Valuation Report.

Al Rajhi REIT

Prepared for Al Rajhi Capital
Valuation date: 30 June 2023

Ref: KFV279-2023

Important Notice to all readers of this report

Unless you are the Client named within this report, or have been explicitly identified by us as a party to whom we owe a duty of care and who is entitled to rely on this report, Knight Frank LLP does not owe or assume any duty of care to you in respect of the contents of this report and you are not entitled to rely upon it.

Locally expert, globally connected.

Al Rajhi Capital
8467 King Fahd Road, Al Muruj District
Riyadh
Saudi Arabia

For the attention of Mr Abdullah Alsalloom
Email: abdullah.alsalloum@alrajhi-capital.sa

Our reference: KFV279-2023

Date of issue: 26 July 2023

Dear Sirs,

Valuation Report - Al Rajhi REIT

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above properties. If you have any queries regarding this report, please let us know as soon as possible.

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

Talal Raqaban, MRICS, FR Taqeem
RICS Registered Valuer – Taqeem No. 1210001810
Partner, Valuation & Advisory, KSA
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company

This report has been reviewed, but not undertaken, by:

Stephen Flanagan, MRICS, FR Taqeem
RICS Registered Valuer – Taqeem No. 1220001936
Partner, Head of Valuation & Advisory, MENA
For and on behalf of Knight Frank Spain Saudi Arabia
Real Estate Valuations Company

Knight Frank Spain Saudi Arabia Real Estate Valuations Company is a company registered in KSA with commercial registration number 1010564516

Contents

Report sign-off 2

Executive summary 4

1. Terms of Engagement 6

The Properties 6
Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company 6
Independence and expertise 7
Use of this Valuation 7
Limitations on liability 8
Scope of work 8

2. Market Analysis 10

Saudi Arabia Macroeconomic Overview 10
Riyadh Macroeconomic Overview 15
Jeddah Macroeconomic Overview 41
DMA Macroeconomic Overview 56
Investment overview 70

3 Valuation Assumptions, Definitions and General Comments 74

Methodology 74
Valuation Date 74
Valuation Bases 74
Property Issues 75
Environmental Issues 76
Statutory Enquiries 77
Fair Value 77

Appendices

Appendix 1 Instruction Documentation 78
Appendix 2 Individual Property Reports 89

Executive summary

This Executive summary is a brief overview of our Valuation Report and must not be relied upon in isolation. It is intended to be read in conjunction with the whole report and is subject to any assumptions, caveats and comments stated within the body of this report.

Al Rajhi REIT

Valuation Date: 30 June 2023

Property	City	Land Area (sq m)	Fair Value (SAR)
1. Baraem Rowad Al Khaleej Kindergarten	Riyadh	1,830	18,800,000
2. Rowad Al Khaleej International Schools	Riyadh	15,959.90	196,500,000
3. Rowad Al Khaleej International Schools	Dammam	20,213	228,200,000
4. Al Salam Specialty Hospital	Riyadh	3,603.60	140,800,000
5. Lulu Hypermarket	Riyadh	19,500	199,000,000
6. Anwar Plaza	Riyadh	9,981.76	39,600,000
7. Narjes Plaza	Riyadh	9,000	53,600,000
8. Rama Plaza	Riyadh	15,600	53,000,000
9. Jarir Bookstores	Riyadh	4,953	49,300,000
10. Al Faris International Schools	Riyadh	16,500	138,000,000
11. Panda, Khamis Mushait	Khamis Mushait	19,000	43,400,000
12. Hyper Panda, Marwah	Jeddah	38,641	143,500,000
13. Panda, Rawdah	Jeddah	9,929.79	50,000,000

Property	City	Land Area (sq m)	Fair Value (SAR)
14. Panda, Madain Al Fahd	Jeddah	11,873.92	36,500,000
15. Al Andalus Center	Jeddah	9,565.85	134,400,000
16. Blue Tower	Al Khober	5,464	133,000,000
17. Al Louloua	Riyadh	94,908.60	127,700,000
18. Lulu Central	Riyadh	23,716.29	57,300,000
19. Oasis Mall	Al Kharj	16,719	95,400,000
Aggregate		**346,960**	**1,938,000,000**

1. Terms of Engagement

The Properties

1.1 The Properties we have valued are as follows and all in the Kingdom of Saudi Arabia:

#	Al Rajhi REIT
1	Rowad Al Khaleej Kindergarten, Sahafa, Riyadh
2	Rowad Al Khaleej School, Magharzat, Riyadh
3	Rowad Al Khaleej School, Zahour, Dammam
4	Al Salam School, Salam, Riyadh
5	Lulu Hypermarket, Nahda, Riyadh
6	Anwar Plaza, Rawda, Riyadh
7	Narjes Plaza, Narjis, Riyadh
8	Rama Plaza, Nahda, Riyadh
9	Jarir Bookstores, Rabwah, Riyadh
10	Al Faris International Schools, Taawun, Riyadh
11	Panda_Naseem, Khamis, Mushait
12	Hyper Panda, Marwah, Jeddah
13	Panda, Rawdah, Jeddah
14	Panda, MadainAlFahad, Jeddah
15	Al Andalus Center, Ruwais, Jeddah
16	Blue Tower, Yarmouk, Khober
17	Louloua, Masani, Riyadh
18	Lulu Central, Misfaah, Riyadh
19	Oasis Mallo, Khuzama, Kharj

1.2 We were instructed to inspect the Properties internally, as well as externally.

1.3 Details of our inspections, including any limitation or restrictions, are set out in the individual property reports at Appendix 2.

1.4 In accordance with your instructions, we have relied upon areas provided by the Client. No further verification has been undertaken.

Engagement of Knight Frank Spain Saudi Arabia Real Estate Valuations Company

1.1 This valuation report (the "Valuation") has been prepared in accordance with our Terms of Engagement letter dated **5th of July 2022** and our General Terms of Business for Valuation Services (together the

"Agreement"). A copy of this document is attached at Appendix 1 (along with your original instruction for reference purposes).

1.2 This Valuation is subject to the scope of works as set out in the Valuations Assumptions, Definitions and General Comments section of this report.

Client

1.3 We have been instructed to prepare the Valuation by Al Rajhi Capital (the "Client").

Valuation standards

This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards (the "Red Book") and Taqeem Standards**.** As required by the Red Book / IVS, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

1.4 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.

Valuer and expertise

1.5 The valuer, on behalf of Knight Frank Spain Saudi Arabia Real Estate Valuation Company with the responsibility for this report is Talal Raqaban, MRICS, RICS Registered Valuer and Fellow member of Taqeem. Parts of this valuation have been undertaken by additional valuers as listed on our file.

1.6 We confirm that the valuer and additional valuers meet the requirements of the Red Book / IVS and Taqeem Regulations, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.7 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.

1.8 For the purposes of the Red Book, we are acting as External Valuer.

1.9 This report has been vetted as part of Knight Frank Spain Saudi Arabia Real Estate Valuation Company quality assurance procedures.

Use of this Valuation

Purpose of valuation

1.10 This Valuation is provided for the purpose Financial Reporting under IFRS (the "Purpose") only and may not be used for any other purpose without our express written consent.

Reliance

1.11 This Valuation has been prepared for the Client only. No other person is entitled to rely on the Valuation for any purpose. We accept no liability to anyone for any improper or unauthorised reliance on this Valuation.

Disclosure & publication

1.12 Our 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.

1.13 Notwithstanding the above, it has been agreed that the report and the Valuation will comply with the requirements of the CMA.

Limitations on liability

1.14 Knight Frank Spain Saudi Arabia Real Estate Valuation Company's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of the Agreement. Knight Frank Spain Saudi Arabia Real Estate Valuation Company accepts no liability for any indirect or consequential loss or for loss of profits.

1.15 We confirm that we hold adequate and appropriate PII cover for this instruction.

1.16 No claim arising out of or in connection with this Valuation may be brought against any employee, director, member, partner or consultant of Knight Frank Spain Saudi Arabia Real Estate Valuation Company**.** Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank Spain Saudi Arabia Real Estate Valuation Company.

1.17 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

Information provided to us which we have relied upon

1.18 In preparing our valuations we have been provided with information by you, your advisors, or other third parties as set out in the individual property reports. We have relied upon this information as being materially correct in all aspects.

1.19 Where documents or information have not been 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.

Data room documents

1.20 Data rooms often contain large quantities of information, only some of which is relevant to a property valuation exercise. In addition this information may frequently change, making it difficult to ascertain whether all relevant information has been reviewed prior to the Valuation Date.

1.21 Whilst we have attempted to do so, we are not under a duty to have seen every document which may be relevant to the scope of this instruction and accept no liability for any consequences arising from documents not having been considered by us and reflected within the Valuation. Following receipt of

this Valuation, you should ensure that the list of documents contained herein is reviewed by you. Should you consider that a relevant document has not been reviewed by us, we strongly recommend that you bring this matter to our attention and instruct us to consider whether these, or your legal advisor's opinion on them, has any impact upon the contents of the Valuation.

1.22 We have assumed that all documents contained in the Data Room and/or provided to us by you or a third party are authentic and accurate; accordingly, we relied on all relevant information that has been reviewed by us on this basis and without additional verification by us.

Investigations carried out by us

1.23 In carrying out this Valuation 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.

2. Market Analysis

Saudi Arabia Macroeconomic Overview

2.1.1 Key Findings

GDP Growth



After a year of contraction due to the pandemic, Saudi Arabia's economy resumed growth in 2021. In fact, Saudi Arabia's real GDP grew by 3.9% in 2021, compared to a 4.2% drop in 2020, when the pandemic slowed down most economic activities. In 2022, Saudi Arabia's GDP expanded even faster in both the oil and non-oil industries. According to preliminary full-year data from the General Authority for Statistics (GASTAT), the kingdom's economy surged 8.7% in 2022, accelerating sharply from the previous year. This growth was mostly driven by a 15.4% rise in oil activity in 2022, while the non-oil sector increased by 5.4% over the same year.

Saudi Arabia PMI



Saudi Arabia's PMI decreased on a monthly basis to 58.2 in Jan 2023, which is above the 2022 full year average of 56.5% and represents the 29th month of expansion and business growth in the country's non-oil sector activity.

Saudi Arabia CPI



The Consumer Price Index (CPI) increased by 3.30% in December 2022, compared to December 2020, higher than November 2022 (2.9%). It was the highest inflation rate since June 2021. The increase in the CPI was mostly due to higher prices for housing, food and transportation prices. Prices mainly accelerated for both housing and utilities (5.9% vs 4.7%), amid rising costs of actual rentals.

Employment



Saudi Arabia’s total workforce was estimated at 13.5 Million employees in 2022. Looking ahead, given the positive momentum created by the government's extraordinary response to COVID-19 and several economic reforms that have supported employment growth in a variety of industries. The Saudi labour force is expected to increase to 13.75 million by the end of 2023.

Population



Based on the Oxford Economics forecasts, the population of Saudi Arabia is expected to grow at a constant 2% annual growth rate from 2022 onwards, reaching 38.3 million in 2025. 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. Despite a changing demographic profile entailing a 3 times increase in the 60s age cohorts between 2022 and 2035, Saudi Arabia will remain amongst the youngest countries in the GCC.

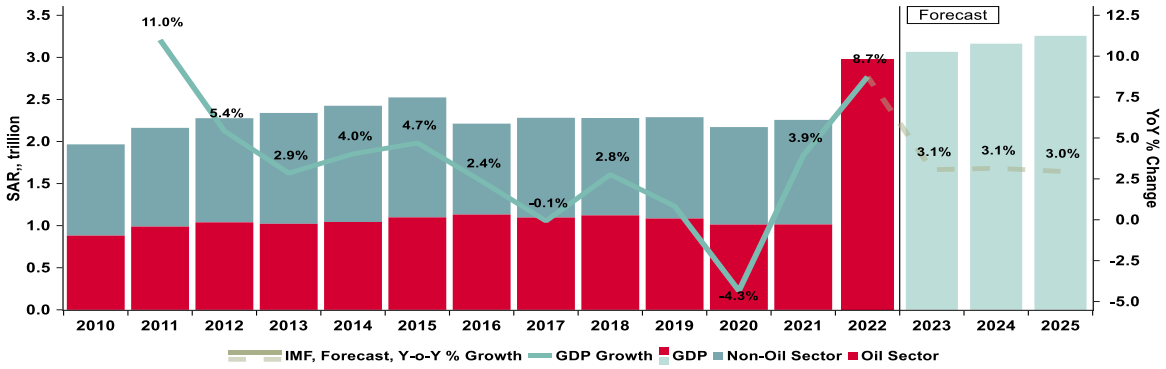
2.1.2 Saudi Arabia GDP Growth, 2011 - 2025

After a year of contraction due to the pandemic, Saudi Arabia's economy resumed growth in 2021. In fact, Saudi Arabia's real GDP grew by 3.9% in 2021, compared to a 4.2% drop in 2020.

According to preliminary full-year data from the General Authority for Statistics (GASTAT), the kingdom's economy surged by 8.7% in 2022, accelerating sharply from the previous year.

Saudi Arabia's GDP expanded even faster in both the oil and non-oil industries in 2022, the growth was mostly driven by a 15.4% rise in oil activity in 2022, while the non-oil sector increased by 5.4% over the same year.

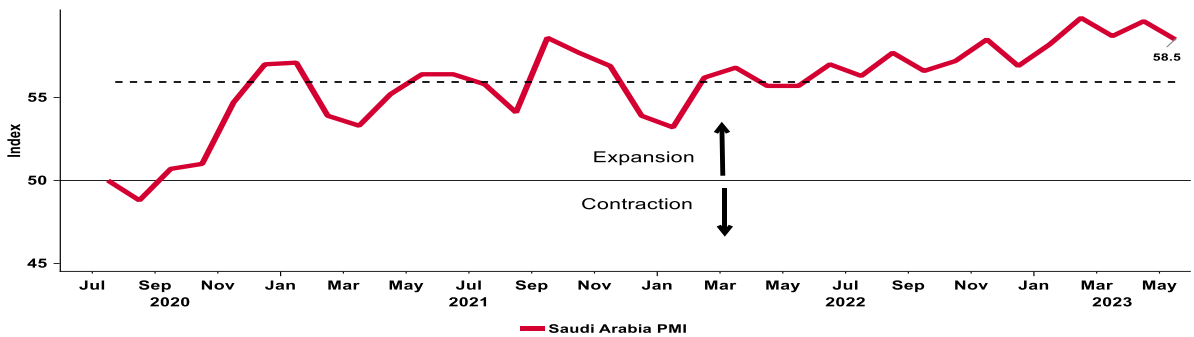
GDP Growth, 2010 - 2025



2.1.3 Saudi Arabia, Purchasing Manager Index (PMI)

Saudi Arabia's Purchasing Manager Index (PMI), which tracks the country's private non-oil economy, registered a reading of 58.5% in May 2023, which is above the 2022 full year average of 56.5% and represents the 33rd month of expansion and business growth in the country's non-oil sector activity.

Purchasing Manager Index (PMI)

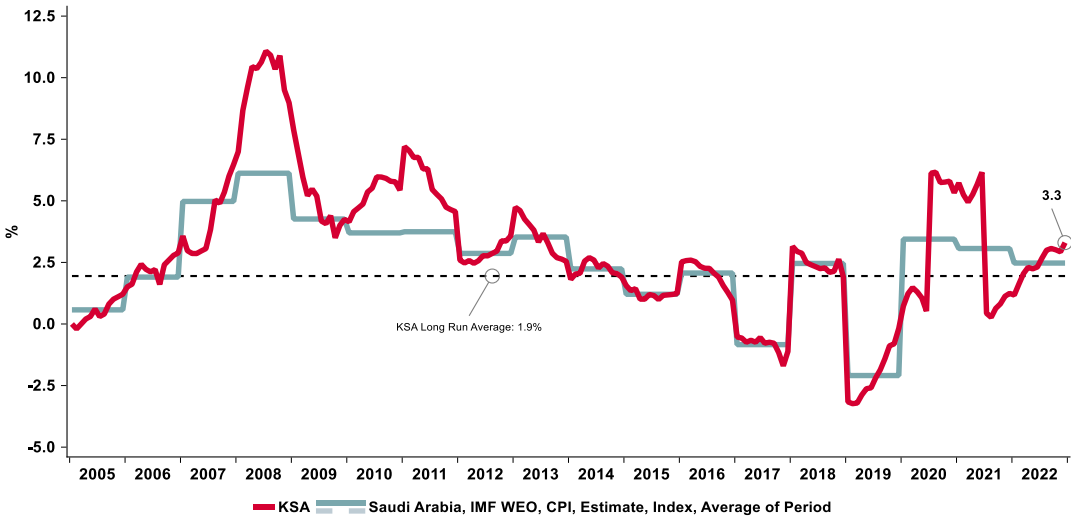


2.1.4 Saudi Arabia Consumer Price Index, YoY Change %

The Consumer Price Index (CPI) increased by 3.3% in December 2022. It was the highest inflation rate since June 2021.

The increase in the CPI was mostly due to higher prices for housing, food and transportation prices. Prices mainly accelerated for both housing and utilities (5,9% vs 4.7%), amid rising costs of actual rentals

Consumer Price Index



2.1.5 Saudi Arabia Population Evolution

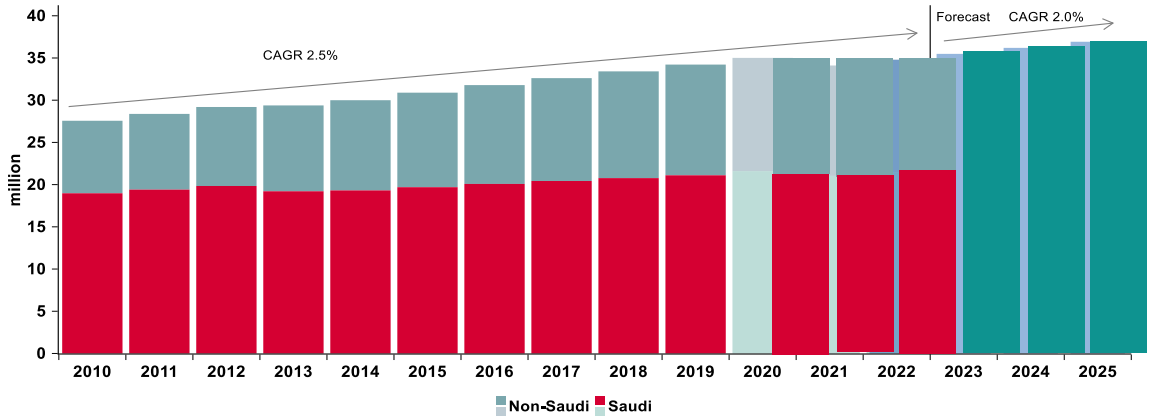
Saudi Arabia accounts for more than half of the GCC's total population and has a larger population than any other GCC country.

According to the statistics, the population of Saudi Arabia is estimated to have reached 34.8 million in 2022. The Saudi/Non-Saudi breakdown of the population for 2022 stands at 21.4 million 13.3 million.

Based on the Oxford Economics forecasts, the population of Saudi Arabia is expected to grow at a constant 2% annual growth rate from 2022 onwards, reaching 36.9 million in 2025.

Saudi Arabia's population is dominated by Saudi nationals, accounting for 62% of the population. This implies that aggregate demand for products and services does not primarily stem from the expatriate workforce.

Population Evolution



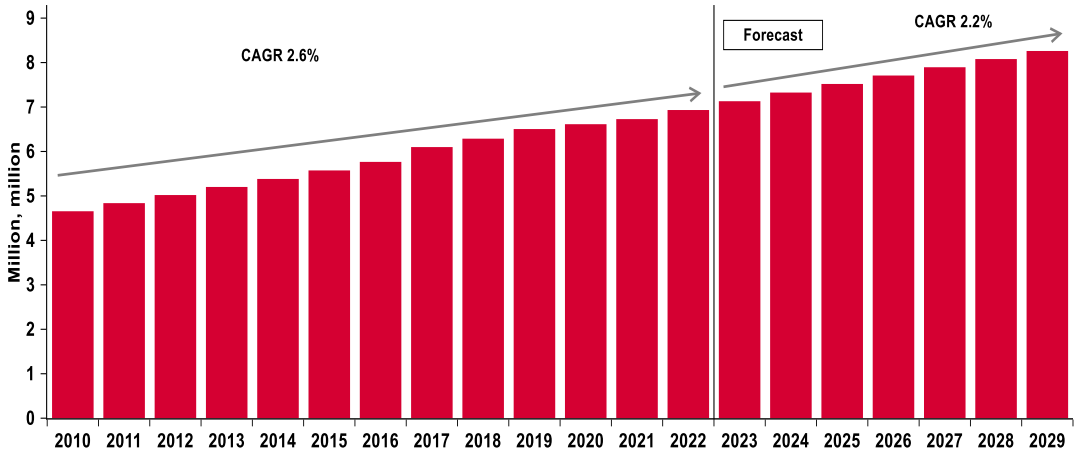
2.1.6 Saudi Arabia Total Number of Households

The total number of households in Saudi Arabia is currently estimated at roughly 6.7 million in 2022. According to Oxford Economics, annual average growth in the number of households will slow to 2.2% between 2022 and 2030, down from 2.6% between 2010 and 2022.

The average household size in Saudi Arabia stood at 5.5 individuals in 2022, according to Oxford Economics. While the average household size for Saudi households stands at 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 5.4 in 2030.

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 the multi-generational household structure

Total Number of Households

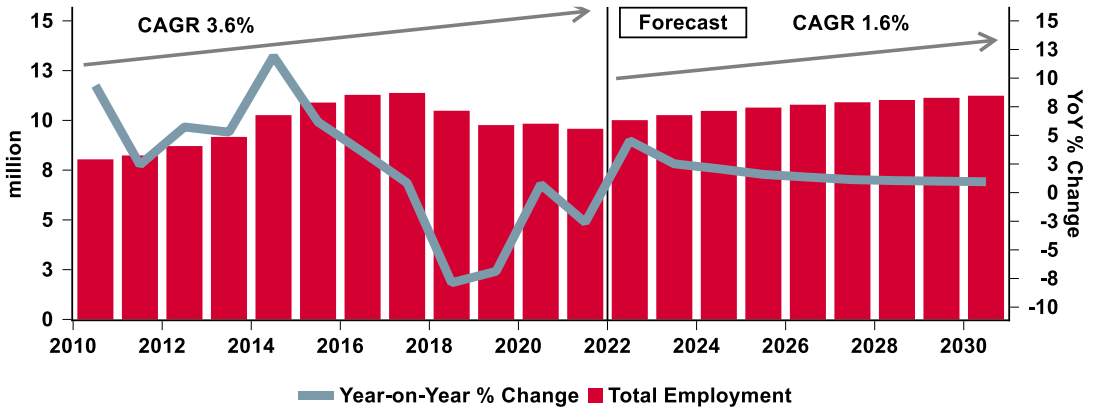


2.1.7 Saudi Arabia Total Employment

Saudi Arabia's total workforce was estimated at 13.5 Million employees in 2022, down from 13.8 Million employees in 2017.

Looking ahead, given the positive momentum created by the government's extraordinary response to COVID-19 and several economic reforms that have supported employment growth in a variety of industries. The Saudi labour force is expected to increase to 13.75 million by the end of 2023.

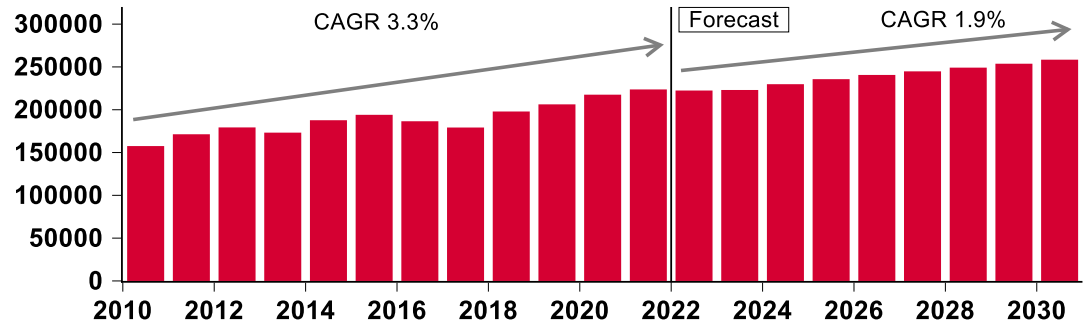
Total Employment



2.1.8 Saudi Arabia Average Household Disposable Income in SAR

Household income is a key determinant of affordability and consumer spending patterns. The average household personal disposable income in Saudi Arabia stood at c. SAR 227,760 in 2022. Between 2010 and 2022, the average household personal disposable income increased at a CAGR of 3.3%. It is expected that this growth momentum will slow down to 1.9% between 2022 and 2030, as highlighted in the adjacent graph.

Household Disposable Income in SAR



Riyadh Macroeconomic Overview

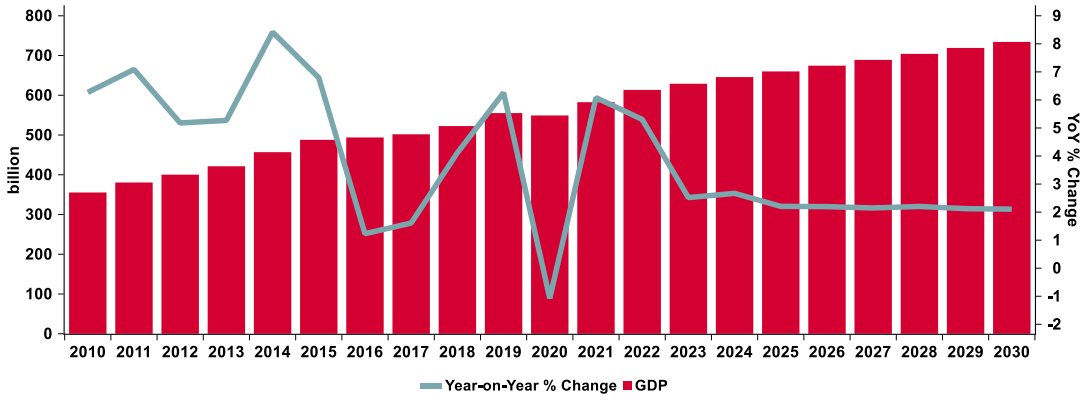
2.1.9 Riyadh GDP Growth, 2010 - 2030

Riyadh's GPD came back to growth in 2021, after a year of contraction due to the pandemic. Riyadh's real GDP grew by 6.1% year-on-year to SAR 582 billion in 2021, up from SAR 549 billion in 2020. This trend continued in 2022, with Riyadh's GDP growing 5.3% to SAR 613 billion. This growth can be attributed to various factors, such as the government's efforts to diversify the economy, increase non-oil exports, and attract foreign investment.

Riyadh is the capital city of Saudi Arabia and is considered to be the financial nerve centre of the country. The GDP of Riyadh has been steadily increasing over the years. Riyadh's economy recorded a historical CAGR of 3.3% between 2015 and 2022. Looking ahead, Riyadh's economy is expected to record a growth rate of 2.5% in 2023 and 2.7% in 2024 (Oxford Economics).

The breakdown of the gross value added (GVA) by sector for Riyadh highlights that the industrial sector is the largest contributor to Riyadh's GDA in 2022 (29.9%) and is forecast to grow by 23.2% in the eight years to 2030.

GDP Growth, 2010 - 2030



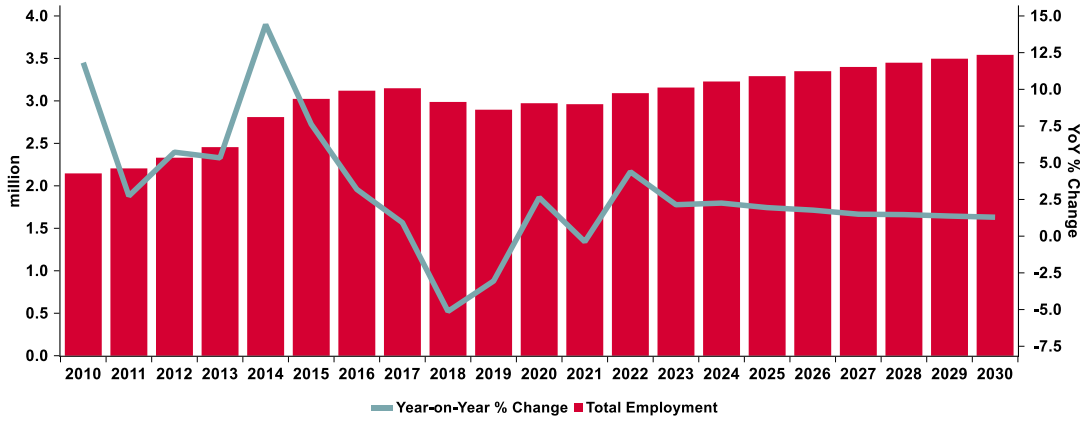
2.1.10 Employment Trends – Riyadh

Riyadh's employed population stood at 3.1 million in 2022, representing c. 85% of the total employed population in Riyadh Province.

According to Oxford Economics, Riyadh's employment is estimated to grow from 3.1 million in 2022 to 3.5 million in 2030. Riyadh's employment CAGR is set to slow to 2% per annum between 2022 and 2030, down from 4.1% between 2010 and 2022.

Employment growth in Riyadh averaged 3.8% from 2010 until 2022, reaching an all-time high of 11% in 2010 and a record low of -5.1% in 2018. Total employment declined by 5.1% in 2018, a trend underpinned by the challenging economic backdrop, which led to an outflow of expatriate workers from the workforce.

Total employment

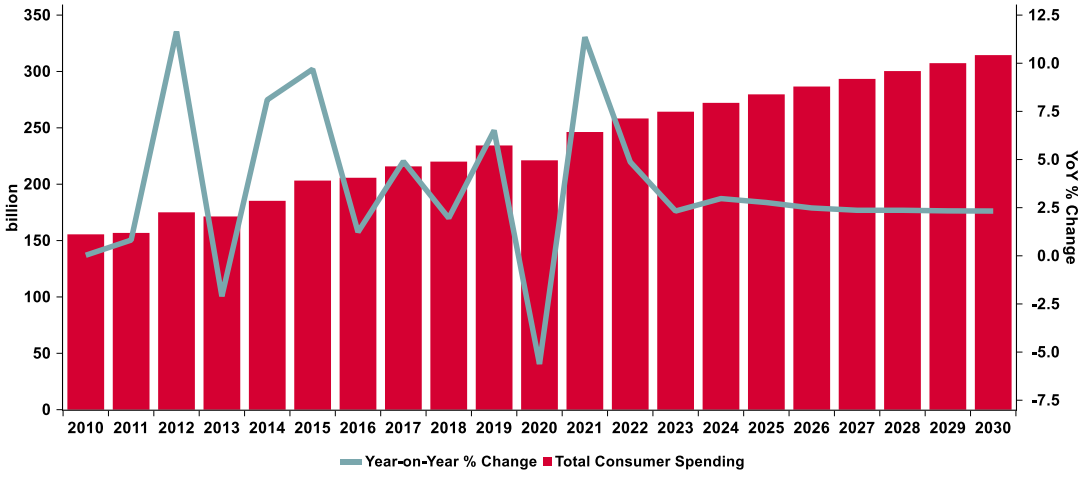


2.1.11 Consumer Spending – Riyadh

According to Oxford Economics, consumer spending in Riyadh increased by 4.8%, to around SAR 258 billion in 2022, compared to SAR 246 billion last year. The food & beverages sectors were the main drivers of this growth. More so, this relative outperformance is linked in part to the slight easing of lockdown restrictions, which boosted footfall across the Kingdom's food and beverage outlets.

Consumer spending in Riyadh is expected to remain on an upward trajectory over the coming years, reaching SAR 264 billion in 2023. The compound annual growth rate is expected to decelerate to 2.5% between 2022 and 2030 versus 3.5% between 2015 to 2022 (Oxford Economics). Housing is the biggest area of consumer spending and has seen its contribution gradually increase over time.

Consumer Spending



2.1.12 Population – Riyadh

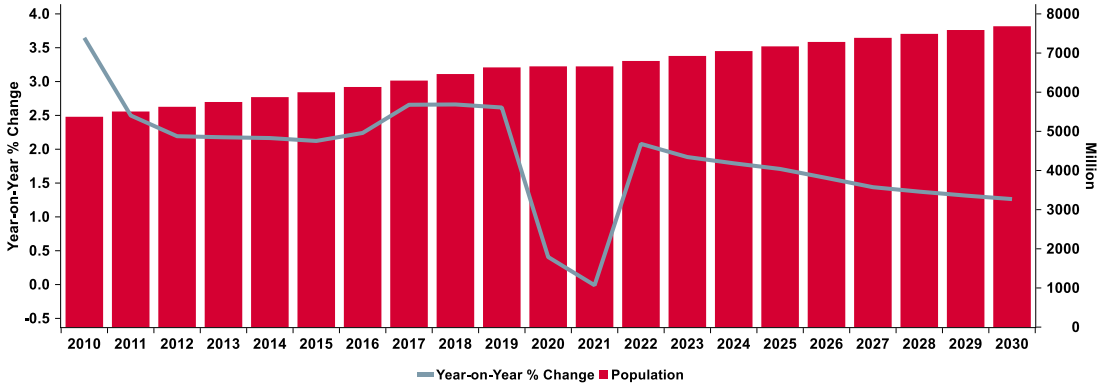
According to Oxford Economics, the population of Riyadh have reached 6.7 million in 2022. representing c. 79% of the total population of the Riyadh Region.

Riyadh's population is expected to grow at a CAGR of 1.8% from 2022 to 2030, reaching 7.7 million by 2030. A large and growing population, albeit at a slower pace than in previous years, will continue to drive demand for goods and services in the medium to long term.

The city has been witnessing a steady increase in population over the years, which can be attributed to various factors, such as job opportunities, infrastructure development, an influx of international workforce and a high standard of living.

Riyadh's region population age structure highlights the fact that approximately 36.4% of the population were aged between 0 and 25 years, about 61% were aged between 25 and 64 years and 2.5% were aged above 65 years.

Population Evolution



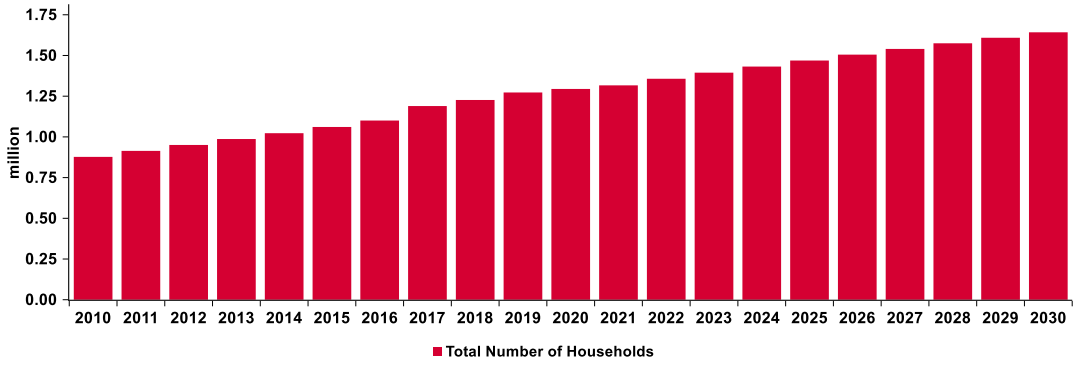
2.1.13 Riyadh Total Number of Households

The total number of households in Riyadh stood at c. 1.35 million in 2022. Between 2015 and 2022, the number of households increased at a CAGR of 3.6%. This growth momentum is expected to slow to 2.4% between 2022 and 2030, driving the total number of households to reach an estimated 1.64 million by 2030.

Based on these forecasts, it is estimated that 285,370 additional households will be formed in Riyadh between 2023 and 2030.

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 the multi-generational household structure

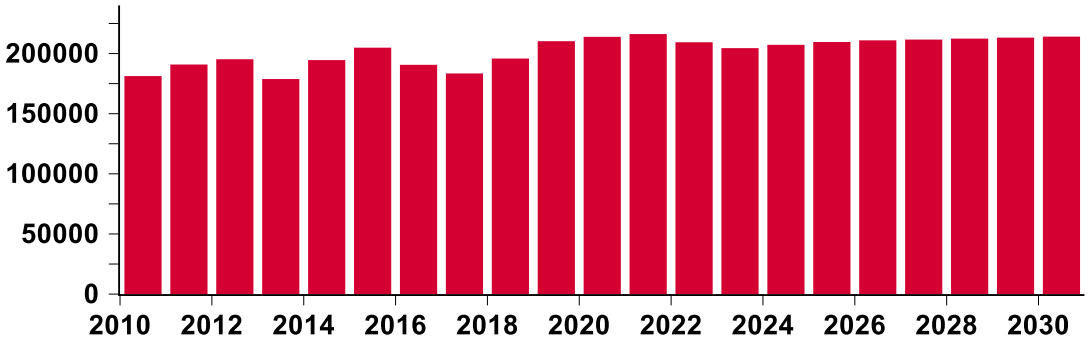
Total Number of Households



2.1.14 Household Disposable Income – Riyadh

Household income is a key determinant of affordability and consumer spending patterns. The average household personal disposable income in Riyadh stood at c. SAR 209,387 in 2022. Between 2015 and 2022, the average household personal disposable income increased at a CAGR of 0.3%. It is expected that Riyadh's average household disposable income will grow relatively at the same rate between 2022 and 2030, as highlighted in the adjacent graph.

Average household disposable income

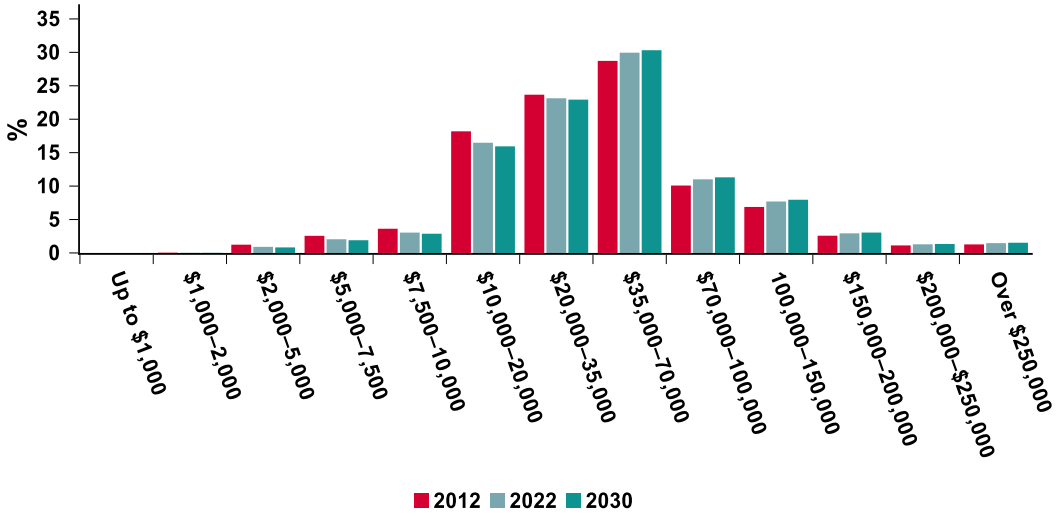


2.1.15 Riyadh Average household Disposable Income in SAR

As of 2022, the households in the income band of $35,000 - $70,000 accounted for the largest portion of households at 30%, marginally up from 28.7% a decade earlier. More so, as of 2022, the number of households in the income brackets above $35,000 accounted for 54.3% of total households, up from 50.7% in 2012.

The share of households earning over $100,000 has increased from 12% of households to **13.4%** of households from **2012** to **2022** respectively. By **2030**, this number is expected to remain relatively the same.

Household Disposable Income in SAR



Riyadh Office Market Overview

2.1.16 Key Findings

Demand

Vision 2030 continues to feed 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 like DGDA, Kind Salman Park, and Roshn, is expected to act as a catalyst for the real estate market.

Supply

By the end of Q1 2023, the existing office supply stands at 5 million sqm, mainly dominated by Grade A office stock. The current pipeline suggests that the supply is expected to increase to 6.26 million sqm by 2025. The majority of the upcoming supply is slated for large-scale masterplan developments like Roshn, DGDA, and the remaining phases of KAFD.

Lease Rates

The demand for office space is increasing at unprecedented rates in Riyadh, fuelled by an influx of businesses to the Saudi capital. As a result, office lease rates continue to climb in the wake of growing demand. Indeed, average lease rates for prime office space have increased by 15% over the past 12 months to approximately SAR 1,708 psm.

Government Initiatives

We anticipate that demand for prime and best-in-class space will continue to rise from both international corporates and newly formed public-private sector companies, fuelled by continuing government-led economic reforms that will infuse renewed confidence and accelerate business growth.

Occupancy Rates

The Grade A occupancy levels stand at 97%, up by 3 percentage points from this time last year, underscoring the depth of demand for office space. The heightened demand means landlords are firmly in the driving seat. While city-wide Grade B vacancy levels now stand at 24%; the lowest level in at least five years.

Outlook

We anticipate that demand for prime and best-in-class space will continue to rise from both international corporates and newly formed public-private sector companies, fuelled by continuing government-led economic reforms that will infuse renewed confidence and accelerate business growth.

2.1.17 Office Buildings Classification: Definition

Commercial buildings are classified into three main categories: Grade A, Grade B, and Grade C based on several factors such as the location of the property, age, maintenance, landlord credibility, and rated tenants. Grade A tends to be the most sought-after category, but it is subject to the tenant and their needs and the available budget.

	Grade A	Grade B	Grade C
Building specifications	• Premium architecture with state-of-the-art finishing • Located in prime areas within central business districts	• Dated interior but properly maintained • Located around or close to central business districts	• Dated interior and not properly maintained • Located in old business districts or main city roads
Tenant Profiles	• Multinational/International • Large corporates	• Local firms • Small to medium enterprises	• Small businesses
Parking	• Adequate tenant parking • Guests parking available	• Adequate tenant parking	• Minimal parking
Building Features	• Advanced security system and security personals available • Gym, café, restaurants	• Security system or personnel available • Minimal facilities	• Minimal security presence • No additional facilities
Lease Rates	Premium rental rates	Average rental rates	Lower than average rental rates

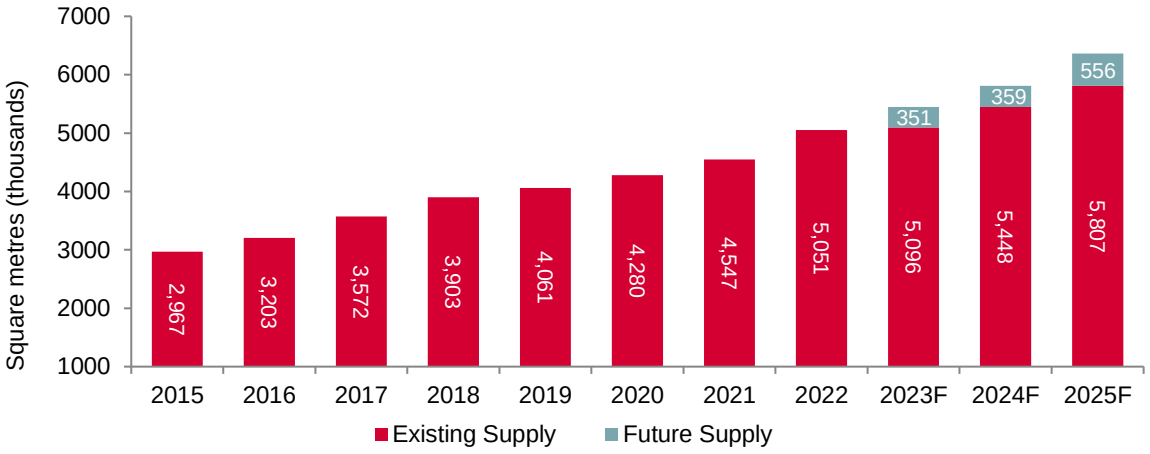
2.1.18 Evolution of Quality Supply

Between 2015 and 2022, Riyadh's office stock compounded an annual growth rate (CAGR) of 7.9%.

Between 2022 and 2025, Riyadh's office supply is expected to grow at a CAGR of 8%, slightly higher than the historical CAGR.

King Abdullah Financial District, a landmark prime office development. KAFD has provided c. 690,000 plus square meters of GLA to the market between 2020-2022 and is slated to supply c. 300,000 more by 2024.

Office Supply

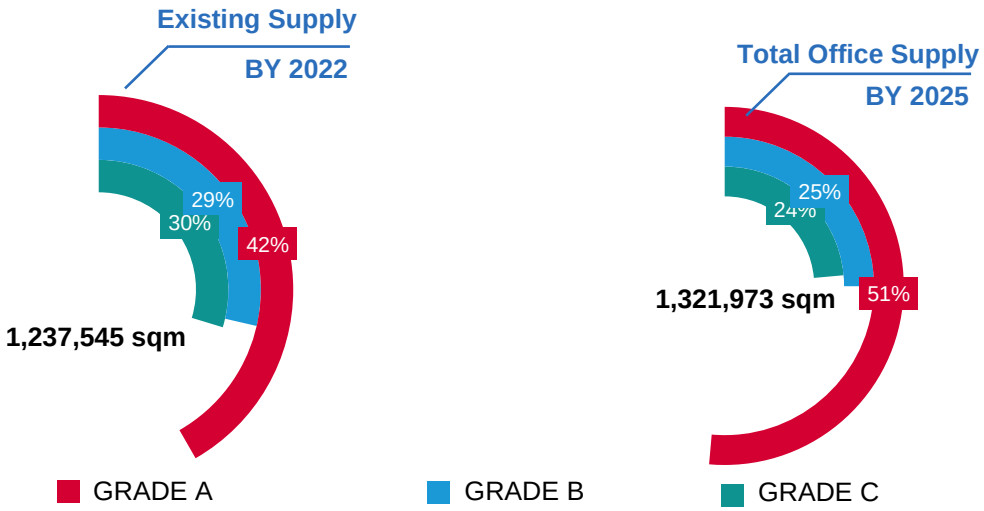


2.1.19 Distribution of Existing Office Supply by Categories (sqm GLA)

As of Q1 2023, the total GLA of office space stands at over 5 million sqm. With Grade A developments making up the majority of the supply (42%).

The total office market is expected to witness the addition of around **1.26 million sqm** of quality GLA by **2025**, assuming no further construction delays.

The majority of new office developments are skewed towards Grade A and are part of mixed-use properties that integrate several commercial components, including office and retail.



2.1.20 Riyadh Existing Quality Supply Samples

Prime and Grade A office space account for a total GLA of c. 2,151,000 square meters. c. 67% of this leasable space is located along King Fahd and Olaya Streets.

During 2022, around 485,000 sqm of A office space was completed, taking the city's stockpile to 5 million sqm. Over the next 3 years, supply is expected to increase by a further 25%.

The latest Grade A office developments delivered to the market are the Majdool Tower, Riyadh Business Front Phase 2, Laysen Valley and several towers within KAFD. The new developments opened between 2020 and 2022 and boast over c. 750,000 square metres of GLA.

Existing Quality Supply Samples



2.1.21 Riyadh Future Office Supply

The current office pipeline comprises 1.26 million square metres of GLA, which includes 17 Grade A office developments and 10 Grade B office developments. However, it should be noted that the annual historical materialisation rate stood between 50 and 70 per cent and therefore a number of these projects would likely be delayed resulting in growth rates contracting.

Major Upcoming Office Developments Sample



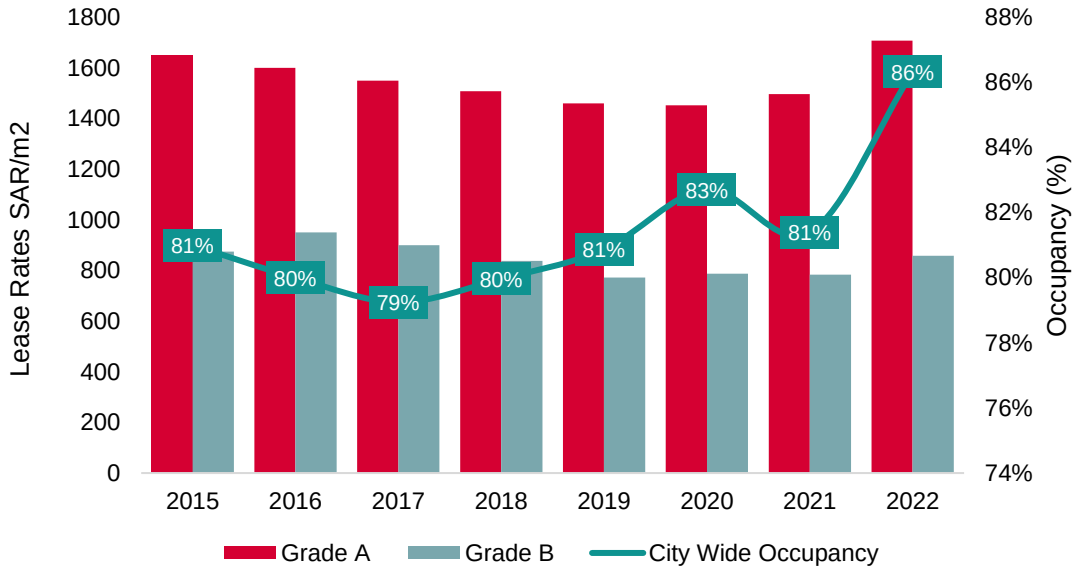
2.1.22 Average Lease Rates Across Office Spaces and City-Wide Occupancy Levels

Commercial activity in Riyadh continued to gain momentum in 2022 as local and international businesses sped up to establish their presence in the capital

Grade A office rents reached an average of **SAR 1,708 per sqm**, reflecting a 14.2% growth over the past year. Similarly, average Grade B office rents have reached **SAR 858 per sqm**.

Demand for office space is increasing at unprecedented rates in Riyadh, fuelled by an influx of businesses to the Saudi capital. As a result, Grade A occupancy has reached **97%**, while Grade B occupancy stands at around **80%.**

Riyadh Grade A Office Lease Rates (SAR/m2)



Riyadh Retail Market Overview

2.1.23 Key Findings

Demand

Demand from retailers for new space continues to soften in Riyadh. The slowdown in demand is predominantly linked to the substantial increase in supply in recent years. And new supply continues to trickle onto the market. During 2021 alone, the city has seen the completion of over 250,000 sqm of space, pushing the capital's total stock to over 3 million sqm.

Supply

By the end of Q1 2023, the existing retail supply stands at 3.5 million square meters, mainly dominated by regional malls. The proposed retail pipeline is expected to increase the supply to 5.1 million by 2025. The bulk of new supply will come from super regional malls

Lease Rates

lease rates maintained performance over the last 12 months across the Saudi capital. Community malls (-0.8%) however have undergone slight rent softening in the same period. Furthermore, as new supply continues to be delivered to the market, further dampening the prospects for a return to rent growth.

Market Trends

As the retail supply continues to expand, the focus is being directed towards lifestyle, leisure and entertainment elements in shopping centres. These elements proved sustained footfall and increased dwelling times, combating the ever-growing threat of e-commerce

Occupancy Rates

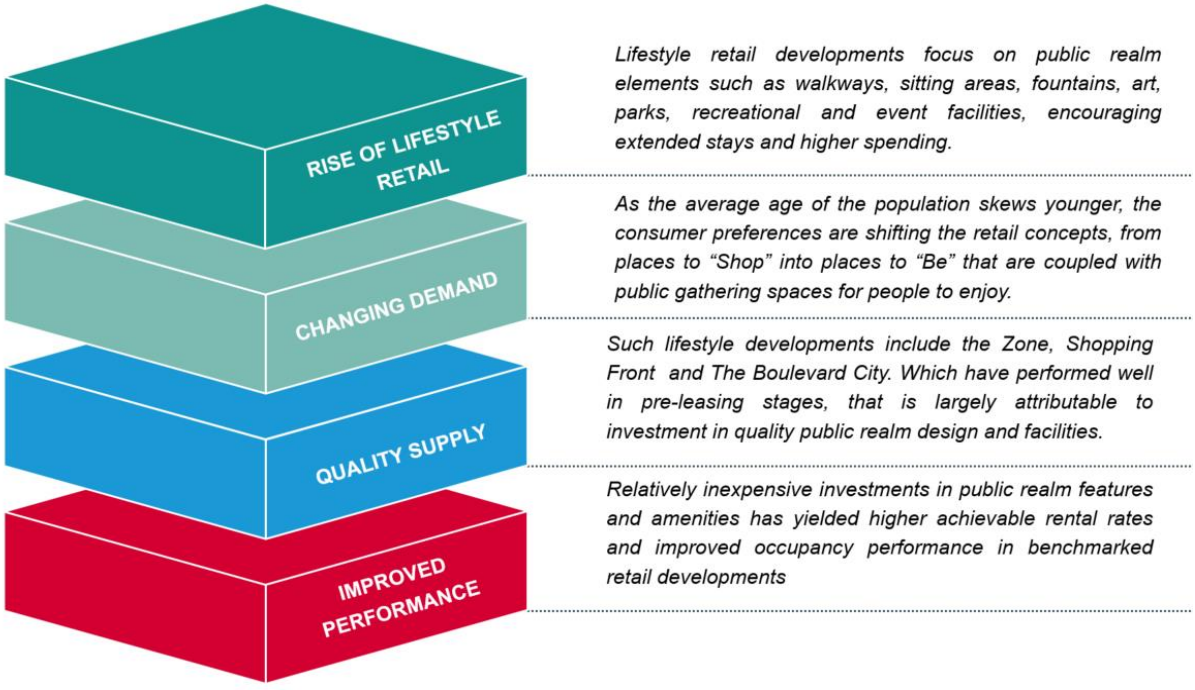
From 2013 to 2022, super-regional and regional malls have seen their vacancy levels trending higher. City-wide vacancy levels saw an annual increase of 1 percentage point in 2022. Average vacancy levels currently stand at 18%, up from 17% last year.

Outlook

Given a large supply pipeline, lease rates and occupancy levels are expected to remain under pressure over the short term. However, we expect entertainment-focused retail development to show more resilience when facing challenging market conditions, and enable them to outperform the rest of the market

2.1.24 Rise of Entertainment and Lifestyle

As the retail supply pipeline continues to expand, we believe future supply will need to be lifestyle-oriented, with a focus on leisure and entertainment. A very large and growing population of young Saudi customers favour retailers that emphasize lifestyle-enhancing, experience-based platforms.



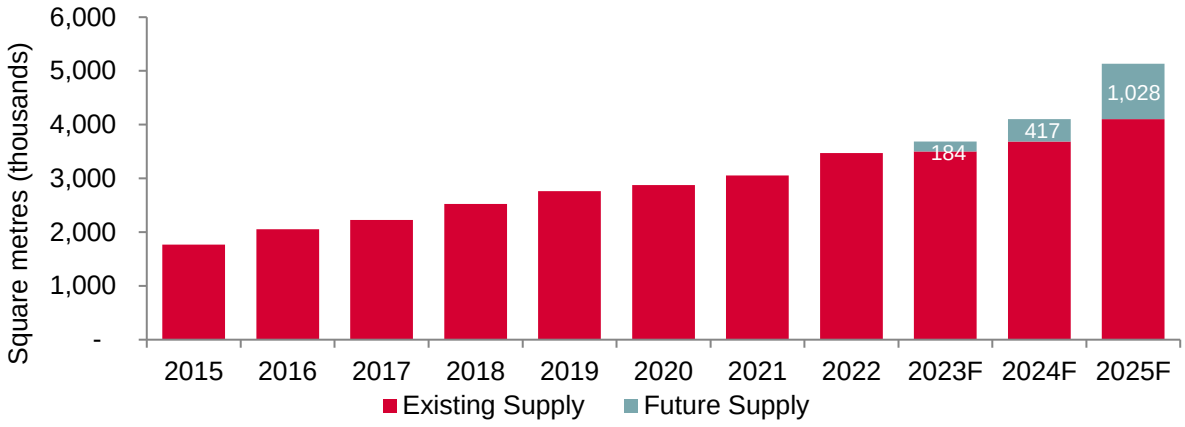
2.1.25 Evolution of Quality Organised Retail Supply

Between 2015 and 2022, Riyadh's retail stock grew at a compounded annual growth rate (CAGR) of 10%.

Between 2022 and 2025, Riyadh's retail supply is expected to grow at a CAGR of 13.9%, a much higher rate compared to historical CAGR.

Upcoming projects include 4 super regional malls: The Avenue, Mall of Saudi, Jawharat Ar Riyadh and DGDA. In addition to a large number of regional malls, community and neighbourhood centres.

Evolution of Riyadh Retail Supply

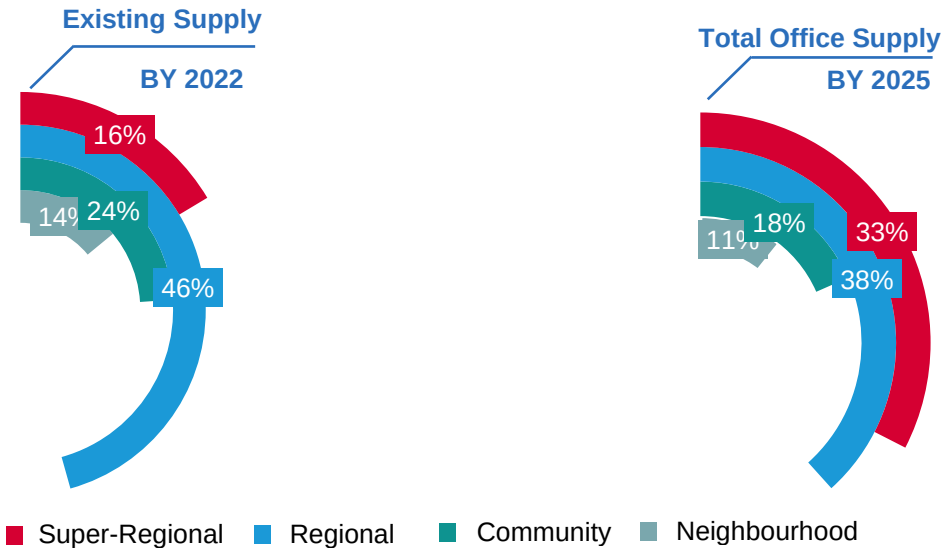


2.1.26 Evolution of Quality Organised Retail Supply

As of Q1 2023, the total GLA of retail space stands at over 3.5 million sqm. With quality regional malls making up the majority of the supply.

The total retail market is expected to witness the addition of around 1.6 million sqm of quality GLA by 2025, assuming no further construction delays.

Developers are seeking to enhance consumer experiences and increase dwelling times through tenant mixes and increasing F&B or entertainment elements in their retail developments.



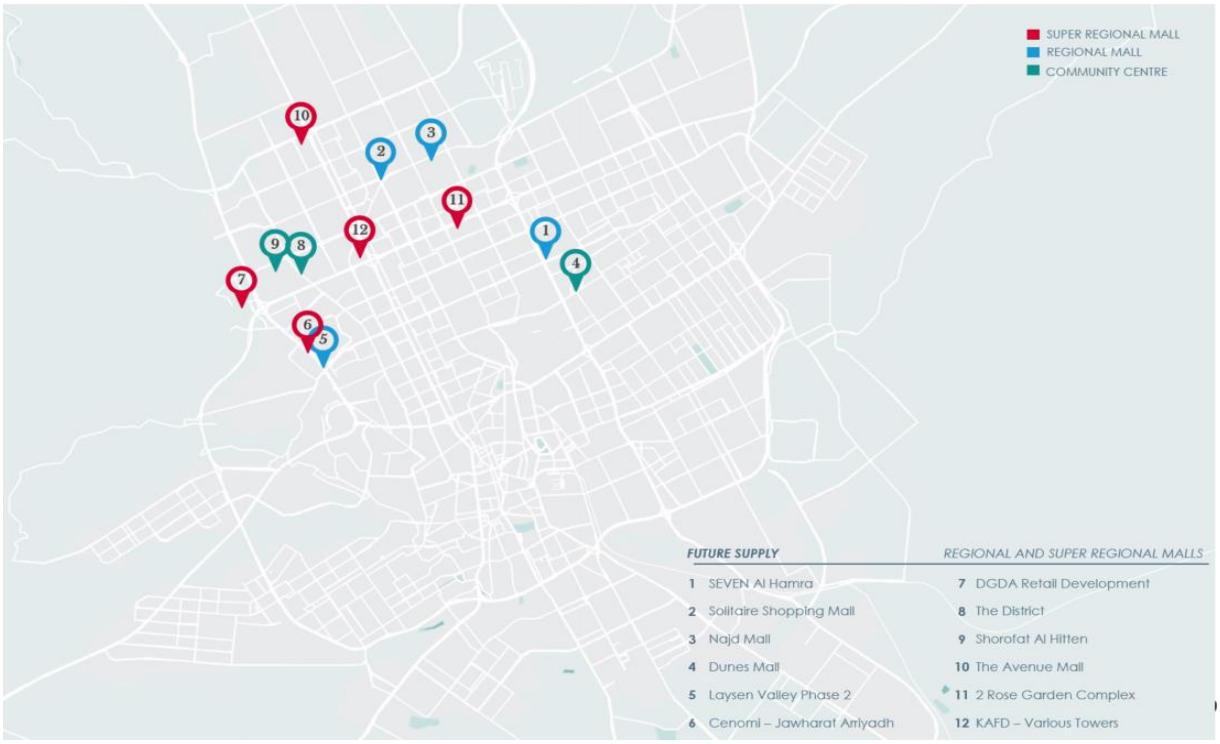
2.1.27 Riyadh Existing Quality Organised Retail Supply 1/2



2.1.28 Riyadh Existing Quality Organised Retail Supply 2/2



2.1.29 Riyadh Future Quality Organised Retail Supply



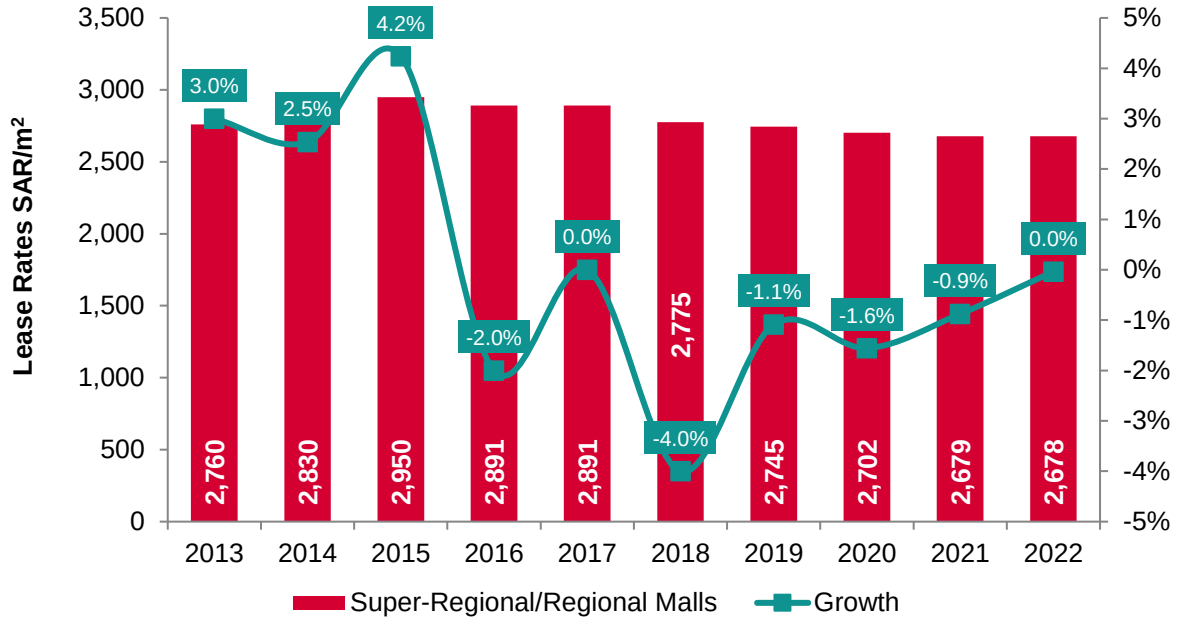
2.1.30 Average Lease Rates in Quality Organised Retail Developments

Average regional and super-regional mall lease rates maintained performance over the last 12 months across the Saudi capital. Community malls (-0.8%) however have undergone slight rent softening.

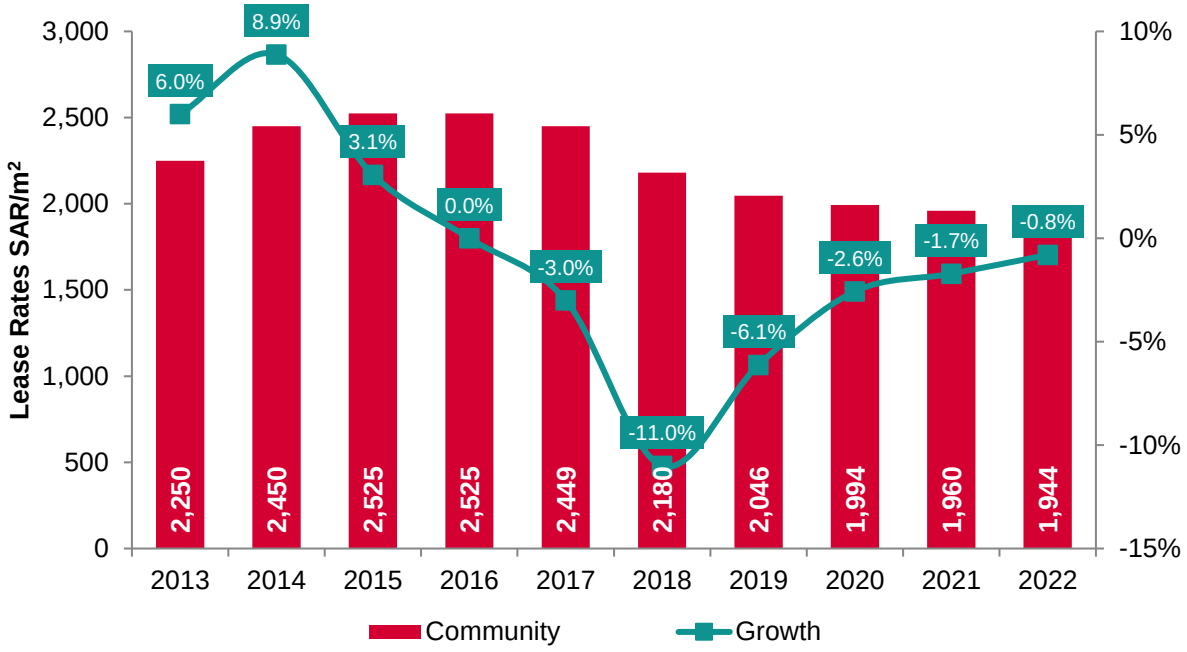
Furthermore, new supply continues to be delivered to the market, further dampening the prospects for a return to rent growth. While demand for new space decreased, developers have taken note of changing retailers' attitudes and expectations, with the majority of new supply focussing on lifestyle retail centres.

In general, we expect rents to remain within maintenance level until new completions contribute to further accelerations. Some 1.6 million sqm of retail space is due to complete by 2025.

Riyadh Super Regional & Regional Malls Lease Rates (SAR/m2)



Riyadh Community Malls Lease Rates (SAR/m2)



2.1.31 Key findings

Demand



This exceptional growth in residential prices is being fuelled by a growing demand which is underpinned by the strong job creation rates in the Kingdom's economic heart. Anecdotal evidence suggests that Riyadh has started to attract talent locally, regionally and internationally which has fuelled demand for residential properties. Furthermore, we are seeing a structural shift in the market's demand dynamics across Saudi Arabia, particularly in Riyadh. The younger Saudi nationals and expatriates are displaying a preference for apartments and townhouses over villas.

Supply



Over the past five decades, Riyadh has seen rapid growth in its urban limits, with the majority of developments taking place beyond King Salman Road to the North, and Eastern Ring to the North East, as the city continues to expand in these directions due to the availability of land in locations further away from the city centre.

Performance



The residential market in Saudi Arabia continues to expand at a rapid rate, as evidenced by the persistent strong price acceleration. Riyadh's house prices have increased at the highest rate since 2016. Indeed, apartment prices in Riyadh are up by 27.7% in the last 12 months, while villa prices have increased by 20% over the same period.

Government Initiatives



The real estate sector has been a keystone of government initiatives in recent years. Regulatory efforts such as the white land tax, the large housing schemes, and the various initiatives to expand the mortgage market and get Saudi nationals on the property ladder display clear intent from the government to engage with the issues facing the residential sector in the Kingdom.

Government Targets



Boosting homeownership among Saudi nationals is a key target of the government to increase Saudi home ownership to 70% by 2030. A broader target for the real estate sector is to increase its growth to 7% per annum doubling its contribution to GDP to 10% by 2020 as set out in the NTP and Vision 2030.

Outlook



The long-term outlook for Saudi Arabia's real estate sector remains positive, supported by several government initiatives aimed at stimulating the market. The residential property market is expected to pick up further growth in the long term as government housing initiatives tackle the shortage of affordability and increase homeownership rates for Saudi nationals, in line with Vision 2030.

2.1.32 Government Key Targets

Selected Government targets in relation to the housing sector

Privatisation

Establish PPPs to develop government land and fast-track licenses and special finance packages to encourage private sector investments in housing projects

Saudi home ownership

Increase the rate of home ownership among Saudi nationals to 70% by 2030

Increase affordability

Increase affordability by reducing the ratio between the average residential unit price to the annual income per capita by factor of five.

Selected Vision 2030 and NTP targets in relation to the real estate sector

Real estate sector growth

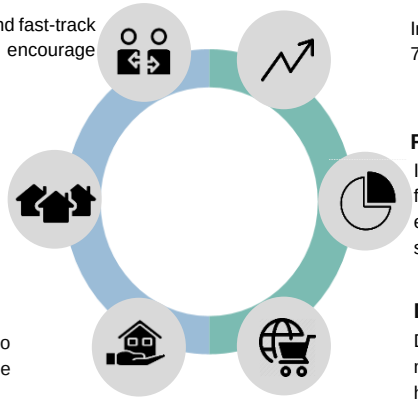
Increase the real estate sector's growth to 7% per year, up from 4%

Real estate sector role in

Increase the private sector's contribution from 40% to 65% of GDP with focus on energy, healthcare, housing and municipal services

Develop the retail sector

Develop and transform through applying modern solutions, enhancing e-commerce, to help increase retail sector contribution to GDP and job creation



Heavy government initiatives in the real estate market to increase GDP contribution.

Public and private focus to support the reform plans in the real estate market with NTP program

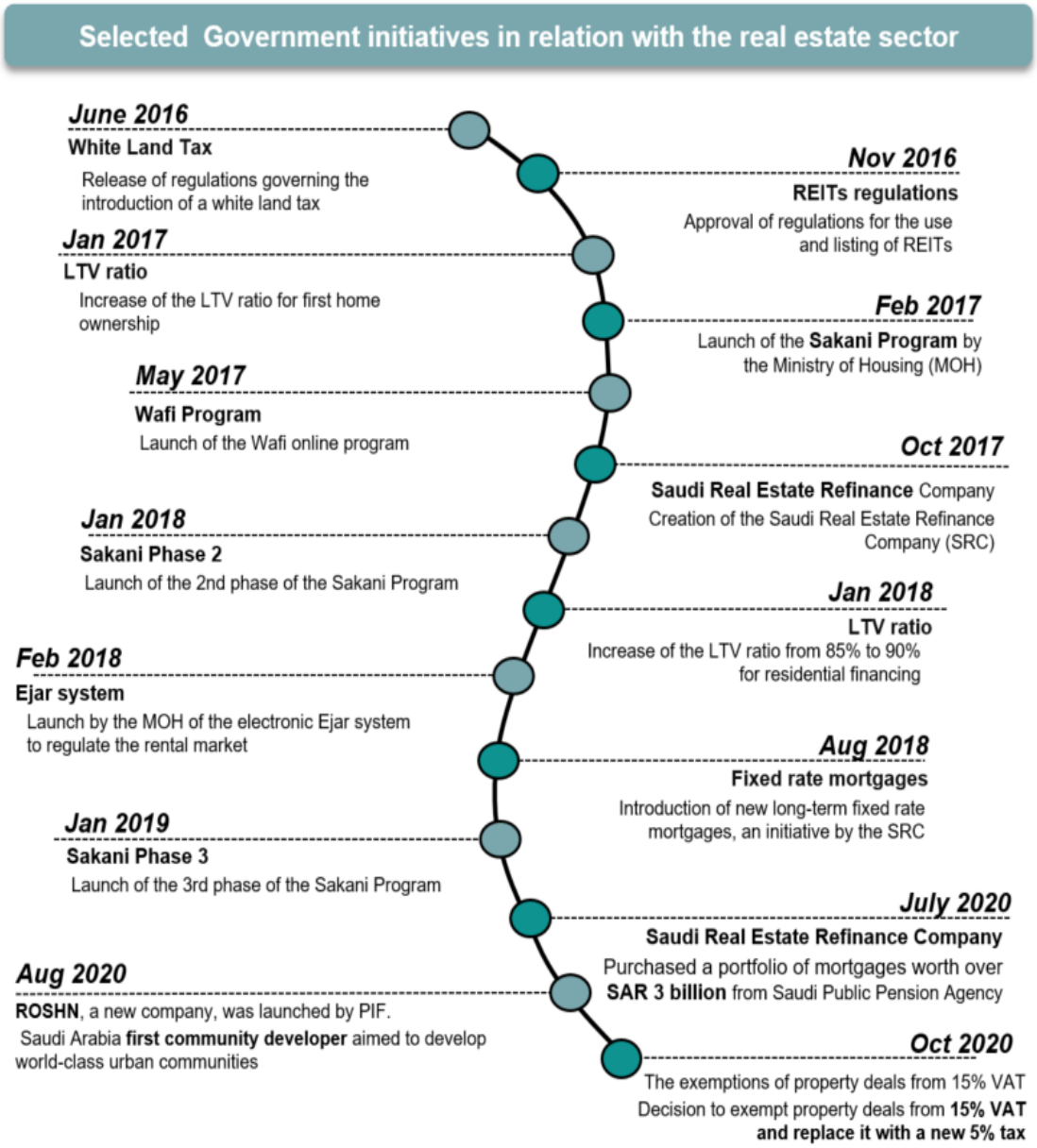
Boosting ownership and growing mortgage from REFD and SRC will enable more range options on the offering.

2.1.33 Government Key Initiatives - Takeaways

Regulatory efforts such as the white land tax, the large housing schemes and the mortgage law, display clear intent from the government to engage with the issues facing the residential market.

Ejar is designed to organize the relationship between the parties of the leasing process (tenant, landlord and real estate broker)

Wafi is a platform developed by the Ministry of Housing to enable developers to sell off-plan units and protect buyers in case the developer does not perform.



2.1.34 Residential Transactions Saudi Arabia - Takeaways

According to data from SAMA, growth in the number of contracts increases the financing mortgage volumes between 2018 and 2021.However, mortgage values dropped sharply by 21% y/y in 2022 to SAR 123 billion.

The mortgages on Villas have taken the most significant portion of the financing compared with others, reaching 69% on average in the last five years.

The value of apartment mortgages increased significantly in 2019 and 2020, reaching SAR 12.2 billion and SAR 22.9 billion, respectively. This upward trend continued in the years after.

The mortgages issued for land purchases account for the lowest portion (14%) of the total residential mortgages issued over the last 5 years. In fact, the last two years have seen a significant drop in the value of mortgages issued for land purchases.

Total	Years	2018	2019	2020	2021	2022
	Total Mortgages Financing (SAR)	30,230M	84,233M	155,335M	156309M	123,360M
	YoY of Mortgages	44%	179%	84%	1%	-21%
Villas	Villas Mortgages Financing (SAR)	23,855M	60,700M	96,735M	98,756M	85,514M
	Contributions	79%	72%	62%	63%	69%
	YoY	NA	154%	59%	2%	-13%
Apartments	APT Mortgages Financing (SAR)	3,880M	12,282M	22,908M	29,495M	28,574M
	Contributions	13%	15%	15%	19%	23%
	YoY	NA	217%	87%	29%	-3%
Lands	Lands Mortgages Financing (SAR)	2,495M	11,252M	35,691M	28,057M	9,272M
	Contributions	8%	13%	23%	18%	8%
	YoY	NA	351%	217%	-21%	-67%

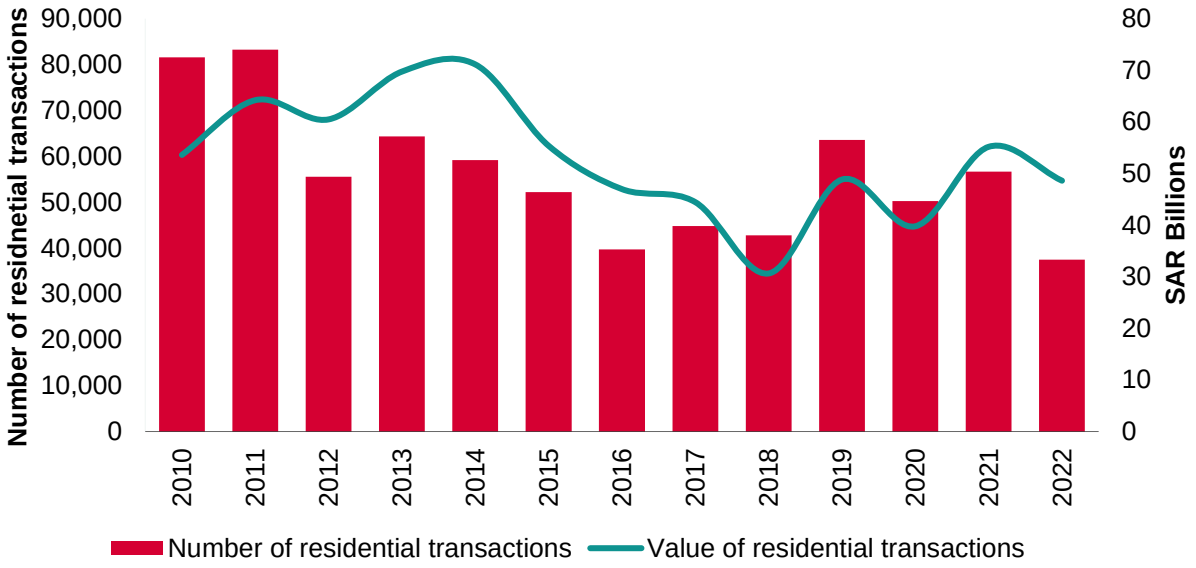
2.1.35 Riyadh Value and Volume of Residential Transactions

During 2022, the total number of transactions witnessed a 34% decline, compared to the same period last year.

Despite the decline in transaction volume, the overall value of transactions decreased at a far slower rate, demonstrating the price rise experienced in Riyadh over the previous year.

The residential market in Saudi Arabia continues to expand at a rapid rate, as evidenced by the persistent strong price acceleration. Riyadh's house prices have increased at the highest rate since 2016

Total Value and Volume of Residential Transactions – 2022



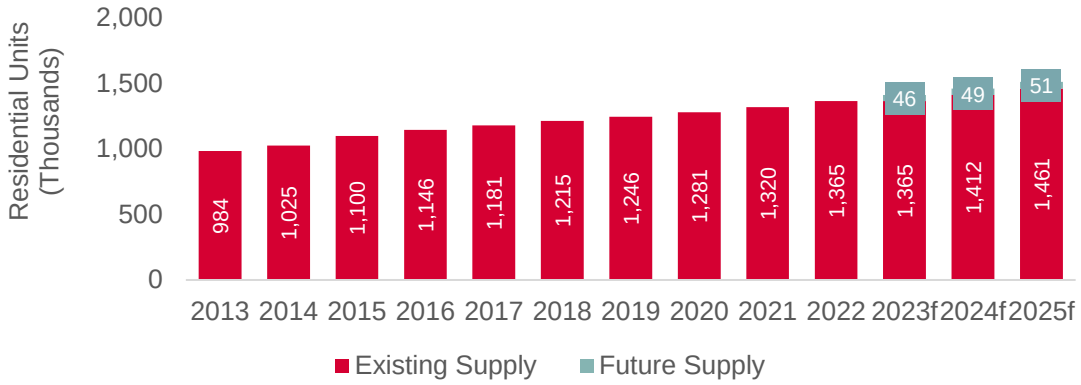
2.1.36 Evolution of Riyadh Residential Supply

Between 2015 and 2022, Riyadh's residential stock grew at a compounded annual growth rate (CAGR) of 3.1%.

Between 2022 and 2025, Riyadh's residential supply is expected to grow at a CAGR of 3.5%, a higher rate compared to the historical CAGR.

Riyadh's present residential stock is anticipated to be 1.36 million units and is predicted to rise to 1.51 million units by 2025, with the majority of new supply aimed toward the community-based middle-income sector.

Total Residential Supply

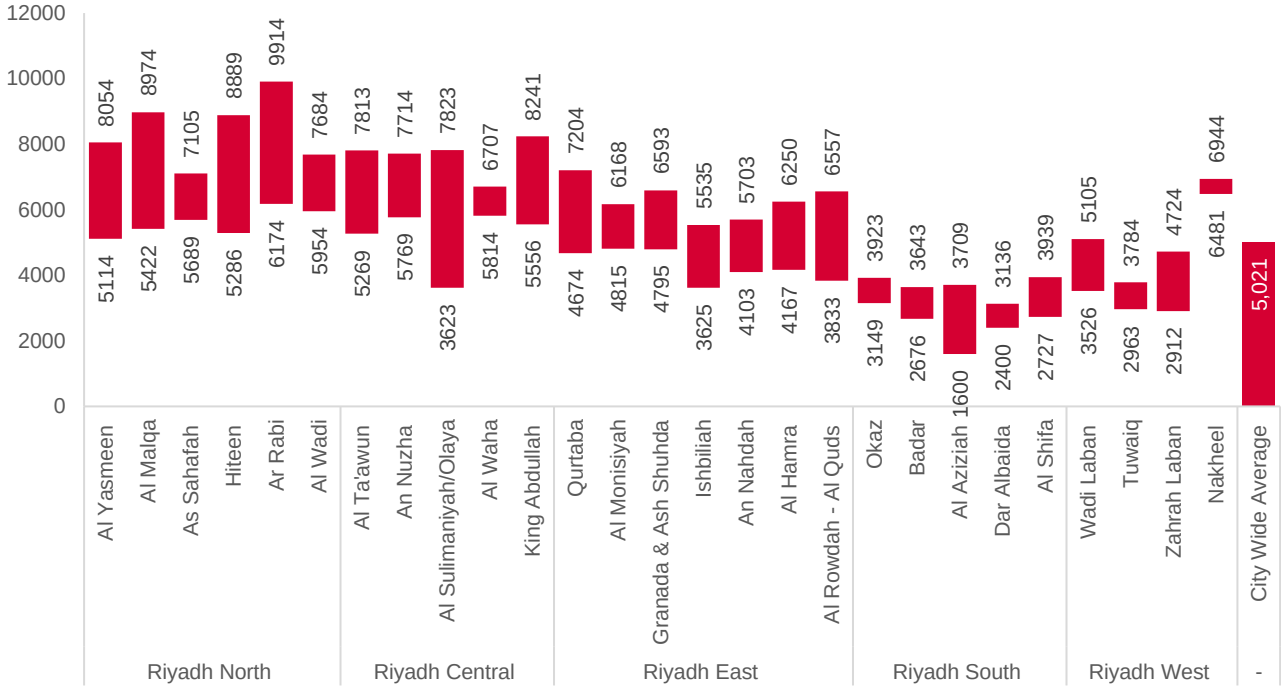


2.1.37 Riyadh Average Apartment Sale Rates by District

Riyadh's average apartment price has reached SAR 5,021 per square meter. The northern neighbourhoods, on the other hand, command far higher prices than the citywide average.

Developments are located close to amenities such as hospitals and schools, as well as premium commercial spaces. The sale prices are based on apartments sized between 150 sqm and 250 sqm.

Apartments Sale Prices by District (SAR/sqm) - 2022



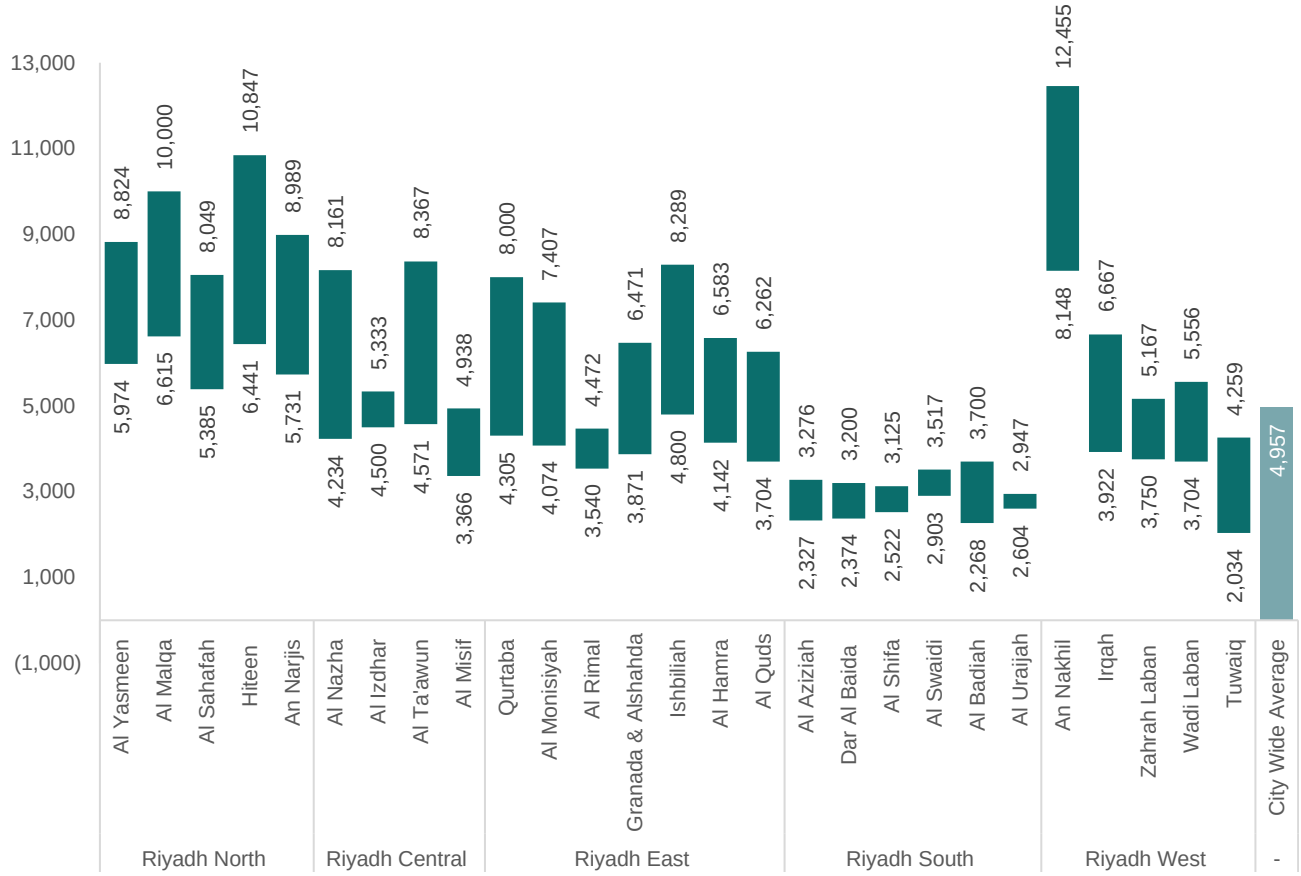
2.1.38 Riyadh Average Villa Sale Rates by District

The average sale price for villas across Riyadh's residential market stands at SAR 4,957 per square meter.

Areas with better infrastructure, proximity to good schools, hospitals, and shopping malls, and that provide more services and amenities fetch higher sales prices.

Similar to apartments, the Northern and Eastern neighbourhoods of Riyadh fetch higher sale prices than the South and Western areas.

Average Villa Sale Prices by District (SAR/sqm) - 2022



2.1.39 Key Demand Drivers

Manufacturing sector continues to expand



As Saudi Arabia continues to diversify its economy away from hydrocarbons, the manufacturing sector is fast emerging as a key component of the government's transformation efforts. Of the various lynchpins that sit at the heart of Vision 2030, the industrial and logistics sector is being positioned as a key catalyst of future growth in the Kingdom. The manufacturing sector contributes 8.6% to the total GDP of Saudi Arabia in 2022. Moreover, it has achieved an annual growth rate of 7.7%

Soaring demand for high-quality stock



The demand for warehouse facilities and logistics hubs is strengthening across the kingdom. The majority of this demand is centred on larger, modern, technologically sophisticated facilities and is heavily connected to the Kingdom's megaprojects and the buoyant e-commerce sector. In addition, the increased activity in the local manufacturing sector is also contributing to the overall demand for warehouses

E-Commerce



The demand for light industrial properties has been steadily increasing in recent years due to the rise of e-commerce. As more consumers turn to online retailers, the need for warehouses and distribution centres to store and ship goods has grown. While many firms utilize both e-commerce and traditional markets, some companies rely solely on e-commerce. However, there are no significant firms that have made a complete shift from traditional markets to e-commerce.

Investment volumes growing



Foreign investments currently represent around 39% of the total investments in the industrial sector H1 2022. The high investment levels and growth in the sector are together fulfilling the strong demand for warehouse facilities and job growth in the sector. Furthermore, the presence of international occupiers, such as Amazon, can have an overall impact on the demand for industrial real estate in Saudi Arabia.

Opportunities



The growing demand for the light industrial sector presents a significant investment opportunity due to factors such as the rise of e-commerce and the presence of international occupiers. Which will offer light industrial facilities that meet international standards and specifications, which presents an opportunity for investors and developers to fill this gap in the market.

Future Outlooks

The adoption of the Built-to-Suite model is becoming a popular trend in Saudi Arabia's industrial real estate market. Built-to-Suite warehouses are custom-built to meet the specific requirements of a single tenant or occupier. These warehouses are built on a design-and-build basis, meaning that the tenant or occupier specifies the design and construction requirements, and the developer builds the warehouse to those specifications.

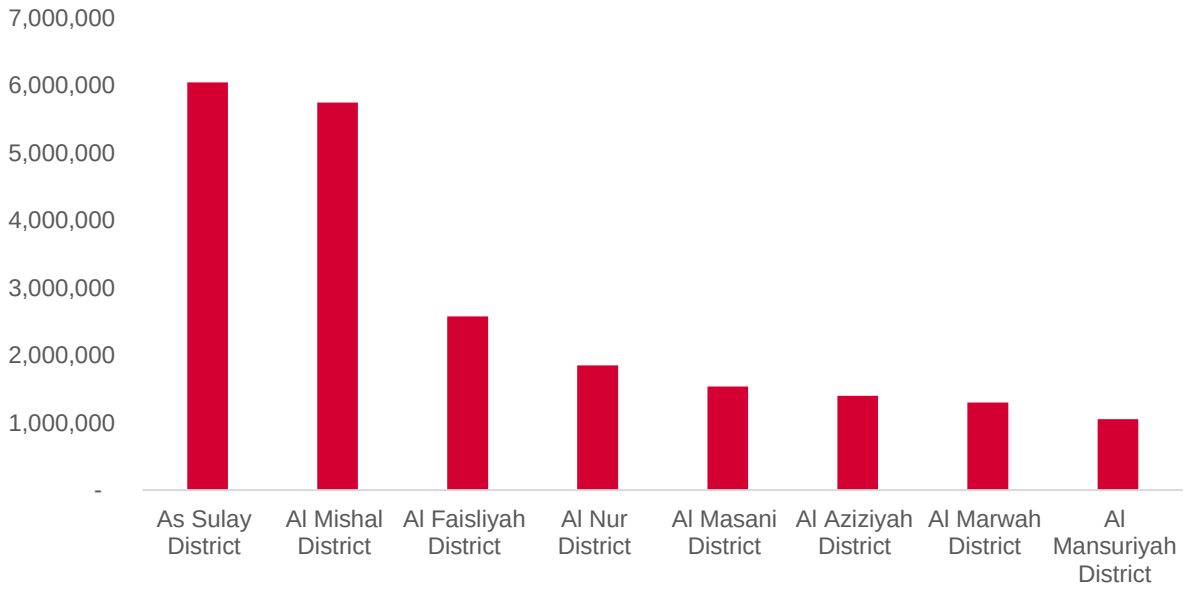
2.1.40 Organised Warehouse Facilities Supply

Riyadh's warehouse supply has significantly increased over the years, currently standing at a substantial 25.5 million sqm in 2022, with the presence of high-quality warehouses serving overall supply and demand in the industrial sector.

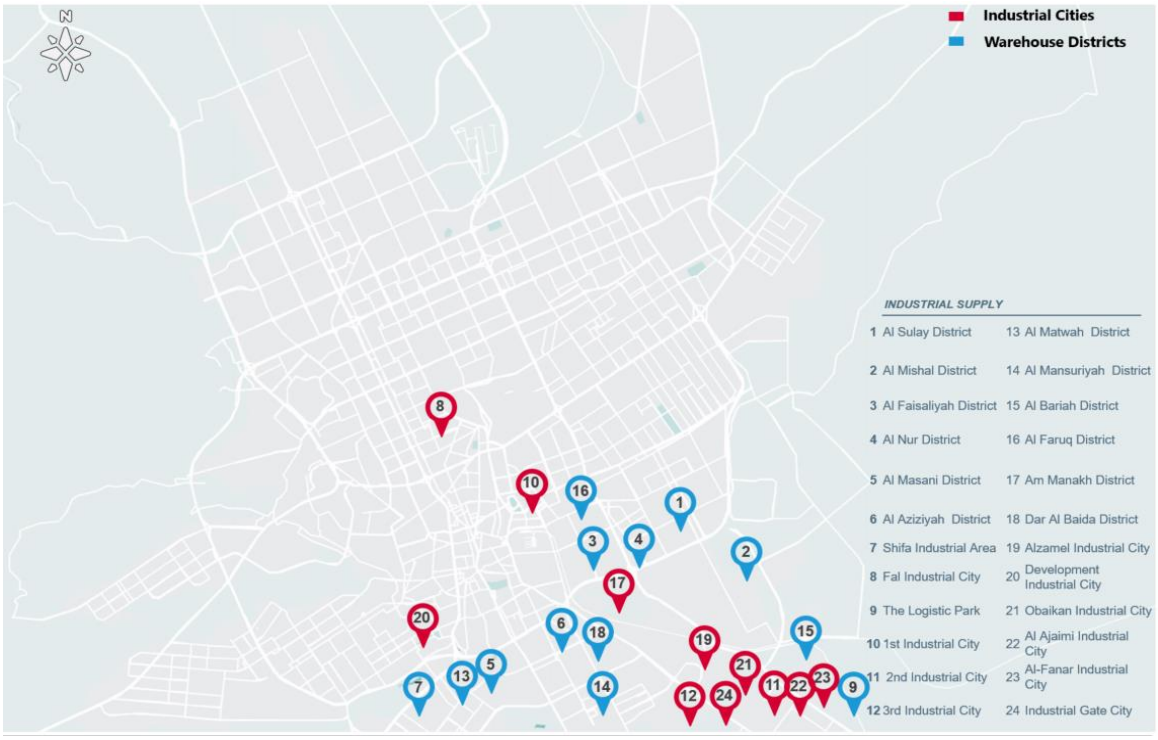
The districts of As Sulay and Al Mishal have become attractive locations for warehouse development in Riyadh due to their strategic positioning near transportation networks and major highways.

The common model in Riyadh for warehouses is a pre-built model. However, the build-to-suit model has started to gain popularity and it is expected to continue to rise in popularity

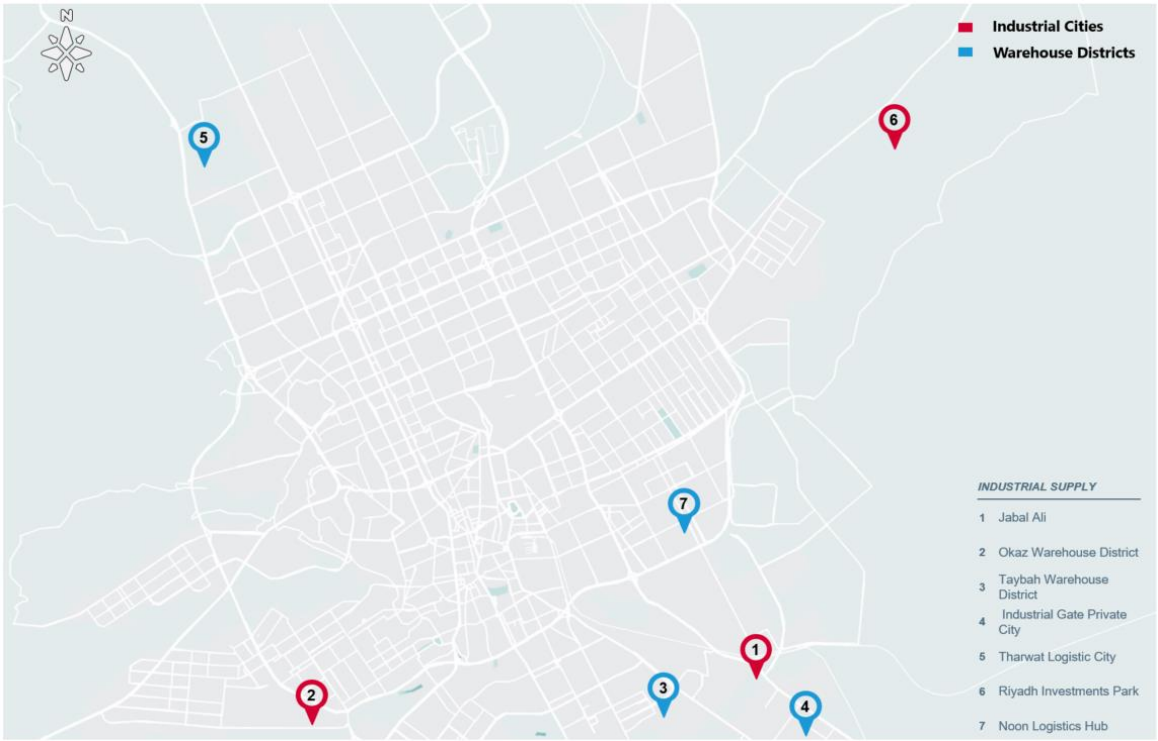
Riyadh Warehouse Supply (GLA sqm)



Riyadh Existing Quality Industrial Supply Sample



Riyadh Upcoming Organised Industrial Supply



2.1.41 Riyadh Industrial Market Performance

In Riyadh, lease rates are up 21.5% over the last 12 months and currently average 158 SAR/ Sqm, Logistic Park achieved the highest leasing rate of 250 SAR/ Sqm.

The better-quality space recording rents as high as 250 SAR/ Sqm. More secondary quality space currently lets for about 105 SAR/ Sqm. The delta between the two ends of the market is likely to widen further as the flight to quality intensifies.

As a result of the **demand influx**, occupancy levels increased across the city, with occupancy standing at around **96%.**

Lease Rates Per Industrial District and Average Occupancy Rate



Jeddah Macroeconomic Overview

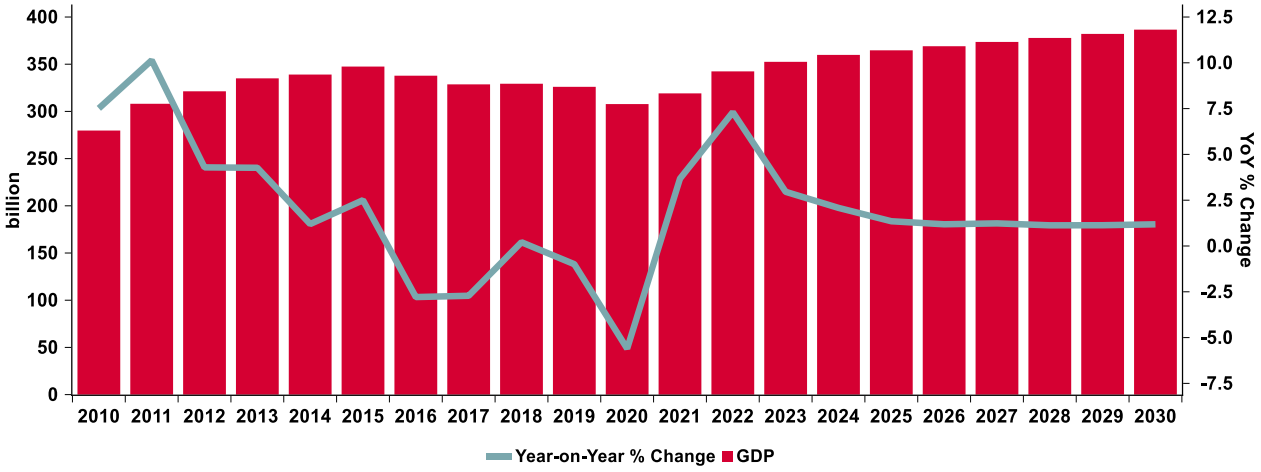
2.1.42 Jeddah GDP Growth, 2010 - 2030

Like elsewhere in Saudi Arabia, Jeddah's GDP contracted by 5.6% in 2020 as a result of the pandemic. However, it was able to rebound in 2021 with 3.7% growth.

Together, the government's efforts to diversify the economy and the rise in oil prices have had a positive effect on the Saudi economy. Therefore, Jeddah's GDP is expected to grow by 7.3% in 2022.

Jeddah's economy recorded a historical CAGR of 1.3% between 2010 and 2021. From 2021 to 2030, this rate is expected to increase to 2.6% (Oxford Economics).

GDP Growth, 2010 - 2030



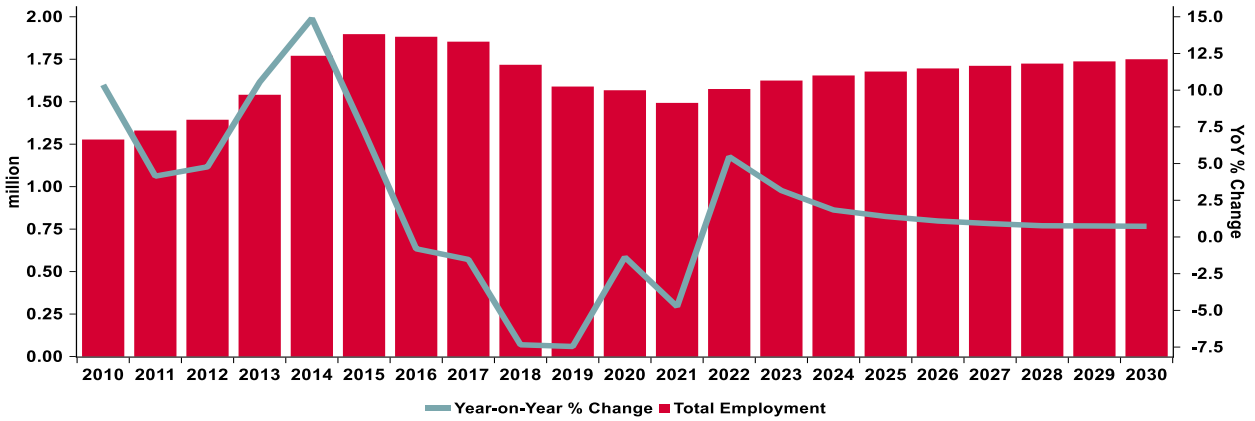
2.2.43 Employment Trends – Jeddah

Jeddah's employed population stood at 1.57 million in 2022 and is expected to reach 1.75 million in 2030, implying a CAGR of 1.3% between 2022 and 2030, lower than the historical CAGR which was registered at 1.8% between 2010 and 2022.

The employed population in Jeddah declined as a result of the departure of c. 278,000 expatriates from the workforce, a trend underpinned by the challenging economic backdrop and the Saudiization program.

The industry and consumer services sectors are the largest employment sectors in Jeddah, accounting for 38.7% and 26.5% of total employment, respectively, in 2022.

Total employment



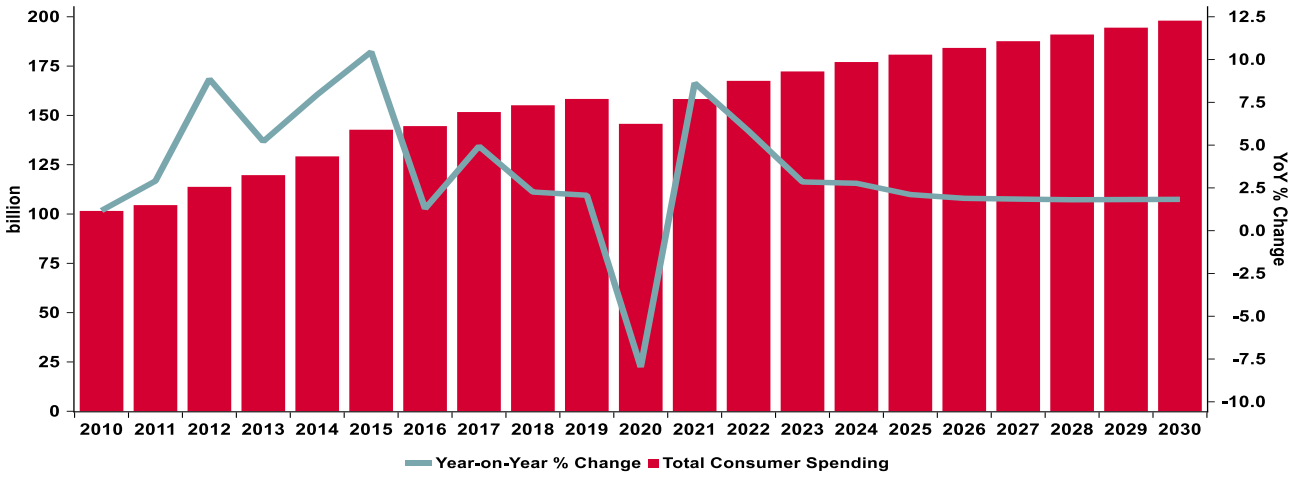
2.1.44 Consumer Spending – Jeddah

Consumer spending in Jeddah totalled SAR 167 billion in 2022, increasing by 5.8% compared to 2021. The increase was mainly driven by the Food & Beverage (F&B) sectors.

Consumer spending in Jeddah is expected to remain on an upward trajectory over the coming years, reaching SAR 172 billion in 2023. The compound annual growth rate is expected to decelerate to 2.1% between 2022 and 2030 versus 4.3% between 2010 and 2022.

Housing-related spending is the largest segment of consumer spending. The contribution to total spending rose from 20.5% in 2010 to 23.7% in 2022 and is expected to reach 24.3% by 2030

Consumer Spending



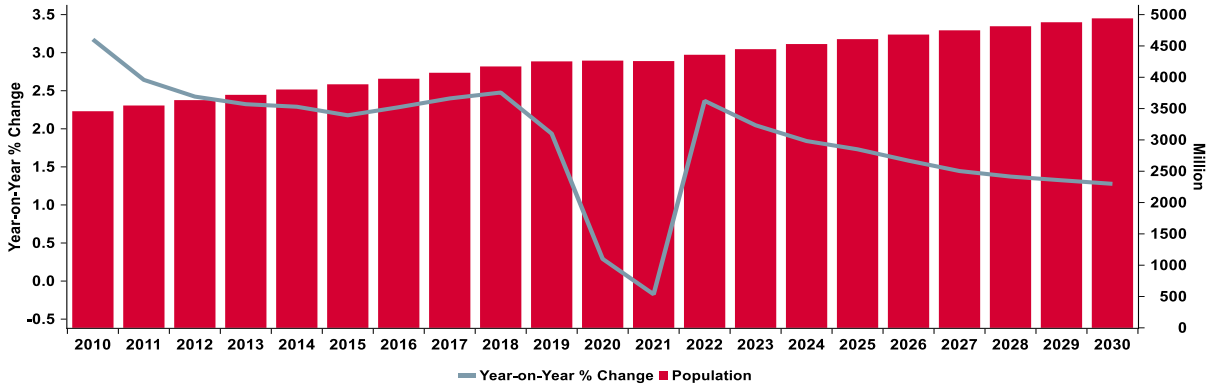
2.1.45 Population – Jeddah

The population segmentation of Saudi Arabia shows that c. 67% of the population is concentrated in three provinces, namely Makkah, Riyadh, and the Eastern Province.

Jeddah is the most populous city in the Western Province, with a population standing at 4.3 million as of 2022, according to Oxford Economics.

Jeddah's population is expected to grow at a CAGR of 1.6% from 2022 to 2030, reaching 4.9 million by 2030. A large and growing population, albeit at a slower pace than in previous years, will continue to drive demand for goods and services in the medium to long term.

Population Evolution



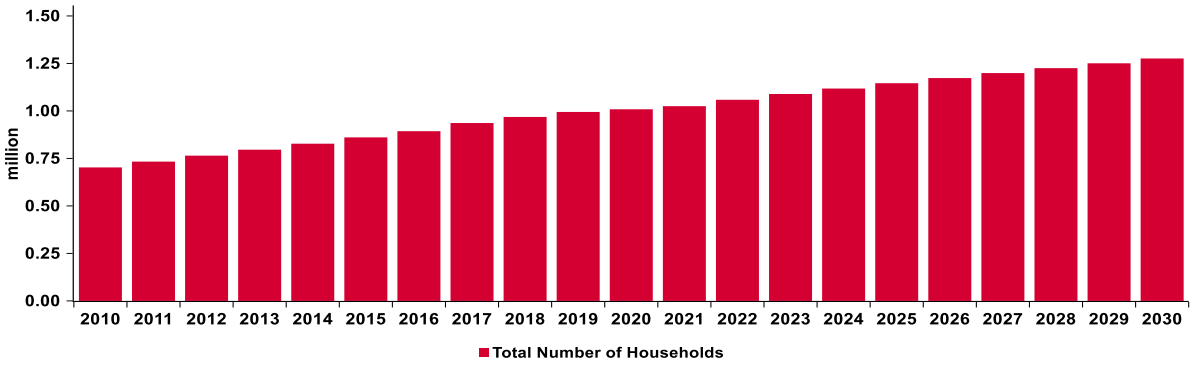
2.1.46 Jeddah Total Number of Households

The total number of households in Jeddah stood at 1.1 million in 2022. The population is expected to grow at a CAGR of 2.5% between 2022 and 2030, where the total number of households is forecast to reach 1.3 million by 2030.

The average household size in Saudi Arabia stood at 5.52 individuals in 2022, however, the figure is lower for Jeddah at an average of 4.62 people, due to the higher share of expats in the city, compared to the national average.

The average household size in Jeddah is expected to reach 4.50 individuals by 2030. The decline in household size is expected to strengthen demand for higher-density developments, as households try to find more affordable units.

Total Number of Households

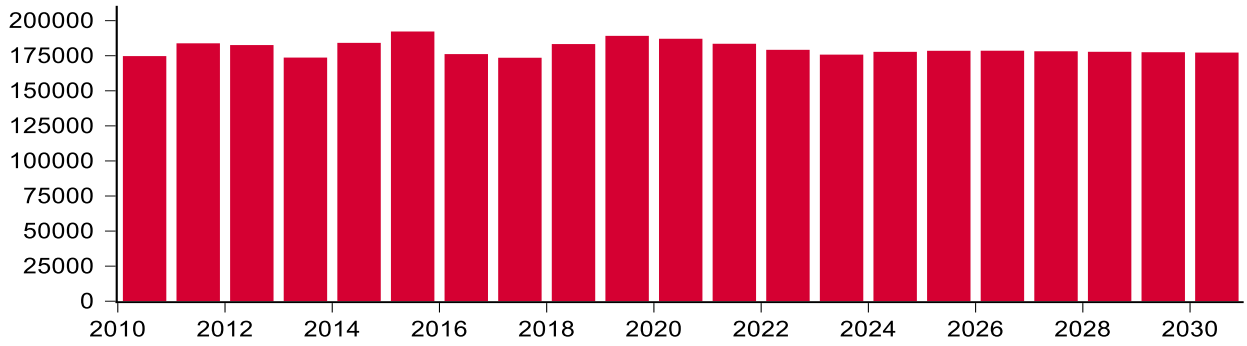


2.1.47 Household Disposable Income – Jeddah

In 2022, the average household personal disposable income decreased by 2.3% to SAR 79,217 from SAR 183,527 in 2021. Based on the forecast, it is expected that the average household disposable income will remain largely at the same level over the forecasted period.

The growth in average household personal disposable income has generally been unimpressive over the past few years and has exacerbated the rising housing affordability challenge in the city.

Average household disposable income

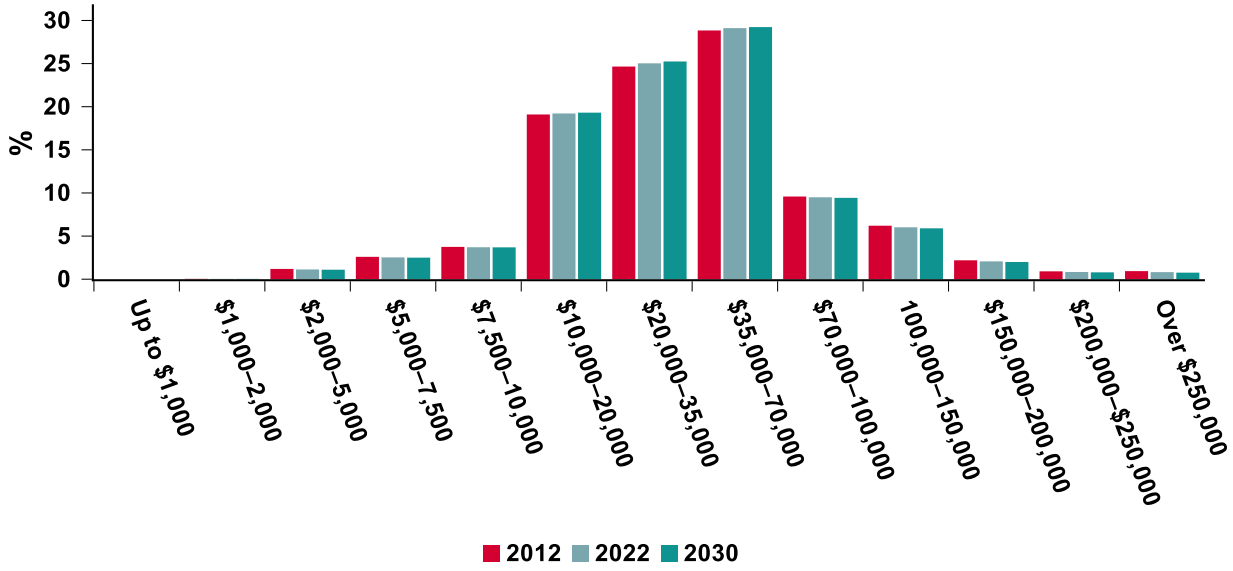


2.1.48 Jeddah Household Disposable Income in SAR

In 2022, 48.9% of households in Jeddah were within income bands above USD 35,000, this share is expected to marginally decrease, reaching 48.7% in 2030.

51.1% 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 2022 and 2030.

Household Disposable Income in SAR



Jeddah Office Market Overview

2.1.49 Key Findings

Demand

After being somewhat muted since 2016, demand for office space in Jeddah started picking up in 2022. Commercial activity in Jeddah has been picking up, especially with the formation of the Jeddah Governorate Development Authority, which will work with local entities to develop initiatives and attract businesses.

Supply

By the end of Q1 2023, the existing office supply stood at 1.2 million sqm, mainly dominated by Grade B office stock. The current pipeline suggests that the supply is expected to increase to around 1.3 million sqm by 2025. The upcoming supply is expected to include projects such as Rusd Towers and Trio Plaza.

Lease Rates

The office market in Jeddah started showing signs of recovery during 2022 as commercial activity started picking up. During Q1 2023, Grade A office rents stood at around SAR 1,125 per sqm, increasing at an annual rate of 9%. Similarly, Grade B rents increased by around 6%, reaching SAR 750.

Government Initiatives

The transformation of the Jeddah Projects Management Office into the Jeddah Development Authority will transform the city from an economic perspective, diversify national sources of income, and create jobs. Additionally, projects, such as Jeddah Central, are expected to revitalize and revive the city.

Occupancy Rates

Vacancy levels in the across office segments were rising between 2013 and 2021. However, vacancy levels began to fall throughout the first nine months, a trend supported by a lack of significant supply mixed with an upward rise in demand. In Q1 2023, market-wide vacancy levels edged downward, standing at 11%.

Outlook

The lack of supply of notable quantum, combined with the upward creep in demand, suggests that rents will continue to rise. Office developments that are part of a mixed-use project are expected to attract more tenants as they prioritise experiential factors when selecting a workplace.

2.1.50 Office Buildings Classification: Definition

Commercial buildings are classified into three main categories: Grade A, Grade B, and Grade C based on several factors such as the location of the property, age, maintenance, landlord credibility, and rated tenants. Grade A tends to be the most sought-after category, but it is subject to the tenant and their needs and the available budget.

	Grade A	Grade B	Grade C
Building specifications	• Premium architecture with state-of-the-art finishing • Located in prime areas within central business districts	• Dated interior but properly maintained • Located around or close to central business districts	• Dated interior and not properly maintained • Located in old business districts or main city roads
Tenant Profiles	• Multinational/International • Large corporates	• Local firms • Small to medium enterprises	• Small businesses
Parking	• Adequate tenant parking • Guests parking available	• Adequate tenant parking	• Minimal parking
Building Features	• Advanced security system and security personals available • Gym, café, restaurants	• Security system or personnel available • Minimal facilities	• Minimal security presence • No additional facilities
Lease Rates	Premium rental rates	Average rental rates	Lower than average rental rates

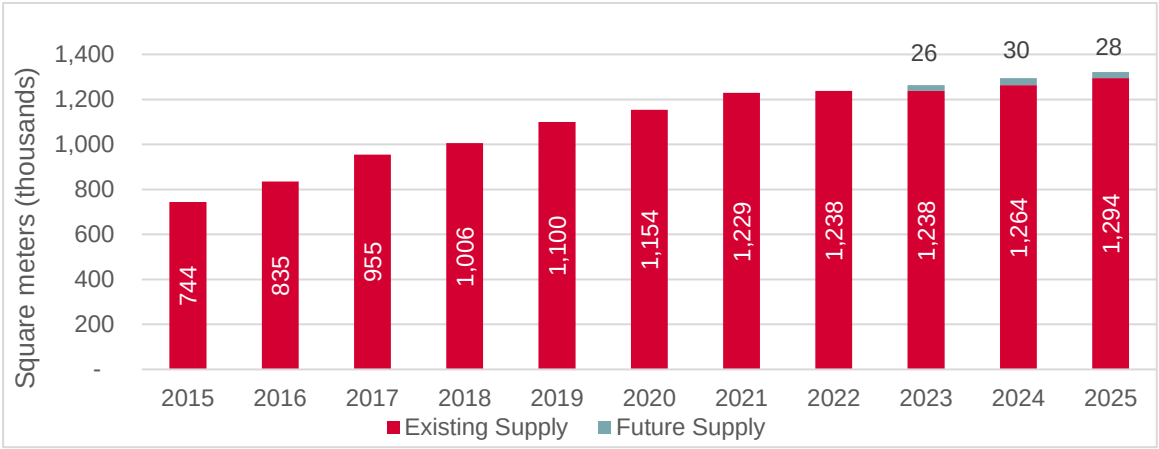
2.1.51 Evolution of Quality Supply

Between 2015 and 2022, Jeddah's office stock compounded an annual growth rate (CAGR) of 6.6%.

Between 2023 and 2025, Jeddah's office supply is expected to grow at a CAGR of 1.5%, significantly lower than the historical CAGR.

Upcoming projects include Trio Plaza and Rusd Tower, both on King Abdulaziz Road and other smaller office developments spread across Jeddah's commercial districts.

Office Supply

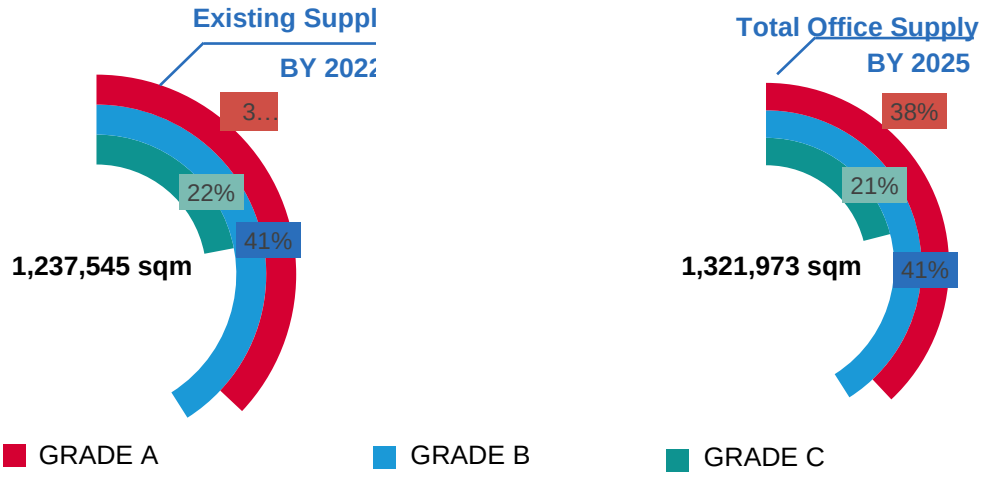


2.1.52 Distribution of Existing Office Supply by Categories (sqm GLA)

As of Q1 2023, the total GLA of office space stands at over 1.2 million sqm. Grade B developments make up the majority of the supply (41%).

The total office market is expected to witness the addition of around 84,000 sqm of quality GLA by 2025, assuming no further construction delays.

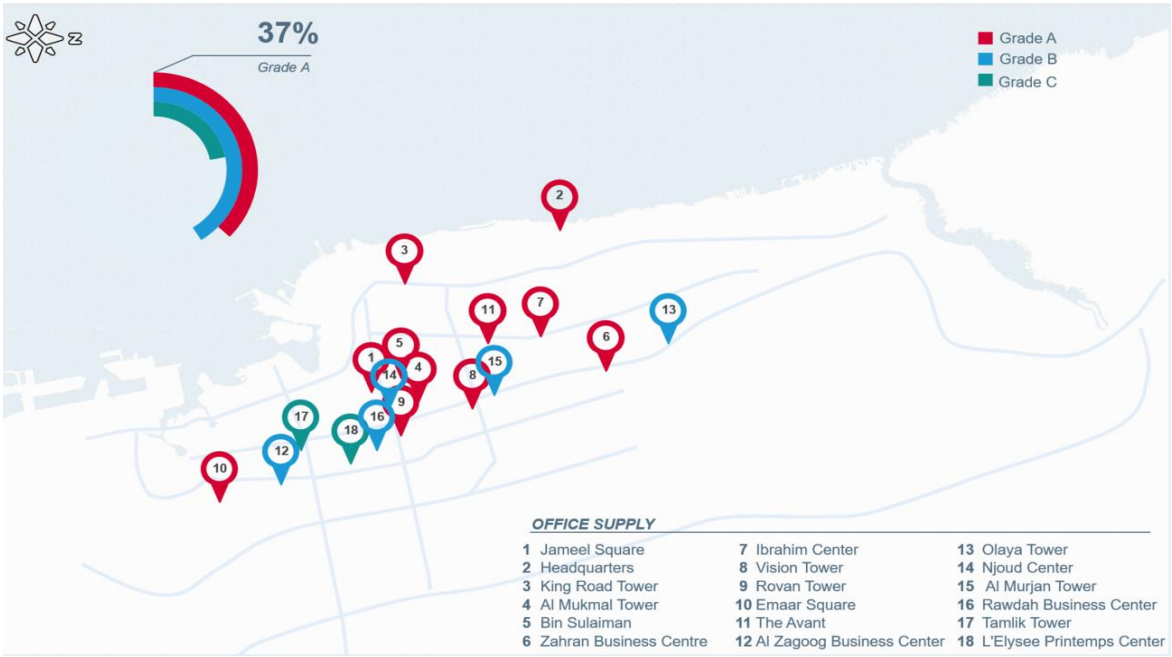
The majority of the upcoming office developments are part of mixed-use properties, where several commercial components are combined- especially office and retail.



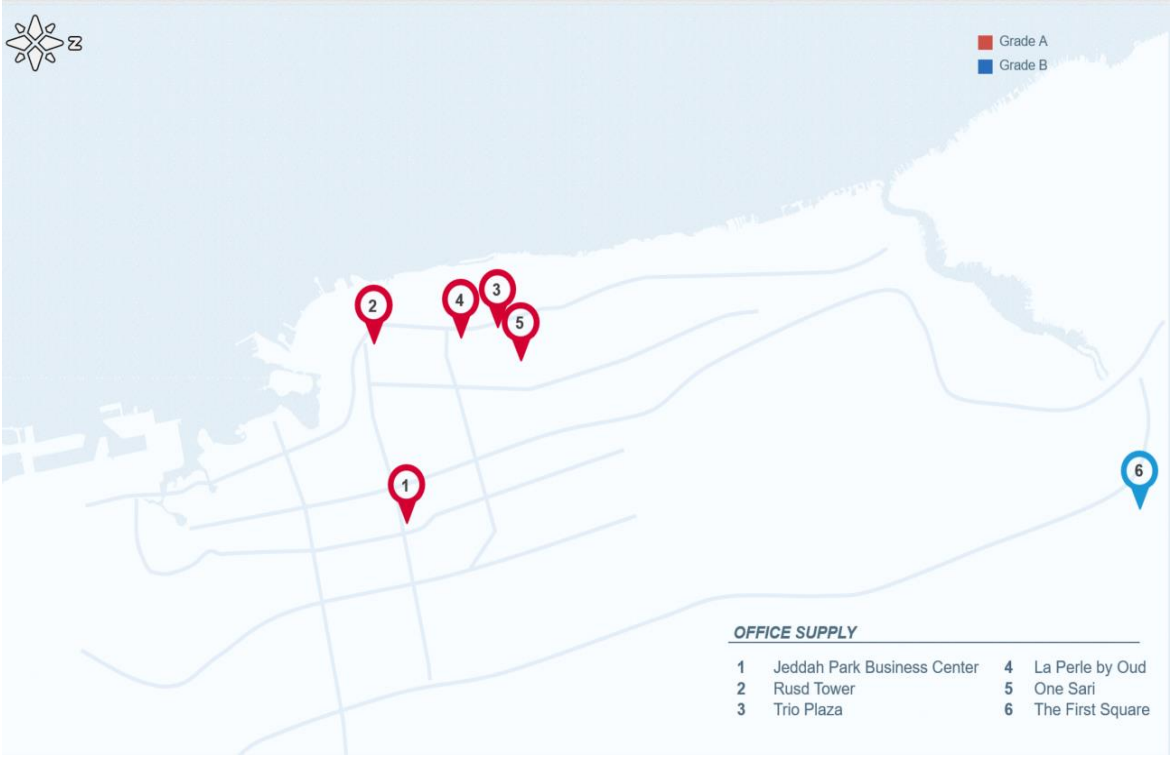
2.1.53 Jeddah Existing Quality Supply Samples

Prime and Grade A office space account for a total GLA of c. 505,000 square meters. c. 37% of the total leasable space in Jeddah. The majority of this leasable space is located along Prince Sultan and King Abdul Aziz Streets.

Existing Quality Supply Samples



2.1.54 Jeddah Future Office Supply Sample



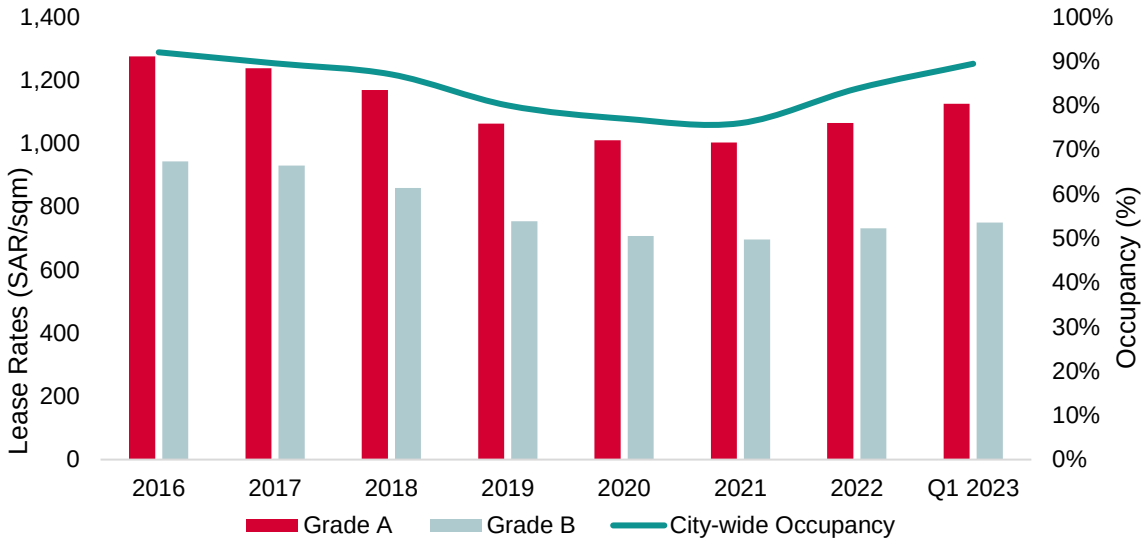
2.1.55 Average Lease Rates Across Office Spaces and City-Wide Occupancy Levels

Commercial activity in Jeddah started gaining momentum in late 2021 and continued in 2023 as local and international businesses started increasing their presence in the western region.

In Q1 2023, grade A office rents reached an average of **SAR 1,125 per sqm**, reflecting a 9.3% growth over the past year. Similarly, average Grade B office rents have reached **SAR 750 per sqm**.

As a result of the demand influx, occupancy levels increased across the city, with Grade A occupancy standing at around 94%, and Grade B occupancy standing at around 85%.

Jeddah grade A office lease rates (SAR/m2)



Jeddah Retail Market Overview

2.1.56 Key Findings

Demand

Demand for new retail space in Jeddah has remained subdued over the last 12 months. However, developments featuring F&B, entertainment, and recreational components (including the likes of Atelier La Vie and City Yard) have been able to maintain occupancy levels, averaging at around 90-95%. Retail occupiers are favouring trendier locations to capitalise on the rising footfall.

Supply

By the end of Q1 2023, the existing retail supply stood at 2.2 million square meters, mainly dominated by regional malls. The proposed retail pipeline is expected to increase the supply to around 2.7 million by 2025. The bulk of new supply will come from three super-regional malls: Souq 7; The Village; and Jawharat Jeddah.

Lease Rates

In 2021, rental rates across the retail market showed signs of weakness. Rents in Jeddah started showing signs of recovery in Q1 2022. Super regional and regional retail centres saw a 1.3% increase in average lease rates over the last 12 months. Meanwhile, lease rates in community retail centres remained unchanged.

Market Trends

As the retail supply continues to expand, the focus is being directed towards lifestyle, leisure and entertainment elements in shopping centres. These elements proved sustained footfall and increased dwelling times, combating the ever-growing threat of e-commerce.

Occupancy Rates

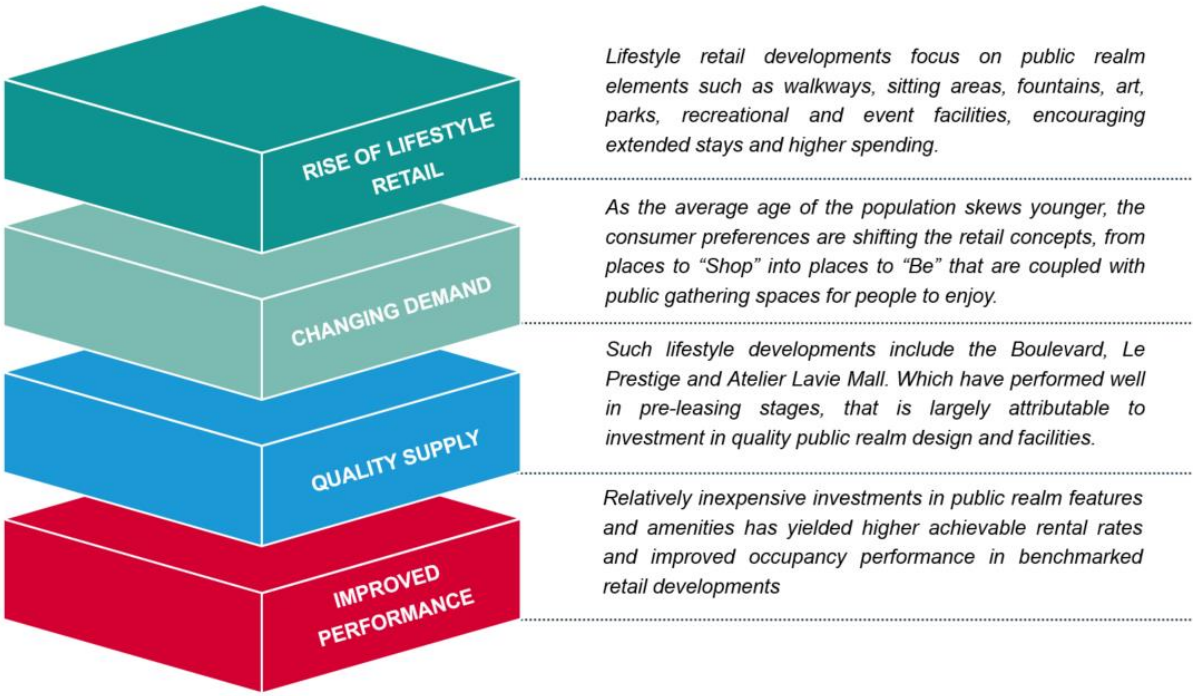
From 2013 to 2021, super-regional and regional malls have seen their vacancy levels trending higher. City-wide vacancy levels saw an annual decline of 3% during Q1 2023. Average vacancy levels currently stand at 12%, down from 15% last year.

Outlook

Given a large supply pipeline, lease rates and occupancy levels are expected to remain under pressure over the short term. However, we expect entertainment-focused retail development to show more resilience when facing challenging market conditions and enable them to outperform the rest of the market.

2.1.57 Rise of Entertainment and Lifestyle

As the retail supply pipeline continues to expand, we believe future supply will need to be lifestyle-oriented, with a focus on leisure and entertainment. A very large and growing population of young Saudi customers favour retailers that emphasize lifestyle-enhancing, experience-based platforms.



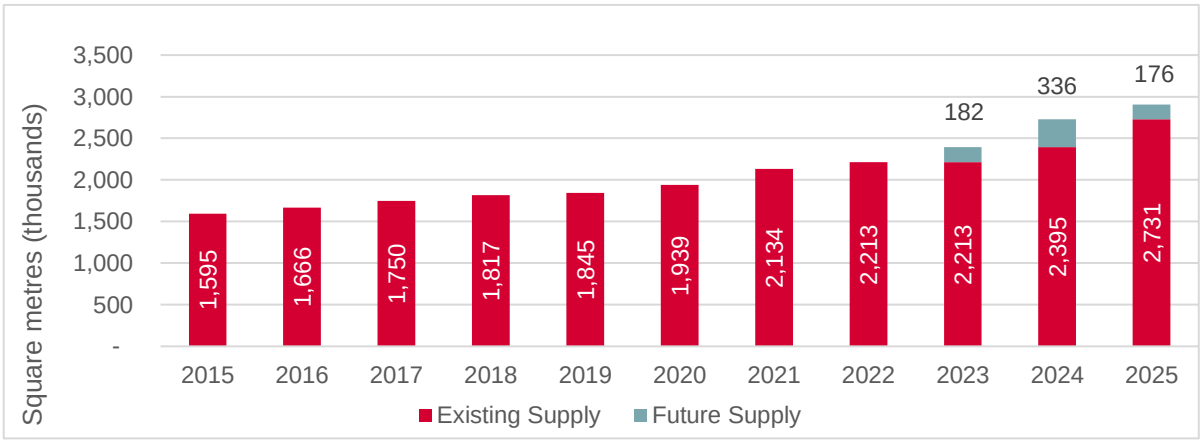
2.1.58 Evolution of quality organized retail supply

Between 2015 and 2022, Jeddah's retail stock grew at a compounded annual growth rate (CAGR) of 4.2%.

Between 2023 and 2025, Jeddah's retail supply is expected to grow at a CAGR of 7.3%, a much higher rate compared to the historical CAGR.

Upcoming projects include 3 super regional malls: Souq 7; The Village; and Jawharat Jeddah. In addition to other smaller developments, such as U-walk and Trio Plaza.

Evolution of Jeddah Retail Supply

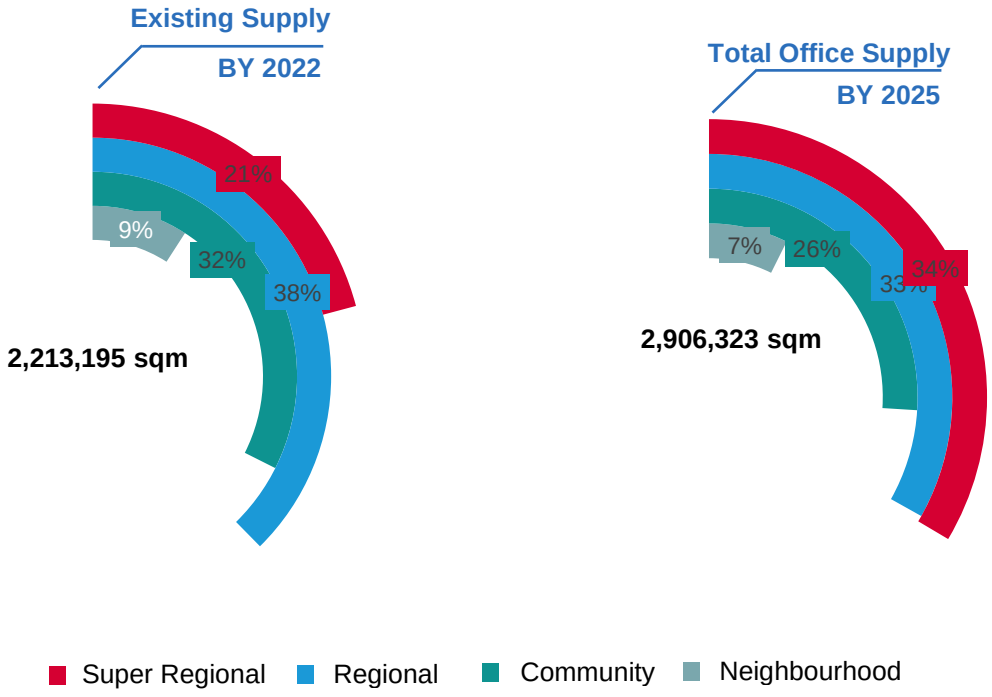


2.1.59 Evolution of quality organized retail supply

As of Q1 2023, the total GLA of office space stands at over 2.2 million sqm. With quality regional centres making up the majority of the supply.

The total retail market is expected to witness the addition of around 700,000 sqm of quality GLA by 2025, assuming no further construction delays.

Developers are seeking to enhance consumer experiences and increase dwelling times through tenant mixes and increasing F&B or entertainment elements in their retail developments.



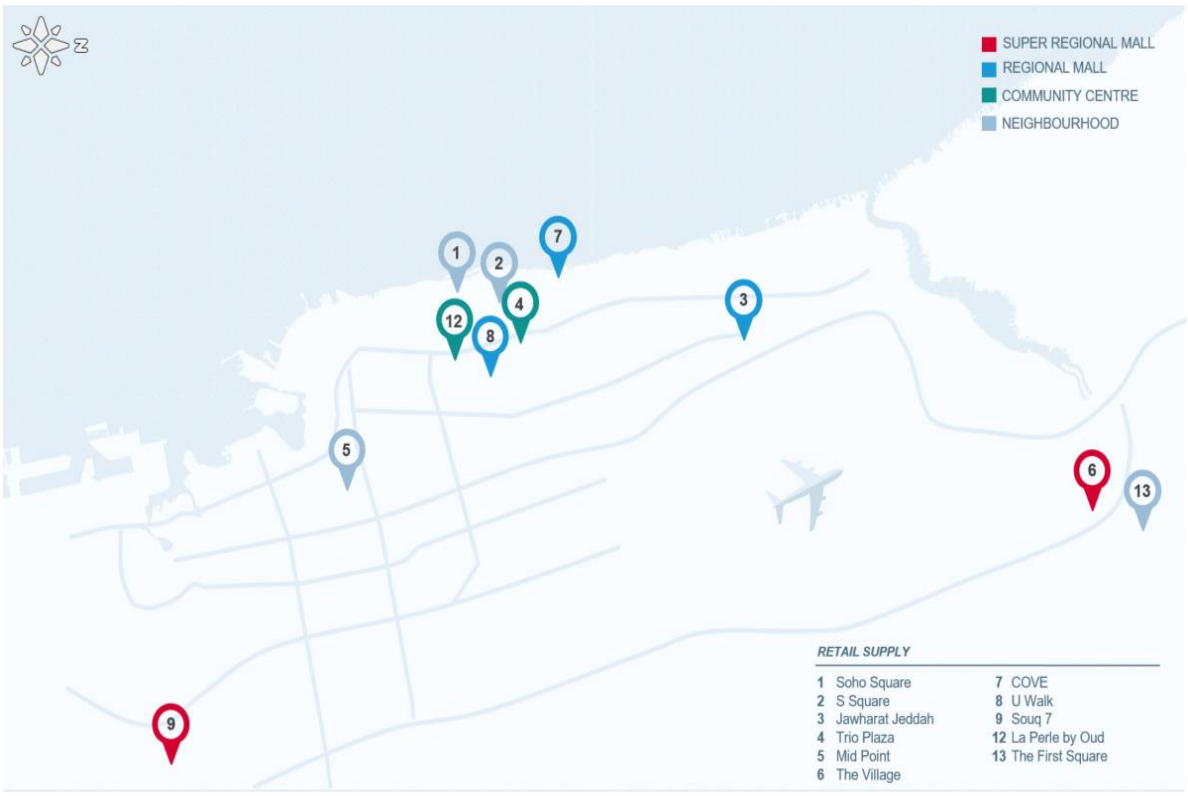
2.1.60 Jeddah existing quality organised retail supply 1/2



2.1.61 Jeddah existing quality organised retail supply 2/2



2.1.62 Jeddah future quality organized retail supply



2.1.63 Average Lease Rates in Quality Organised Retail Developments

The rise of lifestyle retail developments and their ability to maintain occupancy levels and lease rates has encouraged owners of traditional retail centres to enhance their offerings and tenant mix.

In Q1 2023, Super regional and regional mall rents reached an average of SAR 2,651 per sqm, increasing by 1.3%. Community retail centres remained relatively stable at SAR 1,725 per sqm.

City-wide occupancy levels have been declining across traditional retail centres since 2020 as a result of changing consumer behaviours. Currently, occupancy standing at 85%, down from 88% during Q1 2022.

Average Lease Rates Across Retail Types and City-Wide Occupancy Levels



DMA Macroeconomic Overview

2.1.64 Key findings

Economic Outlook



The Eastern Province is heavily dependent on the hydrocarbon sector. Given its reliance on the hydrocarbon sector, the Eastern Province economy has expanded significantly in 2022. Unsurprisingly, the recent jump in oil prices appears to be supporting an increase in government oil-related revenue, which underpins DMA's 12.2% GDP growth for 2022, the highest in all the regions (Exford Economics).

Tourism & Real Estate



As part of Saudi Arabia's economic diversification efforts, tourism, both business and leisure and real estate development have been identified as areas with significant potential in the Eastern Province. The Eastern Province has various attractions and potential for tourism development. The region's rich cultural heritage, historical sites, beaches, and natural landscapes provide opportunities for leisure tourism.

Mining Industry



A central aim of Vision 2030 is to expand the Kingdom’s mining industry with a growth target of SAR 97 billion, and 90,000 jobs. The Eastern province is likely to play a significant role in the expansion of this industry.

Economic Cities



A key pillar of government plans is the development of “economic cities”, one of which will be located in the Eastern Province, that initiated around USD 70 billion of investment. The establishment of these cities should lessen the region’s vulnerability to oil price fluctuations.

King Salman Energy Park



The Eastern Province will continue to be the focal point of Saudi Arabia’s strategy to maintain its dominance in the global energy market. One of the largest energy projects in the Eastern Province is the Kind Salman Energy Park (SPARK) to be undertaken by Saudi Aramco. It is estimated that the energy park will contribute SAR 22.5 billion to the national GDP annually once fully developed by 2035.

2.1.65 DMA GDP Growth. 2010 - 2030



Like many other regions in Saudi Arabia and around the world, Dammam’s economy experienced a contraction in 2020 and a slower recovery in 2021 as a result of the COVID-19 pandemic. The contraction of Dammam's GDP by 5.6% in 2020 and a further contraction of 0.9% in 2021 can be attributed to factors such as reduced business activity, travel restrictions, and decreased consumer spending.

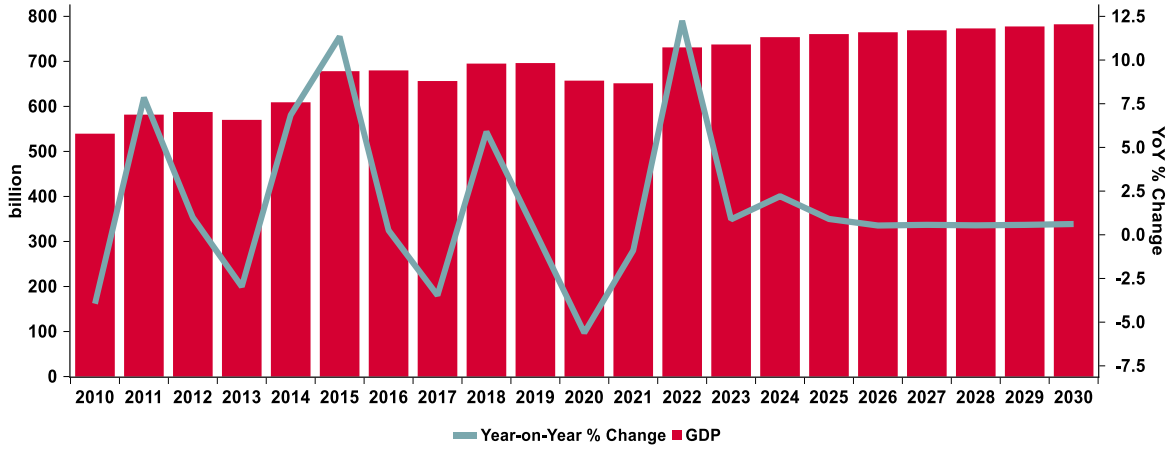


Together, the government's efforts to diversify the economy and the rise in oil prices have had a positive effect on the Saudi economy. Therefore, Dammam’s GDP is expected to grow by 12.2 % in 2022, (Exford Economics).



Dammam’s economy recorded a historical CAGR of 2.6% between 2010 and 2022. From 2022 to 2030, this rate is expected to decrease to 1% (Oxford Economics).

GDP Growth, 2010 - 2030



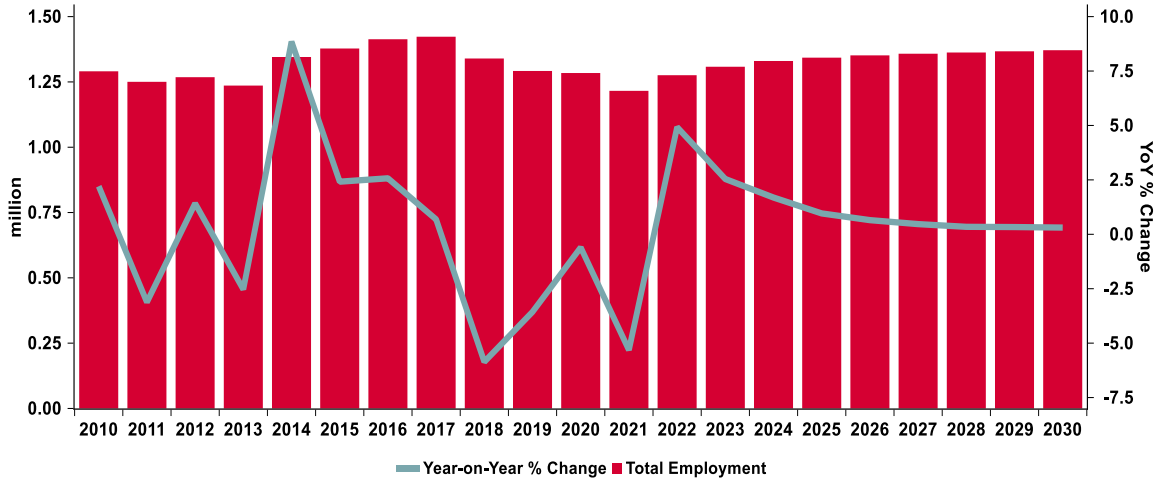
2.1.66 Employment Trends - DMA

Dammam's employed population stood at 1.27 million in 2022 and is expected to reach 1.37 million in 2030, implying a CAGR of 1% between 2022 and 2030, higher than the historical CAGR which was registered at -1.1% between 2015 and 2022.

The employed population in DMA declined as a result of the departure of c. 102,240 expatriates from the workforce, a trend underpinned by the challenging economic backdrop and the Saudization program.

The industry and consumer services sectors are the largest employment sectors in DMA, accounting for 53% and 19% of total employment, respectively, in 2022.

Total employment

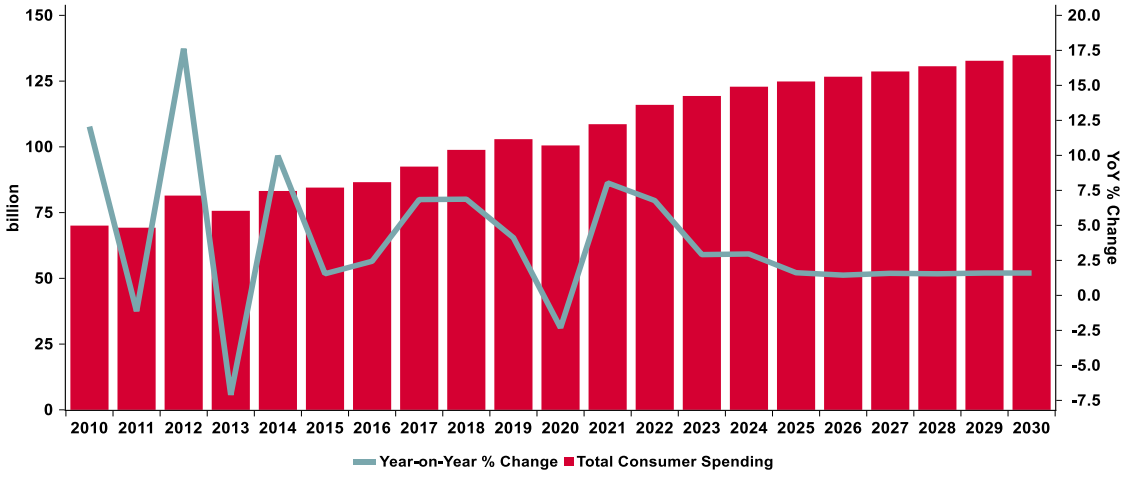


2.1.67 Consumer Spending - DMA

Consumer spending in Dammam totalled SAR 116 billion in 2022, increasing by 6.7% compared to 2021. Rising consumer spending can be influenced by various factors, such as improved economic conditions, increased disposable income, government stimulus measures, and consumer sentiment.

Consumer spending in Dammam is expected to remain on an upward trajectory over the coming years, reaching SAR 134 billion in 2023. The compound annual growth rate is expected to decelerate to 1.9% between 2022 and 2030 versus 4.6% between 2015 and 2022.

Consumer Spending



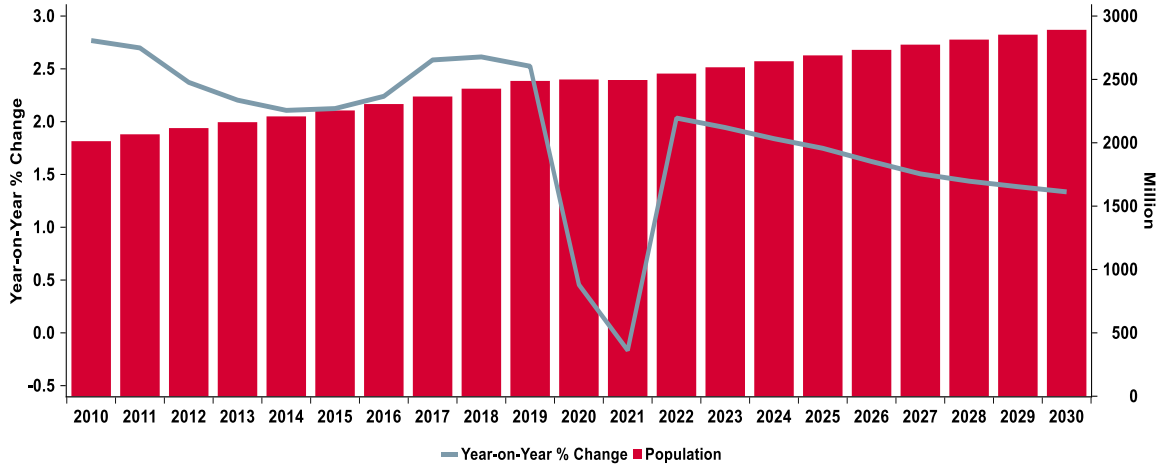
2.1.68 Population - DMA

The population segmentation of Saudi Arabia shows that c. 67% of the population is concentrated in three provinces, namely Makkah, Riyadh, and the Eastern Province.

Dammam is the most populous city in the Eastern Province, with a population standing at 2.5 million as of 2022, according to Oxford Economics.

DMA population is expected to grow at a CAGR of 1.6% from 2022 to 2030, reaching 2.9 million by 2030. A large and growing population, albeit at a slower pace than in previous years, will continue to drive demand for goods and services in the medium to long term.

Population Evolution

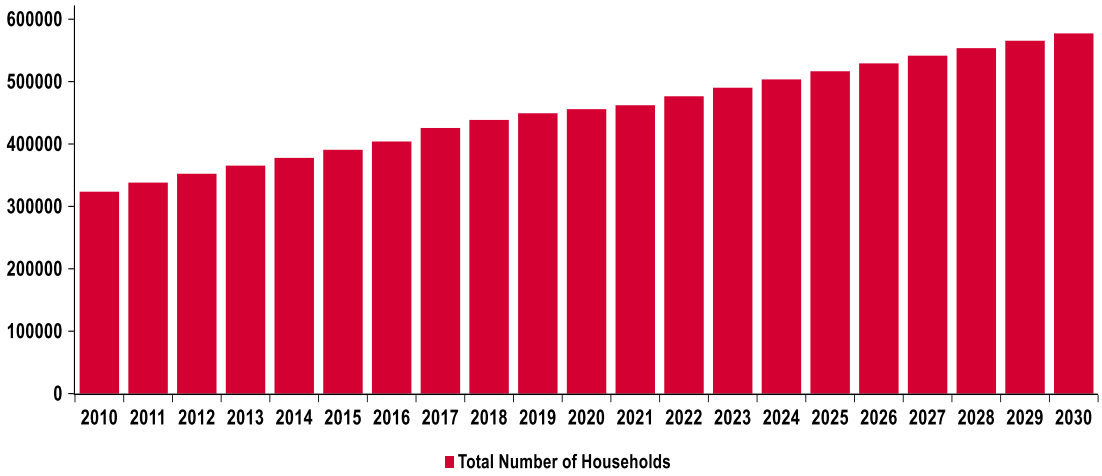


2.1.69 DMA Total Number of Households

The total number of households in DMA stood at 476,500 in 2022. The population is expected to grow at a CAGR of 1.6% between 2022 and 2030, where the total number of households is forecast to reach 577,260 by 2030.

The average household size in DMA stood at 5 individuals in 2022. The average household size for DMA is expected to reach 4.7 individuals by 2030. The decline in household size is expected to strengthen demand for higher-density developments, as households try to find more affordable units.

Total Number of Households

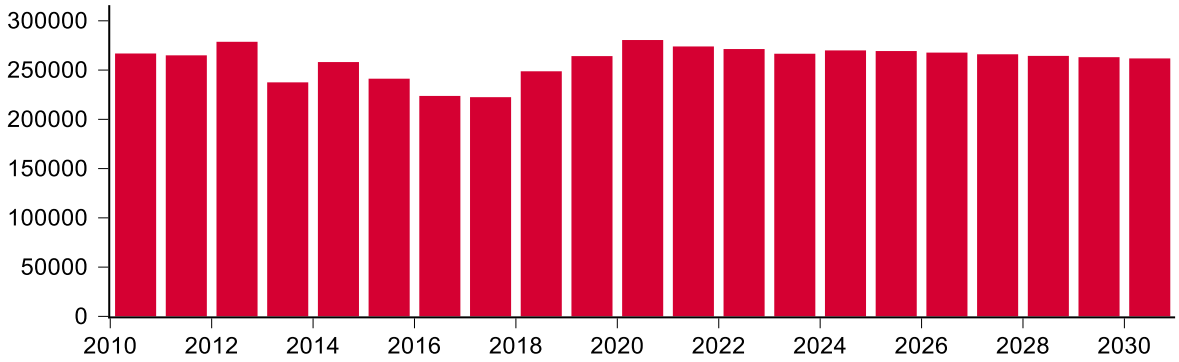


4.1.70 Household Disposable Income - DMA

In 2022, the average household personal disposable income decreased by 1% to SAR 271,328 from SAR 273,949 in 2021. Based on the forecast, it is expected that the average household disposable income will remain largely at the same level over the forecasted period.

The growth in average household personal disposable income has generally been unimpressive over the past few years and has exacerbated the rising housing affordability challenge in the city.

Average household disposable income



DMA Office Market Overview

2.1.71 Key Findings

Demand

The positive economic sentiment in the Eastern Province has had a favourable impact on office demand in the Dammam Metropolitan Area (DMA). The rising demand for office spaces in the region has led to an increase in lease rates over the past 12 months. The focus is on "best-in-class" Grade A office space indicates that tenants are seeking high-quality office facilities that meet their specific requirements and provide a conducive work environment.

Supply

By the end of Q1 2023, the existing office supply stood at 1.2 million sqm, mainly dominated by Grade A office stock. The current pipeline suggests that the supply is expected to increase to around 1.5 million sqm by 2025. The upcoming supply is expected to include projects such as KFUPM Business Park and Ansari Tower.

Lease Rates

The office market in DMA started showing signs of recovery during 2022 as commercial activity started picking up. During Q1 2023, Grade A office rents stood at around SAR 988 per sqm, increasing at an annual rate of 8%. Similarly, Grade B rents increased by around 3.4%, reaching SAR 615.

Government Initiatives

The government has been implementing various initiatives to diversify the economy of DMA and the wider Eastern Province. The tourism Industrial & Manufacturing sectors have been identified as promising sectors for diversification. Efforts have been made to develop and promote these sectors in the Eastern Province.

Occupancy Rates

Vacancy levels in the across office segments were rising between 2013 and 2021. However, vacancy levels began to fall throughout 2022 and the first quarter of 2023. The trend is supported by positive economic sentiment, which has also impacted office demand in the Eastern Province. In Q1 2023, market-wide vacancy levels edged downward, standing at 29%.

Outlook

It is anticipated that an additional 258,000 square meters of office space will be completed by the end of 2025. The introduction of this additional supply can potentially impact the market dynamics, specifically Grade A and Grade B office rents and occupancy levels.

2.1.72 Office Buildings Classification: Definition

Commercial buildings are classified into three main categories: Grade A, Grade B, and Grade C based on several factors such as the location of the property, age, maintenance, landlord credibility, and rated tenants. Grade A tends to be the most sought-after category, but it is subject to the tenant and their needs and the available budget.

	Grade A	Grade B	Grade C
Building specifications	• Premium architecture with state-of-the-art finishing • Located in prime areas within central business districts	• Dated interior but properly maintained • Located around or close to central business districts	• Dated interior and not properly maintained • Located in old business districts or main city roads
Tenant Profiles	• Multinational/International • Large corporates	• Local firms • Small to medium enterprises	• Small businesses
Parking	• Adequate tenant parking • Guests parking available	• Adequate tenant parking	• Minimal parking
Building Features	• Advanced security system and security personals available • Gym, café, restaurants	• Security system or personnel available • Minimal facilities	• Minimal security presence • No additional facilities
Lease Rates	Premium rental rates	Average rental rates	Lower than average rental rates

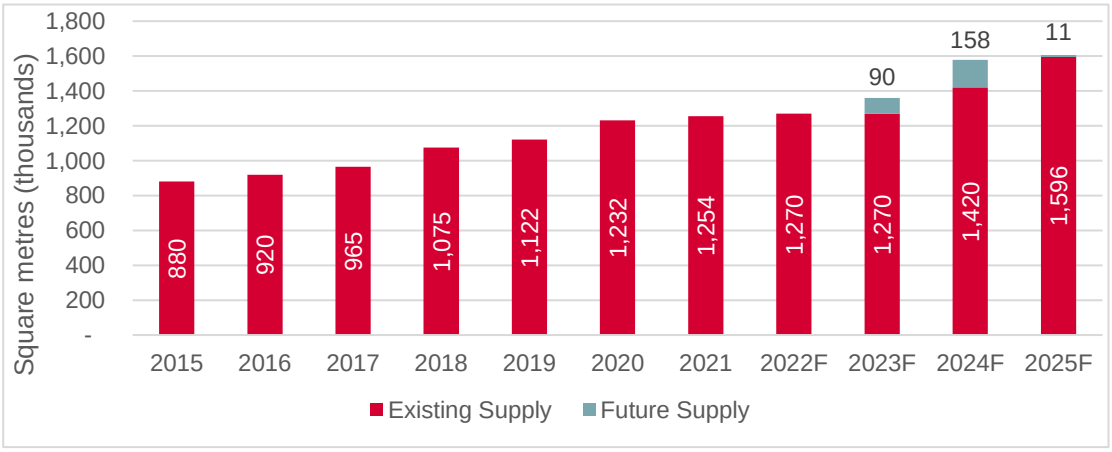
2.1.73 Evolution of Quality Supply

Between 2011 and 2022, DMA's total office supply grew at a compounded annual growth rate (CAGR) of 4.8%, with total supply reaching 1.2 Million square meters of GLA by the end of 2022.

Between 2023 and 2025, DMA's office supply is expected to grow at a CAGR of 6.4%, higher than the historical CAGR.

Upcoming projects include KFUPM Business Park and Ansari Tower and other smaller office developments spread across the DMA commercial corridors.

Office Supply

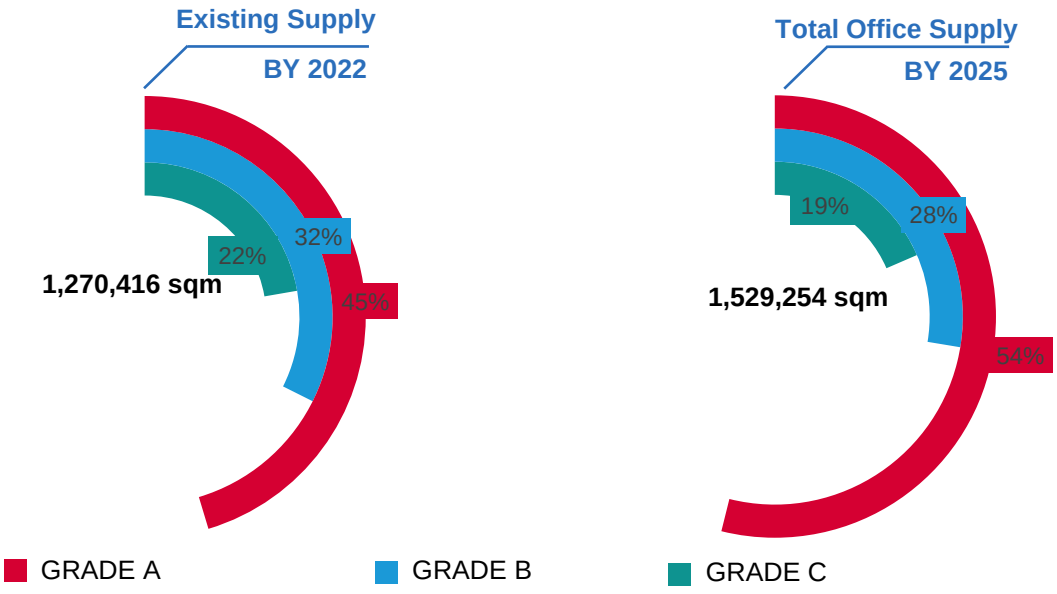


2.1.74 Distribution of Existing Office Supply by Categories (sqm GLA)

As of Q1 2023, the total GLA of office space stands at over 1.2 million sqm. Grade B developments make up the majority of the supply (41%).

The total office market is expected to witness the addition of around 258,000 sqm of quality GLA by 2025, assuming no further construction delays.

The majority of the upcoming office developments are part of mixed-use properties, where several commercial components are combined- especially office and retail.



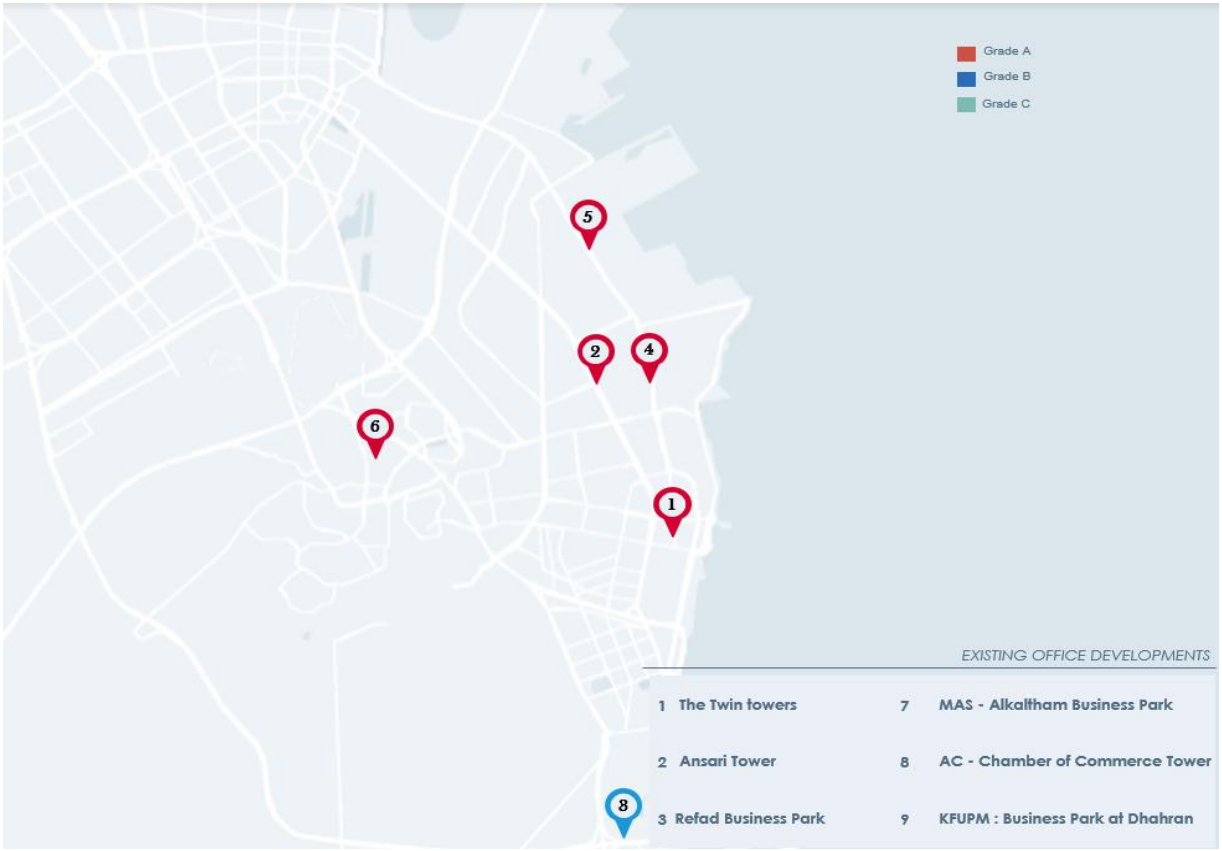
2.1.75 DMA Existing Quality Supply Samples

Prime and Grade A office space account for a total GLA of c. 57,600 square meters. c. 45% of the total leasable space in DMA. The majority of this leasable space is located along King Fahad, Prince Turki and King Faisal Streets.

Existing Quality Supply Samples



DMA Future Office Supply Sample

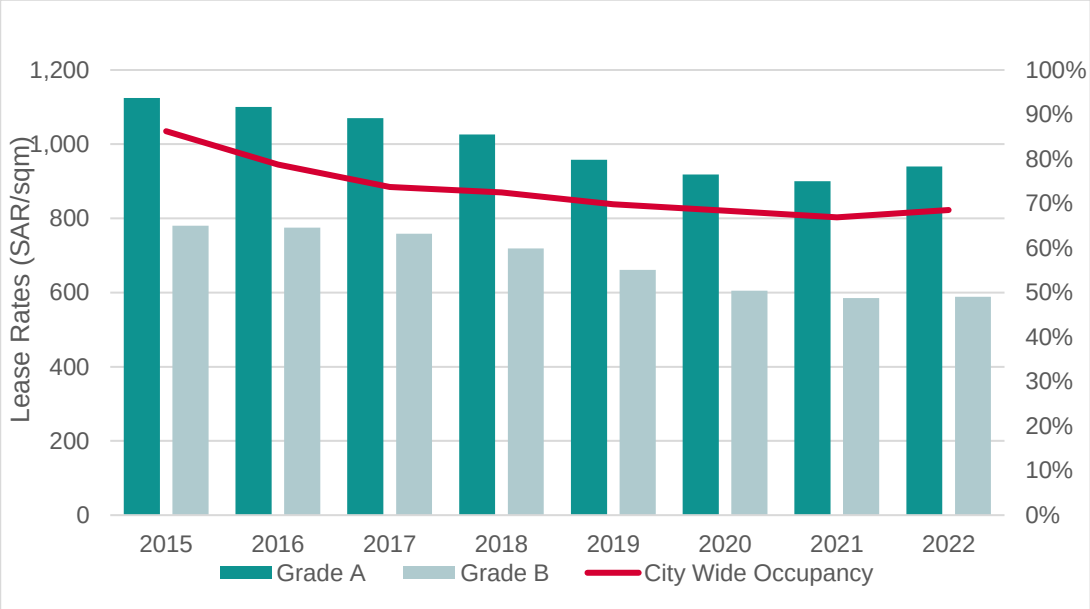


2.1.76 Average Lease Rates Across Office Spaces and City-Wide Occupancy Levels

The office market in DMA started showing signs of recovery during 2022 as commercial activity started picking up. During Q1 2023, Grade A office rents stood at around SAR 988 per sqm, increasing at an annual rate of 8%. Similarly, Grade B rents increased by around 3.4%, reaching SAR 615.

Vacancy levels in the across office segments were rising between 2013 and 2021. However, vacancy levels began to fall throughout 2022 and the first quarter of 2023. The trend is supported by positive economic sentiment, which has also impacted office demand in the Eastern Province. In Q1 2023, market-wide vacancy levels edged downward, standing at 29%.

DMA grade A office lease rates (SAR/m2)



DMA Retail Market Overview

2.1.77 Key Findings

Demand

Demand for new retail space in DMA has remained subdued. Mixed-use developments featuring a diverse F&B mix, entertainment, and recreational components have maintained a 90-95% occupancy rate. However, those mall owners that have been slower to adapt to shifting consumer behaviour have experienced a flight of retailers to developments that offer a superior customer experience and appealing lifestyle and public realm aspects.

Supply

The existing retail supply in DMA as of the end of Q1 2023 is estimated at 1.27 Million m^2. Taking into account the future retail project pipeline, the total retail supply is expected to exceed 1.71 Million m^2 by the end of 2025. This future supply is anticipated to shift the balance of retail categories in favour of the super-regional mall segment which would see its proportionate share increasing to 37% of the total retail supply by the end of 2025.

Lease Rates

Community malls witnessed a 1% year-on-year decline in lease rates, reaching an average rate of SAR 1,626 per m2. By contrast, super-regional and regional mall lease rates remained stable at SAR 2,290 per m2 over the same period, signalling the higher resilience of this category to market conditions.

Market Trends

As the retail supply continues to expand, we are seeing a greater focus on lifestyle, leisure and entertainment elements in shopping malls. The integration of these elements is meant to increase shoppers' time spent at the malls to combat the ever-growing threat of e-commerce. In addition, the lifestyle elements are especially attractive for a sizeable portion of young Saudi National customers. Entertainment and F&B elements have therefore become an essential component for future retail developments.

Occupancy Rates

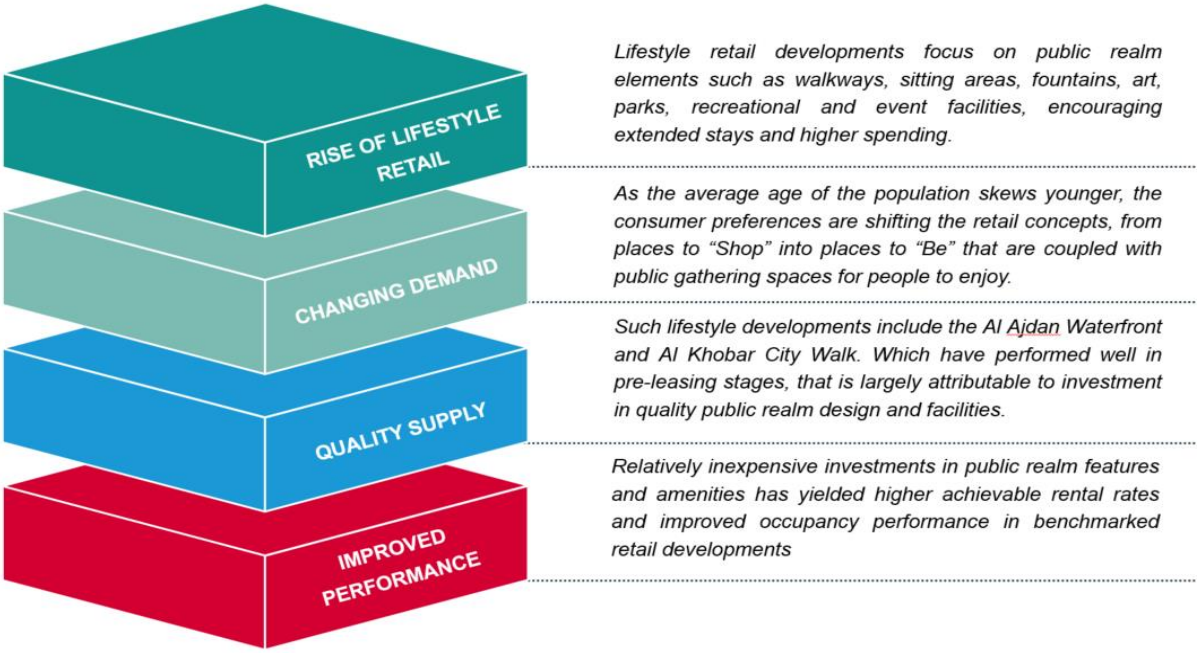
As of the end of 2022, vacancy rates across community malls and neighbourhood centres are estimated at approximately 11%. The average vacancy rate across DMA's super regional and regional malls stood at 5.8%. Taking into account sizeable additions of retail space to the market coupled with challenging macroeconomic conditions, occupancy rates are expected to remain under pressure over the short term.

Outlook

Given a large supply pipeline and soft economic conditions, lease rates and occupancy are expected to remain under pressure over the short term. However, well-designed and lifestyle-oriented retail developments will likely show more resilience to the challenging market conditions, which would in turn enable them to outperform the general market.

2.1.78 Rise of Entertainment and Lifestyle

As the retail supply pipeline continues to expand, we believe future supply will need to be lifestyle-oriented, with a focus on leisure and entertainment. A very large and growing population of young Saudi customers favour retailers that emphasize lifestyle-enhancing, experience-based platforms.



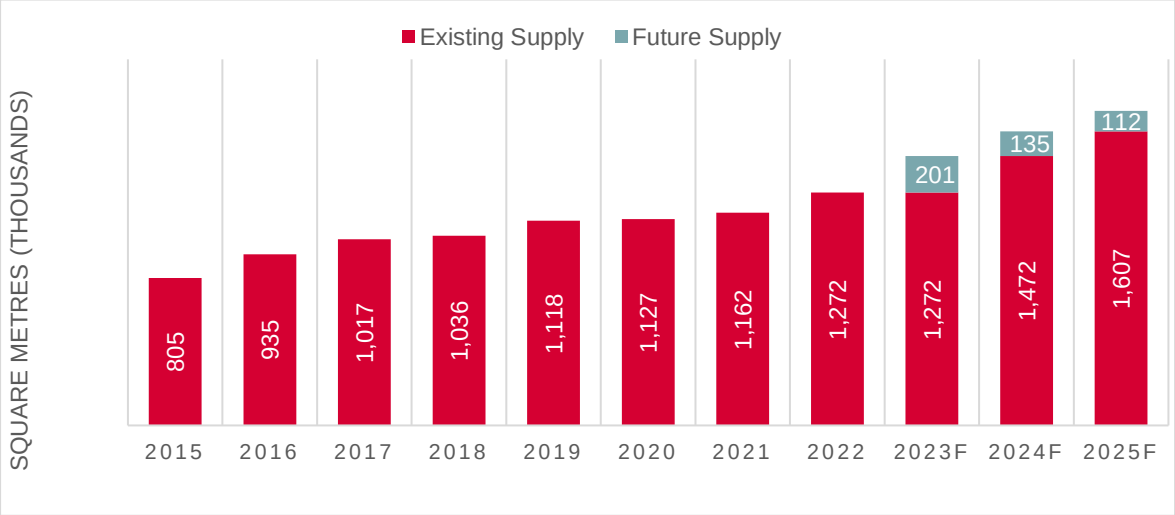
2.1.79 Evolution of quality organized retail supply

Between 2015 and 2022, DMA's retail stock grew at a compounded annual growth rate (CAGR) of 6.5%.

Between 2023 and 2025, DMA's retail supply is expected to grow at a CAGR of 10.5%, a much higher rate compared to historical CAGR.

Upcoming projects include one super regional mall and 3 regional malls, In addition to other smaller developments.

Evolution of DMA Retail Supply

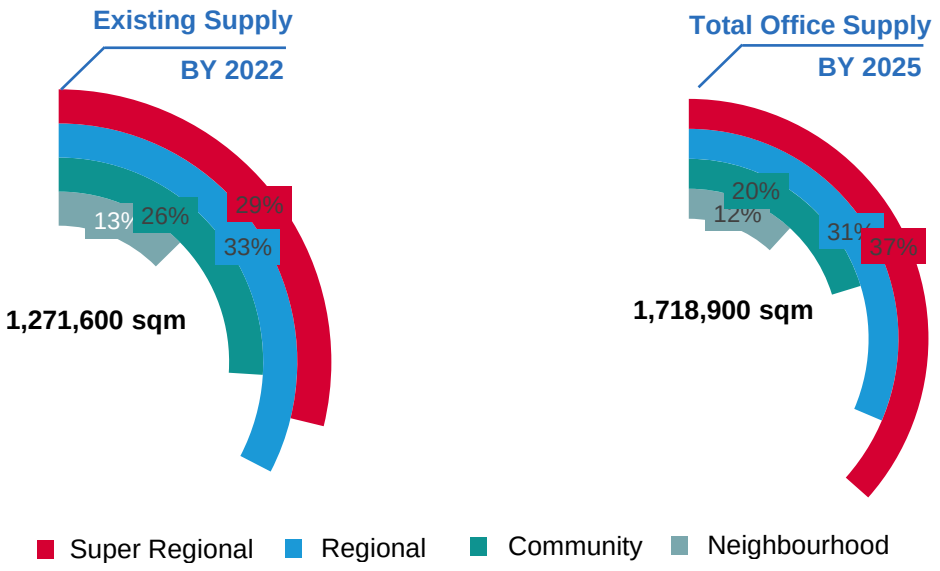


2.1.80 Evolution of quality organized retail supply

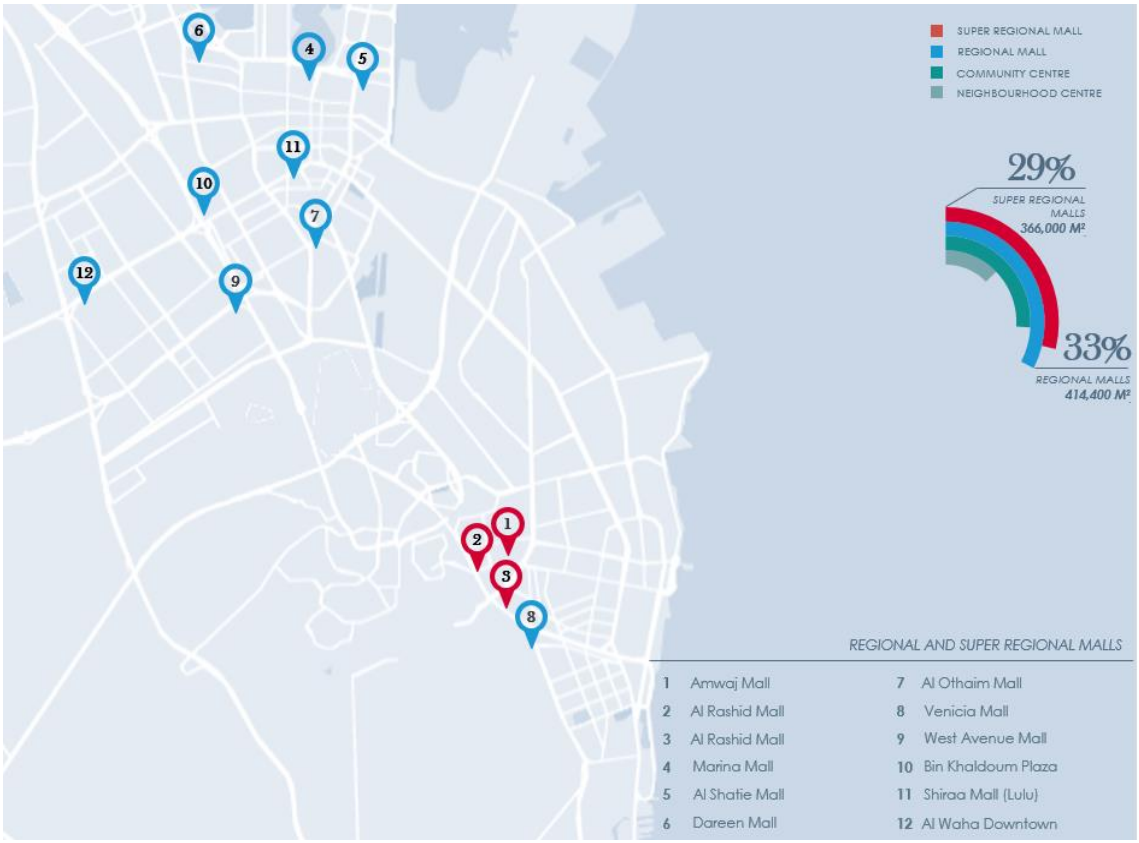
As of Q1 2023, the total GLA of office space stands at over 1.27 million sqm. With quality regional centres making up the majority of the supply.

The total retail market is expected to witness the addition of around 447,000 sqm of quality GLA by 2025, assuming no further construction delays.

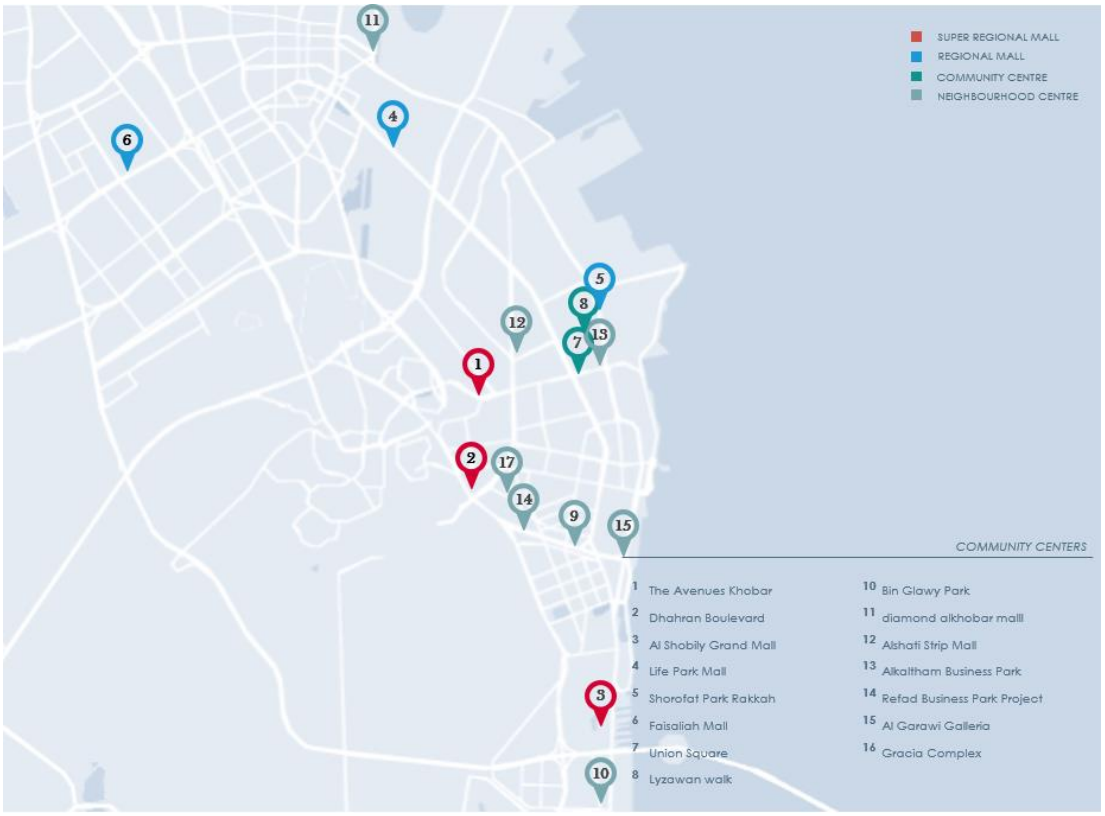
Developers are seeking to enhance consumer experiences and increase dwelling times through tenant mixes and increasing F&B or entertainment elements in their retail developments.



2.1.81 DMA existing quality organised retail supply



2.1.82 DMA future quality organised retail supply



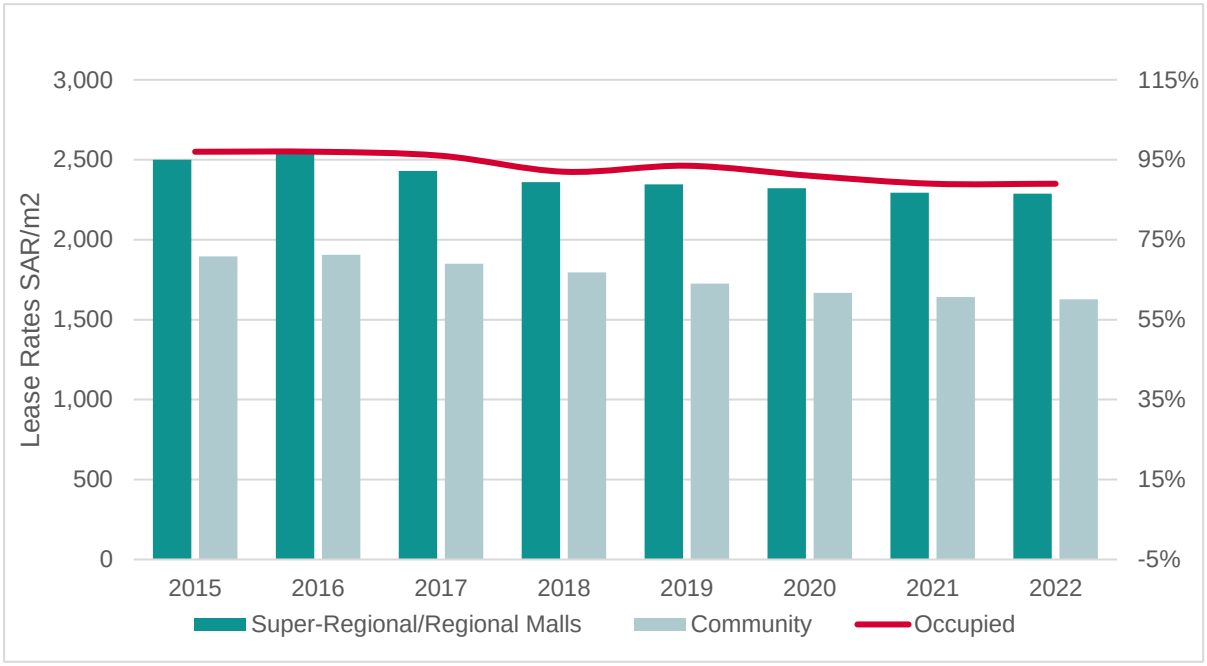
2.1.83 Average Lease Rates in Quality Organised Retail Developments

The rise of lifestyle retail developments and their ability to maintain occupancy levels and lease rates has encouraged owners of traditional retail centres to enhance their offerings and tenant mix.

In Q1 2023, Super regional and regional mall rents remained relatively unchanged at an average of SAR 2,305 per sqm.

City-wide occupancy levels have been declining across traditional retail centres since 2020 as a result of changing consumer behaviours. Currently occupancy currently standing at 890%, up from 89% during Q1 2022.

Average Lease Rates Across Retail Types and City-Wide Occupancy Levels



Source of information

Our market analysis has been undertaken using market knowledge within Knight Frank, enquiries of other agents, searches of property databases, as appropriate and any information provided to us

Investment overview

2.2 We have had regard to REIT transactions across the Office, Industrial and Retail Sector across KSA which we have listed below:

Office Transactions:

Name	Location	Type	Initial Yield	Year Acquired	Commentary
Al Raed Offices	Riyadh	Office	8.0%	2021	Acquired by Riyadh REIT in August 2021. Leased at 100% occupancy for 3 years to government tenant on triple net lease. Acquired for SAR 184,437,500.
i-Offices	Riyadh	Office	7.74%	2021	Three towers acquired by SICO REIT in March 2021 at 100% occupancy. The gross annual rent at the time of purchase was SAR 10.45m. Acquired for SAR 135,000,000.
Elegance Tower	Riyadh	Office	7.02%	N/A	3 years lease to government at SAR 30 M pa. Acquired for SAR 424,350,000.
Al Sahafa Building 1	Riyadh	Office	8.61%	N/A	Freehold. Acquired for SAR 50,102,756.
Al Sahafa Building 2	Riyadh	Office	8.72%	N/A	Freehold. Acquired for SAR 53,544,744
Verdun Tower	Riyadh	Office	7.4%	2022	Acquired in March 2022 by Musharaka REIT. Occupancy at 100% with 33 different tenants. 59% of the revenue generated from four major tenants. Acquired for SAR 235,000,000.

Source: Knight Frank Research

Warehouse Transactions:

Name	Location	Type	Initial Yield	Year Acquired	Commentary
Al Sharq Warehouse Complex	Riyadh	Warehouse	7.10%	2023 (not yet completed)	An agreement has been signed by Derayah REIT to sell this asset for SAR 158,000,000. Please note this has not yet been completed and is due to complete in July 2023. Our research suggest that the passing rent is currently SAR 11.2m and given we expect there to be limited expenditure on warehouses units we would expect the NIY to be approximately 7.1%. We would caveat this saying this is subject to the most recent publicly available information.

Name	Location	Type	Initial Yield	Year Acquired	Commentary
Akun Cold Storages	Jeddah, King Faisal Naval Base	Warehouse	7.50%	2021	Cold storage facilities of 12,889 sq m of BUA were acquired by Al Khabeer REIT for SAR 213,400,000 on June 2021. The property is subject to a 5-year binding leasing contract with an NOI of SAR 16 million per year.
Al Sharq Warehouse Complex	Riyadh	Warehouse	8.00%	2020	Gated logistic complex consisting of 193 units, purchased in September 2020 by Derayah REIT for SAR 140,000,000. 164 Units are storage warehouses and 29 are retail warehouses/offices. Occupancy at 90% at time of purchase.
Lulu Warehouse	Kharj Road, Riyadh	Warehouse	7.25%	2018	Built to suit logistics and distribution centre for Lulu Supermarkets. Sold in late 2018 for SAR 52.3 m off an NOI of SAR 3.795m reflecting 7.25% initial yield. Acquired by Al Rajhi Capital REIT. There were 8 bidders on this asset and we consider the price paid was at the sharp end, arguably keener than the wider market.
Al-Sulay Warehouse	Riyadh	Warehouse	7.32%	2017	Multi occupied (30 tenants) warehouse complex (26 warehouses) with a BUA of 46,158 sq m, which was acquired by Al Mathaar REIT for SAR 75,502,675 of an NOI of SAR 5,523,550 pa. The asset is 20 years old, land amounts to 54,075 sq m.
Ha'er warehouse	Riyadh	Warehouse	6.40%	2017	Multi occupied warehouse complex with 28 tenants with a BUA of 11,970 sq m, which was acquired by Al Mathaar REIT for SAR 27,281,888, of an NOI of SAR 1,747,000 pa. The asset is 9 years old, land amounts to 13,544.45 sq m.
Al Khorayef	Riyadh	Warehouse	8.66%	N/A	Acquired by Shuaa REIT, comprising 66 warehouses. Acquired for SAR 130 m off an NOI of SAR 11.255 m.
Al Sharq Warehouse Complex	Riyadh	Warehouse	7.10%	2023 (not yet completed)	An agreement has been signed by Derayah REIT to sell this asset for SAR 158,000,000. Please note this has not yet been completed and is due

Name	Location	Type	Initial Yield	Year Acquired	Commentary
					to complete in July 2023. Our research suggest that the passing rent is currently SAR 11.2m and given we expect there to be limited expenditure on warehouses units we would expect the NIY to be approximately 7.1%. We would caveat this saying this is subject to the most recent publicly available information.

Source: Knight Frank Research

Retail Transactions:

Name	Location	Type	Initial Yield	Year Acquired	Commentary
Ajdan Entertainment Complex	Khobar	Retail	7.59%	2022	This is a commercial complex situated on Al-Amir Al-Turki Street in Al-Khobar city, with a land area of 6.87 thousand square meters. The complex comprises four showrooms and cinemas.
Irqah Plaza	Riyadh	Retail	8.00%	2021	This is a commercial center situated on Mishaal bin Abdulaziz Street, in the Al-Arqa neighborhood. The center is built on a land area of 14,269 thousand square meters.
Alhamra Plaza	Riyadh	Retail	7.50%	2021	This is a property situated on Al-Batha Street in the Al-Mansoura district, located in the heart of Riyadh. The property sits on a land area of 21.12 thousand square meters.

Source: Knight Frank Research

Capitalisation rates

2.3 In coming to our opinion of Fair Value, we have taken into account the comparables above and have allocated a variety of different capitalisation rates to the various Properties depending on their risk and income profile.

3 Valuation Assumptions, Definitions and General Comments

Methodology

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

Investment Method

3.2 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.

Comparable Method

3.3 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, ESG-related factors and other material factors.

Valuation Date

Valuation Date

3.4 The valuation date is 30 June 2023.

Valuation Bases

Fair Value

3.5 Fair Value is defined within **RICS Valuation – Global Standards / IVS**, adopting the definition of the International Accounting Standards Board (IASB) in IFRS 13, as:

"*The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*."

Market Rent

3.6 The basis of valuation for our opinion of rental value is Market Rent. This is defined in RICS Valuation - Global Standards as:

"*The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

Property Issues

Measurement

3.7 As agreed with the client, we have relied upon areas provided to us by them. No further verification has been undertaken.

Legal Title

3.8 We do not undertake searches or inspections of any kind (including web-based searches) for title or price paid information in any publicly available land registers.

3.9 Unless specifically referred to in this Valuation Report, we have assumed a good and marketable title and that all documentation is satisfactorily drawn and that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

3.10 We recommend that our understanding of all legal title issues is referred to your legal advisers for their confirmation that our understanding is correct. It is also particularly important that your legal advisers should be asked to check whether there have been any transactions relating to the property which reveal price paid information which we should be made aware of.

3.11 If any matters come to light as a result of your legal adviser's review of these issues, we request that these matters are referred back to us, as this information may have an important bearing upon the values reported.

3.12 Any tenure 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.

3.13 In the absence of a copy lease, unless specifically referred to in this Valuation Report, we have assumed that normal covenants and liabilities devolve upon the lessee, where relevant. 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.

Rights of Way

3.14 Unless specifically referred to in this Valuation Report, we have not been advised of any right of way, easement, wayleaves or similar which may potentially have a detrimental impact upon the valuations in this report. We recommend that your legal advisers confirm that our understanding is correct.

Covenant

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

Condition

3.16 Unless specifically referred to in this Valuation Report, we have not undertaken a building or site survey of the property.

3.17 Apart from any matters specifically referred to in this Valuation Report, we have assumed that the property is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

3.18 As part of 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.

Deleterious Materials & Latent Defects

3.19 Unless specifically referred to in this Valuation Report, we have not been advised of any deleterious materials or latent defects affecting the property.

Services

3.20 No tests have been undertaken on any of the services.

3.21 Unless specifically referred to in this Valuation Report, we have assumed for the purpose of this valuation that main supplies of gas, electricity, water, drainage and telecommunications are all available to the property.

Environmental Issues

Environmental / Contamination

3.22 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.

3.23 Unless specifically referred to in this Valuation Report, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Likewise, during our inspection, there was no visible contamination on site. Our valuation is provided on the assumption that the property is unaffected.

Ground Conditions

3.24 Unless specifically referred to in this Valuation Report, 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.

Flooding

3.25 We have assumed that the property is not within an indicative floodplain and that there is therefore a negligible risk of flooding.

Mining

3.26 We have not investigated ground conditions. Unless specifically referred to in this Valuation Report, so far as we are aware, the property is not situated in a known mining area. Unless advised to the contrary, our valuation is on the basis that there is no unidentified adverse ground, or soil conditions and that the load bearing qualities of the property are sufficient to support the buildings constructed or to be constructed thereon.

3.27 Where the property is situated in an area within which historic or current mining is suspected, our valuation assumes that the property is not affected by such mining. But, in the event that a mining survey (or equivalent) reveals an adverse position, our valuation could be materially affected.

High Voltage Equipment

3.28 Unless specifically referred to in this Valuation Report, while carrying out our inspection, we did not become aware of any high voltage electrical supply equipment close to the Property. The possible effects of electric and magnetic fields have been the subject of media coverage, with the result that where there is high-voltage electrical supply equipment close to the property, there is a risk that public perception may affect marketability and value.

Statutory Enquiries

Planning

3.29 It is assumed either that the building(s) complies with all necessary planning and building regulation approvals as appropriate, or that the building(s) to be constructed will comply with all necessary Planning, Listed Building and Building Regulation approvals as appropriate.

Highways & Access

3.30 Unless specifically referred to in this Valuation Report, 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.

3.31 Unless specifically referred to in this Valuation Report, 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.

3.32 Where access to the property from the highway is currently via a right of way over a private roadway, which is owned by a third party, we have assumed for the purposes of this Valuation Report that the subject property can fully benefit from this right of way. We would however strongly recommend that your legal advisers are asked to confirm the position.

Fair Value

Aggregate Fair Value

3.33 We are of the opinion that the aggregate Fair Value of the subject interests in the properties forming the Portfolio, subject to the assumptions and caveats detailed herein, at the valuation date is:

SAR 1,938,000,000

(One Billion, Nine Hundred and Thirty Eight Million Saudi Arabian Riyals)

Appendix 1 Instruction Documentation

Al Rajhi REIT

For the attention of Abdullah Alsalloom

Our Ref: KFV279-2023

05 July 2023

Dear Sirs

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

Thank you for your enquiry requesting a portfolio 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 save for the terms stated in the request for proposal, however, in the event of any conflict between the terms of proposal and this Agreement, this Agreement terms shall prevail. To the extent that there is any inconsistency between this Letter and the General Terms, this Letter shall take precedence.

You and we agree that, to the extent that any legal system would (but for the provision of this paragraph) impose (whether by contract or by statute or otherwise) any obligation to pay interest, the parties hereto irrevocably and unconditionally expressly waive and reject any entitlement to recover interest from each other. Clause 10.2 of the General Terms is hereby deemed deleted and shall not form part of the Agreement.

1. Client

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

2. Property to be valued

The Property to be valued is as follows:

Property Address	Tenure
Baraem Rowad Al Khaleej International Schools	Freehold
Rowad Al Khaleej International Schools	Freehold
Rowad Al Khaleej International Schools	Freehold
Al Salam Specialty Hospital	Freehold
Lulu Hypermarket	Freehold
Anwar Plaza	Freehold
Narjes Plaza	Freehold
Rama Plaza	Freehold
Jarir Bookstores	Freehold
Al Faris International Schools	Freehold

Building WH01-04 1St Floor
T +966 5308 03297

Property Address	Tenure
Panda	Freehold
Hyper Panda	Freehold
Panda	Freehold
Panda	Freehold
Al Andalus Center	Freehold
Blue Tower	Freehold
Al Louloue	Freehold
Lulu Central	Freehold
Oasis Mall0	Freehold
Al Hanaki Business Center	Freehold
Riyadh Avenue	Freehold

3. Valuation standards

The Valuation will be undertaken in accordance with the current edition 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 Financial Reporting under IFRS (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.

Neither party shall be liable to the other party for any indirect, special, punitive or consequential loss or damage (including loss of profit, loss of contract, loss of opportunity) howsoever caused whether in contract, tort, negligence or otherwise.

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:

- Fair 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

Under this agreement, we will produce 4 valuation reports of different valuation dates as set out below:

- As of 30 June 2023
- As of 31 December 2023
- As of 30 June 2024
- As of 31 December 2024

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.

13. Information to be relied upon

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** **Five Hundred) excluding VAT**, and reasonable disbursements divided into two payments, set out below.

Advance Payment	Saudi Riyals (SAR)
Final payment	Saudi Riyals (SAR)

below.

Advance Payment	

4

Final payment	Saudi Riyals

Semi Annual Revaluation Report as of 30 June 2024

Advance Payment	
Final payment	

Semi Annual Revaluation Report as of 31 December 2024

Advance Payment	Saudi Riyals
Final payment	Saudi Riyals

Our timeframe for completion of draft reports shall be 20 working days from receipt of the initial invoice payment and receipt of all information contained within Annex 1. 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.

Al Hanaki Business Center and Riyadh Avenue may be excluded from 30.6.2023 valuation. Therefore, the semi-annual cost will be reduced by SAR

It has been agreed with the Client that for each additional asset to be valued, upon Client request, the charge of such will be SAR for the first valuation and SAR for any revaluation thereafter as per the valuation dates above. This is exclusive of VAT.

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,

5

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

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,
Valuation & Advisory
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

Attached - General Terms of Business for Valuation Services

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Signed for and on behalf of Al Rajhi Capital

10 July 2023

Date

KF Ref: KFV279-2023

6

Annex 1 – Information from Client

Please supply us with the following information, which will be required by us in order to commence work on the instruction:

NO	REQUIRED INFORMATIONS	REQUIRED
1.	Affection plans and title deed	✓
2.	Copy of all floor plans, site plans	✓
3.	Schedule of all floor areas	✓
4.	Details of ground leases if applicable	✓
5.	Copy of detailed tenancy schedule with lease start and end dates, details of rent escalations, occupiers etc	✓
6.	Operating costs of each individual property (including but not limited to property management fees, maintenance contracts, insurance, common area utility charges etc)	✓
7.	VAT certificate (indicating tax registration number and registered address)	✓
8.	Trade Licence / identification documents	✓
9	Schedule of unpaid rents / disputed tenancies / outstanding rents	✓
10	Sample lease document for asset	✓
11	Any current or impending schedules of capital expenditures (CAPEX) intended for Property repairs or improvements.	✓
12	Planning documents and building permits relating to the Property.	✓

7

Knight Frank

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 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 and executing this Agreement 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 the Client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

3.1 Subject to clause 3.6, 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/assetand/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 3.6, 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.

24

Our Ref: KFV279-2023

8

Knight Frank

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 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.

4.7 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).

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

10.5 .

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/Assets comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties/assets 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/assethas 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/Assetsare 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/assetto 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/assetaddress in your instructions, is the property/asset inspected by us and contained within our valuation report. If there is ambiguity as to the property/assetaddress, or the extent of the property/assetto 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/Assetinsurance
Our Valuation assumes that each property/assetwould, 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/assetis 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/assetare 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/assets 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/assetas a loan security we are only able to comment on any inherent property/assetrisk. 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.

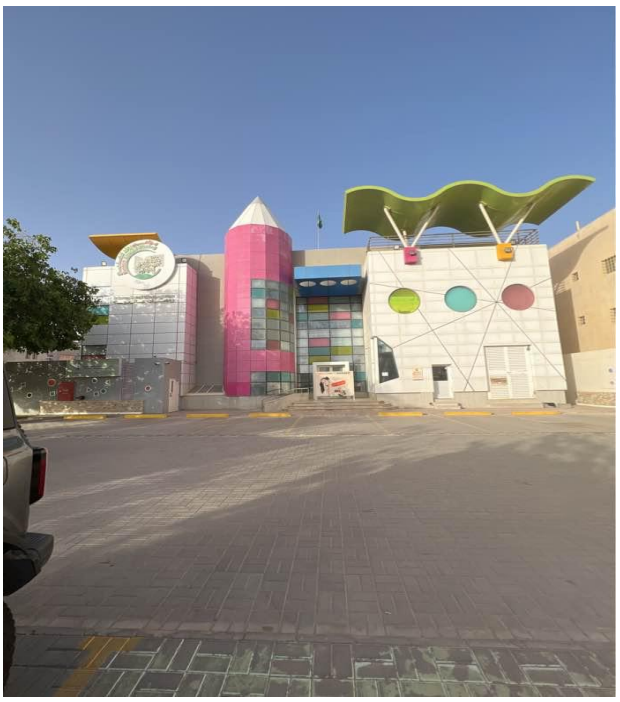
33.3 We may transfer Personal Data you share with us to other Associated Knight Frank Entities and/or group undertakings. We will only transfer such Personal Data in accordance with the requirements of applicable privacy and data protection laws.

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.

Property Valuation.

Baraem Rowad Al Khaleej International Kindergarten, AlSahafa, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 18,800,000
Inspection Date:	8 June 2023	*Terminal Yield:*	7.75% to 8.00%
Use Type(s):	Education	*Discount rate:*	10.25% to 10.50%
Tenure:	Freehold	*Inflation / Growth rate:*	2.50%
Site Area (sq m):	1,830 sq m	**Current Rent Passing pa:**	SAR 1,550,000
Total Floor Area (BUA):	2,549 sq m (2,655 sq m including boundary wall)	*Rent passing per sq m:*	*SAR 584 per sq m*
Number of Tenants:	1	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	100%		
Covenant of Tenant(s)	Strong	**Zoning**	Education

SWOT analysis

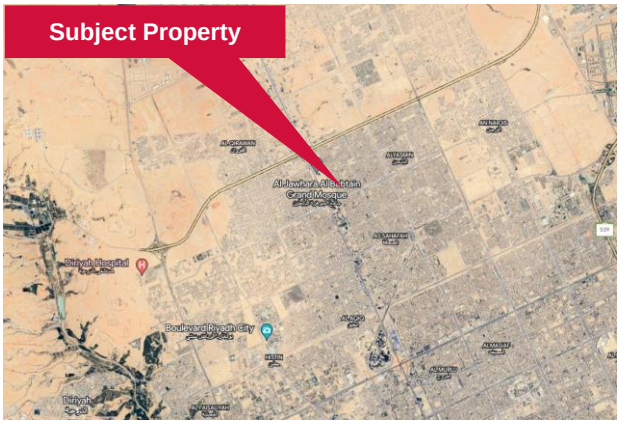
Table 1: SWOT Analysis

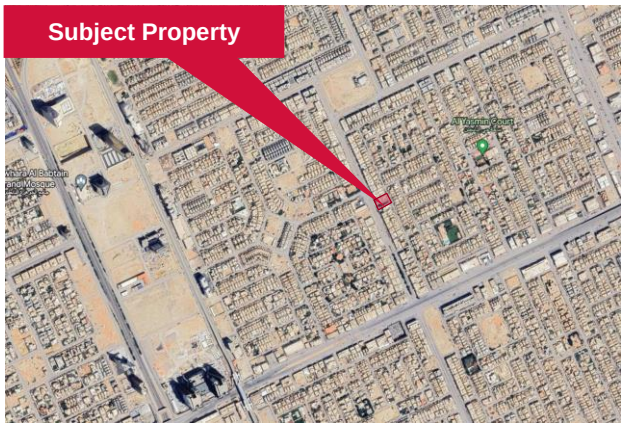
Strengths	Weaknesses
• Purposely built facility. • Good quality of facilities.	• Insufficient outdoor play areas or inadequate recreational facilities may restrict the ability to

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

• Reputable tenant with good recognition and track record in education sector.	provide outdoor activities and physical exercise opportunities for children.
Opportunities	**Threats**
• Location in growing residential neighbourhood in North Riyadh. Further development in the vicinity may stimulate demand. • Good links to the major highways and a relatively short travel time to Downtown which could be used to draw students from schools that are showing signs of weakness and loosing students.	• Increasing competition in the education sector.

Location / Situation





Source: Google Earth / Knight Frank

- The property is located in the Sahafa District of Riyadh, which is classed as North Riyadh, being some 15 km to the south west of King Khalid International Airport and some 5 km to the north of King Abdullah Financial District. The major highways providing access to this area include King Fahd Road (1.2 km to the west) and King Salman Road (1.4 km to the north).
- The surrounding areas of Al Sahafa district comprises predominantly low rise residential buildings and few plots of undeveloped land.

Description

- The property occupies a flat rectangular site of approximately 1,830 sq m according to the documents provided by the client. The part of the site that is not developed is used as a car park for the property.
- The property comprises a bespoke built kindergarten facility which was constructed in 2013 in a predominantly residential suburb of North Riyadh, in the district of Sahafa. It is arranged over basement, ground and first floor levels and has a secure yard and parking area within a gated area.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

- The property is constructed around a reinforced concrete frame, with concrete elevations. Externally, the building is slightly unusual, with an irregular façade, comprising coloured cladding panels and fenestration in a variety of shapes and sizes, all being aluminium framed and double glazed. The floors are solid reinforced concrete and the roof structure is an unusual pre-tensioned "tent like" canopy structure supported by steel cross beams. The roof cover appears to be pvc material which is hard wearing and capable of cleaning.
- Internally, the property is laid out over basement, ground and first floor levels. The basement is accessed via a main set of stairs, a gentle ramp structure and a set of emergency stairs from the ground floor area. The building has a central open atrium reaching from basement to 1/F level, and the open area of the basement is a kids play area which has an astro turf floor finish and incorporates climbing frames and kids play area. Around the perimeter of the basement level there are a series of rooms including a multi purpose hall, computer lab, kitchen, office, janitor room, library, toilets and utility room.
- The internal finishes in the building are good quality.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single-let to Al-Khaleej for Training and Education Company under a triple net lease. This represents full occupancy of the Property. Below, we present the key lease information:

Table 2: Lease Overview

Baraem Rowad AlKhaleej International Kindergarten, AlSahafa, Riyadh	
Lease Start Date	28/4/1441 (25 Dec 2019)
Tenant	Al-Khaleej for Training and Education Company
Term	Fifteen (15) Gregorian years
Property Leased	Land and buildings on which the school known as Baraem Rowad AlKhaleej International Kindergarten is situated, located in Riyadh, Saudi Arabia
Rental Contract Details	Escalation: 7.5% after every 5 years 25-Dec-2019 to 24-Dec-2024: SAR 1,550,000 per annum 25-Dec-2024 to 24-Dec-2029: SAR 1,666,250 per annum 25-Dec-2029 to 24-Dec-2034: SAR 1,791,219 per annum
Rent Payment Date	Bi-annually in advance
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

- The Property has an unexpired lease term of 11.5 years.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Baraem Rowad AlKhaleej International Kindergarten, AlSahafa, Riyadh	
Title Deed No.	317807001087
Plot No(s).	4529 & 4537, Block 820 / 1637
Owner	Privileged Warehouse company 2
Tenure	Freehold
Title Deed Date	28/04/1441 (26/12/2019)
Land Size (sq m)	1,830

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Baraem Rowad AlKhaleej International Kindergarten, AlSahafa, Riyadh	
Permit Number	1433/7276
Permit Date	11/04/1433 (05/03/2012)
Zoning	Education Facility
Municipality License No.	3901456
Building Specifications	Basement: 681 sq m (services) Ground Floor – Education: 924 sq m First Floor – Education: 924 sq m Electrical Room: 20 sq m Boundary Wall: 106 sq m

Source: Client

- We have been provided with a building completion certificate dated 06/02/1435, which confirms that the building has been constructed in line with the use as described in the building permit.

Valuation Considerations

- Our valuation has been carried out using the investment method via a discounted cash flow (DCF) approach. The cash flows considered have regard to the lease agreement in place.
- We have further considered the affordability of the lease payments under the agreement with respect to the estimated revenue generated by the school. In absence of detailed operational and financial performance metrics of the school, we have assumed the following when estimating the revenue:

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- The school has a capacity of 450 students as informed by the Client. Given that the school has been operational since 2014, it is assumed that it has reached an optimal capacity utilization of 80%.
- The fees have been sourced from the school's website and the average annual fees per student works out to be SAR 28,500. We note that the school has been offering a discounted fee and this has been assumed to be continued into perpetuity. An annual fee increment of 2.50% has been considered based on inflation.
- Based on the above, the school's estimated annual revenue works out to be SAR 10.3 million.

- We have considered an affordable rent equivalent to 12.00% of the estimated annual revenue of the school, which computes to SAR 1.32 million per annum. Given that the annual rent as per the lease agreement is SAR 1.55 million, it is inferred that an amount of approximately SAR 0.23 million overburdens the school ("over rented portion").
- As we consider the rent as per the lease agreement to be in excess of what we consider affordable, we have assigned different cap rates / risk premiums to the "core income" (i.e. the base rent which we consider to be affordable) and the "over rented portion".
- A risk premium of 250bp has been considered in the discount rate and the yield to reflect the higher risk associated with the "over rented portion" of the rental cashflows.
- We also note that, the Client has not informed us of any rental defaults.
- Operating costs: As per the lease agreement, the tenant is responsible for all operating expenses, maintenance and insurance costs of the Property. Accordingly, we have not considered any operating costs for the Property.

Yield rationale

- The table below shows transactions in which educational facilities have been acquired by REITs in last few years.
- We are of the opinion that the Market Value would be based off capitalisation rate(s) of 7.75% for the "core income" portion of the lease cash flows and 8.00% for the "over rented portion".

Table 5: Recent RIET Transactions in Education Sector

Asset	RIET	Location	Yield (%)	Date
University	Riyadh REIT	Riyadh	8.70%	2017
Private School	Taleem REIT	Riyadh	6.32%	2018
International School	Taleem REIT	Riyadh	4.87%	2018
Training Center	Derayah	Al Khobar	8.66%	2018
International School	Derayah	Direyah	8.50%	2018
University	Jadwa II	Direyah	8.00%	2018
International School	Jadwa II	Direyah	9.75%	2018
Private School	Taleem REIT	Direyah	6.47%	2020

Source: Knight Frank Research

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Valuation Assumptions

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75% for “core income” and 8.00% for “over rented portion” of the lease cash flows
Discount Rate	• 10.25% for “core income” and 10.50% for “over rented portion” of the lease cash flows
Rent Passing pa	• SAR 1,550,000

Source: Knight Frank Research

Fair Value

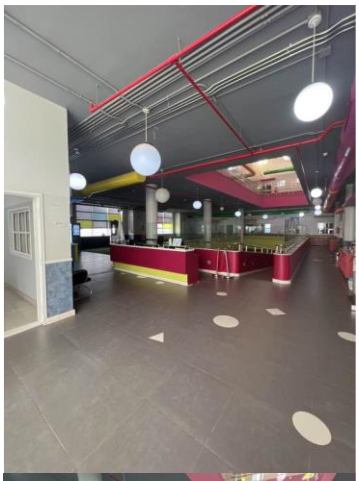
- We are of the opinion that the Fair Value of the freehold interest in the Property, subject to the caveats and assumptions stated herein, at the valuation date is:

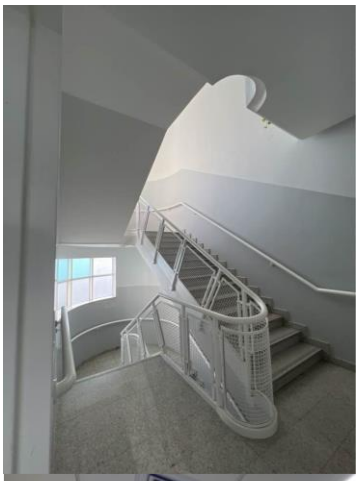
SAR 18,800,000

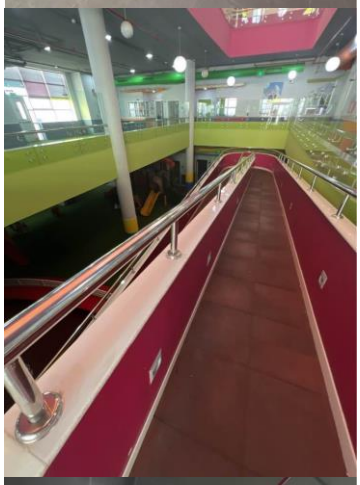
(Eighteen Million, Eight Hundred Thousand Saudi Arabian Riyals)

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Appendix 1 – Photographs













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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل بشمال الرياض

الرقم : ٣١٧٨٠٧٠٠١٠٨٧
التاريخ : ٢٨ / ٤ / ١٤٤١ هـ

صك

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

فإن قطعة الارض ٤٥٢٩ و قطعة الارض ٤٥٣٧ من البلك رقم ٨٢٠ من المخطط رقم ١٦٣٧ الواقع في حي الصحافة بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٤ م بطول: (٦١) واحد و ستون متر

جنوباً: قطعة رقم ٤٥٢٨ و ٤٥٣٦ بطول: (٦١) واحد و ستون متر

شرقاً: شارع عرض ١٥ م بطول: (٣٠) ثلاثون متر

غرباً: شارع عرض ٣٦ م بطول: (٣٠) ثلاثون متر

ومساحتها :(١٨٣٠) ألف و ثمانمائة و ثلاثون متر مربعاً فقط حسب المخطط

والمستند فى افراغها على الصك الصادر من كتابة العدل الاولى بالرياض برقم ٧١٠١٠٧٠٢٠١٩٥ في ١٦ / ٣/ ١٤٣٢ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ .

بثمن وقدره ١١٢٠٦١٣٧ أحد عشر مليونا و مئتين و ستة ألفا و مائة و سبعة و ثلاثون ريال وعليه جرى التصديق

تحريراً في ٢٨ / ٤/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عبدالإله بن حمد بن علي المبارك

وزارة العدل
كتابة العدل بشمال الرياض
كاتب العدل بمكتب رقم (٧)

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

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه)

مصلحة مطابع الحكومة - ٢٩٣١١٥

نموذج صفحة ١ من ١

Baraem Rowad Al Khaleej International Kindergarten, AlSahafa, Riyadh

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Appendix 3 – Cashflow Extract

Currency: SAR											
Periods Ending 30-Jun-20XX		***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***
Timeline		*1.0*	*2.0*	*3.0*	*4.0*	*5.0*	*6.0*	*7.0*	*8.0*	*9.0*	*10.0*
Affordable Rent (Core Income)		1,323,304	1,372,928	1,422,552	1,422,552	1,422,552	1,422,552	1,475,897	1,529,243	1,529,243	1,529,243
Terminal Value based on Affordable Rent @ 7.75%											19,732,167
Total Cash Flows based on Affordable Rent		**1,323,304**	**1,372,928**	**1,422,552**	**1,422,552**	**1,422,552**	**1,422,552**	**1,475,897**	**1,529,243**	**1,529,243**	**21,261,410**
Discount Factors @ 10.25%		*0.907*	*0.823*	*0.746*	*0.677*	*0.614*	*0.557*	*0.505*	*0.458*	*0.416*	*0.377*
Discounted Cash Flows based on Affordable Rent		**1,200,276**	**1,129,511**	**1,061,530**	**962,839**	**873,323**	**792,130**	**745,428**	**700,564**	**635,432**	**8,013,202**
Over Rented Portion		226,696	235,197	243,698	243,698	243,698	243,698	252,837	261,976	261,976	261,976
Terminal Value based on Over Rented Portion @ 8.00%											3,274,701
Total Cash Flows based on Over Rented Portion		**226,696**	**235,197**	**243,698**	**243,698**	**243,698**	**243,698**	**252,837**	**261,976**	**261,976**	**3,536,677**
Discount Factors @ 10.50%		*0.905*	*0.819*	*0.741*	*0.671*	*0.607*	*0.549*	*0.497*	*0.450*	*0.407*	*0.368*
Discounted Cash Flows based on Affordable Rent		**205,155**	**192,623**	**180,620**	**163,457**	**147,925**	**133,869**	**125,691**	**117,859**	**106,660**	**1,303,084**
DCF - Affordable Rent	16,114,235										
DCF - Over Rented Portion	2,676,943										
Total Value	**18,791,178**										
Total Value (Rounded Off)	**18,800,000**										
Value per sqm of BUA	**7,081**										

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Property Valuation.

Rowad AlKhaleej International School, AlMughrizat, Riyadh

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Source: Knight Frank

Valuation summary

Valuation Date:	30 June 2023	**Fair Value:**	SAR 196,500,000
Inspection Date:	08 June 2023	*Terminal Yield:*	7.75% to 8.00%
Use Type(s):	Education	*Discount rate:*	10.25% to 10.50%
Tenure:	Freehold	*Inflation / Growth rate:*	2.50%
Site Area (sq m):	15,959.9 sq m	**Current Rent Passing pa:**	SAR 16,275,000
Built Up Area (BUA):	38,991.6 sq m	*Rent passing per sq m:*	*SAR 417 per sq m*
Number of Tenants:	1	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy:	100%		
Covenant of Tenant(s):	Strong	**Zoning**	Education

SWOT analysis

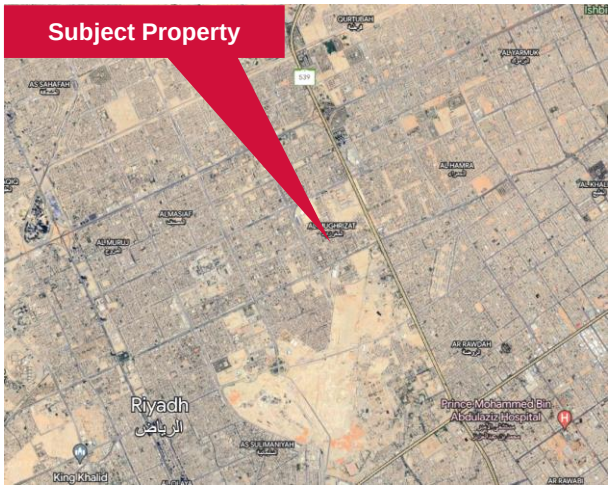
Table 1: SWOT Analysis

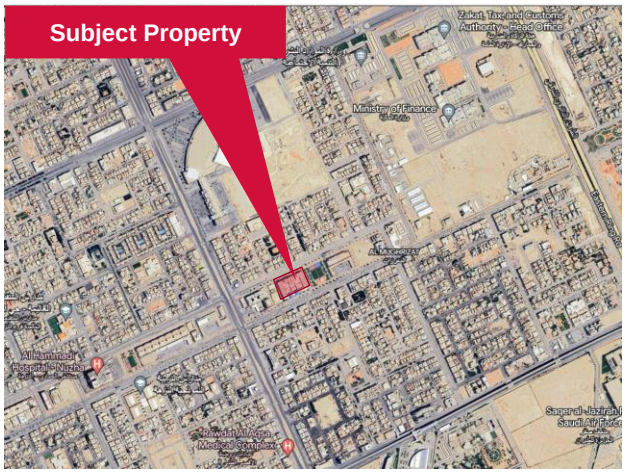
Strengths	Weaknesses
• Purpose built facility. • Good quality of facilities. • Reputable tenant with good recognition and track record in education sector.	• We are of the opinion that the Property is overrented and would experience a downward reversion upon expiry of the lease.
Opportunities	**Threats**
• Location in growing residential neighbourhood in North Riyadh. Further development in the vicinity may stimulate demand. • Good links to the major highways and a relatively short travel time to Downtown which could be	• Increasing competition in the education sector.

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used to draw students from schools that are showing signs of weakness and losing students.	

Location / Situation





Source: Google Earth / Knight Frank

- The property is located in Riyadh, KSA. More specifically the property is located in the Al Moghrazat district, in the northern part of Riyadh.
- The Al Moghrazat district comprises predominantly low rise residential buildings and large plots of undeveloped land. Al Nakheel Mall is situated some 600 metres to the north of the property and the Riyadh International Exhibition Centre is approximately 1 km to the south.

Description

- The property comprises of a school situated in a predominantly residential suburb of North Riyadh, in the district of Al Moghrazat. We understand that the property was built in 2015 and has a total BUA of 38,983 sqm, built over basement level 1, basement level 2, ground, first, second and roof floor.
- The property appeared to be constructed around a reinforced concrete frame which is surrounded by a concrete wall.
- There are 9 gates at the property, where the main pedestrian access is through gate 3 that leads to the main administration area. The kindergarten is accessible through gate 1.
- Internally, the property is divided into 3 distinct sections:
  - A Boys school in the east and north eastern wing;
  - A Girls school and kindergarten in the west and north western wing;
  - A staff accommodation building within the central part of the north wing.
- The central part of the property includes a playground that is covered by a tent like structure. The tent like structure appears to be PVC material which is hard wearing and capable of cleaning.

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- The internal finishes in the building are good quality, floors are finished with tile on the ground and upper floors and laminated wood flooring at basement level 2.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single-let to Al-Khaleej for Training and Education Company under a triple net lease. This represents full occupancy of the Property. Below, we present the key lease information:

Table 2: Lease Overview

Rowad AlKhaleej International School, AlMughrizat, Riyadh	
Lease Start Date	25 Dec 2019
Tenant	Al-Khaleej for Training and Education Company
Term	Fifteen (15) Gregorian years
Property Leased	Land and buildings on which the school known as Rowad AlKhaleej International School is situated, located in Riyadh, Saudi Arabia
Rental Contract Details	Escalation: 7.5% after every 5 years 25-Dec-2019 to 24-Dec-2024: SAR 16,275,000 per annum 25-Dec-2024 to 24-Dec-2029: SAR 17,495,625 per annum 25-Dec-2029 to 24-Dec-2034: SAR 18,807,797 per annum
Rent Payment Date	Bi-annually in advance
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

- The Property has an unexpired lease term of 11.5 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Rowad AlKhaleej International School, AlMughrizat, Riyadh	
Title Deed No.	417807001085 & 417807001086
Plot No(s).	Plots 1,2,3,4; Block 1/3309 Plots 5,6,7,8; Block 1/3309
Owner	Privileged Warehouse company 2
Tenure	Freehold
Title Deed Date	28/04/1441 (26/12/2019)

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Rowad AlKhaleej International School, AlMughrizat, Riyadh	
Land Size (sq m)	Plots 1,2,3,4: 8,039.9 Plots 5,6,7,8: 7,920.0 Total: 15,959.9

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Rowad AlKhaleej International School, AlMughrizat, Riyadh	
Permit Number	1432/4252
Permit Date	11/03/1432 (15/12/2014)
Zoning	Education Facility
Municipality License No.	4002002
Building Specifications	Basement: 15,143 sq m (Parking) Ground Floor – Education: 7,537 sq m First Floor – Education: 7,957 sq m Second Floor – Education: 7,957 sq m Electrical Room: 33.6 sq m Boundary Wall: 364 sq m

Source: Client

- We have been provided with a building completion certificate dated 02/08/1439, which confirms that the building has been constructed in line with the use described in the municipality license.

Valuation Considerations

- Our valuation has been carried out using the investment method via a discounted cash flow (DCF) approach. The cash flows considered have regard to the lease agreement in place.
- We have further considered the affordability of the lease payments under the agreement with respect to the estimated revenue generated by the school. In absence of detailed operational and financial performance metrics of the school, we have assumed the following when estimating the revenue:
    - The school has a capacity of 3,000 students as informed by the Client. Given that the school has been operational since 2017, it is assumed that it has reached an optimal capacity utilization of 85%.
    - The fees have been sourced from the school's website and the average annual fees per student works out to be SAR 35,275. We note that the school has been offering a discounted fee and this has been assumed to be continued into perpetuity. An annual fee increment of 2.5% has been considered based on inflation.
    - Based on the above, the school's estimated annual revenue works out to be SAR 90 million.

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- We have considered an affordable rent equivalent to 12.0% of the estimated annual revenue of the school, which computes to SAR 11.6 million per annum. Given that the annual rent as per the lease agreement is SAR 4.67 million, it is inferred that an amount of approximately SAR 5.48 million overburdens the school ("over rented portion").
- As we consider the rent as per the lease agreement to in excess of what we consider affordable, we have assigned different cap rates / risk premiums to the "core income" (i.e. the base rent which we consider to be affordable) and the "over rented portion".
- A risk premium of 250bp has been considered in the discount rate and the yield to reflect the higher risk associated with the "over rented portion" of the rental cashflows.
- We also note that, that the Client has not informed us of any rental defaults.
- Operating costs: As per the lease agreement, the tenant is responsible for all operating expenses, maintenance and insurance costs of the Property. Accordingly, we have not considered any operating costs for the Property.

Yield rationale

- The table below shows transactions in which educational facilities have been acquired by RIETs in last few years.
- We are of the opinion that the Market Value would be based off capitalisation rate(s) of 7.75% for the "core income" portion of the lease cash flows and 8.00% for the "over rented portion".

Table 5: Recent RIET Transactions in Education Sector

Asset	RIET	Location	Yield (%)	Date
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International School	Jadwa II	Direyah	9.75%	2018
Private School	Taleem REIT	Direyah	6.47%	2020

Source: Knight Frank Research

Valuation Assumptions

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75% for "core income" and 8.00% for "over rented portion" of the lease cash flows
Discount Rate	• 10.25% for "core income" and 10.50% for "over rented portion" of the lease cash flows
Rent Passing pa	• SAR 16,275,000 (of which SAR 11,601,558 is the affordable rent / core income portion)

Source: Knight Frank Research

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Fair Value

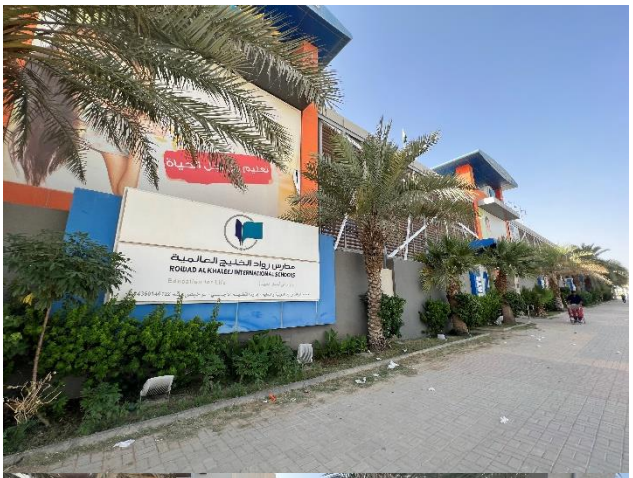
- We are of the opinion that the Fair Value of the freehold interest in the Property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 196,500,000

(One Hundred and Ninety-Six Million, Five Hundred Thousand Saudi Arabian Riyals)

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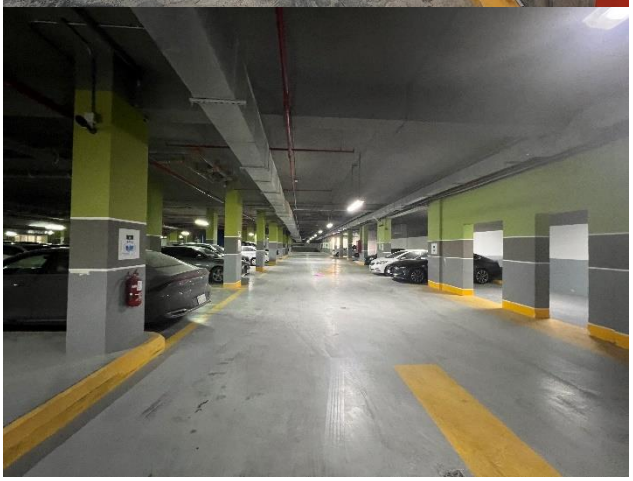
Appendix 1 – Photographs

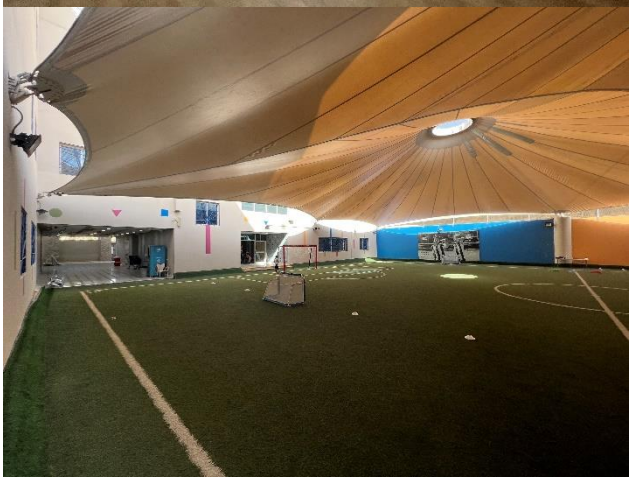












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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل بشمال الرياض

الرقم : ٤١٧٨٠٧٠٠١٠٨٦
التاريخ : ٢٨ / ٤ / ١٤٤١ هـ

صك

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

فإن قطعة الأرض ١ و قطعة الأرض ٢ و قطعة الأرض ٣ و قطعة الأرض ٤ من البلك رقم ١ من المخطط رقم ٣٣٠٩ الواقع في حي المغرزات بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: ممر مشاه ٢٠م يليه شارع عرض ٣٦م — بطول: (٧٣,٠٩) ثلاثة و سبعون متر و تسعة سنتمتر

جنوباً: ممر مشاه ٢٠م يليه شارع عرض ٣٦م — بطول: (٧٣,٠٩) ثلاثة و سبعون متر و تسعة سنتمتر

شرقاً: ممر مشاه ٢٠م — بطول: (١١٠) مائة و عشرة متر

غرباً: قطعة ٥ وقطعة ٦ — بطول: (١١٠) مائة و عشرة متراً

ومساحتها :(٨,٠٣٩,٩) ٠ فقط حسب المخطط

والمستند في افراغها على الصك الصادر من هذه الإدارة برقم ٣١٧٨٠٧٠٠١٠٨١ في ٢٨ / ٤/ ١٤٤١ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ..

بثمن وقدره ٥٩٢٧٤١٦٦ تسعة و خمسون مليونا و مئتين و أربعة و سبعون ألفا و مائة و ستة و ستون ريال (جزء من شيك) وعليه جرى التصديق تحريراً في ٢٨ / ٤/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عبدالإله بن حمد بن علي المبارك

وزارة العدل
كتابة العدل بشمال الرياض
كاتب العدل بكب رقم (٧)

وزارة العدل

مطبعة مطابع الحكومة - ٢٤٢١١٥ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تظليله) صفحة ١ من ٢



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل بشمال الرياض

الرقم : ٤١٧٨٠٧٠٠١٠٨٥
التاريخ : ٢٨ / ٤ / ١٤٤١ هـ

صك

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

فإن قطعة الأرض ٥ و قطعة الأرض ٦ و قطعة الأرض ٧ و قطعة الأرض ٨ من البلك رقم ١ من المخطط رقم ٣٣٠٩ الواقع في حي المغرزات بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: مشاة عرضة ٢٠م يلية شارع ٣٦م — بطول: (٧٢) اثنين و سبعون متر

جنوباً: مشاة عرضة ٢٠م يلية شرع ٣٦م — بطول: (٧٢) اثنين و سبعون متر

شرقاً: قطعة رقم ٣ ورقم ٤ — بطول: (١١٠) مائة و عشرة متر

غرباً: مشاة عرضة ١٠م + القطعة رقم ٩ — بطول: (١١٠) مائة و عشرة متراً

ومساحتها :(٧٩٢٠) سبعةآلاف و تسعمائة و عشرون متر مربعاً فقط

والمستند في افراغها على الصك الصادر من هذه الإدارة برقم ٤١٧٨١٢٠٠٠٨٧٤ في ٢٨ / ٤/ ١٤٤١ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ..

بثمن وقدره ٥٨٣٩٠٢٠٤ ثمانية و خمسون مليونا و ثلاثمائة و تسعون ألفا و مئتين و أربعة ريال (جزء من شيك) وعليه جرى التصديق تحريراً في ٢٨ / ٤/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عبدالإله بن حمد بن علي المبارك

وزارة العدل
كتابة العدل بشمال الرياض
كاتب العدل بكب رقم (٧)

وزارة العدل

مطبعة مطابع الحكومة - ٢٤٢١١٥ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تظليله) صفحة ١ من ٢

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Appendix 3 – Cashflow Extract

Currency: SAR											
Periods Ending 30-Jun-20XX		***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***
Timeline		*1.0*	*2.0*	*3.0*	*4.0*	*5.0*	*6.0*	*7.0*	*8.0*	*9.0*	*10.0*
Affordable Rent (Core Income)		11,601,558	12,036,617	12,471,675	12,471,675	12,471,675	12,471,675	12,939,363	13,407,051	13,407,051	13,407,051
Terminal Value based on Affordable Rent @ 7.75%											172,994,203
Total Cash Flows based on Affordable Rent		**11,601,558**	**12,036,617**	**12,471,675**	**12,471,675**	**12,471,675**	**12,471,675**	**12,939,363**	**13,407,051**	**13,407,051**	**186,401,254**
Discount Factors @ 10.25%		*0.907*	*0.823*	*0.746*	*0.677*	*0.614*	*0.557*	*0.505*	*0.458*	*0.416*	*0.377*
Discounted Cash Flows based on Affordable Rent		**10,522,955**	**9,902,554**	**9,306,556**	**8,441,321**	**7,656,527**	**6,944,695**	**6,535,258**	**6,141,924**	**5,570,907**	**70,252,672**
Over Rented Portion		4,673,442	4,848,696	5,023,950	5,023,950	5,023,950	5,023,950	5,212,348	5,400,746	5,400,746	5,400,746
Terminal Value based on Over Rented Portion @ 8.00%											67,509,328
Total Cash Flows based on Over Rented Portion		**4,673,442**	**4,848,696**	**5,023,950**	**5,023,950**	**5,023,950**	**5,023,950**	**5,212,348**	**5,400,746**	**5,400,746**	**72,910,074**
Discount Factors @ 10.50%		*0.905*	*0.819*	*0.741*	*0.671*	*0.607*	*0.549*	*0.497*	*0.450*	*0.407*	*0.368*
Discounted Cash Flows based on Affordable Rent		**4,229,359**	**3,971,005**	**3,723,561**	**3,369,738**	**3,049,537**	**2,759,762**	**2,591,179**	**2,429,716**	**2,198,838**	**26,863,634**
DCF - Affordable Rent	141,275,369										
DCF - Over Rented Portion	55,186,329										
Total Value	**196,461,699**										
Total Value (Rounded Off)	**196,500,000**										
Value per sqm of BUA	**5,041**										

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Property Valuation.

Rowad AlKhaleej International School, AlZuhur, Dammam

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 228,200,000
Inspection Date:	30th May, 2023	*Terminal Yield:*	7.75% to 8.00%
Use Type(s):	Education	*Discount rate:*	10.25% to 10.50%
Tenure:	Freehold	*Inflation / Growth rate:*	2.50%
Site Area (sq m):	20,213 sq m	**Current Rent Passing pa:**	SAR 18,948,750
Built Up Area (BUA):	26,861 sq m	*Passing Rent per sq m:*	*SAR 735 per sq m*
Number of Tenants:	1	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good Condition
Stabilized Occupancy	100%		
Covenant of Tenant(s):	Strong	**Zoning**	Education

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• Purpose built facility. • Good quality of facilities. • Reputable tenant with good recognition and track record in education sector.	• The Property appears to be overrented and as such we might anticipate a downward reversion upon lease expiry.
Opportunities	**Threats**
• Further development in the vicinity may stimulate demand.	• Increasing competition in the education sector.

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Location / Situation



Source: Google Earth / Knight Frank

- The property is located in the Eastern province of the Kingdom, within Dammam. More specifically the property is located along Anas Ibn Malik Street, in the Az Zuhur area, which is the northern side of the city.
- The immediate area to the north west of the property comprises vacant land plots. The Az Zuhur area is developed of mostly low rise residential property with show rooms on the ground floor of buildings that have frontage to main roads.
- The Open Arab University is located to the south of the property and Marina Mall is less than 2 km to the west.

Description

- The property comprises of four buildings, which include, a staff accommodation building, Boys school, Girls school, and an additional building for the Girls school expansion. The four buildings have a total BUA of 25,797 sq m and are surrounded by a concrete wall that reaches approximately 2.5 metres in height.
- Surface parking is provided on the ground floor for school buses and staff vehicles. There is additional parking contained within the basement of the Girls school's expansion building.
- The Girls school is formed by two buildings, where an interconnecting bridge on the first floor provides access between them. The initial Girls school building was built in 2012 and extends to 5,025 sq m of BUA. The Girls school expansion building completed construction in 2015 and has a total BUA of 10,751 sq m.
- The initial Girls school building is built over ground, first and second floor and the expansion building is similar but includes basement level. The basement level in the expansion building contains 75 parking spaces with a disabled access ramp that leads to an elevator.
- The Girls school comprises of classrooms, including, science labs, computer rooms, multi-purpose room, a library and a large hall.
- he Boys school completed construction in 2012 and has a total BUA of 5,025 sq m, built over ground, first and second floor. On the ground floor there is a central open atrium reaching up to

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the second floor. The Boys school comprises of a classrooms, a library, an art room, and prayer room. There is also a cafeteria and an outdoor terrace that incorporates wooden benches and tables.

- The principal's office is located on the first floor, along with a series of classrooms, a multi-purpose room, an art room and toilets. The central staircase provides access to the first floor along with two additional staircases at opposing sides of the property.
- The second floor comprises of laboratories, classrooms and a councilor's office.
- The staff accommodation building is built over basement, ground and three upper floors. It completed construction in 2013 and has a total BUA of 4,996 sq m. The basement comprises of a large lounge area, a laundry room, controller room, driver/worker rooms, pump room and septic tanks. The ground and upper floors comprise of fully furnished apartments. There is also a swimming pool, gym and lounge area on the ground floor.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single-let to Al-Khaleej for Training and Education Company under a triple net lease. This represents full occupancy of the Property. Below, we present the key lease information:

Table 2: Lease Overview

Rowad AlKhaleej International School, AlZuhur, Dammam	
Lease Start Date	28/4/1441 (25 Dec 2019)
Tenant	Al-Khaleej for Training and Education Company
Term	Fifteen (15) Gregorian years
Property Leased	Land and buildings on which the school known as Rowad AlKhaleej International School is situated, located in Dammam, Saudi Arabia
Rental Contract Details	Escalation: 7.5% after every 5 years 24-Dec-2019 to 23-Dec-2024: SAR 18,948,750 per annum 24-Dec-2024 to 23-Dec-2029: SAR 20,369,906 per annum 24-Dec-2029 to 23-Dec-2034: SAR 21,897,649 per annum
Rent Payment Date	Bi-annually in advance
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

- The Property has an unexpired lease term of 11.5 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

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Table 3: Summary of Tenure

Rowad AlKhaleej International School, AlZuhur, Dammam	
Title Deed No.	630106028707 330113016485 730112017899 230108023590
Plot No(s).	Plots 25,26,27,28,29,30 Block 41/1
Owner	Privileged Warehouse company 2
Tenure	Freehold
Title Deed Date	27/04/1441 (25/12/2019)
Land Size (sq m)	Plots 25,26,27: 10,099 Plot 28: 3,750 Plot 29: 3,364 Plot 30: 3,000 Total: 20,213

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Rowad AlKhaleej International School, AlZuhur, Dammam			
Plots	25,26,27,28,29	25,26,27,28,29	30
Permit Number	427/010348	1/1427/010348	432/10423
Permit Date	06/11/1417 (15 March 1997)	27/11/1434 (02 October 2013)	09/09/1432 (09 August 2011)
Zoning	Education Facility – New Building	Education Facility – Extension	Education Facility – New Building
Municipality License No.	3909265986	3909265986	3909265986
Building Specifications	Ground floor: 134 sq m (services) Ground floor – Education: 3,348 sq m First Floor – Education: 3,248 sq m Second floor – Education: 3,248 sq m Other: 334 sq m	Basement: 3,465 sq m (services) Ground floor - parking: 718 sq m Ground floor – Education: 2,271 sq m Ground floor – services: 53 sq m First Floor – Education: 1,768 sq m Second floor – Education: 2,476 sq m Boundary wall: 125 m Other: 319 m	Ground floor – Residential: 1,000 sq m / Services: 426 sq m First Floor – Residential: 1,000 sq m / Services: 426 sq m Second floor – Residential: 1,000 sq m / Services: 426 sq m Third floor – Residential: 500 sq m / Services: 218 sq m Other: 105 m Boundary wall: 190 m

Source: Client

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- We have not been provided with the building completion certificate. However, we have been provided with electricity supply certificate (date unclear on the document provided). For the purpose of the valuation, we have assumed that the property complies with all relevant authority planning and zoning.

Valuation Considerations

- Our valuation has been carried out using the investment method via a discounted cash flow (DCF) approach. The cash flows considered have regard to the lease agreement in place.
- We have further considered the affordability of the lease payments under the agreement with respect to the estimated revenue generated by the school. In absence of detailed operational and financial performance metrics of the school, we have assumed the following when estimating the revenue:
    - The school has a capacity of 3,000 students as informed by the Client. Given that the school has been operational since 2010, it is assumed that it has reached an optimal capacity utilization of 85%.
    - The fees have been sourced from the school's website and the average annual fees per student works out to be SAR 37,050. An annual fee increment of 2.5% has been considered based on inflation.
    - Based on the above, the school's estimated annual revenue works out to be SAR 94 million.
- We have considered an affordable rent equivalent to 12.0% of the estimated annual revenue of the school, which computes to SAR 12.2 million per annum. Given that the annual rent as per the lease agreement is SAR 18.9 million, it is inferred that an amount of approximately SAR 6.8 million overburdens the school ("over rented portion").
- As we consider the rent as per the lease agreement to in excess of what we consider affordable, we have assigned different cap rates / risk premiums to the "core income" (i.e. the base rent which we consider to be affordable) and the "over rented portion".
- A risk premium of 250bp has been considered in the discount rate and the yield to reflect the higher risk associated with the "over rented portion" of the rental cashflows.
- We also note that, that the Client has not informed us of any rental defaults.
- Operating costs: As per the lease agreement, the tenant is responsible for all operating expenses, maintenance and insurance costs of the Property. Accordingly, we have not considered any operating costs for the Property.

Yield rationale

- The table below shows transactions in which educational facilities have been acquired by REITs in last few years.
- We are of the opinion that the Market Value would be based off capitalisation rate(s) of 7.75% for the "core income" portion of the lease cash flows and 8.00% for the "over rented portion".

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Table 5: Recent RIET Transactions in Education Sector

Asset	RIET	Location	Yield (%)	Date
University	Riyadh REIT	Riyadh	8.70%	2017
Private School	Taleem REIT	Riyadh	6.32%	2018
International School	Taleem REIT	Riyadh	4.87%	2018
Training Center	Derayah	Al Khobar	8.66%	2018
International School	Derayah	Direyah	8.50%	2018
University	Jadwa II	Direyah	8.00%	2018
International School	Jadwa II	Direyah	9.75%	2018
Private School	Taleem REIT	Direyah	6.47%	2020

Source: Knight Frank Research

Valuation Assumptions

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75% for "core income" and 8.00% for "over rented portion" of the lease cash flows
Discount Rate	• 10.25% for "core income" and 10.50% for "over rented portion" of the lease cash flows
ERV	• SAR 18,948,750 (of which SAR 12,185,423 is the affordable rent / core income portion)

Source: Knight Frank Research

Fair Value

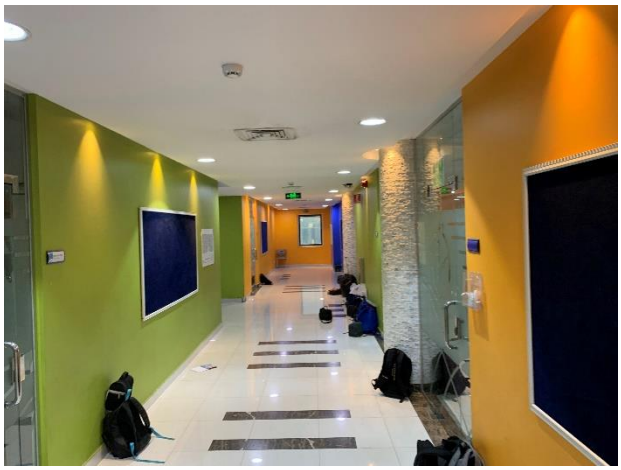
- We are of the opinion that the Fair Value of the freehold interest in the Property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 228,200,000

(Two Hundred and Twenty Eight Million, Two Hundred Thousand Saudi Arabian Riyals)

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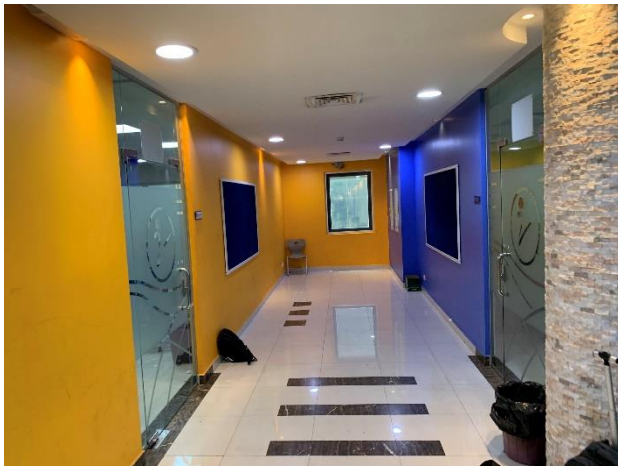
Appendix 1 – Photographs













Rowad AlKhaleej International School, AlZuhur, Dammam

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Appendix 2 – Title Deed









Rowad AlKhaleej International School, AlZuhur, Dammam

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Appendix 3 – Cashflow Extract

Currency: SAR											
Periods Ending 30-Jun-20XX		***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***
Timeline		*1.0*	*2.0*	*3.0*	*4.0*	*5.0*	*6.0*	*7.0*	*8.0*	*9.0*	*10.0*
Affordable Rent (Core Income)		12,185,423	12,642,376	13,099,329	13,099,329	13,099,329	13,099,329	13,590,554	14,081,779	14,081,779	14,081,779
Terminal Value based on Affordable Rent @ 7.75%											181,700,373
Total Cash Flows based on Affordable Rent		**12,185,423**	**12,642,376**	**13,099,329**	**13,099,329**	**13,099,329**	**13,099,329**	**13,590,554**	**14,081,779**	**14,081,779**	**195,782,152**
Discount Factors @ 10.25%		*0.907*	*0.823*	*0.746*	*0.677*	*0.614*	*0.557*	*0.505*	*0.458*	*0.416*	*0.377*
Discounted Cash Flows based on Affordable Rent		**11,052,537**	**10,400,914**	**9,774,921**	**8,866,142**	**8,041,852**	**7,294,197**	**6,864,153**	**6,451,025**	**5,851,270**	**73,788,234**
Over Rented Portion		6,763,327	7,016,952	7,270,577	7,270,577	7,270,577	7,270,577	7,543,223	7,815,870	7,815,870	7,815,870
Terminal Value based on Over Rented Portion @ 8.00%											97,698,376
Total Cash Flows based on Over Rented Portion		**6,763,327**	**7,016,952**	**7,270,577**	**7,270,577**	**7,270,577**	**7,270,577**	**7,543,223**	**7,815,870**	**7,815,870**	**105,514,246**
Discount Factors @ 10.50%		*0.905*	*0.819*	*0.741*	*0.671*	*0.607*	*0.549*	*0.497*	*0.450*	*0.407*	*0.368*
Discounted Cash Flows based on Affordable Rent		**6,120,658**	**5,746,772**	**5,388,675**	**4,876,629**	**4,413,239**	**3,993,882**	**3,749,912**	**3,516,245**	**3,182,122**	**38,876,604**
DCF - Affordable Rent	148,385,245										
DCF - Over Rented Portion	79,864,738										
Total Value	**228,249,984**										
Total Value (Rounded Off)	**228,200,000**										
Value per sqm of BUA	**8,846**										

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Property Valuation.

Al Salam Specialty Hospital, Al Salam, Riyadh

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Source: Knight Frank

Valuation summary

Valuation Date:	30 June 2023	**Fair Value:**	SAR 140,800,000
Inspection Date:	08 June 2023	*Terminal Yield:*	7.75%
Use Type(s):	Healthcare	*Discount rate:*	10.25%
Tenure:	Freehold	*Inflation / Growth rate:*	2.50%
Site Area (sq m):	3,603.6 sq m	**Current Rent Passing pa:**	SAR 12,295,000
Total Floor Area (BUA):	17,567.3 sq m	*Rent passing per sq m:*	*SAR 700 per sq m*
Number of Tenants:	3	**Environmental**	Assumed Uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	100%	**Zoning**	Healthcare
Covenant of Tenant(s)	Strong		

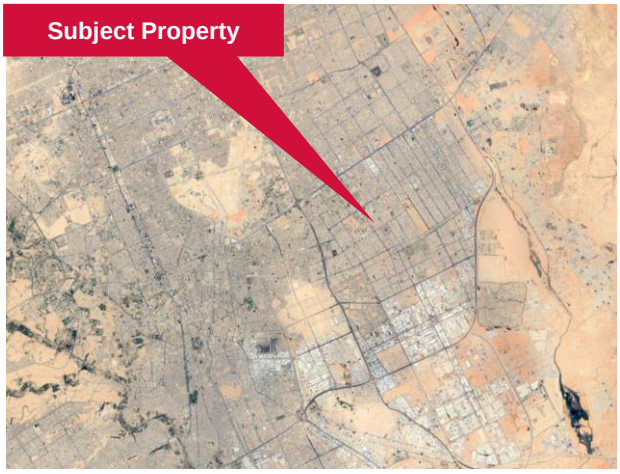
SWOT analysis

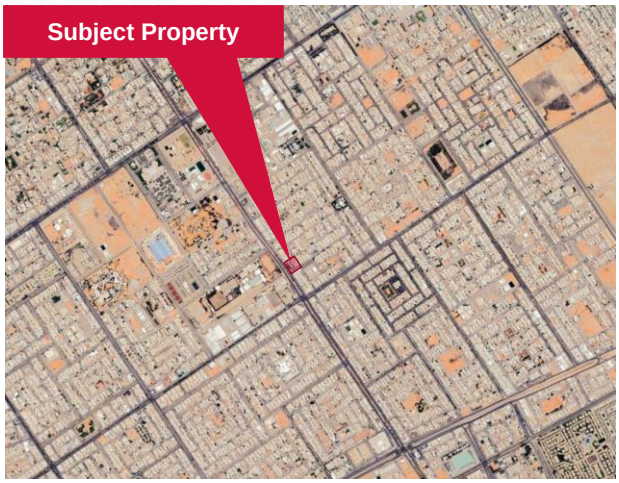
Table 1: SWOT Analysis

Strengths	Weaknesses
• The Property is located in a highly populous area with good accessibility and is managed by a reputable and experienced healthcare operator.	• As per the Lease Agreement, Lessee has the option to terminate the lease at any time subject to 270 day notice.
Opportunities	**Threats**
• Increasing demand for quality private sector healthcare in KSA and Riyadh.	• There are several competing hospitals within 5 km radius of the Property.

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Location / Situation





Source: Google Earth / Knight Frank

- The property is located in Riyadh, KSA. More specifically the property is located in the Al Salam district, in the south-east part of Riyadh.
- The Al Salam district comprises predominantly low to mid rise residential and mixed-use (residential with retail) buildings and few plots of undeveloped land. Prince Mohammad bin Abdulaziz Hospital is located approximately 1km north of the Property and Sky Mall is located approximately 1.3km to the south of the Property.

Description

- The Property is an operational multispecialty hospital situated on a rectangular plot with an area of 3,603 sq m with frontage on Al Imam Al Shafi Road. The Property has a configuration of 2B+G+M+5 with a total BUA of 17,567 sq m.
- The hospital has been operational since 2016 and has a capacity of 100 beds. Key medical specialties offered by the hospital include OB/GYN, Pediatrics, Dental, Internal Medicine, Pulmonology, Cardiology, Orthopedics, General Surgery, Dermatology, Urology, Ophthalmology, ENT. In addition, the hospital is equipped with usual amenities i.e. outpatient clinics, operating theatres, radiology, emergency, laboratory, pharmacy etc.
- The hospital is operated by Saudi Medical Group which is a JCI and CBHAI accredited operator.

Tenancy Overview

- We have been provided with lease information which shows that the Property is let to Al Salam Medical Group Company under a triple net lease.
- Additionally, there are separate lease agreements for a Coffee Shop and Optical Shop which are situated within the hospital premises.
- Below, we present the key lease information:

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Table 2: Lease Overview

Al Salam Specialty Hospital, Riyadh	
Lease Start Date	01 April 2018
Tenant	Main Hospital: Al Salam Medical Group Company Coffee Shop: Thinking Cup Café Optical Shop: Toroun Optical Center
Term	15.75 Gregorian years (Main Hospital)
Property Leased	Land and buildings on which the hospital known as Al Salam Specialty Hospital is situated, located in Riyadh, Saudi Arabia; Coffee Shop and Optical Shop located within the said hospital.
Rental Contract Details – Main Hospital	Escalation: 5% after every 5 years 01-Apr-2018 to 31-Dec-2022: SAR 11,640,000 per annum 01-Jan-2023 to 31-Dec-2027: SAR 12,222,000 per annum 01-Jan-2028 to 31-Dec-2032: SAR 12,833,100 per annum 01-Jan-2033 to 31-Dec-2033: SAR 13,474,755 per annum
Rental Contract Details – Coffee Shop	Escalation: 5% after every 5 years 11-Jun-2018 to 31-Dec-2019: SAR 30,000 per annum 01-Jan-2020 to 31-Dec-2022: SAR 30,000 per annum 01-Jan-2023 to 31-Dec-2027: SAR 31,500 per annum 01-Jan-2028 to 31-Dec-2032: SAR 33,075 per annum 01-Jan-2033 to 31-Dec-2033: SAR 34,728.25 per annum
Rental Contract Details – Optical Shop	Escalation: 5% after every 5 years 11-Jun-2018 to 31-Dec-2019: SAR 40,000 per annum 01-Jan-2020 to 31-Dec-2022: SAR 40,000 per annum 01-Jan-2023 to 31-Dec-2027: SAR 42,000 per annum 01-Jan-2028 to 31-Dec-2032: SAR 44,100 per annum 01-Jan-2033 to 31-Dec-2033: SAR 46,305 per annum
Rent Payment Date	Bi-annually
Lease Renewal Provision	Lessee has the option to terminate the lease at any time subject to 270 day notice
Type of Lease	Triple Net

Source: Client

- The Property has an unexpired lease term of 10.5 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

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Table 3: Summary of Tenure

Al Salam Specialty Hospital, Riyadh	
Title Deed No.	310124039036, 810124039037, 310124039038, 410124039039
Plot No(s).	165, 166, 167, 168 Block 15/2696
Owner	Privileged Warehouse company 2
Tenure	Freehold
Title Deed Date	10/03/1441 (08/11/2019)
Land Size (sq m)	3,603.6

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Al Salam Specialty Hospital, Riyadh	
Permit Number	1429/4972
Permit Date	10/03/1437 (21/12/2015)
Zoning	Healthcare
Municipality License No.	N/A
Building Specifications	Basement (2 Floors): 3,603.6 sq m per floor Ground Floor – Healthcare Clinics: 1,440 sq m Mezzanine Floor – Commercial: 1,072.39 sq m First Floor – Healthcare Clinics: 1,422.18 sq m Second & Third Floors – Healthcare Clinics: 1,430.65 sq m per floor Fourth & Fifth Floors – Healthcare Clinics: 1,398.03 sq m per floor Annex – Healthcare Clinics: 713.6 sq m Boundary Wall: 55 m

Source: Client

- We have been provided with a building completion certificate dated 10/03/1437, which confirms that the building has been constructed in line with the use described in the building permit.

Valuation Considerations

- Our valuation has been carried out using the investment method via a discounted cash flow (DCF) approach. The cash flows considered have regard to the lease agreement in place.
- We have further considered the affordability of the lease payments under the agreement with respect to the estimated revenue generated by the hospital. In absence of detailed operational and financial performance metrics of the hospital, we have estimated the minimum revenue that would be required to make the contracted rent amount affordable; and compared this indicator with industry benchmarks for revenue per bed.

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- As the contracted amount of the main hospital at the valuation date is SAR 12.2 million, we estimate that the minimum revenue required to be generated by the hospital to make this amount affordable is SAR 101.9 million (approximately SAR 1 million per bed considering the hospital's 100 bed capacity).
- We note that publicly listed healthcare operators in KSA achieved revenue per bed in the range of SAR 1.2 million to SAR 3.3 million in 2022. We expect an experienced healthcare operator serving the same catchment area to be able to achieve a revenue per bed of SAR 1 million or above. Hence, we consider the current contracted rent amount being paid by the lessee to be affordable.
- We also note that, that the Client has not informed us of any rental defaults.
- Operating costs: As per the lease agreement, the tenant is responsible for all operating expenses, maintenance and insurance costs of the Property. Accordingly, we have not considered any operating costs for the Property.

Yield rationale

- It is noted that healthcare assets rarely transact within KSA and the region owing to which there is no or limited comparable transactional evidence readily available at present.
- We have reference to a 75-bed multispecialty hospital in Sharjah, UAE which traded on Al Ma'ather REIT at a yield of 8.0% in 2022.
- We are of the opinion that the Market Value would be based off capitalisation rate of 7.75% for the Property. In doing so, we have considered the lease renewal provisions which state that the lessee has the option to terminate the lease at any time subject to 270 day notice, although we consider the possibility of this event materializing to be unlikely.

Valuation Assumptions

Table 5: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75%
Discount Rate	• 10.25%
Rent Passing pa	• SAR 12,295,000

Source: Knight Frank Research

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the Property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 140,800,000

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

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 1 – Photographs

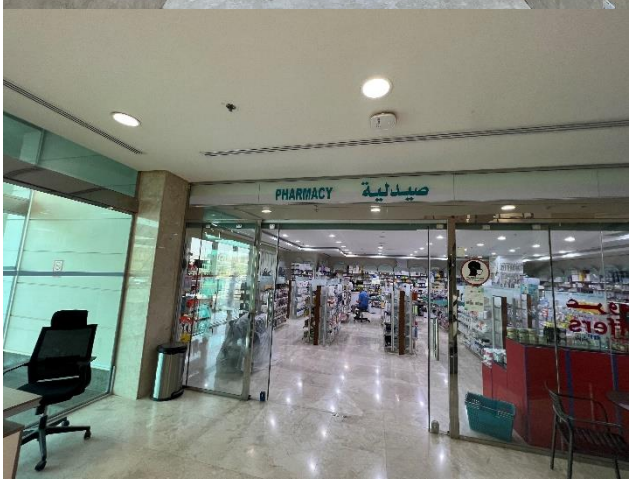












Al Salam Specialty Hospital, Al Salam, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 2 – Title Deed



صك

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

فإن قطعة الارض رقم ١٦٥ من البلك رقم ١٥ من المخطط رقم ٢٦٩٦ الواقع في حي السلام بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٥م بطول: (٢٥) خمسة و عشر ون متر

جنوباً: قطعة رقم ١٦٦ بطول: (٢٥) خمسة و عشر ون متر

شرقاً: قطعة رقم ١٦٤ بطول: (٣٠) ثلاثون متر

غرباً: قطعة رقم ١٦٨ بطول: (٣٠) ثلاثون متر

ومساحتها :(٧٥٠) سبعمائة و خمسون متر مربعاً فقط حسب خطاب وزارة المالية رقم ٢٤٣٢٧ في ١٨/ ٤/ ١٤٣٣ المقيد برقم /٣٣٧٥١٥١٥ في ٢٠/ ٤/ ١٤٣٣هـ

والمستند في افرغها على الصك الصادر من هذه الإدارة برقم ٣١٠١١٧٠٤٨٩٤٠ في ٩/ ١/ ١٤٤١ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦/ ٨/ ١٤٣٥ هـ

بثمن وقدره ٢٨١٤٠٣٢٢ ثمانية و عشر ون مليونا و مائة و أربعون ألفا و ثلاثمائة و إثنين و عشر ون ريال من ضمن الشيك وعليه جرى التصديق تحريراً في ١٠/ ٣/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

معاذ بن عبدالرحمن بن صالح الفريان

صفحة ١ من ٢



صك

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

فإن قطعة الارض رقم ١٦٥ من البلك رقم ١٥ من المخطط رقم ٢٦٩٦ الواقع في حي السلام بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٥م بطول: (٢٥) خمسة و عشر ون متر

جنوباً: قطعة رقم ١٦٦ بطول: (٢٥) خمسة و عشر ون متر

شرقاً: قطعة رقم ١٦٤ بطول: (٢٥) خمسة و عشر ون متر

غرباً: قطعة رقم ١٦٧ بطول: (٢٥) خمسة و عشر ون متر

ومساحتها :(٦٢٥) ستمائة و خمسة و عشر ون متر مربعاً فقط حسب خطاب وزارة المالية رقم ٢٤٣٢٧ في ١٨/ ٤/ ١٤٣٣ المقيد برقم /٣٣٧٥١٥١٥ في ٢٠/ ٤/ ١٤٣٣هـ

والمستند في افرغها على الصك الصادر من هذه الإدارة برقم ٣١٠١٢٥٠٢٧٧٧٨ في ١٠/ ١/ ١٤٤١ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦/ ٨/ ١٤٣٥ هـ

بثمن وقدره ٢٨١٤٠٣٢٢ ثمانية و عشر ون مليونا و مائة و أربعون ألفا و ثلاثمائة و إثنين و عشر ون ريال من ضمن الشيك وعليه جرى التصديق تحريراً في ١٠/ ٣/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

معاذ بن عبدالرحمن بن صالح الفريان

صفحة ١ من ٢



صك

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

فإن قطعة الارض رقم ١٦٧ من البلك رقم ١٥ من المخطط رقم ٢٦٩٦ الواقعة في حي السلام بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٥ م بطول: (٤١,٦) واحد و اربعون متر و ستون سنتمتر

جنوباً: قطعة رقم ١٦٨ بطول: (٤١,٤٥) واحد و اربعون متر و خمسة و اربعون سنتمتر

شرقاً: قطعة رقم ١٦٥ بطول: (٣٥) خمسة و عشر ون متر

غرباً: شارع عرض ٤٠ م بطول: (٣٥) خمسة و عشر ون متر

ومساحتها :(١,٠٣٨,١) ألف و ثمانية و ثلاثون متر مربعاً و عشرة سنتمتراً مربعاً فقط حسب خطاب وزارة المالية رقم ٢٤٣٢٧ في ١٨/ ٤/ ١٤٣٣ المقيد برقم /٣٣٧٥١٥١٥ في ٢٠/ ٤/ ١٤٣٣هـ

والمستند في افرغها على الصك الصادر من هذه الإدارة برقم ٣١٠١٢٢٠٤٣٥١٣ في ٩/ ١/ ١٤٤١ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦/ ٨/ ١٤٣٥ هـ

بثمن وقدره ٢٨١٤٠٣٢٢,٦٢ ثمانية و عشر ون مليونا و مائة و أربعون ألفا و ثلاثمائة و إثنين و عشر ون ريال و إثنين و ستون هللة من ضمن الشيك وعليه جرى التصديق تحريراً في ١٠/ ٣/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

معاذ بن عبدالرحمن بن صالح الفريان

صفحة ١ من ٢



صك

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

فإن قطعة الارض رقم ١٦٨ من البلك رقم ١٥ من المخطط رقم ٢٦٩٦ الواقع في حي السلام بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: قطعة رقم ١٦٧ بطول: (٤١,٤٥) واحد و أربعون متر و خمسة و أربعون سنتمتر

جنوباً: شارع عرض ٢٠م بطول: (٣١,٢٥) واحد و ثلاثون متر و خمسة و عشرون سنتمتر

شرقاً: قطعة رقم ١٦٦ بطول: (٣٠) ثلاثون متر

غرباً: قطعة رقم ٤٠ بطول: (٢٠) عشرون متر ثم ينكسر بطول ١٤,٢٠م

ومساحتها :(١,١٩٠,٥) ألف و مائة و تسعون متر مربعاً و خمسون سنتمتراً مربعاً فقط

والمستند في افرغها على الصك الصادر من هذه الإدارة برقم ٣١٠١١٩٠٣٩٧٧٣ في ٩/ ١/ ١٤٤١ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦/ ٨/ ١٤٣٥ هـ

بثمن وقدره ٢٨١٤٠٣٢٢ ثمانية و عشر ون مليونا و مائة و أربعون ألفا و ثلاثمائة و إثنين و عشر ون ريال من ضمن الشيك وعليه جرى التصديق تحريراً في ١٠/ ٣/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

معاذ بن عبدالرحمن بن صالح الفريان

صفحة ١ من ٢

Al Salam Specialty Hospital, Al Salam, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

Currency: SAR											
Periods Ending 30-Jun-20XX		***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***
Timeline		*1.0*	*2.0*	*3.0*	*4.0*	*5.0*	*6.0*	*7.0*	*8.0*	*9.0*	*10.0*
Rent per Lease Agreement											
Hospital		12,222,000	12,222,000	12,222,000	12,222,000	12,527,550	12,833,100	12,833,100	12,833,100	12,833,100	13,153,928
Coffee Shop		31,500	31,500	31,500	31,500	32,288	33,075	33,075	33,075	33,075	33,902
Optical Shop		42,000	42,000	42,000	42,000	43,050	44,100	44,100	44,100	44,100	45,203
Total Rental Cashflow as per Lease Agreement		**12,295,500**	**12,295,500**	**12,295,500**	**12,295,500**	**12,602,888**	**12,910,275**	**12,910,275**	**12,910,275**	**12,910,275**	**13,233,032**
Terminal Value @ 7.75%											170,748,795
Total Cash Flows		**12,295,500**	**12,295,500**	**12,295,500**	**12,295,500**	**12,602,888**	**12,910,275**	**12,910,275**	**12,910,275**	**12,910,275**	**183,981,827**
Discount Factors @ 10.25%		*0.907*	*0.823*	*0.746*	*0.677*	*0.614*	*0.557*	*0.505*	*0.458*	*0.416*	*0.377*
Discounted Cash Flows		**11,152,381**	**10,115,538**	**9,175,091**	**8,322,078**	**7,737,080**	**7,188,924**	**6,520,566**	**5,914,346**	**5,364,486**	**69,340,816**
Total Value	**140,831,306**										
Total Value (Rounded Off)	**140,800,000**										
Value per sqm of BUA	**8,015**										

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Property Valuation.

Lulu Hypermarket, Nahda, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 199,000,000
Inspection Date:	5th June 2023	*Terminal Yield:*	7.75%
Use Type(s):	Retail and Office	*Discount rate:*	10.25%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.5%
Land Area (sq m):	19,500 sq m	**Market Rent pa:**	SAR 16,946,600
Net Leasable Area (sq m):	21,950 sq m	*Market Rent per sq m:*	*SAR 700*
Number of Tenants:	One (master lease)	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Reasonable
Stabilized Occupancy	90%		
Covenant of Tenant(s)	Strong	**Zoning**	Commercial
Current Rent Passing	SAR 16,344,252	**Annual OpEx SAR per sq m:**	SAR 100 (upon lease expiry)

SWOT analysis

Table 1: SWOT Analysis

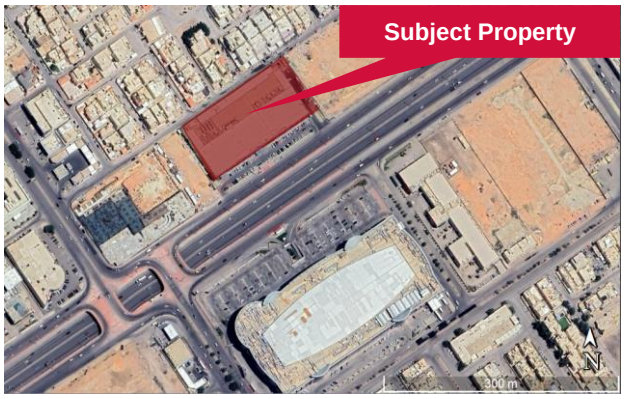
Strengths	Weaknesses
• The property is excellently located with a direct frontage on Khurais Road. • The Property has a reasonable WAULT of 5.8 years let at above market rent and with further escalations.	• Other retail buildings in the area that have undergone renovations and upgrades may attract more customers and tenants due to their modern appeal.

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Opportunities	Threats
• The building can be renovated to attract new customers, capitalizing on the potential of modern designs and features.	• A significant amount of retail developments in the area, may attract tenants and customers away from the subject property.

Location / Situation





Source: Google Earth

- The subject property, known as Lulu Hypermarket, is situated in Al Nahda district within Riyadh, Kingdom of Saudi Arabia.
- Lulu Hypermarket benefits from direct access to Khurais road. The property has two frontages and the surrounding area consist of both residential and commercial uses.
- King Abdullah Financial District (KAFD) is located approximately 18 km west of the property, while King Khalid International Airport is situated around 24 km to the north west.

Description

- The property consists of a ground-plus-two-storey building with visitor parking in the basement, shops on the ground and first floors, and offices on the second story. We understand there are offices within the Property too.
- Lulu Hypermarket is the sublessor's anchor tenant, albeit we understand that there are numerous other smaller tenants.
- The Client has provided us with the net leasable area of the retail space amounting to 19,640.45 sq m. We have been provided with built up area of the office space which amounts to 2,887 sq m and have made the assumption that 80% of this space is to be treated as the net leasable area.
- This provides therefore a total net leasable area of 21,950 sq m.
- The Client has provided us with a building permit with dictating a total built up area (BUA) of 37,569 sq m (includes basement parking of 12,517 sq m).

External facilities

- The property benefits from generous underground parking and external surface parking.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single-let to (Al Mutlaq Real Estate Company) under a triple net lease. This represents full occupancy of the Property. Below, we present the key lease information:

Table 2: Lease Overview

Lulu Hypermarket, Nahda, Riyadh	
Lease Start Date	1st December 2014
Tenant	Al Mutlaq Real Estate Investment
Term	Circa Fifteen (15) Years (expires on the 25th of April 2029)
Property Leased	The Property leased consists of a land area of 19,500 sqm along with the built structure comprising of approximately 37,569 sq m of retail / office space.
Rental Contract Details	The whole Property is let on a master lease. The rental terms are as follows: • Years 1 – 5: SAR 15,275,000 • Years 5 – 10: SAR 16,344,250 • Years 10 – 15: SAR 17,488,348 The current passing is SAR 16,344,250 pa. We understand that current Landlord pays a service agent fee to the tenant in order for them to carry out Major Maintenance and insure the building. However, we understand that this is also recoverable by the Landlord and as such have not factored this into the cashflow.
Rent Payment Schedule	Quarterly payments in advance
Type of Lease	Triple Net

Source: The Client

- The Property has a weighted average unexpired lease term (WAULT) of 5.8 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Lulu Hypermarket, Nahda, Riyadh		
Title Deed No.	618001000851	318001000841
Plot No(s).	542,543,544,545,546,547	548,549,550,551,552 and 553
Owner	Privileged Warehouse company 2	
Tenure	Freehold – Mortgaged	

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Lulu Hypermarket, Nahda, Riyadh		
Title Deed Date	Hijri and Gregorian Date: eg 30/01/1441 (29/09/2019)	Hijri and Gregorian Date: eg 27/01/1441 (26/09/2019)
Land Size (sq m)	19,500 sq m	

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Lulu Hypermarket, Nahda, Riyadh	
Permit Number	1432/22798
Permit Date	26/12/1432 (23/11/2011)
Zoning	Commercial - Retail
Civil Defence Permit	Not stated
Building Specifications	Basement: Parking (12,517 sq m) Ground Floor: Commercial (10,879 sq m) First Floor: Commercial (11,061 sq m) Upper Annex: Office (2,887 sq m) Electrical Room: (30 sqm) Boundary Wall / Services: (193 sq m)

Source:Client

- We have been provided with a building completion certificate dated 26/12/1432, which confirms that the building has been constructed in line with use described in the building permit.

Market Comparables

Table 5: Comparable Rental Transactions

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Confidential Shopping Center	15-10-2022	1,400	550	• The comparable has a superior specification. We have made adjustments for quantum.
Confidential Shopping Center	15-10-2022	1,462	550	• The comparable has a superior specification. We have made adjustments for quantum.
Al Nahda District	Asking	3,246	450	• The comparable has a superior specification. We have made adjustments for quantum.
Al Nahda District	Asking	2,550	471	• The subject property has a superior location, access and specification. We have made adjustments for quantum.
Al Nahda District	Asking	12,000	417	• The subject property has a superior location, access and specification.

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Source: Knight Frank research

Table 6: Comparable Kiosk's Transactions

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Confidential Shopping Center	20-11-2022	9	13,333	• The subject property has an inferior specification.
Confidential Shopping Center	15-08-2022	9	20,000	• The subject property has an inferior specification.
Confidential Shopping Center	06-07-2023	9	18,889	• The subject property has an inferior specification.
Confidential Shopping Center	23-02-2023	9	24,222	• The subject property has an inferior specification

Source: Knight Frank Research

Table 7: Comparable Retail Transactions

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Nahda District	Asking	75	1,200	• The comparable has a superior access and specification. We have made adjustments for quantum.
Al Nahda District	Asking	60	1,400	• The comparable has a superior access and specification. We have made adjustments for quantum.
Al Nahda District	Asking	364	1,236	• The comparable has an inferior location. We have made adjustments for quantum.
Confidential Shopping Centre	20-02-2023	33	2,200	• The comparable has a superior specification.
Confidential Shopping Centre	01-02-2023	44	1,811	• The comparable has a superior specification. We have made adjustments for quantum.

Source: Knight Frank Research

Table 8: Comparable Office Transactions

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Nahda District	Asking	95	316	• The comparable has inferior access and an inferior location as such we have allocated a premium to the subject property for this.

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Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
As Salam District	Asking	85	329	• The comparable has inferior access and an inferior location as such we have allocated a premium to the subject property for this.
Al Nahda District	Asking	52	423	• The comparable has inferior access and an inferior location as such we have allocated a premium to the subject property for this.
Al Andalus District	Asking	252	600	• The comparable has similar access and specification, and as such the adjustments have been minimum.
King Faisal District	Asking	810	600	• The comparable has inferior access and an inferior location as such we have allocated a premium to the subject property for this.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We have arrived at a blended Market Rent of SAR 700 per sq m (exclusive of service charge) across the whole Property which can be broken down as follows; SAR 730 per sq m for the retail component and SAR 470 across the office component.
- We have factored in an additional 10% of Market Rent to account for revenue from speciality leasing and branding. This is a similar rate to comparables in the vicinity.

Valuation Assumptions & Rationale

Table 9: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75%
Discount Rate	• 10.25%
ERV at 100% Occupancy	• SAR 16,946,600 per annum
Stabilised Occupancy	• 90%
Growth Rate	• 2.50%

Source: Knight Frank

- Given that this is an income producing asset we have valued it on a discounted cashflow basis assuming a holding period of 10 years, in which we have capitalised the year 11 net operating income with our designated capitalisation rate.
- In our cashflow we adopted a terminal capitalisation rate of 7.75% which we feel reflects the good WAULT and a discount rate of 10.25% which we feel reflects investors risk appetite for such a Property.
- Upon expiry of the master lease, we have assumed that the Property will remain 70% occupied as sublessees will continue their leases at a Market Rent.

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- We have then factored in a period of time to allow for the Property to stabilise at 90%.

Costs

- For the duration of the master lease we have not assumed any OpEx costs as this is a triple net lease in which all costs are borne by the tenant. However upon expiry of the master lease we have assumed OpEx costs of SAR 90 per sq m across the gross leasable area which we have interpreted to be the same as the BUA (excluding the basement parking), which amounts to 25,050 sq m.
- We have assumed that much of this OpEx will be recovered by a service charge amounting to SAR 100 per sq m of occupied space.
- We note there is also a Service Agent Agreement in place, in which the landlord pays the Tenant SAR 250,000 per annum to service the building (including major maintenance and insurance). We have factored in this cost for each remaining year of the master lease.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the properties, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 199,000,000

(One Hundred and Ninety-Nine Million Saudi Arabian Riyals)

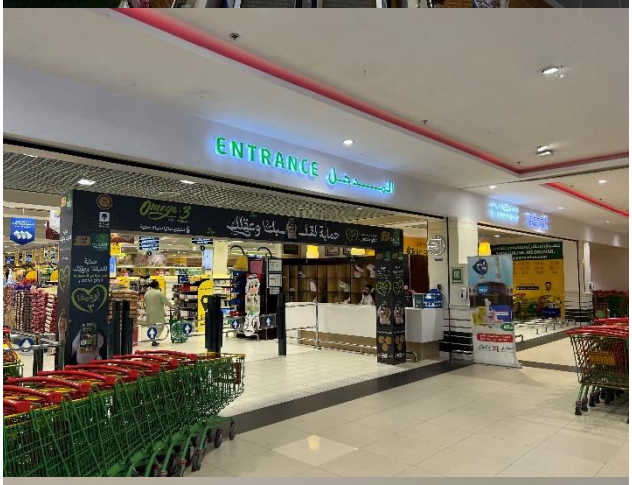
This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

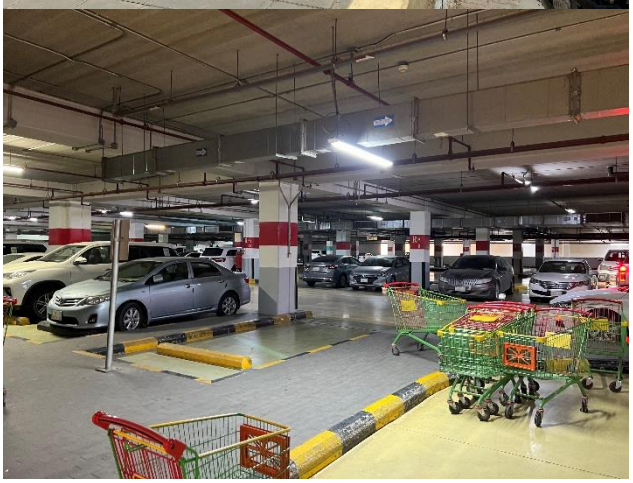
Appendix 1 – Photographs













Lulu Hypermarket, Nahda, Riyadh

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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

كاتب العدل المكلف بمؤسسة
النقد العربي السعودي

الرقم : ٣١٨٠٠١٠٠٠٨٤١
التاريخ : ٢٧ / ١ / ١٤٤١ هـ

صك مرهون

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

فإن قطعة الأرض ٥٤٨ و قطعة الأرض ٥٤٩ و قطعة الأرض ٥٥٠ و قطعة الأرض ٥٥١ و قطعة الأرض ٥٥٢ و قطعة الأرض ٥٥٣ من البلك رقم ٢ من المخطط رقم ١٣٥٣ / أ الواقع في حي النهضة بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٤م — بطول: (٩٧) سبعة و تسعون متر
جنوباً: شارع عرض ٨٩م — بطول: (٩٧) سبعة و تسعون متر
شرقاً: قطعة رقم ٥٤٩ و ٥٥٥ — بطول: (١٠٠) مائة متر
غرباً: قطعة رقم ٥٤٦ و ٥٤٧ — بطول: (١٠٠) مائة متر
ومساحتها: (٩٧٠٠) تسعة آلاف و سبعمائة متر مربعاً فقط وإنشاء عليها سوق تجاري

والمستند في افرازها على الصك الصادر من كتابة العدل الأولى بالرياض برقم ٩١٠١٠٦٠٣٨٧٢٤ في ٢٤ / ٤ / ١٤٣٦ هـ قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ ، والعقار مرهون لصالح شركةالراجحي المصرفية للاستثمار سجل تجاري ١٠١٠٠٠٠٠٩٦ بموجب خطاب الرهن رقم ٠٠٠٠٤ في ١ / ٩ / ٢٠١٩ م والمقيد في هذه الإدارة برقم ٤٦٩٠١١٠٠٥٣ في ١٣ / ١ / ١٤٤١ هـ مقابل مبلغ وقدره ٧٨٢٧٧١٣٦ ثمانية و سبعون مليونا و مئتين و سبعة و عشرون ألفا و مائة و ستة و ثلاثون ريال تسدد على أقساط شهرية عددها ١ قيمة كل قسط ٧٨٢٧٧١٣٦ ثمانية و سبعون مليونا و مئتين و سبعة و عشرون ألفا و مائة و ستة و ثلاثون ريال ابتداء من ٢٠١٩/٣/٢٣ والعقد مجاز من الهيئة الشرعية برقم ١٨٠٧٢ وتاريخ ١٤٣٩/٧/٣ وفي حالة عدم السداد فيتم بيع العقار بالقيمة التي تنتهي عندها الرغبات وستيفاء الرهن منها وما نقص يرجع فيه عليه بعد اكتمال ما يلزم شرعا. وعليه جرى التصديق تحريراً في ٢٧ / ١ / ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عبدالعزيز بن عبدالحميد بن عبدالعزيز الفليقه

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

صفحة ١ من ٢



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

كاتب العدل المكلف بمؤسسة
النقد العربي السعودي

الرقم : ٦١٨٠٠١٠٠٠٨٥١
التاريخ : ٣٠ / ١ / ١٤٤١ هـ

صك مرهون

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

فإن قطعة الأرض ٥٤٢ و قطعة الأرض ٥٤٣ و قطعة الأرض ٥٤٤ و قطعة الأرض ٥٤٥ و قطعة الأرض ٥٤٦ و قطعة الأرض ٥٤٧ من البلك رقم ٢ من المخطط رقم ١٣٥٣ / أ الواقع في حي النهضة بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٤م — بطول: (٩٨) ثمانية و تسعون متر
جنوباً: شارع عرض ٨٩م — بطول: (٩٨) ثمانية و تسعون متر
شرقاً: قطعة رقم ٥٤٨ و ٥٤٩ — بطول: (١٠٠) مائة متر
غرباً: ممر عرض ٨م — بطول: (١٠٠) مائة متر
ومساحتها: (٩٨٠٠) - فقط والقاء عليها سوق تجاري

والمستند في افرازها على الصك الصادر من كتابة العدل الأولى بالرياض برقم ٩١٠١٠٦٠٣٨٧٣٥ في ٢٤ / ٨ / ١٤٣٦ هـ قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨ / ١٤٣٥ هـ ، والعقار مرهون لصالح شركةالراجحي المصرفية للاستثمار سجل تجاري ١٠١٠٠٠٠٠٩٦ بموجب خطاب الرهن رقم ٠٠٠٠٣ في ٢٧ / ١ / ١٤٤١ هـ والمقيد في هذه الإدارة برقم ٤٦٩٠١١٠٠٢١ في ١٣ / ١ / ١٤٤١ هـ مقابل مبلغ وقدره ٧٩٠٣٣٦٠٢ تسعة و سبعون مليونا و ثلاثة و ثلاثون ألفا و ستمائة و اثنين ريال تسدد على أقساط شهرية عددها ١ قيمة كل قسط ٧٩٠٣٣٦٠٢ تسعة و سبعون مليونا و ثلاثة و ثلاثون ألفا و ستمائة و اثنين ريال ابتداء من ٢٠١٩/٣/٢٣ والعقد مجاز من الهيئة الشرعية برقم ١٨٠٧٢ وتاريخ ١٤٣٩/٧/٣ وفي حالة عدم السداد فيتم بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء الرهن منها وما نقص يرجع فيه عليه بعد اكتمال ما يلزم شرعا. وعليه جرى التصديق تحريراً في ٣٠ / ١ / ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عبدالعزيز بن عبدالحميد بن عبدالعزيز الفليقه

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

صفحة ١ من ٢

Lulu Hypermarket, Nahda, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Year 8 May-2031	Forecast Year 9 May-2032	Forecast Year 10 May-2033	Forecast Year 11 May-2034	Forecast Total
Rental Revenue												
Headline Rent	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	19,336,923	17,624,055	18,017,784	18,461,342	18,922,859	19,395,930	197,207,999
Void Loss	0	0	0	0	0	-457,976	-3,056,174	-276,094	0	0	0	-3,790,244
Passing Rent	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	18,878,947	14,567,881	17,741,690	18,461,342	18,922,859	19,395,930	193,417,755
Total Rental Revenue	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	18,878,947	14,567,881	17,741,690	18,461,342	18,922,859	19,395,930	193,417,755
Total Tenant Revenue	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	18,878,947	14,567,881	17,741,690	18,461,342	18,922,859	19,395,930	193,417,755
Other Revenue												
Service Charge	0	0	0	0	0	176,207	2,110,175	2,569,836	2,674,394	2,741,254	2,809,786	13,081,651
Speciality Leasing & Branding	0	0	0	0	0	169,495	1,786,960	1,831,634	1,877,425	1,924,360	1,972,469	9,562,344
Total Other Revenue	0	0	0	0	0	345,702	3,897,135	4,401,470	4,551,819	4,665,615	4,782,255	22,643,995
Potential Gross Revenue	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	19,224,649	18,465,015	22,143,159	23,013,161	23,588,474	24,178,185	216,061,750
Vacancy & Credit Loss												
Vacancy Allowance	0	0	0	0	0	0	-33,911	-1,520,907	-1,841,237	-1,887,266	-1,934,448	-7,217,770
Total Vacancy & Credit Loss	0	0	0	0	0	0	-33,911	-1,520,907	-1,841,237	-1,887,266	-1,934,448	-7,217,770
Effective Gross Revenue	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	19,224,649	18,431,104	20,622,252	21,171,924	21,701,207	22,243,737	208,843,980
Revenue Costs												
OpEx	0	0	0	0	0	255,076	2,614,529	2,679,892	2,746,889	2,815,562	2,885,951	13,997,898
Total Revenue Costs	0	0	0	0	0	255,076	2,614,529	2,679,892	2,746,889	2,815,562	2,885,951	13,997,898
Net Operating Income	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	18,969,573	15,816,575	17,942,360	18,425,035	18,885,646	19,357,787	194,846,082
Cash Flow Before Debt Service	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	18,969,573	15,816,575	17,942,360	18,425,035	18,885,646	19,357,787	194,846,082
Cash Flow Available for Distribution	16,344,252	16,639,810	17,488,348	17,488,348	17,488,348	18,969,573	15,816,575	17,942,360	18,425,035	18,885,646	19,357,787	194,846,082

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Property Valuation.

Anwar Plaza, Al Rawda, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 39,600,000
Inspection Date:	5th June 2023	*Terminal Yield:*	N/A
Use Type(s):	Retail	*Discount rate:*	N/A
Tenure:	Assumed Freehold (mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	9,981.76 sq m	**Market Rent pa:**	SAR 2,685,700
Gross Leasable Area (GLA):	4,766 sq m	*Market Rent per sq m:*	*SAR 565*
Number of Tenants:	4	**Environmental**	Assumed uncontaminated
Current Occupancy:	5%	**Condition**	Dated
Stabilized Occupancy	N/A		
Covenant of Tenant(s)	Mixed (Multi-let)	**Zoning**	Commercial
Current Passing Rent:	SAR 380,300	**Annual OpEx SAR per sq:**	SAR 45

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SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The subject property has a prime location in a well-established area with high traffic bypass. • It has considerable surface parking space which adds convenience for the retail tenants	• Other retail buildings in the area that have undergone renovations and upgrades may attract more customers and tenants due to their modern appeal. • Its occupancy stands relatively low at 5% which indicates that the Property is not performing well as an income producing asset.
Opportunities	**Threats**
• The building can be renovated and rebranded to attract new tenants and customers, capitalizing on the potential of modern designs and features. • The underlying land value appears to be higher than the income producing nature of the Property. As such there is development opportunity to explore the highest and best use of this land	• Other retail developments in the area, including newer plazas, may attract tenants and customers away from the subject property.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Anwar Plaza, is situated in the Al Rawda district within Riyadh, Kingdom of Saudi Arabia.
- Anwar Plaza benefits from direct access via Khalid Ibn Waleed Road. The property has three frontages and the surrounding area consists of both residential and commercial uses.
- The King Abdullah Financial District (KAFD) is located approximately 15 km northwest of the property, while King Khalid International Airport is situated around 26 km to the north.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Description

- The subject property is dated and in need of refurbishment.
- The subject property is comprised of eighteen showrooms and one drive-through kiosk.
- The subject property covers a land area of 9,981.76 sq m, with a building permit specifying a built-up area of 4,812.42 sq m. The Client has provided us with a breakdown of the gross leasable area, which amounts to 4,766 sq m.

External facilities

- Surface parking in front of the Property, with frontage onto Khalid Ibn Al Waleed Road.

Tenancy Overview

- As of the valuation date, we understand that the subject property is a multi-tenanted space currently experiencing a vacancy rate of 95%.
- As of the date of valuation date the gross current passing rents is SAR 380,300 per annum, excluding service charge.
- We have been informed by the Client that one kiosk tenant, paying an annual rent of SAR 120,000 per annum is currently looking to renew their lease, however their lease term is as of yet undecided. Given that all the remaining leases on the Property will expire by 6th of October 2023, we have assumed that this lease renewal will not stretch further than this as it would prevent access to the land value of the Property.

Tenure, Planning and Zoning

Please see a summary of the Property Tenure:

Table 2: Summary of Tenure

Anwar Plaza, Rawada District, Riyadh	
Title Deed No.	618001000848
Plot No(s).	408/391
Owner	Privileged Warehouse company 2
Tenure	Freehold Mortgaged to Al Rajhi Bank
Title Deed Date	Hijri and Gregorian Date: 1441/01/30 (30/09/2019)
Land Size (sq m)	9,981.76

Source: Client

We have been provided with the following building permits for the Property, which we summarise below:

Table 3: Summary of Building Permit

Anwar Plaza, Rawada District, Riyadh	
Permit Number	9220/1430
Permit Date	30/06/1430 (24/06/2009)

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Anwar Plaza, Rawada District, Riyadh	
Zoning	Commercial
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Commercial (4,498 sq m) Electrical Room (20 sq m) Boundary Wall / Services (294.42 M)

Source: Client

- We have been provided with a building completion certificate dated 24/12/1431, which confirms that the building has been constructed in line with the use describe in the building permit.

Market Comparables

Table 4: Retail Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Rawda District	Asking	200	650	• The comparable has similar characteristics to the subject property, therefore no adjustment was made.
Al Rawda District	Asking	255	608	• Our subject property has a more desirable location and superior access compared to the comparable.
Al Rawda District	Asking	1,000	600	• Our subject property has a more desirable location and superior access compared to the comparable and we have made adjustments for quantum
Al Rawda District	Asking	75	1,000	• Our subject property has a more desirable location and superior access compared to the comparable and we have made adjustments for quantum
Al Rawda District	Asking	120	833	• Our subject property and the comparable have similar attributes.
Al Rawda District	Asking	160	875	• Our subject property has a more desirable location and superior access compared to the comparable and we have made adjustments for quantum.

Source: Knight Frank Research

Market Rent rationale

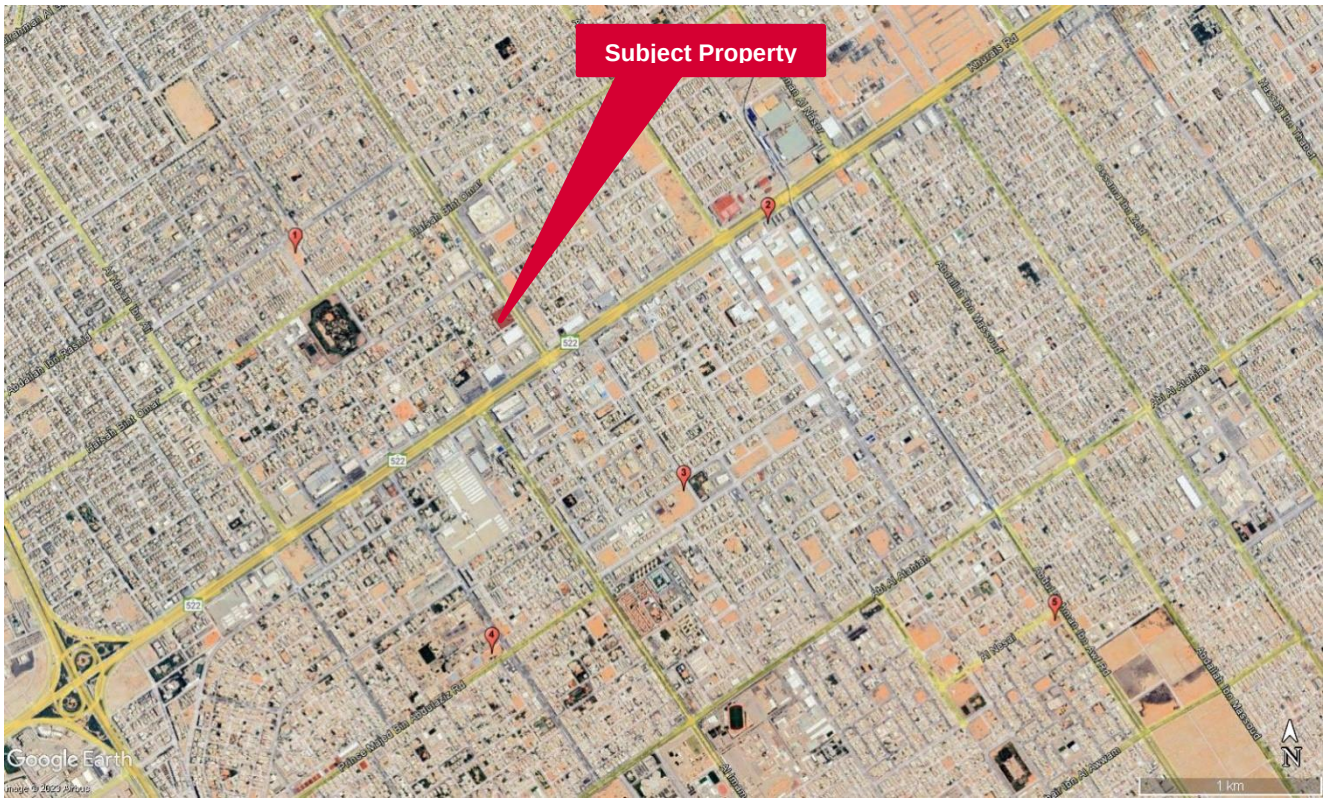
- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.

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- We are off the opinion that the market rent across the Property would equate to SAR 565 per sq m per annum across the Property GLA (this is inclusive of service charge). We have however not applied Market Rent in the valuation given that we are assuming a reversion to land value in October 2023 when the final lease expires. As such we are not assuming any leases renew.

Land rationale

- Given that we are of the opinion that the land value supersedes the value of the income producing asset we have analysed the land market in close proximity to the subject property. Please see the comparable map below showing land comparables:



source: Knight Frank Research/ Google Earth

Table 5: Land Comparables

Comparable	Address	Status	Area sq m	SAR per sq m	Comments/Comparison
1	Al Rawda District	Transaction	9,900	3,400	• The comparable has similar characteristics to the subject property.
2	Al Rawda District	Transaction	3,186	5,500	• The comparable location and access are better than the subject property, and as such a discount was applied.

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Comparable	Address	Status	Area sq m	SAR per sq m	Comments/Comparison
3	Al Rawda District	Asking	1,250	4,000	• A discount has been applied to the subject property to account for its size compared to the comparable.
4	Al Rawda District	Asking	14,400	4,300	• The comparable has similar characteristics to the subject property.
5	Al Rawda District	Asking	4,320	5,000	• A discount has been applied to the subject property to account for its size compared to the comparable.

Source: Knight Frank Research

- In deriving our opinion of the underlying land plot, we have taken into account the aforementioned comparables. We have applied discounts to the comparables to incorporate the impact of negotiation between sellers and potential buyers. Additionally, we have made other essential adjustments to account for quantum differences between the comparables and the Property. Our assessment leads us to conclude that value of the underlying land is SAR 4,000 per sq m, resulting in a total land value of SAR 39,927,040 as of the date of valuation.

Valuation Assumptions & Rationale

Table 6: Valuation Assumptions

Item	Assumption
Discount Rate	• N/A
ERV at 100% Occupancy	• SAR 2,685,700
Growth Rate pa	• 2.50%
Land value as of Valuation Date	• SAR 39,927,040
Fair Value	• SAR 39,600,000

Source: Knight Frank Research

- Given that this is an income producing asset we have valued the property using a discounted cashflow. However, to account for the fact that the underlying land value supersedes the value of the income producing asset we have factored in a reversion to land value upon expiry of the final tenant lease in October 2023, deducting any CapEx and Opex costs.
- Given that the date of valuation is so close to the expiry of the final lease on the Property we have not applied a discount rate to this time period.

Costs

- We have assumed minimal OpEx costs of SAR 45 per sq m per annum across the GLA.
- We have been informed that the Client wishes intends to spend SAR 400,000 for the purposes of a soft refurbishment. We have applied factored this into the cashflow as CapEx.

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Fair Value

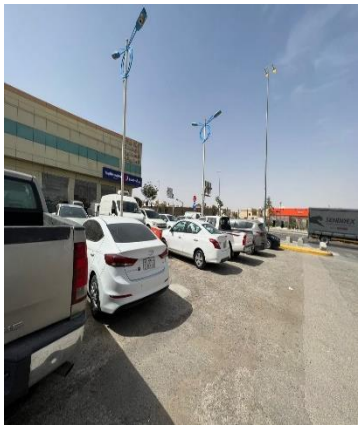
- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 39,600,000

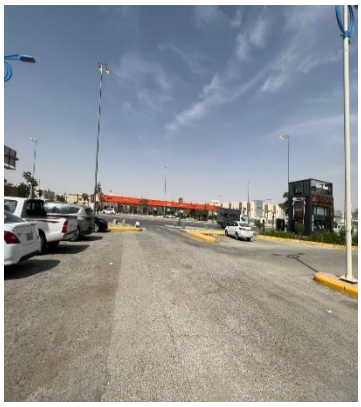
(Thirty-Nine Million, Six Hundred Thousand Saudi Arabian Riyals)

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Appendix 1 – Photographs













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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

٦١٨٠٠١٠٠٠٨٤٨
الرقم : ٦١٨٠٠١٠٠٠٨٤٨
التاريخ : ٣٠ / ١ / ١٤٤١ هـ

كاتب العدل المكلف بمؤسسة
النقد العربى السعودى

صك مرهون

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

فإن قطعة الارض رقم ٤٠٨ من المخطط رقم ٣٩١ الواقع في حي الروضة بمدينة الرياض ،

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٥م بطول: (١٠٠,٤١) مائة متر و واحد و اربعون سنتمتر

جنوباً: شارع عرض ٢٠م بطول: (١٠٠,٤١) مائة متر و واحد و اربعون سنتمتر

شرقاً: شارع عرض ٤٠م بطول: (٩٩,٦) تسعة و تسعون متر و ستون سنتمتر

غرباً: قطعة رقم ٤٠٩ / ٢ و ٤٠٩ / ٤ بطول: (٩٩,٦) تسعة و تسعون متر و ستون سنتمتر

ومساحتها :(٩,٩٨١,٧٦) تسعةالآف و تسعمائة و واحد و ثمانون متر مربعاً و ستة و سبعون سنتمتراً مربعاً فقط

والمستند فى افراغها على الصك الصادر من كتابة العدل الاولى بالرياض برقم ٢١٠١١٦٠٣٢٣١٦ في ٢٢ / ١/ ١٤٣٧ هـ قد انتقلت ملكيتها ل: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ، والعقار مرهون لصالح شركةالراجحي المصرفية للاستثمار سجل تجاري ١٠١٠٠٠٠٠٩٦بموجب خطاب الرهن رقم ٠٠٦٠٦ في ١ / ٩/ ٢٠١٩ م والمقيد في هذه الإدارة برقم ٤١٩٠١١٠٦٤ في ١٣ / ١/ ١٤٤١ هـ مقابل مبلغ وقدره ٤٧١٧٨٢٢٢ سبعة و أربعون مليونا و مائة و ثمانية و سبعون ألفا و مئتين و اثنين و عشر ون ريال تسدد على أقساط شهرية عددها ١ قيمة كل قسط ٤٧١٧٨٢٢٢ سبعة و أربعون مليونا و مائة و ثمانية و سبعون ألفا و مئتين و اثنين و عشر ون ريال ابتداء من ٢٠١٦/٣/٢٣ والعقد مجاز من الهيئة الشرعية برقم ١٨٠٧٢ وتاريخ ١٤٣٩/٧/٣ وفي حالة عدم السداد فيتم بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء الرهن منها وما نقص يرجع فيه عليه بعد اكمال ما يلزم شرعا. وعليه جرى التصديق تحريراً في ٣٠ / ١/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

وزارة العدل

كاتب العدل

عبدالعزيز بن عبدالحميد بن عبدالعزيز الغليقه

الختم الرسمي
وزارة العدل
كتابة العدل الأولى بالرياض
كاتب العدل بمكتب رقم (٣٣)

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

صفحة ١ من ٢

مصلحة مطابع الحكومة -٢٩٢١٥٩ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (١٢-٠٣-١)

Anwar Plaza, Al Rawda, Riyadh

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Appendix 3 – Cashflow Extract

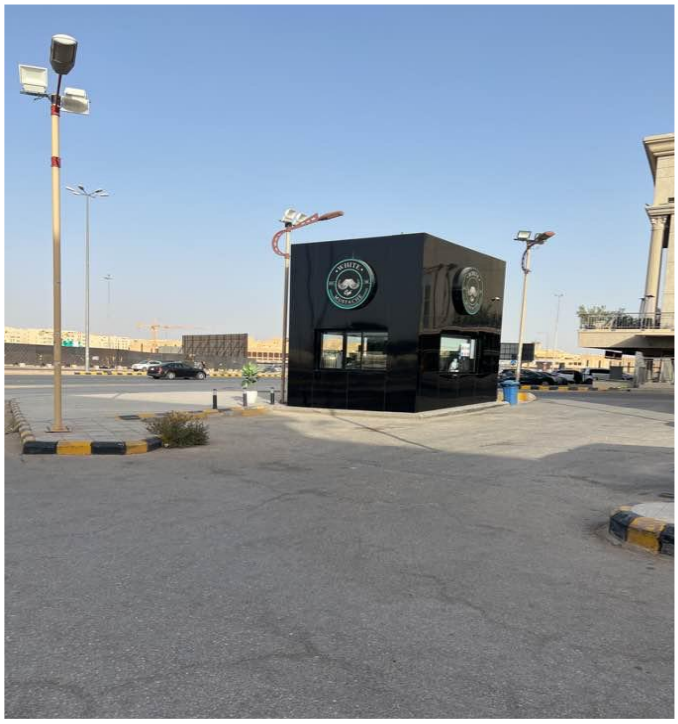
For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Total
Rental Revenue			
Headline Rent	42,807	0	42,807
Passing Rent	42,807	0	42,807
Total Rental Revenue	42,807	0	42,807
Total Tenant Revenue	42,807	0	42,807
Potential Gross Revenue	42,807	0	42,807
Effective Gross Revenue	42,807	0	42,807
Revenue Costs			
CapEx	400,000	0	400,000
OpEx	70,948	0	70,948
Total Revenue Costs	470,948	0	470,948
Net Operating Income	-428,141	0	-428,141
Cash Flow Before Debt Service	-428,141	0	-428,141
Cash Flow Available for Distribution	-428,141	0	-428,141

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Property Valuation.

Narjes Plaza, Al Narjes District, Riyadh

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 53,600,000
Inspection Date:	8th June 2023	*Terminal Yield:*	N/A
Use Type(s):	Retail	*Discount rate:*	11.00%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	9,000 sq m	**Market Rent pa:**	SAR 3,488,090
Gross Leasable Area (GLA):	5,061 sq m	*Market Rent per sq m:*	*SAR 690*
Number of Tenants:	One (master lease)	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	NA		
Covenant of Tenant(s)	Strong	**Zoning**	Commercial
Current Passing Rent:	SAR 4,619,358 (per Gregorian year)	**Annual OpEx SAR pa:**	None – NNN Lease

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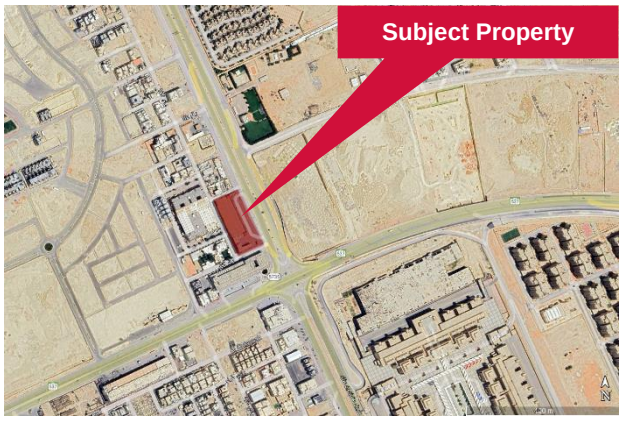
SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The subject property has a prime location in a well-established area with a high bypass of traffic.	• Other retail buildings in the area that have undergone renovations and upgrades may attract more customers and tenants due to their modern appeal.
Opportunities	**Threats**
• The underlying land value appears to be higher than the income producing nature of the Property. As such there is development opportunity to explore the highest and best use of this land. The remaining WAULT is 1.7 years and as such this land value is able to be soon explored.	• Other retail developments in the area, including newer plazas, may attract tenants and customers away from the subject property. • We are of the opinion that the Property is overrented and will experience a significant downward reversion in terms of market rent once the masterlease expires.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Al Narjes Plaza, is situated in the Al Narjes district within Riyadh, Kingdom of Saudi Arabia.
- Al Narjes Plaza benefits from direct access via Othman Bin Affan road. The property has four frontages and the surrounding area consists of both residential and commercial uses.
- The King Abdullah Financial District (KAFD) is located approximately 13 km west of the property, while King Khalid International Airport is situated around 24 km to the east.

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Description

- The construction quality of the subject property appears to be of a good standard, resembling a typical plaza. Notably, the subject property benefits from Al Tamimi Market, which serves as the tenants' sublessee anchor and is the only supermarket in the surrounding area.
- The subject property is comprised of eight offices, eleven stores, and one drive-through.
- The subject property covers a land area of 9,000 sq m, with a building permit specifying a built-up area of 5,697.6 sq m. The Client has provided us with a breakdown of the gross leasable area, which amounts to 5,061 sq m.

External facilities

- Surface parking in front of the Property, with frontage onto Uthman Ibn Affad Road.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to (Al Fouzan Trading and General Contracting Company) under a triple net lease. This represents full occupancy of the Property.
- Below, we present the key lease information:

Table 2: Lease Overview

Al Narjes Plaza, Narjes District, Riyadh	
Lease Start Date	21/06/2015
Tenant	Al Fouzan Trading and General Contracting Company
Term	Ten (10) Hijri years (which expires in on the 3rd of March 2025 as per the Gregorian calendar).
Property Leased	The property, named 'Al Narjes Commercial Center,' and accompanying land plots are situated in Al Narjes District. The land plots, numbered 69 to 80 of block 2731, are associated with title deed number 410116032314, dated 22/1/1437 Hijri (04/11/2015). The total land area is 9,000 sqm according to the title deed.
Rental Contract Details	The whole Property is let on a master lease. The rental terms are as follows: • Years 1 – 5: SAR 4,160,000 p.a. • Years 5 – 10: SAR 4,492,800 p.a. After the first five years of the lease there is an escalation of 8%. The current passing rent is: SAR 4,492,800 (which equates to SAR 4,619,358 in Gregorian years).
Rent Payment Schedule	Semi-annual (based on Hijri year) in advance.
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

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- As of the date of valuation date the gross current passing rent is SAR 4,619,358 per Gregorian year. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.
- The Property has a weighted average unexpired lease term (WAULT) of 1.7 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Title Deed Details	
Title Deed No.	918001000842
Plot No(s).	69,70,71,72,73,74,75,76,77,78,79,80 block 2737
Owner	Privileged Warehouse company 2
Tenure	Freehold Mortgaged to Al Rajhi Bank
Title Deed Date	Hijri and Gregorian Date: 1441/01/27 (26/09/2019)
Land Size (sq m)	9,000

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Building Permit Details	
Permit Number	1431/671
Permit Date	18/01/1431 (04/01/2010)
Zoning	Commercial
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Commercial (4,499 sq m) First Floor: Office (886 sq m) Upper Floor: (88.6 sq) Boundary walls: (234 sq m)

Source: Client

- We have been provided with a building completion certificate dated 26/08/1432, which confirms that the building has been constructed in line with the use described in the building permit.

Market Comparables

Table 5: Retail Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Yasmeen District	Asking	75	1,200	• The comparable has a more desirable location than subject property, therefore we

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Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
				applied a discount. The subject property has better access, and as such we applied a premium.
Al Narjes District	May 2023	130	1,077	• The comparable has similar characteristics to the subject property, therefore no adjustment was taken.
Al Narjes District	Asking	184	1,200	• The comparable is better located than the subject property.
Al Nafel District	Asking	57	1,000	• Our subject property has a more desirable location and superior access compared to the comparable.
Al Narjes District	Asking	100	900	• Our subject property and the comparable have the same attributes.
Subject Property	10/30/2023	71	845	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	19/03/2023	32	1,000	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	01/01/2023	32	800	• This is a transaction from the subject property, and we have made adjustments for quantum.

Source: Knight Frank Research

Table 6: Office Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Narjes District	Asking	72	556	• The subject property is located in a more desirable area, therefore a premium was applied.
Al Narjes District	Asking	140	714	• The subject property has a better location and superior access, and as such we have applied premium.
Al Falah District	Asking	110	700	• The subject property is located in a less desirable area than the comparable, hence a discount was applied.
Al Narjes District	Asking	62	500	• The comparable has similar characteristics to the subject property.
Al Falah District	Asking	52	577	• The comparable location is better than the subject property, and as such a discount was applied.
Subject Property	01/04/2023	65	500	• This is a transaction from the subject property therefore we have only made adjustments for quantum.

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Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Subject Property	01/04/2023	80	500	• This is a transaction from the subject property therefore we have only made adjustments for quantum.

Source: Knight Frank Research

Table 7: Drive-Through Comparable

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Arid	Asking	80	2,500	• Our subject property has superior access and a more desirable location than the comparable, therefore a premium was applied.
Al Arid	Asking	158	2,215	• The subject property has a better location and access, and as such a premium was taken into account.
Al Narjes District	Asking	96	4,167	• The subject property has a superior location compared to the comparable, therefore a premium was applied.
Al Narjes District	Asking	200	3,000	• The subject property and the comparable have similar characteristics, and as such no adjustments were made.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the buyer and seller, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the best market evidence can be obtained from recent lettings in the Property itself and as such we have used recent transactions in the subject property to form our view of Market Rent. Whilst we have placed greater weight on lettings from the subject property however we have also had consideration to the wider market and factored this into our valuation.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 690 per sq m on the net leasable area, however please note this does not come into effect into our valuation as we have factored in a reversion to land value upon master lease expiry as opposed to a reversion to Market Rent.

Land rationale

- Given that we are of the opinion that the land value supersedes the value of the income producing asset we have analysed the land market in close proximity to the subject property.
- Please see the comparable map below showing land comparables:

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Source: Knight Frank Research/ Google Earth

Table 8: Land Comparables

Comparable	Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
1	Al Narjes District	Commercial	750	7,100	• Our subject property has superior access than the comparable, therefore a premium was applied. This property is exceptionally small in size when compared to the subject property and as such we have placed less weight on this.
2	Al Narjes District	Commercial	3,400	6,666	• The comparable has similar characteristics to the subject property.
3	Al Narjes District	Commercial	1,200	7,000	• The subject property has better access than the comparable, hence we applied a premium.
4	Al Narjes District	Commercial	1,800	7,000	• The subject property has a superior access compared with the comparable, albeit we applied premium.
5	Al Narjes District	Commercial	8,100	6,500	• The comparable has similar characteristics to the subject property.

Source: Knight Frank Research

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- In deriving our opinion of the underlying land plot, we have taken into account the aforementioned comparables. We have applied discounts to the comparables to incorporate the impact of negotiation between sellers and potential buyers. Additionally, we have made other essential adjustments to account for quantum differences between the comparables and the Property. Our assessment leads us to conclude that the value of the underlying land is SAR 6,140 per sq m, resulting in a total land value of SAR 55,260,000 as of the date of valuation.

Valuation Assumptions & Rationale

Table 9: Valuation Assumptions

Item	Assumption
Discount Rate	• 11.00%
ERV at 100% Occupancy	• SAR 3,488,090 p.a.
Growth Rate pa	• 2.50%
Land value as of Valuation Date	• SAR 55,260,000
Land Value upon expiry of master lease (growth applied)	• SAR 57,633,000
Fair Value of the Property	• SAR 53,600,000

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow. However, to account for the fact that the underlying land value supersedes the value of the income producing asset we have factored in a reversion to land value upon expiry of the lease in March 2025, net present valuing both the contracted value of the rent and the land value upon expiry of the lease.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 53,600,000

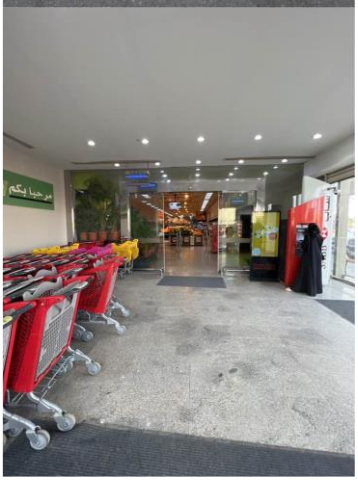
(Fifty-Three Million and Six Hundred Thousand Saudi Arabian Riyals)

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Appendix 1 – Photographs








Narjes Plaza, Al Narjes District, Riyadh

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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

٩١٨٠٠١٠٠٠٨٤٢
الرقم : ٩١٨٠٠١٠٠٠٨٤٢
التاريخ : ٢٧ / ١ / ١٤٤١ هـ

كاتب العدل المكلف بمؤسسة
النقد العربى السعودى

صك مرهون

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

فإن قطعة الارض ٦٩ و قطعة الارض ٧٠ و قطعة الارض ٧١ و قطعة الارض ٧٢ و قطعة الارض ٧٣ و قطعة الارض ٧٤ و قطعة الارض ٧٥ و قطعة الارض ٧٦ و قطعة الارض ٧٧ و قطعة الارض ٧٨ و قطعة الارض ٧٩ و قطعة الارض ٨٠ من المخطط رقم ٢٧٣٧ الواقع في حي النرجس بمدينة الرياض .

وحدودها وأطوالها كالتالي:

شمالاً: ممر عرض٨م	بطول: (٦٠) ستون متر
جنوباً: شارع عرض١٥م	بطول: (٦٠) ستون متر
شرقاً: شارع عرض٨٠م	بطول: (١٥٠) مائة و خمسون متر
غرباً: شارع عرض١٥م	بطول: (١٥٠) مائة و خمسون متر

ومساحتها :(٩٠٠٠) تسعةالاف متر مربعاً فقط والمقام عليها صالات ومعارض

والمستند فى افراغها على الصك الصادر من كتابة العدل الاولى بالرياض برقم ٤١٠٠١٦٠٣٢٣١٤ في ٢٢ / ١/ ١٤٣٧ هـ قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ، والعقار مرهون لصالح شركةالراجحي المصرفية للاستثمار سجل تجاري ١٠١٠٠٠٠٠٩٦بموجب خطاب الرهن رقم ٠٠١٠٥ في ١ / ٩/ ٢٠١٩ م والمقيد في هذه الإدارة برقم ٤١٩٠١١٠٥٩ في ١٣ / ١/ ١٤٤١ هـ مقابل مبلغ وقدره ٤٥٧٤٨٥٧٩ خمسة و أربعون مليونا و سبعمائة و ثمانية و أربعون ألفا و خمسمائة و تسعة و سبعون ريال تسدد على أقساط شهرية عددها ١ قيمة كل قسط ٤٥٧٤٨٥٧٩ خمسة و أربعون مليونا و سبعمائة و ثمانية و أربعون ألفا و خمسمائة و تسعة و سبعون ريال ابتداء من ٢٠١٦/٣/٢٣ والعقد مجاز من الهيئة الشرعية برقم ١٨٠٧٢ وتاريخ ١٤٣٩/٧/٣ وفي حالة عدم السداد فيتم بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء الرهن منها وما نقص يرجع فيه عليه بعد اكمال ما يلزم شرعا. وعليه جرى التصديق تحريراً في ٢٧ / ١/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عبدالعزيز بن عبدالحميد بن عبدالعزيز الغليقه

الختم الرسمي
وزارة العدل
كتابة العدل الأولى بالرياض
كاتب العدل (رقم ٣٣)

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

صفحة ١ من ٢

مصلحة مطابع الحكومة - ٢٩٣١٤٩ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (٠١٢-٠٣-٠٠١)

Narjes Plaza, Al Narjes District, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 Mar-2026	Forecast Total
Rental Revenue				
Headline Rent	4,619,358	3,764,838	0	8,384,196
Void Loss	0	-274,939	0	-274,939
Passing Rent	4,619,358	3,489,900	0	8,109,258
Total Rental Revenue	4,619,358	3,489,900	0	8,109,258
Total Tenant Revenue	4,619,358	3,489,900	0	8,109,258
Potential Gross Revenue	4,619,358	3,489,900	0	8,109,258
Effective Gross Revenue	4,619,358	3,489,900	0	8,109,258
Net Operating Income	4,619,358	3,489,900	0	8,109,258
Cash Flow Before Debt Service	4,619,358	3,489,900	0	8,109,258
Cash Flow Available for Distribution	4,619,358	3,489,900	0	8,109,258

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Property Valuation.

Rama Plaza, Al Nahda District, Riyadh

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 53,000,000
Inspection Date:	5th June 2023	*Terminal Yield:*	8.00%
Use Type(s):	Office / Retail	*Discount rate:*	10.75%
Tenure:	Assumed Freehold (Mortgaged to Rajhi Development Ltd)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	15,600 sq m	**Market Rent pa:**	SAR 5,983,588
Gross Leasable Area (GLA):	8,529 sq m	*Market Rent per sq m:*	*SAR 700 pa*
Number of Tenants:	17	**Environmental**	Assumed uncontaminated
Current Occupancy:	60%	**Condition**	Poor
Stabilized Occupancy	90%		
Covenant of Tenant(s)	Mixed (multi-let)	**Zoning**	Commercial
Current Passing Rent:	SAR 2,985,588	**Annual OpEx SAR per sq m:**	SAR 70

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The Property is excellently located on Prince Bandar Bin Abdulaziz Road and has frontage onto a Metro Station (Station 6G1), albeit the station is not yet in operation. • The property has a fairly strong WAULT of 6 years with Panda Hypermarket occupying 36% of the GLA and in place until November 2031.	• We would certify that the condition of the building is dated and in need in refurbishment. Its current condition is not matching more modern market supply. • Its occupancy stands relatively low at 60% which indicates that the Property is not performing exceptionally well as an income producing asset.

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• It has considerable surface parking space which adds convenience for the offices and retail tenants.	
Opportunities	**Threats**
• The Property would benefit from CapEx expenditure improving its quality thereby attracting a wider tenant base. We understand that the Client intends to capitalise on this by spending SAR 4,930,000 on a major refurbishment. • The Property has direct frontage onto a Metro station on Abdulrahman Al Nasir Street and although no clear opening date is yet specified for this Metro station, we expect this to significantly increase footfall on the Property.	• A significant amount of Grade A office space is due to be made available by 2025 (circa 1.26m sq m). This will widen the stock available to prospective tenants and demand for Grade B stock may suffer as a consequence.

Location / Situation





Source: Google Earth

- The subject property, known as Rama Plaza, is situated in the Al Nahda district within Riyadh, Kingdom of Saudi Arabia.
- Rama Plaza benefits from direct access from Prince Bandar Bin Abdulaziz Road. The property has four frontages and one direct frontage onto a metro station located on Abdulrahman Al Nasir Street. The surrounding area consist of mainly if residential use.
- King Abdullah Financial District (KAFD) is located approximately 15 km west of the property, while King Khalid International Airport is situated around 23 km to the north.

Description

- The Property is a retail plaza containing a mix of retail and office space spread over a ground and first floor.
- The Property is comprised of twenty four offices, thirty-six retail units, with a total GLA of 8,529 sq m and a land area of 15,600 sq m.

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- Most notably Panda Hypermarket occupies 3,106 sq m of the retail space.
- The condition quality of the subject property appears to be of average to poor standard, resembling a typical dated plaza.

External facilities

- The Property benefits from generous external surface parking.

Tenancy Overview

- The Client has provided us with updated tenancy schedule for the Property showing that it is multi let with 17 tenants.
- This equates to a current total occupancy of 60%.
- The majority of this occupancy is made up by the anchor tenant, Panda Hypermarket, which has let 3,106 sq m, representing 36% of the total GLA and in place until November 2031.
- As of the date of valuation date the gross current passing rents is SAR 2,985,588, inclusive of service charge.
- The Property has a weighted average unexpired lease term (WAULT) of 6 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 2: Summary of Tenure

Title Deed Details	
Title Deed No.	398514001976
Plot No(s).	2057,2058,2059,2060,2061,2062,2063,2064,2065,2066,2067,2068,2069,2070,2071, 2072,2073,2074,2075 and 2076
Owner	Privileged Warehouse company 2
Tenure	Freehold– mortgaged to attached to Al Rajhi Development Company Ltd
Title Deed Date	03/08/1442 (17/03/2021)
Land Size (sq m)	15,600

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 3: Summary of Building Permit

Building Permit Details	
Permit Number	1431/261
Permit Date	09-01-1432 (16-12-2010)
Zoning	Commercial
Civil Defence Permit	Not stated

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Building Permit Details	
Building Specifications	Ground Floor: Retail (5,703 sq m) First Floor: Office (2,422 sq m) Electric Room: (20 sq m) Upper Annex: (1,162 sq m) Restaurant: (207 sq m) Boundary Walls: (308 sq m)

Source: Client

We have been provided with a building completion certificate dated 09/01/1432, which confirms that the building has been constructed in line with the use described in the building permit.

Market Comparables

Table 4: Comparable Offices Rental Transactions

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Nahda District	Asking	252	600	• The comparable has a superior specification, therefore we applied a discount. We applied a premium to the subject property regarding the proposed refurbishment and Metro access.
Al Nahda District	Asking	177	550	• The comparable has a superior specification, therefore we applied a discount. We applied a premium to the subject property regarding the proposed refurbishment and Metro access.
Al Nahda District	Asking	47	600	• The comparable has a superior specification, therefore we applied a discount. We applied a premium to the subject property regarding the proposed refurbishment and Metro access.
Subject Property	01-03-2023	203	320	• We have only made adjustments for refurbishment and quantum as this is on the subject property.
Subject Property	15-06-2023	120	367	• We have only made adjustments for refurbishment and quantum as this is on the subject property.

Source: Knight Frank Research/ Client

Table 5: Comparable Retail Rental Transactions

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Nahda District	Asking	62	1,048	• We applied a premium to the subject property regarding access, specification, metro access and the proposed refurbishment.
Al Nahda District	Asking	750	53	• We applied a premium to the subject property regarding access, specification,

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Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
				metro access and the proposed refurbishment.
Al Nahda District	Asking	90	1,000	• We applied a premium to the subject property regarding access, specification, metro access and the proposed refurbishment.
Al Nahda District	Asking	75	1,000	• We applied a premium to the subject property regarding access, specification, metro access and the proposed refurbishment.
Al Nahda District	Asking	40	1,750	• We applied a premium to the subject property regarding access, specification, metro access and the proposed refurbishment.

Source: Knight Frank Research

Market Rent Rationale

- In forming our opinion of Market Rent for the retail units we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- We are of the opinion that the best market evidence can be obtained from recent lettings in the Property itself and as such have used recent transactions on the subject property to form our view of Market Rent as noted above. We have however also had regard to the market comparables and have in fact placed a greater weighting of reliance on the market comparables, given that once the Property is fully refurbished, it will be more in line with the rates achieved in the market than the recent lettings on the subject Property which have occurred before the refurbishment.
- We have assumed that these market rate will be achievable in 6 – 9 months once the majority of the refurbishment is completed (we have allowed a period of 9 months for the refurbishment).
- In our analysis of the comparables we have added a 7.5% premium to the subject property to allow for the proximity of the Metro station and have factored in a premium of between 2.5% to 5% to allow for the refurbishment. We are of the opinion that the refurbishment will have a greater impact on the leasing rates of the office units than the retail units.
- In conducting our rental analysis we have concluded that a blended rate of ERV of SAR 790 per sq m would be applied across the retail units and a rate of SAR 525 per sq m would be applied across the office units, inclusive of service charge.
- We are therefore of the opinion that the Market Rent across the whole property would be based off a rent of SAR 700 per sq m pa.

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Valuation Assumptions & Rationale

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 8.00%
Discount Rate	• 10.75%
ERV at 100% Occupancy	• SAR 5,983,588 pa
Stabilised Occupancy	• 90%
Growth Rate	• 2.50%

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow, over a holding period of 10 years, capitalising the year 11 NOI with our designated capitalisation rate.
- We have factored in a stabilised occupancy of 90% which we think is achievable given the refurbishment works being put into the Property.
- We have factored in a refurbishment period of 9 months from the date of valuation and have assumed that the vacant units will begin to lease after 6 months into this refurbishment period as refurbished units begin to become ready.
- We have applied an OpEx rate of SAR 70 per sq m across the GLA, which we delayed by 6 months assuming that the refurbishment costs will incorporate the OpEx for this initial period.
- We are of the opinion that the Fair Value would be based off a capitalisation rate of 8.00% and discount rate of 10.75%. We feel this adequately represents the income security and market risk profile, along with the additional risk of the significant CapEx expenditure.

Costs

- The Client has provided us with CapEx costs of SAR 4,930,000 for a total renovation of the Property. We have factored these costs into our valuation.
- We have not been provided with OpEx costs by the Client and as such have had to make our assumptions, assuming a rate of SAR 70 per sq m per annum across the GLA.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the properties, subject to the caveats and assumptions stated herein, at the valuation date is:

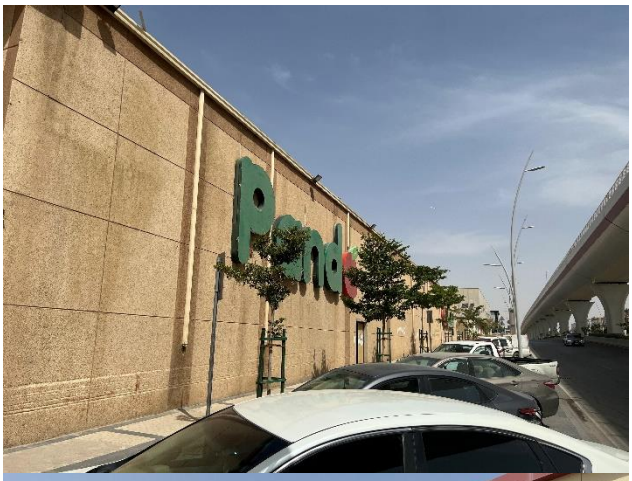
SAR 53,000,000

(Fifty-Three Million Saudi Arabian Riyals)

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Appendix 1 – Photographs









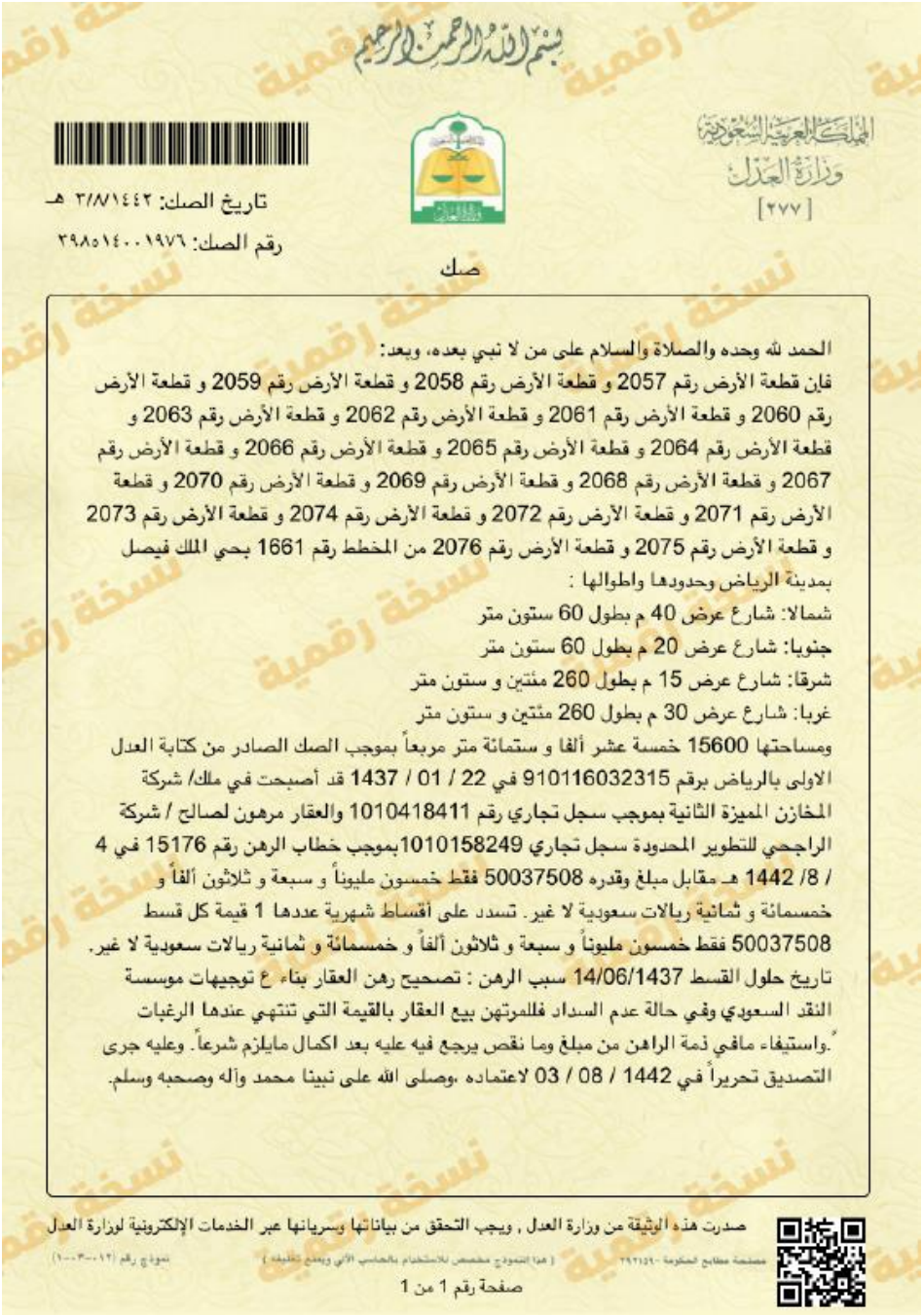




Rama Plaza, Al Nahda District, Riyadh

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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ٣/٨/١٤٤٢ هـ
رقم الصك: ٣٩٨٥١٤٠٠١٩٧٦

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الأرض رقم 2057 و قطعة الأرض رقم 2058 و قطعة الأرض رقم 2059 و قطعة الأرض رقم 2060 و قطعة الأرض رقم 2061 و قطعة الأرض رقم 2062 و قطعة الأرض رقم 2063 و قطعة الأرض رقم 2064 و قطعة الأرض رقم 2065 و قطعة الأرض رقم 2066 و قطعة الأرض رقم 2067 و قطعة الأرض رقم 2068 و قطعة الأرض رقم 2069 و قطعة الأرض رقم 2070 و قطعة الأرض رقم 2071 و قطعة الأرض رقم 2072 و قطعة الأرض رقم 2074 و قطعة الأرض رقم 2073 و قطعة الأرض رقم 2075 و قطعة الأرض رقم 2076 من المخطط رقم 1661 بحي الملك فيصل بمدينة الرياض وحدودها واطوالها :
شمالا: شارع عرض 40 م بطول 60 ستون متر
جنوبا: شارع عرض 20 م بطول 60 ستون متر
شرقا: شارع عرض 15 م بطول 260 مئتين و ستون متر
غربا: شارع عرض 30 م بطول 260 مئتين و ستون متر
ومساحتها 15600 خمسة عشر ألفا و ستمائة متر مربعاً بموجب الصك الصادر من كتابة العدل الاولى بالرياض برقم 910116032315 في 22 / 01 / 1437 قد أصبحت في ملك/ شركة المخازن المميزة الثانية بموجب سجل تجاري رقم 1010418411 والعقار مرهون لصالح / شركة الراجحي للتطوير المحدودة سجل تجاري 1010158249بموجب خطاب الرهن رقم 15176 في 4 / 8/ 1442 هـ مقابل مبلغ وقدره 50037508 فقط خمسون مليوناً و سبعة و ثلاثون ألفاً و خمسمائة و ثمانية ريالات سعودية لا غير. تسدد على أقساط شهرية عددها 1 قيمة كل قسط 50037508 فقط خمسون مليوناً و سبعة و ثلاثون ألفاً و خمسمائة و ثمانية ريالات سعودية لا غير. تاريخ حلول القسط 14/06/1437 سبب الرهن : تصحيح رهن العقار بناء ع توجيهات موسسة النقد السعودي وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً. وعليه جرى التصديق تحريراً في 1442 / 08 / 03 لاعتماده ،وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل , ويجب التحقق من بياناتها وسريانها عبر الخدمات الإلكترونية لوزارة العدل

صفحة رقم 1 من 1

Rama Plaza, Al Nahda District, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Year 8 May-2031	Forecast Year 9 May-2032	Forecast Year 10 May-2033	Forecast Year 11 May-2034	Forecast Total
Rental Revenue												
Headline Rent	5,818,241	6,265,421	6,389,339	6,593,677	6,756,519	6,874,662	6,995,784	7,119,934	7,719,879	7,391,160	7,575,939	75,500,553
Void Loss	-2,486,838	-1,030,785	-885	0	0	0	0	0	0	0	0	-3,518,508
Passing Rent	3,331,403	5,234,636	6,388,454	6,593,677	6,756,519	6,874,662	6,995,784	7,119,934	7,719,879	7,391,160	7,575,939	71,982,046
Total Rental Revenue	3,331,403	5,234,636	6,388,454	6,593,677	6,756,519	6,874,662	6,995,784	7,119,934	7,719,879	7,391,160	7,575,939	71,982,046
Total Tenant Revenue	3,331,403	5,234,636	6,388,454	6,593,677	6,756,519	6,874,662	6,995,784	7,119,934	7,719,879	7,391,160	7,575,939	71,982,046
Potential Gross Revenue	3,331,403	5,234,636	6,388,454	6,593,677	6,756,519	6,874,662	6,995,784	7,119,934	7,719,879	7,391,160	7,575,939	71,982,046
Vacancy & Credit Loss												
Vacancy Allowance	-17,529	-93,849	-633,103	-659,030	-675,305	-687,110	-699,214	-711,619	-723,115	-737,511	-755,949	-6,393,333
Total Vacancy & Credit Loss	-17,529	-93,849	-633,103	-659,030	-675,305	-687,110	-699,214	-711,619	-723,115	-737,511	-755,949	-6,393,333
Effective Gross Revenue	3,313,874	5,140,787	5,755,352	5,934,647	6,081,214	6,187,551	6,296,570	6,408,314	6,996,764	6,653,649	6,819,990	65,588,712
Revenue Costs												
Major Refurbishment	4,930,002	0	0	0	0	0	0	0	0	0	0	4,930,002
OpEx	251,972	611,956	627,255	642,936	659,009	675,485	692,372	709,681	727,423	745,609	764,249	7,107,946
Total Revenue Costs	5,181,974	611,956	627,255	642,936	659,009	675,485	692,372	709,681	727,423	745,609	764,249	12,037,948
Net Operating Income	-1,868,100	4,528,832	5,128,097	5,291,711	5,422,205	5,512,067	5,604,198	5,698,633	6,269,341	5,908,040	6,055,741	53,550,764
Cash Flow Before Debt Service	-1,868,100	4,528,832	5,128,097	5,291,711	5,422,205	5,512,067	5,604,198	5,698,633	6,269,341	5,908,040	6,055,741	53,550,764
Cash Flow Available for Distribution	-1,868,100	4,528,832	5,128,097	5,291,711	5,422,205	5,512,067	5,604,198	5,698,633	6,269,341	5,908,040	6,055,741	53,550,764

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Property Valuation.

Jarir Bookstore, Rabwah District, Riyadh

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 49,300,000
Inspection Date:	5th June 2023	*Terminal Yield:*	7.50%
Use Type(s):	Retail and Office	*Discount rate:*	10.00%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	4,953 sq m	**Market Rent pa:**	SAR 5,082,061
Gross Leasable Area (GLA):	8,183 sq m	*Market Rent per sq m:*	SAR 620 per sq m
Number of Tenants:	10	**Environmental**	Assumed uncontaminated
Current Occupancy:	90%	**Condition**	Good
Stabilized Occupancy	92.5%		
Covenant of Tenant(s)	Mixed	**Zoning**	Commercial
Current Passing Rent:	SAR 4,591,190	**Annual OpEx SAR per sq m:**	SAR 90

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The presence of office tenants within the building provides a ready customer base for the retail spaces. • With Jarir Bookstores as the anchor tenant in place until 2043 the Property benefits from a strong WAULT of approximately 10 years.	• The building's architecture and interior design may appear dated, potentially affecting its overall appeal and competitiveness in the market.

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• The building benefits from strong occupancy, currently standing at 90%. One tenant has vacated the property the day prior to the valuation date, which saw occupancy standing at 94%.	
Opportunities	**Threats**
• Investing in renovation and modernization initiatives can enhance the building's aesthetics, functionality, and competitiveness, attracting new tenants and customers.	• The retail and office space market may be highly competitive, with other buildings offering similar amenities and attractive locations, posing a challenge to attract and retain tenants. • Demand for Grade B office space in Riyadh is witnessing a slow down as supply of Grade A is set to increase by 2025.

Location / Situation



Source: Google Earth / Knight Frank

- The subject property, known as Al Ahsa Square, is situated in the Al Malaz district within Riyadh, Kingdom of Saudi Arabia.
- The Property benefits from direct access via Al Ahsa Street. The property has three frontages and the surrounding area consists of both residential and commercial uses.
- The King Abdullah Financial District (KAFD) is located approximately 13 km west of the property, while King Khalid International Airport is situated around 24 km to the east.

Description

- The construction quality of the subject property is of good standard compared to other squares or plazas. Additionally, the subject property benefits from having Jarir Bookstore as an anchor tenant until 2043 which adds attractiveness to the Property.
- The subject property consists of 2 showroom units, and 12 office units, comprising a total of 14 units.
- The building consists of three levels (GF+2,3).

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- The subject property covers a land area of 4,953 sq m, with a building permit specifying a built-up area of 9,238 sq m. The Client has provided us with a gross leasable area of 8,183 sq m.

External facilities

- Surface parking in front of the Property, with frontage onto Al Ahsa Street.

Tenancy Overview

- We have been provided with lease information which shows that the property is multi-let. It has ten tenants occupying 11 number of units. As such, the Property is 90% occupied as of the date of valuation.
- 47% of the rent passing is underpinned by Jarir Bookstores, which has a lease in place until 2043. We have not had sight of this lease however we have relied on the tenancy schedule provided by the Client.
- As of the date of valuation the gross current passing rent is SAR 4,591,190 p.a.. As we have not been provided with any schedule of service charges, we assume that service charge is included in this rent.
- The Property has a weighted average unexpired lease term (WAULT) of 10 years. However, it should be noted that many of the office tenants are on 2 and 3 year leases all of which are due to expire before May 2026.

Tenure, Planning and Zoning

Please see a summary of the Property Tenure:

Table 2: Summary of Tenure

Title Deed Details	
Title Deed No.	418001000843
Plot No(s).	1,2,3,4 Block 315
Owner	Privileged Warehouse company 2
Tenure	Freehold Mortgaged to Al Rajhi Bank
Title Deed Date	Hijri and Gregorian Date: 1441/01/27 (26/09/2019)
Land Size (sq m)	4,953

Source: Client

We have been provided with the following building permits for the Property, which we summarise below:

Table 3: Summary of Building Permit

Building Permit Details	
Permit Number	497/1/2/27
Permit Date	1413/11/07 (29/04/1993)*
Zoning	Commercial

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Building Permit Details	
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Commercial (2,831 sq m) First Floor: Office (2,831 sq m) Second Floor: Offices (1,750 sq m) Third Floor: Offices (1,750 sq m)

Source: Client

* We believe that there is a typo on the building permit reflecting an old date. We believe that the correct date is 1433/11/07.

- We have been provided with a building completion certificate dated 07/11/1413, which confirms that the building has been constructed in line with the use described in the building permit.

Market Comparables

Table 4: Retail Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Rabwah District	Asking	300	1,500	• The Property has a more desirable location than the comparable, therefore we applied a premium. The subject property has better access, and as such we applied a premium.
Al Malaz District	Asking	330	1,515	• Considering the subject property's superior location in comparison to the comparable, a premium has been applied. Moreover, due to its better access, the subject property has also received a premium.
Al Dubbat District	Asking	290	1,724	• Regarding the comparable superior access compared to the subject property, we have applied a discount.
Al Malaz District	May 2023	550	909	• Our subject property has a more desirable location and superior access compared to the comparable. We have however placed limited weight on this comparable as it appears to be an outlier.
Al Malaz District	Asking	250	1,600	• Our subject property has a superior location compared to the comparable, hence we applied a premium.

Source: Knight Frank Research

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Table 5: Office Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Malaz District	Asking	971	412	• The comparable has similar characteristics to the subject property. We have however made adjustments as it is an asking price.
Al Malaz District	Asking	334	508	• The subject property has a better location but we have applied a discount for access and specification.
Al Malaz District	Asking	71	563	• The subject property is in a more desirable area than the comparable, and a better access, hence a premium was applied.
Al Rabwa District	Asking	200	600	• The subject property is located in a more desirable area, therefore a premium was applied.
Al Dubbat District	Asking	500	800	• The comparable location is better than the subject property, and as such a discount was applied.
Al Dubbat District	Asking	131	700	• Regarding the accessibility, the comparable has a better access than subject property, hence discount was applied.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- Achieved rental rates in the Property itself usually serve as the best indicator of achievable market rent on the Property however, given that there has only been one recent letting on the Property within 2023, with all other lettings over a year ago, we have relied more heavily on the market comparables as opposed to the rates currently passing on the Property.
- To account for negotiation between the buyer and seller, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 620 per sq m on the GLA, inclusive of service charge.
- This blended rate can be broken down as follows; SAR 425 to 780 per sq m per annum on the office space (dependent on unit size), SAR 1,560 per sq m per on the showroom currently occupied by Al Rajhi Bank and SAR 640 per sq m per annum on the larger showroom currently occupied by Jarir Bookstores (although the ERV will not affect the 10 year cashflow as Jarir Bookstores is a tenant until 2043).

Valuation Assumptions & Rationale

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75%

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Item	Assumption
Discount Rate	• 10.25%
ERV at 100% Occupancy	• SAR 5,082,061
Stabilised Occupancy	• 92.50%
Growth Rate	• 2.50%

Source: Knight Frank

- Given that this is an income producing asset, we have valued it on a discounted cashflow basis assuming a holding period of 10 years, in which we have capitalised the year 11 net operating income with our designated capitalisation rate.
- In our cashflow we adopted a terminal capitalisation rate of 7.75% which we feel reflects the strong WAULT, occupancy and a discount rate of 10.25% which we feel reflects investors risk appetite for such a Property.
- We have factored in a stabilised occupancy of 92.50% which we think is reasonable given that one day prior to the valuation date, occupancy stood at 94% (with one tenant vacated on the 31st of May) and given occupancy stands at 90%.

Costs

- We have not been provided with any CapEx costs relating to the building nor any schedule of OpEx costs. As such we have made our own assumptions on OpEx factoring in an annual cost of SAR 90 per sq m on the GLA.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 49,300,000

(Forty-Nine Million, Three Hundred Thousand Saudi Arabian Riyals)

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Appendix 1 – Photographs













Jarir Bookstore, Rabwah District, Riyadh

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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

٤١٨٠٠١٠٠٠٨٤٣

الرقم : ٤١٨٠٠١٠٠٠٨٤٣
التاريخ : ٢٧ / ١ / ١٤٤١ هـ

كاتب العدل المكلف بمؤسسة
النقد العربى السعودى

صك مرهون

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

فإن قطعة الارض ١ و قطعة الارض ٢ و قطعة الارض ٣ و قصعة الارض ٤ من المخطط رقم ٣١٥ الواقع في حي الملز بمدينة الرياض

وحدودها وأطوالها كالتالي:

شمالاً: شارع مختلف العرض — بطول: (٧٦,٢) ستة و سبعون متر و عشرون سنتمتر
جنوباً: قطعة رقم ٥ و٦ — بطول: (٧٦,٢) ستة و سبعون متر و عشرون سنتمتر
شرقاً: شارع عرض٢٠م — بطول: (٦٥) خمسة و ستون متر
غرباً: شارع عرض٤٠م — بطول: (٦٥) خمسة و ستون متر

ومساحتها :(٤٩٥٣) أربعةآلاف و تسعمائة و ثلاثة و خمسون متر مربعاً فقط

والمستند في اقواغها على الصك الصادر من كتابة العدل الاول بالرياض برقم ٧١٠١١٧٠٢٥٠٩٥ في ١٣ / ٦/ ١٤٣٥ هـ قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ، والعقار مرهون لصالح شركة الراجحي المصرفية للإستثمار سجل تجاري ١٠٦٠٠٠٠٠٩٦بموجب خطاب الرهن رقم ٠٠١٠٢٠ في ١ / ٩/ ٢٠١٩ م والمقيد في هذه الإدارة برقم ٤١٩٠١٠٩١٤ في ١٣ / ١/ ١٤٤١ هـ مقابل مبلغ وقدره ٥٢٨٩٦٧٩٤ اثنين و خمسون مليونا و ثمانمائة و ستة و تسعون ألفا و سبعمائة و أربعة و تسعون ريال تسدد على أقساط شهرية عددها ١ قيمة كل قسط ٥٢٨٩٦٧٩٤ اثنين و خمسون مليونا و ثمانمائة و ستة و تسعون ألفا و سبعمائة و أربعة و تسعون ريال ابتداء من ٢٠١٦/٣/٢٣ والعقد مجاز من الهيئة الشرعية برقم ١٨٠٧٢ وتاريخ ١٤٣٩/٧/٣ وفي حالة عدم السداد فيتم بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء الرهن منها وما نقص يرجع فيه عليه بعد اكمال ما يلزم شرعا. وعليه جرى التصديق تحريراً في ٢٧ / ١/ ١٤٤١ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

عبدالعزيز بن عبدالحميد بن عبدالعزيز العليقه

الختم الرسمي
وزارة العدل
كتابة العدل الأولى بالرياض
كاتب العدل مكتب رقم (٣٣)

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

صفحة ١ من ٢

مصلحة مطابع الحكومة -٢٩٢١٥٩ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (٠١٢-٠٣-٠٠١)

Jarir Bookstore, Rabwah District, Riyadh

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Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Year 8 May-2031	Forecast Year 9 May-2032	Forecast Year 10 May-2033	Forecast Year 11 May-2034	Forecast Total
Rental Revenue												
Headline Rent	5,001,789	5,003,327	5,088,145	5,187,769	5,287,872	5,389,820	5,493,658	5,599,432	5,707,193	5,816,989	5,928,871	59,504,863
Void Loss	-72,431	0	0	0	0	0	0	0	0	0	0	-72,431
Passing Rent	4,929,358	5,003,327	5,088,145	5,187,769	5,287,872	5,389,820	5,493,658	5,599,432	5,707,193	5,816,989	5,928,871	59,432,432
Total Rental Revenue	4,929,358	5,003,327	5,088,145	5,187,769	5,287,872	5,389,820	5,493,658	5,599,432	5,707,193	5,816,989	5,928,871	59,432,432
Total Tenant Revenue	4,929,358	5,003,327	5,088,145	5,187,769	5,287,872	5,389,820	5,493,658	5,599,432	5,707,193	5,816,989	5,928,871	59,432,432
Potential Gross Revenue	4,929,358	5,003,327	5,088,145	5,187,769	5,287,872	5,389,820	5,493,658	5,599,432	5,707,193	5,816,989	5,928,871	59,432,432
Vacancy & Credit Loss												
Vacancy Allowance	-301,192	-380,632	-384,079	-387,213	-394,679	-402,281	-410,024	-417,911	-425,947	-434,133	-442,475	-4,380,566
Total Vacancy & Credit Loss	-301,192	-380,632	-384,079	-387,213	-394,679	-402,281	-410,024	-417,911	-425,947	-434,133	-442,475	-4,380,566
Effective Gross Revenue	4,628,166	4,622,694	4,704,066	4,800,556	4,893,193	4,987,540	5,083,634	5,181,521	5,281,245	5,382,856	5,486,396	55,051,867
Revenue Costs												
OPEX	719,251	754,882	773,754	793,098	812,925	833,248	854,079	875,431	897,317	919,750	942,744	9,176,479
Total Revenue Costs	719,251	754,882	773,754	793,098	812,925	833,248	854,079	875,431	897,317	919,750	942,744	9,176,479
Net Operating Income	3,908,915	3,867,813	3,930,312	4,007,458	4,080,268	4,154,291	4,229,555	4,306,089	4,383,928	4,463,106	4,543,652	45,875,387
Capital Costs												
Elevator Repair	400,000	0	0	0	0	0	0	0	0	0	0	400,000
Total Capital Costs	400,000	0	0	0	0	0	0	0	0	0	0	400,000
Total Leasing & Capital Costs	400,000	0	0	0	0	0	0	0	0	0	0	400,000
Cash Flow Before Debt Service	3,508,915	3,867,813	3,930,312	4,007,458	4,080,268	4,154,291	4,229,555	4,306,089	4,383,928	4,463,106	4,543,652	45,475,387
Cash Flow Available for Distribution	3,508,915	3,867,813	3,930,312	4,007,458	4,080,268	4,154,291	4,229,555	4,306,089	4,383,928	4,463,106	4,543,652	45,475,387

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Property Valuation.

Al Faris International School, Taawun, Riyadh

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 138,000,000
Inspection Date:	08 June 2023	*Terminal Yield:*	7.75%
Use Type(s):	Education	*Discount rate:*	10.25%
Tenure:	Freehold (Mortgaged)	*Inflation / Growth rate:*	2.50%
Site Area (sq m):	16,500 sq m	**Current Rent Passing pa:**	SAR 10,000,000
Built Up Area (BUA):	37,393 sq m	*Rent passing per sq m:*	*SAR 271 per sq m*
Number of Tenants:	1	**Environmental:**	Assumed Uncontaminated
Current Occupancy:	100%	**Condition:**	Good
Stabilized Occupancy	100%	**Zoning**	Education
Covenant of Tenant(s)	Reasonable		

SWOT analysis

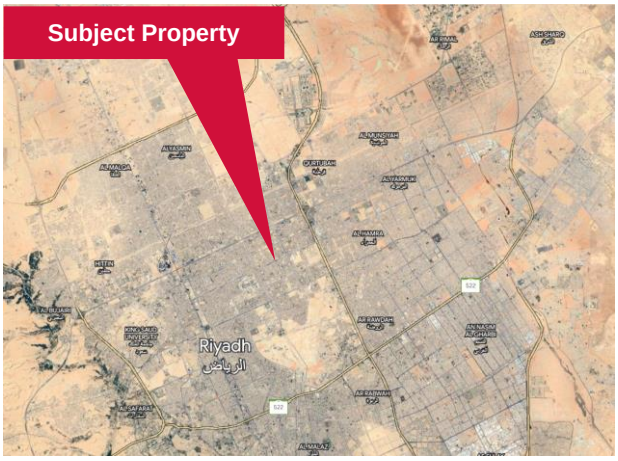
Table 1: SWOT Analysis

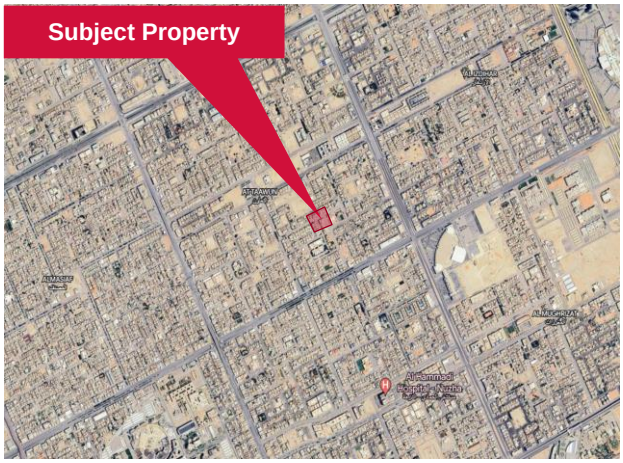
Strengths	Weaknesses
• Purposely built facility. • Good quality of facilities	• Lease term expiry is in 3 years' time, thereby meaning that there is a limited security of income.
Opportunities	**Threats**
• We anticipate an upwards reversion in rent upon expiry of the lease. • Location in growing residential neighbourhood in North Riyadh. Further development in the vicinity may stimulate demand.	• Increasing competition in the education sector

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• Good links to the major highways and a relatively short travel time to Downtown which could be used to draw students from schools that are showing signs of weakness and losing students.	

Location / Situation





Source: Google Earth / Knight Frank

- The property is located in Riyadh, KSA. More specifically the property is located in the Taawun district, in the northern part of Riyadh.
- The Taawun district comprises predominantly low rise residential buildings and large plots of undeveloped land. Al Nakheel Mall is situated some 1400 metres to the east of the property and the Riyadh International Exhibition Centre is approximately 4 km to the south.

Description

- The Property is operating as a K-12 boys school offering International Baccalaureate (IB) curriculum.
- The building is situated on a rectangular shaped plot with an area of 16,500 sqm. The building has a configuration of B+G+2 with total BUA of 36,835 sqm.
- Building's amenities include science labs, IT labs, sports facilities, swimming pool and shaded playgrounds.
- The school has frontages on four streets which have connectivity to major roads (Abu Bakr Siddique Road, Imam Saud bin Abdulaziz Road, Uthman bin Affan Road and Northern Ring Road).

Tenancy Overview

- We have been provided with lease information which shows that the Property is single-let to Al Faris International Schools under a triple net lease. This represents full occupancy of the Property. Below, we present the key lease information:

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Table 2: Lease Overview

Al Faris International School, Taawun, Riyadh	
Lease Start Date	29/7/1432 (1st July 2011)
Tenant	Al Faris International Schools
Term	Fifteen (15) Gregorian years
Property Leased	Land and buildings on which the school known as Al Faris International School is situated, located in Riyadh, Saudi Arabia
Rental Contract Details	SAR 10,000,000 per annum, no escalations
Rent Payment Date	Bi-annually in advance
Lease Renewal Provision	Upon mutual agreement
Type of Lease	Triple Net

Source: Client

- The Property has an unexpired lease term of 3 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Al Faris International School, Taawun, Riyadh	
Title Deed No.	398514001975
Plot No(s).	18-1822/S
Owner	Privileged Warehouse company 2
Tenure	Freehold (Mortgaged in favour of Al Rajhi Development Company Ltd.)
Title Deed Date	03/08/1442 (17/03/2021)
Land Size (sq m)	16,500

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Al Faris International School, Taawun, Riyadh	
Permit Number	1427/10552
Permit Date	06/02/1428
Zoning	Education Facility
Municipality License No.	N/A

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Al Faris International School, Taawun, Riyadh	
Building Specifications	Basement: 10,330 sq m Ground Floor: 8,731 sq m First & Second Floor: 8,887 sq m per floor Electrical Room: 50 sq m Boundary Wall: 508 m

Source: Client

- We have been provided with a building completion certificate dated 06/02/1428, which confirms that the building has been constructed in line with the use described in the building permit.

Valuation Considerations

- Our valuation has been carried out using the investment method via a discounted cash flow (DCF) approach. The cash flows considered have regard to the lease agreement in place.
- We have further considered the affordability of the lease payments under the agreement with respect to the estimated revenue generated by the school. In absence of detailed operational and financial performance metrics of the school, we have assumed the following when estimating the revenue:
  - The school has a capacity of 2,800 students as informed by the Client. Given that the school has been operational since 2011, it is assumed that it has reached an optimal capacity utilization of 85%.
  - The fees have been sourced from the school's website and the average annual fees per student works out to be SAR 40,400. An annual fee increment of 2.5% has been considered based on inflation.
  - Based on the above, the school's estimated annual revenue works out to be SAR 96 million.
- We have considered an affordable rent equivalent to 12.0% of the estimated annual revenue of the school, which computes to SAR 11.5 million per annum. The annual rent as per the lease agreement is SAR 10 million (equivalent to 10.4% of estimated revenue) which is considered to be affordable.
- We also note that, that the Client has not informed us of any rental defaults.
- The remaining lease term is 3 years and we assume that the lease shall be renewed with the same tenant upon expiry. We further assume that the rent upon lease renewal shall be equivalent to the estimated affordable rent at that time i.e. SAR 12.7 million. Furthermore, we have assumed that the lease upon renewal shall be subject to an increase of 7.5% after every 5 years in-line with market norms.
- Operating costs: As per the lease agreement, the tenant is responsible for all operating expenses, maintenance and insurance costs of the Property. Accordingly, we have not considered any operating costs for the Property.

Yield rationale

- The table below shows transactions in which educational facilities have been acquired by REITs in last few years.

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- We are of the opinion that the Market Value would be based off capitalisation rate(s) of 7.75%.

Table 5: Recent RIET Transactions in Education Sector

Asset	RIET	Location	Yield (%)	Date
University	Riyadh REIT	Riyadh	8.70%	2017
Private School	Taleem REIT	Riyadh	6.32%	2018
International School	Taleem REIT	Riyadh	4.87%	2018
Training Center	Derayah	Al Khobar	8.66%	2018
International School	Derayah	Direyah	8.50%	2018
University	Jadwa II	Direyah	8.00%	2018
International School	Jadwa II	Direyah	9.75%	2018
Private School	Taleem REIT	Direyah	6.47%	2020

Source: Knight Frank Research

Valuation Assumptions

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.75%
Discount Rate	• 10.25%
Passing Rent pa	• SAR 10,000,000

Source: Knight Frank Research

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the Property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 138,000,000

(One Hundred and Thirty Eight Million Saudi Arabian Riyals)

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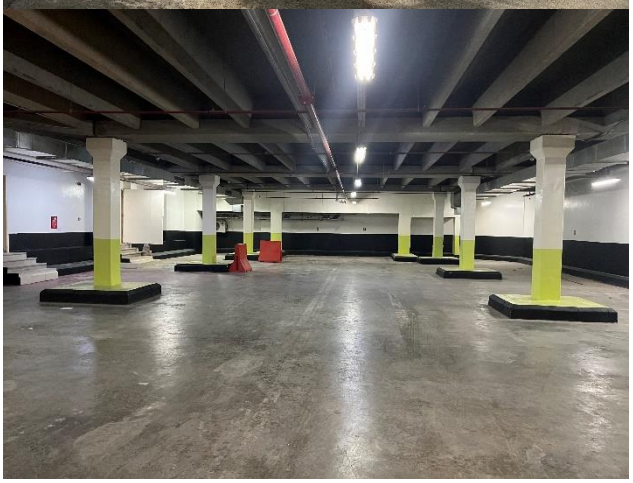
Appendix 1 – Photographs

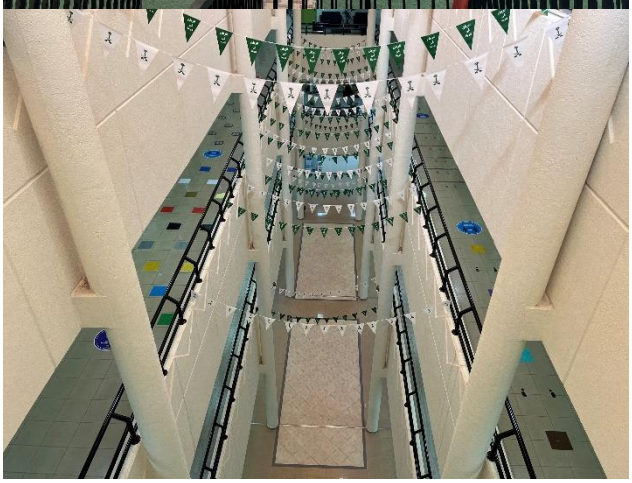












Al Faris International School, Taawun, Riyadh

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Appendix 2 – Title Deed



وثيقة تملك عقار

الرقم: 398514001975
التاريخ: 1442/8/3

البورصة العقارية
Real Estate Market

وزارة العدل
Ministry of Justice

البيانات الأساسية

رقم الوثيقة	398514001975	تاريخ الوثيقة	1442/8/3
المصدر	الموثقين بالرياض 7	الحالة	فعال
المساحة(م²)	16,500	القيود	مرهون
نوع العملية	نقل ملكية	قيمة الصفقة	
رقم الوثيقة السابقة	510124024851	تاريخ الوثيقة السابقة	1436/1/9

القيود

القيد	الجهة الراهنة	الرقم الوطني الموحد	قيمة الرهن
مرهون	شركة الراجحي للتطوير المحدودة شركة شخص واحد	7010997174	ر.س 87,923,049

الملاك

رقم الهوية	الاسم	الجنسية	نسبة التملك
7014451863	شركة المخازن المميزة الثانية	-	100 %

العقار

رقم الهوية العقارية	نوع العقار	مساحة العقار(م²)
لا يوجد	لا يوجد	16,500

الموقع	نموذج العقار
لا يوجد	لا يوجد

رقم القطعة	رقم المخطط	الحي	المدينة
18	1822 / س	التعاون	الرياض

الحد	النوع	وصف الحد	الطول(م²)
شمالا	شارع	عرض 20م	150
جنوبا	شارع	عرض 20م	150
شرقا	شارع	عرض 20م	110
غربا	شارع	عرض 20م	110

صدرت هذة الوثيقة من البورصة العقارية. ويمكن التحقق من صحة هذة الوثيقة عبر الخدمات الالكترونية التابعة لوزارة العدل ووزارة الشؤون البلدية والقروية والإسكان.

الصفحة 1 من 1

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Appendix 3 – Cashflow Extract

Currency: SAR											
Periods Ending 30-Jun-20XX		***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***
Timeline		*1.0*	*2.0*	*3.0*	*4.0*	*5.0*	*6.0*	*7.0*	*8.0*	*9.0*	*10.0*
Rent per Lease Agreement		10,000,000	10,000,000	10,000,000							
Rent Renewal on Affordable basis					12,736,058	12,736,058	12,736,058	12,736,058	12,736,058	13,691,262	13,691,262
Terminal Value based on Affordable Rent @ 7.75%											176,661,450
Total Cash Flows		**10,000,000**	**10,000,000**	**10,000,000**	**12,736,058**	**12,736,058**	**12,736,058**	**12,736,058**	**12,736,058**	**13,691,262**	**190,352,713**
Discount Factors @ 10.25%		*0.907*	*0.823*	*0.746*	*0.677*	*0.614*	*0.557*	*0.505*	*0.458*	*0.416*	*0.377*
Discounted Cash Flows		**9,070,295**	**8,227,025**	**7,462,154**	**8,620,265**	**7,818,835**	**7,091,914**	**6,432,575**	**5,834,535**	**5,689,002**	**71,741,935**
Total Value	**137,988,535**										
Total Value (Rounded Off)	**138,000,000**										
Value per sqm of BUA	**3,741**										

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Property Valuation.

Panda, Al Naseem District, Khamis Mushait

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 43,400,000
Inspection Date:	5th June 2023	*Terminal Yield:*	N/A%
Use Type(s):	Retail	*Discount rate:*	9.00%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	19,000 sq m	**Market Rent pa:**	SAR 2,946,240
Gross Leasable Area (GLA):	5,456 sq m	Market Rent per sq m:	SAR 540
Number of Tenants:	One (Master lease)	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	100% (Single Let)		
Covenant of Tenant(s):	Strong	**Zoning**	Commercial
Current Passing Rent:	SAR 3,156,065	**Annual OpEx SAR per sq m:**	None – NNN Lease

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The subject property has a prime location in a well-established area with high traffic bypass. • The site benefits from excellent parking for customers. • The property has 5.9 years left remaining on the masterlease, with escalations, secured at above market rent.	• The building's architecture and interior design may appear dated, potentially affecting its overall appeal and competitiveness in the market. • We feel the property is overrented and that there would be reversion to market upon the expiry of the lease.

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• Although we have not been provided with the tenant financials, we assume the tenant to be of a strong covenant.	
Opportunities	**Threats**
• Investing in renovation and modernization initiatives can enhance the building's aesthetics, functionality, and competitiveness, attracting new customers. • The underlying land value appears to be higher than the income producing nature of the Property. As such there is development opportunity to explore the highest and best use of this land.	• Other developments in the area, including newer retails (supermarkets), may attract tenants and customers away from the subject property. • There is competing retail space directly opposite the subject property.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Panda, is situated in the Al Naseem district within Khamis Mushait, Kingdom of Saudi Arabia.
- Panda supermarket benefits from direct highway access via Prince Sultan Road. The property has four frontages and the surrounding area consists of both residential and commercial uses.
- Aseer Mall is located approximately 21 km west of the property, while Abha International Airport is situated around 23 km to the northwest.

Description

- The construction quality of the subject property appears to be of average market standard.
- The subject property is a single standalone building occupied by Panda supermarket. The subject property has loading and unloading areas to the south.
- The subject property covers a land area of 19,000 sq m, with a building permit specifying a built-up area of 5,456 sq m, which we have interpreted as the GLA as instructed by the Client.

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Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to (Al Aziziya Panda United Company) under a triple net lease. This represents full occupancy of the Property. Whilst the dates of the lease are missing from the lease, the term and the escalations are stated. We have relied upon the tenancy schedule provided by the Client for the precise dates.
- Below, we present the key lease information:

Table 2: Lease Overview

Panda, Al Naseem District, Khamis Mushait	
Lease Start Date	1st June 2014 (as per the tenancy schedule provided)
Tenant	Al Aziziya Panda United Company
Term	Fifteen (15) Gregorian years
Property Leased	The total land area is 19,000 sqm with a retail box unit built on top of the land, with a total built up area of 5,456 sq m.
Rental Contract Details	The whole Property is let on a lease. The rental terms are as follows: • Years 1 – 5: SAR 2,748,831 p.a. (1st June 2014 – 31st May 2019) • Year 6 – 10: SAR 3,156,065 p.a. (1st June 2019 – 31st May 2024) • Year 11 – 15: SAR 3,563,299 p.a. (1st June 2024 – 31st May 2029)
Rent Payment Schedule	Quarterly in advance.
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

- As of the date of valuation date the gross current passing rent is SAR 3,156,065 pa. There are no associated costs or service charge for the duration of the lease as this is a triple net lease.
- The Property has a weighted average unexpired lease term (WAULT) of 5.9 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Title Deed Details	
Title Deed No.	471708002889
Masterplan No(s).	1424/715/A/2
Owner	Privileged Warehouse company 2
Tenure	Freehold Mortgaged to Al Rajhi Bank
Title Deed Date	Hijri and Gregorian Date: 1437/03/12 (24/12/2015)

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Title Deed Details	
Land Size (sq m)	19,000

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Building Permit Details	
Permit Number	8/108/J3/1429
Permit Date	27/01/1429 (05/05/2008)
Zoning	Commercial
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: (5,456 sq m)

Source: Client

- We have been provided with a building completion certificate dated 07/11/1429, which confirms that the building has been constructed in line with the use described in the building permit.

Market Comparables

Table 5: Retail Comparables

Address	Statues	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Mossa District	Asking	750	467	• The comparable has a less desirable location than subject property, therefore we applied a premium. The subject property has a better specification, and as such we applied a premium. Additionally, we have applied a discount to the subject property since it is smaller.
Al Mossa District	Asking	400	750	• The comparable is better located than the subject property, therefore we applied a discount. The subject property has a better specification, and as such we applied a premium. Given that the comparable is smaller than the subject property we have applied a discount for quantum to reflect the difference in size.
North Khamis Mushait	Asking	2,000	475	• The comparable is located in a less sought-after location, therefore we have applied a premium to the subject property for location. The subject property has a better specification, and as such we applied a premium. We have applied a premium to the comparable since it is located in a less accessible area. Additionally, we have

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Address	Statues	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
				applied a discount to the subject property since it is smaller.
Al Rasras	Asking	990	505	• The comparable is worse located than the subject property, therefore we applied a premium. The subject property has better specification, and as such we applied a premium. We have applied a discount to the subject property since it is smaller. We have applied a premium to the comparable since it is located in a less accessible area.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the buyer and seller, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- In arriving at our opinion of Market Rent we have assumed that the blended rate achievable across the Property is SAR 540 per sq pa.
- In arriving at our opinion of Market Rent we have assumed that the units within the Property would typically let for a term certain of 5 years on effective full repairing and insuring terms. We would anticipate an average letting void of 3 months upon lease expiry. Please note that this void period has not been factored into the valuation as we have assumed a reversion to land value upon expiry of the lease.

Land rationale

- Given that we are of the opinion that the land value supersedes the value of the income producing asset we have analysed the land market in close proximity to the subject property.
- Please see the comparable map below showing land comparables:

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Source: Google Earth / Knight Frank

Table 6: Land Comparables

Comparable	Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
1	Al Harir	Commercial	20,000	2,500	• The comparable is located in a less sought-after location, therefore we have applied a premium.
2	East Khamis Mushait	Commercial	1,900	2,632	• The comparable is located in a less sought-after location, therefore we have applied a premium. We have also applied a discount to account for the differences in size.
3	An Nasim	Commercial	1,800	3,000	• The comparable has a worse location than the subject, therefore we have applied a premium. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.
4	Al Wessam	Commercial	3,300	3,000	• The comparable is located in a more sought-after location, therefore we have applied a discount. Given that the comparable is smaller

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Comparable	Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
					than the subject, we have applied a discount to account for the differences in size.
5	Al Mossa	Commercial	4,500	3,000	• The comparable has a worse location than the subject, therefore we have applied a premium. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.
6	Al Khaldiyah	Commercial	14,969	2,138	• The comparable is located in a less sought-after location, therefore we have applied a premium. The comparable has a worse accessibility than the subject, therefore we have applied a premium.

Source: Knight Frank Research

- In assessing our opinion of the underlying land plot, we have taken into account the aforementioned comparables. We have applied discounts to the comparables to incorporate the impact of negotiation between sellers and potential buyers. Additionally, we have made other essential adjustments to account for the disparities in micro-location between the comparables and the property. Our assessment leads us to conclude that the Fair Value of the underlying property is SAR 2,130 per sq m, resulting in a total value of SAR 40,470,000.

Valuation Assumptions & Rationale

Table 7: Valuation Assumptions

Item	Assumption
Discount Rate	• 9.00%
ERV at 100% Occupancy	• SAR 2,946,240 p.a.
Growth Rate pa	• 2.50%
Land value as of Valuation Date	• SAR 40,470,000
Land Value upon expiry of master lease (growth applied)	• SAR 46,836,317
Fair Value of the Property	• SAR 43,400,000

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow. However, to account for the fact that the underlying land value supersedes the value of the income producing asset we have factored in a reversion to land value upon expiry of the lease in May 2029, net present valuing both the contracted value of the rent and the land value upon expiry of the lease.

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Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 43,400,000

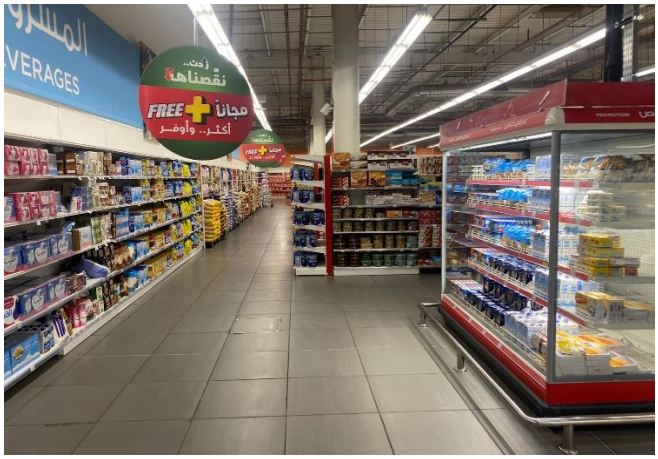
(Forty-Three Million, Four Hundred Thousand Saudi Arabian Riyals)

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 1 – Photographs













Panda, Al Naseem District, Khamis Mushait

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Appendix 2 – Title Deed



المملكة العربية السعودية
وزارة العدل
كتابة العدل الأولى بمحافظة خميس مشيط

بسم الله الرحمن الرحيم

الرقم : ٤٧١٧٠٨٠٠٢٨٨٩
التاريخ : ١٢ / ٣ / ١٤٣٧ هـ

صك

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

فإن الأرض الواقعة فى حى ال مشيط بعد تنظيمها بموجب المخطط المعتمد برقم ١٤٢٤/٧١٥/ع/٢

وحدودها وأطوالها كالتالي:

شمالاً: طريق الخميس تندحة الرياض عرضه ٨٤م بطول: (٢٠٠) مئتين متر

جنوباً: شارع عرضه ٢٠م بطول: (٢٠٠) مئتين متر

شرقاً: شارع عرضه ٢٠م بطول: (١٠٠) مائة متر

غرباً: شارع عرضه ٢٧م بطول: (٩٠) تسعون متر

ومساحتها :(١٩٠٠٠) تسعة عشر ألف متر مربعاً فقط وبعد الاطلاع على خطاب مدير شعبة التراخيص البنكية بمؤسسة النقد العربى السعودى رقم ٣٧١٠٠٠٠٠٠٥٧٨فى ٢ / ١ / ١٤٣٧ هـ والمقيد لدينا برقم ٣٧٩٥٥٢٢فى ٧/ ١/ ١٤٣٧هـ والمتضمن الموافقة على نقل الملكيةللعقار المذكور من ملكية البنك العربى الى ملكية شركة المخازن المميزة الثانية .. .)

والمستند فى افراغها على الصك الصادر من هذه الإدارة برقم ٣٧١٧٠٥٠٠١٥٢٢ في ٦ / ٧/ ١٤٣٥ هـ

قد انتقلت ملكيتها ل: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ،، بثمن وقدره ٤٥٠٦٢٨٠٣ خمسة و أربعون مليونا و إثنان و ستون ألفا و ثمانمائة و ثلاثة ريال.

وعليه جرى التصديق تحريراً في ١٢ / ٣/ ١٤٣٧ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

يحي بن ظافر بن يحي الشهري

الختم الرسمي

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه)

مصلحة مطابع الحكومة ـ ٣٥٢٥١٨

صفحة ١ من ١

Panda, Al Naseem District, Khamis Mushait

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Total
Rental Revenue								
Headline Rent	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Passing Rent	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Total Rental Revenue	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Total Tenant Revenue	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Potential Gross Revenue	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Effective Gross Revenue	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Net Operating Income	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Cash Flow Before Debt Service	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560
Cash Flow Available for Distribution	3,156,065	3,563,299	3,563,299	3,563,299	3,563,299	3,563,299	0	20,972,560

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Property Valuation.

Panda, Al Marwa, Jeddah

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation Summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 143,500,000
Inspection Date:	5th June 2023	*Terminal Yield:*	NA
Use Type(s):	Retail	*Discount rate:*	8.75%
Tenure:	Freehold	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	38,641 sq m	**Market Rent pa:**	SAR 10,977,840
Built Up Area (sq m)	15,247.72 sq m	*Market Rent per sq m:*	*SAR 720 per sq m*
Number of Tenants:	1	**Environmental**	Assumed Uncontaminated
Current Occupancy:	100%	**Condition**	Refurbished
Stabilized Occupancy	100% (Master Lease)		
Covenant of Tenant(s)	Strong	**Zoning**	Commercial
Current Passing Rent:	SAR 11,262,883 p.a.	**Annual OpEx SAR pa:**	None

SWOT analysis

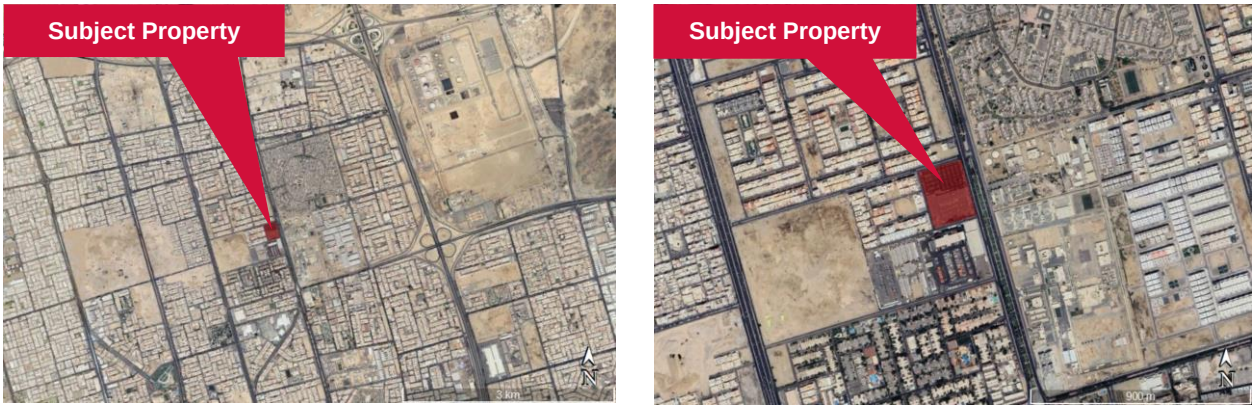
Table 1: SWOT Analysis

Strengths	Weaknesses
• Large physical footprint and ample parking space. • The subject property has a prime location in a well-established area with traffic bypass. • The remaining lease length is 5.4 years which poses a relatively secure income stream.	• Other retail buildings in the area that have undergone renovations and upgrades may attract more customers and tenants due to their modern appeal.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

	• We suspect the building is overrented and therefore a reversion to a lower market rent may occur upon expiry of the master lease in 2028.
Opportunities	**Threats**
• The underlying land value appears to be higher than the income producing nature of the Property. As such there is development opportunity to explore the highest and best use of this land. The remaining WAULT is 5.4 years and as such this land value is able to be soon explored.	• Other retail developments in the area, including newer plazas, may attract tenants and customers away from the subject property.

Location / Situation



Source: Google Earth / Knight Frank

- As can be seen from the map above, the subject property is located on Prince Mutaib Bin Abdulaziz road within Al Marwa District in Jeddah City. Al Marwa is situated in the central part of Jeddah, Kingdom of Saudi Arabia. Al Marwa is a densely populated neighbourhood which consists of mainly residential apartments.
- The Property benefits from four road frontages, with Abi Habib Al Ansari Road to the north, and to Prince Mutaib Bin Abdulaziz Road to the east.
- King Abdulaziz International Airport is some 24 km to the north and Jeddah Waterfront is about 20 km to the west and Jeddah Islamic Seaport is approximately 21 km to the south and King Abdulaziz University is some 16 km to the south of the subject property.

Description

- The premises refers to a big box retail establishment occupied by Panda Hypermarket – Al Marwa, Jeddah. It was built using steel frame construction, featuring painted concrete walls on the inside and automatic glass doors for the main entrance and exit. There is considerable outdoor asphalt surface parking and there is a back yard with loading dock doors with roller shutter access.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

- The subject property covers an area of 38,641 sq m, with a building permit specifying a built-up area of 15,247.72 sq m.

External facilities

- Surface parking in front of the Property, with frontage onto Prince Mutaib Bin Abdulaziz Road.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to (Azizia Panda United Company) under a triple net lease. This represents full occupancy of the Property.
- Whilst the lease we have been provided with does not show the actual lease start and end dates, we have been provided with a tenancy schedule by the Client which shows the specific dates of the lease, which we have relied upon.
- Below, we present the key lease information:

Table 2: Lease Overview

Hyper Panda, Al Marwa, Jeddah	
Lease Start Date	1st December 2013 (as per the tenancy schedule provided)
Tenant	Azizia Panda United Company
Term	Fifteen (15) Gregorian years
Property Leased	The total land area of 38,641 sq m and the total built up area is 15,247.72 sq m. The Property consists mainly of a box retail unit occupied by Hype Panda and there are a number of smaller retail units sublet by the tenant.
Rental Contract Details	The whole Property is let on a Master Lease. The rental terms are as follows: • Years 1 – 5: SAR 9,809,608 p.a. (1st December 2014 – 30th November 2018) • Years 5 – 10: SAR 11,262,883 p.a. (1st December 2018 – 30th November 2023) • Years 10 – 15: 12,716,158 p.a. (1st December 2023 – 30th November 2028) Every five years the rent escalates. The current passing rent is: SAR 11,262,883 pa
Rent Payment Schedule	Quarterly in advance.
Lease Renewal Provision	The Lessee must notify the Lessor at least 6 months prior to expiry.
Type of Lease	Triple Net

Source: Client

- As of the date of valuation the gross current passing rent is SAR 11,262,883 pa. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.
- The Property has a weighted average unexpired lease term (WAULT) of 5.4 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

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Table 3: Summary of Tenure

Title Deed Details	
Title Deed No.	420205025490
Plot No(s).	1
Owner	Privileged Warehouse company 2
Tenure	Freehold
Title Deed Date	Hijri and Gregorian Date: 1437/03/13 (24/12/2015)
Land Size (sq m)	38,641

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Buidling Permit Details	
Permit Number	23528
Permit Date	23/05/1429 (28/05/2008)
Zoning	Commercial – Retail Mall
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Retail (12,773.07 sq m), Showrooms (1,590) Mezzanine Floor: (884.65 sq m), Parking (5,612 sq m)

Source: Client

- We have been provided with a building completion certificate dated 24/8/1429, which confirms that the building has been constructed in line with use described in the building permit.

Market Comparables

Table 5: Retail Comparables

Address	Type	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Safa District	Asking	2,250	822	• The comparable has a less desirable location than subject property, therefore we applied a premium. The subject property has better specification, and as such we applied a premium. Additionally, we have applied a discount to the subject property since it is smaller.
Al Rabi' District	Asking	1,575	771	• The comparable is worse located than the subject property, therefore we applied a premium. The subject property has a better specification, and as such we have applied a premium. We have applied a discount to the

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Address	Type	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
				subject property since it is smaller. We have applied a premium to the comparable since it is located in a less accessible area.
Al Faisaliyah District	Asking	3,850	779	• The comparable is better located than the subject property, therefore we applied a discount. The subject property has a better specification, and as such we applied a premium. Additionally, We have applied a discount to the subject property since it is smaller.
Northern Abhor District	Asking	1,510	894	• The comparable is located in a less sought-after location, therefore we have applied a premium to the subject property for location. The subject property has a better specification, and as such we applied a premium. We have applied a premium to the comparable since it is located in a less accessible area. Additionally, we have applied a discount to the subject property since it is smaller.
Al Rabwah District	Asking	1,800	833	• The subject property has a better specification, and as such we applied a premium to it. We have applied a discount to the subject property since the comparable is smaller.
Al Zahra District	Asking	5,000	1,000	• The comparable is located in a more accessible area, therefore we have applied a discount for accessibility. Additionally, we have applied a discount to the comparable since it is located in a more desirable area. Given that the comparable is larger than the subject property we have applied a premium for quantum to reflect the difference in size.

Source: Knight Frank Research

Market Rent rationale

- In arriving at our opinion of Market Rent we have assumed that the units within the Property would typically let for a term certain of 5 years on effective full repairing and insuring terms. We would anticipate an average letting void of 6 months upon lease expiry. Please note that this void period has not been factored into the valuation as we reverted to land value upon expiry of the lease.
- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 720 per sq m as on the gross leasable area.

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Land rationale

- Given that we are of the opinion that the land value supersedes the terminal value of the income producing asset we have analysed the land market in close proximity to the subject property.
- Please see the comparable map below showing land comparables:



Source: Google Earth / Knight Frank

Table 6: Land Comparables

Comparable	Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
1	Al Marwah	Commercial	824	7,039	• The comparable has worse accessibility than the subject, therefore we have applied a premium. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.
2	Ar Rabwah	Mixed	5,825	5,494	• The comparable is less accessible than the subject property, therefore we have applied a premium. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size

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Comparable	Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
3	Al Safa	Commercial	15.000	5,500	• The comparable is smaller than the subject, therefore we have applied a discount to account for the differences in size.
4	Al Faisaliyah	Commercial	1,620	7,000	• The comparable has a worse location than the subject, therefore we have applied a premium. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.
5	Al Marwah	Commercial	1,675	10,000	• We consider the subject property to have a better access than this property and as such have applied a premium to the subject property. We have applied a discount to the subject property to account for size differences.

Source: Knight Frank Research

- In deriving our opinion of the underlying land plot, we have taken into account the aforementioned comparables. We have applied discounts to the comparables to incorporate the impact of negotiation between sellers and potential buyers. Additionally, we have made other essential adjustments to account for quantum differences between the comparables and the Property. Our assessment leads us to conclude that the value of the underlying land is SAR 3,415 per sq m, resulting in a total land value of SAR 131,959,015 as of the date of valuation

Valuation Assumptions & Rationale

Table 7: Valuation Assumptions

Item	Assumption
Discount Rate	• 8.75%
ERV at 100% Occupancy	• SAR 10,977,840
Growth Rate pa	• 2.50%
Land value as of Valuation Date	• SAR 131,959,015
Land Value upon expiry of master lease (growth applied)	• SAR 150,843,524
Fair Value	• SAR 143,500,000

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow. However, to account for the fact that the underlying land value supersedes the value of the income producing asset we have factored in a reversion to land value upon expiry of the lease in November 2028, net present valuing both the contracted value of the rent and the land value upon expiry of the lease.

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- We have not factored in any costs given that this is has been let on a Triple Net Lease and as such all costs are borne by the tenant for the duration of the lease term.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 143,500,000

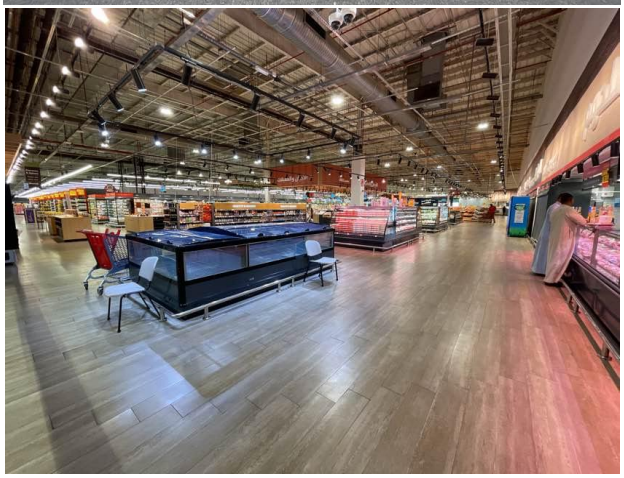
(One Hundred and Forty-Three Million, Five Hundred Thousand Saudi Arabian Riyals)

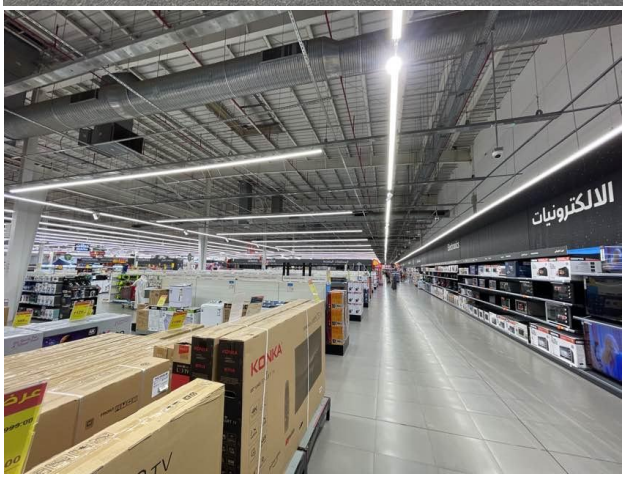
This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 1 – Photographs









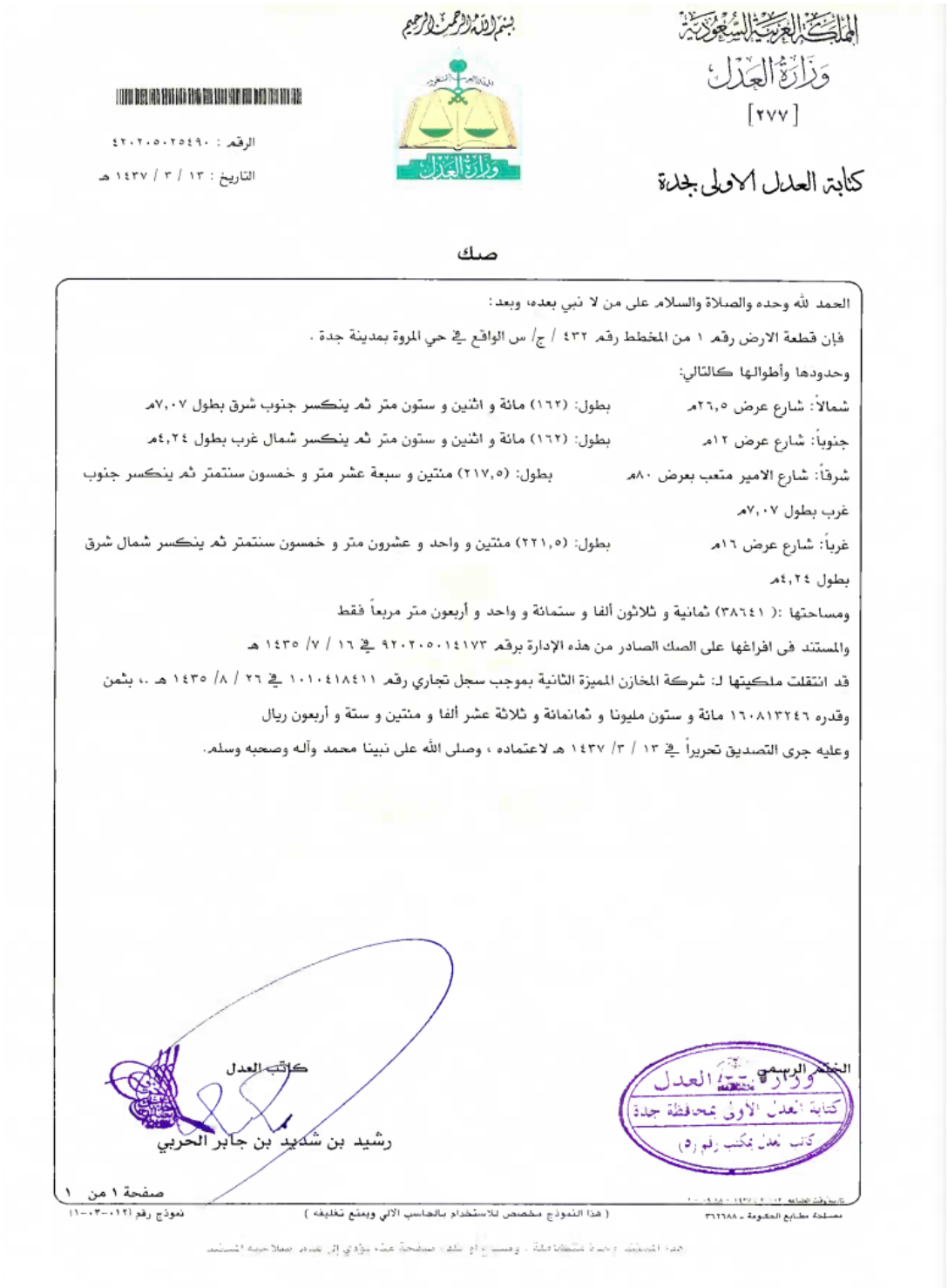




Panda, Al Marwa, Jeddah

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Appendix 2 – Title Deed



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

بسم الله الرحمن الرحيم

الرقم : ٤٢٠٢٠٥٠٢٥٤٩٠
التاريخ : ١٣ / ٣ / ١٤٣٧ هـ

صك

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

فإن قطعة الارض رقم ١ من المخطط رقم ٤٣٢ / ج/ س الواقع في حي المروة بمدينة جدة .

وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٦,٥م بطول: (١٦٢) مائة و اثنين و ستون متر ثم ينكسر جنوب شرق بطول ٧,٠٧م

جنوباً: شارع عرض ١٢م بطول: (١٦٢) مائة و اثنين و ستون متر ثم ينكسر شمال غرب بطول ٤,٢٤م

شرقاً: شارع الامير متعب بعرض ٨٠م بطول: (٢١٧,٥) مئتين و سبعة عشر متر و خمسون سنتمتر ثم ينكسر جنوب غرب بطول ٧,٠٧م

غرباً: شارع عرض ١٦م بطول: (٢٢١,٥) مئتين و واحد و عشرون متر و خمسون سنتمتر ثم ينكسر شمال شرق بطول ٤,٢٤م

ومساحتها :(٣٨٦٤١) ثمانية و ثلاثون ألفا و ستمائة و واحد و أربعون متر مربعاً فقط

والمستند في افراغها على الصك الصادر من هذه الإدارة برقم ٩٢٠٢٠٥٠١٤١٧٣ في ١٦ / ٧/ ١٤٣٥ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ ،، بثمن وقدره ١٦٠٨١٣٢٤٦ مائة و ستون مليونا و ثمانمائة و ثلاثة عشر ألفا و مئتين و ستة و أربعون ريال

وعليه جرى التصديق تحريراً في ١٣ / ٣/ ١٤٣٧ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
رشيد بن شديد بن جابر الحربي

الختم الرسمي
وزارة العدل
كتابة العدل الأولى بمحافظة جدة
كاتب عدل مكتب رقم (د)

صفحة ١ من ١

نموذج رقم (٢٤-٠٣-١)

(هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه)

مصلحة مطابع الحكومة - ٣٦٢٦٨٨

Panda, Al Marwa, Jeddah

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Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 Nov-2029	Forecast Total
Rental Revenue								
Headline Rent	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Passing Rent	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Total Rental Revenue	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Total Tenant Revenue	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Potential Gross Revenue	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Effective Gross Revenue	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Net Operating Income	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Cash Flow Before Debt Service	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232
Cash Flow Available for Distribution	11,989,521	12,716,158	12,716,158	12,716,158	12,716,158	6,358,079	0	69,212,232

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Property Valuation.

Panda, Al Rawdah, Jeddah

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 50,000,000
Inspection Date:	5 th June 2023	*Terminal Yield:*	NA
Use Type(s):	Retail	*Discount rate:*	8.75%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	9,929.79 sq m	**Market Rent pa:**	SAR 2,697,500
Gross Leasable Area (GLA):	3,250.40 sq m	*Market Rent per sq m:*	*SAR 830 per sq m*
Number of Tenants:	1	**Environmental**	Assumed Uncontaminated
Current Occupancy:	100%	**Condition**	Refurbished
Stabilized Occupancy	100% (Single Let)		
Covenant of Tenant(s)	Strong	**Zoning**	Commercial
Current Passing Rent:	SAR 2,775,734	**Annual OpEx SAR pa:**	None – NNN Lease

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The subject property has a good location in a well-established residential area. • The Property benefits from a strong WAULT of 5.9 years providing investors with a relatively good period of fixed income.	• Other retail buildings in the area that have undergone renovations and upgrades may attract more customers and tenants due to their modern appeal. • The property is overrented in our opinion and therefore once the lease expires the Property may witness a downwards reversion in Market Rent.
Opportunities	**Threats**
• The underlying land value appears to be higher than the income producing nature of the Property. As such there is development opportunity to explore the highest and best use of this land.	• Other retail developments in the area, including newer plazas, may attract tenants and customers away from the subject property.

Location / Situation



Source: Google Earth / Knight Frank

- As can be seen from the map above, the subject property is located on Qassem Zeinah Street within Al Rawda District in Jeddah City. Al Rawda is situated in the central part of Jeddah, Kingdom of Saudi Arabia. Al Rawda is a densely populated neighbourhood which consists mainly of residential apartments in the area. The surrounding area is mostly dominated by residential use.
- The property benefits from four road frontage; to the south lies Qassem Zeinah Street, to the north lies Muhammad Maghrabi Street, to the east lies Ahmad Al Turki street, and to the west lies Ibrahim Foudah Street.

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- King Abdulaziz International Airports sits some 22 km to the north, Jeddah Waterfront is about 10 km to the west, Jeddah Islamic Seaport is approximately 14 km to the south and King Abdulaziz University is some 15 km to the south of the subject property.

Description

- The premises consists mainly of a big box retail establishment used as a Panda supermarket. It was built using steel frame constructions, featuring painted concrete walls on the inside and automatic glass doors for the main entrance and exit.
- As for outdoor parking, there are 157 available parking spaces. The back yard is surfaced in asphalt and contains loading dock doors with roller shutter access.
- The subject property covers an area of 9,929.79 sq m, with a building permit specifying a built-up area of 3,250.4 sq m.

External facilities

- Surface parking in front of the Property, with frontage onto Qassem Zeinah Street.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to (Azizia Panda United Company) under a triple net lease for a period of 15 years. This represents full occupancy of the Property.
- Whilst we have not been provided with the lease with dates included, we have had sight of tenancy schedule provided by the Client showing the specific lease start dates.
- Below, we present the key lease information:

Table 2: Lease Overview

Panda, Al Rawdah, Jeddah	
Lease Start Date	1st June 2013
Tenant	Azizia Panda United Company
Term	Fifteen (15) Gregorian years
Property Leased	A land area consisting of approximately 9,930 sq m with a retail box unit measuring circa 3,250 sq m.
Rental Contract Details	The whole Property is let on a lease. The rental terms are as follows: • Years 1 – 5: SAR 2,417,575 (1st June 2014 – 31st May 2019) • Years 6 - 10: 2,775,734 (1st June 2019 – 31st May 2024) • Years 10 – 15: 3,133,893 (1st June 2024 – 31st May 2029) In the June 2024 the lease will escalate by 12.90%.
Rent Payment Schedule	Quarterly in advance.
Lease Renewal Provision	At least 6 months prior to expiry.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Panda, Al Rawdah, Jeddah	
Type of Lease	Triple Net

Source: Client

- As of the date of valuation date the gross current passing rents is SAR 2,775,734. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.
- The Property has a weighted average unexpired lease term (WAULT) of 5.9 years.

Tenure, Planning and Zoning

Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Title Deed Details	
Title Deed No.	720206030558
Plot No(s).	24/23
Owner	Privileged Warehouse company 2
Tenure	Freehold (Mortgaged to Al Rajhi Bank)
Title Deed Date	Hijri and Gregorian Date: 1441/04/18 (15/12/2019)
Land Size (sq m)	9,929.79

Source: Client

We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Building Permit Details	
Permit Number	1425 004221
Permit Date	10/11/1425 (22/12/2004)
Zoning	Commercial – Retail Mall
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Retail (3,110.90 sq m), Parking (2,355 sq m) Mezzanine Floor: (139.50 sq m)

Source: Client

- We have been provided with a building completion certificate dated 11/10/1427, which confirms that the building has been constructed in line with use described in the building permit.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Market Comparables

Table 5: Retail Comparables

Address	Type	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Safa District	Asking	2,250	822	• The comparable has a less desirable location than subject property and the subject property has better specification, and as such we applied a premium. Additionally, we have applied a discount to the comparable since it is located in a more accessible area.
Al Faisaliyah District	Asking	3,850	779	• The comparable is better located than the subject property, therefore we applied a discount. The subject property has better specification, and as such we applied a premium.
Northern Abhor District	Asking	1,510	894	• The comparable is located in a less sought-after location, therefore we have applied a premium to the subject property for location. We have applied a discount to the subject property since the comparable is smaller.
Al Rabwah District	Asking	1,800	833	• The comparable is worse located than the subject property, therefore we applied a premium. The subject property has better specification, and as such we applied a premium.
Al Zahra District	Asking	5,000	1,000	• The comparable is located in a more accessible area, therefore we have applied a discount for accessibility. Additionally, we have applied a discount to the comparable since it is located in a more desirable area..

Source: Knight Frank Research

Market Rent rationale

- In arriving at our opinion of Market Rent we have assumed that the units within the Property would typically let for a term certain of 5 years on effective full repairing and insuring terms. We would anticipate an average letting void of 6 months upon lease expiry. Please note that this void period has not been factored into the valuation as we reverted to land value upon expiry of the lease.
- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 830 per sq m as on the gross leasable area.

Land rationale

- Given that we are of the opinion that the land value supersedes the value of the income producing asset we have analysed the land market in close proximity to the subject property.

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- Please see the comparable map below showing land comparables:



Source: Google Earth / Knight Frank

Table 6: Land Comparables

Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
Al Faisallyyah	Commercial	900	6,667	• The comparable has better accessibility than the subject, therefore we have applied a discount. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.
Ar Rabwah	Mixed	5,825	5,494	• The comparable is located in a less sought-after location, therefore we have applied a premium. The comparable has a better accessibility, and as such we applied a discount. We have also applied a discount to account for the differences in size.
Ar Rawdah	Mixed	4,200	5,238	• The comparable has a worse accessibility than the subject, therefore we have applied a premium. Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.
Ar Rawdah	Mixed	10,000	6,000	• The comparable has a worse accessibility than the subject, therefore we have applied a premium.
Al Faisallyyah	Commercial	3,200	7,813	• The comparable has a better accessibility than the subject, therefore we have applied a discount.

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Address	Type	Land Area (sq m)	Rate (SAR/psm)	Comments/Comparison
				Given that the comparable is smaller than the subject, we have applied a discount to account for the differences in size.

Source: Knight Frank Research

- In deriving our opinion of the underlying land plot, we have taken into account the aforementioned comparables. We have applied discounts to the comparables to incorporate the impact of negotiation between sellers and potential buyers. Additionally, we have made other essential adjustments to account for quantum differences between the comparables and the Property. Our assessment leads us to believe that value of the underlying land is SAR 5,165 per sq m, resulting in a total land value of SAR 51,283,285 as of the date of valuation,

Valuation Assumptions & Rationale

Table 7: Valuation Assumptions

Item	Assumption
Discount Rate	• 8.75%
ERV at 100% Occupancy	• SAR 2,697,500
Growth Rate pa	• 2.50%
Land value as of Valuation Date	• SAR 51,283,285
Land Value upon expiry of master lease (growth applied)	• SAR 59,350,635
Fair Value	• SAR 50,000,000

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow. However, to account for the fact that the underlying land value supersedes the value of the income producing asset we have factored in a reversion to land value upon expiry of the lease in May 2029, net present valuing both the contracted value of the rent and the land value upon expiry of the lease.

Fair Value conclusions

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 50,000,000

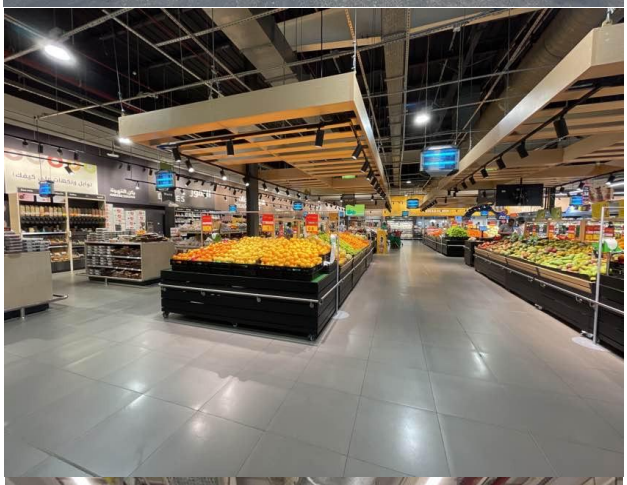
(Fifty Million Saudi Arabian Riyals)

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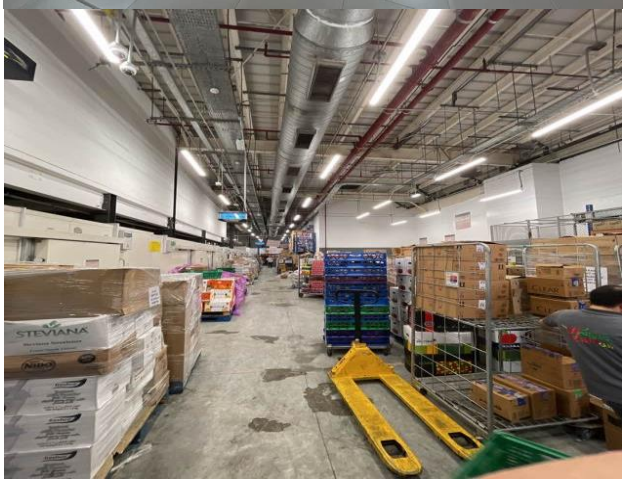
Appendix 1 – Photographs













Panda, Al Rawdah, Jeddah

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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

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

الرقم : ٧٢٠٢٠٦٠٣٠٥٥٨
التاريخ : ١٨ / ٤ / ١٤٤١ هـ

صك رهن وتملك عقار

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

فإن قطعة الارض رقم ٢٣ / ٢٤ الواقع في حي الروضة / ٣ بمدينة جدة . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ١٢م بطول: (٩٤) يبدا من الغرب للشرق بطول أربعة و تسعون متر ثم ينكسر بشطفه للجنوب الشرقي بطول ٤,٢٤م

جنوباً: شارع عرض ٢٥م بطول: (٩٠) يبدا من الشرق للغرب بطول تسعون متر ثم ينكسر بشطفه للشمال الغربي بطول ٧,٠٧م

شرقاً: شارع عرض ١٢م بطول: (٩١,٧٢) يبدا من الشمال للجنوب بطول واحد و تسعون متر و اثنين و سبعون سنتمتر ثم ينكسر بشطفه للجنوب الغربي بطول ٧,٠٧م

غرباً: شارع عرض ١٢م بطول: (٩١,٥٦) يبدا من الجنوب للشمال بطول واحد و تسعون متر و ستة و خمسون سنتمتر ثم ينكسر بشطفه للشمال الشرقي بطول ٤,٢٥م

ومساحتها : (٩,٩٢٩,٧٩) تسعةالاف و تسعمائة و تسعة و عشرون متر مربعاً و تسعة و سبعون سنتمتراً مربعاً فقط

المملوكة لـ/ شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ بالصك الصادر من هذه الإدارة برقم ٢٢٠٢٠٥٠٢٥٤٨٩ في ١٣ / ٣/ ١٤٣٧ هـ .قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركةالراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ وتنتهي في ٢٩ / ٥/ ١٤٤٣ هـ ضمانا لوفائه بـ/ ٣٩٠٨٥٥٠٠ ريال على ان يتم سداد المديونية دفعة واحدة بنهاية مدة المديونية بتاريخ ٢٣ /٩ / ٢٠٢٥ م بمبلغ ٣٩٠٨٥٥٠٠ ريال وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٨ / ٤/ ١٤٤١ هـ

وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل
عقاب بن عايض بن سفير العتيبي

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

صفحة ١ من ٢

مصلحة مطابع الحكومة - ٢٨٢٠٢٢ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تغليفه) نموذج رقم (١٢-٠٣-٠١)

Panda, Al Rawdah, Jeddah

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Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Total
Rental Revenue								
Headline Rent	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Passing Rent	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Total Rental Revenue	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Total Tenant Revenue	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Potential Gross Revenue	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Effective Gross Revenue	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Net Operating Income	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Cash Flow Before Debt Service	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199
Cash Flow Available for Distribution	2,775,734	3,133,893	3,133,893	3,133,893	3,133,893	3,133,893	0	18,445,199

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Property Valuation.

Panda, Madain Al-Fahd, Jeddah

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 36,500,000
Inspection Date:	6th June 2023	*Terminal Yield:*	7.50%
Use Type(s):	Retail	*Discount rate:*	10.0%
Tenure:	Assumed Freehold (2 plots; one is mortgaged, and one is fully owned.	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	11,873.92 sq m	**Market Rent pa:**	SAR 2,878,500
Gross Leasable Area (GLA):	3,838 sq m	*Market Rent per sq m:*	*SAR 750 per sq m*
Number of Tenants:	1	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	100%		
Covenant of Tenant(s)	Strong	**Zoning**	Commercial
Current Passing Rent:	SAR 2,904,091	**Annual OpEx SAR per sq m:**	SAR 10 (on void)

SWOT analysis

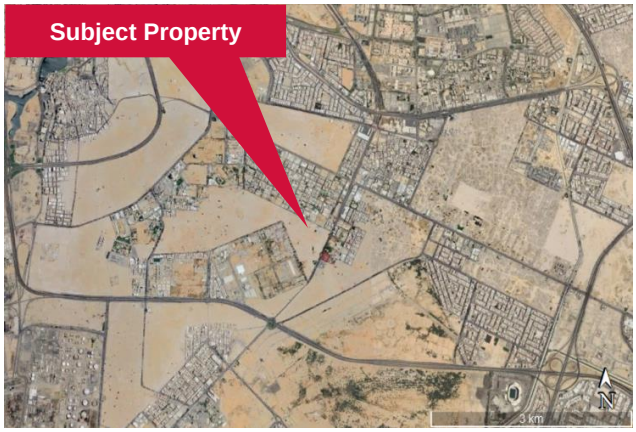
Table 1: SWOT Analysis

Strengths	Weaknesses
• Benefits from good access on Madain Al Fahad Street. • 6.2 years left on the lease with an escalation of 12.9% in September 2024, where we expect it to be achieving above market rent.	• It is located far from the prime centre of Jeddah and must compete with another Panda store 2.7km to its northeast and 2.3km to its east.

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Opportunities	Threats
• We are of the opinion that the Property is overrented and therefore there is the asset management opportunity to regear the current lease for a longer term certain to avoid reversion to market rent and a void period.	• Other retail developments in the area, including newer plazas, may attract tenants and customers away from the subject property. • Limited retail rental growth in Jeddah over the last 12 months. • Approximately 500,000 sq m of retail space to enter the Jeddah market by 2025 adding competitive pressure to the subject property.

Location / Situation





Source: Google Earth / Knight Frank

- As can be seen from the map above, the subject property is located on Madaen Al Fahd Street within the Madaen Al-Fahd District of Jeddah .
- Madaen Al-Fahd is situated in the south part of Jeddah, Kingdom of Saudi Arabia. Madaen Al-Fahd District used to be densely populated neighbourhood until it was razed as part of the Jeddah redevelopment plan and now appears to be a sparsely populated neighbourhood consisting mainly of residential apartments and vacant land. The surrounding area is mostly dominated by residential apartments, except for a gas station directly to the south of the Property and Okaz middle school 170 metres to its east.
- The subject property benefits from a 52 metres frontage on Madaen Al Fahd Street on its western boundary.
- The subject property is bordered by Ashab Al Risalah street to the south, Muhammad Mandur street to the east.
- Jeddah Islamic Seaport is approximately 8 km away and King Abdulaziz University is some 4.5 km to the north of the subject property.

Description

- The premises refers to a one-floor retail establishment recognized as Panda Hypermarket - Madain Al Fahd, Jeddah. It was built using steel frame constructions, featuring painted concrete walls on

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the inside and automatic glass doors for the main entrance and exit. As for outdoor parking, there are over 180 available parking spaces. The back yard is surfaced in asphalt and there is loading dock door with a roller shutter.

- The subject property covers a land area of 11,873.92 sq m, with a building permit specifying a built-up area of 3,838.6 sq m, which we have treated as the GLA. We have relied on this information provided by the Client.

External facilities

- Surface parking in front of the Property with approximately 180 car parking spaces with frontage onto Madain Al Fahd Street.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to Azizia Panda United Company under a Triple Net lease. This represents full occupancy of the Property.
- Below, we present the key lease information:

Table 2: Lease Overview

Panda, Madian Al-Fahd, Jeddah	
Lease Start Date	04/09/2014 (as provided in tenancy schedule)
Tenant	Azizia Panda United Company
Term	Fifteen (15) Gregorian years
Property Leased	Two plots of land with the building(s) that shown on the premises plan.
Rental Contract Details	The whole Property is let on a lease. The rental terms are as follows: • Years 1 – 5: SAR 2,529,370 (4th September 2014 – 3rd September 2019) • Years 6 - 10: 2,904,091 (4th September 2019 – 3rd September 2024) • Years 10 – 15: 3,278,813 (4th September – 3rd September 2029) In the September 2024 the lease will escalate by 12.9%.
Rent Payment Schedule	Quarterly in advance.
Lease Renewal Provision	Notice must be provided at least 6 months prior to expiry.
Type of Lease	Triple Net

Source: Client

- As of the date of valuation date the gross current passing rents is SAR 2,904,091. There are no associated costs or service charge for the duration of the masterlease as this is a triple net lease.

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- The Property has a weighted average unexpired lease term (WAULT) of 6.2 years.

Tenure, Planning and Zoning

Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Title Deed Details		
Title Deed No.	220211031329	320224003715
Plot No(s).	N/A	N/A
Owner	Privileged Warehouse company 2	Privileged Warehouse company 2
Tenure	Freehold Mortgaged to Al Rajhi Bank	Freehold
Title Deed Date	Hijri and Gregorian Date: 1441/04/18 (15/12/2019)	Hijri and Gregorian Date: 1437/03/24 (04/01/2016)
Land Size (sq m)	2,873,92	9,000

Source: Client

We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Building Permit Details	
Permit Number	1426 000226
Permit Date	11/02/1426 (22/03/2005)
Zoning	Commercial – Retail Mall
Civil Defence Permit	Not stated
Building Specifications	Ground Floor Retail: 3,838 sq m Parking: 5,165 sq m

Source: Client

- We have been provided with a building completion certificate dated 1427/9/22, which confirms that the building has been constructed in line with use described in the building permit.

Comparable Considerations

Table 5: Retail Comparables

Address	Type	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Safa District	Asking	2,250	822	• The comparable has a more desirable location than subject property, therefore we applied a discount. The subject property has better specification, and as such we applied a premium.

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Address	Type	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Faisaliyah District	Asking	3,850	779	• The comparable is better located than the subject property, therefore we applied a discount. The subject property has better specification, and as such we applied a premium.
Northern Abhor District	Asking	1,510	894	• The comparable is located in a more sought-after location, therefore we have applied a discount to the subject property for location. The subject property has better specification, and as such we applied a premium. We have applied a discount to the subject property since it is larger.
Al Rabwah District	Asking	1,800	833	• The comparable is better located than the subject property, therefore we applied a discount. The subject property has better specification, and as such we applied a premium. We have applied a discount to the subject property since it is smaller
Al Zahra District	Asking	5,000	1,000	• The comparable is located in a more accessible area, therefore we have applied a discount for accessibility. Additionally, we have applied a discount to the subject property since it is located in a less desirable area. Given that the comparable larger than the subject property we have applied a premium for quantum.

Source: Knight Frank Research

Market Rent rationale

- In arriving at our opinion of Market Rent we have assumed that the units within the Property would typically let for a term certain of 5 years on effective full repairing and insuring terms. We would anticipate an average letting void of 3 months upon lease expiry.
- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 750 per sq m as on the gross leasable area.

Valuation Assumptions & Rationale

Table 6: Valuation Assumptions

Item	Assumption
Capitalisation Rate	• 7.50%
Discount Rate	• 10.00%
ERV at 100% Occupancy	• SAR 2,878,500 per annum
Stabilised Occupancy	• 100%
Growth Rate	• 2.50%

Source: Knight Frank

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- Given that this is an income producing asset we have valued the property using a discounted cashflow, over a holding period of 10 years, capitalising the year 11 NOI with our designated capitalisation rate.
- Upon expiry of the lease we have assumed a 3 month void period in which the current tenant will vacate and be replaced by a new tenant at market rent. We have assumed the new tenant will take occupy the Property in its entirety on a 10 year lease term.
- We have factored in annual OpEx costs of SAR 10 per sq m on the GLA during this void period, however we have not factored in any further costs as we assume the tenant will take this space on a triple net lease as per the current tenant.
- We used a discount rate of 10.00% which we feel best represents investor sentiment and the risk profile of the subject property.
- We are of the opinion that the Fair Value would be based off a capitalisation rate of 7.50%.

Costs

- We have not factored any costs into our valuation for the duration on the initial lease as the Property is let on a Triple Net agreement and therefore any costs regarding the Property are borne by the tenant as stipulated in the lease
- Upon the expiry of the lease and for the Property's void period we have applied OpEx of SAR 10 per sq m on the GLA.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 36,500,000

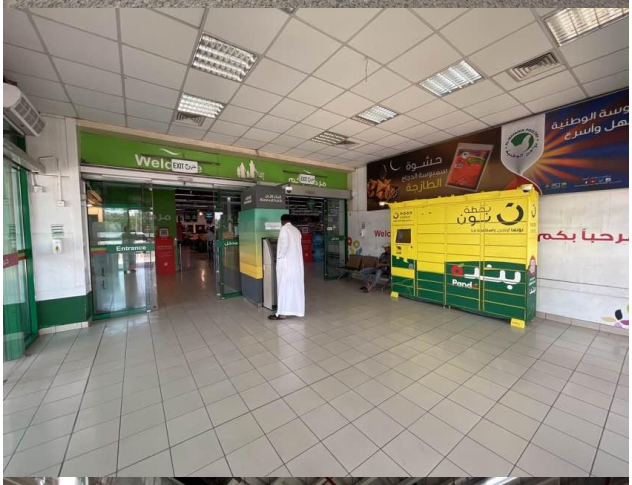
(Thirty-Six Million, Five Hundred Thousand Saudi Arabian Riyals)

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Appendix 1 – Photographs













Panda, Madain Al-Fahd, Jeddah

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Appendix 2 – Title Deed



صك رهن وتملك عقار

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

فإن الأرضا وبناء رقم بدون الواقع في حي مدائن الفهد بمدينة جدة . وحدودها وأطوالها كالتالي:

شمالاً: ارض العين العزيزيه عليها أنقاض الشيخ أبراهيم العنقري

جنوباً: شارع مختلف من الشرق ٢٠,٥٠ م ومن الغرب ٢٠,٤٠ م حسب الطبيعه ثم شركه نقط بطول: (٤٦) ستة و أربعون متر يبدأ من الشرق للغرب ثم يتجه بشطفه ناحيه الشمال الغربى ٤,٢٤ م

شرقاً: ارض العين لسمو الأميره لطيفه بنت عبدالعزيز بطول: (١٢٥) مائة و خمسة و عشرون متر

غرباً: شارع مدائن الفهد عرض ٥٢ م بطول: (١١٣,٣) مائة و ثلاثة عشر متر و ثلاثون سنتمتر

ومساحتها : (٢,٨٧٣,٩٢) ألفان و ثمانمائة و ثلاثة و سبعون متر مربعاً و إثنين و تسعون سنتمتراً مربعاً فقط

المملوكة لـ/ شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ بالصك الصادر من هذه الإدارة برقم ٩٢٠٢٢٤٠٠٣٧١٣ في ٢٤ / ٣/ ١٤٣٧ هـ. قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركةالراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ وتنتهي في ٢٩ / ٥/ ١٤٤٣ هـ ضمانا لوفاء بـ/ ٩٨٦٢٠١٣ تسعة مليون وثمان مائة واثنين وستين الف وثلاث عشر ريال على ان يتم سداد المديونية دفعة واحدة بنهاية مدة المديونية بتاريخ ٢٣ / ٩ /٢٠٢٥ م وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء مافي ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٨ / ٤/ ١٤٤١ هـ وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

علي بن ضيف الله بن عازب الزهراني



صك

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

فإن قطعة الارض رقم بدون الواقع في حي مدائن الفهد بمدينة جدة .

وحدودها وأطوالها كالتالي:

شمالاً: جار إبراهيم العنقري بطول: (١٠٠) مائة متر

جنوباً: شارع عرض ١٥ م يفصلها عن أرض العين بطول: (٥) خمسة متر

شرقاً: شارع عرض ١٥ م يفصلها عن أرض مخططة لمحمد عمران بطول: (١١٥) مائة و خمسة عشر متر

غرباً: شارع عرض ١٥ م يفصلها عن الأرض الأميرية بطول: (١٢٥) مائة و خمسة و عشرون متر

ومساحتها :(٩٠٠٠) تسعةالاف متر مربعاً فقط

والمستند فى افراغها على الصك الصادر من هذه الإدارة برقم ٣٢٠٢١٠٠٠٨١٠٧ في ٩ / ١١/ ١٤٣٥ هـ

قد انتقلت ملكيتها لـ: شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ . بثمن وقدره ٣١٤٦٥٨٢ واحد و ثلاثون مليونا و أربعمائة و خمسة و ستون ألفا و خمسمائة و إثنين و ثمانون ريال

وعليه جرى التصديق تحريراً في ٢٤ / ٣/ ١٤٣٧ هـ لاعتماده ، وصلى الله على نبينا محمد وآله وصحبه وسلم.

كاتب العدل

علي بن مهدي بن محسن عبدلي

Panda, Madain Al-Fahd, Jeddah

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Year 8 May-2031	Forecast Year 9 May-2032	Forecast Year 10 May-2033	Forecast Year 11 May-2034	Forecast Total
Rental Revenue												
Headline Rent	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	3,295,824	3,338,178	3,338,178	3,338,178	3,338,178	35,853,009
Void Loss	0	0	0	0	0	0	-807,032	0	0	0	0	-807,032
Passing Rent	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,488,792	3,338,178	3,338,178	3,338,178	3,338,178	35,045,978
Total Rental Revenue	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,488,792	3,338,178	3,338,178	3,338,178	3,338,178	35,045,978
Total Tenant Revenue	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,488,792	3,338,178	3,338,178	3,338,178	3,338,178	35,045,978
Potential Gross Revenue	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,488,792	3,338,178	3,338,178	3,338,178	3,338,178	35,045,978
Effective Gross Revenue	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,488,792	3,338,178	3,338,178	3,338,178	3,338,178	35,045,978
Revenue Costs												
OpEx	0	0	0	0	0	0	11,127	0	0	0	0	11,127
Total Revenue Costs	0	0	0	0	0	0	11,127	0	0	0	0	11,127
Net Operating Income	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,477,665	3,338,178	3,338,178	3,338,178	3,338,178	35,034,850
Cash Flow Before Debt Service	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,477,665	3,338,178	3,338,178	3,338,178	3,338,178	35,034,850
Cash Flow Available for Distribution	2,904,091	3,185,133	3,278,813	3,278,813	3,278,813	3,278,813	2,477,665	3,338,178	3,338,178	3,338,178	3,338,178	35,034,850

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Property Valuation.

Al Andalus Center, Ruwais, Jeddah

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 134,400,000
Inspection Date:	6th June 2023	*Terminal Yield:*	8.75%
Use Type(s):	Office and Retail	*Discount rate:*	11.25%
Tenure:	Freehold	*Inflation / Growth rate:*	2.5%
Land Area (sq m):	9,565 sq m	**Market Rent pa:**	SAR 15,559,612
Gross Leasable Area (GLA):	19,743 sq m	*Market Rent per sq m:*	*SAR 790 per sq m*
Number of Tenants:	36	**Environmental**	Assumed uncontaminated
Current Occupancy:	56%	**Condition**	Good
Stabilized Occupancy	90%		
Covenant of Tenant(s)	Mixed	**Zoning**	Commercial
Current Passing Rent:	SAR 9,045,411	**Annual OpEx SAR per sq m:**	SAR 100

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The subject property has a strong location on Al Andalus Branch Road approximately 2.2km from Jeddah's CBD. • The property is multi-let on short term leases and therefore this provides a good hedge against inflation with leases renewing at market rates.	• The building's architecture and interior design may appear dated, potentially affecting its overall appeal and competitiveness in the market. • The Property has a WAULT of 0.96 years, which lessens its appeals to investors looking for secure fixed long-term income. • The occupancy rate is relatively low at 56%.

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Opportunities	Threats
• The increasing demand for Office Space presents opportunities for expansion and attracting new clients. • Government led initiatives are seeking to bolster commercial activity in Jeddah such asthe transformation of Jeddah Projects Management Office into Jeddah Development Authority. • Grade B rents have increased annually by 6% between Q1 2022 and Q1 2023 and as such we can expect the Property to benefit from this. • Limited Office supply will reach the market by 2025 in Jeddah, with current Grade B space due to continue to make up 41% of the office space as in 2023. • Asset management opportunities to increase occupancy such as refurbishment and a marketing campaign.	• Other developments in the area, including newer office buildings, may attract tenants and customers away from the subject property. • The new office space due to appear in the market by 2025 will be Grade A space and therefore there will be more quality stock for tenants to choose from.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Al Andalus Centre, is situated in the Al Ruwais district within Jeddah, Kingdom of Saudi Arabia.
- It sits approximately 2.2km from Jeddah's CBD area and Medinah Road.
- Al Andalus Tower benefits from direct access on Al Andalus Branch Road and benefits from four separate road frontages.
- The surrounding area consists of both residential and commercial uses.
- Dr. Soliman Fakeeh Hospital, located approximately 1 km north of the property, with the International Medical Center Hospital 730 metres to the east.
- There are hotels near the Property such as Mira Waterfront Hotel located 730 metres to the south and Narcissus Al Hamra Hotel located 1.2 km to the south.
- King Abdulaziz International Airport is situated around 19.8 km to the north.

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Description

- The construction quality of the subject property appears to be of good standard, resembling a typical grade B office building.
- The subject property is comprised of 9 floors, including a basement, ground floor (with mezzanine) plus a further 7 floors.
- The subject property covers a land area of 9,565 sq m, with a building permit specifying a built-up area of 33,426 sq m. The Client has provided us with a breakdown of the gross leasable area, which amounts to 19,743 sq m.

Tenancy Overview

- As of the valuation date, we understand that the subject property, which is a multi-tenanted buildilng, is experiencing an occupancy rate of 56%.
- As of the date of valuation, the gross current passing rents is SAR 9,045,411 as per the tenancy schedule provided by the Client. This rent is inclusive of service charge.
  The Property has a weighted average unexpired lease term (WAULT) of 0.96 years.

Tenure, Planning and Zoning

- A summary of the Property's tenure details is provided below:

Table 2: Summary of Tenure

Title Deed Details	
Title Deed No.	320204046689
Plot No(s).	48, 49, 53, 54
Owner	Gulf Fund Company For Real Estate and Development
Tenure	Freehold
Title Deed Date	Hijri: 1442/02/10 (Gregorian: 28/09/2020)
Land Size (sq m)	9,565

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 3: Summary of Building Permit

Al Andalus Center,Ruwais,Jeddah	
Permit Number	1420-001358
Permit Date	19/06/1420 (09/29/1999)
Zoning	Commercial – Office Spaces & Retail
Civil Defence Permit	Not stated
Building Specifications	Basement: Parking (5,110 sq m)

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Al Andalus Center,Ruwais,Jeddah	
	Ground Floor: Retail and Parking (3,099 sq m) Mezzanine: Offices and other (4,367 sq m) First Floor: Office and other (4,527 sq m). Second & Third Floor (2,201 sq m). Restaurant: (314 sq m). Five Typical Office Floors: Office (11,006 sq m).

Source: Client

- We have not been provided with a building completion certificate and have therefore relied upon the building permit deed provided by the Client as being correct.

Market Comparables

Table 4: Market Retail Comparables

Address	Status	Floor Area (sq. m)	Rent pa (per sq. m)	Comments/Comparison
Al Ruwais District	Asking	171	905	• The Subject has a more desirable location than the comparable, therefore we applied a premium. The subject property has better access, as such we applied a premium and we have made adjustments for quantum.
Al Ruwais District	Asking	88	1,591	• Our subject property and the comparable have the same attributes but we have made adjustments for quantum.
Al Ruwais District	Asking	330	667	• The Subject has a more desirable location than the comparable, therefore we applied a premium. The subject property has better access, as such we applied a premium.
Al Ruwais District	Asking	165	1,212	• The Subject has a more desirable location than the comparable, therefore we applied a premium. The subject property has better access, as such we applied a premium and we have made adjustments for quantum
Al Ruwais District	Asking	215	930	• Our subject property and the comparable have the same attributes but we have made adjustments for quantum.

Source: Knight Frank Research

- The table below shows recent lettings in the Property itself:

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Table 5: Office Comparables from the Subject Property

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)
Subject Property	February, 2023	106	731
Subject Property	March, 2023	105	700
Subject Property	April, 2023	232	750
Subject Property	November, 2022	391	880
Subject Property	November, 2022	106	700
Subject Property	November, 2022	126	808
Subject Property	December, 2022	164	750
Subject Property	March, 2023	179	700

Source: Knight Frank Research

Market Rent Rationale

- In forming our opinion of Market Rent for the retail units we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the best market evidence can be obtained from recent lettings in the Property itself and as such have used recent transactions on the subject property to form our view of Market Rent for the offices.
- In arriving at our opinion of Market Rent across the Property we have assumed that the units within the Property would typically let at a blended rate of SAR 790 per sq m per annum, inclusive of service charge.
- This rate can be broken down as a blended rate of SAR 755 per sq m on the office space and SAR 870 per sq m per annum on the retail space.
- In order to benchmark this across the wider market we have had regard to the similar quoting Grade B offices in Jeddah which we list below and where it can be seen that the subject Property's applied Market Rent falls into a similar range:

Table 6: Market Comparable Grade B Offices

Address	Q1 2023 Quoting Annual Headline Rents SAR/ sq m	Occupancy (Q1 2023)
Tamlik	590	96%
Aster 3	700	100%
Al Murjan Business Center	775	96%
Al Rawdah Business Center	770	93%
Aster 2	700	100%
Al Zagzoog Business Center	1,000	100%

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Address	Q1 2023 Quoting Annual Headline Rents SAR/ sq m	Occupancy (Q1 2023)
Njoud Center	825	95%
Badria Business Center	600	96%
L'Elysee	750	100%
Al Andalus Crown Tower	750	99%

Source: Knight Frank Research

Valuation Assumptions & Rationale

Table 7: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 8.75%
Discount Rate	• 11.25%
ERV at 100% Occupancy	• SAR 15,559,612 p.a.
Stabilised Occupancy	• 90%
Growth Rate	• 2.50%

Source: Knight Frank Research

- Given that this is an income producing asset we have valued the property using a discounted cashflow, over a holding period of 10 years, capitalising the year 11 NOI with our designated capitalisation rate.
- We have factored in a stabilised occupancy of 90%.
- We have used a terminal capitalisation rate of 8.75%, which we feel reflects the income and market risk profile.
- We used a discount rate of 11.25% which we feel best represents investor sentiment for the Property.

Costs

- We have not been provided with any CapEx expenditure for the Property and have not assumed these costs in the cashflow, nor have we been provided with an OpEx schedule.
- We have assumed an OpEx cost of SAR 100 per sq m across the GLA Property (as provided by the Client) to account for ordinary maintenance and day to day operating of the building.
- We have factored in letting costs of 1.0% on lease renewals to account for an extra marketing initiative to boost occupancy.

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Fair Value conclusions

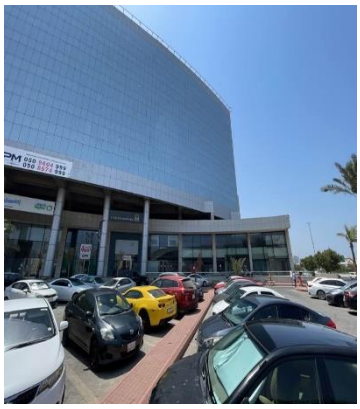
- We are of the opinion that the Fair Value of the freehold interest in the properties, subject to the caveats and assumptions stated herein, at the valuation date is:

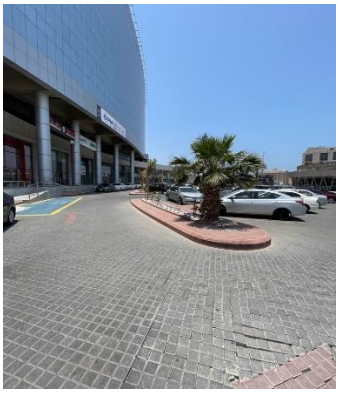
SAR 134,400,000

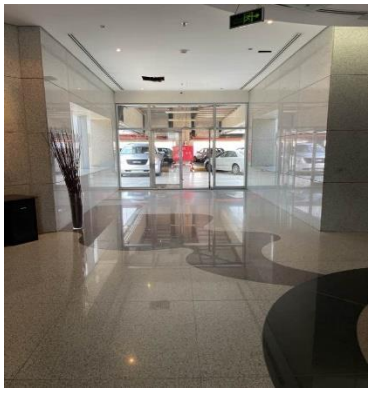
(One Hundred and Thirty Four Million, Four Hundred Thousand Saudi Arabian Riyals)

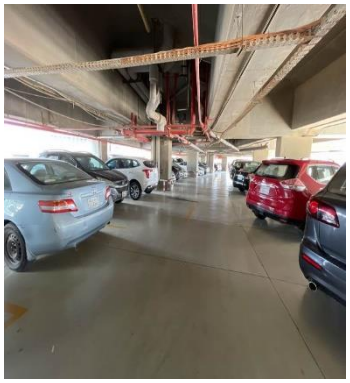
This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 1 – Photographs

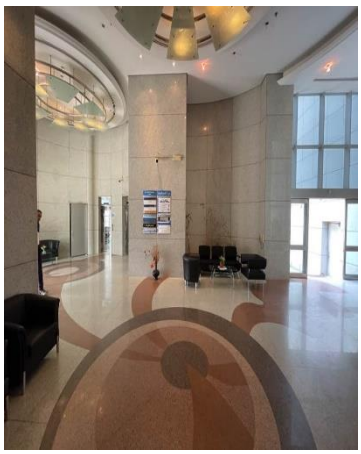












Al Andalus Center, Ruwais, Jeddah

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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]

تاريخ الصك: ١٠/٢/١٤٤٢ هـ
رقم الصك: ٣٢٠٢٠٤٠٤٦٦٨٩

صك

الحمد لله وحده والصلاة والسلام على من لا نبي بعده، وبعد:
فإن قطعة الارض 48 و قطعة الارض 49 و قطعة الارض 53 و قطعة الارض 54 الواقع في حي الرويس بمدينة جدة .
وحدودها وأطوالها كالتالي:
شمالاً: شارع عرض 34.60م بطول: (75) خمسة و سبعون متر
جنوباً: شارع عرض 12م بطول: (91) واحد و تسعون متر
شرقاً: شارع عرض 12م بطول: (5) خمسة متر يبدا من الشمال بشكل قوس ثم يتجه جنوبا بطول 93م ثم شطفه بطول 4.24م
غرباً: شارع عرض 80م بطول: (23) ثلاثة و عشرون متر يبدا الشمال بشكل قوس ثم يتجه جنوبا بطول 79م شطفه بطول 7م
ومساحتها :(9,565.85) تسعةالآف و خمسمائة و خمسة و ستون متر مربعاً و خمسة و ثمانون سنتمتراً مربعاً فقط
وذلك بموجب الصك الصادر من هذه الإدارة برقم 461 وجلد 3 / 1 في 17 / 2/ 1396 هـ
هي في ملك / شركة صندوق الخليج للتطوير والاستثمار العقاري بموجب سجل تجاري رقم 1010893165 في 22 / 11/ 1438 هـ وتنتهي في 22 / 11/ 1463 هـ .. وعليه جرى التصديق
تحريراً في 10 / 2/ 1442 هـ لاعتماده ،وصلى الله على نبينا محمد وآله وصحبه وسلم.

صدرت هذه الوثيقة من وزارة العدل , ويجب التحقق من بياناتها وسريانها عبر الخدمات الإلكترونية لوزارة العدل
مصلحة مطابع الحكومة -٢٨٢١٥٩ (هذا النموذج مخصص للاستخدام بالحاسب الآلي ويمنع تأثيمه) نموذج رقم (٠١٢-٠٣-٠٩)

صفحة رقم 1 من 1

Al Andalus Center, Ruwais, Jeddah

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 4 – Cashflow Extract

For the Years Ending	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Year 8 May-2031	Forecast Year 9 May-2032	Forecast Year 10 May-2033	Forecast Year 11 May-2034	Forecast Total
Rental Revenue												
Headline Rent	15,132,870	16,086,091	16,174,199	16,614,201	17,028,698	17,453,523	17,890,385	18,341,188	18,799,737	19,269,710	19,751,453	192,542,054
Void Loss	-4,096,253	-724,146	0	0	0	0	0	0	0	0	0	-4,820,399
Passing Rent	11,036,617	15,361,945	16,174,199	16,614,201	17,028,698	17,453,523	17,890,385	18,341,188	18,799,737	19,269,710	19,751,453	187,721,655
Total Rental Revenue	11,036,617	15,361,945	16,174,199	16,614,201	17,028,698	17,453,523	17,890,385	18,341,188	18,799,737	19,269,710	19,751,453	187,721,655
Total Tenant Revenue	11,036,617	15,361,945	16,174,199	16,614,201	17,028,698	17,453,523	17,890,385	18,341,188	18,799,737	19,269,710	19,751,453	187,721,655
Potential Gross Revenue	11,036,617	15,361,945	16,174,199	16,614,201	17,028,698	17,453,523	17,890,385	18,341,188	18,799,737	19,269,710	19,751,453	187,721,655
Vacancy & Credit Loss												
Vacancy Allowance	-59,780	-967,637	-1,617,480	-1,658,468	-1,699,845	-1,742,251	-1,785,816	-1,830,852	-1,876,627	-1,923,539	-1,971,628	-17,133,923
Total Vacancy & Credit Loss	-59,780	-967,637	-1,617,480	-1,658,468	-1,699,845	-1,742,251	-1,785,816	-1,830,852	-1,876,627	-1,923,539	-1,971,628	-17,133,923
Effective Gross Revenue	10,976,836	14,394,308	14,556,719	14,955,733	15,328,853	15,711,272	16,104,570	16,510,335	16,923,110	17,346,171	17,779,825	170,587,732
Revenue Costs												
Opex	987,150	2,023,658	2,074,249	2,126,105	2,179,258	2,233,739	2,289,583	2,346,822	2,405,493	2,465,630	2,527,271	23,658,958
Total Revenue Costs	987,150	2,023,658	2,074,249	2,126,105	2,179,258	2,233,739	2,289,583	2,346,822	2,405,493	2,465,630	2,527,271	23,658,958
Net Operating Income	9,989,686	12,370,650	12,482,470	12,829,628	13,149,595	13,477,533	13,814,987	14,163,513	14,517,617	14,880,541	15,252,555	146,928,774
Letting Costs												
Letting & Legal Fees	40,104	128,689	163,095	167,160	171,365	175,636	180,433	184,930	189,581	194,306	199,164	1,794,463
Total Letting Costs	40,104	128,689	163,095	167,160	171,365	175,636	180,433	184,930	189,581	194,306	199,164	1,794,463
Total Leasing & Capital Costs	40,104	128,689	163,095	167,160	171,365	175,636	180,433	184,930	189,581	194,306	199,164	1,794,463
Cash Flow Before Debt Service	9,949,582	12,241,961	12,319,375	12,662,467	12,978,230	13,301,897	13,634,554	13,978,583	14,328,035	14,686,235	15,053,391	145,134,311
Cash Flow Available for Distribution	9,949,582	12,241,961	12,319,375	12,662,467	12,978,230	13,301,897	13,634,554	13,978,583	14,328,035	14,686,235	15,053,391	145,134,311

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Property Valuation.

Blue Tower, Al Yarmouk District, Khobar

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 133,000,000
Inspection Date:	30th May 2023	*Terminal Yield:*	8.75%
Use Type(s):	Office and Retail	*Discount rate:*	11.25%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	5,464 sq m	**Market Rent pa:**	SAR 14,915,490
Gross Leasable Area (GLA):	20,484 sq m	*Market Rent per sq m:*	*SAR 730 per sq m*
Number of Tenants:	One (master lease)	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	90%		
Covenant of Tenant(s)	Mixed	**Zoning**	Commercial
Current Passing Rent:	SAR 12,331,512	**Annual OpEx SAR per sq:**	110 SAR (upon expiry of masterlease)

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The masterlease has been renewed on a triple net basis for a further five years from the 11th of March 2023, with an escalation in the third year. Therefore, the property benefits from a WAULT of 4.7 years. • The subject property has a prime location in central Khobar, sitting approximately 1.2 km from	• The building's architecture and interior design may appear dated and would be categorised as Grade B space. This would potentially affect its overall appeal and competitiveness in the market.

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both Le Meridien and Intercontinental Hotel and the road on which the Property (King Faisal Road) sits benefits from an array of café's and restaurants such as Lucca Steak House.	
Opportunities	**Threats**
• The building could benefit from a refurbishment bringing it in line with Grade A standard and thereby bolstering rents. • The increasing demand for office space presents opportunities for expansion and attracting new clients.	• Other developments in the area, including newer office buildings, may attract tenants and customers away from the subject property. • The Property is Grade B and with 258,000 sq of Grade A office space set to be delivered in Khobar by 2025, there is the threat that tenant demand will seek more quality space.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Blue Tower, is situated in the Al Yarmouk district within Khobar, Kingdom of Saudi Arabia.
- Blue Tower benefits from direct access via King Faisal Road, a main road in Khobar boasting businesses, a range of café's and restaurants such as Luccas Steak House. The property has four frontages and the surrounding area consists of both residential and commercial uses.
- Half Moon Beach is located approximately 54 km south of the property, while King Fahad International Airport is situated around 57 km to the northwest. Le Meridian and Intercontinental Hotels both sit approximately 1.2 km south of the Property.

Description

- The construction quality of the subject property appears to be of good standard, resembling a typical grade B office building.
- The subject property is comprised of 9 floors, 2 basements and Mezzanine Floor.
- The subject property covers a land area of 5,464 sq m, with a building permit specifying a built-up area of 33,592 sq m. The Client has provided us with a breakdown of the gross leasable area, which amounts to 20,484 sq m.

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Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to Nofodh Real Estate Investment Co. under a triple net lease. This represents full occupancy of the Property.
- Below, we present the key lease information:

Table 2: Lease Overview

Blue Tower, Al Yarmouk District Khober	
Lease Start Date	11/03/2023
Tenant	Nofodh Real Estate Invesment Co.
Term	Five (5) Gregorian years
Property Leased	The property, named 'Blue Tower and accompanying land plots are situated in Al Yarmouk District. The land plots, numbered 40-41-42 of block 5/2, are associated with title deed number 430203012523, dated 14/04/1441 Hijri (12/12/2019). The total land area is 5,464 sqm according to the title deed.
Rental Contract Details	The whole Property is let on a master lease. The rental terms are as follows: • Years 1 – 2: SAR 12,331,513 p.a. (11th March 2023 – 10th March 2025) • Years 3 - 5: SAR 13,194,719 p.a. (11th March 2025 – 10th March 2028) After the first two years of the lease there is an escalation of 7%. The current passing is SAR 12,331,513 pa.
Rent Payment Schedule	Quarterly in advance.
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

- As of the date of valuation the gross current passing rent is SAR 12,331,513 pa. This is due to escalate by 7% in the third year. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.
- The Property has a weighted average unexpired lease term (WAULT) of 4.7 years.

Tenure, Planning and Zoning

Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Title Deed Details	
Title Deed No.	430203012523
Plot No(s).	40-41-42 block 5/2
Owner	Privileged Warehouse company 2

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Title Deed Details	
Tenure	Freehold - Mortgaged to Al Rajhi Bank
Title Deed Date	Hijri and Gregorian Date: 1441/04/14 (12/12/2019)
Land Size (sq m)	5,464

Source: Client

We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Building Permit Details	
Permit Number	428/10461
Permit Date	08/08/1432 (10/07/2011)
Zoning	Commercial – Office Spaces & Retail
Civil Defence Permit	Not stated
Building Specifications	Basement parking: 11,000 sq m Ground Floor: Retail, Services & Mezzanine: 4,111 sq m First & Second Floor: 2,937 sq m Floors 3-8: 14,812.7 sq m Floor 9: 400 sq m

Source: Client

- We have been provided with a building completion certificate dated 24/09/1433, which confirms that the building has been constructed in line with the use described in the building permit.

Market Comparables

Table 5: Retail Comparables

Address	Status	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Showroom, Prince Turki Road	Asking	100	1,700	• The comparable is located in close proximity to the subject property and so therefore we have not made any adjustments for location or access however we have made a have made adjustments for quantum.
Showroom, Al Khobar Mall	Asking	150	1,600	• We have factored in a discount on this property regarding location as the comparable is based in Khobar Mall, a more desirable retail location.
Showroom, King Salman Road	Asking	300	1,000	• Our subject property and the comparable have the same attributes, albeit we have made relevant quantum adjustments.
Showroom, King Salman Road	Asking	300	1,400	• Our subject property and the comparable have the same attributes, albeit we consider

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Address	Status	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
				the comparable to have better access and as such have factored in a discount for this.

Source: Knight Frank Research

- Regarding the office space in the Property, we have been provided with a tenancy schedule from December 2022 showing lettings within the last 6 months in the Property (exclusive of service charge):

Table 6: Office Comparables from the Subject Property

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)
Subject Property	January, 2023	124	600
Subject Property	January, 2023	124	600
Subject Property	January, 2023	137	600
Subject Property	January, 2023	254	600
Subject Property	January, 2023	124	600
Subject Property	January, 2023	254	600
Subject Property	January, 2023	400	600

Source: The Client

- We have also had regard to wider market to form our opinion of market rent:

Table 7: Grade B Office Comparables from the Market

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)
Prince Turki Road	Asking	245	550
Prince Turki Road	Asking	140	650
King Salman Road	Asking	100	650
King Salman Road	Asking	218	550
King Faisal Road	Asking	185	450
King Faisal Road	Asking	145	900
King Faisal Road	Asking	550	800
Al Olaya District	Asking	120	750

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of Market Rent we have placed significant weight on the leasing transactions in January 2023 provided by the Client as these are still within a 6-month window of the valuation date and given that they are from the subject property themselves, provide the best insight into rates achievable at the Property. We noticed that quantum did not have a significant impact on letting rates at the subject property and so have applied a blended rate of SAR 600 per sq m across the office space, adjusting this only for the largest office unit in the building.
- In arriving at our opinion of Market Rent for the retail units, we relied on the market comparables as there were no recent lettings in the schedule provided.

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- We are of the opinion that the Market Rent equates to a blended rate of SAR 730 per sq m for the offices and retail across the gross leasable area.

Valuation Assumptions & Rationale

Table 7: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 8.75%
Discount Rate	• 11.25%
ERV at 100% Occupancy	• SAR 14,915,490 pa
Stabilised Occupancy	• 90%
Growth Rate	• 2.50%

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow, over a holding period of 10 years, capitalising the year 11 NOI with our designated capitalisation rate.
- Upon expiry of the masterlease, we have taken the view that 50% of the sublessors will vacate the property at the same time, given that no sublease is permitted to extend beyond the period of the masterlease. We have assumed that the remaining 50% of tenants will renew their leases at market rent.
- We have then factored in an absorption period stabilising the occupancy at 90%.
- Upon masterlease expiry we have accounted for OpEx at an annual rate of SAR 110 per sq m and a service charge of 10% of tenant revenue (similar to the payments made by the current sublessees).
- We used a discount rate of 11.25% which we feel best represents investor sentiment and the risk profile of the subject property.
- We are of the opinion that the Fair Value would be based off capitalisation rate(s) of 8.75%.

Costs

- Given that the current tenant has leased the Property on a Triple Net basis, we have not assumed any costs for the duration of the lease. However, upon lease expiry we have assumed an OpEx annual cost of SAR 110 per sq m across the GLA provided to us by the Client. We have assumed no CapEx cost upon lease expiry as the tenant is obliged to maintain the Property and return it in the condition presented to it.

Fair Value

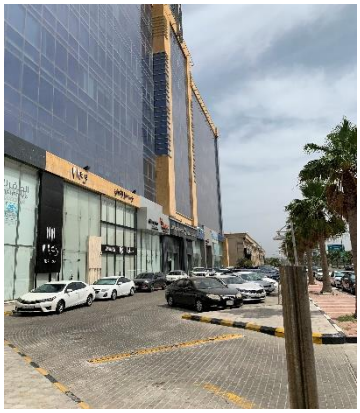
- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 133,000,000

(One Hundred and Thirty-Three Million Saudi Arabian Riyals)

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Appendix 1 – Photographs













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Appendix 2 – Title Deed



بسم الله الرحمن الرحيم

المملكة العربية السعودية
وزارة العدل
[٢٧٧]
كتابة العدل بالخبر

الرقم : ٤٣٠٢٠٣٠١٢٥٢٣
التاريخ : ١٤ / ٤ / ١٤٤١ هـ

صك رهن وتملك عقار

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

فإن قطعة الارض ٤٠ و قطعة الارض ٤١ و قطعة الارض ٤٢ من المخطط رقم ٥ / ٢ الواقع في حي اليرموك بمدينة الخبر . وحدودها وأطوالها كالتالي:

شمالاً: شارع عرض ٢٠ متر بطول: (٥٥) خمسة و خمسون متر

جنوباً: شارع عرض ٢٠ متر بطول: (٥٥) خمسة و خمسون متر

شرقاً: نافذ عرض ٨ متر ومواقف بطول: (١٠٠) مائة متر

غرباً: شارع الخبر الدمام البحرى عرض ٢٢ متر بطول: (١٠٠) مائة متر

ومساحتها : (٥٤٦٤) خمسةآلاف و أربعمائة و أربعة و ستون متر مربعاً فقط توجد شطفه الشمالى الغربى ٦ ٠ ٦ متر وتوجد شطفه بالركن الجنوبى الغربى ٦ ٠ ٦ متر

المملوكة لـ/ شركة المخازن المميزة الثانية بموجب سجل تجاري رقم ١٠١٠٤١٨٤١١ في ٢٦ / ٨/ ١٤٣٥ هـ بالصك الصادر من هذه الإدارة برقم ٤٣٠٢٠٥٠١٥٦٠١ في ٢٣ / ٦/ ١٤٣٩ هـ .قد تم رهنها وما أقيم أو سيقام عليها من بناء لصالح / شركةالراجحي المصرفية للاستثمار بموجب سجل تجاري رقم ١٠١٠٠٠٠٠٩٦ وتنتهي في ٢٩ / ٥/ ١٤٤٣ هـ ضمانا لوفائه بـ/ ٢٢٣٨٦٧٦٨٤ ريال على ان يتم سداد المديونية دفعة واحدة بنهاية مدة المديونية بتاريخ ٢٣ / ٩ / ٢٠٢٥ م بمبلغ ٢٢٣٨٦٧٦٨٤ ريال وفي حالة عدم السداد فللمرتهن بيع العقار بالقيمة التي تنتهي عندها الرغبات واستيفاء ما في ذمة الراهن من مبلغ وما نقص يرجع فيه عليه بعد اكمال مايلزم شرعاً وعليه جرى التصديق تحريراً في ١٤ / ٤/ ١٤٤١ هـ وصلى الله على نبينا محمد وآله وصحبه وسلم.

وزارة العدل

وزارة العدل
كتابة العدل بمحافظة الخبر
كاتب العدل بكتابة رقم (٣)

كاتب العدل
ماجد بن عادل بن احمد المريخي

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

Blue Tower, Al Yarmouk District, Khobar

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Appendix 3 – Cashflow Extract

For the Years Ending	Suite	Forecast Year 1 May-2024	Forecast Year 2 May-2025	Forecast Year 3 May-2026	Forecast Year 4 May-2027	Forecast Year 5 May-2028	Forecast Year 6 May-2029	Forecast Year 7 May-2030	Forecast Year 8 May-2031	Forecast Year 9 May-2032	Forecast Year 10 May-2033	Forecast Year 11 May-2034	Forecast Total
Rental Revenue													
Headline Rent		12,331,513	12,547,314	13,194,719	13,194,719	13,789,057	16,732,222	17,310,694	17,638,469	18,008,264	18,412,219	18,827,761	171,986,951
Void Loss		0	0	0	0	-1,667,397	-5,220,918	-1,197,897	0	0	0	0	-8,086,212
Passing Rent		12,331,513	12,547,314	13,194,719	13,194,719	12,121,660	11,511,303	16,112,797	17,638,469	18,008,264	18,412,219	18,827,761	163,900,739
Total Rental Revenue		12,331,513	12,547,314	13,194,719	13,194,719	12,121,660	11,511,303	16,112,797	17,638,469	18,008,264	18,412,219	18,827,761	163,900,739
Total Tenant Revenue		12,331,513	12,547,314	13,194,719	13,194,719	12,121,660	11,511,303	16,112,797	17,638,469	18,008,264	18,412,219	18,827,761	163,900,739
Other Revenue													
Service Charge		0	0	0	0	297,679	1,764,770	2,433,056	2,678,394	2,745,354	2,813,988	2,884,338	15,617,579
Total Other Revenue		0	0	0	0	297,679	1,764,770	2,433,056	2,678,394	2,745,354	2,813,988	2,884,338	15,617,579
Potential Gross Revenue		12,331,513	12,547,314	13,194,719	13,194,719	12,419,339	13,276,073	18,545,853	20,316,863	20,753,618	21,226,207	21,712,099	179,518,318
Vacancy & Credit Loss													
Vacancy Allowance		0	0	0	0	0	-48,241	-2,748,526	-4,062,165	-4,149,526	-4,244,014	-4,342,420	-19,594,891
Total Vacancy & Credit Loss		0	0	0	0	0	-48,241	-2,748,526	-4,062,165	-4,149,526	-4,244,014	-4,342,420	-19,594,891
Effective Gross Revenue		12,331,513	12,547,314	13,194,719	13,194,719	12,419,339	13,227,833	15,797,327	16,254,698	16,604,093	16,982,193	17,369,679	159,923,427
Revenue Costs													
OpEx		0	0	0	0	498,404	2,317,577	2,375,516	2,434,904	2,495,776	2,558,171	2,622,125	15,302,473
Total Revenue Costs		0	0	0	0	498,404	2,317,577	2,375,516	2,434,904	2,495,776	2,558,171	2,622,125	15,302,473
Net Operating Income		12,331,513	12,547,314	13,194,719	13,194,719	11,920,935	10,910,256	13,421,811	13,819,794	14,108,316	14,424,022	14,747,554	144,620,954
Cash Flow Before Debt Service		12,331,513	12,547,314	13,194,719	13,194,719	11,920,935	10,910,256	13,421,811	13,819,794	14,108,316	14,424,022	14,747,554	144,620,954
Cash Flow Available for Distribution		12,331,513	12,547,314	13,194,719	13,194,719	11,920,935	10,910,256	13,421,811	13,819,794	14,108,316	14,424,022	14,747,554	144,620,954

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Property Valuation.

Louloua Warehouses, Al Masani District, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 127,700,000
Inspection Date:	1st June 2023	*Terminal Yield:*	8.25%
Use Type(s):	Warehouse	*Discount rate:*	10.75%
Tenure:	Assumed Freehold (3 freehold title deeds and 8 title deeds Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	94,908.60 sq m	**Market Rent pa:**	SAR 13,807,227
Gross Leasable Area (GLA):	79,010 sq m	*Market Rent per sq m:*	*SAR 175 per sq m*
Number of Tenants:	One (Master lease)	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	92.50%		
Covenant of Tenant(s)	Mixed	**Zoning**	Industrial
Current Passing Rent:	SAR 13,616,639	**Annual OpEx SAR per sq m:**	Circa SAR 15

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The warehouse benefits from the presence of industrial facilities and well-developed infrastructure in its surrounding area, which greatly supports its operational activities. • The warehouses are strategically located, providing convenient access to transportation networks and major distribution centers. • The property has a fairly good WAULT length of 4.7 years remaining upon which we expect an upwards reversion to market rent.	• The warehouses may have limitations in terms of accommodating specialized storage requirements or unique customer demands. • As the warehouses age, there might be a need for regular maintenance and repairs to ensure their optimal functioning. • This is a large asset and as such the pool of potential investors may be limited.
Opportunities	**Threats**
• The growing demand for warehouse and storage facilities creates favorable opportunities for expansion and attracting a wider range of clients. • Demand for industrial space is high in Riyadh, therefore there is the opportunity to for rental reversion to higher market rent at the lease expiry.	• The presence of other warehouse providers in the area may pose a challenge in terms of attracting and retaining clients.

Location / Situation



Source: Google Earth / Knight Frank

- The subject property, known as Al Louloua Warehouses, is situated in Al Masani district within Riyadh, Kingdom of Saudi Arabia.
- Al Louloua Warehouses benefits from two main road frontages which are Arafat Road and Al Hair Road. The subject property surrounding area consists of industrial warehouses.
- The Riyadh Dry Port is located approximately 13.2 km north east of the property, while King Khalid International Airport is situated around 53 km to the north.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Description

- The subject property comprises 119 warehouses with different sizes, 74 residential units featuring one-bedroom layouts, and 18 retail stores with frontage along Al Hair Road.
- The construction quality of the subject property is basic and may benefit from further improvements to meet the latest standards and regulations set for newly constructed warehouses.
- The subject property covers a land area of 94,904.60 sq m, and the GLA of the Property amounts to 79,010 sq m as per information provided by the Client.

External facilities

- The warehouses provide ample parking facilities, with a total of 236 parking spaces and 119 loading bays available. This equates to one loading bay per warehouse, ensuring convenient access for loading and unloading operations.

Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to (Rawaj Real Estate Company) under a triple net lease. This represents full occupancy of the Property.
- Below, we present the key lease information:

Table 2: Lease Overview

Al Louloua Warehouses, Al Masani district, Riyadh	
Lease Start Date	06/03/2023
Tenant	Rawaj Real Estate Company
Term	Five (5) Gregorian years
Property Leased	The property, known as 'Al Louloua Warehouses,' is located in Al Masani. It comprises a logistics compound that includes a diverse range of warehouses with varying areas. Additionally, the property features residential units and retail stores.
Rental Contract Details	The whole Property is let on a master lease. The rental terms are as follows: • Years 1 – 5: SAR 13,616,639 p.a. We have noted that there is no escalation in the lease agreement.
Rent Payment Schedule	Quarterly.
Lease Renewal Provision	N/A
Type of Lease	Triple Net

Source: Client

- As of the date of valuation the gross current passing rent is SAR 13,616,639. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.

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- The Property has a weighted average unexpired lease term (WAULT) of 4.68 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 3: Summary of Tenure Mortgaged (1/2)

Al Louloua Warehouses, Al Masani district, Riyadh						
Title Deed No.	317805000162	317803000174	317817000112	317815000171	417816000168	317821000166
Plot No(s).	3055, 3057, 3059	3117, 3119, 3121, 3123	2960, 2962	3085, 3086, 3087, 3088, 3089, 3090, 3091, 3092	3061	3120, 3122, 3124
Owner	Privileged Warehouse company 2					
Tenure	Freehold Mortgaged to Al Rajhi Bank					
Title Deed Date	1441/3/6	1441/2/23	1441/2/24	1441/2/24	1441/3/21	1441/3/21
Land Size (sq m)	3267.5	6773.42	1962.02	9932.02	1038.35	5024.96

Source: Client

Table 4: Summary of Tenure Freehold (2/2)

Al Louloua Warehouses, Al Masani district, Riyadh			
Title Deed No.	810120045121	410115053582	210107049290
Plot No(s).	3093-3116	3065-3084	3034-3051
Owner	Privileged Warehouse company 2		
Title Deed Date	1439/6/18	1439/6/18	1439/6/18
Land Size (sq m)	29993.66	20266.68	16650

- We have been provided with the following building permits for the Property, which we summarise below:

Table 5: Summary of Building Permit (1/2)

Al Louloua Warehouses, Al Masani district, Riyadh					
Permit Number	1426/8846	1425/5364	1424/9595	1424/5793	1432/16357
Permit Date	1430/07/04	1425/07/15	1424/11/28	1424/07/11	1432/08/30
Zoning	Industrial	Industrial	Industrial	Industrial	Industrial
Civil Defence Permit	Not stated	Not provided	Not provided	Not provided	Not provided

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Al Louloua Warehouses, Al Masani district, Riyadh					
Building Specifications	Ground Floor: Commercial (2,244 sq m), Offices (1,049 sq m), First Floor: Offices (2,874 sq m)/ Electrical Room (20 sq m)	Ground Floor: (19,125 sq m)	Ground Floor: (14,040 sq m)/ Electrical Room (10 sq m)	Ground Floor: (627 sq m)	Ground Floor: (726 sq m)

Source: Client

Table 6: Summary of Building Permit (2/2)

Al Louloua Warehouses, Al Masani district, Riyadh				
Permit Number	1425/470	1425/474	1425/476	1426/2513
Permit Date	1425/01/15	1425/01/15	1425/01/15	1426/03/15
Zoning	Industrial	Industrial	Industrial	Industrial
Civil Defence Permit	Not stated	Not provided	Not provided	Not provided
Building Specifications	Ground Floor: (17,374 sq m)/ Electrical Room (10 sq m)	Ground Floor: (7,215 sq m)	Ground Floor: (20,872 sq m)/ Electrical Room (10 sq m)	Ground Floor: (5,588 sq m)

- We note that the Property contains residential units which have not been allowed for in the building permits. We have not had sight of a municipality license to confirm if the master lessee has obtained the relevant approvals for this usage, however we have assumed for the purpose of the valuation that the residential usage complies with regulations given its prolonged use as such.

Valuation Considerations

Table 7: Warehouse Comparables

Address	Transaction (Date)	Built-Up Area (BUA) sq m	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Marwah District	Asking	400	225	• The subject property has superior access and more desirable location compared to the comparable, therefore a premium was applied.
Al Marwah District	Asking	600	217	• Our subject property has a more desirable location and superior access compared to the comparable, as such we applied a premium.
Al Marwah District	Asking	650	250	• The subject property has a better location and superior access to the comparable, therefore we have applied a premium.

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Address	Transaction (Date)	Built-Up Area (BUA) sq m	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Marwah District	Asking	675	200	• Our subject property has a better access and location compared to the comparable, we have applied a premium.
Al Masani District	October 2022	420	286	• The comparable has similar characteristics to the subject property.
Subject Property	November 2022	492	140	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	November 2022	580	160	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	November 2022	567	160	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	November 2022	567	160	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	October 2022	833	145	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	November 2022	639	138	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	October 2022	680	137	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	October 2022	584	137	• This is a transaction from the subject property, and we have made adjustments for quantum.
Subject Property	December 2022	670	135	• This is a transaction from the subject property, and we have made adjustments for quantum.

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Address	Transaction (Date)	Built-Up Area (BUA) sq m	Rent SAR pa (per sq. m.)	Comments/Comparison
Subject Property	December 2022	336	145	• This is a transaction from the subject property, and we have made adjustments for quantum.

Source: Knight Frank Research

Table 8: Residential Units Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Al Dar Al Baida District	Asking	28	514	• The subject property is located in a less desirable area, therefore a discount was applied.
Al Masani District	Asking	80	313	• The comparable has better access compared to the subject property, and as such we have applied discount.
Al Dar Al Baida District	Asking	45	367	• The subject property is located in a less desirable area than the comparable, hence a discount was applied. • In terms of accessibility, our subject property has superior access to the comparable, so we have applied a premium.
Al Manfuhah District	Asking	45	267	• The comparable is located in a better location than the subject property, therefore a premium was applied.
Al Dar Al Baida District	Asking	38	379	• The comparable location is better than the subject property, and as such a discount was applied.

Source: Knight Frank Research

Table 9: Retail Comparable

Address	Transaction (Date)	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Masani District	Asking	32	375	• Our subject property has inferior access and a less desirable location than the comparable, therefore a discount was applied.
Al Dar Al Baida District	Asking	40	325	• The comparable has a better location and access, and as such discount was taken into account.
Al Masani District	Asking	50	400	• The subject property and the comparable have similar characteristics, and as such no adjustments were made.

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Address	Transaction (Date)	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Al Aziziyah Disrict	Asking	37	405	• The comparable has a superior location and access compared to the comparable, therefore a discount was applied.
Al Dar Al Baida District	Asking	45	333	• The subject property is located in a less desirable area and an inferior access than the comparable, therefore a discount was applied.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- In forming our opinion of market rent we have placed weight both on market comparables and lettings from the subject property. We have been provided with a tenancy schedule as of December 2022 by the Client, showing the sublessee's tenancy schedule. We recognise that these lettings are over 6 months old and we have therefore also placed significant weight on market comparables too.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We have determined a base rental rate for all the warehouses and made adjustments based on their sizes to calculate a rate per sq m for each warehouse.
- We have taken into consideration a company discount for the residential units and applied it through our adjustments.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 175 per sq m on the GLA, inclusive of service charge.

Valuation Assumptions & Rationale

Table 10: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 8.25%
Discount Rate	• 10.75%
ERV at 100% Occupancy	• SAR 13,807,227 p.a.
Stabilised Occupancy	• 92.50%
Growth Rate	• 2.50%

Source: Knight Frank

- As this is an incoming producing asset we have modelled this Property on a discounted cashflow basis over a holding period of 10 years, capitalising our year 11 NOI with our designated capitalisation rate.
- Upon expiry of the master lease we have assumed that 50% of the subtenants will vacate and 50% will renew at market rent. We have then factored in an absorption period culminating in a stabilised occupancy of 92.50%.

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Costs

- We have not been provided with any costs by the Client as the tenant is on a Triple Net Lease, we have not factored any costs into our valuation for the duration of the master lease. Upon lease expiry we have a assumed an OpEx cost of approximately SAR 15 per sq m pa upon the GLA.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 127,700,000

(One Hundred and Twenty-Seven Million, Seven Hundred Thousand Saudi Arabian Riyals)

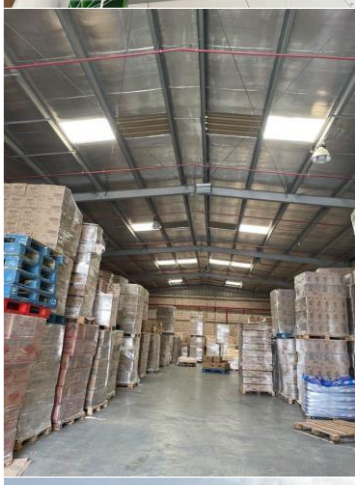
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Appendix 1 – Photographs













Louloua Warehouses, Al Masani District, Riyadh

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Appendix 2 – Title Deed



















Louloua Warehouses, Al Masani District, Riyadh

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Appendix 3 – Cashflow Extract

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Year 1 May-2024	Year 2 May-2025	Year 3 May-2026	Year 4 May-2027	Year 5 May-2028	Year 6 May-2029	Year 7 May-2030	Year 8 May-2031	Year 9 May-2032	Year 10 May-2033	Year 11 May-2034	Total
Rental Revenue												
Headline Rent	9,375,262	9,530,508	10,031,530	10,031,530	11,268,880	15,470,371	15,795,478	16,187,347	16,592,036	17,006,831	17,432,002	148,721,777
Void Loss	0	0	0	0	-1,605,075	-3,736,625	-120,724	0	0	0	0	-5,462,423
Passing Rent	9,375,262	9,530,508	10,031,530	10,031,530	9,663,806	11,733,746	15,674,754	16,187,347	16,592,036	17,006,831	17,432,002	143,259,354
Total Rental Revenue	9,375,262	9,530,508	10,031,530	10,031,530	9,663,806	11,733,746	15,674,754	16,187,347	16,592,036	17,006,831	17,432,002	143,259,354
Total Tenant Revenue	9,375,262	9,530,508	10,031,530	10,031,530	9,663,806	11,733,746	15,674,754	16,187,347	16,592,036	17,006,831	17,432,002	143,259,354
Potential Gross Revenue	9,375,262	9,530,508	10,031,530	10,031,530	9,663,806	11,733,746	15,674,754	16,187,347	16,592,036	17,006,831	17,432,002	143,259,354
Vacancy & Credit Loss												
Vacancy Allowance	0	0	0	0	0	0	-1,063,937	-1,214,051	-1,244,403	-1,275,512	-1,307,400	-6,105,303
Total Vacancy & Credit Loss	0	0	0	0	0	0	-1,063,937	-1,214,051	-1,244,403	-1,275,512	-1,307,400	-6,105,303
Effective Gross Revenue	9,375,262	9,530,508	10,031,530	10,031,530	9,663,806	11,733,746	14,610,817	14,973,296	15,347,633	15,731,319	16,124,602	137,154,050
Revenue Costs												
Total OpEx	0	0	0	0	311,567	1,350,004	1,383,754	1,418,348	1,453,807	1,490,152	1,527,406	8,935,038
Total Revenue Costs	0	0	0	0	311,567	1,350,004	1,383,754	1,418,348	1,453,807	1,490,152	1,527,406	8,935,038
Net Operating Income	9,375,262	9,530,508	10,031,530	10,031,530	9,352,239	10,383,742	13,227,063	13,554,948	13,893,826	14,241,167	14,597,196	128,219,012
Letting Costs												
Letting & Legal Fees	0	0	0	0	446,411	717,836	800,823	820,844	841,365	862,399	883,959	5,373,637
Total Letting Costs	0	0	0	0	446,411	717,836	800,823	820,844	841,365	862,399	883,959	5,373,637
Total Leasing & Capital Costs	0	0	0	0	446,411	717,836	800,823	820,844	841,365	862,399	883,959	5,373,637
Cash Flow Before Debt Service	9,375,262	9,530,508	10,031,530	10,031,530	8,905,828	9,665,906	12,426,240	12,734,104	13,052,461	13,378,768	13,713,237	122,845,375
Cash Flow Available for Distribution	9,375,262	9,530,508	10,031,530	10,031,530	8,905,828	9,665,906	12,426,240	12,734,104	13,052,461	13,378,768	13,713,237	122,845,375

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Property Valuation.

Lulu Central Warehouse, Misfaah District, Riyadh

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.





Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 57,300,000
Inspection Date:	1st June 2023	*Terminal Yield:*	7.50%
Use Type(s):	Warehouse	*Discount rate:*	10.0%
Tenure:	Assumed Freehold (Mortgaged to Al Rajhi Bank)	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	23,716.29 sq m	**Market Rent pa:**	SAR 4,622,670
Gross Leasable Area (GLA):	16,500 sq m	*Market Rent per sq m:*	*SAR 195 per sq m*
Number of Tenants:	One (master lease)	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	100%		
Covenant of Tenant(s)	Strong	**Zoning**	Industrial
Current Passing Rent:	SAR 4,250,400	**Annual OpEx SAR per sq m:**	SAR 10 (on void only)

SWOT analysis

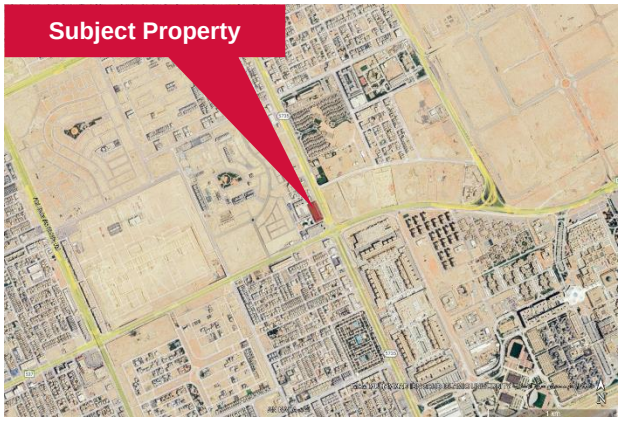
Table 1: SWOT Analysis

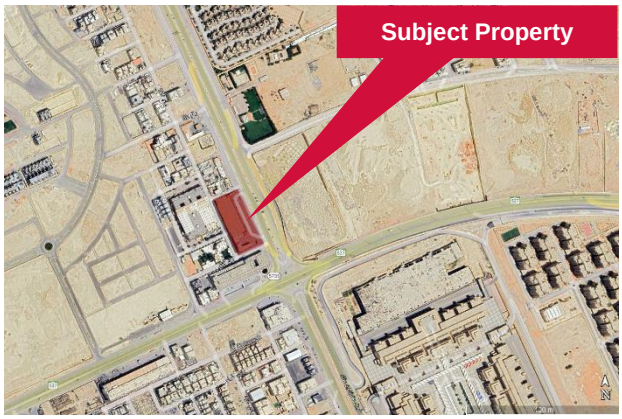
Strengths	Weaknesses
• The presence of industrial facilities and infrastructure in the surrounding area supports the operations of the warehouse.	• Industrial areas may have limited access to amenities such as retail stores or restaurants,

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

• It is located in Industrial Gate City, a premium industrial park. • The Property is a unique mix of dry warehouse and cold storage, office space and contains 22 loading doors. It is therefore the perfect product for food distributors.	which may impact the convenience of employees or visitors. • The Property will likely only appeal to food distributors, given its specification. Therefore, the tenant base is niche.
Opportunities	**Threats**
• The increasing demand for warehouse and storage facilities presents opportunities for expansion and attracting new clients. • Demand or industrial space is high in Riyadh, therefore there is the opportunity to for rental reversion to higher market rent at the lease expiry.	• The presence of other warehouses or industrial gates in the area may result in intense competition for clients and market share. • It is single let and therefore the security of income is solely dependent on one tenant.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Lulu Central Warehouse, is situated in the Industrial Gate City industrial park within Riyadh, Kingdom of Saudi Arabia.
- Lulu Central Warehouse benefits from close proximity to Al Kharj Road. The property has three frontages and the surrounding area consists of warehouses.
- It sits in a largely industrial area within Riyadh, with Kaden Logistics park approximately 2km to its east.
- The Riyadh Dry Port is located approximately 29.4 km north of the property, while King Khalid International Airport is situated around 65 km to the north.

Description

- The construction of the subject property demonstrates a high standard of quality, compared to other warehouses.
- The warehouse is mainly a mix of dry storage areas, cold storage areas and office areas. It includes five freezers, five chillers, and a food preparation area.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

- The subject property covers a land area of 23,716.29 sq m, and the BUA of the building amounts to amounts to 16,500 sq m as per information provided by the Client.

External facilities

- Parking and Loading Facilities: The warehouse provides ample parking with a total of 20 parking spaces and 22 loading bays

Tenancy Overview

- We have been provided with lease information which shows that the Property is single let to (Lulu Saudi Hypermarkets LLC) under a triple net lease. This represents full occupancy of the Property.
- Below, we present the key lease information:

Table 2: Lease Overview

Lulu Central Warehouse, Misfaah District, Riyadh	
Lease Start Date	16/12/2016 (rental payments started on 15/04/2017)
Tenant	Lulu Saudi Hypermarkets LLC (Guaranteed by EMKE Group LLC)
Term	Fifteen (15) Gregorian years with initial rent free period of 6 months, whereupon the rental payments start.
Property Leased	The subject property, known as 'Lulu Central Warehouse,' and the accompanying land plots, are situated in the Industrial Gate City, specifically in the Al Misfaah district. The subject property consists of six title deeds and one building permit. It encompasses various areas, including storage, a food preparation area, five chillers, and five freezers.
Rental Contract Details	The whole Property is let on a masterlease. The rental terms are as follows: • Years 1 – 5: SAR 3,795,000 p.a. (15th April 2017 – 14th April 2022) • Years 5 – 10: SAR 4,250,400 p.a. (15th April 2022 – 14th April 2027) • Years 10 – 15: SAR 4,760,415 p.a. (15th April 2027 – 14th April 2032) Every five years the lease escalates by circa. 12%. The current passing is: SAR 4,250,400 pa.
Rent Payment Schedule	Semi-annuallyin advance.
Lease Renewal Provision	" If the tenant decides to exercise its option to renew this lease the tenant shall give not less than 12 months prior notice to the landlord and, in the event such option is exercised the lease term shall be extended by a further 5 years."
Type of Lease	Triple Net

Source: Client

- As of the date of valuation date the gross current passing rents is SAR 4,250,400. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.
- The Property has a weighted average unexpired lease term (WAULT) of 8.79 years.

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Tenure, Planning and Zoning

Please see a summary of the Property Tenure:

Table 3: Summary of Tenure

Lulu Central Warehouse, Misfaah District, Riyadh						
Title Deed No.	317803000175	617803000176	317817000113	917820000530	317820000529	217822000183
Plot No(s).	687	689	691	690	688	686
Owner	Privileged Warehouse company 2					
Tenure	Freehold Mortgaged to Al Rajhi Bank					
Title Deed Date	Hijri and Gregorian Date: 1441/02/23 (22/10/2019)	Hijri and Gregorian Date: 1441/02/23 (22/10/2019)	Hijri and Gregorian Date: 1441/02/24 (24/10/2019)	Hijri and Gregorian Date: 1441/02/24 (24/10/2019)	Hijri and Gregorian Date: 1441/02/24 (24/10/2019)	Hijri and Gregorian Date: 1441/03/21 (20/10/2019)
Land Size (sq m)	3876.685	3999.86	3999.86	3995.5	3995.35	3849.035

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 4: Summary of Building Permit

Lulu Central Warehouse, Misfaah District, Riyadh	
Permit Number	2/1/84
Permit Date	1437/01/08 (21/10/2015)
Zoning	Industrial
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Commercial (16,500 sq m)

Source: Client

- We have not been provided with a building completion certificate, although we have been provided the operating license dated 11/1/1438 from Saudi Industrial Property Authority (MODON).

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Market Comparables

Table 5: Industrial Comparables

Address	Transaction (Date)	Floor Area (sq. m)	Rent SAR pa (per sq. m.)	Comments/Comparison
Industrial Gate City	June 2023	7,995	170	• The subject property has superior access compared to the comparable, as such a premium was applied.
Al Sulay District	Asking	18,149	180	• Our subject property has a more desirable location and superior access compared to the comparable.
Al Dar Al Baida District	Asking	24,000	190	• The comparable is better located than the subject property and we have applied a discount. We have applied a premium to the subject property for access.
Industrial Gate City	Asking	60,000	190	• Our subject property has better access compared to the comparable, we have applied a premium.
Industrial Gate City	Asking	30,000	180	• Our subject property is located in a less desired area than the comparable, therefore a discount was applied. • The subject property has better access than the comparable, therefore a premium was applied.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We have assumed that upon expiry of the lease, the tenant vacates and the Property incurs a void period of 3 months, before re-letting on a 5 year term, we have then assumed that Property is let in its entirety as opposed to subdivided into smaller units. Our reasoning here is that the various components of the Property complement each other and the Property is likely to be occupied in its entirety by a food distributor.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 195 per sq m on the land area.

Valuation Assumptions & Rationale

Table 6: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 7.50%

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Item	Assumption
Discount Rate	• 10.00%
ERV at 100% Occupancy	• 100%
Stabilised Occupancy	• 100%
Growth Rate	• 2.50%

Source: Knight Frank

- Given that this is an income producing asset we have valued this via the income method using a discounted cashflow over 10 year holding period, capitalising our year 11 NOI with the designated capitalisation rate.
- Whilst we have not been provided with the financials of the tenant, we have not been informed of any default to date as such assume it is of a strong covenant especially as the tenant is guaranteed by EMKE Group LLC.
- We have also taken into consideration the remaining lease term of 8.79 years with escalations due in 2027.
- We have adopted a discount rate of 10.00% which we feel represents the current risk appetite for investors, regarding such a Property.
- We are of the opinion that the Fair Value would be based off a capitalisation rate of 7.50%

Costs

- We have not been provided with any costs by the Client as the tenant is on a Triple Net Lease, we have not factored any costs into our valuation for the duration of the lease. Upon lease expiry we have a assumed an OpEx costs of SAR 10 per sq m pa upon the GLA during the void period (lasting 3 months). Once the Property is re-let we have assumed it will be on another Triple Net Lease, with no further costs incurred by the landlord.

Fair Value

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

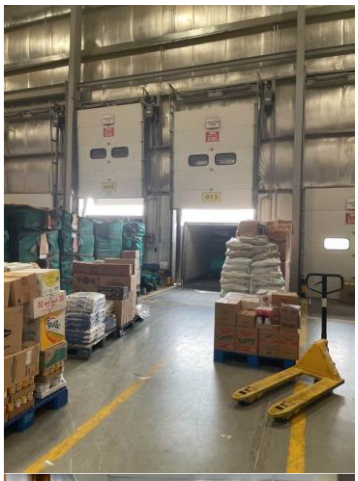
SAR 57,300,000

(Fifty-Seven Million, Three Hundred Thousand Saudi Arabian Riyals)

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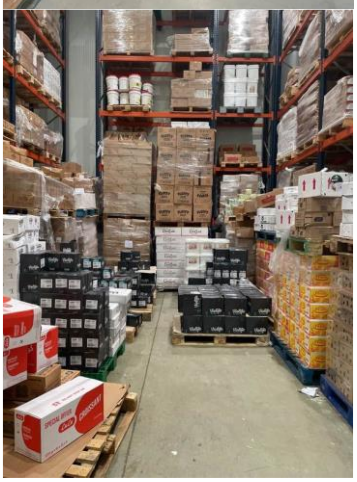
Appendix 1 – Photographs













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only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 2 – Title Deed













Lulu Central Warehouse, Misfaah District, Riyadh

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only and no reliance is given to any other party for the whole or any part of its contents.

Appendix 3 – Cashflow Extract

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Year 1 May-2024	Year 2 May-2025	Year 3 May-2026	Year 4 May-2027	Year 5 May-2028	Year 6 May-2029	Year 7 May-2030	Year 8 May-2031	Year 9 May-2032	Year 10 May-2033	Year 11 May-2034	Total
Rental Revenue												
Headline Rent	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,872,123	5,775,517	5,775,517	52,699,488
Void Loss	0	0	0	0	0	0	0	0	-719,983	-481,293	0	-1,201,276
Passing Rent	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,152,140	5,294,224	5,775,517	51,498,211
Total Rental Revenue	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,152,140	5,294,224	5,775,517	51,498,211
Total Tenant Revenue	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,152,140	5,294,224	5,775,517	51,498,211
Potential Gross Revenue	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,152,140	5,294,224	5,775,517	51,498,211
Effective Gross Revenue	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,152,140	5,294,224	5,775,517	51,498,211
Revenue Costs												
OpEx	0	0	0	0	0	0	0	0	26,246	24,373	0	50,619
Total Revenue Costs	0	0	0	0	0	0	0	0	26,246	24,373	0	50,619
Net Operating Income	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,125,893	5,269,851	5,775,517	51,447,592
Cash Flow Before Debt Service	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,125,893	5,269,851	5,775,517	51,447,592
Cash Flow Available for Distribution	4,250,400	4,250,400	4,250,400	4,483,471	4,760,415	4,760,415	4,760,415	4,760,415	4,125,893	5,269,851	5,775,517	51,447,592

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.

Property Valuation.

Oasis Mall, Al Khuzama, Al Kharj

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Source: Knight Frank

Valuation summary

Valuation Date:	30th June 2023	**Fair Value:**	SAR 95,400,000
Inspection Date:	8th June 2023	*Terminal Yield:*	9.00%
Use Type(s):	Retail	*Discount rate:*	11.50%
Tenure:	Freehold	*Inflation / Growth rate:*	2.50%
Land Area (sq m):	16,719 sq m	**Market Rent pa:**	SAR 9,560,000
Net Leasable Area (NLA):	13,314 sq m	*Market Rent per sq m:*	*SAR 720 per sq m*
Number of Tenants:	Two	**Environmental**	Assumed uncontaminated
Current Occupancy:	100%	**Condition**	Good
Stabilized Occupancy	90%		
Covenant of Tenant(s)	Mixed	**Zoning**	Commercial
Current Passing Rent:	SAR 8,320,000	**Annual OpEx SAR per sq m:**	90 SAR (upon expiry of master lease)

SWOT analysis

Table 1: SWOT Analysis

Strengths	Weaknesses
• The subject property has a prime location in Al Khuzama district, sitting approximately 7.6 km from Prince Sattam bin Abdulaziz University, while Al Kharj Tower is situated around 6 km to the northeast and Benefits from good access on King Abdullah Road. • It has considerable surface parking space which adds convenience for visitors.	• The building's architecture and interior design may appear dated, potentially affecting its overall appeal and competitiveness in the market

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Opportunities	Threats
• Investing in renovation and modernization initiatives can enhance the building's aesthetics, functionality, and competitiveness, attracting new tenants and customers	• The retail market may be highly competitive, with other plazas offering similar amenities and attractive locations, posing a challenge to attract and retain tenants.

Location / Situation





Source: Google Earth / Knight Frank

- The subject property, known as Oasis Mall, is situated in the Al Khuzama district within Al Kharj, Kingdom of Saudi Arabia.
- Oasis Mall benefits from direct access via King Abdullah Road. The Property has three frontages and the surrounding area consists of both residential and commercial uses.
- Prince Sattam bin Abdulaziz University is located approximately 7.6 km to the north of the property, while Al Kharj Tower is situated around 6 km to the northeast.

Description

- The construction quality of the subject property appears to be of an average standard.
- The subject property is comprised of a G+ 1 retail mall constructed on a 16,719 sq m land plot and a drive thru retail unit which also sits on the land.
- The subject property covers a land area of 16,719 sq m, with a building permit specifying a built-up area of 17,060.92 sq m. The Client has provided us with a breakdown of the Property which provides a total gross leasable area, which amounts to 17,814 sq m (the mall GLA is 17,434 sq m and the retail drive-through measures a GLA of 380 sq m).
- Once the common areas and food court seating is deducted, we are left with a net leasable area of 13,314 sq m across the whole Property (mall and drive thru).
- We have relied on the tenancy schedule breakdowns provided by the Client as opposed to the building permits, as instructed by the Client. We have not been instructed to measure the Property and would recommend this area is verified by specialists. If we become aware of new areas, we reserve the right to amend our valuation.

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Tenancy Overview

- We have been provided with two lease agreements which shows that the Property is let on two leases.
- The major lease is to Landmark Arabia Ltd. This is a master lease covering the entirety of the mall.
- The second lease is to Herfy Food Services Company covering a standalone drive through structure standing separately to the mall.

Table 2: Landmark Arabia ltd Lease Overview

Oasis Mall, Al Khuzama, Al Kharj	
Lease Start Date	28/05/2015
Previous Lessor	Qetaf Real Estate Development and Investments
Current Lessor	Privileged Warehouse Company 2, We have received a letter stating that the lease has been transferred from Qetaf Real Estate Development and Investments to Privileged Warehouse company 2.
Lessee	Landmark Arabia Ltd.
Term	Eighteen (18) Gregorian years with a binding Period of 10 years from 28/05/2015 till 27/05/2025 and a further optional period, with a lessee renewal option only of 8 years from 28/5/2025 until 27/05/2033.
Rental Contract Details	The mall is let on a master lease. The rental terms are as follows: • Years 1 – 5: SAR 6,800,000 per annum (28th May 2015 - 27th May 2020) • Years 6 - 10: SAR 7,820,000 per annum (28th May 2020 - 27th May 2025) • Year 11 – 18: SAR 9,350,000 per annum. (28th May 2025 - 27th May 2033)
Rent Payment Schedule	Bi-annually in advance.
Lease Renewal Provision	Lessee option only to renew at expiry of binding term.
Type of Lease	Lessee bares all operating expenses including government taxes and fee and insurance of the internal area/shops/FF in addition to day-to-day maintenance. Lessor bares all the cost of building insurance and structural maintenance.

Source: Client

Table 3: Herfy food Services Lease Overview

Oasis Mall, Al Khuzama, Al Kharj	
Lease Start Date	01/01/1436 H (25/10/2014 G)
Previous Lessor	Qetaf Real Estate Development and Investments
Current Lessor	Privileged Warehouse Company 2, We have received a letter stating that the lease has been transferred from Qetaf Real Estate Development and Investments to Privileged Warehouse company 2.
Lessee	Herfy Food Services Co.

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Oasis Mall, Al Khuzama, Al Kharj	
Term	Nineteen (19) Hijri years
Rental Contract Details	• Years 1 – 5: SAR 450,000 per annum (25th October 2014 – 30th August 2019) • Years 6 - 10: SAR 500,000 per annum (31st August 2019 – 6th July 2024) • Year 11 – 19: SAR 550,000 per annum (7th July 2024 – 1st April 2033)
Rent Payment Schedule	Annually in advance.
Lease Renewal Provision	Renewal upon agreement of both parties
Type of Lease	Lessee bares all operating expenses including government taxes and fee and insurance of the internal area/shops/FF in addition to day-to-day maintenance. Lessor bares all the cost of building insurance and structural maintenance.

Source: Client

- As of the date of valuation the gross current passing rent is SAR 8,320,000 pa. There are no associated costs or service charge for the duration of the master lease as this is a triple net lease.
- The master lease has 1.9 years remaining until the expiry of the binding lease period. The tenant then has the option to renew the lease for a further 8 years.

Tenure, Planning and Zoning

- Please see a summary of the Property Tenure:

Table 4: Summary of Tenure

Title Deed Details			
Title Deed No.	493383000666	393383000667	993383000668
Plot No(s).	Plot 152, Block 12, Masterplan 1456	Plot 153, Block 12, Masterplan 1456	Plot 154, Block 12, Masterplan 1456
Owner	Privileged Warehouse Company 2	Privileged Warehouse Company 2	Privileged Warehouse Company 2
Tenure	Freehold	Freehold	Freehold
Title Deed Date	07-07-1443 H	07-07-1443 H	07-07-1443 H
Land Size (sq m)	4,903.13	5,116.63	6,699.85

Source: Client

- We have been provided with the following building permits for the Property, which we summarise below:

Table 5: Summary of Building Permit

Building Permit Details	
Permit Number	1434/652
Permit Date	07/08/1434 H

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Building Permit Details	
Zoning	Commercial – Retail
Civil Defence Permit	Not stated
Building Specifications	Ground Floor: Retail: 9,062.88 sq m First Floor: Retail: 7,998.04 sq m Boundary Wall: 96 sq m

Source: Client

- We have been provided with a building completion certificate dated 24/10/1436, which confirms that the building has been constructed in line with the use described in the building permit.

Market Comparables

Table 6: Retail Comparables

Address	Status	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
Mishrif District	Asking	2,000	500	• The subject has a more desirable location than the comparable, therefore we applied a premium.
Al Khuzama District	Asking	145	828	• Our subject property and the comparable have the same attributes but we have made adjustments for quantum.
Al Burj District	Asking	408	1,103	• Our subject property and the comparable have the same attributes but we have made adjustments for quantum.
Al Hadithy Mall, Al Burj District	Asking	35	1,300	• Our subject property and the comparable have the same attributes but we have made adjustments for quantum
Al Nahda District	Asking	300	1,000	• The Subject has a more desirable location than the comparable, therefore we applied a premium and we have made adjustments for quantum.

Source: Knight Frank Research

Table 7: Drive Through Comparable

Address	Status	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
North of Riyadh	Asking	224	1,563	• The comparable is in thenorth of Riyadh and it has a more desirable location than the subject site, therefore we applied a discount and we have made adjustments for quantum.
North of Riyadh	Asking	80	2,500	• The comparable has a better location and as such a discount was taken into account and we have made adjustments for quantum.
North of Riyadh	Asking	158	2,215	• The comparable is in north of Riyadh and it has a more desirable location than the subject site,

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Address	Status	Floor Area (sq. m)	Rent pa (per sq. m.)	Comments/Comparison
				therefore we applied a discount and we have made adjustments for quantum.
North of Riyadh	Asking	96	4,167	• This comparable has a superior location compared to the subject site, therefore a discount was applied, and we have made adjustments for quantum
North of Riyadh	Asking	200	3,000	• The comparable has a better location and as such a discount was taken into account and we have made adjustments for quantum
South of Riyadh	Asking	122	1,475	• The comparable is in the south of Riyadh and it has a more desirable location than the subject site, therefore we applied a discount and we have made adjustments for quantum
South of Riyadh	Asking	138	1,812	• This comparable has a superior location compared to the subject site, therefore a discount was applied, and we have made adjustments for quantum.

Source: Knight Frank Research

Market Rent rationale

- In forming our opinion of market rent we have made adjustments to our estimated rental value (ERV) based on key drivers of value, such as location, access, specification and quantum.
- To account for the negotiation between the landlord and tenant, we have applied a discount to all of the asking comparables which are quoted as asking prices.
- We are of the opinion that the Market Rent equates to a blended rate of SAR 720 per sq m for the retail across the net leasable area of the Property. This can be broken down as SAR 1,570 per sq m on the drive thru unit and the SAR 695 per sq m on the mall.

Valuation Assumptions & Rationale

Table 8: Valuation Assumptions

Item	Assumption
Capitalization Rate	• 9.00%
Discount Rate	• 11.00%
ERV at 100% Occupancy	• SAR 9,560,000 pa
Stabilised Occupancy	• 90%
Growth Rate	• 2.50%

Source: Knight Frank

- Given that this is an income producing asset we have valued the property using a discounted cashflow, over a holding period of 10 years, capitalising the year 11 NOI with our designated capitalisation rate.
- Upon expiry of the master lease, we have taken the view that 30% of the sublessors will vacate the property at the same time, given that no sublease is permitted to extend beyond the period of

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the master lease. We have assumed that the remaining 70% of tenants will renew their leases at market rent.

- We have then factored in an absorption period stabilising the occupancy at 90%.
- We used a discount rate of 11.50% which we feel best represents investor sentiment and the risk profile of the subject property.
- We are of the opinion that the Market Value would be based off capitalisation rate of 9.00%.

Costs

- For the duration of the master lease we have assumed that the minimal operational costs to be borne by the landlord (insurance and structural repairs, should they occur) are captured in the discount rate.
- However, upon expiry of the master lease on the mall we have assumed that an Opex cost of SAR 90 per sq m across the GLA of the mall will be incurred. However given that this is a mall, we would also assume that the landlord receives service charge, which we have factored in as SAR 100 per sq m of occupied space.

Fair Value conclusions

- We are of the opinion that the Fair Value of the freehold interest in the property, subject to the caveats and assumptions stated herein, at the valuation date is:

SAR 95,400,000

(Ninety-Five Million, Four Hundred Thousand Saudi Arabian Riyals)

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Appendix 1 – Photographs









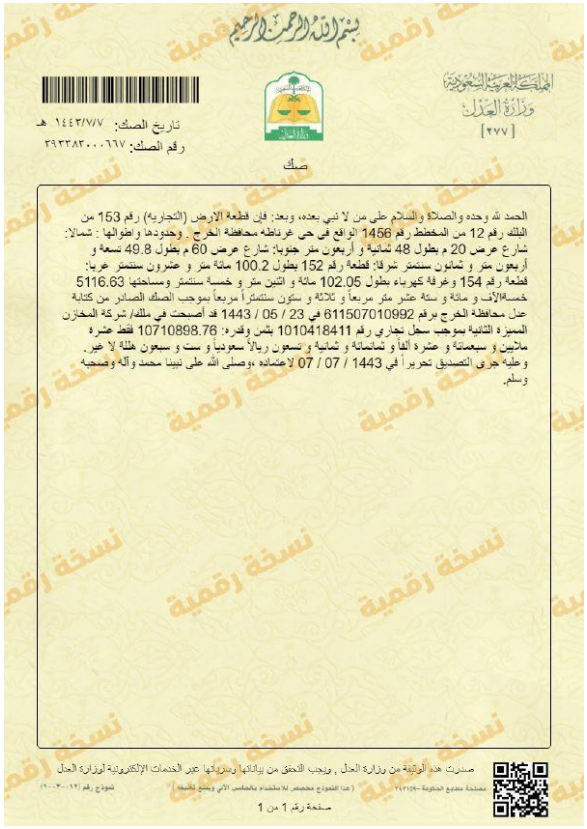


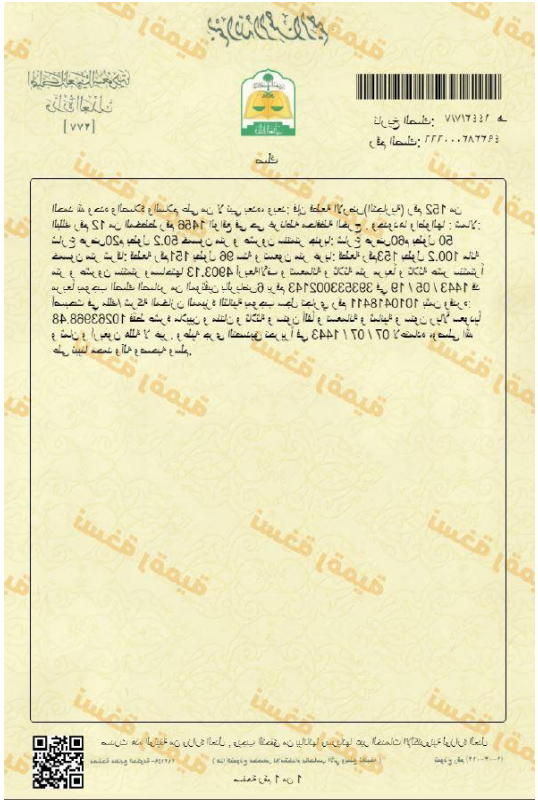


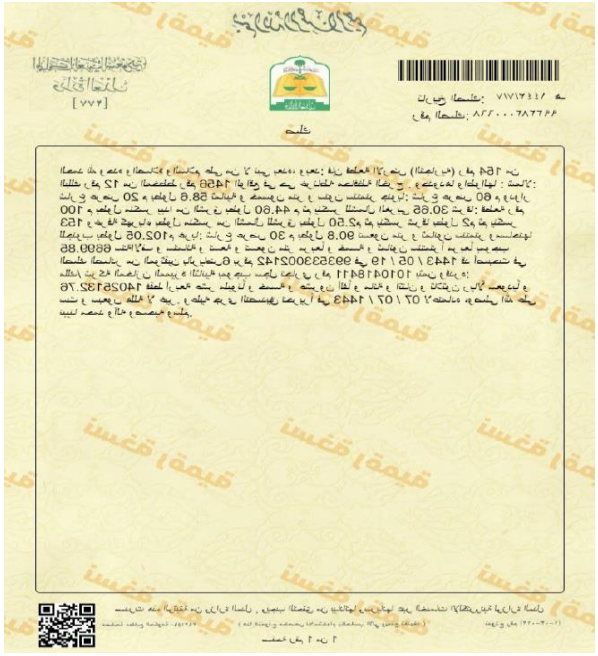
Oasis Mall, Al Khuzama, Al Kharj

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Appendix 2 – Title Deed







Oasis Mall, Al Khuzama, Al Kharj

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Appendix 3 – Cashflow Extract

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Year 1 May-2024	Year 2 May-2025	Year 3 May-2026	Year 4 May-2027	Year 5 May-2028	Year 6 May-2029	Year 7 May-2030	Year 8 May-2031	Year 9 May-2032	Year 10 May-2033	Year 11 May-2034	Total
Rental Revenue												
Headline Rent	8,335,027	7,770,115	10,136,713	10,381,114	10,621,760	10,873,554	11,131,643	11,396,184	11,667,338	12,379,932	12,443,852	117,137,231
Void Loss	0	0	-1,794,929	-205,291	0	0	0	0	0	0	0	-2,000,219
Passing Rent	8,335,027	7,770,115	8,341,784	10,175,824	10,621,760	10,873,554	11,131,643	11,396,184	11,667,338	12,379,932	12,443,852	115,137,012
Total Rental Revenue	8,335,027	7,770,115	8,341,784	10,175,824	10,621,760	10,873,554	11,131,643	11,396,184	11,667,338	12,379,932	12,443,852	115,137,012
Total Tenant Revenue	8,335,027	7,770,115	8,341,784	10,175,824	10,621,760	10,873,554	11,131,643	11,396,184	11,667,338	12,379,932	12,443,852	115,137,012
Other Revenue												
Service Charge	0	0	1,167,728	1,445,071	1,511,561	1,549,350	1,588,084	1,627,786	1,668,481	1,710,193	1,752,948	14,021,202
Total Other Revenue	0	0	1,167,728	1,445,071	1,511,561	1,549,350	1,588,084	1,627,786	1,668,481	1,710,193	1,752,948	14,021,202
Potential Gross Revenue	8,335,027	7,770,115	9,509,512	11,620,894	12,133,321	12,422,904	12,719,727	13,023,970	13,335,819	14,090,125	14,196,800	129,158,214
Vacancy & Credit Loss												
Vacancy Allowance	0	0	0	-824,521	-1,053,669	-1,078,635	-1,104,226	-1,130,457	-1,157,343	-1,188,099	-1,232,962	-8,769,913
Total Vacancy & Credit Loss	0	0	0	-824,521	-1,053,669	-1,078,635	-1,104,226	-1,130,457	-1,157,343	-1,188,099	-1,232,962	-8,769,913
Effective Gross Revenue	8,335,027	7,770,115	9,509,512	10,796,373	11,079,652	11,344,269	11,615,500	11,893,513	12,178,476	12,902,026	12,963,838	120,388,301
Revenue Costs												
OpEx	0	12,599	1,386,180	1,673,247	1,731,949	1,775,247	1,819,629	1,865,119	1,911,747	1,959,541	2,008,529	16,143,789
Total Revenue Costs	0	12,599	1,386,180	1,673,247	1,731,949	1,775,247	1,819,629	1,865,119	1,911,747	1,959,541	2,008,529	16,143,789
Net Operating Income	8,335,027	7,757,515	8,123,332	9,123,126	9,347,704	9,569,021	9,795,872	10,028,394	10,266,729	10,942,485	10,955,308	104,244,513
Cash Flow Before Debt Service	8,335,027	7,757,515	8,123,332	9,123,126	9,347,704	9,569,021	9,795,872	10,028,394	10,266,729	10,942,485	10,955,308	104,244,513
Cash Flow Available for Distribution	8,335,027	7,757,515	8,123,332	9,123,126	9,347,704	9,569,021	9,795,872	10,028,394	10,266,729	10,942,485	10,955,308	104,244,513

This Property Valuation must be read in the context of the Overview Report to which it forms part. This Property Valuation is for the use of the Addressees only and no reliance is given to any other party for the whole or any part of its contents.