Knight Frank

Valuation report

Qbic Building, Al Ghadeer District, Riyadh, Kingdom of Saudi Arabia

Prepared on behalf of **NCB Capital**

Date of issue: **28th July 2020**

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KF ref: KF/V/173-2020

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	Qbic Building, King Abdulaziz Road, Al Ghadeer District, Riyadh, KSA
Location	The property is located just 170 meters north of the junction of King Abdulaziz Road with Northern Ring Branch Road in Al Ghadeer District in Riyadh. More specifically, it is situated just across from Tala Mall and it is bounded by King Abdulaziz Road from the east, by Tanmar Road from north, by Wadi Rikham Road from west and Tanduf Road from the south. The King Abdullah Financial District (KAFD) is just 2 km to the west and the King Khalid International Airport lies 20 km north of the property.
Description	The property comprises a high-end mixed-use commercial retail strip (showrooms, shops, office units and restaurants) accommodating three buildings – A, B and C – that are designed in a U shape. Building A includes a ground floor, a mezzanine level, first floor and second floor. Building B and C include a ground floor, first floor and second floor. The property is best suited for high-end fine dining restaurants and showrooms. Many of the restaurants have external terraces that give a high-end property feel. There is a vehicular ramp that leads from the ground floor to the two basements. A standalone building is located in the middle of the property just before the ramp that leads to the basements. The property has two basement floors with a total of c. 670 parking spaces. The basements have good air flow circulation. There are three accesses to the parking area on the first basement floor, including the ramp.

Areas

The built up area (BUA) and the net leasable area (NLA) of the property are 42,145.31 and 21,253.00 square meters respectively on a land plot of 17,444.21 square meters.

Level	Built Up Area (sq m)
Basement Parking	18,744.00
Ground Floor	7,559.85
Mezzanine Floor	1,583.77
First Floor	8,411.94
Roof Floor	5,678.25
Standalone Building	167.50
Total	**42,145.31**

Tenure

Freehold

Tenancies

The property is to be leased in its entirety to the Ministry of Housing

Assumption

A lease is being signed with the Ministry of Housing for the entire asset. This is the structure of the proposed acquisition and our valuation assumption. We have been instructed by the client to assume (prior to the lease being fully finalised) that the property is leased to the Ministry of Housing for a term of 6 years (3+3) on a triple net basis, with the following rents:

Year 1 (SAR pa)	Year 2 (SAR pa)	Year 3 (SAR pa)	Year 4 (SAR pa)	Year 5 (SAR pa)	Year 6 (SAR pa)
21,613,000	21,613,000	21,613,000	18,793,913	18,793,913	18,793,913

Planning

We have been provided with a Building Permit for the property which indicates that the property has approval to accommodate restaurants, showrooms and offices.

Valuation considerations

- The property is centrally located and enjoys very good accessibility and visibility from both sides of King Abdulaziz Road. The layout and format of the property is of a high standard for a neighbourhood mixed use commercial strip development in Saudi Arabia. The traditional retail strip concept is still widely appreciated by the majority of the population in Riyadh and the performance of retail components has been heavily reliant on the retail strip location, tenant mix and other critical success factors. However, the entrance of structured shopping centres has been shifting consumer preferences as the younger demographic of the Saudi population are becoming increasingly more brand-aware and oriented towards high-end products and experiences, e.g. cinemas, play areas.

- We have been instructed by the client to assume that the property is leased to the Ministry of Housing for a term of 6 years (3+3) on a triple net basis – the lese documentation is currently being finalised. Typically, rental agreements of this nature between landlords and KSA government entities have a provision for a maximum term of 9 years in the Kingdom by law.
- We have assessed the market value of the property using a discounted cash flow approach, where we have modelled our assumption of the Market Rent of the property assuming vacant possession and phased letting on market terms and allowed for deduction of operating expenses. Our Estimated Rental Value is SAR 29.66 million per annum (assuming 100% occupancy). We have assumed 2.5% annual inflation in our cash flows and adopted an 8.00% exit yield and 10.50% discount rate.
- There is no historical evidence regarding service charges / costs for FM per annum, therefore we have reflected an Op Ex provision of SAR 250 per sq m on GLA in our valuation analysis on expiry of the head lease to the Ministry of Housing.

Valuation date	08 June 2020
Market Rent	SAR 29,668,000 (at 100% occupancy at the valuation date)
Market Value	We are of the opinion that the Market Value of the property based on the head lease for 6-years to the Ministry of Housing, at the valuation date, is: **SAR 252,270,000** **(Two Hundred and Fifty Two Million, Two Hundred and Seventy Thousand Saudi Arabian Riyals)**

Contents

Appendices

Appendix 1 - Instruction documentation

Appendix 2 - Title Deed

Appendix 3 - Building Permit

Appendix 4 - Additional Photographs

Appendix 5 - Floor plans

Appendix 6 - KSA Market Overview

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 9th June 2020 which were signed and returned to us on 16 June 2020 to provide a valuation report on a mixed-use commercial property on King Abdulaziz Road, Ghadir district, Riyadh, KSA identified as “Qbic 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 (“the Client”).
Valuation standards	1.4	This valuation has been undertaken in accordance with the Taqeem regulations, RICS Valuation – Global Standards 2020, incorporating the International Valuations Standards, and latest RICS Professional Standards. References to “the Red Book” refer to either or both of these documents, as applicable.
Purpose of valuation	1.5	You have confirmed that this valuation report is required for acquisition purposes.
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.
	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 In accordance with VPS3 of the Red Book, the valuer, on behalf of Knight Frank, with the responsibility for this report is Stephen Flanagan MRICS. This valuation has been reviewed by Saud Sulaymani under the Taqeem provisions. 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 internal / external inspection of the property. Our inspection of the property was undertaken on 8th June 2020 by Ibrahim Al Rashed.

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, 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
- Breakdown of units (in Excel)
- Floor plans (ground floor, mezzanine, first floor, second floor, roof)
- Project summary (PDF)
- Copy of the title deed
- Copy of the Building Permit
- Details of the rent provisions, structure and lease length

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 1.21 The Market Value of the freehold interest in the property assuming the lease is completed with the Ministry of Housing for a term of 6 years (3+3) on a triple net basis, with the following rents:

Year 1 (SAR pa)	Year 2 (SAR pa)	Year 3 (SAR pa)	Year 4 (SAR pa)	Year 5 (SAR pa)	Year 6 (SAR pa)
21,6133,000	21,6133,000	21,6133,000	18,793,913	18,793,913	18,793,913

Market Rent (MR) 1.22 The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.

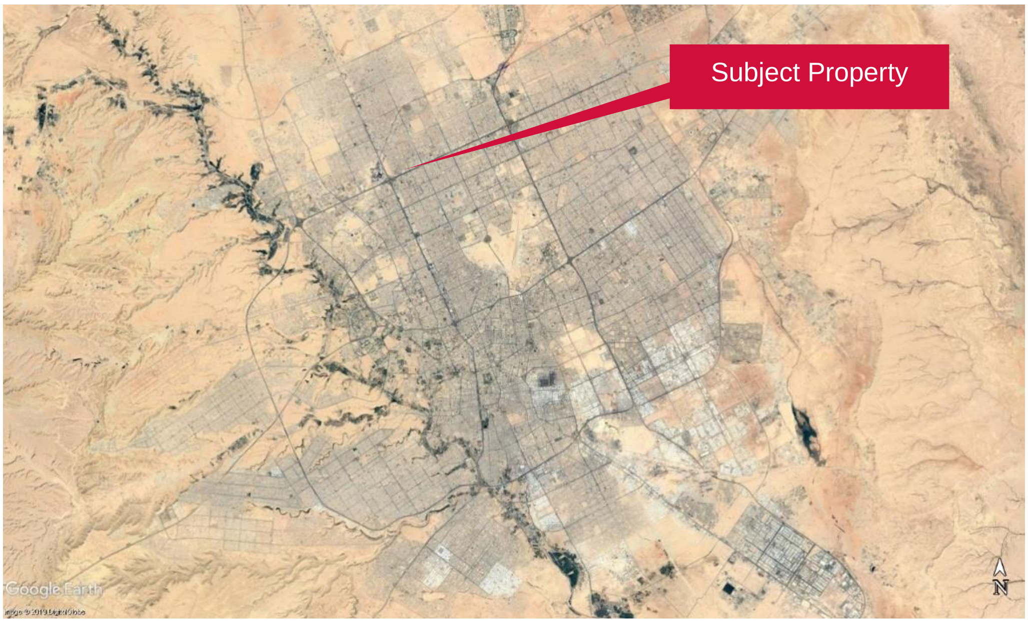
Valuation date 1.23 The valuation date is 08 June 2020.

2 The property

Location

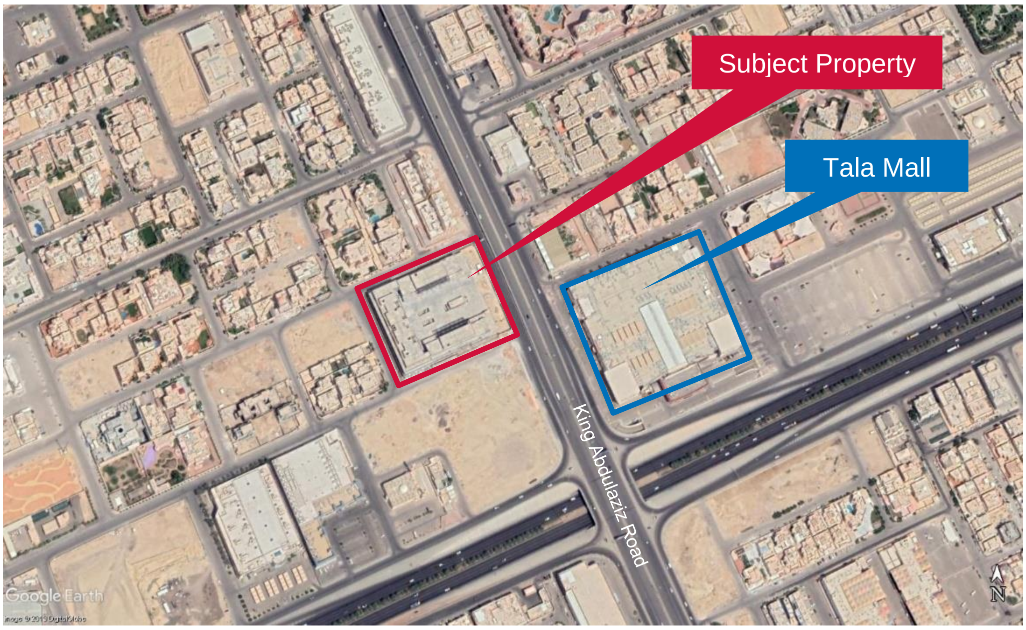
2.1 As can be seen from the plan below, the property is located just 170 meters north from the junction of King Abdulaziz Road with Northern Ring Branch Road in Al Ghadeer District in Riyadh. More specifically, it is situated just across from Tala Mall and it is bounded by King Abdulaziz Road from the east, by Tanmar Road to the north, by Wadi Rikham Road to the west and Tanduf Road to the south. The King Abdullah Financial District (KAFD) is just 2 km to the west and the King Khalid International Airport is 20 km north.

The wider area is mainly residential comprising local villas and apartment buildings while commercial uses prevailing on King Abdulaziz Road and Northern Ring Branch Road.



Source: Google Earth

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



Source: Google Earth

Site

Site area 2.3 The property occupies a flat and rectangular site of approximately 17,444.21 sq m.

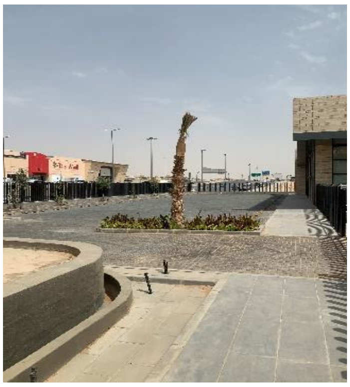
Site plan 2.4 We have not been provided with an Affection plan (Krooki). The property is identified on the Building Permit below, showing our understanding of the boundary of the property.

Source: Client

Description

2.5 The property comprises a high-end mixed-use commercial retail strip (showrooms, shops, office units and restaurants) accommodating three buildings – A, B and C – that are designed in a U shape. Building A includes a ground floor, a mezzanine level, first floor and second floor. Building B and C include a ground floor, first floor and second floor.

The property is well suited for high-end fine dining restaurants and showrooms. Many of the restaurants have external terraces that give a high-end property feel. There is a vehicular ramp that leads from the ground floor to the two basements. A standalone building is located in the middle of the property just before the ramp that leads to the basements. The property has two basement floors with c. 670 parking spaces. The basements have good air flow circulation. There are three accesses to the parking area on the first basement floor, including the ramp.



2.6 Further photographs of the property are attached at Appendix 4.

Accommodation

Measurement 2.7 As agreed with the Client, we have relied upon floor areas provided to us by the Client. No further verification has been undertaken. These are as follows:

Floor areas

Table 1: Built Up Area (BUA)

2.8

Level	Built Up Area (sq m)
Basement Parking	18,744.00
Ground Floor	7,559.85
Mezzanine Floor	1,583.77
First Floor	8,411.94
Roof Floor	5,678.25
Standalone Building	167.50

Total	**42,145.31**

Source: Client

Table 2: Unit Breakdown

2.9

QBIC Strip Mall - Floor Areas				
Shop No	**Floor**	**Type**	**Building**	**Area (sq m)**
Restaurant 001	Ground	Restaurant	C	448
Terrace (Restaurant 001)	Ground	Restaurant	C	528
Restaurant 002	Ground	Restaurant	C	146
Restaurant 003	Ground	Restaurant	C	223
Restaurant 004	Ground	Restaurant	C	66
Restaurant 005	Ground	Restaurant	C	66
Restaurant 006	Ground	Restaurant	C	75
Restaurant 007	Ground	Restaurant	C	222
Restaurant 008	First	Restaurant	C	414
Terrace (Restaurant 008)	First	Rest Terrace	C	495
Restaurant 009	First	Restaurant	C	455
Terrace (Restaurant 009)	First	Rest Terrace	C	204
Restaurant 10	First	Restaurant	C	455
Terrace (Restaurant 10)	First	Rest Terrace	C	161
Shop No. 01	Ground	Shop	C	148
Shop No. 02	Ground	Shop	C	148
Shop No. 03	Ground	Shop	C	224
Showroom 001	Ground	Showroom	A	355
Mezzanine 001	Ground	SR, Mezzanine	A	146
Show Rm 002	Ground	Showroom	A	226
Mezzanine 002	Ground	SR, Mezzanine	A	116
Show Rm 003	Ground	Showroom	A	226
Mezzanine 003	Ground	SR, Mezzanine	A	116
Show Rm 004	Ground	Showroom	A	226
Mezzanine 004	Ground	SR, Mezzanine	A	116
Show Rm 005	Ground	Showroom	A	199
Mezzanine 005	Ground	SR, Mezzanine	A	100
Show Rm 006	Ground	Showroom	A	283

Mezzanine 006	Ground	SR, Mezzanine	A	173
Show Rm 007	Ground	Showroom	A	281
Mezzanine 007	Ground	SR, Mezzanine	A	173
Show Rm 008	Ground	Showroom	A	199
Mezzanine 008	Ground	SR, Mezzanine	A	100
Show Rm 009	Ground	Showroom	A	226
Mezzanine 009	Ground	SR, Mezzanine	A	116
Show Rm 10	Ground	Showroom	A	224
Mezzanine 10	Ground	SR, Mezzanine	A	116
Show Rm 11	Ground	Showroom	A	586
Mezzanine 11	Ground	SR, Mezzanine	A	310
Shop No. 04	Ground	Shop	B	148
Shop No. 05	Ground	Shop	B	148
Shop No. 06	Ground	Shop	B	224
Restaurant 13	Ground	Rest	B	449
Restaurant 14	Ground	Rest	B	146
Restaurant 15	Ground	Rest	B	184
Restaurant 16	Ground	Rest	B	184
Restaurant 17	Ground	Rest	B	146
Restaurant 18	Ground	Rest	B	75
Restaurant 19	Ground	Rest	B	222
Restaurant 20	First	Rest	B	510
Terrace (Restaurant 20)	First	Rest Terrace	B	504
Restaurant 21	First	Restaurant	B	550
Terrace (Restaurant 21)	First	Rest Terrace	B	202
Restaurant 22	First	Restaurant	B	498
Terrace (Restaurant 22)	First	Rest Terrace	B	156
Stand Alone (1)	Ground	Stand Alone	SA	196
Restaurant 11	Second	Restaurant	C	307
Terrace (Restaurant 11)	Second	Rest Terrace	C	342
Restaurant 12	Second	Restaurant	C	225
Terrace (Restaurant 12)	Second	Rest Terrace	C	297
Restaurant 23	Second	Restaurant	B	396
Terrace (Restaurant 23)	Second	Rest Terrace	B	411
Restaurant 24	Second	Restaurant	B	297
Terrace (Restaurant 24)	Second	Rest Terrace	B	354
Office 001	First	Office	A	182
Office 002	First	Office	A	182

Office 003	First	Office	A	236
Terrace (Office 003)	First	Office, Terrace	A	75
Office 004	First	Office	A	160
Terrace (Office 004)	First	Office, Terrace	A	75
Office 005	First	Office	A	179
Office 006	First	Office	A	196
Office 007	First	Office	A	196
Office 008	First	Office	A	176
Office 009	First	Office	A	202
Office 010	First	Office	A	313
Office 011	First	Office	A	182
Office 012	First	Office	A	180
Office (13)	Second	Office	A	119
Terrace (Office 13)	Second	Office, Terrace	A	56
Office (14)	Second	Office	A	323
Terrace (Office 14)	Second	Office, Terrace	A	444
Office (15)	Second	Office	A	126
Terrace (Office 15)	Second	Office, Terrace	A	45
Office (16)	Second	Office	A	126
Terrace (Office 16)	Second	Office, Terrace	A	45
Office (17)	Second	Office	A	323
Terrace (Office 17)	Second	Office, Terrace	A	675
Office (18)	Second	Office	A	118
Terrace (Office 18)	Second	Office, Terrace	A	57
Total				**21,253**

Source: Client

2.10 The valuation given does not include any chattels or contents within the property.

2.11 Copies of floor plans provided are attached at Appendix 5 and for the sake of convenience we would list the accommodation as follows. There are three buildings – A, B and C – that are arranged in a U shape. Building A includes a ground floor, a mezzanine level, first and second floors. Building B and C include a ground floor, first and second floors. There is also a ground floor standalone building in the middle of the development.

Services

2.12 In accordance with the General Terms of Business enclosed at Appendix 1, no tests have been undertaken on any of the services.

2.13 We have assumed that the existing services have sufficient capacity to accommodate the development and that no works are required to upgrade their capacity.

Legal title

Tenure

2.14 We have been provided with the property's title deed's details as shown below:

Table 3: Title deed

Item	Description
Title Deed number	710120033331
Date	26/10/2014
Plot	24,25,26,27 scheme 2726
District	Al Ghadir
Owner	Abdulaziz Bin Abdullah Bin Abdulaziz Almousa & Abdulaziz Bin Hamad Bin Ibrahim Almesheal
Area (sq m)	17,444.21

Source: Client

A copy of the title deed is attached in Appendix 2.

2.15 In the absence of a copy lease, we have assumed that normal covenants and liabilities devolve upon the lessee. It is further assumed that there are no onerous restrictions or outgoings contained within the lease that would impact on the valuation provided within this report

2.16 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.

Covenants

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

Tenancies

2.18 The property has recently completed construction.

2.19 None, the property is currently vacant.

Condition

Scope of inspection

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

2.21 During our limited 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.

Comments

2.22 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.

2.23 During our inspection, no major defects or serious items of disrepair were noted which would be likely to give rise to a substantial capital expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme. The building is effectively completed but not yet occupied, so we have assumed that the building has been completed in accordance with its planning consent to a good standard.

2.24 At the date of inspection, the building(s) appeared to be in a generally reasonable state of repair commensurate with their 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

2.25 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

2.26 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

2.27 We have been provided with the property's Building Permit, the details of which are detailed below:

Table 4: Summary of Building Permit

Item	Description
License number	1436/19453
Issue Date	12/10/2015
End Date	09/09/2018
Land (sq m)	17,426.21
Area (sq m)	38,002.60

Source: Client

A copy of the Building Permit is attached in Appendix 3.

2.28 We understand that the property has full planning consent. We have assumed this is the case for the purposes of this valuation.

Highways

2.29 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

2.30 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.

2.31 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 Market analysis

KSA Economic overview

3.1 The KSA Economic overview is included in Appendix 6 of this valuation report.

Office Market Overview

Demand 3.2 In the long term, demand for office space is expected to increase from current levels as economic reforms under the National Transformation Plan (NTP) and Vision 2030 start feeding through the wider economy, translating into an acceleration of growth in the non-oil private sector. Moreover, the implementation of various urban regeneration initiatives including mixed use communities and large scale infrastructure projects (such as the Riyadh Metro), is expected to act as a catalyst for the real estate market.

Supply 3.3 Between 2011 and 2019, the office supply in Riyadh grew at a CAGR of 9.9 percent. There were ten developments that opened in 2019 boasts over 157,753 square meters of GLA. Circa 1,167,760 square metres of GLA is anticipated to be added into the market between 2020 and the end of 2023 resulting in a total office supply of over 5.1 million square metres by the end of 2023, implying a compounded annual growth rate of 6.5 percent during our forecast period.

Vacancy 3.4 Over the last few years the nature of office developments has been evolving from traditional office spaces to mega mixed-use developments offering retail, F&B, residential and hospitality options along with quality office space. King Abdullah Financial District (KAFD) is a landmark mixed use development which is currently under construction and is expected to hand meaningful levels of office stock in phase 2. With a total built up area of 1.6 million sqm, the development will dramatically change the office market in Riyadh once completed, offering world-class prime office space along with residential and hospitality options.

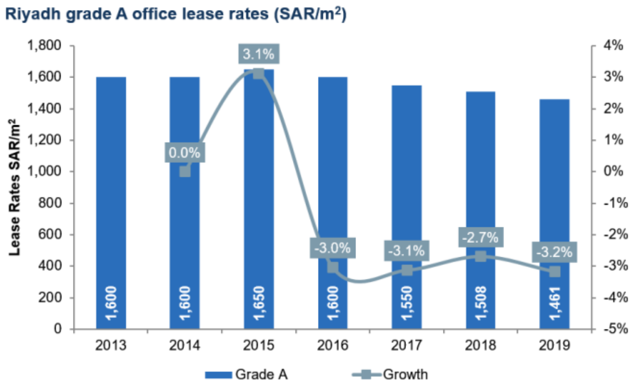
3.5 From 2013 to 2019, vacancy levels across the Prime and Grade A office segments witnessed a decline reaching 9 percent down from 13 percent while vacancy levels across the Grade B office segment trended higher reaching 30 percent in 2019 as compared to 25 percent in 2013.

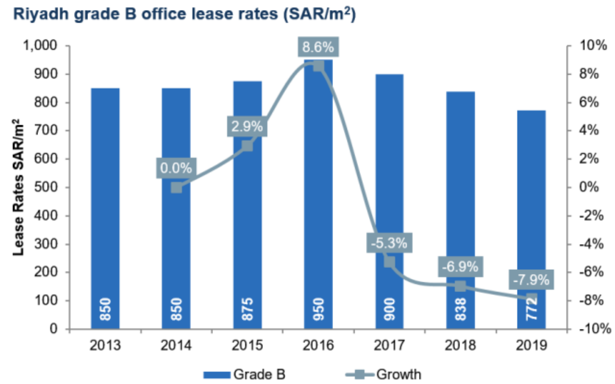
Over the past few years, average rental rates have been on a declining trajectory across all segments of the market. This trend is mainly the result of a rising stock of quality supply providing occupiers with a greater choice of office accommodation across the city amidst still soft occupier demand levels.

Outlook 3.6 The market is expected to become increasingly occupier-friendly with landlords focusing on offering incentives such as flexible payment plans or extended grace periods. The emergence of a two-tiered market in which secondary assets with poor access and parking limitations will struggle to maintain performance, while buildings situated in better locations with attractive facilities will command premium rents. Superior specifications include good accessibility and parking arrangements, high-speed elevators, centralized air conditioning, larger floor plates and flexible office designs. Demand for Grade B stock is expected to weaken as occupiers look to upgrade their premises amid increasingly tenant friendly market dynamics.

Performance 3.7 Average lease rates per square metre for Prime and Grade A office space marginally increased between 2013 and 2015 to reach SAR 1,650. Subsequently, lease rates per square metre began to decline; 2016 recorded a 3 percent decrease to SAR 1,600, while 2017 and 2018 lease rates experienced further declines of 3.1 percent and 2.7 percent respectively. Likewise in 2019, Grade A rents witnessed a 3.2 percent decrease in average Prime and Grade A lease rates to SAR 1,461.

Average lease rates per square metre for Grade B office space increased between 2013 and 2016 from SAR 850 to SAR 950. This was followed by three consecutive years of declining lease rates with 2017, 2018 and 2019 recording drops of 5.3 percent, 6.9 percent and 7.9 percent respectively. The faster rate of decline in lease rates across the Grade B space compared to the Grade A space has to be seen within the context of a lack of Grade A space which continues to underpin rents in this segment.





Source: Knight Frank Research

Performance 3.8 A number of factors have contributed to the softening of rental rates across the office market over the past few years including:

- Rising stock of quality supply providing occupiers with a greater choice of office accommodation across the city amidst a still soft occupier demand. The improvement seen in economic conditions and business sentiment starting 2018 has yet to result in an increase in demand for office space across the city.

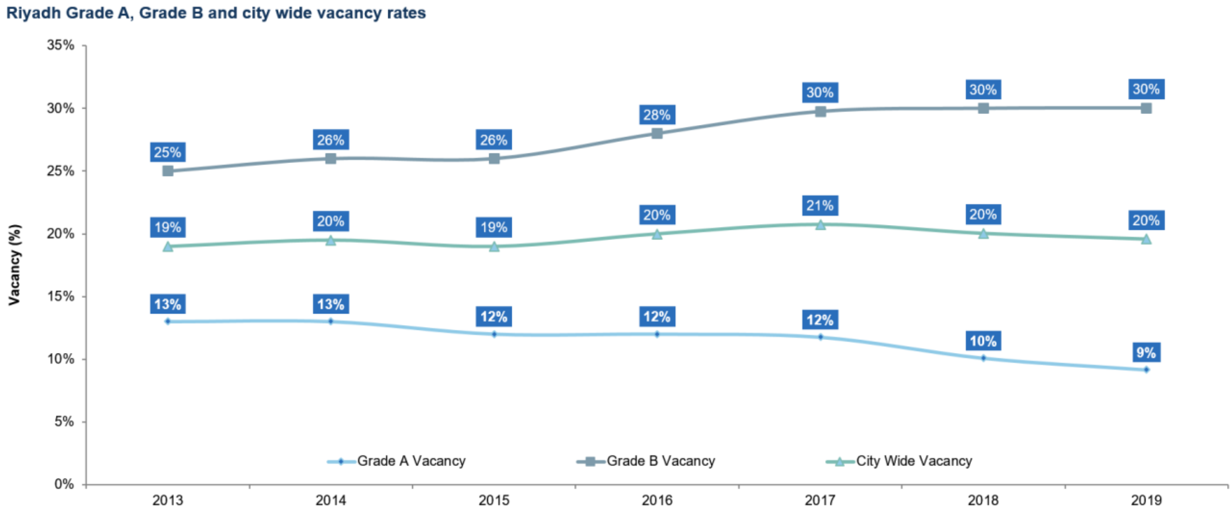
- Downsizing trend seen across the private sector to reduce capital expenditures and closure of many SMEs given challenging economic conditions.

Amid a rising level of competition, we expect the market to become increasingly occupier friendly with landlords focusing on offering incentives such as flexible payment plans or extended grace periods. We see a two tiered market developing where secondary assets with poor access and parking limitations will struggle to maintain their rental rates, while buildings situated in better locations with attractive facilities will command premium rents. Superior specifications include good accessibility and parking arrangements, high speed elevators, centralized air conditioning, larger floor plates and flexible office designs.

3.9 From 2013 to 2019, vacancy levels across the Prime and Grade A office segments witnessed a decline reaching 9 percent down from 13 percent. Occupancy in Prime and Grade A schemes has strengthened as the market is characterised by a limited stock of Prime and Grade A space with key assets benefiting from frictional vacancy. Average vacancy rates in Grade A stock stood at 12 percent by the end of 2019.

Between 2013 and 2019, vacancy levels across the Grade B office segment trended higher reaching 30 percent in 2019 as compared to 25 percent in 2013. This market dynamic has to be seen within the context of a subdued occupier demand and an increasingly competitive market where occupiers are given more choice as a result of an increased quality supply.

Looking ahead and as supply increases, we expect the market to become more occupier friendly. We see a two-tiered market developing where buildings situated in better locations with attractive facilities will command premium rents and healthy occupancy levels while secondary assets will struggle to drive rental and occupancy levels.



Source: Knight Frank Research

Investment Overview

3.10 The KSA listed REITS are still opportunistically looking to grow and add assets under management and we have worked on a number of buy side instructions which indicates there is still investor appetite. The impact of Covid 19 on investor sentiment and real estate risk / return requirements is somewhat hard to gauge to date in the Kingdom, as there have been few transactions since the onset of Covid as a pandemic. It is clear from the wider global markets that certain asset classes are being impacted more severely than others, and location, quality and whether it is prime or secondary in terms of positioning and location are important factors.

3.11 Whilst the KSA market has become more liquid and transparent since the advent of REITS, it still remains opaque when compared with the US, UK and Europe. It is important to look to these mature markets where there is a large amount of transactions to understand investor behaviour there and the trends observed and review in the context of the KSA market.

3.12 Knight Frank produce a monthly yield guide in the UK to track investor behaviour in the different asset classes. A copy is provided in the Appendix (X). Key trends observed are that sentiment is negative in most asset classes, although long let assets show stability, as well as alternative / special asset classes (long let student / healthcare / food retail / prime logistics). The most severely hit sectors to date are hotels and retail. This trend has borne out globally and we expect this trend to be similar in the short term in KSA.

3.13 Filings by certain REITS on Tadawul through April 2020 highlighted requests from tenants in properties owned by certain REITS to reduce the rental values. The fund managers announcing these claims does not mean the REITS are accepting them it but will process such requests in line with ensuring the protection of the unit holders' interests and in compliance with the laws and regulations that guarantee the rights of parties in rent agreements. Clearly these requests are sure signs that tenants in certain sectors are witnessing hard times and thus the ability to pay rent is impacted. The benefit that the subject asset has is that the head lease is with a Government entity (Ministry), which is deemed a very robust covenant and low risk of rental default. This underwrites the income risk quite firmly when comparing with smaller SME's as tenants.

3.14 Set out below are some pre Covid 19 investment transactions acquired by the REITS in the retail and office sectors, which serve as a benchmark to determine an appropriate cap rate for the subject.

Name	Location	Type	Initial Yield	Notes	Comparison with Subject
Al Makan Mall	Tabuk	Retail	8.12%	Acquired by Wabel REIT for SAR 219 m in 2018 off a NOI of SAR 17.82 m p.a. Freehold title, 2 yrs old, 97% let.	Shorter leases, less attractive market. Tabuk viewed as higher risk. Subject in large city, waterfront, strong leases. Subject less risky - lower cap rate to be applied.
Al Makan Mall	Riyadh	Retail	8.57%	Acquired by Wabel REIT for SAR 232 m in 2018 off a NOI of SAR 19.92 m p.a. Freehold title, 2 yrs old, 93% occupancy.	Smaller lot size, not as prime, albeit Riyadh arguably more preferred than Khobar. Well let. Subject more prime – adjust cap rate down.

City Life Plaza	Riyadh	Retail	8.00%	Acquired by Dereyah REIT for SAR 106.25 m in 2018 off an NOI of SAR 8.5 m p.a. Freehold title, 1 year old, 100% occupancy.	Subject is better quality and better tenant mix than the subject. Adjust cap rate down for the subject.
Al Muhammadiyah	Riyadh	Office / Retail	8.24%	Acquired by Al Maathar REIT for SAR 99.58 m in 2018 off an NOI of SAR 8.2 m p.a., freehold title	Smaller lot size
Al Sahafa Building	Riyadh	Office / Retail	8.61%	Acquired by Al Maathar REIT for SAR 50.1 m in 2018 off an NOI of SAR 4.3 m p.a., freehold title	Less sought after location, smaller lot size
Smart Tower	Riyadh	Office / Retail	7.59%	Acquired by Dereyah REIT for SAR 263.5m in 2018 off an NOI of SAR 20 m p.a., freehold title, 12 yrs old.	Older asset, good parking.
Elite Mall	Riyadh	Retail	7.94%	Acquired by Mulkia REIT for SAR 201.5m in August 2019 off an NOI of SAR 16 million. 5 yr head lease in place.	Retail mall, 5 yr head leases (2) in favour of Al Masharia Al Oula and an individual at 12 m and 4 m SAR respectively. Similar type of scheme to the subject.
Al Nada Commercial Centre	Riyadh	Office / Retail	8.64%	Acquired by Shuaa REIT for SAR 70 million off an NOI of SAR 6.05 million p.a., freehold, 2-3 yrs old	

SWOT Analysis

Strengths	Weaknesses
• New modern construction • Very good visibility and access on King Abdulaziz Road • Very good design/layout • Adequate number of parking spaces	• Property is located across from Tala Mall, a 22,711 sq m community mall on the north Ring Branch (exit 5) crossing King Abdulaziz Road • Hayat Mall is located just 3.2km to the south on King Abdulaziz Road
Opportunities	**Threats**
• Tenant mix to compliment competitive schemes in the wider area, e.g. fine dining restaurants • Subject to a head lease agreement there is an opportunity of steady rental income for a number of years	• Similar developments on vacant/undeveloped plots in the wider area • Retail sector performance / Saudi population spending power

3.15 The main benefits the subject property has are the fact it is newly constructed, and thus should not require substantial repairs and maintenance for a few years, and the fact that it is leased to the Ministry of Housing, which is a blue chip covenant and very low risk of default. The fact that the Ministry are spending substantial capital on fitting out the space suggests there will be a high probability of the initial 3 year term being extended for a further 3 years (6 years total) and thus we believe this is reasonable to reflect in our valuation analysis.

3.16 The blend of retail and commercial office space in this type of development does not typically attract true blue chip covenants, as tenants such as large financial companies, banks, lawyers, corporates etc typically are bound by a corporate identity and must take space in a prescribed central office tower. Therefore, we could expect to see second tier international occupiers, local companies looking for a good profile and able to pay a strong rent.

3.17 The property is well located, well designed and the format has proved popular with tenants / retailers and clientele / customers.

3.18 Whilst retailers have taken a hit due to the economic conditions caused by Covid, the fact the property is not yet occupied and will not have any legacy tenants etc means that the perception of the property will not be tainted. We consider that the head lease underwritten by a Government entity would still prove attractive to investors who are looking for security of income in difficult trading conditions would still have interest from investors at an initial yield of circa 8.0%.

4 Valuation

Methodology

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

Comparative method

4.2 In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable 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, aspect and other material factors.

Investment method

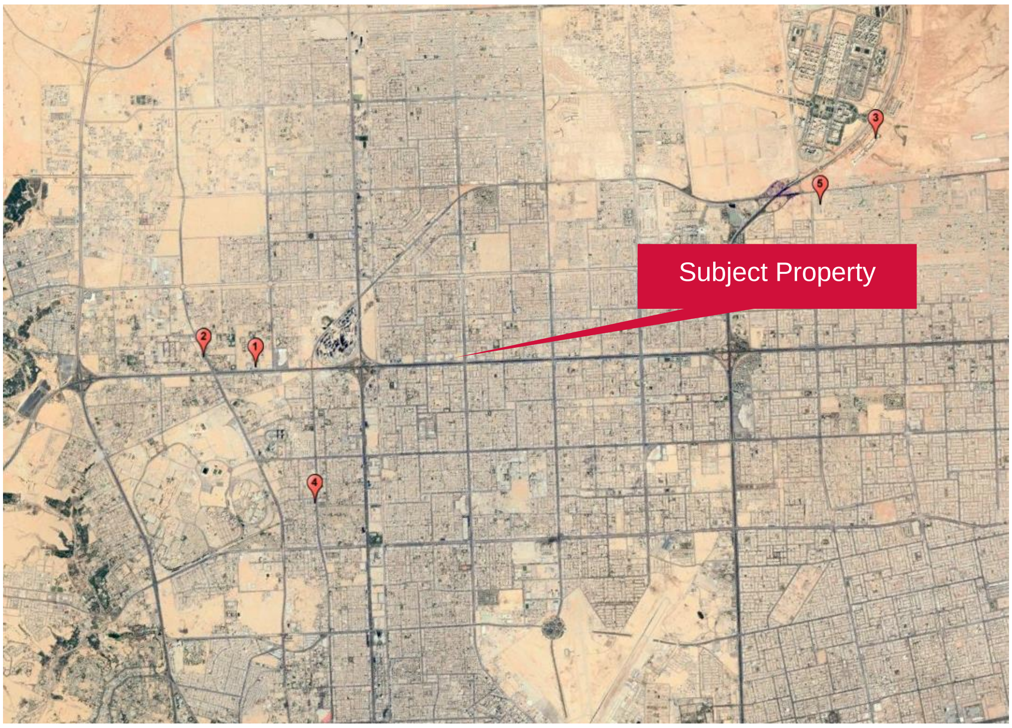
4.3 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within 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.

4.4 We have undertaken the valuation of the property via a discounted cash flow approach, whereby we reflect current and potential future revenues and operational costs explicitly. We have applied rental growth, occupancy assumptions, sinking fund provision and operating expenses in our cash flow.

Comparable Evidence – Benchmarking

4.5 For restaurants, offices, and retail rental evidence we have analysed appropriate comparable properties, together with evidence of demand within the market of the subject property.

4.6 For the retail component, Knight Frank has focused on properties that have similar layout, architecture, and consumer targeting to the subject property.



4.7 As shown in the map above, five properties are chosen as comparable set (retail/commercial) to the subject property as following;

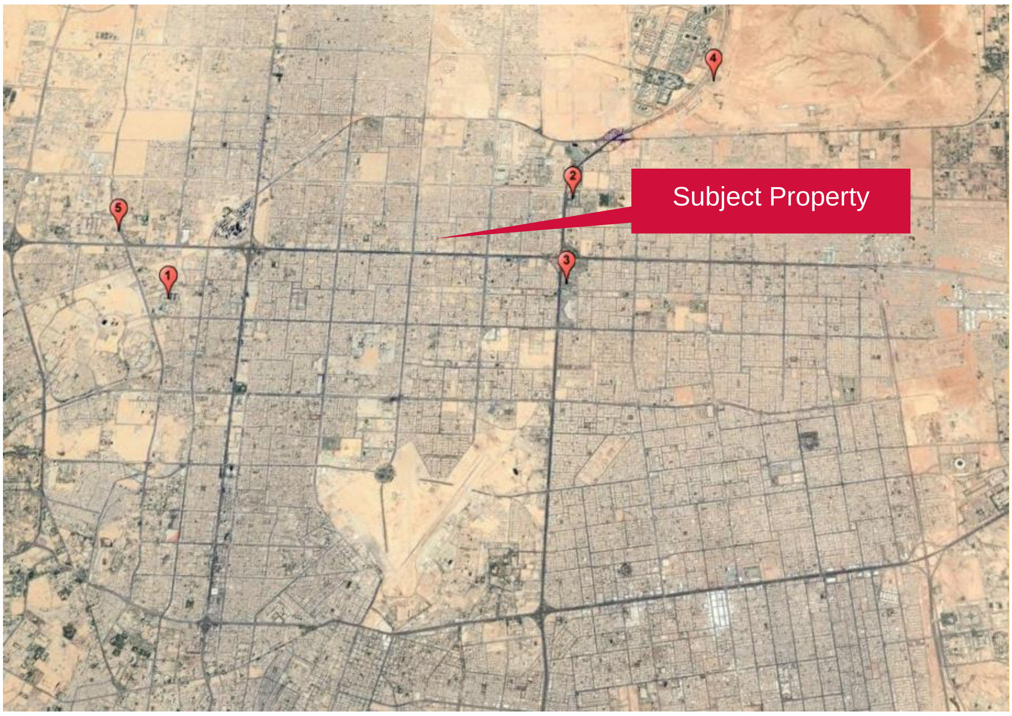
Ref.	Development Name
1	Rubeen Plaza
2	The Boulevard
3	Riyadh Front
4	The Zone
5	Cordoba Boulevard

4.8 The retail benchmarks noted in the table and location map above have been assessed as the market of relevance for the subject property. These have been included as a result of their location, positioning, tenant mix, characteristics as well as best practices.

As a result, these benchmarks form the foundation of our analysis to ascertain the subject property's key performance indicators (lease rates, absorption, vacancy, etc.).

A lifestyle centre is considered to be a F&B and entertainment led retail development featuring outdoor spaces and supporting retail elements. A number of these benchmarks have been included in our analysis as the positioning is deemed to be a suitable fit for the subject site given the characteristics of the site (leveraging from the King Abdullah branch Road).

4.9 For the office component, Knight Frank has focused on properties that include non-high rise good quality office buildings.



4.10 As shown in the map above, five properties are chosen as comparable set (office) to the subject property as following;

Ref.	Development Name
1	Raidah Digital City
2	Business Gate
3	Granada Business Gate
4	Riyadh Business Front
5	The Boulevard

4.11 The property is not located within the core office CBD of Riyadh, however it comprises more than 6,000 sq m of office space, which could be attractive to small to medium sized private companies or government entities. The parking area and the retail component is definitely an advantage and has historically been proved to be appealing to potential tenants.

Retail market rent

4.12 We have used similar comparable sets around the city of Riyadh to arrive at the applied estimated rental values (ERVs). We have gathered information from high-quality retail strips, mixed-used projects and office developments.

We have divided the subject property into eight different buckets. The categories include the restaurants on the ground floor, restaurants on the first floor, restaurants on the second floor, shops, showrooms, offices on the first floor, offices on the second floor, and the stand-alone building. Based on our understanding of the market and the subject property, we have applied a base rate to each of the eight categories.

We have then adjusted each unit compared to the base unit rate of each bucket. We have applied a base rate of SAR 1,850 per sq m for the ground floor retail spaces, SAR 1,665 per sq m for the first floor retail (10% discount compared to the ground floor) and SAR 1,570 per sq m for the retail on the second floor (15% discount compared to the ground floor).

Office market rent 4.13 Knight Frank research data shows that similar developments would lease for SAR 770 per sq m per annum. We have applied a 12.5% premium for the subject property, given its construction quality, layout, retail component (attractive to tenants) and views. We have also applied an additional premium of 20% for the offices on the second floor. The rates mentioned above are only used as the base rates, which have been further adjusted based on each unit's attributes and characteristics within the development according the distance from the entry point, size, accessibility, etc.

Occupancy assumptions (6-year head lease and thereafter let at market terms) 4.14 Subject to a 6-year head lease from the Ministry of Housing we have assumed occupancy level as follows:

Year 1-6	Year 7	Year 8	Year 9	Year 10
100%	30%	50%	70%	90%

Valuation bases

Market Value 4.15 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 4.16 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 4.17 The valuation date is 08 June 2020.

Market Value

Assumptions 4.18 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 4.19

- Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to the following key assumption: We have not measured the property and our valuation calculations are based on the areas provided by the client.

Special assumption(s) 4.20 We have been instructed by the client that the property is leased to the Ministry of Housing for a term of 6 years on a triple net basis, with the following rents:

Year 1 (SAR pa)	Year 2 (SAR pa)	Year 3 (SAR pa)	Year 4 (SAR pa)	Year 5 (SAR pa)	Year 6 (SAR pa)
21,613,000	21,613,000	21,613,000	18,793,913	18,793,913	18,793,913

Market Value 4.21 We are of the opinion that the Market Value of the property on the special assumption that is leased on a head lease for 6-years to the Ministry of Housing, at the valuation date, is:

SAR 252,270,000

(Two Hundred and Fifty Two Million, Two Hundred and Seventy Thousand Saudi Arabian Riyals)

Valuation Assumptions 4.22 The table below sets out our valuation assumptions:

Table 5: Valuation Assumptions

Item	Assumptions (6-year head lease)
Net Leasable Area (sq m)	21,253
Built Up Area (sq m)	42,145
Service Charge	10% of rental value
Management Fee	2%
Sinking Fund	1%
Op Ex	SAR 250 per sq m on GLA
Inflation	2.50%
Exit Yield	8.00%
Discount Rate	10.50%

5 Signature

Stephen Flanagan, MRICS

Partner

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

Reviewed (but not undertaken by):

Saud Sulaymani, MRICS

Partner

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

Appendix 1 - Instruction documentation

NCB Capital
National Commercial Bank Capital
Kingdom of Saudi Arabia

For the attention of Danial Mahfooz

Our Ref: KFV173-2020

16 June 2020

Dear Sirs

Terms of Engagement for Valuation Services for the property listed in section 2

Thank you for your instructions requesting a valuation report in respect of the property detailed below (the "Property"). We are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (this "Letter") together with our General Terms of Business for Valuation Services (the "General Terms"). This Letter and the General Terms (together, the "Agreement") exclude any other terms which are not specifically agreed by us in writing. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

1. Client

Our client for this instruction is NCB Capital (the "Client", "you", "your").

2. Property to be valued

The Property to be valued is as follows:

Property Address	Tenure	Occupancy
Qbic Building, King Abdulaziz Road Al Ghadeer District, Riyadh, Saudi Arabia,	Freehold	Tenanted - subject to one lease or tenancy

3. Valuation standards

The Valuation will be undertaken in accordance with the current editions of RICS Valuation - Global Standards, incorporating the International Valuation Standards.

Knight Frank is licensed by the Saudi Authority of Accredited Valuers (Taqeem) and the valuer responsible for this instruction is a Taqeem Certified Valuer.

4. Status of valuer and disclosure of any conflicts of interest

For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

We draw to your attention that if you subsequently request and we agree to the Valuation being re-addressed to a lender (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only readdress the Valuation once we have received a signed reliance letter in our standard format from the new addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

5. Valuer and competence disclosure

The valuer, on our behalf, with responsibility for the Valuation will be Stephen Flanagan MRICS, RICS Registered Valuer (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

6. Purpose of valuation

The Valuation is provided solely for the purpose of (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.

7. Limitation of liability and restrictions on use

Clause 3.1 of the General Terms limits our liability to SAR 1 million under this instruction.

Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

Third party reliance

Clause 4.2 of the General Terms states that no liability is accepted to any third party for the whole or any part of the Valuation.

Disclosure

Clauses 4.3 to 4.6 of the General Terms limits disclosure and generally prohibits publication of the Valuation. As stated therein, the Valuation is confidential to the Client and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and written approval of the form or context in which it may appear.

8. Basis of valuation

The Valuation will be undertaken on the following basis, as defined in the Red Book:

- Market Value

9. Special assumptions and assumptions

Special assumptions

In addition to section 8 above, the Valuation will be undertaken on the following special assumptions:

- You have not requested any valuations on special assumptions.

Assumptions

The Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms, this Letter and within the Valuation.

10. Valuation date

The valuation date is to be the date of our inspection.

11. Currency to be adopted

The valuation figures will be reported in Saudi Riyals (SAR).

12. Extent of inspection and investigations

We have agreed the following specific requirements in relation to the Valuation:

Inspection

You have instructed us to inspect the Property internally / by going onto the site, as well as externally.

Areas / Measurement

We will not undertake a measuring exercise under RICS Property Measurement in accordance with IPMS.

13. Information to be relied upon

Our Required Information List is set out at Annex 1 and details what we need in order to undertake the Valuation. We will rely on information provided to us by you or a third party and will assume it to be correct. This information will be relied upon by us in the Valuation, subject only to any verification that we have agreed to undertake.

Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisers before any Valuation can be relied upon.

Please inform us as to whether there has been a purchase price recently agreed or transacted in respect of the Property. Please note that the Valuation will comment as to whether any such information has been revealed and if not, will contain a further request that this information must be provided to us before the Valuation is relied upon.

14. Report format

The Valuation will be prepared in our standard format which will be compliant with the Red Book and will take into account any reasonable requests made by you at the relevant time.

15. Fees and expenses

Payment details

Our fee for undertaking this instruction will be Saudi Riyals (SAR) 15,000 (Fifteen Thousand) excluding VAT.

Our timeframe for completion of draft reports shall be by 10 working days from receipt of the initial invoice payment and receipt of all information contained within Appendix 4. Where any additional work is undertaken by Knight Frank Spain Saudi Arabia Real Estate Valuations Company or the time period of the assignment is extended due to reasons outside our control, we reserve the right to seek additional fees charged on an as-incurred basis in agreement with the client.

Where we are unable to complete the report as a result on information not being made available by the Client we reserve the right to proceed with the billing of any outstanding fees.

In accordance with clause 10.4 of the General Terms, if you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, with a minimum charge of 50% of the above fee if the Property has been inspected.

Payment of our fee is required in advance. Before the Valuation is discussed or issued the invoice must have been settled.

The scope of our work is set out in the Agreement. In accordance with clause 10.5 of the General Terms, if we are instructed to carry out additional work that we consider either to be beyond the scope of providing the Valuation or to have been requested after we have finalised the Valuation (including, but not limited to, commenting on reports on title) we will charge additional fees for such work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply.

Where additional work is requested after we have issued the Valuation, please note that we cannot guarantee the availability of the Lead Valuer or any additional valuers that may have been involved in the preparation of the Valuation (especially where such requests are received on short notice). Please note also that we will require sufficient time for completion of such additional work.

16. Acceptance

Please sign and return a copy of this Letter signifying your acceptance of the terms of the Agreement. We reserve the right to withhold any Valuation and/or refrain from discussing it with you until this Letter has been countersigned and returned. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Letter and/or the terms of the Agreement between us please let us know before signing this Letter or otherwise giving us instructions to proceed.

Thank you for instructing Knight Frank Spain Saudi Arabia Real Estate Valuations Company.

Yours faithfully

Stephen Flanagan MRICS
Partner - Head of Valuation & Advisory, MENA,
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company
stephen.flanagan@me.knightfrank.com
T +971 4 4267 617
M +971 50 8133 402

Annex 1 - Required Information List

Attached - General Terms of Business for Valuation Services

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Signed for and on behalf of NCB Capital Date

KF Ref: KFV173-2020

General Terms of Business for Valuation Services

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed (howsoever received, whether orally or in writing) will constitute your offer to purchase our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

These General Terms of Business (the "**General Terms**") and our engagement letter (the "**Letter**") together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless **the** context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Knight Frank

1.1 Knight Frank Spain Saudi Arabia Real Estate Valuations Company ("**Knight Frank**", "**our**", "**us**", "**we**") is a company with registered number 1010564516; this is a corporate body which has *members* and not *partners*.

1.2 Our registered office is at Level 1 WH14, Raidah Digital City, Riyadh, Kingdom of Saudi Arabia

1.3 Any representative of Knight Frank described as *partner* is either a member or an employee of Knight Frank and is not a partner in a partnership. The term *partner* has been retained because it is an accepted way of referring to senior professionals. The term "**Knight Frank Person**" shall, when used herein, mean any member, employee, "partner" or consultant of Knight Frank.

1.4 Our VAT registration number is 310377157300003.

1.5 The details of our professional indemnity insurance will be provided to you on request by Analyn Cuajotor, Business Services Manager.

1.6 Knight Frank is registered for regulation in the United Kingdom by the Royal Institution of Chartered Surveyors ("**RICS**"). Any Valuation provided by us may be subject to monitoring under RICS Valuer Registration. In accordance with our obligations it may be necessary to disclose valuation files to RICS. By instructing us you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.7 Valuations will be carried out in accordance with local laws and regulations and in accordance with the relevant edition of the RICS valuation standards, the RICS Red Book (the "**Red Book**"), by valuers who conform to its requirements and who are registered with the Saudi Authority for Accredited Valuers (TAQEEM).

1.8 As required by RICS, a copy of our complaints procedure is available on request.

2. Governing law and jurisdiction

2.1 The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia.

2.2 The courts of the Kingdom of Saudi Arabia shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1 Subject to clause 3.8, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to SAR 1,000,000.

3.2 Subject to clause 3.8, we will not be liable for any loss of profits or for indirect or consequential loss.

3.3 Our liability to you shall be reduced to the extent that we prove that we would have been able to claim a contribution, whether pursuant to contract or at law from one or more of the other professionals instructed by you in relation to any relevant property and/or the Purpose (and in each case if, as a result of an exclusion or limitation of liability in your agreement with such professional, the amount of such contribution would be reduced, our liability to you shall be further reduced by the amount by which the contribution we would be entitled to claim from such professional is reduced).

3.4 Subject to clause 3.8, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, for breach of statutory duty, or otherwise.

3.5 Except as set out in clauses 3.6 and 4.7 and 4.8 below no third party shall have any right to enforce any of the terms of this Agreement.

3.6 No claim arising out of or in connection with this Agreement may be brought against any Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Knight Frank. Any Knight Frank Person may enforce this clause but the terms of this Agreement may be varied by agreement between the client and Knight Frank at any time without the need for any Knight Frank Person to consent.

3.7 No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) six years from the Valuation Date (as set-out in the relevant Valuation) or (b) any limitation period prescribed by law.

3.8 Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

4.1 The Valuation is prepared and provided solely for the stated purpose. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.8, we will not be liable for any such use.

4.2 Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.

4.3 Subject to clause 4.4 below, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). Subject to clause 3.8, no liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

4.4 Notwithstanding any statement to the contrary in the Agreement, you may disclose documents to the minimum extent required by any court of competent jurisdiction or any other competent judicial or governmental body or the laws of the Kingdom of Saudi Arabia.

4.5 Neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.

4.6 Where permission is given for the publication of a Valuation neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of the Securities Act 1933 as amended, the Securities Exchange Act of 1934 as amended, any state Blue Sky or securities law or similar federal, state provincial, municipal or local law, regulation or order in either the United States of America or Canada or any of their respective territories or protectorates (the "**Relevant Securities Laws**"), unless in each case we give specific written consent, expressly referring to the Relevant Securities Laws.

4.7 You agree that we, and/or any Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause.

4.8 You agree to indemnify and keep fully indemnified us, and each relevant Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.

5. Knight Frank network

5.1 Knight Frank Spain Saudi Arabia Real Estate Valuations Company is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the United Arab Emirates (each such firm, an "**Associated Knight Frank Entity**").

5.2 Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.

5.3 You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.

5.4 This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.

6. Severance

If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

7.1 The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.

7.2 Subject to clause 3.8 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

7.3 The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.

7.4 Subject to clause 3.8 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.

8. Assignment

You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).

9. Force majeure

Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causes beyond its reasonable control.

10. Our fees

10.1 Without prejudice to clause 10.3 below, you shall be liable to pay our fees in accordance with the terms set out in the Letter. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.

10.2 If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge a late payment fee at a fixed rate of SAR500 for each day such invoice remains unpaid (and calculated from the date the payment was due until payment is made).

10.3 If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

10.4 If before the Valuation is concluded you end this instruction, we will charge abortive fees (calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred), with a minimum charge of 50% of the full fee if we have already inspected the property (or any property, if the instruction relates to more than one).

10.5 If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

10.6 Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery, corruption & Modern Slavery

11.1 We agree that throughout the term of our appointment we shall:

(a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the UK Bribery Act 2010, (the "Relevant Requirements");

(b) not engage in any activity, practice or conduct which would constitute an offence under sections 1,2 or 6 of the UK Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;

(c) maintain anti-bribery and anti-corruption policies to comply with the Relevant Requirements and any best practice relating thereto; and

(d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

11.2 We take all reasonable steps to ensure that we conduct our business in a manner that is consistent with our Anti-slavery Policy and comply with applicable anti-slavery and human trafficking laws, statutes, regulations and codes from time to time in force including the UK Modern Slavery Act 2015

12. Portfolios

Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches

We are not required to undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers in the Kingdom of Saudi Arabia.

14. Title and burdens

We will assume, unless specifically informed and stated otherwise, that each property has a valid title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local municipality intentions which affect the property, nor any material litigation pending.

15. 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.

16. Sources of information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. We assume that this information is complete and correct.

17. Identity of property to be valued

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries

Plans accompanying Valuations are for identification purposes only and must not be relied upon to define boundaries, title or easements. The site is identified or outlined by reference to information given to us and/or our understanding of the extent of the site.

19. Planning, highway and other statutory regulations

19.1 Enquiries of the relevant local municipalities in respect of matters affecting properties, where considered appropriate, are normally only obtained verbally, and this information is given to us, and accepted by us, on the basis that it should not be relied upon.

19.2 We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate permits and consents and that there are no outstanding municipal or governmental notices.

19.3 We assume that the premises comply with all relevant statutory and municipal requirements including fire safety, civil defence and building regulations.

20. Property insurance

Our Valuation assumes that each property would, in all respects, be insurable against all usual risks including terrorism, ground instability, flooding and rising water table at normal, commercially acceptable premiums.

21. Building areas and age

Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan are calculated in accordance with or by reference to 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.

22. 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 (except where we separately agree in writing and are instructed to do so), we are unable to report that any 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 provided to us in advance, 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.

23. Ground conditions

Unless informed otherwise in writing, we assume there to be no adverse 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.

24. Environmental issues

24.1 Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability (whether following review of the environmental searches which should always be carried out by any purchaser/chargee or their legal advisors, or for other reasons). Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

24.2 However, we are not 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 or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that 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.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1 We are appointed to provide valuation opinion(s) in accordance with our professional duties as surveyors. The scope of our service is limited accordingly. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2 Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3 Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. However, we do not 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.

28. 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.

29. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

30. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

31. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

32. Valuation bases

Valuations 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 and specified in the Letter and in the relevant Valuation.

33. Data Protection

33.1 You and we shall comply with applicable privacy and data protection laws.

33.2 Without prejudice to the generality of the foregoing, you will not provide us with Personal Data unless the Agreement requires the use of it, and/or we specifically request it from you. By transferring any Personal Data to us you warrant and represent that you have the necessary authority to share it with us and that the relevant Data Subjects have been given the necessary information regarding its sharing and use.

33.3 We may transfer Personal Data you share with us to other Associated Knight Frank Entities and/or group undertakings. We will only transfer such Personal Data in accordance with the requirements of applicable privacy and data protection laws.

33.4 Full details of how we use Personal Data can be found in our Privacy Statement at http://www.knightfrank.com/legals/privacy-statement.

Appendix 2 - Title Deed

وزارة العدل

[٢٧٧]

الرقم : ٧١٠١٢٠٠٣٣٣٣١

التاريخ : ٣ / ١ / ١٤٣٦ هـ

كتابة العدل الاولى بالرياض

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:

فإن قطعة الارض ٢٤ و قطعة الارض ٢٥ و قطعة الارض ٢٦ و قطعة الارض ٢٧ من المخطط رقم ٢٧٢٦ / أ الواقع في حي الغدير بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠م بطول: (١٤٩,٨) مائة و تسعة و أربعون متر و ثمانون سنتمتر

جنوباً: شارع عرض ٢٠م بطول: (١٤٩,٨) مائة و تسعة و أربعون متر و ثمانون سنتمتر

شرقاً: طريق عرض ٦٠م بطول: (١١٦,٤٥) مائة و ستة عشر متر و خمسة و أربعون سنتمتر

غرباً: شارع عرض ٢٠م بطول: (١١٦,٤٥) مائة و ستة عشر متر و خمسة و أربعون سنتمتر

ومساحتها :(١٧,٤٤٤,٢١) سبعة عشر ألفا و أربعمائة و أربعة و أربعون متر مربعاً و واحد و عشرون سنتمتراً مربعاً فقط بناء على خطاب الأمانة ٥٤٦٣٤ فى ٢١/١٢/١٤٣٥ هـ والمقيد فى هذه الادارة رقم ٤٥٣٤٨٠٤٣٧ وتاريخ ٢٢/١٢/١٤٣٥.

المملوكة بالصك الصادر من هذه الإدارة برقم ٩١٠١١٣٠٥٧٢٥٠ في ١٤ / ٦/ ١٤٣٥ هـ

هي في ملك عبد العزيز بن عبد الله بن عبد العزيز الموسى سعودي الجنسية بموجب سجل مدني رقم ١٠١٤٣٣٢٥٧٩ و عبدالعزيز بن حمد بن ابراهيم المشعل سعودي الجنسية بموجب سجل مدني رقم ١٠١٠٦٢٥٩٧٦ ،وعليه جرى تحريره في ٣ / ١/ ١٤٣٦ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

مصعب بن محمد بن احمد الخنين

الختم الرسمي

وزارة العدل

كتابة العدل الأولى بالرياض

صفحة ١ من ١

نموذج رقم (١٢-٠٣-١) (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) مطابع الحكومة ٣٥٢٥٢٨

هذا المستند وحدة متكاملة، وضياع أو تلف صفحة منه يؤدي إلى عدم صلاحية المستند .

Appendix 3 - Building Permit

أمانة منطقة الرياض
إدارة رخص البناء
نوع المعاملة : صادر
التاريخ : ١٤٣٩/١١/٠٩ هـ
المرفقات : بدون
الرقم الموحد : ٣٩٠٠١٥١٢٩١
www.alriyadh.gov.sa

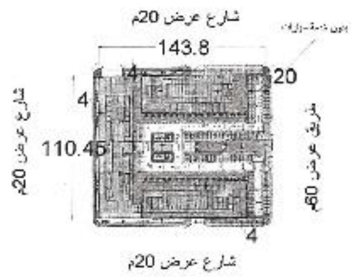
رخصة
بناء معارض تجارية ومكاتب

رقم الرخصة : ١١٣٦/١٩٤٥٣
تاريخ الرخصة : ١٤٣٦.١٢.٢٩
تاريخ الإنتهاء : ١٤٣٩.١٢.٢٩
نوع الرخصة : تعديل مخططات البناء

اسم المالك : عبدالعزيز عبدالله عبدالعزيز الموسى	الرخصة الفورية
رقم الإثبات : ١٠١٤٣٢٢٥٧٩ تاريخه :	مصدره :
رقم الصك : ٧١٠١٢٠٠٣٢٢٣١	تاريخه : ١٤٣٦-٠١-٠٣
رقم القطعة : ٢٤و٢٥و٢٦و٢٧	رقم المخطط التنظيمي : ٣٧٧٦/أ
الشارع :	رقم العقار :
الحي : حي الغدير	نوع البناء : مسلح
مساحة الأرض : ١٧٤٦٦.٢١م٢ محيط الأسوار : م/ط	النطاق العمراني : مرحلة ١

الجهة	الحدود	الأبعاد	الإرتداد
شمال	ش ٢٠م	١٤٣.٨	٤
شرق	طريق ٦٠م	١١٠.٤٥	٢٠
جنوب	ش ٢٠م	١٤٣.٨	٤
غرب	ش ٢٠م	١١٠.٤٥	٤

مكونات البناء	عدد الوحدات	المساحة	الإستخدام
قبو	٠	٥١٦٧.٧٩	مواقف
دور أول	٦	٢٩٥١.٤٠	مطعم
ميزانين	٠	١٥٥٣.٢٧	معارض
دور أرضي	٣٥	٧٨٢٢.٢٢	معارض
قبو ثاني	٠	١٤٤٩٢.٩٨	مواقف
دور أول	١٢	٣٠٥٠.٠٠	مكاتب
غرفة كهرباء	٠	١٥٩.٢٥	غرفة كهرباء
ملاحق علوية	٦	٦٦٠٩.٠٠	مكاتب
ملاحق علوية	٤	١٢٢١.٥٧	مطعم
أسوار	١	٢٥٥.٠٠	خدمات
[redacted]			



* الرخصة لاقامة عمارة تجارية مكاتب+مطعم وفي حالة الرغبة في اضافة نشاط مطعم لجن يتم تطبيق شروط المطاعم وتحقيق المعايير الموافق على كامل مساحة المشروع او اي ترخيص مهني اخر

* المستند الذي يجب الإلتزام به عند تنفيذ المنشأة هو رخصة البناء وإن اختلفت المخططات المعتمدة
* يجب الالتزام بتنفيذ العزل الحراري المنصوص عليه وفق كود البناء السعودي وذلك حسب تعميم وزير الشئون البلدية والقروية رقم 8586 وتاريخ 17-2-1434 هـ
* يلزم توفير غرفة كهرباء بأبعاد 4*5م اذا تجاوزت مسطحات البناء عن 1000م2

تم اخذ تعهد خطي من المالك بأنه لن توصل له الخدمة الكهربائية في حال عدم تنفيذ العزل الحراري طبقا لكود البناء السعودي

المكتب المصمم : عبدالمحسن ثياب الثياب للاستشارات الهندسية المعمارية

رقم الترخيص : ٣٠٢٦ رقم المشروع : ٤٠ رمز النظام : مناسيب الشوارع المحيطة :

سدد الرسوم مبلغ وقدره : ١٤٩١٣ ريال بموجب الإيصال رقم : ٣٦٠٣٢٢٨٧٠٤ وتاريخ : ١٤٣٦٠١٢٠٢٦ هـ

ملاحظات : [illegible]

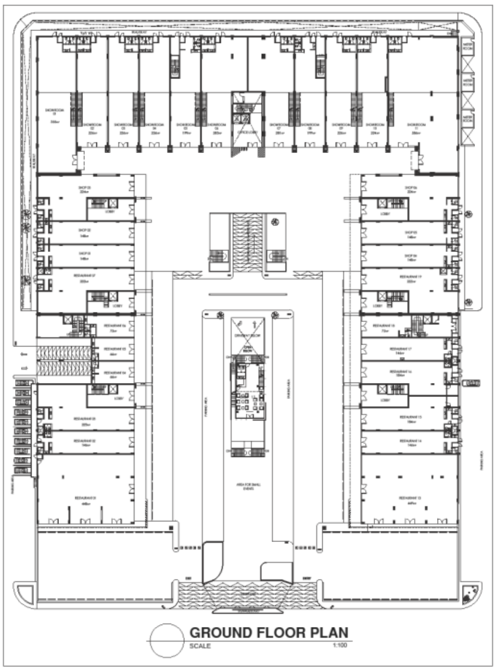
الختم الرسمي — بلدية شمال الرياض

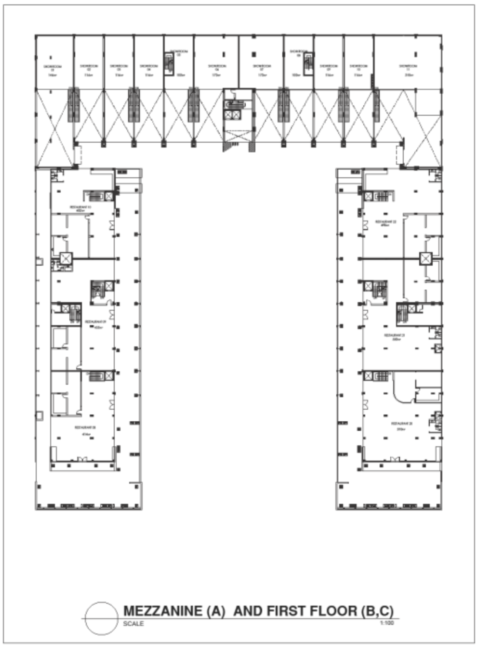
رئيس قسم الرخص	مدير ادارة الرخص	مدير عام رخص البناء
م/ مسفر سعيد آل خرصان	م/ سعد عبدالله الدوسري	م/ منصور محمد الطبيشي

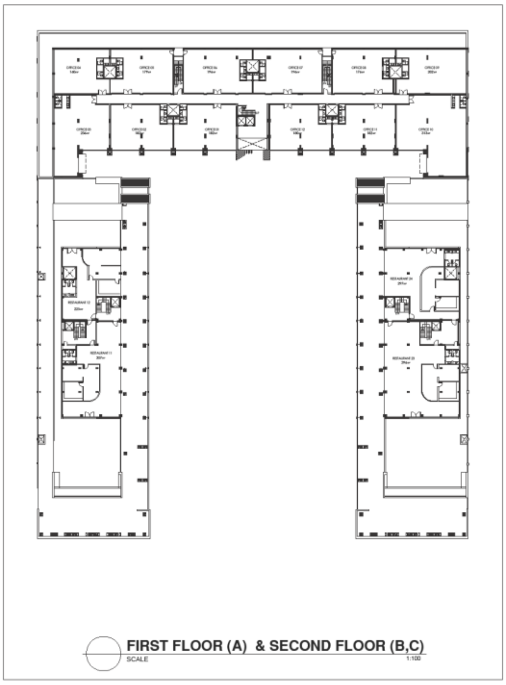
اي كشط او شطب يلغي هذه الرخصة. يجب الإلتزام بالشروط الموضحة خلف الرخصة

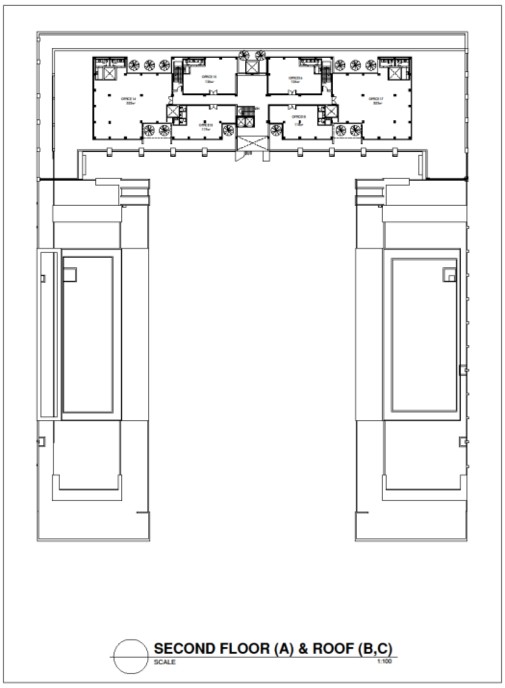
Appendix 4 - Additional Photographs

Appendix 5 - Floor plans







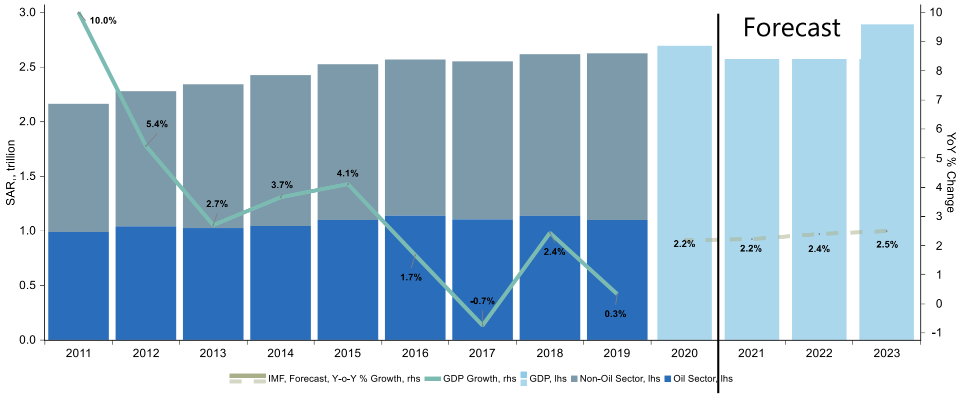


Appendix 6 - KSA Market Overview

KSA

Saudi Arabia GDP Growth, 2011 - 2023

- According to provisional full year data published by General Authority for Statistics (GaStat), the Saudi Arabia's GDP grew by 0.3 percent in 2019 compared to growth of 2.4 percent year-on-year in 2018.
- As expected, GDP growth was lifted by non-oil sector. However, Saudi Arabia's lower yearly oil output as a result of the OPEC agreement, meant oil sector GDP declined in 2019, resulting in an overall contraction of GDP growth.
- According to the IMF estimates, Saudi Arabia's GDP growth is expected to remain on a positive trajectory, averaging 2.3 percent 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.

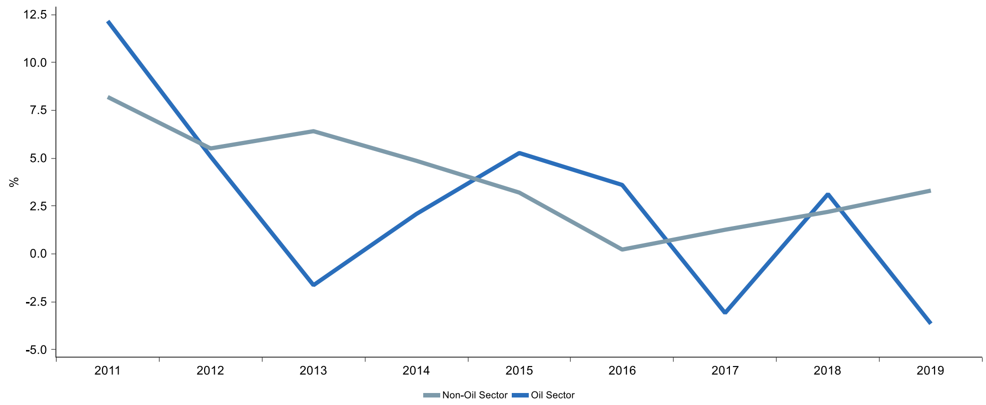


Source: Knight Frank Research, Macrobond

Saudi Arabia Oil & Non-Oil GDP and GDP Growth

- Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. 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.

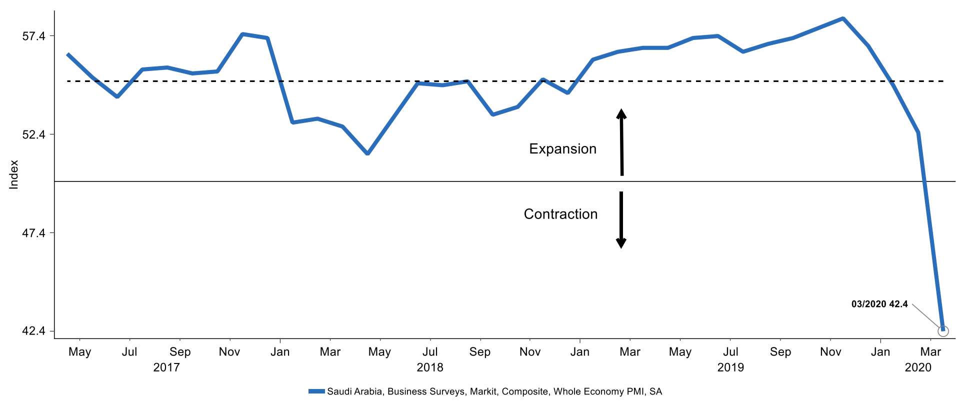
- Both the Vision 2030 and the National Transformation Plan (NTP) are set to remain a central element of economic policy over the coming years and provide further support to the expansion of the non-oil sector.



Source: Knight Frank Research, Macrobond

Saudi Arabia, Purchasing Manager Index (PMI)

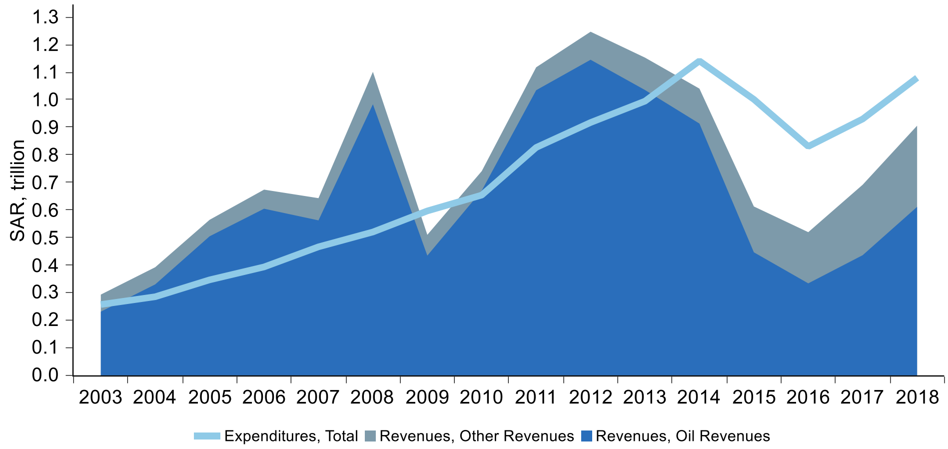
- The Purchasing Manager Index (PMI) – a non-oil tracker - The Saudi Arabia PMI plunged to a record low of 42.4 in March 2020 from 52.5 in February, since the survey began in August 2009 as travel and social restrictions aimed at stopping the spread of the virus affected business.
- Al fall in business activity, new orders and stocks of purchases were listed as the main factors weighing on the Saudi PMI. However, employment numbers dropped only slightly in March, which contrasted with the steep falls in output, new work and business confidence.



Source: Knight Frank Research, Macrobond

Saudi Arabia, Central Government Budget

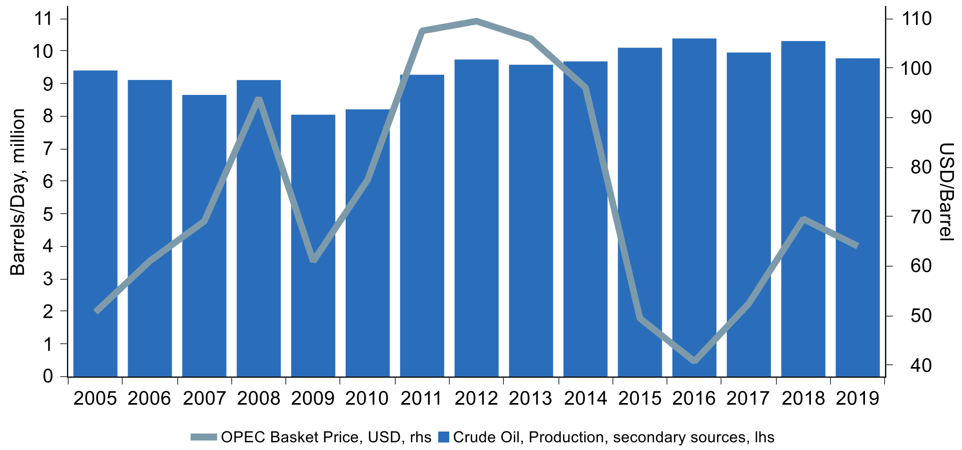
- In December 2016, Saudi Arabia has launched the Fiscal Balance Program 2017-2020, which represents a medium-term fiscal planning mechanism to sustain the status of public finances and achieve a balanced budget by maximising non-oil government revenues and improving government spending efficiency. This 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.



Source: Knight Frank Research, Macrobond

Saudi Arabia Crude Oil Production and Price

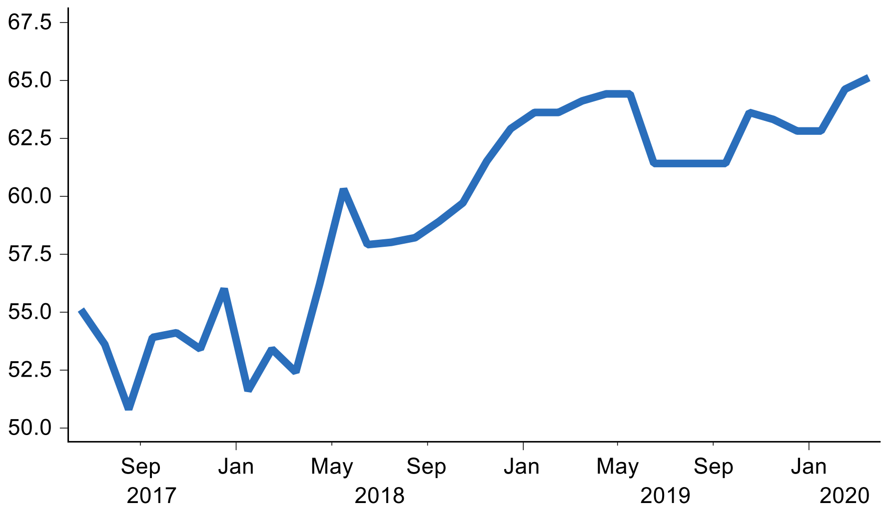
- The Kingdom's total oil production has increased to 10.31 mb/day in 2018 versus 9.96 mb/day in 2017. The OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant riecovery in oil prices partly explained by the agreements on production cuts in an attempt to steady the market.



Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Confidence Index by Thomson Reuters / IPSOS

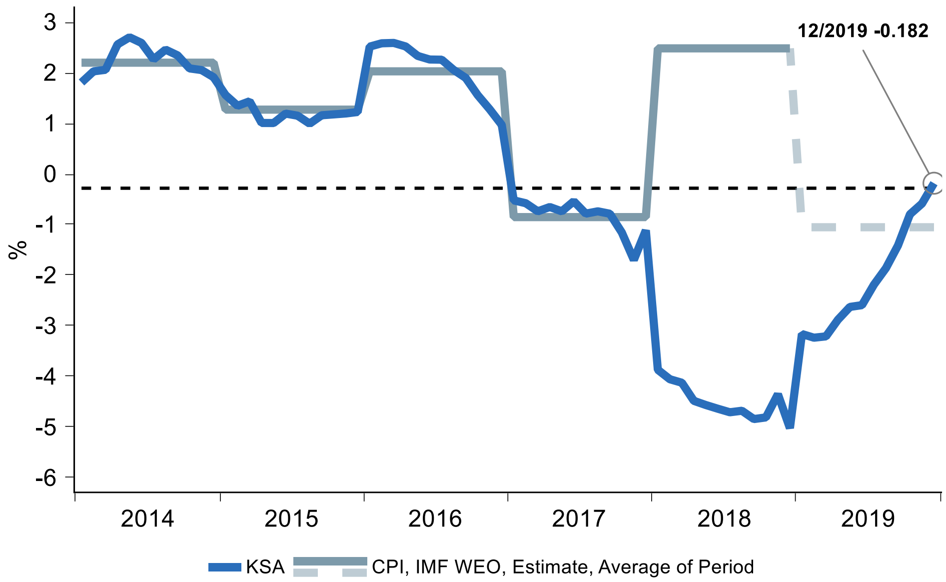
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia significantly improved in 2019 and heading into 2020, hitting a level of 65.1 in March 2020, reaching its highest level ever. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived economic expectations, perceived investment climate and current job security.
- In parallel with the improvement in consumer confidence, we have seen private sector loan growth regaining momentum. The recovery in banks' lending to the private sector in 2018 and heading into 2020 is seen as crucial in driving consumer spending and demand for real estate in the short to medium term.



Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Price Index, YoY Change %

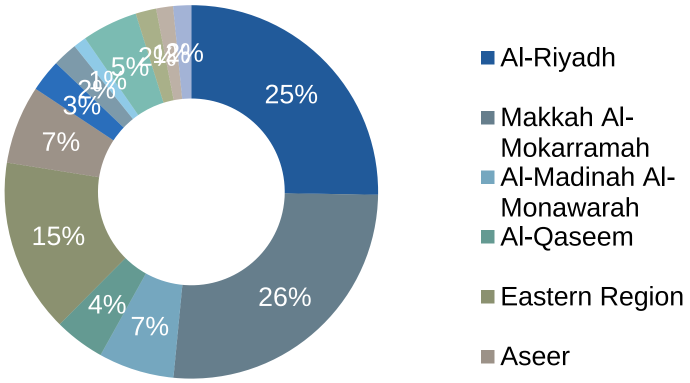
- Following a rise in inflation in 2018 as a result of the introduction of VAT, inflation rates have fallen into negative territory in 2019. The latest CPI reading was measured at -0.18 percent YoY in December 2019, compared to a rate of -0.58 percent in the previous month. The most important categories in the consumer price index for Saudi Arabia are food and beverage (22 percent of total weight); Housing, water, electricity, gas and other fuels (21 percent); Transport (10 percent); Furnishings, household equipment and routine household (9 percent); and Clothing and footwear, and Communication (8 percent each).
- Following the introduction of VAT and the revision of subsidies in 2018, inflationary pressures and weak consumer sentiment have impacted consumer spending. We see a change in the situation with the recent improvement in consumer confidence and the price deflation which will likely translate into higher consumer spending and a regain of appetite for real estate purchases.



Source: Knight Frank Research, Macrobond

Saudi Arabia Population Segmentation by Province - 2017

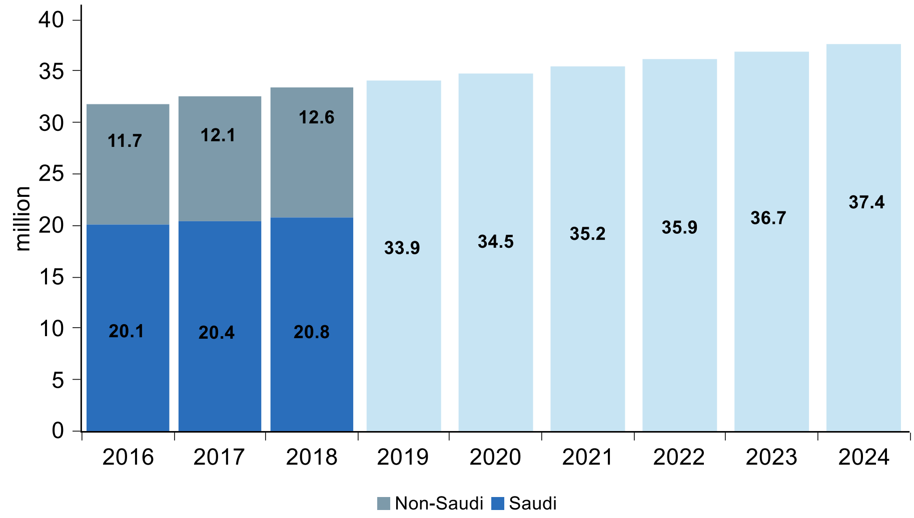
- Saudi Arabia accounts for over 50 percent of the total population of the GCC and is largely more populous than any other GCC country. According to official statistics, the population count was registered at 32.6 million in 2017.
- The population segmentation by regions for 2017 shows that nearly 65 percent of the population of the Kingdom is concentrated in three provinces namely Makkah Al Mokarramah, Riyadh, and the Eastern Province which account for 26 percent, 25 percent and 15 percent of the country's population respectively. Beyond the year 2017, the breakdown of the KSA population by region is not available.



Source: Knight Frank Research, GASTAT

Saudi Arabia Population Forecasts

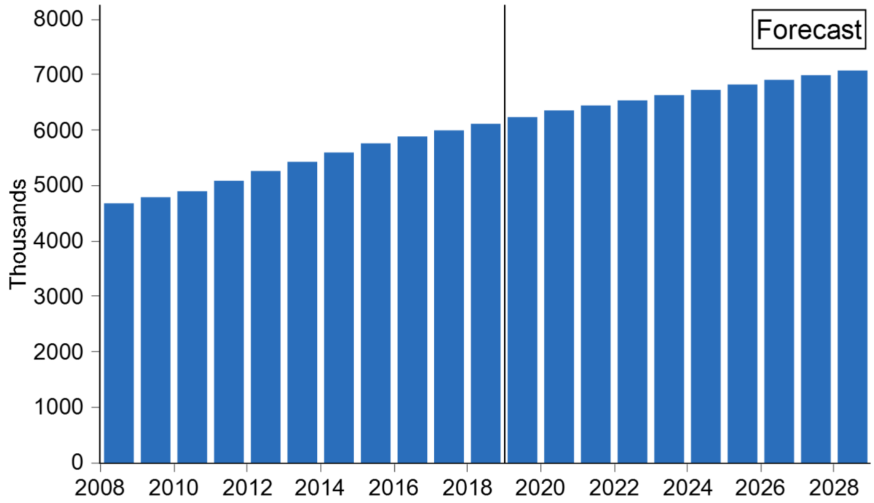
- According to official statistics, the population of Saudi Arabia is estimated to have reached 33.4 million in the first half of 2018 and 34.2 million in the first half of 2019. The Saudi/Non-Saudi breakdown of the population for 2018 stands at 20.8 million/12.6 million according to the same source.
- 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. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.



Source: Knight Frank Research, IMF

Total Number of Households

- Total number of households in Saudi Arabia is estimated at roughly 6.2 million in 2019 according to Oxford Economics. The yearly average growth in number of household is set to slow to 1.5 percent per annum between 2019 and 2028 according to Oxford Economics down from 2.7 percent between 2008 and 2019.
- The average household size in Saudi Arabia stood at 5.48 individuals in 2019 according to Oxford Economics. While the average household size for Saudi households stands just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.45 in 2028.
- Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.



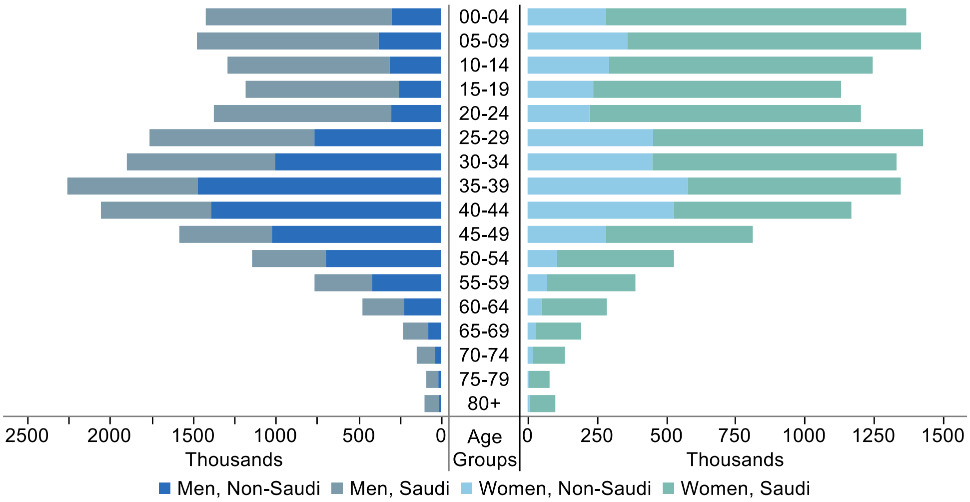
Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender - 2018

- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi and Non-Saudi population based on the preliminary 2018 data, highlights the fact that approximately 39.2 percent of the population were aged between 0 and 25 years, about 57.5 percent were aged between 25 and 64 years and 3.2 percent were aged above 65 years.
- When looking at the age structure of the Saudi population, the share of the population aged between 0 and 25 years rises to 49 percent, highlighting the young demographic profile of the Saudi population, a key driver to consumer market growth.
- It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2018 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.

3 year rolling mean

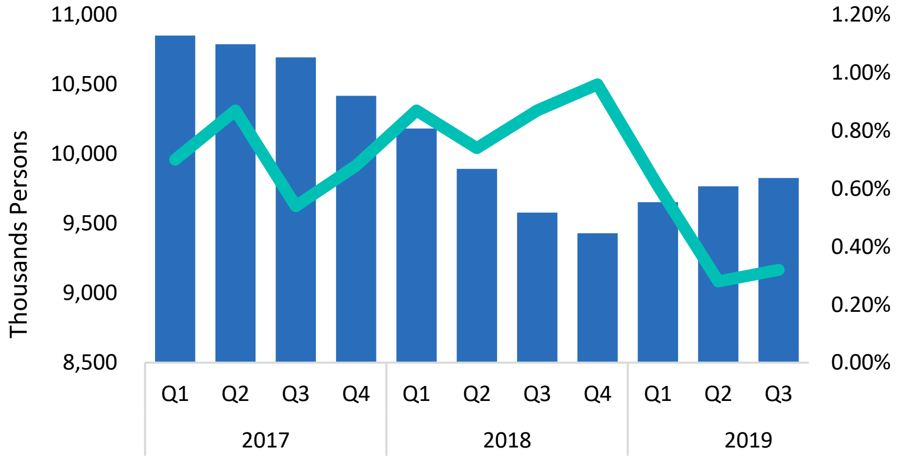
Expansion



‘Source: Knight Frank Research, Macrobond

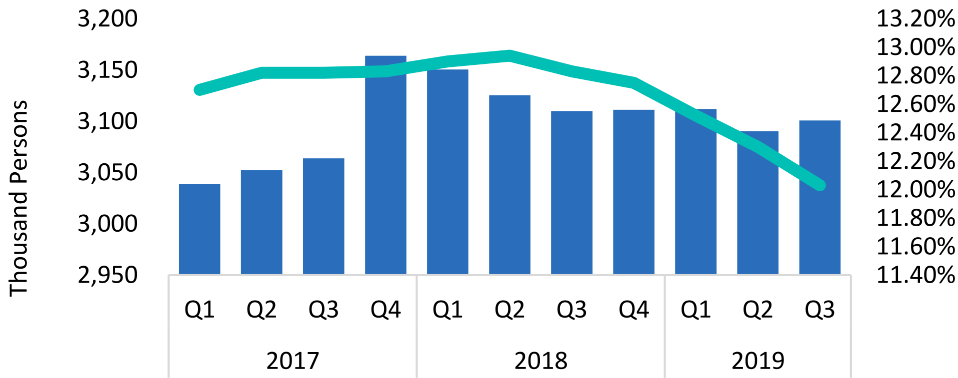
Labour Force and Unemployment Rate, Non Saudis

- 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.
- According to the latest Q3 2019 Labour Survey, total employed persons (excluding employees in the security and military sectors and non-registered in the records of GOSI and MCS) reached 12.9 million in Q3 19 as compared to 13.8 million in Q1 2017. This decline in total employment figures can be explained by the expat outflows from the workforce resulting from Saudization policies.



Labour Force and Unemployment Rate, Saudis

- Recent official statistics reveal that the unemployment rate among Saudis has slightly edged down. According to the Q3 2019 Labor Market Survey, the official rate of unemployment among Saudis fell to 12.03 percent. This was down from 12.3 percent in Q2 2019 and represents the lowest rate of unemployment since Q4 2016.



Source: Knight Frank Research, Macrobond

KSA Employment by Economic Activity (Saudis, 2018)

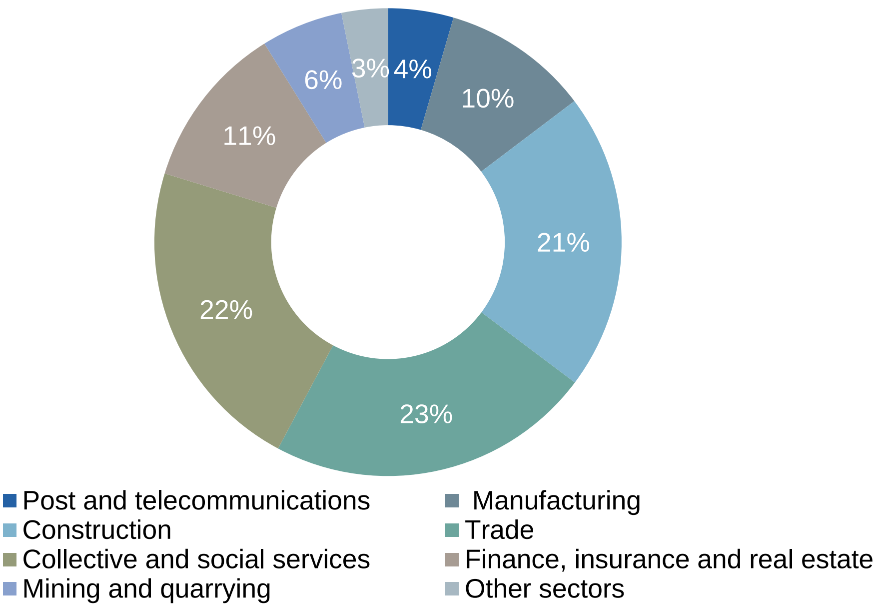
In 2018, the trade sector accounted for the largest share (23 percent) of employment among Saudis in Saudi Arabia. This is followed by collective and social services (22 percent) and by the construction sector (21 percent).

In 2018, a large share of the non-Saudi workforce was employed within the construction sector (41 percent). This is followed by the trade sector which employs 25 percent of the non-Saudi workforce.

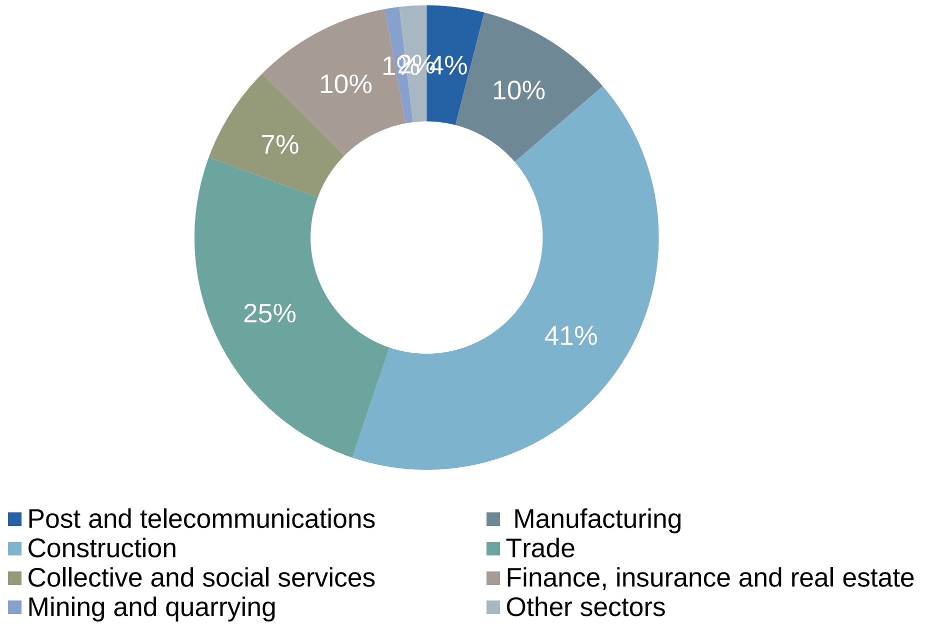
Given Saudi Arabia's decision to gradually restrict certain retail jobs to nationals, we should expect to see an increase in the share of Saudis employed within the wholesale and retail trade sectors over the coming years. A total of 43 professions in the retail sector will be restricted to nationals.

In the shorter term, Saudization policies are resulting in higher costs for most businesses as the average wage for Saudis is significantly higher than the average wage for non-Saudis. Saudi wages have increased by c. 4 percent since the beginning of 2017, outpacing inflation, a reflection of how Saudization is affecting local economic conditions.

On the upside we have seen a very encouraging rise in the Saudi female labour force participation rate to 24.3 in the second quarter of 2019 compared to 22.4 percent a year earlier. The inclusion of women in the workforce, is incentivising employment, increasing household income and pushing toward greater productivity in the workforce.



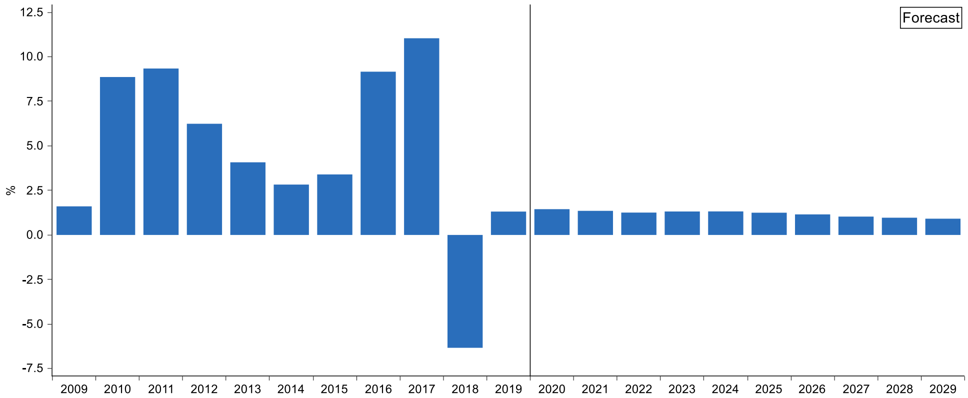
KSA Employment by Economic Activity (Non-Saudis, 2018)



Source: Knight Frank Research, Labour survey Q4 18

Employment YoY Change%

- Employment growth in Saudi Arabia is set to decelerate to 1.3 percent per annum between 2020 and 2023 down from 4.6 percent between 2008 and 2019 according to Oxford Economics estimates.
- Total employment declined by -6.34 percent in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31 percent.
- Employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce, in the short to medium term this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.



Source: Oxford Economics, Macrobond

Valuation report

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

Prepared for **NCB Capital / NCB**

Date of issue: **28 July 2020**

Contact details

Danial Mahfooz, CFA, NCB Capital, Jeddah, KSA

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KF ref: KF/V/198-2020

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 95%, 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 95% occupied based on its 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	131,836,150
Market Rent at 100% occupancy	SAR per annum	137,000,000
Operating Costs	SAR per sq m per annum	25,887,240
Stabilised Occupancy	%	95%
Exit 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 were not provided with the classification certificate for the operating hotel and therefore we have assumed the previous certificate which expired on 31/12/2019 was renewed.
- 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 client is currently in the process of terminating the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and is in advanced discussions with another reputable international operator. Therefore, we have assumed that the operator / brand appointed would be similar to that of Staybridge Suites. We have assumed that this new operator would continue to manage the subject property effectively and efficiently under a 5-Star deluxe serviced apartment positioning.
- We were not provided with the revised commercial terms under the new management agreement and therefore have had to rely on industry standard fee structures that are

Executive summary cont.

typically offered by hotel operators for the Jeddah market. These terms are assumed to prevail over a 15-year term and come into effect before the end of 2020.

- During the transition of operators, we have assumed that the property will continue to remain open for business and be owner operated. Furthermore, our projections take into account that the new operator would be appointed and running the operations of the hotel before the end of 2020. A delay in appointing the new operator would impact the projections.
- Typically, when a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed that the costs related to re-branding will be borne by the new operator and that costs related to any FF&E upgrades will be minor and be covered by the accrued FF&E reserve from the previous years.
- 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 considerations

Retailers across the board are generally finding the current trading conditions difficult as most non-essential retailers ceased operations during the majority of Q2 2020. The retail sector is beginning to regain traction as stores resume trading under restrictions set out by the government. Implications are expected to impact the retail market further due to the increase in VAT from 5% to 15%, which will impact tenants overall costs of occupation.

The mall is 95% 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.

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.

Executive summary cont.

	Due to the large lot size of the asset, 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 assets that have a wider potential buyer base.
Valuation date	30 June 2020
Market Rent	Our opinion of Market Rent for Al Andalus Mall, subject to the caveats and assumptions detailed herein as at the valuation date is: SAR 137,000,000 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 1,304,600,000** **(One Billion, Three Hundred and Four Million, Six Hundred Thousand Saudi Arabian Riyals)**
Market Value Analysis	Split on values between the two component parts is as follows: • Al Andalus Mall - SAR 1,150,000,000 - (One Billion, One Hundred and Fifty Million Saudi Arabian Riyals) • Staybridge Suites (subject hotel) - SAR 154,600,000 (One Hundred and Fifty Four Million and Six Hundred Thousand Saudi Arabian Riyals)
Material Uncertainty	The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Kingdom of Saudi Arabia (KSA), market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations is are therefore reported on the basis of ‘material valuation uncertainty’ per VPGA 10 of the RICS Valuation – Global Standards (Appendix 7). Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject property under frequent review. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the

Executive summary cont.

current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Contents

Appendices

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, and email confirmation of 17 June 2020 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 2020, 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 December 2019 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 Alex Arvalis, MRICS, Taqeem Certified 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 08 June 2020 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 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 30 June 2020.

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 13 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 positioned as a 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.

Given the current situation surrounding COVID-19, we have had to rely on photos from our previous property inspection on 25th June 2019 and assumed that no material changes have been made to the internal or external areas of the property. 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.

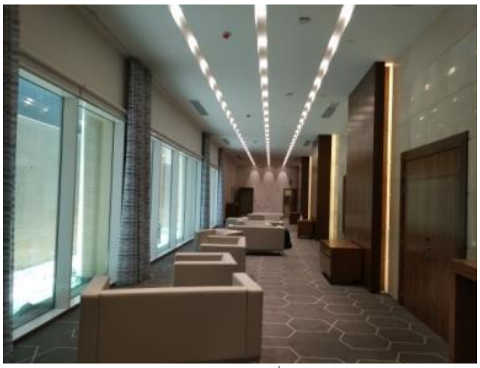
Exhibit 3: Meeting Room breakdown

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 previous inspection are below:

One Bedroom Suite

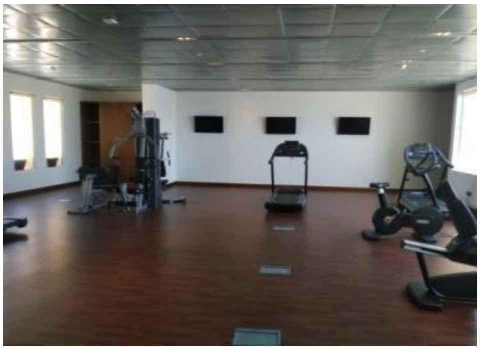
Front elevation of the building

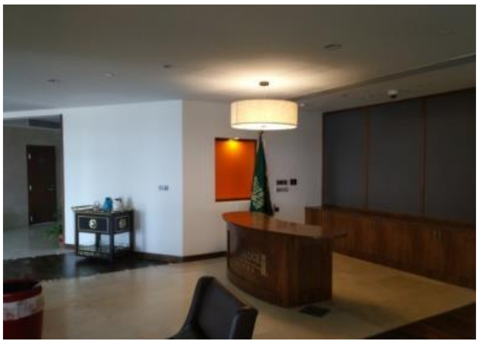

Common corridor – 2nd floor


All Day Dining Restaurant – The Hub


Children's pool


Swimming pool


Gymnasium


Reception & Lobby Area


View from the hotel


Rear Elevation

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 95% 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.

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. Further details are as follows:

- Type: Limited Liability 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 were not provided with the updated classification certificate; however, we have assumed that the previous certificate shown with the details below, has been renewed.

- Trade Name: Staybridge Suites Jeddah Alandalus Mall (may ultimately be revised taking into consideration the re-branding discussed in the Hotel Management Section of this report)
- 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 approximately three years ago under a 15 year management agreement by Staybridge Suites. The agreement is dated 17th June 2013 and made between Alandalus Property Company (owner) and Holiday Inns Middle East Limited (Operator). However, the client has informed us that they are currently in the process of terminating the agreement with Holiday Inns Middle East Limited (Operator) and are in advanced discussions with another reputable international hotel operator, which will take over the subject property with the same positioning as a deluxe 5-Star serviced apartment. During this transition, the client has notified us that the property would remain open and be owner operated until the new international operator is appointed.

The client has not provided us with the commercial terms of the potential new international operator, and therefore we have assumed that the fees would not be inferior to the ones provided by Holiday Inns Middle East.

As a result, we have assumed the following key heads of terms for the new hotel management agreement for the subject property. These commercial terms broadly reflect the current terms that are currently being offered in the market by hotel operators.

2.33 We summarise our assumptions under the new hotel management agreement below as follows:

Exhibit 4: Key heads of terms

Property:	164 key 5 star deluxe serviced apartments located adjacent to Al-Andalus Mall in Jeddah
Name:	To be determined; however, it is assumed to be an international operator and brand that is equivalent or more superior to that of Staybridge Suites.
Term:	15 years from HMA signature
License Fee:	• 1.5% of Adjusted Gross Revenues in financial reporting years 1-2. • 1.75% of Adjusted Gross Revenues in financial reporting year 3 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:	• 2% of Gross Revenues – first year of operations under new management • 3% of Gross Revenues – second year of operations and thereafter

When a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed that the costs related to re-branding will be borne by the new operator and that costs related to any FF&E upgrades will be minor and will be covered by the accrued FF&E reserve from the previous years. Because of the appointment of a new operator and anticipated new furnishings that will be included in the hotel, we have included an FF&E Reserve for the first year of our projections at 2 percent, and 3 percent from the second year and thereafter.

Condition

Scope of inspection

2.34 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

2.35 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

2.36 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

2.37 **Competition**

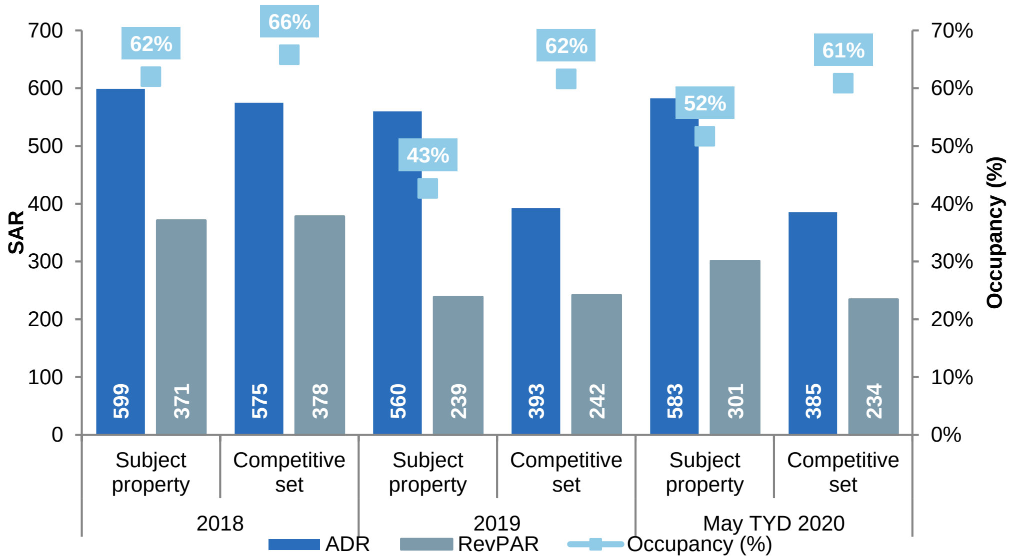
We have been provided with an analysis of the competitiveness of the subject property against a selection of similar properties that the operator and owner feel deemed most relevant to the subject property in Jeddah, in terms of location, facilities & rooms offered, guest profile etc. The chosen properties,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

Competitive set - Staybridge Suites Jeddah Alandalus Mall

- Amjad Hotel Royal Suite Jeddah (formerly known as Radisson Blue Royal Suite Hotel)
- Ascott Tahlia Jeddah
- Citadines Al Salamah Jeddah
- Radisson Blu Plaza Hotel Jeddah
- Novotel Jeddah Tahlia Street

2.38 The performance of the subject property versus the competitive set breakdown is showcased in the next exhibit.

Exhibit 5: Subject Property Vs. Competitive Set



Source: STR; Subject property's P&L 2018, 2019 and May YTD 2020

2.39 Over the periods observed (full year 2018 and 2019, and May YTD 2020), the subject property recorded much lower occupancy rates compared to the competitive set; however, the Staybridge Suites Jeddah Al Andalus Mall pursued a rate driven strategy which exceeded the rates achieved across the competitive set. As a result, RevPAR rates were relatively in line for the full year in 2018 and 2019; however, as of May YTD 2020, the subject property recorded a RevPAR of SAR 301 compared to the competitive set, which achieved a RevPAR of SAR 234. This represented a 28 percent increase over the competitive set. Nevertheless, given the market situation and uncertainty surrounding the impact of COVID-19, both the subject property and competitive set are expected to close the year (2020) with lower key performance indicators.

Business Commentary

Projections 2.40 We have projected the subject property's trading performance for the forthcoming years as follows:

Exhibit 6: Subject Property Forecast Performance Measurements

Performance measure	2020/2021	2021/2022	2022/2023
No. of rooms	164	164	164
Occupancy	45.0%	66.0%	72.0%
Av. Room Rate (SAR)	575	656	708
Rev PAR (SAR)	259	433	510
Total Revenue (SAR thousands)	17,871	30,036	35,531
EBITDA (SAR thousands)	4,531	11,824	15,622
EBITDA as a % of Total Revenue	25.4%	39.4%	44.0%

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

The duration and recovery period of the COVID-19 outbreak remains uncertain; however, we have taken the opinion that COVID-19 is likely to impact trading performance over the short term, rather than the long-term of trading performance of the asset.

In addition, the client has informed us that the property would remain open during the transition of operators and that the property would be owner operated until the new international hotel operator is appointed. Furthermore, our assumption take into account that the new operator would be appointed and running the hotel operations before the end of 2020.

Average room occupancy (ARO)

2.41 Projections of occupancy are dependent on trading performance to date in 2020, the current and future supply of new hotels of similar category and location, forecast room demand and the existing situation surrounding the impacts of COVID-19.

As of May YTD 2020 the subject property achieved an occupancy of 33 percent, which is 19 percentage points lower compared to the same period in 2019. This is primarily attributable to the impact of COVID-19, which is anticipated to soften demand over the short term. However, we have estimated occupancy to ramp up to 45 percent by the end of the first fiscal year. This reflects the hotel returning back to an occupancy of approximately 50 percent by the end of the year, while recording occupancy peaks in the second quarter of 2021, which typically tends to be the start of the high season in Jeddah.

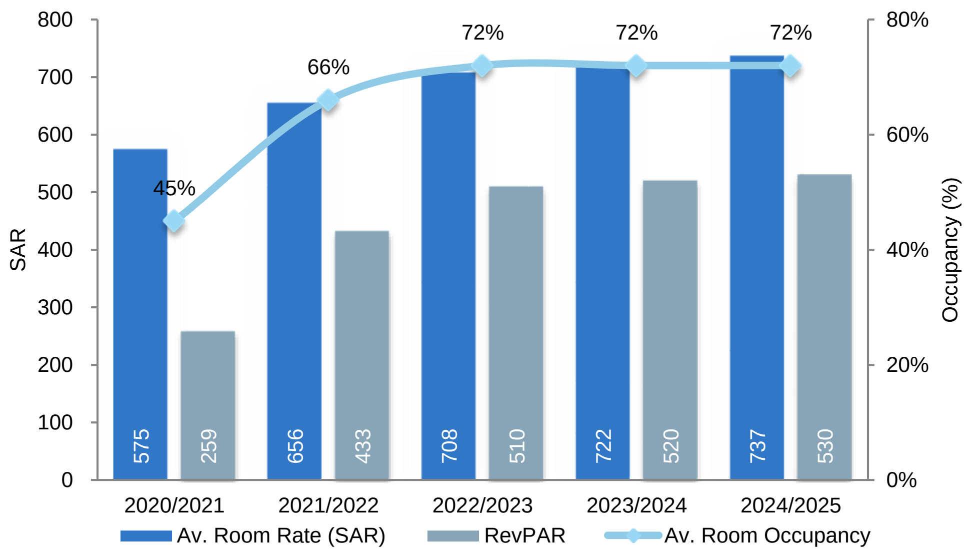
Furthermore, we have estimated the subject property to recover and re-stabilise at an occupancy of 72 percent in year 3 of our projections.

Average daily room rate (ADR)

2.42 Forecasting the average daily room rate for the subject property, we would expect there to be an impact in the 1st year of projections given the impact of COVID-19. We have assumed that the property would achieve an ADR of SAR 575, which sits between a historical range recorded in 2018 (SAR 599) and 2019 (SAR 560).

In year 3 of our projections, we have estimated the property to recover and achieve a rate of SAR 708. After this, we expect ADR to be in line with inflation at 2.0 percent, 2.43 Our forecast of room performance in our cash flows are provided in the next exhibit:

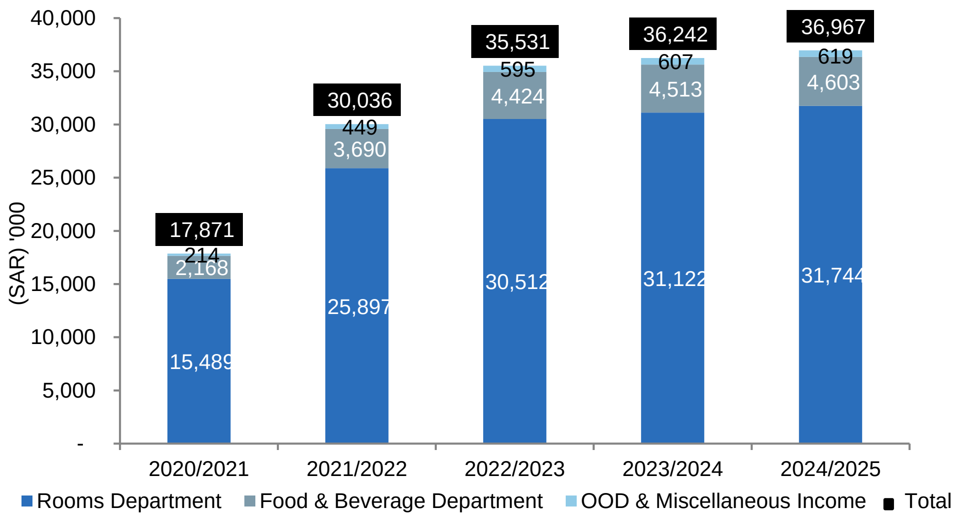
Exhibit 7: Hotel Forecast Room Performance



Total Revenue 2.44 Subsequent to the recovery period of 2020/2021 and the period of 2022/2023, we would expect total revenue to be in line with inflation over the 10-year period.

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 8: Hotel Forecast Split of Revenue



Gross Operating Income 2.45 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 2.46 **Administration and General (referred to as Admin & General):** This comprises both operational and managerial expenses that does not fall under a specific operating department. Most of these expenses are moderately fixed, with exceptions such as cash overages and shortages or credit card commissions. It is usually compared on a per available room basis, supported by the percentage of total revenue.

IT Systems: This comprises of costs related to any information technology, telecommunication and software systems required to operate the property.

Sales & Marketing: It covers all the expenses related to the advertising, sales and promotion of a property to obtain new customers or retain existing ones. Unlike most expense categories, marketing is controlled almost completely by management. This expense is forecasted in the budget and target can be met if a detailed, tailored and specific marketing plan is followed. New hotels need to start marketing before the hotel even opens, while an existing hotel may wish to increase its marketing expenses to stabilize or increase revenue. It is commonly expressed as a percentage of total revenue.

Property Operation & Maintenance: This is an expense related to the maintenance or the property. They are controlled by management but some necessary maintenance issues cannot be postponed. The expenses are highly correlated with the hotel's age, quality of facilities and the approach followed in scheduling maintenance. Repairs can be pushed to subsequent years but will still accumulate if not tackled promptly.

Utilities: Covers expenses related to the running of utilities (electric, heating, water, etc.) to operate the hotel.

A summary of our projected Undistributed Expenses is set out in the following table:

Exhibit 9: Undistributed expenses for the subject hotel (SAR Thousands)

(SAR) '000	Year 1 2020/2021		Year 2 2021/2022		Year 3 2022/2023	
Administration & General	2,949	16.5%	3,529	11.8%	3,731	10.5%
IT Systems	760	4.3%	826	2.8%	888	2.5%
Sales and Marketing	894	5.0%	1,277	4.3%	1,332	3.8%
Property Operation and Maintenance	938	5.3%	1,126	3.8%	1,155	3.3%
Utilities	1,876	10.5%	2,328	7.8%	2,487	7.0%
Total Undistributed Operating Expenses	**7,417**	**41.5%**	**9,086**	**30.3%**	**9,593**	**27.0%**

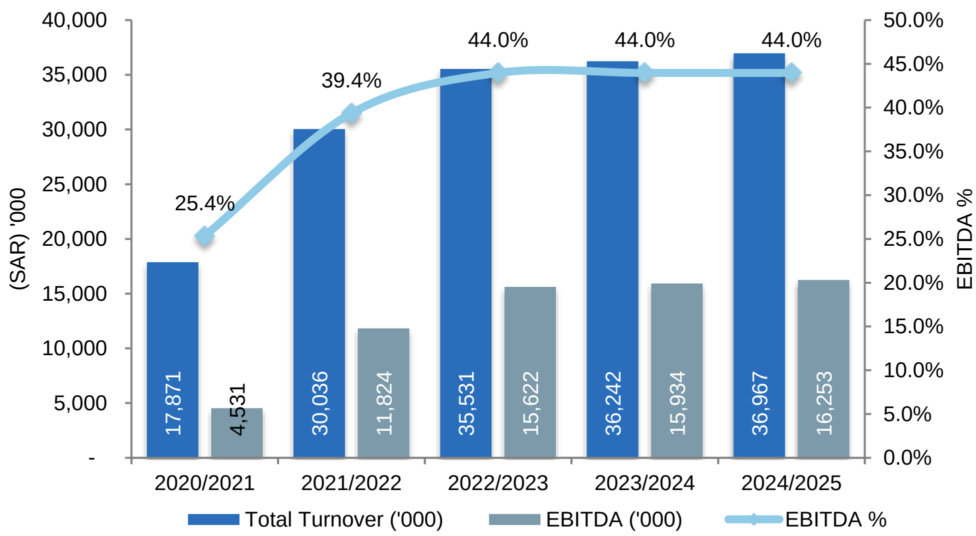
Given the current situation surrounding COVID-19, hotels across the market including the subject property have implemented risk-mitigating strategies to reduce the financial burden of COVID-19.

In our 1st year Undistributed Operating Expenses projections, we have assumed that the property will continue to implement a number of critical measures to reduce costs (e.g. employees taking unpaid leave, limited task force team on property, closing down room floors to reduce utility expenses, etc.). As a result, we have estimated Property Operation & Maintenance and Utilities expenses to be reduced by approximately 10-15 percent, while Admin & General to be reduced by approximately 30 percent compared to 2019 figures. In addition, we have estimated IT System and Sales & Marketing costs to be reduced by approximately 15 percent and by 35 percent respectively compared to full year 2019. Subsequently, we expect these costs to ramp-up to year 3 of projections and subsequently grow in line with inflation.

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

2.47 We have run our projections based on a competent international operator assuming that the hotel is effectively managed, positioned and operated as well as strategies are being put in place to reduce costs given the impact on room night demand from COVID-19. The following exhibit highlights Knight Frank's projected total turnover and EBITDA.

Exhibit 10: Hotel Forecast Revenue and EBITDA



Services

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

2.49 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.

2.50 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 2.51 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.

2.52 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.

2.53 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 2.54 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

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

Tenancies

Tenancy information 2.56 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.

2.57 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 2.58 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

2.59 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.

Summary 2.60 The current rent passing as at the date of valuation is SAR 131,836,150 per annum and the property is currently 95% 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 2.61 As stated in the General Terms of Business attached, we have not undertaken a building or site survey of the property.

2.62 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 2.63 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 2.64 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

2.65 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).

2.66 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

2.67 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

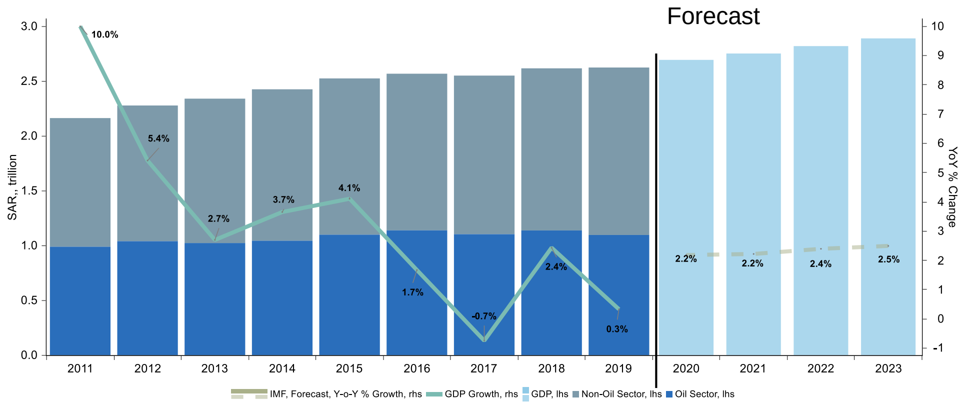
2.68 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

2.69 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

KSA 3.1 **Saudi Arabia GDP Growth, 2011 - 2023**

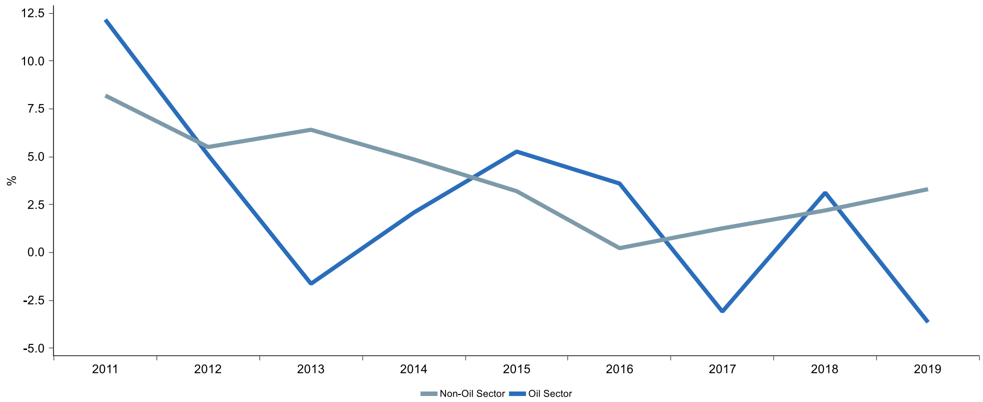
- According to provisional full year data published by General Authority for Statistics (GaStat), the Saudi Arabia's GDP grew by 0.3 percent in 2019 compared to growth of 2.4 percent year-on-year in 2018.
- As expected, GDP growth was lifted by non-oil sector. However, Saudi Arabia's lower yearly oil output as a result of the OPEC agreement, meant oil sector GDP declined in 2019, resulting in an overall contraction of GDP growth.
- According to the IMF estimates, Saudi Arabia's GDP growth is expected to remain on a positive trajectory, averaging 2.3 percent 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.



Source: Knight Frank Research, Macrobond

Saudi Arabia Oil & Non-Oil GDP and GDP Growth

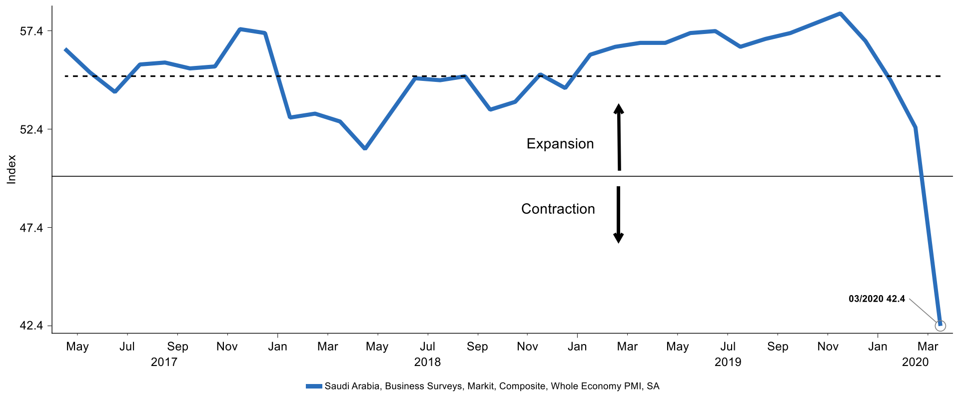
- Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. The non-oil economy is benefiting from the spillovers of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance on the hydrocarbon sector.
- Both the Vision 2030 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.



Source: Knight Frank Research, Macrobond

3.2 Saudi Arabia, Purchasing Manager Index (PMI)

- The Purchasing Manager Index (PMI) – a non-oil tracker - The Saudi Arabia PMI plunged to a record low of 42.4 in March 2020 from 52.5 in February, since the survey began in August 2009 as travel and social restrictions aimed at stopping the spread of the virus affected business.
- Al fall in business activity, new orders and stocks of purchases were listed as the main factors weighing on the Saudi PMI. However, employment numbers dropped only slightly in March, which contrasted with the steep falls in output, new work and business confidence.

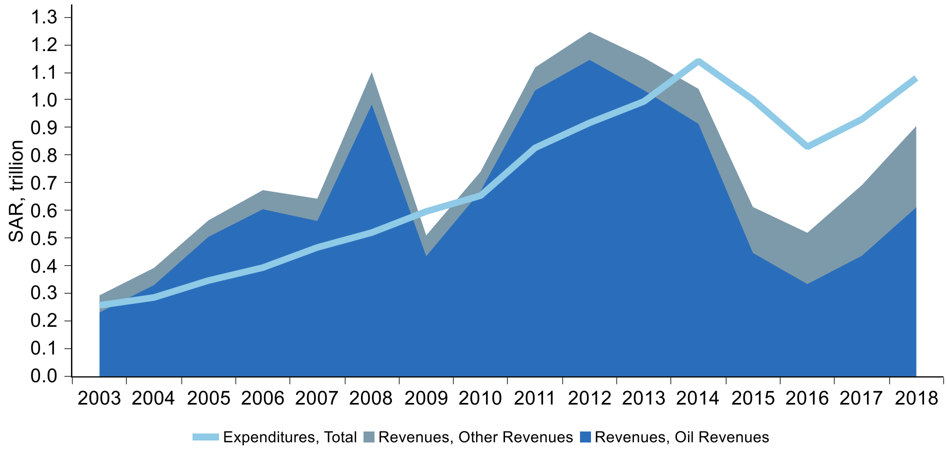


Source: Knight Frank Research, Macrobond

3.3 Saudi Arabia, Central Government Budget

- 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.

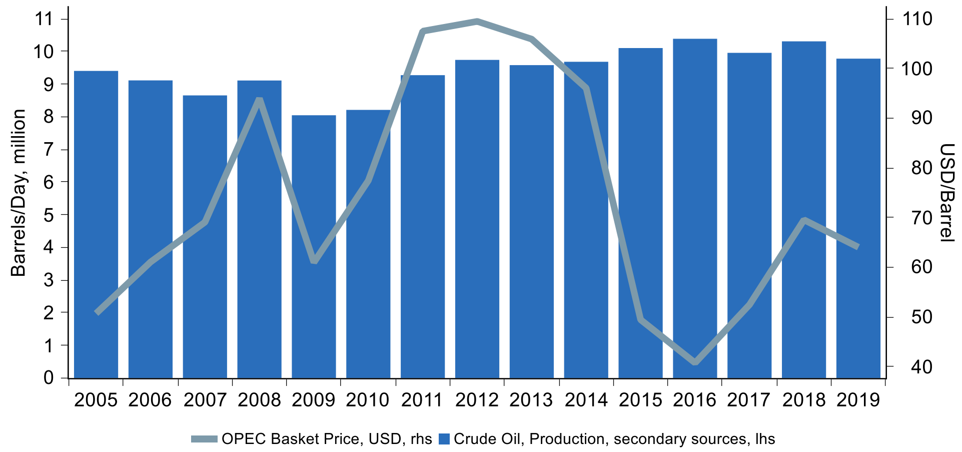
- Fiscal consolidation measures in view of strengthening non-oil revenues have so far included the introduction of VAT starting January 2018, the implementation of an expatriate levy in the form of a fee on dependents starting from July 2017, and the introduction of an excise tax on certain commodities 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.



Source: Knight Frank Research, Macrobond

3.4 Saudi Arabia Crude Oil Production and Price

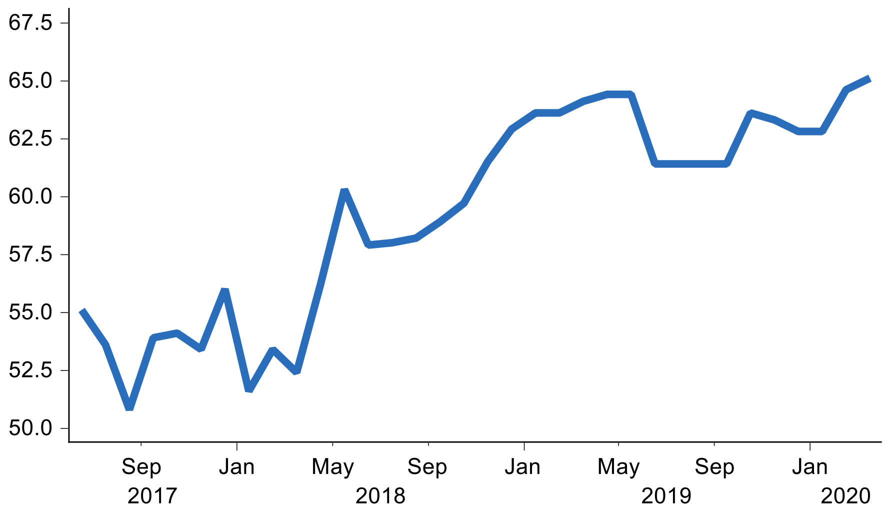
- The Kingdom's total oil production has increased to 10.31 mb/day in 2018 versus 9.96 mb/day in 2017. The OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant riecovery in oil prices partly explained by the agreements on production cuts in an attempt to steady the market.



Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Confidence Index by Thomson Reuters / IPSOS

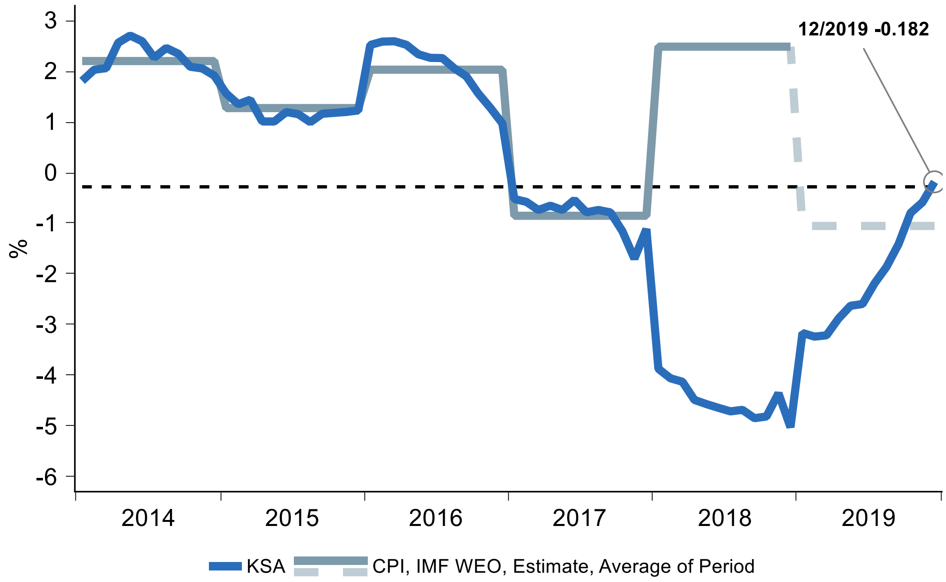
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia significantly improved in 2019 and heading into 2020, hitting a level of 65.1 in March 2020, reaching its highest level ever. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived economic expectations, perceived investment climate and current job security.
- In parallel with the improvement in consumer confidence, we have seen private sector loan growth regaining momentum. The recovery in banks' lending to the private sector in 2018 and heading into 2020 is seen as crucial in driving consumer spending and demand for real estate in the short to medium term.



Source: Knight Frank Research, Macrobond

Saudi Arabia Consumer Price Index, YoY Change %

- Following a rise in inflation in 2018 as a result of the introduction of VAT, inflation rates have fallen into negative territory in 2019. The latest CPI reading was measured at -0.18 percent YoY in December 2019, compared to a rate of -0.58 percent in the previous month. The most important categories in the consumer price index for Saudi Arabia are food and beverage (22 percent of total weight); Housing, water, electricity, gas and other fuels (21 percent); Transport (10 percent); Furnishings, household equipment and routine household (9 percent); and Clothing and footwear, and Communication (8 percent each).
- Following the introduction of VAT and the revision of subsidies in 2018, inflationary pressures and weak consumer sentiment have impacted consumer spending. We see a change in the situation with the recent improvement in consumer confidence and the price deflation which will likely translate into higher consumer spending and a regain of appetite for real estate purchases.

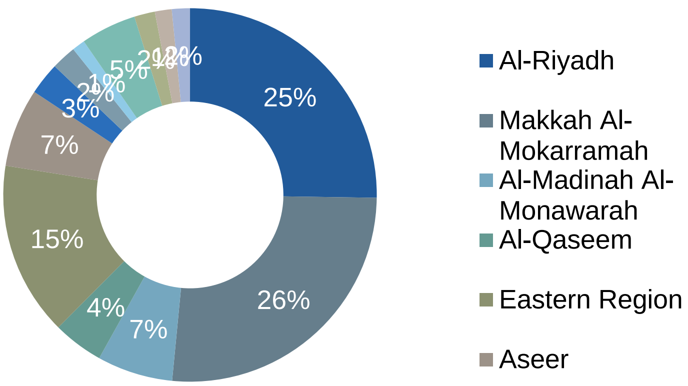


Source: Knight Frank Research, Macrobond

3.5 **Saudi Arabia Population Segmentation by Province - 2017**

- Saudi Arabia accounts for over 50 percent of the total population of the GCC and is largely more populous than any other GCC country. According to official statistics, the population count was registered at 32.6 million in 2017.
- The population segmentation by regions for 2017 shows that nearly 65 percent of the population of the Kingdom is concentrated in three provinces namely Makkah Al Mokarramah, Riyadh, and the Eastern Province which account for 26 percent, 25 percent and 15 percent of the country’s population respectively.

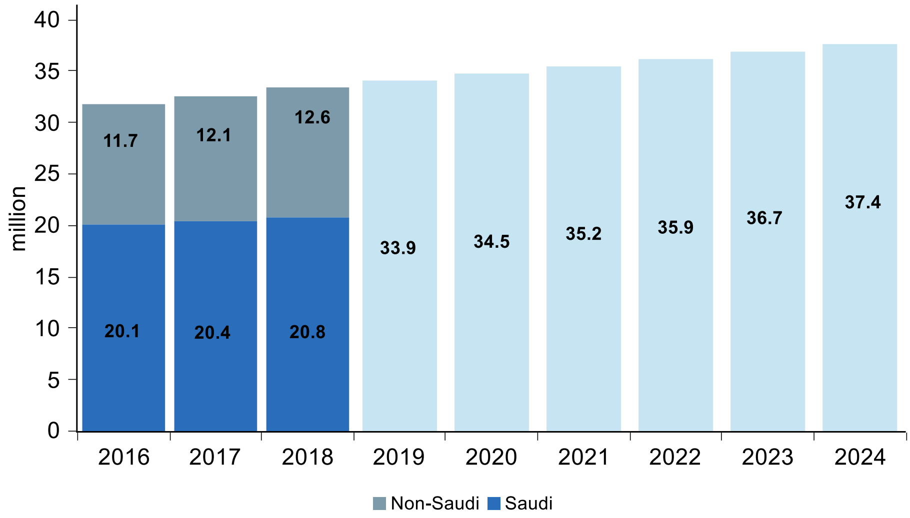
Beyond the year 2017, the breakdown of the KSA population by region is not available.



Source: Knight Frank Research, GASTAT

Saudi Arabia Population Forecasts

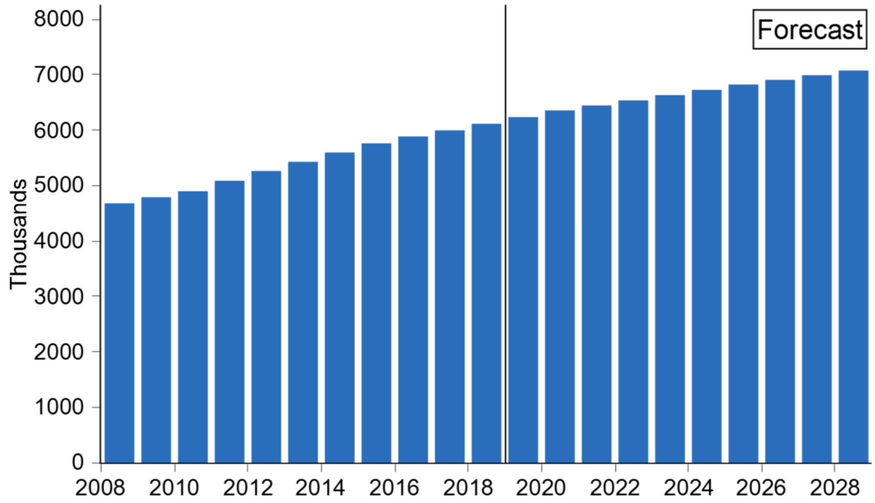
- According to official statistics, the population of Saudi Arabia is estimated to have reached 33.4 million in the first half of 2018 and 34.2 million in the first half of 2019. The Saudi/Non-Saudi breakdown of the population for 2018 stands at 20.8 million/12.6 million according to the same source.
- 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. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.



Source: Knight Frank Research, IMF

3.6 Total Number of Households

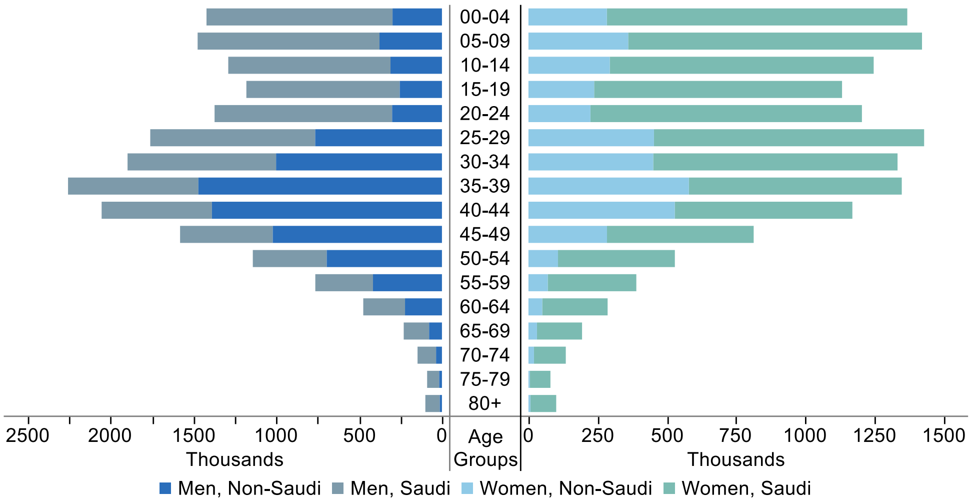
- Total number of households in Saudi Arabia is estimated at roughly 6.2 million in 2019 according to Oxford Economics. The yearly average growth in number of household is set to slow to 1.5 percent per annum between 2019 and 2028 according to Oxford Economics down from 2.7 percent between 2008 and 2019.
- The average household size in Saudi Arabia stood at 5.48 individuals in 2019 according to Oxford Economics. While the average household size for Saudi households stands just over 6.0, the average household size for non-Saudis is closer to 4 individuals. The overall average household size is set to slightly decrease over the next years reaching 5.45 in 2028.
- Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin demand for higher density development which provides smaller and more efficient units.



Source: Knight Frank Research/ Macrobond, Oxford Economics

Population by Age, Nationality, and Gender - 2018

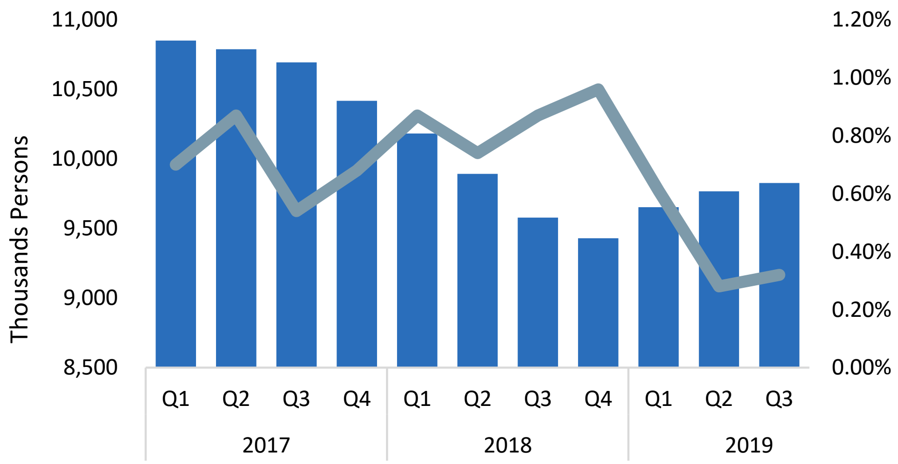
- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi and Non-Saudi population based on the preliminary 2018 data, highlights the fact that approximately 39.2 percent of the population were aged between 0 and 25 years, about 57.5 percent were aged between 25 and 64 years and 3.2 percent were aged above 65 years.
- When looking at the age structure of the Saudi population, the share of the population aged between 0 and 25 years rises to 49 percent, highlighting the young demographic profile of the Saudi population, a key driver to consumer market growth.
- It is expected that population dynamics are expected to shift in Saudi Arabia over the next decades, which will entail a significant increase in the population over 40. The over 60s age cohorts are expected to increase by 3 times between 2018 and 2035. Despite these changing demographic profile, Saudi Arabia will remain amongst the youngest countries in the GCC in 2030.



Source: Knight Frank Research, Macrobond

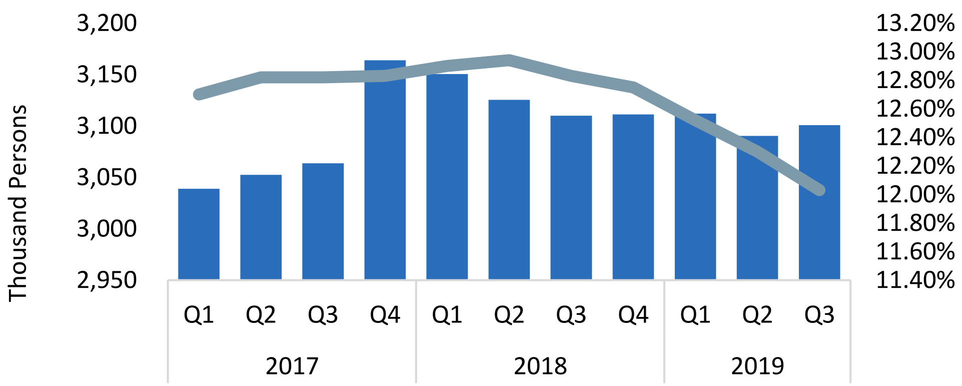
Labour Force and Unemployment Rate, Non Saudis

- 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.
- According to the latest Q3 2019 Labour Survey, total employed persons (excluding employees in the security and military sectors and non-registered in the records of GOSI and MCS) reached 12.9 million in Q3 19 as compared to 13.8 million in Q1 2017. This decline in total employment figures can be explained by the expat outflows from the workforce resulting from Saudization policies.



Labour Force and Unemployment Rate, Saudis

- Recent official statistics reveal that the unemployment rate among Saudis has slightly edged down. According to the Q3 2019 Labor Market Survey, the official rate of unemployment among Saudis fell to 12.03 percent. This was down from 12.3 percent in Q2 2019 and represents the lowest rate of unemployment since Q4 2016.



Source: Knight Frank Research, Macrobond

KSA Employment by Economic Activity (Saudis, 2018)

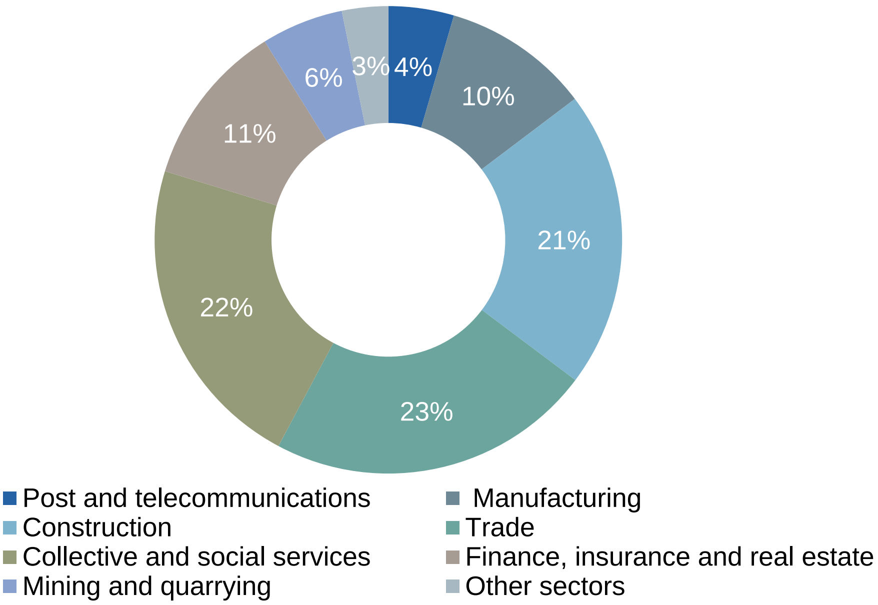
In 2018, the trade sector accounted for the largest share (23 percent) of employment among Saudis in Saudi Arabia. This is followed by collective and social services (22 percent) and by the construction sector (21 percent).

In 2018, a large share of the non-Saudi workforce was employed within the construction sector (41 percent). This is followed by the trade sector which employs 25 percent of the non-Saudi workforce.

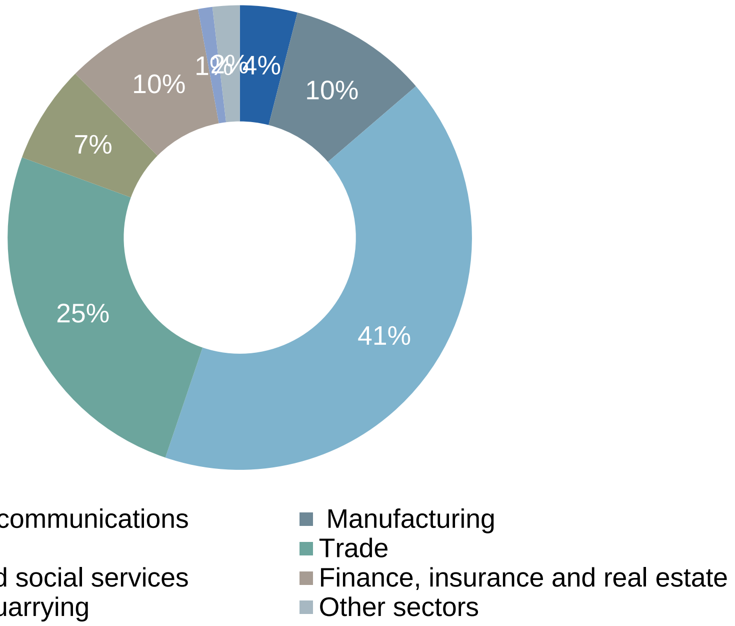
Given Saudi Arabia's decision to gradually restrict certain retail jobs to nationals, we should expect to see an increase in the share of Saudis employed within the wholesale and retail trade sectors over the coming years. A total of 43 professions in the retail sector will be restricted to nationals.

In the shorter term, Saudization policies are resulting in higher costs for most businesses as the average wage for Saudis is significantly higher than the average wage for non-Saudis. Saudi wages have increased by c. 4 percent since the beginning of 2017, outpacing inflation, a reflection of how Saudization is affecting local economic conditions.

On the upside we have seen a very encouraging rise in the Saudi female labour force participation rate to 24.3 in the second quarter of 2019 compared to 22.4 percent a year earlier. The inclusion of women in the workforce, is incentivising employment, increasing household income and pushing toward greater productivity in the workforce.



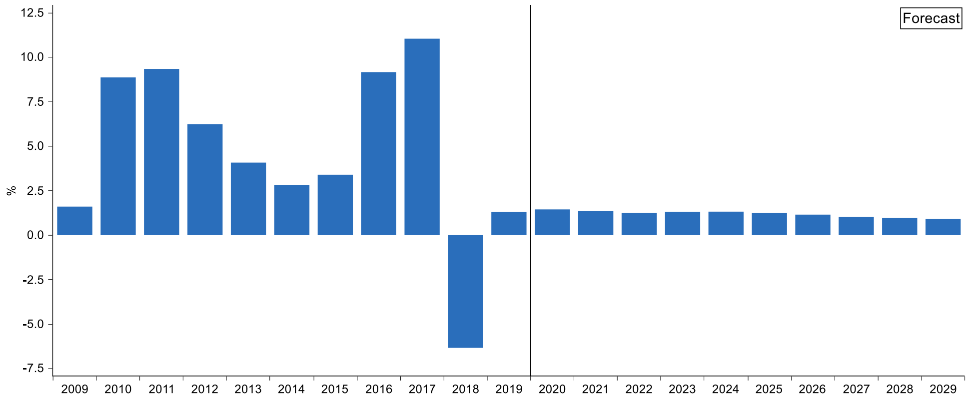
KSA Employment by Economic Activity (Non-Saudis, 2018)



Source: Knight Frank Research, Labour survey Q4 18

Employment YoY Change%

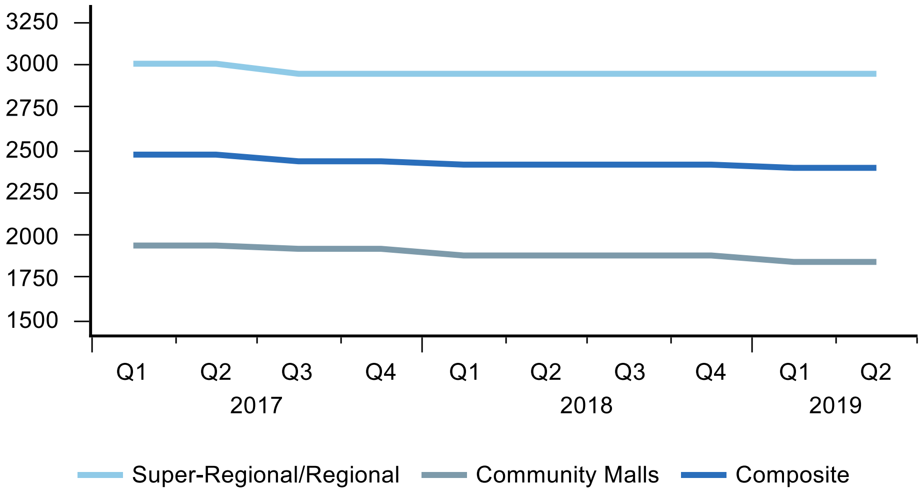
- Employment growth in Saudi Arabia is set to decelerate to 1.3 percent per annum between 2020 and 2023 down from 4.6 percent between 2008 and 2019 according to Oxford Economics estimates.
- Total employment declined by -6.34 percent in 2018 due to outflows of expatriates from the workforce. However, this trend has reversed in 2019 where total employment increased marginally by 1.31 percent.
- Employment growth is expected to remain supported by the various initiatives aimed at boosting youth, women and Saudi nationals' participation in the workforce, in the short to medium term this will be balanced by rising pressures on the expat labour market resulting from the impact of government fees and Saudization plans on non-Saudi employment figure.



Source: Oxford Economics, Macrobond

Jeddah Retail Market

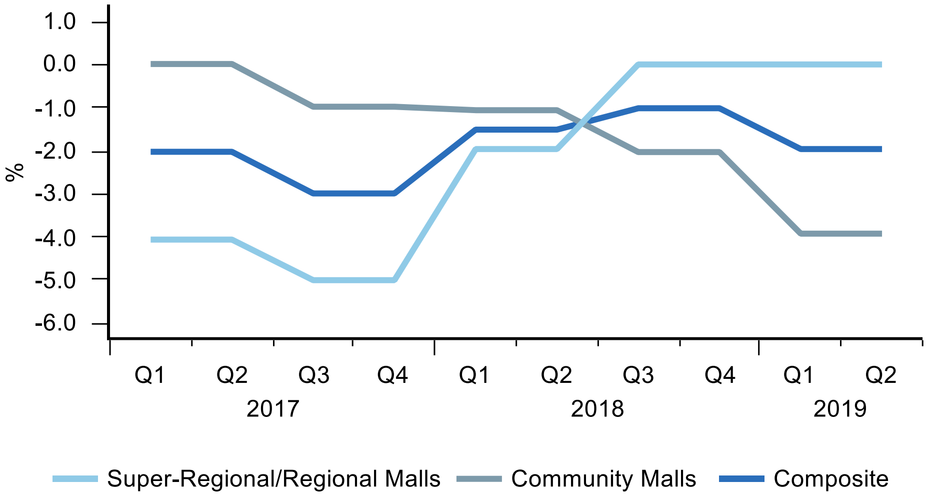
3.7 **JEDDAH RETAIL RENTS, SAR/SQ M/PA**



	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.

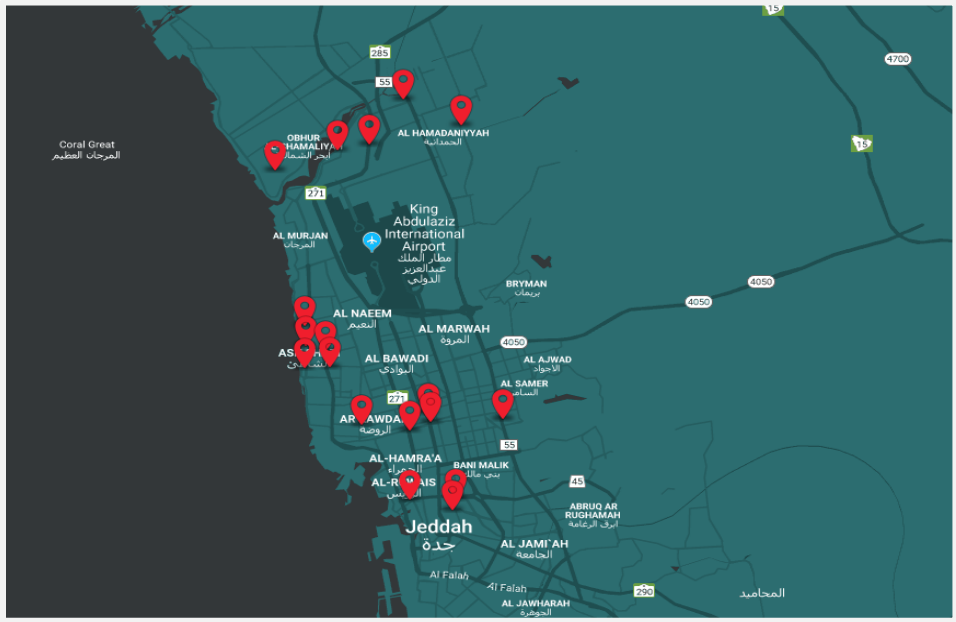
3.8 **JEDDAH RETAIL RENTS, YEAR-ON-YEAR % CHANGE**



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

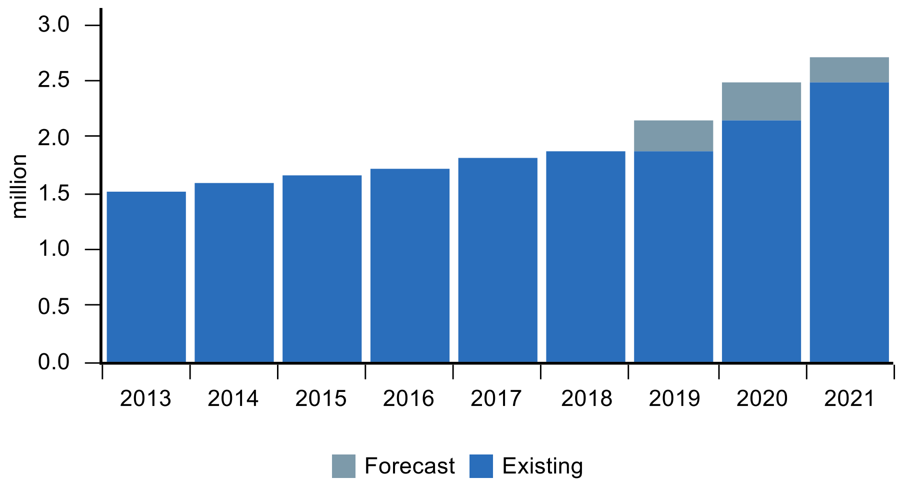
Super regional and regional malls rents across Jeddah remained unchanged in the year to Q2 2019. Whilst average lease rates for community centres fell by 4% over the same period.

3.9 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.

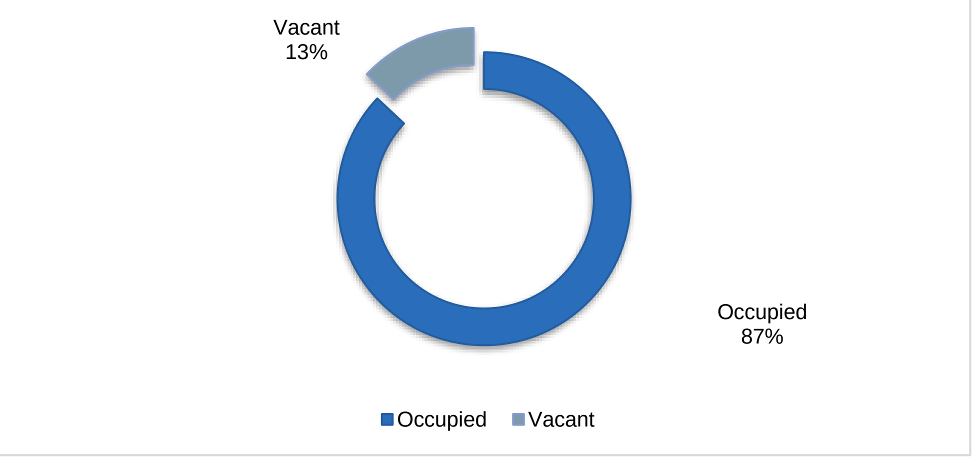
3.10 JEDDAH, RETAIL SUPPLY, TOTAL, SQUARE METRES



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

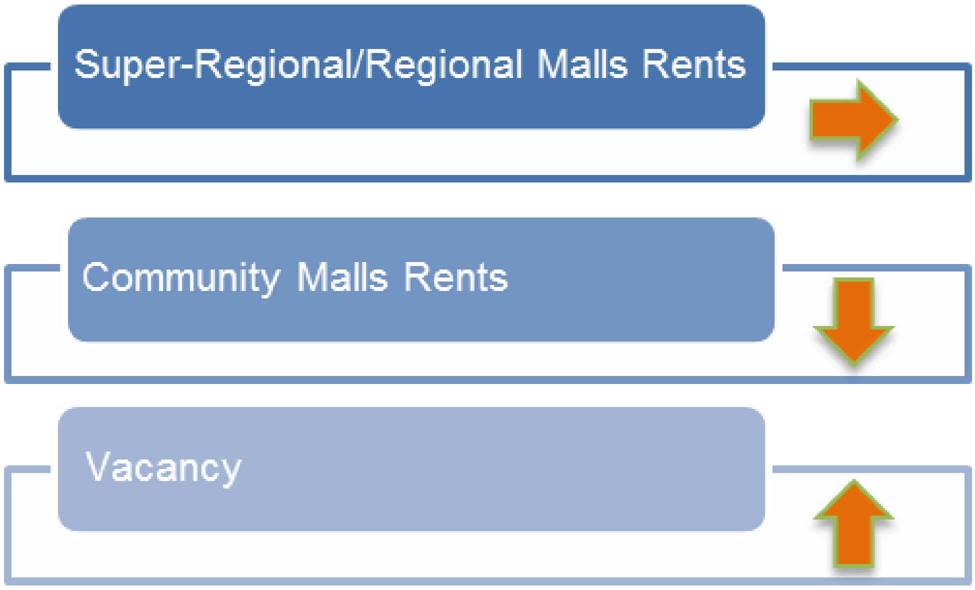
Jeddah's current office stock stands at around 1.87 million square metres of mall-based retail space. By 2021, the total supply of structured retail space is expected to be around 2.7 million square metres.

3.11 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.

3.12 **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

3.13 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

3.14 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 (approx.)	95.0%	83.6%	96.5%	92.9%
Footfall 2019	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
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

3.15 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

3.16 Considering the competitive set of malls above, we note that Mall of Arabia has the highest occupancy, 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 3.17 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) 3.18 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

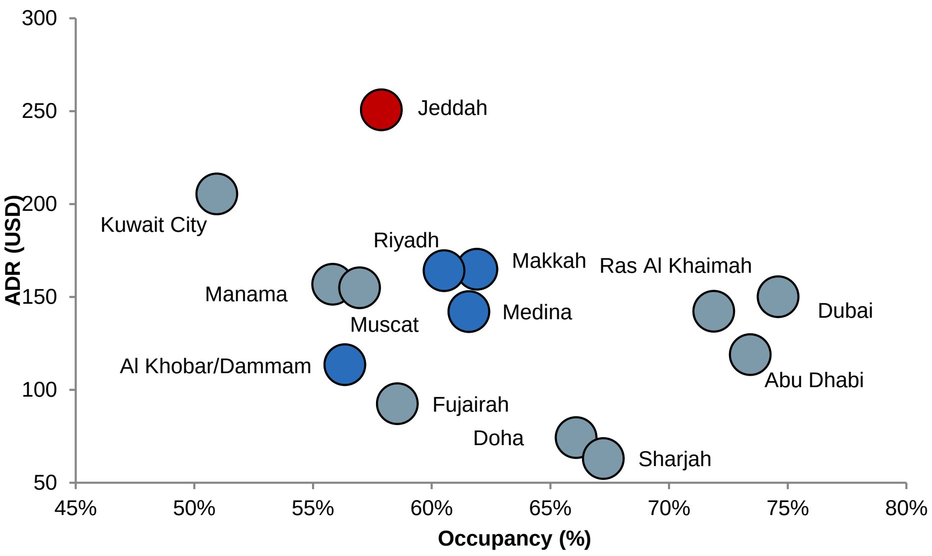
Jeddah Hospitality Overview

Jeddah Hotel Performance 3.19

- The following exhibit below depicts the hotel market performance of major cities in the Middle East, in relation to Jeddah as per STR Global data 2019.

- Over the last year (2018-2019), the hotel sector across the majority of key cities in the GCC witnessed declining RevPAR performance.

Exhibit 11: Regional Performance of the GCC Hotel Market 2019

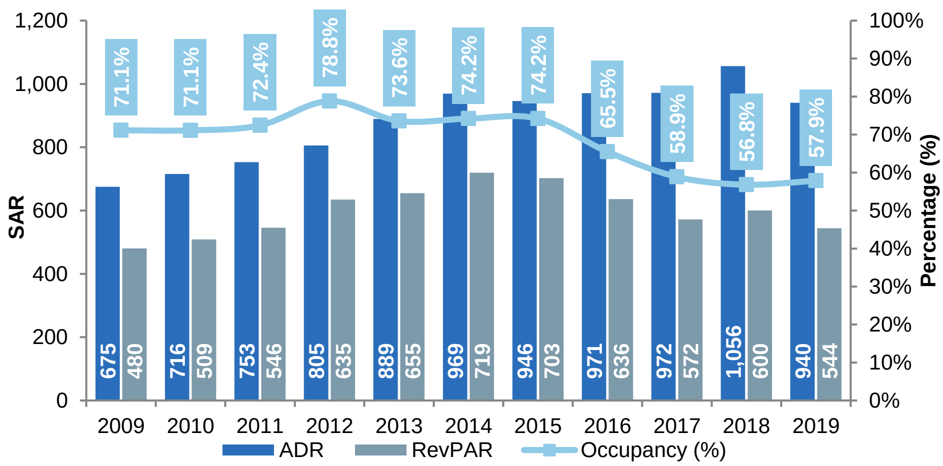


Source: STR KSA GCC Jeddah

- Despite the fact that occupancy in Jeddah increased by 1 percentage point to 58 percent, ADRs declined by 11 percent from USD 282 (SAR 1,056) to USD 251 (SAR 940) resulting in a RevPAR decline of 9.3 percent from USD 160 (SAR 600) to USD 145 (SAR 544).
- Nevertheless, Jeddah remains the best performing market in terms of RevPAR compared to other key cities observed across the GCC.

Historic Market Performance 3.20

Exhibit 12: Historical Performance of Jeddah's Hotel Market (2012 – 2019)



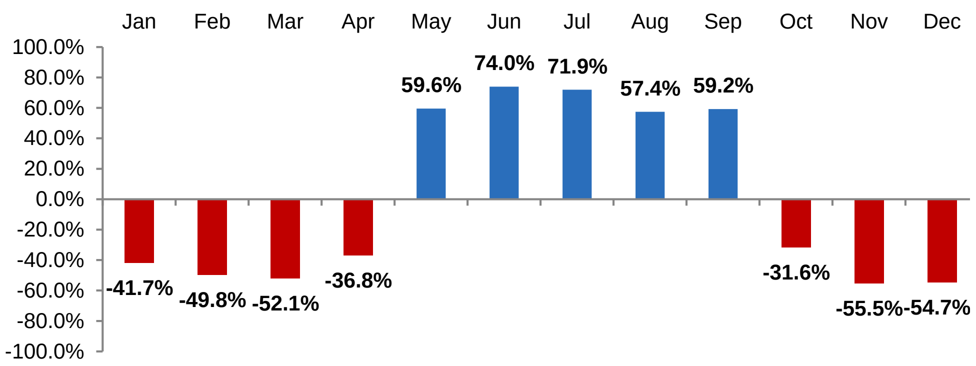
Source: STR

- Between 2009 and 2019, occupancy declined 13 percentage points, while ADR grew by a compounded annual growth rate of 3.4 percent from SAR 675 to SAR 940. As a result, RevPAR increased by a compounded annual growth rate of 1.3 percent from SAR 480 to SAR 544.
- Subsequent to the financial crisis (2008/2009), the hospitality market in Jeddah showed signs of recovery until 2014. However, post 2014, the market softened as a result of a rise in regional conflicts and a decline in oil prices, which led governments to cut back on spending. This was further exacerbated from the supply that was introduced to the market in 2016 (in particular occupancy).
- Looking forward, we anticipate the market to decline in the short term due to the recent global uncertainties surrounding the outbreak of Covid-19. As global governments impose restriction on travel and major events are being cancelled, we expect RevPAR to decline. This trend is expected to reverse in the medium term as governments will ease travel restrictions.

Seasonality 3.21

- The following exhibit depicts the monthly deviation from the annual average RevPAR in Jeddah for the full year 2019. The seasonality of Jeddah is very pronounced, with average RevPAR levels increasing by up to 74 percent in the month of June and decreasing to a low of 55.5 percent in the month of November.
- 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



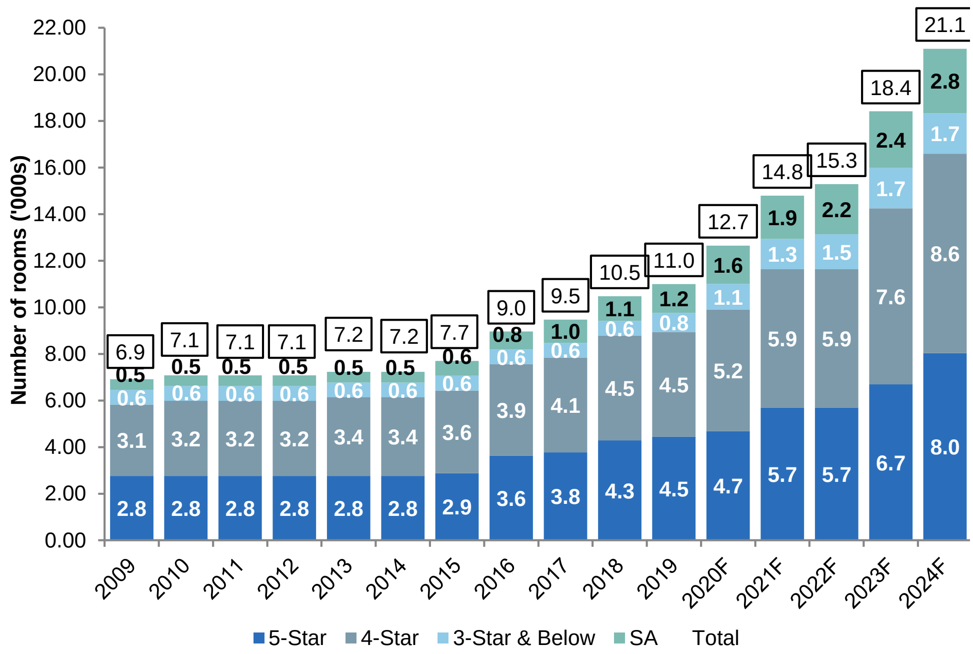
Source: STR

Supply evolution

3.22

- The following exhibit depicts the evolution of supply between 2009 and 2024.

Exhibit 14: Jeddah evolution of room supply (2009-2024)



Source: STR

- At the end of 2019, the total quality room supply in Jeddah stood at 10,997 keys, of which 59 percent (6,540 keys) of the total quality key count comprised internationally branded rooms.
- The quality hotel market in Jeddah recorded an annual growth rate of 4.7 percent over the last 10 years (2009 to 2019) and 8.7 percent over the last 5 years (2014-2019) indicating continued growth despite an economic slowdown. Between 2009 and 2019, the serviced apartment segment recorded the highest annual growth rate of 10.4 percent; however, it is important to note that the segment started with a small base of 458 rooms in 2009. The 5-Star segment recorded the second highest annual growth rate of 4.9 percent, while the 4-Star and 3-Star & below segments recorded annual growth rates of 3.9 percent and 2.5 percent respectively.
- Given the supply pipeline until the end of 2024, the market is expected to expand at a faster pace compared to historical figures with a compounded annual growth rate of 13.9 percent (2019-2024). The quality room supply is estimated to increase by nearly double (10,102 quality rooms); however, it should be noted that the annual historical materialisation rate stood between 40 and 60 percent and therefore a number of these projects would likely be delayed resulting in growth rates contracting.
- All segments are estimated to record a faster growth rate between 2019 and 2024 compared to growth rates noted between 2009 and 2019. The serviced

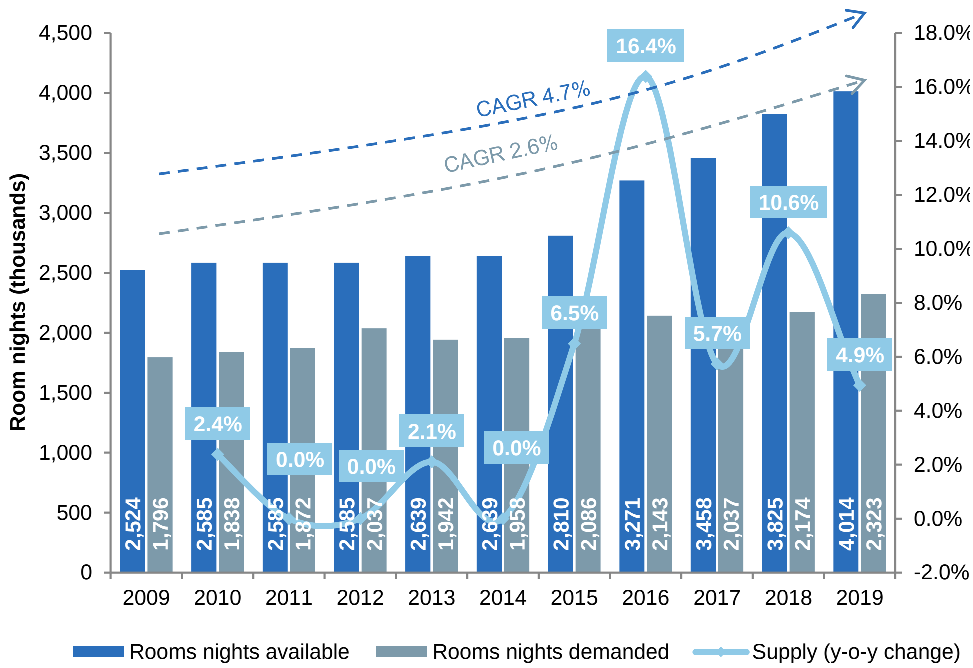
apartment and 3-Star & below segments are anticipated to grow at an annual compound rate of 17.5 percent and 16.4 percent respectively. As mentioned, this is mainly attributed to the fact that these segments currently feature a low supply base.

- The 5-Star and 4-Star segments are expected to note annual growth rates of 12.5 percent and 13.8 percent respectively.

Demand & Supply 3.23

- The following exhibit showcases the evolution of supply and demand dynamics between 2009 and 201 9 in Jeddah.

Exhibit 15: Jeddah quality hotel market supply Vs. demand dynamics



Source: STR

- In the first half of the 10 year period – there was a limited supply of rooms introduced to the market, with 2010 and 2013 noting an increase in supply. However in the second half of the period observed, every year noted an increase in supply, with 2016 noting the highest supply increase.
- Supply and demand dynamics remained challenged between 2009 and 2019 given that supply outpaced demand, representing a compounded annual growth rate of 4.7 percent and 2.6 percent respectively.

Jeddah Future Outlook

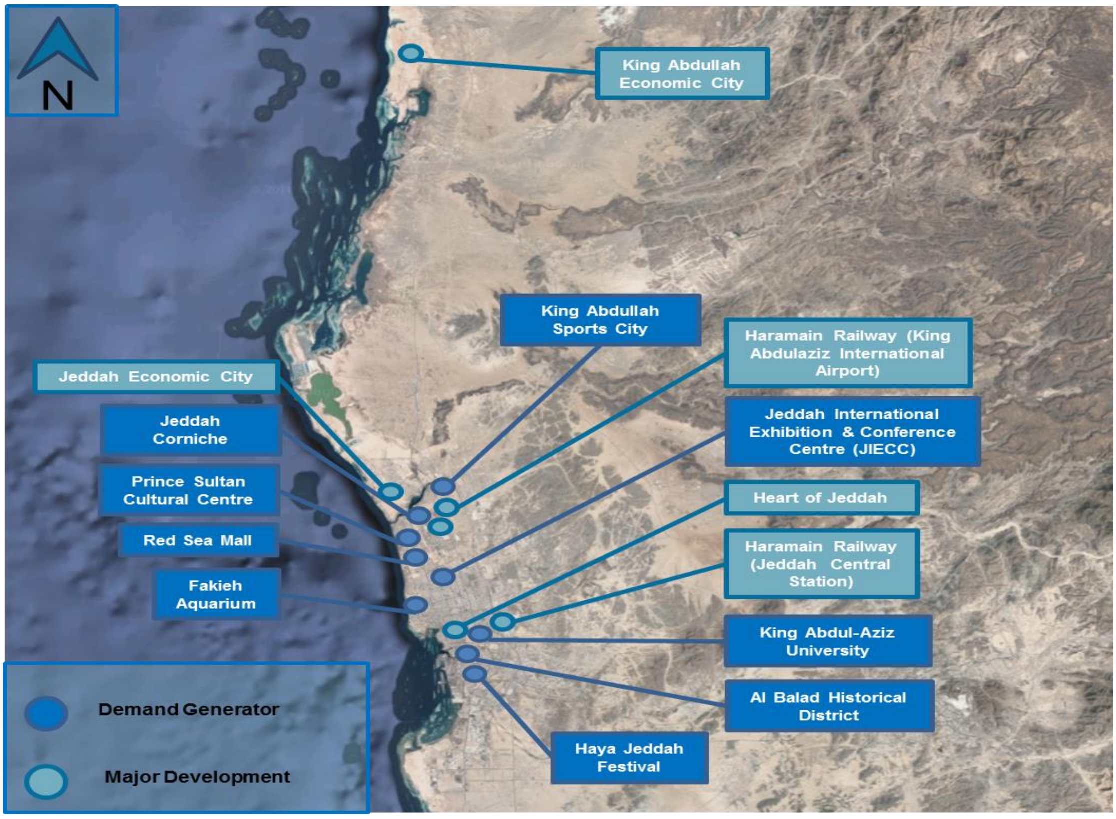
3.24 There are several key tourism related projects that have recently been completed, these include:

- 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)

3.25 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

3.26 Below we document some of the transactions that have taken place in the retail sector in recent times. 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

3.27 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 term incomes.

3.28 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 95% 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.

3.29 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.

3.30 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 (95%) • 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 to the mall and visitation to the hotel apartments • Cinema going into mall to drive footfall	• New supply of malls generally across Jeddah • Market sentiment falling further

3.31 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.

3.32 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 95% 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

3.33 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 16: 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 as well as the current impact of the recent outbreak of Covid-19, 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 approximately USD 235,000 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. • 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.	• Traffic congestion area • Poor vehicular accessibility • Limited F&B facilities • 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 95%, 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	Ground Floor (ERV SAR psm)	First Floor (ERV SAR 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
GF Kiosk	-	171,100
FF Kiosk	-	111,600
Cinema	-	1,100
ATM	-	99,100
Other	-	575
Supermarket	-	550
Warehouse	-	650

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 25,887,240 per annum. This have been adopted in our valuation.

Item	Unit	Assumption
Total Area	sq m	90,485

Passing Rent	SAR per annum	131,836,150
Market Rent at 100% occupancy	SAR per annum	137,000,000
Operating Costs	SAR per sq m per annum	25,887,240
Sinking Fund	% of Total Revenue	1%
Bad Debts	SAR year 1	33,000,000
Bad Debts	% of Total Revenue from year 2	1.25%
Rent free	Months in year 1	2
Stabilised Occupancy	%	95.00%
Exit Yield	%	8.75%
Growth	%	2.00%
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 were not provided with the classification certificate for the operating hotel and therefore we have assumed the previous certificate which expired on 31/12/2019 was renewed.
- 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 client is currently in the process of terminating the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and is in advanced discussions with another reputable international operator.

Therefore, we have assumed that the operator / brand appointed would be similar to that of Staybridge Suites. We have assumed that this new operator would continue to manage the subject property effectively and efficiently under a 5-Star deluxe serviced apartment positioning.

- We were not provided with the revised commercial terms under the new management agreement and therefore have had to rely on industry standard fee structures that are typically offered by hotel operators for the Jeddah market. These terms are assumed to prevail over a 15-year term and come into effect before the end of 2020.
- During the transition of operators, we have assumed that the property will continue to remain open for business and be owner operated. Furthermore, our projections take into account that the new operator would be appointed and running the operations of the hotel before the end of 2020. A delay in appointing the new operator would impact the projections.
- Typically, when a new hotel operator takes over an existing branded operational hotel, there are costs associated with re-branding, FF&E upgrades, etc. Typically, these costs are borne by the owner; however, we have been informed that the costs related to re-branding will be borne by the new operator and that costs related to any FF&E upgrades will be minor and be covered by the accrued FF&E reserve from the previous years.
- 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.

Property Risks

4.13 The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the Kingdom of Saudi Arabia, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Valuation bases

Market Value 4.14 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 4.15 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 4.16 The valuation date is 30 June 2020.

Market Value

Assumptions 4.17 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 4.18 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) 4.19 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 1,304,600,000

(One Billion, Three Hundred and Four Million, Six Hundred Thousand Saudi Arabian Riyals)

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

Market Value (Al Andalus Mall)	4.21	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 1,150,000,000

(One Billion, One Hundred and Fifty Million Saudi Arabian Riyals)

Market Value (Staybridge Hotel)	4.22	We are of the opinion that the Market Value of the freehold interest in the subject hotel, subject to the existing management agreement and assumptions within this report, as at the valuation date is:

SAR 154,600,000

(One Hundred and Fifty Four Million and Six Hundred Thousand Saudi Arabian Riyals)

4.23 Our opinion of Market Value (Subject hotel) above equates to a capital value of approximately USD 257,000 per key.

5 Signature

Alex Arvalis, MRICS

RICS Registered Valuer

Taqeem No. 1220000885

Associate Partner – Valuation & Advisory

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

Reviewed (but not undertaken by):

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.

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 + 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)

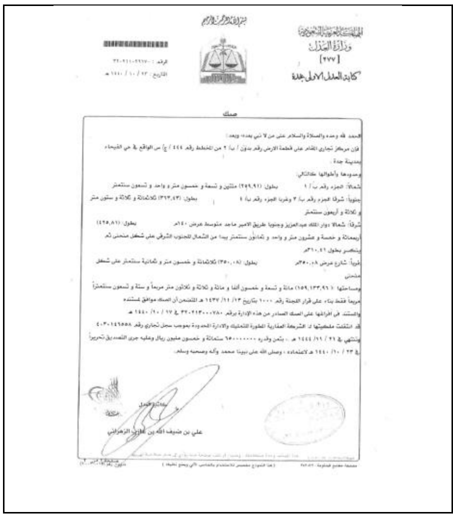
Name:
Date:

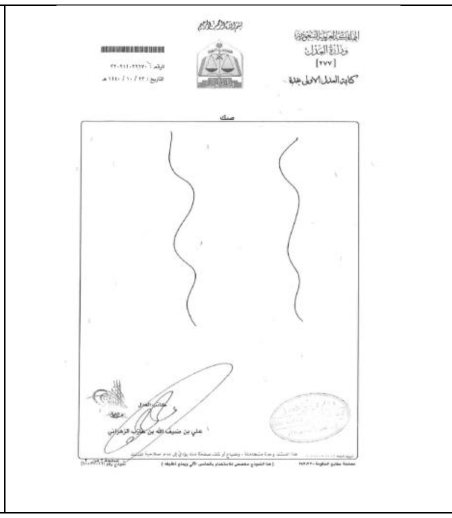
Signed for and on behalf of **Knight Frank Spain Saudi Arabia Real Estate Valuations Company**

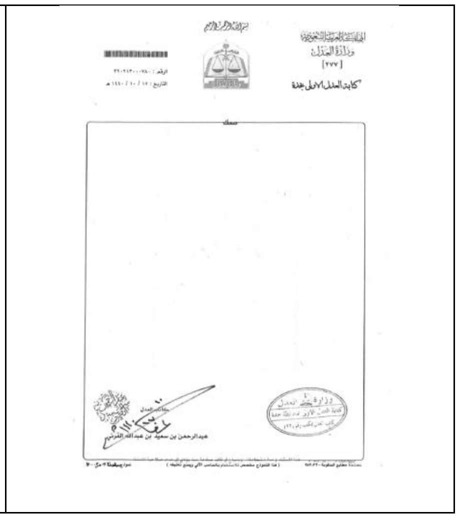
Name: Stephen Flanagan
Date: 5 December 2019

2 VALUATION & ADVISORY PROPOSAL | CONFIDENTIAL

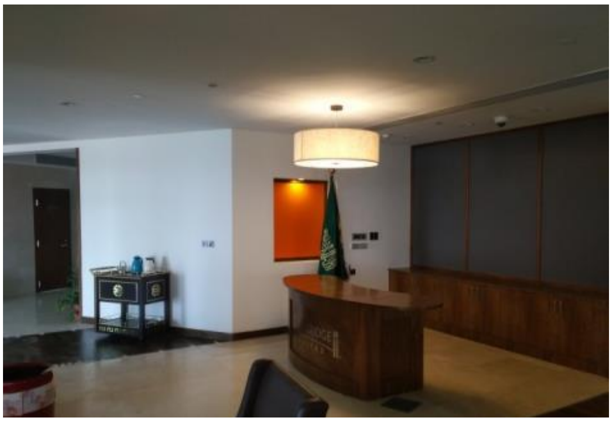
Appendix 2 - Title Deed







Appendix 3 - Photographs



Appendix 4 - Floor plans

Ground Floor

First Floor

Appendix 5 - Building Permit

المملكة العربية السعودية
وزارة الشؤون البلدية والقروية
أمانة محافظة جده

التاريخ : ٢٦ ٠٢ ٠٤
الرقم : ٠٠٠١٠٣

رخصة بناء

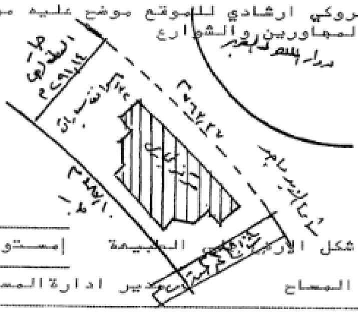
بلدية : الجامعة
رخصة بناء : مركز تجاري لمدة ثلاث سنوات تبدأ من تاريخة
اسم مالك : محمد بن عبدالعزيز الحبيب وشركاه
نوع هوية : حفيظة نفوس رقم ٠١ ت ١٤٢٥ ٠١ ٠١ مصدر جده
صك ملكية : ٤٦٧ تاريخة ٣٠ ٠٤ ١٤٢٤
رقم مبنى : ٠٠٠٠ شارع غير مسمى (٩٩٩٩) حي الثغر
رقم قطعة : ٠٠٠ رقم المخطط التنظيمي تاريخ المخطط .. ..
قد رخص للمالك ببناء عدد ٠٢ دور بموجب الحدود والابعاد والارتدادات والبروزات

الاتجاه : محيط خارجي	الارتداد	البروزات	المس
شمال : ١٤ ٠٠٢٩١	٩٠ ٧١	.. ٠٠٠٠	وفق الصك : ١٠ ٠٠
شرق : ٣٧ ٠٠٧٦٣	٤٠ ١ ٧	.. ٠٠٠٠	وفق الطبيعة : ١٠ ٠٠
جنوب : ٠٤ ٠٠٣٦٨	٠٠ ١٣٢	.. ٠٠٠٠	وفق التنظيم : ١٠ ٠٠
غرب : ١٠ ٠٠٤٨٧	٨٢ ١٠٦	.. ٠٠٠٠	

المستويات	سكن	تجاري	مواقف سيارات	وحدات اخرى	مساحة
دور ارضي	.. ٠٠٠٠٠٠٠	.. ٠٠٤١٤٧٧	.. ٠٠٣٨٠٠٠	.. ٠٠٠٠٠٠٠	٠٠ ١٧
دور اول	.. ٠٠٠٠٠٠٠	.. ٠٠٧٥٢٩١	.. ٠٠٠٠٠٠٠	.. ٠٠٠٠٠٠٠	٠٠ ١١

اجمالي طول الاسوار (م - ط) .. ٠٠٠٠٠
نسبة الدور الارضي ٠٦٠. ٠
رقم رخصة المعماري
الاسم
رقم رخصة الانشائي
الاسم
رقم رخصة المصمم ١٠٠٧٢
الاسم مروان بدرالدين عاشور
أجريت دراسة التربة بمعرفة
المكتب المصمم
الرسوم رقم الايصال تاريخ الايصال
٢٦٦٦٦ ٤٠ ٨/٦٧٣٨٢٤ ٠٣ ٠٢ ١٤٢٦
البيارة طول عرض عمق
.. ٠٠٠٠٠ .. ٠٠٠٠٠ .. ٠٠٠٠٠
مكان وجودها

كروكي ارشادي للموقع موضح عليه موقع المجاورين والشوارع



شكل الارض الطبيعة | مستو | غير
المساح مدير ادارة المساحة

عدد الوحدات ~~السكنية~~ تجارية ٢٢٠
تم مراجعة المخططات والموافقة عليها على أن يلتزم المالك بتنفيذ كامل أنظمة البلـ
وأن يرجع اليها عند ضرورة أى تعديل مهما كان وعليه أعطي الترخيص ...
مهندس الرخص ادارة التراخيص رئيس البلـ

Appendix 6 - Profit & Loss – Hotel

Staybridge Suites
Valuation Date 30 Jun 2020
P&L - Uniformed Account System

Currency (SAR) '000	Forecast Year 1 2020/2021		Year 2 2021/2022		Year 3 2022/2023		Year 4 2023/2024		Year 5 2024/2025		Year 6 2025/2026		Year 7 2026/2027		Year 8 2027/2028		Year 9 2028/2029		Year 10 2029/2030	
Av. Room Occupancy	45%		66%		72%		72%		72%		72%		72%		72%		72%		72%	
Av. Room Rate (SAR)	575		656		708		722		737		751		766		782		797		813	
RevPAR	259		433		510		520		530		541		552		563		574		586	
Operations Revenue																				
Rooms Department	15,489	86.7%	25,897	86.2%	30,512	85.9%	31,122	85.9%	31,744	85.9%	32,379	85.9%	33,027	85.9%	33,687	85.9%	34,361	85.9%	35,048	85.9%
Food & Beverage Department	2,168	12.1%	3,690	12.3%	4,424	12.5%	4,513	12.5%	4,603	12.5%	4,695	12.5%	4,789	12.5%	4,885	12.5%	4,982	12.5%	5,082	12.5%
Other Operating Department	155	0.9%	388	1.3%	534	1.5%	545	1.5%	556	1.5%	567	1.5%	578	1.5%	590	1.5%	601	1.5%	613	1.5%
Miscellaneous Income	59	0.3%	60	0.2%	61	0.2%	63	0.2%	64	0.2%	65	0.2%	66	0.2%	68	0.2%	69	0.2%	71	0.2%
Total Sales / Operation Revenue ('000)	**17,871**	**100%**	**30,036**	**100%**	**35,531**	**100%**	**36,242**	**100%**	**36,967**	**100%**	**37,706**	**100%**	**38,460**	**100%**	**39,229**	**100%**	**40,014**	**100%**	**40,814**	**100%**
Departmental Expenses ('000)																				
Rooms Department	3,098	20.0%	4,144	16.0%	4,424	14.5%	4,513	14.5%	4,603	14.5%	4,695	14.5%	4,789	14.5%	4,885	14.5%	4,982	14.5%	5,082	14.5%
Food & Beverage Department	1,648	76.0%	2,399	65.0%	2,610	59.0%	2,662	59.0%	2,716	59.0%	2,770	59.0%	2,825	59.0%	2,882	59.0%	2,940	59.0%	2,998	59.0%
Other Operating Department	31	20.0%	97	25.0%	147	27.5%	150	27.5%	153	27.5%	156	27.5%	159	27.5%	162	27.5%	165	27.5%	169	27.5%
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	4,777	26.7%	6,639	22.1%	7,181	20.2%	7,325	20.2%	7,471	20.2%	7,621	20.2%	7,773	20.2%	7,929	20.2%	8,087	20.2%	8,249	20.2%
Gross Operating Income ('000)	**13,094**	**73%**	**23,397**	**78%**	**28,350**	**80%**	**28,917**	**80%**	**29,495**	**80%**	**30,085**	**80%**	**30,687**	**80%**	**31,301**	**80%**	**31,927**	**80%**	**32,565**	**80%**
Undistributed Operating Expenses																				
Administration & General	2,949	16.5%	3,529	11.8%	3,731	10.5%	3,805	10.5%	3,881	10.5%	3,959	10.5%	4,038	10.5%	4,119	10.5%	4,201	10.5%	4,285	10.5%
IT Systems	760	4.3%	826	2.8%	888	2.5%	906	2.5%	924	2.5%	943	2.5%	962	2.5%	981	2.5%	1,000	2.5%	1,020	2.5%
Sales and Marketing	894	5.0%	1,277	4.3%	1,332	3.8%	1,359	3.8%	1,386	3.8%	1,414	3.8%	1,442	3.8%	1,471	3.8%	1,501	3.8%	1,531	3.8%
Property Operation and Maintenance	938	5.3%	1,126	3.8%	1,155	3.3%	1,178	3.3%	1,201	3.3%	1,225	3.3%	1,250	3.3%	1,275	3.3%	1,300	3.3%	1,326	3.3%
Utilities	1,876	10.5%	2,328	7.8%	2,487	7.0%	2,537	7.0%	2,588	7.0%	2,639	7.0%	2,692	7.0%	2,746	7.0%	2,801	7.0%	2,857	7.0%
Total Undistributed Expenses ('000)	7,417	41.5%	9,086	30.3%	9,593	27.0%	9,785	27.0%	9,981	27.0%	10,181	27.0%	10,384	27.0%	10,592	27.0%	10,804	27.0%	11,020	27.0%
Gross Operating Profit ('000)	**5,678**	**32%**	**14,311**	**48%**	**18,756**	**53%**	**19,132**	**53%**	**19,514**	**53%**	**19,905**	**53%**	**20,303**	**53%**	**20,709**	**53%**	**21,123**	**53%**	**21,545**	**53%**
Management Fee	268	1.5%	451	1.5%	622	1.8%	634	1.8%	647	1.8%	660	1.8%	673	1.8%	687	1.8%	700	1.8%	714	1.8%
Adjusted Gross Operating Profit ('000)	**5,410**	**30%**	**13,860**	**46%**	**18,135**	**51%**	**18,497**	**51%**	**18,867**	**51%**	**19,245**	**51%**	**19,630**	**51%**	**20,022**	**51%**	**20,423**	**51%**	**20,831**	**51%**
Incentive Fee	379	2.1%	970	3.2%	1,269	3.6%	1,295	3.6%	1,321	3.6%	1,347	3.6%	1,374	3.6%	1,402	3.6%	1,430	3.6%	1,458	3.6%
Non-Operating Income and Expenses	143	0.8%	165	0.6%	178	0.5%	181	0.5%	185	0.5%	189	0.5%	192	0.5%	196	0.5%	200	0.5%	204	0.5%
Replacement Reserve	357	2.0%	901	3.0%	1,066	3.0%	1,087	3.0%	1,109	3.0%	1,131	3.0%	1,154	3.0%	1,177	3.0%	1,200	3.0%	1,224	3.0%
EBITDA - Net Cash Flow ('000)	**4,531**	**25.4%**	**11,824**	**39.4%**	**15,622**	**44.0%**	**15,934**	**44.0%**	**16,253**	**44.0%**	**16,578**	**44.0%**	**16,909**	**44.0%**	**17,248**	**44.0%**	**17,593**	**44.0%**	**17,944**	**44.0%**

Appendix 7 - Extract from Red Book – VGPA 10

VPGA 10 Matters that may give rise to material valuation uncertainty

This guidance is advisory and not mandatory in content. Where appropriate, however, it alerts *members* to relevant mandatory material contained elsewhere in these global standards, including the *International Valuation Standards*, using cross-references in bold type. These cross-references are for the assistance of *members* and do not alter the status of the material that follows below. *Members* are reminded that:

- this guidance cannot cover every circumstance, and they must always have regard to the facts and circumstances of individual assignments when forming valuation judgments
- they should remain alert to the fact that individual jurisdictions may have specific requirements that are not covered by this guidance.

1 Scope

1.1 This guidance provides additional commentary on matters that may give rise to material valuation uncertainty in accordance with **VPS 3 paragraph 2.1(o)**.

2 Examples

2.1 It is not possible to provide an exhaustive list of circumstances in which material uncertainty may arise – however, the examples in 2.2, 2.3 and 2.4 represent the three most common circumstances.

2.2 The asset or liability itself may have very particular characteristics that make it difficult for the valuer to form an opinion of the likely value, regardless of the approach or method used. For example, it may be a very unusual, or even unique, type. Similarly, the quantification of how purchasers would reflect a potential significant change, such as a potential planning permission, may be highly dependent on the *special assumptions* made.

2.3 Where the information available to the valuer is limited or restricted, either by the client or the circumstances of the *valuation*, and the matter cannot be sufficiently addressed by adopting one or more reasonable *assumptions*, less certainty can be attached to the *valuation* than would otherwise be the case.

2.4 Markets can be disrupted by relatively unique factors. Such disruption can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the *valuation date* coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a *valuation*, due to inconsistent, or an absence of, empirical data, or to the valuer being faced with an unprecedented set of circumstances on which to base a judgment. In such situations demands placed on valuers can be unusually testing. Although valuers should still be able to make a judgment, it is important that the context of that judgment is clearly expressed.

3 Reporting

3.1 The overriding requirement is that a valuation report must not be misleading or create a false impression. The valuer should expressly draw attention to, and comment on, any issues resulting in material uncertainty in the *valuation* as at the specified *valuation date*. Such comment should not be about the general risk of future market movements or the inherent risk involved in forecasting future cash flows – both of which can and should be

Knight Frank

Appendix 8 - Taqeem Certificates