

Updated Final Valuation Report

INDUSTRIAL COMPLEXES



February 17, 2020



Derayah Financial



Tunuf Real Estate
Advisory



VREC 1905071

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1. EXECUTIVE SUMMARY

TO: The Derayah Real Estate Custody Company

PO Box 286546, 2nd Floor, Olaya Centre, Olaya Street,

Riyadh, Saudi Arabia

Tel: +966(11)2998000

Email: Reit@derayah.com

Monday, February 17, 2020

1.1. PROJECT BACKGROUND

With reference to your request to update the value for 3 Industrial Complexes located in Riyadh and Dammam, Saudi Arabia "Subject Properties", Tunuf herewith provides you with the Market Value for the "Subject Properties". We understand that you require this valuation report as part of the process of acquiring the subject property by Derayah REIT.

1.2. CLIENT

The Client to whom the valuation report will be prepared is The Derayah Real Estate Custody Company- ("the Client").

1.3. PURPOSE OF VALUATION

The valuation report is prepared for acquisition by Derayah REIT purposes only.

1.4. INTENDED USERS

The Client and the Capital Market Authority (CMA).

1.5. SUBJECT OF VALUATION

The following table shows the properties subject of valuation:

SN	Location	Type	Land Area (Sq. m.)	Total Built Up Area (Sq. m.)
1	Riyadh (1)	Industrial Complex	10,000	7,744
2	Riyadh (2)	Industrial Complex	10,000	8,954
3	Dammam	Industrial Complex	28,014	19,124

Source: The Client

1.6. INTEREST OF VALUATION

The interests to be valued is the freehold interest of the subject properties, free of any encumbrances or third-party interests.

1.7. BASIS OF VALUATION

The basis of our valuation is Market Value, which is defined by the International Valuation Standards Council IVSC as (IVS):

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

1.8. DATE OF VALUATION

The Valuation date is November 13, 2019.

1.9. INSPECTION

The properties were inspected by Tunuf in Q3 2018 and by Abdullah Al Harbi and Meshari AlKurbi on November 13, 2019. We note that our inspections were done on a visual and external basis only. We were not able to inspect the inside of the subject properties for the updated valuation, but we have not observed any changes to them since our last inspection.

1.10. STATE OF REPAIR AND CONDITION OF THE PROPERTIES

We have not been instructed to undertake a building survey. Our inspections were undertaken on a visual basis only. At the dates of inspections, the properties appeared to be well maintained and in a reasonable condition given their age and current use. Our opinion of value is based on the assumption that the subject properties have been maintained to a reasonable standard and do not require any structural repairs or alterations. Should any substantial maintenance or repair works be required our opinion of value may be affected. Furthermore, we would recommend building surveys are conducted by a qualified professional to further establish the condition of the buildings.

1.11. SERVICES

We have assumed that the subject properties have the benefit of all standard services, amenities and utilities including Electricity, Water and Sewage available for each site. We will include a note on each of the subject properties detailed in the report enclosed when this is not the case.

1.12. CONTAMINATION AND HAZARDOUS MATERIALS

Our valuations have been prepared on the assumption that no contamination or hazardous material exists on site sufficient to affect value. We suggest that specialist investigations are undertaken by appropriately qualified consultants to confirm the same.

1.13. GROUND CONDITIONS FOR LAND PLOTS

We have made the assumption that ground conditions are suitable for the current buildings and structures or any future development/re-development.

1.14. PERSONEL

This Valuation report has been prepared by Abdullah Al Harbi, Analyst and was reviewed by Ahmed Fathy, Consulting Manager under the supervision of Meshari AlKurb, Acting CEO.

We confirm that the valuers responsible for this valuation are independent and qualified for the purpose of the valuation in accordance with Taqueem and IVS.

1.15. STATUS

In preparing this valuation, we have acted as External Valuer, which is defined in the RICS Valuation Standards (2017) as

"A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment."

1.16. LIABILITY

With reference to the mutual agreement, our liability will be to the Client only, and not to any third party, and will be limited to the total fee payable for this valuation assignment.

1.17. NATURE AND SOURCE OF THE INFORMATION

We have relied on information provided by the Client in relation to the subject properties, which includes location layout plans, commercial contracts and title deeds.

We independently made enquiries in relation to the market conditions and outlook, pricing, sales rates, discount rates and development returns using a variety of sources including brokers and agents, developers, investment bankers, and government sources, as well as reputable publications and data providers.

1.18. APPROACH

We have used the Income Approach (Income Capitalization) for the purpose of the valuation. We have used DRC Method as a benchmark as well.

1.19. DISCLOSURE

We are not aware of any existing conflicts or potential conflicts of interest, which would prevent us from providing an independent and objective opinion of value of any of the assets.

1.1. MARKET VALUE

Our opinion of the Market Value of the Subject Properties, as at November 13, 2019 are as follows:

SN	Location	Type	Market Value (SAR)
1	Riyadh (1)	Warehouses Complex	13,250,000
2	Riyadh (2)	Warehouses Complex	16,730,000
3	Dammam	Warehouses Complex	32,650,000

Source: Tunuf – Nov. 2019

Our opinion of Market Value is based on the Scope of Work and Valuation Assumptions attached.

Meshari AlKurbi, Taqueem AR



CEO (License No: 1210000503)

2. MARKET COMMENTARY

2.1. RIYADH INDUSTRIAL MARKET OVERVIEW

As the Saudi economy attempts to diversify from oil, great emphasis and resources are allocated to domesticate manufacturing, production lines, and logistics-based services. Industrial warehouses have witnessed a significant decrease in demand in recent years with the oil crisis since 2016 along with a steady new supply whether completed or scheduled. However, future demand is more likely to require a new type of warehouses that will provide a downward pressure on rental rates of conventional warehouses that do not meet new imposed regulations by the government, while iconic/quality compliant storage space would be in high demand. There are new global and regional trends that will be seen as developers compete to attract key high-profile tenants to achieve organically sustainable and profitable projects. Due to changing retailing dynamics as a result of online shopping and international companies gaining access to the Saudi Market, demand for quality warehouses is expected to grow optimizing storage space through the introduction of warehouses with higher ceiling, availability of logistical support services, proximity to major client groups, which is controlled by government regulations, and road network.

We believe that, given the introduction of new regulations, there is a demand for smaller storage space designated use within the city to facilitate and connect clients to various businesses while also providing storage solutions for individuals renting residential units that are getting smaller as a result of increasingly development and up keep costs.

Industrial Property Risks

- Downward pressure on rental rates as a result of additional supply in addition to new regulations imposed by the government leading to additional costs associated with developing such properties.
- Economic uncertainty coupled with the lack of initiatives to stimulate the market would definitely lead to more business exiting the market resulting in lower demand.

2.2. DAMMAM INDUSTRIAL MARKET OVERVIEW

As the Saudi economy attempts to diversify from oil, great emphasis and resources are allocated to domesticate manufacturing, production lines, and logistics-based services. Industrial warehouses have witnessed a significant decrease in demand in recent years with the oil crisis since 2016 along with a steady new supply whether completed or scheduled. However, the new demand may require a new type of warehouses not the conventional warehouses.

Industrial Property Risks

- Downward pressure on rental rates as a result of additional supply in addition to new regulations imposed by the government leading to additional costs associated with developing such properties.
- Economic uncertainty coupled with the lack of initiatives to stimulate the market would lead to more business exiting the market resulting in lower demand.

3. YIELD COMMENTARY

Considering the current economic conditions and recent events, real estate transactions have dropped in number for the last 2-4 years. Recent low oil prices, as a main source of income for the Saudi Arabian Economy despite the government's attempts to diversify income sources, has been a major role in slowing the economy wheel in recent years. Saudi Arabia has launched the transformation plan to achieve the Saudi Vision 2030, which entailed the introduction of a number of initiatives aimed at making and sustaining an efficient and self-reliant economy. Despite recent uplift in oil prices, uncertainty in the market is evident by the slowdown in developments of new projects, decline in foreign investments and the outflow/displacement of local cashflow abroad. Furthermore, considering the ambiguity in the real estate market, we have had relied on information that is available to us from previous work in the Market in addition to transactions and listings in the area surrounding the Subject Properties. From researching the area surrounding the Subject Properties, we understand that there are several factors that can affect the income producing properties for sale, these factors include the following:

- Tenancy
 - Number of Tenants
 - Weighted Average Remaining Lease Term
- Lease Rate
 - Service Charge
 - Escalations
- Lease agreement clauses
- Property Specifics
 - Location
 - Access
 - Parking Provision
 - Facilities and services available
- Market Conditions
 - Supply
 - Demand

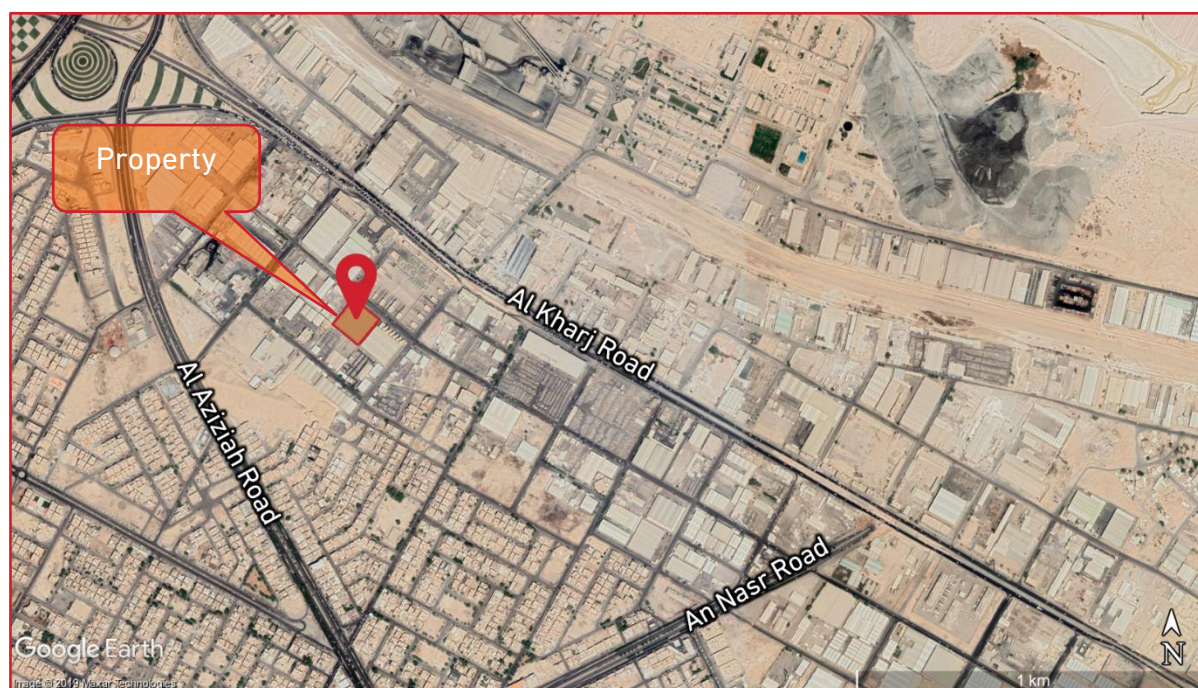
Since the subject properties are income-generating assets, we have relied on the Income Approach (Investment methods), while using the Depreciated Replacement Method (DRC) for benchmarking purposes. We relied on the investment method in cases where the passing/contracted rent is in line with the market rent, while relying on the DCF method when there is a difference in income level between passing/contracted rent and market rent.

4. RIYADH INDUSTRIAL COMPLEX (1)

4.1. LOCATION

The Subject Property is located along Al Athil Street, west of Al Kharj Road in Riyadh, Saudi Arabia.

The following map highlights the Subject Property location in relation to the south side of Riyadh city.



Source: Google Earth modified by Tunuf

4.2. DESCRIPTION

The Subject Property comprises five industrial dry warehouses built on a land plot measuring 10,000 sq. m. as per the title deed provided by the Client.

4.3. TENURE

We have been provided with a copy of the Title Deed for the land plot where the Subject Property is built. The Title Deed relevant details are summarized below:

Item	Description
Title Deed No.	210116049558
Title Deed Date	22-03-1441 H
Source	First Notary Office- Riyadh
Block #	196
Plot No.	14/1
Land Area (Sq. m.)	10,000

Source: The Client

4.4. BUILDING LEASE AGREEMENT

We have not received a copy of all the lease agreements in place at the property. However, we have received a tenancy schedule that is summarized within the market rent commentary in section 4.6. of this report.

4.5. PLANNING AND ZONING

We received a copy of the Building Permit from the Client for the Subject Property. For the purpose of this valuation, we have assumed that the Subject Property complies with all relevant authority planning and zoning requirements. We would recommend that the client undertake further investigations to confirm the same. We have summarized the Building Permit key information below.

Item	Description
Floors	1 (G)
Total Built Up Area (Sq. m)	7,744
Number of warehouses	5
Land Area (Sq. m.)	9,995.5

Source: Building Permit provided by the Client

4.6. WAREHOUSES MARKET RENT COMMENTARY

We have had regard to several aspects when assessing the market rent for the Property. The following list summarizes our considerations:

- Location
- Accessibility and road network quality
- Property specifications and attributes
- Supply and demand of comparable properties

The Property is located along Al Atheel Street west of Al Kharj Rd. The location is considered a suitable location for the current use of the Subject Property and close to main demand drivers and connected via a good network of highways to the greater Riyadh area.

The greater Riyadh area is connected through a good network of highways that makes it easier for logistics services and produced goods to move in a smooth manner from, to and within Riyadh. However, we consider the road network quality of the streets to the immediate surrounding of the Subject Property to be good. Budget cuts within the Saudi government have affected the progress of such projects. Hence, we did not account for any major development to the road network in the immediate surrounding of the Subject Property for the short/medium term within our model.

The client has provided us with a copy of the tenancy schedule for the property along with a copy of one lease agreement. We were not provided with copies of the remaining agreements at the property. The property is divided into 5 adjoining warehouses with a total gross income of 1,185,000 SAR p.a. as per the information provided by the client with an average rental rate of SAR 118.5 per Sq. m. of land and SAR 153 per Sq. m. of BUA.

We have had regards to the type of space available at the property and the comparable evidence collected. We have also had regards to the specifications, building age and conditions, location, size, accessibility and quality when comparing them to the property. We have also had regards to the passing rent at the subject property when assessing the market rent at the property. We believe the property is slightly overrented. As a result, our opinion of the market rent at the property is say **SAR 100 per Sq. m. of land.**

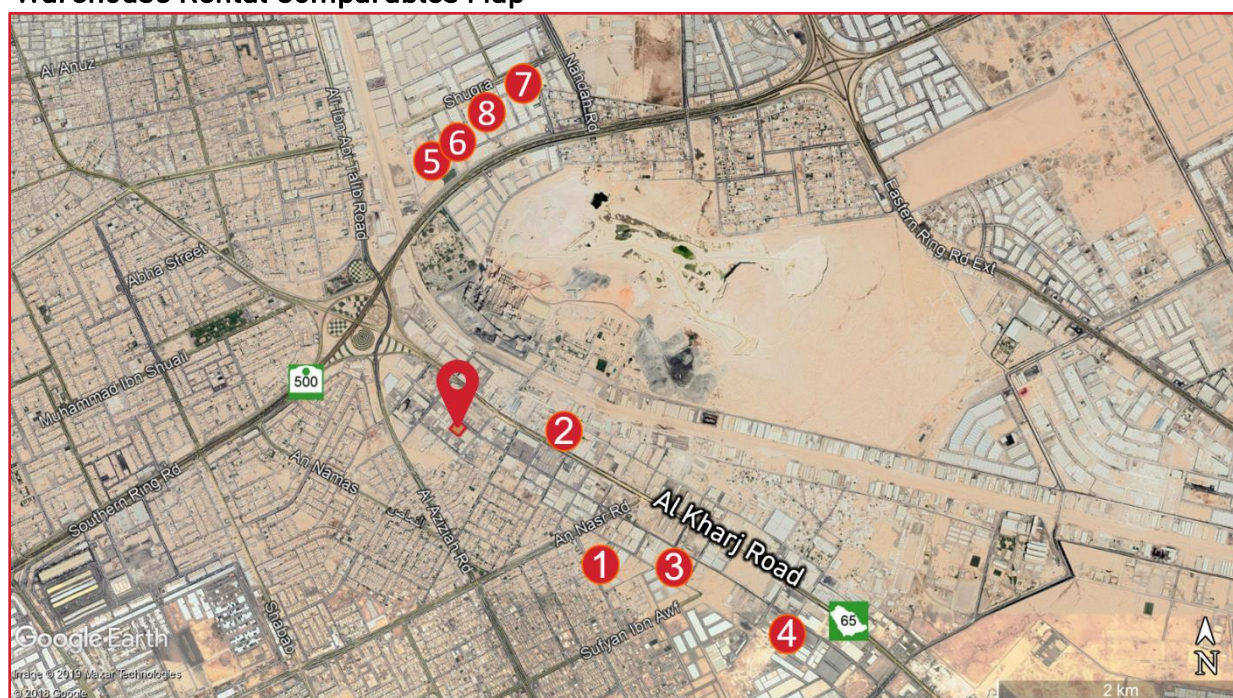
We note that rental rates for comparable properties in the area is between 80 SAR and 139 SAR per Sq. m. of land. The following table shows the comparable evidence we collected for valuing the market rent at the property.

Warehouse Rental Comparables

SN	Type	Area (Sq. m.)	Date (G)	Price (SAR/Sq. m.)	Use
1	Warehouse For rent	1,800	2019 Q4	139	Commercial
2	Warehouse For rent	900	2019 Q4	89	Commercial
3	Warehouse For rent	2,500	2019 Q4	80	Commercial
4	Warehouse For rent	750	2019 Q4	87	Commercial
5	Warehouse For rent	730	2019 Q4	114	Commercial
6	Warehouse For rent	500	2019 Q4	100	Commercial
7	Warehouse For rent	800	2019 Q4	138	Commercial
8	Warehouse For rent	450	2019 Q4	222	Commercial

Source: Tunuf Q4 2019

Warehouse Rental Comparables Map



Source: Google Earth modified by Tunuf 2019

4.7. APPROACHES

In arriving at our opinion of Market Value of the freehold interest in the subject property, we have adopted one or more of the following valuation methodologies:

Comparable Method

The market approach derives the value of the Property by comparing it to other properties for which the price is known. Ideally, the property is compared and contrasted to identical properties which have recently been sold, or where no recent transactions have taken place, the asking price at which the comparable properties are currently listed for sale. Adjustments may be required to reflect the time has passed between the transaction and the date of valuation or the price that is expected to be achieved following a negotiated sale. Following an analysis of the terms of the sale, an appropriate unit of comparison is chosen, for example, a rate per square foot/meter of land/buildings. Further subsequent adjustments may be required to factor in differences in location, size (quantum), quality and specification, permitted use etcetera and any instructions received which are specific to the assignment.

Investment Method (Income Capitalization)

The Investment Method derives Market Value from the capitalization of a property's net income. The method requires a market derived projection of annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile. This NOI is then capitalized in perpetuity (or lease expiry in the case of leasehold property) using a market derived capitalization rate to give the market value estimate. Allowance is made for any capital expenditure costs required as well as making provision for a vacancy factor with reference to historic letting experience.

Depreciated Replacement Cost Method (DRC)

Depreciated Replacement Cost is defined (RICS, 2005: Glossary) as "The current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

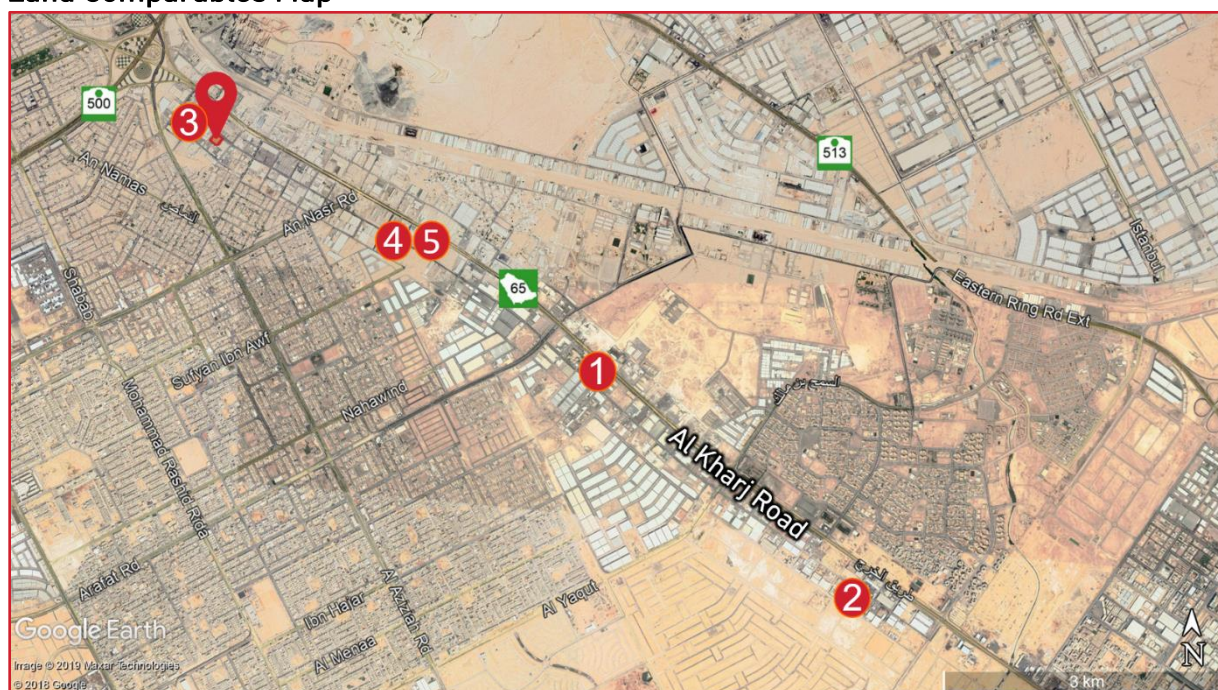
4.8. DRC VALUATION COMMENTARY AND ANALYSIS

Table of Land Comparables

SN	Type	Area (Sq. m)	Date (G)	Price (SAR/Sq. m)	Use
1	Transaction	40,000	25/09/2019	675	Commercial
2	Transaction	40,000	28/05/2018	530	Commercial
3	For Sale	2,500	2019 Q4	2,400	Commercial
4	For Sale	4,500	2019 Q4	1,100	Commercial
5	For Sale	20,000	2019 Q4	1,100	Commercial

Source: Tunuf Research

Land Comparables Map



Source: Google Earth, Modified by Tunuf Research

Land Market Value Commentary

We note that land prices in the area surrounding the property range between 530 SAR per Sq. m. and 2,400 SAR per Sq. m. for land plots ranging between 2,500 and 40,000 Sq. m. We have based our opinion for the market value of the land plot where the property is located on comparable number 1 and 3. We have made positive adjustment for size as well as negative adjustment for negotiation to comparable 1. We have also made positive adjustment for location as well as negative adjustments for the size and for negotiation to comparable 3. As a result, our opinion of the market value of the land plot is say **SAR 1,100 per Sq. m.**

Depreciated Replacement Cost Method (DRC)

We have had regards to the DRC method when valuing the Subject Property for benchmarking purposes. The following table summarizes our assumptions and findings using the DRC method:

Item	Description
Land Area (Sq. m.)	10,000
Land Value (SAR/Sq. m.)	1,100
Land Value (SAR)	11,000,000
BUA (Sq. m.)	7,744
Replacement Cost (SAR/Sq. m.)	500
Replacement Cost (SAR)	3,872,000
Building Age (Years)	25
Effective age (Years)	20
Depreciation	50%
Building Useful Life (Years)	40
Depreciated Replacement Cost (SAR)	1,936,000
Total DRC (SAR)	12,936,000
Total Market Value (Rounded) (SAR)	12,950,000

Source: Tunuf Q4 2019

4.9. DIRECT CAPITALIZATION METHOD VALUATION

We have had regards to the valuation of the property using the Direct Capitalization method. The following table summarizes our assumptions and findings:

Item	Description
Land Area (Sq. m)	10,000
Contracted Rental Rate (SAR/Sq. m of land)	118.5
Gross Income	1,185,000
Vacancy (%)	-5%
OPEX (%)	0%
NOI (SAR/Annum)	1,125,750
Capitalization Rate (%)	8.5%
Value (SAR)	13,244,118
Market Value (MV) (SAR)	13,250,000

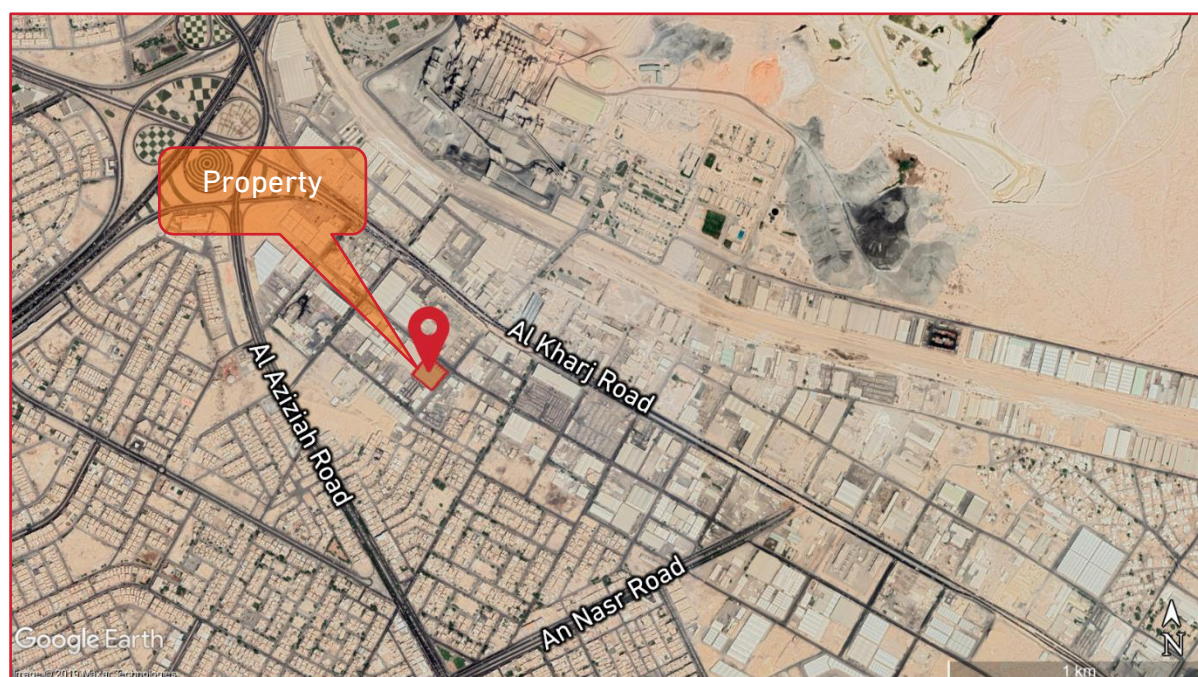
Source: Tunuf

5. RIYADH INDUSTRIAL COMPLEX (2)

5.1. LOCATION

The Subject Property comprises industrial warehouses built on a land plot measuring 10,000 sq. m. The Subject Property is located along Al Athil Street, west of Al Kharj Road, Riyadh, Saudi Arabia.

The following map highlights the Subject Property location in relation to the south side of Riyadh city.



Source: Google Earth modified by Tunuf

5.2. DESCRIPTION

The Subject Property comprises industrial dry warehouses built on a land plot measuring 10,000 sq. m. as per the title deed provided by the Client.

5.3. TENURE

We have been provided with a copy of the Title Deed for the land plot where the Subject Property is built. The Title Deed relevant details are summarized below:

Item	Description
Title Deed No.	710116049559
Title Deed Date	22-03-1441 H
Source	First Notary Office- Riyadh
Block #	196
Plot No.	14/1/A
Land Area (Sq. m)	10,000

Source: Title Deed provided by the Client

5.4. LEASE AGREEMENTS

We have not received a copy of all the lease agreements in place at the property. However, we have received a tenancy schedule that is summarized within the market rent commentary in section 5.6.

5.5. PLANNING AND ZONING

We received a copy of the Building Permit from the Client for the Subject Property. For the purpose of the valuation, we have assumed that the Subject Property complies with all relevant authority planning and zoning requirements. We would recommend that the client undertake further investigations to confirm the same. We have summarized the Building Permit key information below.

Item	Description
Warehouses	7,194
Walls	284
Office buildings / G.floor	880
Office buildings / 1st.floor	880
Total	8,954
Land Area (Sq. m.)	9,995.5

Source: Building Permit provided by the Client

5.6. WAREHOUSES MARKET RENT COMMENTARY

We have had regard to several aspects when assessing the Market Rent for the Property. The following list summarizes our considerations:

- Location
- Accessibility and road network quality
- Property Specifications and attributes
- Supply and demand of comparable properties

The Property is located along Al Atheel Street west of Al Kharj Rd. The location is considered a suitable location for the current use of the Subject Property and close to main demand drivers and connected via a good network of highways to the greater Riyadh area.

The greater Riyadh area is connected through a good network of highways that makes it easier for logistics services and produced goods to move in a smooth manner from, to and within Riyadh. However, we consider the road network quality of the streets to the immediate surrounding of the Subject Property to be good. Budget cuts within the Saudi government has affected the progress of such projects. Hence, we did not account for any major development to the road network in the immediate surrounding of the Subject Property for the short/medium term within our model.

The client has provided us with a copy of the tenancy schedule for the property along with a copy of one lease agreement. We were not provided with copies of the remaining agreements at the property. The property is divided into 7 adjoining warehouses with a total gross income of SAR 1,580,000 p.a. as per the information provided by the client with an average gross rental rate of SAR 158 per Sq. m. of land and SAR 176.5 per Sq. m. of BUA.

We have had regards to the type of space available at the property and the comparable evidence collected. We have also had regards to the specifications, building age and conditions, location, size, accessibility and quality when comparing them to the property. We have also had regards to the passing rent at the property when assessing the market rent. We believe the property is broadly rack rented.

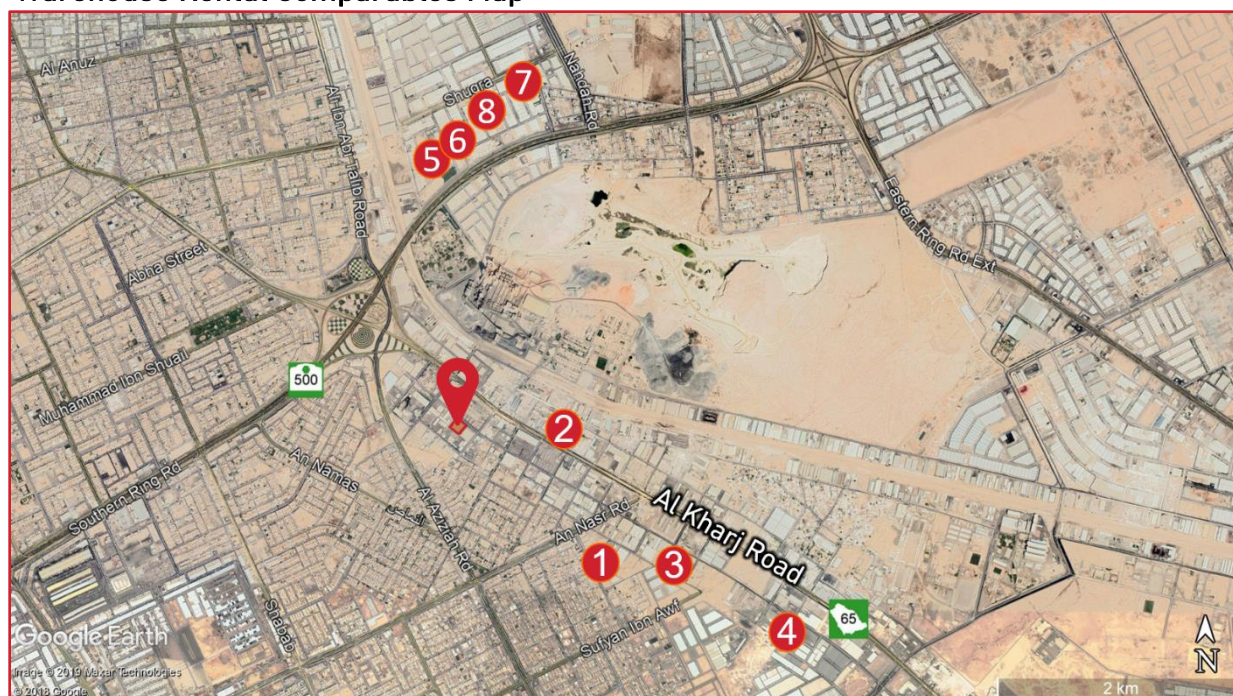
We note that rental rates for comparable properties in the area is between 80 SAR and 139 SAR per Sq. m. of land. The following table shows the comparable evidence we collected for valuing the market rent at the property.

Warehouse Rental Comparables

SN	Type	Area (Sq. m.)	Date (G)	Price (SAR/Sq. m.)	Use
1	Warehouse For rent	1,800	2019 Q4	139	Commercial
2	Warehouse For rent	900	2019 Q4	89	Commercial
3	Warehouse For rent	2,500	2019 Q4	80	Commercial
4	Warehouse For rent	750	2019 Q4	87	Commercial
5	Warehouse For rent	730	2019 Q4	114	Commercial
6	Warehouse For rent	500	2019 Q4	100	Commercial
7	Warehouse For rent	800	2019 Q4	138	Commercial
8	Warehouse For rent	450	2019 Q4	222	Commercial

Source: Tunuf

Warehouse Rental Comparables Map



Source: Google Earth modified by Tunuf 2019

5.7. APPROACHES

In arriving at our opinion of Market Value of the freehold interest in the subject property, we have adopted one or more of the following valuation methodologies:

Comparable Method

The market approach derives the value of the Property by comparing it to other properties for which the price is known. Ideally, the property is compared and contrasted to identical properties which have recently been sold, or where no recent transactions have taken place, the asking price at which the comparable properties are currently listed for sale. Adjustments may be required to reflect the time has passed between the transaction and the date of valuation or the price that is expected to be achieved following a negotiated sale. Following an analysis of the terms of the sale, an appropriate unit of comparison is chosen, for example, a rate per square foot/meter of land/buildings. Further subsequent adjustments may be required to factor in differences in location, size (quantum), quality and specification, permitted use etcetera and any instructions received which are specific to the assignment.

Investment Method (Income Capitalization)

The Investment Method derives Market Value from the capitalization of a property's net income. The method requires a market derived projection of annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile. This NOI is then capitalized in perpetuity (or lease expiry in the case of leasehold property) using a market derived capitalization rate to give the market value estimate. Allowance is made for any capital expenditure costs required as well as making provision for a vacancy factor with reference to historic letting experience.

Depreciated Replacement Cost Method (DRC)

Depreciated Replacement Cost is defined (RICS, 2005: Glossary) as "The current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

5.8. DRC VALUATION COMMENTARY AND ANALYSIS

Table of Land Comparables

SN	Type	Area (Sq. m)	Date (G)	Price (SAR/Sq. m)	Use
1	Transaction	40,000	25/09/2019	675	Commercial
2	Transaction	40,000	28/05/2018	530	Commercial
3	For Sale	2,500	2019 Q4	2,400	Commercial
4	For Sale	4,500	2019 Q4	1,100	Commercial
5	For Sale	20,000	2019 Q4	1,100	Commercial

Source: Tunuf Research

Land Comparables Map



Source: Google Earth, Modified by Tunuf Research

Land Market Value Commentary

We note that land prices in the area surrounding the property range between 530 SAR per Sq. m. and 2,400 SAR per Sq. m. for land plots ranging between 2,500 and 40,000 Sq. m. We have based our opinion for the market value of the land plot where the property is located on comparable number 1 and 3. We have made positive adjustment for size as well as negative adjustment for negotiation to comparable 1. We have also made positive adjustment for location as well as negative adjustments for the size and for negotiation to comparable 3. As a result, our opinion of the market value of the land plot is say **SAR 1,100 per Sq. m.**

Depreciated Replacement Cost Method (DRC)

We have had regards to the DRC method when valuing the Subject Property. The following table summarizes our assumptions and findings using the DRC method:

Item	Description
Land Area (Sq. m.)	10,000.00
Land Value (SAR/Sq. m.)	1,100
Land Value (SAR)	11,000,000
BUA Warehouses (Sq. m.)	7,194
Warehouses Replacement Cost (SAR/Sq. m)	450
BUA Building (Sq. m.)	1,760
Building Replacement Cost (SAR/Sq. m)	1,150
Replacement Cost (SAR/Sq. m.)	5,261,300
Buildings Age (Years)	2
Effective age (Years)	2
Depreciation	-5%
Depreciated Replacement Cost (SAR)	4,998,235
Total DRC (SAR)	15,998,235
Total Market Value (Rounded) (SAR)	16,000,000

Source: Tunuf

5.9. DIERCT CAPITLAIZTION METHOED VALUATION

We have had regard to the valuation of the Subject Property using the Direct Capitalization method. The following table summarizes our assumptions and findings.

Item	Discription
Land Plot Area (Sq. m)	10,000
Contracted Rent Rate (SAR/Sq. m/Annum)	158
Gross Income	1,580,000
Vacancy and Collection Loss (%)	10%
OPEX (%)	0%
NOI (SAR/Annum)	1,422,000
Capitalization Rate (%)	8.5%
Value (SAR)	16,729,412
Market Value (MV) (SAR)	16,730,000

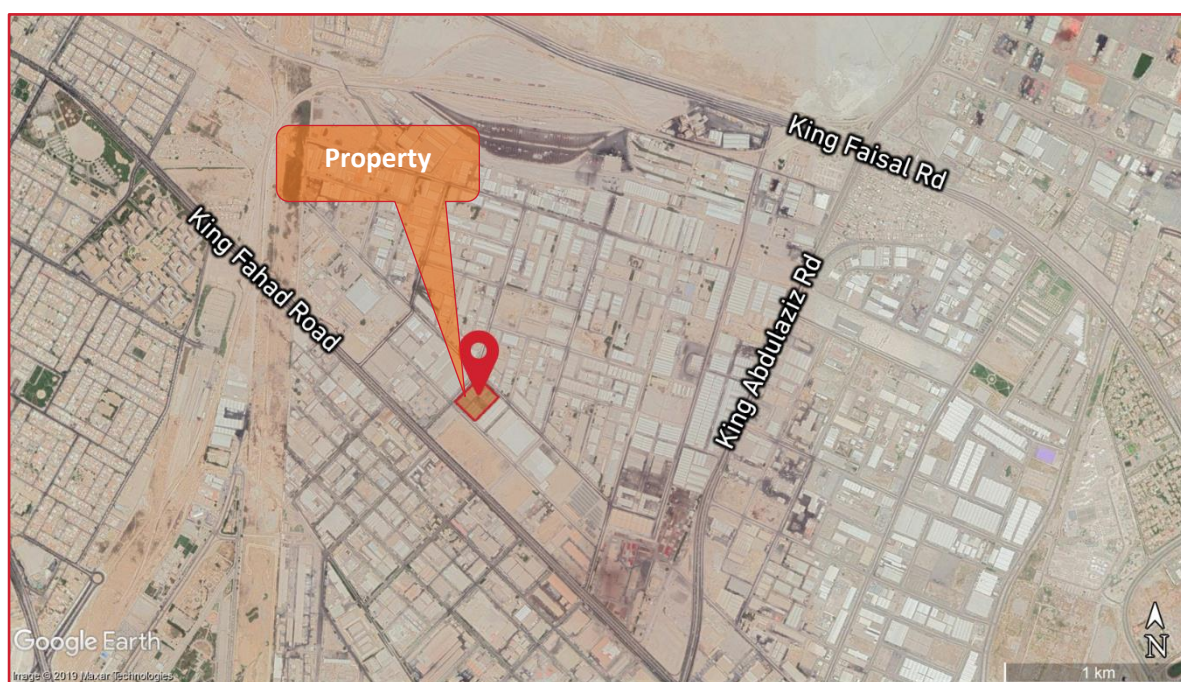
Source: Tunuf

6. DAMMAM INDUSTRIAL COMPLEX

6.1. LOCATION

The Subject Property is located along an internal street, Al Khaldiyyah District, Dammam, Saudi Arabia.

The following map highlights the Subject Property location.



Source: Google Map, Modified by Tunuf 2019

6.2. DESCRIPTION

The property comprises 17 industrial dry warehouses built on a land plot measuring 28,014 Sq. m. as per the title deed provided by the Client.

6.3. TENURE

We have been provided with a copy of the Title Deed for the land plot where the Subject Property is built. The following table summarizes the property's title deed information.

Item	Description
Title Deed No.	330106028736
Title Deed Date	29-04-1441 H
Source	Notary Office - Dammam
Block #	12
Plot No.	58/1
Land Area (Sq. m)	28,014

Source: Title Deed provided by the Client

6.4. LEASE AGREEMENTS

We have received a copy of the lease agreements in place for the property. We note that the lease agreements have expired and that we have assumed they are still valid due to an automatic renewal clause. We have summarized the lease agreements information within section 6.6 of this report.

6.5. PLANNING AND ZONING

We received a copy of the Building Permit from the Client for the property. For the purpose of the valuation, we have assumed that the property complies with all relevant authority planning and zoning requirements. We would recommend that the client undertake further investigations to confirm the same. We have summarized the Building Permit key information below.

Item	Description
Plot Number	12
Master plan Number	1/58
Land Area (Sq. m.)	28,014
Total Built Up Area (Sq m) - Warehouses	19,124
Walls	668
Number of Units	17
Use	Warehouses

Source: Building Permit provided by the Client

6.6. WAREHOUSES MARKET RENT COMMENTARY

We have had regard to several aspects when assessing the Market Rent for the Property. The following list summarizes our considerations:

- Location
- Accessibility and road network quality
- Property Specifications and attributes
- Supply and demand of comparable properties

The client has provided us with a copy of the tenancy schedule for the property along with a copy of the lease agreements. The property is divided into 17 adjoining warehouses with a total gross income of SAR 2,920,800 p.a. as per the information provided by the client with an average gross rental rate of SAR 104 per Sq. m. of land and SAR 157 per Sq. m. of BUA.

We have had regards to the type of space available at the property and the comparable evidence collected. We have also had regards to the specifications, building age and conditions, location, size, accessibility and quality when comparing them to the property. We have also had regards to the passing rent at the property when assessing the market rent. We believe the property is broadly rack rented.

The property comprises 17 warehouses built on a land plot measuring 28,014 sq. m. We note that warehouse rental rates in the area range between SAR 133 and SAR 188 Sq. m. of BUA. The table below shows the rental rates range in the area surrounding the property.

Warehouse Rental Comparables

SN	Type	Area (Sq. m)	Date (G)	Price (SAR/Sq. m)	Use
1	Warehouse For rent	7,500	2019 Q4	133	Commercial
2	Warehouse For rent	9,420	2019 Q2	127	Commercial
3	Warehouse For rent	1,000	2019 Q4	150	Commercial
4	Warehouse For rent	800	2019 Q4	156	Commercial
5	Warehouse For rent	1,000	2019 Q4	150	Commercial
6	Warehouse For rent	600	2019 Q4	150	Commercial
7	Warehouse For rent	400	2019 Q4	188	Commercial

Source: Tunuf

Rental Location Map



Source: Google Earth modified by Tunuf

6.7. APPROACHES

In arriving at our opinion of Market Value of the freehold interest in the Subject Property, we have adopted one or more of the following valuation methodologies:

Comparable Method

The Market Approach derives the value of the Property by comparing it to other properties for which the price is known. Ideally, the property is compared and contrasted to identical properties which have recently been sold, or where no recent transactions have taken place, the asking price at which the comparable properties are currently listed for sale. Adjustments may be required to reflect the time has passed between the transaction and the date of valuation or the price that is expected to be achieved following a negotiated sale. Following an analysis of the terms of the sale, an appropriate unit of comparison is chosen, for example, a rate per square foot/meter of land/buildings. Further subsequent adjustments may be required to factor in differences in location, size (quantum), quality and specification, permitted use etcetera and any instructions received which are specific to the assignment.

Investment Method (Income Capitalization)

The Investment Method derives Market Value from the capitalization of a property's net income. The method requires a market derived projection of annual net operating income (NOI) for a subject property based on the current and expected lease or other arrangements and occupant profile. This NOI is then capitalized in perpetuity (or lease expiry in the case of leasehold property) using a market derived capitalization rate to give the market value estimate. Allowance is made for any capital expenditure costs required as well as making provision for a vacancy factor with reference to historic letting experience.

Depreciated Replacement Cost Method (DRC)

Depreciated Replacement Cost is defined (RICS, 2005: Glossary) as "The current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

6.8. DRC METHOD VALUATION COMMENTARY AND ANALYSIS

Table of Land Comparables

SN	Type	Area (Sq. m)	Date (G)	Price (SAR/Sq. m)	Use
1	Transaction	24,300	16/07/2019	840	Commercial
2	Transaction	5,830	12/07/2018	1,029	Commercial
3	Transaction	3,000	26/03/2018	1,200	Commercial
4	Transaction	13,989	18/03/2018	3,350	Commercial
5	Transaction	5,144	12/03/2018	1,944	Commercial
6	For Sale	28,000	2019 Q2	2,150	Commercial
7	For Sale	3,000	2019 Q2	1,300	Commercial

Source: Tunuf

Land Comparables Map



Source: Google Earth modified by Tunuf

Land Market Value Commentary

We note that land prices in the area surrounding the property range between SAR 840 and 3,350 per Sq. m. for land plots measuring between 3,000 and 28,000 Sq. m. **We have made adjustments for land size, location, time of transaction, negotiation and accessibility to account for the differences between the comparable evidence and the property. As a**

result, our opinion of the market value of the land plot where the property is located is SAR 1,000 per Sq. m.

Depreciated Replacement Cost Method Valuation Metrics (DRC)

We used the DRC method for benchmarking purposes only as follows:

Item	Description
Land Area SQM	28,014.00
Land Value (SAR/Sq. m)	1,000
Land Value (SAR)	28,014,000
Total BUA	19,124
Replacement Cost (SAR/Sq. m)	400
Replacement Cost (SAR)	7,649,600
Building Age (Years)	26
Effective age (Years)	20
Depreciation	50%
Building Useful Life	40
Depreciated Replacement Cost (SAR)	3,824,800
Total DRC (SAR)	31,838,800
Total Market Value (Rounded)	31,860,000

Source: Tunuf

6.9. DIERCT CAPITLAIZTION METHOD VALUATION METRICS

We have had regard to the valuation of the Subject Property using Income Capitalization (Cap Rate). The following table summarizes our assumptions and findings using this method:

Revenue	area	Rate / Unit	Total Rent (SAR)
Warehouses	18,639	157	2,920,800
Total Gross Income			2,780,800
Less Vacancy		-5%	(146,000)
Less OPEX		0%	0
Net Operating Income			SAR 2,774,760
Capitalization Rate			
Cap Rate		8.5%	SAR 32,644,235
Market Value (Rounded)			SAR 32,650,000

Source: Tunuf

7. VALUATION

Having regard to the foregoing, we are of the opinion that the Market Value of the freehold interest in the subject properties as at November 13, 2019 is, say:

SN	Location	Type	Market Value (SAR)
1	Riyadh (1)	Industrial Complex	13,250,000
2	Riyadh (2)	Industrial Complex	16,730,000
3	Dammam	Industrial Complex	32,650,000

Source: Tunuf – June 2019

7.1. CONFIDENTIALITY

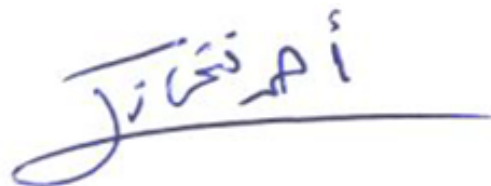
Finally, and in accordance with our normal practice we confirm that the report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully



Meshari AlKurbi, Taqueem AR
Chief Executive Officer (CEO)
Taqueem Membership no. 1210000503

Yours faithfully



Ahmed Fathy, Taqueem AR
Consulting Manager
Taqueem Membership no. 1220000058

8. APPENDIX (1)

8.1. GENERAL TERMS AND CONDITIONS

The below general terms and conditions are applied to all clients we provide our professional services to, and are highlighting the standard terms of business:

- Information, analysis and recommendations gathered or prepared by Tunuf are prepared in good faith and reflects Tunuf's objective and conclusions based on information provided by the client and obtained from elsewhere during the period of the assignment. Since the achievement of recommendations, forecasts and valuations depends on factors outside Tunuf's control, no statement made by Tunuf may be deemed in any circumstances to be a representation, or a warranty, and Tunuf cannot accept any liability should such statements prove to be inaccurate or based on incorrect premises.
- Any kind of projections in this report are proposed only to demonstrate specific points of argument and are not considered forecasts of actual performance.
- The analysis, investigations and recommendations available within the report are based on an evaluation of the current market conditions of the area surrounding the subject property.
- Tunuf's guidance does not account for any uncontrolled or unexpected rise or decline in the local, national or global economy or other unforeseen circumstances that effectively affect the success and/or the feasibility of the project. Tunuf takes no responsibility for the effect of such events that arise after our report has been prepared and issued.
- The forecasts of profits and/or losses in this report are based on the data available to us, our knowledge and the experience of our team. These financial statements may in no way be considered as a guarantee that the proposed property will actually achieve the results projected.
- Where the report includes an estimation of value, our report is subject to Tunuf's Standard Terms and Conditions for Valuation, in place at the date of our report and available on request.
- The Client acknowledges that Tunuf constitutes a professional and independent consulting entity, and in the course of preparing the study, it is guided exclusively by an independent assessment of obtained data and fair analysis based on historic, current and perceived future market conditions. Accordingly, if the client disagrees with key conclusions contained in the study, that cannot serve as grounds for declining services rendered.
- Tunuf will rely upon the information provided by the client, which will be identified, together with the source, in the relevant sections of our report. Unless stated otherwise, we will assume that the information provided is accurate and that we have been supplied with all the information that has a substantial effect upon the financial projections.

In accordance with the Information Protection Act, we will not disclose to any party any data without your expressed written consent to do so.

9. APPENDIX (2)

9.1. MARKET VALUE (IVS)

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

30. The definition of market value shall be applied in accordance with the following conceptual framework:

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

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

(c) "on the valuation date" requires that the value is time-specific as of a given date.

Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as at the valuation date, not those at any other date.

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

(e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The

factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

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

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

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

(i) “and without compulsion” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

31. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers or could be one characterized by a limited number of market participants. The

market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged.

32. The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximizes its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

Transaction Costs

35. Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

10. TUNUF'S BACKGROUND

Tunuf real estate consultancy is a local firm, backed by its founders and top selected team, has an accumulated experience of more than 25 years in the market.

Tunuf Real Estate Consultancy offers a variety of specialized services that include but not limited to the following:

- Valuation & Appraisals
- Feasibility studies
- Highest and best use studies
- Real estate portfolio Strategy studies
- Site Selection
- Real Estate Due Diligence
- Projects Special Care
- Real-Estate Portfolio Management Strategy
- Leasing Advisory Services

Tunuf brings attributes to this assignment that confirm our strengths in the local real estate sector through our extensive coverage of valuations, and the work we have done for clients such as CBRE, MINA Real Estate Company, Dar Al Arkan Real Estate Company, El Ajou Group, Al Bilad Capital, Al Jazira Capital, ENPI Group and Jadwa Investment.

Ability to mobilize a team with a single point of contact and the necessary local market knowledge, experience and technical skills to ensure that the project is carried out to the highest international standards and local regulations.

Ability to provide analysis and high-quality reporting outputs tailored to your specific needs in both English and Arabic formats.

11. APPENDIX (3) - TUNUF'S TEAM

Meshari AlKurbi, CEO

Meshari brings onboard extensive experience in real estate advisory having worked with Tunuf Real Estate Consultancy and JLL as a real estate valuer. He has engaged in various valuation exercises of various real estate asset types including large parcels of land (raw, serviced), commercial buildings (e.g., office, retail, industrial) in addition to portfolio advisory.

Having engaged in several key portfolio advisory projects, Meshari has comprehensive knowledge of the Saudi Real Estate Market.

Meshari is a Taqeem Accredited Valuer, having completed Taqeem Trainers Program courses 101 – 108. Meshari holds a bachelor's degree in Finance from King Fahd University of Petroleum and Minerals.

Ahmed Fathy, Consulting Manager

Ahmed has over 17 years of experience in real estate development and fixed assets valuation, including five years in Saudi Arabia. He also worked as a consultant for Al-Ajlan Global, to develop their real estate portfolio.

He is a member at IACVA with a CVA designation and a member of the Egyptian real estate valuation experts' commission. He also acquired the CIB certificate, which is an internationally recognized Islamic finance certificate.

Mr. Ahmed holds a bachelor's degree in Economics & Political Science.

Abdullah AlHarbi, Analyst

Abdullah is currently working to complete his degree as an architectural engineer from King Saud University. He has been working with Tunuf as an analyst and excelling in his work in research in the retail, industrial, and education sectors, transactions and case studies of mega and iconic projects, valuation of residential and commercial land plots along with residential and commercial buildings, collaborating in feasibility studies of multi-use developments, and highest and best use studies. Abdullah holds a student real estate valuer membership from Saudi Authority for Accredited Valuers, Taqueem, and has completed courses 101 through 107 as part of the program to become a fellow valuer upon completing courses 108 through 116 as he gains on the job experience to meet Taqueem requirements.

12. APPENDIX (4) – TUNUF TAQEEM LICENSE

PROFESSIONAL LICENSE



وزارة التجارة والاستثمار
Ministry of Commerce and Investment

ترخيص مزاولة مهنة لفرع تقييم العقارات

المقر الرئيسي: الرياض

فئة العضوية: أساسي

رقم الترخيص 1210000503 تاريخ إصداره 1440/11/4 هـ تاريخ انتهائه 1445/11/5 هـ

يرخص لمشاري مبروك سالم الكربي (سعودي الجنسية) سجل مدني رقم 107756870 لمزاولة المهنة وقد منح هذا الترخيص بعد أن استوفى شروط القيد الواردة في المادة الخامسة من نظام المقيمين المعتمدين الصادر بالمرسوم الملكي رقم (43/م) وتاريخ 1433/07/9 هـ بموجب قرار لجنة قيد المقيمين رقم (42/ 2ق/ 40) وتاريخ 1440/11/1 هـ

رئيس لجنة قيد المقيمين

أ. وليد بن عبد الله الرويند

ختم الوزارة

وزارة التجارة والاستثمار
Ministry of Commerce and Investment
إدارة المهن الاستشارية



COMMERCIAL REGISTRATION

٧٠٠٣٨٤٠٦٨٨ الرقم: ١٠١٠٤٤٠٤٤٨ التاريخ: ١٤٣٧/٠٣/١٩ هـ

شهادة تسجيل فرع مؤسسه

وزارة التجارة والاستثمار
Ministry of Commerce and Investment

اسم التاجر: مشاري مبروك سالم الكربي

رقم السجل المدني / بطاقة الأحوال: ١٠٧٧٧٥٦٨٧٠

المركز الرئيسي: الرياض

ص.ب: ١٢٩٣٤

هاتف: ٠١١٢٨٠٠٢٧٧

فاكس:

رقم سجل المركز الرئيسي: ١٠١٠٤٧٤٢٣٦

الاسم التجاري للفرع: مكتب طنوف للتقييم العقاري

العنوان: الرياض حي العقيق شارع الريان

ص.ب: ١٠٧٧٧٥٦٨٧٠

هاتف: ٠١١٢٨٠٠٢٧٧

فاكس:

النشاط: خدمات تقييم العقارات * لا يحق لغير السعوديين ممارسة الأنشطة العقارية في مكة المكرمة والمدينة المنورة

*النشاط يتطلب الحصول على ترخيص من وزارة التجارة والاستثمار هيئة المقيمين المعتمدين

رأس المال: ٢٥٠٠٠ خمسة وعشرون ألف ريال فقط لا غير

اسم المدير أو الوكيل المفوض: مشاري مبروك سالم الكربي

الجنسية: سعودي

رقم السجل المدني - الإقامة: ١٠٧٧٧٥٦٨٧٠

تاريخ الميلاد: ١٤٠٧ هـ

مصدره: احوال الرياض

بأنه تم تسجيل هذه المؤسسة بسجل مدينة الرياض

بموجب الإيصالات رقم: ٣٦٢٦٤٤٦

و تاريخ: ١٤٤٠/٠٤/٢٧ هـ

مدير السجل التجاري: نيفس صالح الطاسان

التوقيع:

الختم

وزارة التجارة والاستثمار
Ministry of Commerce and Investment
إدارة المهن الاستشارية

To Verify the information of this certificate visit <http://v.mci.gov.sa> يرجى التحقق من صحة هذه الشهادة بالدخول على

ACTIVE MEMBERSHIPS



الهيئة السعودية للمقيّمين المعتمدين
Saudi Authority for Accredited Valuers

تقويم
TAQEEEM



اسم العضو: مشاري مبروك الكربي
رقم العضوية: 1210000503
فئة العضوية: معتمد
فرع التقييم: العقار
تاريخ الانتهاء: 1441/05/7

معتمد



الهيئة السعودية للمقيّمين المعتمدين
Saudi Authority for Accredited Valuers

تقويم
TAQEEEM



اسم العضو: احمد فتحى حسين
رقم العضوية: 1220000058
فئة العضوية: معتمد
فرع التقييم: العقار
تاريخ الانتهاء: 1441/04/2

معتمد



الهيئة السعودية للمقيّمين المعتمدين
Saudi Authority for Accredited Valuers

تقويم
TAQEEEM

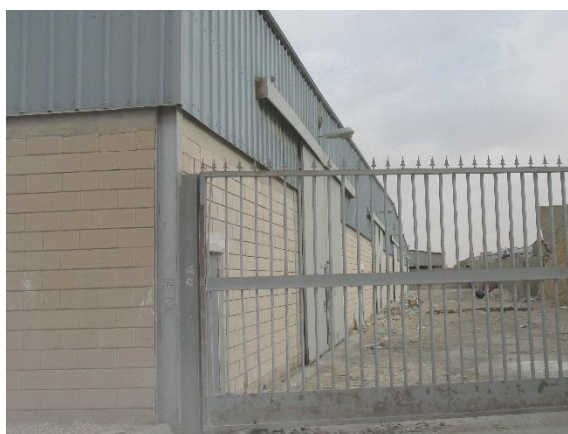


اسم العضو: عبدالله فيصل الحربي
رقم العضوية: 1210001305
فئة العضوية: طالب
فرع التقييم: العقار
تاريخ الانتهاء: 1441/08/28

طالب

13. APPENDIX (6) – PROPERTIES PICTURES

13.1. RIYADH INDUSTRIAL COMPLEX (1)



13.2. RIYADH INDUSTRIAL COMPLEX (2)



13.3. DAMMAM INDUSTRIAL WAREHOUSES

