MULKIA INVESTMENT

Valuation Report

Mulkia-Gulf Real Estate REIT Fund

Prepared by:

Barcode Asset Valuation Company

Presented to:

Mulkia-Gulf Real Estate REIT Fund

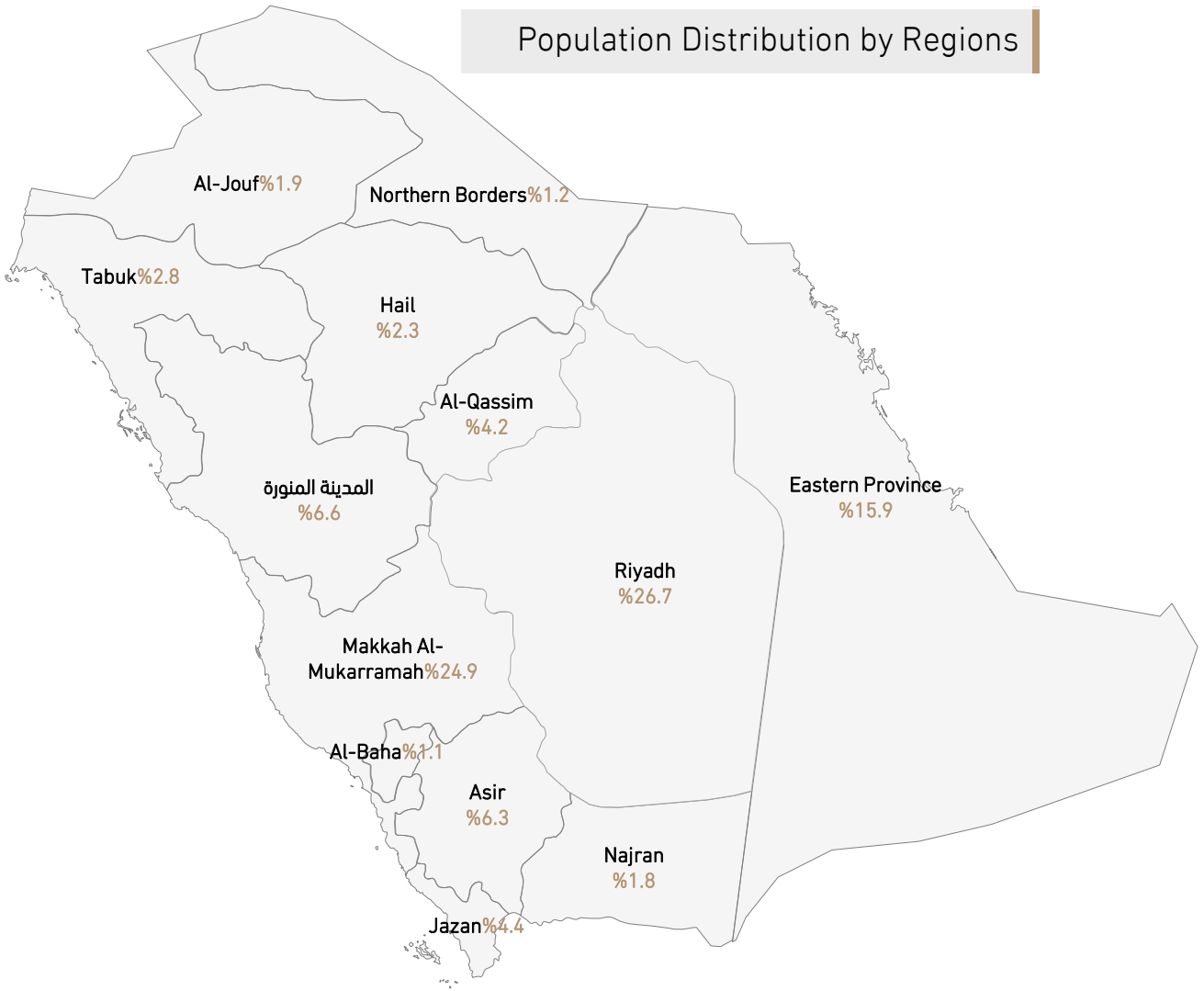
Date of Report:

2024/12/31

Table of Contents:

Overview of the Saudi Economy

Population Distribution by Regions



GDP of the Kingdom

1.016 trillion riyals

Growth of -0.3%

Inflation and Unemployment Rates

Inflation rate of 1.7%

Unemployment rate of 7.1%

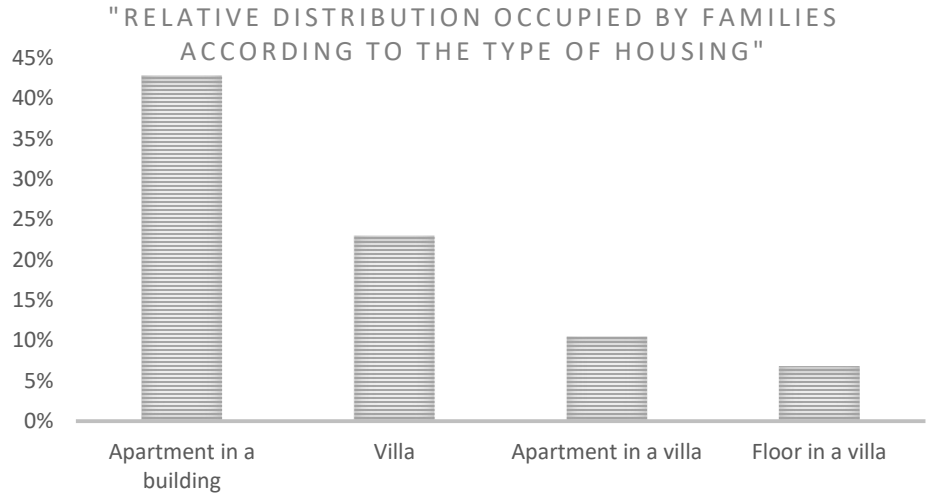
Total Population

32,175,224 people

Source: General Authority for Statistics

Overview of the Saudi Real Estate Sector

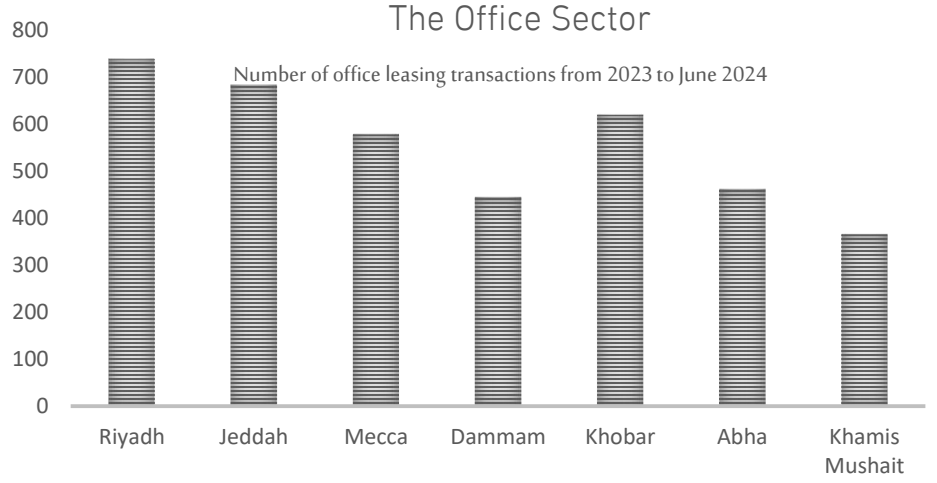
The Residential Sector



"The General Authority for Statistics attributed the change in the Real Estate Price Index in Q3 2024 to an increase in residential sector property prices by 1.6%, with residential land prices rising by 1.6% year-on-year, apartment prices by 1.9%, and villa prices by 1.5%. The total number of real estate units in the Kingdom of Saudi Arabia was 12,414,696 million units. 65.8% of these units are residential. The most common type of dwelling is an apartment in a building, accounting for 50.6%. There was a 42% increase in the number of apartments in buildings in Riyadh, while the occupancy rate for villas was 23%."

"Source: General Authority for Statistics"

The Office Sector



"Coinciding with the increased demand for office spaces in Riyadh, being the capital and business hub, there has been a rise in rental prices, especially in key areas such as the King Abdullah Financial District (KAFD) and Al Olaya. The number of office leasing transactions from July 2023 to July 2024 shows an increase in transactions in Riyadh, Jeddah, and Khobar, highlighting the concentration of office transactions in vital cities, particularly Riyadh, due to the influx of global companies and investment in the Saudi market. This has led to a continuous rise in both supply and demand."

"Source: General Authority for Statistics"

Overview of the Saudi Real Estate Sector

The Hospitality Sector

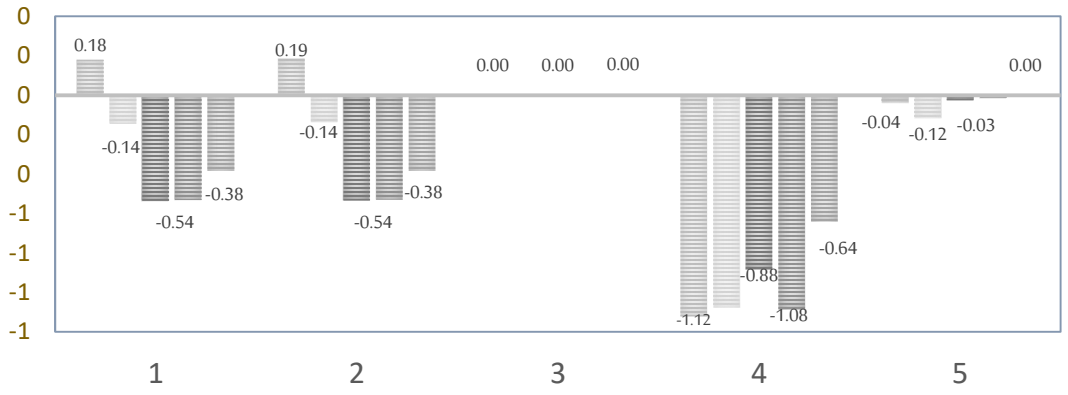
INCOMING TOURIST TRIPS BY TYPE OF ACCOMMODATION
(THOUSANDS OF TOURISTS)

"The hotel sector in the Saudi real estate market is witnessing significant growth, especially under Saudi Vision 2030, which focuses on diversifying the economy and developing tourism. With the increase in the number of tourists and the Kingdom opening its doors to international tourism through tourist visas, a significant rise in the number of tourists is expected, thus boosting demand for hotels. The chart shows the rate of domestic tourists and the occupancy rate of hotels and apartments during the first months of 2024, with an increase followed by a decline and then a return in March, which is linked to several factors, including social and educational factors. We observe that the occupancy rate for incoming tourism in hotels and apartments was low in 2021 but started to rise with increased demand in 2022 and 2023."

"Source: Ministry of Tourism"

The Commercial Sector

"Commercial Real Estate Price Index by Property Type (Year-on-Year Change, %) "

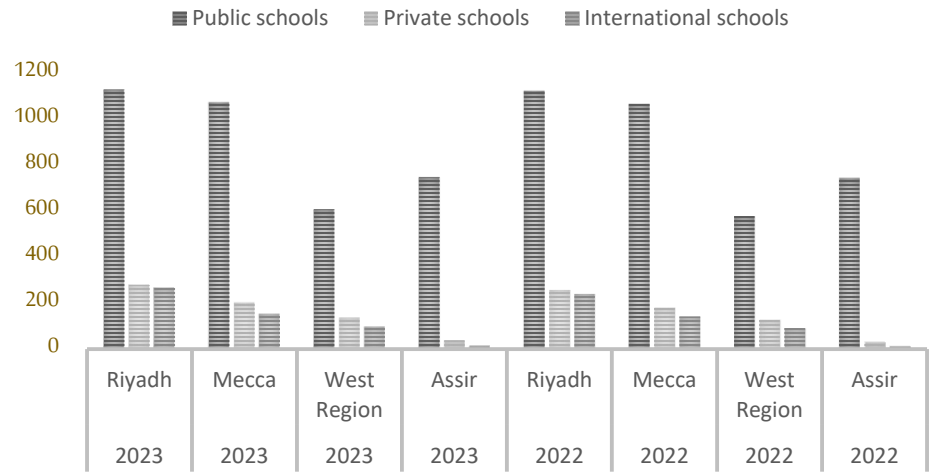


There is an increasing demand for commercial spaces in modern malls and mixed-use developments in major cities such as Riyadh. Commercial real estate prices decreased by 0.4%, influenced by a decline in the prices of commercial land by 0.4% and commercial showrooms by 0.6%. Meanwhile, the prices of commercial buildings and centers remained stable in the second quarter of 2024, with no significant changes recorded. The commercial sector prices showed stability, with only a slight decrease in showroom prices by 0.1%, while the prices of commercial land, buildings, and centers remained unchanged."

"Source: General Authority for Statistics"

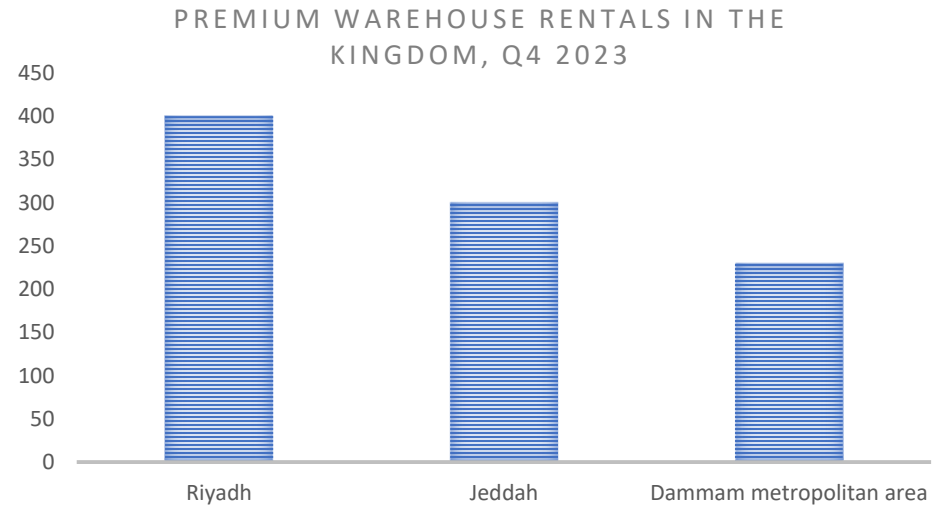
Overview of the Saudi Real Estate Sector

"EDUCATION SECTOR



"Education is one of the key pillars of Saudi Arabia's Vision 2030, through the development of the educational and training system in all its components, and investing in education and training by qualifying and training teachers and educational leaders. The number of male teachers in the Ministry of Education reached 225,757, while the number of female teachers reached 264,798. The chart illustrates the significant increase in the number of public, private, and international schools in 2023, with rapid growth in major regions such as Riyadh, Jeddah, and the Eastern Province, moderate growth in Makkah, and less growth in the Asir region .Source: Ministry of Education"

"Warehousing Sector



"Logistics InvestmentsWith the expansion of e-commerce, the demand for large warehouses and distribution centers has increased. Retail companies are increasingly investing in logistics infrastructure to support fast and efficient delivery operations. The rental prices for prime warehouses in the Kingdom were estimated in Q4 2023. In Riyadh, the price ranged from 160 to 400 Saudi Riyals per square meter per year, in Jeddah from 90 to 300 Saudi Riyals per square meter, and in Dammam, the prices were higher than in Jeddah, ranging from 130 to 230 Saudi Riyals per square meter per year.
Source: Deloitte"

Assumptions and risks

Economic risks at the local level

The Fund's projections could be influenced by fluctuations in economic conditions, such as inflation rates, new governmental regulations and policies, as well as political events and trends. These factors represent potential variables that could impact the Fund's performance and outlook.

Risk associated with lacking long-term contracts.

To achieve consistent returns, it is essential for the fund's portfolio to comprise properties with long-term leases, ensuring reliable cash flows are sustained as needed.

Risks associated with renewing existing contracts

The Funds are exposed to risks stemming from potential challenges in renewing existing lease contracts or encountering lower-than-anticipated rental values, which could impact the Fund's income.

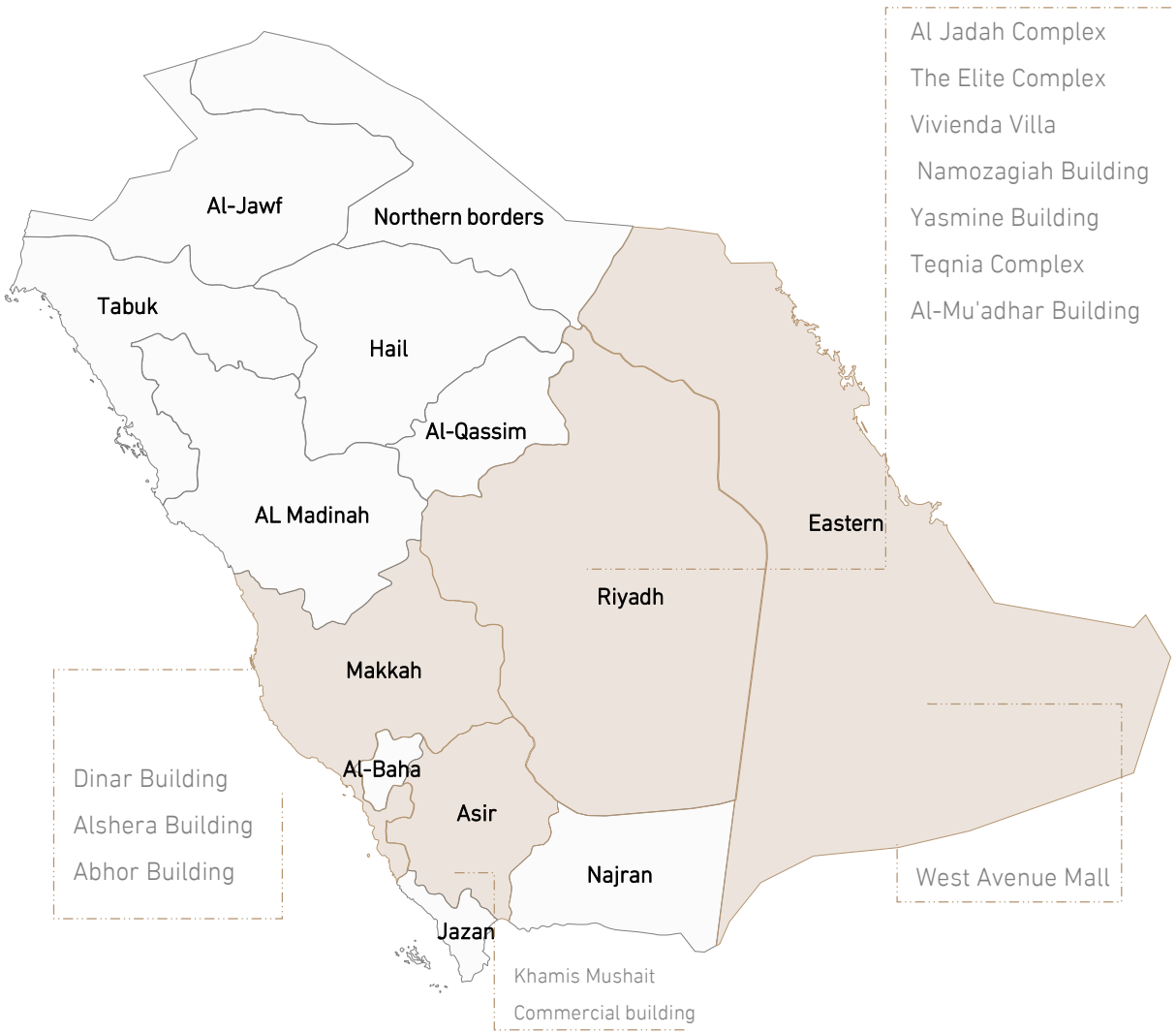
Future revenue generation cannot be guaranteed.

This implies the risk of not attaining projected occupancy rates in the future, thereby potentially impacting the fund's revenue streams.

Real estate market risks

These conditions influence the real estate market by impacting the supply and demand dynamics and introducing new competitors across various sectors. Consequently, they can affect future rental values and occupancy rates.

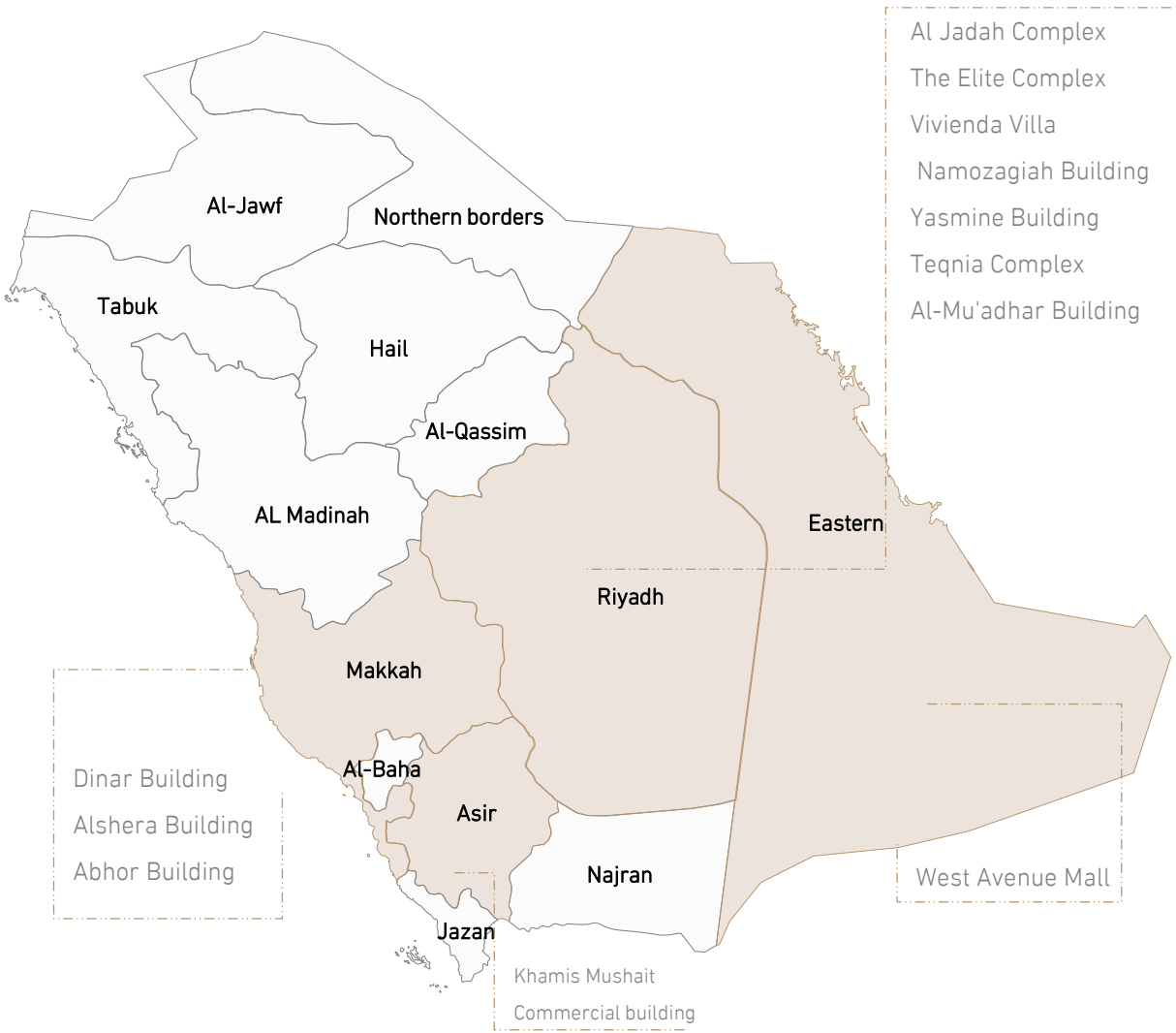
Overview of Fund Valuation



1	Al Jadah Complex	Riyadh - Qortoba		Hotel	
Value	SAR 367,750,000	Income	SAR 51,347,694	Cap rate	% 7.5
2	The Elite Complex	Riyadh - Sulaymaniyah		Showrooms & offices	
Value	SAR 197,410,000	Income	SAR14,000,000	Cap rate	% 7.5

3	Vivienda Villa	Riyadh - Alhadah		Hotel	
Value	SAR 147,580,000	Income	SAR 11,703,124	Cap rate	% 7,50
4	Namozagiah Building	Riyadh - Namozagiah		Hotel	
Value	SAR 55,840,000	Income	SAR 3,800,000	Cap rate	% 7,50
5	Teqnia Complex, Plot 24-25	Riyadh - Faisalish		Workshop	
Value	SAR 36,640,000	Income	SAR 2,600,000	Cap rate	% 7,50
6	Teqnia Complex, Block 6	Riyadh - Faisalish		Workshop	
Value	SAR 31,880,000	Income	SAR 2,205,000	Cap rate	% 7,50
7	Teqnia Complex, Block 11	Riyadh - Faisalish		Workshop	
Value	SAR 24,510,000	Income	SAR 1,579,050	Cap rate	% 7,50
8	Teqnia Complex, Block 10	Riyadh - Faisalish		Workshop	
Value	SAR 19,600,000	Income	SAR 1,320,000	Cap rate	%7,50
9	Teqnia Complex, Block 7	Riyadh - Faisalish		Workshop	
Value	SAR 13,590,000	Income	SAR 962,876	Cap rate	% 7,50
10	Teqnia Complex, Block 9	Riyadh - Faisalish		Workshop	
Value	SAR 12,270,000	Income	SAR 916,320	Cap rate	% 7,50

Overview of Fund Valuation



11	Yasmine Residential Building	Riyadh - Yasmine		Residential	
Value	SAR 19,620,000	Income	SAR 1,300,000	Cap rate	% 7
12	West Avenue Mall	Dammam - Faisalish		Shopping center	
Value	SAR 285,450,000	Income	SAR 23,203,327	Cap rate	% 7,00
13	Khamis Mushait Commercial building	Khamis Mushait - Al-Nuzha		Commercial stores	
Value	SAR 7,370,000	Income	SAR 571,660	Cap rate	% 8,00
14	Dinar Commercial Building	Jeddah- Alzahra		Office	
Value	SAR 117,970,000	Income	SAR 8,507,215	Cap rate	% 8,00
15	Alshera Commercial building	Jeddah- Alshera		Commercial stores	
Value	SAR 11,693,630	Income	SAR 750,000	Cap rate	% 8,00
16	Abhor Commercial building	Jeddah- Northern Abhor		Commercial stores	
Value	SAR 6,670,000	Income	SAR 502,500	Cap rate	% 8,00
16	**Al-Mu'adhar Building**	Riyadh Al-Muzarr		Commercial-Residential	
Value	SAR 225,220,000	Income	SAR 20,000,000	Cap rate	% 8,00

Introduction

Following your approval of Barcode Company on 26/05/2024 AD to conduct appraisals for 16 properties within the Kingdom of Saudi Arabia (Mulkia-Gulf Real Estate REIT Fund), our team meticulously inspected and assessed the buildings. We have diligently completed our task, considering all factors influencing the property values in accordance with International Valuation Standards and professional valuation practices. The resulting valuation report aims to accurately determine the real estate values appropriate for the intended purpose of the appraisal. This report stands as a credible testament to the objectives of this valuation assignment, emphasizing its integral importance.

Referenced Information:

Client	Mulkia-Gulf Real Estate REIT Fund Mulkia Gulf Real Estate REIT is a Sharia compliant closed public traded listed real estate investment fund, established according to the laws and regulations in the Kingdom of Saudi Arabia & regulated by Capital Market Authority
Intended User	Tamdeen First for Real Estate Trading Company
Owner	A public report published for the fund's unitholders and used by the fund manager to periodically evaluate the properties of the Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Purpose of the Valuation

The client assigned Barcode Company to conduct a valuation on the subjects of the report to estimate the Market value based on international valuation standards for a Periodic valuation of the Real Estate fund purpose, and accordingly this report was prepared.

Report type	Detailed
Report currency	Saudi Riyals
Effective Date	2024/12/31

Legal and Technical Principals

1-The capability of appraising the subject :

Barcode has competencies and qualified members who are capable of appraising this type of property, and they are fully qualified to determine the market value of the subject at the designated date. Based on that, we accepted the task

2 - Valuation Standards :

This Valuation task was carried out based on the International Valuation Standards IVS 2022 issued by the International Valuation Standards Council (IVSC), and following the recognized professional procedures and rules used in appraising real estate-related assets, which are based on market analysis, comparison, and direct inspection of each property. That includes conducting market surveys as possible can to point out the merits and demerits of the subject's undervaluation.

3- Valuation Approach :

In this evaluating, we relied on three valuation methods that are appropriate to the property and its characteristics: market, income, and cost approach. The market approach is to find indicators of value by comparing the asset being valued with similar assets. The income approach creates an indicator of value by converting future cash flows into a current capital value. The cost approach is to find an indicator of value using the economic principle which stipulates that the buyer will not pay more than the cost of obtaining a similar utility asset, whether through purchase or construction.

4-Basis of Value :

The basis of value is the market value, and according to the international valuation standards (IVS2022), Market market value is the price a willing buyer would pay a willing seller in a transaction on the open market. The Market rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably , prudent and without compulsion.

5- Inspection and Market Survey :

To conduct our valuation task and accomplish what this report initiated, we have inspected all the assets undervaluation in this report, as well as the surrounding area where these assets are located. Notably, this inspection does not include the technical examinations of any buildings among these assets.

Legal and Technical Principals

6 -The Nature and Source of Information :

In this report, the nature and source of the valuation inputs were carefully and conveniently taken from different sources that fit with the purpose of the valuation.

7- Ownership's Related Documents :

We have viewed a copy of the deed, and we assume the soundness of this document. Accordingly, we assume the fee-simple estate of ownership.

8- Disposal of Property :

Based on the ownership-related documents provided by the client, we assumed that there is no sort of religious or regulatory restriction that constrain the transferring of ownership or the use of it for any commercial purposes.

9- The legal Use of the Property According to the Municipality :

According to Barcode's team, they found that there are no restrictions, conditional use, or any regulations that negatively affect the property in the area where the assets undervaluation are located. And the current use of the lands is: Commercial, residential, hotel, mixed-use and workshops.

10-Insurance

An insurance policy for the property subject to the report was received from the client.

11-Responsibility and Independence:

We consider this valuation report in which we maintain the principles of impartiality, transparency, and professionalism, without external influence from any party whatsoever.

Legal and Technical Principals

12- Intellectual property and reuse:

This report is the form and content of the intellectual property of Barcode Company, and no party - this includes the applicant (client), and the beneficiary of the report - may republish all or some parts of the report without obtaining the written consent of the company.

13- Confidentiality:

The report has been drafted upon request and for a consultative purpose. Therefore, we realize how extremely important for the clientele to maintain high secrecy of the data and results of the report confidential. We abide by that and will not further reproduce the data of the client " explicitly" outside this report. All the data in the report belong solely to the client and the beneficiaries identified in this report. And no other party is entitled to access it.

14. Reporting currency

The currency used in the report is the Saudi Riyal.

15. Scope of the evaluator's research

It included research and analysis to prepare the report according to its intended purpose and in compliance with international valuation standards. The property was inspected internally and externally on the day of the property inspection, and all the necessary data was obtained to prepare the report.

Legal and Technical Principals

Valuation Team Members

The team members possess prior experience in similar assignments and are accredited appraisers authorized by relevant regulatory bodies. They boast ample expertise in local regions and various real estate categories pertinent to the properties being appraised. They affirm their capability to compile the report seamlessly in compliance with the provisions of International Valuation Standards. Their names are as follows:

Accreditation

License number	1210000001
License date	1437/03/01

Team Member

Team Member	Membership ID	Membership Type	Signature
Abdulkareem Mohamed Abanmi	1210000001	Certified Fellowship - Real Estate Branch	
Sultan alhudhayfi	1220000056	Affiliate Member - Real Estate Branch	
Ghada alyabis	1210002140	Affiliate Member - Real Estate Branch	
Wael osman	1220003628	Affiliate Member - Real Estate Branch	

Riyadh region

باركود BARCODE
92 000 5564
Assets Valuation تقييم الأصول

Al Jadah Complex

Report Number	DC24013264
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Mixed-use
Address	Riyadh - Qortoba

The Final value of the property	Number	SAR 367,750,000
	Written	Three hundred sixty-seven million seven hundred fifty thousand riyals only

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation	Intended User	Client Name
Current Use	Periodic valuation	Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.	Mulkia-Gulf Real Estate REIT Fund

Property right	Property type	Address
"Absolute ownership except for deeds 998507018273 - 798507018272, encumbered by a mortgage."	Mixed-use	Riyadh - Qortoba

Land Area	Deed Date	Deed Number	Owner Name
^{2}m 21,670.9	1444/11/23 - 1444/11/23 1443/07/13 - 1443/07/13 -	– 381912000111 – 781912000112 798507018272 - 998507018273	Tamdeen First for Real Estate Trading Company

valuation Approach	Valuation Criteria	Value Base
The income approach –DCF-	International Valuation Standards IVS 2022	Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	367,750,000 SAR
The Grand Total of the Properties (Written)	Three hundred sixty-seven million seven hundred fifty thousand riyals only

02

Property Description

Property Description

The property under valuation is situated in the Qurtuba neighborhood of Riyadh.

Qurtuba is located in the northeast part of the city, proximate to King Khalid International Airport, and falls under the jurisdiction of Al Rawdah Municipality. Known for its residential complexes, Qurtuba offers comprehensive amenities including mosques, schools, recreational venues, shopping centers, and medical services.

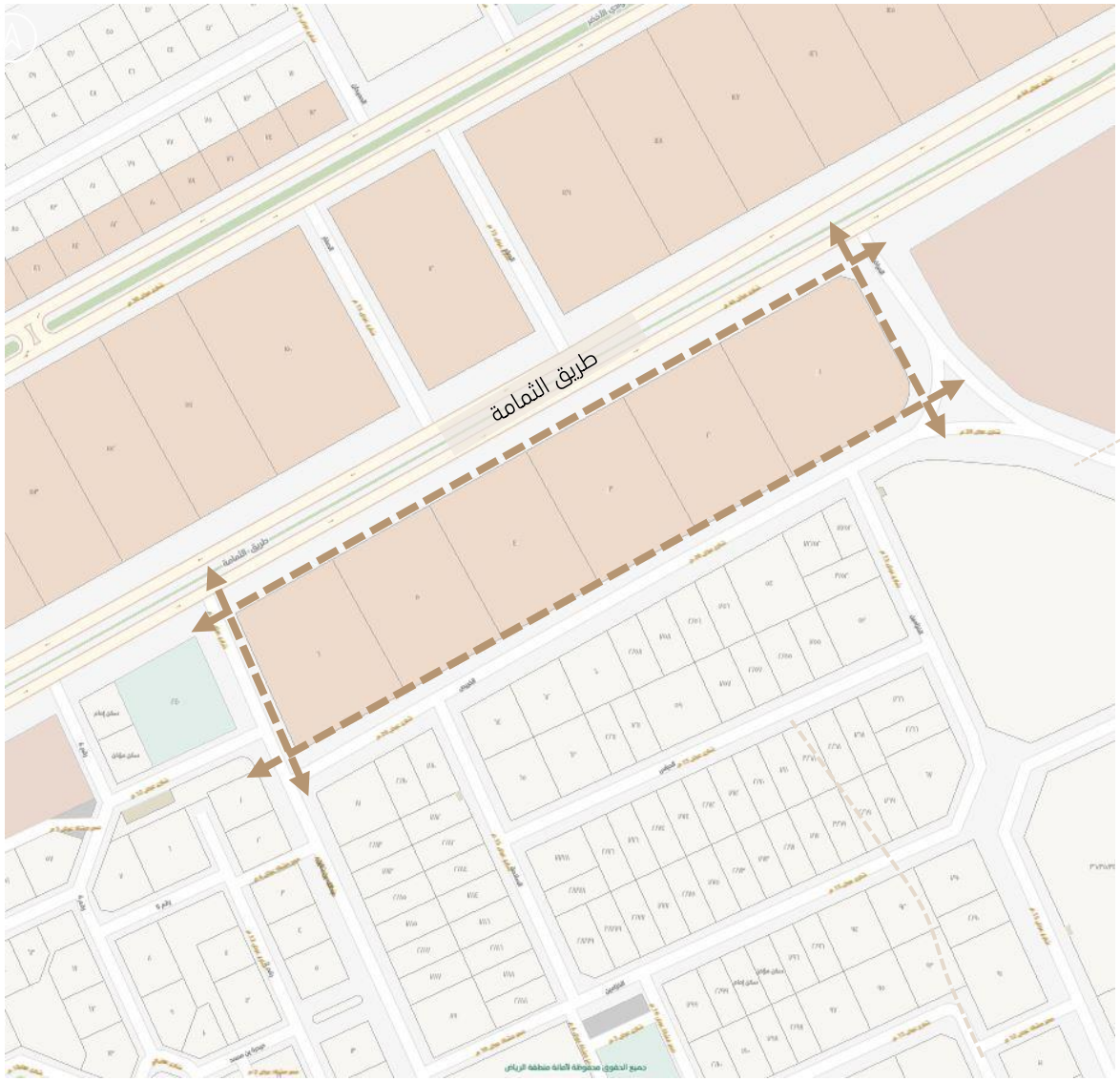
The neighborhood spans approximately 13.53 square kilometers and is bounded to the east by Sheikh Hassan bin Hussein bin Ali Road and Al-Munsiyah neighborhood. To the south, it is bordered by Al-Dammam Road, Granada neighborhood, and Al-Shuhada neighborhood. The western boundary comprises the airport road, Al Falah, and Imam Muhammad bin Saud Islamic University, while the northern side is delineated by Al Thumama Road and Princess Noura bint Abdul Rahman University.

The hotel property itself features 104 rooms, meeting rooms, wedding halls, restaurants, separate health clubs for men and women, and offices for operational purposes. Additionally, there are 16 fully furnished outdoor villas, each with a private swimming pool and dedicated parking. Basement parking is also available on-site.

The showrooms within the project encompass 23 units with external parking spaces provided. Furthermore, the project includes 6 offices overlooking the boulevard.

According to the property deed, the land area is 21,670.9 square meters, while the building area, as per the building permit, measures 32,736.24 square meters.

Property Details



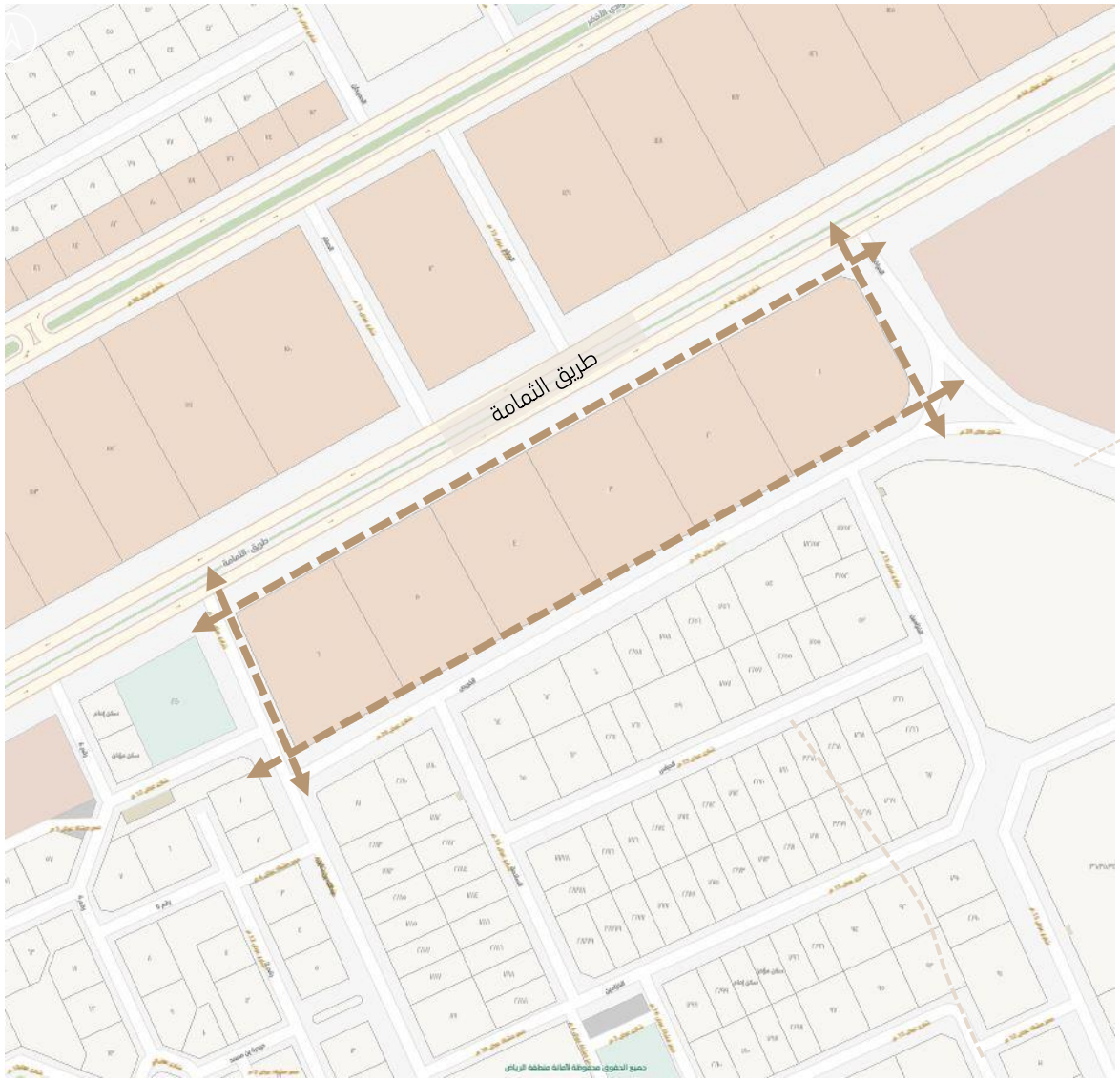
Land Area		Land Use
^{2}m 21,670.9		Commercial

Boundaries

Length	Border	Side
62.02 + 7.04 m	Street width 46m	North
Length	**Border**	**Side**
13.85 + 50.52 m	Street width 20m	South
Length	**Border**	**Side**
13.85+46.5 m	Street width 28m	East
Length	**Border**	**Side**
68 m	Parcel no.2	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



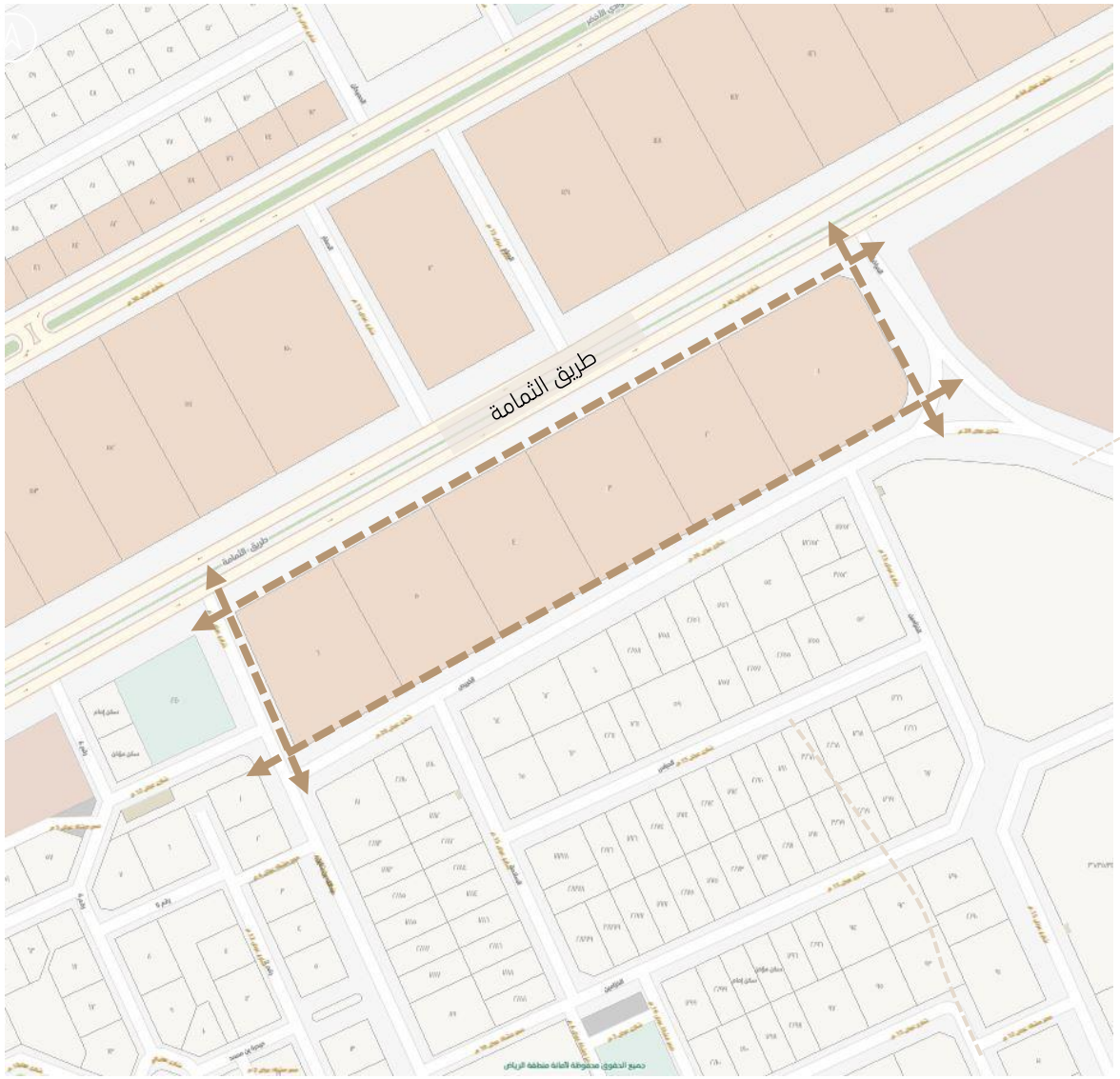
Land Area		Land Use
^{2}m 21,670.9		Commercial

Boundaries

Length	Border	Side
50 m	Street width 46m	North
Length	**Border**	**Side**
50 m	Street width 20m	South
Length	**Border**	**Side**
68 m	Parcel no. 1	East
Length	**Border**	**Side**
68 m	Parcel no. 3	West

Land shape			
irregular		regular	√
Land shape			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



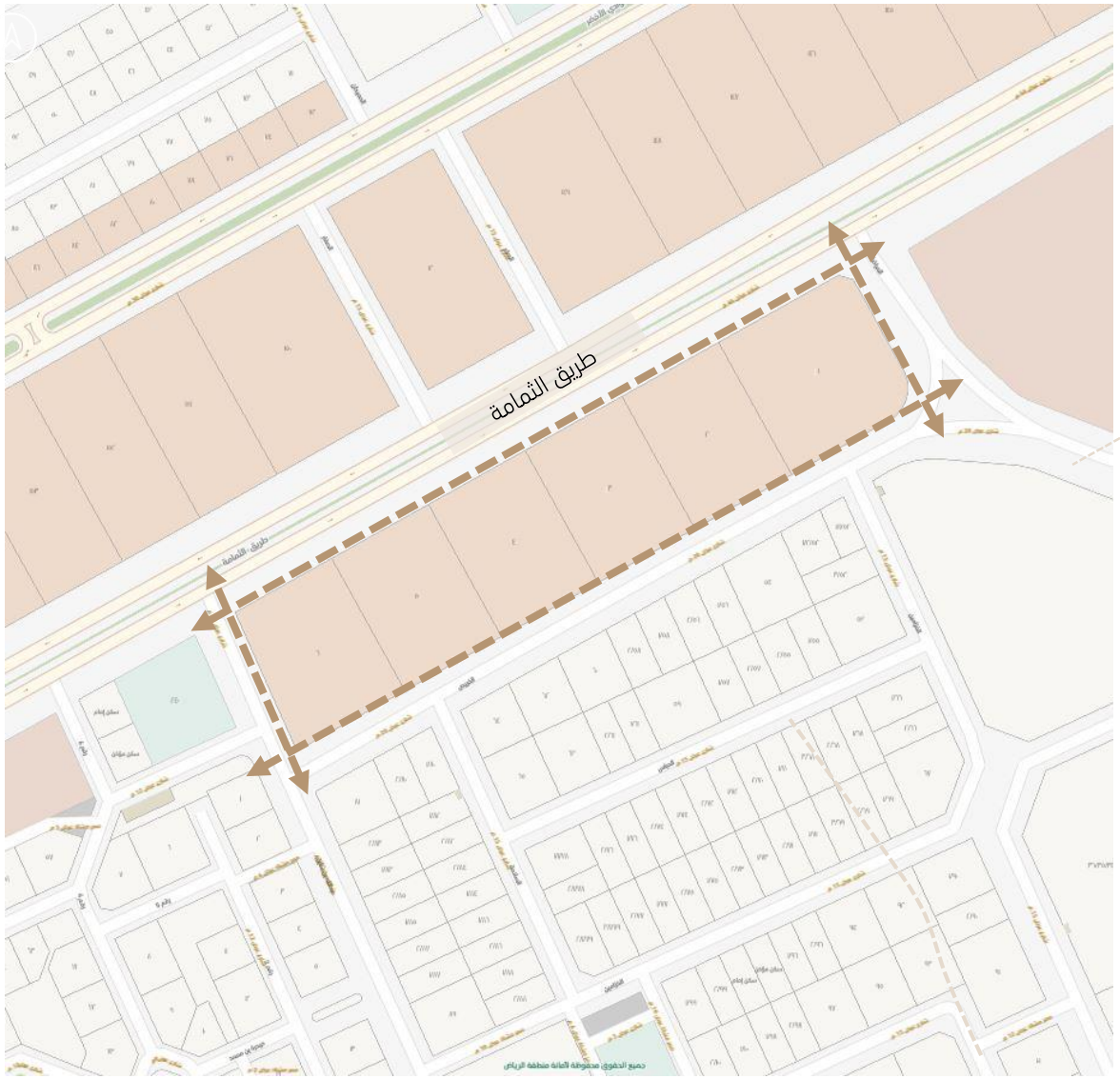
Land Area		Land Use
^{2}m 21,670.9		Commercial

Boundaries

Length	Border	Side
95 + 7.73 m	Street width 46m	North
Length	**Border**	**Side**
105.82 m	Street width 20m	South
Length	**Border**	**Side**
68 m	Parcel no. 4	East
Length	**Border**	**Side**
63.25 m	Street width 20m	West

Land shape			
irregular		regular	√
Land shape			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



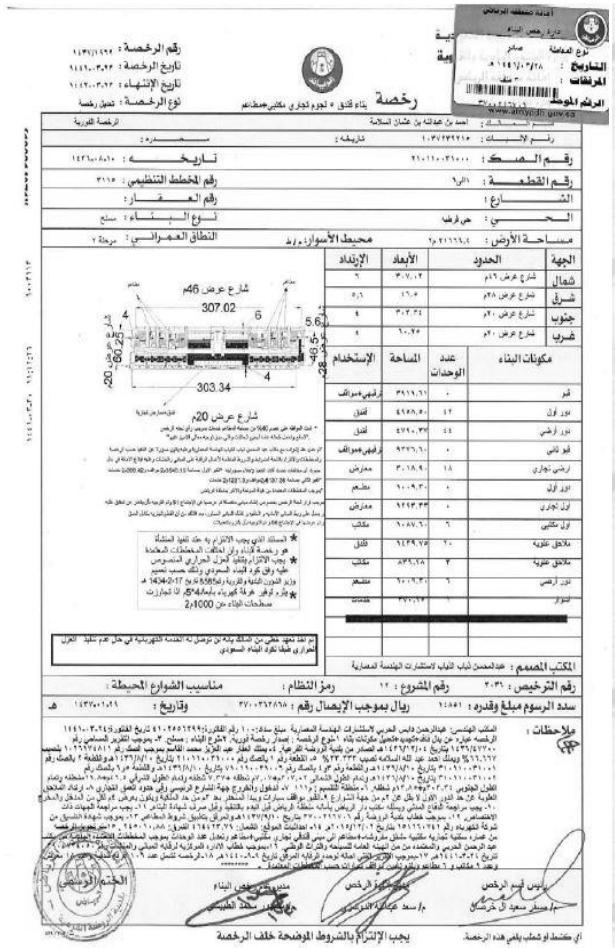
Land Area		Land Use
^{2}m 21,670.9		Commercial

Boundaries

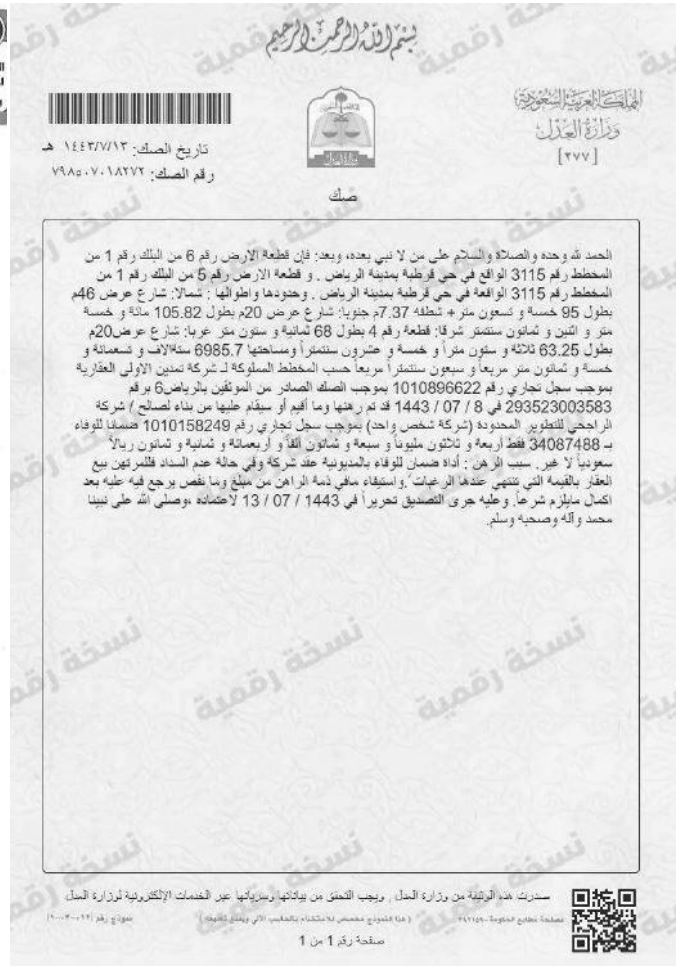
Length	Border	Side
100 m	Street width 46m	North
Length	**Border**	**Side**
100 m	Street width 20m	South
Length	**Border**	**Side**
68 m	Parcel no. 2	East
Length	**Border**	**Side**
68 m	Parcel no. 5	West

Land shape			
irregular		regular	√
Land shape			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

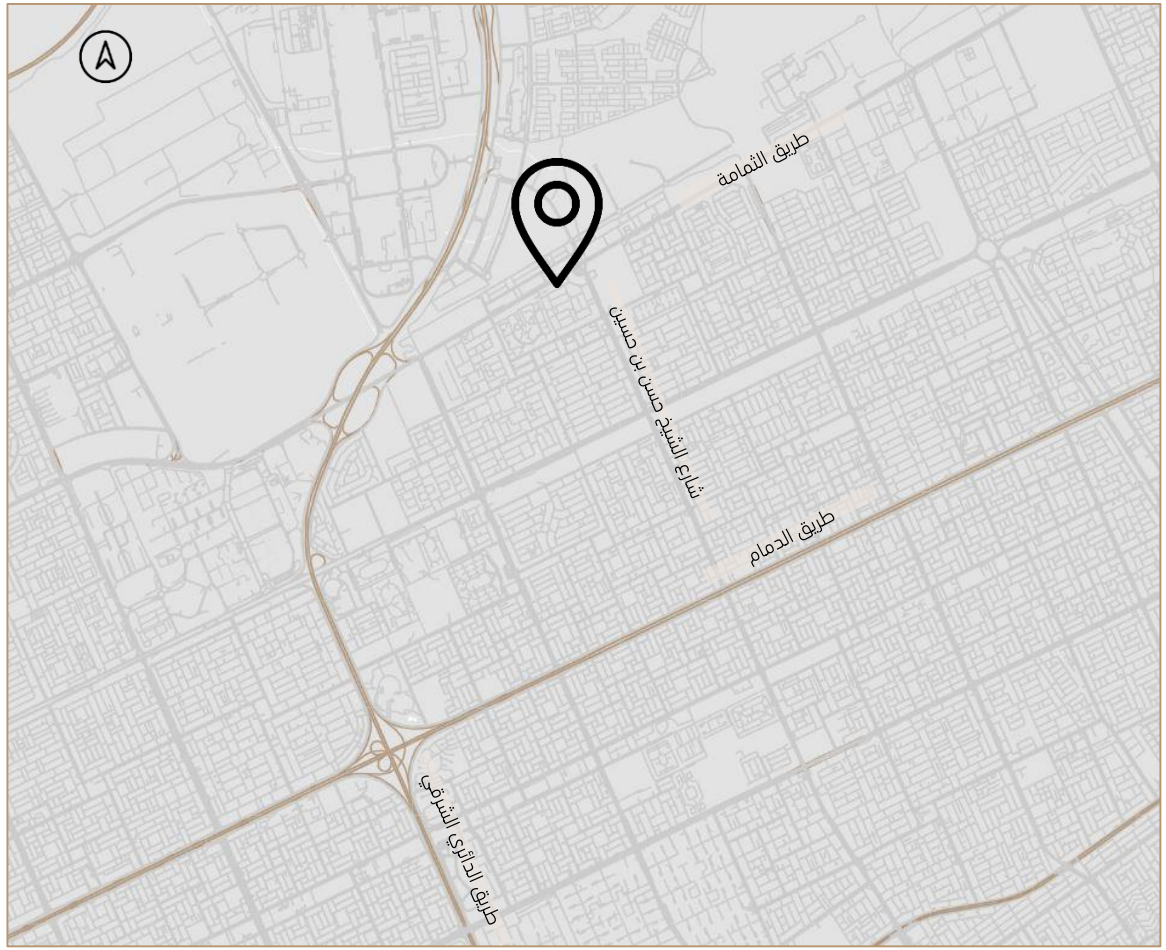


Copy of the deed

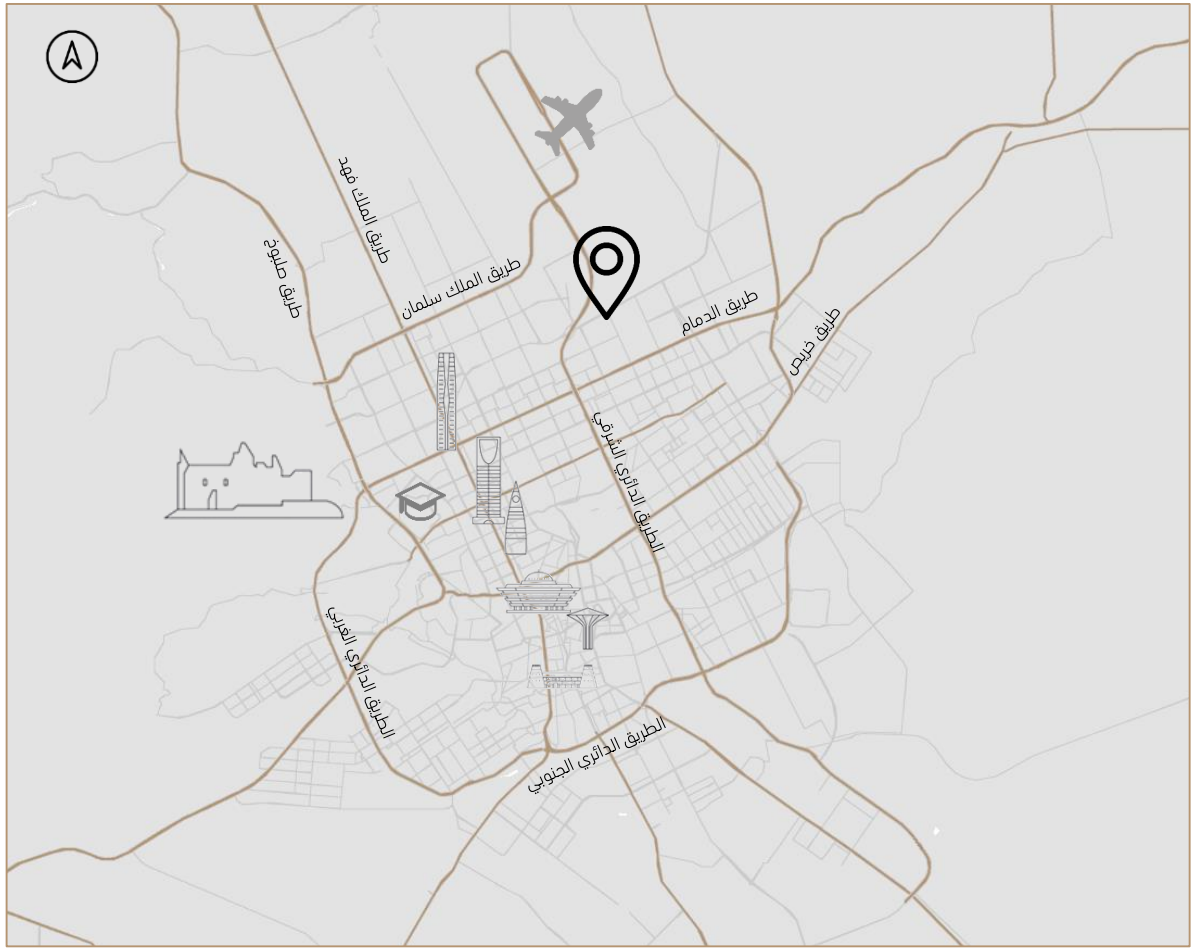
Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company
Issuance Date	**Deed Number**
- 1443/07/13 - 1444/11/23 - 1444/11/23 1443/07/13	– 381912000111 – 781912000112 798507018272 - 998507018273
Issuance Date	**Building Permit**
1442/03/23هـ	1437/1962
City	**District**
Riyadh	Qurtuba
Parcel No.	**Plan No.**
6 - 5 -4 -3 – 2- 1	3115
Coordinates	
46.739725 ,24.835741	

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

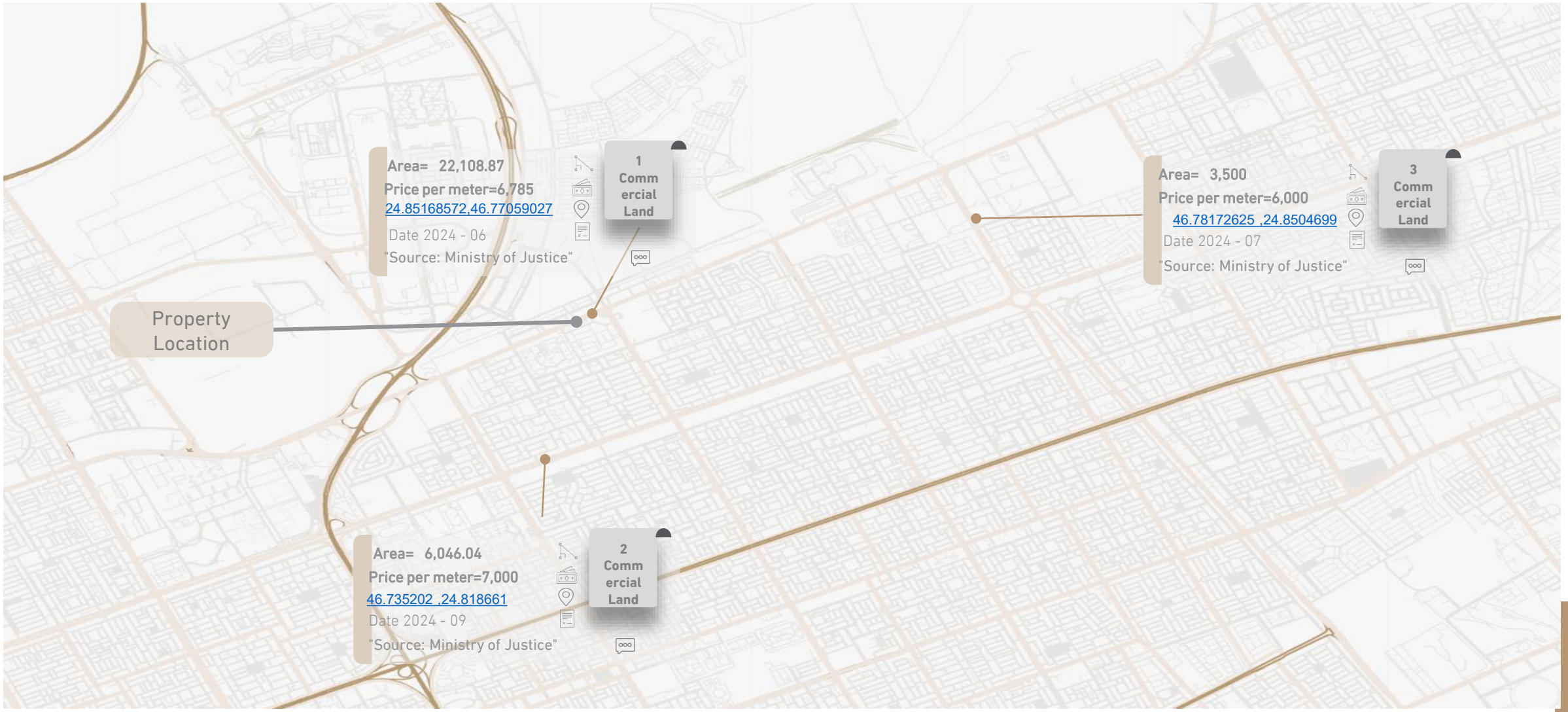
Photos of the property

04

Market Analysis

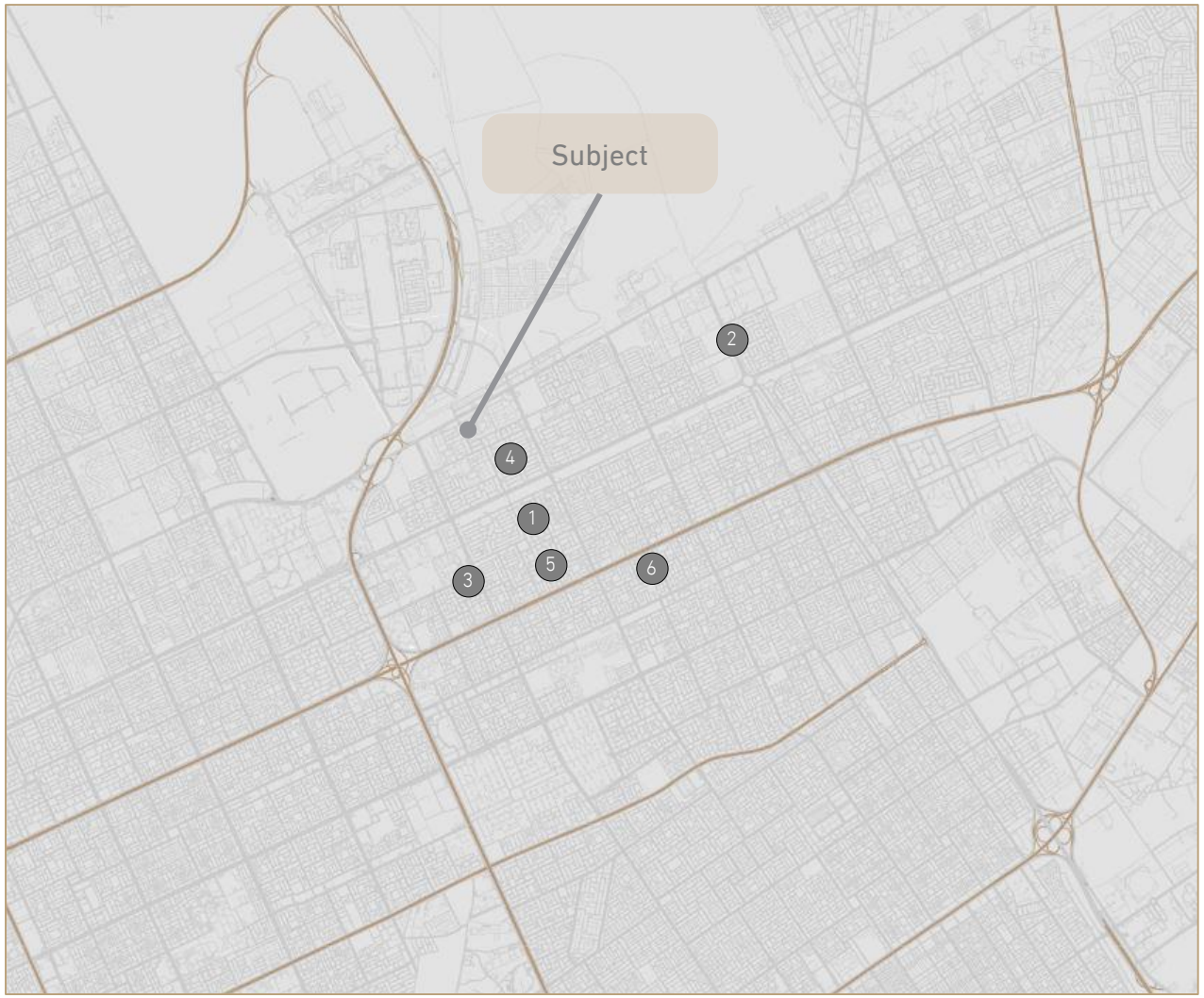
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Offices – Trade fair).



Rental survey

	Type	Address	Area (m^2)	SAR/m^2	Condition
1	Trade fair	**Cordoba**	240	1,111	Rent Offer
2	Trade fair	**Al Munsiyah**	172	1,041	Rent Offer
3	Trade fair	**Cordoba**	100	1,200	Rent Offer
4	Office	**Cordoba**	60	750	Rent Offer
5	Office	**Cordoba**	70	860	Rent Offer
6	Office	Dammam Road	240	750	Rent Offer

Market Analysis

Capitalization rate is a rate used to convert income into value and is used to estimate a property's recovery value. There is more than one way to derive the capitalization rate. Each of these methods depends on the use of the recent past as a means of anticipating the future as well as a real estate valuation measure used to compare different real estate investments. Although there are many differences, interest rate is often calculated as a ratio between net operating income generated by the asset and the original capital cost or its current market value.

Capitalization Rate Analysis - Market Survey Method

The capitalization rate is influenced by the demand and offer rates of the same type of real estate as well as the quality and finishing of real estate. Here, the capitalization rate is calculated by taking the average from the market survey of declared REIT properties as follows:

Capitalization Rate - Office Buildings -

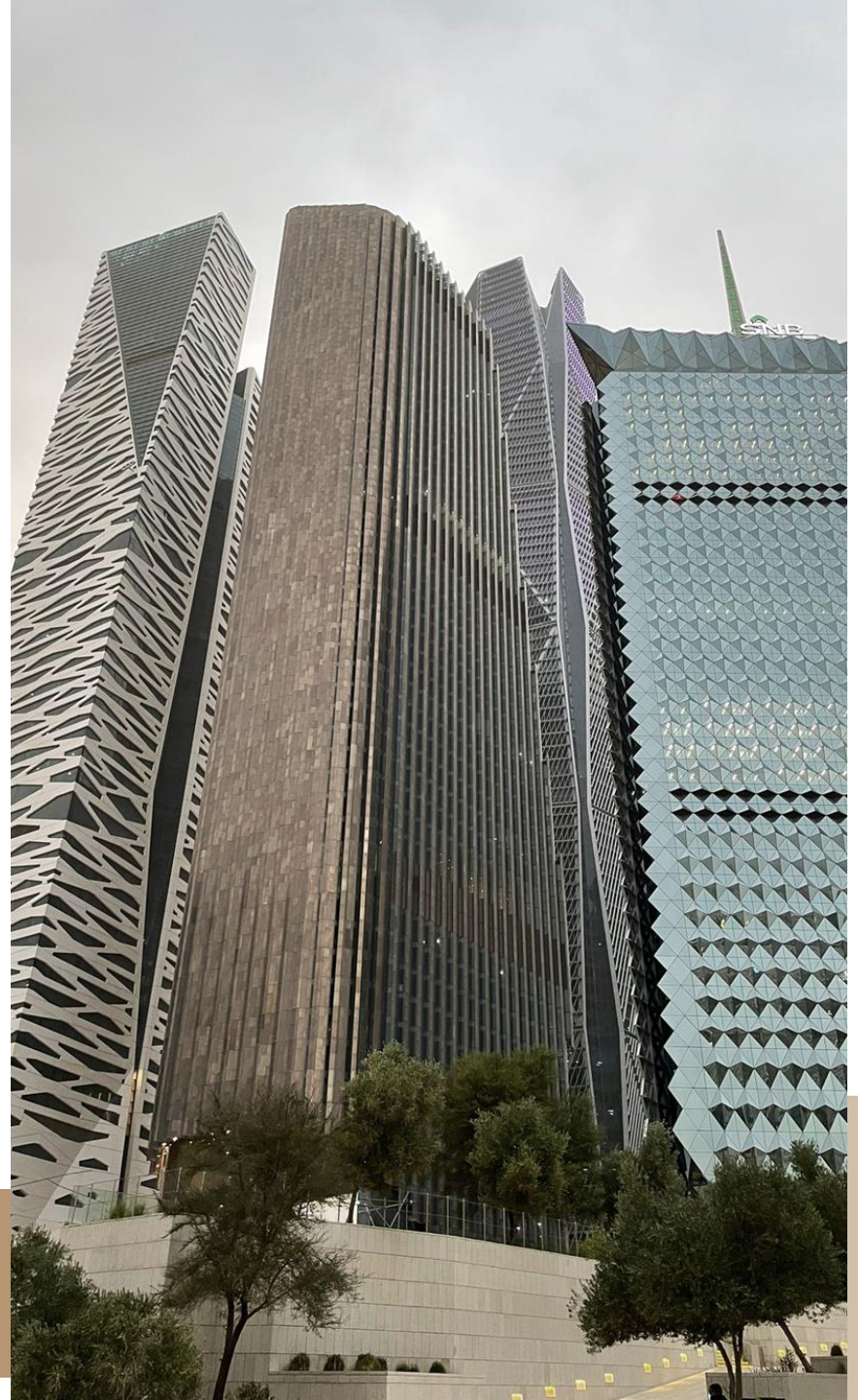
	city	neighborhood	name	Revenue	Capitalization rate
1	Riyadh	Al Munsiyah	Center of Excellence	5,350,000	%6.25
2	Riyadh	Al-Izdihar	Al-Izdihar Center	3,490,000	%9.2

Capitalization Rate - Sowrooms-

	city	neighborhood	name	Revenue	Capitalization rate
1	Riyadh	Al Munsiyah	City Life Plaza Complex	8,620,000	%8
2	Riyadh	Al-Izdihar	Narjis Plaza - Riyadh	4,010,000	%7.75

Capitalization Rate - Hotels -

	city	neighborhood	name	Revenue	Capitalization rate
1	Riyadh	Al-Sahafa	Raval Ascot Hotel	18,800,000	%7.5
2	Riyadh	Al-Rabee	Al-Rabee' Building	3,280,000	%6.5



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales
Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data
The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."
"Stage Seven: Sales Analysis
After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties
In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property
To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the Rental Value of Showrooms Using the Comparison Method

o determine the rental value of the showrooms, the comparison method was utilized. A field survey was conducted to gather current market prices of sold and listed properties similar to the subject property. Since identical properties are not available, appropriate adjustments were made to the prices of the comparable properties. Adjustments involved deducting the value of features that provide an advantage to the comparable properties and adding the value of features that favor the subject property. Comparison criteria included market conditions, differences in space, locational advantages, and accessibility. The rental value of the showrooms was thus determined as follows:

Feature	Subject	Comp .1		Comp . 2		Comp .3	
Date	12/2024	12/2024		12/2024		12/2024	
Meter Price (SR/m2)		7000		6785		6000	
Market condition		0 %	0	0 %	0	0 %	0
Meter Price After adjustment (SR/m2)		7000		6785		6000	
space difference	21,670,90	6,046.04	-10%	22,108.87	0%	3,300	-10%
Interfaces	4	3	5%	4	0%	2	10%
Location	Excellent	Excellent	0%	Excellent	0%	good	5%
Adjustment %		-5%		0%		5%	
Meter 2 Price After adjustment		6,6499.962		6,784.61		6300	
participation %		50 %		25 %		25%	
Meter value (SR/m2)		6596.13					
Meter value (SR/m2) after rounding		6,600					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating Value Using the Cost Approach

The property value was estimated by combining the land value with the total construction cost of the building, based on the prevailing prices on the valuation date. This involved calculating the unit price of the building, considering the quality of construction, finishes, and the total area, and then deducting depreciation since the building's construction. Therefore, the property value is: Property Value = Land Value + (Construction Cost + Profit Margin - Depreciation).The land value was determined through a field survey, analysis of current market prices, and review of comparable land sales and listings. Adjustments were made to these comparative land prices by deducting the value of features that favored the comparison land and adding the value of features advantageous to the land being appraised. The prices include consulting fees, management, and contractor profits, as well as all construction costs such as fences, tanks, and general site coordination. However, these prices do not include movable assets and financing costs. Accordingly, the determined value of the property is:

Description	Area (m^2)	Price per Sq.	Total
basement	13,288,21	3500	46,508,735
hotel	11,189,62	6500	72,732,530
Offices	1927.58	3500	6,746,530
Showrooms	6,330,83	3500	22,157,905
Fences	370.65	1000	370,650
Total building value with profit margin (SAR)			185,645,438
depreciation	4	% 10	18,564,544
Building value after depreciation (Saudi SAR)			167,080,894
Land value (Saudi SAR)	21,670.90	6,600	143,027,940
Final value	310,108,834		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The financial information provided by the client (total income, vacancies and expenses) has been approved, reviewed and verified to be correct and consistent with the market.
3. The occupancy rate is 89.1% for offices and showrooms for the first year. From the second to the fifth year, the occupancy rate rises to 90%, from the sixth to the ninth year, the occupancy rate rises to 92%, and 95% for the final year, according to the evaluator's estimate.
4. Maintenance and operating expenses ratio: 55% hotel, 0% offices, 0% showrooms, according to the Customer Letter.
5. The contracts were reviewed and the possibility of renewal was considered at a growth rate of 3% every Two years.
6. We have adopted the return on investment which we believe is commensurate with the property in its current condition, with the capitalization rate estimated at 7% for the hotel, 7.5% for the showrooms and 7.5% for the offices.
7. The discount rate was calculated by the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.5
Discount rate	**% 10.86**

Estimating the value using the income method (hotel) - discounted cash flow method -:

After conducting a field survey of current market prices, examining rental price trends for properties in the area of the property to be appraised, and determining the average capitalization rate and vacancy rate in the area, along with analyzing the financial data of the property to be appraised (specifically the hotel), we found that:Total income as per the contract is 40,642,000.Expenses are 55% annually.The growth rate is 3% every Two years, as estimated by the appraiser based on comparable properties.Based on this, it was concluded that the value of the hotel is:Cash Flow Assumptions

Occupancy rate	%100	Discount rate	%10.86	Gross income	40,642,000
Growth rate	%3	Capitalization rate	%7.5	Cash flow period	10

Period	0	1	2	3	4	5	6	7	8	9
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Growth Rate	0.00%	3.00%	0.00%	3.00%	0.00%	3.00%	0.00%	3.00%	0.00%	3.00%
Total Income	40,642,000	41,861,260	41,861,260	43,117,098	43,117,098	44,410,611	44,410,611	45,742,929	45,742,929	47,115,217
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Effective Income	40,642,000	41,861,260	41,861,260	43,117,098	43,117,098	44,410,611	44,410,611	45,742,929	45,742,929	47,115,217
Total Operating Expenses	22,353,100	23,023,693	23,023,693	23,714,404	23,714,404	24,425,836	24,425,836	25,158,611	25,158,611	25,913,369
Net Income	18,288,900	18,837,567	18,837,567	19,402,694	19,402,694	19,984,775	19,984,775	20,584,318	20,584,318	21,201,848
Future Property Value	282,691,302									
Net Cash Flow of Property	18,288,900	18,837,567	18,837,567	19,402,694	19,402,694	19,984,775	19,984,775	20,584,318	20,584,318	303,893,149
Discount Factor	0.11	0.90	0.81	0.73	0.66	0.60	0.54	0.49	0.44	0.40
Present Value of Money	18,288,900	16,992,213	15,327,632	14,240,899	12,845,841	11,935,068	10,765,892	10,002,588	9,022,720	120,156,437
Present Value	**239,578,189**									
Present Value -After Rounding-	**239,580,000**									

Estimating the value using the income method (showroom) - discounted cash flow method -:

After conducting a field survey of current market prices, examining rental price trends for properties located in the area of the property to be appraised, the capitalization rate was estimated based on the property's condition and the vacancy rate in the area according to the appraiser's estimate. Additionally, the financial data of the property to be appraised, specifically the commercial units, was analyzed. It was found that:The total income, assuming 100% occupancy, as per the client's letter, is 10,705,693.6.Expenses are 0% annually.The growth rate is 10% every 5 years, as estimated by the appraiser based on comparable properties.Based on this, it was concluded that the value of the commercial units and offices of the property is:

Cash flow assumptions:

Occupancy rate	%89.1	Discount rate	%10.86	Gross income	10,705,694
Growth rate	%10	Capitalization rate	%8	Effective income	9,538,773
				Cash flow period	10

Period	0	1	2	3	4	5	6	7	8	9
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Growth Rate	0.00%	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	10.00%
Total Income	10,705,694	10,705,694	10,705,694	10,705,694	11,776,263	11,776,263	11,776,263	11,776,263	11,776,263	12,953,889
Occupancy Rate	89.10%	90%	90%	90%	90%	92%	92%	92%	92%	95%
Effective Income	9,538,773	9,635,124	9,635,124	9,635,124	10,598,637	10,834,162	10,834,162	10,834,162	10,834,162	12,306,195
Total Operating Expenses	0	0	0	0	0	0	0	0	0	0
Net Income	9,538,773	9,635,124	9,635,124	9,635,124	10,598,637	10,834,162	10,834,162	10,834,162	10,834,162	12,306,195
Future Property Value	153,827,435									
Net Cash Flow of Property	9,538,773	9,635,124	9,635,124	9,635,124	10,598,637	10,834,162	10,834,162	10,834,162	10,834,162	166,133,630
Discount Factor	0.11	0.9	0.81	0.73	0.66	0.6	0.54	0.49	0.44	0.4
Present Value of Money	9,538,773	8,691,254	7,839,847	7,071,844	7,016,984	6,470,248	5,836,414	5,264,671	4,748,936	65,687,644
Present Value	**128,166,615**									
Present Value -After Rounding-	**128,170,000**									

Estimating the value using the income method - the discounted cash flow method:

The result :

Because the property being evaluated is divided into three parts with different uses, the commercial showrooms, offices, and hotel were evaluated separately because the return on hotels differs from the return on commercial showrooms and offices. After the market value of each part of the building was found, as shown in the table below:

description	Gross income	Capitalization rate	Discount rate	periods	Market value using the discounted cash flow method
Showroom& Offices	10,705,693.6	% 8	% 10.86	10	128,170,000
hotel	40,642,000	% 7.5	% 10.86	10	239,580,000
The total market value of the property					367,750,000

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach	SAR 367,750,000	100 %
the cost Approach	SAR 310,108,834	0 %

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

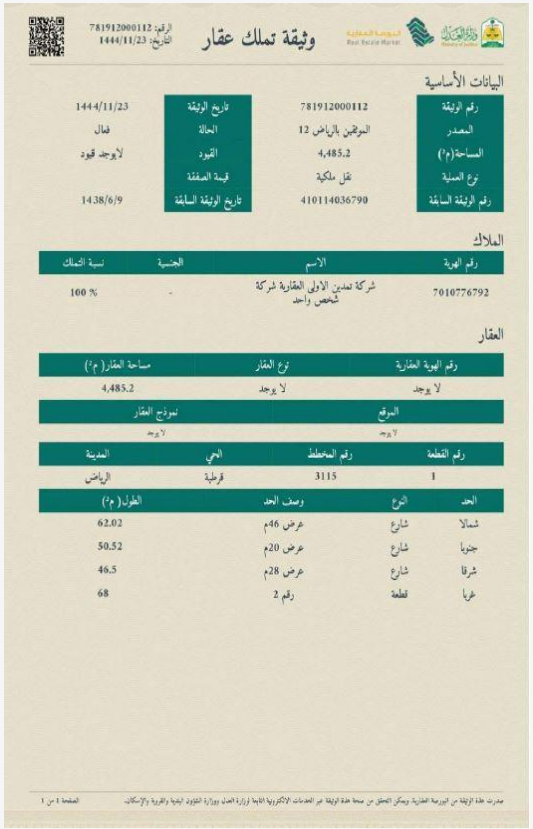
The Final value of the property	Number	SAR 367,750,000
	Written	Three hundred sixty-seven million seven hundred fifty thousand riyals only

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Attachments



وثيقة تملك عقار

البيانات الأساسية

رقم الوثيقة	781912000112	تاريخ الوثيقة	1444/11/23
المصدر	الموثقين بالرياض 12	الحالة	فعال
المساحة(م²)	4,485.2	القيود	لايوجد قيود
نوع العملية	نقل ملكية	قيمة الصفقة	
رقم الوثيقة السابقة	410114036790	تاريخ الوثيقة السابقة	1438/6/9

الملاك

رقم الهوية	الاسم	الجنسية	نسبة التملك
7010776792	شركة تمدين الأولى العقارية شركة شخص واحد	-	100 %

العقار

رقم الهوية العقارية	نوع العقار	مساحة العقار(م²)
لا يوجد	لا يوجد	4,485.2

الموقع		نموذج العقار
لا يوجد		لا يوجد

رقم القطعة	رقم المخطط	الحي	المدينة
1	3115	قرطبة	الرياض

الحد	النوع	وصف الحد	الطول(م)
شمالا	شارع	عرض 46م	62.02
جنوبا	شارع	عرض 20م	50.52
شرقا	شارع	عرض 28م	46.5
غربا	قطعة	رقم 2	68

وثيقة تملك عقار

البيانات الأساسية

رقم الوثيقة	381912000111	تاريخ الوثيقة	1444/11/23
المصدر	الموثقين بالرياض 12	الحالة	فعال
المساحة(م²)	3,400	القيود	لايوجد قيود
نوع العملية	نقل ملكية	قيمة الصفقة	
رقم الوثيقة السابقة	210114036791	تاريخ الوثيقة السابقة	1438/6/9

الملاك

رقم الهوية	الاسم	الجنسية	نسبة التملك
7010776792	شركة تمدين الأولى العقارية شركة شخص واحد	-	100 %

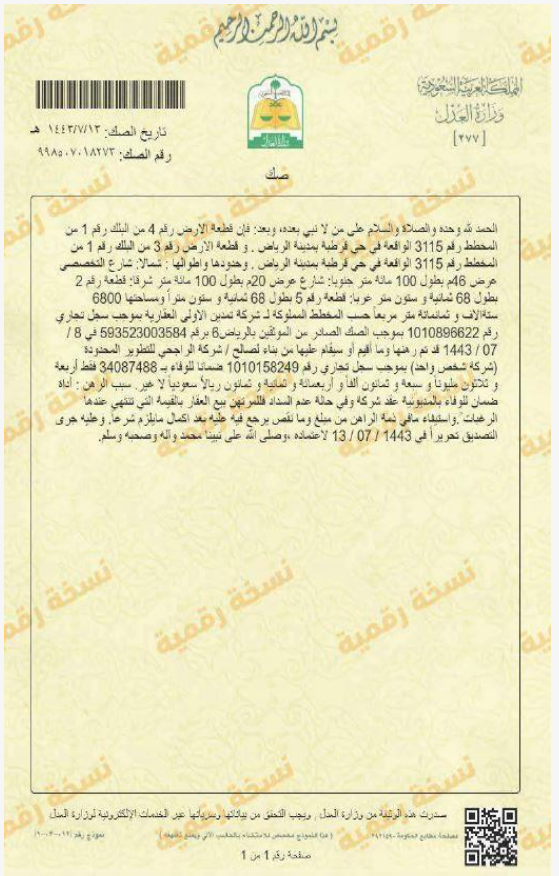
العقار

رقم الهوية العقارية	نوع العقار	مساحة العقار(م²)
لا يوجد	لا يوجد	3,400

الموقع		نموذج العقار
لا يوجد		لا يوجد

رقم القطعة	رقم المخطط	الحي	المدينة
2	3115	قرطبة	الرياض

الحد	النوع	وصف الحد	الطول(م)
شمالا	شارع	عرض 46م	50
جنوبا	شارع	عرض 20م	50
شرقا	قطعة	رقم 1	68
غربا	قطعة	رقم 3	68



صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 4 من البلك رقم 1 من المخطط رقم 3115 الواقع في حي قرطبة بمدينة الرياض . و قطعة الأرض رقم 3 من البلك رقم 1 من المخطط رقم 3115 الواقعة في حي قرطبة بمدينة الرياض . وحدودها واطوالها : شمالا: شارع التخصصي عرض 46م بطول 100 مائة متر جنوبا: شارع عرض 20م بطول 100 مائة متر شرقا: قطعة رقم 2 بطول 68 ثمانية و ستون متر غربا: قطعة رقم 5 بطول 68 ثمانية و ستون متراً ومساحتها 6800 ستةالاف و ثمانمائة متر مربعاً حسب المخطط المملوكة لـ شركة تمدين الاولى العقارية بموجب سجل تجاري رقم 1010896622 بموجب الصك الصادر من الموثقين بالرياض6 برقم 593523003584 في 8 / 07 / 1443 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة (شركة شخص واحد) بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 34087488 فقط أربعة و ثلاثون مليونا و سبعة و ثمانون الفاً و أربعمائة و ثمانون ريالاً سعودياً لا غير. سبب الرهن : أداة ضمان للوفاء بالسندوبنية عقد شركة وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات ,واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعا. وعليه جرى التصديق تحريراً في 1443 / 07 / 13 لاعتماده ،وصلى الله على نبينا محمد وآله وصحبه وسلم.

صفحة رقم 1 من 1

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد: فإن قطعة الأرض رقم 6 من البلك رقم 1 من المخطط رقم 3115 الواقع في حي قرطبة بمدينة الرياض . و قطعة الأرض رقم 5 من البلك رقم 1 من المخطط رقم 3115 الواقعة في حي قرطبة بمدينة الرياض . وحدودها واطوالها : شمالا: شارع عرض 46م بطول 95 خمسة و تسعون متر + تخطه 7.37م جنوبا: شارع عرض 20م بطول 105.82 مائة و خمسة متر و اثنين و ثمانون سنتمتر شرقا: قطعة رقم 4 بطول 68 ثمانية و ستون متر غربا: شارع عرض20م بطول 63.25 ثلاثة و ستون متراً و خمسة و عشرون سنتمتراً ومساحتها 6985.7 ستةالاف و تسعمائة و خمسة و ثمانون متر مربعاً و سبعون سنتمتراً مربعاً حسب المخطط المملوكة لـ شركة تمدين الاولى العقارية بموجب سجل تجاري رقم 1010896622 بموجب الصك الصادر من الموثقين بالرياض6 برقم 29352300358 3 في 8 / 07 / 1443 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة (شركة شخص واحد) بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 34087488 فقط أربعة و ثلاثون مليونا و سبعة و ثمانون الفاً و أربعمائة و ثمانية و ثمانون ريالاً سعودياً لا غير. سبب الرهن : أداة ضمان للوفاء بالسندوبنية عقد شركة وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات ,واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعا. وعليه جرى التصديق تحريراً في 1443 / 07 / 13 لاعتماده ،وصلى الله على نبينا محمد وآله وصحبه وسلم.

صفحة رقم 1 من 1

Deed no. 1

Deed no. 2

Deed no. 3-4

Deed no. 5-6

Attachments

"Contract for Unit 23, Tamdeen Company"

Contract for showroom No. 5, Sikka Al-Tayeb

Contract for showroom 2

contract showroom No. 1

Attachments

Unified العقد التجاري Commercial Contract الموحد

إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (٣٢١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — بيانات العقد

Contract Type	جديد	Contract No.	2002242387 / 2
Contract Sealing Location	الرياض	Contract Sealing Date	2022-02-06
Tenancy End Date	2024-03-31	Tenancy Start Date	2022-04-01
Contract is conditional	لا		
Ejar Fees Paid By	الدفع عن طريق رصيد الوسيط العقاري		

Lesser Data — بيانات المؤجر

Name	احمد عبدالله عثمان السلامه		
Nationality	المملكة العربية السعودية		
ID No.	1037239215	ID Type	هوية وطنية
Email	abdulaziz@aeg-mena.com	Mobile No.	+966531100336
National Address	الرياض، الرياض		

Lesser Representative Data — بيانات مُمثّل المؤجر

The lessor is represented by himself or herself.

Tenant Data — بيانات المستأجر

Company name/Founder	شركة الاتصالات المتكاملة المحدودة (شركة شخص واحد)	Organization Type	التجارية
Unified Number	7021690339	CR No.	1010691908
CR Date	2021-03-04	Issued by	-

Tenant Representative Data — بيانات مُمثّل المستأجر

1

contract showroom No. 8

Unified العقد التجاري Commercial Contract الموحد

إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (٣٢١) وتاريخ ١٤٣٥/٤/٣ هـ

بنود العقد

١ بيانات العقد

رقم سجل العقد	300001792526 / 1-0	نوع العقد	جديد
تاريخ إبرام العقد	2020-10-27	مكان إبرام العقد	الرياض
تاريخ بداية مدة الايجار	2021-01-01	تاريخ نهاية مدة الايجار	2025-12-31
معلق بشرط	لا		
الشرط المعلق عليه بداية الإيجار:	-		
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري		

٢ بيانات المؤجر

الاسم	احمد عبدالله عثمان السلامه		
الجنسية	السعودية	نوع الهوية	هوية وطنية
رقم الهوية	1037239215	رقم نسخة الهوية	5
رقم الجوال	00966505460067	البريد الإلكتروني	abdulaziz@aeg-mena.com
العنوان الوطني	7081 , النبي بن مالك ، الصحافة ، الرياض ، -		

٣ بيانات المستأجر

اسم الشركة/المؤسسة:	مؤسسة زاوية التحوم لتجارة الأغنية		
رقم السجل التجاري:	1010644637	تاريخ السجل التجاري:	1441/12/02
رقم الرخصة:	-	رقم الهاتف:	-
البريد الإلكتروني:	-	رقم الفاكس:	-
العنوان الوطني:	-		
اسم مالك المؤسسة	خالد مطلب بخيت العنزي		
الجنسية	السعودية	نوع الهوية	هوية وطنية
رقم الهوية	1103105951	رقم نسخة الهوية	
رقم الجوال	00966504600776	البريد الإلكتروني	
العنوان الوطني	3919 , طويرق ، اليرموك ، الرياض ، -		
بيانات ممثل المستأجر:	المستأجر ممثل لنفسه		

٤ بيانات المنشأة العقارية والوسيط

اسم المنشأة العقارية	مجموعة احمد عبدالله السلامه للتطوير والاستثمار العقاري	الجنسية	السعودية
عنوان المنشأة العقارية	0000 الرياض 00000-0000	نوع الهوية	هوية وطنية
رقم السجل الأجاري	1010493384	رقم الهوية	1088016124

1

contract showroom No. 15

Unified العقد التجاري Commercial Contract الموحد

إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (٣٢١) وتاريخ ١٤٣٥/٤/٣ هـ

بنود العقد

١ بيانات العقد

رقم سجل العقد	300001696333 / 1-0	نوع العقد	جديد
تاريخ إبرام العقد	2020-10-08	مكان إبرام العقد	الرياض
تاريخ بداية مدة الايجار	2021-01-01	تاريخ نهاية مدة الايجار	2025-12-31
معلق بشرط	لا		
الشرط المعلق عليه بداية الإيجار:	-		
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري		

٢ بيانات المؤجر

الاسم	احمد عبدالله عثمان السلامه		
الجنسية	السعودية	نوع الهوية	هوية وطنية
رقم الهوية	1037239215	رقم نسخة الهوية	5
رقم الجوال	00966505460067	البريد الإلكتروني	abdulaziz@aeg-mena.com
العنوان الوطني	7081 , الوادي الاعلى ، الصحافة ، الرياض ، -		

٣ بيانات المستأجر

اسم الشركة/المؤسسة:	مؤسسة هرم القهوة لتقديم المشروبات		
رقم السجل الأجاري:	1010656540	تاريخ السجل التجاري:	1442/02/11
رقم الرخصة:	-	رقم الهاتف:	-
البريد الإلكتروني:	-	رقم الفاكس:	-
العنوان الوطني:	-		
اسم مالك المؤسسة	نوره حسن بن محمد العرجاني		
الجنسية	السعودية	نوع الهوية	هوية وطنية
رقم الهوية	1072782012	رقم نسخة الهوية	
رقم الجوال	00966505777080	البريد الإلكتروني	
العنوان الوطني	8435 , خارجة بن يزيد ، الرمال ، الرياض ، -		
بيانات ممثل المستأجر:	المستأجر ممثل لنفسه		

٤ بيانات المنشأة العقارية والوسيط

اسم المنشأة العقارية	مجموعة احمد عبدالله السلامه للتطوير والاستثمار العقاري	الجنسية	السعودية
عنوان المنشأة العقارية	0000 الرياض 00000-0000	نوع الهوية	هوية وطنية
رقم السجل الأجاري	1010493384	رقم الهوية	1088016124

1

contract showroom No. 14

Unified العقد التجاري Commercial Contract الموحد

إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (٣٢١) وتاريخ ١٤٣٥/٤/٣ هـ

بنود العقد

١ بيانات العقد

رقم سجل العقد	300002092681 / 1-0	نوع العقد	جديد
تاريخ إبرام العقد	2020-12-27	مكان إبرام العقد	الرياض
تاريخ بداية مدة الايجار	2021-01-01	تاريخ نهاية مدة الايجار	2025-12-31
معلق بشرط	لا		
الشرط المعلق عليه بداية الإيجار:	-		
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري		

٢ بيانات المؤجر

الاسم	احمد عبدالله عثمان السلامه		
الجنسية	السعودية	نوع الهوية	هوية وطنية
رقم الهوية	1037239215	رقم نسخة الهوية	5
رقم الجوال	00966505460067	البريد الإلكتروني	abdulaziz@aeg-mena.com
العنوان الوطني	7081 , الوادي الاعلى ، حي الصحافة ، مدينة الرياض ، -		
رقم الوكالة:	4211367130	جهة إصدار الوكالة:	
تاريخ إصدار الوكالة:	1442/04/17	مكان إصدار الوكالة:	
تاريخ إنتهاء الوكالة:	1447/06/11		

٣ بيانات المستأجر

اسم الشركة/المؤسسة:	مطعم بيلز للتقديم الوجبات		
رقم السجل الأجاري:	1010650068	تاريخ السجل التجاري:	1442/01/11
رقم الرخصة:	-	رقم الهاتف:	-
البريد الإلكتروني:	-	رقم الفاكس:	-
العنوان الوطني:	-		
اسم مالك المؤسسة	محمد الشهراني		
الجنسية	السعودية	نوع الهوية	هوية وطنية
رقم الهوية	1123171256	رقم نسخة الهوية	
رقم الجوال	00966590000906	البريد الإلكتروني	
العنوان الوطني	7818 , العليا ، حي العليا ، الرياض ، -		
بيانات ممثل المستأجر:	المستأجر ممثل لنفسه		

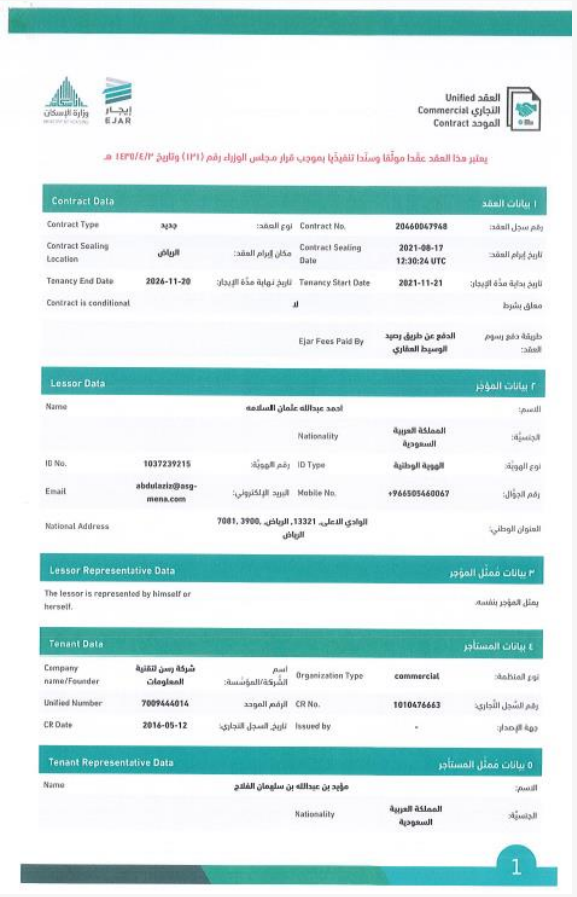
٤ بيانات المنشأة العقارية والوسيط

اسم المنشأة العقارية

1

contract showroom No. 13

Attachments



Contract for Al-Jada Offices

contract showroom No. 7

contract showroom No. 5B

contract showroom No. 18B

Attachments

العقد التجاري الموحد Unified Commercial Contract

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد — Contract Data

رقم سجل العقد:	2066990590 / 1	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2022-12-13	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-05-01	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2033-04-30	Tenancy End Date
معلق بشرط		لا			Contract is conditional
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري	Ejar Fees Paid By			

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السجل التجاري:	1010896622	CR No.	الرقم الموحد:	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات ممثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي	Name			
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	muaidis@mulkia.com.sa	Email
العنوان الوطني:					National Address

٤ بيانات المستأجر — Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة دتكس الطبية شركة شخص واحد	Company name/Founder
رقم السجل التجاري:	1010796920	CR No.	الرقم الموحد:	7028747496	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2022-04-20	CR Date

٥ بيانات ممثّل المستأجر — Tenant Representative Data

1

contract showroom No. 21

العقد التجاري الموحد Unified Commercial Contract

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد — Contract Data

رقم سجل العقد:	20426989508 / 1-0	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2023-09-18	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2024-01-01	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2033-12-31	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السجل التجاري:	1010896622	CR No.	الرقم الموحد:	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات ممثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي	Name			
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	muaidis@mulkia.com.sa	Email
العنوان الوطني:					National Address
رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date		
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31		

٤ بيانات المستأجر — Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة إتمام الطبية	Company name/Founder
رقم السجل التجاري:	1010730008	CR No.	الرقم الموحد:	7024084621	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2021-07-27	CR Date

1

contract showroom No. 20

العقد التجاري الموحد Unified Commercial Contract

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد — Contract Data

رقم سجل العقد:	2097094486 1 /	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2023-05-22	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-06-06	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2024-06-05	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السجل التجاري:	1010896622	CR No.	الرقم الموحد:	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات ممثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي	Name			
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	muaidis@mulkia.com.sa	Email
العنوان الوطني:					National Address

٤ بيانات المستأجر — Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	مؤسسة سبل المساكن العقاري	Company name/Founder
رقم السجل التجاري:	1010794908	CR No.	الرقم الموحد:	7028639735	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2022-04-12	CR Date

٥ بيانات ممثّل المستأجر — Tenant Representative Data

الاسم:	يوسف منصور عبدالرحمن القاضي
Name	

1

contract showroom No. 10

The Elite

Report Number	DC24013268
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Commercial Building
Address	Riyadh - Sulaymaniyah

The Final value of the property	Number	SAR 197,410,000
	Written	One hundred and ninety-seven million, four hundred and ten thousand riyals only

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Sulaymaniyah

Land Area
9,600 m^2

Deed Date	Deed Number
1442/11/12	793010004585

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	197,410,000 SAR
The Grand Total of the Properties (Written)	One hundred and ninety-seven million, four hundred and ten thousand riyals only

02

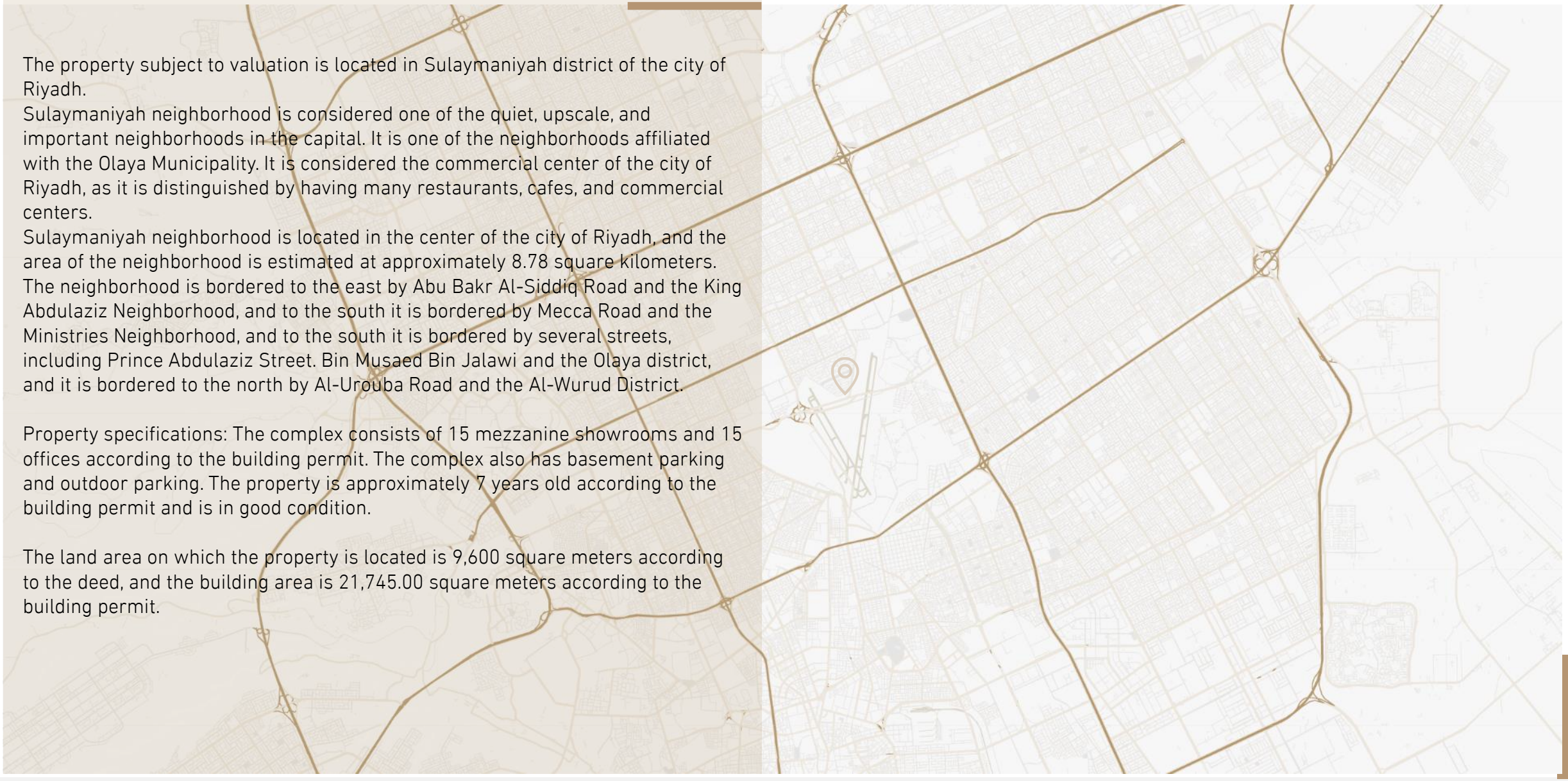
Property Description

Property Details

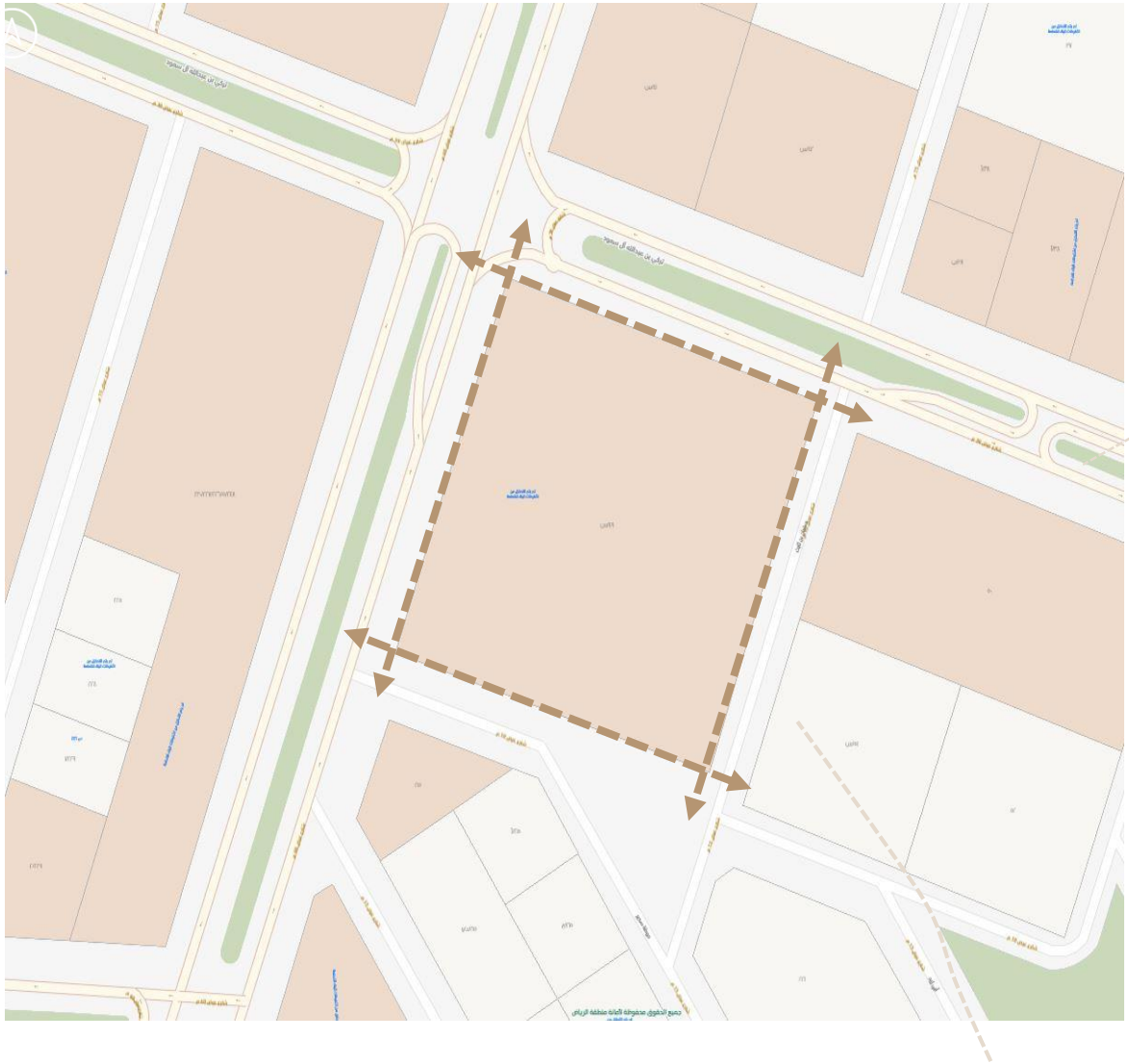
The property subject to valuation is located in Sulaymaniyah district of the city of Riyadh.
Sulaymaniyah neighborhood is considered one of the quiet, upscale, and important neighborhoods in the capital. It is one of the neighborhoods affiliated with the Olaya Municipality. It is considered the commercial center of the city of Riyadh, as it is distinguished by having many restaurants, cafes, and commercial centers.
Sulaymaniyah neighborhood is located in the center of the city of Riyadh, and the area of the neighborhood is estimated at approximately 8.78 square kilometers. The neighborhood is bordered to the east by Abu Bakr Al-Siddiq Road and the King Abdulaziz Neighborhood, and to the south it is bordered by Mecca Road and the Ministries Neighborhood, and to the south it is bordered by several streets, including Prince Abdulaziz Street. Bin Musaed Bin Jalawi and the Olaya district, and it is bordered to the north by Al-Urouba Road and the Al-Wurud District.

Property specifications: The complex consists of 15 mezzanine showrooms and 15 offices according to the building permit. The complex also has basement parking and outdoor parking. The property is approximately 7 years old according to the building permit and is in good condition.

The land area on which the property is located is 9,600 square meters according to the deed, and the building area is 21,745.00 square meters according to the building permit.



Property Details



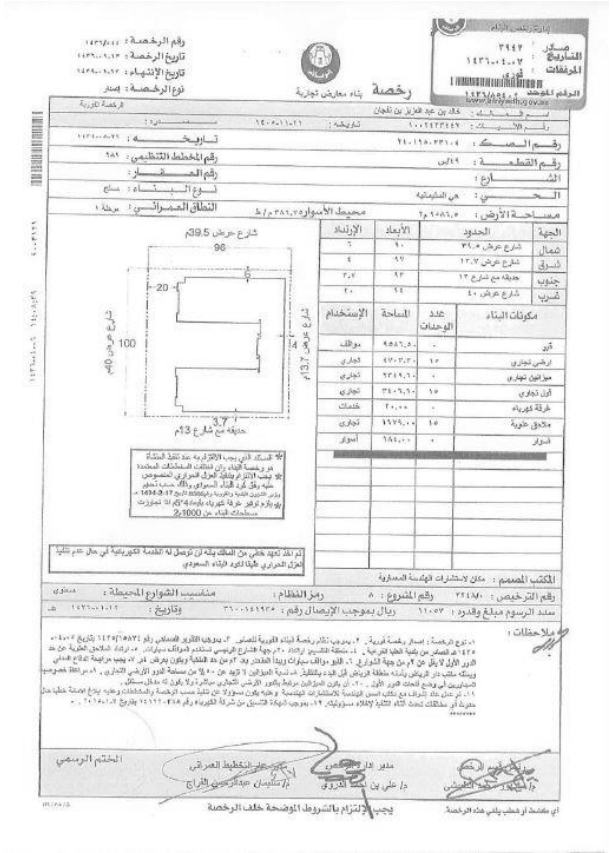
Land Area		Land Use
m^2 9,600		Commercial

Boundaries

Length	Border	Side
m 96	m 39.5 Street width	North
Length	**Border**	**Side**
m 96	m 13 Street width	South
Length	**Border**	**Side**
m 100	m 13.7 Street width	East
Length	**Border**	**Side**
m100	m 40 Street width	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12 هـ	793010004585

Issuance Date	Building Permit
1436/01/13	1436/544

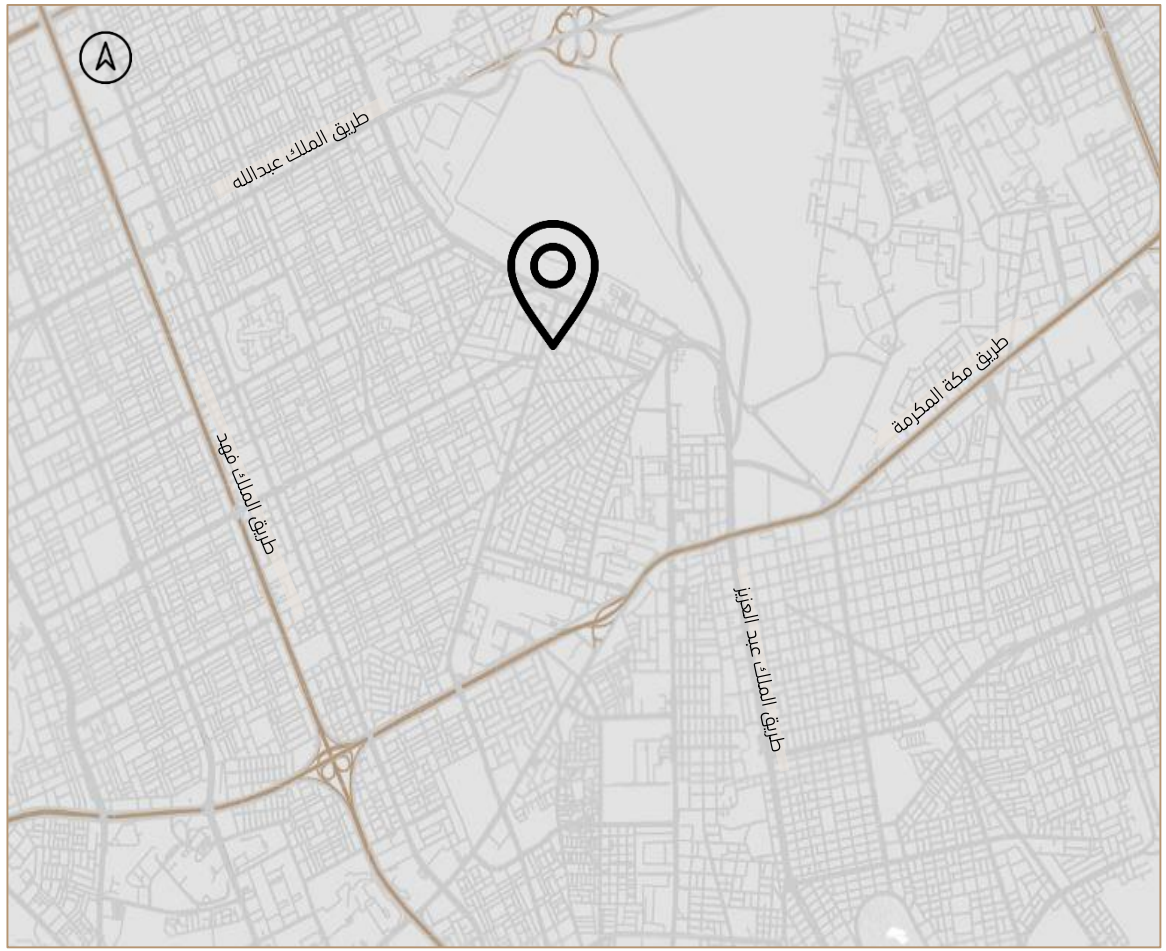
City	District
Riyadh	Sulaymaniyah

Parcel No.	Plan No.
49/س	689

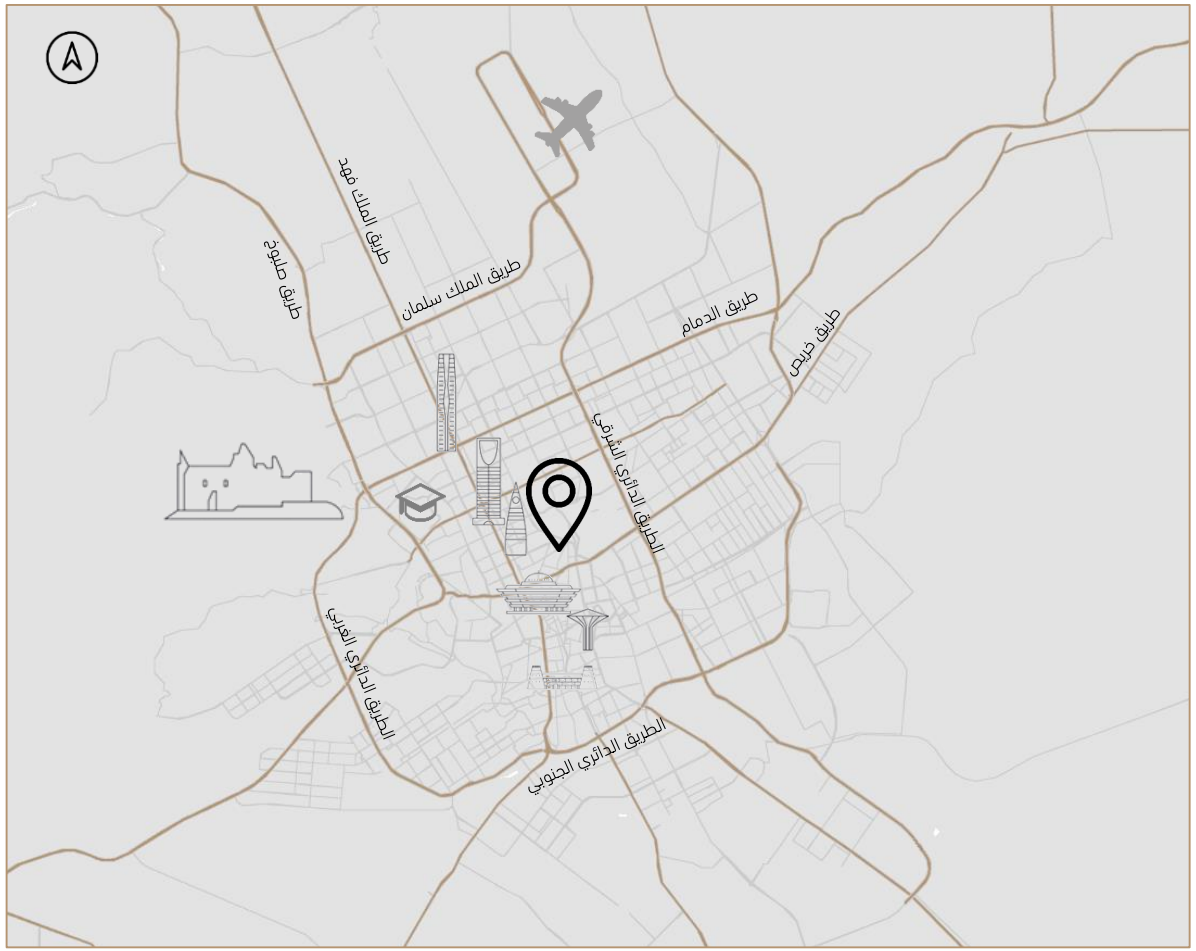
Coordinates
46.707771 ,24.706455

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

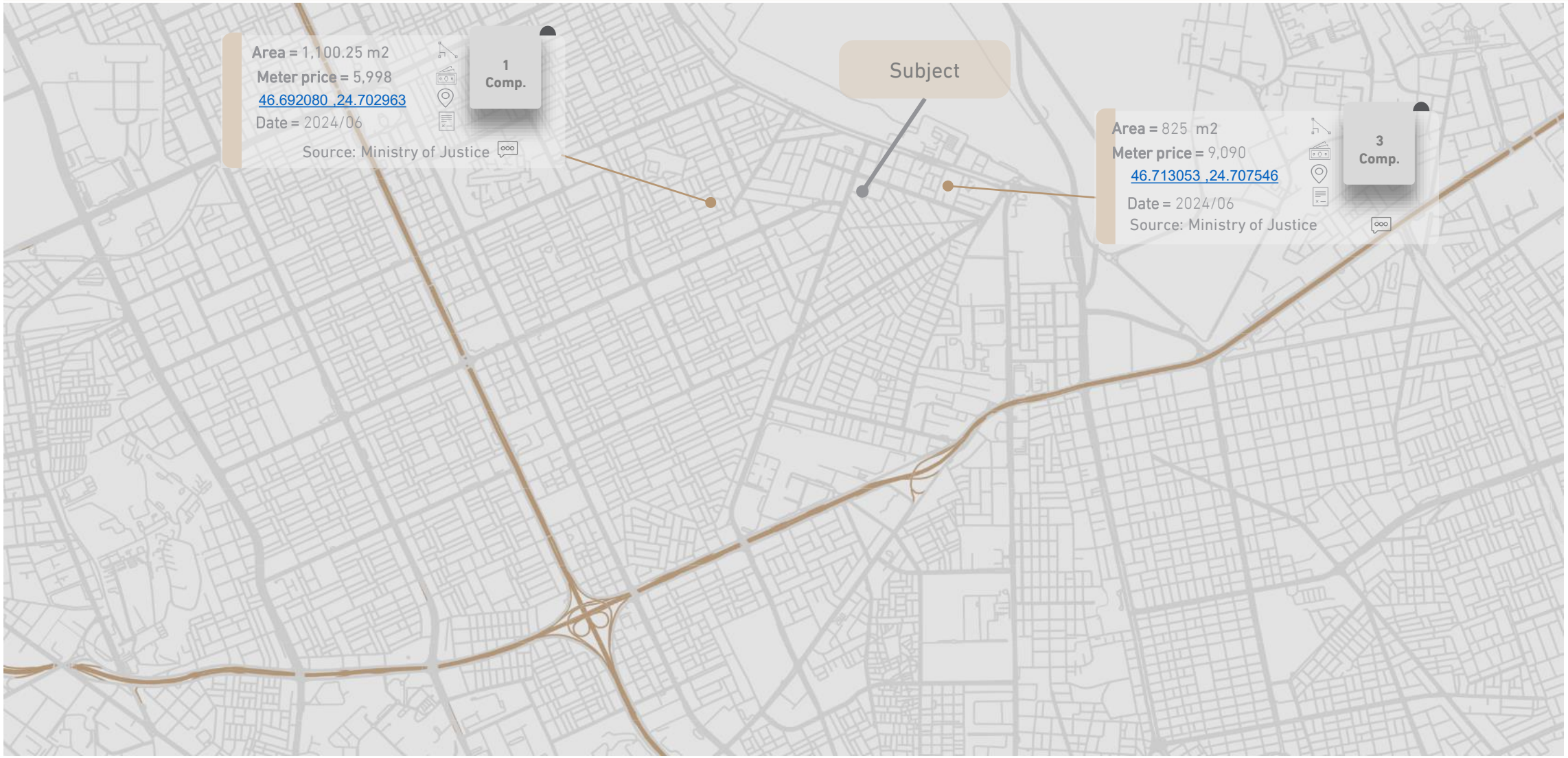
Photos of the property

04

Market Analysis

Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

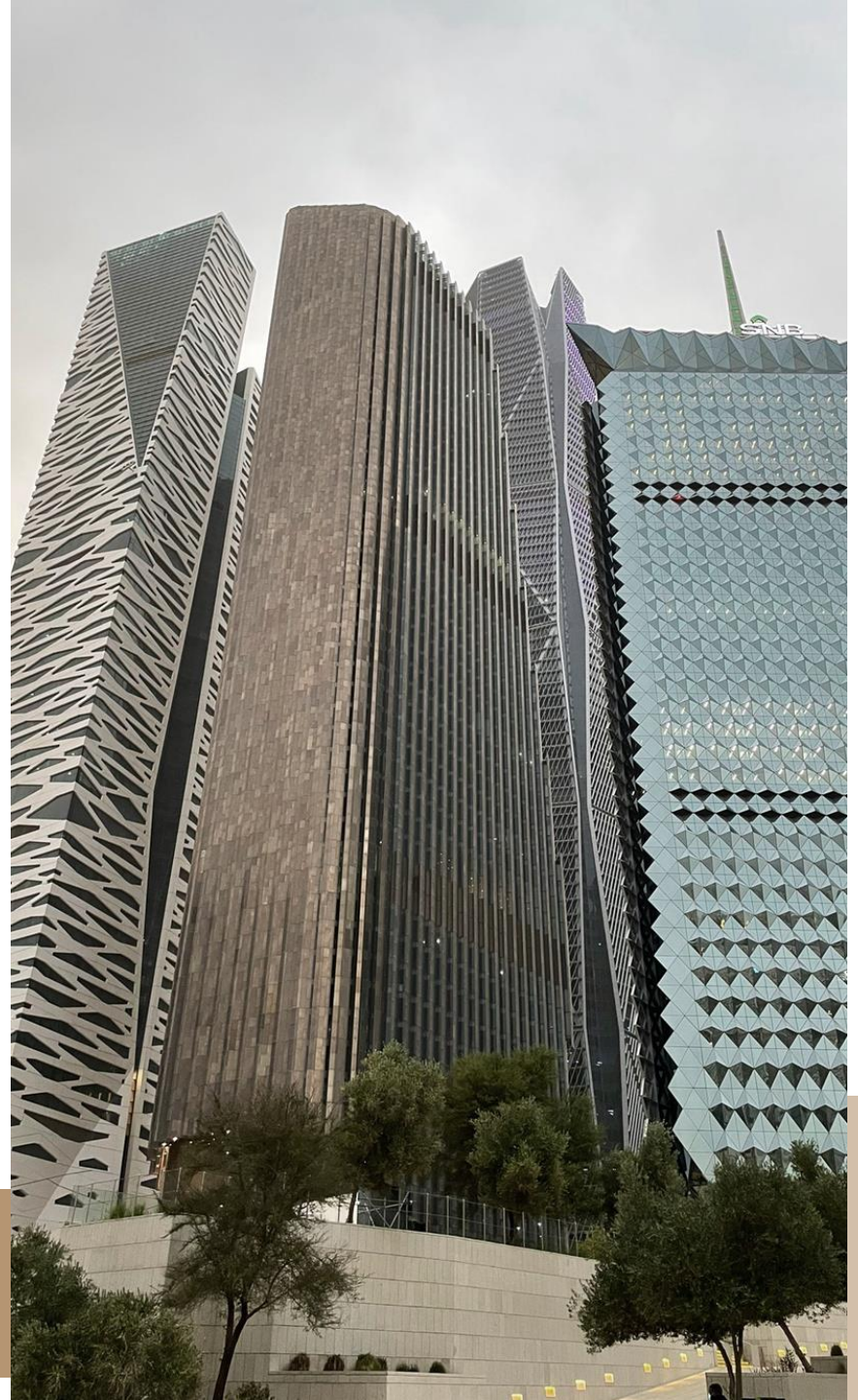
The following table summarizes the survey we have conducted on currently listed the Commercial (Offices – Showrooms).

Rental survey

	Type	Address	Area (m^2)	SAR/m^2	Condition
1	Showroom	Sulaymaniyah - Dabab Street	1850	1.080	for rent
2	Showroom	Sulaymaniyah - Dabab Street	375	1,280	for rent
3	Showroom	Sulaymaniyah - Prince Sultan bin Abdulaziz Street	250	800	for rent
4	Office	Sulaymaniyah - Dabab Street	113	1,100	for rent
5	Office	Sulaymaniyah - Dabab Street	90	933	for rent
6	Office	Sulaymaniyah - Prince Abdulaziz Street	165	1,200	for rent

Cap rate

Name	District	Income	Value	Cap Rate
Palazzo Center	Sulaymaniyah	million 6.3	million 69.8	%8.25
Boulevard Complex	Hittin	million 30.1	million 341	%8.00



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales
Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data
The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."
"Stage Seven: Sales Analysis
After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties
In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property
To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Land Estimating the value- comparison method :

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2	
Date	12/2024	12/2024		12/2024	
Meter Price (SR/m2)		5999		9091	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		5999		9091	
LAND	9,600.00	1,100.25	-5%	825.00	-5%
Number of interfaces	4	3	3%	1	9%
Location preference	very good	good	3%	excellent	%3-
Adjustment %		%1		%1	
Meter 2 Price After adjustment		8190.8879		7620.221	
participation %		50%		50%	
Meter value (SR/m2)		7620.22			
Meter value (SR/m2) after rounding		**7,620**			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

Description	Area (m^2)	Price per Sq.	Total
basement	9,586.50	2400	23,007,600
ground floor Commercial	4,703.30	2600	12,228,580
Mezzanine Commercial	2349.60	2600	6,108,960
First floor commercial	3,406.60	2600	8,857,160
Upper	1,679.00	2400	4,029,600
Electricity Room	20.00	800	16,000
Fences	164.00	800	131,200
Total building value with profit margin (SAR)			65,254,920
depreciation	7	17.5%	11,419,611
Building value after depreciation (Saudi SAR)			53,835,309
Land value (Saudi SAR)	9,600.00	7,620	73,152,000
Final value	126,987,309		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The property is leased under a contract that ends on 19-02-2025. The current annual income value is calculated at 14,000,000 riyals based on the data provided by the client. The income for the year 2026 has been calculated based on the market and an expense ratio of 10%. A growth rate of 10% is assumed for the year 2029. The market prices have been reviewed for consistency.
3. We have relied on the return on investment, which we believe is suitable for the property in its current condition, and it has been estimated at a rate of 8%.
4. The discount rate was calculated by the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1
Discount rate	**% 10.36**

Estimating the rental value of showrooms :

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the showrooms was reached as follows:

Feature	Subject	Comp .1		Comp . 2	
Date	12/2024	12/2024		12/2024	
Meter Price (SR/m2)		1080		1280	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		1080		1280	
showroom	600	1,850	-3%	375	5%
The view	Excellent	Good	20%	Good	20%
Location	Very Good	Good	15%	Good	15%
Adjustment %		32%		40%	
Meter 2 Price After adjustment		1425.6		1792	
participation %		50%		50%	
Meter value (SR/m2)		1608.80			
Meter value (SR/m2) after rounding		1,610			

Estimating the rental value of Offices :

Finding the value of the land. A field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two similar properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value for the offices was reached as follows:

Comparison Elements	The property to be evaluated	(1)Comparative		(2)Comparative		(3)Comparative	
Date	**24-Dec**	**24-Dec**		**24-Dec**		**24-Dec**	
Price per square meter of the comparator (SAR/m2)		1100		933		1200	
Time factor		0%	0	0%	0	0%	0
Market status and conditions		0%	0	0%	0	0%	0
Financing terms		0%	0	0%	0	0%	0
Price per square meter after adjusting the market status (SAR/m2)		1100		933		1200	
Office area (m2) 491	491	113	15%	90	15%	165	15%
Location advantage	very good	good	15%	good	15%	good	15%
Relative adjustment		30%		30%		30%	
Net market price after adjustments (m2/SAR)		1430		1212.9		1560	
Ratio of participation of each comparator in the value		50%		25%		25%	
Value per square meter of the property under evaluation after applying the average (SAR/m2)		1408.23					
Net average land price after rounding (m2/SAR)		**1,410**					
Total office value after rounding (m2/SAR)		**692,310**					

Income Approach Valuation:

After conducting a field survey of current market prices to trend rental prices for properties located in the area of the property to be valued and knowing the average capitalization rate and vacancy rate in the area and analyzing the financial data of the property to be valued. By analyzing the rental prices for commercial exhibitions between 1,100 - 1,600 riyals per square meter and for offices between 933 riyals to 1,200 riyals per meter. Accordingly, an adjustment was made so that the rental meter for exhibitions according to the market becomes 1,610 riyals and the rental meter for offices reaches 1,410 riyals per year. The total income value was assumed at 14,000,000 riyals per year according to the contract provided by the client, with 90% occupancy and 10% expenses. The rationality of prices in the market was reviewed.

Statement	Number of units	Rental area Price	range by market Rental	price per square meter	Total
Shoe Room	15	6347.61	1,100 - 1,600	1,610	10,219,652.10
Office	15	4577.04	600 - 1,100	1,410	6,453,626.40
Total income before occupancy					16,673,278.50

Estimating the value using the income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, based on the appraiser's estimate and the financial data analysis of the property to be appraised.

The total income provided by the client is 14,000,000 riyals with an occupancy rate of 90%. The lease contract provided by the client ends on 19-02-2025. The income for 2026 has been calculated based on the market, with operating expenses at 10%, and a growth rate of 10% has been assumed for 2029. The reasonableness of market prices has been reviewed.

Assumptions for cash flows:

Cash flow assumptions:

Occupancy rate	%90	Discount rate	%10.36	Gross income	14,000,000
Growth rate	%10	Capitalization rate	%7.5	Cash flow period	4

Period	0	1	2	3	4
Year	2025	2026	2027	2028	2029
Growth Rate	0.00%	0.00%	0.00%	0.00%	10.00%
Total Income	14,000,000	16,673,279	16,673,279	16,673,279	18,340,606
Occupancy Rate	90%	90%	95%	95%	95%
Effective Income	12,600,000	15,005,951	15,839,615	15,839,615	17,423,576
Total Operating Expenses	1,260,000	1,500,595	1,583,961	1,583,961	1,742,358
Net Income	11,340,000	13,505,356	14,255,653	14,255,653	15,681,218
Future Property Value			209,082,912		
Net Cash Flow of Property	11,340,000	13,505,356	14,255,653	14,255,653	224,764,131
Discount Factor	0.1	0.91	0.82	0.74	0.67
Present Value of Money	11,340,000	12,237,546	11,704,793	10,606,010	151,523,585
Present Value	**197,411,934**				
Present Value -After Rounding-	**197,410,000**				

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach	SAR 197,410,000	100 %
the cost Approach	SAR 126,987,309	0 %

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 197,410,000
	Written	One hundred and ninety-seven million, four hundred and ten thousand riyals only

Attachments

وزارة العدل
ابراهيم عمر محمد الحسين
الرياض
ترخيص رقم 39/999

رقم الصك: 793010004585
التاريـــــخ: 1442/11/12 هـ

صك رهـــن

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الارض رقم 49 / س من المخطط رقم 689 الواقع في حي السليمانية بمدينة الرياض . وحدودها واطوالها :
شمالا: شارع عرض 39.5م بطول 96 ستة و تسعون متر
جنوبا: حديقة مع شارع 13م بطول 96 ستة و تسعون متر
شرقا: شارع عرض 13.7م بطول 100 مائة متر
غربا: شارع عرض 40م بطول 100 مائة متر
ومساحتها 9600 تسعةالاف و ستمائة متر مربعا المملوكة لـ شركة تمدين الاولى العقارية بموجب سجل تجاري رقم 1010896622 بموجب الصك الصادر من الموثقين بالرياض6 برقم 593598002681 في 24 / 07 / 1442 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 79953565 فقط تسعة و سبعون مليونا و تسعمائة و ثلاثة و خمسون الفا و خمسمائة و ستون ريالا سعوديا لا غير. تسدد على أقساط شهرية عددها 1 قيمة كل قسط 79953565 فقط تسعة و سبعون مليونا و تسعمائة و ثلاثة و خمسون الفا و خمسمائة و خمسة و ستون ريالا سعوديا لا غير. تاريخ حلول القسط 1442/11/13 سبب الرهن : تضمان لما وجب عليهم من مستحقات مالية بمبلغ وقدره (79953565) لصالح شركة الراجحي للتطوير المحدودة على أن يكون السداد على قسط واحد بعد سبع سنوات ويدفع بتاريخ 30-12-2027م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات .واستيفاء مالي ثمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعا. وعليه جرى التصديق تحريرا في 1442 / 11 / 12 لاعتماده «وصلى الله على نبينا محمد وآله وصحبه» وسلم.

الموثق
ابراهيم عمر محمد الحسين

الختم الرسمي

الرقم التسلسلي: 2771

A copy of the deed

Unified العقد التجاري Commercial Contract الموحد

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20269757823	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2021-12-08	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2022-02-20	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2025-02-19	Tenancy End Date
معلق بشرط	لا				Contract is conditional
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري	Ejar Fees Paid By			

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	commercial	Organization Type	اسم الشّركة/المؤسّسة:	شركة تمدين الاولى العقارية	Company name/Founder
رقم السّجل التّجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:	الرياض، الرياض				National Address
رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date		
43661903	وكالة شرعية إلكترونية	2021-09-16	2022-09-05		

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	commercial	Organization Type	اسم الشّركة/المؤسّسة:	شركة المشاريع الأولى المحدودة (شركة شخص واحد)	Company name/Founder
رقم السّجل التّجاري:	1010269036	CR No.	الرقم الموحد	7001890933	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2009-06-03	CR Date

1

Lease contract

Vivienda Villa

Report Number	DC24013271
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Hotel
Address	Riyadh - Alhadah

The Final value of the property	Number	SAR 147,580,000
	Written	One hundred and forty-seven million five hundred and eighty thousand riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation	Intended User	Client Name
Current Use	Periodic valuation	Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.	Mulkia-Gulf Real Estate REIT Fund

Property right	Property type	Address
Encumbered by a mortgage.	Hotel	Riyadh - Alhadah

Land Area	Deed Date	Deed Number	Owner Name
^{2}m 10,000	هـ 1442/11/12	393010004592	Tamdeen First for Real Estate Trading Company

valuation Approach	Valuation Criteria	Value Base
The income approach –DCF-	International Valuation Standards IVS 2022	Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	147,580,000 SAR
The Grand Total of the Properties (Written)	One hundred and forty-seven million five hundred and eighty thousand riyals only.

02

Property Description

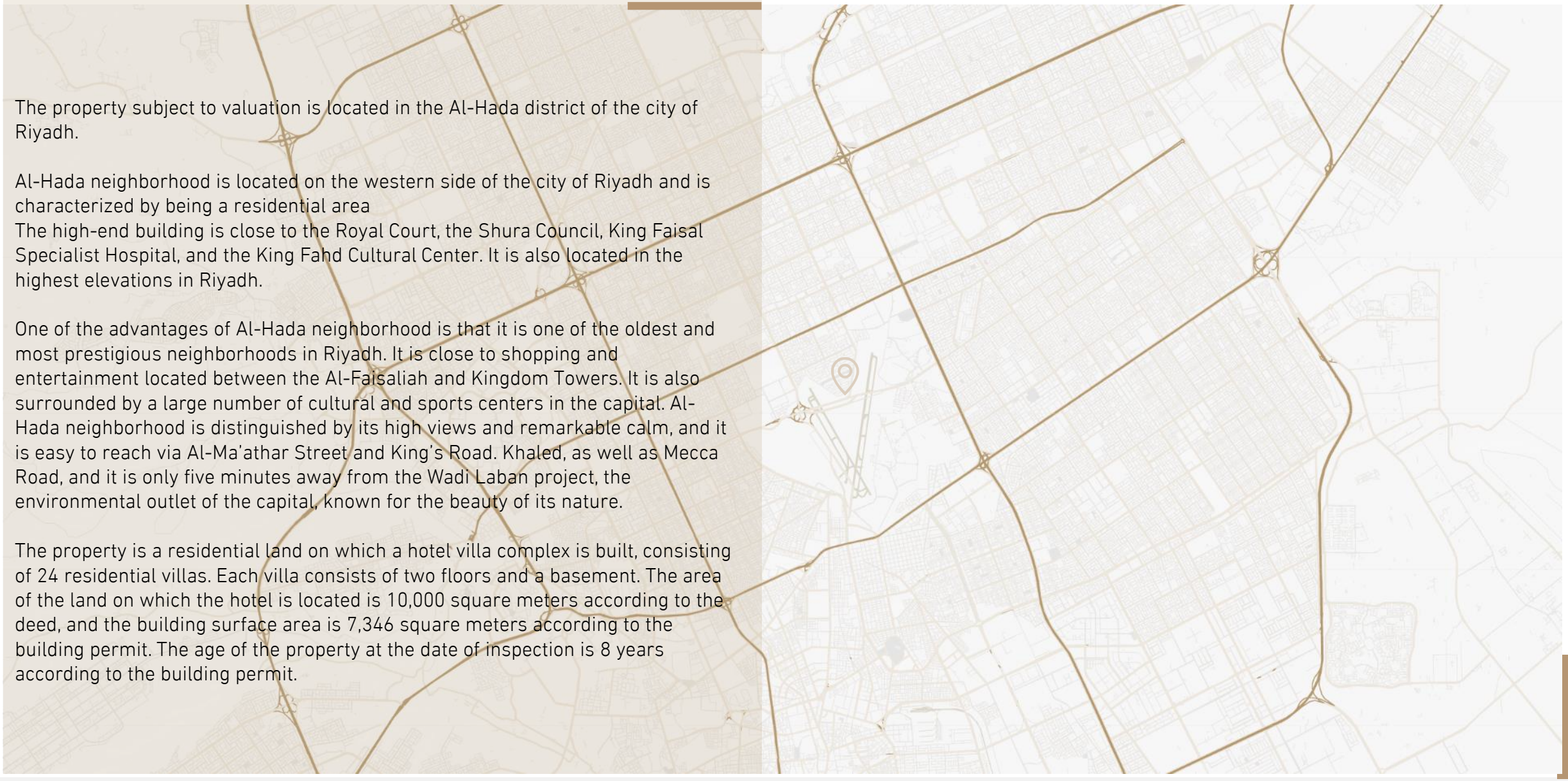
Property Description

The property subject to valuation is located in the Al-Hada district of the city of Riyadh.

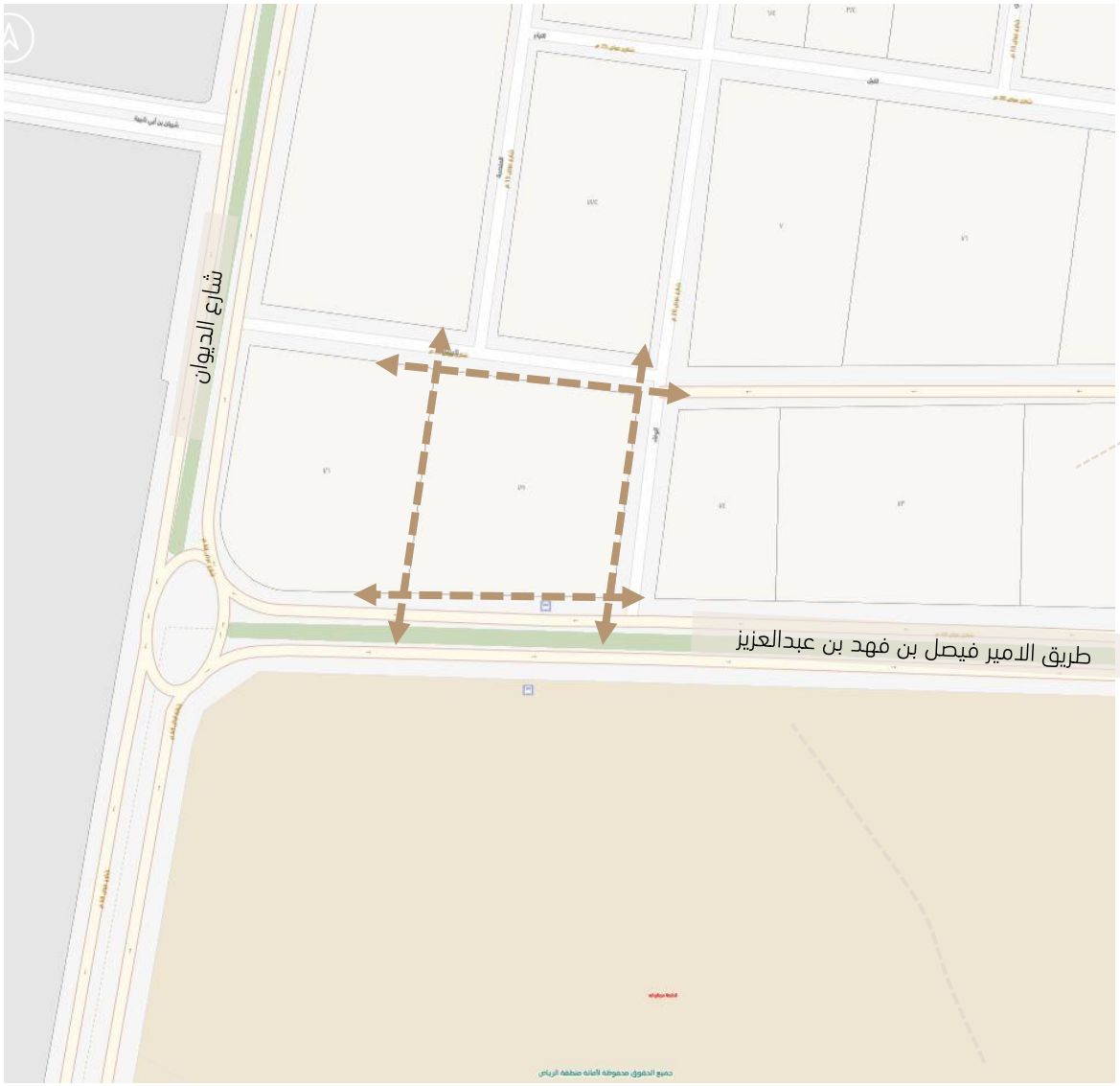
Al-Hada neighborhood is located on the western side of the city of Riyadh and is characterized by being a residential area
The high-end building is close to the Royal Court, the Shura Council, King Faisal Specialist Hospital, and the King Fahd Cultural Center. It is also located in the highest elevations in Riyadh.

One of the advantages of Al-Hada neighborhood is that it is one of the oldest and most prestigious neighborhoods in Riyadh. It is close to shopping and entertainment located between the Al-Faisaliah and Kingdom Towers. It is also surrounded by a large number of cultural and sports centers in the capital. Al-Hada neighborhood is distinguished by its high views and remarkable calm, and it is easy to reach via Al-Ma'athar Street and King's Road. Khaled, as well as Mecca Road, and it is only five minutes away from the Wadi Laban project, the environmental outlet of the capital, known for the beauty of its nature.

The property is a residential land on which a hotel villa complex is built, consisting of 24 residential villas. Each villa consists of two floors and a basement. The area of the land on which the hotel is located is 10,000 square meters according to the deed, and the building surface area is 7,346 square meters according to the building permit. The age of the property at the date of inspection is 8 years according to the building permit.



Property Details



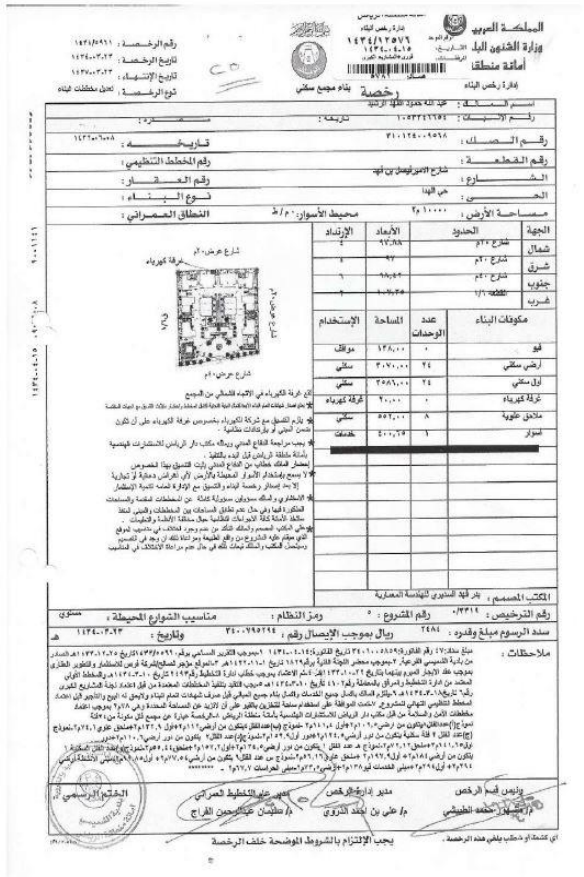
Land Area		Land Use
^{2}m 10,000		Commercial

Boundaries

Length	Border	Side
m 97.88	Street width 20 m	North
Length	**Border**	**Side**
m 98.42	Street width 40 m	South
Length	**Border**	**Side**
m 97	Street width 20 m	East
Length	**Border**	**Side**
m 107.35	Plot No. 1/6	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12 هـ	393010004592

Issuance Date	Building Permit
1434/03/23 هـ	1434/5961

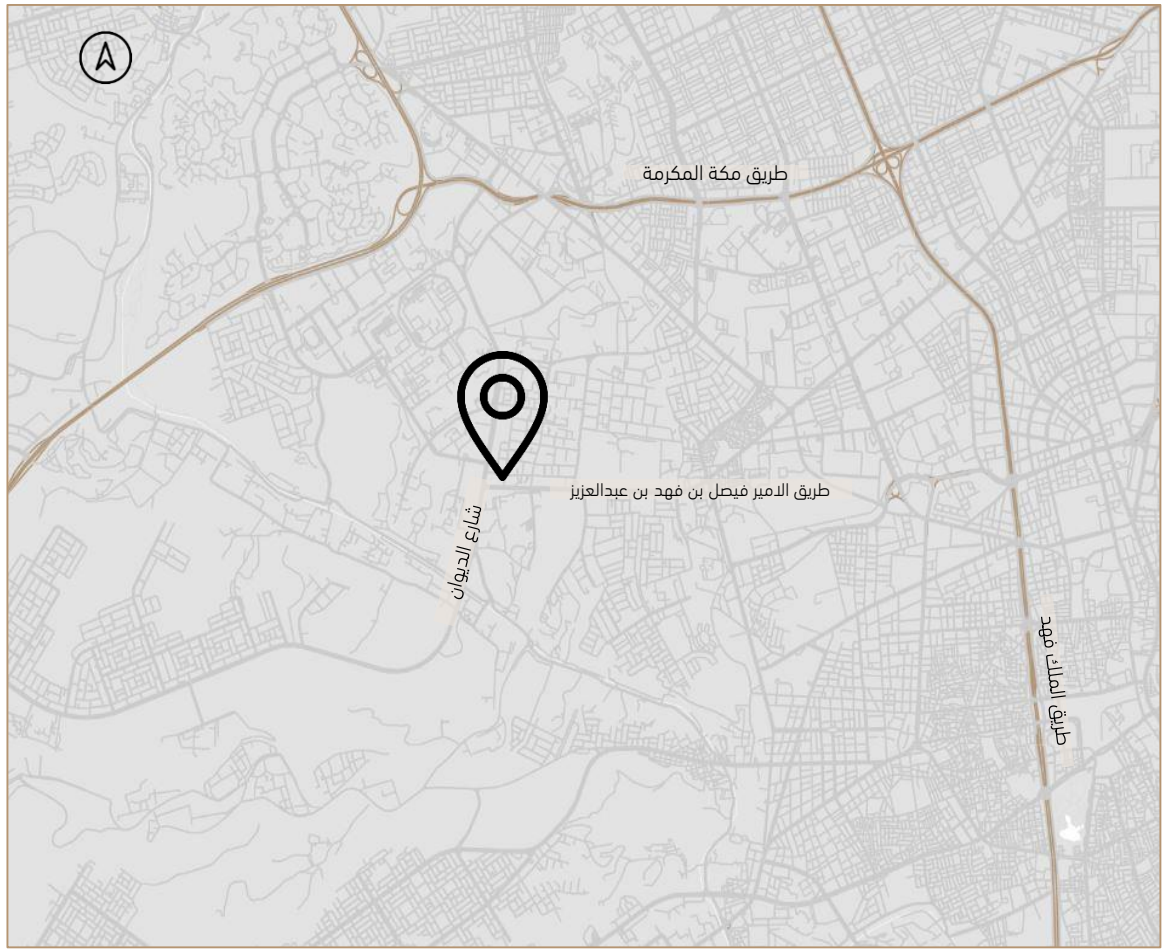
City	District
Riyadh	Alhadah

Parcel No.	Plan No.
1/5	----

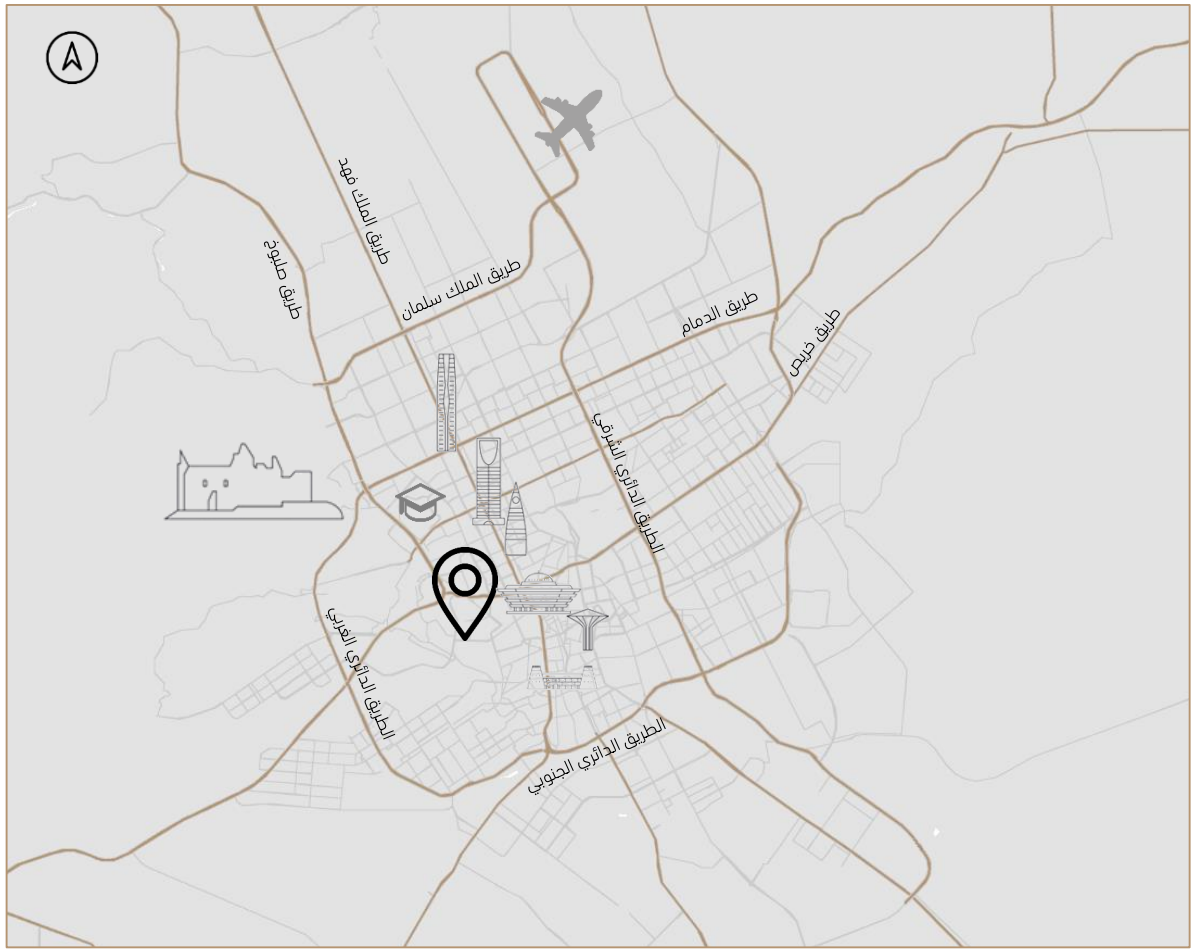
Coordinates
46.647800 ,24.650440

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

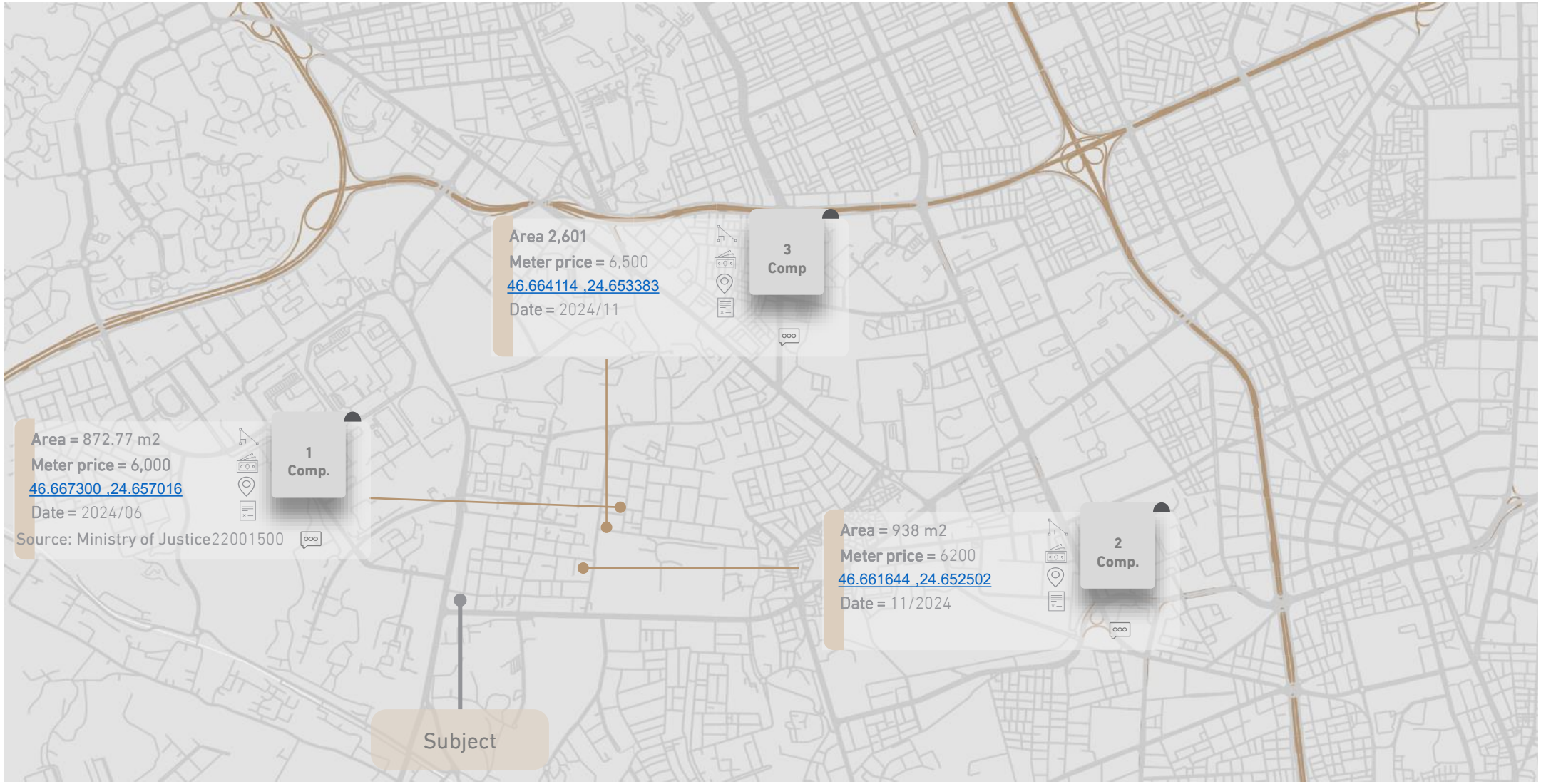
Photos of the property

04

Market Analysis

Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:

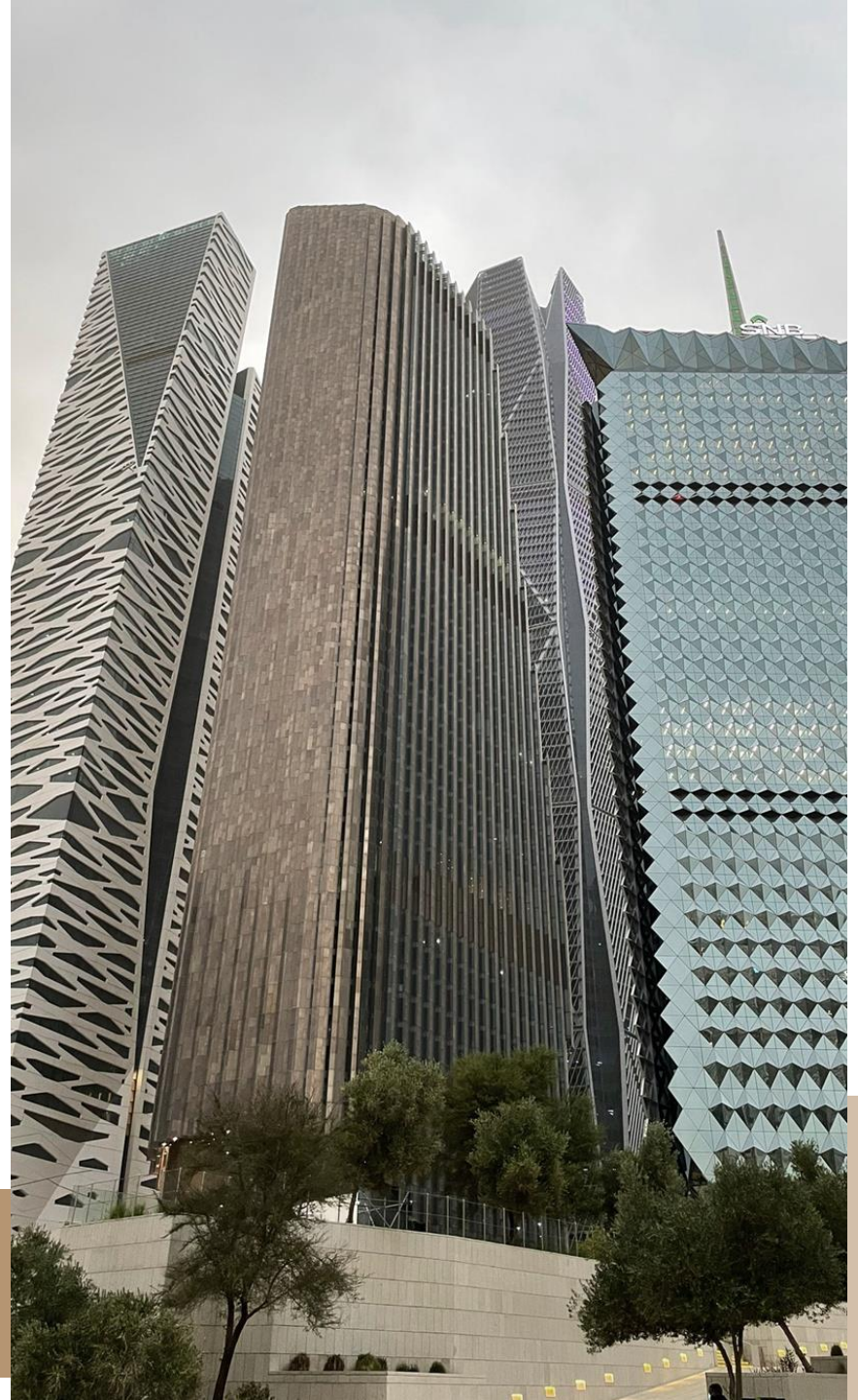


Market Analysis

After conducting a field survey of the commercial sector in Riyadh, and after reviewing the available sources and matching them with Barcode database, we found that the capitalization rate for the commercial sector (Hotels) is 8% . However, it could go higher or lower than that depends on different factors that could affect the cap. Rate.

Capitalization Rate

	City	District	Name	Income by SAR	Cap Rate
1	City	Al-Ma'athar	Al-Ma'athar Villas Complex	610,000	% 8
2	Riyadh	King Faisal	Marvella residential complex	50,000,000	% 8.3
3	Riyadh	Al-Rafia	Al Rafiah Villas Complex	18,750,000	% 8.5



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the land value, a field survey was conducted to assess current market prices for sold and listed properties similar to the one being valued. As it is challenging to find two identical properties, adjustments were made to the prices of the comparative properties. These adjustments involved subtracting the value of features that gave the comparative properties an advantage and adding the value of features that provided an advantage to the property being valued. Comparison factors included market conditions, area differences, road views, and road numbers. Based on these adjustments, the value of the land was determined to be:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date							
Meter Price (SR/m2)		6000		6200		6500	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		6000		6200		6500	
Land size	10,000.00	872.77	-10%	938.00	-10%	2,601.00	-10%
Location	Very good	Good	2%	Good	2%	Good	2%
Adjustment %		-8%		-8%		-8%	
Meter 2 Price After adjustment		5520		5704		5980	
participation %		50%		30%		20%	
Meter value (SR/m2)		5667.20					
Meter value (SR/m2) after rounding		**5,670**					
Land value (SR/m2) after rounding		**56,700,000**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The property value was estimated by summing the land value and the total construction cost of the building, using the prevailing prices on the valuation date. This involved calculating the cost per unit of the building based on construction quality, finishes, and total area, then deducting depreciation since construction. The formula used was:Property Value = Land Value + (Construction Cost + Profit Margin - Depreciation).The land value was determined through a field survey, analyzing current market prices, and reviewing sales and listings of similar properties. Adjustments were made to the comparative land prices by accounting for the advantages of the property being evaluated and subtracting the advantages of the comparison properties.The values include consulting fees, management, contractor profits, and all construction costs, such as fences, tanks, and general site coordination. Movable assets and financing costs are excluded from these values. Based on this approach, the concluded value of the property is:

Description	Area (m2)	Price per Sq.	Total
basement	138.00	6500	897,000
ground floor	3,070.00	6000	18,420,000
First floor	3586.00	6000	21,516,000
Upper	552.00	6000	3,312,000
Fences	400.00	1000	400,000
Total building value with profit margin (SAR)			44,545,000
depreciation	9	% 22.50	10,022,625
Building value after depreciation (Saudi SAR)			34,522,375
Land value (Saudi SAR)	10,000	5,670	56,700,000
Final value	91,222,375		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income for the following years, according to the contract, is as follows:For the year 2025: 11,703,124 riyalsFor the year 2027: 11,907,929 riyalsFor the year 2028: 12,522,344 riyalsFor the year 2032: 12,741,485 riyalsFor the year 2033: 13,398,908 riyals
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, with approximately 13 years remaining, ending on 27-10-2037, according to the information provided by the client. The rents for the year 2037 have been estimated for the last quarter of the year to be similar to the third quarter of the same year, based on the appraiser's estimation.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.5
Discount rate	**% 10.86**

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The total income value, in the case of 100% occupancy according to the contract, is 11,703,124 riyals, with annual expenses at 0% and growth rates of:

- 1.75% in 2027 and 2032,
- 5.16% in 2028 and 2033, as per the contract.

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	10.86%	Gross income	11,703,124
Growth rate	1.75% in 2027 and 2032, 5.16% in 2028 and 2033 based on the contract	Cap rate	%7.5	Cash flow period	13

Period	0	1	2	3	4	5	6	7	8	9	10	11
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Growth Rate	0.00%	0.00%	1.75%	5.16%	0.00%	0.00%	0.00%	1.75%	5.16%	0.00%	0.00%	0.00%
Total Income	11,703,124	11,703,124	11,907,929	12,522,378	12,522,378	12,522,378	12,522,378	12,741,519	13,398,982	13,398,982	13,398,982	13,398,982
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Effective Income	11,703,124	11,703,124	11,907,929	12,522,378	12,522,378	12,522,378	12,522,378	12,741,519	13,398,982	13,398,982	13,398,982	13,398,982
Total Operating Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	11,703,124	11,703,124	11,907,929	12,522,378	12,522,378	12,522,378	12,522,378	12,741,519	13,398,982	13,398,982	13,398,982	13,398,982
Future Property Value	178,653,091											
Net Cash Flow of the Property	11,703,124	11,703,124	11,907,929	12,522,378	12,522,378	12,522,378	12,522,378	12,741,519	13,398,982	13,398,982	13,398,982	192,052,072
Discount Factor	0.11	0.9	0.81	0.73	0.66	0.6	0.54	0.49	0.44	0.4	0.36	0.32
Present Value of Money	11,703,124	10,556,670	9,689,168	9,190,988	8,290,626	7,478,464	6,745,864	6,191,517	5,873,173	5,297,829	4,778,846	61,786,754
Present Value	**147,583,023**											
Present Value (After Rounding)	**147,580,000**											

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

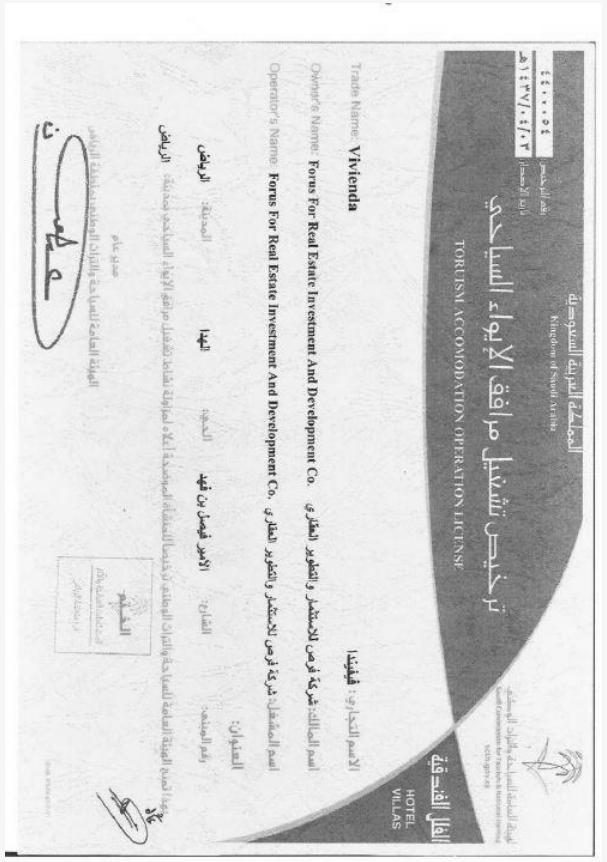
Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 147,580,000	100%
the cost Approach	SAR 91,222,375	0%

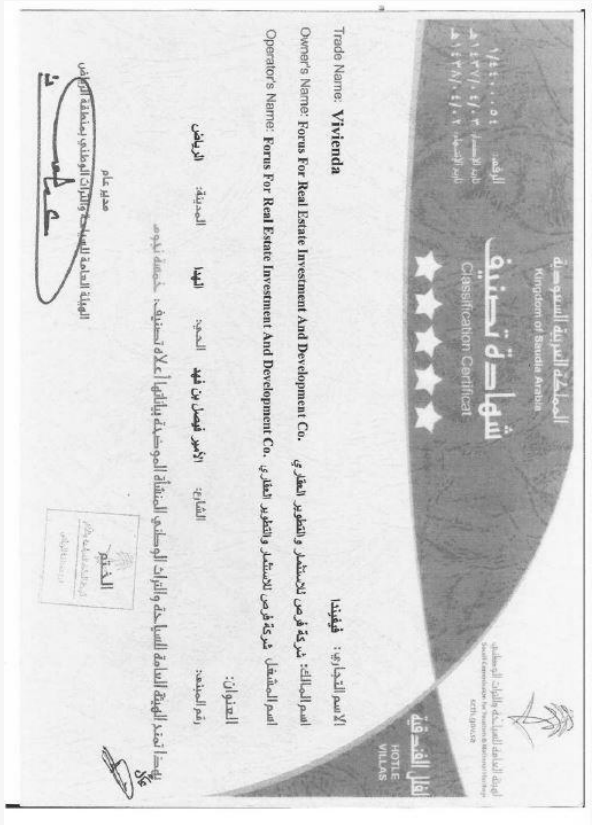
Opinion on value: Given the purpose of the valuation, the property's nature, and its characteristics as an income-generating asset with various contracts, the discounted cash flow (DCF) method is deemed the most appropriate valuation approach. Consequently, the value determined using the income method will be assigned a weight of 100% in establishing the property's market value. The location of the valuation is:

The Final value of the property	Number	SAR 147,580,000
	Written	One hundred and forty-seven million five hundred and eighty thousand riyals only.

Attachments



Operating license



Classification certificate

Attachments

41	3130586.00	469587.90	-	3600173.90	2030-10-13	2030-10-28	1452/06/15	1452/07/01
42	3130586.00	469587.90	-	3600173.90	2031-01-13	2031-01-28	1452/09/19	1452/10/05
43	3130586.00	469587.90	-	3600173.90	2031-04-13	2031-04-28	1452/12/21	1453/01/06
44	3130586.00	469587.90	-	3600173.90	2031-07-13	2031-07-28	1453/03/23	1453/04/08
45	3130586.00	469587.90	-	3600173.90	2031-10-13	2031-10-28	1453/06/26	1453/07/12
46	3130586.00	469587.90	-	3600173.90	2032-01-13	2032-01-28	1453/09/30	1453/10/15
47	3130586.00	469587.90	-	3600173.90	2032-04-13	2032-04-28	1454/01/03	1454/01/18
48	3130586.00	469587.90	-	3600173.90	2032-07-13	2032-07-28	1454/04/05	1454/04/20
49	3349727.00	502459.05	-	3852186.05	2032-10-13	2032-10-28	1454/07/08	1454/07/23
50	3349727.00	502459.05	-	3852186.05	2033-01-13	2033-01-28	1454/10/12	1454/10/27
51	3349727.00	502459.05	-	3852186.05	2033-04-13	2033-04-28	1455/01/13	1455/01/28
52	3349727.00	502459.05	-	3852186.05	2033-07-13	2033-07-28	1455/04/16	1455/05/01
53	3349727.00	502459.05	-	3852186.05	2033-10-13	2033-10-28	1455/07/19	1455/08/05
54	3349727.00	502459.05	-	3852186.05	2034-01-13	2034-01-28	1455/10/22	1455/11/08
55	3349727.00	502459.05	-	3852186.05	2034-04-13	2034-04-28	1456/01/24	1456/02/09
56	3349727.00	502459.05	-	3852186.05	2034-07-13	2034-07-28	1456/04/27	1456/05/12
57	3349727.00	502459.05	-	3852186.05	2034-10-13	2034-10-28	1456/08/01	1456/08/16
58	3349727.00	502459.05	-	3852186.05	2035-01-13	2035-01-28	1456/11/03	1456/11/18
59	3349727.00	502459.05	-	3852186.05	2035-04-13	2035-04-28	1457/02/05	1457/02/20
60	3349727.00	502459.05	-	3852186.05	2035-07-13	2035-07-28	1457/05/08	1457/05/23
61	3349727.00	502459.05	-	3852186.05	2035-10-13	2035-10-28	1457/08/12	1457/08/27
62	3349727.00	502459.05	-	3852186.05	2036-01-13	2036-01-28	1457/11/15	1457/11/30
63	3349727.00	502459.05	-	3852186.05	2036-04-13	2036-04-28	1458/02/16	1458/03/02
64	3349727.00	502459.05	-	3852186.05	2036-07-13	2036-07-28	1458/05/19	1458/06/05
65	3349727.00	502459.05	-	3852186.05	2036-10-13	2036-10-28	1458/08/23	1458/09/09
66	3349727.00	502459.05	-	3852186.05	2037-01-13	2037-01-28	1458/11/26	1458/12/12
67	3349727.00	502459.05	-	3852186.05	2037-04-13	2037-04-28	1459/02/27	1459/03/12
68	3349733.00	502459.95	-	3852192.95	2037-07-13	2037-07-28	1459/05/29	1459/06/15

١٢ - التزامات الطرفين

يتم تحديد الطرف الذي يتحمل التكاليف التالية بالاختيار بين (المستأجر / المؤجر)

تحول التزامات الأطراف بعد تحديدها إلى المادة الخامسة تحت (التزامات المؤجر / التزامات المستأجر / أحكام عامة)

١٣ - مواد العقد

المادة الأولى: البيانات السابقة على إلتزامات الأطراف

تعد البيانات السابقة على إلتزامات الأطراف، والمحددة في البنود من (1-12) جزءً لا يتجزأ من هذا العقد ومفسرة ومكملة له.

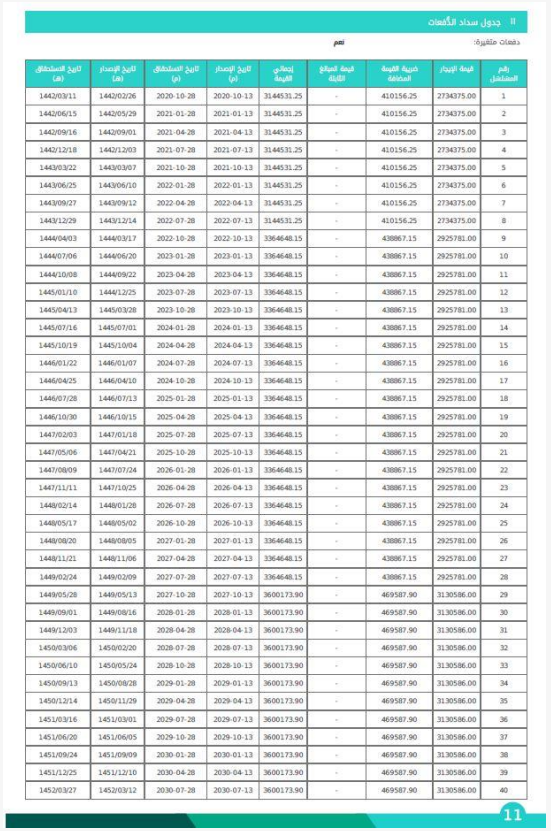
المادة الثانية: محل العقد

التفق المؤجر والمستأجر بموجب هذا العقد على تأجير الوحدة الإيجارية المحددة بالبند رقم (7) وفقا للشروط والأحكام والإلتزامات المنصوص عليها في هذا العقد. ويقر المستأجر بمعاينته للوحدة الإيجارية، وقبوله للتعاقد حسب الأوصاف المذكورة، وأنها صالحة للنشاط التجاري المتفق عليه في البند رقم (8).

المادة الثالثة: مدة الإيجار وتجديد العقد

٣-١ حدد هذا العقد (6209) يوما تبدأ من تاريخ 2020-10-28 م الموافق 1442/03/11 هـ وتنتهي بتاريخ 2037-10-27 م الموافق 1459/09/18 هـ. وفي حال وجود اختلاف بين التاريخين الهجري والميلادي، يُعمل بالتاريخ الميلادي في جميع بنود العقد.

Payment statement 2



١١ - جدول سداد الأقساط

دفعات متغيرة: نعم

رقم المقطع	قيمة الإيجار	ضريبة القيمة المضافة	قيمة السقوط الثابتة	إجمالي القيمة	تاريخ الإصدار (م)	تاريخ الاستحقاق (م)	تاريخ الإصدار (هـ)	تاريخ الاستحقاق (هـ)
1	2734375.00	410156.25	-	3144531.25	2020-10-13	2020-10-28	1442/02/26	1442/03/11
2	2734375.00	410156.25	-	3144531.25	2021-01-13	2021-01-28	1442/05/29	1442/06/15
3	2734375.00	410156.25	-	3144531.25	2021-04-13	2021-04-28	1442/09/01	1442/09/16
4	2734375.00	410156.25	-	3144531.25	2021-07-13	2021-07-28	1442/12/03	1442/12/18
5	2734375.00	410156.25	-	3144531.25	2021-10-13	2021-10-28	1443/03/07	1443/03/22
6	2734375.00	410156.25	-	3144531.25	2022-01-13	2022-01-28	1443/06/10	1443/06/25
7	2734375.00	410156.25	-	3144531.25	2022-04-13	2022-04-28	1443/09/12	1443/09/27
8	2734375.00	410156.25	-	3144531.25	2022-07-13	2022-07-28	1443/12/14	1443/12/29
9	2925781.00	438867.15	-	3364648.15	2022-10-13	2022-10-28	1444/03/17	1444/04/03
10	2925781.00	438867.15	-	3364648.15	2023-01-13	2023-01-28	1444/06/20	1444/07/06
11	2925781.00	438867.15	-	3364648.15	2023-04-13	2023-04-28	1444/09/22	1444/10/08
12	2925781.00	438867.15	-	3364648.15	2023-07-13	2023-07-28	1444/12/25	1445/01/10
13	2925781.00	438867.15	-	3364648.15	2023-10-13	2023-10-28	1445/03/28	1445/04/13
14	2925781.00	438867.15	-	3364648.15	2024-01-13	2024-01-28	1445/07/01	1445/07/16
15	2925781.00	438867.15	-	3364648.15	2024-04-13	2024-04-28	1445/10/04	1445/10/19
16	2925781.00	438867.15	-	3364648.15	2024-07-13	2024-07-28	1446/01/07	1446/01/22
17	2925781.00	438867.15	-	3364648.15	2024-10-13	2024-10-28	1446/04/10	1446/04/25
18	2925781.00	438867.15	-	3364648.15	2025-01-13	2025-01-28	1446/07/13	1446/07/28
19	2925781.00	438867.15	-	3364648.15	2025-04-13	2025-04-28	1446/10/15	1446/10/30
20	2925781.00	438867.15	-	3364648.15	2025-07-13	2025-07-28	1447/01/18	1447/02/03
21	2925781.00	438867.15	-	3364648.15	2025-10-13	2025-10-28	1447/04/21	1447/05/06
22	2925781.00	438867.15	-	3364648.15	2026-01-13	2026-01-28	1447/07/24	1447/08/09
23	2925781.00	438867.15	-	3364648.15	2026-04-13	2026-04-28	1447/10/25	1447/11/11
24	2925781.00	438867.15	-	3364648.15	2026-07-13	2026-07-28	1448/01/28	1448/02/14
25	2925781.00	438867.15	-	3364648.15	2026-10-13	2026-10-28	1448/05/02	1448/05/17
26	2925781.00	438867.15	-	3364648.15	2027-01-13	2027-01-28	1448/08/05	1448/08/20
27	2925781.00	438867.15	-	3364648.15	2027-04-13	2027-04-28	1448/11/06	1448/11/21
28	2925781.00	438867.15	-	3364648.15	2027-07-13	2027-07-28	1449/02/09	1449/02/24
29	3130586.00	469587.90	-	3600173.90	2027-10-13	2027-10-28	1449/05/13	1449/05/28
30	3130586.00	469587.90	-	3600173.90	2028-01-13	2028-01-28	1449/08/16	1449/09/01
31	3130586.00	469587.90	-	3600173.90	2028-04-13	2028-04-28	1449/11/18	1449/12/03
32	3130586.00	469587.90	-	3600173.90	2028-07-13	2028-07-28	1450/02/20	1450/03/06
33	3130586.00	469587.90	-	3600173.90	2028-10-13	2028-10-28	1450/05/24	1450/06/10
34	3130586.00	469587.90	-	3600173.90	2029-01-13	2029-01-28	1450/08/28	1450/09/13
35	3130586.00	469587.90	-	3600173.90	2029-04-13	2029-04-28	1450/11/29	1450/12/14
36	3130586.00	469587.90	-	3600173.90	2029-07-13	2029-07-28	1451/03/01	1451/03/16
37	3130586.00	469587.90	-	3600173.90	2029-10-13	2029-10-28	1451/06/05	1451/06/20
38	3130586.00	469587.90	-	3600173.90	2030-01-13	2030-01-28	1451/09/09	1451/09/24
39	3130586.00	469587.90	-	3600173.90	2030-04-13	2030-04-28	1451/12/10	1451/12/25
40	3130586.00	469587.90	-	3600173.90	2030-07-13	2030-07-28	1452/03/12	1452/03/27

Payment statement 1

العقد الموحد Unified Commercial Contract

وزارة الإسكان MINISTRY OF HOUSING — إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (٣٢٠) وتاريخ ١٤٣٩/٤/٢ هـ

بنود العقد

١ - بيانات العقد

رقم سجل العقد	300002468668 / 1-0	نوع العقد	جديد
تاريخ إبرام العقد	2021-03-15	مكان إبرام العقد	الرياض
تاريخ بداية مدة الايجار	2020-10-28	تاريخ نهاية مدة الايجار	2037-10-27
معلق بشرط	لا		
الشرط المعلق عليه بداية الإيجار:	-		
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري		

٢ - بيانات المؤجر

الاسم	شركة تمدين الاولى العقارية ويمثلها سلمان حسين بن يحيى معيدي		
الجنسية	السعودية	نوع الهوية	الهوية وطنية
رقم الهوية	1073134924	رقم نسخة الهوية	4
رقم الجوال	00966556332153	البريد الإلكتروني	mualdls@mulkia.com.sa
العنوان الوطني	2239 , الامير محمد بن عبدالعزيز ، العليا ، الرياض ، -		
رقم الوكالة:	411561630	جهة إصدار الوكالة:	
تاريخ إصدار الوكالة:	1441/07/15	مكان إصدار الوكالة:	
تاريخ إنتهاء الوكالة:	1446/09/10		

٣ - بيانات المستأجر

اسم الشركة/المؤسسة:	شركة فرص للاستثمار والتطوير العقاري مساهمة مقفلة		
رقم السجل التجاري:	1010223681	تاريخ السجل التجاري:	1427/09/04
رقم الرخصة:	-	رقم الهاتف:	-
البريد الإلكتروني:	-	رقم الفاكس:	-
العنوان الوطني:	-		
اسم مالك المؤسسة	محمد صالح حمد المالك		
الجنسية	السعودية	نوع الهوية	الهوية وطنية
رقم الهوية	1012971949	رقم نسخة الهوية	
رقم الجوال	00966544666333	البريد الإلكتروني	almalik@forus.com.sa
العنوان الوطني	7315 , الملك فهد ، العليا ، الرياض ، -		
بيانات ممثل المستأجر:	المستأجر ممثل لنفسه		

٤ - بيانات المنشأة العقارية والوسيط

اسم المنشأة العقارية

Lease contract

Namozagiah Building

Report Number	DC24012042
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Hotel Apartments
Address	Riyadh - Namozagiah

The Final value of the property	Number	SAR 55,840,000
	Written	Fifty-five million eight hundred and forty thousand riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Hotel Apartments

Address
Riyadh - Namozagiah

Land Area
^{2}m 3,061.75

Deed Date	Deed Number
1442/11/12 هـ	693010004593 - 393010004586

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	55,840,000 SAR
The Grand Total of the Properties (Written)	Fifty-five million eight hundred and forty thousand riyals only.

02

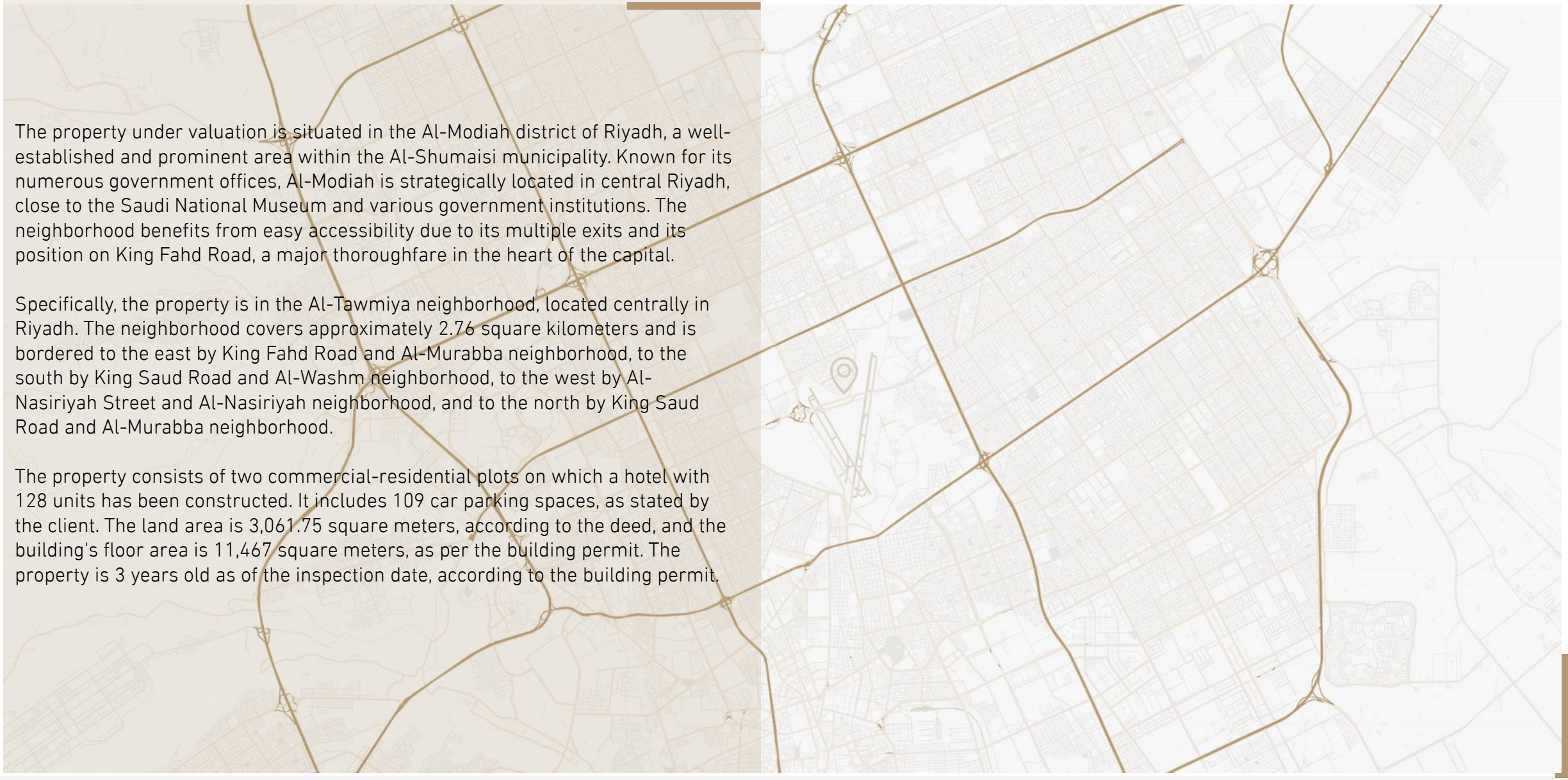
Property Description

Property Description

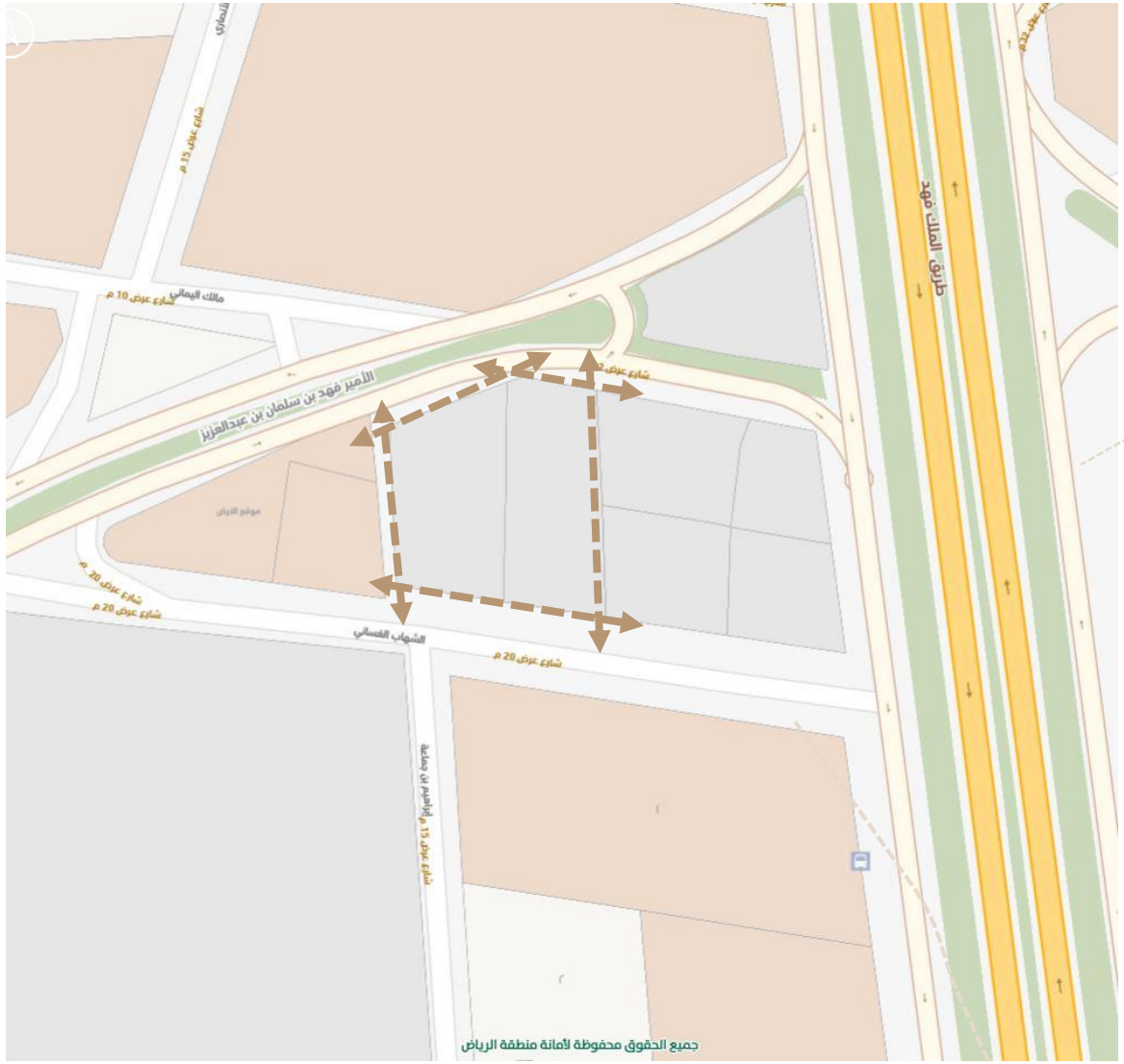
The property under valuation is situated in the Al-Modiah district of Riyadh, a well-established and prominent area within the Al-Shumaisi municipality. Known for its numerous government offices, Al-Modiah is strategically located in central Riyadh, close to the Saudi National Museum and various government institutions. The neighborhood benefits from easy accessibility due to its multiple exits and its position on King Fahd Road, a major thoroughfare in the heart of the capital.

Specifically, the property is in the Al-Tawmiya neighborhood, located centrally in Riyadh. The neighborhood covers approximately 2.76 square kilometers and is bordered to the east by King Fahd Road and Al-Murabba neighborhood, to the south by King Saud Road and Al-Washm neighborhood, to the west by Al-Nasiriyah Street and Al-Nasiriyah neighborhood, and to the north by King Saud Road and Al-Murabba neighborhood.

The property consists of two commercial-residential plots on which a hotel with 128 units has been constructed. It includes 109 car parking spaces, as stated by the client. The land area is 3,061.75 square meters, according to the deed, and the building's floor area is 11,467 square meters, as per the building permit. The property is 3 years old as of the inspection date, according to the building permit.



Property Details



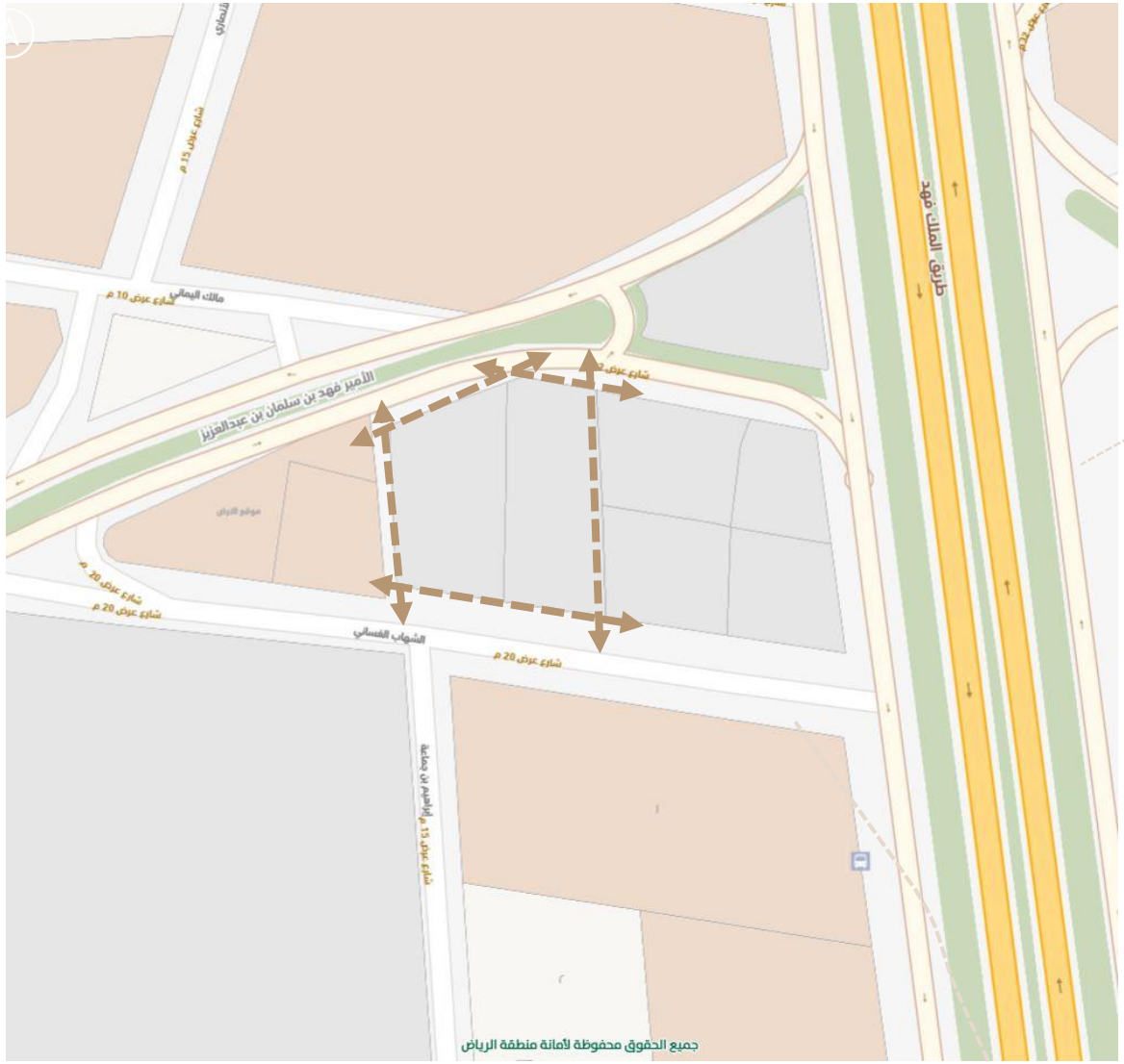
Land Area		Land Use
^{2}m 3,061.75		residential commercial

Boundaries

Length	Border	Side
m 34.3	Street width 32 m	North
Length	**Border**	**Side**
m 29	Street width 20 m + 18.40 m	South
Length	**Border**	**Side**
m 58.90	neighbor	East
Length	**Border**	**Side**
m 40.57	neighbor	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Land Area		Land Use
^{2}m 3,061.75		residential commercial

Boundaries

Length	Border	Side
m 25.2	Street width 32 m	North
Length	**Border**	**Side**
m 27.85	Street width 20 m	South
Length	**Border**	**Side**
m 60	neighbor	East
Length	**Border**	**Side**
m 58.9	neighbor	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details

Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12 هـ	693010004593 - 393010004586

Issuance Date	Building Permit
1434/07/18	15058/1434

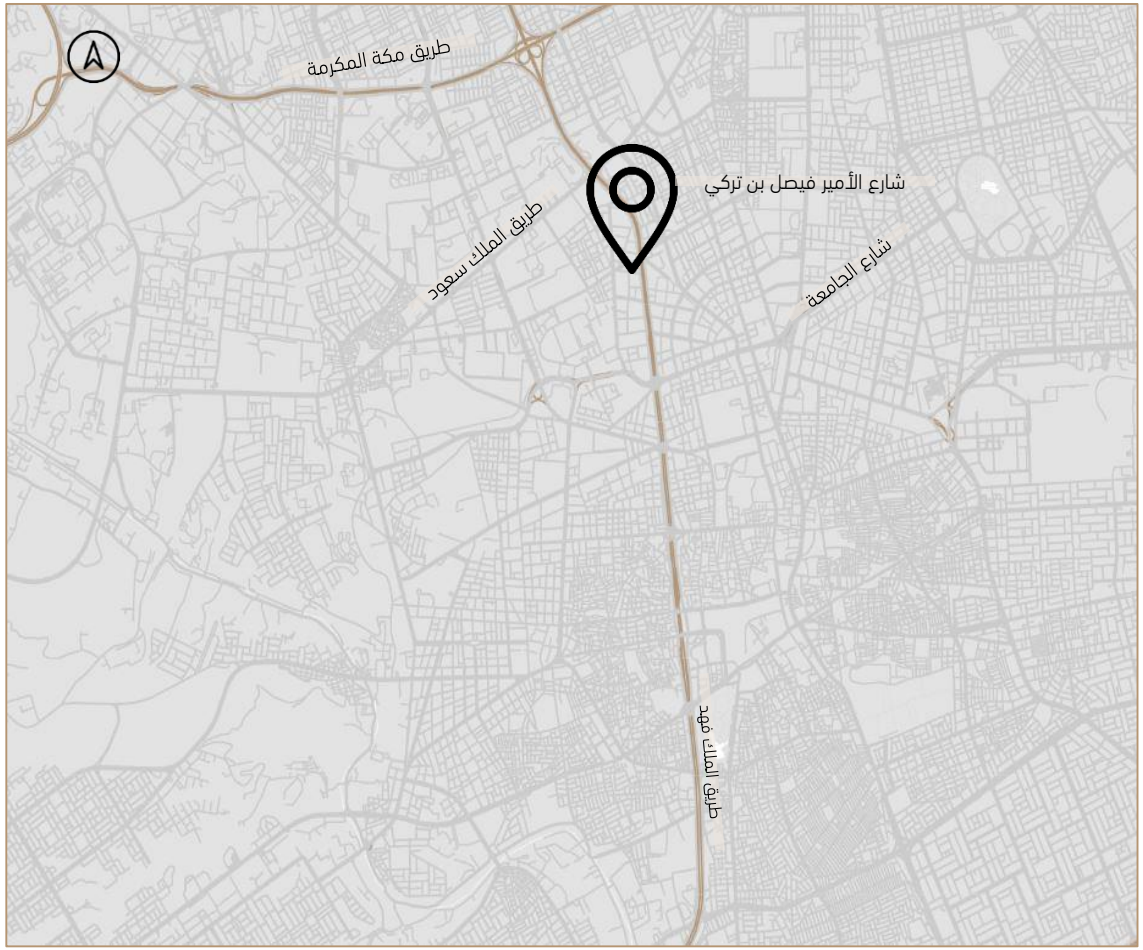
City	District
Riyadh	Namozagiah

Parcel No.	Plan No.
---	----

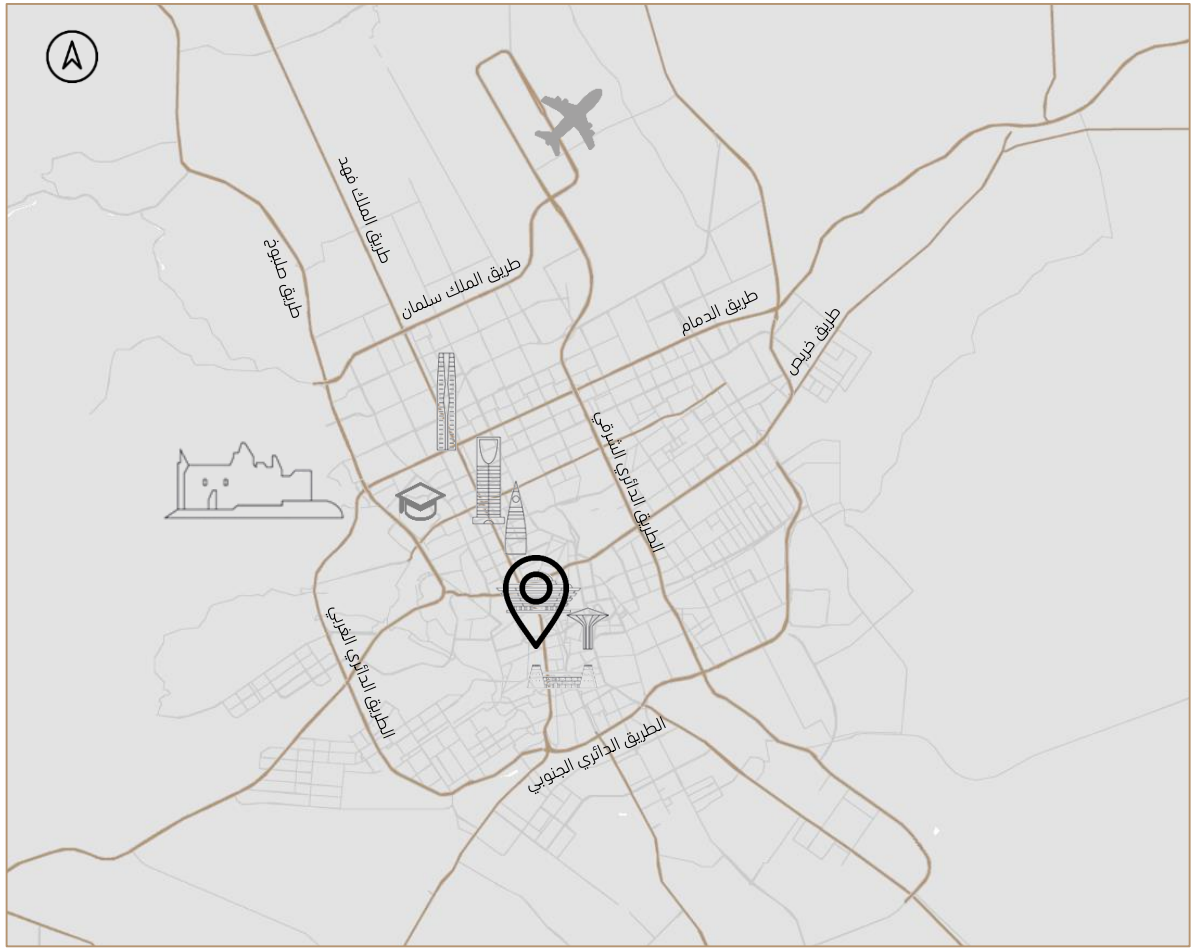
Coordinates
46.699715 ,24.660159

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

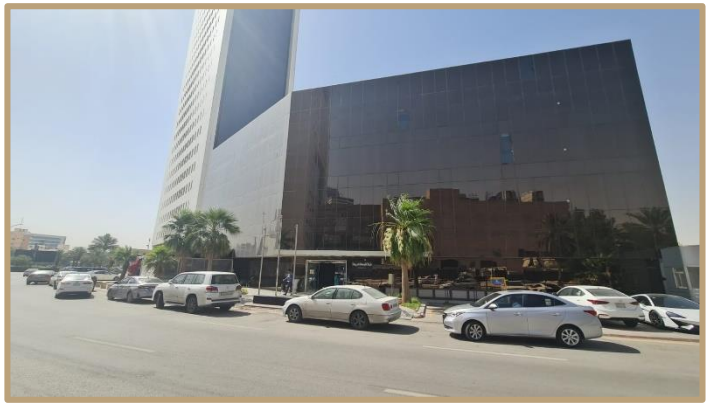
Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

Photos of the property



04

Market Analysis

Land Market Survey

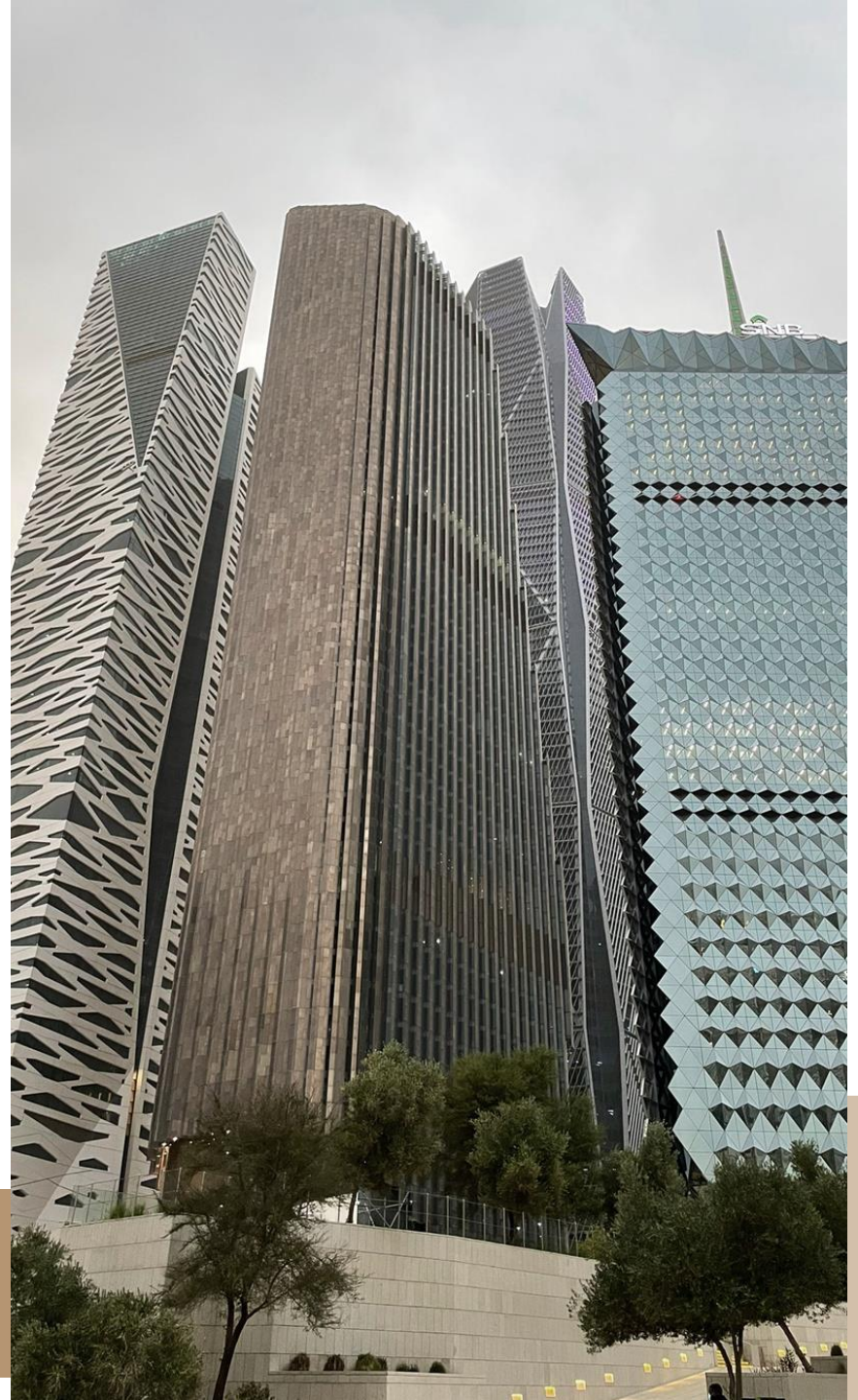
After the field survey for land in the site to be valued, the prices in the area are as following:

Market Analysis

Capitalization rate is a rate used to convert income into value and is used to estimate a property's recovery value. There is more than one way to derive the capitalization rate. Each of these methods depends on the use of the recent past as a means of anticipating the future as well as a real estate valuation measure used to compare different real estate investments. Although there are many differences, interest rate is often calculated as a ratio between net operating income generated by the asset and original capital cost or rather than the current market rate analysis. the capitalization rate is influenced by the demand and supply rates of the same type of real estate as well as the quality and finishing of real estate, The capitalization rate is calculated by taking the average from the market survey of the declared Reit real estate as follows:

Capitalization Rate

	City	District	Name	Income by SAR	Cap Rate
1	Riyadh	Muhammadiyah	Gardeno Hotel	7,000,000	%7.5
2	Riyadh	Olaya	Burj Al Hayat Hotel	1,500,000	%8.5
3	Riyadh	Al-Yasmine	Aber Al Yasmeen Hotel	3,280,000	%8.5



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales
Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data
The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."
"Stage Seven: Sales Analysis
After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties
In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property
To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp . 2	
Date	12/2024	12/2024		12/2024	
Meter Price (SR/m2)		4000		5000	
Market condition		% 0	0	%0	0
Meter Price After adjustment (SR/m2)		4000		5000	
Land size	3061.75	2,607	%-2	2,607	%-2
Number of streets.	2	1	% 5	1	% 5
Location	Very good	Good	%7	Good	%7
Adjustment %		%10		%10	
Meter 2 Price After adjustment		4,400		5,500	
participation %		% 50		% 50	
Meter value (SR/m2)		4950.00			
Meter value (SR/m2) after rounding		**4950.00**			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

Description	Area (m2)	Price per Sq.	Total
basement	2,665.00	3300	8,794,500
ground floor	1,837.00	3000	5,511,000
First floor	1990	3000	5,970,000
second floor	1990	3000	5,970,000
Third round	1990	3000	5,970,000
Upper	995	3000	2,985,000
Fences	146	1000	146,000
"Total value of the buildings with profit margin (Saudi Riyals)"			35,346,500
depreciation	3	% 7.5	2,650,988
Building value after depreciation (Saudi SAR)			32,695,513
Land value (Saudi SAR)	3,062	4,950	15,155,663
Final value	47,851,175		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income of the property to be evaluated is 3,800,000 riyals, according to the client's letter.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, with 3 years remaining, ending on 25-08-2027, according to the information provided by the client.
   There is a possibility of renewing the contract with a 15% increase, as estimated by the appraiser.
   The occupancy rate is 100% due to the single contract.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is suitable for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The total income value, in the case of 100% occupancy according to the contract, is 3,800,000 riyals, with annual expenses at 0% and a growth rate of 15% starting from 2028, assuming the contract is renewed.

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	3,800,000
Growth rate	%15 = In the fourth year	Cap rate	%7.5	Cash flow period	5

Period	0	1	2	3	4
Year	2025	2026	2027	2028	2029
Growth Rate	0.00%	0.00%	0.00%	15.00%	0.00%
Total Income	3,800,000	3,800,000	3,800,000	4,370,000	4,370,000
Occupancy Rate	100%	100%	100%	100%	100%
Effective Income	3,800,000	3,800,000	3,800,000	4,370,000	4,370,000
Total Operating Expenses	0	0	0	0	0
Net Income	3,800,000	3,800,000	3,800,000	4,370,000	4,370,000
Future Property Value			58,266,667		
Net Cash Flow of the Property	3,800,000	3,800,000	3,800,000	4,370,000	62,636,667
Discount Factor	0.1	0.91	0.82	0.74	0.67
Present Value of Money	3,800,000	3,443,277	3,120,040	3,251,220	42,226,187
Present Value			**55,840,724**		
Present Value (After Rounding)			**55,840,000**		

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

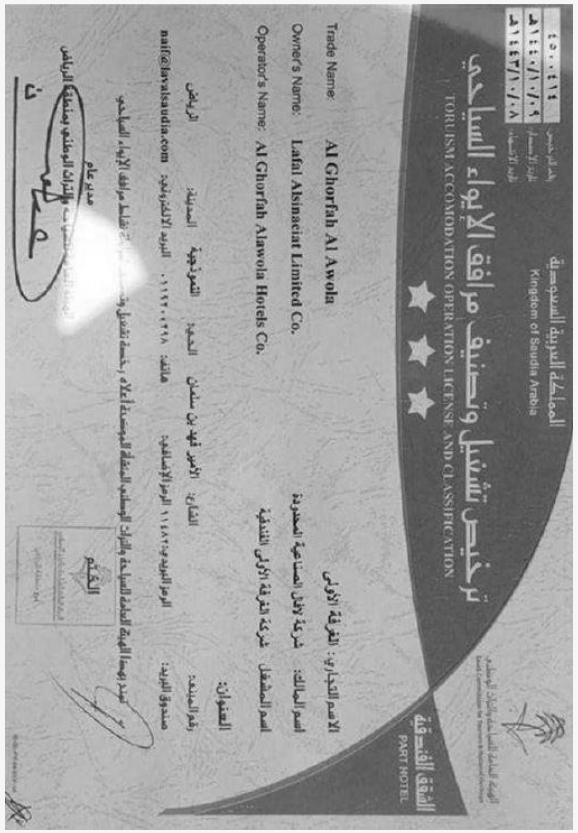
Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 55,840,000	%100
the cost Approach	SAR 47,851,175	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 55,840,000
	Written	Fifty-five million eight hundred and forty thousand riyals only.

Attachments



المملكة العربية السعودية
Kingdom of Saudia Arabia

الهيئة العامة للمنشآت السياحية
General Commission for Tourism Establishments

ترخيص تشغيل وتصنيف مرافق الإيواء السياحي
TOURISM ACCOMODATION OPERATION LICENSE AND CLASSIFICATION

الشقق الفندقية
PART HOTEL

Trade Name: Al Ghorfah Al Awola
Owner's Name: Lafal Alsinaeiat Limited Co.
Operator's Name: Al Ghorfah Alawola Hotels Co.

الاسم التجاري: الغرفة الأولى
اسم المالك: شركة لافال الصناعية المحدودة
اسم المشغل: شركة الغرفة الأولى الفندقية

العنوان:
الشارع: الأمير فهد بن سلمان الحي: المروّجة المدينة: الرياض
رقم المبنى: صندوق البريد: الرمز البريدي: ١١٤٨٧ الرمز الإضافي: ٤٢١٨ الهاتف: ٠١١٢٠٠٠٠ البريد الإلكتروني: mail@lavaksaudia.com

مدير عام

Operating license

وزارة العدل
ابراهيم عمر محمد الحسون
الرياض
ترخيص رقم 39/999

رقم الصك: 693010004593
التاريـــــخ: 1442/11/12 هـ

صك رهـــن

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الارض رقم بدون الواقع في حي النموذجية بمدينة الرياض . وحدودها واطوالها :
شمالا: شارع عرض 32 م بطول 25.2 خمسة و عشر ون متر و عشر ون سنتمتر
جنوبا: شارع عرض 20 م بطول 27.85 سبعة و عشر ون متر و خمسة و ثمانون سنتمتر
شرقا: جار بطول 60 ستون متر
غربا: جار بطول 58.9 ثمانية و خمسون متر و تسعون سنتمتر
ومساحتها 1557.49 الف و خمسمائة و سبعة و خمسون متر مربعا و تسعة و أربعون سنتمترا مربعا المملوكة لـ شركة تعدين الاولى العقارية بموجب سجل تجاري رقم 1010896622 بموجب الصك الصادر من الموثقين بالرياض6 برقم 393598002674 في 24 / 07 / 1442 قد تم رهنها وما اقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 11421938 فقط احد عشر مليونا و أربعمائة و واحد و عشرون الفا و تسعمائة و ثمانية و ثلاثون ريالا سعوديا لا غير. تسدد على أقساط شهرية عددها 1 قيمة كل قسط 11421938 فقط احد عشر مليونا و أربعمائة و واحد و عشرون الفا و تسعمائة و ثمانية و ثلاثون ريالا سعوديا لا غير. تاريخ حلول القسط 1442/11/13 سبب الرهن : كضمان لما وجب عليهم من مستحقات مالية بمبلغ وقدره (11421938) لصالح شركة الراجحي للتطوير المحدودة على أن يكون السداد على قسط واحد بعد سبع سنوات ويدفع بتاريخ 30-12-2027م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرفيك ,واستيفاء مالي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعا. وعليه جرى التصديق تحريرا في 1442 / 11 / 12 لاعتماده ,وصلى الله على نبينا محمد وآله وصحبه وسلم.

الموثق

الختم الرسمي

ابراهيم عمر محمد الحسون

رقم الصك: 2779

Copy of the deed

Unified العقد التجاري الموحد Commercial Contract

إيجار EJAR

يعتبر هذا العقد عقداً موثّقا وسنداً تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد — Contract Data

رقم سجل العقد:	20715659137 / 1 Contract No.	نوع العقد:	جديد Contract Type
تاريخ إبرام العقد:	2022-01-11 Contract Sealing Date	مكان إبرام العقد:	الرياض Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2022-08-26 Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2027-08-25 Tenancy End Date
معلق بشرط	لا		Contract is conditional
طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري Ejar Fees Paid By		

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	التجارية Organization Type	اسم الشركة/المؤسسة:	شركة تعدين الاولى العقارية Company name/Founder
رقم السجل التجاري:	1010896622 CR No.	الرقم الموحد	7010776792 Unified Number
جهة الإصدار:	- Issued by	تاريخ السجل التجاري:	2017-10-04 CR Date

٣ بيانات ممثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي Name		
الجنسيّة:	المملكة العربية السعودية Nationality		
نوع الهويّة:	هوية وطنية ID Type	رقم الهويّة:	1073134924 ID No.
رقم الجوّال:	+966556332153 Mobile No.	البريد الإلكتروني:	muaidia@mulkia.com.sa Email
العنوان الوطني:	الرياض، الرياض		National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date
8	أخرى -		2022-07-01

٤ بيانات المستأجر — Tenant Data

نوع المنظمة:	التجارية Organization Type	اسم الشركة/المؤسسة:	شركة الجاهات الريادة للتجارة شركة شخص واحد Company name/Founder
رقم السجل التجاري:	1010404675 CR No.	الرقم الموحد	7004085168 Unified Number

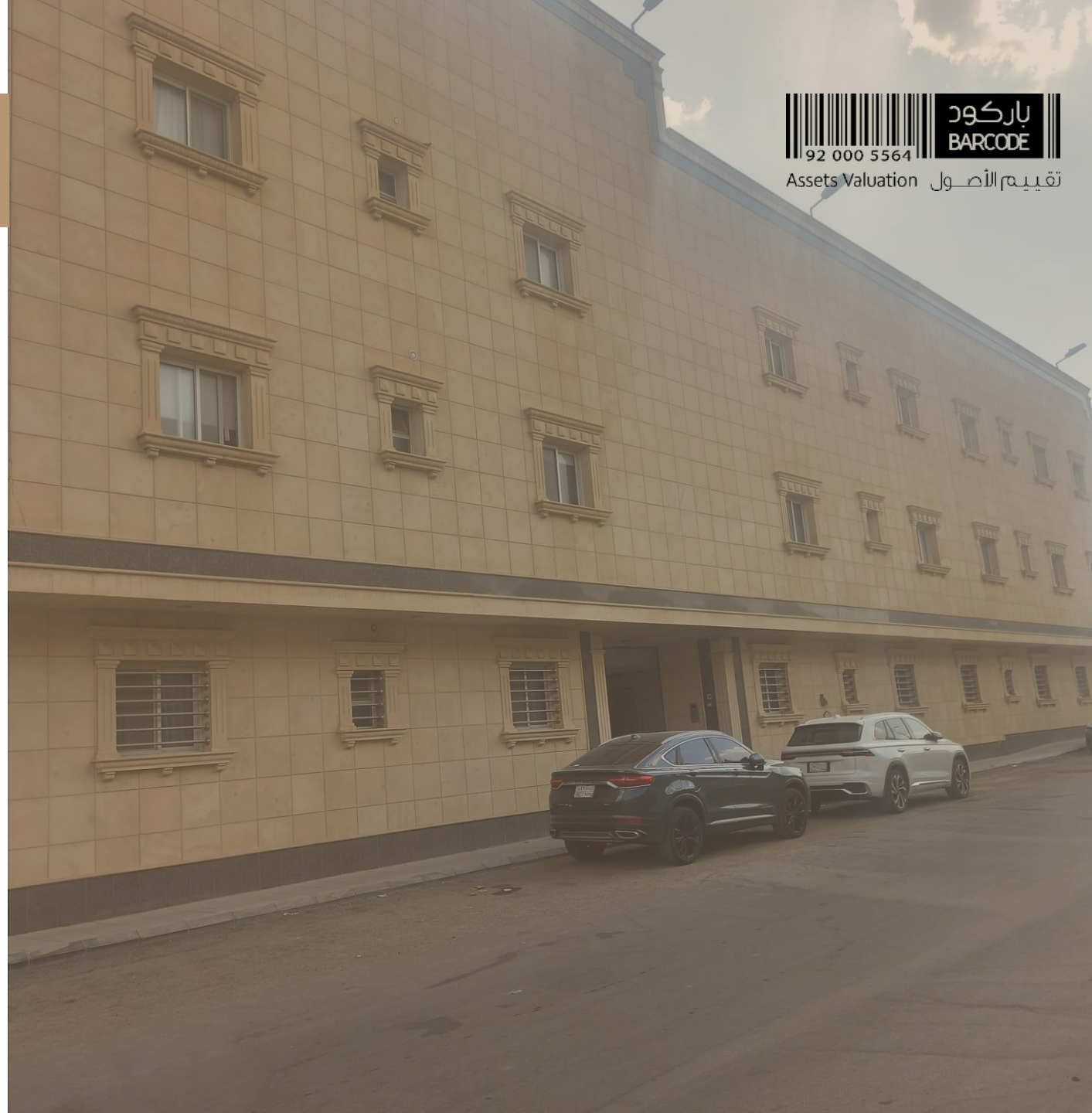
1

Lease contract

Yasmine Residential Building

Report Number	DC24013265
Report Date	2024/12/31
valuation Approach	Income approach –DCF-
Value Base	Market Value
Property type	Apartments
Address	Riyadh - Yasmine

The Final value of the property	Number	SAR 19,620,000
	Written	Nineteen million six hundred and twenty thousand Saudi riyals.



01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Absolute Ownership

Property type
Apartments

Address
Riyadh - Yasmine

Land Area
^{2}m 2,309.76

Deed Date	Deed Number
1446/06/25	460002995533

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	19,620,000 SAR
The Grand Total of the Properties (Written)	Nineteen million six hundred and twenty thousand Saudi riyals.

02

Property Description

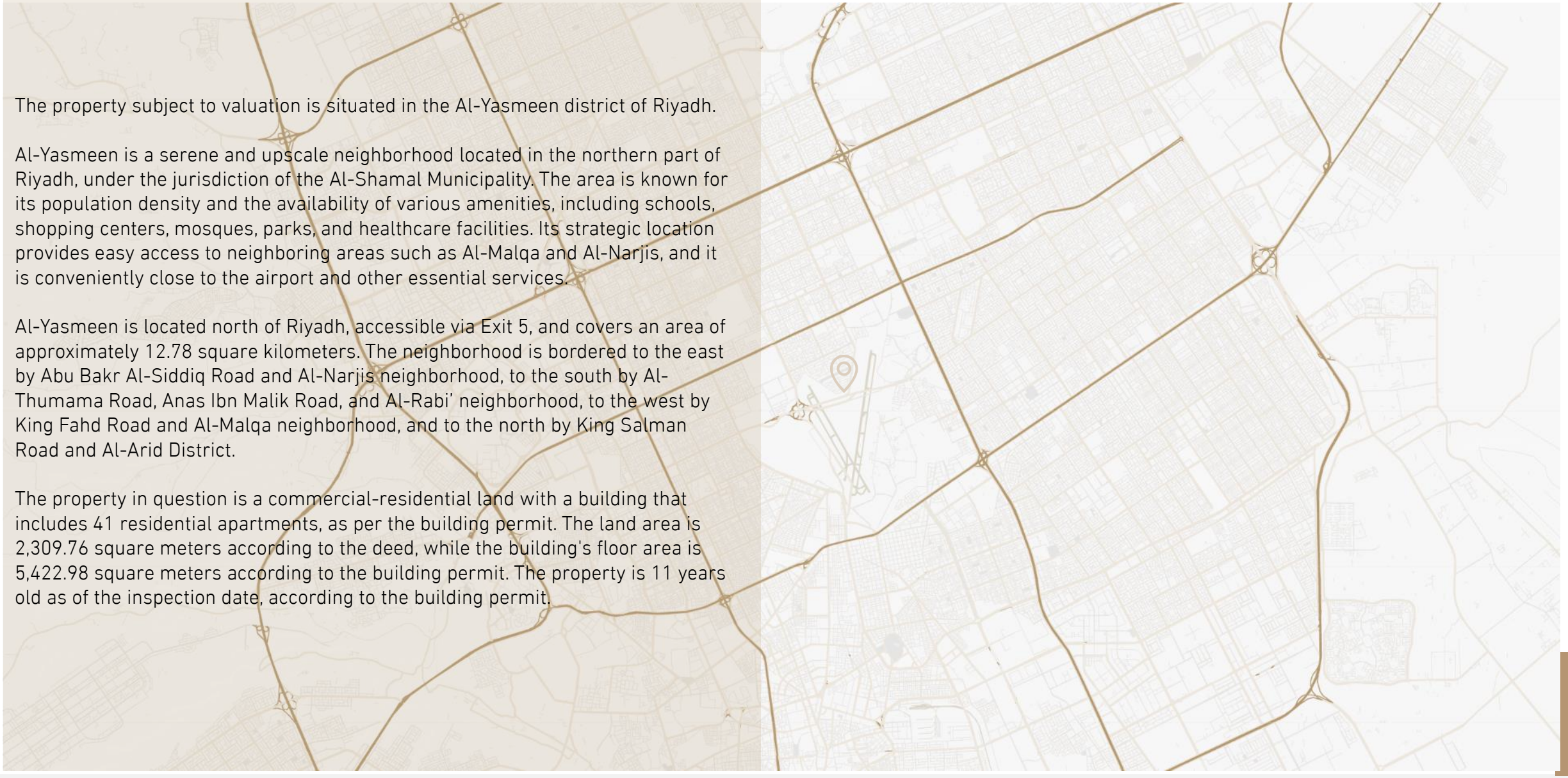
Property Description

The property subject to valuation is situated in the Al-Yasmeen district of Riyadh.

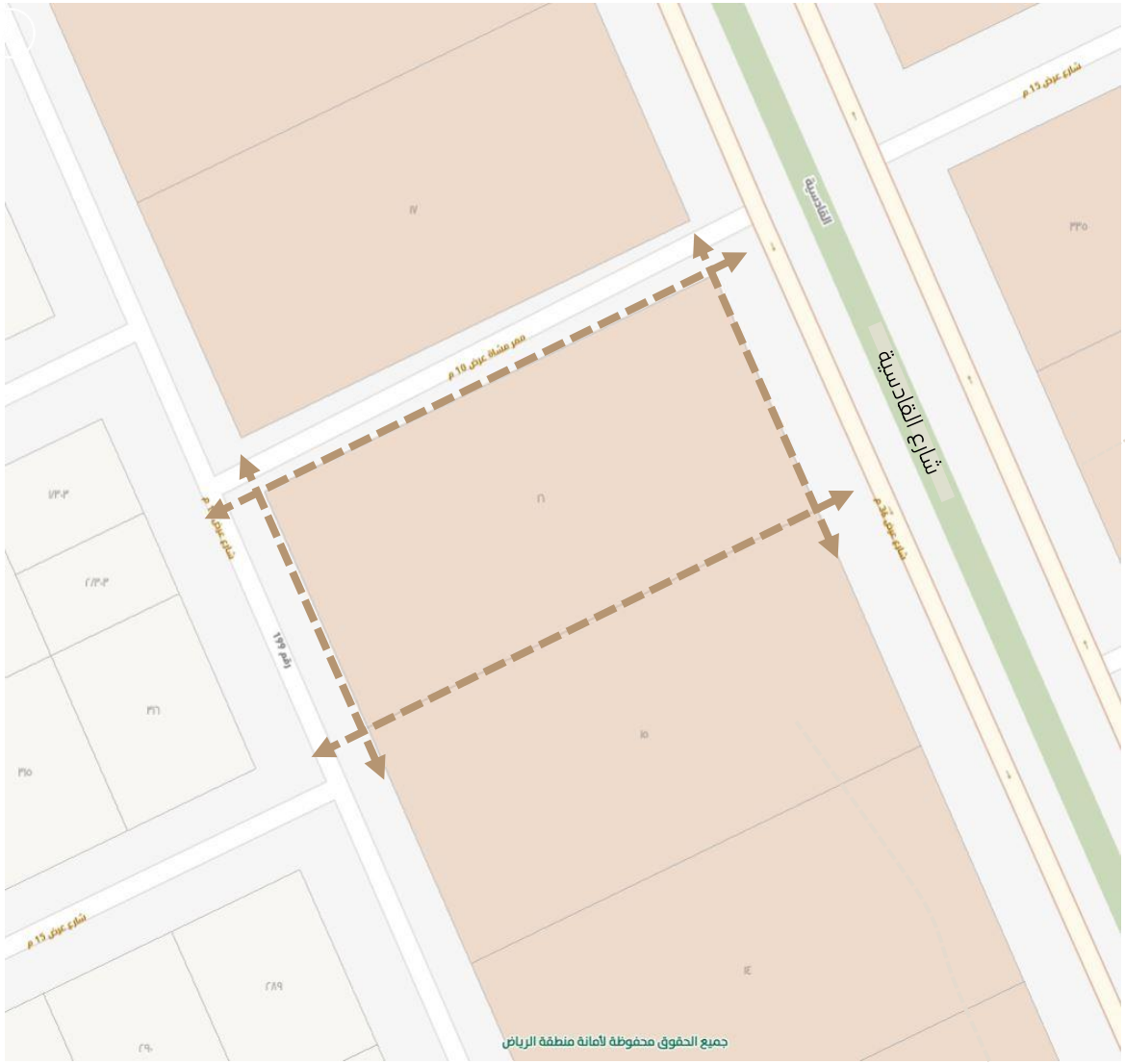
Al-Yasmeen is a serene and upscale neighborhood located in the northern part of Riyadh, under the jurisdiction of the Al-Shamal Municipality. The area is known for its population density and the availability of various amenities, including schools, shopping centers, mosques, parks, and healthcare facilities. Its strategic location provides easy access to neighboring areas such as Al-Malqa and Al-Narjis, and it is conveniently close to the airport and other essential services.

Al-Yasmeen is located north of Riyadh, accessible via Exit 5, and covers an area of approximately 12.78 square kilometers. The neighborhood is bordered to the east by Abu Bakr Al-Siddiq Road and Al-Narjis neighborhood, to the south by Al-Thumama Road, Anas Ibn Malik Road, and Al-Rabi' neighborhood, to the west by King Fahd Road and Al-Malqa neighborhood, and to the north by King Salman Road and Al-Arid District.

The property in question is a commercial-residential land with a building that includes 41 residential apartments, as per the building permit. The land area is 2,309.76 square meters according to the deed, while the building's floor area is 5,422.98 square meters according to the building permit. The property is 11 years old as of the inspection date, according to the building permit.



Property Details



Land Area		Land Use
^{2}m 2,309.76		residential commercial

Boundaries

Length	Border	Side
m 69.99	Footpath 10 m	North
Length	**Border**	**Side**
m 69.99	Plot No. 15	South
Length	**Border**	**Side**
m 33	Street width 36 m	East
Length	**Border**	**Side**
m 33	18m wide street	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details

المملكة العربية السعودية
وزارة الشئون البلدية والقروية
أمانة منطقة الرياض
(إدارة رخص البناء)

رخصة بناء عمارة سكنية (نظام البناء المطور)

اسم المالك : طارق محمد ناصر العبودي			
رقم الأثبات : ١٠٠١٥١٠٩٤٨	تاريخه :		
رقم الصك : ٨١٠١١٠٠٠٩٠٧٢		تاريخه :	١٤٣١٠٣٠٢٤
رقم القطعة : ١٦		رقم المخطط التنظيمي :	٣٢٢٩
الشارع :		رقم العقار :	
الحي : حي الياسمين		نوع البناء :	مسلح
مساحة الأرض : ٢٣٠٩,٧٦ م٢	محيط الأسوار : م/ط	النطاق العمراني :	مرحلة ١

الجهة	الحدود	الأبعاد	الإرتداد
شمالا	ممر ١٠م	٦٩,٩٩	٤
شرقا	شارع ٣٦م	٣٣	٦
جنوبا	ق ١٥	٦٩,٩٩	٢
غربا	شارع ١٨م	٣٣	٢,٨

مكونات البناء	عدد الوحدات	المساحة	الإستخدام
أرضي سكني	١٢	١٣٨٧,٠٠	سكني
أول سكني	١٢	١٢٢٠,٠٠	سكني
ثاني سكني	١٢	١٠٥٠,٠٠	سكني
غرفة كهرباء	٠	٢٠,٠٠	غرفة كهرباء
ملاحق علوية	٦	٧٣١,٠٠	سكني
أسوار	١	١٢٩,٩٨	خدمات

أمانة منطقة الرياض
إدارة رخص البناء
١٤٣١/١٤٩٨٦٧

المكتب المصمم : مواهد الهندسة المعمارية
رقم الترخيص : ٠/٢٢٢٥ رقم المشروع : ٢١ رمز النظام : مناسيب الشوارع المحيطة : معتمدي
سند الرسوم مبلغ وقدره : ١٩١٩ ريال بموجب الإيصال رقم : ٣١٠١٤٩٢٥٠٦ وتاريخ : ١٤٣١٠٧٠٢١

ملاحظات : ١-بموجب التقرير المساحي رقم ١٤٣١/١٦٧٦١ بتاريخ ١٤٣١-٠١-٠١هـ الصادر من بلدية شمال الرياض الفرعية.
٢- نظام البناء المطور حالة رقم ١ .
٣- ارتداد الدور الثاني عن الأول من الجهة الخلفية ١م كحد أدنى .
٤- ارتفاع الملاحق العلوية عن الطفحه الخلفية لا يقل عن ١٠م من حد الملكية .
٥- لايسمح بعمل المداخل والمخارج لمواقف السيارات في الشوارع الخلفية اذا كان عرض الشارع أقل من ٢٠م .
٦-يمنع عمل فتحات الملاحق العلوية جهة المجاورين.

أمانة منطقة الرياض
البلدية شمال الرياض

رئيس قسم الرخص م/ عبدالله بن محمد باوزير
مدير إدارة الرخص م/ علي بن أحمد الدردي
مدير عام التنظيم العمراني م/ مساعد ابراهيم المحيا

يجب الإلتزام بالشروط الموضحة خلف الرخصة .

Copy of building Permit

وثيقة تملك عقار

الرقم: 460002995533
التاريخ: 2024/12/26
1446/6/25

البيانات الأساسية

رقم الوثيقة	460002995533	تاريخ الوثيقة	1446/6/25
القيود	لا يوجد قيود	الحالة	فعال
تاريخ الوثيقة السابقة	1443/3/13	المساحة	2,309.76
نوع العملية	فك رهن	رقم الوثيقة السابقة	493010005755

الملاك

رقم الهوية	الاسم	نسبة التملك
7010776792	شركة تمدين الاولى العقارية شركة شخص واحد	% 100

العقار

رقم الهوية العقارية	نوع العقار	مساحة العقار(م²)	نوع الاستخدام
لا يوجد	قطعة الارض	2,309.76	لا يوجد

البلك	المجاورة / الجزء
لا يوجد	لا يوجد
الموقع	نموذج العقار
لا يوجد	لا يوجد

رقم القطعة	رقم المخطط	الحي	المدينة
16	3229	الياسمين	الرياض

الحد	النوع	وصف الحد	الطول م	
شمالا	ممر	مشاة عرض 10م	69.99	تسعة و سبعون متر و تسعة و تسعون سنتمتر
جنوبا	قطعة	رقم 15	69.99	تسعة و سبعون متر و تسعة و تسعون سنتمتر
شرقا	شارع	عرض 36م	33	ثلاثة و ثلاثون متر
غربا	شارع	عرض 18م	33	ثلاثة و ثلاثون متر

الصفحة 1 من 1

صدرت هذه الوثيقة من منصة البورصة العقارية ويمكن التحقق من صحة هذه الوثيقة عبر خدمات وزارة العدل.

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1446/06/25	460002995533

Issuance Date	Building Permit
1431/07/24	1431/12739

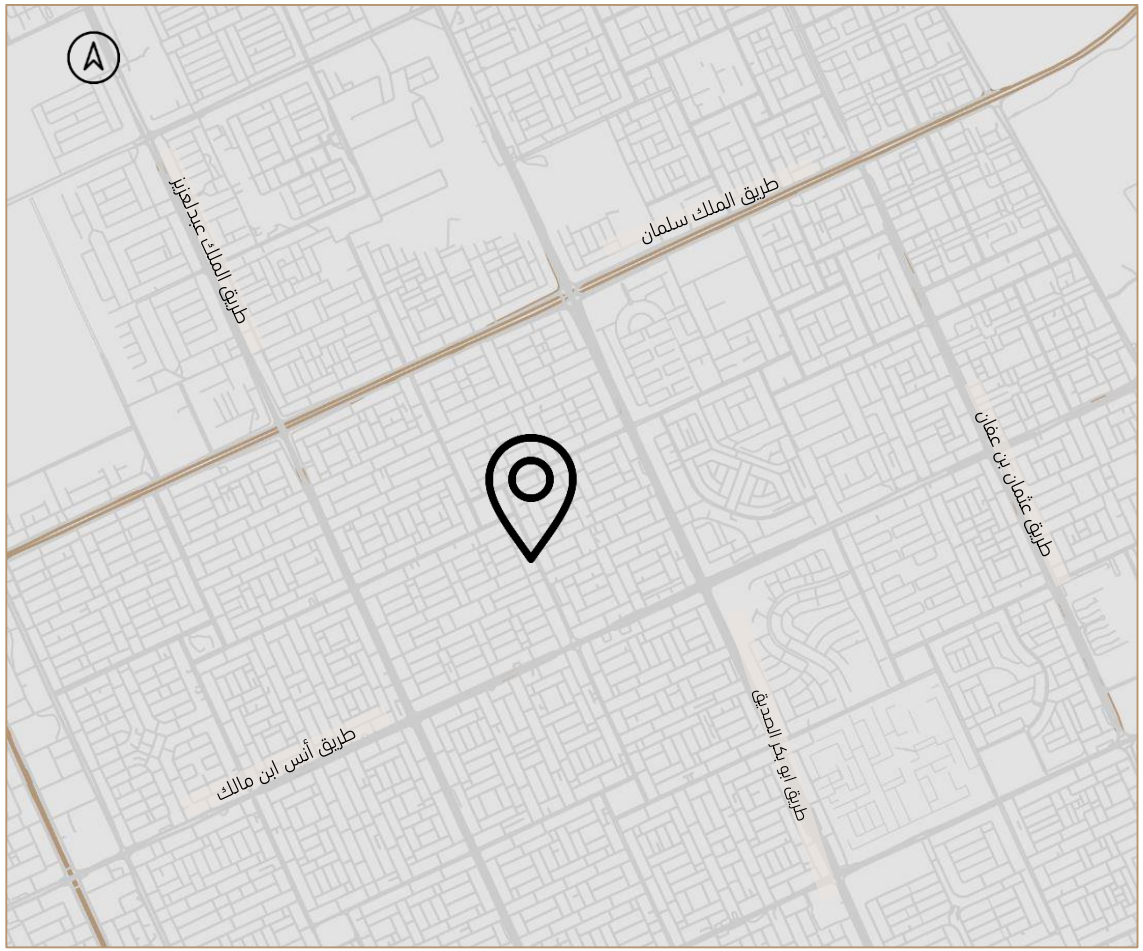
City	District
Riyadh	Yasmine

Parcel No.	Plan No.
16	3229

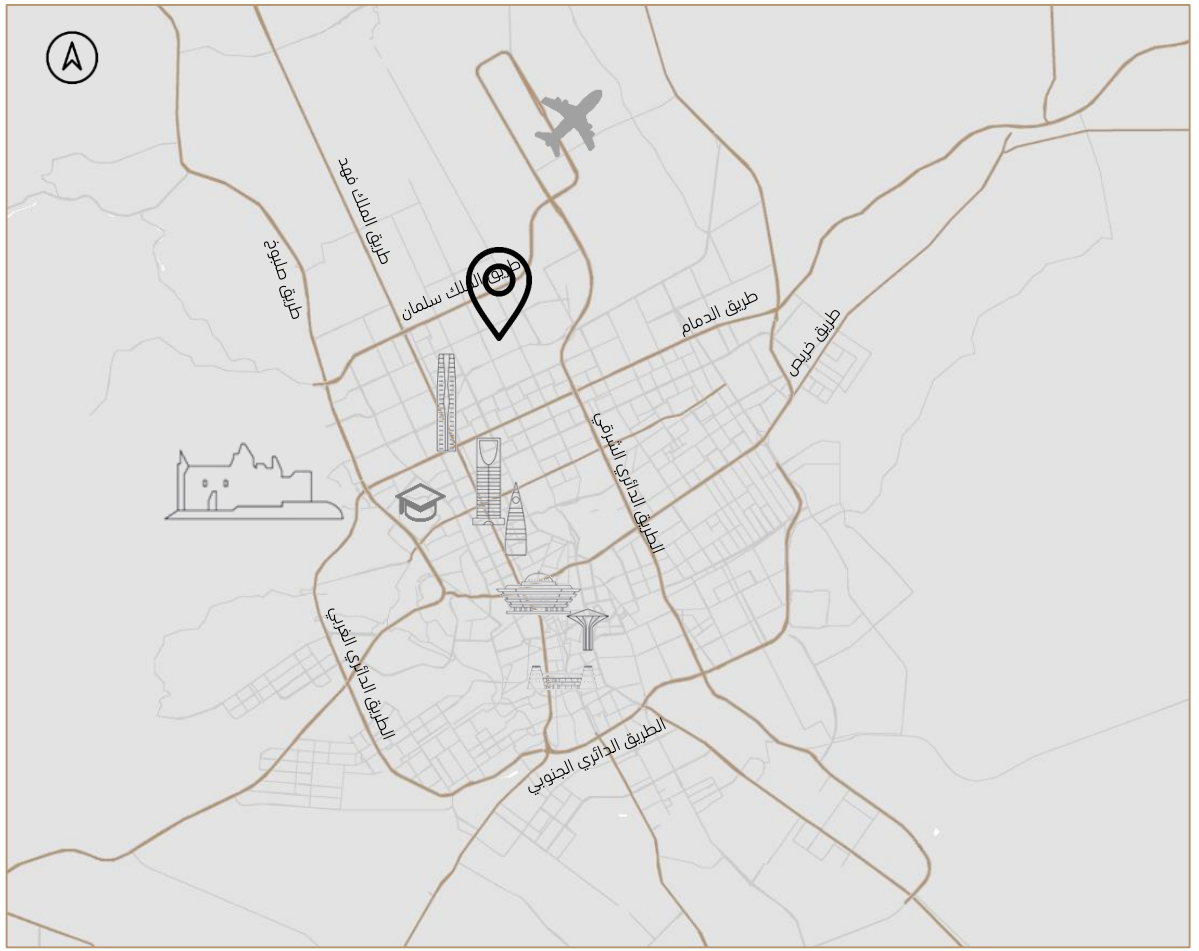
Coordinates
46.650337 ,24.828792

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

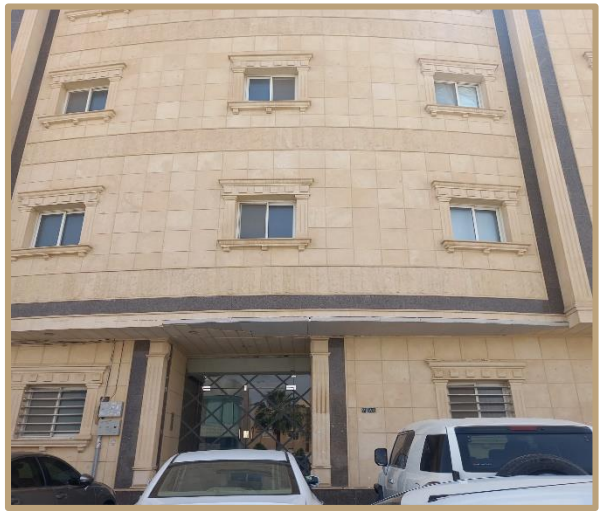
Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

Photos of the property



04

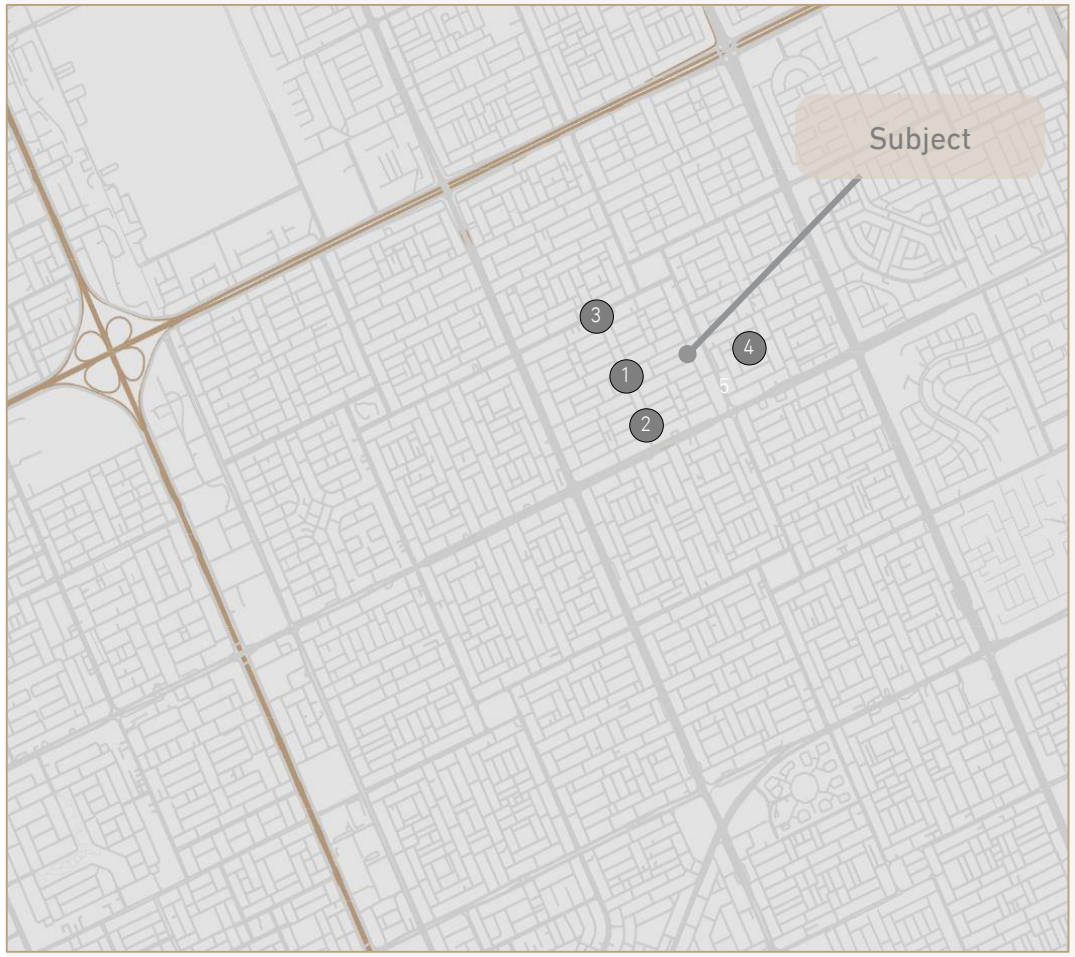
Market Analysis

Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:

Rental Market Survey

The following table summarizes the survey we have conducted on currently listed Apartments

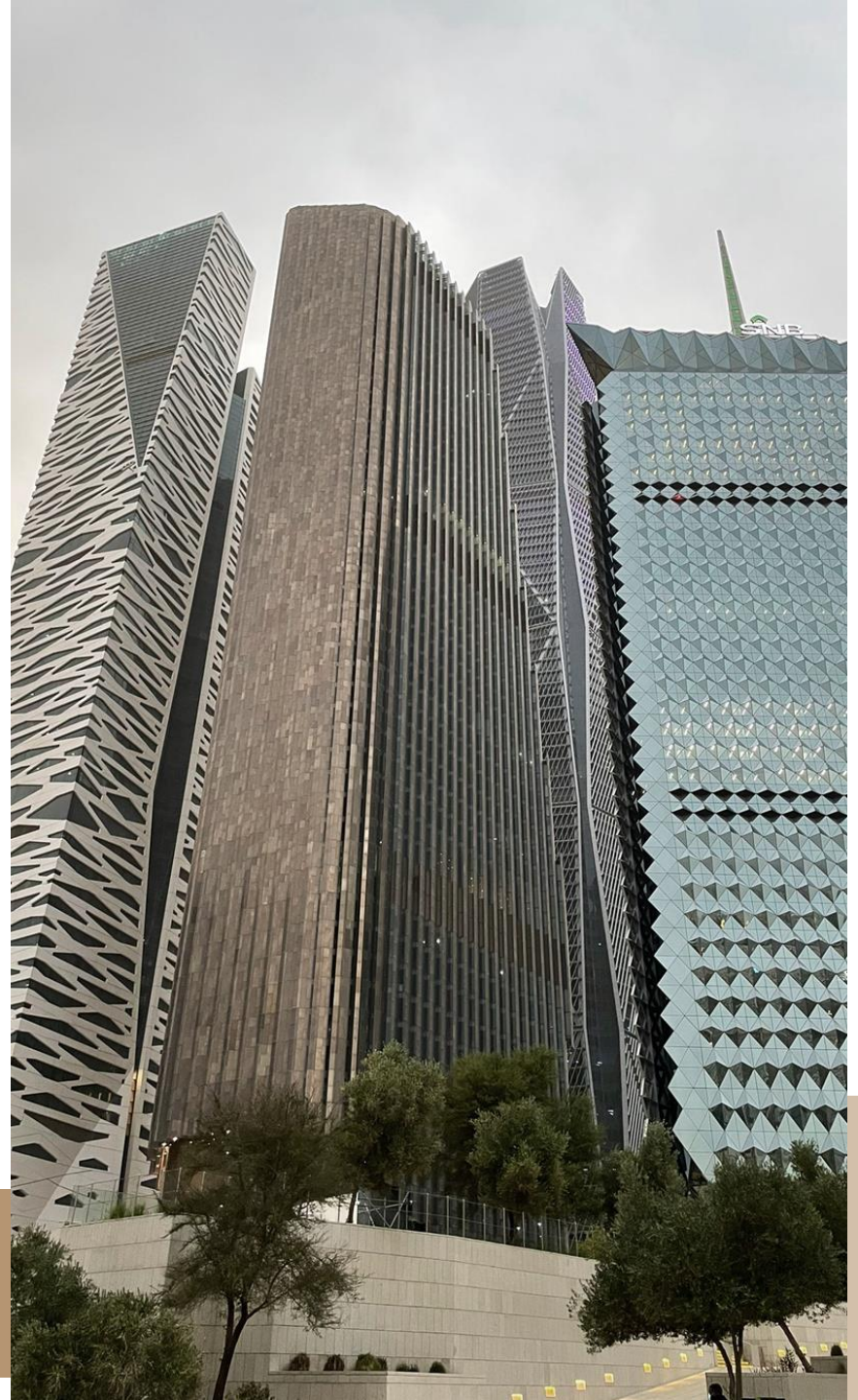


Rental survey

	Type	Address	Area (m2)	Rental value per year	Condition
1	Apartment	Al Yasmin District – Street No. 180	237	k 75	Rent Offer
2	Apartment	Al Yasmin District – Street No. 142	137	k 60	Rent Offer
3	Apartment	Al-Yasmeen District - Al-Khayala Street	218	k 85	Rent Offer
4	Apartment	Al Yasmin District – Street No. 154	290	k 80	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
Apartment	Yasmine	K 946	M 13	%7.2
Apartment	Alearid	M 1.2	M 16	%7.5



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the value of the land, a field survey was conducted to analyze current market prices for both sold and listed properties similar to the one being valued. Since no two properties are identical, adjustments were made to the prices of the comparable properties. These adjustments accounted for differences in features by subtracting the value of advantages held by the comparison properties and adding the value of features that favor the property being evaluated.Factors considered for comparison included market conditions, area differences, road views, and road numbers. Based on these adjustments, the value of the land was determined to be:

Feature	Subject	Comp .1		Comp .2	
Date	12/2024	12/2024		12/2024	
Meter Price (SR/m2)		6667		8500	
Market condition		%0	0	%0	0
Meter Price After adjustment (SR/m2)		6667		8500	
Land size	2,309.76	1,500.00	-5 %	2,681	0 %
Location	Very good	Good	5 %	Good	5 %
Adjustment %		0 %		5 %	
Meter 2 Price After adjustment		6666.67		8925	
participation %		45 %		55%	
Meter value (SR/m2)		7908.75			
Meter value (SR/m2) after rounding		7,910			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The property value was estimated by summing the land value with the total construction cost of the building, based on the prevailing prices at the time of valuation. This involved calculating the cost per unit of the building, considering its construction quality, finishes, and total area, and then deducting depreciation since its construction. The formula used was:Property Value = Land Value + (Construction Cost + Profit Margin - Depreciation).The land value was determined through a field survey, analyzing current market prices for both sold and listed properties similar to the subject property. Since no two properties are identical, adjustments were made to the prices of comparable properties. This involved subtracting the value of advantages held by the comparables and adding the value of features that favor the property being evaluated.The calculations include consulting fees, management, and contractor profits, as well as all construction costs, such as fences, tanks, and general site coordination. Movable assets and financing costs are excluded.Based on this methodology, the concluded value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Ground floor	1,382.00	1,500	2,073,000
First Floor	1,620.00	1,500	2,430,000
Second Floor	1550	1,500	2,325,000
Upper	731	1,500	1,096,500
fences	139.98	800	111,984
Total value of the buildings before depreciation (Saudi Riyals)			8,036,484
Development profit margin	**20%**		1,607,297
Total value of the buildings with profit margin (Saudi Riyals)			9,643,781
Depreciation	11	27.50%	2,652,040
Value of the buildings after depreciation (Saudi Riyals)			6,991,741
Land value (Saudi Riyals)	2,310	7,910	18,270,202
Final value	**25,261,943**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income is 1,300,000 riyals, according to the contract, and its reasonableness has been reviewed based on the market.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The contract provided by the client ends on 04-09-2027, with the possibility of renewing the contract with a 15% increase, as estimated by the appraiser.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1
Discount rate	**% 10.36**

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

Through the analysis of rental prices for residential apartments in Al Yasmin District, the prices range from 30,000 riyals to 60,000 riyals per year. The actual total rent according to the contract is 1,300,000 riyals, with a rate of 31,707 riyals per apartment in the property. The reasonableness of this rent has been reviewed based on market conditions. The lease ends on 04-09-2027, with the assumption of renewing the contract and renting it to a single operator with 100% occupancy, with the tenant bearing all expenses as per the contract. Market prices have been reviewed for consistency.

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	1,300,000
Growth rate	%15	Cap rate	%7	Cash flow period	6

Period	0	1	2	3	4	5
Year	2025	2026	2027	2028	2029	2030
Growth Rate	0.00%	0.00%	0.00%	15.00%	0.00%	0.00%
Total Income	1,300,000	1,300,000	1,300,000	1,495,000	1,495,000	1,495,000
Occupancy Rate	100%	100%	100%	100%	100%	100%
Effective Income	1,300,000	1,300,000	1,300,000	1,495,000	1,495,000	1,495,000
Total Operating Expenses	0	0	0	0	0	0
Net Income	1,300,000	1,300,000	1,300,000	1,495,000	1,495,000	1,495,000
Future Property Value			21,357,143			
Net Cash Flow of the Property	1,300,000	1,300,000	1,300,000	1,495,000	1,495,000	22,852,143
Discount Factor	0.10	0.91	0.82	0.74	0.67	0.61
Present Value of Money	1,300,000	1,177,963	1,067,382	1,112,259	1,007,847	13,959,455
Present Value	**19,624,907**					
Present Value (After Rounding)	**19,620,000**					

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 19,620,000	%100
the cost Approach	25,261,943	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 19,620,000
	Written	Nineteen million six hundred and twenty thousand Saudi riyals.

Attachments

عقد إيجار الموحد
Ejar Unified Contract

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — **١ بيانات العقد**

Contract Type	تجديد	نوع العقد:	Contract No.	10473603359	رقم سجل العقد:
Contract Sealing Location	الرياض	مكان إبرام العقد:	Contract Sealing Date	2022-01-02	تاريخ إبرام العقد:
Tenancy End Date	2027-09-04	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2022-09-05	تاريخ بداية مدّة الإيجار:
			Ejar Fees Paid By	الدفع عن طريق رصيد الوسيط العقاري	طريقة دفع رسوم العقد:

Lesser Data — **٢ بيانات المؤجر**

Company name/Founder	شركة تمدين الدولي العقارية	اسم الشركة/المؤسسة:	Organization Type	commercial	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السجل التجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lesser Representative Data — **٣ بيانات ممثل المؤجر**

Name	سلمان حسين بن يحيى معيدي				الاسم:
			Nationality	المملكة العربية السعودية	الجنسية:
ID No.	1073134924	رقم الهوية:	ID Type	هوية وطنية	نوع الهوية:
Email	muaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوال:
		تاريخ الانتهاء Expiry Date	تاريخ الاصدار Issue Date	نوع المستند Type	رقم سند التمثيل Number
		2022-09-05	2021-09-16	وكالة شرعية	43661903

Tenant Data — **٤ بيانات المستأجر**

Company name/Founder	شركة بوصة النجاز المحدودة (شركة الشخص واحد	اسم الشركة/المؤسسة:	Organization Type	commercial	نوع المنظمة:
Unified Number	7017199436	الرقم الموحد	CR No.	1010635760	رقم السجل التجاري:
CR Date	2020-05-14	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Tenant Representative Data — **٥ بيانات ممثل المستأجر**

Name	محمد بن مفرح بن محمد القحطاني	الاسم:

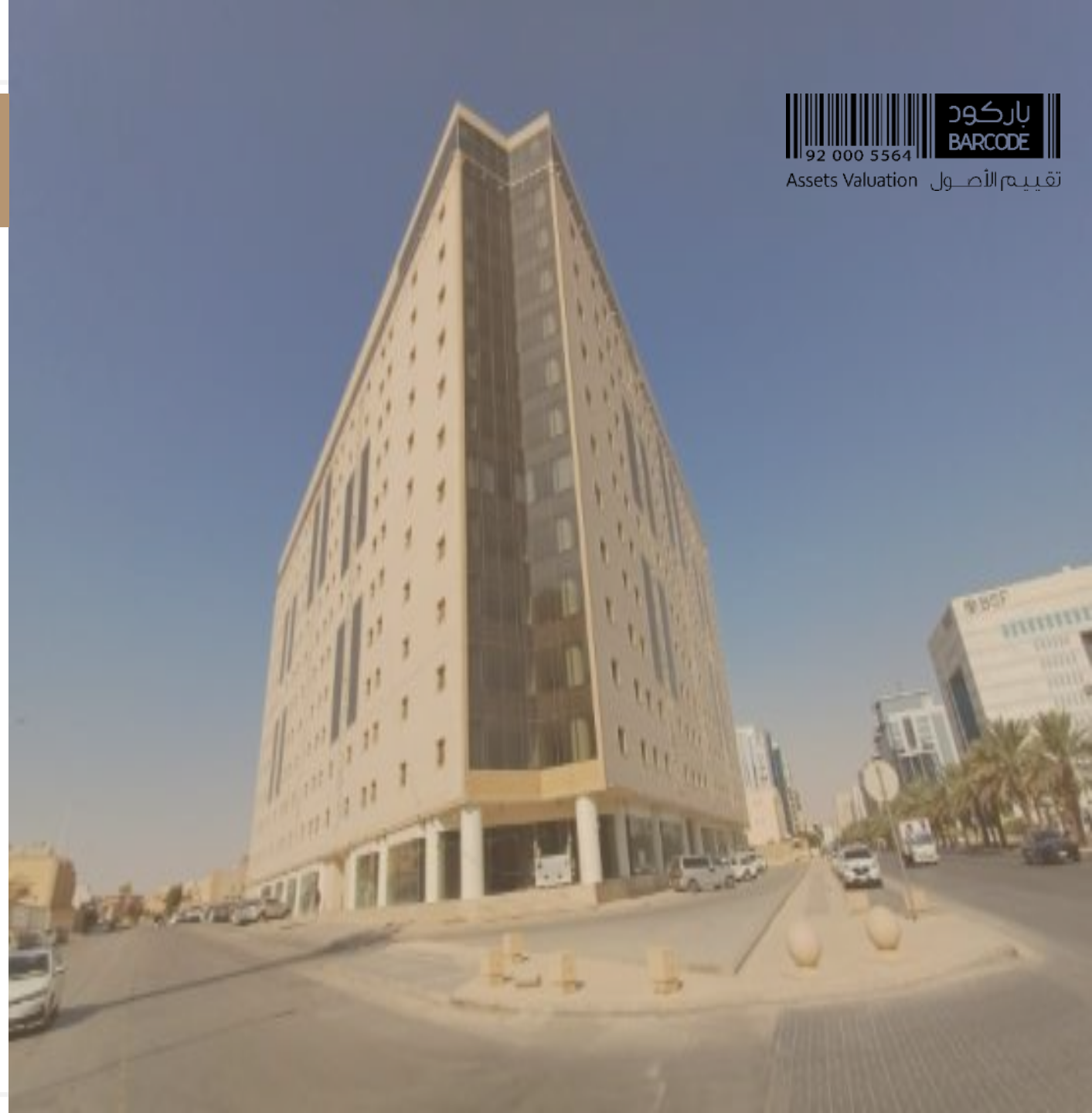
1

Lease contract

Al-Mu'adhar Building

Report Number	DC24013276
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Commercial and Residential Building and Residential Land
Address	Riyadh - Al-Mu'adhar

The Final value of the property	Number	SAR 225,220,000
	Written	Two hundred twenty-five million, two hundred twenty thousand Saudi Riyals only.



01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation	Intended User	Client Name
Current Use	Periodic valuation	Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.	Mulkia-Gulf Real Estate REIT Fund

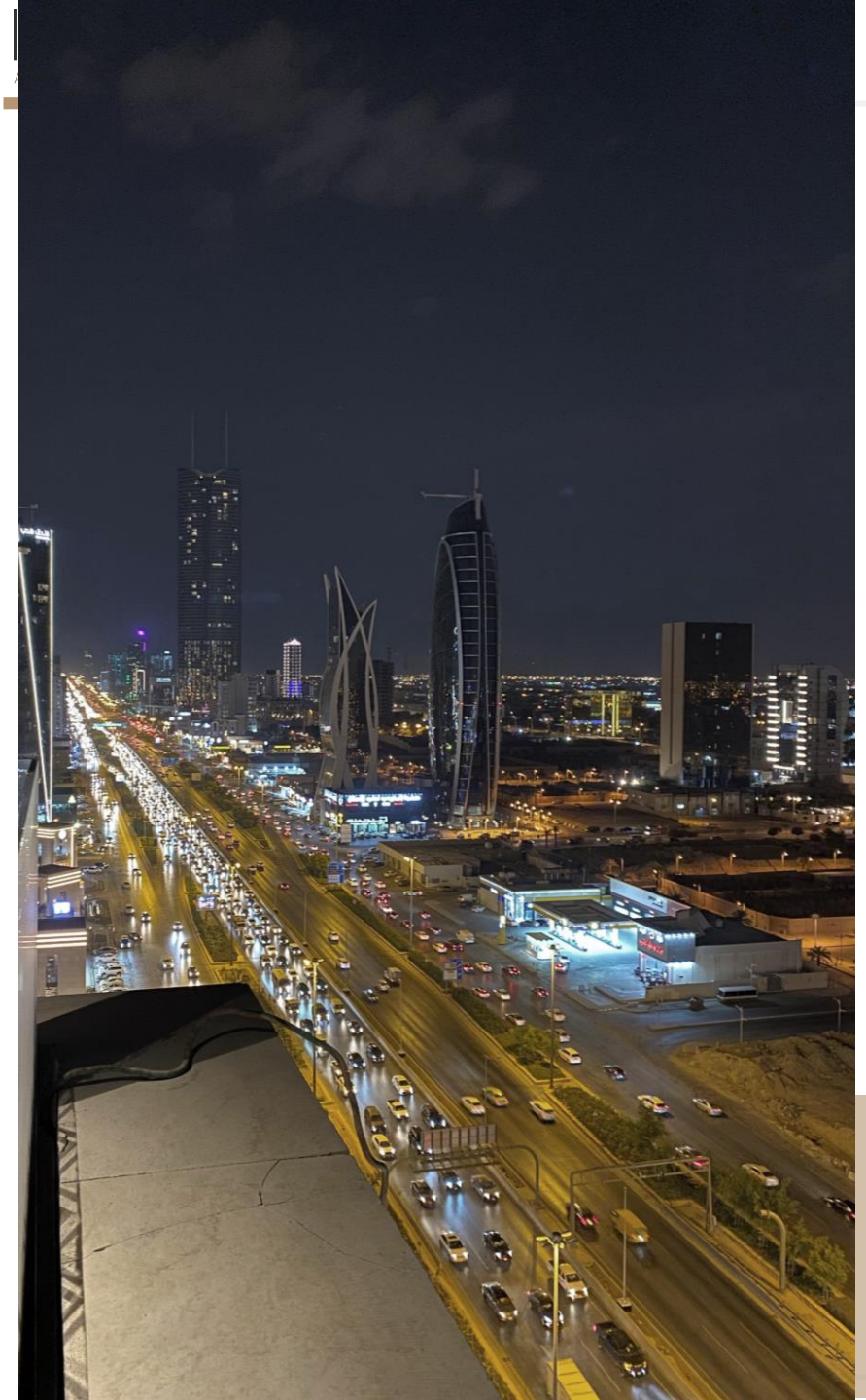
Property right	Property type	Address
Encumbered by a mortgage.	Commercial and Residential Building and Residential Land	Riyadh - Al-Mu'adhar

Land Area	Deed Date	Deed Number	Owner Name
^{2}م 9,286.84	1446/02/04	999020006710 - 499020006711	Tamdeen First for Real Estate Trading Company

valuation Approach	Valuation Criteria	Value Base
The income approach –DCF-	International Valuation Standards IVS 2022	Market Value

Effective Date	Inspection Date	Approval Date
2024 / 12 / 31	2024 / 11 / 20	2024 / 11 / 14

The Grand Total of the Properties (Numeric)	225,220,000 SAR
The Grand Total of the Properties (Written)	Two hundred twenty-five million, two hundred twenty thousand Saudi Riyals only.



02

Property Description

Property Description

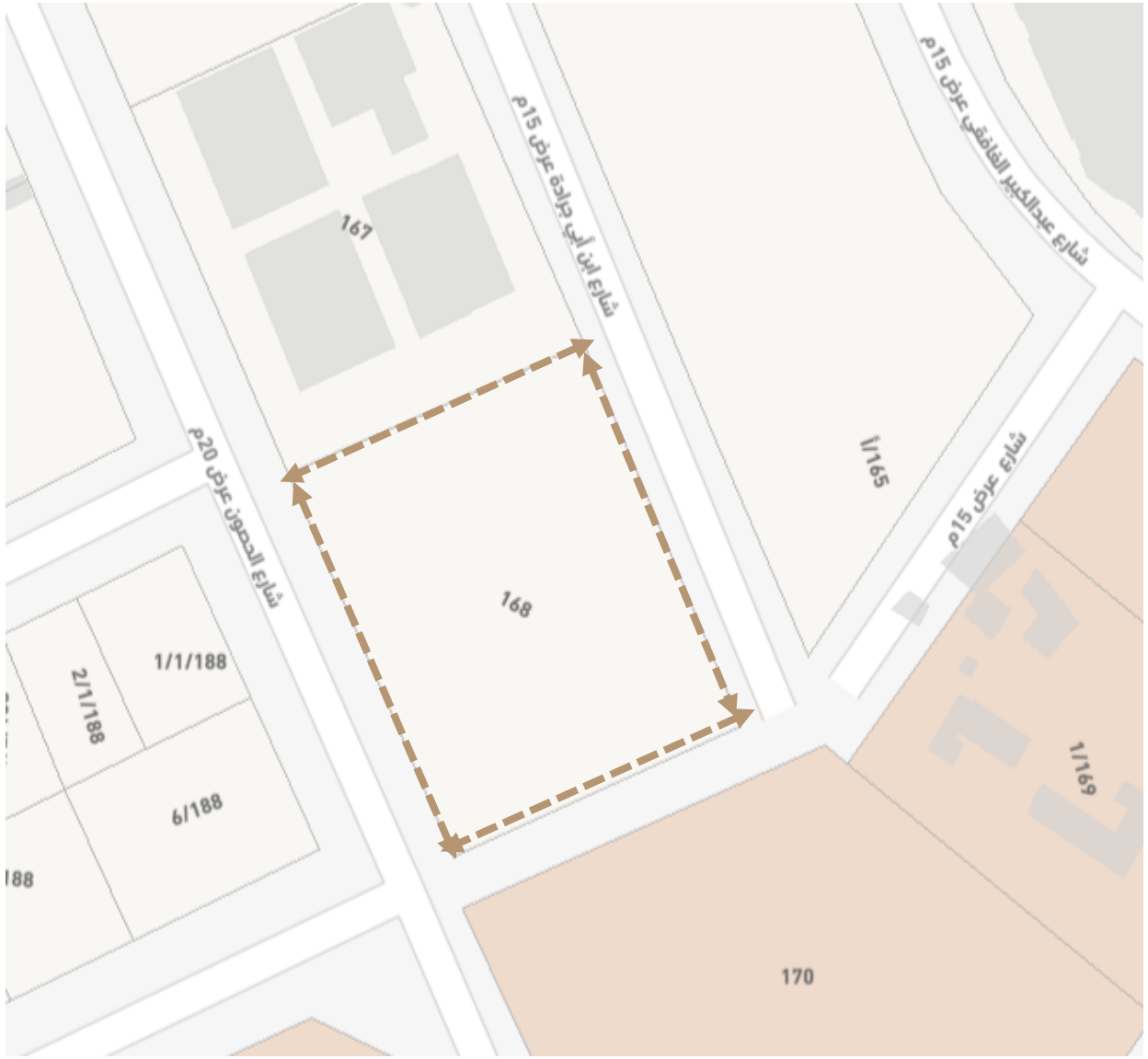
The property being appraised is located in Al-Mu'adhar district, which is part of Riyadh city.

Al-Muqayliah is considered one of the quiet and upscale neighborhoods in the northern part of Riyadh. It is under the jurisdiction of the Northern Municipality and is known for its high population density and availability of services such as schools, shopping areas, mosques, parks, and healthcare services. Additionally, it enjoys a strategic location within the northern neighborhoods of the capital, providing easy access to areas like Al-Muqayliah, Al-Narjis, and proximity to the airport and other essential services.

Al-Muqayliah is situated in the northern part of Riyadh, near Exit 2, with an area of 3.85 square kilometers. The neighborhood is bounded by Al-Takhasussi Street and the Conference District to the east, King Saud Road and Al-Nasariya neighborhood to the south, King Khalid Road and Al-Hada neighborhood to the west, and Makkah Street and Um Al-Hamam Al-Sharqi neighborhood to the north.

The property consists of two commercial and residential plots, on which a building is constructed, comprising apartments, showrooms, and parking land according to the building permit. The plot area of the property is 9,286.84 square meters, according to the deed, and the total built-up area is 55,320 square meters, as per the building permit. The property's age at the time of inspection is 9 years, according to the building permit.

Property Details



Land Area		Land Use
3,069.37		Residential-Commercial

Boundaries 499020006711

Length	Border	Side
50 m	Blot no.167	North
Length	**Border**	**Side**
50 m	A newly developed street with a width of 17.46 meters	South
Length	**Border**	**Side**
61.02 m	A street with a width of 15 meters.	East
Length	**Border**	**Side**
61.76 m	A street with a width of 20 meters.	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built	√	Built	

Property Details

Land Area		Land Use
^{2}م 6,217.47		Residential-Commercial

Boundaries 999020006710

Length	Border	Side
50 m	A newly developed street with a width of 17.4 meters	North
Length	**Border**	**Side**
101.6 m	A street with a width of 40 meters.	South
Length	**Border**	**Side**
Bent (or angled) 3.76 meters + 66.83 meters	Plot No. 169 + Street Junction.	East
Length	**Border**	**Side**
109.56 m	A street with a width of 20 meters.	West

Land shape			
irregular	√	regular	
Land level			
Uneven		level	√
Building the adjacent plot			
Not built	√	Built	

Property Details

وثيقة تملك عقار

رقم الوثيقة	499020006711	تاريخ الوثيقة	1446/2/4
القيود	مرهون	الحالة	فعال
تاريخ الوثيقة السابقة	1446/1/17	المساحة	3,069.37
نوع العملية	صفقة بتمويل	رقم الوثيقة السابقة	381968000267

القيود

القيد	الجهة المرتهنة	رقم المنشأة	قيمة الرهن	تاريخ الاستحقاق
مرهون	شركة الراجحي المصرفية للاستثمار	7000102744	69,938,388 ر.س	

الملاك

رقم الهوية	الاسم	نسبة التملك
7010776792	شركة تمدين الاولى العقارية شركة شخص واحد	% 100

العقار

رقم الهوية العقارية	نوع العقار	مساحة العقار(م²)	نوع الاستخدام
لا يوجد	قطعة الارض	3,069.37	لا يوجد
البلك		المجاورة / الجزء	
لا يوجد		لا يوجد	
الموقع		نموذج العقار	
لا يوجد		لا يوجد	

رقم القطعة	رقم المخطط	الحي	المدينة
1 / 168	1569	المعذر	الرياض

الحد	النوع	وصف الحد	الطول م²
شمالا	قطعة	رقم 167	50
جنوبا	شارع	مستحدث بعرض 17.46م	50
شرقا	شارع	عرض 15م	61.02
غربا	شارع	عرض 20م	61.76

Copy of the deed

وثيقة تملك عقار

رقم الوثيقة	999020006710	تاريخ الوثيقة	1446/2/4
القيود	مرهون	الحالة	فعال
تاريخ الوثيقة السابقة	1446/1/17	المساحة	6,217.47
نوع العملية	صفقة بتمويل	رقم الوثيقة السابقة	981968000268

القيود

القيد	الجهة المرتهنة	رقم المنشأة	قيمة الرهن	تاريخ الاستحقاق
مرهون	شركة الراجحي المصرفية للاستثمار	7000102744	141,670,712 ر.س	

الملاك

رقم الهوية	الاسم	نسبة التملك
7010776792	شركة تمدين الاولى العقارية شركة شخص واحد	% 100

العقار

رقم الهوية العقارية	نوع العقار	مساحة العقار(م²)	نوع الاستخدام
لا يوجد	قطعة الارض	6,217.47	لا يوجد
البلك		المجاورة / الجزء	
لا يوجد		لا يوجد	
الموقع		نموذج العقار	
لا يوجد		لا يوجد	

رقم القطعة	رقم المخطط	الحي	المدينة
1 / 170	1569	المعذر	الرياض

الحد	النوع	وصف الحد	الطول م²
شمالا	شارع	مستحدث عرض 17.46م	50
جنوبا	شارع	عرض 40م	101.6
شرقا	قطعة	رقم 169 + ملتقى شوارع	منكسر 3.76م +66.83م
غربا	شارع	عرض 20م	109.56

Copy of the deed

Owner ID	Owner
7010776792	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1446/02/04 هـ	499020006711 - 999020006710

Issuance Date	Building Permit
1437/02/25 هـ	1433/16964

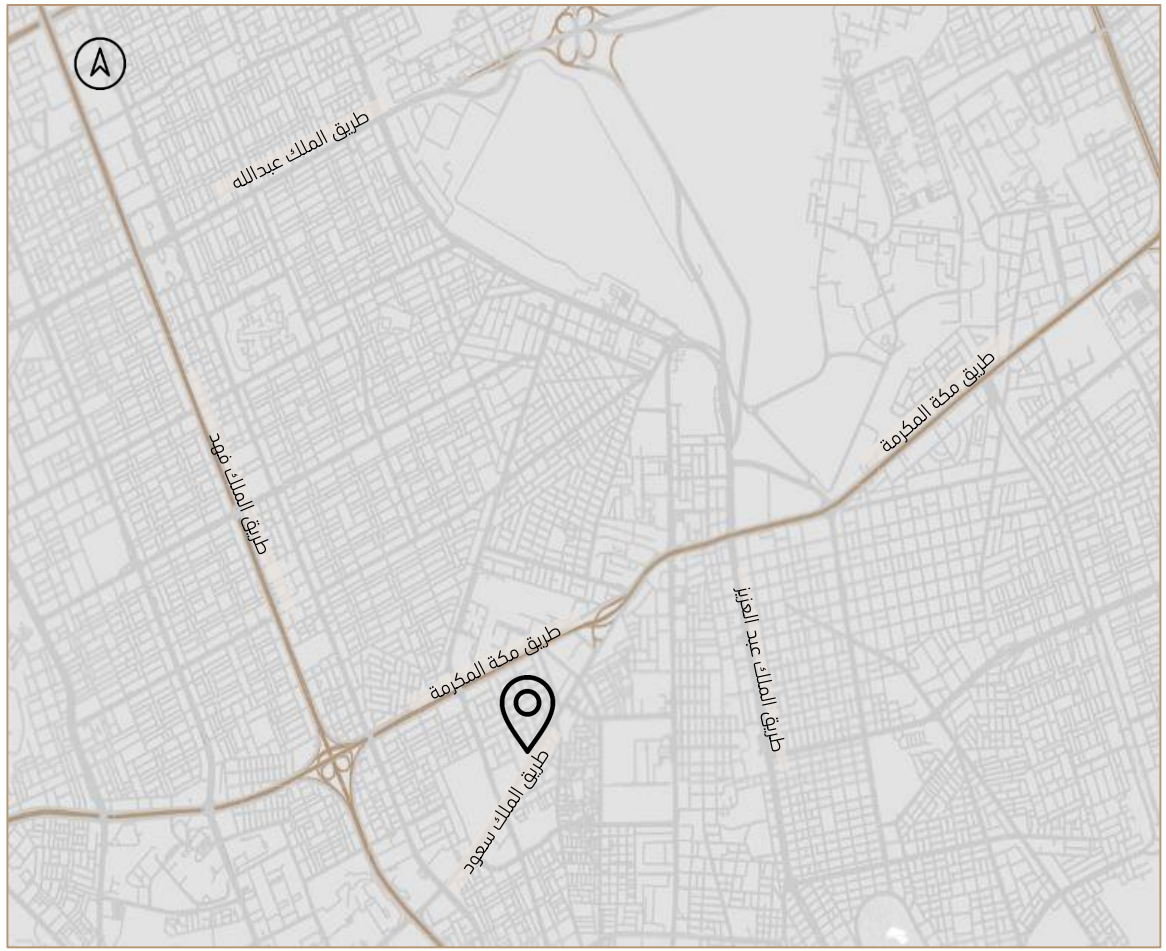
City	District
Riyadh	Al-Mu'adhar

Parcel No.	Plan No.
1 / 170 – 1 / 168	3229

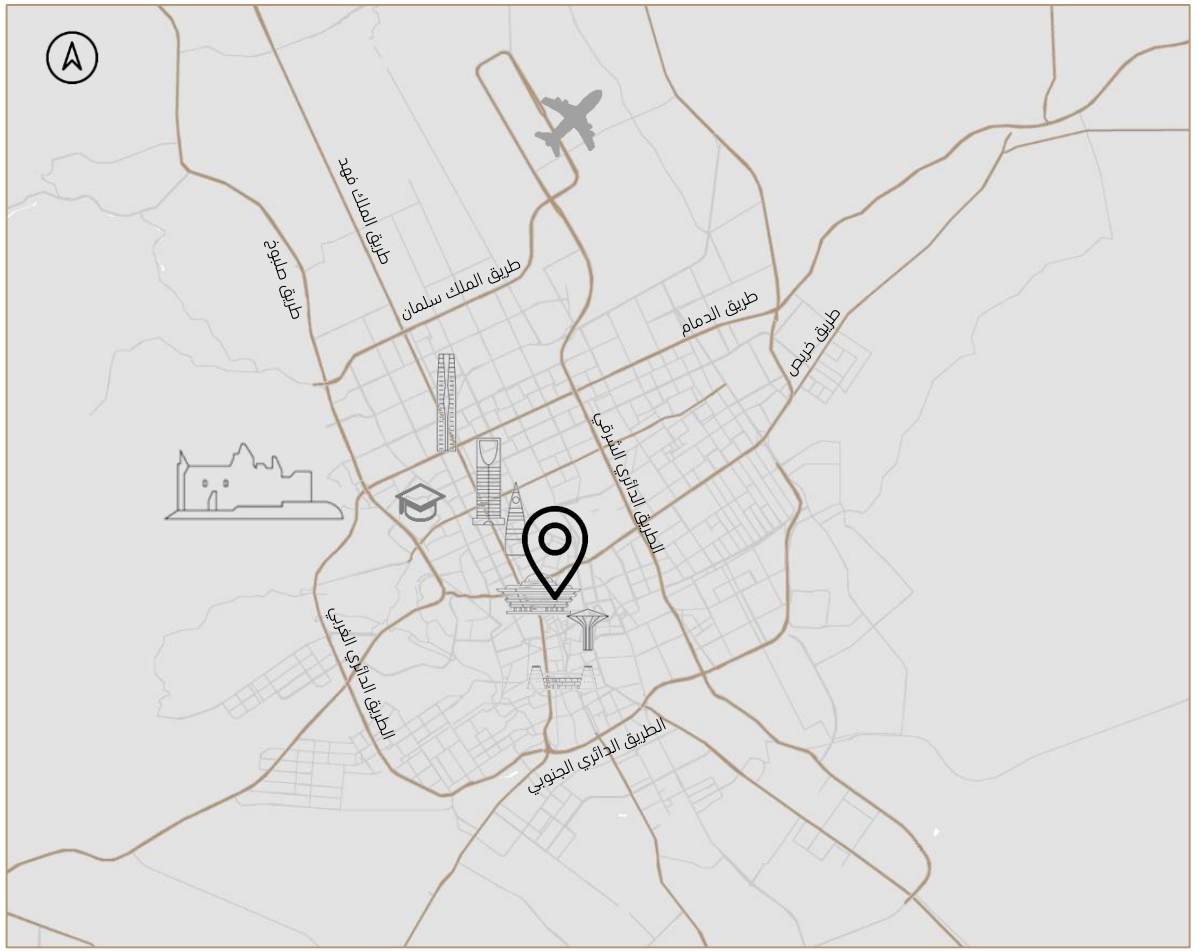
Coordinates
46.705126 ,24.678593

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

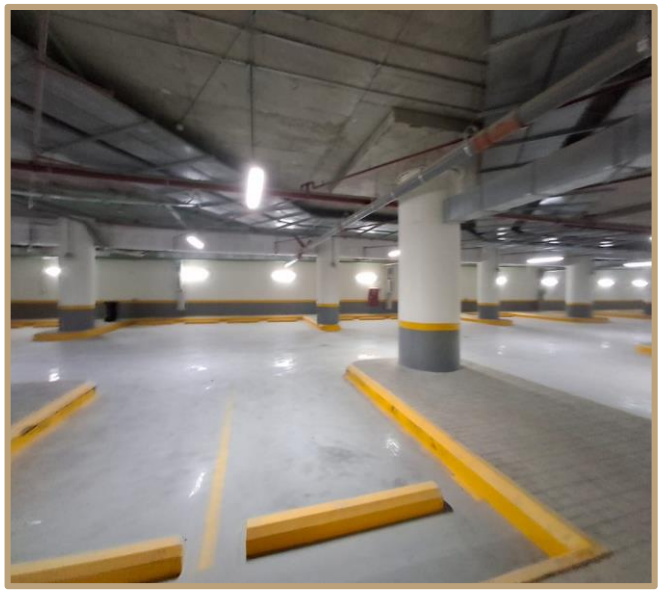
Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

Photos of the property

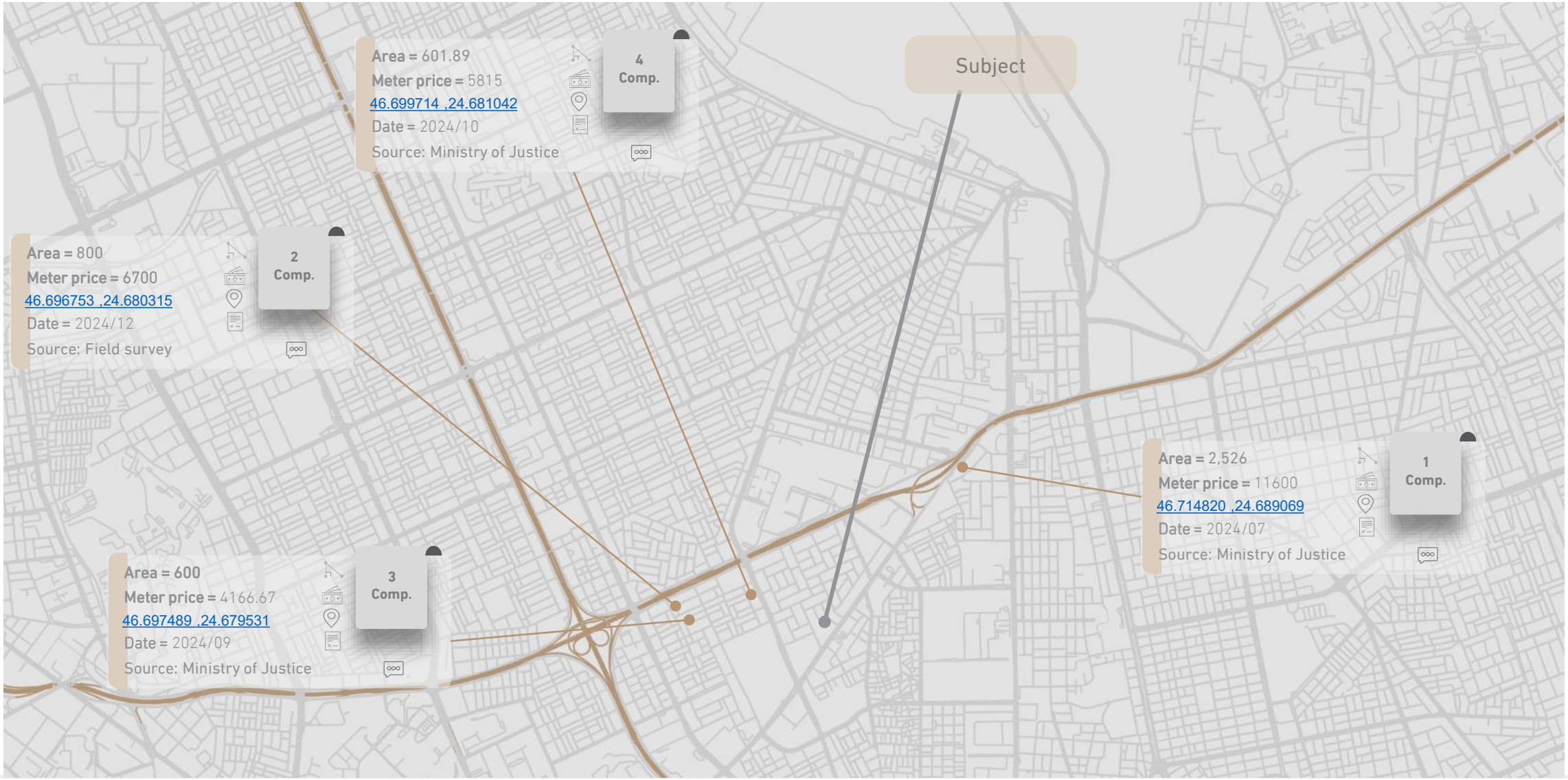


04

Market Analysis

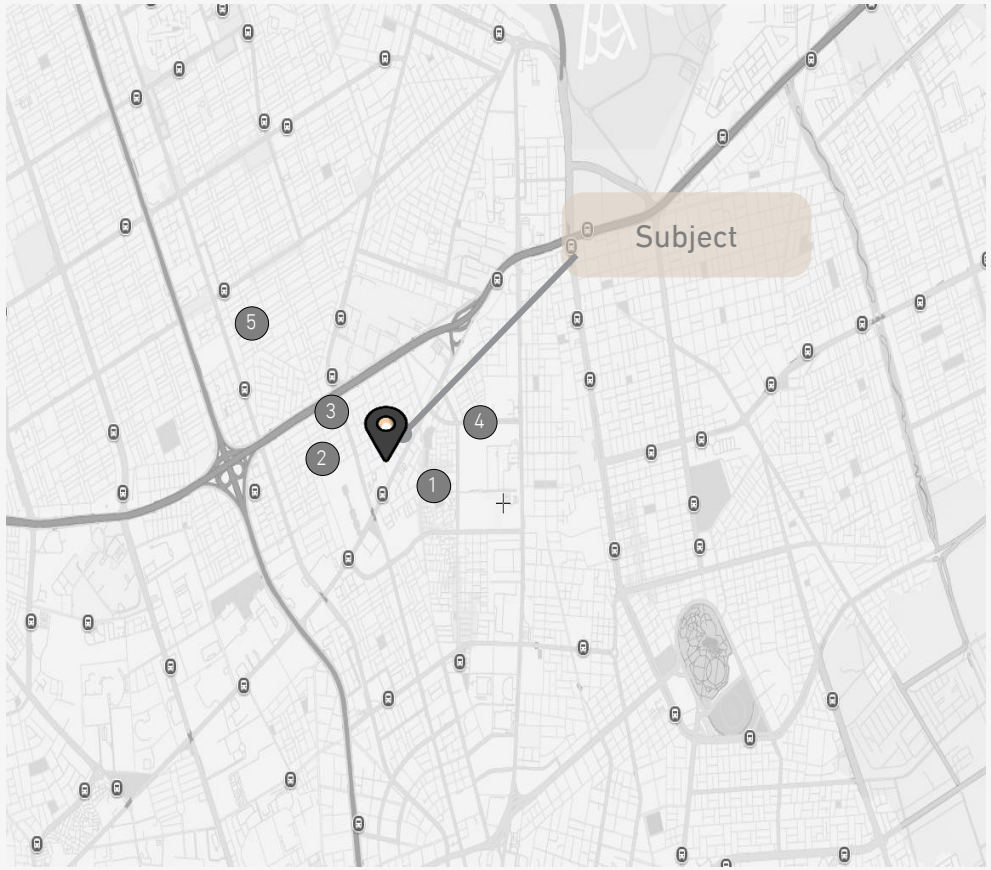
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Market Analysis

A field survey was conducted to analyze the market prices of properties located in the area of the property, including sold, leased, or listed properties. Below are the samples from the survey.

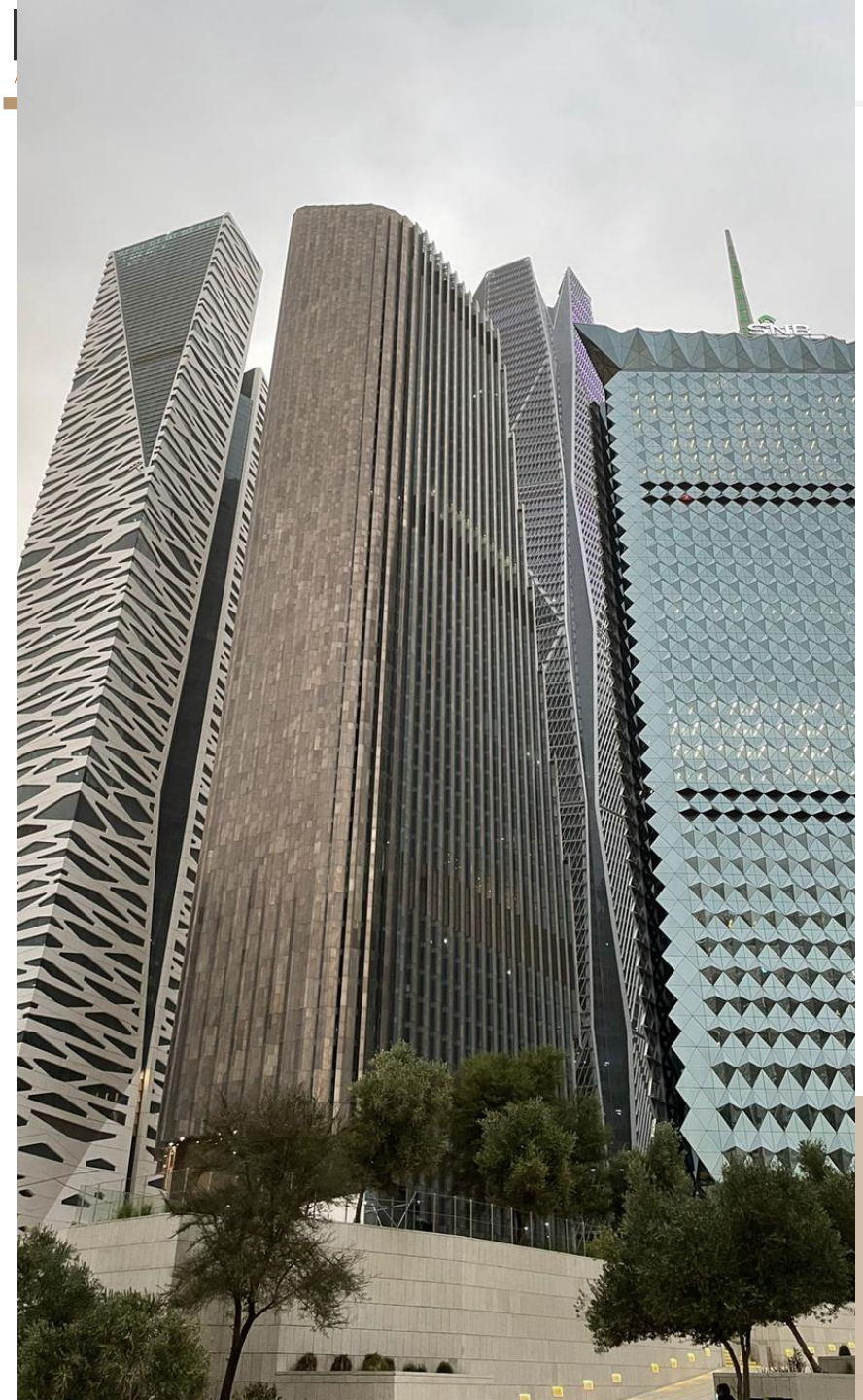


Rental Survey

	Type	Address	Area (m2)	Rental value per year	Condition
1	Apartment	Al-Muraba'a Neighborhood – Al-Tawfiq Street	90	k 45	Rent Offer
2	Apartment	Al-Olaya Neighborhood – Madain Saleh Street	130	k 75	Rent Offer
3	Apartment	Al-Olaya Neighborhood – Madain Saleh Street	100	k 47	Rent Offer
4	Show room	Al-Muraba'a Neighborhood – Prince Abdulaziz Bin Musaed Bin Jalawi Street	240	1460/M2	Rent Offer
5	Show room	Al-Olaya Neighborhood – Al-Olaya Street	260	1920/M2	Rent Offer

Cap Rate

Name	District	Income	Value	Cap Rate
Residential Building	Al-Muraba'a	2.1 M	27 M	%7.7
Residential Building	Al-Muraba'a	265 K	3 M	%8.8



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales
Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data
The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."
"Stage Seven: Sales Analysis
After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties
In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property
To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the value of land plot No. 170/1, a field survey was conducted to analyze current market prices for similar sold and listed properties. Since it is impossible to find identical properties, appropriate adjustments were made to the prices of the comparable properties by deducting the value of features that favor the compared property and adding the value of features that favor the property being appraised.Comparison factors:Difference in areaLocation preference

Comparison Elements	The property to be evaluated	(1)Comparative		(2)Comparative	
Date	**24-Dec**	**24-Dec**		**24-Dec**	
Price per square meter of the comparator (SAR/m2)		11600		6700	
Time factor		0%	0	0%	0
Market status and conditions		0%	0	0%	0
Financing terms		0%	0	0%	0
Price per square meter after adjusting the market status (SAR/m2)		11600		6700	
Show room area (m2) 491	6,217.47	2576	-5%	800	-10%
Location advantage	very good	Excellent	-5%	Good	5%
Relative adjustment		-5%		-10%	
Net market price after adjustments (m2/SAR)		10440		6365	
Ratio of participation of each comparator in the value		55%		45%	
Value per square meter of the property under evaluation after applying the average (SAR/m2)		8606.25			
Net average land price after rounding (m2/SAR)		**8,610**			

Estimating the value per square meter of land - comparison method:

To determine the value of land plot No. 168/1, a field survey was conducted to analyze current market prices for similar sold and listed properties. Since it is impossible to find identical properties, appropriate adjustments were made to the prices of the comparable properties by deducting the value of features that favor the compared property and adding the value of features that favor the property being appraised.Comparison factors:Difference in areaLocation preference

Comparison Elements	The property to be evaluated	(1)Comparative		(2)Comparative	
Date	**24-Dec**	**24-Dec**		**24-Dec**	
Price per square meter of the comparator (SAR/m2)		4167		5815	
Time factor		0%	0	0%	0
Market status and conditions		0%	0	0%	0
Financing terms		0%	0	0%	0
Price per square meter after adjusting the market status (SAR/m2)		4167		5815	
Show room area (m2) 491	3,069.37	600	-5%	601.86	-5%
Location advantage	very good	very good	0%	Good	5%
Relative adjustment		-5%		0%	
Net market price after adjustments (m2/SAR)		3958.3365		5815.02	
Ratio of participation of each comparator in the value		40%		60%	
Value per square meter of the property under evaluation after applying the average (SAR/m2)		5072.35			
Net average land price after rounding (m2/SAR)		**5,070**			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

Description	Area (m2)	Price per Sq.	Total
Basement	**6,217.47**	2,800	17,408,916
Ground floor	**2,721.50**	2,500	6,803,750
Repeated floors	**44,368.50**	2,500	110,921,250
Upper	**2,012.70**	2,400	4,830,480
Total building value with profit margin (SAR)			**167,957,275**
depreciation	**9**	**22.5%**	37,790,387
Building value after depreciation (Saudi SAR)			130,166,888
Land 168/1 value (Saudi SAR)	3,069	5,070	15,561,706
Land 170/1 value (Saudi SAR)	6,217	8,110	50,423,682
Final value	**196,152,276**		

"* Construction cost prices according to the 2021 Guide to Construction Costs issued by the Saudi Authority for Accredited Valuers."

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income, which is 20,000,000 SAR according to the contract, has been reviewed for its reasonableness based on the market.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The contract provided by the client expires on 05-09-2029, with the possibility of renewing the contract.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 8%.
7. The maintenance and operating expenses are estimated at 7.5% according to the data provided by the client.
8. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.5
Discount rate	**% 10.86**

Estimating value by using The income approach –DCF- :

After conducting a field survey of the current market prices and rental trends for properties located in the area of the property to be appraised, the capitalization rate was estimated in accordance with the .The total actual rental income according to the contracts is condition of the property and the vacancy rate in the area, based on the appraiser's assessment and analysis of the financial data for the property 20,000,000 SAR. The reasonableness of this income has been reviewed based on the market, considering that rental prices for residential apartments in Al-Maather district range between 40,000 SAR and 75,000 According to the contract, the property is leased to a single operator with 100% occupancy, and the operating expenses are estimated at 7.5% as per the data provided by the client. The market SAR per year. Occupancy rate: 100%Operating expenses: 7.5% per yearRental market range (for rental prices have been reviewed for consistency.Cash Flow Assumptions:Total rental income (as per contract): 20,000,000 SAR comparison): 40,000 SAR to 75,000 SAR per year per unit in the area

Occupancy rate	%100	Discount rate	%10.86	Gross income	20,000,000
Growth rate	0	Cap rate	%8	Cash flow period	6

Period	0	1	2	3	4	5
Year	2025	2026	2027	2028	2029	2030
Growth Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Income	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Occupancy Rate	100%	100%	100%	100%	100%	100%
Effective Income	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Operating Expenses	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Net Income	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000
Future Property Value	231,250,000					
Net Cash Flow of the Property	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000	249,750,000
Discount Factor	0.11	0.9	0.81	0.73	0.66	0.6
Present Value of Money	18,500,000	16,687,714	15,052,963	13,578,353	12,248,199	149,152,702
Present Value	**225,219,931**					
Present Value (After Rounding)	**225,220,000**					

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 225,220,000	%100
the cost Approach	SAR 196,152,276	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 225,220,00
	Written	Two hundred and twenty-five million, two hundred and twenty thousand Saudi riyals, no more.

Teqnia Complex, Plot 24-25

Report Number	DC24013270
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	showrooms
Address	Riyadh - Faisalish

The Final value of the property	Number	SAR 36,640,000
	Written	Thirty-six million six hundred and forty thousand riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Faisalish

Land Area
^{2}m 6,000

Deed Date	Deed Number
1443/03/13 هـ	693010005751

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	36,640,000 SAR
The Grand Total of the Properties (Written)	Thirty-six million six hundred and forty thousand riyals only.

02

Property Description

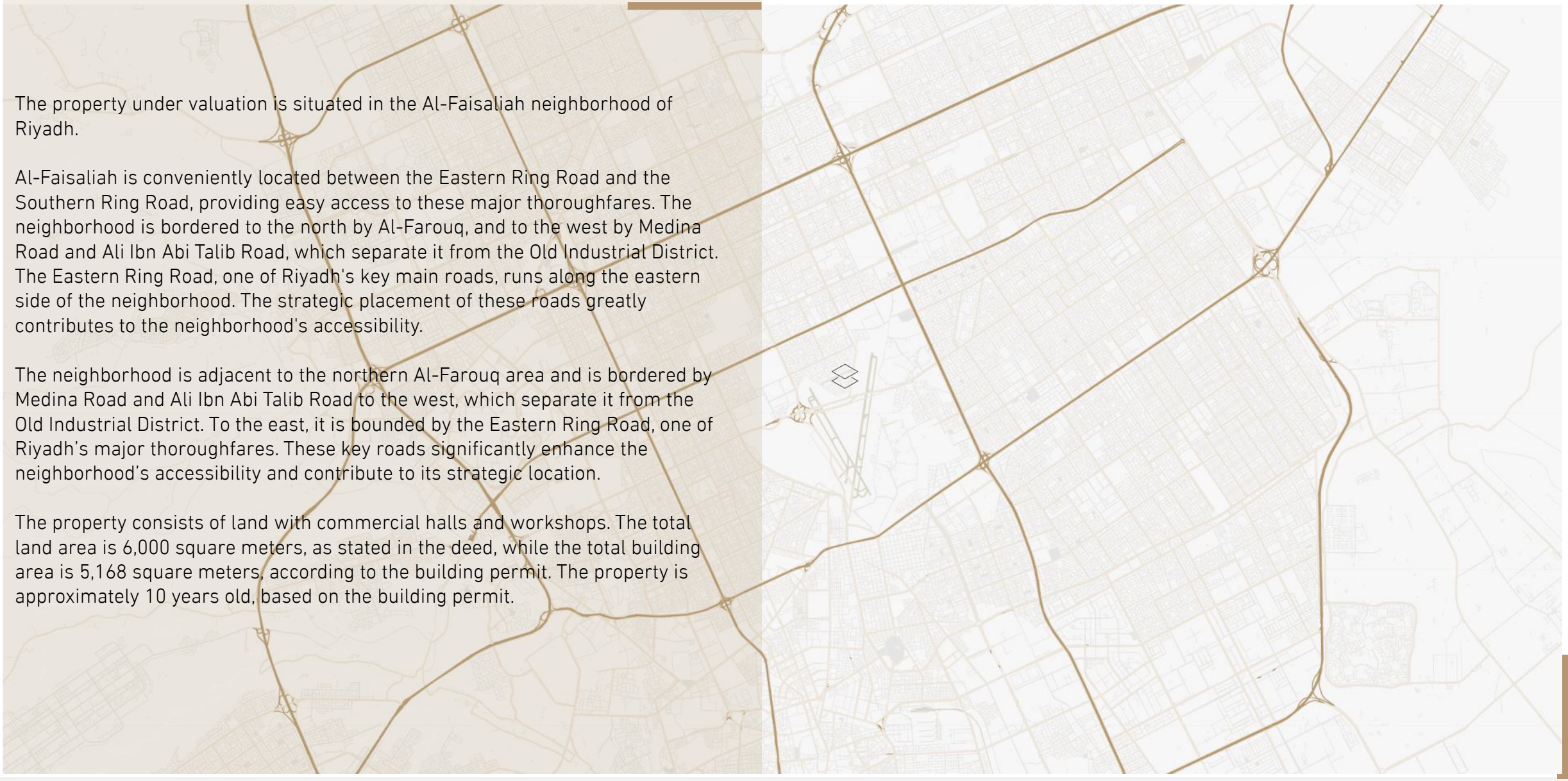
Property Description

The property under valuation is situated in the Al-Faisaliah neighborhood of Riyadh.

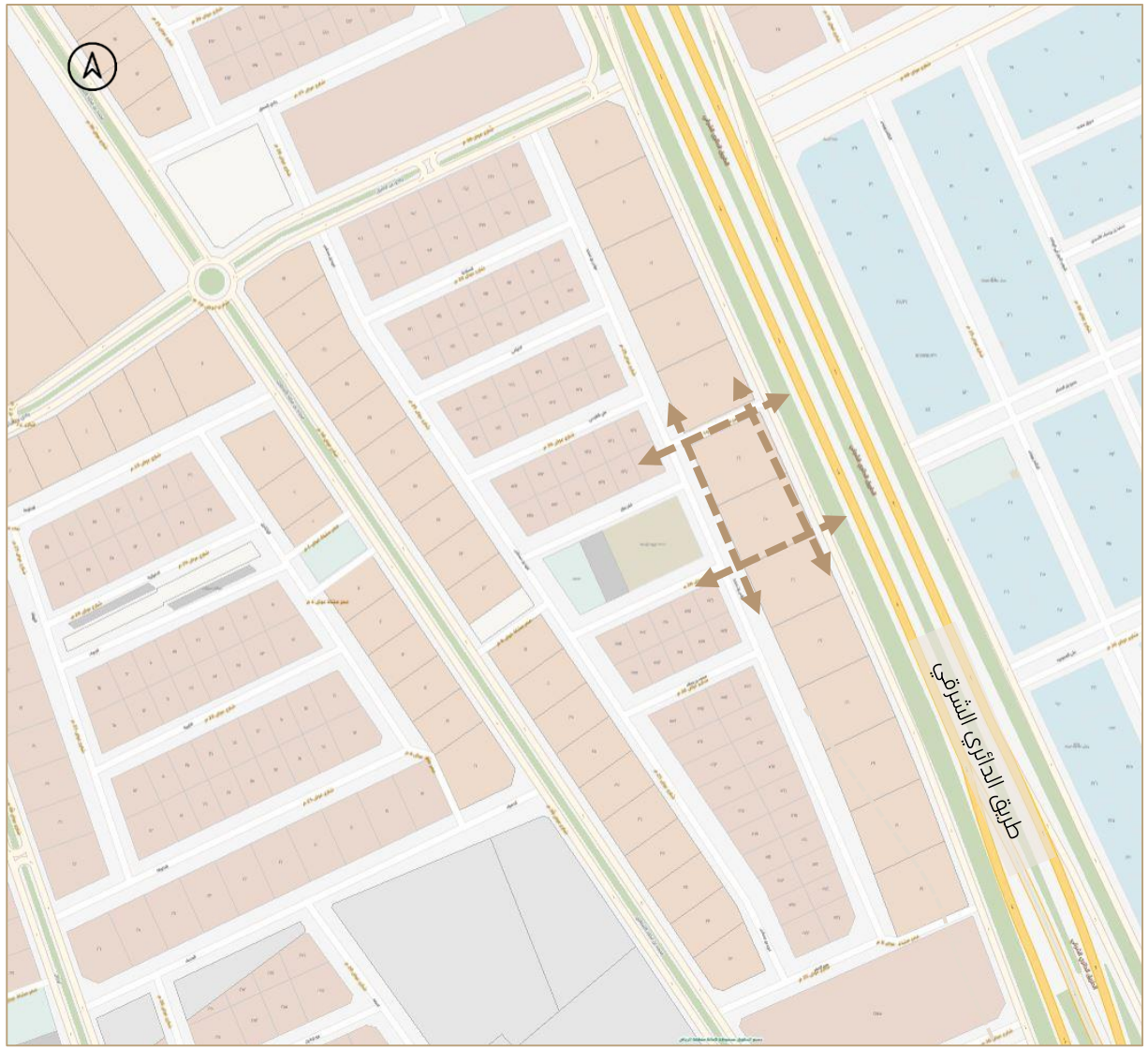
Al-Faisaliah is conveniently located between the Eastern Ring Road and the Southern Ring Road, providing easy access to these major thoroughfares. The neighborhood is bordered to the north by Al-Farouq, and to the west by Medina Road and Ali Ibn Abi Talib Road, which separate it from the Old Industrial District. The Eastern Ring Road, one of Riyadh's key main roads, runs along the eastern side of the neighborhood. The strategic placement of these roads greatly contributes to the neighborhood's accessibility.

The neighborhood is adjacent to the northern Al-Farouq area and is bordered by Medina Road and Ali Ibn Abi Talib Road to the west, which separate it from the Old Industrial District. To the east, it is bounded by the Eastern Ring Road, one of Riyadh's major thoroughfares. These key roads significantly enhance the neighborhood's accessibility and contribute to its strategic location.

The property consists of land with commercial halls and workshops. The total land area is 6,000 square meters, as stated in the deed, while the total building area is 5,168 square meters, according to the building permit. The property is approximately 10 years old, based on the building permit.



Property Details



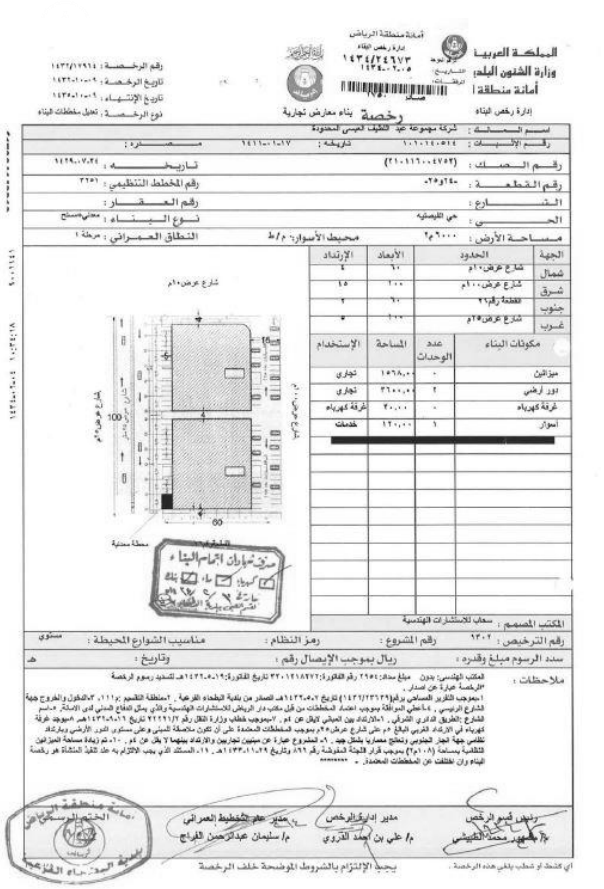
Land Area		Land Use
^{2}m 6,000		Commercial

Boundaries

Length	Border	Side
m 60	Walk path corridor 10 m wide	North
Length	**Border**	**Side**
m 60	Plot No. 26	South
Length	**Border**	**Side**
m 100	Eastern Ring Road, 100 m wide	East
Length	**Border**	**Side**
m 100	Street width 25 m	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/03/13 هـ	693010005751

Issuance Date	Building Permit
1435/10/09هـ	1432/17964

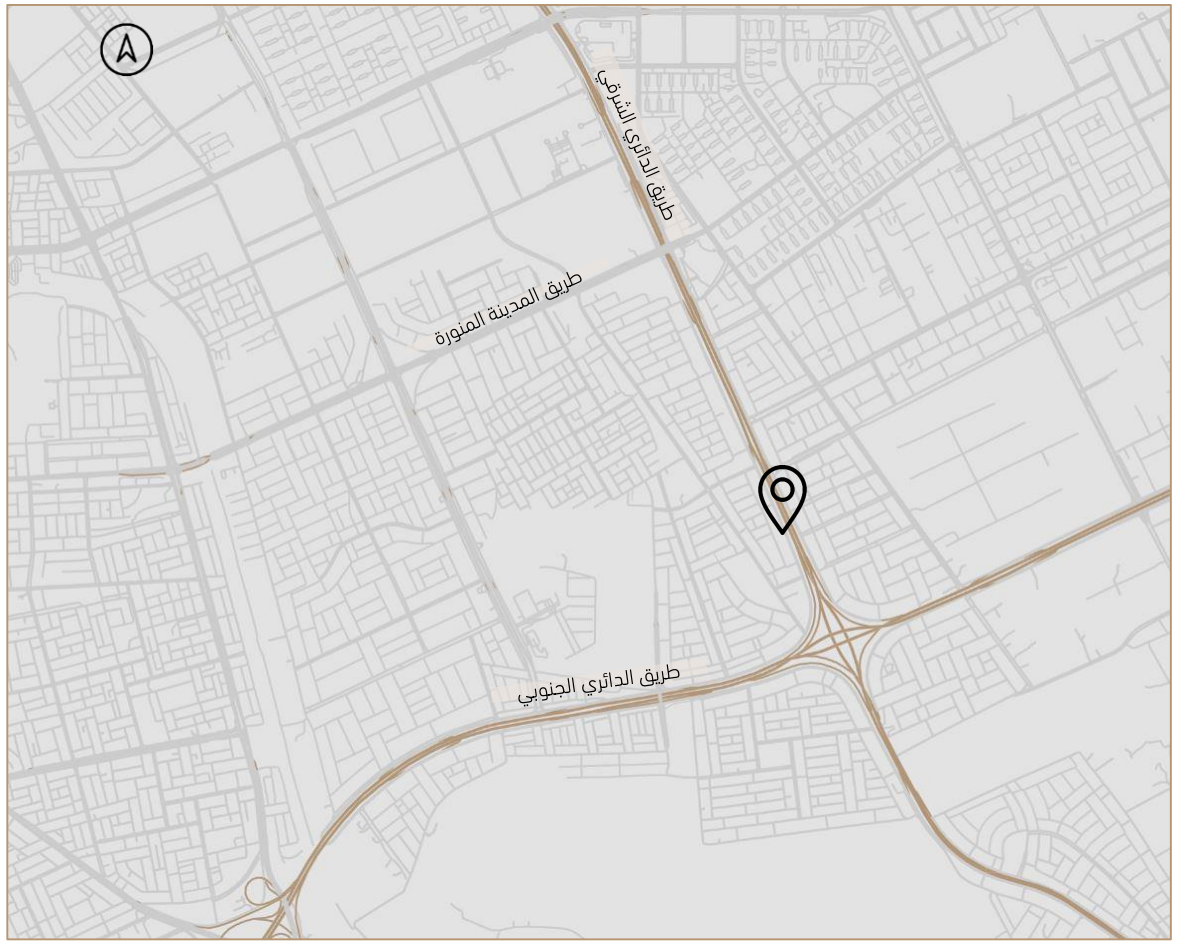
City	District
Riyadh	Faisalish

Parcel No.	Plan No.
25 - 24	3251

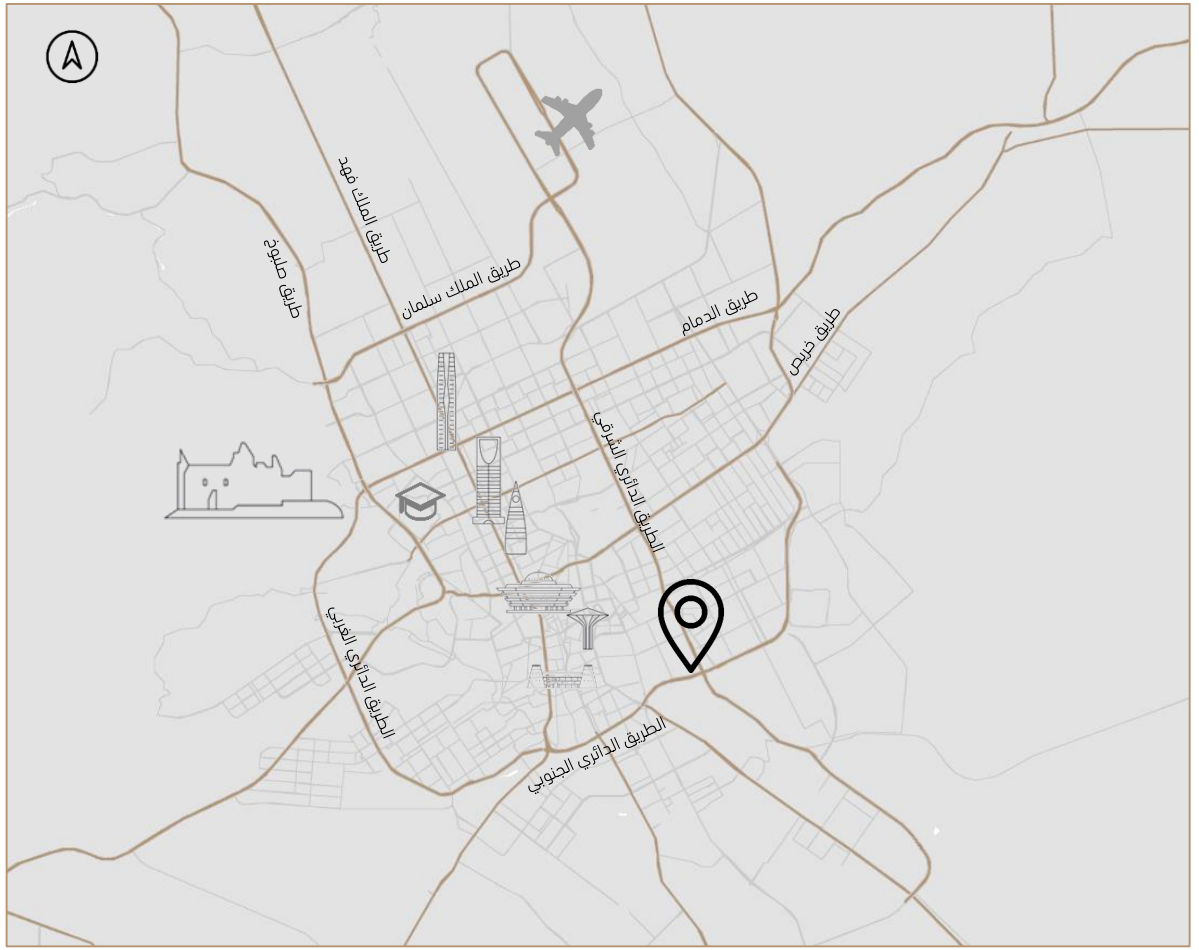
Coordinates
46.798663 ,24.638221

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

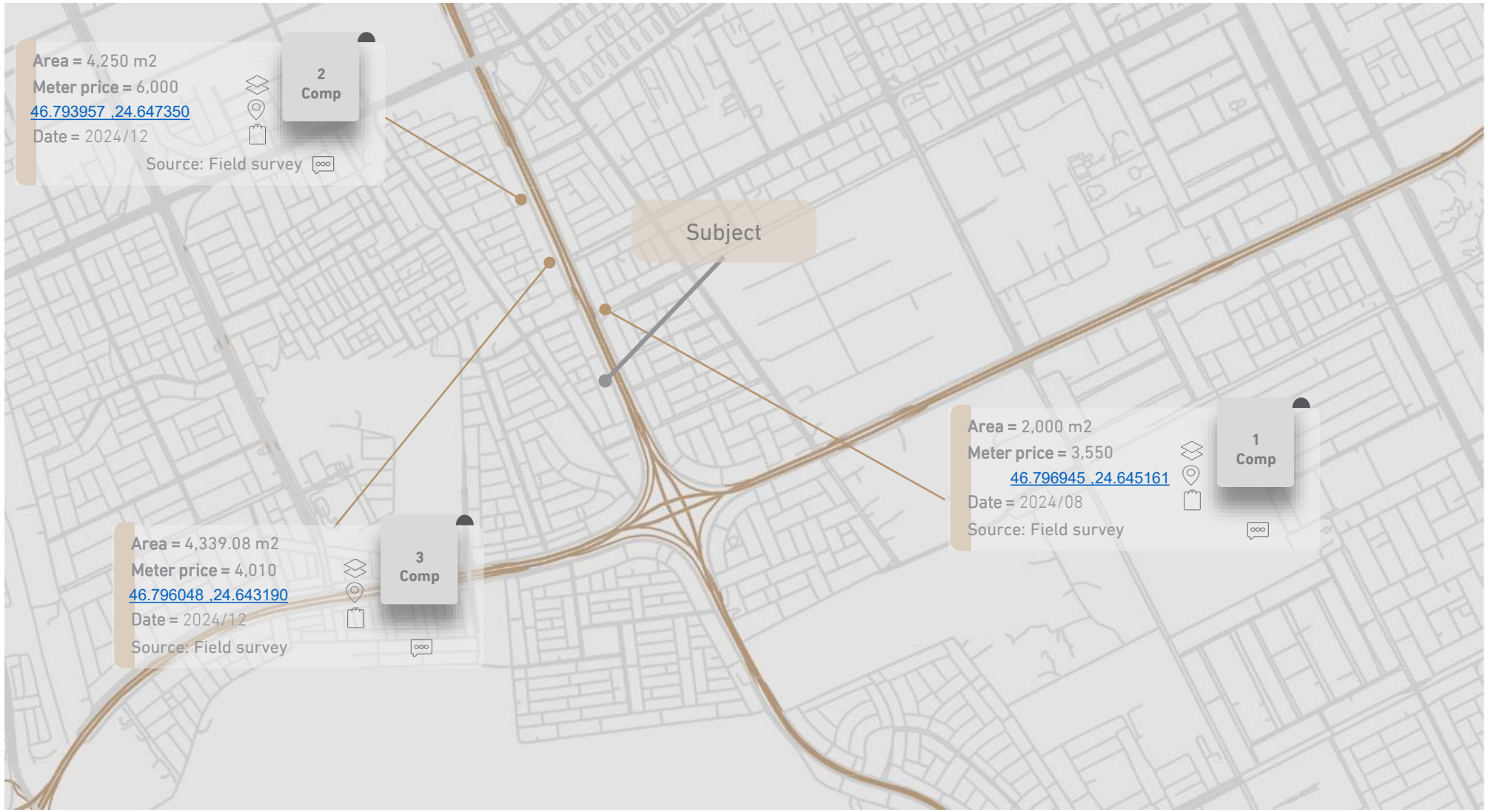
Photos of the property

04

Market Analysis

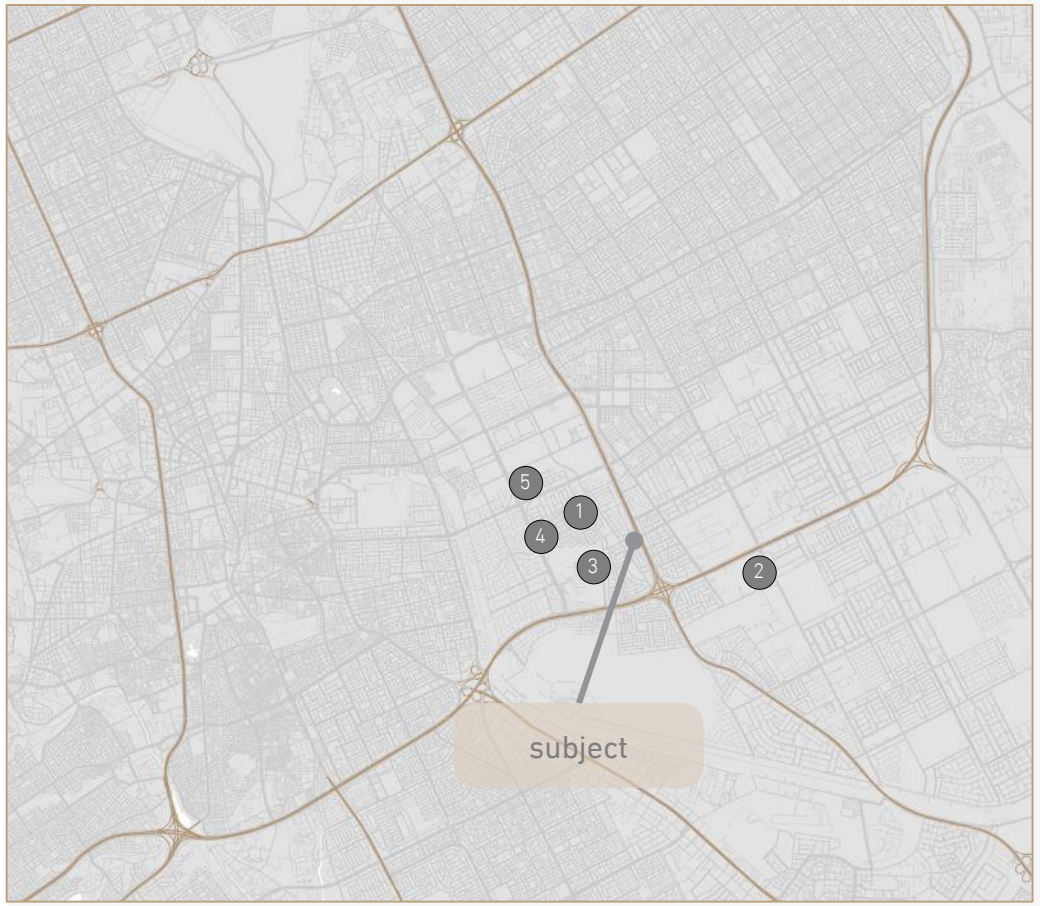
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Offices – Showrooms).

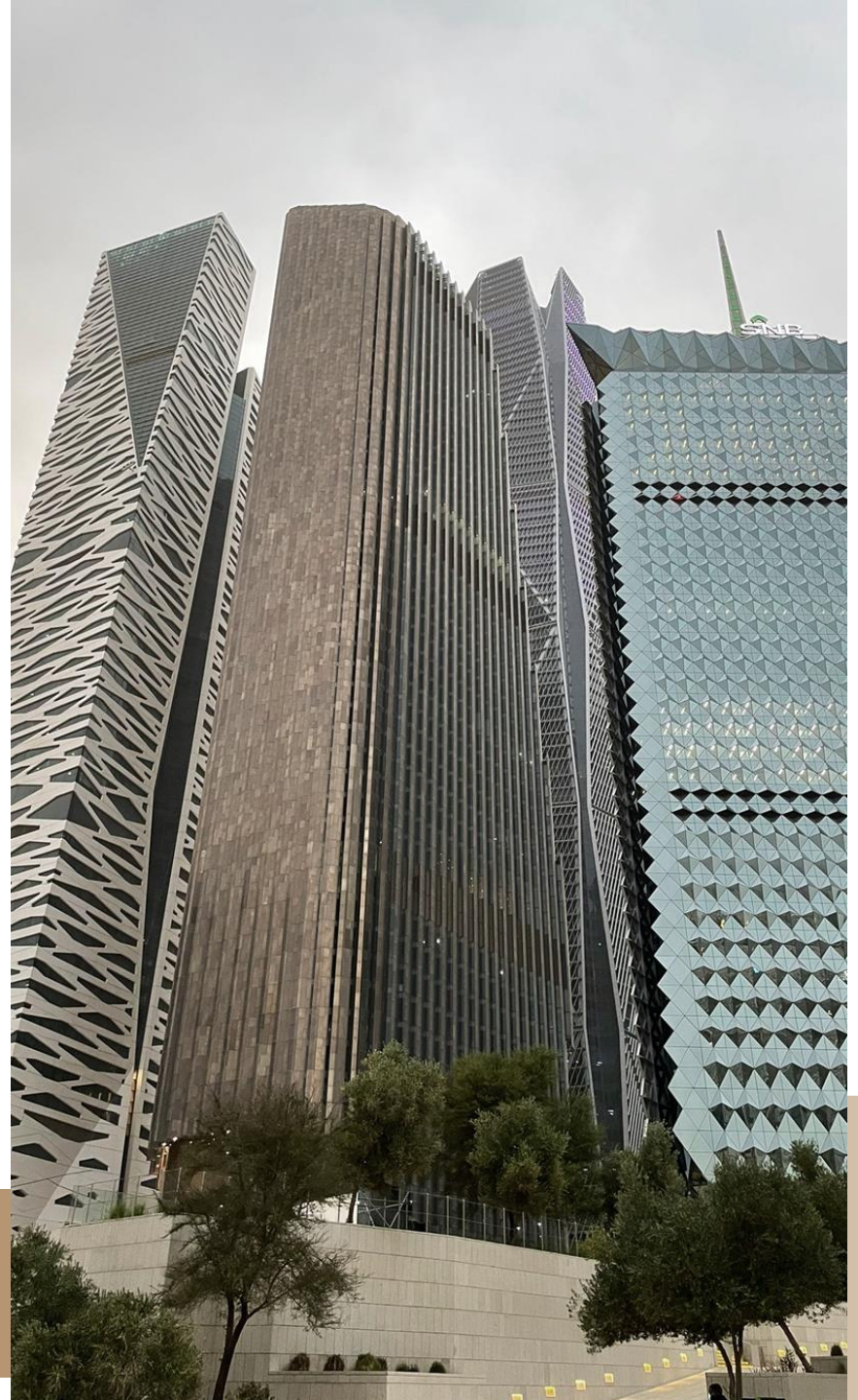


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Showrooms	Al-Faisaliah	170	470	Rent Offer
2	Showrooms	Al-Sulay	368	800	Rent Offer
3	Workshops and warehouse	Al-Faisaliah	700	285	Rent Offer
4	Workshops and warehouse	Al-Faisaliah	1200	1200	Rent Offer
5	Workshops and warehouse	Al-Faisaliah	5000	500	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
warehouse	Al-Sulay neighborhood	m11.2	m 142	%8
warehouse	Al-Sulay neighborhood	m 18.2	m 173	%8.5
warehouse	Al-Mashael neighborhood	m 6.4	m 85	%7.2



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the land value, a field survey was conducted to analyze the current market prices of both sold and listed properties similar to the one being valued. Since no two properties are identical, adjustments were made to the prices of the comparable properties. These adjustments involved deducting the value of features that gave the comparative properties an advantage and adding the value of features that benefit the property being evaluated. Factors considered for comparison included market conditions, differences in area, road views, and road numbers. Based on these adjustments, the value of the land was determined to be:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date							
Meter Price (SR/m2)		3550		4010		5000	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		3550		4010		5000	
Land size	6,000.00	2,000.00	-2%	4,339.08	-2%	4,250.00	-2%
Road numbers	3	1	15%	2	10%	2	10%
Location preference	Very good	Good	15%	Good	15%	Very good	0%
Adjustment %		28%		23%		8%	
Meter 2 Price After adjustment		4544		4932.3		5400	
participation %		20%		30%		50%	
Meter value (SR/m2)		5088.49					
Meter value (SR/m2) after rounding		**5,090**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The property value was estimated by summing the land value with the total construction cost of the building, using the prevailing prices at the time of valuation. This involved calculating the cost per unit of the building based on its construction quality, finishes, and total area, then subtracting the depreciation that has occurred since construction. The formula used was:Property Value = Land Value + (Construction Cost + Profit Margin - Depreciation).The land value was determined through a field survey, analyzing current market prices for both sold and listed properties similar to the one being evaluated. Since no two properties are exactly alike, adjustments were made to the prices of the comparable properties. These adjustments involved subtracting the value of features that favored the comparison properties and adding the value of features that benefit the property being evaluated.The calculation includes consulting fees, management, and contractor profits, as well as all construction costs such as fences, tanks, and general site coordination. Movable assets and financing costs are excluded from these values. Based on this approach, the concluded value of the property is:

Description	Area (m2)	Price per Sq.	Total
ground floor	**3,600**	**960**	3,456,000
Mezzanine	**1,568**	**960**	1,505,280
Fences	**120**	**800**	96,000
Total building value with profit margin (SAR)			5,057,280
depreciation	**10**	**%25**	1,517,184
Building value after depreciation (Saudi SAR)			4,551,552
Land value (Saudi SAR)	**6,000**	**5,090**	**30,540,000**
Final value	**35,091,552**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income of the property to be evaluated is 2,600,000 riyals, according to the information provided by the client. The possibility of renewing the contract with a 10% increase at the beginning of 2027 has been considered, and the market prices have been reviewed for reasonableness.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The contract provided by the client ends on 14-11-2026 for Hall 25, and on 21-12-2024 for Hall 24.
   The remaining term for the contract of plot 25 is two years, and the contract for plot 24 has expired, according to the information provided by the client. The possibility of renewing the contract for both plot 24 and plot 25 has been considered.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices for rental properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate and the financial data analysis of the property.

The lease contract for Hall 25 is 1,400,000 riyals, and the lease contract for Hall 24 is 1,200,000 riyals. A renewal with a 10% growth rate has been assumed, bringing the total income value to 2,600,000 riyals in the case of 100% occupancy, with 0% annual expenses and a 10% growth rate at the beginning of the second year, as per the contract.

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	2,600,000
Growth rate	2027= %10	Cap rate	%7.5	Cash flow period	5

Period	0	1	2	3	4	5
Year	2025	2026	2027	2028	2029	2030
Growth Rate	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Total Income	2,600,000	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Occupancy Rate	100%	100%	100%	100%	100%	100%
Effective Income	2,600,000	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Total Operating Expenses	0	0	0	0	0	0
Net Income	2,600,000	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Future Property Value	38,133,333					
Net Cash Flow of the Property	2,600,000	2,860,000	2,860,000	2,860,000	2,860,000	40,993,333
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61
Present Value of Money	2,600,000	2,591,519	2,348,241	2,127,801	1,928,054	25,041,179
Present Value	**36,636,794**					
Present Value (After Rounding)	**36,640,000**					

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 36,640,000	%100
the cost Approach	SAR 35,091,552	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 36,640,000
	Written	Thirty-six million six hundred and forty thousand riyals only.

Attachments

Unified العقد التجاري Commercial Contract الموحد

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	2073408182	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2021-10-10	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2021-12-22	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2024-12-21	Tenancy End Date
معلق بشرط	نعم				Contract is conditional

الشرط المعلق عليه بداية الإيجار: العقد معلق بدفع الايجار

طريقة دفع رسوم العقد:	المؤجر	Ejar Fees Paid By	

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	commercial	Organization Type	اسم الشّركة/المؤسّسة:	شركة تمدين الاولى العقارية	Company name/Founder
رقم السّجل التّجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي	Name			
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:	الرياض، الرياض				National Address

رقم سند التّمثيل	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date
43661903	وكالة شرعية إلكترونية	2021-09-16	2022-09-05

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	commercial	Organization Type	اسم الشّركة/المؤسّسة:	شركة العيسى العالمية للسيارات	Company name/Founder
رقم السّجل التّجاري:	1010269251	CR No.	الرقم الموحد	7001751077	Unified Number

1

Lease contract

Unified العقد التجاري Commercial Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY — إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20523819982 / 2	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2023-08-14	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-11-15	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2026-11-14	Tenancy End Date
معلق بشرط	لا				Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشّركة/المؤسّسة:	شركة تمدين الاولى العقارية شركة شخص واحد	Company name/Founder
رقم السّجل التّجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي	Name			
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:					National Address

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشّركة/المؤسّسة:	شركة يوسف بن احمد كانو المحدودة	Company name/Founder
رقم السّجل التّجاري:	2050000443	CR No.	الرقم الموحد	7000074570	Unified Number
جهة الإصدار:	كتابة عدل	Issued by	تاريخ السجل التجاري:	1957-08-11	CR Date

٥ بيانات مُمثّل المستأجر / Tenant Representative Data

الاسم:	رامي محمدسعيد مساعد الجحدالي	Name			

1

Lease contract

Teqnia Complex, Block 6

Report Number	DC24013279
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Workshops and warehouse
Address	Riyadh - Faisalish

The Final value of the property	Number	SAR 31,880,000
	Written	Thirty-one million eight hundred and eighty thousand Saudi riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Faisalish

Land Area
^{2}m 14,713.87

Deed Date	Deed Number
1443/03/13 هـ	393010005763

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	31,880,000 SAR
The Grand Total of the Properties (Written)	Thirty-one million eight hundred and eighty thousand Saudi riyals only.

02

Property Description

Property Description

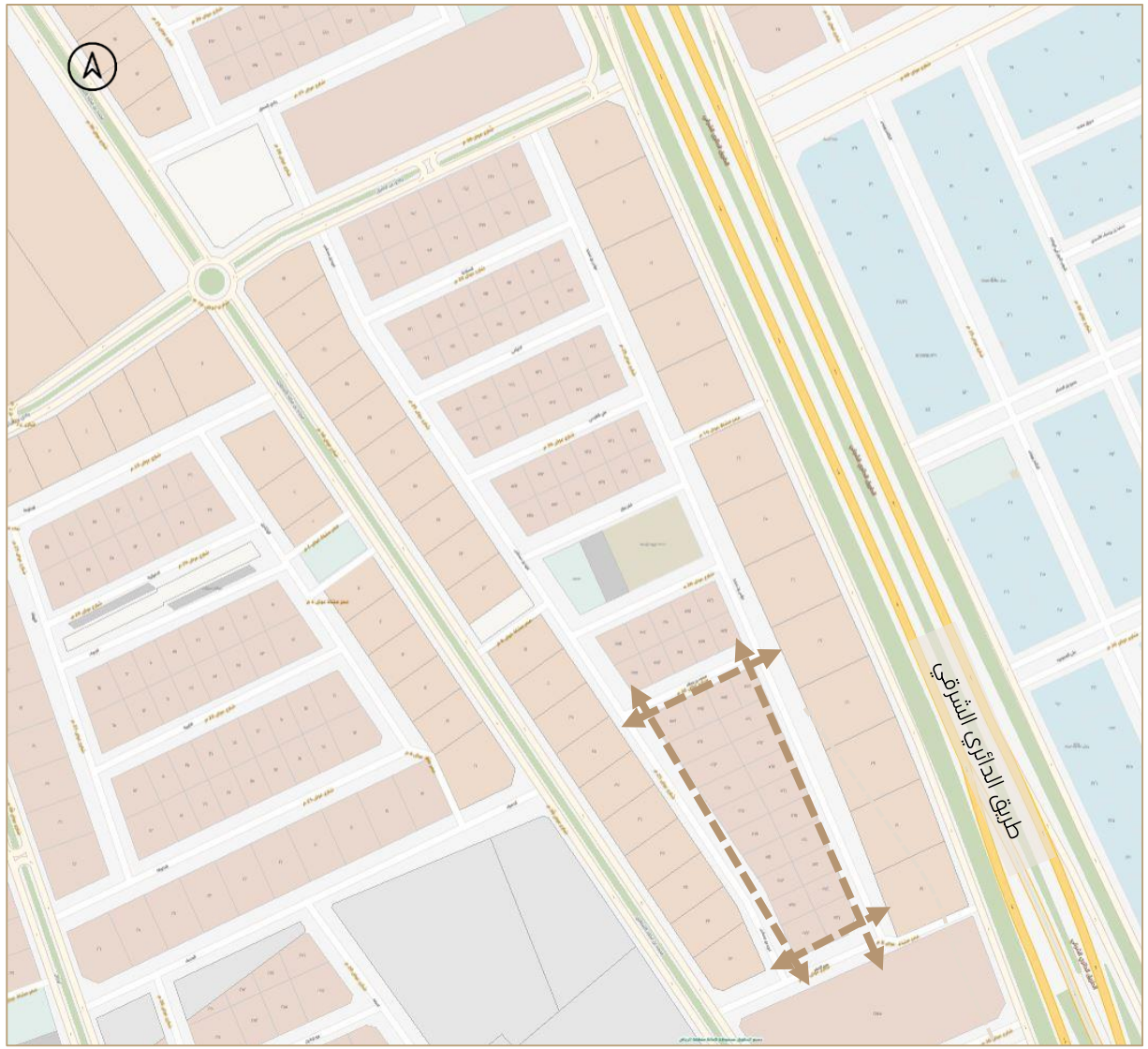
The property under valuation is located in the Al-Faisaliah neighborhood of Riyadh.

Al-Faisaliah is situated between the Eastern Ring Road and the Southern Ring Road, offering easy access to these major roads.

It is adjacent to the northern Al-Farouq neighborhood and bordered by Medina Road and Ali Ibn Abi Talib Road to the west, which separate it from the Old Industrial District. The Eastern Ring Road, a key thoroughfare in Riyadh, runs along the eastern side of the neighborhood, contributing to its strategic location and accessibility.

he property consists of land with commercial halls and workshops. The total land area is 14,713.87 square meters, as per the deed, and the total building area is 12,045 square meters, according to the building permit. The property is approximately 10 years old, based on the building permit.

Property Details



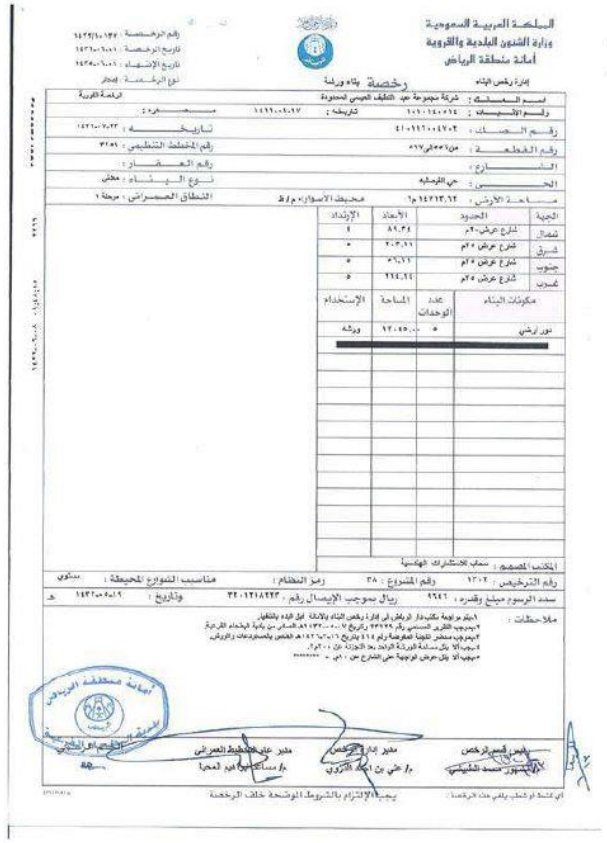
Land Area		Land Use
^{2}m 14,713.87		Workshops and warehouse

Boundaries

Length	Border	Side
m 89.34	Street width 20 m	North
Length	**Border**	**Side**
m 57.61	Street width 25 m	South
Length	**Border**	**Side**
m 203.11	Street width 25 m	East
Length	**Border**	**Side**
m 214.14	Street width 25 m	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/03/13 هـ	393010005763

Issuance Date	Building Permit
1435/06/01 هـ	1432/10137

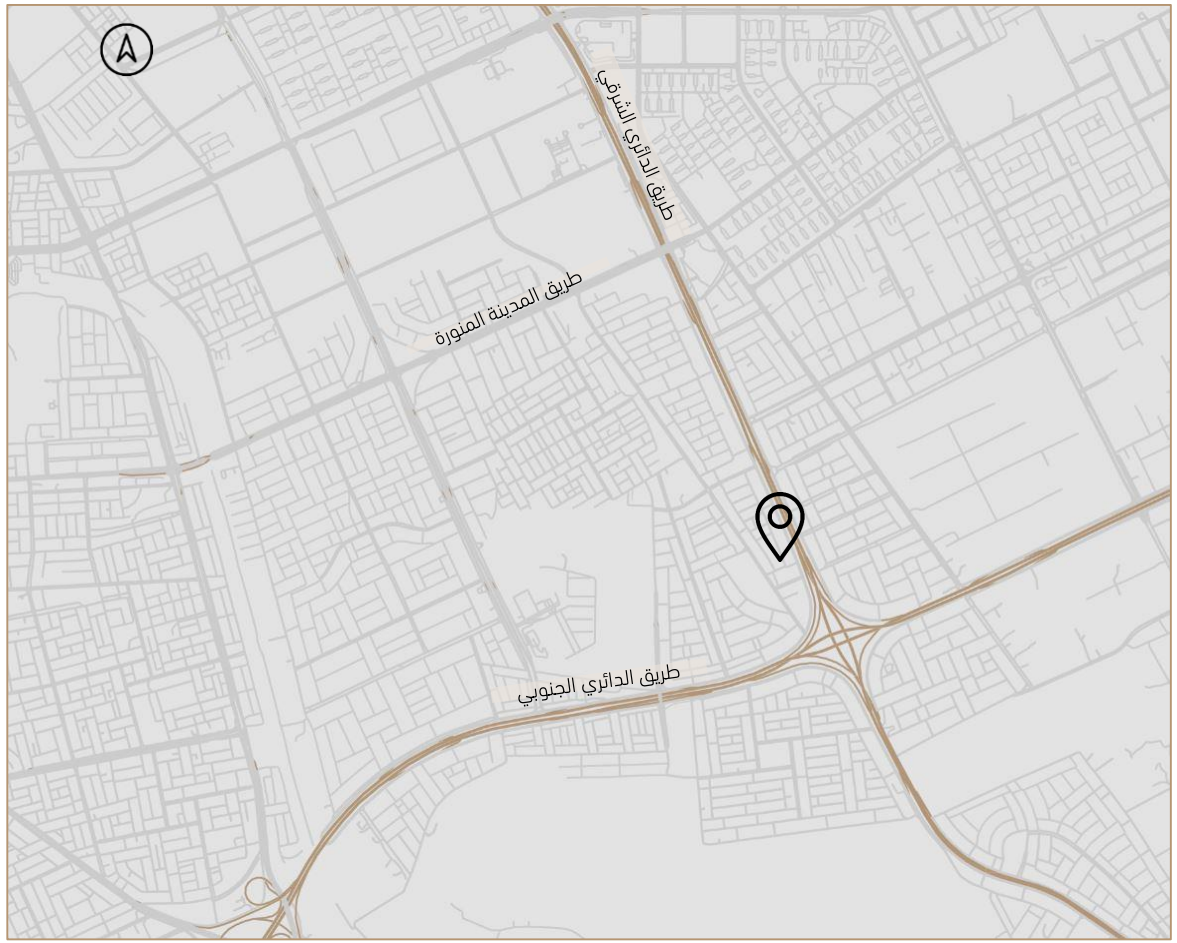
City	District
Riyadh	Faisalish

Parcel No.	Plan No.
From 556 to 577	3251

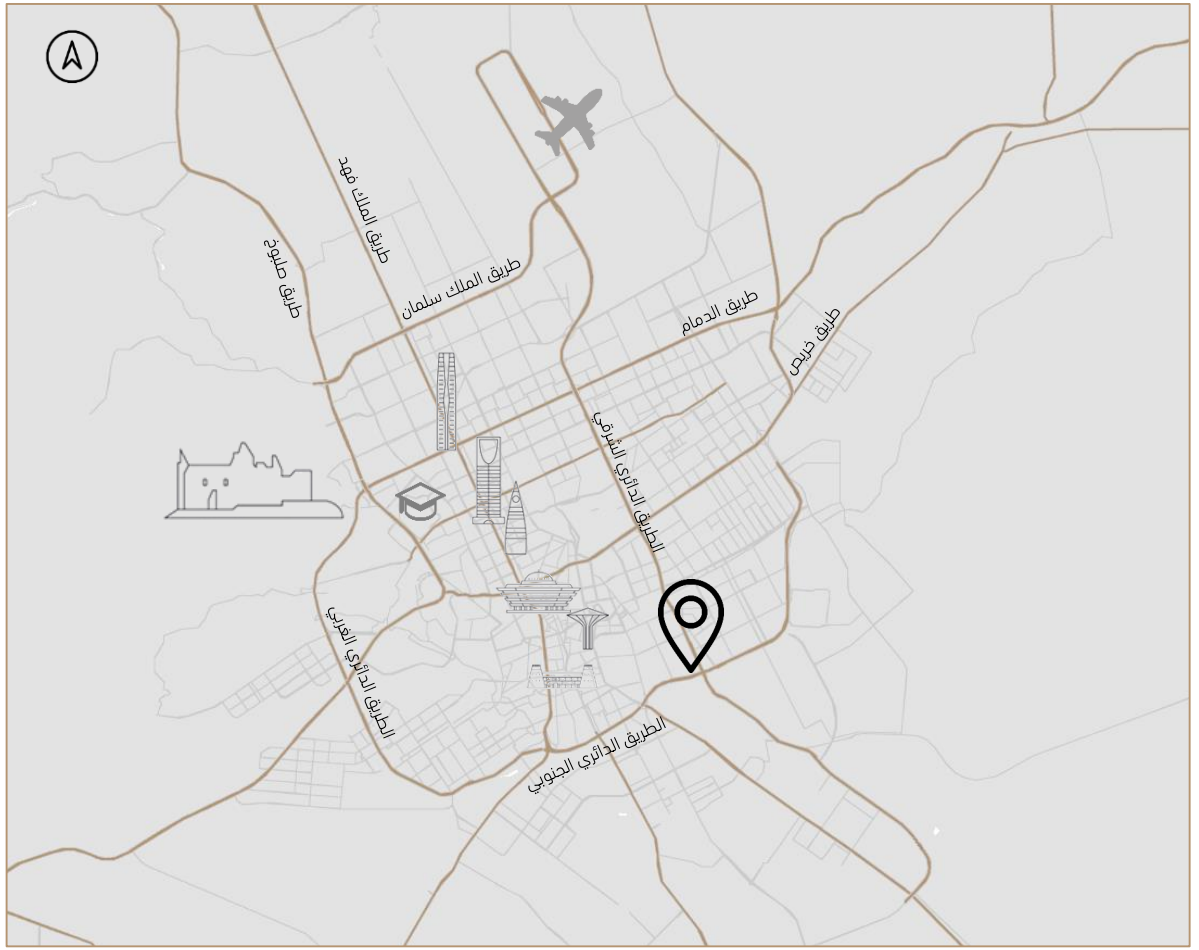
Coordinates
46.798861 ,24.635917

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

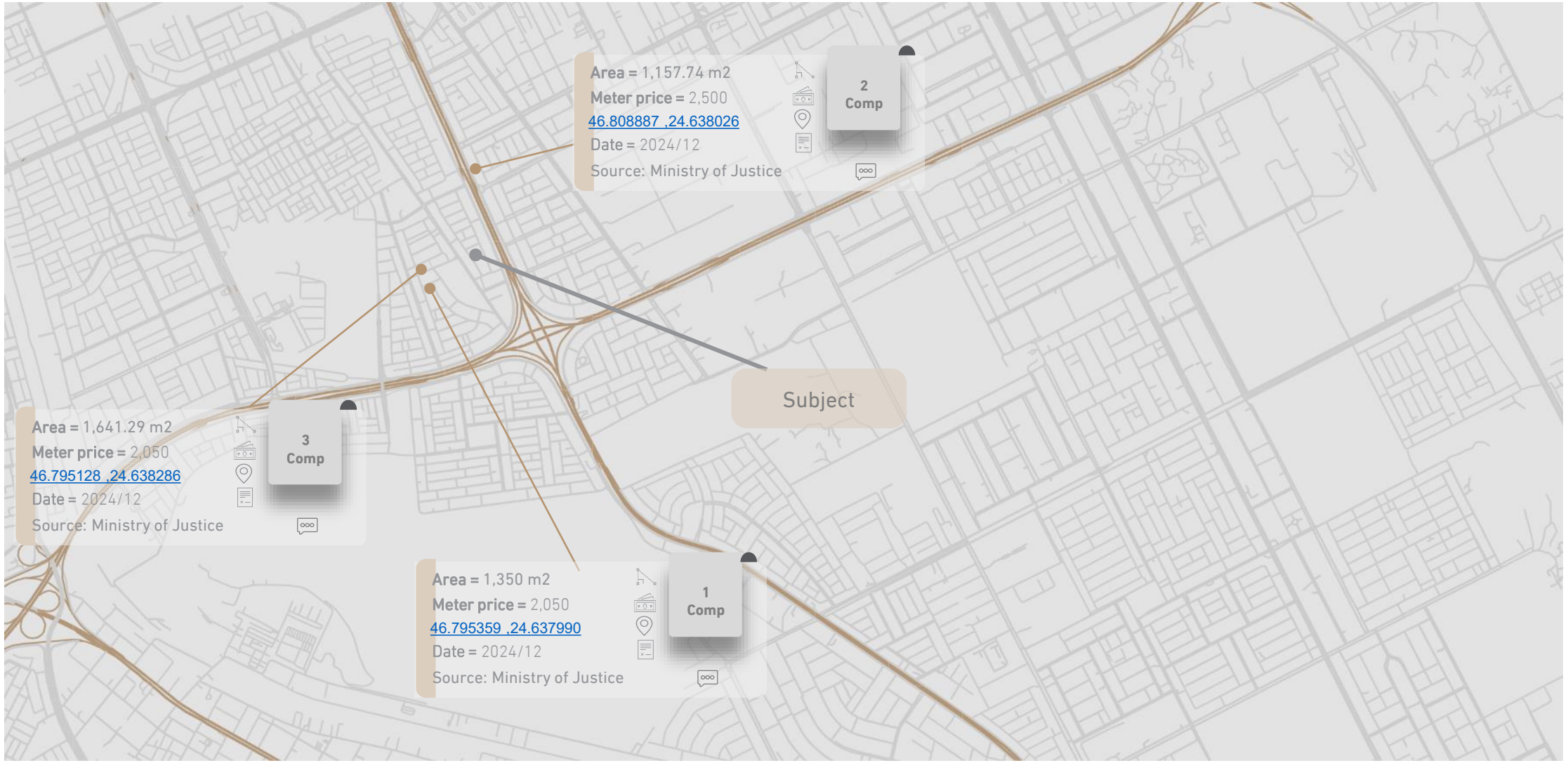
Photos of the property

04

Market Analysis

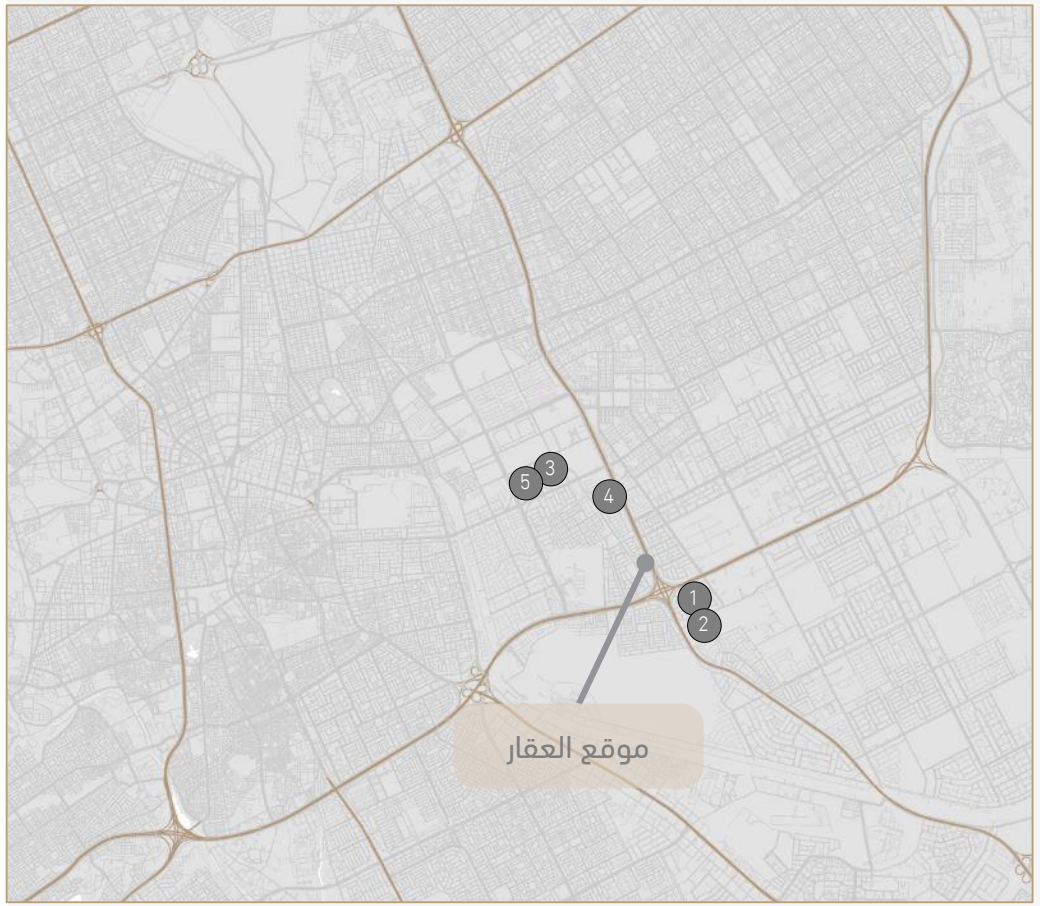
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Workshops and warehouse).

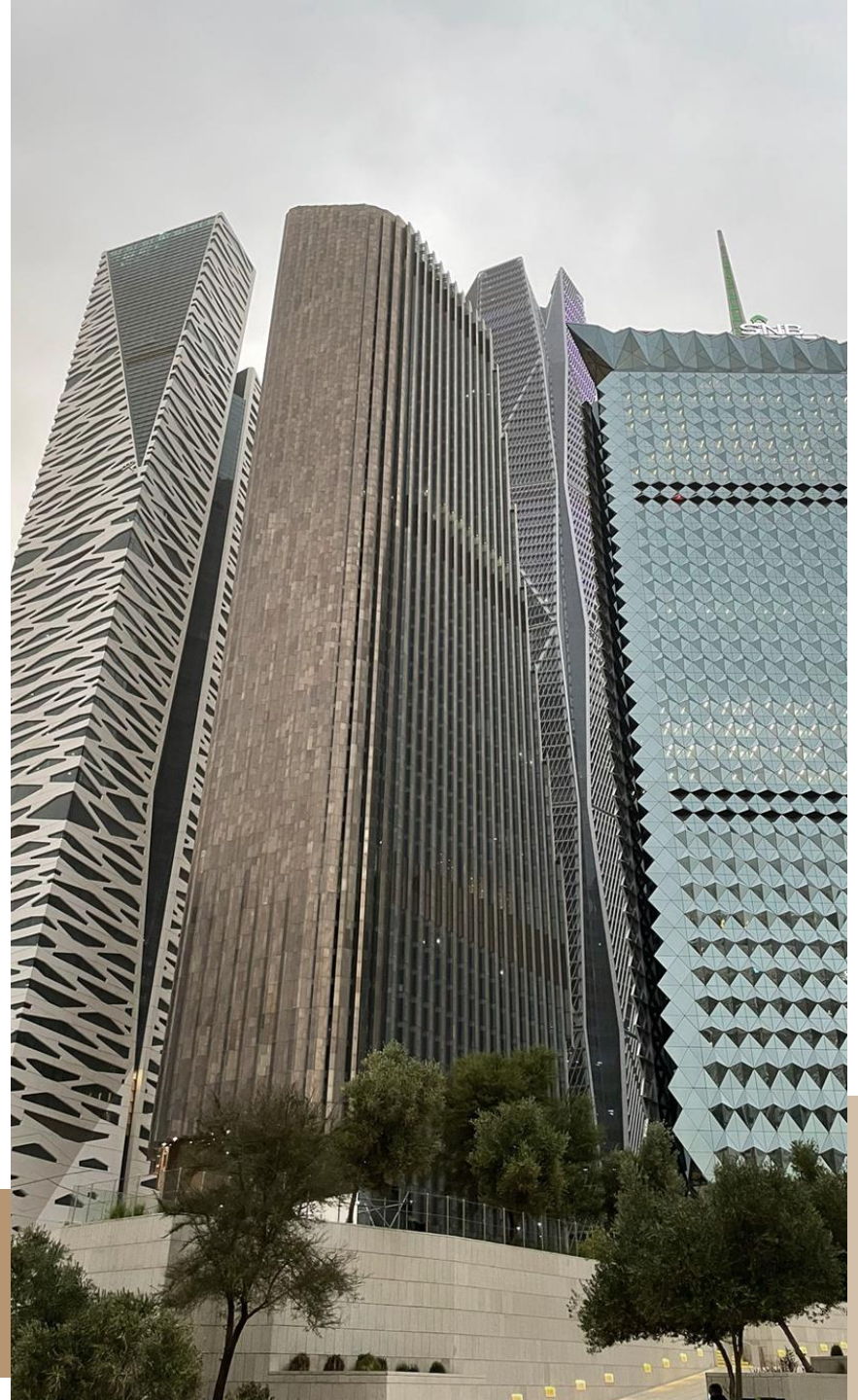


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Workshops and warehouse	Al Faisaliah	30	254	Rent Offer
2	Workshops and warehouse	Al Faisaliah	700	285	Rent Offer
3	Workshops and warehouse	Al Faisaliah	1200	250	Rent Offer
4	Workshops and warehouse	Al Faisaliah	500	190	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
warehouse	Al Sulay District - Riyadh	m 11.2	m 142	%8
warehouse	Al Sulay District - Riyadh	m 18.2	m 173	%8.5
warehouse	Al-Mashael District - Riyadh	m 6.4	m 85	%7.2



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date	**Dec-24**	**Dec-24**		**Dec-24**		**Dec-24**	
Meter Price (SR/m2)		2500		2050		2050	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		2500		2050		2050	
Land size	14,713.87	1,157.74	-10%	1,641.29	-10%	1,350.00	-10%
Location preference	Very good	Good	5%	Good	5%	Good	5%
Adjustment %		-5%		-5%		-5%	
Meter 2 Price After adjustment		2375		1947.5		1947.5	
participation %		30%		40%		30%	
Meter value (SR/m2)		2075.75					
Meter value (SR/m2) after rounding		**2,080**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Building area	12,045.00	720	8,672,400
Total value of the buildings before depreciation (Saudi Riyals)			8,672,400
Development profit margin	**20%**		1,734,480
Total value of the buildings with profit margin (Saudi Riyals)			10,406,880
Depreciation	10	25.00%	2,601,720
Value of the buildings after depreciation (Saudi Riyals)			7,805,160
Land value (Saudi Riyals)	14,714	2,080	30,604,850
Final value	**38,410,010**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1 The land area is approved by the instrument.

2 The current total income of the property to be appraised is 2,205,000 riyals, according to the information provided by the client. An increase of 20% has been estimated in the contract after the contract term ends. The reasonableness of market prices has been reviewed. The contract stipulates an income increase of 4.9% in the year 2029, as follows:
- 2024 = 2,100,000 riyals
- 2025 = 2,205,000 riyals
- 2029 = 2,315,000 riyals.

3 The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.

4 The property is leased under a single contract, with 7 years remaining, according to the information provided by the client. The contract provided by the client ends on 21-12-2031 for Hall 6.

5 The occupancy rate is 100% due to the single contract.

6 We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.

7 The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of Workshops and warehouse - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the Workshops and warehouse was reached as follows:

Feature	Subject	Comp .1		Comp . 2	
Date	2024	2024		2024	
Meter Price (SR/m2)		190		234	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		190		234	
space difference	14,713.87	500	-10%	640	-10%
Location	Very Good	Good	5 %	Good	5 %
Adjustment %		-5 %		-5 %	
Meter 2 Price After adjustment		180.5		222.3	
participation %		60%		40%	
Meter value (SR/m2)		197.22			
Meter value (SR/m2) after rounding		200			

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The total income value, in the case of 100% occupancy, is 2,205,000 riyals, with annual expenses at 0%, and the growth rate in the contract specifies a 4.9% increase in income in 2029, as follows:

- 2025 = 2,205,000 riyals - 2029 = 2,315,000 riyals.

It has been assumed that the contract will include a 20% increase after the contract term ends.

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	2,205,000
Growth rate	%5 = 2025 , %20 = 2032 , %4.8 = 2029	Cap rate	%7.5	Cash flow period	8

Period	0	1	2	3	4	5	6	7
Year	2025	2026	2027	2028	2029	2030	2031	2032
Growth Rate	0.00%	0.00%	0.00%	0.00%	4.99%	0.00%	0.00%	20.00%
Total Income	2,205,000	2,205,000	2,205,000	2,205,000	2,315,000	2,315,000	2,315,000	2,778,000
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%	100%
Effective Income	2,205,000	2,205,000	2,205,000	2,205,000	2,315,000	2,315,000	2,315,000	2,778,000
Total Operating Expenses	0	0	0	0	0	0	0	0
Net Income	2,205,000	2,205,000	2,205,000	2,205,000	2,315,000	2,315,000	2,315,000	2,778,000
Future Property Value	37,040,000							
Net Cash Flow of the Property	2,205,000	2,205,000	2,205,000	2,205,000	2,315,000	2,315,000	2,315,000	39,818,000
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61	0.55	0.5
Present Value of Money	2,205,000	1,998,007	1,810,444	1,640,490	1,560,645	1,414,140	1,281,389	19,970,898
Present Value	**31,881,013**							
Present Value (After Rounding)	**31,880,000**							

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 31,880,000	%100
the cost Approach	SAR 38,410,010	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 31,880,000
	Written	Thirty-one million eight hundred and eighty thousand Saudi riyals only.

Attachments

Unified العقد التجاري Commercial Contract الموحد

إيجار EJAR

وزارة الإسكان

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — **١ بيانات العقد**

Contract Type	جديد	نوع العقد:	Contract No.	20745637513	رقم سجل العقد:
Contract Sealing Location	الرياض	مكان إبرام العقد:	Contract Sealing Date	2021-09-22	تاريخ إبرام العقد:
Tenancy End Date	2031-12-21	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2021-12-22	تاريخ بداية مدّة الإيجار:
Contract is conditional	نعم				معلق بشرط

الشرط المعلق عليه بداية الإيجار: تعليق العقد بدفع الايجار

Ejar Fees Paid By	المؤجر		طريقة دفع رسوم العقد:

Lessor Data — **٢ بيانات المؤجّر**

Company name/Founder	شركة تمدين الدولى العقارية	اسم الشّركة/المؤسّسة:	Organization Type	commercial	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السّجل الأجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — **٣ بيانات ممثّل المؤجر**

Name	سلمان حسين بن يحيى معيدي				الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1073134924	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	muaidia@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوّال:
National Address	الرياض الرياض				العنوان الوطني:

رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date	
43661903	وكالة شرعية إلكترونية	2021-09-16	2022-09-05	

Tenant Data — **٤ بيانات المستأجر**

Company name/Founder	مؤسسة أرتس العقارية	اسم الشّركة/المؤسّسة:	Organization Type	commercial	نوع المنظمة:
Unified Number	7010433642	الرقم الموحد	CR No.	1010713552	رقم السّجل الأجاري:

1

Lease contract

Teqnia Complex, Block 7

Report Number	DC24013282
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Workshops and warehouse
Address	Riyadh - Faisalish

The Final value of the property	Number	SAR 13,590,000
	Written	Thirteen million five hundred and ninety thousand riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Faisalish

Land Area
^{2}m 4,865.50

Deed Date	Deed Number
هـ 1442/11/12	393010004591

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	14/11/2024

The Grand Total of the Properties (Numeric)	13,590,000 SAR
The Grand Total of the Properties (Written)	Thirteen million five hundred and ninety thousand riyals only.

02

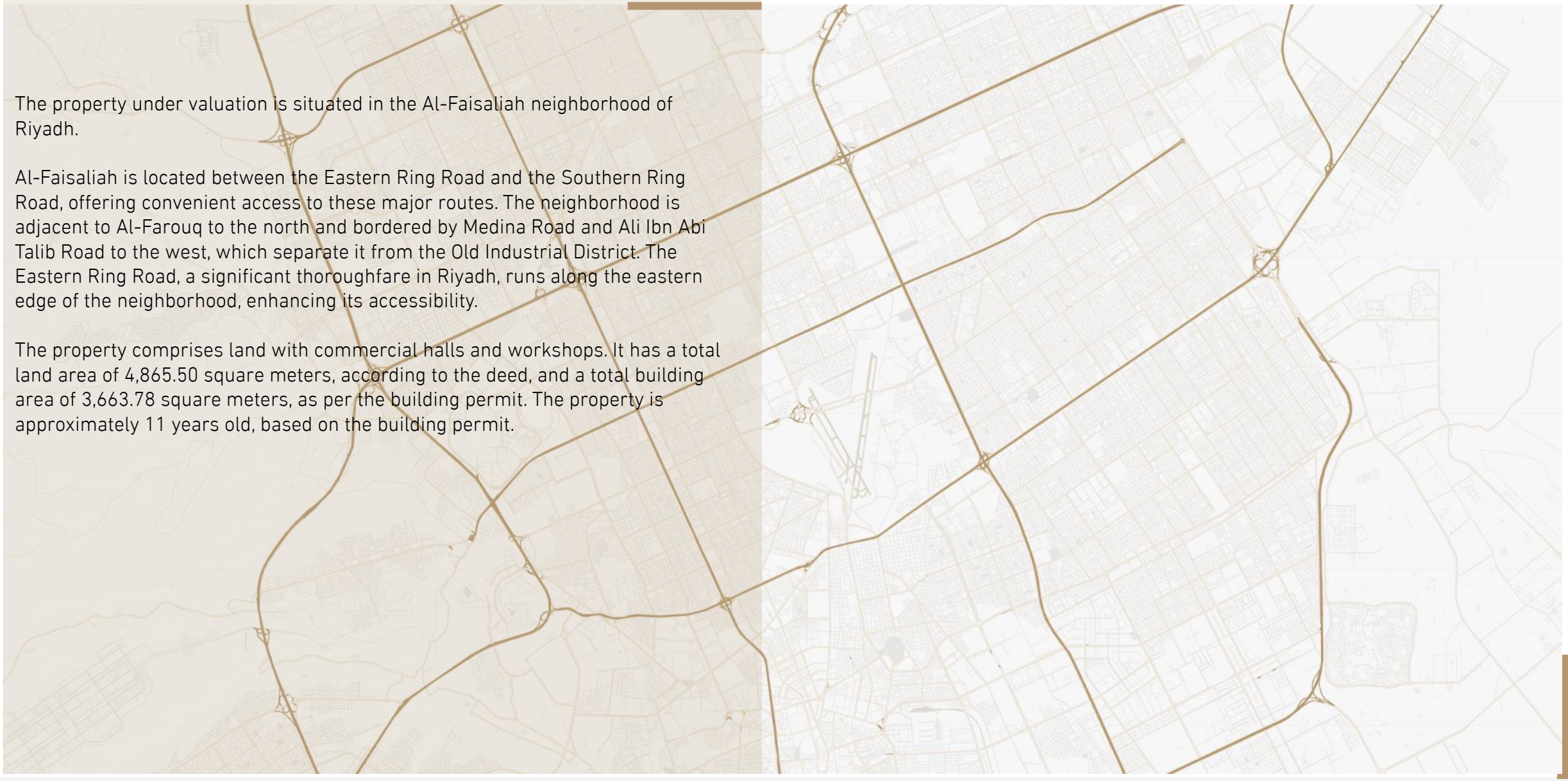
Property Description

Property Description

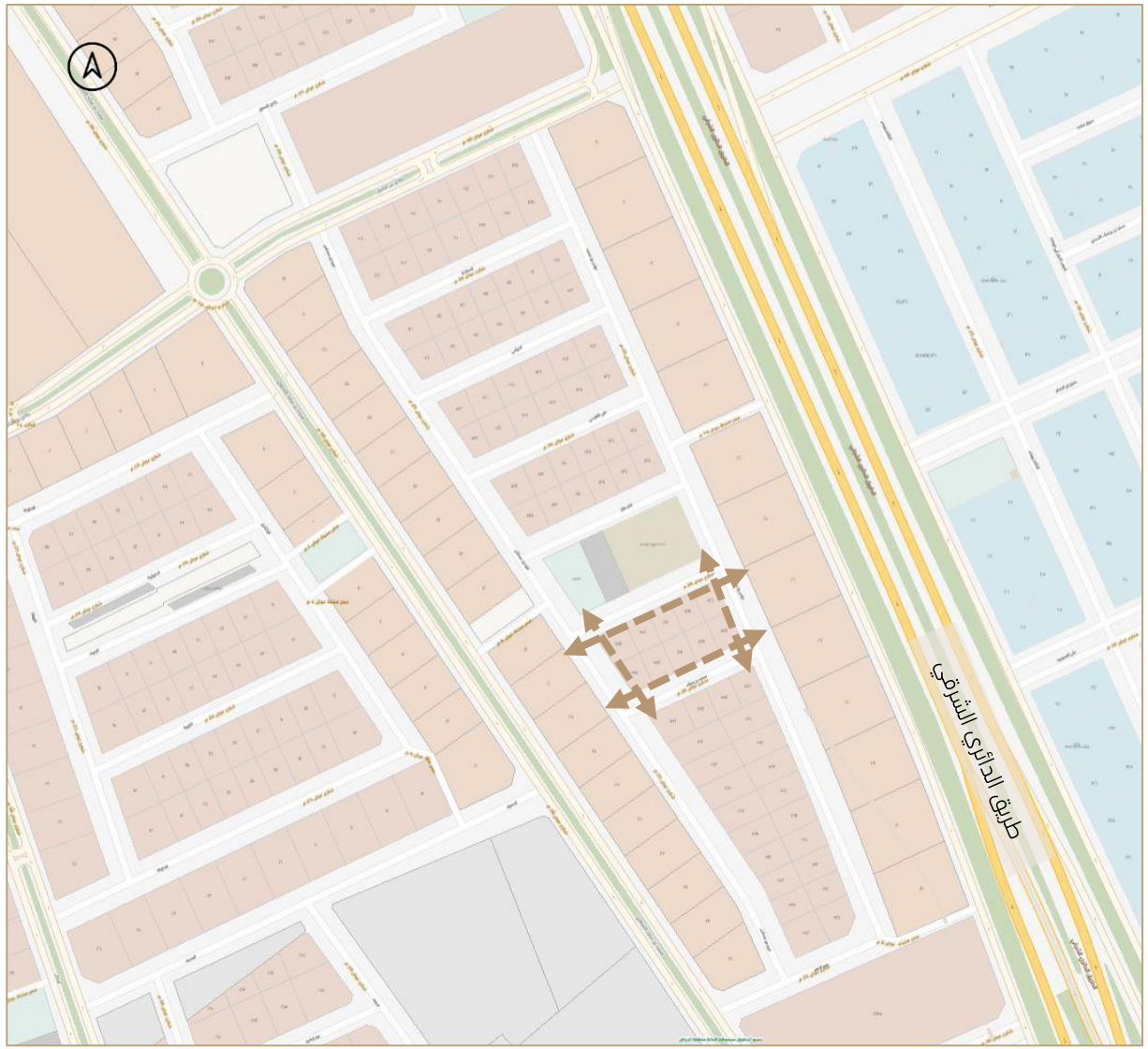
The property under valuation is situated in the Al-Faisaliah neighborhood of Riyadh.

Al-Faisaliah is located between the Eastern Ring Road and the Southern Ring Road, offering convenient access to these major routes. The neighborhood is adjacent to Al-Farouq to the north and bordered by Medina Road and Ali Ibn Abi Talib Road to the west, which separate it from the Old Industrial District. The Eastern Ring Road, a significant thoroughfare in Riyadh, runs along the eastern edge of the neighborhood, enhancing its accessibility.

The property comprises land with commercial halls and workshops. It has a total land area of 4,865.50 square meters, according to the deed, and a total building area of 3,663.78 square meters, as per the building permit. The property is approximately 11 years old, based on the building permit.



Property Details



Land Area		Land Use
^{2}m 4,865.50		Workshops and warehouse

Boundaries

Length	Border	Side
m 101.75	Street width 20 m	North
m 92.87	Street width 20 m	South
m 50	Street width 25 m	East
m 50.8	Street width 25 m	West

Land shape			
irregular		regular	√

Land level			
Uneven		level	√

Building in the adjacent plot			
Not built		Built	√

Property Details

Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12 هـ	393010004591

Issuance Date	Building Permit
1435/06/01 هـ	1432/10144

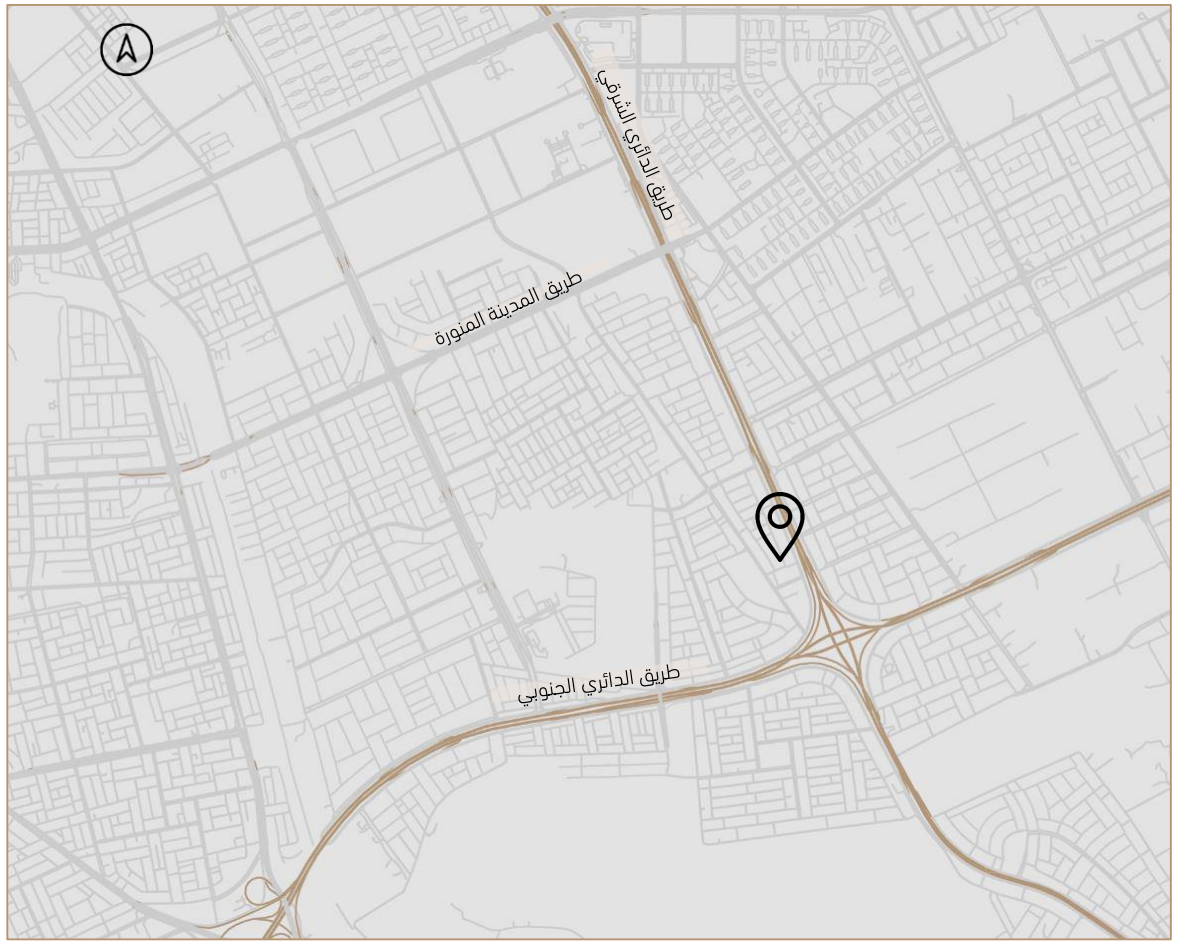
City	District
Riyadh	Faisalish

Parcel No.	Plan No.
From 546 to 555	3251

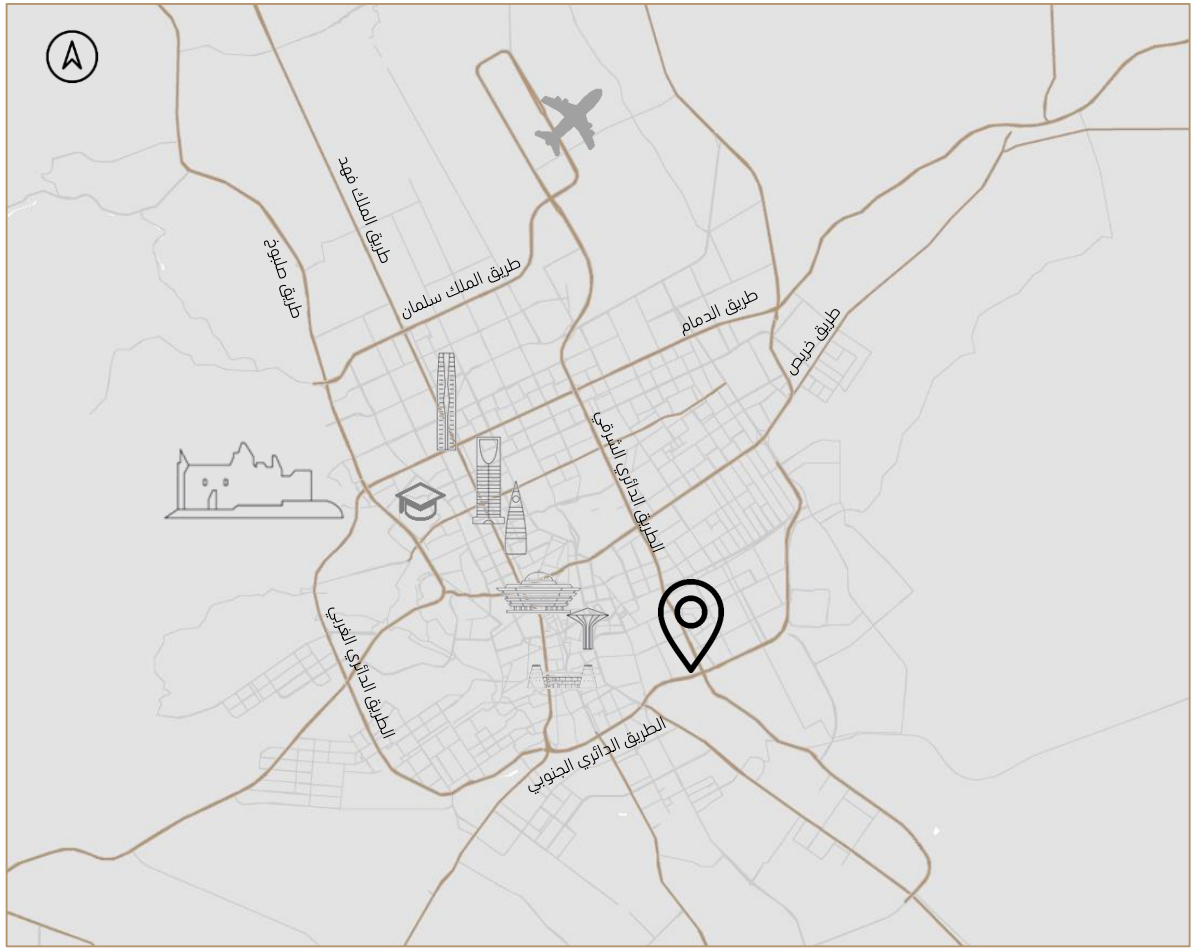
Coordinates
46.798167 ,24.636972

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

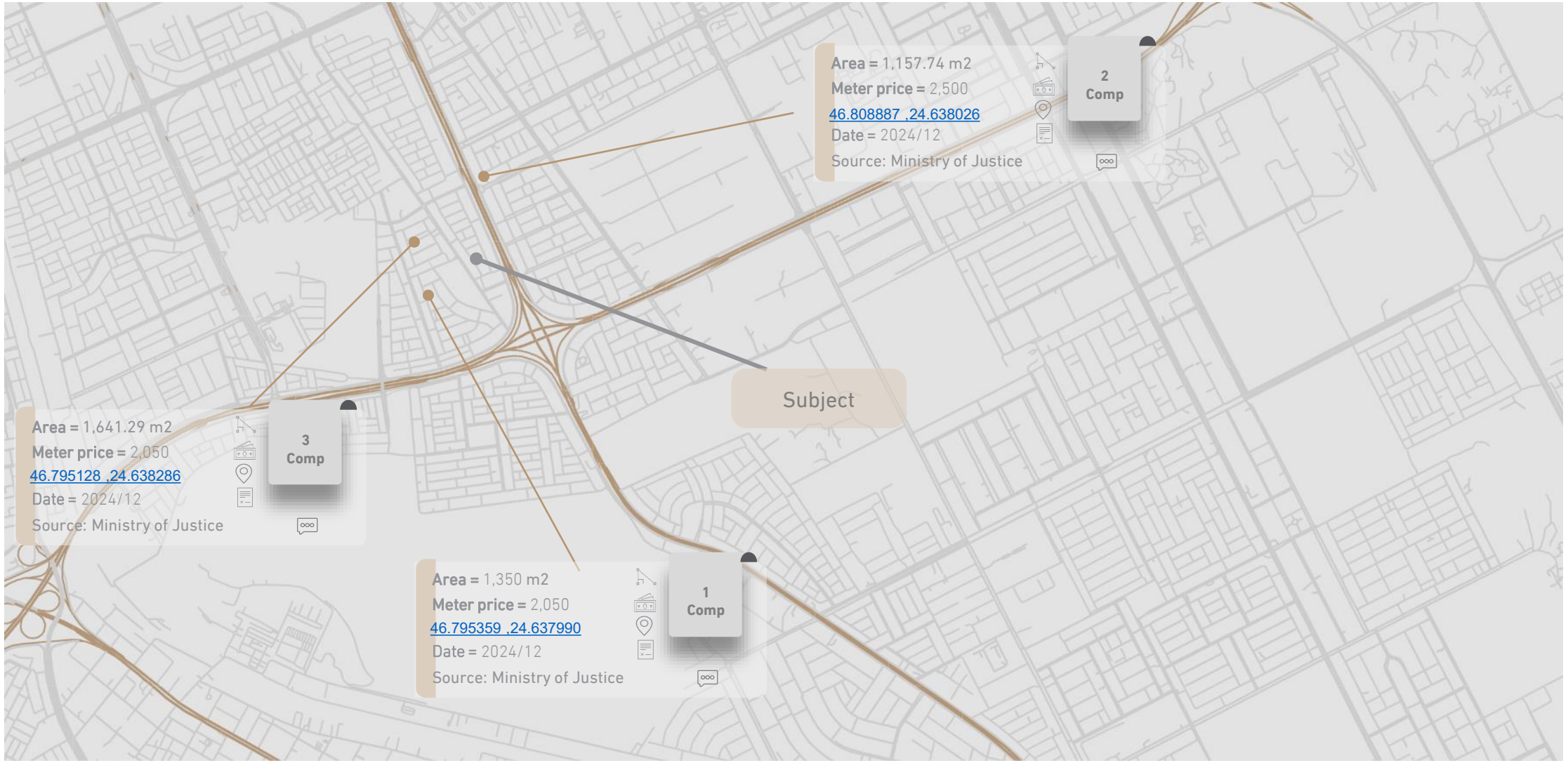
Photos of the property

04

Market Analysis

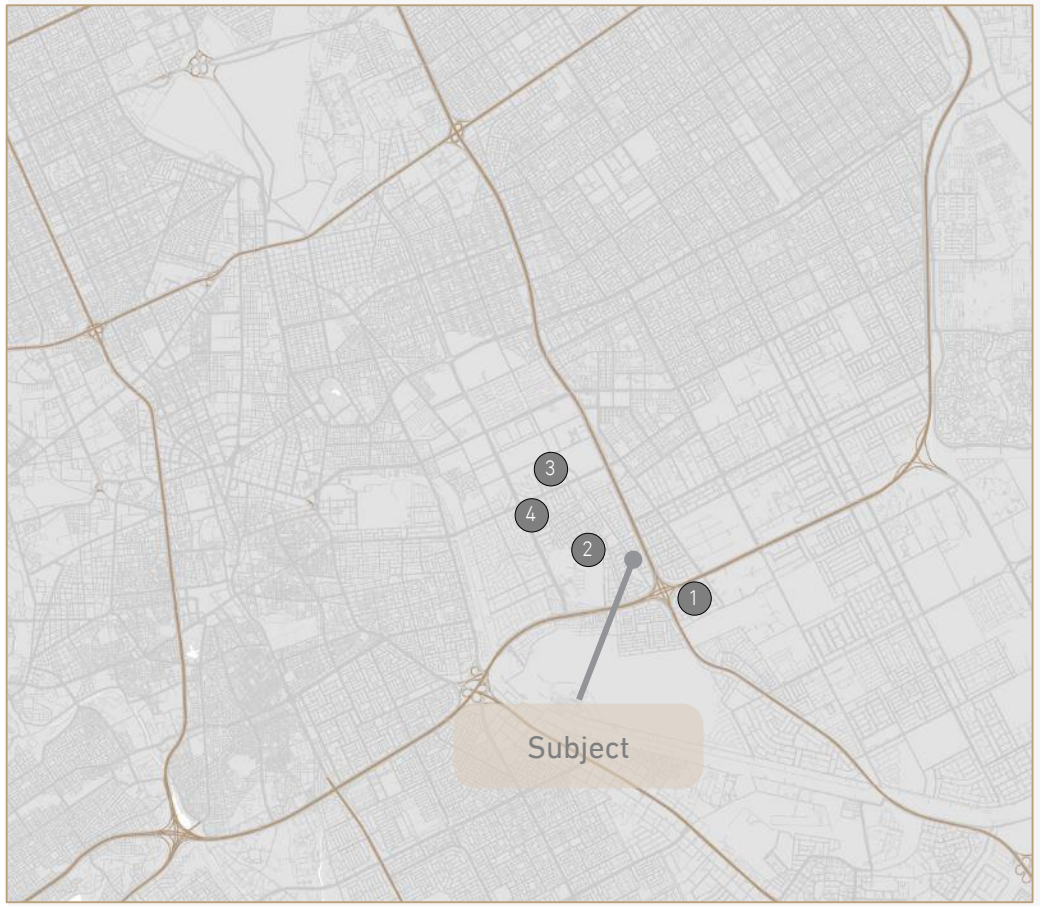
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Workshops and warehouse).

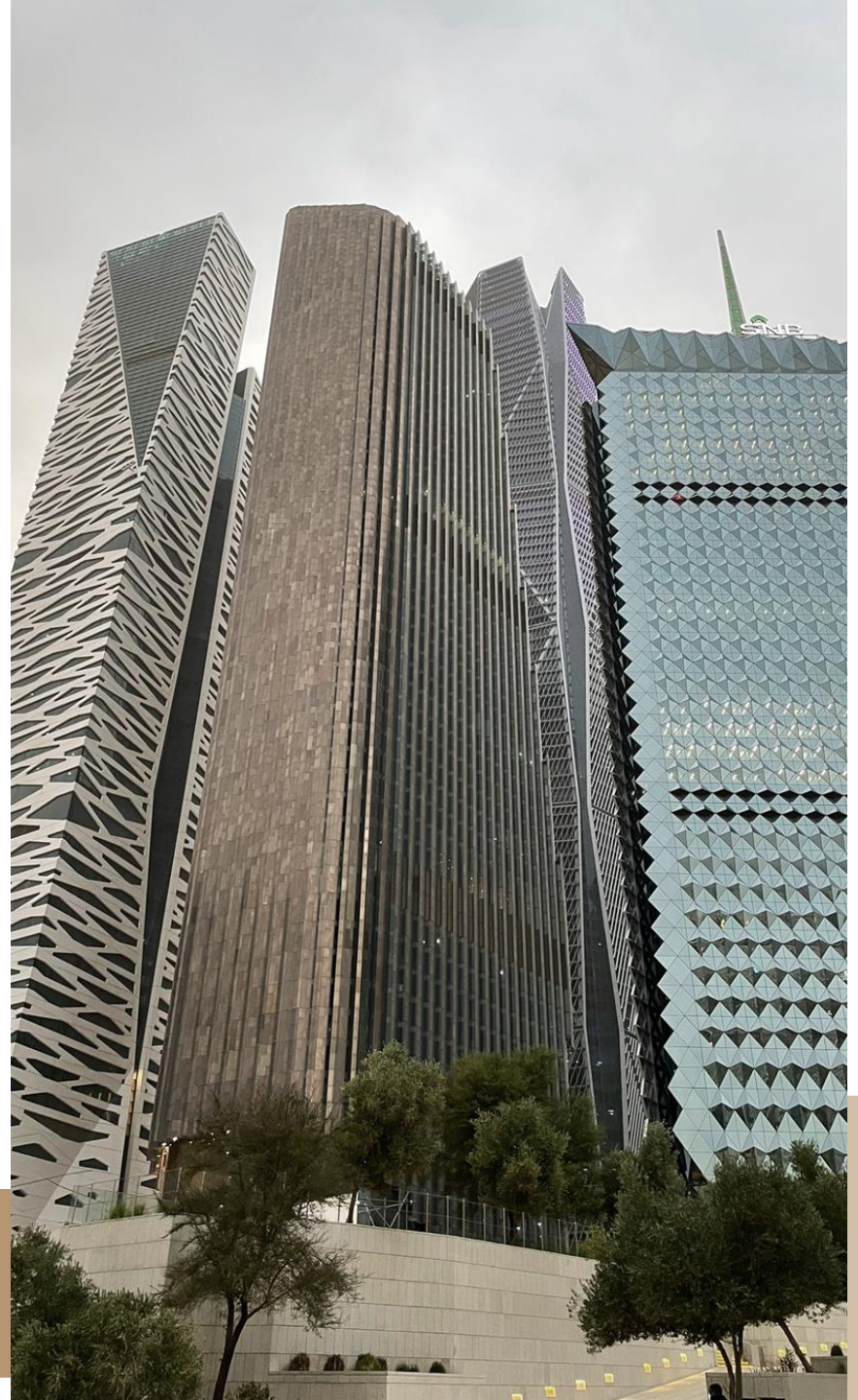


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Workshops and warehouse	Al Faisaliah	30	254	Rent Offer
2	Workshops and warehouse	Al Faisaliah	700	285	Rent Offer
3	Workshops and warehouse	Al Faisaliah	1200	250	Rent Offer
4	Workshops and warehouse	Al Faisaliah	500	190	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
warehouse	Al Sulay District - Riyadh	m 11.2	m 142	%8
warehouse	Al Sulay District - Riyadh	m 18.2	m 173	%8.5
warehouse	Al-Mashael District - Riyadh	m 6.4	m 85	%7.2



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date	**Dec-24**	**Dec-24**		**Dec-24**		**Dec-24**	
Meter Price (SR/m2)		2500		2050		2050	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		2500		2050		2050	
Land size	4,865.50	1,157.74	-4%	1,641.29	-4%	1,350.00	-4%
Location preference	Very good	Good	5%	Good	5%	Good	5%
Adjustment %		1%		1%		1%	
Meter 2 Price After adjustment		2525		2070.5		2070.5	
participation %		20%		40%		40%	
Meter value (SR/m2)		2161.40					
Meter value (SR/m2) after rounding		**2,160**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Building area	3,664.00	720	2,638,080
Total value of the buildings before depreciation (Saudi Riyals)			2,638,080
Development profit margin	**20%**		527,616
Total value of the buildings with profit margin (Saudi Riyals)			3,165,696
Depreciation	10	25.00%	791,424
Value of the buildings after depreciation (Saudi Riyals)			2,374,272
Land value (Saudi Riyals)	4,866	2,160	10,509,480
Final value	**12,883,752**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \text{Initial cash flow}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The current total income of the property to be appraised is 962,876.0 riyals, according to the information provided by the client. The reasonableness of market prices has been reviewed.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, with 8 years remaining for Block 7/A and 4 years remaining for Block 7/B, according to the information provided by the client.
   The lease contract provided by the client ends on 31-01-2032 for Hall 7/A, and the contract for Hall 7/B ends on 31-08-2027. The possibility of renewing the lease for Block 7/B after its expiration has been considered, with a 20% increase in the lease terms.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of Workshops and warehouse - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the Workshops and warehouse was reached as follows:

Feature	Subject	Comp .1		Comp . 2	
Date	2024	2024		2024	
Meter Price (SR/m2)		190		234	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		190		234	
space difference	4,865.50	500	-5%	640	-5%
Location	Very Good	Good	5%	Good	5%
Adjustment %		0%		0 %	
Meter 2 Price After adjustment		190		324	
participation %		60%		40%	
Meter value (SR/m2)		207.6			
Meter value (SR/m2) after rounding		210			

Estimating value by using The income approach –DCF- :

Contract details:

Block contract 7/A:

Workshop No. 7/A: One contract for a period of 10 years starting from 02/01/2022 to 01/31/2031, a variable value contract such that there is growth in the contract every three years. 2022 = 500,000 riyals, 2024 = 550,000 riyals, 2027 = 600,000 riyals until the beginning of 2031.

Block Contract 7/B:

Workshop No. 7/B, with one contract for a period of 5 years from 09/01/2022 to 08/31/2027, with a fixed contract amounting to 412,876 riyals annually, and it was assumed that the contract would be renewed with an increase of 20% from the previous contract after completion.

date	Income according to contract 7/b	Growth rate 7/b	Income according to contract 7/a	Growth rate 7/b	Annual gross income	Total growth rate
2025	412,876	0%	550,000.0	0.0%	962,876	0.0%
2026	412,876	0%	550,000.0	0.0%	962,876	0.0%
2027	412,876	0%	600,000.0	8.3%	1,012,876	5.2%
2028	495,451.2	20%	600,000.0	0.0%	1,095,451.2	8.2%
2029	495,451.2	0%	600,000.0	0.0%	1,095,451.2	0.0%
2030	495,451.2	0%	600,000.0	0.0%	1,095,451.2	0.0%
2031	495,451.2	0%	600,000.0	0.0%	1,095,451.2	0.0%

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The total income value, in the case of 100% occupancy, is 962,876 riyals, with annual expenses at 0%. The growth rates are as follows:

- 2027 = 5.2% , 2028 = 8.2%

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	10.36%	Gross income	962,876
Growth rate	% 8.2 = 2028 ، %5.2 = 2027	Cap rate	%7.5	Cash flow period	7

Period	0	1	2	3	4	5	6
Year	2025	2026	2027	2028	2029	2030	2031
Growth Rate	0.00%	0.00%	5.20%	8.20%	0.00%	0.00%	0.00%
Total Income	962,876	962,876	1,012,946	1,096,007	1,096,007	1,096,007	1,096,007
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%
Effective Income	962,876	962,876	1,012,946	1,096,007	1,096,007	1,096,007	1,096,007
Total Operating Expenses	0	0	0	0	0	0	0
Net Income	962,876	962,876	1,012,946	1,096,007	1,096,007	1,096,007	1,096,007
Future Property Value				14,613,428			
Net Cash Flow of the Property	962,876	962,876	1,012,946	1,096,007	1,096,007	1,096,007	15,709,435
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61	0.55
Present Value of Money	962,876	872,486	831,692	815,414	738,868	669,507	8,695,417
Present Value				**13,586,260**			
Present Value (After Rounding)				**13,590,000**			

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 13,590,000	%100
the cost Approach	SAR 12,883,752	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 13,590,000
	Written	Thirteen million five hundred and ninety thousand riyals only.

Attachments

Unified العقد التجاري الموحد Contract

يعتبر هذا العقد عقداً موثقاً وسنداً تنفيذياً بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — **١ بيانات العقد**

Contract Type	جديد	نوع العقد:	Contract No.	2012151995 3 / 1	رقم سجل العقد:
Contract Sealing Location	الرياض	مكان إبرام العقد:	Contract Sealing Date	2022-01-19	تاريخ إبرام العقد:
Tenancy End Date	2032-01-31	تاريخ نهاية مدة الإيجار:	Tenancy Start Date	2022-02-01	تاريخ بداية مدة الإيجار:
Contract is conditional		لا			معلق بشرط
			Ejar Fees Paid By	الدفع عن طريق رصيد الوسيط العقاري	طريقة دفع رسوم العقد:

Lessor Data — **٢ بيانات المؤجر**

Company name/Founder	شركة تمدين الدولي العقارية شركة شخص واحد	اسم الشركة/المؤسسة:	Organization Type	التجارية	نوع المنشأة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السجل التجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — **٣ بيانات ممثل المؤجر**

Name				سلمان حسين بن يحيى معيدي	الاسم:
			Nationality	المملكة العربية السعودية	الجنسية:
ID No.	1073134924	رقم الهوية:	ID Type	هوية وطنية	نوع الهوية:
Email	muaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوال:
National Address		الرياض، الرياض			العنوان الوطني:
			تاريخ الانتهاء Expiry Date	تاريخ الاصدار Issue Date	نوع المستند Type	رقم سند التمثيل Number
			2022-09-05	2021-09-16	وكالة شرعية إلكترونية	43661903

Tenant Data — **٤ بيانات المستأجر**

Company name/Founder	شركة جيومين	اسم الشركة/المؤسسة:	Organization Type	التجارية	نوع المنشأة:
Unified Number	7013609123	الرقم الموحد	CR No.	1010429804	رقم السجل التجاري:

1

Lease contract 7/a

Unified العقد التجاري الموحد Contract

يعتبر هذا العقد عقداً موثقاً وسنداً تنفيذياً بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — **١ بيانات العقد**

Contract Type	جديد	نوع العقد:	Contract No.	2005672499 5 / 1	رقم سجل العقد:
Contract Sealing Location	الرياض	مكان إبرام العقد:	Contract Sealing Date	2022-06-22	تاريخ إبرام العقد:
Tenancy End Date	2027-08-31	تاريخ نهاية مدة الإيجار:	Tenancy Start Date	2022-09-01	تاريخ بداية مدة الإيجار:
Contract is conditional		لا			معلق بشرط
			Ejar Fees Paid By	الدفع عن طريق رصيد الوسيط العقاري	طريقة دفع رسوم العقد:

Lessor Data — **٢ بيانات المؤجر**

Company name/Founder	شركة تمدين الدولي العقارية شركة شخص واحد	اسم الشركة/المؤسسة:	Organization Type	التجارية	نوع المنشأة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السجل التجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — **٣ بيانات ممثل المؤجر**

Name				سلمان حسين بن يحيى معيدي	الاسم:
			Nationality	المملكة العربية السعودية	الجنسية:
ID No.	1073134924	رقم الهوية:	ID Type	هوية وطنية	نوع الهوية:
Email	muaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوال:
National Address		الرياض، الرياض			العنوان الوطني:
			تاريخ الانتهاء Expiry Date	تاريخ الاصدار Issue Date	نوع المستند Type	رقم سند التمثيل Number
			2022-09-05	2021-09-16	وكالة شرعية إلكترونية	43661903

Tenant Data — **٤ بيانات المستأجر**

Company name/Founder	شركة مراكب للتجارة	اسم الشركة/المؤسسة:	Organization Type	التجارية	نوع المنشأة:
Unified Number	7003536419	الرقم الموحد	CR No.	2050110560	رقم السجل التجاري:

1

Lease contract 7/b

Teqnia Complex, Block 9

Report Number	DC24013278
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Workshops and warehouse
Address	Riyadh - Faisalish

The Final value of the property	Number	SAR 12,270,000
	Written	Twelve million two hundred and seventy thousand Saudi riyals only.

باركود BARCODE
92 000 5564
Assets Valuation تقييم الأصول

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Faisalish

Land Area
^{2}m 6,098.38

Deed Date	Deed Number
1443/03/13 هـ	393010005756

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	12,270,000
The Grand Total of the Properties (Written)	Twelve million two hundred and seventy thousand Saudi riyals only.

02

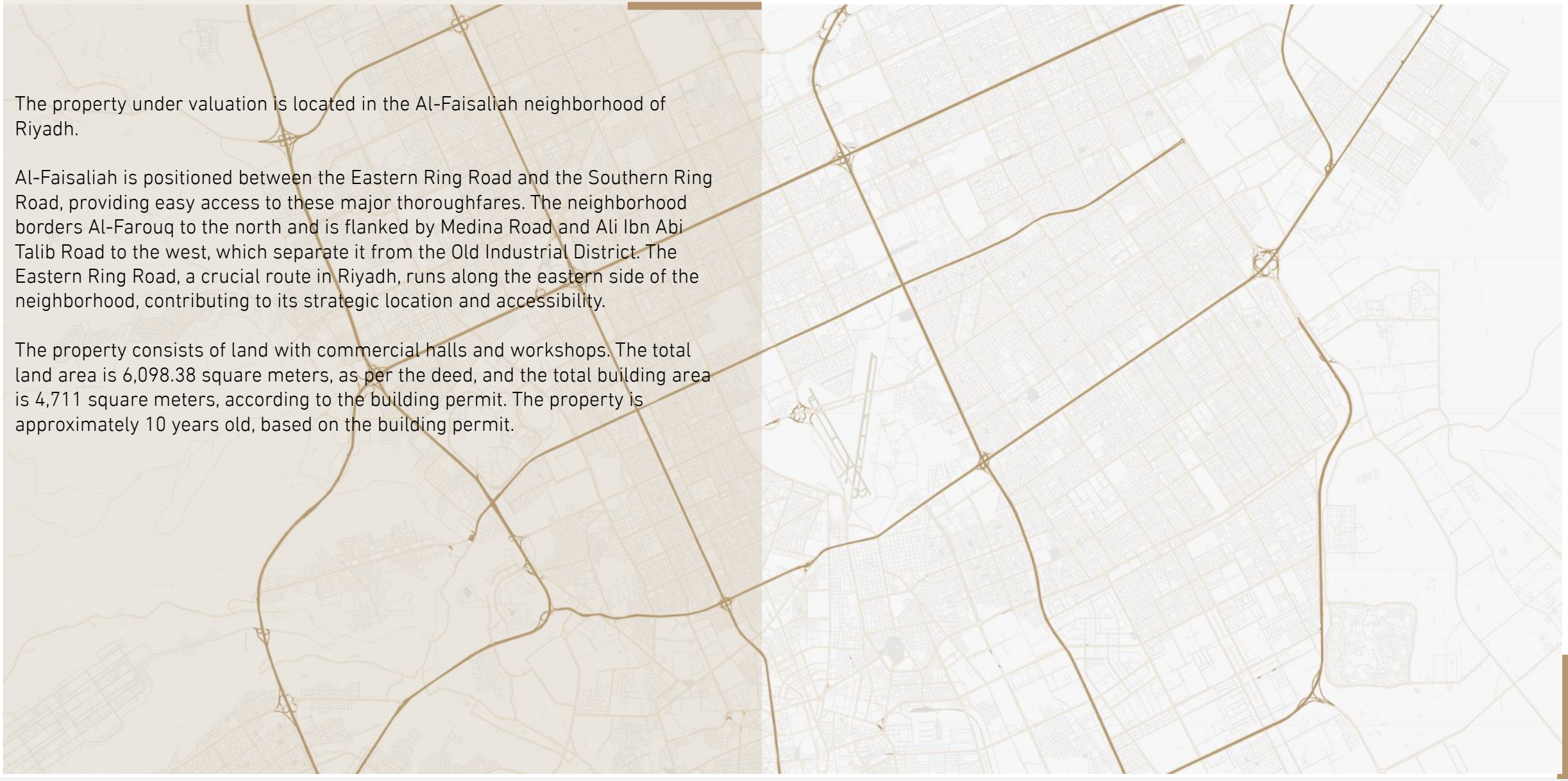
Property Description

Property Description

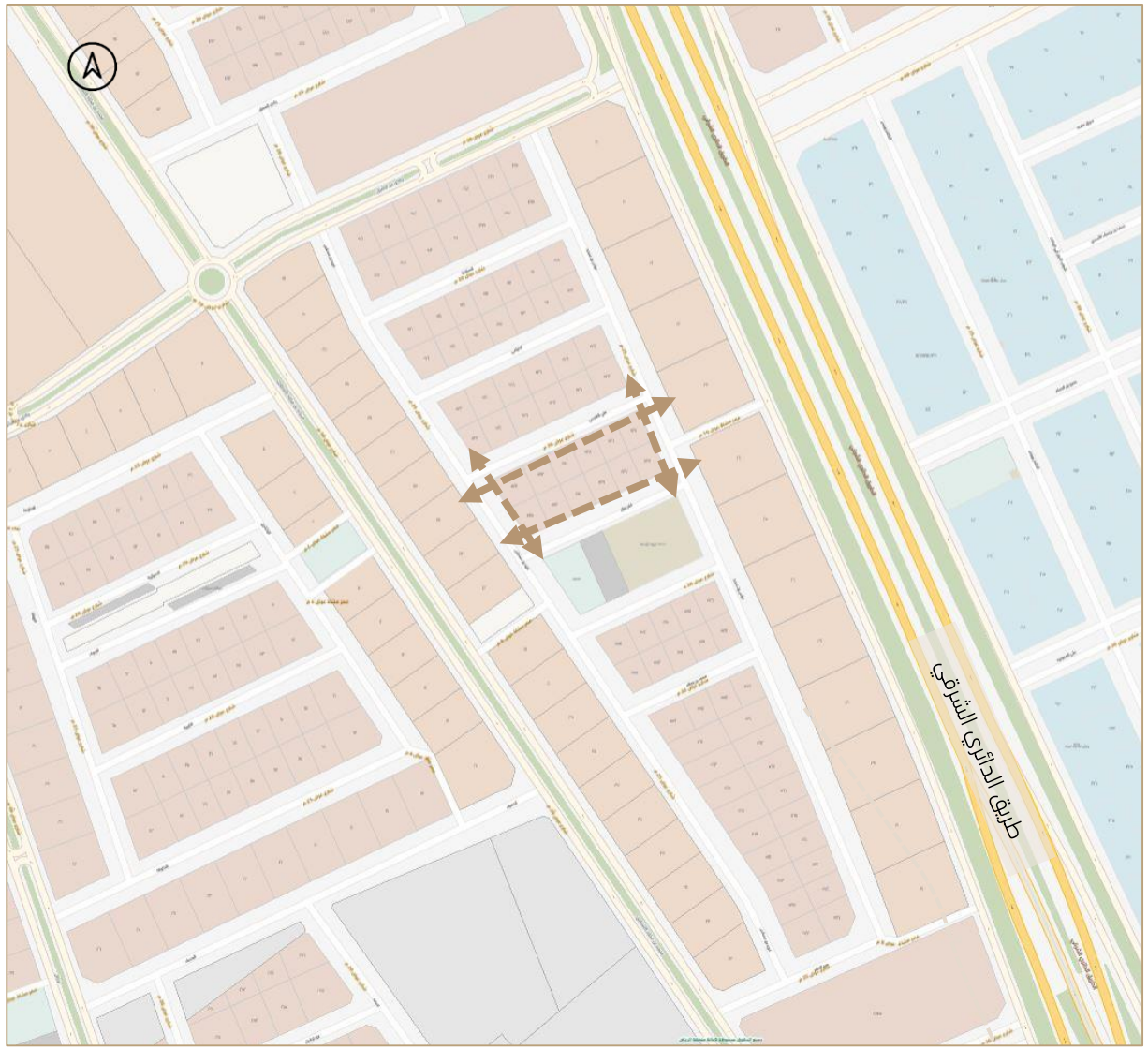
The property under valuation is located in the Al-Faisaliah neighborhood of Riyadh.

Al-Faisaliah is positioned between the Eastern Ring Road and the Southern Ring Road, providing easy access to these major thoroughfares. The neighborhood borders Al-Farouq to the north and is flanked by Medina Road and Ali Ibn Abi Talib Road to the west, which separate it from the Old Industrial District. The Eastern Ring Road, a crucial route in Riyadh, runs along the eastern side of the neighborhood, contributing to its strategic location and accessibility.

The property consists of land with commercial halls and workshops. The total land area is 6,098.38 square meters, as per the deed, and the total building area is 4,711 square meters, according to the building permit. The property is approximately 10 years old, based on the building permit.



Property Details



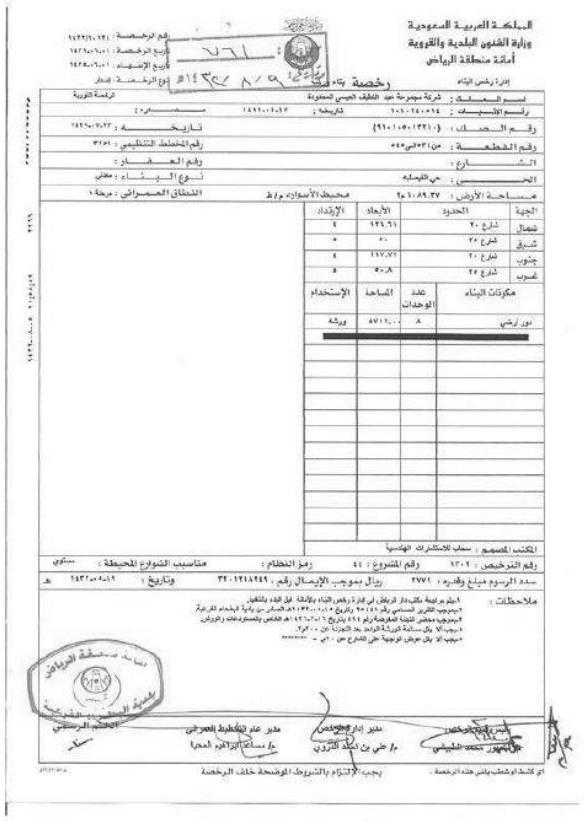
Land Area		Land Use
^{2}m 6,098.38		Workshops and warehouse

Boundaries

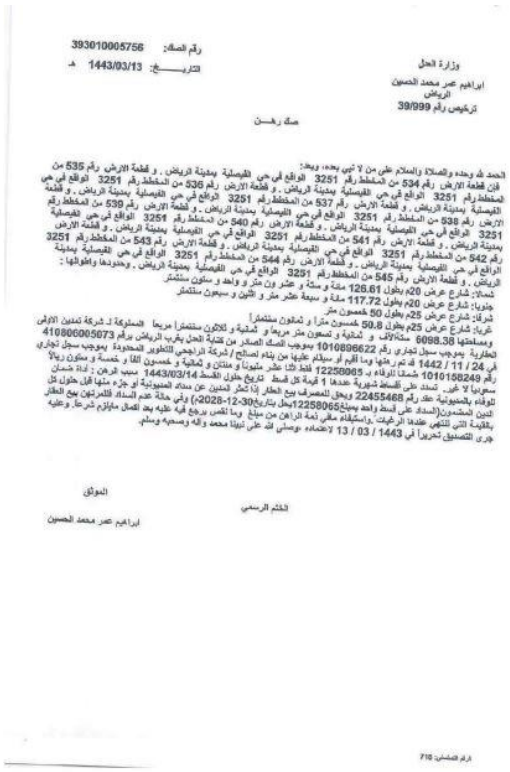
Length	Border	Side
m 126.61	Street width 20 m	North
Length	**Border**	**Side**
m 117.72	Street width 20 m	South
Length	**Border**	**Side**
m 50	Street width 25 m	East
Length	**Border**	**Side**
m 50.8	Street width 25 m	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit



Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/03/13 هـ	393010005756

Issuance Date	Building Permit
1435/06/01 هـ	1432/10124

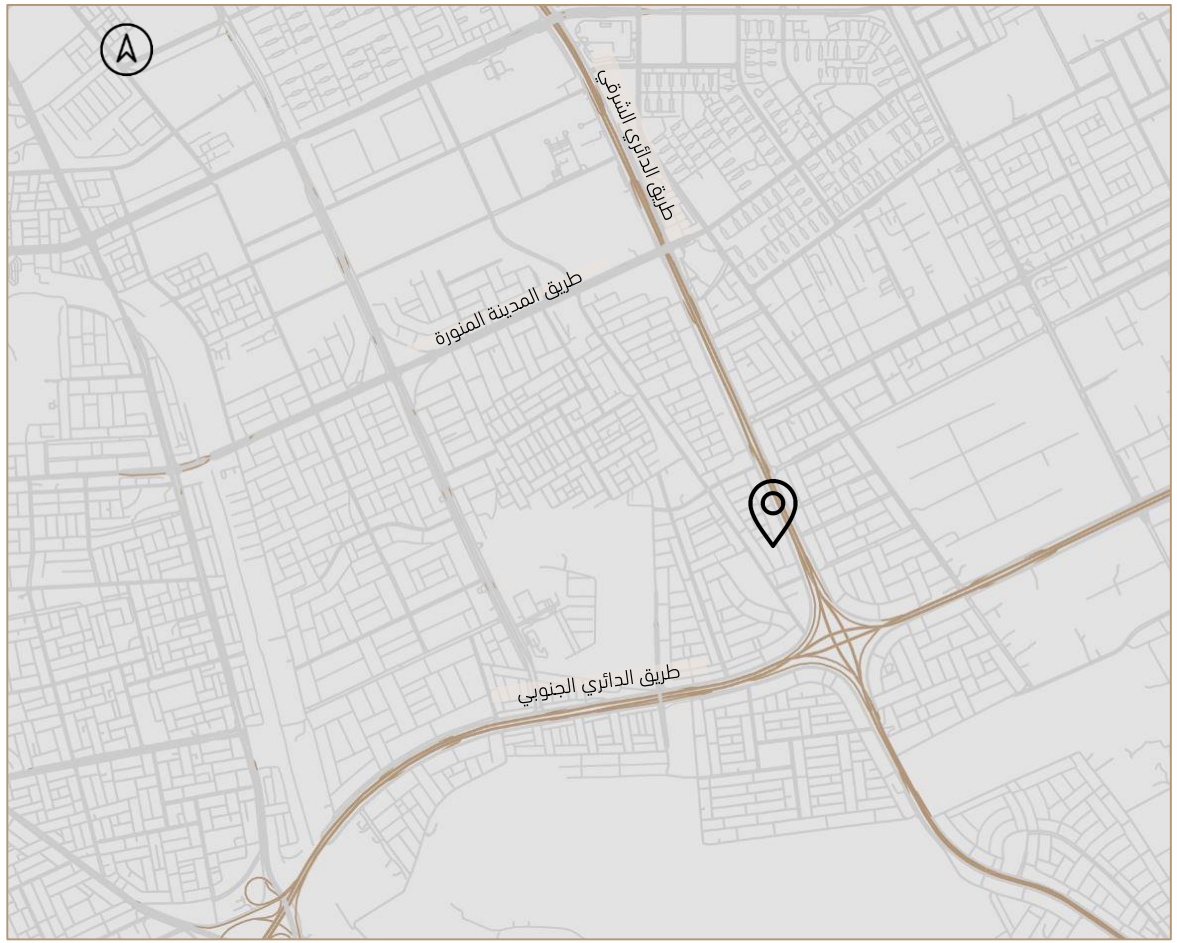
City	District
Riyadh	Faisalish

Parcel No.	Plan No.
Form 534 to 545	3251

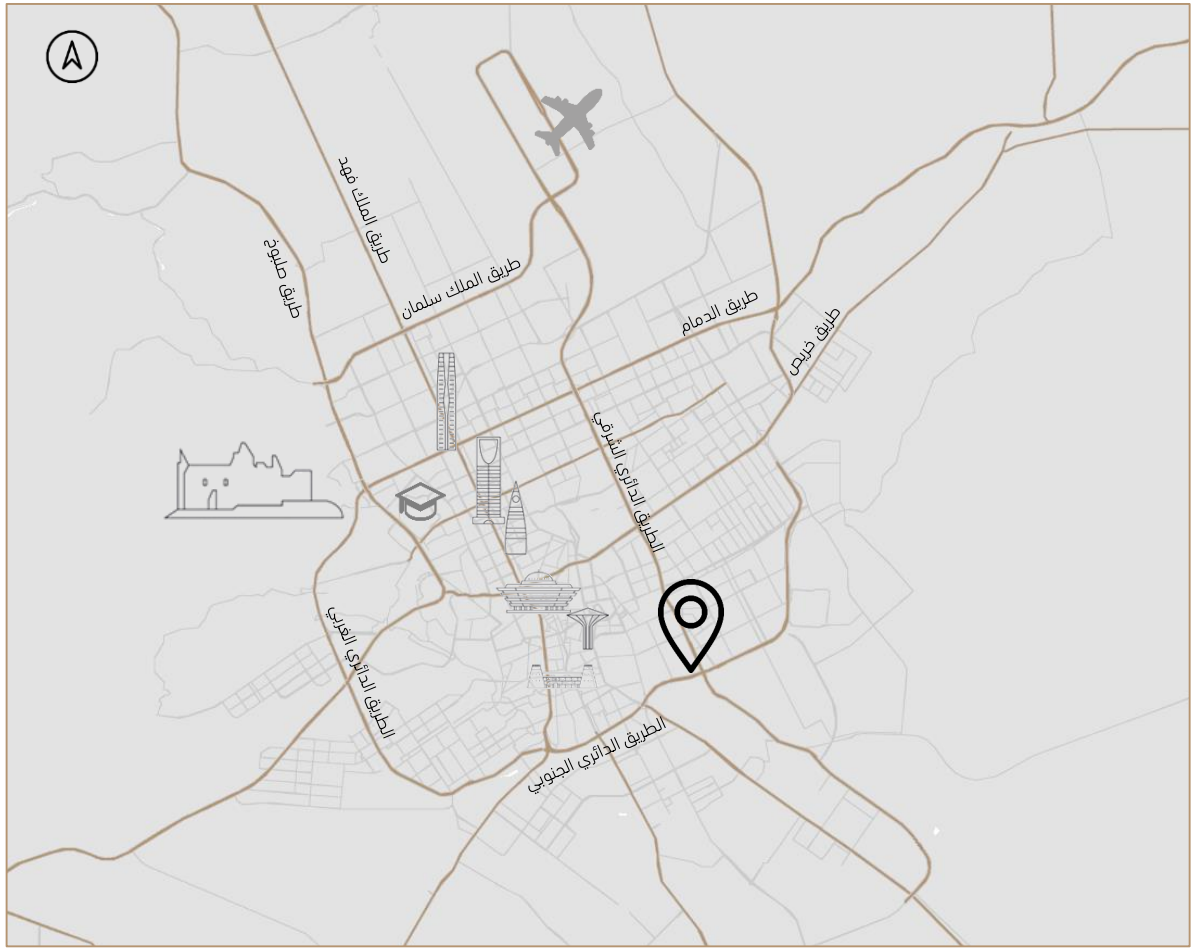
Coordinates
46.797417 ,24.638000

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

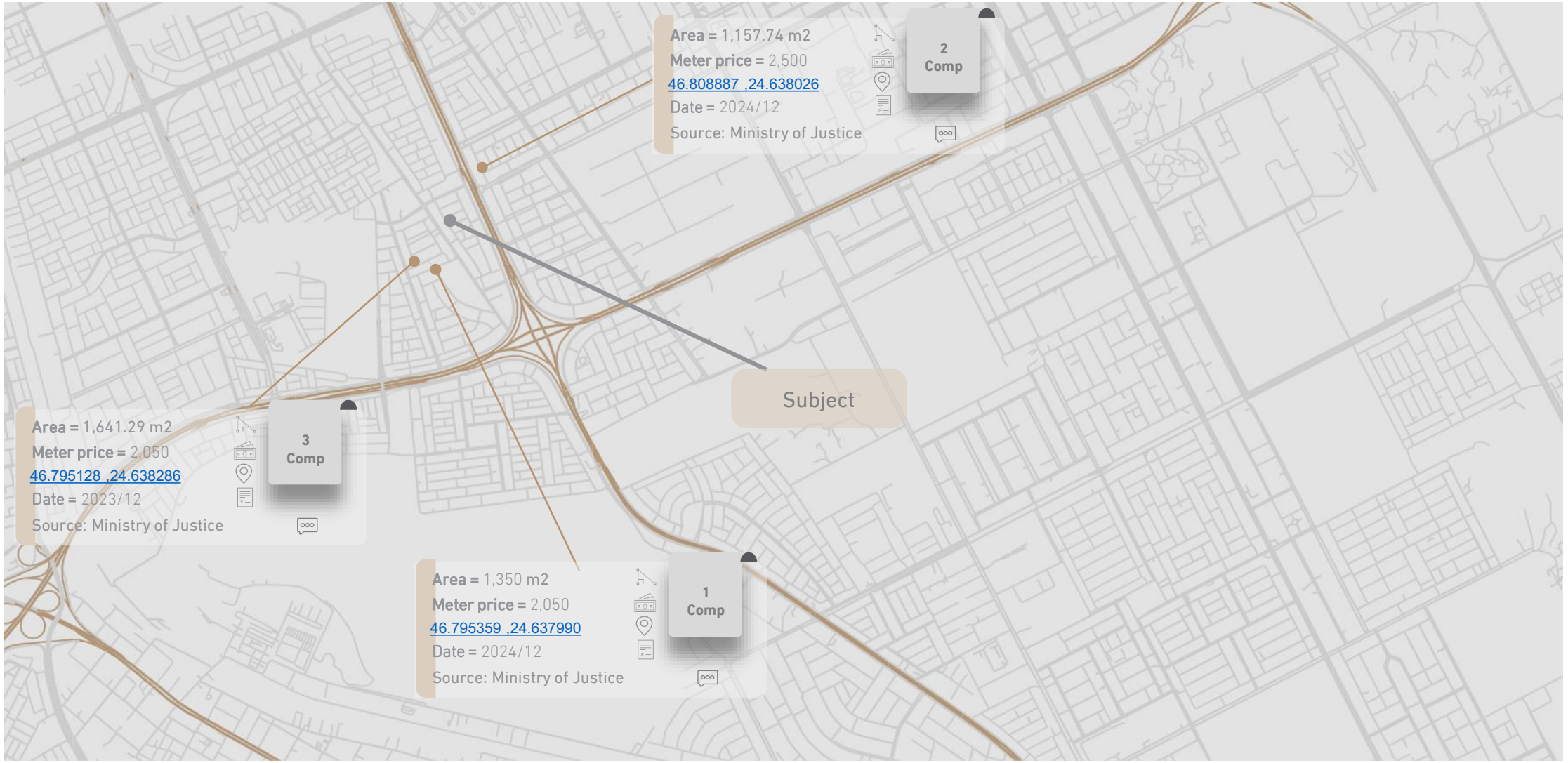
Photos of the property

04

Market Analysis

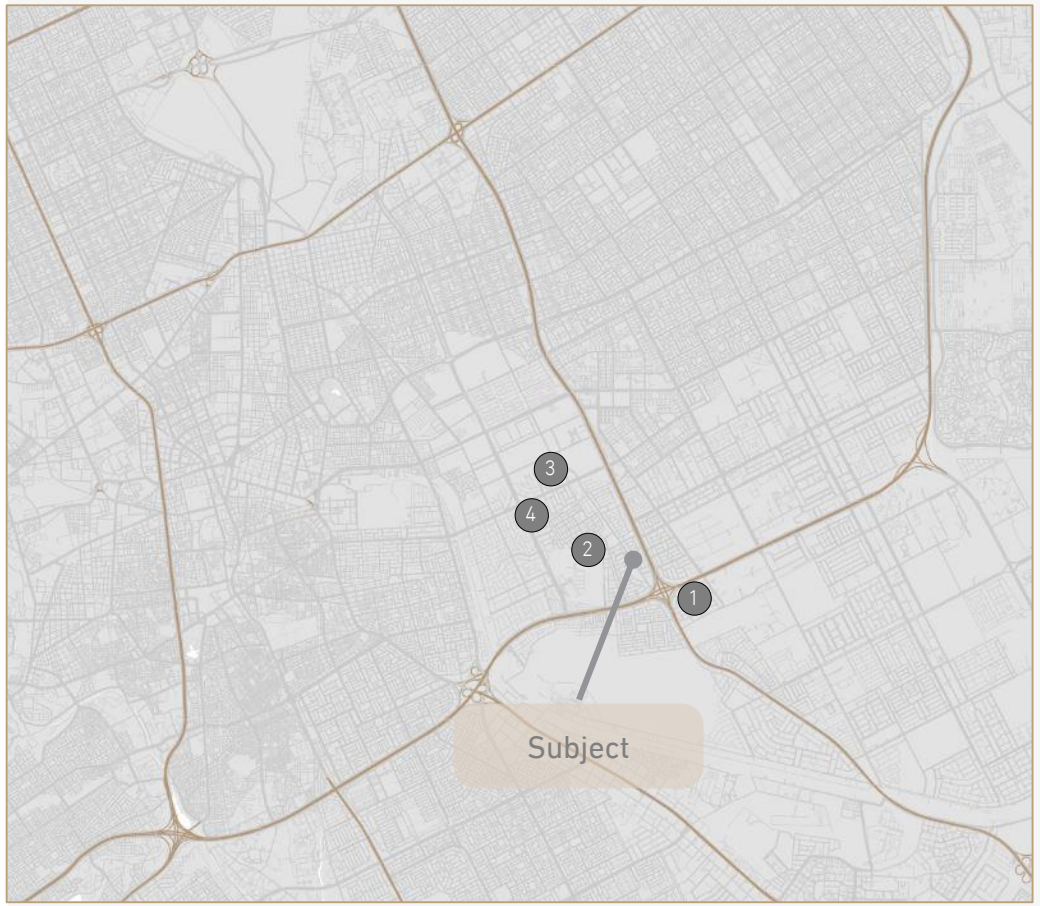
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Workshops and warehouse).

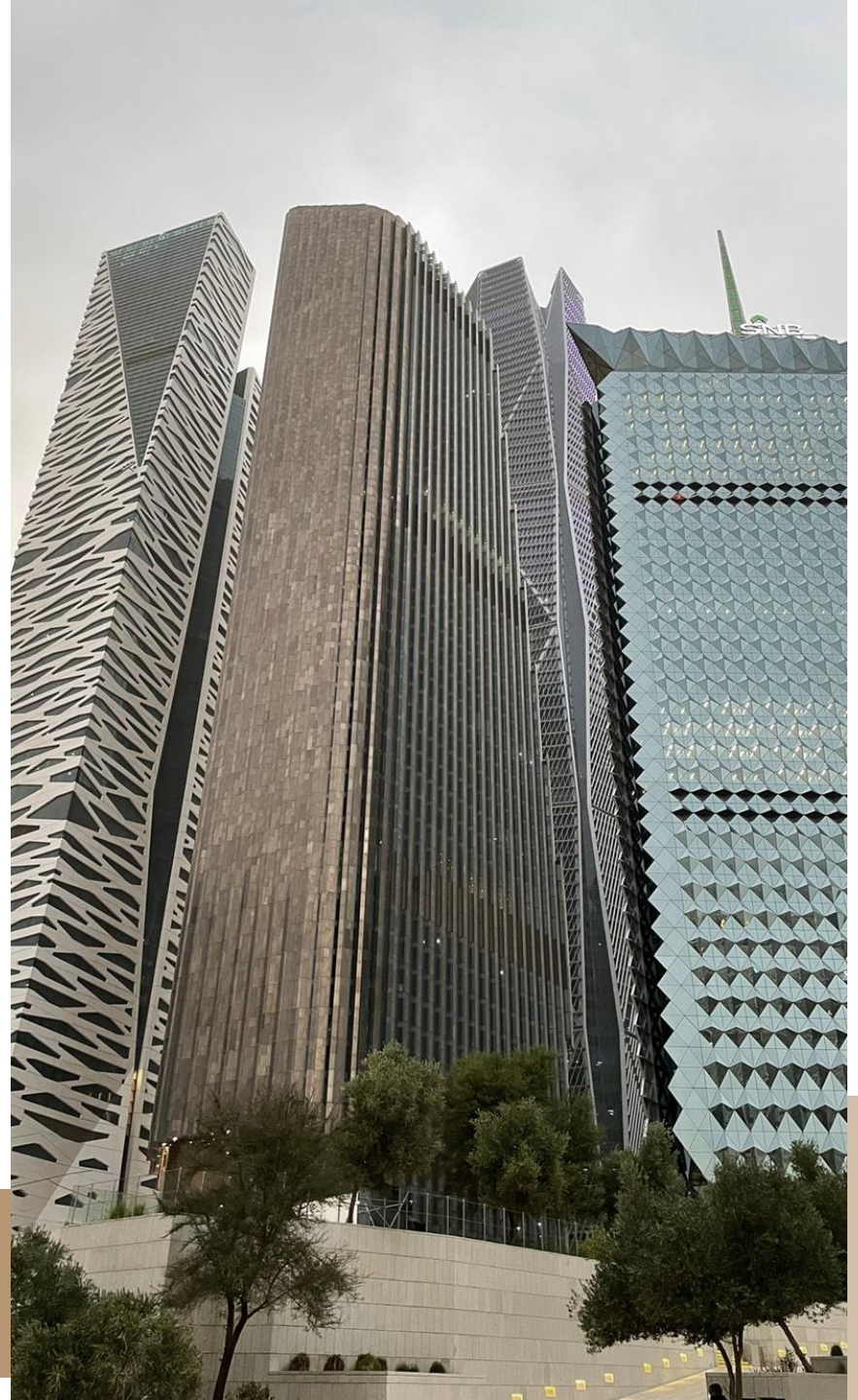


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Workshops and warehouse	Al Faisaliah	30	254	Rent Offer
2	Workshops and warehouse	Al Faisaliah	700	285	Rent Offer
3	Workshops and warehouse	Al Faisaliah	1200	250	Rent Offer
4	Workshops and warehouse	Al Faisaliah	500	190	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
warehouse	Al Sulay District - Riyadh	m 11.2	m 142	%8
warehouse	Al Sulay District - Riyadh	m 18.2	m 173	%8.5
warehouse	Al-Mashael District - Riyadh	m 6.4	m 85	%7.2



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the land value, a field survey was conducted to assess current market prices of both sold and listed properties similar to the one being valued. Since no two properties are identical, adjustments were made to the prices of the comparable properties. These adjustments involved:

- Subtracting the value of features that favored the comparative properties
- Adding the value of features that benefit the property being evaluated

Comparison factors included market conditions, differences in area, road views, and road numbers. Based on these adjustments, the land value was determined to be:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date	**Dec-24**	**Dec-24**		**Dec-24**		**Dec-24**	
Meter Price (SR/m2)		2500		2050		2050	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		2500		2050		2050	
Land size	6,098.38	1,157.74	-6%	1,641.29	-6%	1,350.00	-6%
Location preference	Very good	Good	5%	Good	5%	Good	5%
Adjustment %		-1%		-1%		-1%	
Meter 2 Price After adjustment		2475		2029.5		2029.5	
participation %		20%		40%		40%	
Meter value (SR/m2)		2118.60					
Meter value (SR/m2) after rounding		**2,120**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The property value was estimated by adding the land value to the total construction cost, using the prevailing prices at the time of valuation. This involved calculating the cost of the building unit based on its construction quality, finishes, and total area, then subtracting depreciation since construction. The formula used was: Property Value = Land Value + (Construction Cost + Profit Margin - Depreciation)The land value was determined through a field survey, evaluating current market prices for similar sold and listed properties. Since no two properties are identical, adjustments were made to the comparative land prices. This involved subtracting the value of features that benefited the comparison properties and adding the value of features that advantageously affected the property being valued. The valuation includes consulting fees, management costs, and contractor profits, as well as all construction costs, such as fences, tanks, and general site coordination. It excludes movable assets and financing costs. Based on this analysis, the concluded value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Building area	4,711.00	720	3,391,920
0			
Total value of the buildings before depreciation (Saudi Riyals)			3,391,920
Development profit margin	**20%**		678,384
Total value of the buildings with profit margin (Saudi Riyals)			4,070,304
Depreciation	10	25.00%	1,017,576
Value of the buildings after depreciation (Saudi Riyals)			3,052,728
Land value (Saudi Riyals)	6,098	2,120	12,928,566
Final value	**15,981,294**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income of the property to be appraised is 763,600 riyals, according to the information provided by the client. The reasonableness of market prices has been reviewed.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, which ends on 21-12-2024, according to the information provided by the client. The possibility of renewing the contract with a 20% increase for a similar duration has been considered.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of Workshops and warehouse - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the Workshops and warehouse was reached as follows:

Feature	Subject	Comp .1		Comp . 2	
Date	2024	2024		2024	
Meter Price (SR/m2)		190		234	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		190		234	
space difference	4,865.50	500	-5%	640	-5%
Location	Very Good	Good	5%	Good	5%
Adjustment %		0%		0 %	
Meter 2 Price After adjustment		190		324	
participation %		60%		40%	
Meter value (SR/m2)		207.6			
Meter value (SR/m2) after rounding		210			

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The contract provided by the client ends in 12/2024. The total income value, in the case of 100% occupancy, is 763,600 riyals, with annual expenses at 0%. A 20% growth rate has been assumed for the beginning of 2025, assuming the contract is renewed for a similar term.

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	916,320
Growth rate	%20=2028	Cap rate	%7.5	Cash flow period	4

Period	0	1	2	3
Year	2025	2026	2027	2028
Growth Rate	0.00%	0.00%	0.00%	0.00%
Total Income	916,320	916,320	916,320	916,320
Occupancy Rate	100%	100%	100%	100%
Effective Income	916,320	916,320	916,320	916,320
Total Operating Expenses	0	0	0	0
Net Income	916,320	916,320	916,320	916,320
Future Property Value	12,217,600			
Net Cash Flow of the Property	916,320	916,320	916,320	13,133,920
Discount Factor	0.1	0.91	0.82	0.74
Present Value of Money	916,320	830,301	752,357	9,771,456
Present Value	**12,270,434**			
Present Value (After Rounding)	**12,270,000**			

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 12,270,000	%100
the cost Approach	SAR 15,981,294	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 12,270,000
	Written	Twelve million two hundred and seventy thousand Saudi riyals only.

Attachments

العقد الموحد Unified Contract
العقد التجاري Commercial Contract

يعتبر هذا العقد عقدًا مولّفا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد — Contract Data

رقم سجل العقد:	2022358597	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2021-10-10	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2021-12-22	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2024-12-21	Tenancy End Date
معلق بشرط			نعم		Contract is conditional

الشرط المعلق عليه بداية الإيجار: العقد معلق بدفع الايجار

طريقة دفع رسوم العقد:	المؤجر	Ejar Fees Paid By	

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	commercial	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية	Company name/Founder
رقم السجل التجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات ممثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073136924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	muaidis@mulkia.com.sa	Email
العنوان الوطني:	الرياض، الرياض				National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date
43661903	وكالة شرعية إلكترونية	2021-09-16	2022-09-05

٤ بيانات المستأجر — Tenant Data

نوع المنظمة:	commercial	Organization Type	اسم الشركة/المؤسسة:	شركة العيسى العالمية للسيارات	Company name/Founder
رقم السجل التجاري:	1010269251	CR No.	الرقم الموحد	7001751077	Unified Number

1

Lease contract 9

Teqnia Complex, Block 10

Report Number	DC24013281
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Workshops and warehouse
Address	Riyadh - Faisalish

The Final value of the property	Number	SAR 19,600,000
	Written	Nineteen million six hundred thousand riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Faisalish

Land Area
^{2}m 6,729.88

Deed Date	Deed Number
1442/11/12 هـ	793010004590

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	19,600,000 SAR
The Grand Total of the Properties (Written)	Nineteen million six hundred thousand riyals only.

02

Property Description

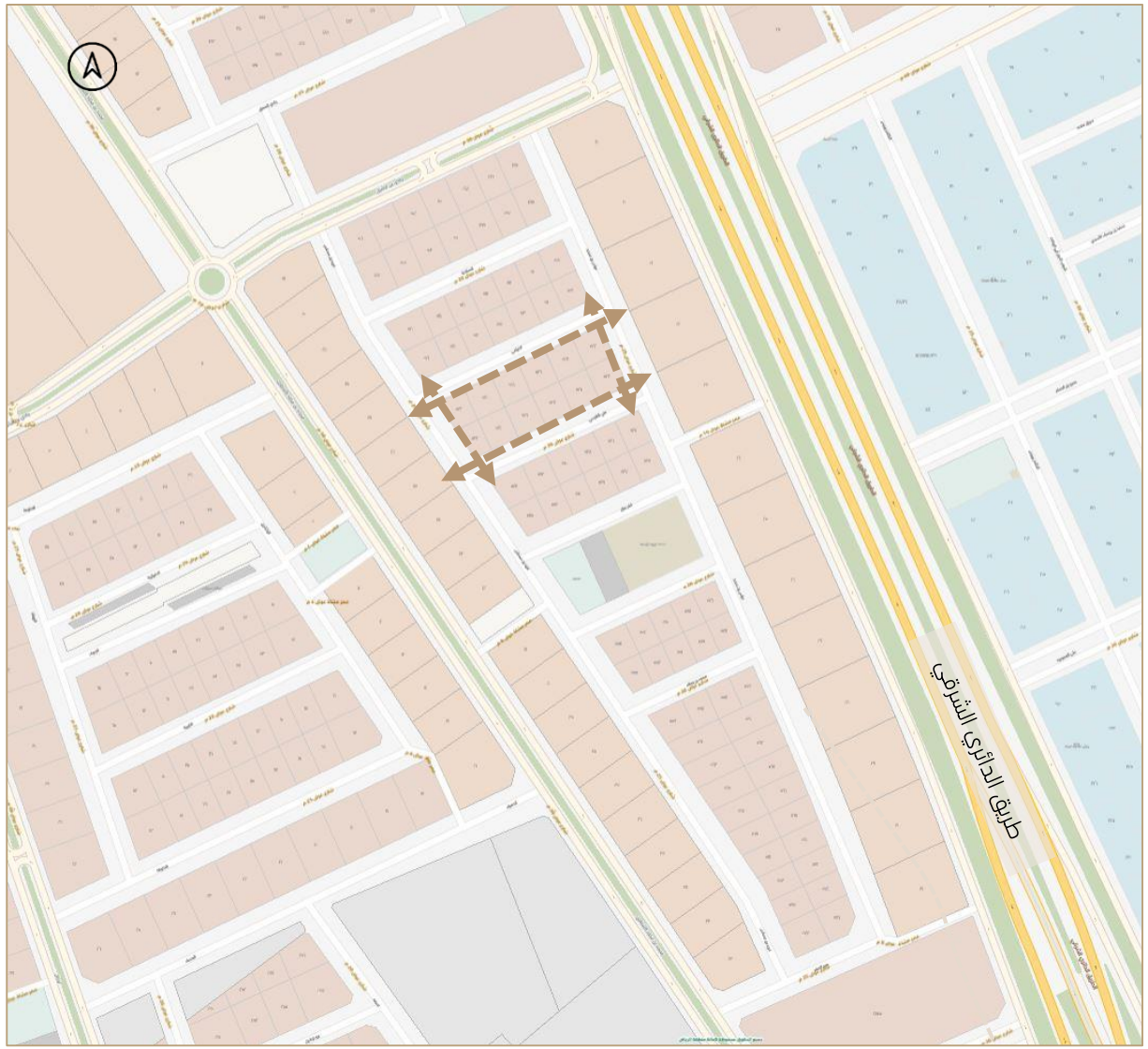
Property Description

The property being valued is located in the Al-Faisaliah neighborhood of Riyadh.

Al-Faisaliah is situated between the Eastern Ring Road and the Southern Ring Road, providing easy access to these major routes. The neighborhood is adjacent to the Al-Farouq neighborhood to the north and is bordered by Medina Road and Ali Ibn Abi Talib Road on the western side, which separate it from the Old Industrial District. The Eastern Ring Road, a key thoroughfare in Riyadh, runs along the eastern edge of the neighborhood, contributing to its excellent connectivity.

The property consists of land developed with commercial halls and workshops. The total land area is 6,729.88 square meters, as per the deed, and the total building area is 5,233 square meters, according to the building permit. The property is approximately 10 years old, based on the building permit.

Property Details



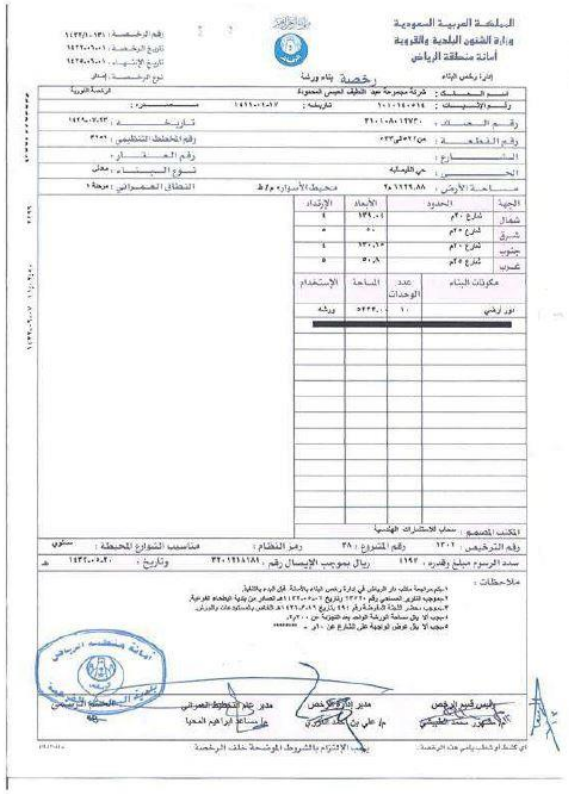
Land Area		Land Use
^{2}m 6,729.88		Workshops and warehouse

Boundaries

Length	Border	Side
m 139.04	Street width 20 m	North
طول الحد	الحد	الجهة
m 130.15	Street width 20 m	South
طول الحد	الحد	الجهة
m 50	Street width 25 m	East
طول الحد	الحد	الجهة
m 50.8	Street width 25 m	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12 هـ	793010004590

Issuance Date	Building Permit
1435/06/01 هـ	1432/10131

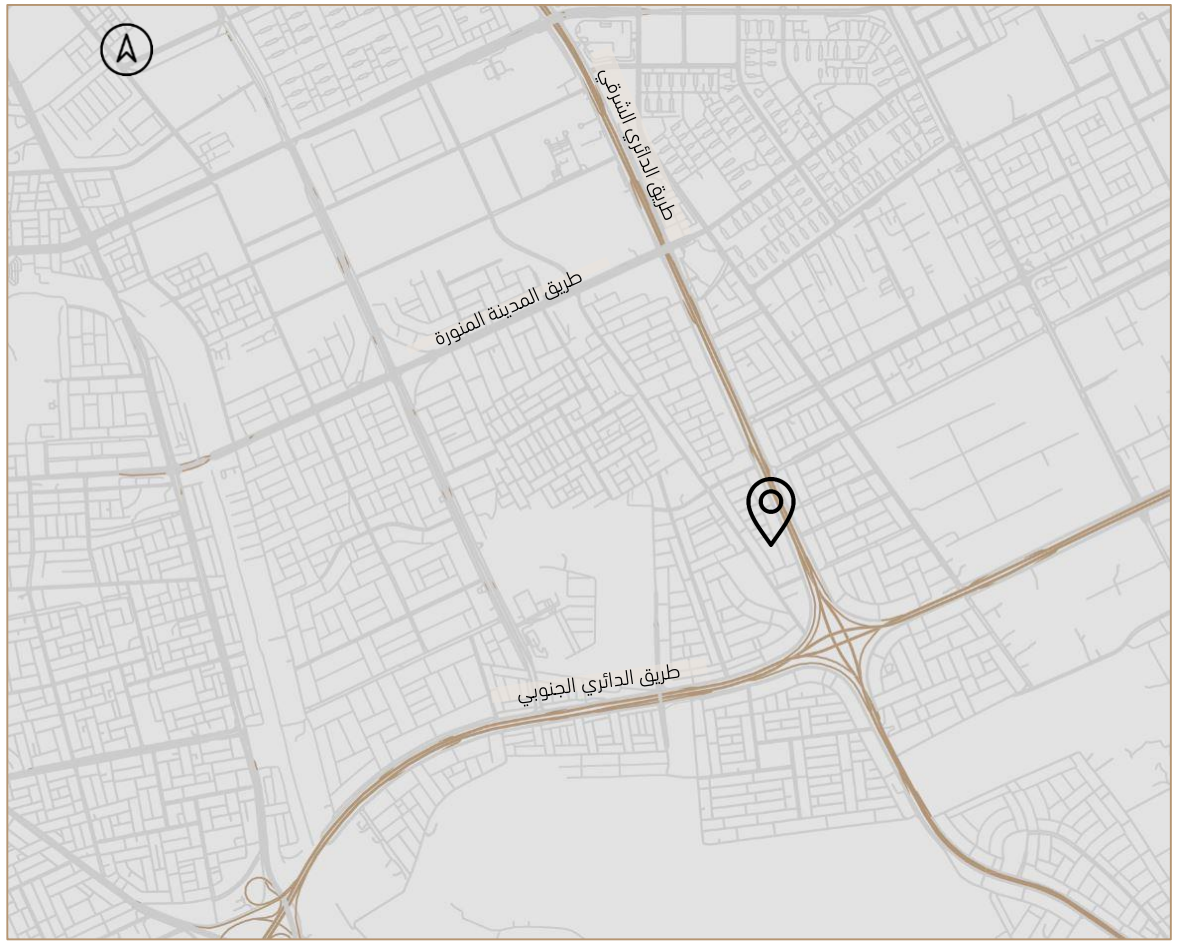
City	District
Riyadh	Faisalish

Parcel No.	Plan No.
From 522 to 533	3251

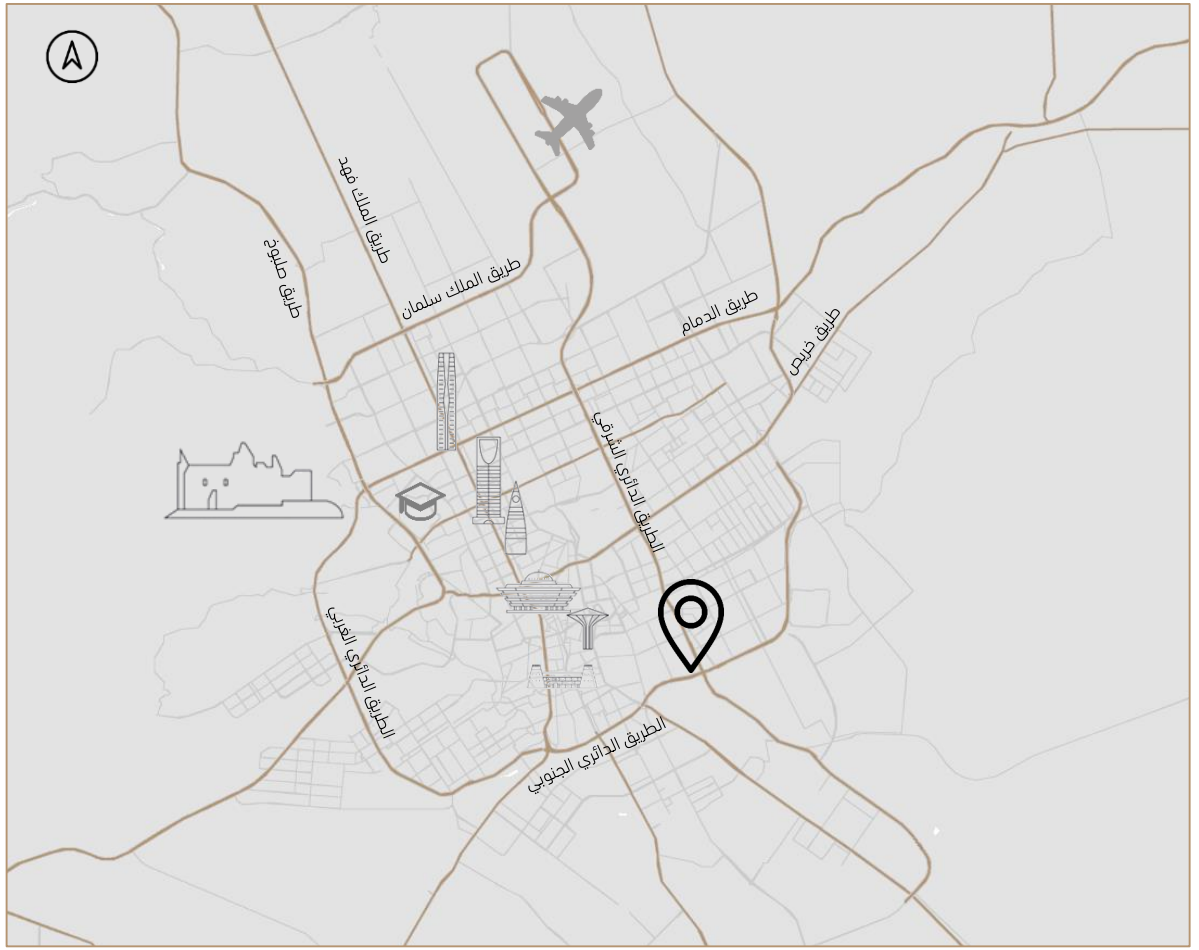
Coordinates
46.797389 ,24.638667

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

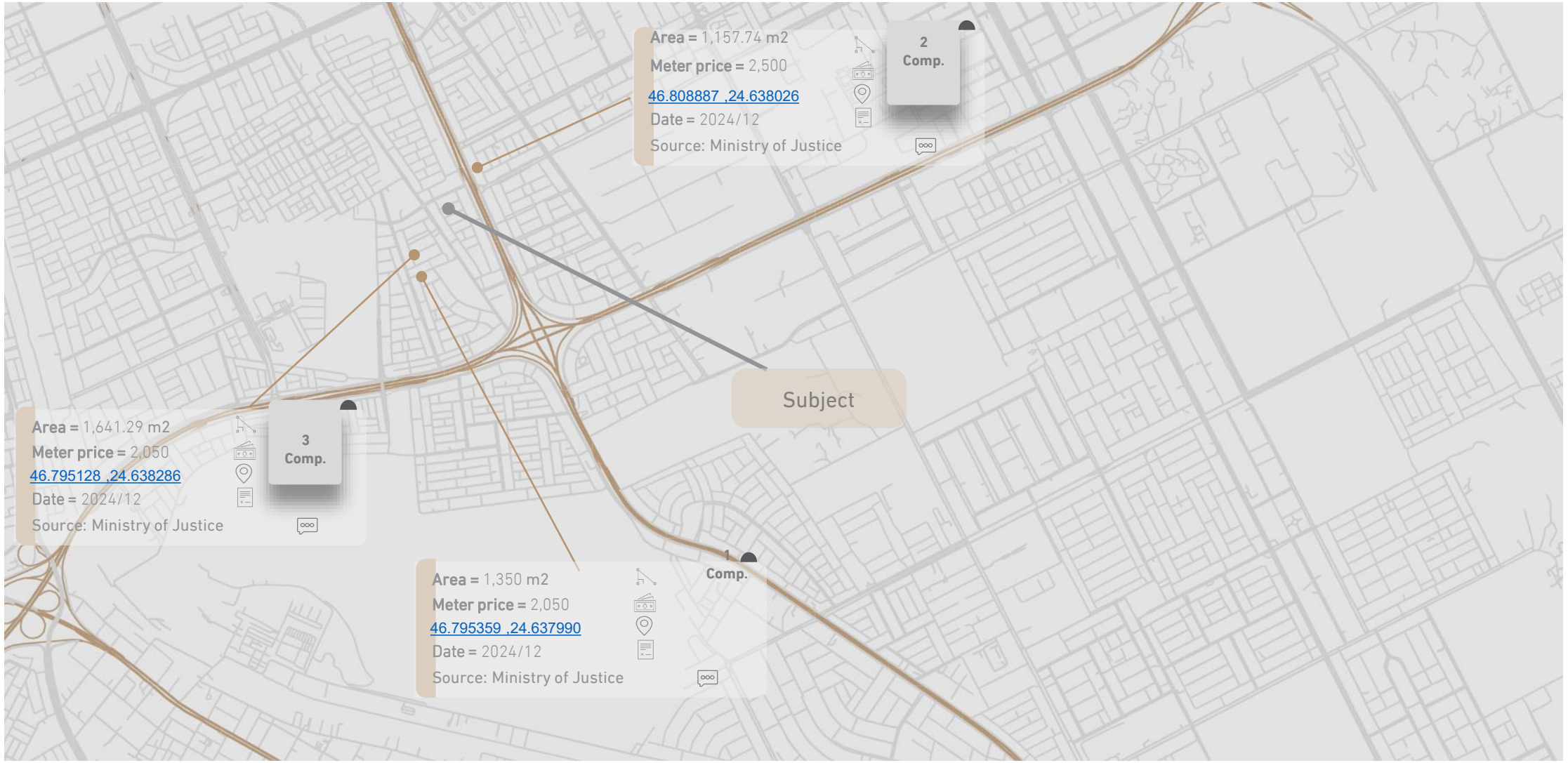
Photos of the property

04

Market Analysis

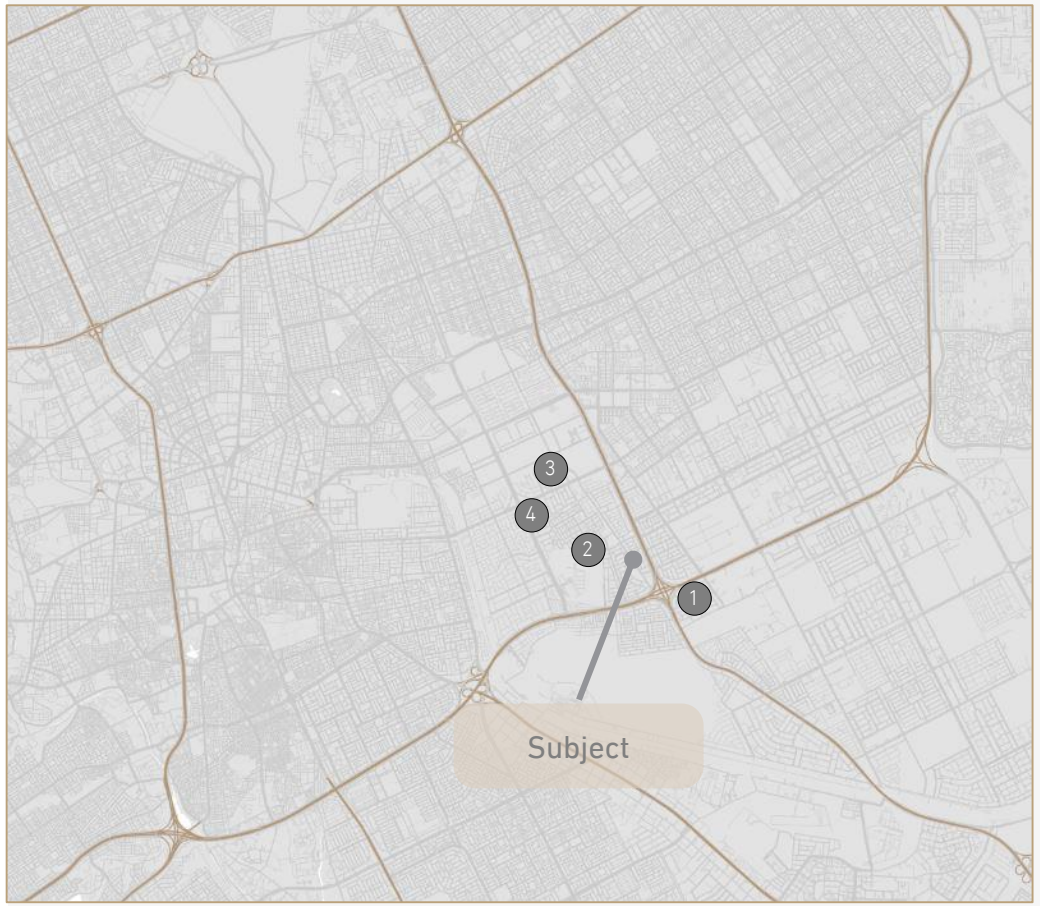
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Workshops and warehouse).

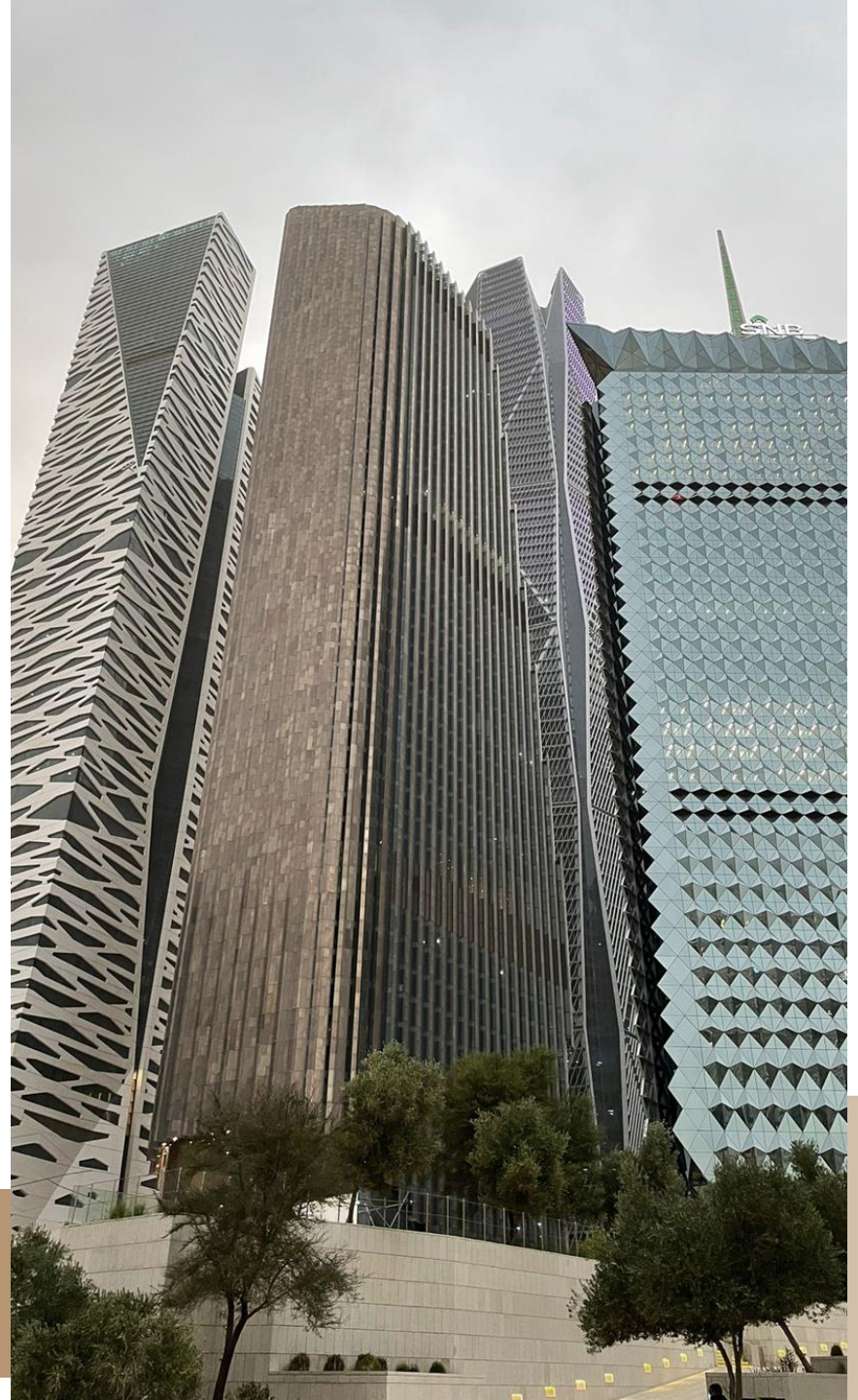


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Workshops and warehouse	Al Faisaliah	30	254	Rent Offer
2	Workshops and warehouse	Al Faisaliah	700	285	Rent Offer
3	Workshops and warehouse	Al Faisaliah	1200	250	Rent Offer
4	Workshops and warehouse	Al Faisaliah	500	190	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
warehouse	Al Sulay District - Riyadh	m 11.2	m 142	%8
warehouse	Al Sulay District - Riyadh	m 18.2	m 173	%8.5
warehouse	Al-Mashael District - Riyadh	m 6.4	m 85	%7.2



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date	**2024/12**	**2024/12**		**2024/12**		**2024/12**	
Meter Price (SR/m2)		2500		2050		2050	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		2500		2050		2050	
Land size	6,729.88	1,157.74	-6%	1,641.29	-6%	1,350.00	-6%
Location preference	Very good	Good	5%	Good	5%	Good	5%
Adjustment %		-1%		-1%		-1%	
Meter 2 Price After adjustment		2475		2029.5		2029.5	
participation %		20%		40%		40%	
Meter value (SR/m2)		2118.60					
Meter value (SR/m2) after rounding		**2,120**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Building area	5,233.00	720	3,767,760
0			
Total value of the buildings before depreciation (Saudi Riyals)			3,767,760
Development profit margin	**20%**		753,552
Total value of the buildings with profit margin (Saudi Riyals)			4,521,312
Depreciation	10	25.00%	1,130,328
Value of the buildings after depreciation (Saudi Riyals)			3,390,984
Land value (Saudi Riyals)	6,730	2,120	14,267,346
Final value	**17,658,330**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income of the property to be appraised is 1,200,000 riyals, according to the information provided. The reasonableness of market prices has been reviewed.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, with 3 years remaining, according to the information provided by the client. The contract includes a 10% growth at the beginning of 2025.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%01.
Discount rate	**%10.36**

Estimating the rental value of Workshops and warehouse - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the Workshops and warehouse was reached as follows:

Feature	Subject	Comp .1		Comp . 2	
Date	2024	2024		2024	
Meter Price (SR/m2)		190		234	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		190		234	
space difference	4,865.50	500	-5%	640	-5%
Location	Very Good	Good	5%	Good	5%
Adjustment %		0%		0 %	
Meter 2 Price After adjustment		190		324	
participation %		60%		40%	
Meter value (SR/m2)		205.52			
Meter value (SR/m2) after rounding		210			

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The total income value, in the case of 100% occupancy, is 1,200,000 riyals, with annual expenses at 0%. A 10% growth rate is expected at the beginning of 2025, with the assumption that the contract will be renewed for a similar term with a 20% growth rate.

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	1,320,000
Growth rate	% 20=2027	Cap rate	%7.5	Cash flow period	7

Period	0	1	2	3	4	5	6
Year	2025	2026	2027	2028	2029	2030	2031
Growth Rate	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%
Total Income	1,320,000	1,320,000	1,584,000	1,584,000	1,584,000	1,584,000	1,584,000
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%
Effective Income	1,320,000	1,320,000	1,584,000	1,584,000	1,584,000	1,584,000	1,584,000
Total Operating Expenses	0	0	0	0	0	0	0
Net Income	1,320,000	1,320,000	1,584,000	1,584,000	1,584,000	1,584,000	1,584,000
Future Property Value	21,120,000						
Net Cash Flow of the Property	1,320,000	1,320,000	1,584,000	1,584,000	1,584,000	1,584,000	22,704,000
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61	0.55
Present Value of Money	1,320,000	1,196,086	1,300,564	1,178,474	1,067,845	967,602	12,567,018
Present Value	**19,597,589**						
Present Value (After Rounding)	**19,600,000**						

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 19,600,000	%100
the cost Approach	SAR 17,658,330	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 19,600,000
	Written	Nineteen million six hundred thousand riyals only.

Attachments

Unified العقد
Commercial التجاري
Contract الموحد

إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا ومنفّذًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — **١ بيانات العقد**

Contract Type	جديد	نوع العقد:	Contract No.	20117094703 / 2	رقم سجل العقد:
Contract Sealing Location	الرياض	مكان إبرام العقد:	Contract Sealing Date	2022-11-10	تاريخ إبرام العقد:
Tenancy End Date	2027-10-25	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2022-10-26	تاريخ بداية مدّة الإيجار:
Contract is conditional		لا			معلق بشرط
			Ejar Fees Paid By	المؤجر	طريقة دفع رسوم العقد:

Lessor Data — **٢ بيانات المؤجّر**

Company name/Founder	شركة تمدين الاولى العقارية شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السّجل التّجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — **٣ بيانات مُمثّل المؤجر**

Name		سلمان حسين بن يحيى معيدي			الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1073134924	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	musaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوّال:
National Address					العنوان الوطني:
		تاريخ الانتهاء Expiry Date	تاريخ الاصدار Issue Date	نوع المستند Type	رقم سند التمثيل Number
		2025-08-31	2022-10-04	وكالة شرعية إلكترونية	441361636

Tenant Data — **٤ بيانات المستأجر**

Company name/Founder	شركة محمد يوسف ناغي للسيارات	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7009395323	الرقم الموحد	CR No.	4030065137	رقم السّجل التّجاري:

1

Lease contract 10

Teqnia Complex, Block 11

Report Number	DC24013280
Report Date	2024/12/13
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Workshops and warehouse
Address	Riyadh - Faisalish

The Final value of the property	Number	SAR 24,510,000
	Written	Twenty-four million five hundred and ten thousand riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Showrooms & offices

Address
Riyadh - Faisalish

Land Area
^{2}m 7,341.13

Deed Date	Deed Number
1442/11/12 هـ	793010004587

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	24,510,000 SAR
The Grand Total of the Properties (Written)	Twenty-four million five hundred and ten thousand riyals only.

02

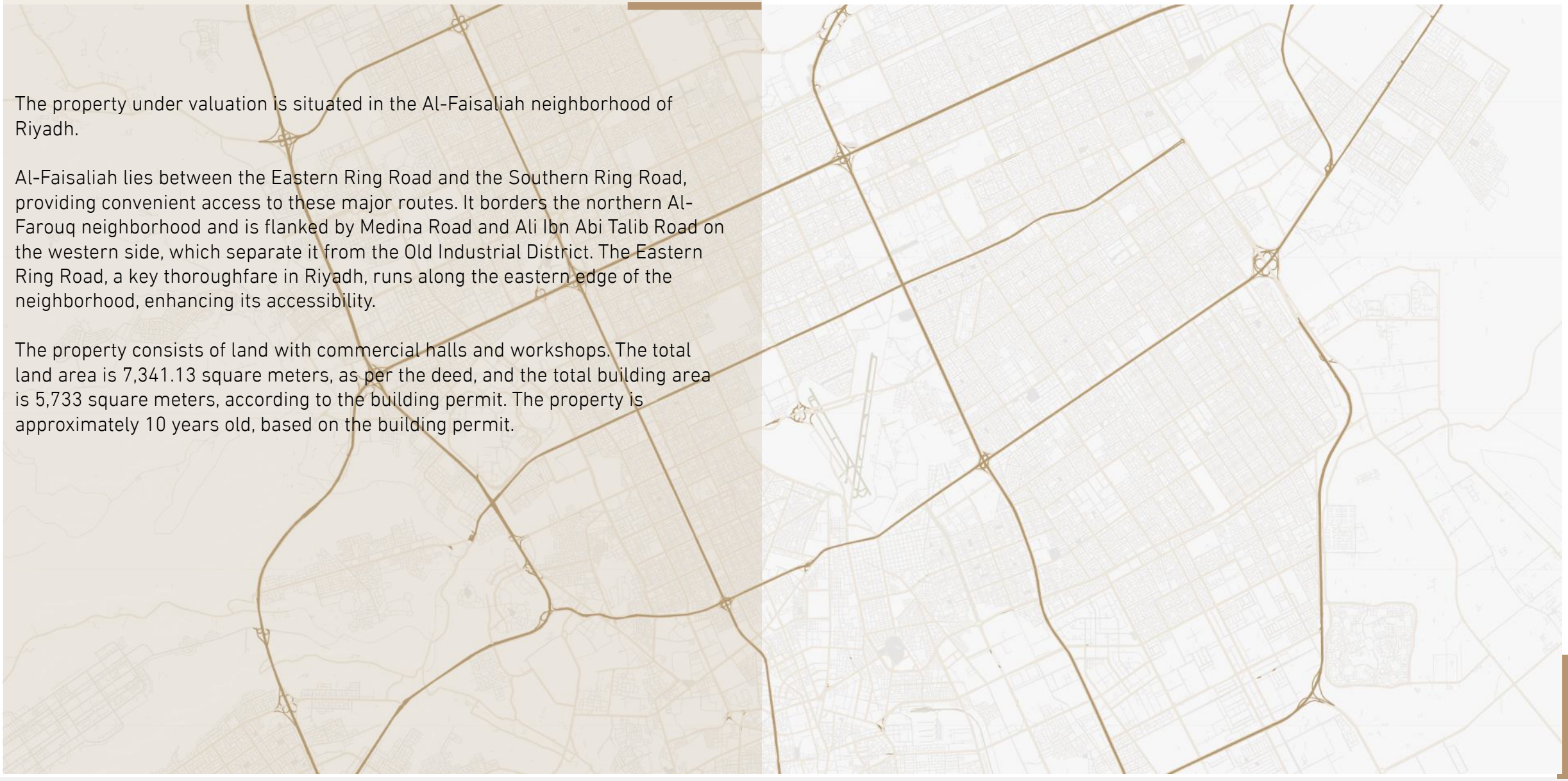
Property Description

Property Description

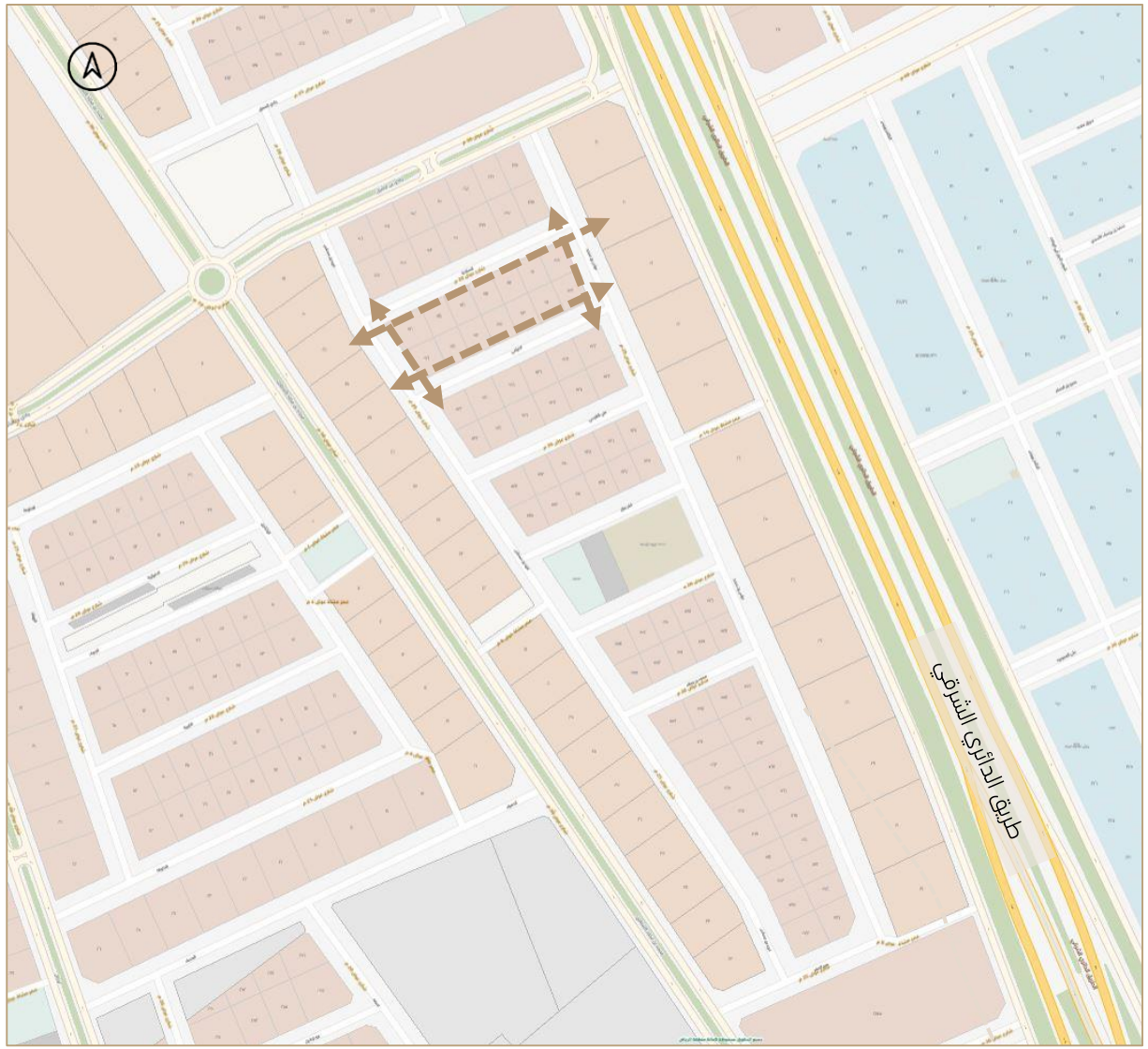
The property under valuation is situated in the Al-Faisaliah neighborhood of Riyadh.

Al-Faisaliah lies between the Eastern Ring Road and the Southern Ring Road, providing convenient access to these major routes. It borders the northern Al-Farouq neighborhood and is flanked by Medina Road and Ali Ibn Abi Talib Road on the western side, which separate it from the Old Industrial District. The Eastern Ring Road, a key thoroughfare in Riyadh, runs along the eastern edge of the neighborhood, enhancing its accessibility.

The property consists of land with commercial halls and workshops. The total land area is 7,341.13 square meters, as per the deed, and the total building area is 5,733 square meters, according to the building permit. The property is approximately 10 years old, based on the building permit.



Property Details



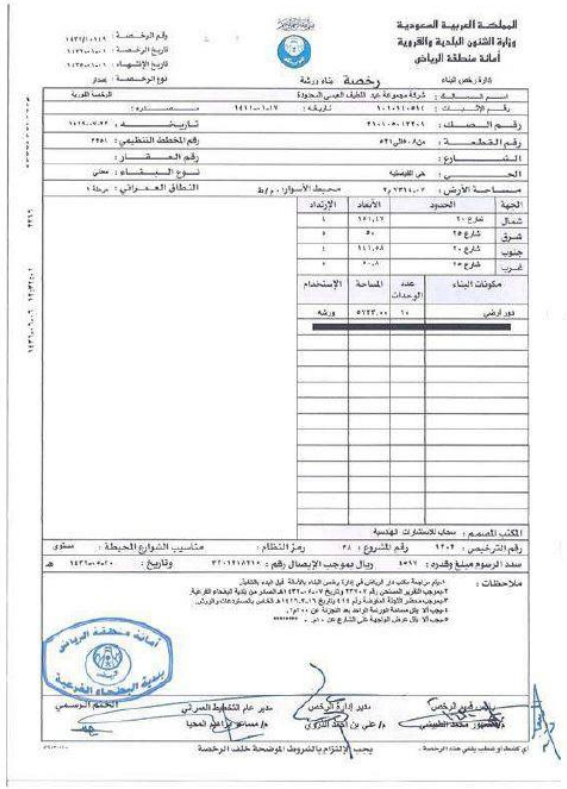
Land Area		Land Use
^{2}m 7,341.13		Workshops and warehouse

Boundaries

Length	Border	Side
m 151.47	Street width 20 m	North
Length	**Border**	**Side**
m 141.58	Street width 20 m	South
Length	**Border**	**Side**
m 50	Street width 25 m	East
Length	**Border**	**Side**
m 50.8	Street width 25 m	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12 هـ	793010004587

Issuance Date	Building Permit
1435/06/01 هـ	1432/10149

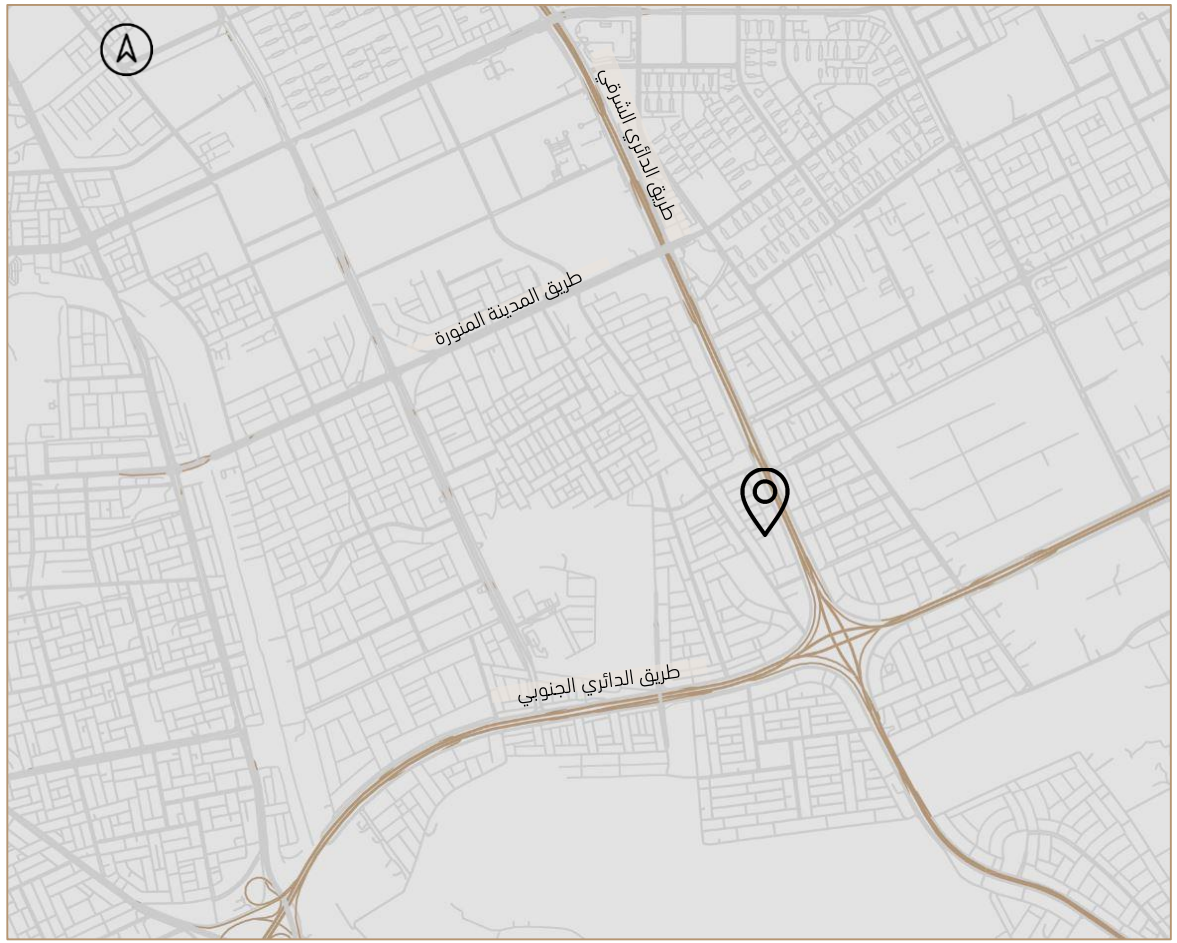
City	District
Riyadh	Faisalish

Parcel No.	Plan No.
From 508 to 521	3251

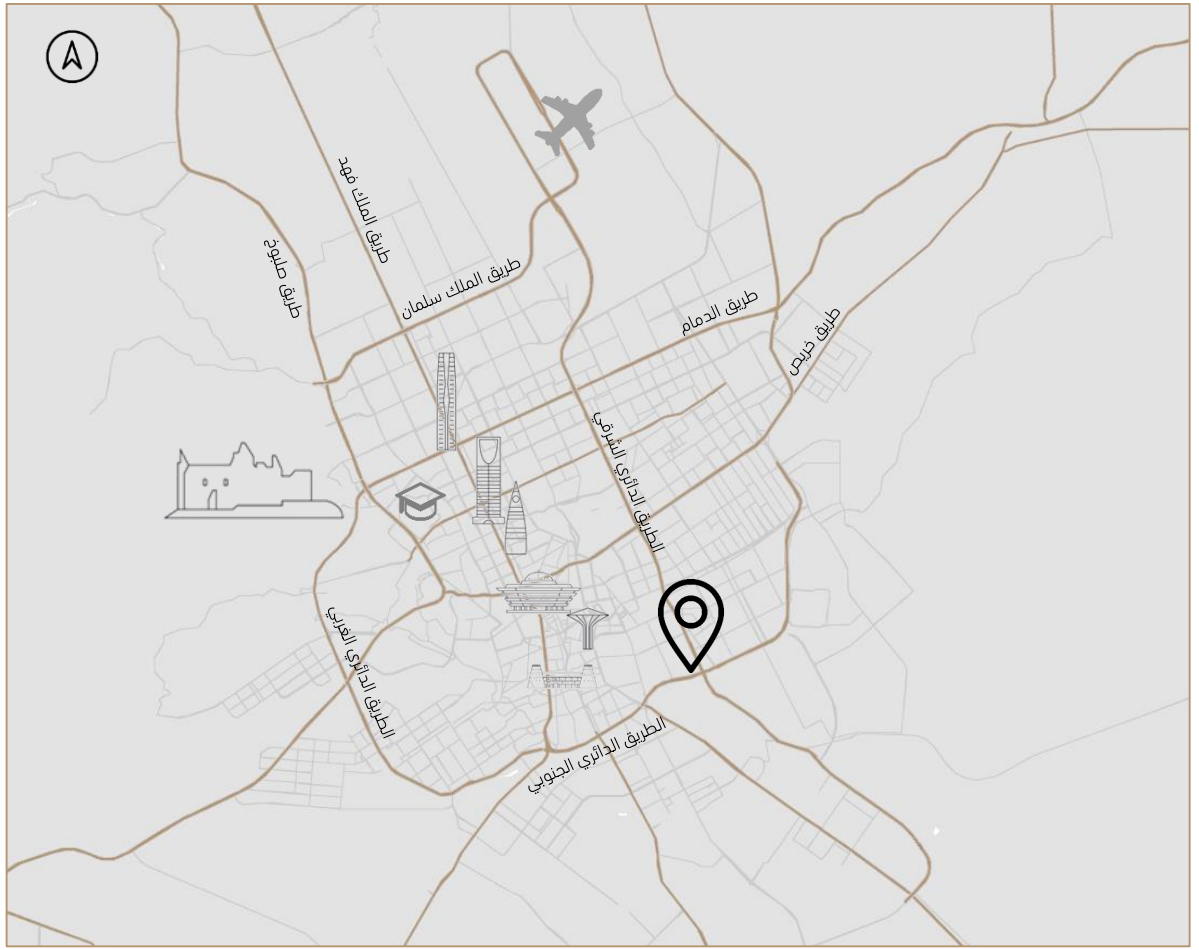
Coordinates
46.796611 ,24.639176

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

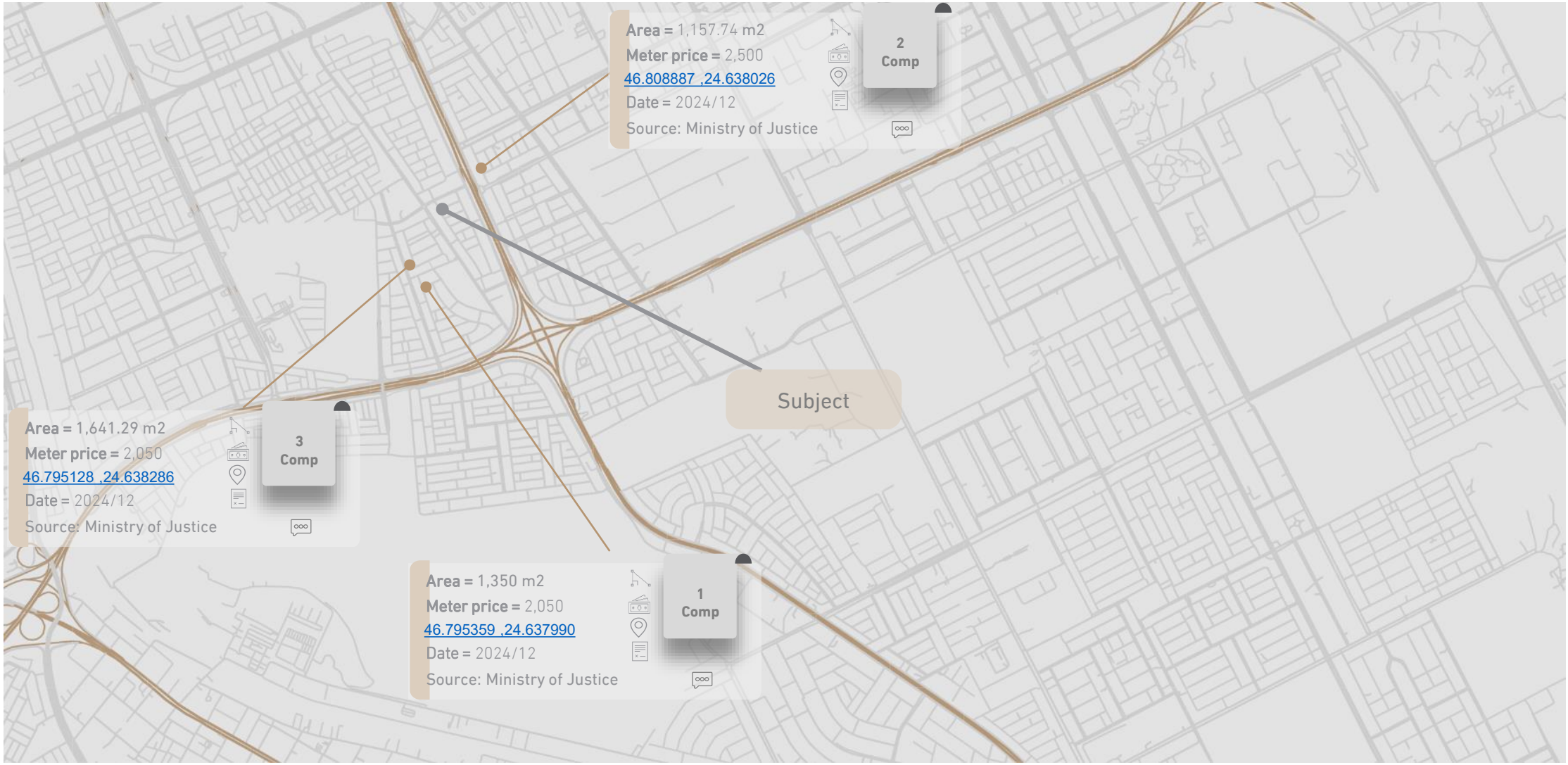
Photos of the property

04

Market Analysis

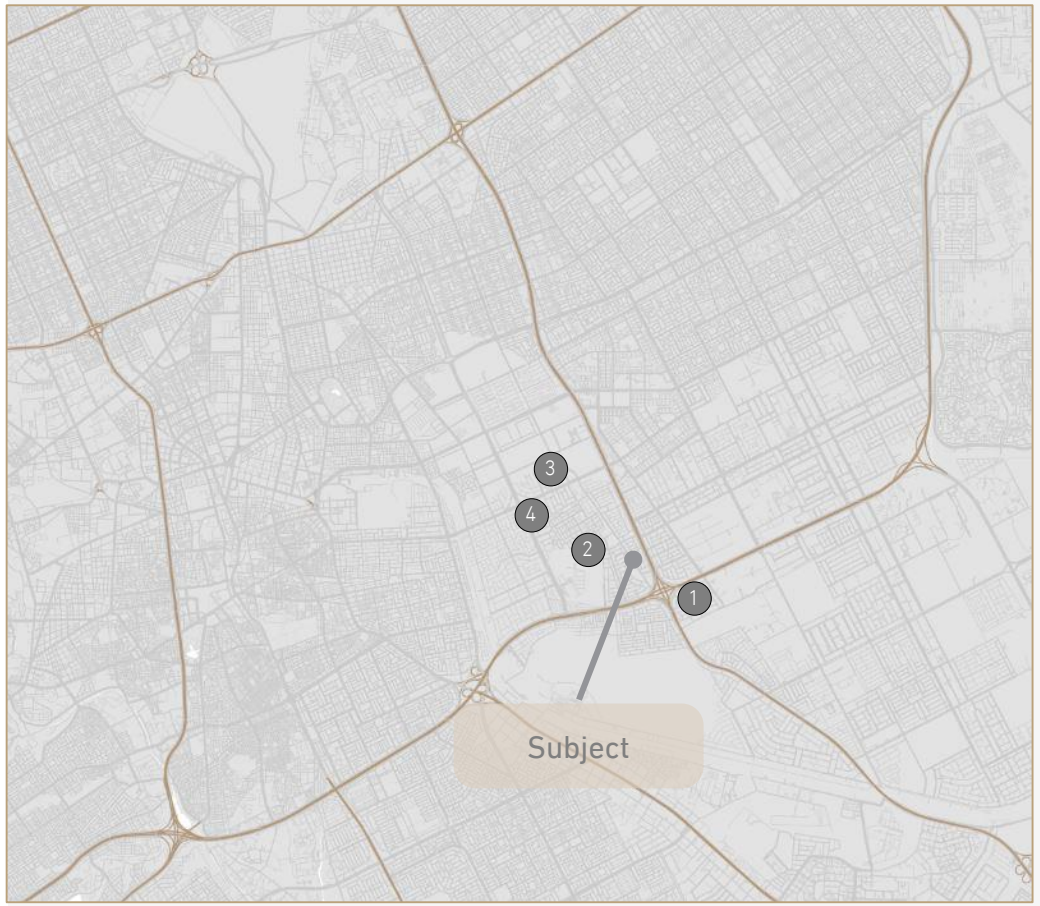
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Workshops and warehouse).

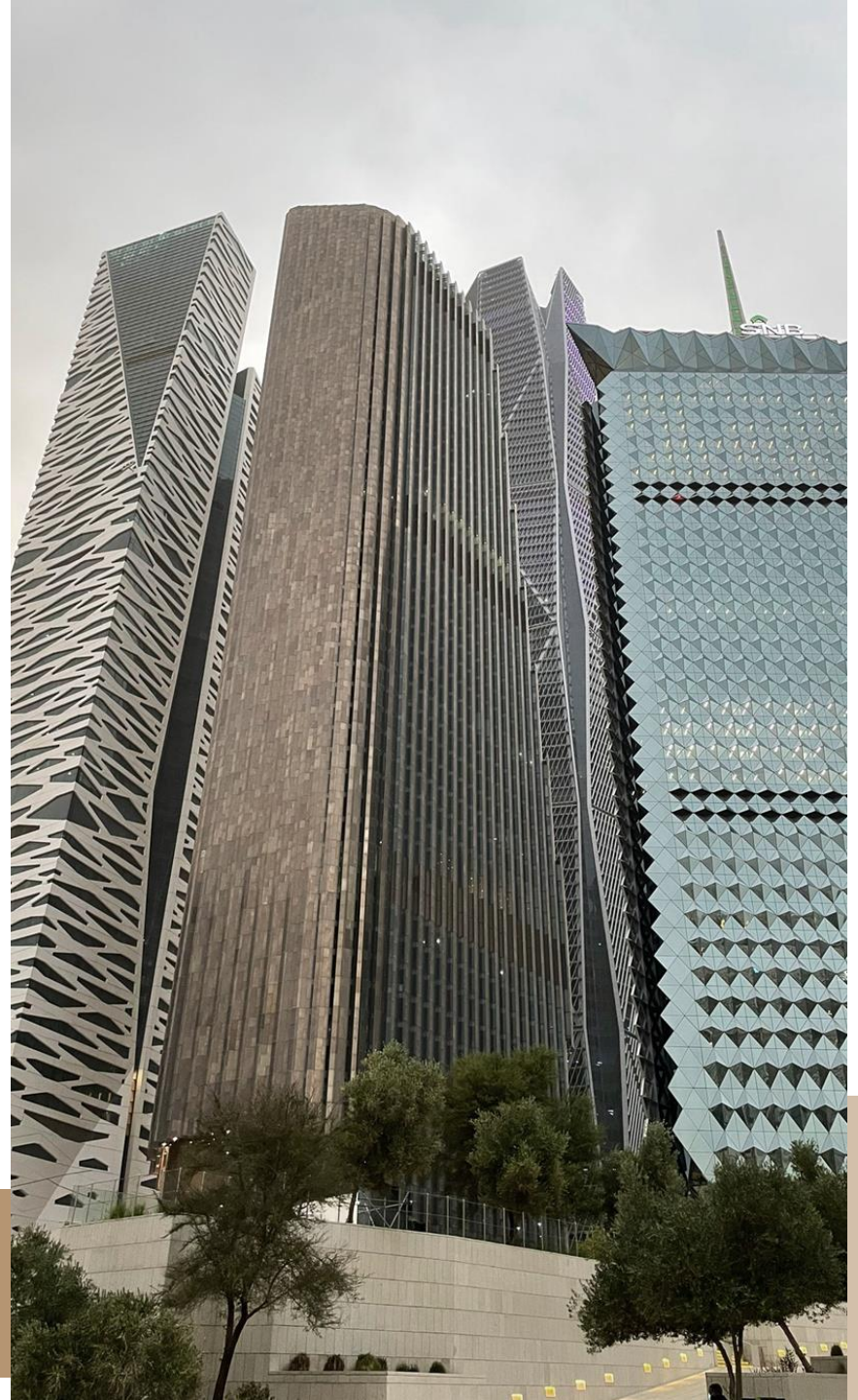


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Workshops and warehouse	Al Faisaliah	30	254	Rent Offer
2	Workshops and warehouse	Al Faisaliah	700	285	Rent Offer
3	Workshops and warehouse	Al Faisaliah	1200	250	Rent Offer
4	Workshops and warehouse	Al Faisaliah	500	190	Rent Offer

Cap rate

Name	District	Income	Value	Cap Rate
warehouse	Al Sulay District - Riyadh	m 11.2	m 142	%8
warehouse	Al Sulay District - Riyadh	m 18.2	m 173	%8.5
warehouse	Al-Mashael District - Riyadh	m 6.4	m 85	%7.2



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2		Comp .3	
Date							
Meter Price (SR/m2)		2500		2050		2050	
Market condition		0%	0	0%	0	0%	0
Meter Price After adjustment (SR/m2)		2500		2050		2050	
Land size	7,341.13	1,157.74	-6%	1,641.29	-6%	1,350.00	-6%
Location preference	Very good	Good	5%	Good	5%	Good	5%
Adjustment %		-1%		-1%		-1%	
Meter 2 Price After adjustment		2475		2029.5		2029.5	
participation %		20%		40%		40%	
Meter value (SR/m2)		2118.60					
Meter value (SR/m2) after rounding		**2,120**					

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Building area	5,733.00	720	4,127,760
0			
Total value of the buildings before depreciation (Saudi Riyals)			4,127,760
Development profit margin	**20%**		825,552
Total value of the buildings with profit margin (Saudi Riyals)			4,953,312
Depreciation	10	25.00%	1,238,328
Value of the buildings after depreciation (Saudi Riyals)			3,714,984
Land value (Saudi Riyals)	7,341	2,120	15,563,196
Final value	**19,278,180**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income of the property to be appraised is 1,579,050 riyals, according to the information provided by the client. The possibility of a 20% increase in the contract at the beginning of the fourth year has been considered. The reasonableness of market prices has been reviewed.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, with 4 years remaining, according to the information provided by the client. The lease contract provided by the client ends on 31-12-2027 for the hall.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of Workshops and warehouse - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the Workshops and warehouse was reached as follows:

Feature	Subject	Comp .1		Comp . 2	
Date	2024	2024		2024	
Meter Price (SR/m2)		190		234	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		190		234	
space difference	4,865.50	500	-5%	640	-5%
Location	Very Good	Good	5%	Good	5%
Adjustment %		0%		0 %	
Meter 2 Price After adjustment		190		324	
participation %		60%		40%	
Meter value (SR/m2)		207.6			
Meter value (SR/m2) after rounding		210			

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area where the property to be appraised is located, the capitalization rate was estimated to align with the property's condition and the vacancy rate in the area, according to the appraiser's estimate. Additionally, the financial data of the property to be appraised was analyzed.

The total income value, in the case of 100% occupancy, is 1,579,050 riyals, with annual expenses at 0%. A 20% growth rate is expected at the beginning of the fourth year.

Based on this, the property value has been determined as follows:

Assumptions for cash flows:

Occupancy rate	%100	Discount rate	%10.36	Gross income	1,579,050
Growth rate	%20=2028	Cap rate	%7.5	Cash flow period	4

Period	0	1	2	3
Year	2025	2026	2027	2028
Growth Rate	0.00%	0.00%	0.00%	20.00%
Total Income	1,579,000	1,579,000	1,579,000	1,894,800
Occupancy Rate	100%	100%	100%	100%
Effective Income	1,579,000	1,579,000	1,579,000	1,894,800
Total Operating Expenses	0	0	0	0
Net Income	1,579,000	1,579,000	1,579,000	1,894,800
Future Property Value	25,264,000			
Net Cash Flow of the Property	1,579,000	1,579,000	1,579,000	27,158,800
Discount Factor	0.1	0.91	0.82	0.74
Present Value of Money	1,579,000	1,430,772	1,296,459	20,205,774
Present Value	**24,512,005**			
Present Value (After Rounding)	**24,510,000**			

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 24,510,000	%100
the cost Approach	SAR 19,278,180	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 24,510,000
	Written	Twenty-four million five hundred and ten thousand riyals only.

Attachments

العقد التجاري الموحد
Unified Commercial Contract

الهيئة العامة للعقار
REAL ESTATE GENERAL AUTHORITY

إيجار
EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٩/٤/٣ هـ

١ بيانات العقد — Contract Data

رقم سجل العقد:	20983950069 / 1	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2023-02-21	Contract Sealing Date	مكان إبرام العقد:	الرياض	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-01-01	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2027-12-31	Tenancy End Date
معلق بشرط		لا			Contract is conditional
طريقة دفع رسوم العقد:	المؤجر	Ejar Fees Paid By			

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الوالي العقارية شركة شخص واحد	Company name/Founder
رقم السّجل التّجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	musaidis@mulkia.com.sa	Email
العنوان الوطني:					National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية	2022-10-04	2025-08-31

٤ بيانات المستأجر — Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	الشركة الخليجية للسيارات (شركة شخص واحد)	Company name/Founder

1

Lease contract 11

Makkah Region

باركود BARCODE
92 000 5564
Assets Valuation تقييم الأصول

Dinar Commercial Building

Report Number	DC24013269
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Commercial Building
Address	Jeddah- Alzahra

The Final value of the property	Number	SAR 117,970,000
	Written	One hundred seventeen million, nine hundred seventy thousand Riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Commercial Building

Address
Jeddah- Alzahra

Land Area
^{2}m 4,761.50

Deed Date	Deed Number
هـ 1442/11/12	393010004588

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	117,970,000 SAR
The Grand Total of the Properties (Written)	One hundred seventeen million, nine hundred seventy thousand Riyals only.

02

Property Description

Property Description

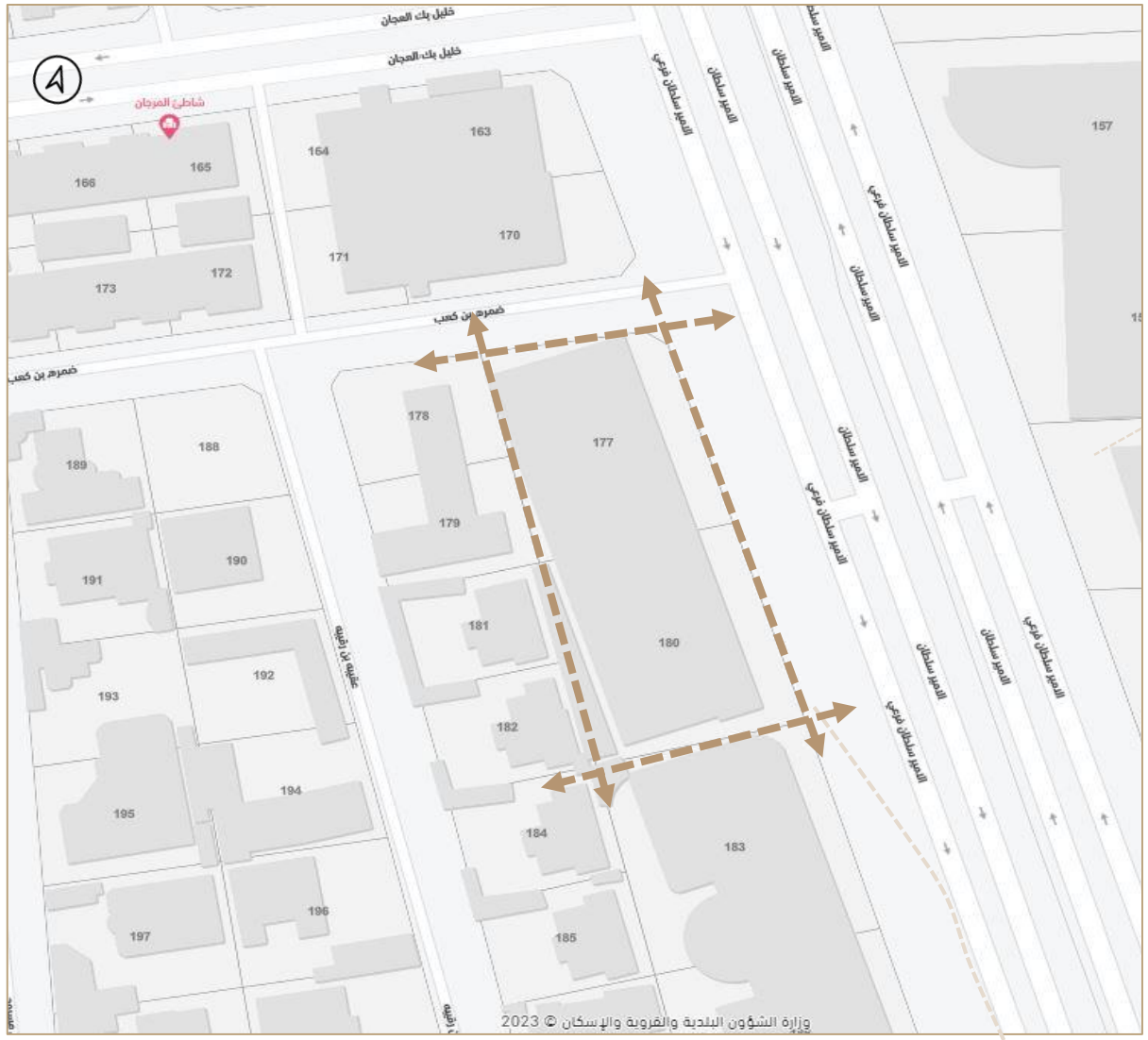
The property being appraised is located in the Al-Zahra neighborhood in Jeddah, Makkah Province.

Al-Zahra is considered one of the most prestigious and best neighborhoods in Jeddah. It is part of the Jeddah New Municipality and is one of the vibrant areas in the city, distinguished by its strategic location. The neighborhood is close to the northern corniche and is bordered by important streets and main roads.

Al-Zahra neighborhood is situated in the northwest of Jeddah, covering an area of approximately 7.97 square kilometers. To the east, it is bordered by Prince Sultan Road and the Al-Salama neighborhood. To the south, it is bordered by Sari Street and the Al-Khalidiyah neighborhood. To the west, it is bordered by King Abdulaziz Road and the Al-Shatea neighborhood, and to the north, it is bordered by Hira Street and the Al-Nahda neighborhood.The

property sits on a commercial land plot measuring 4,761.50 square meters according to the deed. It consists of 4 floors with a total built-up area of 15,259.40 square meters according to the building permit. There are 5 showrooms and 26 offices according to the inspection, and the building is approximately 19 years old according to the building permit.

Property Details



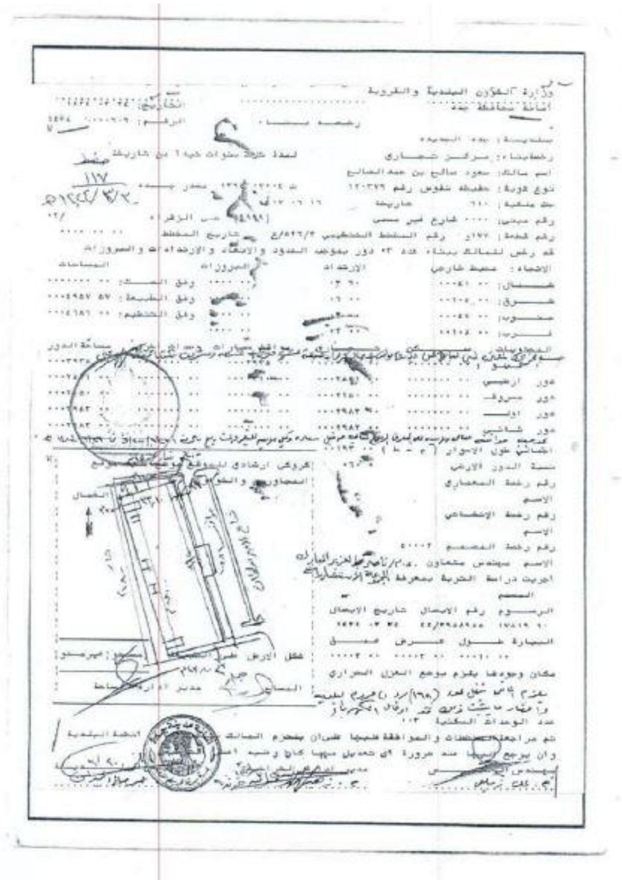
Land Area		Land Use
^{2}m 4,761.50		Commercial

Boundaries

Length	Border	Side
m 41	Street width 15 m	North
Length	**Border**	**Side**
m 47	Plot No. 183	South
Length	**Border**	**Side**
m 105	Prince Sultan bin Abdulaziz Road	East
Length	**Border**	**Side**
m 109	Plot No. 178-179-181-182	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

رقم الصك: 393010004588
التاريخ: 1442/11/12 هـ

وزارة العدل
ابراهيم عمر محمد الحسين
الرياض
ترخيص رقم 39/999

صك رهن

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن مركز تجارى المقام على الأرضا وبناء رقم 177 من المخطط رقم 3 / 526/ ع الواقع في حي الزهراء بمدينة جدة . و مركز تجارى المقام على الأرضا وبناء رقم 180 من المخطط رقم 3 / 526/ ع الواقع في حي الزهراء بمدينة جدة . وحدودها واطوالها :
شمالا: شارع عرض 15م بطول 41 واحد و أربعون متر
جنوبا: قطعة رقم 183 بطول 47 سبعة و أربعون متر
شرقا: شارع السبعين مترا بطول 105 مائة و خمسة متر
غربا: قطعة رقم 178 و 179 و 181 و 182 بطول 109 مائة و تسعة متر
ومساحتها 4761.5 أربعةالاف و سبعمائة و واحد و ستون متر مربعاً و خمسون سنتمترا مربعا المملوكة لـ شركة تمدين الاولى العقارية بموجب سجل تجاري رقم 1010896622 بموجب الصك الصادر من الموثقين بالرياض6 برقم 993598002675 في 24 / 07 / 1442 قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 49970978 فقط تسعة و أربعون مليونا و تسعمائة و سبعون ألفا و تسعمائة و ثمانية و سبعون ريالاً سعوديا لا غير. تسدد على أقساط شهرية عددها 1 قيمة كل قسط 49970978 فقط تسعة و أربعون مليونا و تسعمائة و سبعون ألفا و تسعمائة و ثمانية و سبعون ريالاً سعوديا لا غير. تاريخ حلول القسط 1442/11/13 سبب الرهن : كضمان لما وجب عليهم من مستحقات مالية بمبلغ وقدره (49970978) لصالح شركة الراجحي للتطوير المحدودة على أن يكون السداد على قسط واحد بعد سبع سنوات ويدفع بتاريخ 30-12-2027م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات، واستيفاء ماله في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد الكمال ماليلزم شرعاً، وعليه جرى التصديق تحريراً في 1442 / 11 / 12 لاعتماده وصلى الله على نبينا محمد وآله وصحبه وسلم.

الموثق
ابراهيم عمر محمد الحسين

الختم الرسمي

رقم التسلسل: 2774

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1442/11/12هـ	393010004588

Issuance Date	Building Permit
1424/03/24هـ	1424/609

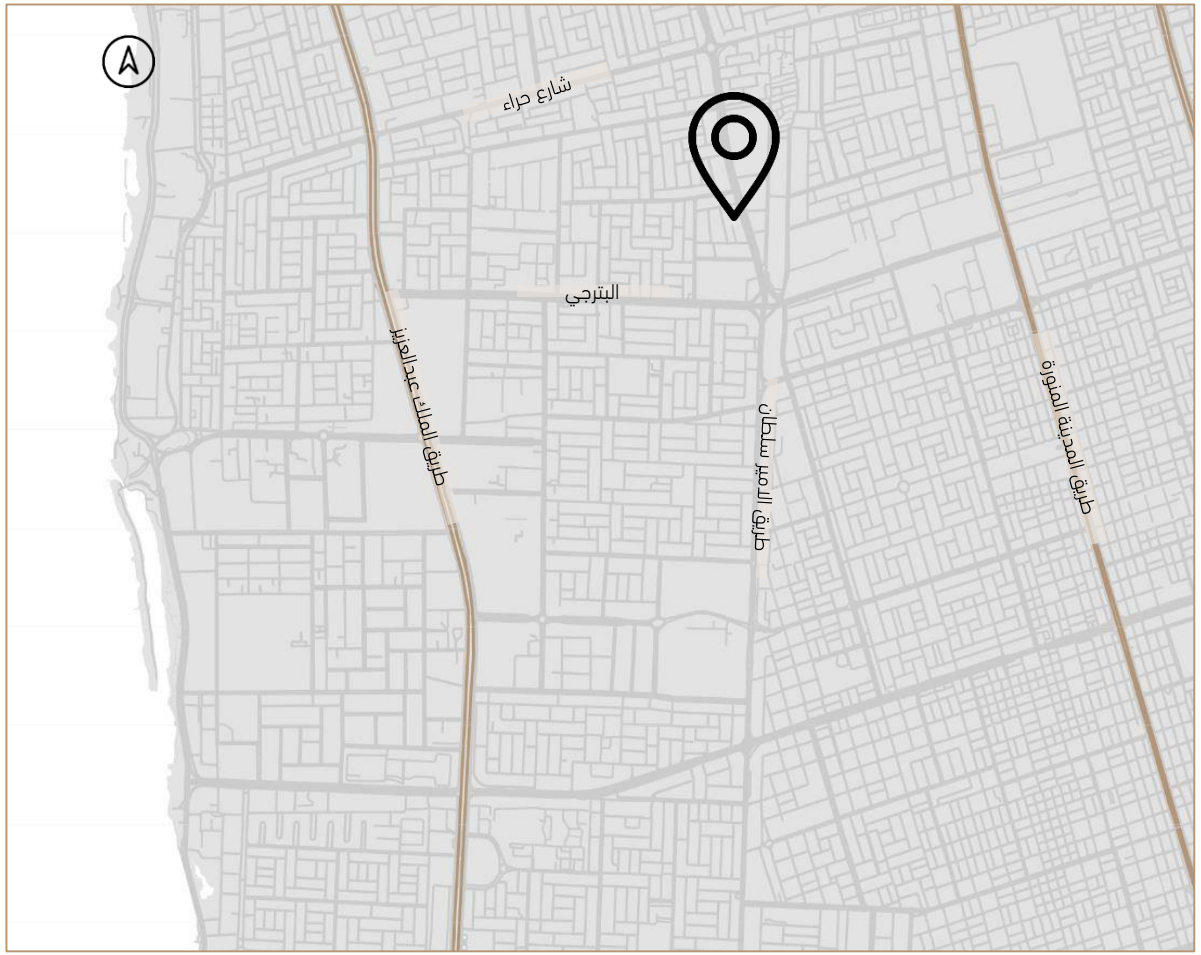
City	District
Jeddah	Alzahra

Parcel No.	Plan No.
180- 177	----

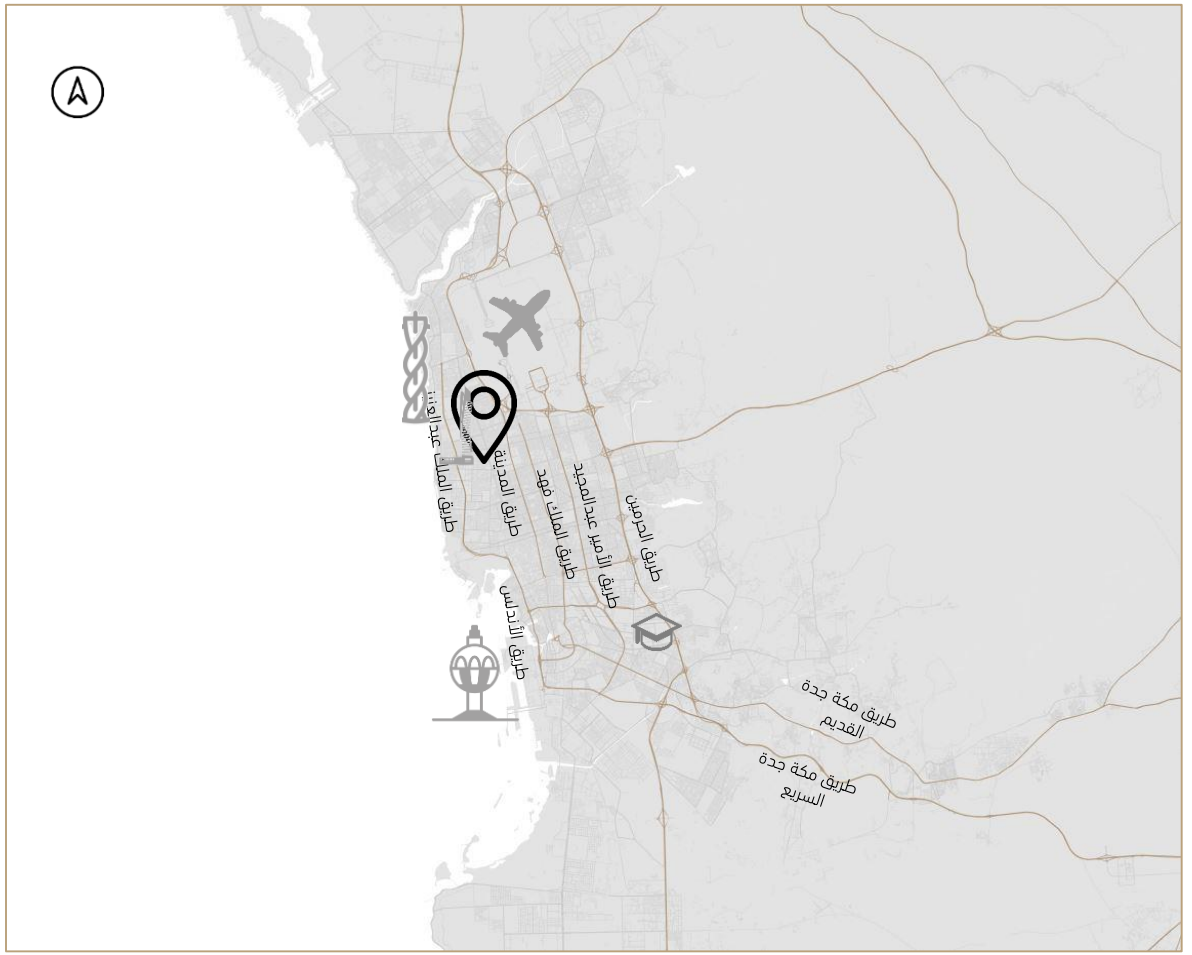
Coordinates
39.142444 ,21.601917

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

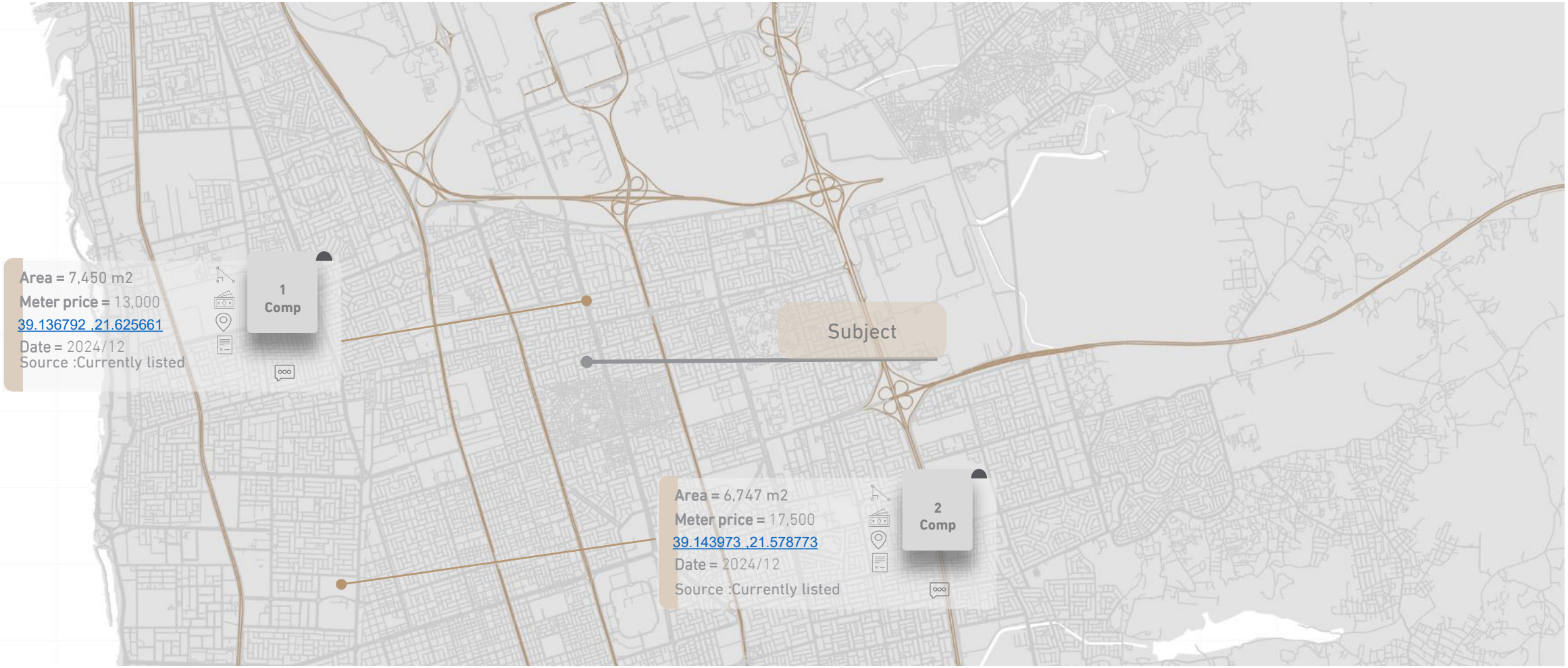
Photos of the property

04

Market Analysis

Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Offices – Showrooms).

Rental survey

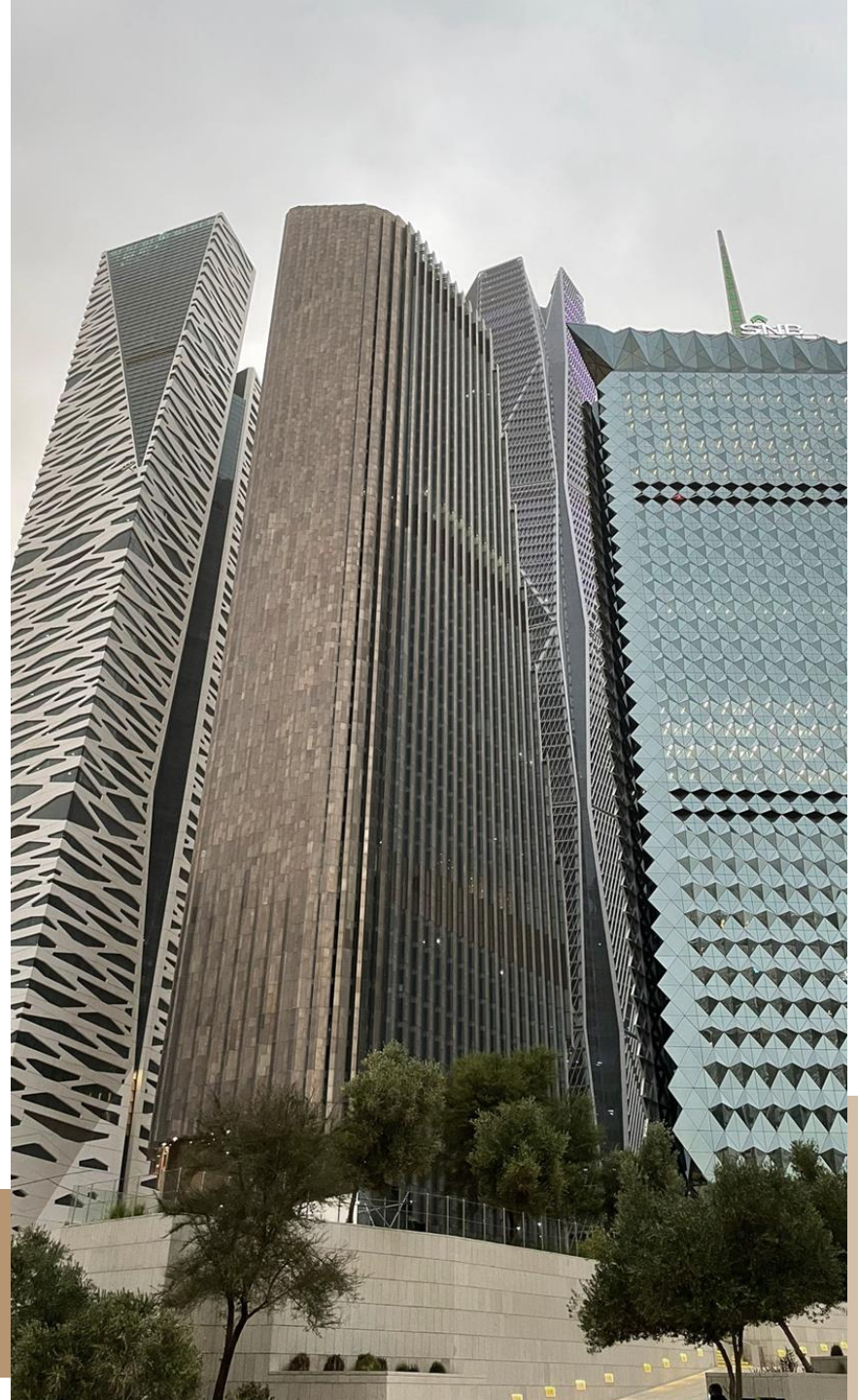
	Type	Address	Area (m2)	SAR/m2	Condition
1	Showroom	Prince Sultan Road	300	1600	Rent offer
2	Showroom	Prince Sultan Road	185	1800	Rent offer
3	Showroom	Prince Sultan Road	230	1900	Rent offer
4	Office	Prince Sultan Road	110	800	Rent offer
5	Office	Prince Sultan Road	144	950	Rent offer
6	Office	Prince Sultan Road	801	833	Rent offer

Cap rate

1800 = Average showroom rent

800 = Average office rent

Name	District	Income	Value	Cap Rate
Commercial Building	Neighborhood of nahda	m 33	m 478	%7.75
Commercial Building	Hamra district	m 3.5	m 36	%8



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the value of the land, a field survey was conducted, analyzing current market prices for recently sold and listed properties similar to the one being valued. Since no two properties are identical, adjustments were made to the prices of comparable properties. This involved deducting the value of features that gave the comparable properties an advantage and adding the value of features that enhance the subject property.Comparison factors included market conditions, differences in area, road views, and proximity to key roads. Based on these adjustments, the value of the land was established.

Feature	Subject	Comp .1		Comp .2	
Date	2024/12	2024/12		2024/12	
Meter Price (SR/m2)		17500		13000	
Market condition		%0	0	%0	0
Meter Price After adjustment (SR/m2)		17500		13000	
Land size	4,761.50	6,747	3%	7,450	3%
Location preference	Verry good	Good	2%	Good	2%
Adjustment %		5%		5%	
Meter 2 Price After adjustment		1837.5		13650	
participation %		50%		50%	
Meter value (SR/m2)		16,012.50			
Meter value (SR/m2) after rounding		**16,010**			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The property's value was determined by adding the land value to the total construction cost based on prevailing prices at the time of valuation. This calculation involved assessing the cost per building unit, considering construction quality, finishes, and total building area, and subtracting depreciation since construction.The formula used was: Property Value = Land Value + (Construction Cost + Profit Margin - Depreciation).The land value was established through a field survey of current market prices, including recently sold and similar available lands. Adjustments were made to account for differences between the subject property and comparables, considering factors like market conditions, area variations, and road views.The calculations included consulting fees, management, and contractor profits, as well as all construction costs such as fences, tanks, and general site coordination. Movable assets and financing costs were excluded. Based on this analysis, the concluded value of the property is:

Description	Area (m2)	Price per Sq.	Total
basement	3,935.00	2500	9,837,500
ground floor	3,991.00	2200	8,780,200
Mezzanine	2150.00	2200	4,730,000
First floor	2,983.00	2200	6,562,600
Second floor	2,983.00	2200	6,562,600
Upper	1,124.40	2200	2,473,680
Fences	193.00	1000	193,000
Total building value with profit margin (SAR)			39,139,580
depreciation	17	% 42.50	16,634,322
Building value after depreciation (Saudi SAR)			22,505,259
Land value (Saudi SAR)	4,761.50	16,010	76,231,615
Final value	98,783,187		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \text{Initial cash flow}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The effective income provided by the client is 4,679,930 SAR, and the current occupancy rate is approximately 55%. Therefore, the total income at full occupancy (100%) would be 8,507,215 SAR.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. Only 21 lease contracts have been reviewed.
5. The occupancy rate is estimated at 55%.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7.5%.
7. The expenses provided by the client are 350,000 SAR, which is approximately 7%.
8. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices for rental properties in the area of the property to be appraised, the capitalization rate was estimated based on the property's condition and vacancy rates in the area, according to the appraiser's estimate and the financial data analysis of the property to be appraised.The effective income provided by the client is 4,679,930 SAR, with the current occupancy rate estimated at 55%. Therefore, the total income at 100% occupancy would be 8,507,215 SAR. The annual expenses are 0%, and the growth rate is 10% in both the first and third years.Based on this, the property's value is calculated as follows:

Cash Flow Assumptions:

Occupancy rate	%55
Growth rate	15% in the second and fifth years.

Discount rate	%10.36
Cap rate	%7.5

Gross income	8,507,215
Effective income.	4,679,930
Cash flow period	5

Period	0	1	2	3	4
Year	2025	2026	2027	2028	2029
Growth Rate	0.00%	15.00%	0.00%	0.00%	15.00%
Total Income	8,507,215	9,783,297	9,783,297	9,783,297	11,250,792
Occupancy Rate	55%	70%	80%	95%	95%
Effective Income	4,679,930	6,848,308	7,826,638	9,294,133	10,688,252
Total Operating Expenses	350,000	512,167	585,334	695,084	799,347
Net Income	4,329,930	6,336,141	7,241,304	8,599,048	9,888,905
Future Property Value			131,852,072		
Net Cash Flow of the Property	4,329,930	6,336,141	7,241,304	8,599,048	141,740,977
Discount Factor	0.1	0.91	0.82	0.74	0.67
Present Value of Money	4,329,930	5,741,338	5,945,568	6,397,574	95,553,952
Present Value	**117,968,363**				
Present Value (After Rounding)	**117,970,000**				

Risks affecting the property:

The risks that could affect the property include the following:

1	Macroeconomic conditions can significantly impact the real estate market. Factors such as inflation rates, liquidity, interest rates, financing costs, taxes, and fluctuations in local and global stock markets can all influence property values.
2	Since revenue generation is a crucial factor in determining a property's value, any changes in revenue due to varying market conditions will affect its worth.
3	The presence of long-term contracts contributes to the stability of income and, consequently, the property's value. Conversely, the absence of such contracts can cause fluctuations in rental prices and income, impacting the property's final value.
4	An oversupply of real estate can lead to increased competition among sellers, which may drive down prices and reduce the overall value of properties. The introduction of new competitors and additional units in the market often results in lower prices and diminished services.
5	Changes in the regulatory, legal, or legislative environment can also affect property values. For example, new municipal regulations that alter allowed activities or change building height restrictions can influence a property's worth.
6	Valuing modern properties, particularly those without an operational history, relies heavily on the valuer's analysis and interpretation of the real estate market and trends. As future operating conditions fluctuate based on the assumptions made during valuation, the property's value may also change.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach	SAR 117,970,000	%100
the cost Approach	SAR 98,783,187	%0

Opinion on value: Based on the purpose of the valuation and the property's characteristics as an income-generating asset with multiple contracts, the discounted cash flow (DCF) method is deemed the most appropriate for evaluating the property. Consequently, the value derived from the income approach will be assigned a weight of 100% in determining the market value of the property. The valuation is conducted at:

The Final value of the property	Number	SAR 117,970,000
	Written	One hundred seventeen million, nine hundred seventy thousand Riyals only.

Attachments


Unified العقد Commercial التجاري Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — ١ بيانات العقد

Contract Type	جديد	نوع العقد:	Contract No.	20443024064 / 1-0	رقم سجل العقد:
Contract Sealing Location	جدة	مكان إبرام العقد:	Contract Sealing Date	2024-03-14	تاريخ إبرام العقد:
Tenancy End Date	2025-03-31	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2024-04-01	تاريخ بداية مدّة الإيجار:
Contract is conditional		لا			معلق بشرط

Lessor Data — ٢ بيانات المؤجّر

Company name/Founder	شركة تمدين الاولى العقارية شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السّجل الأجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — ٣ بيانات مُمثّل المؤجر

Name	سلمان حسين بن يحيى معيدي				الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1073134924	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	muaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوّال:
National Address	العلياء، الرياض				العنوان الوطني:

Tenant Data — ٤ بيانات المستأجر

Company name/Founder	شركة دلتا للتسويق	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7007097483	الرقم الموحد	CR No.	4030238140	رقم السّجل الأجاري:
CR Date	2012-12-24	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Tenant Representative Data — ٥ بيانات مُمثّل المستأجر

Name	حسان ابراهيم يوسف اكبر علي رضا	الاسم:

1

Exhibition No. 4


Unified العقد Commercial التجاري Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — ١ بيانات العقد

Contract Type	جديد	نوع العقد:	Contract No.	20146257354 / 1	رقم سجل العقد:
Contract Sealing Location	جدة	مكان إبرام العقد:	Contract Sealing Date	2023-08-20	تاريخ إبرام العقد:
Tenancy End Date	2024-04-30	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2023-05-01	تاريخ بداية مدّة الإيجار:
Contract is conditional		لا			معلق بشرط

Lessor Data — ٢ بيانات المؤجّر

Company name/Founder	شركة صبا العقارية المحدودة	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7014896273	الرقم الموحد	CR No.	1010437473	رقم السّجل الأجاري:
CR Date	2015-09-10	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — ٣ بيانات مُمثّل المؤجر

Name	خالد يوسف ابراهيم السلوم				الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1002760260	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	hussein.bahamid@sabahome.com	البريد الإلكتروني:	Mobile No.	+966531441000	رقم الجوّال:
National Address					العنوان الوطني:

-	أخرى	-	2024-02-10	تاريخ الانتهاء Expiry Date

Tenant Data — ٤ بيانات المستأجر

Company name/Founder	شركة النبلة الخضراء للتقديم المشروبات	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7004443458	الرقم الموحد	CR No.	4650201645	رقم السّجل الأجاري:
CR Date	2018-07-22	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

1

The rental contract, Exhibit No. 1


Unified العقد Commercial التجاري Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — ١ بيانات العقد

Contract Type	جديد	نوع العقد:	Contract No.	20963057026 / 1-0	رقم سجل العقد:
Contract Sealing Location	جدة	مكان إبرام العقد:	Contract Sealing Date	2024-03-07	تاريخ إبرام العقد:
Tenancy End Date	2026-04-09	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2024-04-10	تاريخ بداية مدّة الإيجار:
Contract is conditional		لا			معلق بشرط

Lessor Data — ٢ بيانات المؤجّر

Company name/Founder	شركة تمدين الاولى العقارية شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السّجل الأجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — ٣ بيانات مُمثّل المؤجر

Name	سلمان حسين بن يحيى معيدي				الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1073134924	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	muaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوّال:
National Address	العلياء، الرياض				العنوان الوطني:

Tenant Data — ٤ بيانات المستأجر

Company name/Founder	شركة حمزة محمد الديري للمقاولات شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7001614119	الرقم الموحد	CR No.	4030199041	رقم السّجل الأجاري:
CR Date	2010-03-24	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Tenant Representative Data — ٥ بيانات مُمثّل المستأجر

Name	عمر محمد الديري	الاسم:

1

Lease contract for office No. 102


Unified العقد Commercial التجاري Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — ١ بيانات العقد

Contract Type	جديد	نوع العقد:	Contract No.	20745852120 / 1-0	رقم سجل العقد:
Contract Sealing Location	جدة	مكان إبرام العقد:	Contract Sealing Date	2023-12-24	تاريخ إبرام العقد:
Tenancy End Date	2024-10-31	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2023-11-01	تاريخ بداية مدّة الإيجار:
Contract is conditional		لا			معلق بشرط

Lessor Data — ٢ بيانات المؤجّر

Company name/Founder	شركة تمدين الاولى العقارية شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السّجل الأجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — ٣ بيانات مُمثّل المؤجر

Name	سلمان حسين بن يحيى معيدي				الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1073134924	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	muaidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوّال:
National Address	العلياء، الرياض				العنوان الوطني:

Tenant Data — ٤ بيانات المستأجر

Company name/Founder	شركة محورين الملخصة لخدمات الجوالف	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7001648612	الرقم الموحد	CR No.	4030206139	رقم السّجل الأجاري:
CR Date	2010-11-08	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Tenant Representative Data — ٥ بيانات مُمثّل المستأجر

Name	وليد محمد عبدالله الصحفي	الاسم:

1

Lease contract for office No. 108

A sample of the lease contracts that were reviewed

Abhor Commercial building

Report Number	DC24013272
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Commercial stores
Address	Jeddah- Northern Abhor

The Final value of the property	Number	SAR 6,670,000
	Written	Six million, six hundred seventy thousand Riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Commercial stores

Address
Jeddah- Northern Abhor

Land Area
^{2}m 552

Deed Date	Deed Number
هـ 1443/03/13	893010005753

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	6,670,000 SAR
The Grand Total of the Properties (Written)	Six million, six hundred seventy thousand Riyals only.

02

Property Description

Property Description

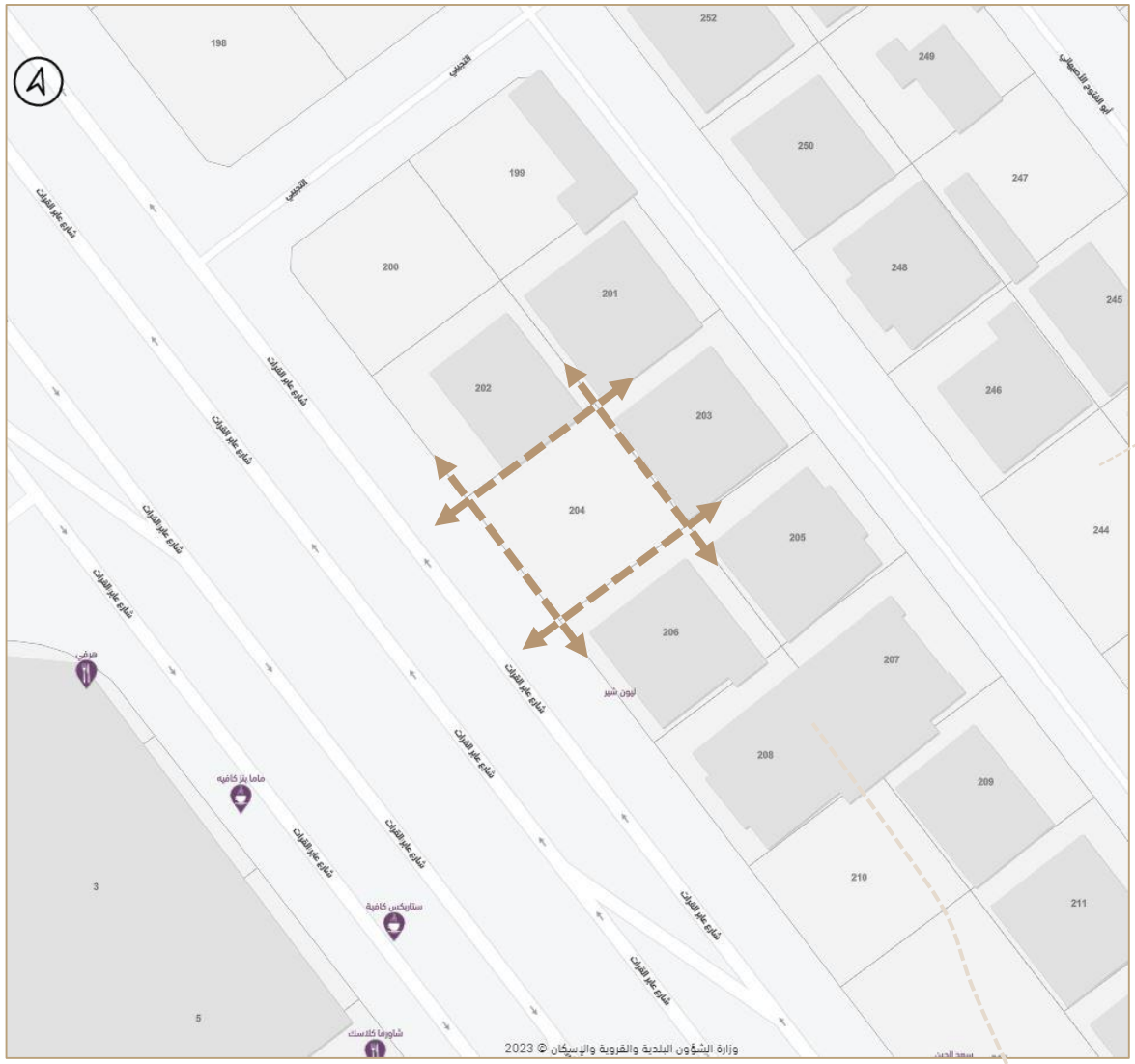
The property under valuation is situated in the Northern Abhor neighborhood of Jeddah, in the Makkah region.

Northern Abhor is known for being an upscale and tranquil residential area in the northern part of Jeddah. Affiliated with the Northern Abhor Sub-municipality, this neighborhood is distinguished by its numerous resorts and entertainment venues, as well as its proximity to the Red Sea.

Located specifically in the north of Jeddah, Northern Abhor covers approximately 22.6 square kilometers. It is bordered to the north by the Al-Sheraa, Al-Firdaws, and Al-Amwaj neighborhoods; to the south by the Northern Abhor and Southern Abhor neighborhoods; to the west by the Red Sea; and to the east by the neighborhoods of Authenticity and Kindness.

The property consists of a commercial plot with an area of 552 square meters, as per the deed, and a total building surface area of 180 square meters, according to the building permit. The property houses a Burger King restaurant.

Property Details



Land Area		Land Use
^{2}m 552		Commercial

Boundaries

Length	Border	Side
m 24	Plot No. 202	North
Length	**Border**	**Side**
m 24	Plot No. 206	South
Length	**Border**	**Side**
m 23	Plot No. 203	East
Length	**Border**	**Side**
m 23	Transcontinental Street, 52 m wide	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details

Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/03/13هـ	893010005753

Issuance Date	Building Permit
1441/01/21هـ	3700105020

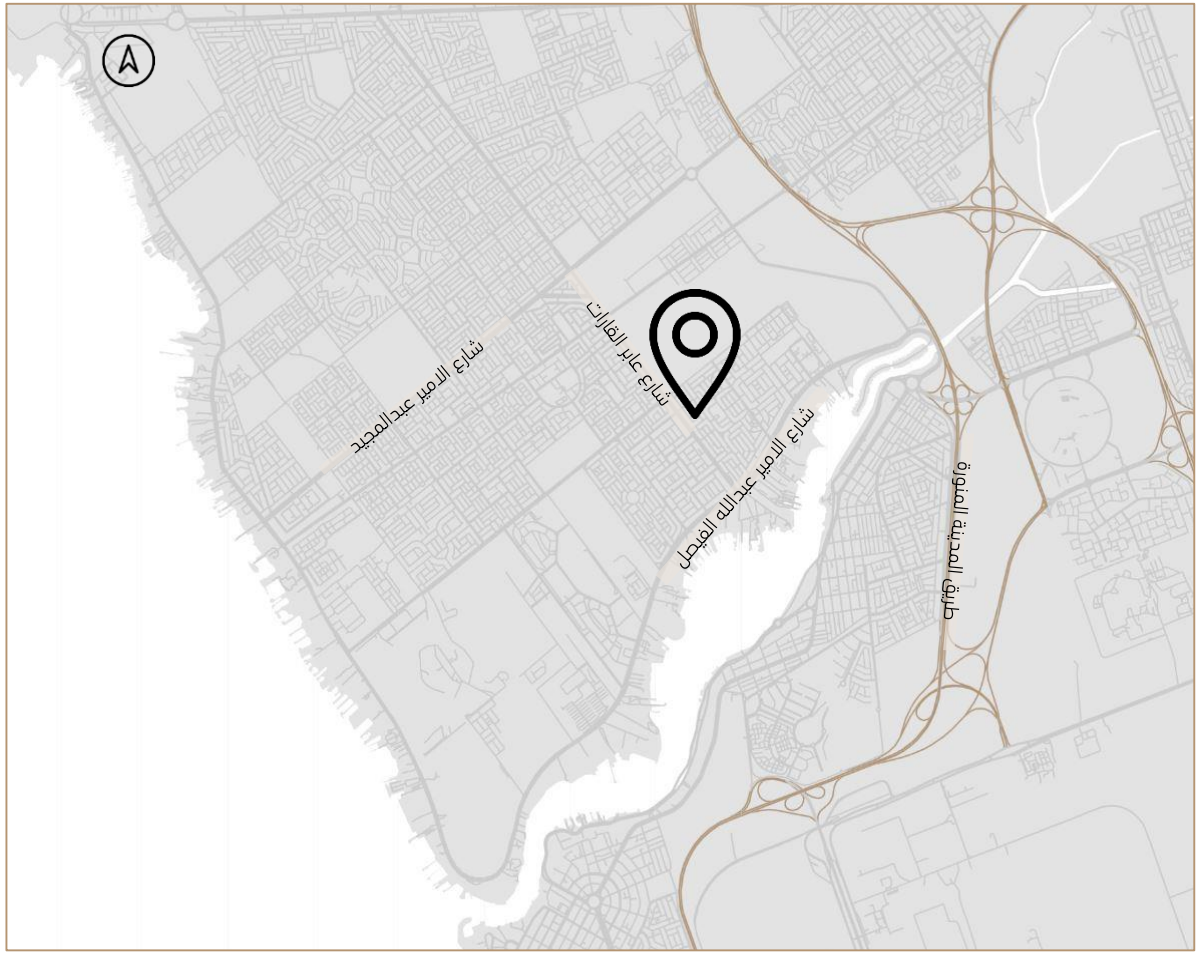
City	District
Jeddah	Northern Abhor

Parcel No.	Plan No.
204	230/ب

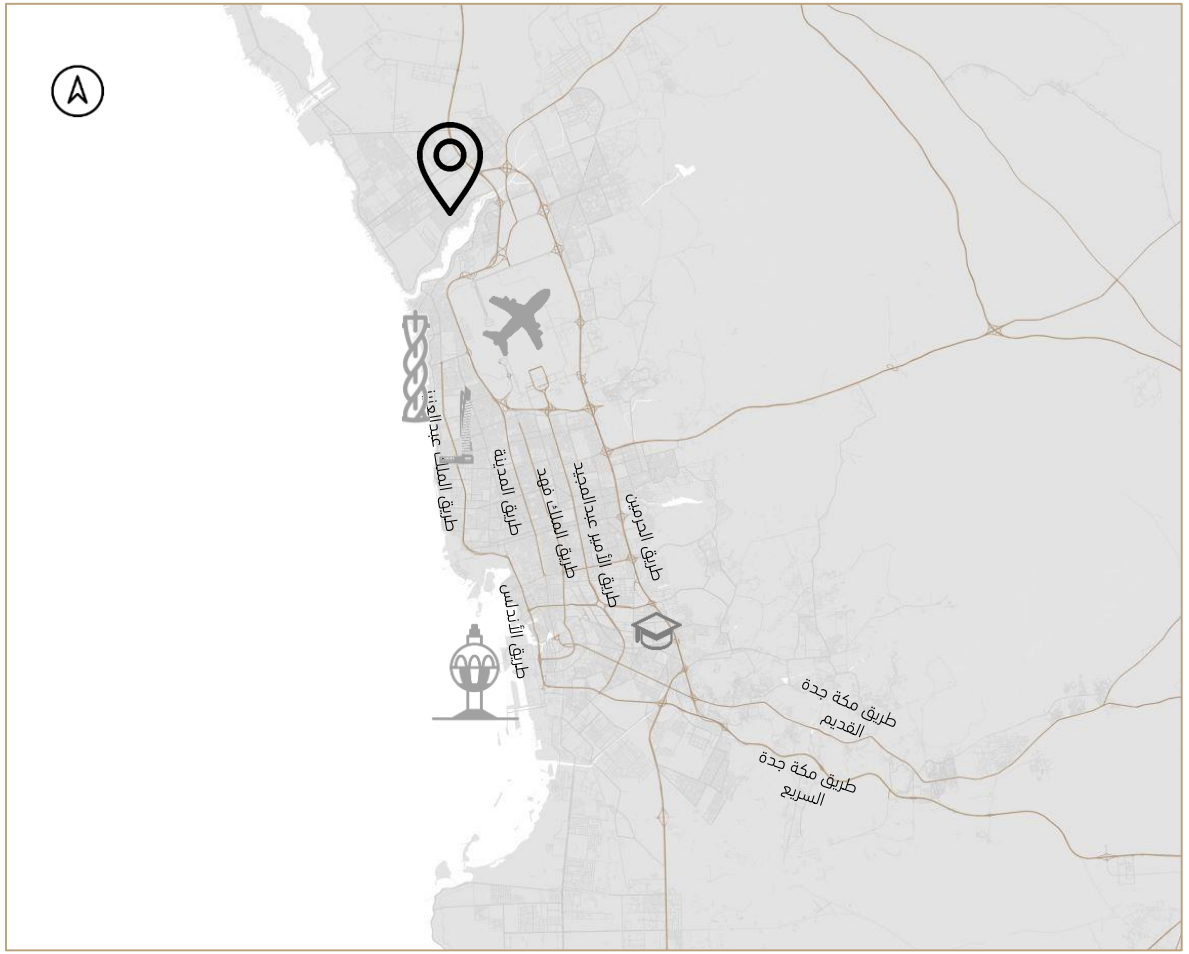
Coordinates
39.114806 ,21.764083

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

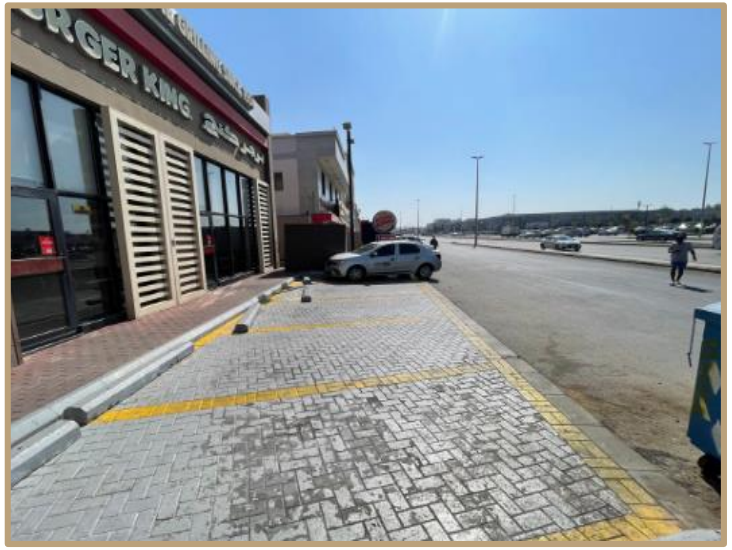
Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

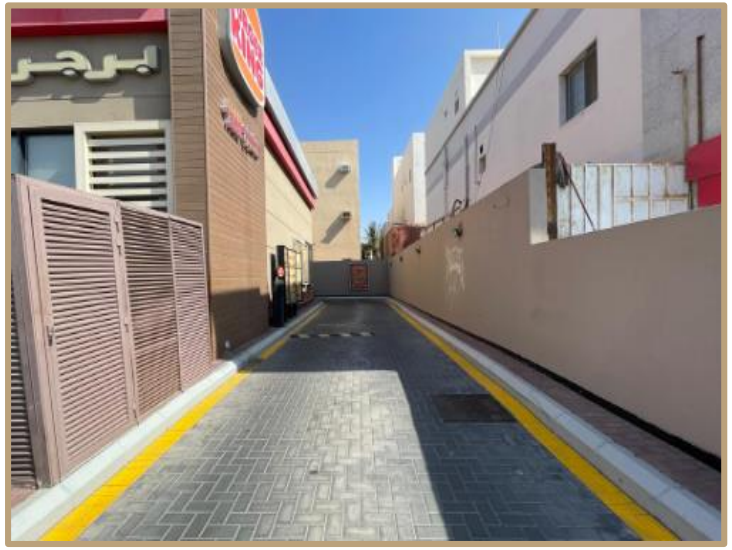
Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

Photos of the property



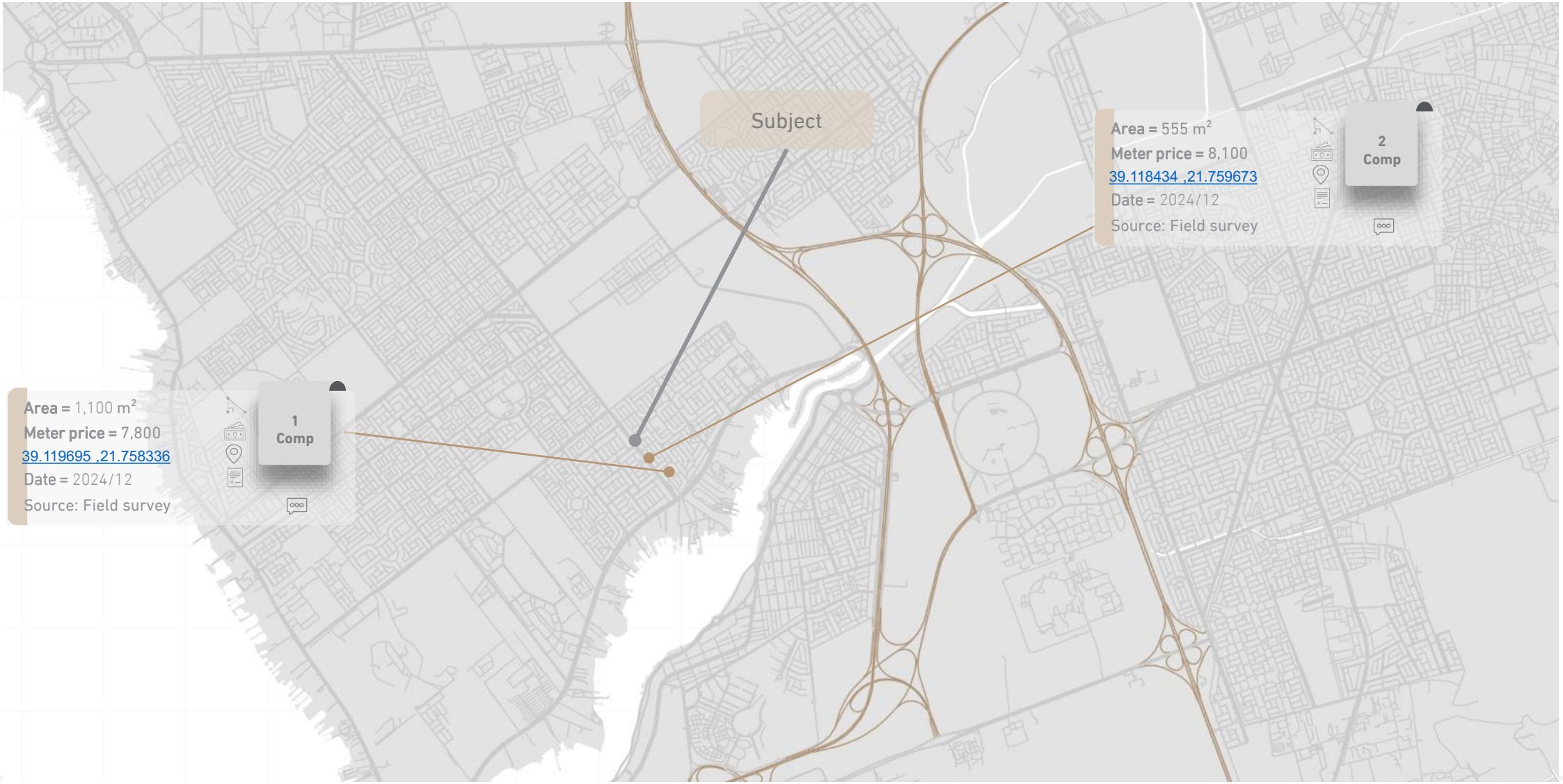


04

Market Analysis

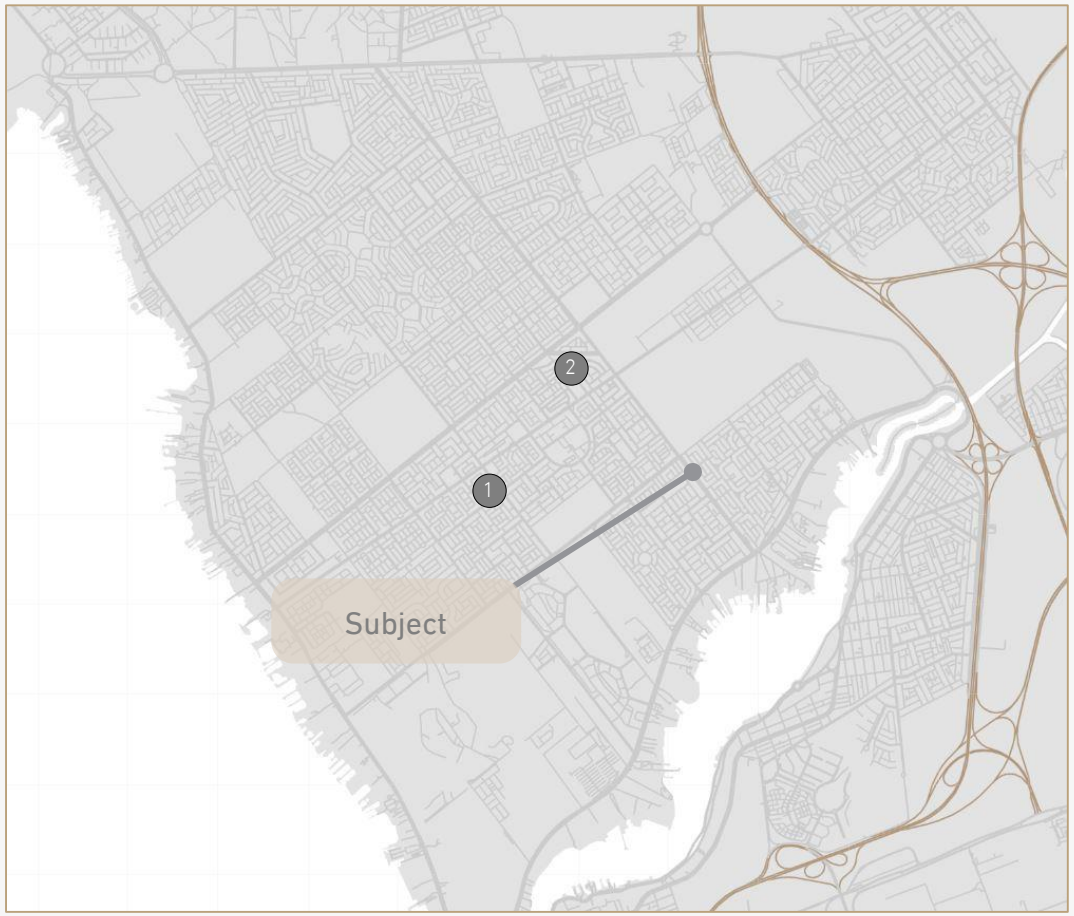
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Showrooms).

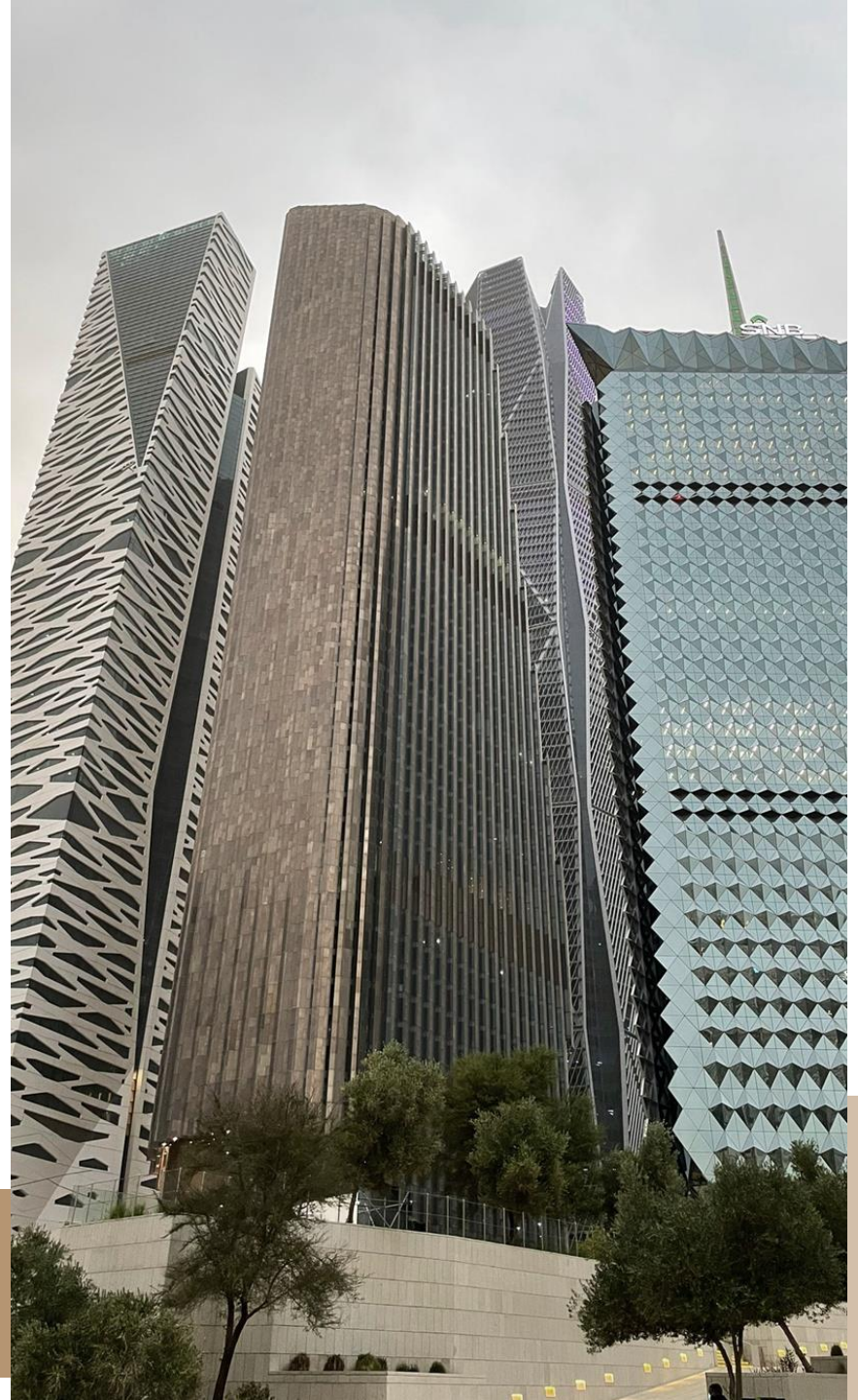


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Showroom	North Obhur	75	1,100	Currently listed
2	Showroom	North Obhur	135	1,500	Currently listed

Cap rate

Name	District	Income	Value	Cap Rate
Commercial Building	Al Salamah neighborhood	k 160	m 2	%8
Commercial Building	Al Salamah neighborhood	m 2.7	m 49	%8



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To determine the value of the land, a field survey was conducted to assess current market prices for similar properties. Given that identical properties are rare, adjustments were made to the prices of comparable properties. These adjustments involved deducting the value of any advantages that the comparative properties had over the subject property and adding the value of the advantages that the subject property possessed. Key factors considered in this process included market conditions, differences in area, road views, and road numbers. Based on these comparisons, the value of the land was established.

Feature	Subject	Comp .1		Comp .2	
Date	2024/12	2024/12		2024/12	
Meter Price (SR/m2)		7800		8100	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		7800		8100	
Land size	552	1100	-2%	555	0%
Location preference	Very Good	Good	2%	Good	2%
Adjustment %		0%		2%	
Meter 2 Price After adjustment		7800		8262	
participation %		50%		50%	
Meter value (SR/m2)		8031			
Meter value (SR/m2) after rounding		8030			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The property's value was determined by adding the land's value to the total cost of constructing the building, based on current market prices. This calculation included the price of the building unit, considering the quality of construction, finishes, and total building area, and then subtracting depreciation since the building's construction. To determine the land's value, a field survey was conducted, examining current market prices, recently sold lands, and similar properties. Adjustments were made to account for differences between the land being valued and comparable properties, such as market conditions and location advantages. The final value of the property includes consulting fees, management costs, and contractor profits. It also covers all construction costs, including fences, tanks, and general site coordination, but excludes movable assets and financing costs. Thus, the concluded property value is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
Building area	180.00	1,280	230,400
fences	60	640	38,400
0			
Total value of the buildings before depreciation (Saudi Riyals)			268,800
Development profit margin	**20%**		53,760
Total value of the buildings with profit margin (Saudi Riyals)			322,560
Depreciation	6	15.00%	48,384
Value of the buildings after depreciation (Saudi Riyals)			274,176
Land value (Saudi Riyals)	552	8,030	4,432,560
Final value	**4,706,736**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \text{Initial cash flow}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income of the property to be appraised is 502,500 SAR, as provided by the client, with a 9% increase in 2027 and a 9% increase in 2032, according to the contract. The market prices have been logically reviewed.
Total income:- For the year 2022: 502,500 SAR - For the year 2027: 553,500 SAR - For the year 2032: 607,500 SAR
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property is leased under a single contract, with approximately 12 years remaining, as provided by the client.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 8%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of showrooms - comparison method:

To assess the land value, a field survey was conducted to examine current market prices of recently sold properties and comparable listed properties. Since no two properties are identical, adjustments were made to the prices of the comparable properties. This involved subtracting the value of any advantages held by the comparables and adding the value of any advantages of the subject property. The comparison factors included market conditions, differences in space, location benefits, accessibility, and the rental values of similar showrooms.

Feature	Subject	Comp .1		Comp .2	
Date	2024/06	2024/06		2024/06	
Meter Price (SR/m2)		722		1111	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		722		1111	
space difference	552	180	3%	135	3%
Location	Excellent	Middle	2 %	Middle	2 %
Adjustment %		5%		5%	
Meter 2 Price After adjustment		1166.55		758.1	
participation %		50%		50%	
Meter value (SR/m2)		962.33			
Meter value (SR/m2) after rounding		960			

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area of the property to be appraised, the capitalization rate was estimated based on the property's condition and the vacancy rate in the area, according to the appraiser's estimate and financial data analysis of the property.

The total income at 100% occupancy, according to the contract, is 502,500 SAR. The annual expenses are 0%, and the growth rate is 9% in 2027 and 9% in 2032, as per the contract.

Based on this, the property value was determined using the following cash flow assumptions:

(Note: Further calculations for the property's value typically involve discounted cash flow (DCF) or capitalization rate methods, which require additional data for accurate valuation.)

Occupancy rate	100%	Discount rate	10.36%	Gross income	502,500
Growth rate	2032= %9 ، 2027= % 9	Cap rate	8%	Cash flow period	12

Period	0	1	2	3	4	5	6	7	8	9	10	11
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Growth Rate	0.00%	0.00%	10.15%	0.00%	0.00%	0.00%	0.00%	9.76%	0.00%	0.00%	0.00%	0.00%
Total Income	502,500	502,500	553,504	553,504	553,504	553,504	553,504	607,526	607,526	607,526	607,526	607,526
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Effective Income	502,500	502,500	553,504	553,504	553,504	553,504	553,504	607,526	607,526	607,526	607,526	607,526
Total Operating Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	502,500	502,500	553,504	553,504	553,504	553,504	553,504	607,526	607,526	607,526	607,526	607,526
Future Property Value	7,594,071											
Net Cash Flow of the Property	502,500	502,500	553,504	553,504	553,504	553,504	553,504	607,526	607,526	607,526	607,526	8,201,597
Discount Factor	0.10	0.91	0.82	0.74	0.67	0.61	0.55	0.50	0.45	0.41	0.37	0.34
Present Value of Money	502,500	455,328	454,462	411,799	373,142	338,113	306,373	304,707	276,103	250,184	226,698	2,773,127
Present Value	**6,672,536**											
Present Value (After Rounding)	**6,670,000**											

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach	SAR 6,670,000	%100
the cost Approach	SAR 4,706,736	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 6,670,000
	Written	Six million, six hundred seventy thousand Riyals only.

Attachments

Unified العقد التجاري الموحد Commercial Contract

إيجار EJAR

يعتبر هذا العقد عقدًا موثقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

Contract Data — **١ بيانات العقد**

Contract Type	جديد	نوع العقد:	Contract No.	20200782393 / 1	رقم سجل العقد:
Contract Sealing Location	جدة	مكان إبرام العقد:	Contract Sealing Date	2022-08-31	تاريخ إبرام العقد:
Tenancy End Date	2037-09-15	تاريخ نهاية مدّة الإيجار:	Tenancy Start Date	2022-09-16	تاريخ بداية مدّة الإيجار:
Contract is conditional		لا			معلق بشرط:
			Ejar Fees Paid By	المؤجر	طريقة دفع رسوم العقد:

Lessor Data — **٢ بيانات المؤجّر**

Company name/Founder	شركة تعدين الدولي العقارية شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:
Unified Number	7010776792	الرقم الموحد	CR No.	1010896622	رقم السّجل التّجاري:
CR Date	2017-10-04	تاريخ السجل التجاري:	Issued by	-	جهة الإصدار:

Lessor Representative Data — **٣ بيانات مُمثّل المؤجر**

Name		سلمان حسين بن يحيى معيدي			الاسم:
			Nationality	المملكة العربية السعودية	الجنسيّة:
ID No.	1073134924	رقم الهويّة:	ID Type	هوية وطنية	نوع الهويّة:
Email	munidis@mulkia.com.sa	البريد الإلكتروني:	Mobile No.	+966556332153	رقم الجوّال:
National Address					العنوان الوطني:

		تاريخ الانتهاء Expiry Date	تاريخ الاصدار Issue Date	نوع المستند Type	رقم سند التمثيل Number
		2022-09-05	2021-09-16	وكالة شرعية إلكترونية	43661903

Tenant Data — **٤ بيانات المستأجر**

Company name/Founder	شركة العليان للخدمات الغذائية شركة شخص واحد	اسم الشّركة/المؤسّسة:	Organization Type	التجارية	نوع المنظمة:

1

Lease contract

Alshera Commercial building

Report Number	DC24013273
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Commercial stores
Address	Jeddah- Alshera

The Final value of the property	Number	SAR 11,693,630
	Written	Eleven million, six hundred ninety-three thousand, six hundred thirty Saudi Riyals.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Encumbered by a mortgage.

Property type
Commercial stores

Address
Jeddah- Alshera

Land Area
^{2}m1,995.5

Deed Date	Deed Number
1443/03/13 هـ	793010005754

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date
2024/12/31

Inspection Date
2024/11/20

Approval Date
2024/11/14

The Grand Total of the Properties (Numeric)	11,693,630 SAR
The Grand Total of the Properties (Written)	Eleven million, six hundred ninety-three thousand, six hundred thirty Saudi Riyals.

02

Property Description

Property Description

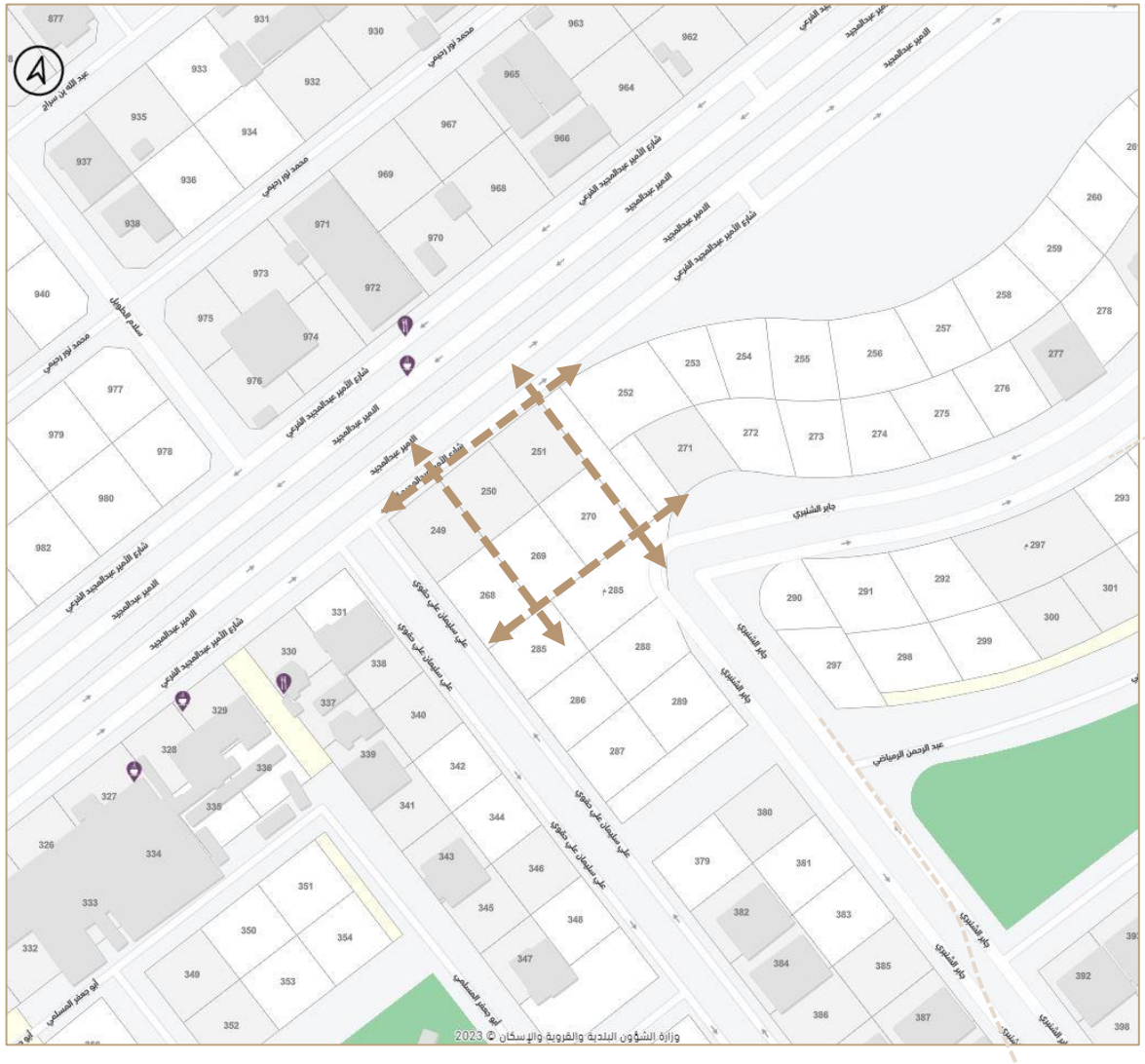
The property under valuation is situated in the Al-Shiraa neighborhood of Jeddah, within the Makkah region.

Al-Shiraa is recognized as a new and tranquil neighborhood in Jeddah, falling under the jurisdiction of the Northern Obhur Sub-municipality. The area is well-served with amenities, including international schools and health centers like the King Abdullah Medical Complex. Its proximity to the Red Sea and Sharm Obhur adds to its appeal.

Located in the northern part of Jeddah, Al-Shiraa covers approximately 6.4 square kilometers. The neighborhood is bordered to the north by Al-Yaqout and Al-Sawary neighborhoods; to the south by Obhur Al-Shamaliyah neighborhoods; to the west by Al-Amwaj and Al-Lu'lu neighborhoods; and to the east by Al-Firdaws neighborhood.

The property in question is situated on a commercial plot of 1,995.5 square meters, according to the deed. It comprises two buildings, with the first building having an area of 211 square meters and the second building covering 300 square meters.

Property Details



Land Area		Land Use
^{2}m1,995.5		Commercial

Boundaries

Length	Border	Side
m 37	Parking lots 2m wide, street 52m wide	North
Length	**Border**	**Side**
m 40	Part of plot No. 285	South
Length	**Border**	**Side**
m 47	Corridor width 10 m	East
Length	**Border**	**Side**
m 50	Plot No. 268 and 249	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details

Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/03/13هـ	793010005754

Issuance Date	Building Permit
1445/06/19 هـ	4400195566

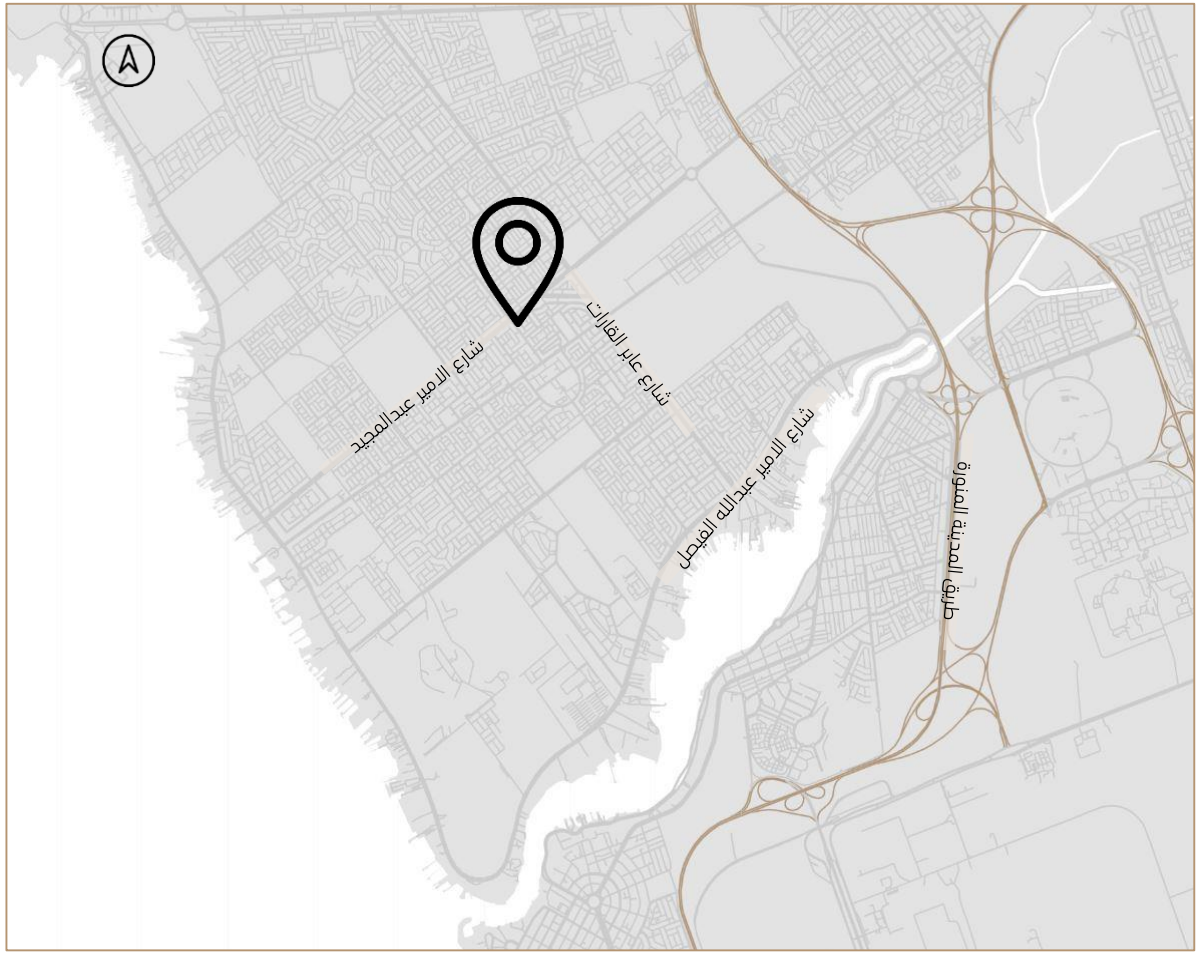
City	District
Jeddah	Alshera

Parcel No.	Plan No.
250/ب-251/ب-269/ب-270/ب	505/3/ت

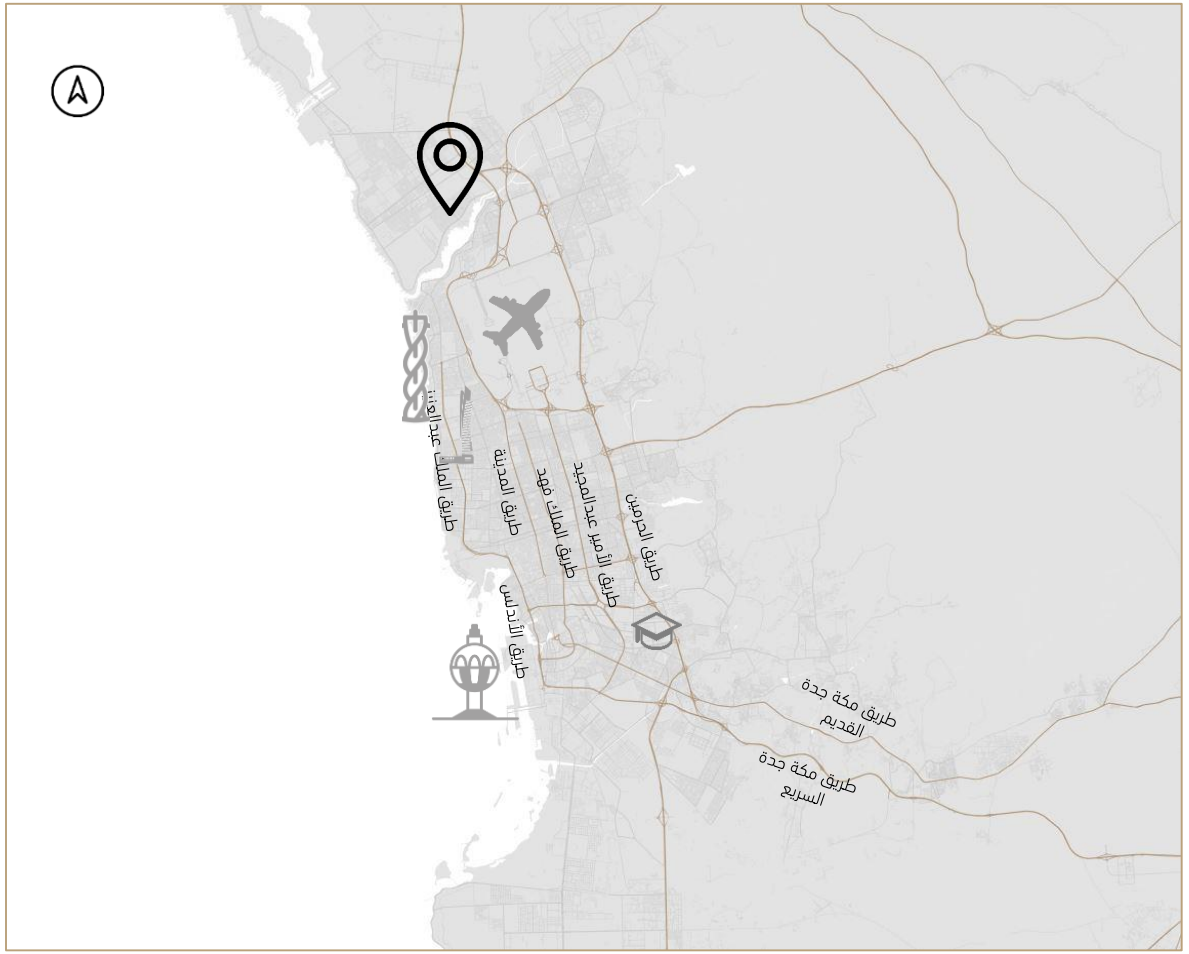
Coordinates
39.095028 ,21.776250

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

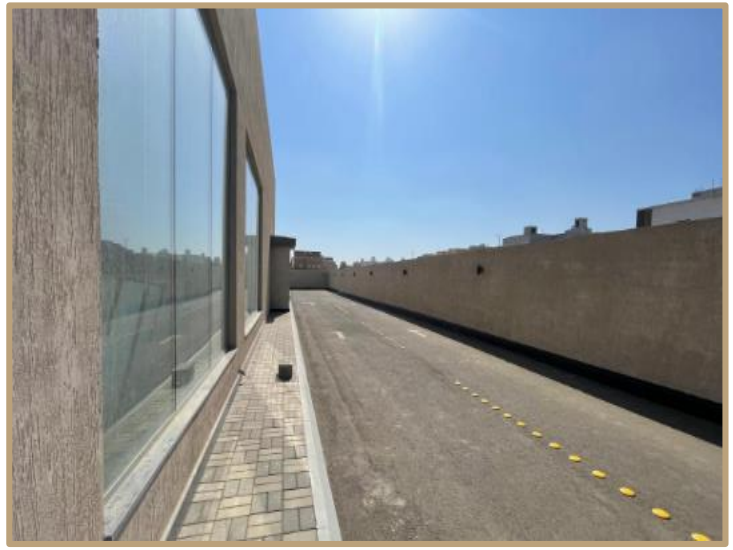
Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

Photos of the property





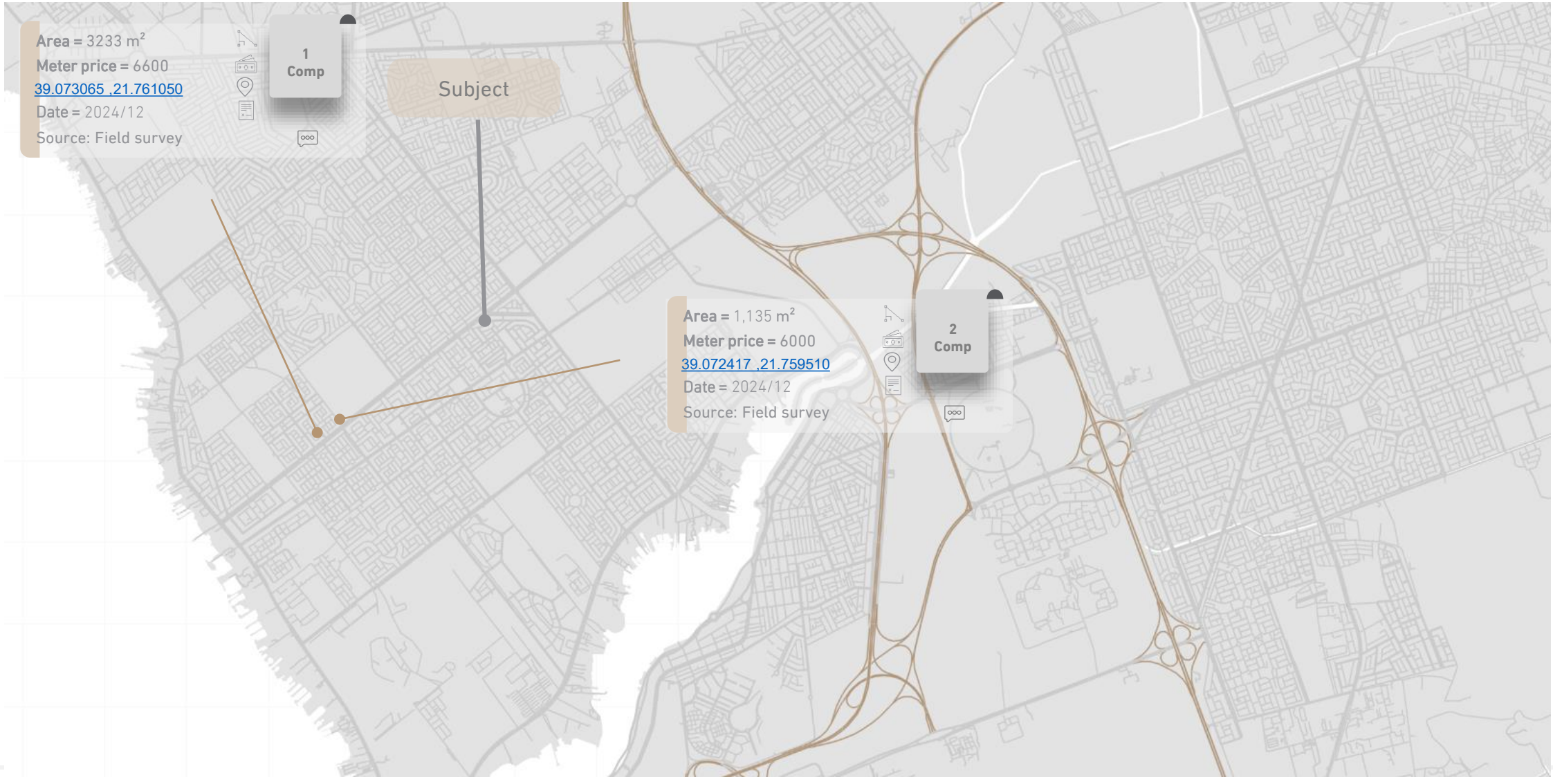



04

Market Analysis

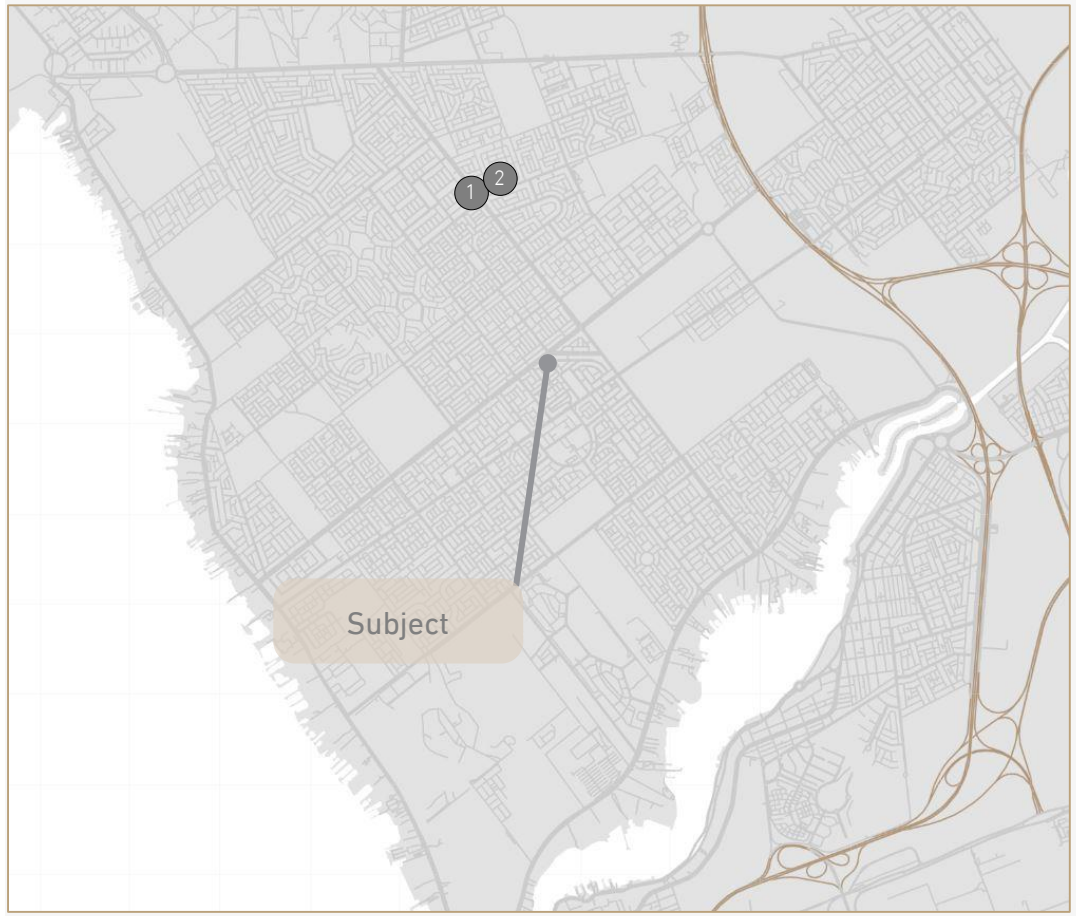
Market Study and Analysis

"After conducting a field survey of the current market prices for properties located in the area of the property being evaluated and understanding the sales prices of lands for similar uses, below are the survey samples of the properties."



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Showrooms).

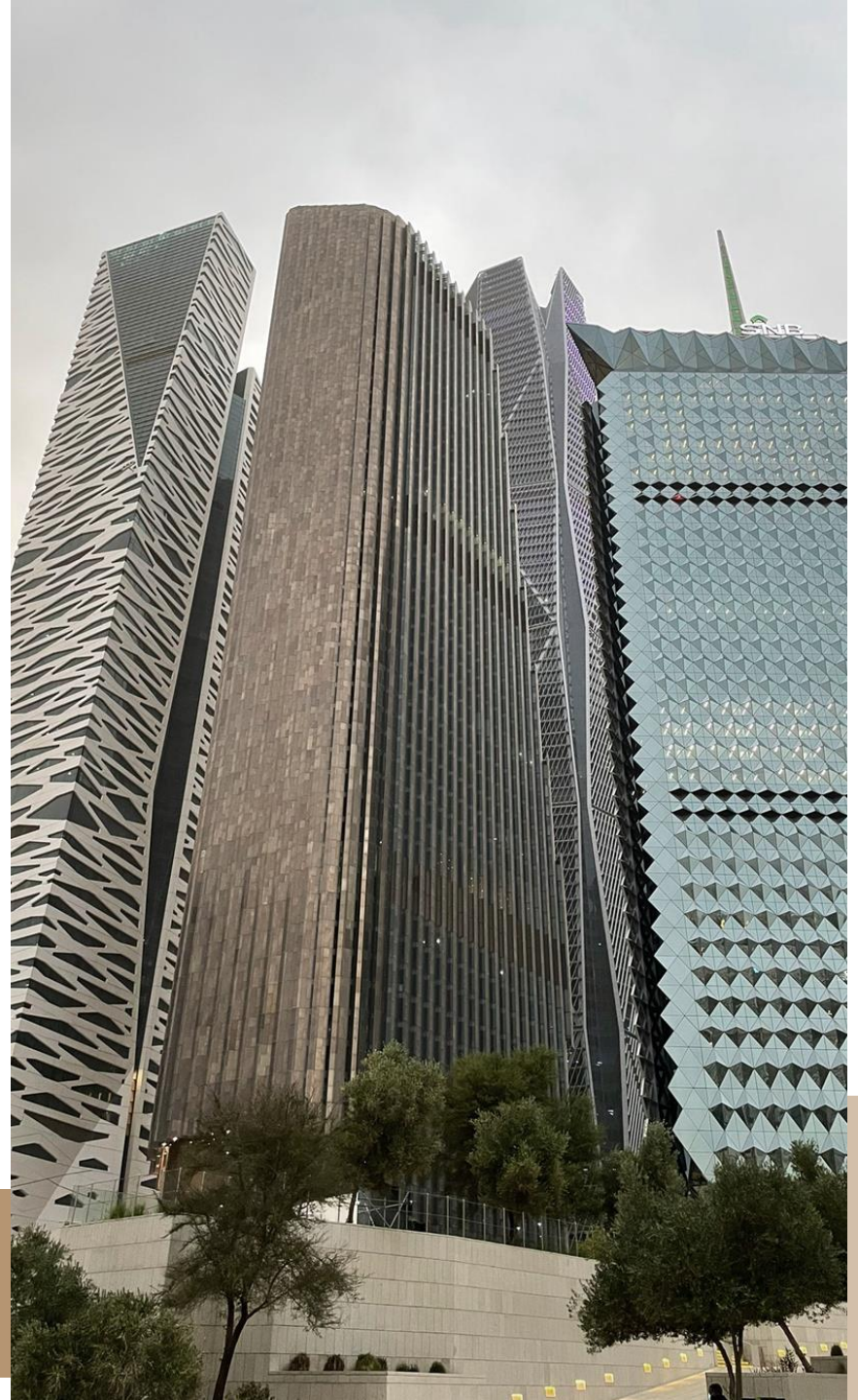


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Showroom	King Faisal Road	300	1,300	Rent offer
2	Showroom	King Faisal Road	265	1,100	Rent offer

Cap rate

Name	District	Income	Value	Cap Rate
Commercial Building	Salam District	k 160	m 2	8 %
Commercial Building	**Rawda**district	m 2.7	m 49	8 %



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2	
Date	2024/12	2024/12		2024/12	
Meter Price (SR/m2)		5500		6000	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		5500		6000	
Land size	1,995.50	3,233	2%	1,135	0%
Road numbers	2	2	0%	2	0%
Location preference	Very good	Good	2%	Good	3%
Adjustment %		4%		3#	
Meter 2 Price After adjustment		5720		6180	
participation %		70%		30%	
Meter value (SR/m2)		5858			
Meter value (SR/m2) after rounding		5860			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

Description	Area (m2)	Price per Sq.	Total
(A) Building area	**211**	**1280**	270,080
(B) Building area	**300**	**1280**	384,000
Fences	**45.24**	**640**	28,954
Total building value with profit margin (SAR)			683,034
depreciation	**0**	**0 %**	**0**
Building value after depreciation (Saudi SAR)			819,640
Land value (Saudi SAR)	1,995.50	5,860	11,693,630
Final value		**12,513,271**	

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. The total income for Store (B) is as follows:- For the year 2025: 450,000 SAR- For the year 2028: 500,000 SAR- Until the end of 2032, as per the contract.
   The rental income for Store (A) at the beginning of 2025 is 300,000 SAR, according to the data provided by the client.
   The total expected income would be 750,000 SAR per year if the property is rented out.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The property of Store (A) is currently not leased, and its market value has been estimated based on the assumption of full occupancy.
5. The occupancy rate is 100% due to the single contract.
6. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 8%.
7. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of showrooms - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the showrooms was reached as follows:

Comparison Elements	The property to be evaluated	(1)Comparative		(2)Comparative	
Date	**24-Dec**	**24-Nov**		**24-Nov**	
Price per square meter of the comparator (SAR/m2)		1300		1100	
Time factor		0%	0	0%	0
Market status and conditions		0%	0	0%	0
Financing terms		0%	0	0%	0
Price per square meter after adjusting the market status (SAR/m2)		1300		1100	
Office area (m2) 491	1,995.50	300	-25%	265	-25%
Location advantage	Very god	Good	2%	Good	2%
Relative adjustment		-19%		-19%	
Net market price after adjustments (m2/SAR)		1053		891	
Ratio of participation of each comparator in the value		50%		50%	
Value per square meter of the property under evaluation after applying the average (SAR/m2)		972			
Net average land price after rounding (m2/SAR)		**970**			

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices for rental properties in the area of the property to be appraised, the capitalization rate was estimated in accordance with the property's condition and the vacancy rate in the area, based on the appraiser's estimate and financial data analysis of the property to be appraised.By analyzing rental prices for commercial properties (car rental requests), the rates range between 200,000 SAR and 500,000 SAR per year. Accordingly, adjustments were made so that Store No. 1 has a rental value of 300,000 SAR, and Store No. 2 has a rental value of 450,000 SAR per year, as per the contract. This results in a total expected income of 750,000 SAR per year, assuming it is leased to a single operator at 100% occupancy, with the tenant covering all expenses.Based on this, the property's value was determined using the following cash flow assumptions:

Occupancy rate	100%	Discount rate	10.36%	Gross income	750,000
Growth rate	A 10% rate for Store A, according to the appraiser's estimate, and an 11.11% rate for Store B in 2028, as per the contract.	Cap rate	8%	Cash flow period	8

Period	0	1	2	3	4	5	6	7
Year	2025	2026	2027	2028	2029	2030	2031	2032
Growth Rate for Store A	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	0.00%	10.00%
Store A (according to client data)	300,000	300,000	300,000	330,000	330,000	330,000	330,000	363,000
Store B (according to the contract)	450,000	450,000	450,000	500,000	500,000	500,000	500,000	500,000
Total Income	750,000	750,000	750,000	830,000	830,000	830,000	830,000	863,000
Occupancy Rate	100%	100%	100%	100%	100%	100%	100%	100%
Effective Income	750,000	750,000	750,000	830,000	830,000	830,000	830,000	863,000
Total Operating Expenses	0	0	0	0	0	0	0	0
Net Income	750,000	750,000	750,000	830,000	830,000	830,000	830,000	863,000
Future Property Value	10,375,000							
Net Cash Flow of the Property	750,000	750,000	750,000	830,000	830,000	830,000	830,000	11,238,000
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61	0	0.5
Present Value of Money	750,000	679,594	615,797	617,509	559,540	507,014	459,418	5,636,470
Present Value	**9,825,342**							
Present Value (After Rounding)	**9,830,000**							

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach	SAR 9,830,000	%0
The cost Approach	SAR 12,513,271	%0
Land valuation using the market comparison Approach	SAR 11,693,630	%100

The Final value of the property	Number	SAR 11,693,630
	Written	Eleven million, six hundred ninety-three thousand, six hundred thirty Saudi Riyals.

The value was weighted using the market comparison method for the land after analyzing and taking into account the following:

- The result of the property valuation using the income method is approximately 9.83 million riyals.
- The result of the property valuation using the cost method is approximately 12.5 million riyals.
- From the market method, we find that the value of the property's land is 11,693,630 riyals, which was arrived at through the comparison method.
- The property is commercial and its goal is to generate income, so the best way to evaluate it is one of the income method methods, but through analysis we estimate that the current project is not the highest and best use of the land, and the highest use may be by constructing a building with more floors according to what the street system allows, so the presence of The building is valued.

It is illogical that market participants pay less for the property than the value of the land, so it was assumed that the market value is the value of the land only.

Attachments

العقد غير الموحد التجاري
Un-unified Commercial Contract

الهيئة العامة للعقار
REAL ESTATE GENERAL AUTHORITY
إيجار
EJAR

لا يعتبر هذا العقد سندًا تنفيذيًا

١ بيانات العقد — Contract Data

رقم سجل العقد:	20254923481 / 1	Contract No.	نوع العقد:	جديد	Contract Type
تاريخ إبرام العقد:	2023-02-09	Contract Sealing Date	مكان إبرام العقد:	جدة	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-03-01	Tenancy Start Date	تاريخ نهاية مدّة الإيجار:	2033-02-28	Tenancy End Date
معلق بشرط				نعم	Contract is conditional

الشرط المعلق عليه بداية الإيجار: يبدأ العقد بعد ثلاثة اشهر من تاريخ محضر الاستلام النهائي

طريقة دفع رسوم العقد:	الدفع عن طريق رصيد الوسيط العقاري	Ejar Fees Paid By

تتجدد مدة الإيجار (10سنة) ميلادية مالم يخطر أحد الطرفين الطرف الآخر برغبته بإنهاء العقد قبل (90) يوم من تاريخ انتهاء مدة الإيجار

٢ بيانات المؤجّر — Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشّركة/المؤسّسة:	شركة تمدين الاولى العقارية شركة شخص واحد	Company name/Founder
رقم السّجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر — Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	muaidis@mulkia.com.sa	Email
العنوان الوطني:					National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الاصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

1

Lease contract

Region Eastern

باركود BARCODE
92 000 5564
Assets Valuation تقييم الأصول

West Avenue Mall

Report Number	DC24013275
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Shopping center
Address	Dammam - Faisalish

The Final value of the property	Number	SAR 285,450,000
	Written	Two hundred eighty-five million, four hundred fifty thousand Riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation	Intended User	Client Name
Current Use	Periodic valuation	Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.	Mulkia-Gulf Real Estate REIT Fund

Property right	Property type	Address
Bound by mortgage	Shopping center	Dammam - Faisalish

Land Area	Deed Date	Deed Number	Owner Name
^{2}m 57,215.32	هـ 1443/06/16	330129001945	Tamdeen First for Real Estate Trading Company

valuation Approach	Valuation Criteria	Value Base
The income approach –DCF-	International Valuation Standards IVS 2022	Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	285,450,000 SAR
The Grand Total of the Properties (Written)	Two hundred eighty-five million, four hundred fifty thousand Riyals only.

02

Property Description

Property Description

The property under valuation is situated in the Al-Faisaliah neighborhood of Dammam.

Dammam is known for its unique residential appeal, with the Al-Faisaliah neighborhood standing out due to its diverse range of real estate options. This area has become a key focal point for those seeking distinctive residential units or investment opportunities, thanks to its varied property offerings.

The strategic location of Al-Faisaliah is a major draw. Nestled in a vibrant area, the neighborhood is surrounded by numerous services and amenities. It is easily accessible via several prominent roads and main streets, including Dhahran Road, Jubail Highway, and King Fahd Road, which connect it to neighboring areas and significant landmarks.

The property itself is located on a semi-rectangular commercial plot of 57,215.32 square meters. The total built area, as per the building permit, is 61,339 square meters. The complex features 120 retail stores of varying sizes, along with ATMs and kiosks. It also includes both outdoor and basement parking. The building is approximately 5 years old, according to the building permit.

Property Details

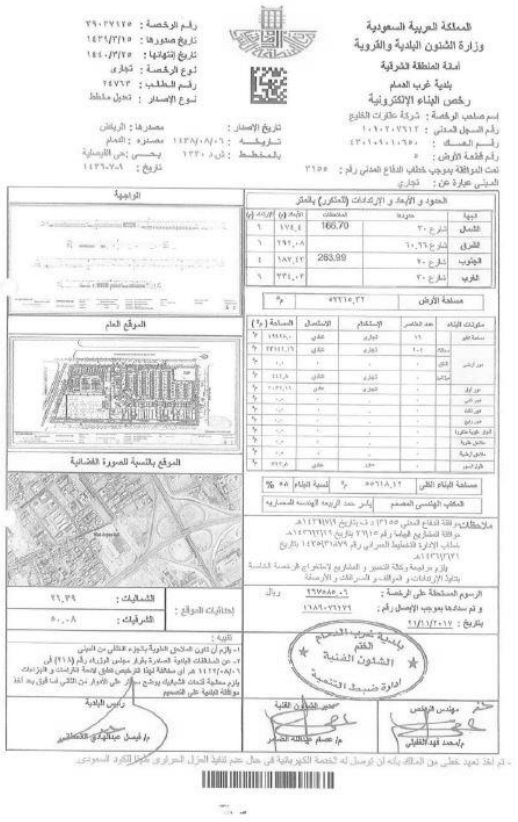
Land Area		Land Use
^{2}m 57,215.32		Commercial

Boundaries

Length	Border	Side
m 7.70 + 166.70	Street width 30 m	North
Length	**Border**	**Side**
m 187.43	Street width 20 m	South
Length	**Border**	**Side**
m7.78+263.99+20.31	Omar bin Al Khattab Street, width 60.96 m	East
Length	**Border**	**Side**
m 334.03	Street width 20 m	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details



Copy of building Permit

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/06/16 هـ	330129001945

Issuance Date	Building Permit
1439/03/15	339037125

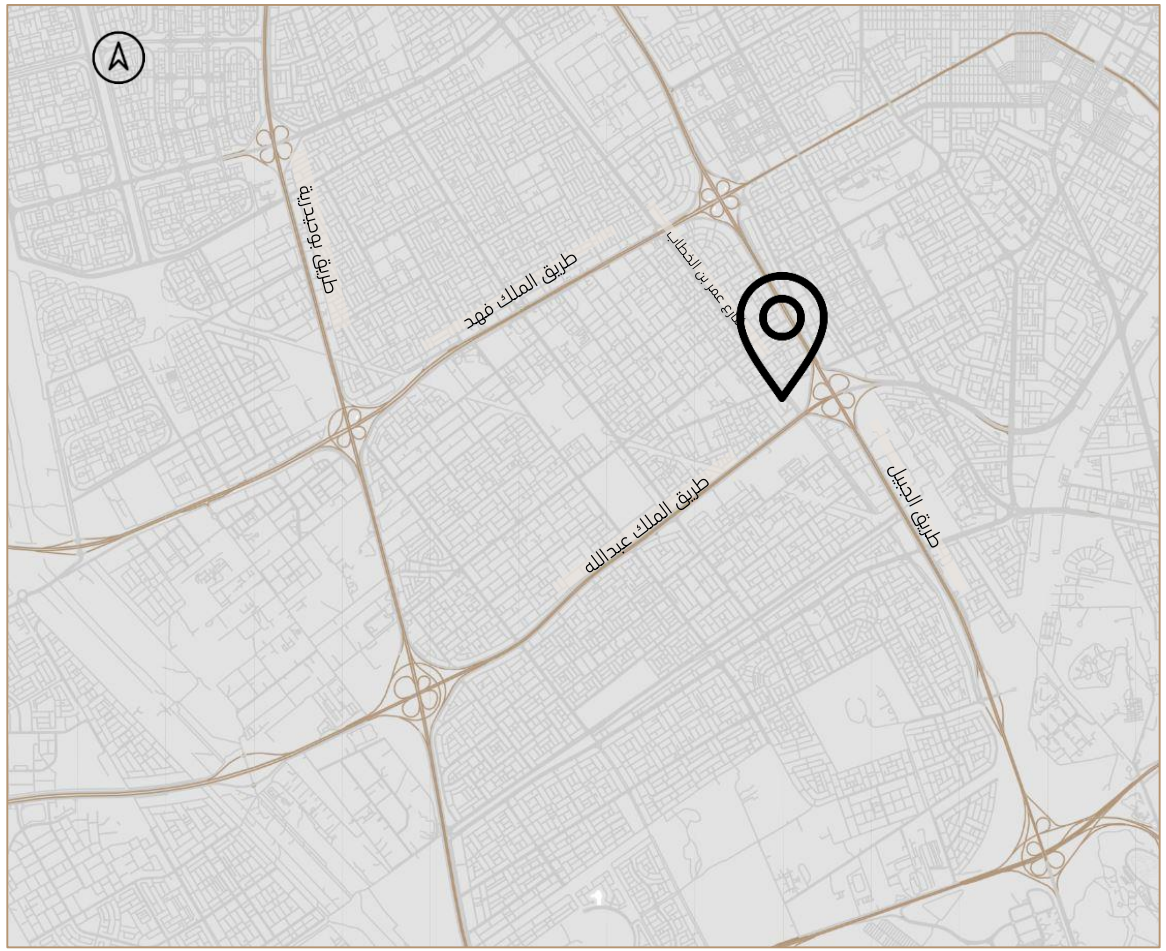
City	District
Dammam	Faisalish

Parcel No.	Plan No.
5	1330 ش د

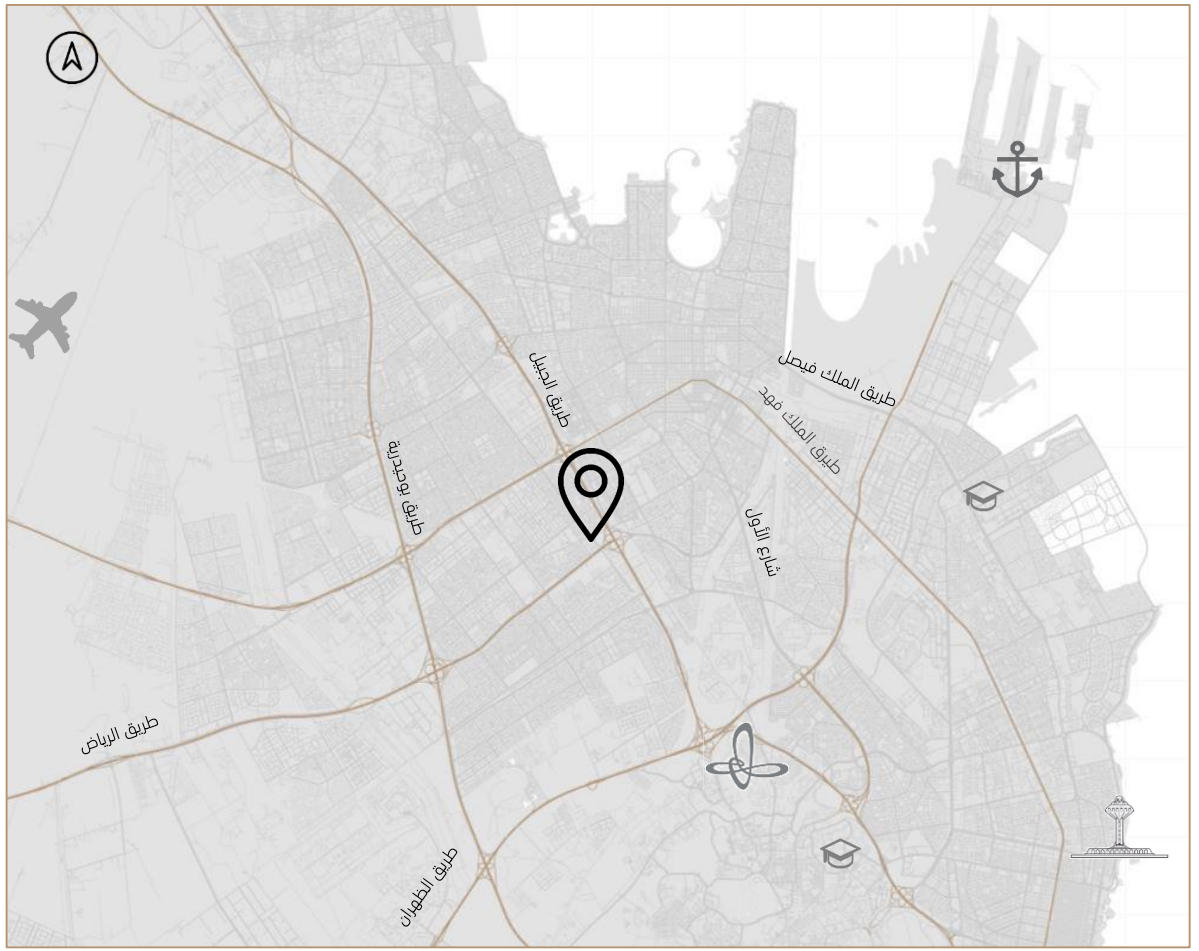
Coordinates
50.075194 ,26.387583

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

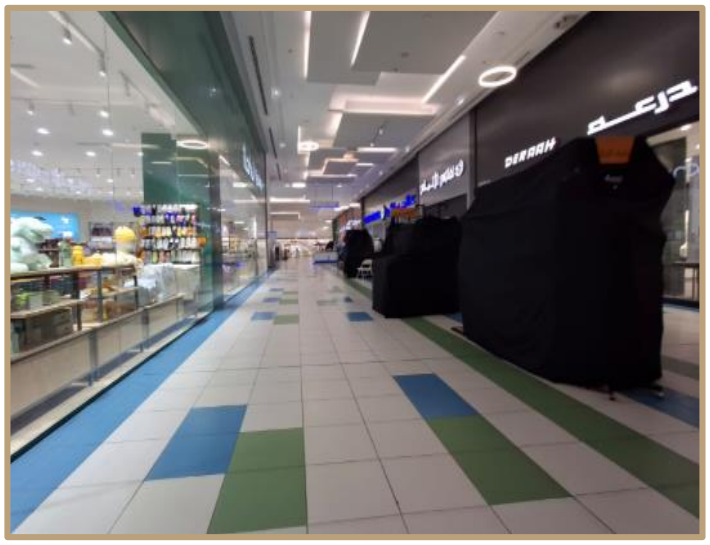
Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

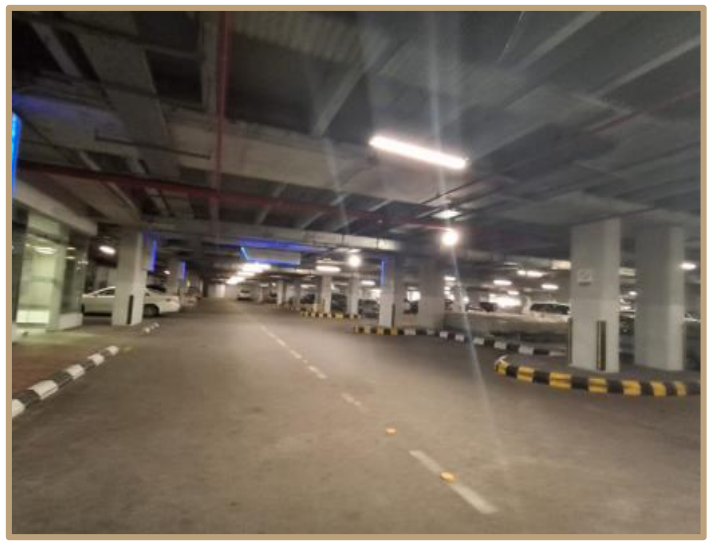
Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

Photos of the property



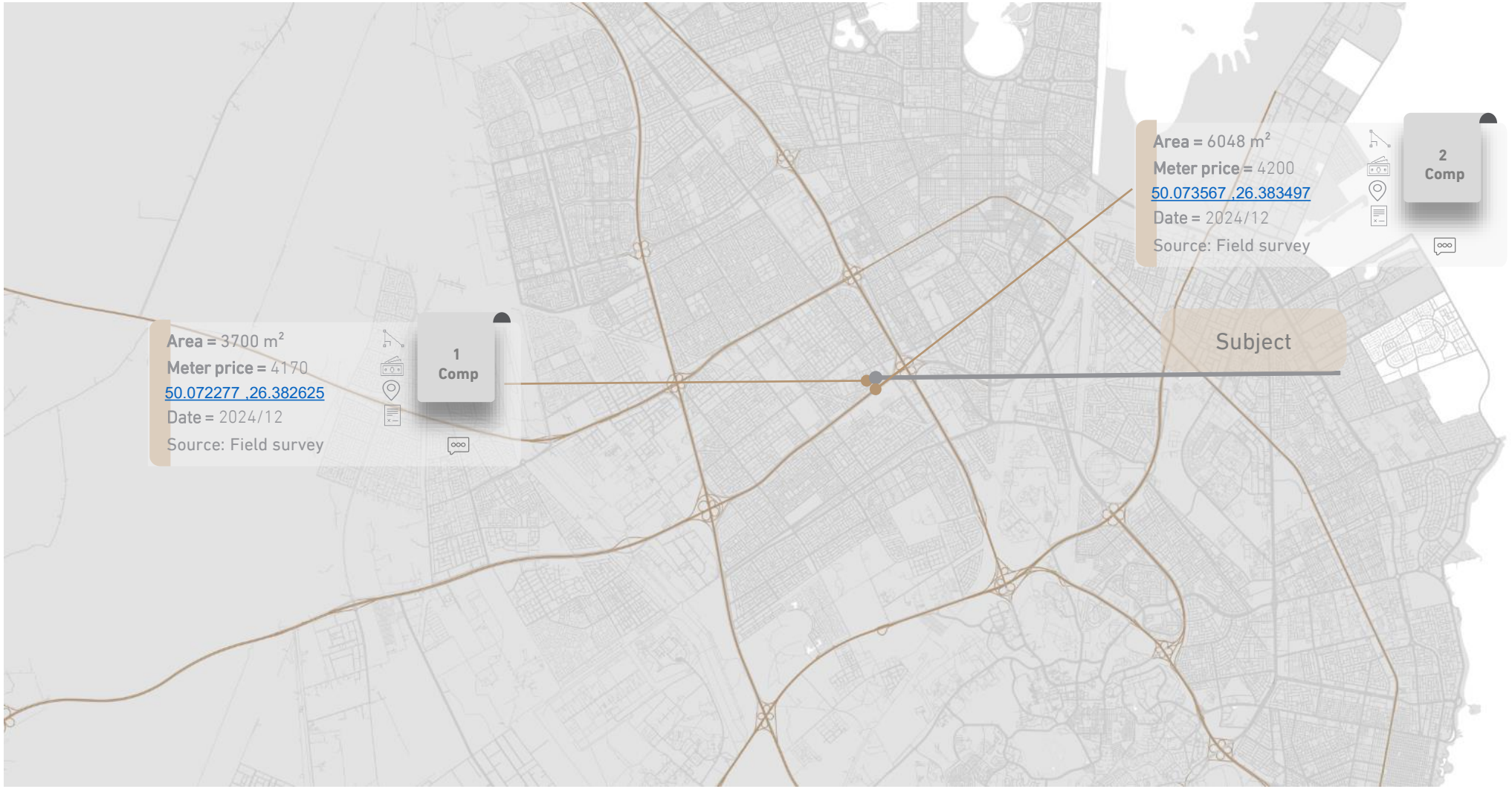


04

Market Analysis

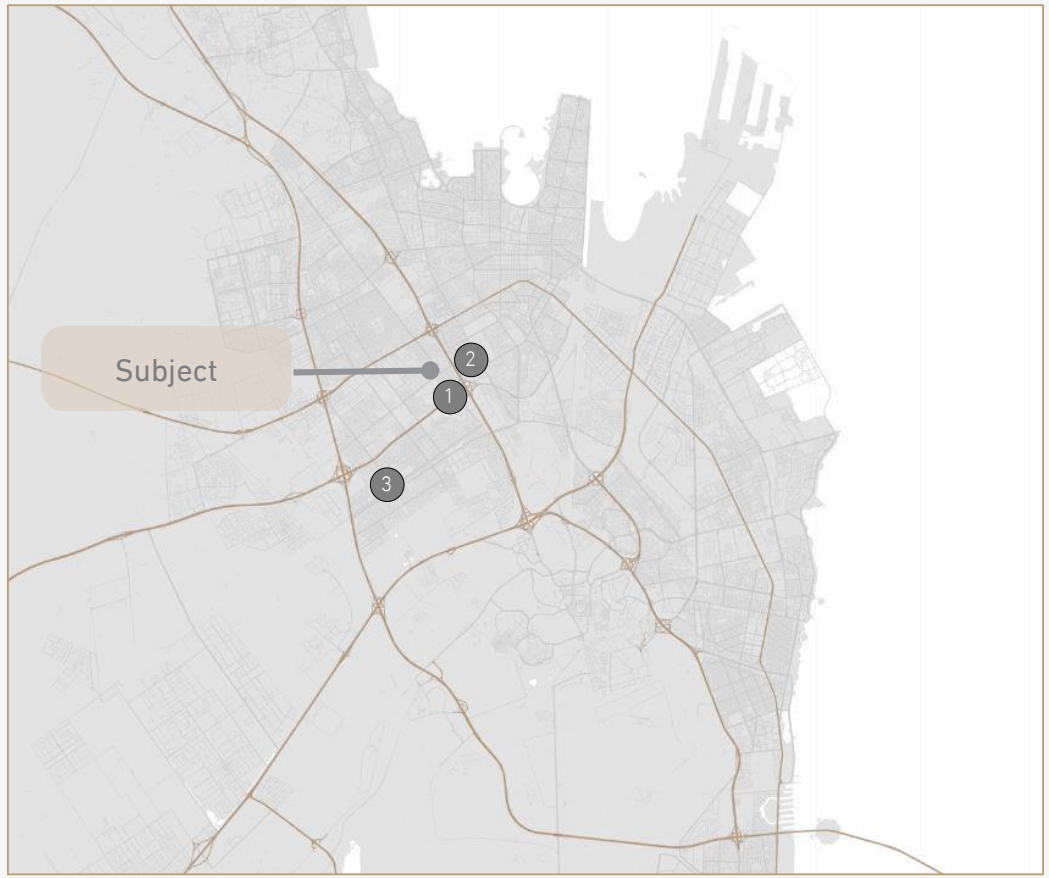
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Showrooms).

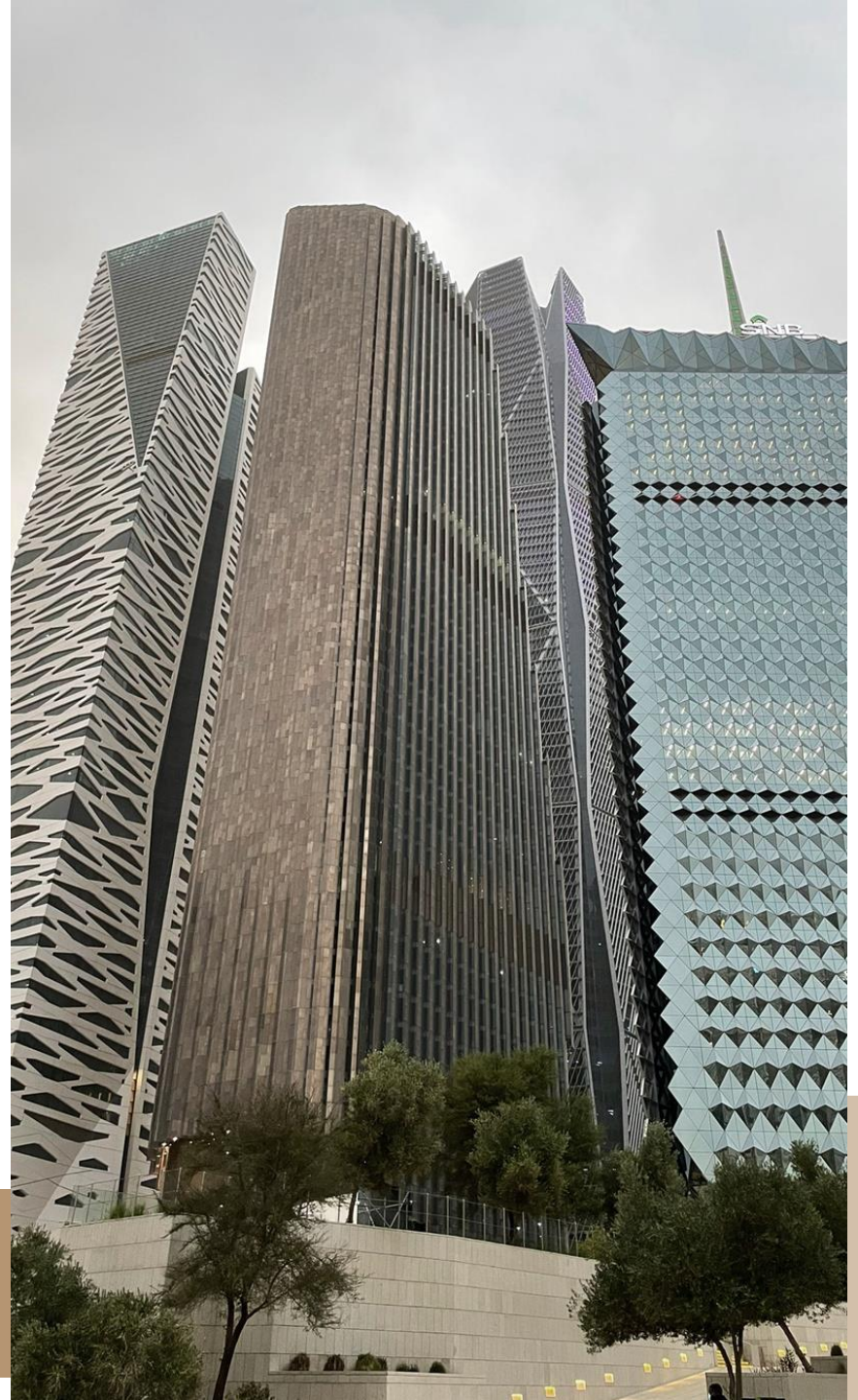


Rental survey

	Type	Address	Area (m^2)	SAR/m^2	Condition
1	Showroom	Dhahran Mall	40	1750	Currently listed
2	Showroom	Khobar Mall	50	720	Currently listed
3	Showroom	Amwaj Mall	40	1000	Currently listed

Cap rate

Name	District	Income	Value	Cap Rate
Al Fanar Complex	Al-Hussam district	m 20.5	m 274	%7.5
Ajdan Walk	Corniche district	m 12.3	m 164.7	%7.5



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Comparison Elements	The property to be evaluated	(1)Comparative		(2)Comparative	
Date	**24-Dec**	**24-Dec**		**24-Dec**	
Price per square meter of the comparator (SAR/m2)		4200		4170	
Time factor		0%	0	0%	0
Market status and conditions		0%	0	0%	0
Financing terms		0%	0	0%	0
Price per square meter after adjusting the market status (SAR/m2)		4200		4170	
Office area (m2) 491	57215.32	6048	-37%	3700	-37%
Number road	4	2	4%	2	4%
Location advantage	very good	very good	0%	very good	0%
Relative adjustment		-31%		-31%	
Net market price after adjustments (m2/SAR)		2898		2877	
Ratio of participation of each comparator in the value		50%		50%	
Value per square meter of the property under evaluation after applying the average (SAR/m2)		2887.65			
Net average land price after rounding (m2/SAR)		**2,890**			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

Description	Area (m2)	Price per Sq.	Total
basement	19,481.00	2000	38,962,000
basement	6,993.00	2500	17,482,500
Ground floor	31,105.00	2500	77,762,500
Ground floor	18,378.00	200	3,675,600
Mezzanine	419	2500	1,047,500
First floor	2,000.00	2500	5,000,000
Second floor	2,000.00	2500	5,000,000
Fences	536	1000	536,000
Upper wall	961	1000	961,000
Total building value with profit margin (SAR)			150,427,100
depreciation	6	15%	22,564,065
Building value after depreciation (Saudi SAR)			127,863,035
Land value (Saudi SAR)	57,215	2,890	165,352,275
Final value	287,875,015		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.
2. According to the client's data, the leasable area is 32,000 m^2, of which 2,600 m^2 is vacant.
3. The financial information provided by the client, including total income, vacancies, and expenses, has been adopted.
4. The effective income, according to the data provided by the client, is 18,263,326.83 SAR. The rental value for the vacant area has been estimated at 4,940,000 SAR, based on a market average of 1,900 SAR per square meter. Therefore, the total income at 100% occupancy would be 23,203,327 SAR.
5. An increase of 10% in the contracts has been estimated every two years, according to the appraiser's estimate. The maintenance and operating expenses are estimated to be 15%, based on the data provided by the client.
6. The estimated occupancy rate for the year 2025 is 79%. The occupancy rate is estimated to be 85% for 2026, 90% for the following three years, and then increase to 95% for the remaining years.
7. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 7%.
8. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices for rental properties in the area of the property to be appraised, the capitalization rate was estimated according to the property's condition and the vacancy rate in the area, based on the appraiser's estimate and financial data analysis of the property.The effective income provided by the client is 18,263,327 SAR, with the current occupancy rate estimated at 79%. Therefore, the total income at 100% occupancy would be 23,203,327 SAR. The annual expenses are 15%, and the growth rate is 10% in 2027, 2030, and 2033.Based on this, the property value was determined using the following cash flow assumptions:

Occupancy rate	10% every two years.	Discount rate	%10.36	Gross income	23,203,327
Growth rate	%79	Cap rate	%7	Effective Income	18,263,327
				Cash flow period	9

Period	0	1	2	3	4	5	6	7	8
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033
Growth Rate	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%
Total Income	23,203,327	23,203,327	25,523,659	25,523,659	25,523,659	######	28,076,025	28,076,025	30,883,628
Occupancy Rate	79%	85%	90%	90%	90%	95%	95%	95%	95%
Effective Income	18,263,327	19,722,828	22,971,293	22,971,293	22,971,293	######	26,672,224	26,672,224	29,339,446
Total Operating Expenses	2,739,499	2,958,424	3,445,694	3,445,694	3,445,694	4,000,834	4,000,834	4,000,834	4,400,917
Net Income	15,523,828	16,764,404	19,525,599	19,525,599	19,525,599	######	22,671,390	22,671,390	24,938,529
Future Property Value	356,264,706								
Net Cash Flow of the Property	15,523,828	16,764,404	19,525,599	19,525,599	19,525,599	######	22,671,390	22,671,390	381,203,236
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61	0.55	0.5	0.45
Present Value of Money	15,523,828	15,190,652	16,031,752	14,526,778	13,163,083	######	12,548,968	11,370,939	173,245,931
Present Value	**285,450,971**								
Present Value (After Rounding)	**285,450,000**								

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach –DCF-	SAR 285,450,000	%100
the cost Approach	SAR 287,875,015	%0

Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 285,450,000
	Written	Two hundred eighty-five million, four hundred fifty thousand Riyals only.

Attachments

Unified العقد التجاري Commercial Contract

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY — إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20269716422 / 2	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2023-03-14	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-02-05	تاريخ نهاية مدّة الإيجار:	2026-02-04	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:					National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الإصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة عبدالله سعد محمد ابو معطي للمكتبات	Company name/Founder
رقم السّجل الأجاري:	1010125151	CR No.	الرقم الموحد	7018054135	Unified Number
جهة الإصدار:	كتابة العدل الاولى	Issued by	تاريخ السجل التجاري:	1994-06-12	CR Date

1

Unified العقد التجاري Commercial Contract

إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20575628800 / 1	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2022-07-27	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2022-06-20	تاريخ نهاية مدّة الإيجار:	2023-12-19	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional
طريقة دفع رسوم العقد:	المؤجر	Ejar Fees Paid By			

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة عقارات الخليج	Company name/Founder
رقم السّجل الأجاري:	1010207612	CR No.	الرقم الموحد	7001474308	Unified Number
جهة الإصدار:	وزارة التجارة	Issued by	تاريخ السجل التجاري:	2005-04-03	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	عبدالله ابراهيم عبدالله القميس				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1011504568	ID No.
رقم الجوّال:	+966594056666	Mobile No.	البريد الإلكتروني:	alqways@gmail.com	Email
العنوان الوطني:	الرياض، الرياض				National Address

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة ريف العطور للتجاره	Company name/Founder
رقم السّجل الأجاري:	1010367038	CR No.	الرقم الموحد	7003381907	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2013-03-11	CR Date

٥ بيانات مُمثّل المستأجر / Tenant Representative Data

الاسم:	عبدالعزيز بدر بن علي العابد

1

Unified العقد التجاري Commercial Contract

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY — إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسندًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20619226872 / 1	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2023-03-14	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2022-12-01	تاريخ نهاية مدّة الإيجار:	2023-11-30	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السّجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:					National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الإصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة العابد للعود	Company name/Founder
رقم السّجل الأجاري:	2050049500	CR No.	الرقم الموحد	7012018201	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2005-09-13	CR Date

1

Unified العقد التجاري Commercial Contract

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY — إيجار EJAR

لا يعد هذا العقد سندًا تنفيذيًا، لوجود بنود أو شروط إضافية

١ بيانات العقد / Contract Data

رقم سجل العقد:	20410596747 / 1-0	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2024-01-30	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-06-10	تاريخ نهاية مدّة الإيجار:	2027-06-09	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السّجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:	الملهاء، الرياض				National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الإصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	فرع شركة الشايع الدولية للتجارة	Company name/Founder
رقم السّجل الأجاري:	2051227660	CR No.	الرقم الموحد	7015957181	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2019-09-26	CR Date

1

A sample of the lease contracts that were reviewed

Attachments

Unified العقد التجاري Commercial Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسنّدًا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20269716422 / 2	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2023-03-14	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-02-05	تاريخ نهاية مدّة الإيجار:	2026-02-04	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:					National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الإصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة عبدالله سعد محمد ابو معطي للمكتبات	Company name/Founder
رقم السّجل الأجاري:	1010125151	CR No.	الرقم الموحد	7018054135	Unified Number
جهة الإصدار:	كتابة العدل الاولى	Issued by	تاريخ السجل التجاري:	1994-06-12	CR Date

1

Unified العقد التجاري Commercial Contract الموحد

إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسنّدا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20575628800 / 1	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2022-07-27	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2022-06-20	تاريخ نهاية مدّة الإيجار:	2023-12-19	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional
طريقة دفع رسوم العقد:	المؤجر	Ejar Fees Paid By			

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة عقارات الخليج	Company name/Founder
رقم السّجل الأجاري:	1010207612	CR No.	الرقم الموحد	7001474308	Unified Number
جهة الإصدار:	وزارة التجارة	Issued by	تاريخ السجل التجاري:	2005-04-03	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	عبدالله ابراهيم عبدالله القميس				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1011504568	ID No.
رقم الجوّال:	+966594056666	Mobile No.	البريد الإلكتروني:	alqways@gmail.com	Email
العنوان الوطني:	الرياض، الرياض				National Address

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة ريف العطور للتجاره	Company name/Founder
رقم السّجل الأجاري:	1010367038	CR No.	الرقم الموحد	7003381907	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2013-03-11	CR Date

٥ بيانات مُمثّل المستأجر / Tenant Representative Data

الاسم:	عبدالعزيز بدر بن علي الماجد

1

Unified العقد التجاري Commercial Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

يعتبر هذا العقد عقدًا موثّقًا وسنّدا تنفيذيًا بموجب قرار مجلس الوزراء رقم (١٣١) وتاريخ ١٤٣٥/٤/٣ هـ

١ بيانات العقد / Contract Data

رقم سجل العقد:	20619226872 / 1	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2023-03-14	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2022-12-01	تاريخ نهاية مدّة الإيجار:	2023-11-30	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السّجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:					National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الإصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة الماجد للعود	Company name/Founder
رقم السّجل الأجاري:	2050049500	CR No.	الرقم الموحد	7012018201	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2005-09-13	CR Date

1

Unified العقد التجاري Commercial Contract الموحد

الهيئة العامة للعقار REAL ESTATE GENERAL AUTHORITY إيجار EJAR

لا يعد هذا العقد سندًا تنفيذيًا، لوجود بنود أو شروط إضافية

١ بيانات العقد / Contract Data

رقم سجل العقد:	20410596747 / 1-0	نوع العقد:	جديد	Contract No.	Contract Type
تاريخ إبرام العقد:	2024-01-30	مكان إبرام العقد:	الدمام	Contract Sealing Date	Contract Sealing Location
تاريخ بداية مدّة الإيجار:	2023-06-10	تاريخ نهاية مدّة الإيجار:	2027-06-09	Tenancy Start Date	Tenancy End Date
معلق بشرط		لا			Contract is conditional

٢ بيانات المؤجّر / Lessor Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	شركة تمدين الدولي العقارية شركة شخص واحد	Company name/Founder
رقم السّجل الأجاري:	1010896622	CR No.	الرقم الموحد	7010776792	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2017-10-04	CR Date

٣ بيانات مُمثّل المؤجر / Lessor Representative Data

الاسم:	سلمان حسين بن يحيى معيدي				Name
الجنسيّة:	المملكة العربية السعودية	Nationality			
نوع الهويّة:	هوية وطنية	ID Type	رقم الهويّة:	1073134924	ID No.
رقم الجوّال:	+966556332153	Mobile No.	البريد الإلكتروني:	mualdis@mulkia.com.sa	Email
العنوان الوطني:	العليا، الرياض				National Address

رقم سند التمثيل Number	نوع المستند Type	تاريخ الإصدار Issue Date	تاريخ الانتهاء Expiry Date
441361636	وكالة شرعية إلكترونية	2022-10-04	2025-08-31

٤ بيانات المستأجر / Tenant Data

نوع المنظمة:	التجارية	Organization Type	اسم الشركة/المؤسسة:	فرع شركة الشايع الدولية للتجارة	Company name/Founder
رقم السّجل الأجاري:	2051227660	CR No.	الرقم الموحد	7015957181	Unified Number
جهة الإصدار:	-	Issued by	تاريخ السجل التجاري:	2019-09-26	CR Date

1

A sample of the lease contracts that were reviewed

Region Asir

Khamis Mushait Commercial building

Report Number	DC24013274
Report Date	2024/12/31
valuation Approach	The income approach –DCF-
Value Base	Market Value
Property type	Commercial stores
Address	Khamis Mushait - Al-Nuzha

The Final value of the property	Number	SAR 7,370,000
	Written	Seven million, three hundred seventy thousand Riyals only.

01

Executive Summary

Executive Summary

This executive summary must be read together with the main body of the report and attach appendices which fully detail the caveats and assumptions made in preparing our valuation .

Value Assumption	Purpose of Valuation
Current Use	Periodic valuation

Intended User
Mulkia-Gulf Real Estate REIT Fund and the Capital Market Authority.

Client Name
Mulkia-Gulf Real Estate REIT Fund

Property right
Mortgaged

Property type
Commercial stores

Address
Khamis Mushait - Al-Nuzha

Land Area
^{2}m 1,500

Deed Date	Deed Number
هـ 1443/03/13	393010005752

Owner Name
Tamdeen First for Real Estate Trading Company

valuation Approach
The income approach –DCF-

Valuation Criteria
International Valuation Standards IVS 2022

Value Base
Market Value

Effective Date	Inspection Date	Approval Date
2024/12/31	2024/11/20	2024/11/14

The Grand Total of the Properties (Numeric)	7,370,000 SAR
The Grand Total of the Properties (Written)	Seven million, three hundred seventy thousand Riyals only.

02

Property Description

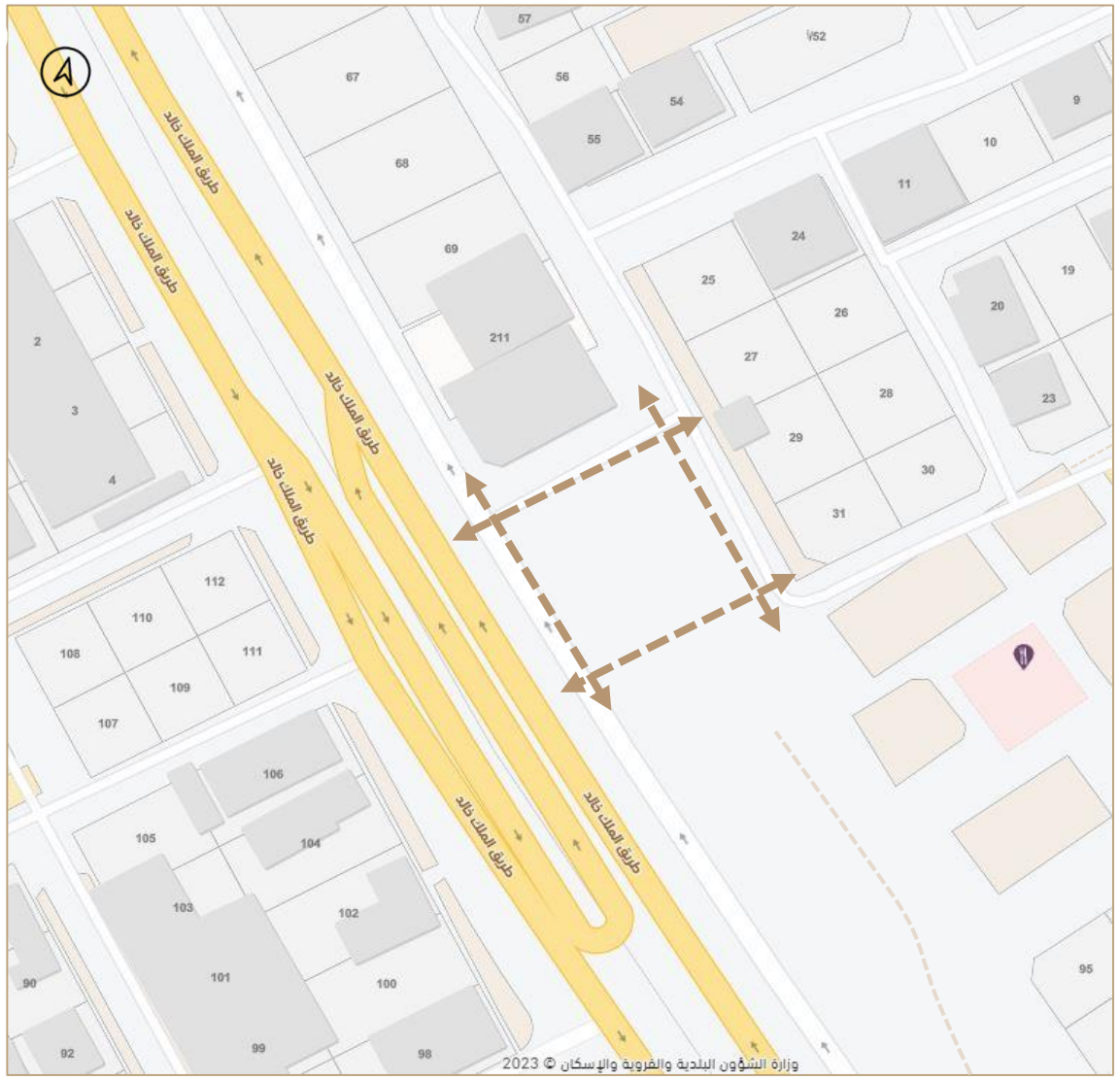
Property Description

The property under valuation is situated in the Al-Nuzha neighborhood of Khamis Mushait, located in the Asir region.

Khamis Mushait is a prominent city in Saudi Arabia and serves as the administrative capital of the Khamis Mushait Governorate. Positioned at an altitude of 1,850 meters above sea level, Khamis Mushait is known for its moderate summer climate, abundant rainfall, and scenic natural parks. The city has significant tourist and commercial value within the Asir region and functions as the modern capital and economic hub of Khamis Mushait, following Abha.

The property occupies a commercial plot of 1,500 square meters, as indicated in the deed. It comprises two buildings: Part (A) and Part (B), each with an area of 283.60 square meters, totaling a combined building area of 567.20 square meters according to the building permit. Previously used as a Burger King restaurant, the property is currently leased, though one of the buildings remains vacant and unoccupied.

Property Details



Land Area		Land Use
^{2}m 1,500		Commercial

Boundaries

Length	Border	Side
m 30	Street with width 20 m	North
Length	**Border**	**Side**
m 30	Street with width 20 m	South
Length	**Border**	**Side**
m 50	Street with width 16 m	East
Length	**Border**	**Side**
m 50	Military City Road, 64m wide	West

Land shape			
irregular		regular	√
Land level			
Uneven		level	√
Building in the adjacent plot			
Not built		Built	√

Property Details

بلدي balady

رخصة بناء

رقم الرخصة	4506142241889
نوع الرخصة	رخصة بناء
حالة الرخصة	يوجد طلب على الرخصة
تاريخ إصدارها	1437/07/17
تاريخ إنتهائها	1440/07/17

اسم صاحب الرخصة	شركة تمدين الاولى العقارية شركة شخص واحد
رقم الهوية	7010776792
نوع الهوية	سجل تجاري

نوع الطلب	تصحيح بيانات رخصة انشائية
الاتجاهة	امانة منطقة عسير
البلدية	بلدية خميس مشيط
التي	ذهبان الغربي
نوع البناء	تجاري

عدد المباني

وصف المباني

رقم قطعة الارض	رقم المخطط
بدون	امالاك
بدون	امالاك

نوع وثيقة الملكية	رقم وثيقة الملكية	تاريخ وثيقة الملكية
صك	393010005752	1443/03/13

"لاستعراض بقية قطع الاراضي إمسح الباركود الذي في الاعلى"

الواجهة

الحدود و الأبعاد و الارتدادات بالمتر

الجهة	حدودها	البروز	الابعاد (م)	الارتداد (م)
الشمال	شارع عرض 20.00 م	0	30	4.5
الجنوب	شارع عرض 20.00 م	0	30	4.5
الشرق	شارع عرض 16.00 م	0	50	5.1
الغرب	طريق العسيلة أم	0	50	6
مساحة الارض		1500	م²	

الموقع العام

عرض مكونات البناء

نموذج البناء	عدد المباني بالنموذج
لا يوجد	لا يوجد

اسم الدور	عدد الوحدات	الاستخدام	عدد الأدوار	المساحة
دور أرضي	2	مطعم		567.2
السور	1	سور		160
مساحة البناء الكلي	567.2	نسبة البناء		37.81

"لاستعراض بقية نماذج ومكونات البناء إمسح الباركود الذي في الاعلى"

الموقع بالنسبة للصورة الفضائية

بيانات المهندس

المكتب الهندسي المصمم	زاوية المنير للاستشارات الهندسية
المقاول المنفذ	

الرسوم المستحقة على الرخصة

و تم سدادها بموجب الإيصال رقم

بتاريخ

إحداثيات الموقع

الشرقيات: 42.7390057089229

الشماليات: 18.2709925713083 73

Copy of building Permit

رقم الصك: 393010005752

التاريخ: 1443/03/13 هـ

وزارة العدل

ابراهيم عمر محمد الحسين

الرياض

ترخيص رقم 39/999

صك رهـــن

الحمد لله وحده و الصلاة و السلام على من لا نبي بعده، وبعد:

فإن الجزء المتبقي من المستودع المقام على الارض الواقعة على طريق المدينة العسكرية بمدينة خميس مشيط ، وحدودها واطوالها :

شمالا: شارع عرضه 20م بطول 30 ثلاثون متر

جنوبا: شارع عرضه 20م بطول 30 ثلاثون متر

شرقا: شارع عرضه 16م بطول 50 خمسون متر

غربا: طريق المدينة العسكرية عرضه 64م بطول 50 خمسون متر

ومستحكها 1500 ألف و خمسمائة متر مربعا المملوكة لـ شركة تمدين الاولى العقارية بموجب سجل تجاري رقم 1010896622 بموجب الصك الصادر من الموثقين بالرياض6 برقم 293598002673 في 24 / 07 / 1442 قد تم رهنها وما اقيم او سيقام عليها من بناء لصالح / شركة الراجحي للتطوير المحدودة بموجب سجل تجاري رقم 1010158249 ضمانا للوفاء بـ 1 قيمة كل قسط تاريخ حلول القسط 1443/03/14 سبب الرهن : اداة ضمان للوفاء بالمديونية حقد رقم 22455468 ودحق للمصرف بيع العقار إذا تعثر المدين عن سداد المديونية او جزء منها قبل حلول كل الدين المضمون(السداد على قسط واحد بمبلغ14042105حل بتاريخ30-12-2028م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات 14042105 فقط أربعة عشر مليونا و اثنان و أربعون ألفا و مائة و خمسة وريالات سعودية لا غير. تسدد على أقساط شهرية عددها واستيفاء مافي ذمة الراهن من مبلغ وما تقص يرجع فيه عليه بعد اكمال مايلزم شرعا. وعليه جرى التصديق تحريرا في 1443 / 03 / 13 لاعتماده .وصلى الله على نبينا محمد وآله وصحبه وسلم.

الموثق

الختم الرسمي

ابراهيم عمر محمد الحسين

الرقم التسلسلي: 734

Copy of the deed

Owner ID	Owner
1010896622	Tamdeen First for Real Estate Trading Company

Issuance Date	Deed Number
1443/03/13 هـ	393010005752

Issuance Date	Building Permit
1440/07/17 هـ	1437 / ج 25 / 1230 / 40

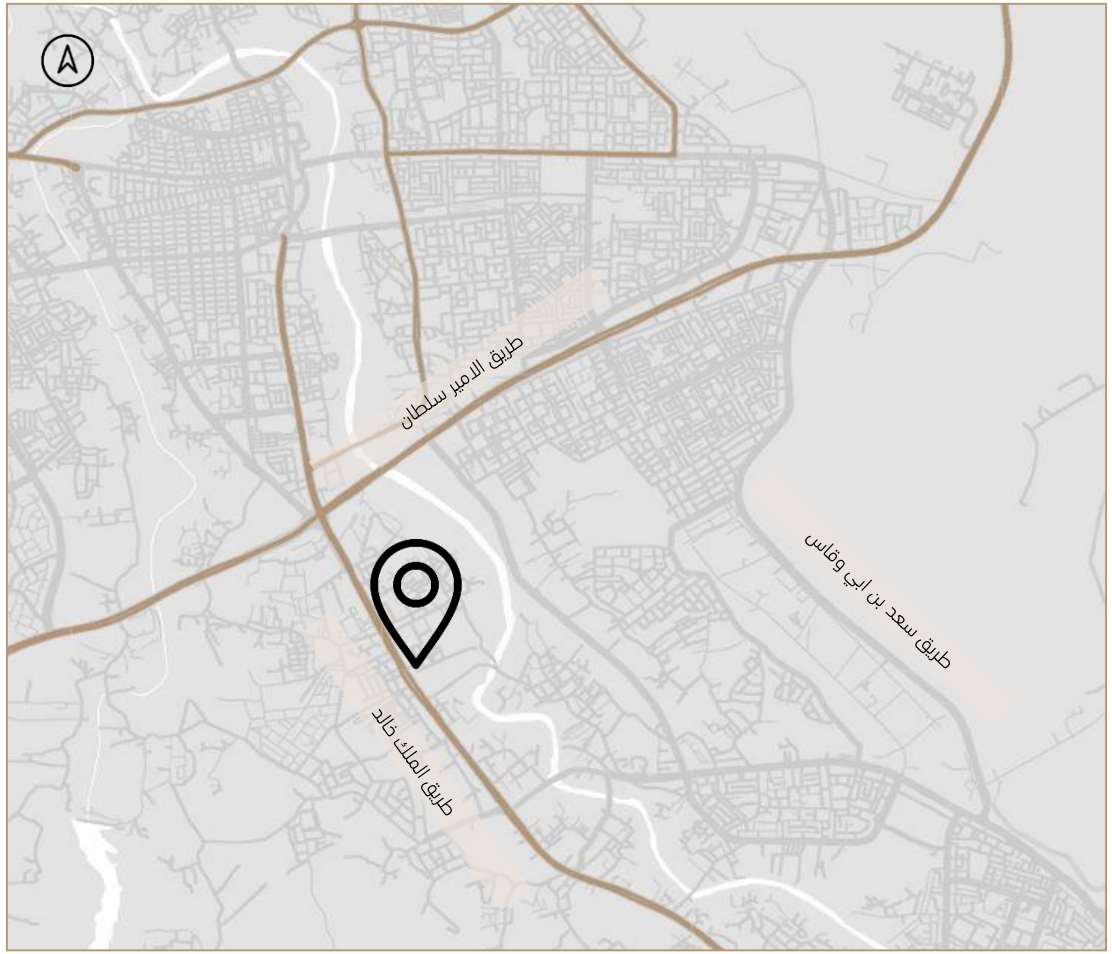
City	District
Khamis Mushait	Al-Nuzha

Parcel No.	Plan No.
N/A	N/A

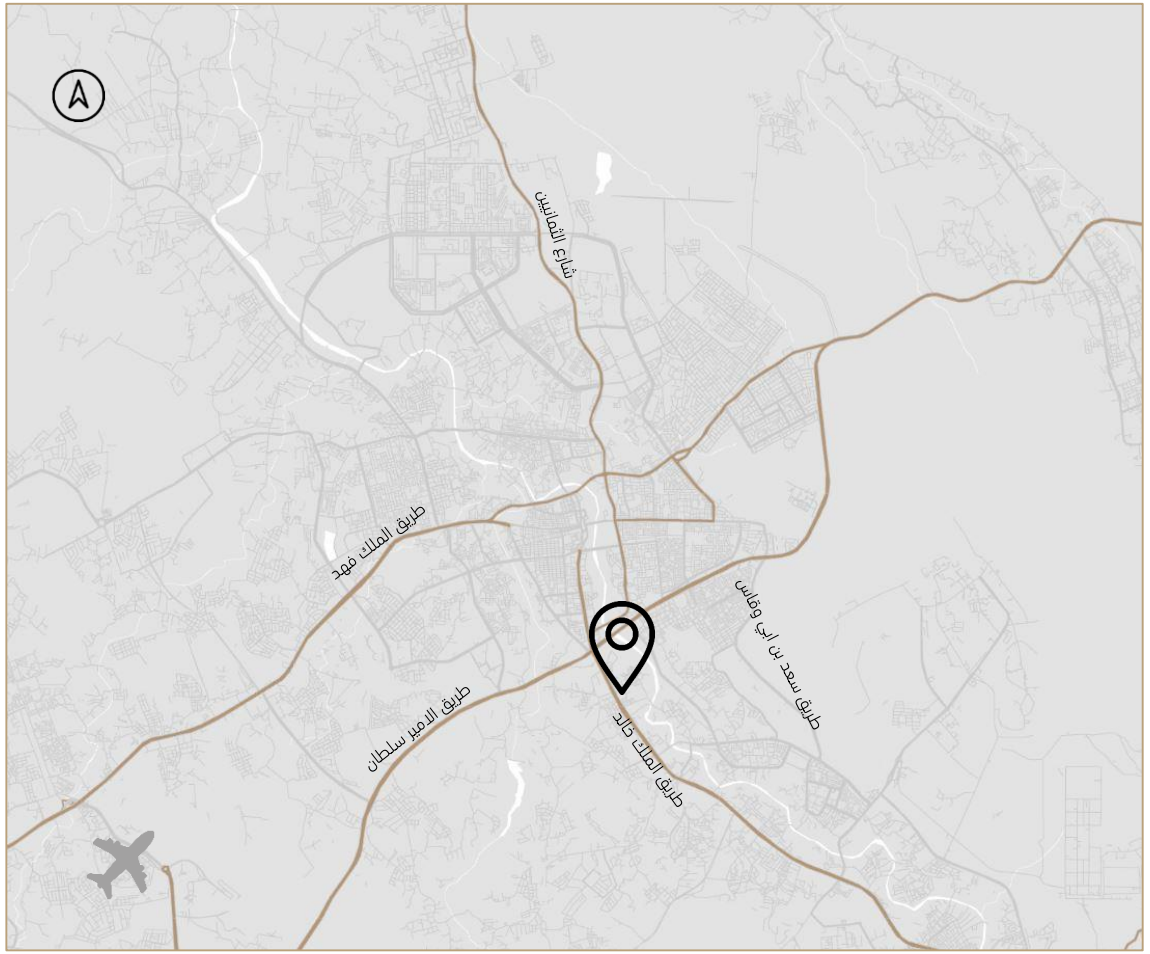
Coordinates
42.738944 ,18.270944

Notes

Aerial Photos



An Arial photo of the property (District wise)



An Arial photo of the property (City wise)

Location Services

Public services			
Public services	Government sectors	Available ✓	Unavailable ☐
	Banks	Available ✓	Unavailable ☐
	Hospitals	Available ✓	Unavailable ☐
Commercial Services	Malls	Available ✓	Unavailable ☐
	Restaurants	Available ✓	Unavailable ☐
	Fuel stations	Available ✓	Unavailable ☐
Infrastructure services	Power grid	Available ✓	Unavailable ☐
	Sanitary system	Available ✓	Unavailable ☐
	Water Network	Available ✓	Unavailable ☐
	Phone Network	Available ✓	Unavailable ☐
	Flood Drainage	Available ✓	Unavailable ☐
Public Utilities	Mosques	Available ✓	Unavailable ☐
	Park	Available ✓	Unavailable ☐
	Educational services	Available ✓	Unavailable ☐

Services Available in the property		
Asphalt	Available ✓	Unavailable ☐
Paving	Available ✓	Unavailable ☐
Lighting	Available ✓	Unavailable ☐
Landscaping	Available ✓	Unavailable ☐
Others		

Services Available in the property		
Water	Available ✓	Unavailable ☐
Telephone	Available ✓	Unavailable ☐
Electricity	Available ✓	Unavailable ☐
Sanitation	Available ✓	Unavailable ☐

Notes	

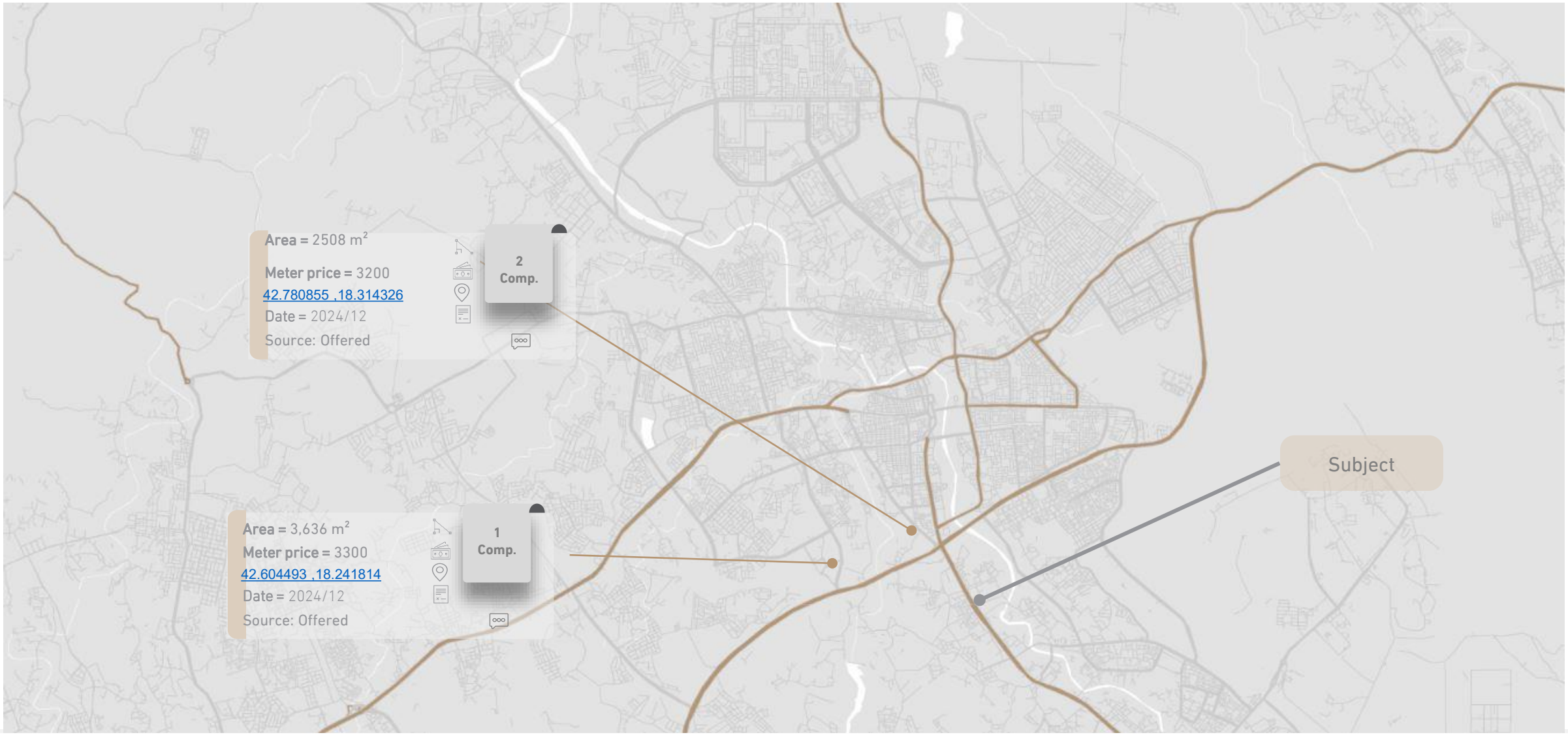
Photos of the property

04

Market Analysis

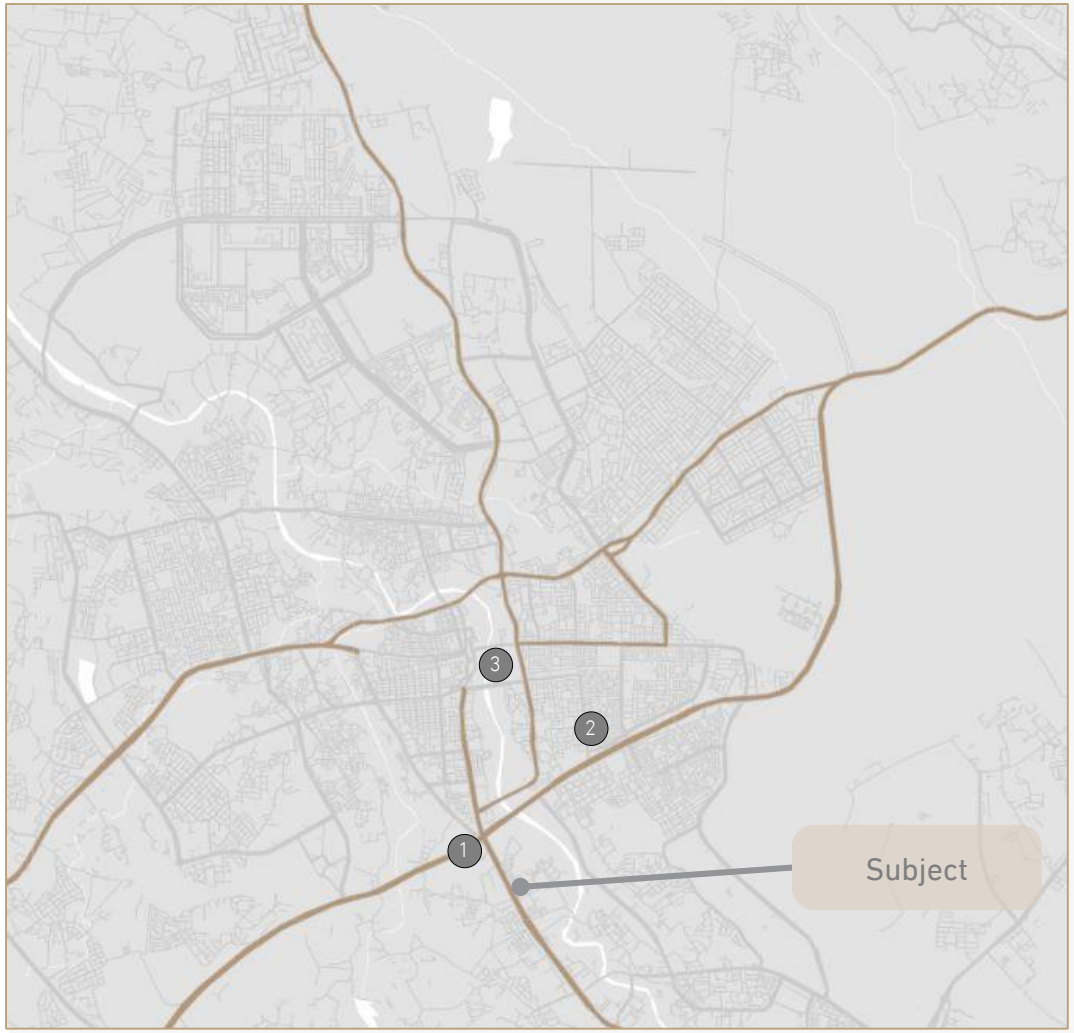
Land Market Survey

After the field survey for land in the site to be valued, the prices in the area are as following:



Rental Market Survey

The following table summarizes the survey we have conducted on currently listed the Commercial (Showrooms).

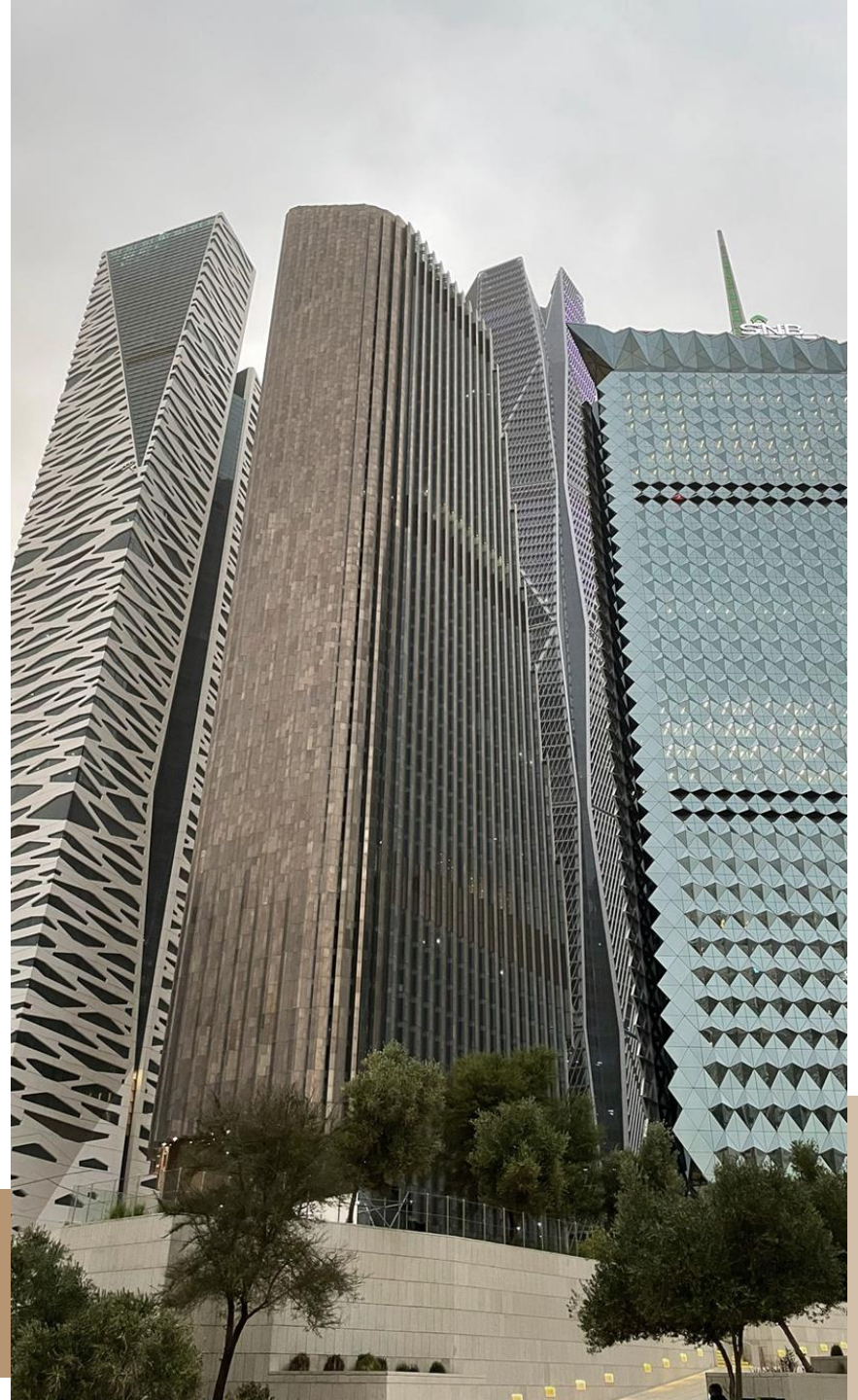


Rental survey

	Type	Address	Area (m2)	SAR/m2	Condition
1	Showroom	King Khaled Road	144	1330	Rent offer
2	Showroom	Prince Sultan Road	121	833	Rent offer
3	Showroom	Granada neighborhood	400	97	Rent offer

Cap rate

Name	District	Income	Value	Cap Rate
Commercial Building	Al-Mousa district	k 100	m 1.3	%7.60
Commercial Building	Al-Mousa district	k 190	m 2.2	%8.60



05

Value Estimation

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of the Valuation Method:

The market approach is considered one of the most common valuation methods. It primarily relies on comparing the property being valued with similar properties in the market to directly determine its capital or rental value. This method considers the market price as the best indicator of value, and the market price can be deduced by searching for available evidence and transactions of recently conducted deals in the market for similar properties and applying them to the subject property, while taking into account adjustments for variables like the property's age and location.The comparison method is based on the principle of substitution, which states that an investor or prudent person will not pay more for a property than the price paid for similar properties. This principle is similar to the opportunity cost principle, where the value is estimated by comparing the asset with transactions of matching or comparable assets for which price information is available.When reliable transactions are unavailable, consideration is also given to the prices of similar assets listed in publicly available financial statements or offered for sale or lease.After gathering evidence and transaction details, the analysis process .takes place to exclude unreliable sales or lease deals and verify actual transactions. The chosen comparative factors depend on the type of property.

"There are seven stages for applying the comparison method before making adjustments for differences and concluding the value of the property being valued. The stages are as follows:"

"Stage One: Determining the Timeframe for the Valuation Process

In valuation standards and methods, although there are no specific rules for the time duration, transactions or offers made close to the valuation date are preferred. However, sales that are from a long period ago, although important and useful as a guide for assessing trends, may reflect different economic levels and market conditions, leading to an unfair valuation. If there are a sufficient number of sales (ranging from three to five) within a year from the valuation date, they should be given significant weight in calculating the property's value index, taking into account other adjustments. It may be necessary to refer to a longer time period, but this can only be done safely if there are no significant fluctuations in the economic climate or property prices."

"Stage Two: Determining the Market Area

The market area is determined based on the valuation team's opinion, and it is common for a larger area to be more useful when identifying trends, values, and historical facts. However, there are no specific advantages to including large areas unless they contain comparable properties that have been recently sold."

"Stage Three: Studying the Details of the Property Being Valued

The study of the property being valued from both physical aspects (size, area, shape, land, location, property type, etc.) and legal aspects (absolute ownership, leasehold, property rights restrictions, etc.)."

"Stage Four: Identifying the Factors to be Considered When Making Adjustments

Identifying the important comparison factors that apply to all property sectors, which may be general, specific, legal, or physical in nature, such as: (property type, market conditions and circumstances, location, transaction dates, zoning and planning regulations, physical characteristics including land area, shape, topography, building age, maintenance, size, design, physical and functional depreciation, and legal characteristics)."

"Value Estimation – Market Approach (Valuation Methodology)"

"Stage Five: Collecting Data on Comparable Sales

Collecting and comparing sales after determining the time frame and market area boundaries. The sales relied upon should be taken from official sources (registered sales). When relying on comparisons of listings from brokers or real estate agents, caution should be exercised, as asking prices are often inflated. All information related to the comparisons should be similar to the property being valued.Sources of comparable data include real estate publications, public records, buyers, sellers, brokers, real estate agents, appraisers, etc. Afterward, comparisons are made between the comparable sales and the subject property based on the comparison elements, with adjustments made for circumstances and differences.To increase the accuracy of using the comparison method, the following should be considered:Collecting information on similar properties after determining the time frame and market characteristics.Giving priority to current or recent transactions of similar properties.Adjusting factors of similarity and difference in the comparable properties regarding time, market conditions, location, planning and zoning regulations, and physical and legal characteristics.Making adjustments for elements of difference and variation."

"Stage Six: Verifying Sales and Handling Relevant Data

The comparisons are verified, assuming that all collected comparisons are worthy of consideration, except for those that occurred under unusual circumstances or conditions, such as forced sales, liquidation, or any exceptional terms and conditions."

"Stage Seven: Sales Analysis

After gathering the evidence and details of the sales or listings, the systematic analysis process begins. Unreliable sales should be excluded, and actual sales should be verified. The price of each sale should be proven according to the appropriate comparison units. The selected comparison units depend on the type of property, and the analysis is carried out using one of the following methods: analysis based on land area, analysis based on built-up area, and analysis based on the combined method (land and buildings)."

"Stage Eight: Making Adjustments and Settlements for Differences Between Comparable Properties

In most cases, the comparable properties do not match the property being valued, as the comparable property may have unique features that distinguish it from others, whether in terms of location, design, or amenities and services. Conversely, it may lack some of these features compared to the property being valued. Therefore, the appraiser will need to make adjustments between the two properties (whether by increasing or decreasing) based on their practical experience to arrive at a single value indicator for the property being valued."

"Stage Nine: Adjustments and Estimating the Market Value of the Property

To estimate the value of the property, adjustment processes are carried out as percentages (for elements that cannot be directly assigned a monetary value, such as the street frontage and its width) and as monetary adjustments (for elements that can be directly assigned a monetary value).Generally, the market method is preferred over any other method in property valuation to determine the market value of the property. In this case, it is preferred to align and adjust the different values estimated by each valuation method to form an opinion about the value. The .value resulting from the most appropriate method is typically chosen as the property's value."

Estimating the value per square meter of land - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, area difference, road view, Road numbers, and based on that, the value of the land was arrived at:

Feature	Subject	Comp .1		Comp .2	
Date	2024/12	2024/12		2024/12	
Meter Price (SR/m2)		3200		3300	
Market condition		0%	0	0%	0
Meter Price After adjustment (SR/m2)		3200		3300	
Land size	1,500.00	2,508	2%	3,635	2%
Location preference	Excellent	Very good	2%	Excellent	0%
Adjustment %		4%		2%	
Meter 2 Price After adjustment		3328		3366	
participation %		50%		50%	
Meter value (SR/m2)		3347.00			
Meter value (SR/m2) after rounding		3350			

"Value Estimation – Market Approach (Valuation Methodology)"

Definition of evaluation method:

The property was valued using the cost method Substitution method

The cost method is one of the basic valuation methods along with the market and income methods. The cost method is mainly used to determine the capital value of the property in the absence of direct evidence and proof that can be obtained from valuation work or other sources of information such as accounts or commercial values. This method is also used to evaluate special types of specialized properties that are rarely exchanged in the real estate market, such as recreational facilities, public care and education facilities, public hospitals, mosques, other charitable institutions, and public sector assets and facilities such as public parks, school buildings, sports facilities, and others.

It is also used as a supporting method for the main valuation method and to verify it to determine the appraiser's opinion regarding the value. It is a method that determines the value by estimating the cost of the land and the cost of building a new property with equal benefits or renovating a new property for the same use. Two methods fall under this method: A- The reproduction method: The cost of producing a virtual copy of the original of the current building, while using the same design and construction materials of the property being evaluated. B- Replacement cost method: The estimated cost of constructing a building with the same benefits and facilities and using building materials, standards, designs and plans currently used in the market. Both methods are based on the principle of substitution, which is based on the fact .that a prudent buyer does not pay for a property a price that exceeds the cost of purchasing a site and constructing a building on it that has similar benefits and facilities.

Methodology:

When using the cost method or the depreciated replacement cost method, the valuer estimates the market value of the vacant land, by referring to the value of comparable land, and adding this value to the cost of rebuilding a new building that can perform the function of the existing building after making adjustments for the obsolescence and depreciation of the existing building in relation to the new hypothetical property. Thus, the three main elements of the cost method are as follows:

A-Land value:

It was detailed in the previous pages.

B - Construction value:

The building value is the current cost of the building less depreciation. The building value is assumed to be the cost of constructing a new building, i.e. the cost of constructing the same building today, less any allowances for deficiencies or obsolescence. The cost estimate of a property may be based on an estimate of the costs of reproduction or replacement costs.

One of the following methods can be used to estimate building costs.

1-Methods of estimating building costs:

A-Comparison unit method:

This is the easiest and most widely used method. It depends on first verifying the area of the building being evaluated, then verifying the cost per square meter of constructing the building, i.e. the cost of the area of the floors, fences, design and finishing. The price must also include the profits of the builder and the costs, etc. After that, the area of the property being evaluated is added to the appropriate price to reach an initial estimate of the current cost of the building. Finally, adjustments are made for the costs against the non-shared features and characteristics.

B- Method of evaluating each unit (item) separately.

This is a more detailed method of estimating value than the unit area method. In this method, the entire building is divided into parts that can be measured and costed on a unit-by-unit basis. For example, the cost of a roof can be divided into two components, each component is then measured and multiplied by the relevant unit price for supply or repair purposes. The price must include the builder's profit and general and miscellaneous expenses.

C- Quantitative survey method (quantity survey).

This method is often used in quantity surveying and depends on measuring and calculating the bill of quantities from the horizontal plans of the building and pricing these quantities according to the required specifications. It is an accurate and detailed method and is often used by quantity surveyors and contractors. It depends on measuring and calculating the bill of quantities from the horizontal plans and engineering and architectural plans of the building and pricing these quantities according to the required specifications.

Value Estimation – Cost Approach (Valuation Methodology)

2- Estimating the value of the building

A- Calculating the value of modern buildings

The value of modern buildings is calculated by first determining the type of building, i.e. permanent, semi-permanent or temporary, as well as the finishes and structures, and then determining the total building area from the horizontal plan of the building. If the construction cost is available, the construction cost is analyzed on a unit-by-unit basis, comparing and analyzing similar types of buildings for the purpose of inspection and verification. If appropriate, the unit cost is multiplied by the total building area to arrive at a construction cost that should be equal to the building value.

If the analysis result is not acceptable, the contract documents are reviewed for irregularities or other external agreements and adjustments are made to arrive at a reasonable construction cost.

Capital value = Site value + Building value (assuming building value) = Construction costs + other items.

"B- Old Buildings"

"Determining the Current Cost of Constructing a Similar BuildingThis can be achieved by analyzing the cost of constructing similar buildings in the area, if available, or by consulting a quantity surveyor or a specialized construction engineer using the specifications of the property being valued. The building's level of obsolescence and its type, whether physical, functional, or economic, are then determined.For old buildings, this can be calculated using the following formula:Capital Value = Land Value + Building Value (assuming the building value) = Net Replacement CostNet Replacement Cost = (Building Cost – Depreciation)Thus, the Capital Value = Land Value + Net Replacement Cost, or Capital Value = Land Value + (Building Cost – Depreciation)."

C- Depreciation

Depreciation occurs when the value of improvements becomes less than the cost of reproducing or renewing them. Depreciation, or what is called obsolescence, falls under three types: physical obsolescence, which results from the depreciation and wear of the asset over its life or from the loss of value due to lack of maintenance work; and functional obsolescence, which often occurs when a new building is more efficient than an existing building. This can be due to changes in market requirements, defects in the original design, or technological advancements. Finally, economic obsolescence is the loss of value due to external influences on the property. It is referred to as external obsolescence or site obsolescence and occurs due to changes in the spatial characteristics of the property and the effects of the area in general.

Value Estimation – Cost Approach (Valuation Methodology)

There are three methods to determine depreciation, which are

1- Valuation Based on Market Conditions.

"Depreciation can be easily determined if reliable information about the land value is available. This is because the sale price minus the land value gives the price of improvements or buildings. Calculating depreciation using this method is considered more versatile than calculating it using the cost of reproduction, as it measures depreciation from all sources. After calculating it, the amount of depreciation per square meter is applied to the property being valued."

2- Evaluation based on assumptions.

Where market information on depreciation is not available, assumptions may be made about its occurrence over time. In some countries, depreciation is normally assumed to be determined using the straight-line method.

It is the most common method for assessing depreciation. This method assumes a constant rate of depreciation from the beginning of the asset's life until its end. The straight-line method can be calculated using the following equation:

$$\frac{\text{Current age of the building}}{\text{Economic (useful) life of the building}} \times 100$$

3- Analysis method

The method of analysis for depreciation depends on the purpose of the valuation. The aforementioned straight-line method is often used when valuation for the purpose of preparing financial reports. The extended-life method and the declining-instalment method are more appropriate for other valuation purposes when using the cost method. In .this method, the valuer identifies and estimates the sources of depreciation

Value Estimation – Cost Approach (Valuation Methodology)

The value of the property was estimated using the cost method, the replacement cost method, which depends on estimating the value of the land added to the total cost of replacing and constructing the building at the prevailing prices on the date of the evaluation by calculating the price of the building unit according to the type of building and deducting the value of the depreciation that occurred since the date of its construction. This will be done through the following stages: -

1- Extracting the value of the land using the comparison method

2- Estimating direct costs

3- Estimating indirect costs

4- Calculating the depreciation of the building

First: Deriving the value of the land using the comparative method:

analysis of current market prices for sold and available land samples similar to the property being valued are conducted. Since it is impossible to find identical properties, appropriate adjustments are made to the land prices by subtracting the value of items that represent advantages for the land under valuation."

Secondly: Estimation of Direct Costs

"After estimating the land value in the first stage, the direct construction costs will be estimated, which include (cost of building materials and labor costs)

Third: Estimating indirect costs:

After estimating the direct costs in the second stage, indirect costs are calculated, which include, for example, (transportation costs - installation - professional fees - architectural and legal design and consultations - taxes - financing costs - other expenses such as commissions - overhead expenses, fees and permits - profit margin or commercial profit such as the return to the investor)

Estimating value by using the cost Approach:

The value of the property was estimated based on the value of the land added to the total cost of constructing the building at the prices prevailing on the date of valuation by calculating the price of the building unit according to the quality of construction, finishes, the total area of the building, and deducting the value of depreciation that occurred since the date of its construction. Thus, the value of the property = the value of the land + (construction cost + profit margin - depreciation). The value of the land was arrived at after conducting a field survey. Current market prices. Lands sold and similar lands offered. Land. The property is the site of the valuation. Appropriate adjustments were made to the comparative land prices by deducting the value of the items that were It represents the advantage of the comparison land and adding the value of the items that represent the advantage of the land is the property being valued. The prices below include consulting fees, management, and contractor profits. The prices below include all construction costs, including fences, tanks, and general site coordination. The below prices do not include movable assets and financing costs. Accordingly, it was concluded that the value of the property is:

"Property appraisal using the cost approach"			
Description	Area	"Price per square meter of construction"	Total
A) Building area)	283.60	1,280	363,008
B) Building area)	283.6	1,280	363,008
fences	160	640	102,400
0			
Total value of the buildings before depreciation (Saudi Riyals)			828,416
Development profit margin	**20%**		165,683
Total value of the buildings with profit margin (Saudi Riyals)			994,099
Depreciation	6	15.00%	149,115
Value of the buildings after depreciation (Saudi Riyals)			844,984
Land value (Saudi Riyals)	1,500	3,350	5,025,000
Final value	**5,869,984**		

* Cost prices for construction according to the construction cost indicative price guide issued in 2021 by the Saudi Authority for Accredited Valuers.

Valuation – Income Approach (Valuation Methodology)

Definition of the valuation method:

The property was evaluated using the income method, the discounted cash flow method (Discounted Cash Flows, DCF (The income method provides an indication of the value by converting future cash flows into a single present value. According to this method, the value of the asset is determined by referring to the value of revenues, cash flows, or cost savings from the asset.The cash flow method is one of the methods approved according to international valuation standards as one of the income method methods, which is a financial method for estimating the value of an asset, where the value indicator is extracted by calculating the present value of future cash flows.

The steps of the discounted cash flow method are summarized as follows:

First: Estimating the future cash flows resulting from the income of the asset being evaluated through the following sequence:

1.Estimated gross income, which indicates the total expected rental value (assuming the property is 100% rented and there are no vacant units) before deducting maintenance and operating expenses.

2.Estimated value of credit losses and vacancies, which are losses resulting from the property not being fully occupied, in addition to losses resulting from tenants defaulting or not paying the rental value.

3.Estimated actual rental income, which represents the actual (real) rental value that the owner (landlord) will receive after deducting income from vacant units and credit losses. Actual rental income = Gross income – Credit losses and vacancies.

4. Estimating operating and capital expenses, where operating expenses are for renting and maintaining the property, while capital expenses are the expenses incurred by the owner to restore and develop the property in order to keep it in a suitable condition to achieve the appropriate annual income.

5.Estimating net operating income, which represents the actual income after deducting operating and capital expenses: Net operating income = Actual income - Operating and capital expenses

6.Estimating growth, which depends on the growth of the property's income in the future based on the condition of the property and the level of internal and external finishing, in addition to market conditions and expected inflation rates. It is also possible to rely on the growth rates of the net rental value of properties similar to the property being evaluated

Valuation – Income Approach (Valuation Methodology)

Second: Determine the discount rate or required rate of return.

Estimating the capitalization rate, which is the rate used to convert income into value, as there is more than one way to estimate the capitalization rate, the most common of which is the market extraction method, which relies on net income information and sales information for similar properties to extract the capitalization rate from them. Among the methods is the lender's return method, which relies on the assumption that lending requirements can be used to estimate the total capitalization rate by multiplying the debt coverage ratio by the mortgage loan constant and the loan-to-value ratio. Among the methods is also the market survey method, which is represented by studies published by accredited national bodies or by major real estate or consulting companies or banks.

Estimating the discount rate, which is the required return rate used to discount future cash flows to estimate the present value. The difference between it and the capitalization rate is that the capitalization rate is used to convert income into value, while the discount rate is a rate of return used to calculate the present value resulting from the property in the future. The discount rate can be estimated in more than one way, including the build-up model. This rate often reflects the price of giving up current consumption in exchange for future consumption (the price of waiting or time) in addition to a risk premium, including the expected inflation risk premium in the future, the business risk premium, and the financing risk premium. When calculating the discount rate for real estate investment based on the build-up model, the factors mentioned in the following equation were taken into account: r = $r_f + r_s + r_u$

r_f is the rate of return on government bonds for a maturity period of more than one year, which represents the risk-free rate of return

r_s is the systematic risk premium associated with the market (high inflation, change in investment regulations, market recession, economic uncertainty, potential competition in the real estate supply ...)

r_u is the risk premium Irregular and related to the type of real estate investment (investment location, lack of market liquidity for large assets, additional costs for property maintenance and operation...)

Third: Determine the retention period of the asset and the final value.

The retention period means the period during which the asset will be kept before it is sold, disposed of, or the expiry of the usufruct period, etc. After this period, the recoverable value of the property is determined if the property is not a usufruct contract.

Fourth: Calculating the present value of the expected income of the asset being evaluated to arrive at the capital value of the property (after taking into account the time value of money)

:The present value of the property is estimated by calculating the present value of the income generated by the property in the future using the following equation

$$\text{Present value of asset} = \text{Initial cash flow} + \frac{\text{Cash flows for future years}}{(1+\text{discount rate})^{\text{period}}} + \frac{\text{Value of the asset at the end of the holding period}}{(1+\text{discount rate})^{\text{period}}}$$

The red marker is repeated according to the number of estimated flow periods.

Valuation - Income Approach (Analysis)

After conducting a field survey of current market prices to determine the rental prices of properties located in the area of the property to be valued, and after making the necessary adjustments to these prices to reflect the differences between the property being valued and the comparable properties, taking into account the actual rental prices, we find that:

1. The land area is approved by the instrument.

2. The property is currently not leased, and its market value has been estimated based on the potential for leasing it under a single contract. The total income for the property to be appraised is as follows:- Store A: 300,000 SAR per year - Store B: 300,000 SAR per year
After making the necessary adjustments, the total expected income in the event of leasing the property would be 600,000 SAR per year.

3. The growth rate has been estimated as follows:
- In 2028: 5%
- In 2033: 5%

4. We have relied on the return on investment, which we believe is appropriate for the property in its current condition, and it has been estimated at a rate of 8%.

5. The discount rate has been calculated using the cumulative model as follows:

Cumulative model	
Government bond yield rate	%5.06
Inflation rate	%1.7
Market risk premium	%2.6
Special risk premium	%1.0
Discount rate	**% 10.36**

Estimating the rental value of showrooms - comparison method:

To find the value of the land, a field survey was conducted of the current market prices of sold properties and displayed properties similar to the property being valued. Since it is impossible to find two identical properties, appropriate adjustments were made to the prices of the comparative properties by deducting the value of the items that represent an advantage of the comparative property and adding the value of the items that represent an advantage of the property being valued. ,Comparison items: Market condition, space difference, location advantage, Accessibility, the rental value of the showrooms was reached as follows:

Comparison Elements	The property to be evaluated	(1)Comparative		(2)Comparative		(3)Comparative	
Date	**24-Dec**	**24-Dec**		**24-Dec**		**24-Dec**	
Price per square meter of the comparator (SAR/m2)		800		1000		650	
Time factor		0%	0	0%	0	0%	0
Market status and conditions		0%	0	0%	0	0%	0
Financing terms		0%	0	0%	0	0%	0
Price per square meter after adjusting the market status (SAR/m2)		800		1000		650	
Show room area (m2) 491	283.6	144	10%	121	10%	400	-5%
Location advantage	Excellent	very good	10%	Excellent	5%	Good	15%
Relative adjustment		20%		15%		10%	
Net market price after adjustments (m2/SAR)		960		1150		715	
Ratio of participation of each comparator in the value		30%		50%		20%	
Value per square meter of the property under evaluation after applying the average (SAR/m2)		1006					
Net average land price after rounding (m2/SAR)		**1,010**					

Estimating value by using The income approach –DCF- :

After conducting a field survey of current market prices and rental trends for properties in the area of the property to be appraised, the capitalization rate was estimated based on the property's condition and the vacancy rate in the area, according to the appraiser's estimate and financial data analysis of the property.Through analyzing rental prices for commercial properties (car rental requests), it was found that the rental prices range between 200,000 SAR and 500,000 SAR per year. Based on this, adjustments were made so that:Store A has a rental value of 285,530 SAR per year, based on market conditions.Store B also has a rental value of 285,530 SAR per year.Therefore, the total expected income in the event of leasing the property would be 571,660 SAR per year, assuming it is leased to a single operator at 100% occupancy, with the tenant covering all expenses.

Occupancy rate	%100	Discount rate	10.36%	Gross income	571,660
Growth rate	10% for the year 2027 and 10% for the year 2030	Cap rate	%8	Cash flow period	6

Period	0	1	2	3	4	5
Year	2025	2026	2027	2028	2029	2030
Growth Rate	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%
Total Income	571,660	571,660	628,826	628,826	628,826	691,709
Occupancy Rate	0%	50%	100%	100%	100%	100%
Effective Income	0	285,830	628,826	628,826	628,826	691,709
Total Operating Expenses	0	0	0	0	0	0
Net Income	0	285,830	628,826	628,826	628,826	691,709
Future Property Value	8,646,358					
Net Cash Flow of the Property	0	285,830	628,826	628,826	628,826	9,338,066
Discount Factor	0.1	0.91	0.82	0.74	0.67	0.61
Present Value of Money	0	258,998	516,306	467,838	423,920	5,704,249
Present Value	**7,371,311**					
Present Value (After Rounding)	**7,370,000**					

Risks affecting the property:

The risks that could affect the property include the following:

1	The country's macroeconomic conditions may affect the real estate market in general, such as inflation rates, liquidity, interest rates, financing costs, taxes, and the movement of local and global stock markets, as changing some or all of these influences affects the real estate market.
2	Since achieving revenues is considered the main factor in determining the value of the property, any change in revenues as a result of different market conditions will affect the value of the property.
3	The absence or limitation of long-term contracts greatly affects the value of the property, as the presence of long-term contracts gives stability to the income and thus the value. While the absence of such contracts causes fluctuation in rental prices and income, thus affecting the final value.
4	The large supply of real estate goods leads to competition in the prices offered to the consumer. We find this clearly in the real estate market, as the increase in units offered in the market and the entry of new competitors with products will lead to a decrease in prices and services, and thus a decrease in the final price of the property.
5	The regulatory, legal or legislative environment may witness some changes that may affect the value of the property, such as the emergence of municipal legislation allowing or prohibiting activities in specific areas or reducing or increasing the number of floors in the surrounding area, which affects the final value of the property.
6	The valuation of modern properties, especially those with no operational history, depends on the valuer's estimates and reading of the real estate market in general and real estate activity in particular. Future operating conditions will vary depending on the assumptions used in the valuation process, which inevitably leads to a change in the value of the property.

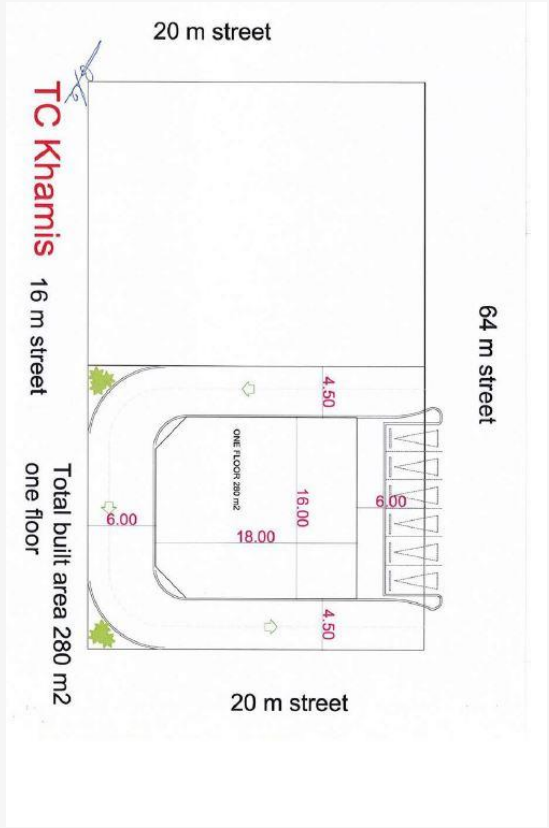
Value Estimation

valuation method	Value (Saudi SAR)	Weighting ratio
The income approach	SAR 7,370,000	%100
the cost Approach	SAR 5,869,984	%0

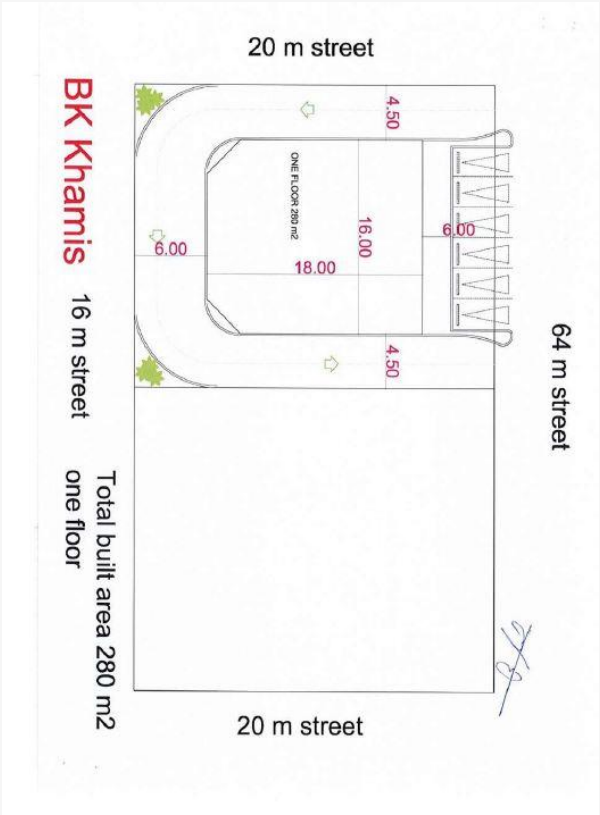
Opinion on value: Based on the purpose of the valuation, the nature of the property and its characteristics, being an income-generating property with various contracts, evaluating the property using the discounted cash flow method is considered the best way to evaluate the property. Therefore, the value reached by the income method will be weighted with a relative weight of 100% as a basis for the market value of the property. The place of valuation is:

The Final value of the property	Number	SAR 7,370,000
	Written	Seven million, three hundred seventy thousand Riyals only.

Attachments



Part B diagram



Part A diagram

Conclusion

At the conclusion of this report, we would like to affirm the following::

- Our analysis and conclusions are based solely on the stated assumptions and circumstances.
- Barcode valuers have no personal or financial interest in the valuation.
- Barcode valuers hold the necessary qualifications to prepare this report..
- Our team has extensive experience in this type of assessment.
- The sites have been thoroughly reviewed by our team.

We are confident that our assessment adheres to international valuation standards. If you have any questions, please do not hesitate to contact us using the information provided below.

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