

## Valuation report

Alinma REIT Fund

1. **Al-Makan Mall with a total land area of 127,000 square meters located in Al-Rayyan district in Hafr Al-Batin.**
2. **Al-Makan Mall with a total land area of 37,293 square meters located in Al-Malqa district in Riyadh.**
3. **Al-Makan Mall a total land area of 72,678.43 square meters located in Al-Rayyan district in Al-Dawadmi governorate.**
4. **Al-Makan Mall with a total land area of 21,428.13 square meters located in Al-Rajhi district in Tabuk . city.**

**Client :** Alinma REIT Fund

**Commissioning Number:** 6315

**Report date :** 30 June 2022

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“الشريك المثالي”

## Terms and Conditions

- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened up for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- If any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

## Dear / Alinma REIT Retail Fund

Re: valuation of Al-Makan Mall with a total land area of 127,000 square meters located in Al-Rayyan district in Hafr Al-Batin.

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

**Mr. Ahmed al-Maliki**  
chief executive officer

Fellow Taqeeem -1210001217





## Valuation Summary

Details	Information
Purpose of Valuation	revaluation of Alinma REIT Retail Fund for the retail sector as on 06/30/2022
Instruction Date	2022 June 14
Inspection Date	2022 June 14
Valuation Date	2022 June 30
Basis of Value	Fair Value
Valuation Approach	income Approach - Cost Approach
Adopted Currency	Saudi Riyals
Fair Value	SR351,080,000

## Report Summary

- The property under valuation is a shopping mall with a total land area of 127,000 square meters and a building area It is 84,720 square meters located in Al Rayyan district in Hafr Al-Batin.
- Subject Property is located on King Abdul Aziz Road and can be accessed through it.
- The Subject Property surrounding area is currently residential and it's located 19.2 KM from Qaisumah Domestic Airport .
- Subject Property is in the north of Hafr Al-Batin, close to many demand generators.

## property information

Details	Information
District	Al RAYAN
Permitted Use	Commercial
Tenure	Freehold
Deed Number	532502002325      332509008666
Deed Date	١٤٣٩/٠٩/٢٢      ١٤٣٩/١١/١٠
Total Area (sqm)	127,000,000 Sqm
Owner	Wabel Fund Company



## valuation ability

- Basma Company and its real estate valuation partner have professional team capable of evaluating this type of asset and have the required competence to achieve value received by the requested date.

## The subject of value

- valuation of a commercial mall with a total land area of 127,000 square meters located in Al-Rayyan district in Hafr Al-Batin.

## professional standards

- This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Basis of Value

Our valuation will be provided on the basis as mentioned below:

- Fair Value.

## Valuation Approach

We have adopted the following valuation approach:

- Cost Approach.
- income Approach.





## Inspection Date

- We confirm that The Subject Property was inspected on 19 June 2022.

## The Nature And Extent of The Inspection

- In order to carry out the valuation task and achieve the purpose of this report, the inspection was conducted on the date of the inspection of the subject property and the surrounding areas, and similar properties, if any, noting that this inspection is not for the purposes of inspection and engineering testing of buildings.

## Valuation Date

- We confirm that The Subject Property was valued on 30 June 2022.

## Basis of Valuation

- Fair Value: “fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
- Title Deed
- Building permit

## Assumptions and Special Assumptions

### Assumptions:

- It was taken into account when estimating the fair value of The Subject Property that the ownership is absolute and the data received from the client is assumed correct, and there are no obligations to third parties, and that all documents submitted by the client are at his full responsibility, and its validity and credibility have been assumed, and the company is not specialized in verifying the integrity of private ownership documents The property, and accordingly, unless it is expressly mentioned in the report, we did not conduct investigations to verify the documents that were provided to us related to the property, and therefore we assumed that they were true and accurate as is the case on the date of the valuation.
- It was not noted that there were any plans to expropriate the property subject under valuation, and we did not receive any evidence from the client in this regard and based on the valuation.
- The valuation report has been issued to the beneficiary (the entity that issues the report) in an integrated manner and the report may not be used in part.
- The value received did not reflect any tax value that might become payable or resulting from the disposal of the property or part of the property.
- The current received value is applicable under the natural and logical conditions in the real estate market and assuming that there are no hidden conditions in the land and considering the prevailing prices in the region at the time of the valuation.
- It was assumed that the site was correct as with the coordinates sent by the client and as in the report, and it was assumed that it was correct as a condition to verify the value contained in the report.
- The validity of the area of the property subject of the valuation as stated by the client was assumed as a condition for the realization of the value stated in the report.
- It has been assumed that there are no hidden conditions in the land of the property under valuation that may affect the fair value of the property.
- It was assumed that the property under valuation does not contain any hazardous or environmentally polluting substances.

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

## Assumptions and Special Assumptions

### Special Assumptions:

- The International Valuation Standards (IVCS) 2022 has been deviated from the assessment criteria and in accordance with the decision of the Saudi Organization for Certified Public Accountants to implement the International Financial Reporting Standards (IFRS).
- The area of the buildings has been assumed as my estimate because the given area does not match the building permit.
- Income has been assumed according to contracts received from the client and occupancy rates for future years according to the client strategy.

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





## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

## A map showing The Subject Property at the city level:



## Macro Location

The Subject Property is in Al-Rayyan district, south of Hafr Al-Batin Governorate, which is one of the governorates of the Eastern Province in northeastern of Saudi Arabia. It has an area of 144 square kilometers and is 500 km away from the capital, Riyadh. Within its borders is the King Khalid Military City, which is 70 km to the south. The economic movement in the city is distinguished by its recovery, as there are many large commercial centers, such as: Al Hafr Mall, Al Othaim Mall, hotels, shopping stores, and international restaurants, in addition to the presence of many factories in it, such as chemical and plastic factories, and interlocking tiles. The city is characterized by its proximity to the Kuwaiti border, which makes it a commercial exchange area with neighboring countries. It is also famous for its sheep trade and agriculture. It also serves, the residents of King Khalid Military City, Al Dhibih and Qaisumah, where they come for shopping and entertainment.

A map showing The Subject Property at the district level:



## Micro Location

### Location

- The Subject Property is located in south of Hafr Al-Batin Governorate in Al-Rayyan district with a mid- population density.
- The Subject Property is located along King Abdul Aziz Road and can be accessed through it.
- The Subject Property is located in the south of Hafr Al-Batin and near the entrance to the governorate from the south, which is the main road for those coming from King Khalid Military City, and they constitute a large base for consumers in Hafr Al-Batin.

The building regulations for the asset area under valuation is as follows:

water drainage	phone service	water	electricity	Sanitation
✓	✓	✓	✓	✓
Shopping center	garden	girls school	boys school	Mosque
✓	✓	✓	✓	✓
municipal services	Post office	Civil defense	police	Health center
✓	✓	✓	✓	✓
<b>Building regulations</b>				
USE			Commercial	
Coverage ratio			%60	
number of floors			G+1 F	



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No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

## Property Details (Freehold Details)

ID	Description	
Owner	Wabel Fund Company	
Use	commercial	
Plot No.	2&1	
Sub-Division	ح/138	
District	Al Rayan	
Area	127,000	
Coordinates	45°57'40.10"E	28°21'28.04"N
City	Hafr Al-Batin	
Ownership Type	Freehold	
Title Deed Info	Deed No.	332509008666- 532502002325
	Deed Date	هـ1439/11/10 - هـ1439/09/22

## Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage	Side	Dimension	Street Name	Type	Width (m)	Frontage
North	254	-	neighbor	-	3	North	254	-	local	30	3
South	254	-	street	30	4	South	254	-	neighbor	-	4
East	250	-	street	60	1	East	250	-	neighbor	60	1
West	250	-	street	25	2	West	250	-	neighbor	25	2

## Valuation Basis & Methodology

### Cost Approach steps:

#### Valuation Approach

- When assessing the most appropriate methodology to value The Subject Property considering the information provided by the client, the current status of the Subject Property as well as our own analysis of the local market conditions, In determining our opinion of value we have considered applicable approach(es) & methods as follow:

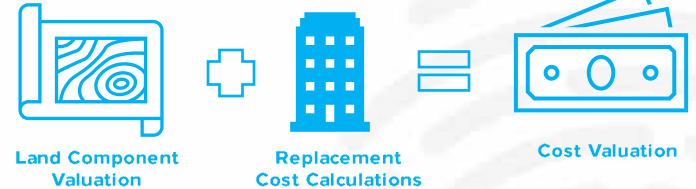
#### The Cost Approach

- The Cost Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.
- The cost approach should be applied and afforded significant weight under the following circumstances:
  - participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
  - a) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or Cost Approach unfeasible,
  - b) the basis of value being used is fundamentally based on replacement cost, such as replacement value.

#### Replacement Cost Method

- Generally, replacement cost is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset.
- Usually, replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost.

#### Cost Approach Methodology



## Key comparisons (Comparable)



## Market Research Analysis (Land valuation)

- A field research was conducted for the lands surrounding the area of The Subject Property under valuation, and the details of the comparisons are as follows.

## Market Research Analysis (Land valuation)

ID	Area	Price (SR/sqm)	Total Price (SR)	Offer Type
1	1,200	917	1,100,400	Asking - 2022
2	800	1,000	800,000	Asking - 2022
3	840	965	810,600	Asking - 2022

- Regarding asking prices, we have found the average of asking price ranging between 917 - 1,000 SAR / sqm for sizes between 800 sqm and 1,200 sqm taking into consideration market trend, location, plot characteristics (i.e., frontages, area, streets).



- After completing the research and gathering information, we analyzed the comparable and made calculations and adjustments to arrive at the price per square meter for the property under valuation. and adjustments that were adopted in the valuation matrix.

### valuation Matrix:

Description	Comp 1	Comp 2	Comp 3
Size (sqm)	1,200	800	840
Price (SAR per sqm )	917	1,000	965
Location and Physical Adjustments			
Location	%5.00	%5.00	%5.00
Size	%15.00-	%20.00-	%20.00-
USE	%20.00-	%20.00-	%20.00-
Building permits	%5.00	%5.00	%5.00
Negotiation	0.00%	0.00%	0.00%
<b>Final Adjusted Price (%)</b>	%25.00-	%30.00-	%30.00-
<b>Final Adjusted Price per sqm</b>	688	700	676
<b>Weighted (%)</b>	%30.00	%35.00	%35.00
<b>Result (SR/sqm)</b>	688		

land value (SAR / sqm)  
**688**

Total land value (SAR)  
**87,344,000**

## Second: Estimating the value of the buildings

### Calculating the value of buildings using the cost method

The costs of buildings and construction space were estimated by visiting the site by the Basma Real Estate valuation Company and identifying the property under valuation in accordance with the indicative price guide issued by the Accredited Residents Authority. Through the foregoing, the value of the property under valuation was estimated using the cost method.

### Building cost estimates before depreciation:

	Area (Sqm)	Cost (SR/Sqm)	Total building cost (SR)
BUA	84720.00	2,000	169,440,000
Total	84720.00		169,440,000

Basma Real Estate Valuation Company confirms that we are not Quantity surveyors and therefore we reserve the right to review and/or amend our valuation if it proves that actual construction costs or spaces differ.

### Actual depreciation cost

The actual depreciation cost of any building is calculated starting from the operation of the building, and the depreciation percentage is 14% for the property under valuation.

### Estimating the cost of buildings after adding depreciation:

Infer development cost					
Total direct development costs		84720.00	2,000.00	169,440,000	
Total indirect costs					
professional expenses			% 3	5,083,200	
management expenses			% 3	5,083,200	
Utility network			% 2	3,388,800	
Financing cost to funding for a term	2	(year/%)	% 50	% 3	5,489,856
Developer risks and profits			% 10	18,848,506	
Total indirect costs of development			% 18	37,893,562	
Total direct and indirect development costs				207,333,562	
Depreciation					
Buildings age (years)				7	
Effective age (years)				5	
Remaining (years)				30	
Building Economic Age				35	
Depreciation (%)				% 14.29	
				29,619,080.23	
				177,714,481	
Building Cost After Depreciation (Rounded)				177,800,000.00	
Total Development Cost (Land + Building)				265,058,000	

## Income Approach

### Basis of Valuation

#### Income Approach

- The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

#### Discounted Cash Flow (DCF) Method

- Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset.
- In some circumstances for long-lived or indefinite-lived assets, DCF may include a terminal value which represents the value of the asset at the end of the explicit projection period. In other circumstances, the value of an asset may be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income capitalization method.

#### Cash flow components:

Below are highlights of the main components of the cashflow:

- Growth rate: is the rate during the year in which the income of a particular sector increases, and when this rate changes due to the effect of inflation, but if a decrease in the rate of growth occurs, this leads to the emergence of an economic recession.
- Occupancy rate: The occupancy rate of the property to be assessed on the number of occupied units.
- Gross Potential Income: Refers to the total expected income for the property (assuming that the property is 100% leased) and before deducting maintenance & capital expenditures.
- Gross Effective Income: Refers to the total real income of the property after deduction of credit losses and vacancies.
- Net income: represents the net rental value after deducting vacancy & credit losses, operating, & capital expenses
- Return rate: the rate expected to be obtained by the investor and this return should reflect the level of expected risks in the investment.
- NPV net income: present value of money using a discount rate.
- Discount rate: The discount rate of expected cash flows reflects the time value of money and the risks associated with each type of cash flow and future operations of the asset.

## Income Approach Valuation

As a result of the data provided by the client, the cash flows were made over 8 years, with an income of 44,225,984 riyals annually to reach the value of the property under valuation.

Growth rate: 2.50%

Yield rate: 8.50%

Discount rate: 11%

Operating expenses: 25%

Cash Flow Chart:

Period	1	2	3	4	5	6	7	8
Occupancy Rate (%)	%100	%100	%100	%100	%100	%100	%100	%100
Expected Income / Genuine Potential Income GPI (SAR)	44,225,984	45,894,781	47,042,151	48,218,204	49,423,660	50,659,251	51,925,732	53,223,876
Vacancies & Credit Losses (%)	%46	%25	%15	%15	%10	%10	%10	%10
Vacancies & Credit Losses (SAR)	20,343,953-	11,473,695-	7,056,323-	7,232,731-	4,942,366-	5,065,925-	5,192,573-	5,322,388-
Gross Effective Income GEI (SAR)	23,882,031	34,421,086	39,985,828	40,985,474	44,481,294	45,593,326	46,733,159	47,901,488
Operational Expenses OE (%)	%25	%25	%25	%25	%25	%25	%25	%25
Operational Expenses OE (SAR)	5,970,508-	8,605,271-	9,996,457-	10,246,368-	11,120,323-	11,398,331-	11,683,290-	11,975,372-
Net Operating Income (SAR)	17,911,524	25,815,814	29,989,371	30,739,105	33,360,970	34,194,994	35,049,869	35,926,116
Exit Value								422,660,189
Present Value of Cash Flow	17,000,866	22,075,033	23,102,550	21,333,435	20,858,605	19,261,325	17,786,358	209,651,870
Total Property Value Rounded (SAR)	351,080,000							

## Opinion of Value

Our company approves the valuation below as a Fair Value, in accordance with the conditions restricted in the valuation report, and according to the assumptions mentioned in the report. This valuation is the result of an analysis of real estate data and the current real estate market.

**The fair value of the land using the income method on June 30, 2022**

**The fair value of the property is 351,080,000 SR**

**(Only three hundred fifty-one million eighty thousand Saudi riyals)**

**CEO**

Ahmed al-Maliki- Fellow Taqeeem -  
1210001217



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للأقضية والتقييم العقاري  
Basma Company & Partner  
For Real Estate Valuation  
www.basma.com.sa

**Reviewer**

Mahmud Taher - Fellow Taqeeem -  
1220000047

**valuer**

Basil Omar Harasi- Taqeeem Associate Member-  
1210002743

## Valuation Glossary

### May:

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

### Must

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

### Participant

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

### Purpose:

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





## Dear / Alinma REIT Retail Fund

Re: Al-Makan Mall with a total land area of 37,293 square meters located in Al-Malqa district in Riyadh.

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

**Mr. Ahmed al-Maliki**  
chief executive officer







## Valuation Summary

Details	Information
Purpose of Valuation	revaluation of Alinma REIT Retail Fund for the retail sector as on 06/30/2022
Instruction Date	2022 June 14
Inspection Date	2022 June 14
Valuation Date	2022 June 30
Basis of Value	Fair Value
Valuation Approach	income Approach - Cost Approach
Adopted Currency	Saudi Riyals
Fair Value	SR263,980,000

## Report Summary

- The property under valuation is a shopping mall with a total land area of 37,293 square meters and a building area of 40,245 square meters located in Al Malqa district in Riyadh.
- The property is located on Prince Muhammad bin Saad Road, and it can be accessed through it.
- King Khalid International Airport is about 27 km from the property under valuation.
- The property is located in the north of Riyadh, close to many demand generators.
- Al-Malqa district is one of the high-end districts in Riyadh and one of the highest demand districts.

## property information

Details	Information
District	Al-Malqa
Permitted Use	Commercial
Tenure	Freehold
Deed Number	410123034700
Deed Date	H1439/09/20
Total Area (sqm)	37,293 Sqm
Owner	Wabel Fund Company

## Terms and Conditions

- The Subject Property has been valued according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valued according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Bussma and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Bussma and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.



## Terms and Conditions

- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- If any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

## valuation ability

- Basma Company and its real estate valuation partner have professional team capable of evaluating this type of asset and have the required competence to achieve value received by the requested date.

## The subject of value

- Al-Makan Mall with a total land area of 37,293 square meters located in Al-Malqa district in Riyadh.

## professional standards

- This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Basis of Value

Our valuation will be provided on the basis as mentioned below:

- Fair Value.

## Valuation Approach

We have adopted the following valuation approach:

- Cost Approach.
- income Approach.





## Inspection Date

- We confirm that The Subject Property was inspected on 19 June 2022.

## The Nature And Extent of The Inspection

- In order to carry out the valuation task and achieve the purpose of this report, the inspection was conducted on the date of the inspection of the subject property and the surrounding areas, and similar properties, if any, noting that this inspection is not for the purposes of inspection and engineering testing of buildings.

## Valuation Date

- We confirm that The Subject Property was valued on 30 June 2022.

## Basis of Valuation

- Fair Value: “fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
- Title Deed
- Building permit

## Liability and Publication

- The valuation report has been issued to the beneficiary (the entity to whom the report is issued), and that of internal professional advisers, for the specific purpose to which it refers. Bussma do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Bussma prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility 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.

## Assumptions and Special Assumptions

### Assumptions:

- It was taken into account when estimating the fair value of the property that the ownership is absolute and the data received from the client is assumed correct, and there are no obligations to third parties, and that all documents submitted by the client are at his full responsibility, and its validity and credibility have been assumed, and the company is not specialized in verifying the integrity of private ownership documents. The property, and accordingly, unless it is expressly mentioned in the report, we did not conduct investigations to verify the documents that were provided to us related to the property, and therefore we assumed that they were true and accurate as is the case on the date of the valuation.
- It was not noted that there were any plans to expropriate the property subject of the valuation, and we did not receive any evidence from the client in this regard and based on the valuation.
- The valuation report has been issued to the beneficiary (the entity that issues the report) in an integrated manner and the report may not be used in part.
- The value received did not reflect any tax value that might become payable or resulting from the disposal of the property or part of the property.
- The current received value is applicable under the natural and logical conditions in the real estate market and assuming that there are no hidden conditions in the land and considering the prevailing prices in the region at the time of the valuation.
- It was assumed that the site was correct as with the coordinates sent by the client and as in the report, and it was assumed that it was correct as a condition to verify the value contained in the report.
- The validity of the area of the property subject of the valuation as stated by the client was assumed as a condition for the realization of the value stated in the report.
- It has been assumed that there are no hidden conditions in the land of the property being valued that may affect the fair value of the property.
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Assumptions are matters that are reasonable to accept as fact in the context of the valuation assignment without specific investigation or verification. They are matters that, once stated, are to be accepted in understanding the valuation or other advice provided.

## Assumptions and Special Assumptions

### Special Assumptions:

- The International Valuation Standards (IVCS) 2022 has been deviated from the assessment criteria and in accordance with the decision of the Saudi Organization for Certified Public Accountants to implement the International Financial Reporting Standards (IFRS).
- The area of the buildings has been assumed as my estimate because the given area does not match the building permit.
- Income has been assumed according to contracts received from the client and occupancy rates for future years according to the client strategy.

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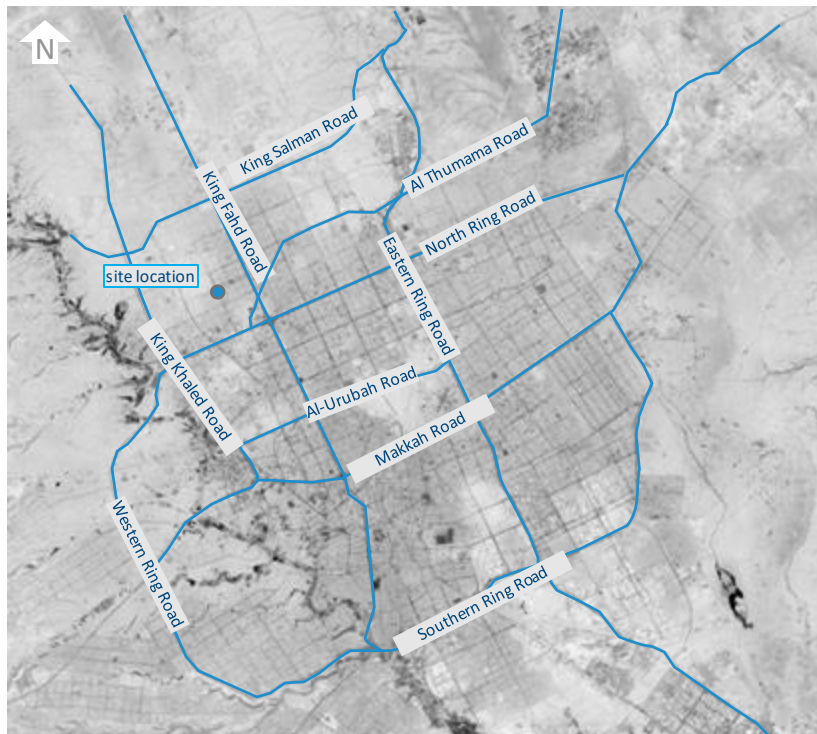




## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

## A map showing the property at the city level:



## Macro Location

The property is located in Al-Malqa district, north of Riyadh, which is the capital and largest city of the Kingdom of Saudi Arabia, and it is the first interface of the Kingdom of Saudi Arabia as it is its political and administrative capital. It is one of its most important cities and the headquarters of the central government bodies and most of the major local and international companies and institutions. Riyadh has great economic importance as it is the headquarters of the public administrations of many banks, major economic companies and the main center of one of the largest financial cities in the world (Abdullah Financial Center).

The area of the city of Riyadh is about 1,913 km<sup>2</sup>, its population is about 6 and a half million people, and it reaches an altitude of about 600 m above sea level in the eastern part of the Najd plateau. exchange area with neighboring countries.

The property is in the city of Riyadh in Al-Malqa district, King Khalid International Airport is about 27 km from the property under valuation.

A map showing the property at the district level:



## Micro Location

### Location

- The property is located in the north of the city of Riyadh in Al-Malqa district and is located in an area with a medium population density.
- The property is located on Prince Muhammad bin Saad bin Abdulaziz Street, and the property can be reached by way.
- The property is located in the north of Riyadh, close to many demand generators..
- King Khalid International Airport is about 27 km away from the property under valuation.

water drainage	phone service	water	electricity	Sanitation
✓	✓	✓	✓	✓
Shopping center	garden	girls school	boys school	Mosque
✓	✓	✓	✓	✓
municipal services	Post office	Civil defense	police	Health center
✓	✓	✓	✓	✓
USE		Commercial		
Coverage ratio		%60		
number of floors		G+1 F		



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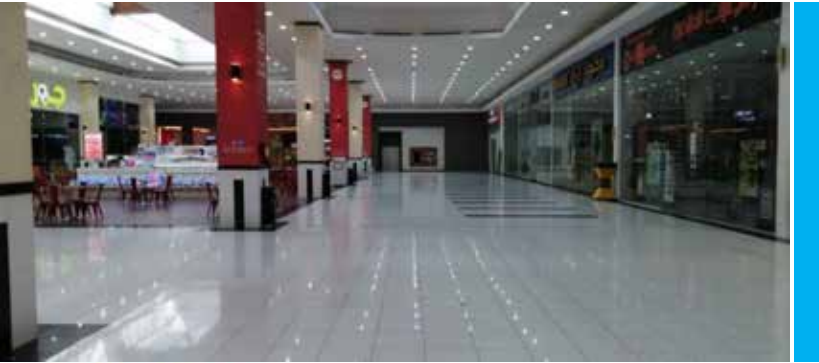
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## Property Details (Freehold Details)

ID	Description	
Owner	Wabel Fund Company	
Use	commercial	
Plot No.	5	
Sub-Division	3176	
District	Al-Malqa	
Area	37,293	
Coordinates	46°36'42.11"E	24°47'26.33"N
City	Riyadh	
Ownership Type	Freehold	
Title Deed Info	Deed No.	410123034700
	Deed Date	1439/09/20 هـ

## Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	185.07	-	street	15	4
South	185.07	-	street	15	3
East	201.5	-	street	20	2
West	201.5	-	street	60	1

## Valuation Basis & Methodology

### Cost Approach steps:

#### Valuation Approach

- When assessing the most appropriate methodology to value The Subject Property considering the information provided by the client, the current status of the Subject Property as well as our own analysis of the local market conditions, In determining our opinion of value we have considered applicable approach(es) & methods as follow:

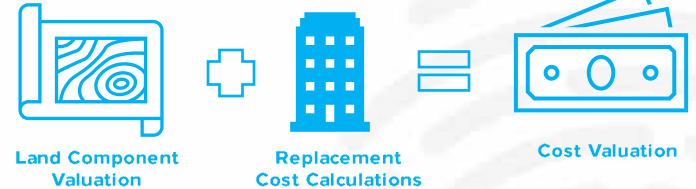
#### The Cost Approach

- The Cost Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.
- The cost approach should be applied and afforded significant weight under the following circumstances:
  - participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
  - a) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or Cost Approach unfeasible,
  - b) the basis of value being used is fundamentally based on replacement cost, such as replacement value.

#### Replacement Cost Method

- Generally, replacement cost is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset.
- Usually, replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost.

#### Cost Approach Methodology



## Key comparisons (Comparable)



## Market Research Analysis (Land valuation)

- A field research was conducted for the lands surrounding the area of the property under valuation, and the details of the comparisons are as follows.

## Market Research Analysis (Land valuation)

ID	Area	Price (SR/sqm)	Total Price (SR)	Offer Type
1	1,500	7,000	10,500,000	Transaction - 2020
2	1,250	5,700	7,125,000	Transaction - 2020
3	1,364	4,947	6,747,708	Transaction - 2020

- Regarding transaction prices, we have found the average of transaction price ranging between 4,947 – 7,000 SAR / sqm for sizes between 1,250 sqm and 1,500 sqm taking into consideration market trend, location, plot characteristics (i.e., frontages, area, streets).



- After completing the research and gathering information, we analyzed the comparable and made calculations and adjustments to arrive at the price per square meter for the property under valuation. and adjustments that were adopted in the valuation matrix.

### valuation Matrix:

Description	Comp 1	Comp 2	Comp 3
Size (sqm)	1,500	1,250	1,364
Price (SAR per sqm )	7,000	5,700	4,947
Location and Physical Adjustments			
Location	0.00%	0.00%	0.00%
Size	%23.00-	%23.00-	%32.00-
frontage	%5.00	%5.00	%5.00
street	%10.00	%10.00	%10.00
USE	0.00%	0.00%	0.00%
Building permits	0.00%	0.00%	0.00%
Negotiation	0.00%	0.00%	0.00%
<b>Final Adjusted Price (%)</b>	<b>%8.00-</b>	<b>%8.00-</b>	<b>%17.00-</b>
<b>Final Adjusted Price per sqm</b>	<b>6,440</b>	<b>5,244</b>	<b>4,106</b>
<b>Weighted (%)</b>	<b>33.33%</b>	<b>33.33%</b>	<b>33.33%</b>
<b>Result (SR/sqm)</b>	<b>3,948</b>		

land value (SAR / sqm)

**5,263**

Total land value (SAR)

**196,278,245.64**

## Second: Estimating the value of the buildings

### Calculating the value of buildings using the cost method

The costs of buildings and construction space were estimated by visiting the site by the Basma Real Estate valuation Company and identifying the property under valuation in accordance with the indicative price guide issued by the Accredited Residents Authority. Through the foregoing, the value of the property under valuation was estimated using the cost method.

### Building cost estimates before depreciation:

	Area (Sqm)	Cost (SR/Sqm)	Total building cost (SR)
BUA	40,245	2,000	80,490,000
Total	40,245		80,490,000

Basma Real Estate Valuation Company confirms that we are not Quantity surveyors and therefore we reserve the right to review and/or amend our valuation if it proves that actual construction costs or spaces differ.

### Actual depreciation cost

The actual depreciation cost of any building is calculated starting from the operation of the building, and the depreciation percentage is 14.29% for the property under valuation.

### Estimating the cost of buildings after adding depreciation:

Infer development cost					
Total direct development costs		40,245	2,000	80,490,000	
Total indirect costs					
professional expenses			% 3	2,414,700	
management expenses			% 3	2,414,700	
Utility network			% 2	1,609,800	
Financing cost to funding for a term	2	(year/%)	% 50	% 3	2,607,876
Developer risks and profits			% 10	8,953,708	
Total indirect costs of development			% 18	18,000,784	
Total direct and indirect development costs				98,490,784	
Depreciation					
Buildings age (years)				8	
Effective age (years)				5	
Remaining (years)				30	
Building Economic Age				35	
Depreciation (%)				% 14.29	
				14,070,111.94	
				84,420,672	
Building Cost After Depreciation				84,420,672	
Total Development Cost (Land + Building)				280,698,671	

## Income Approach

### Basis of Valuation

#### Income Approach

- The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

#### Discounted Cash Flow (DCF) Method

- Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset.
- In some circumstances for long-lived or indefinite-lived assets, DCF may include a terminal value which represents the value of the asset at the end of the explicit projection period. In other circumstances, the value of an asset may be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income capitalization method.

### Cash flow components:

Below are highlights of the main components of the cashflow:

- Growth rate: is the rate during the year in which the income of a particular sector increases, and when this rate changes due to the effect of inflation, but if a decrease in the rate of growth occurs, this leads to the emergence of an economic recession.
- Occupancy rate: The occupancy rate of the property to be assessed on the number of occupied units.
- Gross Potential Income: Refers to the total expected income for the property (assuming that the property is 100% leased) and before deducting maintenance & capital expenditures.
- Gross Effective Income: Refers to the total real income of the property after deduction of credit losses and vacancies.
- Net income: represents the net rental value after deducting vacancy & credit losses, operating, & capital expenses
- Return rate: the rate expected to be obtained by the investor and this return should reflect the level of expected risks in the investment.
- NPV net income: present value of money using a discount rate.
- Discount rate: The discount rate of expected cash flows reflects the time value of money and the risks associated with each type of cash flow and future operations of the asset.

## Income Approach Valuation

As a result of the data provided by the client, the cash flows were made over 8 years, with an income of 29,795,641 riyals annually to reach the value of the property under valuation.

Growth rate: 2.50%

Yield rate: 8%

Discount rate: 10.5%

Operating expenses: 20%

Cash Flow Chart:

Period	1	2	3	4	5	6	7	8
Occupancy Rate (%)	%100	%100	%100	%100	%100	%100	%100	%100
Expected Income / Genuine Potential Income GPI (SAR)	30,165,787	30,919,932	31,692,930	32,485,253	33,297,385	34,129,819	34,983,065	35,857,641
Vacancies & Credit Losses (%)	%10	%10	%10	%10	%10	%10	%10	%10
Vacancies & Credit Losses (SAR)	3,016,579-	3,091,993-	3,169,293-	3,248,525-	3,329,738-	3,412,982-	3,498,306-	3,585,764-
Gross Effective Income GEI (SAR)	27,149,208	27,827,939	28,523,637	29,236,728	29,967,646	30,716,837	31,484,758	32,271,877
Operational Expenses OE (%)	%25	%25	%25	%25	%25	%25	%25	%25
Operational Expenses OE (SAR)	6,787,302-	6,956,985-	7,130,909-	7,309,182-	7,491,912-	7,679,209-	7,871,190-	8,067,969-
Net Operating Income (SAR)	20,361,906	20,870,954	21,392,728	21,927,546	22,475,735	23,037,628	23,613,569	24,203,908
Exit Value								302,548,850
Present Value of Cash Flow	19,370,342	17,967,965	16,667,117	15,460,447	14,341,139	13,302,867	12,339,763	154,526,218
Total Property Value Rounded (SAR)	263,980,000							

## Opinion of Value

Our company approves the valuation below as a Fair Value, in accordance with the conditions restricted in the valuation report, and according to the assumptions mentioned in the report. This valuation is the result of an analysis of real estate data and the current real estate market.

**The fair value of the land using the income method on June 30, 2022**

**The fair value of the property is 263,980,000 SR**

**(Only two hundred sixty-three million nine hundred eighty thousand Saudi riyals)**

CEO

Ahmed al-Maliki - Fellow Taqeeem -  
1210001217



شركة رصمة وشركته  
للتقييم العقاري  
Rusuma Company & Partner  
For Real Estate Valuation

Reviewer

Mahmud Taher - Fellow Taqeeem -  
1220000047

valuer

Basil Omar Harasi - Associate Member -  
1210002743



**Dear / Alinma REIT Retail Fund**

Re: valuation of . Al-Makan Mall a total land area of 72,678.43 square meters located in Al-Rayyan district in Al-Dawadmi governorate..

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

**Mr. Ahmed al-Maliki**  
chief executive officer





## Valuation Summary

Details	Information
Purpose of Valuation	revaluation of Alinma REIT Retail Fund for the retail sector as on 06/30/2022
Instruction Date	2022 June 14
Inspection Date	2022 June 14
Valuation Date	2022 June 30
Basis of Value	Fair Value
Valuation Approach	income Approach
Adopted Currency	Saudi Riyals
Fair Value	SR141,780,000

## Report Summary

- The property under valuation is a shopping mall with a total land area of 72,678.43 square meters and a building area is 36,070.00 square meters located in Al-Rayyan district, Al-Dawadmi Governorate.
- The property is located on King Abdul Aziz Road and can be accessed through it.
- The property is located in the east of Dawadmi Governorate, close to many demand generators.
- The property is a usufruct right based on the lease contract received from the customer.

## property information

Details	Information
District	Al-Rayyan
Permitted Use	Commercial
Tenure	valuation of the benefit of the lease contract
Deed Number	-
Deed Date	-
Total Area (sqm)	72,678.43 Sqm
Owner	-



## Terms and Conditions

- The Subject Property has been valued according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valued according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Bussma and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Bussma and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.



## Terms and Conditions

- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- If any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

## valuation ability

- Basma Company and its real estate valuation partner have professional team capable of evaluating this type of asset and have the required competence to achieve value received by the requested date.

## The subject of value

- . valuation of a shopping mall with a total land area of 72,678.43 square meters located in Al-Rayyan district in Al-Dawadmi governorate.

## professional standards

- This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Basis of Value

Our valuation will be provided on the basis as mentioned below:

- Fair Value.

## Valuation Approach

We have adopted the following valuation approach:

- income Approach.





## Inspection Date

- We confirm that The Subject Property was inspected on 19 June 2022.

## The Nature And Extent of The Inspection

- In order to carry out the valuation task and achieve the purpose of this report, the inspection was conducted on the date of the inspection of the subject property and the surrounding areas, and similar properties, if any, noting that this inspection is not for the purposes of inspection and engineering testing of buildings.

## Valuation Date

- We confirm that The Subject Property was valued on 30 June 2022.

## Basis of Valuation

- Fair Value: “fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
- Title Deed
- Building permit

## Liability and Publication

- The valuation report has been issued to the beneficiary (the entity to whom the report is issued), and that of internal professional advisers, for the specific purpose to which it refers. Bussma do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Bussma prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility 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.

## Assumptions and Special Assumptions

### Assumptions:

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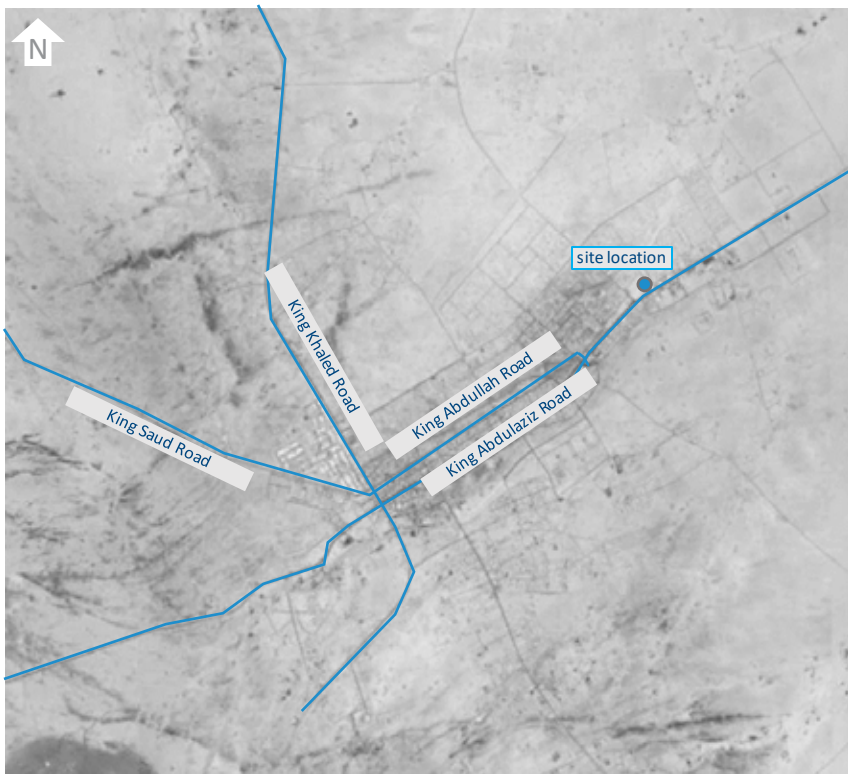


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- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.



## A map showing the property at the city level:



## Macro Location

The property is located in Al-Rayyan district, east of Al-Dawadmi Governorate, which is affiliated with the Emirate of Riyadh Region, where Al-Dawadmi Governorate is located in the northwest of the Riyadh region and is bordered to the east by Shaqra Governorate and the Murat Center, which is administratively affiliated with the city of Riyadh, to the west by Afif Governorate, and Al-Rass Governorate, which is administratively affiliated to Al-Qassim region, and to the north by the Governorate Onaizah, Al-Mithnab, and Bukayriyah. These three governorates are administratively affiliated with the Qassim region and bordered by part of the administrative scope of the city of Buraidah (the seat of the Emirate of Al-Qassim region) from the north, and from the south by Al-Quway'iyah governorate. The area of Al-Dawadmi Governorate is approximately 27,500 km<sup>2</sup> and ranks 5th in relation to the governorates of the region and its administrative headquarters in terms of area. Its population is 217,305, including 173,425 Saudis, and its number of dwellings is 43,121, according to the 2010 population survey statistics.

A map showing the property at the district level:



## Micro Location

### Location

- The property is located in the east of Al-Dawadmi Governorate in Al-Rayyan district and with a mid- population density.
- The property is located on King Abdulaziz Road and the property can be accessed by way.
- The property is located in the east of Dawadmi Governorate, close to many demand generators..

The building regulations for the asset area under valuation is as follows:

water drainage	phone service	water	electricity	Sanitation
✓	✓	✓	✓	✓
Shopping center	garden	girls school	boys school	Mosque
✓	✓	✓	✓	✓
municipal services	Post office	Civil defense	police	Health center
✓	✓	✓	✓	✓
USE	Commercial			
Coverage ratio	%60			
number of floors	G+1 F			



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## Property Details (Freehold Details)

ID	Description	
Owner	-	
Use	commercial	
Plot No.	-	
Sub-Division	-	
District	-	
Area	37,293	
Coordinates	44°26'23.3"E	24°32'36.9"N
City	Dawadmi	
Ownership Type	-	
Title Deed Info	Deed No.	-
	Deed Date	-

## Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	-	-	-	-	-
South	-	-	-	-	-
East	-	-	-	-	-
West	-	-	-	-	-

## Income Approach

### Basis of Valuation

#### Income Approach

- The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

#### Discounted Cash Flow (DCF) Method

- Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset.
- In some circumstances for long-lived or indefinite-lived assets, DCF may include a terminal value which represents the value of the asset at the end of the explicit projection period. In other circumstances, the value of an asset may be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income capitalization method.

### Cash flow components:

Below are highlights of the main components of the cashflow:

- Growth rate: is the rate during the year in which the income of a particular sector increases, and when this rate changes due to the effect of inflation, but if a decrease in the rate of growth occurs, this leads to the emergence of an economic recession.
- Occupancy rate: The occupancy rate of the property to be assessed on the number of occupied units.
- Gross Potential Income: Refers to the total expected income for the property (assuming that the property is 100% leased) and before deducting maintenance & capital expenditures.
- Gross Effective Income: Refers to the total real income of the property after deduction of credit losses and vacancies.
- Net income: represents the net rental value after deducting vacancy & credit losses, operating, & capital expenses
- Return rate: the rate expected to be obtained by the investor and this return should reflect the level of expected risks in the investment.
- NPV net income: present value of money using a discount rate.
- Discount rate: The discount rate of expected cash flows reflects the time value of money and the risks associated with each type of cash flow and future operations of the asset.



## Opinion of Value

Our company approves the valuation below as a Fair Value, in accordance with the conditions restricted in the valuation report, and according to the assumptions mentioned in the report. This valuation is the result of an analysis of real estate data and the current real estate market.

**The fair value of the land using the income method on June 30, 2022**

**The fair value of the property is 141,780,000 SR**

**(Only one hundred forty-one million seven hundred eighty thousand Saudi riyals)**

CEO

Ahmed al-Maliki - Fellow Taqeeem -  
1210001217



Reviewer

Mahmud Taher - Fellow Taqeeem -  
1220000047

valuer

Basil Omar Harasi - Associate Member -  
1210002743





## Dear / Alinma REIT Retail Fund

Re: valuation of Al-Makan Mall with a total land area of 21,428.13 square meters located in Al-Rajhi district in Tabuk city.

This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

**Mr. Ahmed al-Maliki**  
chief executive officer



شركة بوسمة وشركاه  
للتقييم العقاري  
Busma Company & Partner  
For Real Estate Valuation  
بوسمة وشركاه للتقييم العقاري



## Terms and Conditions

- The Subject Property has been valued according to the International Valuation Standards (IVS) issued by the Council of International Valuation Standards (IVSC) in 2022 and the rules and regulations of the Saudi Authority for Accredited Valuers in the Kingdom of Saudi Arabia (Taqeem).
- This report was relied upon and valued according to the specific conditions and restrictions presented in this report.
- The report was issued without any conflict of interest or personal gain.
- This valuation report was prepared based on the instructions received from “The Client” to estimate its “basis of value” for the “purpose” as requested by “The Client”.
- Bussma and Partner Co. are confident that this report meets the client's requirements and instructions, and that the information contained in this report is completely confidential and that the report is issued to the client only.
- The responsibility of the Bussma and Partner Co. is limited to the report and the information contained in the report. Otherwise, the (client) is responsible for requesting the valuation of the property and the legal consequences thereof.



## Terms and Conditions

- The estimated values in this report are for The Subject Property, and any distribution of (value - values) on the parts of the property applies only according to the narration of the report and for its purpose, and these values should not be used for any other purposes, as it may be incorrect if the purpose has been changed from the valuation for which the report was created.
- This report has been prepared based on the information collected or received and analyzed according to best practices to reach the value, and any material observations that may impact the value are usually noted.
- Please be aware that our inspection was carried out on a visual basis only. No part of the structure was opened for a detailed examination or testing. We have therefore, where appropriate, made assumptions based on experience of the property type, construction and materials used. We cannot guarantee that defects do not exist in those parts of the structure, which are concealed, unexposed or not reasonably accessible.
- If any information in the future that is mentioned in the report is found to be untrue and unintentional, the value in this report may change and the client will be notified in due course.
- This valuation report is valid only if approved by the company's seal, in addition to the signature of the accredited valuers.

## valuation ability

- Basma Company and its real estate valuation partner have professional team capable of evaluating this type of asset and have the required competence to achieve value received by the requested date.

## The subject of value

- . valuation of a shopping mall with a total land area of 21,428.13 square meters located in Al-Rajhi district in Tabuk city.

## professional standards

- This report is based on your request to value The Subject Property, and we trust that the report is according to your requirements and in accordance with the International Valuation Standards 2022 (IVS). The valuation is compliant with Saudi Authority of Accredited Valuers “Taqeem”.

## Basis of Value

Our valuation will be provided on the basis as mentioned below:

- Fair Value.

## Valuation Approach

We have adopted the following valuation approach:

- Cost Approach.
- income Approach.





## Inspection Date

- We confirm that The Subject Property was inspected on 19 June 2022.

## The Nature And Extent of The Inspection

- In order to carry out the valuation task and achieve the purpose of this report, the inspection was conducted on the date of the inspection of the subject property and the surrounding areas, and similar properties, if any, noting that this inspection is not for the purposes of inspection and engineering testing of buildings.

## Valuation Date

- We confirm that The Subject Property was valued on 30 June 2022.

## Basis of Valuation

- Fair Value: “fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

## Sources of Information

- We have relied upon the information provided to us, which is identified below, as well as in the relevant sections of this report:
- Title Deed
- Building permit

## Liability and Publication

- The valuation report has been issued to the beneficiary (the entity to whom the report is issued), and that of internal professional advisers, for the specific purpose to which it refers. Bussma do not accept any responsibility to any third party for the whole or any part of its contents.
- Neither the whole nor any part of this valuation or any reference thereto, may be included in any published document, circular or statement or disclosed in any way without Bussma prior written consent to the form and context in which it may appear.

## Confidentiality

- This report is confidential to the Client, and their advisors, and we accept no responsibility 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.

## Assumptions and Special Assumptions

### Assumptions:

- It was taken into account when estimating the fair value of the property that the ownership is absolute and the data received from the client is assumed correct, and there are no obligations to third parties, and that all documents submitted by the client are at his full responsibility, and its validity and credibility have been assumed, and the company is not specialized in verifying the integrity of private ownership documents. The property, and accordingly, unless it is expressly mentioned in the report, we did not conduct investigations to verify the documents that were provided to us related to the property, and therefore we assumed that they were true and accurate as is the case on the date of the valuation.
- It was not noted that there were any plans to expropriate the property subject of the valuation, and we did not receive any evidence from the client in this regard and based on the valuation.
- The valuation report has been issued to the beneficiary (the entity that issues the report) in an integrated manner and the report may not be used in part.
- The value received did not reflect any tax value that might become payable or resulting from the disposal of the property or part of the property.
- The current received value is applicable under the natural and logical conditions in the real estate market and assuming that there are no hidden conditions in the land and considering the prevailing prices in the region at the time of the valuation.
- It was assumed that the site was correct as with the coordinates sent by the client and as in the report, and it was assumed that it was correct as a condition to verify the value contained in the report.
- The validity of the area of the property subject of the valuation as stated by the client was assumed as a condition for the realization of the value stated in the report.
- It has been assumed that there are no hidden conditions in the land of the property being valued that may affect the fair value of the property.
- It was assumed that the property being evaluated does not contain any hazardous or environmentally polluting substances.

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





## Assumptions and Special Assumptions

### Special Assumptions:

- The International Valuation Standards (IVCS) 2022 has been deviated from the assessment criteria and in accordance with the decision of the Saudi Organization for Certified Public Accountants to implement the International Financial Reporting Standards (IFRS).
- The area of the buildings has been assumed as my estimate because the given area does not match the building permit.
- Income has been assumed according to contracts received from the client and occupancy rates for future years according to the client strategy.

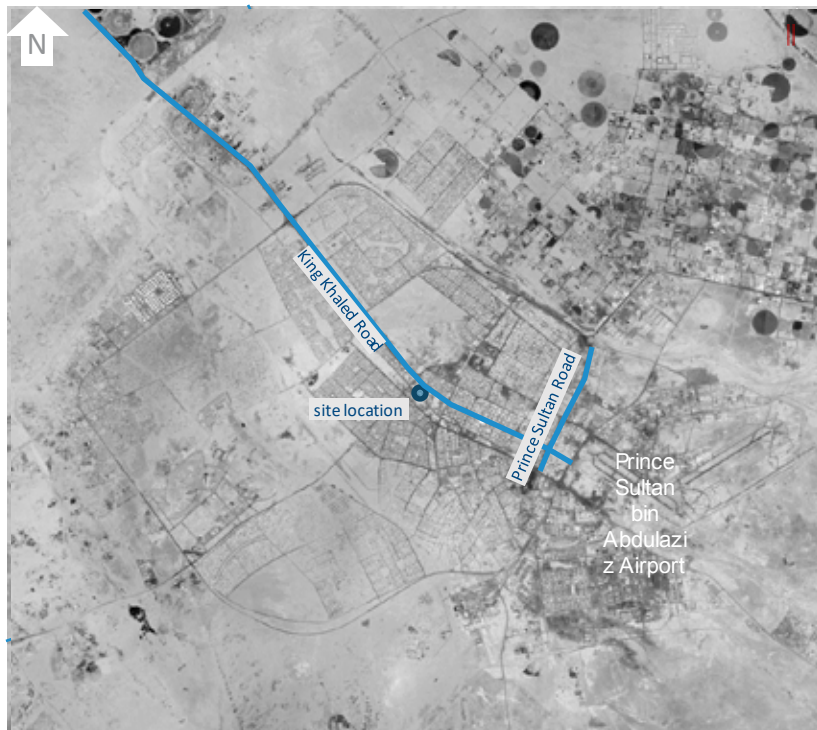
Special Assumption is an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. Special assumptions are often used to illustrate the effect of changed circumstances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



## Valuation Under COVID-19 Outbreak

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets.
- Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we\*\* consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value.
- Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

## A map showing the property at the city level:



## Macro Location

The property is located in the city of Tabuk, which is the seat of the Emirate of Tabuk region and the largest city in northern Saudi Arabia, and around it are some of the most important monuments in the Arabian Peninsula. The Tabuk region is the northern gateway to the Arabian Peninsula, and a vital route for trade, pilgrims, and pilgrims from outside the Arabian Peninsula. It is one of the important agricultural areas in the Kingdom.

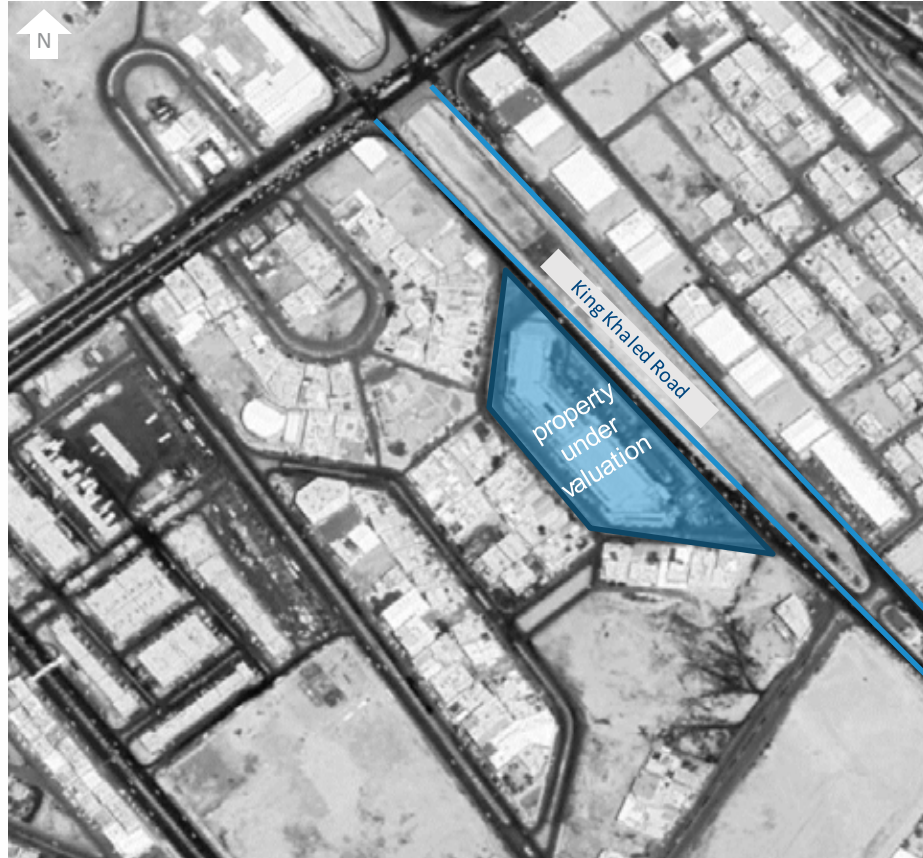
The city has many important agricultural projects that produce wheat, fruit, chicken and eggs. It is famous for its cultivation, shapes and colors of various and vast flowers and roses, and for exporting them to many near and far countries. The abundance of fertile agricultural land and the abundance of water, led the city of Tabuk to witness a distinct agricultural renaissance. The state has encouraged dozens of agricultural projects, through the support provided by the Agricultural Development Fund.

The population of the city of Tabuk, based on the results of the 2017 census, according to the General Authority for Statistics, is 551,124 people.

The property is located in the center of Tabuk city, and the property under valuation is about 8.8 km away from Prince Sultan bin Abdulaziz Airport.

The map on the left shows the location of the property under valuation at the city level.

A map showing the property at the district level:



## Micro Location

### Location

- The property is located in the center of Tabuk city in the Al-Rajhi district with a mid- population density.
- The property is located on King Khalid Road, and the property can be accessed by way.
- The property is located in the center of Tabuk city and close to many demand generators.

water drainage	phone service	water	electricity	Sanitation
✓	✓	✓	✓	✓
Shopping center	garden	girls school	boys school	Mosque
✓	✓	✓	✓	✓
municipal services	Post office	Civil defense	police	Health center
✓	✓	✓	✓	✓
USE	Commercial			
Coverage ratio	%60			
number of floors	G+1 F			



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“الشريك المثالي”

No legal document has been verified for the property under valuation, which includes planning, ownership or foreclosure, and certain legal matters on which all or part of this report is based are deemed reliable. It was assumed that the subject property was valid. It was also assumed that the property was free of any legal obligations, mortgage rights or any impediments.

## Property Details (Freehold Details)

ID	Description	
Owner	Wabel Fund Company	
Use	commercial	
Plot No.	107TO 123	
Sub-Division	3176	
District	Al-Malqa	
Area	37,293	
Coordinates	36°32'40.33"E	28°24'19.18"N
City	Tabuk	
Ownership Type	Freehold	
Title Deed Info	Deed No.	250109008541
	Deed Date	H 1442/4/30

## Dimensions and street widths

Side	Dimension	Street Name	Type	Width (m)	Frontage
North	24.5	Street	internal	20	4
South	100	Street	internal	34	2
East	250	Street	Main	25	1
West	17	Street	internal	100	3

## Valuation Basis & Methodology

### Cost Approach steps:

#### Valuation Approach

- When assessing the most appropriate methodology to value The Subject Property considering the information provided by the client, the current status of the Subject Property as well as our own analysis of the local market conditions, In determining our opinion of value we have considered applicable approach(es) & methods as follow:

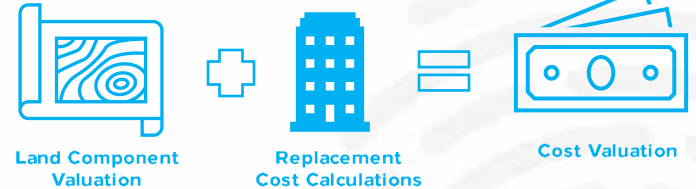
#### The Cost Approach

- The Cost Approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.
- The cost approach should be applied and afforded significant weight under the following circumstances:
- participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,
- a) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or Cost Approach unfeasible,
- b) the basis of value being used is fundamentally based on replacement cost, such as replacement value.

#### Replacement Cost Method

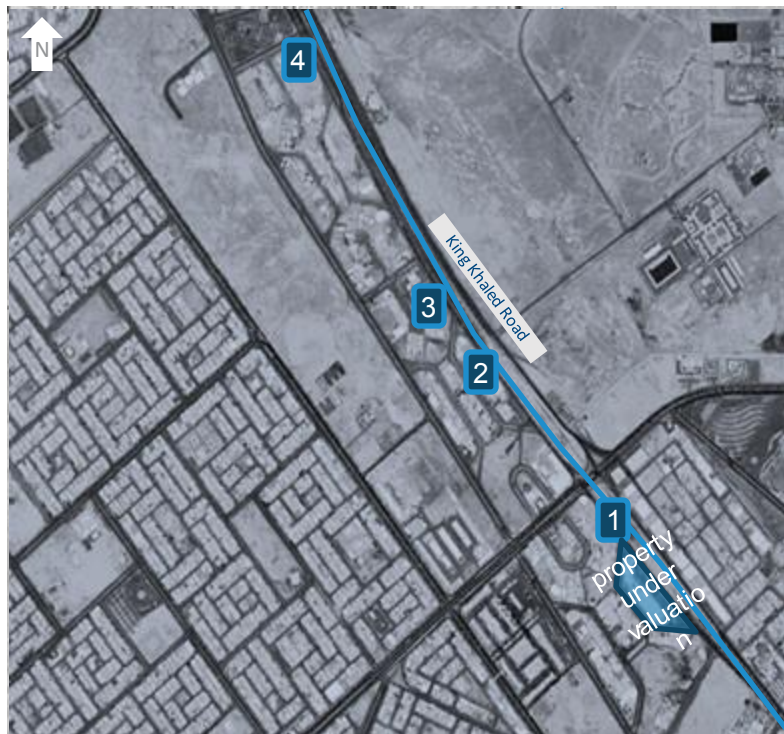
- Generally, replacement cost is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset.
- Usually, replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost.

#### Cost Approach Methodology





## Key comparisons (Comparable)



## Market Research Analysis (Land valuation)

- A field research was conducted for the lands surrounding the area of the property under valuation, and the details of the comparisons are as follows.

## Market Research Analysis (Land valuation)

ID	Area	Price (SR/sqm)	Total Price (SR)	Offer Type
1	3,400	2,355	8,007,000	Asking - 2022
2	7,000	4,000	28,000,000	Asking - 2022
3	2,478	2,800	6,938,400	Asking - 2022

- Regarding asking prices, we have found the average of asking price ranging between 2,355 – 4,000 SAR / sqm for sizes between 2,478 sqm and 3,400 sqm taking into consideration market trend, location, plot characteristics (i.e., frontages, area, streets).

- After completing the research and gathering information, we analyzed the comparable and made calculations and adjustments to arrive at the price per square meter for the property under valuation. and adjustments that were adopted in the valuation matrix.

### valuation Matrix:

Description	Comp 1	Comp 2	Comp 3
Size (sqm)	3,400	7,000	2,478
Price (SAR per sqm )	2,355	4,000	2,800
Location and Physical Adjustments			
Location	%0.00	%0.00	%0.00
Size	%15.00-	%10.00-	%15.00-
frontage	%0.00	%0.00	%0.00
street	%0.00	%0.00	%0.00
USE	%0.00	%0.00	%0.00
Building permits	%0.00	%0.00	%0.00
Negotiation	%0.00	%0.00	%0.00
<b>Final Adjusted Price (%)</b>	%15.00-	%10.00-	%15.00-
<b>Final Adjusted Price per sqm</b>	2,002	3,600	2,380
<b>Weighted (%)</b>	%25.00	%25.00	%25.00
<b>Result (SR/sqm)</b>	2,670		

land value (SAR / sqm)

**2,670**

Total land value (SAR)

**57,222,000**

## Second: Estimating the value of the buildings

### Calculating the value of buildings using the cost method

The costs of buildings and construction space were estimated by visiting the site by the Basma Real Estate valuation Company and identifying the property under valuation in accordance with the indicative price guide issued by the Accredited Residents Authority. Through the foregoing, the value of the property under valuation was estimated using the cost method.

### Building cost estimates before depreciation:

	Area (Sqm)	Cost (\$R/Sqm)	Total building cost (\$R)
BUA	45018.00	2,000.00	90,036,000
Total	45018.00		90,036,000

Basma Real Estate Valuation Company confirms that we are not Quantity surveyors and therefore we reserve the right to review and/or amend our valuation if it proves that actual construction costs or spaces differ.

### Actual depreciation cost

The actual depreciation cost of any building is calculated starting from the operation of the building, and the depreciation percentage is 28.57% for the property under valuation.

### Estimating the cost of buildings after adding depreciation:

Infer development cost					
Total direct development costs		45018.00	2,000.00	90,036,000	
Total indirect costs					
professional expenses			% 3	2,701,080	
management expenses			% 3	2,701,080	
Utility network			% 2	1,800,720	
Financing cost to funding for a term	2	(year/%)	% 50	% 3	2,917,166
Developer risks and profits			% 10	10,015,605	
Total indirect costs of development			% 18	20,135,651	
Total direct and indirect development costs				110,171,651	
Depreciation					
Buildings age (years)				8	
Effective age (years)				10	
Remaining (years)				25	
Building Economic Age				35	
Depreciation (%)				% 28.57	
				31,477,614.58	
				78,694,036	
Building Cost After Depreciation				78,700,000.00	
Total Development Cost (Land + Building)				135,920,000.00	

## Income Approach

### Basis of Valuation

#### Income Approach

- The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

#### Discounted Cash Flow (DCF) Method

- Under the DCF method the forecasted cash flow is discounted back to the valuation date, resulting in a present value of the asset.
- In some circumstances for long-lived or indefinite-lived assets, DCF may include a terminal value which represents the value of the asset at the end of the explicit projection period. In other circumstances, the value of an asset may be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income capitalization method.

### Cash flow components:

Below are highlights of the main components of the cashflow:

- Growth rate: is the rate during the year in which the income of a particular sector increases, and when this rate changes due to the effect of inflation, but if a decrease in the rate of growth occurs, this leads to the emergence of an economic recession.
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- NPV net income: present value of money using a discount rate.
- Discount rate: The discount rate of expected cash flows reflects the time value of money and the risks associated with each type of cash flow and future operations of the asset.

## Income Approach Valuation

As a result of the data provided by the client, the cash flows were made over 8 years, with an income of 29,795,641 riyals annually to reach the value of the property under valuation.

Growth rate: 2.50%

Yield rate: 8.5%

Discount rate: 11%

Operating expenses: 25%

Cash Flow Chart:

Period	1	2	3	4	5	6	7	8
Occupancy Rate (%)	%100	%100	%100	%100	%100	%100	%100	%100
Expected Income / Genuine Potential Income GPI (SAR)	20,644,826	21,423,825	21,959,421	22,508,406	23,071,117	23,647,894	24,239,092	24,845,069
Vacancies & Credit Losses (%)	%96	%55	%40	%30	%15	%15	%15	%15
Vacancies & Credit Losses (SAR)	19,819,033-	11,783,104-	8,783,768-	6,752,522-	3,460,667-	3,547,184-	3,635,864-	3,726,760-
Gross Effective Income GEI (SAR)	825,793	9,640,721	13,175,653	15,755,884	19,610,449	20,100,710	20,603,228	21,118,309
Operational Expenses OE (%)	%25	%25	%25	%25	%25	%25	%25	%25
Operational Expenses OE (SAR)	206,448-	2,410,180-	3,293,913-	3,938,971-	4,902,612-	5,025,178-	5,150,807-	5,279,577-
Net Operating Income (SAR)	619,345	7,230,541	9,881,739	11,816,913	14,707,837	15,075,533	15,452,421	15,838,732
Exit Value								186,338,018
Present Value of Cash Flow	587,856	6,182,816	7,612,476	8,201,129	9,195,925	8,491,732	7,841,464	92,429,131
Total Property Value Rounded (SAR)	140,550,000							

## Opinion of Value

Our company approves the valuation below as a Fair Value, in accordance with the conditions restricted in the valuation report, and according to the assumptions mentioned in the report. This valuation is the result of an analysis of real estate data and the current real estate market.

**The fair value of the land using the income method on June 30, 2022**

**The fair value of the property is 140,550,000 SR**

**(Only one hundred forty million five hundred fifty thousand Saudi riyals)**

CEO

Ahmed al-Maliki- Fellow Taqeeem -  
1210001217



Reviewer

Mahmud Taher - Fellow Taqeeem -  
1220000047

valuer

Basil Omar Harasi-Associate Member-  
1210002743

