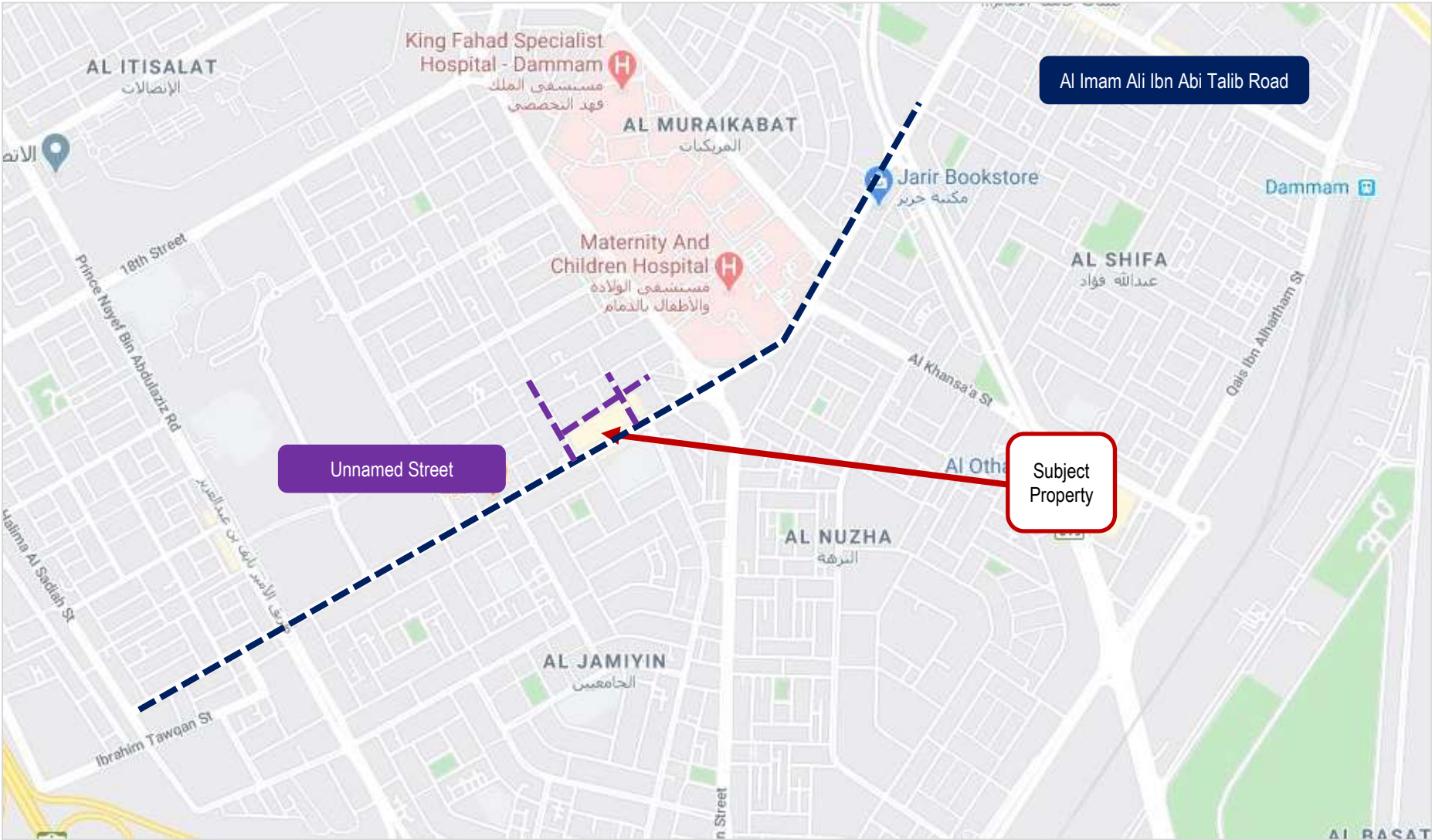
Surrounding Landmarks	
1- Consumer Oasis (1.00 Kilometres)	6- Restaurant & Caffee (0.45 Kilometres)
2- Coffee Library (0.6 Kilometres)	7- Saudi Electronic University (1.10 Kilometres)
3- Amazon Gulf (0.45 Kilometres)	8- Al Andalus Hall (1.15 Kilometres)
4- Jarash Restaurant (1.25 Kilometres)	9- Maternity and Children Hospital (0.65 Kilometres)
5- Hattan Center Photocopy (1.00 Kilometres)	10- Jarir Bookstore (1.2 Kilometres)





1.132 PROPERTY ACCESS

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





1.133 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.	ش 832 د
T.D Date	07/02/1440 H. D	Owner	Saudi Economic and Development Company
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	07/02/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Dammam Notary		
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.		

1.134 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 5 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	

1.135 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



1.136 PHOTO RECORD



# MARKET INDICATORS

---







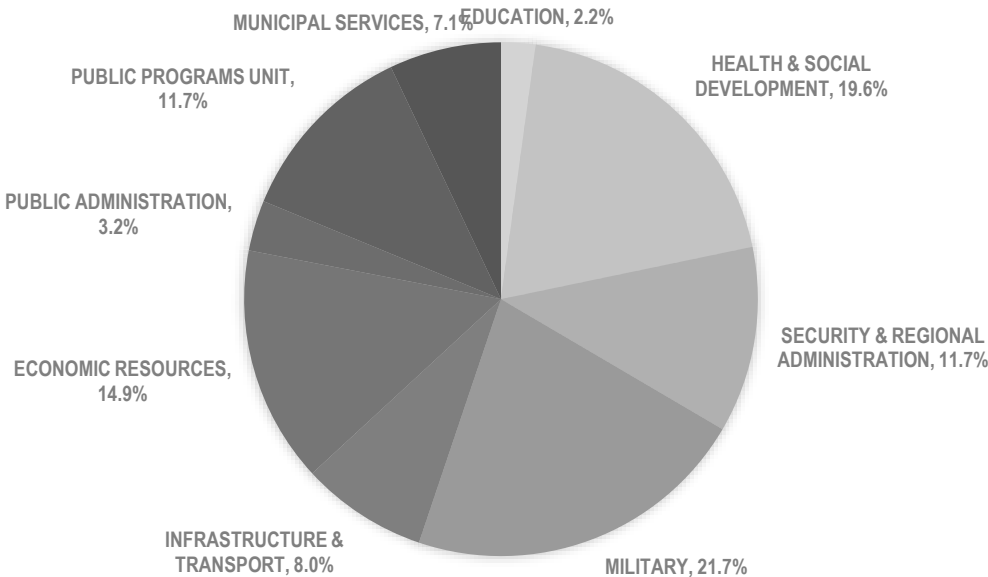
1.137 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.138 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.139 SWOT ANALYSIS

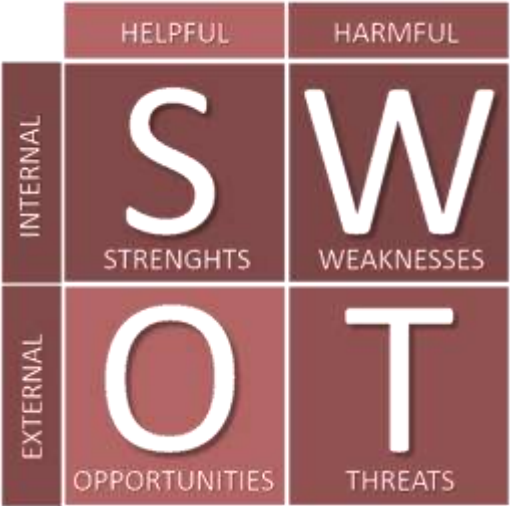
<div>Strength</div> <div><ul style="list-style-type: none"><li>- Open on 4 sides.</li><li>- Direct view in main road (Al Imam Ali Ibn Abi Talib Road).</li></ul></div>	<div>Weakness</div> <div><ul style="list-style-type: none"><li>- None</li></ul></div>
<div>Opportunities</div> <div><ul style="list-style-type: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

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.

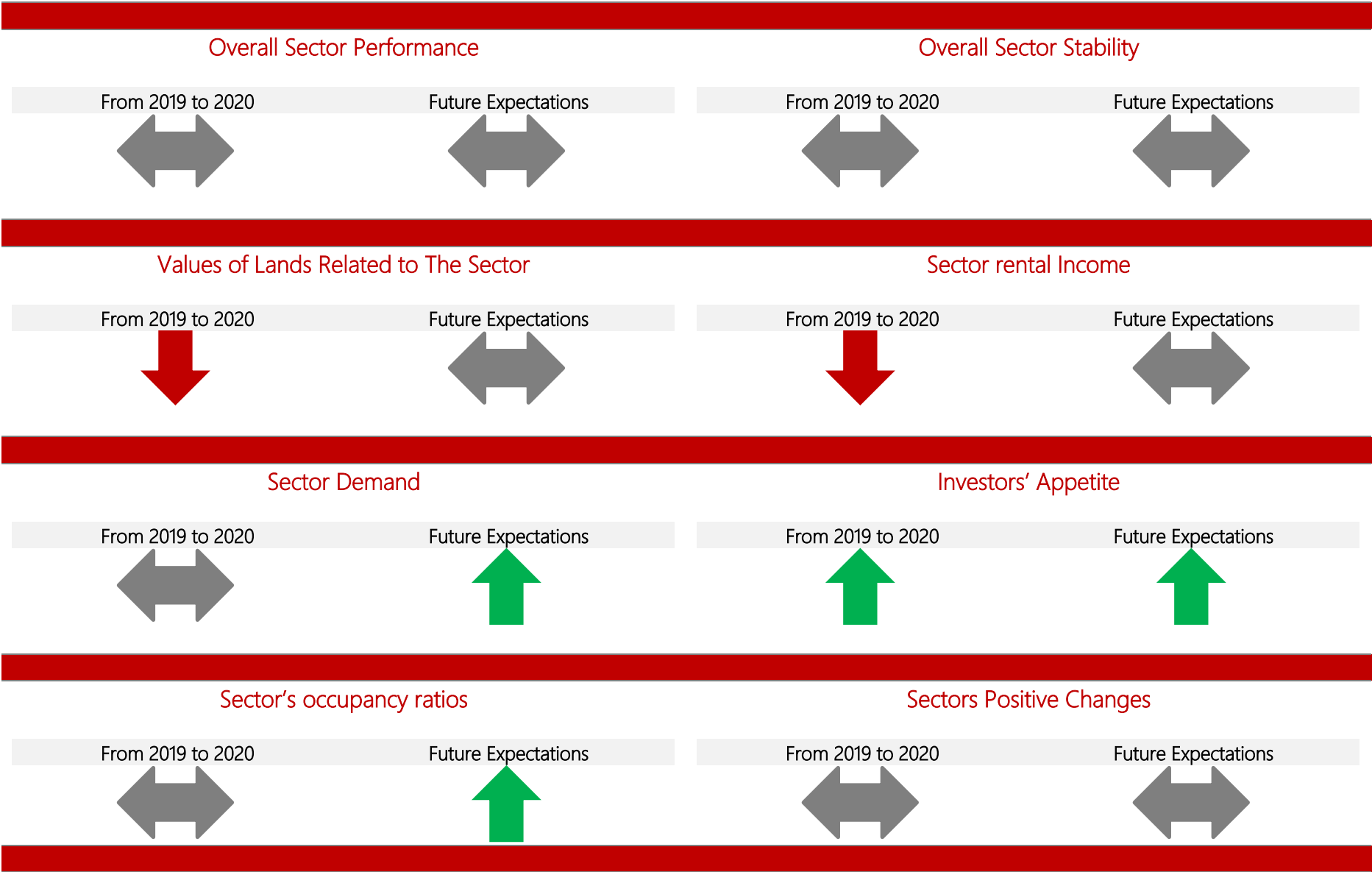
1.140 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year







White Cubes Team's Analysis



1.141 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

**Sector Analysis**

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities		✓			
Total Risk	0	8	0	0	0
Risk Category 8 Risk Points – Minimal Risk					

**Land Analysis**

Risk Category- 8 Risk Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Medium Risk Category 7 Risk Points - Minimal Risk					

**Property Analysis**

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---





1.142 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Lease Contract ✓	Operational Cost - OPEX

1.143 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.

1.144 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.145 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.146 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.147 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

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	_____	_____	✓	_____	_____



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.

1.149 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- 2020	5,228,170
12	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%
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
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
<b>Total</b>	<b>0.00%</b>	
<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 <span>one company</span>			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



1.150 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 550 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
	Rental Rate/ Sqm
Comparable 1	650 SAR/ Sqm
Comparable 2	600 SAR/ Sqm
Comparable 3	550 SAR/ Sqm
Average	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 7.5% 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%	
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	0.00%	
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	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building	9,800	0	SAR 600	SAR 0	SAR 5,880,000.00
				<b>Total Revenues</b>	<b>SAR 5,880,000.00</b>
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Vacancy	Total Expenses
Commercial Building	5.00%	5.00%	5.00%	0.00%	15.00%
NET OPERATING INCOME					
Unit Type	Total Revenues	Total Expenses	NOI		
Commercial Building	SAR 5,880,000	15.00%	SAR 4,998,000		
		<b>Total</b>	<b>SAR 4,998,000.00</b>		
<b>Total Property Revenues</b>					SAR 5,880,000.00
<b>Total Property Expenses</b>					-SAR 882,000
<b>Net Operating Income</b>					<b>SAR 4,998,000.00</b>
Net Operating Income	Cap Rate	Property Value	Rounded Value		
SAR 4,998,000.00	8.00%	62,475,000.00 SAR	<b>62,480,000.00 SAR</b>		



1.151 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 62,480,000	Sixty-Two Million and Four Hundred Eighty Thousand Saudi Riyals

1.152 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







1.153 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		

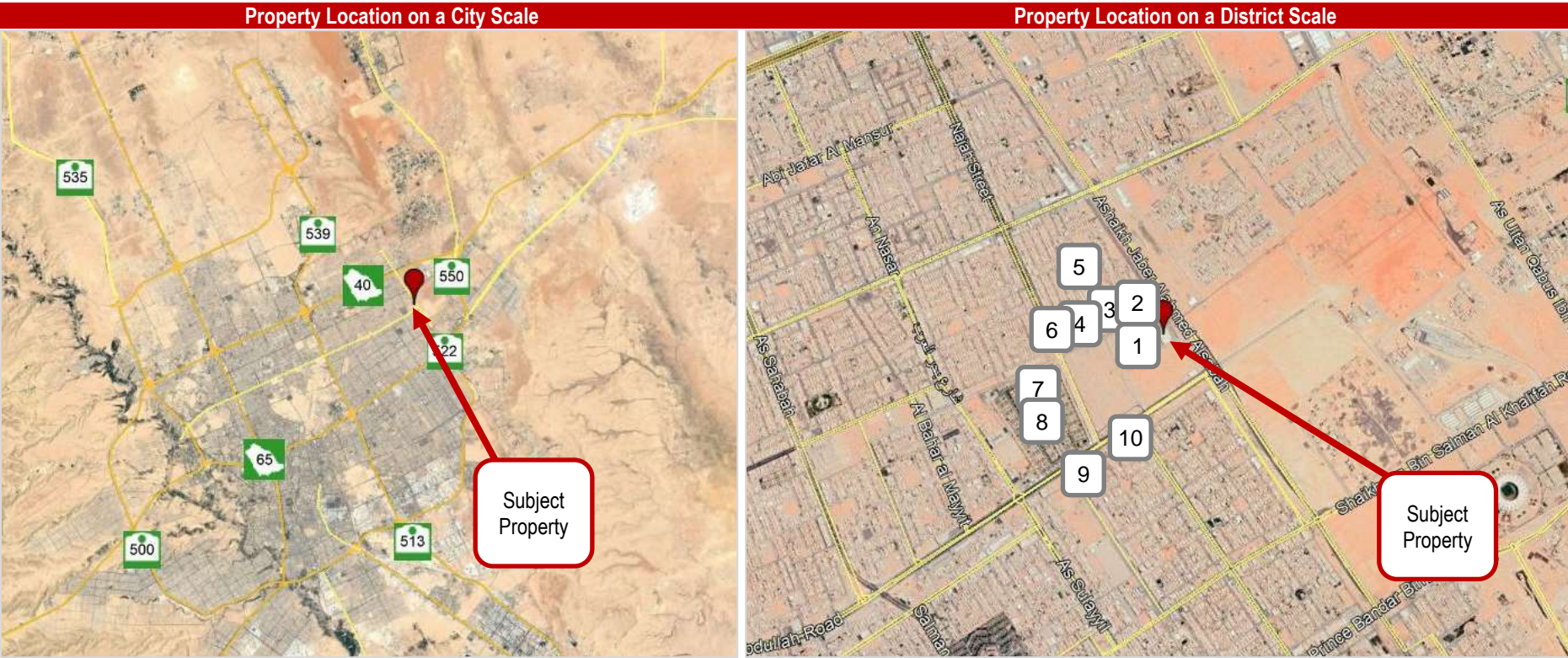
1.154 INFRASTRUCTURE FACILITIES

	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	✓	✓	



1.155 LOCATION

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



Surrounding Landmarks

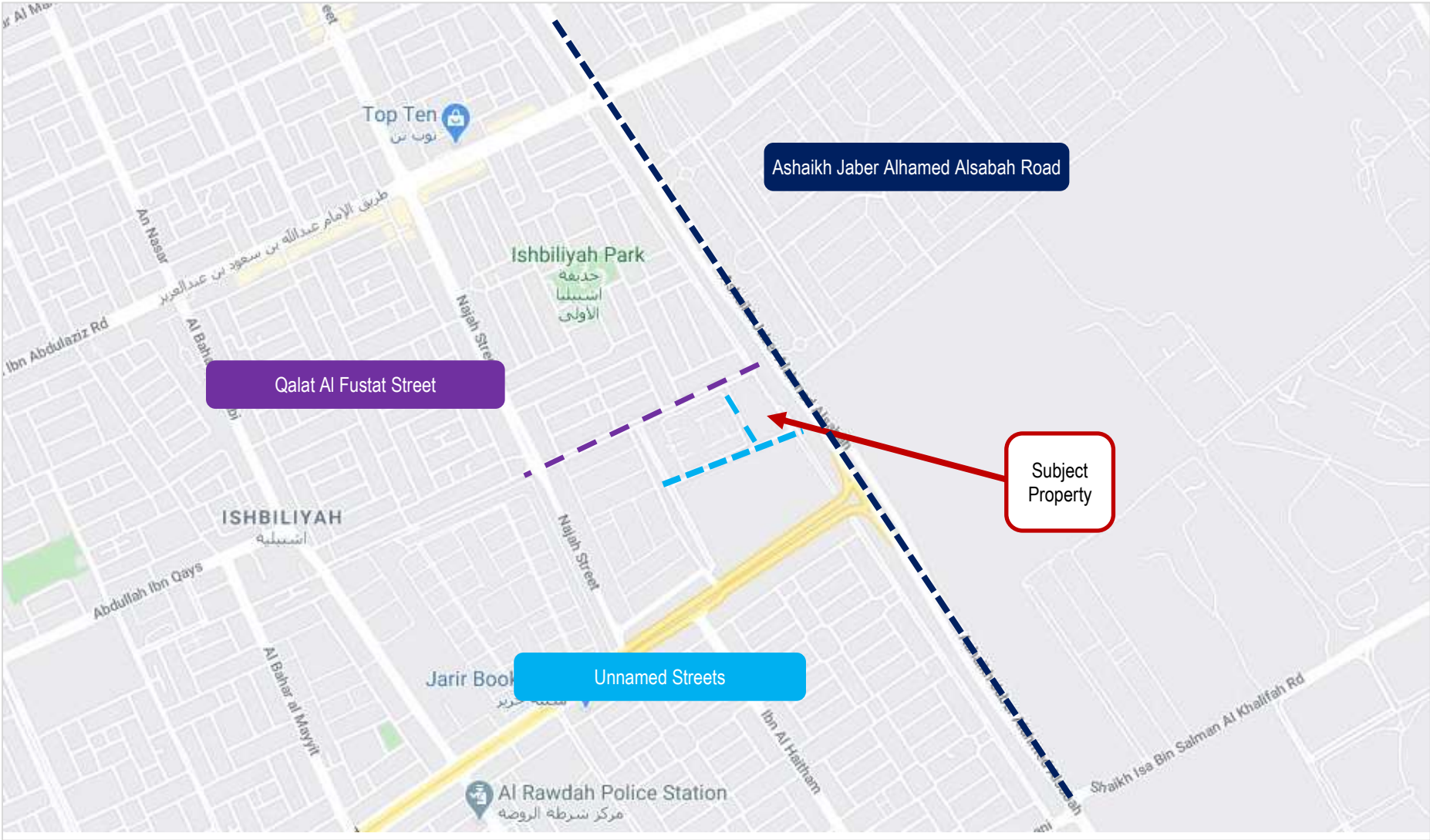
- |   |   |
|---|---|
| 1- KSB Compound (0.2 Kilometres)                  | 6- Falafel Pick (0.2 Kilometres)          |
| 2- Saied Al Shohadaa Mosque (0.2 Kilometres)      | 7- Ishbilia Kindergarten (0.4 Kilometres) |
| 3- Reem 46sr Twoleen Plaza Hotel (0.2 Kilometres) | 8- Ishbilia Compound (0.3 Kilometres)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





1.156 PROPERTY ACCESS

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





1.157 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
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	18/09/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Riyadh Notary		
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.
-------	--

1.158 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 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	

1.159 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



1.160 PHOTO RECORD



# MARKET INDICATORS

---







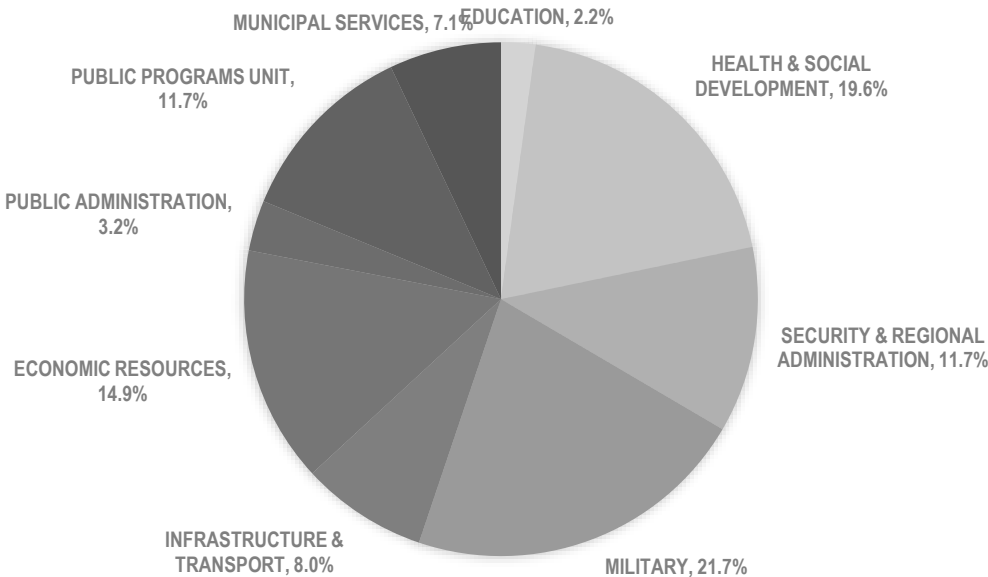
1.161 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.162 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.163 SWOT ANALYSIS

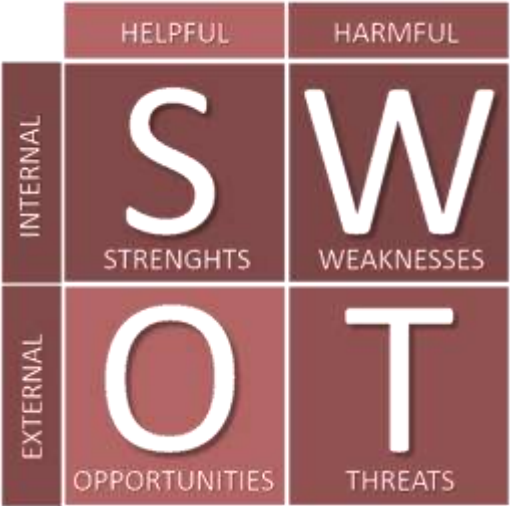
<p>Strength</p> <ul style="list-style-type: none"><li>- Open on 4 sides.</li><li>- Near the main road (Ashaikh Jaber Alhamed Alsabab Road).</li></ul>	<p>Weakness</p> <ul style="list-style-type: none"><li>- None</li></ul>
<p>Opportunities</p> <ul style="list-style-type: none"><li>- High demand on the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

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.

1.164 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





Overall Sector Performance

From 2019 to 2020



Future Expectations



Overall Sector Stability

From 2019 to 2020



Future Expectations



Values of Lands Related to The Sector

From 2019 to 2020



Future Expectations



Sector rental Income

From 2019 to 2020



Future Expectations



Sector Demand

From 2019 to 2020



Future Expectations



Investors' Appetite

From 2019 to 2020



Future Expectations



Sector's occupancy ratios

From 2019 to 2020



Future Expectations



Sectors Positive Changes

From 2019 to 2020



Future Expectations



White Cubes Team's Analysis



1.165 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location			✓		
Land Shape		✓			
Surrounding Area facilities			✓		
Total Risk	0	4	6	0	0
Risk Category 10 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 10 Risk Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Medium Risk Category 7 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---





1.166 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Leasing Contract ✓	Operational Cost - OPEX

1.167 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.

1.168 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.





1.169 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.170 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.171 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.172 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.

### 1.173 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- 2020	5,822,670
9	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
<b>TOTAL</b>	<b>86,959,483</b>



### 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%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
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
<b>Total</b>	<b>-0.50%</b>	
<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>		
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>	
<b>Capitalization rate, according to market averages</b>	<b>8%</b>	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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 <span>one company</span>			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



1.174 INCOME APPROACH- MARKET RATES

Based on the market survey done by our team for the purpose of valuation, we could not find any samples similar to the subject property in the area. Yet, we have investigated F&B retails such as supermarkets and we have found that the market rental rates for similar properties falls between 450 to 550 SAR/ Sqm where we will base our valuation on average rate 500 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	-0.25%	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%	
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					
	Quantity		Revenues		
Unit Type	Total GLA	No Of Units	SAR / Sqm	SAR / Unit	Total Revenues
Commercial Building	10,784	0	SAR 500	SAR 0	SAR 5,392,000.00
-----	0	0	SAR 0	SAR 0	SAR 0
-----	0	0	SAR 0	SAR 0	SAR 0
Total Revenues					SAR 5,392,000.00
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%
-----	0.00%	0.00%	0.00%	0.00%	0.00%
NET OPERATING INCOME					
Unit Type	Total Revenues		Total Expenses		NOI
Commercial Building	SAR 5,392,000		15.00%		SAR 4,583,200
-----	SAR 0		0.00%		SAR 0
-----	SAR 0		0.00%		SAR 0
Total					SAR 4,583,200.00
Total Property Revenues					SAR 5,392,000.00
Total Property Expenses					SAR 0
Net Operating Income					SAR 5,392,000.00
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 5,392,000.00	7.00%	77,028,571.43 SAR		77,000,000.00 SAR	

### 1.175 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 77,000,000	Seventy-Seven Million Saudi Riyals





**1.176 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**





1.177 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		

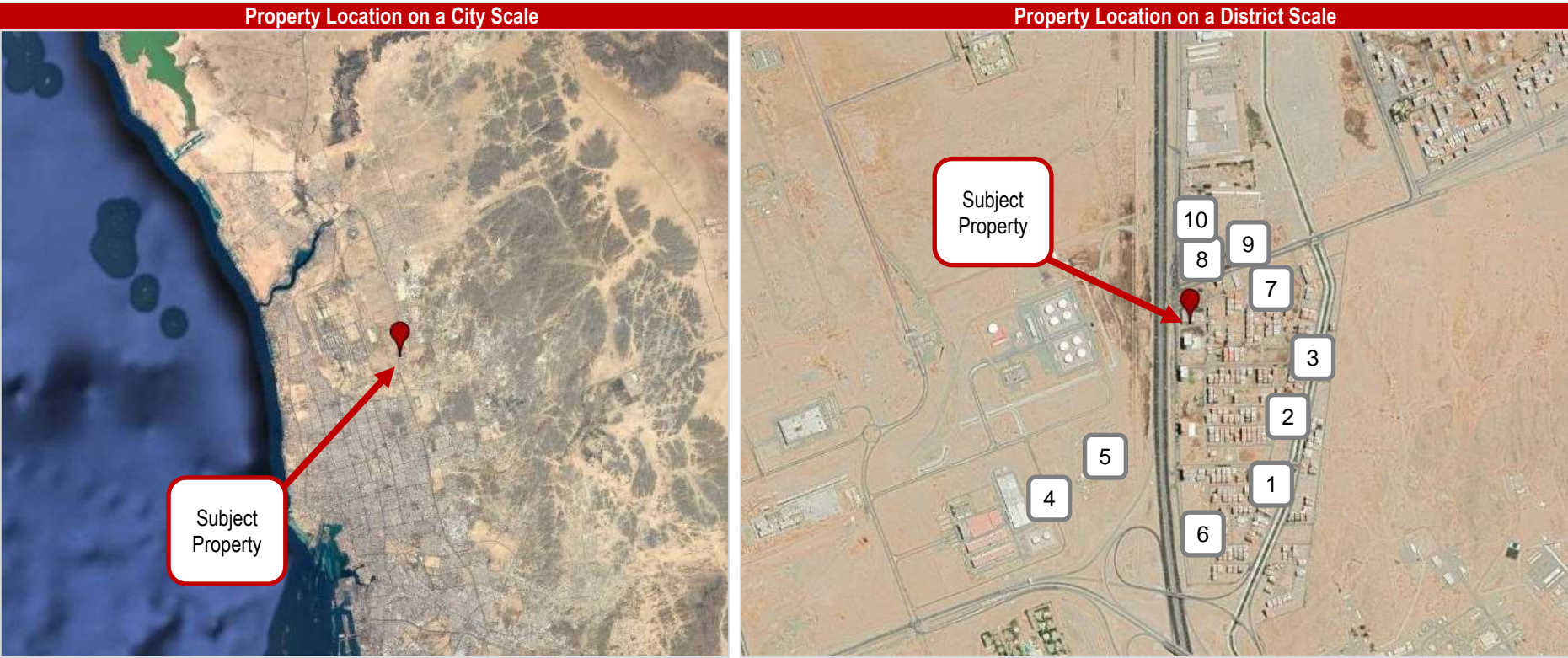
1.178 INFRASTRUCTURE FACILITIES

	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	✓	✓	



**1.179 LOCATION**

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



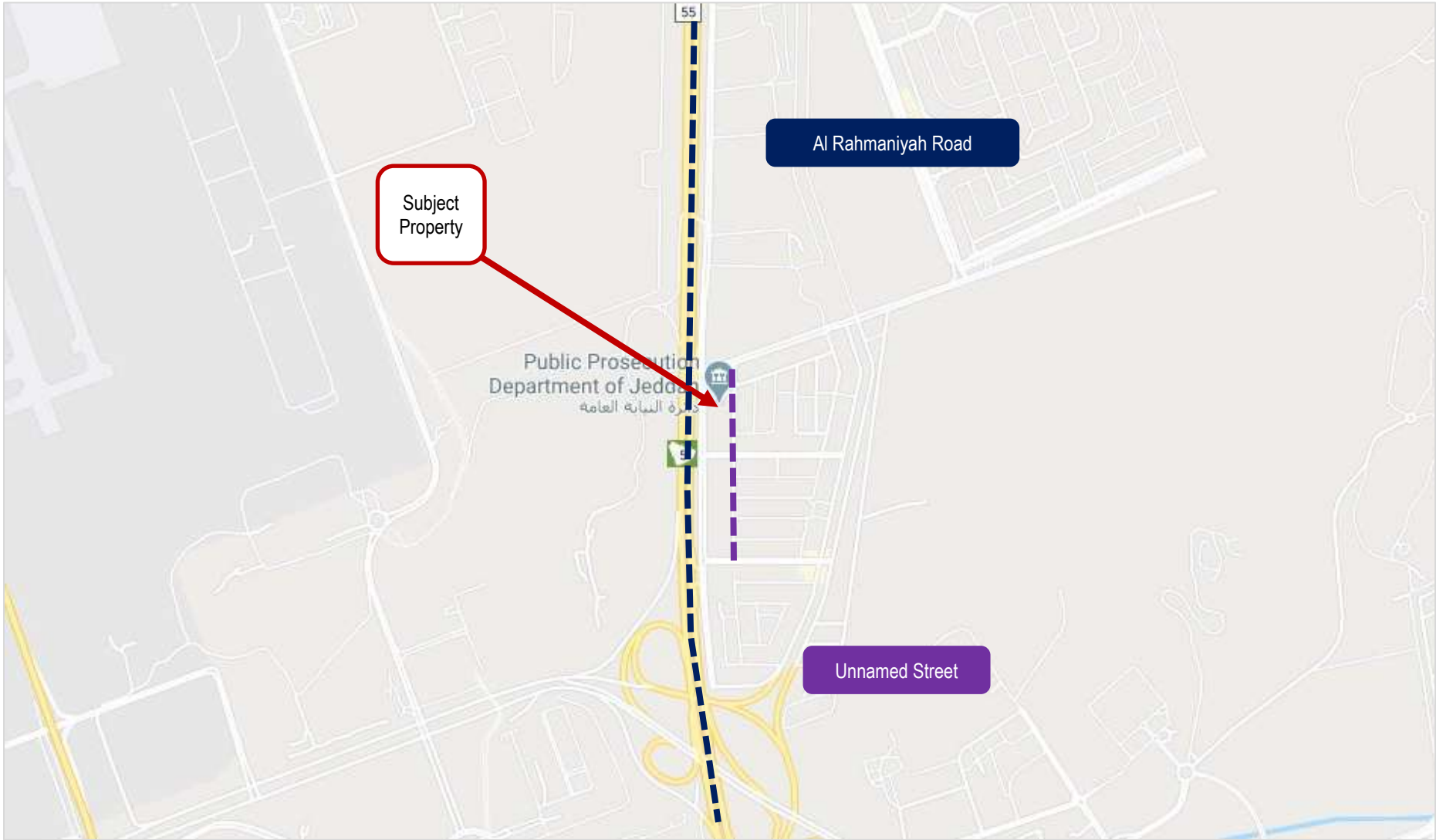
**Surrounding Landmarks**

- |  |  |
|--|--|
| 1- For Ladies Cafe Shop (0.7 Kilometres)             | 6- Administrative Court (0.45 Kilometres)            |
| 2- Ali Bin Mohammad Al Sahir Mosque (0.5 Kilometres) | 7- Abdul Rahman Mosque Alhanaki (0.2 Kilometres)     |
| 3- Nahar Grocery (0.45 Kilometres)                   | 8- Rapid access Jeddah Depot (0.2 Kilometres)        |
| 4- Kaia Muruj Office (0.8 Kilometres)                | 9- Fast Lane Car maintenance Center (0.3 Kilometres) |
| 5- KAIA Substation (0.65 Kilometres)                 | 10- Rahmaniya Petrol Pump (0.35 Kilometres)          |



1.180 PROPERTY ACCESS

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







1.181 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	23,604
District	AL Rayan	Plot No.	3/1/1/ع/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
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	12/11/1439 H. D	Limitation of Document	Mortgaged to Al Rajhi Banking Investment Co.
Issued From	Jeddah Notary		
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.		

1.182 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 4 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	

1.183 INSURANCE

We have not been provided with any insurance policy for the underlying asset.





1.184 PHOTO RECORD



# MARKET INDICATORS

---





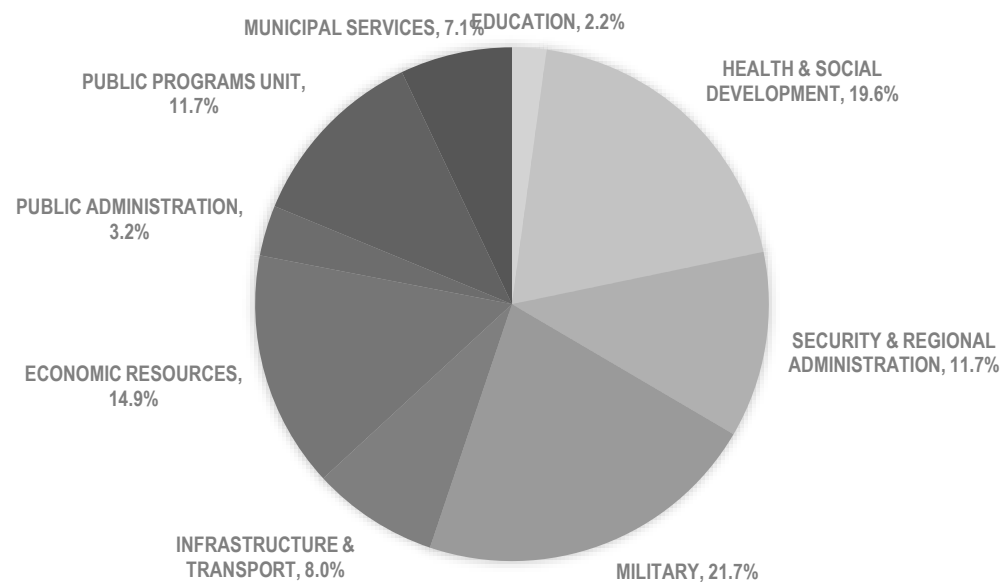
### 1.185 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

### 1.186 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.187 SWOT ANALYSIS

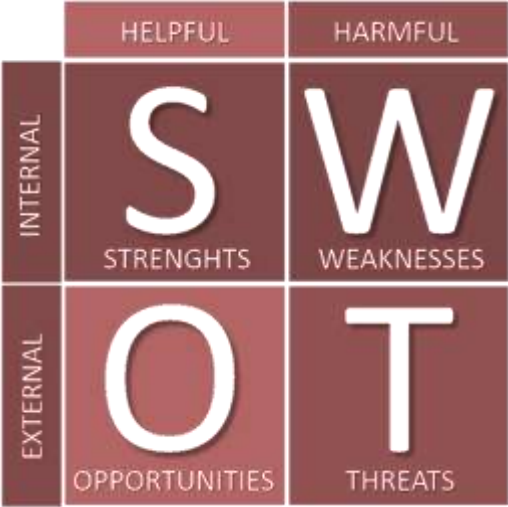
<p>Strength</p> <ul style="list-style-type: none"><li>- The property has a direct view on the main road (Al Rahmaniah Road)</li><li>- The property is fully leased by the Public Prosecution Department</li></ul>	<p>Weakness</p> <ul style="list-style-type: none"><li>- None</li></ul>
<p>Opportunities</p> <ul style="list-style-type: none"><li>- None</li></ul>	<p>Threats</p> <ul style="list-style-type: none"><li>- Existing &amp; Potential similar projects</li></ul>

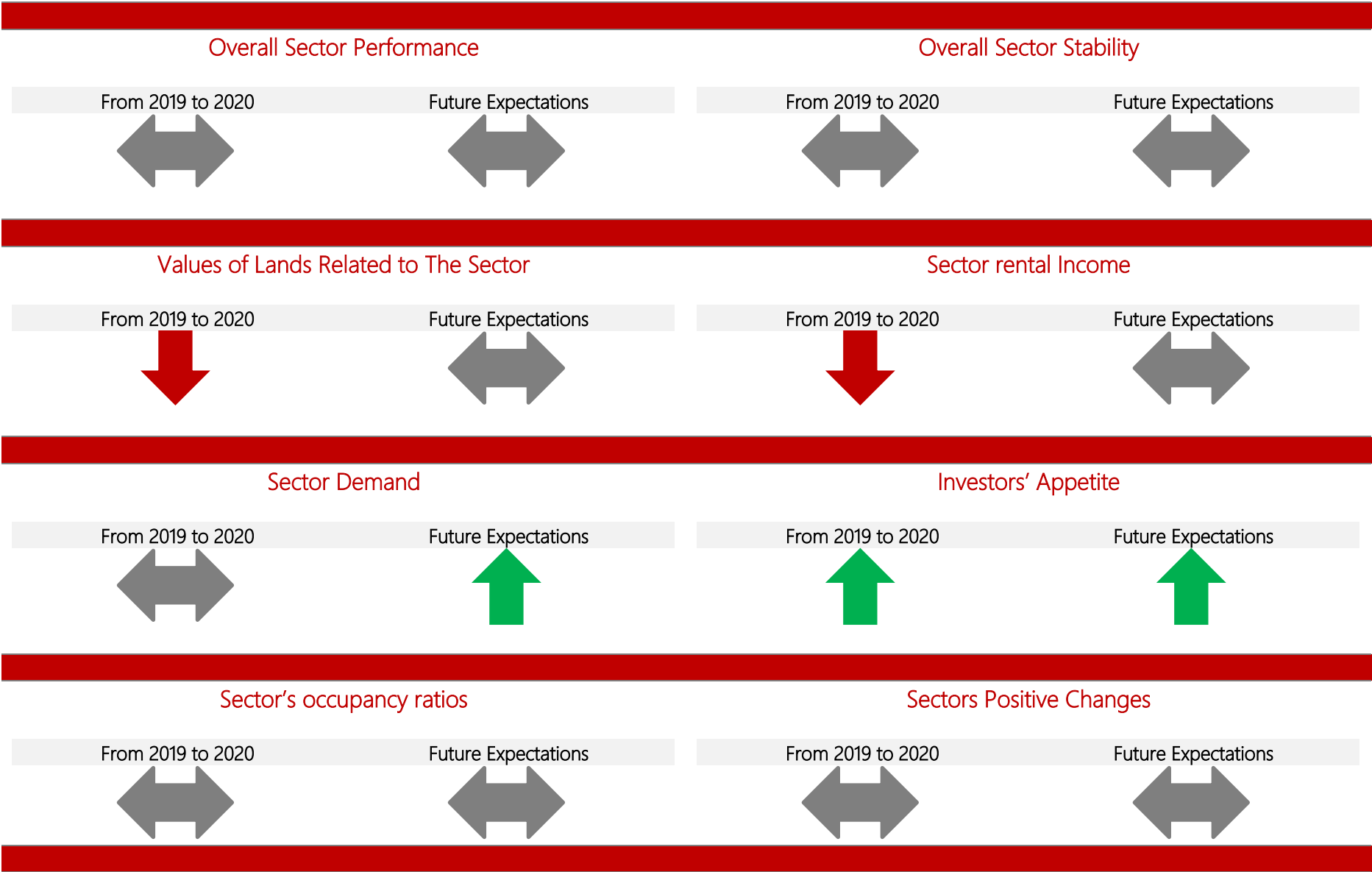
The strength and weakness points mentioned above are considered as an indicator only, where no full market study was conducted in this matter. Yet, all the mentioned points are based only on the site inspection of the subject property.

1.188 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-  Indicator showing a decrease in the current performance comparing to the last year
-  Indicator showing an increase in the current performance comparing to the last year
-  Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



1.189 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access			✓		
Location			✓		
Land Shape			✓		
Surrounding Area facilities			✓		
Total Risk	0	0	12	0	0
Risk Category 12 Risk Points – Medium Risk					

Land Analysis

Risk Category- 12 Risk Points – Medium Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Medium Risk Category 7 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---







1.190 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Operational contract ✓	Leasing Contract ✓	Operational Cost - OPEX

1.191 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.

1.192 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.193 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.194 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.195 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.196 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.

### 1.197 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 renewal and it will be for another 3 years 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- 2020	5,500,000
3	5,500,000
<b>TOTAL</b>	<b>16,500,000</b>

The subject property has an operational contract between the First Party (Saudi Economic and Development Company) 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
<b>TOTAL</b>	<b>335,000</b>



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%	
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	0.00%	
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					
	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 5,500,000.00
-----	0	0	SAR 0	SAR 0	SAR 0
				Total Revenues	SAR 5,500,000.00
EXPENSES					
Unit Type	Management	Utilities	Maintenance	Others	Total Expenses
Commercial Building					SAR 335,000.00
-----	SAR 0	SAR 0	SAR 0	SAR 0	SAR 0.00
				Total Expenses	SAR 335,000.00
NET OPERATING INCOME					
Unit Type	Total Revenues		Total Expenses		NOI
Commercial Building	SAR 5,500,000		SAR 335,000.00		SAR 5,165,000
-----	SAR 0		SAR 0		SAR 0
			Total		SAR 5,165,000.00
Total Property Revenues					SAR 5,500,000.00
Total Property Expenses					SAR 335,000
Net Operating Income					SAR 5,165,000.00
Net Operating Income	Cap Rate	Property Value		Rounded Value	
SAR 5,165,000.00	7.50%	68,866,666.67 SAR		68,870,000.00 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.

### 1.198 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: **68,870,000 SAR**  
 Forty-Five Million Saudi Riyals

## PROPERTY DETAILS

### RAWDAH BUSINESS CENTER





1.199 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 15,950.74 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	<p>The property subject of valuation is a commercial building located in Rawdah district, Jeddah City.</p> <p>The property is bordered from the north by Plot No. 2</p> <p>The property is bordered from the south by Prince Saud Al Faisal Road</p> <p>The Property is bordered from the east by Plot No. 3</p> <p>The property is bordered to the west by Ahmad Jamjoum Street</p>
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		

1.200 INFRASTRUCTURE FACILITIES

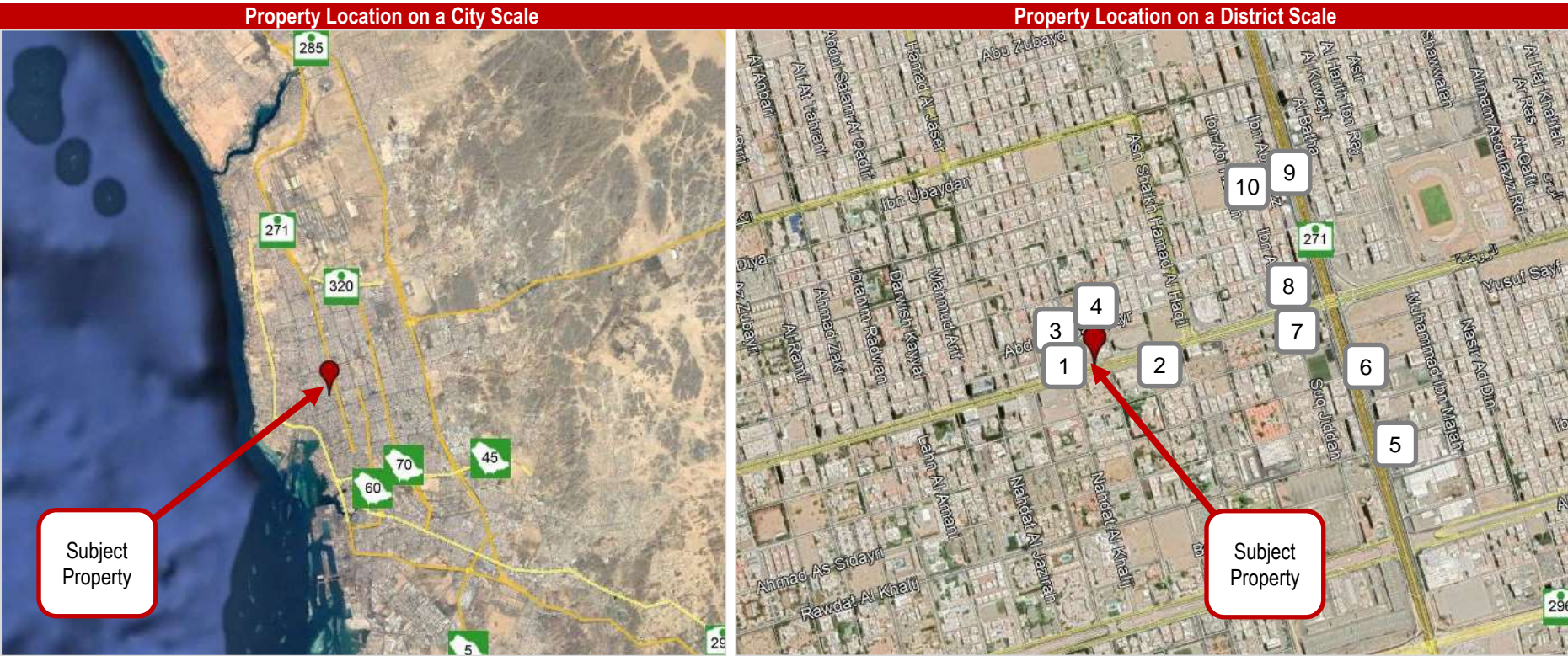
	Available in the surrounding	Connected to the property	
Water	✓	✓	All the infrastructural facilities are available in the surroundings and connected to the subject property.
Electricity	✓	✓	
Tele-Communication	✓	✓	
Sewage	✓	✓	





1.201 LOCATION

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

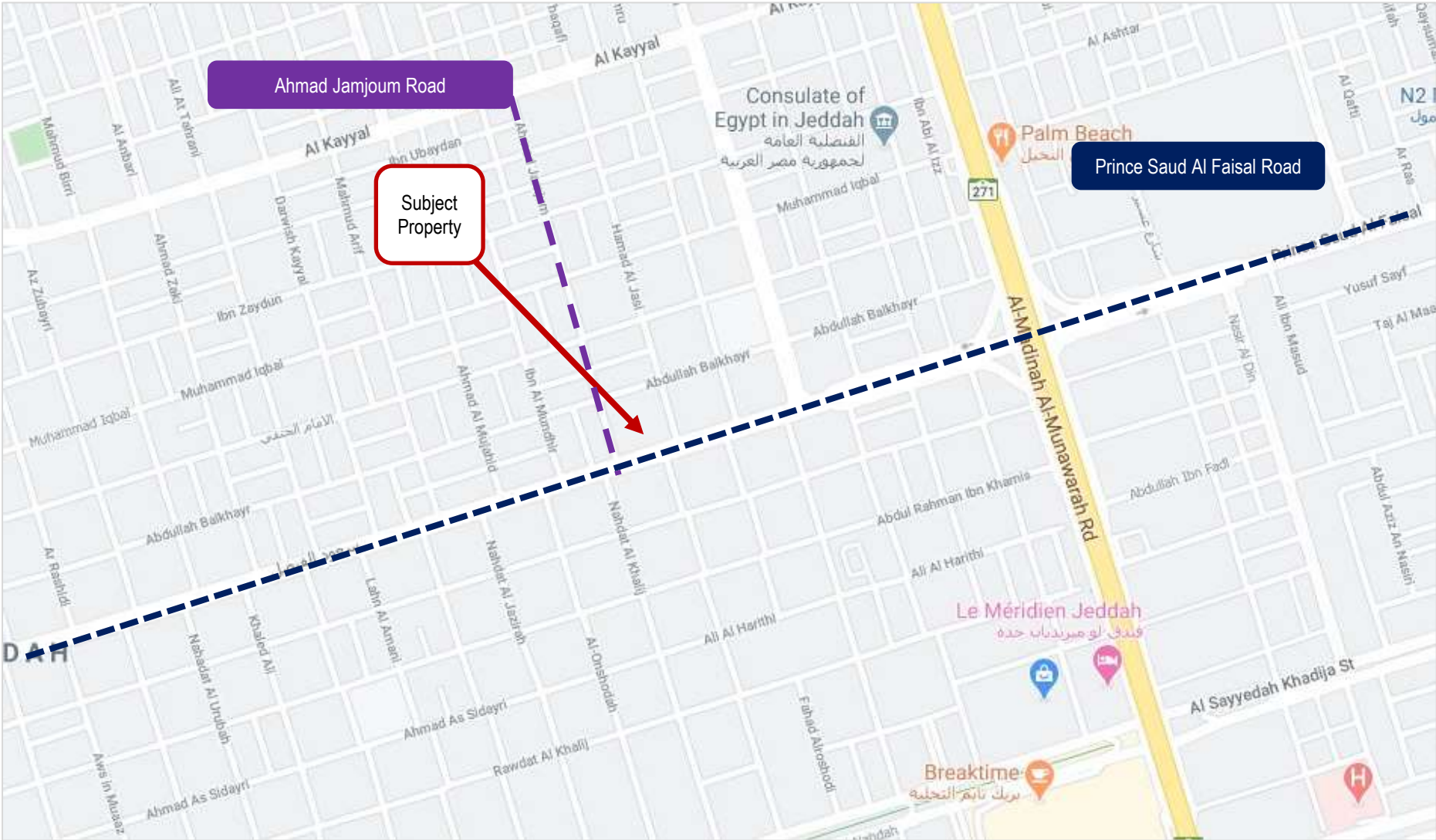


Surrounding Landmarks	
1- Noura international Pharmacy (0.2 Kilometres)	6- Rawdah Soccer Field (0.65 Kilometres)
2- Berlitz Language Center Men (0.1 Kilometres)	7- Sunset Hotel (0.5 Kilometres)
3- Gulf Chinese Restaurant (0.2 Kilometres)	8- Al Yusr Leasing & Finance (0.5 Kilometres)
4- Ahmad Jamjoum 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)



1.202 PROPERTY ACCESS

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







1.203 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
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		
North Side	Plot No. 2	East Side	Plot No. 3
South Side	Prince Saud Al Faisal road	West Side	Ahmad Jamjoum 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.		

1.204 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
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	15,950.74	

1.205 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



## 1.206 TENANT LIST

We were provided by the client the List of Tenants and is as follows:

Tenant	Unit/Office Number	Use	NLA
Robayat	1	Retail	1,046
Vacant	2	Retail	651
Lumar	3	Retail	770
Maha Al Jaffali (Ghandour)	101	Office	529
Maha Al Jaffali (Ghandour)	102	Office	270
Vacant	103	Office	441
Vacant	201	Office	529
Mediterranean Shipping Company	202	Office	270
Mediterranean Shipping Company	203	Office	441
Al Jadda International	301	Office	529
Collaborative Architects + Partners	302	Office	270
Green World	303	Office	441
Mediterranean Shipping Company	401	Office	529
Vacant	402	Office	270
Jouf Cement Co.	403	Office	441
Anasia	501	Office	529
Bnob for Décor	502	Office	270
Pro Medex	503	Office	441
Vacant	601	Office	529
Ghassan Ahmad Sulaiman Co.	602	Office	270
Ghassan Ahmad Sulaiman Co.	603	Office	441
Vacant	701	Retail	1,106
Vacant	702	Retail	781
<b>TOTAL</b>			<b>11,794</b>



1.207 PHOTO RECORD



# MARKET INDICATORS

---







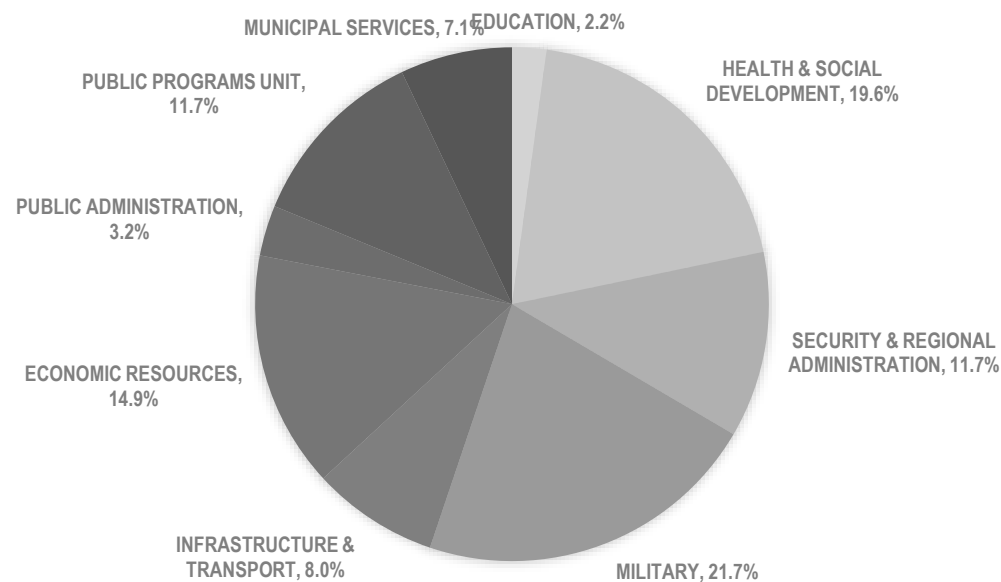
## 1.208 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.209 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.210 SWOT ANALYSIS

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

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.

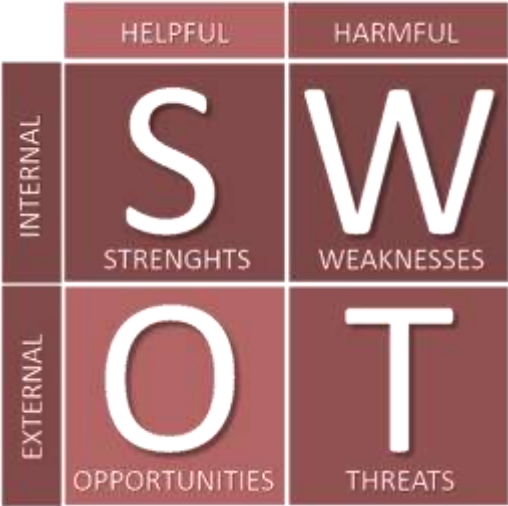
1.211 SECTOR BRIEF

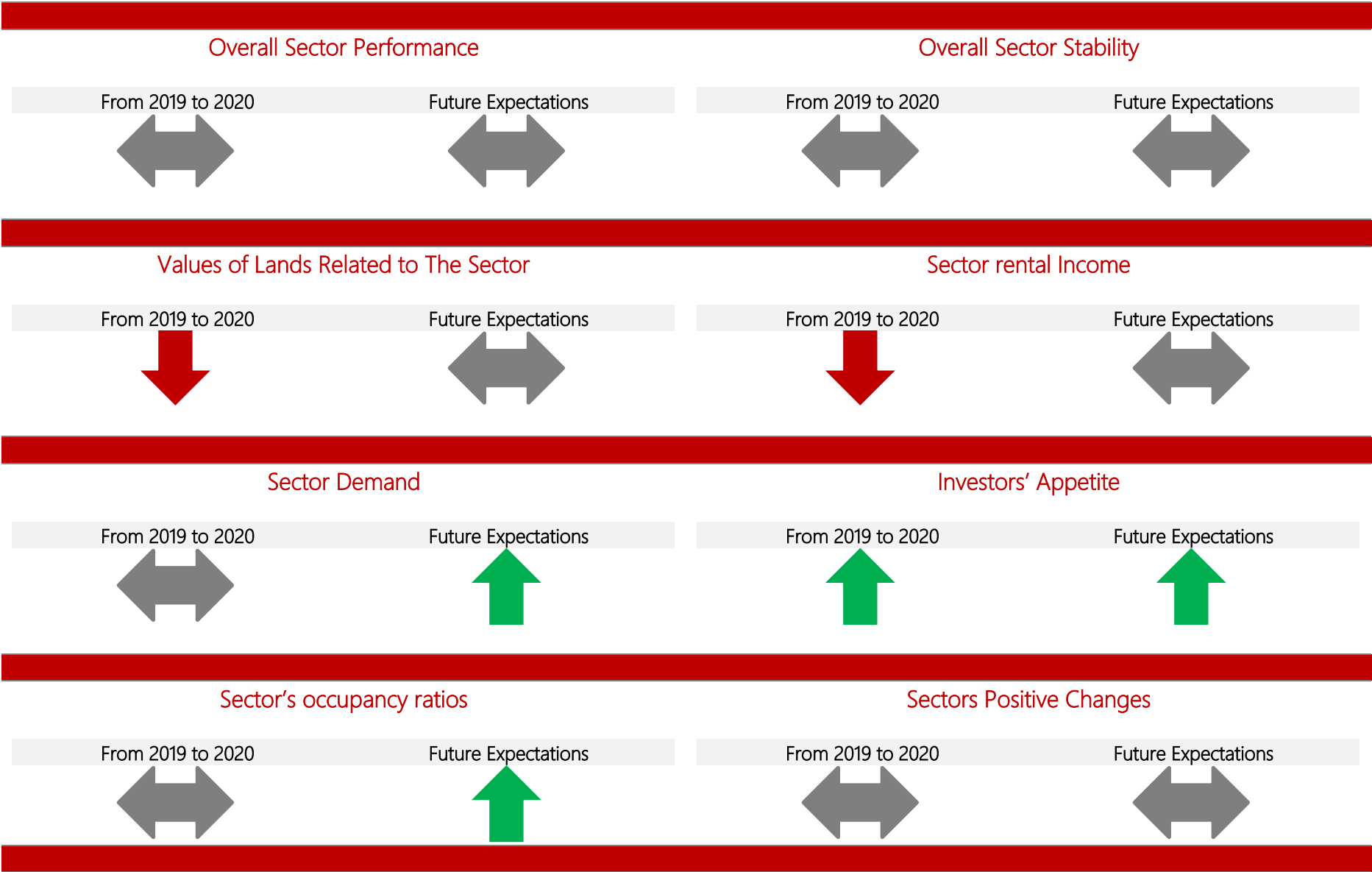
In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-   
  

- Indicator showing a decrease in the current performance comparing to the last year

Indicator showing an increase in the current performance comparing to the last year

Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



1.212 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk  
Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape		✓			
Surrounding Area facilities		✓			
Total Risk	0	8	0	0	0
Risk Category 8 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 8 Risk  
Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities		✓			
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	6	0	0	0
Medium Risk Category 6 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 6 Risk  
Points – Minimal Risk

# PROPERTY VALUATION

---





1.213 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Operational contract ✓	Leasing Contract ✓	Operational Cost - OPEX

1.214 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.

1.215 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.216 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.217 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.218 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





1.219 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.220 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 600 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	Office Units
	Rental Rate/ Sqm	Rental Rate/ Sqm
Comparable 1	1,250 SAR/ Sqm	700 SAR/ Sqm
Comparable 2	1,250 SAR/ Sqm	750 SAR/ Sqm
Comparable 3	900 SAR/ Sqm	700 SAR/ Sqm
Average	1,150 SAR/ Sqm	720 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%
<b>Average</b>	<b>7.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Influence</b> <b>Notes</b>
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
<b>Total</b>	<b>-0.50%</b>
<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>	
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>
<b>Capitalization rate, according to market averages</b>	<b>8%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>

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	10
Increase Revision		0%	0%	5%	0%	0%	5%	0%	0%	5%	0%	0%
<b>Expected Revenues</b>												
Retail	Sqm	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354	4,354
Rate (SAR)	SAR	1,150	1,150	1,208	1,208	1,208	1,268	1,268	1,268	1,331	1,331	1,331
Total	SAR	5,007,100	5,007,100	5,257,455	5,257,455	5,257,455	5,520,328	5,520,328	5,520,328	5,796,344	5,796,344	5,796,344
Office	Sqm	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440
Rate (SAR)	SAR	750	750	788	788	788	827	827	827	868	868	868
Total	SAR	5,580,000	5,580,000	5,859,000	5,859,000	5,859,000	6,151,950	6,151,950	6,151,950	6,459,548	6,459,548	6,459,548
<b>Overall Revenues</b>		<b>10,587,100</b>	<b>10,587,100</b>	<b>11,116,455</b>	<b>11,116,455</b>	<b>11,116,455</b>	<b>11,672,278</b>	<b>11,672,278</b>	<b>11,672,278</b>	<b>12,255,892</b>	<b>12,255,892</b>	<b>12,255,892</b>
<b>Vacancy Rates</b>												
Retail	15.0%	751,065	751,065	788,618	788,618	788,618	828,049	828,049	828,049	869,452	869,452	869,452
Office	15.0%	837,000	837,000	878,850	878,850	878,850	922,793	922,793	922,793	968,932	968,932	968,932
Total		<b>1,588,065</b>	<b>1,588,065</b>	<b>1,667,468</b>	<b>1,667,468</b>	<b>1,667,468</b>	<b>1,750,842</b>	<b>1,750,842</b>	<b>1,750,842</b>	<b>1,838,384</b>	<b>1,838,384</b>	<b>1,838,384</b>
<b>Expenses</b>												
OPEX	13.0%	1,376,323	1,376,323	1,445,139	1,445,139	1,445,139	1,517,396	1,517,396	1,517,396	1,593,266	1,593,266	1,593,266
<b>Overall Expenses</b>		<b>1,376,323</b>	<b>1,376,323</b>	<b>1,445,139</b>	<b>1,445,139</b>	<b>1,445,139</b>	<b>1,517,396</b>	<b>1,517,396</b>	<b>1,517,396</b>	<b>1,593,266</b>	<b>1,593,266</b>	<b>1,593,266</b>
<b>NOI</b>		<b>7,622,712</b>	<b>7,622,712</b>	<b>8,003,848</b>	<b>8,003,848</b>	<b>8,003,848</b>	<b>8,404,040</b>	<b>8,404,040</b>	<b>8,404,040</b>	<b>8,824,242</b>	<b>8,824,242</b>	<b>8,824,242</b>
<b>Terminal Value @ -----&gt;</b>	<b>7.0%</b>											<b>126,060,600</b>
Discount Rate	9.00%	1.00	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
<b>Present Value</b>		<b>7,622,712</b>	<b>6,993,314</b>	<b>6,736,678</b>	<b>6,180,439</b>	<b>5,670,127</b>	<b>5,462,049</b>	<b>5,011,054</b>	<b>4,597,298</b>	<b>4,428,589</b>	<b>4,062,926</b>	<b>56,976,815</b>
<b>Market Rate / Net Present Value</b>												<b>113,742,002</b>



	Discount Rate				
Discount Rate	7.00%	8.00%	9.00%	10.0%	11.0%
Market Value	129,706,984	121,358,424	113,742,002	106,784,915	100,422,292

1.221 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: **113,742,000 SAR**  
One Hundred Thirteen Million and Seven Hundred Forty-Two Thousand Saudi Riyals

## PROPERTY DETAILS

---

**SAUDI FARANSI BANK**





1.222 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		

1.223 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	✓	✓	





1.224 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)





1.225 PROPERTY ACCESS

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





1.226 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
T.D Value	-----	Ownership Type	Freehold
Date of Last Transaction	09/06/1440 H. D	Limitation of Document	Mortgaged to Al Rajhi banking Investment
Issued From	Dammam Notary		
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.
-------	--

1.227 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 12 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	

1.228 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



1.229 PHOTO RECORD



# MARKET INDICATORS

---





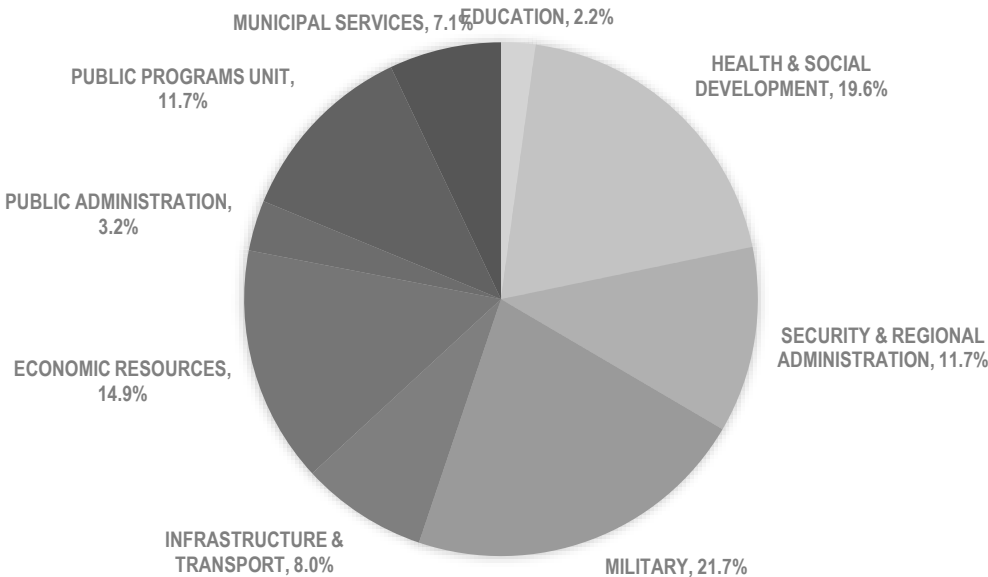
1.230 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

1.231 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy










1.232 SWOT ANALYSIS

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

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.

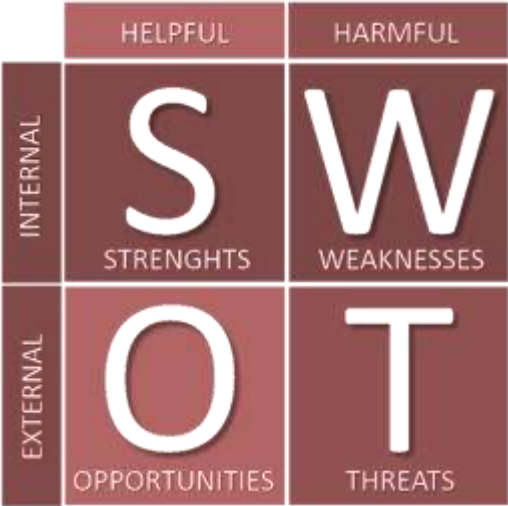
1.233 SECTOR BRIEF

In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

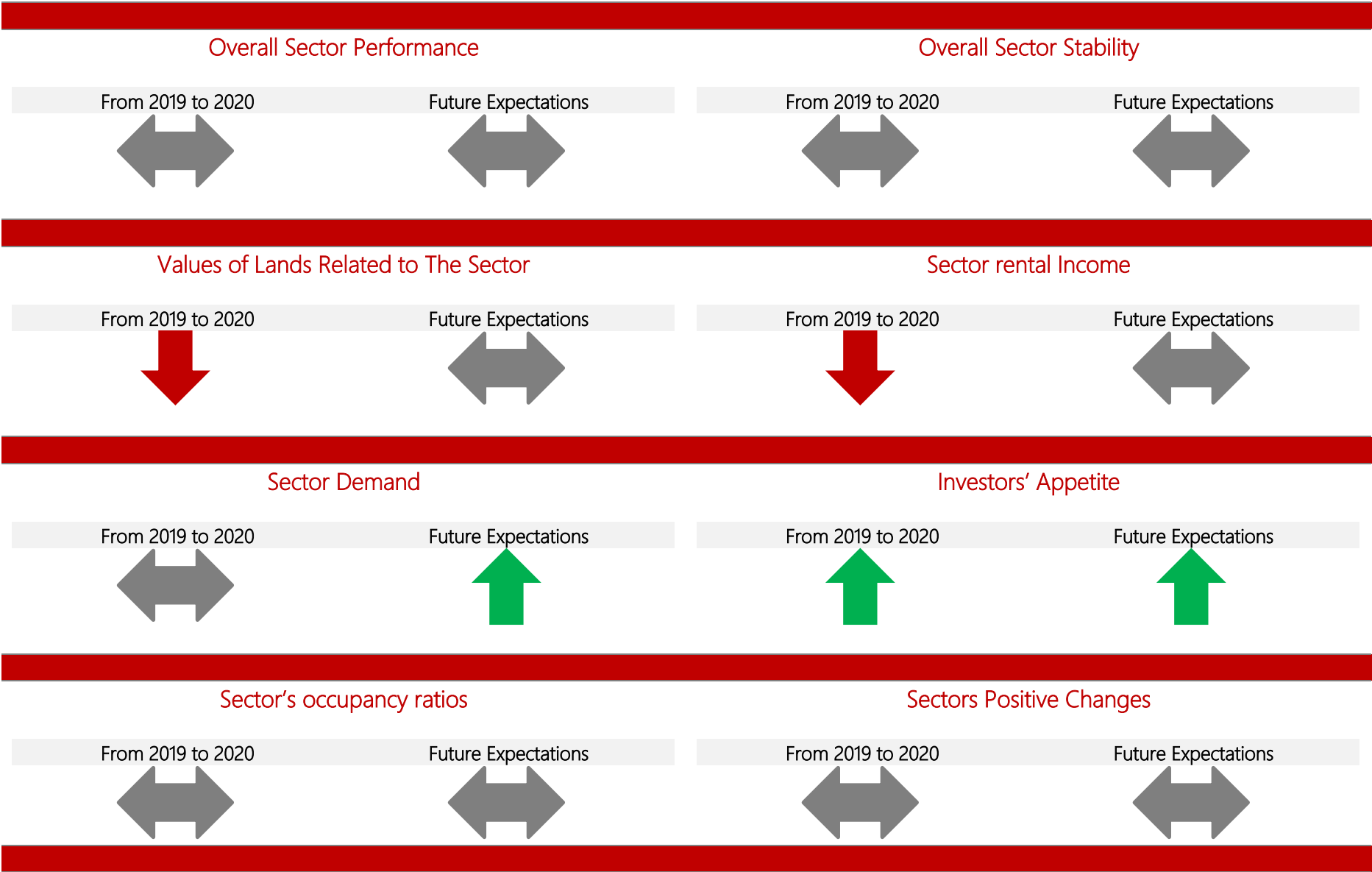
-   
  

- Indicator showing a decrease in the current performance comparing to the last year

Indicator showing an increase in the current performance comparing to the last year

Indicator showing a stable position in the current performance comparing to the last year







White Cubes Team's Analysis



1.234 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape			✓		
Surrounding Area facilities		✓			
Total Risk	0	6	3	0	0
Risk Category 9 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 9 Risk Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Medium Risk Category 7 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---





1.235 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki
Master Plan	Layouts	3D Design & Perspectives
Pictures	Presentation of the subject property	Location Map
Location Link ✓	Contact Details ✓	Costing & Budget
Tenant List	Leasing Contract ✓	Operational Cost - OPEX

1.236 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.

1.237 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.238 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.239 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.240 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.241 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			✓		



## COMPARABLE METHOD

This is the method most are familiar with as it is the accepted method for valuing residential real estate. Typically, this method involves selecting properties with similar characteristics in the same market area that have recently sold. Once those properties are found they are compared to the property in question and a professional appraiser will deduct value from the subject property for comparative deficiencies and increase value for advantages. Typically, this method is required if the investor is seeking conventional financing. For comparable information, property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for property of the nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, are investigated to ascertain a reasonable selling price.

## DEPRECIATED REPLACEMENT COST (DRC)

A cost approach is a real estate valuation method that surmises that the price someone should pay for a piece of property should not exceed what someone would have to pay to build an equivalent building. In cost approach pricing, the market price for the property is equivalent to the cost of land plus cost of construction, less depreciation. It is often most accurate for market value when the property is new. Generally, the cost approach considers what the land, devoid of any structures, would cost, then adds the cost of building the structures, then depreciation is subtracted. The cost approach is most often used for public buildings, such as schools and churches, because it is difficult to find recently sold comparable properties in the local market, and public buildings do not earn income, so the income approach cannot be used, either. A property that already has improvements will usually contribute a certain amount of value to the site, but improvements can also lower property value if the site's potential buyers wish to use the property for another use that would entail removing some of the improvements to the current site. The cost approach is best used when improvements are new and there is adequate pricing information to value the property components. The cost approach may be less desirable if there are no recent sales of vacant land for which to compare, since the major method of valuing vacant lands is to use the sales comparison approach, or when construction costs are not readily available. The cost approach method includes:

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

## CAPITALIZATION METHOD (CAP RATE)

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

The appraiser calculates the income according to the following steps:

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

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



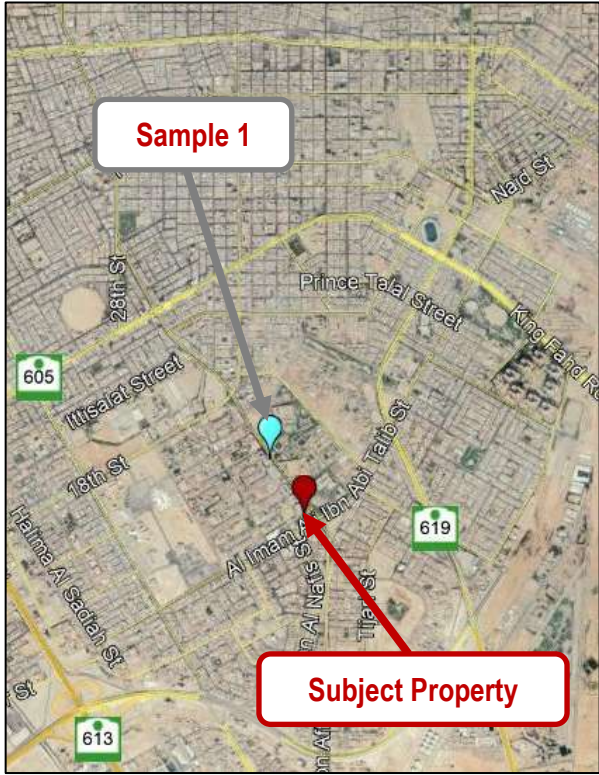


1.242 COMPARABLE APPROACH

This method aims to collect data and information on actual sales and / or current offers of similar properties within the surrounding market, and then make the necessary adjustments to these comparisons in terms of area, location, shape, quality, content and others. Below is a summary of the valuation process using the comparable method and the amendments made to the available comparisons

Characteristics of Samples		
Feature	Subject Property	Sample 1
Quoting	-----	Offering
District	Al Rayyan	Al Rayyan
Sale Price	-----	SAR 8,730,000
Data Source	Title Deed	Market Survey
Area Size	5,191.44	1,746.00
SAR / Sqm	-----	SAR 5,000
Sides Open	2	2

Adjustment Analysis			
		SAMPLE 1	
Area size	5,191.44	1,746.00	-5.00%
Location Desirability	Average	Average	0.00%
Accessibility	Excellent	Average	5.00%
Main Street Width (m)	50	50	0.00%
Sides Open	2	2	0.00%
Land Shape	Semi Regular	Regular	-5.00%
Close to main street	Yes	Yes	0.00%
Negotiable	-----	Yes	-10.00%
Other Factor	-----	-----	0.00%
Total Adjustments Ratio			-15.00%
Total Adjustment Amount			-SAR 750.0
Net After Adjustment			SAR 4,250.0
SAR / Sqm		SAR 4,250	
Rounded Value		SAR 4,250	



SENSITIVITY ANALYSIS					
	-10%	-5%	0%	5%	10%
Land Area	5,191	5,191	5,191	5,191	5,191
SAR / Sqm	SAR 3,825.0	SAR 4,037.5	SAR 4,250.0	SAR 4,462.5	SAR 4,675.0
Property Value	SAR 19,857,258	SAR 20,960,439	SAR 22,063,620	SAR 23,166,801	SAR 24,269,982
PROPERTY VALUE					



Based on the market samples obtained with the assistance of some real estate experts in the region and the inspection made by our team, the average prices for similar properties falls in the range of 4,000 - 4,500 SAR / Sqm with an average of 4,250 SAR / Sqm. When comparing with the results of the analysis of comparisons, we found that the property value falls within the same range and is close to the market average values.

### 1.243 COST APPROACH (DRC)

As a first step, the cost of reconstructing the building (the cost of replacement) was estimated, based on the average construction costs of similar properties and at the same level of finishes, services, utilities, and others. The opinion of some engineering experts was used in this regards. The following table shows the expected replacement costs for such property.

	Min Cost (SAR / Sqm)	Max Cost (SAR / Sqm)	Average Cost
<b>Skeleton - Concrete Cost</b>	1100	1200	SAR 1,150
<b>MEP</b>	450	550	SAR 500
<b>Finishing Materials</b>	700	900	SAR 800
<b>Site Improvements</b>	130	170	150
<b>Owner Profit</b>	18%	22%	20%

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

LAND			
Title Deed	Land Area	SAR / Sqm	Total Value
330105021295	5,191.44	SAR 4,250	SAR 22,063,620
Building			
	Unit	No of Units	Total BUA
<b>Ground Floor</b>	Sqm	1	426.00
<b>First Floor</b>	Sqm	-----	453.00
<b>Fences</b>	Linear M		292.00
<b>Fences</b>	Linear M		79.00
<b>Total (SQM)</b>	<b>879.00</b>		
<b>Total (M)</b>	<b>371.00</b>		



HARD COSTS ESTIMATES					
Ground Floor + First Floor					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Skeleton & Block	879.00	SAR 800	SAR 703,200	100%	SAR 703,200
Electro Mechanic	879.00	SAR 500	SAR 439,500	100%	SAR 439,500
Finishing	879.00	SAR 800	SAR 703,200	100%	SAR 703,200
Fit outs & Appliances	879.00	SAR 0	SAR 0	100%	SAR 0
Total			SAR 1,845,900	100.00%	SAR 1,845,900
General Site Development					
	Area	SAR / Sqm	Total	Completion Rate	Total Cost
Land Development	5,191.44	SAR 100	SAR 519,144	100%	SAR 519,144
Site Improvements	4,765.44	SAR 50	SAR 238,272	100%	SAR 238,272
Total			SAR 757,416	100.00%	SAR 757,416
	Actual Completion %			Total BUA	879.00
G+M + Upper Floor	100.00%			Total Hard Cost	SAR 2,603,316
General Site Dev.	100.00%			Average SAR / Sqm	SAR 2,962
				Overall Completion	100.00%
SOFT COSTS ESTIMATES					
			Total Hard Cost	Ratio	Soft Cost
Design			SAR 2,603,316	1.00%	SAR 26,033.16
Eng Consultant			SAR 2,603,316	1.00%	SAR 26,033.16
Management			SAR 2,603,316	2.50%	SAR 65,082.90
Contingency			SAR 2,603,316	2.50%	SAR 65,082.90
Others			SAR 2,603,316	2.50%	SAR 65,082.90
TOTAL					SAR 247,315.02

After knowing the total construction costs at a rate of 2,962 SAR per square meter, we will estimate the economic life of the property according to the type of construction and its general condition, then apply the depreciation rates based on the actual age of the property. The developer's profitability will be added to the property's value after depreciation to reflect the estimated market value of the building

DEVELOPMENT VALUE			
Hard Cost	SAR 2,603,316	Economic Age	40
Soft Cost	SAR 247,315	Annual Dep Rate	2.50%
Total Dev Cost	<b>SAR 2,850,631</b>		
		Actual Age	12
Net Dep Rate	30.00%	Total Dep Rate	30.00%
Dev Cost After Depreciation	<b>SAR 1,995,442</b>	Add Appr Rate	0.00%
		Net Dep Rate	<b>30.00%</b>
Total Completion Rate	100.00%		
Developer Profit Rate @	20.0%		
Dev. Profit Amount	SAR 399,088		
Development Value	<b>SAR 2,394,530</b>		



The total value of the building is 2,394,530 SAR, which will be added to the value of the land in order to get the full value of the property as follows:

Total Dev. Value	Land Value	Total Property Value	Rounded Value
SAR 2,394,530	SAR 22,063,620	SAR 24,458,150	SAR 24,460,000

### 1.244 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- 2020	2,000,000
7	2,000,000
8	2,000,000
9	2,000,000
10	2,000,000
<b>TOTAL</b>	<b>17,500,000</b>

### 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%
<b>Average</b>	<b>7.50%</b>
<b>The effect of the property specifications on the property</b>	
<b>Item</b>	<b>Influence</b>
Ease of access to the property	-0.25%
General condition of the property	0.00%
The general location of the property	-0.25%
Quality and finishes	0.00%
Project Management Team	0.00%
Services and public facilities	0.00%
<b>Total</b>	<b>-0.50%</b>
<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>	
<b>Total adjustments on capitalization rate</b>	<b>-0.50%</b>
<b>Capitalization rate, according to market averages</b>	<b>8%</b>
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>

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	0	0	The subject property is leased to <b>one company</b>		SAR 2,000,000.00
			SAR 0	SAR 0	SAR 0
				<b>Total Revenues</b>	<b>SAR 2,000,000.00</b>



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.

### 1.245 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

Methodology	Subject of Valuation	Value in Numbers	Value in Letters
<b>Income- Contract DRC Approach</b>	Property	SAR 28,570,000	Twenty-Eight Million and Five Hundred Seventy Thousand Saudi Riyals
	Land + Building	SAR 24,460,000	Twenty-Four Million and Four Hundred Sixty Thousand Saudi Riyals

### 1.246 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







1.247 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 16,697 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		

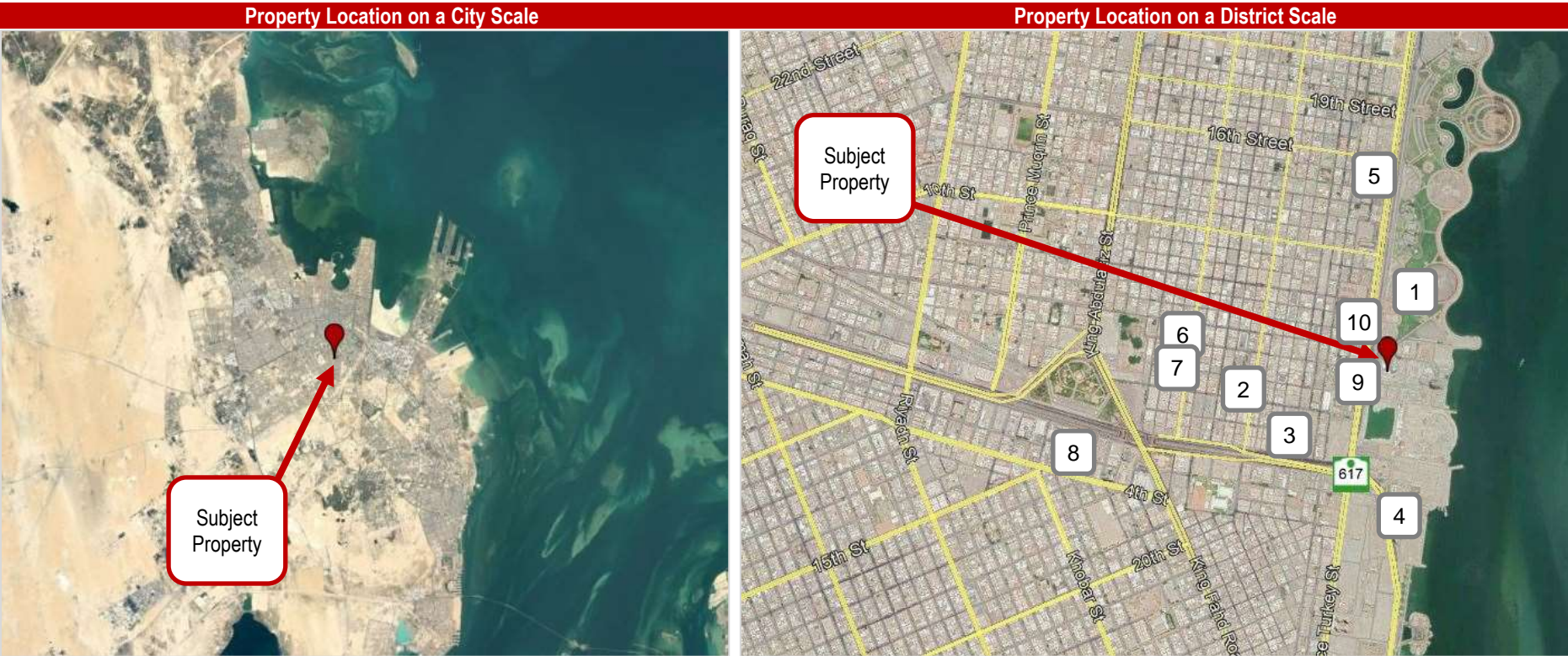
1.248 INFRASTRUCTURE FACILITIES

	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	✓	✓	



1.249 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)

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







1.251 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	330208005623	Layout No.	356/2
T.D Date	14/09/1436 H. D	Owner	Ajdan for real Estate Development
T.D Value	N/A	Ownership Type	Freehold
Date of Last Transaction	16/12/1427 H. D	Limitation of Document	N/A
Issued From	Khobar Notary		
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.
-------	--

1.252 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	

1.253 INSURANCE

We have not been provided with any insurance policy for the underlying asset.



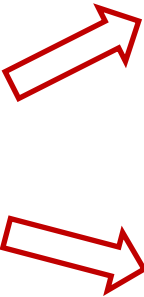
1.254 PROPERTY COMPONENTS

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

1.255 PROPERTY PERSPECTIVE

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





1.256 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.







1.257 PHOTO RECORD



# MARKET INDICATORS

---





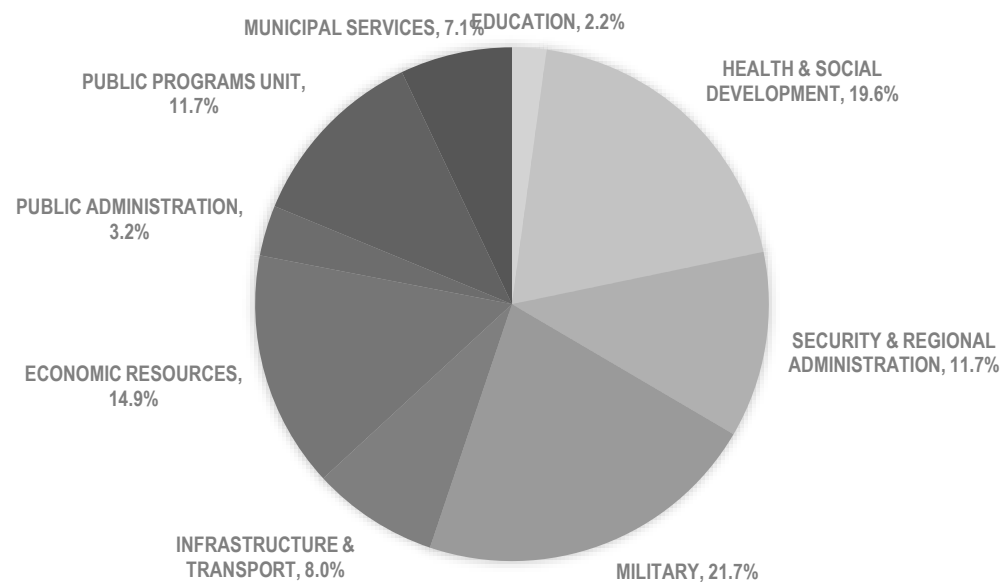
## 1.258 SAUDI ARABIA ECONOMIC INDICATORS

Economic Indicator	2018	2019	2020
GDP (Source: General Authority for Statistics)	(Q2) 732,747 Bn	642.8 Bn (E)	657.58 Bn (E)
GDP Growth (Source: Ministry of Finance)	%2.3	0.5%	2% (E)
Inflation Rate (Source: SAMA)	2.45%	-1.22%	-1.5% (E)
Interest Rates (Source: Trading Economics)	2.75%	3%	2.5% (E)
Government Revenues (Source: General Authority for Statistics)	895 Bn	978 Bn	833 Bn (E)
Government Spending (Source: General Authority for Statistics)	1,079 Bn	1,050 Bn (E)	1,020 Bn (E)
Unemployment Rate (Source: General Authority for Statistics)	6%	5.6%	5.2% (E)
Population (Source: General Authority for Statistics)	33,413,660	34,413,660	34,218,169

## 1.259 BUDGET ALLOCATION FOR 2019

Public Administration	28 SAR bn
Military	191 SAR bn
Security & Regional Adm.	103 SAR bn
Municipal Services	62 SAR bn
Education	193 SAR bn
Health & Social Dev.	172 SAR bn
Economic Resources	131 SAR bn
Infrastructure & Transport	70 SAR bn
Public Programs Unit	103 SAR bn

Source: Ministry of Economy








1.260 SWOT ANALYSIS

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

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.

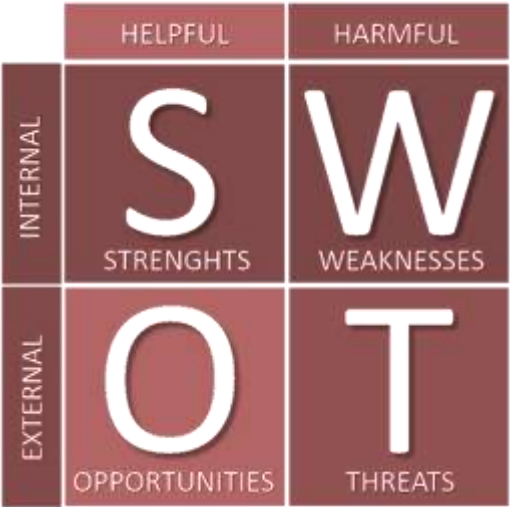
1.261 SECTOR BRIEF

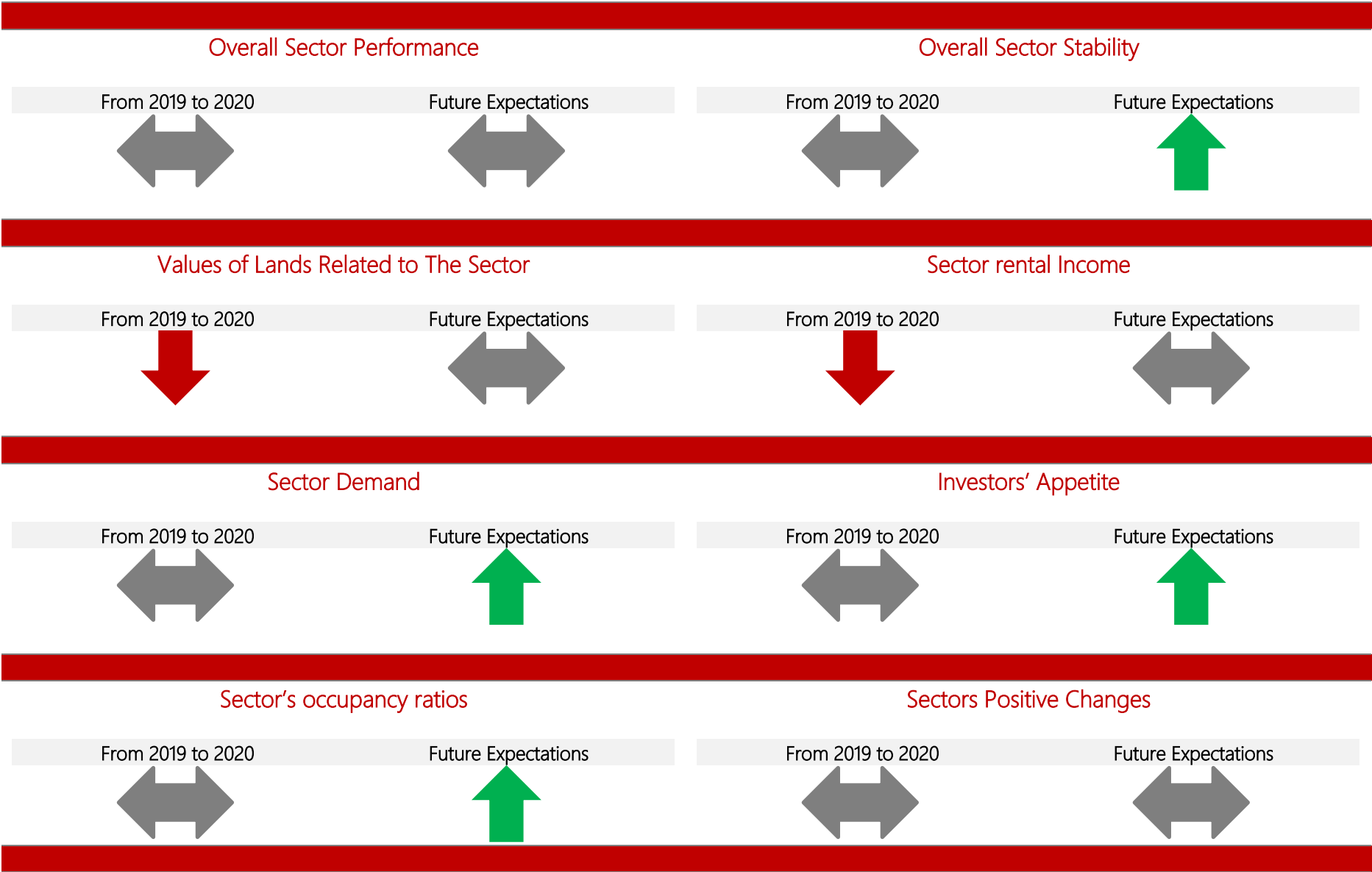
In the following we will insert general information about the real estate sector related to the property subject of our valuation and which is intended to give an initial indication on the sector. These information and indicators are estimated based on our experience, the current sector performance and some other historical data collected from our side, In addition to some current economic changes in general.

-   
  

- Indicator showing a decrease in the current performance comparing to the last year

Indicator showing an increase in the current performance comparing to the last year

Indicator showing a stable position in the current performance comparing to the last year





White Cubes Team's Analysis



1.262 RISK ANALYSIS

Risk Factor	Very Low Risk (1) 1-6	Minimal Risk (2) 8-12	Medium Risk (3) 13-18	Elevated Risk (4) 19-24	Very High Risk (5) 25-30
Overall Economy			✓		
Sector Current Performance			✓		
Sector Future Performance		✓			
Occupancy Rates			✓		
Supply Rate			✓		
Demand Rate			✓		
Total Risk	0	2	15	0	0
Risk Category 17 Risk Points - Medium Risk					

Sector Analysis

Risk Category- 17 Risk Points - Medium Risk

Risk Factor	Very Low Risk (1) 1-5	Minimal Risk (2) 6-10	Medium Risk (3) 11-15	Elevated Risk (4) 16-20	Very High Risk (5) 21-25
Access		✓			
Location		✓			
Land Shape			✓		
Surrounding Area facilities			✓		
Total Risk	0	4	6	0	0
Risk Category 10 Risk Points – Minimal Risk					

Land Analysis

Risk Category- 10 Risk Points – Minimal Risk

Risk Factor	Very Low Risk (1) 1-3	Minimal Risk (2) 4-6	Medium Risk (3) 7-9	Elevated Risk (4) 10-12	Very High Risk (5) 13-15
Facilities & Amenities			✓		
Management Skills		✓			
Overall Condition		✓			
Total Risk	0	4	3	0	0
Medium Risk Category 7 Risk Points - Minimal Risk					

Property Analysis

Risk Category- 7 Risk Points – Medium Risk

# PROPERTY VALUATION

---







1.263 DOCUMENTS RECIEVED

The client has provided us by clear copy of the following documents.

Title Deed Copy ✓	Construction Permit ✓	Krooki ✓
Master Plan ✓	Layouts ✓	3D Design & Perspectives ✓
Pictures ✓	Presentation of the subject property ✓	Location Map ✓
Location Link ✓	Contact Details ✓	Costing & Budget ✓
Leasing Contracts ✓	Tenant List ✓	Operational Cost - OPEX ✓

1.264 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.

1.265 LEGAL NOTICES

We are not aware of and have not been notified of any legal notices on the property, whether they are ongoing or pending in the courts.



1.266 INFORMATION SOURCE

Referring to the purpose of this report, it has been assumed that all information received from the client, whether verbal or written, is up-to-date and correct. Our team conducted a field research in order to ensure the validity of some market information for the purpose of valuation, which included the values of assets in the region, occupancy rates and market information related to the asset being valued in order to reach the market value of the asset being valued. During the field research process, some sources were relied on as follows:

- The field survey prepared by us
- Site inspection done by our team
- Our historical database for the similar assets of the property being valued
- Sales agents specialized with the same type of assets subject to valuation

1.267 STRUCTURAL EXAMINATION OF BUILDINGS (IF ANY)

Our service’s scope does not include any technical testing of buildings and / or structural examinations and does not include any quality assurance of these constructions. However, in the event of any visible and observed deficiencies in the structural structure, we will write it down in our report and reflect such effect on the value.

1.268 INPUT VALUATION PROCESS

After carrying out the inspection process of the subject property, and based on the purpose of the valuation, we surveyed the surrounding area for the purpose of bringing in information related to the same sector to begin the actual assessment. This information may include similar land prices, residual values, income rates and other information that may be useful, depending on the assessment method to be followed in this report.

1.269 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.

### 1.270 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 which we will base our valuation upon. 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.

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%	
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
-----	0	0	SAR 0	SAR 0	SAR 0
				<b>Total Revenues</b>	<b>SAR 25,000,000</b>
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%
-----	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
	SAR 0	0.00%	SAR 0
		<b>Total</b>	<b>SAR 25,000,000</b>
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	<b>357,000,000.00 SAR</b>

1.271 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%
<b>Average</b>		<b>7.50%</b>
<b>The effect of the property specifications on the property</b>		
<b>Item</b>	<b>Influence</b>	<b>Notes</b>
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
<b>Total</b>	<b>-0.50%</b>	
<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>		
<b>Total adjustments on capitalization rate</b>	-0.50%	
<b>Capitalization rate, according to market averages</b>	8%	
<b>Estimated capitalization rate of the property valuation</b>	<b>7.00%</b>	



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
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

### 1.272 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

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

### 1.273 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**





### 1.274 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.

### 1.275 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.

### 1.276 CONCLUSION

We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright. This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the client. The valuer's approval is required in writing to reproduce this report either electronically or otherwise and for further onward distribution, hence no part of this report may be copied without prior consent. We trust that this report and valuation fulfills the requirement of your instruction. The contents, formats, methodology and criteria outlined in this report are pending copyright.

**Essam Hussaini**  
**Site Inspection Check**

**Member of (Taqeem)**  
**License No. 1210000474**



# GENERAL NOTES

---





1.277 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.

1.278 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*

No	If Yes		Remarks
	Client	Date	
✓	Sedco Capital	Dec 2019	_____
✓	_____	_____	_____
✓	_____	_____	_____

1.279 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.



1.280 ENVIRONMENTAL MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination.

In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the property. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from the use or site and have therefore assumed that none exists. However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the premises has been or is being put to any contaminative use, this might reduce the value now reported.