Valuation report

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

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

Date of issue: **10th February 2021**

Danial Mahfooz, CFA, NCB Capital, Riyadh, KSA

Knight Frank Spain Saudi Arabia Real Estate Valuations Company, 1st Floor, WH14, Raidah Digital City, Riyadh, Kingdom of Saudi Arabia, Stephen Flanagan, +966 558866480,
stephen.flanagan@me.knightfrank.com
KF ref: KF/V/422-2020

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 leased in its entirety to the Ministry of Housing for a term of 3 years from 25 February 2020 for SAR 21,613,000.00 per annum with no escalations.

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 entry 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 assessed the market value of the property using a discounted cash flow approach, where we have reflected the contracted triple net rent for the initial lease term, then modelled our assumption of the Market Rent of the property assuming the Ministry vacate and the property is then available to lease with vacant possession. In this scenario we have assumed a phased lease up on market terms and allowed for deduction of operating expenses. Our Estimated Rental Value is SAR 29.67 million per annum (assuming 100% occupancy). We have assumed 2.00% annual inflation in our cash flows and adopted an 8.00% exit yield and 10.00% 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 200 per sq m on GLA in our valuation analysis on expiry of the head lease to the Ministry of Housing.
Valuation date	31 December 2020
Market Rent	SAR 29,668,000 per annum (at 100% occupancy at the valuation date)
Special Assumption	The property is currently leased to the Ministry of Housing for a term of 3 years. We have also made a Special Assumption that this lease is renewed for a similar term.
Market Value on Special Assumption	We are of the opinion that the Market Value of the freehold interest in the property, subject to the special assumption of a head lease for 6-years (initial 3 year term plus a renewal for 3 years at a rent of SAR 20,532,350 to the Ministry of Housing, at the valuation date, is: **SAR 253,070,000** **(Two Hundred and Fifty Three Million, Seventy Thousand Saudi Arabian Riyals)**

Contents

Appendices

1 Instructions

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Instructions

1.1 We refer to our Terms of Engagement and General Terms of Business dated 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 REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations.

Conflict of interest

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

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 Faissal Habassi MRICS, Taqeem and RICS Registered Valuer. We confirm that the valuer meets the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

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

Scope of enquiries & investigations

Inspection	1.15	We were instructed to carry out an internal / external inspection of the property. Our inspection of the property was undertaken on 7th December 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

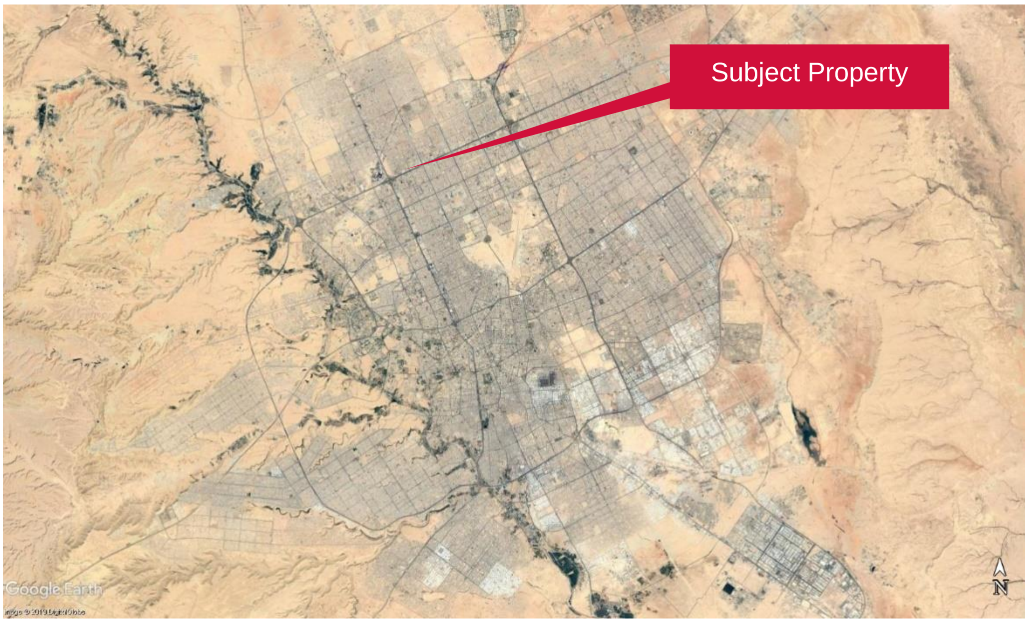
	1.20	In accordance with your instructions, we have provided opinions of value on the following bases:-
Market Value	1.21	The Market Value of the freehold interest in the property as is, subject to the existing lease agreement.
Market Value on Special Assumption	1.22	The Market Value of the freehold interest 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.
Market Rent (MR)	1.23	The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.
Valuation date	1.24	The valuation date is 31 December 2020.

2 The property

Location

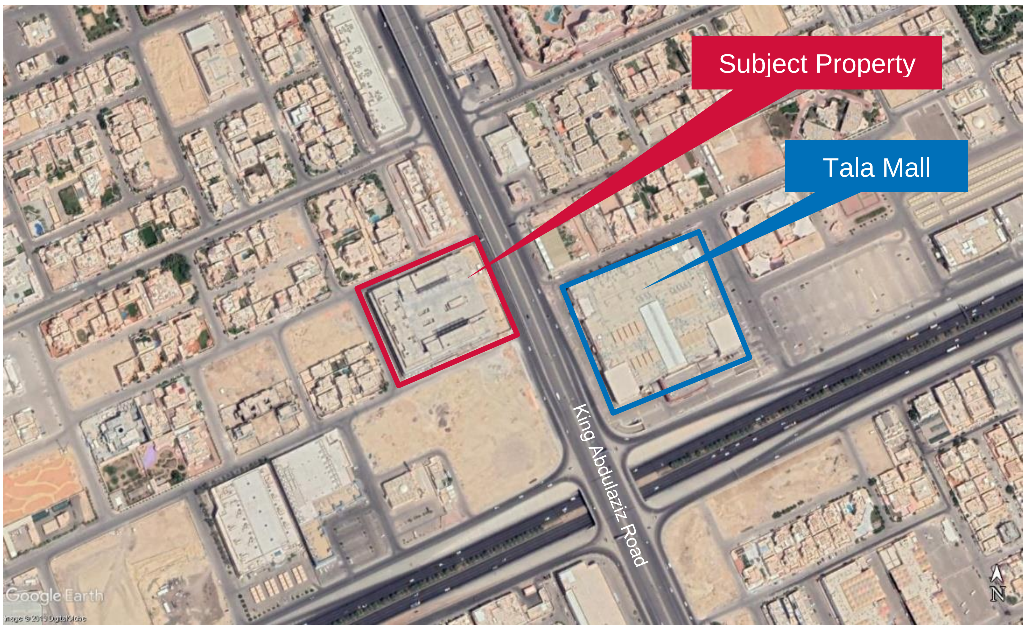
2.1 As can be seen from the plan below, the property is located just 170 meters north from the junction of King Abdulaziz Road with Northern Ring Branch Road in Al Ghadeer District in Riyadh. More specifically, it is situated just across from Tala Mall and it is bounded by King Abdulaziz Road from the 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.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إدارة رخص البناء
نوع المعاملة : صادر
المرفقات : بدون
www.alriyadh.gov.sa

رخصة بناء معارض تجارية ومكاتب

رقم الرخصة : [illegible]
تاريخ الرخصة : [illegible]
تاريخ الإنتهاء : [illegible]
نوع الرخصة : تعديل مخططات البناء

اسم المالك : عبدالعزيز عبدالله عبدالعزيز الموسى	الرخصة الفورية
رقم الإثبات : [illegible] تاريخه :	مصدره :
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الحي : حي الغدير	نوع البناء : مسلح
مساحة الأرض : [illegible] محيط الأسوار :	النطاق العمراني : مرحلة ١

الجهة	الحدود	الأبعاد	الإرتداد
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شرق	طريق [illegible]	[illegible]	[illegible]
جنوب	[illegible]	[illegible]	[illegible]
غرب	[illegible]	[illegible]	[illegible]

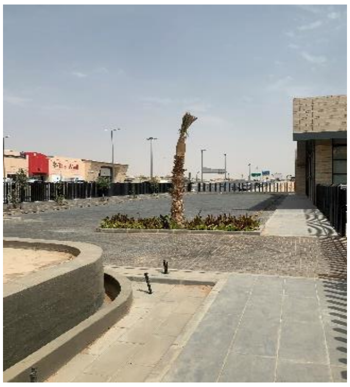
شارع عرض 20م
143.8
110.45

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 is currently fully leased to the Ministry of Housing on a three-year lease. The salient terms of the lease agreement are summarised below:

- Demise: Commercial building and two basement floors
- Lease date: 25/02/2020 (1441/07/01 Hijri)
- Tenant: Ministry of Housing
- Term: 3 Years
- Total area: 17,444.21 sq m (land area)

- Current rent passing: SAR 21,613,000 per annum
- Rent review terms: fixed rent
- Use: Office

Condition

Scope of inspection

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

2.20 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

2.21 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.

2.22 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. We have assumed that the building has been completed in accordance with its planning consent to a good standard.

2.23 At the date of inspection, the buildings 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 near future or which fall outside the scope of the normal annual maintenance programme.

Ground conditions

2.24 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

2.25 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

2.26 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.

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

Highways

2.28 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

2.29 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.

2.30 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.

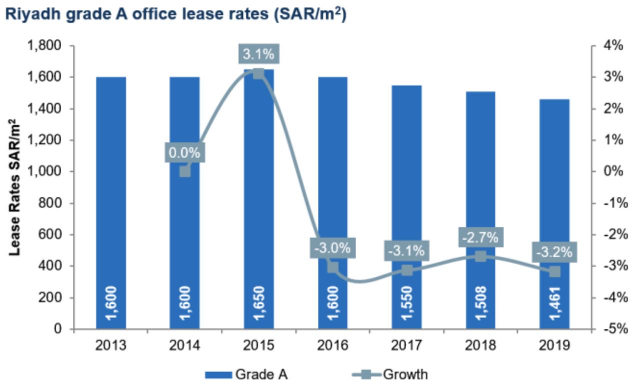
Over the past few years, average rental rates have been on a declining trajectory across all segments of the market. This trend is mainly the result of a rising stock of quality supply providing occupiers with a greater choice of office accommodation across the city amidst still soft occupier demand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

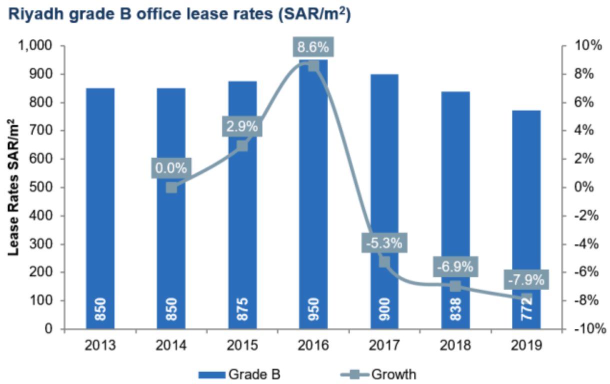
Outlook

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.

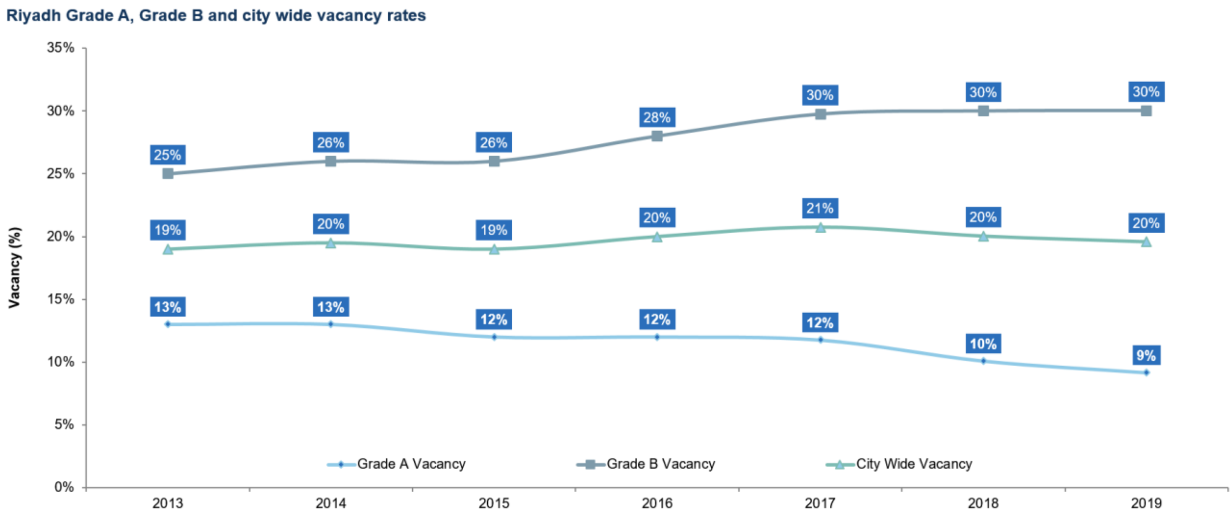
- Downsizing trend seen across the private sector to reduce capital expenditures and closure of many SMEs given challenging economic conditions.

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 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.

3.13 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

3.14 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 under the special assumption scenario.

3.15 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.

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

3.17 We consider that the head lease underwritten by the Government entity provides security of income in difficult trading conditions. We have adopted an exit yield of 8.00% for the property.

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

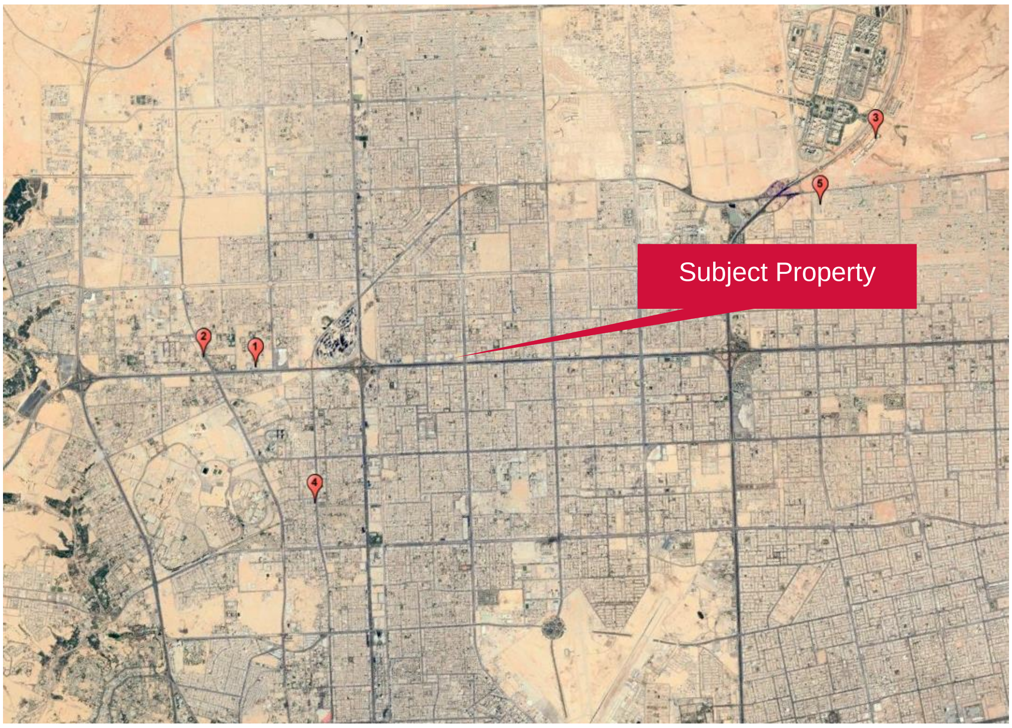
4.3 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within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

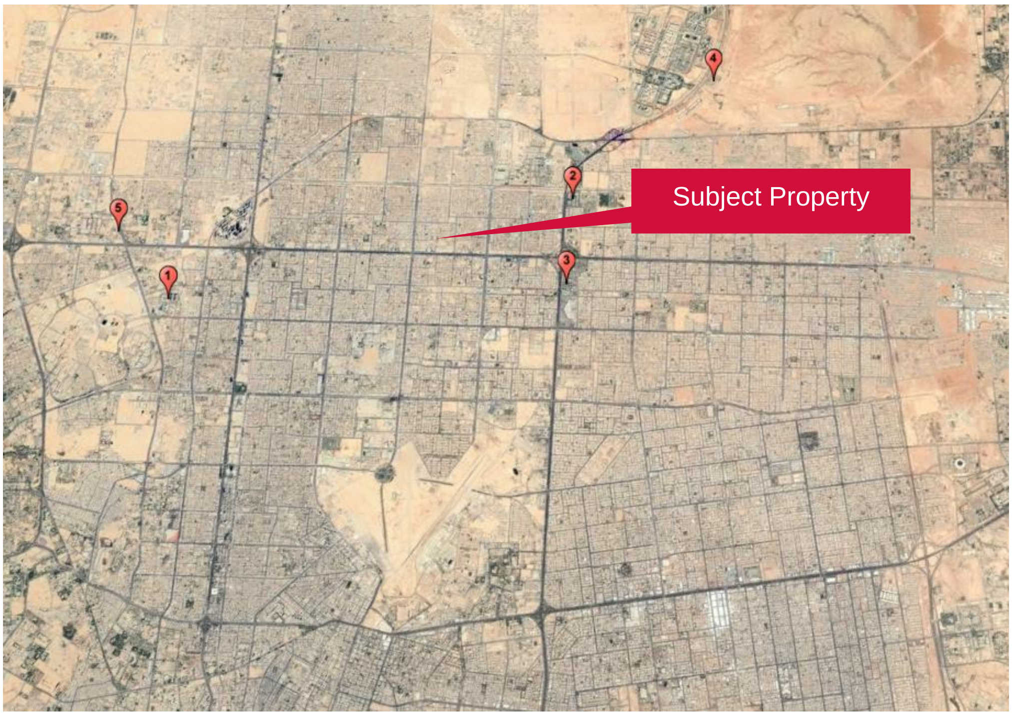
Ref.	Development Name
1	Rubeen Plaza
2	The Boulevard
3	Riyadh Front
4	The Zone
5	Cordoba Boulevard

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 categories of tenant / use. 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 category. 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.

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 31 December 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 key assumption: We have not measured the property and our valuation calculations are based on the areas provided by the client.

Special assumption(s) 4.19 The property is currently leased to the Ministry of Housing for a term of 3 years, we have upon discussion with the Client made the Special Assumption that this lease is renewed for a similar term. This is considered reasonable due to the high capex incurred in the fitout and the likelihood to the need to amortise this fitout cost.

Market Value on Special Assumption 4.20 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 253,070,000

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

Valuation Assumptions 4.21 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 200 per sq m on GLA
Inflation	2.00%
Exit Yield	8.00%
Discount Rate	10.00%

5 Signature

Faissal Habassi, MRICS

RICS Registered Valuer

Taqeem No. 1220001311

Manager - Valuation & Advisory KSA

For and on behalf of

Knight Frank Spain Saudi Arabia Real

Estate Valuations Company

Reviewed (but not undertaken by):

Stephen Flanagan, MRICS

Taqeem Certified 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

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) 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 اربعون 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 في٣ / 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 .

Knight Frank

Appendix 3 - Building Permit

أمانة منطقة الرياض
إدارة رخص البناء
نوع المعاملة: صادر
التاريخ: ١٤٣٩/١١/١٩ هـ
المرفقات: بدون
الرقم الموحد: ٣٩٠٠١٥١٢٩٤
www.alriyadh.gov.sa

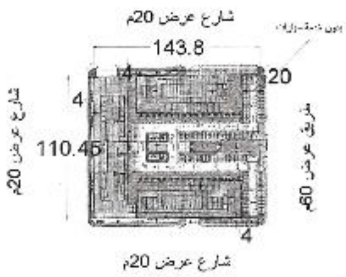
رخصة
بناء معارض تجارية ومكاتب

رقم الرخصة: ١٤٣٦/١٩٤٥٣
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: ٢٧٧٦/أ
الشارع:	رقم العقار:
الحي: حي الغدير	نوع البناء: مسلح
مساحة الأرض: ١٧٤٦٦.٢١ م٢ 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	٢٦٤١.٤٠	مطعم
ميزانين	٠	١٥٥٣.٣٧	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	١٦٠٩.٠٠	مكاتب
ملاحق علوية	٤	١٢٣١.٥٧	مطعم
أسوار	١	٢٥٥.٠٠	خدمات
[redacted]			



* بموجب قرار لجنة الرخص رقم 67 بتاريخ 1438/3/8هـ بخصوص مواقف السيارات في المنصف وربط المباني واستخدام دورا لميزانين والدور الأول في سوق، والعدد مع لعلاقات الاستخدام [illegible]

★ الرخصة لإقامة عمارة تجارية مكاتب+مطعم وفي حالة الرغبة في اضافة نشاط مطعم آخر يتم تطبيق شروط المطاعم وتحقيق المعايير المواقف على كامل مساحة المشروع او اي ترخيص مبني لفر

★ المستند الذي يجب الالتزام 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 الشؤون البلدية والقروية رقم5886 التاريخ 17-2-1434 هـ
★ يلزم توفير غرفة كهرباء بأبعاد4*5م اذا تجاوزت مسطحات البناء عن 1000م2

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

المكتب المصمم: عبدالمحسن ذياب الذياب للاستشارات الهندسة المعمارية

رقم الترخيص: ٣٠٣٦ رقم المشروع: ٤٠ رمز النظام: مناسيب الشوارع المحيطة:

سدد الرسوم مبلغ وقدره: ١٤٩١٣ ريال بموجب الإيصال رقم: ٣٦٠٣٢٢٨٧٠٤ وتاريخ: ١٤٣٦/١٢/٢٩ هـ

ملاحظات: المكتب الهندسي: بدون ١- الرخصة عبارة عن تعديل مكونات البناء ٢- نوع البناء مسلح ٣- بموجب نظام رخصة البناء الفورية للعمائر ٤- بموجب التقرير المساحي [illegible]

الختم الرسمي

بلدية شمال الرياض

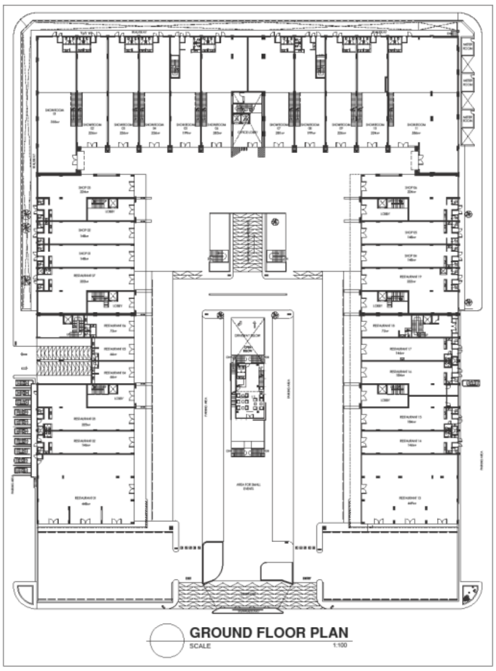
رئيس قسم الرخص	مدير إدارة الرخص	مدير عام رخص البناء
م/ مسفر سعيد الحرصاني	م/ سعد عبدالله الدوسري	م/ منظور محمد الطيفي

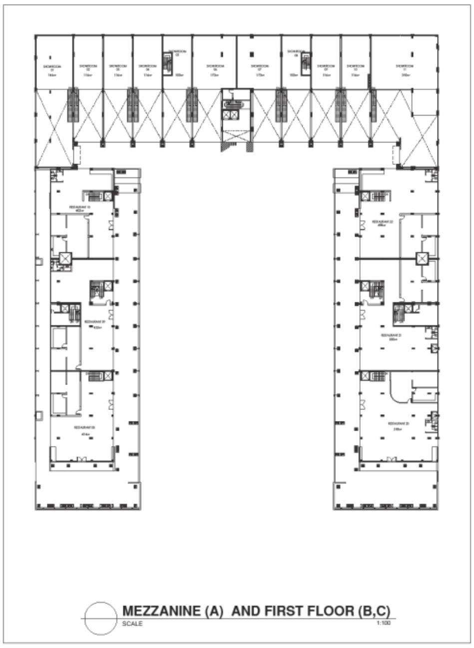
يجب الإلتزام بالشروط الموضحة خلف الرخصة

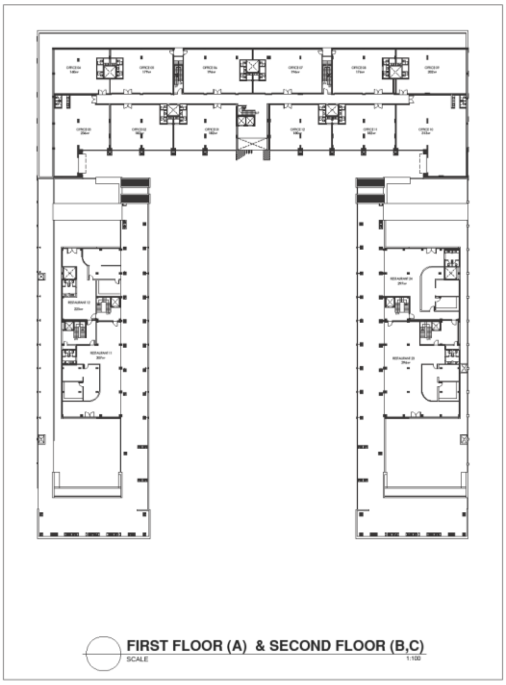
أي كشط أو شطب يلغي هذه الرخصة.

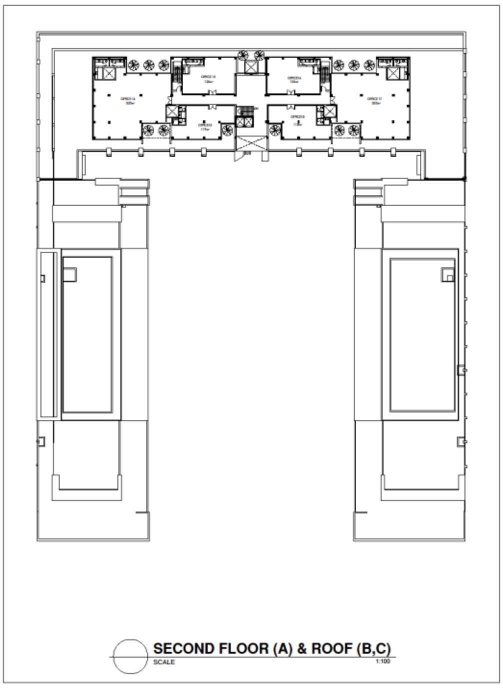
Appendix 4 - Additional Photographs

Appendix 5 - Floor plans







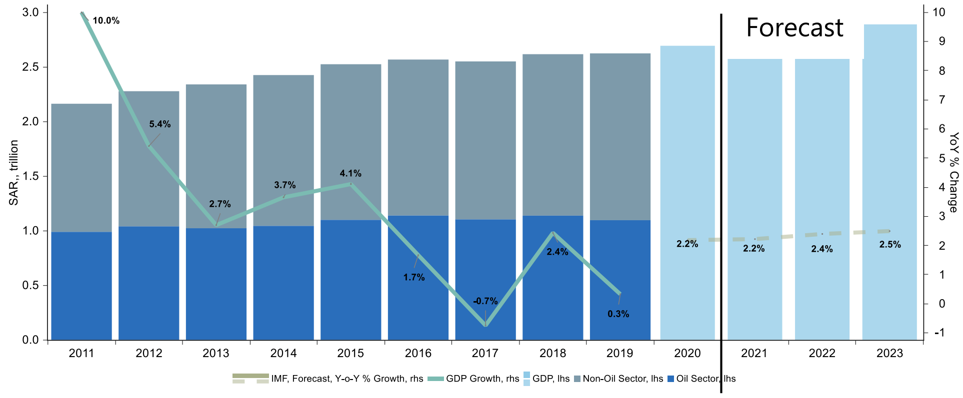


Appendix 6 - KSA Market Overview

KSA

Saudi Arabia GDP Growth, 2011 - 2023

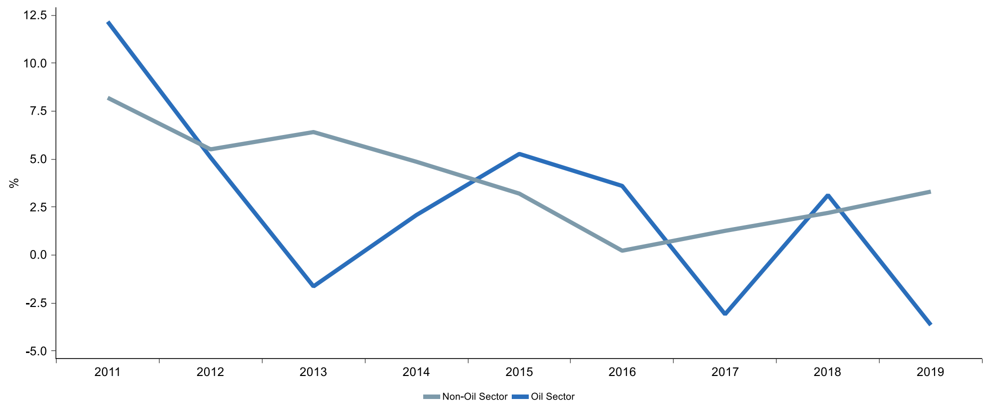
- According to provisional full year data published by General Authority for Statistics (GaStat), the Saudi Arabia's GDP grew by 0.3 percent in 2019 compared to growth of 2.4 percent year-on-year in 2018.
- As expected, GDP growth was lifted by non-oil sector. However, Saudi Arabia's lower yearly oil 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

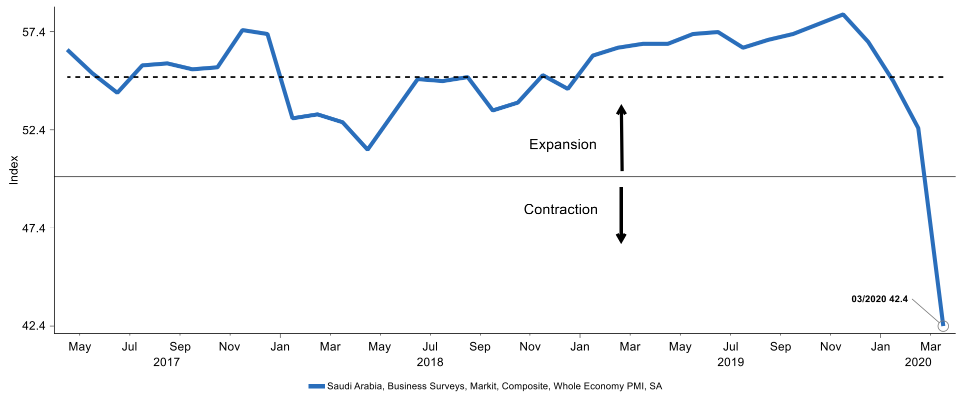
- Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. The non-oil economy is benefiting from the spillovers of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance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

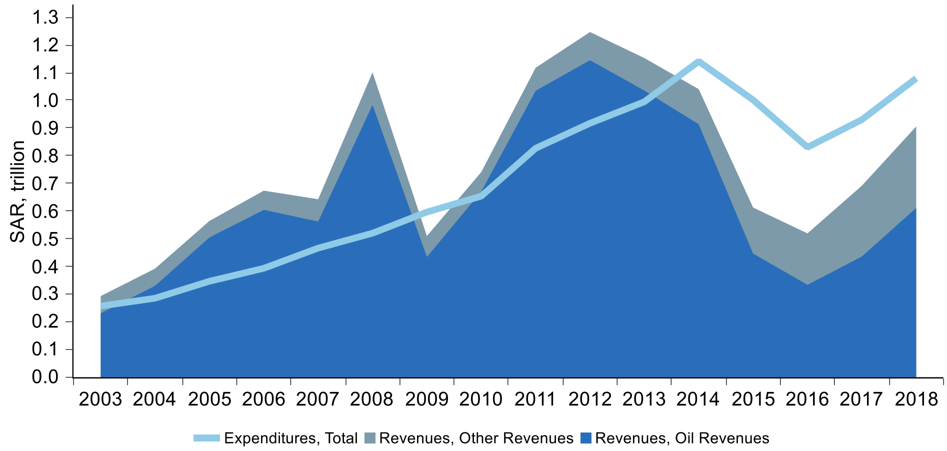
- The Purchasing Manager Index (PMI) – a non-oil tracker - The Saudi Arabia PMI plunged to a record low of 42.4 in March 2020 from 52.5 in February, since the survey began in August 2009 as travel and social restrictions aimed at stopping the spread of the virus affected business.
- Al fall in business 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

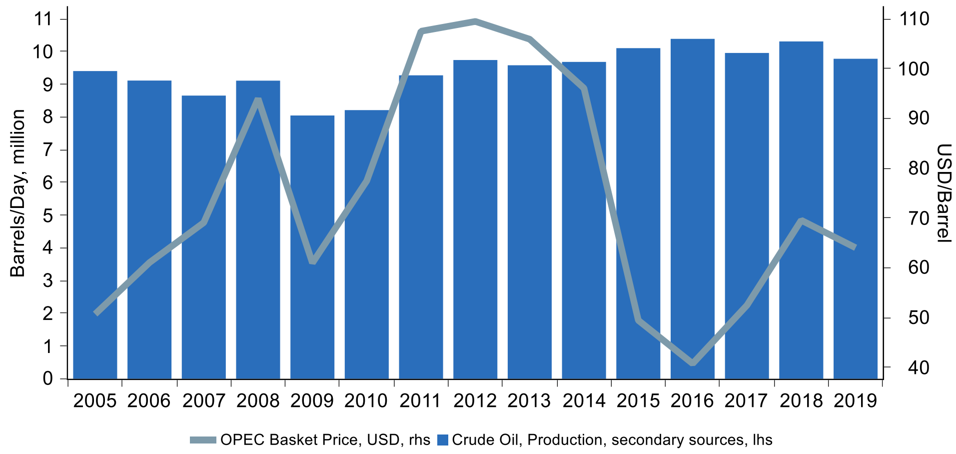
- In December 2016, Saudi Arabia has launched the Fiscal Balance Program 2017-2020, which represents a medium-term fiscal planning mechanism to sustain the status of public finances and achieve a balanced budget by maximising non-oil government revenues and improving government spending efficiency. This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

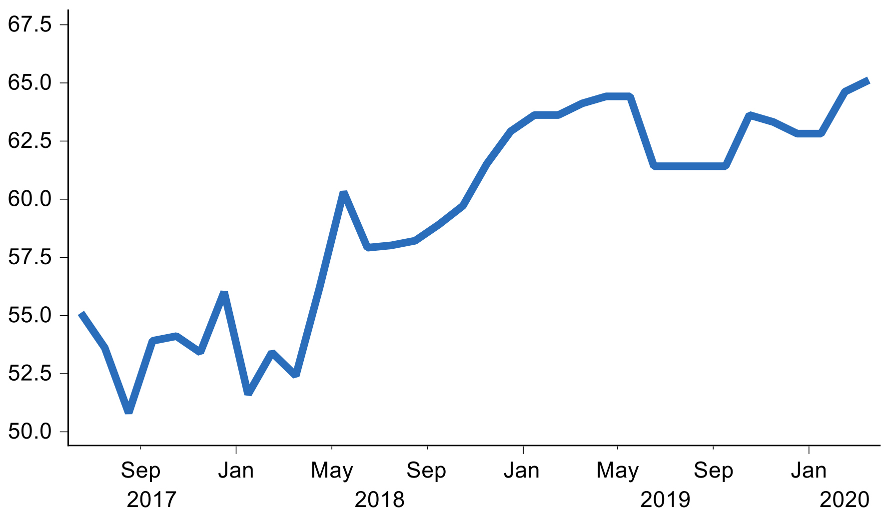
- The Kingdom's total oil production has increased to 10.31 mb/day in 2018 versus 9.96 mb/day in 2017. The OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant riecovery in oil prices partly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

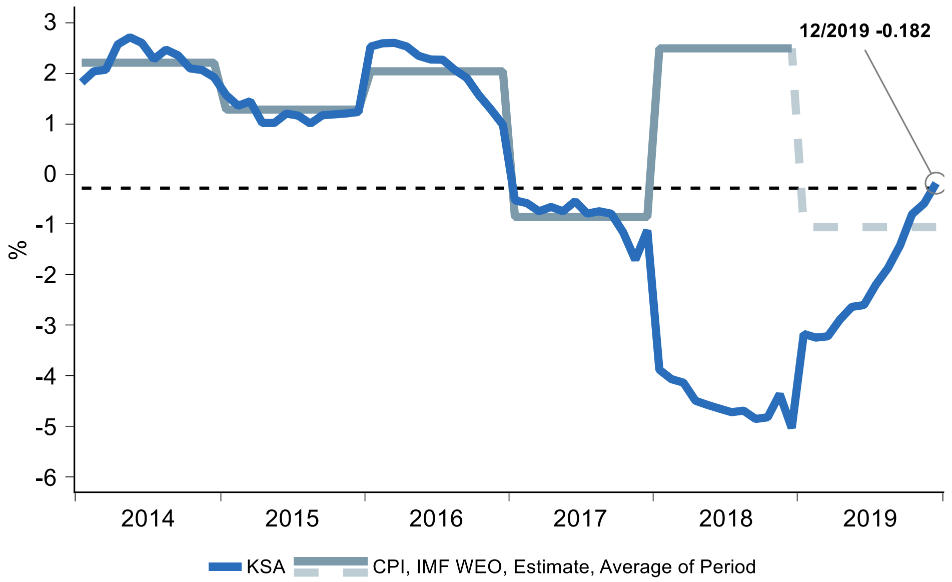
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia significantly improved in 2019 and heading into 2020, hitting a level of 65.1 in March 2020, reaching its highest level ever. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived 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 %

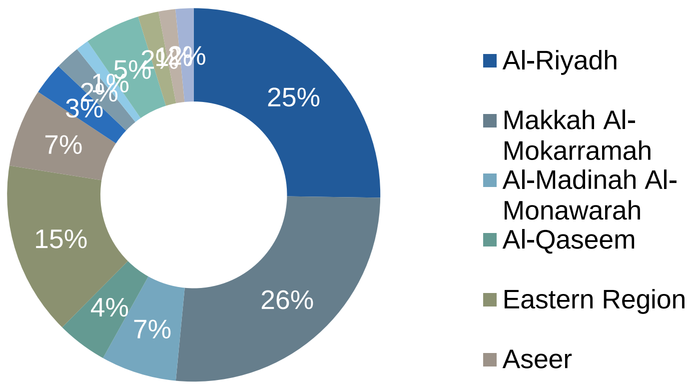
- Following a rise in inflation in 2018 as a result of the introduction of VAT, inflation rates have fallen into negative territory in 2019. The latest CPI reading was measured at -0.18 percent YoY in December 2019, compared to a rate of -0.58 percent in the previous month. The most important categories 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

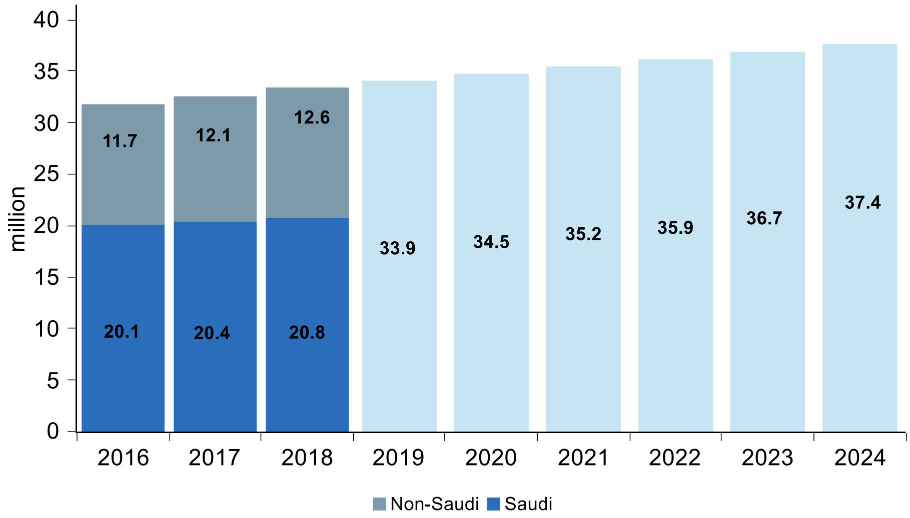
- Saudi Arabia accounts for over 50 percent of the total population of the GCC and is largely more populous than any other GCC country. According to official statistics, the population count was registered at 32.6 million in 2017.
- The population segmentation by regions for 2017 shows that nearly 65 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

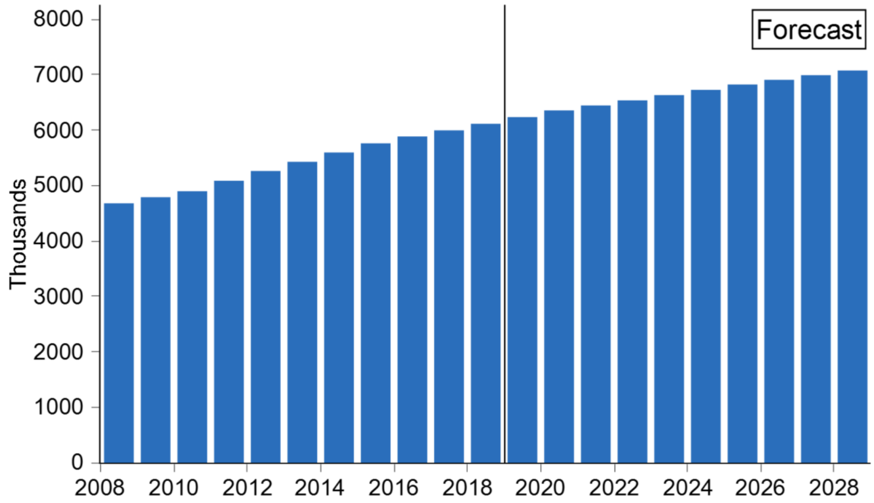
- According to official statistics, the population of Saudi Arabia is estimated to have reached 33.4 million in the first half of 2018 and 34.2 million in the first half of 2019. The Saudi/Non-Saudi breakdown of the population for 2018 stands at 20.8 million/12.6 million according to the same source.
- 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

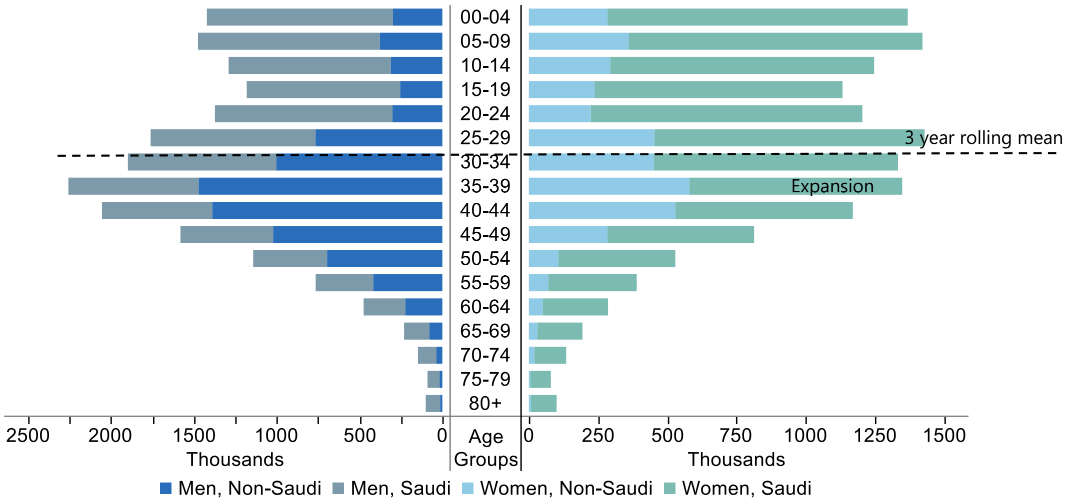
- Total number of households in Saudi Arabia is estimated at roughly 6.2 million in 2019 according to Oxford Economics. The yearly average growth in number of household is set to slow to 1.5 percent per annum between 2019 and 2028 according to Oxford Economics down from 2.7 percent between 2008 and 2019.
- 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

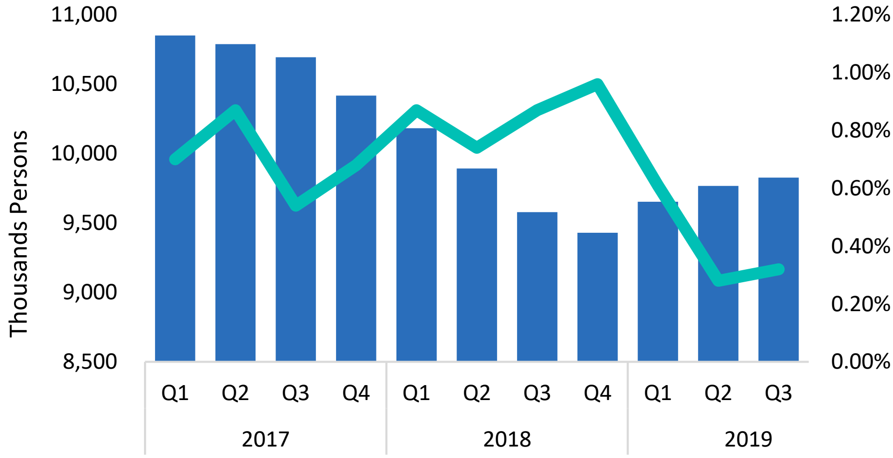
- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi and Non-Saudi population based on the preliminary 2018 data, highlights the fact that approximately 39.2 percent of the population were aged between 0 and 25 years, about 57.5 percent were aged between 25 and 64 years 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.



Source: Knight Frank Research, Macrobond

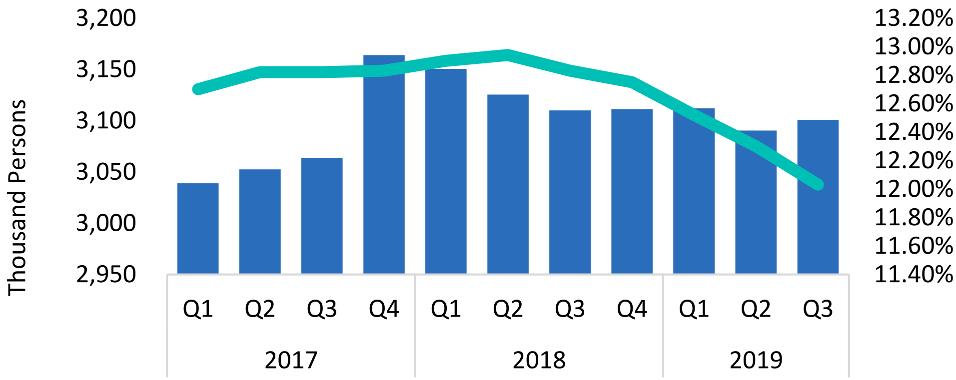
Labour Force and Unemployment Rate, Non Saudis

- 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).

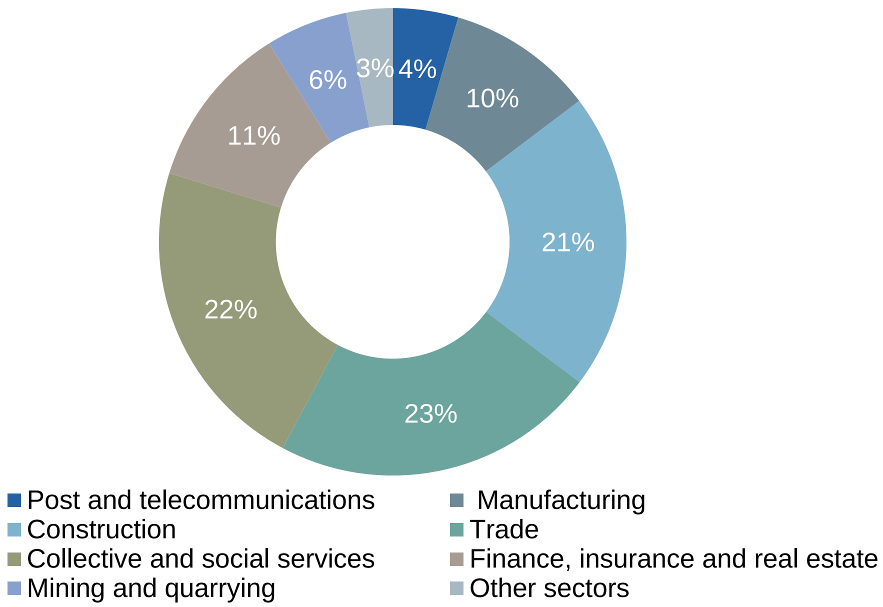
In 2018, a large share of the non-Saudi workforce was employed within the construction sector (41 percent). This is followed by the trade sector which employs 25 percent of the non-Saudi workforce.

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

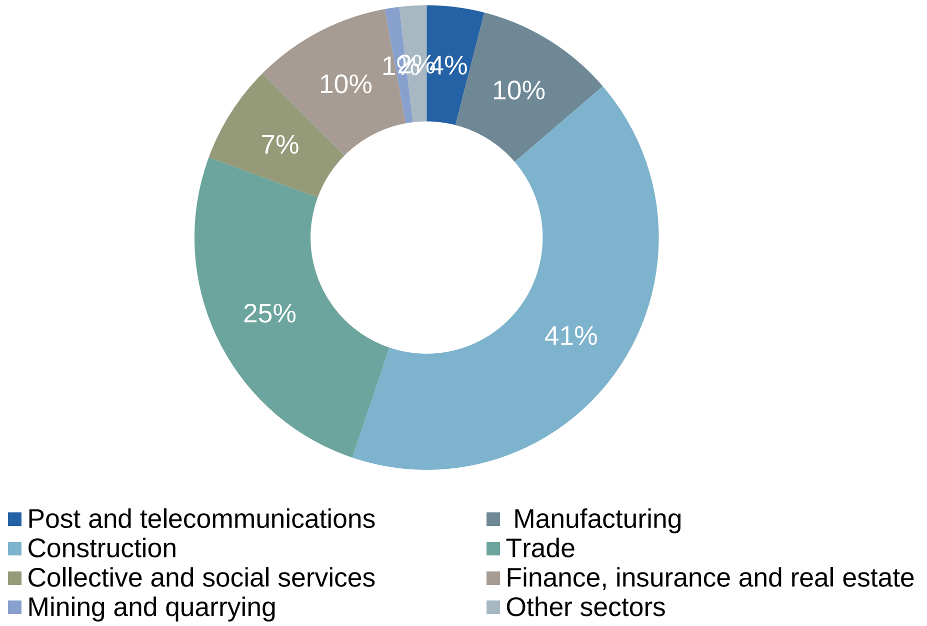
wholesale and retail trade sectors over the coming years. A total of 43 professions in the retail sector will be restricted to nationals.

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.



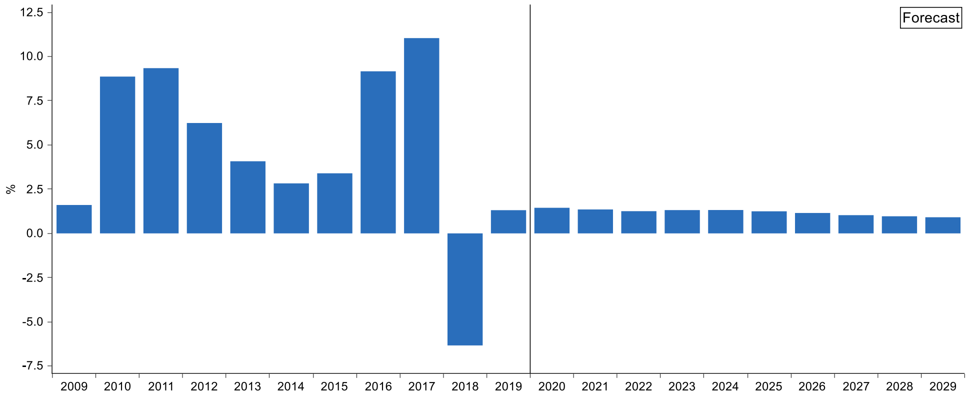
KSA Employment by Economic Activity (Non-Saudis, 2018)



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

Appendix 7 - Cash Flow

Cash Flow Report

Qbic Special Assumption (Amounts in SAR)
Dec, 2020 through Nov, 2031
04/02/2021 09:22:07

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	Nov-2021	Nov-2022	Nov-2023	Nov-2024	Nov-2025	Nov-2026	Nov-2027	Nov-2028	Nov-2029	Nov-2030	Nov-2031	Total
Rental Revenue												
Headline Rent	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	22,373,896	29,740,685	29,740,685	30,134,255	31,267,859	31,561,053	279,641,483
Void Loss	0	0	0	0	0	-15,943,855	-4,790,124	0	0	0	0	-20,733,979
Passing Rent	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	6,430,041	24,950,561	29,740,685	30,134,255	31,267,859	31,561,053	258,907,504
Total Rental Revenue	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	6,430,041	24,950,561	29,740,685	30,134,255	31,267,859	31,561,053	258,907,504
Total Tenant Revenue	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	6,430,041	24,950,561	29,740,685	30,134,255	31,267,859	31,561,053	258,907,504
Potential Gross Revenue	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	6,430,041	24,950,561	29,740,685	30,134,255	31,267,859	31,561,053	258,907,504
Effective Gross Revenue	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	6,430,041	24,950,561	29,740,685	30,134,255	31,267,859	31,561,053	258,907,504
Revenue Costs												
Op Ex	0	0	0	0	0	4,359,467	4,802,822	4,898,879	4,996,856	5,096,793	5,198,729	29,353,547
Sinking Fund	0	0	0	0	0	93,629	269,745	297,407	303,138	313,917	315,611	1,593,446
Property Management	0	0	0	0	0	187,258	539,490	594,814	606,275	627,835	631,221	3,186,893
Total Revenue Costs	0	0	0	0	0	4,640,354	5,612,057	5,791,099	5,906,269	6,038,546	6,145,561	34,133,886
Net Operating Income	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	1,789,687	19,338,504	23,949,586	24,227,986	25,229,313	25,415,492	224,773,618
Cash Flow Before Debt Service	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	1,789,687	19,338,504	23,949,586	24,227,986	25,229,313	25,415,492	224,773,618
Cash Flow Available for Distribution	21,613,000	21,613,000	20,532,350	20,532,350	20,532,350	1,789,687	19,338,504	23,949,586	24,227,986	25,229,313	25,415,492	224,773,618

Valuation report

Al Andalus Mall and Hotel, Jeddah, Kingdom of Saudi Arabia

Prepared for **NCB Capital / NCB**

Date of issue: **10 February 2021**

Contact details

Danial Mahfooz, CFA, NCB Capital, Riyadh, KSA

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KF ref: KF/V/422-2020

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 Al Andalus Hotel, 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 Al Andalus Hotel, a deluxe serviced apartment. The hotel establishment was previously operated by InterContinental Hotels Group (IHG) under the Staybridge Suites brand with a 5-Star classification certificate, which 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. 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 client has recently acquired a plot of land adjacent to the mall for an extension, and this land is now taken into account in this valuation report.
Tenure	Freehold
Tenancies and Occupancy	As at the valuation date, Al Andalus Mall is 97% occupied based on GLA. The lease terms generally range in length from 1 year to 12 years, with the majority of leases being 1-3 years in length. The exceptions to the above include the lease for the Hyper Panda supermarket which has a 20 year lease term and the cinema lease which is for 15 years.

Executive summary cont.

Valuation Key Assumptions - Al Andalus Mall

Item	Unit	Assumption
Passing Rent	SAR per annum	131,389,589
Operating Costs	SAR per annum	25,454,596
Stabilised Occupancy	%	95%
Yield	%	8.75%
Growth	%	2%
Discount Rate	%	10.75%

Valuation Key Assumptions - Hotel

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

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

- The valuation is based on the EBITDA of the serviced apartment, with an allowance for the terms and fees included in the hotel management agreement.
- The valuation given includes furniture, fittings, equipment and operational supplies that are necessary for the hotel as a going concern.
- We were not provided with the classification certificate for the operating hotel and therefore we have assumed that the hotel would continue to acquire an operating classification certificate as a 5-Star hotel.
- 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 calendar year. Year 1 of the cash flow starts from the date of valuation.
- The client has terminated the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and as per the client, is in an advanced discussion 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 in 2021.
- 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

Executive summary cont.

account that the new operator would be appointed and running the operations of the hotel by Q1 2021. 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 by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades will 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 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.

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

Executive summary cont.

	potential buyer base. Few malls of this size openly transact and we feel this offers a good option, being pitched at the mid income bracket, which is the demographic of the local area. Of the real estate asset classes globally, hospitality and retail have been the hardest hit globally due to the Covid 19 pandemic. Malls in the US and Europe where e-commerce was already impacting hugely have been devastated and owners are looking at repurposing or redevelopment in some circumstances. The mall landscape in Saudi is somewhat more positive as the mall serves as a gathering place and entertainment venue for families, therefore the direct impact of e-commerce has been less. KSA and other GCC countries have also fared much better than Europe, the UK and the US in dealing with Covid 19 to date, having their retailers re-open and having shorter and less sustained lock downs.
Valuation date	31 December 2020
Market Value (aggregate)	We are of the opinion that the (aggregate) Market Value of the properties subject to the caveats and assumptions detailed herein as at the valuation date is: **SAR 1,407,650,000** **(One Billion, Four Hundred and Seven Million, Six Hundred and Fifty Thousand Saudi Arabian Riyals)**
Market Value Analysis	Split on values between the two component parts is as follows: • Al Andalus Mall and Expansion Land– SAR 1,259,050,000 (One Billion, Two Hundred and Fifty Nine Million, Fifty Thousand Saudi Arabian Riyals) • Al Andalus Hotel - SAR 148,600,000 (One Hundred and Forty Eight Million and Six Hundred Thousand Saudi Arabian Riyals)
Property Risks	The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at returning

Executive summary cont.

to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

In respect of the subject Properties, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant / sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared.

In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

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Appendix 2 - Title Deed

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Appendix 6 - Profit & Loss - Hotel

Appendix 7 - Taqeem Certificates

1 Instructions

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuation Company

Instructions	1.1	We refer to your instructions and to our subsequent Terms of Engagement and General Terms of Business dated 05 December 2019, which was returned to us on the 30th December 2019, to provide a valuation report on Al Andalus Mall and Staybridge Suites, ("the property"). Copies of these documents are attached at Appendix 1.
	1.2	This valuation has been carried out in accordance with our General Terms of Business for Valuations ("General Terms of Business").
Client	1.3	Our client for this instruction is NCB Capital, acting as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund on the Saudi Stock Exchange (Tadawul).
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 2020 (June) for REIT reporting purposes. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.
	1.7	We are acting as External Valuers, as defined in the Red Book.
Responsibility to third parties	1.8	Our valuation report is only for the use of our Client and no liability is accepted to any third party for the whole or any part of its contents unless expressly agreed in writing.
Disclosure & publication	1.9	Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
Limitations on liability	1.10	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company ("Knight Frank").Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Engagement of Knight Frank.
	1.11	Knight Frank's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount specified in the Terms of Engagement letter, a copy of which is attached. We do not accept liability for any indirect or consequential loss (such as loss of profits).

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

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

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

Scope of enquiries & investigations

Inspection 1.15 We were instructed to carry out an inspection of the property. Our inspection of the property was undertaken on 08 December 2020 by Ibrahim Alrashed, Analyst.

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

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

1.18 In particular, we detail the following:

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

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

Valuation bases

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

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

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

Valuation date 1.23 The valuation date is 31 December 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. The expansion land (recently acquired) extends to 9,668.92 sq m.

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 was until recently branded and operated by Staybridge Suites (part of the Intercontinental Hotels Group) and is physically connected into the north west corner of the mall. The mall opened in July 2007 and is therefore over 12 years old at the date of this report. A small extension was added to the mall and completed in 2016.

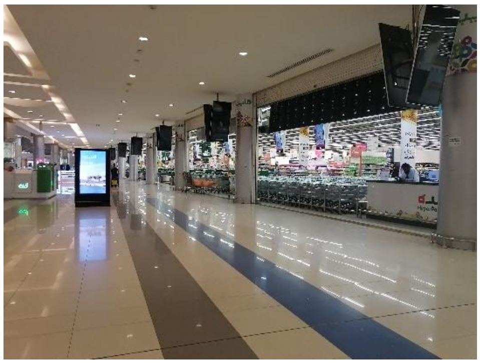
The mall is a well-established super-regional mall which has over 3,000 car parking spaces and is anchored by Hyper Panda supermarket. Built over two principal shopping floors, the main anchor tenant is located on the First Floor level, underneath which is substantial covered parking below at ground 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.

Expansion Land 2.9 NCB have recently acquired a 9,668.92 sq m plot of land which is zoned for mixed use. The site benefits from access from all four roads that it is bound by. The site is surfaced with tarmac and arranged as a car park, although no cars were parked on site at the date of inspection.

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



Al Andalus Hotel

2.11 Al Andalus Hotel is a deluxe serviced apartment adjacent to Al Andalus Mall in Jeddah, KSA. The subject property opened its doors to the public on 23rd May 2017 and was previously (until recently) operated by InterContinental Hotel Group (IHG) under the Staybridge Suites brand. However, to date, InterContinental Hotel Group (IHG) are no longer managing the property, and the property continues to be owner-operated. The client has informed us that discussions are currently ongoing, which are at an advanced stage of negotiations to appoint a reputable international operator and brand similar to that of IHG's Staybridge Suites brand.

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.

2.12 Guest Rooms

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

The units are fitted to a deluxe serviced apartment specification. 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**

2.13 Food and Beverage Outlets

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

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

The Lobby Café 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 numerous F&B options provided in Al Andalus Mall and as the property is positioned as a serviced apartment, the F&B offering is typically limited, as the concept of the accommodation offers kitchens and kitchenettes in the guest rooms.

Exhibit 2: F&B Breakdown by type and location

F&B Outlets	Type	Level
Lobby café	Grab and go	Ground Floor

All Day Dining	Breakfast, Lunch, Dinner	1st Floor

2.14 **Leisure Facilities:**

The leisure facilities comprise -

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

2.15 **Meeting and Conference Facilities**

The meeting and business facilities 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

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

Hotel Exterior

Hotel entrance

Lobby reception


Lobby entrance


All Day Dining Restaurant

Outdoor swimming pool


Gymnasium


Guest floor corridor


Guest room – 1-bed suite


Guest room – living area

Guest room – kitchenette

Guest room – bathroom

Mall

Retail Mall 2.17 As agreed with the client, we have relied upon floor areas provided to us by the client. No further verification has been undertaken.

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 deluxe serviced apartment specification.

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

Services

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

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

Tenure - Hotel

Commercial Register

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

- Type: Limited 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 have not been provided with the hotel operating classification licence from the client for the subject property. However, in our valuation report, we have assumed that the subject property will be granted a 5-Star Operating License and continue to operate at a 5-Star standard, in line with the license acquired in the past under the management of Staybridge Suites.

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 three years back under a 15 year management agreement under the Staybridge Suites brand, part of InterContinental Hotels Group (IHG). The agreement was 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 have terminated 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 property remains open and is 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 the salient details of the hotel management agreement below as follows:

Exhibit 4: Hotel Management Agreement

Property:	164 key 5 star serviced apartments located adjacent to Al-Andalus Mall in Jeddah
Name:	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 Gross Revenues in years 1-3. • 1.75% of Gross Revenues in year 4 and thereafter.
Incentive Management Fee:	7.0% of Adjusted Gross Operating Profit (AGOP) AGOP is defined as Gross Operating Profit minus License Fee.
Marketing Contribution:	2.0% of Gross Rooms Revenue
Reservation Contribution:	1.0% of Gross Rooms Revenue
FF&E Reserve:	• 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 by the client that the costs related to re-branding and the costs related to any minor FF&E upgrades 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**

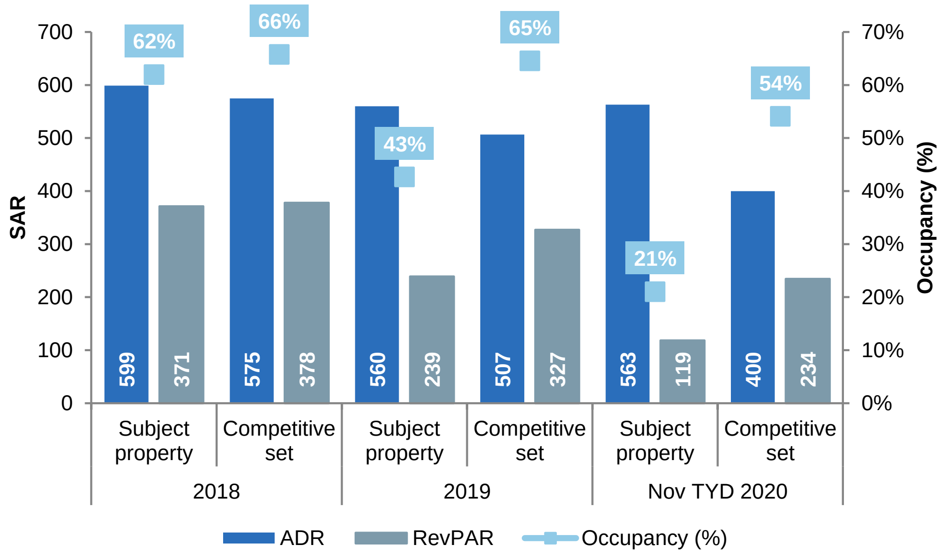
We have been provided with an analysis of the competitiveness of the subject property against a selection of similar serviced apartments, that the previous operator and owner feels most relevant to the subject property, Jeddah, in terms of location, facilities & rooms offered, guest profile etc. The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

Competitive set

- 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 is showcased in the next exhibit.

Exhibit 5: Subject Property Vs. Competitive Set



2.39 Over the periods observed (full year 2018 and 2019, and Nov YTD 2020), the subject property recorded lower occupancy rates compared to the competitive set (especially in 2019 and Nov YTD 2020, which was primarily attributable to the impact of no longer being able to leverage from an international operator's GDS capabilities); however, the subject property 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; however, in 2019 RevPAR rates were 27 percent lower compared to the competitive set's average, while the declining trend continued into Nov YTD 2020, whereby RevPAR rates were 49 percent lower at SAR 119 compared to the competitive set, which achieved a RevPAR of SAR 234. This difference primarily stemmed from much lower occupancy levels, while the subject site achieved an ADR (SAR 563) that was 41 percent higher compared to the competitive set's SAR 400.

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 compared to 2019 figures.

Business Commentary

Projections

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

Exhibit 6: Subject Property Forecast Performance Measurements

Performance measure	2021	2022	2023
No. of rooms	164	164	164
Occupancy	43%	62%	72%
Av. Room Rate (SAR)	574	653	686

Rev PAR (SAR)	245	405	494
Total Revenue (SAR '000s)	17,041	28,273	34,556
EBITDA (SAR '000s)	3,954	10,992	15,003
EBITDA as a % of Total Revenue	23.2%	38.9%	43.4%

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

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 assumptions take into account that the new operator would be appointed and running the hotel operations by the end of Q1 2021.

Average room occupancy (ARO)

2.41 Projections of occupancy are dependent on the current and future supply of new hotels of similar category and location, estimated room nights demanded, the historical performance of the property under management by Staybridge Suites and the existing situation surrounding the impacts of COVID-19.

As of November YTD 2020 the subject property achieved an occupancy of 21 percent, which is 22 percentage points lower compared to the same period in 2019. This was primarily attributable to the impact of COVID-19, which is anticipated to soften demand over the short term. In addition, as per our discussion with the client, the year 2019 also recorded abnormal performance indicators as there was an issue between the owner and the operator for 6 months of the year and as a result the property was not able to operate efficiently.

Given that a reputable international operator similar to that of IHG is anticipated to manage the property's operations, we have assumed that the property would have to re-stabilise operations, which we have assumed to be year 3 (2023) of operations. We have estimated the subject property to achieve an occupancy of 43 percent in the first year of operations, which aligns with the property's occupancy achieved in 2019. The presence of an international operator would likely drive occupancy levels higher (due to their global distribution system capabilities); however, the level of demand growth is somewhat offset by the impact of COVID-19, which is expected to persevere into 2021, especially given the recent mutation of COVID-19 as this new strain may potentially prolong the economic impact.

However, we remain optimistic that vaccines will be rolled out effectively, and therefore projected an occupancy of 62 percent in the second year of operations, which aligns with the historical occupancy performance under the Staybridge Suites brand for the full year 2018, which was its second year of operations during the stabilisation period.

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)

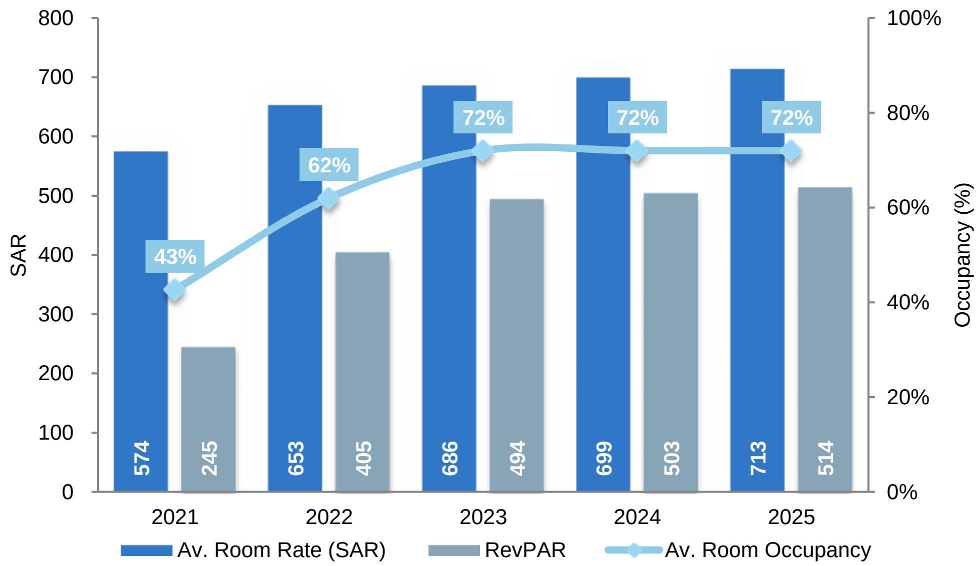
2.42 Forecasting the average daily room rate for the subject property, we would expect there to be an impact in the 1st year of projections as a result of COVID-19. We have assumed that the property would achieve an ADR of SAR 574, which accounts for a rate growth in line with inflation compared to YTD November 2020 ADR figures.

Upon re-stabilising operations in year 3 of operations (2023), we have estimated the subject property to achieve a stabilised ADR (current values) of SAR 659 i.e. a rate of SAR 686 in future values. This accounts for a rate premium of 10 percent over the best performing year under the Staybridge Suites brand in 2018, which recorded an ADR of SAR 599. This premium factors in the stabilisation ramp-up to year 3 as well as the fact that an international operator similar to that of IHG would be appointed to manage the property's operations. However, in the event that the owner appoints an operator that differs significantly from IHG, then it is unlikely that the property would achieve these rates. In year 2 of our projections, we have estimated the property achieve a rate of SAR 653 (future values).

Subsequent to year 3, 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 below:

Exhibit 7: Hotel Forecast Room Performance

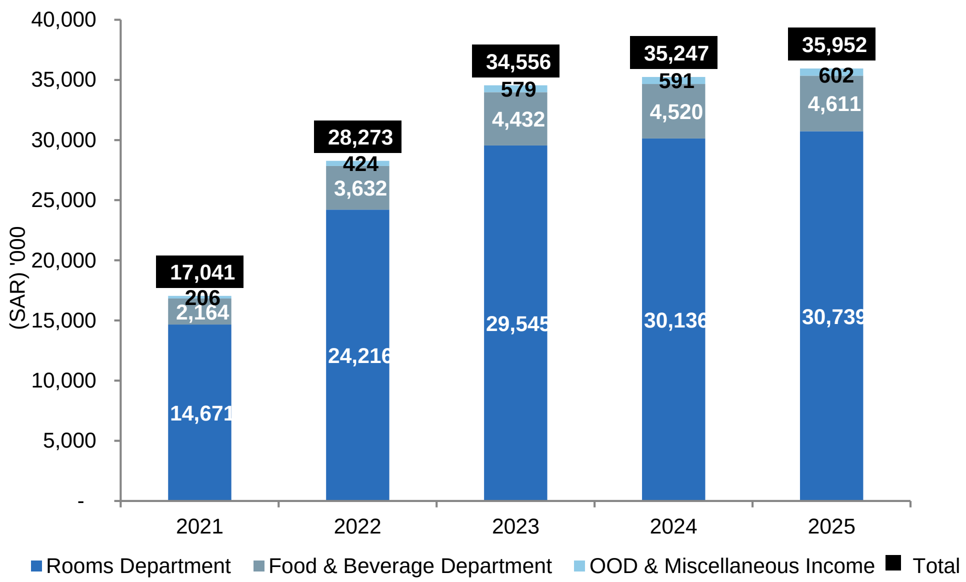


Total Revenue

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

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

Exhibit 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.

It is important to note that in 2019, the property switched from using a generator to connecting to the grid, which resulted in utilities savings. These have been taken into account in our projections.

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 2021		Year 2 2022		Year 3 2023	
Administration & General	2,812	16.5%	3,322	11.8%	3,628	10.5%
IT Systems	724	4.3%	820	2.9%	864	2.5%
Sales and Marketing	937	5.5%	1,202	4.3%	1,382	4.0%
Property Operation and Maintenance	852	5.0%	990	3.5%	1,037	3.0%
Utilities	2,088	12.3%	2,262	8.0%	2,419	7.0%
Total Undistributed Operating Expenses	**7,413**	**43.5%**	**8,595**	**30.4%**	**9,330**	**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.) compared to figures recorded in full year 2019. As a result, we have estimated Property Operation & Maintenance to be reduced by 20 percent and Utilities to be reduced by approximately 5 percent. Administration & General is estimated to be reduced by approximately 30 percent, while IT Systems are expected to drop by approximately 20 percent. These cost reductions are in line with the cost savings achieved across the property when comparing the periods of YTD November 2019 and 2020.

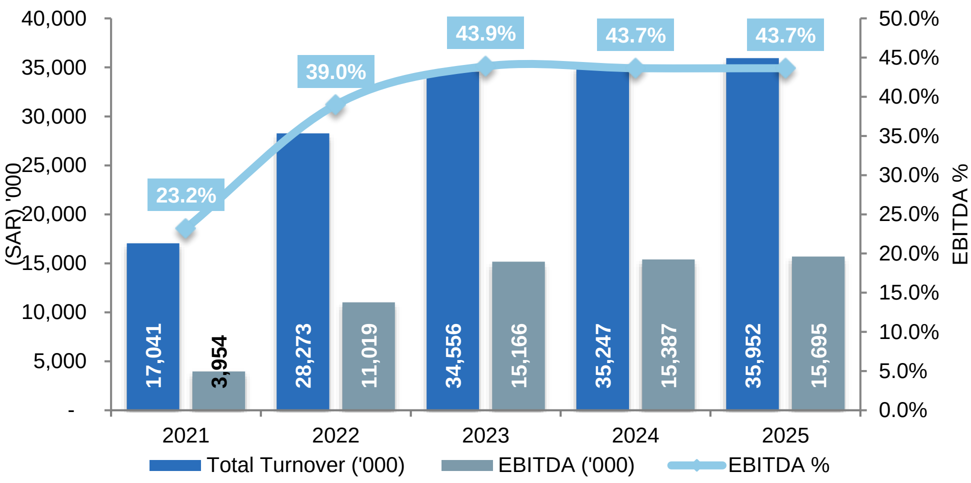
As an international operator is expected to be appointed before the end of Q1 2021, we have not reduced Sales & Marketing Costs in line with the historical savings rate of approximately 60 percent. We have only applied half of these savings at approximately 30 percent.

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. We provide a summary of this below.

Status	Number of units	Percentage of area	GLA (sq m)	Total Passing rent (SAR pa)
Occupied	482	97%	87,117.58	131,389,589.47
Vacant	34	3.48%	2,855.50	-
Total	516	100.00%	89,973.08	131,389,589.47

Source: Client

Summary 2.60 The current rent passing as at the date of valuation is SAR 131,389,589.47 per annum. The property is currently 97% 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

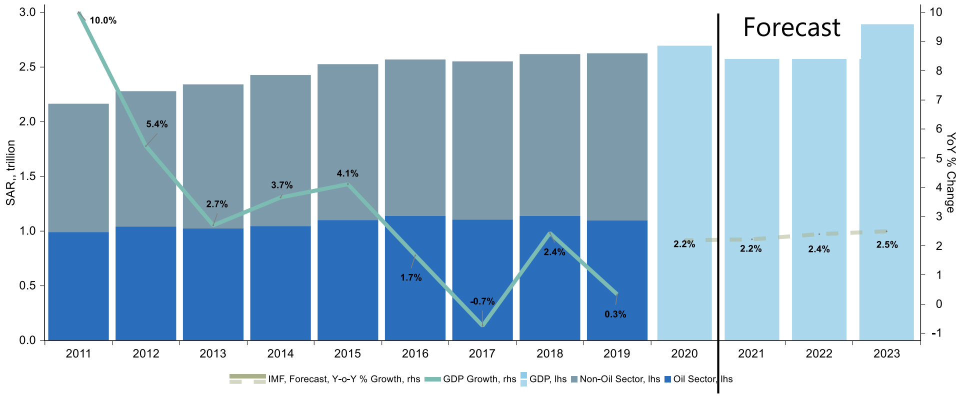
2.68 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

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 Macro-economic analysis

3.1 Saudi Arabia GDP Growth, 2011 - 2023

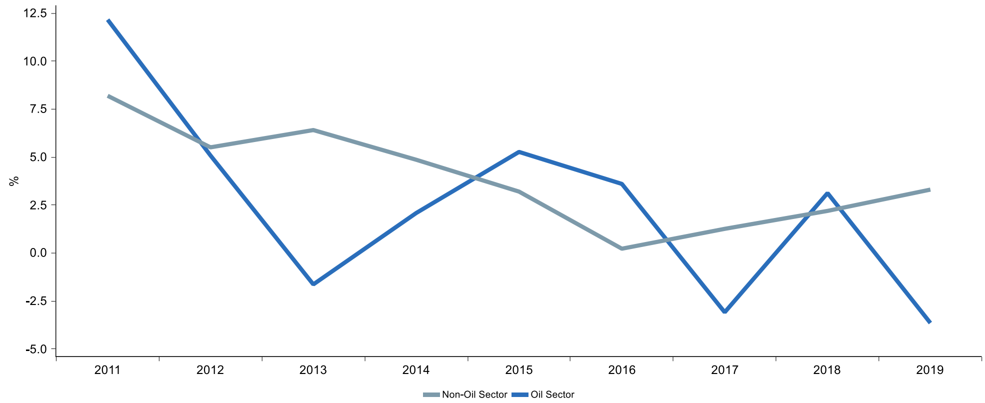
- According to provisional full year data published by General Authority for Statistics (GaStat), the Saudi Arabia's GDP grew by 0.3 percent in 2019 compared to growth of 2.4 percent year-on-year in 2018.
- As expected, GDP growth was lifted by non-oil sector. However, Saudi Arabia's lower yearly oil 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

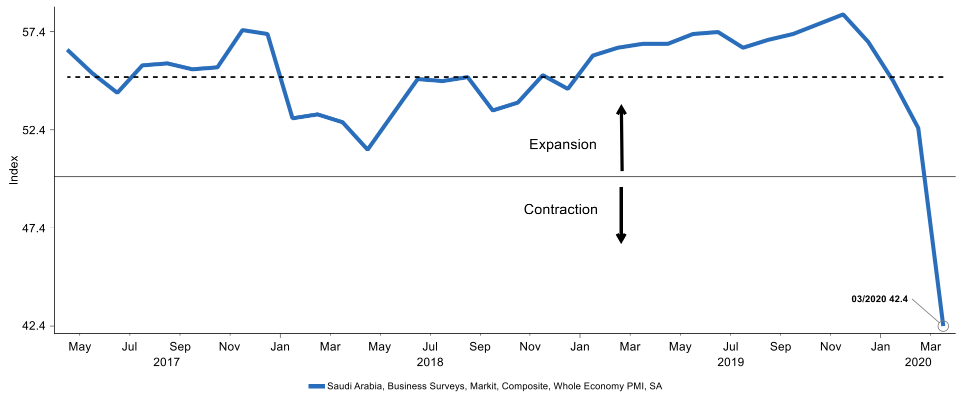
- Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. The non-oil economy is benefiting from the spillovers of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance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

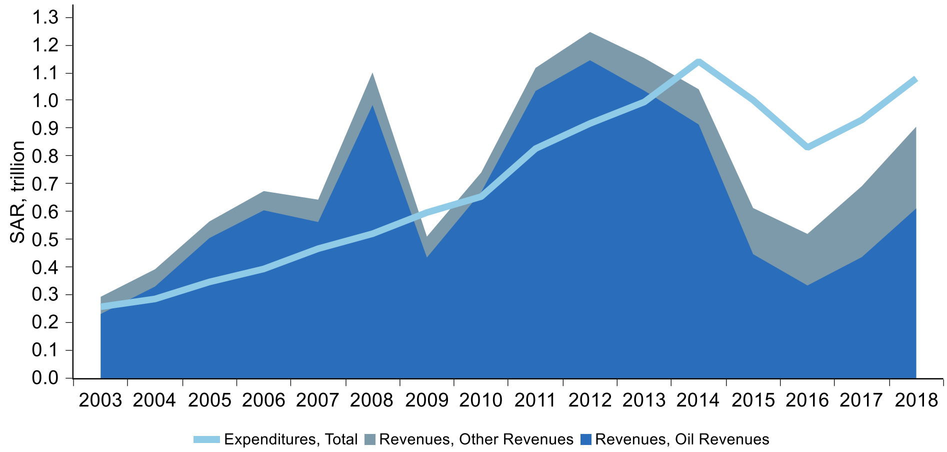
- The Purchasing Manager Index (PMI) – a non-oil tracker - The Saudi Arabia PMI plunged to a record low of 42.4 in March 2020 from 52.5 in February, since the survey began in August 2009 as travel and social restrictions aimed at stopping the spread of the virus affected business.
- Al fall in business 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

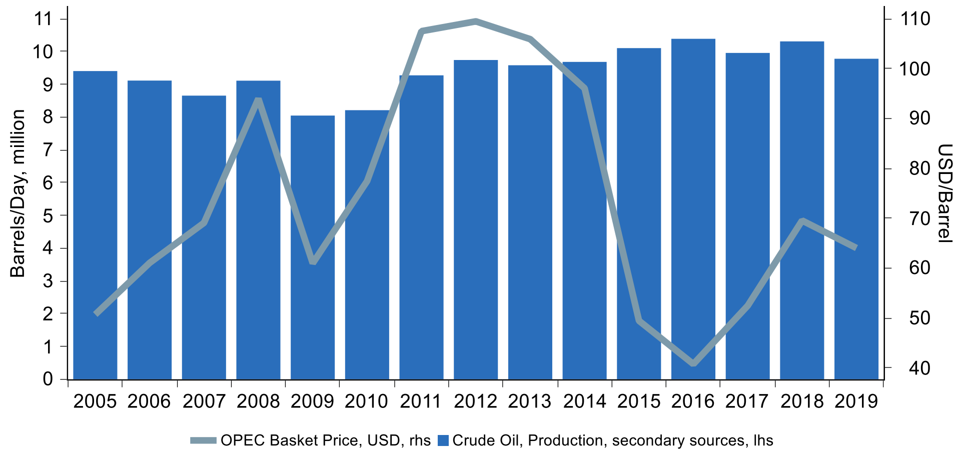
- In December 2016, Saudi Arabia has launched the Fiscal Balance Program 2017-2020, which represents a medium-term fiscal planning mechanism to sustain the status of public finances and achieve a balanced budget by maximising non-oil government revenues and improving government spending efficiency. This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

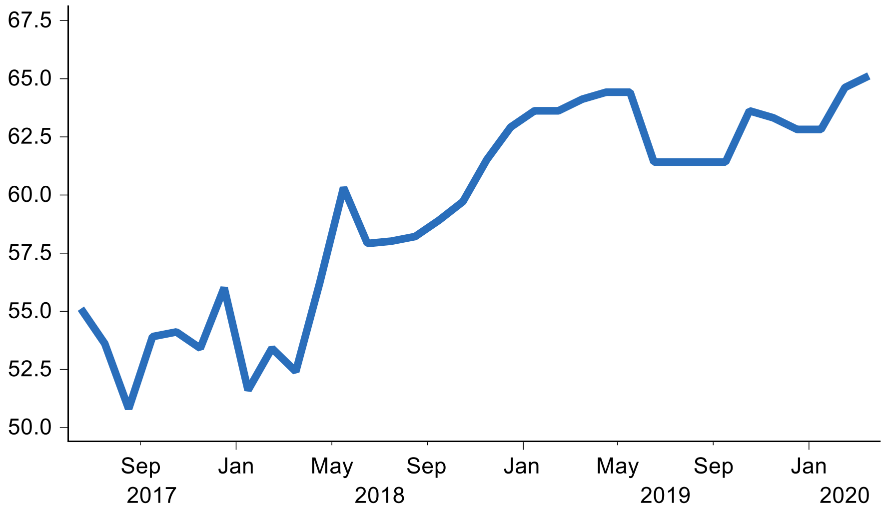
- The Kingdom's total oil production has increased to 10.31 mb/day in 2018 versus 9.96 mb/day in 2017. The OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant riecovery in oil prices partly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

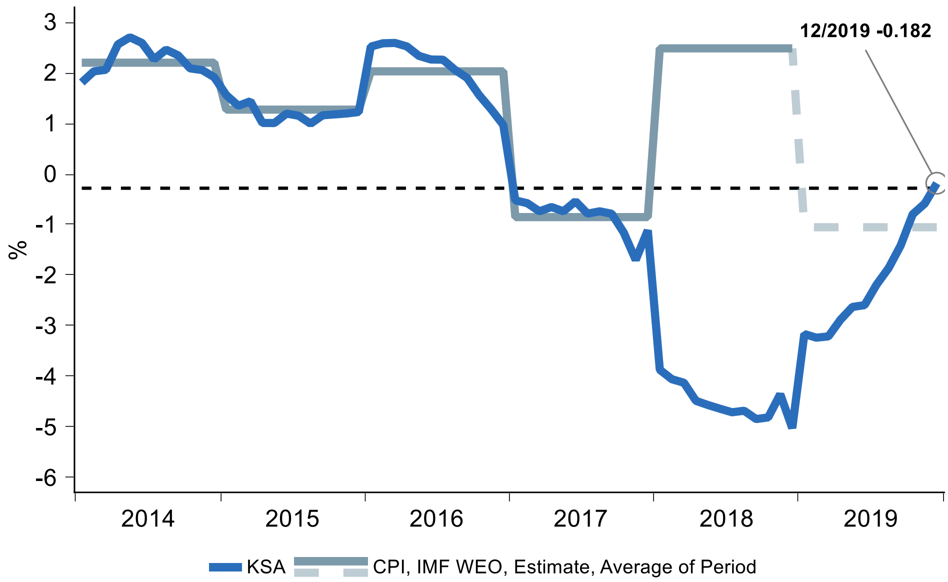
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia significantly improved in 2019 and heading into 2020, hitting a level of 65.1 in March 2020, reaching its highest level ever. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived 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 %

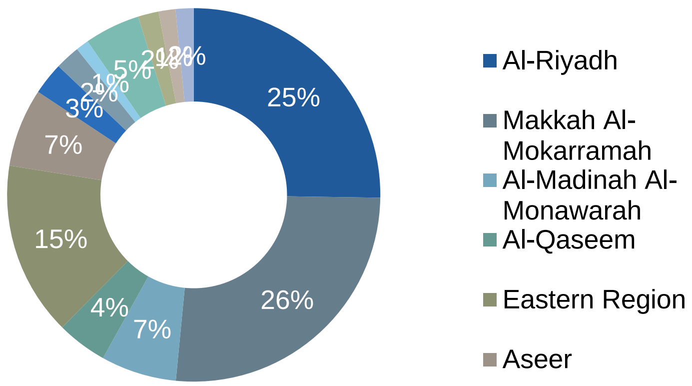
- Following a rise in inflation in 2018 as a result of the introduction of VAT, inflation rates have fallen into negative territory in 2019. The latest CPI reading was measured at -0.18 percent YoY in December 2019, compared to a rate of -0.58 percent in the previous month. The most important categories 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**

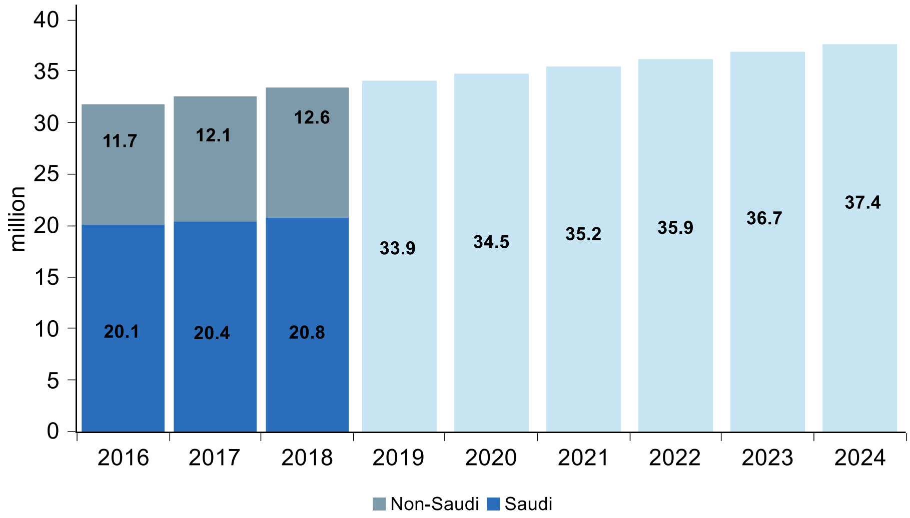
- Saudi Arabia accounts for over 50 percent of the total population of the GCC and is largely more populous than any other GCC country. According to official statistics, the population count was registered at 32.6 million in 2017.
- The population segmentation by regions for 2017 shows that nearly 65 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

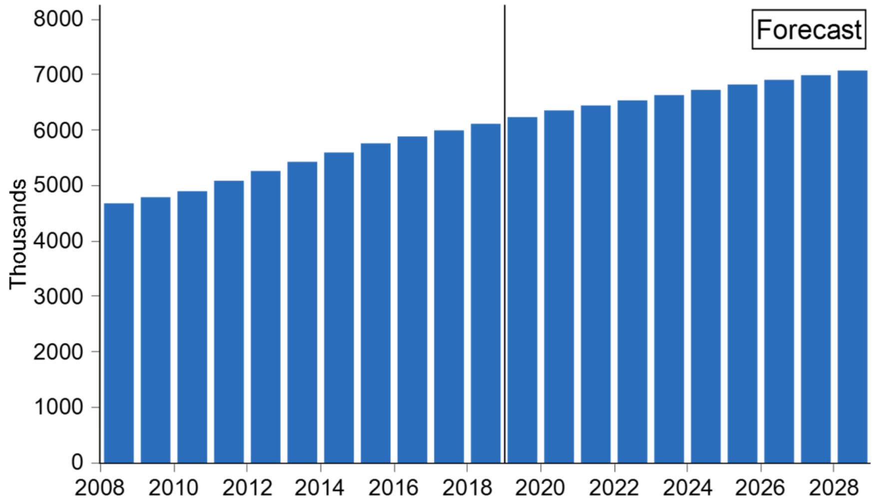
- According to official statistics, the population of Saudi Arabia is estimated to have reached 33.4 million in the first half of 2018 and 34.2 million in the first half of 2019. The Saudi/Non-Saudi breakdown of the population for 2018 stands at 20.8 million/12.6 million according to the same source.
- 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

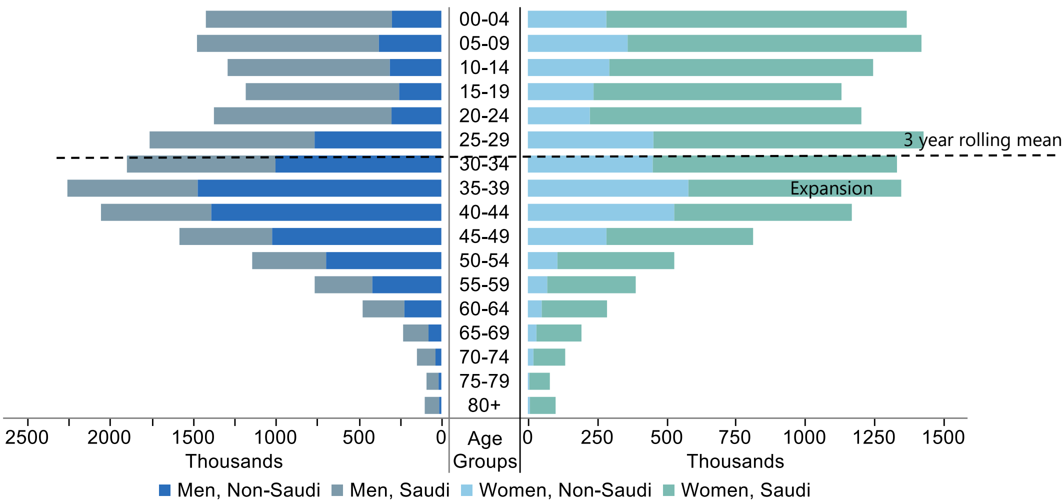
- Total number of households in Saudi Arabia is estimated at roughly 6.2 million in 2019 according to Oxford Economics. The yearly average growth in number of household is set to slow to 1.5 percent per annum between 2019 and 2028 according to Oxford Economics down from 2.7 percent between 2008 and 2019.
- 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

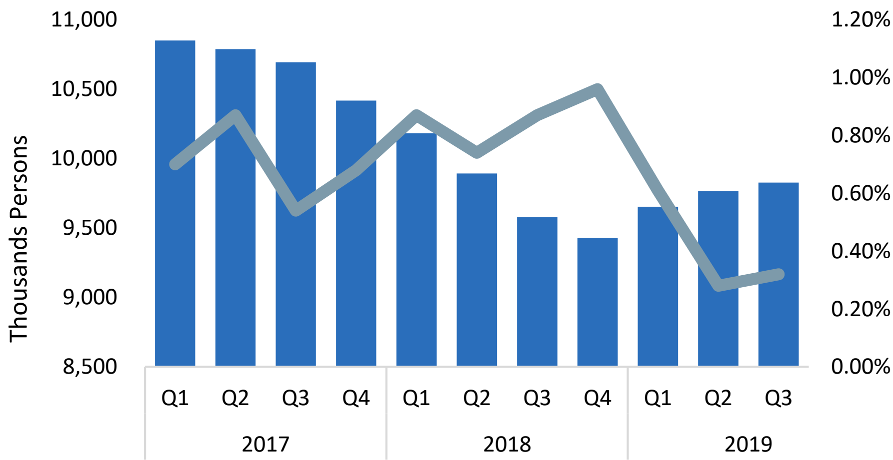
- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi and Non-Saudi population based on the preliminary 2018 data, highlights the fact that approximately 39.2 percent of the population were aged between 0 and 25 years, about 57.5 percent were aged between 25 and 64 years 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

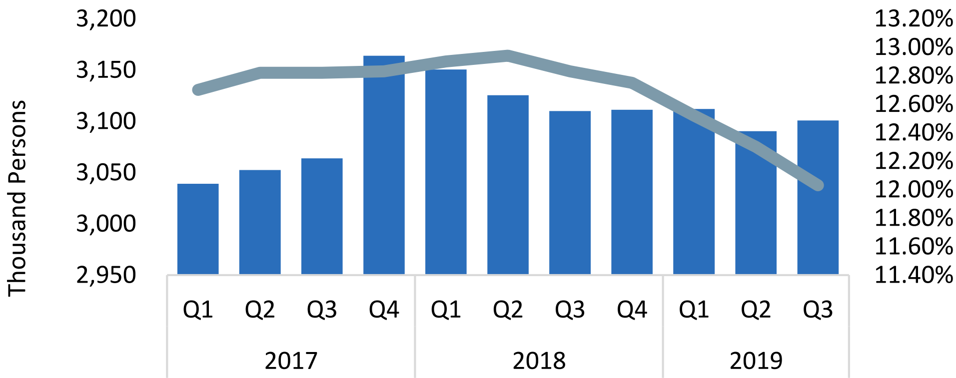
Labour Force and Unemployment Rate, Non Saudis

- 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).

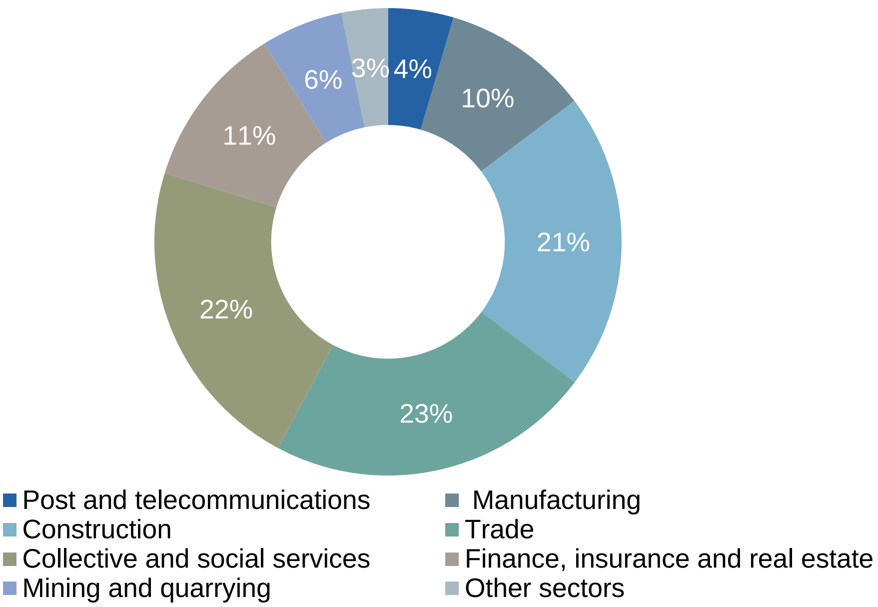
In 2018, a large share of the non-Saudi workforce was employed within the construction sector (41 percent). This is followed by the trade sector which employs 25 percent of the non-Saudi workforce.

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

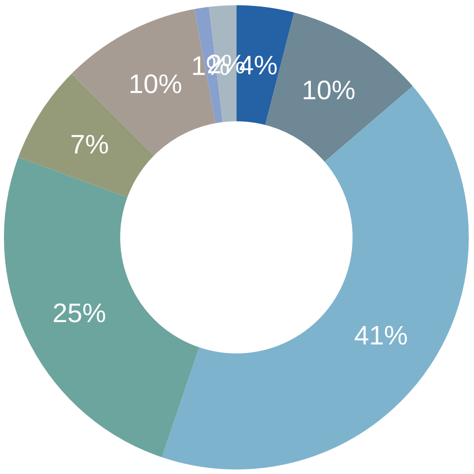
wholesale and retail trade sectors over the coming years. A total of 43 professions in the retail sector will be restricted to nationals.

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.



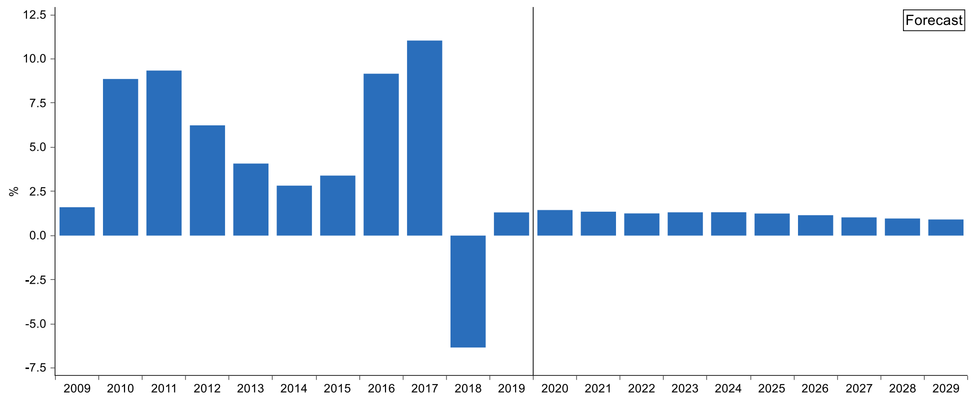
KSA Employment by Economic Activity (Non-Saudis, 2018)



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.

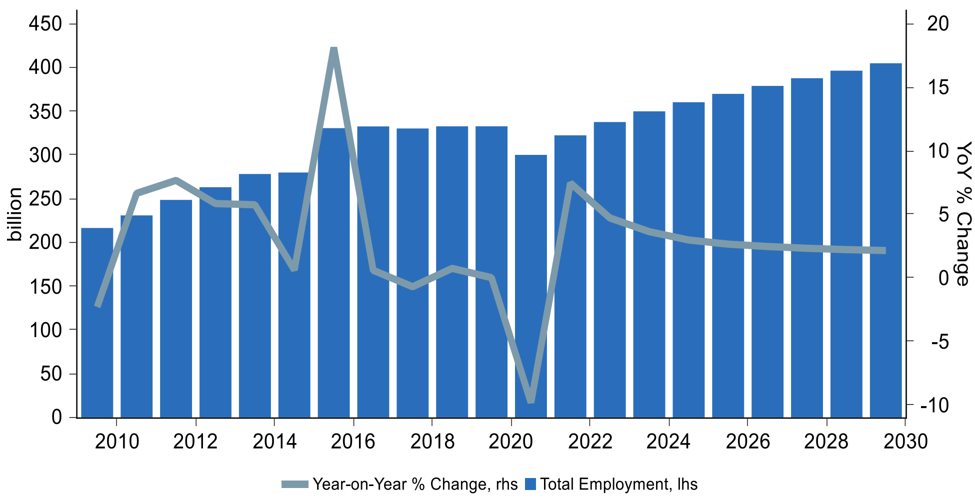


Source: Oxford Economics, Macrobond

Jeddah macro-economic analysis

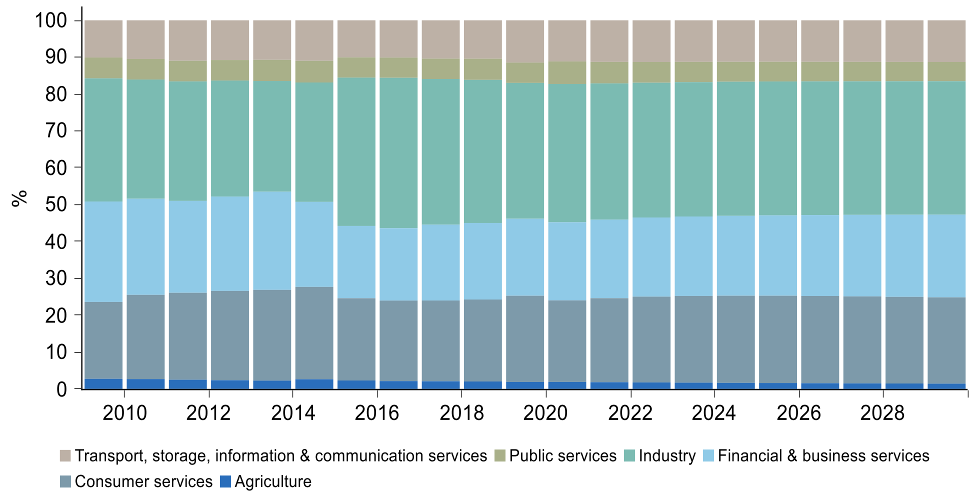
Jeddah economy 3.7

- Jeddah's GDP is forecast to decline from SAR 332 billion in 2019 to SAR 299 billion in 2020, a decline of 9.8%.
- Jeddah's economy recorded a historical CAGR of 4.4% between 2009 and 2019. From 2019 to 2029 this rate is expected to decrease to 2.0%.
- Looking ahead, Jeddah's economy is expected to be particularly impacted by the economic fallout resulting from the COVID-19 pandemic.
- Jeddah has a fairly diversified economy and does not rely on the Hydrocarbon sector. However, given its reliance on tourism, trade and industrial manufacturing sectors which are substantially impacted by lockdown measures to counteract COVID-19 Jeddah's GDP is likely to be materially impacted and demand in these sectors will only gradually return, not immediately.



Gross value added by sector - Jeddah (in SAR billion)

- The breakdown of the gross value added (GVA) by sector for Jeddah highlights that the industrial sectors share of total GVA has decreased over recent years, while other sectors such as consumer services, financial & business services as well as transport, storage, information & communication services have seen an increase in their contribution.
- As a result of the national economic diversification plan, industry and consumer services sectors are likely to gradually increase their contribution to Jeddah's GDP going forward. The contribution of financial and business services is expected to reach 22.4% in 2025 up from 20.9% in 2019. Over the longer term, this trend would, in turn, stimulate demand for office space.



Source: Macrobond, Oxford Economics

3.8 Gross Domestic Product - Jeddah

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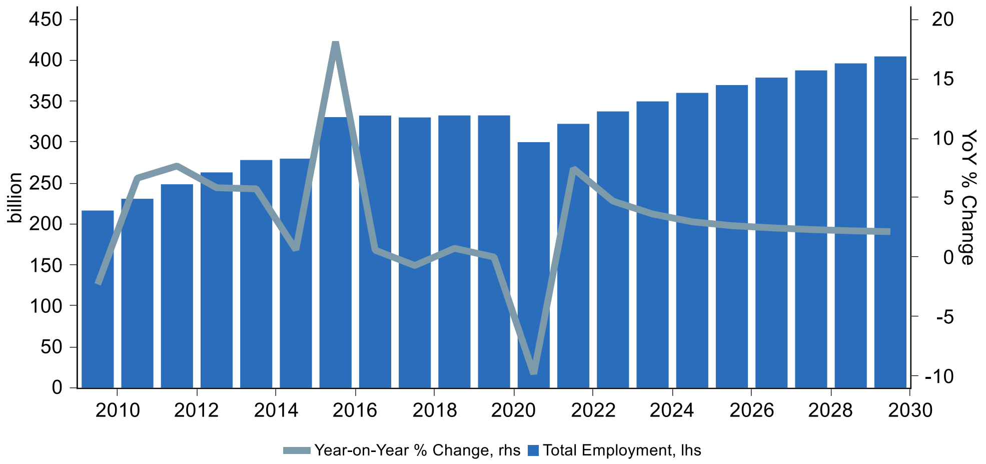

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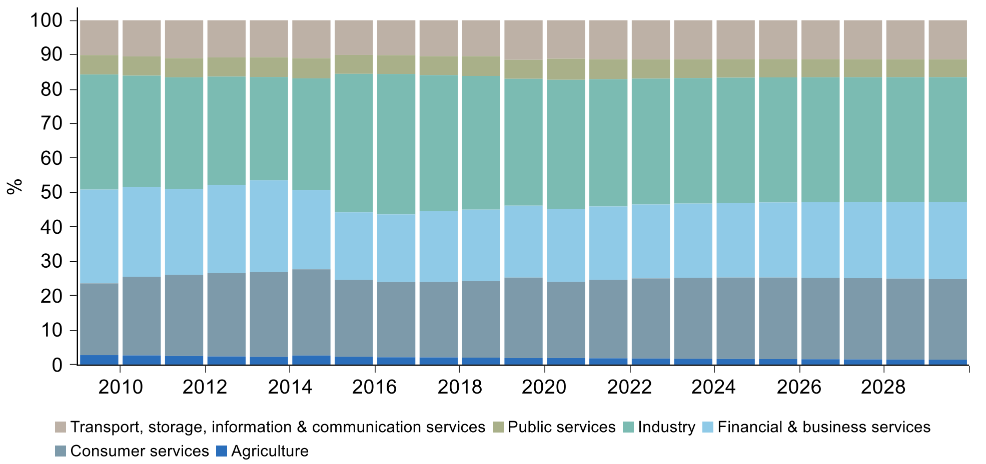
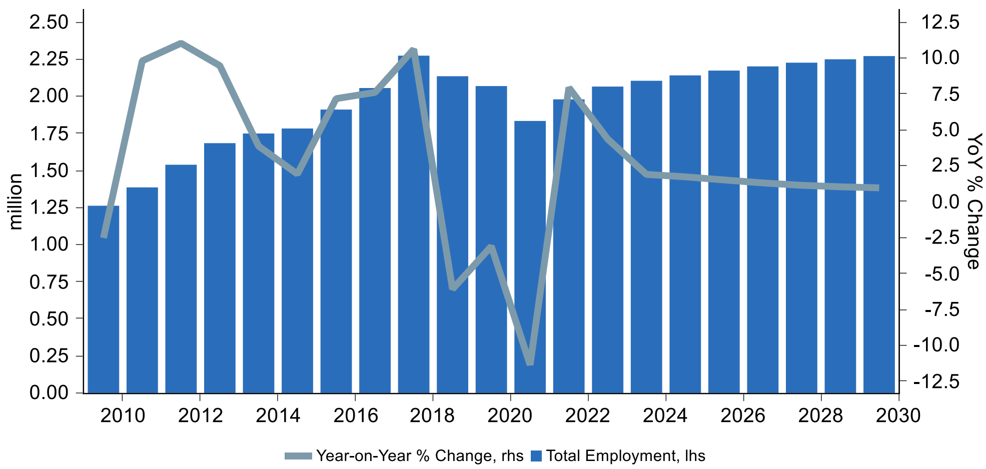


Source: Macrobond, Oxford Economics

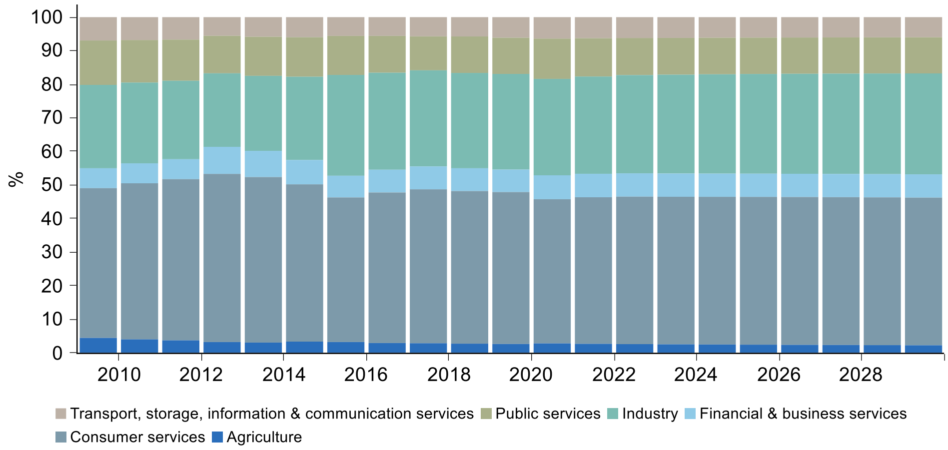
3.9 **Total employment - Jeddah**

- Jeddah is the main economic centre of the Makkah Province and employs a large majority of the region's workforce. According to Oxford Economics, Jeddah's employed population stood at 2.06 million in 2019 and is expected to reach 2.27 million in 2029, implying a CAGR of 0.9% between 2019 and 2029, lower than the ten years historical CAGR which was registered at 5.1%.
- Official Statistics from the GSTAT, indicate that the total employment in Makkah Province as at Q4 2019 stood at 2.09 million individuals down from 2.5 million individuals in the first quarter of 2017. This was the result of the departure of c. 450,000 expatriates from the workforce, a trend underpinned by the challenging economic backdrop and the Saudization program, these factors have led to an outflow of expatriates workers from the workforce
- Looking ahead, as a result of COVID-19, as GDP levels contract so will employment levels. In 2020, forecast by Oxford Economics shows that Jeddah's employment is expected to contract by 11.4%.
- These forecasts shows that this will be short to medium term decline rather than a long term decline, with employment levels reaching 2019 levels by 2022.



Breakdown of employment by economic sector - Jeddah

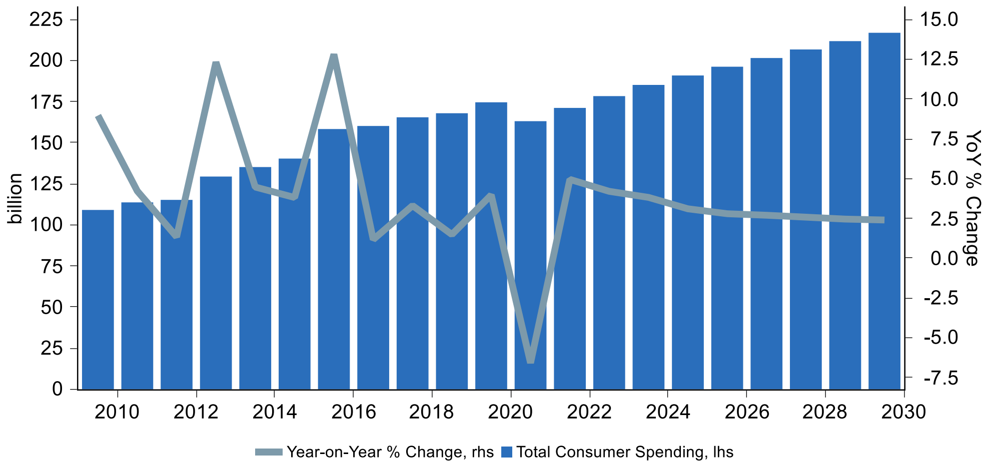
- Currently, the consumer services and industry sectors are the largest employment sectors in Jeddah, accounting for 45.3% and 28.5% of total employment in 2019. This is expected to remain roughly unchanged over next ten years.



Source: Knight Frank Research, Macrobond, Oxford Economics

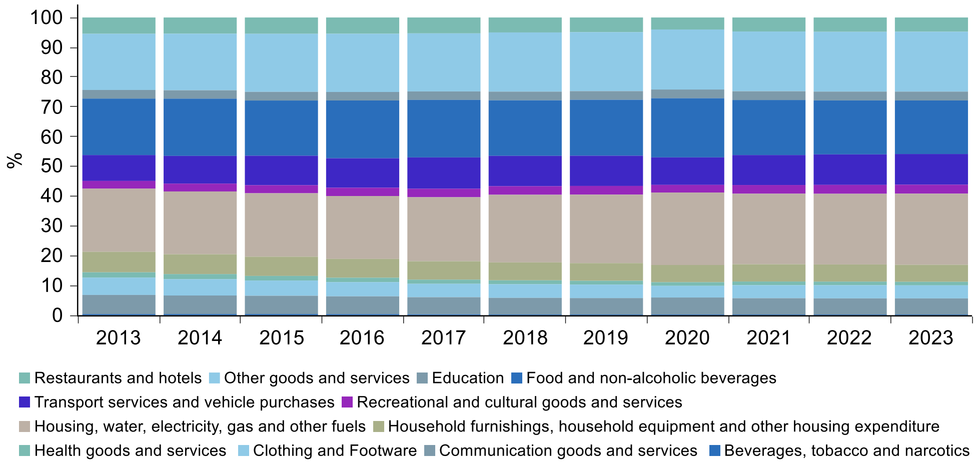
Total consumer spending - Jeddah (in SAR billion)

- Consumer spending in Jeddah totalled SAR 174 billion in 2019, compared to 168 billion in 2018.
- Consumer spending growth in Jeddah averaged 5.3% from 2009 to 2019, reaching an all-time high of 12.8% in 2015 and a record low of 1.2% in 2016.
- Consumer spending is expected to decrease by 6.6% in 2020, a trend underpinned by lockdown measures enacted to halt the spread of the pandemic which effectively caused a large portion of the retail sector to come to a halt, this trend has been driven by reduction in purchasing power as the cost of living allowances are rescinded and more recently due to the increase in VAT from 5% to 15%.
- However, forecasts shows that this will be short to medium term decline rather than a long term decline, with consumer spending levels returning 2019 levels by 2022.
- Jeddah's consumer spending CAGR is set to slow to 2.2% per annum between 2019 and 2029, according to Oxford Economics down from 4.8% between 2009 and 2019.



Consumer spending breakdown by goods/services - Jeddah

- Housing related spending is the largest segment of consumer spending and has seen its contribution gradually increase over time. The contribution to total spending rose from 20.0% in 2009 to 23.0% in 2019 and is expected to reach 24.5% by 2029, according to Oxford Economics.
- Other goods and services is the second recipient of consumer spending with a share of 19.8% of total spending and is expected to reach 20.2% by 2029.

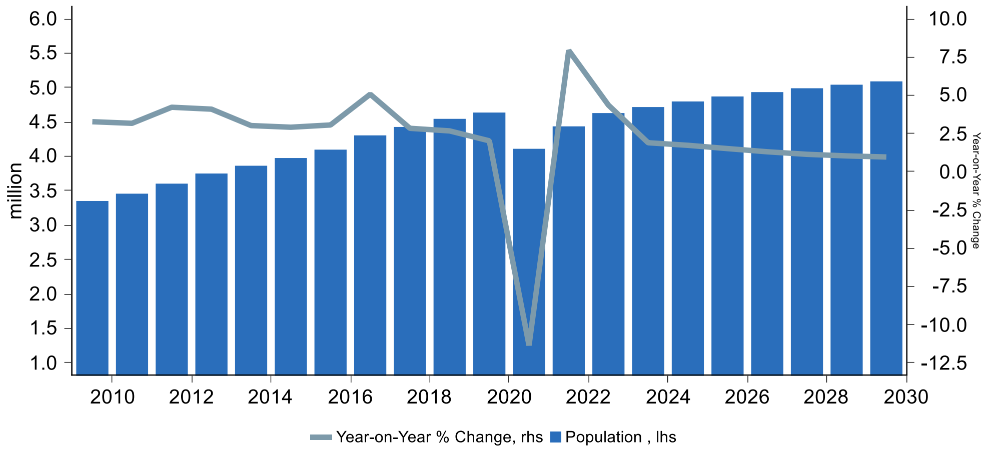


Source: Knight Frank Research, Macrobond, Oxford Economics

3.10 **Jeddah's population 2010 - 2030f**

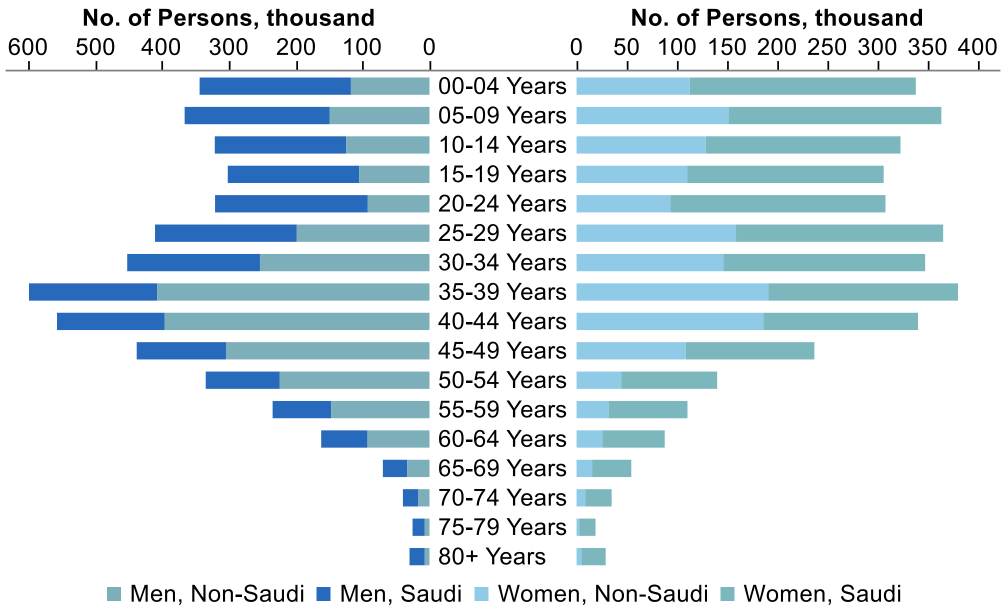
- The population segmentation of Saudi Arabia shows that c. 68% of the population is concentrated in three provinces, namely Makkah Al Mokarramah, Riyadh and the Eastern Province accounting for 27%, 26% and 15% of the country’s population respectively.

- Jeddah is the most populous city in the Western Province, with population standing at 4.6 million as at 2019 according to Oxford Economics, equating to 51% and 14% of the population in Makkah Province and Saudi Arabia respectively.
- With employment falling as a result of the COVID-19 pandemic, the population of Jeddah is expected to decrease to 4.1 million in 2020. However, as employment growth returns, Jeddah's population is expected to return and surpass 2019 levels by 2023.
- Jeddah's population grew at a CAGR of 3.3% between 2009 and 2019. However, the growth is expected to moderate to a CAGR of 1.1% between 2019 and 2029, according to Oxford Economics.



Jeddah's population by age, nationality, and gender- 2018

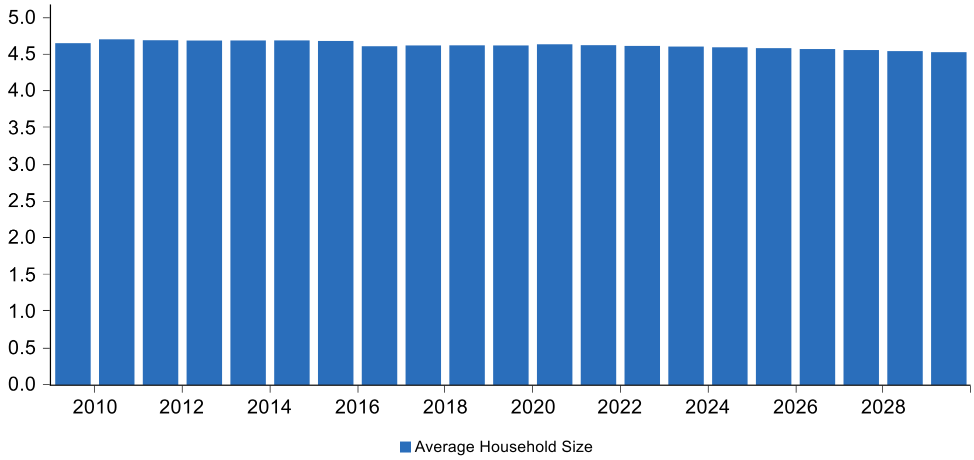
- The population pyramid of Makkah region depicts the age structure of the population in Jeddah which is characterised by a significantly higher share of the population aged below 25 years old (45.8% for Makkah Province in 2018) highlighting the young demographic profile of the Saudi local population, a key driver to consumer market growth in the future.



Source: Knight Frank Research, Macrobond, Oxford Economics

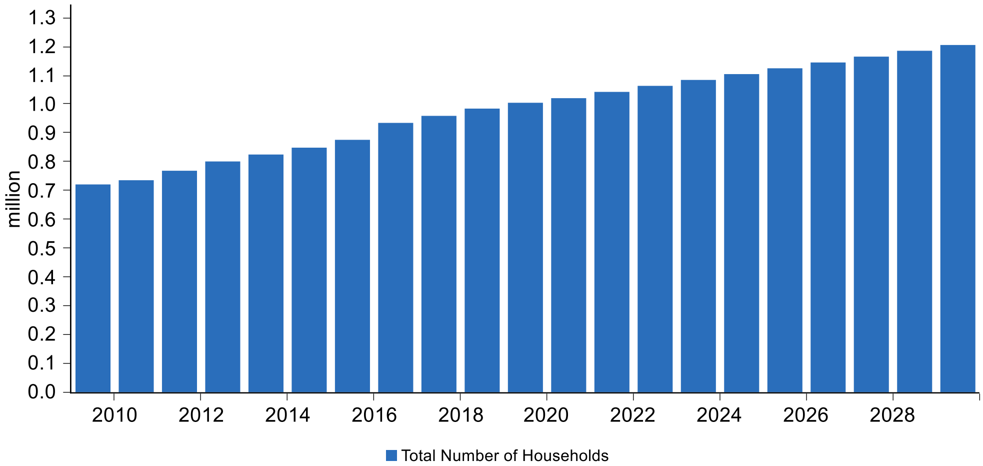
3.11 Average household size - Jeddah

- Large average household sizes – over five people – is a trend that is observed across much of the Middle East and Africa region.
- The average household size in Saudi Arabia stood at 5.49 individuals in 2019, although the figure is lower for Jeddah at an average of 4.61 people per household. This can be explained by a higher share of expats in Jeddah compared to the national average.
- Usually, changes within average household sizes tend to be gradual, therefore the average household size for Jeddah combing Saudi and non-Saudi households is expected to reach to 4.52 individuals by 2029.
- Going forward, we expect falling household size among Saudis will underpin demand for higher density development providing smaller and more efficient units that are affordable due to a reduction in size rather than a reduction in build quality.



Total number of households - Jeddah

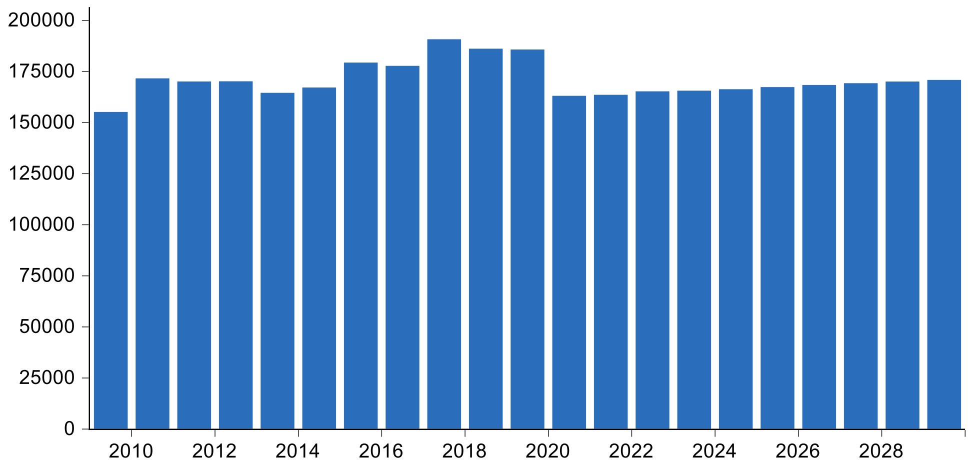
- Total number of households in Jeddah stood at 1,004,548 in 2019. Between 2009 and 2019, the number of households increased at a CAGR of 3.4%. This growth momentum is expected to moderate to 1.8% between 2019 and 2029, where the total number of households is forecast to reach 1,205,048 by 2029.
- Based on these forecasts, it is estimated that an estimated 200,500 additional households will be formed in Jeddah between 2019 and 2029.



Source: Knight Frank Research, Macrobond, Oxford Economics

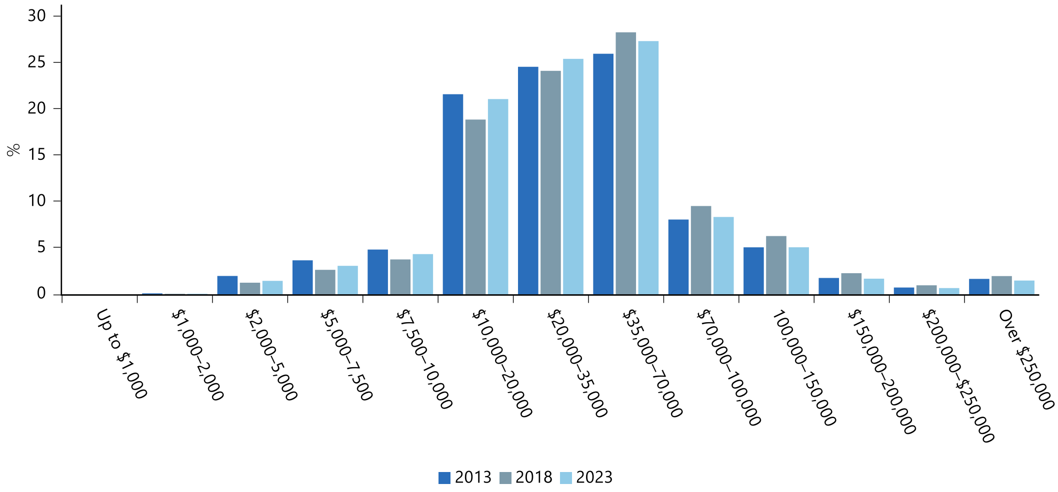
3.12 Jeddah average household disposable income in SAR

- Household income is a key determinant of affordability and consumer spending patterns.
- Average household personal disposable income grew at CAGR of 1.8% between 2009 and 2019 According to Oxford Economics, reaching SAR 185,554. Based on the forecast It is expected that the average household disposable income will decline by -0.8% to reach SAR 170,672 between 2019 and 2029, as highlighted in the adjacent graph.
- The growth in average household personal disposable income has generally been unimpressive over the past few fears and has exacerbated the rising housing affordability challenge in the city.



Jeddah number of household by income bands (as a & of total households)

- In 2019, 49.6% of households in Jeddah were within income bands above USD 35,000, this share is expected to decrease, reaching 46.8% in 2029.
- 50.4% of households were in the lower income bands - below USD 35,000. This proportion of household income bands is expected to witness an increase between 2019 and 2029 reaching 53.2%. This reflect a negative trend, from the perspective of consumer spending and demand for real estate in the city.

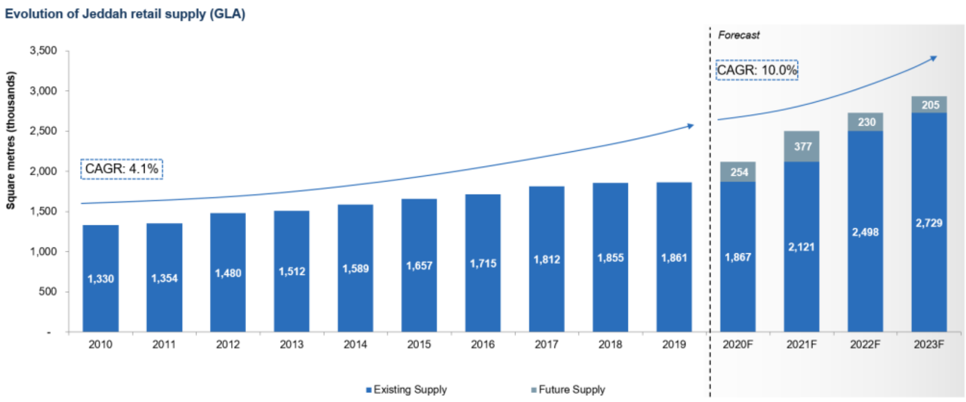


Source: Knight Frank Research, Macrobond, Oxford Economics

Jeddah Retail Market

3.13 Evolution of quality organised retail supply

- Retail supply in Jeddah between 2010 and 2019 grew at a compounded annual growth rate of 4.1%. The supply of quality organised retail reached 1.86 million square metres of GLA by the end of 2019. There was only 1 small development that opened in the first half of 2020 leaving the total retail supply relatively unchanged to 1.86 million square metres of GLA.
- A total of 7 other developments are anticipated to reach completion in the second half of 2020, this includes 1 super regional mall, namely Serafi Mega City (Jeddah Park), and 6 community centres bringing the total GLA to 2,121,463 square metres by the end of 2020.
- A total of 1.06 million square metres is anticipated to be added into the market between 2020 and the end of 2023 (excluding the developments that have opened in H1 2020) resulting in a total retail supply of 2.93 million square metres, which equates to a compounded annual growth rate of 10.0%, faster than historical growth rates.

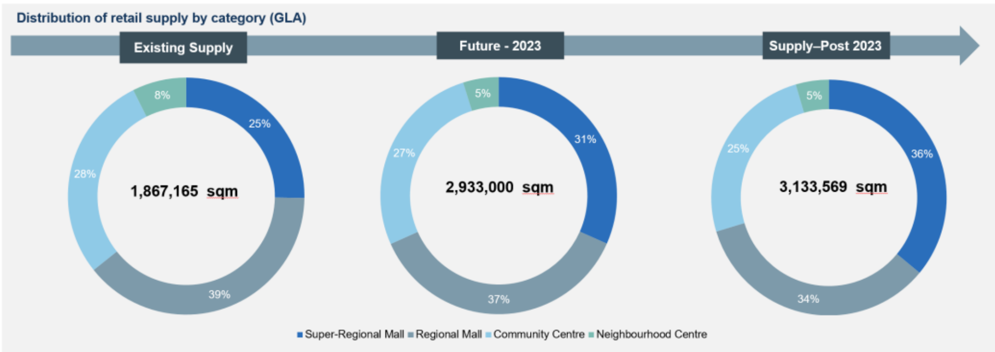


Source: Knight Frank Research

Quality organised retail supply characteristics

- As of the second quarter of 2019, the total GLA of quality organised retail stands at over 1,86 million square metres. Regional malls comprise the largest share accounting for 39%, while community centres equate to 25% of the total supply. Super-regional and Neighbourhood centres account for 28% and 8%, respectively.
- The quality existing retail supply is distributed over 69 organised retail developments, 4 of which are super-regional malls and 15 are regional malls. In addition, there are 30 community centres and 19 neighbourhood centres.

* Taking into account the retail pipeline, the supply composition of super regional malls is set to increase to 31% of the total retail supply by the end of 2023, while the share of the other three categories including neighbourhood centres, community centres and regional malls is expected to decrease to 5, 27 and 37% of the total supply respectively.
* Some super-regional and regional malls have been announced but these malls have not yet broken the ground, if we take these malls into account and analyse the post-2023 supply composition, super regional mall is set to increase to 36%, regional malls and community centres share is expected to decrease to 34 and 25% respectively, while neighbourhood centre share will remain same to 5%.
* As the retail market continues to evolve, developers are seeking to provide more experience based concepts looking to increase shoppers time spent at the malls to combat an ever growing e-commerce threat. Entertainment and F&B led destinations have therefore become essential components for all future developments.

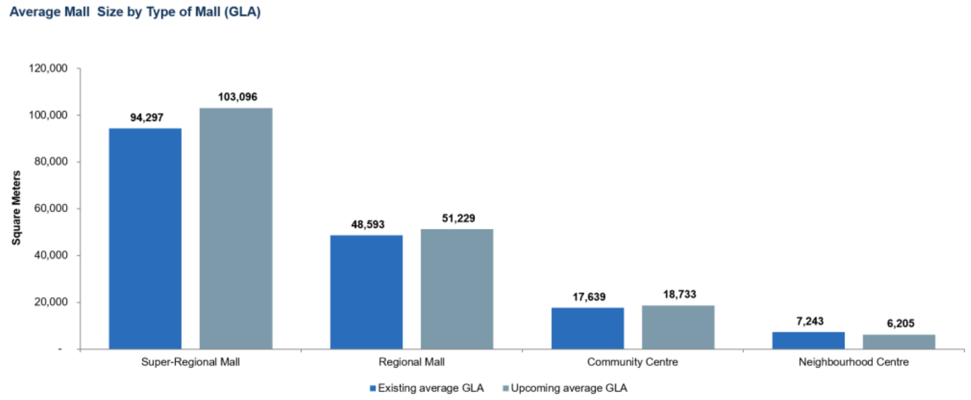


Source: Knight Frank Research

Quality organised retail supply characteristics

* In Jeddah, larger malls have historically performed better than smaller malls, as their attractiveness goes beyond the presence of retail line stores coupled with an anchor. These malls feature activated spaces that offer social spaces and include a key entertainment attractor aimed at families to drive footfall and allowing shoppers to spend the entire day at the mall. By contrast, smaller malls typically only serve a single purpose, as shoppers usually go to these centres to shop at a specific store.
* As a result, this has stimulated a marginal shift, whereby super regional and regional malls are getting larger to account for more entertainment and leisure based activities. Upcoming super regional and regional average sizes are expected to be considerably larger than existing ones. By contrast, upcoming community and neighbourhood centres average sizes are in line with existing ones.

- Nevertheless, its is evident that there is a market trend throughout the GCC (e.g. Ajdan Walk in Al Khobar, City Walk in Dubai, etc.) leaning towards lifestyle and entertainment-led community centres or strip retail featuring outdoor landscaped spaces. These developments typically feature a higher proportion of F&B and entertainment spaces with limited retail line stores.



Source: Knight Frank Research

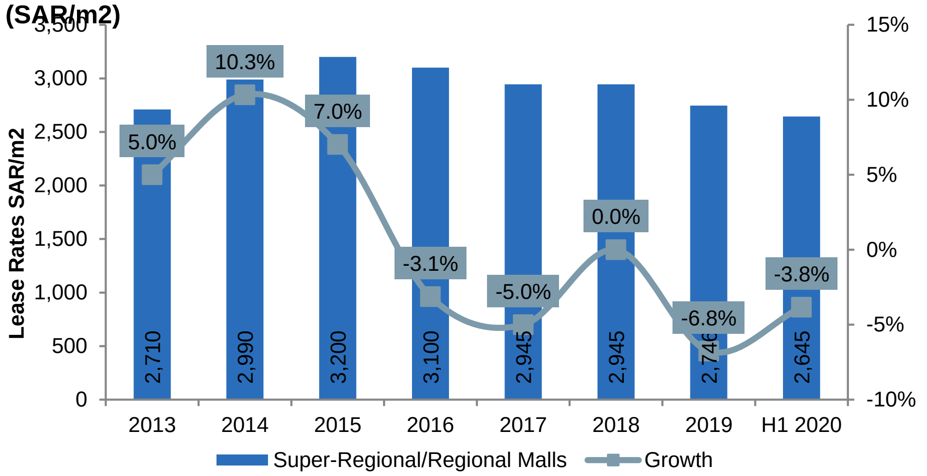
Quality organised retail: average annual lease rates

- Average lease rates per square metre for super-regional and regional malls increased from 2013 to 2015 from SAR 2,710 to SAR 3,200. Subsequently, lease rates per square metre began to decline; 2016 recorded a 3.1% decrease to SAR 3,100, and 2017 recorded 5% decrease to SAR 2,945. 2018 lease rates experienced no change, while 2019 lease rates have further recorded a 6.8% decrease to SAR 2746. likewise the first half of 2020 have witnessed a 3.8% decrease in the lease rates to SAR 2645. A number of factors have contributed to this including:
  - Stricter Saudisation policies meaning that spending from expatriates has declined due to the exodus. In addition, retailers are having to employ a larger share of Saudi nationals and as a result payroll figures have increased squeezing retailers margins;
  - Saudi national social benefits – in particular within the public sector – have been reduced and therefore impacting disposable income levels;
  - E-commerce is progressively gaining a larger market share as the years go by.
  - Community centres also witnessed a similar pattern with average lease rates per square metre recording a marginal increase between 2013 and 2015 from SAR 1,850 to SAR 1,980. This was followed by four consecutive years of declining lease rates; 2016, 2017, 2018 and 2019 recorded a 2%, 1%, 2% and 4.6% decrease respectively. The first half of 2020 have witnessed a further decline of 5.2% in the lease rates.

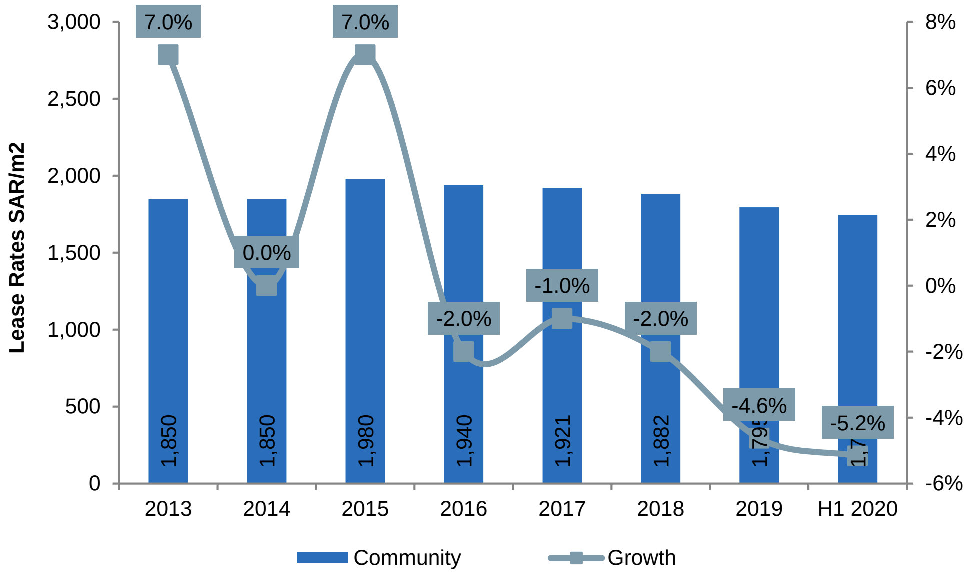
Average lease rates across community centres stood at SAR 1,745 in H1 2020.

- As the Jeddah retail market matures and new supply is delivered, lease rates are expected to be pushed downwards marginally in the short term as retailers will continue to demand better lease rates reflecting diminished consumer spending.

Jeddah super regional & regional malls lease rates (SAR/m2)



Jeddah community malls lease rates (SAR/m2)

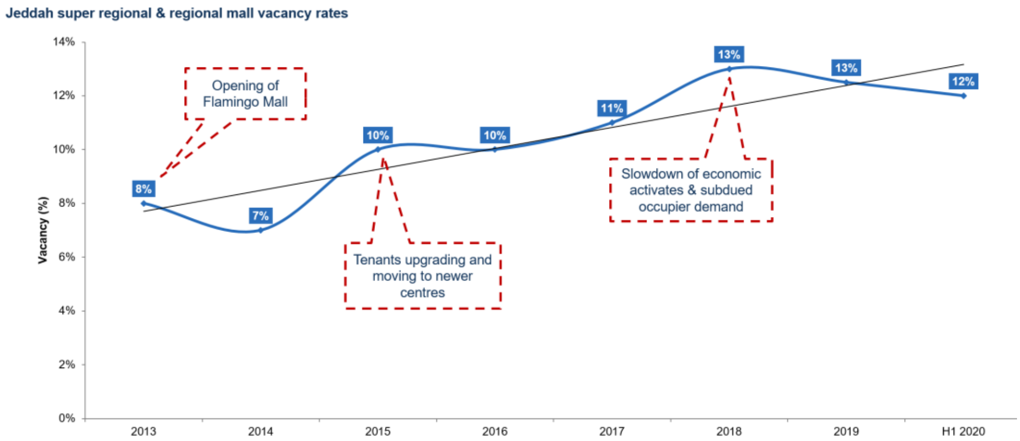


Source: Knight Frank Research

Super Regional and Regional Malls Vacancy

- From 2013 to 2019, market-wide vacancy levels for super-regional and regional malls witnessed an increase from 8% to 13%. However market-wide vacancy rate in Jeddah decreased marginally by one percentage point in the first half of 2020 to reach 12%.

- 2018 witnessed the addition of a few retail developments, namely Canana Mall, Rovan Plaza Al Marwah Plaza and Red Sea Mall extension, which marked a turning point as vacancy rates edged up higher to 13%.
- Between 2013 and 2019, the average vacancy rate across Jeddah super-regional and regional malls stood at 10%.
- Taking into account the supply pipeline coupled with a slowdown in economic conditions, vacancy rates are expected to increase marginally over the short-term. However, this can be mitigated in the event of developing a well-designed lifestyle retail development.



Source: Knight Frank Research

Comparables / Benchmarking

Mall

3.14 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

3.15 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

3.16 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

3.17 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 3.18 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) 3.19 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

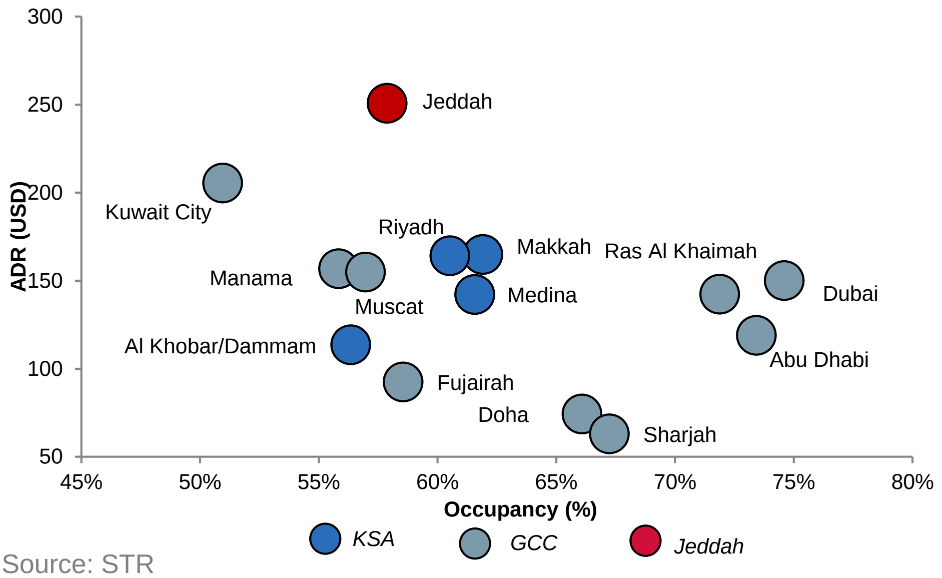
Source: Knight Frank

Jeddah Hospitality Overview

Jeddah Hotel Performance 3.20

- The following exhibit 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

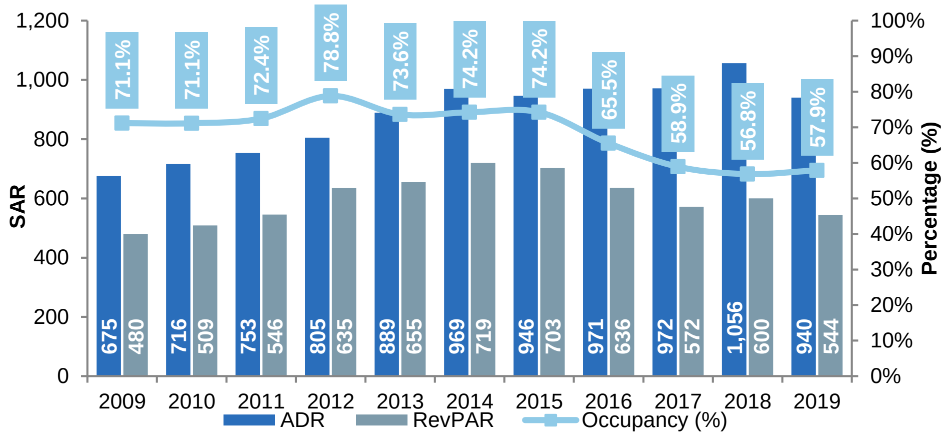


Source: STR

- 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 3.21

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



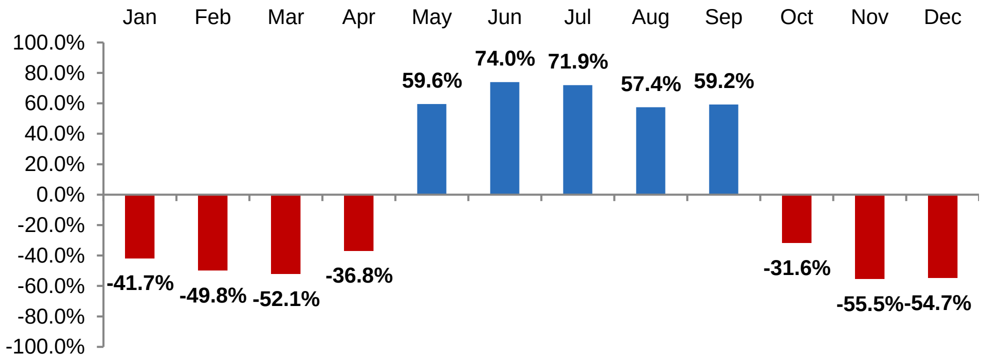
Source: STR

- 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 3.22

- 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 2019

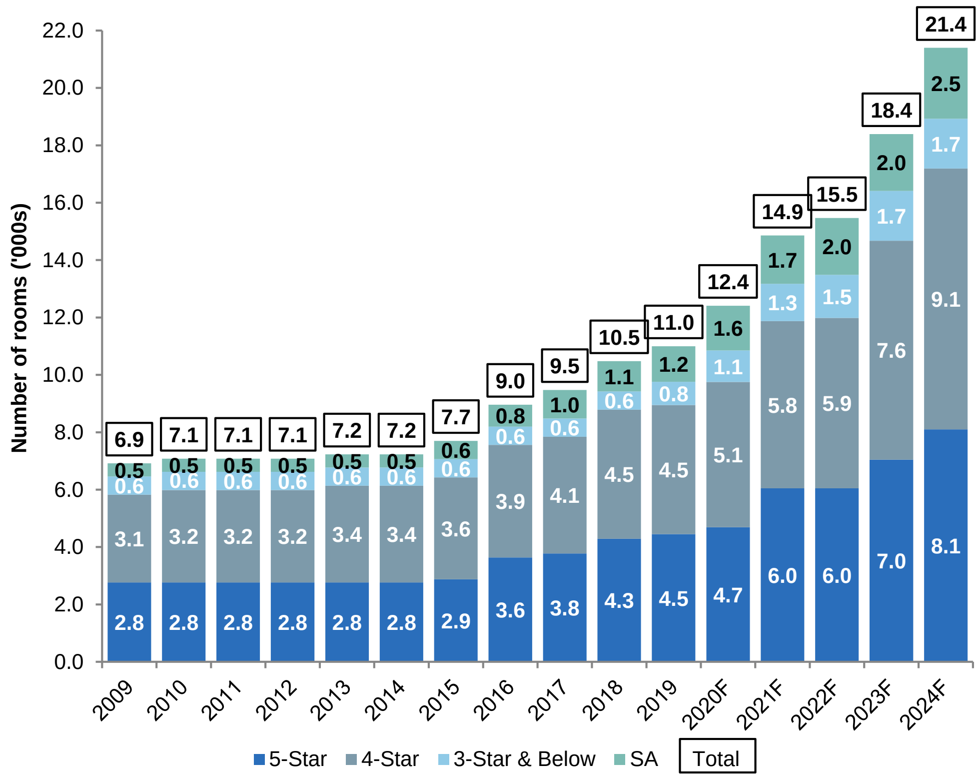


Source: STR

Supply 3.23

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

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



Source: Knight Frank

- 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

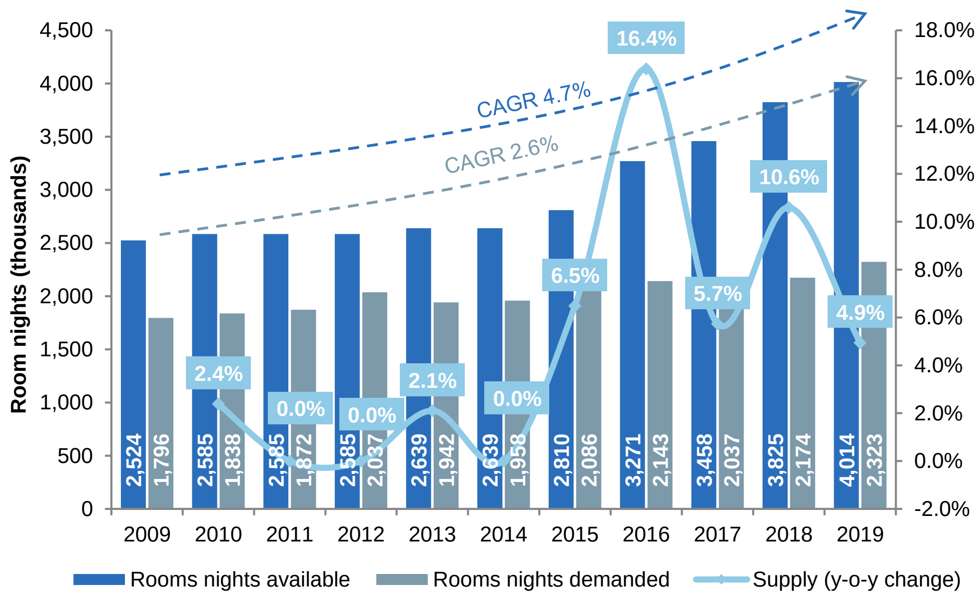
2009 and 2019, the serviced apartment segment recorded the highest annual growth rate of 10.4 percent; however, it is important to note that the segment started with a small base of 458 rooms in 2009. The 5-Star segment recorded the second highest annual growth rate of 4.9 percent, while the 4-Star and 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 14.2 percent (2019-2024). The quality room supply is estimated to increase by nearly double (10,401 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 14.8 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 12.7 percent and 15.1 percent respectively.

Demand 3.24

- 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.

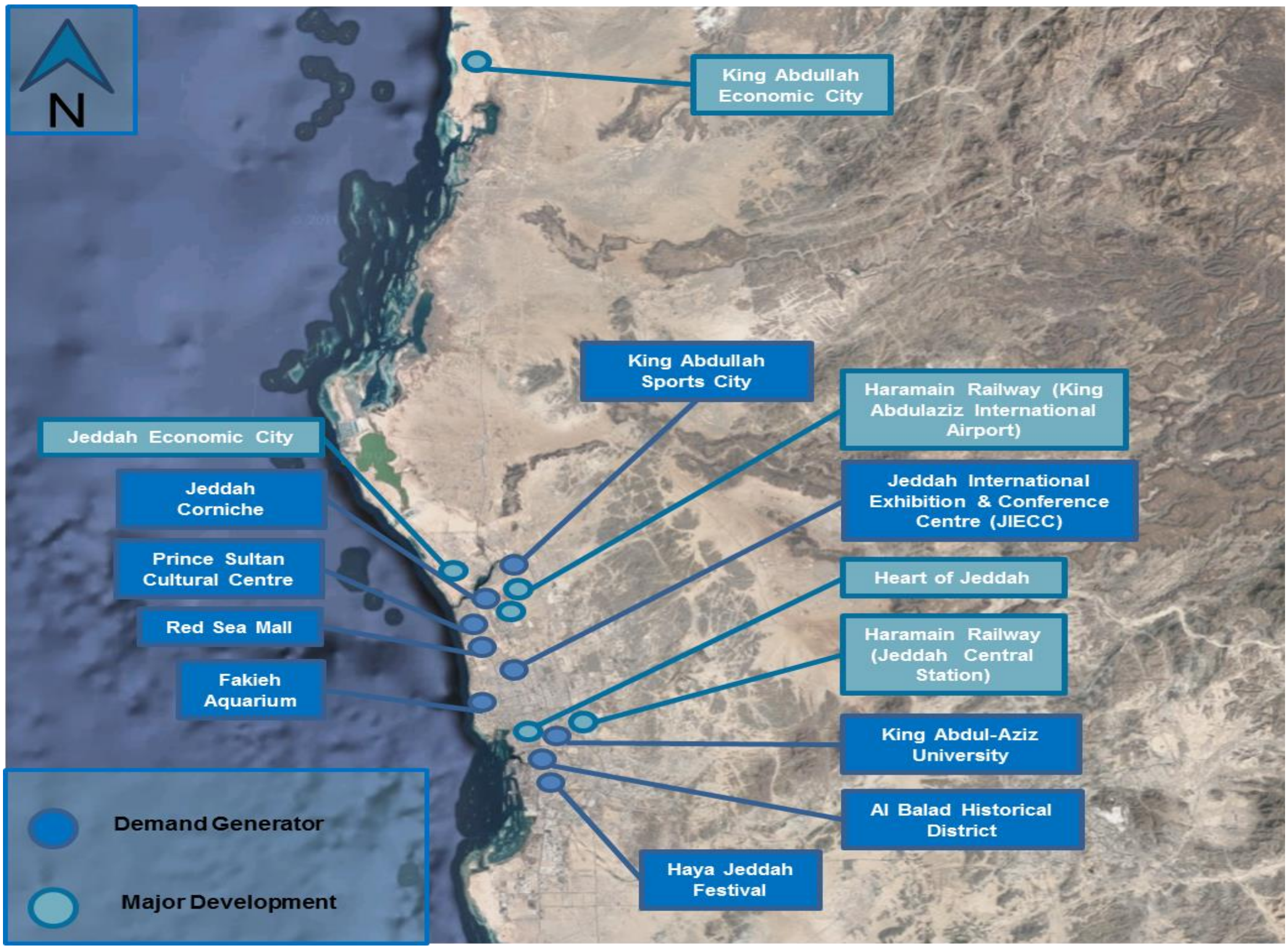
Jeddah Future Outlook

3.25 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)

3.26 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 Tourism and Antiquities to be listed in UNESCO's World Heritage site, which was accepted in 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)

Knight Frank

- 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.

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 – Retail

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

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

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

Yield conclusions

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

3.29 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 high 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.

3.30 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.

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

SWOT Analysis - Mall

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

3.32 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.

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

- The mall is 97% let.
- There is an upcoming cinema which is a footfall generator.
- The amenities provided are good, with a nice mix of leisure, F&B and entertainment.
- The parking facilities are market leading.
- The major anchor is strong and well suited to the catchment in terms of spend levels.

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

Investment Overview – Hospitality

GCC Hospitality Investment Market Overview

3.34 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 247,000 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	• 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. • Lack of internationally branded serviced apartments in the Jeddah market.	• 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.

Investment method – Al Andalus Mall

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) – Hotel 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 and Land

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

Inflation

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

Occupancy 4.7 The current mall occupancy is 97%, 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 25,454,596.00 per annum. This have been adopted in our valuation.

Item	Unit	Assumption
Passing Rent	SAR per annum	131,389,589
Operating Costs	SAR per annum	25,454,596

Sinking Fund	% of Total Revenue	1%
Bad Debts	% of Total Revenue	1.25%
Stabilised Occupancy	%	95%
Exit Yield	%	8.75%
Growth	%	2%
Discount Rate	%	10.75%
Market Value	SAR	1,209,500,000

Andalus Mall Expansion Land

4.11 When coming to our opinion of value for the expansion land we have considered both transactions and asking prices for land in close proximity to the property.

4.12 In the table below and corresponding map, we show our comparable evidence

Comp no.	Price (SAR)	Size (sq m)	Price per sq m (SAR)	Location	Status	Year
1	2,500,000	640	3,906	Prince Majid Rd. / Abdullah Sulayman St.	Listing	2020
2	3,300,000	638	5,172	Prince Majid Rd. / Abdullah Sulayman St.	Listing	2020
3	90,000,000	18,000	5,000	Prince Majid Rd. / Abdullah Sulayman St.	Listing	2020
4	5,962,500	750	7,950	Abdullah Sulayman St.	Listing	2020
5	33,447,600	8,802	3,800	Zayd Ibn Amr	Listing	2020

Source: Knight Frank Research

Source: Google Earth

4.13 In undertaking the valuation, we have placed most reliance on comparable three as it is considered good in terms of size and location, where a base rate of SAR 5,000 sq m was adopted. From this base rate adjustments for location, accessibility, visibility and size were made.

In terms of location, we consider that purchasers would be willing to pay a premium, as the property benefits from frontage along Prince Majid Road, which is one of the most vibrant streets in Jeddah. We have therefore applied a premium to reflect this.

The property is half the size of comparable three, therefore a premium for reverse quantum has been applied against the property.

Based on the aforementioned adjustments, we consider that the property would command a capital value of SAR 5,125 per sq m.

We provide a summary of our valuation below:

Description	Unit	Item
Adopted sales rate	SAR per sq m	5,125
Site area	Sq m	9,669
Capital Value	SAR	49,553,215
Market Value (rounded)	SAR	49,550,000

Valuation assumptions – Hotel

Assumptions 4.14 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 4.15 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 that the hotel would continue to acquire an operating classification certificate as a 5-Star hotel.
- 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 calendar year. Year 1 of the cash flow starts from the date of valuation.
- The client has terminated the hotel management agreement with Holiday Inns Middle East under the Staybridge Suites brand and as per the client, is in an advanced discussion 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 in 2021.
- 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 by Q1 2021. 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 by the client that the costs related to re-branding and the costs related to any minor

FF&E upgrades will 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 bases

Market Value 4.16 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 4.17 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 4.18 The valuation date is 31 December 2020

Market Value

Assumptions 4.19 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 4.20 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) 4.21 We are of the opinion that the Market Value of the freehold interest in the entire properties, subject to the existing leases, and hotel management agreement at the valuation date is:

SAR 1,407,650,000

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

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

Market Value (Al Andalus Mall and Expansion Land)

4.23 We are of the opinion that the Market Value of the freehold interest in the mall and expansion land, subject to the existing leases, at the valuation date is:

SAR 1,259,050,000

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

Market Value (Hotel)

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

SAR 148,600,000

(One Hundred and Forty Eight Million and Six Hundred Thousand Saudi Arabian Riyals)

4.25 Our opinion of Market Value (Hotel) above equates to a capital value of approximately USD 239,000 per key.

Material Uncertainty

4.26 The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

In respect of the subject Property / Properties, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant / sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon.

Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared.

In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

5 Risk analysis

General comments

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

Risks relating to the property

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

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

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

Income risks

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

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

Economic & property market risks

	5.6	Fewer negotiations are resulting in transactions as many investors wait to see how market pricing will ultimately adjust to changing economic and restrictive credit conditions. Since the listing of the first REIT on the Tadawul in late 2016, we have seen the number of REITs listed on the stock exchange reach 17, with a total market capitalisation of USD 3.7 billion as at early November 2019. This is a substantial increase compared to Q1 2018, where the market consisted of 12 REITs with a USD 2.3 billion market capitalisation. However, as expected we are seeing a slowdown in listings, with the vast majority of activity taking place in 2018 and not 2019. In 2018 nine new REITs were listed compared to just one listing to date in 2019. In consequence, there are a limited number of comparable transactions. You should note that our opinion of Market Value is provided in light of these conditions. Accordingly, given the current economic and property market volatility, we recommend that the valuation is kept under regular review. Our opinion of value represents our professional view based upon any available market evidence and our professional judgement.
Demand from occupiers	5.7	Based on the fact that the mall is at 97% occupancy and this is better than its peers, this suggests there is still a good level of demand from the type of tenant that would be attracted to this mall and it's positioning in the retail market.
Supply of similar properties	5.8	One of the key malls to note is Al Salam Mall, located opposite the property. Like the property this is a super regional mall, but is it slightly larger as it extends to 121,113 sq m. The risk of tenants moving to Salam Mall may be a possibility, however it is worth mentioning that Salam Mall has occupancy above 93% therefore the space available would be limited. Nonetheless the property was built in 2007 and has shown strong performance in terms of retaining tenants, rental growth and has high occupancy.
Investor	5.9	Malls in the GCC are generally owned by the large family groups, e.g. Al Hokair, Majid Al Futtaim, Al Futtaim Group etc. Investors often have difficulty obtaining good exposure to the retail sector due to the barriers to entry – for example, Emaar Malls IPO gave investors this opportunity, but if malls are held in private company, this does not allow investors much exposure. We consider there is suitable appetite and strong investor demand for a well-managed, well-let mall in a good location in a major city given the demographics and young population.
Liquidity of the property type / Time to sell	5.10	The lot size of the subject is considerable. This means that there are only a limited number of investors that would be able to / have the capacity to acquire such as asset. Many funds would find that its size would not fit in with portfolio weightings and asset allocations, therefore the potential buyers would tend to be sovereign or government related entities, other REITS which means the number of potential purchasers could be slightly limited.

6 Signature

Faissal Habassi, MRICS

RICS Registered Valuer

Taqeem No. 1220001311

Manager - Valuation & Advisory KSA

For and on behalf of

Knight Frank Spain Saudi Arabia Real

Estate Valuations Company

Reviewed (but not undertaken by):

Stephen Flanagan, MRICS

Taqeem Certified 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.

Appendix 2 - Title Deed

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

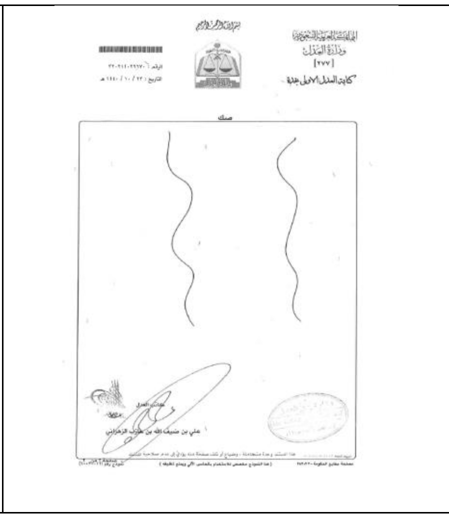
بسم الله الرحمن الرحيم

الرقم : [illegible]
التاريخ : ٢٣ / ١٠ / ١٤٤٠ هـ

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده وبعد :
فإن مركز تجاري القائم على قطعة الارض رقم بدون / ب/ ٢ من المخطط رقم ٤٤٤ / ج/ س الواقع في حي الفيحاء بمدينة جدة .
وحدودها وأطوالها كالتالي:
شمالاً: الجزء رقم ب / ١ بطول: (٢٥٩,٩١) مئتين و تسعة و خمسون متر و واحد و تسعون سنتمتر
جنوباً: شرقا الجزء رقم ب/ ٣ وغربا الجزء رقم ب/ ٤ بطول: (٣٦٣,٤٣) ثلاثمائة و ثلاثة و ستون متر و ثلاثة و أربعون سنتمتر
شرقاً: شمالا دوار الملك عبدالعزيز وجنوبا طريق الامير ماجد متوسط عرض ١٤٠م بطول: (٤٢٥,٨١) أربعمائة و خمسة و عشرون متر و واحد و ثمانون سنتمتر يبدأ من الشمال للجنوب الشرقي على شكل منحنى ثم ينكسر بطول ٢١٠,٤١م
غرباً: شارع عرض ٣٥٠,٠٨م بطول: (٣٥٠,٠٨) ثلاثمائة و خمسون متر و ثمانية سنتمتر على شكل منحنى
ومساحتها: (١٥٩,١٣٣,٩٦) مائة و تسعة و خمسون ألفا و مائة و ثلاثة و ثلاثون متر مربعاً و ستة و تسعون سنتمتراً مربعاً فقط بناء على قرار اللجنة رقم ١٠٠٠ بتاريخ ١٣/ ١١/ ١٤٣٧ هـ المتضمن أن الصك موافق لمستنده
والمستند في افراغها على الصك الصادر من هذه الإدارة برقم ٣٢٠٢١٣٠٠٠٧٨٠ في ١٧ / ١٠ / ١٤٤٠ هـ
قد انتقلت ملكيتها لـ الشركة العقارية المطورة للتمليك والادارة المحدودة بموجب سجل تجاري رقم ٤٠٣٠١٤٩٥٥٨ ومنتهي في ٢١ / ١١/ ١٤٤٤ هـ ، بثمن وقدره ٦٥٠٠٠٠٠٠٠ ستمائة و خمسون مليون ريال وعليه جرى التصديق تحريراً في ٢٣ / ١٠/ ١٤٤٠ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
علي بن ضيف الله بن عازب الزهراني



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

صك

كاتب العدل
علي بن ضيف الله بن عازب الزهراني

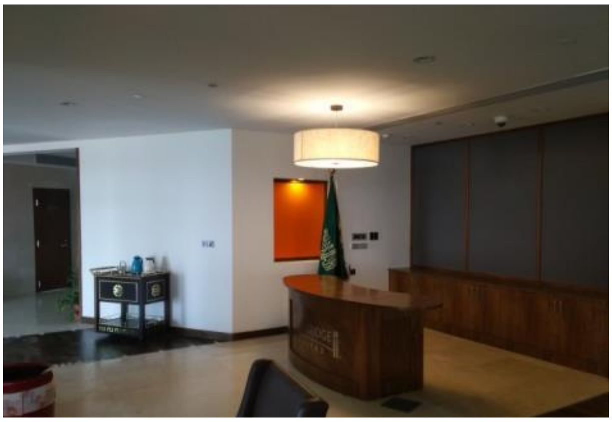
المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل الأولى بجدة

صك

كاتب العدل
عبدالرحمن بن سعيد بن عبدالله القرني

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 : الجامعه
رخصة بناء : مركز تجاري — لمدة ثلاث سنوات تبدأ من تاريخه
اسم مالك : محمد بن عبدالعزيز الحبيب وشركاه
نوع هوية : حفيظه نفوس رقم ١٠ — ت ١٠ ٠١ ١٤٢٥ مصدر جده
صك ملكية : ٤٦٧ تاريخه ٣٠ ٠٤ ١٤٢٤
رقم مبنى : ٠٠٠٠ شارع غير مسمى (٩٩٩٩) حي الثغر
رقم قطعة : ٠٠٠ رقم المخطط التنظيمي — تاريخ المخطط ٠٠ ٠٠ ٠٠
قد رخص للمالك ببناء عدد ٢٠ دور بموجب الحدود والابعاد والارتدادات والبروزات

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

المستويات	سكن	تجاري	مواقف سيارات	وحدات اخرى	مساحة
دور ارضي	٠٠ ٠٠٠٠٠٠٠	٠٠ ٠٠٤١٤٧٧	٠٠ ٠٠٣٨٠٠٠	٠٠ ٠٠٠٠٠٠٠	٧/ ٠٠
دور اول	٠٠ ٠٠٠٠٠٠٠	٠٠ ٠٠٧٥٢٩١	٠٠ ٠٠٠٠٠٠٠	٠٠ ٠٠٠٠٠٠٠	١١ ٠٠

اجمالي طول الاسوار (م - ط) : ٠٠ ٠٠٠٠٠
نسبة الدور الارضي ٠٦٠ ٠
رقم رخصة المعماري
الاسم
رقم رخصة الإنشائي
الاسم
رقم رخصة المصمم ١٠٠٧٢
الاسم مروان بدرالدين عاشور
أجريت دراسة التربة بمعرفة
المكتب المصمم

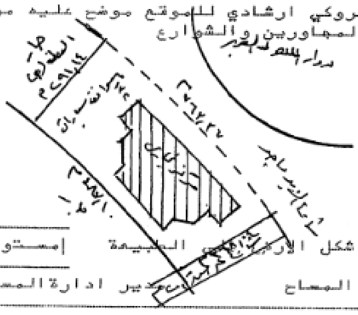
الرسوم	رقم الايصال	تاريخ الايصال
٢٦٦٦٦ ٤٠	٨/٦٧٣٨٢٤	٠٣ ٠٢ ١٤٢٦

البيارة طول عرض عمق
٠٠ ٠٠٠٠٠ ٠٠ ٠٠٠٠٠ ٠٠ ٠٠٠٠٠

مكان وجودها
- كوجتمعات بالطرف بموجب صد حرا لخدمة ٩٦٩ ٢٢ لم

عدد الوحدات ~~السكنية~~ تجارية ٢٢٠

كروكي ارشادي للموقع موضح عليه موقع المجاورين والشوارع — الشم...



شكل الارض الطبيعة | مستو | غير
المساح — مدير ادارة المساحة

تم مراجعة المخططات والموافقة عليها على أن يلتزم المالك بتنفيذ كامل أنظمة البلـ...
وأن يرجع اليها عند ضرورة أى تعديل مهما كان وعليه أعطى الترخيص ...

مهندس الرخص — ادارة التراخيص — رئيس البلـ...

Appendix 6 - Profit & Loss - Hotel

Al Andalus Hotel
Valuation Date 31 Dec 2020
P&L - Uniformed Account System

Currency (SAR) '000	Forecast Year 1 2021		Year 2 2022		Year 3 2023		Year 4 2024		Year 5 2025		Year 6 2026		Year 7 2027		Year 8 2028		Year 9 2029		Year 10 2030	
Av. Room Occupancy	43%		62%		72%		72%		72%		72%		72%		72%		72%		72%	
Av. Room Rate (SAR)	574		653		686		699		713		727		742		757		772		787	
RevPAR	245		405		494		503		514		524		534		545		556		567	
Operations Revenue																				
Rooms Department	14,671	86.1%	24,216	85.7%	29,545	85.5%	30,136	85.5%	30,739	85.5%	31,354	85.5%	31,981	85.5%	32,620	85.5%	33,273	85.5%	33,938	85.5%
Food & Beverage Department	2,164	12.7%	3,632	12.8%	4,432	12.8%	4,520	12.8%	4,611	12.8%	4,703	12.8%	4,797	12.8%	4,893	12.8%	4,991	12.8%	5,091	12.8%
Other Operating Department	147	0.9%	363	1.3%	517	1.5%	527	1.5%	538	1.5%	549	1.5%	560	1.5%	571	1.5%	582	1.5%	594	1.5%
Miscellaneous Income	60	0.3%	61	0.2%	62	0.2%	63	0.2%	64	0.2%	66	0.2%	67	0.2%	68	0.2%	70	0.2%	71	0.2%
Total Sales / Operation Revenue ('000)	**17,041**	**100%**	**28,273**	**100%**	**34,556**	**100%**	**35,247**	**100%**	**35,952**	**100%**	**36,671**	**100%**	**37,405**	**100%**	**38,153**	**100%**	**38,916**	**100%**	**39,694**	**100%**
Departmental Expenses ('000)																				
Rooms Department	2,934	20.0%	3,875	16.0%	4,343	14.7%	4,430	14.7%	4,519	14.7%	4,609	14.7%	4,701	14.7%	4,795	14.7%	4,891	14.7%	4,989	14.7%
Food & Beverage Department	1,645	76.0%	2,361	65.0%	2,615	59.0%	2,667	59.0%	2,720	59.0%	2,775	59.0%	2,830	59.0%	2,887	59.0%	2,945	59.0%	3,004	59.0%
Other Operating Department	29	20.0%	91	25.0%	142	27.5%	145	27.5%	148	27.5%	151	27.5%	154	27.5%	157	27.5%	160	27.5%	163	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	4,608	27.0%	6,327	22.4%	7,100	20.5%	7,242	20.5%	7,387	20.5%	7,535	20.5%	7,685	20.5%	7,839	20.5%	7,996	20.5%	8,156	20.5%
Gross Operating Income ('000)	**12,433**	**73%**	**21,946**	**78%**	**27,456**	**79%**	**28,005**	**79%**	**28,565**	**79%**	**29,137**	**79%**	**29,719**	**79%**	**30,314**	**79%**	**30,920**	**79%**	**31,538**	**79%**
Undistributed Operating Expenses																				
Administration & General	2,812	16.5%	3,322	11.8%	3,628	10.5%	3,701	10.5%	3,775	10.5%	3,850	10.5%	3,927	10.5%	4,006	10.5%	4,086	10.5%	4,168	10.5%
IT Systems	724	4.3%	820	2.9%	864	2.5%	881	2.5%	899	2.5%	917	2.5%	935	2.5%	954	2.5%	973	2.5%	992	2.5%
Sales and Marketing	937	5.5%	1,202	4.3%	1,382	4.0%	1,410	4.0%	1,438	4.0%	1,467	4.0%	1,496	4.0%	1,526	4.0%	1,557	4.0%	1,588	4.0%
Property Operation and Maintenance	852	5.0%	990	3.5%	1,037	3.0%	1,057	3.0%	1,079	3.0%	1,100	3.0%	1,122	3.0%	1,145	3.0%	1,167	3.0%	1,191	3.0%
Utilities	2,088	12.3%	2,262	8.0%	2,419	7.0%	2,467	7.0%	2,517	7.0%	2,567	7.0%	2,618	7.0%	2,671	7.0%	2,724	7.0%	2,779	7.0%
Total Undistributed Expenses ('000)	7,413	43.5%	8,595	30.4%	9,330	27.0%	9,517	27.0%	9,707	27.0%	9,901	27.0%	10,099	27.0%	10,301	27.0%	10,507	27.0%	10,717	27.0%
Gross Operating Profit ('000)	**5,020**	**29%**	**13,351**	**47%**	**18,126**	**52%**	**18,488**	**52%**	**18,858**	**52%**	**19,235**	**52%**	**19,620**	**52%**	**20,012**	**52%**	**20,413**	**52%**	**20,821**	**52%**
Management Fee	256	1.5%	424	1.5%	518	1.5%	617	1.8%	629	1.8%	642	1.8%	655	1.8%	668	1.8%	681	1.8%	695	1.8%
Adjusted Gross Operating Profit ('000)	**4,764**	**28%**	**12,927**	**46%**	**17,608**	**51%**	**17,872**	**51%**	**18,229**	**51%**	**18,594**	**51%**	**18,965**	**51%**	**19,345**	**51%**	**19,732**	**51%**	**20,126**	**51%**
Incentive Fee	334	2.0%	905	3.2%	1,233	3.6%	1,251	3.5%	1,276	3.5%	1,302	3.5%	1,328	3.5%	1,354	3.5%	1,381	3.5%	1,409	3.5%
Non-Operating Income and Expenses	136	0.8%	156	0.6%	173	0.5%	176	0.5%	180	0.5%	183	0.5%	187	0.5%	191	0.5%	195	0.5%	198	0.5%
Replacement Reserve	341	2.0%	848	3.0%	1,037	3.0%	1,057	3.0%	1,079	3.0%	1,100	3.0%	1,122	3.0%	1,145	3.0%	1,167	3.0%	1,191	3.0%
EBITDA - Net Cash Flow ('000)	**3,954**	**23.2%**	**11,019**	**39.0%**	**15,166**	**43.9%**	**15,387**	**43.7%**	**15,695**	**43.7%**	**16,009**	**43.7%**	**16,329**	**43.7%**	**16,655**	**43.7%**	**16,988**	**43.7%**	**17,328**	**43.7%**

Appendix 7 - Taqeem Certificates

Valuation report

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

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

Date of issue: **10th February 2021**

Contact details

Danial Mahfooz, CFA, NCB Capital, Riyadh, KSA

Knight Frank Spain Saudi Arabia Real Estate Valuations Company, 1st Floor, WH14, Raidah Digital City, Riyadh, Kingdom of Saudi Arabia, Stephen Flanagan, +966 558866480,
stephen.flanagan@me.knightfrank.com
KF ref: KF/V/422-2020

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.

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

Executive summary cont.

	is not renewed and the building then becomes available for let on a multi tenanted basis, and is leased to third parties on market based lease terms. • The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices. • We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the cash flows generated under the head lease for the contracted lease term of 5 years and upon expiration, we have assumed the building would be leased based on our assumptions of Market Rent, with allowances being made for deduction of operating expenses, leasing fees and property management fees. Our Estimated Rental Value for the property as at the valuation date is SAR 25,359,738 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.25% discount rate. • The property benefits from good road frontage along Madinah Road and provides flexible, well laid out retail accommodation on the ground floor. Three of the retail units are sublet to brands such as Tajeer Group, Salama Insurance Company and Tim Hortons. • The common area is in good and serviceable condition. Additionally, there may be opportunities to rentalise part of this space in the future. • We understand that the municipality requires a parking ratio of 1 parking bay per 70 sq m of office space and 1 parking bay per 55 sq m of retail space which equates to a total requirement of 443 bays. The existing car parking ratio for the office space is relatively poor with c. 400 spots available, which is c 43 spaces short of the municipality standard. • Visitors currently use a vacant land opposite to the subject site for parking. This may cause inconvenience to tenants should the land be developed in the future. It may also appear to be less attractive to a number of potential buyers / investors, as lettability of the building could be adversely impacted – parking is one of the key factors that tenants look for when considering taking space in an office building.
Valuation date	31 December 2020
Market Value	We are of the opinion that the Market Value of the freehold interest in the Property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is: **SAR 244,000,000** **(Two Hundred and Forty Four Million Saudi Arabian Riyals)**

Executive summary cont.

Valuation Analysis

Item	Unit	Assumption
Head Lease	Entire building	5 years
Passing rent	SAR per annum	23,100,000
ERV	SAR per annum	25,359,738
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent (after the Head Lease expiry)	SAR / sq m per annum	650 to 790
Estimated Retail Market Rent (after the Head Lease expiry)	SAR / sq m per annum	1,388
Service Charge	%	10%
Telecommunications Tower income	SAR per annum	35,000
Insurance	SAR per annum	156,135
Operating Costs (after expiry of the Head Lease)	SAR / sq m per annum	90
Yield	%	8.25%
Growth	%	2.00%
Discount Rate	%	10.25%

Valuation date

31st December 2020

Material Uncertainty

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying

Executive summary cont.

degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate marketsglobally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

In respect of the subject Property, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant / sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note above, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Contents

Appendices

1 Instructions

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Instructions	1.1	We refer to our Terms of Engagement and General Terms of Business dated 05 December 2019, which was returned to us on the 30th December 2019, to provide a valuation report on a mixed-use commercial property on Madinah Road, Jeddah identified as "Salama Building" ("the property"). Copies of these documents are attached at Appendix 1.
	1.2	This valuation has been carried out in accordance with our General Terms of Business for Valuations ("General Terms of Business").
Client	1.3	Our client for this instruction is NCB Capital, acting as manager on behalf of Al-Ahli REIT Fund, a real estate investment traded fund in the Saudi Stock Exchange (Tadawul).
Valuation standards	1.4	This valuation has been undertaken in accordance with RICS Valuation – Global Standards 2020, incorporating the International Valuations Standards (IVS). References to "the Red Book" refer to either or both of these documents, as applicable. The valuation also undertaken in accordance with the Saudi Authority for Accredited Valuers (Taqeem).
Purpose of valuation	1.5	You have confirmed that this valuation report is required for REIT reporting to the Saudi Capital Market Authority (CMA) for the semi-annual reporting of the market value (MV) in accordance with Taqeem regulations.
Conflict of interest	1.6	We confirm that we do not have any material connection or involvement, giving rise to a conflict of interest and are providing an objective and unbiased valuation. We disclose, however, that we have valued the same asset for the Fund prior to its acquisition.
	1.7	We are acting as External Valuers, as defined in the Red Book.
Responsibility to third parties	1.8	Our valuation report is only for the use of our Client and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.9	Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
Limitations on liability	1.10	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuations Company ("Knight Frank"). Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.
	1.11	Knight Frank's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the

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

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

Expertise

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

Vetting

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

Scope of enquiries & investigations

Inspection 1.15 We were instructed to carry out an internal inspection of the property. Our inspection of the property was undertaken on 08 December 2020 by Ibrahim Alrashed, Analyst.

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

Information provided 1.17 In this report we have been provided with information the Client. We have relied upon this information as being materially correct in all aspects.

1.18 In particular, we detail the following:

- Information relating to the extent of the property
- Project summary
- Copy of the title deed
- Copy of the Building Permit
- Head Lease (in Arabic)

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

Valuation bases

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

Market Value (MV) 1.21 The Market Value of the freehold interest in the property in its current physical condition, subject to the head lease.

Valuation date 1.22 The valuation date is 31 December 2020.

2 The property

Location

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

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

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

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

Source: Google Earth

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

Source: Google Earth

Site

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

Description

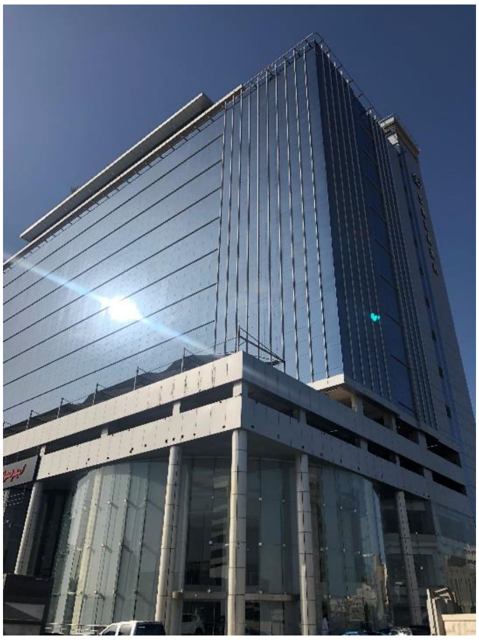
General 2.5 The property comprises a good quality office building with ancillary retail. It was built in 2013 and contains 8 retail units on the ground floor and 116 office units situated across the upper 13 floors.

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

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

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

2.6 Below is a selection of photos of the property taken during our inspection on 08 December 2020:



Areas

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

- The NLA of the retail units is 5,710 sq m
- The NLA of the office units is 24,002 sq m

- The rest of the NLA is comprised of storage space, telecommunications antennas, sign board, etc.

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

Services

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

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

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

Legal title deed

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

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

Source: Client

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

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

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

Tenancies

2.16 The property is subject to a head lease. We set out the salient terms below:

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

Source: Client

Condition

Scope of inspection

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

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

Ground conditions

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

Environmental considerations

Contamination

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

Planning

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

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

Source: Client

Highways and access

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

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

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

3 Market Analysis

Investment Overview

Property Investment Transaction Overview

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

Property Transaction Overview

Asset	Location	Use	BUA (sq m)	Initial Yield
Dinar Commercial Building	Jeddah	Offices	14,900	8.00%
Public Prosecution Building	Jeddah	Offices	14,575	8.73%
Alrawdah Business Centre	Jeddah	Mixed Use / Offices	13,335	8.50%
Khaldiyah Business Centre	Jeddah	Mixed Use / Offices	19,671	8.30%
Office Building	Jeddah	Mixed Use / Offices	7,343	9.00%
Bn Two Centre	Jeddah	Mixed Use / Offices	21,305	9.94%
Alnokhba Centre	Jeddah	Mixed Use / Offices	15,712	9.94%
Zahran Business Centre	Jeddah	Office	106,687	8.00%

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

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

- The quality of construction and the fact that the building is 7 years old

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

The capitulation yield is determined by the rate which recently traded property have sold, which is then adjusted to allow for differences between the comparable evidence and subject property. We have applied a capitalisation rate of 8.25% and a discount rate of 10.25%.

SWOT Analysis

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

4 Valuation

Methodology

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

Investment method

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

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

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

Table of Comparable Office Rents:

Ref.	Building	Construction Year	Condition	Grade	Occupancy	Asking Rent (SAR psm pa)	Service Charge
1	Sumou Tower Jeddah	2013	Fitted	B	75%	700	10%
2	Elite Al Shatea	2012	Fitted	B	70%	600	10%
3	Tahliya Centre	2010	Fitted	B	80%	850	10%
4	Al Mukmal Tower	2010	Fitted	B	100%	850	10%

Source: Knight Frank Research

Table of Comparable Retail Rents:

Ref.	Location	Construction Year	Condition	Area (sq m)	Asking Rent (SAR psm pa)
5	Madinah Road, Rawdah District	2005	Not Renovated	1,800	1,000
6	Madinah Road, Bawadi District	2013	Not Renovated	700	1,143
7	Madinah Road, Salamh District	2012	Not Renovated	190	842
8	Madinah Road, Fasialiah District	2101	Not Renovated	80	875

Source: Knight Frank Research

Map of Comparables

Source: Google Earth

4.5 As shown above, rents in comparable offices range from SAR 600 to SAR 850 per sq m per annum varying upon location, specification and quality. The rents stated in the table above are subject to a service charge.

4.6 At the higher end of the range is space in Sumou Tower, which completed in 2013 and offers grade B fitted space for SAR 700 per sq m per annum. Sumou Tower has two retail showrooms on the ground floor along King Abdul-Aziz Road.

Elite Al Shatea features a mix of retail and office space. Completed in 2012, the building is a fitted grade B space for SAR 600 per sq m per annum, which is subject to a 10% service charge.

Comparable three, Tahliya Centre saw a drop in occupancy of c. 5% since 2019. It is fitted and is subject to a 10% service charge.

At 100% occupancy, comparable four (Al Mukmal Tower) has the highest occupancy in our table of comparables. Al Mukmal Tower completed in 2010 and commands SAR 850 per sq m per annum plus service charge.

Estimated Rental Values 4.7 We set out our Estimated Rental Values (ERV), which are inclusive of service charge below:

Estimated Rental Values

Floor	Type	Unit	ERV
1st - 3rd	Office	SAR per sq m / pa	648
4th - 8th	Office	SAR per sq m / pa	694
9th - 11th	Office	SAR per sq m / pa	740
12th and 13th	Office	SAR per sq m / pa	786
-	Retail	SAR per sq m / pa	1,388
-	Storage	SAR per annum	7,400
-	Telecom Tower	SAR per annum	32,375

Valuation Assumptions

Operating Costs (after the Head Lease) 4.8 Upon expiry of the head lease we have allowed for operating costs of SAR 90 per sq m pa for general maintenance, lift service, security, cleaning and insurance, water and electricity power for the common areas.

Service Charges 4.9 Our opinion of Market Rent assumes a 10% service charge, which has been factored in our estimated rental value.

Market Rent 4.10 The estimated Market Rent for the property is SAR 25,359,738 per annum as at the valuation date. This amount is reflected with market growth at 2% in our valuation model after the expiry of the Head Lease.

Valuation Summary

Item	Unit	Assumption
Office NLA	sq m	24,002
Retail NLA	sq m	5,710
Estimated Office Market Rent	SAR / sq m per annum	650 to 790
Service Charge	%	10%
Estimated Retail Market Rent	SAR / sq m per annum	1,388
Telecommunications Tower income	SAR per annum	35,000
Rent Passing	SAR per annum	23,100,000
Market Rent (100% occupancy)	SAR per annum	25,359,738
Operating Costs	SAR / sq m per annum	90
Property Management Fee and Marketing	Percent of Revenue	1.00%
Sinking Fund	Percent of Revenue	1.00%
Yield	%	8.25%
Growth	%	2.00%
Discount Rate	%	10.25%
Market Value	**SAR**	**244,000,000**

Valuation Considerations

Subject Property

4.11
- We have valued the property subject to the head lease that is currently in place. The head lease is for a 5-year term with a fixed rental income of SAR 23,100,000 without annual escalation. After expiry of the head lease, we have assumed the property reverts to the owner who will then be responsible for management and leasing the building up on a multi tenanted basis
- The lot size is such that this asset would prove attractive in the market given the two distinct asset classes of retail and offices.
- We have assessed the market value of the property using a discounted cash flow approach, where we have modelled the head lease for the contracted term of 5 years, and upon expiry, we have assumed the lease is not renewed, and the freeholder becomes direct landlord over the sitting sub tenants, leasing the building thereafter at our assumption of Market Rent upon allowing for deduction of

operating expenses. Our Estimated Rental Value for the property is SAR 25,359,738 per annum (assuming 100% occupancy). We have assumed 2% annual inflation in our cash flows and adopted an 8.25% exit yield reflecting a 10.25% discount rate.

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

Valuation Bases

Market Value 4.12 Market Value is defined within RICS Valuation – Professional Standards as:

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

Valuation date

Valuation date 4.13 The valuation date is 31 December 2020.

Market Value

Assumptions 4.14 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Market Value 4.15 We are of the opinion that the Market Value of the freehold interest in the Property which is identified as Salama Building on Madinah Road in Jeddah, KSA, subject to the signed Head Lease and the assumptions and the caveats detailed herein, as at the valuation date is:

SAR 244,000,000
(Two Hundred and Forty Four Million Saudi Arabian Riyals)

Material Uncertainty

4.16 The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

In respect of the subject Property, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant / sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

5 Signature

Faissal Habassi, MRICS

RICS Registered Valuer

Manager - Valuation & Advisory KSA

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

Head of Valuation & Advisory MENA

For and on behalf of

Knight Frank Spain Saudi Arabia Real Estate Valuations Company

Appendix 1 - Instruction documentation (signed TOE)

Terms of Engagement

Client:		**Alahli REIT Fund (1)**
Contact Person:		**Danial Mahfooz, CFA**
Contact Email:		**d.mahfooz@alahlicapital.com**
1.	*Our Client and any other intended users*	**Alahli REIT Fund (1)**
2.	*Purpose of valuation*	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 Anatis, MRICS, and Saud Sulaymani. We confirm that the Valuers meet the requirements of the RICS Valuation Standards PS 2 having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
12.	*Currency to be adopted*	SAR
13.	*Key assumptions, special assumptions, reservations, special instructions or departures*	To be advised.
14.	*Extent of inspection and investigations*	Our General Terms of Business for Middle East Professional Assignments and Valuations sets out the scope of our on site investigation.

1 VALUATION & ADVISORY PROPOSAL | CONFIDENTIAL

Terms of Engagement

15.	*Information to be relied upon*	We will rely upon information provided to us by you (or a third party) and will assume it to be correct without further verification. We recommend reliance is not placed on our interpretation of title and lease documents and that independent legal advice is sought.
16.	*Fees*	Our fee for undertaking this assignment will be SAR 75,000 + VAT
17.	*Payment Terms*	Initial 50% of the total fee is payable upon signing of the Terms of Engagement. Final 50% of the total fee is payable upon submission of the draft report. The final report will not be released until payment is made in full.
18.	*Client review of draft report*	We will provide you with the opportunity, to give any comments on the draft report, before finalising the report. You will have 3 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

GENERAL TERMS

GENERAL TERMS

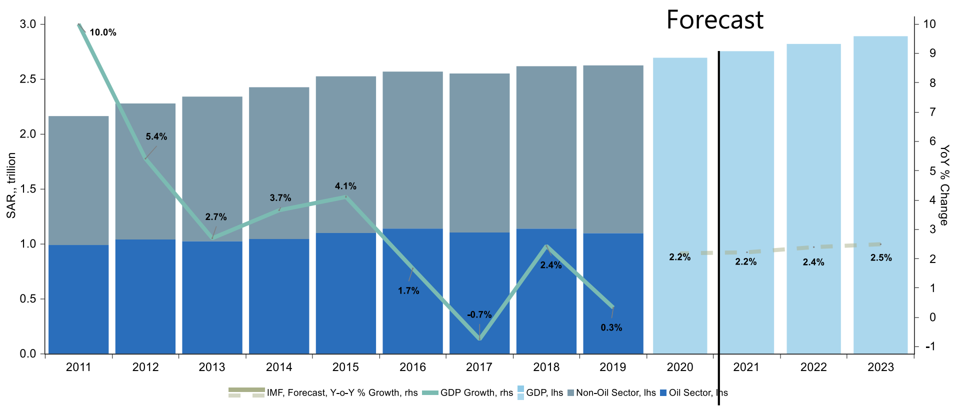
GENERAL TERMS

Appendix 2 - KSA Economic Overview

KSA

Saudi Arabia GDP Growth, 2011 - 2023

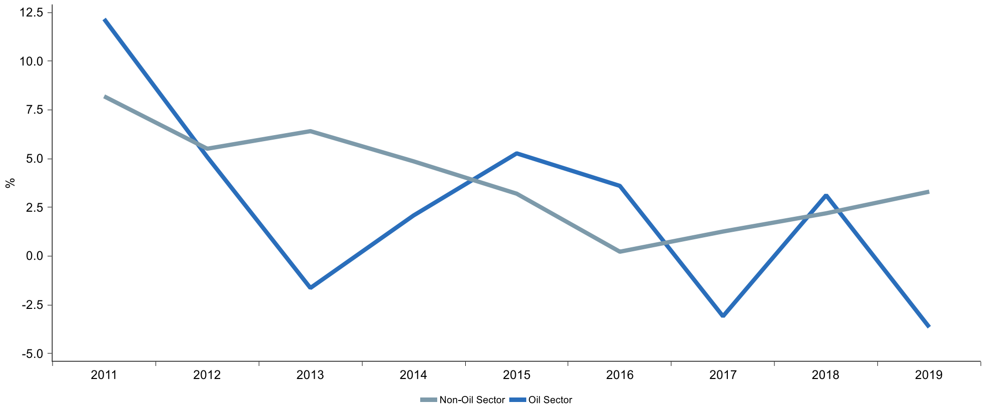
- According to provisional full year data published by General Authority for Statistics (GaStat), the Saudi Arabia's GDP grew by 0.3 percent in 2019 compared to growth of 2.4 percent year-on-year in 2018.
- As expected, GDP growth was lifted by non-oil sector. However, Saudi Arabia's lower yearly oil 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

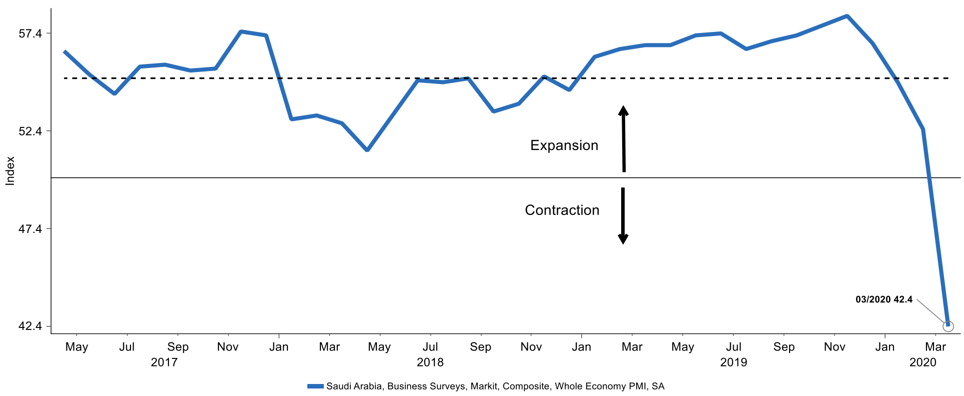
- Non-oil GDP growth has been gradually accelerating since 2016, reaching 3.3 percent in 2019, the highest level of growth since 2015. The non-oil economy is benefiting from the spillovers of oil price recovery and the ongoing reforms plan aimed at restructuring the economy and decreasing its reliance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

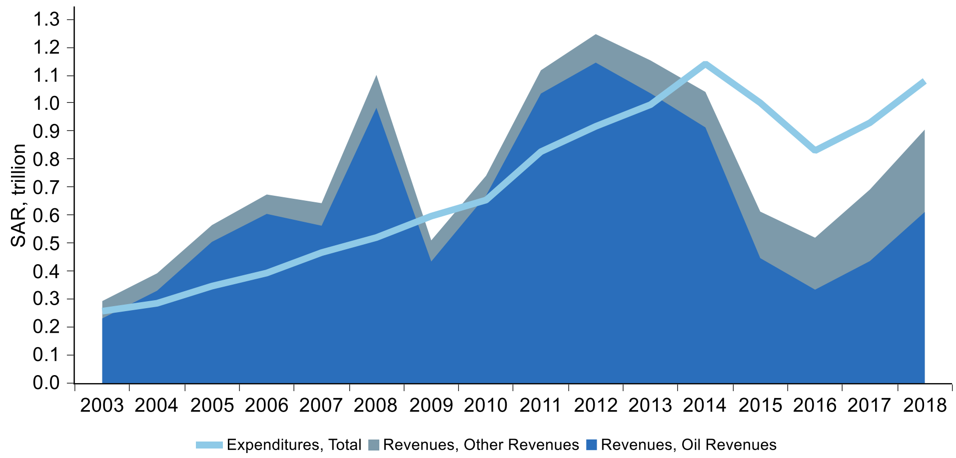
- The Purchasing Manager Index (PMI) – a non-oil tracker - The Saudi Arabia PMI plunged to a record low of 42.4 in March 2020 from 52.5 in February, since the survey began in August 2009 as travel and social restrictions aimed at stopping the spread of the virus affected business.
- Al fall in business 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

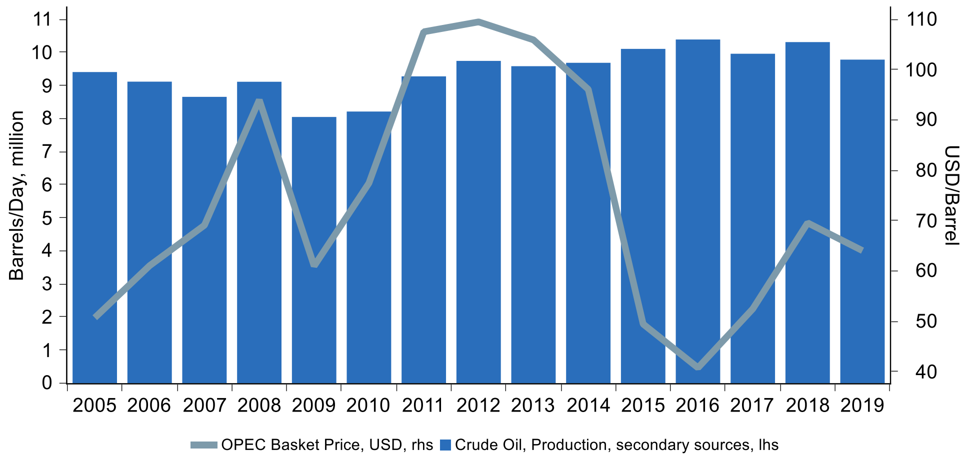
- In December 2016, Saudi Arabia has launched the Fiscal Balance Program 2017-2020, which represents a medium-term fiscal planning mechanism to sustain the status of public finances and achieve a balanced budget by maximising non-oil government revenues and improving government spending efficiency. This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

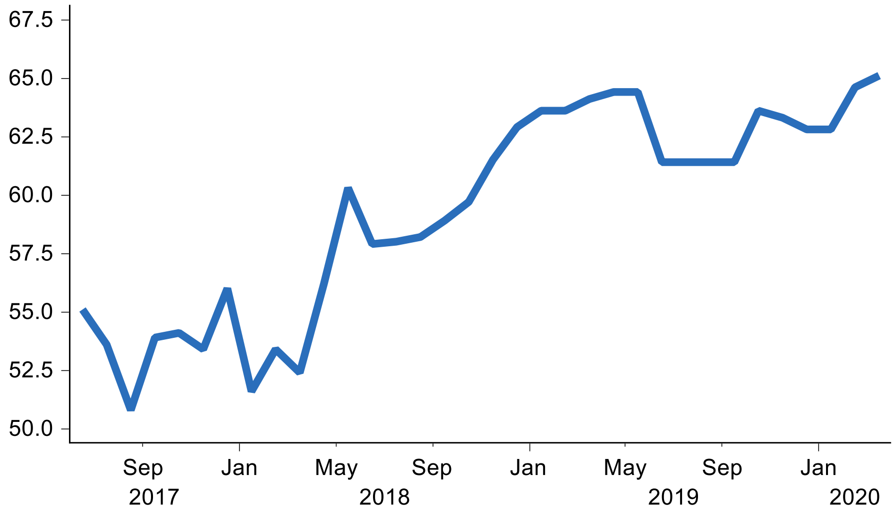
- The Kingdom's total oil production has increased to 10.31 mb/day in 2018 versus 9.96 mb/day in 2017. The OPEC's yearly basket price rebounded to an average of USD 69.5 in 2018 from its lowest point in a decade of USD 40.76 in 2016. In 2017 and 2018, there was a significant riecovery in oil prices partly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

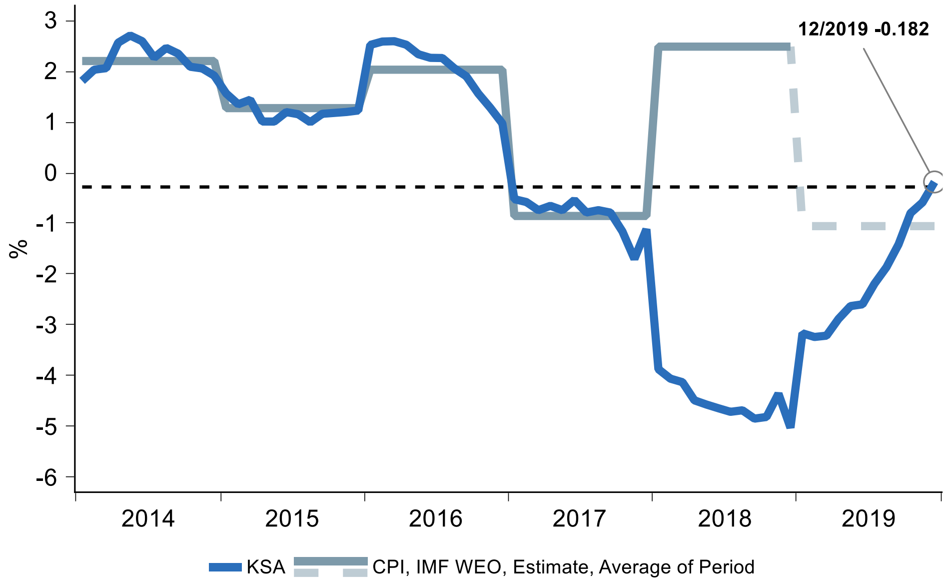
- The Thomson Reuters / IPSOS Consumer Confidence Index for Saudi Arabia significantly improved in 2019 and heading into 2020, hitting a level of 65.1 in March 2020, reaching its highest level ever. The index is driven by the aggregation of four weighted sub-indices namely: current conditions, perceived 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 %

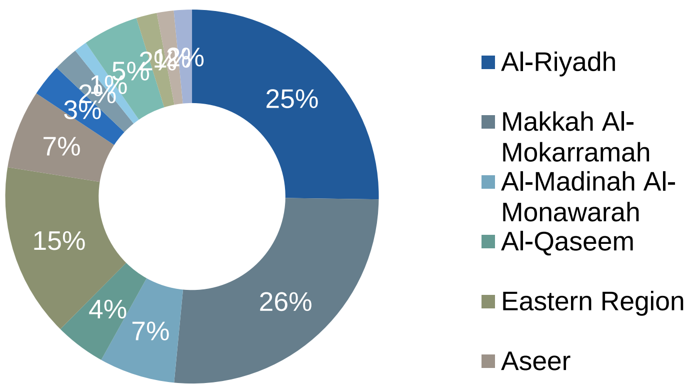
- Following a rise in inflation in 2018 as a result of the introduction of VAT, inflation rates have fallen into negative territory in 2019. The latest CPI reading was measured at -0.18 percent YoY in December 2019, compared to a rate of -0.58 percent in the previous month. The most important categories 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

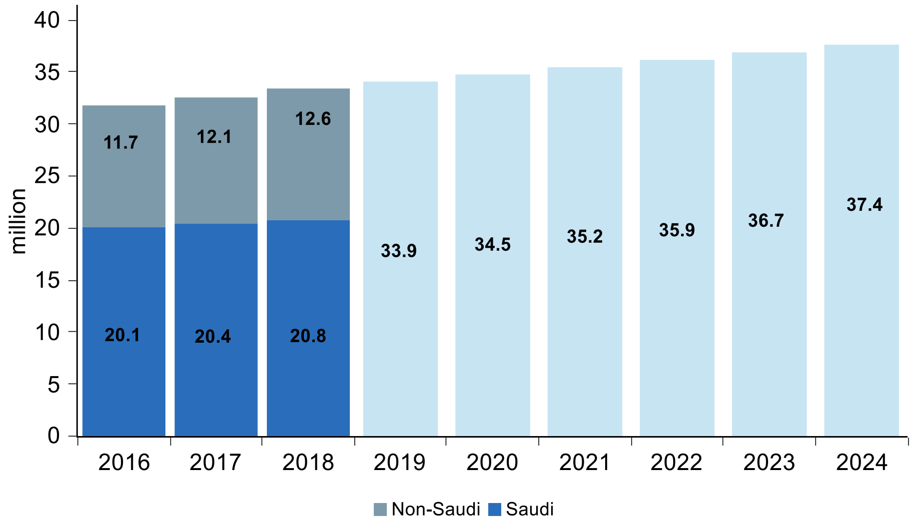
- Saudi Arabia accounts for over 50 percent of the total population of the GCC and is largely more populous than any other GCC country. According to official statistics, the population count was registered at 32.6 million in 2017.
- The population segmentation by regions for 2017 shows that nearly 65 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.

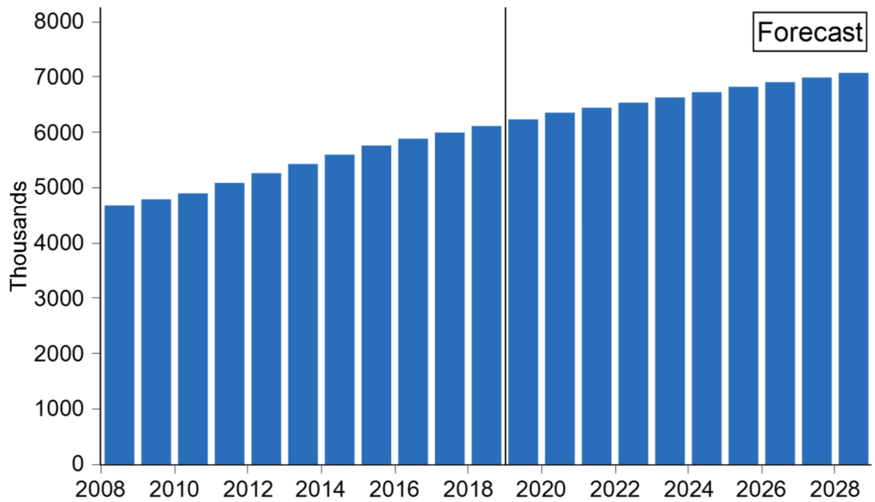


Source: Knight Frank Research, IMF

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.

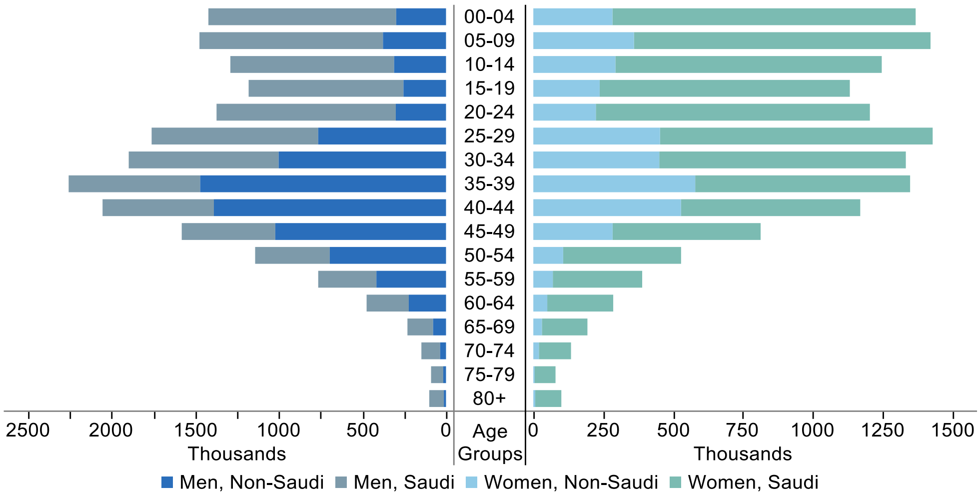
- Regarding the local population, it was not unusual historically for generations of the same family to be living in a sizeable family home. The younger generation now exhibits a desire to move away from multi-generational household structure. Over the next decades, falling household sizes will underpin 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

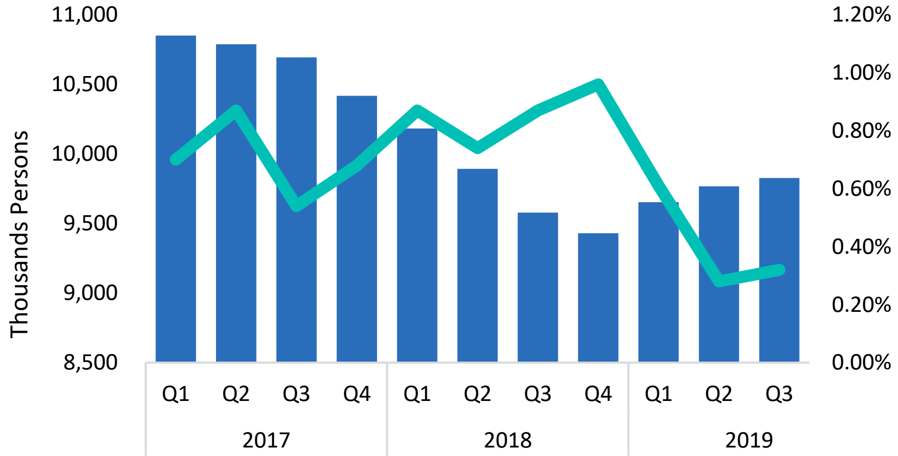
- The population pyramid of Saudi Arabia that depicts the age structure of the Saudi and Non-Saudi population based on the preliminary 2018 data, highlights the fact that approximately 39.2 percent of the population were aged between 0 and 25 years, about 57.5 percent were aged between 25 and 64 years 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.



Source: Knight Frank Research, Macrobond

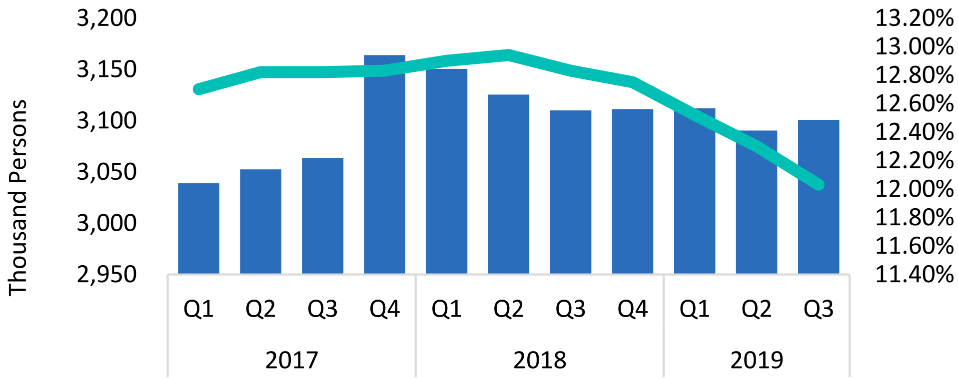
Labour Force and Unemployment Rate, Non Saudis

- 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).

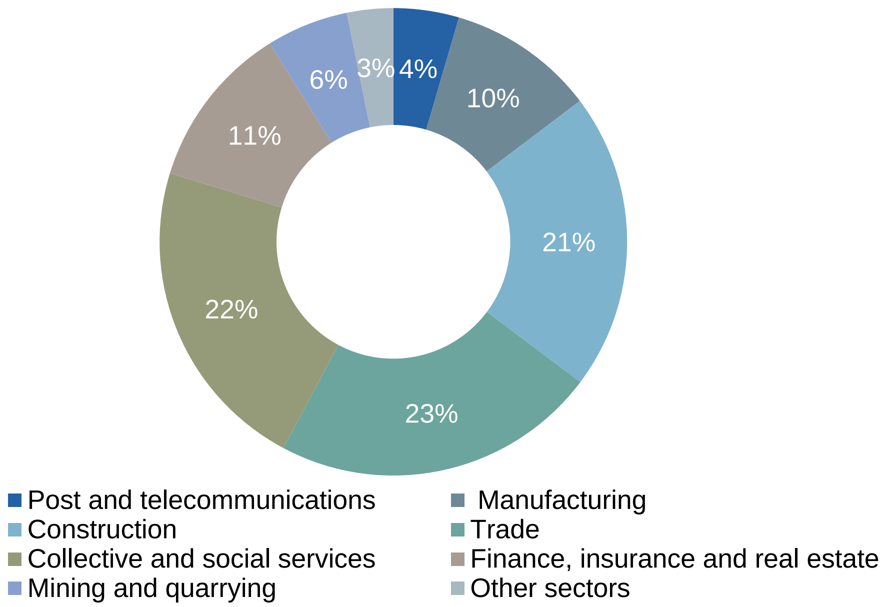
In 2018, a large share of the non-Saudi workforce was employed within the construction sector (41 percent). This is followed by the trade sector which employs 25 percent of the non-Saudi workforce.

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

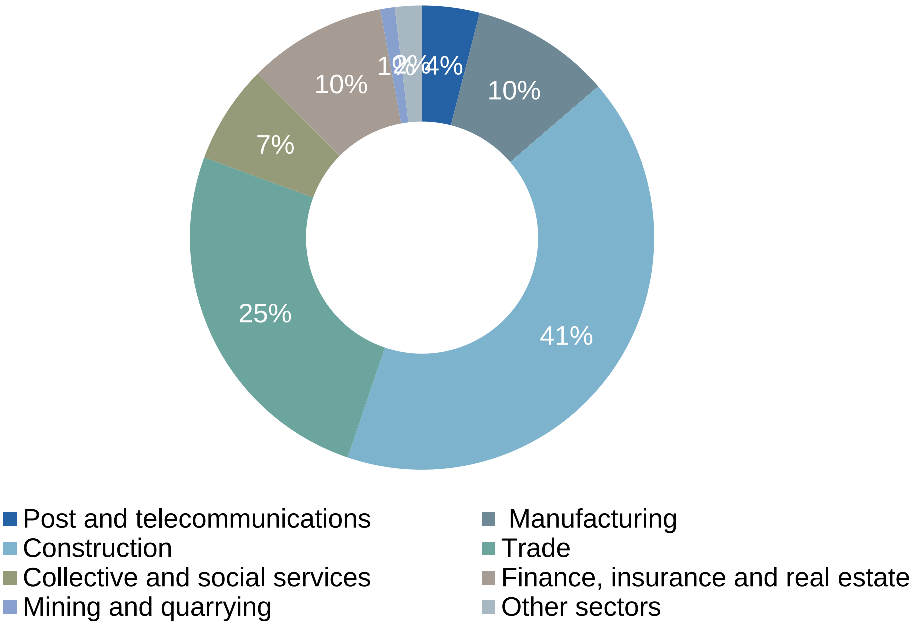
wholesale and retail trade sectors over the coming years. A total of 43 professions in the retail sector will be restricted to nationals.

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.



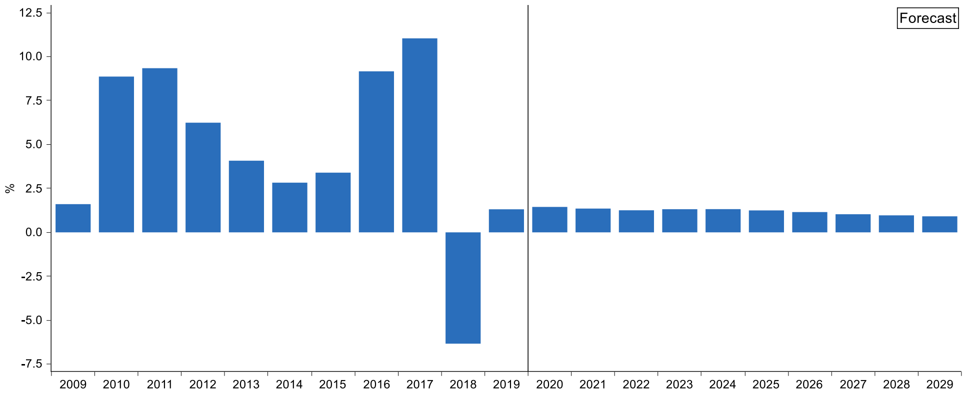
KSA Employment by Economic Activity (Non-Saudis, 2018)



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 – Existing Demand Generators

Red Sea Mall

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

King Abdullah Sports City

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

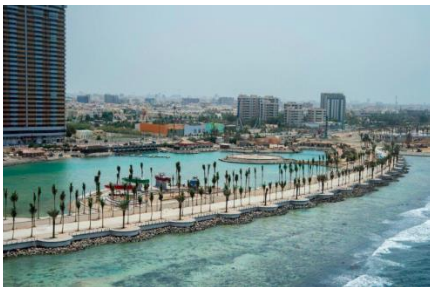
King Abdul-Aziz University

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

Al Balad Historical District

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

Jeddah Corniche



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

Jeddah International Exhibition & Conference Centre (JIECC)

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

Haya Jeddah Festival

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

Fakieh Aquarium

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

Haramain High Speed Railway

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

Jeddah– Upcoming Major Developments

Prince Sultan Cultural Centre

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

Jeddah Economic City

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

Heart of Jeddah

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

King Abdullah Economic City

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

Appendix 3 - Cash Flows

Salamah Jeddah Head Lease (Amounts in SAR)
Dec, 2020 through Nov, 2031
10/02/2021 10:30:54

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending	Nov-2021	Nov-2022	Nov-2023	Nov-2024	Nov-2025	Nov-2026	Nov-2027	Nov-2028	Nov-2029	Nov-2030	Nov-2031	Total
Rental Revenue												
Headline Rent	48,459,739	48,966,934	49,484,272	43,521,634	27,450,197	27,450,197	27,450,197	29,130,369	29,130,369	29,130,369	30,913,380	391,087,657
Void Loss	-25,359,739	-25,866,934	-26,384,272	-18,161,895	0	0	0	0	0	0	0	-95,772,840
Passing Rent	23,100,000	23,100,000	23,100,000	25,359,739	27,450,197	27,450,197	27,450,197	29,130,369	29,130,369	29,130,369	30,913,380	295,314,816
Total Rental Revenue	23,100,000	23,100,000	23,100,000	25,359,739	27,450,197	27,450,197	27,450,197	29,130,369	29,130,369	29,130,369	30,913,380	295,314,816
Total Tenant Revenue	23,100,000	23,100,000	23,100,000	25,359,739	27,450,197	27,450,197	27,450,197	29,130,369	29,130,369	29,130,369	30,913,380	295,314,816
Potential Gross Revenue	23,100,000	23,100,000	23,100,000	25,359,739	27,450,197	27,450,197	27,450,197	29,130,369	29,130,369	29,130,369	30,913,380	295,314,816
Effective Gross Revenue	23,100,000	23,100,000	23,100,000	25,359,739	27,450,197	27,450,197	27,450,197	29,130,369	29,130,369	29,130,369	30,913,380	295,314,816
Revenue Costs												
Property Management	0	0	0	251,552	274,333	274,502	274,502	291,168	291,304	291,304	308,990	2,257,655
Sinking Fund	231,000	231,000	231,000	238,350	260,397	274,502	274,502	279,967	291,304	291,304	297,103	2,900,429
Op Ex	0	0	0	2,855,779	2,936,263	2,994,988	3,054,888	3,115,985	3,178,305	3,241,871	3,306,709	24,684,788
Insurance	156,135	159,258	162,443	165,692	169,006	172,386	175,833	179,350	182,937	186,596	190,328	1,899,962
Sturcutral Vacancy - Year 5	0	0	0	3,043,169	0	0	0	0	0	0	0	3,043,169
Sturcutral Vacancy - Year 6	0	0	0	0	3,267,459	3,294,024	3,294,024	3,494,018	3,495,644	3,495,644	3,707,880	24,048,693
Total Revenue Costs	387,135	390,258	393,443	6,554,542	6,907,457	7,010,401	7,073,749	7,360,489	7,439,494	7,506,719	7,811,010	58,834,696
Net Operating Income	22,712,865	22,709,742	22,706,557	18,805,197	20,542,740	20,439,796	20,376,448	21,769,880	21,690,875	21,623,650	23,102,371	236,480,121
Cash Flow Before Debt Service	22,712,865	22,709,742	22,706,557	18,805,197	20,542,740	20,439,796	20,376,448	21,769,880	21,690,875	21,623,650	23,102,371	236,480,121
Cash Flow Available for Distribution	22,712,865	22,709,742	22,706,557	18,805,197	20,542,740	20,439,796	20,376,448	21,769,880	21,690,875	21,623,650	23,102,371	236,480,121