Valuation report

Al Andalus Mall and Staybridge Suites Hotel Apartments, Jeddah, Kingdom of Saudi Arabia

Prepared for **NCB Capital / NCB**

Date of issue: **22 January 2020**

Contact details

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Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Al Andalus Mall and Staybridge Hotel Suites, Old Airport, Al Fayhaa District, Jeddah, Kingdom of Saudi Arabia.
Location	The property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia (KSA). The property is located at the junction of Prince Majid Road (Highway #70) and King Abdullah Road (Highway #45), just south of a large roundabout / interchange. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject and Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah. The King Abdulaziz International Airport is located some 18 km to the north west, with a driving time of 30-40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the subject.
Description	The property comprises a large retail shopping mall known as Al Andalus Mall, together with Staybridge Suites, a certified 5-Star, deluxe serviced apartment. Staybridge Suites is operated by Intercontinental Hotel Group (IHG) and was opened to the public on the 23rd May 2017. The mall is a well-established super-regional mall which has over 3,000 car parking spaces and is anchored by Hyper Panda. Its current occupancy at the date of the report is 97%, with very few vacant shops. Built over two principal shopping floors, the main anchor tenant is located on the First Floor level, underneath which is substantial covered parking below at ground level. The mall has a number of entrances from both sides of the mall allowing effective pedestrian circulation. The serviced apartment building consists of B+G+16 floors and extends to 164 guest rooms, also accommodating extensive parking at podium level. The unit inventory comprises studios, 1 bed and 2 bed suites, with the majority (90 keys) being 1 bed suites. The subject asset's source markets focus on long stay guests which will include corporate and government business.
Tenure	Freehold
Tenancies and Occupancy	As at the valuation date Al Andalus Mall is 97% occupied based on GLA. The lease terms generally range in length from 1 year to 12 years, with the majority of leases being 1-3 years in length. The exceptions to the above include the lease for the Hyper Panda supermarket which has a 20 year lease term and the cinema lease which is for 15 years.

Executive summary cont.

Valuation Key Assumptions - Al Andalus Mall

Item	Unit	Assumption
Passing Rent	SAR per annum	133,248,190
Market Rent at 100% occupancy	SAR per annum	138,736,984
Operating Costs	SAR per sq m per annum	295
Stabilised Occupancy	%	95%
Yield	%	8.75%
Growth	%	2%
Discount Rate	%	10.75%

Valuation Key Assumptions - Hotel

Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide.

We have made a number of assumptions within our valuation which we have listed below:

- The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.
- The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.
- We have assumed that the classification certificate for the operating hotel will be renewed and understand the current certificate expires on 31/12/2019.
- Unless otherwise stated, ADR (Average Daily Rate) in our calculations is inclusive of service charges, but exclusive of tax and municipality fees.
- Our cash flow is prepared on the basis of a fiscal year, not calendar year. Year 1 of the cash flow starts from the date of valuation.
- The valuation is based on the information and fee structure provided within the hotel management agreement, assuming the hotel will be efficiently managed by a competent and efficient operator under the Intercontinental Hotel Group (IHG) brand.
- We have assumed that the terms in the management agreement will prevail for the entire term.
- The subject hotel has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.
- We have assumed the rate of inflation to be 2 percent per annum.

Executive summary cont.

- We have adopted a discount rate of 11.25 percent and a terminal capitalisation rate of 9.25 percent for the hotel cash flow.
- We have adopted the 9.25 percent capitalisation rate to show the subject property as a deluxe, internationally branded asset, located in the area of Al Fayha District, an emerging international leisure and corporate destination in the city of Jeddah.

Valuation considerations

Retailers across the board are generally finding the current trading conditions difficult and the public are hesitant to spend as before on the back of cuts in benefits and allowances that in the KSA public sector. Although these benefits have been reinstated, the possibility of this occurring still exists. This has impacted retailer's sales and ability to pay rents.

The mall is 97% let and well positioned in the market, with a popular mid-market anchor in Hyper Panda. It has excellent parking facilities, a good tenant mix and the offering was enhanced with the opening of the hotel suites in 2017. Also, the cinema is expected to increase the footfall of the mall when completed.

With poor economic cues from Europe and the current volatility in the global oil prices, the regional real estate investment market has shifted focus to high quality best-in-class assets, mostly, if not only, income producing. In summary, appetite for best-in-class products in the region is still strong for specific property types and locations. However, investors are being careful and very selective in choosing such assets and given the geopolitical and economic uncertainties, purchase of bare undeveloped land currently does not seem to be their preferred investment strategy, unless finance on good terms has been secured.

Few malls of this size openly transact and we feel this offers a good option, being well let, firmly anchored and with a diverse offering of F&B and leisure to attract families. Ongoing works are to enhance the food court and entertainment offering further.

Due to the large lot size of the plot, the able pool of buyers for an asset of this type and size is limited, typically to sovereigns, large funds or big development companies. The large lot size limits the buyer pool, when considered against smaller plots that have a wider potential buyer base.

Saudi mall operator Arabian Centres Company raised SAR 2.47 billion after pricing its IPO. The one-day retail offering took place on May 9, and saw over 26,000 individual investors subscribe for 5.7 million shares at the IPO price of 26 Saudi riyals per share. The IPO price implies a market capitalisation of SAR 12.4 billion. The company priced its IPO at 26 riyals per share for the sale of 95 million shares; comprised of 65 million existing ones sold by current shareholders and another 30 million new shares to be issued by way of a capital increase. The IPO was oversubscribed in an institutional offering and generated an order book of SAR 3.1bn from public and private funds, foreign investors and institutions. The offering by Arabian Centres, which is owned by Saudi retailer Fawaz Alhokair Group, was the country's largest initial public offering since lender National Commercial Bank raised $6bn in 2014. The retail offering followed the completion of the institutional book-building

Executive summary cont.

	process, which generated an order book of SAR 3.1 billion. Of those, 57.1% went to public funds, private funds, and other portfolios, while 16.7% went to non-Saudi investors. The remaining 26.1% went to government institutions, private companies, and financial institutions, among others. On 12.01.2020 the Arabian Centres Co. closed at SAR 29.75 per share.
Valuation date	31 December 2019
Market Rent	Our opinion of Market Rent equates to SAR 138,736,984 per annum.
Market Value (aggregate)	We are of the opinion that the (aggregate) Market Value of the property subject to the caveats and assumptions detailed herein as at the valuation date is: **SAR 1,341,700,000** **(One Billion, Three Hundred and Forty One Million, Seven Hundred Thousand Saudi Arabian Riyals)**
Market Value Analysis	Split on values between the two component parts is as follows: • Al Andalus Mall - SAR 1,171,600,000 - (One Billion, One Hundred and Seventy One Million, Six Hundred Thousand Saudi Arabian Riyals) • Staybridge Suites - SAR 170,100,000 (One Hundred and Seventy Million and One Hundred Thousand Saudi Arabian Riyals)

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1 Instructions

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuation Company

Instructions	1.1	We refer to your instructions and to our subsequent Terms of Engagement and General Terms of Business dated 05 December 2019, which was returned to us on the 30th December 2019, to provide a valuation report on Al Andalus Mall and Staybridge Suites, ("the property"). Copies of these documents are attached at Appendix 1.
	1.2	This valuation has been carried out in accordance with our General Terms of Business for Valuations ("General Terms of Business").
Client	1.3	Our client for this instruction is NCB Capital, acting as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund on the Saudi Stock Exchange (Tadawul). We are also valuing Salama Tower, Jeddah, KSA, subject to the same instruction.
Valuation standards	1.4	This valuation has been undertaken in accordance with RICS Valuation – Global Standards 2017, incorporating the International Valuations Standards (IVS). The valuation also undertaken in accordance with the Saudi Authority for Accredited Valuers (Taqeem).
Purpose of valuation	1.5	You have confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations.
Conflict of interest	1.6	We have valued the property for the same client in 2017 for IPO purposes and in 2019 June for REIT reporting purposes. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.
	1.7	We are acting as External Valuers, as defined in the Red Book.
Responsibility to third parties	1.8	Our valuation report is only for the use of our Client and no liability is accepted to any third party for the whole or any part of its contents unless expressly agreed in writing.
Disclosure & publication	1.9	Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
Limitations on liability	1.10	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company ("Knight Frank").Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Engagement of Knight Frank.
	1.11	Knight Frank's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the

amount specified in the Terms of Engagement letter, a copy of which is attached. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.12 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.13 The valuer, on behalf of Knight Frank, with the responsibility for this report is Faissal Habassi MRICS, Senior Surveyor, RICS Registered Valuer. We confirm that the valuer meets the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Vetting

1.14 This report has been vetted as part of Knight Frank's quality assurance procedures.

Scope of enquiries & investigations

Inspection

1.15 We were instructed to carry out an inspection of the property. Our inspection of the property was undertaken on 31 December 2019 by Faissal Habassi MRICS, Senior Surveyor.

Investigations

1.16 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

Information provided

1.17 In this report we have been provided with information by NCB Capital (the Client), its advisors and other third parties. We have relied upon this information as being materially correct in all aspects.

1.18 In particular, we detail the following:

- Information relating to the extent of the property, produced by the client
- Information relating to the tenancy schedules, produced by the client
- Information relating to the operating costs / service management agreement costs as produced by the client.
- Copy of the title deed

1.19 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Valuation bases

1.20 In accordance with your instructions, we have provided our opinions of value on the following bases:-

Market Value (MV)

1.21 The Market Value of the freehold interest in the property, in its current physical condition, subject to the existing leases and hotel management agreements.

Market Rent (MR)	1.22	The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.
Valuation date	1.23	The valuation date is 31 December 2019.

2 The property

Location

2.1 The property is located in the Al Fayhaa district of Jeddah in the Western Province of the Kingdom of Saudi Arabia (KSA). The property is located at the junction of Prince Majid Road (Highway #70) and King Abdullah Road (Highway #45), just south of a large roundabout / interchange. The site is bounded by the districts of Al Worood and Al Naseem to the north of the subject and Jeddah New City / Jeddah Gate to the west. Prince Majid Road is one of the major north – south arterial highways linking the north of Jeddah and the international airport with the south of Jeddah.

The King Abdulaziz International Airport is located some 18 km to the northwest, with a driving time of 30-40 minutes depending on traffic conditions. Jeddah Islamic Port is located some 6 km to the west of the property.

Source: Google Earth maps modified by Knight Frank

2.2 The plan below shows the micro location of the property.

Source: Google Earth maps modified by Knight Frank

Site

Site area 2.3 We have been provided with a copy of the title deed, from which we understand that the mall and hotel have been developed over 159,133.96 sq m of land.

Site plan 2.4 The property is identified on the Google Earth image below, showing our understanding of the boundary outlined in red:

2.5

Source: Google Earth maps modified by Knight Frank

Description

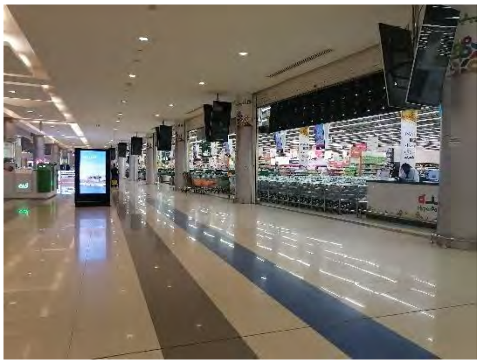
Al Andalus Mall 2.6 The property comprises a super regional retail shopping mall known as Al Andalus Mall, together with an attached serviced apartment tower which opened on 23rd May 2017 and is branded and operated by Staybridge Suites (part of the Intercontinental Hotels Group) and is physically connected into the north west corner of the mall. The mall opened in July 2007 and is therefore over 12 years old at the date of this report. A small extension was added to the mall and completed in 2016.

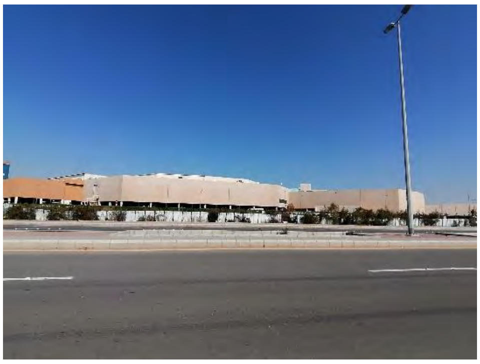
The mall is a well-established super-regional mall which has over 3,000 car parking spaces and is anchored by Hyper Panda supermarket. Its current occupancy at the date of the report is 97%, with very few vacant shops. Built over two principal shopping floors, the main anchor tenant is located on the First Floor level, underneath which is substantial covered parking below at ground level. The mall has a number of entrances from both sides of the mall allowing effective pedestrian circulation.

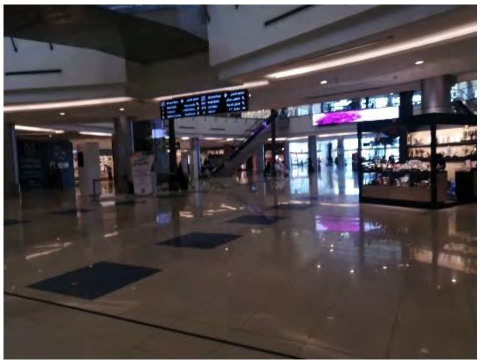
2.7 The mall is built of traditional reinforced concrete construction, with the roof structure being of a series of steel framed sections with waterproof membrane over parts, with other parts (especially the roof of the Hyper Panda) being a flat concrete structure.

2.8 The mall is served by formal entrances to the front, rear and ends of the mall for pedestrians, with one gate being the focal point for entry of vehicles for display and larger attractions etc. Parking is provided to the rear, partly under the Hyper Panda and thus covered / shaded and to the front at grade.

2.9 A selection of photographs taken during our inspection are below:







Staybridge Suites

2.10 Staybridge Suites is a certified 5-Star, deluxe serviced apartment adjacent to Al Andalus Mall in Jeddah, KSA. The subject property is operated by Intercontinental Hotel Group (IHG) and was opened to the public on the 23rd May 2017.

The total built up area for the subject property is 18,820 square metres, this is made up over B+G+16 floors, providing 164 guest rooms, 236 parking spaces, 7 meeting rooms, 2 F&B outlets, 2 male massage rooms, swimming pool, tennis court and gymnasium.

2.11 **Guest Rooms**

There are 164 guest rooms split into 3 room types; Studio, one bedroom and two bedroom.

During our survey we undertook an inspection of:

- a studio room (Room 0709)
- a one bedroom unit (Room 0706)
- and a two bedroom unit (Room 0708)

The units are fitted to a 5-Star, deluxe serviced apartment specification, in line with brand standards. All guest rooms comprise a fitted kitchen with working white units, bedroom, living room and bathroom fixtures and fittings.

Exhibit 1: Room Breakdown

Unit	Unit Breakdown	Gross Internal Area (sq m)	Gross Internal Area (sq ft)
Two Bedroom Type 1	15	110	1,650
Two Bedroom Type 2	15	100	1,500
Studio Type 1	14	55	825
Studio Type 2	15	50	750
Studio Type 3	15	60-69	894
One Bedroom Type 1	75	65-85	5,369
One Bedroom Type 2	15	65-85	1,155
Total Keys	**164**		**12,143**

2.12 Food and Beverage Outlets

There are 2 food and beverage outlets in the subject property. These are highlighted below;

The all-day dining option (**The Hub**) accommodating 75 covers and offering breakfast, lunch and dinner.

The Deli is a healthy option located on the ground floor, offering no covers, with a stronger focus on a 'grab and go' concept for passing trade from guests entering and exiting the building.

It should be noted there are many F&B options provided in Al Andalus Mall and as the brand is positioned as a serviced apartment, which typically limit their F&B outlets, as the concept of the accommodation offers kitchens and kitchenettes for their guests as standard.

Exhibit 2: F&B Breakdown by type and location

F&B Outlets	Type	Level
Deli	Grab and go	Ground Floor
The Hub	All Day Dining	1st Floor

2.13 Leisure Facilities:

The leisure facilities comprise:-

- An outdoor swimming pool
- Gymnasium
- 2 male massage rooms
- Male sauna and steam room
- 1 Tennis court

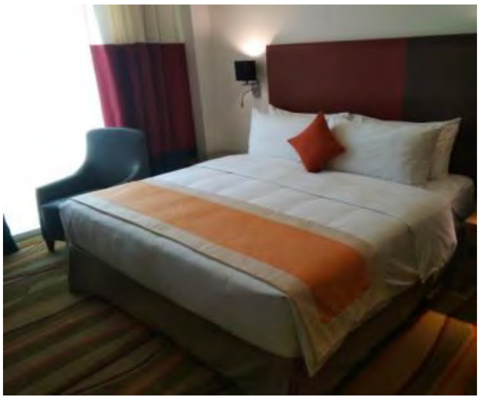
2.14 Meeting and Conference Facilities

The meeting and business facilities are extensive, and are located on the first and second floors. There are 2 meeting rooms on the ground floor ranging in size from 62 sq m to 72 sq m Meeting room 3 measuring 785 sq m in total and is situated on the 2nd floor which can be used as a ballroom or split into 5 separate meeting rooms, catering to the MICE segmentation in Jeddah.

Exhibit 3: Meeting Room breakdown

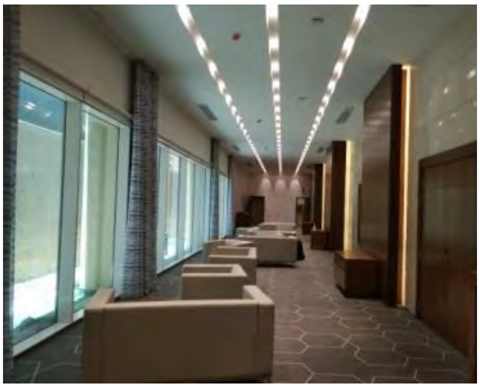
Meeting Room	Area	Level
Meeting Room 1	62 Sq m	1st Floor
Meeting Room 2	72 Sq m	1st Floor
Meeting Room 3	785 Sq m	2nd Floor

2.15 A selection of photographs taken during our inspection are below:



One Bedroom Suite

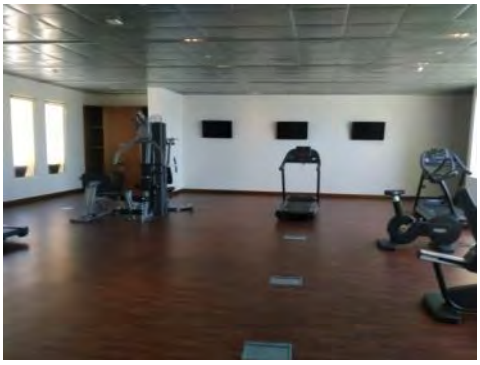
Front elevation of the building

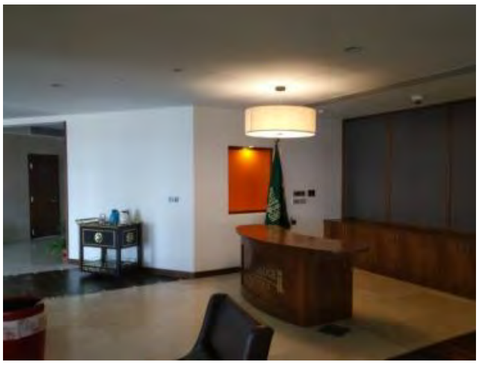

Common corridor – 2nd floor


All Day Dining Restaurant – The Hub


Children's pool


Swimming pool


Gymnasium


Reception & Lobby Area

View from the hotel Rear Elevation

Accommodation - Mall

Retail Mall 2.16 As agreed with the client, we have relied upon floor areas provided to us by the client. No further verification has been undertaken.

2.17 As at the valuation date Al Andalus Mall is 97% occupied, we note that this includes GLA only.

2.18 An extension was added to the mall in 2016, this is now fully let and income producing.

Ground Floor 2.19 The ground floor is accessed via 7 different "Gates" on each sides of the mall, strategically placed to access the mall from the car parks. There are numerous large kiosks arranged around the ground floor in the two main corridors running east / west along the length of the mall and also around the central atrium area as well as around the main gates to the mall. Gates 2 and 5 are the most centrally located gates to the mall, being located in the centre, from the front and rear respectively. We understand the mall management are trying to obtain consent to create two more entrances to the mall from the rear side.

2.20 The ground floor is effectively anchored with Centre Point at one end of the floor and other mini anchors including Riva, Kiabi, H&M, Mango and Paris Gallery arranged throughout the ground level.

First Floor 2.21 The first floor is anchored by Hyper Panda who take up a large proportion of the first floor GLA. The other major uses on the first floor include the Fun Zone and the Food Court.

2.22 Aside from Hyper Panda, the other anchors on the first floor level include Red Tag, Home Box and H&M. The Hyper Panda space extends out over the ground floor parking area, so the GLA of the first floor is much larger than that of the ground floor level.

Other 2.23 Other accommodation includes store rooms which are located to the rear perimeter of the car park and comprise a series of concrete storage rooms which are let to tenants for storage purposes.

Accommodation – Hotel

Measurement 2.24 The building has been purpose built as a serviced apartment by the master developer; it has been fitted and furnished to a 5-Star Staybridge Suites (IHG) brand specification.

2.25 As agreed with the client, we have relied upon the room facilities and details provided to us by NCB Capital. No further verification has been undertaken.

Services

2.26 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.27 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

Tenure - Hotel

Commercial Register

2.28 We have been provided with a copy of the proof of Ownership Licence for the site dated, further details are as follows:

- Type: Limited Liablity Company
- Main HQ: Riyadh, Kingdom of Saudi Arabia
- Date Established: 14 December 2017
- Trade Name: Alandalus Mall Staybridge Jeddah Hotel
- Address: Prince Majid Street, Al Fayha District, Jeddah
- Activity: 24th February 2016 gaining the tourist accommodation licence

Classification

2.29 We have been provided with a hotel operating licence from the client for the subject property:

- Trade Name: Staybridge Suites Jeddah Alandalus Mall
- Operators Name: Alandalus Co.
- Building Number: 8829
- Attestation: the above mentioned entity shall be granted a licence to operate and classify the activities of tourist accommodation facilities.
- Granted: 5-Star Operating Licence
- Date of Issue: 5th February 2017
- Date of Expiry: 31st December 2019

Covenant

2.30 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.31 We reserve the right to amend our valuation accordingly in the event the above assumption is proven to be incorrect.

Hotel Management Agreement

2.32 The hotel started operating two years back under a 15 year management agreement by Staybridge Suites. This agreement is dated 17th June 2013 and made between Alandalus Property Company (owner) and Holiday Inns Middle East Limited (Operator).

2.33 We summarise the salient details of the hotel management agreement below as follows:

Exhibit 4: Hotel Management Agreement

Property:	164 key 5 star serviced apartments located adjacent to Al-Andalus Mall in Jeddah
Name:	Staybridge Suites Jeddah Alandalus Mall
Details:	Opening Date: Q2 2017
Term:	15 years from the 31st December 2017
Extension Term:	The Owner grants the Manager 2 successive 5 year renewal terms.
License Fee:	• 1.5% of Adjusted Gross Revenues in financial reporting years 1-3. • 1.75% of Adjusted Gross Revenues in financial reporting year 4 and thereafter.
Incentive Management Fee:	7.0% of Adjusted Gross Operating Profit (AGOP) AGOP is defined as Gross Operating Profit minus License Fee.
Marketing Contribution:	2.0% of Gross Rooms Revenue
Reservation Contribution:	1.0% of Gross Rooms Revenue
FF&E Reserve:	• 1% of Adjusted Gross Revenues – first year of operation; • 2% of Adjusted Gross Revenues – second year of operation; • 3% of Adjusted Gross Revenues – third year of operation; • 4% of Gross Revenue – fourth year of operation and thereafter.
Performance Test:	The performance test for the subject property starts in the fourth financial reporting year; 1. If the subject property fails to achieve 80% of the revenue generation index achieved by a competitive set for 2 consecutive years. 2. Fails to achieve 80% of the mutually agreed Gross Operating Profit in the Budget.

Termination:	The agreement may be terminated by either party due to the other party declaring bankruptcy or through any material breach of the management agreement.

Covenants 2.34 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

Condition

Scope of inspection 2.35 As stated in the General Terms of Business attached, we have inspected the property. However, we have not undertaken a building or site survey of the property.

Comments 2.36 At the date of inspection, the building appeared to be in a generally reasonable state of repair, commensurate with its age and use. No urgent or significant defects or items of disrepair were noted, which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground Conditions 2.37 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building constructed thereon.

Hotel Competition

Hotels of Competitive Relevance 2.38 **Competition**

We have been provided an analysis of the competitiveness of the subject property against a selection of similar serviced apartments, that the operator and owner feel most relevant to the Staybridge Suites, Jeddah, in terms of location, facilities & rooms offered, guest profile etc. The chosen serviced apartments which have been included in the competitive set have been provided below:

Competitive set - Staybridge Suites Jeddah Alandalus Mall

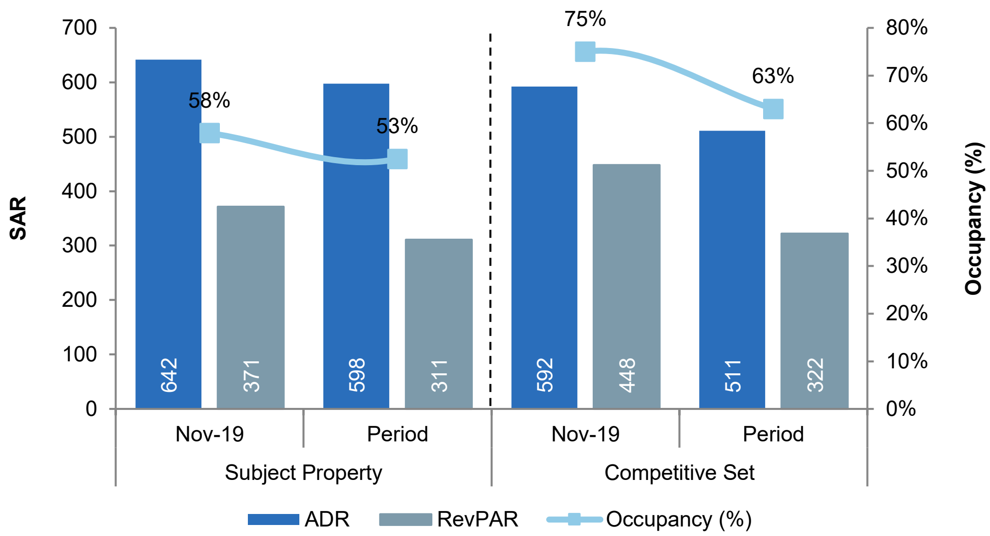
- Amjad Hotel Royal Suite
- Ascott Tahlia Jeddah
- Citadines Al Salamah Jeddah
- Radisson Blu Plaza Hotel Jeddah
- Novotel Jeddah Tahlia Street

2.39 The competitive set breakdown can be seen below:

Exhibit 5: STR competitive set breakdown

Year	Nov 2019	Period (Jan–Nov 2019)
Occupancy – Subject Property	34%	44%
Occupancy – Competitive Set	61%	65%
ADR (SAR) – Subject Property	488	568
ADR (SAR) – Competitive Set	397	517
RevPAR (SAR) – Subject Property	165	247
RevPAR (SAR) – Competitive Set	243	335

Exhibit 6: Subject Property Vs. Competitive Set



2.40 Analysing the data in the exhibit above, the subject property is in its ramp up phase, over the period (between January 2019 to November 2019) achieving a higher average daily rate (ADR) than the competitive set. However, the competitive set RevPAR (SAR 335) is higher than the subject property (SAR 247) due to the occupancy difference of 21 percentage points.

Business Commentary

Projections 2.41 We have provided the subject property projections for the forthcoming years as follows:

Exhibit 7: Subject Property Forecast Performance Measurements

Performance measure	2019/2020	2020/2021	2021/2022
No. of rooms	164	164	164
Occupancy	62%	66%	72%
Av. Room Rate (SAR)	662	741	786
Rev PAR (SAR)	410	489	566
Total Revenue (SAR)(Thousand)	28,559	34,625	41,046
EBITDA (SAR)(Thousand)	9,428	12,968	17,011
EBITDA as a % of Total Revenue	33.0%	37.5%	41.4%

We have made our own judgements and used our own professional opinion when providing projections of hotel performance in our 10 year cash flow.

Average room occupancy (ARO)

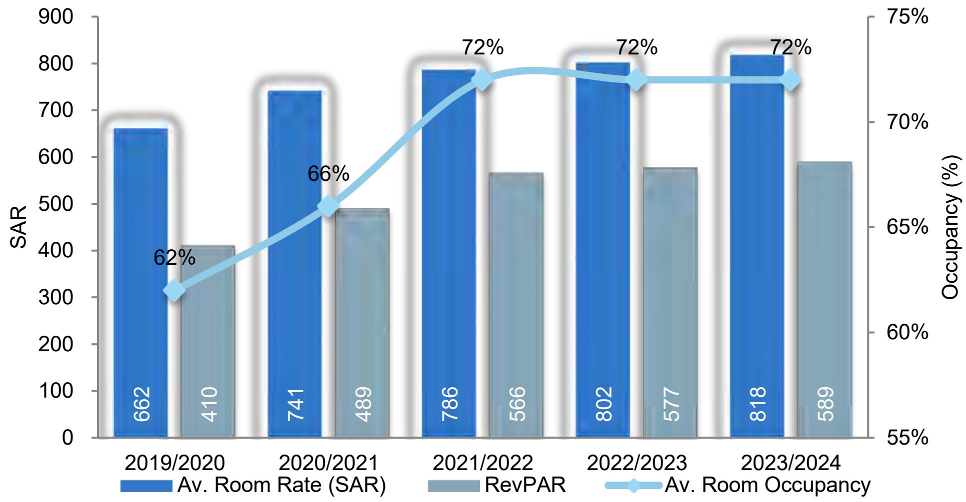
2.42 Projections of occupancy are dependent on the current and future supply of new hotels of similar category and location, as well as forecast room demand. The property has not yet stabilised and is therefore ramping up operations. However, occupancy November YTD 2019 declined significantly (by 18 percentage points) compared to the same period in 2018. As per our discussion with the client there was an issue between the owner and the operator for 6 months in 2019 and the property was not able to operate properly. We have therefore written off 2019 and have used the performance of 2018, where the property achieved a 62 percent occupancy. Nevertheless, this issue has since been solved and we expect the management team to rectify these issues directly. As a result, we anticipate the property to achieve an occupancy of 62 percent in 2019/2020 and ramp up to a stabilised occupancy of 72 percent in 2021/2022.

Average daily room rate (ADR)

2.43 Forecasting the average daily room rate, we would expect this to be higher than inflation as the subject property is ramping up to stabilisation. We have accounted for the property’s ability to leverage from its proximity to the mall and achieve a higher rate compared to its competitive set. Furthermore, with the development of the hospital adjacent to the property we expect the property to sustain strong KPIs as the property will benefit from demand generated by the hospital patient. We have assumed that ADR will be in line with the rate of inflation post 2021/2022.

2.44 Our forecast of room performance in our cash flows are provided below:

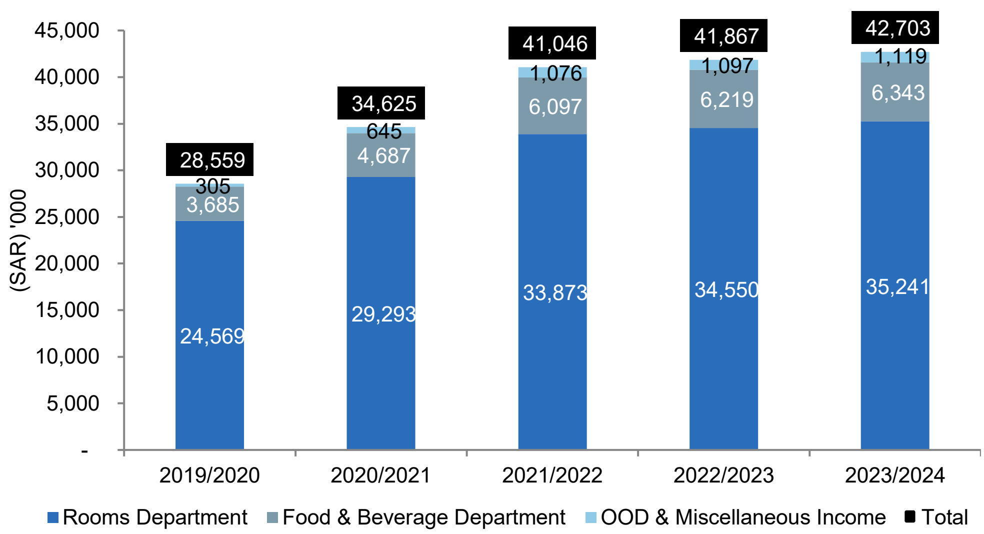
Exhibit 8: Hotel Forecast Room Performance



Total Revenue 2.45 As the property competes for market share during its ramp up period, we would expect revenues to grow above inflation. Once stabilised, we would expect the subject property revenues to grow in line with inflation.

Please note that we have not seen a business plan from the owner or operator and have relied upon our current market knowledge of the area to arrive at our market forecasts.

Exhibit 9: Hotel Forecast Split of Revenue



Gross Operating Income 2.46 Gross Operating Profit (GOP) relates to the properties' profits after subtracting the respective departmental operating expenses and undistributed operating costs. It defines the level of operational profitability of the subject property.

Undistributed Expenses

2.47 Non-operating costs include the costs incurred that are not attributable directly to a revenue generating department of the hotel. We have categorised these as “Undistributed Expenses” and “Fixed Costs”.

Undistributed expenses normally include:-

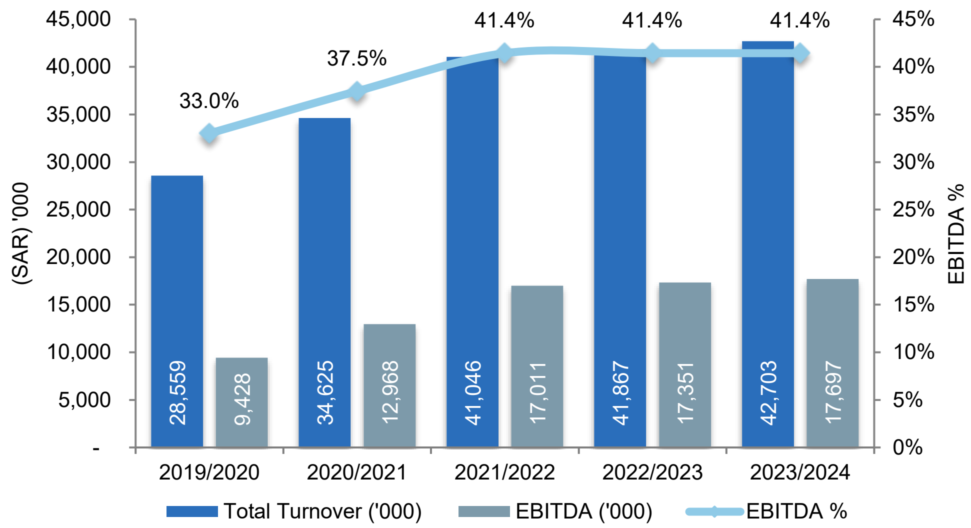
- Administration and General (referred to as Admin & General)
- Systems Costs/Sales & Marketing
- Property Operations and Maintenance (POMEC)
- Heat, Light, Power and Water (Utilities)

It is important to note that in 2019, the property has switched from using a generator to connecting to the grid. This has resulted in utilities savings of 18 percent, these have been taken into account for our projections.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)

2.48 We have run our projections on a competent operator basis assuming that the subject property is effectively managed, positioned and operated. The exhibit below highlights Knight Frank’s projected total turnover and EBITDA. The EBITDA profitability is slightly higher than what we would expect for a property of this type, predominantly due to high rates Staybridge Suites is able to achieve.

Exhibit 10: Hotel Forecast Revenue and EBITDA



Services

2.49 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.50 We have assumed for the purposes of this valuation that mains water, electricity, drainage and telecommunications are all available to the subject property. In addition there are septic tanks for the property.

2.51 Main electricity is available via the national grid (SCICO), in addition there are emergency diesel generators should mains power be interrupted.

Legal title deed – Overall Property

Land ownership

2.52 We have been provided with copy of the property's (land) title deed, the details of which is presented in the following table:

Item	Description
Title Deed Number	320211029670
Date	23/10/1440 – 27/06/2019
Size	159,133.96 sq m
Owner	Al Akaria Development Company for Ownership and

Source: Client

A copy of the Title Deed can be found in Appendix 2.

2.53 These assumptions should be verified by your legal advisors. If they prove incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

2.54 For the purposes of this valuation report we have assumed that the Property is held on a freehold basis and is free from any encumbrances and third party interests.

Covenants

2.55 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.56 We reserve the right to amend our valuation accordingly in the event the above assumption is proven to be incorrect.

Tenancies

Tenancy information

2.57 We have not been provided with a sample of occupational leases. However, in 2017 valuation, we were provided with a sample of occupational lease documentation in Arabic, which we translated to identify the key points but have not verified them further.

2.58 The leases are in Arabic but include institutional terms with provision for the following:

- Landlord and Tenant are stated
- Lease fully dated and operating as per the Gregorian calendar
- Units / Demise is identified
- User clause is incorporated
- Term is stated
- Rents and payment terms for the rents are stated (2 payment per year)
- Provision are made for vacation of the store

- Tenants and obligations are set out
- Approvals to be made by the owner are set out
- Provisions are set out for contract termination
- First and second party rights are provided for
- Provision is made for store design and approvals required
- Provisions are made for subletting / assignment
- Provision are made for payment of repairs / maintenance charges

Covenant information 2.59 Although we reflect our general understanding of the status of the tenants, we are not qualified to advise you on their financial standing.

Tenancy Schedules

2.60 The client has provided us with the tenancy schedule for the property, which shows the unit breakdown of Al Andalus Mall, along with lease start and end dates, rent amount and scheduled rent uplifts. We provide a summary of this below.

Status	Number of units	Percentage of area	GLA (sq m)	Total Passing rent (SAR pa)
Occupied	427	96.52%	87,336	133,248,190
Vacant	28	3.48%	3,149	-
Total	455	100.00%	90,485	133,248,190

Source: Client

Summary 2.61 The current rent passing as at the date of valuation is SAR 133,248,190 per annum. The property is currently 96.5% occupied.

The lease terms generally range in length from 1 year to 12 years, with the majority of leases being 1-3 years in length. The exceptions to the above include the lease for the Hyper Panda supermarket which has a 20 year lease term and the cinema lease which is for 15 years.

Condition

Scope of inspection 2.62 As stated in the General Terms of Business attached, we have not undertaken a building or site survey of the property.

2.63 During our inspection we did not inspect any inaccessible areas. We are unable to confirm whether the property is free from urgent or significant defects or items of disrepair. Apart from any matters specifically referred to below, we have assumed that it is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

Ground conditions 2.64 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the buildings constructed thereon.

Environmental considerations

Contamination 2.65 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Planning

2.66 We have been provided with a one page document that sets out the permission to build on the site, which is dated 26/2/04 and provides for a commercial centre licensed to build 2 floors, including parking, commercial content, ground and first floors and 220 commercial units. This is in Arabic and has been translated to provide details. (This is included in the Appendix 4).

2.67 We are not qualified to advise you if this fully covers the actual property which stands today – i.e. mall and hotel, and therefore your legal advisors need to verify that this is the case. For the purposes of our valuation, we have assumed that all necessary consents and licences are in place for the property as built.

Highways and access

Highways 2.68 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the property within the foreseeable future.

Access 2.69 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

2.70 We have assumed that there are no issues relating to visibility splays which may impact upon the use or proposed use of the property.

3 KSA Economic analysis

Key Findings

3.1 Economic Factors

- Following a slight contraction in 2017, Saudi Arabia's GDP growth recovered in 2018, reaching 2.2% according to the latest IMF estimates. The return to growth is being underpinned by a combination of favourable factors including a rebound in oil prices, a gradual acceleration in the growth of the non-oil economy and the government's shift away from a tight fiscal policy that started in 2018. According to the IMF estimates, Saudi Arabia's GDP growth is expected to remain on a positive trajectory, averaging 2.1% over the five years forecast period.
- Non-oil GDP growth has been gradually accelerating since 2016, reaching 2.1% in 2018 up from 1.3% in 2017 and 0.1% in 2016. The non-oil economy is benefiting from the spill overs of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance on the hydrocarbon sector. While the oil sector maintains its position as the economic sector with the biggest impact on the Saudi Arabian's GDP, we expect the share of the oil sector in GDP to narrow further as the Kingdom's structural reforms begins to bear forms and the non-oil sector expands.
- The Purchasing Manager Index (PMI) - a non-oil economy tracker - rose to 57.3 in May 2019 supported by the fact that output growth accelerated to a 17-month high and new orders rose at one of the fastest pace seen over the past four years. Being well above the neutral 50 mark, the latest reading of the PMI points to an expansion in non-oil sectors and significant recovery of the index from its lowest level on record registered in April 2018 (51.4) to its highest level in more than a year.
- Higher oil prices and stronger non-oil revenues are paving the way for an expansionary fiscal policy. Starting 2018, the government has shifted away from a tight fiscal policy to support the economy as highlighted by a significant increase in expenditures to SAR 1.0 trillion in 2018 and a projected SAR 1.1 trillion in 2019. The Kingdom's total oil production has increased to 10.31 mb / day in 2018 versus 9.96 mb/ day in 2017.OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016.
- More recently there were signs that the recovery in general economic conditions that started in 2018 is slowly filtering through the wider system as highlighted by a recovery in consumer confidence and in credit growth in 2018 and heading into 2019 . These trends are seen as crucial in driving consumer spending in the short to medium term.
- Projections of lower GDP growth than historical levels, imply that the historic growth in the real estate sector will also be more muted than in the past. However, efforts by the government to diversify the economy and strengthen non-oil sectors are expected to lead to an increased focus on real estate with a special focus on tourism and hospitality. Moreover, the non-oil economy is

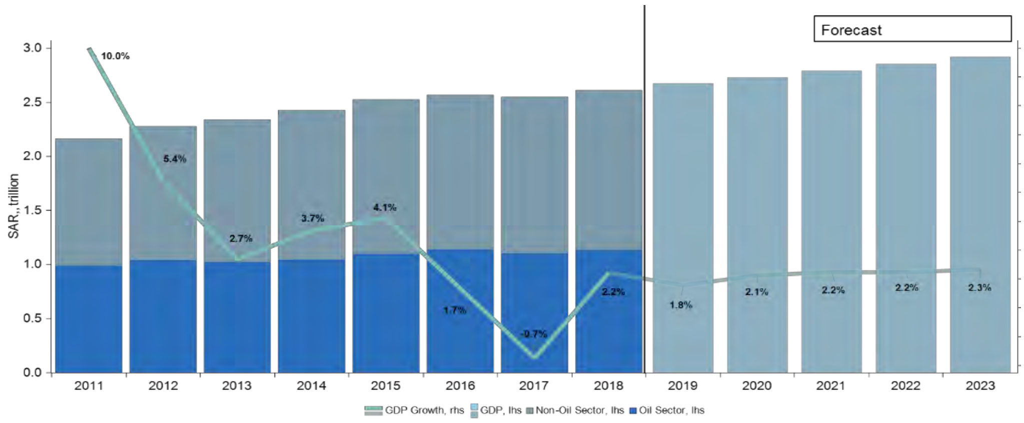
set to benefit from government-led initiatives in terms of regulations and transparency targeting higher private sector participation in the economy and larger inflows of FDIs.

3.2 Demographic Factors

- Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2 percent annual growth rate from 2019 onwards, reaching 36.7 million in 2023. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term. Saudi Arabia's population is dominated by Saudi nationals, accounting for 63 percent of the population, which implies that aggregate demand for products and services does not primarily stem from the expatriate workforce. The share of the Saudi population aged between 0 and 25 years stands at 49 percent, highlighting the young demographic profile of the Saudi population, a key driver to consumer market growth.
- The employment market has been at the forefront of the economic agenda particularly as Saudi Arabia rolls out the Saudization plan aimed at boosting national employment in the private sector, placing a special focus on youth and women participation in the workforce. So far, this has entailed the introduction of levies on expats in the form of fees on dependants and the implementation of a plan restricting employment in certain sectors to Saudi nationals.
- Recent statistics suggest that the total number of expats in the employment market continued to decline in 2018 while the unemployment rate among Saudis has slightly edged down to 12.7% at year-end 2018 as compared to 12.8% a year earlier. From another perspective, Saudi wages have increased by c. 4% since the beginning of 2017, outpacing inflation, a reflection of how Saudization is affecting local economic conditions.

Macro Economic Snapshots

3.3 Saudi Arabia GDP Growth, 2011 - 2024

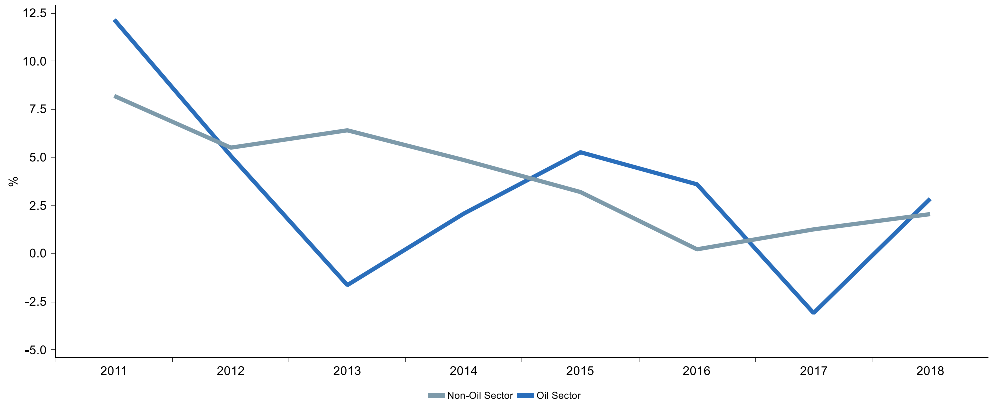


Source: Knight Frank Research, Macrobond

- Following a slight contraction in 2017, Saudi Arabia's GDP growth recovered in 2018, reaching 2.2% according to the latest IMF estimates.

- The return to growth is being underpinned by a combination of favourable factors including a rebound in oil prices, a gradual acceleration in the growth of the non-oil economy and the government's shift away from a tight fiscal policy that started in 2018.
- According to the IMF estimates, Saudi Arabia's GDP growth is expected to remain on a positive trajectory, averaging 2.1% over the five years forecast period.
- With this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5 percent which was recorded between 2011 and 2015. The most challenging aspect of the long term economic growth will be in bolstering the non-oil private sector as any significant decline in oil prices and oil production from current levels can be a drag on headline GDP growth.

3.4 Saudi Arabia Oil & Non-Oil GDP and GDP Growth

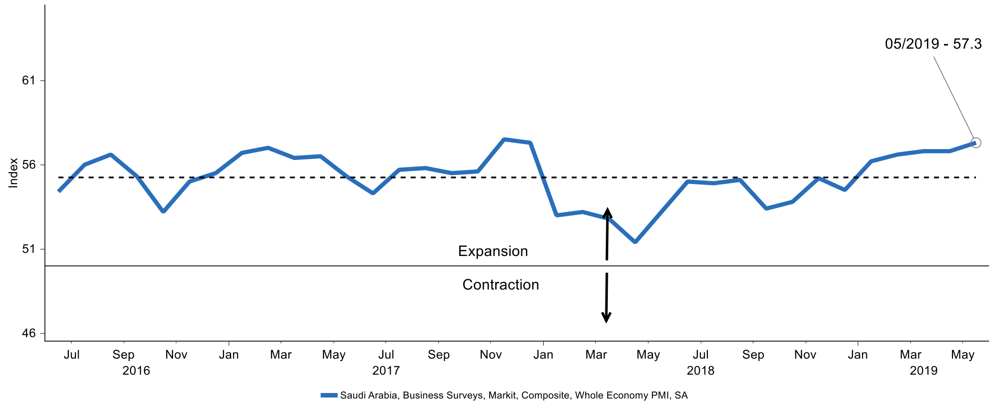


Source: Knight Frank Research, Macrobond

- Non-oil GDP growth has been gradually accelerating since 2016, reaching 2.1% in 2018 up from 1.3% in 2017 and 0.1% in 2016. The non-oil economy is benefiting from the spillovers of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance on the hydrocarbon sector.
- Both the Vision 20230 and the National Transformation Plan (NTP) are set to remain a central element of economic policy over the coming years and provide further support to the expansion of the non-oil sector.

Non-oil Sector Performance

3.5 Saudi Arabia, Purchasing Manager Index (PMI)

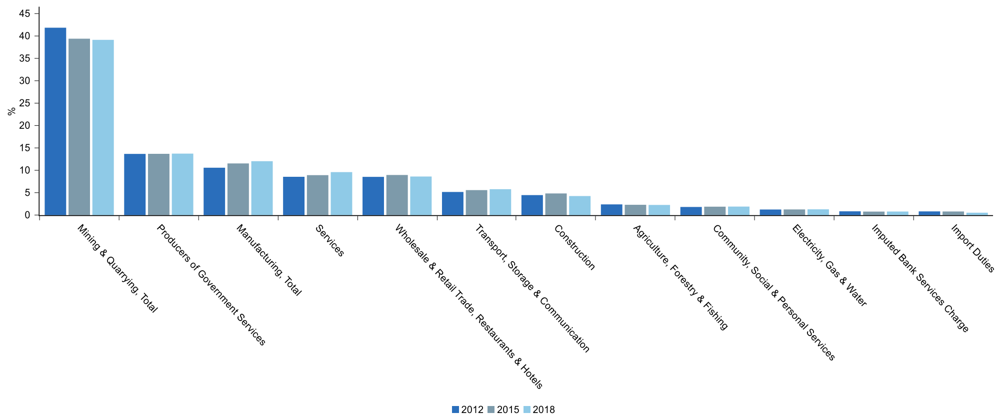


Source: Knight Frank Research, Macrobond

- The Purchasing Manager Index (PMI) - a non-oil economy tracker - rose to 57.3 in May 2019 supported by the fact that output growth accelerated to a 17-month high and new orders rose at one of the fastest pace seen over the past four years.
- Being well above the neutral 50 mark, the latest reading of the PMI points to an expansion in non-oil sectors and significant recovery of the index from its lowest level on record registered in April 2018 (51.4) to its highest level in more than a year.

Macro Economic Snapshots

3.6 Saudi Arabia GDP production approach, sector as a % of total



Source: Knight Frank Research, Macrobond

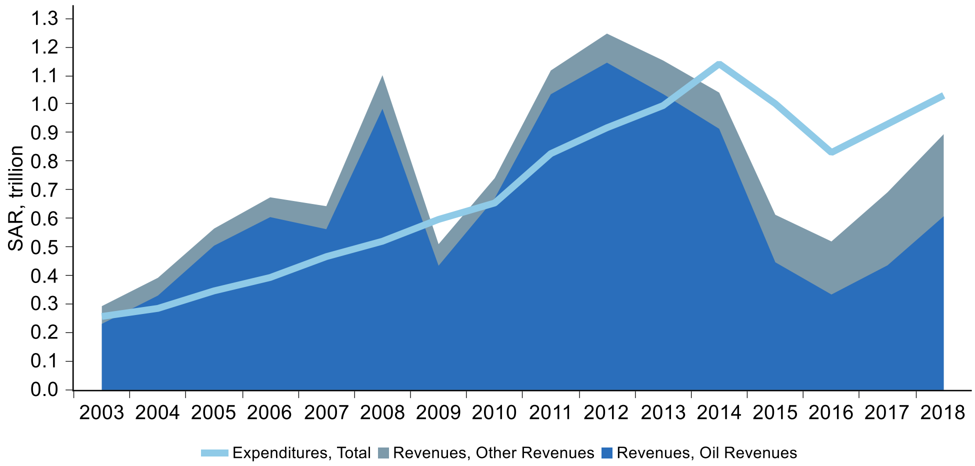
- The largest sector in Saudi Arabia is mining and quarrying, largely comprising crude oil and natural gas. The graph above depicts the contribution of each economic sector to total GDP in 2012, 2015 and 2018. Mining and quarrying contributed to 39 percent of GDP in 2018, a share that has slightly shrank over the past five years down from a contribution of 42 percent to total GDP in 2012.
- The oil sector maintains its position as the economic sector with the biggest impact on the Saudi Arabian's GDP. Over the longer term as the Kingdom's

structural reforms begins to bear forms and the non-oil sector expands, we expect the share of the oil sector in GDP to narrow further.

- Current efforts to diversify the economy away from oil dependence as outlined in the Vision 2030 and the National Transformation Plan (NTP), will eventually translate into an expansion of non-oil sectors (such as the tourism and the real estate sectors) and an increase in the participation of the private sector in the economy. However, the restructuring of the economy in line with the Saudi Vision 2030 is likely to be a gradual process which requires some time to come into effect.

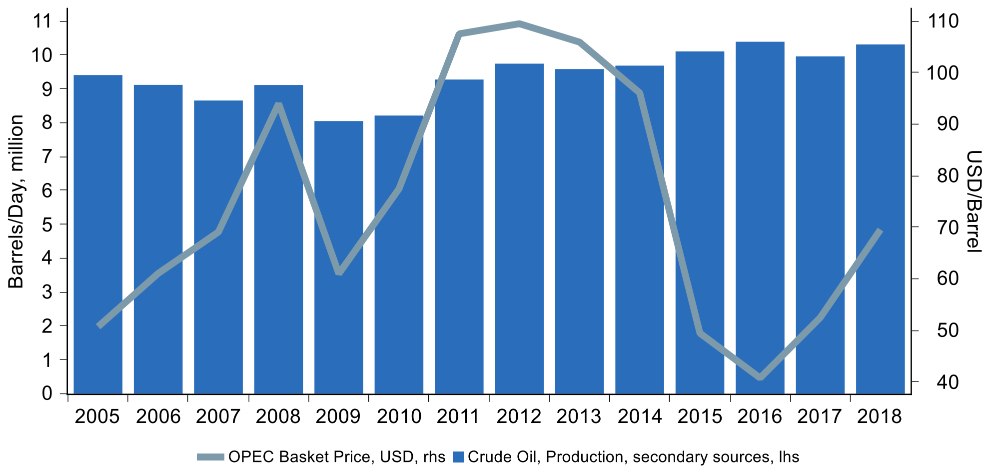
Fiscal position, Oil Production, Oil Prices

3.7 **Saudi Arabia, Central Government Budget**



Source: Knight Frank Research, Macrobond

Saudi Arabia Crude Oil Production and Price



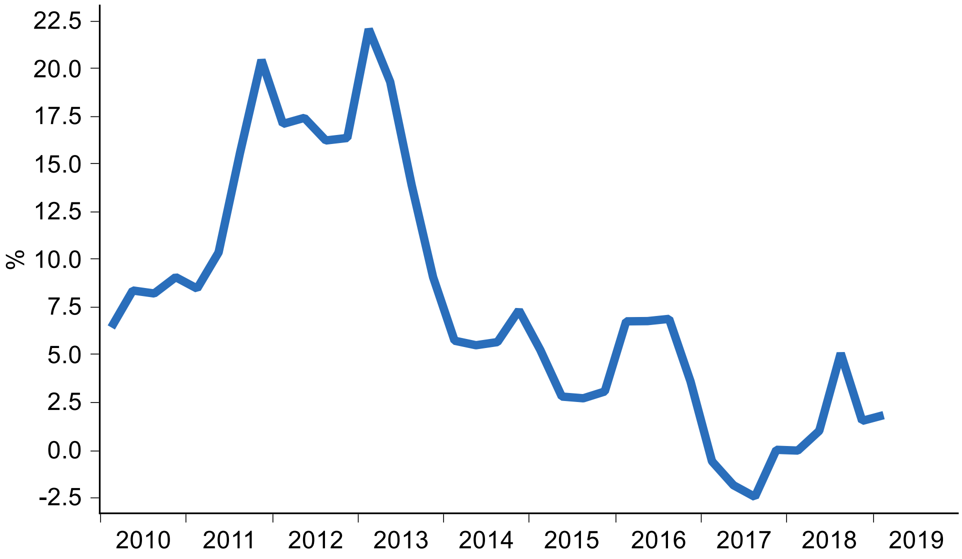
Source: Knight Frank Research, Macrobond

- In December 2016, Saudi Arabia has launched the Fiscal Balance Program 2017-2020, which represents a medium-term fiscal planning mechanism to sustain the status of public finances and achieve a balanced budget by maximising non-oil government revenues and improving government spending efficiency. This has helped the fiscal deficit to gradually narrow from a record level of 17.2 percent of GDP in 2016 to an estimated 1.9 percent of GDP according to the IMF. A fiscal balance is targeted to be achieved by 2023.

- Fiscal consolidation measures in view of strengthening non-oil revenues have so far included the introduction of VAT starting January 2018, the implementation of an expatriate levy in the form of a fee on dependents starting from July 2017, and the introduction of an excise tax on certain commodities such as soft drinks, energy drinks and tobacco products. In early 2019, Saudi Arabia has extended the scope of the excise tax to include additional types of beverages and smoking products.
- Higher oil prices and stronger non-oil revenues are paving the way for an expansionary fiscal policy. Starting 2018, the government has shifted away from a tight fiscal policy to support the economy as highlighted by a significant increase in expenditures to SAR 1.0 trillion in 2018 and a projected SAR 1.1 trillion in 2019.
- Oil production and prices are key drivers of the external and fiscal outlook and have a strong impact on GDP growth through government spending and market liquidity. The Kingdom's total oil production has increased to 10.31 mb / day in 2018 versus 9.96 mb/ day in 2017.
- OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant rise in oil prices partly explained by the agreements on production cuts in an attempt to steady the market.

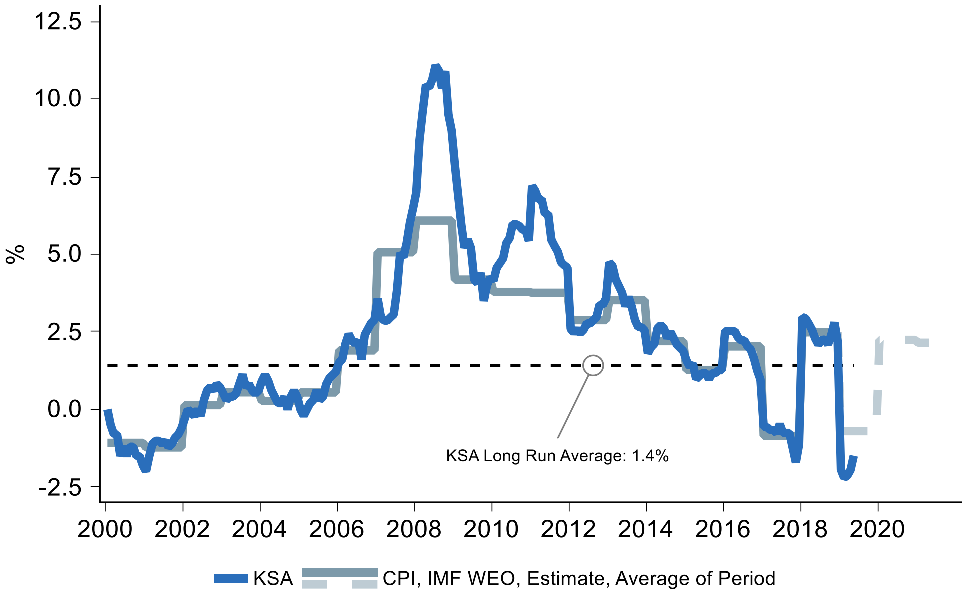
Loans, CPI, Consumer Confidence

3.8 **Total Consumer Credit, Total YoY Change%**



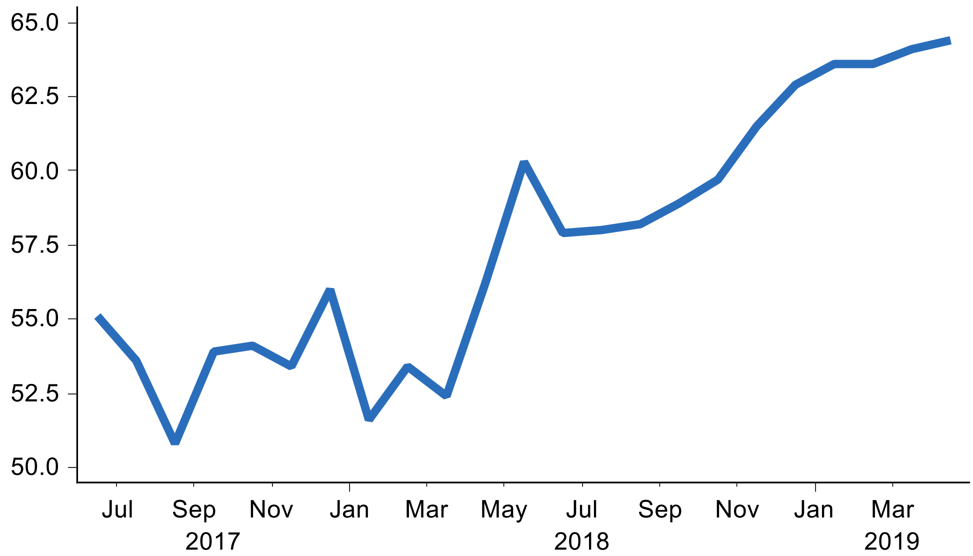
Source: Knight Frank Research, Macrobond

Consumer Price Index, YoY Change %



Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Confidence Index by Thomson Reuters / IPSOS

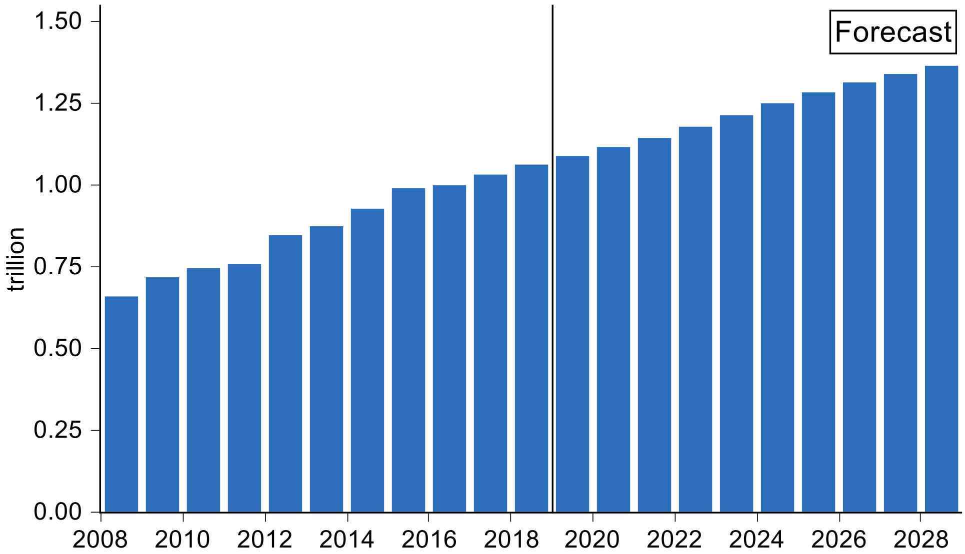


Source: Knight Frank Research, Macrobond

- Starting 2016, consumer-facing sectors have been challenged by difficult operating conditions as the drop in oil prices and the economic slowdown were met with fiscal consolidation measures. This has in turn impacted consumer confidence. More recently there were signs that the recovery in general economic conditions that started in 2018 is slowly filtering through the wider system.
- The recovery in banks' lending to the private sector in 2018 and heading into 2019 is a case in point and is seen as crucial in driving consumer spending in the short to medium term. Private sector loan growth by banks regained some momentum, which coincides with an improvement in consumer confidence.
- Consumer spending is likely to remain underpinned by subdued price pressures now that the base effects on consumer prices from last year's VAT introduction has faded away. In 2019, inflation rates have fallen back in negative territory mainly the result of declining housing rents.
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia has significantly improved in 2018 and heading into 2019, hitting a level of 64.4 in April 2019 up from 56.2 a year earlier. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived economic expectations, perceived investment climate and current job security.

Consumer Spending

3.9 **Total Consumer Spending - Constant 2015 prices**

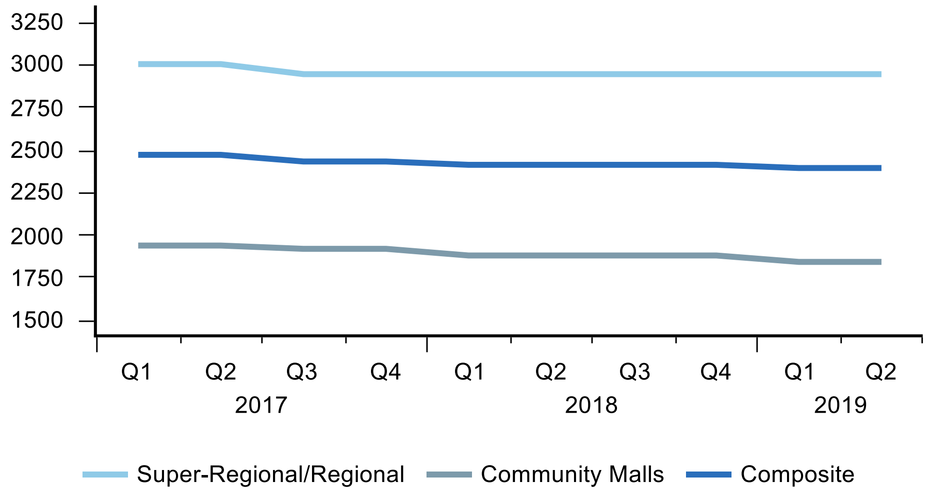


Source: Knight Frank Research, Macrobond, Oxford Economics

- Total consumer spending stood at SAR 1.06 trillion in 2018 according to Oxford Economics. It is expected to grow at an average of 2.5 percent per year between 2019 and 2028 down from an average of 5.6 percent between 2008 and 2018 according to the same source.
- According to Oxford Economics, consumer spending on housing and housing related expenditures totalled SAR 154 billion in 2018 the equivalent of 29 percent of total consumer spending. This share has substantially increased over the past decade from 25 percent in 2008 and is expected to further increase reaching 30 percent by 2028.

Jeddah Retail Market

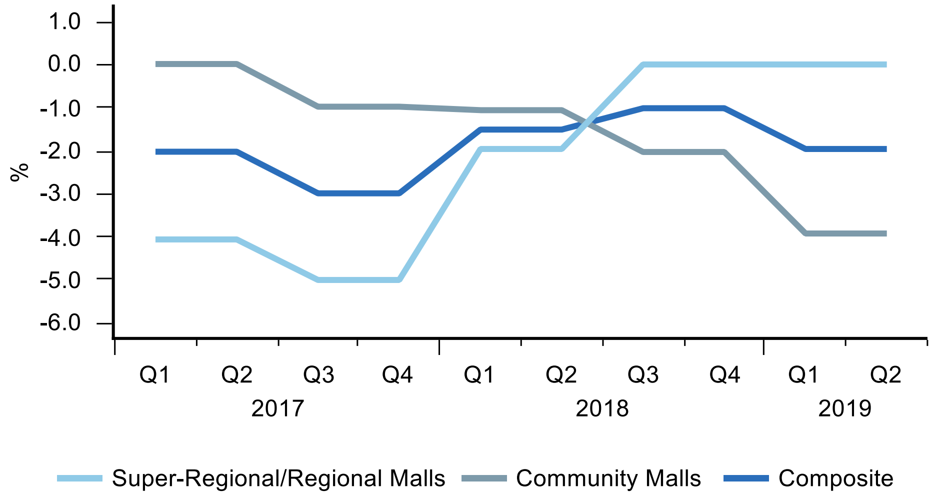
3.10 **JEDDAH RETAIL RENTS, SAR/SQ M/PA**



	Regional/Super-Regional	Community Malls	Composite
Q2 2019	**2,945**	**1,844**	**2,395**

As at Q2 2019 average rental rates in super regional and regional malls were recorded at SAR 2,945/sq m/pa, whilst community malls rentals stood at SAR 1,844/sq m/pa.

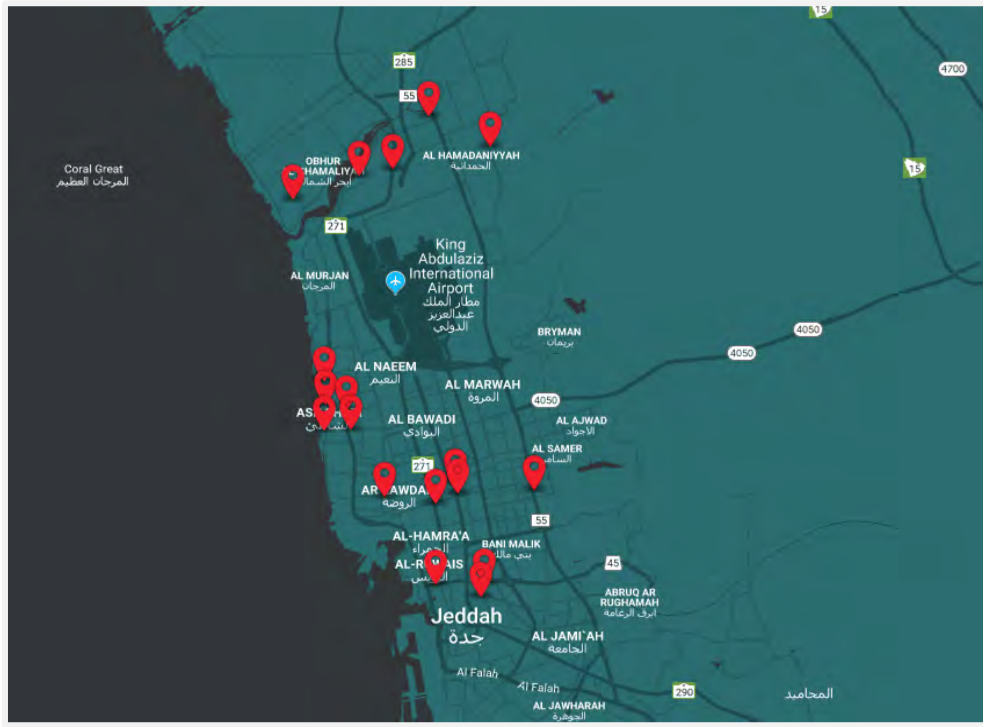
3.11 JEDDAH RETAIL RENTS, YEAR-ON-YEAR % CHANGE



	Regional/Super-Regional	Community Malls	Composite
Y-o-Y % Change	**0%**	**-4%**	**-2%**

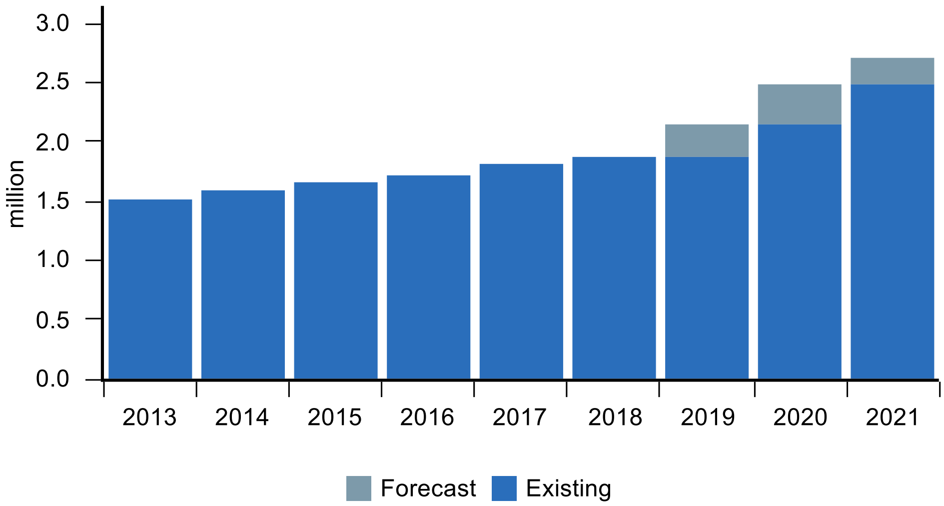
Super regional and regional malls rents across Jeddah remained unchanged in the year to Q2 2019. Whilst average lease rates for community centres fell by 4% over the same period.

3.12 **JEDDAH RETAIL FUTURE SUPPLY MAP – STUDY, DESIGN AND EXECUTION**



There are approximately 16 active projects within Jeddah, with delivery dates up to 2021, which are either being executed or in the study or design phase. The total value of these projects is estimated at USD 1.3 billion.

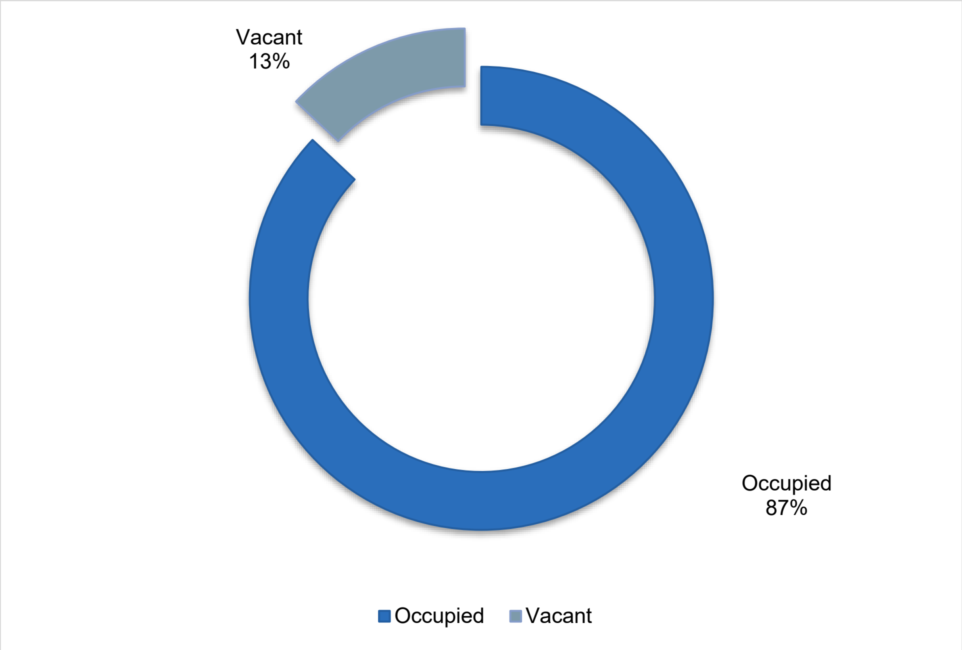
3.13 **JEDDAH, RETAIL SUPPLY, TOTAL, SQUARE METRES**



	2018	2019f	2020f	2021f
Total stock (Million square metres)	1.87	2.14	2.48	2.70

Jeddah's current office stock stands at around 1.87 million square metres of mall-based retail space. By 2021, the total supply of structured retail space is expected to be around 2.7 million square metres.

3.14 JEDDAH, MARKET WIDE INDICATIVE VACANCY



The market wide vacancy rate in Jeddah remained unchanged at 13% as at Q2 2019. Given the soft economic conditions and the growth of e-commerce, landlords continued to offer flexible leasing options to retain tenants.

3.15 **JEDDAH RETAIL MARKET OUTLOOK, 12 MONTHS**

We expect market conditions in Jeddah to remain challenging with rental rates of community malls continuing to fall and vacancy rates expected to increase. However it is expected that Jeddah regional and super regional malls lease rates will remain stable during the next 12 months due to a limited supply of retail space in this segment.

Comparables / Benchmarking

Mall

3.16 The key competition / comparables in relation to the subject mall we consider to be the following large / super regional malls:

- Al Salaam Mall
- Aziz Mall
- Haifa Mall
- Mall of Arabia

3.17 We have reviewed key performance metrics to understand how these malls perform in relation to the subject, and what they offer as competition.

Item	Aziz Mall	Haifaa Mall	Mall of Arabia	Salaam Mall
GLA sq m	72,153	32,946	109,185	121,113
Non GLA units	71	44	60	72
Parking spaces	1,422	914	2,053	1,825

Parking ratio 1 space per X sq m	51	36	53	66
Vacancy %	5.0%	16.4%	3.5%	7.1%
Occupancy	95.0%	83.6%	96.5%	92.9%
Footfall	6,797,062	4,580,595	7,916,204	10,972,869
Opex SAR psm average	250	250	350	251
Additional income as % of total income	8.1%	8.1%	8.1%	8.0%
S/C recovery per sq m	224	260	294	177
Total income	156,585,803	77,008,844	301,035,393	201,642,476
Rents 0-50 sq m	4,000	3,200	6,100	3,400
Rents 51-200 sq m	3,500	2,700	4,000	2,600
Rents 201 - 500 sq m	2,600	1,800	3,100	1,900
Rents 500 - 1,500 sq m	1,800	1,200	2,400	1,400
Over 1,500 sq m	700	1,000	1,100	500
Year built	2005	2011	2008	2012

Source: Arabian Centres IPO prospectus

3.18 The competitive set of shopping malls all show occupancy above 85% which is positive. In our visits to the competing malls, it was apparent there were generally very few vacant units, typically less than 20 in all, which translates to occupancy rates of 85 – 95% typically. The subject benefits from having a very popular anchor store in Hyper Panda, which is popular with the income bracket in this part of Jeddah, being positioned differently from Danube which is in Salaam Mall just across Prince Majid Road.

Occupancy

3.19 Considering the competitive set of malls above, we note that Mall of Arabia has the best occupancy at 97% at the date of valuation, although 5 of the comparable set have occupancy rates above 90%.

Rank	Occupancy	Mall
1	97%	Al Andalus
2	96.5%	Mall of Arabia
3	95%	Red Sea Mall

4	92.9%	Al Salaam Mall
5	83.6%	Haifaa Mall
6	95%	Aziz Mall
7	85%	Stars Avenue

Source: Knight Frank

Parking 3.20 The subject property provides a best in class parking ratio, with over 3,000 parking bays, much more than its competitors.

Rank	Parking Ratio	Mall
1	1:26	Al Andalus
2	1:36	Haifaa Mall
3	1:51	Aziz Mall
4	1:53	Mall of Arabia
5	1:66	Al Salaam Mall
6	TBC	Red Sea Mall
7	TBC	Stars Avenue

Source: Knight Frank

Gross Leasable Area (GLA) 3.21 We provide a summary of the GLA for each mall in our comparable set below.

Rank	GLA sq m	Mall
1	140,000	Red Sea Mall
2	105,994	Mall of Arabia
3	101,560	Al Salaam Mall
4	89,697	*Al Andalus Mall*
5	71,944	Aziz Mall
6	35,150	Stars Avenue
7	32,594	Haifaa Mall

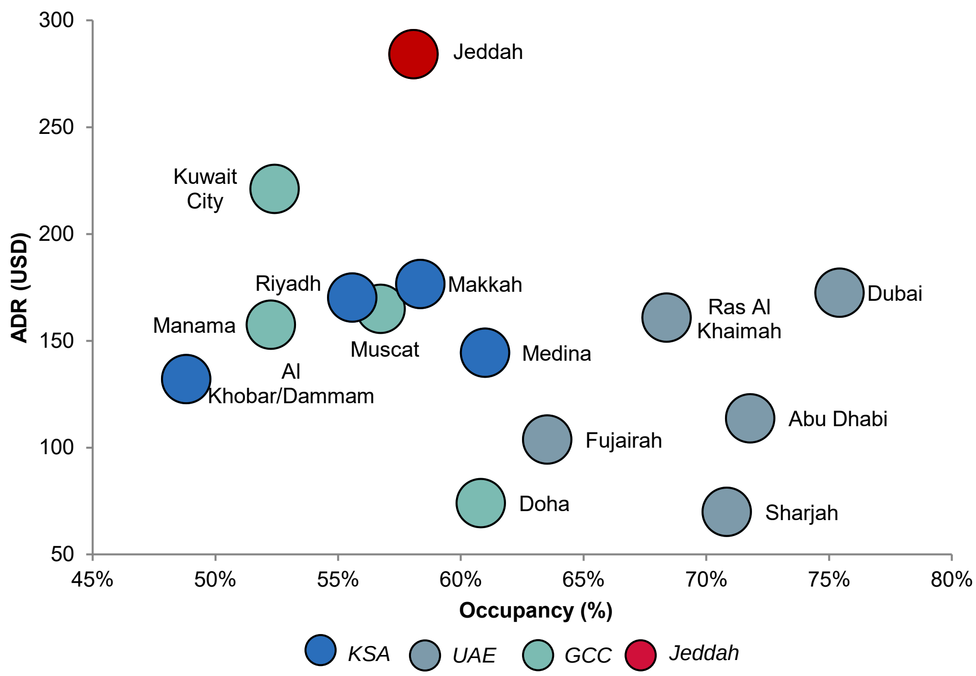
Source: Knight Frank

Jeddah Hospitality Overview

Jeddah Hotel Performance 3.22

- The exhibit below depicts the hotel market performance of major cities in the Middle East, in relation to Jeddah as per STR Global data 2018.
- On a regional basis, with the exception of Kuwait City and Jeddah, every major city experienced RevPAR declines in 2018, compared to the same period last year. The most significant declines were felt in Makkah, Doha and Riyadh.

Exhibit 11: Regional Performance of the GCC Hotel Market 2018



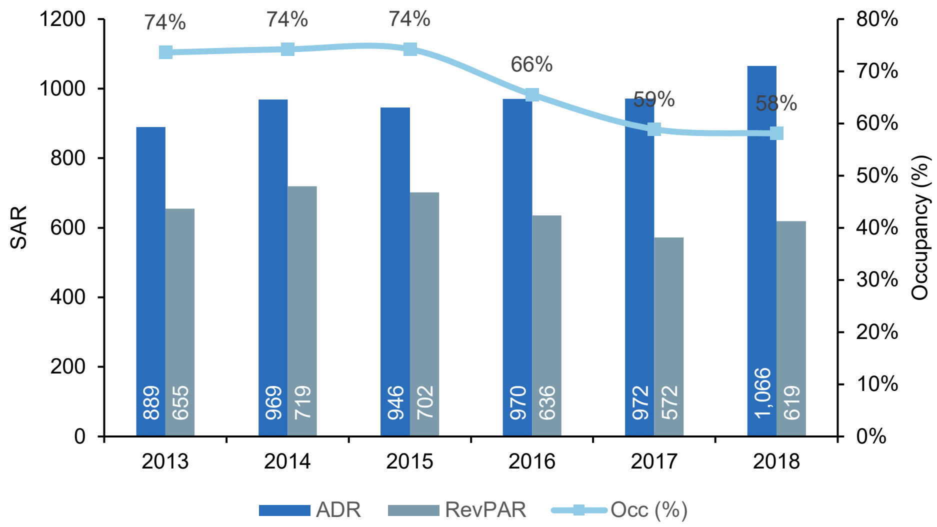
Source: STR

- In 2018, the Jeddah market recorded an occupancy decline of 0.8 percentage points, however, the average daily rate increased by 9.7 percent from USD 259 (SAR 970.6) to USD 284 (SAR 1,065.6). Resulting in the revenue per available room increasing by 8.1 percent USD 153 (SAR 572.2) to USD 165 (SAR 618.8), compared to the previous year.

Historic Market Performance 3.23

- Hotel performance in Jeddah witnessed an increase in hotel performance between 2013 and 2015, with RevPAR increasing by 7.3 percent from USD 175 (SAR 654.7) to USD 187 (SAR 702.2).
- However, between 2015 and 2018 hotel performance has declined at a compound annual growth rate of 4.1 percent from USD 187 (SAR 702.2) to USD 165 (SAR 618.8).

Exhibit 12: Historical Performance of Jeddah's Hotel Market (2013 – 2018)

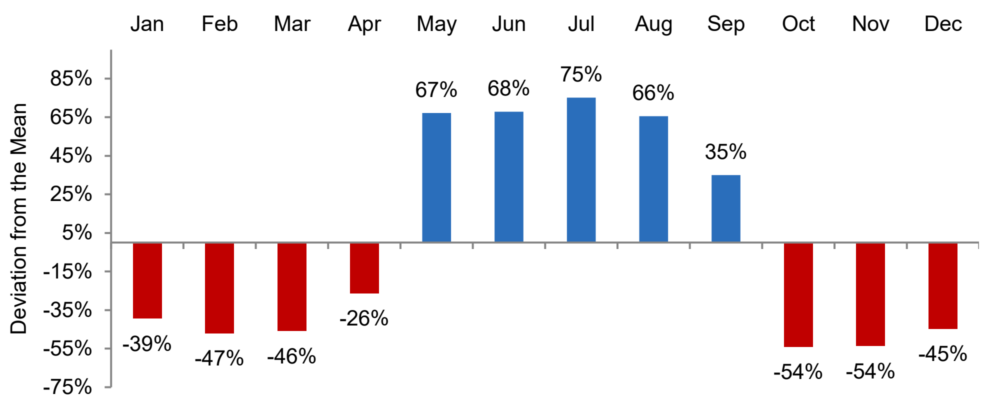


Source: STR

Seasonality 3.24

- The exhibit below depicts the monthly deviation from the annual average RevPAR in Jeddah for the full year 2018. The seasonality of Jeddah is very pronounced, with average RevPAR levels increasing by 75.2 percent in the month of July and decreasing by 53.9 percent in the month of October.
- The comparatively low occupancy levels combined with high average rate are symptoms of a heavily seasonal market in Jeddah with demand peaks during Ramadan and Hajj season and troughs during winter and spring months.

Exhibit 13: RevPAR Variation from the Mean Jeddah 2018

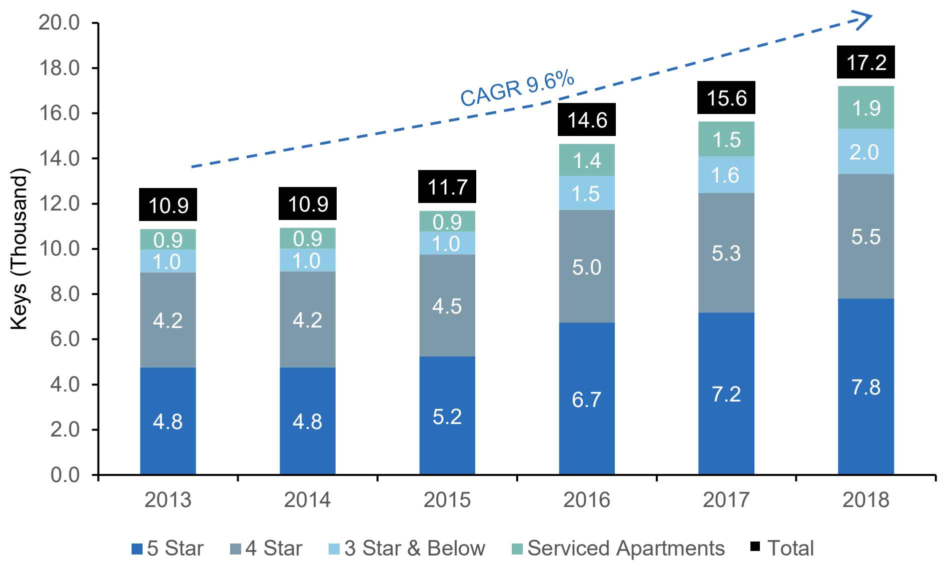


Source: STR

Supply 3.25

- To date, Jeddah's hospitality sector is currently supplied with a total of approximately 17,206 hotel and serviced apartment keys.
- During 2018, Jeddah passed 17,000 hotel rooms operating in the city, escalating at a CAGR of 9.6 percent since 2013. This figure is expected to pass 20,000 operating hotel rooms by the end of 2019.
- As of 2018, there are approximately 7,800 5-star hotel keys in the city. 5-star hotel key supply witnessed a CAGR of 10 percent between 2013 and 2019, accounting for 45 percent of the total hospitality supply.
- The supply of 4-Star hotels grew at a CAGR of 6 percent over the same period. The 4-Star hotel supply accounted for 32 percent of the overall hotel key supply in 2018.

Exhibit 14: Jeddah Hotel Room Supply by Star Rating



Source: Knight Frank

- The bulk of the current supply consists of owner operated properties that are poorly maintained and not necessarily operated to international standards.
- While internationally branded serviced apartments would traditionally cater to corporate long stay guests, the furnished apartments in Jeddah are largely standalone properties that cater to short stay leisure demand.

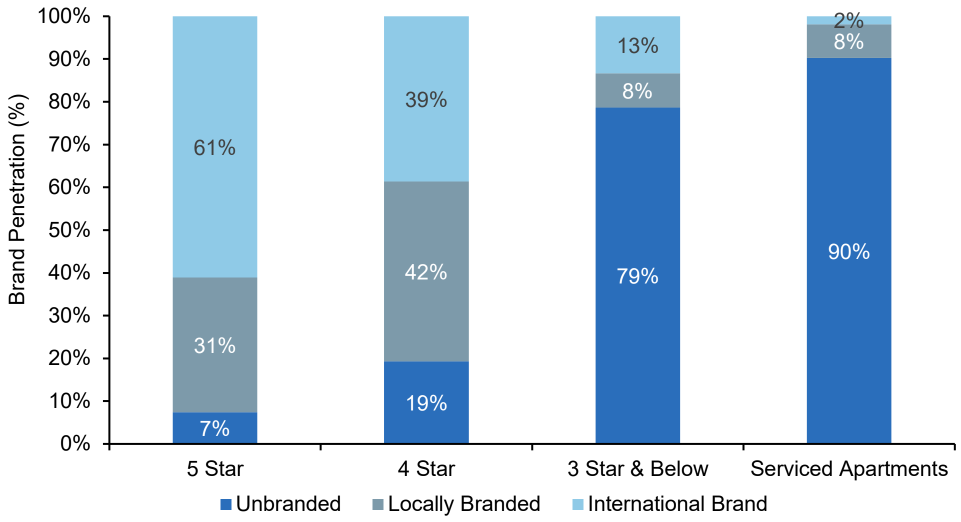
Demand 3.26

- Based on the anticipated forthcoming supply, there are over 11,000 hotel keys expected to be completed / delivered between 2019 and 2024. This forecast consists of hotels currently under construction, as well as those in their planning stages.
- The 5-Star segment is projected to have the biggest expansion in Jeddah between 2019 and 2024, expected to grow at a CAGR of 9 percent. With many

of these hotels set to open with international brands in place such as Raffles Jeddah and Swissotel Jeddah.

- Given the nature of supply, there is a noticeable shortage of branded three star and serviced apartment product in the Jeddah market.

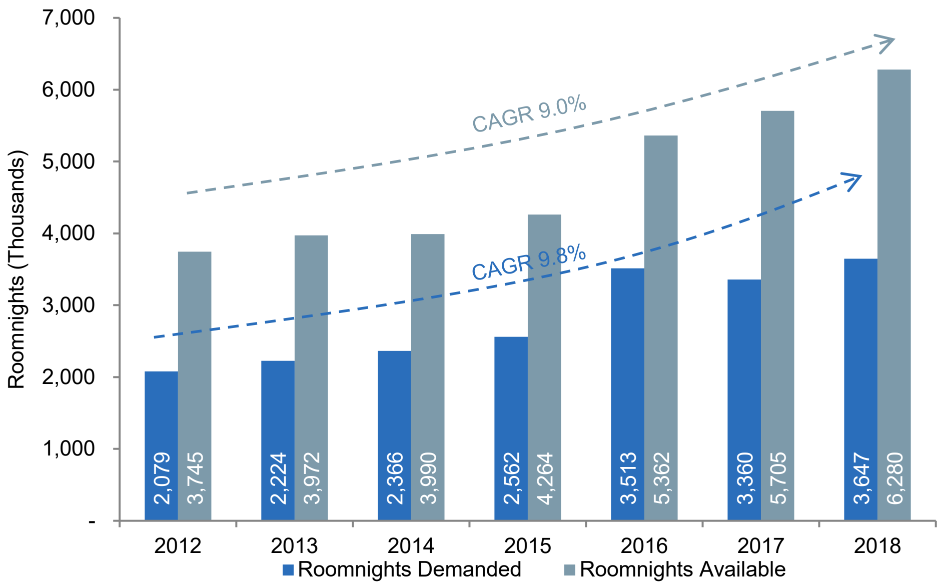
Exhibit 15: Brand Penetration by Category, 2018



Source: Knight Frank

- The exhibit below depicts the total number of room nights accommodated in Jeddah, annually between 2012 and 2018.
- Accommodated room night demand is a gauge on annual demand in the hospitality sector. Despite the CAGR of 9 percent increase in room nights available over the period, room nights demanded outstripped this with a slightly higher CAGR of 9.8 percent over the same period.

Exhibit 16: Number of room nights in Hotels, Jeddah (2012-2018)



Source: STR, Knight Frank

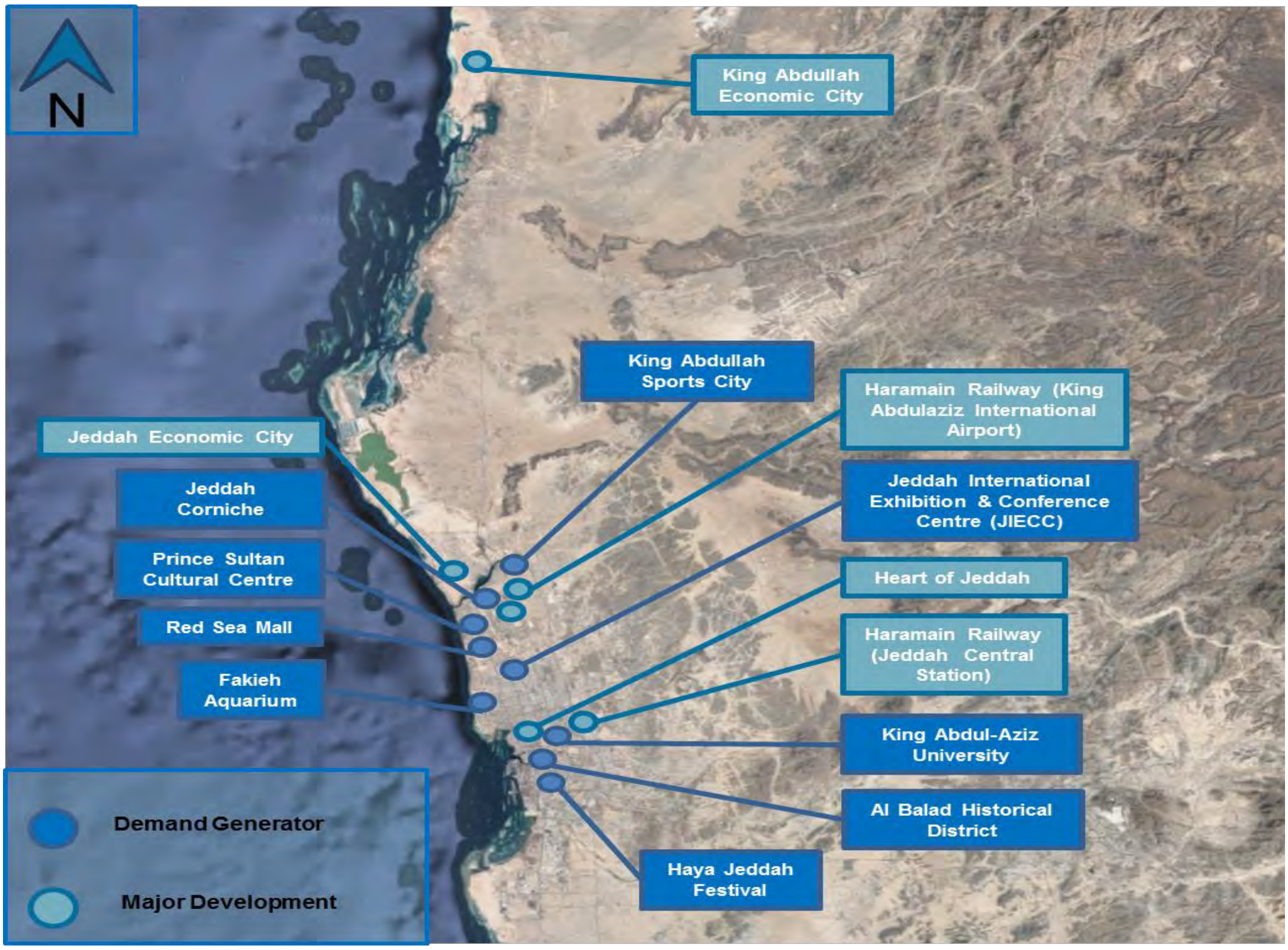
Jeddah Future Outlook

3.27 There are several key tourism related projects that have recently been completed, these include:

- Jeddah Season
- King Abdullah Sports City
- Prince Sultan Cultural Centre
- King Abdul-Aziz University
- Al Balad Historical District
- Jeddah Waterfront
- Jeddah International Exhibition & Conference Centre (JIECC)
- King Abdulaziz International Airport (new terminal)

3.28 In addition, there are number of projects under construction, these include:

- Haramain Railway
- Jeddah Economic City
- Heart of Jeddah
- King Abdullah Economic City



Jeddah – Existing Demand Generators

Red Sea Mall

- It covers approximately 242,200 square meters of built area with the "Elaf Jeddah" hotel attached to the mall.
- The mall has the "biggest indoor water fountain" and the largest glass covered area in Saudi Arabia.

King Abdullah Sports City

- The stadium lies approximately 15 kilometres inland from the Corniche, 20 kilometres from the Red Sea Mall, 35 kilometres from the King Fahd Fountain, and 40 kilometres from Al-Balad old town.
- In addition to the main 60,000-seat soccer stadium, the complex includes a 10,000-seat multi-sports hall, an outdoor 1,000-seat athletic stadium, additional indoor training fields, and parking for 45,000 vehicles

King Abdul-Aziz University

- King AbdulAziz University includes two separate campuses (one for females and one for males) as per the requirements of the Islamic Shar'ia Law.
- Each of the campuses is equipped with academic, cultural, sports and recreational facilities, as well as a large library, which is supplied with the most advanced technologies to serve students and the teaching staff.

Al Balad Historical District

- Al Balad was founded in the 7th century and historically served as the center of Jeddah.
- Al Balad was nominated by Saudi Commission for Toursim and Antiquites to be listed in UNESCO's World Heritage site, which was accepted on 2014.

Jeddah Corniche

- The corniche features a coastal road, recreation area, pavilions and large-scale civic sculptures - as well as King Fahd's Fountain, the highest fountain in the world.
- The established area is well equipped, with many facilities including restaurants, retail outlets, hotels, aquarium, cultural center, water dancing fountain, blossoming gardens and fountains.

Jeddah International Exhibition & Conference Centre (JIECC)

- Jeddah International Exhibition and Convention Center (also known as Jeddah Center for Forums & Events) is a multi-purpose venue, located in one of the leading commercial hubs of Saudi Arabia.
- The venue covers 40,000 square metres and provides 10,000 square metres of indoor event area, a large exhibition hall, a business centre and dining options.

Haya Jeddah Festival

- Haya Jeddah, considered the largest shopping festival in Saudi Arabia, promotes the city's position as a welcoming and accessible family destination.

Fakieh Aquarium

- The only aquarium for the public in Saudi Arabia and offers education and entertainment by presenting the wonders of the underwater environment of the Red Sea and marvels brought from other seas and oceans around the world.
- With more than 200 species including Sharks, Groupas, Sting-Rays, Napoleon Wrasse, Sea Horses and Moray Eels amongst others, the Fakieh Aquarium aims to continue expanding the aquarium, offering a unique dolphin swimming experience, which was started in 2019.

Haramain High Speed Railway

- The 450km high speed rail link connects the cities of Makkah, Jeddah and Madinah.
- The project has been running tests since Q3 2016 and opened to the public officially in October 2018.
- The line is projected to carry around 165,000 passengers per day at full operational capacity.

Jeddah– Upcoming Major Developments

Prince Sultan Cultural Centre

- The Cultural Centre will be the focal point of the Cultural City, providing a range of cultural and artistic activities and programmes.
- The Centre will be designed to include a 2,000 seat Auditorium for performing arts, conventions, exhibitions, interactive experiences and gallery space.

Jeddah Economic City

- Jeddah Economic City, previously known as Kingdom City, is a 5,202,570 square metre (56,000,000 square feet) (2 square mile) project approved for construction in Jeddah, Saudi Arabia.
- The centerpiece of the development will be Jeddah Tower, planned to be the tallest building in the world upon its completion. Jeddah Economic City is a three-phase project. We understand that Jeddah Tower is included in phase 1 of construction, earmarked for completion by 2021.

Heart of Jeddah

- Heart of Jeddah is a new community in central Jeddah, Saudi Arabia. The site is a redevelopment of an abandoned air field and is surrounded by newly developed residential communities and retail establishments. Immediately adjacent to the site is King Abdelaziz University.
- Derived from the historical development patterns of Jeddah, the Souk features a number of small, low-rise mixed-use buildings.

King Abdullah Economic City

- King Abdullah Economic City (KAEC) has defined its credentials in the past few years as a major social and economic growth driver in the Kingdom.
- The Economic City, the 168 million square metres development on the Red Sea coast, energises the economy through diverse components including a port, industrial zone, and residential projects.
- KAEC will have a station on the Haramain high-speed railway connecting Makkah and Medina.

Investment Overview

3.29 Below we document some of the transactions that have taken place in the retail sector in the last 24 months. The REITS have been the most active acquirers of retail real estate in the Kingdom in terms of retail malls. In addition, Arabian Centres listed their malls business on the Tadawul in early 2019, which was over subscribed at the time, showing the appetite for investors exposure to this asset class..

Asset	Location	Acquisition Price SAR	NOI	Cap rate	Notes
	Al Makan Mall, Tabuk	219,417,197	17,820,000	8.12%	Acquired by Wabel REIT in 2018. 3 yrs old mall, 75 tenants, 97% occupancy, freehold title. Anchored by HyperPanda and H&M.
	Al Makan Mall, Dawadmi	166,820,000	21,390,000	12.82%	Acquired by Wabel REIT in 2018. 4 yrs old mall. 114 tenants, 97% occupancy, leasehold title. Anchored by HyperPanda and Centrepoint.
	Al Makan Mall,Hafr Al Batin	470,206,000	42,800,000	9.10%	Acquired by Wabel REIT in 2018. 3 yr old mall, 171 tenants, 97.5% occupancy, freehold title. Anchored by Hyper Panda, Asateer, Home Centre.
	Al Makan Mall, Riyadh	232,560,000	19,920,000	8.57%	Acquired by Wabel REIT in 2018. 3 yr old mall, 63 tenants, 93% occupancy, freehold title. Anchored by Centrepoint, Panda, H&M, City Max.
	Ahlan Court Centre	70,000,000	7,000,000	10%	Acquired by AlKhabeer REIT in 2019. Head lease in place for the entire asset at an annual rent of SAR 7m, which appears over rented. 9 showrooms and an office.
	Al Rashid Mall, Jizan	206,000,000	15,646,293	7.60%	Built in 2010, 3 storeys,

	Al Rashid Mall, Abha	372,000,000	34,583,966	15.49%	Acquired by Bonyan REIT, initial SAR 233 m plus SAR 148 m payable upon 90% occupancy, total SAR 372m. 20 year leasehold title, newly built in 2017/2018.
	Al Rashid Mega Mall, Madinah	505,500,000	32,824,933	6.49%	Acquired by Bonyan REIT, built in 2009, freehold title, 4 storeys.
	Al Andalus Mall, Jeddah	1,147,279,000	92,396,115	8.05%	Acquired by Al Ahli REIT in 2017, 10 year old+ mall, central location, occupancy 95%, anchored by HyperPanda, freehold title. Connected to Staybridge Suites.
	Ajdan Walk, Khobar	345,000,000	25,000,000	7.25%	Acquired by Sedco REIT in 2018, newly constructed retail development on Khobar corniche, occupancy, anchored by Cheesecake Factory and other Al Shaya brands. Freehold title, headlease to Al Fozan / Al Oula for 5 years.

Yield conclusions

3.30 The subject asset(s) i.e. mall and hotel in our opinion attract different risk profiles, with the hotel having no contracted income and being subject to performance of the operator. The mall itself has certain long term incomes and many various different shorter terms incomes.

3.31 We consider that for the mall, the asset is a large lot size, with a relatively limited number of potential purchasers. The key positive factors associated with the asset include 97% occupancy, well established mall with excellent parking, a tenant mix that is very in line with the surrounding catchment income profile and a strong anchor supermarket in the form of Hyper Panda. It has a good mix of mini anchors and smaller line shops and some franchisees that underwrite large portions of the income.

3.32 We conclude that a terminal cap rate of 8.50 to 9.0% would be reasonable for the subject mall given its size, age and income profile.

3.33 We conclude that the hotel, being newly developed will take time to stabilise, but with an international brand in this location should perform well and derive synergies from the connectivity to the mall.

SWOT Analysis - Mall

Strengths	Weaknesses
• Well established mall with a very high occupancy (97%) • Good long income in the form of the anchor Hyper Panda and cinema • Some other good long term anchors such as CityMax, Home Box, CentrePoint • Excellent parking facilities sets it apart from other malls • Food Court has recently been overhauled and renovated to improve performance • The tone of the mall, being mid income brands suits the tone of the catchment • Kids Fun Zone acts as demand driver to bring families in	• Lot size is large – relatively small market of purchasers able to afford this price point • Salaam Mall opposite, within 500m – so competition • Older property, will start to require increasing OpEx and cap ex going forward in order to maintain market share and rental levels
Opportunities	**Threats**
• New gates in the rear elevation of mall to increase foot fall to certain areas • Development of hospital adjacent should help footfall toe the mall and visitation to the hotel apartments	• New supply of malls generally across Jeddah • Market sentiment falling further

3.34 Investors would typically formulate their bids for this type of asset on an initial yield approach from our experience of advising on the buy side of and also taking to market a number of commercial investments across the Kingdom of Saudi Arabia in the last 18-24 months.

3.35 In formulating our capitalisation rate / yield we have had regard to the points in the SWOT analysis above but also to the following:

- The mall is 97% let.
- There is an upcoming cinema which is a footfall generator.

- The amenities provided are good, with a nice mix of leisure, F&B and entertainment.
- The parking facilities are market leading.
- The major anchor is strong and well suited to the catchment in terms of spend levels.

The medium term outlook is positive, and although short term retailers are under pressure and there is a lot of supply in the form of super-regional malls coming to the market in Jeddah, most of these are located to the north, around or north of, the airport.

GCC Investment Market

GCC Hospitality Investment Market Overview

3.36 In benchmarking our hotel yield / terminal yield, we have had regard to the following anecdotal sales transactions in the MENA region, which have occurred over previous years, providing good indicators of where the market lies.

Exhibit 17: list of transactions that have been carried out in MENA

Location	Country of Origin	Transaction Date	Star Rating	Sales Price (USD) (Rounded)	Keys	Value per Key (USD)
Ritz Carlton DIFC	UAE	2011	5 Star	300,000,000	300	600,000
Ocean View Residence	UAE	2011	4 Star	98,000,000	342	354,223
Marina View Hotel	UAE	2013	4 Star	60,000,000	224	272,480
Business Bay Hotel	UAE	2014	5 Star	79,000,000	296	266,892
Moevenpick Bur Dubai	UAE	2014	5 Star	95,000,000	312	299,728
Yasat Gloria	UAE	2014	4 Star – Serviced Apartment	259,000,000	1,019	245,232
Moevenpick JBR	UAE	2014	5 Star	130,000,000	294	435,967
Business Bay Hotel	UAE	2015	4 Star	140,000,000	367	381,471
Kenzi Hotel	KSA	2015	5 Star	400,000,000	759	527,009
Bahrain Tourism Co.	Bahrain	2015	-	92,000,000	246	373,984

Bakkah ARAC Hotel	KSA	-	4 Star	88,000,000	426	206,573
Moevenpick City Star Jeddah Hotel	KSA	2016	4 Star	69,000,000	228	302,632
Al Falaj Hotel	Oman	2016	4 Star	36,000,000	150	240,000
Warwick Hotel	UAE	2017	4 Star	136,000,000	357	381,624
Emaar Portfolio	UAE	2018	5/4 Star portfolio	600,000,000	993	604,230.

Source: Knight Frank

Hotel Discount Rate / Exit Yield

3.40 The fact that there is typically no confirmed / contracted income to the owner, as the majority of hotels are run under management agreements rather than leases in KSA suggests that the yield sought by investors should be slightly higher than other real estate asset classes, with long term contracted income. Market sentiment in the area over recent years, coupled with the upcycle of tourism growth, particularly in the leisure sector, which is a key focus of Vision 2030 diversifying the economy away from oil revenue, has led to proactive discussions with potential investors, however, this is yet to come to fruition with an open market transaction.

We are not aware of any direct comparable sales transactions, however, we are aware of the Movenpick Jeddah Star transaction, positioned at an upscale 5-Star level, comprising 228 keys. We are unaware as to what level the transaction achieved as an initial yield against 1st year NOI, due to opaque data. However, we are aware the transaction achieved a value per key of circa USD 302,600. Although the transaction is not directly comparable, as the sale was carried out in 2016 and competes in a different category to the subject property. This allows us to understand buyer sentiment, in the current market. When taking this into consideration, we have assumed a higher capitalisation rate and a lower cost per key for the subject property, due to the location, quantum of keys offered and positioning.

3.41 Based on the above information and taking into consideration the outlook for the specific hospitality sector in Jeddah, we would expect an internationally branded serviced apartment, operating in its ramp up phase, at the date of valuation, to reflect an exit yield of circa 9.25 percent for an investor, looking to purchase on the open market, equating to USD 283,000 per key.

SWOT Analysis - Hotel

Strengths	Weaknesses
• Located within the Al Woroud district – prime location on the cross roads of Prince Majid Road and King Abdullah Road.	• Traffic congestion area • Poor vehicular accessibility • Limited F&B facilities

• Immediately adjacent to Al Andalus Mall, a prestigious mall in Jeddah. • Large room sizes, which are well maintained to a high specification; • Diversity of room inventory providing guests with more choice. • Variety of meeting space capitalising on exposure towards MICE segmentation • Internationally branded serviced apartments, where there is a lack of supply in the current market.	• Trajectory of growth in the city of Jeddah is shifting north, with developments such as Jeddah Economic City (JEC) and the development surrounding the Jeddah Creek.
Opportunities	**Threats**
• Large masterplan development in place where Al Andalus Mall and Staybridge Suites are one of the first phases of development to be constructed – potential to leverage on corporate guest and VFR market share from proposed hospital currently under construction.	• Future supply pipeline will heavily influence the market share of the serviced apartments. • Several vacant land plots which may be developed into competing properties.

4 Valuation

Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Investment method – Al Andalus Mall

4.2 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the mall property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

4.3 We have undertaken the valuation of the mall via a discounted cash flow approach, whereby we can reflect current and potential future revenues and costs explicitly. We have applied rental growth, occupancy percentages, and operating expenses in our cash flow based on our discussions with the client. Cap Ex items have also been reflected based on their probably timing as we deem reasonable.

Profits Method (DCF) – Staybridge Suites

4.4 We value operational property assets by reference to the earnings potential, as this is the basis on which such properties are commonly bought or sold.

The income capitalisation approach is based on the principle that the value is indicated by its net return, or present worth of future benefits, i.e. the future forecast income and expenditure along with the proceeds from a future sale. These benefits are converted into an indication of market value through capitalisation and DCF process.

Of the three valuation approaches available to a valuer, the income capitalisation approach provides the most persuasive and supportable conclusions when valuing a hotel facility. Using a 10 year forecast and an exit yield most accurately reflects the real actions of hotel buyers, who buy based on their leveraged discounted cash flow.

Valuation assumptions – Retail Mall

4.5 We have valued the shopping mall having regard to current and potential future income, on a 10 year DCF basis. Given that the leases are for very different terms, there is some income that is contracted well into the future and secure, and there are also a number of leases which are short and therefore less secure (terms of 1 year being common for certain units). Where income is contracted for the next few years, we have reflected that contracted income in our cash flow along with fixed rental increases. Upon lease expiry we have assumed they revert to Market Rent.

Inflation

4.6 We have adopted a rental growth and expense inflation rate of 2% in our cash flow, in line with the long term standing average for the Kingdom.

Occupancy

4.7 The current mall occupancy is 97%, with only 12 vacant shops throughout the property. This is superior to the other malls in the competitive set as detailed in the report. Having regard to future supply and the age of the mall, we have assumed a structural occupancy level of 95% (stabilised).

4.8 Based on recent lettings and our analysis from benchmarking other malls as per the report, we have derived the following gross Estimated Rental Value for Al Andalus Mall components as follows:

Item	GF (ERV SAR psm)	FF (ERV SAR psm)	ERV psm / unit
0 to 49	3,125	2,875	
50 to 100	2,525	2,375	
101 to 150	2,350	2,050	
151 to 250	2,125	1,900	
251 to 500	2,000	1,450	
501+	1,000	550	
Cinema	-	1,100	
GF Kiosk			171,075
FF Kiosk	-		111,625
ATM			99,075
Supermarket	-		550
Warehouse	-		650
Advertisement	-		2,250,000

4.9 The above are adopted market rents having regard to the recent deals achieved in the mall and having regard to the current market sentiment.

Operating Expenses

4.10 We have been provided with the breakdown of the operating costs for the property by the Client which amounts to SAR 27,206,607 per annum. This have been adopted in our valuation.

Item	Unit	Assumption
Total Area	sq m	90,485
Passing Rent	SAR per annum	133,248,190

Market Rent at 100% occupancy	SAR per annum	138,736,984
Operating Costs	SAR per sq m per annum	300
Sinking Fund	% of Total Revenue	1%
Bad Debts	% of Total Revenue	0.5%
Stabilised Occupancy	%	95%
Exit Yield	%	8.75%
Growth	%	2%
Discount Rate	%	10.75%

Valuation assumptions – Hotel

Assumptions

4.11 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Key Assumptions

4.12 Our projections are prepared in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) as used by the hotel and leisure industry worldwide.

We have made a number of assumptions within our valuation which we have listed below:

- The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.
- The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.
- We have assumed that the classification certificate for the operating hotel will be renewed and understand the current certificate expires on 31/12/2019.
- Unless otherwise stated, ADR (Average Daily Rate) in our calculations is inclusive of service charges, but exclusive of tax and municipality fees.
- Our cash flow is prepared on the basis of a fiscal year, not calendar year. Year 1 of the cash flow starts from the date of valuation.
- The valuation is based on the information and fee structure provided within the hotel management agreement, assuming the hotel will be efficiently managed by a competent and efficient operator under the Intercontinental Hotel Group (IHG) brand.
- We have assumed that the terms in the management agreement will prevail for the entire term.
- The subject hotel has all relevant documentation and permissions required from the relevant planning and trading authorities in Jeddah, KSA.

- We have assumed the rate of inflation to be 2 percent per annum.
- We have adopted a discount rate of 11.25 percent and a terminal capitalisation rate of 9.25 percent for the hotel cash flow.
- We have adopted the 9.25 percent capitalisation rate to show the subject property as a deluxe, internationally branded asset, located in the area of Al Fayha District, an emerging international leisure and corporate destination in the city of Jeddah.

Valuation bases

Market Value 4.13 Market Value is defined within RICS Valuation – Professional Standards as:

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

Market Rent 4.14 The basis of valuation for our opinion of rental value is Market Rent. This is defined in RICS Valuation – Professional Standards as:

"The estimated amount for which a property would 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, prudently and without compulsion."

Valuation date

Valuation date 4.15 The valuation date is 31 December 2019

Market Value

Assumptions 4.16 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Key assumptions 4.17 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to the following assumptions which are particularly important / relevant :

- Knight Frank have not measured the property and have relied upon the client provided areas for all elements

Market Value (Aggregate) 4.18 We are of the opinion that the Market Value of the freehold interest in the entire property, subject to the existing leases, and hotel management agreement at the valuation date is:

SAR 1,341,700,000

(One Billion, Three Hundred and Forty One Million, Seven Hundred Thousand Saudi Arabian Riyals)

4.19 The split between the two main components is as follows:

Market Value (Al Andalus Mall)	4.20	We are of the opinion that the Market Value of the freehold interest in the mall, subject to the existing leases, at the valuation date is: **SAR 1,171,600,000** **(One Billion, One Hundred and Seventy One Million, Six Hundred Thousand Saudi Arabian Riyals)**
Market Value (Staybridge Hotel)	4.21	We are of the opinion that the Market Value of the freehold interest in the Staybridge Suites, subject to the existing management agreement and assumptions within this report, as at the valuation date is: **SAR 170,100,000** **(One Hundred and Seventy Million and One Hundred Thousand Saudi Arabian Riyals)**
	4.22	Our opinion of Market Value (Staybridge Hotel) above equates to a capital value of USD 283,000 per key.

5 Risk analysis

General comments

5.1 In this section of our report we summarise the property related risks which we have identified as part of our valuation report and which we consider should be drawn to your attention. This summary should not be taken to be exhaustive and must be considered in conjunction with the remainder of the report. Nothing in this section should be construed as being a recommendation of taking any particular course of action.

Risks relating to the property

Location

5.2 This location is very central and is at the intersection of two major highways, by a large interchange, therefore is very accessible from all directions generally. The only downside is the fact that there is another super regional mall located across the interchange from this one – Al Salaam Mall.

The property is located within an area which we expect to be subject to further growth and development in the short to medium term, as there is substantial vacant land around both this and Salaam Mall, some of which is already master planned for residential development, and long terms this will enhance the immediate catchment and potential customers for the mall.

Condition

5.3 The mall is relatively dated and older than many of its competition. Although it is well maintained, there does need to be an effective planned preventative maintenance programme in place in order to uphold the value of the asset over the long term. The mall is at the stage where certain items such as A/C plant need to be gradually replaced on phased basis, and whilst this would be the case for any mall, the age of the subject means that these expenses are arriving more quickly than a newer property.

Income risks

Leases

5.4 The major anchor Hyper Panda has a lease that has 8 years unexpired, and some of the mini anchors are on 5-8 year leases, however the majority of the leases in the mall range in length from 1 to 3 years, therefore the income is relatively short. As new supply enters the market, there is a risk that if the mall is not well maintained and managed to the standard required by tenants, they may see better opportunities in newer facilities going forward, which could impact occupancy.

Hotel

5.5 Income from a hotel is not contracted and is performance based, with revenues being generated based on operator performance and how well the operator manage the asset. Therefore the revenue could be relatively volatile based on the market conditions, with new supply entering the market, and will take some time to reach stabilisation, usually between 3-4 years for a property of this type and positioning.

Economic & property market risks

5.6 Fewer negotiations are resulting in transactions as many investors wait to see how market pricing will ultimately adjust to changing economic and restrictive credit conditions. Since the listing of the first REIT on the Tadawul in late 2016, we have seen the number of REITs listed on the stock exchange reach 17, with a total market capitalisation of USD 3.7 billion as at early November 2019. This is a substantial increase compared to Q1 2018, where the market consisted of 12 REITs with a USD 2.3 billion market capitalisation. However, as expected we are seeing a slowdown in listings, with the vast majority of activity taking place in 2018 and not 2019. In 2018 nine new REITs were listed compared to just one listing to date in 2019. In consequence, there are a limited number of comparable transactions. You should note that our opinion of Market Value is provided in light of these conditions. Accordingly, given the current economic and property market volatility, we recommend that the valuation is kept under regular review. Our opinion of value represents our professional view based upon any available market evidence and our professional judgement.

Demand from occupiers

5.7 Based on the fact that the mall is at 97% occupancy and this is better than its peers, this suggests there is still a good level of demand from the type of tenant that would be attracted to this mall and it's positioning in the retail market.

Supply of similar properties

5.8 One of the key malls to note is Al Salam Mall, located opposite the property. Like the property this is a super regional mall, but is it slightly larger as it extends to 121,113 sq m. The risk of tenants moving to Salam Mall may be a possibility, however it is worth mentioning that Salam Mall has occupancy above 93% therefore the space available would be limited. Nonetheless the property was built in 2007 and has shown strong performance in terms of retaining tenants, rental growth and has high occupancy.

Investor

5.9 Malls in the GCC are generally owned by the large family groups, e.g. Al Hokair, Majid Al Futtaim, Al Futtaim Group etc. Investors often have difficulty obtaining good exposure to the retail sector due to the barriers to entry – for example, Emaar Malls IPO gave investors this opportunity, but if malls are held in private company, this does not allow investors much exposure. We consider there is suitable appetite and strong investor demand for a well-managed, well-let mall in a good location in a major city given the demographics and young population.

Liquidity of the property type / Time to sell

5.10 The lot size of the subject is considerable. This means that there are only a limited number of investors that would be able to / have the capacity to acquire such as asset. Many funds would find that its size would not fit in with portfolio weightings and asset allocations, therefore the potential buyers would tend to be sovereign or government related entities, other REITS which means the number of potential purchasers could be slightly limited.

6 Signature

Reviewed (but not undertaken by):

Faissal Habassi, MRICS
RICS Registered Valuer
Taqeem No. 1220001311
Senior Surveyor
Valuation & Advisory, KSA
For and on behalf of
Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Alexandros Arvalis, MRICS
RICS Registered Valuer
Taqeem No. 1220000885
Associate Partner
Valuation & Advisory, KSA
For and on behalf of
Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Saud Sulaymani
Taqeem Registered Valuer
Taqeem No. 1210001100
Partner
Valuation & Advisory, KSA
For and on behalf of
Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Stephen Flanagan, MRICS
RICS Registered Valuer
Taqeem No. 1220001318
Partner
Head of Valuation & Advisory MENA
For and on behalf of
Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Appendix 1 - Instruction documentation

Terms of Engagement

Client:		**Alahli REIT Fund (1)**
Contact Person:		**Danial Mahfooz, CFA**
Contact Email:		**d.mahfooz@alahlicapital.com**
1.	*Our Client and any other intended users*	**Alahli REIT Fund (1)**
2.	*Purpose of valuation*	Semi-annual Valuation Exercise for REIT Reporting.
3.	*Asset or Liability to be valued*	Al Ahli REIT Fund (1) consisting of Al Andalus Mall, Staybridge Suites and Salama Building.
4.	*Interest to be valued*	Freehold.
5.	*Type of Asset or Liability & use*	Commercial (Retail Mall and Office Tower) and Hospitality.
6.	*Delivery of draft report*	10 Working Days.
7.	*Basis of valuation*	Market Value in accordance with the RICS Valuation - Professional Standards 2017 – including the International Valuation Standards.
8.	*Valuation Date*	31st December 2019.
9.	*Conflicts of interest*	We have no current fee earning involvement with the properties.
10.	*Status of Valuer*	External Valuers.
11.	*Valuer and Competence Disclosure*	The Valuers with responsibility for this report will include Stephen Flanagan, MRICS, Alexandros Arvalis, MRICS, and Saud Sulaymani. We confirm that the Valuers meet the requirements of the RICS Valuation Standards PS 2 having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
12.	*Currency to be adopted*	SAR
13.	*Key assumptions, special assumptions, reservations, special instructions or departures*	To be advised.
14.	*Extent of inspection and investigations*	Our General Terms of Business for Middle East Professional Assignments and Valuations sets out the scope of our on site investigation.

1 VALUATION & ADVISORY PROPOSAL | CONFIDENTIAL

Terms of Engagement

15.	***Information to be relied upon***	We will rely upon information provided to us by you (or a third party) and will assume it to be correct without further verification. We recommend reliance is not placed on our interpretation of title and lease documents and that independent legal advice is sought.
16.	***Fees***	Our fee for undertaking this assignment will be SAR 75,000 + VAT
17.	***Payment Terms***	Initial 50% of the total fee is payable upon signing of the Terms of Engagement. Final 50% of the total fee is payable upon submission of the draft report. The final report will not be released until payment is made in full.
18	***Client review of draft report***	We will provide you with the opportunity, to give any comments on the draft report, before finalising the report. You will have 5 working days to provide comments once the report has been released in Draft format. We reserve the right to charge late fees on any work undertaken after this period has expired at a rate of SAR 500 per day until all comments have been addressed.
19.	***Limitation of liability to Client***	We refer you to Clause 3 of our General Terms of Business for Middle East Professional Assignments and Valuations which limits our liability to you. Pursuant to Clause 3.1 we confirm that Knight Frank Spain Saudi Arabia Real Estate Valuations Company maximum aggregate liability to you under or in connection with this instruction whether in contract, tort (including negligence) or otherwise will in no circumstances exceed SAR 1,000,000.
20.	***Liability to parties other than the Client***	The valuation is confidential to the Client and no responsibility is accepted to any other third party for the whole or any part of its contents.
21.	***Publication***	Should you wish to make reference to the valuation in annual accounts or any other document, circular or statement or disclose it to a third party, we require to approve the form and context of such publication or disclosure.

Our Terms of Engagement for this instruction comprise our "General Terms of Business for Middle East Professional Assignments and Valuations" which are attached, together with the specific terms contained within this sheet. Please can you sign and return this document signifying your agreement to the terms contained therein.

Signed for and on behalf of Alahli REIT Fund (1)

Name:
Date:

Signed for and on behalf of **Knight Frank Spain Saudi Arabia Real Estate Valuations Company**

Name: Stephen Flanagan
Date: 5 December 2019

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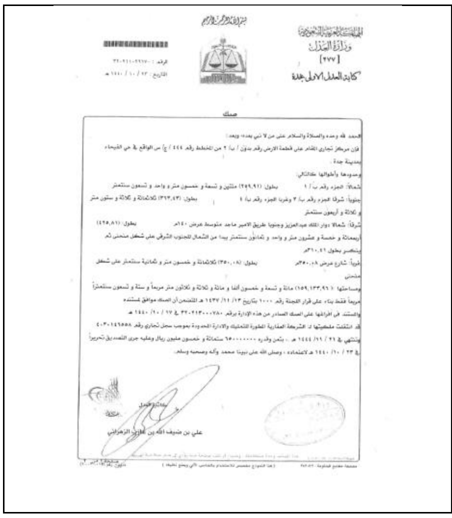
Appendix 2 - Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الاولى بجدة

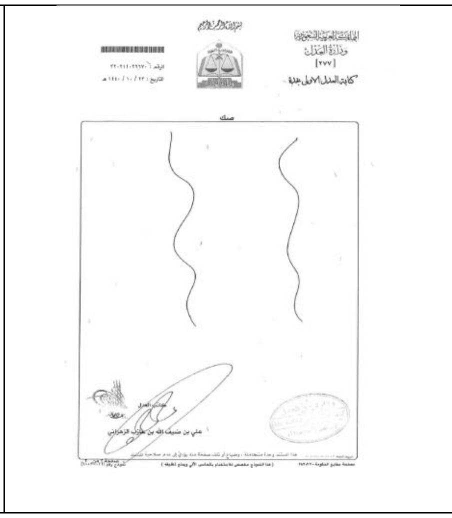
الرقم : ٣٢٠٢١١٠٢٩٢٧
التاريخ : ٢٣ / ١٠ / ١٤٤٠ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد :
فإن مركز تجاري القائم على قطعة الارض رقم بدون / ب/ ٢ من المخطط رقم ٤٤٤ / ج/ س الواقع في حي الفيحاء بمدينة جدة .
وحدودها وأطوالها كالتالي:
شمالاً: الجزء رقم ب/ ١ بطول: (٢٥٩,٩١) مئتين و تسعة و خمسون متر و واحد و تسعون سنتمتر
جنوباً: شرقا الجزء رقم ب/ ٣ وغربا الجزء رقم ب/ ٤ بطول: (٣٦٣,٤٣) ثلاثمائة و ثلاثة و ستون متر و ثلاثة و أربعون سنتمتر
شرقاً: شمالا دوار الملك عبدالعزيز وجنوبا طريق الامير ماجد متوسط عرض ٤٠م بطول: (٤٢٥,٨١) أربعمائة و خمسة و عشرون متر و واحد و ثمانون سنتمتر يبدأ من الشمال للجنوب الشرقي على شكل منحنى ثم ينكسر بطول ٤١,٢١٠م
غرباً: شارع عرض ٣٥٠,٠٨م بطول: (٣٥٠,٠٨) ثلاثمائة و خمسون متر و ثمانية سنتمتر على شكل منحنى
ومساحتها : (١٥٩,١٣٣,٩٦) مائة و تسعة و خمسون ألفا و مائة و ثلاثة و ثلاثون متر مربعاً و ستة و تسعون سنتمترا مربعاً فقط بناء على قرار اللجنة رقم ١٠٠٠ بتاريخ ١٣/ ١١/ ١٤٣٧ هـ المتضمن أن الصك موافق لمستنده والمستند في افراغها على الصك الصادر من هذه الإدارة برقم ٣٢٠٢١٣٠٠٠٧٨٠ في ١٧ / ١٠ / ١٤٤٠ هـ
قد انتقلت ملكيتها لـ الشركة العقارية المطورة للتملك والادارة المحدودة بموجب سجل تجاري رقم ٤٠٣٠١٤٩٥٥٨ وينتهي في ٢١ / ١١/ ١٤٤٤ هـ ، بثمن وقدره ٦٥٠٠٠٠٠٠٠ ستمائة و خمسون مليون ريال وعليه جرى التصديق تحريرا في ٢٣ / ١٠/ ١٤٤٠ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
علي بن ضيف الله بن عازب الزهراني

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تخليفه)



بسم الله الرحمن الرحيم

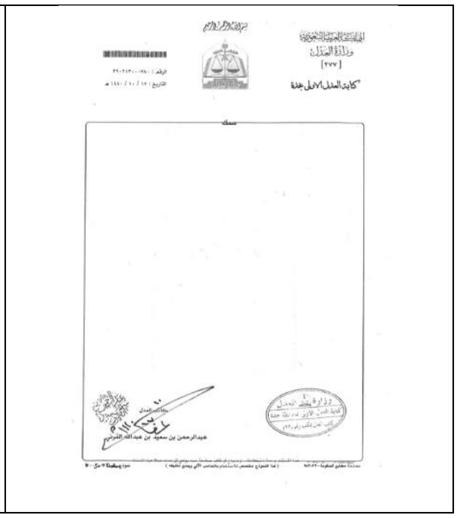
المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الاولى بجدة

الرقم : ٣٢٠٢١١٠٢٩٢٧
التاريخ : ٢٣ / ١٠ / ١٤٤٠ هـ

صك

كاتب العدل
علي بن ضيف الله بن عازب الزهراني

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تخليفه)



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الاولى بجدة

الرقم : ٣٢٠٢١٣٠٠٠٧٨٠
التاريخ : ١٧ / ١٠ / ١٤٤٠ هـ

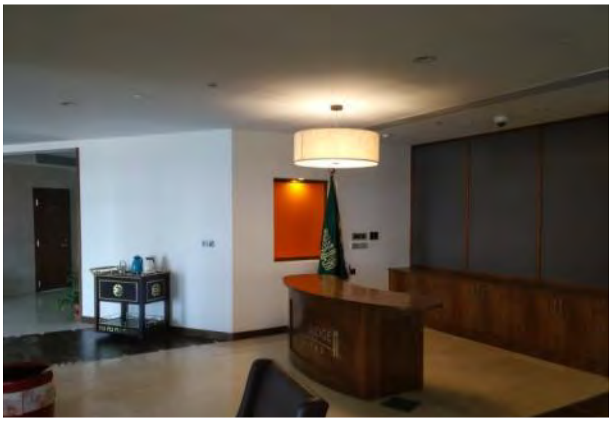
صك

كاتب العدل
عبدالرحمن بن سعيد بن عبدالله القرني

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تخليفه)

Appendix 3 - Photographs



Appendix 4 - Floor plans

Ground Floor

First Floor

Appendix 5 - Building Permit

المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
أمانة محافظة جدة

التاريخ : ٢٦ ٠٢ ٠٤
الرقم : ٠٠١٠٣

رخصة بناء

بلدية : البساتين
رخصة بناء : مركز تجاري   لمدة ثلاث سنوات تبدأ من تاريخه
اسم مالك : محمد بن عبدالعزيز الحبيب وشركاه
نوع هوية : حفيظة نفوس رقم ١٠   ت ١٤٢٥ ٠١ ٠١   بصدر بجده
صك ملكية : ٤٦٧   تاريخه ١٤٢٤ ٠٤ ٣٠
رقم مبنى : ٠٠٠٠ شارع غير مسمى   (٩٩٩٩) عن الشمر
رقم قطعة : ٠٠٠   رقم المخطط التنظيمي   تاريخ المخطط   ٠٠ ٠٠ ٠٠٠٠
تم رخص للمالك ببناء عدد ٠٢ دور بموجب الحدود والأبعاد والإرتدادات والبروزات

الإتجاه : محيط خارجي	الإرتداد	البروزات	المس
شمال : ١٤ ٠٠٢٩١	٩٠ ٧١	٠٠٠٠ ٠٠	وقق الصك : ٠٠ ١٠
شرق : ٣٧ ٠٠٧٦٣	٤٠ ٧١	٠٠٠٠ ٠٠	وقق الطبيعة : ٠٠ ١٠
جنوب : ٠٤ ٠٠٣٦٨	٠٠ ١٣٧	٠٠٠٠ ٠٠	وقق التنظيم : ٠٠ ١٠
غرب : ١٠ ٠٠٤٨٧	٨٢ ٧٠٦	٠٠٠٠ ٠٠	

المستويات	سكن	تجاري	مواقف سيارات	وحدات أخرى	مساحة
دور أرضي	٠٠ ٠٠٠٠٠٠٠	٠٠ ٠٠٤١٤٧٧	٠٠ ٠٠٣٨٠٠٠	٠٠ ٠٠٠٠٠٠٠	٠٠ ١٧
دور أول	٠٠ ٠٠٠٠٠٠٠	٠٠ ٠٠٧٥٢٩١	٠٠ ٠٠٠٠٠٠٠	٠٠ ٠٠٠٠٠٠٠	٠٠ ١١

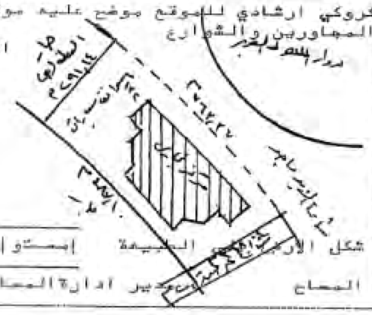
اجمالي طول الاسوار (م - ط) ٠٠ ٠٠٠٠٠٠
نسبة الدور الارضي ٠٦٠ .
رقم رخصة المعماري .
الاسم
رقم رخصة الإنشائي
الاسم
رقم رخصة المصمم ١٠٠٧٣
الاسم مروان بدرالدين عاشور
أجريت دراسة التربة بمعرفة
المكتب المصمم

الرسوم	رقم الإيصال	تاريخ الإيصال
٢٦٦٦٦ ٤٠	٦٧٣٨٢٤/٨	١٤٢٦ ٠٢ ٠٣

البيارة طول عرض عمق
٠٠ ٠٠٠٠٠   ٠٠ ٠٠٠٠٠   ٠٠ ٠٠٠٠٠

مكان وجودها
- تم اعتماد الطلب بموجب قرار اللجنة ٢٤٦٩ وتاريخ
تجارية

كروكي ارشادي للموقع موضح عليه موقع المجاورين والشوارع



شكل الأرض الطبيعة   منسوب غير
المساح   مدير ادارة المساحة

عدد الوحدات ~~السكنية~~ تجارية ٢٢٠
تم مراجعة المخططات والموافقة عليها على أن يلتزم المالك بتنفيذ كامل أنظمة البلد
وأن يرجع اليها عند ضرورة أي تعديل مهما كان وعليه أعطى الترخيص ...

مهندس الرخص   مدير إدارة التراخيص   رئيس البلدية
....

Appendix 6 - Profit & Loss - Hotel

Staybridge Suites
Valuation Date 31 Dec 2019
P&L - Uniformed Account System

Currency (SAR) '000	Forecast Year 1 2019/2020		Year 2 2020/2021		Year 3 2021/2022		Year 4 2022/2023		Year 5 2023/2024		Year 6 2024/2025		Year 7 2025/2026		Year 8 2026/2027		Year 9 2027/2028		Year 10 2028/2029	
Av. Room Occupancy	62%		66%		69%		69%		69%		69%		69%		69%		69%		69%	
Av. Room Rate (SAR)	640		717		760		775		791		806		822		839		856		873	
RevPAR	397		473		524		535		545		556		567		579		590		602	
Operations Revenue																				
Rooms Department	23,752	86.0%	28,319	87.6%	31,383	88.3%	32,010	88.3%	32,651	88.3%	33,304	88.3%	33,970	88.3%	34,649	88.3%	35,342	88.3%	36,049	88.3%
Food & Beverage Department	3,563	12.9%	3,681	11.4%	3,766	10.6%	3,841	10.6%	3,918	10.6%	3,996	10.6%	4,076	10.6%	4,158	10.6%	4,241	10.6%	4,326	10.6%
Other Operating Department	238	0.9%	283	0.9%	314	0.9%	320	0.9%	327	0.9%	333	0.9%	340	0.9%	346	0.9%	353	0.9%	360	0.9%
Miscellaneous Income	59	0.2%	60	0.2%	60	0.2%	61	0.2%	61	0.2%	62	0.2%	63	0.2%	63	0.2%	64	0.2%	65	0.2%
Total Sales / Operation Revenue ('000)	**27,612**	**100%**	**32,343**	**100%**	**35,523**	**100%**	**36,232**	**100%**	**36,956**	**100%**	**37,695**	**100%**	**38,448**	**100%**	**39,217**	**100%**	**40,000**	**100%**	**40,800**	**100%**
Departmental Expenses ('000)																				
Rooms Department	3,990	16.8%	4,191	14.8%	4,394	14.0%	4,481	14.0%	4,571	14.0%	4,662	14.0%	4,756	14.0%	4,851	14.0%	4,948	14.0%	5,047	14.0%
Food & Beverage Department	2,530	71.0%	2,430	66.0%	2,260	60.0%	2,305	60.0%	2,351	60.0%	2,398	60.0%	2,446	60.0%	2,495	60.0%	2,545	60.0%	2,596	60.0%
Other Operating Department	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Miscellaneous Income	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Departmental Expenses	6,520	23.6%	6,621	20.5%	6,653	18.7%	6,786	18.7%	6,922	18.7%	7,060	18.7%	7,202	18.7%	7,346	18.7%	7,492	18.7%	7,642	18.7%
Gross Operating Income ('000)	**21,092**	**76%**	**25,722**	**80%**	**28,869**	**81%**	**29,446**	**81%**	**30,035**	**81%**	**30,635**	**81%**	**31,247**	**81%**	**31,871**	**81%**	**32,508**	**81%**	**33,157**	**81%**
Undistributed Operating Expenses																				
Administration & General	3,948	14.3%	4,043	12.5%	4,263	12.0%	4,348	12.0%	4,435	12.0%	4,523	12.0%	4,614	12.0%	4,706	12.0%	4,800	12.0%	4,896	12.0%
Sales and Marketing	1,657	6.0%	1,779	5.5%	1,776	5.0%	1,812	5.0%	1,848	5.0%	1,885	5.0%	1,922	5.0%	1,961	5.0%	2,000	5.0%	2,040	5.0%
Property Operation and Maintenance	1,160	4.2%	1,391	4.3%	1,563	4.4%	1,594	4.4%	1,626	4.4%	1,659	4.4%	1,692	4.4%	1,726	4.4%	1,760	4.4%	1,795	4.4%
Utilities	2,213	8.6%	2,361	7.3%	2,487	7.0%	2,536	7.0%	2,587	7.0%	2,639	7.0%	2,691	7.0%	2,745	7.0%	2,800	7.0%	2,856	7.0%
Total Undistributed Expenses ('000)	9,928	36.0%	10,564	32.7%	11,142	31.4%	11,364	31.4%	11,592	31.4%	11,823	31.4%	12,060	31.4%	12,301	31.4%	12,546	31.4%	12,797	31.4%
Gross Operating Profit ('000)	**11,164**	**40%**	**15,159**	**47%**	**17,728**	**50%**	**18,082**	**50%**	**18,443**	**50%**	**18,811**	**50%**	**19,187**	**50%**	**19,570**	**50%**	**19,961**	**50%**	**20,360**	**50%**
Management Fee	414.18	1.5%	566.01	1.8%	621.65	1.8%	634.07	1.8%	646.74	1.8%	659.66	1.8%	672.84	1.8%	686.29	1.8%	700.01	1.8%	713.99	1.8%
Adjusted Gross Operating Profit ('000)	**10,750**	**39%**	**14,593**	**45%**	**17,106**	**48%**	**17,448**	**48%**	**17,796**	**48%**	**18,152**	**48%**	**18,514**	**48%**	**18,884**	**48%**	**19,261**	**48%**	**19,646**	**48%**
Incentive Fee	752	2.7%	1,021	3.2%	1,197	3.4%	1,221	3.4%	1,246	3.4%	1,271	3.4%	1,296	3.4%	1,322	3.4%	1,348	3.4%	1,375	3.4%
Non-Operating Income and Expenses	166	0.6%	194	0.6%	213	0.6%	217	0.6%	222	0.6%	226	0.6%	231	0.6%	235	0.6%	240	0.6%	245	0.6%
Replacement Reserve	828	3.0%	1,294	4.0%	1,421	4.0%	1,449	4.0%	1,478	4.0%	1,508	4.0%	1,538	4.0%	1,569	4.0%	1,600	4.0%	1,632	4.0%
EBITDA - Net Cash Flow ('000)	**9,003**	**32.6%**	**12,083**	**37.4%**	**14,275**	**40.2%**	**14,560**	**40.2%**	**14,850**	**40.2%**	**15,147**	**40.2%**	**15,450**	**40.2%**	**15,758**	**40.2%**	**16,073**	**40.2%**	**16,394**	**40.2%**
% Profit Ratio	32.6%		37.4%		40.2%		40.2%		40.2%		40.2%		40.2%		40.2%		40.2%		40.2%	

Appendix 7 - Taqeem Certificates

Valuation report

Salama Building, Madinah Road, Salamah District, Jeddah, Kingdom Of Saudi Arabia

Prepared on behalf of **NCB Capital / NCB**

Date of issue: **22 January 2020**

Contact details

Danial Mahfooz, CFA, NCB Capital, Jeddah, KSA

Knight Frank Spain Saudi Arabia Real Estate Valuations Company, 1st Floor, WH14, Raidah Digital City, Riyadh, Kingdom of Saudi Arabia, Stephen Flanagan, +971 4 4512 000, stephen.flanagan@me.knightfrank.com

KF ref: KF/V/548-2019

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Location	The property is located on Madinah Road within the Salamah district of Jeddah, which is perceived to be a good location in central Jeddah. The property has a frontage of approximately 100 meters on Madinah Road to the east along with a frontage to the north, west and south onto secondary roads. It lies within an area that is dominated by high-density population where the prevailing use is comprised mainly of residential apartment buildings. The King Abdulaziz International Airport is located some 6 km to the north from the property. The sea is situated some 5 km to the west.
Description	The property comprises a good quality multi-let office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors. The property's construction takes the form of a reinforced concrete frame with grey and blue exterior cladding. There are approximately 400 car parking spaces situated across the basement and mezzanine floors. The retail units on the ground floor benefit from good road frontage, all of which have double ceiling heights that allow for mezzanine accommodation. The office floors are accessed from the rear of the property through a dedicated lobby with six passenger lifts and one service lift. Internally the common area has been maintained in good condition.
Areas	The property has a total net leasable area (NLA) of 29,921 sq m of which 5,710 sq m is zoned for retail use and 24,002 sq m is zoned for office use. The rest of the NLA comprises storage space, telecommunication antennas, sign board, etc. The land plot, which the property is built on, extends to 7,682 sq m according to the copy of the land title deed that was provided to us.
Tenure	Assumed freehold
Planning	The client has provided us with the property's building permit, which indicates that the site has permission for a commercial development. We would advise your legal advisors to verify this.
Valuation considerations	• We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term with a fixed rental income of SAR 23,100,000 per annum without annual escalation. After expiry of the head lease, we have assumed that the head lease

Executive summary cont.

	falls away and the building then becomes available to be let on a multi tenanted basis, and is leased to third parties on market based lease terms. • The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices. • We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the cash flows generated under the head lease for the contracted lease term of 5 years and upon expiration, we have assumed the building would be leased based on our assumptions of Market Rent with allowances for deduction of operating expenses, leasing fees and property management fees. Our Estimated Rental Value for the property as at the valuation date is SAR 27,415,933 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.75% discount rate. • The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. Three of the retail units are sublet to brands such as Tajeer Group, Salama Insurance Company and Tim Hortons. • The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future. • We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a total requirement of 443 bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard. • Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors, as lettability of the building could be adversely impacted – parking is one of the key factors that tenants look for when considering taking space in an office building.
Valuation date	31 December 2019
Market Value (Head Lease)	We are of the opinion that the Market Value of the freehold interest in the Property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is: **SAR 253,860,000** **(Two Hundred and Fifty Three Million, Eight Hundred and Sixty Thousand Saudi Arabian Riyals)**

Executive summary cont.

Valuation Analysis

Item	Unit	Assumption
Head Lease	Entire building	5 years
Head Lease Rent	SAR 23,100,000 per annum	fixed
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent (after the Head Lease expiry)	SAR / sq m per annum	700 to 850
Estimated Retail Market Rent (after the Head Lease expiry)	SAR / sq m per annum	1,500
Service Charge	%	10%
Telecommunications Tower income	SAR per annum	35,000
Operating Costs (Head Lease)	Insurance Costs at SAR 156,135 per annum	Head Lease on a NNN basis
Operating Costs (after expiry of the Head Lease)	SAR / sq m per annum	90
Yield	%	8.25%
Growth	%	2.50%
Discount Rate	%	10.75%
Market Value	**SAR**	**253,860,000**
Capital Value per sq m	**SAR / sq m**	**8,477**

Contents

Appendices

1 Instructions

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Instructions	1.1	We refer to our Terms of Engagement and General Terms of Business dated 05 December 2019, which was returned to us on the 30th December 2019, to provide a valuation report on a mixed-use commercial property on Madinah Road, Jeddah identified as "Salama Building" ("the property"). Copies of these documents are attached at Appendix 1.
	1.2	This valuation has been carried out in accordance with our General Terms of Business for Valuations ("General Terms of Business").
Client	1.3	Our client for this instruction is NCB Capital, acting as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul). We are also valuing Andalus Mall and Staybridge Suites subject to the same instruction.
Valuation standards	1.4	This valuation has been undertaken in accordance with RICS Valuation – Global Standards 2017, incorporating the International Valuations Standards (IVS). References to "the Red Book" refer to either or both of these documents, as applicable. The valuation also undertaken in accordance with the Saudi Authority for Accredited Valuers (Taqeem).
Purpose of valuation	1.5	You have confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations.
Conflict of interest	1.6	We confirm that we do not have any material connection or involvement, giving rise to a conflict of interest and are providing an objective and unbiased valuation. We disclose, however, that we have valued the same asset for the Fund prior to its acquisition.
	1.7	We are acting as External Valuers, as defined in the Red Book.
Responsibility to third parties	1.8	Our valuation report is only for the use of our Client and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.9	Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
Limitations on liability	1.10	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuations Company ("Knight Frank"). Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.
	1.11	Knight Frank's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the

amount specified in the Terms of Engagement letter, a copy of which is attached. We do not accept liability for any indirect or consequential loss (such as loss of profits).

1.12 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Expertise

1.13 The valuer, on behalf of Knight Frank, with the responsibility for this report is Alex Arvalis MRICS. We confirm that the valuer meets the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. We also confirm that the valuer is a provisional member of the Saudi Authority of Accredited Valuers (TAQEEM).

Vetting

1.14 This report has been vetted as part of Knight Frank’s quality assurance procedures.

Scope of enquiries & investigations

Inspection	1.15	We were instructed to carry out an internal inspection of the property. Our inspection of the property was undertaken on 10 December 2019 by Talal Raqaban.
Investigations	1.16	The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.
Information provided	1.17	In this report we have been provided with information the Client. We have relied upon this information as being materially correct in all aspects.
	1.18	In particular, we detail the following: ● Information relating to the extent of the property ● Project summary ● Copy of the title deed ● Copy of the Building Permit ● Head Lease (in Arabic)
	1.19	In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Valuation bases

	1.20	In accordance with your instructions, we have provided opinions of value on the following bases:-
Market Value (MV)	1.21	The Market Value of the freehold interest in the property in its current physical condition, subject to the head lease.
Valuation date	1.22	The valuation date is 31 December 2019.

2 The property

Location

2.1 The property is located on Madinah Road within the Salamah district, which is perceived to be a good location in central Jeddah. The property has a frontage of approximately 100 meters on Madinah Road to the east along with a frontage to the north, west and south onto secondary roads. It lies within an area that is dominated by high-density population where the prevailing use is comprised predominantly of residential apartment buildings.

Access to the city centre is achieved via Madinah Road which is an arterial route running north south while Hira Street is situated a short distance to the north which affords access to the city in an east west direction.

The King Abdulaziz International Airport is located some 6 km to the north from the property. The sea is situated some 5 km to the west.

2.2 The Google Earth image below shows the macro location of the property.

Source: Google Earth

2.3 The Google Earth image below shows the micro location of the property.

Source: Google Earth

Site

Site area 2.4 We have not been provided with the property's affection plan (krooki). However, we understand that the property occupies a broadly rectangular site of approximately 7,682 sq m.

Description

General 2.5 The property comprises a good quality multi-let office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors.

The property's construction takes the form of a reinforced concrete frame with grey and blue exterior cladding. There are approximately 400 car parking spaces situated across the basement and mezzanine floors.

The retail units on the ground floor benefit from good road frontage, all of which have double ceiling heights that allow for mezzanine accommodation.

The office floors are accessed from the rear of the property through a dedicated lobby with six passenger lifts and one service lift. Internally the common area is in good condition.

2.6 Below is a selection of photos of the property taken during our inspection on 10th December 2019:

Areas 2.7 The Client has provided us with the breakdown of the Net Leasable Areas (NLA) of the property, a summary of which is provided below.

- The NLA of the retail units is 5,710 sq m
- The NLA of the office units is 24,002 sq m
- The rest of the NLA is comprised of storage space, telecommunications antennas, sign board, etc.

Measurement 2.8 As agreed with the client, we have relied upon the areas provided to us by NCB Capital and have assumed that they have been prepared in accordance with local market practice and regulations. No further verification has been undertaken. We have not undertaken a measurement survey of the property.

Services

2.9 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.10 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the property.

2.11 We have not tested the services and utilities available to the property; however, for the purpose of this report we assume that they have sufficient capacity to service its current use. We have not accounted for any costs in improving such services and utilities within our valuation. Should this prove not to be the case, we reserve the right to amend our valuation.

Legal title deed

2.12 We have been advised that Al Ahli REIT Fund (1) owns the property and were provided with a copy of the updated title deed with the following details:

Item	Description
Number	320212024018
Date	4 August 2019
Area	7,682 sq m
Note	Ownership transferred to Sundoq Tamkeen Real Estate Company which is the SPV of the Fund
Price	SAR 255,000,000

Source: Client

2.13 For the purposes of this valuation report we have assumed that the property is held 100% on a freehold basis free from any encumbrances and third party interests.

Covenants

2.14 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

2.15 These assumptions should be verified by your legal advisors. If they prove incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

Tenancies

2.16 The property is subject to a number of occupational tenancies. We set out below a list of tenancies and vacant units as provided by the client:

Item	Description
Lease Start Date	04 August 2019
Landlord	Al Ahli REIT Fund (1)
Tenant	Confidential
Term	5 years from 04 August 2019
Break option	None
Rent	Fixed rent of SAR 23,100,000 per annum paid quarterly in arrears
Repair	The tenant covenants to keep the premises in good and substantial repair and condition.
Alienation	Subject to the lessor's prior written approval, the lessee shall be entitled to sublease the property.

Source: Client

Condition

Scope of inspection

2.17 As stated in the General Terms of Business attached, we have not undertaken a building or site survey of the property.

2.18 At the date of inspection, the building appeared to be in a generally reasonable state of repair commensurate with its age and use. No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.19 We have not been provided with a copy of a ground condition report for the site. We have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building constructed thereon.

Environmental considerations

Contamination

2.20 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Planning

Planning Permit

2.21 The client has provided us with a copy of the property's planning consent from which we understand the following:

	Parking (sq m)	Commercial (sq m)
Basement	7,682	
Services Floor	6,558.1	
Ground Floor	0	4,486.5
Mezzanine		
1st	0	2,192.5
2nd	0	3,484
3rd	0	2,703
Recurring Floor	0	25,385.69
Total	**14,240.1**	**37,621.69**

Source: Client

Highways and access

Highways

2.22 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the property within the foreseeable future.

Access

2.23 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

2.24 We have assumed that there are no issues relating to visibility displays, which may impact upon the use of the property.

3 Market Analysis

Investment Overview

Property Investment Transaction Overview

3.1 There have been a higher frequency of published commercial investment transactions in the Kingdom of Saudi Arabia recently due to the publication of acquisitions on Tadawul of the assets acquired by listed REITS. Other than the REITS, the market is still rather opaque, meaning it is difficult to fully analyse reported transactions. The table below sets out some transactions from commercial buildings that have transacted over recent times across the Kingdom - these thus allow us to understand the investment parameters that investors considering commercial real estate investment in the KSA market are willing to pay.

Property Transaction Overview

Asset	Location	Use	BUA (sq m)	Initial Yield
Dinar Commercial Building	Jeddah	Offices	14,900	8.00%
Public Prosecution Building	Jeddah	Offices	14,575	8.73%
Alrawdah Business Centre	Jeddah	Mixed Use / Offices	13,335	8.50%
Khaldiyah Business Centre	Jeddah	Mixed Use / Offices	19,671	8.30%
Office Building	Jeddah	Mixed Use / Offices	7,343	9.00%
Bn Two Centre	Jeddah	Mixed Use / Offices	21,305	9.94%
Alnokhba Centre	Jeddah	Mixed Use / Offices	15,712	9.94%

Zahran Business Centre	Jeddah	Office	106,687	8.00%

3.2 Last year saw the overall real estate market become more uncertain as the Kingdom grappled with its budget deficit and continued low oil prices. Other macro factors such as the ongoing Brexit issue and Fed hikes led certain parties to take a “wait and see” approach. As a result, many have been observing the performance of REITS as a barometer for market sentiment regarding the real estate sector.

3.3 In formulating our capitalisation yield we have had regard to the points in the SWOT analysis above but also to the following:

- The quality of construction and the fact that the building is 7 years old
- The amenities provided are market standard
- Demand and supply dynamics of that asset class in Jeddah
- Accessibility and visibility as the property is located on Madinah Road
- Opportunities for income growth
- Location – both macro (by city) and micro (by road / frontage=100 meters on Madinah Road)

The capitulation yield is determined by the rate which recently traded property have sold, which is then adjusted to allow for differences between the comparable evidence and subject property. We have applied a capitalisation rate of 8.25% and a discount rate of 10.75%.

SWOT Analysis

Strengths	Weaknesses
• Head Lease – 5 years of steady income • Very good visibility and access on Madinah Road. • Additional income received from telecom towers.	• Lack of parking spaces for visitors where they currently park on a vacant land plot next to the subject property. • General signs of the building appearing to age.
Opportunities	**Threats**
• Tenant renegotiating leases to be long-term, with rental uplifts thus enhancing Head Lease attractiveness,	• The vacant land opposite the subject property is being used as parking for visitors, if this plot is developed, there will be a parking issue at the property. • Demand for offices in Jeddah may slow down further.

4 Valuation

Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Investment method

4.2 Our calculation of the Market Value of the Property has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of rental and sales transactions for similar properties. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors and adopting an appropriate capitalisation yield.

4.3 We have capitalised the head lease contracted rent for the contracted term and have reverted to multi tenanted let up of the building upon expiry.

4.4 For the estimation of the market rent after the expiry of the head lease, we have had regard to comparable offices in close proximity to the property. In the table and corresponding map below, we show our comparable evidence.

Table of Comparable Office Rents

Ref.	Building	Construction Year	Condition	Grade	Occupancy	Asking Rent (SAR psm pa)	Service Charge
1	Sumou Tower Jeddah	2013	Fitted	B	75%	900	10%
2	Ellite Al Shatea	2012	Fitted	B	80%	900	10%
3	Tahliya Centre	2010	Fitted	B	85%	850	10%
4	Al Mukmal Tower	2010	Fitted	B	95%	800	10%

Source: Knight Frank Research

Table of Comparable Retail Rents

Ref.	Location	Construction Year	Condition	Area (sq m)	Asking Rent (SAR psm pa)
5	Madinah Road, Rawdah District	2002	Renovated	1,150	1,100
6	Madinah Road, Rawdah District	2009	Not Renovated	270	900
7	Madinah Road, Rawdah District	2005	Not Renovated	72	1,150

Source: Knight Frank Research

Map of Comparables

Source: Google Earth

4.5 As shown above rents in comparable offices range from SAR 800 to SAR 900 per sq m per annum varying upon location, specification and quality. The rents stated in the table above are subject to a service charge.

4.6 At the higher end of the range is space in Sumou Tower, which completed in 2013 and offers grade B fitted space for SAR 900 per sq m per annum. Sumou Tower has two retail showrooms on the ground floor along King Abdulaziz Road.

Ellite Al Shatea features a mix of retail and office space. Completed in 2012, the building is a fitted grade B space for SAR 800 per sq m per annum, which is subject to a 10% service charge.

Comparable three, Tahliya Centre saw a drop in occupancy of c. 5% since 2018. It is fitted and is subject to a 10% service charge.

At 95% occupancy, comparable four (Al Mukmal Tower) has the highest occupancy in our table of comparables. Al Mukmal Tower completed in 2010 and commands SAR 800 per sq m per annum plus service charge.

Market Rent 4.7 In estimating the Market Rent for the office element of the property, we have considered the rents commanded in comparable offices, which currently ranges from

SAR 800 to SAR 900 per sq m per annum. Adjustments have been made to reflect the location of the property on Madinah Road, which is less desired relative to King Abdulaziz Road and Tahila Street, and the general quality of the development in relation to the comparable.

The comparable retail units in the table above on Madinah Road range from SAR 900 to SAR 1,150. The retail units of the subject property are well located and benefit from a wide frontage on Madinah Road, in a high density area. This area is known to be in high demand for retail spaces. Thus, we have estimated the Retail Market Rent to be SAR 1,500 per sq m per annum.

Estimated Rental Values 4.8 Based on the foregoing, we have adopted the follow Estimated Rental Values (ERV), which are inclusive of service charge:

Estimated Rental Values

Floor	Type	Unit	ERV (SAR)
1st - 3rd	Office	SAR per sq m / pa	700
4th - 8th	Office	SAR per sq m / pa	750
9th - 11th	Office	SAR per sq m / pa	800
12th and 13th	Office	SAR per sq m / pa	850
-	Retail	SAR per sq m / pa	1,500
-	Storage	SAR per annum	8,000
-	Telecom Tower	SAR per annum	35,000

Valuation Assumptions

Operating Costs (after the Head Lease) 4.9 The client has provided us with a breakdown of the operating costs for the property, which amounts to SAR 2,673,762 per annum. This equates to SAR 90 on NLA pa, which accounts for general maintenance, lift service, security, cleaning and insurance, water and electricity power for the common areas.

Service Charges 4.10 Our opinion of Market Rent assumes a 10% service charge, which has been factored in our estimated rental value.

Market Rent 4.11 The estimated Market Rent for the property is SAR 27,415,933 per annum as at the valuation date. This amount is reflected with market growth at 2% in our valuation model after the expiry of the Head Lease.

Valuation Summary

Item	Unit	Assumption
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent	SAR / sq m per annum	700 to 850
Service Charge	%	10%
Estimated Retail Market Rent	SAR / sq m per annum	1,500
Telecommunications Tower income	SAR per annum	35,000
Rent Passing	SAR per annum	25,953,821
Market Rent (100% occupancy)	SAR per annum	27,415,933
Operating Costs	SAR / sq m per annum	90
Property Management Fee and Marketing	Percent of Revenue	1.00%
Sinking Fund	Percent of Revenue	1.00%
Yield	%	8.25%
Growth	%	2.50%
Discount Rate	%	10.75%
Market Value	**SAR**	**253,860,000**
Capital Value per sq m	**SAR / sq m**	**8,477**

Valuation Considerations

Subject Property

4.12
- We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term with a fixed rental income of SAR 23,100,000 without annual escalation. After expiry of the head lease, we have assumed the property reverts to the owner who will then be responsible for management and leasing the building up on a multi tenanted basis
- The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices.
- We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the head lease for the contracted term of 5 years, and upon exp[iry, we have assumed the lease is not renewed, and the

freeholder becomes direct landlord over the sitting sub tenants, leasing the building thereafter at ourassumption of Market Rent upon allowing for deduction of operating expenses. Our Estimated Rental Value for the property is SAR 27,373,933 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.75% discount rate.

- The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. The three of the retail units are leased to a number of strong brands such as Tajeer Group, Salama Insurance Company and Tim Hortons.
- The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future.
- We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a requirement of 443 parking bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard.
- Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors. The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. Four of the five retail units are leased to a number of strong brands such as Tajeer Group, Salama Insurance Company and Tim Hortons. The rents that are currently being charged for the retail space are slightly below market, allowing the opportunity for some modest reversionary increase at review / expiry.

Valuation Bases

Market Value 4.13 Market Value is defined within RICS Valuation – Professional Standards as:

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

Valuation date

Valuation date 4.14 The valuation date is 31 December 2019.

Market Value

Assumptions 4.15 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Market Value 4.16 We are of the opinion that the Market Value of the freehold interest in the Property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is:

SAR 253,860,000

(Two Hundred and Fifty Three Million, Eight Hundred and Sixty Thousand Saudi Arabian Riyals)

5 Signature

Reviewed (but not undertaken by):

Alexandros Arvalis, MRICS	**Stephen Flanagan, MRICS**
RICS Registered Valuer	**RICS Registered Valuer**
Taqeem No. 1220000885	**Taqeem No. 1220001318**
Associate Partner	**Partner**
Valuation & Advisory, KSA	**Head of Valuation & Advisory MENA**
For and on behalf of	**For and on behalf of**
Knight Frank Spain Saudi Arabia Real Estate Valuations Company	**Knight Frank Spain Saudi Arabia Real Estate Valuations Company**

Saud Sulaymani

Taqeem Registered Valuer

Taqeem No. 1210001100

Partner

Valuation & Advisory, KSA

For and on behalf of

Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Appendix 1 - Instruction documentation (signed TOE)

Terms of Engagement

Client:	**Alahli REIT Fund (1)**
Contact Person:	**Danial Mahfooz, CFA**
Contact Email:	**d.mahfooz@alahlicapital.com**

1.	*Our Client and any other intended users*	**Alahli REIT Fund (1)**
2.	*Purpose of valuation*	[illegible]
3.	*Asset or Liability to be valued*	[illegible]
4.	*Interest to be valued*	Freehold
5.	*Type of Asset or Liability & use*	[illegible]
6.	*Delivery of draft report*	[illegible]
7.	*Basis of valuation*	[illegible]
8.	*Valuation Date*	31st December 2019
9.	*Conflicts of Interest*	[illegible]
10.	*Status of Valuer*	External Valuers
11.	*Valuer and Competence Disclosure*	[illegible]
12.	*Currency to be adopted*	SAR
13.	*Key assumptions, special assumptions, reservations, special instructions or departures*	To be advised
14.	*Extent of inspection and investigations*	[illegible]

Terms of Engagement

15.	*Information to be relied upon*	[illegible]
16.	*Fees*	[illegible]
17.	*Payment Terms*	[illegible]
18.	*Client review of draft report*	[illegible]
19.	*Limitation of liability to Client*	[illegible]
20.	*Liability to parties other than the Client*	[illegible]
21.	*Publication*	[illegible]

Our Terms of Engagement for this instruction comprise our "General Terms of Business for Middle East Professional Assignments and Valuations" which are attached, together with the specific terms contained within this sheet. Please can you sign and return this document signifying your agreement to the terms contained therein.

Signed for and on behalf of Alahli REIT Fund (1)

Name:
Date:

Signed for and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Name: Stephen Flanagan
Date: 5 December 2019

GENERAL TERMS

These General Terms of Business comprise a part of our Terms of Engagement. The following General Terms of Business apply to all professional assignments, valuations and appraisals undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report.

1. Knight Frank
Knight Frank Spain Saudi Arabia Real Estate Valuations Company is a Professional company registered in KSA with commercial registration no. 1010564516.

2. Jurisdiction
Commercial law shall apply in every respect in relation to our appointment and the agreement with the client which shall be deemed to have been made in the UAE. In the event of a dispute arising, unless expressly agreed otherwise in writing by Knight Frank, the client, and any third party using any of our reports or correspondence of any kind, will submit to the jurisdiction of the UAE only. This will apply wherever the property or the client is located or the advice is provided.

3. Limitations on Liability
3.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this may incur an additional fee. Maximum liability shall in no event exceed the fee for the professional assignment subject to an absolute maximum of SAR 1,000,000.
3.2 The client agrees not to bring any claim arising out of or in connection with this agreement against any Director, employee, 'partner' or consultant of Knight Frank (each called a 'Knight Frank Person'). Those individuals will not have a personal duty of care to the client and any such claim for losses must be brought against Knight Frank Spain Saudi Arabia Real Estate Valuations Company.
3.3 Nothing in these Terms of Business (or in our letter of engagement) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

4. Disclosure and Publication
Neither the whole or any part of our reports or correspondence nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear. Our report in entirely confidential to you.

5. Complaints Procedure
If you have any concerns about our service, please raise them in the first instance with the valuer concerned. If this does not result in a satisfactory resolution, please contact the relevant Head of Department. As required by RICS, we will send you a copy of our Complaints Procedure on request.

6. Our Fees
6.1 We reserve the right to charge late fees on any unpaid amounts from 30 days after the date of the invoice, at a rate of SAR 500 per day from the date of the invoice until payment is made.
6.2 If you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred.
6.3 Where a valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from yourselves until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

7. Disclosable Interests
We may offer the following services to prospective purchasers and similarly the services may be offered to them by another organisation in circumstances where we may benefit financially: financial services, property letting and management services, building construction, refurbishment and maintenance services and the sale of the prospective purchaser's property.

8. RICS Valuation Standards - "The Red Book"
Valuations and appraisals will be carried out in accordance with the RICS Valuation Professional Standards (July 2017), Global and UK Edition – 2017 Edition ("The Red Book") and also complies with International Valuation Standards, by valuers who conform to its requirements and with regard to relevant statutes or regulations. Compliance with The Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients.

9. Monitoring
The valuation may be subject to monitoring under the RICS conduct and disciplinary regulations.

10. Valuation Basis
Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will be agreed with you in the letter covering the specific terms for the instruction.

11. Portfolios
Where requested to value a portfolio, unless specifically agreed with you otherwise, we will value the individual properties separately, upon the assumption that the properties have been marketed in an orderly manner.

12. Title and Burdens
We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

GENERAL TERMS

13. Disposal Costs and Liabilities
No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges.

14. Sources of Information
We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to 'Leases' below), planning consents and other relevant matters, as summarised in our report. We assume that this information is complete and correct.

15. Boundaries
Plans accompanying reports are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

16. Planning, Highway and Other Statutory Regulations
Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

We assume that the premises comply with all relevant statutory requirements including fire and building regulations.

17. Property Insurance
Our valuation assumes that the property would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

18. Building Areas and Age
Where so instructed, areas provided from a quoted source will be relied upon. Otherwise, dimensions and areas measured on location or from plan are usually calculated in accordance with the local norm or the current RICS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

19. Structural Condition
Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

20. Ground Conditions / Reclamation
We assume there to be no unidentified adverse reclamation or ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

21. Environmental Issues
Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a proper environmental investigation undertaken.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of The Red Book.

22. Leases
The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors particularly where purchase or lending against the security of a property is involved.

23. Covenant
We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

24. Loan Security
Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

25. Reinstatement Assessments
A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose.

GENERAL TERMS

[illegible]

26. Comparable Evidence
[illegible]

Valuation Bases
1. Market Value (MV):
[illegible]

Market Value is defined as:
[illegible]

Existing Use Value (EUV)
[illegible]

2. Market Rent (MR):
Market Rent is defined as:
[illegible]

Projected Market Value (PMV) of Residential Property only
[illegible]

Regulated Purpose Valuations (RPV)
[illegible]

Signed for and on behalf of Alahli REIT Fund (1)

Date:
Name:

Signed for and on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Date: 05 December 2019
Name: Stephen Flanagan

Appendix 2 - KSA Economic Overview

Key Findings

Economic Factors

- Following a slight contraction in 2017, Saudi Arabia's GDP growth recovered in 2018, reaching 2.2% according to the latest IMF estimates. The return to growth is being underpinned by a combination of favourable factors including a rebound in oil prices, a gradual acceleration in the growth of the non-oil economy and the government's shift away from a tight fiscal policy that started in 2018. According to the IMF estimates, Saudi Arabia's GDP growth is expected to remain on a positive trajectory, averaging 2.1% over the five years forecast period.
- Non-oil GDP growth has been gradually accelerating since 2016, reaching 2.1% in 2018 up from 1.3% in 2017 and 0.1% in 2016. The non-oil economy is benefiting from the spill overs of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance on the hydrocarbon sector. While the oil sector maintains its position as the economic sector with the biggest impact on the Saudi Arabian's GDP, we expect the share of the oil sector in GDP to narrow further as the Kingdom's structural reforms begins to bear forms and the non-oil sector expands.
- The Purchasing Manager Index (PMI) - a non-oil economy tracker - rose to 57.3 in May 2019 supported by the fact that output growth accelerated to a 17-month high and new orders rose at one of the fastest pace seen over the past four years. Being well above the neutral 50 mark, the latest reading of the PMI points to an expansion in non-oil sectors and significant recovery of the index from its lowest level on record registered in April 2018 (51.4) to its highest level in more than a year.
- Higher oil prices and stronger non-oil revenues are paving the way for an expansionary fiscal policy. Starting 2018, the government has shifted away from a tight fiscal policy to support the economy as highlighted by a significant increase in expenditures to SAR 1.0 trillion in 2018 and a projected SAR 1.1 trillion in 2019. The Kingdom's total oil production has increased to 10.31 mb / day in 2018 versus 9.96 mb/ day in 2017.OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016.
- More recently there were signs that the recovery in general economic conditions that started in 2018 is slowly filtering through the wider system as highlighted by a recovery in consumer confidence and in credit growth in 2018 and heading into 2019 . These trends are seen as crucial in driving consumer spending in the short to medium term.
- Projections of lower GDP growth than historical levels, imply that the historic growth in the real estate sector will also be more muted than in the past. However, efforts by the government to diversify the economy and strengthen non-oil sectors are expected to lead to an increased focus on real estate with a special focus on tourism and hospitality. Moreover, the non-oil economy is

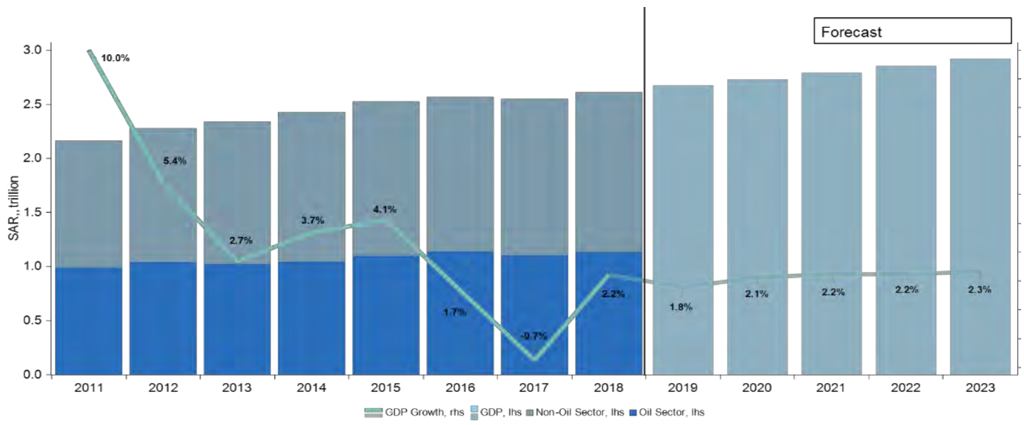
set to benefit from government-led initiatives in terms of regulations and transparency targeting higher private sector participation in the economy and larger inflows of FDIs.

Demographic Factors

- Based on the IMF forecasts, the population of Saudi Arabia is expected to grow at a constant 2 percent annual growth rate from 2019 onwards, reaching 36.7 million in 2023. A large and growing population, albeit at a slower pace than previous years, will continue to drive demand for goods and services in the short to medium term. Saudi Arabia's population is dominated by Saudi nationals, accounting for 63 percent of the population, which implies that aggregate demand for products and services does not primarily stem from the expatriate workforce. The share of the Saudi population aged between 0 and 25 years stands at 49 percent, highlighting the young demographic profile of the Saudi population, a key driver to consumer market growth.
- The employment market has been at the forefront of the economic agenda particularly as Saudi Arabia rolls out the Saudization plan aimed at boosting national employment in the private sector, placing a special focus on youth and women participation in the workforce. So far, this has entailed the introduction of levies on expats in the form of fees on dependants and the implementation of a plan restricting employment in certain sectors to Saudi nationals.
- Recent statistics suggest that the total number of expats in the employment market continued to decline in 2018 while the unemployment rate among Saudis has slightly edged down to 12.7% at year-end 2018 as compared to 12.8% a year earlier. From another perspective, Saudi wages have increased by c. 4% since the beginning of 2017, outpacing inflation, a reflection of how Saudization is affecting local economic conditions.

Macro Economic Snapshots

Saudi Arabia GDP Growth, 2011 - 2024

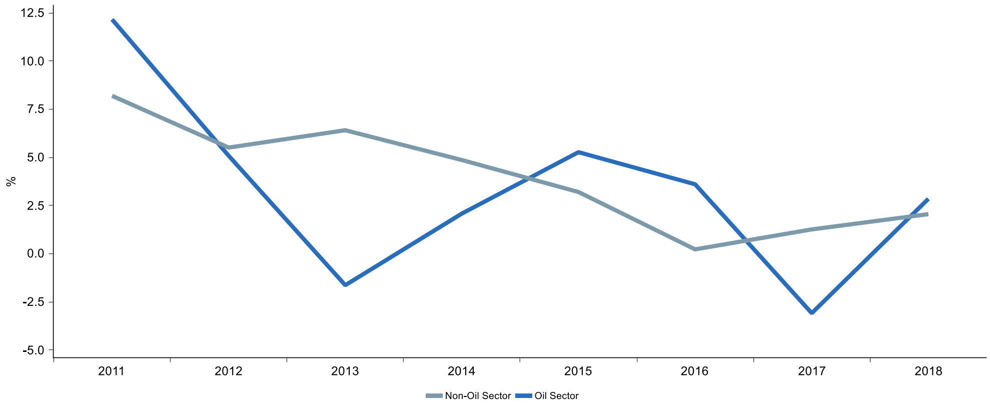


Source: Knight Frank Research, Macrobond

- Following a slight contraction in 2017, Saudi Arabia's GDP growth recovered in 2018, reaching 2.2% according to the latest IMF estimates.

- The return to growth is being underpinned by a combination of favourable factors including a rebound in oil prices, a gradual acceleration in the growth of the non-oil economy and the government's shift away from a tight fiscal policy that started in 2018.
- According to the IMF estimates, Saudi Arabia's GDP growth is expected to remain on a positive trajectory, averaging 2.1% over the five years forecast period.
- With this rate of economic growth, Saudi Arabia will remain below the average growth rate of c. 5 percent which was recorded between 2011 and 2015. The most challenging aspect of the long term economic growth will be in bolstering the non-oil private sector as any significant decline in oil prices and oil production from current levels can be a drag on headline GDP growth.

Saudi Arabia Oil & Non-Oil GDP and GDP Growth

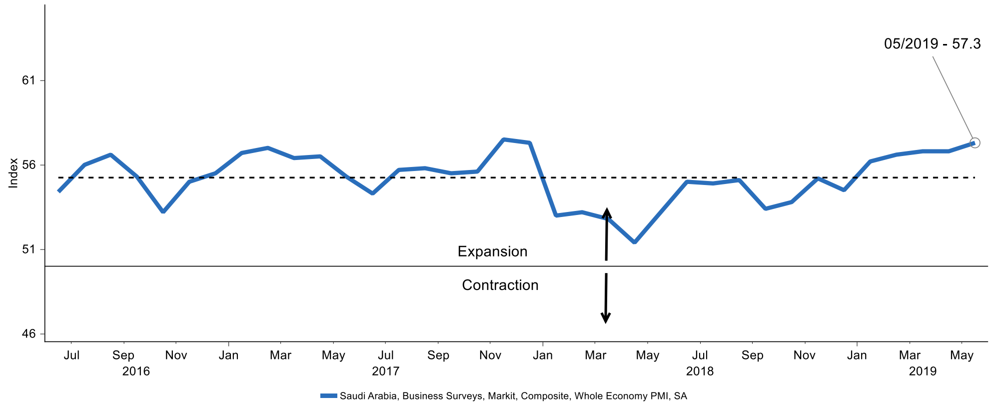


Source: Knight Frank Research, Macrobond

- Non-oil GDP growth has been gradually accelerating since 2016, reaching 2.1% in 2018 up from 1.3% in 2017 and 0.1% in 2016. The non-oil economy is benefiting from the spillovers of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance on the hydrocarbon sector.
- Both the Vision 20230 and the National Transformation Plan (NTP) are set to remain a central element of economic policy over the coming years and provide further support to the expansion of the non-oil sector.

Non-oil Sector Performance

Saudi Arabia, Purchasing Manager Index (PMI)

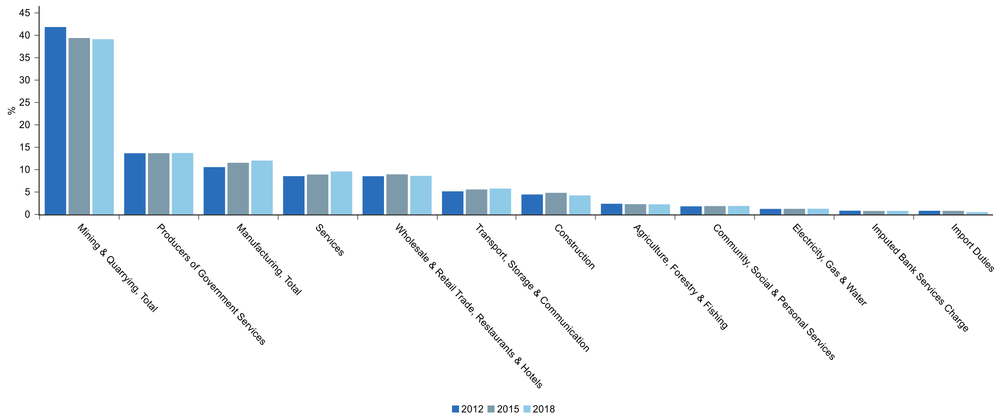


Source: Knight Frank Research, Macrobond

- The Purchasing Manager Index (PMI) - a non-oil economy tracker - rose to 57.3 in May 2019 supported by the fact that output growth accelerated to a 17-month high and new orders rose at one of the fastest pace seen over the past four years.
- Being well above the neutral 50 mark, the latest reading of the PMI points to an expansion in non-oil sectors and significant recovery of the index from its lowest level on record registered in April 2018 (51.4) to its highest level in more than a year.

Macro Economic Snapshots

Saudi Arabia GDP production approach, sector as a % of total



Source: Knight Frank Research, Macrobond

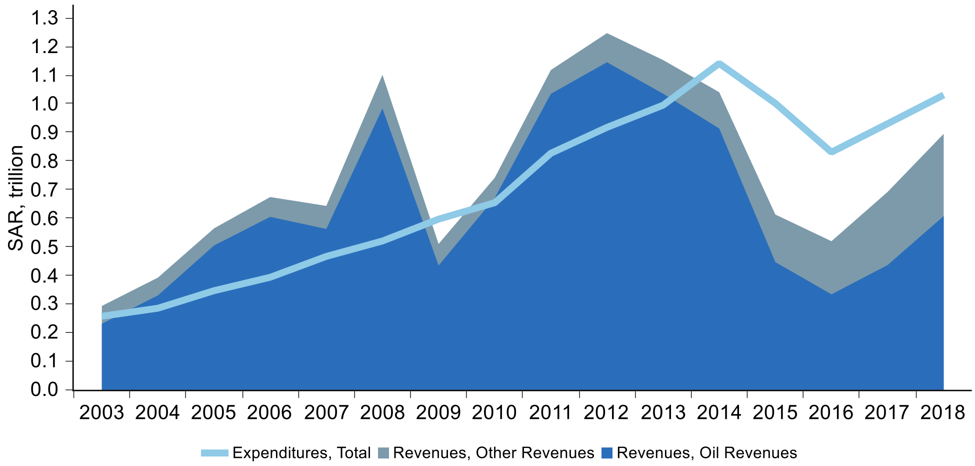
- The largest sector in Saudi Arabia is mining and quarrying, largely comprising crude oil and natural gas. The graph above depicts the contribution of each economic sector to total GDP in 2012, 2015 and 2018. Mining and quarrying contributed to 39 percent of GDP in 2018, a share that has slightly shrank over the past five years down from a contribution of 42 percent to total GDP in 2012.
- The oil sector maintains its position as the economic sector with the biggest impact on the Saudi Arabian's GDP. Over the longer term as the Kingdom's

structural reforms begins to bear forms and the non-oil sector expands, we expect the share of the oil sector in GDP to narrow further.

- Current efforts to diversify the economy away from oil dependence as outlined in the Vision 2030 and the National Transformation Plan (NTP), will eventually translate into an expansion of non-oil sectors (such as the tourism and the real estate sectors) and an increase in the participation of the private sector in the economy. However, the restructuring of the economy in line with the Saudi Vision 2030 is likely to be a gradual process which requires some time to come into effect.

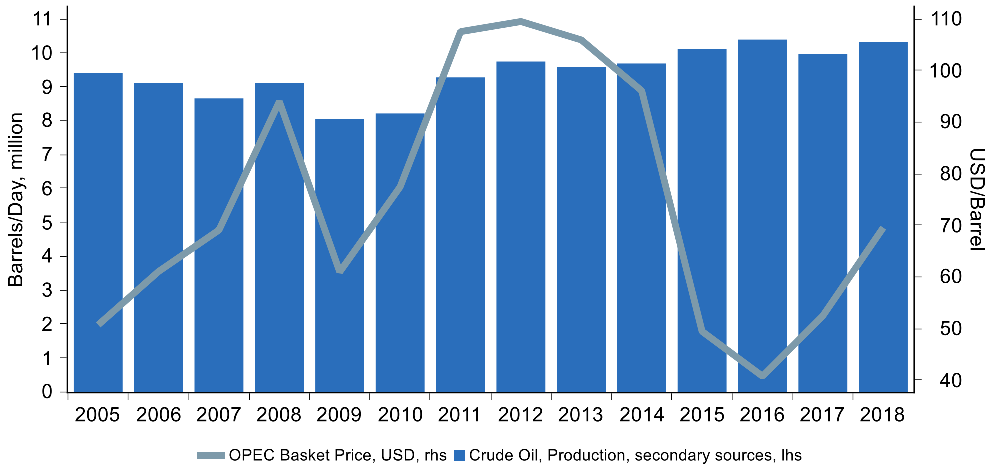
Fiscal position, Oil Production, Oil Prices

Saudi Arabia, Central Government Budget



Source: Knight Frank Research, Macrobond

Saudi Arabia Crude Oil Production and Price



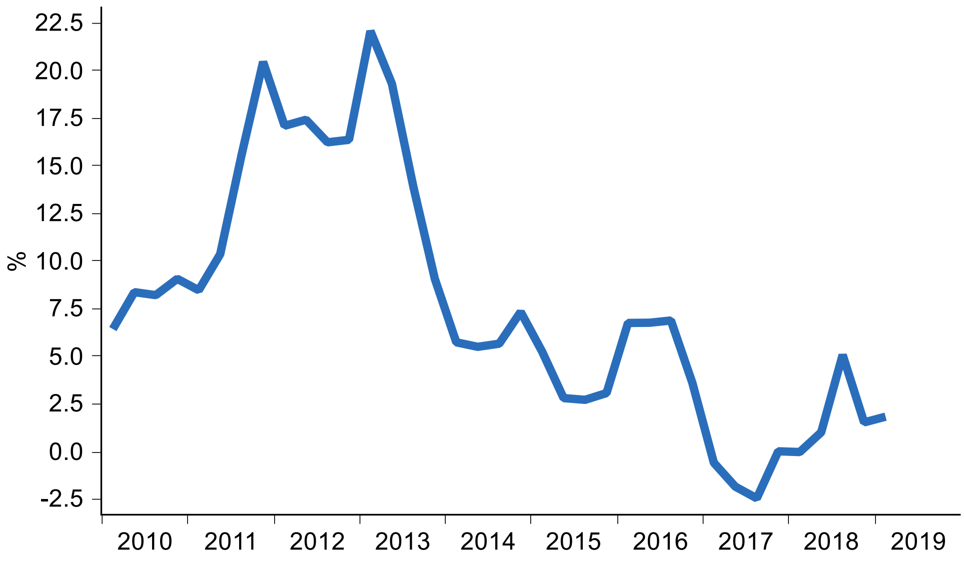
Source: Knight Frank Research, Macrobond

- In December 2016, Saudi Arabia has launched the Fiscal Balance Program 2017-2020, which represents a medium-term fiscal planning mechanism to sustain the status of public finances and achieve a balanced budget by maximising non-oil government revenues and improving government spending efficiency. This has helped the fiscal deficit to gradually narrow from a record level of 17.2 percent of GDP in 2016 to an estimated 1.9 percent of GDP according to the IMF. A fiscal balance is targeted to be achieved by 2023.

- Fiscal consolidation measures in view of strengthening non-oil revenues have so far included the introduction of VAT starting January 2018, the implementation of an expatriate levy in the form of a fee on dependents starting from July 2017, and the introduction of an excise tax on certain commodities such as soft drinks, energy drinks and tobacco products. In early 2019, Saudi Arabia has extended the scope of the excise tax to include additional types of beverages and smoking products.
- Higher oil prices and stronger non-oil revenues are paving the way for an expansionary fiscal policy. Starting 2018, the government has shifted away from a tight fiscal policy to support the economy as highlighted by a significant increase in expenditures to SAR 1.0 trillion in 2018 and a projected SAR 1.1 trillion in 2019.
- Oil production and prices are key drivers of the external and fiscal outlook and have a strong impact on GDP growth through government spending and market liquidity. The Kingdom's total oil production has increased to 10.31 mb / day in 2018 versus 9.96 mb/ day in 2017.
- OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant rise in oil prices partly explained by the agreements on production cuts in an attempt to steady the market.

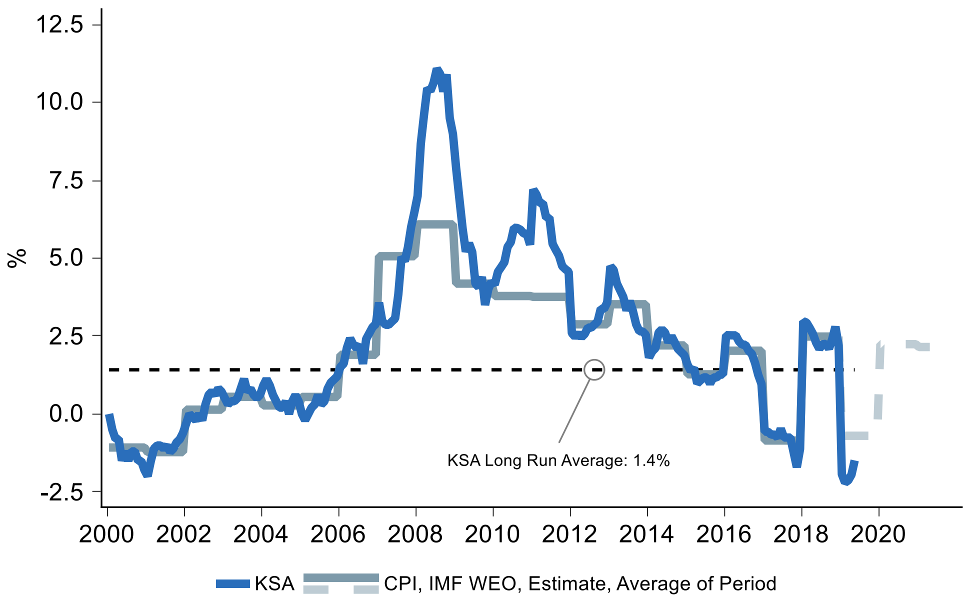
Loans, CPI, Consumer Confidence

Total Consumer Credit, Total YoY Change%



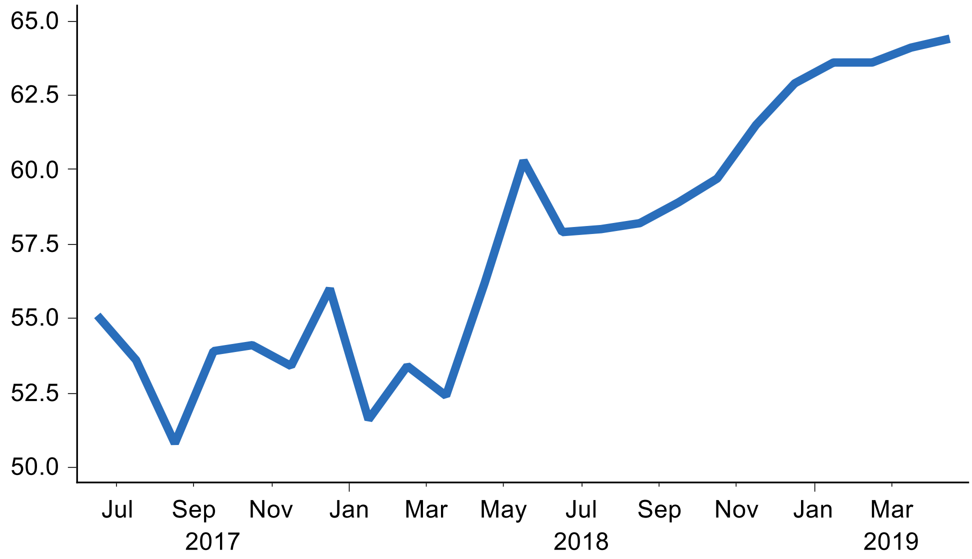
Source: Knight Frank Research, Macrobond

Consumer Price Index, YoY Change %



Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Confidence Index by Thomson Reuters / IPSOS

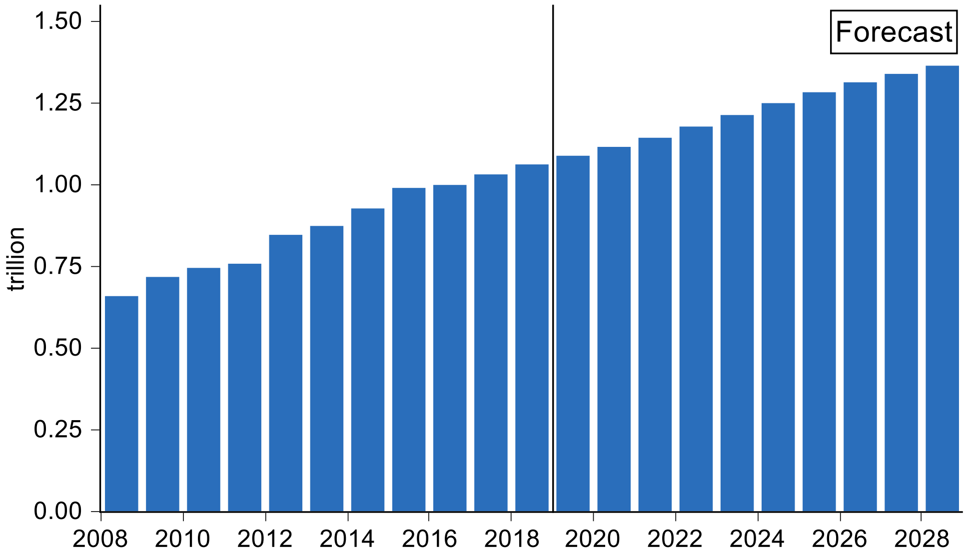


Source: Knight Frank Research, Macrobond

- Starting 2016, consumer-facing sectors have been challenged by difficult operating conditions as the drop in oil prices and the economic slowdown were met with fiscal consolidation measures. This has in turn impacted consumer confidence. More recently there were signs that the recovery in general economic conditions that started in 2018 is slowly filtering through the wider system.
- The recovery in banks' lending to the private sector in 2018 and heading into 2019 is a case in point and is seen as crucial in driving consumer spending in the short to medium term. Private sector loan growth by banks regained some momentum, which coincides with an improvement in consumer confidence.
- Consumer spending is likely to remain underpinned by subdued price pressures now that the base effects on consumer prices from last year's VAT introduction has faded away. In 2019, inflation rates have fallen back in negative territory mainly the result of declining housing rents.
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia has significantly improved in 2018 and heading into 2019, hitting a level of 64.4 in April 2019 up from 56.2 a year earlier. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived economic expectations, perceived investment climate and current job security.

Consumer Spending

Total Consumer Spending - Constant 2015 prices



Source: Knight Frank Research, Macrobond, Oxford Economics

- Total consumer spending stood at SAR 1.06 trillion in 2018 according to Oxford Economics. It is expected to grow at an average of 2.5 percent per year between 2019 and 2028 down from an average of 5.6 percent between 2008 and 2018 according to the same source.
- According to Oxford Economics, consumer spending on housing and housing related expenditures totalled SAR 154 billion in 2018 the equivalent of 29 percent of total consumer spending. This share has substantially increased over the past decade from 25 percent in 2008 and is expected to further increase reaching 30 percent by 2028.

Jeddah – Existing Demand Generators

Red Sea Mall

- It covers approximately 242,200 square meters of built area with the "Elaf Jeddah" hotel attached to the mall.
- The mall has the "biggest indoor water fountain" and the largest glass covered area in Saudi Arabia.

King Abdullah Sports City

- The stadium lies approximately 15 kilometres inland from the Corniche, 20 kilometres from the Red Sea Mall, 35 kilometres from the King Fahd Fountain, and 40 kilometres from Al-Balad old town.
- In addition to the main 60,000-seat soccer stadium, the complex includes a 10,000-seat multi-sports hall, an outdoor 1,000-seat athletic stadium, additional indoor training fields, and parking for 45,000 vehicles

King Abdul-Aziz University

- King AbdulAziz University includes two separate campuses (one for females and one for males) as per the requirements of the Islamic Shar'ia Law.
- Each of the campuses is equipped with academic, cultural, sports and recreational facilities, as well as a large library, which is supplied with the most advanced technologies to serve students and the teaching staff.

Al Balad Historical District

- Al Balad was founded in the 7th century and historically served as the center of Jeddah.
- Al Balad was nominated by Saudi Commission for Toursim and Antiquites to be listed in UNESCO's World Heritage site, which was accepted on 2014.

Jeddah Corniche

- The corniche features a coastal road, recreation area, pavilions and large-scale civic sculptures - as well as King Fahd's Fountain, the highest fountain in the world.
- The established area is well equipped, with many facilities including restaurants, retail outlets, hotels, aquarium, cultural center, water dancing fountain, blossoming gardens and fountains.

Jeddah International Exhibition & Conference Centre (JIECC)

- Jeddah International Exhibition and Convention Center (also known as Jeddah Center for Forums & Events) is a multi-purpose venue, located in one of the leading commercial hubs of Saudi Arabia.
- The venue covers 40,000 square metres and provides 10,000 square metres of indoor event area, a large exhibition hall, a business centre and dining options.

Haya Jeddah Festival

- Haya Jeddah, considered the largest shopping festival in Saudi Arabia, promotes the city’s position as a welcoming and accessible family destination.

Fakieh Aquarium

- The only aquarium for the public in Saudi Arabia and offers education and entertainment by presenting the wonders of the underwater environment of the Red Sea and marvels brought from other seas and oceans around the world.
- With more than 200 species including Sharks, Groupas, Sting-Rays, Napoleon Wrasse, Sea Horses and Moray Eels amongst others, the Fakieh Aquarium aims to continue expanding the aquarium, offering a unique dolphin swimming experience, which was started in 2019.

Haramain High Speed Railway

- The 450km high speed rail link connects the cities of Makkah, Jeddah and Madinah.
- The project has been running tests since Q3 2016 and opened to the public officially in October 2018.
- The line is projected to carry around 165,000 passengers per day at full operational capacity.

Jeddah– Upcoming Major Developments

Prince Sultan Cultural Centre

- The Cultural Centre will be the focal point of the Cultural City, providing a range of cultural and artistic activities and programmes.
- The Centre will be designed to include a 2,000 seat Auditorium for performing arts, conventions, exhibitions, interactive experiences and gallery space.

Jeddah Economic City

- Jeddah Economic City, previously known as Kingdom City, is a 5,202,570 square metre (56,000,000 square feet) (2 square mile) project approved for construction in Jeddah, Saudi Arabia.
- The centerpiece of the development will be Jeddah Tower, planned to be the tallest building in the world upon its completion. Jeddah Economic City is a three-phase project. We understand that Jeddah Tower is included in phase 1 of construction, earmarked for completion by 2021.

Heart of Jeddah

- Heart of Jeddah is a new community in central Jeddah, Saudi Arabia. The site is a redevelopment of an abandoned air field and is surrounded by newly developed residential communities and retail establishments. Immediately adjacent to the site is King Abdelaziz University.
- Derived from the historical development patterns of Jeddah, the Souk features a number of small, low-rise mixed-use buildings.

King Abdullah Economic City

- King Abdullah Economic City (KAEC) has defined its credentials in the past few years as a major social and economic growth driver in the Kingdom.
- The Economic City, the 168 million square metres development on the Red Sea coast, energises the economy through diverse components including a port, industrial zone, and residential projects.
- KAEC will have a station on the Haramain high-speed railway connecting Makkah and Medina.

Appendix 3 - Estimated Market Rent

Unit	Type	Allotted Space	ERV
1210001-مكتب 101+102 - المهرج	Office	748.16	523,712
1210002-مكتب 103 - المهرج	Office	407.37	285,159
1210003-مكتب 104 - المهرج	Office	390.00	273,000
1210004-مكتب 105 - المهرج	Office	730.00	511,000
1210005-مكتب 106 - المهرج	Office	150.00	105,000
1210005-مكتب 107 - المهرج	Mosque	200.00	-
1210007-مكتب 201 - المهرج	Office	195.00	136,500
1210008-مكتب 202 - المهرج	Office	209.98	146,986
1210009-مكتب 203+204 - المهرج	Office	442.00	309,400
1210010-مكتب 205 - المهرج	Office	221.00	154,700
1210011-مكتب 206 - المهرج	Office	195.00	136,500
1210012-مكتب 207 - المهرج	Office	227.19	159,033
1210013-مكتب 208 - المهرج	Office	102.00	71,400
1210014-مكتب 209 - المهرج	Office	102.00	71,400
1210015-مكتب 210 - المهرج	Office	230.00	161,000
1210016-مكتب 301 - المهرج	Office	195.00	136,500
1210017-مكتب 302 - المهرج	Office	221.00	154,700
1210018-مكتب 303+304 - المهرج	Office	442.00	309,400
1210019-مكتب 305 - المهرج	Office	221.00	154,700
1210020-مكتب 306 - المهرج	Office	195.00	136,500
1210021-مكتب 307 - المهرج	Office	227.19	159,033
1210022-مكتب 308 - المهرج	Office	102.00	71,400
1210023-مكتب 309 - المهرج	Office	102.00	71,400
1210024-مكتب 310 - المهرج	Office	230.00	161,000

1210025-مكتب 401 - المهبرج	Office	195.00	146,250
1210026-مكتب 402 - المهبرج	Office	221.00	165,750
1210027-مكتب 403 - المهبرج	Office	221.00	165,750
1210028-مكتب 404 - المهبرج	Office	221.00	165,750
1210029-مكتب 405 - المهبرج	Office	221.00	165,750
1210030-مكتب 406 - المهبرج	Office	195.00	146,250
1210031-مكتب 407 - المهبرج	Office	230.00	172,500
1210032-مكتب 408 - المهبرج	Office	102.00	76,500
1210033-مكتب 409 - المهبرج	Office	102.00	76,500
1210034-مكتب 410 - المهبرج	Office	230.00	172,500
1210035-مكتب 501 - المهبرج	Office	195.00	146,250
1210036-مكتب 502 - المهبرج	Office	221.00	165,750
1210037-مكتب 503 - المهبرج	Office	221.00	165,750
1210038-مكتب 504+505+506 - برج المه	Office	637.00	477,750
1210039-مكتب 507+508 - المهبرج	Office	332.00	249,000
1210040-مكتب 509+510 - المهبرج	Office	332.00	249,000
1210041-مكتب 601 - المهبرج	Office	195.00	146,250
1210097-مكتب 602 - المة	Office	221.00	165,750
1210042-مكتب 603+604 - المهبرج	Office	442.00	331,500
1210043-مكتب 605 - المهبرج	Office	221.00	165,750
1210044-مكتب 606 - المهبرج	Office	195.00	146,250
1210045-مكتب 607 - المهبرج	Office	221.00	165,750
1210046-مكتب 608 - المهبرج	Office	102.00	76,500
1210047-مكتب 609 - المهبرج	Office	102.00	76,500
1210048-مكتب 610 - المهبرج	Office	230.00	172,500
1210049-مكتب 701 - المهبرج	Office	195.00	146,250
1210050-مكتب 702+703 - المهبرج	Office	442.00	331,500

1210051-مكتب 704 - المهبرج	Office	221.00	165,750
1210052-مكتب 705 - المهبرج	Office	221.00	165,750
1210053-مكتب 706 - المهبرج	Office	195.00	146,250
1210054-مكتب 707 - المهبرج	Office	230.00	172,500
1210055-مكتب 708 - المهبرج	Office	102.00	76,500
1210056-مكتب 709 - المهبرج	Office	102.00	76,500
1210057-مكتب 710 - المهبرج	Office	230.00	172,500
1210058-مكتب 801 الي 810 - المهبرج	Office	2,233.00	1,674,750
1210059-مكتب 901 - المهبرج	Office	195.00	156,000
1210060-مكتب 902 - المهبرج	Office	221.00	176,800
1210061-مكتب 903 - المهبرج	Office	221.00	176,800
1210062-مكتب 904 - المهبرج	Office	221.00	176,800
1210063-مكتب 905 - المهبرج	Office	221.00	176,800
1210064-مكتب 906 - المهبرج	Office	195.00	156,000
1210065-مكتب 907 - المهبرج	Office	230.00	184,000
1210066-مكتب 908 - المهبرج	Office	102.00	81,600
1210067-مكتب 909 - المهبرج	Office	102.00	81,600
1210068-مكتب 910 - المهبرج	Office	230.00	184,000
1210069-مكتب 1001 - المهبرج	Office	195.00	156,000
1210070-مكتب 1002 - المهبرج	Office	221.00	176,800
1210071-مكتب 1003 - المهبرج	Office	221.00	176,800
1210072-مكتب 1004+1005 - المهبرج	Office	442.00	353,600
1210074-مكتب 1006 - المهبرج	Office	195.00	156,000
1210075-مكتب 1007 - المهبرج	Office	230.00	184,000
1210076-مكتب 1008 - المهبرج	Office	102.00	81,600
1210077-مكتب 1009 - المهبرج	Office	102.00	81,600
1210078-مكتب 1010 - المهبرج	Office	230.00	184,000

1210079-مكتب 1101 الي 1110 - برج المه	Office	1,424.00	1,139,200
1210080-مكتب 1201 الي 1310 - برج المه	Office	2,441.00	2,074,850
1210081-مركز G1+2+3 - المهبرج	Showrooms	1,873.00	2,809,500
1210082-مركز G4+5 - المهبرج	Showrooms	898.44	1,347,660
1210083-مركز G6+7 - المهبرج	Showrooms	539.00	808,500
1210084-مركز G8 - المهبرج	Showrooms	2,400.00	3,600,000
1210085-سطوح + غرفة االت ك	Other	4.00	35,000
1210086-لوحة ضوئية	Other	10.00	20,000
1210087-استئجار التجاري للبرج	Other	0.00	350,000
1210088-مستودع رقم1	Other	0.00	8,000
1210089-مستودع رقم2	Other	0.00	8,000
1210090-كفتريا الدور الثاني	Cafeteria	9.00	30,000
1210092-مستودع رقم3	Other	0.00	8,000
1210093-التبرج اال كرقم-1 - المة	Other	0.00	35,000
1210094-التبرج اال كرقم- 2 - المة	Other	0.00	35,000
1210095-ايجار موقف - المة	Other	0.00	75,000
1210096-ايجار غرف مستودعات - المة	Other	9.00	50,000