

**AHLAN COURT
AL KHABEER CAPITAL**

JEDDAH CITY
DECEMBER 2021



Valuation Report





REF: 2011397-1
Date: 14/12/2021
M/S Al Khabeer Capital

Subject: Valuation Report for retail project (Ahlan Court) in Jeddah City, Saudi Arabia.

Dear Sir,

With reference to your request and approval dated on November 18, 2021 for valuation service of the retail project (Ahlan Court) located in Jeddah city, please find hereafter our detailed valuation report including other information related to the mentioned property.

Issued without prejudice and liabilities

WHITE CUBES REAL ESTATE

Mr. Essam Al Hussaini – GM- WHITE CUBES KSA

Member of the Saudi Authority of Accredited Valuers (Taqeem)

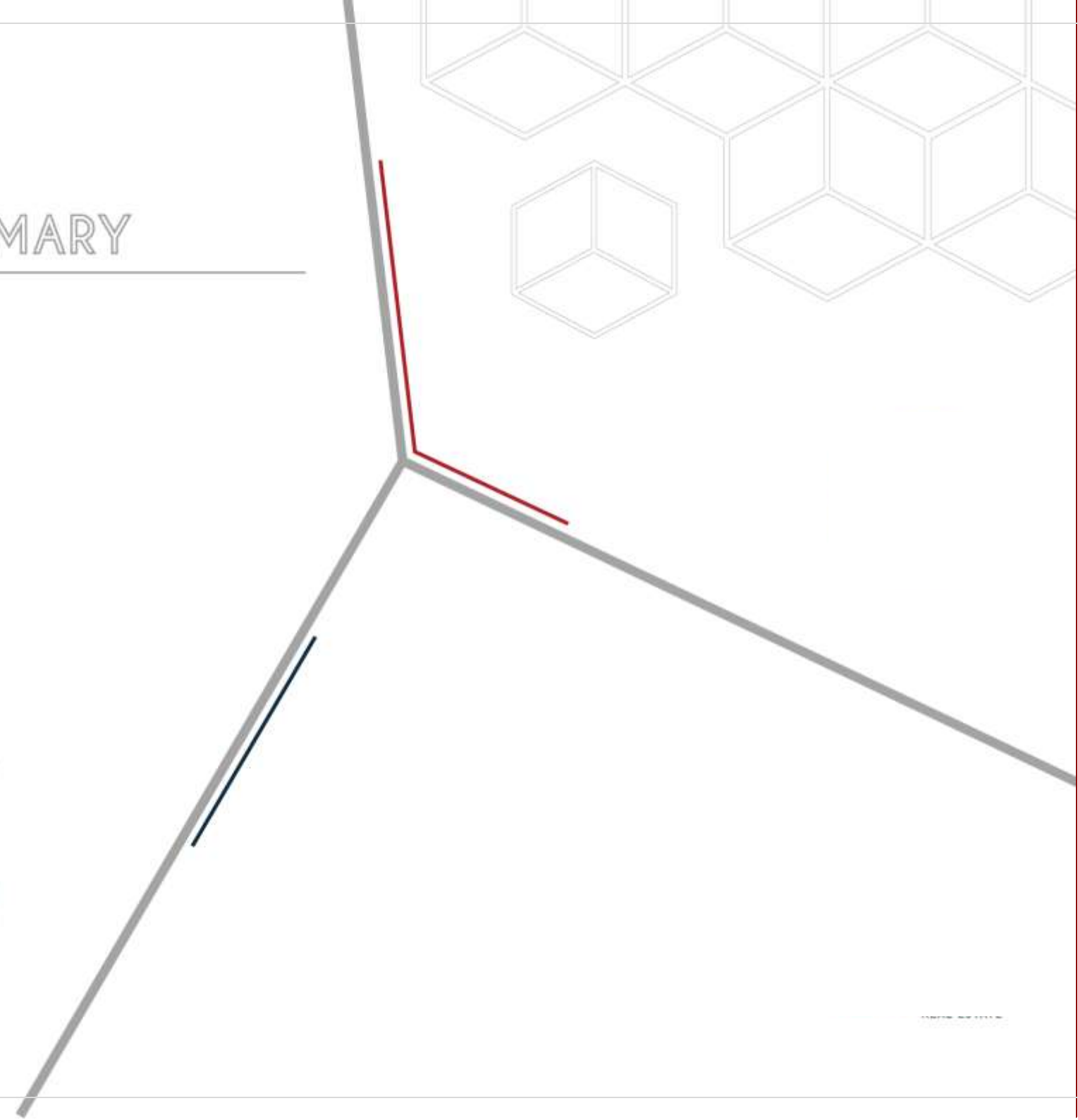
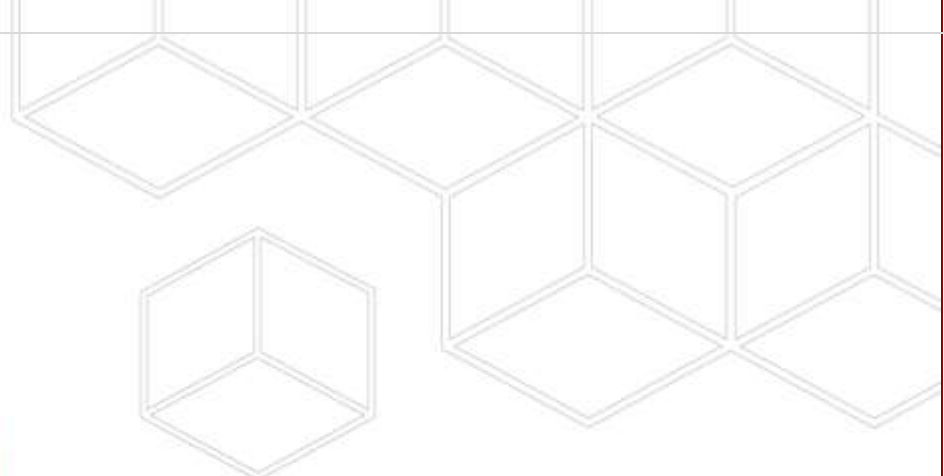




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EXECUTIVE SUMMARY

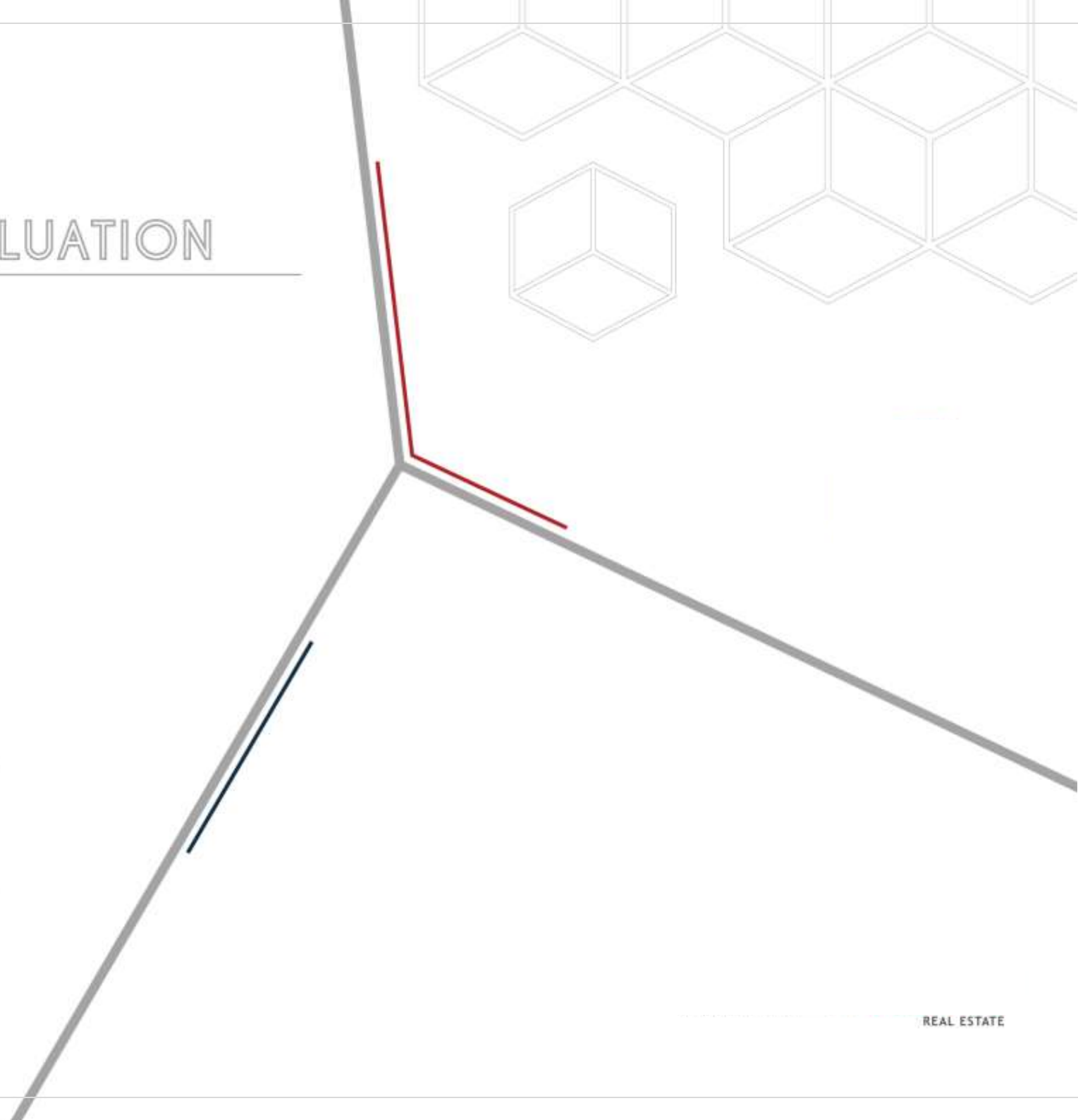
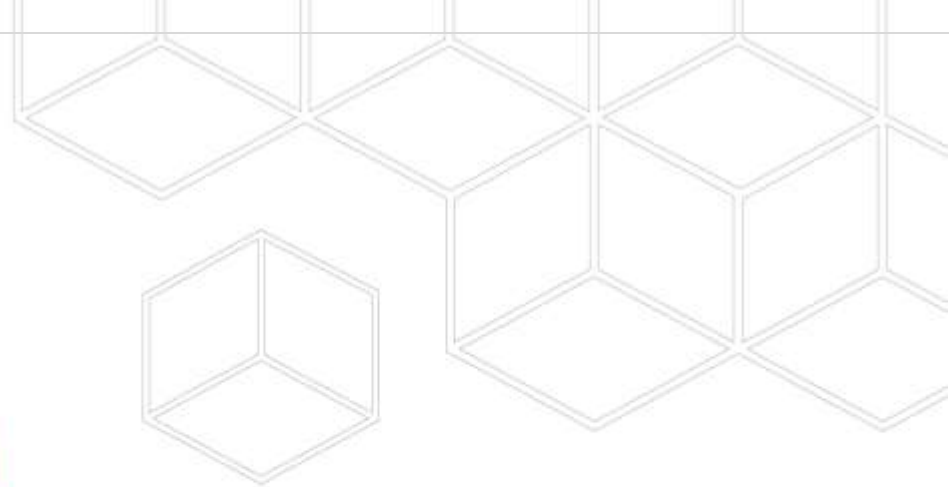




1.1 EXECUTIVE SUMMARY

| | |
|--|--|
| Introduction | We received instructions from the client on 18/11/2021 to implement valuation service for a commercial project in Jeddah city. |
| Client Reference No. | For whom this report is being prepared is Al Khabeer Capital, a Saudi company registered under the Saudi law. 2011397-1 |
| Purpose of Valuation Subject Property | Real Estate Investment Trust (REIT) Commercial Project |
| Property Location | The property is located in Al Andalos district, Jeddah City. |
| Title Deed Information | Title Deed No: 920210027006, Title Deed Date: 17/08/1440, Issued from Jeddah Notary |
| Ownership Type | Freehold (Mortgaged) |
| Owner | شركة أول الملقا العقارية |
| Land Use | Commercial |
| Land Area (Sqm) | Based on the title deed, the land has an area size of 4,342.25 Sqm |
| BUA (Sqm) | As per the provided construction permit, the building is composed of 2 floors with a total BUA of 2,758.3 Sqm |
| GLA (Sqm) | The total gross leasable area is 1,774 Sqm for showrooms and 984 Sqm for offices. |
| Vacancy Rate | Based on the client, the project is fully leased to 1 tenant |
| Valuation Approach | Income Approach & Cost Approach |
| Final Property Value | 65,300,000 SAR |
| Valuation Date | 14/12/2021 |
| Inspection Date | 25/11/2021 |

TERMS OF REFERENCE & VALUATION





1.2 BASIS OF VALUATION

Market Value

Market Value is defined as: -

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

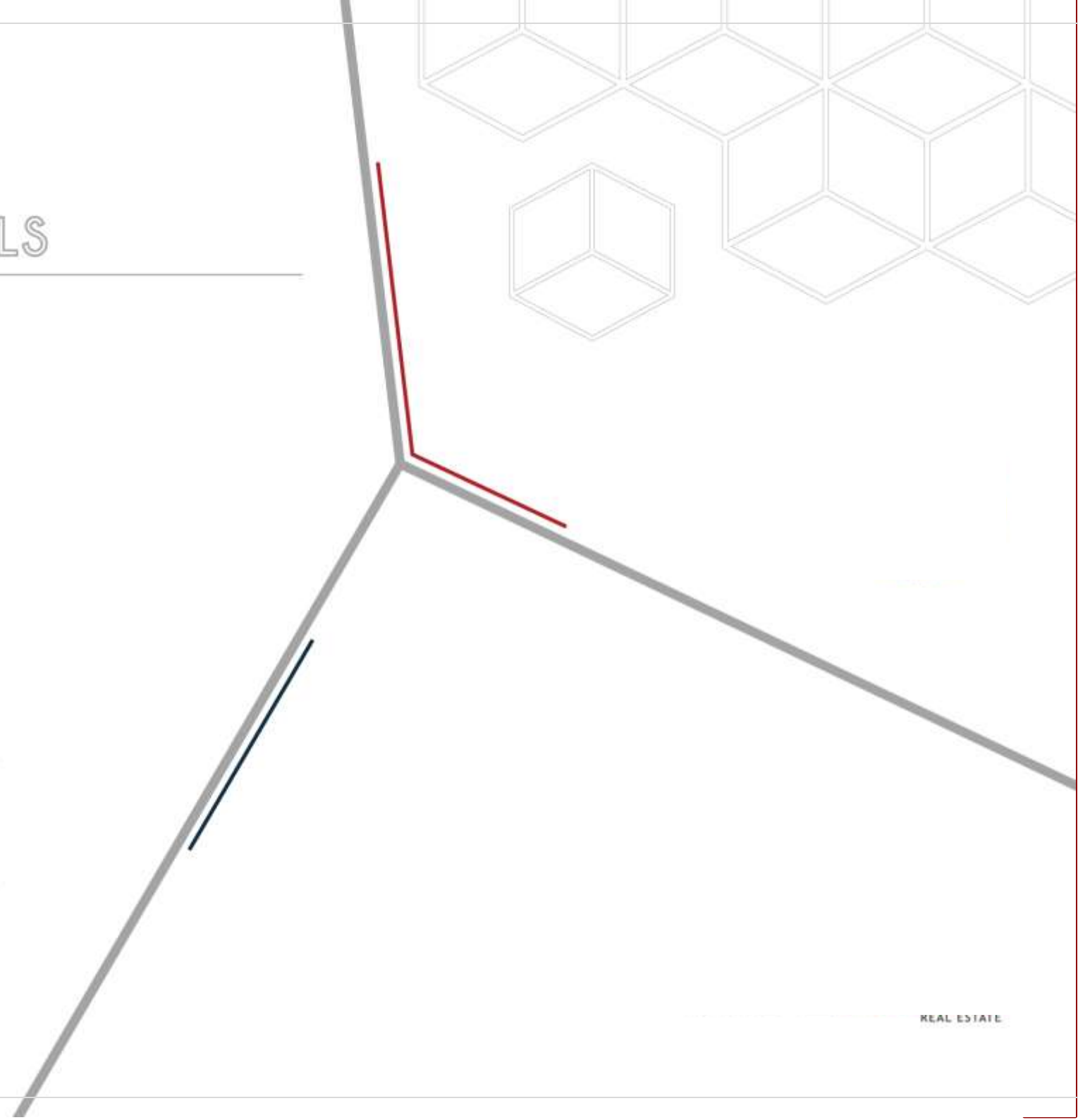
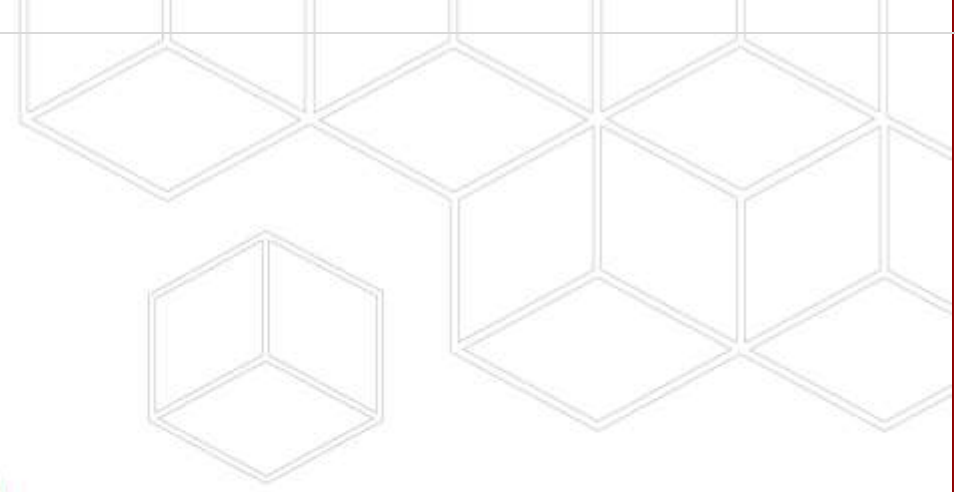
1.3 DATES

| | |
|----------------------|--------------------|
| Client Approval Date | November 18, 2021. |
| Inspection Date | November 25, 2021. |
| Valuation Date | December 14, 2021. |
| Report Date | December 14, 2021. |

1.4 PURPOSE OF VALUATION

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

PROPERTY DETAILS





1.5 PROPERTY & LOCATION DESCRIPTION

| | |
|--------------------------------------|---|
| Property Description | The subject property is a constructed property located in Al Andalos district, Jeddah city. The Property has a total land area of 4,342.25 Sqm, and a total BUA of 2,758.3 Sqm. The subject property is a commercial retail building. As per the site inspection done by our team, the project is open on 3 sides from the north east and south with a direct view on Prince Mohammad Bin Abdulaziz Road. All infrastructural facilities such as water, electricity, telecommunication and sewage are available in the surroundings and connected the subject property. |
| Location Description | The property subject of valuation is a commercial project in Al Andalos district, Jeddah City. The property is bordered from the north by Prince Mohammad Bin Abdulaziz Road 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 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 prince Mohammad Bin Abdulaziz Road and open from 3 sides. |
| Area Surrounding the Property | The subject property is mostly surrounded by residential and 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 | Prince Mohammad Bin Abdulaziz Road | Building Finishing Conditions | Good |
| Direct View on an Internal Street | Unnamed Street | Overall Building Conditions | Good |
| Land Condition | Constructed | | |

1.6 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 | ✓ | ✓ | |



1.7 LOCATION

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

Property Location on a City Scale



Property Location on a District Scale



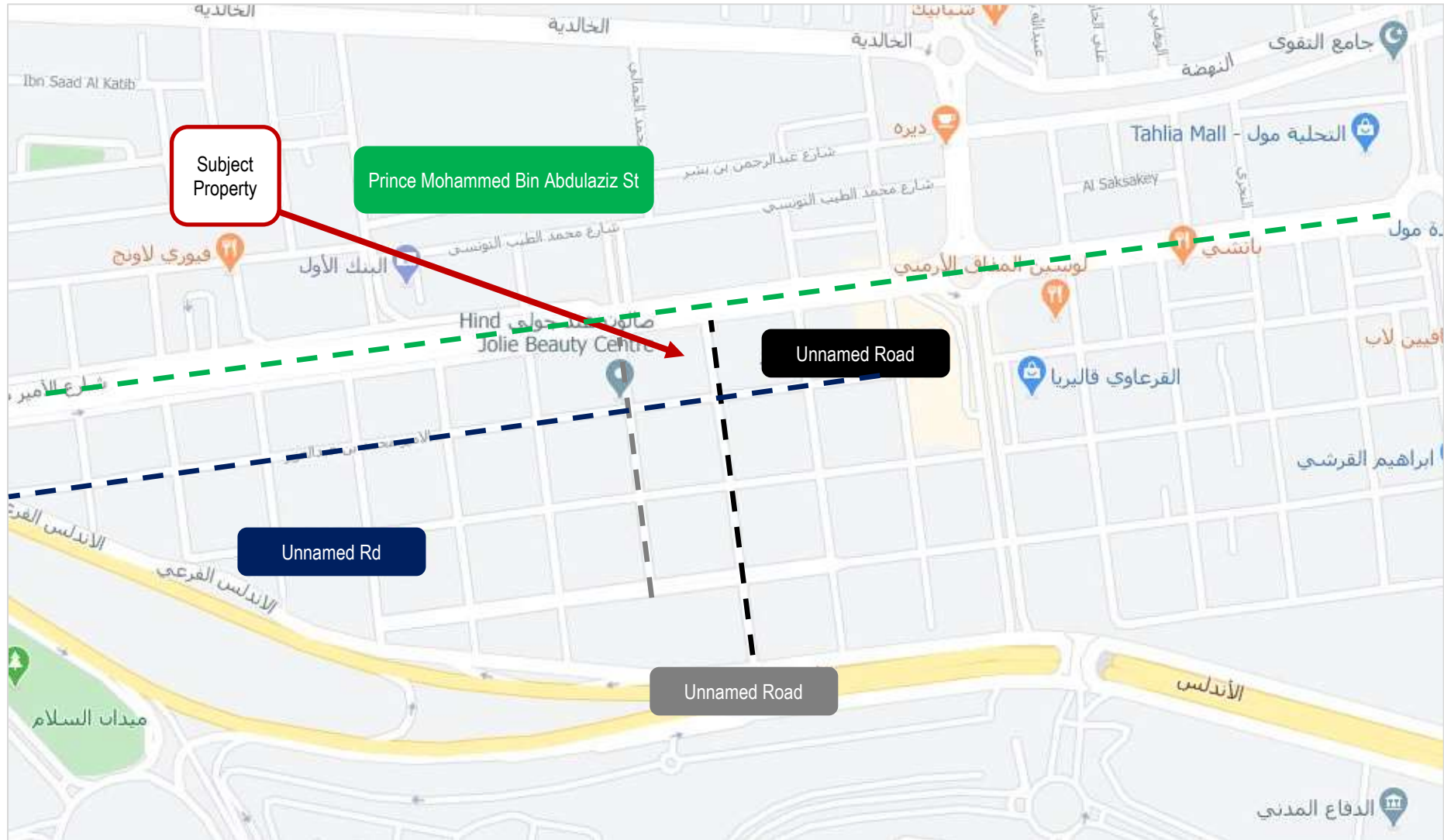
Surrounding Landmarks

- | | |
|---|--|
| <ul style="list-style-type: none"> 1- Ittihad Fc (0.05 Kilometers) 2- Piatto Le Chateau (0.08 Kilometres) 3- Bank Al Jazira (0.1 Kilometers) 4- Toni & Guy Jeddah (0.1 Kilometers) 5- Tahlia Roshana Center (0.3 Kilometres) | <ul style="list-style-type: none"> 6- Kaki Soccer Field Khalidya (0.45 Kilometres) 7- Alawwal Bank (0.4 Kilometres) 8- Majid Society (0.2 Kilometres) 9- Teatro Mall (0.4 Kilometres) 10- Deera Café (0.6 Kilometres) |
|---|--|



1.8 PROPERTY ACCESS

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





1.9 TITLE DEED & OWNERSHIP

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

| | | | |
|---|--|-------------------------------|------------------------------|
| City | Jeddah | Land Area | 4,342.25 |
| District | Al Andalos | Plot No. | 1 |
| T.D Type | Electronic | Block No. | N/A |
| T.D Number | 920210027006 | Layout No. | ت.س/860 |
| T.D Date | 17/08/1440 | Owner | شركة أول الملقا العقارية |
| T.D Value | 38,181,818.19 SAR | Ownership Type | Freehold |
| Date of Last Transaction Issued From | 17/08/1440 Jeddah Notary | Limitation of Document | Mortgaged |
| North Side | Private Property | East Side | Private Property |
| South Side | Al Khalil Street (10 Meters) | West Side | Al Khalil Street (10 Meters) |
| Notes | The client has provided us with copy of the Title Deed which was assumed to be correct and authentic. It is not in our scope to run legal diagnosis on any legal document. | | |

1.10 CONSTRUCTION & BUILDINGS

The building permit indicates the maximum permissible BUA approved by the city municipality. However, the actual area may differ from the area mentioned in the building permit. Therefore, if the customer did not provide us with a copy of the approved plans, the valuation will be done based on the building permit provided by the customer. In the event that the customer does not provide us with a copy of the legal documents that show the total building surfaces, we will value them using the skills of our team along with the municipality's laws and regulations, and therefore the building surfaces will be estimated only roughly.

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



The subject property is a fully constructed Commercial building composed of 2 floors which was constructed 12 years ago. 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 | New Permit |
| Property Type | Commercial |
| Construction Permit No. | 427000307 |
| Construction Permit Date | 1427 |
| Permit Expiry Date | 1430 |

| Description | No. of Units | Area (sqm) | Use |
|------------------------|--------------|----------------|------------|
| Ground Floor | 6 | 1,774.3 | Restaurant |
| Mezzanine | --- | --- | --- |
| Basement | --- | --- | --- |
| First Floor | 1 | 984 | Restaurant |
| Total BAU (sqm) | | 2,758.3 | |

1.11 BUILDING GROSS LEASABLE AREA (GLA)

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

1.12 PROPERTY ACTUAL RENTAL RATES

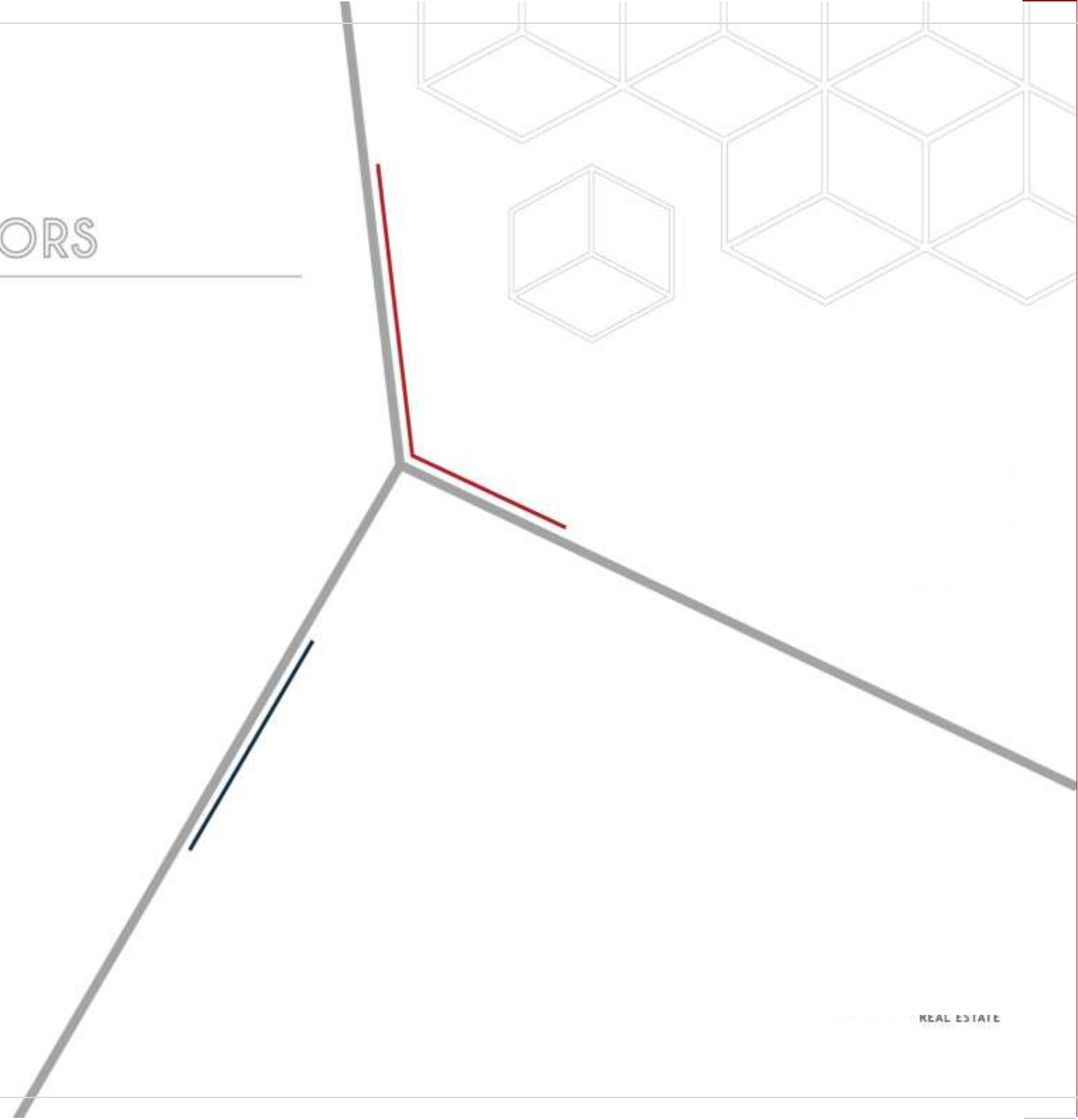
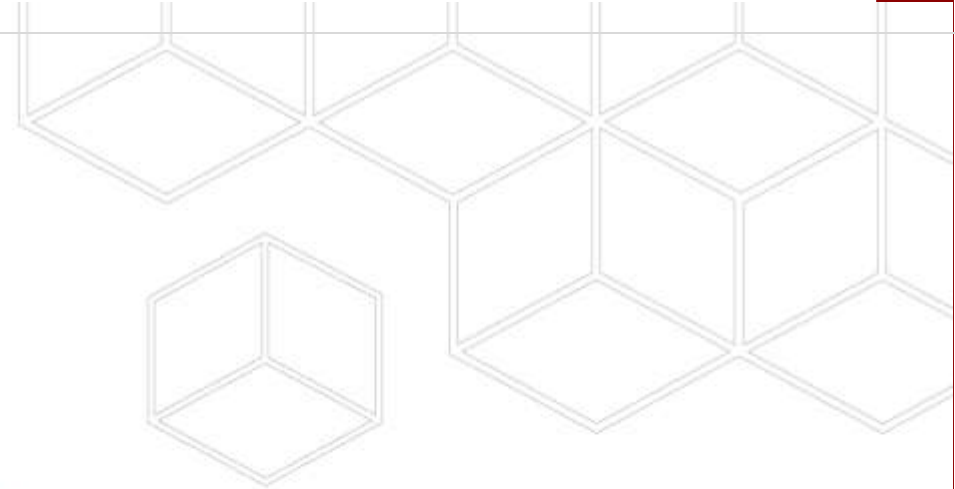
Based on the statement submitted to us by the client, the occupancy rate of the project is currently 100% of the total GLA is 2,758 Sqm.



1.13 PHOTO RECORD



MARKET INDICATORS





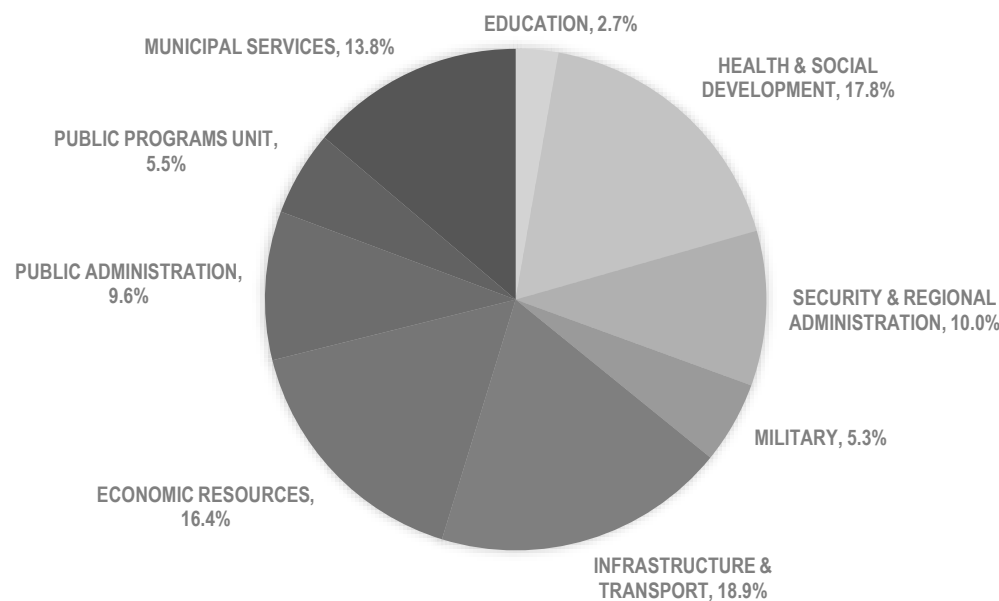
1.14 SAUDI ARABIA ECONOMIC INDICATORS

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

1.15 BUDGET ALLOCATION FOR 2020

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

Source: Ministry of Economy





1.16 SWOT ANALYSIS

| | |
|---|---|
| Strength <ul style="list-style-type: none"> - Open on 3 sides - Have a direct view on the main street - Near the seashores | Weakness <ul style="list-style-type: none"> - None |
| Opportunities <ul style="list-style-type: none"> - Surrounded by several residential units | Threats <ul style="list-style-type: none"> - Similar and upcoming projects |

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

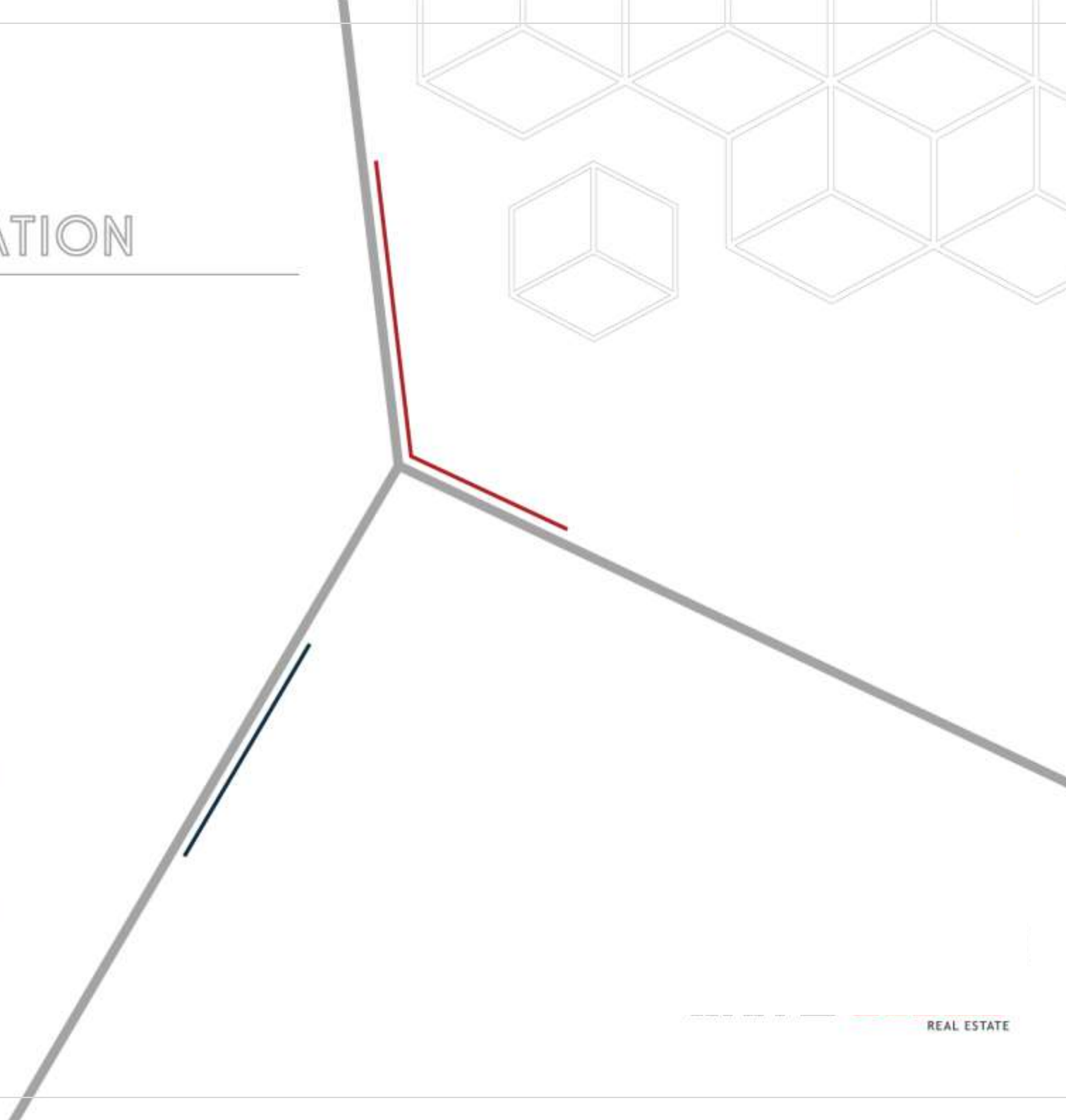
1.17 RISK ANALYSIS

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

Sector Analysis

Risk Category- 26 Risk Points - Medium Risk

PROPERTY VALUATION





1.18 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.

1.19 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.



1.20 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

As per the market survey done by our team for the purpose of valuation, we couldn't find samples similar to the subject property in terms of location, area size, use, etc. Therefore, we have executed trade interviews with several local real estate agents and found that the average rate to such lands falls between 12,000 & 14,000 SAR/ Sqm. We will base our valuation analysis on the average rate 13,000 SAR/ Sqm.

| SENSITIVITY ANALYSIS | | | | | |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| | -10% | -5% | 0% | 5% | 10% |
| Land Area | 4,342 | 4,342 | 4,342 | 4,342 | 4,342 |
| SAR / Sqm | SAR 11,700.0 | SAR 12,350.0 | SAR 13,000.0 | SAR 13,650.0 | SAR 14,300.0 |
| Property Value | SAR 50,804,325 | SAR 53,626,788 | SAR 56,449,250 | SAR 59,271,713 | SAR 62,094,175 |
| PROPERTY VALUE | | | | | |

1.21 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 |
|--------------------------|----------------------|----------------------|--------------|
| Skeleton - Concrete Cost | SAR 700 | SAR 900 | SAR 800 |
| MEP | SAR 150 | SAR 250 | SAR 200 |
| Finishing Materials | SAR 350 | SAR 450 | SAR 400 |
| Site Improvements | SAR 180 | SAR 220 | SAR 200 |
| Owner Profit | 18% | 22% | 20% |

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

| LAND | | |
|-----------|------------|----------------|
| Land Area | SAR / Sqm | Total Value |
| 4,342.25 | SAR 13,000 | SAR 56,449,250 |



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

| Development Cost | | | | | |
|--------------------------------|-------------------------|-----------|---------------------------|------------------|-----------------------|
| Hard Cost - Upper Floors | | | | | |
| | Area | SAR / Sqm | Total | Completion Rate | Total Cost |
| Skeleton & Block | 2,758.30 | SAR 800 | SAR 2,206,640 | 100% | SAR 2,206,640 |
| Electro Mechanic | 2,758.30 | SAR 200 | SAR 551,660 | 100% | SAR 551,660 |
| Finishing | 2,758.30 | SAR 400 | SAR 1,103,320 | 100% | SAR 1,103,320 |
| Site Improvement | 4,342.25 | SAR 200 | SAR 868,450 | 100% | SAR 868,450 |
| Total | | | SAR 4,730,070 | 100.00% | SAR 4,730,070 |
| Overall Soft Cost | | | | | |
| | | | Total Hard Cost | Ratio | Soft Cost |
| Initial Project Pre Cost | | | SAR 4,730,070 | 0.10% | SAR 4,730 |
| Design | | | SAR 4,730,070 | 0.50% | SAR 23,650 |
| Eng Consultant | | | SAR 4,730,070 | 1.00% | SAR 47,301 |
| Management | | | SAR 4,730,070 | 5.00% | SAR 236,504 |
| Contingency | | | SAR 4,730,070 | 5.00% | SAR 236,504 |
| TOTAL | | | | 11.60% | SAR 548,688.12 |
| Total Hard Cost | SAR 4,730,070 | | BUA | 2,758.30 | |
| Total Soft Cost | SAR 548,688.12 | | SAR / Sqm | SAR 1,914 | |
| Total Construction Cost | SAR 5,278,758.12 | | Overall Completion | 100.0% | |

After knowing the total construction costs at a rate 1,914 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 | | | |
|------------------------|----------------------|------------------------------------|----------------------|
| Total Dev Cost | SAR 5,278,758 | Net Dep Rate | 43.33% |
| | | Dev Cost After Depreciation | SAR 2,991,296 |
| Economic Age | 30 | Total Completion Rate | 100.00% |
| Annual Dep Rate | 3.33% | Developer Profit Rate | 20.0% |
| Actual Age | 13 | | |
| Total Dep Rate | 43.33% | Dev. Profit Amount | SAR 598,259 |
| Add Appr Rate | 0.00% | Development Value | SAR 3,589,556 |
| Net Dep Rate | 43.33% | | |



The total value of the building is 3,589,556 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 3,589,556 | SAR 56,449,250 | SAR 60,038,806 | SAR 60,040,000 |

1.22 INCOME APPROACH BASED ON MARKET RATES

Market Rental Analysis

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

| Comparable No. | Office Units | Commercial Units |
|----------------|-------------------|-------------------|
| | Rental Rate/ Unit | Rental Rate/ Unit |
| Comparable 1 | 700 SAR/ Sqm | 2,700 SAR/ Sqm |
| Comparable 2 | 800 SAR/ Sqm | 2,500 SAR/ Sqm |
| Average | 750 SAR/ Sqm | 2,600 SAR/ Sqm |





Analysis of Operating and Maintenance Expenses

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

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

Property Operation and Maintenance Expenses

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

Market Capitalization Rate Analysis

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

The Capitalization Rate Used for the Valuation

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

With regard to the capitalization rate used in the valuation, we will rely on the averages of the capitalization rate by market and then make some adjustments based on the real estate situation in terms of the following:

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

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



| | |
|---|---|
| Minimum capitalization rate | 8.00% |
| Maximum capitalization rate | 9.00% |
| Average | 8.50% |
| 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 11 years |
| The general location of the property | ----- -0.25% The area is served excellently |
| Quality and finishes | ----- 0.25% Average quality finishes |
| Project Management Team | ----- -0.25% Good management and operational team level |
| Services and public facilities | ----- 0.25% level and availability of services is average |
| Total | 0.00% |
| <i>Note: When the effect is negative (-), this reduces the capitalization rate, which increases the value of the property. And when the effect is positive (+), this increases the capitalization rate, which reduces the value of the property</i> | |
| Total adjustments on capitalization rate | 0.00% |
| Capitalization rate, according to market averages | 9% |
| Estimated capitalization rate of the property valuation | 8.50% |

Occupancy Rates in the Project

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

| REVENUES | | | | | | |
|--------------------------------|-----------------|-----------------------|---------------|----------------------|-----------------------|-------------------------|
| Unit Type | Quantity | Revenues | | Revenues | | |
| Unit Type | Total GLA | No of Units | SAR / Sqm | SAR / Unit | Total Revenues | |
| Show Rooms | 1,774 | 0 | SAR 3,100 | SAR 0 | SAR 5,499,400 | |
| Offices | 984 | 0 | SAR 750 | SAR 0 | SAR 738,000 | |
| ----- | 0 | 0 | SAR 0 | SAR 0 | SAR 0 | |
| | | | | | Total Revenues | SAR 6,237,400 |
| EXPENSES | | | | | | |
| Unit Type | Management | Utilities | Maintenance | Vacancy | Total Expenses | |
| Show Rooms | 2.00% | 2.00% | 2.00% | 5.00% | 11.00% | |
| Offices | 2.00% | 2.00% | 2.00% | 5.00% | 11.00% | |
| ----- | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| NET OPERATING INCOME | | | | | | |
| Unit Type | Total Revenues | Total Expenses | NOI | | | |
| Show Rooms | SAR 5,499,400 | 11.00% | SAR 4,894,466 | | | |
| Offices | SAR 738,000 | 11.00% | SAR 656,820 | | | |
| ----- | SAR 0 | 0.00% | SAR 0 | | | |
| | | | | | Total | SAR 5,551,286 |
| Total Property Revenues | | | | | | SAR 6,237,400 |
| Total Property Expenses | | | | | | -SAR 686,114 |
| Net Operating Income | | | | | | SAR 5,551,286.00 |
| Net Operating Income | Cap Rate | Property Value | | Rounded Value | | |
| SAR 5,551,286.00 | 8.50% | 65,309,247.06 SAR | | 65,300,000.00 SAR | | |



1.23 INCOME APPROACH BASED ON LEASING CONTRACT

Analysis of Operating and Maintenance Expenses

The client informed us that a discount has been introduced to the subject property leasing contract where the new annual rent is 5,040,000 SAR. In addition, he informed us that the subject property expenses are only the insurance premium of 20,000 SAR. The valuation will be based on the above-mentioned assumptions.

Occupancy Rates in the Project

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

| REVENUES | | | | | | |
|--------------------------------|----------------|--|---------------|------------|--------------------------|-------------------------|
| Unit Type | Quantity | Revenues | | | | |
| Unit Type | Total GLA | No of Units | SAR / Sqm | SAR / Unit | Total Revenues | |
| Retail Project | | The subject property is Fully leased to 1 tenant | | | SAR 5,040,000 | |
| ----- | 0 | 0 | SAR 0 | SAR 0 | SAR 0 | |
| ----- | 0 | 0 | SAR 0 | SAR 0 | SAR 0 | |
| | | | | | Total Revenues | SAR 5,040,000 |
| EXPENSES | | | | | | |
| Unit Type | Management | Utilities | Maintenance | Insurance | Total Expenses | |
| Retail Project | 0.00% | 0.00% | 0.00% | SAR 20,000 | SAR 20,000 | |
| ----- | 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 | | | |
| Retail Project | SAR 5,040,000 | SAR 20,000 | SAR 5,020,000 | | | |
| ----- | SAR 0 | 0.00% | SAR 0 | | | |
| ----- | SAR 0 | 0.00% | SAR 0 | | | |
| | | | | | Total | SAR 5,020,000 |
| Total Property Revenues | | | | | | SAR 5,040,000 |
| Total Property Expenses | | | | | | -SAR 20,000 |
| Net Operating Income | | | | | | SAR 5,020,000.00 |
| Net Operating Income | Cap Rate | Property Value | | | Rounded Value | |
| SAR 5,020,000.00 | 8.50% | 59,058,823.53 SAR | | | 59,060,000.00 SAR | |



1.24 SUBJECT PROPERTY VALUE IN DIFFERENT APPROACHES

| Methodology | Subject of Valuation | Value in Numbers | Value in Letters |
|------------------|----------------------|------------------|--|
| Income- Market | Property | SAR 65,300,000 | Sixty-Five Million and Three Hundred Thousand Saudi Riyals |
| Income- Contract | Property | SAR 59,060,000 | Fifty-Nine Million and Sixty Thousand Saudi Riyals |
| DRC Approach | Land + Building | SAR 60,040,000 | Sixty Million and Forty Thousand Saudi Riyals |

1.25 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 market rates is:

Property Value: 65,300,000 SAR
Sixty-Five Million and Three Hundred Thousand Saudi Riyals

1.26 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.

1.27 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.



1.28 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.

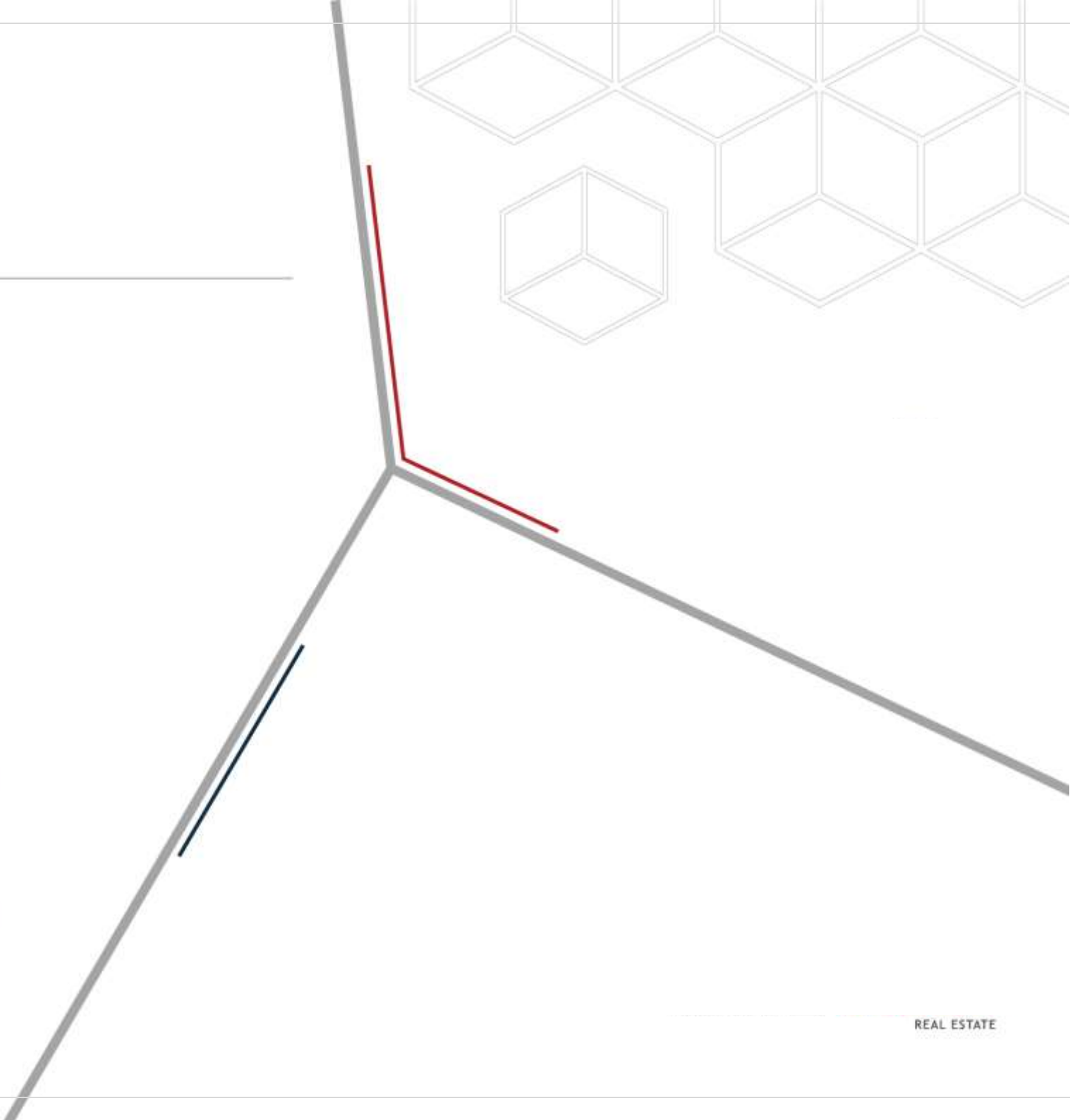
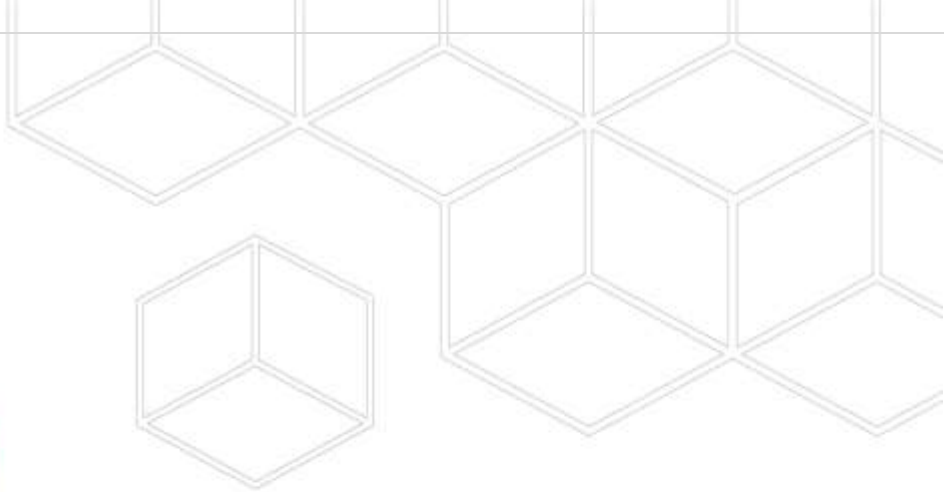
Essam Hussaini
Site Inspection Check

A handwritten signature in blue ink, appearing to read 'Essam Hussaini'.

Member of (Taqeem)
License No. 1210000474



GENERAL NOTES





1.29 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.

1.30 DISCLOSING CONFLICT OF INTEREST

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

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

| | If Yes | | Remarks |
|---|--------|--------------------|-----------|
| | No | | |
| | | Client | Date |
| ✓ | | Al Khabeer Capital | June 2021 |
| ✓ | | ----- | ----- |
| | | ----- | ----- |

1.31 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.

